

Economic importance of the arts and entertainment sector

Background brief

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June 2020

Summary

- The arts and entertainment sector contributes \$14.7 billion per year in value added (GDP).
- Arts and entertainment employs 193,600 Australians.
- For every million dollars in turnover, arts and entertainment produce 9 jobs while the construction industry only produces around 1 job.
- Arts and entertainment employs 51% women and 49% men.
- Arts and entertainment related industries have seen the largest pandemic shutdowns, with just 47% to 65% of businesses operating in early April.
- Majority of Australians (58%) support a relief package for live entertainment and half (51%) support doubling funding for the Australia Council.
- Majority of Eden-Monaro voters (58%) support a government support package for the arts and entertainment sector.

Introduction

With the Federal Government expected to announce a support package for the arts and entertainment sector in the coming days, this background brief summarises Australia Institute research on the economic role of the sector and related polling.

In this paper, and most Australia Institute research, the arts and entertainment sector is defined the following Australian Bureau of Statistics (ABS) industry categories: *Creative and Performing Arts Activities, Motion Picture and Sound Recording Activities, Publishing (except Internet and Music Publishing), Internet Publishing and Broadcasting, Heritage Activities, Library and Other Information Services.*

These categories are part of the wider ABS industries of *Arts and Recreation and Information Media and Telecommunications*. These include non-arts & entertainment categories like sports and telecommunications, which are excluded from our definition.

Arts and entertainment economic output

In the last financial year on record, the arts and entertainment sector contributed \$14.7 billion in value added (GDP). Note that these figures do not include government business entities, which particularly affects the heritage activities and library sectors.¹

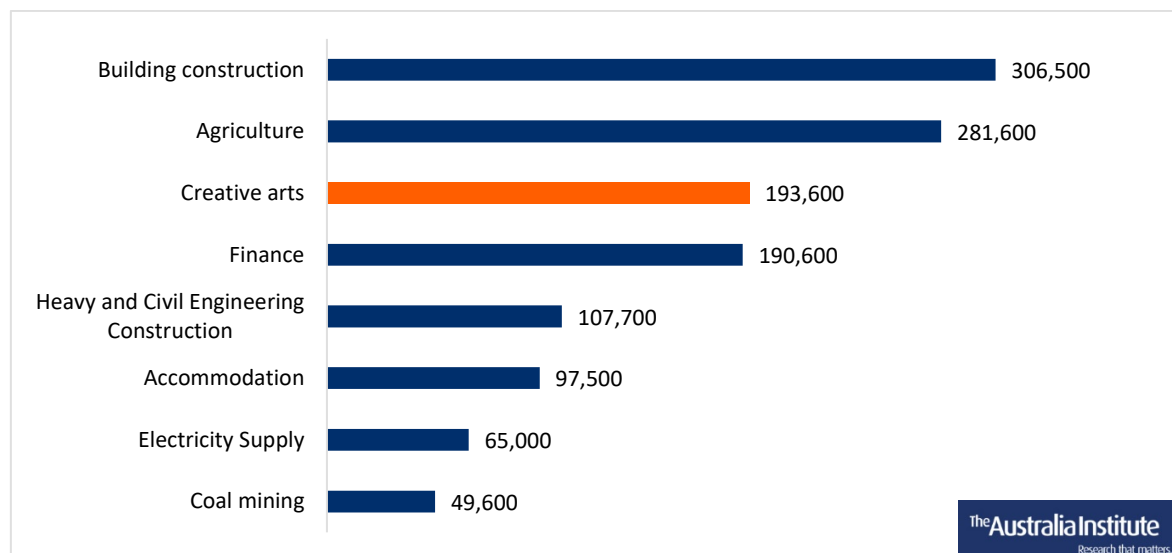
For context, beyond The Australia Institute’s definition of the arts and entertainment sector, the ABS’s wider *Arts and Recreation* industry contributed \$16.0 billion to GDP, while *Information Media and Telecommunications* (other than telecommunication services) contributed \$22.3 billion to GDP.

