**Submission No 13**

# INQUIRY INTO STRUCTURE AND FUNDING OF THE ARTS, MUSIC, NIGHT-TIME ECONOMY, AND TRANSPORT PORTFOLIOS

**Organisation:** Left Bank Co

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LEFT BANK CO SUBMISSION TO PARLIAMENTARY INQUIRY INTO THE STRUCTURE AND FUNDING OF THE ARTS, MUSIC, NIGHT-TIME ECONOMY, AND TRANSPORT PORTFOLIOS

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# Submission on Create NSW Restructure: The Loss of Systemic Space Reform Capability

## Executive Summary

This submission is not a critique of organisational change itself—priorities and landscapes shift, and agencies must adapt accordingly. However, the Create NSW restructure eliminates the agency's capacity and capability to address the market failure that is displacing Sydney's creative production workforce at a critical moment when intervention is most needed. While establishing a Director of Creative Spaces role to activate and manage existing assets, it has removed the Space Reform team that worked on systemic interventions into planning policy and market settings—interventions explicitly committed to in the NSW Government's *Creative Communities: NSW Arts, Culture and Creative Industries Policy 2025-2035*.

The consequence: Sydney is hollowing out of creative workers while government invests in cultural infrastructure that will lack locally-produced content to programme. Creative workers report paying $446/m² for workspace—C-grade CBD commercial rates—on median incomes barely sufficient to cover housing, let alone studio space. 56% report low confidence they will have workspace in 12 months.

The structural gap: The new structure has no one positioned to advocate for creative industries in employment lands planning, drive regulatory reform, access fiscal levers like tax incentives, or coordinate state-level responses to creative displacement. These are not asset management functions—they require dedicated systemic reform capacity with cross-government reach.

The recommendation: Reinstate systemic space reform capacity (whether called Space Reform or otherwise) with the mandate and resources to intervene in the market and planning failures displacing creative production across Greater Sydney.

## 1. The Crisis: Creative Production Capacity is Collapsing

The creative industries are a significant part of NSW's economy—in Greater Sydney, they account for 9% of the workforce (NSW Government, 2024). However, aggregate employment figures mask a critical distinction: while software and digital content sectors are growing, cultural production sectors—the visual arts, performing arts, music, and publishing sectors that require physical creative space—are stagnant or declining. These are the practitioners being displaced, yet they are the ones who generate the content that should animate major cultural infrastructure investments.

The Greater Sydney Creative Spaces Affordability Study (2025, commissioned by City of Sydney) reveals the severity:

- Creative workers in Greater Sydney pay a median of $446/m² for workspace—equivalent to C-grade commercial rates in the CBD
- 56% of creative workers report low or very low confidence they'll have access to workspace in the next 12 months
- From 2012 to 2022, the City of Sydney area alone lost 172,000m² of creative floor space and 14,300m² of artist studios (City of Sydney Cultural Strategy 2025-2035)
- Sydney is the only Australian capital city to see a decline in its artist population between 2017-2021 (City of Sydney Cultural Strategy 2025-2035)

Every "affordable" arrangement identified in the research relied on temporary conditions: a generous landlord offering an informal discount, a building awaiting redevelopment, volunteer labour absorbing maintenance costs, or someone sacrificing their own housing stability to maintain workspace. Creative workers described paying 80% of their creative income on workspace. Space operators recounted absorbing $50,000 to $300,000 in fit-out costs personally (Greater Sydney Creative Spaces Affordability Study, 2025).

This is not a creative sector problem. It is a market failure. Creative spaces generate social cohesion, cultural identity, talent pipelines, and economic activity that radiates far beyond their walls—but none of that shows up in a financial pro forma. So they get priced out, not because they're unproductive, but because we lack mechanisms to capture and return the value they create.

The NSW Government's housing agenda is accelerating this crisis. Large-scale residential rezonings across Sydney—including in the Southern Industrial Zones (Alexandria, Waterloo, Rosebery, Green Square) that currently house creative industries—are proceeding without any strategic planning for where displaced creative uses will be accommodated. When creative industries are displaced by rezoning, the costs include physical relocation, loss of established supply chains and creative clusters, breaking of social and professional networks, potential business failure during transition, and loss of place-based character. The Creative Spaces Affordability Study documented operators absorbing $50,000 to $300,000 in fit-out costs personally. **Who bears these costs when rezoning forces a move? Where are they meant to go? What happens to businesses that cannot afford to relocate?**

Housing is desperately needed, but displacement requires active management and alternative provision. Eliminating the team that could coordinate this response is planning for the collapse of Sydney's creative production capacity.

