The Big Picture 2

Public Expenditure on Artistic, Cultural and Creative activity in Australia in 2007-08 to 2019-20

February 2022

A New Approach (ANA)

Acknowledgements

About A New Approach (ANA)

Australians from every walk of life participate in and benefit from arts, culture and creativity. Australia's leading arts and culture think tank, A New Approach (ANA), makes this evident through independent research and analysis.

ANA's staff, board, expert advisory group and philanthropic partners are driven by a shared vision of a cultural life that emboldens Australia.

ANA's work informs discussion, shifts beliefs, inspires public policy and brings together decision makers and industry leaders around evidence-led ideas and pathways for pragmatic action.

ANA acknowledges the cultures of Aboriginal and Torres Strait Islander peoples in Australia and their continuing cultural and creative practices in this land.

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ANA Reference Group

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ANA Partners

ANA is supported by a unique collaboration of 11 philanthropic organisations across the country. This national coalition comprises:

About this report

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The opinions in this Insight Report do not necessarily represent the views of ANA's funding partners, the individual members involved in governance or advisory groups, or others who have provided input.

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The *Insight* series

This paper is the seventh in ANA's Insight series. Our Insight Reports provide a deep dive into research and analysis of a particular arts and cultural policy topic or other area of interest.

Find all of our previous work at www.newapproach.org.au.

Contact us about this work via hello@newapproach.org.au.

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Executive Summary

This report provides an updated overview of cultural expenditure trends by governments in Australia between the years of 2007–08 and 2019–20, drawing on a new release of Australia's most comprehensive dataset on cultural funding by governments (CFG) at every level. ANA released its first report on the topic in September 2019.[1]

While this report is focused on government investment, we know from our research that the community understand the value of arts and culture. Most Australians participate in some form of creative and cultural activities. The Australian Bureau of Statistics (ABS) reported that 82.4% of Australians attended cultural venues and events in 2017–18. In the same year, almost a third of Australians aged 15 years and over actively participated (rather than just attending or observing) in artistic and cultural creation or performance. Australian households spent on average nearly $50 a week on 'cultural expenditure', according to the findings of the Household Expenditure Survey for 2015–16.

ANA's qualitative research exploring the perceptions of arts and culture among 'middle Australians' – swing or undecided voters, from low- and middle-income households living in regional or outer suburban locations – has confirmed that this group expects governments to reflect this value by investing in cultural opportunities right across the country. The community also understands that culture and creativity have a binding effect in the face of disruption and dislocation.

This report reviews the new data from the ABS *Cultural funding by governments* series and finds that 'business as usual' cultural expenditure by the three levels of government reached a new peak, in real terms, of $7.26 billion in the 2019–20 financial year. Arts and cultural organisations and businesses also received more than $4 billion of Covid-19 support in the last four months of the 2019–20 financial year.

Australia is spending significantly less on culture compared to its OECD peers.[2] Substantive research showed that, at the time of this report, Australia was ranked number 23 out of the 34 OECD countries. In Australia, the growth of cultural funding by governments lags our population growth, with a 6.9% decrease in per capita expenditure on arts and culture in the period between the 2007–08 and 2019–20 financial years. This decline in per capita cultural funding can be attributed primarily to a decline in per capita cultural funding by the federal government; however, it is important to note that during this period the Commonwealth introduced and operated significant programs of support that were not expenditure based, and therefore are not reflected in these figures.

Understanding these trends in cultural funding across the three levels of government can help us consider if Australia's investment is effective in ensuring that arts and cultural opportunities are available and relevant to people across the country. Insights from this data can help us answer several complex public questions, including:

- Is Australia's investment in arts and culture keeping up with our population growth and inflation?
- Is it keeping up with the expectations and changing demographics of our citizens?
- How does Australia compare with our international neighbours and peers?
- How could Australian governments invest more effectively to harness the cultural, social and economic benefits of a rich arts and cultural landscape?

As noted, effective investment is particularly important in the context of the significant disruption caused by the Covid-19 pandemic. However, even before the pandemic, there have been significant shifts in the magnitude and sources of public expenditure on culture over the last decade. Such big changes over short periods of time have been unsettling to a sector that relies on the long-term development of skills and products for its delivery and ambitions for excellence. This has also unsettled other funders, especially philanthropists, who often provide reciprocal and compensatory funding.

Covid-19 has necessitated the beginning of significant reform, which can respond to both the pandemic, natural disasters and broader industry changes in creation, distribution and consumption.

We believe there is an opportunity to shape this change through the use of strategic investment to transform and embolden our cultural landscape and to serve and reflect our contemporary public. This can accelerate Australia's social and economic recovery as we rebuild from the impacts of the Covid-19 pandemic and recent natural disasters, as well as future global, geopolitical, environmental and economic disruptions.

The recent Parliamentary Inquiry into Cultural and Creative Industries and Institutions has delivered a bipartisan recommendation that the Australian Government develop a National Cultural Plan. A Plan, as ANA has suggested previously[3] and as the Parliamentary Inquiry concluded, will be 'a practical way for the

Federal Government to facilitate more coherent and effective public and private investments across these industries, as well as legislative, regulatory and policy settings' and 'will assist with the cultural and creative industries' recovery, while supporting employment and economic growth'.[4]

It is clear that Australia urgently needs to design and implement mechanisms to boost cultural expenditure as a percentage of GDP to at least the OECD average within the next decade and ensure that its per capita spending keeps pace with its population. Achieving this will require commitment and courage from all parts of the ecosystem – including philanthropists, businesses, non-governmental organisations, individuals and creators – as well as from governments.

Summary of findings

Finding 1	Arts and culture organisations and businesses accessed more than $4 billion of Covid-19 support in the last four months of the 2019–20 financial year. Of this amount, 98.8% came from the federal government; however, only half the states and territories were able to report on their Covid-specific cultural spending.
Finding 2	Expenditure on arts and culture across the three levels of government reached a new high of $7.26 billion in the 2019–20 financial year, even without the inclusion of support for Covid-19 disruptions. However, the increase in real terms between 2017–18 and 2019–20 was marginal, at just 0.6%, indicating that total expenditure has increased only slightly faster than inflation.
Finding 3	Cultural spending has not kept up with population growth, with a 6.9% decrease in per capita expenditure on arts and culture in the period between 2007–08 and 2019–20. Cultural expenditure from the three levels of government combined was $282 per person in the 2019–20 period; in the 2007–08 period, it was $303 per person (adjusted for inflation).
Finding 4	At the time of this report, Australia was ranked number 23 out of the 34 OECD countries – a slight increase in ranking from 26th in 2015. In 2019, the OECD average for expenditure on culture, recreation and religion was 1.23% of total GDP, while the Australian figure was only 0.95% of GDP.
Finding 5	Responsibility for cultural expenditure continues to be split more evenly between the levels of government than it was in the 2007–08 period. Excluding Covid-19 measures, the federal government contributed 37.9%, state and territory governments 36.7% and local governments 25.3% to total cultural expenditure by governments in the 2019–20 financial year.
Finding 6	Total capital expenditure has slowly but steadily increased as a proportion of total cultural expenditure in Australia. Capital expenditure was 17.1% of the total cultural expenditure during the 2019–20 financial year, up from 11.5% in 2007–08.
Finding 7	The proportion of cultural expenditure by federal, state and territory governments allocated across three overarching categories was 42% to Museums, Libraries, Archives and Heritage; 31% to Film, Radio and Television; and 27% to Arts in the 2019–20 period. The proportion allocated to Museums, Libraries, Archives and Heritage increased, while the proportion allocated to Film, Radio and Television and to Arts decreased since the 2017–18 period.

Summary of opportunities

Opportunity 1	Develop and implement the National Cultural Plan, a bipartisan 2021 recommendation from the recent Parliamentary Inquiry into Creative and Cultural Industries and Institutions. This will facilitate more effective collaboration between federal, state and territory and local governments and cross-portfolio strategic initiatives. Clearer policy direction and coordination will ensure that the benefits of cultural expenditure by governments are available to all Australians.
Opportunity 2	Within the context of the National Cultural Plan, and with bipartisan recognition of the positive cultural, social and economic impacts of arts and cultural participation, design and implement mechanisms to boost cultural expenditure by governments as a percentage of GDP to at least the OECD average within the next decade.
Opportunity 3	Create a standing item on the development of the National Cultural Plan on the National Federation Reform Council agenda.
Opportunity 4	While Covid-19 is still disrupting the operations of arts and cultural organisations and special support mechanisms are in place, conduct the CFG survey every financial year.
Opportunity 5	The proposed Productivity Commission inquiry 'into the legislative arrangements which govern funding of artistic programs and activities at all levels of government' should proceed and take a broad approach towards understanding the source and intended purpose of this investment, including the expected cultural, social and economic benefits from this investment. Noting expenditure is only one of the policy levers available to governments; they can also consider if Australia has a fit-for-purpose legislative, regulatory, tax incentive and investment environment.
Opportunity 6	Build on the work of Infrastructure Australia to 1) implement a coordinated national approach to arts and cultural infrastructure and 2) facilitate greater collaboration between federal, state and territory and local governments for cultural infrastructure programs.
Opportunity 7	Take an industry transformation approach to supporting arts and cultural organisations in expanding digital offerings and access, given the importance that Australians are now placing on digital engagement with arts and culture.

Introduction

In this section:

Introducing this report

Australia's federal, state and territory and local governments all invest in arts and culture to provide opportunities for people to access, experience and keep creating Australia's heritage and culture.

This report provides an updated overview of cultural expenditure trends in Australia between the 2007–08 and 2019–20 periods, drawing on a new release of Australia's most comprehensive dataset on cultural funding by governments. It builds on the initial observations about this release, which ANA published in October 2021.[5]

The 2019–20 financial year included both significant bushfires and the first four months of the Covid-19 pandemic. While Covid-19 dominates our every thought and every policy today, it is important to remember that this was not the case for most of the 2019–20 period.

In the 2019–20 financial year, the three levels of government directed more than $7.26 billion of public funds to arts and culture, which was approximately 0.9% of the combined total expenditure made across all levels of government[6]. An additional $4.27 billion of Covid-specific measures were also directed toward arts and culture organisations and businesses, resulting in a total expenditure of $11.58 billion (1.46% of the expenditure across all levels of government).

These figures include support for organisations at all scales, including our most well-known cultural institutions – such as the Australian War Memorial, the Australian Broadcasting Corporation (ABC) and Bangarra Dance Theatre – as well as the nation-wide ecosystem of creative organisations and individuals in remote, regional and metropolitan Australia. Funding for broadly available services such as public libraries and local festivals are included, as well as the programs that invest in the development and distribution of new creative works, increase access opportunities for different audiences and support Australia's international cultural diplomacy efforts.[7]

The CFG survey on which this report is based reflects expenditure from one financial year period; in this case, July 2019 to June 2020. While this dataset provides us with the most complete view available of public expenditure on culture in Australia across different departments and government entities, it is important to note that it does not capture all expenditure, that it is not conducted every year and that there have been several methodology changes over time.[8] Nevertheless, it is one of our most comprehensive and valuable tools for assessing Australia's cultural expenditure landscape. Data collection for the CFG survey involves a coordinated effort between the relevant Australian Government and state and territory departments.

In this report we analyse this latest release of CFG data as an update to our first report, 'The Big Picture: Public Expenditure on Artistic, Cultural and Creative Activity in Australia', released in September 2019. It provides new information about the trends that became apparent in that earlier piece as well as new insights regarding expenditure in the states and territories. Importantly, it provides an overview of Covid-19 support measures implemented in the final four months of the 2019–20 period.

Part 1 of this report explores the following questions:

1. How much Covid-19 related support did arts and culture organisations and businesses receive during the first four months of the pandemic? How was this support divided across the different levels of government?
2. Did Australia's 2019–20 public expenditure on arts and culture match population growth? Did 2019–20 expenditure on arts and culture as a percentage of GDP grow or shrink?
3. What was the distribution of capital versus recurrent expenditure across each level of government?
4. How much was spent on capital versus recurrent arts and culture expenditure?
5. What is the 2019–20 distribution of expenditure across the three overarching categories: the Arts; Film, Radio and Television; and Galleries, Libraries, Archives and Museums? Which overarching categories do different levels of government focus on?
6. What changes can be observed over time in each state and territory, looking at expenditure through state, territory and local governments?

In Part 2 we explore the implications for these findings, unpacking them within the context of the recently released report of the Parliamentary Inquiry into Cultural and Creative Industries and Institutions, which includes bipartisan support for the National Cultural Plan. Pointing out opportunities for policy change throughout, we explore ways that the three levels of government could work together to take a more strategic approach to cultural expenditure, using the CFG data as a baseline for building future success.

How to use this report

We recommend using this report to better understand cultural expenditure trends over the last 13 years in Australia, their implications and the opportunities for change and growth.

For elected members and policy advisers

Use this report to better understand cultural expenditure trends over the last 13 years in Australia. 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 cultural and creative organisations and individuals

Use this report to better understand which levels of government spend how much on what aspects of arts and culture. This may assist you in preparing advocacy documents and grant applications, as well as in participating in discussions about investment in the cultural and creative economy with your peers and with your political representatives.

For economists and economic advisors

Use this report to understand and visualise the trends in cultural expenditure in Australia, adjusted for inflation, over the last 13 years. This may provide new insights into the opportunities for more effective investment, regulation and policy settings for cultural and creative industries.

For philanthropists and sponsors of arts and culture

Use this report to understand the context around cultural expenditure and policy settings in Australia, which may inform your investments and donations to arts and cultural organisations. It may assist you in discussions about how to strategically partner with governments in cultural spending.

For researchers and educators

Use this report as a resource collating, analysing and visualising the trends in public expenditure on culture in Australia over the last 13 years. This may provide you with data to add to reports, peer-reviewed research and presentations. It may also be valuable as an accessible introduction to this area for students in cultural and creative industries courses.

For the media, content creators and platforms for creative content

Use this report to better understand trends in cultural expenditure by governments in Australia. Get in touch with ANA about media opportunities using the contact details on p. 2.

For international audiences

The international comparisons it contains may be useful in exploring cultural expenditure in different nations. For international readers, this report can also be used as an example of trend analysis of cultural expenditure by governments at national and sub-national levels.

Part 1: Trends and insights

In this section:

Australia is a culturally active nation.

Most Australians participate in some form of creative or cultural activity: 82.4% of Australians attended cultural venues and events in the 2017–18 financial year, with a particularly high rate (95.6%) of direct participation in cultural activities from young people aged 5 to 14 years.[9]

Almost a third of Australians aged 15 years and over actively participated (rather than just attend or observe) in artistic and cultural creation or performance in 2017, with activities including the playing of music, singing, dancing, writing, painting and photography.[10] In the 2015–16 period, Australian households spent on average nearly $50 a week on 'cultural expenditure', according to the findings of the Household Expenditure Survey.[11]

We know from our research that Australians value arts and culture. Governments reflect that understanding in their culture expenditure for their respective jurisdictions. But how has this changed over time? Are we keeping up with population growth, inflation and our international neighbours and peers? Does more funding go to capital or recurrent expenditure? Which types of arts and cultural experiences do the different levels of governments focus on? And does location impact the extent of financial support for cultural experiences from state, territory and local governments?

