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Research that matters.

The arts need funding, not philanthropy

Submission to the Commonwealth Inquiry into arts and cultural philanthropy

Australia's arts and culture sector is in crisis. The sector has taken five years to return to pre-COVID levels of employment, which is still below its 2012 peak. Government funding sits at its lowest level in almost a decade. In real terms, Australian governments spent $551 million less in 2023-24 than in 2021-22. Philanthropy only contributes $240 million in funding, far less than governments are capable of, and far less than Australia's arts and culture needs at this critical time.

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The Australia Institute - Research that matters

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Artists, authors, musicians and other creatives have a huge impact on Australian culture, how Australians see themselves, and how the world sees Australians. Australia's arts and culture cannot be produced overseas, and cannot be moved offshore. It must be made here.

But the sector is in crisis.

Employment in the arts and entertainment sector took almost five years to recover from the shock of COVID-19, three times as long as the rest of the Australian economy. Looking further back shows a sector with long-term struggles. Australia-wide employment has more than doubled in the last 40 years, whereas employment in arts and entertainment has increased by just less than half that. Arts and entertainment employment has been either stagnant or in decline since 2008-09, while other sectors of the Australian economy have expanded.

In real terms, Australian governments' arts funding is at its lowest point since 2017-18.

Federal and state/territory spending on the arts reached a high point during the COVID-19 pandemic, when governments increased financial support for the sector after it was hit hard by lockdowns. However, inflation since 2007 and the end of COVID-related support have meant that increases in arts funding have struggled to keep up with costs.

The scale of private giving is simply not large enough to make up for reductions in government funding; reliance on philanthropy to support the arts sector is implausible.

A total of $204 million was donated to organisations advancing culture in 2021, the latest year with data reported by the Australian Charities and Not-for-profits Commission. This is one-thirtieth the size of government support for the arts, and significantly smaller than just the reduction in real terms of government spending from 2021 to 2024 – $551 million.

Not only is philanthropy small, but it tends to be directed towards more prestigious and less controversial art; an overreliance on private giving threatens the diversity and power of Australia's arts and culture.

Philanthropy cannot replace the role of government funding in supporting the arts. Australian governments, including the Commonwealth, have a duty to invest in the arts, ensuring that future generations can continue to enjoy Australian arts on the page or stage, in galleries or on the airwaves.

Introduction

The Australia Institute welcomes the opportunity to make this submission to the House of Representatives Standing Committee on Communications, the Arts and Sport's Inquiry into arts and cultural philanthropy. The Institute would welcome the opportunity to discuss our research findings in further detail at a public hearing.

Artists, authors, musicians and other creatives have a huge impact on Australian culture, how Australians see themselves, and how the world sees Australians. Australia's arts and culture cannot be produced overseas, and cannot be moved offshore. It must be made here.

But the sector is in crisis.

The cost-of-living crisis has exacerbated the already devastating effects of the pandemic on the arts sector. Professional artists earn an average of only $23,200 from their creative work.[1] Since 2020, 1,300 live music venues have closed, including 551 in NSW.[2] A long list of major music festivals have been cancelled since 2020, including Splendour in the Grass and Groovin' the Moo.[3] At least one in five Australians has had to skip live theatre, music festivals, and comedy shows because they cannot afford them.[4] In short, this is a critical time for supporting Australian arts and culture.

However, philanthropy is not sufficient to support the sector, considering the scale of the crisis it faces. Donations represent only a small portion of the funding of arts and culture organisations and are dwarfed by the scale of government spending, even now that its reached its lowest point in almost a decade. In fact, the decline in government spending from 2021 to 2024 was worth more than double the total annual contribution of philanthropy.

The arts sector needs funding. And the only way for the arts to be funded appropriately is for governments to step in.

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[1] Throsby and Petetskaya (2024) *Artists as Workers: An Economic Study of Professional Artists in Australia*, p. 7, https://creative.gov.au/research/artists-workers-economic-study-professional-artists-australia

[2] 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

[3] 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/

[4] 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

Crises and decline of the arts

This paper uses the definition of the "arts and entertainment" sector given in the Centre for Future Work's 2021 paper *Creativity in Crisis*, where it includes the ANZSIC subdivisions of:

- Creative & Performing Arts,
- Heritage Activities,
- Motion Picture & Sound Recording Activities,
- Radio and TV Broadcasting,
- Publishing,
- Internet Publishing,
- Libraries and other information services,
- and Printing & Recorded Media.[5]

This definition differs from that currently used by the Department of Infrastructure, though the two have broad overlap, as outlined in the Appendix.

