

5 June 2020

Committee Secretary
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

By email: covid.sen@aph.gov.au

Dear Committee,

Select Committee on COVID-19

Live Performance Australia (LPA) welcomes the opportunity to make a submission to the Select Committee on the Australian Government's response to the COVID-19 pandemic and its impact on the live performance industry.

ABOUT LPA

LPA is the peak body for Australia's \$4 billion live performance industry. Established more than 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 and independent producers, music promoters, performing arts companies, venues (e.g. performing arts centres, 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.

THE LIVE PERFORMANCE INDUSTRY IN AUSTRALIA

In 2018, Australia's live performance industry generated \$2.2 billion in ticket sales, and attracted more than 26 million people to shows in capital cities, regional centres and country towns – which is more than the combined attendance at events of our major sporting codes.^{1,2}

The broader creative industries generate valuable economic activity and contributed \$111.7 billion, or a 6.4% share of Australia's GDP, to the national economy in 2016-17.³

¹ Ernst and Young (2019), *2018 Ticket Attendance and Revenue Report*, Report for Live Performance Australia, December 2019

² Stadiums Australia (2018), *Australian Sporting Attendances*, 2018

³ Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17* (Working Paper), October 2018

In 2016-17, the live performance industry alone contributed \$4.1 billion to the Australian economy and directly employed almost 40,000 workers, plus tens of thousands of freelancers, sole traders and casuals.^{4,5}

Our industry comprises a diverse range of art forms including ballet, cabaret, circus/physical theatre, classical music, comedy, contemporary music, dance, festivals, musical theatre, opera, and theatre.

The industry supports more than 500 performing arts companies around Australia and a range of businesses (i.e. producers, promoters, ticketing companies, technical suppliers, venues, and other service providers). Business of all sizes (i.e. freelancers, sole traders, small to medium businesses, not-for-profit companies, and commercial entities) form an interdependent industry where all parts of the industry are needed to thrive. An infographic outlining the value of the cultural and creative industries in Australia is attached at Appendix 1.

THE IMPACT OF COVID-19 ON THE LIVE PERFORMANCE INDUSTRY

In the fortnight following the Prime Minister's first announcement on 13 March 2020 to ban public gatherings of more than 500 people, Australia's live performance industry was swiftly shut down. Government directives to close entertainment venues and restrict public gatherings to no more than two people had an immediate and catastrophic impact on the industry. The repercussions of this are wide-ranging and include loss of industry capability and jobs; compromised community arts access; and reduced diversity of Australian works.

The shutdown of events and venues has already cost the jobs of tens of thousands of performers, artists, creatives, technical and production crew in the industry and \$500 million in lost income. The longer-term sustainability of most arts companies and commercial businesses is now in serious jeopardy.

The live performance industry requires more tailored support which reflects its unique structure and operation. This is urgently required to prevent a complete and permanent industry shutdown, costing thousands of jobs and forcing the closure of performing arts and commercial companies and venues for good. The flow on impact of a decimated live arts and entertainment industry will be felt across many other industries that depend on our content to generate business activity, most obviously hospitality, tourism, and transport sectors.

Sunk costs (unrecoverable)

Hundreds of arts and entertainment companies and venues were forced to immediately cease operations in mid-late March, and either reschedule or cancel programmed shows, festivals, and events for the remainder of 2020. The associated sunk costs are significant for producers,

⁴ Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17* (Working Paper), October 2018

⁵ Queensland University of Technology (2018), *The Creative Economy in Australia: Cultural production, creative services and income – Fact sheet*, March 2018

promoters, artists, and live performance venues. These costs are not recoverable.

The production and staging of shows, festivals and events is intensive and reliant on multiple, functioning components. Costs are considerable and supplier and artist contracts are often finalised and paid for months in advance of an event. Sunk costs include those related to content development, programming, national and international touring, marketing and promotion, visa fees, payment of deposits for artists and production services, security fees, and ticketing.