In Part 1, we look at the big picture of this cultural expenditure and explore these questions.

1.1 Specific measures responding to Covid-19

When the Covid-19 pandemic was declared in March 2020, the ensuing national lockdowns between March and June that year catalysed a range of financial support responses from the federal and state and territory governments across many areas of the economy, including the arts and cultural sector. This Covid-specific expenditure is identified in the 2019–20 CFG dataset.

Figure 1 shows the change in cultural expenditure across the three levels of government between the 2007–08 and 2019–20 periods, including and excluding Covid-19 support. The federal government provided 98.8% of the Covid-19 support to the arts and culture organisations and businesses in 2020, largely in the form of support for organisations via the *Jobkeeper* and *Boosting Cash Flow for Employers* (BCFE) programs.[12] Total expenditure directed to the arts and cultural sector in the 2019–20 financial year was $11.58 billion, with $4.32 billion of this coming from Covid-19 support mechanisms.

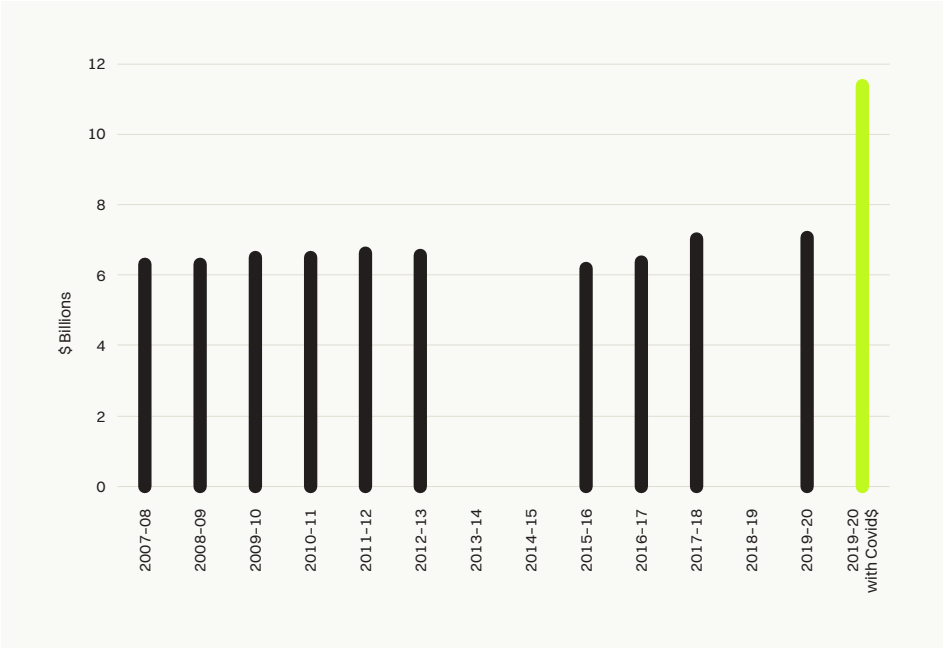

Figure 1: Total government expenditure on culture, 2007–08 to 2019–20, adjusted to June 2020, wage price index (WPI), showing 2019–20 with and without Covid-19 support measures.

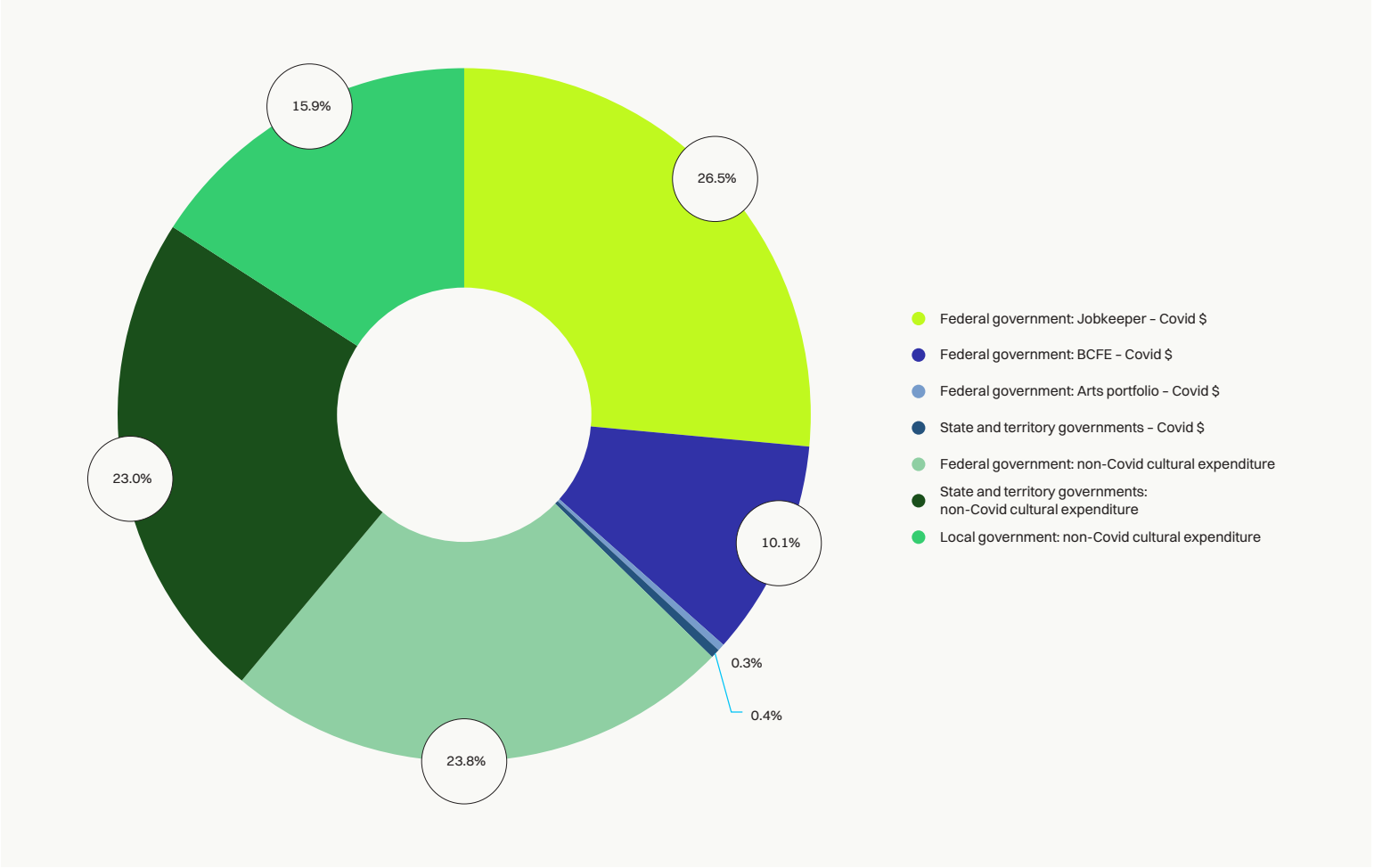

Figure 2: Proportion of total cultural expenditure by source, 2019–20, including specific Covid-19 measures.

More than a third (37.3%) of 2019–20 investment was through Covid-19 support, as shown in Figure 2. Of this investment, the largest portion (26.5%) was via the Jobkeeper program, at just over $3.06 billion. 10.1% or $10.17 billion of cultural expenditure came from the BCFE program.

In this report, we have chosen to remove the Covid-specific expenditure from our analyses from Finding 2 onwards. There are several reasons for this:

- Covid-19-specific measures only apply to four months of the data.
- It was a measure that was made broadly available across different industries (i.e. it was not specific to the arts and culture sector).
- The data about Covid-specific support from the states and territories is not standardised, and some states were unable to provide this data.[13]

This is not to suggest that these measures are insignificant; clearly, they have provided important stabilisation during this period. Many of the usual activities of the arts and cultural industries, whose business models are built on people's freedom to gather together, continue to be disproportionately affected by the Covid-19 pandemic.

1.2 Overall cultural expenditure trends to 2019-20

In our first 'Big Picture' report, released in 2019, we sought to understand whether public expenditure on arts and culture was growing, shrinking or remaining stable. To do this, we used adjusted figures; that is, rather than using the dollar figures provided in the dataset, we adjusted those dollar figures to account for inflation over the time period.[14] In this updated Big Picture report, we continue to use adjusted figures to provide more accurate comparisons.

In adjusted, or 'real' terms, Australian public expenditure on arts and culture across all three levels of government reached a new high in the 2019–20 financial year of $7.26 billion (noting this figure excludes the Covid-specific financial support discussed in section 1.1). As Figure 3 shows, this is an increase of 11.9% from the 2007–08 period. The increase in real expenditure between 2017–18 and 2019–20 was marginal, increasing by 0.6%.

Figure 3: Total cultural expenditure by all three levels of government (adjusted to June 2020 WPI and non-adjusted), 2007–08 to 2019–20.

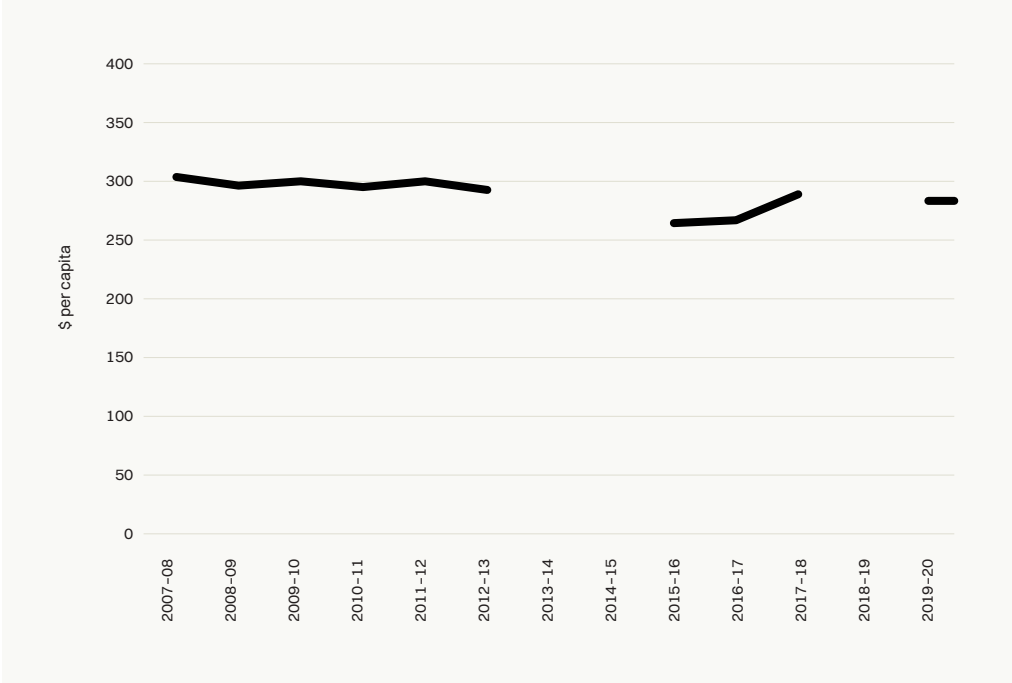

Figure 4: Cultural expenditure per capita (adjusted to June 2020 WPI) for all levels of government combined, 2007-08 to 2019-20

While government expenditure on arts and culture did increase over the last two years, it has not been keeping up with our population growth. Australia's population increased by 2.8% between 2018 and 2020, while cultural expenditure over that time, in real terms, increased by 0.6%.

The population of Australia increased by just over 20% from the 2007-08 to the 2019-20 period to around 25.7 million people. As Figure 4 shows, this population growth that has not been matched by cultural expenditure growth has caused a decrease in per capita expenditure on arts and culture by 6.9% over that time. In the 2019-20 period, the three levels of government combined allocated $282.65 per person towards cultural funding. Figure 4 shows that there have been ongoing falls in per capita expenditure over the last 13 years, from a high of $303 per person in the 2007-08 financial year to a low of $264 in the 2015-16 financial year, with the 2019-20 period being the third lowest year for per capita cultural funding. This ongoing decrease is both noteworthy and concerning. To cross-check that trend, we also examined Australia's spending on culture compared to other countries.

The OECD reports on the expenditure of its members (including Australia) as a percentage share of GDP[15] includes a subsection that combines culture, recreation and religion into one category. While the scope of the OECD data is significantly broader than the scope of the CFG survey and uses different data collection methods, it nonetheless provides some indication of how Australia compares to its international peers.[16]

In 2019, the most recent year for which data was available, Australia ranked 23rd out of the 34 countries for which data was available - a slight increase in ranking from 26th in 2015.

Our first Big Picture analysis found that for the period between 2014 and 2017, the average government expenditure on culture, recreation and religion across OECD member states was 1.11% of their GDP; although, in 2017, the last year in that dataset, this figure dropped to 1.09%. Over the same period, Australia's governments reported spending only 0.77%. In 2017, Australia's spending on cultural recreation and religion was sitting below its own national average, at only 0.72% of GDP.

The figures for 2016 to 2019 (now the most up-to-date data available) tell a slightly better story. Our four-year average at the time of this report was at 0.95% and our 2019 spending was at 0.97% of our GDP, as shown in Figure 5. However, the OECD four-year average also increased, from 1.11% to 1.22% of the GDP. In 2019, the OECD average for governmental expenditure on culture, recreation and religion was 1.23%, suggesting that this trend may be gradually increasing.

These statistics indicate that Australia is still not keeping up with its OECD peers in terms of cultural expenditure as a percentage of GDP.

