

A New Approach (ANA)

2022-23 Pre-Budget Submission

Strategic investment in Australian creativity and culture to drive social recovery and economic growth

ABOUT A NEW APPROACH (ANA)

Australians from every walk of life participate in and benefit from arts, culture and creativity. Australia's leading arts and culture think tank, A New Approach (ANA) makes this evident through independent research and analysis.

ANA is supported by 11 philanthropic partners: The Myer Foundation; Sidney Myer Fund; Tim Fairfax Family Foundation; The Ian Potter Foundation; Neilson Foundation; Minderoo Foundation; Besen Family Foundation; Spinifex Trust; The Keir Foundation; Aranday Foundation; and The Yulgilbar Foundation.

ANA's work informs discussion, inspires public policy and brings together decision makers and industry leaders around evidence-led ideas and pathways for pragmatic action. ANA's staff, board, expert advisory and philanthropic partners are driven by a shared vision of a cultural life that emboldens Australia.

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Strategic investment in Australian creativity and culture to drive social recovery and economic growth

This submission outlines costed recommendations for updating Australia's policy and investment settings to be more effective in ensuring Australians continue to have access to arts and cultural experiences wherever they live.

The Issue: The COVID-19 pandemic has reduced opportunities for Australians to create, consume and participate in cultural experiences, with many cultural and creative industries disproportionately disrupted.

- Attitudinal research confirms Australians expect that governments at all levels will invest in these industries for the benefit of individuals and communities and to ensure Australian stories are told to a global audience.
- Both middle-aged and young "middle Australians" report needing arts and culture more than ever in times of crisis, stating that arts and culture build community connection, reduce social isolation, and improve health outcomes - especially mental health.
- Australia's arts and cultural industries have been disproportionately impacted by the COVID-19 pandemic as most business models rely on both the gathering and free movement of consumers.
- The impacts of COVID-19 on Arts and Recreation industry payroll jobs between March 2020-March 2021 is categorised as 'High' by the Australian Bureau of Statistics (ABS) noting that Arts and Recreation is one of only two industries to be classed at this top-level category; the other is Accommodation and Food Services.
- The ABS analysis identifies that the two industries in the 'High Impact' category are both the hardest hit and the slowest to recover these lost payroll jobs.
- Data from the first four months of the pandemic shows arts, cultural and creative industries accessed significant COVID-19 related support from governments.

A National Solution: Develop a National Cultural Plan to support industry participation, employment, recovery and innovation for the benefit of all Australians, and take action to ensure contemporary national data can inform this.

COVID-19 has necessitated the beginning of significant reform within Australia's cultural industries. There is an opportunity to shape this change through strategic leadership and investment to embolden our cultural landscape, with the view to better serving and reflecting our contemporary public and helping accelerate Australia's social and economic recovery as it rebuilds from the impacts of the COVID-19 pandemic and recent natural disasters.

A National Cultural Plan would provide a scaffold for effective collaboration between the three levels of government as commercial and philanthropic investors, and support for a sector that relies on the long-term development of skills and products. This need for a National Cultural Plan has been recognised with bipartisan support in the 2021 report of the Parliamentary Inquiry into Cultural and Creative Industries and Institutions.

A New Approach (ANA) is Australia's leading arts and culture think tank, with a vision for an Australia that celebrates, benefits from, and invests in arts, culture and creativity for the benefit of all Australians. In our role as a philanthropically-funded, independent think tank, ANA is available to provide further information about the recommendations outlined in this submission and would welcome the opportunity to discuss them.

Warm regards,



Kate Fielding, CEO, A New Approach (ANA)

