

# 2024-2025 PRE-BUDGET SUBMISSION



FOSTERING CREATIVITY,  
INNOVATION AND  
ENTREPRENEURSHIP IN  
REGIONAL AND REMOTE  
COMMUNITIES ACROSS  
AUSTRALIA.

TRUSTED•PRACTICAL•NETWORKED

25 January, 2024

Australian Government,  
Assistant Treasurer and Minister for Financial Services  
Pre-Budget Submissions

Regional Arts Australia welcomes the opportunity to participate in the consultation process for the 2024-25 Federal Budget.

Through a national approach, RAA ensures arts and creativity across regional Australia. Our priorities are to strengthen artistic and creative practice through working across industry and policy sectors to build a stronger, more diverse and sustainable arts and creative industries sector.

We convene a National Advisory Committee made up of representatives who partner with us on our program deliveries:

- Regional Arts WA
- Regional Arts Victoria
- Regional Arts NSW
- Country Arts SA
- RANT TAS
- Flying Arts Alliance QLD
- Darwin Community Arts NT
- Arts ACT

Regional Arts Australia provides the government with a direct, cost effective and fiscally responsible means to boosting innovation within the national cultural ecosystem.

As an organisation and a network, we can respond in an agile and nimble manner. Our delivery record demonstrates best practice, reliability and transparency.

#### SUBMISSION CONTACT



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"I CAN'T SEPERATE  
THE ARTS FROM  
LIFE ... THEY ARE  
THE SAME"

Miss Dorothy Helmrich OBE

## ABOUT REGIONAL ARTS AUSTRALIA

REGIONAL ARTS AUSTRALIA (RAA) IS A NOT FOR PROFIT PEAK BODY THAT IS THE NATIONAL VOICE FOR ARTS IN REGIONAL AUSTRALIA.

In 1943 our founder Miss Dorothy Helmrich, affectionately known as Dot, envisaged a nation where people living in regional, rural, and remote Australia could contribute, participate, and enjoy the arts on equal level to those living in metropolitan areas.

For over 80 years, Regional Arts Australia (RAA) has been facilitating opportunities, increasing access, maintaining collaborative relationships, and providing timely support to celebrate Australian stories across art forms and across landscapes.

Regional Australia is changing, the role and value of the regional arts sector is changing.

Regional Arts Australia continues to be an active voice in this changing environment supporting artists, communities and the creative sector in rural and remote Australia.

# POLICY RECOMMENDATIONS

This submission outlines five recommendations for updating Australia's policy and investment settings to be more effective in ensuring Australians continue to have access to arts and cultural experiences wherever they live, work or study.

They are tangible mechanisms that support the delivery of the National Cultural Policy: Revive “to provide a solid foundation for future investment, within broader government fiscal settings” and “link existing programs with new funded initiatives.”

PROPOSAL 1 – UNLOCKING REGIONAL SPACES THROUGH NON-COMMERCIAL LEASING ARRANGEMENTS

PROPOSAL 2 – RECOGNITION OF PORTFOLIO INCOMES

PROPOSAL 3 – INTRODUCTION OF A CREATIVE INDUSTRIES' MANAGEMENT DEPOSIT SCHEME

PROPOSAL 4 – CROSS-PORTFOLIO INVESTMENT INTO REGIONAL CREATIVE LINKAGES PROGRAM

PROPOSAL 5 – SUPPORT FOR REGIONAL CULTURAL TOURISM

Many indicators have been pointing to a growing regional sector and greater integration of cultural industries with tourism, agricultural, health, education and technology particularly.

There is a strong relationship between positive impact on the success of commercial creative businesses and other businesses. Compared with other industries, the cultural and creative industries also have higher spillover effects into other industries in terms of total output, value-added and employment multipliers. They have a vital role in supporting business innovation and connecting creative jobs as a national growth indicator.