The arts and entertainment sector has struggled to recover from the COVID-19 pandemic and cost of living crisis. As shown in Figure 1, employment in arts and entertainment only reached pre-COVID levels in August 2025.

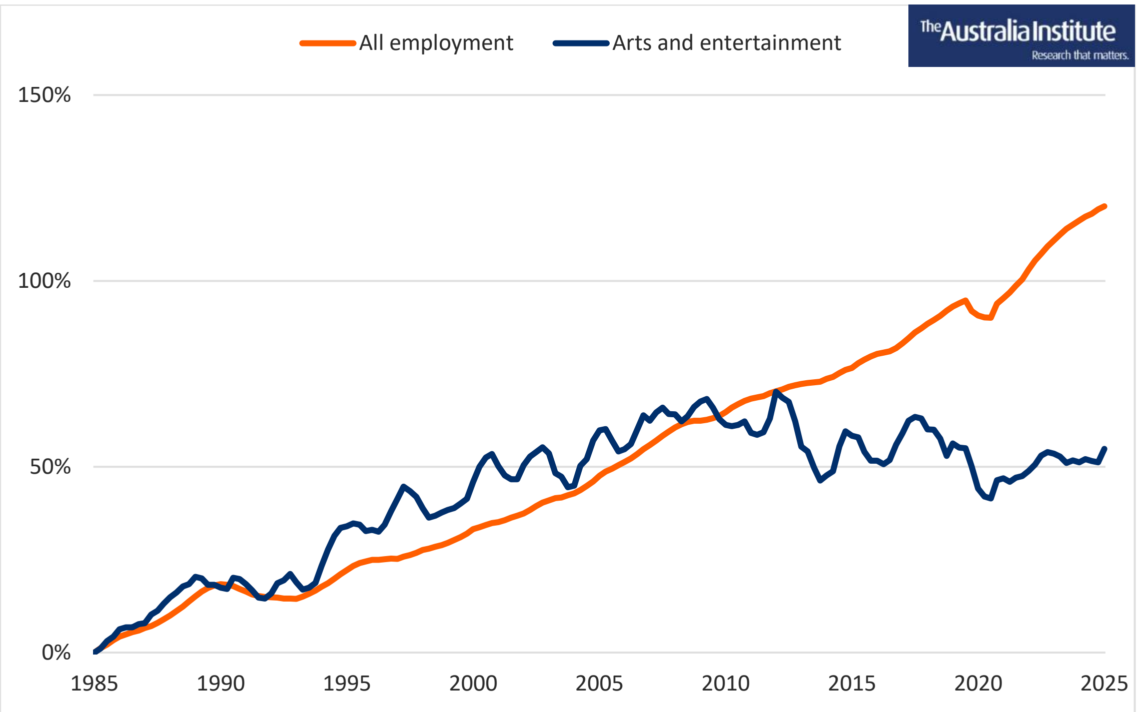
Looking further back shows a sector with long-term struggles. Arts and entertainment employment has been either stagnant or in decline since 2008-09, while other sectors of the Australian economy have expanded.

Arts and entertainment consistently made up over 2% of employment from 1985 to 2013, but it now makes up only 1.6%.[6] As seen in Figure 1, this is because Australia-wide employment has more than doubled in the last 40 years, whereas employment in arts and entertainment has increased by just over 50%.

[5] Pennington and Eltham (2021) *Creativity in Crisis: Rebooting Australia's Arts and Entertainment Sector After COVID*, p. 13, https://futurework.org.au/report/creativity-in-crisis-rebooting-australias-arts-and-entertainment-sector-after-covid/

[6] ABS (2025) "Employed persons by Industry sub-division of main job (ANZSIC) and Sex"

Figure 1: Cumulative growth in employment, arts and entertainment vs all industries