The Department of Communications uses a broader definition of “cultural and creative activity” to estimate a \$111.7 billion contribution to GDP in 2016–17, or 6.4% of GDP.² This definition includes activities such as architecture and computer programming.

Arts and entertainment: a significant employer

The arts and entertainment sector employs 193,600 Australians, making it a larger employer than finance, accommodation, electricity supply, heavy and civil engineering construction or coal mining, as shown in Figure 1 below:

Figure 1: Employment by industry sub-division, select sub-divisions



Source: ABS (2016) Census, accessed through TableBuilder Basic

¹ ABS (2020) 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Dec 2019, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5206.0Dec%202019?OpenDocument>

² Bureau of Communications and Arts Research (n.d.) *Cultural and creative activity in Australia 2008-09 to 2016-17*, <https://communications.e-newsletter.com.au/pub/pubType/EO/pubID/zzzz5976fe3908a3e171/interface.html>

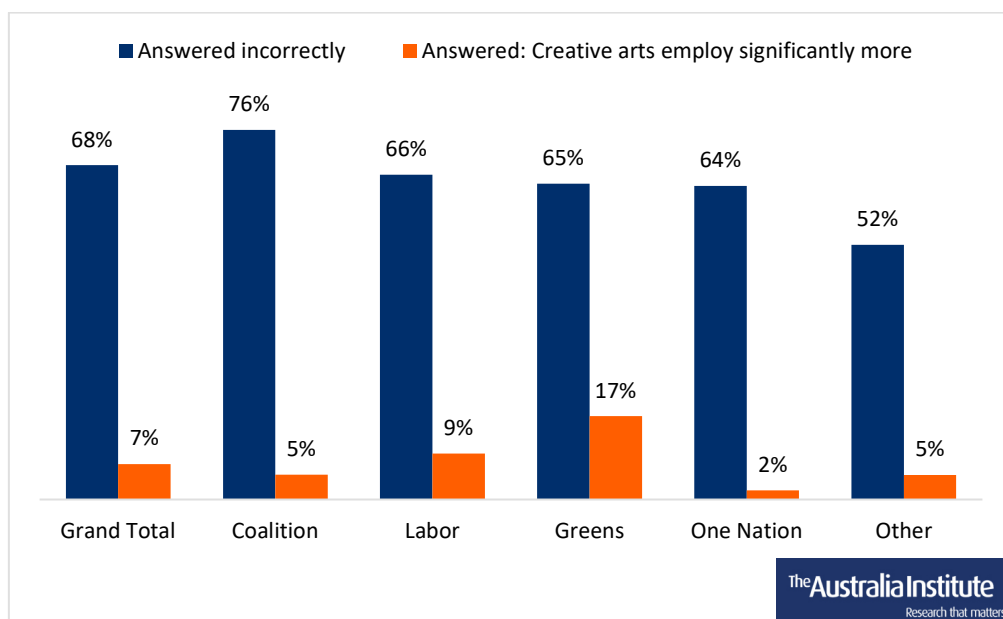
As shown in Figure 1 above, arts and entertainment employs two thirds as many people as highly politically powerful sectors such as agriculture and construction.

Beyond The Australia Institute’s definition of the arts and entertainment sector, the wider *Arts and Recreation Services* and *Information Media and Telecommunications* industries directly employ about 459,600 people (as their primary occupation), or about 3.5% of all employment in Australia.

Using a broader definition than used by The Australia Institute, academics have calculated “creative employment” at 593,830 people in 2016, or 5.6% of the workforce.³

Despite being a significant employer, most Australians (68%) underestimate the number of people employed in the arts and entertainment sector relative to coal mining. Only 7% correctly answer that the sector employs significantly more than coal mining does, as shown in Figure 2 below:

