

Address N/A

Black Economy Division
The Treasury
Langton Crescent
PARKES ACT 2600
blackconomy@treasury.gov.au

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Re: Submission to the Black Economy Taskforce

I am writing to provide comment to the Black Economy Taskforce on my personal experiences and concerns as a Visual Artist on the use of the ABN system by Australian Artists. I understand this is not the purpose of the Taskforce, but have been encouraged by the National Association of the Visual Arts (NAVA) to contribute my point of view.

It is understood by Artists that currently, having an ABN is a key component of being recognised as a practicing professional artist in Australia. If you do not have an ABN then you are considered to be operating your practice as a hobby. It is of concern to me when Artists at all levels of expertise must be categorised as either hobbyists or professional Artists by the criteria used for registering for an ABN, since art distributors ask all creative producers for our ABN regardless of our bankability or financial health. Applying these criteria demands that a student or beginner has to consider themselves a 'business' before focusing on developing their skills which, for this sector, is detrimental to their development.

Artists are frequently concentrated in casual, part-time and short term employment markets to allow us to continue our art practice, often in industries where labour hire exploitation is rife. Yet Treasury's policy consultations have overlooked the complexities faced by Australian artists and our tenuous position in the marketplace. I am especially concerned with some of the compliance suggestions for dealing with sham contracting by The Taskforce which may have a punitive effect on all Artists required to have an ABN regardless of how we are defined.

The lack of understanding of the experiences of working Artists and how much of our development (and personal investment) cannot be measured or remunerated by our taxation system is disappointing. Only a handful of us find ourselves represented by a commercial art gallery or generating sales over continuous periods, yet even during our leanest years or when living on unemployment benefits, we have to maintain an ABN to be recognised by the art sector and to sell our work. The move to further complicate the ABN system with regular reporting, more paperwork and testing of skills foreign to many artists, risks discouraging artistic and cultural development and innovation by deterring current and new Artists from their practice.

Over Zealous ABN Compliance Will Reduce Creativity and Innovation

The production levels for most of us suit simple, streamlined reporting, especially for Artists who have slow sales, infrequent exhibitions and are forced many times to go on unemployment benefits. Artists with ABNs are repeatedly asked to provide detailed bank, financial and tax records by Centrelink as if we have been running a business that equates to an average wage. An Artist is automatically assumed to be a practitioner of the black economy which we find quite strange as Australia is a paltry marketplace for the Arts. As a result of double discrimination where our main work is not recognised as "work" until we are financially successful, many Artists find

some of the proposed ABN changes unsupportive. I appreciate that sham contracting is a blight on the employment market that needs to be addressed and reform targeting crooked employers engaged in sham contracting is important, but policy makers should be aware of the effect of over zealously regulating ABN owners including Artists. Instead, we should be making it easier to report bad employers, and reduce unnecessary ABN registrations over time rather than punishing people for embracing fast-changing employment market trends or, as with Artists, low-paid workers responding to the demands of a shrinking marketplace.

Artists looking at the suggestion from the interim reports might be confused and frightened that Taxation systems will prescribe our creative processes. Some of the suggestions for repetitive testing and reporting for Artists with ABN numbers could be perceived as punitive with destructive consequences for the sector.

These might include:

- Discouraging Artists from continuing their professional practice entirely
- Decreasing student enrolments in fine art and performing arts courses
- Promoting an exodus of creative talent to markets in other countries.
- Exposing even more Artists to the level of exploitation already experienced by Indigenous Artists in regional areas.
- Reducing the quantity and diversity of our national artistic and cultural heritage
- Taking resources away from monitoring and reporting of crooked employers
- At worse, forcing existing Artists to enter into the black economy regulators want to prevent, while criminalising their efforts to earn a subsistence living for their family.

Different units of production

As Artists we are already expected to fund ourselves for many years with other jobs and are never guaranteed a single career pathway to success. Our incomes are sporadic and often we do not make any profit for years. It is not unusual to not renew our ABN say, over a five year period of creation, gestation of ideas, working in other jobs and not having exhibitions or selling artworks. I only renewed my ABN this year because I was recently shortlisted for a prestigious art prize and would have required an ABN to be paid for sale or a prize – neither of which occurred. But under the ABN, this may seem an insufficient reason to re-apply for an ABN. In the art world it isn't.

Yet I do not wish to invest and 'power up' my marketing, production and sales as might be seen as the end goal for other businesses. I have been doing this for thirty two years and seen a lot of taxation systems and governments come and go. Defining an Artists' professionalism based on how other businesses perform creates a lot of administrative processes for the creation of sometimes six pieces a year that I won't sell till they are viewed in an exhibition. I may take two to five years to create enough work for a show. I don't want to do a course on changing the nature of my art practice just so a policy maker can measure my losses annually and contribute nothing to the quality of my work, my safety, or my short-term viability or long-term success.

I have met many Artists who do not even claim their expenses between active exhibiting years from a sense of professional neglect. Exhaustion from creating a formal process every year to record our losses is demeaning and depressing. I understand that this inquiry is not interested in emotional empathy, but emotions and ideas *are* my units of production branded by each creative product I produce. For me that means each painting on canvas that I paint. Those units of production will never appear on our financial statements and nor will our opportunity costs.

Although I am recognised by people in Australia and overseas as a professional artist, I myself sometimes succumb to this false image that Artists that don't generate high prices or regular monthly cash flows don't have a professional identity and value. The ABN is often spoken of as symbolic of that neglect. It speaks for everyone else but us.

Changing the name and regular testing

I believe that renaming the ABN as the Australian Business Licence (ABL) and instigating a "simple" business literacy test would place an unfair burden on the majority of professional artists who are sole traders earning considerably low amounts over long periods of time while supplement their income with other jobs. Many emerging Artists, students and hobbyists who are asked to sell their work commercially are expected to have an ABN to be stocked on the shelves and the backroom. Galleries and shops are not patrons and charities. For Indigenous Artists in some regional areas, these distributors are blatant fraudsters. Many of us are equally unprepared and untrained to set up complex business systems for sporadic sales or able to represent ourselves in the economy. The ABN records and reports, it doesn't assist anyone in the Arts.

It may surprise policy makers than many Artists of local and international standing don't earn significant profits and have other jobs. They use their ABN mainly for a very small number of sales transactions, some research, exhibition costs and a website. We don't advertise that when we are guest international speakers or being interviewed for a magazine or on the radio.

Proposing Fines for Not Renewing ABNs

Sometimes we don't renew our ABN's because we don't exhibit for several years and go back to our day job. The notion of introducing fines for not renewing our ABN reflects a lack of understanding of how Artists participate in the economy and contribute to the (unpaid) social capital of Australia. This will be clear if being an Artist becomes so burdensome that, like airline pilots, the nation has to import them in on 457s to look creative. If the taxation system does more than just make Artists report their low earnings, like encouraging Australians to buy more art, then maybe one million Australian expatriates will want to return to a creative country.

My accountant patiently records my losses when I do claim a few items after an exhibition every five years. This is my 'professional' career. I qualify for the professional category because I have done enough in three decades to make that point. I have exhibited commercially, produced art works which contribute to social, political and technological debates, and featured in journals and publications. I did this through self-study, collaborations and discussions with qualified experts across the world, while spending as little money as possible and having many different day jobs. I've met incredible people and proudly represented the creativity of my country in print, group shows and conferences. I am passionate about making new ideas and being an Artist.

But it doesn't pay.

Like a lot of Artists working for "Arts sake", all I ask is not to be punished by the taxation system for my creative talents, resilience or continuity.

Yours Faithfully

Carl Gopalkrishnan