Producers have already lost millions of dollars in income and the industry pipeline has been severely disrupted. Loss of box office revenue, coupled with the burden of sunk costs, presents a genuine and ongoing threat to the survival of many individuals and businesses in the live performance industry. Given this scenario, there are significant challenges in accessing capital and reactivating, and producers are risk-averse going forward, particularly given the potential risk of a second wave of COVID-19.

Lost revenue

LPA has received consistent feedback from its Members that lost revenue and job losses are widespread in the subsidised and commercial sectors due to COVID-19. A six-month closure will see our industry lose more than \$1 billion dollars in ticket revenue. For every subsequent month of closure, the industry will lose over \$180 million dollars per month in ticket revenue.

The situation will worsen the longer restrictions are in place and have a profound impact on Australia's live performance industry and adjacent sectors, including tourism and hospitality. According to the Australian Bureau of Statistics, 67% of arts and recreations services businesses reported that trading restrictions are expected to impact them to a great extent over the next two months.⁶

Individuals and businesses in the live performance industry fundamentally rely on box office income for cashflow. Venue closures, border closures and the rescheduling and cancellation of shows, festivals and events has resulted in over a billion dollars in lost revenue and decimated the financial reserves of many companies. Indeed, many companies do not have the financial reserves to sustain operations for the remainder of this year. This presents an additional barrier for individuals and businesses in the live performance industry to access capital, reactivate and rebuild once government restrictions are lifted.

Digital content can develop valuable industry expertise and support exposure, as well as build and maintain audience engagement, however, digital delivery does not ensure sufficient financial liquidity for Australia's live performance industry. While companies and artists are presenting product and performances online, they are mostly unpaid and there are challenges in monetising digital content.

⁶ Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey May 2020*, 28 May 2020

Job losses

According to the Australian Bureau of Statistics, arts and recreation services businesses have recorded the second-highest number of job losses after accommodation and food services with a 19 per cent decline in payroll jobs in the week ending 2 May 2020.⁷ This decline in employment is not surprising given 53% of arts and recreation services businesses have closed their doors, more than any other sector.⁸

Data collected through [I Lost My Gig Australia](#), which has been surveying those who work in live performance, shows that more than 12,000 respondents have reported income loss of almost \$340 million since March 2020, impacting almost 660,000 industry participants.⁹

I Lost my Gig Australia has also surveyed 1430 people about the effectiveness of government assistance and respondents' status since first registering losses in March 2020. Key findings include:

- **96%** of sole traders and small businesses expect financial losses beyond September
- **55%** of respondents say they will require additional financial assistance beyond September with **39%** saying it's too soon to tell
- **59%** of people who applied for JobSeeker were successful
- **30%** of people who applied for JobKeeper were successful, with **57%** unsure of their outcome at the time of surveying.¹⁰

The tenuous financial position of the live performance industry in Australia has had an adverse impact on its workers. Again, the situation will worsen the longer restrictions are in place and, without certainty as to when venues can reopen to full capacity, limit the ability of companies to retain or rehire workers.

Consumer sentiment

Feedback from LPA Members reflects considerable concern that Australian consumers may lack confidence in purchasing tickets and may not feel safe unless some physical distancing and hygiene measures are in place.

The Patternmakers and Wolf Brown research (COVID-19 Audience Outlook Monitor), which collected data from 23,000 respondents across Australia in early-mid May 2020, reinforces this sentiment. The COVID-19 Audience Outlook Monitor shows that 96% of those surveyed will take venue safety measures into account when deciding whether to attend an arts or cultural event.¹¹ Only 7% of those surveyed would feel 'very comfortable' at venues with a capacity of 1000+ and only 14% were actively making plans to attend live shows or performances in the future.¹²

⁷ Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey Week Commencing 30 March 2020*, 7 April 2020

⁸ Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey April 2020*, 4 May 2020

⁹ I Lost My Gig Australia (2020), *2nd Survey Reveals Extension of Financial Assistance Needed*, 20 May 2020

¹⁰ *ibid.*

¹¹ Patternmakers and WolfBrown (2020), *COVID-19 Audience Outlook Monitor – Australia Snapshot Report*, May 2020

¹² Patternmakers and WolfBrown (2020), *COVID-19 Audience Outlook Monitor – Australia Snapshot Report*, May 2020

A lack of consumer confidence, coupled with weakened economic conditions and expenditure in the aftermath of the COVID-19 pandemic, presents a unique challenge to the financial viability of Australia's live performance industry. It is possible that consumer confidence will improve once restrictions are eased and the economy improves, as overwhelmingly, audiences plan to return to arts and culture events in the future.

