



AAH Policy

INQUIRY INTO AUSTRALIA'S CULTURAL AND CREATIVE INDUSTRIES AND INSTITUTIONS OCTOBER 2020

The [Australian Academy of the Humanities](https://www.humanities.org.au/) (the Academy) welcomes the opportunity to provide a submission to the Standing Committee on Communications and the Arts' (the Committee) Inquiry into Australia's Cultural and Creative Industries and Institutions (the Inquiry).

The Academy is the national body for the humanities in Australia, championing the contribution humanities, arts and culture make to national life. Our work aims to ensure ethical, historical and cultural perspectives inform the way Australia plans for and responds to challenges and opportunities.

Australia needs a coordinated, national, evidenced-based approach to cultural and creative industry development. This Inquiry comes at a pivotal moment and has the potential to be transformative.

Our submission focuses on industry policy, workforce planning, and the untapped potential for strategic research and development (R&D) investment building on well-established links with university-based research capabilities in the humanities and wider SHAPE disciplines.¹ We have explicitly elected to focus on the economic and industrial perspective but acknowledge this is only a part of the agenda and we recognise the cultural and social benefits that flow to individuals, communities and the nation at large from cultural and creative activity.

Taking account of COVID-19 impacts and operating environment, we chiefly address the following terms of reference (TOR):

- TOR 1: The direct and indirect economic benefits and employment opportunities of creative and cultural industries and how to recognise, measure and grow them.
- TOR 4: The impact of COVID-19 on the creative and cultural industries; and
- TOR 5: Avenues for increasing access and opportunities for Australia's creative and cultural industries through innovation and the digital environment.

In addition, we have attached relevant research and responses to previous consultations with a bearing on the terms of reference for the Committee's reference. We would be pleased to elaborate on this submission and convene further expert input. Please direct your initial inquiries to the Academy's Executive Director, Dr Christina Parolin on (02) 6125 9860 or christina.parolin@humanities.org.au

¹ 'SHAPE' stands for Social Sciences, Humanities and the Arts for People and the Economy. The SHAPE agenda originated from a coalition of organisations in the UK including the British Academy, the London School of Economics and the Arts Council England. See <https://thisishape.org.uk/>

A jobs and growth agenda for creative and cultural industries

Australia's **creative economy** employs in excess of 600,000 workers and is worth \$112 billion of the nation's GDP.² Across the creative economy people may be employed directly in creative occupations in creative industries or embedded in creative roles across other industry sectors.

A subset of the creative economy, the **creative and cultural industries** include publicly-funded, not-for-profits and commercial enterprises. Broadly these comprise advertising and marketing; architecture and design; creative applications of software and digital content; film, television and radio; music and performing arts; publishing; and visual arts.

Pre-COVID-19, this substantial part of the Australian economy was growing at twice the rate of the general economy. The largest and fastest growing sector was design, which includes a broad range of professional services including architecture and computer system design, and the largest decline was in literature and print media, with its falls attributed to competition from international and online platforms.³

In Australia, creative businesses are predominantly (in the order of 95 per cent) small and medium enterprises (SMEs): 'small and micro businesses, including many sole traders, ... they tend to fly under the radar of government policy – as does small business in general'.⁴ As with other industries, they have been hard hit by COVID-19 and there is evidence of disproportionate impacts. The Australian Bureau of Statistics' latest labour force data shows revenues crashing and jobs losses in the order of 50 percent in some sectors.

A national evidence-based approach to industry recovery and development is required. There are five areas we recommend to the Committee for consideration:

- 1 **A reclassification of the industries that underpin the creative sector is needed.** The way in which we currently define and measure these industries – as different, seemingly unrelated parts under the existing industry divisions of the national accounts – is inadequate. Giving visibility and coherence to the cultural and creative industries would help to us to develop a more robust account of the scale of the sector and its inputs and outputs. This is vital to maximise efficiencies across government programs, facilitate industry growth, and strengthen training and workforce development.
- 2 **A comprehensive Independent Review of the creative and cultural industries by the Productivity Commission (or equivalent mechanism) is needed** to map the system and examine the efficacy of existing industry support and stimulus in light of workforce needs.⁵ Such a review was undertaken in the UK in 2017.⁶ Importantly, this was in the context of the UK's overall Industry Strategy, so the review was conducted with

