

**Standing Committee on Communications and the Arts**

**Australia's creative and cultural industries and institutions**



**MEAA Submission**

**October 2020**

MEAA welcomes the opportunity to make a submission to this inquiry. We note the terms of reference:

*The Committee will inquire into Australia's creative and cultural industries and institutions including, but not limited to: Indigenous, regional, rural and community based organisations.*

*The Committee will consider:*

- *The direct and indirect economic benefits and employment opportunities of creative and cultural industries and how to recognise, measure and grow them*
- *The non-economic benefits that enhance community, social wellbeing and promoting Australia's national identity, and how to recognise, measure and grow them*
- *The best mechanism for ensuring cooperation and delivery of policy between layers of government*
- *The impact of COVID-19 on the creative and cultural industries; and*
- *Avenues for increasing access and opportunities for Australia's creative and cultural industries through innovation and the digital environment.*

This submission is directed at the performing arts, screen production and live entertainment sub-sectors, where MEAA has approximately 8000 members. Our members in these industry areas are actors, singers, musicians, dancers, specialist live performance and screen crew and customer service workers.

As the Committee will know, these subsectors have been devastated by COVID-19 and the public health rules that have been established to guard against community transmission.

The most recent ABS workforce data indicated that 20,000 positions (roughly 30% of all positions within performing arts and film and television production) were lost to the sector between March and August 2020. We anticipate that many of this number will not return to the industry.

There are several factors underpinning this belief. Firstly, a significant proportion of entertainment industry workers were ineligible for JobKeeper and no effort was made to improve their position by the government. Secondly, COVID-19 will, even if curbed in terms of transmission, have a lasting negative effect on the entertainment industry. It will, on any measure, be one of the last to return to pre-COVID levels of activity. Thirdly, federal government activity (funding and policy measures) concerning the arts and entertainment sector has been underwhelming and at times harmful for much of the past decade.

### **Measuring the economic impact of the cultural and creative industries**

Although MEAA is able to track employee numbers in the ABS's labour force and payroll jobs data, the direct and indirect economic value of the cultural and creative industries and the discrete sectors that comprise these industries is far more difficult to determine. This is largely due to differing interpretations of what constitutes the cultural and creative sectors across jurisdictions and the interchangeability of terms used to describe these industries.

The most prominent analysis of the economic benefits of the creative and cultural industries has been set out in a study conducted by the Bureau of Communications and Arts Research (BCAR Report). This study distinguishes 'cultural' and 'creative' activity. Cultural activity 'requires human creativity as an input and may contain intellectual property to communicate symbolic meaning, while creative activity 'requires human creativity as a significant and identifiable input'.<sup>1</sup>

The main components of cultural and creative activity include activity from cultural and creative industries as well as wages and salaries, and employers' social contributions received from cultural and creative occupations that are performed outside of the cultural and creative industries.<sup>2</sup> The BCAR analysis does not appear to take account of the very substantial indirect economic benefits generated by cultural and creative industries.

BCAR valued cultural activity at \$63.5 billion and creative activity at \$99.7 billion in 2016-17. Taking account of the overlap between these two forms of activity, the total value of cultural and creative activity in 2016-17 was \$111.7 billion - an increase of \$25.8 billion on 2008-09.<sup>3</sup>

It is important to note that the BCAR analysis takes account of cultural and creative activity across two major components:

- **Component 1** is activity in industries which form the supply chains for cultural and creative goods and services. This component comprises gross value added and net taxes on products of cultural and creative industries.
- **Component 2** is activity in *other industries*<sup>4</sup> performed by workers in cultural and creative occupations. This component comprises cultural and creative activity being carried out by people employed in industries outside the supply chains defined in component 1.<sup>5</sup>

If one accepts BCAR's methodology, which is based on ABS satellite accounts, cultural and creative activity is growing in absolute terms, but is moderately contracting as a proportion of GDP – from 6.9% of GDP in 2008-09 to 6.4% in 2016-17.<sup>6</sup> This decline, it appears, was largely based a fall in cultural and creative activity in the manufacturing sector – from \$6.2 billion in 2008-09 to \$3.9 billion in 2016-17.

As the report points out, once the contributions from non-cultural or creative industries are removed, the \$111.7 billion figure becomes \$85.7 billion.

The \$85.7 billion in economic activity comprises:

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<sup>1</sup> Cultural and Creative Activity in Australia 2008-09 to 2016-17, Working Paper, Bureau of Communications and Arts Research (BCAR Report), October 2018, BCAR 2018, page 4

