

A New Approach (ANA)

28 May 2024

Economy and Infrastructure Committee
Legislative Council, Parliament of Victoria
(via online form)

Inquiry into Local Government funding and services

A New Approach (ANA) welcomes this opportunity to make a submission to this Inquiry. ANA is Australia's national arts and culture think tank. 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's national focus group research shows that middle Australians think arts and culture are the building blocks of community, connection and place, and that they believe cultural and creative engagement creates specific benefits for themselves and their families.¹ While Melbourne has a reputation for being a cultural capital, international and Australian research confirms the wide range of benefits that arts and cultural participation can bring to all Victorians, including mental health, wellbeing and social cohesion.²

On the following pages, we provide information to assist the Inquiry:

- Cultural and creative engagement are the building blocks of community, connection and place
- Goods and service sales form the lion's share of revenue in both the broad cultural and creative industries and for not-for-profits with a cultural purpose. Government investment and philanthropic support play important enabling and stabilising roles.
- Government investment in arts and culture is not keeping pace with population growth
- Australia-wide, local governments' contribution to total cultural funding by government has decreased in recent years to 24%, but 'recreation and culture' remains an important part of Victorian local government recurrent expenditure

We confirm that this submission can be made public. In our role as a philanthropically funded, independent think tank, ANA is ready to provide further information about the response in this submission and would welcome the opportunity to discuss.

Warm regards,



Kate Fielding, CEO, A New Approach (ANA)

Contact

Find

Arts and cultural participation have positive impacts for local communities

Middle Australians believe that arts and culture helps bring communities together, breaks down barriers between different groups within society and encourages greater communication and social cohesion.³ Reflecting on the views expressed in our middle Australia research, ANA also identified three themes related to community:

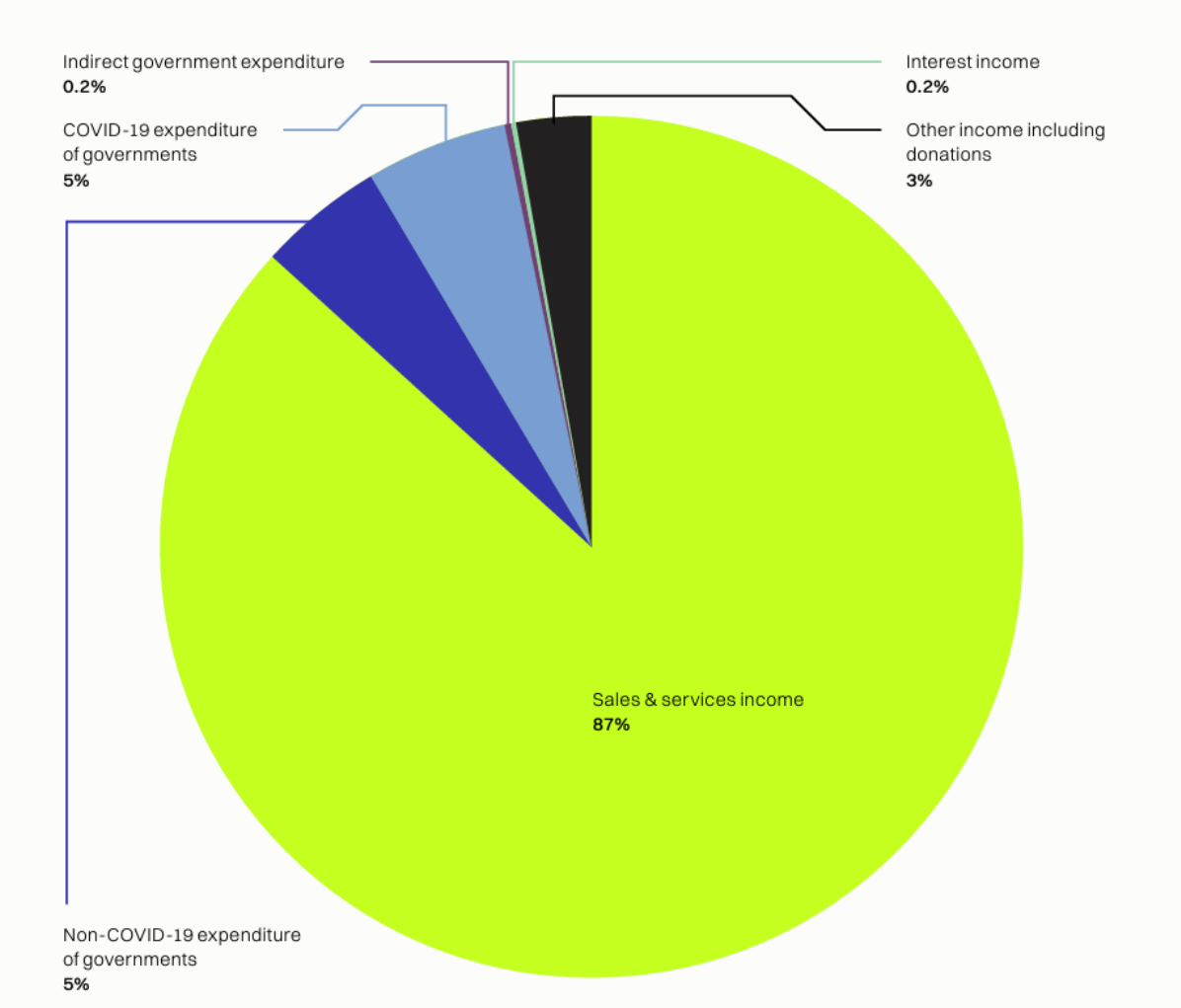
1. Participation in and connection to culture brings the community together.
2. Cultural access, online or in-person, increases access and helps foster connection to the community.
3. A belief that content should reflect Australia's contemporary diverse population, including the stories of First Nations peoples.

