



Transitioning Regional Economies Inquiry
Productivity Commission
Locked Bag 2, Collins St East
MELBOURNE VIC 8003

31 July, 2017

Dear Sir / Madam

Reference: Transitioning Regional Economies – Submission to Initial Report

Regional Arts Australia (RAA) appreciates the opportunity to contribute to the study on the transition of regional economies following the resources boom

RAA has consulted with its state and territory associations in preparing the submission.

Should you require any further information in relation to the matters raised in this submission, please contact me through details provided below.

Yours sincerely

John Oster
Executive Director

Introduction

In responding to the Initial Report we wish to establish the case for arts and culture as a driver of sustainable, resilient and healthy communities everywhere, and particularly in regional communities.

We submit the following:

1. Cultural considerations should be intrinsic as a fundamental element of policy development for regional Australia. The Commission has yet to fully consider the human factor involving culture and identity which are critical in the resilience and sustainability of communities.
2. Arts, culture and creative industries are big business and important drivers of the economy. There is significant data to support the notion that arts and culture is provide important economic stimulus for vibrant regional communities.
3. There is a significant body of research available about the cultural sector that remains largely undiscovered by the Commission. Pointers to that research and to the work of regional cultural organisations are provided.
4. Discussion about some elements of the Initial Report.

About Regional Arts Australia

Regional Arts Australia (RAA) is a peak organisation representing the arts in regional Australia. We promote the importance of the arts as a key driver in creating vibrant and sustainable regional communities. We believe arts and culture enrich the lives of regional Australians, and build innovative and creative communities.

RAA has served regional Australia for almost 70 years and we provide national reach and national impact to resource and promote regional arts and culture in collaboration with our members, the state-based Regional Arts Organisations

Regional artists are renowned for their artistic and creative excellence. One in three people in Australia live in regional Australia and their arts and cultural contributions have a national impact. Through arts and culture, we want to broaden our national vision of the brilliance that regional, remote and very remote Australia contributes to the nation. We want to ensure that all regional and remote Australians, including Indigenous Australians, have valuable and equitable opportunities to engage with the arts. We know that access to arts and cultural experiences build aspiration, resilience and flexibility amongst our young people, and we will strive to ensure young people in the regions have access to these formative opportunities.

RAA manages the Regional Arts Fund on behalf of the Australian Government.

The objectives of the Fund are to support and promote participation in, and access to, Australia's arts and culture in regional and remote Australia by:

1. encouraging and supporting sustainable economic, social and cultural development in regional communities;
2. developing partnerships and networks which leverage financial and/or in-kind support for specific projects and encourage ongoing collaboration;
3. developing audiences and broaden community engagement with the arts; and
4. increasing employment and professional development opportunities for, and raise the profile of, regional and remote artists.

Through the Regional Arts Fund in 2012-2016 the amount of funding provided to individuals and organisations was **\$10,865,587**. The total leveraged income was estimated to be **\$28,230,714**.

The projects included funding to:

- 578 Community Grant projects
- 844 Quick Response Grants
- 30 National Strategic Projects

1. The place of culture in regional policy development

Regional and remote places now use art and culture to build strong communities, generate jobs, reimagine places and develop innovative infrastructure.

We draw the Commission's attention to the work of the Cultural Development Network. We collaborate with The Cultural Development Network (CDN) in pursuing cultural outcomes in regional Australia. This is done by building the capacity of local government across Australia to support artists and local communities and work towards integrated planning across all levels of government. In particular," CDN acknowledges five domains of public policy: civic, cultural, economic, ecological and social, which are all important and interconnected for a good quality of life. CDN's work is sited within the cultural domain and directed towards its primary goal, of a culturally rich and vibrant Australian society."¹

Clearly, if consideration is not given to cultural policy development and the inclusion of the arts and creative industries, then the combination of planning and policy forces driving the transition of the economy will be limited to a geographic and economic bias, rather than embracing a full spectrum of available drivers.

The Evolution of Australian Towns Report 136 by the Department of Infrastructure and Regional Development released in 2014 points to amenity migration defined as the movement of people to locations perceived to have desirable attributes, usually based on non-economic considerations.

