

The Hon Michael Sukkar MP
Assistant Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600



20 January 2020

Dear Assistant Treasurer,

Australian Major Performing Arts Groups (AMPAG) Pre-Budget Submission on Priorities for the 2020–21 Federal Budget

The Australian Major Performing Arts Group (AMPAG) is the umbrella group for Australia's major performing arts (MPA) companies who inspire millions through theatre, circus, dance, classical music and opera. Identified as companies of excellence, MPA companies work with fellow organisations across the arts to realise the social and economic value of the arts for Australian and international communities. Government investment and output priorities relating to these companies are currently managed through the Major Performing Arts Framework with all transitioning to the new National Performing Arts Partnership Framework in 2021.

AMPAG thanks the Minister for the opportunity to outline our priority recommendations for the 2020–21 Budget in relation to federal government investment in the arts.

Special Note – 2019/20 Bushfire Recovery

The performing arts sector cares deeply about the collective impact of this summer's bushfires, and we welcome government's advice on where and how we can assist. Many in the arts sector are working to raise funds to support communities impacted by the bushfires through collections at performances and special bushfire benefit concerts, as well as supporting some of their own who are part of the volunteer firefighting network.

Rebuilding from the fires is as much about supporting people and our natural environment as constructing buildings and roads. The arts, with its deep engagement in the human experience, can make a significant contribution to the way in which communities process this unparalleled natural disaster, helping to understand their 'story', rebuild a sense of place and shared resilience. The arts also have the potential to support economic recovery through stimulating creativity and new ideas as well as tourism initiatives.

Executive summary

The arts and creative industries are positive drivers of Australia's future ability to shape a more effective and engaged population, as proved in countless studies both here and overseas. There is a pressing need for a national creative economy strategic road map to ensure Australia is best positioned to generate new jobs, for economic growth and for our citizens to thrive in the 21st century. Yet, federal government investment in the arts has fallen 18.9% in the past decade. This submission outlines ways in which this trend, if reversed, would deliver deeper public reach and engagement in the arts, exemplifying effective government expenditure for the betterment of all Australians.

The following report outlines the economic, social and cultural value of the arts within the broader creative sector as well as the specific characteristics of the performing arts, including their capacity to generate ongoing demand for labour; be resilient to technological change; and to build resilient, connected communities, bringing people together in a world where online technology can limit local in-person economic and social engagement.

This report outlines seven key performing arts focus areas and the unrealised social, cultural and economic impact that can be leveraged through new government investment:

1. Our nation begins with our First Nations
2. Scale and diversity across Australia Council for the Arts four-year funding program¹
3. Australia Council for the Arts project funding and unfunded excellence
4. National Performing Arts Partnership Framework: New investment for a new framework
5. R&D — to invest in significant works of scale and innovation
6. Bridging the regional—metropolitan divide
7. Building cross-portfolio solutions to advance public policy challenges.

It is recommended that the federal government target new investment into the arts to inspire and strengthen communities and to foster trade and employment

1. The first step is to ensure the arts ecology is robust and vibrant to secure the creative foundation on which to build the economic and social public benefits that can be leveraged through the arts. This means increasing government investment through the Australia Council for the Arts to ensure the performing arts ecology can adequately support artistic excellence and diversity, and has the capacity to experiment and to invest in significant new initiatives.
2. Next, is the need to grow access and opportunity for everyday Australians of all ages to attend as audiences and to creatively participate in the arts.
3. Finally, investment is required to facilitate the arts' strategic partnering with other portfolios to co-develop new ways to leverage the arts to deliver instrumental value to advance known challenges.

The benefits of the arts extend beyond the domain of what can be quantified and measured in dollars alone. It is crucial that the intangible or indirect value is borne in mind as the government considers our pre-budget submission.

Government policy that seeks to strengthen and grow both the intrinsic and instrumental value of the arts will unlock jobs and growth and social wellbeing in its many forms.

¹ (This issue needs urgent attention as the Australia Council for the Arts' funding commitment for 2021–24 is expected to be announced one month before the Federal Budget.)

Key recommendations:

1. Fund the establishment of the National Indigenous Arts and Cultural Authority over four years.
 - Start-up funding for a National Indigenous Arts and Cultural Authority of
 - **\$4.5 million** over 5 years.
2. Address Australia Council for the Arts' capacity to invest in four-year funding, the new National Performing Arts Partnership Framework, new major works and enterprise strategies.
 - Australia Council for the Arts uplift in program funding of
 - **\$100 million over 4 years**
3. **End the efficiency dividend** current applied to the Australia Council for the Arts to secure real value of all funding programs administered by the organisation over time.
4. Invest in additional support for creative opportunities in regional Australia.
 - Uplift to support greater regional arts and cultural engagement and development
 - **\$20 million over 4 years**
5. Develop cross-portfolio policy designed to help address or advance known public policy opportunities or challenges outside the arts.
 - **Cost offset** by other medium- to long-term savings across other portfolios.

The report includes the following three appendices:

- | | |
|-------------------|--|
| Appendix 1 | The public benefit gained through investment in the arts |
| Appendix 2 | AMPAG recommendations in detail |
| Appendix 3 | A snapshot of significant new foreign public arts funding initiatives. |

/End Executive Summary

For further information contact:

c/o Bethwyn Serow
Executive Director
Australian Major Performing Arts Group
Tel. 02 9253 5351
Bethwyns@ampag.com.au

Why new investment in the performing arts from 2020 is good government

World Creative estimates that cultural and creative industries generated around 29.5 million jobs globally in 2015, and revenue of around US\$2,250 billion annually.

