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## A NEW APPROACH

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Insight research series  
**Report Five**

# AUSTRALIA'S CULTURAL AND CREATIVE ECONOMY

## A 21<sup>ST</sup> CENTURY GUIDE



## Acknowledgements

This report has been prepared by A New Approach (ANA) drawing on analysis commissioned from Pricewaterhouse Cooper, led by Johan Haris, Jeremy Thorpe, Henry Bills and Rebecca Giles. For much of its fundamental orientation, it draws on key reports by the Bureau of Communications and Arts Research and published and unpublished research by Queensland University of Technology's Digital Media Research Centre.

Expert analysis and input was provided by ANA's Research Working Group, chaired by Professor Malcolm Gillies AM FAHA, with Distinguished Professor Stuart Cunningham AM FAcSS FAHA, Distinguished Professor Ien Ang FAHA, Professor Tony Bennett AcSS FAHA, and Professor Jennifer Milam FAHA.

Expert feedback was also provided by Saul Eslake: Principal, Corinna Economic Advisory and Vice-Chancellor's Fellow at the University of Tasmania; Professor Jen Snowball: Professor, Department of Economics, Rhodes University, South Africa and Chief Research Strategist, South African Cultural Observatory; Professor John Daley: Senior Fellow, Grattan Institute; Dr Marion McCutcheon: Research Associate, Digital Media Research Centre,

Queensland University of Technology; as well as members of the Office for the Arts and the Bureau of Communications and Arts Research (both of the Department of Infrastructure, Transport, Regional Development and Communications). The Australian Bureau of Statistics (ABS) also provided some guidance to this report.

Helpful comments and input were provided by ANA Reference Group members, led by Chair Rupert Myer AO, and ANA Steering Committee members, led by Chair Professor Joy Damousi FASSA FAHA, as well as members of the Council of the Australian Academy of the Humanities.

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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**Suggested citation:** Trembath, J.L., Fielding, K., 2020, *'Australia's cultural and creative economy: A 21st century guide'*. Produced by A New Approach think tank with lead delivery partner the Australian Academy of the Humanities, Canberra.

Design: Zeil [[zeil.com.au](http://zeil.com.au)]

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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.

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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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# Contents

<b>Executive summary</b> .....	5	<b>Q7</b>	
<b>Introduction</b> .....	15	<b>What do we know about Australia's</b>	
<b>Part 1:</b>		<b>cultural and creative trade activity?</b> .....	65
<b>Setting the baseline</b> .....	19	<b>Summary of Part 2</b> .....	73
<b>Key concept 1:</b>		<b>Part 3:</b>	
<b>The cultural and creative economy.</b> .....	21	<b>Illustrating the cultural and</b>	
<b>Key concept 2:</b>		<b>creative economy</b> .....	74
<b>Everyday terms take on different</b>		<b>3.1 Case study 1 (Creative skills and employment)</b> ..	76
<b>meanings in economics</b> .....	27	<b>3.2 Case study 2 (Print news media declines)</b> .....	83
<b>Key concept 3:</b>		<b>3.3 Case study 3 (Place-based cultural</b>	
<b>How Australia measures economic activity</b> .....	29	<b>development)</b> .....	92
<b>Summary of Part 1</b> .....	31	<b>3.4 Case study 4 (Creative international</b>	
<b>Part 2:</b>		<b>education)</b> .....	98
<b>Answering frequently asked questions</b> .....	32	<b>3.5 Case study 5 (Architectural</b>	
<b>Q1</b>		<b>services exports)</b> .....	102
<b>Are 'the arts' really worth more than</b>		<b>Summary of Part 3</b> .....	109
<b>a hundred billion dollars to the</b>		<b>Summary of key findings</b> .....	110
<b>Australian economy?</b> .....	34	<b>Part 4:</b>	
<b>Q2</b>		<b>Implications and opportunities</b> .....	113
<b>Are the cultural and creative</b>		<b>4.1 Conclusions based on the</b>	
<b>industries profitable? What impact do</b>		<b>findings of this report</b> .....	115
<b>they have on the economy?</b> .....	39	<b>Summary of opportunities</b> .....	119
<b>Q3</b>		<b>Appendices</b> .....	122
<b>How do arts, culture and creativity</b>		<b>Appendix 1: Cultural and creative</b>	
<b>stimulate the economy?</b> .....	44	<b>industries and occupations</b> .....	123
<b>Q4</b>		<b>Appendix 2: Inclusions in key reports</b> .....	130
<b>What about jobs?</b> .....	51	<b>Appendix 3 : Three ways to measure GDP</b> .....	133
<b>Q5</b>		<b>Appendix 4: Additional information</b> .....	134
<b>How are cultural and creative</b>		<b>Notes and references</b> .....	140
<b>industries funded?</b> .....	55	<b>Endnotes</b> .....	141
<b>Q6</b>		<b>References and further reading</b> .....	150
<b>What cultural and creative goods and services</b>		<b>What we mean by arts and culture</b> .....	162
<b>do Australians spend their money on?</b> .....	60		

## List of figures

1	<a href="#">The Australian cultural and creative economy in context</a>	29	<a href="#">Top 6 fastest growing industries in Australia</a>
2	<a href="#">The creative trident</a>	30	<a href="#">Nominal GVA growth by domain</a>
3	<a href="#">The cultural and creative supply chain</a>	31	<a href="#">Flowchart of the decline in print news media</a>
4	<a href="#">Calculating cultural and creative activity</a>	32	<a href="#">Australia's Newspaper Advertising Market</a>
5	<a href="#">GVAs and inclusions for cultural and creative domains</a>	33	<a href="#">What is Cultural Infrastructure?</a>
6	<a href="#">Proportional contribution of the 12 domains</a>	34	<a href="#">Cultural Infrastructure funding by source and region</a>
7	<a href="#">Offerings and contributions of top 6 domains</a>	35	<a href="#">Arts activities undertaken by international tourists</a>
8	<a href="#">Offerings and contributions of bottom 6 domains</a>	36	<a href="#">Overseas enrolment count by field of education</a>
9	<a href="#">Cultural and creative domain GVA growth 2008-09 to 2016-17</a>	37	<a href="#">The top 10 most creative qualifications</a>
10	<a href="#">How arts, cultural and creative activity stimulates the economy</a>	38	<a href="#">Growth in enrolment of international students in creative courses</a>
11	<a href="#">How subsidising arts and culture stimulates the broader cultural and creative industries</a>	39	<a href="#">Australia's architectural services export performance ledger</a>
12	<a href="#">Spillover effects of arts and culture</a>	40	<a href="#">Virtuous circle of Australia's architectural services export activity</a>
13	<a href="#">Spillover effects of cultural and creative versus other industry sectors</a>	41	<a href="#">International vs domestic students studying 'Architecture and Building'</a>
14	<a href="#">Cultural and creative employment by industry and occupation</a>	42	<a href="#">Growth rate of students studying 'Architecture and building'</a>
15	<a href="#">Workforce sizes in the cultural and creative economy</a>	43	<a href="#">Cultural and creative activity included in key studies in this report</a>
16	<a href="#">Income sources for cultural organisations</a>	44	<a href="#">Three ways to measure GDP</a>
17	<a href="#">Percentage of government expenditure on arts, culture and creativity</a>	45	<a href="#">Calculating cultural and creative activity (reproduced from Figure 4)</a>
18	<a href="#">Breakdown of cultural funding by state, territory and federal governments</a>	46	<a href="#">Industry cooperation in the art value chain: calculating GVA</a>
19	<a href="#">Average household expenditure on arts, culture and creativity</a>	47	<a href="#">What we mean by arts and culture infographic</a>
20	<a href="#">Attendance rates at cultural venues and events</a>		
21	<a href="#">Persons participating in cultural activities, by sex and activity</a>		
22	<a href="#">Export contributions by creative segments</a>		
23	<a href="#">Australia's creative goods exports and imports</a>		
24	<a href="#">Australia's creative services exports and imports</a>		
25	<a href="#">Reliance per industry category on exports</a>		
26	<a href="#">Creative employment as share of Australian workforce</a>		
27	<a href="#">Creative employment by industry</a>		
28	<a href="#">Average incomes across the cultural and creative workforce</a>		

## List of tables

1	<a href="#">The creative intensity model</a>
2	<a href="#">Workforce size of Australia's cultural and creative industries and 11 ANZSIC industry divisions</a>
3	<a href="#">Top 10 countries with highest creative goods deficits</a>
4	<a href="#">Employment, share of jobs and growth by cultural and creative occupation</a>
5	<a href="#">Decline in print journalist positions vs other types of journalism</a>
6	<a href="#">Cultural and creative industries using ANZSIC codes</a>
7	<a href="#">Cultural and creative occupations using ANZSCO codes</a>





# 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.

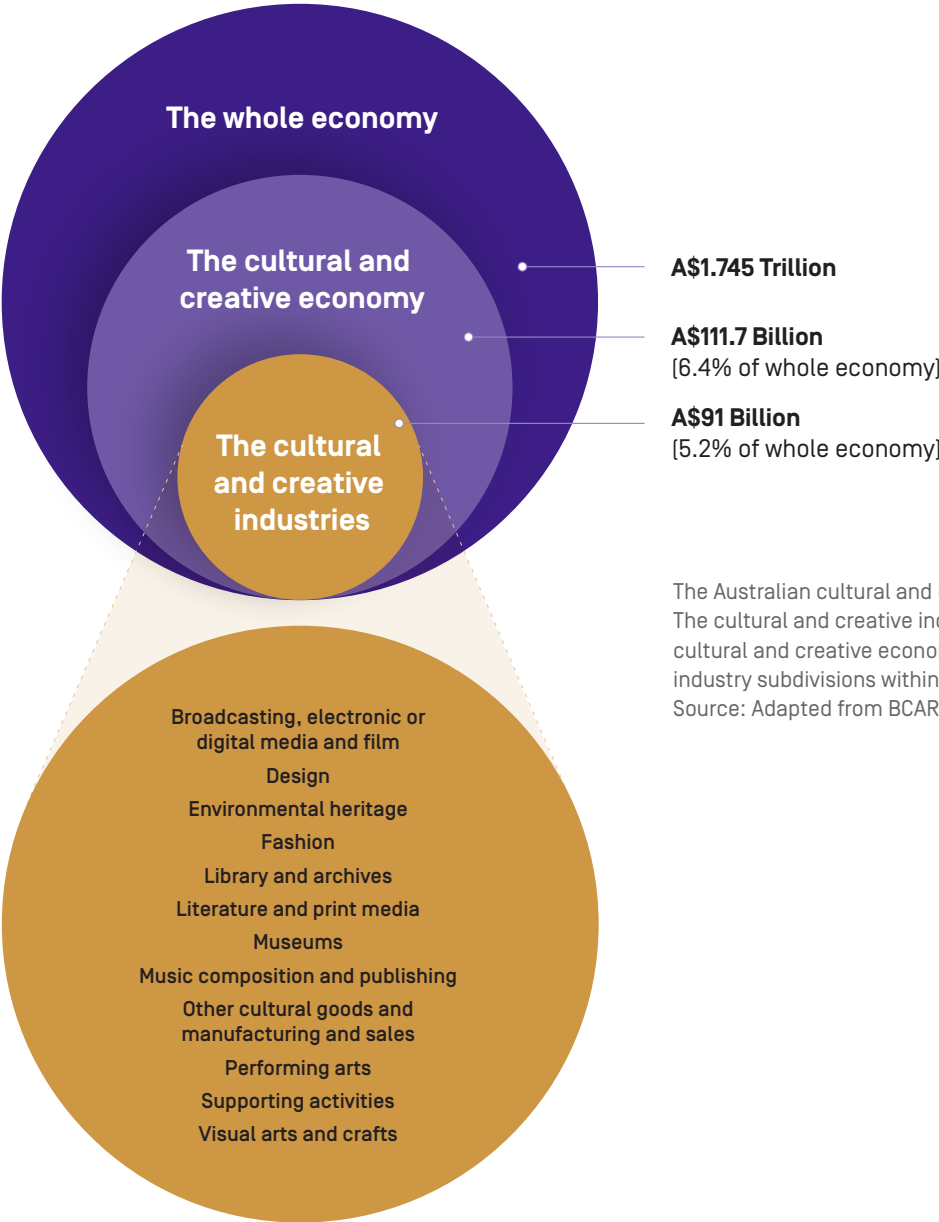
Australians have told us that imagination, belonging and inspiration all grow out of engagement with arts, culture and creativity — and that these opportunities are fundamental to being Australian, and even to being human. Many also believe these opportunities are essential to developing skills for,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





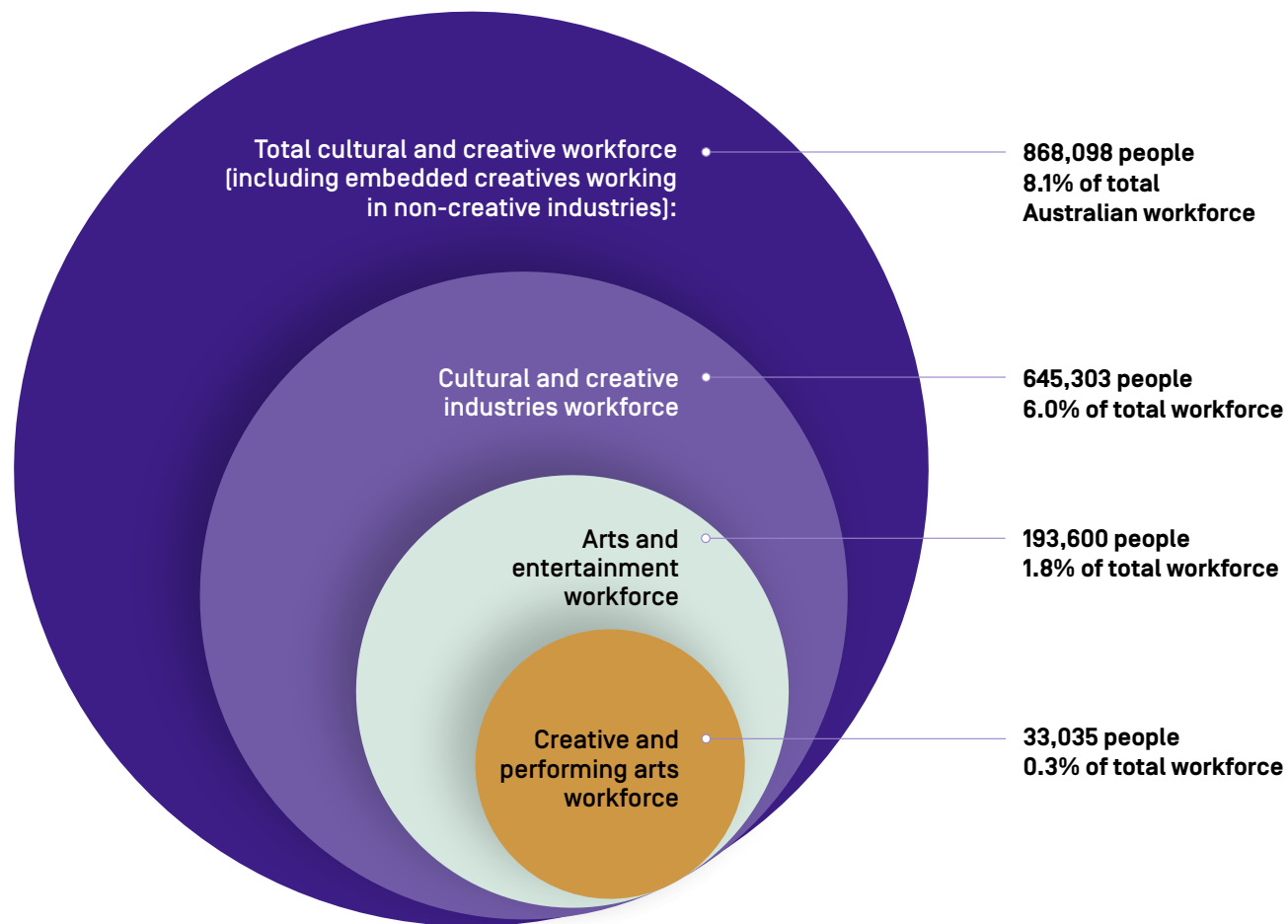
The Australian cultural and creative economy in context (2016-17). The cultural and creative industries are a subsection of Australia's cultural and creative economy. 'Creative arts' includes several industry subdivisions within the cultural and creative industries. Source: Adapted from BCAR 2018 by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



<b>Finding 5</b>	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.	<b>Finding 7</b>	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.
<b>Finding 6</b>	'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.	<b>Finding 8</b>	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

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### 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.

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### 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.

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### 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.

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### 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.

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### 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.

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### 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.

<b>Opportunity 7</b>	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.
<b>Opportunity 8</b>	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.





# INTRODUCTION



# Introduction

2020 is a year of choices — and consequences.

The choices that nations have had to make in responding to Covid-19, and the choices they are making in how to recover from the pandemic, will define the political and economic circumstances for years to come.

For Australia, Covid-19 has highlighted the social, cultural, economic and political values that underpin our status as a highly developed, socio-economically successful, liberal democracy that is also one of the most successful multicultural societies in the world.

Arts, culture and creativity play a unique role in bringing our communities together and in deepening our sense of belonging. They will also help us navigate the many social challenges ahead and play a direct economic role in tackling Australia's first recession in 29 years.

The purpose of this report is to give an overview of our cultural and creative economy and highlight opportunities for Australia to achieve 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'.<sup>1</sup>

This report presents data, analysis and case studies prepared by ANA, primarily building on work commissioned from PwC and foundational research carried out by the federal Bureau of Communications and Arts Research (BCAR) using data from 2016–17.<sup>2</sup> 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.

## Australia's cultural and creative economy in a time of choices

Right now, Australia has an opportunity to look at the bigger picture of our cultural and creative economy. This bigger picture is much broader than the arts – our cultural and creative economy consists of activity in a wide range of industries. This activity has two key things in common: a reliance on creativity in the making process; and the cultural symbolism that emerges at the end of the process.

Prior to the Covid-19 pandemic, cultural and creative activity represented 6.4% of national Gross Domestic Product (GDP)<sup>3</sup> and employed 8.1% of the workforce.<sup>4</sup> There is further scope for Australia's cultural and creative economy to contribute to our nation's economic recovery, in particular through high-technology, high-value professional services.

When other countries have seized the opportunity to design policy for their cultural and creative industries in a systematic, strategic way, they have reaped a range of economic and social benefits. For Australia to benefit in the same way we also need to take a contemporary, strategic approach.

We know Australia's arts, cultural and creative industries have been hit hard by the financial effects of the Covid-19 pandemic. Yet, with the right policy settings, they can also be a core asset in our economic recovery. Globally, the cultural and creative industries were one of the most resilient sectors following the Global Financial Crisis in 2008–09. Cultural and creative occupations are some of the most resistant to

automation. They have also proven themselves time and again in helping Australia and other nations recover from natural disasters.<sup>5</sup>

Maximising what our cultural and creative economy has to offer can be part of a sensible recovery from Covid-19.

## More than one pathway to success

There are varying definitions of the cultural and creative economy. In Australia, and worldwide, there is much variety in defining which industries, occupations and activities are cultural and/or creative (and whether there is a difference between the two). Variety can be a very positive thing; it is a sign of a vibrant, rapidly-growing sector of the global economy. However, this can make it difficult for statisticians and policy makers to appropriately and adequately measure these expanding phenomena, so that governments, businesses and individuals can fully capitalise on the benefits.

What is clear is that countries with thriving cultural and creative economies have approached cultivating this kind of activity systematically, and with specific goals in mind. As we showed in our recent report, 'Behind the scenes: Drivers of arts and cultural policy settings in Australia and beyond', the 'creative industries' were labelled as a cohesive group in the 1990s. This was done as a strategic tool that would unify a group of industries around the themes of culture and creativity, and as a political and economic substitute for the declining manufacturing industry in the United Kingdom. In ensuing years, other countries and regions have used the creative industries approach for differing purposes, and thus have crafted their creative economies differently.

There is no 'one size fits all' approach to the cultural and creative economy. But if the approach is systematic and deliberate, there are significant gains to be made.

## Talking about the cultural and creative economy

This report, the fifth in our Insight research series, is designed to make it easier to have discussions about Australia's creative economy. By posing and then answering commonly asked questions about the cultural and creative economy, we aim to increase evidence-based, robust discussion about the critical role of these industries to Australia's future. To aid with this, the report is structured as follows.

**Part 1** outlines key concepts that assist in understanding the cultural and creative economy.

**Part 2** answers frequently asked questions about Australia's cultural and creative economy.

**Part 3** presents five case studies that illustrate trends and key economic issues in Australia's cultural and creative industries, focusing on:

- \* creative skills and employment
- \* print journalism
- \* place-based cultural development
- \* international students studying the creative industries in Australia
- \* architectural services exports.

**Part 4** explores the implications of the report's findings and case studies, and makes suggestions for how Australia can best capitalise on the current opportunities offered by the creative economy.

This report aims to help demystify Australia's cultural and creative economy. We hope this will help drive well-informed public policy settings to maximise effective investment and return for our cultural and creative economy.



## How to use this report

Our Insight Reports assume that the more people understand each other, the easier it is to communicate across groups of stakeholders with differing motivations, backgrounds and agendas. We recommend using this report to better understand Australia's cultural and creative industries, their relevance to our economic and social wellbeing, and the opportunities for change and growth.

### For elected members and policy advisors

Use this report to better understand the cultural and creative economy, its scale, scope and relevance in the 21st century, and key opportunities and issues. This may assist you in strategic discussions about effective investment, regulation and policy settings for cultural and creative industries, and in exploring new policy opportunities with your stakeholders.

### For economists and economic advisors

Use this report to better understand the cultural and creative economy and its scale, scope and relevance in the 21st century. This may provide new insights into the opportunities for more effective investment, regulation and policy settings for cultural and creative industries.

### For cultural and creative organisations and individual creators

Use this report to better understand the cultural and creative economy, including some key concepts, statistics and changes. This may assist you in preparing advocacy documents and grant applications, as well as participating in discussions about investment in the cultural and creative economy with your peers and with your political representatives.

### For philanthropists and sponsors of cultural and creative activity

Use this report to understand the broader industry context, which may shape and influence your investments and donations to arts and cultural organisations. It may assist you in strategic discussions about which investments are most effective and relevant for you and your organisation.

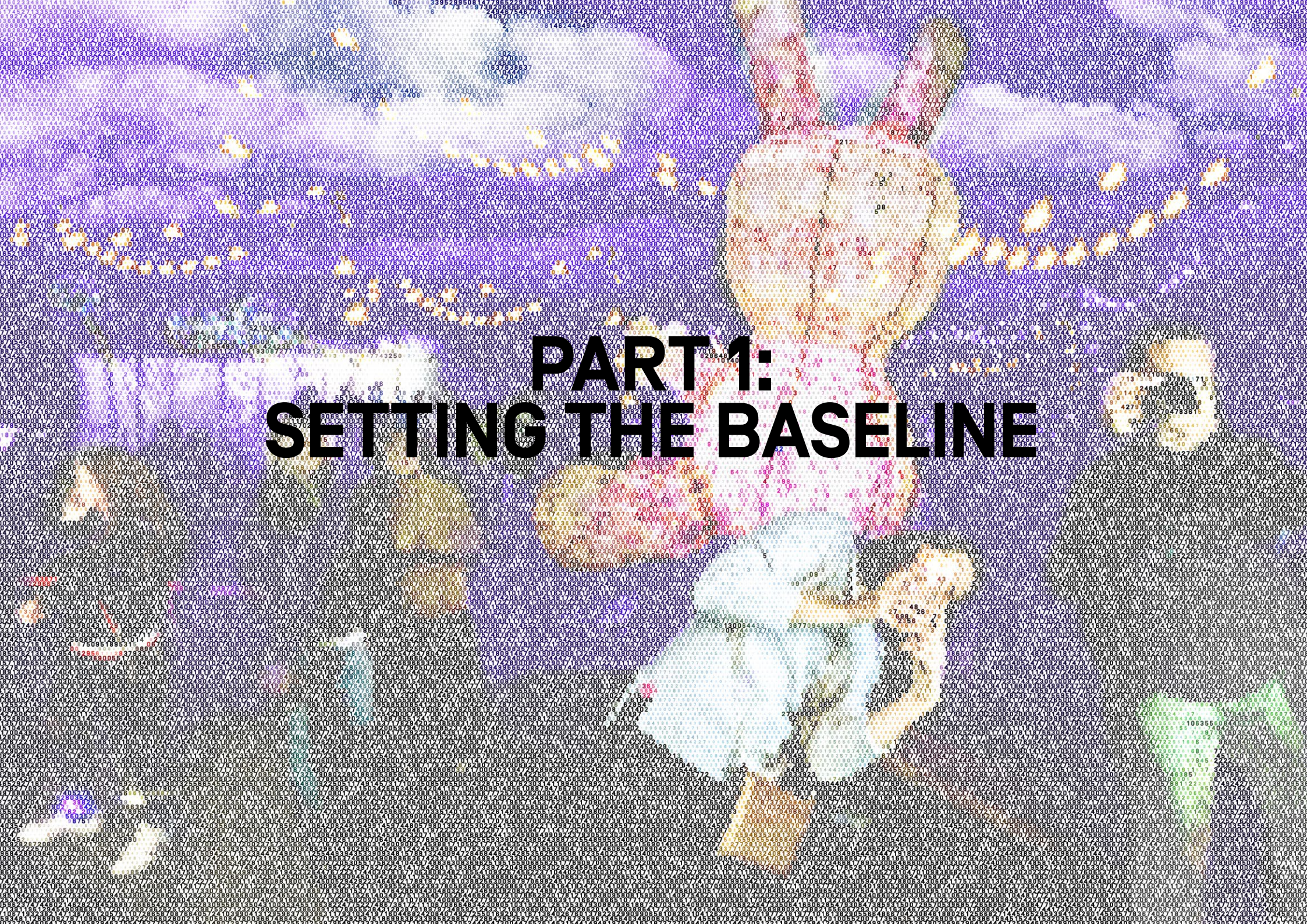
### For cultural scholars and other researchers

Use this report as a fact-checked, reliable resource collating much of the existing research on Australia's cultural and creative economy. This may provide you with data to add to reports, peer-reviewed research or presentations. It may also be valuable as an accessible introduction to this area for students in cultural and creative industries courses.

### For the interested public

Use this report as an accessible introduction to Australia's cultural and creative economy in the 21st century. The key concepts and figures in this report may equip you with knowledge to join the conversation about the importance of nurturing this area, particularly for Australia's recovery from the events of 2020.





# **PART 1: SETTING THE BASELINE**



# Part 1: Setting the baseline

In this part, we lay out some key concepts to assist in understanding the cultural and creative economy.

## 1 Key concept 1: The cultural and creative economy

- [1.1.1 The cultural and creative economy at a glance](#)
- [1.1.2 What is the cultural and creative \*economy\*?](#)
- [1.1.3 What are cultural and creative \*industries\*?](#)
- [1.1.4 What are 'the arts' and 'the creative arts'?](#)
- [1.1.5 What does 'cultural and creative' mean?](#)
- [1.1.6 How does Australia decide which industries are cultural and creative?](#)

## 2 Key concept 2: Everyday terms take on different meanings in economics

- [1.2.1 What does 'activity' mean in economic terms?](#)
- [1.2.2 What does 'economic contribution' mean?](#)
- [1.2.3 What is 'value' in economic terms?](#)

## 3 Key concept 3: How Australia measures economic activity

- [1.3.1 What is GDP and how does it measure economic activity?](#)
- [1.3.2 What is GVA and how does it measure the activity of cultural and creative industries in Australia?](#)

## Key concept 1: The cultural and creative economy

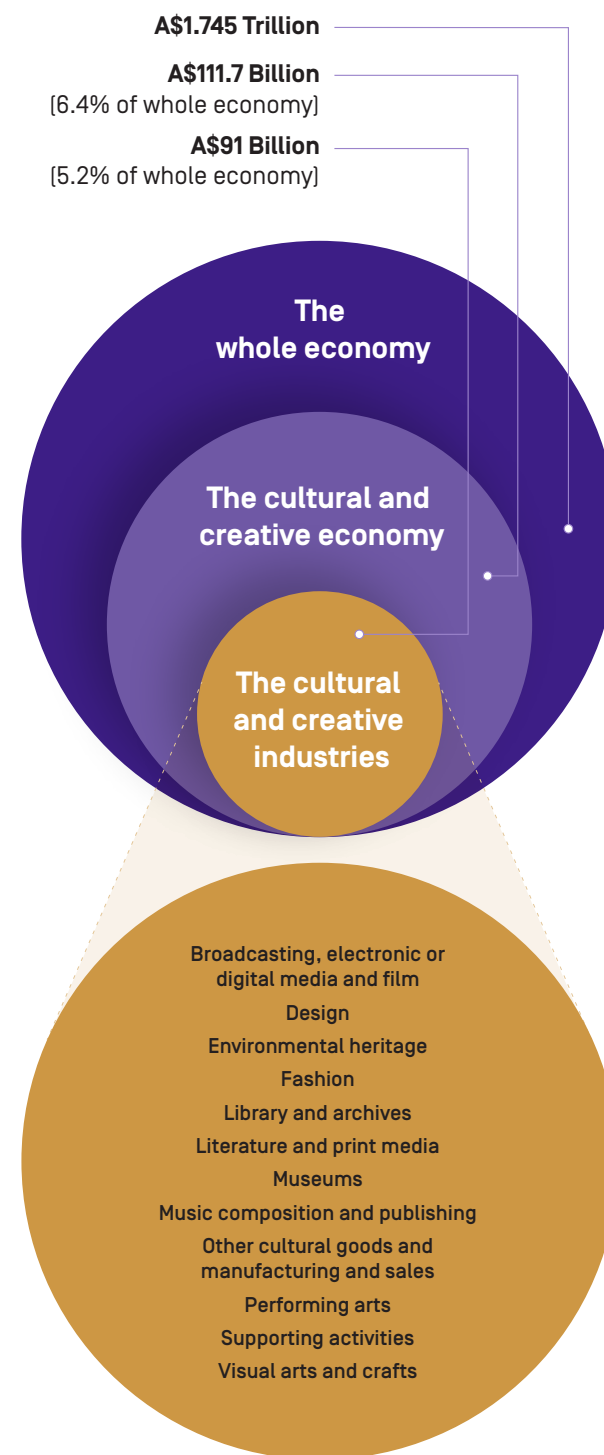
### 1.1.1 The cultural and creative economy at a glance

In this report we use the following hierarchy (as shown in Figure 1):

- \* The cultural and creative economy is a subsection of the whole economy.
- \* Cultural and creative industries are a subsection of the cultural and creative economy.
- \* 'Creative arts' incorporates several industry subdivisions within the cultural and creative industries.

The cultural and creative economy is fuelled by cultural and creative activity (economic activity) undertaken by people working in cultural and creative industries and/or occupations. We describe each of these elements in the following pages.

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.





### 1.1.2 What is the cultural and creative economy?

In this report, we use one of the most common definitions of the cultural and creative economy, which is based on the Creative Trident model (see Figure 2).<sup>6</sup>

This model takes the sum of the activity in all the different cultural and creative industries (see 1.1.3), including activity undertaken by ‘specialist creatives’ (like a violinist working for an orchestra, or an architect working at an architectural firm) and also activity by ‘support professionals’ working in those industries (like an accountant working at a museum, or an electrician working for a big performing arts venue). Then it combines all that activity with activity undertaken by ‘embedded creatives’ working outside the cultural and creative industries (like a designer working for a bank, or a photographer working in tourism). The total of all that economic activity – that is, *cultural and creative activity* – is the value of the cultural and creative *economy*. See 1.2.1 for a technical explanation of economic activity.

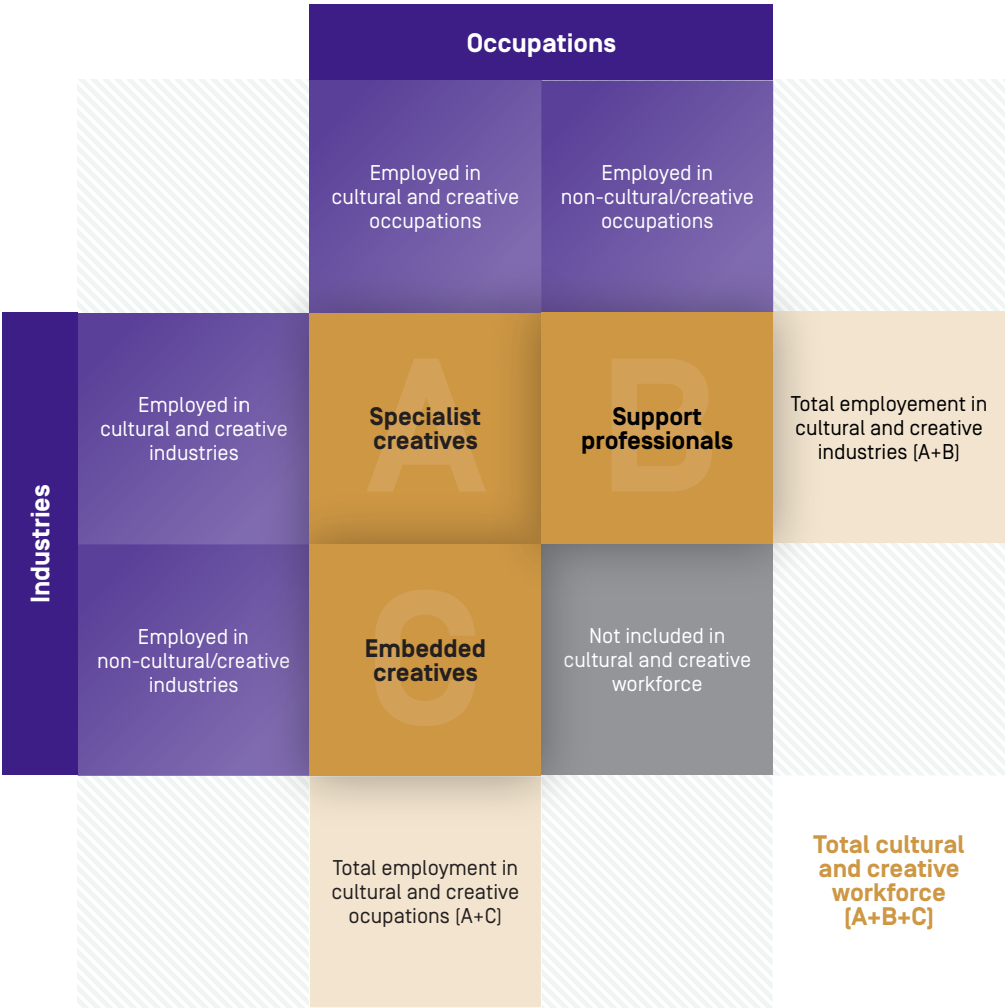


Figure 2: The Creative Trident. Activity undertaken by the total creative workforce forms the total of the Cultural and Creative Economy. Source: Adapted from Higgs & Cunningham 2008 by ANA.

What kind of activity counts as cultural and creative in an economic sense? The supply chain approach, depicted in Figure 3, gives an overview of the activities captured in most definitions of the cultural and creative economy.<sup>7</sup>

It is worth noting that sometimes when people say ‘the creative economy’, they are referring to a nation’s entire economy relying more heavily on creativity, or are using it as a synonym for ‘knowledge economy’.

An example of this definition comes from Richard Florida’s work:

*Many say that we now live in an information economy or a knowledge economy. But what’s more fundamentally true is that for the first time, our economy is powered by creativity... the shared commitment to the creative spirit in all its many manifestations is what underpins the new creative ethos that powers our age.*<sup>8</sup>

While this definition of the creative economy is a useful one to explore, staying within the bounds of the Creative Trident allows this report to make more conclusive arguments about Australia’s cultural and creative economy, and the cultural and creative activity that fuels it.

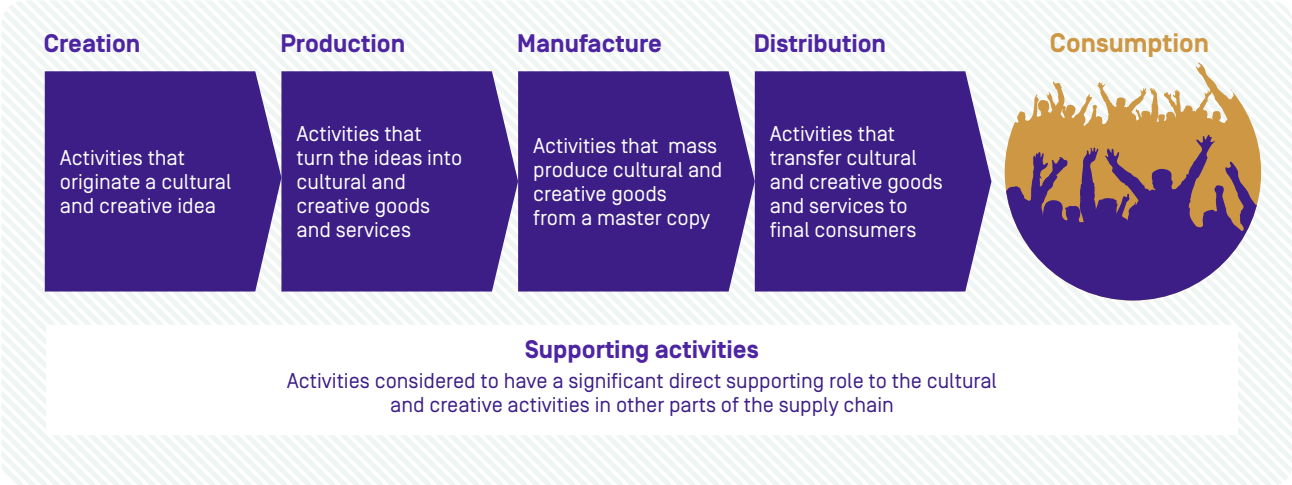


Figure 3: The cultural and creative supply chain helps understand how these activities make economic contributions to the cultural and creative economy. Source: Adapted from ABS 2014c Explanatory Notes, by PwC



### 1.1.3 What are cultural and creative industries?

'Creative industries' was a term developed in the late 1990s in the United Kingdom (UK) as part of the 'Cool Britannia' initiative.<sup>9</sup> It was a way of grouping together industries that 'have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through generation and exploitation of intellectual property'.<sup>10</sup>

By grouping these industries together, the UK Government hoped to demonstrate the value of combining 'IP-based, culturally-rooted businesses that governments and banks had conspicuously failed to understand or take seriously as part of the economy',<sup>11</sup> and move Britain more towards an innovation and technology-based economic model.

In Australia, these industries have been grouped together in the 'Cultural and Creative Activity Satellite Accounts' (see [Appendix 4](#) for more about these Satellite Accounts, and how they differ from our National Accounts). Australia's cultural and creative industries include:

- \* Broadcasting, electronic or digital media, and film
- \* Design
- \* Environmental heritage
- \* Fashion
- \* Library and archives
- \* Literature and print media
- \* Museum

- \* Music composition and publishing
- \* Other cultural goods and manufacturing and sales
- \* Performing arts
- \* Supporting activities
- \* Visual arts and crafts.

These 12 industry groupings – or domains – are based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes (see [Appendix 1](#)).

Many of our neighbours and trading partners, and indeed some Australian states, have strategically combined industries that rely on individual creativity and have the potential for wealth and job creation through the generation and exploitation of intellectual property. As aforementioned, the UK is the quintessential example, having demonstrated global leadership by including the creative industries amongst its official industrial strategy sectors. Its goal was to inspire and equip the next generation of talent, helping creative businesses to start-up and grow, and maintaining the UK's competitiveness against other international markets. Fast forward to 2018 and, pre-pandemic, Britain's creative industries sector was growing more than five times faster than the national economy, up 7.4% on the previous year.

South Korea adopted a different, but even more successful approach. The Korean Wave (Hallyu) is a collective term used to refer to the phenomenal growth of Korean culture and popular culture, encompassing everything from music, movies and drama, to online games and Korean cuisine to name just a few. In the early 90s, 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.<sup>12</sup> In 2019 (again before Covid-19), the Hallyu effect had provided an estimated US \$12.3 billion boost to the Korean economy. Perhaps more importantly, given the goal they'd set, it has significantly increased South Korea's cultural tourism inflows, brought in hundreds of millions of dollars in exports, and increased their soft power potential on the world stage.<sup>13</sup> Indeed, some commentators have suggested that South Korea now has a greater global influence per capita than any other nation on earth.<sup>14</sup>

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. WA has been using its cultural and creative industries to capitalise on the state's unique identity since 2007 and identifies them as part of a priority sector in the 2019 *Diversify WA* Economic Development Framework.<sup>15</sup> In 2019 these industries were contributing an estimated \$3.3 billion to WA's Gross State Product and approximately \$175.9 million in service exports.<sup>16</sup> Tasmania, too, 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'.<sup>17</sup>

See our report, ['Behind the scenes: Drivers of arts and cultural policy settings in Australia and beyond'](#) for more on creative industries models from Australia, as well as around the world.

### 1.1.4 What are ‘the arts’ and ‘the creative arts’?

Both these terms have traditionally referred to the performing arts disciplines (dance, drama, music etc.); the visual arts disciplines (drawing, painting, sculpture, printmaking, photography etc.); and sometimes also literature (fiction and non-fiction, poetry and prose, published in books, newspapers and magazines<sup>18</sup>). Although neither the ABS nor the Office for the Arts formally identify a category called ‘the arts’ or ‘creative arts’, we can use the four cultural and creative domains most logically associated with the above inclusions (that is, Performing arts; Visual arts and crafts, Music composition and publishing; and Literature and print media) to estimate their value. Doing so, we could estimate the value of the creative arts at \$13.7 billion.

More modern definitions of creative arts, such as those found in the Australian Curriculum, also include media arts, which involve ‘creating representations of the world and telling stories through communications technologies such as television, film, video, newspapers, radio, video games, the internet and mobile media’.<sup>19</sup> If we therefore added the value of the most closely related domain — Broadcasting, electronic or digital media, and film — to our original figure of \$13.7 billion, we get a total for this definition of creative arts of \$23.4 billion.

In the Cultural and Creative Satellite Accounts, most of the economic activity of creative and performing artists (that is, the work of creation, counted in the first box of the cultural and creative supply chain depicted in Figure 3) is included in the industry class ‘9002 Creative artists, musicians, writers and performers’. This industry class is valued at approximately \$0.9 billion.<sup>20</sup> The activity from this industry class is recorded within the domain (curiously) called ‘Performing arts’. See Figure 5 for a visual breakdown of which industry subdivisions are included in each domain.

### 1.1.5 What does ‘cultural and creative’ mean?

When used together, this report uses the phrase ‘cultural and creative’ to refer to activities, objects, goods, services, industries, occupations and qualifications that require **creativity** to be produced, and create some kind of **symbolic** (and therefore **cultural**) meaning.<sup>21</sup> There is both an input component (creativity goes *in* when making a thing) and an output component (cultural symbolism is evident in the finished product). [Section 1.1.6](#) describes the criteria used for determining cultural and creative activity in Australia.

See Figure 47 ‘What we mean by arts and culture’ on [p. 163](#) for an overview of how ANA defines these areas more broadly.

#### Example: How is architecture cultural and creative?

*When an architect designs a house, the design process requires significant **creative input** to produce something new and fit for a unique context. The finished product uses design elements to connect both homeowners and observers with the values and priorities of the culture the home is connected to [a **culturally symbolic output**].<sup>22</sup>*



### 1.1.6 How does Australia decide which industries are cultural and creative?

In forming its definition of the cultural and creative industries, the ABS drew from a range of international research, and consulted with Australian stakeholders. One key document used to make these decisions was the National Culture-Leisure Industry Statistical Framework, developed by the ABS and Statistics Working Group (SWG).<sup>23</sup> For a list of the industries and occupations the ABS classifies as ‘cultural and creative’ in Australia, see [Appendix 1](#).

Another approach to defining the cultural and creative economy, also used as source guidance by the ABS and stakeholders, is the ‘Creative Intensity’ model, which was developed by the UK’s Nesta Innovation Foundation and Australia’s CCI [the ARC’s Centre of Excellence for Creative Industries and Innovation, based at QUT in Queensland].<sup>24</sup> This definition aims to capture those industries and occupations that are directly involved in the generation of new intellectual property. It starts by using five criteria to assess the relative creativity of an occupation (see Table 1). An occupation must meet at least four of the five criteria in order to be considered ‘creative’ [or what this report would call ‘cultural and creative’].

The creative intensity methodology then asks what proportion of workers in all industries are engaged in a creative occupation. A relatively high proportion of employees working in creative occupations — 20%, by CCI standards — classifies an industry as creative.<sup>25</sup> This definition underpins the analysis in [Case Study 1](#) in this report.

1/ Does the occupation use novel processes?	The work most commonly solves a problem or achieves a goal, even one that has been established by others, in novel ways.
2/ Is the work of the occupation mechanisation resistant?	A machine or algorithm could not do the majority of this work.
3/ Are processes or outcomes of this occupation non-repetitive/non-uniform?	The process or outcome is different every time because of the interplay of factors, skills, creative impulse and learning.
4/ Does this occupation make a creative contribution to the value chain?	Outcomes of the work are novel or creative, irrespective of the context in which they are produced. For example, graphic design is creative work, whether it is conducted for a theatre company or a bank.
5/ Does this occupation produce new interpretations, or merely transform existing ideas to fit new contexts?	If the work involves building on someone else's creation, that building process should involve creative problem solving to turn the original thing into something new, not just transplant it into a new context.

