

NEW POLICY PROPOSAL

Reframing Australia's National Cultural Policy 2029 ***From Funding to Artistic Investment in an AI-Driven Cultural Economy***

Portfolio: Infrastructure, Transport, Regional Development, Communications and Arts, Culture and Creative Economy (lead)

Coordinating portfolios: Treasury; Employment and Workplace Relations; Industry, Science and Resources, Indigenous Australians

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EXECUTIVE SUMMARY

Australia's cultural policy framework provides strong symbolic support for the arts but remains structurally anchored in a short-term funding model that is no longer aligned with the realities of digital and AI-driven cultural production.

Total government expenditure on arts and culture reached **\$8.6 billion in 2023–24**, yet this has not kept pace with population growth or international benchmarks. Per capita Commonwealth expenditure has declined to **\$114**, while Australia ranks **25th of 31 OECD countries** in cultural expenditure relative to GDP. State and territory governments now contribute **39% of total cultural spending**, exceeding the Commonwealth's **36% share**, indicating fragmentation in national cultural governance.

Despite a creative economy contributing over **\$100 billion annually**, cultural policy continues to treat cultural production as recurrent expenditure rather than national capital formation.

Three structural failures are now evident:

- Digital platforms extract disproportionate cultural value without adequate national reinvestment
- AI systems utilise cultural datasets without consistent licensing or compensation frameworks
- Creative labour remains structurally precarious, with persistent income instability

These conditions indicate systemic misalignment between cultural policy and contemporary economic structures.

Proposed Solution:

This submission recommends establishment of an **Artistic Investment Framework (AIF)** to reframe cultural policy as long-term national capital investment across economic, social, and data infrastructure domains.

Decision Requested:

Cabinet approval in principle to develop and implement the AIF by 2029, including regulatory, fiscal, and governance reform pathways.

POLICY ISSUE

Key Fiscal Indicators

- Total cultural expenditure: **\$8.6B (2023–24)**
- Growth since 2007–08: **+19%**
- Population growth over same period: **+27%**
- Commonwealth per capita expenditure: **\$114**
- State/Territory per capita expenditure: **\$123**
- OECD ranking: **25/31 (cultural expenditure as % of GDP)**
- Funding distribution: **39% states / 36% Commonwealth**

Structural Issue

Australia's cultural policy architecture is characterised by:

- Predominantly **grant-based, short-term funding cycles**
- Absence of mechanisms for **long-term cultural capital accumulation**
- No systematic framework for **capturing downstream economic value**
- Limited integration with **digital platform economies or AI systems**

Systemic Gap

Current policy does not address:

- platform-mediated cultural value extraction
- AI training data utilisation of cultural assets
- structural labour precarity in creative industries
- national coordination of cultural investment flows

This results in ongoing **structural leakage of cultural value** from the domestic economy.

POLICY RESPONSE

Artistic Investment Framework (AIF)

The AIF replaces a funding-based model with a **capital investment model for culture**, recognising culture as national infrastructure.

Core Principle

Culture is national capital that compounds over time.

Policy Architecture

1. Investment Model Shift

- Transition from annual grants to **long-term cultural investment cycles (10 years)**
- Treat cultural production as capital formation, not expenditure

2. Value Capture Mechanisms

- Introduce mechanisms to capture value from:
 - digital platform monetisation of Australian cultural content
 - AI systems trained on cultural datasets
- Establish reinvestment pathways into domestic cultural production

3. AI and Data Governance

- Licensing frameworks for cultural datasets used in AI training
- Consent-based data use standards
- Compensation mechanisms for rights holders

4. Workforce Stabilisation

- Portable benefits system for creative workers
- Minimum income protections for cultural labour
- Structural support for freelance and gig-based artists

5. Federal-State Coordination

- National coordination framework for cultural investment
- Harmonisation of funding and investment priorities
- Reduction of fragmentation across jurisdictions

FINANCIAL IMPACT

Baseline Position

- No immediate increase to total Commonwealth expenditure required at design phase
- Reallocation of existing cultural investment streams anticipated during transition phase

New Revenue Streams (Medium Term)

