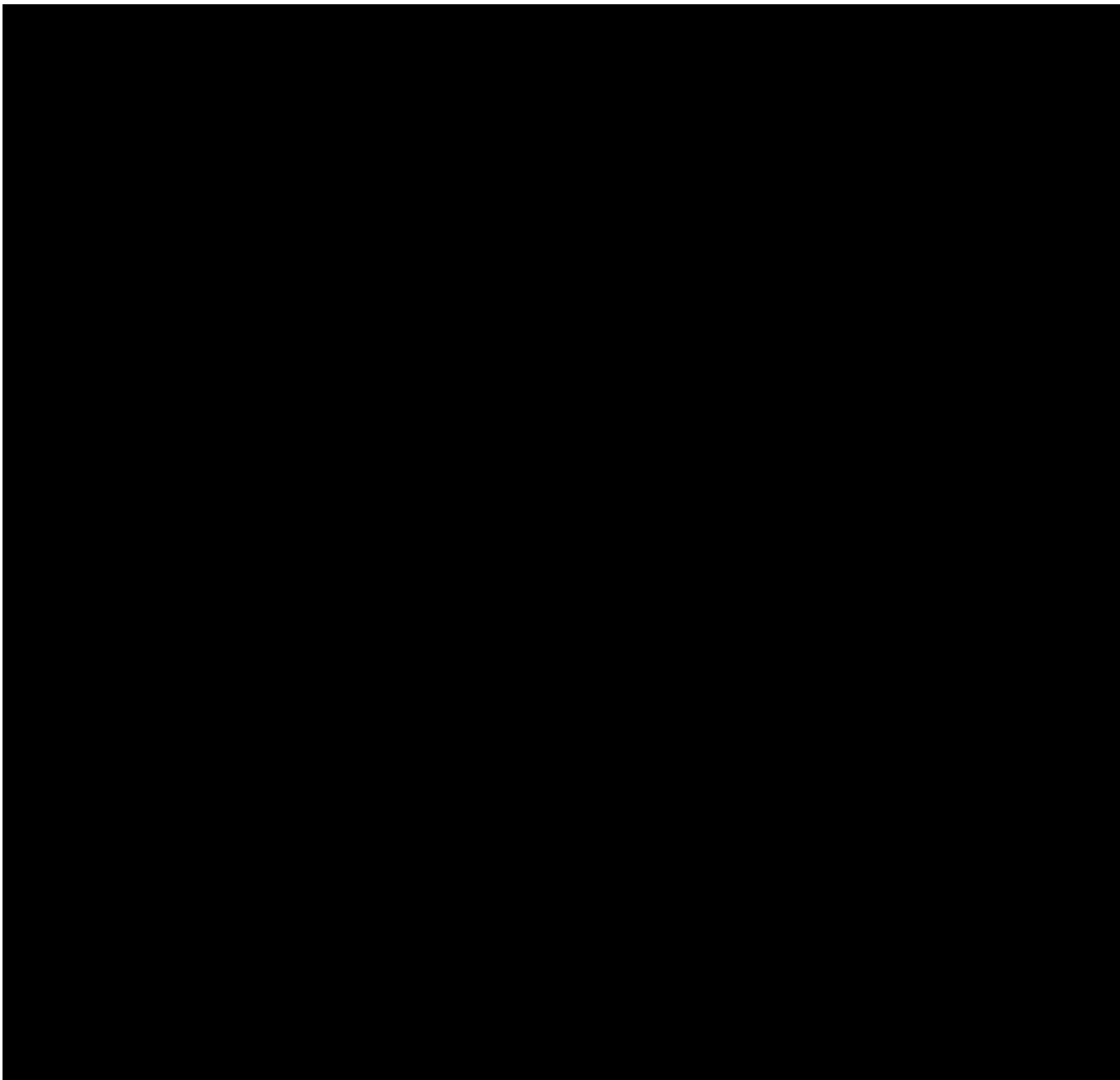




National Cultural Policy Consultation



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Introduction

Australia's Arts Sector needs a Policy that will deliver consistency and clarity of purpose in the context of escalating crisis.

The City of Sydney acknowledges the significant achievements of *Revive*, Australia's first national cultural policy in more than ten years. We applaud the Federal Government's intention to review and refresh the national cultural policy and to achieve Australia's first consecutive cultural policies. We welcome the opportunity to help shape Australia's next cultural policy at a crucial time for the nation's arts and cultural sector.

We are at a time when structural challenges threaten to critically undermine the cultural sector and artists have become a community at risk. Challenges affecting the health of Australia's creative and cultural ecology are escalating as cost of living and housing pressures climb and our post-pandemic economic conditions settle in. The financial precarity of the cultural sector and scarcity of resources for the arts is increasingly evident. There's now a real risk we'll lose generations of arts practitioners, a loss that will have significant economic, social and cultural consequences.

Revive has successfully articulated the Nation's commitment to supporting and developing our cultural life, and it has set effective priorities for investment in the production, presentation and export of Australian creativity. But we need to ask, are we doing enough?

[A New Approach](#), details how government investment in arts and culture is not keeping pace with population growth and is falling behind the investment per capita of other OECD countries. Australia's population increased by 27% between 2007 and 2023 to 27 million, while expenditure on arts and culture increased by 19% over the same timeframe. This in-real-terms reduction in investment is stretched even more thinly in the context of growing global economic pressures adding to the cost and complexity of producing and presenting creative work.

Revive acknowledges the creative industries as an economic powerhouse, accounting for 2.5% of the nation's GDP, instrumental to delivering jobs, trade, productivity, innovation, skills and tourism. This is why the systemic weakening of the cultural and creative industries is a threat to national competitiveness, and a new National Cultural Policy must enable a sharpened focus on the critical issues facing artists and culture, particularly the precarity facing the creative workforce and cultural infrastructure.

Sydney is often first to demonstrate trends that will play out in other major cities, so the evidence of a sector in crises provided in this submission should be cause for concern and mobilise a coordinated effort across Federal, State and Local Government. This should be underpinned by greater coordination and collaboration across all levels of government, embedding consistent approaches to research, funding, strategic planning, policy and program delivery.

As Christos Tsiolkas and Clare Wright note in their preface to *Revive*, access to culture is enshrined in Article 27 of the Universal Declaration of Human Rights which, they write, "requires that we think seriously about the pathways to becoming artists and cultural producers."

This rights-based approach to cultural practice is a core part of our approach to cultural strategy. It requires more than just investment in cultural products and projects or creative exports and calls upon us to examine the barriers, imbalances and broader structural contexts that influence and impede pathways to producing culture.

Our commitment to a thriving cultural life.

Following the release of *Revive* in 2023, we released our *Cultural Strategy 2025-2035*. The two documents share a focus on the importance of creative practitioners, the right to participate in cultural activities, and the centrality of First Nations cultural practice.

Extending from *Revive*, our policy was underpinned by extensive research and consultation which suggests the pathways to a sustainable career as an artist, musician, writer or performer have grown ever more precarious in the wake of Covid-19, inflationary pressures, and the rising costs of living, particularly housing.

Greater Sydney still has the largest creative workforce in the country, but it is retracting, with alarming signs for artists' wellbeing, the viability of creative careers, a crisis in the supply of creative spaces to produce work, and the associated fracturing of critical supply chains and intra-sector networks necessary for local cultural production. The protracted unaffordability of Sydney's commercial and residential property markets has given time for these issues to bed-in, but with property markets now following similar trends in all urban areas of Australia, other capital cities look to be following the trend.

Based on our research and consultation, the City identified four core themes which we believe are relevant to the review of the national cultural policy. They are:

- **Loss of Smaller Scale Creative Spaces and Cultural Activity:** costs of compliance continue to be a barrier to operating creative spaces and producing events. Smaller operators, bespoke producers and grassroots activity is most impacted, trending to an over-reliance on major institutions to deliver our cultural product. This erodes the stepping stones that provide progression and growth through a creative career.
- **Housing and Living Costs are Reshaping Culture:** unaffordable housing supply is both displacing creative workers from major cities and forcing an exodus from the creative industries into more reliable work.
- **Loss of Diversity Amongst Creative Workers:** considered efforts towards diversity and inclusion are being hampered by socio-economic factors driving a more culturally homogenous creative sector of those who can better afford a career in the arts.
- **Policies Favour Consumption Over Production:** government investment is mostly focused on presentation outcomes, subsidising the consumption of culture rather than its production and the everyday processes of creative inception and individual artistic practice. Trickle-down approaches do not appear to be working, and investment in audience development seems to be favouring cohorts who are already engaged and well serviced.

The combined impact of these factors runs across *Revive's* five enduring Pillars, shaping the pathways through which our diverse communities can become artists and cultural producers. Those pathways are becoming increasingly narrow.

The role of the Federal Government in supplying the fundamental elements of cultural policy.

Through the delivery of a National Cultural Policy, the Federal Government has confirmed the essential role that the arts, creativity and culture play in the experience of living in a just, democratic, socially enriching country. However, the Federal Government can extend its commitment through an Act for Culture and the Arts. As introduced in South Australia and in other jurisdictions, an Act outlines the fundamental principle that all communities have a right to access and practice culture and may enshrine protections for key cultural institutions and investments that endure political cycles.

An Act could further enshrine the protection of artistic independence, which must be a foundational principle of any Arts Policy. The Creative Australia Act details Creative Australia's functions, which include "to uphold and promote freedom of expression in the arts" (11 (e)). In a post-truth media environment, with escalating global turbulence fuelling social fractures, there has never been a greater need for the voice of the artist, and that voice must be protected. Social cohesion is not achieved through cultural homogenisation, it comes from a diversity of perspectives and lived experiences being given balanced, equitable exposure to the national conversation. We must learn from recent attempts to intervene in cultural programming and further develop well-considered protections, policies and protocols around the independence of the artistic voice.

The National Cultural Policy could also assist with embedding cultural outcomes across other government departments and policy domains, in particular, in health and education. Creative practice provides demonstrated wellbeing outcomes and is increasingly seen as a tool for addressing and preventing mental and physical health issues, while arts education provides the foundation for empathetic, innovative and adaptable communities. The National Cultural Policy could set-out a vision for lifelong creative learning and influence the National Curriculum from a focus on STEM toward a focus on STEAM (science, technology, engineering, ARTS and maths).

