

Towards a new National Cultural Policy

Submission by Live Performance Australia
May 2026

Industry context for a new National Cultural Policy

The value of Australia's cultural and creative sector

The Australian continent is home to the world's oldest continuous living culture. Across the generations, from First Nations Australians through to the newest arrivals on these shores, Australians have been sharing stories, experiences, insights and ideas through art and culture.

Cultural and creative activity is a key driver of economic activity. In 2023-24, it contributed \$67.4 billion to Australia's economy, representing 2.5% of Australia's GDP.¹ The cultural and creative sector employs almost 600,000 workers, about 4% of Australia's total workforce (comparable to the employment share of transport, postal and warehousing, and wholesale trade).²

Live performance makes a significant contribution to this activity. In 2024, it generated over \$3 billion in ticket sales revenue through more than 31 million ticketed attendances.³ This level of attendance was more than all the major sporting codes combined.

Contemporary music events are a key driver of live performance activity, with over 16 million tickets worth more than \$1 billion sold to live music concerts and festivals in 2024.³

Theatrical productions generated almost \$914 million in ticket sales turnover and 9 million attendances and supported more than 16,000 jobs.^{3,4}

¹ Bureau of Communications, Arts and Regional Research (2025), *At a glance: Cultural and creative activity in Australia 2014–15 to 2023–24*, September 2025

² Bureau of Communications, Arts and Regional Research (2025), *At a glance: Measuring Australia's Cultural and Creative Workforce, 2008-09 to 2023-24 (Interim Estimates)*, December 2025

³ EY (2025), *Live Performance Industry in Australia, 2024 Live Performance Attendance and Revenue Report*, for Live Performance Australia, September 2025

⁴ Sound Diplomacy (2025), *Economic Impact Analysis of the Australian Theatre Sector*

A dynamic and diverse system

The live arts and entertainment industry is a dynamic, diverse and highly connected system. From small publicly-funded arts organisations through to commercial producers who operate on a global scale, the industry includes:

- independent artists and producers
- small, medium and large performing arts organisations that receive public funding
- commercial producers and promoters who draw upon private investment
- arts and music festivals
- venues, ranging from small halls and theatres through to regional performing arts centres, larger theatres, arenas, and stadiums
- public and private educational institutions that train the next generation of artists, performers, creatives, and technical workers
- technical suppliers, such as those that provide lighting, special effects, staging, audio, audio-visual and other performance technologies
- service providers, such as ticketing companies, crewing companies, and security providers.

The industry relies extensively on interdependencies across the artistic and creative spectrum. Our small to medium companies and festivals provide career development opportunities for emerging artists and creatives. Venues support touring by performing arts companies, including in regional areas, and rely on skilled production and technical personnel to help deliver a performance.

Commercial producers attract the private investment necessary to stage new productions and provide rewarding career pathways for artists and creative workers. Promoters ensure Australia is part of the global touring circuit for live performance. Technical suppliers ensure that our artists can be seen and heard, while the ticketing company gets audiences into their seats.

Industry context for a new National Cultural Policy (cont.)

The importance of a new National Cultural Policy

Arts and culture are core to our national identity, economic prosperity and social wellbeing. As such, it demands a strong policy focus across all portfolios and levels of government.

Revive was welcome recognition of the importance of cultural policy, particularly coming out of the disruption of the COVID-19 pandemic.

As implied by the title, *Revive* had an important role in rebuilding and renewing our arts and cultural sector following a period of turbulence and disruption. It also addressed some of the long-standing funding gaps and shortfalls, including for contemporary music and writing. Creative Australia was established as the Australian Government's principal arts investment and advisory body.

Consultation on the new policy comes at a pivotal moment.

Once again, our cultural and creative sector is being buffeted by challenging and unpredictable economic conditions at home and internationally. The Middle East conflict is adding to already escalated touring and production costs. Government funding is not keeping up with real increases in costs, and audiences are under increasing cost of living pressures.

As an area of discretionary spending for Australian households, arts and cultural activity is the first to feel the impact of economic shifts and headwinds.

There are also longer-term structural challenges that need to be addressed, some of which are long-standing and pre-date the upheavals of recent years.

We need to drive private investment through a Live Performance Production Incentive so that Australia is a more attractive destination for investors and internationally competitive with other markets, especially the UK.

