

REGIONAL ARTS AUSTRALIA 2025-26 PRE-BUDGET SUBMISSION

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

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Fostering employment, innovation and entrepreneurship in regional and remote communities across Australia.

The Australian creative sector is uniquely positioned to contribute to the nation's resilience amidst the ongoing cost-of-living crisis while fostering innovation, collaboration, and economic growth. In this pre-budget submission, we outline six strategic initiatives designed to update policy and investment settings for the creative industries. These initiatives recognise the sector's potential as a driver of job creation, skills development, and regional and national revitalisation. By leveraging creativity as an economic and social asset, these measures aim to address immediate affordability pressures while building long-term capacity for innovation across other industries, such as advanced manufacturing, technology, and tourism.

Creative industries offer solutions that go beyond traditional economic models by embedding sustainability, inclusivity, and digital transformation into Australia's industrial framework. Targeted investment in programs such as regional creative hubs, sector-wide skills development, and cross-industry collaboration can unlock new opportunities for communities to thrive economically and culturally. Furthermore, by integrating creativity into broader economic strategies, we can stimulate the co-design of new products and services that meet evolving market demands and consumer expectations.

This submission highlights how strategic investment in the creative sector can deliver cost-effective, scalable benefits to Australians, empowering individuals, businesses, and communities to navigate current challenges and seize opportunities for a more innovative and sustainable future.

Regional Arts Australia provides 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." These are outlined by six initiatives positioned within in three themes:

Cost of Living Initiatives

- | | |
|---|---|
| 1 | Creative industries management deposit scheme |
| 2 | Unlocking regional spaces through non-commercial leasing arrangements |

Employment & Training Pathways

- | | |
|---|--|
| 3 | Employment based investment model for the arts & creative industries |
| 4 | Creative industries leadership in action program |

Innovation & Entrepreneurship

- | | |
|---|--|
| 5 | Supporting excellence in the Regional Arts Fund |
| 6 | Cross-industry collaboration - R&D creative clusters |

As an organisation and a network, we can provide the government with a direct, cost effective and fiscally responsible means to boosting innovation within the national cultural. Our delivery record demonstrates best practice, reliability and transparency.

We welcome the opportunity to participate in the consultation process for the 2025-26 Federal Budget.

SUBMISSION CONTACT

Ros Abercrombie
Executive Director
Regional Arts Australia

Cost Of Living Initiatives

Proposal 1

INTRODUCTION OF A CREATIVE INDUSTRIES MANAGEMENT DEPOSIT SCHEME

The introduction of a 'Creative Industries Management Deposit Scheme' would mirror the existing Farm Management Deposit Scheme (FMD). The initiative 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.

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. RAA believes that the artist would benefit if they could manage that revenue (and its tax) 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 and as such would have a positive effect on cost of living for creative practitioners.

Proposal 2

NON-COMMERCIAL LEASING ARRANGEMENTS

The current tax system induces landlords to leave shops empty and claim losses (against other income) rather than fill them. RAA recommends non-commercial leasing for artists, creative business and new ventures. ‘Loan to Valuation’, low value leasing as 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.

Employment and Training pathways

Proposal 3

EMPLOYMENT BASED INVESTMENT MODEL

Research by David Throsby and Katya Petetskaya for Creative Australia found the incomes earned by professional artists are perennially low. In the 2021–22 financial year, artists' income from creative work averaged only A\$23,200. Even when other sources of income are added – such as from teaching or working outside the arts – the average gross income of Australian artists was still only \$54,500 in the year. In the 2021–22 financial year, artists spent an average of 73% of their artistic income on expenses related to producing their work. 78% of artists use personal savings to sustain their practice, underscoring a profound financial commitment that often goes unrecognised.¹

'A musician is someone who puts \$5000 worth of gear in a \$500 car to drive 100km to a \$50 gig.' Popular meme

WHAT REGIONAL ARTS FUND (RAF) DATA SHOW US

Individuals apply more to the RAF than organisations. Organisations are more successful and receive 79% of project grant funding and 68% of all RAF competitive funding. Individuals receive 60% of quick response grant funding (a maximum of \$3000 per individual).

Applicants are contributing their own funds to projects at an average of 30% of the funds granted. The capacity for contribution of own funds to projects is decreasing.

Competitive funding projects provides 11 employment opportunities, and 6 professional development opportunities. The number of employment opportunities provided has increased by 23% since the previous reporting period, while the number of professional development opportunities has decreased by 12%. Employment opportunities do not solely represent new employment opportunities and often include staff not directly funded by project. In all cases the amount funded only allows for short-term engagement.