Table 1: A summary of the criteria used in the Creative Intensity model.  
Source: Adapted from Bakhshi, Freeman and Higgs 2013 by ANA.

## Key concept 2: Everyday terms take on different meanings in economics

### 1.2.1 What does 'activity' mean in economic terms?

Economic activity is any work or task related to making, distributing, taxing, subsidising, selling, buying or consuming products (a term which includes both goods and services<sup>26</sup>). It includes working for money (that is, selling your labour in exchange for a wage or salary), and sometimes (though not typically) also includes volunteering your time and expertise in lieu of payment. In this report, whenever we refer to activity, we mean economic activity unless stated otherwise.

### 1.2.2 What does 'economic contribution' mean?

Industries, events and policies are all said to make 'contributions' to the economy, but what does that mean? In technical terms, an economic contribution is the 'gross change' to the economy as a result of money, goods and services changing hands (that is, economic activity) because of that industry, event or policy. So if the contribution is positive (in financial terms), the economy grows.<sup>27</sup> Unless it is specified that a negative contribution was made (meaning the economy shrunk due to the losses of an industry, event or policy), the term economic contribution usually refers to a positive change.

### 1.2.3 What is 'value' in economic terms?

In broad economic terms, value can be defined as 'an expression of worth'.

This definition works as both the beginning of an economic definition – that is, 'the quantity of other goods and services that someone would be prepared to give up in order to acquire a unit of a commodity' – as well as a broader definition, in terms of a commodity's power to 'satisfy human wants'.<sup>28</sup>

The economic definition of value is used to measure contributions to GDP (see [Key concept 3](#)). However, while the economic definition usually refers to the sale price of a good or service, it cannot account for the broader and ongoing value that these goods or services may provide. For example, the price of purchasing a song on iTunes is included in GDP, but the ongoing value derived from playing that song over and over again is not.

The economic definition of value also ignores the fact that many activities create both private and public value. Understanding the difference between public and private value is very useful for policy discussions of cultural and creative industries.<sup>29</sup>



**Private value** is the benefit derived by *individuals* from consuming products (that is, goods and services). The individual does the consuming, and it is the individual who gains from that consumption.

**Public value** is the benefit derived by *society*, collectively. These benefits can come from collective consumption of '**public goods**' – that is, goods and services that are (or arguably, should be) made available to the public due to their benefits to society.<sup>30</sup> They can also come from remedies to market failures – that is, when market forces don't maximise the welfare of all citizens, so governments step in to rectify that.

Individuals within a society do often gain direct, if intangible, value from these things (that is, from public goods and remedies to market failures), such as an increase to wellbeing as a result of participating in a cultural or creative activity. But often, the benefits are indirect (such as the benefits to an individual when a community has increased social cohesion because of a festival that happened in their town, *even if the individual didn't attend*). Sometimes, individuals are just happy to know that they exist for others, even if they don't want access themselves (such as wanting their kids to go to the theatre on a school excursion, even if they have no interest in going personally). On the other hand, sometimes individuals underestimate the public value of arts and culture because they don't recognise or realise the connection between these activities and the intangible benefits they bring society collectively. This is a space where governments, who have greater visibility over the bigger picture, can show leadership.

Australian cultural economist David Throsby sums up the conundrum of trying to determine the value of arts and cultural products by giving the example of a museum.<sup>31</sup> Some aspects of a museum's economic value are easy enough to calculate (the market value of the land or building, for example, or the income brought in via ticket sales, or merchandise sold in the museum shop). But the intangible value is much more difficult to quantify (the role of the museum in helping to define the identity of the town in which it is located, for example, or the diffused community benefits of any educational services the museum provides). The intangible value is much more clearly *public* value; the benefits flow to the community, not just to individuals within that community.

Throsby points out that economists have sometimes attempted to find an economic value for intangible public value items using 'contingent valuation methods'. These estimate the economic value of a public good by assessing its 'demand function', such as how much people would be willing to pay for that good if it had a cost, or how much they do pay in other areas (like transport costs) to access the public good.<sup>32</sup> A good example of this is the way the New Zealand Treasury has started using Australia's 'Social Values Bank' to help government agencies quantify and monetise societal impacts and assess New Zealanders' wellbeing.<sup>33</sup>

As these examples demonstrate, cultural and creative activities generate a complex mix of public and private value, making them important areas of public policy consideration.

## Key concept 3: How Australia measures economic activity

### 1.3.1 What is GDP and how does it measure economic activity?

As discussed in [1.2.1](#), economic activity is any work or task related to making, distributing, taxing, subsidising, selling, buying or consuming goods or services. Like many countries, one of the key ways the ABS measures economic activity is by measuring the nation's GDP – the monetary value of all domestic production, often used as a proxy to understand the size and health of the economy. GDP for a given period, within a given country, can be measured in three ways to get the same result:

- 1 The Expenditure Approach: Add up the expenditure on all new, final goods and services produced in the country in a given period, by households, firms, the government and foreign purchasers (these purchases are exports), then subtract purchases that weren't produced within Australia (these purchases are imports).
- 2 The Production Approach: Add up all of the 'value added' at various stages of the production process, plus taxes on products and minus subsidies on products (see Gross Value Added (GVA) in [1.3.2](#) and in [Appendix 4](#)).
- 3 The Income Approach: Add up the total income from everyone's labour and capital in the economy.

We refer to all three of these ways to measure GDP in this report.

Australia measures GDP, along with numerous other things, in our National Accounts (more on this in [Appendix 4](#)). The National Accounts count, classify, and aggregate the millions of transactions made every day in Australia and sort those transactions into industry groupings. This data is

collected by and from a range of sources. These include the Australian Taxation Office, such as when households and companies turn in tax returns and businesses submit their Business Activity Statements (which is often where the Goods and Services Tax (GST) is reported), and the ABS when it conducts research like the Household Expenditure Survey.

To understand more about how GDP is measured, see the diagram in [Appendix 3](#).

### 1.3.2 What is Gross Value Added and how does it measure the activity of cultural and creative industries in Australia?

In Australia, the contributions that specific industries make to our national GDP is calculated using the production approach outlined in [1.3.1](#). The production approach measures the GVAs of each industry, and then adds them up to get GDP (plus taxes and minus subsidies, which is called 'net taxes').

To understand an industry's contribution to GDP, economists can take the GVA of each industry and add the indirect taxes each industry paid, and subtract the indirect subsidies each industry received. Adding net taxes like this helps to remove distortions – if an industry is heavily taxed and lightly subsidised, then its contribution to GDP will actually be higher than it looked before the figures were adjusted, and vice versa.



Component 1 in Figure 4 shows that the first step in measuring cultural and creative activity in Australia is to add up all the GVAs of those industries classified as cultural and creative, and add net taxes. Component 2 shows the value of the activity of all 'embedded creatives' — that is, creative employees working in non-cultural-and-creative industries. Together, Components 1 and 2 constitute Australia's cultural and creative activity if it is measured on a National Accounts basis.

For more on how cultural and creative activity is measured in Australia, how GVA is calculated, and why we should calculate cultural and creative activity on a Satellite rather than National Accounts basis, see [Appendix 4](#).

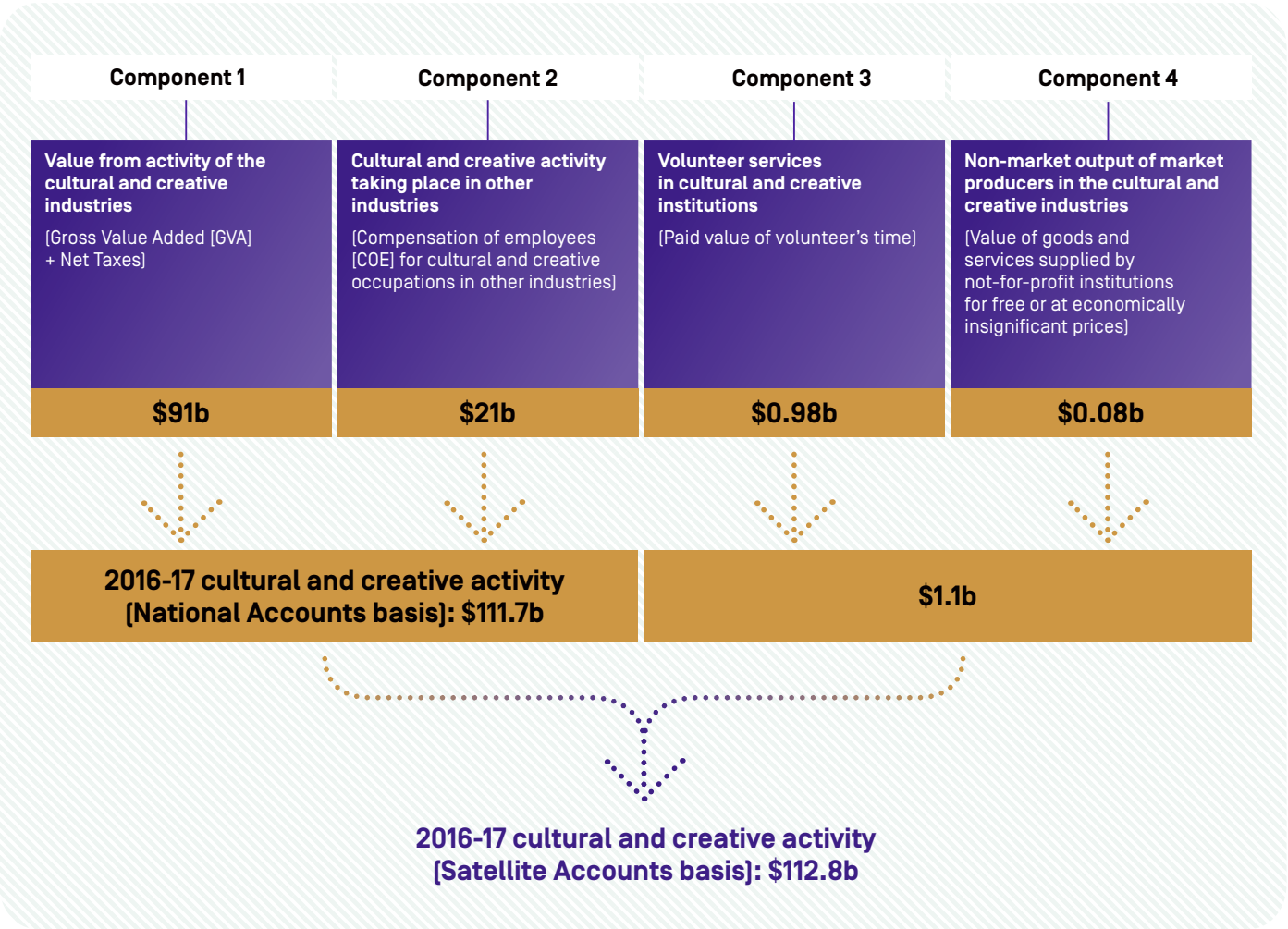


Figure 4: How cultural and creative activity has been calculated on a National Accounts basis and Satellite Accounts basis (2016–17). Source: Adapted from BCAR 2018, p. 39, by PwC.

# Summary of Part 1

Everyday terms and ideas take on different meanings in economics, with definitions becoming more technical and precise. The key definitions and concepts that will assist in understanding this report are:

## Contribution

The 'gross change' (usually positive) to the economy as a result of money, goods and services changing hands because of the activity of an industry, event or policy.

## Activity

Making, distributing, taxing, subsidising, selling, buying or consuming products.

## Products

Goods (tangible items) and services (tasks performed) that can be bought and sold.

## Value

The quantity of money, goods or services that a person would be prepared to give up to acquire a unit of another good or service.

## Gross Domestic Product (GDP)

The monetary value of all domestic production, often used as a proxy to understand the size and health of the economy.

## Gross Value Added (GVA)

Used to calculate the contribution that specific industries make to GDP. Involves adding up the final prices of everything produced in an industry in a given time period and subtracting intermediate inputs. To get contribution to GDP, net taxes are added. The GVA of the cultural and creative industries in 2016-17 was estimated at \$85.7 billion. Adding net taxes gives us the 'contribution to GDP' figure of \$91 billion.

## Cultural and creative economy

The sum of all economic activity created by the total cultural and creative workforce, including:

- \* **'specialist creatives'** working in the cultural and creative industries (like a violinist working for an orchestra, or an architect at an architectural firm)
- \* **'embedded creatives'** working outside the cultural and creative industries (like a designer working for a bank, or a photographer working in tourism)
- \* **'support professionals'** working in the cultural and creative industries (like an accountant working at a museum, or an electrician who works for a performing arts venue).

## Cultural and creative industries

Industries that combine creative inputs with culturally symbolic outputs. 'Creative arts' incorporates several industry subdivisions within the cultural and creative industries.

## Creative arts/the arts

Typically includes the performing arts (dance, drama, music etc.); the visual arts (drawing, painting, sculpture, printmaking, photography etc.); literature (fiction and non-fiction, poetry and prose, published in books, newspapers and magazines); and sometimes media arts (storytelling via screen, news media, radio, video games, the internet and mobile media).





# **PART 2: ANSWERING FREQUENTLY ASKED QUESTIONS**



## Part 2: Answering frequently asked questions

There's a lot of curiosity about the cultural and creative economy in Australia. In this section, we answer seven questions about the cultural and creative economy that come up frequently in the media and in conversations with interested stakeholders.

**Q1:**

[Are 'the arts' really worth more than a hundred billion dollars to the Australian economy?](#)

**Q2:**

[Are the cultural and creative industries profitable? What impact do they have on the economy?](#)

**Q3:**

[How do arts, culture and creativity stimulate the economy?](#)

**Q4:**

[What about jobs?](#)

**Q5:**

[How are cultural and creative industries funded?](#)

**Q6:**

[What cultural and creative goods and services do Australians spend their money on?](#)

**Q7:**

[What do we know about Australia's cultural and creative trade activity?](#)

The answer to each key question also includes further material that explores this area of interest.



## Q1: Are ‘the arts’ really worth more than a hundred billion dollars to the Australian economy?

*Australia’s cultural and creative activity was estimated at \$111.7 billion in 2016–17, BUT cultural and creative activity is much larger than just the creative arts.*

The contribution to GDP of Australia’s *cultural and creative activity* was certainly estimated at \$111.7 billion in 2016–17 [the most recent analysis undertaken].<sup>34</sup> But the *creative arts*, being a small sub-sector of the broader creative economy, was valued at much less.

So, while it is accurate to say that ‘Australia’s cultural and creative activity was estimated to be worth \$111.7 billion in 2016–17’, or that our ‘cultural and creative economy is estimated at \$111.7 billion’, it is inaccurate to say ‘the arts are worth \$111.7 billion.’

We also can’t say that the cultural and creative *industries* are worth \$111.7 billion. As Figure 1 shows, the cultural and creative industries are a subsection of the broader cultural and creative economy. In the same analysis of 2016–17, BCAR estimated that activity from these industries contributed \$91 billion to GDP. The remainder of the \$111.7 billion came from activity undertaken by embedded creatives in other industries.<sup>35</sup>

### 2.1.1 So what makes up that \$111.7 billion?

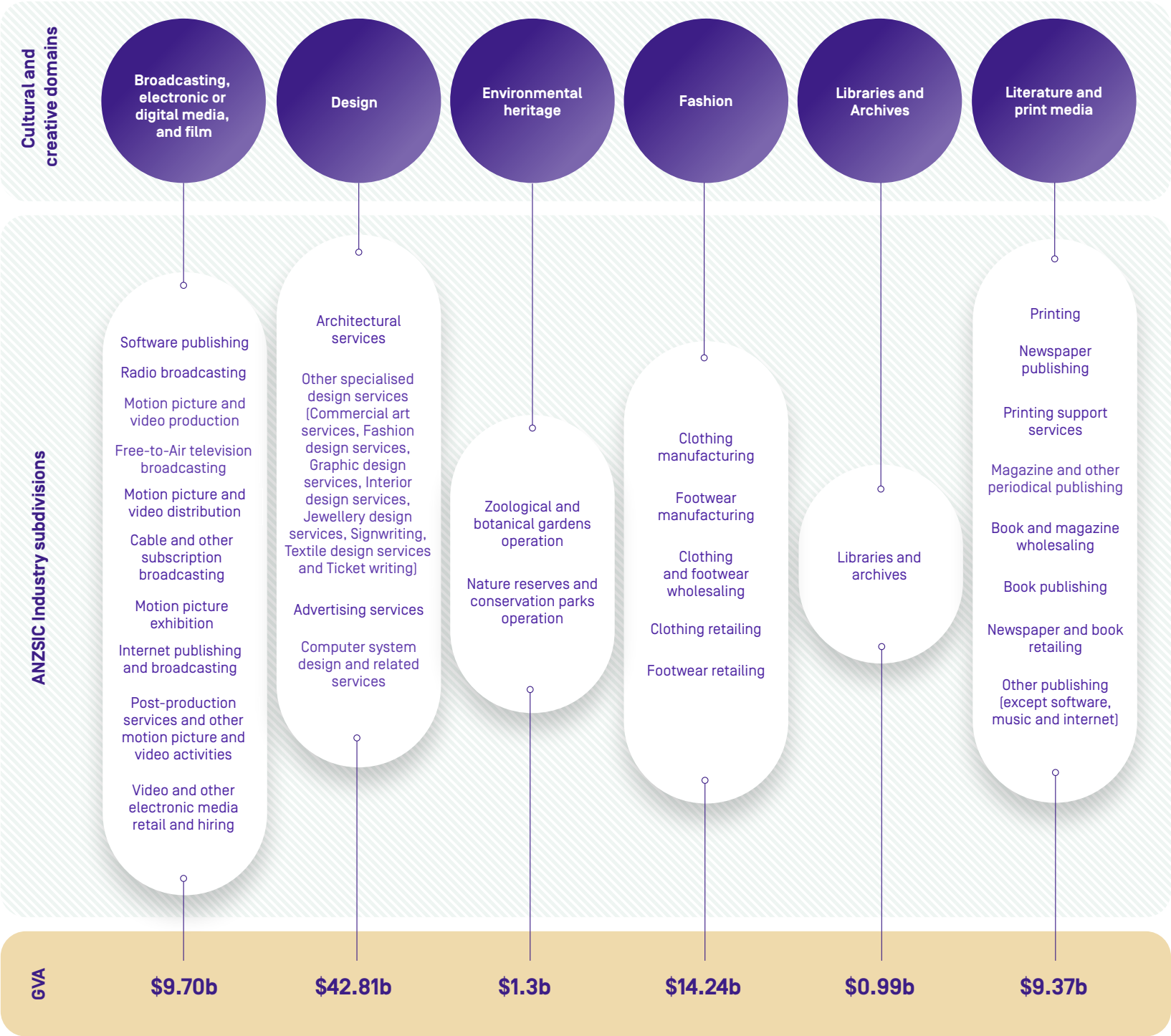
As mentioned in [1.1.3](#), the ABS and BCAR research on Australia’s cultural and creative activity includes 12 ‘domains’ – that is, industry groupings – based on the ANZSIC codes [see [Appendix 1](#)]. These domains are:

- \* Broadcasting, electronic or digital media, and film
- \* Design
- \* Environmental heritage
- \* Fashion
- \* Library and archives
- \* Literature and print media
- \* Museums
- \* Music composition and publishing
- \* Other cultural goods and manufacturing and sales
- \* Performing arts
- \* Supporting activities
- \* Visual arts and crafts.

The \$111.7 billion ‘contribution to GDP’ figure combines the economic activity generated in these 12 domains, with the economic activity of people employed in creative occupations working outside the cultural and creative industries [that is, embedded creatives – see [Q4](#) for more on this].<sup>36</sup>

Figure 5 (over next two pages) showcases these 12 domains, breaking down the ANZSIC industries aligned to them, and the GVA of each industry domain.<sup>37</sup> Because this shows GVA, rather than contribution to GDP, the total is \$85.7 billion.<sup>38</sup> Adding the net taxes (that is, taxes minus subsidies) of \$4.99 billion shows the cultural and creative industries' estimated contributions to GDP, which is approximately \$91 billion, as shown in Figures 1 and 4.

Figure 5: ANZSIC industry subdivisions used to calculate the GVA of each of the 12 cultural and creative domains. Source: Adapted from BCAR 2018 by PwC and ANA. Note: much of the economic activity generated by creative and performing artists, musicians and writers sits within the 'Performing arts' domain. 'Museums' includes public and private galleries.





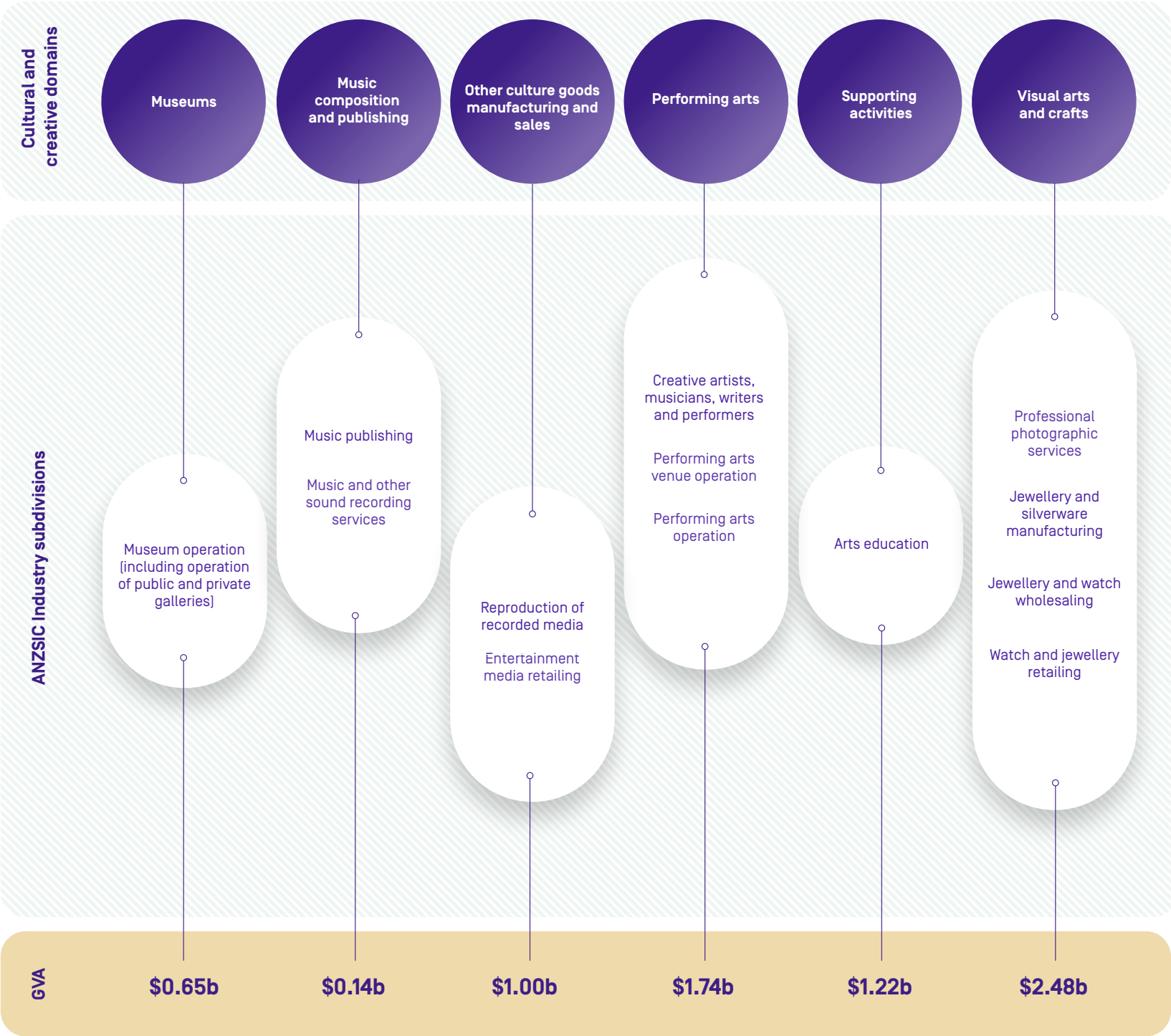


Figure 5: ANZSIC industry subdivisions used to calculate the GVA of each of the 12 cultural and creative domains. Source: Adapted from BCAR 2018 by PwC and ANA. Note: much of the economic activity generated by creative and performing artists, musicians and writers sits within the 'Performing arts' domain. 'Museums' includes public and private galleries.

Figure 6 shows the proportional contribution of each domain toward the total GVA of the cultural and creative industries, which is \$85.7 billion.

The GVAs of the domains related to a traditional definition of the creative arts — Performing arts, Visual arts and crafts, Music composition and publishing, and Literature and print media — make up 18.4% of this. Adding the Broadcasting, electronic or digital media and film domain to this, to align with the definition of creative arts used in the Australian Curriculum, amounts to 29.7%. Thus, while it is easy to see that the various Design subdivisions account for nearly half of all cultural and creative activity, this chart also shows that the creative arts can be said to account for approximately a fifth or a third of all cultural and creative activity, depending on what is included.

The growth trends in the cultural and creative domains are explored in more detail in [Q2](#).

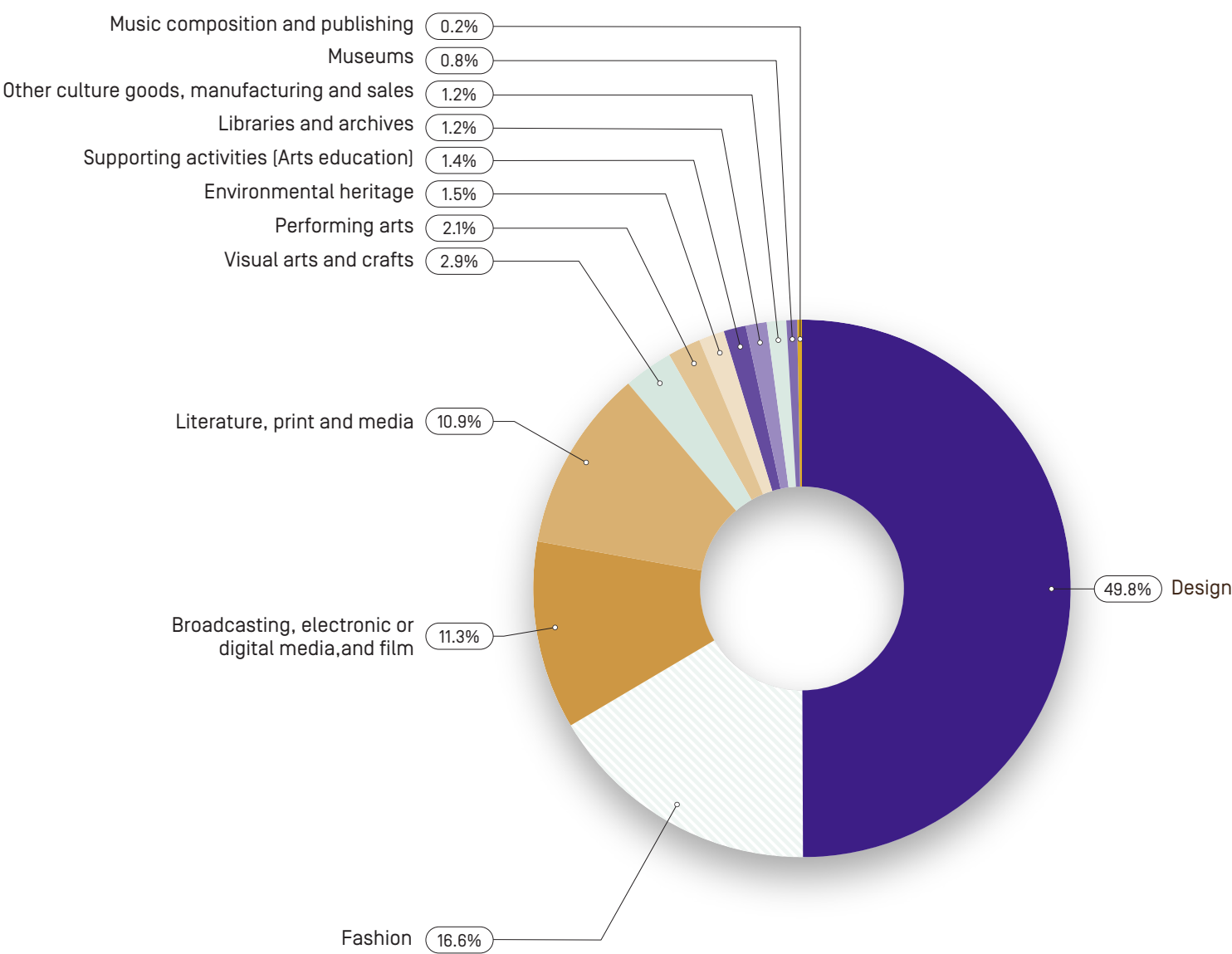


Figure 6: Proportional contribution of the 12 domains of cultural and creativity activity to total GVA of cultural and creative activity. Source: Data drawn from BCAR 2018 by ANA. Note: much of the economic activity generated by creative and performing artists, musicians and writers sits within the 'Performing arts' domain.



# Updates to the 2016-17 figures on cultural and creative activity

October 2020 saw the release of an update to BCAR's 2018 working paper on cultural and creative activity, which was based on the 2016-17 Australian System of National Accounts. This new data, based on the 2017-18 National Accounts, is a welcome addition to the existing information available about this sector.<sup>39</sup>

One finding of the BCAR update is that the estimated \$111.7 billion of cultural and creative activity has been recalculated using the now-finalised 2016-17 Supply and Use tables. With this new input, the confirmed figure for cultural and creative activity in 2016-17 is \$110.3 billion. However, given that this is a relatively minor change, ANA's 'Australia's cultural and creative economy: A 21st century guide' report has retained the original \$111.7 billion estimate, as this is the figure all our calculations are based on. You can read more about these changes in BCAR's Explanatory Notes for this update.

## Highlights of the 2020 BCAR Update

- \* Cultural and creative activity has grown from \$110.3 billion in 2016-17 to \$115.2 billion in 2017-18. This is a 4.4% increase in that 12-month period. There has been a 34% increase over the 10 years since the 2008-09 Cultural and Creative Satellite Accounts.
- \* Cultural and creative activity as a share of GDP has slightly decreased between the BCAR's 2016-17 release and the 2017-18 release, from 6.4% to 6.3%.
- \* Cultural and creative activity has fluctuated between 6% and 7% of GDP between 2008-09 and 2017-18.
- \* All four components of cultural and creative activity (GVA + net taxes; Compensation of embedded creative employees; Value of volunteer services; Non-market output of market producers) have grown in the last ten years.
- \* Australia's biggest cultural and creative contributors to GDP are still (in order of contribution) Design; Fashion; Broadcasting, electronic or digital media, and film; and Literature and print media. This is the same as in 2016-17.
- \* The number of embedded creatives — that is, creative specialists working outside of the cultural and creative industries — has grown by nearly 44% over the last 10 years.
- \* Only two industry divisions outpaced the rest of the economy by the end of the 10-year period. Cultural and creative activity in 'Professional, scientific and technical services' outpaced the economy by 18.9 percentage points. Cultural and creative activity in 'Education and training' outpaced the economy by 16.6 percentage points.

## Q2: Are the cultural and creative industries profitable? What impact do they have on the economy?

### 2.2.1 Are all 12 cultural and creative domains turning a profit?

All of the 12 cultural and creative domains make a positive contribution to the economy, which means that all 12 help the economy grow.

Questions of profitability are difficult to answer using economic activity measures, because economic activity does not need to be profitable for it to show up in the national accounts. Profit is a term more frequently used to talk about the financial gains of individual organisations, rather than whole industries or economies.

Figures 7 (p. 40) and 8 (p. 41) provide comparisons of the top and bottom six cultural and creative domains respectively, as ranked by their GVA, in terms of their offerings and their contribution to the Australian economy in 2016-17. Note again that the total cultural and creative industries GVA of \$85.7 billion is only part of the \$111.7 billion of cultural and creative activity, and does not include net taxes or the compensation of embedded creatives in other industries.

What these two figures show is that, while different domains perform very differently, they nonetheless all positively affect the economy. It is also worth remembering, particularly when looking at the bottom six domains in Figure 8, that these figures do not capture the intangible, non-market value produced in these industries. See [1.2.3](#) for more on this.

### Key points about the cultural and creative economy

- \* By far, Design forms the single largest contributor to the Australian economy. Consisting of expert design work such as architectural services, advertising and computer systems design, it makes up almost 50% of the cultural and creative industries GVA and contributes 2.5% to GDP.
- \* Across the top six domains, there is a mixture of goods and services offerings. Cultural and creative services have a larger GVA than cultural and creative goods in Australia, mostly due to the large output of the Design domain but also because services form the majority of offerings provided across all twelve domains.
- \* The bottom six domains make a small, but still positive contribution in terms of economic value [collectively they form only 6% of the cultural and creative industries GVA].



Figure 7: A comparison of the top six cultural and creative domains (as ranked by their GVA), their offerings and contribution to the Australian economy in 2016-17. Source: Activities and economic output data was sourced and adapted from BCAR 2018 by PwC.

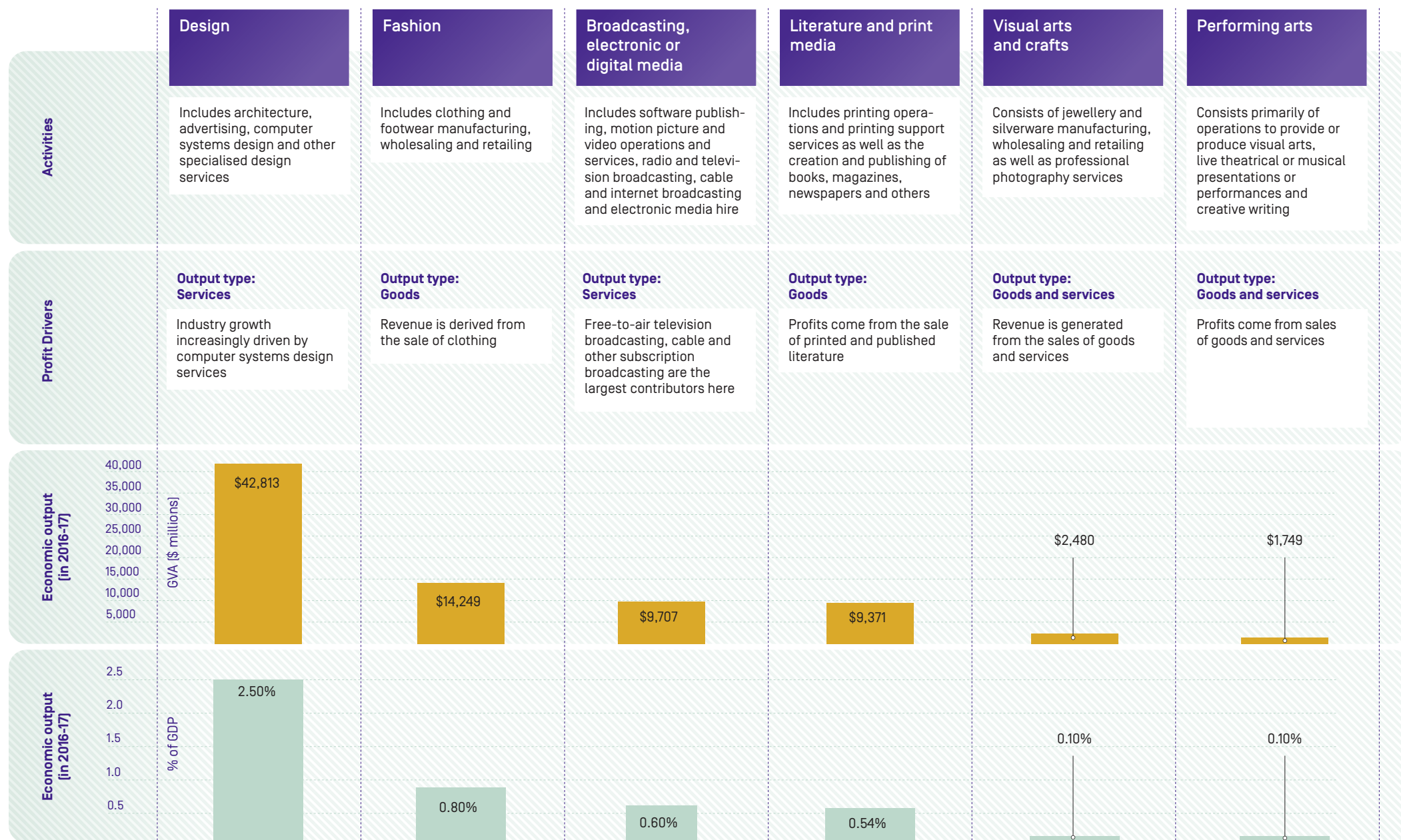
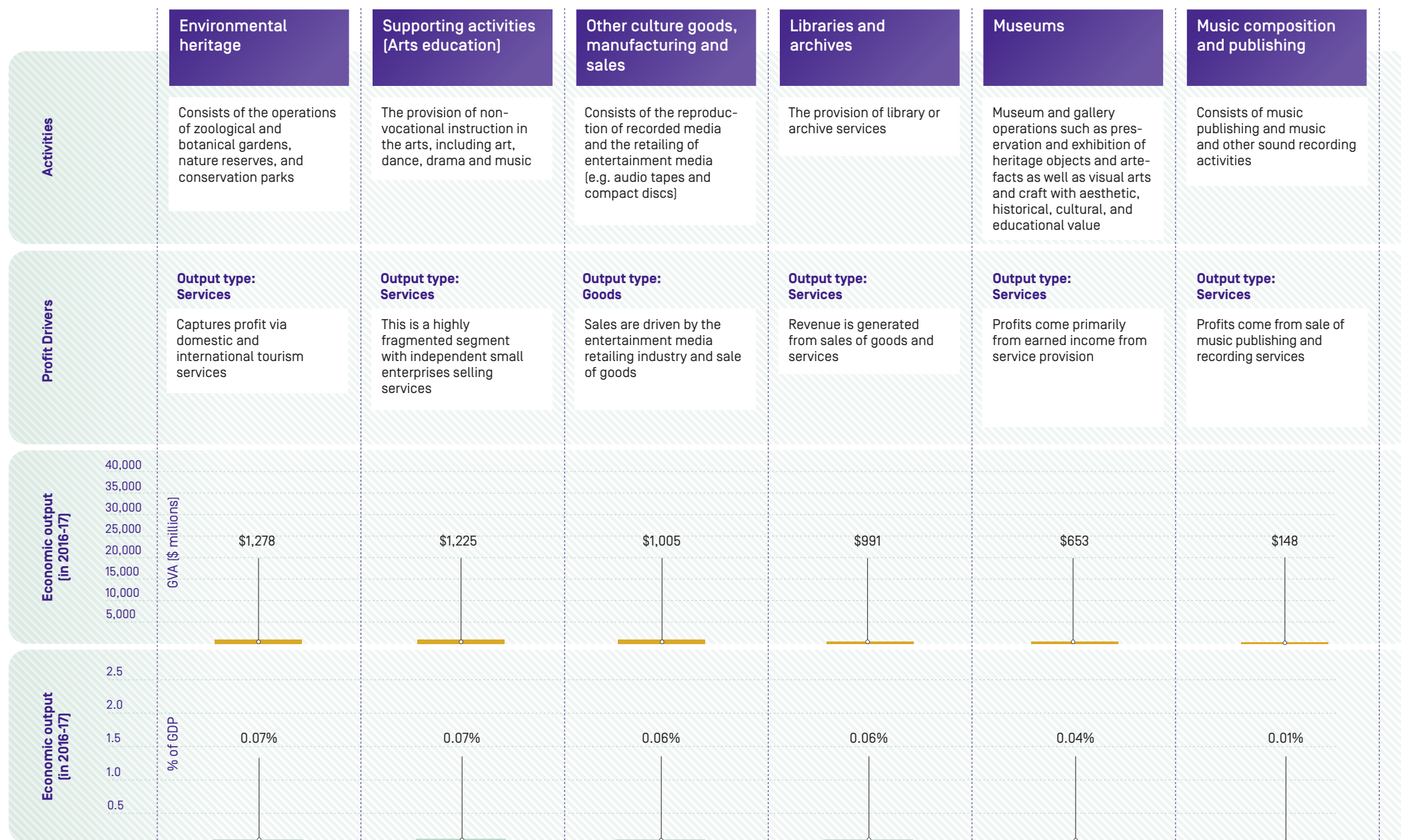


Figure 8: A comparison of the bottom six cultural and creative domains (as ranked by their GVA), their offerings and contribution to the Australian economy in 2016-17. Source: Activities and economic output data was sourced and adapted from BCAR 2018 by PwC.





### 2.2.2 What are the growth areas for Australia's cultural and creative industries? What's declining?

As Figure 9 [overpage] demonstrates, most cultural and creative activities have trended steadily upwards over time. Following the Global Financial Crisis, cultural and creative activities kept pace with, and sometimes even surpassed, Australia's total GDP growth.

The largest and fastest growing of the cultural and creative industry domains is Design. Design activity includes architectural services, commercial art services, fashion design, graphic design, interior design, jewellery design, signwriting, textile design, ticket writing, advertising services, computer system design, and exhibition and display design. Design has also been one of Australia's more successful export sectors. See [Q7](#) for more on Australia's cultural and creative exports, and [Case study 5](#) for a deep dive into architectural services exports.

Figure 9 also shows that the domain with the largest decline was Literature and print media, with the greatest contractions occurring in the area of print journalism (newspaper and magazine publishing and retailing). Since 2011–12, this domain has shown a persistent decrease and this has been attributed to overseas competition and a shift in customer preferences towards the use of online platforms to consume media. Given that Literature and print media formed one of the larger parts of total cultural and creative GVA, its decline has had a large impact on the sector's total GVA growth. For more on this, see [Case study 2](#).

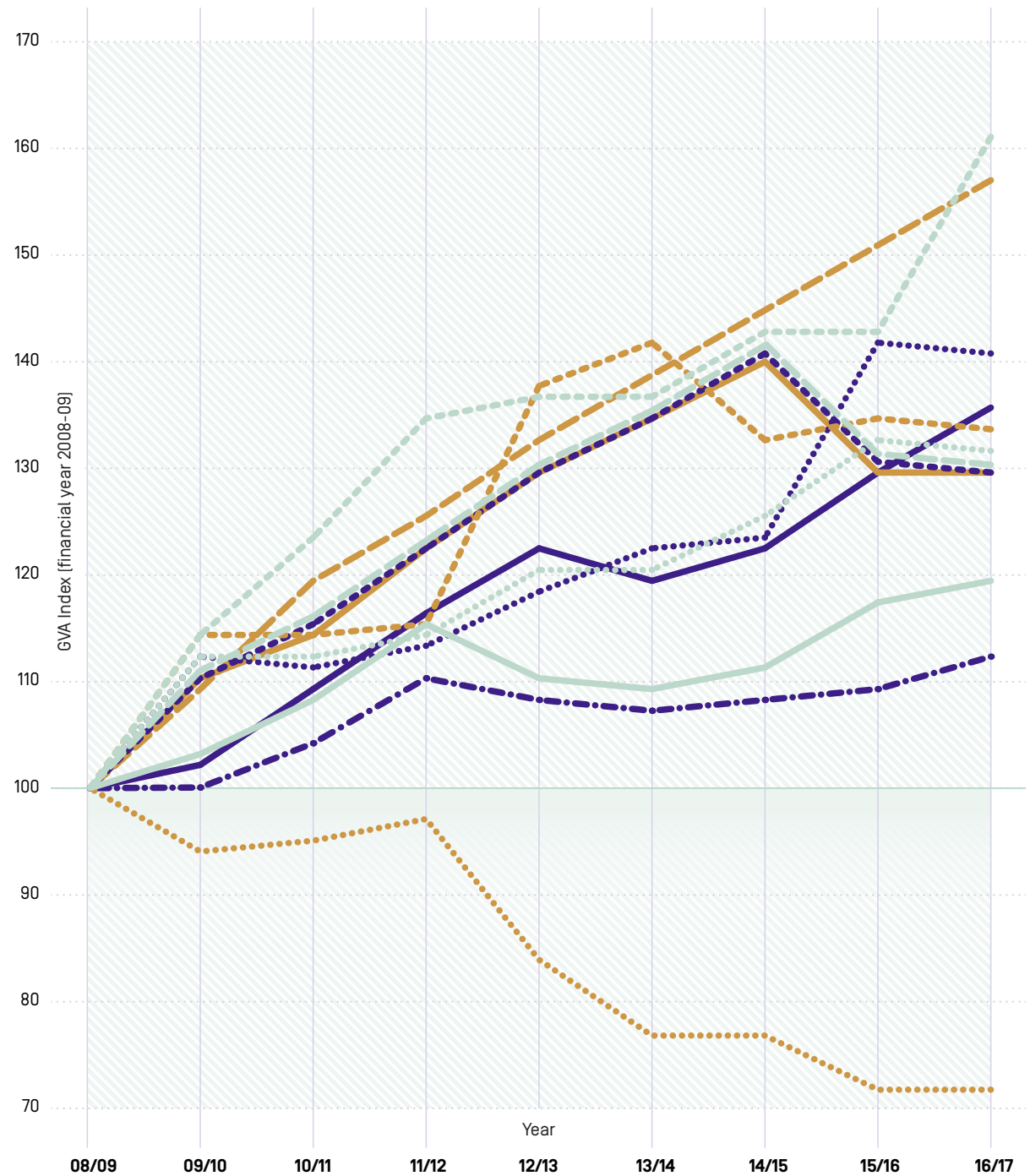
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### Key points about the cultural and creative economy

- \* From 2008–09 to 2016–17, almost all domains have shown upwards growth in GVA, though at different rates.
- \* Only Literature and print media has shown a decline over time, though Fashion demonstrated a brief decline in 2012–13 before gradually returning to a growth trend.
- \* Given that these two domains make up almost 30% of the total industry GVA, their respective downward shifts have had a significant impact on this area of economic activity.

