



## **Dole for Artists Forum Discussion Paper – March 2003**

### **Background**

There is little argument across the world that the arts industry is a significant and relevant contributor to society. Governments have initiated reports researching the sector, national arts councils have been established, funding – usually via subsidies and grants – is meted out to those considered worthy.

What then of the notion of a social security benefit specifically to support the arts industry? The idea has been thrown around by a few political parties in this country: the Labor Party has talked of the idea, and the Democrats advocate just such a scheme, called 'the living wage' in their 'Cultural Plan', released in October 2001.

There are a few countries – the Netherlands, New Zealand, Ireland and the UK – that have some sort of social welfare scheme already in place.

Here's a broad outline of the benefits they offer.

### **Netherlands**

The Netherlands has a history of providing social security income to some artists in one form or another since the National Assistance for Artists scheme was founded in 1949, following arts sector campaigning.

The current third-generation scheme, enacted under the Netherlands' Income Provisions for Artists Act in 1999 – and generally referred to as the 'WIK' – enshrines that anyone who can show that he or she practises art on a professional basis is entitled to a welfare-type benefit.

Applicants are screened by an independent advisory body, and an assessment of whether they are 'professionally active' will take into account things such as equipment owned by the artist, products or productions recently supplied, grants received and recent exhibitions or appearances. Artists who have successfully completed a professional arts education program in the past year are screened on that basis.

Under the WIK scheme, artists are entitled to receive 70% of the Dutch dole, however, they are also able to earn additional income up to 125% of the benefit. Professional expenses may be deducted from the gross supplementary earnings before these are offset against the benefit payments. The WIK can be claimed for a maximum of four years within a ten-year period. It does not need to be an unbroken period, but can be claimed when most needed.

The Income Provision for Artists Act was reviewed in 2002. This review highlighted some need for change. Recently a new government was elected and it is not yet known if WIK will be continued in its present form or not.



Another Dutch policy of value to artists is a small non-contributory pension for artists scheme, established in 2002. If an artist receives a subsidy from one of the five culture funds, then the fund will pay an additional 10% of the amount into a pension fund. The artist cannot withdraw the funds into another pension fund, but can put money into it.

## **New Zealand**

The Pathways to Arts and Cultural Employment (PACE) scheme was launched in November 2001, under the Labour/Alliance Government.

In New Zealand, a job seeker is required to sign a 'Job Seeker Agreement', the terms of which has been decided in conjunction with a case worker. These agreements outline the obligations that the applicant must adhere to in order to receive benefits. One of these obligations is to look for work.

Under the PACE scheme, a 'cultural worker' can list art as their first career choice. The applicant must still sign a Job Seeker Agreement, but they are freed from looking for work outside their field. Essentially, PACE customises services already offered by Work & Income (New Zealand's equivalent of Centrelink), to be specifically responsive to cultural workers.

The term 'cultural worker' incorporates practitioners involved in arts administration, preservation, tuition production, curation, as well as those working in the design industry, and, of course, those involved in creating original works.

While PACE has work-test requirements, it also recognises that some cultural workers do generate their own work and income opportunities. So, if the individual case worker can be convinced that you are making progress with your artform, then you will be considered to be meeting your work-test requirements.

To access PACE, a person must qualify for unemployment benefits with Work & Income NZ and be willing and able to take up paid employment.

## **Ireland**

Ireland currently has two forms of social benefit for artists. The first is Section 195 of the Taxes Consolidation Act, 1997, which provides tax exemptions for creative artists ('interpretive' artists do not qualify). In certain circumstances – and these are laid out specifically in the Act – income earned by artists, writers, composers and sculptors from the sale of their works is exempt from tax.

The tax exemption works well for those artists who are at the stage of selling works, but is of little benefit if little or no income is earned. The exemption is also only available on the 'sale' of works; income from other sources is taxed as normal.



The second scheme in place is Aosdána – an affiliation of creative artists over the age of 30. Established in 1983 by the Arts Council of Ireland, it is an organisation designed to honour those artists who have contributed significantly to the arts in Ireland, and to allow them to devote themselves to their art. The main benefit of membership is the Cnuas, a stipend paid annually for a five-year period (which is also tax exempt), and renewable for subsequent five-year periods, to enable an artist to work full-time at their art.

To become a member of Aosdána, an artist has to be nominated by a peer and elected. Membership is limited to 200, and a maximum of five new members may be elected each year. Currently, its members are visual artists, writers and composers.

### **United Kingdom**

The 'New Deal for Musicians' was introduced into the UK on a trial basis in 1999, and on January 28 this year was made permanent. On announcing the continuation of the scheme, Work and Pensions Secretary, Andrew Smith said: 'New Deal for Musicians provides the support needed to help, young, unemployed musicians to access the specialist training and advice they need to make the first step into a very competitive industry.'

Part of the existing UK welfare scheme, 'New Deal for Musicians' is for those aged 18 to 24 who want a career in the music industry – including instrumentalists, vocalists, composers, songwriters and DJs. The recipient works for a period of 12 months with a New Deal Personal Advisor, who will identify any help or training the applicant will need to work in the industry. The applicant will then be referred to a 'consultant' from the music industry, who will be supportive and offer realistic advice on the chances of succeeding.

The benefit is available for the period of one year.

No other area of the arts industry is yet covered by such a scheme. The government has not ruled out extending the New Deal for Musicians to other arts fields, but is waiting to gauge its initial success.

### **Australia**

The Australia Council is the most significant supporter of artists in the country, and essentially funds artists and projects through a grants system. Grants are treated as taxable income by the ATO.

In 2000 an amendment to the New Business Tax System (Integrity Measures) Bill 2000 ruled that professional artists with non-art income of less than \$40,000 would be able to continue to offset their losses as a professional artist against their non-art income. This is useful if you are working in a non-arts profession and continuing your professional practice.



In most regards an artist is treated as a business and is subject to the same tax rulings as any business. Otherwise the artist is regarded as an employee, albeit possibly an unemployed one. The above ruling seems to introduce a hybrid notion of what an artist is for taxation purposes.

Income averaging does apply to those artswriters who comply with the ATO's definition of a special professional – this includes; an artist, composer, writer, computer programmer, inventor, performer, production associate or sportsperson. Theatre entrepreneurs are not special professionals.

Details on how the income averaging concessional tax treatment applies to special professionals, can be found at

[www.ato.gov.au/content.asp?doc=/content/Individuals/20244.htm](http://www.ato.gov.au/content.asp?doc=/content/Individuals/20244.htm)

Many artswriters receive or have received unemployment benefits otherwise known as the Newstart Allowance. Like other benefit recipients they must be able to take up full-time work if it is offered, although they can agree the areas in which they are able and willing to work in the 'Preparing for Work Agreement'. Artswriters who are identified as self-employed are eligible for Newstart Allowance if the Profit and Loss of the business shows that their earnings for that financial year have not exceeded a certain amount. Jobseekers are assisted in their search for employment by Job Network members whose role it is to identify training needs and arrange training, arrange interviews for suitable positions etc.

It may be worth considering what would be the outcome if specific resourcing within the Job Network was allocated to the placing of artswriters in relevant full and project arts employment – consistent with their career development, rather than antagonistic to it. Newstart Allowance reduces according to what income levels the recipient has earned in a fortnightly period.

There is no special case allowing them to continue with their arts practice while receiving the benefit.

### **Stay Informed**

Stay Informed about our Dole For Artists Agenda 2003 at the special web site <http://www.dole4arts.com>, and through the main Arts Hub web site at <http://www.artshub.com.au>.