6 February 2023

The Hon Stephen Jones MP
Assistant Treasurer and Minister for Financial Services
C/- The Treasury
Langton Crescent
PARKES ACT 2600

Dear Assistant Treasurer,

2023-24 Pre-Budget Submission

Live Performance Australia (LPA) welcomes the opportunity to make a submission to the 2023-24 Budget on behalf of Australia's $4.7 billion live performance industry.[1] LPA represents commercial and independent producers, music promoters, performing arts companies, venues (performing arts centres, commercial theatres, stadiums and arenas), arts festivals, music festivals and service providers (such as ticketing companies and technical suppliers). LPA's membership covers all performing art forms, companies of all sizes, as well as not-for-profit and commercial entities.

The live arts and entertainment industry is rebuilding following the unprecedented disruption caused by the pandemic. Our performers are back on stage, concert tours and music festivals are being presented and audiences are returning.

The recovery of the live arts and entertainment industry underscores the resilience of the people, organisations and businesses which are part of the industry, as well as its enduring importance to all Australians who are engaged and entertained by its creative output.

Pre-COVID, there were more attendances at live performance events than all of our major sporting codes combined. In 2019, almost 24 million people attended live arts and entertainment events. The industry directly and indirectly drives economic activity in our largest cities and smallest communities.

Nonetheless, the live arts and entertainment industry faces significant challenges in returning to its pre-COVID growth trajectory. The industry is taking leadership in addressing these challenges but will also require strategic and targeted investment from government to build and sustain the momentum for recovery.

The initiatives announced in the Government's *National Cultural Policy* launched on 30 January 2023 are very welcome and will make an important contribution to the sustainability and growth of our creative

[1] Commonwealth of Australia (2022), *Cultural and creative activity in Australia 2010-11 to 2019-20,* Bureau of Communications and Arts Research, October 2022

industries, including live performance. However, there is a need for immediate measures from 1 July 2023 that will support the industry's recovery, particularly in the areas of skills and training, and business sustainability.

Our pre-Budget submission identifies opportunities for further targeted investment to complement the initiatives set out in the National Cultural Policy and which will further strengthen the industry's potential to deliver significant economic, social, and cultural benefit for all Australians.

Specifically, the initiatives outlined in this pre-budget submission are focused on:

- **addressing immediate industry needs over the next 12-18 months.** This targeted investment will help keep businesses open and operating while implementation of the National Cultural Policy is worked through.
- other **strategic areas that are not specifically addressed in the National Cultural Policy**.

SUMMARY OF LPA BUDGET REQUESTS

LPA urges the Government to support the rebuild and stabilisation of the arts and entertainment industry by:

- rebuilding skills and capacity
- driving investment opportunities
- fostering safe workplaces.

INITIATIVE	BUDGET IMPACT
A. Rebuilding skills and capacity	
1. **Invest in skills development to rebuild capacity** across the commercial and non-profit sectors in metropolitan and regional areas by: • Funding **traineeships to address critical skills shortages** across the Australian arts and entertainment industry. • Establishing a **grants program for industry-led initiatives to attract, retrain and retain skilled workers**.	**$3.5m per annum for 3 years** **$500,000 over 18 months**
2. **Waive Temporary Activity visa (subclass 408) Entertainment Activities fees** to support industry recovery.	**$5.2m over 2 years**
3. Provide **Business Recovery Grants** to support businesses to rebuild from pandemic impacts, such as increased production and operational costs, skills and supply chain challenges, and shifts in consumer behaviour.	**$10m over 18 months**
4. Establish a **Reserves Rebuild Fund** to enable companies to rebuild their financial reserves. This would be **matched by the states and territories (ie $50m over 2 years)** and would enable companies to move quickly to sustainable financial settings.	**$25m over 2 years**
B. Driving investment	
5. **Extend tax incentives from 1 July 2023 to pre-production costs of live theatre** to assist Australian producers (commercial theatre and not-for-profit companies) to attract investment in an internationally competitive market.	**Cost neutral when tax incentives are set between 25%-40%.**

C. **Fostering safe workplaces**	
6. Support **industry-led education and training programs** to improve workplace safety nationally and which complement the role and objectives of Centre for Arts & Entertainment Workplaces.	**$1m per annum for 3 years**
7. Establish an industry-specific **Employee Assistance Program** to support workplace mental health and wellbeing.	**$2m per annum for 3 years**

Once again, we thank you for the opportunity to present this submission for consideration in the Budget process. Should you have any queries regarding the information provided, please do not hesitate to contact Kim Tran (ktran@liveperformance.com.au) via email or telephone.

