

The Big Picture 3

**Expenditure on Artistic, Cultural and Creative activity
by governments in Australia in 2007-08 to 2020-21**

March 2023

A New Approach (ANA)

Executive Summary

One hundred departments (including selected agencies and authorities) across the three levels of government are identified as investing in cultural and creative activities in the 2020–21 cultural funding by governments survey.

This striking figure – which represents four more departments than in 2019–20 – suggests that the three levels of government recognise the diverse roles played by cultural and creative activity across their portfolios and in Australia's economic, social, environmental and cultural vitality. ANA's third report in our Big Picture series of research recommends changes that will make these various departments' investments more transparent and coordinated.

More broadly, this report provides an updated overview of trends in arts and culture expenditure by governments in Australia between the years of 2007–08 and 2020–21. The research draws on a new release of Australia's most comprehensive dataset on this topic, the cultural funding by governments series (CFG). This report also explores the opportunities for change based on the CFG survey of agencies and its administratively collected data as well as cross-country comparisons produced by the Organisation for Economic Co-operation and Development (OECD).¹

The impacts of the COVID-19 pandemic – on the amount of government expenditure, the operations of the cultural and creative industries, and the ways that governments have collected and reported this expenditure data – are the critical context for this new review of cultural funding by governments. The Findings and Opportunities must be read with this context in mind.

Financial measures to address the impacts of COVID-19 and to stabilise the economy are a significant element of the 2020–21 data, as they were in 2019–20. ANA has found that over the two financial years of the pandemic, eligible businesses, programs and initiatives within the broad cultural and creative industries received \$12.5 billion of this 'targeted' (specifically for cultural activities) and 'wider economy' COVID-19 support funding. It is worth emphasising that the wider economy measures, which were available across most industries, form the lion's share of the \$12.5 billion.

We report on these temporary investments by governments to explore the opportunities within cultural and creative industries to harness the experience and significant expenditure of the last two years for future crisis planning and responses.

To optimise and coordinate financial inflows in arts and culture during a crisis and to support COVID-19 recovery initiatives, we recommend building a shared understanding of the impacts of dynamic public health and economic pressures. This report also recommends piloting a partnership framework (and evaluating its impacts) around cross-portfolio themes such as 'health', 'place' or 'productivity'.

There are also changes to monitor beyond the COVID-19 pandemic in this year's stocktake. This research has found that 'non-COVID-19 expenditure' on arts and culture across Australia's three levels of government decreased to \$7.2 billion in 2020-21: a change that must still be considered in the context of the COVID-19 support, as well as in an environment of ever-increasing fiscal and economic pressures. ANA's findings on this recent drop in investment will be monitored in future releases of ANA's *Big Picture* series.

Trends explored in ANA's two previous *Big Picture* reports reappear. In 2020-21, the growth in non-COVID-19 expenditure on arts and culture by all levels of government continued to lag Australia's population growth.

More broadly, Australia is still spending less as a share of GDP on recreation, culture and religion compared to most of its OECD peers, ranking 23rd of 31 OECD countries in 2020 in this internationally comparable area of government spending.

The report notes that this evidence raises further questions rather than clear answers, including about the global role of governments in stimulating and underpinning arts and culture alongside other sources of direct and indirect investment.

In 2023, the Australian federal government announced *Revive: Australia's Cultural Policy for the next five years* ('Australia's National Cultural Policy'), which contains principles guiding both its actions and investments.² That policy document quotes ANA's submission to the national consultation, namely that 'Australia can become a cultural powerhouse whose compelling creativity is locally loved, nationally valued and globally influential.'³

In our submission, ANA also recommended a multidecadal plan; an environmental scan; and a partnership framework. This report - Big Picture 3 - builds on those recommendations, outlining the opportunities and implementation pathways for *distributing, preserving and partnering* in the investments announced in the policy and over the next decade. For example, the pathways identified include 'place-based' collaboration, international people-to-people exchange and more granular reporting by governments themselves on both the character and performance of this expenditure.