WHAT COULD AN EMPLOYMENT-BASED MODEL LOOK LIKE?

RAA seeks investment in a new funding program that provides secure employment for artists. Initially seeking to secure new investment of \$5 million dollars annually over 3 years to trial as a pilot program.

¹ Artists as Workers: An Economic Study of Professional Artists in Australia David Throsby and Katya Petetskaya. <https://creative.gov.au/advocacy-and-research/artists-as-workers-an-economic-study-of-professional-artists-in-australia/>

The national employment-based model would be delivered by RAA and provide the applicant with an annual salary, plus super, workers cover and leave, with a small financial allocation to seed programming, materials and/or operating costs. An investment of \$80,000 could comprise \$60,000 wages, \$10,000 oncosts and \$10,000 seed funding. Individuals could apply independently or with a partner organisation.

Key features of an employment-based model would include:

1. Employment Contract for a salary over 12 months, including super, workers comp and leave
2. Be applied for by individuals and or organisations
3. Partnerships with schools, libraries, health centres
4. Rigorous reporting, acquittal and evaluation
5. Artist-led outcomes not restricted to public outcomes
6. A focus on investment in practice

Table 1: comparison between project-based and employment-based funding models

| | PROJECT- BASED | EMPLOYMENT-BASED |
|---|--|--|
| % of funding to artists | Variable | 80% |
| Capacity to fully remunerate artists for work | Often fee based with artists expected to work whatever hours needed to deliver project | Artist is paid a wage for the year for agreed work outcomes – research, admin, planning is factored in |
| Employment basis | Short-term/casual contracts. Often fee based | Permanent part-time, with super, leave and sick leave |
| Security | Gig-based, funding reliant | once received – financial security built-in, regular payment |
| Number of grants per funds | Potential for greater number of smaller grants | Fewer grants awarded but for larger amounts and changing to an investment model |

Examples:

An artist applies for an employment artist contract for the year. The artist proposes program of activity and outlines benefits to practice and ability to generate further income. The applicant would enter into an employment contract with RAA.

A Council-run library applies for an employment grant to employ an artist-in-residence for the year. Provides own contribution to delivery program. The Library enters into a contract with RAA

A regional festival applies for an employment grant to employ an associate artistic director / creative producer or employs artist to make new work. Festival contributes to cost of programming. The festival enters into a contract with RAA.

| |
|---|
| <p>RECOMMENDED INVESTMENT FOR PILOT PROGRAM</p> <p>\$5M</p> |
|---|

Proposal 4

CATALYSING CHANGE THROUGH LEADERSHIP, CREATIVE INDUSTRIES LEADERSHIP IN ACTION INITIATIVE

Regional Arts Australia in partnership with the Australian Rural Leadership Foundation (ARLF) is leading a ground-breaking initiative to transform Australia's regional, rural, and remote communities.

The Creative Industries Leadership Action Initiative (CILAI) seeks to harness the power of creativity and leadership to tackle the complex challenges facing our regions today. By fostering innovative partnerships between creative industries and regional sectors the initiative is designed to generate lasting social, economic, and cultural benefits that will help communities thrive.

In 2024 we brought a group of the nation's leaders together via RAA's and ARLF's alumni networks to Ngunnawal Country (Canberra) to participant in a Creative Industries Leadership Action Initiative. The outcome, a Collaboration Canvas is a guide for governments, philanthropists, and businesses to invest in creative partnerships for regional development and outlines recommendations including the government's Ministers for Arts and Regional Development co-convening a national roundtable on Creative Industries in Regional Development; and replicating the CILAI across targeted regions.

We are seeking investment for a national 'Leadership in Action' initiative.

Scoped across 7 targeted regional and remote locations, each LIA program will function as a stand-alone program building skills and capacity; Convening Leadership, Facilitating Collaboration, Action-Oriented Outcomes.

These will come together in a cross industry, place informed Regional Development Summit.

Table 2: Key Benefits of Leadership Action Initiatives

| | |
|----------------------------|---|
| Crystallising Change | Provides a structured process to identify, clarify and catalyse change in response to pressing challenges. |
| Empowering Leadership | Equips leaders with the tools, networks and confidence needed to take bold action and drive transformative change. |
| Cross-Sector Collaboration | Encourages partnerships between diverse sectors, fostering innovative solutions that draw on a wide range of expertise and perspectives. |
| Scalable Impact | The outcomes of a Leadership Action Initiative are designed to be scalable, benefitting not just individual organisations or communities but contributing to broader regional and national development. |

Why this matters

Australia's regional communities are grappling with a range of challenges - climate change, economic shifts, natural disasters, and social disconnection to name some.