"While it is easy to assume that people have always preferred to live in desirable locations, personal transport and better communications technology, longer life expectancy and growing wealth have enabled amenity migration. A consequence has been the shifting functions within towns as they have weakened their connections with industry, particularly agriculture and mining and transitioned to an economy based on tourism, lifestyle and service provision. This has also prompted towns to introduce strategies to enhance their amenity as an avenue to promote economic growth."²

2. Arts, culture and creative industries are big business

Arts and culture occupy a far larger place in the Australian economy that is often credited.

ABS Data

In 2014 the ABS released data demonstrating that the contribution of arts and culture to GDP equated to \$50b, or 4% of the national economy annually. This compares with Health Care and Social Assistance \$68b (5.8%) and Retail Trade \$57b (4.9%) and vastly exceeds Agriculture, Forestry

¹ <http://www.culturaldevelopment.net.au/about/>

² Bureau of Infrastructure, Transport and Regional Economics, Report 136 by the Department of Infrastructure and Regional Development, 2014

and Fishing \$29b (2.5%). In addition, creative industries such as design and fashion raise this contribution to a substantial \$86b (6.9%) total for cultural and creative activity. Arts and culture is a key driver of a creative economy. It is also a key driver in creating and maintaining viable livelihoods in sustainable communities.

Key Figures

2008-09

| | |
|-------------------------------------------------------------------|--------|
| Gross Domestic Product - National Accounts Basis (\$m)(a) | |
| Cultural activity | 50 050 |
| Creative activity | 78 332 |
| Total for cultural and creative activity (b) | 85 956 |
| Share of Gross Domestic Product - National Accounts Basis (%) (a) | |
| Cultural activity | 4.0% |
| Creative activity | 6.3% |
| Total for cultural and creative activity (b) | 6.9% |
| Gross Domestic Product - Satellite Accounts Basis (\$m)(a) | |
| Cultural activity | 50 861 |
| Creative activity | 79 148 |
| Total for cultural and creative activity (b) | 86 779 |

(a) National accounts basis only includes activity measured in Australia's national accounts. Satellite accounts basis also includes volunteer services and non-market output of market producers.

(b) Activity included in both cultural activity and creative activity is counted only once in the total.

Key Points

- Cultural and creative activity is estimated to have contributed \$86.0 billion (6.9%) to Australia's Gross Domestic Product (GDP) on a national accounts basis in 2008-09.
- On a satellite accounts basis, cultural and creative activity is estimated to have contributed \$86.8 billion to GDP in 2008-09.
- Volunteer services to arts and heritage organisations are estimated to have contributed \$756 million to GDP on a satellite accounts basis in 2008-09.
- It is estimated there was an average of 972,200 people during 2008-09 whose main employment was in a cultural or creative industry or occupation.
- At the end of June 2009, there were 164,730 entities actively trading as a business or non-profit institution within the cultural and creative industries.³

Regional Australia Institute Research

In terms of regional Australia, we refer to work done by the Regional Australia Institute. Recently RAI identified;

"The arts are an important part of regional economies. In 2013, regional Australia produced \$2.8 billion in arts and cultural industry output (Gross Value Added, or 'GVA'); approximately 24 per cent

³ [Australian National Accounts: Cultural and Creative Activity Satellite Accounts](#) (cat. no. 5271.0), available for free download from the ABS website (www.abs.gov.au).

of the national arts and cultural output.⁴ Metropolitan cities, by contrast, produced \$9.1 billion GVA from arts and culture, or 76 per cent of national output. Metropolitan areas are, by nature, more populated, technically-driven and economically robust. As such, they would be expected to have a higher GVA in creative industries than regional areas. Still, with 1/3 of the population living in Australia, but only 1/4 of national GVA, regional areas may seem to be underperforming in the creative space. However, in terms of the average annual growth rate from arts and culture, metropolitan and regional Australia are very similar. For metropolitan areas, the average growth rate in GVA from arts and culture was 3.3 per cent per annum. In regional areas, it was 3.0 per cent per annum. Between 2013 and 2031, these average growth rates are forecast to increase to 3.6 per cent in metro areas and 3.1 per cent in regions per annum.”⁵

Regional Arts Fund

The Regional Arts Fund (RAF) managed by RAA on behalf of the Commonwealth provides strategic funding for arts projects across regional Australia.

