



chapter 2

STATE OF THE ARTS ECONOMY

CULTURAL INDUSTRIES AND THE ARTS

The Australian Framework for Culture/Leisure Statistics is part of a major revision that the Australian Bureau of Statistics is undertaking of its industry classification. Successive drafts have been widely circulated and debated. Its predecessor, the National Culture/Leisure Industry Statistical Framework, had a significant impact on the occupational and industry classifications in the five-yearly Census, as reflected in Chapters 3 and 4.

When the process of creating the framework is concluded, it will mark the culmination of the work that started during the 1980s under the aegis of the Cultural Ministers Council (see page 2). It will consolidate the position of the ABS as a world leader in the area of cultural statistics.

Since Australia is a pioneer with its culture/leisure statistical framework, it is understandable that full agreement has not yet been reached on the exact nature and definition of what constitutes cultural industries, and how to distinguish 'arts' from 'heritage' and other cultural concepts. It is also not surprising that different concepts have been used to estimate the size of the arts and wider cultural sectors and their contribution to the total economy.

One important contribution that future statistics will make to the understanding of the arts economy is to distinguish between the pivotal activity of *primary creation*, and the *expression* of this creative activity. *Primary creation* covers the traditional art forms, including writing, composing, painting and sculpting, craftwork and photography. The framework will also need to cater for new creative forms using digital technology, including what one draft in 1999 termed 'interactive content creation'.

The *expression* of creative activity includes publishing and the physical and electronic performance of music, theatre, dance, music theatre and other performing arts. Activities such as architectural services, advertising design and production, graphic and other design contain elements of both primary creation and its expression. So do radio and television services, film and video production.

It is clear that many different definitions of arts and culture can be adopted. Even within the primary area of creative activity, what constitutes 'arts'? Is all writing 'art', including romance, pulp fiction and all forms of journalism? Does all image-making claiming to be art really qualify? Should architecture and advertising be included and, if so, in full? What about commercial art generally? The answer is that it is inappropriate to pass aesthetic judgment in a study of this nature, and neither this writer nor the Australia Council has any intention to do so.

As far as possible, the study defines the arts economy as primary creative activity and its expression, as outlined on page 9. Wherever possible, it specifies the parts as well as the totals, so that readers can remove components if they disagree with their inclusion.

The main virtue of the emerging culture/leisure statistical framework is its definition of individual activities. It will be possible in future to regroup these to suit specific requirements, whereas the present study of the arts economy is circumscribed by the limited availability of long-term trend data.

CONTRIBUTION OF THE ARTS TO GDP

The most comprehensive picture of growth in the arts-related industries is provided by the five-yearly Census (see Chapters 3 and 4). In 1971, there were an estimated 26,400 full-time *arts professionals*. By 1996, their number had grown to 80,000 (not counting almost 10,000 architects, a similar number of library professionals, about 16,000 private music, dance, art and drama teachers, and other cultural workers). Many other people outside the cultural occupations, however, derive their livelihood from cultural industries, whereas not everyone with a cultural occupation works in a cultural industry (see page 24).

The 'commodity input-output' statistics discussed on pages 47-50 and 150-153 provide another source of cultural or arts-related economic trends (the term 'commodity' has subsequently been replaced by 'product'). Nine identifiable industries by 1993-94 had reached \$14.4 billion in output value expressed in 1996-97 prices, compared with \$6.5 billion in 1974-75. As discussed on page 48, these figures are compatible with other measures of the cultural sectors including those in *Cultural Trends in Australia: A Statistical Overview*, published in 1997 by the ABS and the then Department of Communications and the Arts (DOCA).

The ABS/DOCA publication compares the two concepts of *production* and *value added* (page 34). The former measures the total value of goods and services

produced, while value added is the amount paid to the factors of production (labour, capital, etc.) of the industry itself. The publication expresses regret that value-added data were not available for all the cultural activities. However, it was available for about two-thirds of these activities, for which the value added in 1993-94 was \$5,962 million. This was about 48% of the value of their total production of goods and services.

Since 1997, the ABS has conducted a series of cultural industry studies including the identification of *industry gross product*, which measures contribution to GDP.

