

Date : 20/12/2018 3:46:02 PM

From : s.73 - Irrelevant Information

To : "Alex Lee"

Cc : s.73 - Irrelevant Information

Subject : Economic analysis of the arts, cultural and creative sector in Queensland - final

Attachment : Economic contribution Qld Arts-Culture-Creative sector - FINAL Dec

2018.pdf;image011.png;image012.png;image013.png;image014.png;image015.png;

Hi Alex

s.73 - ran me through your conversation with her the other day.

I have incorporated the final pieces of feedback provided by Treasury where appropriate.

Please find the final version of the *Economic analysis of the arts, cultural and creative sector in Queensland* attached.

Have a great break and look forward to talking in the new year.

Kind regards

s.73 - Irrelevant Information

Deloitte.



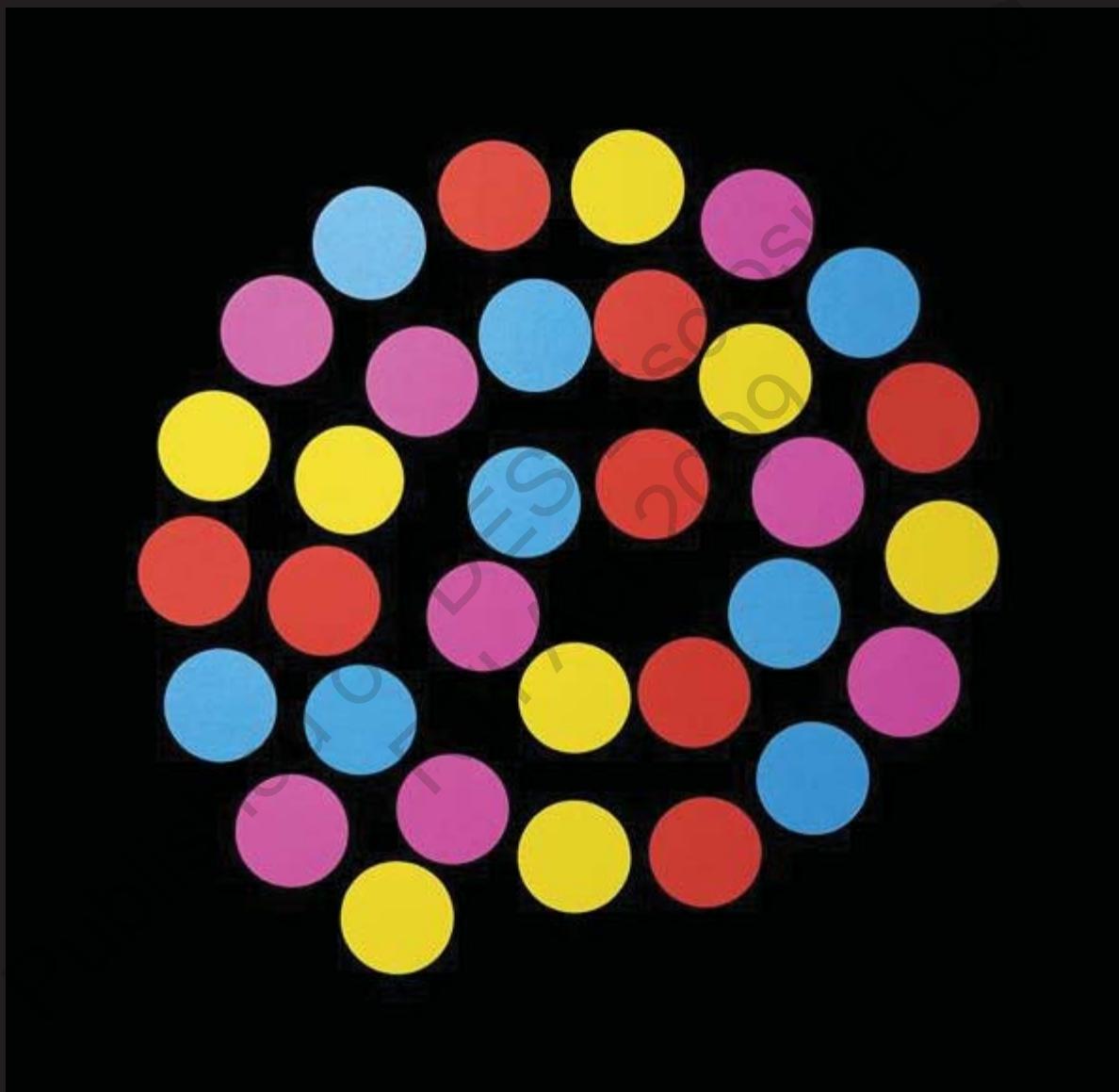
Please consider the environment before printing.

This e-mail and any attachments to it are confidential. You must not use, disclose or act on the e-mail if you are not the intended recipient. If you have received this e-mail in error, please let us know by contacting the sender and deleting the original e-mail. Liability limited by a scheme approved under Professional Standards Legislation. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com.au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Nothing in this e-mail, nor any related attachments or communications or services, have any capacity to bind any other entity under the Deloitte network of member firms (including those operating in Australia).

Published on [RTI Act 2009](#)

Deloitte.

Access Economics



Economic analysis of the arts, cultural and
creative sector in Queensland
Arts Queensland

December 2018

Contents

Acronyms	iv
Executive summary	v
Overview of the sector in Queensland	v
Economic contribution	vi
Investment in the sector	vi
Outlook	vii
1 Overview	8
1.1 Arts, cultural and creativity	8
1.2 Scope of work	8
2 Creativity: what is it and why is it important?	9
2.1 Introduction	9
2.2 What is creativity?	9
2.3 Why is creativity important?	10
2.4 Creative Industries: The arts, cultural and creative sector	12
3 The Queensland arts, cultural and creative sector	14
3.1 Overview of the arts, cultural and creative sector in Queensland	14
3.2 Queensland arts, cultural and creative sub-sectors	14
3.3 The value chain: from conception to consumption	16
3.4 Queensland's competitive advantages	22
3.5 Indigenous art, cultural and creation	24
4 Economic and social contribution of the arts, cultural and creative sector in Queensland	29
4.1 Overview	29
4.2 Sector description	30
4.3 Economic contribution of the arts, cultural and creative industry in 2016-17	30
4.4 The economic contribution of cultural tourism	34
4.5 Broader social and cultural benefits	35
5 Investment in the sector	40
5.1 Overview of investment in the arts, cultural and creative sector in Queensland	40
5.2 Private investment – for-profit and philanthropic	41
5.3 The role of government investment	44
6.1 Introduction	47
6.2 Factors shaping the Queensland arts, cultural and creative sector in the future	47
References	50
Appendix A : Industries and occupations included in economic contribution scope	54
Appendix B : Economic contribution methodology	58
Appendix C Cultural tourism methodology	61

Limitation of our work	62
General use restriction	62

Charts

Chart 3.1 Indigenous arts, cultural and creative employment by occupation across Indigenous Regions, 2016	25
Chart 3.2 International and domestic indigenous tourism, 1998-2017	27
Chart 4.1 Comparison between arts, cultural and creative sector and selected Queensland industries, gross value added, current prices, 2016-17	31

Tables

Table 3.1 Indigenous arts, cultural and creative employment by occupation across Indigenous Regions, 2016	25
Table 4.1 Economic contribution of the arts, cultural and creative sector to Queensland's economy, 2016-17	31
Table 5.1 Summary of grant funding in Queensland arts, cultural and creative sector, 2016-17	42
Table 5.2 Total Federal funding for MPA Organisations, 2017	44
Table A.1 ANZSIC classes included in the arts, cultural and creative sector definition	55
Table A.2 ANZSCO 2006, at the 6-digit level	56

Figures

Figure i Investment in the arts, cultural and creative sector in Queensland, 2016-17	vi
Figure 2.1 Common properties of creativity	10
Figure 2.2 Creative industries are embedded within the economy'	13
Figure 3.1 Arts, cultural and creative sector value chain in Queensland	17
Figure 3.2 Share of Indigenous employed population working in arts, culture and creative occupations	26
Figure 4.1 Arts, cultural and creative employment intensity by SA4, 2016.....	32
Figure 4.2 The arts, cultural and creative 'trident'	33
Figure 5.1 Investment in the arts, cultural and creative sector	40
Figure 5.2 Private investment in Queensland arts, cultural and creative sector by source, 2016-17 in \$ millions	41
Figure 5.3 Per capita cultural expenditure by state and territory governments in 2016-17	45
Figure 5.4 Per capita local government cultural expenditure by state in 2016-17.....	46
Figure B.1 : Economic activity accounting framework.....	59

Acronyms

AbaF	Australian Business Arts Foundation
ABS	Australian Bureau of Statistics
ACER	Australian Council of Education Research
AQ	Arts Queensland
BCAR	Bureau of Communications and Arts Research
CPA	Creative Partnerships Australia
FTE	Full-time equivalent
GVA	Gross Value Added
IACA	Indigenous Arts Centre Alliance
IVS	International Visitor Survey
OECD	Organisation on Economic Co-operation and Development
MCM	Meeting of Cultural Ministers
MPA	Major Performing Arts
NVS	National Visitor Survey
QAGOMA	Queensland Arts Gallery / Gallery of Modern Art
QPAC	Queensland Performing Arts Centre
STEAM	Science, Technology, Engineering, Arts and Math
STEM	Science, Technology, Engineering and Math
TRA	Tourism Research Australia
VET	Vocational Education and Training

Executive summary

Overview of the sector in Queensland

Queensland's arts, cultural and creative sector has developed into not only an important part of cultural and society, but an important part of the economy as well. This report provides a snapshot in time, where, in 2016-17, there were as many as 67,000 Queenslanders directly employed full-time in arts, cultural and creative sector, or 3.5% of the state workforce. Major arts, cultural and creative employers are commercially-oriented services such as design, architecture and advertising, retailers of creative and cultural goods and the visual and performing arts sub-sectors.

Queensland's arts, cultural and creative sector has some key competitive advantages: it is an attractive destination for skilled creators, it has a unique and diverse history and geography that provides inspiration for different art forms, it has established export markets supported by a long history of international tourism and, importantly, it has a strong Aboriginal and Torres Strait Islander presence.

The sector is also exposed to challenges. Characterised by high competition of small to medium size companies, low barriers to entry and a diversity of consumer preferences, the sector is limited in its ability to increase scale within existing organisations. Furthermore, disruptive technologies have had and will continue to have, a significant effect on the industry.



Economic contribution

The arts, cultural and creative sector in Queensland creates jobs and adds value directly through its own economic activities, which generates additional output through demand for goods and services in other sectors of the economy. In 2016-17, the Queensland art, cultural and creative sector directly contributed **\$8.5 billion to the Queensland economy and employed approximately 67,000 FTE Queenslanders.**

Through the sector's supply chain, there was an indirect contribution of \$3.8 billion, additionally employing approximately 25,500 FTE Queenslanders.

The arts, cultural and creative sector plays an important role in attracting domestic and international cultural tourism to Queensland. Using Tourism Research Australia's Tourism Satellite Accounts, **cultural tourism to Queensland is estimated to have contributed \$70 million to the Queensland economy in 2016-17.** Note that this is part of the \$12.3 billion overall contribution, not in addition to it.

Investment in the sector

Support for and investment in the arts, cultural and creative sector comes from a range of sources, including government (Federal, State and local), philanthropy, corporate sponsorship and individual and household donations.

Figure i Investment in the arts, cultural and creative sector in Queensland, 2016-17



Source: Deloitte Access Economics

Note: Federal funding data is not disaggregated by state. To get an illustrative estimate, the proportion of funding that Queensland Major Performing Arts Groups receives (9%) is applied to the total federal funding number. Private sector funding is also an estimate, based on Queensland's historical share of private investment. The most recently available estimates of private sector funding are 2015-16.

Measuring the aggregate level of investment in the sector requires surveys of large institutions, like QGOMA or the State Library, right down to the crowdfunded projects of freelancers and small businesses. Such surveys have been infrequently conducted by government and statistical agencies. The Bureau of Communications and Arts Research most recently provided an estimate of **national private investment and support** in the arts, cultural and creative sector of between \$268.5 million and \$279.8 million in 2015-16. Using Queensland's historical share of national private support¹ in

¹ Private support is all non-earned income received by the sector from businesses and non-government organisations. The format in which funds are transferred can range from one-off donations to long-term sponsorship deals.

the sector of 10%, around \$27 million was received by arts, cultural and creative activities in the state.

Public investment is a substantially larger source of funds for the sector.

- The Queensland government spent approximately \$367 million in 2016-17.
- Queensland currently receives a smaller share of Federal Arts funding relative to the size of its economy and compared to New South Wales and Victoria.
- Local government spending in Queensland represents a significant share of public investment in the sector, at \$285 million in 2016-17 and is particularly important in fostering the industry in regional and remote parts of the state.

There are significant opportunities for government to work with the private sector to leverage greater non-government funding for the arts, cultural and creative sector given the currently outsized public role that government plays in Queensland.

Outlook

Looking forward, the sector faces a number of challenges and opportunities in the form of:

- Digital disruption – in the creation, production and distribution of creative goods and services.
- Shifting workforce demand towards creativity – Queensland needs to prepare its workers for industry 4.0
- Globalisation and increased competition – to impact certain arts, cultural and creative sub-sectors more than others.
- Changing consumer preferences – staying attuned to consumer preferences is vital for industry sustainability and resilience.

1 Overview

1.1 Arts, cultural and creativity

The arts, cultural and creative sector in Queensland generates both economic benefits and intangible social, cultural and educational benefits to the citizens across the State. While the core arts industries are an important component of this, the broader concepts of creativity that lie at the heart of these practices influence just about every economic activity.

Recently, the International Confederation of Societies of Authors and Composers released a study titled "*Cultural Times – The First Global Map of Cultural and Creative Industries*" – the study quantifies the global economic and social contribution of 11 cultural and creative industries sectors: advertising, architecture, books, gaming, movies, music, newspapers/magazines, performing arts, radio, television and visual arts. The study estimates that **the sector generated US\$250 billion in revenue a year, creating 29.5 million jobs worldwide.**

What is Queensland's share of this global sector? And how do we define the current structure and composition of the arts, cultural and creative sector in Queensland?

To support the ongoing development of a growing, vibrant and sustainable arts and cultural sector, the full arts and creative sector value chain needs to be understood and the economic contribution quantified.

It is in this context that Deloitte Access Economics was commissioned to undertake research to define the current structure, composition and economic contribution of the arts, cultural and creative sector in Queensland.

1.2 Scope of work

The scope of works of this project was as follows.

- Develop a profile of the art, cultural and creative sector within Queensland, including defining the structure and composition of the sector.
- Determine the economic contribution of the arts, cultural and creative sector in Queensland, including:
 - The industry's direct contribution to the economy;
 - The industry's indirect contribution to the economy, capturing the flow on effects in the economy;
 - The employment generated (FTEs) and by category;
 - The contribution and value of cultural tourism; and
 - A comparison with other Queensland industries.
- Provide analysis by key segments including regions, Aboriginal and Torres Strait Islander and art forms.
- Provide an overview of private sector investment in art, cultural and creative sector within Queensland.
- Identify key drivers, areas of potential growth and opportunities in and for the sector and the government.
- Provide a greater understanding of the impact of Government investment including how Government funding is leveraged into non-Government income.

2 Creativity: what is it and why is it important?

2.1 Introduction

The arts, cultural and creative sector is a collective of diverse industries that are uniquely underpinned by creativity. That is, the products produced in the sector are generated from creative ideas. However, the concept of 'creativity' is not often clearly understood and has a unique meaning to each individual. This chapter aims to articulate the underpinning framework of the concept of creativity and why creativity is important in order to provide an understanding of what makes the arts, cultural and creative sector unique and why it is important to the broader economy.

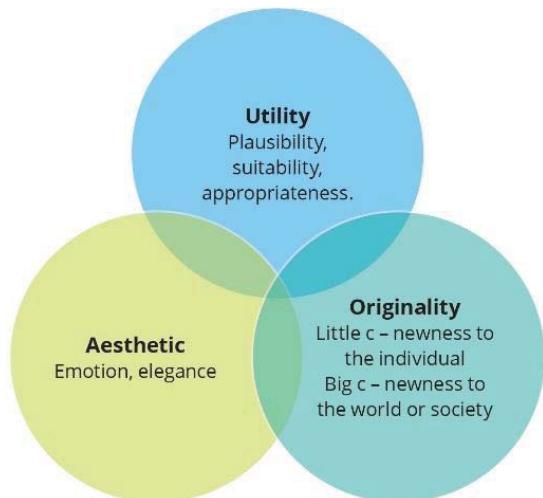
2.2 What is creativity?

When it comes to defining creativity, most people tend to associate it with a form of art – painting, sculpting, dancing or performing. But to a teacher, it might be thinking about how to open their student's eyes to a new way of thinking. To an advertiser, it might be the next jingle or slogan that gets stuck in people's heads. In other words, while the application of creativity is different to different people, it underpins all industries, economies, ideas and our history as humans.

But what is creativity? What does it mean to be creative? And how much do we really understand about the creative process? For many, it appears that the outputs of creativity are more easily defined than the process itself. Is it an innate ability of a lucky few? Or an ability that is inherent in us all that can be nurtured and cultivated throughout life?

In fact, such questions on creativity have perplexed academic research for much of the past century. What has become abundantly clear is that there is no universal definition of creativity. It has been defined as the '*the representation and coordination of new ideas*' and the '*ability to associate two un-associated fields*', among a host of alternative definitions. While it is difficult to 'pin down' a universally accepted definition of creativity, it appears that most definitions tend to have the same core properties: *utility, originality and aesthetic*.²

Figure 2.1 Common properties of creativity



Source: Hughes & Acedo 2015

More specifically, creativity can be summarised as the creation of value and originality. This 'creation' can occur on a small scale (something that is personally new – known as 'little c' creativity), such as someone taking a new approach to a problem at work. Alternatively, on the other end of the spectrum, it can shift stubborn social paradigms through new theories and inventions (something that is novel to society – known as 'big c' creativity).³

2.3 Why is creativity important?

"There is no doubt that creativity is the most important human resource of all. Without creativity, there would be no progress and we would be forever repeating the same patterns"

Edward de Bono⁴

Whilst creativity is hard to define, it is undoubtably important for our society as it is difficult to imagine an aspect of daily life that is untouched by its outputs. Its value is revealed by the over two million people who annually spend their free time touring the creative works held at Brisbane's QGOMA⁵, or the additional one million people annually that pay to experience the creative activities of the Brisbane Festival.⁶ Creativity provides people with joy and inspiration by captivating our imagination and enchanting our senses.⁷ Further, research shows that arts and culture teach us things like empathy and understanding of those different to us, which provides broader social benefits by contributing to social harmony and cohesion and helping to alleviate social stigmas.⁸

³ Kaufman & Beghetto (2009).

