Cultural and Creative Satellite Accounts Methodology Refresh

Australia Council submission

24 May 2023

Introduction

As the Australian Government's arts investment, development and advisory body, the Australia Council welcomes the refresh of the Cultural and Creative Activity Satellite Accounts methodology by the Bureau of Communications, Arts and Regional Research (BCARR). We acknowledge the purpose of the refresh is to better capture the economic contribution of the cultural and creative sector and ensure that estimates remain fit for purpose in our changing economy. It is vital that the contribution of culture and creativity to our economy is properly recognised and valued, and included in goals, measures and practical policy implementation.

The Government's recently released National Cultural Policy, *Revive*, provides a critical opportunity and pathway for culture and creativity to contribute to whole-of-government outcomes, as well as new data and research needs. This bold new chapter for arts and creativity raises new demand to better understand the sector and its component parts, and to measure the performance of new frameworks, policies and programs adopted by the Australian Government. As part of the policy implementation, the Australia Council will become Creative Australia: a larger, modernised agency, including a new First Nations-led board, Music Australia, Writers Australia, and the Centre for Creative Workplaces.

With the formation of new bodies within Creative Australia there will be increased demand for data on the music industry, the literature sector, First Nations arts and culture, and employment. There is also increased demand for data on fashion and a need to capture digital activity.

Core industry data collections such as the satellite accounts benefit many stakeholders, including cultural industry organisations, government agencies at all levels, arts policy makers and artists. The Australia Council's joint submission to the National Cultural Policy on cultural data needs highlighted the need for core cultural and creative industries data, such as the satellite accounts, delivered annually where possible.[1]

The satellite accounts have been adopted broadly as a key source of understanding of the scale and scope of the cultural and creative economies. However, they remain limited by the currency of their data in the wake of rapid digital transformation. The first experimental framework was published in 2013, with the first satellite accounts published in 2014 for the 2008–09 reference period. The framework has not been updated to reflect changes to the cultural and creative industries since publication, nor to address gaps and issues surfaced in response to the initial publication. The industry and occupation classifications they are based on do not reflect the evolution and digitisation of our industries and jobs.

The refresh can clarify sector data needs and begin work on future-proofing the satellite accounts. We recognise that not all the challenges and opportunities highlighted in our submission can be

[1] See Australia Council joint submission on cultural data needs to the National Cultural Policy, August 2022.

addressed in the immediate refresh, due to external dependencies such as the updating of industry codes, and due to the primary focus on the national accounts boundary. However, the refresh can set a course for the future development of the accounts at this moment of change and policy opportunity. For example, future work could consider development of non-market outputs. Non-market values include public goods and services that are valued by society beyond their market price.

We believe the ABS review of the Australian and New Zealand standard classifications of industries (ANZSIC) will be critical to the refresh given the digital disruption that has occurred since their last release in 2006. The occupation codes (ANZSCO) are also out of date and under review. We further note that the industry of origin product classification (IOPC) that is proposed to be used in the refresh also appears dated in relation to digital transformation. We see these dated classifications as a major limitation of the satellite accounts and opportunity to improve them.

The ABS consultation on ANZSIC (industry) codes closed in November 2022.[1] A key question was whether ANZSIC could be replaced with, or adapted locally from, the International Standard Industrial Classification (ISIC) currently under review by the United Nations Statistical Division. We note that the ISIC is broader then the detailed ANZSIC approach. If the refresh of ANZSIC can provide better disaggregation on digital activity, this will help improve this satellite accounts framework.

The ABS consultation on the ANZSCO (occupation) codes is underway over 2023 and 2024. The codes related to the cultural and creative industries will be considered in Consultation Round 3 (1 Nov 2023–27 Feb 2024).

The Council agrees with BCARR that the refresh presents opportunities to address key concerns around representing evolving cultural and creative industries and platforms, such as the games sector and digital content, as well as workers whose second jobs are creative; and that the refresh has potential to consider First Nations cultural and creative activity as an area that could be investigated to test whether data is fit for purpose.[2] The Council thanks BCARR for their work on the satellite accounts and welcomes the opportunity to continue to discuss their development.

