

2 March, 2026

To: Chair, Standing Committee on Communications, the Arts and Sport

Submission: Parliamentary inquiry into arts and cultural philanthropy

The Committee for Sydney welcomes this inquiry's focus on actions to encourage increased philanthropic support for creative culture, and we appreciate the invitation to provide this submission.

From live performance and visual arts to digital games and festivals, Sydney's creative culture is a cornerstone of our identity, economy and global reputation. It generates social, civic and economic benefits that are not, and likely cannot be, fully captured by private markets.¹ It contributes to social connection and cohesion, cultural identity and community wellbeing, and supports a sense of welcome and inclusion by enabling diverse voices and stories to be expressed.² It strengthens placemaking and liveability, activating public space and generating positive spillover effects for tourism, education and local economies.³

However, because these benefits are collective, long-term, and hence often intangible, they are systematically under-resourced without public intervention.⁴ With the production of creative work an increasingly precarious exercise,⁵ there is a strong justification for public policy and public investment to take an active role in stewarding cultural assets and communities, to ensure equitable access, and to align cultural and philanthropic activity with broader government objectives including wellbeing, inclusion and economic resilience.⁶

This submission draws on extensive consultation with the creative, tax, property, policy and philanthropic sectors, including a dedicated workshop bringing together senior tax, property and culture leaders. The following recommendations respond to items 3-5 from the terms of reference for this inquiry, and are designed to encourage private investment and philanthropy through smarter incentives, support innovation and risk-taking in the development of new creative works, activate underutilised spaces and infrastructure for cultural use, and align tax policy with local, state and national cultural goals and international best practice.

These recommendations reflect a shared ambition to build a more equitable, dynamic and resilient creative culture. If implemented, they could make a transformative impact, unlocking new funding pathways, reducing compliance burdens and stimulating cultural production at every scale – from grassroots initiatives to major public works. They would help reposition Sydney and the nation as a global leader in creative innovation, attracting talent, investment and audiences from around the world.

¹ Productivity Commission (2024), Future Foundations for Giving. <https://www.pc.gov.au/inquiries-and-research/philanthropy/report/>

² Creative Australia (2023), Creating Wellbeing: Attitudes and engagement with arts, culture and health.

<https://creative.gov.au/research/creating-wellbeing-attitudes-and-engagement-arts-culture-and-health>

³ Creative Australia (2024–25), Where Community Meets Creativity: Mapping Community Arts and Cultural Development.

<https://creative.gov.au/research/where-community-meets-creativity-mapping-community-arts-and-cultural-development>

⁴ Creative Australia (2022), Valuing the Arts in Australia and Aotearoa New Zealand. <https://creative.gov.au/research/valuing-arts-australia-and-aotearoa-new-zealand>

⁵ Committee for Sydney (2024), Making it in Sydney: Actions to provide more creative production space. <https://sydney.org.au/wp-content/uploads/2024/11/Committee-for-Sydney-Making-It-in-Sydney-November-2024.pdf>

⁶ Committee for Sydney (2024), Submission on wellbeing and performance frameworks in NSW. <https://sydney.org.au/policy-library/draft-performance-and-wellbeing-framework-submission/>

Who we are

The Committee for Sydney is an independent urban policy think tank. We are advocates for the whole of Sydney, focused on developing solutions to the most important problems our city faces. We are backed by 150+ member organisations representing key business, academic and civic organisations across Sydney. We advocate for policy and investment outcomes that shape the future of Greater Sydney. We work across six distinct and connected program areas, including planning, mobility, resilience, economy, culture, and equity and fairness.

The Committee has a strong track record of research and advocacy in support of Sydney's creative culture, including wide-ranging reforms to the nightlife and 24 hour economy, public place activation, street festivals, and the makings of a new kind of real estate not-for-profit for affordable creative workspace – a Creative Land Trust for Greater Sydney.

Key recommendations

This paper prioritises six key reform measures (further ideas are included in an appendix). They are targeted, scalable and designed to improve equity, reduce complexity and stimulate investment in the creative culture.

1. Below-market leasing incentive

Recommendation: Introduce a tax deduction for landlords who lease properties to certified creative organisations at below-market rates.

In many urban property markets – and acutely across Greater Sydney – creative operators can't afford market leasing rates for properties. The property types many creative businesses are seeking are often also targeted at commercial or retail-type uses. Property leasing rates are valued on their potential commercial rental values. This effectively prices out creative activities, and can even lead to perverse outcomes in which landlords consider it better to keep properties vacant rather than rent to creatives at below-market rates, which could jeopardise their book valuation.

Potential impact?