The **performing arts sector** is a **creative manufacturing sector** and a driver of creative development, employing over 34,000 people and valued at around \$4.2 billion to Australia's GDP. The sector reported a **30 per cent increase** in the value of cultural and creative activity **from 2008/09 to 2016/17** (growth of \$403 million) according to the Bureau of Communications and Arts Research (BCAR).²

The performing arts bring people face-to-face, nurturing human connections and social value as well as significant economic activity. Yet, the last two terms of government have been characterised by arts policy and funding instability and cuts.

Australia currently faces significant social and economic challenges, and the demands of rebuilding after the 2019/20 fires. The arts in and of themselves can help stimulate creativity, support and advance an inspired and inclusive society, and grow economic activity.

New investment in the arts will:

- address fragility in the performing arts ecology
- leverage our artistic vibrancy and capacity
- strengthen our sense of national identity

and has the potential to accelerate impact when linked to policies that seek to:

- stimulate creative jobs and growth and enhance workforce creativity and innovation
- increase foreign tourism
- strengthen cultural diplomacy and grow Australia's soft power
- close the gap
- lift education standards
- strengthen mental health and wellbeing
- strengthen social cohesion and regional resilience.

Appendix 2 outlines the value and impact of the creative industries and the contribution of the arts sector, including the performing arts, and provides key facts and references.

Is government adequately supporting Australia's creative potential?

Arts underinvestment

- Despite the evidence that the return on performing arts investment is high, (see **Appendix 2**) Australia's cultural investment is not matching population growth. Australia's total public (three tiers of government) per capita public expenditure on culture has dropped by 4.9% over the decade 2007/08 to 2017/18, and expenditure as a percentage of GDP remains below the OECD average.³
- The federal government is committing 18.9% less expenditure per capita to culture compared with a decade ago.⁴

² Cultural and creative activity in Australia 2008-09 to 2016-17 <https://www.communications.gov.au/departmental-news/economic-value-cultural-and-creative-activity>

³ <https://www.humanities.org.au/new-approach/report1/> The Big Picture: Public Expenditure on Artistic, Cultural and Creative Activity in Australia

⁴ *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia* Produced by A New Approach (ANA) think-tank with lead delivery partner the Australian Academy of the Humanities.

- With earned income in the form of ticket sales, and private giving now highly leveraged, there are seven key areas where additional investment by the federal government would stimulate greater performing arts sector vibrancy and unleash significant public value.

The issues — performing arts

ISSUE 1

Our nation begins with our First Nations

- **First Nation** arts and cultural practice are an *asset* for First Nations people and the nation.
- Arts and culture have been the most effective tools for building relationships and awareness between Indigenous people and the wider community.
- First Nation people agree that arts and culture are a necessary part of the solution to Indigenous disadvantage, and for the healing of individuals and communities. Yet, less than 1% of *Closing the Gap* funds are directed towards culture, and the Australia Council for the Arts has voiced concerns over inadequate funding for First Nations-led small-to-medium arts and culture organisations.⁵
- It is imperative for our modern nation to recognise the critical role of cultural practice in closing the gap for First Nations people, and that national identity is strengthened or weakened by our First Nations' relationships.
- There is currently no dedicated arts and cultural peak body for Indigenous arts and culture — a serious omission that limits the sector's capacity to co-design federal government initiatives to strengthen outcomes for First Nations.
- In addition, program funding of Indigenous performing arts and the scope of the Indigenous Languages and Arts Program has tended to underrepresent Indigenous performing arts. Additional findings from Australia Council research projects such as *Building Audiences: Aboriginal and Torres Strait Islander Arts* (2015) and *Showcasing Creativity: Programming and Presenting First Nations Performing Arts* (2016) highlight a range of opportunities and challenges to be addressed by the performing arts sector — noting in particular that national mapping of the programs of 135 Australian presenters found that First Nations performing arts are under-represented in Australia's mainstream venues and festivals.
- Formation of a First Nations national body is needed to collectively develop an ambitious arts and cultural framework and point of contact for collaboration across other government initiatives and policy developments.

ISSUE 2

⁵ The Australia Council's 2018 submission to Closing the Gap Refresh also highlighted concerns over declines in funding for First Nations-led small-to-medium arts and culture organisations.

'[We] received expressions of Interest from 43 First Nations-led small-to-medium arts and culture organisations for multiyear funding that equated to a total request of \$12.5 million per annum. We were only able to support 16 organisations with a total \$3.5 million per annum, declining over 60% of the organisations that applied and leaving unmet demand of over 70% in terms of dollars — the demand far outweighs the funding available.'

Australia Council for the Arts: Four-year funding program *

- * It is anticipated the Australia Council for the Arts' announcement of the results for the four-year funding program 2021–2024 in **April 2020 will lead to the defunding of between 30–40 small business arts organisations.**
- * Importantly, this is due to the Australia Council for the Arts' limited investment capacity; it is not because the organisations are not worthy, or do not offer the opportunity to generate value.
 - In a bid to balance national coverage, for example, we may see a dynamic organisation miss out on government investment by virtue of its location.
- * This will push more applications into the already highly contested project funding program, remove funding stability and increase red tape.
- * While those who are successful are likely to be funded at a higher level than in the previous four-year period, (recognising that sustainability with limited funds has been an issue in the current four-year period), a reduction in the number of quality organisations gaining investment will **reduce diversity** of artistic opportunity and **community arts access** and services.
- * **There is universal concern** within the sector that a reduction in the number of four-year funded organisations will further weaken an already fragile part of the arts ecology, and valuable talent will leave the sector.

* This issue needs urgent attention as the Australia Council for the Arts' funding commitment for 2021–24 is expected to be announced one month before the Federal Budget.