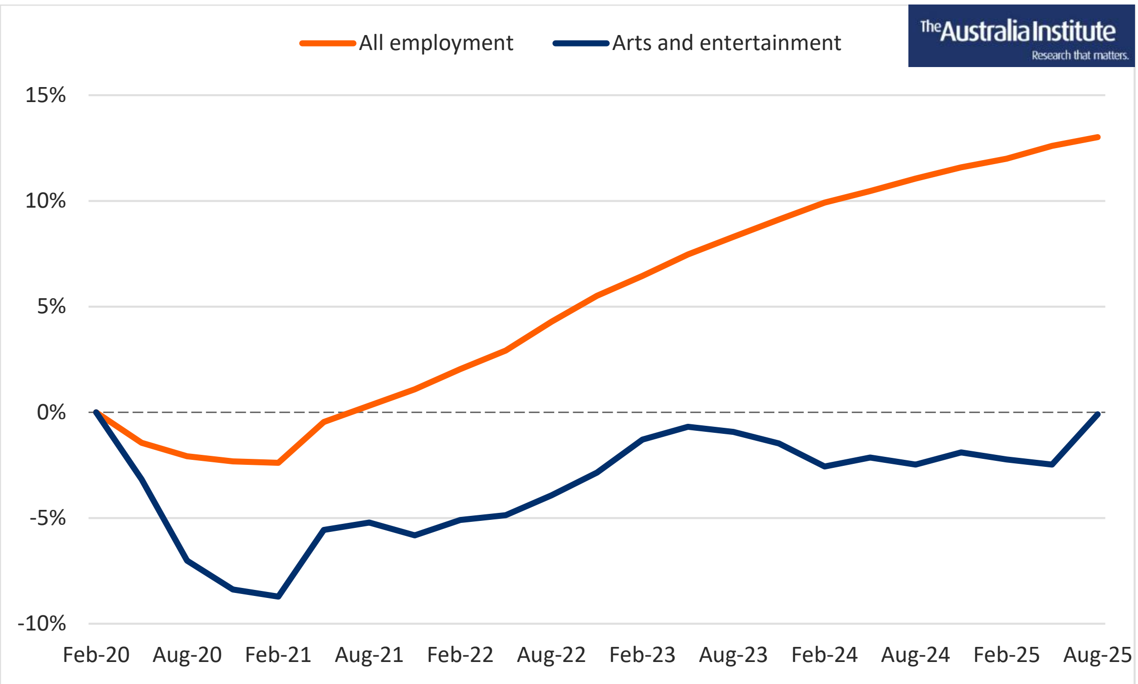
ABS (2025) “Employed persons by Industry sub-division of main job (ANZSIC) and Sex”

The relative decline in arts and entertainment employment is a phenomenon of the past fifteen years.

During the late 1990s and early 2000s, employment in arts and entertainment outpaced the rest of the Australian economy. Employment growth slowed across Australia in 2008-09 due to the Global Financial Crisis, and arts and entertainment was no exception. The difference between that sector and the rest of the economy was that Australia-wide employment began to recover by 2010, whereas employment in arts and entertainment stagnated.

All things being equal, a wealthy country such as Australia would be expected to spend more on arts and culture relative to income, and for employment in the arts to still be rising, as we explore in more detail later in this paper. However, the arts and entertainment sector’s employment has generally declined since 2010, meaning fewer creatives are producing art, media and culture for Australians to enjoy.

Figure 2: Cumulative growth in employment since 2020



ABS (2025) “Employed persons by Industry sub-division of main job (ANZSIC) and Sex”

A similar trend is apparent during and after the COVID-19 pandemic, as shown in Figure 2. Since February 2020, at the start of the pandemic, Australia-wide employment has grown by 13%, while employment in the arts has only recently returned to pre-pandemic levels.

There were significant job losses across Australia during 2020 – with disproportionate harm done to the arts. While both overall employment and arts and entertainment employment began to recover after the initial shock of the pandemic, arts and entertainment did so far more slowly, taking five years to return to pre-COVID levels. Australia-wide employment, on the other hand, returned to pre-COVID levels by the end of 2021.

