

2021-22 Pre-Budget Submission

Arts, culture and creativity can help keep our economy strong, people in jobs and Australians together.

A NEW APPROACH

ANA

A New Approach (ANA) is Australia's leading arts and culture think tank. We are non-partisan, evidence-based and supported by a national alliance of nine philanthropic organisations.

Please contact Kate Fielding, CEO, at ceo@newapproach.org.au
For further information, visit: www.newapproach.org.au

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The Treasury
Langton Crescent
PARKES ACT 2600

Recommendations for using arts, culture and creativity to help keep our economy strong, people in jobs and Australians together.

ANA is Australia's leading arts and culture think tank, with a vision for an Australia that celebrates, benefits from, and invests in arts, culture and creativity for the benefit of all Australians.

This submission outlines actions that can be taken in the 2021-22 Budget to help Australia achieve that vision, as well as the broader goals of keeping our economy strong, people in jobs, and keeping Australians together.

The issue: Australians are missing out on opportunities for social cohesion, jobs and economic growth

The current Parliamentary Inquiry into Creative and Cultural Industries and Institutions has heard evidence that:

- In 2016, the total cultural and creative workforce was 868,098 people, or 8.1% of the total Australian workforce.
- Middle Australians think imagination, belonging and inspiration all grow out of engagement with arts, culture and creativity. Every year more than 80% of Australians attend at least one arts and cultural event or venue.
- The cultural and creative economy was estimated to contribute \$111.7 billion to the Australian economy in 2016–17 (6.4% of GDP).
- Like hospitality and tourism, cultural and creative industries have been disproportionately affected by the Covid-19 pandemic.
- Australia is yet to strategically capitalise on the social and economic contributions of cultural and creative industries and occupations.

The solution: Targeted investment; a plan to ensure opportunities and contemporary approach to industry development, jobs and innovation

Bringing people together; creating jobs; contributing to Australia's domestic and international tourism offerings; telling Australia's stories to the world and growing the creative skills that underpin Australian ingenuity are just some of the contributions made by our cultural and creative industries.

As Australia faces some of the most significant economic and social challenges since the Great Depression, there is an increased urgency to harness these benefits. Australia needs to take deliberate action, building on the existing successes and supporting those that are weathering the worst of the Covid-19 storm, so they can play their part in assisting Australia's recovery.

ANA recommends the following three actions for consideration, designed to improve access and participation opportunities for all Australians and inform a contemporary approach to cultural and creative industry development.

Recommendation	Projected Outcome
1: Targeted industry package in the 2021-22 federal budget to pilot and/or scale-up digitally-rich, antifragile business models suitable for a with-Covid environment for the jobs-rich cultural and creative industries.	Keeping people in jobs and Australians together.
2: Productivity Commission inquiry into the role of creativity in 21st century industry development, jobs and innovation.	Keeping our economy strong and people in jobs.
3: National Arts, Culture and Creativity Plan	Keeping our economy strong, people in jobs and Australians together.

This submission provides a detailed outline of our recommendations and a costing summary. These actions are in line with the themes emerging from the current Parliamentary Inquiry.

Without action, Australia risks our jobs-rich creative and cultural industries declining, as well as falling behind across a range of social indicators in the areas of health, education, social cohesion and international relations.

Warm regards,



Kate Fielding, CEO
A New Approach (ANA)

SUMMARY

Why invest in arts, culture and creativity this federal budget?

- Commercial and employment opportunities in the cultural and creative industries were growing rapidly pre-Covid-19, and have potential in economic recovery.
- Research shows there are at least seven types of benefits of arts, culture and creativity: on society and place; the economy; building ingenuity; health and wellbeing; education; international engagement; and strengthening Australian culture.
- Arts, culture and creativity create both private and public value. Our research with middle Australians (middle-aged, middle-income, swing voters in suburban and regional Australia) confirmed this is something people know and agree with.
- Covid-19's impact on the creative and cultural industries affects *all* Australians, not just those working in those industries and occupations.

What does ANA recommend this federal budget include in its priorities?

- A targeted industry package in the 2021-22 federal budget to pilot and/or scale-up digitally-rich, antifragile business models suitable for a with-Covid environment for the jobs-rich cultural and creative industries.
- A Productivity Commission inquiry into the role of creativity in 21st century industry development, jobs and innovation
- A National Arts, Culture and Creativity Plan

What is missing to realise effective investment and return, including in employment growth?

- A public policy approach which recognises cultural and creative industries and institutions as substantial employers and economic contributors that are interconnected and mutually dependant
- A contemporary understanding of ways in which creative and cultural industries and institutions are relevant to some of Australia's biggest public policy challenges in all electorates, such as: jobs growth; health; social cohesion; education; and skills
- A contemporary framework, informed by the public and private value generated from these activities, that: efficiently addresses the policy, legislative, regulatory and investment settings that span the cultural and creative industries and; ensures public investment is purposeful, contemporary and unlocks value for all Australians.