AUSTRALIAN GOVERNMENT RESPONSE

The live performance industry will be one of the last industries to re-emerge when government restrictions are lifted. At the onset of the COVID-19 pandemic, LPA wrote to the Prime Minister and Treasurer seeking support for an immediate targeted emergency package, to ensure the survival of Australia's live performance industry. LPA has continued to advocate to the Federal Government and put forward a comprehensive emergency funding package that outlines the key strategic investments and support that will be required for our industry to reactivate and rebuild over the next two years.

To date, the Federal Government's response to the needs of individuals and businesses in the live performance industry has been disappointing. On 9 April 2020, the Federal Government announced \$27 million of funding for the arts sector:

- \$10 million to help regional artists and organisations develop new work and explore new delivery models. The funding will be delivered through Regional Arts Australia's Regional Arts Fund
- \$7 million to support Indigenous artists and arts centres. The funding will be delivered under the Indigenous Visual Arts Industry Support program
- \$10 million to Support Act to provide mental health services.

The Federal Government's JobKeeper Program has benefited the live performance industry, and it is estimated the JobKeeper Program provided more than \$76 million in payments to the creative and performing arts sector in April 2020. However, the JobKeeper Program has excluded too many people who work in the industry due to the unique nature of their employment arrangements. These include casuals, freelancers, workers employed on short-term contracts or workers employed by cultural organisations (arts centres and regional venues) affiliated with local or state governments. These people are among the most vulnerable workforce in Australia, particularly given the complete shutdown of the industry and lack of certainty about when it can resume operations and run at full capacity.

Live Performance Australia welcomes the JobKeeper Payment, which has been a lifeline for many companies in both the commercial and subsidised sectors. The additional funding provided to Support Act offers vital crisis support, noting that Support Act continues to experience unprecedented demand. However, Australia's live performance industry requires targeted and strategic investment by the Federal Government to rebuild and recover.

LIVE PERFORMANCE INDUSTRY - \$345 MILLION REBUILD AND RECOVERY PACKAGE

The live performance industry will be an important driver of economic activity, jobs, and cultural tourism recovery. LPA has proposed the Federal Government provide funding for an immediate and targeted \$345 million industry package to support the hundreds of performing arts and production companies and tens of thousands of people in the live performance industry who have been impacted by COVID-19. The \$345 million industry package is attached at Appendix 2.

Workers

There is no guarantee as to when companies can resume operations and when venues can reopen to full capacity. Our industry will reopen gradually as venues reopen and productions are developed and delivered over a six-twelve month period. We believe this justifies targeted support for workers in the live performance industry who have been significantly affected by the COVID-19 pandemic.

LPA is urging the Federal Government to:

- **Extend JobKeeper for an additional 6 months (October 2020 – March 2021)** for those businesses that continue to be impacted by COVID-19 during the reactivation phase. With continued loss of earnings potential (i.e. no box office income, no income from contracts), live performance businesses will face challenges retaining core staff
- **Guarantee a 6 month phase out period for JobKeeper (April – September 2021)** once venues are open and as productions/events reactivate, allowing the industry to move to increased operational capacity
- **Extend JobSeeker for an additional 6 months** for those (e.g. freelancers, casuals) who can demonstrate they are unemployed because of loss of industry work due to COVID-19. The number and types of productions that will be able to return as restrictions ease will be limited. And therefore, employment opportunities will be limited.