Beyond the National Cultural Policy, the Federal Government plays an essential role in collecting and distributing data on the arts and creative industries that underpins cultural policies at state and local government levels. Creative employment and participation data, collected by the Australian Bureau of Statistics, provides important strategic insights to policymakers, and maintaining these key data sets should be acknowledged and protected as a role of government.

Improvements to the data collected will enable government and industry to more fully capture the scope of the arts and cultural sector. Most significantly, the Australian Census must collect information about artistic practice as a secondary source of income in order to accurately capture the vast range of people who make art professionally in Australia. Given the significant barriers to achieving a primary income from creative practice, the numbers of part-time and occasional artists are likely to outnumber those who practice as their primary profession. The failure to consistently and comprehensively count this engagement with casual artistic employment leaves the country unable to quantify its actual creative workforce.

Likewise, standardised definitions for the cultural and creative industries, creative workers, ANZSI codes and cultural infrastructure could be better defined at a federal level to improve consistent research methodologies and policy outcomes across the country.

Similarly, disclosures of federal, state and local government, regional, institutional and sub-sector funding requires a transparent and coordinated approach so that all stakeholders can better understand the overall investment. Using a standard approach to reporting and publishing funding and investment outcomes at all levels would enable policymakers to map funding distribution, understand the value of their interventions, address gaps and leverage new opportunities. This could be reported through an annual statement to Parliament under an Act for the Arts. It would also provide a more rigorous environment for philanthropy to identify the best positioning of complementary, private investment.

Recommendations:

- Deliver an Act of Parliament for Arts and Culture, enshrining the fundamental right to access and practice culture, the independence of the artist, investment in enduring cultural institutions, and cultural outcomes for delivery by the departments of Health, Education, Infrastructure and other relevant agencies.
- Ensure the National Cultural Policy considers the opportunity for arts and cultural outcomes to be delivered by all relevant government agencies and policy portfolios including Health, Education, Housing and Infrastructure.
- Ensure the National Cultural Policy identifies the role of the Federal Government in collecting and distributing consistent data on employment in the creative industries, and participation in the arts. Set enduring processes and priorities for the collection of this data.

- Immediately update the survey questions for the Australian Census so that people may report secondary and casual employment and income derived from arts and creative practice.
- Review standard definitions for the creative industries, creative work and cultural infrastructure with the view to delivering a national standard.
- Develop a standard approach to reporting and publishing investments in culture and the arts for use by all levels of government and relevant institutions and foundations.

Pillar One: First Nations First

Local governments can foster strong relationships with First Nations communities and are well positioned to deliver partnerships and programs.

The City of Sydney commends the inclusion of First Nations First as a fundamental, first principle of the National Cultural Policy. This intention is, of course, only achieved through listening to the needs and aspirations of First Nations communities and an understanding that 'First Nations First' means building a cultural sector that supports and prioritises Aboriginal self-determination. Investment in Aboriginal-led design and leadership of cultural programs, initiatives and funding priorities is central to this, as well as investment in Aboriginal cultural practice, and Aboriginal-led cultural projects and organisations.

Local governments play an important role as ally and advocate to support self-determination, cultural expression and leadership. We can ensure Land Councils and Aboriginal and Torres Strait Islander community-led organisations lead custodial relationships with local places, and that new developments engage with traditional custodians and invest in caring for country. It is at a local level that we can best support First Nations leadership on issues such as language restoration, dual place naming, and redressing untruthful monuments, symbols and commemorative artefacts of colonisation. And we can deliver nuanced approaches to cultural development, informed by local communities and cultural leaders. The National Cultural Policy could better resource First Nations communities and artists to work with local governments to deliver local ambitions on Country.

We are a strong supporter of the proposal for an Aboriginal and Torres Strait Islander Voice to Parliament. Despite the disappointing outcome of the national referendum, we urge the Government to not walk away from the Uluru Statement from the Heart and the profound and generous framework it offers our nation.

The Federal Government should reaffirm a commitment to achieving the intent and aspirations of the Uluru Statement from the Heart and look to how the arts and creative industries can help deliver its priorities, in particular, the role of the arts in truth telling.

Despite policy ambitions, Aboriginal and Torres Strait Islander Communities still experience inequities in the arts and creative industries.

The strengths and the challenges facing Australia's First Nation's creative practitioners is evidenced in the last census. Around 3% of those working in the 'Creative Artists, Musicians, and Performers' industry identified as Aboriginal and Torres Strait Islanders, roughly on par with representation in the wider population. However, Aboriginal and Torres Strait Islander creatives made less money than their non-Aboriginal counterparts. Around 63% were earning less than \$42,000 a year, and 40% were making under \$26,000, compared to just 52% and 23% of non-Aboriginal Artists. It seems likely that lower than average incomes and cost of living and housing pressures in the artist population are compounded in the Aboriginal and Torres Strait Islander population, where health and wellbeing and income indicators are lower than the general population.

This also affects participation in the arts and our cultural life. 92% of First Nations respondents to our Community Wellbeing Survey identify cost as a barrier to attending cultural activities and programs in our local area. Aboriginal and Torres Strait Islander people in the City of Sydney also register a low level of satisfaction with local festivals and events and their opportunity to participate in cultural activities – only a 22% satisfaction rate. Given the importance of arts and cultural products to the practice of Aboriginal culture, this low satisfaction is likely linked to a lack of authentic and affordable Aboriginal-led cultural experiences. Indeed, 80% of respondents noted a lack of activities and programs that suited them as a driver of their dissatisfaction. The limited opportunities for First Nations communities to see themselves and their culture reflected in arts experiences correlates with the low number of Aboriginal and Torres Strait Islander people making a living through their creative practice - the census suggests the figure is less than 1,000 individuals.

Given *Revive's* strong investment in First Nations story-telling and representation in the major cultural institutions located in the City of Sydney area, the low level of engagement and satisfaction among our local First Nations communities invites the question – who are these programs being made by and for? And who feels they can access them?

The National Cultural Policy should seek to increase the number of Aboriginal artists making a living through their creative practice, which will in turn increase authentic representations of Aboriginal culture and participation from members of First Nations communities. This includes reducing barriers such as living and housing costs for Aboriginal artists through direct income support, inclusion of these costs as eligible expenditure items in all funding programs, and funding that supports Aboriginal artists to practice culture rather than focusing on project delivery outcomes.

The National Cultural Policy also has a continued role in ensuring that Indigenous Cultural and Intellectual Property is protected and that there is a broad understanding of cultural rights and protocols in the arts sector and beyond. This should extend to the regulation of fake Aboriginal art, souvenirs and cultural experiences.

Recommendations

- Resource First Nations artists and cultural organisations to lead self-determined cultural practice and participation projects in partnership with local governments.
- Resource Aboriginal and Torres Strait Islander communities, in partnership with local government, to undertake language restoration, dual place naming and truth telling programs.
- Collaborate with First Nations creative workers and local governments to explore traineeships in local government, including cultural development programs and festivals and event delivery.
- Ensure funding for Aboriginal and Torres Strait Islander artists addresses financial barriers to practicing art, such as paying for housing and living costs, through direct artist support funding or as including these costs as eligible project expenses.
- Ensure Indigenous Cultural and Intellectual Property rights are protected through policies, regulations and awareness campaigns, including in the souvenir industry.
- Reaffirm a commitment to achieving the intent and aspirations of the Uluru Statement from the Heart and investigate how the arts and creative industries can help deliver its priorities.

Pillar Two: A Place for Every Story

For every story to be heard, we must increase the diversity of those employed to tell the stories.

The cultural diversity of Australia's population is not adequately reflected in our cultural products. In Greater Sydney, people who identify as 'British, Irish or Australian' in ancestry make up 43% of the population, but they represent 63% of the population working in the core creative industries. This lower representation of culturally diverse people working in core creative industries is mirrored by lower rates of satisfaction with Sydney's cultural offerings amongst non-English speaking communities.

Our Creative Worker Survey suggests culturally diverse artists are less likely to benefit from critical financial support and that language and cultural factors continue to be considerable barriers in accessing arts funding.

For this reason, arts and cultural funding that seeks to increase diversity should include reducing barriers to creative practice, such as childcare costs and relief from other financial and domestic commitments. Targeted, culturally inclusive, funding rounds that provide bespoke support through the application and project delivery process can also contribute to cultural equity. Local Governments can play a role in delivering these community-connected services. As *Revive* notes, "local governments... with their proximity to local communities, play a key role in supporting place-based arts and cultural practice."

Diversity of artforms is also important for a healthy creative ecology. Feedback from the cultural sector is that *Revive* had an uneven investment, favouring some artforms over others, something to be addressed in the next National Cultural Policy and through artform specific action plans.

We must ready our story-tellers for future methods of story-telling.

The pervasive role of digital technology in contemporary life calls for an evolution in the way Government funds and supports arts and culture. Children and young people consume and produce creative content in a rapidly expanding digital environment. The Federal Government acknowledges the role of digital media literacy in *The Curriculum connection: Media consumers and creators*. However, further connections should be made between digital media literacies, formal arts education and cultural creative workforce more broadly.

Education reform is a key vehicle to support the Federal Government's affirmation that access to arts and cultural activity is the birthright of all Australians, regardless of their cultural background. This should include the development of a culturally inclusive, formal, comprehensive arts education within the National Curriculum, working with state governments to ensure alignment with the syllabus. Specific measures could include partnerships with artists and arts companies, supporting specialist artform teachers rather than arts generalist teachers and professional development opportunities for arts teachers. Regular review and reflection on the validity and currency of arts practices to children and young people in the digital world is an important part of education reform and its connection to arts education and policy. Integration into education enables more equitable opportunities and pathways to creative careers for all Australians.

Recommendations

- Resource local government to create targeted and supported arts and cultural funding for culturally diverse artists
- Resource opportunities for traineeships for diverse cultural workers in local government, including in festivals and event production

- Build creative opportunities and career pathways for all Australians through education reform
- Work with culturally diverse communities to ensure funding programs address barriers to creative careers.
- Ensure Federal Government investment is spread across a diversity of artforms
- Undertake education reform to support cultural equity, increased creative participation for children and young people and pathways to creative careers

Pillar Three: Centrality of the Artist

Of all the issues concerning the City of Sydney, the loss of creative workers is the most pressing.