⁴ De Bono, E. (2015).

⁵ Gallery of Modern Art (2017).

⁶ Institute of Continuing & TESOL Education (2017).

⁷ McCarthey et al. (2004).

⁸ Ibid.

Creativity is also vital for economic growth and in more ways than is typically understood. Firstly, those same attributes promoted by the arts and culture that make our communities more harmonious also lead to increases in community trust and collaboration; important foundations for economic activity and efficiency.⁹ Secondly, creativity is the active input into innovation which, research shows, is responsible for most of the productivity improvements experienced throughout history.¹⁰ After all, the industrial and digital revolutions could not have transpired without those thinking '*outside of the box*' of typical contemporary paradigms.

The 'creative agents' of economic growth

Innovation is the driving force of economic growth throughout the world. At the centre of this innovation process are entrepreneurs; the people or companies that pursue innovative products and production processes. These economic agents pursue changes through new ideas, aiming to get an edge over their competitors. However, this process does not just occur in isolation, nor is it a direct result of 'creative genius'. Research shows that the innovation process is more systematic, generally occurring within an 'ecosystem' of interacting entrepreneurs supported by the right policies, financial opportunities and culture. One famous example of a functioning entrepreneurial ecosystem can be found in a small Santa Clara Valley region of Northern California, known as Silicon Valley. Currently, the region is home to over 400,000 Information Products & Services employees and famous for producing world-changing creative products such as Google search, Netflix and Tesla electric cars. However, this region could not be what it is today without government support, intense clustering and collaboration between networks of creative entrepreneurs and the right inducing creative culture.

Source: OECD (2015) and Mason & Brown (2013)

Further, creativity is vital for the education of our children. An increasing body of research shows how creative learning can play a significant role in the development of important skills, such as critical thinking, flexibility and social skills such as empathy and team work.¹¹

⁹ Helliwell, et al. (2017).

¹⁰ OECD, (2015).

¹¹ McCarthey et al. (2004)

11 18-486

STEM or STEAM? – The role of the arts in science, technology, engineering and math (STEM)

Science, technology, engineering and math have long been closely tied to innovation. However, a growing body of research is recognising the key role creativity plays in the education process. This is manifested in arts integrated “STEAM” education strategies being employed by schools and governments around the world. These strategies utilise the important learnings from arts, such as creative problem solving and collaboration, to nurture creativity in students whilst improving student performances in traditional STEM subjects. Further, research shows that arts integrated studies also make students more engaged and motivated to learn, also leading to more improved results.

Not only does creative learning enhance performances in traditional STEM subjects, it also complements these learnings with skills that better prepare students for the ‘jobs of the future’. More specifically, the global workforce is rapidly changing and soft skills such as adaptability, flexibility and creativity will grow in demand in the face of increasing ‘disruptions’. It has been estimated that 58% of the jobs that students are currently studying for at University will be radically changed by automation in the near future. The creative and flexible student – that student that has the ability to think critically and creatively – will be best placed to succeed in the workforce in the future.

Source: Land (2013), Martin et al. (2013) and Durrant-Whyte et al. (2015)

However, evidence also shows that these learning strategies also ‘make our kids smarter’ children who participate in creative learning tend to perform better in more traditional subjects, such as maths and science.¹²

2.4 Creative Industries: The arts, cultural and creative sector

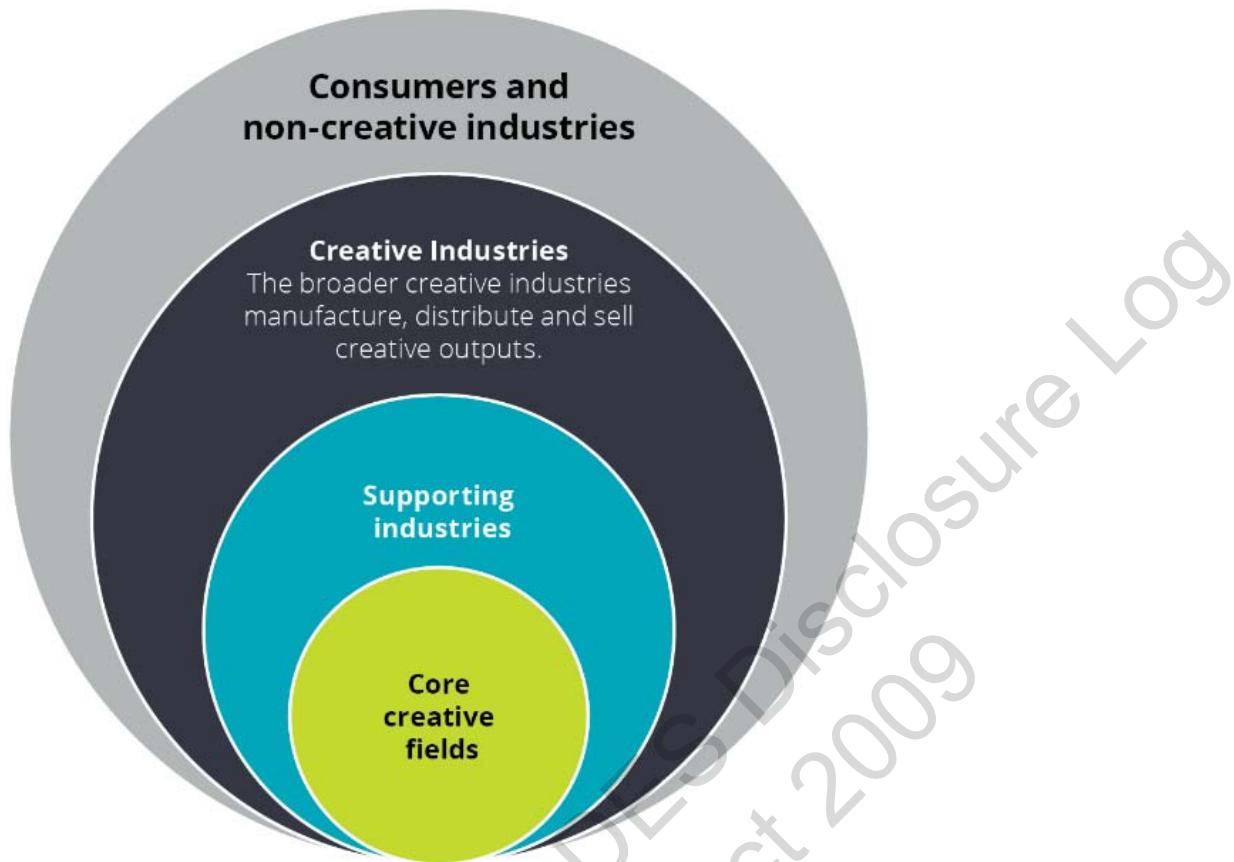
This report studies the economic contribution of the arts, cultural and creative sector. The industries within this sector encompass a broad array of fields from performance arts to advertising, that all employ ‘human creativity as a significant and identifiable input’¹³ (For a complete description of the industries that make up the sector, refer to Chapter 3, Section 3.1).

The sector is differentiated by its production process, which generates and utilises human creativity and originality (often materialised through intellectual property) to produce unique and original products. That is, production is dependent on the creativity of people, through the development of ideas from writers, producers and designers, amongst others.

¹² Martin et al. (2013)

¹³ ABS (2013)

Figure 2.2 Creative industries are embedded within the economy'



Source: Deloitte Access Economics

Further, the creative outputs from the arts, cultural and creative sector have broader, economy wide implications. This can be seen in the extent that creative occupations are 'embedded' within other industries.

For example, large telecommunication companies have their own in-house advertising departments to serve their unique needs. Additionally, the products, processes and methods inherent within the production process of the industry, are increasingly becoming key inputs into other 'more traditional' sectors (Figure 2.2).

That is, the creative sector has spill-over effects; its core intellectual property is commercialised and forms inputs into the manufacturing, services and mining sectors, amongst others. For example, the design of an accounting software platform and the interior design of an office building both form vital inputs into improving productivity throughout the economy, both of which are products of the creative sector.

3 The Queensland arts, cultural and creative sector

3.1 Overview of the arts, cultural and creative sector in Queensland

The Queensland arts, cultural and creative sector is often overshadowed by the more mature sectors of New South Wales and Victoria. However, Queensland is emerging as a creative 'hub' in its own right. Queensland boasts a unique mix of local talent, rich artistic history and indigenous roots that combine to produce a vibrant and dynamic arts, cultural and creative sector.

Art is at the heart of Queensland culture, with 77% of residents agreeing that arts makes an important contribution to society.¹⁴ This is represented through vibrant Queensland arts exhibitions, such as the Cairns Indigenous art fair, iconic arts infrastructure such as the Queensland Performing Arts Centre and the Gallery of Modern Art and countless successful Queensland artists such as, Savage Garden, Keith Urban and painter Judy Watson.

Not only is the sector important to Queensland society, it is also significantly contributes to the Queensland economy. **The economic contribution is estimated to be approximately 2.9% of state GVA in 2016, on par with other 'art prominent' states, such as Victoria**, with a 2010 study by KPMG estimating that the sector in Victoria contributed approximately 2.1% to total state GVA (methodologies differ with regards to the measurement of the sector).¹⁵

This chapter provides an overview of the arts, cultural and creative sector within Queensland. The overview commences with a description of the ten subsectors that make-up the arts, cultural and creative sector. Next, the value chain of the sector is introduced, with an analysis of the challenges facing the arts, cultural and creative sector supply chain. The key competitive advantages of the Queensland sector are then briefly discussed. The chapter concludes with an analysis and discussion of the indigenous arts, culture and creation sub-sector; an important segment and key strength of the broader Queensland sector.

3.2 Queensland arts, cultural and creative sub-sectors

Guiding the economic contribution analysis of the arts, cultural and creative sector in Queensland was the identification of ten subsectors¹⁶ capturing the range of economic activities that occur across the value chain – from content creation to final audience consumption. These subsectors engage in activities that form creative value chains. These will be outlined and described in detail, before discussing Queensland's globally unique arts, culture and creative advantages. Indigenous arts, culture and creation has a large influence on Queensland's sector at both the local and state-wide level.

¹⁴ Australia Council for the Arts (2017)

¹⁵ KPMG, (2012)

¹⁶ The definition of these subsectors was informed by stakeholder consultations and by the "domains" defined in the ABS Cultural and Creative Satellite Accounts

Queensland arts, culture and creative sub-sectors



Performing arts

This sub-sector captures activities from creation through to exhibition – they are united in that their creations are dynamic and performed in front of live audiences. Genres of performing arts include theatre, live music, circus, and comedy. Major business entities in this sub-sector include large venues, such as the Queensland Performing Arts Centre, Brisbane Powerhouse, and the Judith Wright Centre of Contemporary Arts.

The Queensland Performing Arts Centre is the largest in Queensland with an 8.2% national market share of the \$780 million performing arts venue sector. Performing arts festivals and events are a significant driver of regional cultural tourism. Live music events in regional areas have been found to be associated with longer stays and greater distances travelled among regional tourists than other events and festivals held in regional Australia.



Fashion

This sub-sector also includes the creation and production and distribution stages of the value chain. Goods produced by this sector include clothing, footwear, and jewellery. There were 490 Queenslanders who identified themselves as fashion and jewellery designers in the 2016 Census. For the purposes of measuring the economic contribution of fashion to Queensland, the retail and wholesale sale of fashion-related final goods (i.e. clothes and footwear) forms the majority of the measurable contribution of this sector. Market share concentration is low, but the sector is becoming increasingly globalised. Major companies in this sub-sector are often subsidiaries of large international brands.

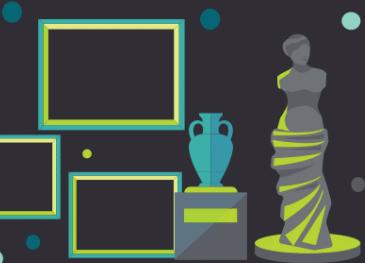
Visual arts and crafts

This sub-sector predominantly centers on the content creation stage of the value chain. It is characterised by a large number of small and independent freelancers, SMEs, and community based-organisations. A significant component of the visual arts and crafts sub-sector is the secondary market for visual art works. The \$141 million dollars of value in this market in 2017 is not, however, captured in the economic contribution estimation because these are not value created through the sale of newly produced final goods. Visual art creation is a significant sector in regional economies, with remote indigenous communities in particular generating significant amounts of commercial income through these activities.



Digital media, publishing and broadcasting

This sub-sector includes all relevant ABS industry groups of broadcasting and media excluding film and screen. They focus on the creation and distribution segments of the value chain. These include software publishing, radio broadcasting, podcasting and internet publishing. Most major radio broadcasters and internet publishers have local offices in Brisbane, with both groups having 17% of enterprises nationally calling Queensland home. Queensland has a slightly higher share of software publishing enterprises at 19% of the national total. This doesn't include some of the largest software development firms, including Australian tech success story, Atlassian, which is yet to open offices in Queensland.



Design

This sub-sector encompasses a highly fragmented range of industries and services. This sector is often categorised as being a 'commercially-oriented creative industry'. Practices that fall within this category include computer systems design, architecture, graphic and web design, and advertising firms. Large firms in this sector are usually multi-disciplinary and often overlap with activities that would lie on the outer edge of a broad arts, culture and creative definition. Hulbosch Pty Ltd, Cato Brand Partners, and Deloitte Digital are recognised as leaders in this sub-sector. Nationally, the revenue in this industry is valued at \$5 billion, around half of which is generated by graphic design services.



Music composition and publishing

This sub-sector primarily includes the creation and production stages of the value chain. It excludes the performance of live music falls, which into the performing arts sub-sector. Over half of the revenue generated in this subsector is derived from media licensing of intellectual property. There is a significant amount of composition and publishing that occurs through tertiary and vocational education institutions, like the Griffith Conservatorium, through large organisations like the Queensland Symphony Orchestra, and through private businesses like the JMC Academy.

Arts education

This range of services are a crucial support component to the arts, culture, and creative sector value chains. It includes formal education through private, public and independent schools as well as private tuition. There are approximately 3,187 individuals employed in Arts Education in Queensland according to the 2016 Census, 2% of the total education and training industry. 90 per cent of Queenslanders agree or strongly agree that arts should be an important part of the education of every Australian. Over two-thirds believed the arts have a big or very big impact on child development.



Support sectors

The support sectors to the arts, culture, and creative sector, primarily refer to organisations who facilitate the production of creative content, usually for SMEs and/or freelance artists. These can range from government departments, like Arts Queensland, to industry development associations like Creative Partnerships Australia, QMusic, and the Australian Society of Authors. This sub-sector operates to support each segment of the value chains for all the sub-sectors described above. Individual employed in supported activities are not necessarily engaged in the direct production of creative content, but they are nevertheless essential to the efficient functioning of businesses across the arts, culture and creative sector.



3.3 The value chain: from conception to consumption

An understanding of any industry or sector begins with an analysis of the value chain – that is, how do products get ‘created’, what is involved in their development, who produces them and how are they distributed to consumers? In other words, how does the sector function, who participates in making this sector achieve its objective and who are these products made for. This knowledge of industry foundations will give insight into what are the current and future challenges facing the sector, as well as what are its key strengths.

At its core, the Queensland arts, cultural and creative sector functions just like any other: products are designed to meet a demand, these designs are shipped off to be manufactured and then the products are marketed and delivered to waiting consumers. However, the sector is unique in that it encompasses a broad range of unique industries from fields as diverse as music, visual arts and technology. In addition, the sector tends to be further fragmented by geography and consumer preferences, particularly with regards to live music and visual arts. This results in a number of different value chain processes throughout the Queensland arts, cultural and creative sector, making understanding the inner-workings of the sector challenging.

In an attempt to visualise and simplify this inter-sector diversity, this report subdivides the Queensland arts, cultural and creative sector into four segments, each of which is categorised by product type and purpose and a unique value chain process – with the exception of the *‘other creative practices in other industries’*, as this serves as an input into external industries separate from the arts, cultural and creative sector.

