

ECONOMY AND EMPLOYMENT: TRANSFORMATIVE IMPACTS OF ARTS, CULTURE AND CREATIVITY

Factsheet 2 drawn from ANA's Insight Report,
'Transformative: Impacts of culture and creativity'

Employment and the economy: How arts, culture and creativity impact economic outcomes

Cultural and creative activity contributed approximately \$111 billion to the Australian economy (6.4% of GDP – see Figure 1) in 2016–17, and employed more than 800,000 people (8.1% of the total workforce – see Figure 2). 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.

Australia's creative and cultural industries are key to Australia's continued economic growth and global competitiveness. Some of Australia's key strengths can be further enhanced and capitalised upon through strategic investment in our creative and cultural industries.

Although our cultural and creative industries are much broader than our subsidised arts and culture sectors (see Figures 1 and 2), it's important to note that there is a significant relationship between subsidised arts and cultural activities and their effects on the commercial cultural and creative industries. Effective public and private investment unleashes the arts, cultural and creative industries as major procurers and presenters of creative products and services, helps form clusters of creative businesses, and creates a lively and thriving environment that encourages people to move to, remain in or visit an area (amongst other advantages). See our 5th Insight Report for more on this.

Figure 1:
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.

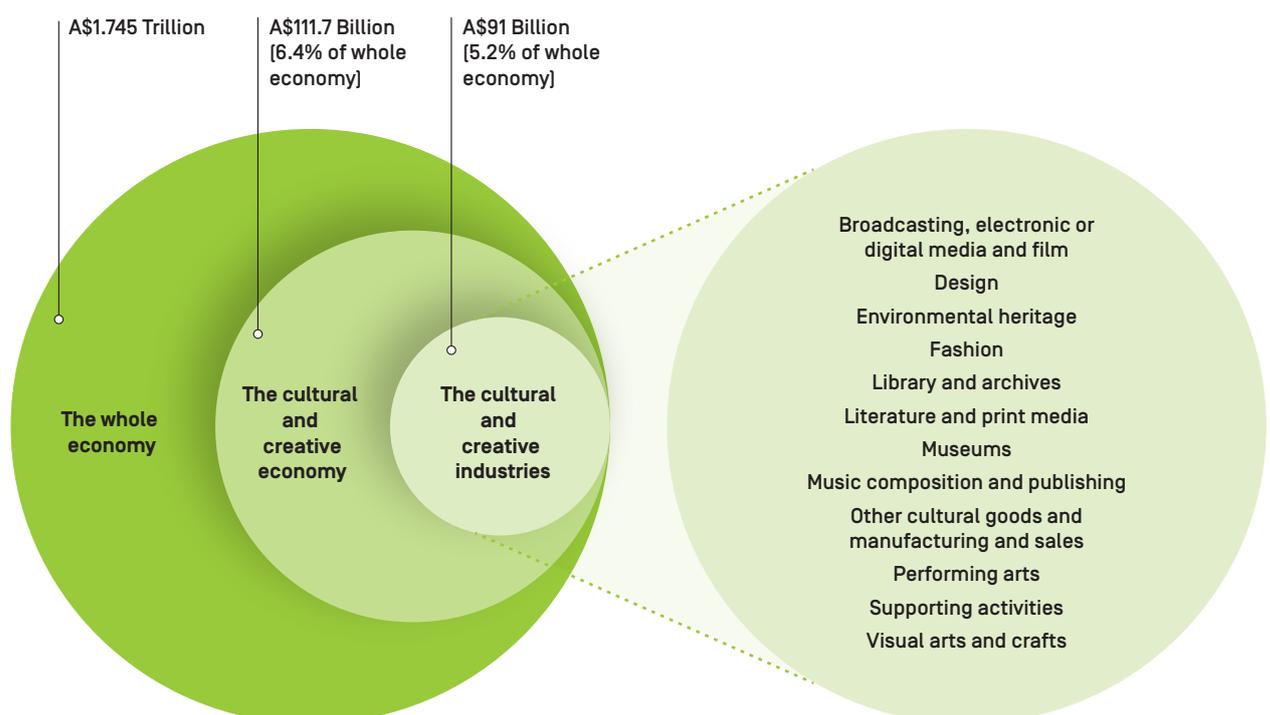
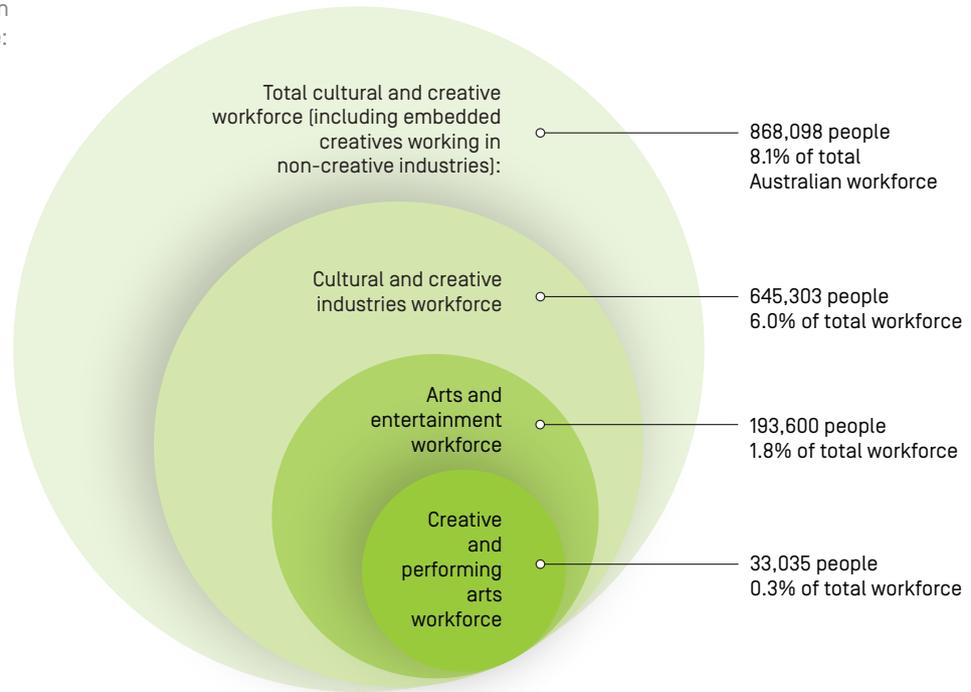


