Feedback on the Cultural and Creative Activity Satellite Accounts Methodology Refresh

May 2023

Feedback prepared in response to the Cultural and Creative Activity Satellite Accounts Methodology Refresh: Consultation paper, produced by the Bureau of Communications, Arts and Regional Research, February 2023.

A New Approach (ANA)

About A New Approach (ANA)

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A New Approach (ANA) is Australia's leading think tank focused on arts and culture. We believe Australia can become a cultural powerhouse whose compelling creativity is locally loved, nationally valued and globally influential.

Through credible and independent public leadership, ANA helps build an ambitious and innovative policy and investment environment for arts, culture and creativity.

We work to ensure Australia can be a great place for creators and audiences, whoever they are and wherever they live.

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

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ANA Reference Group

Genevieve Lacey (Chair), Ben Au, Julian Canny, Jane Curry, Professor John Daley AM, Damien Miller, Rupert Myer AO, Alison Page, Laura Tingle and Dr Mathew Trinca AM.

ANA Partners

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This submission has been prepared by ANA and the opinions expressed do not necessarily represent the views of ANA's funding partners, or advisory groups, or others who have provided input.

Contact: hello@newapproach.org.au

www.newapproach.org.au

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We confirm that this submission can be made public.

Summary

A New Approach (ANA) welcomes this opportunity to contribute to the proposed refresh of the methodological framework for estimating cultural and creative activity, as one of the actions in *Revive: a place for every story, a story for every place – Australia's cultural policy for the next five years*.

This submission is informed by engagement across ANA's arts and culture networks, our previous and forthcoming research on the cultural and creative economy and our research about perceptions of arts and culture. It also draws on international recommendations about data collection and reporting and statistical updates in the Australian context regarding participation and attendance in cultural and creative activities. Finally, it reflects how we use the cultural and creative activity satellite accounts and estimates in our work.

The following information requests are addressed:

- **Request 1.** How ANA currently uses the cultural and creative activity satellite accounts and estimates
- **Request 4.** ANA's thoughts on the proposed scope of proposed layers, domains and categories of cultural and creative activity
- **Request 5.** ANA's thoughts on the scope of industries and occupations included in the proposed definition of cultural and creative sector
- **Request 6**. Other datasets that BCARR could use to further improve the estimates

Considerations and feedbck

ANA recommends that BCARR consider the following principles in its decisions about the methodology of the satellite accounts:

1. The broad scope, shifting definitions and importance of data on cultural and creative activity for a range of stakeholders.
2. The need for "future proofing" these definitions and data for technological changes such as generative artificial intelligence to support regulatory and investment decision-making.
3. The need to prioritise useability, timeliness, year-to-year consistency, and international comparability in the reporting on the cultural and creative activity satellite accounts and estimates.
4. The benefits for different audiences of reporting the source data, at sufficient granularity, and the ability to group these data together in various ways, including by parts of a value chain.

Background

New data about participation in cultural and creative activities by Australians has given fresh insight to Australians' behaviours and preferences. As reported by the ABS[1], the most recent statistics about participation in and attendance at selected cultural and creative activities show:

In 2021–22, one third (32%) of adults participated in at least one cultural activity, compared with 31% in 2017-18.
In 2021–22, 64% of adults attended at least one cultural venue or event, down from 82% in 2017-18.
During 2021–22, eight in ten children (80%) aged 5 to 14 years attended at least one cultural venue or event outside of school hours.

These statistics highlight the ongoing relevance of cultural and creative activities across age groups and suggest material effects of the COVID-19 pandemic on participation and attendance in 2021-22.

Artificial Intelligence (AI) is shifting understandings of the role of human authorship in cultural and creative activity in Australia and globally, with possible implications for copyright incomes and Australian and global regulatory settings. Forthcoming research by ANA explores these developments, for example in the United Kingdom (where a code of conduct is being developed for AI firms and licencing arrangements of copyright material)[2] and in the United States (where that country's Copyright Office has issued a statement of policy to clarify its practices for examining and registering works that contain material generated by the use of AI technology).[3]

Noting this global context, in Australia human authorship currently remains an element of BCARR's definition of cultural and creative activity used in the yearly reporting about the satellite accounts. Specifically, the definition given by BCARR is that