The future is regional. The future is creative.

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Traditional approaches to regional development are no longer sufficient. To build sustainable futures, we need new ways of thinking, collaborating, and leading. Creative industries are uniquely positioned to address these challenges by bringing fresh perspectives, fostering innovation, and enabling communities to reimagine their futures.

At its core a ‘Leadership in Action Initiative’ is a strategic vehicle for change:

- Enhance community resilience and wellbeing.
- Foster greater social cohesion, inclusion, and cultural identity.
- Stimulate economic growth and create new opportunities in post-industrial and disaster-affected regions.
- Build long-term partnerships that drive systemic change.

By placing creativity at the centre of regional development, the CILIA has the potential for profound and lasting impact on rural, regional and remote Australia.

**AN INVESTMENT of \$700K a year (includes 7 x LIA’s
and a National Regional Summit)**

INNOVATION & ENTREPRENEURSHIP

Proposal 5

SUPPORTING EXCELLENCE IN THE REGIONAL ARTS FUND

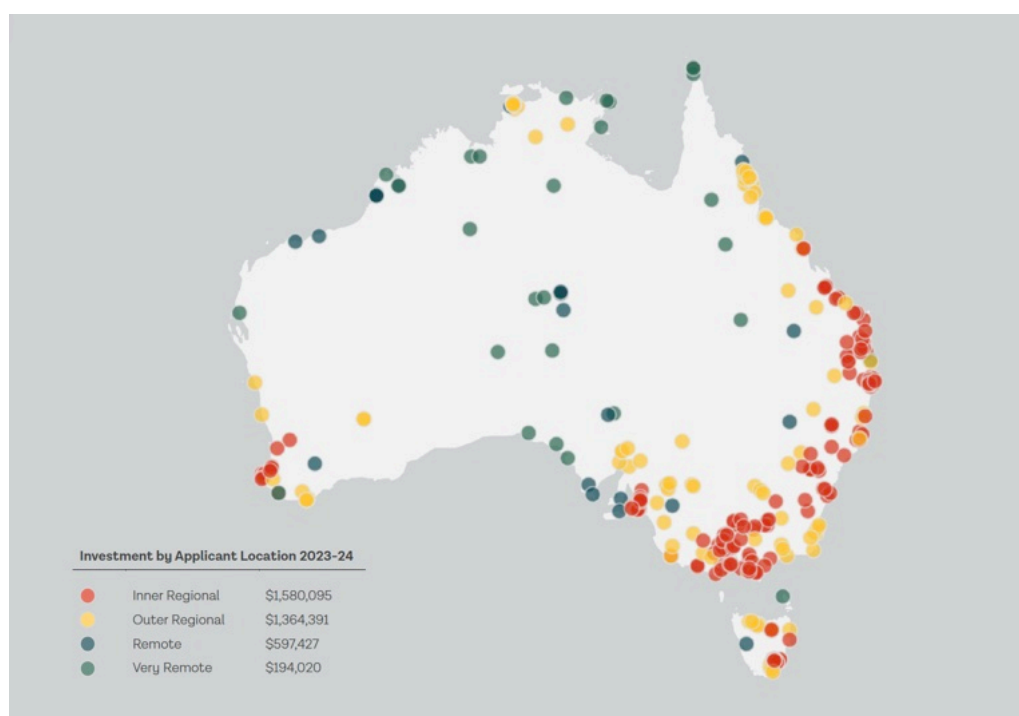
Place-informed, regionally-led programs seed longer-term cultural and economic sustainability, boosting local capacity, increasing accessibility and engagement. The Regional Arts Fund (RAF) continues to be one of the most successful avenues for delivering targeted programs that are devised by, and which meet the needs of, regional Australian communities.

Having both national coordination and devolved funding, the RAF model is highly regarded as an effective way to distribute investment to where it's needed.

The Australian Government's Regional Arts Fund (RAF) consistently provides resources towards sustainable cultural and artistic projects across regional and remote Australia. Since the uplift of the RAF through Revive there has been an increase in the projects funded.

In the 2023-24 period a total of 484 projects were allocated through Quick Response Grants, Project Grants, Strategic Partnership Projects, a 62% increase from previous years. The total number of successful projects increased by 75% and the total funding awarded increased by 58%. Funding was distributed across 55 Federal Electorates and 355 applicant locations. 74% of projects were delivered in the applicants' home State/Territory, with 52% of those being delivered in the applicants' hometown. Audience numbers grew with competitive grants reaching more than 10 million audience members and participation also increasing by more than 2 million.

