

# Funding creativity in NSW

## Submission to the NSW Government Art of Tax Reform consultation

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*State government cultural funding is dependent on federal revenue, yet Australia's Federal Government raises little tax revenue by international standards. Arts advocates and state leaders should be vocal in urging the Federal Government to raise more revenue. Raising the State's GST revenue to match economic growth since 2001 could put \$76 million per year into NSW arts funding, enough to fund another 10 rounds of Create NSW arts and cultural grants, triple support for local music, or run 211 NSW Premier's Literary Awards.*

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# Summary

The Australia Institute welcomes the opportunity to make this submission to the NSW Government's consultation on supporting creative industries, *The Art of Tax Reform*.

The devastating effects of the pandemic on the arts sector were exacerbated by the more recent cost-of-living crisis. Further crises in the higher education sector, a critical support for many artists, made the situation worse still. In short, this is a critical time for supporting Australian arts and culture.

State governments are responsible for a significant portion of arts funding, yet they are largely reliant on Federal Government revenue. It is important for state governments and arts advocates to realise that the Australian Government raises very little tax revenue by international standards. Australia is a low-tax country. Only eight out of 38 developed countries collect less tax than Australia and the eight includes relatively low-income countries such as Türkiye and Mexico, as well as tax havens including Switzerland and Ireland. This is a key reason why NSW and other state governments struggle to fund the services, including cultural services, that communities want.

Of what little tax revenue is raised, Australian governments spend relatively little on cultural services. Only five developed countries ranked lower than Australia in terms of portion of government spending on cultural services.

The voices of state governments and arts advocates will be critical in urging the Federal Government to solve the revenue problems that the whole country faces. There are a range of revenue raising measures that could raise tens of billions per year, including ending fossil fuel subsidies, raising money from the gas industry and reforming tax concessions that favour the wealthy.

Another important problem is Goods and Services Tax (GST), which has not grown in line with the wider Australian economy. If GST revenue had grown at the same rate as Australia's overall economy, then the states would have received an additional \$22 billion in 2023-24, around \$76 million of which would have been spend on arts and culture in NSW.

Even this level of revenue increase could be transformational for arts in NSW. This alone could fund another ten rounds of Arts and Cultural Funding Program Project Funding grants, triple Sound NSW's support for local music, implement youth culture passes Australia-wide, or run 211 NSW Premier's Literary Awards.

Increasing revenue and increasing funding for the state's existing programs and institutions should be the priority of tax reform and arts funding. Beyond that, this submission draws on

recent Australia Institute research on other possible measures support arts and culture in NSW:

- Culture passes – vouchers that can be spent at cultural institutions, and on cultural events and products, similar to the “Dine & Discover” vouchers introduced by the NSW government during the pandemic.
- Book bounty – introduce a new subsidy for publishers that does not just support printing but also contributes to author advances and editorial and production costs.
- Tax-free art prizes– some arts prizes are income tax-free, while others are not. This distinction is entirely arbitrary. The cost of extending tax exemptions to all arts prizes would be minimal, while the impact on artists would be considerable.
- Tax-free grants – exempting grants from taxation, as is the case in Sweden and Finland, would mean creators produce more Australian art for the public to enjoy.

# Introduction

The Australia Institute welcomes the opportunity to make this submission to the NSW Government's consultation on supporting creative industries, *The Art of Tax Reform*. Submissions are to inform the agenda for an in-person summit on this topic in September. The Institute would welcome the opportunity to discuss our research findings in further detail at the summit.

Artists, authors, musicians and other creatives have a huge impact on Australian culture, how Australians see themselves, and how the world sees Australians. Beyond this, the arts sector makes a significant contribution to the Australian economy: \$14.7 billion 2020, employing 193,600 Australians.<sup>1</sup> Government policy and public funding for the arts sector is particularly important. For every million dollars in turnover, arts and entertainment produce nine jobs, which is nine times the equivalent contribution of the construction industry.<sup>2</sup>

The devastating effects of the pandemic on the arts sector were exacerbated by the more recent cost-of-living crisis. Various crises in the higher education sector, a critical support for many of artists, made the situation worse still. In short, this is a critical time for supporting Australian arts and culture.

When Australians were locked down during the pandemic, they turned to the arts to keep them entertained. In 2020, Australia Institute polling found 73% of Australians agreed that the arts had improved their mood and quality of life during the pandemic, and 54% that the pandemic had increased their appreciation for creative artists.<sup>3</sup> However, the nation's appreciation for arts workers did not save their industry from decline or prevent the average income for artists being lower than it was in 1987 (adjusted for inflation).<sup>4</sup>

The number of professional artists is shrinking, perhaps because they earn an average of only \$23,200 from their creative work.<sup>5</sup> Since 2020, 1,300 live music venues have closed,

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<sup>1</sup> Browne (2020) "Background Brief: Economic Importance of the Arts and Entertainment Sector", p1, <https://australiainstitute.org.au/report/background-brief-economic-importance-of-the-arts-and-entertainment-sector/>