## 2. The Restructure Prioritises Consumption Over Production

The Create NSW restructure establishes a Director of Creative Spaces role focused on managing and activating the agency's existing asset portfolio. It also established a general Policy and Strategy role. Both of this appear to have been designed to address sluggish audience numbers for recently invested major cultural projects—getting "bums on seats" for large venues, particularly in Sydney's CBD. This is an understandable priority given significant recent capital investment.

However, this focus raises fundamental questions: Was this a failure of the original business case process? How realistic is it to drive cultural attendance during a cost-of-living crisis? More critically, how do you sustain vibrant cultural venues when the local creative workforce that should produce content for those spaces is being actively displaced?

The restructure focuses on consumption infrastructure while ignoring the collapse of production capacity.

What fills the void when local production is displaced? Increased reliance on imported, ready-made cultural productions. Australia already has a significant cultural trade deficit, importing eight times more cultural products than it exports. Creative Communities: NSW Arts, Culture and Creative Industries Policy 2025-2035 explicitly commits to addressing this imbalance by "fostering local talent and storytelling" and "promoting NSW creativity globally." Yet the restructure eliminates the very team that could enable this by protecting and expanding local creative production capacity.

The consequences compound:

- Erosion of national identity when cultural venues become distributors of international content rather than platforms for local creation
- Loss of place distinctiveness as Sydney's cultural character becomes homogenized and indistinguishable from other global cities
- Missed economic opportunity as creative exports cannot grow if there is nowhere for creators to work
- Undermined policy objectives as Creative Communities' commitment to "close the creative trade deficit" becomes impossible without production infrastructure
- Weakened tourism proposition as Sydney's cultural distinctiveness relies on authentic, place-based creative production, not just consumption infrastructure
- Collapse of the talent pipeline without affordable space for emerging practitioners

The restructure is, in effect, investing in distribution channels while allowing the production base to collapse. This is economically and culturally unsustainable, and directly undermines the policy commitments made in Creative Communities.

## 3. The Structural Gap: Critical Functions Without a Home

The Space Reform team worked on market and planning interventions to retain and create creative production spaces throughout the state. This was systemic reform aimed at changing the underlying conditions that determine whether creative production can survive in Sydney's property market. The Director of Creative Spaces role, by contrast, manages Create NSW's existing asset portfolio—important work, but fundamentally different from addressing market failure. Asset management is not market intervention or policy reform.

The restructure did advertise a policy and strategy role, which could conceivably oversee something like the space reform agenda. However, most of the staff with in-depth knowledge of this work—the relationships with Treasury, Planning and local government, the understanding of regulatory levers, the accumulated case studies and evidence base—were let go in the restructure. Even if the function is reconstituted, we face being set back several years while new staff build the knowledge, relationships and credibility that took years to establish.

Four critical functions now lack a home in the restructured agency:

### 3.1 Advocacy in Employment Lands Planning

Cultural production sectors receive almost no consideration in employment lands planning processes. Planning frameworks determine what can be built where, and how land is zoned for different economic uses. Without advocacy, creative production will continue to be displaced by uses that generate higher commercial returns.

The City of Sydney's Cultural Strategy 2025-2035 (released October 2024) explicitly calls for state-level coordination. It commits to "review planning controls across creative employment precincts" and "advocate for creative enterprise zones" while noting: "Sydney's creative sector is borderless and people who live in other government areas deliver great value to our cultural life." It frames this as an "invitation to other levels of government to work with us in partnerships for greater impact."

Without state-level coordination, the City's efforts will fail. Local government can adjust planning controls within its boundaries, but creative displacement is a metropolitan challenge requiring metropolitan solutions. The City explicitly calls for state partnership—but the State has just eliminated the team positioned to provide it.

The timing is particularly critical. The City of Sydney's cultural strategy team is also experiencing change. Without continuity at the state level, both levels of government will be starting this work from scratch—building relationships, establishing credibility, and developing the evidence base that already existed. In a crisis of this velocity, we cannot afford the years it will take to rebuild institutional knowledge. Creative displacement is not a problem that waits for organisational restructures to settle.

## 3.2 Enabling Alternative Property Models and Accessing Fiscal Levers

Making creative space viable at scale requires access to tax incentives, subsidy mechanisms, and alternative ownership models that can compete with commercial returns—land tax exemptions, rates relief, density bonuses, or capital grants tied to affordability covenants.

The Greater Sydney Creative Spaces Affordability Study's key recommendation is an Affordable Creative Spaces Scheme modelled on affordable housing policy, with clear definitions, recognised operators, targeted planning and fiscal incentives, and acknowledgment that this is infrastructure worth protecting. This requires cross-government work across Treasury, Planning, and local government to identify and activate regulatory and fiscal levers. The Director of Creative Spaces has no mandate or capacity for this.

### 3.3 Delivering Regulatory and Planning Policy Reform

Creative Communities: NSW Arts, Culture and Creative Industries Policy 2025-2035 commits to specific regulatory reforms: "new vibrancy legislation to reduce overregulation affecting live music venues," working with councils to "reduce barriers for cultural events," and "simplify application processes for events and festivals."