- **Digital platform levy mechanisms** on Australian cultural revenue streams
- **AI cultural data licensing frameworks** generating sovereign data value returns
- Improved **return on existing cultural expenditure** through capital reinvestment model

Fiscal Outcome Objective

- Shift from recurrent expenditure model to **self-reinforcing cultural capital system**
- Increased retention of cultural value within national economy

REGULATORY IMPACT

Implementation of the AIF will require new or amended regulatory frameworks across:

Digital Platforms

- Revenue contribution requirements for cultural content monetisation
- Transparency obligations for algorithmic distribution systems

Artificial Intelligence Systems

- Mandatory licensing or compensation for training on cultural datasets
- Dataset provenance and attribution requirements

Cross-Jurisdiction Governance

- Alignment between Commonwealth, State, and Territory cultural authorities
- Harmonised cultural investment and data governance standards.

RISKS

Risk Category	Description	Mitigation
Industry resistance	Digital platforms may oppose revenue capture mechanisms	Phased implementation and consultation framework
International trade concerns	Potential trade sensitivity in digital services	Alignment with OECD and emerging global norms
Administrative complexity	Multi-agency coordination required	Establish central interdepartmental taskforce
AI sector pushback	Resistance to data licensing requirements	Clear legal framework and staged compliance
Jurisdictional fragmentation	State/Commonwealth misalignment	National coordination framework under AIF

IMPLEMENTATION TIMELINE

Phase 1 (0–12 months): Design

- Establish interdepartmental taskforce
- Commission economic and regulatory modelling
- Begin stakeholder consultation (industry, First Nations, states)

Phase 2 (12–24 months): Legislation

- Draft AIF enabling legislation
- Develop AI data governance framework
- Design platform value capture mechanisms

Phase 3 (24–36 months): Pilot Programs

- Pilot investment-based cultural funding cycles
- Test platform levy mechanisms
- Trial workforce stabilisation models

Phase 4 (3–5 years): National Rollout

- Full transition from grant-based model
- National implementation of cultural investment framework
- Integration into federal budget architecture

RECOMMENDATION

Cabinet is invited to:

1. **Agree in principle** to the development of an **Artistic Investment Framework (AIF)** for implementation by 2029.
2. **Agree to establish** an interdepartmental taskforce to design legislative, fiscal, and governance mechanisms.
3. **Note** the structural risks arising from platform-based value extraction and AI-driven cultural data appropriation.
4. **Direct Treasury and relevant portfolios** to commence economic modelling and regulatory scoping.
5. **Commence consultation** with industry stakeholders, First Nations representatives, and State and Territory governments.

ATTACHMENTS SUMMARY A–D

ATTACHMENT A — Structural Fiscal Indicators

- *Cultural expenditure trends (2007–2024)*
- *Per capita investment decline analysis*
- *OECD benchmarking data*

ATTACHMENT B — Digital Platform Value Extraction

- *Streaming revenue distribution models*
- *Platform-mediated cultural monetisation structures*
- *Economic leakage analysis*

ATTACHMENT C — Artificial Intelligence and Cultural Data

- *AI training dataset dependency on cultural works*
- *IP, consent, and attribution gaps*
- *International regulatory comparisons*

ATTACHMENT D — Policy Precedents and Comparative Models

- *Canada Broadcasting Act reforms (Bill C-11)*
 - *OECD cultural policy frameworks*
 - *Indigenous Cultural and Intellectual Property (ICIP) governance models*
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ATTACHMENT A: STRUCTURAL FISCAL INDICATORS

A1. National Cultural Expenditure Trends (2007–2024)

27/04/2026

Australia's cultural expenditure has increased in nominal terms but declined in relative and per capita terms.

- Total cultural expenditure (2023–24): **\$8.6 billion**
- Growth since 2007–08: **+19%**
- Population growth over same period: **+27%**
- Result: **declining per capita cultural investment**

This indicates structural underinvestment relative to population growth.

A2. Per Capita Investment Breakdown

- Commonwealth per capita cultural expenditure: **\$114**
- State and Territory per capita cultural expenditure: **\$123**
- Combined result: increasing reliance on subnational funding responsibility

This reflects **fiscal fragmentation**, with no coordinated national investment architecture.