Middle Australians also believe that Australian stories, cultural heritage and content should be reflected back locally and on the world stage.⁴ This is particularly important in the lead up to Brisbane 2032 Olympic and Paralympic Games, with 'arts, culture and creativity' a specific focus area for legacy strategy for the Games.⁵ Like Melbourne 1956 and Sydney 2000, Brisbane 2032 will also have cultural impacts beyond the host city for all Australians.

Goods and service sales form the lion's share of revenue in both the broad cultural and creative industries and for not-for-profits with a cultural purpose, with government investment and philanthropic support playing important enabling and stabilising roles.

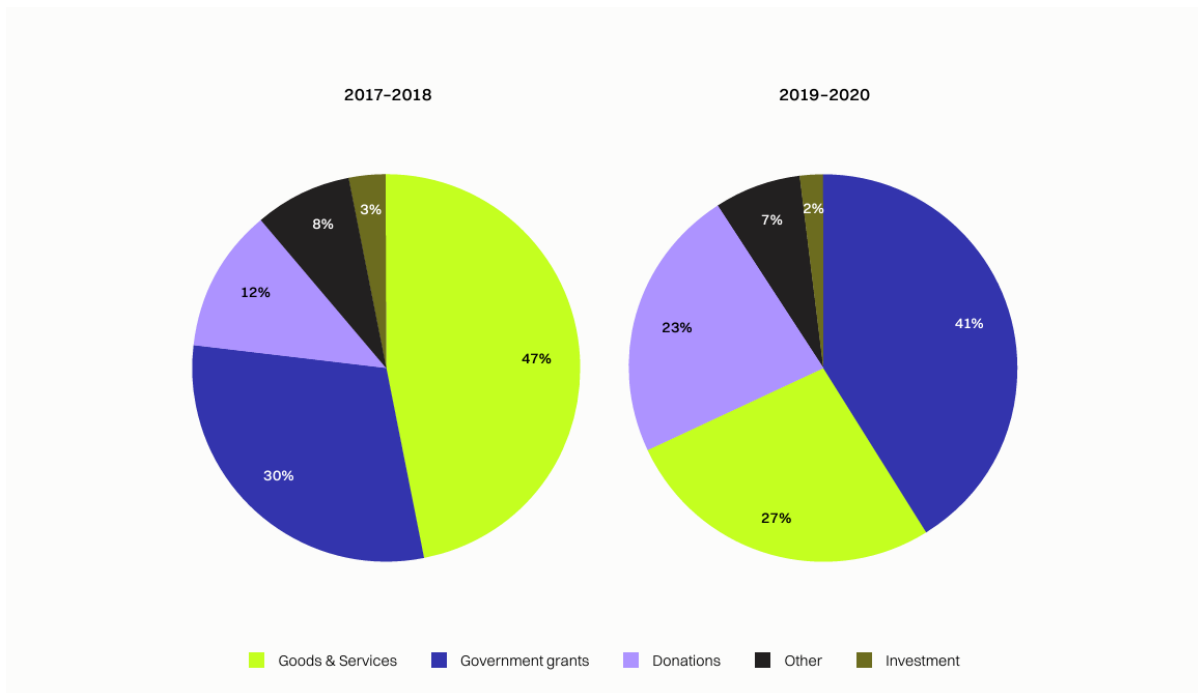
ANA's recent Insight Report *To Scale* dispels the myth that Australian cultural and creative industries are predominantly financed through government assistance. In the broad cultural and creative industries, 87% of income, the largest proportion, was from 'sales and services' in 2020-21.