² Bureau of Communications and Arts Research (BCAR) (2018) 'The economic value of cultural and creative activity' <https://www.communications.gov.au/departmental-news/economic-value-cultural-and-creative-activity>

³ A New Approach (2020) *Australia's cultural and creative economy: A 21st century guide* <https://www.humanities.org.au/new-approach/report5/>

⁴ Stuart Cunningham (2013) *Hidden Innovation: Policy, Industry and the Creative Sector*, University of Queensland Press, p. 176

⁵ Australian Academy of the Humanities (2020) Federal Budget Submission <https://www.humanities.org.au/wp-content/uploads/2020/02/AAH-Policy-2020-Pre-BudgetSubmission.pdf>

⁶ UK Government (2017) Independent Review of the Creative Industries https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/649980/Independent_Review_of_the_Creative_Industries.pdf

integration into broader industry policy in view. In Australia, there is much more work to do in mapping and connecting government portfolios and programs to maximise growth and innovation.

Current settings are ad hoc and portfolio areas with a stake in this agenda (industry, education and training, research, trade) operate in silos. The Government's own analysis (through the Bureau of Communications and Arts Research – BCAR) together with Australian Bureau of Statistics mapping (through its satellite accounts, labour market and workforce data collection) provides an initial baseline.

- 3 **Australia needs a coordinating entity to drive policy innovation, akin to Nesta in the UK – which could be co-funded by Federal, State and Local government.** To achieve rigorous and sustained industry policy development, Australia needs a body that acts as a focal point for policy development and research expertise that can direct and conduct a program of work. The UK provides a model for Australia. Its success in developing a robust creative and cultural industries agenda was achieved through 20 years of rigorous economic analysis from the Department for Digital, Culture, Media and Sport (DCMS) and Nesta, which has now been embedded at Treasury. This analysis recognised the close linkages between the creative economy and the digital economy, and brought together cultural and creative industries rather than taking an either/or focus.

We are also aware of submissions to this Inquiry calling for the establishment of peak bodies along the lines of the UK's Creative Industries Council and Creative Industries Federation and agree this is well worth considering.

Below we also reference the success of South Korean cultural policy and economy, another model from which Australia stands to learn.

- 4 **Areas of potential in a creative industries-led COVID recovery are design and architectural services,** which as noted above have shown strong signs of growth pre-COVID. We also reflect below on regional cultural tourism, and we would single out the \$5.7 billion contribution to the creative economy of creative curricula, education and skills, which pre-COVID was showing an upswing over five-year time series. **The complementarity of creative industries, international education and tourism is unexplored and suggests a role for requisite expertise in Austrade export development schemes into the future.**
- 5 Developments at state-level are instructive to a national agenda, including future priorities for the Government's Industry Growth Centres. Here we would spotlight the **South Australian Government's Growth State strategy which brings together publicly subsidised cultural production with creative industries and STEM-focused innovation precincts.**⁷

⁷ See <https://www.growthstate.sa.gov.au/sectors>

Incentives for cultural and creative R&D

Creative, cultural and digital sectors should be incorporated into the Government's industry development programs, R&D provisions, future workforce development, and national research priorities. The Academy recommends the following priorities for the Committee's consideration:

- 6 **The efficacy of Australia's R&D tax incentive provisions needs to be examined to ensure that opportunities for creative and cultural industries, digital R&D, design for social innovation and future service-oriented industries embracing social enterprises are maximised.** Direct measures of support for creative industry R&D, specifically more structured support for the underpinning creative and technical expertise of the humanities, arts and social sciences (SHAPE) is needed.

The exclusion of research in humanities, arts and social sciences (SHAPE) from core R&D activities has been a long-term disincentive for industry collaboration.⁸ This requires urgent attention, as has been in part achieved in the UK, to incentivise industry-research collaboration for the creative economy.

We would also suggest the potential for an R&D collaboration premium to include the cost of employing new PhD graduates, inclusive of both SHAPE and STEM, in their first three years of employment. This has the potential to drive cultural change at a national scale, seeding the development of a next generation PhD workforce, capable of building links across both industry and academia.