Investment

Many individuals and businesses have had to take on significant debt to survive in 2020 and, without clarity from government, continue to face an uncertain business future. To be a part of the economic recovery, the live performance industry requires targeted investment to enable reactivation. The biggest challenge to the industry in order to reactivate is access to capital.

LPA is urging the Federal Government to:

- **Establish a \$90 million Business Reactivation Fund from July 2020 – December 2021** to enable businesses to create jobs and to:
 - **(\$50 million)** invest capital to restart and market productions and tours (theatre producers, promoters, music and multi-art form festivals)
 - **(\$10 million)** ensure supply chain viability through service providers (e.g. crewing companies and production houses)
 - **(\$10 million)** ensure COVID safe compliance (e.g. staff training, WHS measures and tools, hand sanitising stations, infrastructure adjustments, etc.)
 - **(\$20 million)** Australian Music Recovery Fund to catalyse Australian music nationally

and ensure sustainability of venues and music businesses

- **Establish a \$25 million Community Engagement Fund from October 2020 – June 2021** to support presenters and regional and outer metropolitan venues to engage local communities and bring patrons back to their venues. Funding will assist regional touring, development and/or restaging work, marketing support and a guarantee against loss for key tours
- **Extend tax incentives from 1 July 2021 to:**
 - pre-production costs for live productions (commercial theatre and subsidised companies). An explanation of the tax incentives model for live productions and benefits of investment incentives is attached at Appendix 3
 - live music venues. This incentive would be a combination of a cash offset for new live music venues and offset against expenses for existing live music venues
- **Establish an Arts and Entertainment Loan Scheme for 2 years** that provides low interest loans to enable co-investment in commercial product (e.g. musicals, theatre, music festivals) and provide service providers access to loans or lines of credit for infrastructure and operating costs
- **Waive subclass 408 (entertainment activities) visa fees for 24 months** after international travel bans are lifted (**\$5 million**)
- **Establish a \$50 million Events Contingency Reserve** to provide emergency support funding if venues are closed and productions/festivals are cancelled/postponed due to another outbreak of COVID-19

Innovation

The live performance industry in Australia is renowned for its world-class shows, festivals, and events. To maintain its standing as it emerges from the COVID-19 pandemic, the industry requires additional support to strengthen capability to develop high-quality digital content, build audience engagement, and showcase creative talent.

LPA is urging the Federal Government to:

- **Finance a \$20 million Digital Innovation Fund over 2 years** to support creation of digital content, drive new business opportunities (marketing, education programs linked to school curricula), extend audience reach (e.g. education programs, regional, people with disability), and support a First Nations digital platform
- **Provide \$10 million in funding for technology innovation over 6 months** to enable companies to develop and implement new COVIDSafe technology solutions and business practices (e.g. reconfiguring ticketing systems)

The Australia Council for the Arts

The Australia Council for the Arts (Australia Council) is the principal agency through which the Federal Government funds and supports arts and cultural activity in Australia. In recent years, funding to the Australia Council has been significantly reduced, and therefore limited its capacity to

support creativity and sector development. The reduction of funding has also severely impacted the ability of the Australia Council to deliver its Strategic Plan.

LPA is urging the Federal Government to provide additional funding to the Australia Council to:

- **Establish a \$20 million business stabilisation and recovery grant** that provides capital grants for business continuity and recovery
- **Establish a \$30 million reserves incentive scheme** that comprises matched funding to support rebuilding and future resilience of major performing arts companies
- **Extend the Resilience Fund** for companies and artists to create work and jobs (**\$10 million**)
- **Establish a \$10 million Sector Development Fund** for content creation, audience development and capacity building

Consumers

Consumer confidence is critical to the survival of the live performance industry. Australia is now in a recession and the next two years will be challenging for many households. The industry needs assurance that audiences will have access to disposable income and demonstrate a willingness to engage with the live performance industry. Insufficient consumer demand will only further threaten the financial viability of the live performance industry.