ISSUE 3

Australia Council for the Arts: Project funding and unfunded excellence

- The Australia Council's 2018 media release signalled significant opportunity loss concerning grant funding applications of high merit that are unable to be supported due to lack of funds:
'While 183 projects were funded, a further 271 projects were assessed by peers as being of high merit and deserving support, but could not be funded within the scope of the budget.'
- This gap is growing, based on the agency's further response to questions in Senate estimates in March 2019, which reported that across 2017 and 2018, 895 applications of very high merit could not be supported due to limitation in funds.
- The Australia Council for the Arts' capacity to invest in the next generation of artists and organisations is severely compromised, and existing allocations are effectively eroded due to the annual application of the *'efficiency dividend'*.

ISSUE 4

National Performing Arts Partnership Framework: New investment for a new framework

AMPAG welcomed the recent conclusion of the MPA review, resulting in state and federal agreement to transition to a **National Performing Arts Partnership Framework** in 2021. The new Framework is designed to provide stability, opportunity and contestability and a clear pathway for new entrants.

- Existing MPA organisations transitioning into the new Framework welcome this commitment to stability. They are already highly leveraged and carry significant risk, with **the potential to generate added value** limited by access to additional investment.
- In addition, the new Framework has been designed to be more open, with capacity to expand the cohort in line with our growth as a nation, as and when new funding can be found.
- However, a new Framework alone is not enough to secure the future of the performing arts sector, nor will this reform alone maximise its public returns. **Further investment is needed to support new entrants and to address gaps in the ecology** without draining the Australia Council for the Arts' capacity to invest in emerging artists and arts organisations outside the Framework.

ISSUE 5

R&D: Major works and innovation

- Within Australia, the importance of developing new Australian work should not be underestimated.
- New Australian works define national identity and provide the opportunity for innovation and creativity.
- Major new works develop a legacy for future generations, create employment for artists, technicians, artisans and other workers and support larger teams, which then enable skills transference.
- They also have the potential to enhance the reputation of Australia internationally and to attract additional international partners and gain access to foreign audiences.
- Performing arts companies, from large to small, are working within tight margins and high risk.
- Availability of investment funds for new initiatives and major works is very limited. This restricts the creative potential that could be released through new investment, training and innovation, and in the development of new major Australian works in the performing arts.

ISSUE 6

Bridge the regional—metropolitan divide

Regional arts and culture projects and festivals

- Nation-building must include investing in a robust civil society that nurtures connections and insights between and across individuals and different communities in metropolitan, regional and remote settings.

- Through touring, festivals and collaboration, the performing arts span regional and urban Australia and help bridge the geographical divide between Australia's cities and regions.
- The real annual value of the federal Regional Arts Fund is \$2 million less than its value in 2008.⁶ By increasing the pool of performing arts funding, the government will strengthen regional access to the arts and opportunities for regional companies and artists.
- The national performing arts touring program, *Playing Australia*, is the primary mechanism by which regional, remote and outer metropolitan communities access some of the best of Australia's creative performances and artists.

Regional touring

- Recognising the cultural and economic importance of touring, the government allocated \$7.4M to the Australia Council for this touring program in 2018–19.
- Historically, the total value of grants awarded through *Playing Australia* has been stagnant with investment sitting at between \$6 million and \$7.4 million per annum. Taking inflation into account means that the value of the *Playing Australia* fund has decreased by over 35% in real terms since its inception in 2004, to the detriment of communities in regional Australia.
- We welcome government's recent commitment to the National Touring Scan, commissioned by the Australia Council for the Arts (currently underway), and tasked to identify the current structural gaps in national touring. There are opportunities to reduce red tape, better coordinate federal and state touring support mechanisms and deepen our response to the creative needs of regional Australia. This report, due at the end of 2020, will guide the government and the sector to identify reform and investment needs.

ISSUE 7

Build cross-portfolio opportunities and solutions

- There has been limited cross-portfolio strategic policy development despite the evidence that the arts can improve health and wellbeing, education outcomes as well as leverage economic returns.
- This is in sharp contrast to government increases to arts funding to meet 21st century challenges in many foreign developed countries. (See [Appendix 3](#)).
- The federal government's STEM rather than STEAM approach to innovation is limiting the nation's potential.
- Policies co-designed with arts input can maximise or extend the impact of government spending, including in areas such as tourism, regional development, community development and social inclusion, education and international diplomacy.

⁶ '25 million Australians are better off when the 8.8 million Australians who live outside of the metropolitan cities are creative, productive and thriving individuals, contributing their unique perspectives to the national identity and making Australia a more culturally diverse nation.' Regional Arts Australia.

Targeting federal government investment?

1. The first step is to ensure the arts ecology is robust and vibrant. This means increasing government investment through the Australia Council for the Arts to ensure the performing arts ecology is able to adequately support artistic excellence and diversity and has the capacity to experiment and to invest in significant new initiatives.
2. Next is the need to grow access and opportunity for everyday Australians of all ages to attend as audiences and to creatively participate in the arts.
3. Finally, investment is required in arts strategic partnering with other portfolios to co-develop new ways to leverage the arts to deliver instrumental value to advance known challenges.
4. New investment, summarised below, is needed to advance these priorities with the most pressing priority being an uplift to Australia Council for the Arts program funding.