Yours sincerely,

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ABOUT LPA

LPA is the peak body for Australia's live arts and entertainment industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 350 Members nationally. We represent commercial and independent producers, music promoters, performing arts companies, venues (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 arts and entertainment industry in Australia.

LPA 2022-23 PRE-BUDGET SUBMISSION

A. REBUILDING SKILLS AND CAPACITY

1. SKILLS AND TRAINING

Budget request 1:
Invest in skills development to rebuild capacity across the commercial and non-profit sectors in metropolitan and regional areas by:

- Funding **traineeships to address critical skills shortages** across the Australian arts and entertainment industry.
  ($3.5m per annum for three years)
- Establishing a **grants program for industry-led initiatives** to attract, retrain and retain skilled workers **($500,000 over 18 months)**

Prior to COVID-19, consistent industry feedback was that there was a shortage of workers in technical roles (eg sound and lighting technicians), with the problem more acutely felt in regional areas.

Skills shortages in these roles have been exacerbated by the pandemic, as many professionals have left the industry for better job security or moved internationally to pursue opportunities. Skills shortages have now broadened to encompass crew (eg audio, visual, lighting, stage and set construction), production (eg company management, stage management, event management, wardrobe and design) and front of house roles. Now, the problem is acute in both metropolitan and regional areas.

Results of two LPA Member surveys undertaken in May and November 2022, underscore the ongoing need to address skills and employment gaps (Refer to Table 1). The surveys confirm technical and production roles remain in critical short supply across the industry nationally. These skills are in such short supply in regional areas that staff work as ‘all-rounders’ across each of the technical disciplines and are shared across regions. They travel to different venues to support and fulfil operational and touring requirements. In a worst-case scenario, shows are being cancelled due to the lack of suitability qualified workers. The intense workload is leading to many workers feeling burnout and at high risk of leaving the industry.

In addition, LPA music promoter members have identified acute shortages in event crew (such as stagehands, forklift drivers, riggers, heavy haulage truck drivers, security and front of house roles). These roles are essential to successfully and safely delivering live events, festivals and concerts, and the operation of venues.

Table 1: Proportion of respondents who believe there is currently an undersupply of workers (Source: LPA Member survey)

Occupation	May 2022	November 2022
Technical roles		
Audio Director	68%	d.n.a
Carpenter	d.n.a	60%

Occupation	May 2022	November 2022
Crew (involved in all technical aspects – audio, visual, lighting, construction, staging etc)	89%	d.n.a
Crewing Coordinator	d.n.a	65%
Electrician	d.n.a	62%
Light Technician	89%	92%
Lighting Director	65%	d.n.a
Performing Arts Road Manager (i.e. Tour Manager)	83%	72%
Rigger	d.n.a	79%
Sound Technician	87%	88%
Stagehand	d.n.a	89%
Truck driver	d.n.a	57%
Production roles		
Make-Up Artist	61%	38%
Producer	58%	59%
Production Designer	53%	38%
Production Manager	100%	83%
Production Coordinator/Assistant		74%
Stage Manager/Assistant Stage Manager	87%	89%
Technical Director	70%	d.n.a
Technical Producer	78%	d.n.a
Theatrical Dresser	76%	44%
Wardrobe Assistant / Costume maker	83%	58%
Wardrobe Coordinator	70%	d.n.a
Front of House		
Ticket Attendant (i.e. Box Office) and Box Office Manager	68%	60%
Usher	66%	64%
Food and Beverage	68%	84%
Security	50%	55%

d.n.a = did not ask

In brief, the skills in critical shortage include:

Technical roles	Production roles	Front of House
• Technicians (i.e. lighting and sound) • Stagehands • Riggers • Performing Arts Road Managers (i.e. Tour Manager)	• Stage Manager • Production Manager • Production Assistant	• Food and Beverage • Usher • Ticket Seller (i.e. Box Office)

LPA believes some roles in critical shortage could quickly be filled by incentivising new and existing workers to complete accredited training. Incentives could also be offered to attract new workers or to attract back those workers who left the industry. They could be offered support to access subsidised traineeships, short courses, or industry-led initiatives to support their development or re-entry into the industry.

