



Towards a new National Cultural Policy

NSW Government Submission –
June 2026



Acknowledgement of Country

The NSW Government acknowledges, respects and values Aboriginal peoples as the Traditional Custodians of the lands on which we walk, live and work. We pay our respects to Elders past and present.

We acknowledge the diversity of Aboriginal people and their ongoing connection to their country, waters and seas. We also acknowledge our Aboriginal and Torres Strait Islander employees who are an integral part of our diverse workforce.

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Executive summary

Art, culture and the creative industries are integral to the daily lives of every one of us. We listen to or play music; play digital games; enjoy fashion, design and the built environment; come together to see or create a live performance, dance or sing; watch a film or TV show; or read a book. These experiences are a result of a strong local creative industries ecosystem, which enhances our quality of life by making communities more vibrant, connected and liveable. A vibrant arts and creative sector helps preserve and promote Australia's unique stories, voices and perspectives.

Creativity also drives innovation and productivity, supports job creation, and generates significant economic impact to Australia while developing the workforce of the future. The NSW creative industries support almost 330,000 jobs, including creative professionals working in other industries, such as a graphic designer contributing to marketing campaigns in the finance, hospitality or tourism industries.¹ Equally many ancillary industries benefit, for example: catering services on a feature film, a timber yard supplying set production facilities or transport companies moving our touring artists around the state.

NSW creative industries exports are valued at \$2.02 billion and make up 45% of national creative industries exports. In NSW, we all receive significant cultural, social and economic value from art, culture and the creative industries - it must be valued as an essential resource to Australia.

NSW acknowledges that the new National Cultural Policy will continue to be structured around the five key pillars set out in *Revive: First Nations First, A Place for Every Story, Centrality of the Artist, Strong Cultural Infrastructure, and Engaging the Audience*. The NSW Government submission focuses on three key priority high impact areas where the Australian Government can lead to enable, embed and elevate the value of art, culture and the creative industries. The three key priority high-impact areas are:

1. targeted cultural tax reform;
2. creative and performing arts education; and
3. Generative Artificial Intelligence (GenAI) in the arts and creative economy.

Priority: Targeted cultural tax reform

Across the country many artists, practitioners and organisations in the arts and creative industries are facing challenges, rising costs, precarious incomes, changing audience patterns and global competition.

The sector has told us the Commonwealth tax system places undue burdens on artists and creatives. It suppresses cultural activity and productivity gains and is a barrier to investment and audience engagement.

While grants and direct funding remain central to cultural policy, submissions to the NSW government's 2025 Art of Tax Reform Summit observed that they may not provide the same level of structural certainty as targeted cultural tax reform.

The Commonwealth tax system is key to changing behaviour – it affects our incentives, how we purchase goods and services, and ultimately its design reflects the type of society we wish to live in. Reform could offer more predictable and widely accessible solutions to these problems.

The next National Cultural Policy should provide for targeted Commonwealth tax reforms to improve income stability for artists, incentivise investment in creativity, and strengthen the creative economy.

¹ National Institute of Economic and Industry Research (NIEIR), *Creative and Cultural Economy* [unpublished data set], Create NSW, 2026.

Seven priority reforms have been developed following national consultation by the NSW Government with a wide range of stakeholders (including the other states and territories). The proposed reforms would have significant impact for arts and creativity in Australia, responding directly to issues raised by the sector.

The reforms are also informed by detailed advice provided to the NSW Government from tax and public policy experts and represent a series of targeted measures that would make an enduring impact for artists and creativity in NSW and across Australia. This includes helping to unlock opportunities for philanthropy, supporting artistic enterprises, and boosting the income after tax for individual creatives.

The scene is set for a conversation around how Commonwealth tax settings can build on this work and bring a renewed focus on a thriving creative income within national economic policy discourse.

Priority: Creative and performing arts education

Exposure to music, art and creativity through early childhood education is foundational to development, wellbeing and the formation of socialisation skills, critical thinking, fine and gross motor skills and comprehension. Creativity and critical thinking are widely valued as vital skills for a changing workforce. The World Economic Forum's *Future Jobs Report* found that the demand for creative thinking will increase.² An education system that integrates the creative arts is fundamental to building a future-ready labour workforce, particularly considering the opportunities and challenges emerging from GenAI.

However, the reality for the industry is that low and unstable incomes,³ limited business capability, and insufficient alignment between education and industry are constraining workforce sustainability and sector growth⁴.

It is critical for the next National Cultural Policy to further strengthen education and workforce pathways in the arts and creative sector, including and specifically for First Nations peoples.

In particular, the Job-ready Graduates Package continues to present significant barriers to students undertaking higher education in the arts and humanities. Higher course fees are making it harder for students to access tertiary education in arts and creativity and may contribute to a reduction in the number of arts, cultural and humanities courses offered by Australian universities.

A series of recommendations for the National Cultural Policy are provided that would help coordinate national activity in this important area. These include continued reform of tertiary education pathways and improving the availability of targeted education in arts and creativity for Australians of all ages.

Priority: Generative Artificial Intelligence (GenAI) in the arts and creative economy

Generative artificial intelligence (GenAI) is playing an increasingly important role in the arts, cultural and creative industries, bringing both significant opportunities and emerging risks.

GenAI has the potential to enhance creative practice, improve productivity, open new markets and support business sustainability. At the same time, the rise of GenAI poses real challenges in areas as diverse as intellectual property, cultural integrity, workforce impacts and the fair recognition and remuneration of creative labour.

² World Economic Forum “*Future Jobs Report 2025*” World Economic Forum, Geneva, 2025, accessed 19 May 2026.

³ D Throsby and K Petetskaya, *Artists as Workers: An Economic Study of Professional Artists in Australia* Creative Australia 2024, accessed 19 May 2026.

⁴ Creative Australia and Service and Creative Skills Australia (SaCSA), *Creative Workforce Scoping Study Report*, Creative Australia, 2025, accessed 19 May 2026.

Given the significant role GenAI is already having on Australia's creative economy and will continue to have with technological advancements, it is critical that the next National Cultural Policy engages directly with both the challenges and opportunities.

It is evident that there is a need for a coordinated and consistent approach to this area. This includes ensuring that the potential impacts on arts and culture are carefully considered in all significant policy decisions about the future role of GenAI in Australia.

This submission includes recommendations focused on:

- reaffirming the central role of artists, and positioning Australia as a global leader on creativity and GenAI — particularly on Indigenous Cultural and Intellectual Property (ICIP) and First Nations cultural protections;
- using Australian copyright and intellectual property (IP) law to ensure creative work used in GenAI is properly recognised, monitored and remunerated;
- coordinating government levers - including procurement - to ensure Australian artists and creatives are protected in GenAI adoption; and
- supporting education on GenAI and de-risking ethical GenAI use within the artistic and creative sector.

Introduction

NSW is home to 34.3% of all Australian creative industry jobs.⁵ When NSW is delivering for creative industries the impact on Australia's creative industries ecosystem is significant. As Australia's largest creative jurisdiction, NSW is well positioned to partner with the Australian Government to translate national ambition into long-term, place-based outcomes for the Creative Industries.

The NSW Government welcomes this opportunity to provide a submission to the Australian Government's consultation for a new National Cultural Policy.

Following adoption of the current National Cultural Policy *Revive* in 2022, the NSW Government launched *Creative Communities – NSW Arts, Culture and Creative Industries Policy 2024-2033* in 2023. *Creative Communities* complements and supports *Revive* at a state level.

Creative Communities is an expansive 10-year policy that recognises the unique place arts, culture and the creative industries have in NSW, the state with the largest cultural and creative workforce, the oldest and most distinctive cultural institutions, and most diverse population. *Creative Communities* considers culture a public good and participation in arts, cultural and creative activities to be a fundamental human right.

Creative Communities shares the commitment in *Revive* to prioritise First Nations' culture and take Australia's multi-faceted stories and creativity to the world. It supports sustainable growth for creative industries and accepts the responsibility to advocate for the value of culture to build capacity, creativity and community connection.

Implementation of *Creative Communities* has seen the development of geographical and sub-sector strategies that, collectively, commit to building the creative industries ecosystem. Significantly, these strategies were developed by, and with industry, ensuring the centrality of the artist is embedded, these comprise:

- NSW Screen and Digital Games Strategy 2025-2027:
 - Aligning with the screen and digital games actions under the “engaging the audience” pillar of *Revive*, the *NSW Screen and Digital Games Strategy* provides an ongoing plan for productions being made in NSW and for post, digital and visual effects and digital games work to be undertaken. It focuses on programs that elevate and expand distinct and new voices, including First Nations storytellers.
 - A \$380 million Screen Industry package, including a \$100 million capital fund for a second Sydney film studio, has been committed to support the strategy.
- NSW Contemporary Music Strategy 2024-2034:
 - NSW's contemporary music policy advances the pillars of *Revive* through industry development, fairer conditions for artists, stronger audience engagement and support for diverse communities across metropolitan and regional NSW. This work is designed not only to grow the NSW music ecosystem, but also to strengthen the national contemporary music pipeline, improve career sustainability for artists and contribute to broader cultural, tourism and economic outcomes.
 - An initial investment of \$18.5 million for Sound NSW in 2024-25, followed by another \$27 million investment in 2025-2026 has been invested to support the outcomes of the strategy.
- 24-Hour Economy Strategy 2024

⁵ Economics and Analysis, NSW Premier's Department, *Creative Industries Macroeconomic Dataset* [unpublished dataset] Create NSW, 2026.

- The Vibrancy Reforms align with the pillars of *Revive*, recognising the centrality of the night-time economy to Australia's cultural and creative ecosystem. For example, the NSW Government's Special Entertainment Precincts (SEP) model empowers councils to designate areas where relaxed trading hours and sound conditions are used to encourage live performance and support vibrant going-out precincts. SEPs can also help protect cultural, creative and social infrastructure and existing venues from land use conflict and enable new venues to open with relative certainty.
- Plan for Western Sydney Arts, Culture and Creative Communities 2025-2028
 - The Western Sydney Plan includes 3 key priorities, including the Western Sydney Investment Program, a commitment to a First Nations Cultural Strategy, and a Western Sydney Festival. Aligning with *Revive* it is built on a strategic framework to focus activity to unlock investment equity, prioritise First Nations, grow creative careers, strengthen creative ecosystems, showcase Western Sydney, and unlock space for culture.
 - An initial \$5 million investment in 2025-26, has been committed to support the strategy.
- NSW Fashion Sector Strategy
 - The Fashion Strategy will accelerate not only NSW's position, but Australia's position as a global leader in high-quality, innovative and inclusive fashion – where creativity drives economic growth and a resilient, diverse industry succeeds through collaboration and global reach.
 - An initial \$1 million investment in 2025-26, has been committed to support the strategy.
- Stories Matter: A Writing and Literature Strategy for NSW 2025-2028
 - Stories Matter offers a targeted, high-impact framework to expand access to reading and writing, grow new audiences, and build a sustainable, inclusive and globally connected literary sector, complimenting the pillars of *Revive*.
 - An initial investment of \$3.2 million in 2025-26, has been committed to support the strategy.
- Heartland: a plan for regional NSW arts, culture and creative industries 2025 – 2035
 - Six strategic priorities form the backbone of the plan. Each is designed to support growth, drive innovation and embed inclusion. The framework was created in consultation with the regional NSW creative sector – the artists, Regional Arts Development Organisations (RADOs), cultural institutions, arts and culture workers and leaders, embedding the centrality of the artist in the plan.
 - An initial investment of \$5.2 million in 2025-26, has been committed to support the strategy.

