**Submission in response to Consultation Paper on**

***Cultural and Creative Activity Satellite Accounts Methodology Refresh* (BCARR, 2023)**

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The Cultural Satellite Accounts (CSA) published by the ABS in 2014 have proved to be an invaluable source of data about the contribution of the cultural and creative industries to the Australian economy. The accounts have allowed a more comprehensive picture to be obtained of economic activity in the cultural sector than was previously available from the national accounts. By providing an objective evidence base for statistical assessment, they have enabled policy-makers, researchers, academics, media commentators and other users to cut through the often misleading claims made about the size and composition of the sector. The Bureau of Communications, Arts and Regional Research (BCARR) is to be commended for generating updated estimates of the accounts over the years. However, it has been well understood that there have existed some shortcomings in the classification systems and methodologies used in the production of the CSAs that have affected the data in various ways. Moreover, changing economic conditions over time necessitate a periodic re-think of whether existing systems remain fit for purpose. The present “refresh” is therefore timely, offering an ideal opportunity to address some of the outstanding issues and hopefully leading towards an improved set of accounts for the future.

In this submission I offer some comments on several aspects of the refresh process as discussed in the Consultation Paper. My comments are confined to broad issues of principle and method rather than empirical detail. Five aspects are highlighted.

1. **Overall approach of the refresh process**

The process for the refresh exercise as set in place by BCARR staff makes a lot of sense, with a clear recognition of where the problems lie that need attention. The paper puts forward well-argued proposals for addressing these problems. It is important to stress that the guiding principle in designing any set of statistical data for the cultural sector should be that the resulting outputs should provide what users need in a way that reflects their comprehension of how the sector works. At the same time industry and occupational classifications used must be consistent with the data sources from which the information is to be drawn. The proposed re-design of the CSA navigates the balance well.

The structural characteristics of the sector have been articulated in various ways over the years by various agencies and institutions, some of which are outlined in Table 1 of the paper. Among the various approaches, some have proved to be less useful than others – for example, the World Intellectual Property Organisation (WIPO) model of the “creative” (i.e. copyright) industries is really only relevant if IP is a specific area of concern. By contrast, the UNESCO Institute of Statistics (UIS) framework is very comprehensive and has proved to be valid in principle, although it has found less acceptance in practice as a structural model for national cultural statistics, presumably because some agencies find the integration of the framework with their existing statistical collections somewhat awkward.

The proposals for revising the CSA as discussed in the paper do not encounter these difficulties – they appear to work extremely well. In my opinion the linking of the concentric circles model of the industrial structure of the cultural sector with the trident model of occupational classification provides a sound basis for jointly specifying products, industries and labour use which will accord with both the expectations of users and the capacities of the statistical sources to provide the data to quantify the accounts.

1. **Use of the concentric circles model**

Following its initial exposition in 2001 and subsequent elaboration in 2008, the concentric circles model has been found in a number of contexts to provide a more appropriate representation of the workings of the cultural sector than a simple assembly of industries according to a variable such as economic size. As noted on p. 7 of the consultation paper, the classification of a “core” of the cultural and creative economy helps to separate out the key productive elements in the sector from the wider and related sectors that support and expand on the core activity.

The specification of the circles or layers in the model has both cultural and economic significance. The *cultural* implications relate to a recognition of the importance of creativity and creative ideas as the primary source of the distinctiveness of creative and cultural products that are generated not only in the cultural sector itself but also in the wider industrial system. The *economic* significance has to do with processes of information and knowledge transfer, whereby the core industries provide intellectual resources and creative talents that yield economic benefit in the wider and related cultural industries, as well as in the broader economy.

The initial categorisation of the layers was based on an identification of declining cultural content in the products yielded by the industries in successive layers. Given the lack of a direct metric for cultural content, a proxy measure is the proportion of creative labour in total industry employment, i.e. the “creative intensity” in the NESTA/QUT model (see Table 1 of the paper). It is to be hoped that at some point this statistic will be tabulated as part of the CSA published output.

As noted, the characteristics of the concentric circles model allow it to provide both a cultural rationale for the structure of the cultural sector in the CSA and an economic rationale for its specification of industry and product categories and their interrelationships. In particular it should be remembered that the processes depicted in the concentric circles model are not one-way, but all involve potentially reciprocal relationships between industries, making the model ideally suited to use with input-output methods, where industry interactions are of course an essential feature.

1. **Linking the trident and concentric circles models**

The matrix in Figure 7 of the paper which links the trident and concentric circles models provides an innovative and effective means for bringing the components of the CSA project together in a way that resolves some important shortcomings that have been identified in earlier approaches. The elaboration of the matrix in terms of detailed product and industry classifications in Appendices C and D demonstrates that the system should be readily transferrable to empirical estimation of the CSAs.

It seems likely that the new framework will allow updating of the CSAs on a continuing basis along the lines that BCARR has been able to implement to date. Users will welcome the timely provision of up-to-date statistics published in accordance with the revised CSA methodology.