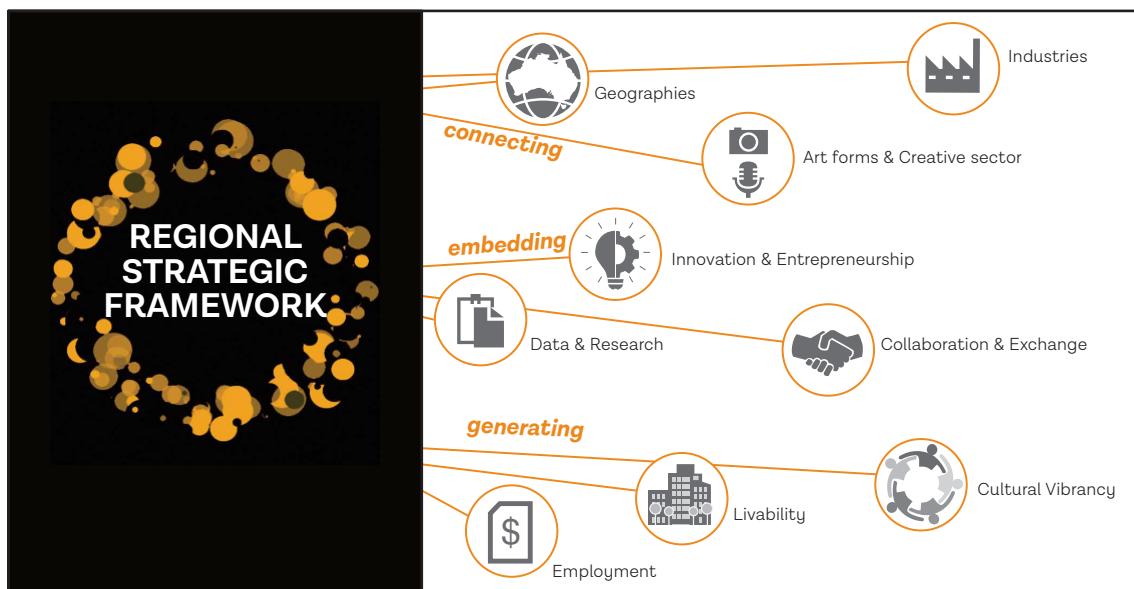
RAA's Regional Strategic Framework provides the mechanism for programs and initiatives to be delivered nationally while being responsive to local needs. Through this approach RAA is committed to maintaining strategic, collaborative relationships for the benefit of arts and creative practice across the country. To position creative practice beyond the arts sector building connected vibrant communities.

To be effectively equipped for the advances, challenges and opportunities that will be part of our future, a targeted strategic partnership scheme will support robust social and cultural infrastructure and local technical knowledge.

Connecting Industries demonstrates integration of cultural industries such as, tourism, manufacturing, agricultural and technology.

Connecting Industries unlocks the cultural ambition and potential of regional Australia by supporting clusters that are distinctive assets of a region or a product or cultural experience.

Partnerships are critical and are key in leveraging cross industry support and championing arts in the regions beyond the regional arts sector. An all of government approach with portfolios beyond the arts essential.



Support for these recommendations will:

1. Strengthen the practical foundations of the national cultural plan, 'revive' delivering strategic and tangible outcomes for the cultural and creative industries and the Australian public
2. Strengthen regional communities through the vital role cultural activity plays in community connection, economic revitalisation, and liveability
3. Increase opportunities for employment and skills development in regional Australia through a strengthened regional network of organisations, so contributing to sustainable careers in regional communities
4. Increase the capacity of regional organisations, including building pathways through strengthened relationships with the regional sector
5. Increase capacity for the creation of new Australian works in regional contexts
6. Increase capacity to reach communities and audiences in regional and remote Australia
7. Incentivise capacity to leverage investment with state and territory outer metropolitan, regional and remote local governments
8. Enable all-of-government collective return on investment and enhance strategic focus, operational transparency and accountability to regional investment

## PROPOSAL 1

### UNLOCKING REGIONAL SPACES THROUGH NON-COMMERCIAL LEASE ARRANGEMENTS

The current tax system induces landlords to leave shops empty and claim losses (against other income) rather than fill them. RAA recommends incentivising non-commercial leasing to artists, creative business and new ventures, by ensuring that low value non-commercial leasing will not affect value of commercial properties. Non-commercial lease arrangements would be an incentive for regional economic development generating regional vibrancy and economic stimulus.

Affordable spaces for creative individuals can rejuvenate regional main streets by infusing them with unique energy. These spaces become hubs for innovation, attracting diverse businesses and engaging the community. The presence of creative ventures adds vibrancy, fosters entrepreneurship, and transforms shopping districts into thriving, dynamic cultural destinations, enhancing overall economic vitality.

In a regional context the arts and cultural ecology tends to be embedded throughout the community, business and education sectors.

Non-commercial lease arrangements would support 'creative spaces', 'start-ups', 'co-working spaces' and 'in residence' programs in regional towns, cities and communities.

## PROPOSAL 2

### RECOGNITION OF PORTFOLIO INCOMES

RAA has heard from many artists about the difficulties they face with the current Cost of Living crisis. Many artists, like many Australians, are working multiple jobs, however, only one of those jobs attract the Tax Free Threshold.