⁶ Non-COVID-19 expenditure of governments and COVID-19 expenditure of governments each accounted for 5% of income. See the Exhibit on the following page.

Exhibit 1. The largest proportion of income in the Australian cultural and creative industries in 2020–21 was from 'sales and services'.



To Scale also shows that sales and services revenue has also been the largest source of income for not-for-profit entities with a cultural purpose.⁷ Goods and services comprised 47% of revenue, with 30% from government grants and 12% from donations in 2017-18.⁸ Considerable pandemic-related disruption to revenue sources is apparent in more recent figures from 2019-2020 (41% government grants, 27% goods and services, 23% donations).⁹ See the figure below.

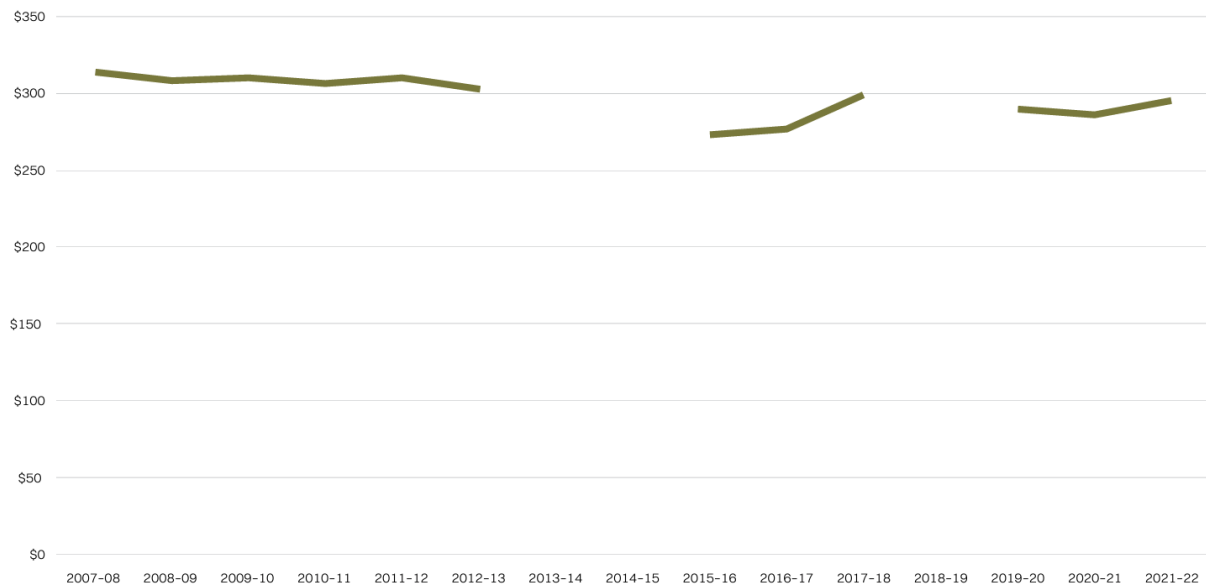
Figure 3. Change in percentage of revenue streams for not-for-profits, advancing culture subtype, 2017-18 and 2019-20.²³



