

MUSICNSW

Wednesday 20 August 2025

MusicNSW Submission: The Art of Tax Reform

To Whom it May Concern,

MusicNSW welcomes the opportunity to contribute to the NSW Government's Cultural Tax Reform consultation and commends Minister Graham and the NSW Government for their leadership in activating this important national conversation.

MusicNSW acknowledges that along with audiences, artists are the only essential participants in the Australian contemporary music sector - they are the critical enablers of \$8.78 billion in economic impact annually but more importantly they are flag-bearers of cultural identity, meaning-makers essential to the social and cultural wellbeing of our communities.

By principle, cultural tax reform should prioritise the wellbeing of artists as a primary concern - creating the enabling conditions for artists and creative businesses to innovate and evolve - sustainably, authentically and from the bottom up.

Additionally, cultural tax reform should not seek to replace existing funding programs, grants, prizes or initiatives. Investment in music, the arts and cultural activities is an investment in the wellbeing of our democracy and society, with direct and indirect benefits impacting every part of Australian life.

Cultural tax reform should also refrain from further complicating an already complicated Australian tax system. Our hope is that this reform process will simplify, demystify and address inequities in our existing system for the benefit of artists and creative businesses - recognising the vital social, cultural and economic contributions of music and the broader arts and cultural industries for the wellbeing of communities across the country.

RECOMMENDATIONS:

Reform Government Payments for Creative Workers

MusicNSW acknowledges that for many artists and creative workers, Jobseeker has historically acted as an unofficial form of basic artist income, enabling its recipients to cover basic living expenses while navigating the financial instability of establishing a creative business in the gig economy.

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The Jobseeker program disincentivises creative workers from taking additional contract, casual or part-time work, by steeply reducing the base payment. This encourages recipients to prioritise cash-in-hand payments for creative work, which ultimately keeps this additional income out of the tax system. Additionally, many low income earning musicians receiving Jobseeker, are disincentivised from applying for government grants to support their creative work.

The New Enterprise Incentive Scheme (NEIS) has attempted to meet this conflict by providing a baseline payment for new business operators, without the disincentives on income generated through the new business. This scheme has been an effective stepping stone for many music businesses over the past few decades, but it is not entirely fit for purpose.

MusicNSW proposes a reform of Jobseeker and the New Enterprise Incentive Scheme, to enable artists and creative workers to receive a basic living income which supports the development of their creative businesses. Reform should address the eligibility of such a program and encourage artists and creative workers to legitimise their earnings - incentivising them to declare their taxable income. Additionally, reform should address the professional development and capacity building activities available to recipients, to ensure that they are relevant to the realities of contemporary creative working life.

Reform Income Tax for Creative Workers

Music Australia's *The Base Line* shares a stark reality for Australian musicians, with research showing \$14.7k as the median Australian artist income in 2024. MusicNSW views this as emblematic of a systemic failure to support the only essential contributors to the \$8.78 billion Australian contemporary music sector. We call on the Australian Federal Government to undertake major income tax reform which seeks to more equitably redistribute wealth amongst our society. Tax reform should be optimised to benefit the least advantaged in our communities and address the hoarding of wealth, intergenerational inequality, the housing crisis, funding of essential services including health and education and the sharing of productivity gains. With a median income far beneath a livable standard, we firmly place the artist community as a community at risk and in urgent need of support.

In addition to major systemic reform, MusicNSW supports a suite of reform initiatives which aim to better support the realities of creative working life, as follows:

- Explore rebates, concessions and eligibility expansions to increase the participation of First Nations creatives in paid cultural work
- Exempt prize money, grants, awards and fellowships from income tax as proposed by NAVA and others

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- Reform of the Non-Commercial Loss rules - increasing the threshold to better reflect the cost of living in 2025
- Demystify tax deductions - including consideration for an opt-in flat rate for creative workers and low income earning artists
- Reform of the Special Professionals definition to ensure eligibility for artists and creative workers
- Expand the eligibility criteria for the Research & Development offset to include creative and cultural activities
- Explore tax concessions on secondary artistic earnings - including raising the tax free threshold to help short term cashflow challenges for low income earners
- Reform the exclusive use rule for tax deductions on home studios, acknowledging that for many low income earners (especially those in share-housing) their creative space (studio) may also be their bedroom or living space
- Explore increase of travel allowances and rebates for regionally based creative workers

Demystify and Simplify Superannuation Payment Processes

MusicNSW acknowledges the significant need to ensure that all artists and creative workers receive superannuation payments. We work to support artists and music businesses in better understanding their imperative to meet superannuation requirements. Despite this though, we are frequently met with confusion from sole traders and small businesses around how super should be managed appropriately. Additionally, in our own operations, the burden of managing super for multiple new contractors puts unnecessary resource pressure on our team and financial burden on our organisation's accounting systems. We recommend a comprehensive reform which acts first to demystify and second to simplify the system to increase compliance and reduce the administrative burden on small creative businesses. Reform should consider ways to build superannuation details into an ABN and enable a system which auto-pays super through the execution of an invoice payment.

Creative Work Spaces and Venues

MusicNSW acknowledges the many and varied issues which affect the affordability, sustainability and availability of creative spaces, critically disadvantaging artists and creative workers from accessing the infrastructure they need to both make and perform work. We endorse recommendations made by both City of Sydney and Committee for Sydney which aim to increase access to affordable creative work and performance spaces by incentivising landlords with a mix of tax offsets, exemptions and vacancy taxes.

Additionally, we endorse APRA AMCOS's proposal for a Live Music Venue Offset to support the sustainability of Australian music venues and their investment in performance incomes for Australian artists. The NSW Government's 2024 *State of the Scene* report identifies NSW

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as home to almost 800 live music venues which in addition to their economic contributions, enable the critical development of artists and their audiences every week on stages across the state.

Climate and the Environment

MusicNSW joins Green Music Australia and VMDO in calling for an exploration of rebates and levies to support the transformation of the sector's energy use, incentivising the reduction of carbon emissions and mitigating the risks associated with a warming climate, including threats to the festival sector by catastrophic climate events.

Multinational Market Threats

MusicNSW acknowledges the threat to the vitality of our local music industry, posed by multinational tech platforms and encourages government interventions to impose levies on these platforms to invest in sustainable, locally owned artist businesses, through a grassroots music development fund, which could be managed by Music Australia. Additionally, we are supportive of the adoption of an Arena Ticket Levy, modelled on the UK's Music Venues Trust initiative of the same name.

MusicNSW thanks the NSW Government for the opportunity to make this submission and warmly welcomes the opportunity to participate in further discussions. We acknowledge that many of our music industry peers have made submissions also and that many of these share common themes. Our hope is that collectively we can transform these into substantive proposals that strengthen the national conversation and result in meaningful reform and impactful outcomes.

Yours Sincerely,



Joe Muller
Managing Director, MusicNSW