We need more strategic public investment in our 'soft' cultural infrastructure (such as arts festivals and small to medium and national performing arts organisations) to address increased costs, sustain and strengthen their role in supporting new and emerging artists and creative workers, and investing in new Australian works and stories.

A priority must be to broaden and deepen Australia's creative workforce to overcome current and future challenges, as well as take up future opportunities to grow the impact and contribution of arts and culture.

All levels of Australian government need to make a strong commitment across all portfolio areas that affirms arts and culture as a national priority that supports the delivery of key economic and social policy outcomes, including in areas such as education, health, regional development and international relations.

The new National Cultural Policy needs to:

- affirm arts and culture as core to Australian identity, economic prosperity, and social wellbeing
- support artistic and cultural production and participation by protecting and promoting our cultural and creative assets (people, places, organisations)
- drive a whole-of-government strategy that is embedded and delivered across all portfolio areas and all levels of government

The game-changer: Live Performance Production Incentive

The introduction of a Live Performance Production Incentive would be transformational for Australia's live arts and entertainment industry and should be a priority for implementation at the soonest opportunity.

Creating and staging new productions requires significant upfront capital and it is increasingly difficult for Australian producers to attract the necessary funds against the backdrop of rising production costs. A Live Performance Production Incentive would help Australian producers to attract investment in a globally competitive market.

Economic analysis undertaken in 2024 by Ernst & Young (EY) found that investment incentives would encourage commercial producers and subsidised organisations to produce more local work, create more jobs and support increased economic activity. They would generate a positive revenue return for government.⁵

The production incentive would apply to pre-production costs for live performance including theatrical and orchestral productions and be available to commercial and not-for-profit producers. It could also be extended to live music venues and festivals. It would be an additional deduction for taxpaying entities or as a rebate for not-for-profit organisations.

It is based on successful models for industry and cultural development such as the UK's cultural tax reliefs (Theatre Tax Relief and Orchestra Tax Relief) and Australia's incentives for screen and digital games production. The proposed model:

- works across commercial and not-for-profit sectors
- unlocks private investment and makes Australia an internationally competitive investment destination
- keeps production spending and skills onshore in Australia
- enables not-for-profits to recoup expenditure on creative development for new works
- underwrites the creation of original works leading to licensing and royalty income for Australian creatives

- supports creative ambition and risk-taking
- encourages more touring of productions within Australia and internationally
- delivers benefits across the economy including increased tourism and hospitality spending around live performance events.

The Live Performance Production Incentive should be the centrepiece of a package of cultural tax initiatives along with:

- changes to the GST treatment of ticket income for not-for-profit arts and cultural organisations
- the extension of FBT concessions to arts and cultural organisations
- increased tax deductibility for philanthropic giving.

For more information, refer to LPA's The Art of Tax Reform submission (Attachment 1).

Greater investment in Australian live theatre makes good economic sense.

In addition to the cultural and social benefits, live theatre is a key driver of economic activity in our cities and regions. Beyond the stage, its impact extends across tourism, hospitality, retail and connected creative industries.

An economic impact study into the Australian theatre sector found the operations of theatre organisations and spending by audiences generated more than \$4 billion turnover (direct, indirect and induced), over \$2 billion in Gross Value Added (GVA), and supported over 30,000 jobs.⁶

For every dollar spent by a theatre organisation, there is an economy-wide spillover effect of \$4.39, confirming the theatre sector's powerful capacity to stimulate secondary and tertiary rounds of spending across the Australian economy.⁶

⁵ EY (2024), *The benefits of providing tax offsets to Australian theatre producers, for Live Performance Australia, August 2024*

⁶ Sound Diplomacy (2025), *Economic Impact Analysis of the Australian Theatre Sector*. Based on data collected from LPA Members and Creative Australia, covering ballet and dance, children's and family theatre, circus and physical theatre, musical theatre, and opera)

Other strategic investments that will have an enduring impact on Australia's arts and culture sector



Develop a [National Arts Education Strategy](#) to embed the arts into the education curriculum from early childhood through to primary, secondary and tertiary education

The strategy should focus on engaging young people in the arts; develop critical and creative thinking skills which is essential in the 21-st century; address declining enrolments in arts subjects in secondary and tertiary education; and encourage young people to pursue a career in the arts.

