

A New Approach (ANA)

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The Art of Tax Reform

A New Approach (ANA) welcomes the opportunity to contribute to the *Art of Tax Reform: Unlocking opportunities to improve taxation for Australian creative industries*.

ANA believes that there are important opportunities to use the tax system to better support the cultural and creative industries, not just in NSW but throughout Australia. Drawing on our research, our response to the Art of Tax Reform Discussion Paper highlights how **tax reforms can provide a unique opportunity for all levels of government to enable and realise arts and culture policy ambitions**.

About A New Approach (ANA)

ANA is Australia's national arts and culture think tank. We believe Australia can become a cultural powerhouse whose creativity is locally loved, nationally valued and globally influential. Through credible and independent public leadership, ANA helps build an ambitious and innovative policy and investment environment for arts, culture and creativity. We work to ensure Australia can be a great place for creators and audiences, whoever they are and wherever they live. ANA acknowledges the cultures of Aboriginal and Torres Strait Islander peoples in Australia and their continuing cultural and creative practices in this land.

In our role as a philanthropically funded, independent think tank, ANA is ready to provide further information about the response in this submission and would welcome the opportunity to discuss. We confirm that this submission can be made public.

Warm regards,



Kate Fielding, CEO, A New Approach (ANA)

ANA responses to The Art of Tax Reform Discussion Paper questions

1. Principles for reform

- **What principles should guide tax reform for creative industries?**
- **What are the problems that tax reform is seeking to address and what are the outcomes that it is trying to achieve?**





Outcomes

The outcomes that proposed tax reforms are trying to achieve should reflect the outcomes of existing cultural policies across all three levels of government in Australia.

ANA's recently published Position Paper, *Imagine 2035*, includes an indicative 'strategy on a page' with a vision, principles, priorities, outcomes and measurement for the arts and culture system that reflects common priorities from current cultural policies and federal, state and local government levels.¹ This may be a useful starting point in working to ensure a sense of policy coherence and co-ordination across jurisdictions.

¹ A New Approach (ANA), 2025. "Imagine 2035: Towards an arts and culture system that delivers for all Australians." Produced by A New Approach (ANA). Canberra, Australia, pages 9-10. Available at: <https://newapproach.org.au/publication/imagine-2035-towards-an-arts-and-culture-system-that-delivers-for-all-australians/>

Figure 1: An indicative ‘Strategy on a Page’ modelled on the National Sports Strategy²

VISION	Creative, connected communities enriched by a robust arts and culture system that delivers for all Australians							
PRINCIPLES	 Available & Accessible		 Innovation & Preservation		 Ambition & Enterprise		 Integrity & Partnership	
PRIORITIES	Culturally engaged communities	Creativity, openness & learning	Training, skills, workforce & digital transformation	A high-performing, high-impact industry	Strengthening economies & places	International exchange, engagement & trade		
	Improve access and reduce barriers to participation in cultural and creative expression and experiences.	Invest in early years and school-aged education and community activities to grow cultural literacy, creative thinking, adaptability and lifelong creative engagement.	Refine specialist education and training opportunities to grow digital capacity (including AI), meet future skills demand and build more sustainable careers.	Accelerate high-impact and innovative organisations, institutions, projects and activities. Impact considerations = cultural, economic & social.	Co-invest in place-based approaches that create liveable communities and increased economic activity.	Secure and leverage Australia's position as an innovative, stable, multicultural liberal democracy. Priority region: Asia-Pacific.		
OUTCOMES	Society-wide belonging, connection, cohesion, civic engagement & health benefits		Creative, adaptable people	Dynamic creative expression & sustainable industries, in cities, suburbs & regions	Increased economic contribution & liveable cities, suburbs & regions	Strengthened cultural relations, regional connectivity & creative trade		
MEASUREMENT	Cultural venue and event attendance statistics (ABS ²⁹)	Creative thinking performance (OECD ³²)	Training and workforce size – creative and cultural industries ³⁴	Percentage of total economy ³⁵	Creative trade balance (UNCTAD ³⁶)			
	Culture-related indicators in Scanlon-Monash Index of Social Cohesion ³⁰ and HILDA Survey ³¹	Cultural participation statistics (ABS ³³)	New/continuing businesses and not-for-profits by geography	Proximity-based and digital connectivity access measures	Cultural power (Lowy Institute Asia Power Index – Cultural Influence Measurement ³⁷)			
		Creative education access & quality – early years, primary, secondary	Success on international platforms		International creative exchange			

When considering what problems should be addressed, and the principles that should guide tax reform for the cultural and creative industries, it is important to be clear that tax reform is one of the enablers³ **uniquely available to governments** to achieve the outcomes that are common to the arts and culture policies across all levels of Australian government. **Tax reform is not an end in itself.** Rather, it is one of many ways to see government arts and culture policy ambitions realised.