Investment recommendations for the 2020–21 Federal Budget

1. Address Australia Council for the Arts' capacity to invest in four-year funded organisations, project initiatives, including significant new works, and to facilitate the establishment of new entrants into the National Performing Arts Partnership Framework.
Cost \$100m over four years.
2. Champion Indigenous performing arts by establishing a National Indigenous Arts and Cultural Authority.
Cost \$4.5m over five years (2021–2025)
3. Support creative opportunities in regional Australia.
Cost \$20m over four years
4. Provide Australia Council for the Arts stability of funding by removing government's annual efficiency dividend currently applied.
5. Establish an intergovernmental task force(s) charged with modelling potential returns on investment leveraged through new investment in cross-portfolio arts initiatives, drawing on the potential the arts have to help stimulate economic activity and address complex social and wellbeing challenges.
Cost: \$0 (*Cost would be offset by savings in other non-arts programs over mid to long term.*
(See [Appendix 2](#))

Government policy that seeks to strengthen and grow both the intrinsic and instrumental value of the arts will unlock jobs and growth and social wellbeing in its many forms.

Yours faithfully



Bethwyn Serow
Executive Director AMPAG

Appendix 1

Detailed 2020–21 Federal Budget new arts investment recommendations

1. Our nation begins with our First Nations

It is imperative for our modern nation to recognise the critical role of cultural practice in closing the gap for First Nations people, and that national identity is strengthened or weakened by our First Nations’ relationships.

We recognise the need for bipartisan commitment to closing the gap, incorporating feedback from First Nations people who are calling for greater recognition of the importance of culture and cultural practice in building community and health. There is currently no peak body or dedicated program for funding of Indigenous performing arts, and the scope of the Indigenous Languages and Arts Program has tended to underrepresent Indigenous performing arts.

Arts and culture are of paramount importance. As a next step, we recommend investment in the development of a National Indigenous Arts and Cultural Authority (NIACA).

Estimated development costs over five years \$4.5 million.

2. Increase Australia Council for the Arts’ capacity to invest in the performing arts sector

New Investment	Purpose	Sector Outcome
+\$12 million p.a. over 4 years for companies: - \$7 million p.a. for the four-year funding program - \$5 million p.a. for new entrants and further investment in the new National Partnerships Organisations +\$4 million p.a. over four years for project grants	HIGH Priority Increase Australia Council for the Arts’ capacity to invest in programs to support sustainability and growth of multiyear funded performing arts organisations, individual artists and arts workers, and increase capacity to project fund the high level of unfunded excellence and new ambitious works	<ul style="list-style-type: none"> • A stronger national arts framework that stimulates growth in diverse vibrant artistic works from small to medium and large, with greater capacity to serve audiences regionally, nationally and internationally • An increase in the number of high-quality arts organisations with enough investment to promote sustainability and growth and to address known gaps in the arts ecology. This includes addressing gaps in First Nations-led arts organisations and funding inequity in particular jurisdictions • Secure jobs and career pathways and sustainability for practising artists and arts workers across regional, remote and metropolitan centres • Reduce red tape • Maximise investment leverage. Base funding stability enables new partnerships and collaborations and long-term planning

<p>\$5 million p.a. over four years as seed funding for new major Australian works</p>	<p>To support sustainable growth and jobs in the industry through the development of new major Australian works</p>	<p>Employment and skills development</p> <ul style="list-style-type: none"> • Develop and realise new opportunities for employment of Australian performance artists, managers, technical and operational staff • Improved skills and employability of new talent through increased professional development opportunities <p>Artistic intellectual property</p> <ul style="list-style-type: none"> • Increase capacity to support R&D • Increase in Australian creative IP • Major innovative works generate new opportunities in international markets (export) as well as advance our image internationally <p>Maximise economic contribution of the sector</p> <ul style="list-style-type: none"> • Attract increased private and foreign investment in the sector • Realise flow-on economic benefits to related industries, i.e. hospitality, tourism, university sector
<p>+\$ 4 million p.a. over four years for enterprise initiatives and programs</p>	<p>Provide mechanisms and programs that support the sustainability and growth of the entire sector, i.e. longer term strategic initiatives that enable exposure, professional development, distribution and engagement</p>	<p>Engagement and openness</p> <ul style="list-style-type: none"> • Research and pilot initiatives to support audience diversity and growth <p>Creative innovation</p> <ul style="list-style-type: none"> • Strengthen cross-sector collaboration • Address skills gaps, advance sector innovation and promote artistic vibrancy <p>Adaptation and business innovation</p> <ul style="list-style-type: none"> • Enhance entrepreneurial and business acumen of individual companies • Support professional development and knowledge sharing • Financial viability of creative works is increased • Response to changes impacting sector sustainability to enable the ecology to adapt and evolve

3. Provide Australia Council for the Arts stability of funding

We also call for an increase in Australia Council for the Arts funding, and for all program funding to be adjusted to the Consumer Price Index, and for the removal of the efficiency dividend on Australia Council funding.

Strategy/Investment	Purpose	Outcome
All Australia Council for the Arts funding is annually adjusted by CPI	Address systematic erosion of government investment in the arts	Increased stability, job security and capacity to strengthen and leverage partnerships
Remove efficiency dividend on arts program funding	Address the negative impact the efficiency dividend effectively has in reducing the value of arts sector investment	Ensure greater stability and capacity to strengthen and leverage partnerships

4. Strengthen regional access to the arts and opportunities for regional companies and artists

We call for an increase in Regional Arts funding and the Australia Council for the Arts regional touring program.