The strategy should also consider the cost of delivering quality arts education; the weighting of arts subjects relative to other Year 11 and 12 subjects; how to reduce the administrative burden for school incursions and excursions; mentoring and support for teachers to deliver quality arts education in schools; as well as the unique challenges of providing quality arts education and access to regional and remote areas.

Development of the strategy could be informed by research about training pathways undertaken by entities such as Service and Creative Skills Australia.



Provide a [strategic uplift to Creative Australia](#) to support implementation of National Cultural Policy objectives

Funding could be used to:

- extend the National Performing Arts Partnership Framework
- increase investment in the four-year funding program to support small to medium companies
- index multi-year funding
- continue investment in the contemporary music sector via Music Australia
- identify and support priority areas for development, including children and young audiences, and arts festivals.

Supporting priorities

Embedding First Nations self-determination

Aboriginal Australians are the custodians of the world's longest continuous living culture. Their identity is often reflected in arts and culture, and First Nations creatives, artists and performing arts organisations should feel empowered in their creative practice to create self-determined work.

LPA supports the recommendations put forward by the Blak Futures Collective and First Nations Performing Arts Companies Network.

Recommendations:

- Establish a dedicated First Nations Performing Arts Commissioning Fund. In establishing the fund, there should be consultation with the First Nations performing arts community regarding the scope and eligibility of the fund.

Also refer to recommendations in 'Showcasing Australian cultural product to the world' section (p. 10).

Building financial sustainability

It is important that companies are financially stable to weather major disruptions to their business and continue to play their significant role as employers and content creators. Companies with a healthy financial position also have greater flexibility to take artistic and operational risks.

There is also recognition that companies must adapt their current business models to achieve longer-term organisational sustainability. However, it is challenging to make this transition in an increasingly complex business environment and without diverting resources away from core business.

Recommendations:

- Establish a Reserves Rebuild Fund to incentivise companies to rebuild financial reserves and ensure future sustainability. The fund could be matched by state and territory governments.
- Create a Business Innovation and Sustainability Fund to accelerate new business model development and financial stability of performing arts organisations. This fund recognises the importance of funding the structural changes needed to support organisational longevity and not directly involve the creation of new cultural product.

Supporting priorities (cont.)

Refining existing funding programs and requirements

Public funding plays a vital role in supporting many performing arts organisations.

However, grant and funding programs are often designed around the requirements of the funding agency and are not always fit-for-purpose in the contemporary operating environment.

Without diminishing the requirement for accountability and delivery against objectives, we need to examine whether current funding and grant making models can be improved to provide greater flexibility and impact while reducing the administrative burden. Artists and organisations need to be able to focus on their creative practice and enterprise.

Existing funding programs could be reviewed and revised to better meet the evolving needs of performing arts producers and presenters, as well as improve the efficiency and effectiveness of these programs.

Given the extensive evidence that demonstrates the arts' role in delivering health, education and other social benefits, there is also an opportunity to better connect funding opportunities with other portfolio areas.

Recommendations:

- Streamline reporting requirements.
- Align grant funding cycles with producing/presenting/touring cycles.
- Review eligibility and scope of grant funding programs (including funding programs outside of the arts portfolio).

Encouraging better coordination and collaboration

The impact of arts and culture extends across multiple portfolio areas as well as different levels of government. When policy decisions are made in one level of government or portfolio, it may unintentionally affect another. Working together can lead to better alignment of priorities, more effective use of resources and greater consistency. Collaboration may also enable more holistic and responsive solutions to complex economic and social issues.

Within the performing arts sector, collaboration fosters artistic innovation and knowledge sharing. Collaboration may allow artists and organisations to pool resources, share costs, and reduce financial risk. This may allow companies to undertake more ambitious projects that might not be feasible independently.

Recommendations:

- Better coordination across all levels of government and portfolio areas.
- Support greater collaboration between independent, SME and large performing arts organisations.

Supporting priorities (cont.)

Developing our future creative workforce

Across the live arts and entertainment sector, many organisations face difficulties in recruiting and retaining appropriately skilled and experienced workers. The Federal Government's 2025 Occupation Shortage List confirms continued shortages in sound and lighting technicians across Australia. Industry feedback also highlights skills shortages in technical and production roles (e.g. sound and lighting technicians, production management, stage management, staging technicians, technical directors and costume designers), as well as business support roles (marketing, communication, accounting, and finance) and senior management roles.

