



Not-for-profit entities are a vital part of the community's experience, growth and inclusiveness. While the focus of many NFPs is to protect and support the vulnerable, some exist to nourish the community in other ways—through sport and recreation, through conservation of the local environment and heritage, through religion, through multicultural activities, and, importantly, through arts and culture.

The creative sector and related jobs are in a growth phase. The role of the Major performing arts companies (MPAs) as not-for-profit organisations is to reinvest the earnings from box office, government subsidy and private sector support to deliver the following:

- presenting work of a high artistic quality
- fostering a vibrant and sustainable cultural sector, including building the sector's economic and artistic potential through collaborations with small to medium performing arts companies on the development and/or presentation of works
- demonstrating a leadership role in the development of performing arts encompassing the development of artists, and creating professional development opportunities for young and emerging artists, artists in multicultural communities, Indigenous artists and artists with disabilities
- demonstrating a leadership role in the development of audiences including young and disadvantaged audiences, multicultural audiences and more equal access for people with a disability
- demonstrating a commitment to engaging with audiences in regional communities;
- being governed by a responsible board that plans future activities in accordance with best practice governance guidelines and with respect to the company's financial capacity
- demonstrating strong financial management which includes a mix of sustainable and adequate reserves, working capital and operating margin.

In addition it is the responsibility of each MPA to:

- make ongoing improvements to its business which strengthen sustainability and reduce reliance on government subsidy over time including through productivity gains and establishing a broad income base comprising strong box office, sponsorship and philanthropy
- achieve earned (non-grant) income of at least **\$1.6 million** adjusted annually for CPI.

There will always be a role for subsidy; however, a vibrant arts company is strongest where diversity of support exists.

But the environment in which it operates is critical to its strength and sustainability. AMPAG represents its members in their partnership with

government to improve that environment—by reducing red tape, stimulating new areas of support, and identifying ways to maximise the public value that these businesses deliver.

AMPAG supports the terms of reference outlined in this National Commission of Audit to:

- ensure that taxpayers are receiving optimum value from each dollar spent
- eliminate wasteful spending
- identify areas of unnecessary duplication between the activities of the Commonwealth and other levels of government
- identify areas or programs where Commonwealth involvement is inappropriate, no longer needed, or blurs lines of accountability
- improve the overall efficiency and effectiveness with which government services and policy advice are delivered.

### **AMPAG: Who we are**

AMPAG is the umbrella association of 28 not-for-profit major performing arts companies (see Appendix A) from around Australia. The MPAs total income in 2012 of \$459million comprised a mix of box office, private giving and government subsidy.

The companies present theatre, dance, ballet, circus, opera, orchestral and chamber music performances around Australia and overseas, as well as educational and access programs.

AMPAG contends that the NFP major performing arts sector is well ahead of the game in terms of governance and accountability arrangements. Such arrangements have been in place for 10 years—ever since the Major Performing Arts Inquiry (Nugent Report)—and are more advanced than some commercial and government organisations.

In 2012 (\*) the major performing arts companies directly employed about 8400 people—full-time, part-time, seasonal and casual, which is equivalent to more than 2600 full-time positions. This represents over 60 per cent of the total Australian performing arts workforce (13 834).

The companies' impact on jobs is multiplied when taking into account the number of people working in the wider music and performing arts, which these companies support.

In 2012 the Australian Government provided the companies with almost \$96 million in base funding: the major performing arts companies then went on to generate over \$306 million in earned income, and a further \$65 million in private sector income (donations, sponsorships etc.). Companies use this additional income for core programming, employment, education and community outreach.

About 3.6 million Australians attended performances, school activities or workshops by an MPA company in 2012 with a further 8 million people listened or watched a radio broadcast, TV or cinema screening of performances by MPA companies.

Over a quarter of a million people engage directly with the MPAs through social media pathways. The companies are major producers of new works, creating 108 new Australian works in a single year with a further 54 overseas works presented by the MPAs for the first time. In 2012 there were a total of 5900 performances and 6000 schools performances by MPAs.

AMPAG is also a member of the Community Council of Australia (CCA) and strongly supports the need for the NCA to push for real reform in the ongoing engagement between not-for-profit organisations and Commonwealth agencies, especially in areas of regulatory duplication and reporting. AMPAG also supports CCA's statement that 'The level of counter-productive compliance activity has a negative impact on not-for-profit organisations, governments and the broader community'.

