

Executive Summary

This report provides an updated overview of cultural expenditure trends by governments in Australia between the years of 2007–08 and 2019–20, drawing on a new release of Australia’s most comprehensive dataset on cultural funding by governments (CFG) at every level. ANA released its first report on the topic in September 2019.¹

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

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

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

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

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

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

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

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

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

The recent Parliamentary Inquiry into Cultural and Creative Industries and Institutions has delivered a bipartisan recommendation that the Australian Government develop a National Cultural Plan. A Plan, as ANA has suggested previously³ and as the Parliamentary Inquiry concluded, will be ‘a practical way for the

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

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

Summary of findings

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

Summary of opportunities

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