

Submission to the Parliament of Australia's enquiry into

Australia's creative and cultural industries and institutions.

**A proposal for an
Alcohol Excise and Wine Equalisation Tax Rebate Scheme for
Live Music Venues and Festivals
to address the sector's future
financial sustainability and post COVID pandemic recovery.**

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**by
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The impact of the COVID-19 pandemic on licensed live music venues and festivals has been catastrophic. Live music venues and festivals are currently either in lockdown or operating at very limited capacities. All music festivals have either been cancelled or postponed. All these organisations are either considering closing-up or, if they are surviving, are doing so due to various forms of emergency government assistance (eg. JobKeeper, The Victorian Government's Live Music Venues Grant, Cashflow boost, etc).

What we are collectively told is that "we are the first to close and the last to reopen". However, we are all in a situation in which even forward financial planning is impossible given that site capacity usage for any type of venue or festival remains unclear. Simple business operating constraints are undefined and not guaranteed by government. Whether rightly or wrongly, a simple questions such as , 'How many people can attend an event and for how long?', isn't answered by governments. Although these operational parameters are within the regulatory domain of state governments, the federal government can and needs to support the live music industry by providing effective concrete financial assistance until live music venues and festivals can again economical sustain themselves.

Current programs such as the RISE Fund and Show Starter Loans do not address the core operational income losses that venues and festivals are currently sustaining. Loans are a dangerous instrument when financial planning is not possible as loan repayment is hazardous and speculative given that live music venues and festivals can only operate at substantially reduced capacities. The government considering such loan-based solutions is, frankly, irresponsible. Project-based grants such as the RISE Fund, although promoted as recovery programs under the JobMaker banner, do not address core costs and also include requirements for an organisation to be liquid, which immediately rules out all organisations

under COVID-related financial stress. As such, these programs cannot be considered COVID recovery initiatives.

What venues and festivals desperately need is a **direct injection of cash into working capital**. Failing timely action by the Federal Government, **live music venues and festivals are at a huge risk at being economically wiped out!**

This dire reality is confirmed by a recent survey undertaken by the Australian Live Music Business Council. The survey indicates that **73% of Live Music Venues nationally will likely permanently close within 6 months and 87% will close within the year¹**.

The Live Music industry contributes annually in excess of **\$15.7 billion to the economy** and sustains **60,000 jobs²**.

I have a simple proposal that I believe would be **easy to implement**, would **support struggling live music venues and festivals with their core costs** and would likely be **revenue neutral**.

Alcohol Excise and Wine Equalisation Tax rebates proposal for Live Music Venues and Festivals.

The Federal Government could create a rebate scheme on alcohol excise and the Wine Equalisation Tax (WET) currently collected by the Federal Government that legitimate grassroots live music venues and live music festivals could apply for. This measure would be temporary only, covering the COVID pandemic recovery period as a way to assist these culturally vital organisations financially recover from the COVID lockdowns.

The proposal targets the critical financial problem of organisational unprofitability in the ramp-up recovery period when live music venues and festivals are carrying the added weight of accumulated debt generated during the lockdowns whilst operating at substantially reduced income levels.

It would operate as follows:

- The alcohol excise is based on alcohol volumes, not sales value, but it can easily be accounted for by licensed venues and festivals. The summation of alcohol purchase quantities organised by the Excise Tariff sub-item category could easily form the basis of the rebate calculations by using invoices from the licensed live music venues or festivals suppliers as the documentary evidence basis to validate claims.

¹ <https://almbc.org.au/news/help-share-the-almbc-survey-results>

² <https://livemusicoffice.com.au/research/>

- The WET is based on 29% of the wholesale price of wine so the invoiced amount from licensed live music venues or festivals suppliers would also suffice for a claim with invoices forming the evidence base.

Although there is an administrative overhead for this scheme, this burden is well outweighed by the beneficial financial impact of the proposal. The rough value of alcohol excise represents around 15% of a live music venue's turnover. The rebate scheme would turbo charge the profitability of venues and festivals bar sales. The increased profit would offset the disproportionate operating costs caused by reduced operating patron capacities and accumulated lockdown debt.

The eligibility criteria for this rebate proposition is simple. It would simply require a documented track record of staging live music. Proof could be the presentation of details of the appropriate OneMusic licence, records of door reconciliation sheets or proof of live music programming, and the presentation of a valid liquor licence.

Conceptually, this proposal could be widened in scope to all hospitality business depending on the Governments desired policy settings or once live music venues and festivals have returned to health, the rebate scheme could be used to form a permanent hypothecated fund that could target other live music or contemporary music policy initiatives.

Implementation of this proposal would not require any new or amended legislation.

Live Music Venues pay more tax, levies and licencing fees than almost any other sector of the economy. These taxes include the Wine Equalisation Tax, Alcohol Excise, Liquor License Fees, Land Tax, PAYG, Payroll Tax, Council Rates, Heath Licenses, Fire levies, GST and Company Tax. Live music venues and festivals are also responsible for paying the OneMusic music copyright license fees.

Government should consider that if licenced live music venues and festivals fold, this would have a direct adverse impact on the government's taxation revenues and thus, this proposal is likely to be revenue neutral.

Furthermore, live music venues and festivals generate 60,000 jobs by employing and contract a substantial proportion of Australian bands and musicians. They are the creative crucible and professional conduit for Australian musician's careers.

The Federal Government has historically underinvested in contemporary live music comparatively to other cultural and creative industries. Although a direct injection of working capital into live music venues and festivals by Government is preferable, this rebate proposition could equally work to effectively address the sector's future economic and employment sustainability.

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