<sup>2</sup> Browne (2020) "Background Brief: Economic Importance of the Arts and Entertainment Sector", p1

<sup>3</sup> Australia Institute (2020) "Polling – Lockdown and the arts", pp6-7, <https://australiainstitute.org.au/report/polling-lockdown-and-the-arts/>

<sup>4</sup> Throsby & Petetskaya (2024) "Artists as Workers: An Economic Study of Professional Artists in Australia", <https://creative.gov.au/research/artists-workers-economic-study-professional-artists-australia>

<sup>5</sup> Freeland (2024) "Creative Australia's Artists at Work study reveals ongoing economic and gender disparities in Australian arts sector", <https://www.abc.net.au/news/2024-05-07/creative-australia-artists-at-work-artist-income-inequality/103803622>

including 551 in NSW.<sup>6</sup> A long list of major music festivals have been cancelled since 2020 including Splendour in the Grass and Groovin the Moo.<sup>7</sup> The cost-of-living crisis has led over a third of Australians to pass up going to a concert, and at least one in five to skip live theatre, music festivals, and comedy shows.<sup>8</sup>

When the Australia Institute polled young people on the most significant barrier for them to attend music events, the answer was cost. Australia Institute polling in 2024 found that 59% of Australians aged 16 to 25 considered cost a barrier to attending music events, and 35% considered it the most significant barrier.<sup>9</sup>

Decline in the arts industry presents a significant threat to the Australian economy and this does not take in to account the unknown impact of artificial intelligence tools (AI). While it may be possible to move other sectors of the Australian economy offshore, Australian arts or culture can only be produced in Australia. A key factor in ensuring a strong Australian cultural sector is adequate government support.

This submission looks first at the broader economic context. Australia is a low-taxing country. Australia needs to raise more revenue to fund the services that Australians need and want, including the arts and cultural services. Of particular relevance to this consultation, state governments are key funders of culture in Australia but have limited revenue raising capacity. The states lean heavily on federal GST, which has itself failed to keep up with overall economic growth.

Beyond the macro-context, this submission proposes programs to support the arts, such as culture passes, a book bounty, and production subsidies for local creative industries. Drawing on examples from European and Nordic countries, it also proposes New South Wales (NSW) make prizes and grants tax-exempt.

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<sup>6</sup> Darling (2024) "Australian live music venues closing as cost of living hits business and patrons", <https://www.abc.net.au/news/2024-09-12/australian-live-music-venues-are-going-out-of-business/104260732>

<sup>7</sup> Iqbal (2024) "Off The Back of Bluesfest & Splendour, Here's a List of Aussie Music Festivals That Have Been Axed", <https://www.pedestrian.tv/music/cancelled-aussie-music-festivals/>

<sup>8</sup> Evans (2024) "Artists, theatre owners confront dire cost-of-living spending slump leaving industry on the brink", <https://www.news.com.au/finance/economy/australian-economy/artists-theatre-owners-confront-dire-costofliving-spending-slump-leaving-industry-on-the-brink/news-story/8e5bfd6595cef7233b50446a5cab1de9>

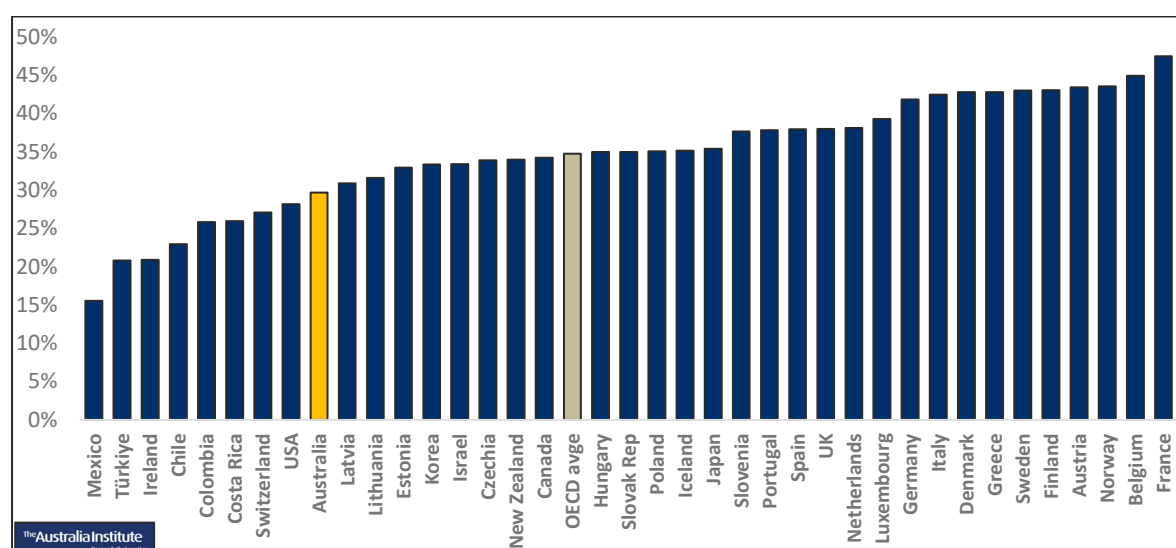
<sup>9</sup> Australia Institute (2024) "Polling –Young Australians' participation in live music", <https://australiainstitute.org.au/report/polling-young-australians-participation-in-live-music/>

# Tax and culture in Australia

Any consideration of tax reform and cultural policy in Australia needs some basic context. First, it is important to understand that Australia is a low-tax country.

