
A NEW APPROACH

Insight research series
Report Five

AUSTRALIA'S CULTURAL AND CREATIVE ECONOMY

A 21ST CENTURY GUIDE

Acknowledgements

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The opinions in this report do not necessarily represent the views of ANA's funding partners, the individual members involved in the governance or advisory committees, or others who have provided input.

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* Unless otherwise stated, all dollar figures in this report are Australian currency.



Feature image: Festival goers enjoy an evening at Canberra's Enlighten Festival, February 2020. The Enlighten Festival program includes 17 days of free and ticketed events, including illuminations on iconic buildings in the Parliamentary Triangle, the Night Noodle Markets, the Canberra Balloon Spectacular, the Lights! Canberra! Action! Film Festival, Symphony in the Park, the celebration of Canberra Day, and on the final evening, the Skyfire fireworks. Image source: Nicholas Trembath.

About A New Approach

A New Approach (ANA) is an independent think tank championing effective investment and return in Australian arts and culture. We aim to foster a more robust discussion about cultural policies, underpinned by good data, informed by shared understandings, and through a non-partisan and independent approach. ANA was established in 2018 with a \$1.65 million commitment by The Myer Foundation, the Tim Fairfax Family Foundation and the Keir Foundation. The Australian Academy of the Humanities is the lead delivery partner for this initiative.

For further information visit

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Previous reports in the Insight Research Series:

1. [*The big picture: Public expenditure on artistic, cultural and creative activity in Australia*](#) [Sept 2019]
2. [*Transformative: Impacts of culture and creativity*](#) [Nov 2019]
3. [*'A view from middle Australia: Perceptions of arts, culture and creativity'*](#) [May 2020]
4. [*'Behind the scenes: Drivers influencing arts and cultural policy settings in Australia and beyond'*](#) [July 2020]

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EXECUTIVE SUMMARY

Executive summary

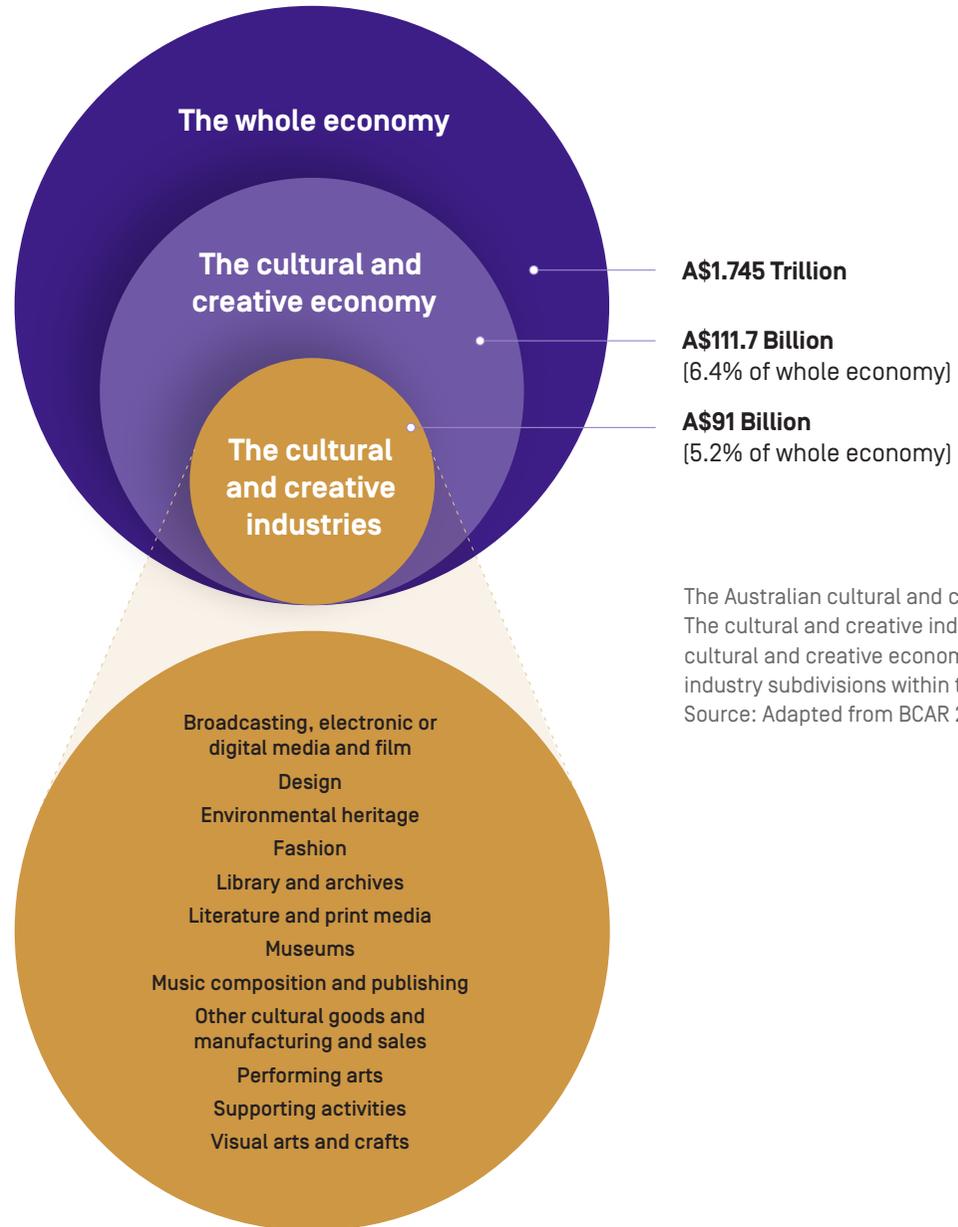
Everything we've learned from producing four in-depth reports exploring effective investment and return in arts, culture and creativity tells us that Australia is ready for a National Arts, Culture and Creativity Plan — a plan that would provide a framework to efficiently address the policy, legislative, regulatory and investment settings that span the cultural and creative industries. This fifth report on the cultural and creative economy explains why making this plan now will unleash opportunities for Australians to participate in and contribute to the economy and society in the 21st century.