Summary of recommendations

- **The refreshed satellite accounts should provide a foundational definition for cultural and creative activity in Australia, recognising that other pieces of work will meet particular needs of specific sectors or types of analysis.**
- **Long-term development of the satellite accounts should consider how they may complement and intersect with other studies, such as those that measure indirect/flow-on value and non-market value.**
- **Development of the satellite accounts should explore how to track activities in the digital sphere, including alignment with ABS development of digital satellite accounts.**
- **It is important to have data presented at the domain level with plain language definitions, and non-hierarchical terminology such as ‘cultural’, ‘creative’ or ‘both’ to group domains. It would also be useful to have data presented at the ‘specialised’, ‘support’ and ‘embedded’ levels, and, if possible, separated into creation/production and distribution/sales activities within each domain.**

[2] BCARR 2023, *Cultural and Creative Activity Satellite Accounts Methodology Refresh: Consultation paper*, Commonwealth of Australia, p.7.

- **The refresh should explore additional data sources on digital activities, volunteering, multiple jobs, the First Nations visual arts and crafts market, and ATO data on commercial art sales.**
- **It would be useful for the refreshed accounts to include and report employment data, cross-industry comparisons, geographic breakdowns and data on events and international trade.**

Response to feedback questions

1. How do you currently use the cultural and creative activity satellite accounts and estimates?

The Australia Council regularly uses the data on the total economic contribution of cultural and creative activity for advocacy and to provide information. We usually cite employment data alongside the dollar and GDP figures, drawn from alternative sources. For example:

> The latest satellite account showed that cultural and creative activity in Australia is substantial, contributing $122.3 billion, or 6.2%, to our GDP,[3] not accounting for the many flow-on economic benefits to quality of life, confidence, health, tourism, education, trade and reputation. Census data shows that in 2021, the creative economy provided employment to 714,632 people, or 5.9 per cent of Australia's workforce.[4]

- **Recommendation: Reporting of employment data in the refreshed satellite accounts.**

We often use the GVA data to make cross-industry comparisons, for example:

> The value the creative industries provide to the economy is 71% higher than electricity, gas water, and waste services; and almost double that of agriculture, forestry and fishing.[5]

We also make cross-industry comparisons using employment data, for example:

> The creative industries employ more people than mining. More than 557,000 people worked in the creative industries in Australia as their main industry of employment in 2016, or 5.2% of the workforce.[6] This was over three times the mining industry and more than 14 times aviation.[7]

- **Recommendation: Reporting of cross-industry comparisons in the refreshed satellite accounts.**

In discussing the creative industries and creative skills, we at times report the total economic contribution of creative activity only (excluding 'cultural only' activity such as environmental heritage). We often highlight that the most significant contributors are design (including architecture, advertising and computer systems design), fashion, broadcasting and screen, and literature and print media.

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[3] BCARR 2022, *Cultural and Creative Activity in Australia: 2010–11 to 2019–20*.
[4] University of Canberra 2022, *The Creative Economy in Australia: What Census 2021 Tells Us, Briefing Paper 1*.
[5] Based on Gross Value Added (GVA), a measure that enables cross-industry comparisons by removing the distortion caused by taxes and subsidies. Based on Bureau of Communications, Arts and Regional Research, 2021, *Visual summary: Cultural and Creative Activity in Australia 2009–10 to 2018–19*; ABS 2019, *Australian System of National Accounts, 2018–19*.
[6] Based on Meeting of Culture Ministers 2019, *Cultural Funding and Participation Australia 2019,* Employment in Culture, Excel 4.2 and 4.6.
[7] Based on June 2016 employment ABS 2019, *Australian Industry, 2017–18*.

We are currently less likely to report specific economic data at the domain level, particularly for core creative arts domains that have significant non-market value and secondary employment not captured under the current methodology, and as industry classifications have not kept pace with industry change. However, having more granular information available is worthwhile and will become essential with the creation of Music Australia and Writers Australia within the new Creative Australia agency. Additional data on First Nations arts and culture and data on employment are ongoing needs that will increase with the formation of the new First Nations-led board and the Centre for Creative Workplaces.