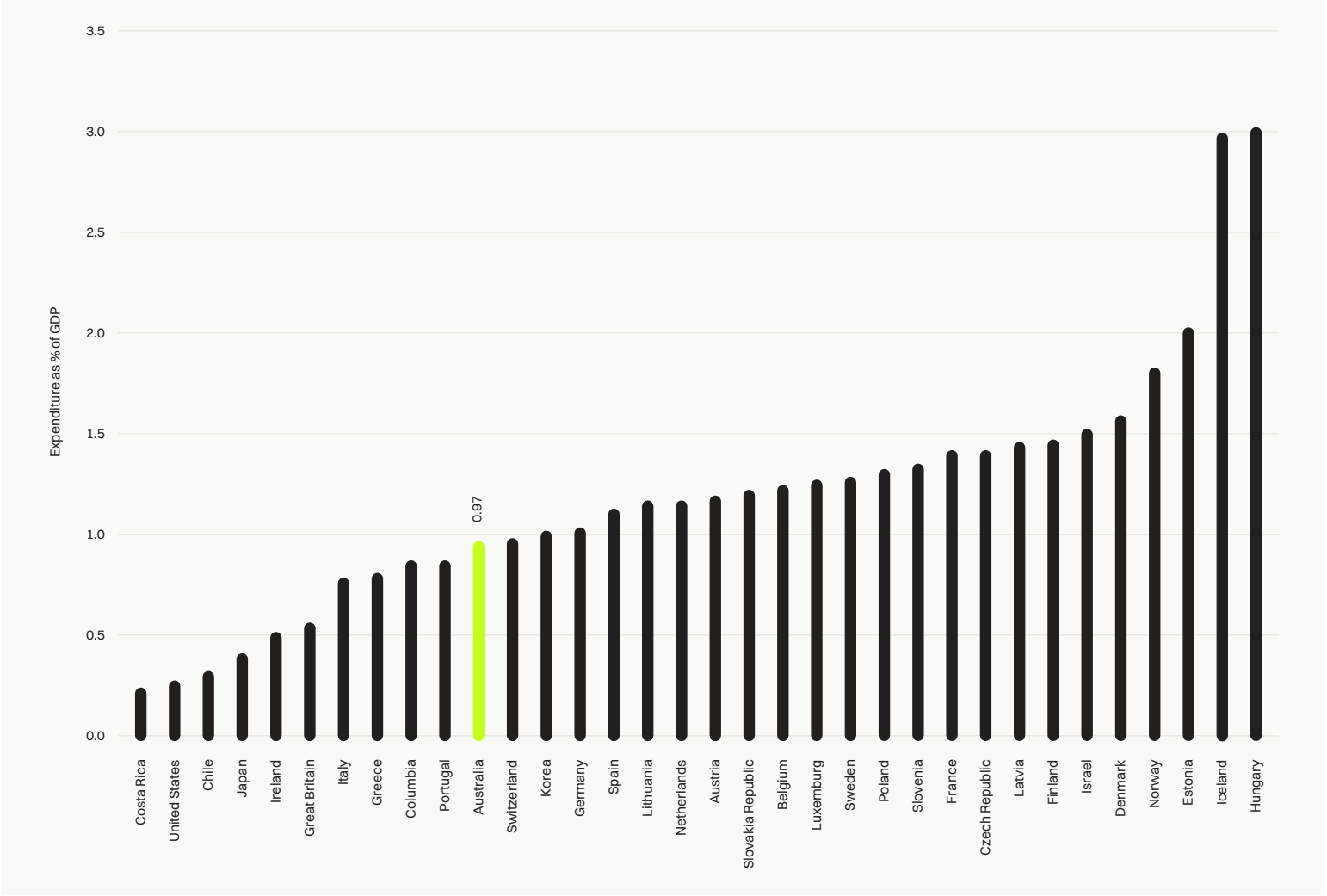

Figure 5: Expenditure on recreation, culture and religion as a percentage of GDP in 2019 or the most recent available year. Source: OECD National Accounts Statistics (https://data.oecd.org/chart/6wsj). Note: data for Austria and Luxembourg is from 2020. Data from Costa Rica is from 2017.

1.3 Expenditure on culture across the three levels of government

In our first Big Picture report, we showed that expenditure trends differ across federal, state and territory and local governments. Each level of government directs expenditure in the context of its own policies, population and priorities. In this section, we explore the big picture regarding whether expenditure on culture is growing, shrinking or staying the same at each level of government.

As Figure 6 shows, all three levels of government continued to make contributions to the total of cultural spending in the 2019–20 period, with federal and state and territory governments each contributing slightly over a third, and local governments contributing around one quarter. Excluding specific Covid-19 measures, the federal government contributed 37.9%, state and territory governments 36.7% and local governments 25.3% to total cultural expenditure by governments in the 2019–20 financial year.

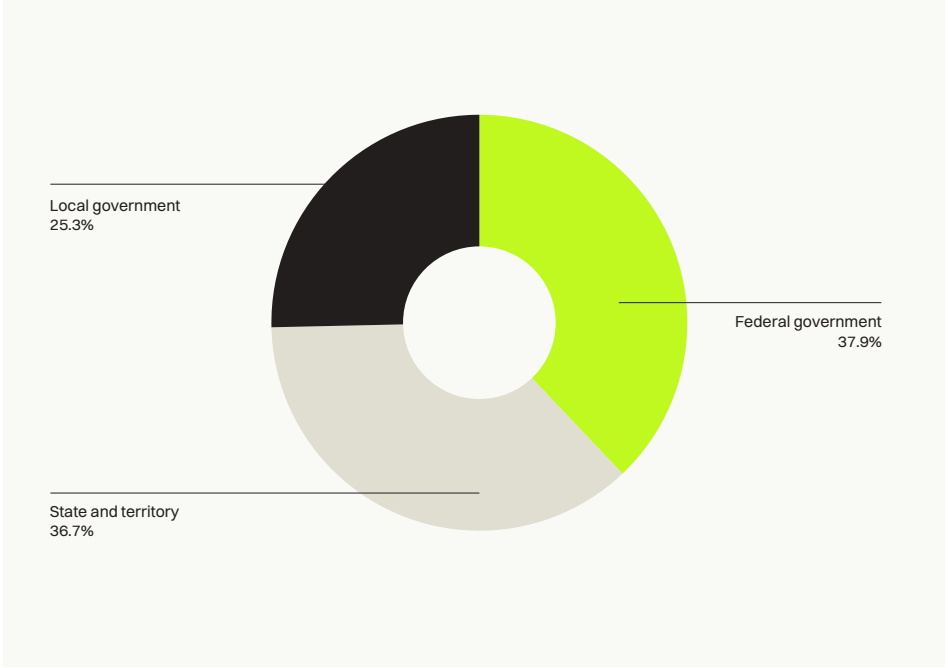

Figure 6: Proportions of total cultural expenditure by the three levels of government, 2019–20.

When we look at the proportions of the total combined cultural expenditure by governments over time (Figure 7), we can see that the share contributed annually by the federal government has fallen every year since the 2007–08 financial period. In that year, federal government funding comprised 45.7% of the total cultural funding. In the 2019–20 period, it was 37.9%; a 17.0% fall over 13 years.

Meanwhile, both local and state and territory governments have increased their shares of overall cultural funding. State and territory government funding as a proportion of total funding has grown by 15.2% over the 13-year period, while local government funding as a proportion of total funding grew by 13.0%.

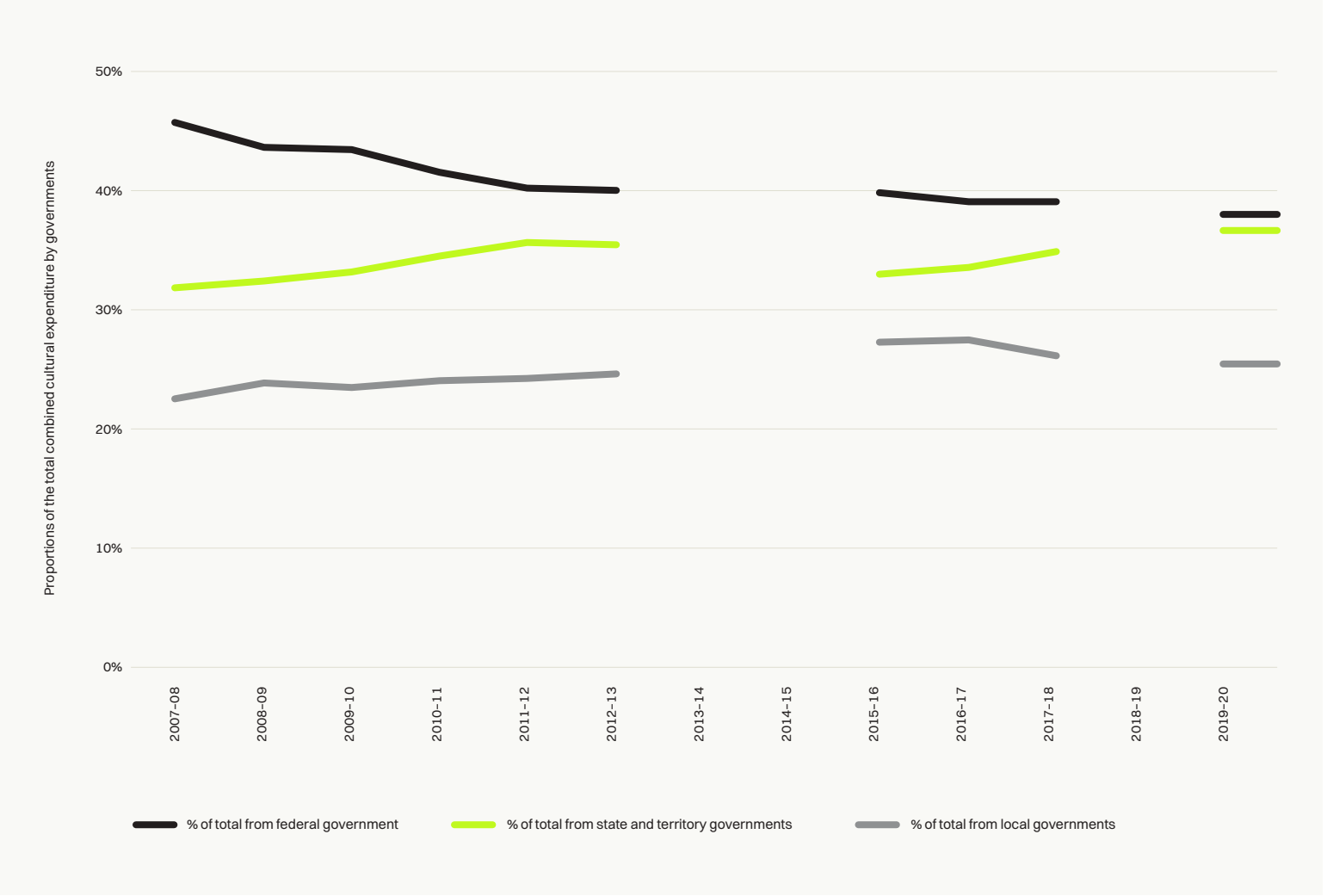

Figure 7: Proportion of total cultural expenditure by level of government, 2007–08 to 2019–20

Figure 8: Cultural expenditure per capita by different levels of government (adjusted to June 2020 WPI), 2007–08 to 2019–20.

Table 1: 2019–20 per capita expenditure by each level of government compared to each level's highest expenditure point since the 2007–08 period (adjusted to June 2020 WPI).

	All time high (adjusted)	**2019–20**
Federal government	$138.71 (2007–08)	$107.20
State and territory governments	$107.17 (2011–12)	$103.80
Local governments	$75.62 (2017–18)	$71.65

Both Table 1 and Figure 8 indicate the fall in the per capita cultural funding contributed by the federal government over time. From a highpoint of $138.71 per person in the 2007–08 period, federal cultural funding per capita fell to its third lowest level in the 2019–20 period, at $107.20. From a highpoint of $107.17 per person in the 2011–12 period, state and territory expenditure was at $103.80 per person in the 2019–20 period. Local government per capita funding was relatively stable throughout the period, with a peak in the 2017–18 financial year but was typically hovering around $71 per person.

Although both state and territory governments and local governments saw marginal increases in per capita cultural expenditure between the 2007–08 and 2019–20 periods, the significant decrease in per capita federal government expenditure over that time is a significant contributing factor in the overall per capita decline shown in Finding 2.

Overall, responsibility for cultural expenditure continues to be split more evenly between the levels of government than it was in the 2007–08 financial year.

1.4 Recurrent versus capital cultural expenditure

There is a common misconception that the majority of governmental expenditure on arts and culture in Australia goes towards capital expenditure, rather than recurrent expenditure.

In fact, capital expenditure is only around 14%, on average, of overall spending. That said, the proportion of cultural funding directed to capital expenditure is slowly but steadily increasing. Capital expenditure rose from 11.5% of total cultural funding in the 2007–08 period to 17.1% of total cultural expenditure in the 2019–20 period. Figure 9 shows how the proportions of recurrent versus capital expenditure have changed between 2007–08 and 2019–20.

The CFG survey uses the following definitions of recurrent and capital expenditure:

* **Recurrent:** expenditure of governmental 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 and subsidies. Includes non-capital grants or payments to individuals, groups, organisations or other entities.

* **Capital:** expenditure of government funds on the creation of fixed assets (e.g. buildings, additions, renovations or restorations), land, buildings and intangible assets, including expenditure on second-hand fixed assets, land acquisitions and capital grants for capital works on projects. Includes capital grants or payments to individuals, groups, organisations or other entities. Excludes loans.[17]

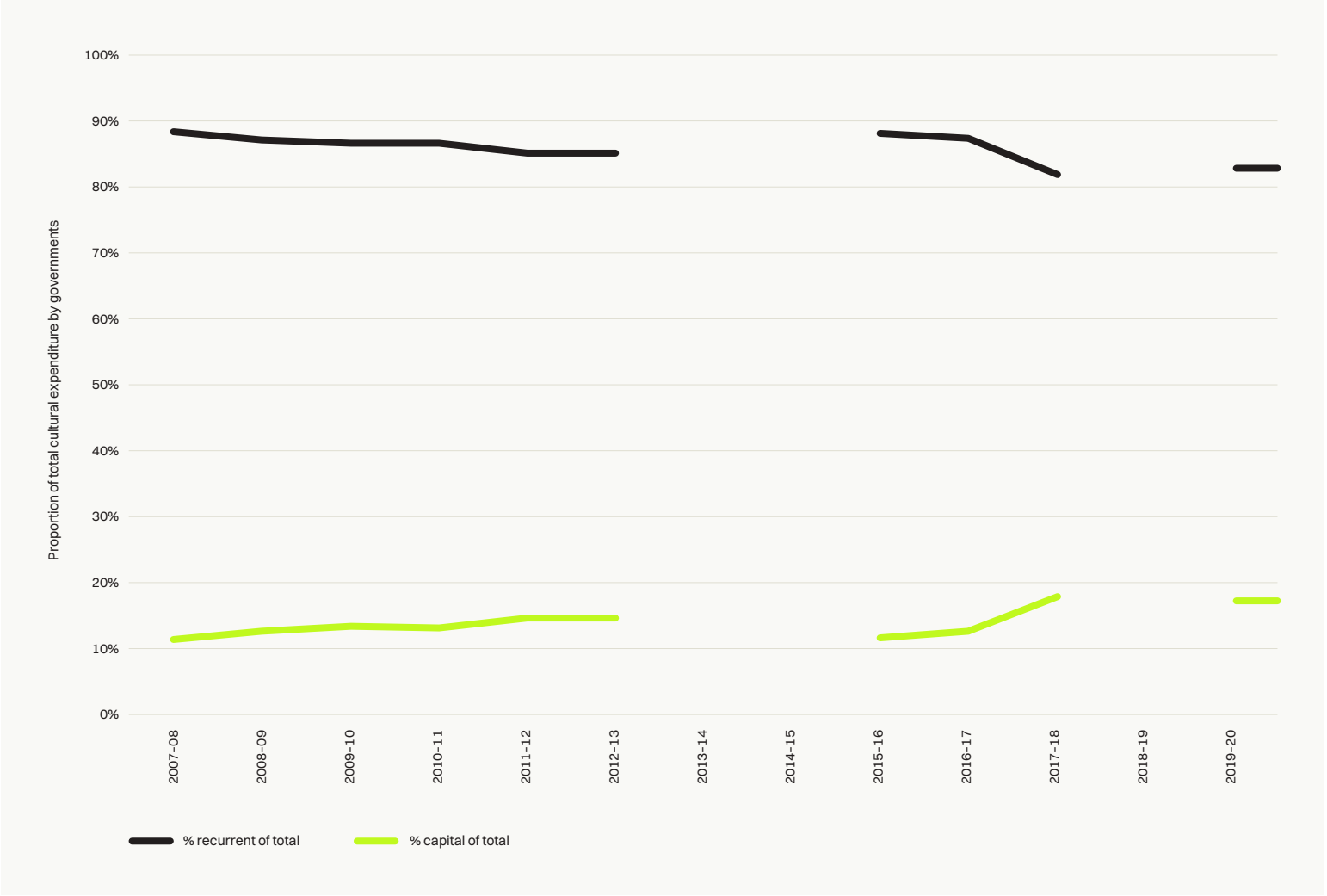

Figure 9: Recurrent and capital expenditure as a percentage of total expenditure, all levels of government, 2007–08 to 2019–20.