The chart below shows the 38 economies in the Organisation for Economic Cooperation and Development (OECD) in order of tax as a percentage of their economy (GDP). Only eight have lower tax to GDP ratios than Australia, and these include relatively low-income countries like Türkiye and Mexico, as well as tax havens like Switzerland and Ireland:

**Figure 1: OECD countries: tax to GDP Ratio (2022)**

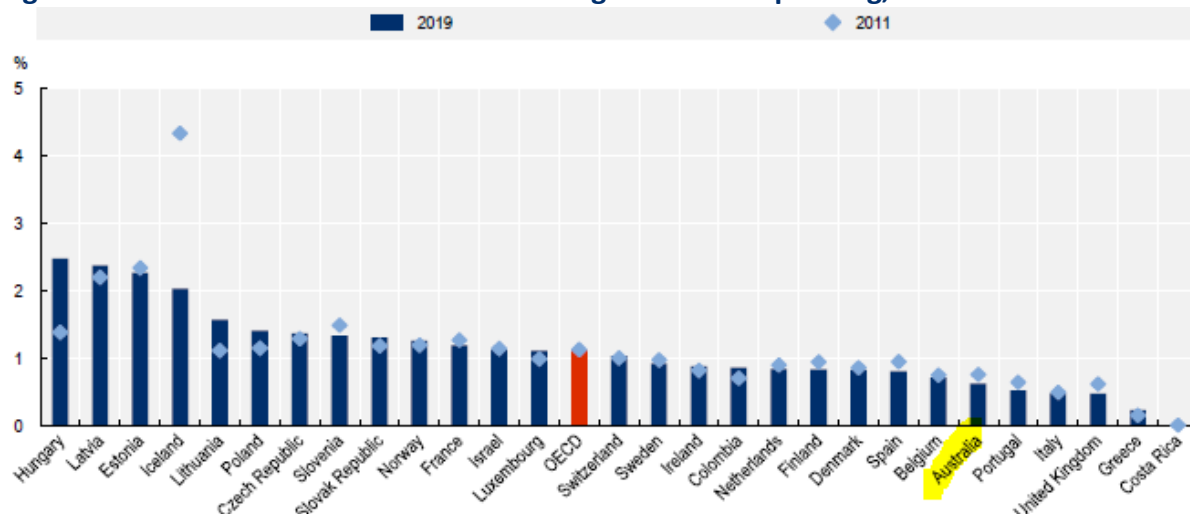


Source: OECD. See also Australia Institute (2024) *Australia is a low-tax country*, <https://australiainstitute.org.au/post/australia-is-a-low-tax-country-3/>

Because Australia collects a low level of tax revenue relative to the size of the economy, the nation struggles to fund the level and quality of services that Australians are increasingly demanding. For example, the Australian Government spends less on aged pensions than all except five OECD countries, mainly very-low taxing nations as Mexico and Chile.

Arts funding is part of this picture. The OECD estimates that in 2019, pre-pandemic, Australian national and sub-national government spending on cultural services was among the lowest in the OECD, as shown in Figure 2:

**Figure 2: Cultural services as a share of total government spending, 2011 and 2019**



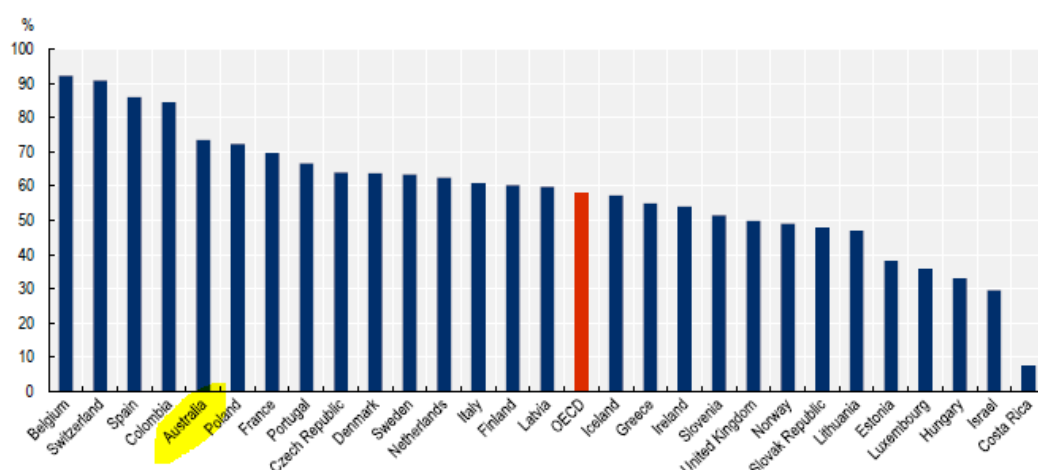
Source: OECD (2022) *The culture fix*, p218