Many members, both commercial and not-for-profit, have indicated to LPA that they are willing to employ trainees or provide practical, industry-relevant training; however, they are currently constrained financially from doing so.

LPA urges the Federal government to invest in skills development, education and accreditation courses to rebuild much-needed capacity across the commercial and non-profit sectors in metropolitan and regional areas by:

- Funding **12-month industry-led traineeships that address skills and employment shortages** and help rebuild Australia's arts and entertainment industry. This measure is estimated to cost $3.5 million per annum for three years ($35,000 for 100 industry traineeships across Australia per year).
- Establishing a grants program for **industry-led initiatives** to attract, retrain and retain skilled workers. This measure is estimated to cost $500,000 over 18 months.

2. SUBCLASS 408 VISA WAIVER

Budget request 2:
Waive *Temporary Activity visa (subclass 408) Entertainment Activities* fees to support industry recovery.
($5.2m over two years)

The live arts and entertainment industry brings many performers, artists, creatives, and technical crew members into Australia using the *Temporary Activity visa (subclass 408) Entertainment Activities stream*.

In light of ongoing skills and employment gaps and fluid nature of the industry, the need for skilled workers from overseas is an ever-persistent requirement for the safe and successful presentation of shows and tours.[2]

Helping the arts and entertainment industry address critical labour shortages with cost-effective access to overseas workers through the *Temporary Activity visa (subclass 408)* is an area where the government can assist.

To aid the post-COVID-19 economic recovery, LPA notes the previous Federal government's decision to incentivise fully vaccinated Student and Working Holiday Maker visa holders to return to Australia by refunding their Visa Application Charge – valued at between $495 and $630.

LPA proposes a similar low-cost initiative to support both recovery efforts and temporary access to skills by introducing a 24-month **waiver for the *Temporary Activity visa (subclass 408) Entertainment Activities* fees**. This measure is estimated to cost $5.2 million ($325 per visa and 8,000 visas per annum) over two years.

[2] See LPA submission (2022), *A Migration System for Australia's Future* (for the Department of Home Affairs Migration Review). Available here: [– Resources (liveperformance.com.au)]

3. BUSINESS RECOVERY GRANTS

Budget request 3:

Provide B**usiness Recovery Grants** to support businesses to rebuild from pandemic impacts, such as increased production and operational costs, skills and supply chain challenges, and shifts in consumer behaviour.

($10m over 18 months)

The environment in which the live arts and entertainment industry is operating is vastly different to pre-pandemic; it is riskier and more expensive. Operating costs have increased 30 – 50 percent depending on the scale of the production/tour. It is hard to secure suitably qualified and experienced workers. Cost of living pressures are deterring consumers from buying tickets to live events. Tickets sales are down by 35 percent nationally compared to pre-pandemic levels and well below the levels needed for shows/tours to break even. These factors make it extremely difficult for live performance businesses to financially recover following over two years of severely disrupted business activity.

The strategic investment outlined in the National Cultural Policy, in part, will support industry to rebuild and recover from pandemic impacts. However, it will take 12-18 months before National Cultural Policy investment and initiatives start to flow and thus, there is an urgent need to support arts and entertainment businesses in the intervening period.

LPA recommends establishing a $10 million grants program to support business recovery over the next 18 months. The grants could be used to offset increased production and operational costs (eg set, prop and costume materials) and other costs such as freight, travel, marketing, insurance and staffing. Grants could be made available to live music businesses, commercial theatre producers, not-for-profit companies and service providers (such as specialist audio, visual and lighting production companies).

4. RESERVES REBUILD FUND

Budget request 4:

Establish a **Reserves Rebuild Fund** to enable companies to rebuild their financial reserves.
($25m over two years); matched by state and territory governments

Strong cultural institutions are vital assets for cultivating healthy and resilient domestic creative and cultural industries. Strong cultural institutions enable the creative and cultural sector to foster inclusive and vibrant communities and workplaces and make significant economic and social contributions. For a cultural organisation to be 'strong', it needs to be financially stable.