This paper speaks to issues specifically impacting on the MPAs and not for profit performing arts companies more broadly.

*(\*) Snapshot of MPA company key trends from 2012 data released July 2013*

## **NCA Scope**

The terms of reference notes that the Commission is asked to assess the current split of roles and responsibilities between and within the Commonwealth government and State and Territory governments, including areas of duplication.

In relation to activities performed by the Commonwealth, the Commission is asked to identify:

- whether there remains a compelling case for the activity to continue to be undertaken; and
- if so, whether there is a strong case for continued direct involvement of government, or whether the activity could be undertaken more efficiently by the private sector, the not-for-profit sector, the States, or local government.

A significant level of Australian Government financial support for the performing arts is directed to base funding for the MPAs, all of which are charities.

The funding model, introduced under the Howard government (on the recommendation of the Nugent Report) to support the MPAs on an ongoing basis, has provided greater stability and opportunity for long-term planning than the previous boom and bust cyclical reactionary funding approach. This in itself brings greater efficiency of operation.

AMPAG believes that, in addition to their core business, the MPAs have been very successful in delivering part-contracted government programs—for example, wide ranging education programs and specialist programs for disadvantaged members of the community.

Many members of the public and also government officials are surprised to learn that national institutions such as the Australian Ballet or Opera Australia are not

owned and run by government (unlike, for example, the National Gallery of Australia or the Museum of Victoria).

In the debate preceding the formation of the ACNC, AMPAG welcomed the intention to reduce duplication and multiple reporting requirements with the proviso that there would be no increase in compliance costs to performing arts organisations—whether financial, or in terms of staff, time and other resources. These efficiencies would benefit the charities and their ability to deliver on their core purpose.

### **Red tape**

AMPAG supports efforts to streamline and simplify governance for the NFPs, as long as it:

- places minimal costs on NFPs to allow better direction of their resources to philanthropic objectives
- removes current regulatory duplication—especially if that includes duplication across jurisdictions
- streamlines requirements, including reporting, to provide consistency and minimise compliance costs
- provides NFP entities with certainty about their rights and responsibilities
- is proportional to the size and complexity of NFP entities, and to the public monies and risks associated with NFP entities.

Major performing arts companies in the arts sector are at the forefront among not-for-profit organisations in implementing robust governance arrangements. Such arrangements have been in place for 10 years—ever since the Major Performing Arts Inquiry and the subsequent Nugent Report. All the major performing arts organisations who receive funding through the Australia Council must comply with its eight principles of governance, which are adapted from the ASX's *Corporate Governance Principles and Recommendations with 2010 Amendments*. These are:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision making
4. Promote diversity
5. Safeguard integrity in financial reporting
6. Recognise the legitimate interests of stakeholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

These provide a comprehensive framework for arts organisations to respond to in devising their constitutions, rules, procedures and reporting.

### ***How the Major performing arts organisations report***

We consider the current levels of governance and financial reporting required of performing arts companies to be excessive.

As companies limited by guarantee, they are required to comply with corporation law and Australian Tax Office requirements and produce audited annual financial statements.

They are also required to report to the Australian Government, through the Australia Council—when they submit funding acquittals they acquit against the seven governance principles. They must also supply a business plan. Generally, they are party to tripartite agreements with both federal and state governments. Two companies—Opera Australia and the Australian Ballet—have four-way agreements which include two state government departments, requiring separate, and often different, reporting.

They are required to report against charities legislation in the state government where they are based. These reporting regimes are inconsistent across states. For example, in New South Wales, the definition of charitable fundraising under the Act includes ticket sales to performances.

Some national companies, if they fundraise in more than one state, must report on these activities in each jurisdiction, further complicating their reporting obligations. For example, Musica Viva reports not only to its arts funding bodies, but also to several state education departments.

And as reporting to government authorities and other bodies has increased over the years, the burden on companies has escalated—yet, government subsidy as a proportion of total income has reduced. Not-for-profit performing arts companies provide a multitude of information to funders—financial reports and fundraising reports, risk assessments, OHS plans, artistic vibrancy plans, marketing plans, business plans, strategic plans, directors reports etc. As well, quarterly online data is requested on various aspects of a company's business, through Standard Business Reporting (SBR) implementation.