A3. OECD Benchmarking

- Australia ranks **25th of 31 OECD countries** in cultural expenditure as a proportion of GDP
- Comparable economies maintain stronger integration between cultural policy and industrial strategy

Australia demonstrates a **structural lag in cultural capital investment relative to peer nations**.

A4. Structural Interpretation

The data indicates:

27/04/2026

- Cultural expenditure is not scaling proportionally with population or GDP
- Funding is distributed but not strategically accumulated
- No national mechanism exists to convert cultural output into retained capital

This supports transition to an **investment-based cultural model**.

ATTACHMENT B: DIGITAL PLATFORM VALUE EXTRACTION

B1. Platform-Mediated Cultural Economy

Digital platforms have become primary intermediaries for cultural distribution, including:

- music streaming services
- video distribution platforms
- algorithmic recommendation systems
- content monetisation ecosystems

These systems function as **value aggregation layers** between creators and audiences.

B2. Revenue Distribution Asymmetry

Empirical estimates indicate:

- Per-stream artist returns: **\$0.003–\$0.005 per stream** (varies by platform)
- Platform retains majority share of advertising and subscription revenue
- Value is increasingly derived from **data analytics and user engagement metrics**

This creates structural imbalance between:

- content creators (low unit return)
- platforms (high marginal return via scale and data extraction)

B3. Structural Economic Issue

Current system characteristics:

- Disintermediation of traditional cultural institutions
 - Centralisation of distribution control in global platforms
 - Weak domestic reinvestment obligations
 - Absence of sovereign cultural revenue capture mechanisms
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B4. Policy Gap

Australia currently lacks:

- platform revenue contribution obligations
- cultural content value-sharing frameworks
- digital cultural taxation or levy systems

This results in **net outward flow of cultural value.**

ATTACHMENT C: ARTIFICIAL INTELLIGENCE AND CULTURAL DATA

C1. AI Training Dependencies

Generative AI systems rely on large-scale datasets containing:

- literature
- visual art
- music
- film and television content
- performance documentation
- publicly accessible cultural archives

These datasets are frequently compiled without explicit consent from original rights holders.

C2. Structural Transformation

AI introduces a new stage in cultural economics:

27/04/2026

Cultural production is no longer only distributed — it is computationally absorbed.

This represents a shift from:

- consumption economy → **training economy**
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C3. Governance Gap

Current system limitations:

- no consistent licensing framework for cultural training datasets
 - limited attribution requirements for AI-generated outputs
 - absence of remuneration pathways for original creators
 - unclear IP boundaries in machine learning contexts
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C4. International Regulatory Direction

Emerging global responses include:

- copyright litigation and dataset transparency requirements
- AI model disclosure obligations
- movement toward licensing-based training data systems

Australia currently lacks a unified national framework governing AI cultural data use.

C5. Risk Assessment

Without intervention:

- cultural datasets become unremunerated input infrastructure for foreign AI systems
 - domestic creators lose control over derivative computational use of their work
 - Australia becomes a **net exporter of cultural training data**
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ATTACHMENT D: POLICY PRECEDENTS AND COMPARATIVE MODELS

D1. Canada — Broadcasting Act Reform (Bill C-11)

Canada has amended its broadcasting framework to:

- include digital streaming platforms within regulatory scope
- require financial contributions to domestic cultural production
- strengthen national cultural content discoverability

Policy principle established:

Digital platforms generating cultural revenue must contribute to domestic cultural systems.

D2. OECD Cultural Policy Trends

International policy trends increasingly include:

- integration of cultural policy with innovation and industrial strategy
- recognition of cultural industries as economic infrastructure
- increased focus on digital platform regulation

Australia currently remains **less integrated** than peer jurisdictions in aligning cultural and digital policy frameworks.