Australians have told us that imagination, belonging and inspiration all grow out of engagement with arts, culture and creativity — and that these opportunities are fundamental to being Australian, and even to being human. Many also believe these opportunities are essential to developing skills for, and jobs in, our 21st century workplaces.

By taking a national cultural and creative industries approach, we can:

- * take advantage of existing areas of strength to grow our economy and jobs market;
- * make cultural and creative activities more accessible to all Australians;
- * ensure that Australia's policy settings and public investment are relevant, targeted and effective in the 21st century and;
- * support creative uses of cultural infrastructure, care for our shared cultural assets and encourage innovation.

A National Arts, Culture and Creativity Plan will also encourage private investment. The absence of an up-to-date public policy approach is unsettling to both the sector — which relies on long-term development of skills and products for its delivery and to fulfil ambitions for excellence — and to other funders, especially philanthropists, who often provide reciprocal and compensatory funding.



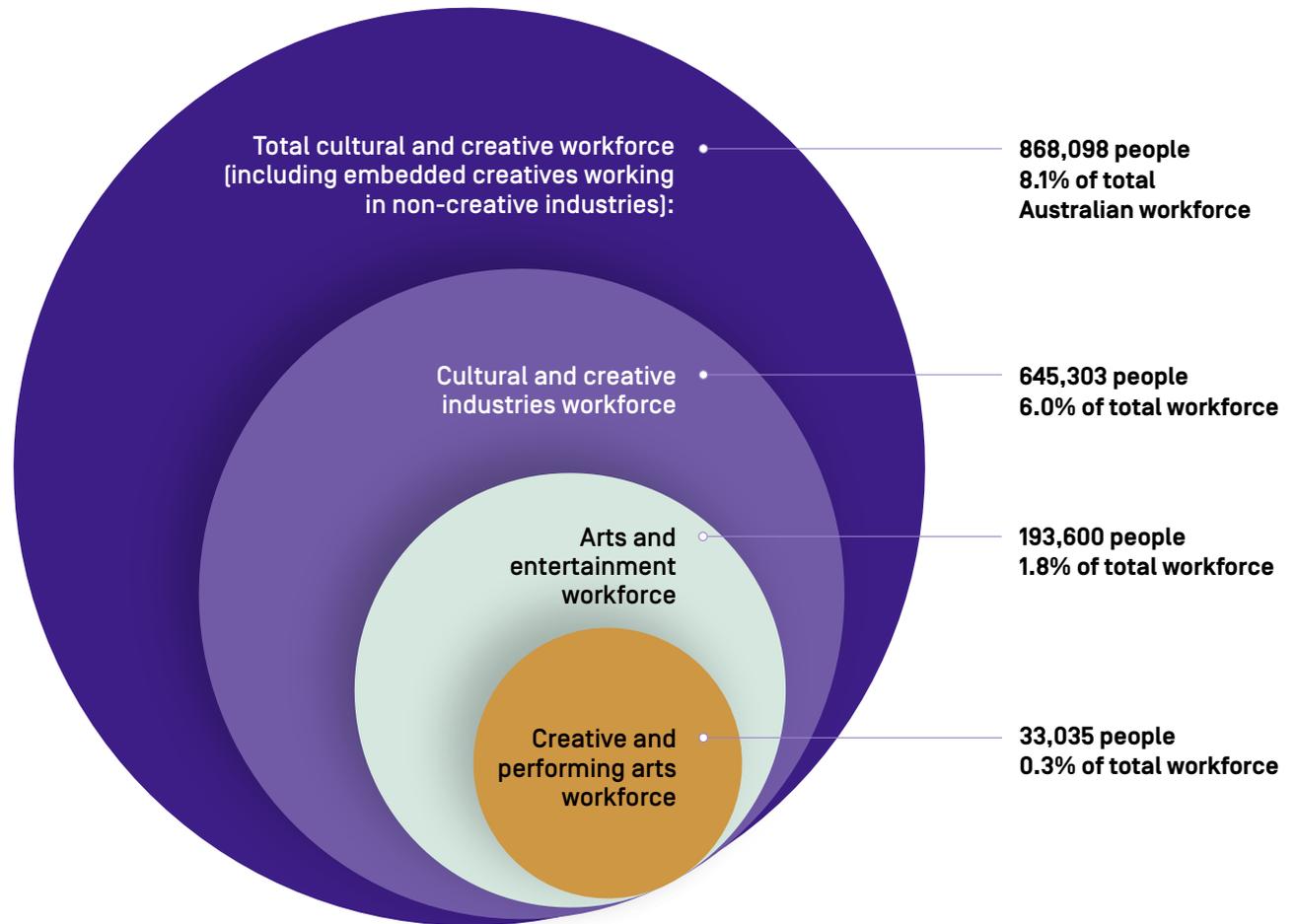
The Australian cultural and creative economy in context (2016-17). The cultural and creative industries are a subsection of Australia's cultural and creative economy. 'Creative arts' includes several industry subdivisions within the cultural and creative industries. Source: Adapted from BCAR 2018 by ANA.

Understanding the potential