There is also increasing activity and demand for data on fashion, as an area of the cultural and creative industries that showcases Australian talent nationally and internationally (including, increasingly, First Nations talent), and supports the economic participation of women and culturally diverse groups. We recognise that activities such as clothing retailing and wholesaling are large and distinct from the other activities captured by the satellite accounts. We recommend exploring whether distribution and sales activities (including international trade) could be disaggregated from creation/production activities. This might provide useful insights on the degree to which Australia creates and produces cultural goods, compared to distribution in Australia of a mix of Australian and internationally-created products.

- **Recommendation: Exploration of whether the refreshed methodology could disaggregate distribution/sales activities (such as clothing retailing and wholesaling) from creation/production activities.**

We are often required to describe how the cultural and creative activities are represented across various geographic boundaries, such as by state and territory, or by metropolitan, regional and remote locations. We draw on the satellite account classifications of cultural, creative, and both cultural and creative in requesting employment data from the ABS for our electorate profiles. While we understand there may be limitations in the capacity for the satellite accounts to report at a granular level, we would be keen to see this possibility explored.

- **Recommendation: Exploration of whether the refreshed methodology could incorporate reporting by geographic boundaries, such as state/territory and metro/regional/remote.**

2. Are there further studies in the cultural and creative literature relevant for this analysis?

Measuring the economic value of the cultural and creative industries is complex – data sets are not keeping pace with our rapidly evolving industries, and different definitions, approaches and lenses can be applied to assess their value. With no international standard, many researchers are grappling with these issues.

However, the satellite accounts have provided a common way to map the cultural and creative industries and understand their scope and scale in Australia. In 2018, the Statistics Working Group of the Meeting of Cultural Ministers recommended adoption of the satellite accounts definition as the core creative and cultural industry definition for all national and sub-national economic assessments.[8]

Other research can be useful to draw on for exploring the value of cultural and creative activity in different ways, including with a particular lens such as focusing on creative skills or copyright; or using methods to explore different aspects such as non-market or digital value; or looking at component parts such as the

[8] Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, Recommendation 1, p.8.

value of live music or First Nations art sales. While recognising that many of these studies are beyond the scope of the current refresh, the Australia Council would like to see the refreshed satellite accounts laying the pathway for some of this work in the future by recognising evolving data needs and providing a foundational and clear definitional reference point.

- **Recommendation: Providing a foundational definition for cultural and creative activity in Australia through the satellite accounts, recognising that other pieces of work will meet particular needs of specific sectors or types of analysis.**
- **Recommendation: Considering how the long-term development of the satellite accounts may complement and intersect with measures identified in other studies, such as indirect/flow-on value and non-market value.**

Examples of related studies include:

Work led by Professor Stuart Cunningham on creative employment

Work led by Professor Stuart Cunningham has used Census data to look at creative employment based on the 'creative trident' model of specialist, support and embedded creatives referenced in the satellite accounts methodology.

This work has found that creative economy employment represented 5.5% of the Australian workforce in 2016, with creative employment growing at nearly twice the rate of the Australian workforce, and the creative industries providing employment to 1.5 times as many people in support roles as in core creative roles.[9]

The creative economy's share of total employment continues to increase, growing to 5.9% of the total workforce in 2021 – a growth rate more than 50% higher than the rest of the workforce, despite substantial impacts of COVID-19 in some sectors.[10]

ABS data on arts and recreation businesses or services

The ABS's classification of the 'arts and recreation' services is extremely diverse and expands beyond the cultural and creative industries. This activity includes heritage activities, creative and performing arts activities, sports and recreation activities and gambling activities. Despite this scope issue, ABS data for this classification can at times provide useful insights. For example, the ABS Labour Survey in March–May 2020 highlighted the long-term impact of job losses due to COVID-19 and how large numbers of people were leaving the arts and recreation services industries.[11]

PWC's economic studies on Australia's copyright industries 2006–2018

The 'copyright industries' produce copyrighted material, such as music, literature, software and film. As such, they are broadly comparable with the creative industries. PwC has used methodology developed by the World Intellectual Property Organisation to define the copyright industries in Australia and assess their economic contribution.