D3. Indigenous Cultural and Intellectual Property (ICIP)

As articulated by Janke (2021), ICIP frameworks establish that:

- Indigenous cultural knowledge is collectively owned and sovereign
 - cultural data requires consent-based governance
 - institutional frameworks must recognise Indigenous authority over cultural expression and use
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D4. Policy Implication for Australia

Comparative analysis indicates:

- other jurisdictions are actively regulating digital cultural value flows
- AI governance frameworks are emerging internationally

27/04/2026

- Indigenous cultural sovereignty models provide precedent for data governance reform

Australia has an opportunity to establish **integrated cultural, digital, and AI governance leadership** through the AIF model.

D5. Strategic Summary

Attachment analysis confirms:

- structural fiscal underperformance in cultural investment
- systemic value extraction via platforms and AI systems
- absence of coordinated national cultural capital strategy
- international movement toward regulatory intervention in digital cultural economies

These findings support transition to an **Artistic Investment Framework (AIF)** as a necessary structural reform.

MINISTERIAL DECISION BRIEF

Title

Reframing Australia's National Cultural Policy 2029: Establishment of an Artistic Investment Framework (AIF) for an AI-Driven Cultural Economy

Portfolio

Arts, Culture and Creative Economy (lead)

In coordination with Treasury; Communications; Industry, Science and Resources;
Indigenous Australians

Date

April 2026

Purpose

To seek the Minister's agreement to:

1. Progress development of an **Artistic Investment Framework (AIF)** to replace Australia's current grant-based cultural funding model by 2029.
 2. Establish an **interdepartmental taskforce** to design fiscal, regulatory, and governance mechanisms for cultural investment reform.
 3. Initiate consultation and modelling on **digital platform value capture** and **AI cultural data governance frameworks**.
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Issue

Australia's cultural policy architecture remains structurally anchored in short-term funding mechanisms that do not reflect the contemporary conditions of cultural production.

Key pressures include:

- Increasing fragmentation of cultural funding across Commonwealth and State/Territory jurisdictions
- Rapid expansion of digital platform economies extracting value from Australian cultural content
- Emergence of artificial intelligence systems trained on cultural datasets without consistent licensing or compensation frameworks
- Persistent structural precarity in creative labour markets

Despite total cultural expenditure reaching **\$8.6 billion in 2023–24**, per capita investment has declined relative to population growth, and Australia ranks **25th of 31 OECD countries** in cultural expenditure relative to GDP.

Background

Australia's current cultural policy framework, as articulated in *Revive: a place for every story, a story for every place* (2023), prioritises access, participation, and sector support.

However, it does not provide mechanisms for:

- long-term cultural capital accumulation
- value capture from digital distribution systems
- governance of AI training data derived from cultural works
- systemic stabilisation of creative labour markets

The creative economy contributes over **\$100 billion annually**, yet policy settings continue to treat cultural output as recurrent expenditure rather than national capital infrastructure.

Key Considerations

1. Structural Fiscal Limitation

- Cultural expenditure growth (+19%) has lagged population growth (+27%) since 2007–08
- Commonwealth per capita expenditure has declined to **\$114**
- Funding responsibility is increasingly fragmented between jurisdictions

2. Digital Platform Value Extraction

- Cultural content monetised through global platforms yields low per-unit returns to creators (e.g. streaming fractions of cents per play)
 - Platforms retain disproportionate revenue through data aggregation and advertising systems
 - No national mechanism exists to capture or reinvest platform-derived cultural value
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3. Artificial Intelligence Disruption

- Generative AI systems utilise cultural datasets at scale
 - Limited consent, attribution, or compensation frameworks exist for training data use
 - Cultural production is increasingly transformed into computational input infrastructure
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4. Workforce Precarity

- Median artist income remains below **\$20,000 annually**
 - High reliance on insecure, project-based employment
 - Structural vulnerability exposed further during COVID-19 disruptions
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5. First Nations Cultural Sovereignty

- Indigenous Cultural and Intellectual Property (ICIP) frameworks require sovereign governance of cultural data and expression
 - Current funding structures do not adequately embed Indigenous decision-making authority in cultural data systems
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Policy Option

Option 1: Maintain Current Funding Model (Not Recommended)

Continue existing grant-based framework under *Revive*.

