LIVE PERFORMANCE AUSTRALIA

18 December 2024

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

Dear Assistant Treasurer,

2025-26 Pre-Budget Submission

Live Performance Australia (LPA) welcomes the opportunity to make a submission to the 2025-26 Budget process on behalf of Australia's $6.4 billion live performance industry.[1]

As the peak body for Australia's live arts and entertainment industry, our membership covers all performing art forms, companies of all sizes, as well as not-for-profit and commercial entities. 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).

There were 30.1 million ticketed attendances at live performance events in 2023 generating $3.1 billion in ticket revenue.[2] Contemporary music, including tours by high profile international artists, accounted for a significant proportion of this result.

Despite having achieved strong outcomes in the last 18 months, our industry is dealing with significantly higher input costs across the board (on average, a 30-40% increase), critical skills shortages, and changes to consumer behaviour caused by the pandemic. The current cost-of-living crisis is also impacting Australians' engagement with arts and culture as they cut back on household discretionary spending.

In addition to the direct employment and economic activity generated by our Members, they also contribute across the wider economy including as a driver of demand for hospitality, travel and tourism.

The Government's additional funding through the *National Cultural Policy – Revive: a place for every story, a story for every place* (*Revive*) last year was a landmark investment in Australia's cultural and creative industries. However, to fully realise the ambitions of *Revive* at this critical time, additional targeted policy mechanisms and investments are needed to support the sustainability and growth of our live arts and entertainment industry.

[1] Bureau of Communications Arts and Regional Research (2024), *Cultural and Creative Activity in Australia, 2008–09 to 2022–23 (Methodology Refresh)—Statistical Working Paper—December 2024*, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, December 2024. Figure derived from output measure for Literature, Creative and Performing Arts (p.22) and Events (Arts) (p.36).
[2] Live Performance Australia (2024), *2023 Ticket Attendance and Revenue Report*

Level 1, 15-17 Queen Street
Melbourne Victoria 3000
T+61 (0)3 8614 2000
liveperformance.com.au

The measures proposed in our submission address this imperative. They offer broad-based structural initiatives to incentivise more private and public investment and improve financial sustainability, as well as targeted measures to grow audiences for Australian creative product at home and globally. Importantly, our submission identifies opportunities for additional investment to deliver and build upon the objectives set out in *Revive,* which will strengthen the industry's potential to deliver significant economic, social, and cultural benefit for all Australians.

SUMMARY OF LPA BUDGET REQUESTS

LPA urges the Government to support the live arts and entertainment industry in meeting *Revive's* ambitions by:

- providing targeted incentives for new investment (Budget measures 1 to 6)
- supporting national and international touring (Budget measures 8 & 9)
- fostering audience engagement (Budget measures 7, 10 & 11).

A summary of LPA's Budget proposals is provided below.

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,

Evelyn Richardson
Chief Executive
E erichardson@liveperformance.com.au
M 0407 303 646

Kim Tran
Director, Policy & Governance
E ktran@liveperformance.com.au
M 0411 640 453

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 employer organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has 400 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.

2025 Pre-Budget Priorities

LIVE PERFORMANCE AUSTRALIA

INVESTMENT

TOP PRIORITIES

CREATIVE FUTURE MADE IN AUSTRALIA

- ✓ Introduce a 40% **Live Theatre Tax Offset for commercial and not-for-profit theatre producers** to attract investment in a globally competitive market.

Positive ROI with 40% offset

SUPPORTING PRIORITIES

NEW AND BETTER WAYS OF DOING BUSINESS

- ✓ **Create a Business Innovation and Sustainability Fund** to accelerate new business model development and financial stability of performing arts organisations.
($10m per annum over 3 years)
- ✓ **Deliver a Reserves Rebuild Fund** to help rebuild company financial reserves and ensure future sustainability.
(**$25m over 2 years**, $50m with matched state and territory investments)
- ✓ **Extend Public Benevolent Institutions (PBI) status** to a broader range of arts and cultural institutions.

DEVELOPING OUR FUTURE CREATIVE WORKFORCE

- ✓ **Support nation-wide industry-led skills & training initiatives** to address identified skills shortages across the arts and cultural sector.
($3.5m per annum over 3 years)

INCENTIVISING PRIVATE SUPPORT FOR ARTS AND CULTURE

- ✓ **Incentivise Tax Deductible Donations**: increase tax deductible donations to 1.5x amount of gift.

AUDIENCE ENGAGEMENT

BUILDING FUTURE AUDIENCES – ENGAGING YOUNG PEOPLE

Engage children and young people in the arts via:

- ✓ **'See It Live' Pilot** – a Cultural Pass Program for 13- to 25-year-olds **($100 million, one year pilot)**
- ✓ **Arts Access Investment Program for Schools ($10m per annum over 3 years)**

AUSTRALIAN CREATIVITY IN MORE PLACES

- ✓ **Double Playing Australia investment** and review scope to ensure it is fit-for-purpose for next decade.
($18m per annum, an additional $9 per annum)

A GLOBAL AUDIENCE FOR AUSTRALIAN CULTURAL PRODUCT

- ✓ **Establish 'Playing the World' Export development program** to address current deficit in export of Australian cultural product.
($20m per annum over 3 years)

RENEWING OUR PERFORMING ARTS VENUES

- ✓ **Create a Fit-for-Purpose Arts Infrastructure Fund** to support performing arts venues to modernise and keep pace with the needs of their audiences and hirers.
($25m per annum over 3 years)

KEEPING IT LOCAL

- ✓ **Establish a Local Programming Fund** to support local presenters and producers to program, develop and attract cultural product relevant to their local communities.
($7m per annum over 3 years)

LIVE PERFORMANCE AUSTRALIA

LPA 2025-26 PRE-BUDGET SUBMISSION

INVESTMENT

1. CREATIVE FUTURE MADE IN AUSTRALIA

Budget Request 1:

Introduce a 40% Live Theatre Tax Offset for commercial and not-for-profit theatre producers to attract investment in a globally competitive market and derisk investment in new productions.

A **40% tax offset will have a positive return on investment** for the Australian Government.

In a post-pandemic world, competition for investment funding is fierce and markets that incentivise investment in theatre have a significant competitive advantage. Access to such investment is vital to ensure the industry can confidently rebuild, remain sustainable and create more employment for Australians. As advocated in previous pre-Budget submissions, **LPA strongly urges the Government to introduce live theatre tax incentives equitable to those offered for other creative industries in Australia.**

Prior to the pandemic, a commercial musical typically required AU$10 million to $15 million to capitalise a show. Post-pandemic, capital costs have increased by at least 30% on average. In order to raise enough funds to produce a show, producers either need to cast the net wider to find new investors or ask investors with whom they have existing relationships to dig deeper into their pockets.

Given rising production costs and limited revenue growth[3], the margins associated with producing new work are diminishing. This means that producers' equity share is also diminishing, leaving less funds to reinvest in new work, as well as insufficient equity to leverage private investment and attract new investors or donors needed to invest in new work. The certainty provided by a tax incentive for production expenses would give commercial and not-for-profit theatre makers greater confidence to create and develop new works, providing more employment opportunities and career pathways for Australian creative workers.

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 offsets range between 30-40%, depending on the type of activity.[4]

The 2023 Olsberg SPI Report found that Australia's three screen offsets (Producer Offset, Location Offset, PDV Offset) generated $16.6 billion in economic output from 2018/19 to 2021/22. In 2021/2022 alone, the

[3] LPA's 2023 Ticket Attendance and Revenue Report found that the average ticket price for musical theatre productions only rose by 2.4% between 2022 and 2023, which is lower than CPI. EY (2024), *Live Performance Industry in Australia, 2023 Ticket Attendance and Revenue Report,* for Live Performance Australia, October 2024 (p. 6 and p.78).

[4] 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), Australian Government ATO (1 October 2024), *Film Industry Incentives*; The Digital Games Tax Offset provides 30% tax offset on the development of new games or the expansion of existing eligible games, Australian Government ATO (14 October 2024), *Digital Games Tax Offset*.

three offsets supported 20,600 FTE jobs.[5] Further, of the 10 international production companies responsible for nearly 90% of foreign production expenditure between 2018/19 and 2021/22, all indicated that they would not have undertaken productions in Australia without the Location Incentive (grant and offset).[6]

Currently, Australia is unattractive to local and global investors; theatrical producers are at a significant competitive disadvantage. 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.

International markets are more attractive for investors as they provide tax incentives. For example, the UK offers cultural tax relief for theatre, orchestra and museums/galleries. These form part of a broader scheme of creative tax relief for film, animation, television and video games. Commercial, publicly funded (subsidised) and not-for-profit organisations are eligible and benefit from the tax relief.