Strategy/Investment	Purpose	Outcome
<p>+\$5 million p.a. over four years for regional access and engagement</p> <p><i>+\$ amount to be confirmed, to fulfil outcomes of the current Touring Scan as commissioned by the Meeting of Cultural Ministers</i></p>	<p>Strengthen regional access, develop regional audiences' engagement and develop regional-based performing arts practice through increasing the scope and funding directed into regional arts initiatives</p> <p>Diversification of regional industries, increase regional communities' liveability and develop attractions to increase tourism value</p> <p><i>Depending on the outcome of the current Touring Scan underway, provide investment into identified gaps to increase access by regional audiences to a diverse range of touring product</i></p>	<ul style="list-style-type: none"> • Increased making of artwork in regional Australia • Opportunities for regional artists to develop and present both within and beyond their own regional areas are increased, creating sustainable careers • Regional community connections, resilience and tourism is increased • Increased liveability of regional centres • Social and civil connections between regional and metropolitan Australia are increased • Cost barriers to regional touring are addressed and enable deeper local engagement with touring works • Increased access, diversity and affordability of work touring to and from regional Australia • Touring organisations can develop multiyear strategies to build regional audiences, and regional audience engagement opportunities

5. Cross-portfolio taskforce(s)

- The arts offer a strategic policy lever that has been underutilised in Australia compared to new arts policy and investments made by many other developed nations in recent years (**see Appendix 2**).
- There has been limited whole of government recognition of the benefits that can be leveraged through the arts to advance challenging issues in other portfolios and maximise the impact of government spending in areas such as:
 - stimulate creative jobs and growth and enhance workforce creativity and innovation
 - increase foreign tourism
 - strengthen cultural diplomacy and grow Australia's soft power
 - closing the gap
 - lift education standards
 - strengthen mental health and wellbeing
 - strengthen social cohesion and regional resilience.

Establishment of an intergovernmental task force(s) charged with modelling potential returns on investment leveraged through new investment in cross-portfolio arts initiatives, drawing on the potential the arts have to help stimulate economic activity and address complex social and wellbeing challenges.

What is the public value of the arts?

The arts, creative industries and the economic and social value

Creative industries

- World Creative estimates that cultural and creative industries generated around 29.5 million jobs globally in 2015, and revenue of around US\$2,250 billion annually (see [Appendix 3](#)).
- The creative industries generate valuable economic activity, contributing \$111.7 billion to Australia's economy in 2016–17⁷. It is the creative industries that constitute one of the most reliable means available to contemporary developed societies to stimulate economic innovation and growth. Creative capability is the driving force behind innovation-driven, economically diversified economies.
- During 2015–16 Australian households spent an estimated \$25.64 billion, or 3.5% of total household expenditure, on cultural goods and services.⁸
- More than half a million Australians work in the creative economy, which employed 593,830 people in 2016, representing about 5.5 % of the national workforce.⁹
- In 2017–18, the three levels of government allocated a combined \$6.86 billion to the cultural life of our nation. While this expenditure is only part of the overall financial investment in creative and cultural production, it plays an essential role in enabling both access and experimentation, as well as caring for our shared cultural assets.
- In 2018 (calendar year), the Australian live performance industry, which includes commercial and NFP performing arts activity, generated total ticket sales revenue of almost **\$2.2b**, an increase of 14.8% from 2017, when ticket sales totalled \$1.88b. This increase in revenue was a result of a 5.0% increase in the total number of paid tickets in 2018, coupled with a 9.3% increase in the average ticket price from \$90.59 to \$99.03. Approximately 26.3 million tickets were issued in 2018, representing an increase of 14.1% from 2017.¹⁰
- 'Preparing Australia for the future of work in the Fourth Industrial Revolution requires workers to develop skills in creativity. Engaging in creative and cultural activities has been found in global studies to help build the skills needed for these rapid changes. 'There is a direct correlation between innovation and economic growth, and Australia is below the OECD averages in innovation measures'.¹¹
- Australian Federal Government policy has championed a STEM rather than a STEAM¹² approach to drive innovation, yet research reveals greater returns can be leveraged when humanities and arts skills are imbedded. This is clear in a recent UK report that found compelling evidence to

⁷ Cultural and creative activity in Australia 2008–09 to 2016–17 <https://www.communications.gov.au/departmental-news/economic-value-cultural-and-creative-activity>

⁸ *Transformative: Impacts of Culture and Creativity*, Produced by A New Approach (ANA) think-tank with lead delivery partner the Australian Academy of the Humanities (2019).

⁹ The Big Picture: public expenditure on artistic, cultural and creative activity in Australia. Produced by A New Approach (ANA) think-tank with lead delivery partner the Australian Academy of the Humanities.

¹⁰ Live Performance Industry In Australia 2018 ©Live performance Australia <https://liveperformance.com.au/wp-content/uploads/2019/12/Live-Performance-Industry-in-Australia-2018-FINAL.pdf>

¹¹ *Transformative: Impacts of Culture and Creativity*, Produced by A New Approach (ANA) think-tank with lead delivery partner the Australian Academy of the Humanities. (2019)

¹² STEM= Science, Technology Engineering, Mathematics; STEAM= Science, Technology Engineering, Arts, Mathematics.

suggest that firms combining arts and science skills are more likely to grow in the future, are more productive, and are more likely to produce radical innovations. This supports the hypothesis that the impact of arts skills in the UK economy extends beyond the creative industries.¹³

- Firms combining arts and science skills, other things being equal, outperform those firms that utilise only arts skills or science skills:
 - They show 6% higher employment growth and 8% higher sales growth than other firms.
 - They are 3% more likely to bring radical innovations to market.
 - There is also evidence that strong social cohesion also has a direct impact on economic growth.