Implications:

- No structural reform
- Continued value leakage to platform and AI systems

- Persistent workforce precarity
 - Declining per capita investment trajectory
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Option 2: Transition to Artistic Investment Framework (Recommended)

Establish a national shift from funding to investment-based cultural policy.

Core Features:

1. Cultural Capital Model

- Treat culture as long-term national capital rather than expenditure

2. Digital Platform Value Capture

- Introduce mechanisms for revenue contribution from platforms monetising Australian cultural content

3. AI Cultural Data Governance

- Implement licensing/compensation frameworks for use of cultural datasets in AI training

4. Workforce Stabilisation

- Introduce portable benefits and minimum income protections for creative workers

5. National Investment Coordination

- Align Commonwealth, State, and Territory cultural investment under a unified framework
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Financial Implications

- No immediate increase in baseline Commonwealth expenditure required
 - Potential medium-term revenue streams include:
 - platform contribution mechanisms
 - AI dataset licensing frameworks
 - Improved efficiency and return on existing cultural investment through capital reinvestment structures
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Risks

Risk	Likelihood	Impact	Mitigation
Digital platform resistance	High	High	Phased implementation and consultation
AI industry opposition	Medium	High	Clear licensing framework and staged compliance
Intergovernmental disagreement	Medium	Medium	National coordination taskforce
International trade sensitivity	Medium	Medium	Alignment with OECD emerging norms
Administrative complexity	High	Medium	Centralised implementation unit

Implementation Pathway

Phase 1 (0–12 months)

- Establish interdepartmental taskforce
- Commission Treasury and regulatory modelling
- Begin stakeholder consultation

Phase 2 (12–24 months)

- Draft AIF legislative and regulatory framework
- Design platform and AI governance mechanisms

Phase 3 (24–36 months)

- Pilot investment-based cultural funding models
- Trial platform contribution mechanisms

Phase 4 (3–5 years)

- Full national rollout of Artistic Investment Framework
- Transition from grant-based system to investment model

Consultation

To be undertaken with:

- Treasury
- Department of Communications
- Creative Australia
- Department of Industry, Science and Resources
- State and Territory cultural agencies
- First Nations cultural governance bodies
- Digital and AI industry stakeholders

Recommendation

The Minister is asked to:

1. **Agree in principle** to the development of an **Artistic Investment Framework (AIF)** for implementation by 2029.
2. **Agree to establish** an interdepartmental taskforce to design fiscal, regulatory, and governance mechanisms.
3. **Note** the structural risks arising from platform-based value extraction and AI-driven cultural data appropriation.
4. **Approve commencement** of Treasury modelling and regulatory scoping work.
5. **Authorise stakeholder consultation** across industry, First Nations representatives, and State and Territory governments.

Decision Required

- Agree
- Not Agree
- Discuss

TREASURY COSTING MODEL

Artistic Investment Framework (AIF): Fiscal and Economic Modelling (2026–2036)

Prepared for Cabinet consideration (confidential working paper)
April 2026

1. PURPOSE AND SCOPE

This annex provides a high-level Treasury-style costing model for the proposed **Artistic Investment Framework (AIF)**.

It estimates:

- baseline fiscal position under current cultural funding settings
- transition costs associated with AIF implementation
- potential revenue offsets from digital platform contributions and AI data governance mechanisms
- medium-term net fiscal impact under multiple policy scenarios

The model is **indicative**, not appropriations-based, and is designed for **policy decision calibration**, not Budget finalisation.

2. BASELINE ASSUMPTIONS

2.1 Current System Baseline (Status Quo)

- Total annual cultural expenditure: **\$8.6 billion (2023–24)**
- Growth rate: **~2.4% nominal CAGR (historical average)**
- Population growth: **~1.4% annually (long-term trend)**
- Real per capita decline pressure: **structural (negative differential growth)**
- Funding architecture: grant-based, fragmented Commonwealth/State delivery

2.2 Structural Constraints

- No dedicated revenue capture from:
 - digital platforms
 - AI training datasets
- No capital accumulation mechanism for cultural investment
- No reinvestment multiplier structure

3. POLICY SCENARIOS

Scenario A — Status Quo (Counterfactual)

Maintains current funding model under *Revive*.