> *Cultural and creative activity refers to activities involving human creativity as a major input. While there is no universally accepted definition, the terms 'cultural' and 'creative' describe activities connected with the arts, media, heritage, design, fashion, and information technology.[4]*

Australia's policy settings and public investments are also shifting, supported in part by changing attitudes and beliefs towards arts and culture. In this context, it is worth noting middle Australians[5] hold inclusive definitions of arts and culture across generations. Participants in ANA's three focus group studies have also acknowledged that younger people were engaged in forms of arts, culture and creativity that they themselves would not define as arts or culture. Notwithstanding different preferences for participation in arts and culture, the Baby Boomer cohort takes a broad view of 'arts and culture', ranging from traditional cultural activities to 'graffiti in an alley', 'gaming or YouTube videos', 'music in the car' and 'even tattoos'.

There is international consensus that evidence on cultural and creative activity could be improved to support cross-country comparisons. As noted by the OECD,

> *Cross-country comparisons are particularly difficult due to varying country definitions, and lack of sufficiently disaggregated and timely data. Increased policy attention to the needs and contribution of the sector in light of the pandemic provides an opportunity to close data gaps to better inform policies at national and local levels and channel investment to areas of economic and social impact.[6]*

A similar conclusion – the need for harmonisation of cultural data and definitions – appears in UNCTAD's most recent Creative Economy Outlook. That report stresses this is a particular challenge for developing countries and notes the importance and issues of trade data and definitions (e.g. distinctions between cultural goods and cultural services). Nevertheless, UNCTAD concludes:

> *The lack of harmonized definitions and comparable statistics makes estimating the full weight of the creative economy difficult.[7]*

In our recent report '*The Big Picture 3: Expenditure on Artistic, Cultural and Creative activity by governments in Australia in 2007–08 to 2020–21*',[8] ANA suggests that cross-country comparison on the investment needs and opportunities within arts and culture would be a fruitful and data-led priority for a future round of the Australian Cultural Diplomacy Grants Program or The Australia Council's International Engagement Fund. ANA suggests this work may also be consistent with the federal government's policy intention to continue to promote international arts and cultural engagement and cultural diplomacy priorities.

Requests in detail

Request 1 - How ANA currently uses the cultural and creative activity satellite accounts and estimates

ANA uses yearly reporting on the cultural and creative activity satellite accounts and estimates in our research and engagement to support our vision. Namely, we draw on this information to help build an ambitious and innovative policy and investment environment for arts, culture and creativity, so that Australia can be a great place for creators and audiences, whoever they are and wherever they live. This includes research, engagement and information sharing about benefits and impacts of these activities (economic and non-economic) across the cultural and creative industries and with our stakeholders including:

- Elected members or policy advisers
- Cultural and creative organisations and Individuals
- Economists or economic advisors
- Investors
- Researchers or educators
- Media, content creators or content platforms
- International audiences

We have referenced the estimates in several publications. In '*Australia's Cultural and Creative Economy: A 21st Century Guide*',[9] we use the estimates to give an overview of Australia's cultural and creative economy and highlight opportunities for Australia to adopt a 21st century approach in this industry sector. In that report, we both draw on the aggregated estimates and definitional understanding of the 12 domains within cultural and creative activity. In '*The Big Picture 3: Expenditure on Artistic, Cultural and Creative activity by governments in Australia in 2007-08 to 2020-21*',[10] which aims to increase transparency and understanding of the cultural funding by governments across all levels and over time, we use the estimates to give understanding of the economic contributions and impact of the cultural funding by government data.

We also rely on existing, nationally agreed definitions as much as possible. One example is found in our forthcoming research about financial inflows into the cultural and creative industries. We have analysed *Australian Industry*[11] data published by the ABS and developed estimates of income sources by apportioning the cultural and creativity parts. To do this we referenced the class level (4-digit level) ANZSIC codes included in the cultural and creative activity satellite accounts and cross-referenced these in relation to the subdivision (2-digit level) ANZSIC codes in the Australian Industry dataset. Whilst acknowledging that there is limited 4-digit level data available for one relevant industry division (Manufacturing), we would like to comment on the challenge of apportioning the remainder of the divisions due to the unavailability of disaggregated data for most industry divisions.