Figure 2 shows that only five countries ranked lower than Australia in terms of portion of government spending on cultural services. The lower-spending governments include the UK, which the OECD notes “addresses this shortfall with large amounts of investment from the private sector.”<sup>10</sup>

So, Australia raises relatively little tax and of what little is raised, Australian governments spend relatively little on cultural services.

Worse still, the OECD notes that as in most countries, Australia has most public support for cultural services provided by subnational governments – states and local government, as shown in Figure 3:

**Figure 3: Subnational gov spending on cultural services as % of total, 2019**



Source: OECD (2022) *The culture fix*, p222

<sup>10</sup> OECD (2022) *The culture fix*, p232

Figure 3 shows that by the OECD's definitions, almost three quarters of Australia's public spending on cultural services is undertaken by state and local governments. Only four countries have a higher share.

This is problematic because Australia's tax system sees most revenue raised by the national government while subnational governments have relatively little revenue-raising capacity.

# How to reform tax to fund culture

Given the importance of federal public revenue to state governments, artists and advocates for Australian culture, these voices will be critical in urging the Federal Government to solve the revenue problems that the whole country faces.

Fortunately, the solutions are well-known and relatively simple. Prior to the 2025 Federal Election, The Australia Institute published a summary of tax reforms that would not only raise substantial revenue, but would make Australia a better, fairer place at the same time, summarised in Table 1 below:

**Table 1: Key federal revenue raising options**

Recommendation	Revenue raised - Minimum	Revenue raised - Maximum	Other benefits
1. End fossil fuel subsidies	\$1.7bn	\$10.6bn	<b>Reduce</b> carbon emissions
2. End the gas industry's free ride	\$4.1bn	\$10.1bn	<b>Reduce</b> carbon emissions
3. Reform the Capital Gains Tax Discount and negative gearing	\$1.8bn	\$19.8bn	<b>Increase</b> housing affordability
4. Reform superannuation tax concessions	\$2.3bn	\$20.3bn	<b>Reduce</b> wealth inequality
5. Tax luxury utes, plastic and tax avoidance.	Up to \$1.9bn		<b>Increase</b> road safety <b>Increase</b> fairness <b>Reduce</b> carbon emissions <b>Reduce</b> plastic waste
<b>Total</b>	\$11.8bn	\$62.7bn	A <b>better</b> Australia

Source: Jericho (2025) *Raising revenue right: Better tax ideas for the 48<sup>th</sup> Parliament*

The proposals in Table 1 are not radical. They are already at the centre of policy debate at a federal level. Some are supported by current members of parliament, while others have been major party policy. They are well-known by policy practitioners and are popular with voters. The NSW Government and arts advocates should use their considerable influence on the Federal Government to push for the implementation of these revenue raising measures to assist cultural funding as well as a range of other service areas.

## Reform GST the right way

As discussed above, state governments are critical for arts funding and the GST is a critical source of state government revenue.

GST is a tax of 10% on most goods and services sold in Australia. When it was introduced, the GST was earmarked as a revenue source for state governments,<sup>11</sup> which collectively provide over a third of public funding for the arts in Australia.<sup>12</sup> Revenue from the GST was supposed to grow over time, so that state and territory governments would have a reliable funding source. But it has failed to live up to that goal. The reality is that GST revenue has failed to keep up with national income (Gross Domestic Product) and this has meant that the states have found it increasingly difficult to fund the important services they are responsible for including arts funding.

Recent Australia Institute research estimates that if GST revenue had grown at the same rate as Australia's overall economy, then the states would have received an additional \$231 billion in revenue over the 23 years from the introduction of the GST in 2000-01 to 2023-24. This includes \$22 billion in lost revenue in 2023-24 alone.<sup>13</sup>

To put this in NSW arts-funding context, if the State's GST revenue had held up with economic growth since 2001 it would have provided \$6.3 billion in 2023-24. Approximately 1.2% of Australian state government spending is on arts and cultural services, according to the OECD.<sup>14</sup> Assuming the lost GST revenue would have been spent in the same way, NSW would have had \$76 million per year more in cultural funding than it has.

The anaemic growth of GST revenue in the last two decades has been caused, in large part, by rising inequality in Australia. Slow wage growth for low-income earners, coupled with rapidly rising rents, has constrained consumer spending in Australia and, inevitably, constrained the growth of GST. Similarly, the more rapid increase in the incomes of high-income Australians means that expenditure on GST-free items — like private school fees, private health insurance and overseas holidays — has grown, and this has also cut into the amount of GST revenue that could be provided to the states.