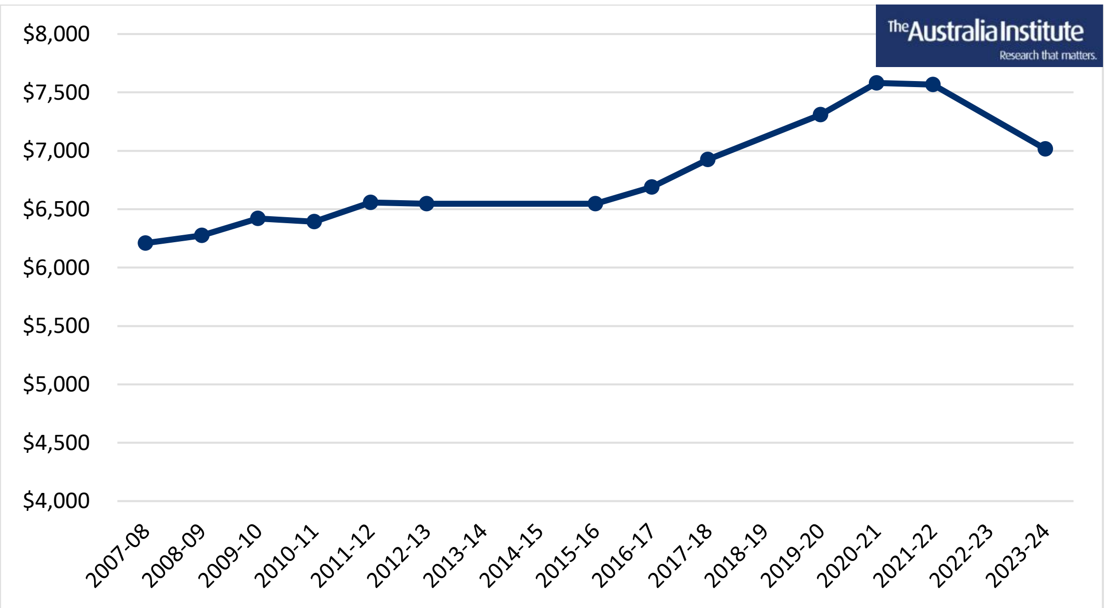
Government funding has declined

Australian governments' arts funding in 2023-24, the most recent available data, is at its lowest point since 2017-18.[7]

Federal and state/territory spending on the arts reached a high point during the COVID-19 pandemic, when governments increased financial support for the sector after it was hit hard by lockdowns. However, inflation since 2007 and the end of COVID-related support have meant that increases in arts funding have struggled to keep up with costs.

Despite employment in the arts not recovering to pre-COVID levels until August 2025, government support has been significantly reduced. In real terms, the federal, state and territory governments spent $551 million less in 2023-24 than in 2021-22, as shown in Figure 3.

Figure 3: Total recurrent Arts funding by Australian governments ($millions)



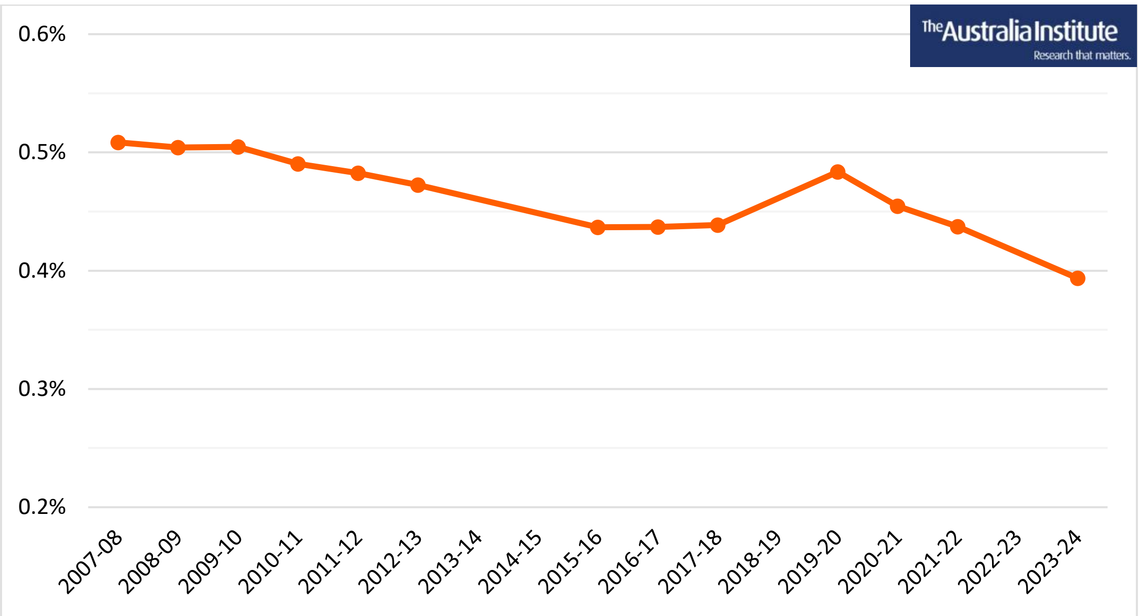
Source: ABS (2025) "Cultural funding and participation – National Overview"; ABS (2013) "Cultural Funding by Government, Australia"

Note: All values in June 2024 dollars.

[7] ABS (2025) "Cultural funding and participation – National Overview", https://www.arts.gov.au/cultural-data-online/government-cultural-funding-and-participation/cultural-funding-and-participation-national-overview; ABS (2013) "Cultural Funding by Government, Australia", https://www.abs.gov.au/statistics/economy/government/cultural-funding-government-australia/latest-release

While overall government funding for the arts has increased in nominal terms since 2007, it has not kept up with Australia's overall economic growth.

