

## **House of Representatives Standing Committee on Communications, the Arts and Sport Inquiry into Arts Philanthropy** From: La Mama Theatre

La Mama Theatre welcomes the opportunity to contribute to this Inquiry.

Australia's cultural and creative industries contribute more than **\$60 billion annually to GDP** and support approximately **600,000 jobs**, according to the Australian Bureau of Statistics. The performing arts sector forms a critical component of this economic ecosystem, generating employment, intellectual property, tourism activity, and downstream commercial production.

Philanthropy now represents approximately **40% of La Mama's annual income**, reflecting an increasing reliance on private giving within the small-to-medium arts sector. While philanthropic investment is essential and valued, it cannot sustainably replace stable operational public funding. A balanced co-investment framework - combining predictable government support with incentivised, multi-year private giving - is necessary to maintain economic productivity, workforce stability, and cultural innovation.

### **Economic Contribution of the Small-to-Medium Sector**

Independent theatre companies operate as the research and development arm of the performing arts industry. We develop new Australian intellectual property; Incubate writers, directors, designers and performers; Provide early-career employment pathways; Activate local precinct economies and night-time trade and supply work that transfers to larger institutions, festivals, commercial producers and international markets.

The health of this tier directly influences the productivity and global competitiveness of the broader performing arts supply chain. Operational instability at the grassroots level weakens the entire ecosystem.

### **Philanthropy and the Operational Funding Gap**

Philanthropic support has grown in importance across the sector. However, most private funding is directed towards defined projects or programs, capital campaigns, priority thematic or social impact areas and short-term initiatives.

Core operational expenditure - including salaries, venue compliance, insurance, utilities, governance, and administrative infrastructure - is substantially harder to fund philanthropically. This operational expenditure underwrites employment continuity, skills retention and workforce development, risk-managed innovation, long-term strategic planning, efficient use of public and private investment.

Without stable operational support, organisations are compelled into continual project-based fundraising cycles, reducing efficiency and increasing administrative burden. This diminishes sector productivity.

If arts philanthropy is to expand effectively, policy settings should explicitly incentivise multi-year and unrestricted operational giving.

## **Structural Capacity Constraints**

Expansion of philanthropy does not automatically translate into equitable distribution.

Major institutions typically maintain established high-net-worth donor networks, dedicated development teams, board-level fundraising capacity, sophisticated capital campaign infrastructure. In contrast, many small-to-medium organisations lack in-house fundraising personnel, access to philanthropic networks, resources for long-term donor cultivation and governance expertise aligned to major gift acquisition.

This structural imbalance risks concentrating private investment within already well-resourced organisations, while those responsible for artistic experimentation and early-stage development remain financially vulnerable. Without targeted intervention, growth in philanthropy may reinforce existing disparities across the cultural economy.

## **Alignment with the Inquiry's Objectives**

In addressing mechanisms to increase private support for the arts, this submission proposes consideration of the following measures:

**Incentivising Operational and Multi-Year Giving:** Enhanced tax incentives or matched funding structures that encourage unrestricted, multi-year philanthropic commitments.

**Co-Investment and Leveraging Models:** Government-matched ongoing philanthropic funding for small-to-medium organisations to amplify private participation while maintaining public accountability.

**Equity Mechanisms** Policy settings that ensure growth in arts philanthropy strengthens the full cultural supply chain, rather than concentrating capital at the major institutional level.

## **Policy Recommendations Summary**

- ☐ Introduce enhanced incentives for multi-year, unrestricted arts donations.
- ☐ Match ongoing co-investment pools targeting small-to-medium organisations.
- ☐ Recognise operational funding as foundational to cultural productivity and employment stability.

## **Conclusion**

La Mama Theatre welcomes the expansion of private support for the arts and acknowledges the essential role philanthropy now plays in organisational sustainability.

However, a resilient and economically productive arts sector requires stable public operational investment, incentivised private co-investment, structural equity in access to philanthropic capital, recognition of operational sustainability as a public good and a calibrated co-investment model to ensure that increased philanthropy strengthens Australia's cultural economy, workforce capability, and international competitiveness. La Mama thanks the Committee for its consideration.