RECOMMENDATIONS IN DETAIL

Middle Australians – middle-aged, middle-income swing voters – told ANA in early 2020 that engagement with arts, culture and creativity is 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.¹ Substantial international and Australian research supports these views.²

Informed by these two key inputs, and noting the targeted industry packages announced throughout 2020, ANA's submission identifies the recovery responses that will allow Australia to build back better in 2021 using arts, culture and creativity. It also describes the medium-term actions over the next three years required to address the underlying issues and seize the current opportunities.

In the short-term, targeted industry assistance is required for the significant adjustment and transformation that many cultural and creative industries and institutions require in a with-Covid environment. ANA believes the following **short-term** mechanism will support this goal:

1. A targeted industry package in the 2021-22 federal budget to pilot and/or scale-up digitally-rich, antifragile business models suitable for a with-Covid environment for the jobs-rich cultural and creative industries.

Existing delivery mechanisms (programs and entities) can be efficiently utilized for the distribution of targeted investment, similar to the 2020 Covid-19 Creative Economy Support Package.

Looking ahead, ANA's view is that the best **medium-term** mechanism to achieve the wide range of desired cultural, economic and social benefits is to initiate two specific processes:

2. A Productivity Commission inquiry into the role of creativity in 21st century industry development, jobs and innovation.
3. A National Arts, Culture and Creativity Plan

These actions would ensure there is both a contemporary policy approach to public and private value created for all Australians, as well as a more specific industry strategy. This submission outlines brief details of each of these recommendations.

¹ These insights were identified through an independent qualitative study of perceptions of arts, culture and creativity that ANA commissioned in early 2020, just weeks before Covid-19 was declared a pandemic.

² See ANA's 2019 review of this evidence [Transformative: Impact of culture and creativity](#)

Recommendation 1: Develop a targeted industry package in the 2021-22 federal budget to pilot and/or scale-up digitally-rich, antifragile business models suitable for a with-Covid environment for the jobs-rich cultural and creative industries.

Covid-19 has accelerated Australians' familiarity with and access to digital modes of consumption. This presents opportunities for creators to diversify and expand income streams for goods and services, as well as serious risks to creative businesses, as existing value chains are disrupted. Investment in diversification, innovative approaches and new types of programming in these industries could help get Australia's 800,000+ cultural and creative workers back to working at full capacity, making the things Australians value. A targeted industry package should:

- Provide targeted funding to cultural and creative businesses and institutions that can demonstrate how that funding will be used for stabilising and future-proofing.
- Take into account that Australians in different geographical locations need to be able to access opportunities to participate in arts and culture in ways that are relevant and significant to them.
- Take a middle- to long-term approach to cultural infrastructure that considers ongoing maintenance and staffing.
- Provide incentives for Australian procurers of cultural and creative goods and services to purchase from or engage the services of Australian cultural and creative small businesses.
- Use existing delivery mechanisms (programs and entities) for the distribution of targeted investment, as was used for the 2020 Covid-19 Creative Economy Support Package.

Why a targeted industry package?

Middle Australians – middle-class, middle income swing voters from predominantly marginal electorates – told us in 2020 that their engagement with arts, culture and creativity was essential to their wellbeing. Yet many of the 800,000 employees in Australia's cultural and creative workforce – the people who create or support the creation of the experiences Australians consider essential – have been disproportionately affected by the economic effects of Covid-19.

Even for those not working in the cultural and creative economy, participation in arts and culture has been found to help Australians adapt to new workplace conditions and maintain a flexible mindset.

Fortunately, arts, culture and creativity are relatively inexpensive to support, with high impact results for employment, community welfare, and individuals. For example, the "Arts on Prescription" program in the UK has shown that, for significantly less investment than in traditional medical interventions, arts prescribing can produce a 37% drop in GP consultation rates and a 27% drop in hospital admissions, resulting in a social return on investment of between £4 and £11 for every £1 of government investment in the program.

Recommendation 2: Initiate a Productivity Commission inquiry into the role of creativity in 21st century industry development, jobs and innovation

Creative capability is demonstrably the driving force behind ingenuity-driven, economically-diversified economies. Strategic action is required to grow Australia's cultural and creative industries and prepare Australia for the future of work. A Productivity Commission inquiry enables the necessary cross-portfolio and whole-of-industry focus required for this.

A Productivity Commission inquiry should:

- Consider if Australia has a fit-for-purpose legislative, regulatory and investment environment is essential to a viable and relevant cultural and creative economy.
- Identify and describe strategies to scale-up digitally-rich, antifragile³ business models in the cultural and creative industries, that are adequately fortified, diversified and distributed to both withstand and grow from the challenges of a with-Covid environment.
- Be inclusive of the whole of the creative and cultural industries, including workers in creative roles embedded in industries classified as 'non-creative'.
- Build on existing evidence about future work skills to position Australia as an international leader in both formal and on-the-job training, by leveraging: 1) the higher-than-average jobs growth in cultural and creative occupations and the transferable skills gained by working in these occupations; 2) the growing demand for cultural and creative courses from both domestic and international students; and 3) Australia's capacity to be a Covid-safe environment.