The purpose of this report is to give an overview of our cultural and creative economy and highlight opportunities for Australia to adopt a 21st century approach in this industry sector. It outlines the scope, scale and trends within the cultural and creative economy pre-Covid-19, and highlights opportunities that respond to the Organisation for Economic Co-operation and Development (OECD) urging nations to 'build back better'. To support this aspiration, this report undertakes three core tasks:

- * It lays out the basics of the cultural and creative economy: What is it? What industries are included in it? How is it measured?
- * It provides an overview of existing data and analysis about Australia's cultural and creative economy, providing both topline figures and in-depth case studies.
- * It brings these together to understand the implications of existing data for the 21st century, outlining the opportunities these implications represent.

Contributing \$111.7 billion to the Australian economy (6.4% of GDP) in 2016-17, and employing more than 800,000 people (8.1% of the total workforce), this is an industry area that is internationally recognised as resistant to automation and as a jobs-rich area of the economy. The cultural and creative economy has significant growth potential to 2030 and beyond.



Cultural and creative workforce broken down by industry subdivisions.
Source: Created using data from the ABS 2016 Census TableBuilder, and Browne 2020, by ANA.

This report identifies that Australia's cultural and creative economy has untapped potential to boost Australia's economic and social wellbeing. Governments, businesses, philanthropists, cultural organisations and creators can all play a part in firstly helping it recover, and then keeping it growing, so it can be a part of the social and economic recovery from Covid-19.