One way that people can address Cost of Living pressures is through working a second or even third job, however when a substantial part of the income earned from that job is taken in tax this acts as a disincentive to additional employment.

The ABS states that:

*There were 955,600 multiple job-holders (6.6% of employed people) 7.9% of employed women were multiple job-holders, compared to 5.6% of employed men. Workers aged 20-24 years old were most likely to be working multiple jobs (7.9%)*  
(ABS Labour Statistics, Sep 2023)

With almost 1,000,000 people working more than one job, it is time for change. RAA believes that many of those with a second job are artists who are supplementing their creative industries' earnings through a second or even third job.

RAA believes that it is time for a structural change to the way that the Tax Free Threshold is applied, so that the current practice of Portfolio Incomes (where income is earned from a portfolio of jobs, including in the creative industries, not one single position) is recognised and supported.

In a time when we are all talking at length about the Cost of Living and how people on low incomes can make ends meet, the application of the Tax Free Threshold to only one job makes the business of “making ends meet” just that much harder. While it is fine to say that no one will pay more tax than they need to, and that it all comes out when their tax return is done, there is no getting away from the fact that workers cannot hold their electricity or rent bills over until their tax returns come in.

RAA believes that Portfolio Incomes are now entrenched in the Australian economy, and this is borne out in the ABS statistics. Further we believe that people working in the Creative Industries are highly impacted by the fact that they can only claim a Tax Free Threshold once. RAA asks that the Budget consider ways that the issue can be mitigated so that Portfolio Income workers receive the benefits of their work at the time the work is done, and not once their tax return is filed.

## PROPOSAL 3 INTRODUCTION OF A CREATIVE INDUSTRIES' MANAGEMENT DEPOSIT SCHEME

RAA is proposing the introduction of the above Scheme which would mirror the existing Farm Management Deposit Scheme (FMD). The new Scheme would allow artists, who like farmers, have good income years and bad income years to manage their cashflow to make the operation of their creative industry business more financially sustainable.

Just as the FMD account allows primary producers to make tax deductible deposits during years of good cash flow and withdraw them during bad years, we believe that artists should be able to do the same, because they have a similar economic/income profile. For example, an artist may only hold an exhibition once every few years, all the income earned in the year of the exhibition becomes taxable income. The RAA believes that the artist should be able to manage that revenue (and its tax burden) to better reflect the way the artist earns their income.

Farmers can claim a tax deduction for deposits made into an FMD account if they meet certain conditions. When they withdraw from their FMD account, these deposits count as part of the farmer's assessable income for that year. To be eligible to claim a deduction for a deposit to an FMD account, a farmer must:

- be an individual (including a partner in a partnership, or beneficiary of a



trust)

- be carrying on a primary production business in Australia when they make a deposit
- have no more than \$100,000 in taxable non-primary production income in the income year the deposit is made
- hold no more than \$800,000 in total in FMDs.

RAA is proposing that similar criteria be used for the proposed Creative Industries Scheme, whereby non-creative industries' income is factored into the ability to access the Scheme's benefits.

One of the major barriers to a successful arts' practice in Australia is the reality of "lumpy" income. Gaining a significant commission, holding a successful exhibition, being part of an on-going production can in an artist making substantial income in any given Financial Year. However, this can be followed by an "income drought" where there are no commissions, exhibitions or productions. If the taxation system enabled and facilitated artists to plan for income droughts then the entire sector would be far more financially viability and consequently sustainable.

The proposed Scheme replicates actions already taken by the Government to recognise the unusual income earning patterns that farmers experience. RAA believes that Australian artists deserve to receive similar taxation treatment to farmers because they share similar income profiles.

RAA would welcome the opportunity to work with the Government on the development of the Creative Industries Management Deposit Scheme as we view it as a very positive change to the taxation treatment available to artists who call Australia home.

## PROPOSAL 4

### REGIONAL CREATIVE LINKAGES PROGRAM

RAA recommends a whole-of-government investment that embeds creative innovation across industries in regional and remote Australia. Supporting the delivery of the National Cultural Policy, the RCLP fosters a whole-of-government collaboration that will enable portfolios to embed creative innovation, collaboration, entrepreneurship and cross-sector skill development within regional and remote communities.

Investment: The RCLP will deliver tailored programs responding to across an initial four portfolios, Health, Education, Environment and Tourism. Each portfolio would contribute up to \$10m annually over 4 years.