Figure 4: Total recurrent arts funding by Australian governments as a share of GDP

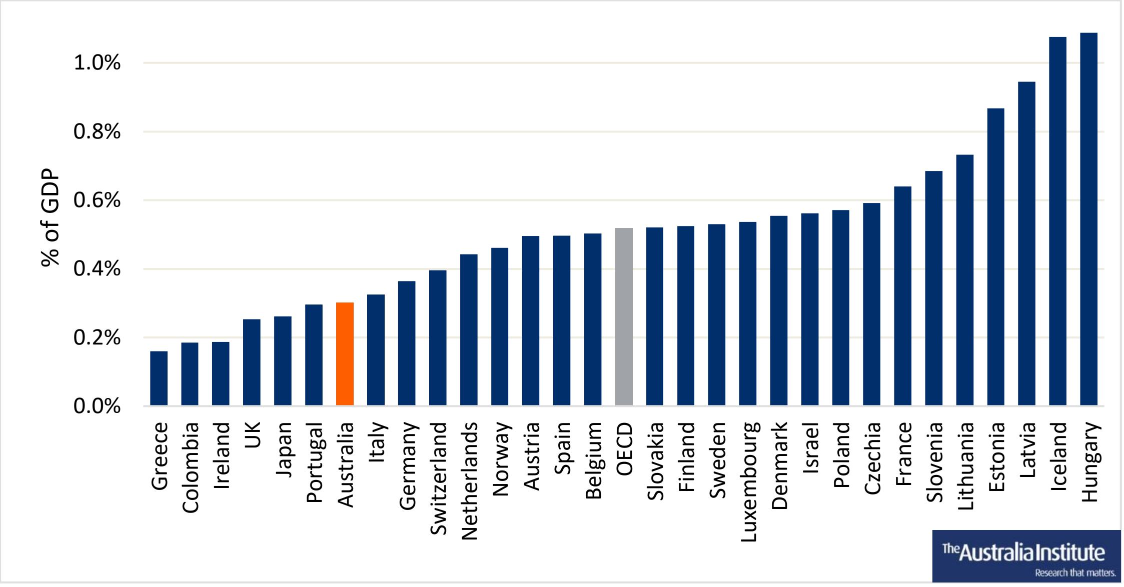


Source: RBA (2025) "H1 Gross Domestic Product and Income", https://www.rba.gov.au/statistics/tables/csv/h1-data.csv; ABS (2025) "Cultural funding and participation – National Overview"; ABS (2013) "Cultural Funding by Government, Australia"

As shown in Figure 4, arts funding from all levels of government was just over 0.5% of GDP in 2007-08. Despite returning to that level in 2019-20 due to the pandemic-era contraction of the Australian economy and increases in arts funding during lockdowns, it has now declined to below 0.4% of GDP in 2023-24.

Funding is also low by international standards – even at its height during the COVID pandemic. Australia spends less on cultural services as a share of GDP than most countries in the developed world, as shown in Figure 5.

Figure 5: Arts spending in OECD countries



Source: OECD (2025) *Annual government expenditure by function (COFOG)*, https://data-explorer.oecd.org/

Australian arts are so underfunded that just to fund at the OECD average, governments would need to increase funding by over $5 billion per year. Creative Australia, the flagship federal arts program, has a budget of just $318 million for 2025-26.[8]

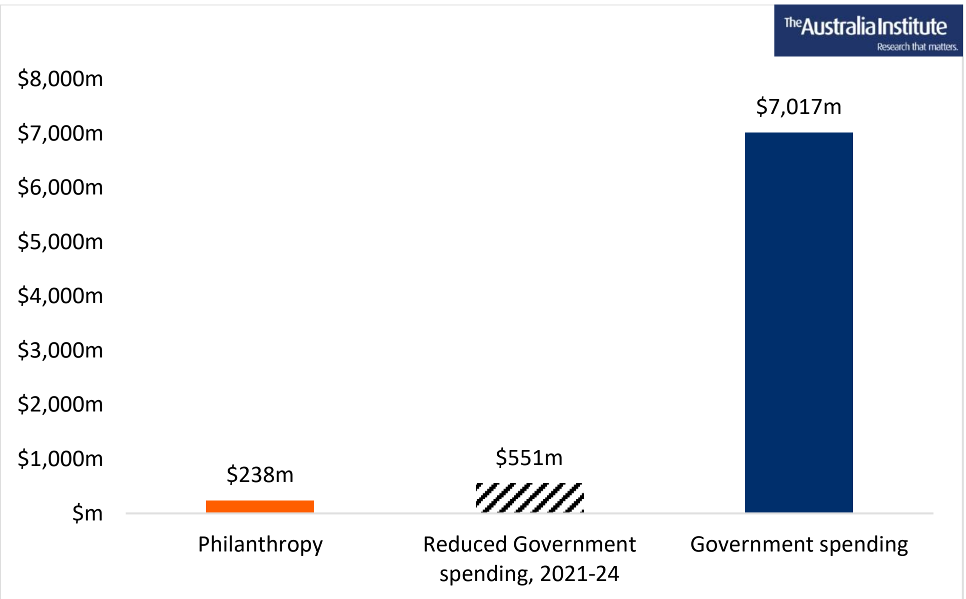
[8] Theatre Network Australia (2025) "Federal Budget 2025–26 – What It Means for the Arts", https://tna.org.au/federal-budget-2025-26-what-it-means-for-the-arts/