Figure 10 shows that federal recurrent spending, though still the biggest proportion of total expenditure, decreased from 42.8% of the total cultural spending in the 2007–08 period to 34.3% in the 2019-20 period. In the same year, state and territory capital expenditure had the most significant increase, from 5.4% in the 2007–08 period to 9.6% of the total cultural expenditure in the 2019–20 period – almost doubling in 13 years. All of the other categories of spending have remained relatively stable over the 13-year period.

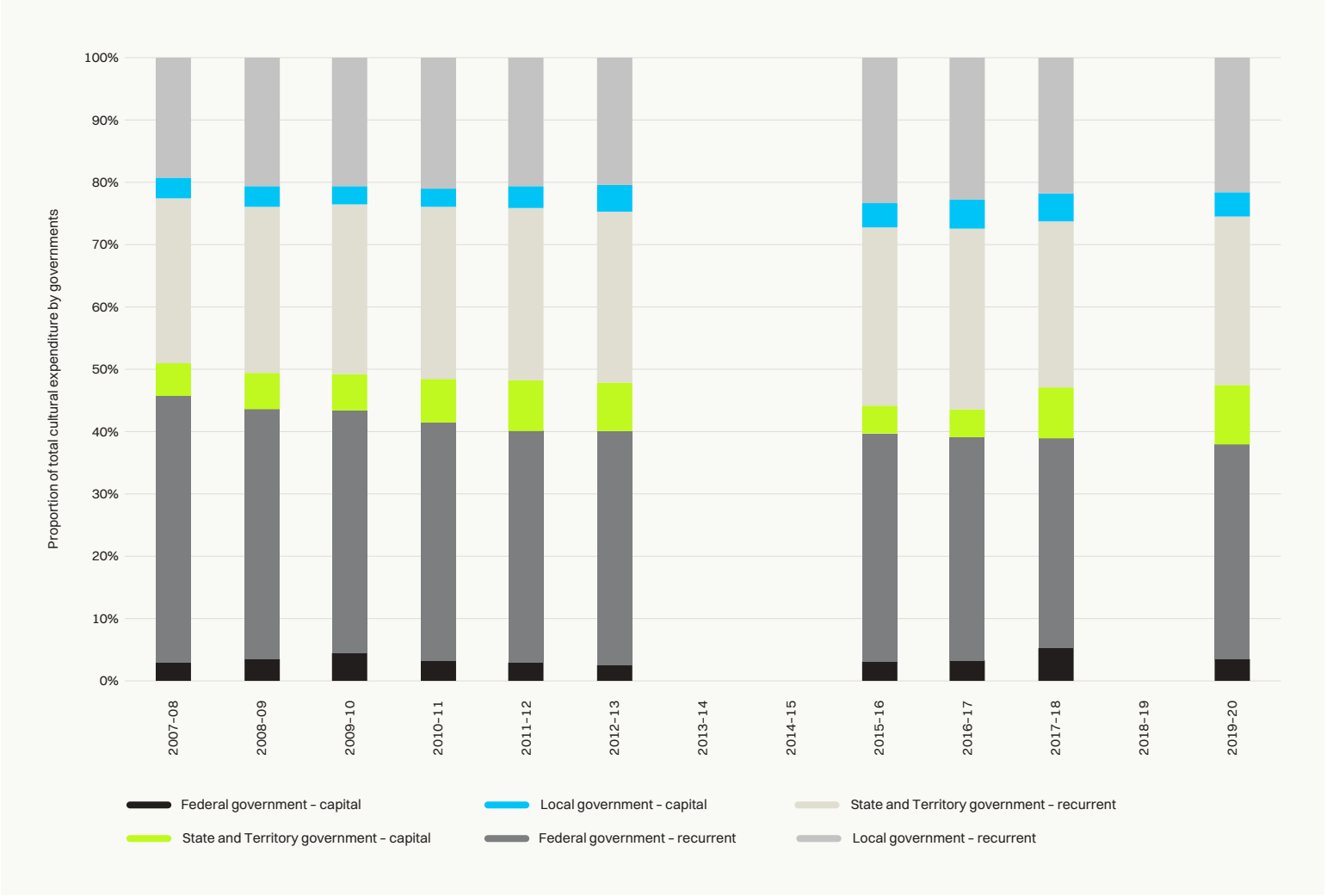

Figure 10: Recurrent and capital expenditure by each level of government as proportion of total cultural expenditure by all levels of government, 2007–08 to 2019–20.

There has been a steady decline in per capita recurrent spending, from $268.70 in the 2007–08 period to $234.35 in the 2019–20 period. Over the same year, total capital expenditure per person increased from $34.88 to $48.30, as shown in Figure 11.

Breaking these trends down across the three levels of government again provides a more nuanced picture. In the first Big Picture report, we noted that the increase in total per capita expenditure in the 2017–18 financial year, which brought it back into line with the average over the 11-year period, was driven primarily by increased capital expenditure from both federal and state and territory governments.

The 2019–20 data shows that the federal government's spending on capital works was not sustained in the 2019–20 period in per capita terms. However, recurrent spending has remained steady. State and territory governments' capital expenditure increased again in this period, from $23.26 per person in the 2017–18 financial year to $27.15 in the 2019–20 financial year. For local governments, both recurrent and capital expenditure decreased slightly. Figure 12 shows the trends in per capita expenditure by each level of government on both recurrent and capital works from 2007–08 to 2019–20.

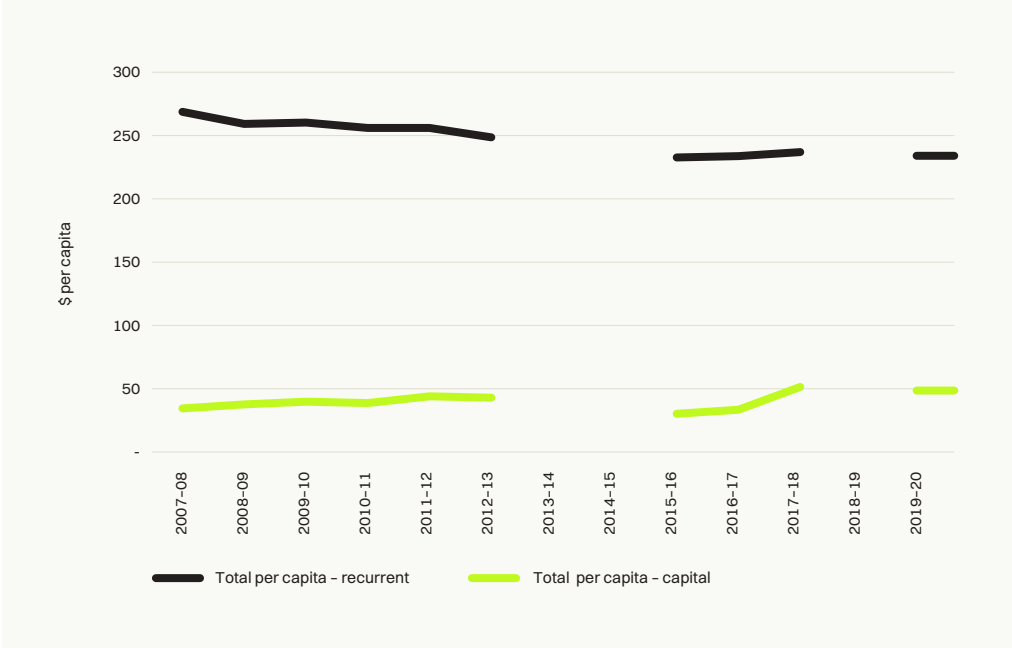

Figure 11: Recurrent and capital expenditure per capita (adjusted to June 2020 WPI) for all levels of government combined, 2007–08 to 2019–20.

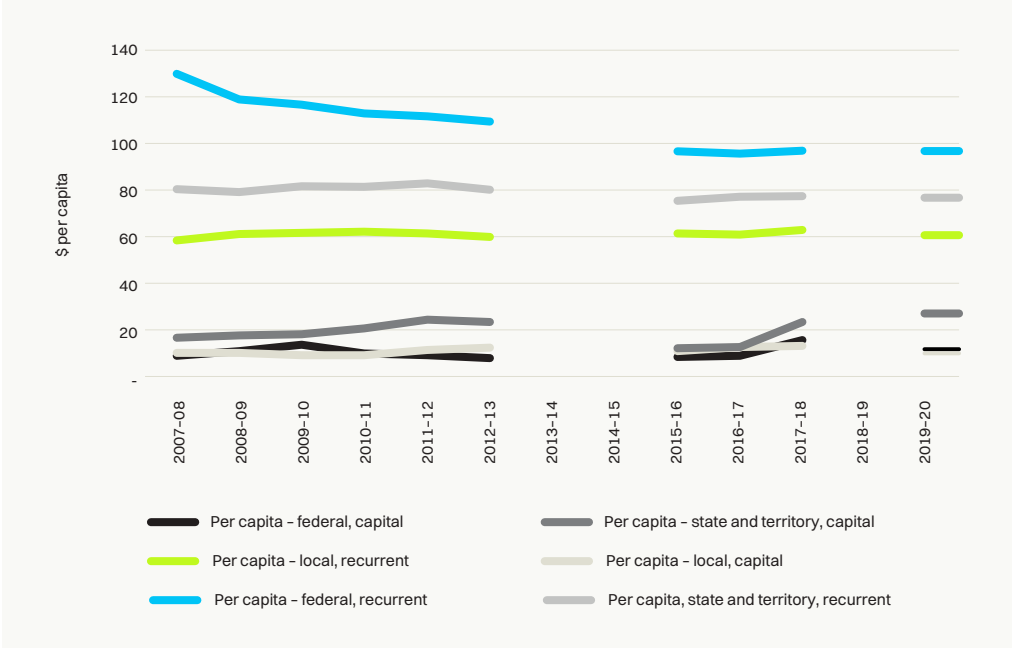

Figure 12: Recurrent and capital cultural expenditure per capita by different levels of government (adjusted to June 2020 WPI), 2007–08 to 2019–20.

We also wanted to understand how the proportion of budget allocated to capital expenditure varies between different levels of government. We found in the first Big Picture report that the federal government rarely directs more than 10% of its total cultural budget towards capital expenditure. As can be seen in Figure 13, this trend continued in the 2019–20 period, when 9.5% of the federal budget went towards capital works. The federal government continued at the time of this report to be the level of government directing the largest proportion of their budget to recurrent expenditure.

State and territory governments again had the most significant focus on capital expenditure, with yet another increase in the 2019–20 period up to 26.2% of the total expenditure.

Although local governments are on par with the federal government in their per capita spending on capital works (as we saw in Figures 10 and 12), they typically direct a greater proportion of their cultural funding towards these items than they do towards recurrent activities. Historically, local governments have spent between 12.4% and 16.6% of their budgets on capital works, landing at 15.3% in the 2019–20 period.

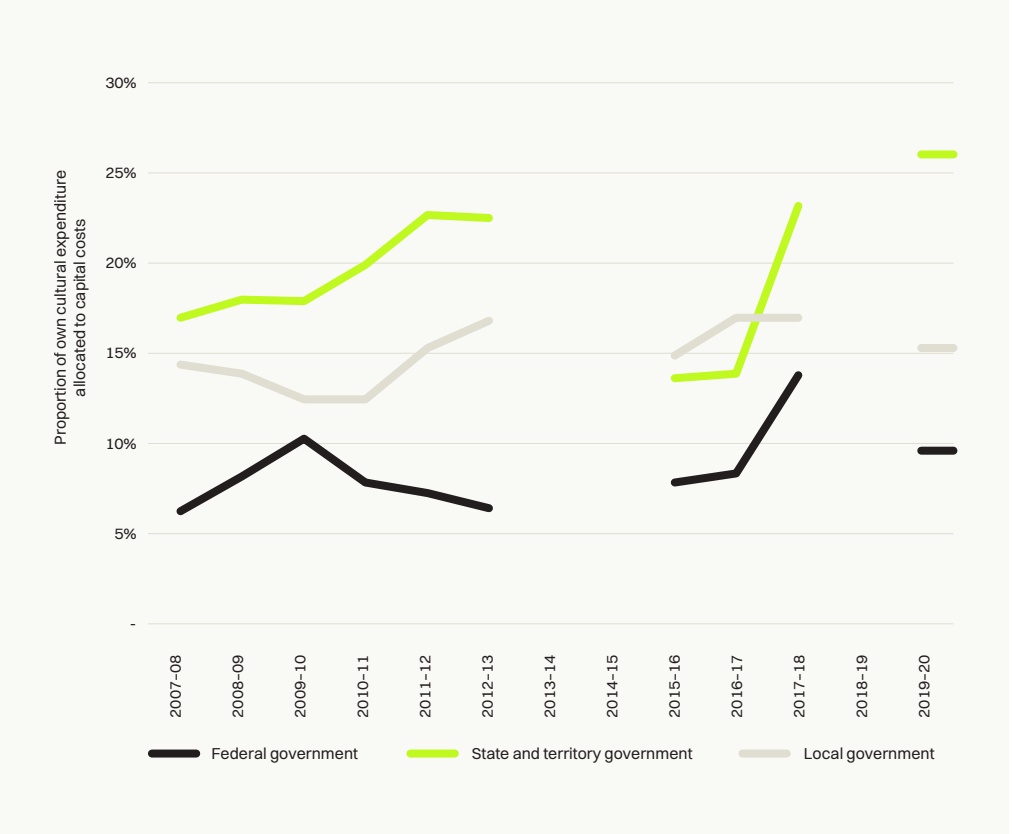

Figure 13: Percentage of cultural expenditure that each level of government allocates to capital expenditure.