Government investment in arts and culture is not keeping pace with population growth

ANA's latest Insight Report *The Big Picture 4* shows that Australia's population increased by 22% between 2007-08 and 2021-22 to 26 million, while expenditure on arts and culture by all three levels of government combined increased by only 14%.¹⁰ As the figure below shows, per capita government expenditure on arts and culture was \$295 in 2021-22. For comparison, the figure in 2007-08 was \$314 per person when adjusted for inflation, which represents the highest expenditure in the last 15 years. The lowest was \$273 per person in 2015-16.

Figure 9: Non-COVID-19 expenditure per capita on arts and culture in Australia, 2007-08 to 2021-22

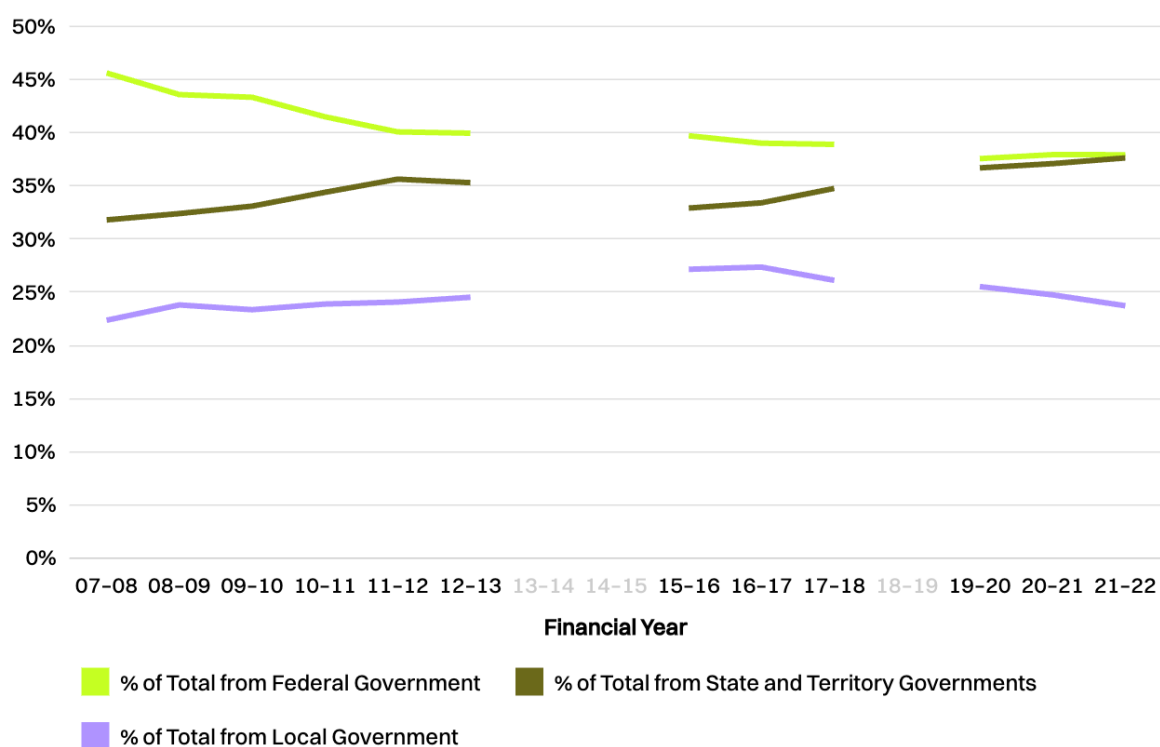


A further sign that government investment is not keeping pace with population growth is the backlog of urgent maintenance and upgrades for cultural buildings and facilities. Preliminary data from a forthcoming 2024 Institute of Public Works Engineers Australasia report shows a \$8.1 billion backlog of urgent work for local government buildings and facilities, including 'libraries, community halls, arts and cultural facilities and recreation centres'.¹¹