This is not the case for many performing arts organisations. Many companies have significantly depleted their financial reserves due to not being able to generate income during COVID-19. It is important that companies rebuild their reserves to both weather future black swan events and continue to play their significant role as employers and content creators/producers. In addition, companies with a healthy financial position have greater flexibility to take artistic risks, employ people and/or deliver programs that contribute towards broader goals (eg industry development, community engagement, diversity).

Companies could be incentivised to rebuild their reserves. A similar scheme was established following the 1999 Nugent review. As such, **LPA recommends the establishment of a Reserves Rebuild Fund** for this purpose ($25m over two years). **The fund would be matched by state and territory governments** to total $50m and would enable companies to move quickly to sustainable financial settings.

B. DRIVING INVESTMENT

5. TAX INCENTIVES

Budget request 5:
From 1 July 2023, **extend tax incentives to pre-production costs for live theatre productions** to assist Australian producers (commercial theatre and not-for-profit companies) attract investment in an internationally competitive market.
This proposal is cost neutral to government when tax incentives are set between 25%-40%.

Access to government support is very important to ensure the industry can confidently rebuild and recover, and to drive future investment activities. In a post-pandemic world, competition for investment funding is fierce and markets that incentivise to attract investment in theatre have a significant competitive advantage.

Australia lags international markets with providing tax incentives and Australian theatrical producers compete for investors in international jurisdictions that offer significant cultural tax incentives (e.g. UK and USA). The UK Theatre Tax Relief (TTR) scheme, in effect since September 2014, currently enables live performance production companies in the UK to claim:

- 45 percent (previously 20 percent) of total qualifying pre-production costs for non-touring productions, and
- 50 percent (previously 25 percent) for touring productions.[3]

The UK Government increased these tax relief incentives for the theatre industry as part of its Covid recovery strategy. Both commercial and publicly funded (subsidised) productions across film, high-end television, animation, video games, children's television, orchestra, and museums and galleries are eligible and can benefit from the broader tax scheme.

Theatrical producers in the UK reported that the TTR scheme has improved their ability to finance new productions, resulting in more investment, employment and innovative risk-taking.[4] It has also helped maintain a thriving performing arts sector at a time where public funding is under pressure.[5] Almost 18,000 theatre productions have benefited from the scheme since its introduction, receiving back £392 million of pre-production expenditure, which has been reinvested into developing more new work and supporting more jobs.[6]

Within Australia, theatrical producers compete for investment against other industries, notably digital games, film and TV, where the Federal Government provides tax incentives that allow game developers and screen producers to offset development/pre-production costs on qualifying expenditure. The tax offset ranges between 30-40 percent, depending on the type of activity.[7]

[3] The relief will taper down from 1 April 2023, reducing to 30% and 35% and will return to 20% and 25% on 1 April 2024.
[4] Society of London Theatre, Media Release (11 May 2016), Ticket Relief News, accessed online: https://uktheatre.org/theatre-industry/news/tax-relief-news/; The Stage (21 July 2017), Theatre tax relief brings savings to nearly 2,000 shows, accessed online: https://www.thestage.co.uk/news/2017/theatre-tax-relief-brings-savings-nearly-2000-shows/
[5] Arts Professional (27 July 2018), Theatre tax relief payouts rise by two thirds, accessed online: https://www.artsprofessional.co.uk/news/theatre-tax-relief-payouts-rise-two-thirds
[6] UK HM Revenue and Customs (2022), *Creative industries statistics*, August 2022, accessed online: https://www.gov.uk/government/statistics/creative-industries-statistics-august-2022
[7] The screen industry Producer Offset provides a 40% producer tax offset for feature film production; and a 30% (increased from 20%) producer tax offset on other eligible projects (such as programs produced for television or a subscription service). The Digital Games Tax Offset provides 30% tax offset on the development of new games or the expansion of existing eligible games

Australia's live theatre industry needs a similar regime of tax incentives, to attract the level of investment required to produce and stage world-class shows, support more Australian jobs and drive industry growth.