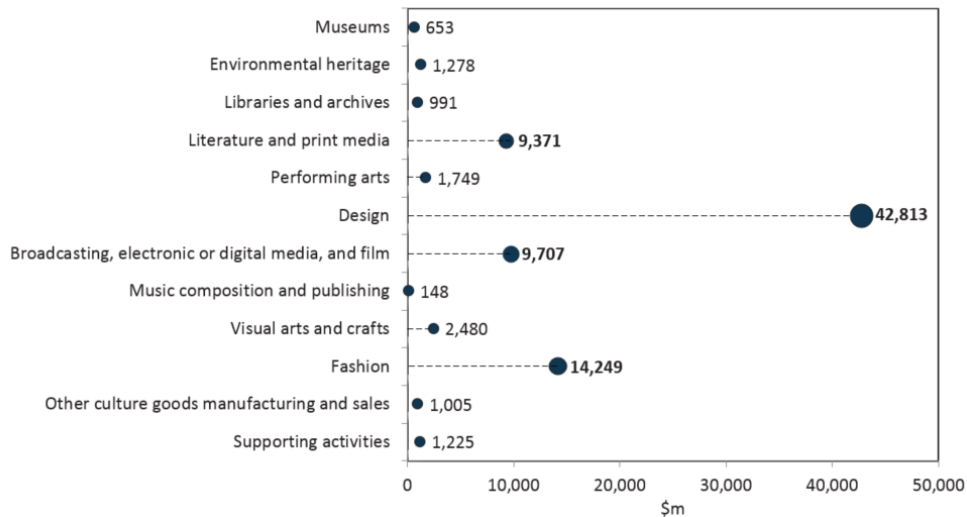
<sup>2</sup> *ibid*, page 4

<sup>3</sup> *ibid*, page 5

<sup>4</sup> Our emphasis

<sup>5</sup> BCAR Report, page 39

<sup>6</sup> *ibid*, page 4,



It can be seen that the bulk of the \$85.7 billion is derived from literature and print/digital media and film, design, broadcasting and fashion, which collectively total \$76 billion.

When the discrete components of the \$85.7 billion are assessed by ABS industry divisions (rather than domains), the breakdown is<sup>7</sup>:

Division Name	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Manufacturing	6,246	5,854	5,864	5,936	4,607	4,208	4,273	3,932	3,937
Wholesale Trade	3,535	3,707	3,923	4,136	4,278	4,252	4,272	4,430	4,474
Retail Trade	9,701	10,069	10,719	11,533	11,793	11,832	12,056	12,600	12,988
Information Media and Telecommunications	15,507	16,234	16,210	16,449	15,739	15,209	15,490	15,820	15,742
Rental, Hiring and Real Estate Services	121	141	150	172	158	141	145	142	148
Professional, Scientific and Technical Services	27,051	30,989	33,432	36,606	36,996	37,081	38,724	38,758	43,476
Education and Training	779	853	933	984	1,032	1,082	1,126	1,176	1,225
Arts and Recreation Services	2,832	3,151	3,270	3,472	3,671	3,834	3,988	3,695	3,680
<b>Total</b>	<b>65,772</b>	<b>70,998</b>	<b>74,500</b>	<b>79,286</b>	<b>78,273</b>	<b>77,638</b>	<b>80,074</b>	<b>80,554</b>	<b>85,670</b>

Superficially (at least), the inclusion of wholesale and retail trade, rental, hiring and real estate services, and, to an extent, professional, scientific and technical services may not accord with conventional (i.e. arts-based) impressions of what constitutes our cultural and creative industries.

MEAA is, however, conscious not to undermine the current methodology employed in determining the economic contribution of cultural and creative industries. It is a valid form of measurement and is, of course, the major available reference point in determining the health of these industries over time.

The risk, however, of maintaining such a meta-interpretation of the state of Australia's cultural and creative industries, is that critical economic and employment data associated with discrete sub-sectors (e.g. performing arts) is not identified or available for assessment.

MEAA therefore submits that further work is necessary to calculate a more reliable representation of the scope of cultural and creative work in Australia.

<sup>7</sup> *ibid*, page 11

MEAA draws to the inquiry's attention two valuable pieces of work aimed at better identifying the extent of cultural and creative endeavour in Australia.

The first is the paper from April 2018: *Measuring the economic value of cultural and creative industries – Statistics Working Group of the Meeting of Cultural Ministers* (MCM paper); the second is a paper released in 2010 (but published in 2016) entitled *Vital Signs – Cultural Indicators for Australia* (Vital Signs).

The MCM paper draws on the same data sets used by the ABS (and BCAR), but notes that:

- different methodologies are employed across Australian jurisdictions to calculate the value of cultural and creative industries.
- the terms cultural and creative are sometimes incorrectly used interchangeably
- there is no uniform or consistent agreement on the boundaries of or degree of crossover between the cultural and creative fields of activity<sup>10</sup>
- definitions and descriptions of creative and cultural industries sectors and sub-sectors do not align with the definitions used by government statistical agencies

The MCM paper rightly acknowledges the absence of a 'universally accepted approach to the analysis and measurement of the economic value of the creative and cultural industries'.<sup>11</sup> It did however note that some important work (now discontinued) had been performed by the ABS in 2014 to identify the scope of these industries using the 'trident' approach. The trident approach recognised:

- **specialist**—workers within a cultural or creative occupation within the cultural or creative industries
- **support**—workers in a non-cultural or non-creative occupation within the cultural or creative industries, and
- **embedded**—workers in a cultural or creative occupation outside the cultural or creative industries.

Examples of specialists include individual, sole-trader artists, such as studio-based visual artists, and creative workers employed in cultural and creative industry organisations, eg, actors and directors working in a film company.

Support worker examples include accountants and office-workers in major galleries or media companies.