These strategies provide a clear framework to support a vibrant and sustainable cultural future. Creative Communities commits to a whole of government approach to advocate for, invest in and enable the creative and cultural ecosystem across the state to realise its potential.

Progress in NSW for arts and culture in delivering Creative Communities is reported to the sector annually, and to the Parliament of NSW every three years, through the Creative Statement to Parliament.

Targeted Cultural Tax Reform

The creative industries are a cornerstone of both Australia's cultural identity and Australia's economy, yet Commonwealth tax policy settings have been highlighted by the sector as a significant impediment to business viability for artists, international competitiveness and income stability.

There are three key areas where Commonwealth tax reform could have a significant impact and benefit:

1. **Support for creative organisations under immense pressure, particularly from global market forces.** Two initiatives are proposed that support the different scales of organisations in the sector - expanding producer tax offsets and expanding the Public Benevolent Institution (PBI) status or Fringe Benefit Tax (FBT) exemptions for small to medium and not-for-profit arts or creative organisations.

Tax offsets already exist in the screen sector, the recommendation is to expand to other areas like live performance, museum and gallery exhibitions, live music, regional touring and literature.

Small-to-medium sized not-for-profit arts organisations are struggling with staff retention, citing low pay and a lack of available incentives as a key driver. Expanding the PBI incentives would improve workforce conditions and make not-for-profit cultural organisations more competitive and sustainable.

2. **Supporting artists and creative practitioners as workers.** Artists are some of Australia's lowest-paid workers, earning an average income of \$13,937 from their arts practice.⁶ Artists and creatives report that a key barrier to them working professionally in the arts is the limited income they can earn. Current tax rules are preventing artists and creatives with legitimate professional practices from being able to claim losses, reducing their 'take home pay' - while those that win a prize or grant often discover that their windfall is significantly reduced due to income tax.
3. **Encouraging more investment, including philanthropic and corporate giving.** Current rules limit the ability of artists to deduct the value of artworks that they charitably donate. Equally, proposed increases to the Private Ancillary Fund thresholds could incentivise and encourage more investment in cultural organisations.

Support for creative organisations under immense pressure

Australian content and producer offsets

Recommendation: *In the next National Cultural Policy expand content and producer offsets to other areas (such as live performance, live music, museum and gallery exhibitions, literature, touring artists and regional creative work) with priority given to creating new Australian productions and IP.*

There are often high upfront costs and long lead times to produce arts and culture. Coupled with unpredictable revenues, making it more difficult to attract funding and investment for arts and culture in Australia across a range of sectors. It is more difficult still for those sectors where other jurisdictions offer tax relief for certain types of arts and cultural productions. For example, the UK offers tax offsets for some performing arts productions and museum and gallery exhibitions.

Under this reform the Australian Government would expand the existing Producer Offset and Digital Games Tax Offset to be 'artform agnostic' and include other sectors within the creative industries. This would help provide a 'smoothing' of the benefit of the tax offsets policy to a wider range of artists and creators. Areas suggested for potential expansion include live performance, live music,

⁶ McQuilten et al (2025). *Visual Arts Work: Key Research Findings, Implications and Proposed Actions*. RMIT University & University of Melbourne, last accessed 22 May 2026.

museum and gallery exhibitions, literature, touring artists and regional creative work. One objective but not the exclusive focus would be to structure the offsets so that they incentivise new Australian work thereby creating and retaining more Australian IP and talent. This includes, particularly, the opportunity for appropriate protection, recognition and promotion of ICIP through the offsets structure.

This reform would seek to support Australian stories and protect and develop opportunities for stories to be developed in Australia. The reform would also seek to ensure that Australian creatives and companies are owners in the production of these new works.

Expand Public Benevolent Institution status or Fringe Benefit Tax exemptions for small to medium and not-for-profit arts and creative organisations

***Recommendation:** In the next National Cultural Policy expand Public Benevolent Institution status or Fringe Benefit Tax exemptions.*

Small-to-medium sized not-for-profit arts organisations are struggling with staff retention. With individuals discouraged from working in the sector due to low pay and a lack of available incentives. Allowing art and creative not-for-profit organisations to access enhanced FBT concession – a benefit currently available to only some charitable organisations with PBI status – might help ease this burden.

To maximise the impact and equity of this reform the Australian Government is encouraged to undertake further sector advocacy and coordination. This would include examining the organisations potentially within reform scope, and options for managing the fiscal implications of the identified approach. Extending or enhancing concessions to arts organisations would improve wages and strengthen the viability of small-to-medium arts and creative organisations.

Supporting artists and creative practitioners as workers

Make prizes and certain grants tax-exempt

***Recommendation:** In the next National Cultural Policy make prizes and certain grants tax-exempt.*

Art prizes and grants can provide a transformative opportunity in the life of an artist and creative. However, this impact is reduced if the prize or grant is subject to tax that reduces the amount of money received by the artist or creative.

The reform proposal is to make prize and grant money awarded to individual creatives or artists tax-free or subject to concessional tax. There is a precedent in Australia for tax-free art prizes, as the Prime Minister's Literary Awards are tax exempt. Implementing this reform would ensure prizes are treated more consistently across the sector.

To be effective, targeted and sustainable, there would need to be some eligibility requirements. Eligibility could either focus on the recipient, or the party providing the prize or grant.

Increase non-commercial loss income threshold

***Recommendation:** In the next National Cultural Policy increase the non-commercial loss income threshold for artists and creatives.*

Artists are some of Australia's lowest-paid workers meaning many artists and creatives also need non-art income-generating activities to get by.

Current tax rules limit the capacity of artists and creatives with legitimate professional practices from being able to claim losses in the current financial year, reducing their 'take home pay'. Professional artists who earn less than \$20,000 from their artistic practice and above \$40,000 from non-artistic income (for example teaching) are unable to claim their creative losses in the current financial year due to non-commercial loss rules.

This proposal would enable artists to deduct more of their losses immediately by increasing the non-commercial loss threshold from \$40,000.

Improve tax education, support and guidance

Recommendation: *In the next National Cultural Policy improve information available for artists and creatives about the tax system through online tools, professional training, and in person advice.*

Artists and creative workers face a tax system built for consistent wage earners, with complicated mechanisms that are hard to navigate.

Creative workers are often not able to afford professional tax guidance and, as a result, are struggling to understand existing guidance including provisions designed to support the sector like income averaging.

Through the National Cultural Policy process it is recommended that education, support and guidance for artists and creative workers should be strengthened to assist the sector in navigating the complexities of the tax system and in making full use of existing and new measures.

Encouraging more investment, including philanthropy

Recognise market value for donated works from artists

Recommendation: *In the next National Cultural Policy recognise market value for donated works from artists.*

Artists who donate their own works for fundraising purposes can experience difficulties claiming a deduction for the market value of the work donated. Artists can often only claim the cost of materials. This significantly undervalues the true scale of their contribution (reducing artist income), while also discouraging donations of original art (reducing fundraising capacity for not for profits).

Allowing artists to deduct the market value of their own donated works would better value their contribution and incentivise further giving, with valuation mechanisms, valuation thresholds, and other safeguards to ensure compliance and prevent misuse.

Confirm increased Private Ancillary Funds (PAFs) distribution requirements

Recommendation: *In the next National Cultural Policy confirm increased PAF distribution requirements.*

PAFs are philanthropic trusts that receive tax concessions and must distribute a minimum share of their assets each year to charities with deductible gift recipient (DGR) status. There are widespread views that the mandatory distribution rate is too low, reducing potential philanthropic donations to the arts and creative industries, and other charitable causes.

The Australian Government has recently announced that it intends to lift the distribution rate from 5% to 6% following public consultation on changes to PAF distribution rules.⁷ This reform has not yet come into effect but is supported by this submission as an important opportunity to boost philanthropy for arts and creativity in Australia.

Targeted Cultural Tax Reform Recommendations

That the Australian Government's next National Cultural Policy include the following reforms:

1. expansion of content and producer offsets to other areas, (such as live performance, live music, museum and gallery exhibitions, literature, touring artists and regional creative work), with priority given to creating new Australian productions and IP;
2. expansion of Public Benevolent Institution status or Fringe Benefit Tax exemptions;
3. tax-exemption status for prizes and certain grants;
4. increasing non-commercial loss income threshold for artists and creatives;

⁷ The Hon Dr Andrew Leigh MP, *Boosting support for Australian charities*, [media release], Australian Government, 16 February 2026, accessed 20 May 2026.

5. improving information available for artists and creatives about the tax system through online tools, professional training, and in person advice;
6. recognition of market value for donated works from artists; and
7. confirmation of increased PAF distribution requirements.

More information on these proposed reforms can be found in **Appendix B**.

Creative and Performing Arts Education

Education and the creative industries are an enabler for achieving all the pillars in the National Cultural Policy. The new National Cultural Policy is an opportunity to address the inequities and challenges created by past policies that have led to deficits in creative skills training and viable artistic careers.

Creative and performing arts supports critical development for the skills of the future, with the *World Economic Forum's Future of Jobs Survey* placing creative skills and thinking as one of the top three skills areas required across all industries for future workforces.⁸

Creative education is not just a pathway to a professional artistic career; it is also how future audiences are created. Young people who engage with the arts and with music through attending a performance or are engaged in music through an encouraging music teacher, or engage with digital arts through “STEAM” (rather than only STEM) through school may develop a lifelong enjoyment of the arts. Learning will shape the demands of our audiences and the skills of the future creative communities developing artistic and musical work for those audiences.⁹

First Nations creative and performing arts education pathways

Recommendation: *In the next National Cultural Policy co-design culturally appropriate tertiary and formal training system pathways for creative and performing arts education in partnership with First Nations-led organisations and training providers.*

Recommendation: *In the next National Cultural Policy commit to create and fund specific First Nations education and skills pathways to support arts and music careers and development.*

While there are many examples of outstanding creative and performing arts programs across the NSW education system, opportunities to participate are not evenly available. This is particularly the case in regional and remote NSW and in First Nations communities, where rich cultural knowledge and creative practice provide a strong foundation for creative and performing arts education. With improved access to high-quality, culturally responsive programs, these settings offer significant potential to support skills development, workforce sustainability and long-term creative careers.

First Nations Performing Arts Workforce Development Framework 2025-2030 identified that current pathways, including vocational tertiary and formal training systems, are not consistently designed to support First Nations ways of learning and working.¹⁰ There is a clear opportunity – aligned with Closing the Gap implementation and national skills reform – to co-design culturally appropriate pathways in partnership with First Nations-led organisations and training providers, which has been called for by Bangarra Dance Theatre and Moogahlin Performing Arts and training institution NAISDA.¹¹

The next National Cultural Policy provides the opportunity to fundamentally shift how creative and performing arts education is delivered nationally to support First Nations ways of learning and working.

Improving access to, and the quality of, creative and performing arts education in NSW

Recommendation: *In the next National Cultural Policy create a national working group of federal, state and territory governments to coordinate policy and share best practice.*

⁸ World Economic Forum “*Future Jobs Report 2025*”.

