

Becoming a cultural powerhouse

2023-24 Pre-Budget Submission

About A New Approach (ANA)

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

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

ANA acknowledges the cultures of Aboriginal and Torres Strait Islander peoples in Australia and their continuing cultural and creative practices in this land.

A New Approach (ANA)

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Australian Government, The Treasury
Pre-Budget Submissions
prebudgetsubmissions@treasury.gov.au

Strategic investment to secure Australia's potential as a cultural powerhouse

This submission outlines costed recommendations to inform the updating of Australia's policy and investment settings to ensure Australians have access to arts and cultural experiences wherever they live.

Public investment in culture is already an intergovernmental and cross-portfolio effort, with potential gains from purposeful coordination. Unlocking more effective private and philanthropic investment will strengthen Australia's cultural and creative activity and improve access for all Australians.

The actions recommended in this submission provide a scaffold for more effective collaboration between the three levels of government and both commercial and philanthropic investors, as well as providing a clearer operating environment for a sector that relies on the long-term development of skills and products.

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. This can help accelerate Australia's social and economic recovery and resilience as it rebuilds from the pandemic as well as recent natural disasters.

Australia can become a cultural powerhouse whose compelling creativity is locally loved, nationally valued and globally influential. The federal government has a critical role to play in achieving this potential.

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)

Contact

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Key Points

- The potential:* Australia can become a cultural powerhouse, generating social, economic and environmental benefits.
- The context:* Cultural participation matters to Australians, and they understand that culture and creativity have a binding effect in the face of disruption and dislocation.
- Australia affirmed culture as a “global public good” and urged the “preservation and strengthening of the financing for culture” through the 2022 Mondiacult UNESCO Declaration for Culture.
- The Organisation for Economic Co-operation and Development (OECD) and United Nations Conference on Trade and Development (UNCTAD) have highlighted productivity gains both from and within cultural and creative industries, in the context of COVID-19 recovery.
- Australia is currently 23rd of 31 OECD countries for government expenditure on recreation, culture and religion as a percentage of GDP.
- The opportunity:* Public investment in culture is already an intergovernmental and cross-portfolio effort with potential gains from purposeful coordination, including unlocking more effective private and philanthropic investment.

Recommendations

1. The bipartisan proposal for a Productivity Commission inquiry 'into the legislative arrangements which govern funding of artistic programs and activities at all levels of government'¹ should proceed. The terms of reference should include:
 - a. A cost-benefit analysis of the cross-sectoral enablers of productivity identified in the 5-year productivity inquiry, as they apply to arts and culture, specifically.
 - b. Identifying a target for prescribed government expenditure (re Recommendation 2)
 - c. Consideration of the benefits of including art and culture government services in the Report on Government Services.²
 - d. To 'preserve' and 'strengthen' the financing of culture - declared a "global public good" - review other examples of outstanding public investment, focusing on those countries that invest above the OECD average.
2. In the context of the new National Cultural Policy, existing patterns of cross-portfolio investment and the international evidence of impacts across broad public policy agendas, the government should prescribe that a percentage of total government expenditure be directed towards cultural funding in a coordinated and intentional manner. The aforementioned Productivity Commission inquiry should provide a recommended target percentage.
3. To support the inclusion of cultural measures within the [Measuring What Matters Statement](#), and the implementation of the new [National Cultural Policy](#):
 - a. Conduct an environmental scan that builds and regularly updates our shared understanding of the dynamic health and economic pressures on Australian arts and culture (both supply and demand), and where the investments will be most effective.
 - b. Survey cultural funding by governments and quantify the economic contribution of cultural and creative activity every year. To enhance transparency of these investments, experiment with reporting on the National Cultural Policy's performance and deepen the granularity of the data collection and reporting instruments (e.g., add reporting 'by portfolio' and 'by postcode').
4. Include in forward estimates a funding envelope to support delivery of a multi-decadal plan to establish an infrastructure and workforce development pipeline (specifying short, medium, and longer-term goals and minimum required investment over multiple decades).

Costing Estimates

These costing estimates are provided to inform the implementation of the recommendations in this submission.

Recommendation	Responsibility	Millions (\$)		
		2023-24	2024-25	2025-26
Development of multi-decadal plan to support National Cultural Policy	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	0.12
Totals		2.12	0.52	0.52
		3-year total = \$3.16M		

Key Points in Detail

The Potential

Australia can become a cultural powerhouse, generating social, economic and environmental benefits.