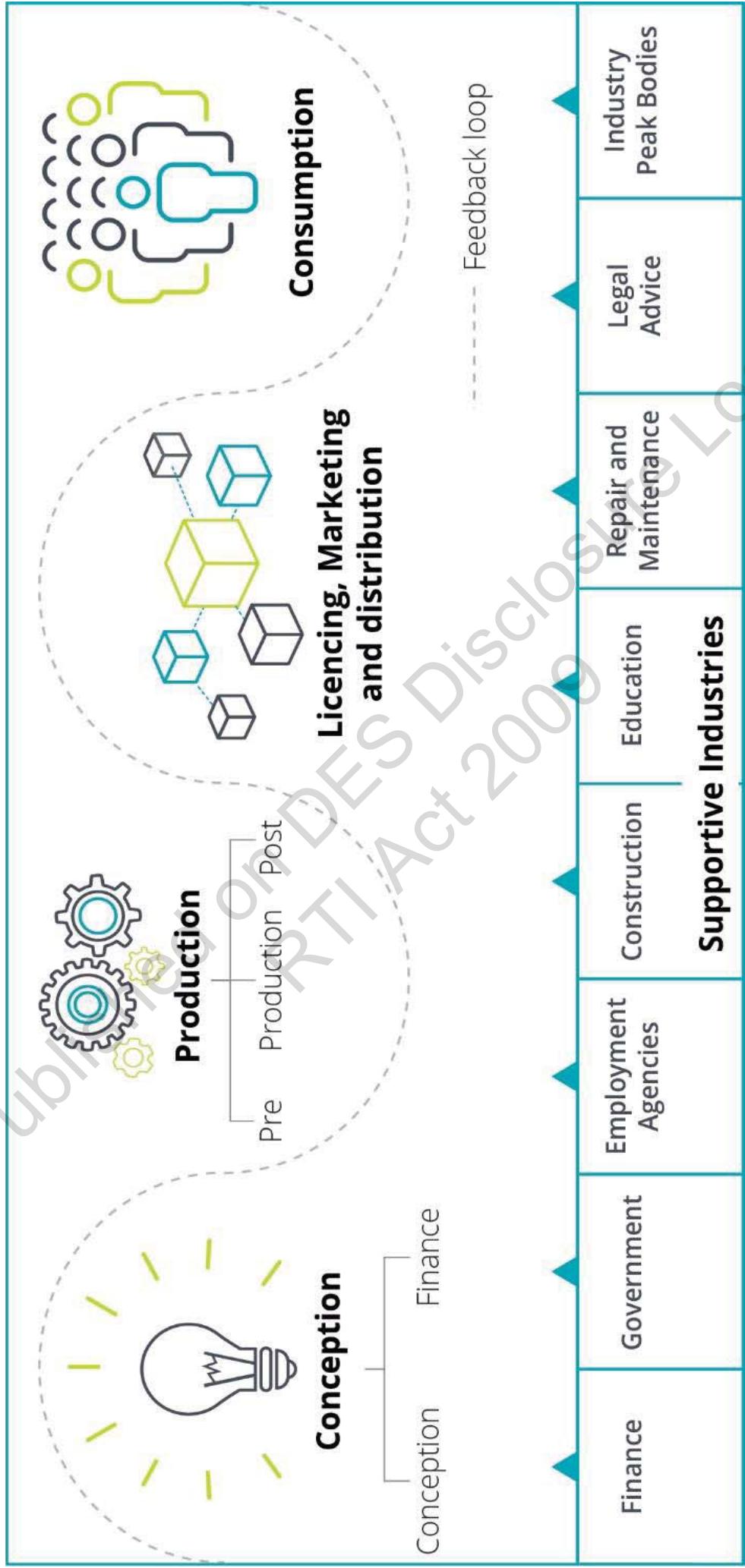
-  **Core cultural arts:** creative cultural products such as, visual arts, theatre, music etc. These products tend to be consumed for leisure, aesthetics and entertainment.
-  **Commercially-oriented creative industries:** creative industries that offer services that develop creative solutions to identified client problems (e.g. architecture, graphic design etc.).
-  **Creative manufactured goods:** creative products that tend to go through a mass-production stage and are distributed to retailers for consumption (e.g. jewellery etc.).
-  **Other creative practices in other industries:** creative occupations whose output serve as inputs into other industries.

It is important to note, however, that each segment of the value chain is not distinctly defined, nor are they separate. In fact, there are many different variations of value chains that exist within the industry, many of which interact with each other, whilst there are others that are unique to a certain niche consumer preference or geographical location. Further, a unique aspect of the arts, cultural and creative sector value chain is the tendency of value to be re-created. That is, an idea can often times lead to a number of product offerings, such as a book turning into a screenplay, or merchandise to accompany an art show. Therefore, the supply chain as described here only seeks to provide an overview of the ‘typical’ process of production-to-consumption that an arts, cultural and creative product undergoes.

Stages of the value chain

The Queensland arts, cultural and creative sector value chain is displayed in Figure 3.1. Each segment of the value chain largely follows along 4 key stages, from the ‘conception and financing of ideas’ to the final ‘consumption’ of goods by the final consumer. However, throughout each stage of the value chain, the general processes, required participants, as well as the necessary time and inputs required, differs significantly.

Figure 3.1 Arts, cultural and creative sector value chain in Queensland
18-486



The supply chain is not linear in nature. Alternatively, the value chain segments are all inter-linked, with ideas conceived in the conception stage often feeding back through the supply chain to serve as input into other products.

Further, throughout each stage of the value chain, the general processes, required participants, as well as the necessary time and inputs required, differs substantially from product to product. For example, some conceived ideas may not enter the funding stage for some time due to miss-matches between demand, funding incentives and a creator's idea. Meanwhile, other ideas may be pre-funded and enter production shielded from market forces.

Stage 1: Conception: Conception and financing of ideas

All output generated in the sector originates in the conception stage. This is the stage where ideas are generated for a product that has the potential to be commercialised. Once these ideas have been borne, financing to produce these ideas needs to be sourced. The process through which idea creation and financing occurs is not universal and differs by each segment of the value chain, as well as within each segment of the supply chain.

Firstly, in the *core cultural arts* segment, ideas are generated from artists, musicians, as well as producers and publishers that carry the idea forward through the supply chain. Financing of these ideas generally occurs within the industry through such modes as publishers for books and newspapers and producers for live plays and music. Funding tends to be sourced from a combination of in-house funding, private philanthropy and donations, in-kind donations and public grants and programs. However, technology is significant changing the methods by which creators in this supply chain segment are able to bypass traditional methods of financing and the larger value chain process, to get their goods to market.

How the internet is changing the music industry value chain

Technology disruption is not new to the music industry, in fact, it is fairly common place. The introduction of radio in the 1920's brought about the same fear in the music industry as internet has today. However, the impact that the internet is having across the entire value chain makes it a unique challenge for the industry.

The internet has changed the entire landscape of music. It was not long ago that giant record companies such as EMI were seemingly behind every new breaking artist. Nowadays, Deloitte Access Economic estimates that independent record labels and distributors have an approximate 30% share in the Australian music market and they serve as important links to the industry for new and local talent.

Further, the traditional mechanisms of the value chain have been changed significantly from a fairly flat process from the initial signing and financing of an artist, to the licencing, marketing and physical distribution of a record. These days, the supply chain has moved to an 'ownership model' with much of the value creation process able to occur in the comfort of a musicians own house. Innovative products such as 'Protocols' have allowed musicians to produce their own professionally sounding music at a fraction of the cost. Further, artists can also publish and distribute their music through software such as Soundcloud and Apple Music and can advertise through social media, sometimes to a more effective extent.

Source: Vella et al. (2016) & Taylor (2017)

Secondly, *commercially-oriented creative industries* and *creative manufactured goods* typically conceive ideas through an interaction with a market problem. These creators are generally situated within larger organisations, operate on a freelance basis interacting directly with clients, or are part of in-house design teams in larger companies, or direct-to-market manufacturers. The ideas generated within this value

chain segment are largely financed through within-industry sources. For example, architecture firms will have their funding guaranteed through client-firm contracts.

Stage 2: Production

Once funding has been secured, the products are then moved onto the production stage. It is during this stage that the products are formally prepared for consumption. The degree of production required also depends on the segment of the value chain being discussed, in addition to how the product is intended to be consumed.

Within the **core cultural arts** value chain, the production stage is the most fragmented process, requiring a cohort of agents to ensure that the product is ready for exhibit. Depending on the product being developed, pre-production, production and post-production, or a segment of the three production phases, are required to produce the products for consumption. For example, live plays and entertainment will only require pre-production and production, whilst music recording requires a full range of pre-production, production and post-production processes.

Within the **commercially-oriented creative industries** and **other creative practices in other industries**, the production process usually occurs in-house and directly involves the idea generators, such as software engineers and advertisers. Alternatively, the production process within the **creative manufactured goods** segment tends to occur along a more traditional process. Typically, designs are sent to manufacturers who specialise in mass-production of product types. However, technology is increasingly altering this process, with many designers now working within manufacturing firms and supplying on-demand customisable products directly to the market, by passing traditional logistics and retailing mechanisms.

Stage 3: Licensing, marketing and distribution

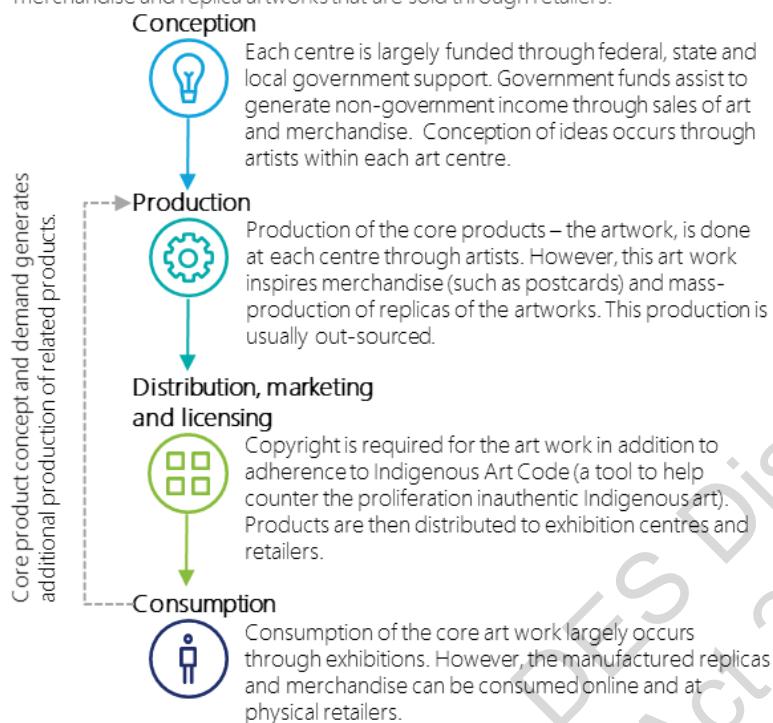
After the production process is complete, preparations for introduction to market need to take place. This process includes licensing products to ensure that intellectual property is protected, marketing preparations to introduce goods to market and distribution to retailers and exhibitions so that consumers can engage in the products.

Within the **core cultural arts** segment, this stage of the supply chain is vital for the commercialisation of products. Licencing, marketing and distribution involves a range of industry players, from the idea creator, publishers, producers, marketers and advertisers, all ensuring that products are known by consumers, can be accessed by consumers and cannot be misused without financial repercussions.

Within the **creative manufactured goods** segment, distribution largely occurs through wholesalers. However, in some cases, retailers and/or manufacturers who own the creative content will by-pass wholesalers. Alternatively, this stage is largely detached from the **commercially-oriented creative industries** and **other creative practices in other industries** segments, with marketing largely occurring through different departments within professional services firms and distribution non-existent due to the intangible and highly customised nature of products developed in this segment.

Remote Indigenous Arts Centre: Production across sector segments

Remote indigenous arts centre have unique value chains as they tend to produce a number of different products that do not fit neatly into the segments described in this section. For example, there core product offerings are art work, a core cultural product, which is displayed at fairs and exhibitions throughout the country. However, these offerings are supported by mass produced creative manufactured goods such as merchandise and replica artworks that are sold through retailers.



Stage 4: Consumption

The final stage of the arts, cultural and creative sector in the Queensland value chain is the consumption stage, or point-of-sale. This stage is responsible for connecting products and consumers. **Core cultural arts** are purchased through a number of means, including at exhibition centres, such as live music venues, where the production and consumption stage occur in tandem, or downloaded from online retailers, such as Apple Music. **Commercially-oriented creative** segment tends to deliver their products directly to clients. Whilst the **creative manufactured goods** will largely be sold through retailers and department stores.

Supporting industries

Across all segments of the arts, cultural and creative sector supply chain, there are a number of key industries and organisations that play a key role in ensuring that the supply chain has the right skills and infrastructure to function smoothly. These industries include construction industries that contribute the exhibition centres, employment agencies to ensure that creators are linked with opportunities and education institutions that assist in the development of the vital skills of the sector.

Challenges in Queensland's value chain

The Queensland arts, cultural and creative sector is confronted by many of the same challenges that all industries and sectors face throughout Australia and more broadly the world. Rapidly changing supply chains due to advancement of technology, increases in competition for skilled workers and constantly changing consumer preferences are all significant challenges. However, the unique geography of the Queensland state, as well as competitive pressures from larger arts, cultural and creative sectors in southern states, presents the Queensland arts, culture and creative sector with its own unique list of value chain challenges.

The rapidly **changing technology landscape** and its constant applicability to higher skilled activities presents the Queensland arts, cultural and creative sector's value chain with arguably its greatest challenge for the future. In general, the sector is sensitive to the issue of technology advancements due to its reliance on the creation of intellectual property, which is largely made less secure by technological innovations, such as internet accessibility and speeds (i.e. illegal downloads in the music industry). Technology also impacts the value of the sector's high skilled creators, with many activities that were once reserved to a high-skilled professional now being automated through phone apps and other software (such as photo editing apps on smart phones).

School Touring Production: When production is consumption

School touring production organisations have a unique value chain in that it is almost inverse to a traditional supply chain.

Conception



Financing generally occurs before an idea is conceived, with government grants largely supporting these organisations to employ the creative people that create ideas. Additional financing is sourced from ticket sales of plays. During many product offerings, the idea is derived from a past idea, such as an existing play that may only need to be re-modelled for a younger audience.

Pre-Production



Pre-production occurs through the writing, designing and additional preparation that occurs to prepare the live play to be delivered to the audience.

Distribution, marketing and licensing



Copyright is required if an original play is designed. Otherwise, copyright permissions need to be acquired. The plays are then promoted and distributed to schools throughout the state. Distribution is handled by the production company, which may outsource some distribution activities. Once a play has been performed at a school, the distribution and marketing process occurs again to prepare the play for a different location.

The product is re-produced and re-marketed for additional consumption in subsequent locations.



Production and consumption occurs in tandem. A play is delivered to waiting consumers through a live production process, where actors, directors and technicians produce the product in front of consumers. Revenue is generated through ticket sales and then the play is re-distributed and marketed for the next performance location.

More specifically to Queensland, technology advancements threaten the competitiveness of many rural arts communities which are generally less in-tune with the latest technology trends and often compete with more connected and modernised organisations in cities, as well as those located throughout the world. Particularly, this is a relevant concern for regions such as Far North Queensland and the Torres Strait Islands where artists tend to make up a larger share of the indigenous workforce (see section 3.5) and the unique art products of these regions play an important role in attracting cultural tourism to these regions. Without the right infrastructure and technology knowledge in place, these regions may find it difficult to compete in the modern marketplace.

The broader Queensland arts, cultural and creative sector also faces many challenges in **competing to attract and retain high skilled talent**. This concern is heightened in the age of digital technology, with internal pressures compounded by the growing external pressures from automated software, creative-skills demand in other industries and more importantly,

the constant challenge of competing against the larger southern sectors of New South Wales and Victoria.

There is also potential risk of a deepening of the market isolation issue within the Queensland arts, cultural and creative sector, which is largely due to the **vast Queensland geography**. Within Queensland, many industries within the sector have entire value chains concentrated within the Brisbane, or regional hubs such as Cairns and Townsville.¹⁷ However, many of Queensland's rural areas have budding arts communities, such as the Far North, Torres Strait Islands and the Outback communities, of which unique products are produced with proven market demand but with limited or costly access to these key supply chains.¹⁸ These communities face many challenges due to this isolation from key supply chains, including the inability to attract high-skilled workers and limited ability and scope to compete and grow their organisations.

The Queensland geography additionally contributes to the fragmentation of consumer preferences, with a variety of niche consumer preferences emerging that are dependent on geographical factors (e.g. Visual grassroots arts is relatively more preferred in the Far North than in the South East of Queensland).¹⁹ Further, Queensland has a low population density outside of the South East region, which limits the size of many of these geographical-dependent product markets. This contributes to an **inability of many organisations to reach economies of scale** and produce at a level that is cost-optimal.

Finally, **over-dependence on government funding** of the sector is a significant issue that limits the ability of certain industries to consistently offer services, particularly to underserved communities and populations (e.g. performance arts and rural exhibition centres servicing rural markets) and can have long-term development impacts on the sector. An analysis of recent budget papers shows the volatility of this income stream. State budget cuts to Art funding over the period 2012/2013²⁰ led per person State Government expenditure on the Arts and Culture to decline from \$135 in 2011/12 to approximately than \$75 per person in 2016-17.²¹ Cuts to Arts Council Australia and the ABC in the 2015-16 and 2017-18 federal budgets have caused insecurity at federal funding streams, which have a disproportionate impact on radio, television and film industry funding.²² Therefore, finding mechanisms to develop non-government income in order to smooth revenue streams is imperative to ensuring the development and sustainability of the sector.

3.4 Queensland's competitive advantages

The Queensland arts, cultural and creative sector is often overshadowed by the more mature sectors of New South Wales and Victoria. However, Queensland has many competitive advantages which are fast becoming realised by creators, producers and manufacturers alike.

Firstly, Queensland boasts a **uniquely vibrant arts sector**. As discussed, the Queensland geography presents many challenges to the value chain of the sector. However, the state's geography (which spans over a mix of rural, tropical and densely populated regions), diverse demographics and unique history have been engraved in its culture and are represented in the outputs of the sector. This can be seen through the varying and unique budding arts communities throughout the state, such as Cairns (home to the Indigenous Arts Fair, visited by more than 50,000 people in 2018)²³, Torres Strait and Far North (home to unique Indigenous and Torres Strait Islander artists and exhibitions), Toowoomba, Townsville and Gold Coast (home to a growing film industry). This unique arts diversity puts Queensland at a strong

¹⁷ Daniel (2016)

¹⁸ Acker & Woodhead, (2014)

¹⁹ Australia Council for the Arts (2017)

²⁰ Queensland Government (2012)

²¹ Care should be taken when comparing government expenditure across time due to changing information. ABS (2012); Meeting of Cultural Ministers (2017).

²² Australian Government (2015); Australian Government (2017)

²³ CIAF, (2017)

competitive advantage to not only attract creative skills, but to create niche export markets nationally and internationally, opening up many opportunities for the sector.

Queensland boasts a population that is broadly **engaged with the arts**, culture and creative sector. The most recent National Arts Participation Survey 2017 by the Australia Council for the Arts showed that 98% of Queenslanders engaged with the arts in some manner, with 60% acknowledging the sector as having a significant impact on their sense of wellbeing and happiness. Engagement with the sector has been on the increase since the Australia Council for the Arts began administering these surveys in 2009.²⁴ Strong and diverse engagement across the state is indicative of solid foundations for future growth opportunities if the right supportive infrastructure is in place.

Recent years have seen a **strengthening of leadership** within the Queensland sector through a larger state government role in sector development. This is evident in the Government's support of innovation through its 'Advance Queensland' initiative, which aims to insert creativity at the heart of its economic strategy. Additionally, the government has increased investment in exhibition centres such as the 'Gallery of Modern Art' and the Queensland Museum and increases in Arts Grants Expenditure by 61% between 2015-2018, reaching over \$55 million in 2018.²⁵ Strong and clear leadership is a significant competitive advantage of the Queensland sector as it provides organisations with the support and security needed to grow, compete and attract skilled workers.