⁹ Creative Australia, *Creativity in schools essential to preparing young people for future uncertainty and change*, accessed 20 May 2026.

¹⁰ First Nations Performing Arts Companies, *First Nations Performing Arts Workforce Development Framework 2025–2030*, Australia: First Nations Performing Arts Companies, 2025, accessed 21 May 2026.

¹¹ Ibid.

Recommendation: In the next National Cultural Policy provide national funding support for professional learning, mentoring programs, such as ‘Music in Me’ that build teacher capability in music education.

Recommendation: In the next National Cultural Policy improve national data collection and monitoring to track access, quality, and workforce readiness in creative and performing arts education.

Recommendation: In the next National Cultural Policy support states and territories to strengthen equitable access to high-quality classroom music and creative and performing arts instruction for each year of primary school, with a focus on prioritising First Nations arts and creativity, and with a commitment to diversity and prioritising local composers and creators.

Recommendation: In the next National Cultural Policy increase support for teacher training in delivery against curriculum objectives, and to uplift confidence in and skill with student learning for music and creative and performing arts.

In 2024, the NSW Parliament’s Legislative Council Joint Select Committee on Arts and Music Education and Training in NSW held an inquiry into Arts and Music Education (**Inquiry**) – following a commitment under *Creative Communities* – which found that due to a range of socio-cultural factors, including a focus on STEM subjects and standardised testing such as NAPLAN, creative and performing arts education is undervalued, leading to broader and systemic neglect in investment.¹²

In addition, economic, geographic, cultural and social barriers prevent equal access to a quality creative and performing arts education in NSW.¹³ Further, the inquiry heard of the significant disparity in the delivery of creative education, particularly in music, across school systems.¹⁴

Supporting creative arts and performing arts education is a national policy issue. For example, there are declining enrolments across Australia in all arts subjects (Dance, Drama, Media Arts, Music, and Visual Arts) in secondary schools. The Australian Curriculum, Assessment and Reporting Authority’s aggregated data indicate that over a 10-year period from 2014 to 2024, year 12 enrolments in the arts steadily declined from 28.6% in 2014 to 20.7% in 2024.¹⁵ Male student enrolment declined from 21% in 2014 to 15% in 2024, and for female students from 36% in 2014 to 26% in 2024.¹⁶

In response to the Inquiry report, the NSW Government supported action including:

- Create NSW and Sound NSW working with the NSW Department of Education to explore programs and partnership frameworks that support further partnerships between artists and musicians and external arts organisations and schools;
- The NSW Department of Education developing a 10-year music education plan to build on the high-quality offerings of the public education system and to ensure all students in public schools receive a quality music education;
- The NSW Educational Standards Authority working closely with the Universities Admissions Centre on a range of matters relating to the Higher School Certificate (HSC) and the Australian Tertiary Admission Rank (ATAR) relating to the value of studying creative arts subjects; and
- NSW Government supporting the establishment of a music hub in Western Sydney in partnership with the sector, including a conservatorium model, to provide culturally diverse music education in the region.

¹² New South Wales Parliament, Legislative Council, Joint Select Committee on Arts and Music Education and Training in New South Wales 2024, *Arts and music education and training in New South Wales*, Report no. 1, Parliament of New South Wales, Sydney, pages 18-19.

¹³ Ibid, page 126.

¹⁴ Ibid, page 109.

¹⁵ Australian Curriculum, Assessment and Reporting Authority, *National report on schooling in Australia 2023*, ACARA, Sydney, 2025, accessed 19 May 2026.

¹⁶ Ibid.

The NSW Government is responding to identified issues in creative and performing arts education, and the next National Cultural Policy provides an opportunity for the Australian Government to also respond.

Supporting Tertiary Education in the arts and humanities

Recommendation: *In the next National Cultural Policy expand access to tertiary education in the arts and music, including by:*

- *addressing issues with the Job-ready Graduates program as outlined in the NSW Government’s submission to the Australian Universities Accord Discussion paper, and*
- *through investment support for other arts institutions providing tertiary education, for example, the National Art School.*

Recommendation: *In the next National Cultural Policy recognise and support the unique role that museums and other cultural infrastructure hosted by tertiary institutions play in Australia’s creative ecosystem.*

The challenges and perverse incentives with the Job-ready Graduates (JRG) program policy settings are well documented.¹⁷ JRG increases to arts and humanities course fees have risked narrowing the pool of students considering education and careers in creative industries to only those who can afford it. The social and economic inequity of this structure has potential to negatively impact economic growth aspirations for the creative industries.

Since JRG was implemented, students have continued to enrol in humanities degrees and undertake arts and culture higher education because it is what they want to do. However, these courses are now less attractive and students that do undertake them are inequitably burdened with debt while entering a sector which has historically lower wages. This is a particular risk for those courses in disciplines with higher than average studio/material/production costs.

Higher course fees risk speeding-up the reduction of arts, culture and humanities courses being offered by NSW universities. Consultation during *Creative Communities* policy development identified that the downsizing and ceasing of university courses in Greater Sydney and in regional NSW has impacted the pathways that people have into the creative industries. This is backed by evidence gathered from arts education associations and peak bodies¹⁸ and undermines the goal of equitable access to arts and culture for all Australians, including students.

The impact has been particularly pronounced at universities based in regional NSW, with enrolments in creative arts dropping from 505 students in 2021, to 160 in 2024 at Charles Sturt University (68% decrease in enrolments) following a reduction in the creative arts courses offered.¹⁹ Southern Cross University, University of Newcastle, the University of Wollongong and University of New England also all reported decreases in enrolments in creative arts.²⁰ There was also a 12% decrease over this period in enrolments at the University of Western Sydney in creative arts.²¹

In addition to universities, other arts institutions are integral in the higher education creative sector ecosystem to provide students with expanded and accessible pathways to study the creative arts. For example, the National Art School, as an independent and wholly dedicated art school, made by artists for artists is a leader in art education and provider of choice for fine art study. The next

¹⁷ New South Wales Government, *NSW submission to the Australian Universities Accord discussion paper*, 2023, NSW Department of Education.

¹⁸ National Advocates for Arts Education “Creative Arts and Arts Education: A National Tertiary Snapshot (2018–2026)”, 2026, accessed 20 May 2026.

¹⁹ Australian Government Department of Education, *Higher Education Statistics – Student Data*, Australian Government Department of Education, n.d., accessed 20 May 2026.

²⁰ *Ibid.*

²¹ *Ibid.*

National Cultural Policy provides an opportunity to also support investment in other arts institutions providing tertiary education.

Tertiary institutions also play a valuable role in providing important cultural infrastructure, including publicly accessible museums, performing arts spaces and galleries. The impact of this cultural infrastructure includes supporting research and teaching; public engagement, cultural diplomacy and community collaboration; and long-term stewardship of collections and cultural knowledge. The National Cultural Policy provides a unique opportunity to coordinate and support the network of cultural infrastructure hosted by universities and other tertiary institutions across Australia.

Elite music education and training institution

Recommendation: *In the next National Cultural Policy support an elite music education and training centre dedicated to finding and developing Australian songwriting, recording and production talent and preparing them for success on the global music stage.*

The *NSW Contemporary Music Strategy* identifies a specific need for elite music education and training to help future-proof the music industry through upskilling and enabling collaboration. The Strategy suggests this could be established by supporting a national elite tertiary education institution for contemporary music artists and industry professionals in NSW.

Such an initiative could draw on successful models from other artforms within the Australian cultural ecosystem and deliver national benefit. Several conservatoriums already operate across Australia, including some with secondary school pathways, and many deliver high-level contemporary music education. This proposal would complement and partner with this existing ecosystem, focusing on a distinct gap: the development of world-class songwriting, recording and production talent, and accelerating pathways into international markets.

The primary aim of a new initiative would be the cultivation of globally competitive songwriters, producers and artist-creators. It would emphasise collaboration, industry immersion and export-ready skills, supporting Australian talent to enter and succeed within the global music pipeline.

Australia has a strong precedent for effective government intervention in creative talent development. The establishment of the Australian Film Television and Radio School (AFTRS) in 1973 demonstrates how sustained public investment in elite, industry-connected training can deliver significant long-term cultural and economic outcomes. AFTRS has played a critical and ongoing role in building Australia's globally recognised screen and audio sectors, developing generations of talent and maintaining strong partnerships with industry. This example highlights how a targeted, nationally significant institution can become an essential part of the talent development pipeline when it is aligned with industry needs and global opportunities.

There is currently no equivalent elite, government-funded institution focused on contemporary music creation at this level in Australia. This presents an opportunity to apply similar principles of industry integration, national focus and excellence in practice to the contemporary music sector, with a clear emphasis on songwriting, production and international market readiness.

The next National Cultural Policy is an opportunity for the Australian Government to prioritise creative and performing arts education as a core, everyday component at all levels of education.

Screen and digital games training pathways

Recommendation: *In the next National Cultural Policy consider promoting and implementing programs that combine training, mentorship and paid production placements in the screen and digital games industries, building on any relevant state and territory models.*

The Screen Australia-commissioned report from April 2026, *A Production Infrastructure and Capacity Analysis (PICA) for Australia's Screen Production Sector*, identified national crew shortages, leadership and business skills gaps and an aging senior workforce in the screen and digital games industries.

The *NSW Screen and Digital Games Strategy* seeks to address similar workforce risks, including in the promotion of business development strategies and the \$1 million commitment to a pilot below-

the-line program. The *Screen NSW Crew Development Program* (the Program) highlights how governments can align education, equity and workforce development in the creative industries.

The Program addresses identified crew shortages (including caused by rapid technology changes) by partnering with education providers AFTRS, TAFE NSW and the National Institute of Dramatic Art (NIDA) to deliver department-specific training, followed by paid placements on NSW productions and structured mentorship. By targeting entry-level and mid-career practitioners from underrepresented communities and focusing on occupations in demonstrated demand, the Program offers a practical model for how the National Cultural Policy could support more equitable access to creative careers while strengthening industry capability.

Additionally, continued training for people already in the workforce such as supporting business development, commercial strategy capabilities and leadership skills is important to uplift mid-career practitioners and small-to-medium business across both screen and digital games. This is reflected in the *NSW Screen and Digital Games Strategy* and is in line with the PICA report recommendations for a nationally coordinated response to training and upskilling.

Creative and Performing Arts Education Recommendations

That the Australian Government's next National Cultural Policy include the following:

1. co-designing of culturally appropriate tertiary and formal training system pathways for creative and performing arts education in partnership with First Nations-led organisations and training providers;
2. creation and funding of specific First Nations education and skills pathways to support arts and music careers and development;
3. creation of a national working group of federal, state and territory governments to coordinate policy and share best practice;
4. providing a national funding support for professional learning, mentoring programs, such as 'Music in Me' that build teacher capability in music education;
5. improving national data collection and monitoring to track access, quality, and workforce readiness in creative and performing arts education;
6. supporting states and territories to strengthen equitable access to high-quality classroom music and creative and performing arts instruction for each year of primary school, with a focus on prioritising First Nations arts and creativity, and with a commitment to diversity and prioritising local composers and creators;
7. increasing support for teacher training in delivery against curriculum objectives, and to uplift confidence in and skill with student learning for music and creative and performing arts;
8. expansion of access to tertiary education in the arts and music, including by:
 - o addressing issues with the Job-ready Graduates program as outlined in the NSW Government's submission to the Australian Universities Accord Discussion paper, and
 - o through investment support for other arts institutions providing tertiary education, for example, the National Art School;
9. recognising and supporting the unique role that museums and other cultural infrastructure hosted by tertiary institutions play in Australia's creative ecosystem;
10. supporting an elite music education and training centre dedicated to finding and developing Australian songwriting, recording and production talent and preparing them for success on the global music stage; and
11. promoting and implementing programs that combine training, mentorship and paid production placements in the screen and digital games industries, building on any relevant state and territory models.