We have encountered the following challenges in our regular use of these data which restricts useability:

- **Aggregation of data**. We would ideally like to access disaggregated data and disaggregated estimates on these activities so that we can analyse it for different purposes and for different audiences. For example, it would be useful for the domains and data to be able to 'matched with' the data on funding by governments and on cultural and creative activity participation (i.e. ABS participation and attendance survey) and to explore the activity at the state and territory (or ideally, postcode) levels. At present, cultural funding by governments

series (CFG) data are reported by a different set of aggregated categories: the 'arts and heritage' groupings as determined by the Meeting of Cultural Ministers.

- **Timeliness of available data.** At the time of writing this submission, there is a lag in being able to access and use many data sources, for example the most recently published Australian Industry data and the CFG data is for the 2020-21 financial year whereas the satellite accounts estimates are for 2019–20.
- **Confusion about terminology used in reporting key messages.** To a non-specialist, concepts such as 'contributions to the economy' and 'contributions to GDP' can be difficult to interpret while ensuring that the estimates are not being overstated or understated in a discussion about these activities' economic impacts.

Request 4 - ANA's thoughts on the proposed scope of proposed layers, domains and categories of cultural and creative activity

The addition of the Input-Output Product Classifications (IOPCs) as an additional datasource, will address existing gaps in data[12] and offer more granular data.

The concentric circles model is relevant when considering the various layers of cultural and creative activity, however, based on our middle Australia research and developments in AI, we consider it likely that the community definitions and regulatory environment for these layers will   shift.

To address shifting definitions, our hope (from a useability perspective) is that datasets are made available for the proposed layers, domains and categories with varying levels of detail (e.g. at the most granular possible and at the domain level) so that researchers and industries can analyse specific parts of the data and reorder according to specific needs.

Having clarity around what each layer, domain and category includes and access to granular level data (that can be analysed in various ways) would also provide the possibility of drawing comparisons with international sources, for benchmarking and reporting purposes.

However, an alternative approach may consider the 'value-chain' approach to reporting (see 5.2). A value-chain approach, with the additional option of disaggregating layers, domains, and categories of activity, may find support in the research and work undertaken by the European Union, which has explored methodologies to assess the quality and impact of the funding schemes. It recommends adopting a holistic approach that can examine the entire business value chain (entrepreneurship, education institutions, start-ups, bigger companies).[13]

Request 5 - ANA's thoughts on the scope of industries and occupations included in the proposed definition of cultural and creative sector

5.1 What products, industries or occupations are still not captured in the proposed definition of cultural and creative activity?

The definition of cultural and creativity activity should be broad and inclusive to capture the full array of activities that Australians and the international community consider, now and in the future, to be cultural and creative.

In terms of occupations, ANA notes that professionals working in arts and cultural related research do not appear to be captured in Appendix E.
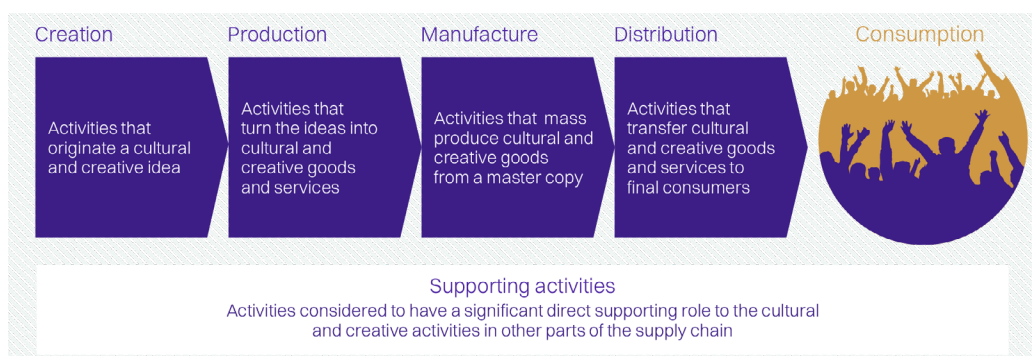
Acknowledging continual evolution of technology, and noting this opportunity of methodological refresh, ANA also highlights the questions of:

- How can definitions of cultural and creativity accommodate generative AI?
- How might AI (or other future technological advancements) impact workforce participation trends for specialised workers, support workers, or embedded workers?