1.5 Expenditure on the overarching categories

The CFG dataset includes an expenditure breakdown by different cultural forms – albeit only at the federal and state and territory levels, as local governments are not required to provide this data.

To understand at a macro level where investment is being directed and if there were any significant changes over time, we have grouped expenditure into three overarching categories:

Film, Radio and Television	Radio and television services; Film and video production and distribution.
Museums, Archives, Libraries and Heritage	Art museums; Other museums and cultural heritage; Libraries; Archives.
Arts	Literature and writing; Music; Theatre; Dance; Music 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; Other arts.

In the 2019–20 financial year, the proportion of cultural expenditure allocated across the three overarching categories were 42% to Museums, Libraries, Archives and Heritage; 31% to Film, Radio and Television; and 27% Arts, as shown in Figure 14.

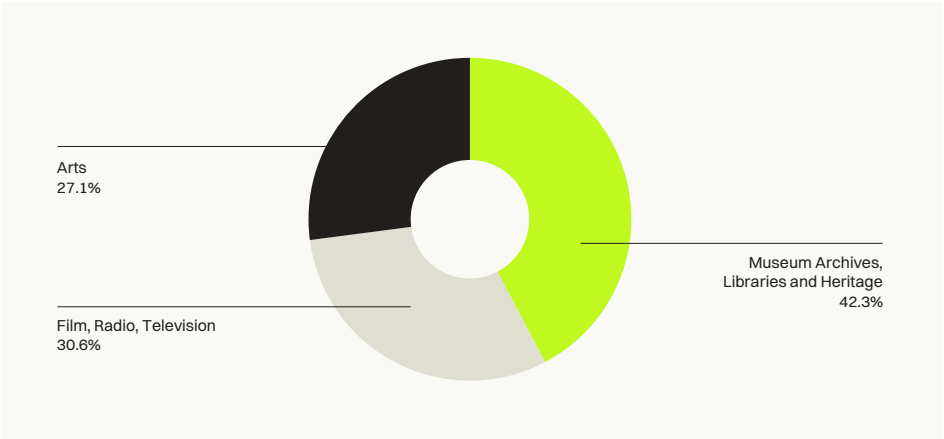

Figure 14: Proportion of cultural expenditure allocated to: Film, Radio and Television; Museums, Archives, Libraries and Heritage; and Arts (by federal and state and territory governments only), 2019–20.

Reviewing the last 13 years more broadly, we can see that the Museums, Archives, Libraries and Heritage category has generally commanded the largest proportion of cultural funding, with a steadily increasing proportion being allocated to Arts. However, Figure 15 also shows that the category of Film, Radio and Television has received a reduced proportion over time.[18] Per capita expenditure as shown in Figure 16 reflects a similar story.

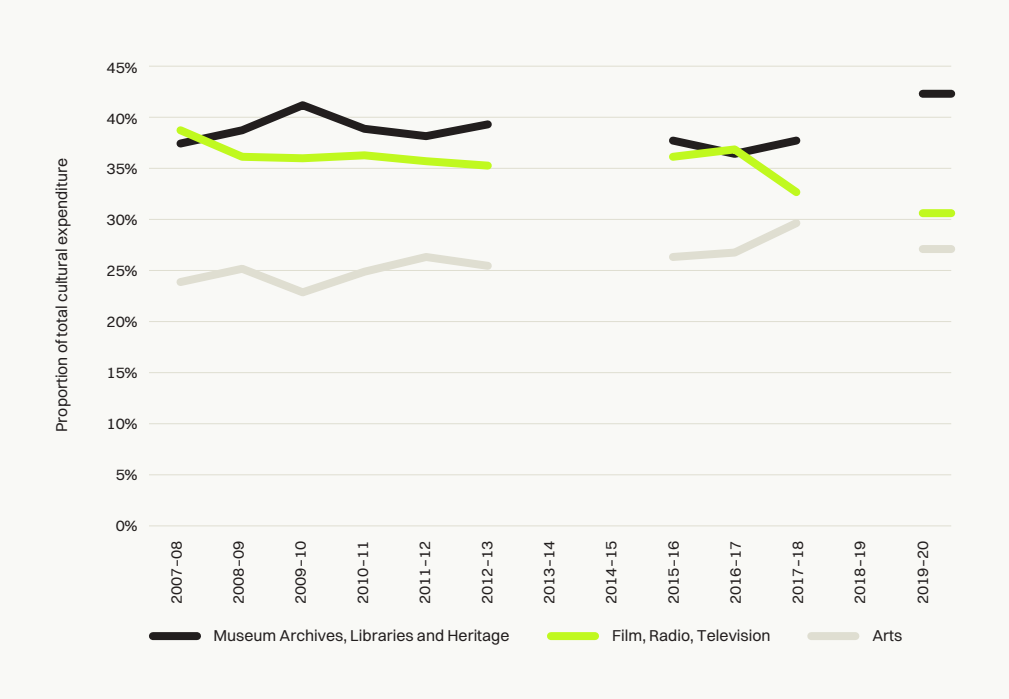

Figure 15: Change in proportion: Film, Radio and Television; Museums, Archives, Libraries and Heritage; Arts (by federal and state and territory governments only, combined), 2007–08 to 2019–20.

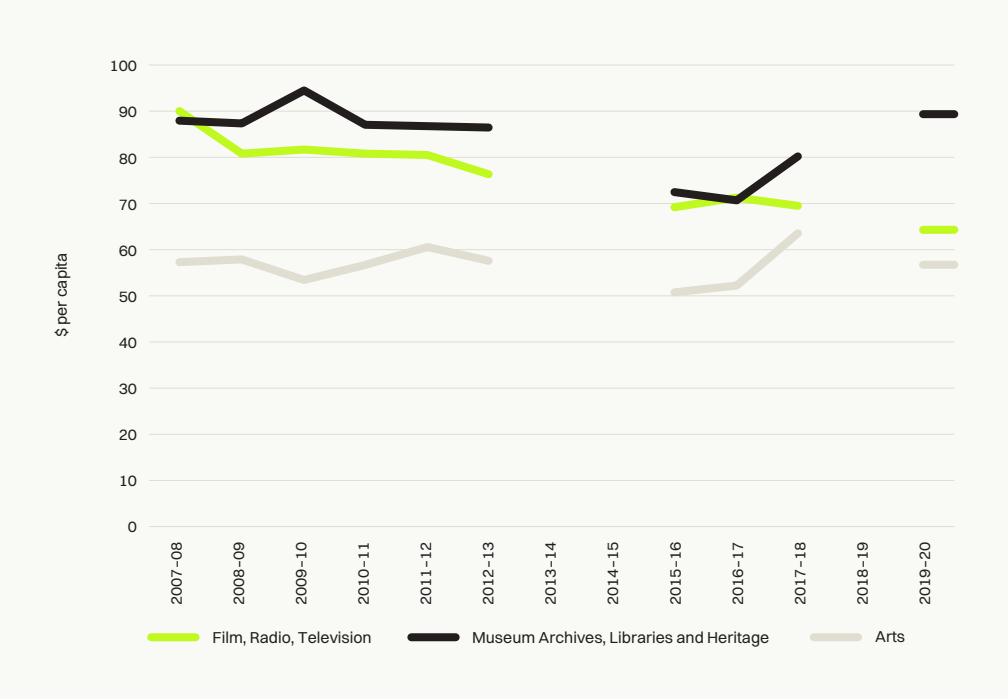

Figure 16: Per capita expenditure: Film, Radio and Television; Museums, Archives, Libraries and Heritage; Arts (by federal and state and territory governments only, combined), 2007–08 to 2019–20.

Finally, we will look at how federal and state and territory governments spend differently across the overarching categories. The different levels of government focus on very different areas of arts and culture, as seen in Figures 17 and 18. The federal government typically directs a higher proportion of expenditure to Film, Radio and Television. State and territory governments focus most on Museums, Archives, Libraries and Heritage. This reflects their different areas of responsibility. (For a brief overview of the responsibilities of the three levels of government for different arts and cultural areas, see How is responsibility distributed among the 3 levels of government – and why?)

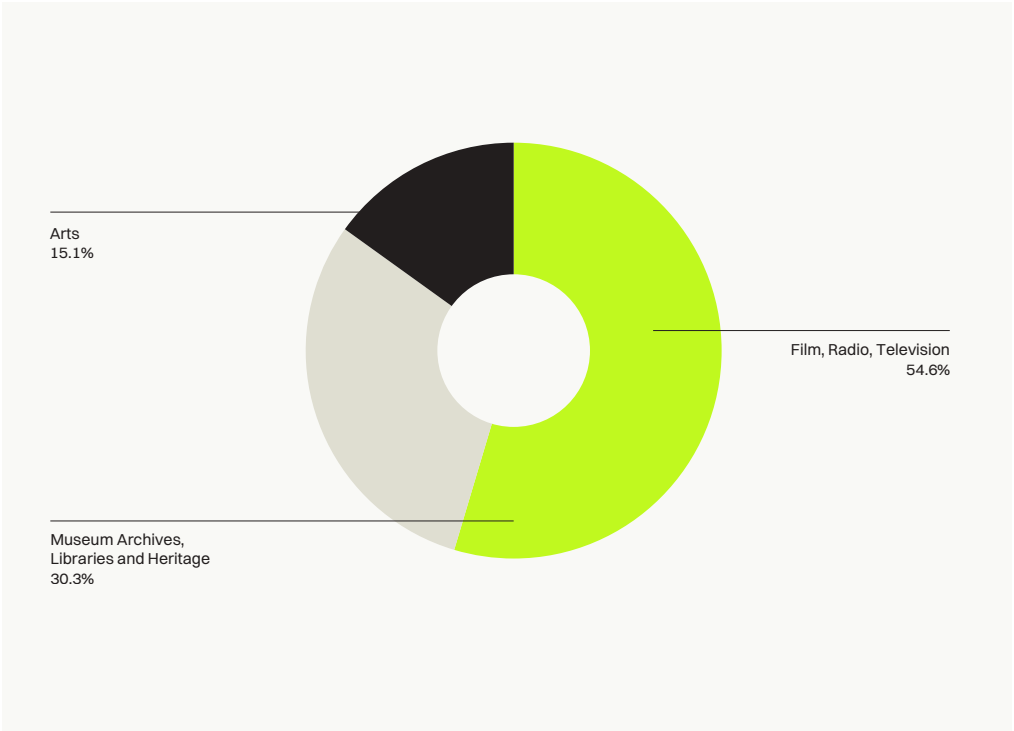

Figure 17: Federal government. Proportion of cultural expenditure allocated to: Film, Radio and Television; Museums, Archives, Libraries and Heritage; and Arts, 2019-20.

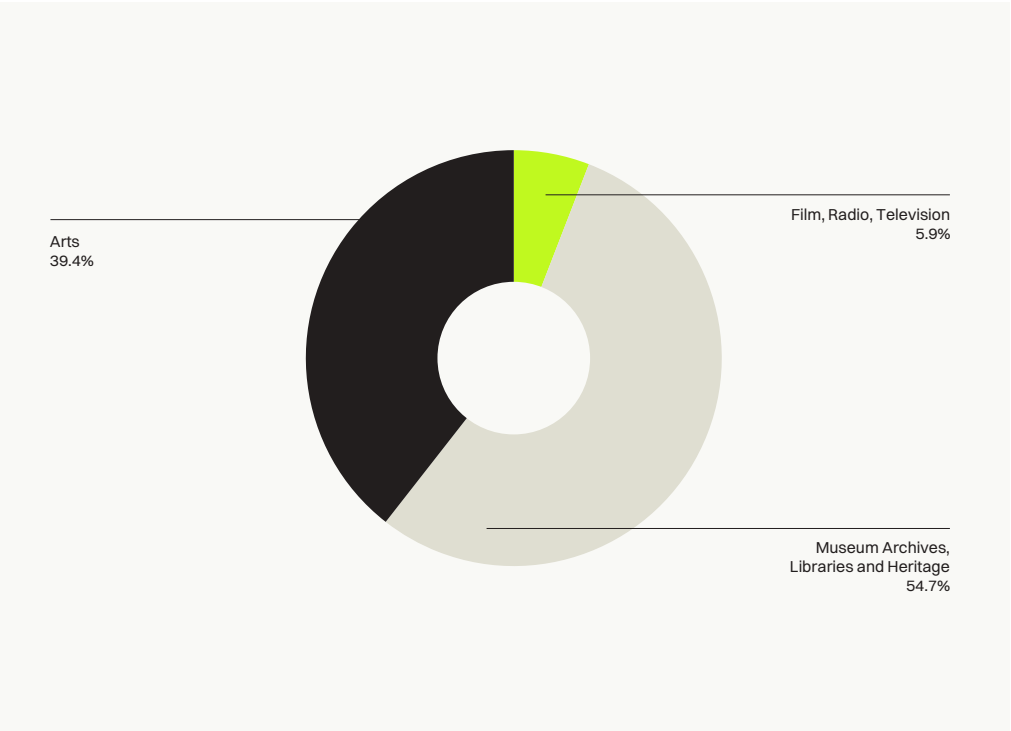

Figure 18: State and territory governments. Proportion of cultural expenditure allocated to: Film, Radio and Television; Museums, Archives, Libraries and Heritage; and Arts, 2019-20.

1.6 Comparing cultural expenditure across the states and territories

The CFG dataset provides some insight into the variations across Australia's eight states and territories. While the federal government's expenditure in these different jurisdictions is not presented, the spendings by state and territory and local governments are.[19]

Figure 19 presents the combined expenditure by these two levels of government on a per capita basis by state and territory. There is significant variation in the per capita expenditure. This data shows that location impacts the extent of financial support for cultural experiences from state and territory and local governments.