² A New Approach (ANA), 2025. “Imagine 2035: Towards an arts and culture system that delivers for all Australians.” Produced by A New Approach (ANA). Canberra, Australia, page 10. Available at: <https://newapproach.org.au/publication/imagine-2035-towards-an-arts-and-culture-system-that-delivers-for-all-australians/>

³ We use the term ‘enabler’ to describe government actions outside of direct funding. See Sari Rossi, Angela Vivian, Kate Fielding. June 2025. “Government, Culture and Creativity: It’s about more than just funding.” Insight Report no. 2025-01. Produced by A New Approach (ANA). Canberra, Australia. Available at: <https://newapproach.org.au/publication/government-culture-creativity-more-than-just-funding/>

Principles

The Discussion Paper outlines four principles for good tax policy – fairness, neutrality and economic efficiency, simplicity and integrity. It also sets-out principles for targeted government support – public purpose, effectiveness, cost efficiency and sustainability.

Usefully, the recent Trade and Assistance Review 2023-24 highlighted that government incentives and assistance provide a critical opportunity to support activities that have long-term social and economic benefits:⁴

'... the process for determining who gets assistance must be **transparent and rigorous**. It needs to **guard against arbitrary bias** towards one activity or industry over another. If implemented carefully, such policies can **steer investments towards activities with long-term social and economic advantages that might otherwise be overlooked**.'

Some further principles that should be considered in the design and implementation of tax reforms are:

- **Clarity:** Easy-to-understand rules to encourage wider participation and ensure transparency.
- **Targeted:** Incentives that are well-targeted to address specific market failures or encourage desired behaviours (for example, to increase innovation, or early-stage investment) are likely to be more effective as they are directly responsive to the needs of the sector and the system.
- **Stability and Longevity:** Investors prefer predictable tax environments. Frequent changes can create uncertainty.
- **Complementary Measures:** Tax incentives are most effective when combined with other support mechanisms like grants, incubators, accelerators, and access to expertise. They are one mechanism within a system of reform.

These general reform principles are the appropriate starting point for considering tax reform and are generally applicable across government decision-making and tax policy processes. However, they **should be accompanied by principles that reflect the arts and culture policy aims of government**.

For example, **using the principles outlined in the indicative 'Strategy on a Page' in *Imagine 2035* (Figure 1 above)** would mean examining how tax reform helps Australia to realise an arts and culture system that is available and accessible, where innovation and preservation are both championed, where ambition and enterprise are nurtured, and integrity and partnerships are central to how the system operate.

We also believe that a **systems approach to tax reform** will yield the best outcomes for the industry, its partners, government and individuals and communities throughout Australia. This

⁴ Productivity Commission 2025, Trade and Assistance Review 2023-24, Annual report series, Canberra, page 33.

means considering the needs of those working in the sector, those supporting (funding, investing in and otherwise enabling) the sector, and those consuming, attending and participating in arts, culture and creativity. **Tax reform could have a role to play in all parts of the system – workforce, audience, industry, communities, government and business.**

Tax reform could also have a role to play in better understanding and solidifying the intersection of the arts and culture system with other systems and sectors. This means considering what behaviour changes are required, what actions can be incentivised, and new ways of seeing arts and culture integrated, incentivised and promoted.

For example:

- **are there tax reforms in tourism, hospitality, urban planning, transport, health, education, skills and other sectors, that could facilitate financial inflows for the arts and culture system?**
- **are there tax incentives that change the behaviour of consumers and increase their engagement with arts, culture and creativity?**

Problems

The Discussion Paper highlights that the sector has identified three core issues with current tax policy settings, noting that current settings create significant impediments to:

- creators' business viability
- international competitiveness
- income stability

These three issues are all related to the availability and volume of financial inflows to the cultural and creative industries.

