31 January 2020

The Hon Michael Sukkar MP
Minister for Housing and Assistant Treasurer
C/- The Treasury
Langton Crescent
PARKES ACT 2600

Dear Minister,

2020-21 Pre-Budget Submission

As the peak body for Australia's $2.5 billion[1] live performance industry, Live Performance Australia (LPA) welcomes the opportunity to make a submission to the 2020-21 Budget.

The creative industries generate valuable economic activity and contributed $111.7 billion, or a 6.4% share of Australia's GDP, to the national economy in 2016-17.[2] The live performance industry employs over 34,000 people nationally; and supports more than 500 performing arts companies around Australia, plus hundreds of venues, producers and music promoters. It supports the development of world-class talent on stage and innovation in production and technical areas.

In 2018, the industry generated over $2 billion in ticket sales, and attracted more than 26 million people to shows in capital cities, regional centres and country towns.[3] Yet despite continued population growth, the Government is committing 18.9% less expenditure per capita to culture compared with a decade ago; more responsibility is falling on states, territories and local government to increase their share of cultural funding.[4]

The public value of creative industries is always greater than the level of public investment. Some of the Government current attention is focused on attracting domestic and international tourists to regional communities affected by bushfires to support their recovery, as well as sending the message to the world that Australia is open for visitors. There is an opportunity to leverage cultural tourism through arts, cultural and music festivals. Indeed, international arts tourists spent $17 billion in 2017, making up 60% of the $28.4 billion spent in Australia by all international tourists.[5]

LPA wants to ensure Australia continues to host and establish events that engage local, interstate and international audiences to help stimulate the economy, increase patronage and benefit Australia. Government investment in the industry to further develop and grow our creative industries is critical to

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[1] Ernst and Young (2014), *Size and scope of the live performance industry*, Report for Live Performance Australia
[2] A New Approach (2019), *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia*, p. 16
[3] Ernst and Young (2019), *2018 Ticket Attendance and Revenue Report*, Report for Live Performance Australia
[4] A New Approach (2019), *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia*, p. 16
[5] Australia Council for the Arts (2018), *International Arts Tourism: Connecting cultures,* p. 8

maintain Australia's global appeal and maintain its standing as a global tourism destination in an increasingly competitive market.

We understand this Government is focused on supporting a stronger and competitive economy, jobs creation and curtailing government expenditure. Our submission (attached) offers proposals on how, with the right strategic investment from Government, Australia's live performance industry can support these objectives. We urge the Government to, at the very least, commit to maintaining current levels of spending on the arts, as well as consider our six budget requests below.

We also note submissions made by key industry bodies, such as the Australian Major Performing Arts Group (AMPAG) and the Australasian Performing Rights Association and Australasian Mechanical Copyright Owners Society (APRA AMCOS), and ask the Government to consider the proposals in these submissions.

Summary of LPA Budget Requests

1. Provide funding support to develop a National Creative Industries and Cultural Policy to strengthen all parts of the industry and support broader economic and social goals;
2. Extend tax incentives on pre-production costs to live productions to assist Australian producers attract investment in an internationally competitive market – economic analysis shows this proposal is cost neutral;
3. Provide an additional $100 million over four years to the Australia Council, specifically to support the performing arts;
4. Establish a major seed fund for original Australian works of scale ($20 million over four years included in 3 above);
5. Provide an additional $20 million over four years to support creative opportunities in regional Australia; and
6. Rebuild industry capability by adjusting arts funding annually by CPI and removing the annual efficiency dividend on arts program funding.

Estimated new investment of $120 million over four years.

A vibrant live performance industry is critical to Australia's economic, social and cultural wellbeing and we encourage Government to continue to support and promote investment in our industry.

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

Yours sincerely,

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LIVE PERFORMANCE AUSTRALIA

LPA SUBMISSION

2020-21 Pre-Budget Submission

1. NATIONAL CREATIVE INDUSTRIES AND CULTURAL POLICY

Budget request 1:
Develop a National Creative Industries and Cultural Policy to strengthen all parts of the industry and support broader economic and social goals.

Despite the centrality of cultural and creative activity to the broader economy, Australia lacks a comprehensive National Creative Industries and Cultural Policy. The Bureau of Communications and Arts Research shows that cultural and creative activity contributed $111.7 billion to Australia's economy in 2016-17.[6] The arts are critical to our national identity and have positive impacts on health, wellbeing and education. Creativity, a key feature of the arts, is a driver of economic growth. Indeed, research suggests that creativity is a critical skill needed within a 21st century workforce.[7]

Creativity and culture are intrinsic to the kind of society we are and aspire to be. A National Creative Industries and Cultural Policy would acknowledge the value of creative industries and the importance of culture in the lives and experiences of all Australians. The arts can more broadly foster social cohesion between First Nations and unite an increasingly diverse and multicultural society. There is also an opportunity to build and deepen meaningful relationships through arts and culture to support cultural diplomacy within the Asia Pacific region and with Asian communities. These connections may lead to enhanced opportunities for tourism, international education, trade and investment.