Broadening the GST to include private school fees and private health insurance would generate \$1.8 billion per year, overwhelmingly from high income households.<sup>15</sup> In contrast, any attempt to simply increase the GST rate above 10% would exacerbate the inequality

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<sup>11</sup> Denniss (2025) *The huge cost to state budgets of failing GST*, <https://australiainstitute.org.au/post/the-huge-cost-to-state-budgets-of-failing-gst/>

<sup>12</sup> A New Approach (2019), p18, "The Big Picture: public expenditure on artistic, cultural and creative activity in Australia"

<sup>13</sup> Denniss (2025) *The huge cost to state budgets of failing GST*

<sup>14</sup> OECD (2022) *The culture fix*, p221

<sup>15</sup> Denniss (2025) *The huge cost to state budgets of failing GST*, p.16

already caused by the exclusion of so many goods and services preferred by the highest income households.

A simple solution to the impact of rising inequality on the decline in GST growth would be for the Commonwealth to collect new taxes to add to the pool of revenue the Commonwealth provides to the states. This could include new taxes on wealth, or a simple royalty on gas exports from commonwealth waters that are currently given away royalty-free.

## State-based revenue options

NSW is not without options to raise revenue itself. Australia Institute research has highlighted options such as:

- Raising coal royalties – coal use and exports need to be phased out due to climate impacts of this fossil fuel and raising the rates charged for coal extraction would assist in regional economic transition, including funding of the creative sector.
- End fossil fuel subsidies - NSW spent over \$10 million on fossil fuel subsidies in 2024-25, with total forward budgeted assistance estimated at \$492.4 million.<sup>16</sup> Coal Innovation NSW, a state body tasked with research into “low emissions coal technology” spent \$27.2 million in 2022-23.<sup>17</sup> Diverting this funding towards the arts and essential services would both help the state achieve its climate targets and support an industry which is far more viable in the long-term.

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<sup>16</sup> Grudnoff & Campbell (2025) “Fossil fuel subsidies in Australia 2025”, p56, <https://australiainstitute.org.au/report/fossil-fuel-subsidies-in-australia-2025/>

<sup>17</sup> Simpson, Gottschalk & Campbell (2024) “Greenwashing coal in NSW”, p11, <https://australiainstitute.org.au/report/greenwashing-coal-in-new-south-wales/>

# Funding arts and culture in NSW

Increasing Australia's levels of public revenue, reforming GST and implementing NSW's own options for increasing revenue could be transformational for arts and culture funding in the state. As estimated above, returning GST to its original proportion of the economy would see an additional \$76m in cultural spending in NSW. This is enough money to fund another ten rounds of Arts and Cultural Funding Program Project Funding grants,<sup>18</sup> triple Sound NSW's support for local music,<sup>19</sup> or run the NSW Premier's Literary Awards 211 times per year.<sup>20</sup>

Increasing existing grants programs and strengthening the state's existing institutions is likely to be the best use of increased revenue for arts and culture funding. Below are other ideas for support measures for arts and culture based on recent Australia Institute research.

## Culture passes

Italy, Germany, Spain and France all have different versions of a "culture pass" which make the arts more accessible and ultimately support artists in a given country.<sup>21</sup> Culture passes are a voucher that can be spent at cultural institutions, and on cultural events and products, similar to the "Dine & Discover" vouchers introduced by NSW during the COVID-19 pandemic.<sup>22</sup>

Around the world, an increasing number of countries are introducing schemes in which young people are granted money to spend on arts. In addition to the European nations

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<sup>18</sup> Round 1 of 2024-25 saw funding of \$7 million across four programs, Creative NSW (2024) "About Create NSW funding", <https://www.nsw.gov.au/arts-and-culture/engage-nsw-arts-and-culture/get-funding-and-support/about-create-nsw-funding-programs>

<sup>19</sup> NSW Government (2025) "Budget Paper 1", page 1-9, <https://www.budget.nsw.gov.au/2025-26/budget-papers>

<sup>20</sup> Prizes worth \$360,000 were awarded in 2025. State Library of NSW (2025) "NSW Literary Awards", <https://www.sl.nsw.gov.au/awards/nsw-literary-awards>

<sup>21</sup> Harrington, Chollet (2024) "International evidence in support of youth cultural passes", <https://australiainstitute.org.au/post/youth-cultural-passes-could-revive-australian-live-music-industry/>

<sup>22</sup> NSW Government (2021) "Dine and Discover vouchers to support local economy", <https://www.nsw.gov.au/news/dine-and-discover-vouchers-to-support-local-economy>

discussed in this paper, the governments of Korea,<sup>23</sup> Morocco,<sup>24</sup> and the city of Buenos Aires<sup>25</sup> have all introduced versions of a youth cultural pass.