The UK Government increased the cultural tax relief as part of its COVID recovery strategy, and these higher rates were made permanent from 1 April 2025.[7] This recognises the role of theatres, orchestras and museums in attracting tourists, creating more jobs and developing world class productions.[8] Theatrical producers in the UK reported that the Theatre Tax Relief (TTR) scheme has improved their ability to finance new productions, resulting in more investment, employment and innovative risk-taking.[9] It has also helped maintain a thriving performing arts sector at a time where public funding is under pressure.[10]

Australia must ensure it can secure investment for licensed productions 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 development and pre-production costs. LPA Members are also undertaking set building/development offshore to make use of international tax incentives.

A 2024 economic analysis undertaken by Ernst & Young (EY) found that investment incentives would encourage commercial producers and subsidised organisations to produce more local work, create more jobs and therefore increase economic activity. This modelling demonstrates that a **tax offset between 40 to 50%** will deliver significant employment and industry activity gains, as well as a positive revenue return for government.

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[5] Olsberg.SPI (2023), *Study on the Impact of Film and Television Production Incentives in Australia,* (p.2, p.23)
[6] ibid, (p.32)
[7] HM Revenue & Customs, Policy Paper (6 March 2024), Permanent 40% and 45% rates for theatre, orchestra, museum and galleries tax reliefs.
[8] The Stage, Media Release (15 March 2023), *Theatre Leaders Hail 'Game-Changing' Extension to Theatre Tax Relief*.
[9] Society of London Theatre, Media Release (11 May 2016), *Ticket Relief News*; The Stage (21 July 2017), *Theatre tax relief brings savings to nearly 2,000 shows*.
[10] Arts Professional (27 July 2018), *Theatre tax relief payouts rise by two thirds.*

Table 1: EY economic contribution modelling for Live Theatre Tax Offsets at 40% and 50%.

Economic Contribution	40% Tax Offset	50% Tax Offset
Jobs (FTE)	4,151	5,136
New productions	168 *Not for Profit: 50* *Commercial: 118*	210 *Not for Profit: 63* *Commercial: 157*
Industry output (direct and indirect)	$1,505m	$1,862m
Industry value add (direct and indirect)	$486m	$601m
Tax forgone	$93m	$116.2m
Tax received	$117.3m	$145.1m
Net tax position	$24.3m	$28.9m

As highlighted in Table 1, any expenses incurred by government would be recovered through taxes earned on increased economic activity generated by the industry and allied industries (tourism, hospitality, retail etc.), achieving a new positive tax position of $24.3 million (at a 40% tax offset) or $28.9 million (at a 50% tax offset).[11]

A detailed proposal can be found at Attachment 1. This provides more information on the background and context, key issues, domestic and international examples, and a proposed model. Case study examples of costs and investment sources for touring and non-touring productions are also provided.

2. NEW AND BETTER WAYS OF DOING BUSINESS

Budget Request 2:

Create a **Business Innovation and Sustainability Fund** to accelerate new business model development and financial stability of performing arts organisations.

($10m per annum over 3 years)

The importance of investing in Australia's cultural assets is outlined in ***Revive*** **Pillar 4** (Strong Cultural Infrastructure). Specifically, the Government has committed to "increase(ing) funding to the newly established Creative Australia to support more small and medium arts organisations and drive the development of new artistic works of scale." [12]

While there has been increased funding committed through *Revive*, the reality is that increased production and operating costs and softening consumer demand are outstripping these funding increases. The net result is that Australia's performing arts organisations, both large and small, are struggling to sustain their existing level of activity or are scaling back their activities. Post-COVID-19, key challenges include grappling with changes to audience behaviour and purchasing patterns, rising operational and costs, and an increased expectation from both audience and funding bodies to reach a diverse range of audiences via innovative performance approaches.

[11] Ernst and Young (2024), *Investment support for the live performance industry,* Report for Live Performance Australia, (p.9).
[12] Australian Government (2023), *National Cultural Policy – Revive: a place for every story, a story for every place*, (p.101-106)

LPA Members consistently report that they must adapt their current business models to achieve longer-term organisational sustainability. However, without additional funding support, many are struggling to make this shift, while at the same time delivering the KPIs agreed upon with government under current funding agreements. These pressures are being felt across the live arts and entertainment sector. A recent example of this is the evidence provided to the Government's current inquiry into the challenges and opportunities within the Australian live music industry; festivals, contemporary music promoters and venues are all grappling with the impacts of inflation and changing audience purchasing behaviour.

LPA urges the Government to create a **Business Innovation and Sustainability fund** to enable organisations to transition in an increasingly complex business environment and without diverting resources away from core business.

Unlike traditional arts funding which typically focuses on programming and audience outcomes, this fund recognises the importance of funding the structural changes needed to support organisational longevity and business development, but which do not directly involve the creation of new cultural product. An example of business innovation funding for arts organisations is the Queensland Government's past Arts Business and Innovation Fund, which offered funding to support new and more resilient business models, diversification of income streams, access to new markets and access to new finance and funding streams.[13]

LPA urges the Government to invest in a national grants program supporting similar development initiatives. The program should explore ways to:

- Offer non-loan based multi-year investment opportunities focused on supporting commercial partnerships, philanthropy and business development rather than productions or programs
- Fund performing arts organisations from across a wide range of genres, from major performing arts organisations to categories with limited public funding available – e.g. arts and fringe festivals, comedy festivals and organisations not currently funded under Creative Australia's Four-Year Investment Fund
- Promote collaboration between organisations across different parts of the live performance ecosystem
- Support sharing of resources, skills, creative development among arts organisations. For example, larger arts organisations often offer support to emerging companies and artists via in-kind support (e.g. spaces to rehearse).

Budget Request 3:

Deliver a **Reserves Rebuild Fund** to help rebuild company financial reserves and ensure future sustainability.

(**$25m over 2 years**, $50m with matched state and territory investments)

The Government has previously provided vital financial support during the pandemic for live arts and entertainment, including through the Arts Sustainability Fund. While some companies have managed to rebuild their reserves, many companies remain in a financially vulnerable position.

It is important that companies rebuild their reserves so that they can prepare for disruptions to their business and continue to play their significant role as employers and content creators/producers. Companies with a healthy financial position also have greater flexibility to take artistic and operational risks, delivering

[13] Queensland Government (2019), Arts Business and Innovation Fund Guidelines.

programs that contribute towards broader goals (e.g. industry development, community engagement, diversity).

LPA recommends Creative Australia **be supported to deliver a *Reserves Rebuild Fund* to incentivise companies to rebuild their reserves ($25m over two years)**. The fund could be matched by state and territory governments to total $50m and would enable companies to move quickly to sustainable financial settings.

A similar scheme was established following the 1999 Nugent Review. To ensure the fund is useful and accessible to a range of organisations (from small to medium to our larger major performing arts companies), LPA recommends that thresholds for matched funding or pre-existing reserves requirements be flexible and commensurate with the income of the organisations applying.

Budget Request 4:

Extend PBI status to a broader range of arts and cultural organisations, including those supporting accessibility, First Nations communities, youth and education.

There are over 12,000 registered Public Benevolent Institutions (PBIs) in Australia.[14] To be recognised as a PBI, an organisation must:

- be an institution and meet the legal meaning of charity/be entitled to be registered as a charity
- be organised, conducted or promoted to provide benevolent relief to people in need. Benevolent relief includes working for the relief of poverty, sickness, disability, suffering or misfortune. This relief may be indirect, such as through raising funds to provide benevolent relief.

A PBI may be eligible to be endorsed as a deductible gift recipient (DGR) and can apply for charity tax concessions, including income tax exemptions.[15] Being income tax exempt means that smaller not-for-profit organisations can provide more attractive salaries to employees. This increases their ability to attract and retain skilled workers.

LPA Members consistently report that access to PBI status would:

- support them to attract and retain staff, compete for talent against other industries and address current skills shortages across the industry (See Budget Requests 5 & 6)
- increase their eligibility and competitiveness for grants and philanthropic investment – e.g. PBI status may increase an organisation's appeal to philanthropic donors, and salary packaging reduces staff costs of grant-based projects, and
- enable greater investment in business development and innovation due to retention of high-quality staff members.

LPA urges the Government to **extend PBI eligibility to arts and cultural organisations**. For example, the definition of benevolent relief could be extended to include more live performance organisations that support social impact outcomes for people with disability, young people, First Nations communities and culturally and linguistically diverse communities. An advantage of this approach is that it can build upon existing frameworks and processes to strengthen sector capability. Work to investigate the details and

[14] Australian Government ACNC (2024), *Charity Register*.
[15] Australian Government ATO (19 June 2017), *Tax Concessions for not-for-profits*.

implementation of this extension could be undertaken with existing departmental resourcing and be informed by expert advice from Creative Australia.

3. DEVELOPING OUR FUTURE CREATIVE WORKFORCE

Budget Request 5:

Support nation-wide industry-led skills and training initiatives to address identified skills shortages across the arts and cultural sector.