In addition, OECD research demonstrates that a more cohesive society generally has a stronger and faster growing GDP.¹⁴ Again, there is significant research demonstrating that, in particular circumstances, this cohesion can be fostered by participation in arts and cultural activities.¹⁵

The arts – impact and untapped potential

- The Australian cultural industries play a critical role in contributing to the creativity, diversity and prosperity of Australia’s people and its economy.
- They tell our stories of the past, present and future and contribute to national identity.
- The arts are not elitist — 98% of Australians engage with the arts and recognition of the positive impacts of the arts has continued to grow.¹⁶
- **Valued:** Importantly, 73% of Australians believe the arts are an important way to get different perspectives on topics or issues, and 74% believe that they make a richer and more meaningful life.¹⁷
- **Valued:** Australians engage in and support the arts, with one in four Australians giving time or money to the arts, reflecting their value in our lives.
- **Wellbeing:** The Arts can lift the spirits of communities facing overwhelming hardship, reduce loneliness and isolation, are helping servicemen and women address PTSD and supporting new immigrants to connect with their community.
- **Creativity:** The arts sector is Australia’s **engine room** for creativity and stimulates cross-pollination of new ideas about who we are, how we think, feel and relate to each other, our world today and what we might become.
- **Closing the Gap:** First Nations people have advocated for the critical role of culture as a necessary part of the solution to Indigenous disadvantage, and for the healing of individuals and communities, and making these practices visible within mainstream Australia. Art has been

¹³ THE FUSION EFFECT: The economic returns to combining arts and science skills. A report for NESTA Dr Josh Siepel, (SPRU, University of Sussex), Dr Roberto Camerani (SPRU, University of Sussex), Dr Gabriele Pellegrino (SPRU, University of Sussex), Dr Monica Masucci (Dept of Business and Management, University of Sussex).

¹⁴ Foa, 'The Economic Rationale for Social Cohesion—The Cross-Country Evidence' 2011.

¹⁵ Otte, 'Bonding or bridging? On art participation and social cohesion in a rural region of the Netherlands.' Poetics, Early Cite, 2019.

¹⁶ <https://www.australiacouncil.gov.au/research/connecting-australians/> 2017 Arts Nation, The Australia Council

¹⁷ <https://www.australiacouncil.gov.au/research/connecting-australians/> 2017 Arts Nation, The Australia Council

the most effective tool for building relationships and awareness between Indigenous people and the wider community.

- **Tourism:** There is tremendous potential for the arts to increase economic activity and boost local economies by driving and supporting domestic and international tourism.
 - International arts tourist spend in Australia increased by 55% since 2013, a greater increase than the total international visitor spend in Australia (46%). The longer a visitor stays in Australia, the greater the amount they spend in total —International **arts** tourists spent \$17 billion in 2017, making up 60% of the \$28.4 billion spent in Australia by all international tourists.
- **Education:** It is widely documented in the US, Canada, the UK, Europe and Australia, that **students whose learning** is embedded in the arts achieve better grades and overall test scores, are less likely to leave school early, rarely report boredom and have a more positive self-concept than students who are deprived of arts experiences. They are also more likely to become involved in community service.¹⁸
- **Health:** Overseas, the introduction of *Arts on Prescription* in the UK and Scandinavian countries has demonstrated not only positive outcomes for people, but major cost savings for government.
 - For example, 37 GP practices in the London Borough of Croydon are now operating the *Arts on Prescription* scheme, described as ‘social prescribing’ in the UK, whereby GPs will be able to prescribe theatrical arts and/or hobby-based treatments for ailments ranging from dementia to psychosis. In the year to July 2018, there was a 20% reduction in hospital outpatient referrals and a 4% drop in emergency hospital admissions from the Parchmore medical centre in Thornton Heath, which pioneered the scheme and has spent £50,000 on prescribing 30,000 social sessions.¹⁹
- **Soft power and trade:** While the federal government is still to release the outcome of its soft power review, the value of cultural diplomacy is clear.
 - The British Council’s founding articles set out the value proposition as follows: ‘*The world will be a better, safer, more prosperous place if people and peoples have a “friendly knowledge and understanding” of each other and that the United Kingdom’s long-term influence, economic growth and security benefit greatly from that. Everything the British Council does going forward must and will be aligned with this mission to contribute to the best future for the UK in the world.*’
- The European Commission study²⁰ on the spillover effects of the arts and cultural industries summaries the impacts as follows:

¹⁸ The Arts and Australian Education: Realising potential, Robyn Ewing 2011.

¹⁹ <https://www.theguardian.com/society/2018/nov/18/gps-could-prescribe-bingo-and-dancing-after-english-trials-success>

²⁰ Tom Fleming Creative Consultancy, *Cultural and creative spillovers in Europe: Report on a preliminary evidence review*, October 2015

Knowledge spillovers	Industry spillovers	Network spillovers
Stimulating creativity and encouraging potential	Improved business culture and boosting entrepreneurship	Building social cohesion, community development and integration
Increasing visibility, tolerance and exchange between communities	Impacts on residential and commercial property markets	Improving health and wellbeing
Changing attitudes in participation and openness to the arts	Stimulating private and foreign investment	Creating an attractive ecosystem and creative milieu, city branding and placemaking
Increase in employability and skills development in society	Improving productivity, profitability and competitiveness	Stimulating urban development, regeneration and infrastructure
Strengthening cross-border and cross-sector collaborations	Boosting innovation and digital technology	Expanding economic impact or clusters
Testing new forms of organisation and new management structures		
Facilitating knowledge exchange and culture-led innovation		

- The benefits of the arts extend beyond the domain of what can be quantified and measured in dollars alone. It is crucial that the intangible or indirect value is borne in mind as the government considers our pre-budget submission.

The performing arts — value

It is the performing arts that tell our stories through music, theatre and dance, and connect Australians to one another, to our cultures both past and present, and deepen our understanding and creativity.