The Queensland economy has experienced a **growing supply of young workers** in recent years due to positive inward inter-state migration trends. ABS interstate migration data shows that net per annum migration into Queensland grew over 2.5 times from 2014 to 2017 – with migrants aged between 20-34 years of age accounting for 20% of this growth in inflow.²⁶ Queensland has also experienced a significant inward international migration over the same period, with growth of 10% over the period 2014-2017.²⁶ Deloitte Access Economics analysis finds that a number of factors are significantly driving this inward migration growth, such as the strength of the Queensland economy of recent years, the attractiveness of the state's lifestyle and the lower population density and cost-of-living in comparison to New South Wales and Victoria.²⁷

These migratory trends fit the current demographic and growth profile of the Queensland arts, culture and creative sector. Employment in the Queensland sector has been growing by approximately 1.8% p.a. over the period 2011-2016²⁸, on-pace with that of Victoria. Further, the sector in Queensland is a large employer of young people and migrant populations.²⁸ Additionally, like many industries in the modern economy, the arts, culture and creative sector requires young, high-skilled individuals to fill important positions throughout the value chain and to continue to drive innovation. Recent migratory trends support expansion of the sector, serving as a significant competitive advantage for Queensland.

Finally, Queensland is an attractive **tourist destination**, with over 2.5 million international visitors in 2017 and an annual growth over 6.1% p.a. since 2012.²⁹ ABS research shows that tourists are a large market for the Queensland arts, culture and creative products with approximately half of all visiting international tourists consuming an arts product or service during their stay (2009 data).³⁰ Therefore, a

²⁴ Australia Council for the Arts, (2017).

²⁵ Environment and Science, Queensland Government, (2015).

²⁶ ABS, (2018).

²⁷ ABC, (2018).

²⁸ Arts Queensland, (2016).

²⁹ QGSO. (2017c).

³⁰ Tourism Research Australia, (2009).

strong, growing tourism market provides a significant and sustainable competitive advantage for the Queensland arts, culture and creative organisations.

Bringing Marvel to Queensland – Arts Tourism Attraction

From the 27th of May to the 3rd of September, 2017, the Gallery of Modern Art in Brisbane hosted the largest ever Marvel exhibition, hosting iconic characters such as Thor, Iron Man, Captain America, Hulk, Black Widow and Hawkeye.

The exhibition was one of a number of recent ticketed blockbuster shows and with more in the pipeline with the Queensland Government announcing it was putting aside over \$10 million for over four years for additional blockbuster exhibitions.

The exhibition proved to be a huge success, breaking attendance records with over 269,000 visitors during the period. This helped the Gallery of Modern Art break attendance records, reaching 1.73 million attendances during the year 2016-17.

The event also showed the tourism pull-power of the arts, with almost half of the 269,000 visitors coming from interstate and overseas. This also has broader impacts to the Australian economy, with these tourists spending significant amounts at local businesses and other tourism activities and further promoting Queensland as a tourism destination.

Source: Arts Queensland (2017)

3.5 Indigenous art, cultural and creation

Aboriginal and Torres Strait Islander visual arts and crafts, festivals and performing arts are unique cultural industries that make an important contribution to the Queensland and Australian arts economy. Queensland is the only state in Australia where visitors are able to experience both Aboriginal and Torres Strait Islander culture.

Indigenous artists express their culture, identity and connection to the land and their community through their art. The visual arts sector provides cultural maintenance and promotion of traditional culture for many Indigenous people and communities. Visual art is an expression of belonging and connection with long held traditions and spiritual beliefs. The painting of creation and dreaming stories is a manifestation of this cultural and spiritual expression.

Indigenous arts, cultural and creative sector employment

Indigenous Australians are a vital component of Queensland's arts, cultural and creative sector. Nationally, of the 1,600 artists who receive royalties through the artist resale royalty scheme, 63% of them have been Aboriginal or Torres Strait Islander.³¹

A rough estimate of the number of Aboriginal and/or Torres Strait Islanders employed in arts, cultural and creative industries and/or occupations (see full list in Appendix B) in Queensland was 4,900, using the 2016 Census.³² This number includes 'specialists', 'embedded' workers and 'support' workers as classified by the 'creative trident' method (see Section 4.3). 'Specialists' are individuals working in arts, cultural and creative sector occupations in sector industries, while 'embedded' workers are those worker in sector occupations in non-sector industries – for example a graphic designer working in the mining industry. 'Support' workers are engaged in non-sector occupations in sector industries – an admin official working for the Indigenous Art Centre network, for example.

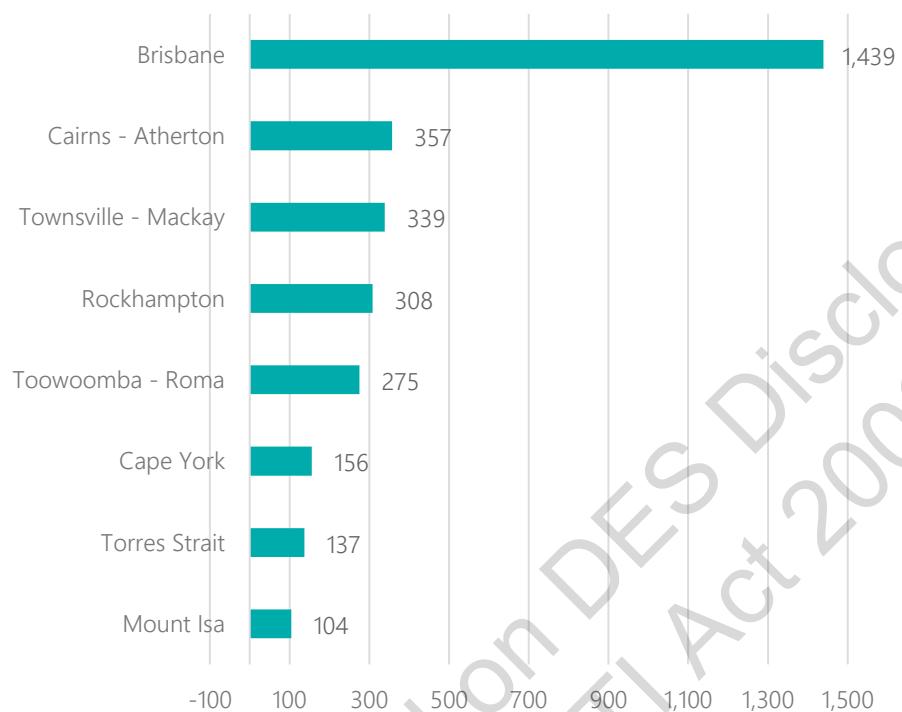
4,900 employed
Indigenous
persons in the
arts, cultural and
creative sector

³¹ Copyright Agency, (2018)

³² This estimate overstates the total employment of Indigenous employment in the arts, culture and creative sector as there are certain industries that are only partially within the study scope.

Focusing specifically on Indigenous employment in the arts, culture and creative sector by occupation (the 'specialist' and 'embedded' workers), the amount of Indigenous employment across the State shows that Brisbane employs the largest number of Indigenous Australians in the sector. This is a function both of Brisbane's relatively high Indigenous population, but also is concentration of arts, cultural and creative sector businesses.

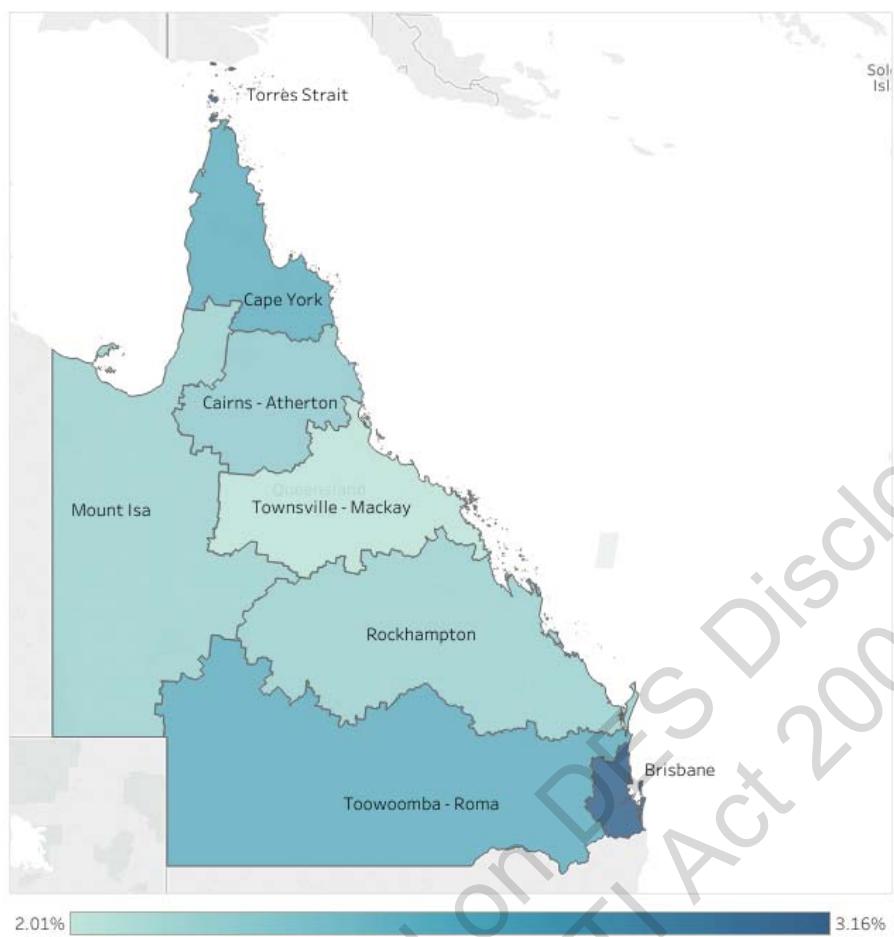
Chart 3.1 Indigenous arts, cultural and creative employment by occupation across Indigenous Regions, 2016



Source: ABS, 2016

To understand the intensity of arts, cultural and creative employment among Aboriginal and Torres Strait Islanders across Queensland, regional employment shares were calculated (Figure 3.2) – what proportion of Indigenous Australian's are employed in the arts, cultural and creative sector within each Indigenous Region. While the Torres Strait only employs 137 Islanders in the sector, this represents the highest employment share in the State, at 3.2%. This is higher than the employment intensity in the sector found in Brisbane, at 3.1%.

Figure 3.2 Share of Indigenous employed population working in arts, culture and creative occupations



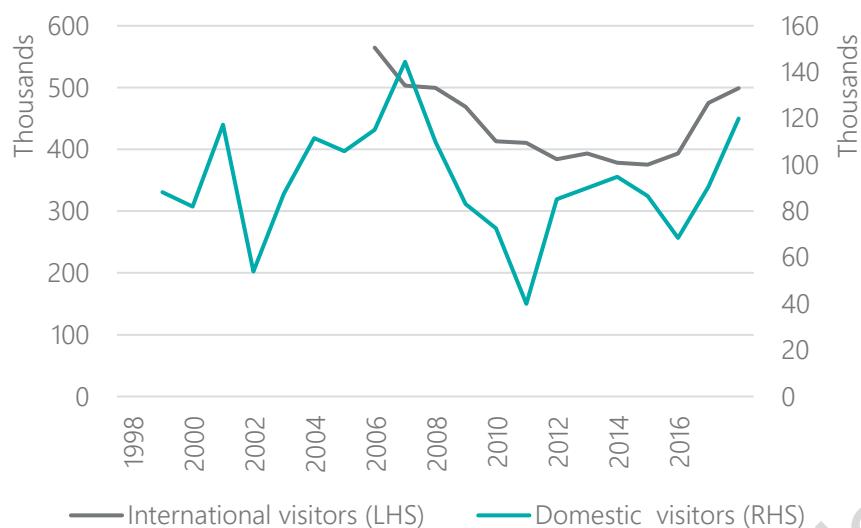
Source: ABS, 2016

Indigenous arts, cultural and creative sector tourism

A major source of demand for the arts, cultural and creative goods and services of Indigenous Australians comes from individuals who are drawn to travel as tourists to experience and learn from one of the world's oldest civilisations.

In 2011, Tourism Research Australia provided a snapshot of indigenous tourism, defined as travel that involve at least one indigenous tourism activity. Using more recently available data, it appears that the downward trend in indigenous tourism that was being observed in 2011 has started to turn around for both domestic and international markets (Chart 3.2).

Chart 3.2 International and domestic indigenous tourism, 1998-2017



Source: TRA Online, 2018

There are a range of Indigenous festivals from the Cairns Indigenous Art Fair, to the Laura Dance Festival in Cape York, to the Winds of Zenadth on Thursday Island, to the Quandamooka Festival on North Stradbroke Island. The Cairns Indigenous Art Festival is one of the largest of the indigenous festivals and events. Based at the Cairns Cruise Liner Terminal, it is a major driver of arts, cultural and creative tourism. In 2017, there were 3,400 intra-, interstate and overseas visitors who stayed in Cairns overnight. Adding another 555 daytrip visitors, there was a total visitor expenditure on the festival of \$3.8 million.³³

Indigenous artwork and creative industries can be found in every corner of the State – from the galleries of Brisbane, to the ‘gibbers’ of Birdsville, to Bamaga at the very top of the state, where you’re not far from the unique cultures of the Torres Strait. It is therefore an integral part of the economies of some of the most remote populations in Queensland.

The Indigenous Art Centre network

A particularly important form of business entity in the arts, cultural and creative sector in regional Queensland, is the Indigenous Art Centre network. Bringing together otherwise dispersed freelance and self-employed artists, the network of 14 centres and hubs in Far North Queensland supports the careers of a significant number of professional Indigenous artists and creatives by providing cultural and/or entrepreneurial services. Within the Indigenous arts, cultural and creative value chain, they play an important role in the production and creation stage of the chain, but also in exhibition.

The network is managed by a peak body, the Indigenous Art Centre Alliance (IACA). The IACA and its member Art Centres perform a vital intermediary role in attracting resources and creating culturally strong enterprises within which Indigenous creativity can thrive. The Centres emphasise ethical trade in an industry that has been challenged by exploitation and fraudulent work.³⁴

According to their 2016-17 Annual report, \$166,000 of operational funding was contributed by the Ministry of Arts, 47% of the IACA’s total revenue.³⁵ Through the Backing Indigenous Arts and Indigenous Regional Arts Development Fund, Arts

³³ CIAF, (2017)

³⁴ Delaney, (2016)

³⁵ IACA, (2017a)

Queensland is providing \$12.6 million of support for indigenous arts over the next four years (2015-16 to 2018-19), a significant amount of which is directed toward the Art Centre network.³⁶ The Australia Council for the Arts does not currently provide funding for the remote indigenous arts centres.³⁷

Supporting ethical and sustainable Indigenous enterprises in regional and remote Queensland as well as developing the professional and leadership capacity of those that engage with the Art Centre network is an essential foundation for the Indigenous arts, cultural and creative sector in Queensland.

Sand, dust and 'Gibbers'

In remote outback Queensland, near the towns of Bedourie, Betoota and Birdsville, the indigenous art, land and culture become clearly intertwined. The Dreamtime Serpent (pictured below) is a contemporary piece of artwork example on Mithika Country that is carved into the stone or 'gibber' and pays homage to an ancient mythology and culture.

Source: BIFF website (2017)



Published under the DES Disclosure Log
RTI Act 2009

³⁶ Arts Queensland, (2017b)

³⁷ IACA, (2017b)

4 Economic and social contribution of the arts, cultural and creative sector in Queensland

- In 2016-17, Queensland's art, culture and creative sector directly contributed \$8.5 billion to the Queensland economy and employed approximately 67,000 FTEs.
- A practical definition for the purposes of measuring the economic contribution of this sector can be split into four parts:
 - Core cultural arts (e.g. visual arts, theatre, music etc.)
 - The commercially-oriented creative industries (e.g. architecture, graphic design, advertising etc.)
 - Creative manufactured goods
 - Other creative practices in other industries.
- Using the TRA Tourism Satellite Accounts, cultural tourism to Queensland is estimated to have contributed \$70m to the Queensland economy in 2016-17. This figure should be understood as a subset of the total contribution number and should not be aggregated with it.
- There are a host of broader social and cultural benefits that are generated by the arts, culture and creative sector that include, but are not limited to:
 - Personal experiences
 - Social benefits
 - Cultural benefits
 - Brand Queensland
 - Arts education and human capital.

4.1 Overview

Businesses across the Queensland economy engage in activities that can be categorised as being artistic, cultural and/or creative in nature. These activities generate valuable goods and services that bring revenue to Queensland businesses and create income and employment for people living in Queensland. In addition to such material benefits, these activities are also often intimately connected to the broader quality of life concepts.

This chapter examines the economic contribution of the Queensland arts, cultural and creative sector, while exploring relevant trends within the sub-sectors.³⁸ An important trend within the sector is the role of arts, cultural and creative activities in attracting tourism to the Queensland and how this contributes to the economy.

The approach used to calculate the economic contribution of the sector does not identify those individuals employed in 'creative' occupations who work in 'non-creative' industries – referred to as 'embedded' workers. Thus, the 'creative trident' method³⁹

³⁸ There are a number of methods available to estimate the economic contribution of a sector. This report uses Input-Output modelling to derive direct and indirect Gross Value Added and employment in FTEs. Other measures of an industry's value and employment exist, such as gross output indicators and survey-derived employment figures. In order to measure the contribution of the arts, cultural and creative industry and its linkages to other parts of the Queensland economy, an Input-Output model is deemed most appropriate. A full methodological discussion can be found in Appendix B.

³⁹ Bakshi, et al. (2012)

will provide an alternative estimate of direct employment that also includes the 'embedded' employment.

The broader social and cultural benefits of the sector – such as personal experiences, social benefits, community and regional development, brand Queensland and talent development. – are also discussed.

4.2 Sector description

The arts, culture and creative sector spans multiple industries. The measurement of the economic contribution of arts, cultural and creative sectors is tied to the boundaries of the definition. As discussed in Chapter 2, the relationship between the arts, cultural and creative industries are not just about technical definitions; neither 'the arts', 'culture' nor 'the creative industries' are straightforward terms but involve some fundamental issues of contemporary economy, culture and society.

For the purposes of quantification, strict boundaries must be set. The most comprehensive economic contribution study that has been conducted for the Australian sector was the 2008-09 Cultural and Creative Activity Satellite Account produced by the ABS. The industry boundaries defined in the ABS study have informed the approach for this study, with slight changes tailored to the Queensland context guided by feedback from local stakeholders. The four major exclusions were film and television (which are separately reported on by Screen Queensland), adult and community education services, environmental heritage, and retail. More detail on specific industry inclusions and exclusions can be found in Appendix A.