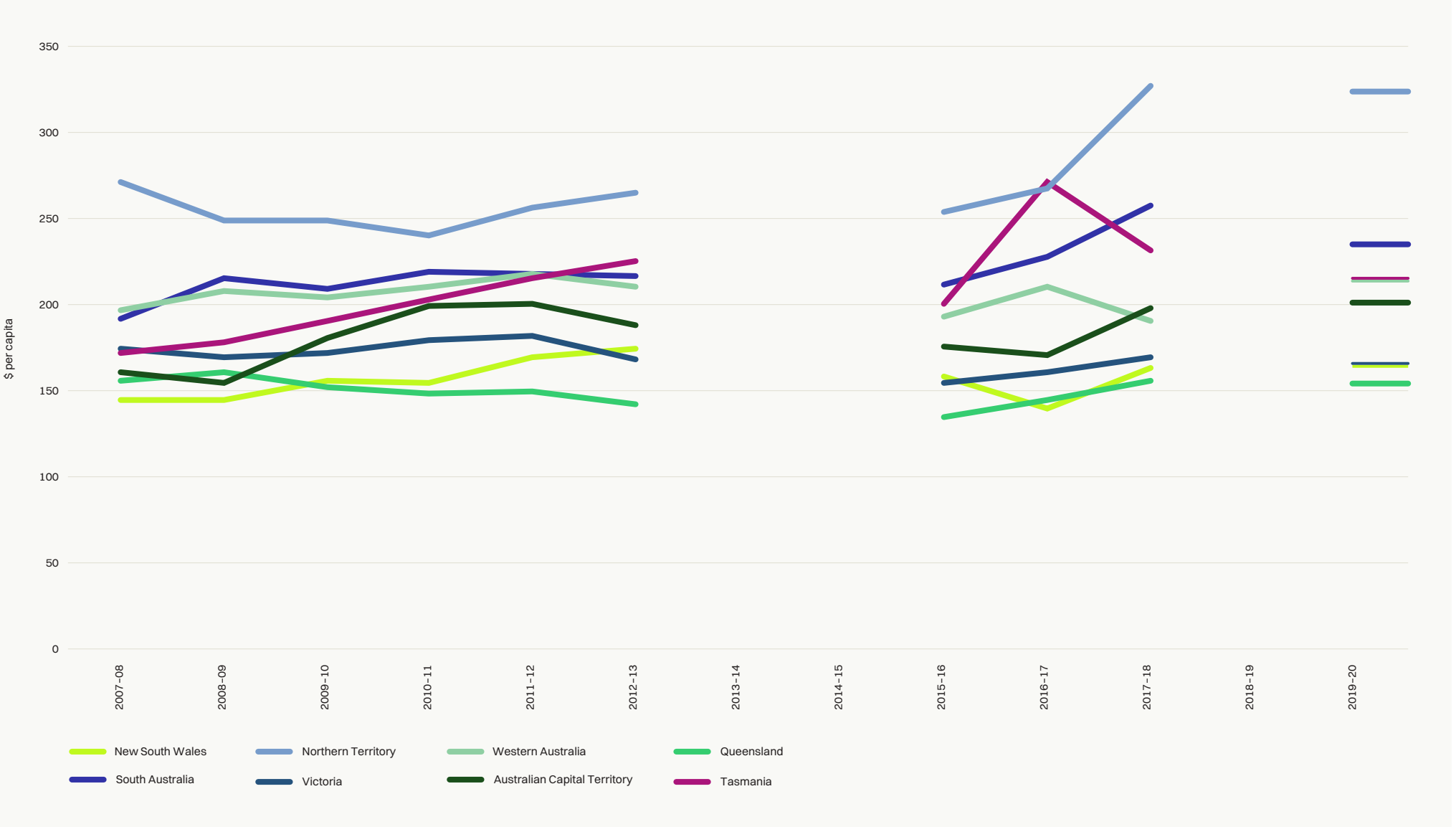

Figure 19: Cultural expenditure per capita (adjusted to June 2020 WPI) by each state and territory government, 2007-08 to 2019-20.

The proportions of spending between local governments versus state and territory governments also varies significantly between the different jurisdictions, as seen in Figure 20.[20] For example, in the 2019–20 financial year, the Tasmania and Northern Territory governments contributed the most to cultural expenditure in their jurisdictions. Only 17.6% of Tasmania's cultural expenditure came from their local governments.[21] In the Northern Territory, only 4.9% of cultural expenditure came from local governments. In contrast, Victorian local governments contributed the highest proportion, at just under 50% of the total cultural expenditure. South Australia, Queensland and the New South Wales local governments all contributed more than 40% towards their respective jurisdiction totals in the 2019–20 period.

Figures 21 and 22 show the amount of per capita recurrent and capital funding by state and territory and local governments. Splitting the capital expenditure helps in the removal of the variations created by the commissioning of larger, one-off capital expenditure projects in each jurisdiction.

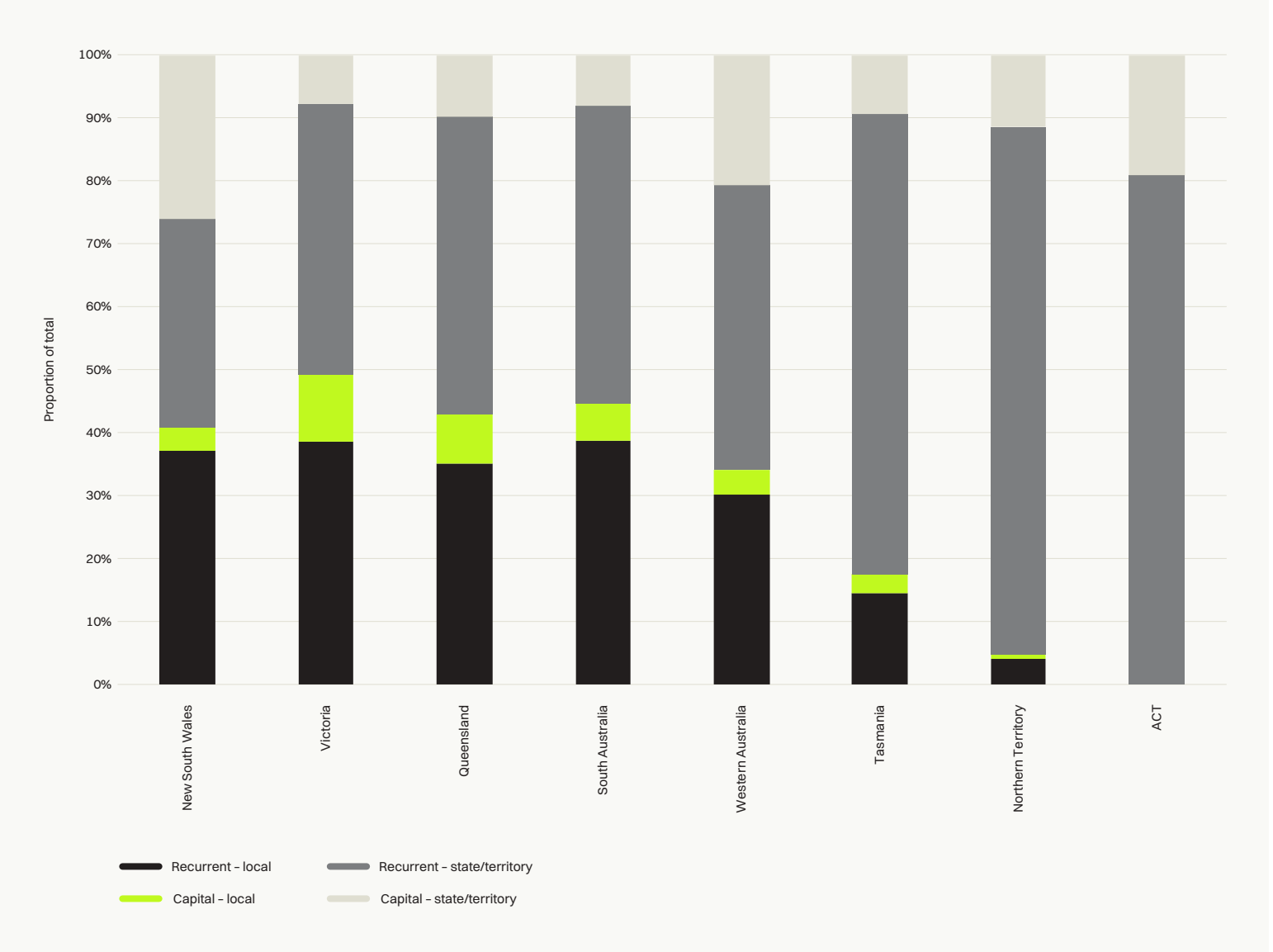

Figure 20: Proportions of total cultural expenditure contribution by local governments and state and territory governments in each state and territory, 2019–20.

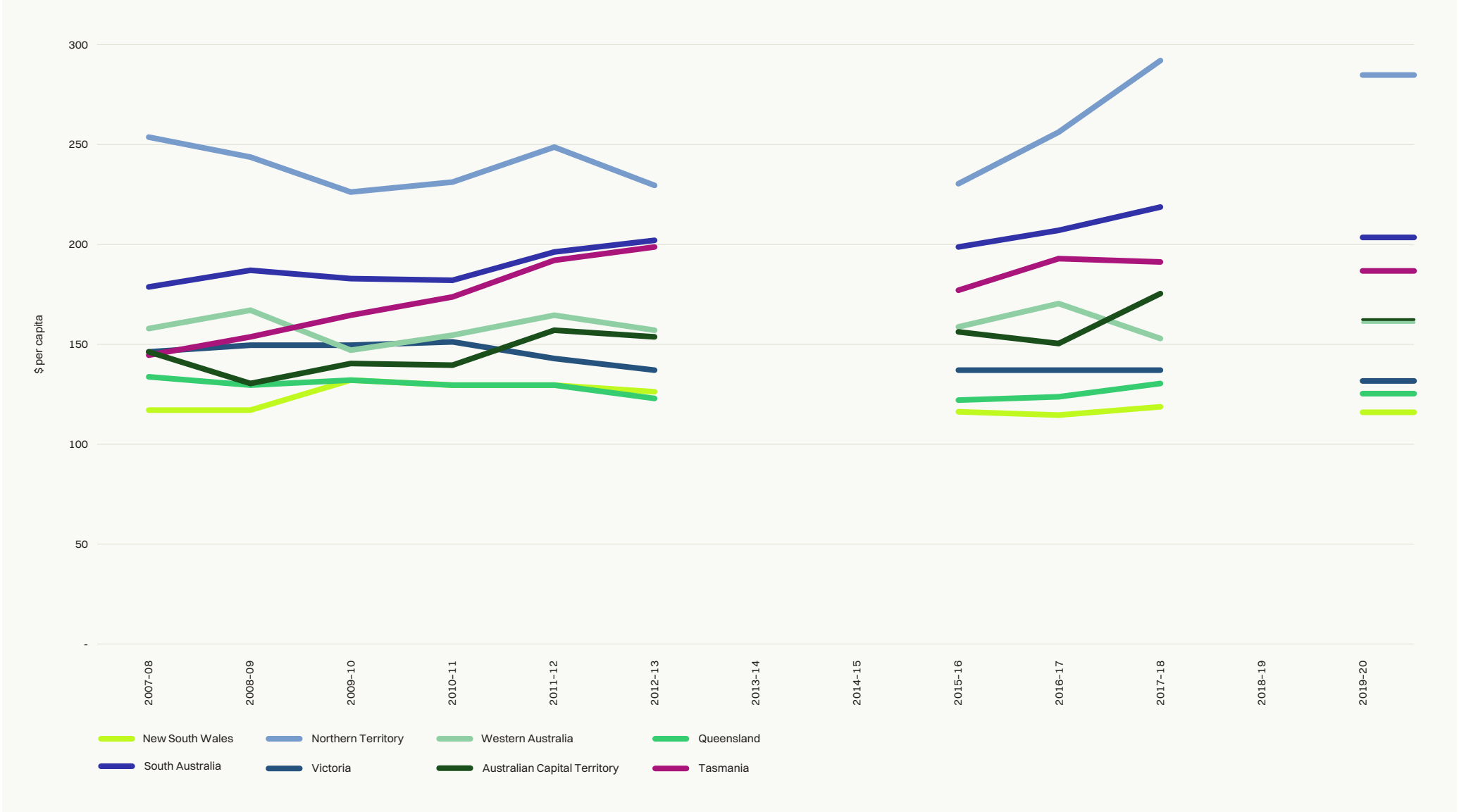

Figure 21: Per capita recurrent expenditure by local governments and state and territory governments combined in each state and territory, 2019–20.

Figure 22: Per capita capital expenditure by local governments and state and territory governments combined in each state and territory, 2019–20.

Summary of findings

Finding 1	Arts and culture organisations and businesses accessed more than $4 billion of Covid-19 support in the last four months of the 2019–20 financial year. Of this amount, 98.8% came from the federal government; however, only half the states and territories were able to report on their Covid-specific cultural spending.
Finding 2	Expenditure on arts and culture across the three levels of government reached a new high of $7.26 billion in the 2019–20 financial year, even without the inclusion of support for Covid-19 disruptions. However, the increase in real terms between 2017–18 and 2019–20 was marginal, at just 0.6%, indicating that total expenditure has increased only slightly faster than inflation.
Finding 3	Cultural spending has not kept up with population growth, with a 6.9% decrease in per capita expenditure on arts and culture in the period between 2007–08 and 2019–20. Cultural expenditure from the three levels of government combined was $282 per person in the 2019–20 period; in the 2007–08 period, it was $303 per person (adjusted for inflation).
Finding 4	At the time of this report, Australia was ranked number 23 out of the 34 OECD countries – a slight increase in ranking from 26th in 2015. In 2019, the OECD average for expenditure on culture, recreation and religion was 1.23% of total GDP, while the Australian figure was only 0.95% of GDP.
Finding 5	Responsibility for cultural expenditure continues to be split more evenly between the levels of government than it was in the 2007–08 period. Excluding Covid-19 measures, the federal government contributed 37.9%, state and territory governments 36.7% and local governments 25.3% to total cultural expenditure by governments in the 2019–20 financial year.
Finding 6	Total capital expenditure has slowly but steadily increased as a proportion of total cultural expenditure in Australia. Capital expenditure was 17.1% of the total cultural expenditure during the 2019–20 financial year, up from 11.5% in 2007–08.
Finding 7	The proportion of cultural expenditure by federal, state and territory governments allocated across three overarching categories was 42% to Museums, Libraries, Archives and Heritage; 31% to Film, Radio and Television; and 27% to Arts in the 2019–20 period. The proportion allocated to Museums, Libraries, Archives and Heritage increased, while the proportion allocated to Film, Radio and Television and to Arts decreased since the 2017–18 period.

Part 2: Implications

In this section:

This report contains many numbers, charts and statistics about cultural expenditure trends in this country. But what should readers take away from these insights? What do they mean, and what can be done to ensure that the diverse benefits[22] of arts and cultural participation are available to people across the country?

In this section, we further unpack the insights from Part 1 and explore these questions to identify opportunities for action that will embolden our cultural landscape and better serve and reflect our contemporary public.

Chief among these is the development of the National Cultural Plan.

In late 2021, the Standing Committee on Communications and the Arts tabled their bipartisan report from the Parliamentary Inquiry into Cultural and Creative Industries and Institutions. The inquiry report summarised their findings and made 22 recommendations for policy action.[23] The first recommendation from this bipartisan committee was to create the National Cultural Plan – an action that ANA has been championing since early 2020.

Opportunity: Develop and implement the National Cultural Plan, a bipartisan 2021 recommendation from the recent Parliamentary Inquiry into Creative and Cultural Industries and Institutions. This will facilitate more effective collaboration between federal, state and territory and local governments and cross-portfolio strategic initiatives. Clearer policy direction and coordination will ensure benefits of cultural expenditure by governments are available to all Australians.