LPA is urging the Federal Government to:

- **Launch a \$15 million national marketing campaign** to give consumers confidence to attend live events as part of broader Cultural Tourism Strategy
- **Fund ‘See It Live’ e-vouchers from September 2020 – June 2021** to stimulate Australians to attend live events (**\$55 million**)
- **Fund ‘See It Live’ international travel incentive program from January 2021 – June 2022** to provide entertainment vouchers to attract international visitors to attend live events in Australia (**\$5 million**)

In addition, LPA support calls from our First Nations people for a self-determined approach to COVID-19. It is important First Nations people are empowered to use their cultural knowledge and build on their unique strengths to find the right solutions that work for their communities.

SUMMARY

Our industry is a significant economic and social contributor and a direct driver of economic activity, jobs, and cultural tourism. We have presented a targeted package to Federal Government to ensure our industry can rebuild beyond the COVID-19 pandemic and play an important part in our nation’s economic and social recovery.

LPA’s objective is to ensure that Australia’s live performance industry survives the COVID-19 pandemic and is in the strongest position to reactivate and rebuild as we move through the crisis phase. This is an economic, social, and cultural emergency that demands strategic investment

commensurate with the value that our industry delivers. The Federal Government needs to recognise and harness the capacity of the live performance industry to stimulate the economy, create jobs, and strengthen the social and cultural vibrancy of Australia. Arts and entertainment are part of our cultural DNA; our industry is always at the frontline supporting the country through difficult times, most notably during the recent bushfires. We stand ready to play our part in Australia's economic and social recovery.

We urge the Select Committee to give consideration to our proposals that will enable our industry to recover from the devastation wrought by COVID-19, and ensure that all Australians who work in and engage with the live performance industry are included in the COVID-19 Government response.

Thank you for the opportunity to present this submission for consideration. Should the Select Committee have any queries regarding our submission, or would like to discuss these issues further, please do not hesitate to contact us at any time.

Yours sincerely,



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\$111.7 billion

Overall contribution of the creative and cultural industries to Australia's GDP in 2016-17



\$85.7 billion

Gross value add from cultural and creative industries in 2016-17



Almost 600,000

People working in the creative economy in 2016



\$4.1 billion

Performing arts industry contribution to Australia's GDP in 2016-17



\$1.8 billion

Gross value add from performing arts industry in 2016-17



\$2.2 billion

Ticket sales revenue generated by the live performance industry in 2018



Approximately 1%

Proportion of public funds committed to arts and culture across all levels of government in 2017-18



\$608 million

Estimated total private sector support (cash, in-kind, donations, sponsorships, bequests, fundraising events) for the arts in Australia in 2017

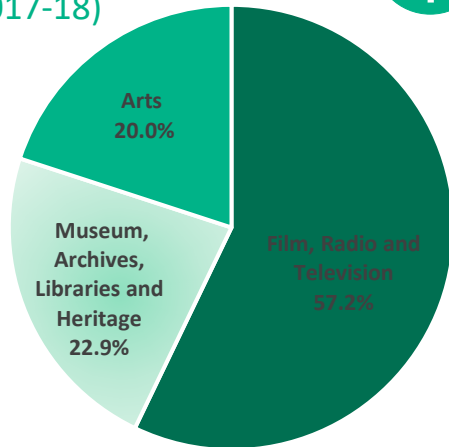


9.5%

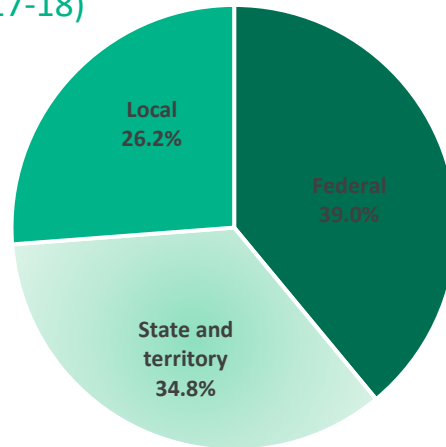
Workers employed in Australia who hold a 'creative' qualification as their highest level of qualification in 2016



Federal government expenditure on culture (2017-18)