The live arts and entertainment sector is competing for talent against other sectors that offer more attractive salaries and job security.

Realising the ambition of the National Cultural Policy and delivering on Australia's creative capability requires a significant and priority investment in workforce development.

Recommendations:

- Support nation-wide industry-led skills and training initiatives to address identified skills shortages across the arts and cultural sector.
- Review tertiary fees for arts degrees. Tertiary institutions must also be adequately funded to deliver quality arts education.
- Extend Public Benevolent Institutions (PBI)-type status to a broader range of arts and cultural organisations to aid with staff attraction and retention.

Incentivising private support for arts and culture

Philanthropy and donor support are increasingly important income sources for performing arts organisations. Donations from private and corporate donors are used to deliver core business or strategic programs.

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. A culture that incentivises philanthropy makes giving more appealing for donors and ensures the sector is economically sustainable in the long term.

Recommendation:

- Incentivise tax deductible donations (1.5x amount of gift).

Upgrading our performing arts venues

Australia's network of suburban and regional performing arts centres are integral to the economic and social life of their communities. They present a diverse range of productions and artforms and enable community access and participation to arts and culture.

Dated infrastructure at venues with poor accessibility prevents access and engagement for people with disability, their families and carers. It also inhibits programming opportunities due to obsolete and aged technical facilities, e.g. lighting, stages and rigging (among other things).

Recommendation:

- Create a Fit-for-Purpose Arts Infrastructure Fund to revive and renew performing arts venues in suburban and regional communities.

Supporting priorities (cont.)

Improving audience access and engagement

Children and young people are our future audience and workers. There is a need to engage children in arts and culture early so that they become lifelong lovers and consumers of arts and culture. This could be cultivated throughout their educational journey, as well as by providing incentives to encourage attendance at a live performance.

Access to arts and culture presents challenges for those from low-socioeconomic backgrounds and residing in regional and remote areas. It is costly to tour shows to regional locations, which means regional audiences may miss out on seeing shows in their local area without support to reduce these costs barriers.

Recommendations:

- Engage children and young people in the arts via:
 - Arts Access Investment Program for Schools. This program should be considered within the context of the National Arts Education Strategy, as well as reducing inequity of access among low socio-economic, regional and remote communities
 - 'See It Live' Pilot – a Cultural Pass Program for young people.
- Double 'Playing Australia' investment and review scope to ensure it is fit-for-purpose for next decade.
- Establish a Local Programming Fund to support presenters and producers to program, develop and attract cultural product relevant to their local communities.

Showcasing Australian cultural product to the world

Culture and creativity are Australia's greatest soft power assets. There is an opportunity to showcase Australian creativity on the world stage (particularly First Nations arts and culture which are uniquely Australian) to broaden audiences and position Australia as a leader in creativity and artistic excellence.

However, investment in international touring, cultural exchange and market development has declined in recent years, thereby limiting Australia's potential to reap the benefits from overseas markets.

Recommendations:

- Develop an International Cultural Export Strategy. The strategy should consider how to maximise Australia's competitive advantage of First Nations arts and culture including the systems and supporting infrastructure required for successful international engagement and cultural diplomacy.
- Establish 'Playing the World' Export development program, including a dedicated First Nations-led investment stream.

Summary of policy recommendations

First Nations First

Strong institutions

A place for every story

Engaging the audience

Centrality of the artist and arts worker

- Introduce Live Performance Production Incentives

- Develop a National Arts Education Strategy

- Provide a strategic uplift to Creative Australia to support implementation of National Cultural Policy objectives

- Establish a dedicated First Nations Performing Arts Commissioning Fund
- Ensure the International Cultural Export Strategy includes a focus on First Nations
- Create a dedicated First Nations investment stream as part of 'Playing the World'

- Establish a Reserves Rebuild Fund
- Create a Business Innovation and Sustainability Fund
- Streamline reporting requirements
- Align grant funding cycles with producing/presenting/touring cycles
- Review eligibility and scope of grant funding programs (including funding programs outside of the arts portfolio)
- Better coordination across all levels of government
- Support collaboration between independent, SME and large performing arts organisations
- Create Fit-for-Purpose Arts Infrastructure Fund
- Incentivise tax deductible donations (1.5x amount of gift)

- Double Playing Australia funding
- Establish a Local Programming Fund
- Develop an International Cultural Export Strategy
- Establish 'Playing the World' Export Development Program

- Engage children and young people in the arts via:
 - Arts Access Investment Program for Schools
 - 'See It Live' Cultural Pass Pilot

- Support nation-wide industry-led skills & training initiatives
- Review tertiary fees for arts degrees
- Extension of Public Benevolent Institutions (PBI) status

Note: LPA fully supports the recommendations presented by the Blak Futures Collective and First Nations Performing Arts Companies Network.