5.2 Do you have suggestions on which products, industries or occupations should be included, excluded or modified?

Several existing ANZSIC class level (4-digit level) industries (Appendix B) have been excluded from the proposed industry classification list (Appendix D), for example those relating to retailing (e.g. Clothing retailing 4251 and Footwear retailing 4252). We suggest that rather than completely excluding these, to consider the option of collecting data grouped by parts of a value chain. See Figure 1 below with an example of the cultural and creative supply chain.

Figure 1. The cultural and creative supply chain helps understand how these activities make economic contributions to the cultural and creative economy.

Source: Adapted from ABS 2014c Explanatory Notes, by PwC.[14]

International research would appear to support this approach. For example, in a 2016 report the European Union[15] describes the benefits of adopting a holistic approach when considering funding practices. This involves examining the entire business value chain with consideration of a variety of contributors including entrepreneurship, education institutions, start-ups, and bigger companies. Similar considerations could extend to how cultural and creative activity is defined and estimated.

Request 6 - Other datasets BCARR could use to further improve the estimates

Subject to methodological constraints, the satellite accounts need to be able to be linked with other datasets in order to support meaningful analysis of the impacts of various policy and program interventions. A recent OECD report[16] provides high-level recommendations in the methodological refresh of the satellite accounts. Among these recommendations, BCARR should consider the recommendation to explore the integration of complementary data sources, such as online vacancy data, geolocation data, and websites to complement official data sources.

Additional complementary, national datasets to 'link' with the satellite accounts, and to consider alongside the methodological refresh may include:

- Participation and attendance data produced by the ABS
- Employment data (business exits and entries) produced by the ABS
- Cultural funding by governments data produced under the auspices of the Cultural and Creative Statistical Working Group[17]
- Any cultural data collected and reported at the state and territory and council levels.

Forthcoming research by ANA about financial inflows into the cultural and creative industries notes the potential benefit (yet current methodological constraints) on datasets such as monthly spending indicator prepared and published by the ABS, to support understanding of consumer behaviour and to measure changes over time.

In undertaking this research, it has been challenging to apply the cultural and creative activity definitions across other datasets that do not explicitly have an ANZSIC reference point and to determine where there may be overlaps across different datasets.

For example, while the satellite accounts report on the 'non-market outputs', the Australian Charities and Not-for-profits Commission (ACNC) separately publishes the Australian Charities Report annually which categorises key financial statistics of NFP's according to 14 subtypes, 12 of which are defined in the *Charities Act 2013 (Cth)*.[18] Of these 14 subtypes, only one – advancing culture – is explicitly related to arts and culture. In the 2019-20 financial year, the advancing culture subtype consisted of 1,348 charities. Within the same timeframe arts and cultural related programs were included within at least nine of the subtypes, with a total of 4,984 NFPs reporting that they provide at least one arts and cultural related program.[19]

It is unclear whether these data are linked with the satellite accounts.

Concluding remarks

Throughout this submission, our feedback has focused on emphasising the importance of useability of the cultural and creative activity satellite accounts and estimates. This includes consideration of timeliness, year-to-year consistency of methodology, and international comparability. As enthusiastic users of the cultural and creative activity satellite accounts and estimates we look forward to increased granularity of data and increased understanding of inclusions and exclusions of the satellite accounts and estimates.

In addition, we highlight the relevance of considering shifting definitions due to technological changes such as generative AI and community attitudes. We suggest that the methodology refresh includes consideration of how definitions and data sources can be 'future proofed' to support investments, regulation and research in these areas.

Endnotes

1   Australian Bureau of Statistics (2021-22), Cultural and creative activities, ABS Website, accessed 18 May 2023.

2   Government UK. February 2019. New code of conduct for artificial intelligence (AI) systems used by the NHS. https://www.gov.uk/government/news/new-code-of-conduct-for-artificial-intelligence-ai-systems-used-by-the-nhs

3   Federal Register. March 2023. Copyright Registration Guidance: Works Containing Material Generated by Artificial Intelligence. https://www.federalregister.gov/documents/2023/03/16/2023-05321/copyright-registration-guidance-works-containing-material-generated-by-artificial-intelligence

4   Department of Infrastructure, Transport, Regional Development and Communications and the Arts, October 2022. "At a Glance: Cultural and Creative Activity Estimates, 2010-11 to 2019-20." https://www.infrastructure.gov.au/sites/default/files/documents/bcarr-cultural-and-creative-activity-in-australia-at-a-glance-october2022.pdf. 1.