This reform recommendation is designed to enable landlords to deduct the lease value difference when they lease out space to certified creative businesses at a below-market rate. It would address access to affordable space (a key barrier to participation), encourage activation of underutilised property, and build on models used in housing and social infrastructure.

Creative operators would pay below-market rates for leasing a property. The value of the deduction for the property owner is the difference between market value and lease value. The deduction would need to be grossed up for tax (i.e. value of deduction is only at 30% for corporations in cash).

Good tax policy?

There are existing structures in place across the property market that already provide a similar level of support. These include programs for build-to-rent, affordable housing and social housing. Many existing tax policy incentives utilise tax deductions and “gross them up” (i.e. fully reflect each transaction even if they cancel each other out, rather than recording the net transactions or balances), an approach used in the housing industry.

Other levers could include state tax and land tax. State governments could also use reinsurance as a lever, offering insurance by covering premiums including property insurance and public liability.

Risks, spill-over effects or wider consequences?

If the asset class/organisation type is not well defined (e.g. renting to architects or advertising agencies who would consider themselves 'creative' but not be subject to the same cost pressures as others). Solutions could include a clear process for making those definitions. A good example is the Australian Charities and Not-for-profits Commission (ACNC), which was established to both govern and define which charities had access to charitable settings (another less satisfying option would be to means-test creative tenants).

Subletting could also result in the wrong tenants getting access to the incentive. This could be solved by drafting lease terms to define creative use and how a property can be sublet.

Who is responsible for the change?

Tax reform led by the Australian Government and states, informed by consultation with and ultimately taken up by the property industry.

2. Expand R&D tax incentives to creative IP

Recommendation: Extend the R&D tax incentive (RDTI) to include original creative works and clarify eligibility for creative IP development.

The RDTI is a federal tax incentive that offsets some of the costs of undertaking R&D within a business. It is available to any incorporated entity that conducts (or plans to conduct) R&D activities related to the organisation and is spending more than \$20,000 on R&D. This reform recommendation proposes broadening what can be considered as 'Core R&D' under the ATO's eligibility criteria. As it stands, the RDTI is weighted towards scientific, technical and manufacturing activities, meaning creative output is excluded – even if it is novel or innovative.

As part of the wider Strategic Examination into R&D (SERD) being undertaken by the Australian Government, there is an urgent need to expand Australia's focus on R&D to one of innovation, with the desire to increase innovative activity undertaken by businesses. Expanding the RDTI's eligibility criteria to include novel or innovative creative activities and outputs would help to incentivise such activities being undertaken in the Australia creative sector. In turn, this will create more opportunities for job creation, export opportunities and investment into the sector.

This expansion would require clarification of what is considered 'original work' and require an increased focus on IP generation in a creative context to satisfy R&D knowledge needs.

Potential impact?

This measure would strongly support innovation and risk-taking in cultural production, nurturing local development, as well as encouraging retention of Australian IP. It mirrors international models that recognise creative R&D.

This could have a huge impact on screen and digital games. In creative sectors, the RDTI currently applies to the technical work, but not to the creative work. This reform would expand the focus to the creative ideas and products, providing a framework for supporting creative risk taking in the sector.

Good tax policy?

This is a policy reform that builds on an existing taxation structure, is progressive and builds on an equity framework. It creates opportunity for job creation, with an efficient broad base, and potential to pair with other rebates.

Risks, spill-over effects or wider consequences?

Like any other tax incentive, this will have a direct cost to the Australian Government, but must be weighted up by the value of the IP being generated. It would need to consider how the reform is supporting Australian talent and IP creation, and requires debate on how 'originality' is defined for the purposes of the eligibility criteria.

Who is responsible for the change?

Australian Government (states could also develop a scheme).

3. Superannuation donations to cultural organisations

Recommendation: Enable superannuation contributions to be donated to registered cultural organisations upon death.

One of the most significant areas of potential private support for creative culture is superannuation balances remaining at the end of life. Australia's superannuation savings are currently valued at more than \$4.1 trillion. However, many people die with significant superannuation savings intact.

Current policy settings discourage Australians from giving a portion of these remaining savings to charities. Donations to eligible charities when people are alive are tax deductible. Gifts or bequests through a will are also tax free. By contrast, bequests to charities from superannuation are subject to a 17% tax.

The process is also more complicated, differs between superannuation funds, and is often an area of legal dispute. Currently, people are unable to directly bequest funds to a charity from any remaining superannuation when they pass away.

Removing the 17% tax on making a superannuation death benefit to a charity and allowing charities to be a direct recipient of a death benefit nomination would open a significant source of private financial support for creative culture.

Potential impact?