Understanding the public appetite

ANA's qualitative research in early 2020 with 'middle Australians' found that the social and personal benefits of arts, culture and creativity — including the development of skills relevant to employment and innovation — are well understood and strongly valued. Some people found the notion of the cultural and creative economy unintuitive, assuming it was limited to just the creative arts. But many were comfortable with a broader approach and used examples from their own lives to illustrate the connection between creative arts, such as visual arts and music composition, with other creative industries like architectural services and video game design. Most people found it self-evident that there was a spectrum of commercial and non-commercial activities in this space and were adamant that arts and cultural activities provided both private and public benefits.

Because of these public benefits — especially children's development, learning the skills that are important for contemporary workplaces and building our communities — middle Australians believe governments have a leadership role to play in encouraging, supporting and celebrating these activities.

Despite this public appetite, Australia is yet to strategically capitalise on the combined value of cultural and creative industries and occupations. As we face some of the most significant economic and social challenges since the Great Depression, there is an opportunity to reverse this. To reap the benefits of this potential, Australia needs to take a deliberate, big picture approach, building on the existing successes of our cultural and creative economy, and supporting those industries that are weathering the worst of the Covid-19 storm, so they can take their fundamental place in assisting Australia's recovery.

The international context

Other nations have strategically combined these industries that rely on individual creativity and have the potential for wealth and job creation through the generation of intellectual property. Many of our neighbours and trading partners have seen this potential and responded with national strategies for cultural and creative industries — from India to New Zealand, South Africa to Singapore, Indonesia to China. Their efforts are building on a well-established evidence base for the benefits

of this approach, such as the United Kingdom's initiatives since the 1990s which by 2018 had seen the creative industries sector growing more than five times faster than the national economy, up 7.4% on the previous year. Similarly, in the early 1990s, the South Korean government began committing a minimum 1% of the national budget to supporting the cultural and creative industries, with the intention of building their international reputation. In 2019, the 'Korean Wave' (Hallyu) effect provided an estimated US \$12.3 billion boost to the South Korean economy and has transformed its global influence.

Each of these nations are taking advantage of the enhanced economic activity that is stimulated when industries such as these work together and see themselves as a cohesive whole.

The Australian context

The federal government has already completed the initial work to determine which of Australia's industries and occupations are cultural and creative. This groundwork puts us in a strong position to take the next steps, to prioritise the opportunities for innovation that occur at the interface between the various cultural and creative industries and occupations and to identify and leverage Australia's areas of comparative advantage. This is a previously underutilised opportunity that, with national leadership, we are now in a position to claim.

Several Australian states and territories – including Western Australia (WA), Tasmania, Victoria, Queensland and the Northern Territory – are currently employing cultural and creative industries approaches, with the goal to diversify their economic base and social and cultural opportunities.

Tasmania has identified these industries as 'drivers of state growth, based on Tasmania's growing reputation as an innovative and creative community and as a cultural destination'. WA has identified its cultural and creative industries as a 'priority sector' in the 2019 *Diversify WA* Economic Development Framework, using them to capitalise on the state's unique identity and contribute to the 'vibrancy and livability' of the region.

Time for a 21st century approach

While it has been an incredibly challenging year, 2020 has reinforced that Australia is capable of courage and change. What might success in our cultural and creative landscape look like in the years ahead? It is our view that it will come from government, private investors and industry working in partnership to ensure that our cultural and creative industries are fully utilised in Australia's growth and wellbeing agenda.

Now is the time to take a 21st century approach to our cultural and creative economy, unleashing the opportunities and advantages it can provide to all Australians.

This report is one in a series by ANA focused on:

- * investment
- * impacts
- * changes in production, consumption and distribution
- * attitudes
- * ensuring Australia's cultural and creative future.

We hope the report provides nuanced insights that can help guide strategic decisions about effective and relevant investment in the cultural and creative economy in 21st century Australia.

At a time like this, it is more critical than ever that we have *evidence-based* discussions about how we can capitalise on our cultural and creative economy with policies that secure its future value. The choices we make will determine whether the cultural and creative industries are a key part of a vibrant economic and social future for Australia, or a missed opportunity.

Summary of key findings

Finding 1

In 2016, the total cultural and creative workforce (including embedded creatives working in non-creative industries) was 868,098 people, or 8.1% of the total Australian workforce. Within that, the cultural and creative industries employed 645,303 people, or 6% of the total workforce. Within these industries, the arts and entertainment workforce was 193,600 people (1.8% of total workforce). Within that, the creative and performing arts workforce comprised 33,035 people (0.3% of total workforce).