- We are home to the world's oldest living cultures.
- We have globally high rates of cultural attendance and direct creative participation is growing, especially among young people.³
- We have a rich cultural inheritance in our institutions and legal protections of both copyright and freedom of expression.
- We have residents from every nation on earth, and Australia is the first English-speaking country in the world to be a migrant-majority nation.
- We are strategically positioned in the global south with dynamic relationships across the Asia-Pacific region as well as strong ties to the northern hemisphere centres of Europe, the United Kingdom and the United States.
- Our creative professionals, from performers and event designers to musicians and painters, are renowned across the world and a source of pride for Australians and the nation.
- Our training institutions attract and grow world-leading talent.

We are yet to reach our potential.

- We have the world's biggest creative trade deficit per capita.⁴
- Our audiences and creators have been living with disjointed policy settings that don't harness the diverse personal, cultural and social benefits of creative participation.
- We have an outdated approach to cultural and creative industries that treats them as 'nice to have' outliers rather than mainstream contributors to employment, skills, innovation, productivity and economic activity.
- Our digital infrastructure and skills depth for the creative industries is underdeveloped.

Australia **can become** a cultural powerhouse whose compelling creativity is locally loved, nationally valued and globally influential. The federal government has a critical role to play in achieving this potential.

The Context

Public participation, public value

- Cultural participation matters to Australians and they understand that culture and creativity have a binding effect in the face of disruption and dislocation.
- Middle Australians⁵ believe cultural participation creates 'agile, skilled, inclusive and resilient'⁶ people and communities and helps us connect across generations, cultures, geographies and viewpoints.⁷
 - *I had number one [in a list of cultural heritage icons] as Indigenous art centres. You learn about Australia's culture and where it started, and how creative some of the Aboriginal artwork is.* (Male, NSW, 35-60)
 - *I like being challenged by arts and culture. You learn about new things, and I like knowing more. Seeing things outside my normal life feels challenging. It takes me out of my comfort zone and that's a good thing.* (Female, TAS, 58-75)
 - *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)
 - *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)
 - *It's fantastic for kids from an early age. I'm from a migrant family and didn't get to see many things, but when I did as a child it really left an impression.* (Male, QLD, 58-75)
 - *It opens the conversation up. It makes everyone realise that anyone's opinion matters, despite your age.* (Female, NSW, 58-75)
- The Australian Bureau of Statistics (ABS) reports that Australians participate in creative and cultural activities at a high rate:
 - 82% of Australians attended cultural venues and events in 2017-18.⁸
 - 31% of Australians aged 15 years and over actively participated in artistic and/or cultural creation or performance in 2017-18.⁹
 - Australian households spent nearly \$50 a week, on average, on 'cultural expenditure', in 2015-16.¹⁰
- Australia affirmed culture as a "global public good" and urged the "preservation and strengthening of the financing for culture" through the 2022 Mondiacult UNESCO Declaration for Culture.

Productivity

- OECD and UNCTAD are highlighting the productivity gains both from and within cultural and creative industries, particularly in the context of COVID-19 recovery.¹¹
- The OECD reports employment in creative services highly correlates with increased productivity.¹² It notes 'Cultural and creative employment account for up to one in 20 jobs in some OECD countries, and up to one in 10 jobs in major cities.' These jobs are described as "future proof", with only 10% at high risk of automation vs. 14% in the general workforce.¹³
- Australia's productivity is growing at its lowest rate in 60 years, consistent with a broad-based slowdown in productivity growth among advanced economies.¹⁴
- Drawing on publications by the OECD and UNCTAD about the cultural economy, as well as interim reports of the Australian Productivity Commission's 5-year Productivity Inquiry, all published in 2022 the relationship between cultural and creative industries and productivity that these publications describe is summarised in three themes:
 1. Cultural employment, business and places (e.g. cities and regions)
 2. The trade and consumption of cultural goods and services
 3. The cross-sectoral productivity-enablers (e.g. innovation, digital technologies, flexible business environment, job-specific skills)
- Governments are exploring avenues to improve our national prosperity. However, the impacts of the cultural and creative industries on productivity has received little explicit measurement in Australia.
- Cultural tourism and meeting the international demand for higher education in creative skills both help position Australia as a desirable destination for skilled migration, as does the export of unique Australian cultural experiences, services and products.¹⁵