Figure 2:
Cultural and creative workforce broken down by industry subdivisions. Source: Created using data from the ABS 2016 Census TableBuilder, and Browne 2020, by ANA.



The need to maximise our economic potential

To ensure Australia's creative and cultural industries are equipped to achieve their full potential – that is, successfully capturing a higher share of the global market – they must be effectively supported. But our current arts and cultural policy settings are not aligned with the 21st century marketplace.

Australia is falling behind the rest of the OECD in its public expenditure on arts and culture. If this situation continues, Australia's creative and cultural strengths will diminish.

The world's fastest-growing industries require ready access to high-quality creative services and skills. If Australia can't offer these, we will be left behind. Australian firms already make significant use of creative goods and services, both by employing creative specialists in-house and by hiring creative firms to provide inputs into their products and services. The fact that we have one of the world's largest trade deficits in creative goods, as well as a trade deficit in creative services [as seen in Figure 3] may mean we're missing opportunities to capitalise on our strengths.

The evidence suggests our production may not be meeting national demand for creative products and services, while international demand for Australian creative output has remained flat.

Figure 3:
Australian creative trade impacts



Goods deficit
For every \$1 of creative goods exported, Australia imports \$8.



Services deficit
For every \$1 of creative services exported, Australia imports \$2.



Imports increase
Australia's creative product imports grew steadily between 2005-2014.

Why use arts, culture and creativity to build the economy?