Realising the goals of the new National Cultural Policy calls for government investment and policy settings that bring those ambitions to life.

About Live Performance Australia

Live Performance Australia (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 around 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 performance industry in Australia.

LPA acknowledges the Traditional Owners of Country where we live, work, perform and learn. We pay our respects to them and their Elders, past and present.

Contact

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The Art of Tax Reform

Live Performance Australia Submission

August 2025



LIVE
PERFORMANCE
AUSTRALIA

Overview

The Art of Tax Reform summit has the potential to shape transformational outcomes for our arts and creative industries.

Live Performance Australia applauds the NSW Government for its leadership in putting the spotlight on the opportunity to support jobs, economic growth, creativity and cultural vibrancy through better tax policy.

Live performance engages, entertains, educates and inspires audiences of all ages and backgrounds. There were more than 30 million ticketed attendances at live performance events nation-wide, generating over \$3 billion in ticket revenue in 2023.

During this period, live theatre and orchestral performances attracted more than 10 million ticketed attendances and almost \$1 billion in ticket revenue (2023 Ticket Attendance and Revenue Report, Live Performance Australia).

Our live performance industry comprises a diverse mix of independent producers, not-for-profit organisations and commercial businesses. They rely overwhelmingly on self-generated revenue to sustain and grow their operations.

Performing arts businesses and organisations provide diverse employment opportunities including artistic, production and technical, management and support roles. According to the 2021 Census, more than 24,000 people are employed in the performing arts sector, with a further 8,000 specialist creatives working in other sectors or industries.

Tax reform is an area which can make a critical difference to the sustainability and success of our live performance industry. It will help foster new and uniquely Australian productions, create sustainable career pathways for artists and creative workers, and engage audiences at home and internationally.

A Live Performance Production Incentive should be a top priority.

It can be implemented quickly and efficiently to deliver immediate beneficial impact for commercial and not-for-profit organisations. This should be introduced in the context of the 2026/27 Federal Budget.

The Production Incentive would apply to **theatrical and orchestral productions**. It can be implemented as a **refundable tax offset** through the tax system like the already well-established schemes for screen and digital games producers. (Where there is no tax liability it is returned as rebate.)

Without such an incentive, there is little appetite among Australian investors to support Australian productions compared to overseas opportunities, and Australia is uncompetitive for international investment.

Given longer lead times in planning for new productions, it is imperative that governments send an early, clear signal on their commitment to introduce a production incentive to inform future investment decisions.

LPA also supports a targeted production incentive scheme for **live music performance** based on similar principles to address costs of production and touring, including for music festivals.

There are other areas in which tax reform could deliver significant outcomes for arts and cultural organisations and positively impact their financial sustainability and growth.

Philanthropy and private donations are an important source of income for not-for-profit organisations. Donors who want to support arts and cultural organisations should be incentivised to do so through an **increased rate of tax deductibility to organisations** eligible for Deductible Gift Recipient (DGR) status. The current deductibility rate for donations could be increased from 100% to 150%, including targeted incentives for first time or smaller amount donors, who may be financially constrained.

An **extension of Fringe Benefits Tax exemptions** to arts and cultural organisations would help them address critical industry-wide skills shortages through improved capacity to attract and retain staff, as well as compete for talent against other industries. These arrangements would be like those already in place for Public Benevolent Institutions (PBI), health promotion charities and hospitals, recognising the public benefit and value generated through engagement with arts and culture.

The application of **GST to ticket revenue** for not-for-profit arts and cultural organisations needs to be reconsidered. Currently, an endorsed charity or DGR entity can sell tickets GST-free where the supply (ticket price) is less than 75% of the cost of supply (production). Tickets supplied above this threshold rate incur GST. The administration of this provision is highly complex, costly and increases financial and compliance risk for not-for-profit organisations. It also restricts their ability to optimize ticket revenue and audience engagement. The 75% threshold should be raised to 100% of ticket revenue for eligible organisations.

