

Inquiry into arts and cultural philanthropy: Museums & Galleries of NSW Submission

2nd March 2026

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 and galleries 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 this *Inquiry into arts and cultural philanthropy*. As the peak body supporting small to medium museums and galleries across the state, we are acutely aware of the funding challenges facing the sector.

Our Submission highlights the difficulties many in the small to medium sector have in developing private giving initiatives and broadening their revenue base. It calls on this Inquiry to ensure these challenges are understood and to not see private giving as a solution to accommodate declining government financial support. It also calls for significant funding now to assist in delivering some impactful programs to broaden revenue streams.

STRUCTURAL BARRIERS TO PHILANTHROPIC SUPPORT FOR SMALL TO MEDIUM MUSEUMS AND GALLERIES:

Our Submission will address some of the stated Terms of Reference for this Inquiry, however at the outset we would like to highlight the significant challenges facing the small to medium sector in relation to philanthropy and funding more broadly.

Australia’s philanthropic landscape has expanded significantly in recent decades, supported by mechanisms such as Creative Partnerships Australia, Philanthropy Australia, the Australian Cultural Fund as well as initiatives such as matched funding programs, AusArt Day and free coaching services offered by Creative Australia.

Despite this growth, philanthropic funding remains highly concentrated among a small number of major performing arts organisations and flagship collecting institutions. Small to medium museums and galleries—particularly in regional areas—face structural disadvantages that limit their participation in this ecosystem.

While major cultural institutions in capital cities have developed sophisticated development arms and have built and maintain strong relationships with major donors, they also sit closer to the centres of political and financial power. The majority of regional and outer-metropolitan

organisations operate outside this power dynamic and run with limited staffing, infrastructure and fundraising capacity.

Creative Partnerships Australia's 2018 report cited that medium-sized organisations had the lowest return on investment of \$2.40 raised for every \$1 invested in fundraising. Additionally, it found that over 1 in 10 organisations surveyed spent more on fundraising than they earned.ⁱ A subsequent report by Creative Partnerships Australia found "that, overall, the total value of private sector support has declined 26% (\$142 million) since the last report in 2021 (2019/20 financial year), from \$540.3 million to an estimated \$398.4 million (2020/21 financial year)".ⁱⁱ

Museums & Galleries of NSW research found that 10% of public and regional galleries across the state employed Philanthropy/Sponsorship Manager's.ⁱⁱⁱ Earlier research also identified that 12% of organisations receive some funding through sponsorship and 11% through philanthropic trusts (although funding amounts were not collected). Many more organisations rely on self-generated income and government grants.^{iv}

Our work with the sector also highlights that most of the smaller and medium sized organisations have philanthropic success with capital campaigns and occasionally with programming but have less success when it comes to operational support. We would also like to highlight the situation that many local government run organisations tell us, is that many donors are reluctant to give to local government cultural organisations as there is concern that the funds will be absorbed by the council for non-cultural activities.

While these organisations are operating within stretched contexts, and can struggle achieving private giving, this should in no way though be read as a critique on the quality of programs of these organisations. Small to medium organisations deliver high quality community-centred, socially impactful programs – especially through education, First Nations engagement and local history – but these outcomes can be harder to package as high-visibility philanthropic propositions.

We would also like to note the significant contribution volunteers make to our sector. Our research in 2022 reported a total of 85 volunteer hours per week/organisation, or 1,060,800 hours contributed annually across the sector in the reporting period. This equates to a Volunteer Replacement Cost totalling \$50,175,840.^v

In highlighting the state of the small to medium sector, we would also point to the broader financial context relevant to this Inquiry, with the fundamental concerns being:

1. The low level of charitable giving in Australia of 0.81% of GDP (behind the US at 2.1%, New Zealand at 1.84%, Canada at 1%, and UK at 0.96%)^{vi}
2. The low level of government investment comparable to other OECD countries (Australia ranks 26th out of 33 OECD countries for Government spending on 'recreation, culture and religion')^{vii}
3. The financial sustainability of local government, who remain key partners in delivering arts and culture nationally. In their submission to the *Inquiry into Local Government Funding and Fiscal Sustainability*, Local Government NSW stated: "Financial sustainability remains the overarching and most pressing challenge facing local governments in NSW" and linked this situation to the "escalating financial stress as a

result of the compounding impacts of rate pegging, population growth, cost shifting and the declining real and proportional value of Commonwealth Financial Assistance Grants”.^{viii} This financial situation being faced by local government will likely be significantly felt by cultural organisations managed and operated by local government.

Museums & Galleries of NSW raises these three points, and the above discussion, to ensure that this Inquiry understands the micro and macro challenges facing the small to medium cultural sector when it comes to philanthropy, private giving and government support and to ensure that philanthropic initiatives are not seen as a ‘silver bullet’ to addressing the issue of cultural funding.

We would also like to note the challenges for service organisations and peak bodies such as ours in working in the philanthropic space. Our work is often behind the scenes supporting our relevant sectors, so lack those more public opportunities that many private donors seek. We also need to be mindful that we are not going in to competition against the organisations we serve.

TERMS OF REFERENCE RESPONSES:

We will comment in more detail on the following 2 Terms of Reference as we have covered the current situation of philanthropy and private support in the above discussion.

3. *Effectiveness of federal, state and local government policies and programs aimed at encouraging philanthropic giving and private support and the effectiveness of programs aimed at building the sector's capacity to attract support*

While there are of course great success stories with programs such as the matched funding program Plus1, these initiatives can often feel overwhelming to an already stretched organisation. This is particularly the case for museums and galleries, who can generally get caught up in the day to running of a facility that is open 6 or 7 days a week, every week. Further, the emphasis by Plus1 on organisations to develop new fundraising drives, rather than build on existing ones, adds more load to an already struggling sector.