In *Revive*, this pillar focused on much needed actions to provide fair and safe workplaces and conditions for artists. Our research indicates that the financial viability of developing and sustaining a creative career is now a critical priority, and this focus area could be expanded to more thoroughly address systemic issues and external constraints impacting the cultural workforce, as well as the protection of artistic independence.

Sydney's diminishing and precarious creative workforce threatens the vitality of Australia's largest global city, and in turn, Australia's creative ecology. All levels of government recognise the vital role culture plays in Australia's economic prosperity, social cohesion and identity. Culture is fundamental, it underpins all that is meaningful in our lives. It reflects our values, captures our character, shares and records our stories. Our culture defines and binds us through a sense of shared identity, memory and aspirations. And it is made manifest by artists. Our experience of culture exists as a product of cultural workers, and as such, the viability of creative careers is crucial to the aspirations of the National Cultural Policy.

Our research indicates three key factors affecting our creative workforce:

Housing costs are shaping our creative workforce.

We know that the cost of renting in Sydney is having an impact on sustaining creative careers. The Artists as Workers research undertaken by Creative Australia has demonstrated a steady decline in artist incomes over the past 15 years, while over the same time, Sydney rents have almost doubled. The average weekly rent in Sydney is equivalent to 62% of the average income of artists.

The last Australian Census demonstrated a 13% decline in the artist population of Greater Sydney. So, we undertook a Creative Workers Survey to identify the lived experience that is leading to this retraction. The survey is designed to track confidence and resilience within our local creative community in real time. The findings are stark. 57% of respondents are considering leaving Sydney within the next 12 months and 80% had colleagues who had already left. The costs of housing and accessing creative workspace are the drivers of this poor outlook.

The survey found the issue is not unique to renters. On average, all respondents are spending between 36% (the median) and 39% (the average) of their total income on housing, putting them within the common definition of housing stress. However, this figure is skewed low because 20% of respondents were paying nothing or very little for housing. It appears one fifth of our creative workers are sustaining their careers because they have access to free/secured housing.

Notably, those paying no or little for housing were more likely to live in or around the city centre, were almost twice as likely to identify as Anglo-Australian, and around 46% live within the highest quartile of households by income. This doesn't imply core creatives themselves are wealthy, but that the uniformly poor incomes associated with creative labour are increasingly offset by other income sources, such as family or spousal incomes. It seems, without these independent sources

of financial support, few creative practitioners can bridge the gap between the proceeds of creative practice and the costs of living.

When we remove these outliers with minimal housing costs, the average creative worker is paying between 42% and 48% of their income on housing in Sydney. As Sydney is historically ahead of the curve on housing pressures, the trend will undoubtedly begin to affect other cities and may become evident in the 2026 census.

There is an erosion of wellbeing within the creative workforce.

In 2024, we undertook extensive sector consultation to inform the development of our *Cultural Strategy*. It was very evident that burnout and wellbeing concerns are strongly impacting the sector with many artists and cultural leaders reporting mental and physical health issues impeding their output or compelling them to drop out of their practice and the sector. In a sector that relies heavily on the knowledge, expertise, broad skills and relationships of a small number of CEOs and artistic leaders, such a high degree of health concerns poses a considerable risk.

It was noted that the funding available to arts organisation, which is already relatively scarce, is almost exclusively focused on project delivery and audience development, and only a narrow band of organisations have access to general operational funds to sustain their staff and overheads. Almost none of the arts organisations we spoke to had budgets for professional development or wellbeing programs for their staff. These kinds of 'people and culture' investments that are increasingly common in contemporary workplaces are seen as an exclusive luxury of the corporate sector and unachievable for the cultural sector. That is why our *Cultural Strategy* identifies a Cultural Leadership pilot program to deliver wellbeing support and professional development opportunities to local arts and cultural leaders and teams working in the small to medium sector. We need to be rethinking how our investments can support the people responsible for producing our cultural products, and not just their creative outputs.

The 'missing middle' is undermining sector sustainability.

Our *Cultural Strategy* focuses on the critical need for opportunities and infrastructure to support emerging artists to develop into mid-career and established artists. Uneven investment in the arts, project-based and one-off funding for small-to-medium organisations, changing markets and a lack of support for sole traders and small creative businesses has resulted in a range of obstacles that prevent early-career artists from developing and sustaining their careers. Whilst the 2026 Federal Budget has continued stable investment in the arts, particularly in institutions and Creative Australia, there is a need for new and increased funding, particularly in the small-to-medium sector to nurture talent, critical career pathways and combat escalating costs of producing work.

A range of financial incentives and tax reforms could support artists to stay in the creative workforce and bolster the 'missing middle'.

Tax reform to support artists and small-to-medium organisations is a significant opportunity for the Federal Government to progress. In 2025, we identified tax policy reforms to increase artist incomes, address funding gaps and support the development of creative work, detailed in our submission to the [NSW Summit on Cultural Tax reform](#). We have attached our submission to that consultation to this submission and catalogued its recommendations below.

Recommendations:

- Develop funding programs that provide direct income support to artists to address their housing and living costs, in addition to creative practice and projects.

- Provide dedicated funding streams to support arts workers and organisations to pursue professional development opportunities, employee assistance programs, and personal wellbeing related services.
- Carry out tax reform to support artists, including:
 - Explore a separate tax-free threshold for secondary artistic incomes.
 - Review the definition of ‘special professionals’ eligible for income averaging, to ensure eligibility applies to the broad range of artists and creative producers who might benefit from it.
 - Explore the application of a flat deduction rate for artistic incomes.
 - Provide a tax exemption for art prizes and literary awards.
 - Re-introduce a mechanism for instant asset write-off (or a comparable tax concession) for the purchase of contemporary Australian Art.
- Review the role of the Australian Culture Fund to explore opportunities for the Fund to:
 - Support “unfunded excellence” (highly ranked unsuccessful applications) in Creative Australia funding rounds.
 - Provide income and housing support for artists.
 - Subsidise access to rehearsal, recording and studio facilities for artists to sustain their craft and develop new work.
 - Distribute charitable funds to for-profit for-purpose creative operators like music venues, commercial theatre producers and creative space operators, while maintaining the tax benefit for the donor.
- Explore the required legislative change to support this expanded role for the Australian Culture Fund.
- Explore opportunities, more broadly, for legislative reform to facilitate the distribution of donated funds to for-profit for-purpose creative operators like music venues, commercial theatre producers and creative space operators.
- Explore an enhanced deductible value of 150% for donations of less than \$10,000, made for cultural purposes, by individual donors who earn a low-to-medium income.

Pillar Four: Strong Cultural Infrastructure

There is no culture without the spaces in which it is made and shared. Without space to create, there are no creative industries. Yet, cultural infrastructure planning remains an under-developed aspect of arts and cultural policy at all levels. Within *Revive*, the term ‘cultural infrastructure’ appears to apply to “the spectrum of institutions which sustain our arts, culture, and heritage” and perhaps within that definition lies a policy blind-spot. While major institutions operating in government owned buildings provide an aspirational site for cultural excellence, in our area, most creative industries businesses are operating in the precarities of the private commercial property market.

These buildings house small-to-medium scale, non-institutional spaces, most often rented by small businesses or not-for-profit organisations, providing studio, rehearsal, workspace, and small venues, like galleries and theatres. These are the spaces that are vital to fine-grain local cultural experiences and they underpin the supply chains and career paths that feed into our major institutions. They service the majority of the creative workforce, who operate as sole traders outside of publicly funded institutions. If our goal is to increase the number, and diversity, of people

making cultural work in Australia, this loss of small scale and privately operated cultural infrastructure must be a national priority.

As documented in our *Cultural Strategy*, our local government area alone lost 172,000 square metres of creative floor space in the decade to 2022. That is the equivalent of nearly 7 Sydney Opera Houses or 3 Disney Studios in a local government area of just 27 square kilometres.

We supply around 10,000 square metres of subsidised creative floorspace space for use by small-to-medium cultural organisations. This is a large investment, beyond the scope of most Australian councils, and even still, it is dwarfed by the scale of the problem. If we are to safeguard the cultural production that will underpin the future of Australia's arts and culture output, it must be done in the private market. Neither Federal or State Governments have set policies or programs for this.

Key issues that need to be addressed include:

Chronic Unaffordability

Our recent Greater Sydney Creative Spaces Affordability Study found that almost all suitable property for creative production in the commercial market is unaffordable for arts operators. The study suggests many creative spaces in the inner city are highly unsustainable and on the brink of collapse, existing largely on anomalies in the property market, such as demolition leases.

The problem is at its harshest amongst space for artists, musicians, writers and performers, who have historically relied on the small business and not-for-profit entities managing studio and rehearsal space. Our Floor Space and Employment survey indicates the number of small and very small businesses serving this community dropped from 126 to just 66 between 2011 and 2021, shedding 206 jobs, or 37% of its workforce. This is a result of both the cost of renting private space, and the loss of suitable space in the face of large-scale urban redevelopment.

Affordability of creative spaces is a systemic issue requiring a multi-faceted response. State-based property taxation levers and planning measures should be supported by federal measures and aligned objectives.

One approach could be to incentivise the leasing of vacant property to creative industries through the introduction of a tax deduction to the in-kind value of below-market-rate leases. Demonstration of a long-term lease with rental rates set at a significant discount below a market evaluation could be claimed as an income offset by the landlord.

Regulatory issues

The viability of small-to-medium scale venues is impacted by compliance costs associated with building regulation. There is a tendency to view state and local governments as the origin of these barriers but they largely have their origins in the National Construction Code.

We welcome recent NSW and Federal Government reforms to enable more creative, temporary and flexible uses, such as the conversion of shops to entertainment facilities without a Development Application and changes to the National Construction Code to differentiate a small place of assembly from a large place of assembly. However, further investigation of issues stemming from the National Construction Code and reforms to address financial and operational barriers are required, along with education and resources to equip the sector with the necessary tools to take advantage of them. Temporary creative uses should be a focus of further regulatory reforms to provide property owners with the confidence to allow ad hoc creative activity to occur.