ANA research has found that most of the financial inflows to the broad cultural and creative industries is from sales and services. In 2020-21, cultural and creative industries earned 87% of revenue from sales and services.⁵ This was true even for not-for-profits (culture subtype): prior

⁵ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 39. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

Noting that the percentage of sales and services does change with regard to the relevant subsector of the cultural and creative industries. For example (all for 2020-21): Motion pictures and sound recording activities: 82% sales and services income; Heritage activities: 60% sales and services income; Creative and performing arts activities: 70%. Further details can be found in the To Scale technical appendix at page 11.

to the COVID-19 pandemic, income from goods and services was 47% of revenue, with the second largest source of income being from government grants at 30%.⁶

In 2020-21, the three levels of government distributed an estimated \$16.4 billion to the cultural and creative industries (including targeted and wider-economy COVID-19 expenditure). Of this, a total of \$393 million was indirect, including a variety of tax concessions (all of which result in revenue forgone) accessed by a range of industries including the film industry, not-for-profit organisations, investors and individuals. For 2017-18 (prior to COVID-19), the three levels of government invested \$7.9 billion in the cultural and creative industries, including \$362 million of indirect expenditure. This compares to the more than \$45.6 billion in annual household expenditure being spent within the entertainment and recreation industry.⁷

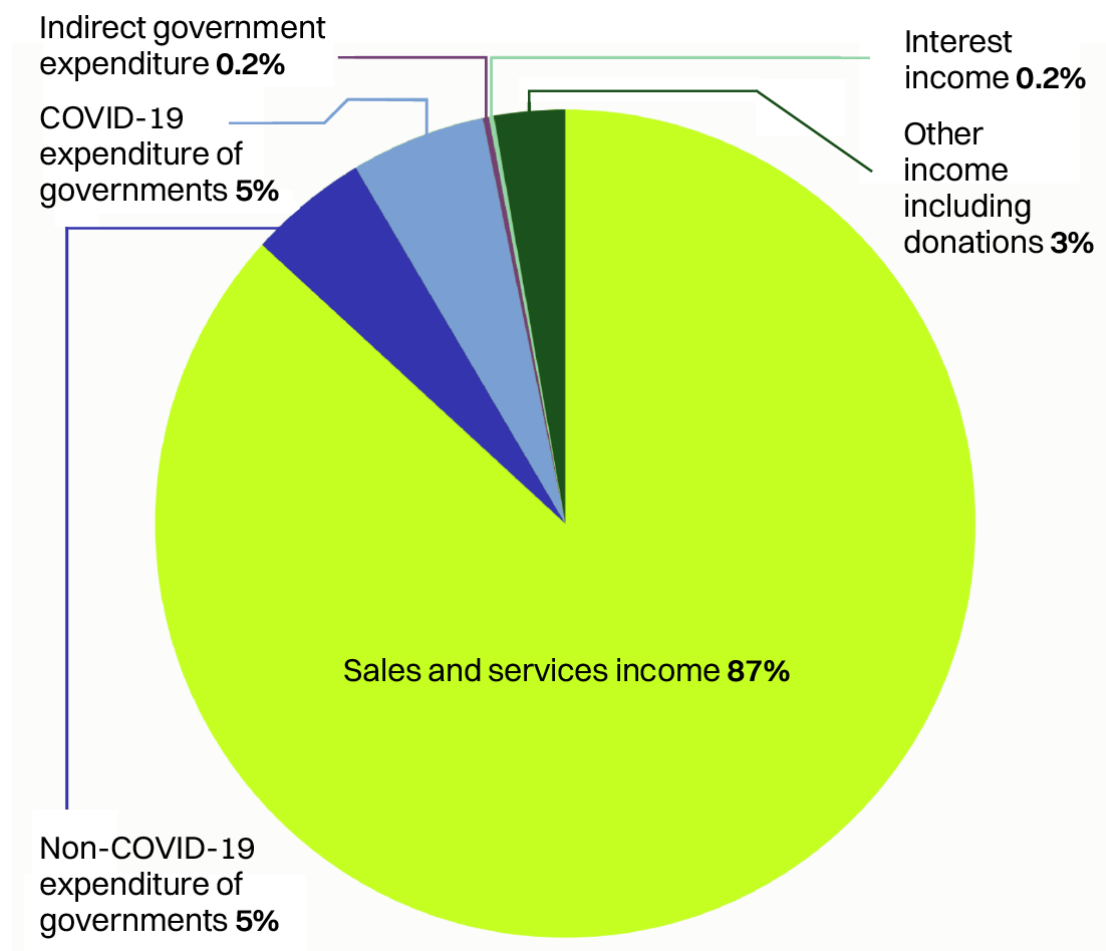
Figure 2 shows the total inflows to cultural and creative industries, broken down by type of income, for 2020-21.⁸

⁶ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 20. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

⁷ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 39. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

⁸ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 18. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

Figure 2: Total inflows to cultural and creative industries, breakdown by type of income, 2020-21.⁹



ANA and other research have previously highlighted that one of the challenges of growing the cultural and creative industries is a (mis)perception of higher risk. Other challenges include the predominance of micro, small and medium sized organisations and enterprises. And for companies that are IP-based there may be challenges with accessing finance due to the