Figure 2: Perceived size of coal mining and arts employment, by voting intention



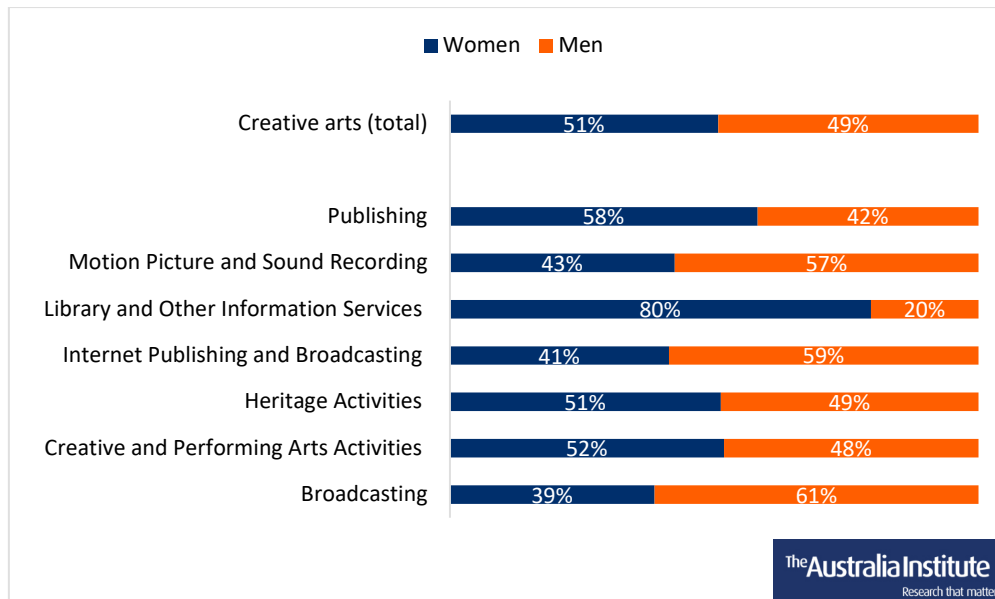
Source: The Australia Institute (2020) Polling – Lockdown and the arts

³ Cunningham & McCutcheon (2018) *The Creative Economy in Australia: Cultural production, creative services and income*, <https://research.qut.edu.au/dmrc/wp-content/uploads/sites/5/2018/03/Factsheet-2-Employment-by-sector-V5.pdf>

Gender split in employment

Arts and entertainment employment is evenly divided between women and men, with 51% women and 49%. This sets the creative arts apart from other industries targeted by government support, like construction, where only about 12% of employees are women (compared to 88% men).⁴

Figure 3: Employment in creative arts, by gender



Source: ABS (2020) 6291.0.55.003 - *Labour Force, Australia, Detailed, Quarterly, Feb 2020*. Note: Rolling average of the last four quarters used for calculations.

Employment intensity in the creative arts

The arts and entertainment sector is labour intensive. For every million dollars of turnover in the *Creative and Performing Arts Activities* category, nine people are employed according to ABS estimates.⁵