Examples of embedded workers are designers employed in manufacturing or librarians working in universities.<sup>12</sup>

Critically, the MCM paper discussed work performed in the UK and Australia to identify creative industries using the concept of 'creative intensity', which is the proportion of total employment within a sector that is engaged in creative occupations'.<sup>13</sup>

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<sup>10</sup> Measuring the economic value of cultural and creative industries – Statistics Working Group of the Meeting of Cultural Ministers (MCM Report), April 2018, page 5

<sup>11</sup> *ibid*, page 7

<sup>12</sup> *ibid*, page 10

<sup>13</sup> *ibid*, page 7

The MCM paper identified two creative intensity methodologies: The first was used by NESTA and the Creative Industries Innovation Centre (CIIC); it determined that an industry sector could be classified as creative if it recorded creative intensity of at least 30%; the second methodology, employed by the Queensland University of Technology (QUT), applied the NESTA methodology but classified sectors as creative where they recorded creative intensity of at least 20%.

NESTA assessed creative occupations as comprising four of the five following factors:

- novel process
- mechanisation resistant
- non-repetitiveness of non-uniform function
- creative contribution to the value chain
- interpretation, not mere transformation.<sup>15</sup>

An industry was assessed as a creative industry by NESTA by using the creative occupations to determine the proportion of creatively occupied jobs within each industry of employment. An industry that was comprised of 30% or more of creative occupations was classified as a creative industry.

The methodology used to calculate creative intensity by QUT used the same criteria as NESTA, but due to the enhanced detail of ABS data (compared to the UK), the level of creative intensity used was 20%.

Using creative intensity modelling, a 'significantly different' picture of Australia's cultural and creative industries than that reflected in the ABS's satellite accounts (and portrayed by BCAR).<sup>16</sup>

A comparative table from the MCM report here:

#### Summary of the ANZSIC codes included in the three main methodologies for defining the cultural and creative industries

Industry domain	Sector (ANZSIC code)	Satellite accounts	Satellite accounts	Nesta / CIIC	Nesta / QUT
		Cultural	Creative	Creative	Creative
Museums	Museum operation (8910)	✓	✓		✓
Environmental heritage (zoos, botanical gardens)	Zoos, botanical gardens, nature reserves, conservation parks operation (8921, 8922)	✓			
Libraries and archives	Libraries and archives (6010)	✓	✓		✓
Literature and print media	Printing (1611)	✓			
Literature and print media	Printing support services (1612)		✓	✓	✓
Literature and print media	Book and magazine wholesaling (3735)	✓			

<sup>15</sup> ibid, page 11

<sup>16</sup> ibid, page 7

Industry domain	Sector (ANZSIC code)	Satellite accounts	Satellite accounts	Nesta / CIIC	Nesta / QUT
		Cultural	Creative	Creative	Creative
Literature and print media	Newspaper and book retailing (4244)	✓			
Literature and print media	Publishing (except internet and music publishing) nfd <sup>17</sup> (5400)			✓	✓
Literature and print media	Newspaper, periodical, book and directory publishing nfd (5410)			✓	✓
Literature and print media	Newspaper publishing (5411)	✓	✓	✓	✓
Literature and print media	Magazine and other periodical publishing (5412)	✓	✓	✓	✓
Literature and print media	Book publishing (5413)	✓	✓	✓	✓
Literature and print media	Directory and mailing list publishing (5414)				
Literature and print media	Other publishing (not software, music and internet) (5419)		✓		✓
Performing arts	Creative and performing arts activities, nfd (9000)			✓	✓
Performing arts	Performing arts operation (9001)	✓	✓	✓	✓
Performing arts	Creative artists, musicians, writers and performers (9002)	✓	✓	✓	✓
Performing arts	Performing arts venue operation (9003)	✓	✓		✓
Architecture	Architectural services (6921)	✓	✓	✓	✓
Advertising	Advertising services (6940)	✓	✓	✓	✓
Design	Other specialised design services (6924)	✓	✓	✓	✓
Design	Computer system design and related services (7000)		✓	✓	✓
Broadcasting, electronic or digital media and film	Software publishing (5420)		✓	✓	✓
Broadcasting, electronic or digital media and film	Motion picture and sound recording, nfd (5500)			✓	✓
Broadcasting, electronic or digital media and film	Motion picture and video activities, nfd (5510)			✓	✓

<sup>17</sup> Nfd means 'not further defined'

Industry domain	Sector (ANZSIC code)	Satellite accounts	Satellite accounts	Nesta / CIIC	Nesta / QUT
		Cultural	Creative	Creative	Creative
Broadcasting, electronic or digital media and film	Motion picture and video production (5511)	✓	✓	✓	✓
Broadcasting, electronic or digital media and film	Motion picture and video distribution (5512)	✓	✓		
Broadcasting, electronic or digital media and film	Motion picture exhibition (5513)	✓	✓		
Broadcasting, electronic or digital media and film	Post production services and other motion picture and video activities (5514)	✓	✓	✓	✓
Broadcasting, electronic or digital media and film	Broadcasting (except internet), nfd (5600)			✓	✓
Broadcasting, electronic or digital media and film	Radio broadcasting (5610)	✓	✓	✓	✓
Broadcasting, electronic or digital media and film	Television broadcasting, nfd (5620)			✓	✓
Broadcasting, electronic or digital media and film	Free-to-air television broadcasting (5621)	✓	✓	✓	✓
Broadcasting, electronic or digital media and film	Cable and other subscription broadcasting (5622)	✓	✓	✓	✓
Broadcasting, electronic or digital media and film	Internet publishing and broadcasting (5700)	✓	✓	✓	✓
Broadcasting, electronic or digital media and film	Internet Service Providers, Web Search Portals and Data Processing Services (5900)				✓
Broadcasting, electronic or digital media and film	Video and other electronic media rental and hiring (6632)	✓			
Broadcasting, electronic or digital media and film	Information Media and Telecommunications, nfd (J000)				✓
Music composition and publishing	Sound recording and Music Publishing (5520)		✓		✓
Music composition and publishing	Music publishing (5521)	✓	✓		✓



