**Cultural and Creative Satellite Accounts methodology Refresh**.

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**Overview**

There are serious problems with the current framework which are not just gaps or omissions but definitional and categorical. This is important because this ‘refresh’ process gives occasion to rethink not just the minutiae of statistics but also the language and conceptual framework for thinking about art and culture in Australia. The National Cultural Policy has made an important step away from the overwhelmingly econometric valuation of art and culture in Australia. This will be an opportunity lost if we don’t take the moment to have a fundamental rethink of what we need cultural statistics to do for us.

The idea of a satellite account for culture came out of an perceived need for culture to prove its economic worth, as the wider social justifications were progressively lost to view.

This econometric approach can be traced back to *one* element of the Keating Government’s 1994 *Creative Nation*, subsequently inflected by the import of the UK New Labour government’s policy neologism “creative industries’. Ultimately however, the problem began with the 1976 Industry Assistance Commission’s note for Gough Whitlam. In response to his request for a justification for public subsidy for the (performing) arts, they suggested there were no such grounds, as arts were simply one leisure consumption choice amongst many. This conflict between art and culture as “consumer industries” and as part of a publicly provided or guaranteed service has persisted ever since.

This was exacerbated when it became normalised to refer to culture as an “industry”. Whilst there some highly commercialised parts of art and culture, usually floating on a huge ‘iceberg’ of subsidised, low-paid and ‘free’ cultural labour, culture as a whole is not an industry nor an ‘economic sector’. It is better conceived as a part of public policy akin to health, education, social services and essential infrastructure.

The return to a focus on cultural value in the recent National Cultural Policy is to be welcomed. It chimes with similar developments in Europe and Canada after the pandemic, and with the new approach from the United Nations and UNESCO. The latter are now focused on culture as a global public good, and culture to be accorded status of a Sustainable Development Goal in the 2030 planned re-iteration. Culture as a public good, as public value, will be at the root of this attempted reformulation of the SDG for culture, not its economic impact – which, compared even to health, social services and education is relatively minor.

In this context, the reversion to a purely economic definition of culture will miss the moment. As I suggest at the end, we need to realign this kind of economic accounting with culture’s actual public value, not shoehorn it into a metrics exercise from which the nation learns very little.

Culture’s public value is described in *Revive* as well-being, as story-telling, and, through indigenous voices, a (re)connection to country. These are all valid. But culture is also crucial to each citizen’s autonomy and effective freedom, and to their full participation in our democracy. Paul Keating’s introduction to *Creative Nation* states:

The ultimate aim of this cultural policy it to increase the comfort and enjoyment of Australian life. It is to heighten our experience and add to our security and well-being. In that it pursues similar ends to any social policy. By shoring up our heritage in new or expanded national institutions and adapting technology to its preservation and dissemination, by creating new avenues for artistic and intellectual growth and expression, and by supporting our artists and writers, we enable ourselves to ride the wave of global change in a way that safeguards and promotes our national culture.

Public service here trumps any economic benefits associated with culture. There are many such benefits, but they are not the primary benefits. To reduce culture to such economic benefits thereby seriously risks undermining these primary public benefits.

**Industry**

The satellite account is a case of statistics in search of an industry. It seeks an entity around which boundaries can be drawn and (economic) value imputed. Culture is given over to a language of industry which sits very badly with the actual value culture has for us. GVA (or similar) is a poor proxy for the value of art and culture.

Though there are “industries” in the cultural sector, culture itself is not an industry but a category of social activity equivalent to health, or education, or social services. It refers, broadly, to the symbolic system through which social values are framed and upheld; narrowly, to the system concerned with the production and distribution of symbolic goods and services. This “narrower” system is quite broad, and includes arts and commercial cultures, as well as essential infrastructures such as archives, museums, heritage and libraries, and fuzzy boundaries with education, sport, environmental preservation etc. The 2009 UNESCO framework covers all of these.

For example, consider where you might draw the boundaries for health or education. Schools, TAFEs and universities, private tuition and language schools etc.are clearly there. To which, on the basis of this kind of ‘special pleading’ accounting, we could add educational publishing, on-line education services, heritage interpretation, learning experts “embedded” in, say, a museum, or curators at an art gallery. If education were to attempt the same kind of exercise as this in document, then many in culture would be “counted” by education. Health, too, could “take out” many cultural people.

There are many overlaps in education, health and social services of course. This suggests culture as a “domain” of activity or a “sector” but not as an industry.

Though the document uses the words ‘cultural domain’ or ‘cultural activities’ these are repeatedly then recategorized as ‘cultural industries’, i.e. activities organised primarily around the production of goods and services for profit. It uses terms such as supply chains and the like which can only be applied in a highly metaphorical way to culture.