Scenario B — Partial Reform

Limited digital platform levy only.

Scenario C — Full AIF Implementation (Recommended)

Includes:

- platform value capture
- AI data licensing regime
- transition to investment-based cultural capital model
- workforce stabilisation mechanisms

4. COSTING COMPONENTS

4.1 Transition Costs (All Scenarios B & C)

Component	Cost Range (Annualised)	Notes
Establishment of interdepartmental taskforce	\$8–12m	staffing + governance
Treasury modelling + regulatory design	\$5–8m	one-off design phase

27/04/2026

Legal and legislative drafting	\$3–6m	Commonwealth + consultation
Data infrastructure for cultural valuation metrics	\$15–25m	AI/data tracking systems
Stakeholder consultation program	\$4–7m	national + sector engagement

**Total Transition Cost (Years 1–2):
 \$35m – \$58m (indicative)**

4.2 Ongoing System Costs (AIF Implementation)

Component	Estimated Annual Cost	Description
Cultural Investment Authority functions	\$20–35m	new governance unit
AI cultural licensing administration	\$15–30m	compliance + monitoring
Platform revenue collection system	\$10–20m	digital levy administration
Workforce stabilisation mechanisms	\$200–350m	portable benefits pilot scaling

**Total Ongoing Structural Cost:
 \$245m – \$435m per annum (gross)**

5. REVENUE MECHANISMS (AIF OFFSET STRUCTURE)

5.1 Digital Platform Value Capture

Assumptions:

- Australian cultural content monetised via global platforms: **~\$2.5B–\$4.5B annual value pool (estimated proxy range)**
- Proposed levy: **3%–5% gross cultural revenue contribution**

Levy Rate	Estimated Annual Revenue
3%	\$75m – \$135m
5%	\$125m – \$225m

5.2 AI Cultural Data Licensing Framework

Assumptions:

- AI training utilisation of cultural datasets produces extractable economic value (global systems)
- Conservative attribution share allocated to Australian-origin cultural data:

Scenario	Estimated Annual Return
Low adoption	\$50m – \$120m
Medium adoption	\$120m – \$250m
High adoption	\$250m – \$400m

5.3 Efficiency Gains from Capital Model Transition

Structural reinvestment effects:

- Reduced duplication across grant systems
- Improved ROI through long-term investment cycles
- Reduced administrative fragmentation across jurisdictions

Estimated efficiency uplift:

\$80m – \$160m equivalent value retention per annum

6. NET FISCAL IMPACT (SCENARIOS)

Scenario A — Status Quo

- No new revenue
- Ongoing real per capita decline
- Structural value leakage continues

Net position: -\$8.6B annual expenditure with no offset

Scenario B — Partial Reform (Platform Levy Only)

Item	Range
Costs	-\$245m to -\$435m
Revenue	+\$75m to +\$225m
Net fiscal position	-\$20m to -\$360m annual impact

Modest fiscal neutralisation, limited structural reform

Scenario C — Full AIF (Recommended)

Item	Range
Costs	-\$245m to -\$435m
Revenue (platform + AI + efficiency)	+\$305m to +\$785m
Net fiscal position	+\$60m to +\$540m annual net positive range (steady state)

7. MACROECONOMIC IMPACT

7.1 GDP Contribution (Medium Term 5–10 years)

- Enhanced cultural sector productivity via capital investment model
- Improved export potential of Australian creative industries
- Strengthened AI adjacency industries

Estimated uplift:

+0.1% to +0.3% GDP contribution over baseline trajectory

7.2 Labour Market Effects

- Stabilisation of creative workforce income distribution
 - Increased labour retention in cultural industries
 - Reduction in underemployment in gig-based creative sectors
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7.3 Innovation Spillovers

- Increased cultural dataset sovereignty
 - Domestic AI training ecosystem strengthening
 - Higher-value creative-tech integration pathways
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8. KEY FISCAL RISKS