This estimation implements a 'top-down' approach using Input-Output tables. Such an approach shows the economic linkages that the sector has with the rest of the economy. While a full methodological discussion can be found in Appendix B, it is worth noting here that **this contribution estimation is based on accounting for goods and services that are transacted at a market price** – this approach is not able to account for the substantial amount of arts, culture and creative activity that occurs outside of formal markets. The large number of freelancers and very small businesses, volunteers who give up their time and artwork that is produced recreationally all have economic value and improve the welfare of society in a material way. Non-market value such as these examples will not be captured by the headline figure, but will be discussed independently.

4.3 Economic contribution of the arts, cultural and creative industry in 2016-17

The total economic contribution of the arts, cultural and creative sector in Queensland can be disaggregated into the sum of direct and indirect components. The direct economic contribution is a representation of the value created by labour and capital within the sector. The indirect contribution is a measure of the demand for goods and services produced in other sectors as a result of demand generated by the arts, cultural and creative sector. A full methodological discussion can be found in Appendix B.

The total economic contribution to the economy is the sum of the direct and indirect economic contributions. In 2016-17, Queensland's art, culture and creative sector contributed a **total of \$12.3 billion to the Queensland economy** and **employed approximately 92,600 FTEs**.

Putting this contribution in perspective, this is roughly the same size as the 2016-17 estimates of the entire estimated tourism sector. The **direct contribution of activities categorised as being part of the arts, cultural and creative sector in Queensland in 2016-17 was \$8.5 billion (Table 4.1), approximately 2.8% of total industry GVA.**⁴⁰

⁴⁰State Accounts, (2018), Table 4: Total industry Gross Value Added, current prices.

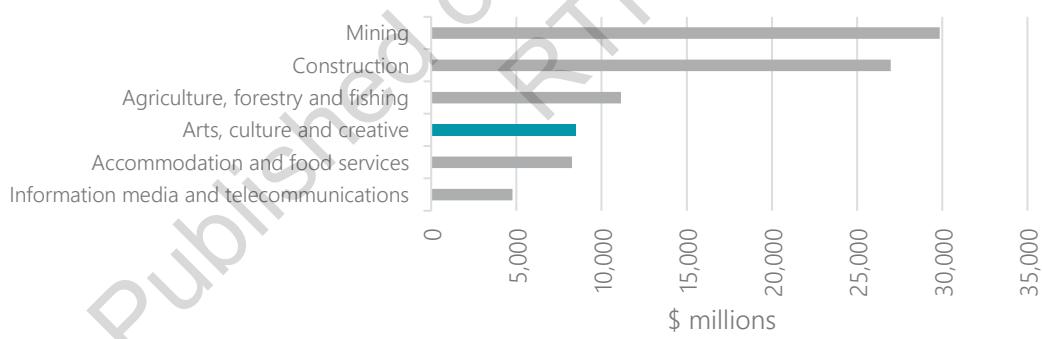
Table 4.1 Economic contribution of the arts, cultural and creative sector to Queensland's economy, 2016-17

	Gross Value Added (\$m)	Employment (FTE)
Direct	8,506	67,000
Indirect	3,751	25,500
Total	12,256	92,500

Source: Deloitte Access Economics estimates

The direct contribution of the sector is of a similar order of magnitude to the Queensland accommodation and food service industry, which had an industry GVA of \$8.3 billion in 2016-17 (Chart 4.1).⁴¹ According to this estimation, those directly employed by the arts, cultural and creative sector, 67,000, is slightly less than half of the total employment in the Queensland manufacturing industry, which employed 165,000 Queenslanders in 2016-17.⁴² It should be noted, however, that these measures will overlap to some extent and are not necessarily mutually exclusive. For example, someone employed in clothing manufacturing will be counted in both arts, cultural and creative sector and the manufacturing sector. The manufacturing industry is a far-reaching industry that is often described as plants, factories or mills which transform raw materials and/or components into new products. It can include everything from milk bottling to aircraft repair.

Chart 4.1 Comparison between arts, cultural and creative sector and selected Queensland industries, gross value added, current prices, 2016-17



Source: ABS, State Accounts, 2018

As noted in the sector description, film and television related activity is excluded from the arts, cultural and creative sector contribution due to it being reported on separately by Screen Queensland. A separate economic contribution study found that the direct contribution of the screen industry to Queensland in 2016-17, (which overlaps with the arts, cultural and creative sector) was \$839 million in GVA and employed 5,900 FTEs.⁴³ Of the industries that have been excluded from this contribution, film and television is closely aligned with most people's understandings of the arts, cultural and creative sector and as such, its contribution to the Queensland economy is noted explicitly here.

⁴¹ ABS, (2018).

⁴² QGSO, (2017a).

⁴³ Deloitte Access Economics, (2018).

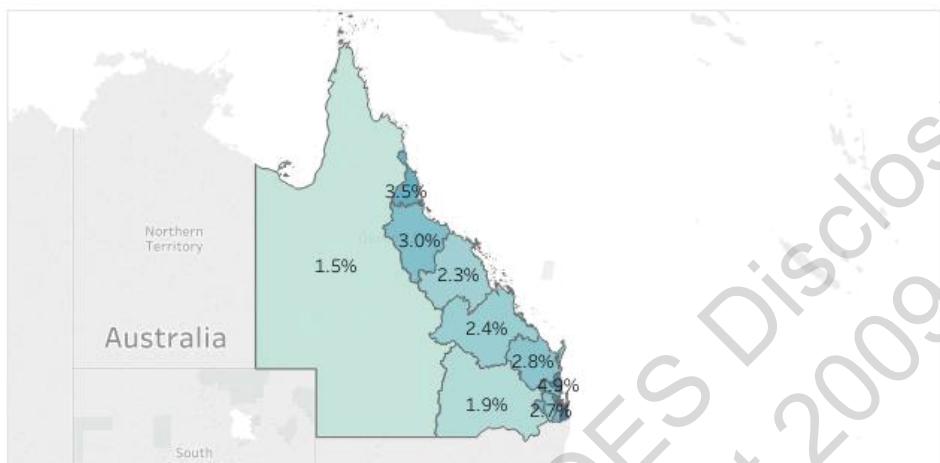
Geography of the arts, cultural and creative workforce

The distribution of arts, cultural and creative sector workers across the state can be determined from the share of arts, cultural and creative employment in each region (Figure 4.1). Classification into the arts, cultural and creative sector is determined based on the ANZSIC definitions outlined in detail in Appendix A.

The largest employment concentrations are centred on South East Queensland. In the rest of Queensland, Cairns has the highest employment intensity at 3.5% of total employment in that region.

Figure 4.1 Arts, cultural and creative employment intensity by SA4, 2016

Queensland



South East Queensland



Source: ABS, 2016

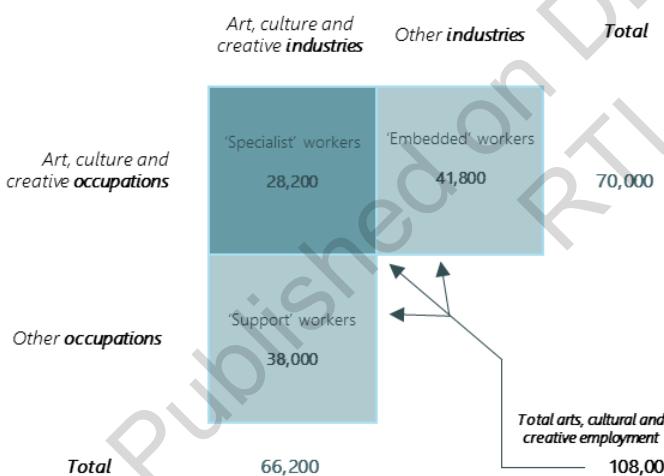
Employment in the 'creative trident'

The creative trident method is an alternative approach to estimating employment compared to Input-Output modelling. Reading "down" Figure 4.1, the total employment in arts, cultural and creative industries is 66,200 employed persons in 2016. This is an alternative unit of measurement to FTE and will include a certain proportion who are not full-time workers. Furthermore, the creative trident method relies on 2016 Census data, while the Input-Output measure of employment is for the financial year 2016-17. Thus the 66,200 employed persons and 67,000 FTEs are not directly comparable, but provide an 'order of magnitude' for the size of the arts, culture and creative workforce in 2016-17.

The 'embedded' workers, estimated to be 41,800 people, is **not** equivalent to the indirect employment estimated in Section 4.3. Indirect employment measures the employment that is generated through the demand from the arts, culture and creative sector for goods and services in other parts of the economy. Estimating 'embedded' workers seeks to measure those employed in creative **occupations** in non-arts, culture and creative sector **industries**.

Creative practices and businesses span almost all industries to varying degrees. To capture this idea, employment in the arts, cultural and creative sector is broadened from the typical "specialist" that comes to mind when one thinks of the sector (Figure 4.2) –the theatre director working at QPAC, the musician performing in live music venues, among others. 'Embedded' workers are those employed in traditionally creative roles in non-creative industries – for example a graphic designer working for a professional services firm. Lastly, 'support' workers are crucial to the function of creative industries, but do not necessarily function in roles that can be categorised as being primarily artistic, cultural and/or creative. These might include fundraisers in an arts industry development organisation, or an administrative clerk at the Queensland Art Gallery.

Figure 4.2 The arts, cultural and creative 'trident'



Source: ABS Census, 2016. Based on H. Bakhshi, A. Freeman and P. Higgs (2012), A Dynamic Mapping of the UK's Creative Industries, report for the Nesta Operating Company.

These numbers serve to illuminate two points. First, using the ABS classifications of industry and occupation, there were approximately 41,800 individuals in 2016 who identified themselves as being employed in creative occupations that are not employed in creative industries. A limitation of the method used in the economic contribution estimation in section 4.3 is that it is not able to capture the value that these individuals contribute to the sector. Estimating the quantum of 'embedded' workers is nevertheless informative in a comprehensive economic analysis of the sector in Queensland.

Second, the approximately 66,200 people that are directly employed in the sector includes occupations that are not categorised as being primarily creative in function. Disaggregating the 'support' workers from the 'specialist' workers shows that roughly 57% of FTEs in arts, cultural and creative industries do not perform primarily creative functions, but are nevertheless key inputs to the value chain within the Queensland sector.

4.4 The economic contribution of cultural tourism

Cultural tourism is one of the world's largest and fastest-growing tourism markets and Queensland is well-positioned to continue to benefit from this trend. Australia, as a whole, is proud to have its roots in the world's oldest living culture and in more recent times enriched by an incredible breadth of diversity from across the globe.

The contribution of cultural tourism to the Queensland economy arises from international and domestic interstate visitors who travel to Queensland with the main purpose being to participate in arts, cultural and creative activities. Since such visitors may not travel to Queensland in the absence of Queensland art and culture, the expenditure of these visitors can be considered to be induced by Queensland art and culture and an addition to the Queensland economy. This definition of cultural tourism is conservative as it excludes expenditure on art and cultural activities from tourists who travel to Queensland for other purposes (such as a beach holiday). These tourists may travel to Queensland even in the absence of Queensland art and culture, therefore, they are not considered to be induced by Queensland art and culture.

The direct and indirect contribution of **culture-induced tourism**, as defined here, is estimated at approximately **\$70 million in 2016-17**. The direct and indirect employment attributable to cultural tourism is **380 FTEs**.



There is no simple calculation or existing dataset for capturing this expenditure. Tourism Research Australia's Online Portal provides a useful starting point although further primary research would be recommended for a more precise estimate. In light of the data limitations, an intentionally conservation approach is taken.

The approach is separated into a) an expenditure calculation and b) a contribution calculation the details of which can be found in Appendix C.

Finally, it should be noted that this contribution figure should not be aggregated with the previously estimated contribution in Section 4.3 as this would result in double counting. Tourists' expenditure on Queensland art production is a contribution to the Queensland economy from both the production perspective and tourism-induced perspective, hence, is counted in both contribution numbers.

Although there is currently no data to quantify the level of tourism activity induced by Queensland arts, culture and creative sector, a link has been found for international visitors to Australia motivated by film. A Deloitte Access Economics (2016) report found that Australian screen content that is seen by international audiences may be a significant driver of tourism in the country.

The report estimated a "screen inducement rate" of 2.27%, which was the share of international survey respondents that responded affirmative to the following:

- That they came on holiday.
- Had seen Australian film or TV content prior to visiting Australia.
- That the content had increased their interest in visiting Australia.
- That they had visited places in Australia they had seen in Australian film/TV.

Amongst survey results: Over 60% of international tourists recall seeing an Australian film or TV prior to their visit, of those that have seen it, 85% said the content made them more likely to visit Australia. In fact, of the key reasons for visit, 7% were to visit a location in Australian film or TV.

4.5 Broader social and cultural benefits

While it is clear that the arts, cultural and creative sector accounts for a significant share of Queensland's economic activity, the sector also generates social and cultural value that is not captured by market transactions. Ultimately, when measuring social value we are concerned with the things of intrinsic value to individuals that make up society – economists use monetary value as a proxy for such social value, but recognise that benefits (and costs) may extend outside of the realms of the market.

A 'holistic' assessment of the benefits of culture, goes beyond the economic and cultural to encompass the wellbeing, societal and educational value of culture.⁴⁴

Personal experiences

The personal experiences of Queenslanders with arts, cultural and creative activities extends much wider than the narrowly defined production process analysed above. Australians seem to agree that arts are an important dimension of quality of life, with 85% stating that the arts make for a more rich and meaningful life.⁴⁵

As discussed earlier, Queenslanders across the state are extensively **engaged in their arts communities**. In addition to the Australia Council survey finding that 98% of Queenslanders are engaged with the arts⁴⁶, there is a long term trend within the Australian community that the arts are a valued recreational experience. Real expenditure of Australians on paintings, carvings and sculptures, art and craft materials and art gallery and museum charges grew 26% between 2003 and 2011.

Arts have also been found to provide viewers with imaginative, intense, revealing, or meaningful experiences with deep human satisfaction. An individual's thinking can be transformed through active participation in creative processes, debate and identification of divergence, to produce new ways of seeing, knowing and acting in the world. Critical engagement through arts processes can help us to see things from a different perspective and suggest connections between different phenomena that were not previously recognised.

⁴⁴ Creative Partnerships Australia, (2018)

⁴⁵ Australia Council for the Arts, (2015)

⁴⁶ Australia Council for the Arts (2017)

Social benefits

The arts promote social inclusion and connectedness, which in turn forms the foundation of social capital, from which benefits originate and contribute to social welfare.

The Organisation on Economic Co-operation and Development (OECD) measured wellbeing and when doing so, discovered that wellbeing outcomes are increasingly linked to social capital. The report also noted that improved social connectivity facilitates a higher likelihood of employment, better mental health, lower levels of stress, better recovery from health shocks and longer life.⁴⁷

Attempts to measure social well-being often rely on estimating the monetary value that would compensate an individual for a reduction in the utility derived from certain activities, such as participating in arts and culture. Applying a Wellbeing Valuation approach, Fujiwara and Smithies estimated that the overall societal value of arts engagement in Australia could be as high as \$66 billion.⁴⁸

Furthermore there is evidence of direct connections between arts and health. This has been codified at the highest levels of governments with Australia's Health Ministers and Cultural Ministers committing to a National Arts and Health Framework in 2014.⁴⁹ The potential for arts to improve the health of individuals have what is referred to by economists as positive externalities – a benefit of the arts that will not be captured by its price.

As such, the arts, cultural and creative sector can foster and facilitate higher levels of inclusivity, cohesiveness and sense of identity within society, with each contributing to the level of social capital among society.

Cultural benefits

In addition to cultural commercial activities generating economic welfare, these activities also contribute to the non-market cultural wellbeing of Queensland – **they help us tell our story and understand who we are as a people.**

Furthermore, cultural benefits can become institutionalised. The way in which educational institutions and government agencies operate can be transformed through community engagement in arts experiences.

As described in Section 3.3, the arts are also a fundamental medium through which Indigenous Australians capture their beliefs and mythology and communicate these to future generations. The sacred connection between people and the earth remains integral to Indigenous communities today.

Brand Queensland

Another benefit of the Queensland arts, cultural and creative sector is its ability to improve and promote Queensland's international cultural standing. Our creative content can help promote a unique, powerful and positive image of Queensland and the broader Australian culture. This is linked strongly to cultural tourism discussed in Section 4.4.

Queensland-made arts, cultural and creative content transmits the nation's unique ideas and culture to the world stage, which increases the attention, respect and trust it receives around the world from investors, tourists, consumers, the media and governments.

In the music scene, the Go Betweens, the Bee Gees and Powderfinger are all internationally acclaimed music groups who blazed a trail for musicians across the state and who have their roots in Queensland. More recently acts like the Veronicas,

⁴⁷ OECD, (2013)

⁴⁸ Arts Nation, (2015)

⁴⁹ Meeting of Cultural Ministers, (2014)

Violent Soho and the Jungle Giants represent the next generation of Queensland artists taking their talents to global audiences.

The Betoota Advocate is a satirical online newspaper, which purportedly runs out of a town, Betoota, that is in reality, all-but-deserted. The two Sydney-based journalists, pen-named Clancy Overell and Errol Parker, grew up in regional Queensland. They frequently use caricatures of far-west Queensland and its inhabitants in their tongue-in-cheek articles. The meteoric rise of this creative and comedic pair has been an unintended boon for Brand Queensland.⁵⁰

The Betoota Advocate, Australia's oldest newspaper

"As a small and independent regional newspaper from far-west Queensland, we pride ourselves on reporting fair and just news with the authenticity that rivals only the salt on the sunburnt earth that surrounds us here in the Queensland Channel Country."

After taking their newspaper online in 2014, the Betoota Advocate has become a household name. According to traffic estimator website SimilarWeb, The Betoota Advocate's website drew in 1.9 million visitors organically in October 2017 and about 1.1 million in December (a traditionally slow month).

Their larrikin brand of satire has received attention all over Australia and the world, from the Newcastle Herald to the New York Times. Although the business is headquartered out of Alexandria Sydney, the central Queensland backdrop and source of inspiration for the paper is an unintended boon for Queensland's Brand.

Evidence of this is the small, but growing Betoota tourism industry to this all-but-deserted town in central Queensland. Lorraine Kath, 40, who runs a cattle station near the town, says she often sees tourists in the area wearing Betoota Advocate T-shirts. There is a clear cultural effect rippling out from this tongue-in-cheek online news website, all the way to the farthest corners of Queensland.