- 7 **There is an opportunity to incubate university/industry collaboration in the creative and cultural industries through existing mechanisms: the Australian Research Council's Industrial Transformation Scheme, and the new block grant arrangements under the National Priorities Industry Linkage Fund (NPILF) (the latter currently out for sector consultation).**⁹

- a. The Industrial Transformation Research Hubs and Industrial Transformation Training Centres have a remit to engage 'Australia's best researchers in issues facing the new industrial economies and training the future workforce'. The research training component is literally in the business of building future workforces.

To date the scheme has aligned to the Government's Industry Growth Centres. We suggest that considerable benefits would flow from expanding the scope of this scheme to accommodate **a creative and cultural industries growth agenda**. This would ensure that these industries can adapt, thrive and meet current and future digital, social and economic disruption. A pilot program could be trialled, drawing also on lessons from similar schemes in the UK.

⁸ 'Under section 355-25 of the Income Tax Assessment Act 1997 none of the following activities are core R&D activities: ... research in social sciences, arts or humanities'. See 'Offset your R&D costs to help innovate and grow your business' <https://www.business.gov.au/grants-and-programs/research-and-development-tax-incentive>

⁹ See the Department of Education's NPILF consultation paper <https://www.dese.gov.au/system/files/doc/other/npilf-consultation-paper-30092020.pdf>

- b. The Government’s proposed provisions for dispersing research funding according to NPILF is another area where the creative and cultural industries agenda should be in focus. The NPILF is designed to ‘allocate block grants to universities to support enhanced engagement with universities and industry in order to support job-ready graduates’ (p.3). NPILF includes three components: Work Integrated Learning (WIL); Industry Partnerships; and a formulation called ‘STEM +’.

The WIL and Industry-University Partnerships components of the NPILF have been modelled inclusively but the Academy is concerned that **the STEM + component is unnecessarily limiting and not in touch with the needs of a 21st century workforce**. To single out only architecture and building (as well as allied health) in the STEM+ formulation is at odds not only with the needs of the creative economy, but of all other industry sectors that rely on embedded creatives. Research forthcoming from the Academy in its Future Humanities Workforce project shows the humanities disciplines are at the heart of the creative economy.¹⁰ We pick up this point in more detail below.

8 The UK has shown the way in creative industries R&D and there are a number of programs we would recommend for consideration:

- a. Arts Council England’s Digital R&D Fund for the Arts.¹¹
- b. The Arts Council England and Nesta have partnered on the Digital Arts and Culture Accelerator a pilot program to ‘explore whether a tech accelerator model can transfer into the arts and cultural sector, to support innovative new ideas from organisations that do not ordinarily take on commercial or social investment’.¹²
- c. The Arts and Humanities Research Council (AHRC) funds Doctoral Training Centres and a Doctoral Partnership scheme in areas of priority, such as design, modern languages and heritage, to support collaborative applied research training with cultural and creative sector and other industry organisations, including BBC, Design, Fashion and Textiles councils, Intel Lab, Microsoft Research and Ford Motor Company.¹³
- d. The AHRC administers a large-scale collaborative R&D program. Funded through the Industrial Strategy Challenge Fund the Creative Industries Cluster Program and Creative Research and Development Partnerships fuel R&D with creative clusters across the UK.¹⁴ For example, the successful Story Futures cluster mapped a ‘peri-urban’ gateway cluster outside London, and is now focused on connecting this infrastructure with and building SME capability.¹⁵

¹⁰ See <https://www.humanities.org.au/advice/projects/future-workforce/>

¹¹ See <https://www.artscouncil.org.uk/creative-media/digital-rd-fund-arts>

¹² See <https://www.nesta.org.uk/project/digital-arts-and-culture-accelerator/>

¹³ See <https://ahrc.ukri.org/skills/phdstudents/cdts/> and <https://ahrc.ukri.org/skills/phdstudents/dtp2/>

¹⁴ See <https://creativeindustriesclusters.com/>

¹⁵ See <https://creativeindustriesclusters.com/clusters/storyfutures/> and <https://www.storyfutures.com/creative-cluster/innovation-opportunities/help-on-demand>