($3.5m per annum for 3 years)

Across the live arts and entertainment industry, the shortage in technical and production roles (e.g. sound and lighting technicians, company management, stage management, event management, wardrobe and design) is well documented, with industry studies including LPA's 2024 Member survey confirming a critical short supply.[16] Most recently, the Federal Government's 2024 Occupation Shortage List confirmed continued shortages in sound and lighting technicians across Australia as well as shortages in Arts Administrators, Stage Mangers, Directors and Producers in certain states.[17]

These shortages are reiterated in Creative Australia's *Arts Workforce Scoping Study Interim Report* (Workforce Study) which also highlights shortages in business support roles (marketing, communication and accounting) and senior management roles.[18] LPA Members confirm this shortage and have also raised significant concerns about the growing shortage in niche roles (e.g. scenic artists, prop makers and piano tuners). Diversity among operational and business development staff is also a key concern, as celebrating diversity on stage, necessitates diversity among operational staff, particularly for First Nations-led organisations.

The Workforce Scoping Study will inform Service and Creative Skills Australia (SaCSA)'s Workforce Plan as well as reviews of vocational education and training (VET) packages.

In line with this, LPA urges the Government to **support nation-wide industry-led skills and training initiatives** to address these identified skills shortages. Existing schemes such as the Art Centre Melbourne's *Technical Production Traineeship Program* and the Victorian government's paid public sector *Traineeship Program* offer best practice models. LPA asks that the Government work with industry to scale and expand these existing, successful models, and recommends that the Government fund 100 traineeships nationally each year (Examples of traineeships are provided at **Attachment 2**).

4. INCENTIVISE PRIVATE SUPPORT FOR ARTS AND CULTURE

Budget Request 6:

Incentivise donations to DGR organisations by **increasing tax deduction donors can claim to 1.5x** amount of gift (currently 1x amount of gift).

Certain cultural organisations (i.e. registered charities) are eligible for DGR status, meaning they can receive tax deductible gifts.[19] There are approximately 25,000 charities (40% of charities) with DGR status for some or all their activities. Many of these charities, including in the live arts and entertainment industry, rely heavily

[16] Live Performance Australia (2024), *2024 Skills Priority List: Feedback from Live Performance Australia*.
[17] Jobs and Skills Australia (2024), *Occupation Shortage List*.
[18] Creative Australia & Service and Creative Skills Australia (SaCSA) (2024), *Arts Workforce Scoping Study: Interim Findings*.
[19] Australian Government, Australian Business Register (n.d), *Deductible Gift Recipients*.

on donations to carry out core business and so must use significant time and resources to raise philanthropic funds. Charities with revenue under $250,000 generally receive 40% of their total revenue from donations.[20]

Under ***Revive* Pillar 4** (Strong Cultural Infrastructure), the Government has identified the need to promote philanthropic giving.[21] However, more work is needed to meet the Australian Government's commitment to double giving by 2030.[22] The Productivity Commission noted that, while the total value of donations has increased over recent decades, fewer people are actually claiming a tax deduction for giving.

Australia's giving also compares unfavorably with our global counterparts. Australian giving equates to 0.81% of GDP, in comparison to New Zealand (1.84%) and the United States (2.1%).[23]

Individuals are less likely to give if the financial incentive they receive is too weak. Presently, donors can claim back the exact amount that they gift to a DGR. For example, if a donor gifts $1000, they can claim $1000 as a tax deduction (1x the donation amount).[24] Allowing them to claim $1500 (1.5x the donation amount) would greatly incentivise donations. This model has been implemented in Singapore, where individuals receive $2.5 deductions from their taxable income for every $1 donated (2.5x the donation amount).[25]

The benefit of this approach is that it encourages a culture of private donations in the arts and cultural sector. It would also make giving more appealing to individuals from lower income brackets. This will ensure the sector is economically sustainable in the long term.

LPA also supports the Productivity Commission's recommendation for the establishment of an independent philanthropic foundation controlled by – and for the benefit of – Aboriginal and Torres Strait Islander communities to enhance the arrangements linking philanthropic networks to Aboriginal and Torres Strait Islander organisations (including First Nations performing arts organisations).

AUDIENCE ENGAGEMENT

5. BUILDING FUTURE AUDIENCES – ENGAGING YOUNG PEOPLE

Budget Request 7:

Engage children and young people in the arts via:

a. 'See it Live' Pilot – a Live Performance Cultural Pass Program for 13- to 25-year-olds.

b. An Arts Access Investment Program for Schools

Children and young people represent close to a third of Australia's population.[26] As audiences, artists and workers of the future, fostering youth engagement with the arts is integral to the sustainability of Australia's live performance industry.

***Revive* Pillar 2** (A Place for Every Story) stresses the need to ensure "every person has access to their cultural rights and creative entitlement" as "arts and culture belong to everyone".[27] However, Australian children and

[20] Australian Government Productivity Commission (May 2023), *Future Foundations for Giving: Inquiry Report*, (p.4).
[21] Australian Government (2023), *National Cultural Policy – Revive: a place for every story, a story for every place,* (p.74).
[22] Australian Government Productivity Commission (2023), *Future Foundations for Giving: Inquiry Report*.
[23] Philanthropy Australia (2023), *A Strategy to Double Giving by 2030 – Philanthropy Australia's Submission to the Productivity Commission*, (p.1).
[24] Australian Government ATO (25 July 2017), *Gift Types and Conditions*.
[25] Inland Revenue Authority of Singapore (n.d.), *Donations and Tax Deductions*.
[26] ABS Census data shows people ages 0-9 years account for 12 % of the population, and people aged 10-24 account for 18.2% of the population. Australian Government ABS (2022), *Snapshot of Australia: A picture of the economic, social and cultural make-up of Australia on Census Night, 10 August 2021*.
[27] Australian Government (2023), *National Cultural Policy – Revive: a place for every story, a story for every place*, (p.38).

young people remain underrepresented and underserviced within *Revive*, with few funded programs dedicated to supporting and fostering their engagement with the performing arts.

Australian young people value the arts and live performance but face financial barriers to accessing performances. In 2022, 9 in 10 people under the age of 25 had been to a live event, compared to the national average of 70%.[28] Yet, in a post-pandemic economic environment, financial reasons remain the top barrier to attendance for Australian young people, with 62% of audiences under 35 experiencing financial barriers to attending last year (up from 58% in October 2022), while only 30% of audiences over 55 were affected (down from 34%).[29] Similarly, The Push in their 2024 national survey of young people aged 16-25 found that 'two in three 16–25-year-olds (64%) say that attending music events is important to them', but that the most common barrier to attending more live music events is cost.[30]

With younger audiences ready and eager to engage, it is essential to invest in initiatives that reduce financial and economic barriers to their participation. LPA urges the Government to immediately invest in a twofold approach to youth engagement via:

- **'See It Live' Pilot – a Live Performance Cultural Pass Program for 13- to 25-year-olds**
- **An Arts Access Investment Program for Schools**

Recognising that young people need both exposure to arts and the opportunity to independently explore and discover, these initiatives offer timely support for children and young people struggling to access these opportunities due to cost.

Investment in these initiatives should also be considered within the context of a longer-term strategy for engaging young people in arts and culture. The development of such a strategy should be youth-led and draw upon the Creative Industries Youth Advisory Panel.

a. Pilot 'See it Live' – a Live Performance Cultural Pass Program for 13- to 25-year-olds. ($100 million, one year pilot)
According to The Push's 2024 survey findings, '80% of young Australians say that a $200 government funded voucher would increase the number of music events they attend'.[31] Importantly, among those who 'rarely or never attend a music event', 73% say they would attend many more/more music events with the support of a voucher program.[32] During the pandemic, government-subsidised live performance voucher programs played a vital role in expanding audiences and maintaining audience engagement with Australia's performing arts industry.[33] LPA now proposes the Government pilot 'See It Live', a **Live Performance Cultural Pass Program for 13- to 25-year-olds** for one year to address the immediate financial barriers facing young people today. Cultural pass programs are increasingly common overseas. For almost a decade, Italy's 18App has provided €500 in 'cultural coupons' to 18-year-old Italian citizens. In 2021, France implemented a national culture pass to provide 18-year-olds with €300 for cultural products and experiences. In 2022, Spain offered €400 vouchers to individuals turning 18 to improve young people's access to culture and support recovery of

[28] Australia Council for the Arts & Patternmakers (March 2022), Audience Outlook Monitor: The Time Is Now: Young Audiences. (p.7).
[29] Australia Council for the Arts & Patternmakers (2023) *Audience Outlook Monitor: Audiences 2023+.* (p.29).
[30] Strong, C & The Push (2024), *Young Australian Music Audiences',* The Push, (p.9) The Australia Institute, commissioned by The Push, surveyed 1,009 Australians between the age of 16 and 25 between 9 and 15 August 2024.
[31] The Push (2024), p.21
[32] Ibid.
[33] For example, See it LIVE South Australia, NSW's Dine and Discover program, Victoria's Dining and Entertainment Program.

the arts sector. Germany's *Kulturpass* provided every German that turned 18 in 2023 a total of €200 to spend on cultural goods, experiences and events in response to lingering lockdown habits.[34]

The age range proposed here is in line with both The Push and Patternmaker's findings above, as well as existing international voucher programs. It is also aligned with data from the United Kingdom that links engagement with the arts as a young person with 'being an active arts consumer as an adult'.[35] As with international models, an Australian program could offer a staggered approach to funding. For example, France's program provides a tiered funding structure, where 15-year-olds receive €20, 16–17-year-olds receive €30, and 18-year-olds receive €300 per voucher.[36]

While the largest benefit would be achieved by a broad-based access program, the program could also be means tested and targeted towards lower-income households, as with Italy's cultural pass program.[37] The program could be targeted to specific live performance genre (e.g. live music, dance, theatre,) to encourage young people to try live arts and entertainment experiences they might not otherwise consider due to cost or lack of awareness.