For example, one NSW-based company advised that the *regular* reporting it is required to do comprises:

- Australia Council and Arts NSW—business plans, funding acquittals, online quarterly data input, other periodic reporting, changes in Board and senior staff
- Register of Cultural Organisations (ROCO)—half yearly return on all donations received (either from individuals or corporate donors)
- Australian Bureau of Statistics—quarterly return
- Australian Taxation Office—quarterly BAS, annual FBT return, withholding tax declarations
- Charities NSW—specific annual report information
- ASIC—AGM, changes in Board Directors etc.
- Workers Compensation—salary information on staff (which is already provided to ATO).

Of particular concern is the reporting requirements attached to funding (and the need to provide multiple reports to different layers of government), which can create an unreasonable administrative load. Whole days that could possibly be better spent on sourcing other income streams are often taken up with preparing reports, potentially contributing to a vicious cycle of funding dependence.

Some smaller performing arts companies (not AMPAG members) engage 'arts consultants' to prepare applications, acquittals and business plans as per government requirements as they find it difficult to understand the language used and sometimes fail to obtain funding because of how applications are structured, rather than the quality of the work produced. Reporting to government is not the core business of performing arts companies—it is simply a necessary requirement for them to continue delivering live performances, and other core business. Any reform that reduces the resources required to maintain adequate reporting—thereby enabling resources to be allocated where they are needed most—would be most welcome.

- AMPAG believes there is a need to recognise the high level of government reporting and transparency that already characterises the governance regime of the MPAs and that any new legislation to increase reporting requirements or to restrict charities' operations should be tested against the current reporting requirements. In addition, MPAs should be excluded from further regulation if added reporting has no tangible public benefit.

## **Tax concessions for 'in Australia' activities**

AMPAG has made several submissions in the last two years on the increased compliance and confusion that is likely to result if the 'In Australia Special conditions' legislation in its various drafts, including the most recent lapsed draft, was to be passed.

AMPAG does not believe its members are the cause or target of this legislation. However, without a full exclusion of all MPAs, this legislation would unnecessarily complicate the governing environment for the MPAs.

We understand that the intent of the legislation was not to negatively affect our companies' ability to raise donations to support the very valuable cultural work they undertake overseas.

The benefit of this work both extends the skills and expertise of our artists and creatives, and develops Australia's international cultural engagement and standing. It is vital that companies can raise DGR funds to underpin these activities without fear of transgressing the law.

All AMPAG companies are developing international performing arts strategies and partnerships, some in the form of co-productions and others in the form of international touring. For example:

- the Queensland Theatre Company is developing a five-year Asian strategy

- Bangarra has had successful seasons in Europe and performed with The Australian Ballet in New York in 2012, subsequently touring to South and North America in 2012 and 2013
- Circus Oz is continuing to work toward building a sustainable international touring circuit with successful tours run in the US in both 2012 and 2013.

Funding international tours is complex and the challenge is intensified by Australia's high dollar value. Circus Oz will be seeking to support its next international tours by raising donations that are eligible for DGR status.

The lapsed legislation did include Sydney Dance Company and the Australian Chamber Orchestra in Schedule 3, formally recognising the important and legitimate benefits arts companies working overseas bring to Australia and Australians.

That it exempted certain MPAs (a welcome improvement for those companies exempt) raised doubts among other companies about how donors might perceive the DGR eligibility of their own international engagement fundraising initiatives.

If the legislation is to be carried forward by the Coalition, AMPAG strongly recommends excluding all 28 MPA companies and any other future companies that might be deemed by the Australian Government to be Majors or the equivalent.

Improved outcomes and increased value from government expenditure in the performing arts cannot be achieved if simultaneously the governing environment is complicated by additional legislative restrictions. If the legislation lapsed legislation was to pass, companies, simply to retain status quo with current donors, will need to complete a due diligence to assure donors that such rules will not negatively impact their DGR calculations.

- Creating an additional legislative instrument without sending a clear message that MPA companies are exempt will unsettle philanthropic confidence in MPA initiatives involving overseas activity.
- It will create additional governance and compliance costs for MPA companies who will need to provide due diligence on any activity involving overseas activities to determine their DGR eligibility. The legislation if introduced in its current form would create unnecessary duplication between the activities of the Commonwealth and the monitoring and reporting requirements already in place with the Australia Council.