Industry domain	Sector (ANZSIC code)	Satellite accounts	Satellite accounts	Nesta / CIIC	Nesta / QUT
		Cultural	Creative	Creative	Creative
Music composition and publishing	Music and other sound recording activities (5522)	✓	✓		✓
Visual arts and crafts	Jewellery and silverware manufacturing (2591)	✓	✓	✓	✓
Visual arts and crafts	Jewellery and watch wholesaling (3732)	✓	✓		
Visual arts and crafts	Watch and jewellery retailing (4253)	✓	✓		
Visual arts and crafts	Professional photographic services (6991)	✓	✓	✓	✓
Fashion	Clothing manufacture (1351)		✓		
Fashion	Footwear manufacture (1352)		✓		
Fashion	Clothing and footwear wholesaling (3712)		✓		
Fashion	Clothing and footwear retailing (4251, 4252)		✓		
Other	Entertainment media retailing (4242)	✓			
Other	Arts education (8212)	✓			
Other	Arts and Recreation Services, nfd (R000)				✓

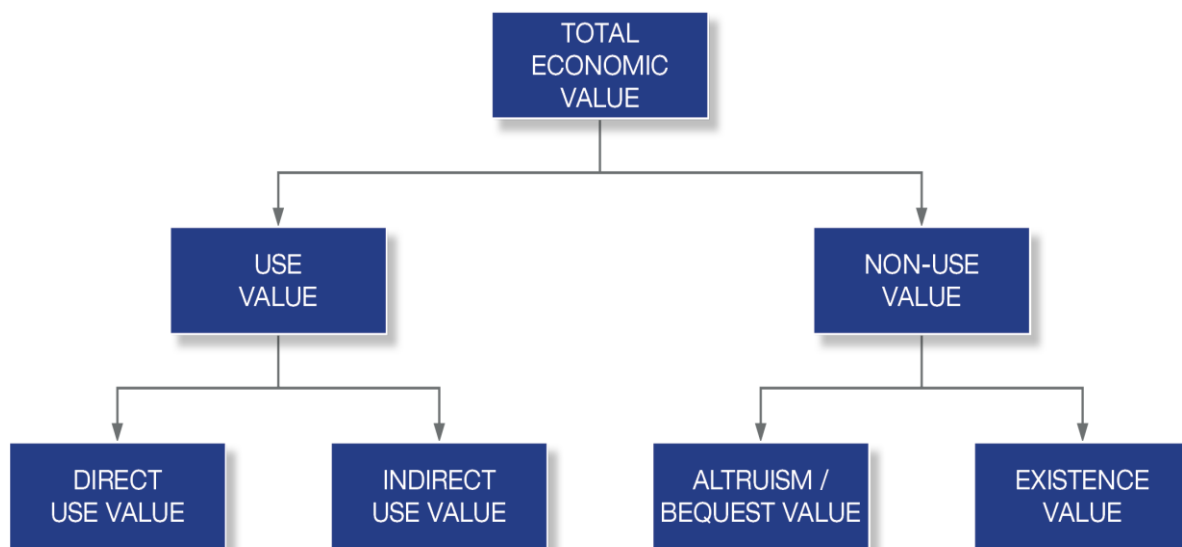
It can be seen from this table that, compared to ABS satellite accounts spanning cultural and creative industries, the 20% and 30% creative intensity modelling eliminates a range of retail and support services from being counted towards the cultural and creative economy, while capturing new fields of creatively intense work not reflected in the ABS/BCAR calculations of cultural and creative work.

MEAA submit that the creative intensity test may be a useful means by which to determine the scope of Australia's cultural and creative industries. Regrettably, the recommendations in the MCM report – from adopting nationally consistent methodologies for all economic assessments, and progressing further analysis of the approaches canvassed in the paper – appear not to have been acted upon.

In addition, the paper's discussion and recommendations about calculating the value of the cultural and creative industries by measuring direct and indirect economic value, together with wider economic benefits to establish the industries *total economic value*, also appear to have been discontinued.

For the benefit of the inquiry, MEAA supports such further work being conducted on determining a total economic value (the sum of all values governments seek to maximise) as represented in the MCM paper<sup>18</sup>:

<sup>18</sup> *ibid*, page 31



Crucially, ongoing statistical challenges prevent those working in the cultural and creative sectors from making meaningful linear comparisons about the health of these industries over a period of time.

In addition, there is a paucity of data about the indirect economic value of Australia’s cultural and creative industries, much less any considered attempt to quantify these industries’ non-economic benefits.<sup>19</sup> Where these assessments have been conducted, the indirect economic impact of the cultural and creative industries has been telling.

