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MEDIA RELEASE

Friday 25 September 2015

National Opera Review discussion paper released for comment

In a major review of Australian opera, a panel chaired by Dr Helen Nugent AO has delivered an extensive analysis of the four major opera companies funded by the Australian Government.

The National Opera Review was commissioned by the Government to consider the financial viability, artistic vibrancy and audience access of Opera Australia, Opera Queensland, State Opera of South Australia and West Australian Opera.

Opera companies are hugely important to the creative life of our nation but they face challenges. The panel has consulted broadly and undertaken in-depth analysis to understand the pressures that face the major opera companies and why those challenges have arisen.

The National Opera Review discussion paper outlines a range of options for addressing the major issues facing the companies.

This is an important piece of work that has significant implications for ensuring the ongoing artistic vibrancy not just of Australia's major opera companies but also performing arts companies more broadly.

Interested parties are encouraged to engage with the review and provide their submissions to the review panel.

I thank the members of the review panel — Helen Nugent AO (Chairman), Kathryn Fagg, Andrew McKinnon, and Moffatt Oxenbould AM — for their commitment and diligence in producing work of this quality and detail. It is a landmark document that will have an influence on the performing arts in Australia into the future.

To view the discussion paper and find out how to make a submission, visit:
arts.gov.au/national-opera-review

Submissions close 26 October 2015.

MEDIA BACKGROUND

NATIONAL OPERA REVIEW DISCUSSION PAPER: KEY FINDINGS

The National Opera Review Discussion Paper was prepared by the review panel Helen Nugent AO (Chairman), Kathryn Fagg, Andrew McKinnon, and Moffatt Oxenbould AM. Public comments on the discussion paper are invited by 26 October.

The National Opera Review is examining the artistic vibrancy, engagement with audiences and financial positions of Opera Australia, State Opera of South Australia, West Australian Opera and Opera Queensland. These organisations are funded by the Australian Government through the Australia Council as major performing arts companies.

Part A of the discussion paper provides an analysis of the major opera companies.

It shows that Australia's major opera companies make a significant contribution to Australia culturally and economically:

- They put on 576 performances in 2014, with Opera Australia being among the most performed opera companies in the world. Collectively, the companies staged 23 mainstage productions, around half of which were either new to the company or undertaken with an international or Australian partner.
- Close to 700,000 attendees were present at the companies' performances
- They generated \$86.5 million in earned revenue, with 88 percent of that coming from box office. They employed the equivalent of over 600 full time singers, craftspeople, and technical, marketing and administrative staff.

Australian and state governments recognise the significance of the major opera companies in building Australia's recognition at home and abroad for its cultural heritage and its creativity as a nation. But, the viability of the companies is likely to be threatened without government funding. In 2014, total government funding for the companies, including core and one-off project funding, was \$36.8 million.

Evolving sector dynamics present challenges to opera companies in Australia and overseas:

- On the demand side, the Global Financial Crisis (GFC) adversely affected all artforms both in Australia and elsewhere. For opera in Australia, that impact continued as consumers reacted to the high and increasing cost of an opera ticket.
- Better educated and travelled consumers, who use technology to access productions from the world's leading opera houses, have also increased their expectations for what they expect to see on stage.
- Audiences have changed their buying patterns: the number of subscribers has reduced; fewer performances are being taken in their packages; and they are buying tickets later.
- At the same time, a diversity of supply of opera and other performing arts productions (from venues, festivals and individual entrepreneurs presenting opera, musicals, leading opera singers and other innovative product) provides audiences with a richness of choice that has increased competition for the major opera companies.

These factors have challenged the major opera companies' cost-revenue dynamics, which are characterised by long lead times; high production, staging, performance, touring and in some instances overhead costs; and demanding venue economics.

The major opera companies have responded to these challenges in strategic and operational ways that are understandable. Faced with the evolving sector dynamics, the major opera companies have diversified their strategic approaches by:

- **Changing what programs are delivered.** While the responses differ by company, they have offered a higher proportion of popular operas and long-run Broadway musicals; while reducing the number of mainstage productions and performances. Some companies have increased their commitment to innovation.
- **Changing where programs are delivered.** Greater emphasis has been placed on offering events; touring to interstate capitals; and being involved with festivals and regional touring.
- **Changing how programs are delivered.** There has been an increase in the physical production values put on stage; the number of international partnerships; and the commitment to digital delivery. At the same time, because of divergent strategic responses, collaboration through Opera Conference has proven more difficult. Historically, Opera Conference has offered a mutually advantageous way of working together.
- **Changing who is delivering their programs.** In particular, there has been an increased use of non-Australian international singers.

At the same time, the major opera companies have moved responsibly to increase private sector income and to generate additional project funding. Government initiatives to encourage additional private sector support have been successful, with support from individual donors growing strongly despite the GFC. Generous support has been received from individuals and governments, which is often attached to new initiatives, such as the staging of *The Ring* or Handa Opera on Sydney Harbour (HOSH).

In addition, the major opera companies have worked to improve their operational effectiveness and efficiency by increasing their marketing spend to reach new and existing audiences, and by achieving operating cost efficiencies and economies of scale in overhead costs.

However the responses of the major opera companies, while understandable, have created unintended pressure on their financial, artistic and access performance in different ways.

To varying degrees, each of the major opera companies is experiencing financial pressures. Chapter 6 of the discussion paper provides a detailed analysis of the financial situation of each company.

The major opera companies are under significant artistic pressure which may put their artistic vibrancy at risk. More specifically, this is manifesting itself in the reduced number of productions; fewer new productions being sourced in Australia; a narrowing of the repertoire; and fewer new works. In addition, there are reduced artistic opportunities, reflecting a decreased number of principal roles due to fewer productions and opera performances; greater use of non-Australian international singers; fewer ongoing principal roles in Australia's only full-time ensemble; fewer opportunities in the chorus and Australian Opera and Ballet Orchestra; a reduced requirement for experienced technical staff; and fewer opportunities for younger artists.

From an access perspective, while overall attendances for the major opera companies have significantly increased, mainstage opera attendances have declined. Growing overall audiences reflect the increased offering and attendances at musicals, and HOSH.

As a consequence of these developments, the companies are at a tipping point where a cycle of success could become a cycle of decline. The challenge will be to ascertain what initiatives can be taken to address this situation.

Part B of the discussion paper outlines the nature of these challenges, the options for dealing with them, and the pros and cons of a range of different options. It should be noted that these are not recommendations, they are issues for discussion. Seven key areas are addressed.

1. Where the companies should head
2. How the major opera companies should operate.
3. Improving artistic vibrancy
4. Improving access
5. Addressing financial stability
6. Proving strong governance and management
7. Providing Government funding

The review panel looks forward to receiving submissions and consulting with stakeholders on these important issues and the options proposed.

To read the National Opera Review discussion paper and for information on making a submission, visit the Ministry for the Arts website at arts.gov.au/national-opera-review. Submissions close 26 October 2015.