### **Income tax for unrelated business income of charities**

Treasury has also been working on draft legislation following a consultation paper in July 2011, to which the Australia Council and AMPAG made submissions. Its intention was to make charities pay income tax on profits from their unrelated commercial activities that are not directed back to their altruistic purpose. Charities would also lose their tax concessions on these commercial activities. It was proposed that small-scale and low-risk unrelated commercial activities below \$250,000 would not be affected by the reforms.

Arts organisations have expressed concern about how this proposal would affect their operations. It should be argued that the profits from aligned or complementary commercial activities that are used or intended for use to the benefit of the company's core charitable purpose should not be taxed. Government should not engage in splitting the proceeds into taxable and non-taxable core or non-core income for legitimate charities.

### **Charity fundraising and state licences**

The major performing arts companies depend upon the support of philanthropists to undertake new initiatives and additional targeted activities that base funding alone cannot sustain.

For the past 12 years AMPAG has conducted a survey of its members on sponsorship and donations. Fundraising represents around 14–15 per cent of the 28 companies' incomes and on average has grown year on year well ahead of CPI although 2012 was a relatively static year following very strong results from 2011. Therefore any efficiencies government could implement to make it easier for companies to raise funds (and spend less time on reporting) would be welcomed.

AMPAG believes that there is potential for streamlining of charities administration if a national approach were brokered. Dealing with a number of state/territory charities administrations, as many of our members do, is time consuming and complex.

Four of the six national companies are based in Sydney but all tour the country and often develop work from other city bases. They are all registered charities and donations are eligible for DGR. However, they are required to register for charity fundraising licences with individual states. States such as South Australia and Queensland now recognise the charitable status of companies already issued with a NSW licence. This common sense approach has improved processes and efficiencies for fundraising licences in those states. Victoria has a very different approach that has proved impenetrable for non-Victoria based companies. There are separate rules and requirements that have so far been an effective barrier for national Major performing arts companies. Harmonisation of this process would the lessen costs and red-tape frustration associated with fundraising activities for the companies.

AMPAG recommends that the federal process of granting companies' charitable status should also include a facilitated process by which companies can apply for state licences to fundraise in specified states at the same time.

- There is unnecessary duplication between state and federal processes to obtain fundraising licences as well as significant inefficiencies that affect both government expenditure and the effective use of charities' time and expertise in trying to navigate a very messy, complicated and often impenetrable process.

## **Government has a lead role in contributing to the development of Australia's philanthropic activity**

AMPAG welcomed the recommendations that emanated from the Mitchell enquiry. This included the establishment of Creative Partnerships Australia with modest funds to consider ways in which matched funds, crowdfunding and micro financing might stimulate philanthropic participation supporting Australian arts and creative industries sector. Harold Mitchell recommended a \$20 million matching fund. Members report that matched funding schemes introduced at state level, as well as philanthropists who stimulated company support through a matched funding offer, generated unprecedented levels of new support. They found that once the relationship was established, it was easier to develop new areas of conversations and extend interest into additional areas of philanthropic need.

- The Australian Government has a critical role in stimulating philanthropic support. This should not replace current government funding for the performing arts, but enable new initiatives and a deeper, richer artistic and cultural environment that cannot be funded by government and ticket sales alone.

## **Consistency in government treatment to leverage subsidy**

For some years AMPAG has been raising issues about the illogical application of GST on two areas which affect NFP performing arts companies:

There are anomalies in the way in which the calculation of the costs of non-commercial sales—for example, tickets to performances—is made for an activity to be treated as GST-free. Specifically this relates to subsection 38-250(2)(b)(ii) of *A New Tax System (Goods and Services Tax) Act 1999* which provides that supplies by a charitable institution, a trustee of a charitable fund, a gift deductible entity or a government school will be GST-free if the consideration received for the supply is less than 75 per cent of the cost to the supplier of acquiring the thing supplied.

In practice, this means the ATO has ruled that if the price charged for a ticket is less than 75 per cent of the cost of providing the ticket the supply will be GST-free. If the price charged is 75 per cent or more than the cost of providing the ticket, the supply will be subject to GST.

At present many companies keep the price of their tickets to performances at lower thresholds to fit within the 75 per cent rule due to the complexity of administering a double system. This is despite the fact that if the calculation were made on total season supply, the revenue from box office is well below 75 per cent of total costs across all the MPA companies. Ticket prices are set in a way to balance the need to generate income with the cultural and civic benefit of maximising access.