We look forward to contributing to the Summit's consideration of these opportunities.

Richard Evans AM

President

Eric Lassen

Chief Executive Officer

About Live Performance Australia

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Live Performance Production Incentive

Why do we need a live performance production incentive?

Live performance is a complex, collaborative and inherently risky business. New productions generally require years of development and large upfront investments (from hundreds of thousands up to millions of dollars) before they are presented to audiences for the first time. The development and production costs are all carried by the producer, drawing on their own resources or support from investors.

Significant increases in production and touring costs have made it much more challenging to bring new productions to the stage. Consequently, producers are scaling back or not proceeding with new productions. Tighter operating margins mean reduced development times which can affect creative quality and impact, fewer new productions, shorter seasons and less touring, which leads to fewer employment opportunities for artists, creative, technical and production staff.

The Australian market presents unique challenges for producers who face much higher production and touring costs to reach more geographically diverse audiences compared to international markets. Increased costs mean touring footprints across Australia will be much smaller, meaning audiences in metropolitan and regional locations may miss out altogether due to the prohibitive cost of moving a production around the country.

Australia is also missing out on local and international investment in new productions to those markets which already offer generous production incentives, including the UK. London's West End is a more attractive investment proposition for Australian investors than the local market. Levelling this playing field will enable Australian producers to attract investment, employ more of our homegrown talent, build career pathways, and grow our cultural exports.

Purpose and impact

A production incentive enables producers to mount productions, support touring, and develop the next generation of creative talent, including our independent and small to medium companies.

- It's **revenue-positive** for government. Economic modelling undertaken by EY for Live Performance Australia shows a **40% incentive for live theatre** would return \$1.26 in tax revenue for every dollar in tax foregone.
- It works across the **commercial and not-for-profit sectors** and would promote greater collaboration between them.
- It makes Australia **internationally competitive** for investment. It will help to grow the pool of prospective local investors as well as attract investment from overseas.
- Not-for-profit companies can **recoup production expenses** which can be reinvested in new works, improving their financial sustainability.
- It underwrites the creation of original works leading to **licensing and export opportunities** which returns royalties back to Australian creators and rights holders.

- It provides **equitable treatment** for theatre and orchestras, alongside the screen and digital games industries.
- It creates **jobs and stable career pathways** for Australian artists, creatives, and production and technical workers.
- It **supports ambition**. Young Australian writers and producers working in small companies could see their creative visions grow into internationally distinctive productions that compete on the global stage.
- It is **activity-driven**. The incentive is paid on actual expenditure in new productions, meaning it has a tangible and measurable impact.
- It makes **touring of productions** more financially viable. Without a production incentive, touring pathways will continue to shrink due to cost pressures, including for major cities such as Adelaide, Canberra, Hobart and Perth as well as regional centres.
- More Australian productions will be able to **tour internationally**, earning export income and growing global opportunities for Australian creativity.
- A thriving live performance sector **bolsters tourism, hospitality, and local businesses**, enriching our communities and enhancing Australia's position on the world stage.

I've had an extensive career in the film and television sector before coming into the live performance space.

I can tell from firsthand experience the introduction of the producer offset and the location offset, and now the games offset, for those sectors have been absolute game-changers in the way that they've been able to develop and plan and rely on incentives that are based around developing Australian intellectual property and creating jobs for Australians.

And I foresee absolutely the same will occur for the theatre sector. There would be a significant increase in the amount of content that's produced in Australia, both by the commercial operators and also by theatre companies like ours.

Ian Booth, CEO, Black Swan State Theatre Company (WA)

Universal application

A Live Performance Production Incentive would have universal application across commercial and not-for-profit organisations.

It would assist small and large producers across a wide range of performance categories. It delivers benefits through the creative ecosystem from writers to performers, production and technical workers and venue staff.

It supports Australian-made creativity in our regions, major cities and internationally.

CDP Theatre Producers is one of Australia's leading producers of Theatre for Young Audiences. A small commercial organisation, CDP regularly creates and tours high quality work regionally, nationally and internationally.

For example CDP's adaptation of Andy Griffiths' The 13-Storey Treehouse was created in 2013 for an initial investment which in today's dollars would be about \$300,000. This created employment and income for writers, creatives, cast and crew.