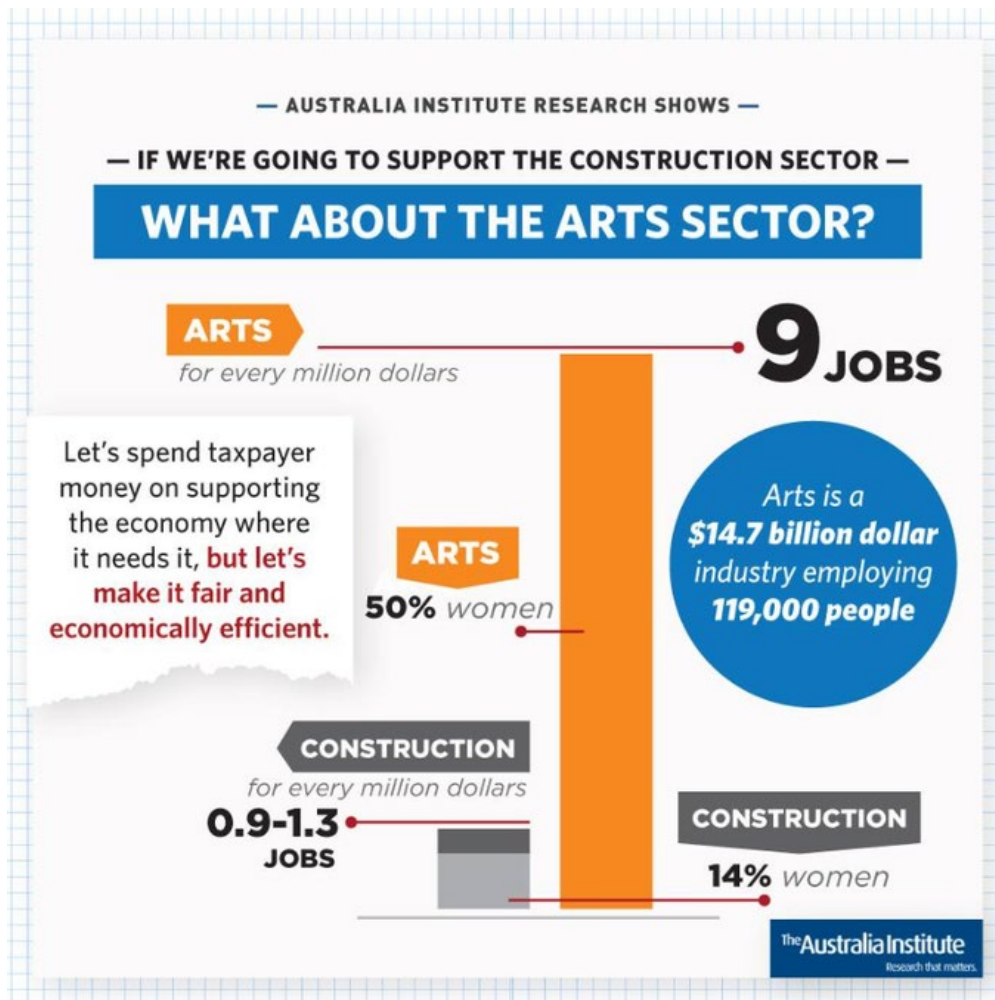
Nine jobs per million dollars turnover is far higher than more capital-intensive industries. For example, the ABS's *Building Construction* category sees around 1 job per million in turnover, the whole *Mining* industry has 0.59, while the *Oil and Gas Extraction* category has just 0.25. In other words, \$4 million in turnover is required on average for each job in oil and gas.

⁴ ABS (2020) 6291.0.55.003 - *Labour Force, Australia, Detailed, Quarterly, Feb 2020*, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Feb%202020?OpenDocument>

⁵ ABS (2020) 8155.0 - *Australian Industry, 2018-19*, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/8155.0>. Note that this figure only includes the Creative and performing arts category. Future Australia Institute research will assess the employment intensity of the wider arts and entertainment sector, as defined earlier.

Support for labour-intensive industries like the visual and performing arts, with links to other labour-intensive sectors such as tourism, will support far more jobs through the pandemic recovery period than construction or gas extraction.

Figure 4: Employment intensity Creative & Performing Arts vs construction



Arts and entertainment losses from COVID-19

As of 7 April, members of the arts and entertainment industry figures have reported \$330 million in lost work and contracts.⁶ *Lost My Gig Australia* in March estimated 470,000 workers were affected across arts and entertainment and related sectors.⁷

The ABS has calculated the business impacts of COVID-19. In the week commencing 30 March, 90% of businesses were operating. However, only 47% of *Arts and Recreation Services* businesses were operating, making that industry the worst affected. 65% of

⁶ *Lost My Gig Australia* (2020) *Have you lost work?*, <https://ilostmygig.net.au/>

⁷ <https://ilostmygig.net.au/latest-news/f/music-industry-calls-for-750m-relief-package>