- The performing arts sector, valued at around \$4.2 billion to Australia's GDP, reported a **growth of \$403 million, equivalent to 30%, from 2008/09 to 2016/17**, according to the Bureau of Communications and Arts Research (BCAR).²¹
- Employs over 34,000 FTE.
- The performing arts sector is a **dynamic ecology** with output activities that range from local school music programs and ballet studios to emerging fringe performers, independents and elite Australian and international performances. Community engagement may be at major

²¹ Cultural and creative activity in Australia 2008–09 to 2016–17 <https://www.communications.gov.au/departmental-news/economic-value-cultural-and-creative-activity>

national and international city and regional venues or events in local parks, hospitals and local schools.

- Importantly, the performing arts is a **creative manufacturing sector**. It is a driver of creative development and employment. To exist, it must continually employ highly skilled individuals from teachers, ushers and box office personnel to carpenters and technicians, artists and designers across a mix of not-for-profit and commercial organisations. Jobs are highly skilled and resilient.
- The **performing arts are relatively immune from technology replacement**, yet they also engage in technical innovation in areas such as set design and audience access.
- The performing arts sector **develops skills and services that support other areas across the creative industries**, including for example, creative services to the broadcasting and screen sectors.
- **Stimulates secondary spending and employment**. The drive for people to gather and meet underpins the performing arts, which in turn stimulates placemaking and drives local economic activity as well as tourism. It also encourages people-to-people interaction, and overseas audiences' engagement can contribute to Australia's trade relations and soft power.

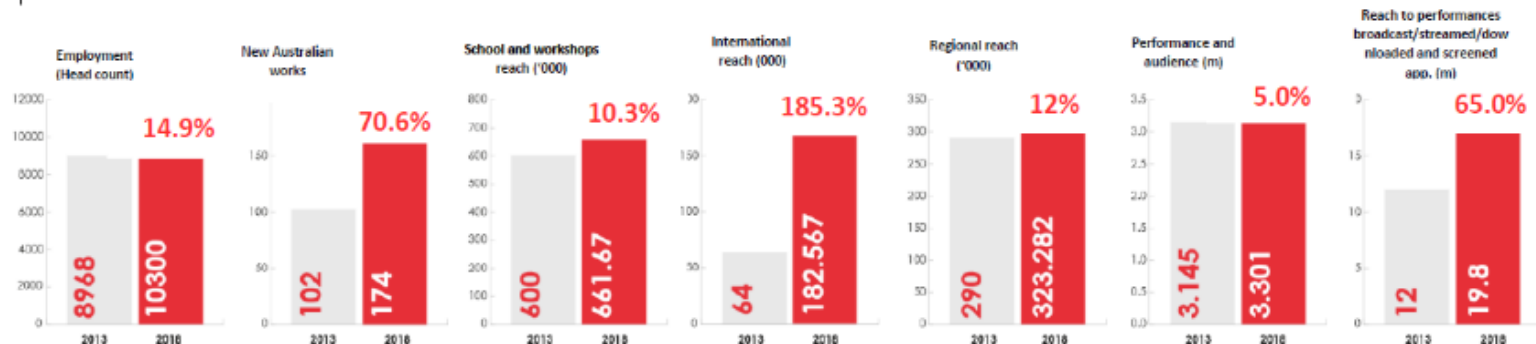
Government Investment generates highly leveraged returns

- In 2015–16, the government invested \$186m into the performing arts, developing creative and operational skills and capacity, which in turn contribute to the live performance sector's \$4.2 billion to GDP.
- The not-for-profit performing arts companies play a critical role in the development of the sector, as well as prioritising and building the cultural and social returns. Taking the major performing arts (MPA) companies as an example, in 2018 investment into the framework by the federal government helped secure a **turnover of \$589.98 million** by the 28 organisations in the framework, which equates to **\$4.40** for every federal government dollar invested into the MPA framework.

There are many areas where this strategic long-term government investment in the MPAs has leveraged public value, from employment growth to audience reach (see graphs below).

In 2018, **54% of the MPAs' turnover was directly spent on salaries and wages employing over 10,300 people**. Additional employment was stimulated through high levels of expenditure on venue hire and marketing, including in demand for third party highly skilled technical and creative workers. These activities also **generate government revenue** in the form of PAYG and GST.

MPA Trends 2013-2018



GLOBAL TRENDS – NEW GOVERNMENT INVESTMENT IN ARTS, CULTURE AND CREATIVITY



CANADA

“Our cultural industries represent a key sector of our economy. It also creates a collective wealth that goes beyond economic benefits and statistics”

In March 2016, the Canadian Government announced an investment of **C\$1.9 billion (AUD\$2 billion)** in the arts over five years. The Canada Council, which provides funding to artists and cultural projects across the country, will see its annual budget of **C\$182 million (AUD\$191 million)** nearly doubled within five years.¹



ENGLAND

“We must ensure every child can achieve their creative potential, whether that’s as an artist, scientist or an engineer. Our strength as a society and as a competitive economy depend on it”

The Durham Commission on Creativity and Education was launched in September 2017 and is investigating what happens when children experience arts and culture, and how this helps them develop and thrive. A report is due shortly.