Local governments' share of cultural funding by government has fallen, but 'recreation and culture' remains an important part of Victorian local government recurrent expenditure

The Big Picture 4 also shows the local government contribution to total government expenditure on arts and culture has decreased every year since a peak of over 27% in 2016-17; in 2021-22, it was 24%.¹² In the decade prior, local government's cultural expenditure per capita had steadily increased in most years. See the figure below.

Figure 13: Share of non-COVID-19 expenditure on arts and culture by level of government, 2007-08 to 2021-22

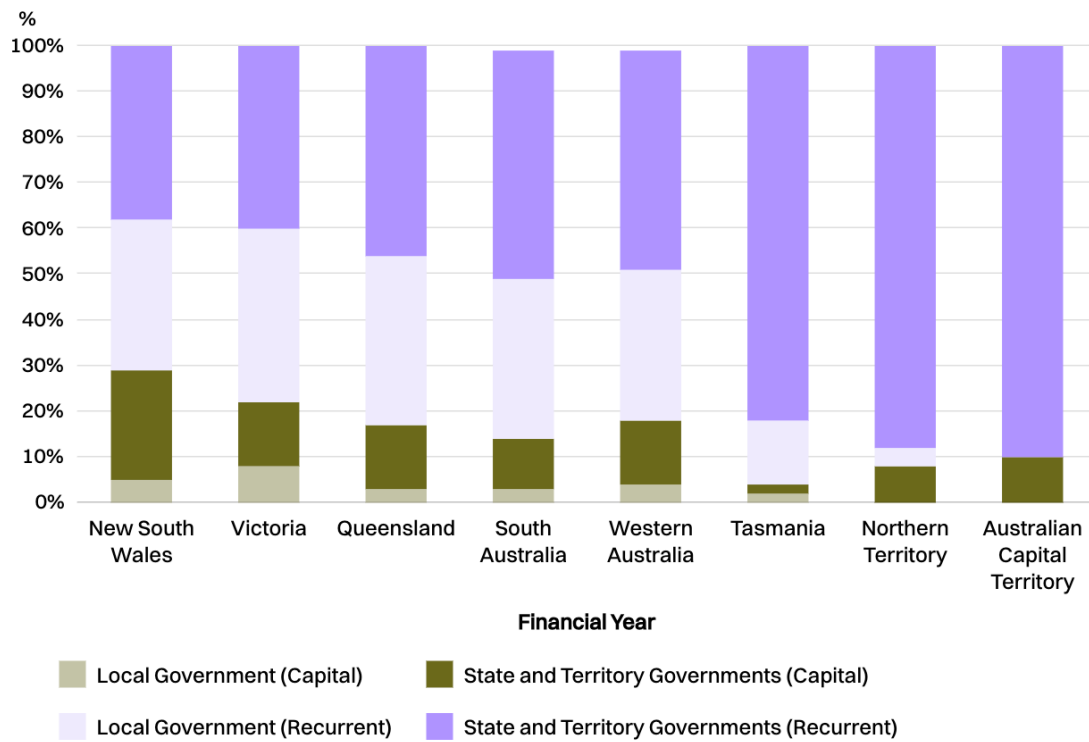


However, state level data shows that Victorian local governments have increased the proportion of spending on 'recreation and culture' over time, partly offsetting the national trend of falling local share of government expenditure on arts and culture. The 'recreation and culture' share of non-roads recurrent expenditure has steadily risen from 21.7% in 2010-11 to 23.3% in 2018-19 (prior to COVID-19) and 24.7% in 2021-22.¹³

