

## Cultural Tax Reform: Museums & Galleries of NSW Submission

8<sup>th</sup> August 2025

### ABOUT MUSEUMS & GALLERIES OF NSW:

Museums & Galleries of NSW (M&G NSW) is a peak body and service organisation supported by the NSW Government through Create NSW. Our Purpose is to ‘*support the capacity building of small to medium museums, galleries and Aboriginal cultural centres so they can realise and maximise their impact on their communities*’. We develop these organisations’ skills, connect them with others in the industry, provide funding, point visitors their way, and give them access to ground-breaking exhibitions. We also place importance on advocating for and behalf of the sector.

### EXECUTIVE SUMMARY:

M&G NSW welcomes the opportunity to contribute to the NSW Government’s Cultural Tax Reform process. As the peak body supporting small to medium museums, galleries, and Aboriginal cultural spaces across the state, M&G NSW recognises the critical role that thoughtful, equitable tax reform can play in ensuring the sustainability and growth of this vital component of the cultural sector.

This submission makes five targeted recommendations to improve tax settings affecting museums, galleries, artists, and volunteers:

1. **Enable tax deductions for volunteer expenses** – to reduce financial barriers and improve retention in a sector where 76% of organisations are volunteer-led.
2. **Expand the Cultural Gifts Program** – by allowing donors to claim conservation costs as part of their tax-deductible contributions.
3. **Introduce a Museums and Galleries Exhibition Tax Relief Fund** – modelled on the UK scheme, to support the development and display of public exhibitions.
4. **Investigate the implementation of a bed tax** – in high-tourist areas, to fund cultural tourism initiatives aligned with the goals of Destination NSW.
5. **Remove taxes on art prizes, grants and fellowships** – by extending existing income tax exemptions to visual arts and creative industry awards.

These reforms are low-cost but high-impact measures that will help cultural organisations enhance community wellbeing, stimulate tourism, and contribute to the creative economy.

### RECOMMENDATIONS:

#### 1. Tax deductible expenses for Volunteers

Volunteer-led organisations make up approximately 76% of the NSW cultural sector. One of the greatest challenges facing this sector is volunteer retention. It is recognised that volunteering contributes \$566 billion to the Australian economy annually (*A Snapshot of Volunteering in Australia*, 2023), while at the same time volunteers spend an average of \$13.97/hour on their volunteering. Of this, 14.4% is spent on equipment,

technology, self-education, training and courses. Given these figures cover all volunteering activities, we would surmise that the average spend for volunteers at under-resourced volunteer-led organisations would be much higher.

We recommend the ability for volunteers to be able to tax deduct relevant expenses associated with their volunteering (similar to work related expenses), to ensure greater viability for volunteer-led organisations.

2. Cultural Gifts Program

The Cultural Gifts Program (administered by the Office for the Arts in the Department of Infrastructure, Transport, Regional Development, Communications and the Arts) is a significant avenue for the development of public collections in museums, galleries and libraries.

Many small to medium organisations rely on this program as a key way to develop their collections. However, these organisations often lack the financial resources to carry out conservation work that may need to be carried out on objects being gifted.

Allowing donors to tax deduct conservation expenses would remove a significant financial barrier for many of these organisations, ensuring significant cultural material is made available for future generations.

We also note, and support NAVA's (National Association for the Visual Arts) recommendations to support the collection of work by emerging and women artists through consideration of the 'trading stock' criteria and costs associated with artwork valuations.

3. Museums and Galleries Exhibition Tax Relief Fund

Investigate the implementation of a program based on the United Kingdom's [Museums and Galleries Exhibition Tax Relief](#), introduced in 2017. This program allows museums, galleries and libraries to apply for up to 40% of costs associated with exhibition production and display. Claimants must be a charitable company, or a company wholly owned by a charity or local authority, which is responsible for maintaining a museum or gallery.

As has been noted in NAVA's submission:

*'In the Australian context, where most arts organisations are income tax-exempt, this support could be delivered through a refundable offset or targeted grant. A precedent exists in the screen industry, where the [Producer Offset](#) supports Australian film and television by offering a refundable tax offset for a portion of eligible production costs. A similar model could be applied to the visual arts and museum exhibits, allowing museums and galleries to claim a refundable offset on a portion of their exhibition costs, such as artist fees, transport, installation, and public programming.'*

This program could greatly benefit a struggling sector, and ensure development of more ambitious exhibitions, thereby generating more career opportunities for artists, curators and cultural workers. It would also lead to a more sustainable sector and amplified ability to plan in to the future.

#### 4. Bed taxes

We recommend investigating the implementation of bed taxes in high tourist areas to support cultural tourism initiatives. With Destination NSW reporting 219.4 million bed nights for the year ending March 2025, alongside their vision to be “*the premier visitor economy in the Asia Pacific by 2030*”, it is timely to consider an effective mechanism to boost revenue to the cultural sector.

#### 5. Remove tax on art prizes, grants and fellowships

M&G NSW supports NAVA’s position to remove taxes on art prizes, grants and fellowships. As they state, artists face an unfair tax burden on prize money, despite donors receiving tax concessions. Currently, awards like the Prime Minister’s Literary Awards are exempt from income tax under section 51-60 of the Income Tax Assessment Act 1997 (ITAA1997), while art prizes such as *The Archibald Prize* are not. We support their recommendation to implement tax exemption for all artist prizes, fellowships, scholarships, awards and government grants.

### CONCLUSION:

Cultural institutions are vital civic assets enriching communities, driving economic growth, and preserving our shared cultural heritage. Yet the majority of small to medium museums and galleries operate with limited resources, relying heavily on volunteers and community support.

The cultural tax reforms proposed by M&G NSW are practical, equitable, and align with broader government objectives to strengthen regional economies, improve social outcomes, and support a thriving visitor economy. By improving tax settings for volunteers, donors, artists and exhibition producers, the NSW Government has the opportunity to significantly enhance the viability and reach of the cultural sector.

We urge the Government to consider these recommendations and would welcome the opportunity to work collaboratively on their implementation.

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