Funding a National Creative Industries and Cultural Policy, which has a bold vision and recognises the significant economic activity and social value generated by investing in creativity and culture, would define this Government as one that is proud to champion creativity and strengthen our national identity. We recommend that a National Creative Industries and Cultural Policy is led by the Arts unit within the new Department of Infrastructure, Transport, Regional Development and Communications. Industry stands ready to work with this Government to develop a 21st century National Creative Industries and Cultural Policy.

We further recommend that a National Creative Industries and Cultural Policy is developed in collaboration with key industry stakeholders and other government agencies including, but not limited to, Department of Health; Department of Education; Department of Employment, Skills, Small and Family Business; Department of Foreign Affairs and Trade; Department of Infrastructure, Transport, Cities and Regional Development; and Tourism Australia.

Integral to any National Creative Industries and Cultural Policy is a focus on First Nations' arts and culture. An initiative that is gaining traction and wide industry support is the creation of a National Indigenous Arts and Cultural Authority (NIACA) to provide a national voice across all areas of arts and cultural practice. The

[6] Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17*, p. 4
[7] Bureau of Communications and Arts Research (2019), *Creative skills for the future economy*, p. 5

establishment of NIACA should be considered as part of a National Creative Industries and Cultural Policy.

Additionally, a National Creative Industries and Cultural Policy should recognise the important role the national broadcaster, the Australian Broadcasting Corporation (ABC), plays in supporting arts and cultural production, programming and coverage of homegrown cultural and creative activity. The ABC's funding needs to be restored so it can continue its important work and deliver its next five-year plan (due to be released in March 2020).

2. TAX INCENTIVES

Budget request 2:
Extend tax incentives on pre-production costs to live productions to assist Australian producers attract investment in an internationally competitive market. This proposal is cost neutral to government when tax incentives are set between 25%-40%.

It is becoming increasingly challenging for Australian theatrical producers to finance the staging of new live productions due to the high costs of pre-production and difficulties in attracting the required level of investment in an internationally competitive market. As a result, opportunities for developing new ambitious Australian content with Australian-owned intellectual property and job creation are lost.

Within Australia, theatrical producers compete against other industries, notably film and TV, where the Federal Government provides tax incentives that allow screen producers to offset pre-production costs on qualifying expenditure. The Producer Offset provides:

- a 40% producer tax offset for feature film production; and
- a 20% producer tax offset for TV and other projects.

Screen Australia's study from November 2017 found that 91% of screen producers surveyed reported that the introduction of the Producer Offset has provided a range of benefits critical to their business such as:

- significantly increasing the equity stake retained by screen producers to sustain their business and consistently produce content;
- making it easier to raise finance and increasing business revenue;
- providing a measure of security and confidence to attract investors.[8]

Australian theatrical producers also compete for investors in international jurisdictions that offer significant tax incentives (e.g. UK and USA). The UK Theatre Tax Relief (TTR) scheme, in effect since September 2014, entitles live performance production companies in the UK to claim 20% of total qualifying pre-production costs for non-touring productions, and 25% for touring productions. Both commercial and publicly funded (subsidised) productions are eligible and can benefit from the scheme.

Theatrical producers in the UK reported that the TTR scheme has improved their ability to finance new productions, resulting in more investment, employment and innovative risk-taking.[9] It has also helped

[8] Screen Australia (November 2017), *Skin in the Game: The Producer Offset 10 Years On*, p.3-17
[9] Society of London Theatre, Media Release (11 May 2016), Ticket Relief News, accessed online:

maintain a thriving performing arts sector at a time where public funding is under pressure.[10] Almost 8,500 live productions have benefited from the scheme since its introduction, receiving back £208 million of pre-production expenditure, which has been reinvested into developing more new work and supporting more jobs.[11]

Australia's live performance 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. Without internationally competitive tax incentives for our industry, Australian live performance risks being left behind in what is now a highly competitive global industry.

Economic analysis undertaken by Ernst & Young (EY)[12] found that investment incentives would encourage commercial producers and subsidised organisations to produce more work, and therefore increase economic activity. The level of economic activity generated increases as the level of investment incentive increases (see Table 1).