Figure 1: Investment from RAF by applicant location 2023-24



The future is regional. The future is creative.

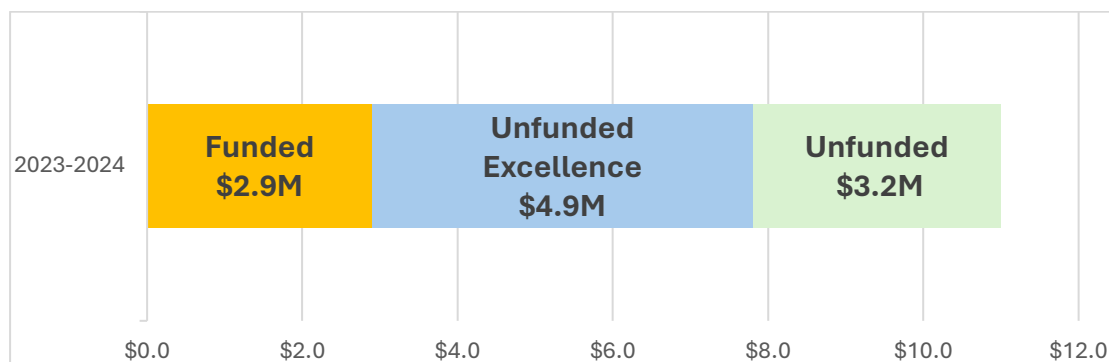
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The objectives of the Regional Arts Fund are keyed closely to economic outcomes, leveraged income, community engagement, employment, and professional development. Our interactive data demonstrates the reach, impact, and outcomes of the Fund over time

<https://regionalarts.com.au/regional-arts-fund/impact-and-reach>

Demand for the Regional Arts Fund is higher than ever, being 3.7 times the funding available. In 2023 -24 applications were received from 768 regional and remote towns and locations across the country. Unmet demand grew by 6%, with initial analysis indicating that the rate of unfunded excellence is sitting at close to \$5 million for the year.

Table 3. Breakdown of 2023-24 competitive project grants



With Australia's regional population increasing from 9.64million to 9.78 million between 2022-2023, the future is regional. Investment in regionally-led and place informed programs such as those supported through the RAF provide timely support to regions, industries and communities.

... The evidence suggests that the RAF has a unique, and vitally important, role to play in Australia's cultural life in the coming years – and one which will only become more important as the profile of regional Australia evolves.

RECOMMENDED INVESTMENT
\$5M annually

Proposal 6

CREATIVE CLUSTERS – R&D CROSS-INDUSTRY COLLABORATION

Geographic clustering has been identified as a way to build on the strength of regional communities and improve competitive advantage. The concept of 'clusters' was introduced in 1998 to describe 'geographic concentrations of interconnected companies and institutions in a particular field' (Porter p78). Clustering, specialization

The future is regional. The future is creative.

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and enhancing regional strengths are identified as key approaches for regional development across all industries.

“From Hollywood to fashion districts, computer games clusters to theatreland, makers to the music business, the creative sectors cluster together at least as much as other industries, maybe more...” Prof Andrew Chitty

The Creative Clusters program is a cross-portfolio approach to innovation and sustainability that centralises creative practice within regionalisation. Applying a different set of lenses intrinsic to regionally specific economic, cultural and social landscape we can encourage a richness of creative practices and their roles in regional sustainability. This placed informed strategy is informed by the highly successful UK Creative Industries Clusters Programme: <https://creativeindustriescusters.com/>

*“**Industrial Clusters** are groups and networks of interdependent firms, knowledge-producing institutions (universities, research institutes, technology-providing firms), bridging institutions (e.g. providers of technical or consultancy services) and customers, linked in a production chain which creates added value together. The concept of the **cluster** goes beyond that of firms networking, as it captures all forms of knowledge sharing and exchange”*

Handbook of Research on Global Business Opportunities, Christiansen 2015

The evidence from the UK program is compelling.

