

# Culture and creativity: The productivity gains hiding in plain sight

**Australia currently faces a significant and urgent productivity challenge. Culture and creativity have a critical role to play in changing Australia's productivity trajectory.**

By unlocking the full potential of culture and creativity, Australia can gain a significant edge in implementing reforms that withstand current productivity headwinds and secure a prosperous future for all. **It is time to think differently about what truly drives productivity and ensure culture and creativity are firmly on the national agenda.**

## What's the problem?

Australia's productivity growth rate is stagnating. The cultural and creative industries have an important role to play in helping turn this situation around.

### What is productivity growth?

Productivity growth is the process by which we get **more from less**: producing more and higher-quality goods and services with fewer hours of work and using fewer resources. Higher productivity means:

- a better quality of life for Australians, including improved health, housing, education, and increased leisure time
- higher incomes for workers
- more government revenue
- a buffer against global shocks
- expanding our options for addressing generational challenges like climate change and population ageing.

## What can culture and creativity do?

### Boost innovation

Cultural and creative industries **innovate directly** through new content, products, services, and business models. They are also powerful agents for **diffusing innovation** across the entire Australian economy.

### Build an adaptable workforce

Broad-based cultural and creative engagement underpins our ability to build and grow an adaptable workforce.

Engaging with arts and culture during school:

- helps **build social and personal capabilities** that aid young people throughout their lives
- is particularly valuable and beneficial for **students who are at risk** of disengagement
- helps **prepare students** for their future careers in our **rapidly changing labour market**.

## Grow trade and investment

Globally, exports of creative goods have increased more than 2.5-fold, and creative services have doubled over the past two decades.

### Future-proof employment, workplaces and labour supply

Creative and cultural jobs are characterised as **'future-proof'**, **exhibiting a lower risk of automation** compared to the general workforce, seeing them fuel productivity growth. The arts and entertainment sector champions flexible work patterns, including employee sharing, job-sharing, and ICT-based mobile work, all of which contribute to productive employment outcomes.

### Provide new solutions to generational issues

Cultural and creative engagement offers **new, evidence-based solutions** to respond to the growing burdens of healthcare costs, the pressures of an ageing population, and the imperative of climate change adaptation.

## Examples: Creativity fuels both innovation and innovation diffusion

- Australia's teenagers rank fourth globally for creative and critical thinking. These 'higher-order' skills are vital for an adaptable workforce and are recognised by the OECD as the most important skills distinguishing 'innovators' from 'non-innovators'.
- Motion capture and virtual reality, developed for entertainment, are now widely used in education, health, science, and aviation.
- Fashion designer Sam Elsom co-founded the world's first business cultivating *Asparagopsis* algae at a commercial scale to fight methane emissions.
- Cultural organisations are engaged by other sectors – including mining, banking, IT and health – to help upskill workers in innovation and creativity.

## Examples: Better, more efficient ways to tackle our biggest challenges

- Music can reduce the average length of hospital stay for dementia patients, decrease doctor visits for respiratory disease, and lower the incidence of dementia.
- Cultural and creative initiatives are directly contributing to community resilience and addressing trauma from extreme weather events.
- Cultural and creative engagement has been shown to lower the incidence of dementia, reduce falls, decrease depression risk, and enhance wellbeing and quality of life for older Australians.

# Opportunities to act

## 1. Adopt integrated policy design

Implement **integrated and innovative cultural, social and economic policy** to fully leverage the contribution of culture and creativity to productivity growth.

This requires seamless coordination across Australia's three levels of government.

## 2. Provide broad-based cultural and creative access

Develop creative and critical thinking skills essential to workforce adaptability by **investing in early years and school-aged education and community activities** to grow cultural literacy, creative thinking, adaptability and lifelong creative engagement.

## 3. Systematically strengthen innovation diffusion

Identify and actively support specific **innovation diffusion channels** within and originating from the cultural and creative industries, such as peak bodies, industry groups and regulatory organisations.

**Elevating the meeting of Cultural Ministers to a Ministerial Council that reports annually to National Cabinet** would formalise a crucial link for cross-portfolio collaboration.

## 4. Bolster productive investments for global competitiveness

Identify and make **productive investments in human capital and digital infrastructure** to significantly bolster Australia's competitive position in the global trade of cultural and creative services. Use the Skills and Workforce Ministerial Council and the Council on Federal Financial Relations under National Cabinet as ideal forums to collaboratively explore investments in:

- **skills** that combine technical mastery with broad capabilities and adaptability
- cost-effective digital infrastructure in regional Australia
- work-from-home infrastructure.

## 5. Enhance productivity in non-market cultural services

Foster productivity gains in providers of free-of-charge (or well-below-cost) cultural and creative services, such as government-funded or government-operated cultural institutions, by:

- adopting "flexible," "blended," and "shared" approaches to financing
- **using and reporting benchmark results** to drive efficiency and accountability
- making **data-led improvements in the quality and variety of goods and services** offered. These quality improvements, often underestimated in conventional productivity measures, are crucial for societal value.

For a more detailed exploration of this topic, see our November 2023 Insight Report *[Accelerate: Reframing culture's role in productivity](#)*.

## About A New Approach (ANA)

A New Approach (ANA) is Australia's national arts and culture think tank. Through independent public leadership, ANA helps build an ambitious and innovative policy, legislative, regulatory and investment environment for Australia's arts, culture and creativity. We do this because the evidence shows that culture and creativity have a direct, transformative impact on people and communities. We believe that Australia can secure its place as a cultural powerhouse whose creativity is locally loved, nationally valued and globally influential.

ANA is currently supported by a unique collaboration of 14 Philanthropic Partners from across Australia: The Myer Foundation; Sidney Myer Fund; Tim Fairfax Family Foundation; Minderoo Foundation; Colonial Foundation; Wright Burt Foundation; Lansdowne Foundation; Dennis Osbourne Clarke Charitable Trust; Besen Family Foundation; Aranday Foundation; The Yulgilbar Foundation; Bowness Family Foundation; Wesfarmers Arts and Spinifex Trust.

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