Arts education and human capital

"To be capable, it is to have a mind of many wonders."(Ewing, 2010)

In an ever-changing world and workplace, creativity, adaptability and resilience are all central to the capacity of the next generation of adults coming out of the formal education system to contribute meaningfully to their communities.

Clarity is important with respect to what is meant when arts and education are discussed concurrently.⁵¹ There can be an allusion to:

1. **Arts education** – the education of arts based disciplines.
2. **Arts *in* education** – the method by which education *uses* art as a medium of learning and pedagogical tool.
3. **Arts *and* education** – emphasising the equal status of both concepts and the reciprocity and interactivity of the relationship between them.

Arts education is facilitated both through formal schooling, but also through supporting hands-on talent development. In 2016-17, the Queensland Government spent \$38.6 million on arts education.⁵²

Arts Queensland is a significant actor within an ecosystem of support for a creative, successful and sustainable arts, cultural and creative sector through development and investment in talent development. This is achieved through mentorship programs, as well as through direct financial support in the form of scholarships, grants and

⁵⁰ Kwai, (2017)

⁵¹ Ewing, (2010)

⁵² Meeting of Cultural Ministers (2017)

University programs. Arts Queensland's **Individuals Fund**, for example, invested \$160,000 in 2016-17 in a range of creative and cultural individual projects. The **Billy Thorpe Scholarship, Carol Lloyd Award and Grant McLennan Fellowship**, are managed and disbursed by Arts Queensland. They seek to provide young musicians with opportunities to foster their talents and take their musical careers to the next level.

Arts *in education*, particularly in schools, can generate both intrinsic and instrumental benefits for individuals.⁵³ **Intrinsic benefits** are those that are not associated with achieving alternative ends, but that are valuable to individuals in their own right. There is a lack of systematic appraisals of the intrinsic benefits of arts experiences, but there are widely held beliefs that they exist. There are several **instrumental benefits**, those that are valuable because they are means to a range of desirable ends, which have been studied including the positive impact that arts education has on cognitive, attitudinal, behavioural and health-related development.

Students educated in Queensland are able to engage with arts in all years of formal schooling as well as in vocational education and training (VET).

The Artists in Residence (AIR) program, supported by Arts Queensland, provides arts and education funding to kindergartens and schools seeking to increase their engagement with arts and culture through partnerships with artists, arts organisations or arts facilities. Programs like this assist the development of creative skills and knowledge across the curriculum.

Taking stock of the fundamental role that the arts, cultural and creative sector plays in Queensland's current and likely future economy, there is an ongoing policy imperative to be mindful of the interrelationship between **arts and education**. The education system has an important role to play in ensuring that Queenslanders are well-prepared to remain creative and competitive within the future economy.

Environmental Art Showcase - Artists in Residence Program

The Artists in Residence (AIR) program 2017-18 provided arts and education funding to kindergartens and schools seeking to increase their engagement with arts and culture through partnerships with artists, arts organisations or arts facilities.

From February to March 2017, the Paluma Environmental Education Centre (EEC) received support through the Artist in Residence (AIR) program for the Environmental Art Roadshow project

Funding was provided to support an artist and teacher travelling to 22 small, rural schools in North Queensland to deliver visual arts lessons to students from Prep to Year 6.

Students explored their school environment, studying colours in the local landscape and collecting fallen leaves from local trees. Using 'fresh eyes' students used these natural materials as inspiration to create a background for their artwork using watercolour techniques, such as colour washes, masking and salt dusting.

By encouraging students to think about and engage with their natural environment differently, this Artist in Residence case study demonstrates how art can enrich existing education curricula.



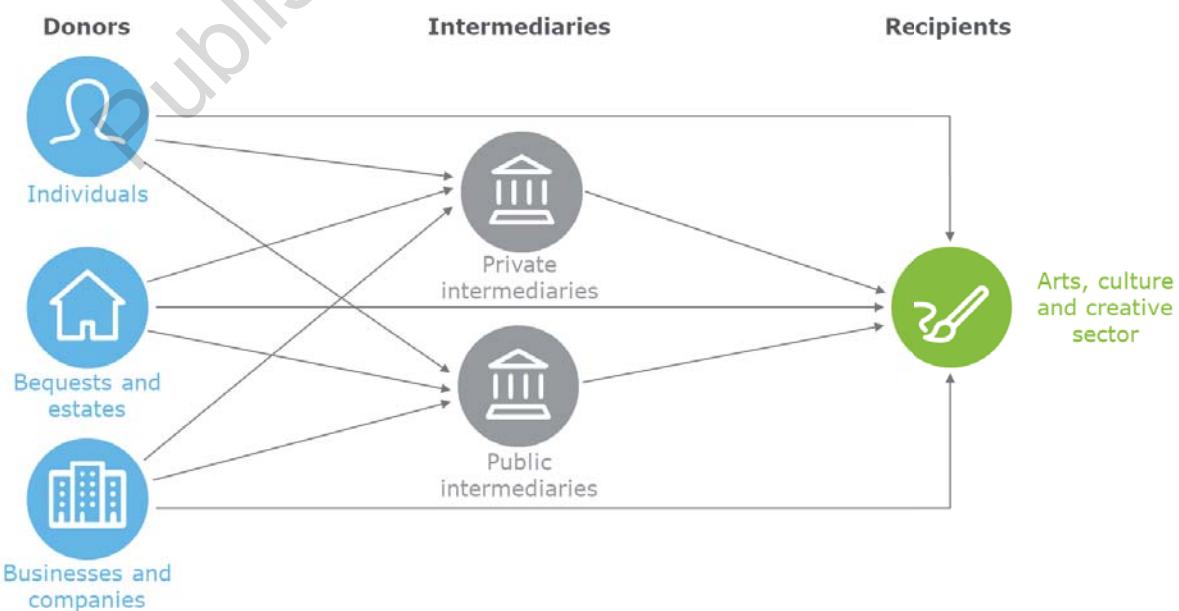
5 Investment in the sector

- National private investment in arts, culture and creative sector was estimated to be between \$268.5 m and \$279.8 m in 2015-16. Using Queensland's historical share of national private investment in the sector, around \$27 m was received by arts, cultural and creative activities in the state.
- The Tim Fairfax Family Foundation is the largest philanthropic donor in Queensland arts, culture and creative projects, giving \$4.2 m to Queensland and Northern Territory projects in 2016-17.
- Crowdfunding is a rapidly growing source of funds for artists in Australia and was valued at \$5 m in 2013/14 nationally.
- Queensland Major Performing Arts Groups only received 9% of federal spending on similar organisations in other states in 2017. New South Wales received 41% of this investment.
- Queensland has the lowest state government per person expenditure on the arts, culture and creative sector of all states in Australia, although the definitions of the sector varies slightly by state.
- Local government spending in Queensland represents a significant share of public investment in the sector and is particularly important in fostering the industry in regional and remote parts of the state.

5.1 Overview of investment in the arts, cultural and creative sector in Queensland

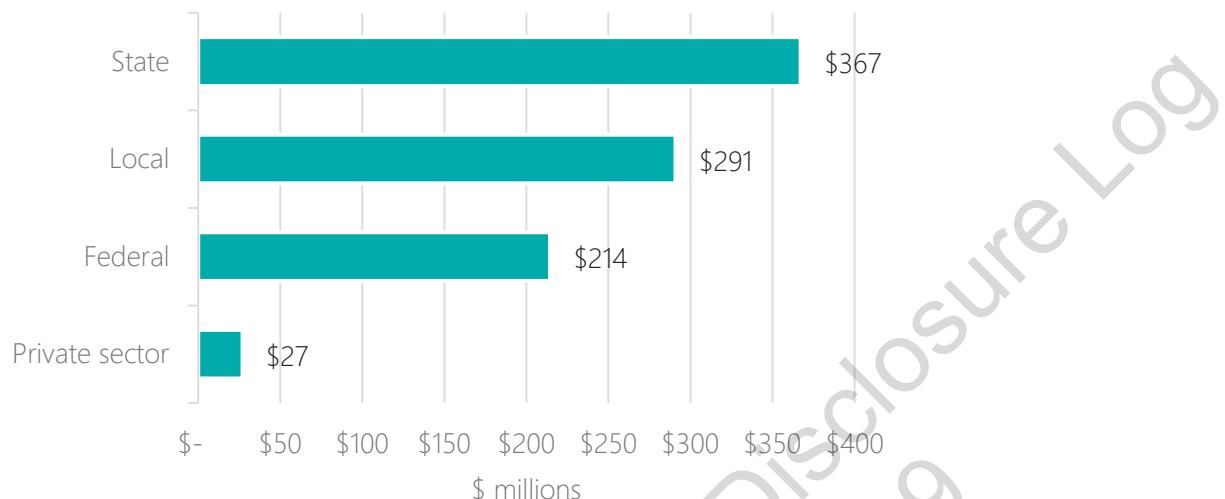
Support for and investment in the arts, cultural and creative sector comes from a range of sources (Figure 5.1). These funds include non-earned income received by the sector. The format in which funds are transferred can range from one-off donations to long-term sponsorship deals.

Figure 5.1 Investment in the arts, cultural and creative sector



Currently, entities based in New South Wales and Victoria attract the lion's share of investment in the sector. Queensland receives disproportionately less private and public investment relative to its share of Australia's population.

Figure 5.2 Private investment in Queensland arts, cultural and creative sector by source, 2016-17 in \$ millions



Source: Deloitte Access Economics

Note: Federal funding data is not disaggregated by state. To get an illustrative estimate, the proportion of funding that Queensland Major Performing Arts Groups receives (9%) is applied to the total federal funding number. Private sector funding is also an estimate, based on Queensland's historical share of private investment. The most recently available estimates of private sector funding are 2015-16.

5.2 Private investment – for-profit and philanthropic

Private sector support for the arts — whether from individuals or business entities — plays an important role in providing a supportive and sustainable environment in which the arts can thrive.

A comprehensive study by the Bureau of Communications and Arts Research (BCAR) combined data from the Australian Business Arts Foundation (AbaF) (a precursor to Creative Partnerships Australia), the Australian Bureau of Statistics and the Australian Major Performing Arts Group. This study used statistical techniques to fill gaps in data and conclude that **private sector funding of the arts nationally was between \$268.5 million and \$279.8 million in 2015-16.⁵⁴** This includes both private giving and sponsorship.

This study did not disaggregate its estimates by state. The last recorded AbaF survey in 2008-09 estimated private sector investment by state and found that Queensland attracted 10% of the national share, or \$22 million in 2008-09 dollars.⁵⁵ New South Wales and Victoria attracted the lion's share of funding at around 71%.⁵⁶

If Queensland's share of national private investment was similar in 2015-16, Queensland would have attracted approximately \$27 million in private investment.

Zooming in on a subset of this aggregated Queensland estimate, a detailed understanding of the major philanthropic organisations in Queensland is provided. There are three prominent private philanthropic organisations in addition to the

⁵⁴ BCAR, (2017)

⁵⁵ AbaF, (2010)

⁵⁶ Ibid.

variety of private sector organisations that engage in sponsorship investment and philanthropic support (an example is provided in Box 5.1). The major philanthropic organisations operating in the Queensland sector are:

1. **Tim Fairfax Family Foundation** – supports rural, regional and remote communities in Queensland and the Northern Territory to address the particular challenges they face due to their geographic location.
2. **Ian Potter Foundation** – funds a range of initiatives within the arts, cultural and creative sector, but is primarily interested in building the calibre and capacity of arts organisations and supporting them to raise the bar of aspiration and achievement.
3. **John Viliers Trust** – through supporting arts and culture, the John Viliers Trust looks to engage rural audiences to foster creativity for youth and enable participation by disadvantaged people across Queensland.

The grants funding of these organisations is provided in Table 5.1. The Tim Fairfax Foundation is the largest contributor in Queensland. Only grants provided to projects and organisation based in Queensland are included. It should be noted that these figures do not include co-sponsorship of grants with public institutions.

Table 5.1 Summary of grant funding in Queensland arts, cultural and creative sector, 2016-17

Tim Fairfax Family Foundation	\$1.6 million ⁵⁷
Ian Potter Foundation	\$0.3 million
John Viliers Trust	\$0.2 million

Leveraged investment

Using public funds to leverage private investment is a growing trend within the arts, cultural and creative sector. Creative Partnerships Australia (CPA), categorised as a public intermediary in Figure 5.1, is a key actor in facilitating public-private investment in the sector. For example, through two matched funding programs, Plus1 and MATCH, \$1.4 million was granted to 61 organisations, artists and artistic groups in 2016-17, amplifying \$1.8 million in private fundraising.⁵⁸

CPA, among others, recognise that there is nevertheless a dearth of recent, aggregated data measuring the state of private investment through business entities into the arts, cultural and creative sector at a state or national level.⁵⁹

Queensland had a state-based private investment promotion instrument, the Arts Leverage Fund, which concluded in 2017. In 2016-17, the Queensland government matched approximately \$995,000 in private funding dollar-for-dollar, for a total of \$1.99 million. This funding supported organisations across the sector, from the Queensland Theatre Company, to the Vulcania Women's Circus, to the Indigenous Arts Centre Alliance.

⁵⁷ According to Deloitte Access Economics calculations.

⁵⁸ Creative Partnerships Australia, (2018)

⁵⁹ Westwood, (2017)

Project DIG – a Queensland Museum and BHP Partnership

The Queensland Museum will use 3D scanning to digitise and visualise extinct supersized species of mammals, reptiles and marsupials found at a central Queensland mine during the past decade.

The world-class technology will also share the museum's research with Australian students and international scientists and has been made available thanks to a \$7.6 million partnership, between the Queensland Museum and global resources company BHP, called Project DIG (Digital Infrastructure Growth).

From a primary school in Mackay, to a university lab in Germany, this valuable research can be shared and accessed from anywhere in the world. This innovative engagement of the private sector in arts, culture and creative investment is a promising example that can be learnt from.

Source: Crockford, (2018b), Queensland Museum to 3D scan extinct supersized species found at mine. The Brisbane Times.



Crowdfunding

Crowdfunding is the practice of funding a project or venture by raising money from a large number of people each of whom contribute a relatively small amount. Lower transaction costs enabled by large scale and secure internet platforms like Pozible and Kickstarter have made this approach a viable strategy for those in the arts, culture and creative sector.

In 2013–14, Australian arts projects raised nearly \$5 million through four major crowdfunding sites.⁶⁰ Although more up-to-date figures are not available, it appears likely, given the rapid annual growth rate in this sector, that there is an even larger pool of crowdfunded contributions in the arts, cultural and creative sector in 2016–17.

While the total pool of crowdfunding is likely to be growing at a national level, there is evidence to suggest that its popularity as a funding tool in the Queensland arts, cultural and creative sector may be diminishing.

An Australia Council survey in 2017 found that the share of Queenslanders who reported giving to a crowd funding effort in the arts, cultural and creative sector fell from 7% in 2013 to 5% in 2016.⁶¹ This follows the overall trend reduction in Queenslanders giving to the sector through any format, with a 5 percentage point

⁶⁰ Australia Council of the Arts, (2015)

⁶¹ Australia Council

reduction from 26% to 21% over the same period. At the national level, the share was 27% in 2016.

An Australia Council for the Arts report found that crowdfunding had one of the highest success rates in receiving funding of all recorded funding sources, yet was one of the lowest in the share of surveyed artists that chose to access this source of funding.⁶²

5.3 The role of government investment

Government funding currently plays a central role in many parts of the arts, cultural and creative sector. The most recently available statistics on public arts, cultural and creative spending compiled on behalf of the Meeting of Cultural Ministers. In reconciling these numbers with the contribution estimated in Chapter 3.1, cultural funding is limited

Australian Government

In 2016-17, the Australian Government spent \$2,383.8 million on cultural expenditure. Reporting on the destination of aggregate federal funding is not broken down by states across all cultural activities. Since the 2013 Federal Election, total federal spending growth in arts and culture has been subdued due to a three-year freezing of indexation on grants to local governments. From 2017-18 this indexation has been restored.

A significant funding category within federal cultural expenditure is that which is allocated to Major Performing Arts (MPA) Organisations. Queensland has four such organisations – Queensland Ballet, Queensland Theatre, Queensland Symphony Orchestra and Opera Queensland.⁶³ Since 2001, this funding has been dispersed through the MPA Framework by the Australia Council for the Arts. Current allocation ratios sees Queensland receive 9% of this funding (Table 5.2). New South Wales and Victoria, who have ten and six MPA Organisations respectively, receive 42% and 26% of this funding.

Table 5.2 Total Federal funding for MPA Organisations, 2017

State	Number of MPA Australia Council based in state	A C % weighting per state	State Funding (\$m)	Total Funding (\$m)
Qld	4	9%	\$12.7	\$22.4
NSW	10	42%	\$11.8	\$57.1
WA	4	8%	\$8.9	\$18.0
Vic.	6	27%	\$7.3	\$35.9
SA	3	8%	\$6.6	\$15.7
Tas.	1	6%	\$1.5	\$8.1
Total	28	100%	\$48.8	\$157.3

Source: Department of Environment and Science, (2018)

The Australian Government and the associated Australia Council of the Arts and Creative Partnerships Australia, play an important role in leveraging public resources to attract private support and investment.⁶⁴

⁶² Throsby & Petetskaya, (2017)

⁶³ Department of Environment and Science, (2018)

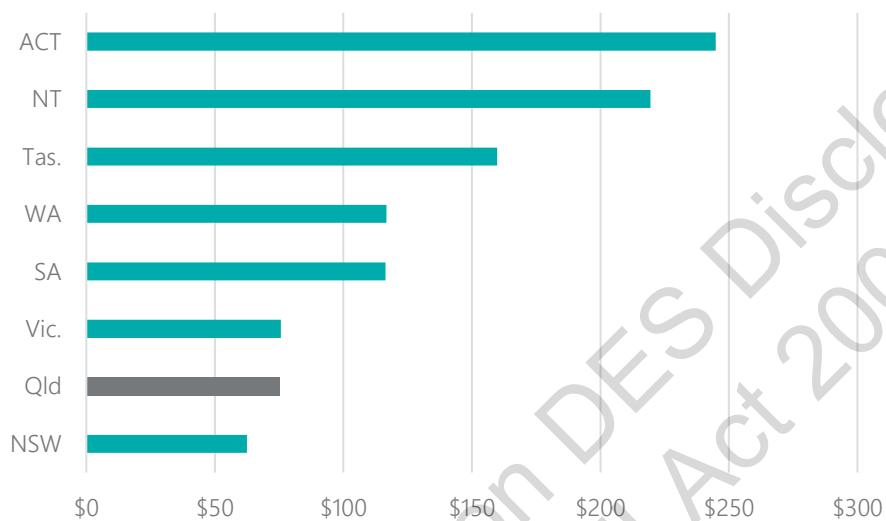
⁶⁴ CPA, (2018)

Queensland Government

In 2016-17, the Queensland Government spent \$367.1 million on cultural expenditure, making up 16% of the total cultural expenditure funded by state and territory governments (\$1,973.1 million). State and territory governments were estimated to have contributed 33.7% of national government heritage and arts funding.