In particular, ANA understands that Victorian local governments have become responsible for an increasing share of operational funding for libraries. According to Municipal Association of Victoria data, a 50:50 local-state split of public library operating costs in 1975 had become an 83:17 split by 2015-16.¹⁴ According to National and State Libraries Australasia data, this was an

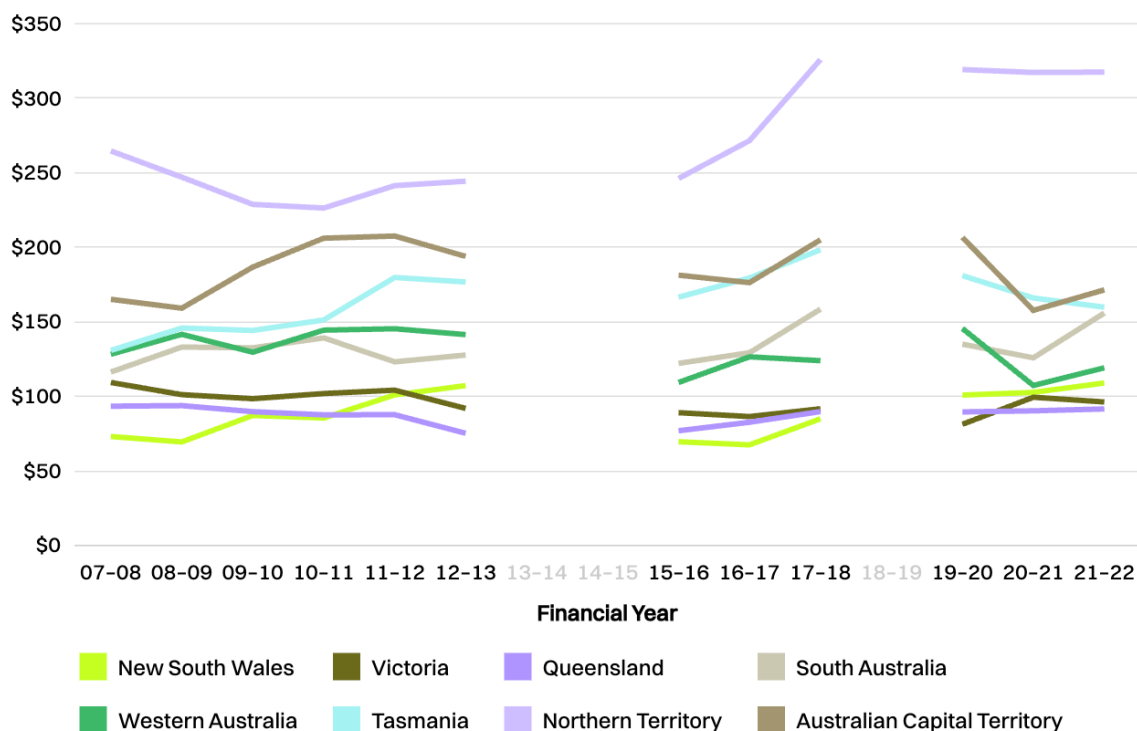
81:19 split in 2021-22.¹⁵ For context, *The Big Picture 4* shows the 2021-22 Victorian local-state split of government spending in arts and culture was 46:54, as reflected in the figure below.

Figure 20: Share of non-COVID-19 expenditure on arts and culture by jurisdiction, level of government and expenditure type, 2021-22



The Big Picture 4 also shows that per capita government expenditure on arts and culture from the Victorian state government fell from \$110 in 2007-08 to \$97 in 2021-22.