This would unlock new philanthropic pathways, encourage legacy giving, and build on work conducted by Impact Economics and Policy and Philanthropy Australia. It has the potential to significantly increase the giving culture in Australia, as well as directly increasing revenue for cultural organisations. This would reduce the reliance on public funding, as well as delivering a tax-free death benefit.

Risks, spill-over effects or wider consequences?

Questions to be resolved here include how categories are decided, what risks of tax minimisation might exist, and a better understanding of the reasons for the existing limitations on who you can leave your super to.

Who is responsible for the change?

Australian Government. An awareness raising campaign encouraging Australians to give could explain the transformative role gifts from super, estates and bequests can play in ensuring the long-term sustainability of arts and culture in this country.

4. Enhanced cultural donation deduction (150%)

Recommendation: Increase the tax deduction for donations to cultural organisations to 150%, capped at \$10,000.

This reform recommendation proposes lifting the tax deduction rate for donations to cultural organisations to 150% of the donation value, capped at \$10,000. The purpose of this is to incentivise private participation in culture to levels already seen in other charitable areas (e.g. medical research).

This should be capped at a lower level (e.g. \$10,000) in order to create a culture of giving, and to avoid unintended uses such as money laundering.

Potential impact?

This would encourage broader participation in giving to support creative culture. It supports equity by targeting lower-income donors. Inspired by UK GiftAid and other international models.

It has been designed to reach the large numbers of lower income donors who currently do not give to support culture, and would particularly benefit creative work with younger and more diverse audiences. By engaging new donors, it would also deepen their engagement (e.g. increasing attendance).

Good tax policy?

It broadens the pool of givers, and could be applied through same tax receipt process as at present. May make sense to deliver via an intermediary (e.g. Australian Cultural Fund). Capping the maximum amount provides good integrity.

Risks, spill-over effects or wider consequences?

This may lead to other charities or sectors arguing they should have access to a similar incentive. It might lead to substitution of government funds and would need to be a special register. Should be reviewed as arts/culture including as a proportion of national giving.

Who is responsible for the change?

Australian Government.

5. Pre-production rebates for creative works

Recommendation: Introduce a rebate for eligible pre-production costs in live performance, festivals and other creative works.

Production is the riskiest part of creative work, particularly live performance. The issue is most costs are incurred before opening night, with the hope of ticket sales making a profit. If it is unsuccessful, it becomes a sunk cost. This upfront risk disincentivises the industry from creating and producing original works. The rebate would act as an insurance policy for the producer/promoter/individual artist, offsetting that risk.

The rebate would apply to all pre-production costs — similar to the post-production rebate that currently exists in the screen and gaming sectors. It would effectively be a 'cash back' rebate rather than a 'tax back rebate,' enabling both not-for-profits and for-profit entities to claim this on their upfront costs.

Good comparative examples include:

- UK rebate: Highly enticing. Has led to works being taken/established in the UK rather than Australia, moving production investment offshore
- USA rebate: *Moulin Rouge* (live musical) was developed using Australian IP, but in the USA, due to a government incentive/similar subsidy
- 1980s Australian creative incentive: A rebate of 150% back. Drove massive investment, but eventually became a tax avoidance scheme. Worth studying and learning from.

Practically speaking it would likely include:

- ‘Refundable’ and ‘non-refundable’ options
- Reduction in tax payable (if in profit)
- Actual cash deduction/refund (if in loss position) – this also goes to timing, as many productions will be in a loss position at the time of opening.

Potential impact?

This would reduce the risk in cultural production, supporting both not-for-profit and for-profit entities. It builds on successful screen and gaming rebate models. It would support Australia’s competitiveness in global creative production markets.

Good tax policy?

It is equitably applied to both not-for-profits and for-profits, and can be claimed regardless of tax position (profit or loss). It can be structured to reflect government priorities — stimulating sectors as needed.

In terms of integrity, it would be tied to actual expenses, ensuring genuine industry investment.

This would be scalable and targetable. Initial subsidy levels could be ~40% of eligible pre-production costs.

You could:

- Apply it to all quantum of production: from tens of thousands to million-dollar projects
- Apply it to Australia-only IP
- Apply it to shows produced in specific locations (e.g. regional shows and festivals / particular creative suburbs)
- Target specific sectors — e.g. government could stimulate different parts of the creative economy at different times (as NSW has done with screen and gaming)
- ‘Rebate tiers’ could be introduced based on company or project size
- It could be limited to only new works, or reimagined works – or more broadly to all manner of live performance, festivals and other events
- It could include venue hire, scripts, set design and construction, purchasing equipment and so on.