⁹ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 18. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

intangible nature of their assets.¹⁰ However, investor sentiment in the cultural and creative industries is not well understood or monitored in Australia.¹¹

Taking these points into consideration, ANA research has highlighted the **opportunity to leverage new and existing finance opportunities for arts, culture and creativity, governments and industry by:**

- **Establishing a clearer line of sight on the interdependencies and risks** of the investment environment, for example, through environmental scanning
- **Facilitating cross-industry learning and collaboration**, for example, through increased information, advice, coaching and mentoring schemes
- **Drawing on information about underused and emerging sources of finance** held by financial brokers and investment specialists¹²

Growing this body of knowledge and insight would directly contribute to better understanding the type of tax reforms that would best incentivise the greatest investment in, and stability, of the arts and culture system.

Similarly, ANA research has also offered a **conceptual Return on Investment (ROI) framework that looks at the 'ROI needs' of different types of private and public investors**. The conceptual framework looks at returns on short-, medium- and long-term investment in arts, culture and creative industries.¹³ Again, this framework identifies tax incentives and reforms as one way to increase investment in the arts and culture system.

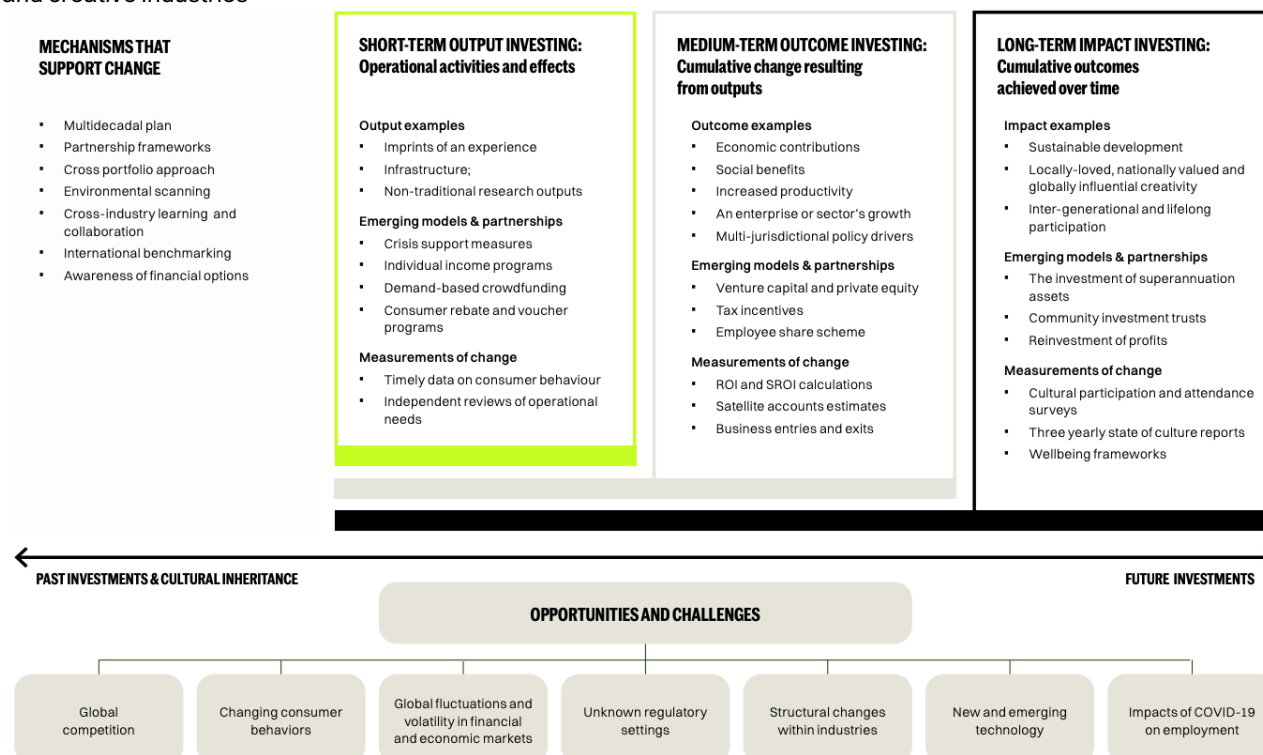
¹⁰ European Union, Towards More Efficient Financial Ecosystems: Innovative Instruments to Facilitate Access to Finance for the Cultural and Creative Sectors (CCS) : Good Practice Report (Publications Office, 2016), page 9. Available at: <https://data.europa.eu/doi/10.2766/59318>

¹¹ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 44. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

¹² Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 45. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

¹³ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 50. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

Figure 3: ANA's conceptual framework on returns on short-, medium- and long-term investment in arts, culture and creative industries¹⁴



Ultimately, attracting many types of private investment is about creating an environment where investors believe their capital will be secure, generate a competitive return, and contribute to a growing, well-supported industry.