This research has found that Australia's copyright industries contribute $124.1 billion, or 6.8% of Australia's GDP, which is greater than industries such as manufacturing and retail trade. They employed

[9] Queensland University of Technology 2018, *The Creative Economy in Australia.*
[10] University of Canberra 2022, *The Creative Economy in Australia: What Census 2021 Tells Us, Briefing Paper 1*.
[11] See Australia Council 2022, *Australia Council Submission: Employment White Paper consultation*.

over 1.3 million people in 2018 – 8.3% of total employment in Australia; and generated $4.8 billion in exports, which is 1.5% of total exports from Australia.[12]

The first global map of cultural and creative industries

A global study by EY for the International Confederation of Societies of Authors and Composers found cultural and creative industries to be a driver for innovation, playing a decisive role in the economic development of both mature and emerging markets and driving the global digital economy.

Using a narrower list of industries,[13] the 2015 study found:

- Cultural and creative industries contribute 2,250 billion $US, or 3% of the world's GDP, exceeding revenues from Telecom services and India's total GDP.
- They provide 29.5 million jobs, surpassing the combined jobs of the automotive industry in Europe, Japan and the US.
- The Asia-Pacific is the world's largest market, generating a third of total revenues for the cultural and creative industries.[14]

Deloitte Access Economics report on the economic and cultural value of Australia's screen sector including non-market value

Other approaches to assessing value incorporate flow-on and non-market outputs. For example, a study released by Screen Australia in 2016 by Deloitte Access Economics quantified the cultural value of the Australian screen industry in terms of both use and non-use value.

Total economic contribution (value add) was estimated to be $2.6 billion in 2014-15, based on Australian screen content (production, distribution and sales), footloose productions and digital games productions.

In addition, tourism expenditure due to viewing Australian screen content was estimated to be $725 million.

Total audience value was estimated to be $17 billion including direct use market and non-market values. Direct non-market value was attributed to the value of time spent watching Australian screen content, in particular free content.

The cultural value of individuals having the option of viewing Australian content in the future – the non-use option value – was estimated to be approximately $511 million a year. Similarly, the value that individuals place on other people being able to watch Australian content in the future – the non-use

Non-market outputs capture the value of goods and services not captured through national accounts – those supplied by non-profit institutions for free or low cost because production is subsidised. The market price does not account for the full social benefits or costs of public goods or services.

Non-market outputs include **non-use value** – the value people assign to goods and services even if they do not use them.

Indirect use value includes flow-on or vicarious use of goods or services, for example, attraction of visitors.

Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, p.10, 30, 32 and 33.

[12] PricewaterhouseCoopers 2020, *The economic contribution of Australia's copyright industries – 2006–2018*.
[13] Advertising, architecture, books, gaming, music, movies, newspapers and magazines, performing arts, radio, TV and visual arts.
[14] CISAC 2015, *Cultural Times: The First Global Map of the Cultural and Creative Industries*, EY.

existence or altruism value – was estimated to be approximately $415 million a year.[15]

Study on the economic and cultural value of live music in Australia in 2014

A national research study by the University of Tasmania looked at the economic, social and cultural contribution of the Australian live music industry in 2014 through a national consumer survey and a survey of venues in Hobart, Melbourne, Adelaide and Sydney.

It found that live music spending in Australia delivers at least a 3:1 benefit-to-cost ratio, with the contribution estimated at $15.7 billion for 2014. Food and drink equated to 29% of the total spend, followed by tickets (19%), travel (18%) and accommodation (12%).[16]

Deloitte Access Economics report on the economic, social, brand and digital value of the Sydney Opera House

A Deloitte Access Economics study of the value of the Sydney Opera House explored a range of values including direct economic value and non-market outputs including digital value. It found the total economic value added by the Opera House precinct in 2016–17 was $1.6 billion, including the direct economic contribution, the indirect economic contribution due to flow-ons to other sectors (for example food purchases) and the tourism expenditure it supports ($996 million). It estimated the non-market value to the community – its 'social asset value' – as $6.2 billion based on its value to attendees and existence value as a cultural icon as well as its digital value ($0.2 billion).

