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**Submission from the Australian Society of Authors on The Art of Tax Reform:
Unlocking opportunities to improve taxation for Australian creative industries**

Executive Summary

The Australian Society of Authors (ASA) welcomes the opportunity to make a submission to the NSW Government's tax reform consultation for the creative industries. Australian authors and illustrators are primary producers of creative work, writing the stories that not only underpin the book industry, but also fuel other creative sectors through stage and screen adaptations. Not only does authors' vital work entertain, inspire, and educate us, Australian stories help to shape our national identity, build social cohesion, and increase wellbeing among the Australian population.

Yet, Australian authors and illustrators are struggling to earn a living, and the sustainability of storytelling is under threat. This submission proposes several key tax reforms for the book industry that can restore equity and ensure the ongoing viability of creative careers, including:

1. Supporting authors and illustrators through flexible tax arrangements
2. Supporting the publication of Australian books through production offsets
3. Supporting bookshops as local cultural hubs through subsidies



About the ASA

With approximately 4,200 members, the ASA is the peak body, professional association, community, and voice of Australia's writers and illustrators. Our members are drawn from every sector of the writing and illustrating world, including: novelists, non-fiction writers, children's authors and illustrators, historians, academics, graphic novelists, crime writers, science fiction writers, educational writers, biographers, poets, journalists and more.

Context for this submission

Australian authors and illustrators are struggling to earn a basic living. Recent research conducted by Macquarie University shows they earn on average just \$18,200 per year from their creative practice¹, dropping from approximately \$22,000 per annum in the early 2000s². The few success stories of writers at the very top obscures the fact that for the majority of writers, income is very low and payments are irregular. A Nielsen BookScan study showed that of the print titles sold in Australia between 2018-2020, 99% sold under 1,000 copies per year³.

The reality is that most authors are unable to earn a living from their writing alone, so they patch together income from multiple streams, often including a 'day' job. These income streams may include advances and royalties, paid public appearances, Copyright Agency and Lending Rights payments, and literary prizes and grants.

Authors are also typically self-employed sole traders meaning they have no access to sick leave, annual leave, and infrequent entitlements to superannuation. As they are not employees, they are not unionised and don't fall under the protection of awards or industrial agreements. They negotiate for payment individually without the ability to collectively bargain. Gig workers can often find it difficult to secure credit cards, take out loans, or refinance existing loans because their work is considered precarious and volatile.

¹ Creative Australia, [2022 National Survey of Australian Book Authors](#).

² Longden, Thomas et al. [Australian Authors - Industry Brief No. 3: Authors' Income](#). Australian Authors' Income Report, Macquarie University.

³ A Nielsen Book examination of print book volume sales across Australia 2018 / 2019 / 2020 YTD. Nielsen Book, ASA - *Nielsen Book Volume Sales Band Study 2020*.



Low author earnings threaten the sustainability of Australian literature, as authors are the primary producers upon which the \$2 billion Australian publishing industry depends.

As authors are at the start of the supply chain, pressure on publishers and booksellers equates to pressure on authors. Australian publishers are facing rising print and distribution costs, making already marginal independent publishing less viable and leading to publisher consolidation. Australian independent booksellers – who are some of the greatest supporters of Australian authors and their books – are competing with global online retailers, reducing the discoverability of Australian-authored books.

Despite these challenges, reading is one of the most popular art forms enjoyed by Australians, after music⁴. Libraries are some of our most popular cultural institutions⁵. It is clear that Australians value books, reading, and Australian stories. Tax reform offers a real opportunity for meaningful change for the sector to guarantee the ongoing sustainability of Australian storytelling.

1. Supporting authors and illustrators through flexible tax arrangements

Authors and illustrators often rely on money from literary prizes and grants to buy time away from their day jobs to create, and this pays enormous dividends. Western Sydney-based author and 2023 Miles Franklin Literary Award winner, Shankari Chandran, has spoken of the impact of winning a Create NSW Fellowship and the 2019 Blake-Beckett Trust Scholarship, which afforded her time to work on her winning novel, *Chai Time at Cinnamon Gardens*⁶.

Yet, despite their lumpy and often perilously low income, authors are required to pay income tax on the rare literary prizes and grant opportunities they receive. This significantly decreases the financial value of these opportunities, which are intended to support authors' creative careers and ensure they are able to continue writing.

⁴ Creative Australia, [Creating Our Future: Results of the National Arts Participation Survey](#).

⁵ Australian Library and Information Association, [ALIA on the Hill: advocating for libraries at the Inquiry into the National Cultural Policy](#).

⁶ Create NSW, [Create NSW Fellowship to Miles Franklin Award: In conversation with Shankari Chandran](#).