Figure 9: Cultural and creative domain GVA growth over time (2008-09 to 2016-17). Source: Adapted from BCAR 2018 by PwC. Note: the line at 100 represents the base year index of 2008-09. The area above the line represents growth whereas the area below the line represents a contraction since 2008-09.

- Visual arts and crafts
- Performing arts
- Other culture goods manufacturing sales
- Music composition and publishing
- Supporting activities (Arts education)
- Museums
- Literature and print media
- Libraries and archives
- Fashion
- Environmental Heritage
- Design
- Broadcasting, electronic or digital media, and film





## Q3: How do arts, culture and creativity stimulate the economy?

### 2.3.1 What's the relationship between arts and culture, the cultural and creative industries, and the broader Australian economy?

Arts, cultural and creative activities don't just sit within the cultural and creative industries and economy; they also positively influence their economic growth. This is known as 'spillover effects', which have been defined by Arts Council England and the European Cultural Foundation as:

*...the process by which an activity in one area has a subsequent broader impact on places, society or the economy through the overflow of concepts, ideas, skills, knowledge and different types of capital.<sup>40</sup>*

Spillover effects contribute to the economy *indirectly* — so while cultural and creative activity directly contributed an estimated \$111.7 billion in 2016-17, each of these industries and employees also contributed to the economic growth in other industries, thus helping to grow the economy as a whole.

Figure 10 depicts a proposed framework for understanding these different elements. We are proposing this framework based on a range of evidence from various reputable sources about how direct and indirect spillover effects stimulate different sectors of the economy.

In the following sections, we explore first how subsidised arts, cultural and creative activity indirectly contributes to the growth of commercial cultural and creative businesses. We then look at how the cultural and creative industries indirectly contribute to the growth of other industries, and the economy as a whole. At the base of Figure 10 lies a section on the critical public value benefits (otherwise known as positive externalities) that society derives from arts, cultural and creative activity. See [1.2.3](#) for more on public versus private value, and for more information about these non-monetary benefits, see our second Insight Report, '[Transformative: Impacts of Culture and Creativity](#)'.

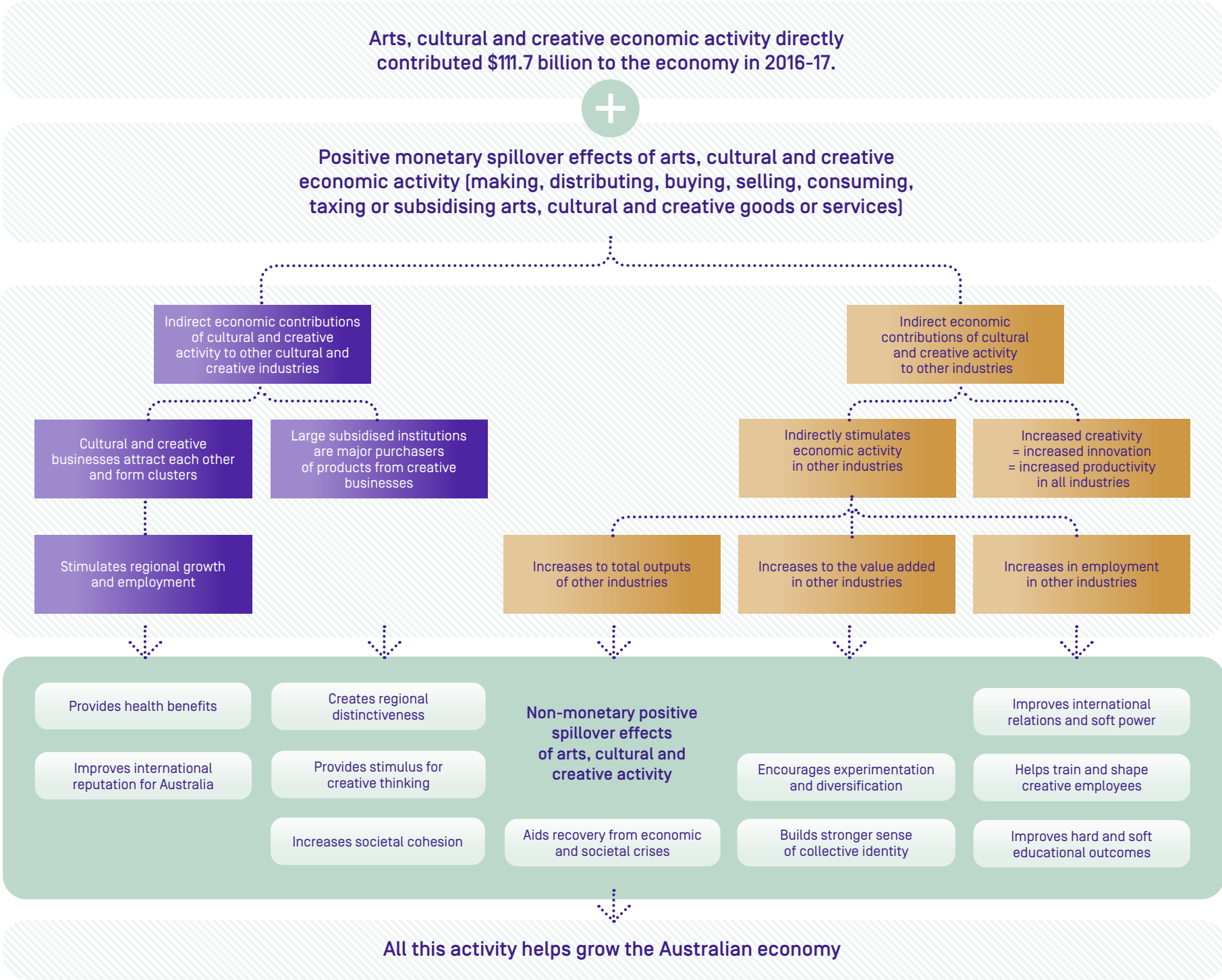


Figure 10: A proposed framework for how arts, cultural and creative economic activity stimulates the Australian economy. Source: ANA.



### 2.3.2 How does subsidising arts, culture and creativity stimulate commercial businesses in the cultural and creative industries?

There is a common perception in Australia that the creative arts are some of our most highly subsidised industries, and that therefore these industries must be less valuable to the economy. In fact, we know that across the three levels of government, using the most complete dataset, just over \$6 billion of public money was invested in arts and culture in 2016-17, which is less than 6% of the cultural and creative activity in that year.<sup>41</sup> Importantly, these types of subsidy can be a critical enabler in the cultural and creative economy. As noted in [2.3.1](#), there is a solid body of research demonstrating that in addition to their direct contributions to GDP, a thriving creative arts scene makes a range of **indirect economic contributions to other cultural and creative industries**, and therefore to the economy more broadly.

A strong empirical model comes from John Holden's work on the relationship between publicly-funded arts and the broader cultural and creative economy [see Figure 11],<sup>42</sup> which suggests that when the arts, cultural and creative industries are effectively subsidised:

- \* **They are a major procurer and presenter of creative products and services.** Often, we think of the subsidised arts as a small component of the larger cultural and creative economy. But another way to look at this is that the institutions that often receive the largest government subsidies – the major performing arts companies, the national and state collecting institutions etc. – are some of the most significant clients for the many small creative businesses that make up the more commercial industries within the cultural and creative economy.
- \* **They create a lively and thriving environment** that is distinctive, which therefore encourages people to move to an area, to remain living in an area, or to visit an area as a tourist and spend money.<sup>43</sup>
- \* **They form clusters of creative businesses**, which in turn encourages other creatives to move into an area and enhances the lively and thriving effect.
- \* **They help develop creative skills that can be applied in commercial cultural and creative industries.** This can happen formally through education and training [a drama degree, for example, can help prepare someone for a career as a festival director, or an arts journalist, or a role in broadcasting] but also informally via collaboration, networking and cross-pollination of industries.

\* **They can be a resource for creatives** in all industries, helping to stimulate new ideas, knowledge and skills, facilitate networking, foster communities of practice, and provide new audiences/markets for creative businesses.<sup>44</sup>

\* **They encourage creative risk-taking, experimentation and diversification**, which in turn allows the market to be tested, allowing non-subsidised creative businesses to reduce their commercial risk.

Although the economic activities of these industries (that is, the making, distributing, buying, selling, consuming, taxing or subsidising of goods and services that they undertake) lead to direct economic contributions to the economy, many of the effects mentioned above are in addition to those direct contributions. The first three can be quantified and can therefore be linked to monetary spillover effects of these activities. The final three are intangibles that therefore sit within the non-monetary positive spillover effect category of Figure 10.

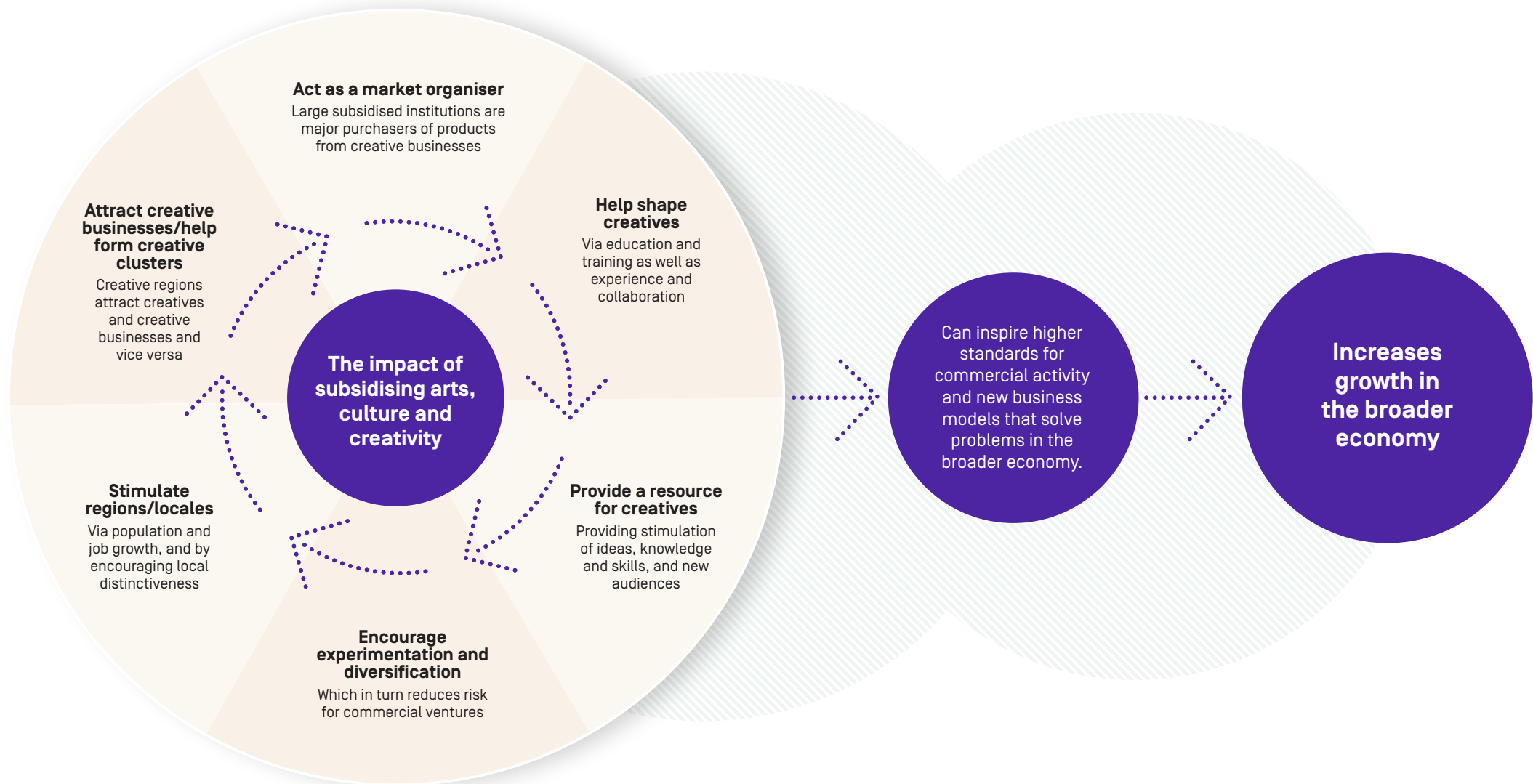


Figure 11: An illustration of the relationship between the broader creative economy, and arts, cultural and creative activities that are subsidised by either public (government) or private (philanthropy and volunteering) sources. Adapted from Holden 2007 p. 11 and pp. 18–21 by ANA.



### 2.3.3 How do the cultural and creative industries indirectly stimulate other areas of the economy?

As shown in Figure 11, the subsidised cultural and creative industries can have a positive effect on the non-subsidised cultural and creative industries by stimulating ideas, attracting both creatives and broader population growth to an area, and experimenting with the market. But they can additionally make **indirect economic contributions to other industries**, therefore helping to grow the economy in that way also, as depicted in Figure 12.

For example, for 2016–17, the direct, value-added economic contribution of the arts, screen and culture to the New South Wales (NSW) economy was calculated to be \$8.7 billion.<sup>45</sup> However, by exploring the indirect, 'spillover effects' of these industries – that is, by looking at the effects of these industries on other industries, like tourism, food and accommodation, transport, information technology and media products and services – the total indirect contribution that arts, screen and culture were making to NSW in this period was estimated at \$16.4 billion.<sup>46</sup> So, for every \$1 spent on arts, screen and cultural activities in NSW in that period, an additional 88c was spent in other areas of the economy as a result.

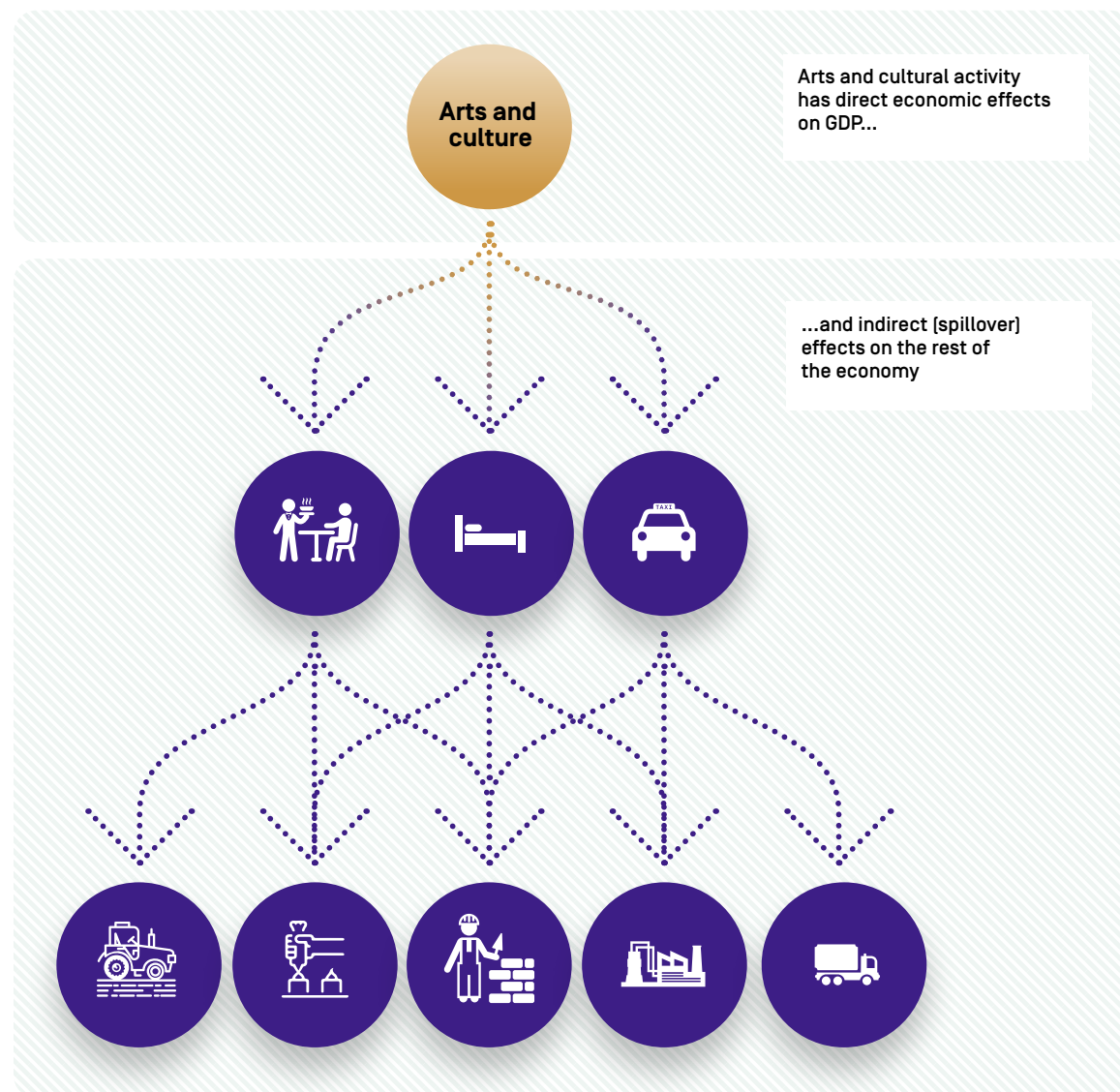


Figure 12: Spillover effects of arts and culture into other industries. Adapted from Raabová 2014, p. 5, by ANA.

Similar research has been conducted to understand the economic impact of cultural festivals in Adelaide, which showed that in 2018, Adelaide's 11 festivals made a contribution of \$109.1 million in *new* money to the state's economy — that is, money that would not have been spent otherwise, created through spillovers such as increased tourism, and expenditures of locals who would otherwise have travelled outside of South Australia during that time but instead stayed to attend a festival. Furthermore, more than 90% of festival attendees from both within and outside of South Australia saw the festivals as important to the state's image, suggesting that festivals have long term potential for attracting cultural tourism.<sup>47</sup>

Analyses of spillover effects do not always take this question into account: if this money had not been spent on X (in this instance, cultural and creative pursuits), where might it have been spent instead? And what would have been the spillover effects of these other activities? Failure to consider this means that when all of these kinds of analyses are summed up – and this analysis is produced for almost every industry – they tend to add up to much more than the GDP of Australia.<sup>48</sup>

This does not, however, mean that this kind of analysis can't be useful for understanding the scale of spillover effects resulting from cultural and creative activity in comparison to other industries. For example, SGS Economics and Planning undertook a comparative study of the spillover effects of Australia's cultural and creative industries compared to the average of other industries, using input-output tables from 2008-09. They found that our cultural and creative industries had higher multipliers compared with other Australian industries, with total output, value-added and employment multipliers all higher than the equivalent values for other Australian industries (as shown in Figure 13).<sup>49</sup>



- 1 Total output:** Every \$1 of turnover generated by the cultural and creative industries results in \$3.76 total revenue in other industries in the Australian economy (compared with an average of \$3.59 across other Australian industries).
- 2 Value added:** Every \$1 in gross regional product generated by the cultural and creative industries results in a boost to total value-added for all industries by a factor of 3.00 (compared with the average generated across other Australian industries of 2.80).
- 3 Employment:** For every job in the cultural and creative industries, 2.92 jobs are created in other industries (compared with the average of 2.47 jobs across all industries).

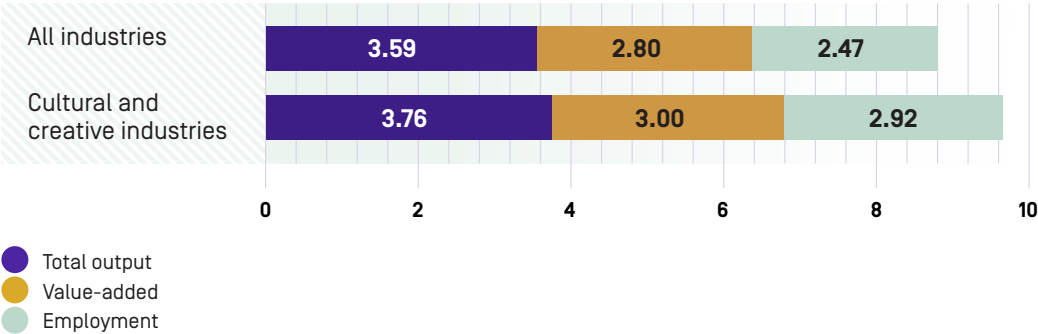


Figure 13: Spillover effects of cultural and creative versus other industry sectors.  
Source: Adapted from SGS Economics and Planning 2013, pp. 13 and 64, by ANA.

## Q4: What about jobs?

*Note: this topic is covered in detail in [Case study 1: Skills and employment](#).*

### 2.4.1 The cultural and creative workforce is large, and has been growing

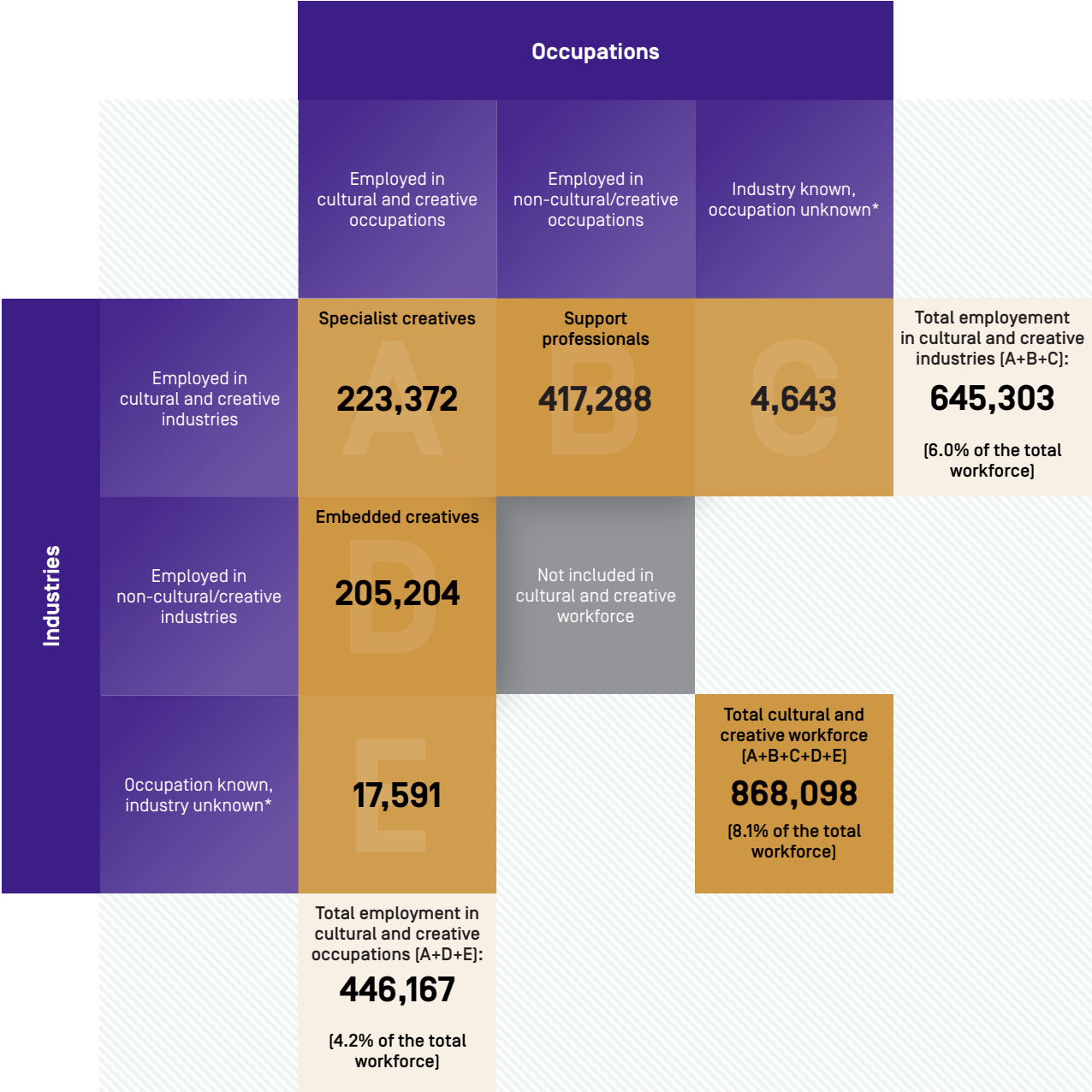
In 2016, Australia's cultural and creative economy was the main source of employment for 868,098 people, representing 8.1% of the national workforce.<sup>50</sup> Of these, close to 594,000 were employed in the creation of new intellectual property, with jobs in this crucial part of the cultural and creative economy growing at nearly twice the rate of the Australian workforce.<sup>51</sup>

As we saw in Figure 2, the cultural and creative workforce is made up of:

- \* Cultural and creative industries specialists ('specialist creatives') – people working in creative occupations within their own industries. This includes:
  - cultural production – film, television and radio, music and performing arts, publishing and visual arts
  - creative services – advertising and marketing, architecture and design, software and digital content
- \* 'support professionals' who work in these cultural and creative industries, such as technicians, accountants, lawyers or salespeople
- \* 'embedded creatives' (in both cultural production and creative services roles) who work outside the cultural and creative industries, across the rest of the economy.<sup>52</sup>

Figure 14 gives a numerical breakdown of employment in these areas, using data from the 2016 Census calculated from the ABS/BCAR definition of the cultural and creative economy. This definition uses the 43 industry classes and 132 cultural and creative occupations outlined in [Appendix 1](#).

Figure 14: Estimates of cultural and creative employment by industry and occupation, 2016. Adapted from the 2016 Census, using the ABS/BCAR definition of the cultural and creative workforce, by ANA. Note: The unknown data is due to unanswered questions in the Census form.





## 2.4.2 How many of these jobs are in 'the arts'?

How we answer this question depends on what definition of the arts we use, and how we map that definition to the ABS's Industrial Classification codes (ANZSIC). If we remain strictly within the subdivision of 'Creative and Performing Arts Activities', which includes occupations related to performing arts operation, creative artists, musicians, writers and performers, and performing arts venue operation, then just over 33,000 people, or 4% of the total cultural and creative workforce, work in the arts.<sup>53</sup> Most of these employees are likely to be specialist creatives, however these figures also include support professionals (accountants etc.) working within these industries.

A recent report from The Australia Institute found it was more meaningful to look at a category they have called 'Arts and Entertainment', which combines the Creative and Performing Arts Activities subdivision with Motion Picture and Sound Recording Activities, Internet Publishing and Broadcasting, Library and Other Information Services, Publishing (except Internet and Music Publishing), and Heritage Activities.<sup>54</sup> Using this category, there are close to 200,000 people, or 22% of the total cultural and creative workforce, working in 'Arts and Entertainment'. Again, some of these are support professionals. For a breakdown of specialist creatives, support professionals and embedded creatives in the Australian cultural and creative economy, see [Case study 1](#).

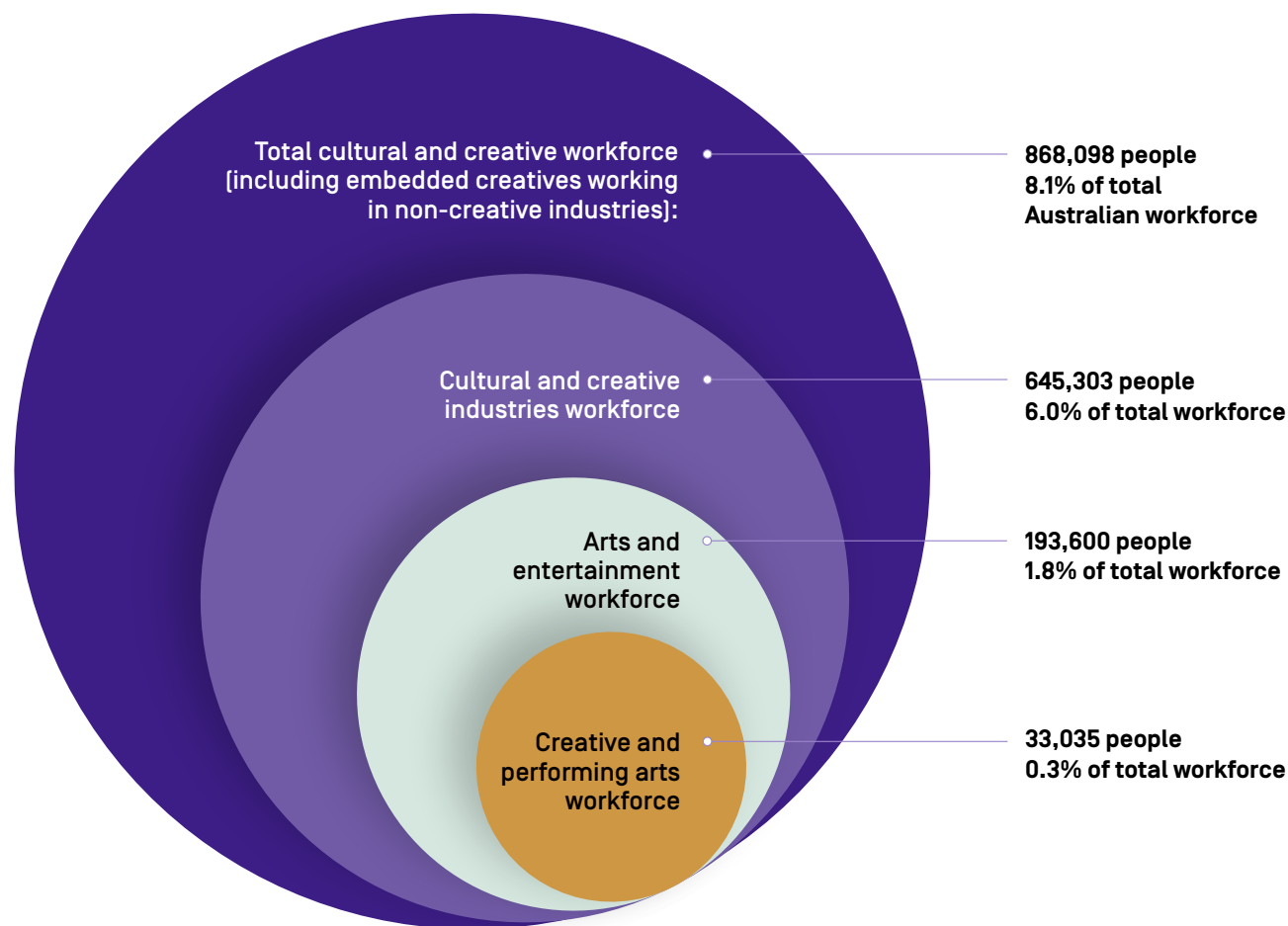


Figure 15: Total workforce size in the cultural and creative economy; the cultural and creative industries; arts and entertainment; and creative and performing arts. Source: Created using the ABS 2016 Census TableBuilder, with inputs from Browne 2020, by ANA.

### 2.4.3 How does the cultural and creative industries workforce compare to other industries?

As Table 2 demonstrates, the cultural and creative industries are sizable. However, there is an important caveat on the comparisons in this table. The data comes from the 2016 Census, which uses official ANZSIC industry divisions to calculate employment. The cultural and creative industries do not have their own industry division: they actually fall across *eight* of the 19 official divisions (see [Appendix 1](#)).

Arts and Recreation Services has its own industry division, which employs 176,667 people or 1.6% of total employment, but this includes industries the ABS does not consider cultural or creative (such as gambling and sport), *and* it does not include many of the industries that *are* considered cultural and creative. So, as with the creation of the Cultural and Creative Satellite Accounts (see [Appendix 4](#)), employment figures for the cultural and creative industries are gathered from 43 different industry classes (also shown in [Appendix 1](#)).

There are 11 official ANZSIC industry divisions that *do not* have any crossover with the cultural and creative industries — that is, none of the 43 industry classes used to create the Cultural and Creative Activity Satellite Accounts sit within those 11 industry divisions. Table 2 compares the employment counts of these 11 divisions with the computation of employment in the cultural and creative industries.

### 2.4.4 But don't volunteers do most of the work in the cultural and creative industries?

Actually no, but it's a common misconception. A 2018 study by the Bureau of Communications and Arts Research found that if volunteers were paid for their contributions, this would amount to just under \$1 billion – less than 1% of Australia's total cultural and creative activity.<sup>55</sup> This was measured using the 'replacement cost' method: that is, each hour of a volunteer's time is valued at what it would cost if the organisation paid them at an hourly rate. It's worth noting that the replacement cost method doesn't capture the social and economic benefits that a community gains from a volunteer's work; it only shows what an organisation has financially saved by not paying the volunteer.<sup>56</sup>

This high instance of volunteerism is likely indicative of the passion many Australians have for arts and culture, and may also be an expression of their belief that arts and culture are a public good. However, while the financial value of volunteering in this sector is by no means an insignificant figure, it is not a huge amount compared with the total of cultural and creative economic activity.

Industry	Employed people	% of total employment
Electricity, gas, water and waste services	115,753	1.1%
Mining	177,640	1.6%
Agriculture, forestry and fishing	266,952	2.5%
Administrative and support services	365,732	3.4%
Financial and insurance services	384,603	3.5%
Other services	399,634	3.7%
Transport, postal and warehousing	499,485	4.6%
Combined cultural and creative industries	645,303	5.9%
Public administration and safety	713,142	6.6%
Accommodation and food services	738,232	6.8%
Construction	911,058	8.4%
Health care and social assistance	1,351,018	12.5%

Table 2: Workforce size of Australia's cultural and creative industries and 11 ANZSIC industry divisions, in 2016. Source: Table adapted by ANA, with data from the 2016 Census – Employment, Income and Education dataset.

## Q5: How are cultural and creative industries funded?

The previous sections focused mostly on production. Here we look at income, and examine both what arts and cultural organisations are receiving as income, and from where.

### 2.5.1 Aren't arts and culture mostly funded by the government?

Not mostly, no. According to a report from Creative Partnerships Australia (CPA), on average, the largest contributor to income in the creative arts (as well as media, festivals, museums and galleries) is the sale of cultural and creative goods and services, such as tickets to events or institutions, services such as those provided by designers or architects, or items like CDs or artworks. A significant proportion of earned income in the Australian cultural and creative industries comes from licensing of intellectual property, particularly in what the Australian Copyright Council calls the 'core' copyright industries: press and literature, music, motion picture and video, software and databases.<sup>57</sup>

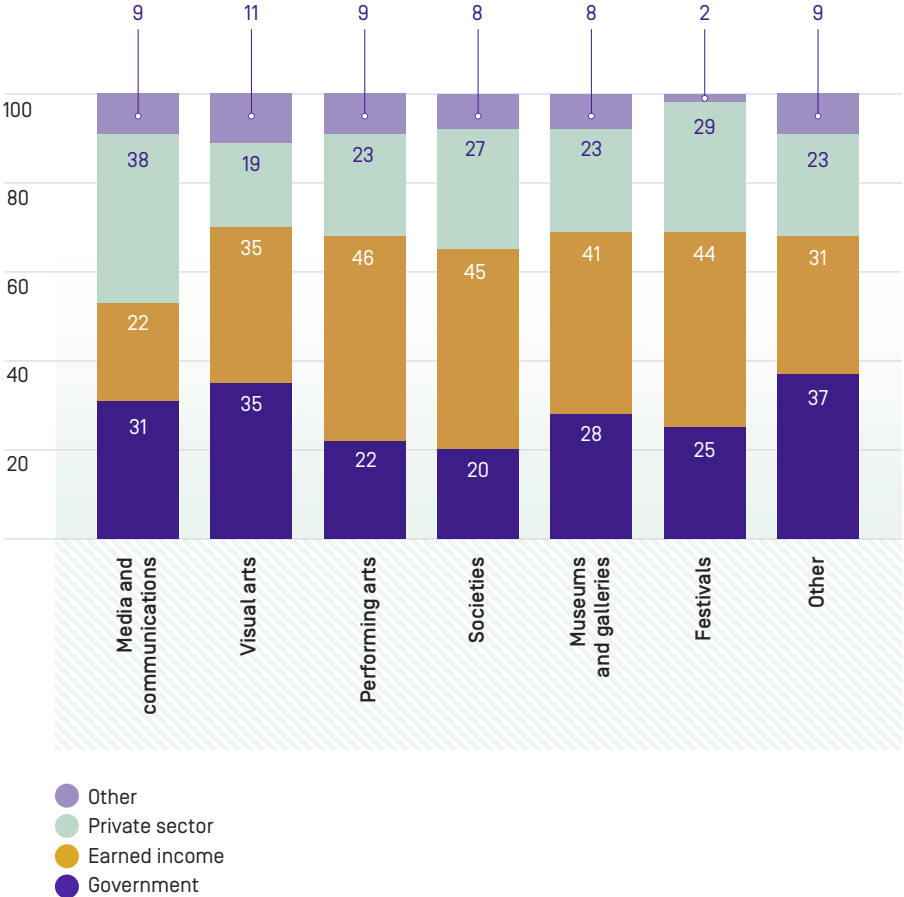
CPA includes four key categories of revenue for the arts and cultural organisations in their study: earned income; government funding; private sector support (including cash or in-kind, volunteer/pro-bono, donations, sponsorships, bequests and fundraising events provided by private entities); and 'other'.<sup>58</sup> [See [Appendix 2](#) for industries CPA included in their analysis.]

As is clear from Figure 16, the funding mix varies by organisational category. However, to take the unweighted average, 39% of funding was derived from earned income (sales of goods or services). Income from the government formed the next largest source at 27%. This was on par with private sector support (also at 27%), more than half of which was cash support.

It should be noted that government support may include grants, subsidies on goods or services, tax concessions, funding for operational costs, and purchases made from entities by governments. However, the CPA report does not specify what type of support cultural and creative organisations received from the government.



Figure 16: Income sources for different categories of arts, cultural and creative organisations (as percentages). 'Societies' refers to historical, literary and humanistic societies. Source: Adapted from CPA 2018, pp. 20 and 51, by PwC. Note: Values taken directly from source.



## 2.5.2 Are the cultural and creative industries heavily subsidised compared with other industries?

Each year, governments distribute a percentage of taxpayer money to industries through grants and subsidies. That is, governments (and other types of investors) sometimes provide money as an input to *enable* industries and businesses to do their work.

It is surprisingly difficult to compare levels of subsidy across Australian industry divisions. This is likely because there are so many different definitions of the term 'subsidy', and so many categories of spending fall within these definitions. Furthermore, not all of these definitions have readily available datasets that compare Australian industries. For example, the most comprehensive dataset available detailing government expenditure on arts, culture and creativity is the Cultural Funding by Government dataset – co-produced by the ABS and the Meeting of Cultural Ministers (MCM) – which is a survey of government departments and agencies (at all government levels) about their recurrent and capital expenditure on heritage, arts, and cultural activities, facilities and services. From this data, we know that in 2017-18, the three levels of government invested \$6.86 billion<sup>59</sup> in this area of the economy. We can compare this to previous years, noting that the 2017-18 expenditure was the highest it had been for 11 years, although it had not kept pace with population growth.<sup>60</sup> We can also compare it to the OECD average, which is 1.11% of GDP compared to Australia's 0.77% of GDP. However, the Cultural Funding by Government data series has no comparator with other Australian industries.

## 2.5.3 What type of arts and culture does the government spend taxpayer dollars on?

In our first Insight Report, *'The big picture: Public expenditure on artistic, cultural and creative activity in Australia'*, we analysed the Cultural Funding by Government dataset to understand trends between 2007-08 and 2017-18.<sup>61</sup>

We found that in 2017-18, the three levels of government expenditure on culture by federal, state and territory governments was split fairly evenly between three overarching categories (also illustrated in Figure 17):

### **Film, radio and television: 32.5%**

*Radio and television services; Film and video production and distribution.*

### **Museums, archives, libraries and heritage: 37.7%**

*Art museums; Other museums and cultural heritage; Libraries; Archives.*

### **Arts: 29.7%**

*Literature and writing; Music; Theatre; Dance; Musical theatre and opera; Circus and physical theatre; Comedy; Other performing arts; Performing arts venues; Cross-art form; Visual arts and crafts; Design; Interactive arts content; Arts education; Community arts and cultural development; Multi-arts festivals; Arts administration; and Other arts.*

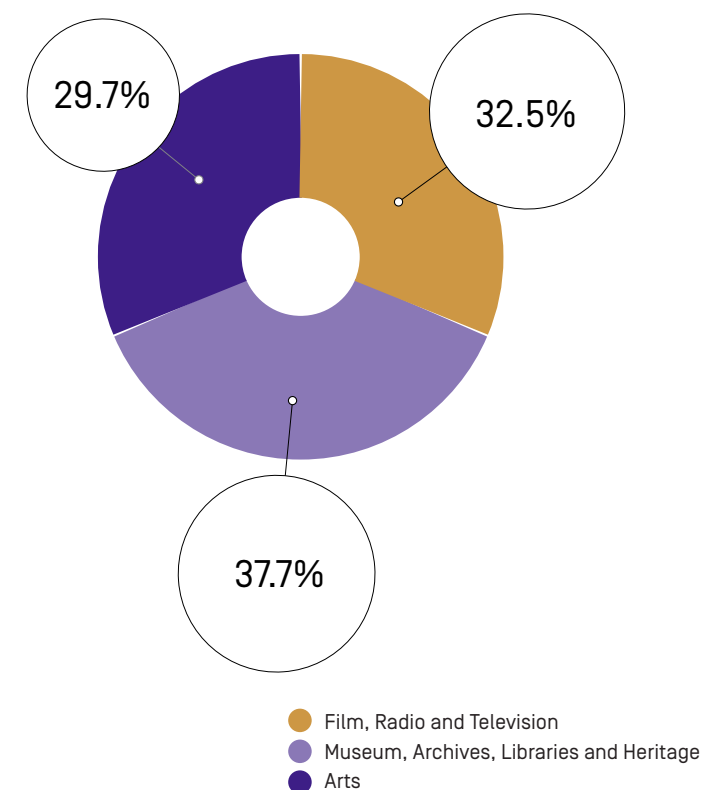


Figure 17: Percentage allocation of government expenditure (federal, state and territory only) across the three categories of arts, cultural and creative activity in Australia (2017-18). Source: Reproduced from ANA 2019 p. 26, by ANA. Note: Expenditures by local governments were excluded. Note: Expenditures by local governments were excluded in original.

If we split expenditure on these categories into federal, state and territory governments, clear differences emerge. With its responsibilities for national broadcasting, the federal government has a substantial focus on Film, radio and television. Based on the 2017–18 data from the Cultural Funding by Government data series, the majority of federal government expenditure on culture goes into radio and television services, most of which goes to the ABC and SBS, but also includes funding for commercial and community broadcasting and a range of other related services.<sup>62</sup>

In contrast, the states and territories have a far greater focus on both 'Arts', and 'Museums, archives, libraries and heritage'. Typically, 'Museums, archives, libraries and heritage', particularly non-art museums and libraries, received significant funding. During the 2017–18 period, 5.8% of federal government, and 14.9% of state government cultural expenditure went to libraries and to the category of 'Other museums and cultural heritage'.