Implementing the incentive as a pilot will allow the government to gather base-line data (costs, uptake and participant feedback). Program eligibility parameters (age, socioeconomic status) could then be adjusted in future based on this impact data.

b. Arts Access Investment program for schools
($10 million per annum over 3 years)

The proposed Live Performance Cultural Pass Program will give young people access and agency to engage with the performing arts. To maximise its benefits, more must also be done to expose children and young people to music and performing arts across their development, cultivating an interest and love of these art-forms as part of their educational journey.

LPA recognises that arts education activities are often embedded in funding KPIs for performing arts companies. However, arts education access across Australia remains inequitable. Under resourced, many schools cannot afford the travel and attendance costs of taking students to live performances. Similarly, faced with resource constraints, exacerbated following the COVID-19 pandemic, performing arts companies have limited capacity to offer in-school programs and activities.

As such, LPA recommends that the Government **implement an arts access investment program for schools (prep through 12)** to support greater engagement with live performance among school aged children.

A number of existing programs offer potential models that could be expanded to increase access to live performances:

- **Arts access program paid to schools, as per PACER model:** Established in 2006, the Parliament and Civics Education Rebate (PACER Program) provides a subsidy to schools to support travel to Canberra. It supports students in years 4 to 12 to visit national institutions and engage in civics and citizenship activities.[38] Roughly 1800 schools participate in the program per year, reaching nearly 100,000

[34] RISE Bookselling & EIBF (2023), *Industry insights Culture Vouchers – The RISE Report*, (p. 3-15).
[35] Oskala, A. Keaney, E. Tak Wing, C. and Bunting, C. (2009), Encourage Children Today to Build Audiences for Tomorrow: Evidence from the Taking Part survey on how childhood involvement in the arts affects arts engagement in adulthood, Arts Council England, (p.5).
[36] RISE Bookselling & EIBF (2023), (p.7).
[37] ibid, (p.4).
[38] Church, Nathan (15 June 2023), "Witnessing Democracy in Action': The Parliament and Civics Education Rebate," *Australian Parliamentary Library*, Australia.

students.[39] Subsidies are funded on a sliding scale, based on the distance of the school to Canberra, with 150km the minimum eligible distance.[40] The PACER program provides a model that could be used to subsidise costs for schools to attend live performances in their local area or local capital city. Paid to schools, this program would support schools to choose a live performance option that is both relevant to the curriculum or interests of their students and logistically feasible, encouraging schools to explore local performing arts venues. Research undertaken in 2018 found that almost 165,000 students travel to Canberra each year, spending an average of $600 per visit, adding approximately $130 million boost to Canberra's economy.[41] A similar program in support of the performing arts would offer significant revenue benefits to performing arts companies and venues across Australia.

- **Subsidised Arts Education Programs for Young People:** An alternative approach could be an expansion of partnership-based program funding for live performance organisations to deliver extra-curricular programs. This model could mirror and support existing programs such as the Education Program of Riverside Theatres Parramatta - where limited funding is available to subsidise schools from low socio-economic communities to access educational arts experiences.[42] At a national scale, this could provide significant benefits relating to audience development, equal access to educational experiences, work for theatres and future career/skills pipelines. Both the Australian Government's Sporting Schools Initiative and the Victorian Government's Strategic Partnerships Program, which funds organisations to deliver curriculum enrichment and enhancement programs in Victoria, could also service as potential models for this initiative.

6. PLAYING AUSTRALIA: AUSTRALIAN CREATIVITY IN MORE PLACES

Budget Request 8:

Double the current investment in *Playing Australia: Regional Performing Arts Touring Fund* to ensure it is fit-for-purpose for the next decade.

($18m per annum, an additional $9m per annum)

Under ***Revive* Pillar 5** (Engaging the Audience), the Government has committed to "continu(ing) activities and programs that support live performance, festivals and touring, including in regional areas."[43] To support this action, LPA **urges the Government to increase investment in *Playing Australia*** to ensure it is fit for purpose for the next decade.

Playing Australia is administered by Creative Australia and supports performing arts companies by helping to meet the high costs associated with touring live productions to regional and remote locations. Support for regional touring allows presenters to develop and access new audiences, offers numerous employment opportunities and facilitates audience engagement with a diverse range of touring product.

LPA Members have consistently raised the issue of rising touring costs, both within Australia and internationally. Across the board, touring costs have risen by approximately 30%-50% since the pandemic. At the same time, touring funding for performing arts organisations has not kept up with inflationary costs,

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[39] 2017-18 EOFY found a total of 1804 schools received the subsidy. This is the most recent available data from Joint Standing Committee on the National Capital and External Territories (April 2019), Telling Australia's Story and Why It's Important: Report on the Inquiry into Canberra's National Institutions," *Commonwealth of Australia*, (p.46).

[40] Church, Nathan (15 June 2023), "Witnessing Democracy in Action': The Parliament and Civics Education Rebate."

[41] Canberra University, Media Release (13 Dec 2019), citing Dale, N. (2018), Size and Effect of School Excursions to the National Capital, Centre for Tourism Research, University of Canberra.

[42] Riverside Parramatta, *Education*.

[43] Australian Government (2023), *National Cultural Policy – Revive: a place for every story, a story for every place,* (p.85).

creating a 30%-50% cut in resources available to tour. These rising costs have also increased demand for the limited funding on offer.

This has negatively affected resourcing available to companies for their core business. It has also led to reductions in regional touring footprints and the number of shows per venue, as many venues can no longer afford to bridge the gap between touring expenses for the producer and their own performance fees. As an example, some LPA Members have already cut their regional touring programming by 25% and expect that this will increase to 50% by 2026. The ability to tour to other cities is often dependent on success in other larger cities, with some tours cancelling shows in smaller cities such as Canberra and Adelaide, focusing primarily on Sydney, Melbourne and Brisbane.

Government must fund this gap if it expects regional touring to be delivered at a rate that the market can no longer deliver alone. It will not be feasible to provide Australian communities with the shows and jobs they want without further investment. Instead, companies will increasingly be required to focus on non-touring shows or only commercial, capital city touring. **Urgent investment is needed to ensure the volume and reach of regional touring does not continue to decrease.**

Increased investment will reduce the shrinking touring footprint and encourage activities and programs that support live performance, festivals and touring, including in regional areas. This will provide job creation, economic development and wellbeing benefits for regional communities and deliver on the goals of *Revive*. It will also reduce financial barriers for audiences, by mitigating the risk of rising ticket prices to absorb costs. An additional benefit will be the increased ability for touring companies to adopt more environmentally conscious touring practices and carbon offsetting.

LPA welcomes the recent changes to Playing Australia's scope and eligibility in 2024, including the alternative touring models. Alongside these changes, LPA also recommends reviewing the eligibility and scope to:

- Remove the requirement for all touring activities to be confirmed prior to funding,
- intrastate touring; and
- extension to include commercial companies.

This will allow more organisations to expand their touring footprint so that more Australians can access a diverse range of live performances and job opportunities.

7. 'PLAYING THE WORLD': A GLOBAL AUDIENCE FOR AUSTRALIAN CULTURAL PRODUCT

Budget Request 9:

Establish Playing the World, an international performing arts export development program to address the current deficit in export of Australian cultural product.

($20 million per annum for 3 years)

Revive **Pillar 5** (Engaging the Audience) commits to 'strengthening arts collaboration, exchange and cultural diplomacy'; supporting activities that promote the Government's international arts and cultural engagement; creating more audiences across the Indo-Pacific; and growing markets for cultural and creative exports.[44]

Showcasing Australian productions on the world stage can build new audiences for Australian creative talent, strengthen Australia's brand as a creative nation and boost inbound tourism. It also plays a significant role in

[44] Australian Government (2023), *National Cultural Policy – Revive: a place for every story, a story for every place,* (p.93-4).

cultural diplomacy, allowing us to build stronger connections with other countries and cultures, and improve international relations. For Australian creatives, performers and technicians, international touring provides them with new professional experiences, which benefiting local companies upon their return.