To comply with the legislation the ATO has created a methodology for calculating the cost of supplying tickets, which requires the major performing arts companies to estimate the *likely* audience size of an individual show. They then divide the cost

of the show by the likely number of seats sold (total costs divided by number of shows) and calculate the per-seat cost. They then charge GST on those tickets valued at above 75 per cent of the per seat cost. Yet in a single show the average ticket price will rarely if ever rise above the 75 per cent threshold. The ATO methodology is a convoluted calculation that in effect has GST revenue collected against a show where supply has been made at a non-commercial rate in so far as total revenue gained through box office is significantly below 75 per cent of total cost. The calculation is an arbitrary methodology that exposes its artifice when we step back to consider the overall percentage of revenue raised by companies through the box office.

This has created a major headache for performing arts companies in pricing their tickets and dealing with ATO compliance. Major performing arts companies' revenue is made up of state and federal funds, philanthropy and corporate sponsorship, and box office. The analysis of income over the last 10 years clearly demonstrates that ticket sales do not cover anywhere near 75 per cent of the cost of the overall output of the company. On average ticket sales cover around 40–50 per cent of a company's total show costs.

AMPAG supports charitable institutions being able to make GST-free supplies when the activity is 'non-commercial'. A measure that would better reflect this policy would be if the total price that is obtained for a class of supplies 'is less than 75 per cent, or is reasonably likely to be less than 75 per cent of the total costs incurred by the supplier' in making those supplies.

Subparagraph 38-250(2)(b)(ii) of the GST law has created unreasonable and unnecessary compliance costs and distorts the GST treatment of similar goods and services.

Not only is the GST rule cumbersome and arbitrary, it is also having a negative impact on company behaviour. The calculated GST thresholds operate as a default company subscription threshold and there is a disincentive to try to lift ticket sales incrementally above the calculated threshold.

Companies that are keen to build audience willingness to accept slightly higher ticket prices hit a market price increase barrier or sensitivity when trying to traverse the calculated GST threshold. For example, if a show's calculated GST threshold is \$75 a ticket then a company charging anywhere between \$75 and \$82.50 earns no additional income on the higher priced tickets. On a micro level the policy distorts companies' pricing and leads to conservative pricing to comply. On the macro level GST is being collected on an activity that does not cover anywhere near 75 per cent of its costs.

AMPAG recommends the introduction of a new approach to calculate GST applicability based on total costs of supply and box office revenue from the season in its entirety.

This will reduce red tape, remove barriers to raising greater revenue from the private sector and have minimal impact on the overall GST revenue. Any such

impact will be offset by the greater stability and development of audiences and audience-based revenue by the MPAs.

The **Hon. Peter Dutton** announced coalition government agreement to address the GST on tickets issue in **August 2007**—however, the election process interrupted this reform.

- The current ruling in effect involves the Commonwealth in collection of GST on an activity that is a non-commercial supply of services.
- The process also creates additional compliance costs which reduce the overall efficiency of the companies and the government subsidies provided to them.

### **Consistency in government treatment to charitable donations**

Anomalies exist in the treatment of donations at charitable fund raising events and charity auctions whereby the 'gifts' are treated quite differently under the GST legislation compared with income tax law, in that charitable organisations must remit a proportion of the full 'gift' to the ATO, not the market value.

AMPAG recommends an amendment to the GST laws to ensure that amounts eligible for income tax deductions as gifts will also be treated as gifts under GST law and not subject to GST. This in effect means removing GST on amounts paid by patrons and customers that exceed the market value of the supply, as in the case of event fundraising activities.

Amendments to the income tax law in 2004 made it possible for part of a contribution to a fundraising event or a charity auction to be tax deductible. However, as no similar amendment was made to the GST Act, it means the contribution as a gift for income tax purposes is fully taxable under the GST Act.

The differing tax treatment of the same contribution as both a gift and a price paid for goods or services creates a level of disengagement between the giver and the organisation, when on completing the transaction donors realise their generosity is, in effect, taxed. While the full amount is eligible for DGR the organisation must pay GST on the amount. The charity pays.