Youth cultural passes are a proven, effective way to increase engagement with the arts. Australia Institute polling shows that four in five young Australians (80%) would increase the number of music events they attend if a \$200 government-funded voucher were available.<sup>26</sup> With approximately 330,000 18-year-olds in Australia,<sup>27</sup> this would cost the Australian Government approximately \$66 million in annual expenditure. Given that Australia's public spending on 'cultural services' is well below the OECD average,<sup>28</sup> this would be a cost-effective way to support the sector.

One issue that Australian cultural passes could face is targeting the scheme to support Australian arts and culture. If such a scheme were to be introduced, there are practical steps needed to ensure that funding granted through a youth cultural pass benefits as many Australian artists, cultural institutions and businesses as possible. This includes:

- Limiting use of the pass to small and medium-sized venues part of respected industry associations such as National Association of Visual Artists, Australian Museums and Galleries Association, and festivals. This would mitigate against the possibility that funds are spent on tickets to see large international touring acts;
- developing criteria for participation in the program that disqualifies large international corporations
- limiting use of the pass to in-person transactions;
- putting spending limits on different kinds of purchases (for example physical media such as books).

## Book bounty

Australia had a book bounty in operation from 1969 to 1997, where the Federal Government paid Australian printers a subsidy for a portion of the costs of printing a book. It began after concerns about offshore book printing prompted the Commonwealth to pass

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<sup>23</sup> Korea.net (2024) Youth culture-arts pass worth up to KRW 150,000 released, <https://www.korea.net/NewsFocus/Society/view?articleId=249065>

<sup>24</sup> Pass Jeunes (2023) "Enjoy your youth pass", <https://www.passjeunes.ma/en>

<sup>25</sup> World Cities Cultural Forum (2024) "Buenos Aires culture pass: transforming the city's youth into cultural enthusiasts", <https://worldcitiescultureforum.com/city-project/cultural-pass/>

<sup>26</sup> Australia Institute (2024) *Polling – Young Australians' participation in live music*, <https://australiainstitute.org.au/report/polling-young-australians-participation-in-live-music/>

<sup>27</sup> ABS (2022) *Population Projections, Australia* (Australia, medium series, financial year 2023-24), <https://www.abs.gov.au/statistics/people/population/population-projections-australia/latest-release#data-downloads>

<sup>28</sup> OECD (2022) *The Culture Fix*, p218

the Book Bounty Act (1969), which set the bounty at 20% of the cost of printing.<sup>29</sup> The rate was raised to 33% in 1973, before declining to 13.5% by 1992 and 4.5% in January 1997.<sup>30</sup> At the end of that year the Howard government abolished the bounty altogether,<sup>31</sup> acting on an Industry (now Productivity) Commission report which said that new technology had made the subsidy unnecessary.<sup>32</sup>

While one analysis of technological improvements to printing processes in the 1990s may have made publishing subsidies appear unnecessary, further changes – such as the increase in paper costs, increasing costs of logistics<sup>33</sup> and competition for consumers' discretionary income<sup>34</sup> – have left the industry in a less fortunate position. The lack of a book bounty left Australia's domestic publishers without a subsidy to offset the 5% tariff on inputs used in publishing such as paper,<sup>35</sup> while imported books remained tariff free under the terms of the *Florence Agreement* (1952), which Australia is a signatory to.<sup>36</sup>

Since 1998, when the Australian Bureau of Statistics started collecting information about book prices, there has been little change in the average recommended retail price for books.<sup>37</sup> While prices have barely risen, the industry's costs are far higher – in the past fifteen years alone, paper costs rose 51%<sup>38</sup> and printing costs rose 34%<sup>39</sup> – making it harder

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<sup>29</sup> Zerby (1978) "The Australian Book Bounty: Its Purpose and Failings", p2, <https://journals.sagepub.com/doi/10.1177/1329878X7800800101>

<sup>30</sup> Salmons (1996) "Book bounty scheme faces the final chapter", <https://www.afr.com/life-and-luxury/arts-and-culture/book-bounty-scheme-faces-the-final-chapter-19960816-k72a8>

<sup>31</sup> Cummins (1997) "1,500 book jobs under threat", <https://www.afr.com/companies/media-and-marketing/1-500-book-jobs-under-threat-19971215-k7u07>

<sup>32</sup> Salmons (1996) "Book bounty scheme faces the final chapter"

<sup>33</sup> Terzon (2024) "What the collapse of a major book retailer tells us about the state of Australian publishing", <https://www.abc.net.au/news/2024-07-12/what-booktopia-collapse-says-about-australian-publishing/104087636>

<sup>34</sup> Burke (2025) "It will be dire for readers: the disappearing voices of Australia's independent publishers", <https://www.theguardian.com/books/2025/jan/28/it-will-be-dire-for-readers-the-disappearing-voices-of-australias-independent-publishers>

<sup>35</sup> Cummins (1997) "1,500 book jobs under threat"