Currently, more than 80 percent of investment capital for commercial theatre in Australia is from offshore investors. This creates an extremely competitive environment for Australian producers to secure upfront capital to stage new productions. Prior to Covid, typically a commercial musical required AU$10 million to $15 million to capitalise a show. Capital costs have increased by at least 30 percent on average, post-Covid. Future investment in commercial theatre in Australia will be severely constrained if producers cannot offer incentives to attract capital out of larger markets. Investors will prioritise investment in markets where incentives are offered (i.e. UK and USA).

Australia must ensure it can secure investment for both licensed properties that bring significant multiplier effects (i.e. *Harry Potter and the Cursed Child*, *Moulin Rouge! The Musical*, *Hamilton*), and capitalise on the opportunity to invest in new Australian intellectual property, which can drive local economic activity, create jobs and ultimately be exported. *Moulin Rouge! The Musical* (which won 10 Tony Awards and opened in Melbourne in November 2021 after coming from New York City) is a classic example of a show that should have been developed here but was instead developed in the US due to tax incentives provided for pre-production costs.

Economic analysis undertaken by Ernst & Young (EY) found that investment incentives would encourage commercial producers and subsidised organisations to produce more local work, and therefore increase economic activity. Any expenses incurred by government would be recovered through taxes earned on increased economic activity generated by the industry and allied industries (e.g. tourism, hospitality, retail etc.). EY's analysis indicates the Australian government would see a net positive return on investment by providing investment incentives on pre-production costs for live productions when tax incentives are set between 25 and 40 percent. Further information about the tax incentive proposal is provided at **Appendix A**.

Tax incentives for live theatre productions should be a priority and considered as part of a broader holistic tax package supporting creative work. The UK, for example, offers tax relief for the creative industries, which covers film, animation, high-end television, children's television, video games, theatre, orchestra, and museums and galleries. Further information can be found here.

C. FOSTERING SAFE WORKPLACES

6. INDUSTRY-LED EDUCATION & TRAINING PROGRAMS

Budget request 6:

Support industry-led education and training programs to improve workplace safety nationally and which complement the role and objectives of Centre for Arts & Entertainment Workplaces.

In Australia all employers, including in the arts and entertainment industry, must provide safe workplaces for their employees. This requires workplaces to be emotionally, culturally, and physically safe for all. Unfortunately, the Human Rights Commission's latest survey of workplace sexual harassment found little change in incidence over the past four years – a third of Australians experienced sexual harassment in the workplace (41% of women and 26% of men), while only two-thirds of workers reported their employer had anti-harassment policies and just one third had received training.

LPA notes the Federal government's priority focus in this area, including through the introduction of the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* and commitment to fully implement all the recommendations of the Respect@Work Report.

LPA also acknowledges there is more work to be done to continuously drive cultural change and maintain safe workplaces in the arts and entertainment industry, particularly in light of the findings of the 2022 Music Industry Review.[8] LPA welcomes the Government's commitment in this area, with the establishment of the Centre for Arts & Entertainment Workplaces (announced as part of the National Cultural Policy). We look forward to working alongside the Centre to achieve its objectives.

LPA recognises that industry must also play its part to drive cultural change and plans to implement a Safe Workplaces program on behalf of its Members and broader industry. This program would build upon the work LPA has previously done in this area. In 2018, LPA developed and released the *Australian Live Performance Industry*

Code of Practice to prevent workplace discrimination, harassment, sexual harassment and bullying, and provided Respectful Workplaces training sessions across Australia to LPA Members and the broader industry in 2018 and 2019.

Subject to funding, LPA is planning an ambitious program of work that includes:

- reviewing and updating the *Australian Live Performance Industry Code of Practice to prevent workplace discrimination, harassment, sexual harassment and bullying*
- reviewing and updating LPA's *Guide to Child Safety*
- updating and delivering training (delivered in 2018 and 2019) to focus on prevention and response to discrimination, harassment, sexual harassment and bullying and delivering this training in all states and territories
- scoping and delivering Resolution and Action at Work training (pilot program)
- scoping a training pilot with respect to diversity and inclusion.

While LPA believes there is a genuine need to implement the program outlined above, currently LPA does not have the financial capacity to do so, as LPA's resources were severely depleted due to the pandemic. LPA believes there is an opportunity for government and industry to partner on initiatives that deliver Respect@Work objectives.

It is our understanding that the soon to be created Centre for Arts and Entertainment Workplaces does not have resources to invest in education and training programs. Our experience following implementation of our Code nationally clearly showed that practical training on the ground was critical to driving cultural change and better understanding of workplace safety requirements.