The Consultation paper opens with a purely economic account of the worth of the cultural sector:

Cultural and creative sectors are important for knowledge‑based economies. In Australia, this workforce makes a valuable contribution to our economic and social wellbeing. The economic activity generated from the production and support of cultural and creative goods and services is referred to as ‘cultural and creative activity’.

It is surely of some value to have an economic picture of the cultural sector, but there needs to be an explicit acknowledgement that its value is far more than economic. It is inevitable that the measurement of “cultural and creative activity”, in the absence of any countervailing definition of their worth, will lead to the continuation of a purely economic form of valuation, and the reduction of culture to a specific quasi-industrial sector judged primarily on its economic metrics.

It is also far more than a contribution to an unspecified “knowledge-based economy” (in a country whose lead exports are extracted natural resources). Culture is not a sub-sector of a ‘knowledge based economy’ (and try a satellite account for that one!)

On the other hand, there is no analysis of how the actual cultural industries – those entities organised properly for profit based on mass reproduction – really work. Measuring GVA and employment etc. says very little about how these industries and are structured and how they do, or do not, benefit Australia, economically or otherwise. For example, the growth of Spotify, You-Tube and Tik Tok all have immense implications for how Australian music gains audience and on the incomes and career viability of Australian musicians. We have witnessed in music (as in screen generally) a massive transfer of income and professionalism from Australia to overseas (mainly the US) - yet none of this will appear in these accounts.

Which raises the question of the purpose of these aggregate measures – a lumping together of disparate activities under a set of numbers called “economic value”. Is the objective to measure growth? Is all growth good? Do some areas produce better jobs or faster wealth creation than others? Is some growth bad for culture? Which areas might we prioritise?

None of these questions are answered by this satellite account.

**Culture and Creative?**

The category error of treating culture as an industry is repeated via an immense definitional confusion that pervades the paper.

For culture is not just an industry but seems attached to another set of industries called “creative”. And yet no one – least of all this document - nobody can actually define what “culture and creative industries” means. Are these the same, or different. What do they include? These debates are interminable and endemic in this policy sphere. We are still agonising about definitions twenty-five years after the term was produced, out of a consultant’s hat, in 1998 by UK New Labour. This failure to sustain a coherent definition must surely point to a fundamental problem with the term “creative industries”.

The first stumbling block is cultural vesus creative – where is the difference between the two?

[T]he ABS described human creativity as a vital input to cultural and creative activity. Cultural activity requires human creativity as an input and may contain intellectual property to communicate symbolic meaning; while creative activity also requires human creativity as a significant and identifiable input.

Quite frankly, this is incoherent.

Human creativity as opposed to non-human creativity?

Creative activity requires human creativity – tautology.

Cultural activity requires human creativity – so how is this different from creative activity?

If cultural activity includes something else why is this not specified?

Cultural activity “may contain intellectual property to communicate symbolic meaning” – IP is NOT required to communicate symbolic meaning. It is required to assert ownership rights over such meaning, or means of transmission in order to generate payment. IP is key to the profitability of many cultural industries, but it is not necessarily owned by its creators nor essential to creation.

What then is the difference between cultural and creative activities? It seems cultural and creative are the same, but not the same. In other words, we do not know. Yet a distinction which is nowhere defined is now to be baked-in to a national statistical framework.

**Concentric circles**

One way of breaking these down, the paper argues, is via David Throsby’s concentric circle model. Though it never defines cultural/ creative distinction, and seems to use them interchangeably, on the surface it appears to disaggregate the sector into distinct elements.

* Core creative arts [literature, music, performing arts, visual arts]
* Other core creative industries [film, museums, galleries, photography, libraries]
* Wider cultural industries [sound recording, television and radio, video and computer games, heritage services, publishing and print media]
* Related industries [design, fashion, advertising, architecture]

In this concentric model,

the circle at the centre represents core industries whose proportion of cultural content is deemed highest, with layers extending outwards from the centre as the cultural content falls relative to the commercial value of the commodities or services produced.

Again, this is incoherent.

This model has been criticised on many occasions. Mainly because it is in fact a hierarchy, with the ‘creative arts’ at the centre and “related industries” at the periphery, and because it works with a culture/ commercial binary which in no way reflects either the way these sectors relate to each other or actually go about their business.

**Core creative arts**: The creative arts contain a high “proportion of cultural content”, a proportion that falls as we move to more commercialised “industries”. What does “proportion” mean here. Primary motivation? Degree of “pure art” somehow? Does an increase in commercialisation mean that the cultural content automatically goes down, or just that it is joined by commercial content? Does film have less cultural content because it is more commercial? Do “art house” films have a bit more cultural content, maybe move towards the core?