According to a report by the Meeting of Cultural Ministers (MCM) Statistics Working Group, Queensland has the second lowest cultural expenditure per person of all Australian states and territories at \$75.17 per capita in 2016-17 (Figure 5.3). It should be noted that the classification of cultural activities does vary across states, so direct comparability needs to be conscious of this fact.

Figure 5.3 Per capita cultural expenditure by state and territory governments in 2016-17



Source: MCM Statistics Working Group (2018)

In May 2018, for example, the Queensland Government committed \$125 million over four years to support the establishment of a new theatre as part of the QPAC complex in Brisbane.⁶⁵ There is significant funding that is also directed to regional parts of the state through the Regional Arts Development Fund.

Local Government

In 2016-17, local government in Queensland spent \$290.9 million on the arts, cultural and creative sector.⁶⁶ Federal government grants to local governments had their indexation frozen from 2014-15 up to and including 2016-17. While indexation was restored in 2017/18, the real local government expenditure on arts and culture was constrained by a falling real federal government income.⁶⁷

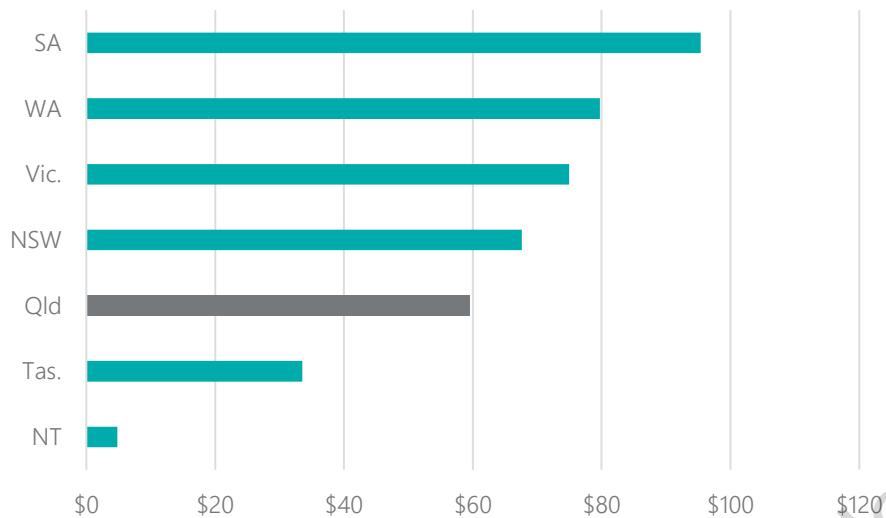
Similar to state-level per capita cultural funding, local government funding in Queensland ranks relatively poorly. Almost \$60 of local government funding goes into the arts, cultural and creative sector for every Queenslander (Figure 5.4).

⁶⁵ Crockford, (2018a)

⁶⁶Ibid.

⁶⁷ IBISWorld (2018)

Figure 5.4 Per capita local government cultural expenditure by state in 2016-17



Source: MCM Statistics Working Group (2018)

In 2018-19, the Queensland Government recently announced a major boost to regional arts funding through the Regional Arts Development Fund (RADF), which uses state funds to leverage funding from local governments. The State, through Arts Queensland, will allocate \$2.08 million to the RADF, leveraging \$2 million from local governments across Queensland.

Local government-supported arts festivals and events are an important driver of regional tourism and in fostering a sense of community in regional jurisdictions.⁶⁸ Local government funding in the arts, cultural and creative sector, is also essential in supporting invaluable community-building initiatives, like the "Laughter in the Outback" program in Barcoo.

Laughter in the outback

Barcoo shire in Western Queensland is home to approximately 340 people living over a vast area of 61,974 sq km. It is one of the many local councils in Queensland affected by drought.

Distance, time and drought conditions can limit opportunities to attend and participate in community events in Barcoo, impacting on the wellbeing and mental health of individuals as well as the overall community. Attempts to provide opportunities to socialise such as afternoon teas are often attended by women with few men attending.

The *Dry Humour – breaking the drought with laughter* stand-up comedy show and accompanying workshops saw a third of Barcoo's residents – some travelling as far as 247 km to be there – descended on Windorah for a relaxing and entertaining evening, giving many an outlet from the challenges of drought and isolation.

Source: Arts Queensland, 2017

⁶⁸ TRA, (2014)

18-486

6 Industry Outlook: Future Trends and Challenges

6.1 Introduction

The arts, cultural and creative sector faces many of the same future challenges that are confronting all industries throughout Australia. Technology innovation is changing how clients engage with products and the security of IP. Meanwhile, the changing nature of competition is enhancing competition for skilled workers and forcing many supply chains to become vertically integrated in an attempt to create greater value-add. This chapter explores future challenges and trends of the sector and what that means strategically for the arts, cultural and creative sector in Queensland.

6.2 Factors shaping the Queensland arts, cultural and creative sector in the future

1. Digital Disruption



The Challenge

Technology is changing the way that value is created within the sector. More skills are being out-sourced to technology and at a lower cost, barriers to competition are declining through online marketplaces and intellectual property is becoming less secure through fast paced internet.

Impact



The expansion of remote access:
Online marketplaces and vertical supply chains will provide rural organisations with greater access to consumers and supply chains.



Less secure intellectual property:
Improvements in technology and the increasing speeds of the internet increase the ease of illegal or informal consumption of arts products, such as illegal downloads of music. This will force industries to alter the way in which they engage with consumers and will ultimately shape revenue streams to artists in the future.



Enhanced consumer experiences:
Consumers will have new methods by which to engage in the sector (such as through virtual technology). This will not only enhance consumer engagement and experiences, but will also allow more consumers to participate in the sector, such as in rural and remote communities.

Response



Invest in the future:

The sector should invest in the technology and infrastructure of the future. Government investment should be targeted towards rural areas to ensure that they do not fall behind.



Expansion to new markets:

Queensland should take advantage of a reduction in boundaries due to technology and exploit its unique art products to broaden export opportunities for the sector and enhance the 'Queensland' brand.



Embrace technology:

The sector should target investment to technology that will enhance consumer experience in order to better compete in an increasingly flat playing field.

2. Future Workforce



The Challenge

The workforce of the arts culture and creative sector faces a number of challenges. Firstly, growing demand for creative skills in all sectors of the economy is putting external pressure on the sector to retain skills. Secondly, internal pressures such as low and sporadic returns for many artists is increasing the difficulty of sustaining a career for many in the sector. Finally, constant competitive pressures are present from the larger NSW and Victoria arts, culture and creative sectors.

Impact



Skilled Workers Supply Shortage:

The sector faces a number of challenges in attracting and retaining high skilled workers. Lower potential incomes and greater competition from other sectors and cities are some of the challenges to attracting and retaining skills in the future.



Increasing returns to creative workers:

Growing demand for creative workers, particularly in non-creative fields, will increase the returns to idea creation, spurring greater innovation.



Increase in freelance workers:

In the future, there will be an increase in free-lance workers as overhead costs will be lowered by technology. This will increase competition which will encourage innovation.

Response



Collaborations with industry:

The sector produces positive industry spill-overs, such as through design, creative thinking and innovation. This impact can be enhanced through greater collaborations with external organisations and industries. By doing so, the sector will improve the creative skills of the national workforce.



Investment in rural employment:

The sector needs to ensure that rural regions do not continue to fall behind. Ensuring that rural regions are able to compete for high skilled workers is essential for the Queensland sector.



Invest in the future:

Increasing the pathways into stable employment and on-the-job training is essential for attracting, building and retaining the skills within the sector. Evidence suggests that young job-seekers value these assets of an organisation above all other factors. Organisations should take the lead in cultivating these skills and making sure that careers are accessible to young professionals.

3. Competition



The Challenge

The arts, culture and creative sector is characterised by intense competition. With advances in technology decreasing the barriers of entry and reducing the costs of production throughout the sector, competition is expected to intensify. Specifically, there is expected to be an increase in competitiveness of freelance workers who target niche segments of the industries.

Impact



Increased competition for private funding:

The sector faces many challenges in competing internally and externally for private investment, particularly due to lower monetary returns than other investment opportunities, such as sports sponsorship.



Increased Innovation:

Increased competition among firms will result in organisations seeking to create efficiencies by embracing technology.



Increase in Specialisation:

Increased competition will force many organisations to increase specialisation in order to maintain a competitive edge – resulting in higher quality products.

Response



Promote impacts:

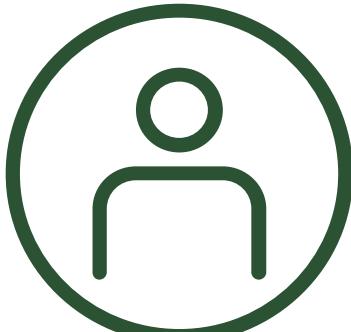
To attract private investment, creative organisations should ensure that they are promoting the way in which they can add value to investing organisations, whether that is through skill-transfers (prepping external organisations with soft skills) or the broader social impact and value to the community.



Focus on Niche Markets:

Organisations will need to increase their ability to specialise in niche markets due to lower-cost options from overseas. Niche offerings can create greater value and help to develop strong relationships with customers.

4. Consumer Preferences



The Challenge

Consumer preferences are changing. Technology, e-commerce and social media are altering the way that consumers choose to engage with, shop and purchase arts and cultural products. Consumers are also demanding tailored designs, more try-before-you-buy opportunities and are searching for personalised experiences rather than material goods. Anticipating changes in consumer preferences and how this will impact the arts, culture and creative sector is vital for the sustainability of the sector.

Impact



Increase demand for lower-cost experiences: The internet has de-valued experiences and increased the demand for online trials and sampling. This will continue to hurt industry revenues in the future.



Online retailing will prevail: The traditional value chain will be impacted negatively as retailers and wholesalers will continue to be bypassed in favour of online options. However, this will spur growth in niche segments of the industry, with creators having greater control of their products and offering higher quality offerings.



Customisation: Consumers will increasingly demand customisable products and experiences. This will increase innovation in the sector and create more opportunities for regional and smaller organisations.

Response



Have an online presence:

Whether it is an art museum or a jewellery retailer, online engagements will be vital. Offering virtual exhibition experiences will ensure that quality is communicated to the consumer.



Empower consumer preferences:

Integrating the design stage of the value chain with manufacturing will enable an organisation to meet the demands of the future consumer.

References

- ABC (2018). Queensland's interstate migration surges amid solid jobs growth, Deloitte concludes. Retrieved from <https://www.abc.net.au/news/2018-04-23/queensland-economy-surge-interstate-migration-rises-deloitte/9687288>
- ABS, (2012), Cultural Funding by Government 2011-21. cat. no. 4183.0. Retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4183.02011-12?OpenDocument>
- ABS, (2018), Interstate Migration by State and Territories of Arrival and Departure by Sex. Quarterly, cat. no. 3101.0. Retrieved from <http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS DEM QIM>
- ABS, (2018), Australian National Accounts: State Accounts, Table 4: Expenditure, Income and Industry Components of Gross State Product, Queensland. Annual, cat. no. 5220.0.
- Acker & Woodhead. (2014). The Art Economies Value Chain report: Methodology and Art regions. *Cooperative Research Centre for Remote Economic Participation Research Report CR005*. Ninti One Limited, Alice Springs.
- Arts Queensland. (2017a). 10 Facts – Queensland's Cultural Jobs. Retrieved from <https://www.arts.qld.gov.au/aq-blog/10-facts-queenslands-cultural-jobs>
- Arts Queensland. (2017b). Backing Indigenous Arts, Retrieved from <http://www.arts.qld.gov.au/backing-indigenous-arts>
- Australia Council for the Arts (2015). Arts Nation: An Overview of Australian Arts, 2015 Edition. Sydney. Retrieved from <http://www.australiacouncil.gov.au/workspace/uploads/files/arts-nation-october-2015-5638269193891.pdf>
- Australia Business Arts Foundation. (2010). AbaF Survey of Private Sector Support: Measuring private sector support for the arts in 2008-09 Retrieved from <http://apo.org.au/system/files/15142/apo-nid15142-14126.pdf>
- Bakhshi, H., Freeman, A., & Higgs, P. L. (2012). A dynamic mapping of the UK's creative industries.
- Bureau of Communication and Arts Research. (2017). Private sector support for the arts in Australia: Background statistical paper
- Copyright Agency. (2018). Resale Royalty. Retrieved from <https://www.resaleroyalty.org.au/>
- Creative Partnerships Australia. (2018). Annual Report 2016/17. Retrieved from https://www.creativepartnershipsaustralia.org.au/wp-content/uploads/2017/10/CPA_70p_B5_AnnualReport2016-17.web_FA.pdf
- Crockford, T. (2018a, 27 May). New \$150m theatre to help 'bursting at the seams' QPAC host world premieres. The Brisbane Times. Retrieved from <https://www.brisbanetimes.com.au/national/queensland/new-150m-theatre-to-help-bursting-at-the-seams-qpac-host-world-premieres-20180527-p4zhsg.html>
- Crockford, T. (2018b, 12 August). Queensland Museum to 3D scan extinct supersized species found at mine. Retrieved from

<https://www.brisbanetimes.com.au/national/queensland/queensland-museum-to-3d-scan-extinct-supersized-species-found-at-mine-20180812-p4zwzb.html>

CIAF. (2017). Cairns Indigenous Art Fair Annual Report 2017. Retrieved from
<https://ciasf.com.au/sites/default/files/pdf/publication/CIAF%202017%20REPO%20Final.pdf>

Cunningham & McCutcheon. (2016). The Creative Economy in Australia. *Queensland University of Technology*. Retrieved from
<https://research.qut.edu.au/dmrc/wp-content/uploads/sites/5/2018/03/Factsheet-1-Creative-Employment-overview-V5.pdf>

De Bono, E. (2015). Serious Creativity: How to be creative under pressure and turn ideas into action: Random House.

Delaney, B. (2016, 18 April). How do you buy Indigenous Australian art ethically?. *The Guardian*. Retrieved from
<https://www.theguardian.com/artanddesign/2016/apr/18/how-do-you-buy-indigenous-australian-art-ethically>

Deloitte Access Economics. (2018). *Screen Queensland Business Strategy Review*.

Durrant-Whyte, H., McCalman, L., O'Callaghan, S., Reid, A., & Steinberg, D. (2015). *The impact of computerisation and automation on future employment. Australia's future workforce?*, Committee for Economic Development of Australia

Environment and Science, Queensland Government. (2015). Arts grants expenditure 2014-15 API, licensed under Creative Commons Attribution 4.0 sourced on 12 September 2018

Environment and Science. (2018). Statement from Minister Enoch on federal arts funding. Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts;The Honourable Leeanne Enoch,. Retrieved from <http://statements.qld.gov.au/Statement/2018/7/20/statement-from-minister-enoch-on-federal-arts-funding>

Ewing, R. (2010). *The arts and Australian education : realising potential* / Robyn Ewing. Camberwell, Vic.: ACER Press.

Helliwell, J. F., Huang, H., & Wang, S. (2017). The social foundations of world happiness. *World Happiness Report 2017*, 8.

IbisWorld. (2018a). Business Environment Profiles: Government funding for heritage and arts

IBISWorld (2018b), Industry Report J5520: Music Publishing and Sound Recording in Australia.

IBISWorld (2018c), Industry Report P8210: Art and Non-Vocational Education in Australia.

IBISWorld (2018d), Industry Report R9003: Performing Arts Venues in Australia.

IBISWorld (2018e), Industry Report R8910: Art Galleries and Museums in Australia.

IACA. (2017a). Indigenous Arts Centre Alliance: Annual Report 2016-17. Retrieved from
<https://iaca.com.au/sites/default/files/pdf/2017%20Annual%20Report%20email.pdf>

- IACA. (2017b). IACA Strategic Plan 2016-21. Retrieved from
<https://iaca.com.au/sites/default/files/pdf/Final%20IACA%20Strategic%20Plan0.pdf>
- Kwai, I. (2017). The Betoota Advocate, a Fake News Site Australians Really Love. *The New York Times*
- Land, M.H. (2013). Full STEAM Ahead: The Benefits of Integrating the Arts Into STEM. *Procedia Computer Science*. 20, 547 – 552
- Martin, A.J., Mansour, M. anderson, M., Gibson, R., Liem, G.A.D., Sudmalis, D. (2013). The Role of Arts Participation in Students' Academic and Nonacademic Outcomes: A Longitudinal Study of School, Home and Community Factors. *Journal of Educational Psychology*, 105 (3), 709-727
- Mason, C., Brown, R. (2013). Entrepreneurial ecosystems and growth oriented entrepreneurship. Organisation for Economic Co-operation and Development: Background paper. Retrieved from
<https://www.oecd.org/cfe/leed/Entrepreneurial-ecosystems.pdf>
- McCarthy, K.F., Ondaatje, E.h., Zakaras, L., Brooks, A. Gifts of the Muse: Reframing the Debate About the Benefits of the Arts. Santa Monica, CA: RAND Corporation, 2004. Retrieved from <https://www.rand.org/pubs/monographs/MG218.html>.
- MCM Statistical Working Group. (2017). Cultural Funding by Government 2015-16.
- Meeting of Cultural Ministers. (2014). National Arts and Health Framework. Retrieved from
<https://www.arts.gov.au/sites/g/files/net1761/f/National%20Arts%20and%20Health%20Framework%20May%202014.pdf>
- Meeting of Cultural Ministers, (2017), Cultural Funding by Government, Australia 2016-17. Retrieved from <https://www.arts.gov.au/sites/g/files/net1761/f/cultural-funding-by-government-australia-2016-17-data.pdf>
- Organisation for Economic Co-operation and Development (OECD) (2015). The OECD Innovation Strategy: Getting Ahead of Tomorrow.
- O'Connor, J. (2011). Arts and creative industries: a historical overview. Australia Council for the Arts. Retrieved from
https://eprints.qut.edu.au/43834/1/Arts_and_creative_industries.pdf
- Organisation for Economic Co-operation and Development (2013). How's life? 2013 : measuring well-being. Paris : OECD Publishing.
- Organisation for Economic Co-operation and Development. Organisation for Economic Co-operation and, D. (2015). The innovation imperative : contributing to productivity, growth and well-being / OECD. Paris : OECD Publishing.
- QGSO. (2017a). Employed persons by industry, Queensland, 2007-08 to 2017-18. Retrieved from <http://www.qgso.qld.gov.au/products/tables/employed-persons-industry-qld/index.php>
- QGSO. (2017b). Gross state product at factor cost by industry and main components, Queensland, 2016-17. Retrieved from
<http://www.qgso.qld.gov.au/products/tables/gsp-factor-cost-industry-components/index.php>
- QGSO. (2017c). International visitors by Queensland Tourism region, 2006-7 to 2016-17. Retrieved from <http://www.qgso.qld.gov.au/products/tables/internat-visitors-qld-tourism-region/index.php>

Queensland, A. (2017). Art sessions provided additional resources for North Queensland students and educators, enriching their experiences with artistic creativity and the natural environment. Retrieved from <https://www.arts.qld.gov.au/judith-wright-centre-brisbane/arts-queensland/aq-case-studies/investment-program/artist-in-residence-program/environmental-art-showcase>

Scott, A. J. (2006). Creative Cities: Conceptual Issues and Policy Questions. *Journal of Urban Affairs*, 28(1), 1-17.