1. **Employment**

The proposed occupational classification in Appendix E conforms to the requirements of the CSA approach as it is being developed. It will provide a well-informed assessment of employment in the sector. There will no doubt be quibbles over the inclusion/omission of some occupations and the designation of others as creative/cultural/both. In the end judgements about such classifications need to recognise the inside knowledge of industry practitioners who can observe labour relationships on the ground.

It is to be hoped along the way that efforts by the ABS to sharpen the collection of employment data relating to creative artists will bear further fruit. This applies not just to occupational specifications but also to Census data on main job and second job, a particularly important issue in identifying practising professional artists whose main job in the Census week may lie elsewhere. We have faced this problem over time in estimating the artist population as a component of our periodic surveys of professional artists across all art forms[[1]](#footnote-1).

1. **First Nations cultural production**

An aspect of Australian art and cultural production and employment that is inadequately covered in formal statistical sources is the Indigenous art economy. This is hardly surprising, given the extent and diversity of cultural production by Aboriginal and Torres Strait Islander people. However, the recent Australian Government’s cultural policy statement *Revive* places a renewed emphasis on the significance of First Nations art and culture. The statement points to the need for a better understanding of the qualitative and quantitative dimensions of the First Nations cultural economy,

There are both cultural and economic reasons why better data are needed. The *cultural* rationale is clearly spelt out in a range of policy statements and publications on First Nations art produced by agencies at all levels of government. Public support for Aboriginal and Torres Strait Islander art and culture provided by arts and Indigenous affairs agencies is invariably based on cultural grounds. We need quantitative information on how cultural factors affect the generation of benefits yielded by such support – for example, we need further data on First Nations art and culture as a driver of tourism demand. The *economic* importance of better data derives particularly from the expanding domestic and international market for goods and services produced by Australia’s Indigenous artists – revenue from art production is an important contributor to the economic wellbeing of First Nations people, especially in remote communities.

From the viewpoint of the CSAs, it is not immediately obvious how goods and services of Indigenous origin could be separated out in existing production data. It would seem that a special-purpose study would be needed to explore how First Nations activity could be identified as a specific category for incorporation into the accounts. In this regard, some of the observations made in the recent Productivity Report[[2]](#footnote-2) on the Indigenous art economy are relevant.

It needs to be understood that Indigenous cultural production is not homogeneous but derives from creative activity under a wide variety of circumstances. In particular, there are significant differences between production in non-remote and remote locations. For the former, Aboriginal and Torres Strait Islander artists working in the mainstream in urban and regional/rural environments produce work that enters the normal supply chains and may be difficult to isolate as an identifiable category. In the case of artists working in remote communities, much of their work also reaches the market and is counted along with everything else, but in this case the source is more readily identifiable. These remote and very remote communities are an important target for Indigenous policy, and understanding their economic circumstances is essential to effective decision-making.

It may be that a separate data collection and interpretation process will be required to service the data needs relating to remote communities. If so, such a process would need to be coordinated with the CSA and with other formal data sources, including the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) implemented by the ABS. In addition, there are other independent data-gathering sources – for example, the National Survey of Remote Indigenous Artists being carried out in the Department of Economics at Macquarie University. This long-term study is collecting primary data on art and cultural production in six remote and very remote regions: Kimberley WA; Central Desert NT/APY Lands SA; North-West NT/Tiwi Islands NT; Arnhem Land NT; Pilbara and Ngaanyatjarra Lands, WA; and Far North Queensland/Torres Strait Islands[[3]](#footnote-3). The survey is based on sampling procedures that allow the results to be integrated with NATSISS data such that income estimates could be used in due course as a basis for estimating aggregate regional income from remote Indigenous art and cultural production.

While these suggestions are somewhat outside of scope for the immediate needs of the CSA process, they do draw attention once again to the economic and cultural importance of First Nations art and cultural production in the Australian cultural sector. They indicate that more work needs to be done to identify data sources and to test whether data collection and use in this area is fit for purpose (p. 7 of the paper). Ultimately perhaps it will be possible to bring about a more comprehensive and specific treatment of First Nations statistics within the Australian satellite accounts for culture.

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1. The most recent survey was in 2016, published as David Throsby and Katya Petetskaya, *Making Art Work,* Sydney: Australia Council 2017. The next survey report in the series will be published early in 2024. [↑](#footnote-ref-1)
2. Productivity Commission, *Aboriginal and Torres Strait Islander Visual Arts and Crafts – Study Report,* Canberra: The Commission 2022. [↑](#footnote-ref-2)
3. The most recent published report from the national survey is David Throsby and Katya Petetskaya, *Integrating Art Production and Economic Development in Arnhem Land, Northern Territory.* Sydney: Macquarie University Economics Research Paper 3/2019. [↑](#footnote-ref-3)