SUMMARY

KEY INSIGHTS

- Australians are keen cultural consumers as evidenced by the Australian Bureau of Statistics (ABS) reporting that 82.4 percent of Australians attended cultural venues and events in 2017–18. ANA's research with both young and middle-aged “middle Australians” found they appreciate the role arts and culture play in their own lives, and expect governments to support access to arts and cultural opportunities in communities across Australia.
- Cultural and creative activity contributed \$115.8 billion to Australia's economy in 2018–19. At the 2016 Census the cultural and creative industries works comprise 645,303 people (6.0 percent of total workforce), with the arts and entertainment subsection comprising 193,600 people (1.8 percent of total workforce).¹
- In the last four months of the 2019-20 financial year, (the first months of the pandemic) Australia's arts, cultural and creative industries accessed more than \$4 billion of COVID-19 support. The COVID-19 pandemic has disproportionately impacted Australia's cultural and creative industries and these impacts are ongoing.
- The recent Parliamentary Inquiry into Cultural and Creative Industries and Institutions by the Standing Committee on Communities and the Arts delivered a bipartisan recommendation that the Australian Government develop a National Cultural Plan to assess the medium and long term needs of the sector.
- A National Cultural Plan would also be a practical way to facilitate more coherent and effective public and private investments across Australia's cultural and creative industries, as well as legislative, regulatory and policy settings, and would assist with industry recovery while supporting employment and economic growth.
- This need for greater coordination and leadership is highlighted by the fact that Australia is spending less on culture than its OECD peers, and the growth of cultural funding by governments in Australia continues to lag behind population growth, with a 6.9 percent decrease in per capita expenditure on arts and culture in the period 2007-08 to 2019-20.
- Australia can respond to this by designing and implementing mechanisms to boost expenditure to at least the OECD average within the next decade, as well as ensure Australia's per capita expenditure keeps pace with population growth. This will require commitment from all parts of Australia's arts, cultural and creative ecosystem and all levels of government.

¹ For an overview of cultural and creative industries, and the sub sectors within them, please see Trembath, J.L., Fielding, K., 2020, 'Australia's cultural and creative economy: A 21st century guide'. Produced by A New Approach think tank with lead delivery partner the Australian Academy of the Humanities, Canberra

RECOMMENDATIONS

- The Commonwealth Government **develop a National Cultural Plan** to assess the medium and long term needs of the sector
- The Commonwealth Government direct the Productivity Commission to **inquire into the legislative arrangements which govern funding of artistic programs and activities at all levels of government** noting that the Productivity Commission should consider barriers and opportunities for artistic programs to be established at the different levels of government
- The Commonwealth Government provides additional funding to the Australian Bureau of Statistics to **produce the Cultural and Creative Satellite Accounts annually**, gather and publish data on levels and type of employment, trends, revenue, geographic trends across the creative and cultural industries.
- While COVID-19 is still disrupting the operations of arts and cultural organisations and special support mechanisms are in place, **conduct the Cultural Funding by Government Survey every financial year**.

COSTING ESTIMATES

These costing estimates are provided to inform the implementation of the recommendations in this submission, three of which have already secured bipartisan support.

Recommendation	Responsibility	Millions (\$)		
		2022-23	2023-24	2024-25
Development of National Cultural Plan	Office for the Arts (OFTA)	1.5	0	0
Delivery of Productivity Commission Inquiry	Productivity Commission	0	0	0
Production of annual Cultural and Creative Satellite Accounts	Australian Bureau of Statistics	0.5*	0.4	0.4
Annual Cultural Funding by Government Survey	Office for the Arts (OFTA)	0.12	0.12	0
Totals		2.12	0.42	0.3
		3-year total = \$2.84M		

* Includes allocation for methodology update

INSIGHTS IN DETAIL

Middle Australia's views on arts, culture and creativity

Community, that's what art is for, bringing the community together. (Male, QLD, 35-60)

I think it has a huge effect on skills...it forces us to think in a different way and allows you to develop your own thoughts and your own thought processes...it teaches you to think for yourself, teaches you to work with other people. (Female, SA, 18-29)

Australians participate in creative and cultural activities at a high rate, with the Australian Bureau of Statistics (ABS) reporting that:

- 82.4% of Australians attended cultural venues and events in 2017–18.
- Almost one third of Australians aged 15 years and over actively participated in (as opposed to simply attending and/or observing) artistic and/or cultural creation or performance in 2017-18.
- Australian households spent nearly \$50 a week, on average, on 'cultural expenditure', in 2015-16².

ANA's recent research with both young and middle-aged "middle Australians" - that is swing or undecided voters from low and middle income households living in regional or outer suburban locations - provides insight into the diverse benefits these groups associate with arts and culture.