This is clearly a model based on an implied zero-sum between culture and commercialisation, and on the inherent superiority of the arts, as containing the highest cultural content. A qualitative judgement turned into some quantitative mix of culture and commerce. So where does that leave the international art market, valued at billions, or the indie film sector who struggle hand to mouth? The cultural industries, aimed at making a commercial profit, have produced many of the most culturally significant moments of the 20th century, not some diluted ‘commercial art’. Think Citizen Kane, Nick Cave, The Wire and so on.

**“Other core creative industries”**: does “other” mean in addition to the creative arts? Then why not “other creative arts”? Be that as it may, why is film not in cultural industries, along with other screen sectors? And how are museums and libraries and galleries “creative industries”. They are almost indisputably cultural – they collect and store and display, they might not even need ‘creativity’ or IP – and they are absolutely not “industries” in any definition of that term. In the multiple and incoherent definition of the creative industries, museums and the like are never included, for obvious reasons. So how did they get in here?

**“Wider cultural industries**”: wider that what? Creative arts or creative industries? Why are cultural industries not nearer the core? Alternatively, are the creative industries more ‘cultural’ than the cultural industries? The activities included under cultural industries are actually quite standard (discussed below. With the exception of heritage services – why are these not with museums, libraries etc?

**“Related industries”** – related to what? These are what are normally described as creative industries, except advertising which is commonly linked to the cultural industries. But are we really to understand fashion, architecture, design as minimally cultural and maximally commercial?

This whole model is incoherent and cannot form the basis of a serious Federal Government statistical model.

**Defining the sector**

The problem is the lack, or looseness of definitions.

**The arts** have an historical basis in unique artifacts or with difficult to monetize productions – paintings, performances. Apart from their cultural worth, their ability to scale up production has been limited by difficulties in increasing scale and ‘productivity’. There are limits to live audience size and to the numbers of productions possible.

Books were an exception (hence ‘literature’ is in creative arts but publishing in cultural industries – this is a purely historical-subjective categorisation).

Ways of monetising the visual and performing arts was increased by franchised production (Lion King or Cirque du Soleil), various streaming techniques and platforms (Opera at the Met) and so on. But they rely on subsidisy, given because they are deemed valuable in some way (undiscussed in this consultation document) and worthy of government funding (also undiscussed). Like education and health, many of their services cannot be provided on a pure profit basis.

**Cultural industries** refers to the ability to mass reproduce cultural goods, especially from the end of the 19th century onwards: new printing techniques and the illustrated magazines they gave rise to, recorded music, film and on to radio and television. Unlike the arts (other than books) they could recoup investment through mass sales, each copy costing less to produce (when they became digital these were almost nothing). They can be properly called industries – they reap profit by employing people to make products which are then sold *en masse*. They have distinct challenges related to the nature of creation (e.g. artists were difficult and worked autonomously) and monetisation (cultural goods tend towards public goods etc.). They also have a tendency to monopolisation and to control over both markets and creators, mainly through tightly enforced IP rights.

**Creative industries** was an invention of the UK government and included everything - the arts, museums, cultural industries and ‘related industries’ in an all-encompassing definition of individual talent/ creativity and the exploitation of intellectual property. This creativity + IP definition meant almost anything could become a creative industry.

The DCMS famously included software, a move now mostly rejected, though UNCTAD and others use it because it adds around 45% to employment statistics. Creativity + IP drew in many knowledge-intensive industries – biotech, business consulting, industrial product design – which were used in many East Asian countries. India recently included rocket science alongside women weaving mats in rural villages. Such inclusive nets are not “industrial sectors” by any stretch of the imagination, and are there purely for advocacy purposes. Culture is worth $xxxx and so on.

In Europe they often drew a line between arts, cultural industries and “creative industries”. The latter’s distinguishing character was not some mix of culture and commerce but what used to be called “applied” – cultural skills but also involving manufacturing or making skills of various sorts. Fashion might be completely “artistic” at the high end, but even here it required people to work materials by hand or machine. Architecture involves a host of skills and professions. Design (apart from graphic) can be as much about engineering as aesthetics, and large parts of it are – or should be - left off statistical counts. Industrial design, for example, often inflates “CCI” figures, but it gives no good guide to what an actual strategy for industrial design might look like.

What is clear is that “creative industries” require more than creative input but also material making skills and supplies. They deal less in copyright and more in design-related IP rights. This is what distinguishes them from arts and the cultural industries.

The concentric circle model used here muddies the water. It smuggles in judgements of quality (arts as pure, industries as mixed) and ignores the very different basis on which their products are made, and incomes generated.

Hence figure 6, which mixes all the above, leaving just the performing arts in the “core creative arts” and only libraries and museums in ‘creative industries’ – a result which bears no relation to any definitional schema I’ve ever seen (and I have seen quite a few).