2.1 Implications related to Covid-19 disruptions and support

It is worth noting again that the collection of data about Covid-19 support payments described in this report were only related to the first four months of the pandemic – March to June 2020. Furthermore, many of the states and territories were unable to report on specific Covid-related spending at the time of data collection for the 2019–20 CFG dataset. Therefore, the findings around this topic are important yet incomplete.

The CFG survey is currently only conducted once every two years; thus, the 2020–21 financial year was not surveyed. Fortunately, due to the Covid-19 pandemic and the importance of tracking support for the arts and cultural sector, an additional CFG survey will take place for the 2020–21 financial year. Ideally, annual collection will continue for at least the duration of the significant disruption caused by the pandemic.

Opportunity: While Covid-19 is still disrupting the operations of arts and cultural organisations and special support mechanisms are in place, conduct the CFG survey every financial year.

2.2 Implications of the overall cultural expenditure trends

The overall trends in cultural expenditure that were highlighted in the 2019–20 financial period showed that in adjusted dollar terms, government expenditure on culture has increased. However per capita expenditure has decreased, as our population growth outpaced our cultural spending. This is a worrying continuing trend that we first reported on in our earlier Big Picture report.

To cross-check that trend, we also examined Australia's cultural expenditure compared to other countries. We found that in 2019, the OECD average for expenditure on culture, recreation and religion was 1.23% of the total GDP, while the Australian figure was only 0.95% of GDP. We are currently ranked number 23 out of the 34 countries – a slight increase in ranking from 26th in 2015.

These statistics indicate that Australia is still not keeping up with our OECD peers in terms of cultural expenditure by governments as a percentage of GDP.

Opportunity: Within the context of the National Cultural Plan and bipartisan recognition of the positive cultural, social and economic impacts of arts and cultural participation, design and implement mechanisms to boost cultural expenditure by governments as a percentage of GDP to at least the OECD average within the next decade.

2.3 Implications of trends in cultural expenditure across the three levels of government

The CFG data makes it clear that responsibility for arts and culture, as a policy area and an expenditure area, is shared between federal, state and territory and local governments. It is difficult to refer to this shared responsibility as a 'partnership', given that there are currently very few formal mechanisms for the three levels of government to coordinate, making it nearly impossible to take the much-needed strategic approach.

This is where the National Cultural Plan will introduce crucial improvements. However, there are also a number of other mechanisms that could be useful. As the Council of Australian Governments (COAG) and its related Meeting of Cultural Ministers (MCM) were abolished in late 2019, it would be advantageous to add a standing item for the development of the National Plan on the newly formed National Federation Reform Council agenda. The MCM was also not replaced with an ongoing Ministers' Meeting, as was the case with policy areas such as 'Data and Digital' and 'Disability Reform', or even with an 'as needed' meeting, as was the case with Agriculture and Community Services. This could be rectified to encourage greater communication and strategic planning as the Plan is implemented.

Opportunity: Create a standing item for the development of the National Cultural Plan on the National Federation Reform Council agenda.

2.4 Implications of trends in recurrent vs capital expenditure

As discussed in Part 1.4, capital expenditure is a small but growing component of overall cultural expenditure by governments in Australia. While the growth appears to be encouraging, investment in cultural infrastructure needs to be matched by resources to ensure this infrastructure can be utilised and maintained. For example, when state and territory governments create new cultural infrastructure (such as a new regional gallery or local library), the ongoing, recurrent costs for maintaining that infrastructure, as well as ensuring that it is programmed with activities that people will want to attend, often falls to local governments. This is another area with which the National Cultural Plan will assist – more strategic collaboration.

Opportunity: Build on the work of Infrastructure Australia to 1) implement a coordinated national approach to arts and cultural infrastructure and 2) facilitate greater collaboration between federal, state and territory and local governments for cultural infrastructure programs.

2.5 Implications of trends in expenditure on the three overarching categories

In Part 1.5, we saw that different levels of government focus to different extents on the categories of Museums, Libraries, Archives and Heritage; Film, Radio and Television; Arts. We also saw that this is changing over time, particularly with regard to Film, Radio and Television.

These changes, and the fact that responsibility for cultural expenditure continues to be split more evenly between the levels of government compared to the 2007–08 period highlights the need for the National Cultural Plan.

The National Cultural Plan will provide a framework for coordinating responses to the changing production, distribution and consumption environments. As an example of this changing environment, screen content production costs have risen significantly. Screen Australia's 2018–19 Drama Report stated that 'Across the total TV drama slate, the hours, budgets, spend and average cost-per-hour for all titles increased year-on-year'.[24] This was of course pre-pandemic. Screen Australia's CEO said of the 2019–20 Drama Report that in the context of Covid-19, 'many projects [are] reporting increases in costs as they make necessary adjustments to work in a COVID-safe environment'.[25]

These kinds of changes present challenges to Australia's capacity to keep telling national stories in an accessible way. The National Cultural Plan can drive effective and coordinated investment and provide a framework for understanding whether Australia's legislative, regulatory, tax incentive and investment policy settings are fit for their purpose.

Opportunity: The proposed Productivity Commission inquiry 'into the legislative arrangements which govern funding of artistic programs and activities at all levels of government' should proceed and take a broad approach to understanding the source and intended purpose of this investment, including the expected cultural, social and economic benefits of this investment. Noting expenditure is only one of the policy levers available to governments; they could also consider if Australia has a fit-for-purpose legislative, regulatory, tax incentive and investment environment.

2.6 Implications of trends in expenditure across the state and territory jurisdictions

The 2019–20 CFG data showed that location significantly impacts the extent of financial support that is accessible for cultural experiences from local and state and territory governments. The most obvious implication of the comparisons across states and territories as shown in Part 1 is that government expenditure on arts and culture is not consistent between different jurisdictions. These figures make a strong case for taking a strategic approach to cultural funding that incorporates all three levels of government.

As ANA have previously explored, this would be a key advantage of the National Cultural Plan.[26] Clearer policy direction would ensure that the expected public value outcomes of cultural expenditure are better measured and communicated across all three levels of government, facilitating a coordinated and considered approach that identifies non-partisan principles, clarifies responsibilities and ultimately grows and better utilises arts and cultural investment.

The focus on geography leads to the opportunities created by digital technology. The Covid-19 pandemic has increased the public's familiarity with digital engagement, including digital engagement with arts and culture. Although Covid-19 has accelerated the creation and use of many new technologies, the world of arts and culture was already changing. During the period of lockdowns and Covid disruptions, more cultural organisations and individual creators expanded their online offerings, and more Australians have engaged with those offerings. According to research completed by the Australia Council for the Arts, during the April 2020 nationwide lockdowns in Australia, 34% of Australians engaged with arts events online, 43% said that they were engaging as much or more during lockdown than they normally would and 43% said that they were actively creative themselves, engaging particularly in visual arts and crafts, music and creative writing. Compared to before lockdown began, 27% felt more creative.[27]

In a world where the digital and tactile worlds are increasingly hybrid and blurred, digital arts and culture opens up access in ways that haven't been possible previously.

Opportunity: Take an industry transformation approach to supporting arts and cultural organisations to expand digital offerings and access, given the importance that Australians are now placing on digital engagement with arts and culture.

Summary of opportunities

Opportunity 1	Develop and implement the National Cultural Plan, a bipartisan 2021 recommendation from the recent Parliamentary Inquiry into Creative and Cultural Industries and Institutions. This will facilitate more effective collaboration between federal, state and territory and local governments and cross-portfolio strategic initiatives. Clearer policy direction and coordination will ensure that the benefits of cultural expenditure by governments are available to all Australians.
Opportunity 2	Within the context of the National Cultural Plan, and with bipartisan recognition of the positive cultural, social and economic impacts of arts and cultural participation, design and implement mechanisms to boost cultural expenditure by governments as a percentage of GDP to at least the OECD average within the next decade.
Opportunity 3	Create a standing item on the development of the National Cultural Plan on the National Federation Reform Council agenda.
Opportunity 4	While Covid-19 is still disrupting the operations of arts and cultural organisations and special support mechanisms are in place, conduct the CFG survey every financial year.
Opportunity 5	The proposed Productivity Commission inquiry 'into the legislative arrangements which govern funding of artistic programs and activities at all levels of government' should proceed and take a broad approach towards understanding the source and intended purpose of this investment, including the expected cultural, social and economic benefits from this investment. Noting expenditure is only one of the policy levers available to governments; they can also consider if Australia has a fit-for-purpose legislative, regulatory, tax incentive and investment environment.
Opportunity 6	Build on the work of Infrastructure Australia to 1) implement a coordinated national approach to arts and cultural infrastructure and 2) facilitate greater collaboration between federal, state and territory and local governments for cultural infrastructure programs.
Opportunity 7	Take an industry transformation approach to supporting arts and cultural organisations in expanding digital offerings and access, given the importance that Australians are now placing on digital engagement with arts and culture.

Appendices and notes

In this section:

Appendix 1: Research design and methods

Cultural Funding by Governments data collection – federal and state and territory governments

Data collection for the survey of CFG has been completed by consultants from the ABS on behalf of the now-disbanded MCM since the 2015–16 financial year. Previous collections were conducted by the ABS under the Census and Statistics Act 1905. The data is now collected every two years; however, it only reflects expenditure for one financial-year period; in this case, July 2019 to June 2020. It captures the expenditure for organisations at all scales and across the following categories:

Art museums; other museums and cultural heritage; libraries; archives; literature and writing; music; theatre; dance; music theatre and opera; circus and physical theatre; comedy; other performing arts; performing arts venues; cross-art form; visual arts and crafts; design; radio and television services; film and video production and distribution; interactive arts content; arts education; community arts and cultural development; multi-arts festivals; arts administration; and other arts.

The category 'other museums and cultural heritage' covers the acquisition, collection management, conservation and exhibition of heritage objects. This category includes indigenous cultural heritage and keeping places, historical houses, historical museums, war memorials and national trust organisations.

While the CFG series is considered the most complete dataset available, it does not cover all of the government's cultural expenditure. Several specific programs may not be captured (for example, the Australian Screen Production Incentive is not included). Additionally, expenditure on infrastructure that has a significant cultural component (such as regional museums) may be identified as expenditure on tourism rather than culture.

It includes both recurrent and capital expenditure and breaks down expenditure both by total and per capita amounts.

The CFG data collection occurs at both the federal and state and territory levels via an electronic survey from relevant government departments who self-report on the cultural expenditure that has occurred in their jurisdiction over the financial year. These figures are then collated and analysed.

The ABS advised in the earlier iterations of data collection that, while the survey instrument asks for GST-exclusive figures, it cannot guarantee that the data returned is GST exclusive.

No data is available for the 2013–14, 2014–15 and 2018–19 periods. No data was collected for this series by either ABS or MCMO-SWG during these years.

CFG data collection – local governments

See the below extract from the CFG dataset's 'explanatory notes' tab on how data was collected for local governments.

Local government expenditure estimates were obtained from state and territory Local Government Grants Commission data, or equivalent. The data was sourced as a customised extract from ABS Government Finance Statistics, Annual, 2019–20.

Data were based on the Classification of the Functions of Government – Australia (COFOG-A) which groups operating expenses and expenditure by government function or purpose [sic]. From 2017–18 COFOG-A replaces the ABS Government Purpose Classification (GPC). Local government data reported in this publication are comparable across the three time references. Data was totalled for each state and territory using the following four highlighted categories:

08 Recreation, culture and religion

- 0821 - Film production services
- 0829 - Cultural services nec
- 0831 - Broadcasting services
- 0832 - Publishing services

The ABS quality assures the data primarily at the two digit Government Purpose Classification level or higher. Purpose expenditure data at the three or four digit level remain largely as reported by councils to the relevant Grants Commission.

Note the local government data were not 100% comparable with data from other levels of government as they included funding for zoos and botanic gardens, which were excluded from Australian Government and State and territory level data [sic].

Notes about the collection of data related to Covid-19

The 'explanatory notes' for the CFG's 2019-20 dataset provide substantial information and caveats for Covid-related support. The following is worth noting:

Impacts of COVID-19:

16. The COVID-19 pandemic had a substantial impact on the creative and cultural industries in Australia during the scope of the 2019-20 collection cycle.

17. Data in the 2019-20 collection captures the Australian Government and state and territory governments economic support and funding opportunities to assist creative and cultural industries for April, May and June 2020 [sic].

18. Australian Government support funding included JobKeeper payments, BCFE and additional grants through the Arts portfolio.

19. Data included for 2019-20 JobKeeper and BCFE reference the payment year and are based on the ANZSIC codes identified in Explanatory Notes - Appendix A as creative and cultural industries.

20. COVID-19 support payments were available to eligible organisations, businesses and individuals in creative and cultural industries.

21. Additional funding allocated in direct response to the impact of COVID-19, with reference to 2019-20, were reported against Total Recurrent and Total value of expenditure only and not broken down by category [sic].

22. Additional COVID-19 support funding for 2019-20 reported for Victoria; South Australia; Tasmania and Australian Capital Territory governments. Some state and territory governments were unable to identify the 'creative and cultural only' COVID-19 support funding for 2019-20 financial year. The Queensland Government reallocated and bought forward funding for COVID-19 support, which was reported across categories. All state and territory governments likely to report COVID-19 support funding in the 2020-21 financial year.

Notes on ANA's 'The Big Picture in 2019-20'

All figures given in the report are in Australian dollars.

The key datasets used in this report are:

- ABS 4183.0 cultural funding by government for arts and cultural expenditure data up to 2012-13.
- Cultural funding by government (for 2015-16, 2016-17, 2017-18 and 2019-20 data), prepared by the ABS on behalf of the MCM-SWG.
- ABS 3101.0 Australian demographic statistics for population (June quarter of each year).
- ABS 6345.0 Wage Price Index, using the hourly rates of pay reported in the public and private arts and recreation services category (June quarter of each year).

Government expenditure is often indexed using a variety of Wage Cost Indices (WCI) rather than the Wage Price Index (WPI). The WCIs used vary across different departments, different programs and different levels of government, and the details are not released in a collected format. Within this report, we have used the ABS's published WPI series - ABS 6345.0 - as a proxy for WCI. We note that this methodology may create slight variations in the figures across different programs and levels of government.

For several of the years considered in this insight report, the CFG series included environmental heritage. We excluded this from the federal and state and territory government figures, but it was not possible to exclude this category from the local government figures. Because of this, several of the figures in this report (in particular the per capita figures) differ from those published in the CFG series.

There was some difficulty comparing data due to category changes and inconsistencies.

Several releases include corrections to data from the previous years. The updated figures were used.

Minor variations between the per capita figures presented in this document and the CFG survey report are attributable to each analysis using population data from different points in the year. The CFG survey uses September quarter population figures; this document uses June quarter population figures.

This piece reports descriptive statistics only, and therefore the use of the word 'significant' throughout the report does not refer to statistical significance - we are not testing any hypotheses. For an accessible overview of statistical significance, see this post from the Harvard Business Review blog: 'A refresher on statistical significance.'