For example, a recent report conducted by CEBR for Arts Council England (which used a more restrictive - and perhaps more accurate – definition of ‘cultural and creative industries’, namely ‘*the arts and culture industry*’<sup>20</sup>, found that the arts and culture industry (in both market and non-market terms) directly generated £21 billion in turnover, with a gross value add of £10.8 billion. When indirect (supply chain) and induced (wider spending) effects were considered, CEBR estimated that the arts and culture industry supported £48 billion in turnover, with gross value add of £23 billion.<sup>21</sup>

MEAA is hopeful that the inquiry will make recommendations supporting further work in identifying these values and having them reported to the Australian community on a regular and transparent basis.

With respect to identifying the overall value of Australia’s cultural and creative industries, MEAA also points to the valuable work included in the *Vital Signs* report on cultural indicators for Australia. As with the MCM report, this (earlier) piece of work was conducted at the behest of Australian cultural ministers. The draft framework<sup>22</sup> in the resulting consultation paper set out steps to measure the

<sup>19</sup> We note that Screen Australia’s *Screen Currency Report* from 2016 calculated a range of indirect and non-economic benefits arising from screen industry activities.

<sup>20</sup> Arts and culture industries were comprised of the following: book publishing; sound recording and music publishing; performing arts; support activities to performing arts; artistic creation; and operation of arts facilities including the operation of concert and theatre halls

<sup>21</sup> See: Contribution of the arts and culture industry to the UK economy, Report for Arts Council England, Centre for Economics and Business Research (CEBRA), April 2019, pages 7 and 8

<sup>22</sup> Work appears to have been discontinued after 2010

contribution arts and culture make to the public good in Australia. The framework used three broad themes: economic development, cultural value, and engagement and social impact.

The respective sub-components of these themes were:

*Theme 1: economic development*

Indicator 1.1 – Cultural employment

Indicator 1.2 – Household expenditure on cultural goods and services

Indicator 1.3 – Visitor expenditure on cultural goods and services

Indicator 1.4 – Government support for culture

Indicator 1.5 – Private sector support for culture

Indicator 1.6 – Voluntary work in arts and culture

Indicator 1.7 – Economic contribution of cultural industries

*Theme 2: cultural value*

Indicator 2.1 – Cultural assets

Indicator 2.2 – Talent (human capital)

Indicator 2.3 – Cultural identity

Indicator 2.4 – Innovation (new work/companies)

Indicator 2.5 – Global reach

*Theme 3: engagement and social impact*

Indicator 3.1 – Cultural attendance

Indicator 3.2 – Cultural participation

Indicator 3.3 – Access

Indicator 3.4 – Education in arts and culture

The *Vital Signs* report presents an especially cogent case for measuring cultural and other identifiable non-economic benefits generated by the creative and cultural industries.

The purpose the draft framework was set out in the report as:

*... the framework gives a central place to cultural value. It also acknowledges the importance of arts and culture as a catalyst for economic growth, and accords with growing recognition of the importance of arts and culture to personal and community wellbeing and social inclusion.<sup>23</sup>*

The framework's themes capture the key dimensions of artistic production and consumption, the personal and public benefits that result from arts experiences, and the balance of intrinsic and instrumental value that the cultural sector delivers.<sup>24</sup>

In addressing the framework's cultural values, the report stated that:

*The cultural values associated with the arts and culture exist along a continuum, from the most intimate and hard to articulate, to those that are the objects of public policy and civic debates. Comprehensive models of arts and culture try to account for a full range of these cultural values, alongside economic and social values.<sup>25</sup>*

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<sup>23</sup> *Vital Signs, Cultural Indicators for Australia*, Cultural Ministers, 2010/2016, page 8

<sup>24</sup> *ibid*, page 9

<sup>25</sup> *ibid*, page 34

Apart from being rewarding for individuals, active engagement [in cultural and creative activity] contributes to community wellbeing and quality of life. Participation connects people with others, fostering varied and open social relationships and promoting social inclusion.<sup>26</sup>

MEAA has no doubt that the work involved in assessing, quantifying and ascribing social and cultural values of the cultural and creative industries will be complex, but they are unquestionable benefits of these industries. They deserve proper scrutiny, interpretation and publication.

MEAA therefore strongly supports the revival of the work canvassed in the *Vital Signs* Report.

To underpin any credible contemporary assessment of the economic (direct and indirect) and non-economic values of Australia's creative and cultural industries, it will also be necessary to revive the important work that was conducted by the ABS, which was forced to close the (then) National Centre for Culture and Recreation Statistics in 2014. The closure of the Centre was then followed by a range of cultural and creative data analyses being discontinued for several years after the Centre's closure.

Unless the ABS is tasked and resourced to crunch critical numbers, the cultural and creative industries will be unable to determine the overall status and vitality of these industries and any hope of capturing the true economic and non-economic dimensions of our cultural and creative activity will be dashed.

Without credible data and resources to assess it, the nation's cultural and creative industries will be hampered in assessing the strengths and weaknesses of the sectors that make up the industries and to align reform (and funding) programs with the data. This will directly compromise efforts to 'grow' the benefits and opportunities provided by these industries.