Recognition of creative space operators as suppliers of a key service

We have carried out significant research on the critical role creative space operators play in supporting cultural infrastructure in Sydney. All levels of Government are cognisant of the significant resourcing required to establish and operate creative spaces. The *Making Space for*

Culture incubation program brought together the property sector with creative space operators in a series of knowledge sharing, empathy building and path-finding workshops. The program highlights how creative space opportunities can be leveraged and amplified by building capacity and trust in creative space operators. This is particularly relevant as government and developers look to the sector to leverage infrastructure opportunities through the planning process.

Creative Land Trusts are increasingly being explored as an opportunity to transfer creative spaces into the hands of the creative sector in perpetuity. Following the joint commitment between the City of Sydney and NSW Government to explore the feasibility of a Creative Land Trust in Sydney, the Federal Government has a crucial opportunity to assist in progressing such a model. Resourcing creative space operators as key service providers, caretakers and custodians of cultural space will be key to the model's viability.

Embedding cultural infrastructure into the planning system

There are many opportunities to better embed cultural infrastructure into the planning system. Given the NSW Government's housing targets and the development that is set to occur in Sydney over the next decade, these measures are now urgent. State Significant Development and the Housing Development Authority are leaving less opportunities for local government to negotiate meaningful cultural and social outcomes for their communities and places. Alignment of local government informed cultural infrastructure needs with fast-tracked state-led planning processes and housing approvals is a central priority. The imminent housing development in Sydney is a once in a generation change for our urban places. Any delay to measures that enshrine culture in our planning system will mean critical lost opportunities for the future of Sydney's cultural products and creative workers.

Another planning measure to support the sector includes consistent definitions of creative industries across local, state and federal governments. We need clarity in approaches to sub-industry definitions, while maintaining enough flexibility to embrace innovation and evolution of creative practice. At the same time, we need specificity in definitions and criteria for cultural facilities and infrastructure, including clear typologies of creative space that can deliver fit-for-purpose production and workspace through the planning system.

Planning frameworks may also provide opportunities to better preserve existing and at-risk cultural infrastructure. The UK's Assets of Community Value (ACV) scheme provides for communities to nominate buildings with significant social and cultural value. Once classified as an ACV, an owner wishing to sell is compelled to offer the community the first right to bid through a transparent public sale. A similar scheme that identifies and classifies assets of cultural value could work well in Australia, in tandem with other levers such as vacancy taxes, land tax exemptions and land trusts.

Further Government investment in cultural infrastructure should better prioritise production facilities in our inner cities.

While the private market for creative space requires urgent attention, there remains opportunities for Government delivered infrastructure. In our inner-city areas, these Government led projects should prioritise creative productions and workspace, studios, rehearsal rooms and workshops, to counterbalance the steady erosion of inner-city light industrial building stock. All levels of Government should review public owned facilities and sites that could meet this need.

In our local area, the Department of Defence is divesting Victoria Barracks in Paddington, providing an exceptional opportunity to deliver community benefits and keep the site in public hands. This could include delivering cultural facilities at scale. Located on Oxford Street, adjacent to two nationally significant art schools and within the City of Sydney's Oxford Street Creative Precinct, this site offers significant opportunity for temporary artist and student housing, residency spaces, large scale creative production facilities, performance and exhibition space, among other priorities. This is best achieved by keeping the site under public ownership.

Around the world there are many examples of adaptive reuse of former military facilities for cultural purposes: the Arsenale in Venice, Vallisaari Island in Helsinki, Liberty Station Arts District in California, and the Kaohsiung Centre for the Arts in Taiwan. The Gunnery, The Parachute Ground and Cockatoo Island are prime examples in Sydney. Repurposing a facility of the scale of the Victoria Barracks in a location like Oxford Street has the potential to fundamentally transform the cultural productivity of Sydney for generations.

Cultural Infrastructure is a productivity issue.

Cultural infrastructure is fundamental to the viability of the creative industries, and in turn to Australia's productivity, innovation and global competitiveness. Consideration needs to be given to how we will maintain productive employment lands in our urban areas. A Creative Industries Strategy, in addition to the National Cultural Policy, might be an opportunity to articulate and explore the needs of the inter-connected supply chains that underpin arts and culture.

Recommendations

- Review Federal owned sites across Greater Sydney with consideration for their use as creative workspace and cultural infrastructure. In particular, consider opportunities for the Victoria Barracks on Oxford St Paddington to remain in public ownership and include creative uses.
- Prioritise a National Action Plan on affordable creative spaces and infrastructure, involving all levels of government and the creative sector.
- As part of a National Action Plan for affordable creative space, work with the creative sector to identify and minimise regulatory barriers for cultural enterprise, especially those arising from the National Construction Code.
- Develop a targeted Creative Industries Strategy to support the needs of the inter-connected supply chains that underpin arts and culture, including opportunities to preserve productive employment lands.
- Support alignment between federal, state and local governments to embed cultural infrastructure in planning, including:
 - Elevate the priority for cultural infrastructure and appropriately zoned land for cultural production in the Sydney Region Plan
 - Delivery of locally informed cultural infrastructure in new NSW State Significant Development and through the Housing Development Authority
 - Development of creative use and cultural infrastructure definitions across local, state and federal government to provide clarity and fit-for-purpose facilities for a range of creative uses
 - Investigation of specialised definitions of creative workers as a priority cohort in the planning system, for example 'core creatives' and agreed affordability measures, so that artists most in need of cultural infrastructure can benefit from development opportunities
- Explore opportunities to support the partnership between the City of Sydney and the NSW Government to determine the feasibility and a path to establishing a Creative Land Trust in Sydney.
- Explore a scheme for identifying and preserving assets of cultural and community value. In tandem with such a scheme, explore the application of a vacancy tax on shuttered cultural assets and other tax offsets that may incentivise the retention of these cultural spaces.
- Explore the application of an assessable income deduction for the value of discounted rent for landlord's who provide long-term below-market-rate leases to creative spaces.

Pillar Five: Engaging the Audience

Our analysis of attendance data provided by the major arts events, festivals, and organisations we support suggests that audience numbers have yet to recover from the impact of Covid-19, and remain 10% to 20% below pre-Covid levels. The long-tail impacts of Covid-19 are further compounded by technological, cultural and consumer behaviour shifts.

Our research notes the following challenges:

Digital platforms and AI are both underutilised tools and understated threats.

Revive highlighted the evolution of artists and audiences' engagement due to rapidly evolving platforms and technologies, such as digital platforms like TikTok, Spotify and YouTube and since its publication in 2023, AI has become a dominant technological force for the creative sector to contend with. Increasingly, independent artists must evolve their practice and engage with digital platforms to stay relevant and competitive, but there are few resources for artists to understand the limitations and impacts to their intellectual property rights when creating work for these platforms. Greater support could be provided through Creative Australia for artists to develop skills and understand their rights (or their waiving of rights) when using digital platforms.

We applaud the Federal Government's protection of copyright law to prevent AI companies training their models on Australian music, writing, film and art. We urge the Federal Government to continue monitoring the impacts of AI on the sector and to take action where necessary to protect the copyright of Australian artists.

Cost barriers for audiences need to be addressed, but not at a cost to producers.

Since the publication of *Revive* in 2023, it is likely that cost has become a more significant barrier to engaging audiences. Our 2023 Residential Wellbeing Survey suggests cost is a key issue in audience participation. In 2018, prior to the Covid-19 outbreak, 56% of our residents listed the cost of activities as an active barrier to their participation in arts and cultural events. By 2023, that figure had risen to 66%. Action is needed to address audience cost-barriers and encourage diverse audiences to engage with the arts. Given the cost of producing and presenting all arts and creative products has also significantly grown under inflationary pressure, reducing the price point for audiences cannot be the responsibility of producers alone. At least in the short term, the cost barrier can only be overcome with increased subsidies and funding.

One opportunity to raise the revenue for increased subsidies is a visitor levy. Many countries and cities impose a tourism tax to help increase funding for arts and culture.

Edinburgh is the first UK city to introduce a visitor levy. The recently adopted measure will introduce a 5% levy on the cost of overnight accommodation, capped at 5 nights. The scheme is projected to raise £50 million a year, with the funds largely dedicated to local culture, heritage, events, building the city's global reputation and a more sustainable visitor economy. The scheme is designed not to impact on tourism levels as the amount is nominal per visitor, yet it could bring considerable new revenue into the funding system. Additional funds could underwrite major cultural institutions and events, and thus free up arts and cultural funding budgets to better resource new talents, the small-to-medium sector, and emerging strategic needs. The logic of the levy would suggest a more secure and increased investment in cultural tourism will increase visitation, which will in turn replenish and grow the levy's cultural fund, which will drive a greater quantum of arts experiences and lower price points.

Financial and regulatory barriers for festivals and events

Given the collapse of several high-profile festivals, government at all levels is increasingly aware of challenges facing Australian festivals and events, catalogued in Creative Australia's *Soundcheck* and *Soundcheck 2*. The collapse of festivals affects the creative sector in a range of ways, including employment of artists and creative technicians, reduced opportunities to engage in culture, a loss of confidence for producers and the loss of a critical step in career development of our nationally and internationally significant artists. Although there has been a focus on regulatory reform in the 24-Hour economy to enable activation, the costs of compliance and delivery are still paramount.

We welcome the Federal Government's efforts to investigate options to reduce prohibitive insurance costs for the sector, including a mutual insurance model. Whilst the FEAT. and Bloom Insurance report to Creative Australia in 2025 outlined the challenges of research into a mutual insurance model, our Nightlife and Creative Industries Advisory Panel support further investigation into affordable insurance for festivals and events.

Another mechanism to support larger-scale festivals and touring arts is expanding the producer and location offsets used in Australian film production to contemporary music production and touring, and the development of commercial theatre works. These could be considered in combination with other tax reforms proposed in this submission.

Recommendations

- Retain protections through copyright law to prevent AI developers from training models on Australian content without accreditation or remuneration.
- Closely monitor advances in AI and technology to ensure and evolve copyright protections for creative products.
- Provide skills development programs for artists in utilising digital platforms and understanding their rights and the rights they sign over when publishing online content.
- Further investigate affordable insurance for larger scale festivals, including for-profit festivals.
- Explore the expansion of producer and location offsets used in Australian film production to apply to contemporary music production and touring, and the development of commercial theatre works.
- Consider new sources of revenue to supplement the arts and cultural sector, such as a tourism levy.
- Investigate ways of aggregating online promotional opportunities for arts and cultural events and products, particularly for the small-to-medium sector.