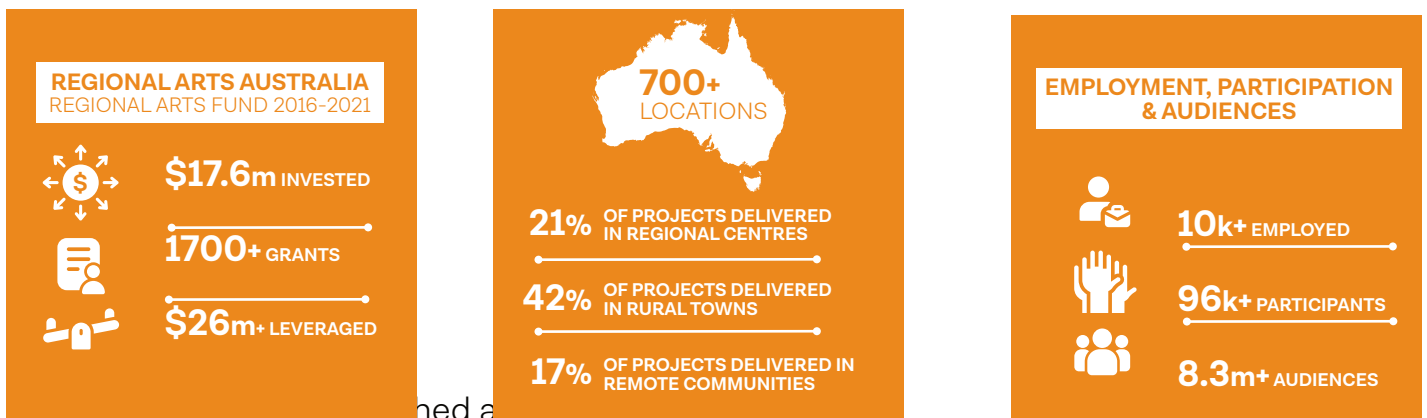


RCLP programs would be devised and tailored to meet government portfolio priorities. It will unlock the creative ambition in Australian regional and remote communities by integrating industries such as tourism, health, education, manufacturing, agricultural and technology.

The RCLP is informed by the success of the Regional Arts Fund (RAF), an Australian Government program that supports sustainable cultural development across regional and remote Australia.

Regional Arts Australia (RAA) can deliver the RCLP through sector development and partnership connections that will enable impactful program outcomes.

RAA will draw on its national network of creative practitioners, arts organisations, state and national based cross-sector partners in over 700 locations in regional and remote Australia.

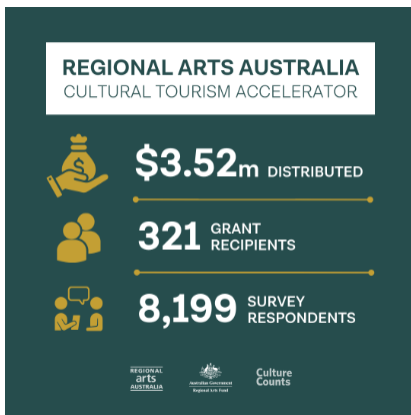


## PROPOSAL 5 - CONTINUATION OF THE REGIONAL CULTURAL TOURISM ACCELERATOR PROGRAM

In 2022 Regional Arts Australia co-designed the Cultural Tourism Accelerator (CTA) program with the Office for the Arts to enable arts organisations to promote and amplify cultural events for tourists across regional Australia. It was designed to: increase tourism visitation in regional, rural and remote communities across Australia; support place-based programs; build consumer confidence and activate engagement across communities and between regions; and support sector-led responses. The Cultural Tourism Accelerator was distributed using the mechanisms of the Regional Arts Fund, managed by Regional Arts Australia.

We know that arts and cultural activities can inform and reflect place-making and place-branding, can attract visitors and create product and

experiences. The impact of the CTA demonstrates this:



An investment of \$5m as an extension to Cultural Tourism Accelerator would drive innovation and skills, and create products and experiences that can be marketed regionally, national and internationally Enabling interaction and exchange allowing the place to flourish stimulating liveability, encouraging regionalisation generating employment and economic diversification.

A research report on a section of the Cultural Tourism Accelerator Program is attached as Appendix 2.

# APPENDIX 1 : REGIONAL STRATEGIC FRAMEWORK

## APPENDIX 2 : REGIONAL CREATIVE LINKAGES PROGRAM BRIEF

## APPENDIX 3 : CULTURAL TOURISM PROGRAM REPORT