We note that in the recently released *HEART LAND: A plan for regional NSW arts, culture and creative industries 2026-35*, Create NSW has committed to establish a “Local Government philanthropy pilot program to encourage place-based philanthropy in regional NSW for arts and cultural activity with local councils and in consultation with Local Government NSW and the Office for Local Government”. Museums & Galleries of NSW supports this initiative as it will specifically be considering the implementation of philanthropy initiatives in a regional and local government context.

We anticipate that this program will understand the capacities of local organisations, something we see as being a challenge for organisations participating in matched funding initiatives. The regional gallery network of NSW has an average FTE of 5.5 and regional museums 4.4 FTE. Organisations with such tight staffing levels are often unable to commit the necessary time to developing philanthropy and private giving programs.

5. *Potential government initiatives and measures that could increase philanthropic participation, including measures and initiatives shown to be effective in other jurisdictions*

While Museums & Galleries of NSW understands the need for the sector to explore diverse revenue streams, we also call on Government to embark on a major program of structural reform of cultural funding. Examples could include significant tax reform; national cultural lotteries; bed taxes in high tourism areas; or government itself playing the role of leveraging private money to distribute across the sector. Bold initiatives such as this would lead to greater sector impact rather than rely on an already beleaguered sector to do the heavy lifting.

Our submission to the Cultural Tax Reform summit in 2025^{ix} made a number of recommendations, with the following most relevant to this Inquiry:

- a. **Enable tax deductions for volunteer expenses** – to reduce financial barriers and improve retention in a sector where 76% of organisations are volunteer-led.
- b. **Expand the Cultural Gifts Program** – by allowing donors to claim conservation costs as part of their tax-deductible contributions.
- c. **Investigate the implementation of a bed tax** – in high-tourist areas, to fund cultural tourism initiatives aligned with the goals of Destination NSW (or other state bodies).

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 **recommend the investigation of the *Innovation Fund***^{*} run by Museums Galleries Scotland. Applicable museums in Scotland can apply for up to £250,000 to develop activity to improve the financial position of the museum. The Fund supports organisations to develop, trial, and implement activities that directly improve the museum's financial position. Museums Galleries Scotland has stated that they are interested in funding initiatives "that may be considered impossible or too risky without external funding".

Some ideas identified by Museums Galleries Scotland could be: adapting spaces to be more suitable for larger-scale events; adapting spaces or collaborating with other organisations to create leasing or commercial opportunities; adapting spaces to support holiday accommodation; income generating renewable energy; income generating programs or developing a philanthropy strategy.

Properly investing in programs such as this would assist organisations with limited capacity the opportunity to deeply consider new ways of operating – and the financial resources to make them happen.

RECOMMENDATIONS:

This submission makes the following Recommendations:

1. For the **Australian Government to commit to supporting the small to medium sector** – and not see philanthropy and private giving as a replacement for vital government support
2. **Explore programs similar to the Innovation Fund** – to build organisational capacity to broaden revenue streams
3. For the **Australian Government to explore significant funding reform** – such as tax reform; cultural lotteries; bed taxes or leveraging private money for distribution
4. To **encourage Plus1 applicants to build on existing giving programs** rather than create new ones
5. **Expand the Cultural Gifts Program** – by allowing donors to claim conservation costs as part of their tax-deductible contributions
6. **Investigate the implementation of a bed tax** – in high-tourist areas, to fund cultural tourism initiatives aligned with the goals of Destination NSW (or similar national bodies)

CONCLUSION:

Small to medium 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 and lack the capacity to adequately develop impactful private giving initiatives.

We seek to ensure that larger structural funding issues are considered within this Inquiry and that philanthropy is not seen as a simple fix. Considerations such as tax reform, government financial commitment to the sector and strengthening the sector in meaningful ways to broaden revenue streams all need to be taken in to consideration.

Brett Adlington, CEO, Museums & Galleries of NSW

ⁱ *Giving Attitude: Private Sector Support Survey 2018*, Creative Partnerships Australia

ⁱⁱ <https://www.artshub.com.au/news/news/giving-attitude-report-findings-on-private-giving-2644440/>

ⁱⁱⁱ 2024 Benchmarking for small to medium galleries; <https://mgnsw.org.au/wp-content/uploads/2025/01/2024-Benchmarking-for-small-to-medium-galleries.pdf>

^{iv} 2022 NSW Museum & Gallery Sector Census; <https://mgnsw.org.au/sector/resources/online-resources/research/2022-museum-gallery-sector-census/>

^v Ibid

^{vi} *Giving Days on the rise as momentum for generosity grows*, Creative Australia,

<https://creative.gov.au/news-events/news/giving-days-rise-momentum-generosity-grows>

^{vii} Vivian, Angela; Hui, Alan; Fielding, Kate; Acker, Tim; and Rossi, Sari. May 2024. *The Big Picture 4: Expenditure on Artistic, Cultural and Creative activity by governments in Australia in 2007–08 to 2021–22*. Insight report no. 2024-01. Produced by A New Approach (ANA). Canberra, Australia.

^{viii} *DRAFT SUBMISSION: Inquiry into Local Government Funding and Fiscal Sustainability*, Local Government NSW, February 2026

^{ix} Cultural Tax Reform: Museums & Galleries of NSW Submission, 2025; <https://mgnsw.org.au/sector/about-us/submissions/cultural-tax-reform-museums-galleries-of-nsw-submission/>

^x Museums Galleries Scotland Innovation Fund

<https://www.museumsgalleriesscotland.org.uk/funding/innovation-fund/>