Generative Artificial Intelligence (GenAI) in the arts and creative economy

Generative artificial intelligence (GenAI) is playing an increasingly important role in the arts, cultural and creative industries, bringing both significant opportunities and emerging risks. GenAI has the potential to enhance creative practice, improve productivity, open new markets and support business sustainability. At the same time, the rise of GenAI poses challenges in areas as disparate as Intellectual Property (IP), cultural integrity, workforce impacts and the fair recognition and remuneration of creative labour.

In development of the next National Cultural Policy, GenAI must be understood and reflected as one of the key challenges and opportunities facing creative industries. GenAI is moving rapidly, and the decisions that are made now around the protections for artists and creatives will have generational impacts.

Given the scale and significance of GenAI to the Australian creative industries and the shared role of government across jurisdictions, it is important that the Australian Government provides national leadership through the next National Cultural Policy, including by working with states, territories and the industry collaboratively and in support of artists and creative practitioners.

Australia's recent social media minimum-age laws provide a powerful precedent for Australia leading the world in innovative digital policy to protect vulnerable community members. The *Online Safety Amendment (Social Media Minimum Age) Act 2024 (Cwth)* is now in effect in Australia, and it has been reported that more than 50 other countries are considering similar laws.²² By advancing a world-first regulatory response to online harms affecting children, the Australian Government has demonstrated that determined national action can shape international debate and drive community outcomes in a digital economy.

The next National Cultural Policy provides an opportunity for Australia to again lead the world by providing artists and creatives both protection and opportunities to innovate in the context of GenAI.

Elevating the value of artists and creatives in a GenAI world

Recommendation: *In the next National Cultural Policy acknowledge the impacts of GenAI on arts and culture and commit to addressing these impacts and maintaining the policy position of the centrality of the artist.*

In a GenAI world, it has never been more important to embed and promote the centrality of the artist; both to ensure that Australian artists and creatives are leading the world in leveraging the opportunities GenAI presents in arts, culture and the creative industries, but also to ensure the value of artists and creatives is understood, respected and supported.

The reliance on human creativity to enable GenAI to produce content raises legal and broader questions for the creative sector, including ensuring artists and creators are adequately compensated for their work. Unless protections are put in place to ensure that artists and creatives are adequately compensated when GenAI is used, we put the sustainability of the local creative industries ecosystem at risk.

Upholding copyright protections for the creative sector

Recommendation: *In the next National Cultural Policy ensure the current protections for creatives and rights holders, in copyright and IP law, are not diminished.*

Recommendation: *In the next National Cultural Policy ensure that copyright protections for artists and creatives can be more easily enforced in the context of GenAI.*

²² Courier Mail, "News Corp's Let Them Be Kids campaign wins two top global media awards", accessed 22 May 2026, <https://www.couriermail.com.au/news/queensland/news-corps-let-them-be-kids-campaign-wins-two-top-global-media-awards/news-story/90aff33450b46024bf307aed801172c>.

Recommendation: *In the next National Cultural Policy better monitor compliance with copyright law in the context of training and use of GenAI applications.*

A NSW Parliamentary Inquiry into AI found that implementation of current copyright and IP law does not adequately address the use of creative works in AI training datasets, leaving authors, artists and creators vulnerable to exploitation without consent or compensation. The models that underpin GenAI applications are trained on vast amounts of data. That training data includes creative content, much of which has been collected without the genuine consent of, let alone compensation paid to, the people to whom this IP belongs. Sector voices have told the NSW government that the most pressing issue is not with current copyright and IP law, but how effectively they are enforced in the context of GenAI.

There is an opportunity for growth in this space and new government policies across all sectors should build this consideration into their frameworks and take steps to ensure copyright law is upheld and IP value is respected.

Modernising the application of copyright and IP law to respond to GenAI applications, including ensuring adequate enforcement where applications are hosted outside of Australia, is a critical role for the Australian government. The commitment in the Australian government's *National AI Plan (2025)* for the government's Copyright and AI Reference Group to consult on possible updates to Australia's copyright laws as they relate to GenAI is an important first step that the next National Cultural Policy can build upon.

Indigenous Cultural and Intellectual Property

Recommendation: *In the next National Cultural Policy acknowledge Australia's obligation to lead internationally on ICIP and GenAI, reflecting that Australia's First Nations peoples are the world's oldest continuous living culture.*

Recommendation: *In the next National Cultural Policy support First Nations communities, businesses and organisations to develop innovative ways of building safe and ethical uses of GenAI while implementing ICIP principles.*

Authentic Australian stories and voices are vital, and artists and creatives, particularly First Nations people, play a central role in expressing and preserving them. As the oldest living continuous culture in the world, the sovereignty over sacred art, dances and stories must be respected.

GenAI poses serious risks to ICIP, primarily through the scraping and reproduction of First Nations art, stories, and languages. Some experts have warned of a lack of cultural protocols in the development and use of GenAI, with an inability to distinguish between sacred, secret, or restricted knowledge, resulting in outputs that violate Indigenous law and traditions.²³ This includes specific application of copyright and IP law to ensure GenAI applications, whether based in Australia or internationally, adequately protect ICIP.

In the next iteration of the National Cultural Policy, the strong policy foundation around ICIP in *Revive* must be embedded and further developed in the context of GenAI, both to protect ICIP but also to support Aboriginal communities, creatives, artists, organisations and business to innovate in a culturally appropriate way in an AI world.

Activate procurement and grant levers to support artists and creatives

Recommendation: *In the next National Cultural Policy consider how procurement policies and grant guidelines enable fair recognition and remuneration of artists and creatives as a core requirement in GenAI adoption.*

Recommendation: *In the next National Cultural Policy prioritise the recognition and fair remuneration of Australian cultural and creative labour when GenAI is used to produce government funded published content, creative works, or commissioned media assets, building on models such as the NSW Government's *Championing NSW Music Policy*.*

²³ E Fitch, C McKenzie, T Janke and A Shul, 'The new frontier: Artificial Intelligence, copyright and Indigenous Culture', Terri Janke and Company, 30 November 2023, accessed 24 March 2026.

Recommendation: *In the next National Cultural Policy ensure that new government policies that relate to GenAI, regardless of sector or portfolio, specifically consider the impact on artists and creatives.*

A key opportunity for Australian governments in managing the opportunities and risks of GenAI lies in procurement and grant policies. The Australian Government can play a leadership role using procurement to require GenAI providers to offer products that protect the rights of artists and creatives, building on its procurement leadership in areas such as modern slavery, environmental sustainability and cyber security. This should apply both to the direct procurement of GenAI products and to the procurement of products and services, such as consulting, that might utilise GenAI. A practical application of this approach would be for the Australian Government, through the National Cultural Policy, to take a leadership role in considering the impact on artists and creatives when procuring cloud-based digital services. Additionally, consideration of the rights of artists and creatives may be included when establishing national data centre principles.

By embedding requirements in procurement policies for GenAI-enabled products to respect copyright, IP, licensing and the rights of creators, governments could help set clearer market expectations across sectors where AI adoption is likely to accelerate. This would allow public investment in GenAI to support innovation and service delivery while also reinforcing protections for Australian artists and creatives.

An example of using government levers to support creatives and artists in a GenAI world is the *Championing NSW Music Policy*. This requires the NSW Department of Creative Industries, Tourism, Hospitality and Sport to prioritise the use of NSW music and artists/acts whenever the Department uses music. This includes performances, advertising campaigns and background music at events. If the Department uses music under the policy, the artist is paid royalties and/or a commissioning/performance/licensing fee, either by a collection society (i.e. APRA AMCOS / PPCA) or by the Department in accordance with any agreed commissioning/licensing and/or performance agreement, as applicable.

Workforce impacts

Recommendation: *In the next National Cultural Policy support initiatives that use GenAI to reduce the compliance burden (including relating to tax requirements) faced by arts and culture businesses, for example best practise tools to optimise GenAI to support creators to run their businesses successfully.*

Recommendation: *In the next National Cultural Policy support the creative arts component of the education system through development of resources which can build knowledge on the intersection of GenAI and arts and culture.*

Recommendation: *In the next National Cultural Policy acknowledge specific potential impacts for artists and creatives with a disability, and prioritise specific protections and pathways to support artists with a disability to equitably engage with GenAI applications in their art.*

The growing use of GenAI in creative production, as well as in the business or administration of the creative sector, is driving broader workforce impacts. This includes contributing to structural and operational changes in some parts of the creative sector, raising concerns about job displacement, scarcity of entry-level positions and quality erosion.

The costs of a thriving creative sector extend beyond the production of creative content. Organisations are acutely aware of the need to operate their business and administrative processes efficiently and well. GenAI offers opportunities to improve the operation of those back-end business and administrative functions – for example, to improve their business management, marketing, tax management and fundraising activities. Governments in Australia and overseas are aligned on this as an opportunity to achieve productivity gains across the economy, and it was specifically discussed in the context of the NSW government’s 2025 Art of Tax Reform Summit.

It is essential that the next generation of artists and creatives have a strong understanding of how to use GenAI both to support administration, but also to enable them to understand how to protect their rights as an artist and creator in a GenAI world, and to leverage the opportunities it may present.

Artists with disability face specific challenges and opportunities with GenAI. The Australian Bureau of Statistics' *Barriers and Incentives to Labour Force Participation* study found that in December 2025 of those aged 18-75 years who did not have a job, 1.1 million had a disability, with 34% of those people able to work and wanting a paid job.²⁴ Similarly, the Australian Government's *Equity: Arts and Disability Associated Plan* lists financial considerations for accessibility arrangements, inaccessibility of workplaces and lack of adequate support services as key barriers to meaningful employment for people with a disability.²⁵ The impacts of GenAI on artists with disability could therefore be particularly acute, making targeted government consideration especially important. This could include practical guidance for the sector on acceptable uses of GenAI, including in competitions and funding contexts, as well as a review of funding and application processes to ensure accessibility and integrity as AI tools become more widely used.