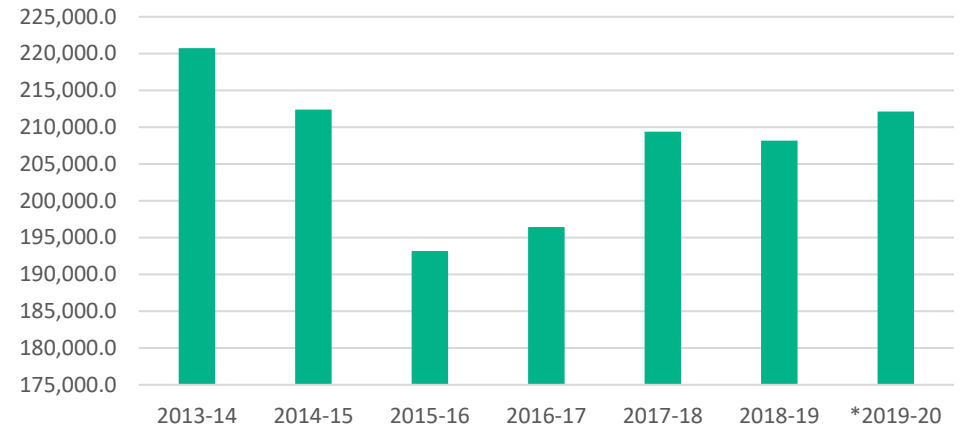


Proportion of cultural funding by different levels of government (2017-18)



Australia Council funding

\$m



THE CREATIVE AND CULTURAL INDUSTRIES IN AUSTRALIA

Australians are engaged in arts and entertainment



98%

Australians engage with the arts in some way



8 in 10

Australians engage with the arts online



82%

Proportion of Australians (15 years +) that attend at least one cultural venue or event each year



54%

Proportion of Australians (15 years +) that attend music events



53%

Proportion of Australians (15 years +) that attend dance/theatre events



26.2 million

People attended live performance events in Australia in 2018

That's almost double the amount that attend at least one sporting event each year (43%)

That's more than the combined attendances at AFL, NRL, Cricket, Soccer, Basketball, Rugby Union, Tennis, Netball and Baseball in 2018



First Nations arts and entertainment

44,700

First Nations people (or 1 in 10) performed Indigenous music, dance or theatre

7,300

First Nations people earned income from arranging or participating in cultural dances or performances

7 million

Australians experienced First Nations arts in 2016

Participation has grown over time from 24% in 2013 to 35% in 2016



Domestic cultural tourism

13.4 million

Overnight trips within Australia that included an 'arts' activity in 2018

\$14.3 million

Overnight domestic arts tourist spend within Australia in 2018



International cultural tourism

\$17 billion

International arts tourist spend in Australia in 2017

55%

Increase in international arts tourist spend in Australia between 2013-2017

3.5 million

International visitors engaged with the arts while in Australia in 2017

1.04 million

International tourists who attended festivals, fairs and cultural events in Australia in 2017

More international tourists engage with the arts than visit wineries or casinos, or attend organised sports events

COVID-19: Live Performance Industry Rebuild & Recovery Package



APPENDIX 2

**Total package
\$345m**



*Investment in arts and entertainment industry
=
Direct driver of economic activity, jobs and
cultural tourism recovery*

What's needed to restart and rebuild ...

Workers

- **Extend JobKeeper for an additional 6 months** (Oct 2020 – Mar 2021) – for those businesses that continue to be impacted by COVID-19 during reactivation phase
- **Guarantee a 6 month phase out period for JobKeeper** (Apr – Sept 2021) once venues are open and as productions/events reactivate, allowing the industry to move to increased operational capacity
- **Extend JobSeeker for an additional 6 months** – for those (e.g. freelancers, casuals) who can demonstrate they are unemployed because of loss of industry work due to COVID-19

Investment (\$170m)