While tax averaging over a five-year period is available to authors, we hear from our members that it is too complicated for most authors to navigate, and the specialist tax advice required to access this provision is cost-prohibitive.

Tax relief on both literary prizes and government grants would represent additional support for Australian authors and send a strong message about the value of their work to society, while being a negligible cost to the government.

Prizes: Consistent with the tax concessions granted for the recipients of the Prime Minister's Literary Awards, we propose a tax-free status for all major literary awards in Australia, including but not limited to:

- All State Premiers' Literary Awards
- The Miles Franklin Literary Award
- The Stella Prize
- The ARA Historical Novel Prize
- The Barbara Jefferis Literary Award

The total tax on these combined awards each year represents a tiny amount for the Government but would constitute a significant sum for individual authors.

Commonwealth grants and fellowships: There is precedent for the federal government declaring support grants as non-assessable, non-exempt (NANE) income, such as bushfire disaster recovery allowances and COVID relief payments. Recipients do not include NANE income in their income tax return and they do not pay tax on it.

The purpose of this relief was to recognise and support people in tough situations during which their livelihood was threatened. Grants for low-income authors (on a means-tested basis) could be declared as NANE income, as part of underpinning a healthy infrastructure for literary arts.

Additionally, the government should consider implementing a tax exemption scheme, similar to the Artists' Exemption scheme offered in Ireland, whereby income earned from advances, book sales, grants, awards, and prizes are tax exempt up to the maximum amount of €50,000 per year⁷. Such a scheme would alleviate some of the financial precarity of author and illustrator careers, and ensure the long-term viability of Australian storytelling.

⁷Revenue Irish Tax and Customs, [Artists' Exemption](#).



2. Supporting the publication of Australian books through production offsets

The Australian book market is a medium-sized market in global terms, and Australian-authored books must compete with more than 1 million titles available from larger English-language markets, including the United States and the United Kingdom. Local publishers are facing constrained demand and rising production costs, compounded by local printer monopolies. This increasingly challenging commercial market has made independent publishing in Australia far less viable, and may have led to the acquisition of local publishers like Text and Affirm Press by larger multinational publishers.

Publisher consolidation puts downward pressure on author income because it can lead to: lower advances offered on the basis of less competition; fewer publishing opportunities; and diminished publishing of the kinds of Australian stories that may not have significant commercial value, but are of enormous public and cultural importance.

We support the Australian Publishers' Association (APA) proposal for a production offset, similar to the Producer Offset for Australian feature films and television. Such an offset would assist publishers to manage high upfront investment and market risks when producing Australian-authored books, and would ensure that books of educational, cultural, or literary value continue to be published.

3. Supporting bookshops as local cultural hubs through subsidies

Local booksellers are vital champions of Australian authors, nurturing local reading culture and enriching the cultural life of their communities. They serve as cultural hubs, offering spaces for launches, events, book clubs, and discussion groups that connect writers, illustrators, and readers.

Unlike overseas online retailers – whose global marketplaces prioritise only a handful of international bestsellers and provide little visibility for Australian voices – local bookshops actively promote Australian titles and provide critical retail outlets for self-publishing authors, one of the fastest-growing sectors of Australian publishing. For many creators, bookshop sales also deliver the strongest royalties, in contrast with discount department stores. In this way, local bookshops not only sustain Australian authors and illustrators but also underpin the creative economy and cultural life of Australian communities.

However, rising rents, a decade of flat book prices, increasing staff wages, and other factors threaten the viability of Australian bookshops, many of which already operate on very thin margins. These margins are further eroded by competition from loss-leading online retailers



and discount department stores that heavily undercut book prices, while independent bookshops need to sell books at the Recommended Retail Price to make a basic profit. Trade book prices have barely increased over the last 20 years, falling well behind CPI, and leaving retailers with rising costs that are not compatible with the products they sell.

The government ought to introduce rate relief or a rental subsidy for independent bookshops to help ease the financial pressures they face, similar to overseas initiatives. In France tax concessions and subsidies are offered to support some independent bookshops as part of broader cultural policy⁸, and the UK has used business rates relief to help maintain bookshop viability⁹. Bookshops are vital to the health of the local literary landscape, and rate relief or a rental subsidy would ensure they remain cultural hubs for Australian readers, and strong supporters of Australian authors and their stories.

Thank you for the opportunity to make this submission. We would be pleased to consult with you further on meaningful tax reform for the creative industries.

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⁸ Publishing Perspectives, [France Rates Top Indie Bookshops Like Wine](#).

⁹ Gov.UK, [Business Rates Relief](#).