Figure 2 Outcomes from UK based creative clusters program



The Regional Arts Australia program is designed to bring together industries and policy sectors to build a diverse, adaptive and more sustainable regional Australia. In a regional context the arts and cultural ecology tends to be enmeshed throughout the community, business and industry sectors. We are proposing a whole-of-government

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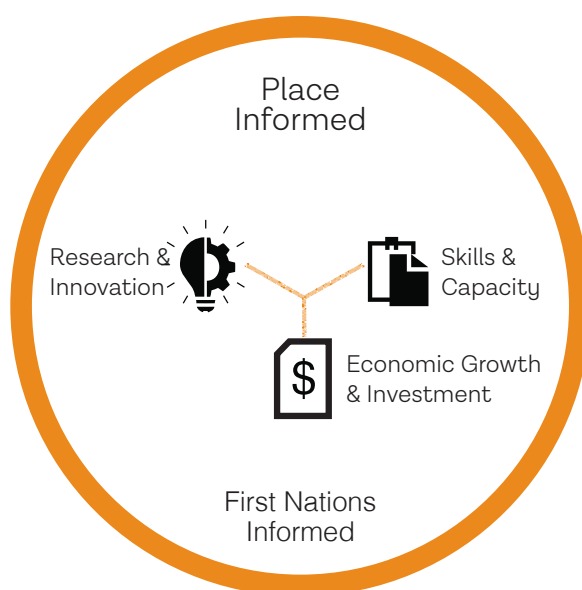
investment that embeds creative innovation, collaboration, entrepreneurship and cross-sector skill development within regional and remote communities.

An allocation of Research and Development funding to drive growth, develop skills and position innovation:

- Research and Innovation FOR the creative industries not with or about the creative industries
- Research budget: Support R&D into new products, services and experiences
- Some business growth support
- Working with SME's and large organisations, NFPs and 3rd Sector

RAA recommends a pilot program delivered in three regional creative clusters. The pilot will connect regional industries and communities through creative development and entrepreneurial capacity building to inform economic and social practices and be a catalyst for sustainable regional development.

Figure 3. inputs and outputs of creative cluster pilot program



RECOMMENDED INVESTMENT

A Regional Australian pilot – providing dedicated R&D funding of \$3M to increase economic growth within 3 regional creative clusters.

Summary

For 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 has been an active voice in this changing environment supporting artists, communities and the creative sector in rural and remote Australia. Through our national approach we are committed to maintaining strategic, collaborative relationships for the benefit of arts and creative practice across the country. We work to unlock the cultural ambition of regional, rural and remote Australia.

The recommendations are reflective and responsive and addresses the need for a whole of government approach to creativity in regional areas while valuing the diversity of contemporary practice.

Table 4: Overview of proposals

| Proposal | Investment |
|--|------------|
| Creative Industries Management Deposit Scheme | |
| Non-Commercial Leasing Arrangements | |
| Employment Based Investment Model | \$5m |
| Leadership In Action Program | \$700k |
| Supporting Excellence In The Regional Arts Fund | \$5m |
| Cross-Industry Collaboration - R&D Creative Clusters | \$3m |

Support for these initiatives will:

- Strengthen the practical foundations of the national cultural plan, ‘revive’, delivering strategic and tangible outcomes for the cultural and creative industries.
- strengthen regional communities through the vital role cultural activity plays in community connection, economic revitalisation, and liveability
- 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
- increase the capacity of regional organisations, including building pathways through strengthened relationships with the regional sector
- increase capacity for the creation of new Australian works in regional contexts

- incentivise capacity to leverage investment with state and territory outer metropolitan, regional and remote local governments
- enable all-of-government collective return on investment and enhance strategic focus, operational transparency and accountability to regional investment

Regional Arts Australia has demonstrated experience to deliver including:

- Managing multi-year million-dollar government funding programs for over 20 years.
- Adapting existing funding models that respond to policy priorities, unexpected challenges, environmental crises and new initiatives.
- Managing and evaluating data to communicate value of investment and social impact.
- Developing programs to increase access and participation for artists, organisations, audiences and communities that enhance the sustainability, liveability and well-being of regional, rural and remote communities.
- Providing platforms that support, celebrate and enable Australian stories to be shared across art forms and across landscapes.

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

We are trusted, practical and networked.

About Regional Arts Australia

Regional Arts Australia (RAA) is a not-for-profit organisation that is the national voice for arts in regional Australia. We seek to ensure the arts in regional Australia are embedded within regional Australia and work to address the need for the arts and creative industries to be critically positioned across multiple policy platforms. We believe in strong partnerships between governments, industry, not-for-profits and commercial business.

Connection to Country

Aboriginal and Torres Strait Islander Peoples represent 45 per cent of the population of very remote areas of Australia, and 16 per cent of the total population in remote areas.

Supporting a thriving, self-determined First Nations creative ecosystems that is embedded in place-based creativity and industry best practice is critical. We must work alongside our First Nations colleagues to support communities, knowledge, landscapes, ecosystems and Indigenous cultural sites across Australia and support their submissions and priorities.

Regional Arts Australia acknowledges the traditional Custodians of land throughout Australia and we pay our respect to their Elders, past, present and emerging.

The future is regional. The future is creative.

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