Philanthropic giving is also a form of private investment, where there are different types of ROI sought, meaning different incentives or arrangements might be required. The Cultural Gifts Program is a prime example of how government support has leveraged philanthropy. For the past 40 years this program has successfully enriched Australian public institutions by providing a tax deduction when donating works of cultural significance to public art galleries, museums and libraries.¹⁵

Other vehicles to facilitate giving include (both operated by Creative Australia):

¹⁴ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 50. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

¹⁵ J Gardiner-Garden. (2009). Commonwealth arts policy and administration: Department of Parliamentary Services, Parliamentary Library.

- the **Australian Cultural Fund** which provides entities (including individual artists and artist groups) the opportunity to benefit from a special DGR status to fundraise towards a specific project
- **matched funding** which provides fundraising skills development to participants and dollar-to-dollar matched funding (up to a cap) for amounts fundraised

As part of the 2023 Productivity Commission's Philanthropy Review, ANA recommended that the eligibility criteria for deductible gift recipient status be reconsidered, with the aim to increase the ability of more arts and cultural charities to receive tax deductible donations.¹⁶

Ultimately, tax incentives are a powerful lever uniquely available to governments, but they are most effective when part of a broader, well-executed strategy.

2. Opportunities for tax reform

- **What tax changes would you like to see relating to the creative industries?**
- **What are the problems these changes would address?**

The Discussion Paper provides an overview of examples of tax reform that have been raised by the sector in recent years:

- Exempt some types of income from tax (for example, prize money, grants, awards and fellowships)
- Change GST settings
- Allow for more artists to claim expenses (increasing the limit for Non-Commercial Loss to allow artists to receive more income from other sources and still be able to claim for expenses related to art production)
- Simplify claiming expenses (for example, providing a standard flat rate of deductions to remove compliance costs and increase post-tax incomes)
- Offsets for specific industries (for example, theatre, live music and other live performances)
- Reform existing screen tax incentives (for example, increasing offsets, changing thresholds and harmonising application processes across federal and state incentives)
- Vacancy taxes to activate forgotten spaces (for example, incentivising land and property owners to make vacant spaces available)
- Property tax benefits for creative spaces (for example, targeted reductions in rates and property-related taxes)
- Strengthen incentives and systems for donating to the arts (for example, increasing deductions and schemes to support corporate giving)

¹⁶ Available at: <https://newapproach.org.au/wp-content/uploads/2023/05/Submission-to-the-Productivity-Commissions-Philanthropy-Review.pdf>

- Reform ideas for existing taxes and levies, including income tax, GST, fringe benefit, payroll and property related taxes, and levies such as the liquor licensing levy

As noted in response to Question 1, ANA would also suggest that this is **an opportunity to consider the availability of tax reforms that cut across sectors and industry to benefit culture and creative industries, while also highlighting the economic, social and wellbeing impacts of the arts and culture system.**

For example – it might be worthwhile considering **whether tax incentives are a way of integrating arts and culture investment in other sectors**, by providing for offsets, deductions or other forms of tax concession in circumstances where arts and culture is supported, such as where a health, education, urban planning, transport or renewable energy project includes a minimum percentage of its project spend on arts and culture investment to create benefits for both the sector and the community.

This could look like tax concessions being provided for:¹⁷

- a **residential development** including a library or public amphitheatre, to ensure residents can access public and free cultural infrastructure that support community connection and cohesion.
- a **health precinct** including funding for an ongoing full-time arts worker to support place-making and creative exchange, and implementing multi-disciplinary approaches to community health and wellbeing
- a **renewable energy project** with an illustrator or artist included in the local community engagement team to facilitate different entry points and ways of communicating about impacts (positive and negative) of the development.