Philanthropy is not enough

The scale of private giving is simply not large enough to make up for reductions in government funding, making reliance on philanthropy to support the arts sector insufficient.

The size of philanthropy in arts and culture is difficult to measure exactly, but available estimates place it at a fraction of government spending. A total of $204 million ($238m adjusted for inflation) was donated to organisations advancing culture in 2021, the latest year with data reported by the Australian Charities and Not-for-profits Commission.[9] This figure is limited to charities with culture as their stated purpose, so this is likely an underestimate of arts philanthropy overall. However, even if this number was doubled, it would still be almost one fifteenth the size of government support for the arts, and significantly smaller than just the real-terms reduction in government spending from 2021 to 2024 – $551 million.

Figure 6: Value of Philanthropy compared to government spending



ABS (2025) "Cultural funding and participation – National Overview"; ACNC (2023) *Australian Charities Report – 9th Edition*, p. 66

Note: All values in June 2024 dollars.

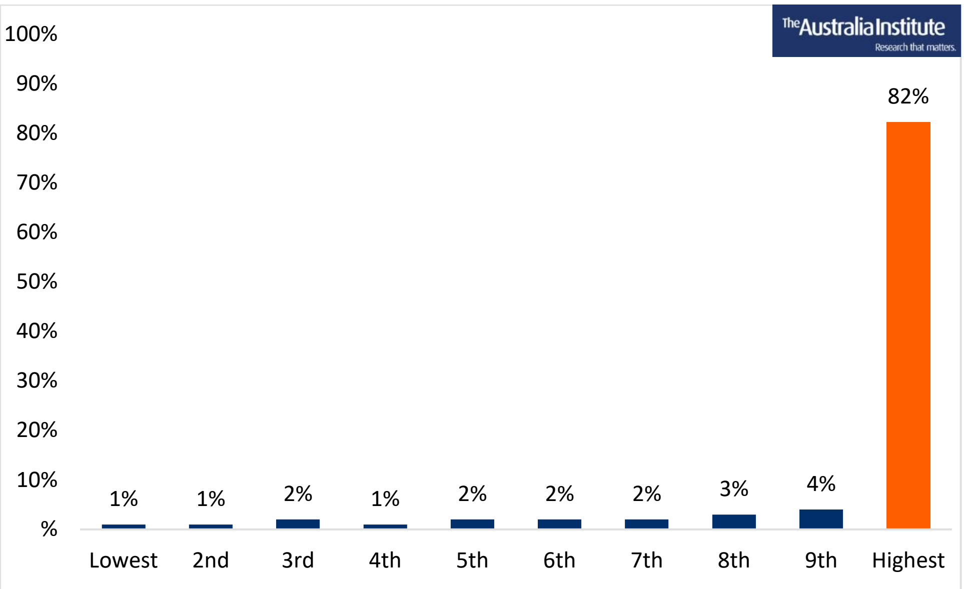
Any measures to increase philanthropy cannot possibly fill the gap left behind by dwindling state, territory, and federal government support. While it may make a minor impact on a

[9] ACNC (2023) *Australian Charities Report – 9th Edition*, p. 66, https://www.acnc.gov.au/tools/reports/australian-charities-report-9th-edition

handful of institutions, philanthropy is not and will never be a solution to the wider issues of the arts sector.

While they wouldn't significantly support the arts sector, measures to encourage philanthropy would have an impact elsewhere: on inequality. Specifically, tax deductibility for gifts and donations disproportionately benefit the rich, as shown in Figure 7.