Finding 2

The cultural and creative economy, including activity in the wide range of cultural and creative industries as well as cultural and creative activity performed in other industries, was estimated at \$111.7 billion to the Australian economy in 2016–17 (6.4% of GDP). Of this, the 12 domains in the cultural and creative industries contributed \$91 billion.

Finding 3

There is a strong relationship between the success of subsidised and non-subsidised cultural and creative industries. International evidence suggests public and private subsidy of arts, culture and creativity has a positive impact on the success of commercial creative businesses and other businesses. Compared with other industries, the cultural and creative industries also have higher spillover effects into other industries in terms of total output, value-added and employment multipliers.

Finding 4

All 12 domains of cultural and creative activity contribute to Australia's GDP, even when that contribution is numerically small. The largest contributors were: Design (49.8% of cultural and creative activity, or 2.5% of total GDP); Fashion (16.6% of cultural and creative activity and 0.8% of GDP); and Broadcasting, electronic or digital media, and film (11.3% of cultural and creative activity and 0.6% of GDP)

Finding 5

Cultural and creative employment fuels 21st century economic growth now, and will continue to do so into the future. Demand from international students for formal training in Australia's cultural and creative industries has steadily increased, indicating that these courses will be pivotal in rebuilding the international education industry post-pandemic.

Finding 6

'Literature and print media' is the only cultural and creative domain to have experienced negative Gross Value Added [GVA] growth since the initial ABS analysis of Australian cultural and creative activity in 2008–09. Despite its decline, this domain is still a significant contributor to GDP.

Finding 7

Digital disruptions are causing significant changes in some cultural and creative industry business models, with consequences for activities that have both private and public value.

Finding 8

Australia's data collection methods are not keeping pace with the significant changes to the nation's cultural and creative industries and employment classifications. As a consequence, Australia is missing emerging areas of strength and losing opportunities to strengthen the economy further. For example, there are no detailed analyses of Australia's cultural and creative trade performance more recent than 2008–09.

Summary of opportunities

Opportunity 1

A National Arts, Culture and Creativity Plan would inform more coherent policy settings and investment at all three levels of government. This could be achieved in the same vein as the existing National Sport Plan, 'Sport 2030', that identifies enduring and non-partisan principles and clarifies responsibilities. This should include measures to ensure all areas of Australia have reasonable access to, and can take advantage of, a wide range of different types of cultural infrastructure.

Opportunity 2

The current federal parliamentary inquiry into Australia's creative and cultural industries and institutions is an important first step in considering effective and relevant policy settings and associated investments for 21st century Australia, particularly in light of the Covid-19 pandemic. This provides an opportunity to meet the challenge set by the OECD to not just re-establish the status quo, but to 'build back better' in our recovery.

Opportunity 3

More effective and relevant investments could be achieved by taking a whole-of-cultural-and-creative-industries policy approach across all three levels of government.

Opportunity 4

We should position Australia as an international leader in both formal and on-the-job training for future work skills, by proactively leveraging: the higher-than-average jobs growth in cultural and creative occupations and the transferable skills gained by working in these occupations; the growing demand for cultural and creative courses from both domestic and international students; and Australia's capacity to be a Covid-safe environment.

Opportunity 5

Covid-19 has accelerated Australians' familiarity with and access to digital modes of consumption, presenting an opportunity to diversify and expand income streams for goods and services underpinned by intellectual property generation and/or copyright protection. However, this also presents serious risk as existing value chains are disrupted. Ensuring we have a fit-for-purpose legislative, regulatory and investment environment is essential to a viable and relevant cultural and creative economy.

Opportunity 6

Investment in innovative approaches and new types of programming within existing areas of strength such as festivals and cultural infrastructure could make arts, cultural and creative activities more accessible to all Australians.

Opportunity 7

Given the scale of the cultural and creative industries and their importance to future employment, the ABS could produce a cultural and creative industries satellite account every year as it does for tourism.

Opportunity 8

With the 'Cultural Funding by Government' data series now being collected every second year, consider directing resources to pilot experimental or emerging methods of capturing and expressing economic and social value. This could include establishing a contemporary survey for wellbeing measurement, including data capture about the role and impact of arts, culture and creativity in respondents' lives.