The ABS digital satellite account

Measuring digital activities is an international challenge. In 2019, the ABS published preliminary and experimental estimates of digital activity in Australia.[17] The digital satellite account is based on a framework developed by the Organisation for Economic Co-operation and Development (OECD), which has been partially implemented by the Bureau of Economic Analysis (BEA) and Statistics New Zealand to look at digital activity in the US and New Zealand.

Ideally, national cultural data collection would enable **insight into digital/non-digital activities** given so much cultural production, distribution, and consumption relies on the internet and digital technologies.

The Australia council understands that the data source and methodology in BCARR's proposed refreshed cultural and creative satellite accounts is consistent with the Australian digital activity satellite accounts, which will provide further opportunities to better measure the Australian digitalisation in the future.

- **Recommendation: Exploring how to track activities in the digital sphere through the development of the satellite accounts, including aligning with ABS development of digital satellite accounts.**

[15] Deloitte Access Economics 2016, *What Are Our Stories Worth? Measuring the economic and cultural value of Australia's screen sector*, Screen Australia. See also Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, p.33.
[16] University of Tasmania 2015, *The Economic and Cultural Value of Live Music in Australia 2014*, Live Music Office.
[17] See: ABS 2019, *Measuring Digital Activities in the Australian Economy*.

The Productivity Commission's Aboriginal and Torres Strait Islander Visual Arts and Crafts study

The Productivity Commission recently completed a thorough examination of the value, nature and structure of markets for First Nations visual arts and crafts, addressing some longstanding data gaps.

It found the total value of markets for Aboriginal and Torres Strait Islander visual arts and crafts (including merchandise and consumer products) exceeds $250 million, including household and international visitor expenditure. This does not include the value of spending by government agencies, private sector enterprises and other community organisations, which is unknown. Sale of original artworks are conducted through three channels, including art centres ($35.3 million), art fairs ($6.7 million) and dealers and galleries ($74–90 million). Resales of artwork on the secondary market by auction houses and galleries totalled $6.4 million.[18]

> First Nations festivals, performing and visual arts are unique cultural industries that make an important contribution to the cultural and creative economy. **The First Nations visual arts sector is the largest economic contributor, and is the sector where data is more available**. First Nations artists produce some of Australia's most valuable works of art.
>
> Australia Council 2015, *Arts Nation: An overview of Australian arts*, p.30.

- **Recommendation: Investigating the potential to include data sources related to the First Nations visual arts and crafts market in the methodology refresh**.

3. What are your thoughts on the proposed new trident framework? Do you think this will address current issues and provide better estimates of cultural and creative activity?

The Australia Council agrees that the trident framework of looking at 'specialised' and 'support' activity in the cultural and creative industries, and 'embedded' cultural and creative activity in other industries is a useful approach. We currently use employment estimates based on this approach.[19]

In addition, we support the matrix approach of defining cultural and creative activity using a two-way approach based on product classifications as well as industry classifications if it will improve the quality and accuracy of numbers and will enable data gaps to be filled, for example around events and international trade. However, we note that the product classifications also read as dated in light of digital transformation in the creative industries.

- **Recommendation: Including and reporting data on events and international trade.**

4. What are your thoughts on the scope of proposed layers, domains and categories of cultural and creative activity?

We see value in the concentric circles model developed by Professor David Throsby. However, we understand that the concentric circle layers are not used in a hierarchical way in the satellite accounts methodology (the levels of economic contribution are treated the same across all four layers). We therefore suggest using non-hierarchical terminology such as 'cultural', 'creative' or 'both' (rather than the layers terminology).

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[18] Productivity Commission 2022, *Aboriginal and Torres Strait Islander Visual Arts and Crafts – Study report*.
[19] For example, see University of Canberra 2022, *The Creative Economy in Australia: What Census 2021 Tells Us, Briefing Paper 1*.

With the transition to Creative Australia and its new bodies, our priority is data at the domain level and the ability to group domains to address evolving sector needs. We suggest including plain language definitions of the domains to ensure ease of understanding and use. The Australia Council would welcome the opportunity to assist with this.

