

31 August 2018

Black Economy Division
The Treasury
Langton Crescent
Parkes ACT 2600

By e-mail: Blackeconomy@treasury.gov.au

Tackling the Black Economy – Designing a modern Australian Business Number system consultation

As the peak body for Australia's \$2.5 billion live performance industry, Live Performance Australia (LPA) welcomes the opportunity to provide feedback on the Treasury's Consultation Paper on designing a modern Australian Business Number (ABN) system.

Australia has a vibrant and dynamic cultural industry, which Australians support and are actively engaged with. In 2016, 18.7 million people attended a live performance event in Australia¹ – which is more than the combined attendances at the AFL, NRL, Super Rugby, soccer, cricket and NBL.² The ability to provide Australian audiences with exceptional live entertainment products sometimes requires bringing talented artists from overseas to Australia. For example: an international guest conductor for a symphony orchestra; an international comedian for a comedy festival; an international cabaret performer for a cabaret festival; a director for a musical theatre or theatre production. These international artists are employed in Australia for a specific purpose and generally for a short amount of time.

A common practice is for non-resident employees to apply for a tax file number (TFN) and ABN in order to pay tax at the corresponding marginal tax rate rather than at the highest marginal tax rate, consistent with no-ABN withholding rule. LPA is concerned that changes (such as additional obligations and registration fees) to the ABN system will negatively impact a workforce that is only employed in Australia for a short time.

LPA understands that a key driver of Treasury's review of the ABN system is to address issues relating to the black economy. LPA agrees that these issues need to be addressed. However, LPA is

¹ Ernst & Young (2017), *Live Performance Industry in Australia, 2016 Ticket Attendance and Revenue Survey*,

² Australian Sporting Attendances 2016, Stadiums Australia

unconvinced that the changes being considered will deter black economy activity. More importantly, we also do not believe it is fair to penalise legitimate businesses with additional obligations due to unethical and illegal behaviour perpetrated by a small proportion of businesses.

In summary:

- LPA does not support any changes (e.g. introduction of registration and renewal fees) that impose additional cost or administrative burden on small businesses.
- LPA seeks changes to the system that allows non-resident employees who are paid to perform, or to participate in the performance or presentation of any music, play, dance, entertainment, sport, display or promotional activity or any similar activity involving the exercise of intellectual, artistic, musical, physical or other personal skills to be taxed at the marginal tax rate, without having to apply for an ABN.
- Should this option not be possible and should ABN registration and renewal fees be introduced, LPA seeks fee exemptions for all non-resident employees who are paid to perform, or to participate in the performance or presentation of any music, play, dance, entertainment, sport, display or promotional activity or any similar activity involving the exercise of intellectual, artistic, musical, physical or other personal skills.

If you have any queries in relation to any matters raised in this letter, please do not hesitate to contact us.

Yours sincerely



Evelyn Richardson

Chief Executive

T 61 3 8614 2000

E erichardson@liveperformance.com.au



Kim Tran

Director, Policy & Governance

T (03) 8614 2000

E ktran@liveperformance.com.au

ABOUT LPA

LPA is the peak body for Australia's live performance industry. Established 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 400 Members nationally. We represent commercial producers, music promoters, major performing arts companies, small to medium companies, independent producers, major performing arts centres, metropolitan and regional venues, commercial theatres, stadiums and arenas, arts festivals, music festivals, and service providers such as ticketing companies and technical suppliers. Our membership spans from small-medium and not-for-profit organisations to large commercial entities. LPA has a clear mandate to advocate for and support policy decisions that benefit the sustainability and growth of the live performance industry in Australia.