Middle-aged middle Australians reported that arts and culture are essential to the Australian way of life, bringing communities together and improving social cohesion. They believe these activities have a binding effect in the face of disruption and dislocation and that arts and culture are critical to ensuring the world understands contemporary Australia. Similarly, younger middle Australians reported that arts and culture are both embedded in and inseparable from daily life. They also reported feeling that arts and culture has an important role in Australia's future, believing that it can deepen understanding of different people and places while helping to tell Australia's stories to the world. Both age groups reported using arts and culture as tools to understand themselves and their changing world.

I suppose we are building our own culture. We are a multicultural society and draw from a lot of different backgrounds. We are saying 'here you go, here is something that is uniquely Australian, you can see elements of different cultures in there but it's something we can say is uniquely Australian'. (Male, NSW, 35-60)

Everyone loves going to gigs and taking artsy pictures of things on Instagram and those sorts of things, so we're all sharing all the time and that's what culture is – sharing, communicating, linking together. (Female, SA, 18-29)

Without [arts and culture], it affects our health department and all the things. I think if you don't have culture people get mental health issues. All of these things make us happier, which is better for our mental health. (Female, QLD, 35-60)

² See Australian Bureau of Statistics. 2019. "4114.0 - Attendance at Selected Cultural Venues and Events, Australia, 2017-18." Canberra: Australian Bureau of Statistics.; Australian Bureau of Statistics. 2019. "Participation in Selected Cultural Activities 2017-18 Dataset." Canberra: Australian Bureau of Statistics; and Australian Bureau of Statistics. 2017. "6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16." Australian Bureau of Statistics: Household Expenditure Survey 2015/16. 2017

These perceptions are supported by national and international evidence of the beneficial impacts of arts and cultural participation on education, social cohesion and inclusion, health and wellbeing, employment, innovation and international relations.

Middle Australians also expect that governments at all levels will invest in ensuring arts and cultural opportunities are available to all Australians in every place, including in metropolitan, rural and remote areas:

I like the fact that some local council organizes some local events and that gets the community together and you meet all your neighbors and people you don't know. (Female, NSW, 35-60)

Yeah, things like museums and art galleries getting a lot of support from the government to continue to exist, I think means that it's cheaper for people to go and see them, that there can be a free section in art galleries. And I think that comes back to those areas being culture, and as a government, if they're not supporting that, then that culture goes away, and that culture is valuable to society. So yeah, I think when it comes to museums and galleries, potentially they're not as profitable but it's worth the contribution to society to, for the government to contribute money towards that. (Male, QLD, 18-29)

I think, what it is, they misunderstand what it [arts and culture] can do. For example, the bushfires: friends of friends who were artists went in to paint with the children and to help them to write stories as part of their therapy for what they went through. Whereas there was an area of the government that said 'We have all the psychologists lined up' and that's not what the community wanted or needed. (Female, NSW, 35-60)

Obviously every town, every country town needs a dance group or — so it depends what funding you are talking about cutting, but if you are talking about Sport, Arts and Culture, and Maths and English, the 4 pillars of good education, I think they are all very important to fund, yeah. (Male, VIC, 35-60)