Industry and public investment

- The cultural and creative economy contributed \$115.8 billion to the Australian economy (6.0% of GDP) in 2018-19¹⁶ and employed more than 850,000 people in 2016 (8.1% of the total workforce).¹⁷
- Pre-pandemic, jobs in creative occupations and industries were growing at nearly twice the rate of the Australian workforce.¹⁸
- Australia's cultural and creative industries have been disproportionately disrupted by the COVID-19 pandemic, consistent with global trends.¹⁹
- Australia is currently 23rd of 31 OECD countries for government expenditure on recreation, culture and religion as a percentage of GDP.²⁰
- Non-COVID related cultural funding by governments declined in 2021-22, on both an adjusted and per capita basis.²¹

The Opportunity

One hundred departments (including selected agencies and authorities) were identified as funding arts and culture activities in 2020-21 across the three levels of government.²² This is 4 more departments than in 2019-20.

This evidence of whole-of-government, cross-portfolio investment in arts and culture reinforces ANA's previous call for a multi-decadal plan that includes short, medium, and longer-term goals and a minimum required investment. This would provide visibility for all levels of government and reflect the Productivity Commission's interim suggestion as part of its five-year productivity inquiry:

“National Agreements and other arrangements for coordination between the Australian, state and territory governments may be better configured to take advantage of the relative strengths of the different levels of government and be less funding-driven”.

The development of such a plan would assist in the implementation of the new National Cultural Policy as well as the relevant arts, culture and creative roadmaps and policies at state, territory and local government levels.

A multi-decadal plan would additionally assure a sector affected by a convergence of new and ongoing crises (e.g., environmental disasters, cost-of-living and regional security pressures), and provide vital information for non-government investors. It will assist cultural and creative industries to better serve and reflect our population as well as seize the opportunities of new domestic and global audiences and new technologies.

Australia can become a cultural powerhouse whose compelling creativity is locally loved, nationally valued and globally influential. Achieving this requires a maturing of the public, private and philanthropic investment environment. The recommendations in this submission are practical, discrete steps in this process.

Endnotes

- 1 Parliamentary Inquiry into Cultural and Creative Industries and Institutions by the Standing Committee on Communities and the Arts, 2021. https://www.aph.gov.au/Parliamentary_Business/Committees/House/Communications/Arts
- 2 Arts and cultural services may meet the criteria for inclusion in the RoGS process. <https://www.pc.gov.au/ongoing/report-on-government-services/criteria-for-selecting-service-provision-sectors>
- 3 Australians are keen cultural consumers: 82 percent of Australians report attending cultural events and venues over a year compared to 64 percent in the European Union. Drawn from ABS 4114.0 Attendance at Selected Cultural Venues and Events, Australia, 2017–18 EU: Eurostat (Statistical Office of the European Union) online publication. Cultural Statistics—Cultural Participation' 2017.
- 4 Analysis drawn on the most recent data available (2015) published by United Nations Conference on Trade and Development (UNCTAD), "Australia has one of the biggest creative trade deficits in the world. For every dollar that we export in creative goods, we import \$8, and for every dollar of creative services we export, we import \$2. This suggests Australia is not effectively identifying and leveraging our comparative advantages in creative goods and services for the global market." Creative Economy Outlook. 2019.
- 5 See ANA's middle Australia series, a three-year national focus group study on attitudes towards arts, culture and creativity amongst people from low- and middle-income households, living in regional or outer suburban locations, who are politically unaligned (they have changed their vote between the major parties more than once, and at both state and federal elections). The participants in the middle Australia focus groups were predominantly living in swinging federal electorates, from a range of cultural backgrounds and don't work in arts and culture. Series available at <https://newapproach.org.au/insight-reports/>
- 6 Jobs + Skills Summit Issues Paper, The Australian Government the Treasury, 17 August 2022. <https://treasury.gov.au/publication/2022-302672>
- 7 Drawn from Fielding and Trembath. A view from middle Australia; Jodie-Lee Trembath, Kate Fielding., 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; Angela Vivian, Kate Fielding, September 2022. Lifelong: Perceptions of Arts and Culture among Baby Boomer Middle Australians. Insight report no. 2022-02. Produced by A New Approach (ANA). Canberra, Australia. Series available at <https://newapproach.org.au/insight-reports/>
- 8 Australian Bureau of Statistics. 2019. "4114.0 - Attendance at Selected Cultural Venues and Events, Australia, 2017-18." Canberra: Australian Bureau of Statistics. <https://www.abs.gov.au/statistics/people/people-and-communities/attendance-selected-cultural-venues-and-events-australia/latest-release>
- 9 Australian Bureau of Statistics. 2019. "Participation in Selected Cultural Activities 2017-18 Dataset." Canberra: Australian Bureau of Statistics. <https://www.abs.gov.au/statistics/people/people-and-communities/participation-selected-cultural-activities/2017-18>
- 10 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