The EY modelling estimates that:

- a 10% tax incentive would support 22 new productions, generating an additional $229.5 million in industry turnover, an additional $100.1 million in industry value add and 863 additional jobs
- a 25% tax incentive would support 347 new productions, generating an additional $760.6 million in industry turnover, an additional $337.2 million in industry value add and 2,906 additional jobs
- a 40% tax incentive would support 555 new productions, generating an additional $1.2 billion in industry turnover, an additional $540.1 million in industry value add and 4,650 additional jobs.

Table 1: Change in economic activity (incremental to base case) resulting from tax incentives

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

While there is a cost to government in providing incentives to producers, these expenses will be recouped through taxes earned on increased economic activity. **The EY economic analysis found that there is a net positive return on investment to government by providing investment incentives on pre-production costs for live productions when tax incentives are set at a level between 25 and 40 per cent** (see Table 2).

< https://uktheatre.org/theatre-industry/news/tax-relief-news/>; The Stage (21 July 2017), Theatre tax relief brings savings to nearly 2,000 shows, accessed online: < https://www.thestage.co.uk/news/2017/theatre-tax-relief-brings-savings-nearly-2000-shows/>.

[10] Arts Professional (27 July 2018), *Theatre tax relief payouts rise by two thirds*, accessed online: <https://www.artsprofessional.co.uk/news/theatre-tax-relief-payouts-rise-two-thirds>

[11] UK HM Revenue and Customs (August 2019), *Creative Industries Statistics, August 2019, Official Statistics on Film, High-End Television, Animation, Video Games, Children's Television, Theatre, Orchestra and Museums & Galleries Exhibition Tax Reliefs*, p.27

[12] Ernst and Young (2016), *Investment support for the live performance industry*, Report for Live Performance Australia

Table 2: Government return on investment

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

Further details on this budget proposal can be found at Appendix A (p. 8). LPA can also provide the detailed business case to support this proposal.

Tax incentives for live productions should be considered as part of a holistic tax package supporting creative work. The UK, for example, offers tax relief for the creatives industries, which covers film, animation, high-end television, children's television, video games, theatre, orchestra, and museums and galleries. Further information can be found at: https://www.gov.uk/guidance/corporation-tax-creative-industry-tax-reliefs.

The UK Government is considering extending tax relief to live music venues. We understand APRA AMCOS's Pre-Budget submission requests tax incentives for live music venues and LPA supports this proposal as part of a targeted live performance tax package.

3. AUSTRALIA COUNCIL

Budget request 3:
Provide an additional $100 million over 4 years to the Australia Council, specifically to support the performing arts

The Australia Council is the principal agency through which the Federal Government funds and supports arts and cultural activity in Australia. In recent years, funding to the Australia Council has been significantly reduced, and therefore limiting its capacity to support creativity and sector development.

The Australia Council will announce in early April 2020 the recipients of its four-year funding program. It is anticipated 30-40 companies that currently receive multi-year funding will not be successful in receiving funding for 2021-24. It is not that these organisations are undeserving of funding, but rather the number of recipients is constrained by the lack of funding. The repercussions of this are significant and include loss of industry capability and jobs; compromised community arts access; and reduced diversity of Australian works.

Organisations that receive multi-year funding benefit from having funding security. It enables them to take artistic risks, fully engage with their communities and leverage additional funding which ensures their continued success and sustainability. With increased investment, there is an opportunity to extend these outcomes to additional organisations, and the communities they serve.

LPA seeks an additional $100 million (or $25 million per annum over four years) to the Australia Council to unlock Australia's creative and cultural potential. Specifically:

- $16 million per annum to invest in existing under-funded programs, including the Four-Year Funding for Organisations Program, the National Performing Arts Partnership Framework and project grants. In the latest Australia Council project grants round, only 15% (186) of applications were successful. [13]
- $5 million per annum to establish a seed fund for new Australian works of scale (see Budget request 4 for further detail)
- $4 million per annum to invest in strategic initiatives, such as programs to:
    - reach and engage new and diverse audiences
    - strengthen and embed First Nations arts and culture
    - promote cultural and linguistic diversity in Australian works
    - strengthen cross-sector collaboration
    - support the digital mobility of Australian works
    - equip future arts leaders with the skills and acumen they need to respond to new and emerging opportunities and challenges
    - showcase Australian works nationally and internationally.

4. SEED FUNDING FOR AUSTRALIAN WORKS OF SCALE

Budget request 4:
Establish a major seed fund for original Australian works of scale.