Summary of recommendations

- i) Deliver an Act of Parliament for Arts and Culture, enshrining the fundamental right to access and practice culture, the independence of the artist, investment in enduring cultural institutions, and cultural outcomes for delivery by the departments of Health, Education, Infrastructure and other relevant agencies.
- ii) Ensure the National Cultural Policy considers the opportunity for arts and cultural outcomes to be delivered by all relevant government agencies and policy portfolios including Health, Education, Housing and Infrastructure.
- iii) Ensure the National Cultural Policy identifies the role of the Federal Government in collecting and distributing consistent data on employment in the creative industries, and participation in the arts. Set enduring processes and priorities for the collection of this data.
- iv) Immediately update the survey questions for the Australian Census so that people may report secondary and casual employment and income derived from arts and creative practice.
- v) Review standard definitions for the creative industries, creative work and cultural infrastructure with the view to delivering a national standard.
- vi) Develop a standard approach to reporting and publishing investments in culture and the arts for use by all levels of government and relevant institutions and foundations.

1. First Nations First

- 1.1 Resource First Nations artists and cultural organisations to lead self-determined cultural practice and participation projects in partnership with local governments.
- 1.2 Resource Aboriginal and Torres Strait Islander communities, in partnership with local government, to undertake language restoration, dual place naming and truth telling programs.
- 1.3 Collaborate with First Nations creative workers and local governments to explore traineeships in local government, including cultural development programs and festivals and event delivery.
- 1.4 Ensure funding for Aboriginal and Torres Strait Islander artists addresses financial barriers to practicing art, such as paying for housing and living costs, through direct artist support funding or as including these costs as eligible project expenses.
- 1.5 Ensure Indigenous Cultural and Intellectual Property rights are protected through policies, regulations and awareness campaigns, including in the souvenir industry.
- 1.6 Reaffirm a commitment to achieving the intent and aspirations of the Uluru Statement from the Heart and investigate how the arts and creative industries can help deliver its priorities.

2. A Place for Every Story

- 2.1 Resource local government to create targeted and supported arts and cultural funding for culturally diverse artists

Summary of recommendations

- 2.2 Resource opportunities for traineeships for diverse cultural workers in local government, including in festivals and event production
- 2.3 Build creative opportunities and career pathways for all Australians through education reform
- 2.4 Work with culturally diverse communities to ensure funding programs address barriers to creative careers.
- 2.5 Ensure Federal Government investment is spread across a diversity of artforms
- 2.6 Undertake education reform to support cultural equity, increased creative participation for children and young people and pathways to creative careers
- 3. Centrality of the Artist**
- 3.1 Develop funding programs that provide direct income support to artists to address their housing and living costs, in addition to creative practice and projects.
- 3.2 Provide dedicated funding streams to support arts workers and organisations to pursue professional development opportunities, employee assistance programs, and personal wellbeing related services.
- 3.3 Explore a separate tax-free threshold for secondary artistic incomes.
- 3.4 Review the definition of ‘special professionals’ eligible for income averaging, to ensure eligibility applies to the broad range of artists and creative producers who might benefit from it.
- 3.5 Explore the application of a flat deduction rate for artistic incomes.
- 3.6 Provide a tax exemption for art prizes and literary awards.
- 3.7 Re-introduce a mechanism for instant asset write-off (or a comparable tax concession) for the purchase of contemporary Australian Art.
- 3.8 Review the role of the Australian Culture Fund to explore opportunities for the Fund to:
- Support “unfunded excellence” (highly ranked unsuccessful applications) in Creative Australia funding rounds.
 - Provide income and housing support for artists.
 - Subsidise access to rehearsal, recording and studio facilities for artists to sustain their craft and develop new work.
 - Distribute charitable funds to for-profit for-purpose creative operators like music venues, commercial theatre producers and creative space operators, while maintaining the tax benefit for the donor.
- Explore the required legislative change to support this expanded role for the Australian Culture Fund.
- 3.9 Explore opportunities, more broadly, for legislative reform to facilitate the distribution of donated funds to for-profit for-purpose creative operators like music venues, commercial theatre producers and creative space operators.

Summary of recommendations

- 3.10 Explore an enhanced deductible value of 150% for donations of less than \$10,000, made for cultural purposes, by individual donors who earn a low-to-medium income.

4. Cultural Infrastructure

- 4.1 Review Federal owned sites across Greater Sydney with consideration for their use as creative workspace and cultural infrastructure. In particular, consider opportunities for the Victoria Barracks on Oxford St Paddington to remain in public ownership and include creative uses.

- 4.2 Prioritise a National Action Plan on affordable creative spaces and infrastructure, involving all levels of government and the creative sector.

- 4.3 As part of a National Action Plan for affordable creative space, work with the creative sector to identify and minimise regulatory barriers for cultural enterprise, especially those arising from the National Construction Code.

- 4.4 Develop a targeted Creative Industries Strategy to support the needs of the inter-connected supply chains that underpin arts and culture, including opportunities to preserve productive employment lands.

- 4.5 Support alignment between federal, state and local government to embed cultural infrastructure in planning, including:
- Elevate the priority for cultural infrastructure and appropriately zoned land for cultural production in the Sydney Region Plan
 - Delivery of locally informed cultural infrastructure in new NSW State Significant Development and through the Housing Development Authority
 - Development of creative use and cultural infrastructure definitions across local, state and federal government to provide clarity and fit-for-purpose facilities for a range of creative uses
 - Investigation of specialised definitions of creative workers as a priority cohort in the planning system, for example 'core creatives' and agreed affordability measures, so that artists most in need of cultural infrastructure can benefit from development opportunities

- 4.6 Explore opportunities to support the partnership between the City of Sydney and the NSW Government to determine the feasibility and a path to establishing a Creative Land Trust in Sydney.

- 4.7 Explore a scheme for identifying and preserving assets of cultural and community value. In tandem with such a scheme, explore the application of a vacancy tax on shuttered cultural assets and other tax offsets that may incentivise the retention of these cultural spaces.

- 4.8 Explore the application of an assessable income deduction for the value of discounted rent for landlords who provide long-term below-market-rate leases to creative spaces.

5. Engaging the Audience

- 5.1 Retain protections through copyright law to prevent AI developers from training models on Australian content without accreditation or remuneration.

Summary of recommendations

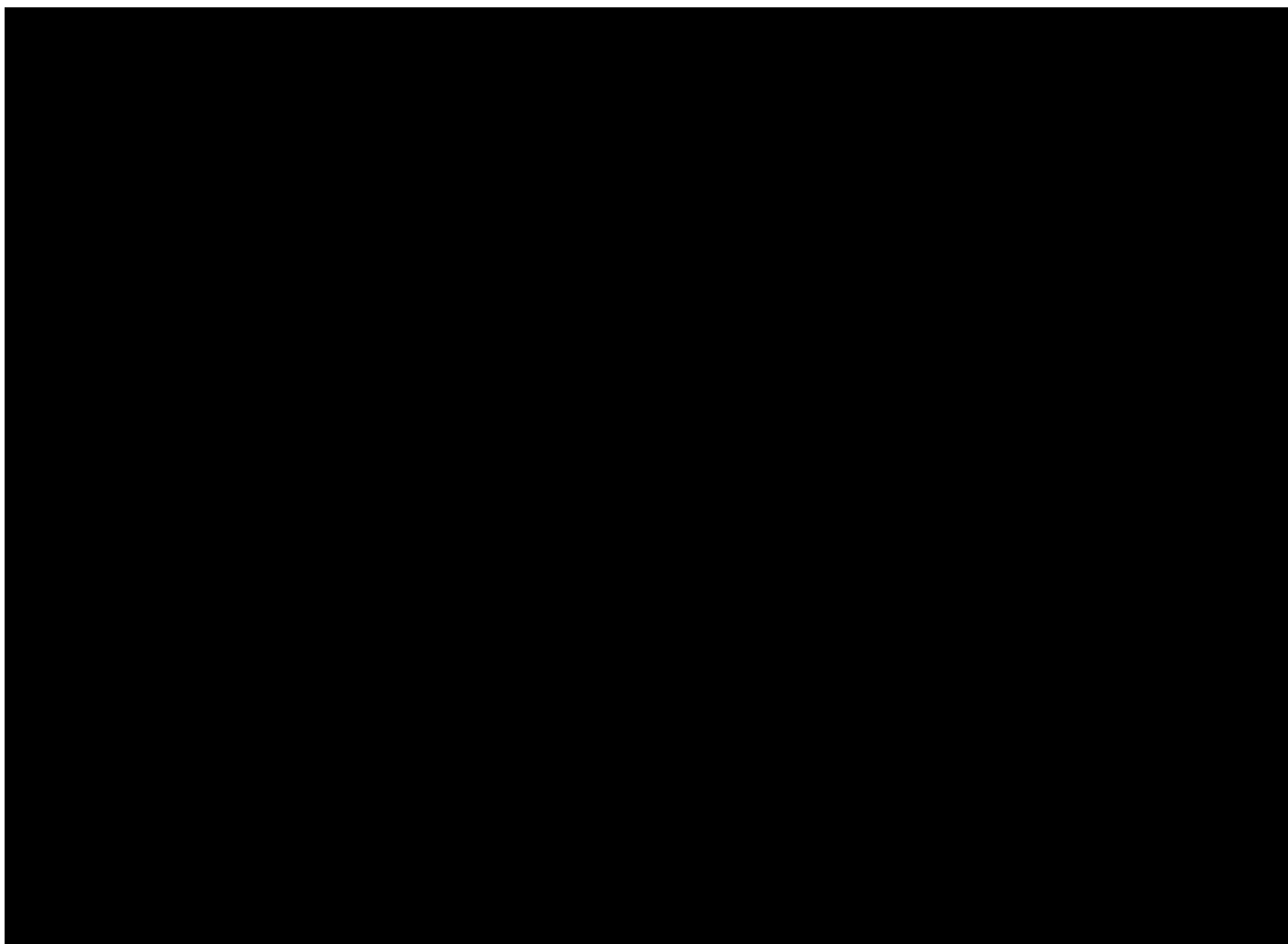
- 5.2 Closely monitor advances in AI and technology to ensure and evolve copyright protections for creative products.
- 5.3 Provide skills development programs for artists in utilising digital platforms and understanding their rights and the rights they sign over when publishing online content.
- 5.4 Further investigate affordable insurance for larger scale festivals, including for-profit festivals.
- 5.5 Explore the expansion of producer and location offsets used in Australian film production to apply to contemporary music production and touring, and the development of commercial theatre works.
- 5.6 Consider new sources of revenue to supplement the arts and cultural sector, such as a tourism levy
- 5.7 Investigate ways of aggregating online promotional opportunities for arts and cultural events and products, particularly for the small-to-medium sector.