The RAF is designed to benefit regional and remote arts practitioners, arts workers, audiences and communities. The objectives in 20012-2016 were to:

- encourage and support sustainable cultural development in regional communities where possible, rather than ‘one-off’ events;
- assist sustainable economic and social development within regional, remote and very remote communities, including a focus on Indigenous and isolated communities;
- develop partnerships (such as with local government, community groups, health and education sectors, the private sector, state government agencies and other relevant groups) which leverage financial and/or in-kind support for specific projects, encourage ongoing collaboration or support for cultural activities following the funded projects, and develop audiences and broaden community engagement;
- assist the development of cultural networks, especially in isolated areas, to facilitate information exchange and co-operative relationships;
- increase employment and professional development opportunities for, and raise the profile of, regional and remote artists; and
- increase skills development initiatives for individuals and organisations in regional and remote communities, with a particular focus on youth, disadvantaged, Indigenous and/or isolated communities. Skills development initiatives may relate to specific art or craft practice; arts management; small business management; emerging technologies; arts or cross-sector training and mentoring schemes; or broader community cultural development and capacity building.⁶

These objectives align in large part with the guiding principles to support transition and development of regional communities outlined in the Interim Report. For example, the RAF encourages cultural initiatives which are:

- identified and led by the local community, in partnership with all levels of government

⁴ The arts and culture industry is based on the ANZSIC 2006 division R – arts and recreation services. This division includes heritage activities, creative and performing arts activities, sports and recreation activities, and gambling activities.

⁵ <http://www.regionalaustralia.org.au/home/2017/05/rise-regional-bohemians-painting-new-picture-arts-culture-regional-australia/>

⁶ <https://www.arts.gov.au/funding-and-support/regional-arts-fund>

- supported by targeted investment in developing the capability of the people in the local community
- designed with clear objectives and measurable performance indicators and subject to rigorous evaluation.

In 2012-2016 the RAF was distributed through the following regional arts organisations representing all States and Territories:

| | |
|----------------------------------------|-------------------------|
| Arts ACT | Country Arts WA |
| Arts NT | Regional Arts NSW |
| Artslink Queensland (until April 2016) | Regional Arts Victoria |
| Country Arts SA | Tasmanian Regional Arts |

Across Australia these eight organisations, managed a total of 1,458 individual projects.

Key outcomes:

Participation

- 3,979,899 total number of people assisted. This number includes artists and arts workers paid, participants and audience of project outcomes.

Locations

- All 1458 projects were delivered to benefit those in inner regional, outer regional, remote, very remote and isolated locations and communities across Australia.

Professional development

- 843 projects and \$5M went towards professional development initiatives for artists and arts workers.

Partnerships

- 3105 partnerships were formed as a result of RAF projects

Leveraged income

- Total Leveraged income **\$28,230,714.83**

RAF Grants summary

| RAF grant types | Artists employed |
|-----------------------------|------------------|
| Community Grants | 5,382 |
| Quick Response Grants | 4,243 |
| National Strategic Projects | 615 |
| Total | 10,240 |

People assisted: Artists, participants and audiences

A core function of the RAF is to assist people, namely regional Artists, arts workers and community members. In this instance, the extent to which the fund assists people has been measured in a quantitative way, with self-reported statistics from the applicant at the time of application and acquittal.

Total number of people assisted over four years 2012-2016

| | Artists employed | Participants | Audience |
|-----------------------------|------------------|----------------|------------------|
| Community Grants | 5,382 | 102,763 | 2,090,580 |
| Quick Response Grants | 4,243 | 74,158 | 1,592,031 |
| National Strategic Projects | 615 | 7,893 | 102,234 |
| | 10,240 | 184,814 | 3,784,845 |

Leveraged Income

Sustainable cultural development relies on generating support from multiple sources. As such, leveraged income is a key element to any successful RAF project. The strength of any project often lies in the relationships built within the sector, or the local community, or even a virtual community. One way that this can be measured is by the value of leveraged income. Leveraged income can take the form of cash or in-kind support, including volunteer hours.