Risk	Probability	Fiscal Impact	Mitigation
Under-realisation of platform revenue	Medium	High	enforceable levy design
Legal challenge from global platforms	High	Medium–High	trade-aligned regulatory drafting
AI revenue attribution disputes	Medium	Medium	international IP coordination
Administrative complexity	High	Medium	staged rollout architecture

27/04/2026

State/Commonwealth cost-shifting Medium Medium National Investment
disputes Council

9. SENSITIVITY ANALYSIS

Key Variables:

- platform levy compliance rate (50%–90%)
- AI dataset monetisation adoption rate
- global digital policy alignment (low–high cooperation)

Outcome Sensitivity:

- Low compliance scenario: system becomes fiscally neutral
 - Medium scenario: modest net positive return
 - High compliance scenario: structural surplus reinvestment capacity
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10. TREASURY ASSESSMENT SUMMARY

From a fiscal architecture perspective:

- Status quo is structurally declining in real per capita terms
 - Partial reform does not materially alter trajectory
 - Full AIF implementation introduces **new sovereign revenue streams** tied to digital and AI economies
 - Long-term fiscal sustainability improves under integrated investment model
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11. CONCLUSION

The Artistic Investment Framework represents a shift from:

recurrent cultural expenditure → sovereign cultural capital system

While transition costs are non-trivial, the model introduces:

- new revenue capture mechanisms
- improved efficiency in existing expenditure
- structural alignment with AI-driven economic conditions

On balance, Treasury modelling indicates:

Full AIF implementation is fiscally neutral to positive in steady state, with significant structural benefits to national cultural capital retention.

THINK TANK WHITE PAPER

Reframing Australia's National Cultural Policy 2029

From Funding to Artistic Investment in an AI-Driven Cultural Economy

Prepared for policy and public sector consideration
April 2026

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Executive Summary

Australia's cultural policy framework, as articulated in *Revive: a place for every story, a story for every place* (Australian Government 2023), reflects strong symbolic recognition of the arts but remains structurally anchored in a funding-based model.

Recent fiscal data reinforces this structural limitation. Total government expenditure on arts and culture reached a record **\$8.6 billion in 2023–24**, yet this growth has not kept pace with population expansion or international benchmarks (A New Approach 2026). Notably, **state and territory governments now account for 39% of total cultural expenditure, surpassing federal contributions at 36% for the first time**, indicating fragmentation in national cultural investment (A New Approach 2026).

This paper argues that such a model no longer aligns with the economic, technological, or industrial realities of cultural production. The Australian creative economy contributes over \$100 billion annually (Cunningham & Higgs 2008), yet policy continues to treat cultural output as expenditure rather than national capital.

Three structural pressures now demand reform:

- Platform extraction of cultural value via global digital intermediaries
- Artificial intelligence systems trained on creative works without compensation frameworks
- Persistent labour precarity across creative industries

This paper proposes a transition to an **Artistic Investment Framework (AIF)**—a national model that treats culture as economic infrastructure, data infrastructure, and sovereign capital.

1. The Structural Problem

Australia's cultural policy remains grounded in short-term funding cycles administered through Creative Australia. While these mechanisms support artistic activity, they do not accumulate long-term cultural capital.

Recent expenditure trends highlight this structural weakness. While cultural spending increased by **19% between 2007–08 and 2023–24, population growth over the same period reached 27%**, indicating a decline in per capita investment (A New Approach 2026). Federal per capita expenditure has fallen to a **record low of \$114**, while state and territory spending has risen to **\$123 per capita**, further evidencing decentralisation without coordination (A New Approach 2026).

As Throsby (2001; 2010) argues, cultural production generates both economic and social value, requiring treatment as investment rather than subsidy.

However, Australia's current model:

- prioritises project-based funding
- lacks long-term capital accumulation mechanisms
- does not capture downstream economic returns

This results in a structural leakage of cultural value.

2. Digital Platforms and Value Extraction

The rise of global digital platforms has restructured cultural economics.

Artists operating on platforms such as Spotify and YouTube receive minimal per-unit returns, often between \$0.003–\$0.005 per stream (Aguilar & Waldfogel 2021). Meanwhile, platforms capture disproportionate value through aggregation, data extraction, and advertising systems.

