

National Cultural Policy Submission

1469687

Public

Organisation

Ciemitis Arts and Design

Short submission (text box 500 words or less)

We commend the authors of the Policy, and wish to focus our comments on one specific matter; namely infrastructure and space for creatives.

Our submission focusses on levers influencing the private sector in the delivery of creative space, not an 'ask' for public funding. It is therefore a low-cost pathway for Federal Government.

One of the biggest problems faced by creatives is finding working space to conduct their practice. Surveys we have conducted reveal this as one of the highest ranking issues for creatives. Generally, the problem is as follows; the capacity of creatives to pay commercial market rates for floorspace is very limited due to much lower turnover and income, and infrequency of income.

Concurrently, one of the most significant blights on town centres in Australia is the proliferation of vacant ground floor space in commercial developments. Ground floor commercial tenancies are generally mandated by planners in an endeavour to activate place, but in actuality these spaces fall vacant because there are not sufficient market paying commercial businesses to occupy them. Consequently they remain vacant and a social blight. It is jointly a problem for creatives (ie, space 'going begging') and for communities in blighted places. This means that solving these problems for creatives also helps to solve problems for communities; a key advantage for the Federal Government in pitching reform to the wider public.

The challenge experienced by creatives in accessing floorspace for studios, workshops, rehearsal, etc is that commercial landlords are not willing to offer discounted rents, even when full commercial rate tenants do not appear to be available. In this situation commercial landowners will typically leave floorspace vacant rather than lease to creatives at peppercorn or discounted rates. This is largely due to the property financing framework, whereby in some commercial property owners are incentivised to exclude vacant floorspace from their finance valuations rather than lease at discounted rates which devalues their property in relation to finance. This behaviour is not driven by law but by bank lending practices, valuation standards, and market norms.

Federal Arts Policy can directly influence legislative review to help resolve this problem and help deliver affordable space for creatives.

Federal Government holds several potential levers to improve availability of space for creatives.

Many potential pathways exist, but some include:

- Amending APRA legislation to require banks to adopt "through-cycle" valuations, rather than point-in-time lease evidence
- Amending APRA legislation to enable a category carve-out for creative and cultural uses to be excluded in finance valuation assessments
- Provide standardised licence frameworks to enable short-term "licence to occupy" by creatives rather than formal leases. This preserves the lease vacancy condition of a property, but enables a the carving out of a separate licenced occupancy for creative uses.

Done competently, legislative change has the ability to be utterly transformational to the Arts sector, bringing commercial floorspace within the practical reach of most creatives. We recommend that in framing the Arts Policy, that a detailed study be undertaken by qualified practitioners (ie, economics, law, finance) to identify specific policy actions to achieve change to property availability.