All leveraged income, for each grant type over the four-year period

| | total cash \$ | total in-kind \$ | total unspecified* \$ | grand total \$ |
|-----------------------------|----------------------|---------------------|-----------------------|----------------------|
| Community Grants | 9,081,432.29 | 6,362,408.81 | 4,737,857.05 | 20,181,698.15 |
| QRG | 1,691,170.16 | 1,818,973.77 | 957,799.21 | 4,467,943.14 |
| Cultural Workers | 721,674.00 | 57,000.00 | 342,633.00 | 1,121,307.00 |
| National Strategic Projects | 1,764,519.14 | 695,247.40 | | 2,459,766.54 |
| | 13,258,795.59 | 8,933,629.98 | 6,038,289.26 | 28,230,714.83 |

3. Further Research

It is not possible for us to provide an all embracing overview of the arts and culture research supporting the principles of resilient and sustainable communities. Rather, in this section we provide pointers to some significant work demonstrating the importance of arts and culture in regional communities.

Stats & Stories

In 2015 RAA partnered with Deakin University in the Stats & Stories project examining the impact of the arts in regional Australia. ⁷

Five themes emerged highlighting the function of arts and culture in supporting community resilience:

1. Community connectedness
2. Economic regeneration
3. Social inclusion
4. Civic pride and community identity
5. Regional development

⁷ <http://regionalarts.com.au/publications>

They are briefly summarised here.

Community connectedness strengthens engagement and resilience, especially given the challenges of a global world. Linking local communities through arts activities that connect them leads to improved community networks and capacities. One of the paradoxes of the global world is that the faster globalisation develops, the more people require local community connectedness. In short, community connectedness provides four key strategies to strengthen localities:

- Community engagement that enables people to agree on local priorities for action
- Partnerships with local and other levels of government, businesses and organisations
- Networks to strengthen ties locally, nationally and internationally by information sharing, training and development.
- Physical places to meet such as arts centres, galleries, community halls or recreation facilities.

Arts events and festivals are a major driver of physical renewal and economic regeneration. They underpin regional tourism, with 57% of first-time visitors to the region giving an event as their main reason for visiting. Similarly, three-quarters of event attendees would not have gone to the destination on this occasion if not for the event. While the arts are part of the tourism experience, they are not only about making money. Gentrification has noticeable effects on housing market renewal and public consumption within the gentrified area, activating the local economy by hiring services, attracting audiences, increasing visitors staying in hotels and B&Bs, eating in cafes and restaurants and going shopping in local stores. Additionally, the transformation of derelict industrial precincts contributes to boosting the regional economy that improves the vitality and quality of rural and regional environments.

Fast facts:

- 58% Domestic day and overnight trips are to regional destinations.
- \$34b Spent by visitors in regional areas during 2013.
- 57% First-time visitors to a region state an event is their main reason for visiting.
- 176,500 Jobs are created each year in the planning and operation of festivals in non-metropolitan Australia.
- 2,800+ Rural festivals in Australia per year.

The arts encourage and support social inclusion. Australia has increasing ethnic diversity and a changing landscape. It is confronted with challenges to develop inclusive communities that understand, recognise and integrate social inclusion effectively. The arts play a significant role in community engagement, in health and well-being, in social inclusion of communities of all kinds (including youth, Indigenous, the aged, those of different cultural and geographic origins, and the socially marginalised) and in reconciliation and the life of people in regional communities. Social inclusion entails a society where all people feel valued, their differences respected, and their basic needs met so they can live in dignity. It is a determinant of mental health and wellbeing.

Australians believe that the arts can have a big impact on quality of life promoting civic pride and community identity. Events bring people together. At the individual level, arts events encourage active participation within communities, providing opportunities for personal and professional

development. Immersion within the community provides individuals with support: efforts that create civic pride. Symbolic expressions of identity can be found through community celebrations, festivals and the installation of public art.

In 2013 Australia Council research noted people believe the biggest impacts of the arts are on:

- 66% Development of children.
- 61% People's ability to express themselves.
- 59% People's ability to think creatively and develop new ideas.
- 56% People's ability to deal with stress, anxiety or depression.
- 52% Improved sense of wellbeing and happiness.