- 9 **We encourage our cultural and policy leaders to look beyond Europe and the US for policy models.** The global significance of the South Korean cultural policy shift cannot be underestimated. More people live in the circle spanning 21 Asian countries between China and India, than live outside it. The impact of Korean culture – a direct result of careful policy making – is huge in this region. **The Korean culture wave impacts Australia significantly and there is much we could learn about how their policy evolved.**¹⁶
- 10 **Australia has world-leading research expertise on the creative economy.** There currently exist few avenues for bringing this collective expertise to bear on national policy formulation for industry development. Below we pick up on the application of this expertise for regional economic stimulus. **We recommend to the Committee it examine the need for research translation mechanisms which can facilitate timely research-based advice to inform policy deliberations.**
- 11 **Australia must fully appreciate and capitalise on the potential for strategic R&D investment and collaboration across our cultural and creative and research sectors.** In our submission to the Inquiry into Australia’s National Cultural Institutions we put the spotlight on the under-recognised contributions of the galleries, libraries, archives and museums (GLAM) sector (a sub-sector of the creative and cultural industries) to research, higher education and innovation.

As noted above, in the UK, there has been a strategic investment in a range of creative industries clusters through their industrial strategy, and a focus on non-metropolitan clusters. Although there are exemplars to draw on, **Australia has yet to maximise the potential of digital capabilities in distribution, performance and exhibition in the cultural and creative industries.** There is a particular need to address digital capability deficits in our regions.

In the humanities and arts, there is a strong basis from which to develop bottom-up as well as more strategic approaches to cultural industry-research collaborations. Benefits that have flown from existing investments are in evidence in the highly ranked case studies in the ARC’s Engagement and Impact exercise, such as:

- > [Investigating and supporting creative industries as an entrepreneurial system](#)
- > [Reconnecting Indigenous Australian communities with heritage objects held in museums and galleries](#)
- > [Conserving and Interpreting Australia’s Convict Past](#)
- > [iCinema: Immersive interactivity in contemporary art and its creative and industrial applications.](#)

¹⁶ See for example, Haksoon Yim (2002) ‘Cultural identity and cultural policy in South Korea’, *International Journal of Cultural Policy* 8(1): 37-48; Sang Mi Park (2010) ‘The Paradox of Postcolonial Korean Nationalism: State-Sponsored Cultural Policy in South Korea, 1965-Present’, *Journal of Korean Studies* 15(1): 67-93.

Regional creativity central to national identity, tourism, and economic growth

- 12 **The importance of creative and cultural industries to economic recovery in regional areas (hard-hit by bushfires and COVID-19) warrants policy attention at a national level.** The Regional Australia Institute identifies the creative industries as one of four sectors which are ‘key for the economic future of regional Australia’.

Here we would point to the research being led by Professor Stuart Cunningham AM FAHA, An Australian Cultural and Creative Activity Population Hotspot Analysis.¹⁷ In regional Queensland, for example, creative industries are bigger employers than both mining and agriculture. A report on Central West Queensland found ‘a very professional, resilient and sustainable tourism ecosystem which effectively links cultural and creative activity with heritage, science and cultural infrastructure as well as traditional industries such as agriculture.’¹⁸

- 13 **The creative and cultural industries are a crucial conduit for Indigenous cultural innovation for business and community development and regional tourism.** One such exemplar is the Tjapukai Aboriginal Cultural Park which has ‘over three decades has taken Indigenous tourism in Queensland from “virtually unheard of” to “a cultural tourism icon”’.¹⁹

- 14 **Important analysis on the stimulus that regional cultural industries have on local economies has been conducted by Professor Chris Gibson and his collaborators over many years.** This is a body of empirical work on the economic, social and cultural contributions of festivals, particularly in rural and regional Australia.²⁰ Researchers from Newcastle University have been engaged in **mapping the creative industries in the Hunter region as an ‘entrepreneurial system’**, the subject of a highly ranked Impact study in the ARC’s Impact and Engagement exercise.²¹

¹⁷ This project is funded by the Australian Research Council under its Linkage Grant program (LP160101724), with Australian state government cultural funding agencies Arts Queensland, Create NSW, Creative Victoria, Arts South Australia and the Western Australian Department of Local Government, Sport and Cultural Industries. The project website, containing several detailed reports on regional Australian ‘hotspots’ of creative activity, is at <https://research.qut.edu.au/creativehotspots/>

¹⁸ See <https://research.qut.edu.au/creativehotspots/wp-content/uploads/sites/258/2020/06/Creative-Hotspots-CAIRNS-report-FINAL-V1-20191220.pdf>

¹⁹ Research shared with the Academy, further details of which are in the submission (no.45) to the Inquiry from Professor Stuart Cunningham AM FAHA and Dr Marion McCutcheon.