Australia has the opportunity to create and exploit intellectual property derived from original work. However, creating original work is risky and requires significant upfront capital to bring an idea to life. Few original works of scale are produced in Australia due to high development costs associated with 'proving the concept' and 'pre-production'. Creative teams will firstly develop an idea into a script and then conduct a series of workshops to prove the concept. If the idea passes the proof of concept stage, it continues to be developed in a pre-production phase. It is then typically tested with audiences and revised based on test audience feedback before the final product is presented. This entire process typically takes several years of high-cost development, which presents a disincentive for investors due to the significant delay in receiving a return on investments.

There are a variety of benefits resulting from the creation of original Australian work. It attracts increased private and foreign investment in the sector. The flow-on economic benefits in related industries, such as hospitality and tourism, are significant. For Australian creatives and professionals, it offers opportunities to work on new productions that significantly enhance their skills and career prospects. New original works result in Australian-owned creative intellectual property. This provides opportunities for new works to be licensed overseas, resulting in royalties flowing back to Australian copyright owners and investors, including the Federal Government if they were to retain an equity stake.

LPA is aware of several major Australian theatrical producers that have chosen to produce new work in overseas territories, particularly the UK and the USA, due to the more competitive financing incentives

[13] Australia Council for the Arts (13 May 2019), *Health and wellbeing feature strongly in latest Australia Council grants*, accessed online: < https://www.australiacouncil.gov.au/news/media-centre/media-releases/health-and-wellbeing-feature-strongly-in-latest-australia-council-grants/>

those jurisdictions provide. As a result, intellectual property royalties and new jobs generated by the successful works by Australian creatives are being created overseas.

For example, Australian production company Global Creatures adapted the original screenplay of *Moulin Rouge* into a major musical theatre production. Despite being produced by an Australian production company and created by Australian Baz Luhrmann, the production was developed and ran its premiere pre-Broadway season in Boston, Massachusetts. This was because tax incentives for live theatre were provided by the US Federal Government, and the US State of Massachusetts also provided a 25% tax credit for local production costs. Further information about *Moulin Rouge! The Musical* and other case studies supporting the rationale for seed funding are detailed in Appendix B (p. 10).

To avoid more lost opportunities for Australian-owned work, the Federal Government should implement an initiative to support the creation of new work in Australia. $20 million (or $5 million per annum over four years) for a seed fund to support the creation of more original 'works of scale' by Australians could give priority to those works that:

- have potential for domestic and international IP or licensing exploitation;
- create employment for Australian creatives, performers and technicians;
- have potential to increase tourism; and
- demonstrate market demand.

Access to the seed fund would be open to not-for-profit and commercial companies. Criteria for seed investment in works of scale could include, for example: venue size (600-2000); cast, creative and technicians (minimum of 12 employees); and matched funding.

5. REGIONAL ACCESS AND ENGAGEMENT

Budget request 5:
Provide an additional $20 million over four years to support creative opportunities in regional Australia.

Australians living in regional areas deserve access to quality live productions. This could be achieved by building and strengthening capability within regional communities and arts-based organisations. There is also an opportunity to explore how digital channels and capability could be better utilised and exploited to engage and reach regional audiences.

Greater access could also be achieved by supporting touring. Unfortunately, Australia's geographical size and the costs associated with touring (e.g. accommodation, transport, freight, allowances) are barriers to bringing more live productions to regional areas. As a result, there are many missed employment opportunities for performers, technicians and crew members in regional Australia, as well as limited opportunities for regional audience engagement with a diverse range of touring product.

LPA seeks an additional $20 million (or $5 million per annum over four years) to strengthen regional access, develop regional audiences' engagement and increase the scope and funding directed into regional arts initiatives.

Investment in regional access and engagement must be considered in the context of the National Touring Scan (the Scan), which is currently being undertaken by the Australia Council. The objective of the Scan is to develop a clear understanding of the current touring environment including locations, costs, type and diversity of activity. The Scan will include a high-level analysis of structural gaps and opportunities for investment to build the sustainability of performing arts companies and enhance regional engagement with the arts.

6. ADJUST THE CONSUMER PRICE INDEX AND REMOVE EFFICIENCY DIVIDEND

Budget request 6:
Adjust arts funding annually by CPI and remove the efficiency dividend on arts program funding.

The performing arts industry has suffered a great deal of instability and uncertainty over recent years, due to lack of new investment in the sector, cuts to arts funding and actions such as the significant $105 million reduction of the Australia Council's funding. Continued cuts to arts funding are unsustainable and will jeopardise the economic and social benefits derived from a thriving and innovative arts industry.

Measures that would assist restabilisation include fully adjusting arts funding and programs in line with the consumer price index (CPI) and removing the efficiency dividend on arts program funding.