In addition:

- 92% Agree Indigenous arts are an important part of Australia's culture.
- 85% Agree the arts make for a richer and more meaningful life
- 45% Believe community pride & identity has a big impact.
- 45% Believe the arts help shape and express Australia's identity.⁸

The arts are a tool for regional development. Against a background of rural and regional decline, population drift to the cities and the closing of major facilities, development through the arts is a means of stimulating regions. Arts activities and events have flourished and diversified from traditional country fairs to festivals and blockbuster art exhibitions.

By building quality infrastructure, the arts can develop and build tourism, boost employment and morale of people in the local community. Regional development results in greater understanding of others, particularly those who are different from ourselves, and a stronger regional identity.

The Australia Council

The Australia Council produces regular strategic research about the arts and culture sector. Using 2013/14 Australian Bureau of Statistics data, it covers cultural attendance and participation across art, craft, theatre, dance, music, and literature. One can profile a local region, compare it to other regions, select a metropolitan location and compare it to a regional location, and compare any region to the state or national average.

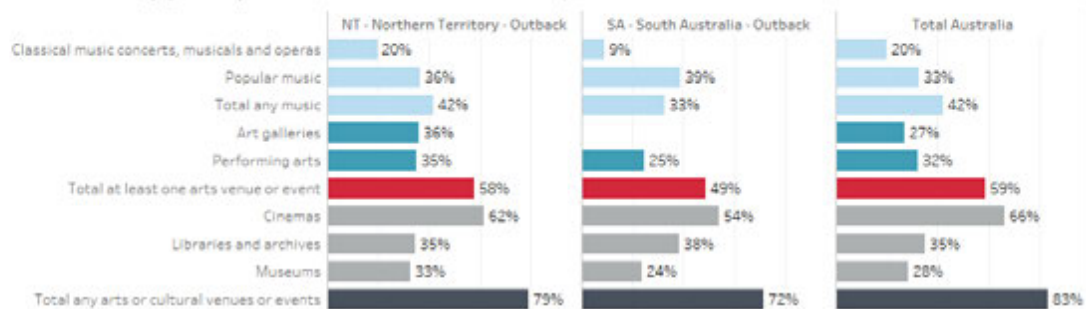
<http://www.australiacouncil.gov.au/research/arts-and-cultural-attendance-and-participation-local-region-rates/>

⁸ Australia Council, Arts Nation: An Overview of Australian Arts 2013.

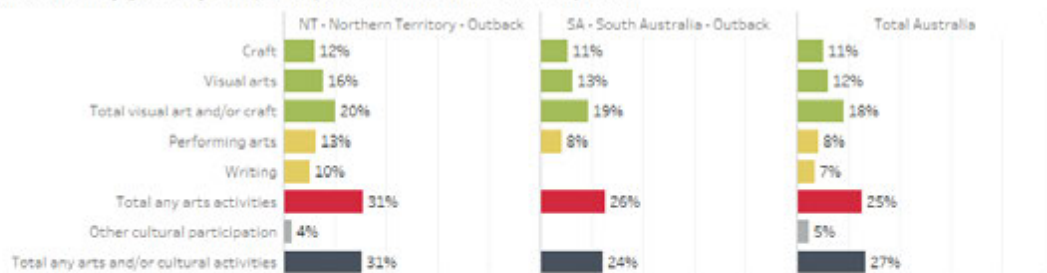
Local Region Arts Engagement Dashboard

To select/deselect regions, click on drop down menu, check/uncheck boxes, and click on Multiple values drop down menu again:

Proportion of Australians (aged 15+) who attended arts, June 2013 - July 2014:



Proportion of Australians (aged 15+) who participated in arts, June 2013 - July 2014:



Based on ABS data. Proportions with relative standard error (RSE) of 25% or over should be used with caution. Blank bars are not available for publication because they have a RSE of over 50%.
 ACT is a single SA4 region so figures for 'Australian Capital Territory' and 'TOTAL ACT' are the same.
 For more information about regions of interest please see: www.abs.gov.au/databyregion