In order to serve the wide range of information needs about the make-up of the cultural and creative industries, it would be useful to see data presented in the following ways:

- at the individual domain levels;
- at the ‘cultural’, ‘creative’ and ‘both cultural and creative' levels;
- at the ‘specialised’, ‘support’ and ‘embedded’ levels; and, if possible
- within each domain, creation/production activities separated from distribution/sales activities.

- **Recommendation: Presenting data at the domain level with plain language definitions and using non-hierarchical terminology such as ‘cultural’, ‘creative’ or ‘both’ to group domains. Additional presentations of data at the ‘specialised’, ‘support’ and ‘embedded’ levels, and (if possible) separated into creation/production and distribution/sales activities within each domain.**

5. What are your thoughts on the scope of industries and occupations included in the proposed definition of cultural and creative sector?

Over time, analysis has been done by various people and groups on gaps and issues with the industry and occupation categories and groupings, including work by the Statistics Working Group of the Meeting of Cultural Ministers. This work included identifying potential improvements to the ANZSIC-based definition of the cultural and creative industries;[20] ANZSIC codes included as creative in the Nesta/CIIC and/or the Nesta/QUT analyses based on ‘creative intensity’ but not included in the satellite accounts;[21] and potential remedies to address data gaps.[22]

Categories that have raised questions at the Australia Council include the narrow definition of visual arts and crafts that does not capture visual art dealers and commercial sales of artworks, and how events are captured for the music industry; as well as the gaps around the digital transformation of our industries and jobs. Social media creatives are an example of an occupation not currently captured under the classifications, which have not kept pace with digital transformation. The Australia Council would welcome the opportunity to be involved in further definitional work.

6. What other datasets could BCARR use to further improve the estimates?

There is opportunity to explore emerging data sources, and to further explore the potential of existing data sets. For example, knowledge gaps remain around the substantial number of Australians generating economic activity through cultural and creative roles as secondary jobs and unpaid work. There are some

[20] See Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, p.24–25.
[21] See Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, p.20.
[22] See Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, p.20.

indicators of the extent of this phenomenon from periodic surveys of professional artists.[23] More broadly, there are potential approaches to drawing better insights across the cultural and creative sector out of Census data. But there are still significant improvements that could be made.

Researchers have been exploring untapped sources to address some of these knowledge gaps, such as the capacity for the ABS Cultural Participation survey to pick up gaps in unpaid voluntary work for cultural organisations and groups. There is also unexplored potential for the ABS Linked Employer-Employee Database (LEED) and the Business Longitudinal Analysis Data Environment (BLADE) to help track multiple jobs.

A 2018 paper by the Statistics Working Group lists data gaps or quality issues and potential remedies based on the original ABS satellite account discussion paper, with revisiting this work recommended as the first priority for the Statistics Working Group and ABS. Solutions range from running new surveys, for example on patron spending during live entertainment events; modifying or boosting samples of existing surveys; and making greater use of unit record data available within current collections (noting this would require significant processing). Data sources mentioned include the Labour Force Survey and ATO data for multiple job holders.[24]

In terms of the First Nations visual art market, the Productivity Commission drew on data sources that included ABS domestic household and international visitor expenditure; Desart’s SAM database for art centre sales; and ATO taxation data for sales revenue from commercial galleries.[25] ATO data could be investigated for sales from commercial galleries more broadly.

Business models for monetisation of social media is a further area for exploration.

- **Recommendation: Exploring additional data sources on activities in the digital sphere, volunteering, multiple jobs, the First Nations visual arts and crafts market, and ATO data on commercial art sales through the methodology refresh.**

[23] See for example Throsby D and Petetskaya K 2017, *Making Art Work: An economic study of professional artists in Australia*.
[24] See Commonwealth of Australia 2018, *Measuring the Economic Value of Cultural and Creative Industries – Statistics Working Group of the Meeting of Cultural Ministers*, p.26.
[25] See Productivity Commission 2022, *Aboriginal and Torres Strait Islander Visual Arts and Crafts – Study report*.