ANA will continue to harness the insights of this research as Australia's National Cultural Policy is introduced and implemented from 2023. We also hope this research can support the collective efforts to work through the practical implications of the declaration of culture as a 'global public good', alongside the global public goods of health, information, economy, science, digital and peace⁴ - a decision adopted in 2022 by 150 UNESCO member states, including Australia.⁵

How can Australia become a cultural powerhouse whose compelling creativity is locally loved, nationally valued and globally influential?

Key Findings

The following findings summarise ANA's analysis of government investment in arts and culture in Australia between 2007-08 and 2020-21, including how the investment has changed over time and how Australia compares with other countries in this area of investment.

Finding 01.



Since the start of the pandemic, governments have directed \$12.5 billion to cultural and creative industries in response to COVID-19, in the form of targeted COVID-19 support and wider economy COVID-19 support. This represents 46% of total government expenditure on cultural and creative industries (both COVID-19 and non-COVID-19 expenditure) in the last two financial years. \$8.1 billion of this was in 2020-21.

Finding 02.



Government spending on recreation, culture and religion in Australia is below that of many of our international peers. In 2020, OECD countries on average spent 1.35% of total GDP for the purposes of recreation, culture and religion; Australia spent 0.98% of its GDP, placing us ahead of other English-speaking countries (the United States and United Kingdom) yet 23rd out of 31 OECD countries. Australia has remained below the OECD average from 2017 to 2020.

Finding 03.



Non-COVID-19 expenditure on arts and culture across the three levels of government was \$7.2 billion in 2020-21. This is a 1% decrease from 2019-20 when adjusted for inflation, a reduction of \$85.6 million in real terms.

Finding 04.



Non-COVID-19 expenditure on arts and culture is not keeping pace with population growth. Australia's population increased by 20% between 2007-08 and 2020-21 to around 26 million, while expenditure on arts and culture over that time increased by 10%. In 2020-21, per capita government expenditure on arts and culture was \$279. For comparison, the figure in 2007-08 was \$307 per person when adjusted for inflation.

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Finding 05.



In 2020-21, the state and territory governments' share of non-COVID-19 expenditure on arts and culture was the highest on record (37%), and the federal government's share was the second lowest on record (38%). The local government share has decreased every year since a peak of over 27% in 2016-17; in 2020-21, it was less than 25%.

Finding 06.



Capital expenditure has slowly but steadily increased as a share of non-COVID-19 expenditure on arts and culture in Australia. Capital expenditure represented 17% of non-COVID-19 expenditure on arts and culture during 2020-21, significantly up from 11% in 2007-08, though slightly down on the 18% recorded in 2017-18.

Finding 07.



In 2020-21, Museums, Libraries, Archives and Heritage accounted for 38% of government expenditure on arts and culture (including targeted COVID-19 support and excluding local government spending). Arts accounted for 32%; Film, Radio and Television accounted for 30%. The long-term decrease in the share of this expenditure on the Film, Radio and Television category continues. Conversely, the Arts category has increased its share and, in 2020-21, reached its highest level.

Finding 08.



Since 2007-08, the federal government has typically contributed more than 90% of government expenditure on the Film, Radio and Television category (exclusive of local government). State and territory governments have typically contributed more than 60% of the public investment in both the Arts category and Museums, Archives, Libraries and Heritage category (exclusive of local government).

Key Opportunities and Implementation Pathways

The following opportunities summarise the key changes that governments can implement to ensure Australia is optimising cross-government, cross-jurisdictional investments in arts and culture.

Opportunity 01.



Construct a partnership framework to underpin the Australian National Cultural Policy, elevating collaboration as a competitive advantage; describing existing intergovernmental arrangements and the potential for new agreements and/or accords; and outlining the desired relationships with different agencies, portfolios, industry operators, philanthropic entities and investors that are required for success.

Implementation Pathway: Pilot and evaluate the impacts of a partnership framework around cross-portfolio themes such as 'health', 'place' or 'productivity'.

Opportunity 02.



Include in forward estimates a funding envelope to establish an infrastructure and workforce development pipeline.

Implementation Pathway: Consult a representative sample of receiving institutions on an investment approach that considers capital and recurrent costs. Use the reconvened intergovernmental meetings between Commonwealth, state, and territory cultural ministers and the Australian Local Government Association to understand impacts on local governments.

Opportunity 03.



Devise a multidecadal plan identifying short, medium and longer-term goals and minimum required investment for the pipeline of infrastructure and workforce development.