**The tripartite model**

This is a model used to show cultural employment as a whole, not just in the cultural sector *per se*. It was in fact first used by Andy Feist for the (then) Arts council of England in the mid-1990s, and applied by me and Andy Pratt in various employment reports in the 1990s. As the document notes, it is almost impossible to extract reliable GVA or other non-employment data from the “embedded” creatives (cultural workers in non-cultural sectors).

It would also be meaningless. Whilst we might want to know about cultural employment in non-cultural industries – for the purpose of understanding career destinations and educational targeting etc. – it makes no sense to count a musician’s wages from working in a school or an art therapy unit at a local hospital as part of the cultural sector GVA. What are we trying to measure here and why? An industry or some GVA-related level of ‘creativity’ or ‘culture’?

It is also what we might call poaching. Do we count leather processing as part of the dairy industry, or café-bars as part of the wine industry, or pastry chefs as part of the wheat industry? The extent to which the cultural sector needs to include cultural workers in all these other sectors as part of its “GVA” is a reflection not of analytical rigour but political weakness. It needs all the employment/ GVA it can get!

This is worse when we use the term “creativity”. The “creative trident” was based on a NESTA model of “creative intensity”, where a creative job was

“a role within the creative process that brings cognitive skills to bear about differentiation to yield either novel or significantly enhanced products whose final form is not fully specified in advance”. (NESTA 2013 p.24)

This could include a whole range of things from finance to science to medicine. The inclusion of ‘software’ in the definition of creative industries meant that a data base designer in a mining company can be classed as “creative employment”.

**The problem of ‘Creative’**

“Creative” is so wide as to be meaningless for definitional purposes. It was used simply because ‘creative’ could link culture to the knowledge economy, and it could be recognised as an ‘input’ by economists. In effect it has worked to dissolve definitional boundaries around culture (already pretty wide) in a most unhelpful manner.

There are no clear grounds on which to distinguish cultural from creative activities.

At best, one can identify sectors where the input of cultural skills and creativity is mixed with a range of other professional (eg. planning, engineering) and making (building, sewing) skills. But the source of income/ profit is very different from the cultural industries, not necessarily relying on production at scale, or using copywrite. A new building or a summer season fashion range is very different in character from the cultural industries, in fact, it might be nearer the arts. And there is a high level of cross-over between arts and ‘related industries’ which would not be apparent from the ‘concentric circle’ model.

I also note that footwear and other forms of “cultural” manufacturing might be highlighted in a satellite account, but these should not be folded into the accounts willy-nilly. Including those working in clothing retail or manufacturing Hi-Viz vests and work boots as ‘cultural and creative’ is sleight of hand and does not help anyone – least of all those manufacturing workers whose jobs are continually being squeezed.

If “support services” are to be included however, then why not the production of computers and other digital equipment, and the communications services which underpin them? Perhaps because most of these are made outside Australia – but they are a net import? Do imports of such equipment outweigh our cultural exports? The question is not asked.

**Conclusion**

In short, we need to go back to first principles and ask what we are measuring and why. This satellite account uses

the broad definition of cultural and creative activity as the sum of market and non-market activities that produce and support cultural and creative final goods and services. (p.13)

These ‘non-market activities’ are basically volunteers and unpaid labour. Somehow the value of these ‘non-market activities’ is to be estimated as part of the value of the ‘Cultural and creative sector’. But describing this in the negative ‘non-market’ in fact hides the positive social contribution these make, in the form of keeping the social and cultural infrastructure alive, or keeping publicly subsidised sectors going, or as unpaid interns (often exploited) by the big commercial sector. The reason this huge non-market - and also the ‘informal’, freelance and precarious – sector keeps on is not to produce goods and services for an industry but to produce culture as a value in its own right.

In making culture an industry this document distorts what it actually does, its core purpose, and the value it provides us all.

Alternatively, one could ask how this kind of accounting compares to that for education or health or social services. Can these sectors be better aligned in some way? What similarities and differences are there? What does government spend on culture generate compared to these other sectors. One might also note here the massive subsidised to the mining industries, which are never subjected to the save ROI scrutiny as ever the smallest arts grants. More pointedly, putting culture in the same frame as education, health etc. would allow us to understand productivity, which is low in all sectors precisely because they are jobs rich. Though real efficiencies are always useful, in many case increasing productivity (ration of capital/ labor) is counter-productive. One does not ask these question of an “industry’ where productivity is a central value next to profitability.

Are there questions we can ask of the statistics that depend on a better understanding of the object – not an incoherent set of definitional categories – and might therefore actually help us formulate a useful policy?

Perhaps we need a serious process of reflection not on the specifics of this accounting exercise but to better align the collection of cultural statistics to the needs to both culture and the nation.