Tax incentives could also have an important role to play in **creative skills and workforce development**. For example, research has highlighted the opportunity for tax concessions to 'encourage companies to employ newly qualified people and offer structured on-the-job training opportunities such as internships and traineeships.'¹⁸

¹⁷ Examples of approaches that may be relevant to designing a relevant tax concession include Western Australia's 'percent for art' scheme: <https://www.wa.gov.au/organisation/departments/housing-and-works/percent-art-scheme> and the Randwick health precinct and its approach to health, innovation and arts: <https://rhip.org.au/>

¹⁸ Sandra Haukka, 2011. Education-to-work transitions of aspiring creatives. Cultural Trends, 20(1), 41–64, page 60. Available at: <https://doi.org/10.1080/09548963.2011.540813>

3. Impact of tax reform

- What impact would these changes have on you and your industry? (both on inputs/costs and on outputs/outcomes).
- **Note: We welcome studies, surveys or examples from other jurisdictions as evidence to inform assessments of impacts.**

Some expected impacts of targeted cultural and creative industries tax reform could include (moving from the individual through to systems impacts):

- lower compliance costs and administrative burdens for individual creatives and small creative enterprises
- increased private sector co-investment, especially in regional and experimental projects, leading to improved economic security for creative professionals and organisations
- cross-sector growth in (for example) cultural tourism, education, and creative tech, providing for greater opportunities for innovation and mutually-reinforcing mechanisms that achieve government outcomes relevant to social and economic wellbeing
- improved co-ordination of government enablers to achieve whole-of-system and whole-of-government outcomes for the arts, culture and creativity system.

4. Managing risks and unintended consequences

- What are the potential risks and unintended consequences of these changes on the creative sector, the tax system and the economy?
- How might they be mitigated?
- What definitional or administrative challenges do you foresee with proposed reforms? How might these be addressed?

Risks and mitigation strategies

Some of the risks involved in pursuing tax reform is that there might be a **loss of revenue for government without the desired sector uplift**. This could be because:

- the reforms are not sufficiently targeted to the sector
- there is a misapplication of tax concessions or an opportunity to 'rort' the reforms
- the reforms are too obscure or complex for individuals or organisations to utilise.

For example, when considering whether tax reform is the most appropriate approach to implement to resolve an issue, it is critical that the **inherent complexities of the taxation system** are considered. While sophisticated business, large investors and many philanthropic organisations have resources dedicated to understanding and navigating taxation, this will not so frequently be the case for smaller **organisations and individuals who may be unaware of**

available tax mechanisms, or unable to afford the necessary advice and guidance to maximise their tax arrangements.¹⁹

Mitigating these risks could include:

- **co-designing policy and implementation** approaches with the individuals and organisations who will benefit from them
- **automation or other prompts** for reforms designed for smaller organisations and individuals who are unlikely to benefit from taxation advice or expertise
- **using a test-and-learn approach** to allow for quick iteration at a smaller scale before wider roll-out of reforms
- **monitoring and evaluating the impact** of reforms, to then inform further iteration and implementation

Administrative challenges and solutions

The **administrative burden** on government created by new tax arrangements may also be considerable from a system perspective of ensuring the arrangements are legislated, turned into a functioning process, and then monitored for their use and compliance.

Other challenges may include finding ways to:

- capture non-traditional art forms and hybrid practices
- align tax instruments and mechanisms across three levels of government
- consider, design, implement and evaluate reforms in a whole-of-system and whole-of-government context.

Some solutions may look like:

- **co-designing policy and implementation** approaches with the individuals and organisations who will use them
- **identifying opportunities to leverage existing** definitions, resources and networks within the cultural and creative industries
- **fostering intra- and inter-jurisdictional networks and co-ordination mechanisms**, to support policy alignment, data sharing and other efforts to work across policy areas and jurisdictions.