The impacts of COVID-19

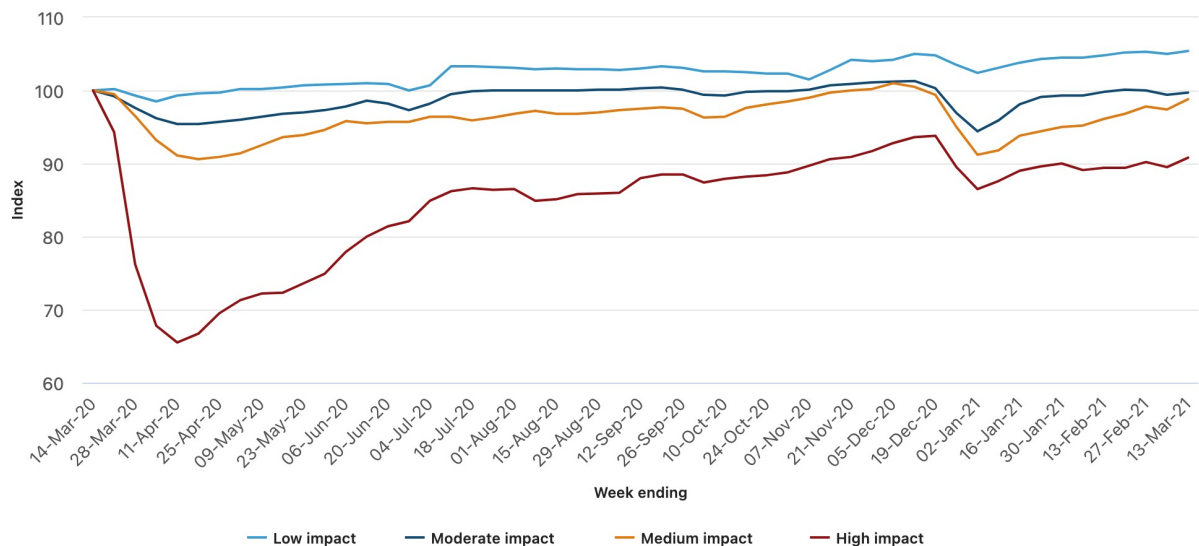
Analysis released by the Australian Government's Bureau of Communications, Arts and Regional Research (BCARR) identified cultural and creative activity as contributing \$115.8 billion to Australia's economy in 2018–19.³ At the 2016 Census the cultural and creative industries works comprise 645,303 people (6.0 percent of total workforce), with the arts and entertainment subsection comprising 193,600 people (1.8 percent of total workforce).⁴

However, the impacts of COVID-19 on Arts and Recreation industry payroll jobs between March 2020-March 2021 are categorised as '**High Impact**' by the ABS. Arts and Recreation is one of only two industries to be categorised at this 'High Impact' category, with the other being Accommodation and Food Services. The ABS analysis identifies that both of these industries in the 'High Impact' category are not only the hardest hit but also the slowest to recover these payroll jobs.⁵

³ Bureau of Communications, Arts and Regional Research, *Cultural and creative activity in Australia 2009–10 to 2018–19, Visual summary* September 2021. Australian Government, Department of Infrastructure, Transport, Regional Development and Communications. Canberra: Commonwealth of Australia, 2021.

⁴ Trembath, J.L., Fielding, K., 2020, 'Australia's cultural and creative economy: A 21st century guide'. Produced by A New Approach think tank with lead delivery partner the Australian Academy of the Humanities, Canberra.

⁵ *Payroll jobs and wages since Australia's 100th case of COVID-19*, March, 2021. Canberra: Australian Bureau of Statistics.



Source: Australian Bureau of Statistics, A year of COVID-19 through payroll jobs and wages statistics 30/03/2021

It is evident that the COVID-19 pandemic has disproportionately impacted industries predicated on the free movement and gathering of people, including Australia’s cultural and creative industries. COVID-19 has decreased opportunities for attendance at cultural venues and events across Australia, and prevented many businesses and organisations from earning an income from these activities.

While COVID-19 has prompted both significant disruption and necessitated the beginning of significant reform for these industries, its impacts are ongoing. The recent cancellation of prominent events, such as the Tamworth Music Festival in New South Wales, highlights these impacts will continue into 2022. In ANA’s research with young middle Australians in 2021 it is clear that this cohort are keenly awaiting opportunities to attend live events, and this is also reflected in audience monitoring work undertaken over the past 18 months.⁶

In the last four months of the 2019-20 financial year, or the first months of the pandemic, Australia’s arts, cultural and creative industries accessed more than \$4 billion of COVID-19 support. While this support has been essential to helping “weather the storm”, the pandemic has exacerbated pre-existing challenges as well as created profound disruption to the planning and pipeline of activities. As highlighted above, these impacts are current and will continue during 2022.

⁶ See COVID-19 Audience Outlook Monitor 2021 (Australia Council for the Arts) <https://australiacouncil.gov.au/advocacy-and-research/audience-outlook-monitor/>

The bipartisan recommendation for a National Cultural Plan

The recent Parliamentary Inquiry into Cultural and Creative Industries and Institutions delivered a bipartisan recommendation that the Australian Government develop a National Cultural Plan.