- **Business Reactivation Fund (\$90m)** (July 2020 – Dec 2021) – to enable businesses to create jobs and to:
 - (\$50m) invest capital to restart and market productions and tours (theatre producers, music and multi-art form festivals, promoters)
 - (\$10m) ensure supply chain viability through service providers (e.g. crewing companies and production houses)
 - (\$10m) ensure COVID safe compliance (e.g. staff training, WHS measures and tools, hand sanitising stations, etc)
 - (\$20m) Australian Music Recovery Fund to catalyse Australian music nationally and ensure sustainability of venues and music businesses
- **Community Engagement Fund (\$25m)** (Oct 2020 – June 2021) – support regional venues to engage local communities and bring patrons back to their venues – including development and/or restaging work, marketing support and a guarantee against loss for key tours
- **Tax incentives** (from 1 July 2021) – extend tax incentives to pre-production costs for live productions (commercial theatre and subsidised companies) and live music venues
- **Arts and Entertainment Loan Scheme (2 years)** – Low interest loans to enable co-investment in commercial product (e.g. musicals, theatre, music festivals, service providers)
- **Waive subclass 408 (entertainment activities) visa fees (\$5m) for 24 months** after international travel bans are lifted
- **Events Contingency Reserve (\$50m)** – emergency support funding if venues are closed and productions/festivals are cancelled/postponed due to another outbreak of COVID-19

Innovation (\$30m)

- **Digital Innovation Fund (\$20m)** (2 years) – funding to support creation of digital content, drive new business opportunities (marketing, education programs linked to school curricula) and extend audience reach (e.g. education programs, regional, people with disability, etc); First Nations digital platform
- **Technology Innovation Fund (\$10m)** (6 months) – to enable companies to develop and implement new COVIDSafe technology solutions and business practices (e.g. reconfiguring ticketing systems)

Australia Council (\$70m)

- **Business stabilisation and recovery grant (\$20m)** – capital grants for business continuity and recovery
- **Reserves incentive scheme (\$30m)** – matched funding; support rebuilding and future resilience of major performing arts companies
- **Extend Resilience Fund (\$10m)** – for small to medium companies, groups and individual artists to create work and jobs
- **Sector Development Fund (\$10m)** – for content creation, audience development, capacity building

Consumers (\$75m)

- **Marketing campaign (\$15m)** – launch a national marketing campaign to give consumers confidence to attend live events; part of broader Cultural Tourism Strategy
- **'See It Live' e-voucher (\$55m)** (Sept 2020 – June 2021) – e-vouchers to stimulate Australians to attend live events
- **'See it Live' international travel incentive program (\$5m)** (Jan 2021 – June 2022) – entertainment vouchers to attract international visitors to attend live events in Australia

INVESTMENT SUPPORT FOR THE LIVE PERFORMANCE INDUSTRY: Tax incentive proposal

Rationale

The live performance industry contributes over \$2.5 billion annually to the Australian economy. It employs over 34,000 people nationally, supports more than 500 performing arts companies around Australia plus hundreds of venues, producers and music promoters. It also attracts more than 18 million people to shows in capital cities, regional centres and country towns. However, it is becoming increasingly more difficult for Australian producers to stage new productions due to the high costs of pre-production and difficulties in attracting the required level of investment.

Australian producers are now competing for investors in international jurisdictions that offer significant tax incentives (e.g. UK and USA). Within Australia, live performance producers compete against other industries, notably film and TV, where a 40% producer tax offset for film and 20% tax offset for tv production exists. These tax incentives allow producers to offset pre-production costs on qualifying expenditure. There is an urgent need for live performance producers to access tax incentives to attract the level of investment required to produce and stage world-class shows, support more jobs and drive industry growth.

Benefits of investment incentives



Economic impact of investment incentives

Investment incentives will stimulate economic activity. The level of economic activity generated increases as the level of investment incentive increases.



Incremental to base case	10% tax incentive	25% tax incentive	40% tax incentive
New productions	22	347	555
Industry output (industry turnover)	\$229.5m	\$760.6m	\$1,216.9m
Industry value add (wealth generation)	\$100.1m	\$337.2m	\$540.1m
Employment (FTE)	863	2,906	4,650

Source: EY (2016), Investment support for the live performance industry, Report for Live Performance Australia, August 2016

Government return on investment – cost neutral

There is a small net positive return on investment to government by providing investment incentives on pre-production costs for live productions.