In March 2018, the British Government announced a new investment of more than **£150 million (AUD\$274 million)** into a Creative Industries Sector Deal, to help the country’s world-leading cultural and creative businesses thrive. In July 2018, a further **£4.5 million (AUD\$8.25 million)** fund was created to strengthen the established practice of doctors’ practice of prescribing therapeutic arts activities like drama and group singing.²



FRANCE

“This budget gives culture its rightful place at the heart of the republican pact. It is a foundation and embodies its values”

In October 2016, the then French Minister for Culture and Communication, Audrey Azoulay, pledged to increase government funding for France’s arts and culture sector in 2017 by 5.5% to **€3.6 billion (AUD\$5.7 billion)**. Azoulay also announced **€100m (AUD\$158 million)** for the Centre National des Chansons, which hosts French music concerts and preserves the history of French music through its museum.³



GERMANY

“I am grateful for this signal of confidence in culture from members of parliament. Arts and culture are more important than ever before as bridge-builders; culture promotes shared values and identity”

In June 2018, the German Parliament approved a 9% increase in federal spending on culture, bringing the total budget to **€1.8 billion (AUD\$2.8 billion)**.⁴ Another priority of the budget was to increase arts offerings and education in rural regions, said the German Federal Government Commissioner for Culture and the Media, Monika Grütters.



IRELAND

“This increased funding is tangible evidence of the importance attached to our cultural and creative heritage...and clearly demonstrates this Government’s commitment to increase spending in the arts and culture sector on a trajectory that will see funding doubled by 2025”

In October 2018, the Minister for Culture, Heritage and the Gaeltacht, Josepha Madigan, announced additional funding of **over €36 million (AUD\$57 million)**, to allow for total expenditure of some **€339 million (AUD\$534 million)** towards culture, language and heritage for her Department in 2019.⁵

1 <https://www.cbc.ca/news/canada/ottawa/arts-federal-budget-canada-council-heritage-1.3501480> 2 <https://www.gov.uk/government/news/creative-industries-sector-deal-launched/> / <https://www.artspromotional.co.uk/news/doctors-supported-prescribe-arts-through-new-ps45m-scheme/> <https://www.dur.ac.uk/research/news/Item/?itemno=30946> 3 <https://hyperallergic.com/327788/france-to-boost-culture-budget-to-3-6-billion/> <http://www.internationalartsmanager.com/news/arts/french-government-to-increase-cultural-spending.html> 4 <https://www.theartnewspaper.com/news/german-culture-budget-expands-to-eur1-8-billion> 5 <https://www.chg.gov.ie/major-step-towards-doubling-funding-for-arts-culture-and-creativity-minister-madigan-announces-e339-million-budget-package-for-2019/>

GLOBAL TRENDS – NEW GOVERNMENT INVESTMENT IN ARTS, CULTURE AND CREATIVITY



NEW ZEALAND

“Arts and culture are not a ‘nice to have’. They are an essential part of our individual, community and national identity. For too long they have been treated differently when it comes to sustainable growth, career paths and economic benefits”

In May 2018, the Right Honourable Jacinda Arden, announced a significant funding increase to the Ministry for Culture and Heritage, as part of the *Enriching New Zealand’s culture and identity* package. This provides **NZ\$491 million (AUD\$464 million) of new operating funding** and **NZ\$43 million (AUD\$41 million) of capital funding**.⁶



NORWAY

“Culture, sports and voluntary activities enrich our lives and build strong communities across the country. All the artistic expressions will benefit from the initiative”

In October 2016, the Minister of Culture, Linda Hofstad Helleland, announced a proposed cultural budget of **13.5 billion Norwegian Kroner (AUD\$2.2 billion)**, with three primary focus areas of cultural and creative industries, cultural heritage and broadening the funding base for arts and culture.⁷



SINGAPORE

“There is tremendous potential for the arts to bring people together, look past our differences, and project our common identity to the world. Let’s make the arts an integral part of the lives of all Singaporeans”

In October 2018, the Minister for Culture, Community, and Youth, Grace Fu, launched the *Our SG Arts Plan (2018-2022)*. This follows an injection of **S\$300 million (AUD\$310 million)** into the culture sector from 2012 to 2016. Total Government Funding for Arts and Culture in Singapore totaled an estimated **S\$840.7 million (AUD\$869.3 million)** in 2017.⁸



SWEDEN

“This is the largest increase ever in the budget for culture that any Minister for Culture has presented. The increase in the culture policy share of the central government budget is a historic victory for culture, which shows that this Government is committed to giving priority to the role of culture in our society”

In October 2017, the then Minister for Culture and Democracy, Alice Bah Kuhnke, announced a **745 million Swedish Kroner (AUD\$113 million)** increase in the budget for culture in the Budget Bill for 2018.⁹



TAIWAN

“We have to make investors understand the future potential of investing in culture. Taiwan’s cultural wealth is a part of the country’s soft power, and a link in the new economy”

In April 2018, the Ministry of Culture outlined details and plans for its Cultural Content Investment Project, which has been granted funding of **NT\$6 billion (AUD\$273 million)** from the National Development Fund (NDF). Combined with the existing Cultural and Creative Investment Two-Phase Program, this will see some **NT\$10 billion (AUD\$454 million)** investment from the NDF in the cultural and creative industries.¹⁰

6. <https://treasury.govt.nz/sites/default/files/2018-05/b18-at-a-glance.pdf> / <https://www.beehive.govt.nz/release/recognising-importance-our-arts-culture-and-heritage> 7. <https://www.regjeringen.no/en/aktuelt/a-cultural-budget-for-activity-and-economic-restructuring--nok-13-5-billion-for-the-cultural-sector/id2514476/> 8. <https://www.nac.gov.sg/media-resources/press-releases/National-Arts-Council-Launches-Our-SG-Arts-Plan-2018-2022-.html> / <https://www.nac.gov.sg/dam/jcr:37e86051-f3d7-4673-98fa-ce52cda8ea69> 9. <https://www.government.se/articles/2017/10/the-government-is-increasing-the-budget-for-culture-by-sek-745-million/>

10. https://english.moc.gov.tw/information_196_83823.html