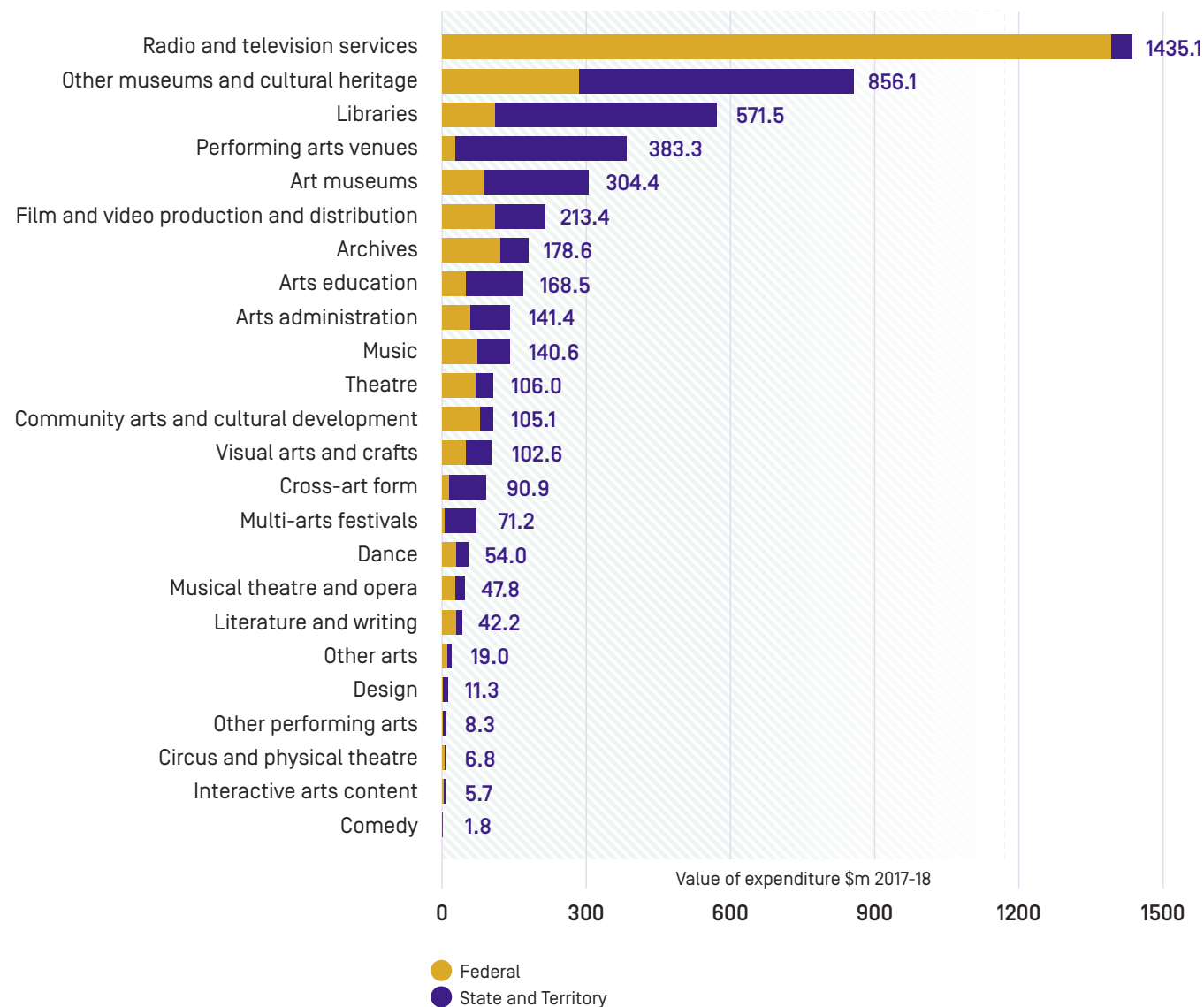
The Cultural Funding by Government data series provides a more detailed breakdown of expenditure in the 'Arts' category, as seen in Figure 18. This dataset captures recurrent expenditure of government funds on programs, specialist areas and special projects including operational costs, wages and salaries, goods and services, current grants and transfer payments, specific purpose grants, subsidies, and non-capital grants or payments to individuals, groups, organisations or other entities. It also captures data on capital expenditure of government funds on the creation of fixed assets (for example, buildings, additions, renovations or restorations), land, building and intangible assets including expenditure on second-hand fixed assets, land acquisitions

and capital grants for capital works on projects. It also includes capital grants or payments to individuals, groups, organisations or other entities, but excludes loans.<sup>63</sup>

It is interesting to note that Australia's top performing cultural and creative domain, Design, received government subsidies during this period of just over \$11 million, the vast majority of which came from state governments. While this is not such a large amount, it is useful to demonstrate that government subsidies do not only flow to the less profitable creative arts industries, but also to commercial cultural and creative industries.



Figure 18: Cultural funding by 1) federal and 2) state and territory governments (2017–18). Source: Adapted from MCM 2019, by PwC. Note that data on expenditures from local governments were not gathered at this level of granularity.



## Q6: What cultural and creative goods and services do Australians spend their money on?

Having looked at both the production and income of Australia’s cultural and creative economy, it is now time to turn to expenditure, by exploring what cultural and creative goods and services Australian households spend their hard-earned money on.

Figure 19 shows that in 2015–16, Australian households spent nearly \$50 a week, on average, on ‘cultural expenditure’, according to the Household Expenditure Survey data (See [Appendix 2](#) for what is included in ‘cultural expenditure’ in this survey). The majority was for ‘other cultural equipment’, which includes physical equipment such as home computers, televisions and games consoles. It also included media content in a physical format, including film and television content and audio content.

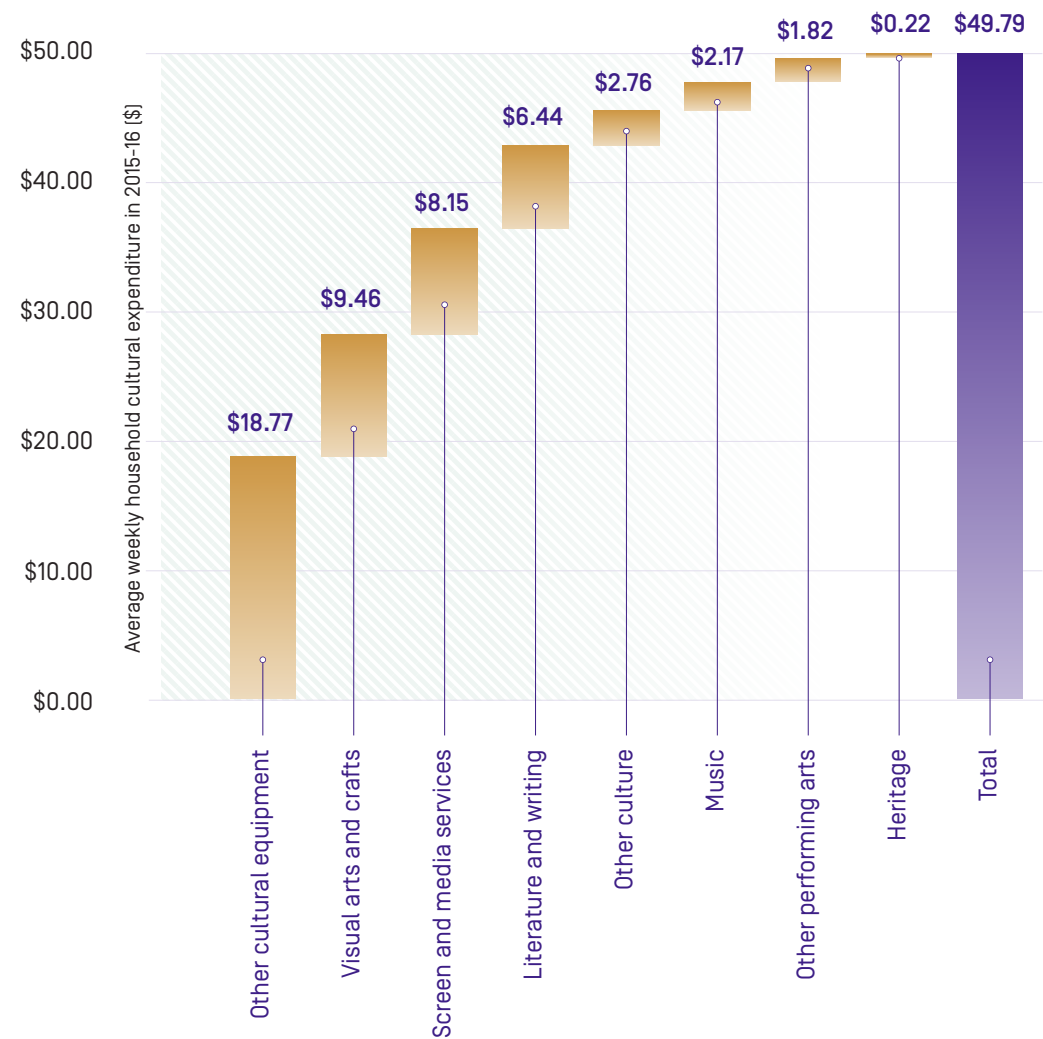


Figure 19: Average weekly household cultural expenditure on arts, culture and creativity, by type (2015–16). Source: Adapted from Table 11.2 of MCM 2019, by PwC.

### 2.6.1 Are these really cultural goods?

Often when people hear that the majority of household cultural spending goes on televisions and home computers, they feel that this invalidates the results. This is likely because of an expectation that spending on culture, or 'the arts', should actually be on 'high art': attending the opera or visiting an art museum, for example, rather than watching television on your couch at home. However, counting spending on equipment like this within cultural and creative activity is important, from an economic perspective, for several reasons.

Firstly, *producing* television content is a cultural and creative activity, no matter whether the content being shown is a live cross to the Friday Night Football, an Australian drama, or a pre-recorded broadcast of the Russian ballet performing in London. The work that must be done to produce and distribute that content is done by workers employed within the cultural and creative industries, even if the content itself is not cultural and creative (like sport, for example<sup>64</sup>). And that work often cannot be accessed by Australians unless they have the requisite equipment – that is, a television set.

Secondly, while personal computers are unquestionably used for a wide range of tasks, some of those tasks are indeed cultural and/or creative. For example, in April 2020, as Australia went into pandemic lockdown for the first time, more than 10 million Australians used their personal computers to stream video content, via platforms such as YouTube, Netflix and the ABC Online Network.<sup>65</sup>

Pandemic aside, more than 82% of Australians engaged with the arts online in 2019, and a growing number of those were creating, or distributing their creations, as well as consuming.<sup>66</sup> So in addition to being equipment on which cultural and creative content is consumed, personal computers are also a place where Australia's cultural and creative content (including things that become goods and services) is increasingly being created.

Households also play games on their personal computers, and on other cultural equipment like video game consoles. Gaming, which sits within the Design domain, has been one of Australia's success stories within the cultural and creative economy, having seen a 15% growth rate between 2013 and 2015.<sup>67</sup> Why is gaming a cultural and creative industry? Well, many games are designed using original music, visual content and narrative structure, much like other forms of screen content, so they unarguably require creative input. They also produce a culturally symbolic output, with the popularity of a game telling us much about the cultural moment within a society:

*Games are part of our life, and a common form of cultural expression...[increasingly] providing imaginative and sophisticated references and comment on culture.*<sup>68</sup>

The second highest weekly spend for Australians (according to Figure 19) was on Visual Arts and Crafts, and within this, the largest spend was on jewellery. Again, hearing this often evokes a response akin to 'oh, well, that doesn't count then'.

But what we wear on our bodies conveys information to others about us, our background, our culture, our preferences, our tastes. Fashion is 'a cultural technology that is purpose-built for specific locations'.<sup>69</sup> Furthermore, remember Figure 3, the supply chain image in [1.1.2](#)? As well as the design, manufacture and sale of jewellery included in cultural and creativity activity, consumption is also included.

So, yes, buying jewellery is definitely a cultural and creative activity, and the inclusion of this activity clearly demonstrates just how widespread both the use and benefits of the cultural and creative industries can be. Their impacts are stealthy, but powerful.



### 2.6.2 What other types of cultural and creative things do Australians like to do?

Australians are keen participants in the cultural life of the nation. From attending local festivals or listening to music, to playing computer games and visiting heritage sites, most people participate in arts and cultural activities.

In fact, 82.4% of Australian adults (15+) attended at least one live arts and cultural event or venue in 2017–18, including going to art galleries, museums, libraries, archives, live music concerts and performances, theatre, dance, musicals, opera, acrobatics, cabaret, comedy, festivals, magic acts, cinemas and drive-ins [see Figure 20].<sup>70</sup> Of these activities, cinemas and drive-ins had the highest attendance with an average of 66.8%, with live music and concerts next at 38.2%, then libraries and archives at about 31%. These figures are quite high compared with other Western countries, according to a number of international reports.<sup>71</sup>

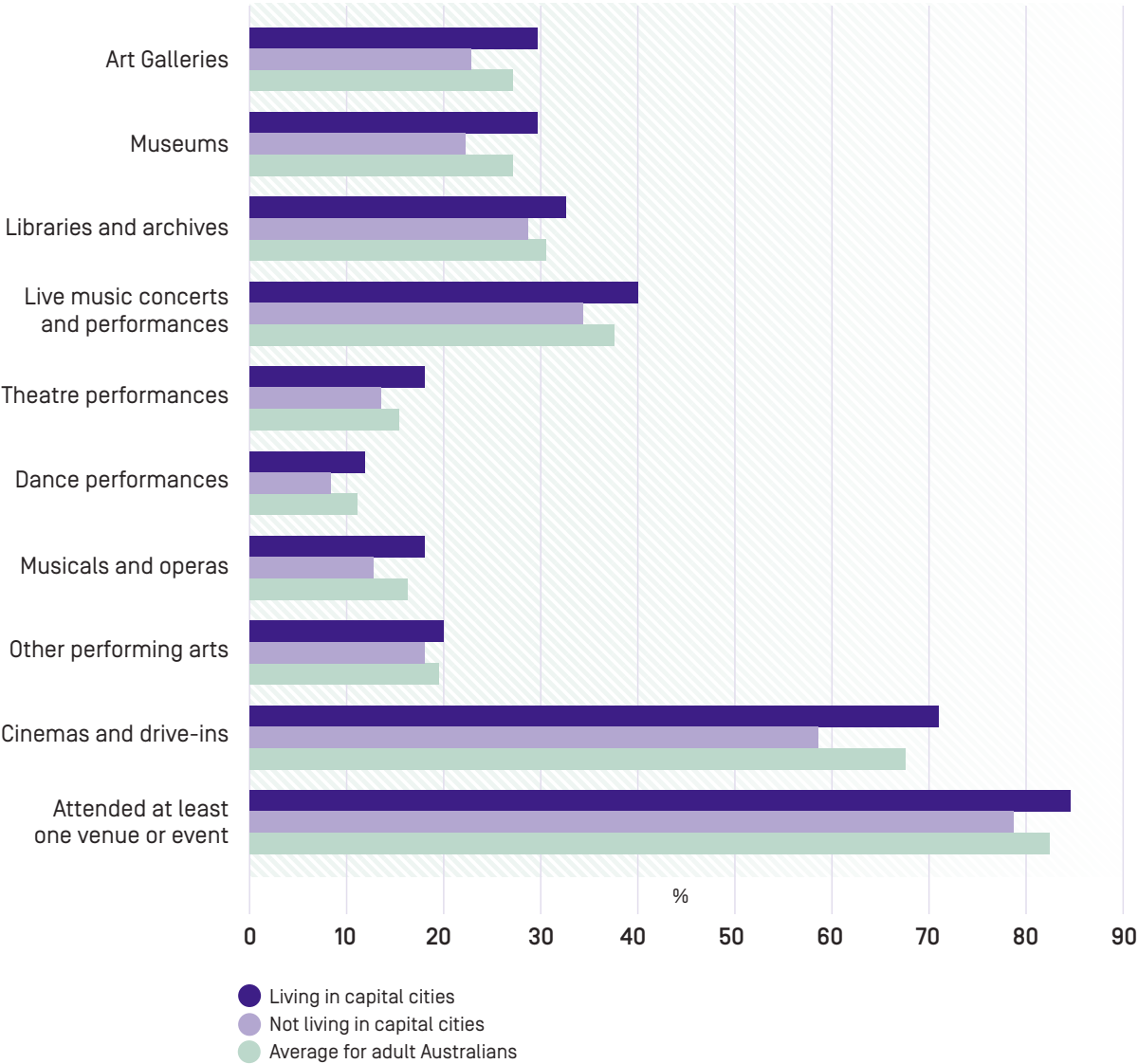


Figure 20: Attendance rates for Australians aged 15 and over attending selected cultural venues and events, by region (2017–18). Source: Reproduced from ABS 2019a (4114.0) by ANA.

We also invest in our own artistic endeavours. According to the ABS 'Participation in selected cultural activities' survey in 2017–18, almost one-third of Australians aged 15 years and over reported actively participating (rather than just attending/observing) in artistic/cultural creation or performance in 2017, with activities including playing music, singing, dancing, writing, painting or photography (see Figure 21).<sup>72</sup> Active participation increased from 27% in 2013–14 to 31.4% in 2017–18. This is very similar to active participation rates by adults (16 years and over) in the European Union.<sup>73</sup>

Active participation rose to 95.6% for Australians aged 5–14, who participated in at least one cultural activity outside of school hours.<sup>74</sup>

More recent data from the Australia Council's National Arts Participation Survey 2020 also found that participation is increasing, up 13% since 2016.<sup>75</sup> This study found that 45% of Australians aged 15 years and over created, produced or collaborated in the making of art, including increased participation in visual arts and craft, music, dance, theatre and creative writing.

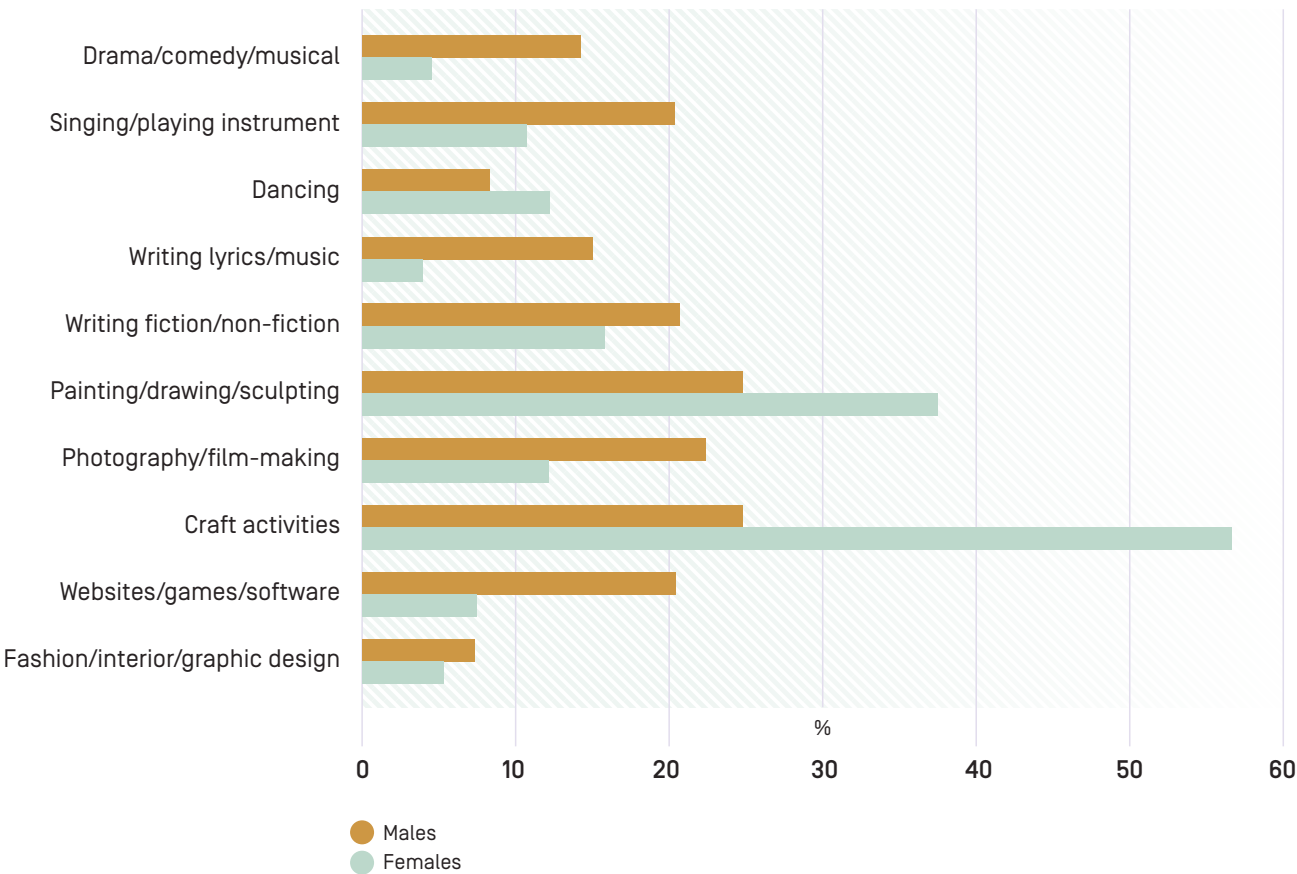


Figure 21: Persons participating in cultural activities, by sex and activity (2017–18). Source: Reproduced from ABS 2019b [4921.0] by ANA.

Opportunities to get together with friends, family and the broader diverse community are particularly valued as a form of cultural participation, according to focus groups conducted for our 2020 study '[A view from middle Australia: Perceptions of arts, culture and creativity](#)'.<sup>76</sup> This research found that middle Australians – defined in that study as middle-aged, middle income swing voters from suburban and regional Australia – also valued cultural opportunities that helped children better express themselves and build social and intellectual skills, and cherished those cultural and creative events and objects that represent Australian history, heritage, and cultural diversity, both within Australia and to the world.

Finally, when Australians go on holidays locally, we are likely to include some cultural visits in our itinerary. A recent domestic arts tourism study found venues such as museums and galleries, along with live entertainment such as festivals, concerts and other performances, are some of the biggest draw cards for Australians on day and overnight domestic tourist trips.<sup>77</sup>

While this section has demonstrated much of the economic value of cultural and creative expenditure by households, it is also important to recall the intangible, non-market value these activities provide to Australians. As we found in our second Insight Report, '[Transformative: Impacts of culture and creativity](#)', these benefits come in a range of forms, including but not limited to increased social cohesion and reduced loneliness, physical and mental health benefits, enhanced educational outcomes, improved international relations, and a stronger cultural identity that has the potential to encompass the many and varied ways that one can be Australian.<sup>78</sup>



## Q7. What do we know about Australia's cultural and creative trade activity?

### 2.7.1 What data does Australia collect about cultural and creative imports and exports?

The ABS regularly collects data about all of Australia's import and export activity. However, just as Satellite Accounts had to be created to measure cultural and creative activity in terms of Australia's GDP (see [Appendix 4](#)), specific datasets have to be created out of the existing data if we wish to understand the value of Australia's cultural and creative trade activity. Unfortunately, neither the ABS, nor other government affiliates, nor any independent research bodies have conducted modelling on data related to Australia's cultural and creative trade performance from the last decade.<sup>79</sup>

The most recent research to measure the economic value of Australia's cultural and creative industry exports was conducted in 2013 by SGS Economics and Planning, using data from the 2008–09 Input-Output tables produced by the ABS.<sup>80</sup> At that time, the report estimated that Australia's cultural and creative economy generated A\$3.2 billion in exports annually. It seems likely this figure would have increased in the last 10 years, given Australia's economy has been growing steadily during this time. However, it would require greater examination to verify this assumption.

### A few technical terms...

The **'balance of trade'** is the difference between the value of a nation's imports and exports. A **'trade deficit'** occurs when a nation imports more than it exports, and a **'trade surplus'** is the opposite. These are sometimes referred to as being **'export-negative'** or **'export-positive'**. For cultural and creative goods and services, we have a significant trade deficit, meaning that overall our cultural and creative industries are export-negative.<sup>87</sup>

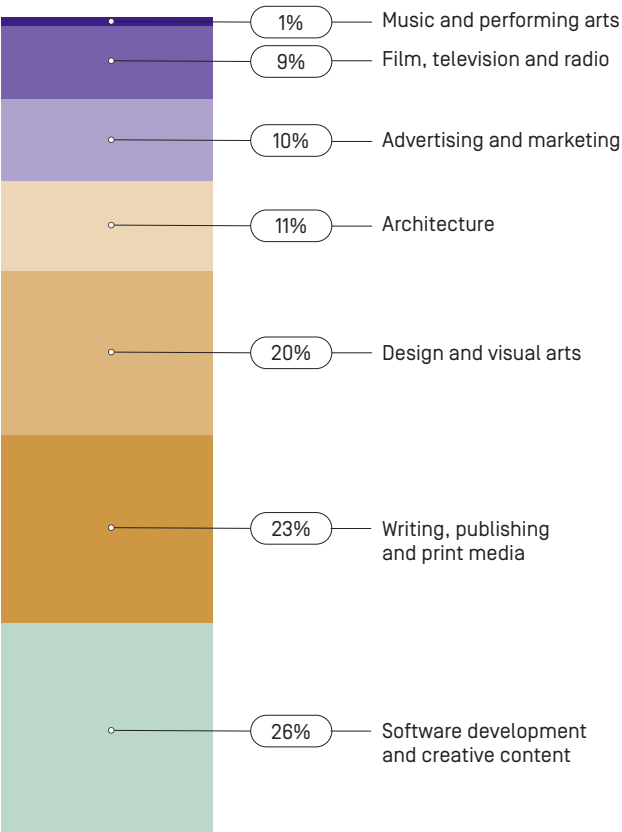


Figure 22: Export contributions by creative segments.  
Source: Adapted from SGS 2013, p. 62, by PwC.

Figure 22 shows how each ‘creative segment’ measured by SGS Economics and Planning contributed to total exports in the cultural and creative industries in 2008–09. However, it is important to note how significantly the world has changed since 2008–09, when this data was collected. For example, in 2017, Australian content creators on YouTube earned an estimated A\$87 million. With 90% of views on Australian content coming from abroad, this means that much of this is export dollars.<sup>81</sup> This is an area that was barely even conceived of as an export in 2008–09.

### Where are our cultural and creative trade successes?

Many of Australia's cultural and creative exports are globally renowned. To give a few examples: our First Nations visual art is internationally recognised;<sup>82</sup> Australian film stars like Chris Hemsworth, Nicole Kidman and Margot Robbie are not only world famous but also some of the world's highest paid actors;<sup>83</sup> and our reputation as digital games makers continues to grow. ‘Untitled Goose Game’ by Australian studio House House is a good example. Topping worldwide charts in 2019, Untitled Goose Game has been described as ‘an ideal example of what makes Australian games so great... [combining] Aussies’ wicked sense of humor with a willingness to experiment with new ideas and then obsessively iterating on those for the finished product’.<sup>84</sup>

Australia has also been successful in using cultural and creative activity in soft diplomacy efforts, in which the export of Australian culture, and the welcoming of cultural imports from other nations, together has helped strengthen our relations with our neighbours.<sup>85</sup> However, this is an area where we could capitalise much more extensively.

### **2.7.2 Why does it matter how much we know about Australia's cultural and creative trade performance?**

Trade, and understanding trade patterns, is important for modern economies for several reasons. Opportunities to export internationally mean that individual Australians and Australian companies have greater access to a more diverse range of markets for their products; plus, a strong export market also provides a signal of demand for the goods and services produced by an Australian industry. On the flip side, the option to import goods and services from abroad means there is a much broader range of goods and services to choose from – something Australians seem to have relished for some time.<sup>66</sup> Given Australia's success as a highly multicultural society, and our propensity for international travel, this is unsurprising.

A trade deficit is not necessarily a problem, but it can represent an unfulfilled opportunity to export Australian goods and services. The benefits of fulfilling this opportunity are not only economic, but also societal. Therefore, it is important to understand Australia's cultural and creative trade deficit, so that we know what opportunities we can take advantage of.

In areas where we aim to excel – such as in the production of home-grown Australian screen content, visual arts, design, music, fashion and gaming – our creative trade deficit may imply there are additional opportunities to service our domestic market. But again, this does not necessarily mean we would want to reduce our imports in these areas, as this could affect the Australian-made 'complementary goods and services' (products that are consumed together with other products) on which many of our imports draw.

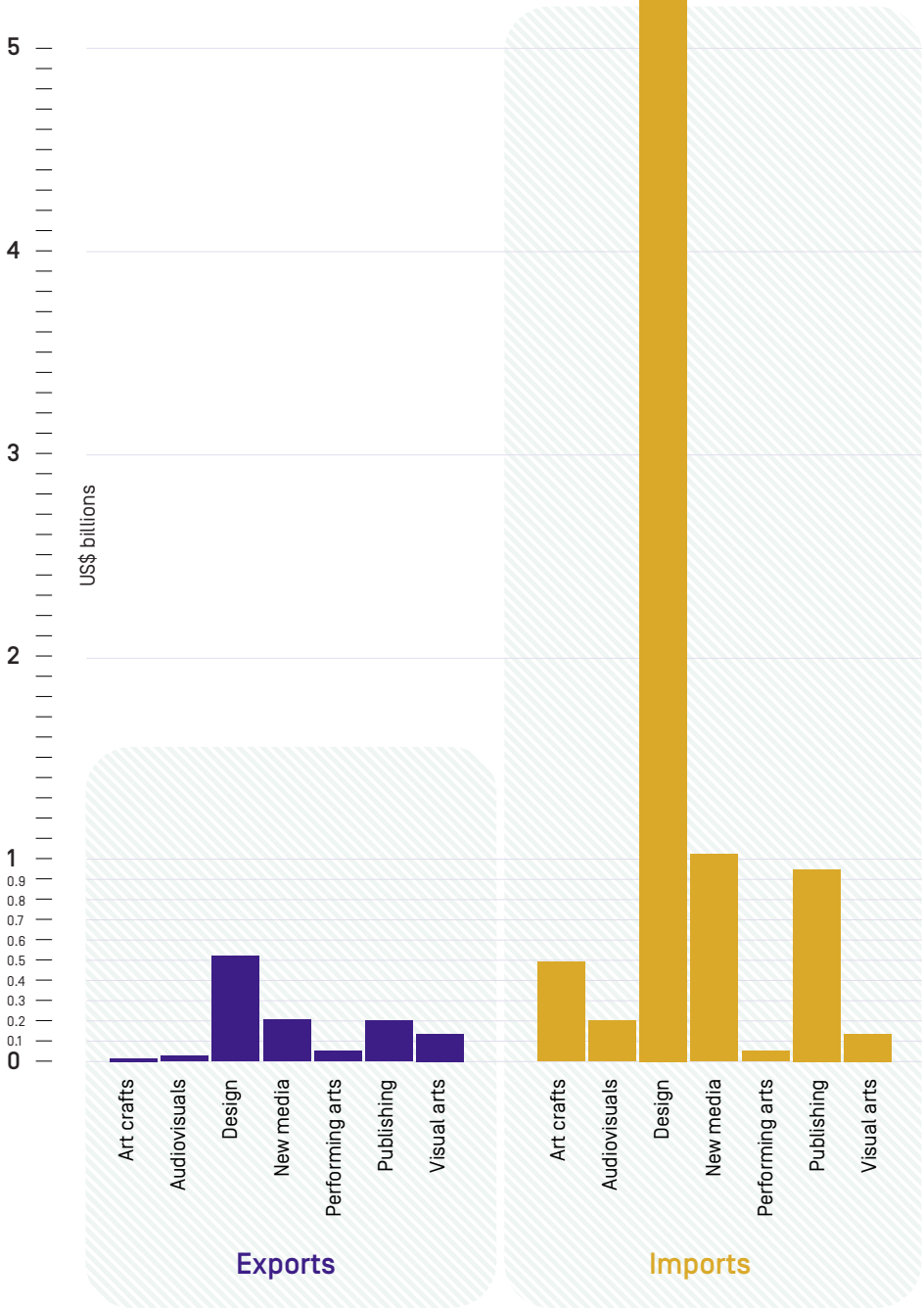
For example, many of the most popular musicals staged in Australia are written abroad, and require the import of intellectual property licensing. But they also stimulate the Australian economy via all of the local complementary goods and services that need to be acquired to stage the musical. If we reduced the number of imported musicals in Australia then our musicals would have more Australian content. However, this may also mean fewer people going to musicals, which would, over time, reduce the demand for those Australian complementary goods and services.



### 2.7.3 What does Australia import and export?

Although there is no significant detailed national modelling for our cultural and creative goods and services trade, we do have high level comparative data from the United Nations Conference on Trade and Development (UNCTAD). According to the UNCTAD analysis, Australia's largest creative goods exporters (in 2014) were design (US\$451 million), publishing (US\$193million) and new media (US\$173 million). Conversely, Australia imported US\$1.9 billion in interior design goods, US\$1.4 billion in fashion accessories, US\$1.1 billion in toys, US\$434 million in books and US\$197 million in newspapers.<sup>88</sup> This can be seen in Figure 23.

Figure 23: Australia's creative goods exports and imports in 2014, in USD. Source: Adapted from UNCTAD 2018, p. 56, by ANA.

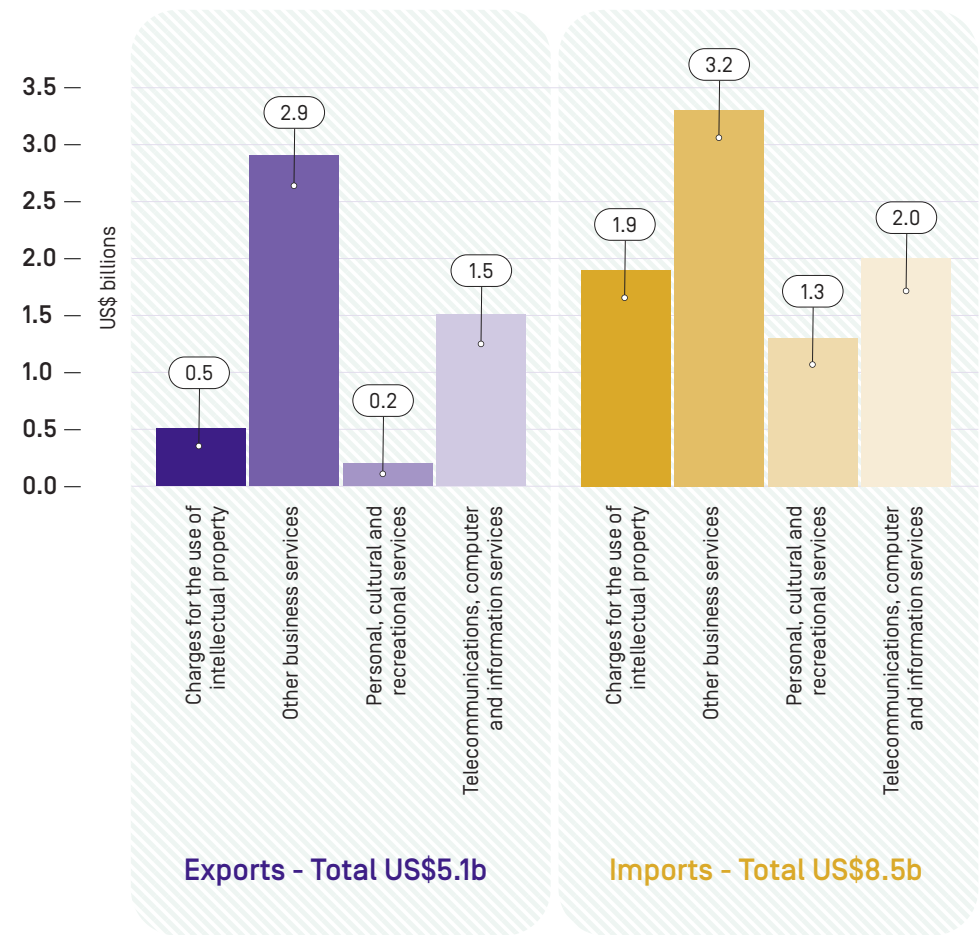


The UNCTAD report considered the trade of creative services separately from goods, as this drew on a different data source. However, it arrived at a similar conclusion: that there was a trade deficit of creative services, in this case, of US\$2.4 billion in 2014 [see Figure 24].<sup>89</sup>

UNCTAD has identified that globally, the creative economy has experienced significant growth over the last two decades. Even following the 2008/09 Global Financial Crisis, the creative economy remained 'robust, demonstrating resilience and in some instances growth, indicating it is a sector with considerable potential for current and future investment'.<sup>90</sup> As Australia enters its first recession in nearly 30 years, optimising our creative trade balance may be useful for our economic survival and recovery.

See [Case study 1](#) (skills and employment), [Case study 4](#) (international education) and [Case study 5](#) (architectural services exports) for more on these important areas of concern.

Figure 24: Australia's creative services exports and imports in 2014, in USD. Source: Adapted from UNCTAD 2018, p. 58, by PwC.



### 2.7.4 Which cultural and creative industries contribute most to our exports?

A report conducted by BCAR, using the ABS Input-Output tables for 2014–15, measured export *intensity* – that is, how much a given industry is reliant on exports.<sup>91</sup> The report makes the critical point that most industries included in this study are only partially creative [or partially what we are calling ‘cultural and creative’]:

*Because input-output tables are published using a different classification to ANZSIC, there are some input-output industry categories that include both creative and non-creative industries. These are classified as ‘partially’ creative industries...<sup>92</sup>*

As is visible in Figure 25, the most export intensive industry category is ‘other manufactured goods’, a partially cultural and creative industry subdivision. The cultural and creative component of this is jewellery manufacturing, with 17% of gross output exported overseas. The largest wholly cultural and creative industry category was Computer systems design and related services, at around 4%. The report points out that the cultural and creative industries have a lower export intensity than the economy as a whole.

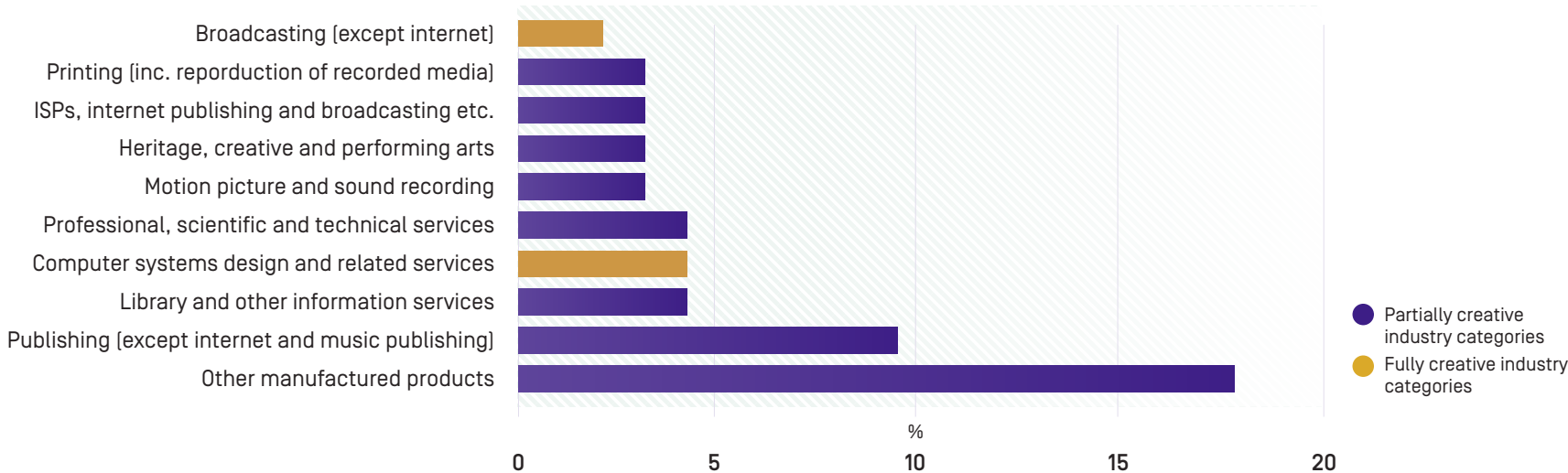


Figure 25: Reliance per industry category on exports (2014–15). Only categories deemed partially or fully ‘cultural and creative’ included. Source: Adapted from BCAR 2019, p. 16, by ANA.



### Australia's top trade partner: China

*In 2015, China had the world's highest creative trade surplus (US\$154 billion) due to its extraordinary creative goods export performance and growth. According to UNCTAD, 'China has prioritised the development of a cultural industry as a means to create jobs, establish internationally competitive creators of content, and exercise 'soft power' by promoting Chinese culture overseas'.<sup>96</sup>*

### **2.7.5 How does our cultural and creative trade performance compare to other countries?**

Australia is typically about the 14th largest economy in the world,<sup>93</sup> and has a wide range of advantages at a global level. A 2015 report from the Australian Council of Learned Academies (ACOLA) found that Australia has significant comparative advantages over other countries, including in areas like cultural institutions, and that we could further capitalise on opportunities for innovation and the development of advanced technologies.<sup>94</sup>

So, how does trade in Australian cultural and creative industries compare with other nations? According to UNCTAD, in 2015 Australia was in the top 10 countries with cultural and creative trade deficits. This means that we import a lot more, especially when it comes to creative goods, than we export. In fact, for every \$1 that we export in creative goods, we import \$8, and for every \$1 of creative services we export, we import \$2<sup>95</sup>, as was depicted in Figures 23 and 24.

Table 3 (overpage) provides a breakdown of the top 10 countries by trade deficit of creative goods. It is ordered by the total deficit size, but also compares them on a deficit per capita basis.

It may be surprising to see the US in this list, given the ubiquity of American screen content around the world. However, it should be noted that UNCTAD counts screen content as an audiovisual service, as opposed to a good. This means neither Hollywood, nor any other nation's film and television industries are represented in these figures. Because the distinction between creative goods and creative services is not clear cut, it can be difficult to collect adequate and comparative data about cultural and creative trade, where these distinctions matter. For more on the question of which cultural and creative activities are goods and which are services, see [Appendix 4](#).

We can also look to the OECD's comparative data on personal, cultural and recreational services to understand our comparative trade performance. The OECD claims Australia has a strong comparative advantage in our own region, although we are only ranked 13th of the OECD countries included in the study (using 2015 data).<sup>97</sup> However, some of our other stronger areas of services exports, such as travel services and education-related services, are also closely tied to the cultural and creative industries, as the case studies in [Part 3](#) demonstrate.

Industry	Deficit [US\$]	Population [2015]	Deficit per capita [US\$ per capita]
United States of America	-\$65 billion	320,635,163	-\$203
Japan	-\$11 billion	127,141,000	-\$87
Canada	-\$7 billion	35,702,908	-\$196
Australia	-\$7 billion	23,815,995	-\$294
France	-\$7 billion	66,548,272	-\$105
United Kingdom	-\$6 billion	65,116,219	- \$ 92
Hong Kong (China)	-\$5 billion	7,291,300	-\$686
Switzerland	-\$4 billion	8,282,396	-\$483
Saudi Arabia	-\$4 billion	31,717,667	-\$126
Russian Federation	-\$3 billion	144,096,870	-\$21

Table 3: Countries with the highest deficits in cultural and creative goods in 2015, in descending order. Source: Adapted from UNCTAD 2018, p. 25, and World Bank Open Data 2020, by PwC.

### Example: Australia’s music exports

The 2019 Born Global: Australian Music Exports report<sup>98</sup> found that approximately 40% of Australian musicians receive foreign income for their work, including income derived from:

- \* touring abroad
- \* digital streaming and downloads
- \* synchronisation [receiving licensing fees when someone overseas used their music in a video format]<sup>99</sup>
- \* distribution
- \* publishing and broadcasting deals
- \* other kinds of licensing of intellectual property
- \* physical sales and merchandising.

The sum of all Australian music exports [including income to artists, music recorders and music publishers] was estimated at A\$194.6 million.

This suggests that our music artists are entrepreneurial, and thrive in a changing environment. It only takes relatively small amounts of government support to help artists at critical stages of their careers to develop an international following.

Considering the incredible success of countries like South Korea in exporting pop culture, particularly K-pop music, imagine if all Australian musicians were encouraged and enabled to seek international markets.

## Summary of Part 2

The cultural and creative economy (that is, all the cultural and creative activity undertaken by the creative workforce that contributed to GDP) was estimated at \$111.7 billion in 2016–17.

This activity is undertaken across 12 'domains' (Broadcasting, electronic or digital media, and film; Design; Environmental heritage; Fashion; Library and archives; Literature and print media; Museums; Music composition and publishing; Other cultural goods and manufacturing and sales; Performing arts; Supporting activities; and Visual arts and crafts.)

All 12 domains helped to grow the economy in 2016–17.

Almost 50% of cultural and creative activity came from the Design domain, which includes graphic design, fashion design, interior design, jewellery design, textile design, architectural services, advertising services and computer system design, among others.

Literature and print media is the only area that experienced negative growth in the period between 2008–09 and 2016–17.

The creative arts help stimulate the broader cultural and creative economy, and the cultural and creative economy in turn helps stimulate the rest of Australia's economy via 'spillover effects' at a higher rate than the average of Australian industries.

There are more than 800,000 people employed in Australia's cultural and creative workforce. This is 8.1% of the total Australian workforce.

On average, close to 40% of the income of Australian cultural and creative organisations is earned through product sales (for example, box office sales, the purchase of creative services, or items like CDs or artworks). Another 27% comes from private sources like philanthropy, and another 27% comes from government sources.

Cultural funding by federal, state and territory governments is fairly evenly split between film, radio and television (32.5%); museums, archives, libraries and heritage (37.7%) and the arts (29.7%).

On average over a 12-month period, Australian households spend around \$50 a week on cultural and creative goods and services. The majority is for cultural equipment like televisions and games consoles, and craft items, particularly jewellery.

Australians' cultural and creative participation is increasing, with up to 45% of Australians crafting, producing or collaborating in the making of art, including increased participation in visual arts and craft, music, dance, theatre and creative writing.

Australia has a cultural and creative trade deficit, particularly in terms of creative goods. However, there are limited details about this because the modelling to determine Australia's cultural and creative trade performance has not been conducted on data more recent than 2008–09.





# **PART 3:** **ILLUSTRATING THE CULTURAL AND CREATIVE ECONOMY**



## Part 3: Illustrating the cultural and creative economy

Parts 1 and 2 of this report aimed to explain what the creative economy is, what it constitutes, how we measure it and how it is related to other aspects of the economy. Part 3 has a different goal. Here, we add flesh to the bones sketched in the first two sections, by *illustrating* five key points that stakeholders should understand about the cultural and creative economy going forward.

We do this through five case studies that exemplify these specific points for understanding. Of course, these case studies are not the only examples we could have used to make these points. However, they help explain not only the scope, but also the stakes, in Australia's engagement with the creative economy.