Appendix 2: What we mean by arts, culture and creativity

ANA acknowledges the cultures of the Aboriginal and Torres Strait Islander peoples in Australia and their continuing cultural and creative practices in this land. This reminds us of the importance of sharing knowledge, skills and stories.

We recognise that Australia's culture has been uniquely shaped by Aboriginal and Torres Strait Islander peoples, by the generations of people born in this place and by the people from all around the globe who have made this place their home.

All these perspectives can help shape a cultural life that emboldens us. This aspiration informs ANA's definition of arts and culture, which is broad and inclusive. It includes activities such as:

- Attending cultural events in person (e.g. going to the movies, going to a festival, going to a symphony, etc.).
- Visiting cultural venues in person (e.g. going to an art gallery or museum, visiting the war memorial, using libraries and archives, etc.).
- creating something (e.g. making something out of materials like wood, clay or wool, painting, photography or film-making, designing something on paper or on the computer, writing stories or poetry, etc.)
- performing something (e.g. singing, dancing, playing a musical instrument etc.)
- engaging with arts, culture and creative content within your own home (e.g. listening to music, watching TV, reading books, looking at art, visiting cultural venue websites, playing computer games etc.)

Not all arts and cultural and creative activities appeal to all people. However, most people feel that there is something within the category of 'arts and culture' that they enjoy and that is relevant and significant to them.

The word 'culture' has many different meanings. We use 'culture' to refer to living habits and everyday forms of expression and creativity that we either share as Australians or that we share with other members of our particular

social groups or communities. In the words of participants from our 2020 middle Australia research:

> 'Culture is belonging...where we feel we fit in.'

> 'We have an Australian culture. Even though there are many nationalities in it, we live the Australian way of life.'

This research showed that when we use the terms '*arts*' and '*culture*' together as a single term – '*arts and culture*' – it takes on a broader, more inclusive meaning than either word on its own.

We also noted that arts and cultural activities can lie within the industrial category of the cultural and creative economy, which includes industries and occupations that use creativity for production and where cultural symbolism is evident in the finished product. This includes the kinds of activities outlined above, but also includes industries and occupations that may be less obvious, such as advertising, design and architecture.

Figure 23: What we mean by arts, culture and creativity infographic. Source: Reproduced from Trembath and Fielding 2020, p. 163. Original was 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.

Appendix 3: How is responsibility for cultural funding distributed among the three levels of government – and why?

When we hear about the responsibilities of the three levels of government, it is easy to assume that these are neatly laid out somewhere; a clear, documented overview of who should take care of what, and why it is the most logical way to distribute the various tasks that constitute the running of our nation. The reality is, however, that in many cases this distribution has evolved quite organically, especially when it comes to responsibility for expenditure on arts and culture.

Australia's constitution does not specify responsibilities for arts and culture; however, it does specify that the federal government holds constitutional responsibility for communications, which includes broadcasting (including a range of related regulatory responsibilities). This is a key reason why the federal government spends more on Film, Radio and Television than the states and territories or local governments do.

We have seen throughout this report that the federal government does spend slightly more than the combined expenditure of state and territory governments, and much more (at least in the 2019–20 period) than combined local government spending. Commentators have pointed out that although cultural activities are shared between government levels, 'the assumption of the power to levy income and, in recent years, the introduction of a Goods and Services Tax, have both meant that the financial weight lies with the Commonwealth Government'.[28]

Outside of constitutional responsibilities, the distribution of responsibility for arts and culture expenditure in Australia has developed in quite an ad hoc manner. The states have been investing in their own state and regional galleries, for example, since the late 1800s – before federation – and this continues today.[29] The first federal program for funding arts and culture was in 1908: the Commonwealth Literary Fund was established to give financial assistance to impoverished writers. However, it was not really until the 1940s, after the British government established federal models for funding the arts, that Australia's federal government began systematically considering cultural funding, beyond their constitutional requirements, to be part of their remit.[30]

Local government expenditure on arts and culture started growing in the 1970s as enthusiasm for community arts grew[31] and as the Whitlam government significantly increased Commonwealth grants to local governments, although these were still administered by the states. The exception to this 1970s era emergence was local government library expenditure, as this came much earlier. By the 1960s, responsibility for libraries' ongoing costs was already divided evenly between state and territory and local governments.

Today, more than 85% of library funding comes from local governments. It is worth noting, however, that there are exceptions to this – in addition to the ACT not having a local government system (and therefore all library funding coming from the ACT government), the Tasmanian Government also primarily funds libraries, going some way to explaining why Tasmania's ratio of local-to-state government cultural spending is different to most other states.[32] These differential spending patterns for libraries are two key examples provided as explanation for the following statement, which is included in every iteration of the CFG data series:

> 'Care should be taken when comparing the values between states and territories for some categories of expenditure as the expenditure details provided may vary according to the administrative arrangements existing in the respective states and territories.'[33]

Endnotes

1 *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia* produced by A New Approach (ANA) think tank with the Australian Academy of the Humanities as the lead delivery partner, 2019.

2 Australia is a member of the Organisation for Economic Cooperation and Development (OECD).

3 Trembath, J.L., Fielding, K., May 2021. "Imagining 2030: Preparing for a National Arts, Culture and Creativity Plan". Analysis paper no. 2021-01. Produced by A New Approach (ANA). Canberra, Australia.

4 A New Approach 2021, quoted in: House of Representatives Standing Committee on Communications and the Arts. 2021. "Sculpting a National Cultural Plan: Igniting a Post-COVID Economy for the Arts." Canberra: Commonwealth of Australia. https://www.aph.gov.au/Parliamentary_Business/Committees/House/Communications/Arts/Report. (p. 4).

5 Trembath, J.L., Fielding, K., October 2021. "Sharing arts and culture: Initial observations from Australia's 2019-2020 Cultural Funding by Government data". Discussion Paper no. 2021-04. Produced by A New Approach (ANA). Canberra, Australia.

6 In 2019-20 the total government expenditure was $792.1 billion (figure from here: https://www.abs.gov.au/statistics/economy/government/government-finance-statistics-annual/latest-release). The total cultural expenditure in 2019-20, not including Covid-related support, was $7.26 billion (taken from the MCM's CFG dataset, found here: https://www.arts.gov.au/cultural-data-online/government-cultural-funding-and-participation). Using these figures, cultural expenditure can be calculated to be about 0.91% of total combined government expenditure in 2019-20.

7 The Cultural Funding by Government dataset includes expenditure in the following categories: Art museums; Other museums and cultural heritage; Libraries; Archives; Literature and writing; Music; Theatre; Dance; Music theatre and opera; Circus and physical theatre; Comedy; Other performing arts; Performing arts venues; Cross-art form; Visual arts and crafts; Design; Radio and television services; Film and video production and distribution; Interactive arts content; Arts education; Community arts and cultural development; Multi-arts festivals; Arts administration; Other arts. The category 'Other museums and cultural heritage' covers the acquisition, collection management, conservation and exhibition of heritage objects. This category includes Indigenous cultural heritage and keeping places, historic houses, historic museums, war memorials and National Trust organisations.

8 While the CFG series is considered the most complete dataset available, it is expenditure based and therefore it does not capture the full details of government investment and support for the arts and heritage sectors. For example, in addition to direct investment, the Australian Government supports the sector through a number of indirect measures, including the Australian Screen Production Incentive and the Cultural Gifts Program; however, these are outside of the scope of the CFG survey, as these initiatives are not counted towards expenditure. Other jurisdictions also have indirect initiatives and incentives. Prior to the 2015–16 financial year, the survey was collected under the Census and Statistics Act 1905. The Act gives the Australian Statistician the authority to conduct statistical collections, and when necessary, direct a person to provide statistical information. Since the 2015–16 period, the Cultural Funding by Government survey became an MCM collection and no longer had this authority. Consequently, the ABS stated, 'While the survey methodology is similar to past collections, time series comparisons should be made with appropriate caution, due to category changes.'

9 Australian Bureau of Statistics. 2019. "4114.0 - Attendance at Selected Cultural Venues and Events, Australia, 2017-18." Canberra: Australian Bureau of Statistics. https://www.abs.gov.au/statistics/people/people-and-communities/attendance-selected-cultural-venues-and-events-australia/latest-release.

10 Australian Bureau of Statistics. 2019. "Participation in Selected Cultural Activities 2017-18 Dataset." Australian Bureau of Statistics. https://www.abs.gov.au/statistics/people/people-and-communities/participation-selected-cultural-activities/2017-18#data-download.

11 Australian Bureau of Statistics. 2017. "6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2015-16." Australian Bureau of Statistics: Household Expenditure Survey 2015/16. October 27, 2017. https://www.abs.gov.au/household-expenditure.

12 These programs were broadly available across Australian businesses and organisations (i.e. were not measures specific to the cultural sector). It is also important to note that not all states and territories were able to provide the data about their Covid-related support for the 2019–20 financial year.

13 At the state and territory level, the figures for Covid-related support in the 2019–20 financial year are complex. As the explanatory notes for the CFG data point out, some state and territory governments were unable to identify 'creative and cultural only' Covid-19 support funding for the 2019–20 financial year. This suggests that three state or territory governments – New South Wales, Western Australia and the Northern Territory – may have recorded higher expenditures on culture in the 2019–20 period if Covid-related support had been included in the data collection for that jurisdiction. On the other hand, Queensland, which included Covid-related support in their data collection, pointed out that this is not new spending; it has been brought forward from later years' arts budgets to provide support during this period of heightened need.

14 Adjustments for inflation use the ABS 6345.0 wage price index and the hourly rates of pay reported in the public and private arts and recreation services category (June quarter of each year). Figures adjusted in this way are also sometimes referred to as 'real', while non-adjusted figures are sometimes referred to as 'raw' or 'nominal'.

15 OECD, *General government spending* (indicator). doi: 10.1787/a31cbf4d-en (Accessed on 15 November 2021). https://data.oecd.org/chart/6wsj

16 The scope of the OECD data is significantly broader than the scope of the CFG survey, and more granular data is unavailable. The OECD table only includes member nations from whom data is available; notably, data is not available for Canada and New Zealand. Data collection methods vary between the CFG survey and government finance statistics by the ABS, which are used by the OECD in its calculations.

17 *Cultural funding by government 2016–17*, the Australian Bureau of Statistics, 2018.

18 It is again worth noting that the CFG survey does not include expenditure on the Australian Screen Production Incentive, which provides tax incentives for film, television and other screen production in Australia. According to the Portfolio Budget Statements 2018–19, in the 2017–18 period this was estimated to be $452 million (p. 181). In the 2019–20 period, it was estimated to be just under $293 million (Portfolio Budget Statements 2020–21, p. 192).

19 It's important to note that the local government data is not 100% comparable to data from other levels of government as they included funding for zoos and botanic gardens, which were excluded from the federal, state and territory level data.

20 Note the Australian Capital Territory (ACT) does not have a local government structure as the ACT Government fills both a state and local government role, hence all expenditure is attributed to the territory government for this jurisdiction.

21 Noting that the Tasmanian Government funds public libraries, while in other states, libraries are predominantly funded by local governments. See MCM Statistics Working Group. 2017. "Cultural Funding by Government 2015–16 Report." Australia: Commonwealth of Australia. https://www.arts.gov.au/documents/cultural-funding-government-2015-16. (p. 9)

22 See Fielding, K., Glisic, I., Trembath, J.L. *Transformative: Impacts of Culture and Creativity*, Produced by A New Approach (ANA) think tank with lead delivery partner the Australian Academy of the Humanities, 2018

23 House of Representatives Standing Committee on Communications and the Arts. October 2021. "Sculpting a National Cultural Plan: Igniting a Post-COVID Economy for the Arts." Canberra: Commonwealth of Australia. https://www.aph.gov.au/Parliamentary_Business/Committees/House/Communications/Arts/Report.

24 Screen Australia, Drama Report 2018/19: Spend on Australian Titles Hits All-Time High." Australia: Screen Australia. https://www.screenaustralia.gov.au/getmedia/7d383c43-7360-4acb-8e0f-c53367e327da/mr-191031-Screen-Australia-Drama-Report-Spend-on-Australian-titles-hits-all-time-high.pdf

25 Screen Australia. 2020. "Drama Report 2019/20 Shows Impact of Pandemic on Screen Industry." Screen Australia (media release). https://www.screenaustralia.gov.au/sa/media-centre/news/2020/11-25-drama-report-2019-20-impact-pandemic.

26 Fielding, Kate, and Jodie-Lee Trembath. 2021. "Twenty-First Century Priorities for Australian Arts and Culture Policy: What's New, What's Endured, What's Next." 2021-03. Analysis Papers. Canberra: A New Approach. https://newapproach.org.au/analysis-papers/twenty-first-century-priorities-for-australian-arts-and-culture-policy-whats-new-whats-endured-whats-next/.

Trembath, Jodie-Lee, and Kate Fielding. 2021. "Imagining 2030: Preparing for a National Arts, Culture and Creativity Plan." 2021-01. Analysis Series. Canberra: A New Approach. https://newapproach.org.au/analysis-papers/imagining-2030-preparing-for-a-national-arts-culture-and-creativity-plan/

27 Australia Council for the Arts. 2021. "Arts Engagement during the Covid-19 Pandemic." Australia: Australia Council for the Arts. https://australiacouncil.gov.au/wp-content/uploads/2021/07/omnibus-survey-results-arts-5eb50b49e163c-1.pdf.

28 Seares, M, and J Gardiner-Garden. 2010. "Cultural Policies in Australia." Canberra: Australia Council for the Arts, IFACCA. https://webarchive.nla.gov.au/awa/20170317214233/http://www.irca.net.au/sites/default/files/public/documents/PDF/Seares_2011_Cultural_policies_in_Australia.pdf. (p. 41)

29 Throsby, David. 2001. "Public Funding of the Arts in Australia - 1900 to 2000." Feature Article. Year Book Australia, 2001. Canberra: Australian Bureau of Statistics. https://www.abs.gov.au/Ausstats/abs@.nsf/0/ed192b5a87e90dbeca2569de0025c1a6?OpenDocument.

30 Throsby, 2001. https://www.abs.gov.au/Ausstats/abs@.nsf/0/ed192b5a87e90dbeca2569de0025c1a6?OpenDocument.

31 Throsby, 2001. https://www.abs.gov.au/Ausstats/abs@.nsf/0/ed192b5a87e90dbeca2569de0025c1a6?OpenDocument.

32 Meeting of Cultural Ministers Statistics Working Group (MCM-SWG). 2017. "Cultural Funding by Government 2015–16 Report." Australia: Commonwealth of Australia. https://www.arts.gov.au/documents/cultural-funding-government-2015-16. (p. 25)

33 Meeting of Cultural Ministers Statistics Working Group (MCM-SWG). 2021. "Cultural Funding by Government 2019-20 Dataset." Australia: Commonwealth of Australia. (Explanatory Notes Tab, Item 14) https://www.arts.gov.au/cultural-data-online/government-cultural-funding-and-participation.

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