An alternate or potentially complementary incentive to offset pre-production costs is a rebate that could be offered to audiences, similar to NSW’s covid-era ‘Dine and Discover’ vouchers (these would be state-based).

Risks, spill-over effects or wider consequences?

This would encourage new creative IP development and risk-taking, and help shift investment back onshore. Strong potential for cultural and economic growth across regions and sectors.

The risk of non-productive spend should be managed (e.g. you cannot claim unless you have an opening night) to prevent sitting on IP or idle equipment purchases.

Who is responsible for the change:

Likely Australian Government. However, states could contribute as they have with screen and gaming subsidies. The measure would provide a high degree of fiscal flexibility and targeting capacity, with governments able to dial up and down:

- Rebate percentage
- Eligible sectors or locations
- Budget exposure.

6. Develop an arts impact investment fund

Recommendation: Build on early-stage pilots to develop a fit-for-purpose arts impact fund, backed with investment-readiness support for relevant organisations.

Since 2015, Arts Council England has deployed more than £20 million in repayable finance to arts, culture and heritage organisations, strengthening financial resilience while delivering clear social results, including community regeneration, job creation and expanded access to culture. Independent evaluations show participating organisations have been able to increase their earned income, diversify revenue and speed innovation, without compromising artistic ambition. Experience shows these investments worked best when paired with structured support to help organisations strengthen governance, business planning, revenue strategy and impact measurement – capabilities that reduce risk for investors and improve accountability for public co-investment.

This kind of government-backed impact investment can support creative sectors by providing patient, fit-for-purpose capital that supports sustainability, innovation and growth while delivering public benefit. This should be backed by resources to provide pre-investment readiness programs, grants or technical assistance, common impact measurement frameworks, and tailored support to help organisations articulate and provide evidence of outcomes alongside their financial model

Potential impact?

This could deliver structural, long-term benefits for the creative industries that cannot be achieved through grant funding alone. The UK case study shows how specialist fund management and advisory support can attract additional philanthropic and private capital to the creative sectors, improve impact measurement, and in part, reduce long-term reliance on grant funding.

Good policy?

Public money is leveraged alongside co-investment meaning risk is shared and funds can be recycled, improving value for money. Results can be transparently assessed through agreed financial, social and cultural impact measures, strengthening accountability and evidence-based decision-making. The UK experience shows this model makes a positive contribution to the creative funding ecosystem.

Risks, spill-over effects or wider consequences?

There are risks of misalignment between financial products and sector capacity, or the perception that impact investment replaces grant funding. UK experience shows these risks can be mitigated through specialist fund design, tailored repayment terms and clear policy positioning that impact investment complements public subsidy.

There are significant positive spill-over effects for the creative sectors, with improved financial literacy, stronger governance, better impact data, increased investor confidence, and the development of a sustainable financing market for creative enterprise. Over time, these spillovers reduce systemic risk and dependence on short-term public funding cycles.

Without a government-backed impact readiness and capability layer, an Australian arts impact fund risks only serving the already well-resourced. With support, impact investment can reach a broader, more diverse set of organisations (including regional and smaller providers) and deliver stronger, more measurable cultural, social and economic returns.

Who is responsible for the change?

The Australian Government (through Creative Australia) is best placed to design and oversee the pilot fund, working in partnership with Treasury, philanthropic foundations, social investors and specialist intermediaries. Government investment is essential to derisk the market, signal policy intent, and catalyse co-investment. As

demonstrated in England, sustained public leadership is the critical factor in translating impact investment from a niche concept into a durable financing mechanism for the cultural and creative sectors.

In conclusion

Creative self-expression has a critical role in wellbeing, community building and social connection. It plays a crucial role in attracting talent, spurring a culture of creative risk-taking and innovation, and fuelling economic productivity.

This is the work of good government, making sure all the levers available are working in support of the vision, for a city and nation buzzing with creative energy and innovation. The potential here is for catalytic reforms that benefit the broader community, driving economic productivity and delivering on the strategic objectives of government.

In this most diverse of sectors – from huge events and establishment institutions to tiny not-for-profits and individual artists – no single change will solve for systems that have not kept pace with the way creative producers and entrepreneurs, landlords, foundations and philanthropists are now working. Hence our six priority reform recommendations above come with an appendix packed full of additional ideas, including widely supported initiatives like reviving matched reserves schemes.

We strongly support your efforts to unlock all this potential, and thank you for the opportunity to provide these thoughts. If you have any questions or would like to discuss further, we are more than happy to do so.

Kind regards,



Matt Levinson
Culture Policy
Committee for Sydney

Appendix: Further reform ideas

The creative sector's diversity is one of its great strengths, but it also ensures there will be no single silver bullet that can solve for all the issues and opportunities. The greatest benefit will accrue from high impact reforms, but to make a significant difference they will need to incorporate a larger suite of lower impact measures that added together will deliver significant impact.