Attachment:

The City of Sydney's submission to the
**NSW Government's summit
on Cultural Tax Reform.**

Cultural Tax Reform

City of Sydney Submission



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Introduction

The City of Sydney welcomes the NSW Government's commitment to a summit on tax reform for the arts, culture and creative industries. Our ongoing research demonstrates a pressing need to support the retention of artists, creative workers and creative spaces in our capital cities. Our recently adopted Cultural Strategy 2025-2035 outlines a vision to retain, rebuild and reimagine our cultural life and creative sector. This cannot be done with arts funding alone. Increasingly, legislative reform in the areas of taxation, financing, urban planning and industry codes and practices will enable resilience and growth in cultural and creative sectors.

Our submission is informed by the following research undertaken by the City of Sydney:

- Analysis of Australian Bureau of Statistics data, the City of Sydney Floorspace and Employment Survey and extensive industry and community consultation undertaken in the development of our *Cultural Strategy 2025-2035*.
- A *Creative Space Affordability Study* undertaken by Left Bank Co in 2025, commissioned by the City of Sydney, in collaboration with representatives from the property sector, urban planning, academic partners, other local governments, and international counterparts in London, Austin and Bloomberg Philanthropies.
- A Feasibility Study on the delivery of a *Creative Land Trust* in Sydney, commissioned in partnership with the Committee for Sydney and the NSW Government.
- The City of Sydney's *Creative Workers Survey*
- Participation in a workshop facilitated by the Committee for Sydney bringing together creative sector leaders, tax experts and government representatives in response to the *Art of Tax Reform* Discussion Paper.

This submission has been reviewed by our Nightlife and Creative Industries Advisory Panel which includes representatives from major festivals, cultural institutions, creative sector peak organisations, the hospitality sector, property sector, night time industries association, and other local stakeholders.

Terminology

For the purpose of this submission:

Artist refers to a person who earns income as a Creative Artist, Musician, Writer and/or Performer.

Creative space means the work spaces in which cultural products are produced, such as artist studios, creative workshops, writers' rooms, rehearsal and recording studios, and where culture is presented, such as theatres, cinemas, music venues, museums and galleries.

Tax expenditure broadly refers to the revenue foregone through the application of tax exemptions, deductions, rebates and concessions that differ from standard taxable activities and marginal tax rates. It is a re-investment of tax revenue by way of not collecting it.

Tax concessions are a reduction in the rate of tax applying to certain groups, industries or types of earnings.

Tax exemptions exclude certain groups, business types, industries, incomes and earnings from taxation.

Tax allowances include deductions and offsets that reduce taxable income, or credits and rebates that refund a portion of tax already paid.

Principles for Reform

Culture is essential for a thriving quality of life. Culture underpins all that is meaningful in our lives, it reflects our values, captures our character, shares and records our stories. Our culture defines and binds us through a sense of shared identity, memory and aspirations.

Culture can be intangible, its metrics unconventional, and the value it captures can exceed the sum of its parts. Culture is something you can't put a price on... but it does come at a cost. Hence, taxation is a critical element in the economics of creating culture, and investment in culture continues to be a highly important and reasonable use for tax-generated public revenue.

Any discussion of tax reform for the benefit of artists and the creative industries must note the central role our taxes already play in funding culture. Reform should not unduly limit the capacity of the tax system to collect the government revenue that will sustain our investment in the arts.

Further, tax reform should supplement existing investments to broaden the scope and scale of our national investment, fill gaps, and not replicate existing programs and cash disbursements. This is crucial. Tax expenditure should increase the overall investment, not replace direct cash investment in arts and culture.

Tax reform presents an excellent opportunity to reduce the costs of producing culture, incentivise private investment, and unlock new approaches to subsidising and stimulating the creative economy.

In particular, tax reform could be a tool to address systemic issues, market failures, and shift the dial for parts of the cultural ecosystem experiencing enduring precarity.

To that end, our submission recommends the following priorities for tax reform:

- Address income inequity for artists whose cultural products are generally not purchased or remunerated at a price that meets the true cost of production.
- Address market failure that has led to an undersupply of suitable workspace that is affordable for the creative industries in our cities.
- Sustain cultural infrastructure and key institutions.
- Diversify the investment in culture to address funding gaps, better support new markets and meet strategic needs.

We recommend the reform process be co-designed with the cultural and creative industries through the *Art of Tax Reform* summit in September, and beyond. And, while the outcomes of this consultation are designed to inform the 2028 National Cultural Policy, the issues they address are urgent and action should not be delayed.

Reasons to Act

Artists are a community at risk.

The financial insecurity of arts practice has long been the topic of anecdote and ridicule. The concept of the “struggling artist” is never far from a conversation about a creative career. Now, as cost of living and housing pressures climb and the long-tail impacts of the Covid-19 pandemic continue to limit growth in the creative industries, the financial precarity is increasingly evident and there's a real risk we'll lose generations of arts practitioners, a loss that will have significant economic, social and cultural consequences. Now, more than ever, all levels of government should consider how we can properly address income inequity in the arts.

Greater Sydney still has the largest creative workforce in the country, but it is retracting. Our overall workforce has grown, but the core cultural professions (artists, writers, musicians and performers) have declined significantly. Sydney is the only capital city in Australia to have a clearly documented decline in its artist population in recent years, but other capital cities look to be following the trend.

Cultural Tax Reform City of Sydney Submission

We know that the cost of renting in Sydney is having an impact on sustaining creative careers. The *Artists as Workers* research undertaken by Creative Australia has demonstrated a steady decline in artist incomes over the past 15 years, while over the same time, Sydney rents have almost doubled. The median weekly rent in Sydney is equivalent to 62% of the average income of artists.

Earlier this year, the City of Sydney undertook our first annual Creative Workers Survey, designed to track confidence and resilience within our local creative community in real time. The findings are stark. 57% of respondents are considering leaving Sydney within the next 12 months. The costs of housing and accessing creative workspace are the drivers of this uncertainty.

Most artists generate earnings from their craft as a secondary source of income. Research undertaken for Creative Australia in 2024 found that “just under half of artists make less than \$10,000 per year on average from their creative work”, and “only 15 percent... made more than \$50,000.”¹ More recent research undertaken by the City of Sydney found the median creative income of artists in Greater Sydney was just \$5,000 a year, with around 80% of that commonly invested in renting workspace.²

When averaged against the hours required to maintain creative practice and develop cultural products, remuneration for most cultural labour is well below minimum wage. Our cultural funding landscape contributes to this. Grants are primarily provided to subsidise losses for standalone cultural projects and events, largely with the outcome of underwriting the consumer’s experience.

Arts subsidies facilitate sale prices for cultural products that are below the cost of production, setting a lower market rate for things like theatre and concert tickets or the sale price of an artwork, creating a price expectation that all artists and cultural producers need to match, with or without subsidy.

International examples of income tax exemptions, higher tax-free thresholds, and standard income deductions for artists can guide new thinking about how we might value the true cost of creative production and cultural labour in Australia, without impacting the cost of consuming it.

There is an urgent need to stabilise and increase the supply of creative space in cities.

The City of Sydney has spent more than a decade investigating the complex and systemic issues affecting the availability, affordability, and sustainability of creative space—both within our local government area and across Greater Sydney.

We know that creative space is so much more than the theatres, music venues and galleries that are the backbone of cultural life in our city. It is critical infrastructure and workspace that underpins the creative economy, supports employment, and facilitates the interconnected supply chains of industries like film, fashion, theatre, music, and industrial design – vital industries to our city’s vibrancy, liveability and competitiveness.

The creative industries have very specific spatial needs and they occupy the kinds of spaces that are becoming less common in urbanised global cities. Spaces like warehouses, studios and rehearsal rooms, where there is space to make mess and noise.

Our city has seen a dramatic reduction in creative workspace as much of the building stock previously occupied by light industry has been rezoned and redeveloped for housing.

In 2012 creative industries occupied nearly 8.5% of all the commercial floor space in the City of Sydney area. In 2022 creative industries made up less than 7% of our floor space³. In real terms, that is a decline of 172,970m². Of that lost space, the studios and workspaces occupied by artists, writers, musicians and performers has reduced by more than 14,300m².

¹ Throsby and Petetskaya, 2024. *Artists as Workers: An Economic Study of Professional Artists in Australia*

² City of Sydney, 2025. *Creative Workers Survey*

³ City of Sydney, 2007, 2012, 2017, 2022. *Floorspace and Employment Survey*

Cultural Tax Reform City of Sydney Submission

Our Creative Workers Survey found that 56% of creative workers report low or very low confidence in retaining access to the space they need to produce their work in the next 12 months. Many are just one rent increase or lease loss away from closure.

Much like the housing market, the commercial property market in Sydney is now chronically unaffordable for most creative space operators. Despite what is commonly accepted in property market practices, affordability is not the price that two parties can agree to in a lease negotiation.

Our research indicates almost all creative space operators leasing their space are paying a rate of rent that exceeds any comparable affordability definition. The City's research suggests the median amount being spent by artists on workspace is in excess of \$400 per m² per annum, whereas the affordable level is, based on income, closer to \$90. Affordability is being achieved with trade-offs against personal earnings, employment and costs of production. In this context, tax expenditure that reduces commercial rents for creative producers is a productivity investment capable of repaying its worth.

Traditional arts funding models are not addressing contemporary challenges facing culture and the creative industries.