²⁰ See for example, C. Gibson, G Waite, J. Walmsley and J Connell (2010) ‘Cultural festivals and economic development in nonmetropolitan Australia’, *Journal of Planning Education and Research* 29 (3): 280-293; and C. Gibson and J. Connell (2012) *Music Festivals and Regional Development in Australia*, Ashgate Publishing.

²¹ See <https://dataportal.arc.gov.au/EI/Web/Impact/ImpactStudy/690>

A future workforce strategy for creative and cultural industries

The future of work and economic recovery post-COVID is high on the agenda of Commonwealth, State and Territory governments. An industry development strategy must take account of both supply and demand for skills and training.

15 Humanities and arts skills and knowledge will be essential to economic recovery in and beyond the cultural and creative sector.

BCAR's report on *Creative Skills for the Future Economy* provides a rich analysis of the opportunities for creative skills across the Australian economy.²²

Of the six industries identified by BCAR as the fastest growing industries in 2016-17, three have leading shares of workers with creative qualifications – professional, scientific and technical services; rental, hiring and real estate services; and information, media and telecommunications. Of the six industries least susceptible to automation, five are traditional humanities graduate destinations (Education, Professional Services, Healthcare, Information, Media and Comms., and Arts and Recreation Services, and Public Administration).

16 There are risks to the supply of skills and talent for workforce development.

As BCAR itself notes, there is a 'common misconception' that creative skills are predominantly found solely in 'creative' fields, such as the performing and visual arts. BCAR's research shows **there is a strong demand and application for humanities fields, notably media and communications, which is one of the most likely qualifications to be held by those employed in creative occupations**, wherever they are across the economy. Creative skills also contribute to innovation-intensive industries. The most innovation-active sector (Information, Media and Telecommunications) has the highest portion of employees holding creative qualifications of any industry.

The Government's Job-ready Graduates reforms stand to impact the creative economy and industries agenda from the perspective of **supply side capability** of creative knowledge and skills.²³ The changes are designed to dissuade students from undertaking courses in the fields of media and communications, history, heritage, archaeology, and Indigenous studies – all of which play a vital role in the creative economy.

The reforms are likely to have erratic impacts on individual universities, students and local and regional economies. In Tasmania for example, the Vice-Chancellor of the University of Tasmania has observed that the new price signals are the 'wrong ones to be sending in Tasmania because of the nature of the Tasmanian workforce and economy where there is high demand and strong employment opportunities for humanities graduates.'²⁴

²² See <https://www.communications.gov.au/departamental-news/creative-skills-future-economy>

²³ See Australian Academy of the Humanities Submission to the Higher Education Support Amendment (HESA) Bill 2020 – Job-Ready Graduates and Supporting Regional and Remote Students https://www.humanities.org.au/wp-content/uploads/2020/08/200817-AAH-Policy-Job-Ready-Legislation_final.pdf

²⁴ Supplementary evidence to Senate Inquiry, available from https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobReadyGraduates/Additional_Documents

17 Australia needs a skills development and skills-mixing agenda that mobilises the capabilities across both SHAPE and STEM. We point to a 2017 OECD report, which found that Australia’s innovation skills remain weak, and which recommended that Government widen ‘the scope of subsidies for innovation-related subjects beyond STEM’.²⁵

Addressing the siloed approach to future work agenda for innovation and industry development is a feature of much research. A report into the skills required for an innovative economy, led by our Academy for the Australian Council of Learned Academies (ACOLA), found specially that skills mixing—bringing together teams trained in both the STEM and SHAPE disciplines – gave innovative gave innovative Australian enterprises a competitive advantage.²⁶

The nature of the skills required for the creative economy makes this model of workforce development an urgent imperative for Australia.