The costs to tour productions internationally are high and contributes to a deficit in export of Australian cultural product. This is exacerbated by a lack of government funding for international touring, which currently is offered only as relatively small grant amounts, such as the grants between $5,000 and $30,000 available via Creative Australia's International Engagement and Music Australia's music Export Development Fund.[45]

LPA calls for the establishment of Playing the World, an international performing arts export development program. Building on Playing Australia and existing export programs, this new initiative should provide targeted support to Australian organisations and artists to present works internationally. LPA recommends that the international performing arts export development program be:

- auspiced by Creative Australia
- open to any Australian product (in both the subsidised and commercial sectors) that supports *Revive* and cultural diplomacy objectives
- sector specific, offering different streams for theatre, dance, classical music etc. – to allow eligibility requirements, support and KPIs to be tailored to each of the differing genres
- offer a funding stream that supports organisations to undertake activities that support longer-term international relationships and market development, allowing organisations to capitalise on networking opportunities, develop best-practice processes for international collaboration, and engage in cross-cultural exchange
- monitored by measuring and reporting on the established KPIs at the end of a 3-year period
- focused on meeting the goals of *Revive* by investing in global market and export development, profiling of Australia's unique stories aligned with Australia's Nation Brand, and strengthening arts collaboration and exchange on a global scale.

An export program would have significant benefits for Australia's international reputation and cultural profile, furthering opportunities for international investment in Australia's live performance sector. It would also advance Australia's trade diversification agenda to expand trade networks, including through growing markets for cultural and creative exports. The greatest reputational and economic benefit can be achieved by implementing this export program alongside tax incentives for live theatre, as outlined in Budget Request 1.

8. RENEWING OUR PERFORMING ARTS VENUES

Budget Request 10:

Create a **Fit-for-Purpose Arts Infrastructure Fund** to support performing arts venues to modernise and keep pace with the needs their audiences and hirers.

($25 million per year over 3 years)

[45] Current export programs include: Music Australia's Export Development Fund, and Creative Australia's International Engagement Fund.

Australia has a wealth of local performing arts centres – with approximately 500 operating nation-wide.[46] Often owned by local councils, these venues offer a diverse range of artforms and programming and are integral to the economic and social life of local communities. With many venues heritage listed and/or built in the mid-20th century, LPA Members have highlighted tired and outdated infrastructure and amenity as a key barrier to increasing and diversifying audience engagement at these venues. This is particularly challenging for regional, rural and remote areas, where smaller rate bases and larger infrastructure assets costs leave limited resources for venue upgrades.[47]

Older infrastructure at local venues with poor accessibility prevents access and engagement for people with disability, their families and carers. In Creative Australia's 2021 research with deaf and disabled artists and community members and advocates, accessible venues were listed among the 10 opportunities identified by participants for improving access and engagement for people with disability.[48] With more than one in five people (5.5 million people) in Australia living with disability, improving the accessibility of these venues is essential to full and equitable participation in the arts.[49]

Beyond access and inclusion, outdated infrastructure also presents programming issues for venues who may be unable to accept some touring productions or musical acts due to obsolete and aged technical facilities, e.g. lighting, stages and rigging (among other things). This is particularly significant to the touring expectations for both large and small-to-medium music promoters and performing arts companies, who rely on bringing works to local regional venues. It also denies access to audiences from being able to see quality live productions in their local area.

Considering these parallel infrastructure pressures, LPA calls on the Government to create a new infrastructure funding program dedicated to reviving and renewing our performing arts venues. The objectives of the fund should be to support audience engagement via improved infrastructure, accessibility and amenity upgrades designed to:

- improve accessibility and inclusiveness of performing arts venues to people with a disability, and
- ensure the venue is fit-for-purpose for modern live performance requirements.

LPA recognises the Government's recent investment in local community infrastructure via the *Thriving Suburbs Program* and *Growing Regions Programs*. While upgrades to cultural facilities are eligible within these programs, a targeted investment is needed in order to prioritise investment in performing arts venues over other competing capital works projects.[50]

In line with these existing programs, targeted funding for performing arts venues should be divided into two streams, metropolitan and regional, with additional funding available in the regional stream in recognition of the limited financial resources of many regional, rural and remote municipalities. The fund could be delivered through a partnership model between local governments and the Commonwealth Government and will provide the most benefit if it allows a broad range of eligible expenditure to best meet the needs of each community.

This proposal aligns directly with the Government's *Equity: The Arts and Disability Associate Plan* (*Equity*), which proposes to set new best practice guidelines (National Arts and Disability Code of Practice) and states

[46] Estimate based on number of Local Councils in Australia. There are currently 566 local government areas in Australia. Australian Government, Australian Bureau of Statistics (July 2021),Local Government Areas: Australian Statistical Geography Standard (ASGS) Edition 3.
[47] Australian Local Government Association & SGS Economics and Planning (2 July 2024), *Financial sustainability in Australian local government,* (p. 9).
[48] Creative Australia (2024), *Creative Australia 2024, Building Strong Foundations: Research on arts and disability needs and opportunities,*(p.17).
[49] Australian Government, Australian Bureau of Statistics (July 2024), Disability Ageing and Carers, Australia: Summary of Findings.
[50] For example, recent major infrastructure funding for local Councils was delivered via the Thriving Suburbs Program and the Growing Regions Program.

that ‘as the Plan progresses, the arts and cultural sector can expect that organisations receiving Government funding for arts and cultural activities will need to demonstrate that they are giving due consideration to the best practice guidelines under the Plan’.[51] While the Government has so far invested $8.1 million in the delivery of *Equity*, only $1.2 million of this has been directed towards accessibility activities at venues with this funding targeted to live music venues and festivals as part of *Revive Live*.[52] To enable arts organisations to fully realise *Equity’s* vision for ‘strong and inclusive organisations’, additional infrastructure investment will be imperative.[53]

9. KEEPING IT LOCAL: SUPPORTING LOCAL PRESENTERS AND PRODUCERS TO BUILD CREATIVE COMMUNITIES

Budget Request 11:

Establish a Local Programming Fund to support local presenters and producers to program, develop and attract cultural product relevant to their local communities.

($7m per annum for 3 years)

In addition to support for touring shows (see Budget Request 8: Playing Australia), it is essential that the Government empower local performing arts presenters and producers to deliver performances, works and stories relevant to local communities, particularly in regional areas.

With Australia’s population projected to reach 30.8 million by 2032, the demographics of our cities and regions are changing.[54] While continued growth in major cities is expected, with Sydney projected to reach 9.6 million by 2032, much of the current growth is occurring across Australia’s outer suburbs and peri-urban areas.[55] According to the National Growth Areas Alliance, which represents 29 Councils across Australia, over 5.3 million Australians live in high growth area LGAs.[56] These LGAs experienced a 34% population increase between 2011 and 2021, compared to Australia’s total population growth of 14.9% in the same period.[57] Regional Australia is also experiencing a period of relative growth.[58] In 2022-23 regional Australia experienced its fastest rate of growth since 2008-9, at 1.4%, driven by an increase in overseas migration.[59] Major regional cities grew at a rate of 2.9%.[60] Migration will continue to play a key role in this growth, with the ABS’s latest estimates projecting positive net overseas migration each year from 2032 in most states. [61]

As communities across Australia grow in size and diversity, investment in local programming and storytelling that is relevant to local communities across Australia will be essential to support both community development and economic growth. For example, according to the *2023 Audience Outlook Monitor ‘City Lights to Red Dirt’ Report*, regional audiences were less likely to have attended most artforms in comparison to big cities and outer suburban areas, and more than half (54%) reported staying closer to home for entertainment due to financial pressures.[62] At the same time, this data found that regional audiences also

[51] Creative Australia (2024), *Equity: The Arts and Disability Associate Plan*, (p. 23, 46),
[52] Ibid.
[53] Ibid, (p. 41),
[54] ABS (2022), Population Projections, Australia Latest release: Population projections (based on assumptions of fertility, mortality and migration) for Australia, states and territories and capital cities.
[55] Ibid.
[56] National Growth Areas Alliance (November 2022), The State of Australia’s Growth Areas, (p.6).
[57] Ibid.
[58] Ibid.
[59] Australian Government, Centre for Population (26 March 2024), Regional Population 2022-23.
[60] Ibid.
[61] Migration projections for Vic, QLD, WA, NT, ACT, & Tasmania show positive net migration across all net overseas migration modelling series, though interstate migration varies. ABS 2022: Population Projections, Australia Latest release, migration data highlights Victoria.
[62] Creative Australia & Patternmakers (2023), *Audience Outlook Monitor: City Lights to Red Dirt,* (p.38, 41).

had different preferences to their urban counterparts, with 4 in 10 audience members attracted to stories about their local communities, as well as alternatives to evening and night performances.[63]

LPA calls on the Government to establish a Local Programming Fund to support local arts organisations, presenters and producers to program, develop and attract cultural product relevant to their local communities**.** This would align directly with the Australian Government's commitment under ***Revive*** **Pillar 2** (A Place for Every Story) to increasing support for regional arts and culture and investing in local arts and cultural infrastructure across Australia.[64]

To support audience engagement and create cultural product relevant to diverse audiences, Creative Australia's *Leading Change: Audience Diversification in Arts* research found that arts organisations must be able to develop relationships and multiple connections with target audience, deliver programming that is responsive to them and have the organisational capacity to adapt and innovate their engagement practices.[65]

The objectives of this funding program should align with findings from this research, and support local performing arts organisations and presenters to:

- develop their capacity to engage with local and diverse audiences and deliver responsive and relevant programming, and
- present relevant cultural product to local communities.