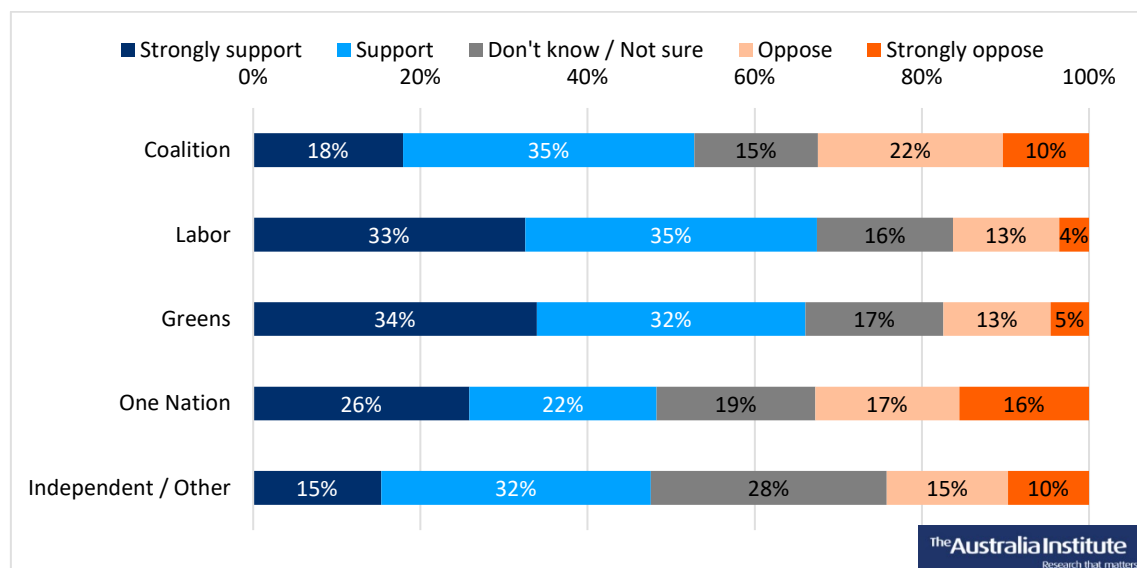
businesses were operating in *Information Media and Telecommunications* (which also includes arts and entertainment sectors) with the next worst hit being *Accommodation and Food Services* at 69% operating.⁸

Opinion polling on arts and entertainment

Most Australians (58%) support the \$750 million relief package proposed by the live performance sector.⁹

- Three in five Australians (58%) support the proposed \$750 million relief package, including 25% who strongly support the package.
 - 24% of Australians oppose the package, including 8% strongly opposed.
- Support for the relief package for live performance exceeds opposition among all voting intentions.
 - More than half of Coalition voters (53%) support the relief package.

Figure 5: Support for relief package for live performance, by voting intention



Source: The Australia Institute (2020) Polling – Lockdown and the arts

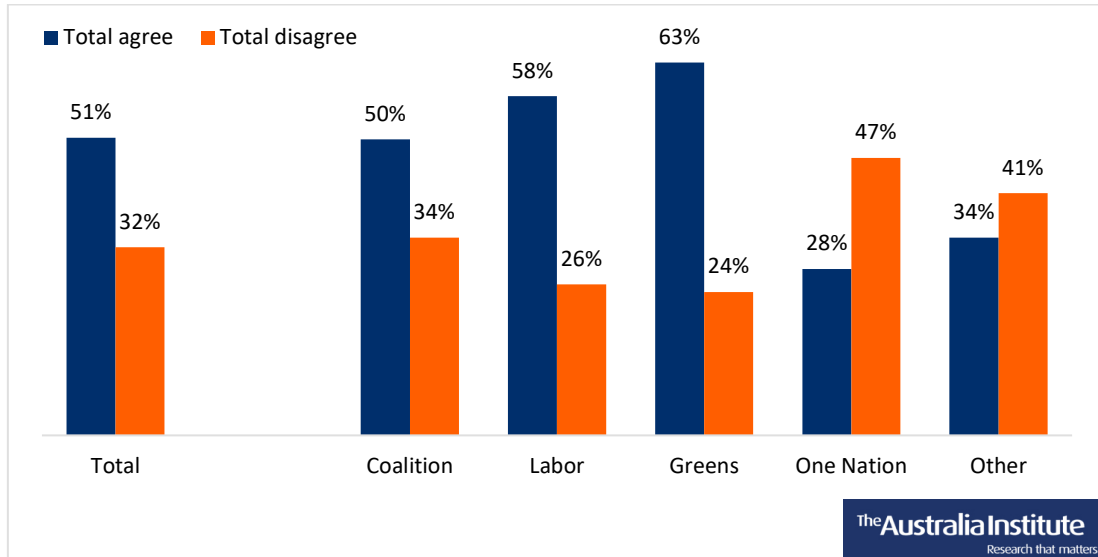
Half of Australians (51%) agree that the government should double funding for the Australia Council for the Arts to help support the arts during the COVID-19 lockdown.