### **The case for greater government support for the cultural and creative industries**

As the situation stands, MEAA is disturbed by the lack of zeal applied to the health of our cultural and creative industries by the Federal Government. Notwithstanding the crushing impact of COVID-19, areas of Australian cultural and creative activity have been compromised by Government indifference and, on occasion, damaging policy reforms.<sup>27</sup>

It should concern the inquiry that Australia has no overarching arts policy. Arts policy is instead developed by semi-detached and funds-challenged organisations like the Australia Council and Screen Australia.<sup>28</sup> The Office for the Arts has no stand-alone status and has been subsumed into a mega-department where one might expect, it struggles for recognition and policy clout. It sends a poor message to the sector at large.

Overall federal funding for the arts sector also paints a bleak picture. As the 'A New Approach' (ANA) organisation reported as part of its four-stage assessment of the state of Australian cultural and creative activity, cultural expenditure is not matching population growth,<sup>29</sup> with the federal government committing 18.9% less expenditure per capita to culture compared with a decade ago.<sup>30</sup>

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<sup>26</sup> *ibid*, page 55

<sup>27</sup> For example, the NPEA and Catalyst programs, which saw funds redirected away from the Australia Council to alternate (now abandoned) funding endeavours

<sup>28</sup> MEAA note recent federal budget-related uplifts in allocations to these agencies.

<sup>29</sup> The Big Picture: Public Expenditure on Artistic and Creative Activity in Australia 2019, ANA – for Australian Academy of Humanities Council, ANA Report 1, page 5

<sup>30</sup> *ibid*, page 5

The federal government's historical share of funding across the three tiers of government is also in decline, at 39% of all arts funding in 2017-18, down from 45.7% in 2007-08.<sup>31</sup>

In the 21<sup>st</sup> century, OECD member states have on average reported expenditure on culture, recreation and religion at 1.11% of GDP, exceeding the Australian figure of 0.77%.<sup>32</sup> According to ANA, Australia ranks 26<sup>th</sup> out of 33 OECD member countries.<sup>33</sup>

It should be cause for alarm that the second ANA report observed that, 'Australia has one of the biggest creative trade deficits in the world. For every dollar that we export in creative goods, we import \$8, and for every dollar of creative services we export, we import \$2'.<sup>34</sup>

The economic and cultural cost of the current approach to Australian arts policy, coupled with COVID-19 impacts, is generating dramatic declines in the creative workforce. This is not just economically harmful: the resulting creative 'brain-drain' will cause an inability to produce the next generation of popular creative works. The consequences of this are that Australian content will be compromised, with a corresponding loss of identity and cultural values that creative works generate

There is an urgent need to create a new, world-class strategy for Australia's creative sector with funding to sustain the sector's economic growth. Components of this strategy may include:

- Restoration of the Arts as an office with greater standing in Government
- Greater funding for small to medium creative enterprises
- Creation and investment in a self-governed First Nations arts/creative agency
- Improved Australian content protections and incentives
- Rebooting the Australia Council with extra funding and new guidelines that enable greater diversity (cultural and otherwise) in the range of funded organisations and individuals
- New funding for community arts organisations to enable greater access and outreach
- Schools music and art education initiatives
- Access measures to improve regional arts assistance

Unless and until a new compact to drive cultural and creative economic activity throughout Australia is developed, important parts of our cultural and creative industries will wither. This demise will be felt across the board – not just by those in densely populated areas, but in areas where access to the arts is more restricted and marginal.

With respect to regional arts assistance, Australia has a patchwork of initiatives. Although it does not represent the totality of federal funding for regional cultural and creative enterprises<sup>35</sup>, the Regional Arts Fund provides approximately \$3.4 million per year to support artists and communities in regional and remote areas.

A study conducted by Regional Arts Australia found that 'regional arts activities support the strengthening of community connectedness, social inclusion, civic pride and community identity, as well as providing opportunities for regional development and economic regeneration.'<sup>36</sup>

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<sup>31</sup> *ibid*, page 5

<sup>32</sup> *ibid*, page 15

<sup>33</sup> *ibid*, page 15

<sup>34</sup> Transformative: Impacts of Culture and Creativity, A New Approach, ANA Report 2, November 2019, page 6

<sup>35</sup> We note that the Minister for the Arts announced \$10 million in additional funding as part of Regional Arts Australia's Regional Arts Fund See: <https://www.arts.gov.au/funding-and-support/regional-arts-fund>

<sup>36</sup> Stats and Stories, Regional Arts Australia, page 1

In regional areas the arts provide a means of income for artists and art workers, and for owners and employees of local businesses and services. Investment in the arts – whether in fixed venues or festivals - provides opportunities for improvement to the local economy, generating arts-based employment, arts-based cultural tourism, event-based spending and construction of arts infrastructure.<sup>37</sup>

With respect to funding for the peak body, Regional Arts Australia, we note that the organisation's 2018-19 annual report quantified the value of federal government assistance as \$13.9 million over the period 2016 to 2020. The same report urged that the Regional Arts Fund be increased in value and restored to its pre 2010 value by lifting the total value of the fund to \$22.5 million over four years from July 2020.<sup>38 39</sup>

The case for additional resources being directed to regional and rural areas, including for First Nations artistic endeavours, ought to be compelling in the face of ANA's recent claim that the cost of mainstream cultural consumption was 200 to 1300 per cent higher in regional and remote locations compared to urban locations.<sup>40</sup> This caused the ANA to urge governments to:

*'Prioritise initiatives for regional and remote Australia to benefit from the particular impacts and value of cultural infrastructure [both built and human] for economic diversification, community wellbeing and population attraction and retention.'*<sup>41</sup>

It does appear to MEAA that, the COVID-19 period notwithstanding, little priority is accorded to arts portfolios Australia-wide. There are occasional bursts of enthusiasm and activity, but these are often short-lived.