### Area of activity

[Case study 1: Skills and employment – distribution and change in the workforce](#)

[Case study 2: How changes to news production are contributing to the decline in Australia's 'Literature and print media' domain](#)

[Case study 3: The economic and social value of culture and creativity to communities](#)

[Case study 4: The growth in cultural and creative international education](#)

[Case study 5: Architectural services exports – a success story](#)

### Key point about the cultural and creative economy

Creative employment and skills are key drivers of 21st century economic growth. The proportion of jobs in the cultural and creative industries has grown, and the skills most prevalent in these industries are also predicted to be in high demand in the future.

Digital disruptions are causing significant changes in some cultural and creative industries' business models, and that has significant consequences for entities that serve both a private and a public value purpose.

Investment in arts, culture and creativity enables place-based community-building activity, links professional and community arts and cultural practices, and facilitates economic development.

Before Covid-19, international education was Australia's largest service export. Demand from international students for formal training in Australia's cultural and creative industries has been steadily increasing, indicating that these courses will be pivotal in rebuilding the international education industry post-pandemic.

Despite Australia's creative trade deficit, not all of our cultural and creative exports are export negative and, more importantly, many of them have the potential to create virtuous circles of economic activity with adjacent industries.

## 3.1 Case study 1: Skills and employment – distribution and change in the workforce

### 3.1.1 The workforce is changing. Are we ready?

Today's job market is more competitive than ever. Even before the pandemic hit, research showed that there were approximately 20 applications per advertised vacancy in Australia, and only three of those candidates were interviewed.<sup>100</sup> Today's employers expect candidates for most jobs to be highly skilled, qualified and experienced.

The emergence of innovative new technologies has had, and continues to have, a significant impact on the global workforce. As growth in digital-intensive industries continues, and automation through artificial intelligence becomes more disruptive, skills performed manually are now being performed more efficiently through the use of robots and computers. This includes tasks such as manufacturing processes that are generally repetitive, predictable and operate in highly structured environments. As automation becomes increasingly common, workers will perform new, more complex tasks, as well as more tasks that complement machines.<sup>101</sup>

Automation has seen a shift in the skills required of the workforce. Whilst some 'traditional' skills will be important, a broad knowledge base in addition to interpersonal skills, higher-order cognitive skills and systems skills will likely be required.<sup>102</sup>

Creative skills are highly transferable, meaning they will be valued by many different employers across a range of industries and roles. This is particularly valuable in light of accelerating job and skill adaptability requirements. Research by the World Economic Forum in 2018, for example, surmised

that more than half of all current Australian employees would require significant reskilling or upskilling as soon as 2022.<sup>103</sup> The report also found that 'creativity, originality and initiative' was the foremost emerging skill category in Australia.

In this case study, we unpack the multiple reasons that the cultural and creative industries are slated to be so successful in the future, and why employees with cultural and creative skills and qualifications are likely to be in high demand.

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### Key point about the cultural and creative economy

Cultural and creative employment and skills are key drivers of twenty-first century economic growth. The proportion of jobs in the cultural and creative industries has grown, and the skills most prevalent in these industries are also predicted to be in high demand in the future.



### 3.1.2 The creative workforce is large, and growing

As the landscape of the global workforce evolves to accommodate new technologies, jobs in the creative economy, specifically those involved in the creation of new intellectual property, have grown — from being 3.7% of the total Australian workforce in 1986 to 5.5% in 2016, as shown in Figure 26.<sup>104</sup> This suggests that jobs in creative occupations and industries are growing at nearly twice the rate of the Australian workforce.<sup>105</sup>

As shown in the Creative Trident diagram in [1.1.2](#), the creative workforce is made up of:

- \* 'specialist creatives' (cultural and creative industries specialists) – people working in cultural and creative occupations within their own industries. This includes:
  - cultural production (for example, film, television and radio, music and performing arts, publishing and visual arts)
  - creative services (for example, advertising and marketing, architecture and design, software and digital content)
- \* 'embedded creatives' (in both cultural production and creative services roles) who work in creative occupations outside the cultural and creative industries, across the rest of the economy.
- \* 'support professionals' who work in the cultural and creative industries, such as technicians, accountants, lawyers or salespeople.<sup>106</sup>

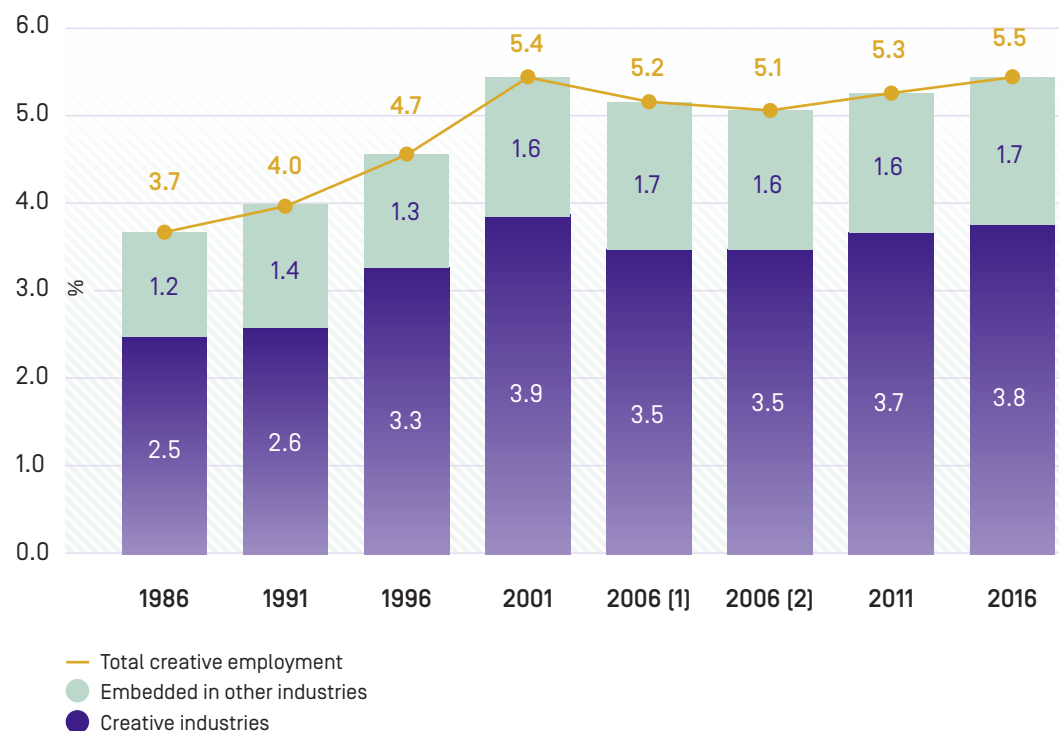


Figure 26: Creative employment as share of Australian workforce.  
Source: Cunningham and McCutcheon 2018b, Factsheet 2, adapted by PwC. Note: Industry classification systems changed in 1996 and 2006. The 2006 results are presented twice here, using both classification systems, to aid comparability over time.

Table 4 and Figure 27 take each of these forms of employment in turn, using Cunningham and McCutcheon's figures.

### Specialist creatives

Table 4 shows that the majority of specialist creatives are employed in creative services industries such as advertising and marketing, architecture and design, software and digital content. These are high-tech, high-impact industries grouped mostly within the 'Professional, Scientific and Technical services' industrial division – the category that had been found (pre-Covid-19) to have the most significant growth potential in Australia (with predicted 15.1% growth).<sup>107</sup>

The remainder are employed in cultural production industries, including film, television and radio, music and performing arts, publishing and visual arts. Many of these industries sit within the 'Arts and Recreation' industrial division, which was predicted (again, pre-Covid-19) in industry employment projections to have the fourth highest percentage growth rate in the next five years (at 10.4%). However, employment in film, television and radio, which sit in the 'Information Media and Telecommunications' division, are expected to see a small decline (-0.3%) in employment over the same period, and publishing, including print media, has seen significant declines, as detailed in [Case study 2](#).

These are continuations of trends that, as shown in Figure 27, may have been in train since at least 2011.

		Persons employed		Share of total creative employment		Growth from 2011 to 2016
		2011	2016	2011	2016	
Creative services occupations	Embedded	128,110	153,960	24%	26%	3.70%
	Specialists	81,200	95,640	15%	16%	3.30%
	Other creatives	4,880	5,510	1%	1%	2.50%
	Support	156,020	183,970	29%	31%	3.40%
	<b>Total</b>	<b>370,210</b>	<b>439,080</b>	<b>70%</b>	<b>74%</b>	<b>3.50%</b>
Cultural production occupations	Embedded	31,340	31,060	6%	5%	-0.20%
	Specialists	50,950	51,800	10%	9%	0.30%
	Other creatives	9,960	9,220	2%	2%	-1.50%
	Support	68,480	62,680	13%	11%	-1.80%
	<b>Total</b>	<b>160,730</b>	<b>154,760</b>	<b>30%</b>	<b>26%</b>	<b>-0.80%</b>
<b>Total creative employment</b>		<b>530,940</b>	<b>593,840</b>	<b>100%</b>	<b>100%</b>	<b>2.3%</b>

Table 4: Employment, share of jobs and growth by cultural and creative occupation, 2011-2016. Source: Adapted from Cunningham and McCutcheon 2018b, Factsheet 2, by ANA.

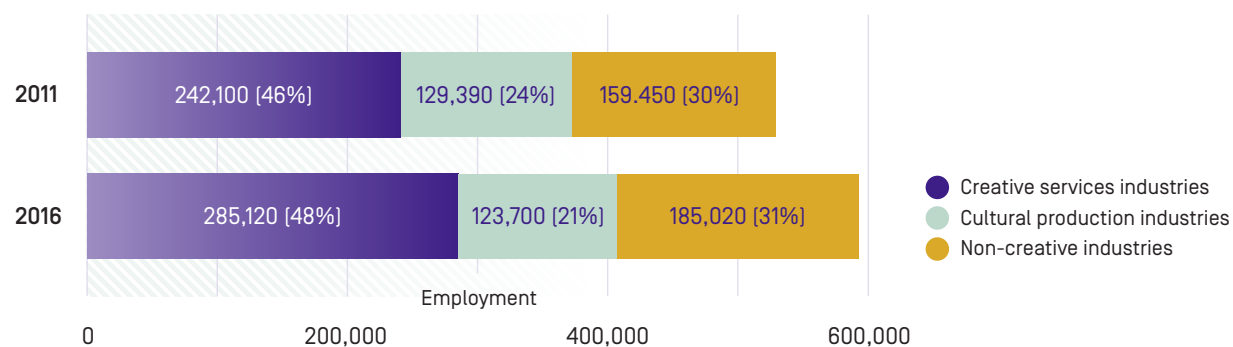


Figure 27: Creative employment by industry. Source: Cunningham and McCutcheon 2018b, Factsheet 2, adapted by PwC.

The stagnated growth in cultural production employment may also be explained by the improbability of employees continuing to work within a cultural production industry over time. A 2018 study into those in cultural production occupations observed that only around 20% of artists in the study remained in the occupation after 10 years.<sup>108</sup> This speaks to the high levels of vulnerability experienced by those in cultural production roles. The study suggested this could be the result of a combination of factors, from the low barriers to entry in some cultural production roles (for example, you can get a job as an actor without any formal training or experience, but this does not mean you will continue to get work after your first role), to difficulties with earning a living wage. In Australia, the Covid-19 pandemic lockdowns have highlighted these vulnerabilities, showing the precarity of the gig economy that prevails throughout the cultural and creative industries.

These stagnation figures could also be indicative of weaknesses in the way the Census collects data about employment. The Australian Census allocates respondents to a job category based on their 'main job' in the week of data collection. However, a 2017 study found that on average, 43% of professional artists had been categorised into a non-artistic occupation in the 2016 Census, as a result of their participation across multiple industries.<sup>109</sup>

In contrast, creative services increased their share of total creative occupations to almost 75% in 2016 (across specialist and embedded creatives).<sup>110</sup> While this may look like an encouraging trend for creative services occupations, the interactions between cultural production and creative services industries was made clear in [2.3.1](#): a thriving arts and culture

scene, within which cultural production roles are most prevalent, feeds and nourishes a vibrant creative services sector. Both should be nurtured and valued.

### **Embedded creatives**

It is easy to underestimate the size of the creative workforce when more than 30% of creative employees are hidden within the employment figures of other industries. Figure 27 (previous page) shows, however, that approximately one-third of people employed in the creative economy are working in non-creative industries, and this is one of the most rapidly growing segments of the creative economy. This means that, using Cunningham and McCutcheon's figures, there are almost 190,000 Australians with creative qualifications and skills who are using their skills to add value in other industries.

An example of how creatives may be embedded in non-creative industries comes from a 2008 analysis of creatives working in healthcare settings.<sup>111</sup> These creatives worked in: software development, helping to create more efficient and effective digital systems and tools; gaming and virtual reality design roles, particularly for training new doctors without having to put patients at risk, or as diversionary therapy for patients in pain; advertising, marketing and communications for both public health communication as well as private health clinics promoting their services; graphic design and visual arts, producing visuals used in diagnosis, surgery planning and research. These are just a few examples. As the healthcare system faces significant and rapid change, it has looked to cultural and creative skills to help it adapt.



Support professionals

The final group of employees in the creative economy is support professionals, who are non-creatives working in the creative industries. Constituting nearly 250,000 workers and 41% of the total creative workforce [see Table 4 on p. 78 — look at support professionals across both creative services and cultural production industries in Cunninham and McCutcheon's study], support professionals are critical to the functioning of this sector. Support professionals working in creative services are also, on average, the highest paid employees of the three groups, as shown in Figure 28, while support professionals working in cultural production industries were paid similarly to the mean Australian annual income.

It is important to remember this high number of support professionals working in the cultural and creative industries, particularly at a time like this where Covid-19 has seriously disrupted creative businesses.

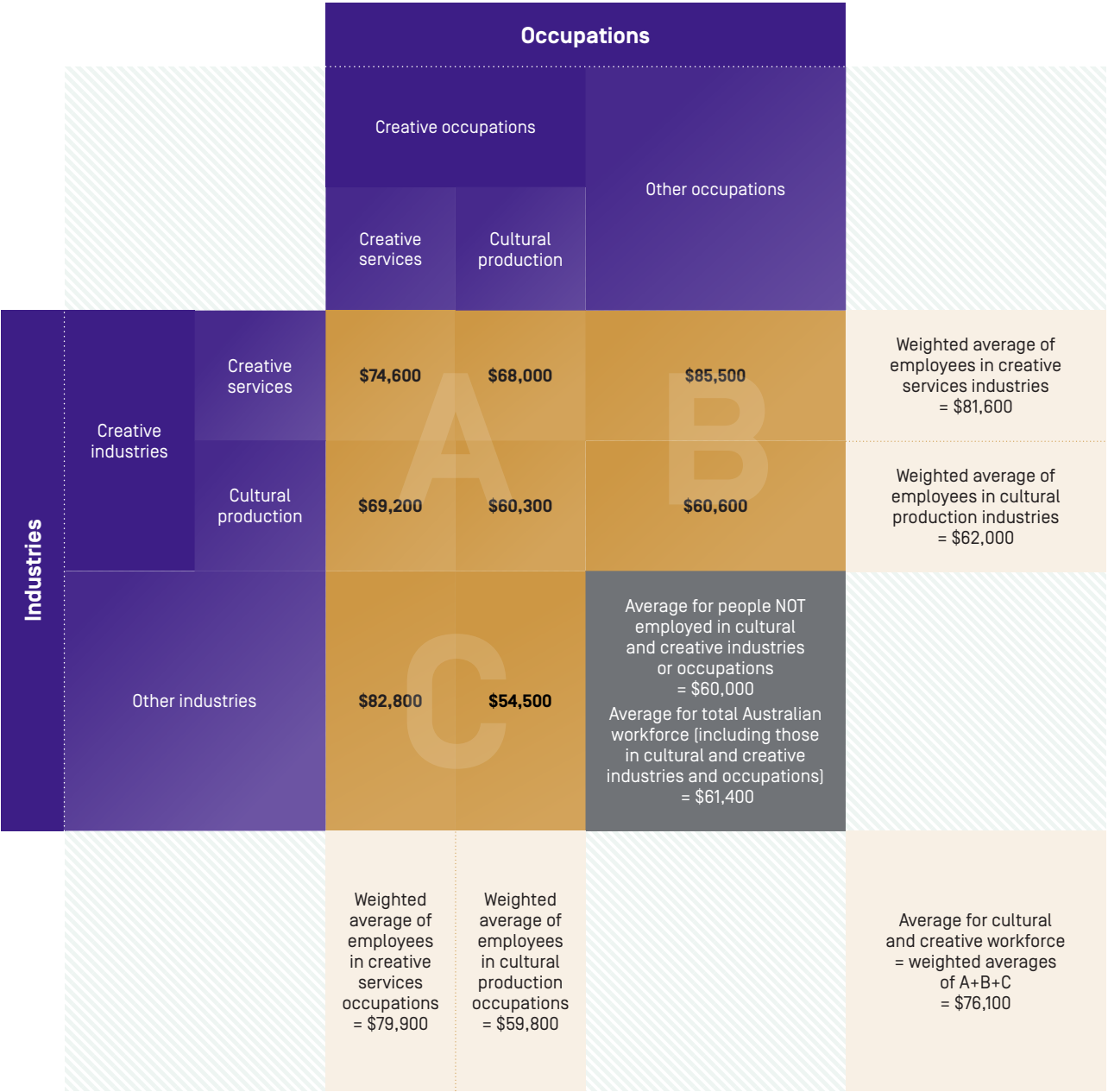


Figure 28: Estimates of average income across the cultural and creative workforce in 2016. |A = Specialist creatives | B = Support Professionals | C = Embedded Creatives|. Source: Adapted from Cunningham and McCutcheon 2018b, Factsheet 2, by ANA. Note: as the averages are weighted, the cell values do not average out. Values derived from source.

### 3.1.3 Australia's highest-performing industrial divisions have a high intensity of creative workers

As discussed, many of Australia's fastest-growing industries have a high proportion of workers with creative qualifications and skills. This is clearly evidenced in Figure 29. Of these six fastest-growing industries, Professional, Scientific and Technical Services; Rental, Hiring and Real Estate Services; and Information, Media and Telecommunications hold the highest share of workers with creative qualifications, suggesting a reliance on creative skills.<sup>112</sup>

So that's fast growth; what about high growth? Forecasting performed by the Australian Government Department of Jobs and Small Business in 2018 found that 13 of Australia's industries were estimated to be 'high growth industries' between 2018 and 2023. Within these high growth industries, 14.6% of the workforce held a creative qualification. This compared with 9.5% of the overall workforce holding a creative occupation at that time.<sup>113</sup> These statistics suggest that creative skills are important now, but also indicate their importance for the future of Australia's workforce.

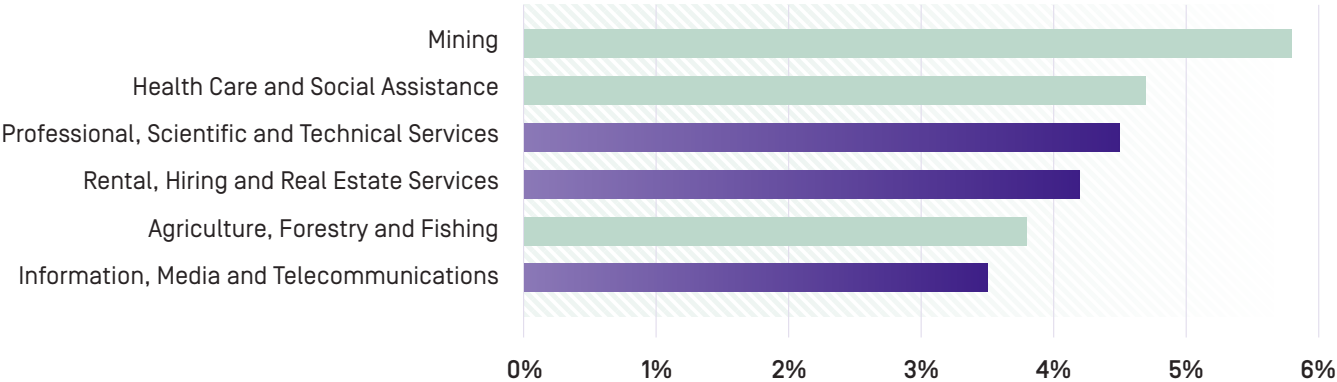


Figure 29: The top six fastest growing industries in Australia between 2006–07 and 2016–17. Purple bars have a high proportion of workers with creative qualifications. Source: Adapted from BCAR estimates based on ABS (2017) Australian System of National Accounts, 2016–17, Cat. No. 5204.0. Adapted by PwC.

### **3.1.4 There is a clear relationship between creativity, innovation and a future-proofed workforce**

Research from the UK found strong evidence that creative skills will contribute significantly to the future of work. A 2017 study by Nesta found that creative, digital and design occupations in the UK have a strong likelihood of growth in the lead up to 2030.<sup>114</sup> It also found that the skills of judgement and decision making, fluency of ideas and originality – skills used heavily in the cultural and creative industries – were the three skill areas most likely to experience increased demand in the future.<sup>115</sup>

Fusing ideas from creative arts and technology has been found to increase innovation and, in turn, increase firms' growth in some contexts. A comparative study in the UK and South Africa<sup>116</sup> found most firms that combined these different ways of thinking ('fused' firms) experienced at least minor growth. In contrast, firms that did not consider it important ('unfused' firms) were more likely to see at least a minor contraction. The UK sample of 'fused' firms was growing almost twice as fast as UK firms that were 'unfused'. The study also found that firms with higher levels of fusion reported significantly higher levels of innovation.

In Australia, some of the characteristics used to help determine which industries and occupations should be classified as cultural and creative – that is (in short), novel processes, a resistance to mechanisation, non-repetitive or non-uniform processes or outcomes, creative contributions to the value chain, and the production of new ideas, rather than the transformation of existing ones (see [1.1.6](#)) – are strongly aligned with Australia's 21st century skills. These focus on creativity, innovation, critical thinking, metacognition and flexible problem solving.<sup>117</sup>

### **In conclusion**

This case study outlines how creative employment and skills are key drivers of 21st century economic growth. The proportion of jobs in the cultural and creative industries has grown, and the skills most prevalent in these industries are also likely to be in high demand. New research methodologies have made it possible to predict which occupations and skills are likely to be most valuable to an economy, and Australia is in a good position to take advantage of the upcoming changes, if we act now.



## 3.2 Case study 2: How changes to news production are contributing to the decline in Australia's 'Literature and print media' domain

### 3.2.1 Digital disruption in the cultural and creative industries

The Covid-19 pandemic has accelerated the move to online consumption of cultural and creative content. Some content creators (including artists and cultural institutions) already had strong online distribution and engagement options, which they have scaled up, while others have had to rapidly develop these.

This has had many benefits, not the least of which is the opportunity for audiences to connect with many of their favourite creators and for some experiences to become more accessible. But it also presents challenges.

This case study explores how the move to predominantly online consumption of news content has impacted the 'Literature and print media' domain in Australia. It considers how these effects illustrate the impacts of increased digital distribution and consumption throughout the cultural and creative economy and how this, in turn, can affect society more broadly.

This example illustrates some of the challenges for content creators and content-driven businesses, as online consumption becomes more common. In moving to these profoundly different modes of distribution and consumption, how can we ensure that creators of quality content — content that serves both a private and public value function — are able to capture a fair slice of the value?

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### Key point about the cultural and creative economy

Digital disruptions are causing significant changes in some cultural and creative industries' business models, and that has significant consequences for entities that serve both a private and a public value purpose.

### 3.2.2 What is 'Literature and print media'?

The ABS 'Literature and print media' domain is made up of the following ANZSIC industry divisions:

- \* **Printing**
- \* **Printing support services**
- \* **Book and magazine wholesaling** [that is, the warehouses that supply retail outlets with books and magazines]
- \* **Newspaper and book retailing** [from newspapers and magazines sold at your local newsagents to printed books sold at an independent bookstore or on Amazon.com.au, noting that books bought in Australia from Amazon.com, the US-based Amazon retailer, are counted as imports and therefore do not count towards Australia's economic activity and GDP.<sup>118</sup>]
- \* **Newspaper publishing** [publishing in this context includes creating and disseminating printed materials, but does not include digital publishing]
- \* **Magazine and other periodical publishing**
- \* **Book publishing**
- \* **Other publishing, such as greeting cards, postcards and art prints** [but does not include publishing software or music, or publishing on the internet].<sup>119</sup>

As this list makes clear, the focus of this domain is on print-specific goods and services. This is true across the areas of both literature and media. According to the ABS definition, 'Literature is the product of the creative minds of authors, whether this be writing books, or [writing] articles for publication in newspapers and magazines'.<sup>120</sup> The 'media' in 'Literature and print media', therefore, refers to the plural of the *medium* being printed on. However, the focus of this case study is the decline in *news* media — that is, journalism and the production of the news — and the impact that decline is having on the economic downturn in the Literature and print media domain. From here on, we will refer primarily to news media, except in naming the Literature and print media domain.

### 3.2.3 Understanding the scale of decline

Literature and print media is the only cultural and creative domain to have experienced negative GVA growth since the initial ABS analysis of Australian cultural and creative activity in 2008–09.

In [2.2.2](#), we outlined the particularly noticeable decline in the Literature and print media domain since 2011–12. This can also be seen in Figure 30 below. A significant portion of this decline can be attributed to structural changes in news media – most notably, the move to online platforms that accelerated around this time.<sup>121</sup>

### 3.2.4 Digital disruption: a catalyst for change in print news media

#### The decline in print news and print advertising

The news media industry has undergone significant structural change in recent years as consumers have increasingly moved online. This has resulted in a reduction in demand for print newspapers.<sup>122</sup> The consequences of this decline are illustrated in Figure 31 (overpage).

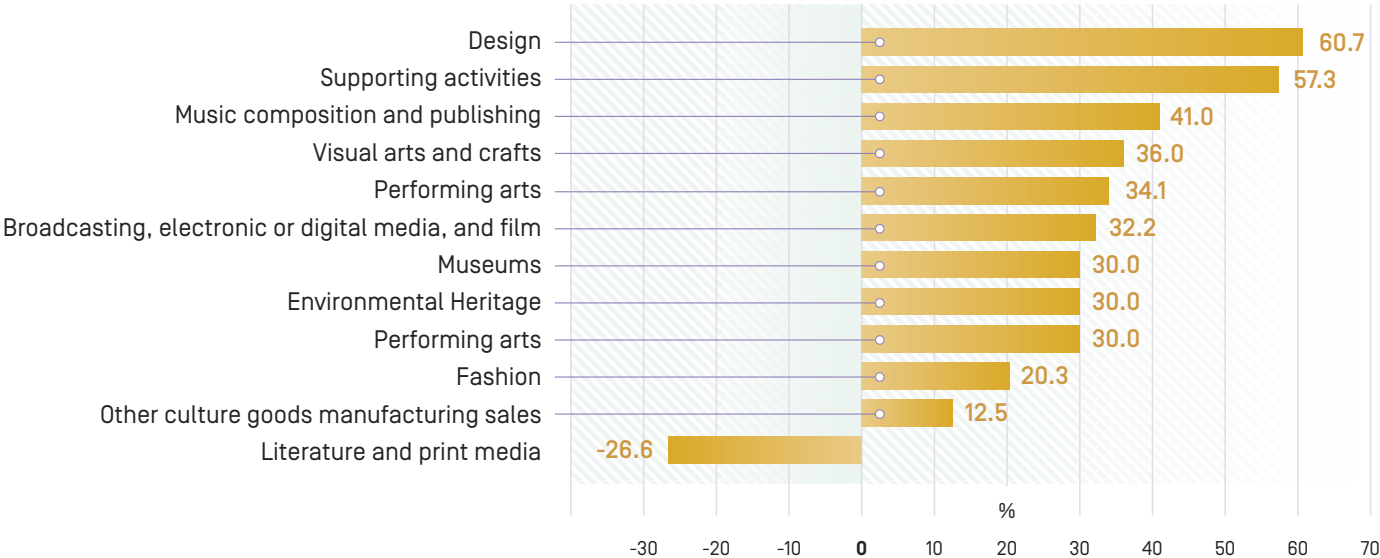


Figure 30: Nominal GVA growth by domain, cultural and creative industries, 2008–09 to 2016–17 Source: Adapted from ABS cat. 5204, 5209 and BCAR 2018, by PwC.



## Cause and effect chart of the decline in print news media

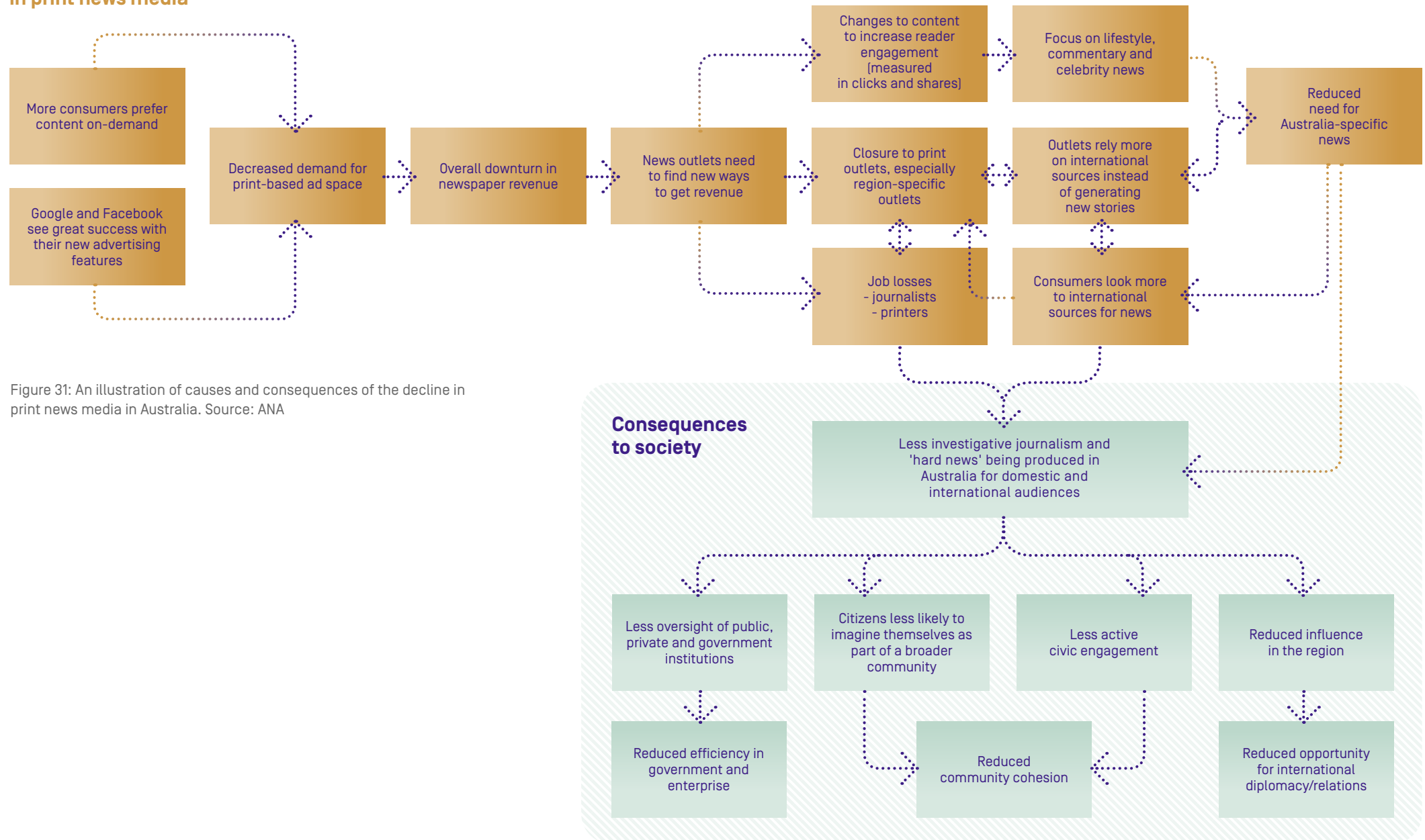


Figure 31: An illustration of causes and consequences of the decline in print news media in Australia. Source: ANA

The reduction in demand for print newspapers has in turn significantly decreased the demand for print-based advertising space. Advertisers are less likely to pay to post their advertisements in print when print readership is declining, particularly when advertising on online platforms is either competitively priced or free. As Australia's advertising market has shrunk, this has in turn created even greater opportunities for technology companies such as Google (which recently announced a record Australian revenue of \$4.8 billion) to pick up advertising dollars that might previously have gone into print advertising.<sup>123</sup> This has had a massive impact on Australia's news media industry, given the historical importance of advertising to news media revenue.<sup>124</sup>

Leading the advertising decline has been newspaper classifieds, with revenue dropping from \$1.5 billion in 2002 to \$200 million in 2018.<sup>125</sup> Classifieds, once dubbed 'rivers of gold' by Rupert Murdoch, are now predominantly the realm of specialist online sites like Gumtree, Craigslist and Facebook Marketplace. The move away from print classifieds accounts for 92% of newspaper revenue declines over the period 2002 to 2018.

In contrast, advertising in *digital* news media has increased quite significantly in recent years. But as the decreases in advertising in *print* news media have been even more significant, this has still led to an overall downward trend, as can be seen in Figure 32.

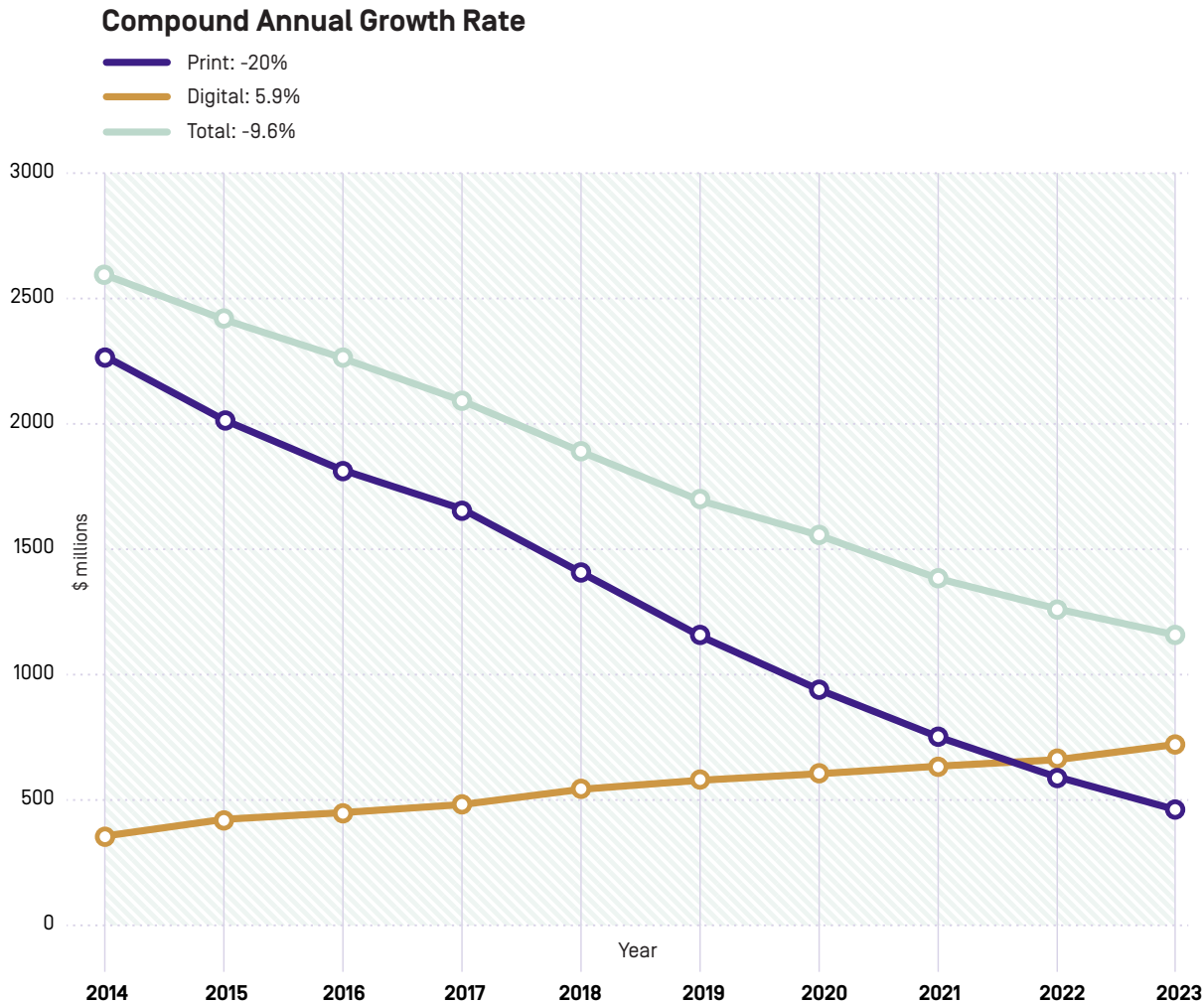


Figure 32: Australia's Newspaper Advertising Market (Real and Forecast) 2014–2023. Source: Reproduced from PwC 2019, by ANA.

### Changes in news preferences

News media companies have been forced to adapt to these changing consumer preferences, not only by shifting the medium they operate in – that is, by moving from print to online platforms – but also by adapting their content to suit. The ACCC's 2019 Digital Platforms Inquiry found that consumers tend to use digital platforms to access some forms of news more than others, with a greater focus on celebrity news and lifestyle news, and a reduced focus on crime, justice, business and economic news.<sup>126</sup> Digitally focused news media often use algorithms rather than human editors to choose and promote news that is likely to be most popular with the desired demographics of the outlet, which further amplifies this trend away from 'hard news'.

### Significant declines in journalism jobs and associated printing jobs

In addition to adapting their business models, the severe contractions in the Australian media landscape have required media companies to offset lower revenue with cost-saving initiatives to remain profitable. As advertising revenues have decreased over the past 20 years, the ability of some media businesses to fund Australian news and journalism has also decreased. This has resulted in a 42% cut in jobs in the newspaper publishing industry between 2010 and 2020.<sup>127</sup> As shown in Table 5, these are significant losses, especially in print-specific journalist roles, and even when compared with other news-related occupations.<sup>128</sup>

Industry	2006	2011	2016	% change
Newspaper editor	4844	5059	4388	-9.4
Print journalist	6308	5510	3827	-39.3
Radio journalist	671	603	468	-30.3
Television journalist	1059	1123	1002	-5.4
Journalists and other writers NEC*	1279	1705	1984	55.1
Journalists and other writers NFD**	1414	2125	2532	79.1
<b>Total</b>	<b>15573</b>	<b>16125</b>	<b>14201</b>	<b>-8.8</b>

Table 5: The decline in print journalist positions vs other types of journalism between 2006 and 2016. Source: Occupation data collected by the ABS. Reproduced from UTS Centre for Media Transition 2019, p. 30, by ANA. Notes: Values taken directly from source. \*NEC: Not elsewhere classified (jobs that don't neatly fit into other categories). \*\*NFD: Not further defined (jobs that were insufficiently described to be placed within a category).



### Closure of community titles

Along with job losses and reductions in print readership, Australia has also seen significant closures or suspensions of news outlets. Between January 2019 and May 2020, 157 newsrooms have been closed, with the decline accelerated recently due to the impact of the Covid-19 pandemic.<sup>129</sup>

Regional centres have, in many cases, been the worst hit. According to the ACCC's Digital Platforms Inquiry, the industry experienced a 15% drop in the number of Australian local and regional newspaper titles between 2008 and 2018, with at least 21 local government areas left without a single local or regional newspaper.<sup>130</sup>

When viewed through the lens of public interest journalism and local community cohesion, community news outlets have been described as providing a vital public service, and could therefore be seen as a public good. However, from a purely economic perspective, they are increasingly difficult to justify. According to the University of Canberra's annual Digital News Report,<sup>131</sup> the average regional news consumer is generally less interested in news, and more likely than their city counterparts to consume news through television or social media than via a written source. Only 30% of regional news consumers had accessed a regional or local newspaper in 2019. Importantly, regional consumers are, on average, even less willing to pay for news than city consumers, especially when it is accessed online. Perhaps of greatest concern is that consumers in regional areas were found to have the least trust in news, the greatest concern about fake news, and the highest levels of news fatigue.

These figures should be concerning for regional communities. Various international studies have directly linked reductions in community journalism with declines in civic engagement, as well as reduced oversight leading to reduced efficiencies, especially in local government and in the management of public finances.<sup>132</sup> And these figures seem to tell a story of another vicious cycle: engagement with community news decreases, leading to job losses for journalists and closures for newsrooms, resulting in less rigorous and engaging journalism in the regions, leading to decreasing engagement with community news.

### Reductions in Australian-generated content

As the demand for hard news decreases with the shift to digital platforms, news outlets are seeing less need to produce Australian content. To fulfil consumers' desires for lifestyle or celebrity news, outlets are relying more on international sources, as are consumers when they access news directly online, rather than going through an Australian news outlet's website.

We have argued elsewhere how important it is for Australians to be able to see themselves reflected back in the arts and culture they consume.<sup>133</sup> This principle is equally valid regarding the news media. When news outlets rely heavily on international sources to provide news content in Australian newspapers, rather than producing that news ourselves, Australians lose an opportunity to use the news to imagine themselves as part of a whole, connected by the things we have in common.<sup>134</sup>

Furthermore, as the production of Australian content declines, so too does our opportunity to sustain influence in our region and further afield. Over recent decades, Australia has

maintained a strong presence in Asia and the Pacific via media such as Radio Australia and Australia Television; however, these outlets are also experiencing significant cuts and closures.<sup>135</sup> So although print news media has not traditionally been our key platform of influence internationally, the decline in print news has had significant flow-on effects to other areas. And as a recent news article described it, 'Australia's disappearing media presence in the Asia-Pacific makes us increasingly vulnerable'.<sup>136</sup>

### The rise in participatory and citizen journalism

The shift to digital has also encouraged much greater 'prosumer' behaviour in this sector. The term prosumer — a combination of producer and consumer — is used across a wide range of arts, cultural and creative activities to describe the increasingly blurry lines between creators and consumers as a result of ever-easier access to both professional-level creation tools and large audiences on the internet.<sup>137</sup> In the realm of news media, participatory journalism has shifted the dynamic of production of news to include citizen journalism, in the form of blogs or submissions by citizens to professional news outlets. It also involves getting the reader to participate in the experience of the news, making them both a consumer *and* a producer of content in the form of comments, discussion forums and debates on social media like Facebook, Twitter and Reddit.<sup>138</sup> This trend can often be seen when people share news content along with the exclamation, 'make sure you read the comments!'

One serious consequence of this is the increased distribution of 'news' that has not been fact-checked, or isn't even attempting to be factual. Researchers have pointed out that the news we consume is produced, not merely found and

reported.<sup>139</sup> Yet many of the citizen-producers of today's news have not been formally trained, are not bound by any formal code of ethics, and are more incentivised by algorithms to be sensationalist than objective or impartial.

Interestingly, one trend in citizen journalism readership in Australia is that engagement may increase when the content being produced (through blogs or wikis, for example) is created geographically near the reader's location. This leads to the question of whether these platforms are being used as a replacement for community news on niche topics of specific interest to individual readers.<sup>140</sup> In some regards it seems positive that communities may still be engaging, albeit in different ways and on different platforms. On the other hand, this reduces the number and variety of differing views individuals engage with, increasing the echo chamber effect.<sup>141</sup>

Participatory journalism may be seen as a way of democratising journalism by 'moving the gate-keeping role away from an elite group with revenue and advertising investments, pluralising voices in the public sphere by providing new opportunities and outlets, and finally enabling in situ technologies to drive change among pre-existing classical media'.<sup>142</sup> Or it can be seen as a contributor to the increasingly muddled waters of the news landscape and the declines in trust that have ensued from this. Either way, there can be no question that increased online consumption has enabled this important shift.

### 3.2.5 News media in the future

The rise of digital news media and decline in print news media have together had many significant effects on Australia. One conundrum these changes have created is that Australian news media have little choice now but to deal with platforms like Facebook and Google to ensure that Australian content is consistently available on these popular sites. However, this has left them practically powerless to negotiate terms of use for that content with these companies.

The Australian Government has recently released a draft mandatory 'News Media Bargaining Code' that will require digital platforms such as Facebook and Google to share advertising revenues with media companies for use of their content.<sup>143</sup> The legislation, if adopted, will:

- \* require the companies to negotiate in good faith on how to pay news media for use of their content
- \* advise news media in advance of algorithm changes that would affect content rankings
- \* favour original source news content in search page results and share data with media companies
- \* impose penalties and binding dispute resolution mechanisms for negotiations between the digital platforms and news businesses.

This will attempt to create a level playing field in which media companies are paid for the content they develop. Further support measures to assist Australian media companies in the digital age have also been outlined by the ACCC in their Digital Platforms Inquiry, including:

- \* stable and adequate funding for public broadcasters (ABC and SBS) to address the risk of under-provision of public interest journalism
- \* grants for local journalism to support production of original local and region-specific news media content, particularly that related to local government and local courts
- \* tax incentives to encourage philanthropic support for not-for-profit organisations that support public interest journalism by creating, promoting or assisting in its production.
- \* improved digital media literacy in schools and the community.<sup>144</sup>

In addition, in April 2020 the Australian Government announced extra support mechanisms for Australian media businesses during the Covid-19 pandemic, including:

- \* tax relief
- \* investment in regional journalism
- \* \$50 million Public Interest News Gathering Fund
- \* \$5 million Regional and Small Publishers Innovation Fund 2020 Round.<sup>145</sup>

This is a rapidly unfolding area of interest, and by the time this report is published the situation is likely to have developed further. See the ACCC's '[News media bargaining code](#)' webpage for the most recent updates.