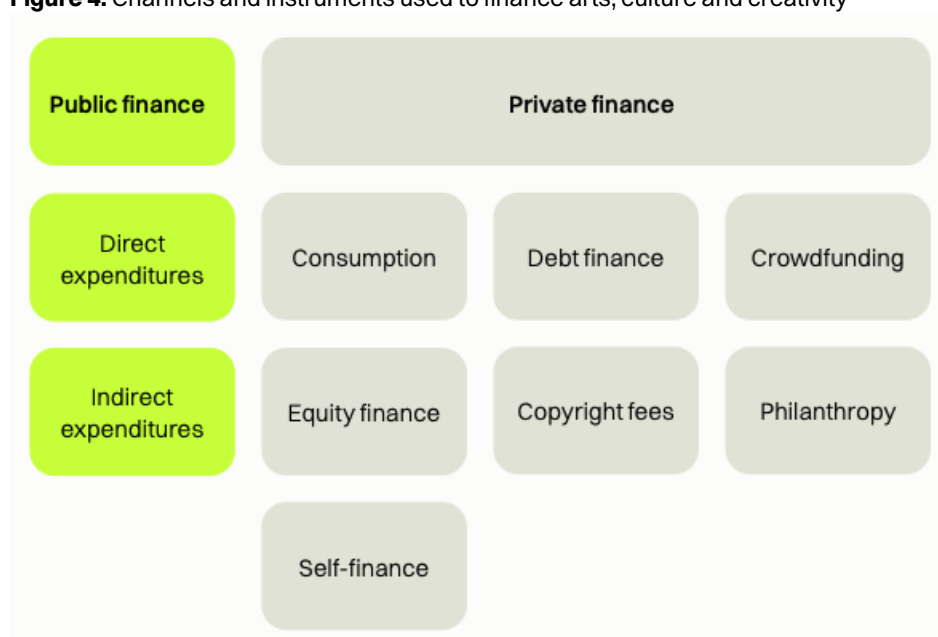
¹⁹ Research has revealed that the complexity of tax law was viewed as a barrier for engaging with tax obligations, and that a large portion of artists were not aware of specific tax concessions available to them. This research found that it is not only artists that are unaware of tax concessions but also about 16% of tax advisors were unaware of specific concessions such as income averaging and non-commercial loss provisions. And more than 50% of tax advisors were unaware of the Australian Cultural Fund. See: Brett Freudenberg. (2011). Change for change's sake: are tax reforms required to assist the Australian arts sector? *Cultural Trends*, 20(1), 85-106. Available at: <https://research-repository.griffith.edu.au/server/api/core/bitstreams/76ec5873-980b-5cdf-82a4-765b683d03b0/content>

5. Alternatives to tax

- Are there alternative approaches, such as grants or regulation, that could address the underlying challenges?
- Could the tax changes be an alternative to existing grants or regulations?

ANA research has identified nine finance channels or instruments that contribute financial inflows into the cultural and creative industries.²⁰

Figure 4: Channels and instruments used to finance arts, culture and creativity²¹