Australia leading innovation to leverage GenAI opportunities

Recommendation: *In the next National Cultural Policy invest in initiatives that position Australia as a leader in emerging AI-enabled creative industries, jobs, and markets.*²⁶

Recommendation: *In the next National Cultural Policy ensure equitable access to GenAI technologies, infrastructure, capability support, and experimentation opportunities for creative industries, particularly in regional and remote communities.*

Recommendation: *In the next National Cultural Policy enable experimentation with GenAI for artistic and cultural expression by reducing unnecessary regulatory complexity and cost barriers that would restrict innovation and creative participation.*

Recommendation: *In the next National Cultural Policy fund and support place-based centres of excellence for AI in the arts and culture sector, providing individual artists and creative SMEs with access to technologies, expertise, guidance, and practical support to ethically learn, experiment with, and adopt GenAI opportunities.*

To be competitive Australia must be innovative. The next National Cultural Policy provides an opportunity to enable creative and cultural sectors to be seen as a significant sector of economic growth and prosperity, by making the sector ready for future waves of emerging technologies. For the creative industries, GenAI represents an innovation opportunity that shifts the dial from concerns with implementation and protection to experimentation and exploitation that enables Australian innovation to emerge.

Sydney's innovation ecosystem is a mix of cultural institutions, national performing arts institutes, global tech giants (like Atlassian and Canva), and agile start-ups. Taken alongside Sydney's UNESCO *City of Film* status, culture and technology are inseparable. The Australian Government can play an important role in supporting collaboration between governments, industry and the higher education sector on approaches to excellence.

The UK's *Creative Industries Clusters Programme* saw innovation in the creative sector supported through a nexus of universities, cultural institutions artists and creative companies working to drive growth: for every £1 of national government support, the program delivered £5 of private and public co-investment.²⁷ Drawing on the international success of innovation precinct models, in which government, academia and industry work together in defined locations on shared innovation priorities, the Australian Government could support place-based centres of excellence for AI in the

²⁴ Australian Government, *Barriers and Incentives to Labour Force Participation*, Australian Bureau of Statistics, December 2025, Accessed 20 May 2026.

²⁵ Australian Government, *Equity: the Arts and Disability Associated Plan*, Office for the Arts, 2024, Accessed 20 May 2026.

²⁶ A Doshi and O Hauser, 'Generative AI enhances individual creativity but reduces the collective diversity of novel content', *Science Advances*, 2024, 10(28).

²⁷ Creative Industries Sector Plan: UK https://assets.publishing.service.gov.uk/media/685943ddb328f1ba50f3cf15/industrial_strategy_creativ... accessed 20/05/2026.

arts and culture. These centres could focus on helping individual artists and creative SMEs to experiment with GenAI ethically, safely and productively. This would help overcome the barriers that individual artists and creative SMEs currently face in appropriately using GenAI and will help ensure continued international competitiveness, especially in the screen sector. Place-based collaborations are a proven model for connecting community, business, academia and government together to deliver innovation.

Focused investment for innovation that co-ordinates activities across Australia to ensure collaboration and competition between creative clusters across the nation will support positioning Australia as a leader in GenAI innovation in the creative industries.

A place-based approach provides unique opportunities for supporting ethical and safe GenAI use by Australian artists and creatives.

GenAI in the Arts and Creative Economy Recommendations

That the Australian Government's next National Cultural Policy include the following reforms:

1. acknowledgement of the potential impacts of GenAI on arts and culture and commit to addressing these impacts and maintaining the policy position of the centrality of the artist;
2. ensuring the current protections for creatives and rights holders, in copyright and IP law, are not diminished;
3. ensuring that copyright protections for artists and creatives can be more easily enforced in the context of GenAI;
4. better monitoring compliance with copyright law in the context of training and use of GenAI applications;
5. acknowledging Australia's obligation to lead internationally on ICIP and GenAI, reflecting that Australia's First Nations peoples are the world's oldest continuous living culture;
6. supporting First Nations communities, businesses and organisations to develop innovative ways of building safe and ethical uses of GenAI while implementing ICIP principles;
7. considering how procurement policies and grant guidelines enable fair recognition and remuneration of artists and creatives as a core requirement in GenAI adoption;
8. prioritising the recognition and fair remuneration of Australian cultural and creative labour when GenAI is used to produce government-funded published content, creative works, or commissioned media assets, building on models such as the NSW Government's *Championing NSW Music Policy*;
9. ensuring that new government policies that relate to GenAI, regardless of sector or portfolio, specifically consider the impact on artists and creatives;
10. supporting initiatives that use GenAI to reduce the compliance burden (including relating to tax requirements) faced by arts and culture businesses, for example best practise tools to optimise GenAI to support creators run their businesses successfully;
11. supporting the creative arts component of the education system through development of resources which can build knowledge on the intersection between GenAI and arts and culture;
12. acknowledging specific potential impacts for artists and creatives with a disability, and prioritise specific protections and pathways to support artists with a disability to equitably engage with GenAI applications in their art;
13. investing in initiatives that position Australia as a leader in emerging AI-enabled creative industries, jobs, and markets;
14. ensuring equitable access to GenAI technologies, infrastructure, capability support, and experimentation opportunities for creative industries, particularly in regional and remote communities;

15. enabling experimentation with GenAI for artistic and cultural expression by reducing unnecessary regulatory complexity and cost barriers that would restrict innovation and creative participation; and
16. funding and support place-based centres of excellence for AI in the arts and culture sector, providing individual artists and creative SMEs with access to technologies, expertise, guidance, and practical support to ethically learn, experiment with, and adopt GenAI opportunities.

Appendix A – Art of Tax Reform process

Consultation

More than 300 written submissions were received by the NSW government on cultural tax reform. These submissions represented a wide cross-section of stakeholders including individual artists, small and large businesses and organisations, galleries and museums, music and performing arts companies, literary organisations, broadcasters, local government, live venues, peak bodies, government agencies, academics, tax advisors and philanthropic foundations. Contributors shared both lived experience and technical expertise, highlighting the barriers created by existing tax rules and proposing ways to improve the system.

Alongside written submissions, the process included more than 40 targeted meetings and roundtables with academics, legal and tax professionals, economists, peak bodies, and sector organisations. These discussions provided further context and evidence, testing early ideas raised and drawing out practical implications for government and the creative community.

A summary of these submissions was published in *The Art of Tax Reform – what we heard* consultation summary report. Written submissions have also been published online where the author agreed for them to be shared.²⁸

Summit

On 25 September 2025 the NSW Government convened the *Art of Tax Reform Summit* at the Sydney Opera House, hosting more than 200 artists, cultural leaders, philanthropists, economists and tax experts from around the country.

Arts and creative industries Ministers from the New South Wales, Victorian, Western Australian and South Australian governments attended, as did the NSW Treasurer, Australian Arts Minister and the Australian Government’s Special Envoy for the Arts. Participating jurisdictions also sent senior tax and arts administrators. A full list of speakers and performances is available below.

The purpose was to test and refine the most promising reform concepts, forge consensus, and move towards a coordinated national approach ahead of the Commonwealth Government’s National Cultural Policy consultation in 2026.

Speakers

- Welcome to Country – Aunty Deborah Lennis
 - Performance – William Barton and string quartet
- Opening addresses:
 - Hon Tony Burke MP (Australian Minister for the Arts)
 - Hon Daniel Mookhey MLC (NSW Treasurer)
 - Hon John Graham MLC (NSW Minister for the Arts)
- Ministers and envoy:
 - Hon Simone McGurk MLA (WA Minister for Creative Industries)
 - Hon Andrea Michaels MP (Former SA Minister for Arts)
 - Hon Colin Brooks MP (Former VIC Minister for Creative Industries)
 - Susan Templeman MP (Commonwealth Special Envoy for the Arts)
- Sector panel:

²⁸ See: <https://www.haveyoursay.nsw.gov.au/cultural-tax-reform/what-we-heard>.

- Darren Dale - Managing Director of Blackfella Films
- Ben Quilty - contemporary Australian and internationally acclaimed artist
- Carmen Pavlovic - CEO and co-founder of Global Creatures
- Clare Pullen - Executive Director of the Australian Writers' Guild
- Elaine Chia - CEO of the Naomi Milgrom Foundation
- David Gonski AC - Chancellor of University of New South Wales
- John Watson - President of Eleven: A Music Company; founder of John Watson Management
- Anne Dunn - Executive Director and Co-CEO of the Sydney Theatre Company
- Breakout sessions (delegates)
- Tax and economics panel:
 - Rosheen Garnon - Deputy Chair, Creative Australia and Former Chair, Board of Taxation
 - David Throsby AO - Distinguished Professor of Economics at Macquarie University
 - Professor Rod Sims AO - former Chair Opera Australia and Australian Competition and Consumer Commission
 - Stephanie Kanellis - Partner in corporate tax at RSM Australia
- Closing keynote – Tim Minchin
- Joint communiqué issued by state ministers

Appendix B - Detailed Tax Reform Priorities

Australian content / producer offsets

Creative sectors directly benefited by reform:

✓	First Nations cultures	✓	Broadcasting and digital media		Design, architecture and fashion
✓	Screen and digital games	✓	Music including classical and contemporary composition, performance and recording	✓	Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
	Creativity in the food and beverage sector		Built and physical heritage		Creative and arts education
	Creative innovation in the technology sector				

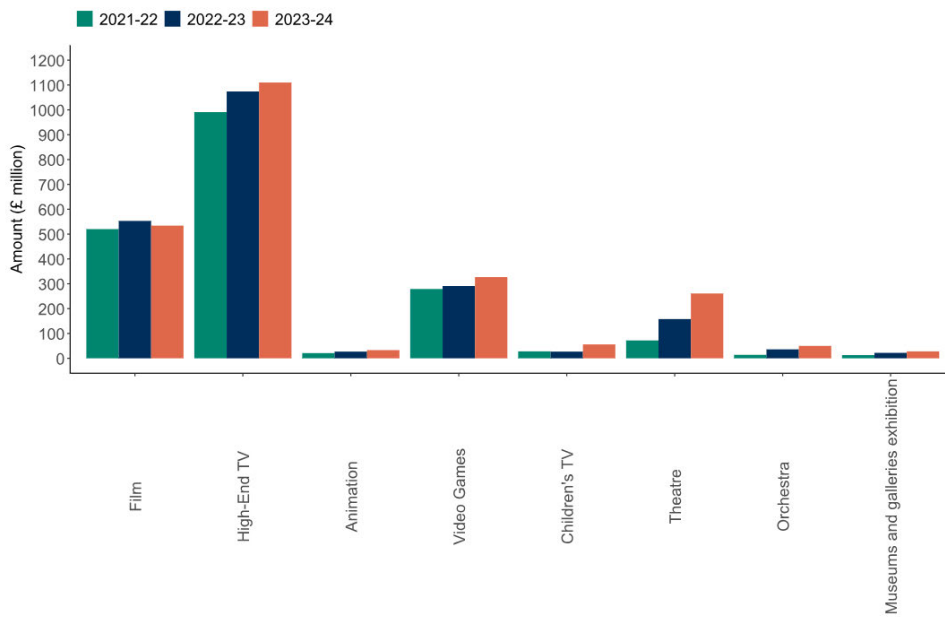
Problem to be solved – “The Why”	There are often high upfront costs and long lead times for the production of arts and culture. Coupled with unpredictable revenues, this can make it more difficult to attract funding and investment for arts and culture in Australia across a range of sectors. This is particularly for those sectors where other jurisdictions offer tax relief for some types of arts and cultural productions. For example, the UK offer tax offsets for performing arts productions, and museum and gallery exhibitions. There is a need to protect and grow opportunities to tell Australian stories, particularly in Australia.
Reform idea – “The What”	Expand the Australian Government’s existing Producer Offset and Digital Games Tax Offset to include other sectors within the creative industries. This would help provide ‘smoothing’ of the benefit of tax offsets policy to a wider range of artists and creators. Areas suggested for potential expansion include live performance, live music, museum and gallery exhibitions, literature, touring artists and regional creative work. Incorporate local production requirements to ensure productions with higher levels of Australian creative involvement are prioritised for support. This includes, particularly, the opportunity for appropriate protection, recognition and promotion of Indigenous Cultural and Intellectual Property (ICIP) through the offsets structure. Further consultation with the sector, including the screen and digital games industry, should be undertaken in order to progress.
Supporting information	<p>An expanded scheme should be designed to support the objectives of national and state cultural policies, including:</p> <ul style="list-style-type: none"> • <i>Growing Australian storytelling</i>: increase the number and diversity of Australian stories produced in Australia by Australian and especially First Nations creators; • <i>Retaining Australian intellectual property</i>: encourage Australian businesses to retain equity rights when raising investment for international productions; and • <i>Strengthening the creative economy</i>: incentivise reinvestment and ownership within Australian creative enterprises that tell Australian stories. <p>UK Creative Industries Tax Reliefs</p> <p>The UK Creative Industries Tax Relief scheme is a strong international precedent. The scheme allows companies in several creative sectors to reduce the amount they pay in corporation tax. The relevant sectors are those involved in the</p>

making of films, high-end TV, children’s TV, animation, video games, theatrical productions, orchestral productions, and exhibitions in museums and galleries.