²⁵ OECD (2017) Economic Surveys: Australia <http://www.oecd.org/economy/surveys/Australia-2017-OECD-economic-survey-overview.pdf>

²⁶ Cunningham, S., Theilacker, M., Gahan, P., Callan, V. and Rainnie, A. (2016) *Skills and Capabilities for Australian Enterprise Innovation*. Report for the Australian Council of Learned Academies <https://acola.org/wp-content/uploads/2018/08/saf10-skills-capabilities-enterprise-report.pdf>

ATTACHMENT

Academy reports, policy and research of relevance to the Inquiry

The Academy periodically undertakes independent reviews of national capabilities in the humanities and arts with a view to informing strategic planning and investment decisions at the institutional level in the national higher education system. See

- > *Mapping the Humanities, Arts and Social Sciences in Australia* (2014)
<https://www.humanities.org.au/issue-item/mapping-humanities-arts-social-sciences-australia/>
- > *Humanities in the Asia Region* (forthcoming)
<https://www.humanities.org.au/advice/projects/asia/>
- > *Future Humanities Workforce* (forthcoming)
<https://www.humanities.org.au/advice/projects/future-workforce/>

In association with the Australian Council of Learned Academies (ACOLA), the Academy also contributes to reports on emerging issues for Australian public policy consideration. Of specific relevance to this Inquiry is the report led by our Academy and chaired by Professor Stuart Cunningham AM FAHA: [*SAF 10: Skills and Capabilities of Australian Enterprise Innovation*](#)

The Academy has been the lead delivery partner for [*A New Approach*](#) (ANA), an independent think tank championing effective investment and return in Australian arts and culture under a three-year program funded by three philanthropic organisations.

We have productive policy exchange with counterpart organisations internationally. Recently we have convened discussions with the British Academy on its collective agenda for SHAPE:

SHAPE is a new collective name for the social sciences, humanities and the arts – subjects which help us make sense of the human world, to value and express the complexity of life and culture, and to understand and solve global issues.

Many academic and business leaders want to start recognising and capturing the value of SHAPE disciplines both on their own and alongside STEM subjects, which is why we are building this coalition.

The SHAPE agenda originated from a coalition of organisations in the UK, including the British Academy, the London School of Economics and the Arts Council England. See <https://thisisshape.org.uk/>

In our submission we have drawn from a number of recent policy submissions:

- > *Inquiry into Innovation and Creativity: Workforce for the New Economy* (2016)
<http://www.humanities.org.au/wp-content/uploads/2017/04/AAH-Policy-2016-InquiryInnovationCreativity.pdf>
- > *R&D Tax Incentive Review Report* (2016) <http://www.humanities.org.au/wp-content/uploads/2017/04/AAH-Policy-2016-RD-Tax.pdf>
- > *The Digital Economy* (2017) <https://www.humanities.org.au/wp-content/uploads/2017/12/AAH-Policy-2017-Digital-Economy.pdf>

- > Inquiry into Canberra’s National Institutions (2018) <https://www.humanities.org.au/wp-content/uploads/2018/05/AAH-Policy-2018-Canberra-National-Institutions.pdf>
- > Australian Research Council Implementation of the National Science and Research Priorities (2019) <https://www.humanities.org.au/wp-content/uploads/2019/05/AAH-Policy-2019-ARC-SRP.pdf>
- > Infrastructure Australia Audit (2019) <https://www.humanities.org.au/wp-content/uploads/2019/12/AAH-Policy-2019-Infrastructure-Australia-Audit.pdf>
- > Royal Commission into National Natural Disaster Arrangements (2020), <https://www.humanities.org.au/wp-content/uploads/2020/04/AAH-Policy-2020-National-Natural-Disaster-Arrangements.pdf>
- > Budget Submission (2020) <https://www.humanities.org.au/wp-content/uploads/2020/02/AAH-Policy-2020-Pre-BudgetSubmission.pdf>
- > Higher Education Support Amendment (HESA) Bill 2020 – Job-Ready Graduates and Supporting Regional and Remote Students https://www.humanities.org.au/wp-content/uploads/2020/08/200817-AAH-Policy-Job-Ready-Legislation_final.pdf