If Australia acts now, our country is in an excellent position to capitalise on a significant economic opportunity: our creative and cultural industries. Effective investment in all of these industries does and will drive creativity and innovation, both directly and indirectly, in other areas of Australian society and the economy. This would put us in a strong position to 'build back better', as the OECD has urged, in the wake of Covid-19's effects and the ensuing economic downturn Australia is experiencing.

Many of the industries projected for fastest growth over the next five years rely on workers with creative qualifications. Australian firms spent \$87 billion on inputs from the cultural and creative industries in 2014–15.

Some of Australia's arts and culture infrastructure is world-class, further strengthening our global position. This includes our internationally recognised film studio facilities, exceptional arts-and-culture-related educational programs, and vibrant design, fashion, gaming and literature industries, which were thriving before the Covid-19 pandemic.

For all of these reasons, we need to be systematic and strategic about developing a strong, rich cultural life that takes advantage of the strengths that our cultural and creative industries and workforce bring to the Australian economy.



What do middle Australians think about having a rich cultural life?

All those art skills can now be a trade. People constructing buildings have to be creative now. We're not just building blocks [i.e. simple buildings] anymore. Everyone wants things to be creative. (Male, Townsville)

For me, it [exposure to arts and culture from a young age] isn't about a specific job. More, they can know that art can connect present and future, they can know about their past and at the same time they can imagine about what the future can be. It's better to give art, then kids can have the creativity to do whatever job they want. (Male, Melbourne)

With the Government, what they are trying to do is also to promote our [Australia's] internal creativity outside as well. A couple of years ago they had, in the States, they had a campaign called "True Blue" that focused on getting, on building up tourism. You had a lot of Australian artists that went out there to "bring back the tourists" type thing. It was two-fold: encouraging Australian arts and culture [abroad] therefore can attract tourism, and tourists [coming to Australia] support arts and culture. (Female, Brisbane)



Opportunities to future-proof Australia's economy through investment in arts and culture

In Australia, the necessity for a strategic and considered approach to arts and culture investment is not well understood. This is putting our future economic stability and growth at risk. The level of effort required to develop an effective strategy is not insignificant, but the gains are likely to be highly valuable and ongoing.

In times of crisis, arts and culture are more critical than ever

The world has changed in 2020, and the evidence about the impacts of arts and culture are more relevant than ever. Research shows that, during and following major crises such as health emergencies or natural disasters, effective arts and cultural activities are those that aim to reconnect affected communities, reduce feelings of isolation, strengthen people's connection to place, provide opportunities for reflection and commemoration, and foster a shared sense of hope and optimism. Arts and cultural activity can also increase a nation's soft power potential; a critical resource during a period of global disruption.

In light of this conclusive evidence, Australia's public and private investors, policy makers and other stakeholders who want to improve economic and employment outcomes should:

Encourage a 21st century approach to the cultural and creative industries, which recognises them as a cohesive whole.

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.

Invest in long-term industry development

Support our cultural and creative industries to grow and reach new markets nationally and globally.

Diversify Australia's economic base by developing our key creative offerings

Use programs such as the Industry Growth Centres, Industrial Transformation Scheme and Cooperative Research Program to identify and grow existing and new areas of competitive advantage. This will help diversify Australia's economic base and address our creative goods and services trade deficit.

To improve arts and cultural economic and employment opportunities for all Australians; inform a contemporary approach to cultural and creative industry development; and address Covid-19 recovery, Australia's public and private investors, policy makers and other stakeholders should:

Champion a National Arts, Culture and Creativity Plan

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.

More information

A New Approach is an independent think tank championing effective investment and return in Australian arts and culture. We research and report on arts and culture investment issues and policy settings. By sharing our findings with key Australian decision-makers, we support the development and implementation of effective, informed and strategic investment.

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.

The information and data provided here is detailed further – with evidence sources – in our 2019 Insight Report, 'Transformative: impacts of culture and creativity'. The quotes from middle Australians are from our 2020 Insight Report, 'A view from middle Australia: Perceptions of arts, culture and creativity'.

See www.humanities.org.au/new-approach for more information and to access the full reports.

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