The key ministerial forum, the Meeting of Cultural Ministers, engages in some reform questions (as discussed above) but work schedules seem to drift and be discontinued until a crisis emerges.

Apart from a lengthy, if not tortuous, effort to review MPA funding arrangements, the output of the cultural ministers' council is imperceptible.

### **The impact of COVID-19 on the arts and the way forward**

In the context of the crisis generated by COVID-19, the cultural ministers' meeting in March 2020:

*"discussed the importance of working together on responses to this issue. They agreed to reconvene to further discuss cash flow issues and grant arrangements, consider the role of creative development and digital capability to help sustain the sector, and to continue to work together for the benefit of the sector during this once-in-a-generation event."*

Seven months later, we are none the wiser with respect to any sustained and coordinated national attempt to rescue a sector enduring its most severe practical and existential crisis of the post-war period. This is not to say that individual jurisdictions and ministers have not sought to assist their cultural and creative industries. They have done so, albeit in different ways and in widely varying measure. At a time when coordination was sorely needed, it was absent.

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<sup>37</sup> *ibid*, page 2

<sup>38</sup> Regional Arts Australia Annual Report 2018-19, page 8

<sup>39</sup> It is not clear how the additional \$10 million announced by Minister Fletcher on 9 April 2020 addresses the funding gap.

<sup>40</sup> ANA Report 2, page 8

<sup>41</sup> *ibid*, page 10

There are widespread calls for greater coordination of arts policy within and across jurisdictions. Such coordination will aid the efficient disbursement of funds and help identify areas where more work is needed.

It may be useful for a revived ministerial forum to meet quarterly (including by remote means), with a program of works open to sectoral consultation.

A program of works should be accompanied by timetables to achieve objectives. Two of the first items of consideration ought to be determining a coherent national strategy to rescue the arts and entertainment sector from COVID-19 related destruction, and making a renewed effort to harmonise how all jurisdictions measure the economic and non-economic value of their cultural and creative industries.

The overall key to effective policy in the creative and cultural industries is, however, improved and reliable funding. Australia either wants a vibrant and expansive creative sector or it does not. In our submission to the Senate's COVID Inquiry, MEAA posited a number of reforms:

- Grants to resume screen and theatre productions underway prior to COVID-19 via a compensation fund for foregone production expenditure
- Development funding for new small to medium productions in the theatre and screen industries
- Dedicated new funding for the production of Australian content as supported by the Screen Producers Association (SPA)<sup>42</sup>
- Reform of offset/rebate schemes to attract international and local investment
- Extension of Australian content rules to streaming platforms such as Netflix<sup>43</sup>
- Additional funding to Screen Australia to steward the allocation of new or increased funding
- Special funding for the Australia Council to maintain funding to entities whose 4 year funding expires in 2021
- Enhanced funding for major performing arts groups to provide certainty to currently funded groups and permit new entrants into the MPA program
- Ongoing funding over the forward estimates for a range of ABC seed initiatives

Since MEAA made this submission, the Australian Government announced a range of support measure in its June 2020 *JobMaker* plan. The \$250 million earmarked in assistance comprised:

- Seed Investment to Reactivate Productions and Tours – \$75 million in competitive grant funding in 2020-21 through the Restart Investment to Sustain and Expand (RISE) Fund. This program will provide capital to help production and event businesses to put on new festivals, concerts, tours and events as social distancing restrictions ease.
- Show Starter Loans – \$90 million in concessional loans to assist creative businesses to fund new productions and events that stimulate job creation and economic activity.
- Kick-starting Local Screen Production – \$50 million for a Temporary Interruption Fund, to be administered by Screen Australia, that will support local film and television producers to secure finance and start filming again, supporting thousands of jobs in the sector.
- Supporting Sustainability of Sector-Significant Organisations – \$35 million to provide direct financial assistance to support significant Commonwealth-funded arts and culture organisations facing threats to their viability due to COVID-19.

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<sup>42</sup> See: *Call for \$1 billion content fund to ensure nations cultural and economic recovery*, 15 April 2020 <https://www.screenproducers.org.au/news/call-for-1-billion-content-fund-to-ensure-nations-cultural-and-economic-recovery>

<sup>43</sup> The Australian content regime is separately under review via an Options Paper distributed by the federal government in April 2020.

- Creative Economy Taskforce – establishment of a ministerial taskforce to partner with the Government and the Australia Council to implement the *JobMaker* plan for the creative economy.

(MEAA notes that once loan and insurance assistance is subtracted from the above, the level of assistance to the creative industries is about \$110 million.)