The Committee for Sydney convened a workshop to develop ideas for cultural tax reform. The top six have been outlined in detail, however dozens were identified during the workshop. These have been summarised by typology in the following table. The Committee for Sydney would be happy to explore these in more detail should any resonate.

Taxation measure	Specific reform
GST	<ul style="list-style-type: none"> • Incurred GST expenses early (e.g. buying gear) – can't reclaim until \$75,000 threshold • Admin and consumer price burden at \$75,000 threshold – should be 100% • Remove GST on all not-for-profit status ticket sales • Raise GST to reduce compliance burden • Lower GST registration threshold • Allow part of GST to go to super • Streamlined/simple GST approach for cultural contributors • Recognise additional admin burden – support access to concierge-style lodgment • Provide tax specialists (class rulings) to creative sector • Recognise 'primary producer' status for artists (investigate further) • Education and professional tax advice – concierge service to lodge BAS for artists • Recognise and address cost of registering for GST • Consider DGR status for cultural economic participation
Income tax	<ul style="list-style-type: none"> • Make grants and prizes tax-free • Clarify hobby vs business rules (e.g. allow early deductions for creatives) • Flat rate tax deduction for creatives • Reduce red tape; improve tax compliance guidance for creatives • Review personal services income rules for the creative sector • R&D tax credits for original creative works • Include artists and creatives under PBI definitions • Culture Tickets Rebate – allow individual tax deductions for arts • Encourage superannuation for individual artists via pre-tax deductions • Introduce income averaging or better cash flow tools.
Philanthropic incentives	<ul style="list-style-type: none"> • Matched reserves scheme (government and corporate and donor) – even if not DGR • Facilitate donations from super funds (e.g. on death) • Increase tax deduction on DGR donations from 100% to 150% • UK-style GiftAid – redirect tax benefit to recipient instead of donor • Pre-tax payroll giving (with promotional incentives) • Expand cultural organisation definition to include heritage • Stamp duty concessions for transfers to DGRs or cultural trusts • Intermediaries to redistribute donations to individuals or for-profit creative businesses.
Industry incentives	<ul style="list-style-type: none"> • Incentivise producers – ensures artists are paid • Expand rent rebate to creative professionals (like gaming sector)

	<ul style="list-style-type: none"> • Expand games rebate to live performance sector • Rebates preferable to grants (more accessible) • Broaden definition of 'digital' in PPV incentives • Extend PPV incentives to artists • Recognise overlapping creative fields (e.g. art, film, design) • Consider AI-generated art – is it art? • Support production, live music, exhibitions and cultural venues with tax deductions • Provide certainty; make incentives activity-driven.
Property taxes	<ul style="list-style-type: none"> • Clarify eligibility for charity status of property trusts • Deductibility for cultural venue use – even if owned by others • Use apportionment for land use if mixed • Exempt vacant property used for cultural purposes • Accelerated depreciation for cultural/arts fitouts • Stamp duty concession for transfers to DGRs/trusts • GST exemptions for cultural uses (spaces/transactions) • Land tax exemption for not-for-profits allowing community cultural use • Creative enterprise zones – supported by tax relief and planning levers • GST relief for building upgrades, leases, purchases for cultural use • Tax deduction for below-market leases to certified creative organisations • Address vacancy rates through tax incentives.
Small business	<ul style="list-style-type: none"> • Raise non-commercial loss threshold • No tax on prizes, grants, fellowships • Reduce workers' compensation insurance burden for creative employers • Reduce/remove payroll tax for small cultural organisations • Allow instant asset write-off for artworks (e.g. moving art) • Business admin support to operate in a businesslike manner • Standard deductions for cultural expenditure • Production tax credits for making/producing • Rent relief for commercial leases for small creative businesses • Better classification of cultural small business (e.g. insurers, ATO) • Clear definition of small business – consistent across systems • Standardised creative industries toolkit – definitions, examples • Fringe benefits tax exemption parity for creative sector (equal to other not-for-profits) • Support contractor vs employee decision-making (e.g. guidance) • R&D credits for original creative IP • Income averaging – over five years, broader application • Early-stage venture capital incentives and exemptions • Encourage general tax sector reforms to reduce funding barriers • Allow landlords to claim deductions for below-market cultural leases.
Other	<ul style="list-style-type: none"> • Superannuation: ensure creatives can contribute pre-tax • Explore 'pokie tax' to fund cultural initiatives (creator signalling) • Details on priority ideas developed in the workshop.