

# The Next Act in Arts Funding:

## Embedding cultural funding within everyday economic activity<sup>1</sup>

In 2023, Australia's first National Cultural Policy in over a decade - *Revive* - stabilised a sector in crisis. As we prepare for the next iteration, the task is radically different. In 2027, we must ensure Australia's cultural funding architecture is resilient enough to sustain a vibrant arts sector long into the future and prevent the sector from again reaching the level of fragility that made *Revive* necessary in the first place.

This cannot be achieved by relying solely on the same funding structures that have existed in the past. While those structures remain essential, they are no longer capable on their own of supporting a growing, more dynamic and increasingly digital cultural sector.

Australia needs structural reform capable of expanding the overall pool of resources available to the arts through new funding mechanisms that inject additional investment into the sector without increasing pressure on government budgets, while also providing the flexibility and agility required to respond to a rapidly changing cultural landscape.

### One such mechanism exists already.

ArtsPay demonstrates how a portion of value already embedded within everyday payment systems can be redirected to support the arts without:

- increasing taxes
- increasing costs to consumers
- increasing costs to government.

### In effect, the model allows everyday economic activity to become part of the funding architecture supporting Australia's cultural sector.

The model operates on existing regulated payment infrastructure and has already generated funding for artists and cultural organisations across Australia.

In just two funding rounds, more than 2,700 applications for funding have already been received through ArtsPay Foundation grant rounds, demonstrating the scale of unmet demand, and the need to fundamentally think about how we are going to fund the sector going forward.

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<sup>1</sup> *This submission should be read alongside the ArtsPay Foundation's submission to the House of Representatives Standing Committee on Communications, Sports and the Arts Inquiry into Philanthropy and Private Support for the Arts, which outlines the proposal in greater detail.*

ArtsPay offers Australia an opportunity to do just that, and with a few small policy adjustments and some political leadership, it will.

Right now, ArtsPay is being adopted by businesses all around the country. However, it's capacity to work with the public sector is limited by government procurement and financial management frameworks were not designed to recognise broader public value.

While governments increasingly use procurement to support social, environmental and community outcomes, payment systems remain largely excluded from that policy logic despite representing one of the largest areas of economic activity connected to public institutions.

### **Case Study – Creative Australia and the Australian Cultural Fund**

Payments for the Australian Cultural Fund have operated through the ArtsPay platform within the Commonwealth cultural ecosystem, demonstrating that purpose-driven payment infrastructure can operate securely, competitively and effectively within existing government systems.

**The reform required to unlock this potential is comparatively modest.**

Governments do not need to create new payment systems or new arts funding programs. They simply need to:

- explicitly recognise payment infrastructure as capable of generating broader cultural, social, community and economic value
- allow this value to be considered within procurement evaluations where providers already meet all existing requirements relating to security, compliance, operational performance and value for money
- and create pilot or exemption pathways that enable purpose-driven providers to participate in public sector procurement.

**This would create a new funding stream for the arts without additional public expenditure.**

The accompanying parliamentary submission examines these issues in detail, including the specific procurement and financial management reforms that could be implemented across Commonwealth, state, territory and local government systems to enable purpose-driven payment infrastructure to participate in public sector procurement.

That analysis found that, with relatively modest policy adjustments and political leadership, Australia has a genuine opportunity to become a global leader in innovative, cost-neutral cultural funding.

Australia has the opportunity to lead the world in a new model of sustainable cultural funding - one that harnesses everyday economic activity to strengthen the arts, support communities and generate greater public value from systems that already exist.