A National Cultural Plan, as ANA suggested previously in the Analysis Paper *Imagining 2030* and the Parliamentary Inquiry concluded, would be 'a practical way for the Federal Government to facilitate more coherent and effective public and private investments across these industries, as well as legislative, regulatory and policy settings', and 'will assist with the cultural and creative industries' recovery, while supporting employment and economic growth'.⁷

Strategically, connecting investment across all three levels of government will enhance outcomes from existing expenditure. In 2019-20, the three levels of government directed more than \$7.26 billion of public funds to arts and culture, which was approximately 0.9 percent of the combined total expenditure across all levels of government.⁸ An additional \$4.27 billion of COVID-19-specific expenditure was directed toward arts and culture organisations and businesses, resulting in total expenditure of \$11.58 billion or 1.46 percent of total expenditure across all levels of government in Australia.

These figures include support for organisations at all scales, including for cultural institutions such as the Australian War Memorial, the Australian Broadcasting Corporation, and Bangarra Dance Theatre as well as the national ecosystem of creative organisations, communities and individuals in metropolitan, regional and remote Australia. Funding for services such as public libraries and local festivals is also included, as are programs that invest in the development and distribution of new creative work, increase access opportunities for different audiences, and support Australia's international cultural diplomacy efforts.

Despite this, Australia is still spending significantly less on culture than its OECD peers. Australia is currently ranked 23 out of 34 OECD countries for expenditure on culture, recreation and religion. In addition, the growth of cultural funding by governments in Australia continues to lag behind population growth, with a 6.9 percent decrease in per capita expenditure on arts and culture in the period 2007-08 to 2019-20.⁹

A National Cultural Plan would drive leadership and support all levels of government to work together to ensure this investment is both more efficient and effective.

⁷ A New Approach 2021, quoted in: House of Representatives Standing Committee on Communications and the Arts. 2021. "Sculpting a National Cultural Plan: Igniting a Post-COVID Economy for the Arts." Canberra: Commonwealth of Australia. https://www.apih.gov.au/Parliamentary_Business/Committees/House/Communications/Arts/Report. (p. 4).

⁸ In 2019-20 the total government expenditure was \$792.1 billion ([figure here](#)). The total cultural expenditure in 2019-20, not including COVID-related support, was \$7.26 billion (taken from the MCM's CFG dataset ([found here](#))). Using these figures, cultural expenditure can be calculated to be about 0.91% of total combined government expenditure in 2019-20.

⁹ From a new report by A New Approach (ANA) to be released February 2021; see <https://newapproach.org.au/insight-reports/>

RECOMMENDATIONS

The following recommendations are drawn from the bipartisan report of the Parliamentary Inquiry into Cultural and Creative Industries and Institutions and are supported by ANA for priority action:

- The Commonwealth Government **develop a National Cultural Plan** to assess the medium and long term needs of the sector
- The Commonwealth Government direct the Productivity Commission to **inquire into the legislative arrangements which govern funding of artistic programs and activities at all levels of government** noting that the Productivity Commission should consider barriers and opportunities for artistic programs to be established at the different levels of government
- The Commonwealth Government provides additional funding to the Australian Bureau of Statistics to **produce the Cultural and Creative Satellite Accounts annually**, gather and publish data on levels and type of employment, trends, revenue, geographic trends across the creative and cultural industries.

In addition, ANA makes one further recommendation specific to the ongoing COVID-19 context:

- While COVID-19 is still disrupting the operations of arts and cultural organisations and special support mechanisms are in place, **conduct the Cultural Funding by Government Survey every financial year**.

In presenting these recommendations, ANA notes that Australia's public expenditure on culture as a percentage of total GDP is currently below the OECD average. Australia urgently needs to design and implement mechanisms to boost this expenditure to at least the OECD average within the next decade, as well as ensure Australia's per capita expenditure keeps pace with population growth. Achieving this will require commitment and courage from all parts of Australia's arts, cultural and creative ecosystem - from philanthropists, businesses, non-government organisations, communities, individuals and creators, as well as all levels of government.