For example, meaningful investment in First Nations work could support the growth of First Nations audiences. Eligible program activities must include programming, marketing and community engagement activities as well as programming costs. Recognising barriers experienced by regional, rural and remote communities, a portion of the program funds should be directed to programming delivered by and for regional, rural and remote communities.

[63] Ibid, (p.41).
[64] Australian Government (2023) *National Cultural Policy – Revive: a place for every story, a story for every place,* (p. 43)
[65] Glow H, Kershaw A, Johanson K, Trott A, Margieson T, Taylor M & Enoch, W (2024), *Changing Organisations to Diversify Arts Audiences: Summary of findings from the Community of Practice*, report for Creative Australia, Deakin University, Geelong

LIVE PERFORMANCE AUSTRALIA

ATTACHMENT 1

LIVE THEATRE TAX OFFSET

PROPOSAL FOR CONSIDERATION

1. Purpose

The purpose of this document is to outline a proposal for live theatre tax offsets. The tax offsets would apply to pre-production costs of live theatre (commercial and not-for-profit). A **40% tax offset** would result in a positive return on investment for the Australian Government in terms of total tax collected (up to $117.3m in tax received for $93m tax forgone), up to $1,505m in additional industry output and 4,151 FTE jobs[1].

2. Background and Context

LPA HAS CONTINUOUSLY ADVOCATED FOR PRE-PRODUCTION TAX OFFSETS

As outlined in LPA's Pre-Budget Submission (2024-2025), tax offsets are needed to attract the level of investment required to produce and stage world class shows, support more Australian jobs and drive industry growth.

LPA has advocated for live theatre tax incentives through Pre-Budget submissions since 2016. The time is right to adopt this proposal in 2024, to meet the significant aspirations of the National Cultural Policy - *Revive*.

The rationale for this proposal can be summarised as follows:

- It is increasingly challenging for Australian producers to finance new live productions, due to the high cost of pre-production and difficulties in attracting investment, both locally and globally.
- Theatrical producers in Australia compete against other industries that offer tax incentives.
- Theatrical producers in Australia also compete for investors with international jurisdictions that offer significant tax incentives for live productions, notably the UK and US.

Due to the above, opportunities to develop new content with Australian-owned intellectual property and job creation have been lost.

TAX INCENTIVES HAVE PROVED SUCCESSFUL IN AUSTRALIA AND OVERSEAS

Tax incentives offered within Australia and overseas are detailed under Section 3: Key Issues. They have proved extremely beneficial in terms of industry support, economic output and job creation.

For example, within Australia:

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[1] *EY (2024), The benefits of providing tax offsets to Australian theatre producers, Live Performance Australia, August 2024*

- Australia's package of screen offsets (location, producer, and post, digital and visual effects) generated **$16.5b in economic output** from 2018/19 to 2021/22, with 20,600 FTE jobs supported in 2021/22 alone.
- Of the 10 international production companies responsible for nearly 90% foreign production expenditure between 2018/19 and 2021/22, all indicated that they would **not** have undertaken their productions in Australia without the Location Incentive (grant and offset). [2]
- In reviewing the decade since Australia's Producer Offset was introduced, 91% of surveyed production companies indicated that the offset was critically important to the operation of their business and 87% said that it contributed to their ability to consistently produce content.[3]

3. Key Issues

The biggest barrier to growth in live theatre is raising capital. Australian theatre producers face the following key challenges:

DIFFICULTIES IN ATTRACTING INVESTMENT AND RISING COSTS

Prior to the pandemic, a commercial musical typically required AU$10 million to $15 million to capitalise a show. Post-pandemic, capital costs have increased by at least 30% on average. In order to raise enough funds to produce a show, producers either need to cast the net wider to find new investors or ask investors with whom they have existing relationships to dig deeper into their pockets. This is undermined by investors favouring the UK and US where incentives are offered and the investment risk is significantly mitigated. Future investment in Australia will be severely constrained if producers cannot offer incentives to compete with other industries and jurisdictions that offer attractive tax incentives to investors.

Given rising production costs and limited revenue growth, the margins associated with producing new work are diminishing. This means that producers' equity share is also diminishing, leaving less funds to reinvest in new work, as well as insufficient equity to leverage private investment and attract new investors or donors needed to invest in new work.

COMPETITION WITH OTHER AUSTRALIAN INDUSTRIES

In addition to dealing with rising costs, theatrical producers in Australia must compete for investors with local industries that can offer tax incentives. This patchy approach to tax incentives in the arts and entertainment industry hinders job and content creation. It would be more beneficial for the Australian economy if the creative industries were viewed more holistically, with tax incentives offered for multiple industries that can grow collectively.

The Federal Government currently offers a suite of three screen production incentives. Each film may be certified for only one of these three tax offsets. They can be combined with state and territory tax incentives (additional 10% to 20%) and grants. Australia also offers a tax offset for digital games development. More information on these incentives can be found in **Appendix 1: Australian Tax Incentives.**

[2] Study on the Impact of Film and Television Production Incentives in Australia 2023 - MPA APAC (mpa-apac.org)

[3] Skin-in-the-game-producer-offset.pdf (screenaustralia.gov.au)

COMPETITION WITH INTERNATIONAL JURISDICTIONS

Over 80% of investment capital for commercial theatre in Australia comes from offshore investors. This creates a highly competitive environment for Australian producers to secure capital to stage new productions. In this context, Australia is well behind other jurisdictions that offer tax incentives for live productions. Further details on these international tax incentives can be found in **Appendix 2**.

United Kingdom

The UK has 8 creative tax reliefs, including 3 “cultural reliefs” for theatre, orchestra and museums/galleries. The others are for film, animation, high-end television, video games and children’s television.

In 2021 the cultural relief rates were raised to aid post-pandemic recovery.[4] For the Theatre Tax Relief (TTR), this meant an increase from 25% (touring productions) and 20% (non-touring productions to 50% and 45% respectively.

On 6 March 2024 the Government announced that higher TTR rates (45% and 40%) would become permanent from 1 April 2025.[5] This responds to the positive impact that the incentives have had in attracting audiences and producing world-class performances.

United States of America

The US has live performance tax incentives at both federal and state levels.[6] In December 2015, US federal legislation established tax treatment for live theatrical productions equal to that provided for screen. This allows for a 100% deduction for live performance investment from the taxpayer’s income that year, capped at $15m (or $20m for productions in low income areas). Additionally, tax credits ranging from 20%-35% are available in New York, Illinois, Louisiana, Rhode Island, Maryland and Ohio.

Mexico and Spain

Mexico and Spain also offer tax credits for live performances. However, the legislative frameworks for these countries will be less applicable to Australia than the UK and US.

4. Lost Opportunities

The flow on consequences of limited investment in new work means that there are limited employment opportunities for professionals within the live performance industry who will either need to look to other career options or overseas to apply their skills. The Australian Government’s 2023 National Skills Priority List and 2024 Apprenticeships Priority List already confirm a critical national shortage of professionals with technical expertise (specifically sound and lighting technicians).[7] The continued loss of creative talent and professionals to overseas markets is likely to have a negative impact on the quantity and quality of productions staged in Australia.

A reduction in the number of live performances is also likely to adversely affect economic activity in the tourism market and other related hospitality sectors. For example, a total of 10.4 million trips in

[4] Two year extension of higher rates for theatre, orchestra, and museums and galleries exhibition tax reliefs - GOV.UK (www.gov.uk)

[5] Corporation Tax: new permanent rates of relief for theatre, orchestra, museum and galleries tax relief - GOV.UK (www.gov.uk)

[6] Live Theater Tax Credits (ct.gov)

[7] Jobs and Skills Australia (2024), *2023 Skills Priority List*; Department of Employment and Workplace Relations (22 January 2024), *Appendix A – Australian Apprenticeship Priority List – 1 January 2024*

Australia (domestic and international) during the 2023 calendar year involved attendance at theatre, concerts or other performing arts and the total trip expenditure of these visitors was $13.6 billion. [8]

Without further investment in live theatrical productions, Australia will continue to lose the following opportunities:

- Intellectual property and licencing opportunities for the creation of new, original Australian productions
- Export opportunities (eg domestic and international touring of Australian productions; costume, stage and set design)
- Competitive advantage, particularly with Asia and the UK
- Greater employment within the industry (eg performers, musicians, creatives, technical and production, suppliers) and ability to further develop Australian capabilities
- Greater diversity, scale, scope and size of shows
- Flow on benefits to other related industries (eg retail, hospitality and tourism)
- Increased audience reach, including greater access for regional audiences
- Contributions to cultural vibrancy, social cohesion and wellbeing.