The calculation of the relief is broadly similar across these sectors, although in some cases different rates apply. For example, the rate of payable tax credit for films is 25%, whereas for theatrical productions it is 45% or 50% (according to the type of production). Depending on the type of creative output, different eligibility criteria also apply.

Between 2006/07 and 2022/23 (the last year where data is available), these tax reliefs had a cumulative cost of £12.5 billion to the government. Of this sum, just over £2.2 billion was paid in 2022/23. In this year, it was claimed by 3,615 companies relating to just over 9,000 projects. Half of the relief was given to high-end TV productions, which accounted for £1.1 billion in relief. Research undertaken by industry bodies, as well as by HM Revenue and Customs (HMRC), has shown the reliefs have been successful in attracting investment to the UK creative industry.²⁹

HM Revenue and Customs: UK Creative industries tax reliefs (£ million, accruals basis) paid in relation to financial years ending 2022, 2023, and 2024:³⁰



Notable elements of the scheme, relevant to the Australian context include:

- the core feature of the UK scheme is it covers a given percentage of production costs. This differs to some offset scheme proposals such as the live music proposal which is linked to venue costs;
- the novel part of the UK scheme compared to Australia’s Producer Offset and Digital Games Tax Offset, is the ‘cultural’ tax credits for theatre, orchestras and exhibitions. These elements of the scheme were introduced between 2014 and 2017, following the Film Tax Relief’s introduction in 2006; and

²⁹ The creative industries tax reliefs: Policy and development - House of Commons Library.

³⁰ <https://www.gov.uk/government/statistics/creative-industries-statistics-august-2025/creative-industries-statistics-commentary-august-2025#:~:text=2.,Summary,2022%20to%202023%20financial%20year>.

- the UK scheme does not cover all parts of the creative industries, for example, music recording, music concerts other than orchestra, fashion, or literature are all not included. This is an ongoing point of debate and lobbying in the UK.

Live Performance Australia proposal.³¹

Live Performance Australia (LPA) commissioned EY to undertake modelling of a 40% live performance offset scheme in 2024. Estimated impacts were:

- an additional 168 productions each year (50 non-profit, 118 commercial) informed by the experience of the UK scheme;
- an additional \$486 million in Gross Value Added (GVA), supporting 4,151 new jobs; and
- there is a direct cost to the government's budget from providing the offsets, however the potential fiscal impacts, and positive economic impacts are disputed:
 - the Parliamentary Budget Office (PBO) has costed the scheme at \$183 million per annum, increasing to approximately \$360 million per annum after 10 years.³² The LPA/EY study estimated this to be \$93 million per annum using different assumptions to the PBO;
 - that there could also be additional tax revenue to the government if the scheme generates higher levels of economic activity – sometimes referred to as second-round fiscal effects. The LPA/EY study estimated these to be \$117 million per annum. The PBO has not estimated these effects, and they are not typically included in formal government costings which focus on direct budget impacts.

Live Music Offset

APRA-AMCOS advocate for a different offset scheme focused on the costs of live music venues, including nightclubs and bars. The offset scheme proposes a tax incentive to venues to host live music. This is different from the UK scheme or LPA's proposal which are linked to production costs.

APRA-AMCOS (supported by an Oxford Economics Australia study) modelled the impact of 5% and \$12,000 incentives, informed by reported intentions of surveyed venues.³³ Estimated combined impacts were:

- an extra 203,200 gigs annually, resulting in an extra \$205 million of income to performing artists;
- an extra 31 million patrons per year;
- an extra \$636 million in GVA into the economy, supporting 7,440 jobs; and
- that there is a direct cost to the government's budget to provide the offsets.

Fiscal impacts include:

- the Commonwealth Parliamentary Budget Office (PBO) costed a 10% offset scheme at \$87 million per annum, increasing to around \$156 million per annum after 10 years.³⁴ The BIS Oxford Economics study priced a scheme with 5% and \$12,000 incentives to be \$170 million per

³¹ Live Performance Australia, Live Theatre Tax Offset – LPA Proposal 2024 (2024) <https://liveperformance.com.au/wp-content/uploads/2024/08/FINAL-Tax-Offset-Proposal-2024.pdf> (accessed 4 September 2024).

³² Parliamentary Budget Office, 2025 Election Commitments Report: ECR-2025-37765 <https://www.pbo.gov.au/sites/default/files/2025-05/PBO-ECR-2025-3675-Live%20performance%20tax%20offsets.pdf> (accessed 4 September 2024).

³³ APRA AMCOS, Inquiry into the challenges and opportunities within the Australia live music industry (submission) (2025).

³⁴ Parliamentary Budget Office, 2025 Election Commitments Report: ECR-2025-37765

	<p>annum. The difference in costings reflects differences in design settings and other assumptions;</p> <ul style="list-style-type: none"> ○ that there could also be additional tax revenue to the government if the scheme generates higher levels of economic activity, sometimes referred to as second-round fiscal effects. The BIS Oxford Economics study estimated these to be \$482 million per annum. The PBO has not estimated these effects, and they are not typically included in formal government costings, which focus on the direct impact on the budget.
What could reform look like? “The How”	<p>The offsets would have similarities to the screen production offsets that already operate in Australia.</p> <p>A tax offset reduces the amount of tax you pay on your taxable income. The offset amount depends on your income and how much tax you owe.</p> <p>For example, in the screen sector, a film that spends \$10 million on Australian production costs can receive a 40% offset - \$4 million back from government - making the project less risky and more attractive to investors. This benefit is in addition to the normal tax deduction for expenses.</p> <p>It is also proposed that there would be specific requirements for Australian ownership, participation or investment in the creative production.</p>
Potential reform settings	<p>Based on discussion and feedback, it is recommended that in Australia the arts and cultural offset program should be expanded to a number of new categories (e.g. live performance, museum/gallery exhibitions, live music, regional touring and literature).</p>
Who would benefit under the reform?	<ul style="list-style-type: none"> ● Beneficiaries vary depending on the scope of the offset scheme adopted. Beneficiaries may include artists and creative workers in live performance, musical performances such as orchestras, museums and galleries, and professional writers.
Who would not benefit under the reform?	<ul style="list-style-type: none"> ● Productions that do not satisfy the Australian creative involvement requirements would not be able to access the offset scheme.
Tax policy considerations	<ul style="list-style-type: none"> ● Tax expert advice is that the technical barriers to implementation of offset schemes are relatively low because of the presence of an existing offset scheme for screen production. The UK’s experience with a similar scheme is also informative. Offset regimes are relatively well understood and, subject to the scope, should be manageable to implement. ● Tax expert advice also notes evidence that already exists – from the UK, from the Australian film sector, and through Australian modelling – on the impact that an appropriately designed cultural offset program can have (both for the sector and, potentially, the wider economy). ● Tax expert advice notes that there will be concerns about the fiscal impact of this reform, particularly if it is uncapped. Boundaries / parameters for the scheme (including timeframe for operation) could, potentially, reduce these risks. ● There is likely to be debate about whether the economic benefits and rationale that apply to the screen sector apply to the live performance space. In particular: <ul style="list-style-type: none"> ○ mobility of capital (screen production is highly internationally mobile Live performance production is connected to location of audience); ○ export potential (stronger potential for film/TV/games); and

	○ attraction of inwards investment (stronger potential for film/TV/games)
How would reform occur	Legislative reform of the <i>Income Tax Assessment Act 1997 (Cth)</i> , plus administrative and policy work to affect the scheme.
How to progress reform	<ul style="list-style-type: none"> • Additional analysis and reform work would help in determining the appropriate scope of a wider offset program in the Australian context and ensuring an appropriate local ownership component. • Once scope is agreed, costed policy options should be developed by Creative Australia/ Office for the Arts in consultation with Treasury.
Supporting submissions	Live Performance Australia (supported by EY study), State Orchestra Six, British Council, Michael Cassel Group, The Australian Ballet.

Increase non-commercial loss income threshold

Creative sectors directly benefited by reform:

✓	First Nations cultures	✓	Broadcasting and digital media	✓	Design, architecture and fashion
✓	Screen and digital games	✓	Music including classical and contemporary composition, performance and recording	✓	Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
✓	Creativity in the food and beverage sector	✓	Built and physical heritage	✓	Creative and arts education
✓	Creative innovation in the technology sector				

Problem to be solved	<p>A key barrier to many artists and creatives working professionally in the arts is the limited income they can earn. Artists are some of Australia's lowest-paid workers, earning an average income of \$13,937 from their arts practice,³⁵ meaning many artists and creatives also need non-art income-generating activities to get by.</p> <p>Current tax rules are preventing artists and creatives with legitimate professional practices from being able to claim losses, reducing their 'take home pay'. Professional artists who earn less than \$20,000 from their artistic practice and above \$40,000 from non-artistic income (e.g. teaching) are unable to claim their creative losses due to current non-commercial loss rules.</p> <p>The National Association for the Visual Artists (NAVA) estimates that 15-20% of professional artists are affected by existing non-commercial loss income threshold settings.</p>
Reform idea	Raise the \$40,000 non-commercial loss cap, set in 2000 to a higher threshold (adjusted for inflation it would increase to ~\$77,000).
Supporting information	<p>The non-commercial loss rules apply when you run a side business or activity that costs more money than it makes.</p> <p>This loss cannot be used to reduce your taxable income from sources such as your salary and wages unless specific conditions are met. If you cannot deduct the losses, you can defer it until you make a profit, or until the activity meets the non-commercial loss rule requirements in a future year.</p> <p>If your business involves professional arts and your income from other sources is under \$40,000, you may qualify to use the loss immediately.</p> <p>If your income from other sources is over \$40,000, you can only claim the loss if your total income is under \$250,000 and you meet at least one of the four tests. Tests include the assessable income test where you earn at least \$20,000 from your business activity during the financial year or the profit test where your business made a profit in 3 out of past 5 years, or the Commissioner exercises their discretion.</p>