<sup>36</sup> Agreement on the Importation of Educational, Scientific and Cultural Materials, with Annexes A to E and Protocol annexed, aka the *Florence Agreement* (1952), Article 1, <https://www.unesco.org/en/legal-affairs/agreement-importation-educational-scientific-and-cultural-materials-annexes-e-and-protocol-annexed>

<sup>37</sup> Grundy (2025) "Authors and publishers need urgent assistance to keep Australia's literary culture thriving", <https://australiainstitute.org.au/post/authors-and-publishers-need-urgent-assistance-to-keep-australias-literary-culture-thriving/>

<sup>38</sup> ABS (2025) "Producer Price Indexes, Australia", Input to the Manufacturing industries, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>

<sup>39</sup> ABS (2025) "Producer Price Indexes, Australia", Output of the Pulp paper and converted paper product manufacturing industries

than at any point in recent memory to make money from publishing.<sup>40</sup> Meanwhile, more books are selling through discount department stores which means publishers are getting lower prices for their books.

When the book bounty was abolished, the Australian publishing industry may have appeared prosperous enough to survive without its support. The recent mergers of Australian publishers, significant increases in costs and competition from other media make the current conditions are very different from 1996.

The recent interim report from the Productivity Commission that floats the idea of loosening Australia's copyright law, providing an exemption on data use for AI companies has prompted a fierce reaction<sup>41</sup> that shows the extent of the publishing industry's concern with the effects of AI. The effects of AI are currently unknown but likely to be very serious for the sector.

Even a relatively small amount of additional funding can be impactful for writers and publishers. The Sydney Writer's Festival and the State Library of New South Wales recently announced a \$1.5 million collaboration on literary events, which will create over 300 paid opportunities for writers over 12 months.<sup>42</sup> Writers would be paid \$336 per event – equivalent to the profits of selling more than 100 copies of a book – providing a valuable lifeline to writers who often earn little from their profession.<sup>43</sup>

A revived book bounty scheme that is not simply to assist with printing costs but can be used for other parts of the publishing process including editorial and design is one option to support Australian writers, and would support local publishing.

## Tax-free arts prizes

The Federal Government has long thought that tax-free art prizes were a good idea as is evident from the tax-free status of the Prime Minister's Literary Awards.<sup>44</sup>

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<sup>40</sup> Grundy (2025) "Authors and publishers need urgent assistance to keep Australia's literary culture thriving"

<sup>41</sup> Heath (2025) "Australian authors challenge Productivity Commission's proposed copyright law exemption for AI", <https://www.abc.net.au/news/2025-08-13/productivity-commission-ai-report-copyright-law-authors-respond/105646086>

<sup>42</sup> Grundy (2025) "Sydney Writers Festival will program year-round, partnering with State Library of NSW. Is this 'Sydney's Wheeler Centre'?", <https://theconversation.com/sydney-writers-festival-will-program-year-round-partnering-with-state-library-of-nsw-is-this-sydneys-wheeler-centre-262107>

<sup>43</sup> Grundy (2025) "Sydney Writers Festival will program year-round, partnering with State Library of NSW. Is this 'Sydney's Wheeler Centre'?"

<sup>44</sup> Creative Australia (2025) "Prime Minister's Literary Awards", <https://creative.gov.au/investments-opportunities/prime-ministers-literary-awards-2025>

Taxing prize-money has a serious impact on earnings. Creative Australia ran a survey in 2022 which found the average author's annual income from their writing is \$18,200.<sup>45</sup> If that is an author's sole source of income, it places them below the poverty line. Considering the distorting factors of some authors earning significantly more than others, it is clear that writers are struggling to make money from their work.

For writers on a small income, a prize can mean the difference between taking a year off work to write their next book and trying to fit writing in between other jobs. In the case of a Miles Franklin or Stella Prize win, a tax-free prize could mean the difference between \$60,000 and \$40,000 in their bank account. Stella Prize winner Dr Charlotte Wood AM says,

for those few writers who win, it would mean that a year's income could easily stretch to keep them going for an extra year or even two or three, without the extraordinary financial and attendant psychological strain most artists live beneath. Imagine if we were a society generous enough to allow this tiny gift.<sup>46</sup>

Giving an author a year's respite from other work to develop their next book can mean the difference between building a career and getting stuck in short-term and poorly paid stop-gap work.

Prize money doesn't simply affect an individual artist but in some cases, their community as well. Miles Franklin winner Melissa Lucashenko said she paid \$15,000 tax on her win in 2019. She says:

I'm very happy to pay tax - to contribute to a decent society - but at the same time, I belong to an extremely impoverished community. I am regularly called on to give money to people who buy their food on credit. Who can't bury their dead, or who need petrol to get to funerals, or who can't get out of jail to attend the funeral of a parent because that means paying the prison system the astronomical cost of guards to accompany them. \$15,000 fills a lot of grocery carts, and a lot of petrol tanks.<sup>47</sup>

This measure is not just important for writers; taxing prize money applies to playwrights, painters, musicians and artists from all disciplines. The National Association for Visual Arts has been an advocate for tax-free prizes for many years. And the federal government already determined this was a good idea since the Prime Minister's Literary Award winner pays no tax on their prize.