5. Proposal: Live Theatre Tax Offset

THE CHALLENGES ARE BEST ADDRESSED THROUGH TAX INCENTIVES

This approach has been assessed against other options, including grants/funding, removing GST for live performance tickets and tax deductions for individuals investing in live performances.

It was found that tax incentives for pre-production costs of live theatre will be **most effective** in addressing key issues and can **mirror existing tax incentive schemes** to avoid resource-intensive system changes. EY economic analysis has found that providing a theatre producers with a **40% tax offset** on qualifying pre-production expenditure would result in a positive return on investment for the Australian Government in terms of total tax collected (net tax position of $24.3m) and economic contribution (up to $1,505m in output and $486m in value add).

WHO WILL BE ELIGIBLE?

Access to the pre-production tax offsets should be open to commercial and not-for-profit theatrical producers.

WHAT COSTS SHOULD BE ELIGIBLE?

The scope of eligible expenditure should be determined in consultation with industry stakeholders.

As an example, the *UK's Theatre Tax Relief* covers theatrical productions where at least 25% of the core expenditure is incurred on goods or services provided from within the UK or European Economic Area (EEA).

[8] Austrade (2024), *Inquiry into the challenges and opportunities within the Australian live music industry Submission 20 – supplementary submission*

Theatrical productions are defined as:

- A ballet, play, opera, musical or other dramatic piece that tells a story, where the performances are live and the performers give their performances wholly or mainly through the playing of roles.
- All or a high proportion of the performances must be for paying members of the general public or provided for educational purposes.
- May be touring (6 or more separate premises or at least two separate premises with at least 14 performances) or non-touring.
- Productions are ineligible if (a) the main purpose is to advertise, make a recording or train and/or (b) performances include a competition, contest, wild animal or are of a sexual nature.

Core costs include:

- Amount spent on producing and closing the theatrical production (eg casting, rehearsals, costume design, set construction and dismantling).
- Includes exceptional running costs, such as costs for substantial recasting or set redesign if incurred on or after the first performance date.
- Includes expenditure on rights to use a story/book as the basis of a production that progresses beyond the development phase, or to use music, songs or stock footage in the production.
- Does not include development costs (eg speculation and initial script writing), non-producing or ordinary running activities (eg finance, marketing, legal services and storage), or exploiting the production.

HOW WILL THE TAX OFFSETS WORK?

The administrative model could mirror existing schemes in the UK and Australia

The most resource-effective way to introduce tax offsets for live entertainment would be to mirror existing schemes such as Australia's Producer Offset or Digital Games Tax Offset (DGTO), while also looking to the UK's TTR for examples of how not-for-profits could be eligible.

The Producer Offset is administered by Screen Australia under Division 376 of the *Income Tax Assessment Act 1997*. Eligible Australian production companies can apply for a provisional and final certificate from Screen Australia through Smarty Grants to confirm eligibility and qualifying Australian production expenditure. The Producer Offset is then claimed from the ATO through the Company Tax Return (40% for feature films and 30% for other eligible projects).

The DGTO was introduced under Division 378 of the *Income Tax Assessment Act 1997*. Similarly, eligible game development companies apply for certificates from the Minister for the Arts through Smarty Grants to confirm eligibility and qualifying Australian development expenditure, before claiming DGTO from the ATO (30% - capped at $20m per company).

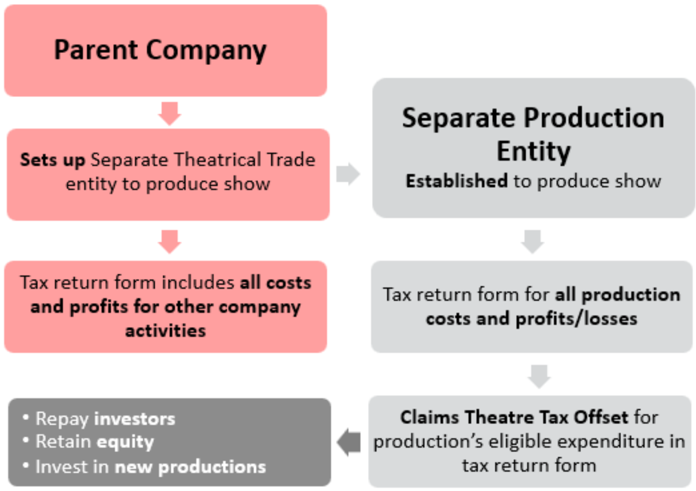
The UK's TTR is legislated under the *Finance Act 2014*, with tax relief claimed from HM Revenue & Customs. Companies will generally set up a production as a Separate Trade entity, with profits and losses calculated separately from the other company activities. TTR is claimed via a CT600 Company Tax Return Form to HM Revenue & Customs and may cover several productions. For a profit-making theatrical trade, the corporation tax payable can be reduced through additional deduction. For a loss-making theatrical trade, a tax loss can be created or increased to surrender for Theatre Tax Credit.

TTR eligibility extends to not-for-profit companies, including charitable companies and community interest companies. Generally:

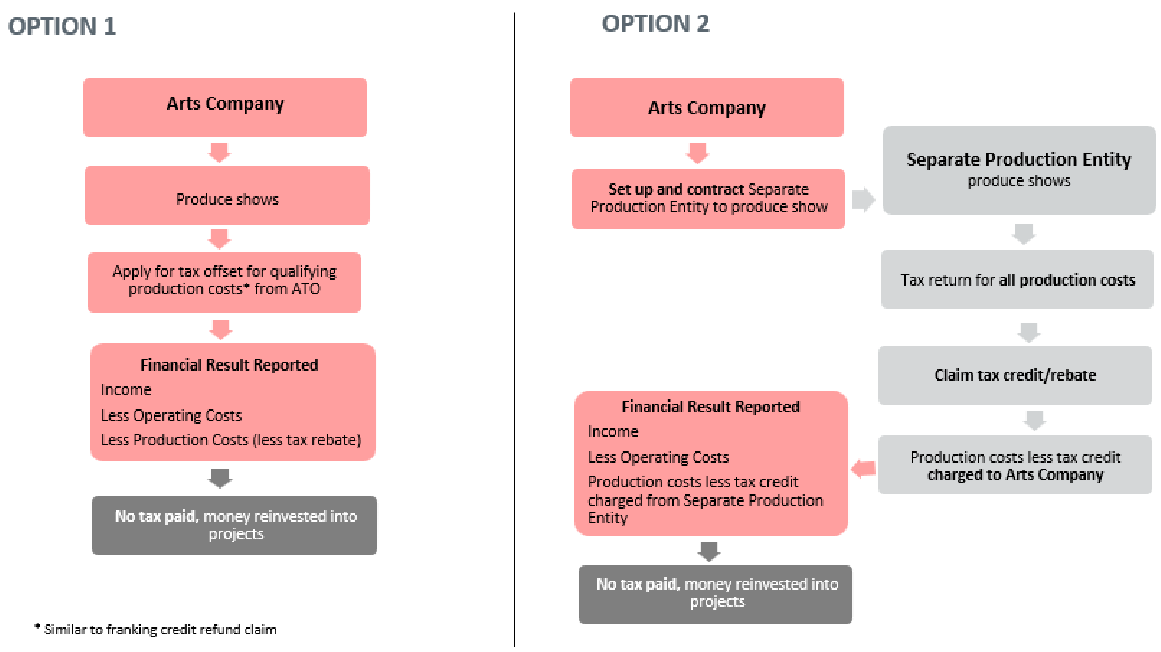
- The company sets up a separate theatrical entity and contracts them to produce the show(s),
- The parent company tax return includes all production income and does not claim TTR.
- The separate theatrical entity tax return includes production costs *only* and claims TTR. They then charge the parent company for all production costs minus the tax credit.

Although the exact mechanism for how a Live Theatre Tax Offset could work in Australia would be developed by Government in consultation with industry stakeholders, the following examples have been developed for reference. These are based on the existing Australian and UK schemes above.

Example Commercial Model



Example Not-for-Profit Models



6. Key Benefits

As outlined in Section 2, tax incentives have proven successful both in Australia and internationally.

LPA's Members have noted that tax incentives would likely be used to produce new Australian or licenced work or stage additional shows for pre-existing productions. Benefits of this include:

- stimulates direct and indirect economic activity
- encourages producers to present and tour more shows due to reduced financial risk
- creates licensing and export opportunities, including for new Australian work
- provides increased employment and skills development opportunities
- encourages a greater culture of investing within Australia
- strengthens Australia's international reputation and attractiveness for overseas investors
- improves producers' equity share and builds sustainable businesses
- contributes to cultural vibrancy and more choice for Australian audiences
- supports affordable ticket prices
- improves social cohesion and wellbeing through community participation and attendance.