The production has also generated an ongoing royalty stream for book author/illustrator and creatives. It has gone on to 2 major Australian regional tours, and multiple capital city seasons, playing to an Australian audience of more than 150,000 people, bringing performances to children and families around the country and investment in touring expenses throughout regional Australia.

The show has also toured to New Zealand, Singapore, Hong Kong, the US and the UK, and CDP has co-produced a Dutch language version which has toured extensively through the Netherlands and Belgium.

CDP went on to produce 4 more Treehouse shows, which have also toured extensively nationally and internationally, visiting almost every regional performing arts centre in Australia and giving the series a combined audience in the order of 1 million people.

While CDP has also created similar successful regional, national and international tours, increases in costs and declining market conditions have resulted in the company slowing its development of new work by approximately half. A Live Performance Production Incentive would enable the company to increase its investment almost immediately.

Andrew Threlfall, Director, CDP Theatre Producers (NSW)

Cost efficiency

The production incentive would be revenue positive for government.

Economic modelling commissioned by LPA shows a 40% incentive for live theatre would return \$1.26 for every dollar foregone in tax. It would generate an additional 4,151 jobs and add \$1.5 billion in economic activity. (See Attachment A for further detail.)

Investment and expenditure decisions would be made by producers who also deliver the development and production activity. The production incentive is claimed on completion of those activities.

There is an established precedent for this type of production incentive in Australia, in particular the incentive and tax offset schemes in place for the screen and digital games industries, supported by federal and state and territory governments.

The production incentive could be delivered as a refundable tax offset aligned with the principles and processes of the provisions already in the *Income Tax Assessment Act 1997*, such as Divisions 376 (screen) and Division 378 (digital games).

The Art of Tax Reform discussion paper notes that fairness is one of the principles for good tax policy, as well as neutrality and economic efficiency, simplicity and integrity.

On this basis, there is a compelling case for the principles behind screen and digital games incentives to be extended across the arts and creative industries, including live theatre and orchestras. The incentive would apply to commercial and not-for-profit entities and be accessible to organisations of all sizes.

Sustainability

The production incentive would stimulate investment in live performance productions by attracting private investor support from Australian and international investors.

It would make Australia a more attractive investment destination, grow the pool of available investment capital, and boost the capacity for not-for-profit organisations to reinvest in new productions to support their long-term growth and sustainability.

The production incentive is not a substitution for direct public investment, which will continue to play a crucial role in supporting our creative and cultural organisations.

Current levels of public investment must be maintained and indeed increased to help arts and creative organisations and businesses:

- sustain, adapt and grow their operations;
- meet government expectations set out in the National Cultural Policy, *Revive*; and
- meet the policy objectives of state and territory governments.

There is strong international evidence which points to the industry-shaping impact of production incentives, such as the UK's Theatre Tax Relief (TTR) and Orchestra Tax Relief (OTR), which have been in place for more than a decade.

The UK TTR and OTR rates were increased to support industry recovery from the COVID-19 pandemic and have been retained at those higher levels due to their positive impact for the UK's arts and cultural sector. Indeed, the incentives are also accessed by Australian producers to develop new productions offshore due to the cost benefits available through tax relief.

The introduction of Theatre Tax Relief (TTR) in 2014 was a game-changer, enabling theatre organisations to increase the number and scale of productions which in turn created jobs and opportunities across the UK.

The higher rate introduced in 2021 turbo-charged our sector's bounce back from the pandemic, enabling risk taking when the stakes had never been higher. The announcement of the extension of that higher rate last year immediately unleashed new, richer productions, creating new jobs and stimulating investment in our sector from within the UK and from overseas.

In the year that the higher rate was first introduced, we estimate that at least £163 million was invested into theatrical productions as a result of £38 million of Theatre Tax Relief. This is a return of over 4 to 1 for the public investment.

Claire Walker and Hannah Essex, Co-CEOs, Society of London Theatre and UK Theatre, 'The higher rate of Theatre Tax Relief', February 2024

Extending FBT exemptions to arts and cultural organisations

An extension of Fringe Benefits Tax (FBT) exemptions to arts and cultural organisations would help them attract and retain staff, compete for talent against other industries, and address critical skills shortages across the industry.

These arrangements would be like those already in place for Public Benevolent Institutions (PBI), health promotion charities and hospitals. This would also recognise the demonstrated benefits to health and wellbeing through engagement with arts and culture.