## In conclusion

Significant changes are occurring in some cultural and creative industries' business models. This has significant consequences for activities that have both private and public value. For print news media, it has led to serious declines, which have in turn affected the prosperity of the Literature and print media domain of cultural and creative activity.

While there are arguments that the market will perfectly reflect the will of the people, there are equal arguments to be made about the importance of the media in free, liberal democracies. The news media does not only exist for the entertainment or even consumption of its readers. It also plays an important oversight function, particularly in reporting on government, judicial and corporate actions. As the ACCC has pointed out, journalism, on any platform, 'performs a critical role in the effective functioning of democracy at all levels of government and society'.<sup>146</sup>

The proposed 'News media bargaining code' drafted by the ACCC addresses some of these issues. However, it remains the case that healthy liberal democracy requires a diverse and free media, and Australia requires an ongoing commitment to the legislative, regulatory and investment environment that makes this possible.

The case of the changes to news media, and the impact that these changes have had on the prosperity of a significant domain of economic activity, is a powerful illustration of the potential issues that will need to be navigated as we increasingly consume cultural and creative content via online platforms.



## 3.3 Case study 3: The economic and social value of culture and creativity to communities

### Key point about the cultural and creative economy

Investment in arts, culture and creativity enables place-based community-building activity, links professional and community arts and cultural practices, and facilitates economic development.

### 3.3.1 How communities benefit from cultural and creative opportunities

Communities derive enormous benefit from the sense of belonging and social cohesion that arts, cultural and creative activity can facilitate. This is particularly true when those activities are 'place-based' – that is, when they are produced *within*, for, and sometimes also by the residents of these communities. In their recent Arts and Culture Position Statement, The Australian Local Government Association highlighted that local communities can enhance the quality of life, livability, economic viability and connectedness of their local area with strategic investment in arts and culture.<sup>147</sup> Embeddedness and an emphasis on place is therefore critical to the value of arts, culture and creativity in Australian communities.

In turn, many Australians consider having access to arts, cultural and recreation facilities and services to be a critical factor in determining where to live.<sup>148</sup> Arts and culture build the amenity of a region, as well as a sense of community connectedness, and together these factors help to also create and support economic value. A strong creative scene builds employment, tourism and has spillover effects into many other areas of the economy (see [Q3](#) for more on the spillover effects of arts and culture).<sup>149</sup>

This case study explores the various ways that arts and culture can create societal benefits that also benefit the economies of specific place-based communities.

### 3.3.2 Not just for city centres

Arts and cultural activity is often considered to be an inner-city phenomenon, a perception perhaps driven by the clustering of state and national cultural institutions and creative companies in metropolitan centres.

However, the value to communities in rural, regional and outer metropolitan areas is also significant. This is not only because arts, cultural and creative activities contribute to the economy and employment. It is also because they contribute to communities' 'cultural resourcefulness' – that is, 'the manner in which cultural norms, meanings and practice inform creative and inventive everyday responses to change among groups of rural actors',<sup>150</sup> helping communities to build their collective resilience.

According to the results of a major research study on the impact of the arts on regional Australia,<sup>151</sup> arts and cultural activity can help regenerate and grow local economies through place-marketing strategies that increase tourism and regional livability – increasing employment, encouraging business growth and investment, and helping to tackle economic disadvantage. The study found that:

- \* nearly 180,000 jobs are created each year in the planning and operation of festivals in non-metropolitan areas
- \* investment and strategic support of the arts in regional areas could have a threefold return on investment
- \* arts and culture can help communities redefine themselves in the face of change, which can help improve civic pride, generating a range of economic benefits.

### *Example: Toowoomba thrives when civic pride grows*

*‘The First Coat mural festival and project in Toowoomba has been credited with reducing vandalism from tagging and graffiti, changing the nature of the CBD, attracting tourists and bringing the region to national and international attention’.*<sup>154</sup>

Local governments play a critical role in supporting and facilitating cultural and creative activity in their local communities, particularly in non-metropolitan areas. In 2019, ANA found that local governments have increased their per capita spending on arts and culture by 11% since 2007–08, giving them an almost equal responsibility for this funding area with federal and state and territory governments.<sup>152</sup>

A recent report out of Western Sydney University found that local governments are well placed to understand the unique needs of communities.<sup>153</sup> The report gives the examples of Penrith and the Blue Mountains, two local government areas within the Greater Sydney Area. The Blue Mountains, being geographically more separated from Sydney and a tourist destination in its own right, has invested heavily in cultural infrastructure for example, with 69 arts and cultural spaces. This has encouraged creative clusters to form organically, leading to a higher than average proportion of jobs in the area being in cultural and creative industries: 7.4%, compared with the state average of 4.7%.

Penrith City Council has more recently begun to pursue the development of arts and cultural infrastructure for urban development purposes. Being the closest urban centre to the new international Western Sydney Airport and one of the fastest-growing and youngest populations in Australia [35% of Penrith residents are aged 15–35], Penrith is pursuing a creative industries ‘hub’ approach. The goal is to continue to attract tertiary-educated creative professionals to Penrith to improve its cultural and economic prospects, while also empowering the 12 more underprivileged neighbourhoods in the area by nurturing local talent and investing in cultural and creative enterprises.

### **3.3.3. The value of cultural and creative infrastructure in communities**

The development of cultural infrastructure in a community creates value in a range of ways; most obviously, the creation of jobs through developing, operating and maintaining physical infrastructure. For example:

*When \$8.5M was invested in the Wangaratta Performing Arts Centre, it created 130 jobs during construction and now employs about 38 locals in full and part time positions.*<sup>155</sup>

Cultural infrastructure provides a space for families and communities to come together, either as audiences or to participate in arts and cultural activities themselves. These spaces make it possible for children to perform their annual concerts, amateur theatre companies to present their latest works to the community, or regional galleries to host exhibitions of local works. These spaces can also facilitate regional communities’ access to national and international arts and cultural tours. In this way, cultural infrastructure can link nationally– and internationally–renowned arts and culture with community and participatory arts and culture, acknowledging that each has a vital role to play in community development and opportunities for a rich cultural and creative life.

Finally, cultural infrastructure is often used for ‘non-arts’ purposes. Community arts centres are used by schools to host awards nights. Sports clubs hold fundraising events in gallery or museum spaces. Local libraries host workshops on a range of educational topics. Cultural infrastructure is used for a wide range of community benefits. On the other hand, non-arts spaces are often used for arts and cultural activity

when cultural infrastructure is unavailable,<sup>156</sup> demonstrating that these activities are important to Australians, and that they find a way to make them happen even when the circumstances are not ideal.

Figure 33 provides an overview of the elements included in the NSW Government's cultural infrastructure plan, which was developed under the premise that, 'for culture to truly flourish, it needs a home – places where it can be created, shared and enjoyed'.<sup>157</sup> It groups the different types of cultural infrastructure together, highlighting that cultural infrastructure is not just about museums, galleries and theatres, but also 'the places where the cultural sector and the broader community come together to create, share, learn and store products or experiences'.<sup>158</sup>

Investment in cultural infrastructure can be seen as an expression of the value that people (including communities, individuals, businesses and elected representatives) place on arts and culture.

Cunningham and McCutcheon have compared the amount of funding available through specific 'arts grants' programs to the funding directed to cultural infrastructure in four regional areas. As indicated in Figure 34 (overpage), their work suggests that in these areas, the investment in cultural infrastructure funding is far greater in magnitude than the 'arts grants' to these areas. They argue this indicates a 'strong demand-side signal of the value placed by the community [expressed through their elected representatives and the political leveraging and budget prioritisations they make] on the value of arts and culture'.<sup>159</sup>

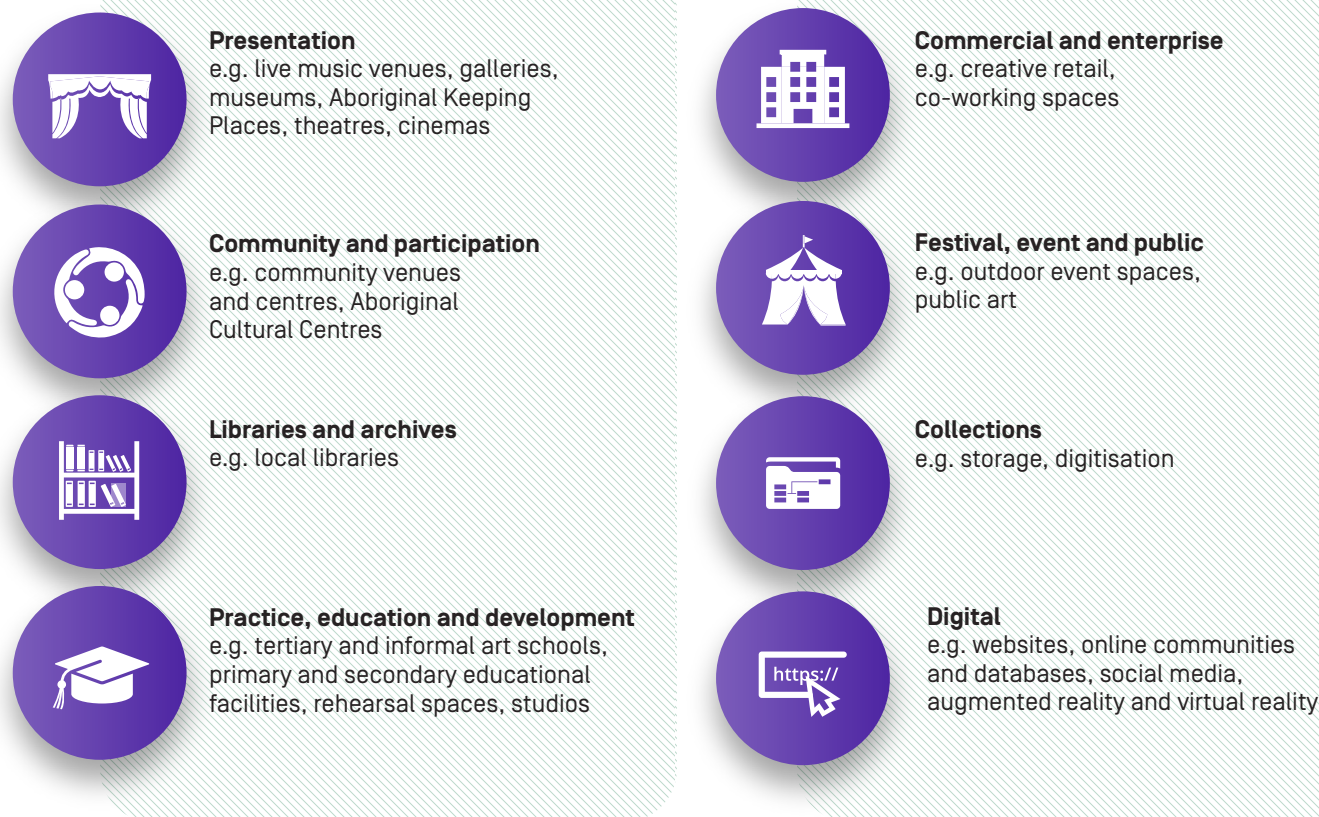


Figure 33: What is Cultural Infrastructure? Source: Reproduced from the NSW Government's Cultural Infrastructure Plan (2019, p. 11), by ANA.

An important caution here is that arts funding programs are only one part of government cultural investment in the creation, presentation and preservation of cultural and creative activities. Nonetheless, paying attention to the focus that different locations place on cultural infrastructure can also highlight the civic value these communities place on this type of investment.

Investment in arts and culture may also come from sources other than governments, such as private industry or philanthropy. Both of these are able to use models that differ from public expenditure. For example, the Arts Business Innovation Fund provides matched grants and zero-interest loans to not-for-profit cultural organisations to develop their business models and diversify their income. Although this is an initiative of the Queensland Government, it is administered at arms-length through Arts Queensland and the Tim Fairfax Family Foundation, which each contributed equally to the fund. It was hoped that this would not only help develop a more resilient arts sector in Queensland, but would also increase the value of and return on government investment, via 'a pool of funds provided by the private sector that can be reinvested'.<sup>160</sup>

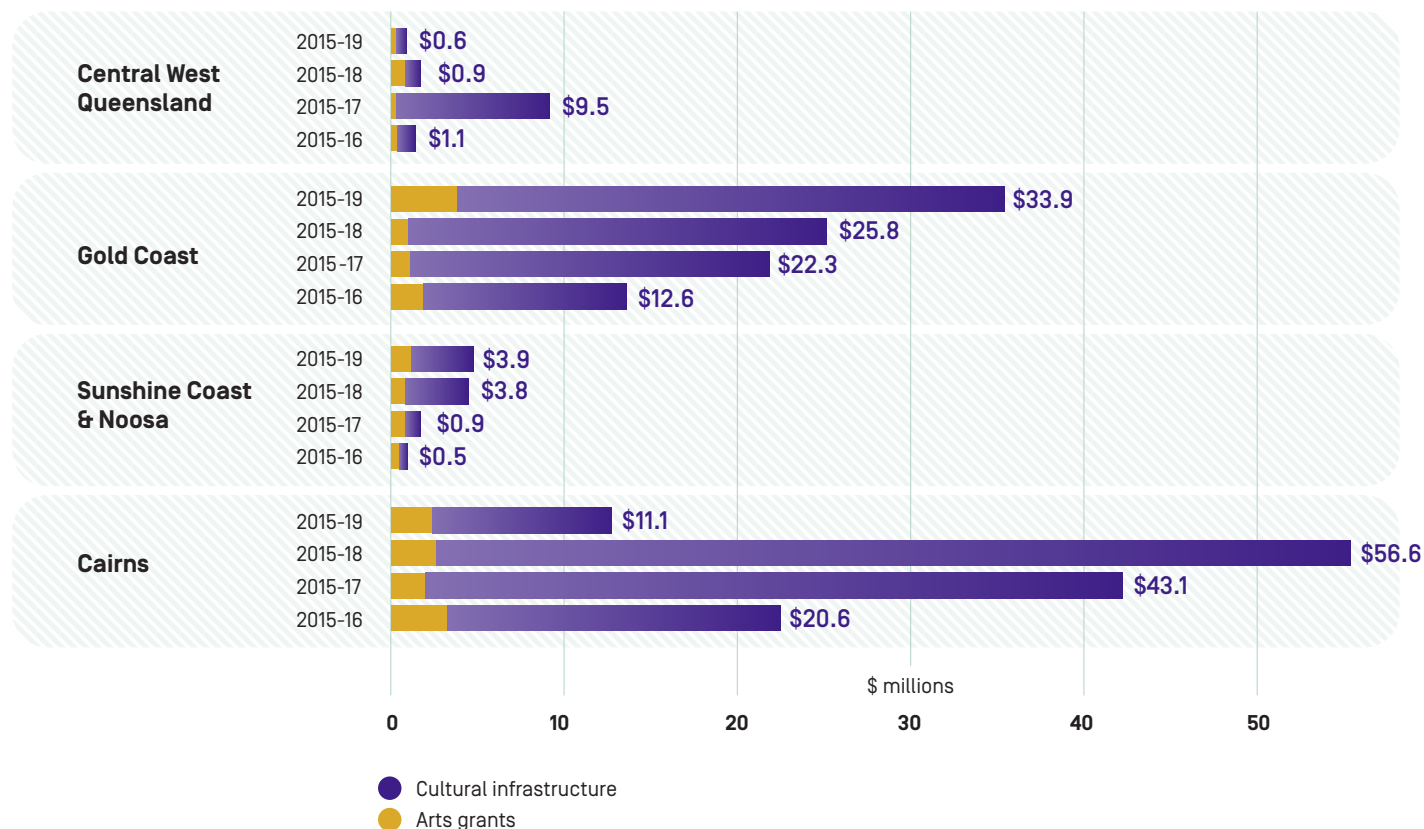


Figure 34: Cultural Infrastructure funding by source and region.  
Source: Adapted from McCutcheon, and Cunningham 2020.  
'Cultural grant funding by government and type, Australian Cultural and Creative Activity: A Populations and Hotspot Analysis — Creative Hotspots Data Tables', by PwC.



### 3.3.4 The value of arts and culture to regional tourism

Locations that invest in arts, culture and creativity also often rely on their capacity to draw tourists. Cunningham and McCutcheon use the example of festivals, which can generate significant tourism activity as part of a ‘tourism ecosystem’.<sup>161</sup>

In 2009, Australia boasted at least 2,800 rural festivals.<sup>162</sup> However, a range of sources indicate that festivals have seen increasing growth rates in Australia in recent years. This can be partly attributed to the increase in the number and diversity of festivals on offer. Creative Victoria’s Festivals Review found that more than half the creative festivals in Victoria began in the last 10 years.<sup>163</sup> The growth in rural festivals can also be partly attributed to a 14% increase (between 2014 and 2018) in the number of Australians willing to take arts and culture-related day trips.<sup>164</sup>

Festivals and other arts and cultural activities have also played a significant role in international tourism to Australia in recent years, which is an important element of our international diplomacy efforts. According to the Australia Council’s 2018 report on international arts tourism, our festivals, fairs and cultural events have seen a 61% increase in international tourist attendance since 2013 (see Figure 35).<sup>165</sup>

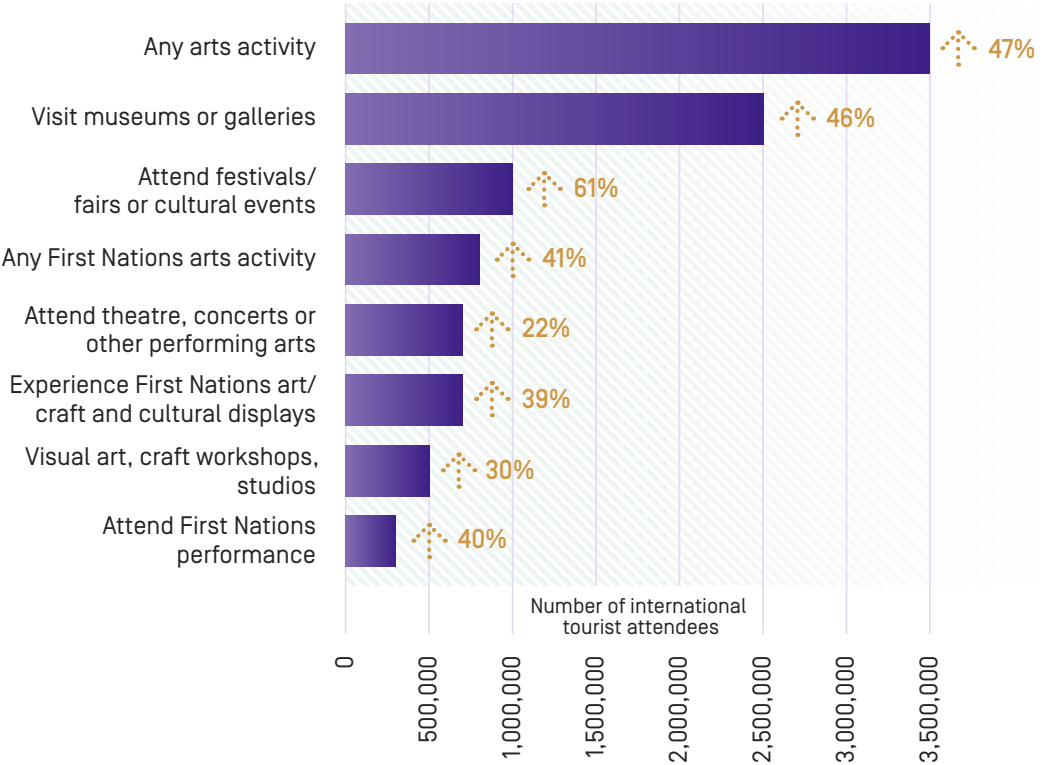


Figure 35: Arts activities undertaken by international tourists in 2017, with percentage increase from 2013. Source: Adapted from Australia Council for the Arts 2018, p. 14, by PwC.

The Australia Council research also notes that tourists who engage with arts and culture while travelling tend to stay longer in Australia than the average tourist, and spend more in total during their stay.<sup>166</sup> In 2017, these tourists spent A\$17 billion, 60% of the total spent in Australia by all international tourists. This is particularly interesting given that the most popular cultural and creative activities with international tourists are visiting museums and galleries, and indeed, attending festivals, fairs and cultural events – activities that are commonly thought of as free or inexpensive to attend. This suggests that the spillover effect described in [Q3](#) may apply with these tourists – if we can attract the kinds of tourists who like to engage with the arts, even when those activities are free, they are likely to spend more overall during their stay.

## In conclusion

This case study has demonstrated that spending on culture and creativity in place-based communities across Australia is vital and can serve multiple purposes. No matter the source of investment, the intangible value of arts and culture funding to community and to civic engagement, particularly by way of cultural infrastructure, is recognised across all levels of government, and by the economy at large.

## 3.4 Case study 4: The growth in cultural and creative international education

### Key point about the cultural and creative economy

Before Covid-19, international education was Australia's largest service export. Demand from international students for formal training in Australia's cultural and creative industries has been steadily increasing, indicating that these courses will be pivotal in rebuilding the international education industry post-pandemic.

### 3.4.1 International students are critical to Australia's economic wellbeing

International education plays a significant role in the Australian economy with students, particularly from Asian countries,<sup>167</sup> increasingly choosing to study in Australia. Until the pandemic, which has devastated this sector, international education was Australia's third largest export, behind iron ore and coal, and was the largest services export.<sup>168</sup> From 2006 to 2019, international student numbers have grown by an estimated 167%, with students from 199 countries around the world studying in Australia.<sup>169</sup> As of early 2020, there were more than 626,000 international students in Australia, with the majority of these in either higher education or vocational education and training courses.<sup>170</sup> That is just over 30% larger than the population of our nation's capital.

There are many reasons, both economic and social, to encourage international students to come to Australia. A 2020 joint media release from the federal Ministers Alan Tudge and Dan Tehan estimated that international students contribute \$40 billion annually, based on performance in the 2018–19 financial year.<sup>171</sup> Furthermore, modelling by the (then) Department for Education and Training suggests that international education supports more than 240,000 full-time jobs in the wider economy.<sup>172</sup>

The total monetary contribution of international students to the Australian economy goes far beyond the cost of their tuition. These students spend money on accommodation, transport, utilities, entertainment and travel expenses, among other things. According to the Mitchell Institute, international students contribute A\$25 billion to the Australian economy in addition to their tuition.<sup>173</sup> This figure does not take into

account expenditure by the family and friends of international students who visit their loved one in Australia when otherwise they may not have undertaken that travel. Deloitte Access Economics estimates this expenditure adds at least an additional 1.18% to the figures captured by the ABS annually.<sup>174</sup>

Finally, there are a range of other benefits to Australia in having a thriving international education sector. A 2015 report commissioned by the Department of Education and Training found that, in addition to the economic contributions, having a wide range of nationalities of international students in Australia:

- \* is beneficial to developing a global mindset in domestic students
- \* develops international networks that help domestic students build successful, productive careers
- \* helps Australia meet our soft diplomacy targets, increase trade opportunities with international students' source countries, and attract foreign investors
- \* helps Australian goods and services gain traction in international markets.<sup>175</sup>

### 3.4.2 What do international students study in Australia?

As illustrated in Figure 36, in 2018, more than 75% of international students in the higher education sector were studying for a qualification in the disciplines of Management and Commerce; Information Technology; Engineering and Related Technologies; or Society and Culture.

### 3.4.3 How many international students are studying cultural and creative qualifications?

Looking at Figure 36, it would be easy to assume that the number of students studying for a creative qualification in 2018 was 17,954 – the number studying ‘Creative arts’ – and therefore only about 3.7% of the population of international students studying in Australian higher education that year.<sup>176</sup> However, as is the case with the cultural and creative economy more broadly, creative qualifications are much broader than just the creative arts.

In 2019, the Bureau of Communications and Arts Research undertook modelling to determine what skills and qualifications should be categorised as ‘creative’ in the Australian context.<sup>177</sup> BCAR began by taking the list of creative occupations and industries identified in the 2014 paper, ‘Australian Creative Employment in 2011’ and applying the Nesta Dynamic Mapping definition methodology to Australian Classifications’.<sup>178</sup> BCAR then analysed 2016 Census data to determine what highest-level qualifications were held by people working in those creative occupations. Qualifications that were disproportionately held by people working in creative occupations were therefore qualified as creative qualifications.

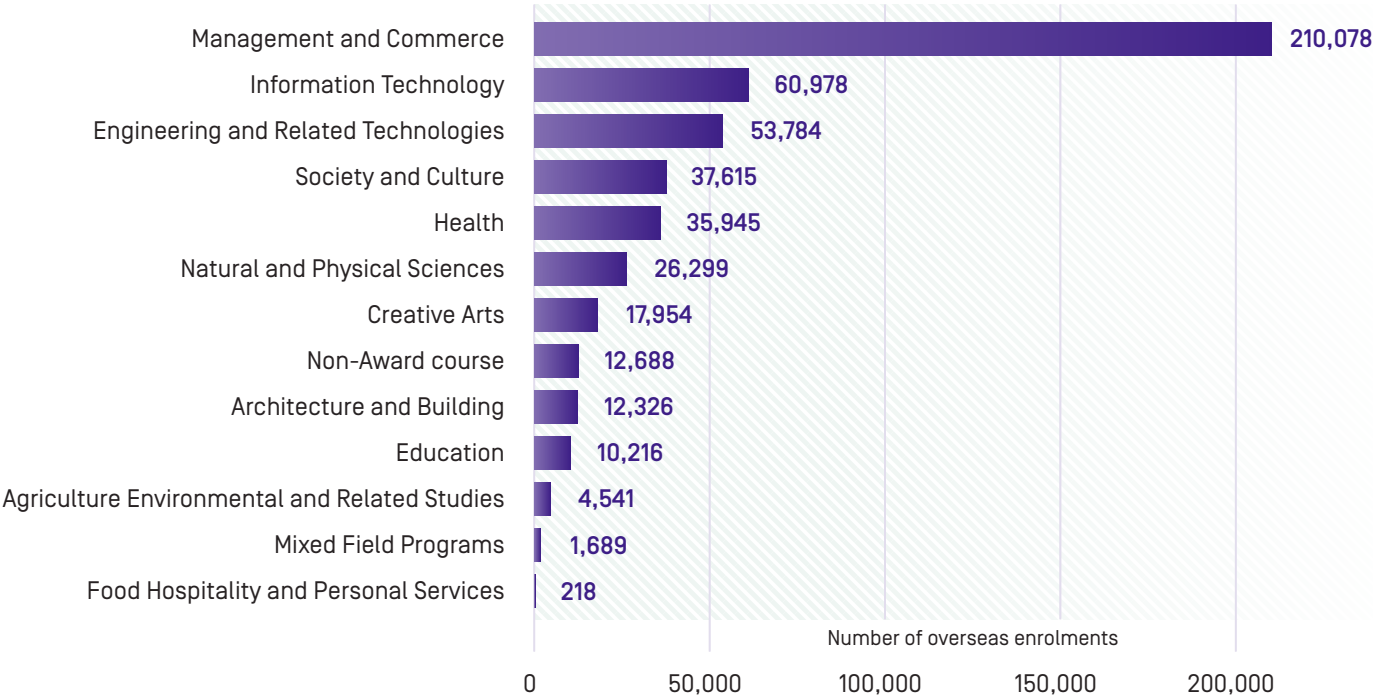


Figure 36: Overseas enrolment count by field of education in 2018. Source: Adapted from Department of Education, Skills and Employment – Higher Education Statistics Data Cube (uCube), by PwC.



For example, 11.57% of people working in creative occupations held a degree in Communications and media studies as their highest qualification, compared with only 1.11% of employees in occupations not classified as creative. The top 10 qualifications are illustrated in Figure 37.

It's interesting to note that industries like Performing arts, Visual arts and crafts, and Creative arts have a lower prevalence of employees with creative qualifications, even though we know these industries have a high percentage of specialist creatives working in them. However, these are also industries where formal qualifications are not as essential as skills and experience.<sup>179</sup>

To get a better understanding of how many international students were studying for a creative qualification, academics from QUT applied the list of creative qualifications created by BCAR to data on international student enrolments from the Australian Government Department of Education.<sup>180</sup> Figure 38 (overpage) shows that, using the expanded list of creative qualifications, 20.5% of students were studying a creative course in Australia in 2018.<sup>181</sup> This had almost doubled since 2013, with an annual average growth rate of 11.9% compared with just 2.2% for domestic students. This suggests an increasing number of international students are choosing to study creative courses in Australia.

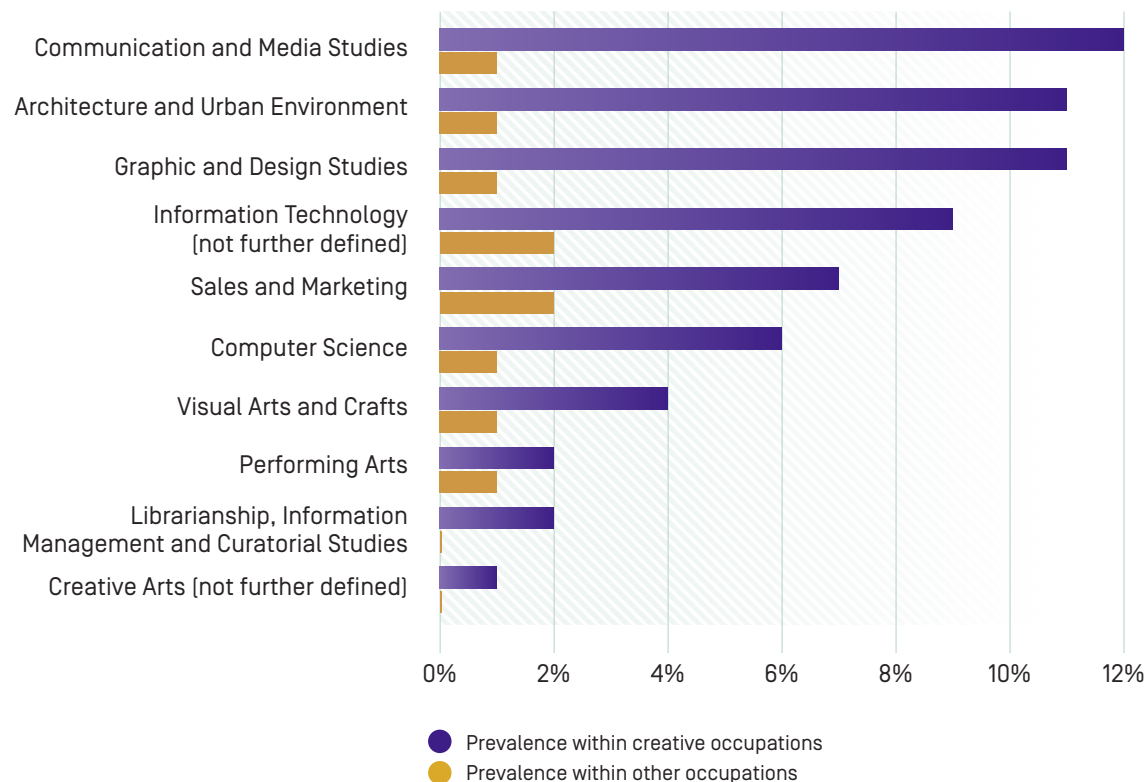


Figure 37: The top 10 most creative qualifications. Source: Adapted from BCAR 2019, p. 24, by ANA.

As previously mentioned, international education contributed approximately A\$40 billion to the Australian economy in 2018–19.<sup>182</sup> According to Universities Australia, 70% of this contribution comes from international students in higher education,<sup>183</sup> which equates to A\$28 billion. We have also seen that 20.5% of international students in Australia's higher education system are studying cultural and creative courses.

Using these three (pre-Covid-19) figures, we can therefore estimate that the annual contribution to the Australian economy of international students studying cultural and creative courses is A\$5.74 billion.

## In conclusion

Before Covid-19, international education was Australia's largest service export. Demand from international students for formal training in Australia's cultural and creative industries has seen a steady increase over the last 5–10 years, from 15.4% of total course enrolments in 2013 to 20.5% in 2018. This solid performance brought in significant economic benefits for Australia, to the tune of an estimated A\$5.74 billion in 2018–19.

These figures suggest that cultural and creative courses may be pivotal in rebuilding Australia's international education industry as we begin to recover from the pandemic and associated economic recession. And as we saw in [Case study 1: Skills and employment](#), the demand for these courses is only likely to increase, given the predicted changes to workforce composition in coming years.

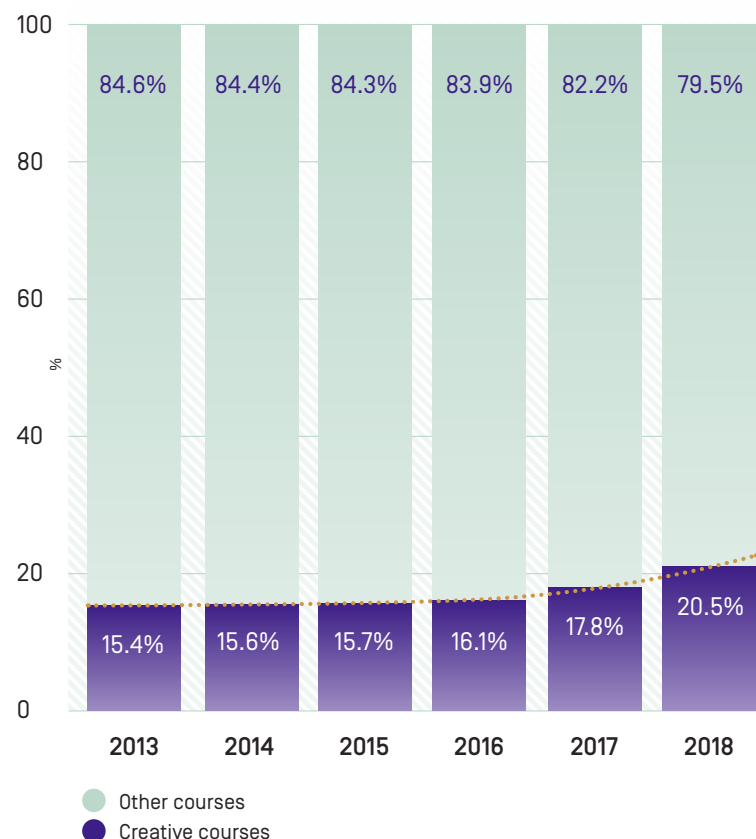


Figure 38: Growth in enrolment of international students in creative courses as a percentage of all courses (2013–2018). Source: Adapted from QUT Digital Media Research Centre 2020, derived from customised Australian Government Department of Education uCube data. Adapted by PwC.

*The economic value of international students in creative courses*

*International students studying cultural and creative courses in Australian universities contribute A\$5.74 billion annually to the Australian economy.*

## 3.5 Case study 5: Architectural services exports – a success story

### 3.5.1 Australia's cultural and creative industries are not all export-negative

In [Q7](#) we explored Australia's trade performance and explained that UNCTAD found Australia to have one of the world's largest cultural and creative trade deficits, taking into account both creative goods and creative services.<sup>184</sup>

But not all of our cultural and creative industries are export-negative. This case study explores an area of the cultural and creative economy that has been quite successful as a creative services exporter: architectural services. We look at both services provided to overseas clients as well as international students studying architecture-related and building-related courses in Australia.

The Design domain constituted the single largest component of the Australian economy out of all 12 cultural and creative domains, contributing almost 50% of the cultural and creative industry GVA and 2.5% of Australia's GDP (see [Q1](#)).<sup>185</sup> This domain breaks down into four ANZSIC subdivisions, including architectural services, which generated A\$5.8 billion in income in 2016–17, creating a surplus of A\$1.1 billion.<sup>186</sup>

Australian architectural firms are increasingly seeking opportunities to participate in the global architecture market. In fact, many of our larger practices, and even some of our smaller ones, receive more than half of their revenue from exporting design services.<sup>187</sup> Since 2003–04, architectural services have had an export-positive performance.

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### Key point about the cultural and creative economy

Despite our creative trade deficit, not all of our cultural and creative exports are export negative, and more importantly, many of them have the potential to create virtuous circles of economic activity with adjacent industries.

It is not all good news, though. Despite remaining export-positive, performance has declined almost annually since 2010–11 (see Figure 39). In 2009–10 there was a sudden contraction in the net position. This was driven by the losses of the Global Financial Crisis, as well as by a large increase in imports in that year.

In 2010–11, the market did bounce back to some extent. The gradual decline since then appears to be caused predominantly by a combination of reduced exports and gradually increasing imports (in 2016 at least, these imports seem to have been mostly from engaging large US and British firms<sup>188</sup>). This should lead us to question what more might be done to facilitate architectural firms wishing to export their services.

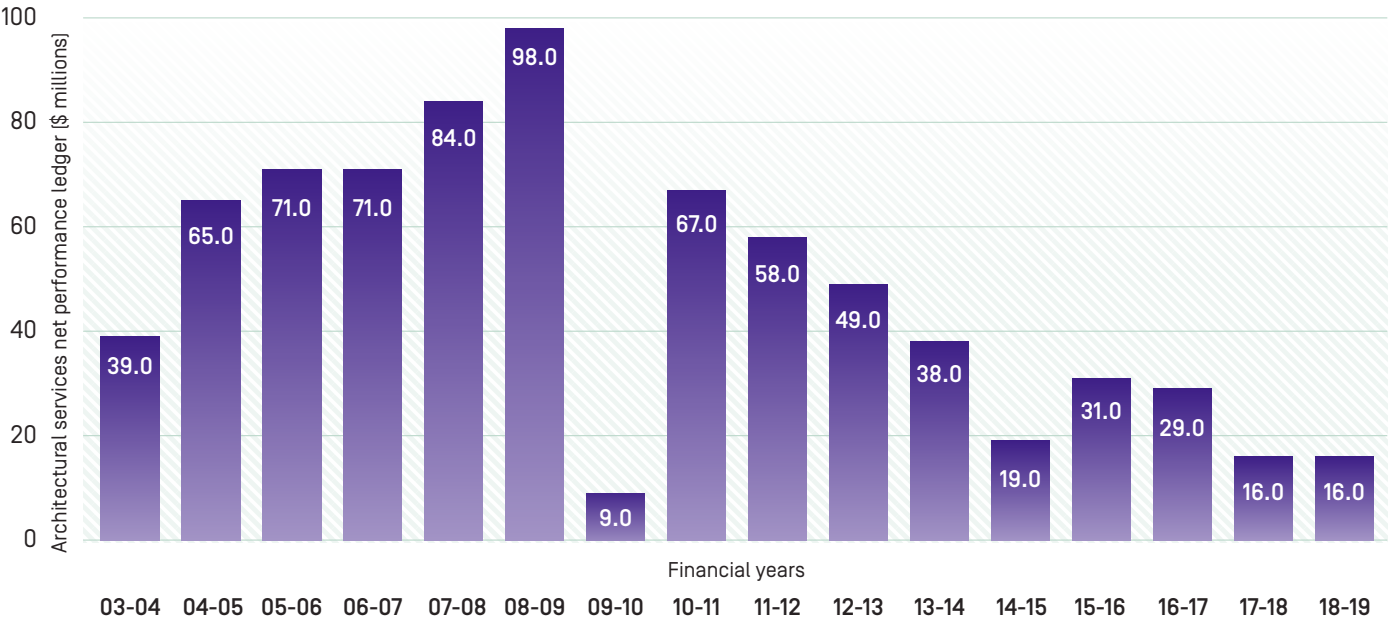


Figure 39: Australia's architectural services export performance ledger.  
Source: ABS 2020, Balance of Payments and International Investment Position, Australia, Mar 2020, 'Table 8. Services Credits' and 'Table 9. Services Debits', time series spreadsheet, cat. no. 5302.0, adapted by PwC.



### 3.5.2 Outlining the virtuous circle proposition

Architectural services as exports create a 'virtuous circle' of economic activity (as can be seen in Figure 40). A virtuous circle is a chain of desirable events that reinforce each other, with each link in the chain enhancing the link that ensues, resulting in a continuous process of improvement<sup>189</sup> — it's the opposite of a vicious cycle. In the case of architectural services exports, our international reputation for excellence in this area feeds demand for international student placements in architectural courses. This leads to more Australian-trained architects providing excellent architectural services around the world, which in turn increases our reputation for architectural excellence. This is a cycle that may be possible in many of Australia's other cultural and creative service industries. The following pages unpack each of the moves in this virtuous circle in greater detail.



Figure 40: The virtuous circle of Australia's architectural services export activity. Source: ANA.

## The global architecture landscape

Globally, architecture is grappling with significant change. Globalisation and tensions between local identity and global design trends, sustainability and climate change, and an increasing global tendency to undervalue architectural services and cut fees to remain competitive are all playing a part in these changes.<sup>190</sup>

Countries like China (Australia's largest export market for architectural services)<sup>191</sup> are experiencing rapid population growth and rapidly increasing urbanisation, leaving them with a shortage of local architects and a subsequent need for architectural imports. China is also experiencing a paradigm shift towards more sustainable, practical and 'aesthetically pleasing' urban design, particularly because President Xi Jinping and the State Council have called for architectural practice that is environmentally friendly, functional, increases wellbeing and fulfils a long-term purpose, going forward.<sup>192</sup>

Within this changing landscape, competition between architectural firms from around the world has become not only fierce, but also the norm. One mechanism used in this competitive environment to determine quality is international competitions and awards – an area in which Australia has excelled.<sup>193</sup>

## Australia's reputation in the global market

According to various industry and insider reports, these global conditions are ideal for Australian architectural firms for a range of reasons.

Firstly, the 'Australian' way of both designing and providing architectural services is particularly well suited to the conditions described above.<sup>194</sup> Although there are no consistent design features or habits that Australian architects uniformly have in common,<sup>195</sup> they nonetheless have a reputation abroad for designing with a distinctly 'Australian sensibility' that meets the needs of the market.<sup>196</sup> This sensibility seems to boil down to three characteristics:

- 1 Australian and Australian-trained architects take the history and culture of a location into account in their designs
- 2 Australian and Australian-trained architects integrate their designs with the surrounding landscape
- 3 Australian and Australian-trained architects are highly skilled in urban design, combining practicality, sustainability and aesthetics.<sup>197</sup>

Secondly, Australian architecture firms have been able to trade off Australia's 'nation brand', which Austrade defines as:

*...the sum of people's perceptions of a country. In a fiercely competitive world, the degree to which a country is admired, trusted and respected can have direct economic and social impact on that nation.<sup>198</sup>*

Australian architects working internationally have described the Australian way of working and doing business as one of our key assets in the global market.<sup>199</sup>

And thirdly, given the trends within the global landscape, these characteristics have allowed Australia to have significant success in international competitions.<sup>200</sup> This creates a virtuous circle of its own. Not only does winning work via international competitions increase the number of projects Australian firms are working on abroad, but this also further enhances our reputation for excellence, which in turn helps Australian firms win more international work.

**International education in Australian architecture courses as a service export**

As Australia's international reputation for excellence in architectural services has grown, so too have the numbers of international students wanting to study architecture in Australia.

As detailed in the previous case study, before Covid-19, international education as a whole was Australia's third largest export, and was the largest services export (see more about the benefits of international students to Australia in [Case study 4](#)).<sup>201</sup>

Figure 41 illustrates the growth in enrolment numbers for domestic and international students specifically studying Architecture and building courses between 2015 and 2018. It shows that, over time, international students have steadily gained a larger share of the total enrolments in Architecture and building courses. This is because while the enrolment numbers of domestic students studying Architecture and building (the majority of which are in architecture) are still higher than enrolments of international students, the growth rate of international students year-on-year has been far greater, at least prior to the onset of the Covid-19 pandemic.

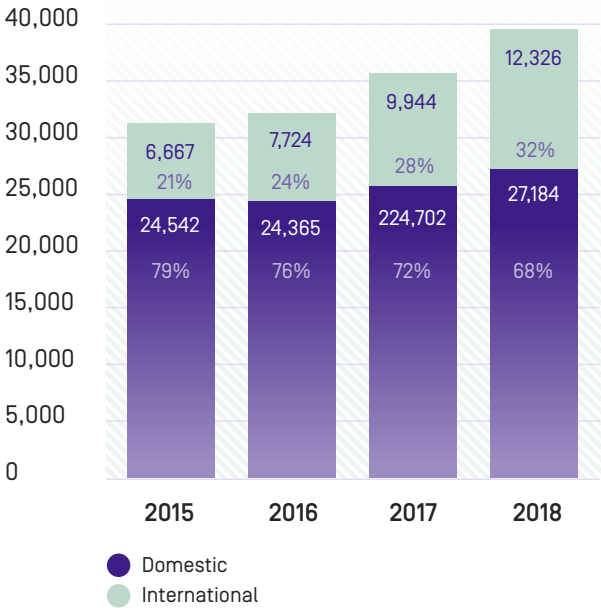


Figure 41: Enrolment of international vs domestic university students in Australian 'Architecture and Building' courses. Source: Adapted from the Department of Education, Skills and Employment (2020) *Ucube - Higher Education Statistics*, by PwC.

While the higher education market has been growing steadily in recent years, with an annual growth rate of 2.62% between 2015 and 2018, the growth rate of students studying Architecture and building courses – and particularly, international students studying these courses – is much higher than that, at 15.50%, as shown in Figure 42.<sup>202</sup>

This, combined with the fact that this growth rate is also higher than the average annual growth rate for international students across all disciplines, suggests that Architecture and building courses are likely to be a growth area for the international student market upon our nation's recovery from Covid-19.