A National Cultural Plan is a practical step towards achieving this goal. It could be modelled on similar existing national plans such as for Agriculture, Sport, Tourism and Defence Technology and Innovation, and would provide an updated policy framework to coordinate public and private investment ensuring arts and cultural opportunities are available to all Australians, from all areas across metropolitan, regional and remote.

A Productivity Commission Inquiry into the legislative arrangements which govern funding of artistic programs and activities at all levels of government would provide critical insight into the impacts of significant shifts in both the magnitude and source of public expenditure on culture over the last 13 years. These shifts have been unsettling to a sector that relies on the long-term development of skills and products for its ambitions and delivery of excellence. At the same time, these shifts have also unsettled other funders, in particular philanthropists, who often provide reciprocal and compensatory funding to the sector.

The resourcing of **annual Cultural and Creative Satellite Accounts**, and **an annual Cultural Funding by Government Survey** during the period of COVID-19 programs, will provide reliable data that is critical to understanding the significant transformations that are occurring in this sector, including the economic and employment impacts, and provide data to help track whether the ambition of a National Cultural Plan is being realised.

It is apparent that COVID-19 has necessitated the beginning of reform which responds to both the pandemic and wider industry changes in creation, distribution and consumption. With the recommendation above there is an opportunity to shape this change, using strategic investment to transform and embolden Australia's cultural landscape to serve and reflect its contemporary public.

CONCLUDING REMARKS

It is evident that Australians both value and participate in arts, cultural and creative activities at a high rate and there is an expectation that governments will play a role in supporting equitable access to arts and cultural opportunities for communities right across Australia. It is also widely recognised that Australia's arts, cultural and creative industries have been significantly impacted by the COVID-19 pandemic and leadership by the federal government is needed to ensure that all Australians can benefit from a healthy arts and cultural sector. A National Cultural Plan is a practical way to support industry recovery and growth, employment and innovation both now and into the future, ensuring all Australians have opportunities to create, experience and participate in a rich cultural life.

FURTHER INFORMATION

Further information about the data and evidence referred to in this submission is available in the following publications. All ANA publications are available at newapproach.org.au:

Australian Bureau of Statistics, 2021, '*A year of COVID-19 through payroll jobs and wages statistics Payroll jobs and wages since Australia's 100th case of COVID-19*', March, 2021. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 2019. "4114.0 - Attendance at Selected Cultural Venues and Events, Australia, 2017-18." Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 2019. "Participation in Selected Cultural Activities 2017-18 Dataset." Canberra: Australian Bureau of Statistics

Australian Bureau of Statistics. 2017. "6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16." Australian Bureau of Statistics: Household Expenditure Survey 2015/16. 2017

Fielding, K., Trembath, J.L., 2020, '*A view from middle Australia: Perceptions of arts, culture and creativity*'. Produced by A New Approach think tank with lead delivery partner the Australian Academy of the Humanities, Canberra.

Fielding, Kate, Iva Glisic, and Jodie-Lee Trembath, 2019, '*Transformative: Impacts of Culture and Creativity*.' Insight Series. Canberra: A New Approach and The Australian Academy of Humanities, Canberra, Australia.

Fielding, K. & Trembath, J.L., October 2021. 'Twenty-first century priorities for Australian arts and culture policy: What's new, what's endured, what's next?'. Analysis Paper no. 2021-03. Produced by A New Approach (ANA). Canberra, Australia.

Trembath, J.L., Fielding, K., August 2021. '*The next generation of voters: Young middle Australians talk arts, culture and creativity*'. Insight Series. Paper no. 2021-02. Produced by A New Approach (ANA). Canberra, Australia.

Trembath, J.L., Fielding, K., May 2021. "Imagining 2030: Preparing for a National Arts, Culture and Creativity Plan". Analysis paper no. 2021-01. Produced by A New Approach (ANA). Canberra, Australia

Trembath, J.L., Fielding, K., 2020, '*Australia's cultural and creative economy: A 21st century guide*'. Produced by A New Approach think tank with lead delivery partner the Australian Academy of the Humanities, Canberra