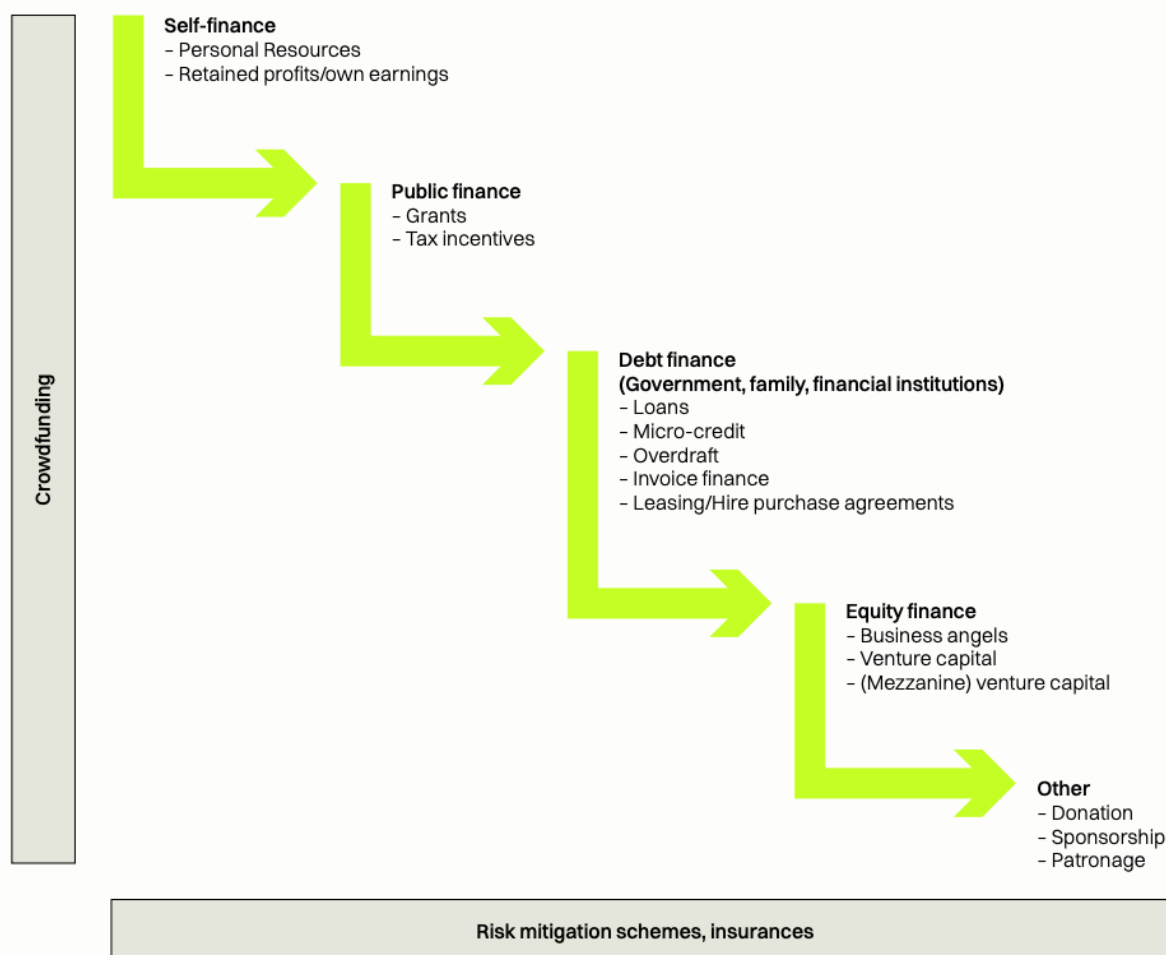


²⁰ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 24. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

²¹ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 24. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

The OECD has also created a typology of funding sources.²²

Figure 5: OECD Culture Fix typology of funding sources²³



The most appropriate form of financial inflow will depend on the specific outcome being sought and the precise problem being solved. Each of these approaches are an enabler of arts and culture – and they need to be designed to work together, with at least some sense of policy coherence.

²² OECD, “The Culture Fix: Creative People, Places and Industries,” 2022, Figure 5.15 on page 230. Available at: <https://doi.org/10.1787/991bb520-en>

²³ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. “To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity”. Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 11. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

Some alternatives to tax reform could look like:

- microgrants and seed funding for early-stage creators
- regulatory reform to support zoning for creative spaces
- blended finance models combining grants, loans, and tax offsets.

Tax reforms will never entirely replace other financial mechanisms. For example, grants remain essential for experimentation, public value, and inclusion. Tax settings are likely best used to complement – not replace – grant programs by encouraging co-investment and scale.

6. Compliance

- **What changes or support would make it easier for you to comply with tax obligations?**

Some compliance opportunities that should be considered include:

- the French deduction rules and processes outlined in the Discussion Paper. These provide an example of **dramatic simplification of expenses for creatives where the taxation treatment and rules appear to be proportionate** to the income earned.
- exploring **opportunities to proactively provide greater certainty about the application of taxation arrangements** using, for example, pre-filled tax templates, prompts, guidance, integrated digital tools and other information **tailored for and tested with** creative workers and arts professionals.
- **tax literacy initiatives** for specific cohorts, including First Nations artists and arts organisations, emerging artists and those new to the sector.
- **targeted professional development** for tax advisors and other tax professionals to increase exposure to and knowledge of specific tax arrangements for the cultural and creative industries.

7. Anything else?

- **Is there anything else you'd like to submit on tax reform for the creative sector?**

ANA research has previously highlighted the need for **greater transparency of indirect expenditure by government in the cultural and creative industries**.

In considering tax reform for the arts, culture and creativity system, this is an ideal opportunity to look at what it would take to report on indirect expenditure – including sector-specific tax concessions – to see this type of funding reported with the same level of detail as direct expenditure in the cultural funding by government data.²⁴ This transparency would offer significantly more detail to inform future tax reform policy decisions and could facilitate evaluation of the value and impact of existing tax reforms.

In a similar vein, the recent Trade and Assistance Review 2023-24 highlights **the value of monitoring and measuring** the benefits of government measures designed to support specific industries or sectors:²⁵

'The effects of measures that might confer assistance to industry on the wellbeing of the community and the economy overall depends on their type and design. Many measures are intended to stimulate activities that markets under-provide (such as research and development) or support environmental, social, or national security objectives. Others, like tariffs, provide targeted assistance but generally impose negative net impacts on the wider community. **Whatever their net impacts, it is useful to transparently monitor the magnitude and nature of measures that benefit industries** – a task that the [Trade and Assistance Review] fulfils annually. As a document intended to provide transparency, the [Trade and Assistance Review] reports on the form and magnitude of industry assistance. It does not assess the cost-effectiveness of individual policies. However, **publishing the industry assistance value of policies contributes to the transparency required to undertake such an assessment.**'

²⁴ Kate Fielding, Angela Vivian, Sari Rossi, August 2023. "To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity". Insight report no. 2023-02. Produced by A New Approach (ANA). Canberra, Australia, page 44. Available at: <https://newapproach.org.au/publication/to-scale-mapping-financial-inflows-in-australian-arts-culture-and-creativity/>

²⁵ Productivity Commission 2025, Trade and Assistance Review 2023-24, Annual report series, Canberra, page 42.