Despite the relative success<sup>203</sup> of Australian architectural services in the global market, the export figures for this sector do not include the growth of international students seeking Australian architectural education. However, it stands to reason that the more international students we train in 'the Australian way' of designing and providing architectural services, the more influence that sensibility will gain internationally, further increasing our reputation in this area, and in turn, further influencing the education choices of international students.

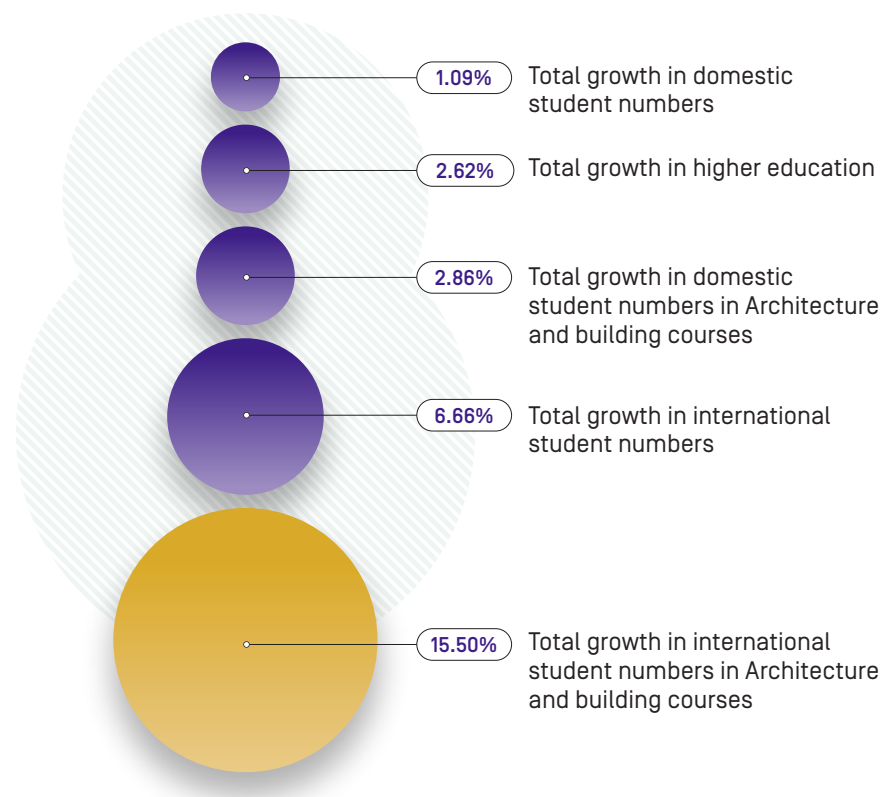


Figure 42: Compound annual growth rate of university students in Australian architecture and building courses between 2015 and 2018.  
Source: Adapted from Department of Education, Skills and Employment (2020). Ucube – Higher Education Statistics, by PwC and ANA.



### 3.5.3 Risks for Australia's architectural services as exports in the future

Several risks should be considered when thinking about our services exports, in particular both architectural services and international education.

Covid-19 presents the most obvious and pressing range of risk factors for services exports. Not only has the pandemic slowed down the global economy (in June 2020, the OECD found an almost 13% decline in global GDP, and most major economies are entering recession, including Australia),<sup>204</sup> but it has also reduced the amount of international cooperation, with trade predicted to fall between 12% and 32% this year across the world.<sup>205</sup>

Increasing tensions between China and Australia also pose significant challenges.<sup>206</sup> Not only is China Australia's largest export market for architectural services,<sup>207</sup> it is also our largest market for international students.<sup>208</sup>

And beyond, but undoubtedly exacerbated by, the pandemic is the increases in fee cutting at a global level. Fee cutting can be defined as the situation when the fee levels submitted to clients to win a piece of work are lower than those required to provide a quality service. This becomes particularly prevalent in markets where the value of architectural design is poorly understood.

While this case study presents a generally 'good news story', these risks should be taken into account when considering the future of architectural services exports.

### In conclusion

This case study demonstrates how our cultural and creative exports can create virtuous circles of export activity, by exploiting our nation's positive international reputation to increase the reach of our cultural and creative goods and services into new global markets. Doing this can, in turn, improve our reputation in these areas with potential international students within those markets.

## Summary of Part 3

Australia's highest performing, and fastest growing industrial divisions have a high intensity of creative workers. This is likely due to the relationship between including creative employees in teams, increased innovation, and improved organisational performance.

There has been a steady decline in the literature and print media domain since 2011–12. This is largely due to structural changes in news media, and most notably to the move to online platforms for both news and the advertising that traditionally accompanied that news.

It is not only cities, and city centres, that generate or benefit from cultural and creative activity. Outer metropolitan, regional, rural and remote communities derive economic as well as social benefits from having a thriving cultural and creative scene.

Cultural infrastructure, in particular, is a valuable addition for a community, and there are a variety of ways this can be funded.

International students coming to Australia to enrol in cultural and creative programs may contribute approximately A\$5.74 billion to the Australian economy annually, and this figure was growing rapidly until the Covid-19 pandemic.

Australia's cultural and creative industries are not all export-negative, and their contributions to Australia's export performance are both direct and indirect. For example, our architectural services export performance ledger had a positive figure of A\$16 million in 2018–19.

However, this figure does not take into account the impact of Australia's positive reputation as an architectural services exporter on our international student market. The number of international students studying Architecture and building courses has grown 15.5% year-on-year between 2015 and 2018, compared with the total growth in higher education, at 2.62%, or the total growth in international students studying any course, at 6.66%.





# SUMMARY OF KEY FINDINGS



## 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.

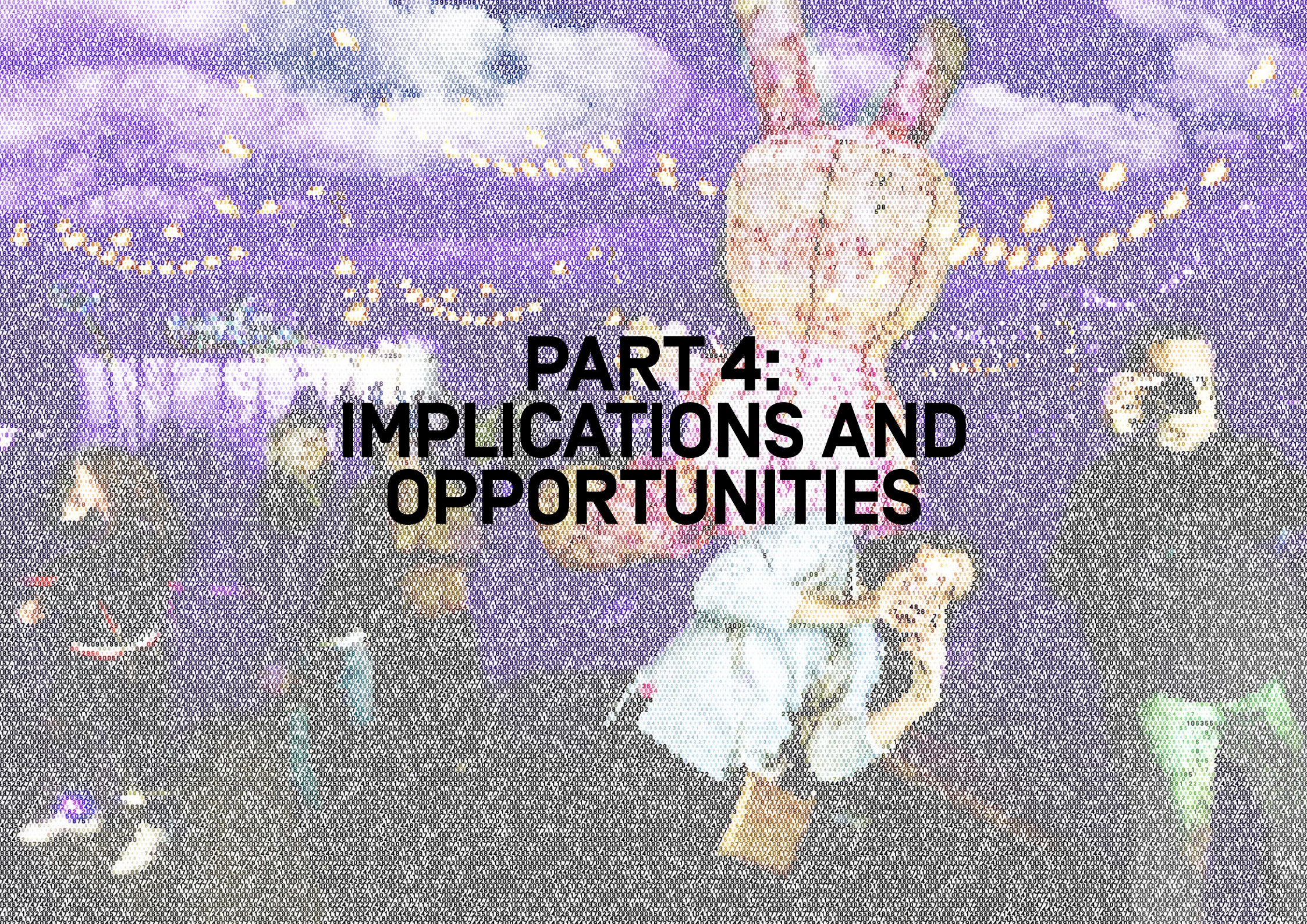
### Finding 4

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].



<b>Finding 5</b>	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.	<b>Finding 7</b>	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.
<b>Finding 6</b>	'Literature and print media' is the only cultural and creative domain to have experienced negative 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.	<b>Finding 8</b>	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.





# **PART 4: IMPLICATIONS AND OPPORTUNITIES**



## Part 4: Implications and opportunities

This report highlights various characteristics of Australia's cultural and creative economy, and as Parts 1, 2 and 3 have shown, the cultural and creative economy is an area of immense potential, even if that potential is not entirely being met and exploited in this country. We explored the following:

- \* The cultural and creative economy is growing in scale and diversity, noting that all but one of the cultural and creative domains identified by the ABS in 2008–09 have experienced strong growth in ensuing years.
- \* Creative skills, and people working in cultural and creative occupations, penetrate every sector of the Australian economy and help fuel economic growth. This should continue to at least 2030.
- \* Arts and culture are an integral part of a robust, high growth, high-tech, future-oriented cultural and creative economy, which is broader than just the cultural and creative industries. Subsidised arts and cultural activities supply inputs and talent into all parts of the Australian economy. Cultural and creative activity, in turn, has spillover effects on surrounding industries at a higher rate than other Australian industries do.
- \* Although we don't have recent data about our cultural and creative trade performance as a whole, we do know that not all of Australia's cultural and creative industries are export negative, and can create virtuous circles of trade activity.
- \* An industry can go into decline when external forces on a global and domestic scale combine with policy settings that are designed for the 20th rather than 21st century.

In Part 4, we take these findings a step further by exploring what they could mean for Australia's future. To do this, we take each of the findings in turn to examine their implications. We also take into account the fact that these findings are essentially historical data, given the onset of Covid-19. Therefore we also consider how things are likely to change due to the pandemic, and question what it will take to reboot our cultural and creative economy in Covid-19's wake.

## 4.1 Conclusions based on the findings of this report

### 4.1.1 Policy settings for the 21st century

The findings of this report highlight the need for a more connected policy approach that addresses characteristics across all 12 domains of the cultural and creative industries, and the private *and public* value purposes these industries serve. This would enable better targeting of government and private-sector investment to areas with growth potential, highlighting distinctive Australian outputs, as well continuing to foster stronger cultural identity and harnessing the social benefits that ensue when a strong cultural life is available to all Australians.

**Opportunity:** 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:** 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:** 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.



## 4.1.2 Making the connections

[Case study 3](#) highlighted the role of cultural infrastructure, in the form of venues, spaces, facilities, retail outlets, and even digital infrastructure like websites and social media, in bringing communities together, and providing the linkage between professional and community arts and culture.

However, state, territory and local governments sometimes invest in cultural infrastructure without a coordinated or long-term strategy. This creates significant variation in cultural opportunities for Australians in different parts of the country. With Infrastructure Australia's 2019 Audit including a considerably expanded focus on social infrastructure, including arts and recreation,<sup>209</sup> there is a new opportunity to take a systematic approach to this perennial issue. This is why we believe it is so important that the National Arts, Culture and Creativity Plan includes measures to ensure that all areas of Australia have reasonable access to, and can take advantage of, a wide range of different types of cultural infrastructure and activities.

**Opportunity:** 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.

This report has also highlighted the role of cultural and creative industries as both procurers of other cultural and creative services and products, and connectors between producers and consumers. However, their role is not well understood or captured in the existing data sets. With an explosion in digital consumption, there are new distribution

models and associated challenges. This area will need targeted investment to enable new models and opportunities to be developed, and to ensure these are informed by nuanced and contemporary views of how Australians in different parts of the country access opportunities that are relevant to them.

**Opportunity:** 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.

## 4.1.3 Recognising change and leveraging our strengths

[Case study 2](#) illustrated an issue that has plagued many areas of the cultural and creative economy that produce public goods.<sup>210</sup> This is that market demand does not always reflect the value that communities or society place on something. While declines in print news media are negatively affecting the entire media industry, this market failure does not mean that media services aren't valued.

This reiterates again the need for a National Arts, Culture and Creativity Plan to help ensure our public and private investments are effective.

News media will not be the only industry to undergo disruption in the coming decade — particularly in the context of Covid-19 — and targeted economic transition programs may be required.<sup>211</sup> Policy actions should explicitly address the changing skills, training and qualifications environment. Creative capability is demonstrably the driving force behind innovation-driven, economically diversified economies. Preparing Australia for the future of work requires workers to develop skills in creativity. We discussed how international students often take Australian sensibilities home with them at the end of their degrees, further enhancing Australia's reputation abroad, and in turn encouraging even greater numbers of international students to study in Australia.

**Opportunity:** 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.

Q1 showed that activity in the domains of Design and Fashion together comprise more than two-thirds of the total GVA of the cultural and creative industries. We also showed these are export-positive areas, and that they are popular with international students. We showed how this combination of factors could create a 'virtuous circle' of economic activity, and suggested this would be possible across a wide range of cultural and creative industries.

Measures to support the growth of these large cultural and creative domains will, in many cases, also benefit the smaller domains. For example, in light of the nation's accelerating move to digital consumption and experiences, Australia's Advisory Council on Intellectual Property's recommendation that the Australian Government reconsider the intellectual property treatment of virtual or non-physical design is timely.<sup>212</sup> This is, again, why we need a contemporary, joined-up approach to policy settings for the cultural and creative industries as a whole. This is not a new issue<sup>213</sup>, but it is becoming an increasingly urgent one.

#### 4.1.4 To make data-informed decisions, we need the relevant data

In [Part 2](#), we touched on some of the confusion that surrounds the cultural and creative economy, holding it back from reaching its full potential to benefit the Australian population.

One of the reasons for this confusion is that many people believe economists to be working with perfect knowledge. However, economic models are simply based on the best data available, and as we explained in Part 2, that data is often incomplete, not custom-built for answering the questions being asked, and may even be based on other data that is also incomplete and a poor fit. Economists do the best they can with what they have, but often what they have is less than ideal.

GDP as a proxy for a nation's economic health is a good example. Because GDP is often positively correlated with measures of societal wellbeing, it is therefore frequently used as a proxy to indicate a country's standard of living, even though that is not what GDP measures. As economists have pointed out, GDP:

*...adds the value of the sugar-laced beverages we sell but fails to subtract the health problems they cause; it includes the value of building new cities but does not discount for the vital forests they replace... 'it measures everything, in short, except that which makes life worthwhile'.<sup>214</sup>*

The difficulty with this for the cultural and creative industries and others like them is that these industries provide many qualitative benefits (known in economic terms as positive externalities) for which it is difficult to demonstrate a monetary value. Many of these activities are also provided to the public at no cost – such as in the case of free-to-air television, public art galleries and museums, or open-air cultural precincts – therefore having no market value of their own with which to demonstrate their value to the economy.

Although GDP is in many ways a flawed tool, Australia has had solutions to problems like this in the past. For example, between 1992 and 2001, the ABS conducted the study '4160.0 Measuring Wellbeing: Frameworks for Australian Social Statistics'. This captured quantitative social data about population, family and community, health, education and training, work, economic resources, housing, crime and justice, and culture and leisure.

In 2013 when the ABS set out to create the Cultural and Creative Satellite Accounts, they made the decision not to attempt to measure intangibles in these accounts, given that the Measuring Wellbeing study already captured this data anyway. However, it has now been nearly 20 years since this data was last collected.

Another previous solution was the ABS project 'Measures of Australia's Progress' (MAP).<sup>215</sup> Through consultation with everyday Australians, the MAP project identified a wide range of areas of national importance. One of these was the desire for 'Enriched Lives', which included participation and engagement with arts and culture. Unfortunately, this was an area that the project deemed as having a 'data gap':

*A range of possible indicators are being considered for assessing enriched lives, but the concept is broad and difficult to summarise in any one measure. In order to capture the spirit of this idea in a measure, further development will need to be undertaken.*<sup>216</sup>

Given that these are issues that the ABS and other entities have been grappling with for some time, the time seems ripe for exploring new options for data collection in this area.

**Opportunity:** With the 'Cultural Funding by Government' 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.

Despite our reliance on GDP as an imperfect gauge for national wellbeing, this figure is also only a rough measure – beneath the surface, it is fraught with definitional dilemmas and statistical compromises. Australia's GDP is captured in our National Accounts, but these are incredibly complex, and have many stakeholders — both national and international — which means making changes is both difficult and very slow. As a consequence, it is almost impossible for the National Accounts to keep up with the rapid pace of industry change. In order to capture emerging industries (such as the cultural and creative industries and the tourism industries), new satellite accounts have to be created and maintained at significant expense, making them vulnerable to cuts when budgets are tight. Without consistent data, it's impossible to adequately demonstrate the value of an activity, industry or domain and therefore exploit the opportunities available.

**Opportunity:** 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.





# SUMMARY OF OPPORTUNITIES



## Summary of opportunities

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### 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.

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### 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.

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### 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.

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### 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.

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### 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.

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### 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.

<b>Opportunity 7</b>	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.
<b>Opportunity 8</b>	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.





# APPENDICES



# Appendix 1: Cultural and creative industries and occupations

**Table 6: Cultural and creative industries using ANZSIC codes**

This table provides the list of ANZSIC codes — that is, the Australian and New Zealand Standard Industrial Classification codes — used to construct the ABS Cultural and Creative Satellite Accounts (5271.0). It is derived from the ABS 2014b Cultural and Creative Activity Satellite Accounts Data Cube, using Table 17. Note that, as this is an operational list, it is somewhat narrower than the more complex official definition given in the accompanying literature. See the Explanatory Notes for the Cultural and Creative Activity Satellite Accounts for more on this (ABS 2014c. Explanatory notes).

	Code	Industry division name	Class	Industry class name	Cultural and Creative domain
1	C	Manufacturing	1351	Clothing manufacturing	Fashion
2			1352	Footwear manufacturing	Fashion
3			1611	Printing	Literature and print media
4			1612	Printing support services	Literature and print media
5			1620	Reproduction of recorded media	Other culture goods manufacturing and sale
6			2591	Jewellery and silverware manufacturing	Visual arts and crafts
7			3712	Clothing and footwear wholesaling	Fashion
8	F		3732	Jewellery and watch wholesaling	Visual arts and crafts
9			3735	Book and magazine wholesaling	Literature and print media
10			4251	Clothing retailing	Fashion
11			4252	Footwear retailing	Fashion
12			4242	Entertainment media retailing	Other culture goods manufacturing and sale
13			4244	Newspaper and book retailing	Literature and print media

14			4253	Watch and jewellery retailing	Visual arts and crafts
15	J	Information Media and Telecommunications	5411	Newspaper publishing	Literature and print media
16			5412	Magazine and other periodical publishing	Literature and print media
17			5413	Book publishing	Literature and print media
18			5419	Other publishing (excerpt software, music and internet)	Literature and print media
19			5420	Software Publishing	Broadcasting, electronic or digital media, and film
20			5511	Motion picture and video production	Broadcasting, electronic or digital media, and film
21			5512	Motion picture and video distribution	Broadcasting, electronic or digital media, and film
22			5513	Motion picture exhibition	Broadcasting, electronic or digital media, and film
23			5514	Post-production services and other motion picture and video activities	Broadcasting, electronic or digital media, and film
24			5521	Music publishing	Music composition and publishing
25			5522	Music and other sound recording activities	Music composition and publishing
26			5610	Radio broadcasting	Broadcasting, electronic or digital media, and film
27			5621	Free-to-air television broadcasting	Broadcasting, electronic or digital media, and film
28			5622	Cable and other subscription broadcasting	Broadcasting, electronic or digital media, and film
25			5522	Music and other sound recording activities	Music composition and publishing
26			5610	Radio broadcasting	Broadcasting, electronic or digital media, and film
27			5621	Free-to-air television broadcasting	Broadcasting, electronic or digital media, and film
28			5622	Cable and other subscription broadcasting	Broadcasting, electronic or digital media, and film



29			5700	Internet publishing and broadcasting	Broadcasting, electronic or digital media, and film
30			6010	Libraries and archives	Libraries and archives
31	L	Rental Hiring and Real Estate Services	6632	Video and other electronic media rental and hiring	Broadcasting, electronic or digital media, and film
32	M	Professional, Scientific and Technical Services	6921	Architectural services	Design
33			6924	Other specialised design services	Design
34			6940	Advertising services	Design
35			6991	Professional Photographic Services	Visual arts and crafts
36			7000	Computer system design and related services	Design
37	P	Education and Training	8212	Arts education	Supporting activities
38	R	Arts and Recreation Services	8910	Museum operation	Museums
39			8921	Zoological and botanical gardens operation	Environmental heritage
40			8922	Nature reserves and conservation parks operation	Environmental heritage
41			9001	Performing arts operation	Performing arts
42			9002	Creative artists, musicians, writers and performers	Performing arts
43			9003	Performing arts venue operation	Performing arts

**Table 7: Cultural and creative occupations using ANZSCO codes**

This table provides the list of ANZSCO codes (that is, Australian and New Zealand Standard Classification of Occupations codes) used to construct the ABS Satellite Accounts for Cultural and Creative Activity [5271.0]. It is specifically used in the calculation of the COE for 'embedded' cultural and creative workers (see Figure 45). Note that this list is not identical to the occupations used to calculate the employment in QUT's Creative Economy analyses, outlined in [Case study 1](#). Those can be found on QUT's [Australian cultural and creative activity: A population analysis website](#). The list of ANZCO codes provided here comes from Appendix 2 of Pink's 2013(b) Information Paper: Cultural and Creative Activity Satellite Accounts.

Note: nec = 'not elsewhere classified' (jobs that don't neatly fit into other categories); nfd = 'not further defined' (jobs that were insufficiently described to be placed within a category).

	ANZSCO Code	Occupation Name		ANZSCO Code	Occupation Name		ANZSCO Code	Occupation Name
1	131100	Advertising, Public Relations and Sales Managers nfd	11	211111	Actor	21	211311	Photographer
2	131113	Advertising Manager	12	211112	Dancer or Choreographer	22	211400	Visual Arts and Crafts Professionals nfd
3	131114	Public Relations Manager	13	211113	Entertainer or Variety Artist	23	211411	Painter [Visual Arts]
4	139911	Arts Administrator or Manager	14	211199	Actors, Dancers and Other Entertainers nec	24	211412	Potter or Ceramic Artist
5	139912	Environmental Manager	15	211200	Music Professionals nfd	25	211413	Sculptor
6	142112	Antique Dealer	16	211211	Composer	26	211499	Visual Arts and Crafts Professionals nec
7	149912	Cinema or Theatre Manager	17	211212	Music Director	27	212000	Media Professionals nfd
8	210000	Arts and Media Professionals nfd	18	211213	Musician [Instrumental]	28	212100	Artistic Directors, Media Producers and Presenters nfd
9	211000	Arts Professionals nfd	19	211214	Singer	29	212111	Artistic Director
10	211100	Actors, Dancers and Other Entertainers nfd	20	211299	Music Professionals nec	30	212112	Media Producer (excluding Video)

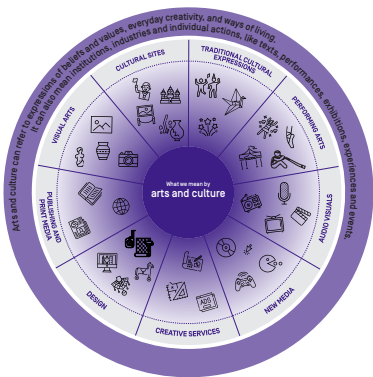
31	212113	Radio Presenter	44	212318	Video Producer	57	224611	Librarian
32	212114	Television Presenter	45	212399	Film, Television, Radio and Stage Directors nec	58	225100	Advertising and Marketing Professionals nfd
33	212200	Authors, and Book and Script Editors nfd	46	212400	Journalists and Other Writers nfd	59	225111	Advertising Specialist
34	212211	Author	47	212411	Copywriter	60	225113	Marketing Specialist
35	212212	Book or Script Editor	48	212412	Newspaper or Periodical Editor	61	225311	Public Relations Professional
36	212300	Film, Television, Radio and Stage Directors nfd	49	212413	Print Journalist	62	232000	Architects, Designers, Planners and Surveyors nfd
37	212311	Art Director (Film, Television or Stage)	50	212414	Radio Journalist	63	232100	Architects and Landscape Architects nfd
38	212312	Director (Film, Television, Radio or Stage)	51	212415	Technical Writer	64	232111	Architect
39	212313	Director of Photography	52	212416	Television Journalist	65	232112	Landscape Architect
40	212314	Film and Video Editor	53	212499	Journalists and Other Writers nec	66	232300	Fashion, Industrial and Jewellery Designers nfd
41	212315	Program Director [Television or Radio]	54	224200	Archivists, Curators and Records Managers nfd	67	232311	Fashion Designer
42	212316	Stage Manager	55	224211	Archivist	68	232312	Industrial Designer
43	212317	Technical Director	56	224212	Gallery or Museum Curator	69	232313	Jewellery Designer



70	232400	Graphic and Web Designers, and Illustrators nfd	83	249214	Music Teacher (Private Tuition)	96	312111	Architectural draftsperson
71	232411	Graphic Designer	84	261100	ICT Business and Systems Analysts nfd	97	361114	Zookeeper
72	232412	Illustrator	85	261111	ICT Business Analyst	98	392000	Printing Trades Workers nfd
73	232413	Multimedia Designer	86	261112	Systems Analyst	99	392100	Print Finishers and Screen Printers nfd
74	232414	Web Designer	87	261200	Multimedia Specialists and Web Developers nfd	100	392111	Print Finisher
75	232511	Interior Designer	88	261211	Multimedia Specialist	101	392112	Screen Printer
76	232611	Urban and Regional Planner	89	261212	Web Developer	102	392211	Graphic Pre-press Trades Worker
77	233916	Naval Architect	90	261300	Software and Applications Programmers nfd	103	392300	Printers nfd
78	234314	Park Ranger	91	261311	Analyst Programmer	104	392311	Printing Machinist
79	234911	Conservator	92	261312	Developer Programmer	105	392312	Small Offset Printer
80	249211	Art Teacher (Private Tuition)	93	261399	Software and Applications Programmers nec	106	394212	Picture Framer
81	249212	Dance Teacher (Private Tuition)	94	272411	Historian	107	399300	Gallery, Library and Museum Technicians nfd
82	249213	Drama Teacher (Private Tuition)	95	272611	Community Arts Worker	108	399311	Gallery or Museum Technician

109	399312	Library Technician	122	451400	Gallery, Museum and Tour Guides nfd
110	399411	Jeweller	123	451411	Gallery or Museum Guide
111	399500	Performing Arts Technicians nfd	124	561911	Classified Advertising Clerk
112	399511	Broadcast Transmitter Operator	125	599711	Library Assistant
113	399512	Camera Operator [Film, Television or Video]	126	599912	Production Assistant [Film, TV, Radio or Stage]
114	399513	Light Technician	127	599913	Proof Reader
115	399514	Make Up Artist	128	639511	Visual Merchandiser
116	399515	Musical Instrument Maker or Repairer	129	711912	Motion Picture Projectionist
117	399516	Sound Technician	130	899500	Printing Assistants and Table Workers nfd
118	399517	Television Equipment Operator	131	899511	Printer's Assistant
119	399599	Performing Arts Technicians nec	132	899512	Printing Table Worker
120	399611	Signwriter			
121	399915	Photographer's Assistant			

# Appendix 2



See Figure 47 on [p. 163](#) for full sized version.

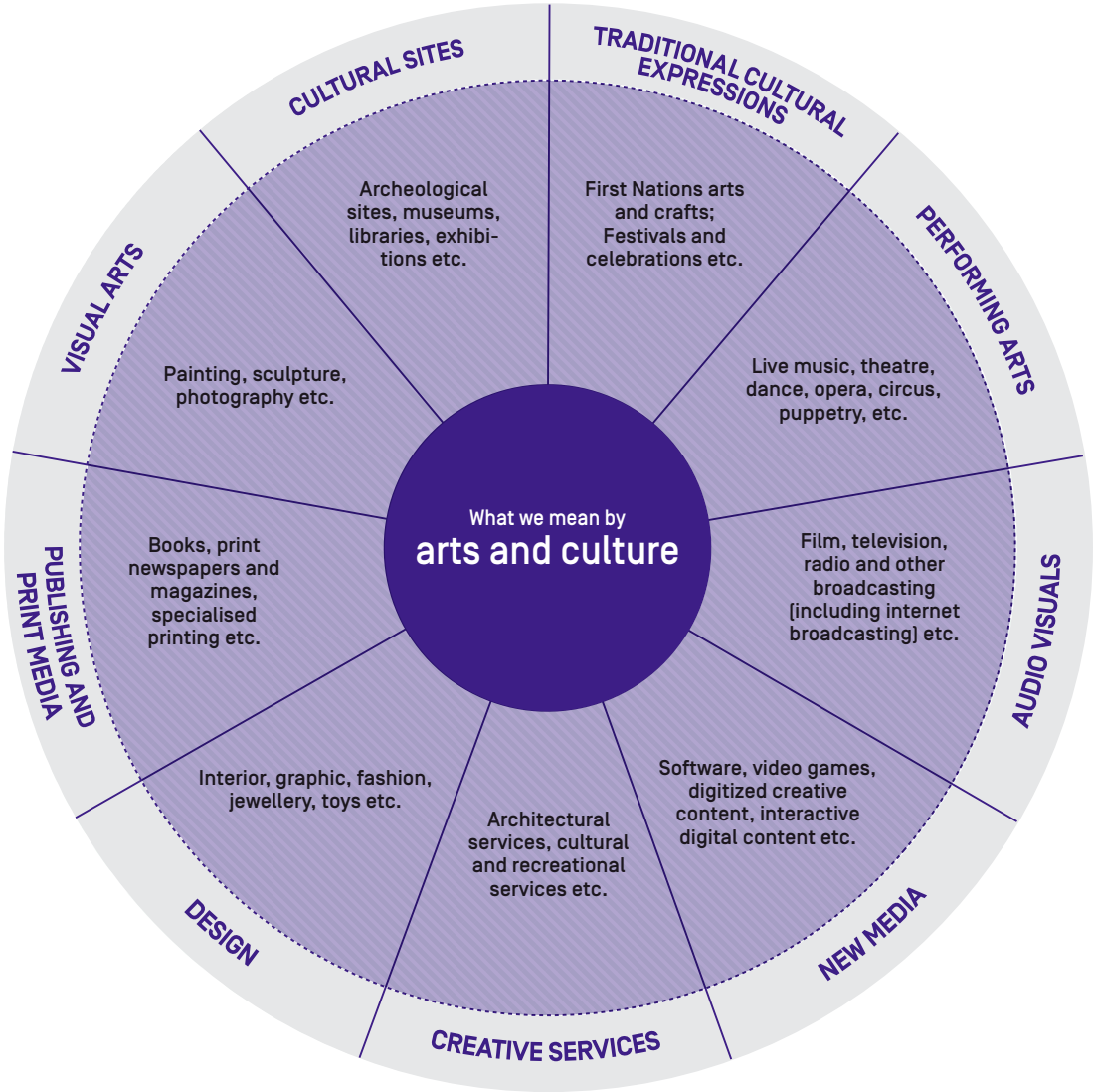
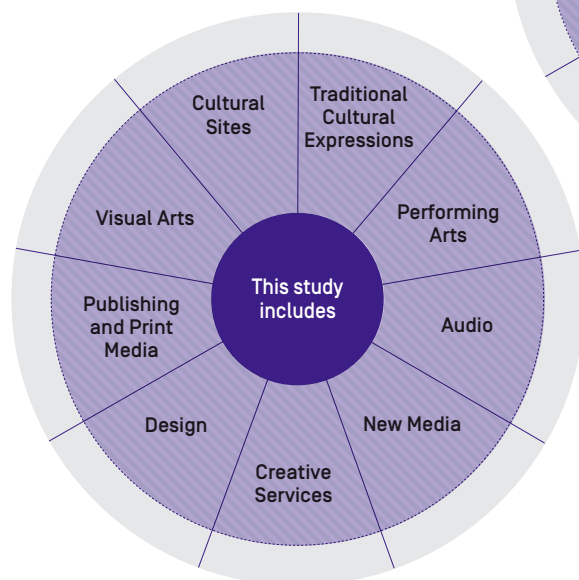


Figure 43: Cultural and creative activity included in the key studies mentioned in this report, compared to ANA's 'What we mean by arts and culture' infographic (ANA 2019). Darker coloured wedges represent the areas that each study has included in their scope for arts, cultural and creative activity. Source: Figure 43 adapted by ANA from ANA 2019. ANA 2019 figure created using inputs from Australia's Cultural Funding by Government data series 2007-08 to 2017-18, the UNESCO Framework for Cultural Statistics, and UNCTAD's Creative Economy Report 2008.

## 1. ANA 2019-20

We include the arts and cultural activities of individuals, households and organisations, as well as income, expenditure and outputs in our definition of arts and culture. We also include non-market activities (i.e. for leisure). We specify our focus depending on the questions a report is seeking to answer.

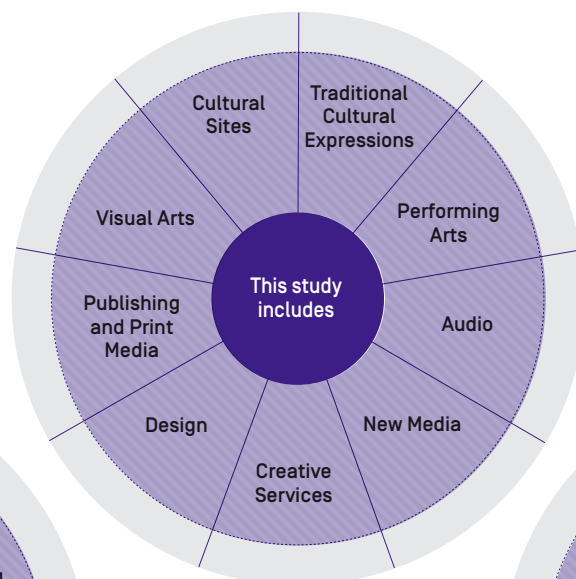




## 2. BCAR 2018

Focus is on products and industries. Includes all elements of the supply chain (from creation to production to manufacturing to distribution, including wholesaling and retailing, and consumption).

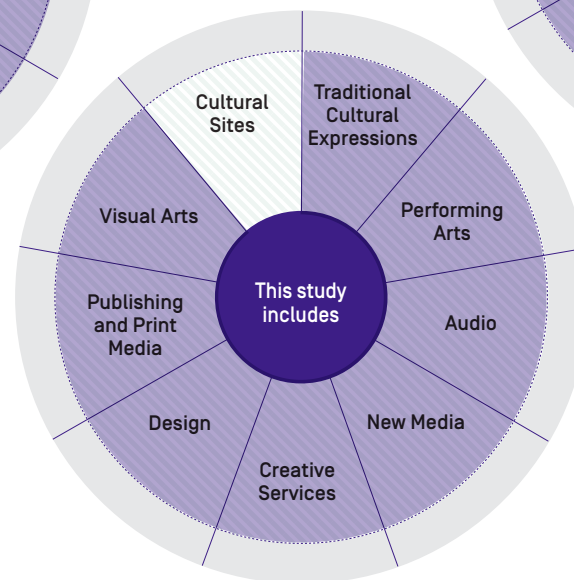
**Doesn't include:** non-market activities that are purely for leisure (e.g. hobby crafts).



## 3. Cultural Funding by Government Data 2017-18

Focus is on expenditure — i.e. not outputs — by governments, not by private firms or households.

**Additions:** Arts Education

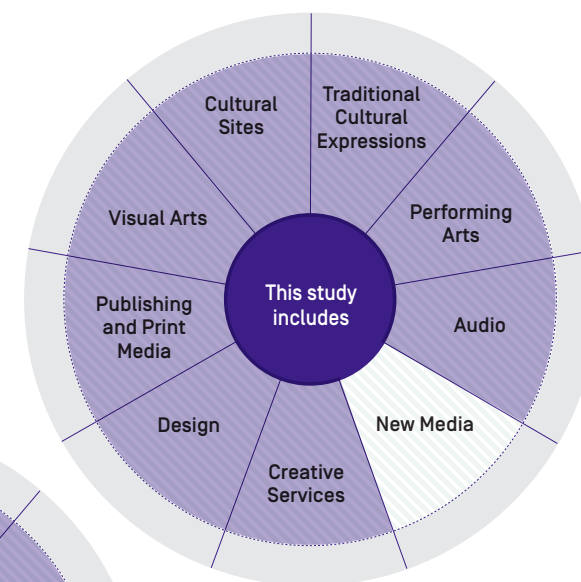


## 4. UNCTAD 2018

Focus is on products (i.e. goods and services).

**Additions:** Goods: computer equipment, digital fabrication equipment (eg. 3D printers). Services: IP services, research and development, licenses to reproduce, marketing, management consulting.

**Doesn't include:** goods and services related to heritage or cultural sites

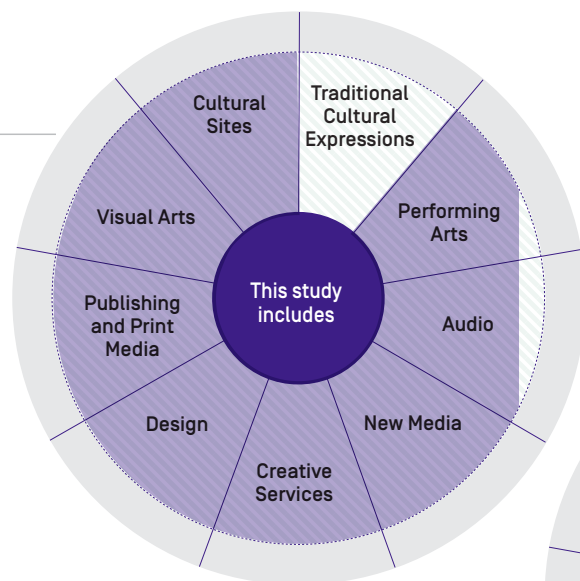


## 5. CPA's Giving Attitude Report 2018

Focus is on income brought in by micro, small, medium, large and extra large cultural organisations.

**Additions:** historical, literary and humanistic societies

**Doesn't include:** Fashion, jewellery or toy design, software, video games and interactive media.

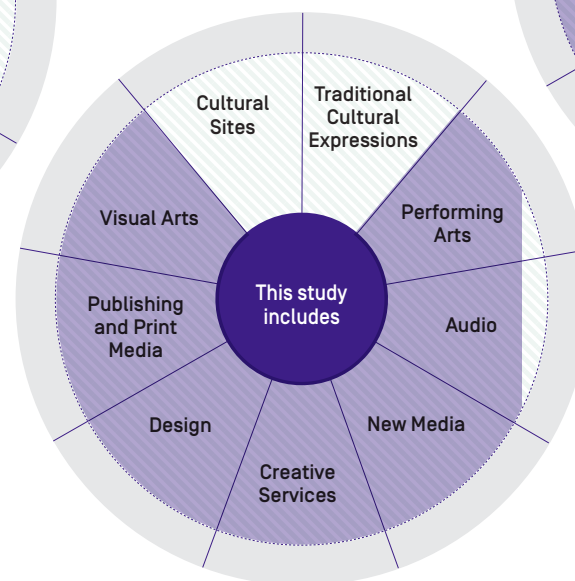


## 6. BCAR 2019

Focus is on creative occupations [ANZSCO], industries [ANZSIC] and qualifications [ASCED].

**Additions:** communications and media studies, urban environment planning, sales, marketing and other creative business services, computer science, IT.

**Doesn't include:** traditional cultural expressions, including festivals.

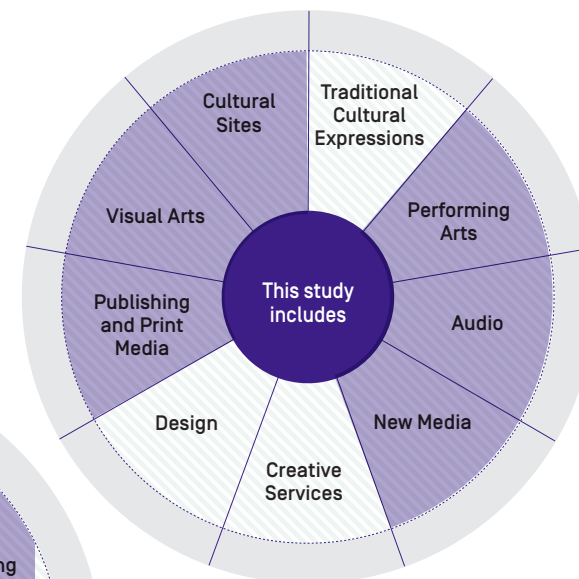


## 7. SGS Economics and Planning 2013

Focus is on occupation categories [ANZSCO] and industries [ANZSIC].

**Additions:** Marketing

**Doesn't include:** Cultural sites and heritage; traditional cultural expressions (including festivals).



## 8. Household Expenditure Survey 2015-16

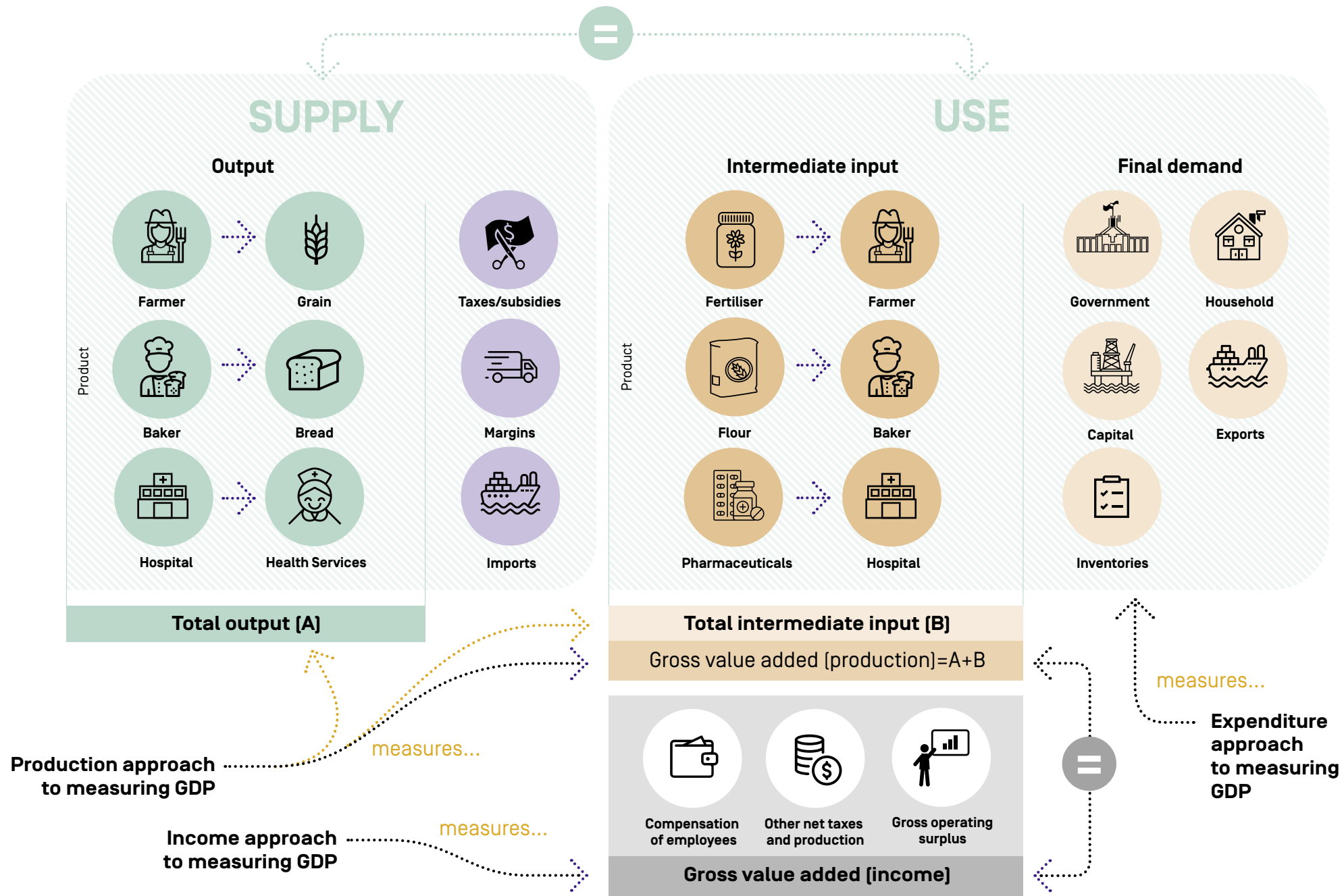
Focus is on the purchase of goods and services by households.