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<sup>45</sup> Creative Australia (2022) "2022 National Survey of Australian Book Authors", <https://www.creative.gov.au/news-events/news/vital-work-australian-authors-still-doesnt-deliver-living-wage>

<sup>46</sup> Grundy (2025) "Here's something absolutely cooked about books in Australia", <https://www.canberratimes.com.au/story/8999486/opinion-miles-franklin-prize-should-be-tax-free/>

<sup>47</sup> Grundy (2025) "Here's something absolutely cooked about books in Australia"

## Tax-free grants

Another way for governments to reward excellence in the arts is to exempt arts grants awarded to individual creatives from tax. While it is possible to claim expenditures as a tax deduction, any wages that are part of a grant are subject to income tax.<sup>48</sup>

Not-for-profit cultural organisations whose main purpose is the encouragement of art, literature or music are already exempt from income tax.<sup>49</sup> Expanding this exemption to encompass government grants would encourage more output from artists across all disciplines.

Collectively, Australia's federal, state, territory, and local governments spent \$6.9 billion in public funds to arts and culture in 2019.<sup>50</sup> While not all of this money would be in the form of grants, tax exempt status for even a small share would be a substantial level of financial assistance.

With artists earning an average of just \$23,200 from their work as is, any increase in the money they receive be significant.<sup>51</sup> Many artists are unable to make enough money to live off their creative work alone,<sup>52</sup> so increasing the share of creative income which they take home after tax could incentivise them spending more time on artistic endeavours.

Arts grants often enjoy tax-exempt in Sweden<sup>53</sup> and Finland,<sup>54</sup> which could provide a model for Australia to adopt. Arts grants awarded by Finnish public entities are tax-exempt with no upper limit, with private entities' grants enjoying tax-exempt status until they hit an annual limit.<sup>55</sup>

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<sup>48</sup> Australian Taxation Office (2025) "Taxable, assessable and exempt income", <https://www.ato.gov.au/individuals-and-families/income-deductions-offsets-and-records/income-you-must-declare/taxable-assessable-and-exempt-income>

<sup>49</sup> ATO (2025) "Cultural organisations", <https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/your-organisation/does-your-not-for-profit-need-to-pay-income-tax/types-of-income-tax-exempt-organisations/cultural-organisations>

<sup>50</sup> A New Approach (2019) "The Big Picture: public expenditure on artistic, cultural and creative activity in Australia", p8, <https://humanities.org.au/power-of-the-humanities/new-report-presents-the-big-picture-on-government-arts-and-culture-funding/>

<sup>51</sup> Freeland (2024) "Creative Australia's Artists at Work study reveals ongoing economic and gender disparities in Australian arts sector"

<sup>52</sup> Freeland (2024) "Creative Australia's Artists at Work study reveals ongoing economic and gender disparities in Australian arts sector"

<sup>53</sup> Konstnärnsnämnden (n.d.) "Grants from the Swedish Arts Grants Committee – taxes and social security", <https://www.konstnarsnamnden.se/en/artists-conditions/guide-for-artists/grants-from-the-swedish-arts-grants-committee-taxes-and-social-security/>

<sup>54</sup> Artists' Association of Finland (n.d.) "Grants and taxes", <https://www.artists.fi/en/grants-and-taxes>

<sup>55</sup> Artists' Association of Finland (n.d.) "Grants and taxes"

As with other support for the arts sector, exempting grants from taxation would mean more Australian art for the public to enjoy, and more Australians able to pursue their passions.

# Conclusion

The arts and entertainment sector contributed \$14.7 billion to the Australian economy in 2020, and employed 193,600 Australians.<sup>56</sup> For every million dollars in turnover, arts and entertainment produce nine jobs, nine times the equivalent contribution of the construction industry.<sup>57</sup> The arts industry's decline presents a significant threat to the Australian economy. The potentially serious effects of AI remain to be seen. More important than the economic impact, harm to our arts sector also harms our culture. While it may be possible to move other sectors of the Australian economy offshore, Australian culture can only be produced in Australia.

There are clear solutions to Australia's arts woes. The options for both direct and taxation-based support discussed in this submission could revitalise the arts if adopted by Australian governments. Support would provide a lifeline to a struggling but crucial sector and allow more Australians to enjoy arts and cultural activities. The rising cost of living and lack of funded platforms for the creative industries to flourish, coupled with limited intervention and strategic investment would likely lead to further, perhaps even irreversible, decline for the arts in Australia.

Now is the time for action to support the arts.

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<sup>56</sup> Browne (2020) "Background Brief: Economic Importance of the Arts and Entertainment Sector", p1

<sup>57</sup> Browne (2020) "Background Brief: Economic Importance of the Arts and Entertainment Sector", p1,