The Tasmania Symphony Orchestra runs an annual fundraising dinner and charity auction. It is a pivotal activity that helps attract private support for the orchestra in a state where capacity to develop philanthropy and corporate giving is limited by the size of its economy. To charge GST on the efforts of volunteers and staff to generate financial returns for the NFP activities both erodes the value of the donation received by the organisation and sends the wrong government message to donors—that is, that government taxes an act of charity.

We note that AMPAG's proposal for an amendment to the GST law to address this issue and other respects was agreed to by the previous Coalition government on **14 October 2007**.

- This inconsistency reduces the value of the taxpayer's donation and therefore reduces the value-for-money of each dollar donated.

### **Tripartite base funding**

The term 'major' for major performing arts companies came from the Nugent review, *Securing the Future*, conducted under the Howard Government. In 1999 the Nugent report described how the companies contribute, both directly and indirectly, to the Australian economy, through *the income earned, the people employed and the multiplier effect*.

The aim of this review was to consider what was necessary to establish greater stability and certainty for the companies' ongoing operations and related supply of creative services from these state and national flagship performing arts companies.

A key recommendation from the review that was adopted and has proved its effectiveness was the establishment of tripartite base funding agreements between the Australian Government, state governments and the individual companies.

These joint approaches have successfully reduced the uncertainty of operations, strengthened a bipartisan approach and maintained a consistency of support that might not have been there if state and federal base support were not intertwined. AMPAG noted a recent reduction in support from NSW and Victoria including a suspension of indexation. This has occurred since the most recent MPA funding agreement, settled in 2011, has allowed great flexibility on base funding indexation commitments. This retrograde behaviour ironically demonstrates the strength of the original MPA funding model which did not allow for discretionary cuts, and where one cultural policy strengthened the other.

The Nugent report recognised the special nature of the Majors and their need for certainty of core funding. Overall the MPA companies have achieved financial stability, developed new audiences, improved artistic vibrancy, collaborated and mentored smaller organisations, and developed substantial additional private funding support. Implementing the Nugent report has delivered better leveraging of each dollar invested by government than the previous unstable funding environment.

The Majors all have a governing board and currently submit quarterly financial reports to the Australia Council and report annually on their entire operation including performance against agreed KPIs. The companies are audited and produce annual reports. A centralised reporting and monitoring process is preferred to one that is devolved to various state jurisdictions.

The MPAs rely upon the cooperation of state and federal agencies for ongoing sustainability and recognise that effective leveraging of federal funding depends

on the cultural policy settings of the state. Therefore, AMPAG supports retention of Cultural Ministers' commitment to regular meetings to pursue bipartisan support for the arts and to ensure different jurisdictions' policy settings are not counterproductive.

MPAs are deemed to provide the sector with soft infrastructure, creative capacity and performing excellence as well as the creation of employment for performers of noted artistic mastery. This soft infrastructure can be strengthened or leveraged by coordinated development of cultural policies across jurisdictions. These could include state and local government approaches to the management of venues, and state cultural policies that might inadvertently support competitive rather than complementary programming.

- AMPAG strongly supports maintaining the MPA tripartite funding agreement and notes the Commonwealth's leadership role in strengthening this cooperation.
- AMPAG supports coordination and cooperation of cultural policy settings across government jurisdictions through the COAG and the Cultural Ministers' meetings.

### **Cultural Gifts Program**

AMPAG supports the recommendations of the Mitchell enquiry, *Building Support: Report of the Review of Private Sector Support for the Arts in Australia*, for government to play a greater facilitation role to streamline and simplify the Cultural Gifts Program. The review recommends:

- a. Reduce red tape and timeframes for the Cultural Gifts Program by improving all aspects of the process, including the processing of applications, reducing the role of the committee and requiring applicants to obtain one valuation only.
- b. Transfer responsibility for the Cultural Gifts Program to the Australian Taxation Office, with the Australian Valuation Office (a business line of the ATO) appointed as the primary valuer for the program and the Office for the Arts maintaining an advisory role.

These improvements could be achieved by updating the program's guidelines and application forms, digitising and streamlining the processing of applications in line with the Philanthropy Program (run through the Australian Valuation Office) and by introducing formal processing timeframes.

The Cultural Gifts Program should be amended to include performing arts organisations as 'public collections' in order for them to be able to receive donations of culturally significant items, such as musical instruments.

## **Cultural diplomacy**

There are significant opportunities to deepen our international cultural diplomatic engagement including business-to-business and people-to-people links with arts and culture.