Figure 7: Share of benefits from deductions for gifts and donations, by income decile



Source: Treasury (2025) "2025-26 Tax Expenditures and Insights Statement", Chart 2.15, https://treasury.gov.au/publication/p2025-721342

The top 10% of income-earners receive 82% of the benefit of tax deductions from gifts and donations, and almost 70% of the benefit goes to those earning more than $1 million in taxable income per year.[10]

Australian arts and culture should be accessible and available for everyone, not just the top 0.1% of income earners. But relying on philanthropy, which is disproportionately dished out by the uber-wealthy, has a profound impact on *what* gets funded, and how.

Philanthropy from the uber-rich is often directed towards the more prestigious forms of art. A study examining US$36 billion in American donations to the arts in 2019-2020 found that giving is highly localised, donors tend to fund the same institutions as they have previously, and that money is correlated with the prestige associated with the art.[11] A billionaire's name might adorn a gallery of fine art, or a chamber orchestra's performance – but more rarely is

[10] Treasury (2025) "2025-26 Tax Expenditures and Insights Statement", Chart 2.15

[11] Shekhtman & Barabási (2023) "Philanthropy in art: locality, donor retention, and prestige", *Scientific Reports*, https://www.nature.com/articles/s41598-023-38815-1

the same true of a development program for young filmmakers and musicians in disadvantaged communities.

Similarly, overreliance on philanthropy dampens the ability of artists to comment on controversial or political issues. In a 2025 column, Louise Adler, the former CEO of Melbourne University Publishing and director of Adelaide Writers' Week, noted that increased reliance on philanthropic funding creates a hostile environment for art that provokes controversy or challenges the viewer.[12] In particular, Adler pointed to the censorship of several artists who had "take[n] up the Palestinian call for an end to the occupation."[13]

Philanthropy is a minor funding source for the arts, and policies to encourage it will inevitably disproportionately benefit the people who need financial support the least. Not only that, but institutions that over-rely on philanthropy risk turning bland and unchallenging as a result of financial incentives to avoid controversy. There are, however, other and better options for Australian governments seeking to support arts and culture.

[12] Adler (2025) "Who really pays the price for arts philanthropy?", https://www.afr.com/life-and-luxury/arts-and-culture/who-really-pays-the-price-for-arts-philanthropy-20250320-p5ll0s

[13] Adler (2025) "Who really pays the price for arts philanthropy?"

How to reform tax to fund culture

Of course, expanding existing programs, and implementing new ones, to support the arts does not come without cost.

Fortunately, the funding 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	**Reduce** carbon emissions
2. End the gas industry's free ride	$4.1bn	$10.1bn	**Reduce** carbon emissions
3. Reform the Capital Gains Tax Discount and negative gearing	$1.8bn	$19.8bn	**Increase** housing affordability
4. Reform superannuation tax concessions	$2.3bn	$20.3bn	**Reduce** wealth inequality
5. Tax luxury utes, plastic and tax avoidance.	Up to $1.9bn		**Increase** road safety **Increase** fairness **Reduce** carbon emissions **Reduce** plastic waste
Total	$11.8bn	$62.7bn	A **better** Australia

Source: Jericho (2025) *Raising revenue right: Better tax ideas for the 48th 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 Federal Government could implement these revenue raising measures to assist cultural funding as well as a range of other service areas.

Reform GST the right way

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,[14] which collectively provide over a third of public funding for the arts in Australia.[15] 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), making it increasingly difficult for states to fund important services, 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.[16]

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.[17] In contrast, any attempt to simply increase the GST rate above 10% would exacerbate the inequality 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.

[14] 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/

[15] A New Approach (2019), p18, "The Big Picture: public expenditure on artistic, cultural and creative activity in Australia"

[16] Denniss (2025) *The huge cost to state budgets of failing GST*

[17] Denniss (2025) *The huge cost to state budgets of failing GST*, p.16

Conclusion

Artists, authors, musicians and other creatives have a huge impact on Australian culture, how Australians see themselves, and how the world sees Australians. Australia's arts and culture cannot be produced overseas, and can't be moved offshore. It has to be made in Australia.

But the sector is in crisis.

While arts and entertainment consistently made up over 2% of employment from 1985 to 2013, it now makes up only 1.6%. The arts and entertainment sector's employment has generally declined since 2010, meaning fewer creatives are producing art, media and culture for Australians to enjoy

Both overall employment and arts and entertainment employment began to recover after the initial shock of the pandemic, but arts and entertainment did so far more slowly, taking five years to return to pre-COVID levels. Australia-wide employment, on the other hand, returned to pre-COVID levels by the end of 2021.