Why a Productivity Commission Inquiry?

Australia's arts and cultural industries have been the worst affected by the Covid-19 economic downturn across a range of measures, including temporary closures and business modifications, loss of income and loss of employment.⁴ However, following the Global Financial Crisis in 2008/9, cultural and creative industries in many countries were the quickest and best at bouncing back, while cultural and creative occupations are the most resistant to automation due to the transferability of creative skills.⁵ Supporting our cultural and creative industries to become antifragile means ensuring businesses with huge growth potential are protected when they need it, so they can go on to be the powerhouses of our recovery.

³ Antifragile businesses don't just recover from shocks, they are improved by them. See option trader Nassim Nicholas Taleb's 2012 book *Antifragile* for more on this.

⁴ According to the ABS 'Business Indicators, Business Impacts of Covid-19' series, drawing from the 'Arts and Recreation' industry segment. Note that this segment does not include the broader creative industries within Arts and Recreation.

⁵ See United Nations Conference on Trade and Development, 2018. The Creative Economy Outlook, and Bakshi et al., 2017. The Future of Skills: Employment in 2030.

Recommendation 3: 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 modelled on the existing National Sport Plan, 'Sport 2030', which identifies the enduring and non-partisan principles underlying Australian sport, and clarifies responsibilities among stakeholders. It should:

- Take a broad, connected and inclusive approach to creative and cultural industries and institutions.
- Highlight and capitalise on the public and private value generated through opportunities for broad cultural participation being available across Australia.
- Provide a framework to efficiently address the policy, legislative, regulatory and investment settings that span the cultural and creative industries.
- Provide a framework for the three levels of government to establish more coherent investment and policy settings.
- Identify measures to ensure all areas of Australia have reasonable access to, and can take advantage of, cultural infrastructure and opportunities that are relevant and significant for them.
- Address the crucial role that arts and cultural participation play in improving social cohesion, health, education outcomes and international relations, as well as in building ingenuity.

Why a National Arts, Culture and Creativity Plan?

ANA's 2019 and 2020 research shows that effective investment in arts, culture and creativity is a partnership across the three levels of government, philanthropy, businesses, individual creators and the Australian public.

Over the last decade there's been a shift in the ratio of expenditure across the three levels of government; they're now in near-equal partnership. Australian households spend significantly on 'cultural expenditure'; nearly \$50 a week, on average, or 3.5% of total household expenditure.⁶ Private investors, however, are often unsettled by the absence of an up-to-date, government-wide public policy approach. The reciprocal and compensatory funding philanthropists provide is an essential part of the cultural and creative funding mix in Australia, and confidence could be increased for this kind of investment by updating our cultural policy settings.

A National Arts, Culture and Creativity Plan would also encourage these various stakeholders to work towards a shared vision for Australia's arts, cultural and creative landscape.

⁶ The Household Expenditure Survey 2015-16 showed households spent an estimated \$25.64 billion on cultural goods and services.

The context: Current Parliamentary Inquiry into Cultural and Creative Industries and Institutions.

In August 2020, the Minister for Communications, Hon Paul Fletcher MP, asked the Standing Committee on Communications and the Arts to inquire into and report on Australia's creative and cultural industries and institutions.

The hearings for this inquiry are ongoing and we have prepared this submission with the assumption that the recommendations of the inquiry will be addressed in the 2022-2023 budget process.

It is worth noting this parliamentary inquiry received 4781 survey responses and nearly 350 submissions from both cultural and creative leaders throughout Australia, as well as members of the public. These submissions demonstrated both how valued Australia's cultural and creative industries and institutions are, and indeed why Australians believe that they are relevant and significant. For example, one submission from 'a scientist and a mother of 3 children' explained that:

As a scientist I can see how important creativity is to children and adults, as makers and as viewers, or in both capacities...I wish for a country that has a vibrant, recognised and supported arts industry. For the benefit of our nation's economy, for my children's future and for the art and cultural mark we can leave on the world.

Other submissions provided practical suggestions for the committee's consideration:

Equitable arts funding should be about every child's right to have a dream to dance, sing, act, play an instrument and rise to be the best they can be. This means having stages to learn on, artists to come to towns and suburbs and help them, and brilliant art on hundreds of stages to inspire our children to dream.

Costing summary

Recommendation	Responsibility	Millions		
		2021-22	2022-23	2023-24
Targeted Industry Package	Deliver via existing mechanisms, including OFTA and Australia Council for the Arts	250	0	0
Productivity Commission Inquiry	Productivity Commission	0	0	0
National Arts, Culture and Creativity Plan	Office for the Arts (OFTA)	0.2	0	0
Totals		250.2	0	0
		3-year total = \$250.2M		

How ANA can help

In our role as a philanthropically funded, independent think tank, ANA is able to provide disinterested advice about options for the recommendations outlined in this submission. We would welcome the opportunity to meet and discuss these recommendations.