³⁵ McQuilten et al (2025). Visual Arts Work: Key Research Findings, Implications and Proposed Actions. RMIT University & University of Melbourne. Available at: https://www.visualartwork.net.au/uploads/1/3/9/3/139379831/mcquilten_et_al_2025_visual_arts_work_key_research_findings_implications_and_proposed_actions.pdf

	<p>If you do not meet one or more of these tests, the loss usually needs to be deferred.</p> <p>The \$40,000 cap was set in 2000 when the rules were introduced and remains unchanged. Adjusted for inflation, the cap would be over \$77,000 today.³⁶</p> <p>Example: Sarah earns \$42,000 from teaching and makes a \$10,000 loss from painting. Because her other income is above \$40,000 and she does not meet the other tests, she cannot offset the loss against her teaching salary in the current financial year, even though it relates to her professional practice. If the cap was raised to \$77,000, Sarah would be able to claim the loss as a tax deduction.</p>
What could reform look like?	The reform would only apply to professional artists (i.e. author, musician, artist etc.) earning less than \$20,000 from their artmaking and earning less than the updated amount (eg. ~\$77,000) from other income.
Potential reform settings	<ul style="list-style-type: none"> • Adjust income cap to ~\$77,000. • Alternatively, income cap could be set higher – or removed entirely - to further incentivise professional artists and creatives • Potentially index cap so that the cap is adjusted annually.
Who would benefit under the reform?	<ul style="list-style-type: none"> • All individual / freelance artists and creative workers across all art forms who earn less than \$20,000 from their artmaking and earn more than \$40,000 from other income sources. • There are increased benefits to creatives who have higher production costs (higher losses) (e.g. artist supplies, recording costs, studio rental).
Who would not benefit under the reform?	<ul style="list-style-type: none"> • Artists and creative workers who work exclusively as employees.
Tax policy considerations	<ul style="list-style-type: none"> • Tax expert advice is that there is a strong logic to increasing the non-commercial loss cap to account for inflation – this will ensure that the cap amount continues to be equivalent to the amount set in 2000. • Tax expert advice note that there are inevitable integrity issues with allowing non-commercial losses at any level. Hobbyists both inside and outside of the creative industries might attempt to use an increased (or removed) threshold as a tax avoidance measure. This may be potential mitigation approaches (eg. the Australian Tax Office’s (ATO) ‘in business’ test (TR 2005/1), ABN requirements, or deduction caps). • Raising or removing the cap for creatives and artists will likely result in some reduction in overall tax revenue.
How would reform occur	Requires legislative amendment to the <i>Income Tax Assessment Act 1997 (Cth)</i> . Increased administrative and policy work if additional mitigations introduced.
How to progress reform	<ul style="list-style-type: none"> • Review by Commonwealth (e.g. ATO, Board of Taxation); or • May be able to be progressed under existing reviews (e.g. Board of Taxation, Red Tape Review) • Review could include identifying the appropriate cap, and whether the cap could be indexed to CPI or wages.
Supporting submissions	NAVA, Lowensteins Arts Management, Michael Fox

³⁶ Note: Based on RBA inflation calculator for 2000 – 2024. Reserve Bank of Australia, Inflation Calculator, <https://www.rba.gov.au/calculator/> (accessed 17 September 2025).

Make prize and grants tax-exempt

Creative sectors directly benefited by reform:

✓	First Nations cultures	✓	Broadcasting and digital media	✓	Design, architecture and fashion
✓	Screen and digital games	✓	Music including classical and contemporary composition, performance and recording	✓	Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
✓	Creativity in the food and beverage sector	✓	Built and physical heritage	✓	Creative and arts education
✓	Creative innovation in the technology sector				

Problem to be solved – “The Why”	<p>Artists and creatives report that a key barrier to them working professionally in the arts is the limited income they can earn. Artists are some of Australia's lowest-paid workers, earning an average income of \$13,937 from their arts practice,³⁷ necessitating many artists and creatives to also conduct non-art income-generating activities.</p> <p>Art prizes and grants can provide a transformative opportunity in the life of an artist and creative – sometimes on whether they stay in the sector or not – but this impact is reduced if the prize or grant is subject to tax. Tax on art prizes and grants reduces the amount of money received by the artist or creative.</p> <p>Prize money and grants for professional artists and creatives is generally taxed on the grounds that it is income derived from work. However, for prizes, there is a developing consensus that they should be recognised as having attributes closer to those of a gift or a windfall gain rather than a payment for services.</p> <p>For example, a \$20,000 grant can be reduced by more than \$6,000, while the \$100,000 Archibald Prize can attract \$30,000, or more in tax, even for an artist on modest earnings.³⁸</p> <p>Additionally, taxing both prizes, and grants, is an inefficient recycling of funds, with money going from the government to artists and back again. Taxation also reduces the overall potential benefit of a prize or grant awarded to an artist.</p>
Reform idea – “The What”	The reform proposal is to make prize and grant money awarded to individual creatives or artists zero tax or concessional tax.
Supporting information	<p>Prizes</p> <p>There is a precedent in Australia for tax-free prizes, as the Prime Minister’s Literary awards are tax exempt. Implementing this reform would ensure prizes are treated more consistently across the sector.</p> <p>There a potentially low fiscal costs to making prizes tax free. Note: no available costings identified.</p> <p>Grants</p>

³⁷ [McQuilten et al \(2025\). Visual Arts Work: Key Research Findings, Implications and Proposed Actions. RMIT University & University of Melbourne. Available at: https://www.visualartswork.net.au/uploads/1/3/9/3/139379831/mcquiltten_et_al_2025_visual_arts_work_key_research_findings_implications_and_proposed_actions.pdf](https://www.visualartswork.net.au/uploads/1/3/9/3/139379831/mcquiltten_et_al_2025_visual_arts_work_key_research_findings_implications_and_proposed_actions.pdf)

³⁸ https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/4017/5583/9749/366385_National_Association_for_the_Visual_Arts_NAVA.pdf.

	<p>The fiscal implications for including grants as tax-exempt may be more significant. There is a need to identify the extent of grant funding provided by both state and federal governments to individual artists to estimate the cost of reform.</p> <p>Creative Australia invested over \$237.4 million in the creative arts sector in 2023/24. Of that funding, \$38.8 million were grants supporting a diverse range of artists, organisations, artistic practice and arts activity.³⁹ Data on the on the number of individuals personally funded through these grants has not been identified.</p> <p>States and territory governments also provide grants. For example, Create NSW through the Arts and Cultural Funding Program are providing \$7.7 million annually for the next two years to 62 arts and cultural organisations, engaging over 6,000 artists and cultural workers.⁴⁰</p>
What could reform look like? – “The How”	<p>Eligible prizes or grants from eligible ‘givers’ would no longer form part of an individual artist’s assessable income.</p> <p>To be effective, targeted and sustainable, there would need to be some eligibility requirements. These could either focus on who the recipient is, or who the party providing the prize or grant is.</p> <p>A potential approach could be to limit eligible prizes or grants to those made by organisations that already have deductible gift recipient status as a registered cultural organisation (as determined by the Australian Tax Office).</p>
Potential reform settings	<ul style="list-style-type: none"> • The types of prizes and grants that are eligible to be excluded from assessable income will need to be decided. • A common suggestion is that only government prizes and grants would be eligible.
Who would benefit under the reform?	<ul style="list-style-type: none"> • Individual artists and creative workers who win eligible prizes and receive eligible grants.
Who would not benefit under the reform?	<ul style="list-style-type: none"> • Entities who win prizes or receive government grants. The reform is only open to individuals. • Individual artists and creative workers who win prizes or receive grants that are not eligible to be excluded from taxable income.
Tax policy considerations	<ul style="list-style-type: none"> • Establishing criteria for qualifying tax-free prizes and grants would be required to avoid misuse. • Reforms would need to consider fairness to individuals who receive publicly funded prizes and grants outside the creative industries also undertaking socially valuable work (e.g. science or education prizes). • Concerns were raised that making grants and prizes awarded to individuals tax-free could result in public funds being defined as a “grant” or “prize” for tax purposes. • Reform would increase post-tax income for artists who win prizes, and this will impact artists on a case-by-case basis (e.g. lower taxable income could mean lower HECS-HELP repayment). • The fiscal impact of making prizes tax free is likely to be modest – but, in turn, the impact for the sector is also likely to be modest. The fiscal impact of

³⁹ <https://www.transparency.gov.au/publications/infrastructure-transport-regional-development-communications-and-the-arts/creative-australia/creative-australia-annual-report-2023-24/investment-overview-figures/investment-overview>

⁴⁰ <https://www.nsw.gov.au/arts-and-culture/engage-nsw-arts-and-culture/get-funding-and-support/about-create-nsw-multi-year-funding>

	making grants could be significantly larger (subject to how designed) but so too could be the sector benefit.
How would reform occur	Legislative reform of the <i>Income Tax Assessment Act 1997 (Cth)</i> , noting that this Act already prescribes tax-free status for some Prime Ministerial awards.
How to progress reform	Review by Commonwealth (e.g., ATO or Board of Tax), including confirmation on the fiscal implications of tax exempting grants, and the scope the exemption.
Supporting submissions	NAVA, Australian Society of Authors, Regional Arts Australia, Committee for Sydney

Recognise market value for donated works from artists

Creative sectors directly benefited by reform:

✓	First Nations cultures		Broadcasting and digital media	✓	Design, architecture and fashion
	Screen and digital games		Music including classical and contemporary composition, performance and recording		Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
	Creativity in the food and beverage sector		Built and physical heritage		Creative and arts education
	Creative innovation in the technology sector				

Problem to be solved – “The Why”	Artists who donate their own works for fundraising purposes can experience difficulties claiming a deduction for the market value of the work donated. Artists can often only claim the cost of materials. This significantly undervalues the true scale of their contribution (reducing artist income) while also discouraging donations of original art (reducing fundraising capacity for not for profits).
Reform idea – “The What”	Allowing artists to deduct the market value of their own donated works to better value their contribution and incentivise further giving. Alternatively a standard deduction could be put in place for donated works, in prescribed circumstances.
Supporting information	To claim a deduction on a donation or gift, the recipient must be a Deductible Gift Recipient (DGR) and the amount you can claim as a deduction depends on the type of gift. By contrast, the Cultural Gifts Program allows full market value deductions when certain conditions are met (as per reform idea above).
What could reform look like?	More information required from stakeholders on how this reform could be designed.
Potential reform settings	
Who would benefit under the reform?	<ul style="list-style-type: none"> Artists and creatives who donate their work will receive an increased tax deduction. Potential increase in donated works to charitable entities, improving fundraising ability.
Who would not benefit under the reform?	<ul style="list-style-type: none"> Limited benefit for the artists and creatives unable to gift works, or for organisations unable to fundraise through the sale of works
Tax policy considerations	<ul style="list-style-type: none"> Tax expert advice has focused on the potential difficulty in ascertaining the value of donated works (assuming a standard deduction approach isn't used). To ensure compliance, and prevent misuse, the potential scheme would likely increase administrative and compliance costs.
How would reform occur	Legislative reform to the <i>Income Tax Assessment Act 1997 (Cth)</i> . Further analysis is required to identify appropriate mechanisms or instruments to affect reform.
How to progress reform	Further analysis is required to identify the appropriate valuation mechanisms, valuation thresholds, and safeguards that would apply to this reform proposal. Once reform specified, review by the ATO is required.
Supporting submissions	NAVA