There are over 12,000 registered PBIs in Australia. Currently, 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, and
- 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 fringe benefit tax concessions and exemptions which enable them to 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 or FBT exemptions would:

- support them to attract and retain staff, compete for talent against other industries, and address current skills shortages across the industry; and
- 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.

LPA supports the extension of FBT exemptions to arts and cultural organisations on a similar basis to those already provided to PBI entities. An advantage of this approach is that it can build upon existing frameworks and processes to strengthen sector capability.

Increased deductibility for philanthropy and giving

Certain cultural organisations (i.e. registered charities) are eligible for Deductible Gift Recipient (DGR) status, meaning they can receive tax deductible gifts. 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 on donations to carry out core business and so must use significant time and resources to raise philanthropic funds.

The National Cultural Policy, *Revive*, has identified the need to promote philanthropic giving (Pillar 4, Strong Cultural Infrastructure). However, more work is needed to meet the Australian Government’s commitment to double the rate of giving by 2030. The Productivity Commission

has 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 rate also compares unfavourably 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%).

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 \$100, they can claim \$100 as a tax deduction (1x the donation amount). Allowing them to claim \$150 (1.5x the donation amount) would greatly incentivise donations. This model has been implemented successfully in Singapore, where individuals receive deductions of 2.5 times every \$1 donated. The Singapore Government has extended this provision until the end of 2026.

The current deductibility rate for donations could be increased from 100% to 150%, including targeted incentives for first time or smaller amount donors who may be financially constrained.

GST on ticket revenue for not-for-profit arts and cultural organisations

The *New Tax System (Goods and Services Tax) Act 1999*, section 38.250(2) currently allows an endorsed charity or DGR entity to sell tickets GST-free where the supply (i.e. the ticket price) is less than 75% of the cost of supply (i.e. the production). Tickets above this threshold rate incur GST.

However, the 75% threshold has not changed since the GST's introduction more than two decades ago. It also assumes that all charities can recoup additional revenue through philanthropy and other sources to meet their actual costs.

This measure mitigates against the ability of not-for-profit producers to earn additional revenue without significantly increasing ticket prices to achieve real uplift after the impact of the GST is taken into account.

It also imposes detailed and complex administration processes, which can require specialist financial and accounting expertise, and increases financial and compliance risk for not-for-profit organisations.

Endorsed charities and gift deductible registered (DGR) organisations should be given the right to treat all ticket sales as GST-free under specific conditions. Extending the GST-free status from 75% to 100% would enable eligible organisations to grow their revenue and audience engagement, simplify administration and reduce compliance risk.

Attachment A: The benefits of providing tax offsets to Australian theatre producers

Live Performance Australia commissioned Ernst and Young (EY) in 2024 to prepare a study into the benefits of providing tax offset to Australian theatre producers. The study was informed by consultation with several commercial and not-for-profit theatre producers.

It found that rising production costs and a declining pool of capital to fund these costs are making it increasingly difficult for theatre producers to create, produce, stage and tour productions in Australia. Key challenges include, but are not limited to:

- Producers have a reduced ability to create new intellectual property and licensing opportunities given the cost of creating new, original productions;
- The reduction in shows produced is resulting in reduced export opportunities (e.g. domestic and international touring of Australian production; costume, stage and set design);
- There is a reduced labour pool of specialised employees as opportunities decline and they seek employment in other sectors (e.g. performers, musicians, creatives, technical and production, suppliers);
- There are reduced downstream flow on benefits to related industries (e.g. retail, hospitality and tourism);
- Reduced audience reach, including less access for regional audiences; and
- Reduced contribution to cultural vibrancy, social cohesion and wellbeing.

It estimated that a tax offset of 40% to 50% on qualifying pre-production expenditure would result in a positive return on investment for the Australian Government. This was estimated in terms of total tax collected (up to \$1.26 in tax received for every \$1 in tax forgone) and additional economic contribution (up to \$1.9 billion in output and \$601 million in value add).

<u>Economic Contribution</u>	<u>40% Offset</u>	<u>50% Offset</u>
Employment (FTE)	4,151	5,136
New productions	168 <i>Not-for-Profit: 50</i> <i>Commercial: 118</i>	210 <i>Not-for-Profit: 63</i> <i>Commercial: 157</i>
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