5   Fielding, Kate and Jodie-Lee Trembath. May 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.https://newapproach.org.au/insight-reports/a-view-from-middle-australia-perceptions-of-arts-culture-and-creativity/

6   OECD. The Culture Fix: Creative People, Places and Industries. Local Economic and Employment Development (LEED). OECD, 2022. https://doi.org/10.1787/991bb520-en.

7   United Nations Conference on Trade and Development. "Creative Economy Outlook 2022." Geneva, 2022. https://unctad.org/system/files/official-document/ditctsce2022d1_en.pdf.

8   Vivian, Angela, Fielding, Kate, Acker, Tim. March 2023. "The Big Picture 3: Expenditure on Artistic, Cultural and Creative activity by governments in Australia in 2007-08 to 2020-21". Insight report no. 2023-01. Produced by A New Approach (ANA). Canberra, Australia.

9   Trembath, Jodie-Lee and Kate Fielding. November 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.

10   Vivian, Angela., Fielding, Kate., Acker, Tim. March 2023. "The Big Picture 3: Expenditure on Artistic, Cultural and Creative activity by governments in Australia in 2007-08 to 2020-21". Insight report no. 2023-01. Produced by A New Approach (ANA). Canberra, Australia.

11   Australian Bureau of Statistics (ABS). 2022. "Australian Industry: Annual estimates of key economic and financial performance of industries in Australia, including income, expenses, profit and capital expenditure." https://www.abs.gov.au/statistics/industry/industry-overview/australian-industry/latest-release

12   For example, the addition of several IOPCs relating to copyright leasing will be useful for better understanding the financial flows of the copyright parts of the CCI.

13   European Union. "Towards More Efficient Financial Ecosystems: Innovative Instruments to Facilitate Access to Finance for the Cultural and Creative Sectors (CCS) : Good Practice Report." Luxembourg: Publications Office, 2016. https://data.europa.eu/doi/10.2766/59318.

14   Trembath, Jodie-Lee and Kate Fielding. November 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.

15   European Union. "Towards More Efficient Financial Ecosystems: Innovative Instruments to Facilitate Access to Finance for the Cultural and Creative Sectors (CCS) : Good Practice Report." Luxembourg: Publications Office, 2016. https://data.europa.eu/doi/10.2766/59318.

16   OECD. The Culture Fix: Creative People, Places and Industries. Local Economic and Employment Development (LEED). OECD, 2022. https://doi.org/10.1787/991bb520-en.

17   Cultural and Creative Statistics Working Group. Cultural Funding by Government – 2020-21. https://www.arts.gov.au/sites/default/files/documents/cultural-funding-by-government-2020-21-overview.pdf

18   The subtype refers to the charitable purpose that the entities activities and objects align with. This includes 12 subtypes that are defined in the Charities Act 2013 (Cth) and two additional subtypes, Public Benevolent Institutions and Health Promotion Charity. The culture subtype is for advancing culture and "includes the purposes of promoting or fostering culture, and caring for, preserving and protecting Australian heritage (but is not limited to this)." Source: Australian Government, Australian Charities and Not-for-profits Commission. n.d. Charity Subtypes. https://www.acnc.gov.au/for-charities/start-charity/you-start-charity/charity-subtypes

19   Charities registered with the ACNC are able to report up to 10 programs and for each program a classification needs to be nominated. The 4,984 charities that are classified as providing arts and cultural related programs reflects the quantity of charities that have nominated one or more of its programs as being related to arts and culture. The majority of these charities are not solely arts and culture charities however and belong to a variety of subtypes, the subtypes include: HPC (n=9), Reporting group (n=38), Environment (n=15), Social welfare (n=83), Other (n=247), PBI (n=75), Education (n=295) and Religion (n=185). In addition, a substantial number of the charities with an arts and culture classification have no subtype (n=837) or multiple subtypes (n=1338).