DFAT has a key role in developing a strategic long-term plan for our international cultural engagement. Piggybacking on companies already independently touring, to build diplomatic and business events, is an opportunity that can be productively leveraged, but it should not replace a more considered strategic approach.

DFAT runs various Foundations and Councils to promote relationships with Asian countries, including China, Korea, Japan, Malaysia, Indonesia, Thailand and India, but their role and strategic outlook are not broadly understood in the arts sector.

Other government agencies (particularly the Australia Council and Austrade) have a critical role in developing the capacity of performing arts companies to tour internationally. But their different objectives could be better achieved through greater coordination across agencies and the sector, to increase knowledge sharing and maximise the leveraging of scarce resources.

AMPAG also believes it is important that the government's priority countries are underpinned by the allocation of adequate resources to support performing arts involvement. The major performing arts companies have secured a reputation for Australia as an artistic innovator of the highest calibre. Greater support will enable Australia's cultural diplomacy to take a stronger and more effective role in simultaneously advancing our cultural, social, diplomatic and economic interests internationally.

Our performing arts companies are very efficient and carry little or no excess capacity. International cultural activities take time and resources, occupying the focus of senior management. However, as the company builds local industry knowledge over time, the draw on resources diminishes. A long-term strategy with adequate support attached to it builds underlying capacity to support sustained international engagement. Performing arts companies then have the potential to maintain networks and relationships that can be later leveraged with greater ease.

A single visit to a foreign city can create a sense of occasion and opportunity; however, this approach, where market and collegial relationships are yet to be established, bears the highest financial risk to performing arts companies.

Several of our companies are developing strategies that focus on a particular country, for example Sydney Symphony's China focus, the Australia Chamber Orchestra's annual tour to Japan, and Circus Oz's regular touring to the USA. Strategies such as these will deepen the artistic engagement and build foreign audiences while broadening awareness of Australia and Australians' creativity and artistic excellence internationally.

- The role and value of cultural diplomacy compared with our 'sister' countries is poorly resourced and will benefit from top down commitment and drive. AMPAG supports the reestablishment of the **International Cultural Council** if it is provided with sufficient resources and capacity to develop real drive and strategic directions for Australian cultural diplomacy in a way that strengthens our cultural arts capacity.

## Education

The Major performing arts companies make a significant contribution to the education of Australian school children in performing arts. Almost all MPA companies employ an education manager and the MPA education network has contributed significantly to the development of the national curriculum for the arts. AMPAG welcomed this national approach as it is the most efficient and effective way to maximise quality input, drawing on leading practitioners from across the country rather than isolating conversations within individual state and territory jurisdictions.

- AMPAG supports retaining the national arts curriculum framework and a consultation process that draws input from the best practitioners from across the country.

## The NFP sector

In addition, as a member of the Community Council of Australia (CCA), we support the submission it has made to this inquiry, appreciating the fact that the CCA looks at the big picture of the NFP sector, while AMPAG is concerned with the performing arts segment. We especially agree with the CCA's position that the compliance burden is not only wasteful, it is also often counter-productive to achieving government policy goals and serves no useful risk-management role.

## Appendix A: List of AMPAG Member Companies and their location

Adelaide Symphony Orchestra	South Australia
Australian Brandenburg Orchestra	New South Wales
Australian Chamber Orchestra	New South Wales
Bangarra Dance Theatre	New South Wales
Bell Shakespeare	New South Wales
Belvoir	New South Wales
Black Swan State Theatre Company	Western Australia
Circus Oz	Victoria
Malthouse Theatre	Victoria
Melbourne Symphony Orchestra	Victoria
Melbourne Theatre Company	Victoria
Musica Viva Australia	New South Wales
Opera Australia	New South Wales
Opera Queensland	Queensland
Orchestra Victoria	Victoria
Queensland Ballet	Queensland
Queensland Symphony Orchestra	Queensland
Queensland Theatre Company	Queensland
State Opera South Australia	South Australia
State Theatre Company of South Australia	South Australia
Sydney Dance Company	New South Wales
Sydney Symphony	New South Wales
Sydney Theatre Company	New South Wales
The Australian Ballet	Victoria
Tasmanian Symphony Orchestra	Tasmania
Western Australian Ballet	Western Australia
West Australian Opera	Western Australia
West Australian Symphony Orchestra	Western Australia