Thus, **LPA recommends government provide support for industry-led education and training programs to improve workplace safety nationally**.

7. INDUSTRY-SPECIFIC EMPLOYEE ASSISTANCE PROGRAMS

Budget request 7:
Establish an **industry-specific Employee Assistance Programs** to support workplace mental health and wellbeing.

Industry research suggests poor mental health presents the highest risk in workplaces today. For example, 'job stress and other work-related psychosocial hazards are emerging as the leading contributors to the

[8] https://musicindustryreview.com.au/

burden of occupational disease and injury'.[9] The costs of mental health are substantial, including lower economic participation and lost productivity.[10] Investment in mental health programs would be offset by improvements to productivity and lower government expenditure in healthcare and other support services.

Rates of mental illness are even higher in the live arts and entertainment industry. Compared to the general population, workers in the live arts and entertainment industry are:

- four times more likely to experience psychological distress
- four and a half times more likely to have suicidal thoughts, with one in 10 acting upon these thoughts.[11]

Given these statistics, it is important that workers in the live arts and entertainment industry have appropriate access to mental health support if required.

Unfortunately, mental health support for employees is limited to a minority of workplaces. Many large companies offer their workers access to support programs such as an Employee Assistance Program. However, these types of resources do not exist for independent workers and workers at small to medium companies. Cost is a major barrier to a small-medium company's ability offer these support programs.

To fill this void, **LPA recommends the establishment of an industry-specific Employee Assistance Program** ($2m per annum for 3 years) to allow arts and entertainment workers to access mental health and wellbeing support, if needed. This would further complement the work of Support Act but have broader reach across all parts of the arts and entertainment industry.

[9] Marmot, M, J Siegrist, and T Theorelle. (2008) "Health and the Psychological Environment at Work." In *Social Determinants of Health*, K. Bruce Newbold, John Eyles, Susan Elliott Kathryn Fisher (eds), (Oxford: Oxford University Press), pp. 97–130.
[10] Productivity Commission. (2020) *Mental Health, Inquiry Report no. 95*. Available at: https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health-actions-findings.pdf
[11] Support Act. (2022) *Mental Health and Wellbeing in Music and Live Performing Arts Survey.* Available at: https://supportact.org.au/mental-health-survey/

INVESTMENT SUPPORT FOR THE LIVE PERFORMANCE INDUSTRY: Tax incentive proposal

ATTACHMENT A

Rationale

The live performance industry contributes over $4 billion annually to the Australian economy. It employs almost 40,000 people nationally, supports more than 500 performing arts companies around Australia plus hundreds of venues, producers and music promoters. It also attracts almost 24 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 30% 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

Stimulating investment in new live productions

= Stimulates direct and indirect economic activity

= Licensing and export opportunities

= Provides employment and skills development opportunities

= Improves producers' equity share and builds sustainable businesses

= Contributes to cultural vibrancy

= Improves social cohesion and wellbeing through community participation and attendance

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.

- ↑ up to 73% Number of new productions
- ↑ up to 54% Additional industry output
- ↑ up to 53% Additional industry value add
- ↑ up to 59% Additional employment

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

LIVE PERFORMANCE AUSTRALIA

Live Performance Australia (LPA) is the peak body for Australia's live performance industry. LPA represents commercial and independent producers, music promoters, major performing arts companies, small to medium companies, venues (performing arts centres, commercial theatres, stadiums and arenas), festivals, and service providers such as ticketing companies and technical suppliers.
Economic analysis on the impact of investment incentives was undertaken by Ernst & Young (EY) for LPA.

Tax incentive schemes

UK Theatre Tax Relief

45% Tax relief for non-touring productions

50% 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 scheme 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 scheme currently entitles production companies to claim 45% of its total qualifying pre-production costs for non-touring productions, and 50% 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.
- In 2020-21, a total of £74 million of theatre tax relief was granted in relation to 1,070 claims.
- Since the introduction of the TTR scheme in 2014, almost 18,000 live productions have benefited, receiving back £392 million of pre-production expenditure.

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

30% 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 30% 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.

Source: Screen Australia (Nov 2017), *Skin in the Game: The Producer Offset Ten Years On*