**Additions:** Nightclub entry; 'cultural equipment' [e.g. TVs, CD players, games consoles, PCs etc.]; culture-related education.

**Doesn't include:** library fees and charges; design; creative services; traditional cultural expressions (including festivals).

# Appendix 3

Figure 44: Three ways to measure GDP. Adapted from ABS 2019c. Explanatory Notes – 5217.0 – Australian National Accounts: Supply Use Tables, 2017–18, by ANA.





## Appendix 4: Additional information

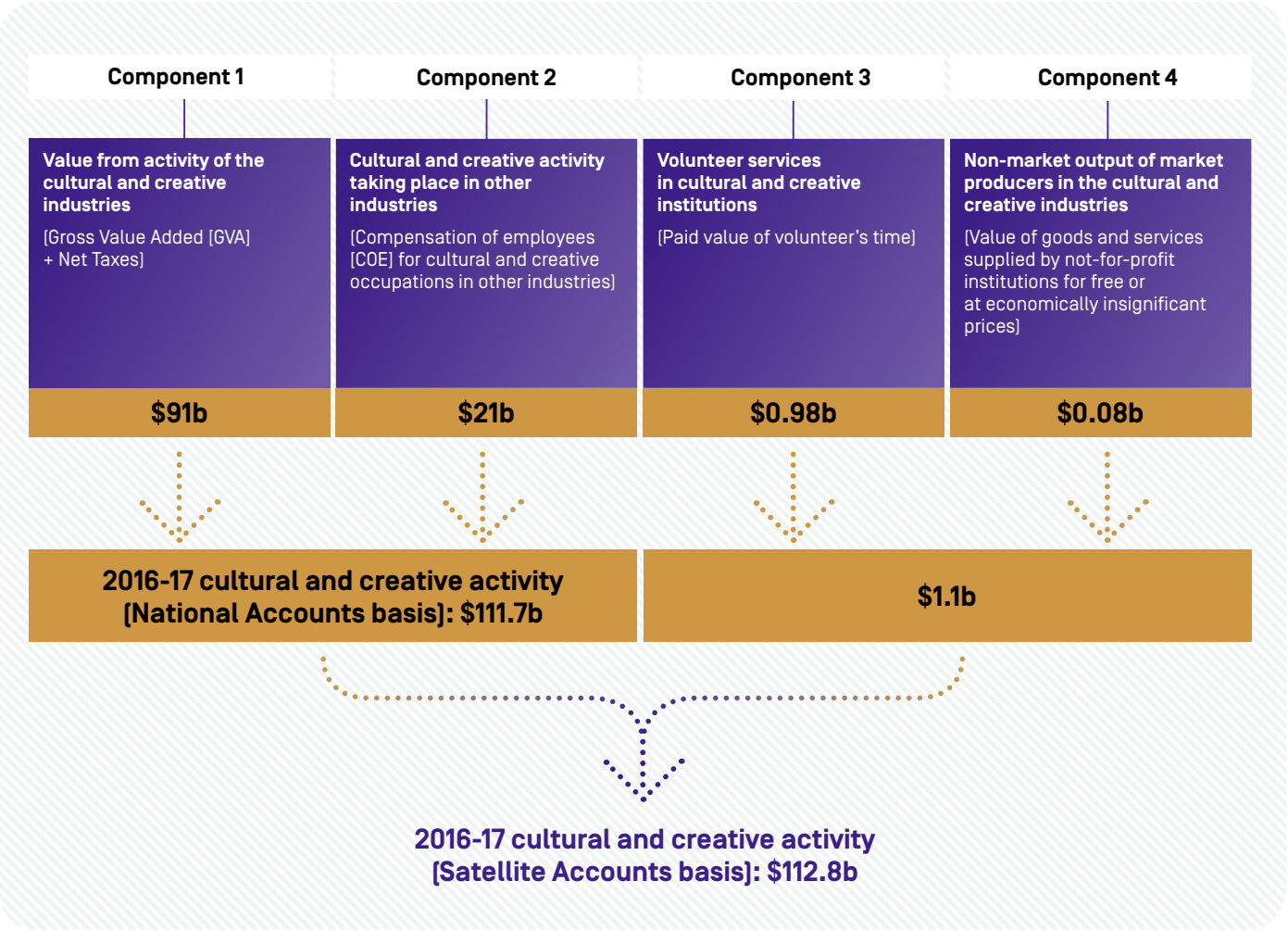
In this Appendix we go into more detail about some of the concepts and methods used to understand and measure the cultural and creative economy.

### How did the Cultural and Creative Satellite Accounts come to be?

The ABS decided to create the Cultural and Creative Satellite Accounts in 2013. In 2018, BCAR (part of the federal government's then-named Department of Communications and the Arts), with the support of the state and territory governments, reproduced these satellite accounts to see how economic activity may have changed in the cultural and creative industries and occupations between 2008–09 and 2016–17.

It is from the ensuing report (titled *Cultural and creative activity in Australia 2008-09 to 2016-17*, referred to throughout as BCAR 2018) that the \$111.7 billion figure came. This is the total value, using a National Accounts measurement, of Australia's cultural and creative activity (both within the cultural and creative industries themselves, as well as activities undertaken by creative professionals working in other industries – see [Q4 What about Jobs?](#) for more on this). However, when BCAR measured those activities on a satellite accounts basis – that is, when they added in the contributions of volunteers and the value of stuff given or done for free – it came to the figure \$112.8 billion. This broader analysis of cultural and creative activity in Australia is what Components 3 and 4 of Figure 45 (reproduced from Figure 4 on [p. 30](#)) demonstrates.

Figure 45 (reproduced from Figure 4 on [p. 30](#)): How cultural and creative activity has been calculated on a National Accounts basis and Satellite Accounts basis (2016–16).  
Source: Adapted from BCAR 2018, p. 39, by PwC.



### **Do these cultural and creative industries really belong together? And if so, why aren't they grouped together in the National Accounts already?**

Grouping the cultural and creative industries together as a contained industry division makes sense for a lot of countries, including, arguably, Australia. This is because these industries, with human creativity and ingenuity at their core, are often key drivers of economic productivity. Nations that are keen to transition from a focus on primary industries like agriculture and mining to a focus on technology-driven innovation often adopt a creative industries approach.<sup>217</sup>

So why don't Australia's National Accounts already group these industries together? As discussed in [1.3.1 on p. 29](#), Australia's economic activity is captured in our National Accounts – the set of accounts that measure the nation's income and expenditure, broken down into different sectors of the economy.<sup>218</sup> They are incredibly complex, and have many stakeholders — both national and international. As the names of the taxonomies ANZSIC and ANZSCO indicate, they are shared with New Zealand, and are also embedded within international agreements about national accounts (with UNESCO for example). For this reason, any changes to them involve an enormous amount of consultation, which means making changes is both difficult and very slow. As a consequence, it is almost impossible for the National Accounts to keep up with the rapid pace of industry change.

Australia's National Accounts were created long before the idea of the cultural and creative industries even existed. Economic activity from 'Arts and Recreation' activity has always been counted in Division R, which includes the production of artistic works, participation in live performances, operation of arts or entertainment venues or facilities, preservation and exhibition of cultural objects or sites, etc. (as well as non-cultural and creative activity such as sport and gambling). However, the other creative industries are scattered throughout many of the other ANZSIC industry classifications.

In 2013, in light of the increasingly compelling arguments for adopting a cultural and creative industries approach, the ABS decided to conduct an economic analysis of Australia's cultural and creative activity. To do this, they hunted through the National Accounts (using the National Accounts from 2008-09) for other industries, to find and draw out anything that could be considered 'cultural and/or creative'.

The ABS went through an extensive consultation process with industry, academic and government stakeholders, attempting to capture the nuance of these activities as accurately as possible.<sup>219</sup> They then grouped cultural and creative activity into 12 'domains', which were groups of industries that these stakeholders classified as cultural and creative.

Through this process, however, the ABS realised that the way Australia's National Accounts are measured didn't capture the full value of our cultural and creative activity, even if the domain approach was used. This was, in large part, because so much cultural and creative activity was occurring *outside* of the industries that could be classified as cultural and/or creative – that is, all the embedded creatives, working in



non-creative industries (such as designers employed at the Big 4 accounting firms, or photographers employed in-house at hotel and event facilities – see [Case study 1](#) for more on embedded creatives). [This activity can be seen in Component 2 of Figure 45.]

It was also partly because the consulted stakeholders agreed that the contribution of volunteers, as well as the flow of cultural and creative goods and services being provided ‘in-kind’ or at very low cost (for a range of reasons), was too significant in these industries to be left out.<sup>220</sup> [This activity is reflected in Components 3 and 4 of Figure 45.]

In situations like this, the ABS can create ‘Satellite Accounts’, which are linked to the National Accounts but also ‘provide information to assist stakeholders to fully understand these segments of the economy and develop and monitor their industry plans and policies’.<sup>221</sup> The ABS took data from 2008–09, included everything the National Accounts normally capture across the 12 newly-created cultural and creative domains, but also specifically sought out the activity of embedded creatives in non-creative industries. The ABS also measured the economic value of the contribution of volunteers, and the ‘non-market output’ (stuff given for free) by organisations that would ordinarily make revenue from the sale of their cultural and creative goods or services.

It should be noted that this is also the case for Australia’s tourism industry, for which the ABS collects and publishes data on an annual basis.

## How is GVA measured in the cultural and creative industries?

We saw in [1.3.2](#), that GVA (Gross Value Added) is the key measure used to understand what each industry contributes to Australia’s GDP.

GVA can be measured at the level of an organisation, by looking at the net income of a specific good or service. Let’s take a highly simplified example of a piece of art – say, a painting – and calculate its GVA. The artist buys a canvas for \$70 and some paint tubes for \$30. The canvas and paint are called ‘intermediate inputs’ because they are things that have gone into producing the final product. So we start with intermediate inputs worth \$100.

The artist then starts painting, which *adds value* to the intermediate inputs. When we combine those intermediate inputs with the intangible element of an artist producing something that the market wants to buy, you can end up with a painting worth much, much more than the cost of those original intermediary inputs – say, in this case, \$400. So the sum of all the intermediate inputs (\$100) plus the artist’s *Gross Value Added* [\$300] equals \$400: the final price of the painting.

We could also take this example back even further, looking at the intermediate inputs that went into making the painting's intermediate inputs (the paint and the canvas), right back till we get to the primary industries at the beginning of the value chain. See the (oversimplified, highly unrealistic) example in Figure 46.

Of course, this example is oversimplified because it does not even include the paint mentioned earlier, that the artist purchased for \$30. But it does show that a chain of intermediate inputs go into the production of a painting. If we counted all of them and the cost of the painting when calculating GDP, we would end up counting them twice, and assuming the painting's contribution to GDP was \$800 instead of \$400 [see Appendix 3]. Using the production approach to calculate GDP means that the canvas frame, which is an output in its own right, only gets counted in the measurement of the outputs of the canvas frame manufacturing industry, rather than the visual arts industry.

The other thing Figure 46 shows is that GVA is not the same thing as profit. The painting in our example may have had a GVA of \$400 [if the only intermediary input had been a canvas, and there were no taxes to add or subsidies to remove], and the artist's value-add, after they purchased their intermediate goods, was \$330. However, the artist also needed to pay to rent their studio space, pay themselves for their time, perhaps pay an accountant to keep track of their finances, etc. None of these are classified as intermediate inputs, even though they still have to be subtracted from the total sales cost to arrive at the profit. So, given that not all expenses are intermediate inputs, the artist's profits from the painting would be significantly lower than the GVA.

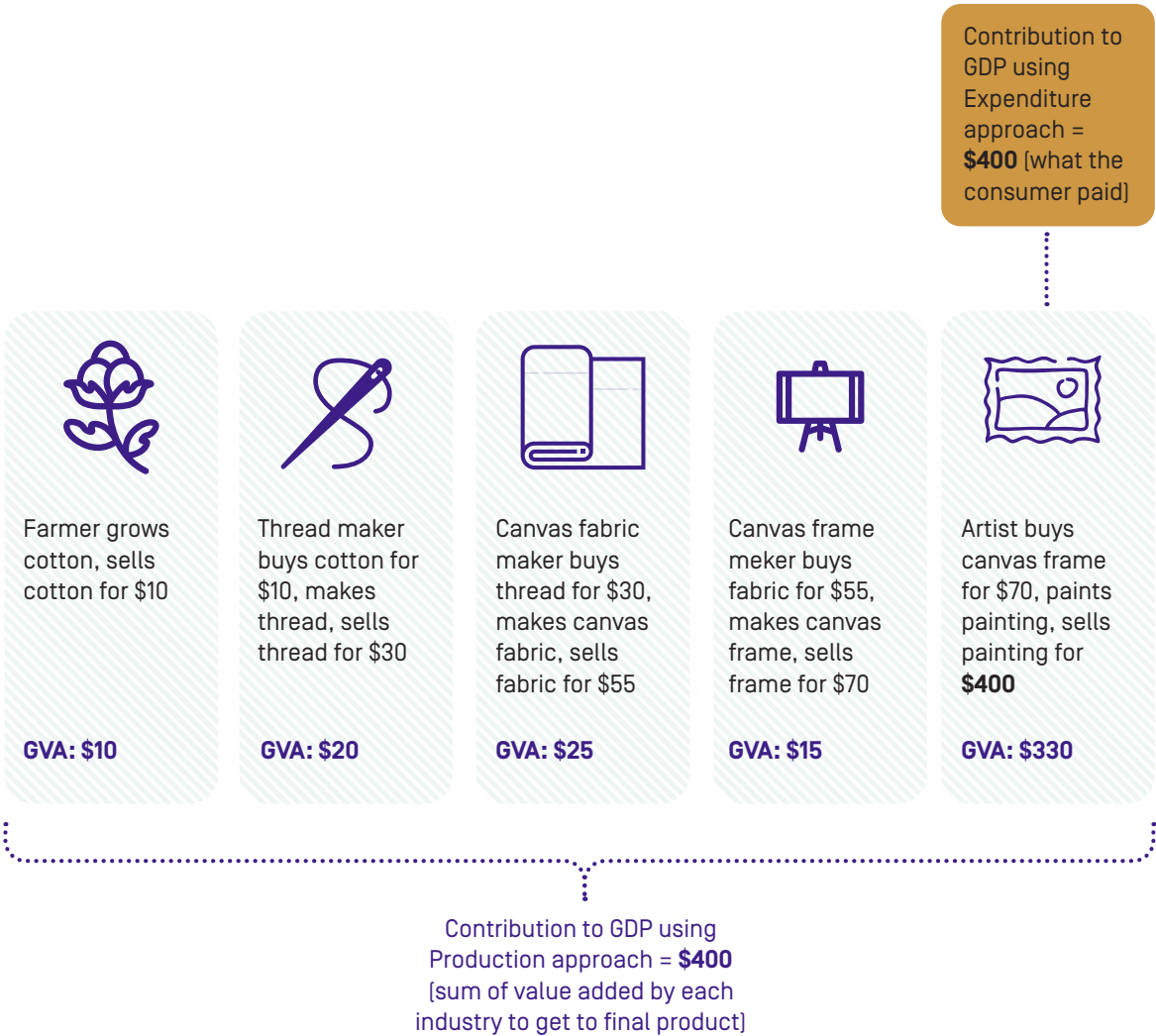


Figure 46: Industry cooperation in the art value chain. The 'Gross Value Added' (GVA) of a painting. Source: ANA. Note: this actually depicts the total Gross Value Added of the painting that would be used to find the contribution to GDP, which could be found by adding net taxes. Read on for an explanation of using GVA to calculate industries' contributions to GDP using the Production approach.

GVA is more frequently used to measure the economic activity of whole industries than to measure the contribution to GDP of individual goods or services produced. This can be achieved by, for example, adding up the GVAs of all the paintings, sculptures, prints, etc. to get to the total GVA of the visual arts industry. Economists can then compare the GVA of the visual arts industry to the GVAs of other industries, to understand each industry's contribution to GDP.

When economists add up the GVAs of all the industries for a financial year, they should *almost* get the total GDP of the nation for that year, and also understand which of the industries are contributing most significantly to GDP in that year. Why only almost? Because to get to GDP, economists must also take the GVA of each industry and add the indirect taxes each industry paid, and subtract the indirect subsidies each industry received (this is often referred to as net taxes). This helps to remove distortions – if an industry is heavily taxed and lightly subsidised, then its contribution to GDP will actually be higher than it looked before the figures were adjusted, and vice versa.<sup>222</sup>

## Which cultural and creative activities are goods and which are services?

Goods are usually tangible items we purchase, whereas services are activities that are provided to or for us by other people for a price. But it is often difficult to classify goods and services within cultural and creative industries. Is a piece of music a good? Well, it is if it's on a CD, but if it's streamed through Spotify, does it become a service? Fortunately, given it is so challenging, these classifications are less important than recognising where the thing that is (or will be) for sale sits within the supply chain – that is, the set of processes involved in producing, distributing and consuming a good or service. This forms the basis of how the ABS considers industries that are in-scope for cultural and creative activity.<sup>223</sup> You can see more about the cultural and creative supply chain in Figure 3.

However, the challenge of identifying what should count as a good or a service in these industries becomes more important when we look at trade, which calculates goods and services separately. This is one contributing reason that the US has such a large trade deficit in cultural and creative goods (as discussed in Q7); because UNCTAD counts screen activity within creative services.

## Is there a difference between 'cultural activity' and 'creative activity'?

There are minor differences, but most stakeholders in Australia don't pay attention to these differences in everyday usage. For example, the ABS found that zoos and botanical gardens were cultural – they have symbolic meaning linked to culture – but did not require a *significant* input of human

creativity.<sup>224</sup> Similarly, they found that software development required human creativity, but did not necessarily produce culturally symbolic output. Both are included in the ABS list of cultural and creative industries. However, some argue that neither should be.

## How is 'cultural and creative activity' different to 'arts and culture'?

In economic terms, 'cultural and creative activity' refers to economic activity with either inputs or outputs that are cultural and/or creative and that are exchanged on the market (usually for money). So 'cultural and creative activity' is a technical term, related specifically to goods and services.

But in everyday conversation, the terms 'arts and culture' or 'arts, cultural and creative activities' are usually not used to discuss *economic* activity. In this more common use of the term, arts and cultural activities may or *may not* produce goods and services that go on to be exchanged in the market. They can be conducted for leisure only, such as when a person sings and plays guitar to wind down after work, or paints for pleasure on the weekend.

[Appendix 2 on p. 130](#) adapts ANA's 'What we mean by arts and culture' infographic to demonstrate the relationship between our very expansive definition of arts and culture, and the cultural and creative economic activity referenced in the key sources used in this report.





# NOTES AND REFERENCES



## Endnotes

1. [OECD 2020a. Building back better]
2. [Bureau of Communications and Arts Research (BCAR) 2018] Most of the studies discussed in this report come from the 2016-17 financial year. This is primarily because this is the year on which the most recent analysis of cultural and creative activity was conducted. It is also the year for which the most recent Census data is available. Therefore, this report occasionally uses data from the 2016-17 financial year so that figures will be comparable, rather than using the most recent data available. We acknowledge that the economic effects of Covid-19 will render much of this data historical. However, we believe these figures demonstrate the potential that the cultural and creative economy could have in helping Australia recover from the events of 2020. Note also that BCAR released an update to their 2018 Working Paper in October 2020. More on this can be found on [p. 38](#).
3. [BCAR 2018 p. 5.]
4. Using 2016 Census data, 868,098 people – 8.1% of the workforce – were employed in either the cultural and creative industries (specialist or support professionals) or a cultural and/or creative occupation in another industry (embedded creatives) in 2016. See [2.4.1](#) for a more detailed breakdown.
5. [Fielding 2020]
6. [Higgs and Cunningham 2008]
7. [ABS 2014c. Explanatory Notes] Note: Research by the World Economic Forum and McKinsey & Company (2018) has shown that cultural and creative supply chains around the world are experiencing significant disruption from emerging technologies like Artificial Intelligence. AI is now being used to create content, aid production and manufacturing, and help target the distribution of products more effectively. Consumers are also increasingly consuming creative content using emerging technologies such as virtual and augmented reality. Research on the effects of these changes on Australia's cultural and creative supply chain is currently underdeveloped.
8. [Florida 2012 p. 6]
9. In most countries that take this approach, the term 'creative industries' is the norm. At the federal level in Australia, extensive work was undertaken by the ABS and a range of cultural and creative specialists to determine what should be included in our cultural and creative industries. Part of this process involved agreeing that it was important to retain the 'cultural' in 'cultural and creative'. Not all Australian states have adopted this term, however. In this report, we refer to 'cultural and creative industries' except where we are referring to a specific policy or piece of research that has used the more common 'creative industries'. We have attempted to make clear, where possible, whether this is only a difference in name, or whether the industries included differ also.
10. [UK Department for Culture, Media and Sport 1998]
11. [Newbigin in Cunningham and Flew 2019. p.21]
12. [Leong 2014]
13. [Botovalkina, Levina, and Kudinova 2018; Jang and Paik 2012]
14. [Leong 2014]
15. [Department of Premier and Cabinet Western Australia 2019]
16. [Smithies and Bailey 2019]
17. [Department of State Growth 2018]
18. This definition of literature is adapted from the ABS definition: "Literature is the product of the creative minds of authors, whether this be writing books or articles for publication in newspapers and magazines." [ABS 2011. 4172.0]

19. [The Australian Curriculum Website 2015]. Sometimes 'the arts' is also used to refer to humanities disciplines in universities (a Bachelor of Arts majoring in Religious Studies or History, for example). However, the studies referred to in this report do not use this definition of the arts.
20. When the ABS created the first Cultural and Creative Satellite Accounts in 2008-09, they found that the industry class 9002 (Creative artists, musicians, writers and performers) contributed 51.98% of the Performing arts domain. Using these figures, we have used the 2016-17 total of economic activity for the Performing arts domain of \$1.74 billion, and extracted 51.98% of that total to estimate the approximate GVA of industry class 9002 (Creative artists, musicians, writers and performers) of \$904 million (or approximately \$0.9 billion).
21. This is adapted from the ABS Satellite Account definition. In the ABS definition, there are three categories of activity: cultural only; creative only; and activity that is both cultural and creative. These distinctions are generally described in a single term: 'cultural and creative'. Further detail can be found in [Appendix 4](#), or for a detailed overview of the distinctions between the three categories, see Section 3 of the ABS Cultural and Creative Activity Satellite Accounts Discussion Paper (Pink 2013a Discussion Paper).
22. [Samuel et al. 2014]
23. See MCM-SWG 2018b. Measuring the Economic Value p. 9 for more on this.
24. [Bakhshi, Freeman, and Higgs 2013] Bashshi and Freeman were based in the UK, Higgs was working with the ARC Centre of Excellence for Creative Industries and Innovation (CCI) in Queensland, Australia.
25. Again, it's important to note that Australia's classification of cultural and creative industries is not solely based on CCI's work. It was used as an input in decision-making.
26. [ABS 2015. Australian System of National Accounts. p. 72]
27. [Watson et al. 2007]
28. These were originally ideas explored by Adam Smith in 'The Wealth of Nations' in 1776, and are paraphrased here from David Throsby's 'Economics and Culture'. (Throsby 2001 p. 20)
29. These definitions of public and private value come from the ANZSOG Public Admin Explainer on public value. [ANZSOG 2017]
30. In our third Insight Report (Fielding and Trembath 2020), ANA defined public goods as items or effects that a) have social benefits beyond their market price; b) are (or should be) available to all members of a society without exclusion; and c) do not become less available to one individual because they are also being used by others. This definition was compiled from two sources [Drahos 2004 p. 321; MCM-SWG 2018b. Measuring the Economic Value p. 33].
31. [Throsby 2001 pp. 34-41]
32. [Throsby 2001 p. 25-26]. Our report does not go further into Contingent Valuation Methods, but for a useful illustration, see Deloitte's report 'How do you value an icon?' The Sydney Opera House: economic, cultural and digital value [Simes et al. 2013].
33. [The Treasury New Zealand 2020]
34. [BCAR 2018]
35. [BCAR 2018 p9.] Australia uses the Production Approach, discussed in [1.3.1](#), to calculate the value of specific industries to our nation's GDP, by calculating industries' Gross Value Added (GVA). Calculating GVA involves adding up the final prices of everything produced in an industry in a given time period and subtracting intermediate inputs. To get the contribution to GDP, we must then add net taxes. The GVA of the cultural and creative industries in 2016-17 was \$85.7 billion. Adding net taxes gives us the 'contribution to GDP' figure of \$91 billion. [See Figure 4 and [Appendix 4](#) for more on the interaction between GVA and GDP and how GVA is calculated.]



36. The economic activity of embedded creatives is represented by their salaries and wages, etc. referred to in economic terms as 'imputed compensation of employees (COE)'. See BCAR 2018 for more on this.
37. See [Appendix 1](#) for a full breakdown of the industries included in the ABS and BCAR studies of cultural and creative activity.
38. See Footnote 35
39. [BCAR 2020a. Explanatory Notes; BCAR 2020b Visual Summary]
40. [Fleming 2015, p. 8]
41. The figure of \$6 billion in government spending is based on data for 2016-17, contained within the 2017-18 Cultural Funding by Government data set [MCM 2019]. \$6 billion is 6% of the total of cultural and creative activity for that year, which was \$111.7 billion [BCAR 2018].
42. [Holden 2007]
43. See Florida 2012 for a detailed explanation of this idea.
44. See [Case study 1](#) for evidence for this claim.
45. [KPMG 2018]
46. In this report, we use the term 'spillover effects', while in the report these NSW economy figures are drawn from, they are called 'input-output multipliers'. The report defines these multipliers as, 'the total economy-wide impact on employment or output resulting from a change in one industry, considering the change in demand for the outputs of other industries.' [KPMG 2018, p. 89]. We consider multipliers defined this way to be a form of spillover effect [see indirect economic contributions to other industries in Figure 12] and thus have used the broader term. Note that this is not the same kind of multiplier as those used in Keynesian analysis, which traditionally refers to analyses of the effects of injections of government spending into the economy.
47. [Burgan 2020]
48. [Gretton 2013]
49. [SGS Economics and Planning 2013 p. 13 and pp. 61-64]. Note: Gretton [2013] points out a range of shortcomings to using the input-output tables to understand the economic impact of industries on other industries, despite how commonly this method is used. One limitation specific to undertaking multiplier analyses with satellite industries uses the example of tourism, but this applies to the cultural and creative industries also. Gretton suggests that when comparing multipliers for a satellite industry to other, non-satellite industries, there is potential to count the multipliers of the component activities that make up the satellite industries in both these and the comparator industries. This indicates that more and more recent research is needed to better understand the impact of cultural and creative activity across a range of areas.
50. Data calculated using the 6-digit ANZSCO codes, in the ABS 2016 Census TableBuilder, based on the definition of cultural and creative economy used by BCAR to produce the Cultural and Creative Activity Satellite Accounts. The 43 industry classes and 132 cultural and creative occupations used to do this can be found in [Appendix 1](#). [ABS 2016]
51. [Cunningham and McCutcheon 2018a. Factsheet 1]. Note: Cunningham and McCutcheon's work on employment in the cultural and creative economy uses a different, and narrower, definition than BCAR uses. Figure 3 in [1.1.2](#) shows the supply chain approach on which BCAR bases their definition. Cunningham and McCutcheon, however, argue that in terms of employment, the only part of the supply chain that is truly creative/cultural are the people engaged in creating new goods and services (including support professionals working in industries that produce new IP). They argue that other people in the value chain could be doing the same jobs anywhere else (that is, their skills are transferable) and that they are therefore the beneficiaries of the creative sector, rather than part of it.

52. [Cunningham and McCutcheon 2018a. Factsheet 1]
53. [ABS 2016. Census Tablebuilder]
54. [Browne 2020 pp. 1–2]
55. [BCAR 2018]
56. [Centre for Volunteering 2018]
57. Based on a methodology from the World Intellectual Property Organization. [MCM-SWG 2018b. Measuring the Economic Value p. 51]
58. [CPA 2018]
59. Note that \$6.86 billion is the 2017–18 figure, while in [Q3](#) we used the 2016–17 figure of \$6.1 billion to be comparable to the 2016–17 Cultural and Creative Satellite Accounts figure.
60. [ANA 2019. The big picture] In our first Insight Report, we explored the change in government expenditure on arts, culture and creativity over time, as well as per capita, and compared to the OECD average, amongst other findings.
61. [ANA 2019. The big picture]
62. See the Explanatory Notes tab of the Cultural Funding by Government, Australia, 2017–18 data series. [MCM 2019]
63. [MCM-SWG 2018a. Cultural Funding by Government 2016–17 Report p. 6]
64. One of the reviewers of this report asked why producing or watching sport would be classified as a cultural and creative activity, but playing sport would not. It is a fair question, and other studies, such as the Australian Cultural Fields Project, have indeed included sport as a cultural activity. This being a report on economic contributions of cultural and creative activity, however, we point to what the ABS and other researchers have included in their classifications. Using the criteria of creative input and cultural symbolism in the final product [see [1.1.5](#)], the experts consulted by the ABS did not include the playing of sport within their definition of cultural and creative activity.
65. [Nielsen Australia 2020] This figure increases significantly when including the data for streaming video on smartphones and tablets. However, it is unclear whether these items were included in the 'other cultural equipment' category. Another consideration is whether all content produced for YouTube (and therefore often by prosumers who are not necessarily employed in the cultural and creative economy) is cultural and creative. This, however, is a question beyond the scope of this report.
66. [Australia Council for the Arts 2020a. Creating our Future p. 161]
67. [Brand et al. 2019 p. 9]
68. [Ranchhod and Vieira 2014]
69. [Craik 2003 Preface]
70. [ABS 2019a. 4114.0]
71. Drawn from Eurostat's online publication, 'Cultural Statistics – Cultural Participation,' 2017. In this research, live performance is described as attending 'the cinema...theatre, concert, organised cultural event outdoors and so on' while cultural sites are described as 'museum, historical monument, art gallery or archaeological site'. Australia's attendance figures [ABS 2019a. 4114.0] and the Eurostat study were not designed to be comparable, and because Eurostat has defined live performance to include 'and so on', we don't know if the activities they have described are entirely commensurate with the ABS figures. Furthermore, the Eurostat data is an average across 28 countries, so although there is significant variability among cultural participation by region and location in Australia, this is undoubtedly more pronounced across the various countries in the European Union. However, a 2010 report comparing arts and cultural participation between

- Australia and the UK supported this comparison, also finding higher participation rates in Australia [72% compared with England at 67% and Scotland at 68%] [Australia Council for the Arts 2010].
72. [ABS 2019b. 4921.0]
  73. From Eurostat [Statistical Office of the European Union] online publication, 'Cultural Statistics – Cultural Participation 2017'. A total of 35.2% of adults reported taking part in any of the following artistic activities: 'playing a musical instrument, composing music, singing, dancing, acting, photography/film-making, drawing, painting, sculpture, other visual arts/ handcrafts, writing poems/short stories/fiction, and so on'.
  74. [ABS 2019b. 4921.0]
  75. [Australia Council for the Arts 2020a p. 132. Creating our Future]
  76. [Fielding and Trembath 2020. A view from middle Australia]
  77. [Australia Council for the Arts 2020b. Domestic Arts Tourism]
  78. [Fielding, Glisic and Trembath 2019. Transformative]
  79. [SGS 2013]
  80. [SGS 2013 p. 62]
  81. [Google Australia 2019 p. 8]
  82. See our second Insight Report for an overview of how Aboriginal and Torres Strait Islander art is featured on the world stage. [Fielding, Glisic and Trembath 2019. Transformative]
  83. As of February 2020 [Friedlander 2020]
  84. [Valdes 2020]
  85. [Department of Foreign Affairs and Trade 2017]
  86. [Dark and Hawkins 2005]
  87. Based on research from the United Nations Conference on Trade and Development using 2014 data. [UNCTAD 2018]
  88. [UNCTAD 2018 p. 56]
  89. [UNCTAD 2018 p. 58]
  90. [UNCTAD 2018 p. 9]
  91. [BCAR 2019]
  92. [BCAR 2019 p. 18] This quote includes links to Appendices that help the reader understand which industries have been classified as wholly or partially creative.
  93. [World Bank 2019]
  94. [Withers et al. 2015]
  95. [UNCTAD 2018 p. 25] Note, UNCTAD analyses are conducted in United States [US] dollars, however, the \$8:\$1 and \$1:\$2 analysis is just a ratio, not based on real dollar figures.
  96. [UNCTAD 2018 p. 27]
  97. [OECD 2018]
  98. [Vella et al. 2019]
  99. [Easy Song Licensing 2020]
  100. [Department of Jobs and Small Business 2019 p. 39]
  101. [McKinsey Global Institute 2017]
  102. [Bakshi, Downing, Osborne and Schneider 2017]
  103. [World Economic Forum 2018]
  104. [Cunningham and McCutcheon 2018a and 2018b. Factsheet 1 and 2] Cunningham and McCutcheon use the CCI definition of the creative economy, which focuses on jobs that contribute to the creation of new intellectual property, compared to BCAR's definition which includes jobs across the full cultural and



creative supply chain. See [Q4](#) for the BCAR employment figures. See MCM-SWG 2018b Measuring the Economic Value p. 12 for a comparison to Cunningham and McCutcheon's work.

105. [Cunningham and McCutcheon 2018a. Factsheet 1] Because the data in this section mostly comes from Cunningham and McCutcheon's work, and this work uses the term 'creative' not 'cultural and creative', referring specifically to jobs contributing to the creation of new IP, we too have used the term 'creative' in this section.
106. [Cunningham and McCutcheon 2018b. Factsheet 2]
107. [Department of Employment, Skills, Small and Family Business 2019]. All figures related to industry employment projections in this section come from this source unless stated otherwise.
108. [Bille and Jensen 2018]
109. [Throsby and Petetskaya 2017 pp. 22-23]. Professional artists include writers, visual artists, craft practitioners, actors, directors, dancers, choreographers, musicians, composers, and community cultural development artists with an established 'track record' and a current arts practice. These criteria can be found on p. 18 of Throsby and Petetskaya's report.

110. [Cunningham and McCutcheon 2018b. Factsheet 2]
111. [Pagan, Cunningham and Higgs 2008]
112. These BCAR estimates are based on the ABS (2017) Australian System of National Accounts, 2016–17, Cat. No. 5204.0. [BCAR 2019]
113. BCAR estimates are based on Department of Jobs and Small Business (2018) Industry Projections—five years to May 2023. High growth industries are defined by BCAR as those industries that are growing more than a standard deviation above the average growth estimate for the total economy, which equates to employment growth of around 14.6% over the five years to 2023. This identifies the following ANZSIC groups as high-growth: Allied Health, Waste Collection Services; Motion Picture and Video Activities; Sound Recording and Music Publishing; Internet Publishing and Broadcasting; Scientific Research Services; Management and Related Consulting Services; Other Professional, Scientific and Technical Services; Computer System Design and Related Services; Preschool Education; Adult, Community and Other Education (not further defined); Adult, Community and Other Education; and Other Social Assistance Services. [BCAR 2019]
114. [Bakhshi et al. 2017 p. 49]
115. [Bakhshi et al. 2017 p. 101]

116. [Snowball et al. 2019 p. 21]
117. [Department of Education, Skills and Employment 2020]
118. [Westpac 2017]
119. [BCAR 2018]
120. [ABS 2011. 4172.0]
121. [Australian Competition and Consumer Commission (ACCC) 2019]
122. [ACCC 2019]
123. [Samios 2020]
124. [Samios 2019]
125. [AlphaBeta 2020]. This report was commissioned by Google.
126. [ACCC 2019. p. 350]
127. [IBISWorld 2020]
128. [UTS Centre for Media Transition 2019]
129. [Meade 2020]
130. [ACCC 2019 p. 21]
131. A section of the UTS Centre for Media Transition publication [UTS 2019 p. 34–48]

132. [ACCC 2019]
133. See Fielding and Trembath 2020 to understand more about the value middle Australians place on Australian content.
134. Extensive research shows that news media helps citizens to imagine themselves as part of a cohesive whole, particularly in relation to nationhood and patriotism, originally stemming from Benedict Anderson's book 'Imagined Communities' [Anderson 1983]. Many scholars have taken Anderson's theory and applied it in a wide range of contexts.
135. [Long 2020]
136. [Long 2020]
137. See Sacco 2011, and Trembath and Fielding 2020 [Behind the scenes], for more on prosumers and the shift to 'Culture 3.0'.
138. [Wilding et al. 2018 p. 13]
139. [Vasterman 1995 in Wilding et al. 2018 p. 23]
140. [Taylor and Cokley 2013 p. 14]
141. [Wilding et al. 2018 p. 58]
142. [Taylor and Cokley 2013 p. 5]
143. [ACCC 2020]
144. [ACCC 2019 pp. 33–34]
145. [Department of Infrastructure, Transport, Regional Development and Communications 2020]
146. [ACCC 2019 p. 19]
147. [Australian Local Government Association 2020]
148. [JWS Research 2018]
149. See Rentschler, Bridson and Evans [2016] for interesting research on this.
150. [Gibson and Gordon 2018 p. 261]
151. [Rentschler, Bridson and Evans 2016]
152. [ANA 2019]
153. [Cmielewski et al. 2020]
154. [Rentschler, Bridson and Evans 2016]
155. [Rentschler, Bridson and Evans 2016]
156. [Cmielewski et al. 2020]
157. Quote from NSW Minister for the Arts, Don Harwin [Create NSW 2019]
158. [Create NSW 2019 p. 11]
159. [Cunningham et al. 2020 p. 10 of previously unpublished paper]
160. [Queensland Government 2020]
161. [Cunningham et al. 2020 p. 13 of previously unpublished paper].
162. [Rentschler, Bridson and Evans 2016]
163. [L.E.K Consulting 2018]
164. Day trips by Australians were defined as 'Australian residents who travelled at least 50 kilometres away from home (round trip) and were away from home for at least four hours, to experience the arts, including festivals. [Australia Council for the Arts 2020b. Domestic Arts Tourism p. 5]
165. [Australia Council for the Arts 2018]
166. [Australia Council for the Arts 2018]
167. Australia's top three source countries for international students are China, India and Nepal. China has been the highest for a long time, but India and Nepal have recorded the greatest percentage growth rates in the last four years. [Austrade 2020]
168. [Department of Foreign Affairs and Trade 2019]
169. [Hurley 2020]

170. [Austrade 2020]
171. [Tudge and Tehan 2020]
172. [Department of Education and Training 2018]
173. [Hurley 2020]
174. This is calculated based on the ABS figure of the value of international education exports at A\$18.8 billion in 2014, and Deloitte's estimate that visiting family and friends of international students added A\$222 million in that same year. [Deloitte Access Economics 2015]. It should be noted, however, that this calculation does not appear to account for how much of international student spending came from income they earned while living in Australia.
175. [Deloitte Access Economics 2015 p. 52–56]
176. Based on the total overseas enrolment count for 2018, which was 484,331. [Department of Education, Skills and Employment 2020]
177. [BCAR 2019]. The list of creative qualifications and occupations BCAR identified is on p. 24 of that report, and is included in Appendix 1 of our report for convenience.
178. [Higgs and Lennon 2014]
179. The Australian Government's Job Outlook website provides the likely requirements of each job type in Australia. The entries for jobs such as Actor, Artist, Musician, Writer and many other related roles are labelled as 'formal qualifications not essential'. [Job Outlook n.d.]
180. Unpublished data compiled in 2019 by Cunningham and McCutcheon, the Digital Media Research Centre, QUT.
181. Where 'course' is defined as a program of study that leads to a qualification.
182. [Tudge and Tehan 2020]
183. 70% of this contribution comes from international students in higher education rather than primary or secondary school [Universities Australia 2019]
184. [UNCTAD 2018] Note, our creative goods are significantly more in deficit than our services.
185. [BCAR 2018]
186. [Architects Accreditation Council of Australia [AACA] 2018]
187. [AACA 2018]
188. [Jennings 2016]
189. [Merriam-Webster 2020]
190. [Butler 2020]
191. [Violett and Micheli 2020]
192. [Violett and Micheli 2020]
193. [Butler 2020]
194. [Donaldson 2020; Lochhead 2020]
195. [Kaji-O'Grady 2016]
196. [Lochhead 2020]
197. Based on commentary across a wide range of documents, including but not limited to: AACA 2018; AACA 2019; Lochhead 2020; Butler 2020; Bruhn 2020; Violett and Micheli 2020; Donaldson 2020.
198. [Austrade 2020]
199. [Donaldson 2020]
200. [Butler 2020]
201. [Department of Foreign Affairs and Trade 2019]
202. [Department of Education, Skills and Employment 2020]



203. This is relative to previous years, rather than to other Australian cultural and creative industries. Australian design exports (which include architectural services) experienced the most significant growth between 2005 and 2014 of all the cultural and creative industries (UNCTAD 2018). That said, in 2008–09 (in the most recent available modelling of cultural and creative industries exports undertaken in Australia), ‘software development and interactive content’ made the highest contribution to GDP by a wide margin (41% of creative industry contributions), followed by ‘writing, publishing and print media’ (22%), and ‘film, television and radio’ (11%), with ‘architecture’ and ‘design and visual arts’ coming in an equal fourth (each with 8%). The other categories were ‘advertising and marketing’ with 7%, and ‘music and performing arts’ with 3%. [SGS 2013 p. 63].
204. [OECD 2020c. COVID-19 and international trade]
205. [OECD 2020b. COVID-19 and global capital flows]
206. [Tingle 2020]
207. [Violett and Micheli 2020]
208. [Hurley 2020 p. 4]
209. [Infrastructure Australia 2019]
210. For an exploration of public goods in the Australian context, and particularly with ‘middle Australians’ see our third Insight Report, *[‘A view from middle Australia: Perceptions of arts, culture and creativity.’](#)* [Fielding and Trembath 2020. A view from middle Australia]
211. [Department of Industry, Science, Energy and Resources 2015]
212. [IP Australia 2019]
213. [Strategic Industry Leaders Group 2006]
214. [Kapoor and Debroy 2019] Quote within quote is from Robert Kennedy’s 1968 election speech.
215. [ABS 2013]
216. [ABS 2013] Select the ‘Enriched Lives’ heading for more on this data gap.
217. [UNCTAD 2018]
218. [ABS 2019d. Feature Article]
219. [ABS 2014c. Explanatory Notes]
220. [Pink 2013a. Discussion Paper]
221. [ABS 2014a. 5271.0 p. 4]
222. At a technical level, GDP calculated from the production or industry side also includes an amount for ‘ownership of dwellings’, to ensure that the imputed rent on owner-occupied dwellings, which is a component of household consumption expenditure (and hence GDP measured from the expenditure side), has a counterpart in the production-based measure.
223. [ABS 2014c. Explanatory notes]
224. The ABS, building on the work of Australian cultural economist David Throsby and others, defined culture and creativity broadly, as above, but then created a functional list of industries that would fall within the purview of ‘cultural’, ‘creative’, and the largest category of ‘cultural and creative’ (see Appendix 1). More can be found about this process of categorisation in the Scope and Coverage section of the Explanatory Notes for the Cultural and Creative Satellite Accounts. [ABS 2014c. Explanatory Notes]

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## What we mean by arts and culture

We take a broad view of culture, which draws together two main meanings.

The first meaning refers to the beliefs, values, ways of living and everyday forms of creativity that we either share as Australians or share with other members of our particular social groups or communities.

The second meaning refers to the arts and culture as the set of institutions, industries and actions by individuals, that combine to produce and distribute a wide range of texts, performances, exhibitions, experiences and events. Some of these activities are purely commercial, while some are subsidised by governments. Some are community-sourced, others are privately funded, others are supported via patronage, and many are a combination of these. The activities include, but are not limited to, galleries, libraries, archives and museums, music, screen, radio, video gaming and digital arts, performance, literature, visual art, community-engaged practice, hybrid and experimental forms, language, festivals, craft, heritage, design and live art.

In recognising these two notions of arts and culture, our purpose is to acknowledge that the interactions between them are crucial to understanding the issues at stake in assessing the public value of expenditure in this area. How do these relate to and interact with our ways of living and everyday forms of creativity? How far do they promote our common interests and values as Australians? How do they also serve the interests and values of different demographic groups? And do they do so fairly?

We note also that arts and culture sit within the broader category of cultural and creative activity. No global, agreed-upon definition exists for this category of activity and it is a topic of contest and change over time. The report refers to a variety of sources that use differing definitions and therefore include or exclude different things from their underlying datasets. Through referencing and clarifications, where important, we have endeavoured to make these distinctions as transparent as possible.

Figure 47: What we mean by arts and culture infographic. Source: ANA. Created using inputs from Australia's Cultural Funding by Government data series 2007-08 to 2017-18, the UNESCO Framework for Cultural Statistics, and UNCTAD's Creative Economy Report 2008.

