

A NEW APPROACH

Insight research series
Report One

THE BIG PICTURE: PUBLIC EXPENDITURE ON ARTISTIC, CULTURAL AND CREATIVE ACTIVITY IN AUSTRALIA

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

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 www.humanities.org.au/new-approach or contact us via newapproach@humanities.org.au

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EXECUTIVE SUMMARY

Cultural and creative activities generate a range of cultural, economic, social and personal benefits for the people of Australia

How and why do individuals, communities, businesses, philanthropists and governments invest in arts and culture? What benefits does this generate? What do we need to do to ensure this investment is relevant and effective into the future?

Over the next 12 months, ANA will release a series of reports focused on:

- * investment
- * benefits
- * ensuring Australia's creative and cultural future.

This is our first report, *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia*. The report's purpose is to establish a baseline understanding of the quantum and trends in expenditure on culture by all levels of government over the last decade. It identifies some basic international comparisons and, by synthesising available data, enables meaningful comparisons to be made now and into the future between different years, different levels of government and different areas of expenditure. One of our hopes is that people will realise the value in capturing, analysing and disseminating relevant data to ensure an even clearer picture of the funding environment and return on investment in all its forms.

ANA is committed to identifying how our policy, regulatory and investment settings can ensure effective and relevant expenditure on culture, make cultural opportunities available to all Australians, and unlock further investment to keep strengthening Australia's cultural and creative activity. Achieving this will require commitment and courage from all parts of this ecosystem—from philanthropists, businesses, non-government organisations, individuals and creators—as well as from governments.

Most of us participate in some form of creative and cultural activities: 82.4 per cent of Australians attended cultural venues and events in 2017–18, with a particularly high rate of direct participation in cultural activities (95.6 per cent) from young people aged five to 14 years. In 2009–10 Australian households spent \$19.87 billion, or 4.0 per cent of their total expenditure, on cultural goods and services.

Cultural and creative activities generate a range of cultural, economic, social and personal benefits for the people of Australia.

- * It is well-established that engaging in cultural and creative activities helps us develop a sense of belonging, forges social cohesion, stimulates curiosity and the ability to engage with different perspectives, and can have a range of beneficial effects on health, wellbeing and education outcomes.
- * Australia's creative and cultural activity is a significant component of our national economy, contributing more than \$111.7 billion, or a 6.4 per cent share of Australia's Gross Domestic Product (GDP), in 2016–17. More than half a million Australians work in the creative economy, which employed 593,830 people in 2016, representing about 5.5 per cent of the national workforce.

Recognising these benefits, Australia's federal, state, territory and local governments all commit funds to artistic, cultural and creative activity. In 2017–18 the three levels of government allocated a combined \$6.86 billion to the cultural life of our nation. While this expenditure is only part of the overall financial investment in creative and cultural production, it plays an important role in enabling both access and experimentation, as well as caring for our shared cultural assets.

This first Insight Report provides an overview of trends in federal, state, territory and local government public expenditure on artistic, cultural and creative activity in Australia between 2007 and 2018. The work relies on the authoritative, publicly available dataset *Cultural Funding by Government* produced by the Australian Bureau of Statistics (ABS) and the Meeting of Cultural Ministers Officials (Statistics Working Group) (MCMO-SWG). This dataset provides the most complete view available of public expenditure on culture in Australia, capturing expenditure on culture across different departments, government entities and funding programs. It includes support for organisations of all scales, including our best-known cultural institutions—such as the Australian War Memorial, the Australian Broadcasting Corporation (ABC) and Bangarra Dance Theatre—as well as support for the nation-wide ecosystem of creative organisations and individuals in remote, regional and metropolitan Australia, and for programs designed to increase access opportunities for specific audiences and programs focused on Australia’s international cultural diplomacy efforts.

Over the last decade there have been significant shifts in the magnitude and source of this public expenditure. Such big changes over short periods of time have been unsettling to a sector that relies on long-term development of skills and products for its delivery and ambition for excellence. It has also unsettled other funders, especially philanthropists, who often provide reciprocal and compensatory funding. ANA identified an important need to achieve a clinical understanding of these emerging trends in public expenditure on arts and culture in Australia.

The research highlights that without strategic and coordinated effort across all levels of government, Australia risks deterioration in its cultural fabric and a loss of the benefits it provides.

In considering pathways for governments to ensure that policy, regulatory and investment settings lead to more effective cultural funding expenditure, the findings of this first Insight Report suggest several opportunities.

Findings

- * Australian public expenditure on arts and culture reached its highest point in 2017–18, while fluctuating during the previous decade (using adjusted figures).
- * Cultural expenditure is not matching population growth. Per capita public expenditure on culture has dropped by 4.9 per cent over the decade 2007–08 to 2017–18, and expenditure as a percentage of GDP remains below the Organisation for Economic Co-Operation and Development (OECD) average.
- * From the ABS and MCMO-SWG dataset, local and state and territory government per capita expenditure on culture has increased, while federal expenditure has decreased. Local government per capita expenditure has increased by 11.0 per cent, while state and territory government expenditure has increased by 3.9 per cent. The federal government is committing 18.9 per cent less expenditure per capita to culture compared with a decade ago.
- * Responsibility for cultural expenditure is split more evenly between the levels of government than it was a decade ago. As a proportion of the total, the federal government now contributes 39.0 per cent, down from 45.7 per cent, while state and territory governments contribute 34.8 per cent, up from 31.9 per cent, and local governments contribute 26.2 per cent, up from 22.4 per cent.
- * Capital expenditure is typically a minor part of the total cultural budget, significantly outweighed by expenditure on recurrent activities. However, it is increasing as a proportion of the total. Between 2007–08 and 2017–18 capital expenditure per capita increased by 47.6 per cent, while recurrent expenditure per capita decreased by 11.7 per cent.
- * Federal, state and territory government expenditure on culture is split fairly evenly between three overarching categories: Film, Radio and Television (32.5 per cent); Museums, Art Museums, Archives, Libraries and Cultural Heritage (37.7 per cent); and Arts (29.7 per cent).

Opportunities

- * Build stronger and more strategic leadership and collaboration between the federal, state and territory and local governments, as well as intra-government collaboration (between different departments who manage cultural expenditure). This should include clear recognition of the increasingly significant contribution of local governments to cultural funding and better public acknowledgement of the respective responsibilities for arts and culture at different levels of government.
- * As an immediate priority—noting that the uplift in 2017–18 has returned per capita expenditure to just below the longer-term average—identify steps to maintain this commitment to the long-term per capita average of the last decade, as a minimum.
- * For the longer-term, consider designing and implementing of mechanisms that will deliver remedial measures and positive incentives to boost cultural expenditure as a percentage of GDP to the OECD average within the next decade.
- * Provide clearer policy direction to ensure the expected public value outcomes of cultural expenditure are better communicated.
- * Ensure current and accurate data about cultural spending by government continues to be available, to inform cultural expenditure by all levels of government, as well as private, philanthropic and corporate funders of arts and culture.
- * Given that significant public capital expenditure on cultural assets may also come through funding programs without a specific cultural focus, identify opportunities to ensure investment decisions are made using relevant cultural expertise and in a coherent, strategic manner, and that these opportunities are made more visible across the creative and cultural sector.