Implementation Pathway: To inform the measures in a plan, the bipartisan proposal for a Productivity Commission inquiry 'into the legislative arrangements that govern funding of artistic programs and activities at all levels of government' should proceed. Its report to government should:

- Analyse the cross-sectoral enablers of productivity identified in the most recent five-year productivity inquiry as they specifically apply to arts and culture.
- Identify a cross-portfolio theme for coordinated, temporary government assistance in arts and culture to be less funding-driven and to take advantage of the relative strengths and legal responsibilities of the different levels of government (see Opportunity 1).
- Consider including 'arts and cultural services' in future iterations of the Report on Government Services (see Opportunity 5).
- Examine and quantify the costs and benefits of government assistance in arts and culture, comparing the quantum of this assistance with the 'value added' and social and policy objectives of these activities (e.g. access to diverse cultural and creative experiences).

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Opportunity 04.



To 'preserve' and 'strengthen' the financing of culture – which UNESCO has declared a global 'public good' – review examples of countries in the OECD with outstanding investment in arts and culture, including from government and other investment sources.

Implementation Pathway: Support people-to-people exchange and collaborate with civil society organisations at both national and regional levels on this topic.

Opportunity 05.



To enhance the transparency of investments under the Australian National Cultural Policy, and noting the cultural funding by more than one hundred government departments and agencies identified in the CFG survey, experiment with deeper granularity of the data collection and reporting instruments (e.g. 'by portfolio' and 'by postcode').

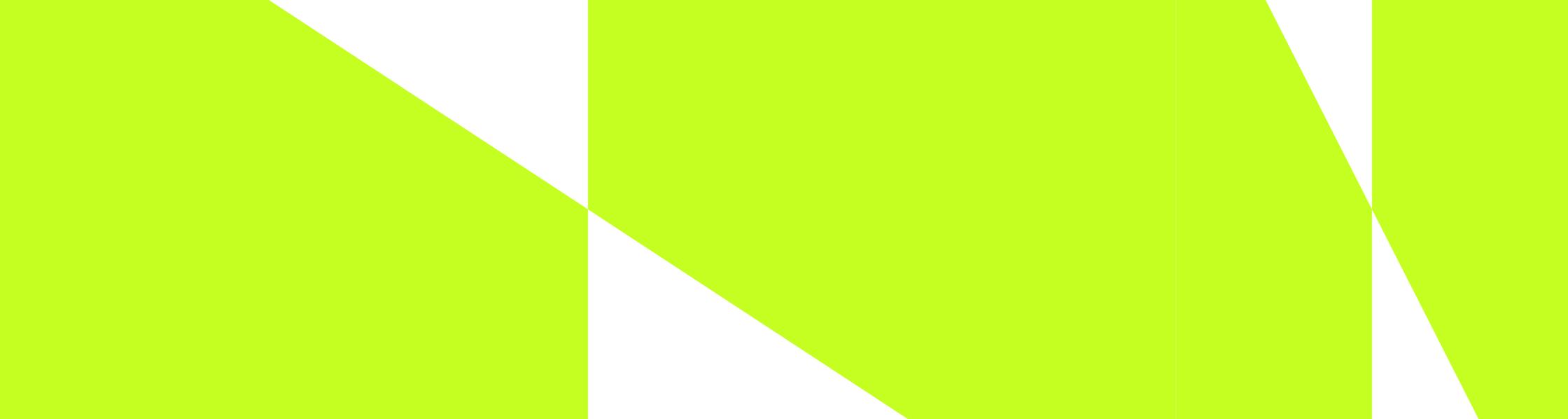
Implementation Pathway: Review other countries' methods for estimating and reporting on expenditure on arts and culture. Consider performance reporting on 'arts and cultural services' in future releases of the whole-of-government Productivity Commission's annual Report on Government Services (See Opportunity 3).

Opportunity 06.



To inform decisions about any future temporary financial measures, and as the COVID-19 financial measures are phased out, conduct a national environmental scan.

Implementation Pathway: Build and regularly update shared understanding of the different strategies and policies concerning arts and culture across Australian jurisdictions and the impacts of dynamic public health and economic pressures.



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