⁸ Overall, 70% of businesses not trading were not trading because of COVID-19. ABS (2020) *Business Indicators, Business Impacts of COVID-19, Week Commencing 30 March 2020*, <https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/5676.0.55.003Main%20Features2Week%20Commencing%2030%20March%202020>

⁹ For details of the package, see I Lost My Gig Australia (2020) *Music industry calls for \$750m relief package*, <https://ilostmygig.net.au/latest-news/f/music-industry-calls-for-750m-relief-package>

- One in three (32%) disagree that the government should double Australia Council funding.
- A majority of Coalition (50%), Labor (58%) and Greens (63%) voters agree that Australia Council funding should be doubled.

Figure 6: Double funding for the Australia Council for the Arts



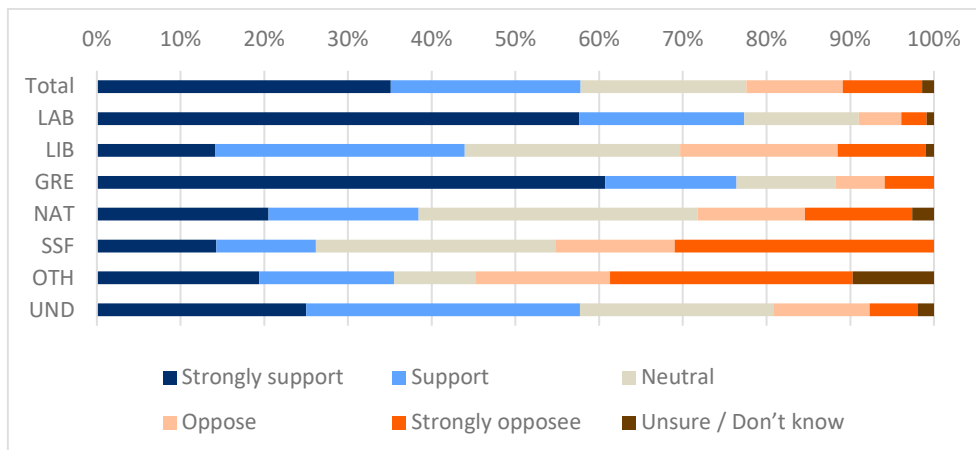
Source: The Australia Institute (2020) Polling – Lockdown and the arts

Eden-Monaro arts and entertainment polling

In June 2020, residents of Eden-Monaro were asked whether they support a government package of funding and support to the arts and entertainment industry.

Three in five residents (58%) support or strongly support a government funding package for the arts and entertainment industry.

Figure 7: Support for arts and entertainment sector package by age group



Further reading

For more information on the economics of the creative arts, losses to the sector from COVID-19, previous support packages for the arts and polling on live performance relief, see:

Browne (2020) *Art vs Dismal Science*: <https://www.tai.org.au/content/polling-gov-support-arts-industry-popular-and-necessary>

For other arts polling, see:

The Australia Institute (2020) *Polling – Lockdown and the arts*, <https://www.tai.org.au/content/most-australians-want-government-lifeline-creative-industries>

For polling in Eden-Monaro, see:

Campbell (2020) *Trouble in paradise: Eden-Monaro’s arts and entertainment sector during Covid-19*, <https://www.tai.org.au/content/polling-strong-support-arts-and-entertainment-sector-support-package-eden-monaro>