Across Australia, arts and cultural policy has focused almost exclusively on public subsidy, usually through project grants, events and key infrastructure investment. This plays an important role in providing affordable opportunities for the consumption of culture. However, it is proving ineffective in delivering the goal of a larger and more diverse cultural sector, and sustainable careers for artists.

The City's research has found the cost of accessing space and basic artistic materials probably exceeds the amount most artists are earning from their creative practice. Further, the combined cost of housing and workspace consumes 43% to 50% of the average artist's total income.

The end result has been a sharp decrease in both the number and diversity of artists working in New South Wales, and in Greater Sydney specifically. Artists who do not have external income sources are priced out of the workforce. As existing arts policy levers do not impact on things like artist housing, creative space, or ongoing work costs, they are generally servicing those who already have access to non-creative income streams. The prime outcome of this has been a reduction in artists from lower socio-economic areas, with some areas in Western Sydney losing more than half of their artist workforce between 2011 and 2021.

By targeting productive activities and improving the amount of real income retained by artists, tax levers have an opportunity to supplement existing funding programs by lowering the barriers to making art at a professional level in New South Wales.

This issue is compounded by directing the bulk of arts subsidy to non-profit operators. While this approach has made sense through the lens of robust governance and accountability for public funds, it fails to take in the reality of the creative industries that operate primarily as for-purpose for-profit enterprises. While we steadily mature our risk appetite for cash investment in for-profit operators like music venues and festival producers, we can reduce costs for these parts of the creative industries through tax measures. The "Government, Culture and Creativity: it's about more than funding" report released by A New Approach outlines eight levers for governments to support culture and creative industries in addition to direct cash funding. Increasingly, we need our arts and cultural policy to be enabling and leveraging procurement, collaboration, streamlining, and cross-portfolio investment, as well as taxation and regulatory reform, as a means of strengthening our creative industries and increasing cultural production.

Opportunities for tax reform

Improving artist incomes.

Tax concessions on secondary artistic earnings

We know that most artists receive payment for their arts practice as secondary employment. However, generally, employees are discouraged from claiming the tax-free threshold on withholding declarations for secondary income sources. While withheld taxes might be claimable on a tax-return, this does little to support the day-to-day cash at hand for a low-income earning artist. Applying a separate tax-free threshold for artistic incomes could support better cashflows for artists and accommodate for the irregularity of many artistic incomes.

Income averaging and standard deductions

Income averaging already provides for artists to manage infrequent and fluctuating earnings over multiple tax years. This approach should be retained and reviewed to ensure the definition of 'special professionals' who are eligible for income averaging accurately reflects the breadth of creative workers who might benefit from it.

However, there is more that could be done. Income averaging doesn't necessarily address the upfront expenses, volunteer time and opportunity costs incurred in maintaining creative practice and developing cultural products. Somewhat intangible, and often unpaid, cultural labour can be undertaken for years in the creation of an artwork or cultural product for future sale, and the sale price rarely factors in the germination of the idea and establishing the pathway to realise it.

France's BNC scheme (noted in the *Art of Tax Reform* Discussion Paper), is a good example of placing a tangible value on intangible creative labour. By applying a flat deduction rate to artist incomes (under a reasonable threshold) we may better allow for unremunerated and pre-sale expenses.

Tax exemption for art prizes and literary awards

We support advocacy by the National Association for the Visual Arts (NAVA) and the Committee for Sydney for the Federal Government to consider an income tax exemption for art prizes and literary awards. These cash awards are different to government grants, which are generally offset by production costs and business expenses for creative professionals. Although they apply to only a small cohort of artists, prizes and awards are a form of recognition for the significant unremunerated labour and personal costs of creative practice. They honour retrospective (often unpaid) creative efforts and achievement and as such, an exemption from income tax would be a reasonable additional investment in our best and brightest.

Instant asset write-off for art purchases

In 2015, the federal government's *Small Business Measures* legislation introduced a suite of tax benefits with a pre-determined 10-year expiration date. Among them was an allowance for small businesses to claim 100% depreciation for purchases like motor vehicles, office furniture, computers and other equipment – including art.

When we spoke with our stakeholders, we heard how this simple measure spurred a noted increase in art sales, and a unique incentive to encourage private investment in acquiring local art. The *Small Business Measures* were retired at 30 June 2024, however consideration should be given to how instant asset write-off on the purchase of Australian art, or a comparable tax allowance, could be introduced to maintain this incentive for the private purchase of local works.

Increasing affordable creative workspace.

Vacancy tax

A vacancy tax could be one measure to drive underutilised properties back onto the market. However, there is no indication that a vacancy tax, in itself, would stimulate affordable leasing of underutilised properties to the creative sector. Most creative spaces require specific planning and regulatory approvals, which cannot be easily shoehorned into commonly vacant office and retail spaces. In practice, under pressure to lease a property quickly, landlords may well prioritise high-yield non-creative businesses with more simple spatial needs.

The nature of how we use commercial property is changing in an increasingly digitised world with a more mobile workforce. We need to act with intent and in support of landlords to ensure underutilised commercial property stock can be put to strategic community needs. This will be best achieved through incentives and investment programs.

However, vacancy tax should be explored in the context of other measures to retain and increase creative space. For example, where floorspace has been dedicated to cultural uses through a negotiated planning agreement in exchange for uplift or additional GFA, a vacancy tax would strengthen compliance measures. Likewise, where the retention of creative industries has been required by development consent, the threat of vacancy tax will compel a landlord to provide longer-term and more affordable leases.

The UK's Assets of Community Value (ACV) scheme provides for communities to nominate buildings with significant social and cultural value. Once classified as an ACV, an owner wishing to sell is compelled to offer the community the first right to bid through a transparent public sale. A similar scheme that identifies and classifies assets of cultural value could work well in tandem with a vacancy tax, to penalise the owners of shelved cultural assets. The Hopetoun Hotel or Newtown's The Hub are local examples of prime cultural assets that have long laid dormant. Such a scheme could see spaces like this more readily returned to operation.

Landlord Incentives for below market rate leasing

A more strategic approach would be to incentivise the leasing of vacant property to creative industries through the introduction of a tax allowance for supportive landlords. Our consultation with the property sector indicates a preference for incentives over penalties in order to stimulate long term owner-lessee partnerships with mutually beneficial outcomes.

Commercial properties are valued on their potential rental yields, which deters private landlords from reducing rents for creative tenants. In many cases this results in properties remaining vacant, long-term, rather than reducing their book valuation.

Applying a tax deduction to the in-kind value of below-market-rate leases would be a win-win incentive. Here, demonstration of a long-term lease with rental rates set at a significant discount below a market evaluation could be claimed as an income offset by the landlord. The aim of this tax allowance would be to facilitate security of tenure for creative tenants at sustainable rental rates, without disadvantaging private owners of the building stock best suited to creative work.

This idea was explored in the roundtable convened by the Committee for Sydney. The outcomes of the roundtable discussion recommended such a deduction would need to be 'grossed up' in order to capture the full value of the discount for landlords, or partnered with an additional cost-saving lever, such as a land tax exemption.

Land tax exemptions or concessions

Land tax exemptions are an effective tool in maintaining a supply of diverse and affordable housing in urban areas. Our consultation with the property sector has suggested that applying a similar

approach to creative space projects will provide a cost-effective incentive for developers with a mechanism that is already well understood and utilised.

Consideration should be given to an exemption from land tax for properties exclusively dedicated to cultural and creative uses, and a moderate reduction in taxable land value for mixed use developments that contain a component of cultural or creative space.

As with the existing exemption for boarding houses, a maximum rental rate for the creative space should be set in order to be eligible for the tax concession. And as with Build-to-Rent concessions, evidence of a genuine long-term lease to a cultural tenant should be required. These conditions will ensure the incentive results in long-term below-market-rate leases.

It is worth noting, land tax exemptions already apply to property owned by non-profit organisations, clubs and societies, as long as the properties are not operated for commercial gain. Such a restriction should not apply to creative spaces, which are largely operated by for-profit business types, and thrive with a combination of creative production and presentation spaces, retail and hospitality uses.

Deductible gifting of property

The supply of creative space could be improved through the gifting of property to cultural organisations and creative space operators. Gifts of property can be tax deductible in certain circumstances, and to suitable Deductible Gift Recipients (DGRs). The City of Sydney and NSW Government are exploring the feasibility of a Creative Land Trust for Sydney. Such an entity could receive donations of property, however eligibility is complex. Properties that have not been purchased within the previous 12 months or have been inherited are subjected to a lengthier, more complex process to determine deductibility. Consideration should be given to whether current processes are sufficiently enabling gifting of inherited properties and property bequests for cultural and creative industries purposes.

Likewise, a tax deduction for a discounted sale of property for cultural and creative purposes should be explored.

This should be supported by stamp duty exemptions. Properties transferred to charities in NSW are only eligible for a stamp duty exemption if they are to be operated exclusively for charitable uses. Again, 'charitable' can be a perilous definition for properties used for cultural and creative purposes that rely on complex revenue and operating models to deliver social and cultural benefits.

Addressing funding gaps, developing new markets, and meeting strategic needs.

Private gifting through intermediaries

In Australia, tax allowances are the primary driver of private investment in arts and culture through donations to DGRs. This type of philanthropy tends to be motivated by personal tastes and aspirations, a connection to the cultural product, or a sense of prestige and legacy, and is not commonly linked to a broader strategic framework for the creative industries or priorities established by government or the cultural sector.

For example, it is fair to argue that, in Australia, the bulk of philanthropic investment in the arts is directed to a relatively small number of organisations who are also in receipt of the largest share of government grants.

In many jurisdictions, egalitarian and purpose-focused philanthropic investment is facilitated by intermediaries who can broker philanthropic funds and distribute them to arts and cultural organisations, projects and strategic initiatives – the types of investments that may be less immediately visible but will ultimately address unmet need. The Australian Culture Fund (ACF) is an example of an intermediary whose role could be expanded.

Cultural Tax Reform City of Sydney Submission

For example, as it is operated by Creative Australia, the ACF could be an avenue for supporting “unfunded excellence” – those applications to Creative Australia that were highly commended by peer assessors, but unable to be supported within the allocated budget.