Expand Public Benevolent Institution status or Fringe Benefit Tax exemptions

Creative sectors directly benefited by reform:

✓	First Nations cultures	✓	Broadcasting and digital media	✓	Design, architecture and fashion
✓	Screen and digital games	✓	Music including classical and contemporary composition, performance and recording	✓	Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
✓	Creativity in the food and beverage sector	✓	Built and physical heritage	✓	Creative and arts education
✓	Creative innovation in the technology sector				

Problem to be solved – “The Why”	Small-to-medium sized not-for-profit arts organisations are struggling with staff retention. Individuals report they are discouraged from working in the sector due to low pay and a lack of available incentives
Reform idea – “The What”	Allow art and creative not-for-profit organisations to access enhanced Fringe Benefit Tax (FBT) concessions. Implement an FBT exemption cap of \$30,000 per employee – a benefit currently available to only some charitable organisation with Public Benevolent Institution (PBI) status.
Supporting information	<p>Fringe Benefit Tax (FBT)</p> <p>A fringe benefit is a 'payment' to an employee, but in a different form to salary or wages. This may include the provision of a car, accommodation, living-away-from-home allowances, or entertainment, food, and drink.⁴¹ The benefits typically subject to fringe benefits tax. Having FBT tax exemptions can be a way to afford additional, but narrower benefits to charities and not-for-profits in the arts and creative industries.</p> <p>Public Benevolent Institution</p> <p>A Public Benevolent Institution (PBI) is a type of charity that is organised, conducted or promoted for the relief of poverty, sickness, destitution, helplessness, suffering, misfortune, disability or distress.⁴² If a charity obtains PBI status it is able to provide up to \$30,000 tax-free to employees through fringe benefits, such as the payment of rent, mortgage repayments, or credit card debts through pre-tax salary, thereby reducing their taxable income. Due to the definition of a PBI, the benefits are currently restricted to sectors like health and aged care, leaving arts charities at a disadvantage in attracting and retaining staff.</p> <p>Extending or enhancing concessions to arts organisations would improve wages and strengthen the viability of small-to-medium arts and creative organisations.</p> <p>The NSW Small Business Commissioner estimated that salary packaging could increase post-tax income by 5-10% without higher cash outlay from employers.</p>

⁴¹ <https://www.ato.gov.au/law/view/document?DocID=SAV%2FFBTGEMP%2F00002>

⁴² <https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/getting-started/in-detail/types-of-charities/public-benevolent-institution>

What could reform look like? “The How”	Expanding PBI status to include the non-government small-medium size not for profits in the arts and creative sectors. FBT exemptions would likely need to be highly specific and narrow in scope.
Potential reform settings	No specific proposal provided in consultation over and above expanding the FBT exemption cap of \$30,000 to the arts and creative industries.
Who would benefit under the reform?	<ul style="list-style-type: none"> • Employees of not-for-profit creative industry organisations who are registered charities. • Second-order benefits accrue to the organisations, including improved retention and employee incentives to attract talent.
Who would not benefit under the reform?	<ul style="list-style-type: none"> • Commercial, for-profit arts and creative businesses. • Individual artists and creatives.
Tax policy considerations	<ul style="list-style-type: none"> • Tax expert advice is that horizontal equity considerations would need to be addressed, specifically organisations outside the creative industries also undertaking socially valuable work. • Tax expert advice is also that this change might have more significant fiscal impacts than other reforms being considered.
How would reform occur	Legislative reform of the <i>Fringe benefits Tax Assessment Act 1986 (Cth)</i>
How to progress reform	<p>Reform requires further sector advocacy and coordination.</p> <p>Developing a feasible expansion of FBT exemptions would require additional policy work led by sector advocacy groups, or an Australian Government agency (i.e. Office for the Arts or Creative Australia). Further analysis is required to identify the organisations potentially within reform scope, and the fiscal implications of the identified scope.</p> <p>Once scope and initial costings have been identified, reform would require review (i.e. Board of Taxation).</p>
Supporting submissions	Regional Arts Australia, NSW Small Business Commissioner

Increase PAF distribution requirements

Creative sectors directly benefited by reform:

✓	First Nations cultures	✓	Broadcasting and digital media	✓	Design, architecture and fashion
✓	Screen and digital games	✓	Music including classical and contemporary composition, performance and recording	✓	Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
✓	Creativity in the food and beverage sector	✓	Built and physical heritage	✓	Creative and arts education
✓	Creative innovation in the technology sector				

Problem to be solved “The Why”	<p>PAFs are philanthropic trusts that receive tax concessions and must distribute a minimum share of their assets each year (currently 5%) to charities with deductible gift recipient (DGR) status. There are widespread views that the mandatory distribution rate is too low, reducing potential philanthropic donations to the arts and creative industries, and other charitable causes.</p> <p>Submissions proposed changing PAF rules, but in differing ways.</p>
Reform idea “The What”	Amend PAF distribution rules to support strong philanthropic giving.
Supporting information	<p>The Australian Government has recently announced⁴³ that it intends to lift the distribution rate to 6% following public consultation on changes to PAF distribution rules.⁴⁴</p> <p>Rationale to increase the yearly distribution rate</p> <ul style="list-style-type: none"> • It accelerates the flow of philanthropic funds to charities, delivering immediate support for the sector. • IT aligns with Productivity Commission advice to increase payout rates, strengthening accountability for concessional tax treatment. • There is a risk of discouraging new PAFs or eroding existing funds’ long-term sustainability.
What could reform look like? “The How”	The reform would only apply to existing, and newly established PAFs. Reforms would not create new fund categories or broaden their scope.
Potential reform settings	<ul style="list-style-type: none"> • Raise the rate (e.g. to 6%) to accelerate the flow of philanthropic funds delivering immediate support for the sector. This reform option aligns with the Productivity Commission’s recent advice.⁴⁵
Who would benefit under the reform?	<ul style="list-style-type: none"> • All arts and creative entities (and all other charitable entities) with DGR status through increased donations, or access to increased assets and investments.
Who would not benefit under the reform?	<ul style="list-style-type: none"> • Not-for-profits without DGR status. • For-profit commercial creative industries.

⁴³ <https://ministers.treasury.gov.au/ministers/andrew-leigh-2025/media-releases/boosting-support-australian-charities>

⁴⁴ The Treasury, Giving fund reforms: distribution rate and smoothing <https://consult.treasury.gov.au/c2025-667008> (accessed 17 September 2025).

⁴⁵ <https://www.pc.gov.au/inquiries-and-research/philanthropy/report/>

Tax policy considerations	<ul style="list-style-type: none"> Competing reform ideas in this space speak to tensions between the long-term sustainability and cashflow to recipient charities, striking an appropriate balance is important for a flourishing philanthropic sector.
How would reform occur	Legislative amendment to the <i>Taxation Administration Act (1953)</i> and <i>Taxation Administration (Private Ancillary Fund) Guidelines (Cth)</i>
Potential reform settings	Further analysis and stakeholder engagement is required to identify which rate to be adopted, having regard to the Productivity Commission's recent report.
How to progress reform	Partner with Australian Government agencies as they implement recent Government commitment to lift distribution rate
Supporting submissions	City of Sydney

Improve tax education, support and guidance

Creative sectors directly benefited by reform:

✓	First Nations cultures	✓	Broadcasting and digital media	✓	Design, architecture and fashion
✓	Screen and digital games	✓	Music including classical and contemporary composition, performance and recording	✓	Performing arts including theatre, dance, circus, comedy, cabaret
✓	Galleries, libraries, archives and museums	✓	Visual arts and crafts	✓	Literature, writing and publishing
✓	Creativity in the food and beverage sector	✓	Built and physical heritage	✓	Creative and arts education
✓	Creative innovation in the technology sector.				

Problem to be solved	<p>Artists and creative workers face a tax system built for regular wage earners, with complicated mechanisms that are hard to navigate.</p> <p>Creative workers are often not able to afford professional tax guidance and, as a result, are struggling to understand existing guidance including provisions designed to support the sector like income averaging.</p> <p>Despite lower-than-average incomes, artists and creative workers may be paying more tax than they have too due to difficulties understanding and navigating the tax system. This has the effect of reducing the 'after tax' income of artists and creative workers.</p>
Reform idea	<p>Improve tax education, support and guidance through online tools, professional training, and in person advice.</p>
Supporting information	<p>Education, support and guidance for artists and creative workers should be strengthened to assist the sector in navigating the complexities of the tax system and in making full use of existing measures.</p> <p>Guidance and online tools</p> <p>Existing online and written guidance for the creative industries should be reviewed and updated in light of issues raised by the sector. Areas identified for clarification include the treatment of expenses such as deductions for home studios touring costs and overseas income; superannuation obligations when organisations engage artists; and the operation of income averaging provisions.</p> <p>Training for tax practitioners</p> <p>Training for tax accountants and advisers should be improved to ensure familiarity with provisions relevant to artists and creative workers, thereby supporting the delivery of accurate and tailored advice across the sector.</p> <p>Expanded in-person support</p> <p>In-person tax support programs such as the National Tax Clinic could be expanded and more widely promoted within the creative sector. The clinics provide free tax advice to individuals and small businesses unable to afford professional services, delivered through universities. Other pro-bono and low-cost models of assistance should also be explored, learning from approaches taken in other professional services industries such as Art Law for legal advice.</p>
What could reform look like?	<p>The reform would apply to all artists and creative workers, with a particular focus on individual artists and sole traders for in-person advice.</p>

Potential reform settings	Further analysis is required to identify the appropriate amount of funding to enable adequate education, support, and guidance.
Who would benefit under the reform?	<ul style="list-style-type: none"> • All sectors of the creative industries, particularly individual artists and creative workers. • ATO – through improved compliance with requirements and rules of the tax system.
Who would not benefit under the reform?	<ul style="list-style-type: none"> • Reduced benefit to artists and creative workers who already understand the tax system (and/or have access to appropriate tax advice).
Tax policy considerations	<ul style="list-style-type: none"> • Tax experts and the ATO agree on the value of appropriate measures in this space. The ATO have asked for more advice on the key issues that the sector is currently experiencing in complying with the tax system requirements.
How would reform occur	<ul style="list-style-type: none"> • Updated guidance on the ATO's website • Additional training for tax professionals facilitated through appropriate training institutions (e.g. Chartered Accountants Australia and New Zealand (CAANZ), CPA, The Tax Institute). • Additional avenues for free or low-cost support for artists, creative workers and other small businesses in the sector.
How to progress reform	Further analysis is required to identify key areas for guidance / support. Cost benefit analysis will be required on the cost of improved education, support and guidance, relative to the cost of this being provided
Who would be best placed to lead reform work?	A working group of training institutions (e.g. CAANZ, CPA, The Tax Institute); universities; potentially ATO, along with government representation.
Supporting submissions	NAVA, Sugar Glider, FHS Prolink.

NSW Government c/ Department of Creative Industries,
Tourism, Hospitality and Sport