Figure 19: Per capita non-COVID-19 expenditure on arts and culture by jurisdiction, 2007-08 to 2021-22



Endnotes

¹ For example, see Kate Fielding and Jodie-Lee Trembath, “A View from Middle Australia: Perceptions of Arts, Culture and Creativity,” Insight Series (Canberra: A New Approach and the Australian Academy of the Humanities, May 2020), <https://newapproach.org.au/wp-content/uploads/2021/07/3-ANA-InsightReportThree-FullReport.pdf>; Jodie-Lee Trembath and Kate Fielding, “The next Generation of Voters: Young Middle Australians Talk Arts, Culture and Creativity,” Insight Series (Canberra: A New Approach, August 2021), <https://newapproach.org.au/wp-content/uploads/2021/08/ANA-InsightReportSix-Fullreport-6.pdf>.

² Melbourne was ranked the highest among Australian cities for ‘culture and environment’ in a recent global index. Economist Intelligence, “The Global Liveability Index,” 2023, 2, <https://www.newmoney.gr/wp-content/uploads/2023/06/EAIQ-2.pdf>. Kate Fielding, Iva Glisic, and Jodie-Lee Trembath, “Transformative: Impacts of Culture and Creativity,” Insight Series (Canberra: A New Approach and The Australian Academy of Humanities, November 2019), <https://newapproach.org.au/wp-content/uploads/2021/07/2-ANA-InsightReportTwo-FullReport.pdf>.

³ Kate Fielding, Aakanksha Sidhu, and Angela Vivian, “Intergenerational Arts and Culture: Lessons across Middle Australia” (A New Approach (ANA), October 2023), <https://newapproach.org.au/analysis-papers/intergenerational-arts-and-culture-lessons-across-middle-australia/>.

⁴ Kate Fielding, Aakanksha Sidhu, and Angela Vivian.

⁵ State of Queensland (Department of Tourism, Innovation and Sport), “Elevate 2042 - Brisbane 2032 Olympic and Paralympic Games Legacy Strategy,” November 2023, https://q2032-public-assets.s3.ap-southeast-2.amazonaws.com/documents/ELEVATE%202042%20Legacy%20Strategy_FULL%20LENGTH.pdf.

⁶ ‘Sales and services’ comprised 92% of income in 2017–18. Kate Fielding, Angela Vivian, and Sari Rossi, “To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity,” Insight Report (Canberra: A New Approach, 2023), 5, https://newapproach.org.au/wp-content/uploads/2023/08/ANA-64088-To-Scale-Report_Combined_AW.pdf.

⁷ These are not-for-profits of the ‘advancing culture’ subtype.

⁸ Fielding, Vivian, and Rossi, “To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity,” 20.

⁹ Additional revenue sources include Investment (2%) and Other (7%). Fielding, Vivian, and Rossi, 20.

¹⁰ Angela Vivian et al., “The Big Picture 4: Expenditure on Artistic, Cultural and Creative Activity by Governments in Australia in 2007–08 to 2021–22” (A New Approach (ANA), May 2024), 9, https://thebigpicture.newapproach.org.au/pdf/ANA_THE_BIG_PICTURE_4_REPORT_MAY_2024.pdf.

¹¹ This fell from \$9.2 billion in IPWEA’s 2021 report. Australian Local Government Association and Institute of Public Works Engineering Australasia, “Joint Media Release: \$1 Billion Infrastructure Improvement Benefits Local Communities,” May 13, 2024, https://higherlogicdownload.s3.amazonaws.com/IPWEA/612fd4f8-0ce7-4d32-ac92-caa5271b2702/UploadedImages/Press_Releases/Joint_media_release_-_1_billion_infrastructure_improvement_benefits_local_communities.pdf.

¹² Vivian et al., “The Big Picture 4,” 9.

¹³ ANA analysed Victorian Local Government Grants Commission Annual Allocation Reports, which includes recurrent funding data from two financial years prior. See <https://www.localgovernment.vic.gov.au/funding-programs/victoria-grants-commission/publications>

¹⁴ Municipal Association of Victoria data cited in SGS Economics and Planning, “Research for Submission to Local Government Productivity Inquiry - Australian Local Government Association,” August 2022, <https://alga.com.au/app/uploads/Final-Report-SGS-Research-Aug-2022.pdf>.

¹⁵ See <https://www.nsla.org.au/resources/public-libraries-statistics/>