This represents a shift from traditional cultural distribution to platform-mediated value extraction—one that is not currently addressed within Australia's funding model.

3. Artificial Intelligence as a New Extraction Layer

Artificial intelligence introduces a deeper structural shift.

Generative AI systems rely on vast datasets of cultural material, including:

- music
- film
- literature
- visual art
- performance documentation

These datasets are often used without direct consent or compensation mechanisms (Crawford 2021; Bender et al. 2021).

This produces a new economic condition:

Cultural production is no longer only consumed — it is computationally absorbed.

This creates a data extraction economy layered on top of cultural production.

4. International Benchmark: Canada

In Canada, cultural policy integrates regulatory intervention to retain domestic cultural value.

Following reforms to the Broadcasting Act, global platforms are required to contribute financially to domestic cultural production (Government of Canada 2023).

This demonstrates a key policy principle:

Cultural value must be regulated at the point of extraction, not after distribution.

Australia currently lacks equivalent mechanisms for:

- digital platforms
 - AI training systems
 - data-based cultural extraction
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5. Structural Inequality in Cultural Labour

Despite high output, cultural labour remains structurally precarious.

Median incomes for artists remain below \$20,000 annually (Australia Council for the Arts 2017). This reflects:

- unstable employment models
- project-based income cycles
- lack of social security alignment

The COVID-19 pandemic further exposed systemic vulnerability across freelance creative labour (Banks & O'Connor 2021).

Compounding this, declining per capita federal investment suggests worsening sustainability for creative workers under existing funding structures (A New Approach 2026).

6. First Nations Cultural Sovereignty

Indigenous cultural production remains structurally constrained within funding frameworks despite its foundational role in Australian cultural identity.

Janke (2021) argues that Indigenous Cultural and Intellectual Property (ICIP) must be treated as sovereign cultural assets, not discretionary funding categories.

Any future cultural investment model must include:

- Indigenous governance authority
- consent-based cultural data frameworks
- institutional decision-making autonomy

7. The Case for an Artistic Investment Framework

This paper proposes replacing the funding paradigm with an **Artistic Investment Framework (AIF)**.

Core principle:

Culture is not expenditure.

Culture is compounding national capital.

The urgency of this shift is reinforced by Australia's weak international standing—ranking **25th out of 31 OECD countries** in cultural expenditure relative to GDP (A New Approach 2026).

The AIF model reframes cultural policy across three domains:

7.1 Economic infrastructure

Culture generates measurable GDP contribution and export value.

7.2 Social infrastructure

Culture produces cohesion, participation, and identity formation.

7.3 Data infrastructure

Culture underpins AI systems and digital economies.

8. Policy Design Principles

The Artistic Investment Framework includes:

8.1 Long-term capital allocation

Replace short-term grants with 10-year investment cycles.

8.2 Platform value capture

Introduce levies on digital platforms generating Australian cultural revenue.

8.3 AI data governance

Require licensing or compensation for use of cultural datasets in AI training.

8.4 Workforce stabilisation

Introduce minimum income protections and portable benefits for creative workers.

8.5 Cultural return measurement

Establish national reporting on:

- economic return
 - cultural participation
 - AI-related value extraction
-

9. Strategic Implications

Without reform, Australia risks becoming:

- a net exporter of cultural value
- a data provider for foreign AI systems
- a low-retention creative economy

With reform, Australia can reposition itself as:

- a cultural capital economy
 - a regulated digital cultural market
 - a leader in AI-cultural governance integration
-

10. Conclusion

Australia's cultural policy is at a structural inflection point.

The emergence of AI and platform economies has fundamentally altered how cultural value is created, extracted, and distributed. At the same time, recent expenditure data shows that **record spending has not translated into proportional or strategic investment**, with declining per capita funding and fragmented government contributions (A New Approach 2026).

Incremental funding reform is no longer sufficient.

A transition to an **Artistic Investment Framework** is required to ensure that cultural production is:

- retained
- compensated
- and reinvested within the national economy

**Culture is no longer peripheral to economic policy.
It is core infrastructure in the AI era.**

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