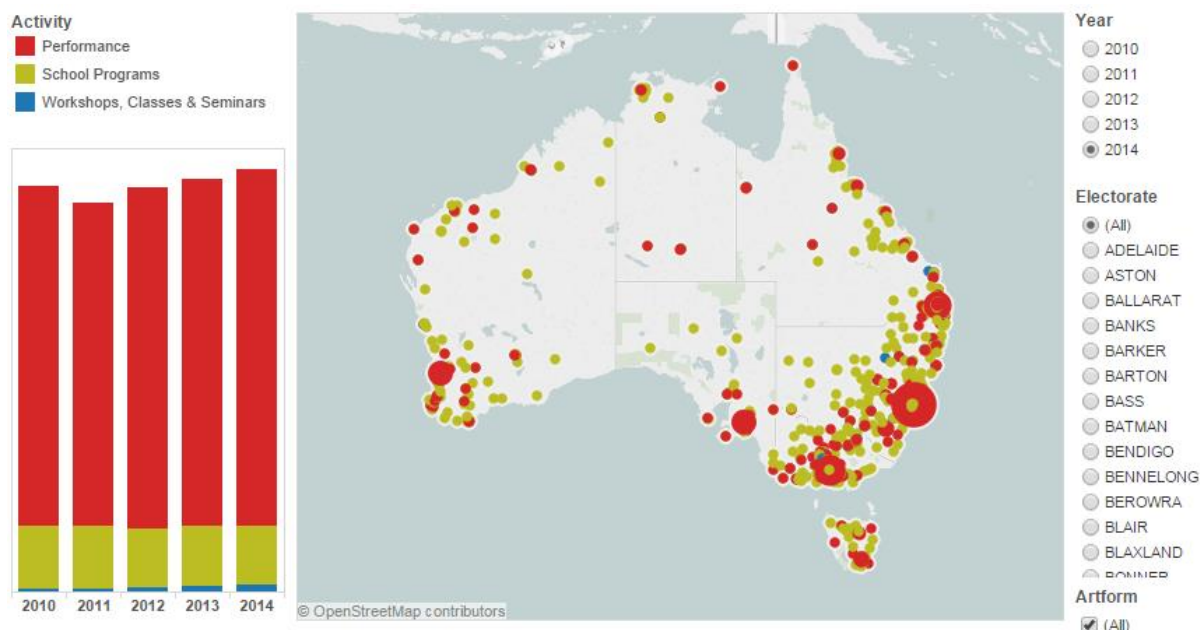
Cultural Organisations and Peak Bodies

Arts infrastructure is important. Theatres, performing art centres, galleries, libraries and other community spaces are important places for bringing people together and building lifestyle and resilience. Performing and visual arts touring is also important. The creativity of artists and the experience of audiences are the fundamentals which make the arts a key driver to enliven communities. We want to grow that audience by encouraging the highest quality arts experiences, ensuring regional artists have visibility and voice in our national sector and enabling communities to engage in contemporary and accessible dialogue. This also has to do with improving regional lifestyle and supporting the retention of professionals in regional communities.

The Australian Performing Arts Centres Assoc. (APACA) represents a wide range of community presenters and their website contains a list of performing arts venues in regional Australia.

<http://www.apaca.com.au/list-of-current-apaca-members/>

The Australian Major Performing Arts Group (AMPAG) is the umbrella group for Australia's major performing arts companies. It provides a Touring Interactive Map showing major performing arts touring to each electorate 2010 -2015.



<http://www.ampag.com.au/touring-interactive-map.htm>

4. Discussion about the Initial Report

An analytical framework

In developing an analytical framework for assessing the scope for economic and social development in regions it will be important to consider a range of cultural factors underpinning resilience and promoting economic development in regions. Considerations should include:

- The presence of appropriate arts infrastructure in a community
- Cultural development strategies developed by local government
- The capacity in a community to engage with performing and visual arts touring
- The presence and role in the community of festivals and local events
- Professional and personal development opportunities in a regional cultural setting