These are not asset management functions. They require deep engagement with planning law, local government regulation, and liquor licensing across multiple agencies. The policy commits to a "whole-of-government approach" and "$160 million investment for cultural infrastructure in Western Sydney"—but infrastructure investment is meaningless if the creative workforce that should occupy it is being displaced. Without the Space Reform team, who delivers these regulatory reform commitments?

### 3.4 Thinking Beyond Funded Organisations

The Space Reform team thought about the entire creative ecosystem—not just organisations receiving Create NSW funding. The small-to-medium sector, independent practitioners, and emerging creatives who have never applied for government support are now largely absent from the agency's field of vision. Yet these are the practitioners most vulnerable to displacement and constitute the majority of creative production capacity.

The new structure risks creating an agency that only sees the creative sector through the lens of its own funding relationships and asset portfolio—far too narrow a view for delivering Creative Communities.

## 4. Recommendations

### 4.1 Reinstate Systemic Space Reform Capability

Re-establish a function (whether called Space Reform or otherwise) with the mandate and resources to:

- Advocate for creative industries in employment lands and strategic planning processes
- Work across Treasury, Planning, and local government to identify and activate fiscal and regulatory levers
- Drive planning policy reform that enables affordable creative space at scale
- Coordinate state-level responses to creative displacement, including managing transitions when rezoning displaces existing creative uses
- Develop and implement alternative property models (affordable creative spaces schemes) that can compete with commercial returns
- Think about the entire creative ecosystem, not just funded organisations or existing assets
- Partner with local government (such as City of Sydney) on metropolitan-scale creative space planning

This is a tractable problem. It does not require creative space provision to be evenly distributed across all localities. Rather, it requires strategic identification of areas with competitive and locational advantages—locations with suitable building stock, good transport access, proximity to related industries, and planning frameworks that can accommodate creative production. The work is about understanding where these advantages exist, protecting them through planning controls, and enabling them through targeted fiscal and regulatory interventions.

This capability could be delivered in various structural forms—whether as a dedicated team, as a specialised taskforce under the Director of Creative Spaces, or through another organisational model. What matters is that the function exists with adequate resourcing, cross-government mandate, and clear accountability for delivering the systemic interventions that asset management alone cannot achieve.

### 4.2 Ensure Cross-Government Mandate and Resources

This function requires:

- Direct reporting lines that enable cross-departmental coordination
- Authority to engage with Treasury on fiscal instruments
- Capacity to work with Department of Planning on regulatory reform
- Resources sufficient for sustained policy development and implementation
- Clear accountability for delivering Creative Communities policy commitments related to spatial planning and regulatory reform

### 4.3 Integrate with Housing Policy Planning

Given the scale of residential rezoning underway:

- Establish protocols for identifying and managing creative industry displacement before rezoning occurs
- Resource relocation support and transition management
- Ensure adequate pipeline of suitable alternative space across Greater Sydney
- Coordinate with housing delivery to achieve both objectives

This recognises that housing and creative space are not competing priorities but require coordinated planning to achieve both.

## 5. Conclusion: A Critical Moment for Intervention

Organisational restructures reflect changing priorities and contexts—this is inevitable and necessary. However, the timing of eliminating systemic space reform capacity could prove consequential. We are at a pivotal moment where multiple forces converge: accelerating housing-driven rezonings, a creative workforce already under severe displacement pressure, major cultural infrastructure investments requiring local content, and explicit policy commitments in Creative Communities that require implementation pathways.

Without systemic space reform capacity, the consequences will compound:

- Large CBD cultural venues will struggle to programme locally-produced content as the production base collapses
- The cultural trade deficit will worsen as imported productions fill the void
- Creative Communities policy commitments will remain hollow—aspirations without implementation
- The small-to-medium creative sector will continue to be displaced, taking with it the city's cultural distinctiveness, innovation capacity, and talent pipeline
- Major infrastructure investments will fail to deliver their intended social and economic returns because the creative ecosystem they were meant to support no longer exists

The restructure, as currently configured, creates an agency equipped to manage what's already been built but unable to address the structural forces displacing the creative workforce. In five years, when cultural venues struggle to find locally-produced content, when the creative trade deficit has widened further, and when Sydney's cultural distinctiveness has diminished, we may look back at this moment and recognise it as the point when systemic space reform capacity was most needed—and when it was removed.

Sydney's creative sector needs advocates, reformers, and cross-government negotiators who can intervene in the market and planning failures that are hollowing out the city's creative capacity. The question is not whether change should occur, but whether this particular change—at this particular

moment—positions NSW to deliver on its creative policy ambitions and protect the production capacity that underpins them.