The level of economic activity generated will increase as the level of investment incentive increases. EY analysis demonstrates this below.[9]

Economic Contribution	40% Tax Offset	50% Tax Offset
Employment (FTE)	4,151	5,136
New productions	168 *Not for Profit: 50* *Commercial: 118*	210 *Not for Profit: 63* *Commercial: 157*
Industry output (direct and indirect)	$1,505m	$1,862m
Industry value add (direct and indirect)	$486m	$601m
Tax forgone	$93m	$116.2m
Tax received	$117.3m	$145.1m
Net tax position	$24.3m	$28.9m

[9] EY (2024), *The benefits of providing tax offsets to Australian theatre producers,* Live Performance Australia, August 2024

APPENDIX 1

AUSTRALIAN TAX INCENTIVES (SCREEN)

Federal incentives	Details
Producer Offset	The Producer Offset provides a: • **40% rebate** on the qualifying spend of feature projects for Australian productions and Official Co-productions. • **30% rebate** for non-feature projects (eg TV, mini-series and documentaries) After Screen Australia issues a final Certificate, the tax rebate is paid to the applicant via the ATO within four weeks of lodgement.
Location Offset	The Location Offset is a **30% rebate** to encourage large-budget film and television projects to film in Australia. As part of the 2023/24 Budget, the Australian Government announced that the rebate rate would increase from 16.5% to 30% from 1 July 2023 – subject to legislative amendments. A tax rebate is usually paid to the applicant within four weeks of lodgement with the ATO.
Post, Digital and Visual Effects (PDV) Offset	The PDV Offset is a **30% rebate** to support work on post-production, digital and visual effects production in Australia. This includes productions shot overseas. A tax rebate is usually paid to the applicant within four weeks of lodgement with the ATO.
Digital Games Tax Offset (DGTO)	The DGTO is not part of the official suite of screen incentives above but does relate to screen. It provides eligible game developers with a **30% rebate** for qualifying development expenditure from 1 July 2022. It is capped at $20m per company per income year.

APPENDIX 2

INTERNATIONAL TAX INCENTIVES

UK Tax incentive	Details
[Theatre Tax Relief (TTR)]	Introduced 1 September 2014 via the Finance Act 2014. Production companies can claim qualifying costs for non-touring and touring productions on their company tax return. **Rates** Originally set at 20% for non-touring productions and 25% for touring shows. Increased to **45%** (non-touring) and **50%** (touring) in 2021. Will be permanently set at **40%** (non-touring) and **45%** (touring) from 1 April 2025. **Eligibility** Plays, operas, musical, ballet or other dramatic pieces that tell a story through live performances/playing roles. High proportion of performances must be for paying members of the public or educational purposes. At least 25% of core costs must be used within the UK or European Economic Area.
[Orchestra Tax Relief (OTR)]	Introduced 1 April 2016. **Rates** Currently set at **50%.** Will be set at **45%** from 1 April 2025. **Eligibility** Only Orchestral Production Companies (OPCs) are eligible. Can claim UK/European core expenditure on a concert or series of concerts intended to be performed live before paying members of the public or provided for educational purposes. At least 25% of the total core expenditure must be UK/European core expenditure.

US Tax incentive	Details ($USD)
Federal	In December 2015, US federal legislation established tax treatment for live theatrical productions equal to that provided for screen. Allows investors to recoup their investments prior to taxes being assessed on profits earned. **Rates** **100%** deduction for live performance investment from the taxpayer's income that year. May not exceed **$15m, or $20m** for productions in low income or isolated areas. **Eligibility** Live staged productions of a play (with or without music) derived from a book or script. Produced/presented by a taxable entity in a venue with a maximum capacity of 3000.
New York Empire State Musical and Theatrical Production Tax Credit Program	$300m program that aims to attract productions to Upstate New York venues. **Rates** Credit of **25%** for pre-tour production costs, wages up to a total of $200,000pw, and technical/crew production costs such as equipment. No per-project caps. **Eligibility** Corporation, partnership, limited partnership, or other entity/individual principally engaged in the production of a for-profit live, dramatic stage presentation in a qualified production facility. Includes touring productions. There are 8 qualified facilities (eg the Auditorium Theatre and the Stanley Theatre).
Illinois Live Theatre Production Tax Credit Program	**Rates** Transferrable credit of **20%** for all qualified Illinois expenditures, including resident salaries up to $100,000 per worker. **Additional 15%** credit for labour expenses paid to residents in high unemployment areas. Limited to $500,000 per production per tax year. **Eligibility** A theatre producer, owner, licensee, operator or presenter with a minimum production spend of $100,000 for Illinois labour and marketing expenditures. Theatres must have a minimum capacity of 1200. Productions must be long-runs (minimum 8 weeks and 6 performances pw), pre-Broadway, or Commercial Broadway Touring (plays in more than 2 other North American markets within one year).
Louisiana Live Performance Production Incentive Program	Statutorily known as the Musical and Theatrical Production Income Tax Credit. **Rates** Cap of $10m pa, with $5m (50%) reserved for non-profit organisations. Credit values range from: • **7%** for expenditures between $100,000 and $300,000 • **14%** for $300,000 to $1m

	• **18%** for over $1m An **additional 7%** tax credit applies for payroll expenditures to Louisiana residents. **Eligibility** Concert, theatrical and other live productions that originate or debut in Louisiana. Minimum of $100,000 in state expenditure. Non-profit organisations can be issued credits in the form of a refund of overpayment.
Rhode Island Musical and Theatrical Production Tax Credit	Credit available under Rhode Island's General Laws (Ch44 Taxation). For tax years 2022-24, the cap for total motion picture and/or musical and theatrical production tax credits issued is $40m. Previously $20m (2020-21) and $15m (2008-19). **Rates** **30%** for total production, performance and transportation expenditures. Cannot exceed $5m and is limited to costs within the State. **Eligibility** For-profit live stage presentations that are either a pre- or post-Broadway production, with a minimum production budget of $100,000. Must be presented in a Rhode Island production facility with at least 1000 seats. On 16 May 2023 the Senate passed a Bill making national touring productions eligible.
Maryland Theatrical Production Tax Credit	**Rates** Credit of **25%** against State income tax. Maximum award of $2m for a single production. **Eligibility** Applies to for-profit national touring (minimum two public performances, then performed for at least four weeks in four cities outside the State) or pre-Broadway live stage theatrical productions. Estimated total production costs incurred in Maryland must exceed $100,000.
Ohio Motion Picture Tax Credit	Introduced in 2009 and extended to live theatre productions in 2020. **Rates** Credit of **30%**, capped at $40m per year for all motion picture and Broadway productions. **Eligibility** Broadway theatrical production with minimum spend of $300,000 per production in Ohio. Covers all goods/services purchased in the State for production activities.

Country	Details
Mexico	From 2011, Mexico has offered tax credits for investments in national theatre projects. **Rates:** Capped at **10%** of the income tax payable the year prior, provided certain requirements are met.[10]
Spain	Under Article 36(3) of Law 27/2014 on Corporation Tax, Spain offers deductions for investments in live shows of performing arts and music.[11] **Rates:** **20%** tax credit for expenses incurred for producing and performing live performing arts and musical shows. Credit must not exceed EUR500,000 per taxpayer.

[10] Film Financing and Television Programming - A Taxation Guide (kpmg.com) (p.3)

[11] BOE-A-2014-12328 Law 27/2014, of 27 November, on Corporation Tax.

ATTACHMENT 2: EXISTING INDUSTRY TRAINEESHIP PROGRAMS

Industry-led traineeship initiatives have proved successful elsewhere in Australia. These include:

1. Victoria: Arts Centre Melbourne

Arts Centre Melbourne is a Registered Training Organisation (RTO) and provides a nationally accredited training program in technical theatre production. The training model combines classroom-based learning, mentoring and working alongside industry professionals.

Link: https://www.artscentremelbourne.com.au/about-us/faqs/arts-industry-learning

2. Queensland: TechConnect Queensland

In 2022, Arts Centre Melbourne partnered with Queensland Performing Arts Centre (QPAC) and Stage QLD to deliver an accredited industry training program for performing arts technical crews in Queensland (TechConnect). This was funded by the Post-COVID Collaborative Funding Round.

Link: Connecting the Techs - Queensland Performing Arts Centre (QPAC)

3. Tasmania: Terrapin Puppet Theatre

In June 2023, Terrapin Puppet Theatre received multi-year funding from the Ian Potter Foundation to deliver on-the-job placements, skills masterclasses, and career mentoring. This program will address skill gaps and sustain long-term careers in Tasmania.

Link: Stride - Terrapin Puppet Theatre