Consolidation of services from small towns to regional centres

The concentration of amenities in regional centres is an important consideration. There is a notable tendency to concentrate high profile cultural infrastructure in larger regional centres. There are many recent examples to be found in Dubbo, Albury, Karratha among others. These centres serve an important purpose and are often driven by community aspiration to attract the highest quality arts product. Their role as venues for touring major performing arts and the touring visual art circuit is undeniable. What is debatable though is the drain of arts resources and audiences from smaller towns. There is much less consideration of the kind of infrastructure that is smaller, more adaptable to community need and capable of supporting locally produced arts product and cultural activity. Many believe these would be much more valuable in supporting resilient smaller communities. The value of the old local community hall is often underestimated. Important work has been done in Victoria and elsewhere to revitalise community halls.⁹ At the same time community halls present certain difficulties. They are often old and have not been properly maintained and place a burden on local government which is often called to manage and insure them. They often have limited amenities and are often not fit for adaptable and wide ranging purpose.

⁹ <http://www.rav.net.au/statewide-projects/home-is-where-the-hall-is>

The Gillard government's Building the Education Revolution provided an opportunity to address this matter, but has been heavily criticised. The program included a component: Primary Schools for the 21st Century (\$14.2b), providing new and refurbished halls, libraries and classrooms. Part of the rationale for the program was that new and updates school halls would provide facilities for wider community use. There are many examples in which schools have assumed exclusive use of these facilities by actively discouraging community use. Nonetheless, this kind of infrastructure inclusive of arts production capability remains valuable in this discussion, and should be considered seriously by the Commission.

A locally-owned, strategic and coordinated approach

We agree with the observation in the Initial Report that locally-developed strategic plans should analyse a region's strengths, opportunities and potential risks and set priorities for action. Many local governments already prepare strategic plans for their communities but their quality is highly variable.

Local Government is the largest investor in cultural activity with more than \$1b annually devoted to cultural programs including support for libraries, local festivals and employment of cultural workers. We support the work being done by the Cultural Development Network to encourage local councils to develop well-conceived cultural development plans with a strong emphasis on their capacity to measure cultural impact.¹⁰

Investing in the capabilities of people and regional connectivity - Regional Arts fund

We agree with the observation that regional adaptation and development can be supported through well-planned investment in the adaptive capacity of people in regional communities and in investments that link regions and markets. The Initial Report highlights the example of the National Broadband Network. We would argue that the Regional Arts Fund also supports the long term strategic investment in regional communities by focussing principally on investments in people. It is a major regional program funded by governments and subject to rigorous and transparent assessment. It is regrettable that in 2009 the Labour Government reduced the Fund from \$22m to its current value of \$13.5m. The Australian Labour Party went to the last election with a policy to restore the Fund to its original value, recognising the important role the Fund plays in providing resilience to communities and leveraging substantial additional resources.

Indigenous art centre programs

We note the observation that Governments have at times chosen to provide assistance to a specific industry or to regions as a whole, to support investment in infrastructure and preserve jobs. There can be benefits in targeting investment in infrastructure that can help regional communities more easily take advantage of economic opportunities.

Commonwealth funding for Aboriginal community art centres is a good example. The Indigenous Visual Arts Industry Support program helps fund the operations of around 80 Indigenous-owned art centres, and a number of art fairs, regional hubs and industry service organisations that are at the heart of Australia's world-famous Indigenous visual art movement. The program is supported by an Indigenous Art Centre Plan which provides a co-operative framework for art centres, industry service organisations and the Australian Government to work together to build and maintain a professional,

¹⁰ <http://www.culturaldevelopment.net.au/activities/>

strong and ethical Indigenous visual arts industry, including encouraging strong participation and employment for Aboriginal and Torres Strait Islander people.

Art centres primarily support the production and marketing of Indigenous art and the intergenerational transmission of stories of law and culture, as well as providing training, economic development, leadership and employment opportunities for Aboriginal and Torres Strait Islander peoples. It is recognised that Indigenous art centres are often at the heart of community life and can be central to the social and economic well-being of regional and remote communities. Many art centres and artists subsidise other support services for their communities such as nutrition, numeracy and literacy, training and employment, leadership, youth services and after school holiday programs, as well as facilitating access to government services. Along with additional support through state governments, this program supports a vital industry which underpins the resilience and sustainability of many Indigenous communities.¹¹ The return on investment is in the order of \$4 for every \$1 of funds provided.

¹¹ <https://www.arts.gov.au/publications/indigenous-art-centre-plan>