Tadros, E. (2017). Financial Review Top 100 Accounting Firms 2017. *The Australian Financial Review*. Retrieved from <https://www.afr.com/business/accounting/financial-review-top-100-accounting-firms-2017-20171113-gzk50e>

Taylor, A. (2017, 26 September). Australian music industry the sixth largest in the world as indie sector thrives. *The Sydney Morning Herald*. Retrieved from <https://www.smh.com.au/entertainment/australian-music-industry-the-sixth-largest-in-the-world-as-indie-sector-thrives-20170925-gyol2v.html>

Throsby, D., & Petetskaya, K. (2017). Making Art Work: An Economic Study of Professional Artists in Australia.

Tourism, & Research Australia. (2014). Events: Drivers of regional tourism. Retrieved from https://www.tra.gov.au/ArticleDocuments/174/DVS_Events - Drivers_of_Regional_Tourism_FINAL_04082014.pdf.aspx?Embed=Y

Vella, Homan & Redhead. (2016, 28 November). Music industry faces digitisation challenges, but all is not lost. *ABC*. Retrieved from <http://www.abc.net.au/news/2016-11-28/why-music-is-not-lost/8055044>

Westwood, M. (2017, 10 July). Private funding of arts shows healthy growth. *The Australian*

Appendix A: Industries and occupations included in economic contribution scope

This section provides the industry and occupation definitions that are considered to be part of the arts, cultural and creative sector in Queensland.

A.1. Changes to scope from Cultural and Creative Activity Satellite Accounts

The following four exclusions from the original ABS Cultural and Creative Activity Satellite Account are listed below. These were excluded either due to being deemed to fall outside the organisational remit of Arts Queensland (points one to three) or for improved comparability with other similar creative sector analyses (point four).

1. Video and screen-related industries (5511, 5512, 5513, 5514 and 6632)
2. Adult, community and other education, and educational support services (8219 and 8220)
3. Zoological and botanical garden operation (8921 and 8922)
4. Retailing is excluded (ANZSIC class 4242, 4244, 4251, 4252, 4253, 4259 and 4273)

A.2. Arts, cultural and creative industries

The industries included in the arts, cultural and creative sector in Queensland. For reference, the 2016 Census employed persons in Queensland for each ANZSIC class is included. These total the 66,200 employed persons in the arts, cultural and creative industries listed in the 'creative trident' method in Figure 4.2. A number of ANZSIC class employment numbers have been adjusted in cases where the ABS methodology deemed them to only be "partially in-scope" for the cultural and creative activity.⁶⁹

⁶⁹ The primary method of splitting the IOIG data to smaller industry levels would be to use the product details tables published as part of the input-output suite. The product details tables contain the value of Australian production for the 1,284 product categories in the ABS' Input–Output Product Classification (IOPC). Each product category represents the goods and services characteristic of an industry and can be mapped to the ANZSIC classes in which they are produced.

Table A.1 ANZSIC classes included in the arts, cultural and creative sector definition

ANZIC06 class	ANZSIC in 08/09 Satellite account	IOIG in 08/09 Satellite account	Census 2016 employed persons in Queensland
Clothing Manufacturing	1351	1305	1,575
Footwear Manufacturing	1352	1306	92
Printing	1611	1601	4,192
Printing Support Services	1612	1601	247
Reproduction of Recorded Media	1620	1601	33
Jewellery and Silverware Manufacturing	2591	2502	415
Clothing and Footwear Wholesaling	3712	3301	1,511
Jewellery and Watch Wholesaling	3732	3301	45
Newspaper Publishing	5411	5401	2,533
Magazine and Other Periodical Publishing	5412	5401	478
Book Publishing	5413	5401	445
Other Publishing (except Software, Music and Internet)	5419	5401	47
Software Publishing	5420	5401	122
Music Publishing	5521	5501	11
Music and Other Sound Recording Activities	5522	5501	154
Radio Broadcasting	5610	5601	1,089
Internet Publishing and Broadcasting	5700	5701	135
Internet Service Providers and Web Search Portals	5910	5701	1,293
Libraries and Archives	6010	6001	1,217
Other Information Services	6020	6001	18
Architectural Services	6921	6901	6,651
Other Specialised Design Services	6924	6901	4,371
Advertising Services	6940	6901	4,507
Professional Photographic Services	6991	6901	2,283
Computer Systems Design and Related Services	7000	7001	23,139
Arts Education	8212	8210	3,187
Museum Operation	8910	8901	1,106
Performing Arts Operation	9001	8901	895
Creative Artists, Musicians, Writers and Performers	9002	8901	3,454
Performing Arts Venue Operation	9003	8901	1,016

A.3. Arts, cultural and creative occupations

The following occupations are defined as being part of the arts, cultural and creative sector in Queensland. These are used in calculations in Section 3.5 and Figure 4.2.

Table A.2 ANZSCO 2006, at the 6-digit level

Advertising, Public Relations and Sales Managers nfd	131100	Book or Script Editor Film, Television, Radio and Stage	212212 212300
Advertising Manager	131113	Directors nfd	
Public Relations Manager	131114	Art Director (Film, Television or Stage)	212311
Arts Administrator or Manager	139911	Director (Film, Television, Radio or Stage)	212312
Environmental Manager	139912		
Antique Dealer	142112		
Arts and media professional	210000	Director of Photography	212313
Arts professionals nfd	211000	Archivists, Curators and Records Managers nfd	224200
Actors, Dancers and Other Entertainers nfd	211100	Archivist Gallery or Museum Curator	224211 224212
Actor	211111	Librarian	224611
Dancer or Choreographer	211112	Advertising and Marketing Professionals nfd	225100
Entertainer or Variety Artist	211113		
Actors, Dancers and Other Entertainers nec	211199	Advertising Specialist Marketing Specialist	225111 225113
Music Professionals nfd	211200	Public Relations Professional	225311
Composer	211211	Architects, designers, planners and surveyors	232000
Music Director	211212	Architects and Landscape Architects nfd	232100
Musician (Instrumental)	211213		
Singer	211214	Architect	232111
Music Professionals nec	211299	Landscape Architect	232112
Media Professionals nfd	212000	Fashion, Industrial and Jewellery Designers nfd	232300
Artistic Directors and Media Producers and Presenters nfd	212100	Fashion Designer Industrial Designer	232311 232312
Artistic Director	212111	Jewellery Designer	232313
Media Producer (excluding Video)	212112	Graphic and Web Designers and Illustrators nfd	232400
Radio Presenter	212113	Graphic Designer	232411
Television Presenter	212114	Illustrator	232412
Authors and Book and Script Editors nfd	212200	Multimedia Designer	232413
Author	212211	Web Designer	232414

Interior Designer	232511	Graphic Pre-press Trades Worker	392211
Urban and Regional Planner	232611	Printers nfd	392300
Naval Architect	233916	Printing Machinist	392311
Park Ranger	234314	Small Offset Printer	392312
Conservator	234911	Picture Framer	394212
Art Teacher (Private Tuition)	249211	Gallery or Museum Technician	399311
Dance Teacher (Private Tuition)	249212	Library Technician	399312
Drama Teacher (Private Tuition)	249213	Jeweller	399411
Music Teacher (Private Tuition)	249214	Performing Arts Technicians nfd	399500
ICT Business and Systems Analysts nfd	261100	Broadcast Transmitter Operator	399511
		Light Technician	399513
ICT Business Analyst	261111	Make Up Artist	399514
Systems Analyst	261112	Musical Instrument Maker or	399515
Multimedia Specialists and Web Developers nfd	261200	Repairer	
		Sound Technician	399516
Multimedia Specialist	261211	Performing Arts Technicians nec	399599
Web Developer	261212	Signwriter	399611
Software and Applications Programmers nfd	261300	Photographer's Assistant	399915
Analyst Programmer	261311	Gallery, Museum and Tour Guides nfd	451400
Developer Programmer	261312	Gallery or museum guide	451411
Historian	272411	Classified Advertising Clerk	561911
Welfare, Recreation and Community Arts Workers nfd	272600	Library Assistant	599711
Community Arts Worker	272611	Production Assistant (Film, Television, Radio or Stage)	599912
Architectural Draftsperson	312111	Proof Reader	599913
Zookeeper	361114	Visual Merchandiser	639511
Printing Trades Workers nfd	392000	Printing Assistants and Table Workers nfd	899500
Print finishers and screen printers nfd	392100	Printer's Assistant	899511
Print Finisher	392111	Printing table worker	899512
Screen Printer	392112		

Appendix B: Economic contribution methodology

B.1. Value added

Value added is the most appropriate measure of an industry's/company's economic contribution to gross domestic product (GDP) at the national level, or gross state product (GSP) at the state level.

The value added of each industry in the value chain can be added without the risk of double counting across industries caused by including the value added by other industries earlier in the production chain.

Other measures, such as total revenue or total exports, may be easier to estimate than value added but they 'double count'. That is, they overstate the contribution of a company to economic activity because they include, for example, the value added by external firms supplying inputs or the value added by other industries.

B.2. Measuring the economic contribution

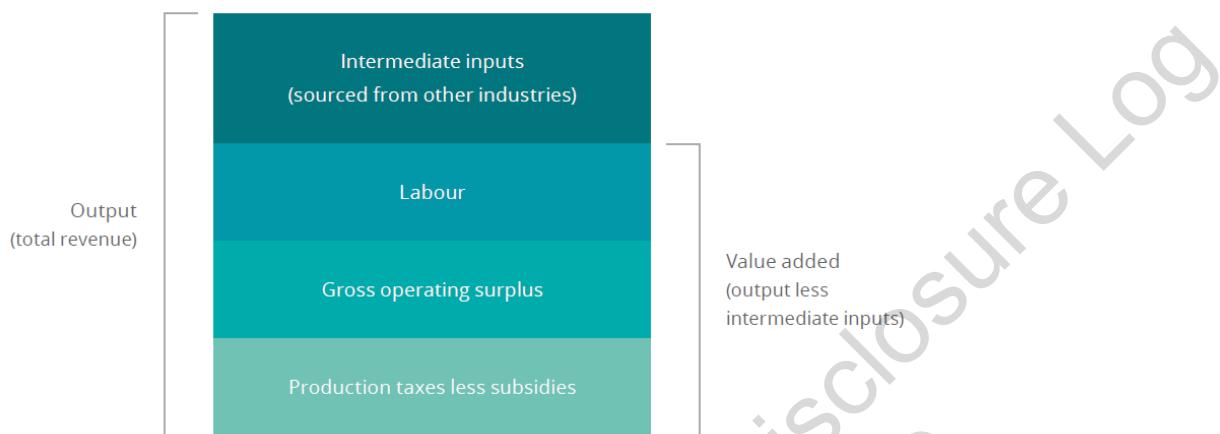
There are several commonly used measures of economic activity, each of which describes a different aspect of an industry's economic contribution:

- **Value added** measures the value of output (ie goods and services) generated by the entity's factors of production (ie labour and capital) as measured in the income to those factors of production. The sum of value added across all entities in the economy equals gross domestic product. Given the relationship to GDP, the value added measure can be thought of as the increased contribution to welfare.
- Value added is the sum of:
 - Gross operating surplus (GOS). GOS represents the value of income generated by the entity's direct capital inputs, generally measured as the earnings before interest, tax, depreciation and amortisation (EBITDA).
 - Labour income is a subcomponent of value added. It represents the value of output generated by the entity's direct labour inputs, as measured by the income to labour.
 - Tax on production less subsidy provided for production. This generally includes company taxes and taxes on employment. Note: given the returns to capital before tax (EBITDA) are calculated, company tax is not included or this would double count that tax.
- **Gross output** measures the total value of the goods and services supplied by the entity. This is a broader measure than value added because it is an addition to the value added generated by the entity. It also includes the value of intermediate inputs used by the entity that flow from value added generated by other entities.
- **Employment** is a fundamentally different measure of activity to those above. It measures the number of workers that are employed by the entity, rather than the value of the workers' output.

Figure B.1 shows the accounting framework used to evaluate economic activity, along with the components that make up gross output. Gross output is the sum of value

added and the value of intermediate inputs. Value added can be calculated directly by summing the payments to the primary factors of production, labour (ie salaries) and capital (ie gross operating surplus, 'GOS', or profit), as well as production taxes less subsidies. The value of intermediate inputs can also be calculated directly by summing up expenses related to non-primary factor inputs.

Figure B.1: Economic activity accounting framework



Source: Deloitte Access Economics

B.3. Direct and indirect contributions

The **direct** economic contribution is a representation of the flow from labour and capital within the sector of the economy in question.

The **indirect** contribution is a measure of the demand for goods and services produced in other sectors as a result of demand generated by the sector in question. Estimation of the indirect economic contribution is undertaken in an input-output (IO) framework using Australian Bureau of Statistics input-output tables which report the inputs and outputs of specific sectors of the economy (ABS 2010).

The total economic contribution to the economy is the sum of the direct and indirect economic contributions.

B.4. Limitations of economic contribution studies

While describing the geographic origin of production inputs may be a guide to a firm's linkages with the local economy, it should be recognised that these are the type of normal industry linkages that characterise all economic activities.

Unless there is significant unused capacity in the economy (such as unemployed labour) there is only a weak relationship between a firm's economic contribution as measured by value added (or other static aggregates) and the welfare or living standard of the community. Indeed, the use of labour and capital by demand created from the industry comes at an opportunity cost as it may reduce the amount of resources available to spend on other economic activities.

This is not to say that the economic contribution, including employment, is not important. As stated by the Productivity Commission in the context of Australia's gambling industries:

Value added, trade and job creation arguments need to be considered in the context of the economy as a whole ... income from trade uses real resources, which could have been employed to generate benefits elsewhere. These arguments do not mean that jobs, trade and activity are unimportant in an economy. To the contrary they are critical to people's well-being. However, any particular industry's contribution to these

benefits is much smaller than might at first be thought, because substitute industries could produce similar, though not equal gains.

In a fundamental sense, economic contribution studies are simply historical accounting exercises. No 'what-if', or counterfactual inferences — such as 'what would happen to living standards if the firm disappeared?' — should be drawn from them.

The analysis — as discussed in the report — relies on a national input-output table modelling framework and there are some limitations to this modelling framework. The analysis assumes that goods and services provided to the sector are produced by factors of production that are located completely within the state or region defined and that income flows do not leak to other states.

The IO framework and the derivation of the multipliers also assume that the relevant economic activity takes place within an unconstrained environment. That is, an increase in economic activity in one area of the economy does not increase prices and subsequently crowd out economic activity in another area of the economy. As a result, the modelled total and indirect contribution can be regarded as an upper-bound estimate of the contribution made by the supply of intermediate inputs.

Similarly the IO framework does not account for further flow-on benefits as captured in a more dynamic modelling environment like a Computable General Equilibrium model.

Appendix C Cultural tourism methodology

C.1. Expenditure calculation

Culture-induced tourism expenditure is defined as visitors who identify the **main purpose of their visit to Queensland** being the following pre-set responses in the IVS and NVS:

1. Those who travel to Queensland to attend an event (sport, cultural, or festival)
2. Those who accompany someone travelling to Queensland to attend an event (sport, cultural, or festival)

This definition has two key limitations. The first is that it includes sporting events, which are not included as part of the arts, cultural and creative sector. This will cause an overestimation of the total culture-induced tourism expenditure. The second limitation is that this approach cannot capture those individuals who may have been induced to visit Queensland due to its arts, cultural and creative sector, but did not necessarily attend an event. It would only be possible to identify this group with further primary research (see Box 4.1).

To calculate the total expenditure of this group, the total number of nights is sourced multiplied by the average expenditure per night of visitors who engage in arts and heritage activities on their stopover to Queensland.

C.2. Contribution estimation

The contribution estimation follows a standard approach in utilising the State-level Tourism Satellite Accounts compiled by Tourism Research Australia. This relies on the calculation of contribution 'multipliers' – the extent to which direct expenditure is linked to other economic activity in the wider economy.

Inherent in the multiplier approach is the assumption that those who travel for an art purpose has a similar or the same expenditure bundle as an average tourist to Queensland.

Limitation of our work

General use restriction

This report is prepared solely for the internal use Arts Queensland. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of reviewing Queensland's arts, cultural and creative sector and Arts Queensland's roadmap strategy. You should not refer to or use our name or the advice for any other purpose

Published on DES Disclosure Log
RTI Act 2009

Deloitte.

Access Economics

Deloitte Access Economics
ACN: 149 633 116
Level 23, 123 Eagle St
Brisbane, Qld, 4000

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. For more information, please visit our website

www.deloitte.com/au/deloitte-access-economics

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

The entity named herein is a legally separate and independent entity. In providing this document, the author only acts in the named capacity and does not act in any other capacity. Nothing in this document, nor any related attachments or communications or services, have any capacity to bind any other entity under the 'Deloitte' network of member firms (including those operating in Australia).

About Deloitte

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 244,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting and financial advisory services through approximately 7,000 people across the country. Focused on the creation of value and growth and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2018 Deloitte Access Economics Pty Ltd