The ACF is already playing an important role in providing cash support directly to artists, but it is always linked to a project outcome and often provides supplementary income for projects in receipt of other government grants. As it is dealing exclusively in charitable funds, the ACF seems uniquely positioned to provide support to artists that is not project-dependant, such as housing and income support. Could the ACF have a role to play in providing general income support for new, emerging, diverse and underrepresented artists? Or subsidising access to rehearsal, recording, workshop and studio space for creative development – those crucial artistic processes required to conceive a potentially fundable cultural project?

We need to embrace the full potential of philanthropic funds to support the grass-roots fundamentals of the creative ecosystem, as well as our most prestigious cultural icons. We can do this with confidence by resourcing a suitable intermediary of sound governance, like the ACF, with an expanded strategic remit.

When thinking about expanding the distribution of philanthropic funds, we need to recognise that most businesses working in the creative industries are for-profit business entities that are ineligible for charitable donations.

There are very good reasons why some cultural operators need to remain for-profit, such as access to loans and financing, or retaining IP and company control of founder-led creative enterprises. Many cultural businesses operate hybrid business models with multiple revenue sources, particularly in the contemporary music and performing arts sectors. In considering the role of an intermediary like the Australian Culture Fund, it is worth exploring how legislative change could enable a charitable intermediary to collect philanthropic funds and distribute them to for-profit entities like music venues, commercial theatre producers, or creative space operators, while retaining the donor’s tax benefit from gifting to a DGR.

Bonus deductions for donations to DGRs

Proposed in the *Art of Tax Reform* Discussion Paper and a popular topic of conversation at the Committee for Sydney roundtable, is the allowance of a deduction greater than the value of the donation to a DGR. For example, applying an income deduction of 150% of the value of a donation. Similar schemes have been in place in Australia in the past and operate in other jurisdictions.

The productivity commission’s *Future Foundations for Giving* report cites modelling that demonstrates such a scheme could decrease the net yield of arts philanthropy, both by encouraging major donors to reduce the cash they currently donate for receipt of the same benefit, and by increasing tax expenditure at a potential cost to government arts budgets.

However, outcomes of the Committee for Sydney roundtable suggest a moderate, nuanced approach, may encourage lower value gifting from a larger cohort of potential donors. The recommendation from the roundtable, which should be further explored, proposes a higher rate of deduction for cash donations below \$10,000 made by individual donors earning under a moderate personal income threshold. This will direct the additional benefit to lower income earners, reduce the potential tax expenditure, but still encourage non-givers to start gifting.

Consideration could be given to restricting the receipt of this bonus deduction exclusively to donations made to a specific intermediary, like the Australian Culture Fund, for investment in expanded artist support programs as outlined above. This would provide added confidence in the governance and strategic investment of the funds generated by this increased tax expense.

Private Ancillary Funds

Individual giving has already been increased in Australia through the introduction of ancillary funds. The Productivity Commission's *Future Foundations for Giving* report found that by 2021, 27% of individual gifting was being managed through ancillary funds. These funds are only required to distribute a minimum of their invested donations per year, with the rest spent on growing the fund and administrative costs. The report recommends the minimum distribution required of private ancillary funds be set at between 5% and 8% per year. This recommendation should be explored at the Art of Tax Reform summit.

Social Impact Investment

Social Impact Investment is an example of an intermediary model that could increase investment in the commercial creative and innovation sectors. Social Impact Investment can provide low-risk and unsecured lines of finance to for-purpose enterprise at R&D stage and is being used in the UK to invest in the development of commercial theatre productions and to scale up community cultural development projects. We recommend the NSW's Office of Social Impact Investment be tasked with a study to explore the opportunities for the cultural and creative industries to better benefit from impact investment. Noting, more direct support could be provided to the for-profit commercial creative sub-sectors through industry offsets.

Industry offsets and pre-production rebates.

The existing producer and location offsets available for film production in Australia have generated increased investment and employment in the screen sector. The same principles could be replicated to support live performance and contemporary music production. We support the advocacy and representations made on these initiatives by Live Performance Australia and APRA AMCOS.

This opportunity was explored at the Committee for Sydney roundtable, with a proposal for pre-production rebates for creative works. The preference was for investment in pre-production and pre-revenue costs for new Australian works with a 40-50% rebate on eligible development expenses. The result will reduce taxes for profitable projects, mitigate losses for unsuccessful projects, and generally support a higher confidence in producers of new work, locally.

Cultural Levies

Many countries and cities impose a tourism tax to raise revenue for investment in the visitor experience – including arts and culture. Edinburgh is the first UK city to introduce a visitor levy. The recently adopted measure will introduce a 5% levy on the cost of overnight accommodation, capped at 5 nights. The scheme is projected to raise £50 million a year, with the funds largely dedicated to local culture, heritage, events, building the city's global reputation and a more sustainable visitor economy.

The opportunity of such a levy is to generate an alternate, ongoing revenue source to underwrite major cultural institutions and events, and thus free up arts and cultural funding budgets to better resource new talents, the small-to-medium sector, and emerging strategic needs. The logic of the levy would suggest a more secure and increased investment in cultural tourism will increase visitation, which will in turn replenish and grow the levy's cultural fund.

Other levies, such as surcharges on ticket prices for international touring musicians and theatre productions are an opportunity that could be explored. However, these levies are generally reinvested exclusively within the industry sub-sector from which they were derived, and can be seen as inflationary and counter-competitive for the growth of international markets. A broader approach that might support the breadth of the cultural industries, such as a levy on bed nights, will perhaps better benefit the full creative industries ecosystem, visitor infrastructure and international marketing of local cultural experiences.

Summary of recommendations

Principles for tax reform for culture

- 1 Tax expenditure should increase overall investment, not replace cash investment, in the arts, culture and creative industries.
- 2 Reform should not unduly limit the capacity of the tax system to collect the government revenue that will sustain and increase cash investment in the arts, culture and creative industries.
- 3 Tax reform should supplement existing investments to broaden the scope and scale of investment in culture, not replicate existing programs.
- 4 Tax expenditure should prioritise addressing systemic issues and market failure.

Recommendations

1. Improving Artist Incomes

- 1.1 The Federal Government explore a separate tax-free threshold for secondary artistic incomes.
- 1.2 The Federal Government review the definition of 'special professionals' eligible for income averaging, to ensure eligibility applies to the broad range of artists and creative producers who might benefit from it.
- 1.3 The Federal Government explore the application of a flat deduction rate for artistic incomes.
- 1.4 The Federal Government provide a tax exemption for art prizes and literary awards
- 1.5 The Federal Government re-introduce a mechanism for instant asset write-off (or a comparable tax concession) for the purchase of contemporary Australian Art.

2. Increasing Affordable Creative Workspace

- 2.1 The NSW Government explore the application of a vacancy tax for creative spaces delivered through a planning agreement or floorspace bonus scheme.
- 2.2 The Federal Government introduce a scheme for identifying and preserving assets of cultural and community value. In tandem with such a scheme, the NSW Government explore the application of a vacancy tax on shuttered cultural assets.
- 2.3 The Federal Government explore the application of an income deduction for the value of discounted rent for landlord's who provide long-term below-market-rate leases to creative spaces. The value of the deduction may need to be "grossed up" to recoup the value of the discount.

Recommendations

- 2.4 The NSW Government consider land tax exemptions for property exclusively used for cultural and creative purposes, with a provision for the property to be used, at least in part, for profit making activities.
- 2.5 The NSW Government ensure the application of land tax exemptions or concessions be only applied where there is evidence of long-term tenancy by an eligible cultural or creative industries operator at below-market-rate leasing. Eligibility should apply specifically to spaces used for the production and presentation of cultural products, and not property that has an exclusive retail or office use.
- 2.6 The Federal Government support the partnership between the NSW Government and the City of Sydney to explore the feasibility of a Creative Land Trust, and, if feasible, establish a Trust with gifts of property and establishment funds.
- 2.7 The Federal Government review the processes and eligibility for deductible donations of property, with a particular focus on incentivising bequests and the transfer of inherited property to cultural and creative organisations.
- 2.8 The Federal Government explore the application of an income deduction for the below-market value of a discounted sale of property for cultural and creative purposes.
- 2.9 The NSW Government review the eligibility criteria for stamp duty exemption on property transferred for charitable purposes to ensure it may apply to properties gifted for the purpose of operating a creative space.

3. Addressing funding gaps, developing new markets, meeting strategic need.

- 3.1 Creative Australia review the role of the Australian Culture Fund to explore opportunities for the Fund to:
- Support “unfunded excellence” (highly ranked unsuccessful applications) in Creative Australia funding rounds
 - Provide income and housing support for artists
 - Subsidise access to rehearsal, recording and studio facilities for artists to sustain their craft and develop new work
 - Distribute charitable funds to for-profit for-purpose creative operators like music venues, commercial theatre producers and creative space operators, while maintaining the tax benefit for the donor.
- The Federal Government should explore the required legislative change to support this expanded role.
- 3.2 The Federal Government explore opportunities, more broadly, for legislative reform to facilitate the distribution of donated funds to for-profit for-purpose creative operators like music venues, commercial theatre producers and creative space operators.
- 3.3 The Federal Government explore an enhanced deductible value of 150% for donations of less than \$10,000, made for cultural purposes, by individual donors who earn a low-to-moderate income.

Recommendations

- 3.4 The Federal Government review the recommendations made by the productivity commission to increase the minimum annual distributions of private ancillary funds, with a view to raising the annual investment in culture.
 - 3.5 The NSW Office of Social Impact Investment explore the opportunities for the cultural and creative industries to better benefit from low-risk impact investment.
 - 3.6 The Federal Government explore opportunities to expand the producer and location offsets used in Australian film production, so that they may apply to contemporary music production and touring, and the development of commercial theatre works. Specific consideration should be given to a pre-production rebate on expenses related to the development of new Australian work.
 - 3.7 The NSW Government explore the opportunities and impacts of introducing a visitor levy, to be charged by accommodation providers, with the funds raised by the levy to be invested in sustaining major cultural assets and providing long-term, secure funding for major festivals and events.
 - 3.8 Any savings in NSW and Federal arts budgets provided by the introduction of a visitor levy be re-invested in local artists and small-to-medium arts organisations producing new work, with a particular focus on supporting diverse and under-represented artists.
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