All things being equal, a wealthy country such as Australia would be expected to spend more on arts and culture relative to income, and for employment in the arts to still be rising, as we explore in more detail later in this paper. However, Australian governments' arts funding in 2023-24, the latest available data, is at its lowest point in most of a decade (since 2017-18).

In real terms, the federal, state and territory governments spent $551 million less in 2023-24 than in 2021-22.

Philanthropy, which only provides around $240 million to arts and culture organisations, cannot fill the gap left behind by dwindling government funding.

Australian governments, including the Commonwealth, have a duty to invest in the arts, ensuring that future generations can continue to enjoy Australian literature, music, performance, and art.

Appendix

The Department of Infrastructure's current definition of the "cultural and creative sector" was adopted by the Department of Infrastructure in 2024 following a methodology refresh.[18] This refresh modified the existing definition by adding some ANZSIC classes and removing others, and both are included in

Table 1 for context.

Both the pre- and post-refresh Department of Infrastructure definitions use ANZSIC classes; however, the ABS does not release regular industry information at this small a level, which is why this paper instead uses ANZSIC subdivisions to define the "arts and entertainment" sector.

Table 1: Definitions of the arts sector, by ANZSIC class

Subdivision	Class #	Class name	This paper	Current Federal	Pre-refresh Fed.
16. Printing (including the Reproduction of Recorded Media)	1611	Printing	Y	N	Y
	1612	Printing Support Services	Y	Y	Y
	1620	Reproduction of Recorded Media	Y	N	Y
54. Publishing (except Internet and Music Publishing)	5411	Newspaper Publishing	Y	Y	Y
	5412	Magazine and Other Periodical Publishing	Y	Y	Y
	5413	Book Publishing	Y	Y	Y
	5414	Directory and Mailing List Publishing	Y	N	N
	5419	Other Publishing (except Software, Music and Internet)	Y	Y	N
	5420	Software Publishing	Y	Y	Y
55. Motion Picture and Sound Recording Activities	5511	Motion Picture and Video Production	Y	Y	Y
	5512	Motion Picture and Video Distribution	Y	Y	Y
	5513	Motion Picture Exhibition	Y	Y	Y
	5514	Post-production Services and Other Motion Picture and Video Activities	Y	Y	Y
	5521	Music Publishing	Y	Y	Y

[18] Department of Infrastructure (2024) *Cultural and Creative Activity in Australia, 200809 to 2023 (Methodology Refresh), Appendix D, https://www.infrastructure.gov.au/department/media/publications/cultural-and-creative-activity-australia-2008-09-2022-23-methodology-refresh-statistical-working*

	5522	Music and Other Sound Recording Activities	Y	Y	Y
56. Broadcasting (except Internet)	5610	Radio Broadcasting	Y	Y	Y
	5621	Free-to-Air Television Broadcasting	Y	Y	Y
	5622	Cable and Other Subscription Broadcasting	Y	Y	Y
57. Internet Publishing and Broadcasting	5700	Internet Publishing and Broadcasting	Y	Y	Y
60. Library and Other Information Services	6010	Libraries and Archives	Y	Y	Y
	6020	Other Information Services	Y	Y	N
69. Professional, Scientific and Technical Services (Except Computer System Design and Related	6921	Architectural Services	N	Y	Y
	6924	Other Specialised Design Services	N	Y	Y
	6940	Advertising Services	N	Y	Y
	6991	Professional Photographic Services	N	Y	Y
82. Adult, Community and Other Education	8212	Arts Education	N	Y	Y
89. Heritage Activities	8910	Museum Operation	Y	Y	Y
	8921	Zoological and Botanical Gardens Operation	Y	N	Y
	8922	Nature Reserves and Conservation Parks Operation	Y	N	Y
90. Creative and Performing Arts Activities	9001	Performing Arts Operation	Y	Y	Y
	9002	Creative Artists, Musicians, Writers and Performers	Y	Y	Y
	9003	Performing Arts Venue Operation	Y	Y	Y
95. Personal and Other Services	9532	Photographic Film Processing	N	Y	N
13. Textile, Leather, Clothing and Footwear Manufacturing	1351	Clothing Manufacturing	N	N	Y
	1352	Footwear Manufacturing	N	N	Y
25. Furniture and Other Manufacturing	2591	Jewellery and Silverware Manufacturing	N	N	Y
66. Rental and Hiring Services (except Real Estate)	6632	Video and Other Electronic Media Rental and Hiring	N	N	Y