- 11 OECD. The Culture Fix: Creative People, Places and Industries. Local Economic and Employment Development (LEED). OECD, 2022. <https://doi.org/10.1787/991bb520-en>. UNCTAD. "Creative Economy Outlook: Trends in International Trade in Creative Industries." Geneva: United Nations Conference on Trade and Development, 2018. https://unctad.org/en/PublicationsLibrary/ditcted2018d3_en.pdf.
- 12 OECD, The Culture Fix: Creative People, Places and Industries, June 2022.
- 13 OECD, The Culture Fix: Creative People, Places and Industries, June 2022.
- 14 "5-Year Productivity Inquiry: The Key to Prosperity, Interim Report." Canberra: Productivity Commission, July 2022, 31, <https://www.pc.gov.au/inquiries/current/productivity/interim1-key-to-prosperity/productivity-interim1-key-to-prosperity.pdf>.
- 15 Australia Council for the Arts, International Arts Tourism: Connecting cultures, Australia Council for the Arts, 2018. Fielding and Trembath, Australia's cultural and creative economy.
- 16 Bureau of Communication, Arts and Regional Research. At a Glance: Cultural and Creative Activity Estimates, 2009-10 to 2018-19. Canberra: Department of Infrastructure, Transport, Regional Development and Communications, September 2021. <https://www.infrastructure.gov.au/sites/default/files/documents/at-a-glance-cultural-and-creative-activity-estimates-2009-10-to-2018-19-sep2021.pdf>
- 17 Kate Fielding and Jodie-Lee Trembath, Australia's cultural and creative economy: A 21st century guide, Produced by A New Approach (ANA) think tank with lead delivery partner the Australian Academy of the Humanities, Canberra, 2020. <https://newapproach.org.au/wp-content/uploads/2021/08/5-ANA-InsightReportFive-FullReport.pdf>
- 18 See Fielding and Trembath, Australia's cultural and creative economy: A 21st century guide. Modelling undertaken by SGS Economics (2013). They found that our cultural and creative industries had higher multipliers compared with other Australian industries, with total output, value-added and employment multipliers all higher than the equivalent values for other Australian industries.
- 19 The impact of COVID-19 on the cultural and creative industries over 2020-21 was uneven and in part location-dependent. However, three national data points from the period indicate the economic impacts were extensive, with ABS data showing that: In September 2020, arts and recreation businesses were still the most likely to be operating under modified conditions (86% compared to the average of 64%). In December 2020, half of arts and recreation businesses were expecting difficulty in meeting their financial commitments over the following three months. In June 2021, arts and recreation businesses were the most likely to be expecting difficulty in meeting their financial commitments over the upcoming three months. ABS's classification of the 'arts and recreation' businesses and services is diverse and extends beyond the cultural and creative industries. For example, this activity includes heritage activities, creative and performing arts activities, sports and recreation activities and gambling activities. For a more detailed description of the impacts of COVID-19 in Australia, see the report of the Australia Council for the Arts. "Impacts of COVID-19 on the Cultural and Creative Industries," August 2022. <https://australiacouncil.gov.au/advocacy-and-research/impacts-of-covid-19/>.
- 20 The Big Picture 3: Public Expenditure on Artistic, Cultural and Creative activity in Australia in 2007-08 to 2020-21 (forthcoming). Previous edition of this analysis available in Fielding, K., Trembath, J.L., February 2022. The Big Picture 2: Public Expenditure on Artistic, Cultural and Creative activity in Australia in 2007-08 to 2019-20. Insight report no. 2022-01. Produced by A New Approach (ANA). Canberra, Australia. <https://newapproach.org.au/insight-reports/the-big-picture-2/>
- 21 The Big Picture 3: Public Expenditure on Artistic, Cultural and Creative activity in Australia in 2007-08 to 2020-21 (forthcoming).
- 22 Cultural funding by government 2020-21 survey reports. Reports are prepared by a consultant from the Australian Bureau of Statistics (ABS). <https://www.arts.gov.au/cultural-data-online/government-cultural-funding-and-participation>