



Submission

Restating and centralising the special conditions for tax concession entities

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About the Australia Council

The Australia Council for the Arts (the Australia Council) is the Australian Government's arts funding and advisory body. The Australia Council's guiding principle is the support of artistic excellence. This is realised through grants to artists and arts organisations, strategic initiatives, market and audience development, capacity building programs, advocacy and research. In 2012-13 the Australia Council invested over \$174.8 million in artists and arts organisations across the country.

The Australia Council is a Commonwealth statutory authority under the *Commonwealth Authorities and Companies Act 1997*. The Australia Council was originally established as an independent statutory authority by the *Australia Council Act 1975*. On 1 July 2013, the *Australia Council Act 2013* commenced, updating the functions of the Australia Council.

'In Australia' special conditions and the arts

The Australia Council has reviewed the draft legislation, regulations and explanatory materials to restate and centralise the special conditions for tax concession entities, with particular consideration for the implications of the codified 'in Australia' special conditions for artistic engagement and activity abroad. The Australia Council's over-arching concern is that the restriction of the 'in Australia' special conditions for deductible gift recipients should not inadvertently inhibit philanthropic support for artistic activity overseas. The Australia Council acknowledges that many overseas activities undertaken by arts organisations are incidental or minor in extent and importance in proportion to their operations and pursuit in Australia. This is reflected in the examples in the Explanatory Memorandum of arts organisations undertaking overseas activity that would be deemed minor and incidental under the new legislation. The Australia Council also recognises the inclusion in the draft legislation of an exemption that can be granted by the Arts Minister for touring performing arts organisations. However, in the interests of further clarity and certainty, the Australia Council proposes a separate exemption for artistic activity undertaken by Australian artists or organisations at Australian Government sites.

Policy context

The Australia Council is currently in the final stages of developing a new five year Strategic Plan which envisions Australia as a culturally ambitious nation. We want Australia to be known for its great art and artists. Supporting international activity and engagement is therefore integral to the Australia Council's vision and goals for the arts. Leveraging public investment to encourage private sector funding for the arts is also a key priority. Importantly, we anticipate that these two priorities will intersect, with great benefit to the sector and to Australia's international reputation.

The Australia Council's objectives of supporting international engagement and private sector support for the arts are in alignment with the Government's policy priorities. In a speech given at the Western Sydney Arts Forum in 2013¹ Senator the Hon George Brandis QC, Attorney-

¹ Western Sydney Arts Forum, Blacktown, 19 August 2013

General and Minister for the arts (the Attorney) outlined six policy pillars for the arts. Two of these policy pillars are pertinent:

- Self-Confidence. The Attorney identified that Australia should be seen as ‘one of the world’s great creative nations’.
- Sustainability. The Attorney indicated that the Government sees an increasing role for philanthropy in supporting the arts.

Proposed exemption

In addition to the exemption for touring arts organisations, the Australia Council proposes a separate exemption for artistic activity undertaken by Australian artists or organisations at Australian Government sites. While the Australia Council proposes this exemption specifically with Venice Biennale in mind, it would also provide an important safeguard for this kind of activity and create certainty for the sector.

Venice Biennale

The Venice Biennale is widely regarded as the most important and prestigious event on the international contemporary arts calendar. Founded in 1895, it is the oldest and largest established biennale in the world. Australia has been represented at the Venice Biennale for more than three decades. Australia is one of only 29 countries to own and manage a permanent pavilion inside the Giardini, the traditional Biennale exhibition location. The exhibition at the Australian Pavilion attracts over 10,000 of the world’s leading museum directors, curators and large numbers of international media throughout the Vernissage/preview, and a further 200,000 visitors throughout the six month exhibition.

Since 2005, Australia’s representation at the Venice Biennale has been funded through a highly successful public private partnership. The Australia Council allocates a base budget for the Australian presence at the Venice Biennale, with approximately \$1 million raised in addition from the private sector through sponsorship, grants and donations. Private sector funding enables the exhibition to be scoped and realised, and for the Australia Council to leverage our representation in Venice to position Australia as a key player in the visual arts internationally.

It is also noted that the current redevelopment of the Australian Pavilion is being supported through a significant public private partnership project with the majority of the budget funded through generous donations made by a committed group of philanthropists.

Conclusion

It is hoped that Treasury will give serious consideration to the Australia Council’s proposal for a further exemption. More broadly, the Australia Council also submits that the ‘in Australia’ special conditions should always be interpreted and applied to the arts with reference to the Government’s policy priorities.