ABOUT LPA

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

LPA has a clear mandate to advocate for and support policy decisions that benefit the sustainability and growth of the live performance industry in Australia.

INVESTMENT SUPPORT FOR THE LIVE PERFORMANCE INDUSTRY: Tax incentive proposal

Rationale

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

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

Benefits of investment incentives

Stimulating investment in new live productions

= Stimulates direct and indirect economic activity

= Licensing and export opportunities

= Provides employment and skills development opportunities

= Improves producers' equity share and builds sustainable businesses

= Contributes to cultural vibrancy

= Improves social cohesion and wellbeing through community participation and attendance

Economic impact of investment incentives

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

↑ up to 73% Number of new productions

↑ up to 54% Additional industry output

↑ up to 53% Additional industry value add

↑ up to 59% Additional employment

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

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

Government return on investment – cost neutral

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

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

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

LIVE PERFORMANCE AUSTRALIA

Live Performance Australia (LPA) is the peak body for Australia's live performance industry. LPA represents commercial and independent producers, music promoters, major performing arts companies, small to medium companies, venues (performing arts centres, commercial theatres, stadiums and arenas), festivals, and service providers such as ticketing companies and technical suppliers.

Economic analysis on the impact of investment incentives was undertaken by Ernst & Young (EY) for LPA.

Tax incentive schemes

UK Theatre Tax Relief

20% Tax relief for non-touring productions

25% Tax relief for touring productions

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

USA Tax Relief for live theatrical productions

100% Federal deduction for investment

20 – 35% State based tax relief

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

Film and TV Producer Offset

40% Tax relief for feature films

20% Tax relief for non-feature films (TV, mini-series, documentaries)

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

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

CASE STUDIES: SEED FUNDING FOR AUSTRALIAN WORKS OF SCALE

Example 1: Missed Opportunities

An Australian production in Boston - *Moulin Rouge! The Musical*

Australian production company Global Creatures adapted the original screenplay of *Moulin Rouge* into a major musical theatre production. Despite being produced by an Australian production company and created by Australian Baz Luhrmann, the production was developed and ran its premiere pre-Broadway season in Boston, Massachusetts. Tax incentives for live theatre were provided by the US Federal Government, and the US State of Massachusetts also provides a 25% tax credit for local production costs for major theatrical productions staged in Boston before heading to Broadway in New York.

The city of Greater Boston, similar in size and production capability to Melbourne, has been able to capitalise on the benefits of hosting the production of *Moulin Rouge! The Musical*. This included the creation of jobs and economic activity that feasibly could have occurred in Australia if competitive incentives were offered, such as seed funding for new and original work.

Example 2: Original Australian Stage Successes

The Secret River

The Secret River is a landmark original Australian theatre production. In 2012, Sydney Theatre Company commissioned Andrew Bovell to adapt Kate Grenville's novel for the stage, welcomed Neil Armfield as director and employed one of the largest casts in the Theatre's history. *The Secret River* was produced with the assistance of the Australian Government's Major Festivals Initiative, managed by the Australia Council.

The Secret River debuted at Sydney Theatre Company in 2013, followed by a tour to Canberra and Perth. At the 2013 Helpmann Awards, *The Secret River* won six awards, including Best New Australian Work, Best Play and Best Direction of a Play. In 2016 *The Secret River* made a return season at the Sydney Theatre Company, followed by a tour to Brisbane and Melbourne and dates at the 2017 Adelaide Festival. In August 2019 *The Secret River* opened to critical acclaim at the National Theatre in London, after performing as part of the Edinburgh International Festival.

Example 3: Original Australian Stage Successes

Dirty Dancing – The Classic Story on Stage

Dirty Dancing – The Classic Story on Stage is one of the most successful original Australian produced musicals. Since it was first performed at the Theatre Royal (Sydney) on 18 November 2004, the musical has been licensed and toured across several countries including the UK, USA, Canada and many countries throughout Europe. It has been estimated in mid-2010 that the global rights to *Dirty Dancing – The Classic Story on Stage* were valued at approximately $12.2 million. The production's five-year season in London's West End grossed $500 million, with the original producer estimating its potential worldwide gross revenue to be approaching $2 billion.

Fifteen years later the musical is still being successfully licensed and performed overseas, with a multicity tour of the USA completed in 2015, and a 2016-17 tour of the UK. In 2014-15 *Dirty Dancing – The Classic Story on Stage* was toured Australia-wide by producer John Frost, including seasons in Sydney, Melbourne, Brisbane, Perth and Adelaide.