



"People have pre-GST jitters" . . . Access gallery director, Brenda May. Photograph by JON REID

Fun first to go, arts bodies fear

By PETER GOTTING

Sydney's cultural institutions are bracing themselves for the introduction of the GST, fearing patrons will desert leisure activities as prices rise.

Most institutions will increase admission costs when the GST arrives on July 1, with many — such as the Sydney Theatre Company, Sydney Symphony Orchestra and the Powerhouse Museum — increasing prices by the full 10 per cent.

"We have not had much choice," said the Sydney Theatre Company's general manager, Rob Brookman. "Unfortunately, in the theatre industry there are virtually no savings we have been able to identify from the abolition of other taxes."

It's a necessary but unwelcome move, adding uncertainty to one of the economy's more sensitive sectors.

"The biggest question mark we have got is how customers are going to react to higher prices," said Opera Australia's finance director, David MacGowan. "Because of the nature of the industry, we are not the cheapest tickets in town."

The Powerhouse Museum's director, Kevin Fewster, said: "Who knows how it will affect us? When the 10 per cent GST is added to the price, nobody knows what the psychological impact will be."

It is feared that because tickets for the performing arts and galleries are bought at consumers' discretion, attendance at cultural centres may fall as prices rise.

"When people are feeling the pinch, it's the pleasure activities that will have to go," said the general manager of Company B Belvoir, Rachel Healy.

Although Australians may have more money to spend after income tax cuts, higher prices may still discourage them from attending the theatre or going to a museum.

"It's easier to see the prices increase than it is to be able to work out that you have actually got the extra money in your hip pocket," Brookman said. "It will take a while for people to adjust their overall sense of what things cost."

The Powerhouse's Kevin Fewster is concerned by what has happened overseas, pointing to the adverse impact of Britain's value-added tax



(VAT) when it was introduced in the 1970s.

"When the VAT was introduced, it had a very detrimental effect for some years on the whole cultural sector," Fewster said. "There was a significant downturn in visitor numbers across the sector."

This fear of a downturn has prompted some companies to absorb some of the cost of the GST. The Australian Museum will not raise its admission price on July 1, saying it will be able to absorb the GST because of an April 15 price rise as part of its normal review process.

It was felt a price rise due to the GST "may have a negative impact on our admissions", said the museum's assistant director, Cynthia Carr.

The recent price rise would act as a "buffer" for the revenue lost with the introduction of the GST, Carr said. But prices would increase in its retail outlets and cafe.

The Australian Ballet said it will absorb "somewhere between a third to a half" of the cost of the GST this year.

Next year's prices had not yet been determined, the Australian Ballet said, but it may also absorb some of the GST.

Most companies report that this year's subscriptions, which incorporated the GST for performances after July, sold at the same level or better than previous years.

Luke Nestorowicz, of the Sydney Symphony Orchestra, said its subscription base had been "positive and understanding", but he feared things may be different from July 1. "Single tickets will be another issue," he said. "We expect there will be some [price rise] shock."

Company B Belvoir's Rachel Healy believes the GST had a positive effect on subscription sales.

"We have had an unprecedented growth in subscriptions

in 2000," Healy said. "I think that's partly as a result of the fear of the impact that the GST will have. If people can book their tickets for the year, they do not have to worry about it."

Conversely, the director of Access Contemporary Art Gallery, Brenda May, said GST uncertainty had caused a downturn in sales over the past two months.

"I think that people have pre-GST jitters," she said. "A lot of people are unsure of the full implications. People are really being a bit careful."

So the gallery for emerging artists had put on a pre-GST sale, reducing prices by 10 per cent as "a bit of a joke, really", she said. And it had a more serious purpose too: "We are hoping it will bring in a little bit extra money to tide the artists over."

However, the director of arts development at the Australia Council, Ben Strout, was careful not to overstate the effect of the new tax.

"We are not aware of any direct financial impact on any organisation other than the need to develop their administrative systems," he said.

The Australia Council would monitor the impact of the GST, asking major companies to advise how the tax affected business.

All companies say they are prepared for the administrative implementation of the GST, with many installing new computer systems.

There is little panic in the industry ("it's not really a concern, it's an uncertainty", Opera Australia's David MacGowan said) but if the GST has a significant adverse impact, many companies could be in trouble.

"We have reserves but they are not for the GST," Healy said. "They are to provide a back-up for a year if sales are not good, not to mitigate the effect of a government tax."

For Opera Australia, a GST backlash would not be a good prospect: "That would hit us hard because we are a non-profit organisation," MacGowan said. "We rely heavily on the box office for our season funding."

As Cynthia Carr, of the Australian Museum, says: "We are hoping that if there's any decline, it will be in relation to people adjusting to the GST rather than changing their [long-term] spending patterns."