The implementation of the \$250 million *JobMaker* plan appears to largely depend on the advice and support the Creative Economy Taskforce, which was established in August 2020. To date, MEAA is not aware of the Taskforce’s deliberations on how federal funding should flow to the sectors concerned.

Beyond the assistance outlined in the *JobMaker* plan, the Government is otherwise progressing policies that will undermine the future of Australia’s creative sector. A case in point is the September 2020 announcement of measures to wind back levels of Australian content on our screens by relaxing the rules that apply to commercial broadcasters and side-stepping the need to regulate streaming services such as Netflix.

Even on the question of the producer offset, the principal funding incentive scheme for the Australian screen industry, the Government has reduced the level of rebate from 40% of eligible investment costs to 30% for film productions (although MEAA does recognise that the level of rebate available to the television industry has increased from 20% to 30%).

It is a matter of profound regret that the Government went backwards in these key areas. That such critical policy missteps have been made at a time when Australia’s cultural and creative industries (especially arts-based sectors) have endured unprecedented hardship, makes the situation all the more unpalatable.

As stated at the start of this submission, COVID-19 has had profound and debilitating consequences for the arts and entertainment sectors. MEAA made a substantial submission to the Senate concerning the impact on COVID in the Australian arts and entertainment sector in May 2020<sup>44</sup> – see *appendix 1*.

In this submission, MEAA noted that:

*The arts and entertainment industry was, of necessity, one of the very first to cease normal operations once the threat of the pandemic was realised and social distancing measures put in place. The impact has been profound and debilitating. Live entertainment venues have closed; TV and film productions have shut-down. Allied workplaces, from ticket-sellers to post-production facilities have no work. A timeframe for relaxation of social distancing measures that have becalmed the industry is not known. Even when they are, levels of work will be severely curtailed.*

*In the case of the entertainment sector, output in terms of hours worked has virtually frozen as contracts have been cancelled and new work opportunities have disappeared. For the news media, already alarming falls in advertising revenue since the 2008 Global Financial Crisis have accelerated as Australian businesses and others have not had the means to maintain advertising expenditure.*

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<sup>44</sup> 28 May 2020



*The most recent data from the ABS covered the period 14 March to 2 May 2020. It reflected an improvement in jobs lost in arts and recreation services – from 27 per cent to 19 per cent, but a worsening situation in the information media and telecommunications (IMT) sector, with payroll job losses increasing to 9.2 per cent, compared to 6.5 per cent at 18 April.*

*The ABS's 2 May 2020 data revealed that 27.9 per cent of all payroll jobs in motion picture and sound recording (part of the IMT cohort) had been lost, while losses in creative and performing arts ... activities fell 29.5 per cent ... .*

*The ABS's May data is consistent with the desperate picture presented by the Bureau in April 2020, when it reported that the Information Media and Telecommunications sector (including screen, sound and news media companies), had only 65 per cent of businesses still trading, while Arts and Recreation sector had only 47 per cent of businesses still trading – the two worst-affected sectors in terms of business collapse.*

*Deloitte Access Economics estimates that between 50 per cent and 60 per cent of jobs have been lost in the accommodation, food, arts and recreation industries, and these will not recover before the end of 2025. Deloitte says that the recovery of arts and hospitality businesses would be slowed because the sectors faced a second wave of economic pain, primarily as a result of constrained spending.<sup>45</sup>*

Several months on from this submission's completion, the picture remains bleak. The most recent ABS labour force figures show that in the sub-sectors in which MEAA has significant membership:

- Total **Creative and Performing Arts** employment fell from 45,300 in February 2020 to 30,900 in May 2020 – a fall of 32%.
- In **Motion Picture and Sound Recording**, total employment fell from 35,000 in February 2020 to 22,100 in May 2020 – a fall of 37%.

Although there has been some recovery in the number of jobs lost, there is little available data about under-employment in the sector, which we assume to be at very high levels.

It is also important to appreciate the distinct impacts and threats that COVID-19 poses to First Nations artists and organisations. As the Australia Council recently noted:

*'Across art forms, the cancellation of festivals, literary events, live performances and arts fairs is [having] a devastating effect on First Nations artists' livelihoods, and on these artists' ability to support their families.'<sup>46</sup>*

MEAA otherwise commends to the inquiry the Australia Council's paper entitled: *Impacts of Covid-19 on First Nations Arts and Culture*.

## **Conclusion**

MEAA submits that the arts and entertainment community is looking to Government for fair and reasonable consideration of its predicament, where artistic endeavour is properly valued in economic and non-economic ways – i.e. as the source and provider of public goods.

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<sup>45</sup> See Deloitte Access Economics *Weekly Economic Outlook*, May 20, 2020.

<sup>46</sup> Impact of Covid-19 on First Nations Arts and Culture, Australia Council, 2020, page 2

Our arts and entertainment sectors provide immense cultural and welfare benefits, while being significant generators of economic activity, yet only the latter part of the equation seems to resonate with the body politic when it comes to determining what artistic and cultural activity deliver to our country.

MEAA trusts that this inquiry will comprehend all of the values and benefits delivered by Australia's cultural and creative industries and will make recommendations about how to not only improve the way in which creative work is measured, but to engage in developing policies that will better serve practitioners and organisations in these industries into the future.