	10% tax incentive	25% tax incentive	40% tax incentive
Investment incentive outlay by government (Incentives provided to producers)	\$37.7m	\$94.3m	\$150.9m
Additional tax revenue received by government	\$28.5m	\$95.9m	\$153.4m
Net (cost)/revenue to government	(\$9.3m)	\$1.6m	\$2.5m

Source: EY (2016), Investment support for the live performance industry, Report for Live Performance Australia, August 2016

Tax incentive schemes



UK Theatre Tax Relief

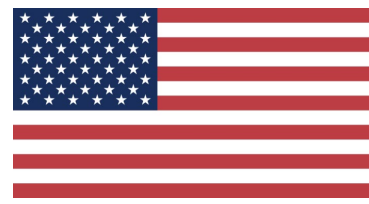
20%

Tax relief for non-touring productions

25%

Tax relief for touring productions

- Following the economic and cultural success of creative sector tax relief in the UK, particularly in film, TV and video games, the Theatre Tax Relief (TTR) scheme was introduced as part of the Finance Act 2014 (“Act”) and came into effect on 1 September 2014.
- The TTR is intended to encourage and support investment in the production and touring of UK live dramatic works (including plays, operas, musicals, ballets and circus), with the objective of maintaining the sustainability of live performance in the UK.
- This model provides a clear policy precedent for the extension of tax-based incentives into the live performance industry.
- The TTR entitles production companies to claim 20% of its total qualifying pre-production costs for non-touring productions, and 25% for touring productions.
- Both commercial and publicly-funded (subsidised) productions are eligible and can benefit from the scheme, as trading subsidiary arrangements effectively enable not-for-profit organisations to access the scheme.
- Return on costs can be re-invested into new works, or passed on to investors.
- Almost 8,000 live productions have benefited from the TTR scheme since its introduction, saving a total of £208 million so far to June 2019.



USA Tax Relief for live theatrical productions

100%

Federal deduction for investment

20 – 35%

State based tax relief

- The UK Government is not the only country to have recognised the need to remain globally competitive. The US has a legacy of state-based tax incentives for theatrical productions. These apply in Illinois, Louisiana, New York State (not including New York City), and Rhode Island.
- The provisions range from 20% - 35% tax credits for qualifying expenditure by production companies.
- The common purpose of these incentives is primarily to increase jobs and economic outputs by increasing the State’s competitive position for incentivising theatrical producers to bring productions to their state.
- In December 2015, the US government passed federal legislation that establishes equal tax treatment for live theatrical productions as is provided for film and TV.
- It allows a 100% deduction for investment in live performance by the investor from their income in the year of the investment.
- The legislation allows investors to immediately recoup their investments prior to taxes being assessed on profits earned. This is intended to deepen the pool of interested investors in commercial theatrical productions.



Film and TV Producer Offset

40%

Tax relief for feature films

20%

Tax relief for non-feature films
(TV, mini-series, documentaries)

- In 2007 the Producer Offset was introduced as part of the Australian Screen Production Incentive (ASPI), a package of measures to boost support for the Australian film and television industry.
- It provides a refundable tax offset (rebate) for producers of Australian feature films, television and other projects.
- Feature films are eligible for a 40% rebate of qualifying expenditure, and other programs such as TV, mini-series and documentaries are eligible for a 20% rebate.
- Screen Australia conducted a review of the Producer Offset in 2017, ten years after it was introduced. The report found that the Producer Offset “unquestionably” provided critical financial support for addressing the challenges of raising revenue to meet production budgets.
- Additionally, the report found that the Producer Offset improved the equity share retained by producers in their film and television projects.
- Improved equity share has allowed producers enhanced leverage to attract private investment from new and existing sources. This directly supports producers building sustainable production businesses.