Table 2.1: Key aggregates of selected cultural industries, 1996-97

Industries subject to ABS survey	At end June 1997		\$million		
	Organisations	Employment	Income	Expenses	Gross product
Performing arts industries	1,419	13,709	1,326.1	1,284.9	415.7
Music and theatre production	881	6,081	594.3	591.8	223.5
Performing arts venues	150	5,602	331.6	320.4	112.7
Services to the arts	369	1,676	355.5	332.9	64.8
Theatre ticket agency services	19	350	44.7	39.8	14.7
Commercial art galleries	457	1,156	87.3	81.9	16.8
Music businesses (1995-96)	541	3,886	1,063.9	994.6	255.4
Record companies and distributors	153	2,324	792.4	751.5	162.1
Manufacturers of recorded music	23	493	95.0	82.2	46.2
Music publishers	73	269	119.9	112.1	17.2
Sound recording studios	292	800	56.6	48.8	29.9
Film and video industry	386	18,518	2,934.6	2,879.5	927.6
Film and video production	132	9,438	1,128.5	1,195.5	440.4
Film and video distribution	66	1,341	973.9	970.8	211.0
Motion picture exhibition	188	7,739	832.2	713.2	276.2
Radio and television services	311	19,184	4,749.0	4,976.8	1,513.6
Radio services - private broadcasters	261	5,064	622.7	530.1	342.7
Television services - private broadcasters	48	8,872	3,350.7	3,674.6	776.1
Radio and TV services - public broadcasters	2	5,248	775.6	772.1	394.8
Libraries and museums	788	17,514	1,091.8	1,032.2	605.5
Libraries	564	11,877	666.6	630.5	406.4
Art museums	32	1,230	130.3	109.4	50.4
Museums	102	3,241	234.6	235.3	123.5
Local government museums and art museums	69	444	22.0	19.2	9.7
Historic houses	21	722	38.3	37.8	15.5
Total of above industries only	3,902	73,967	11,252.7	11,249.9	3,734.6

Note: Theatre ticket agents also sell ticket for sport and other performances.

Source: Australian Bureau of Statistics: Catalogue numbers 8697.0 (Performing Arts Industries), 8649.0 (Libraries and Museums), 8651.0 (Commercial Art Galleries), 4142.0 (Business of Music), 8654.0 (Motion Picture Exhibition), 8679.0 (Film and Video Production and Distribution), and 8680.0 (Radio and Television Services)

Table 2.1 shows gross product data from seven publications dealing with activities related to arts and heritage. Further detail, including full-time and part-time employees, funding and other income, and the labour component of total expenses in these labour-intensive industries, is shown in Table A6.1 (Appendix 6).

The main value of these statistics is that, in conjunction with the input-output data, they provide the basis of an estimate of the gross product of arts-related industries, that is, their contribution to the total gross domestic product (GDP).

Table 2.2: Selected industry gross product estimates for 1996-97

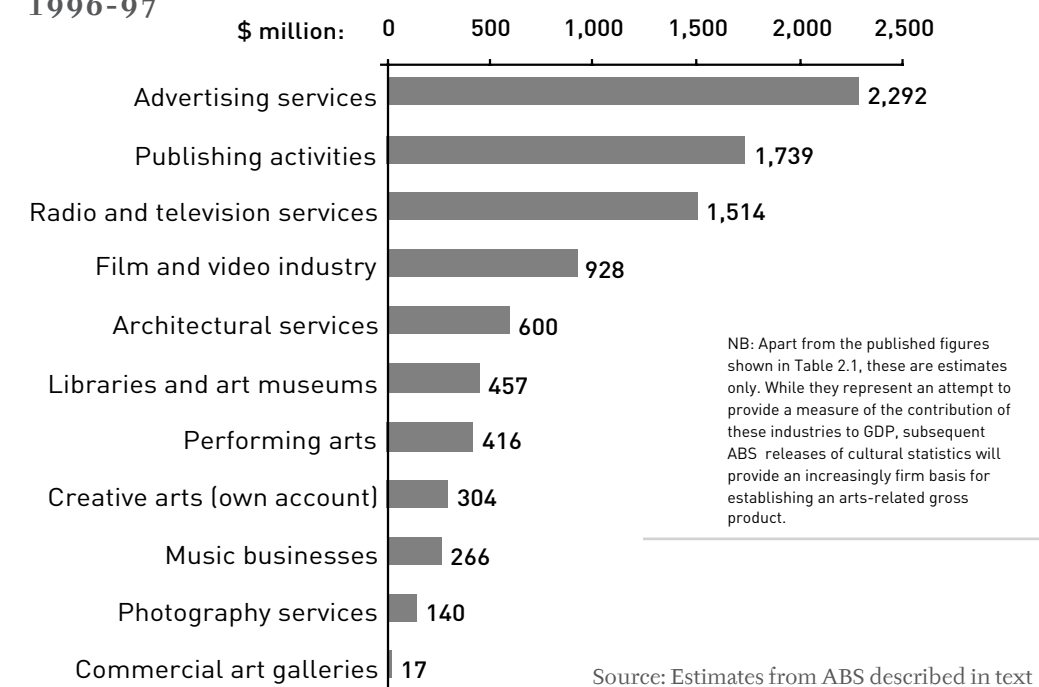
Industry sector	Estimated gross product \$million
Advertising services	2,292
Publishing activities	1,739
Radio and television services	1,514
Film and video industry	928
Architectural services	602
Performing arts	416
Creative arts (own account)	304
Music businesses (extrapolated to 1996-97)	266
Photography services	140
Commercial art galleries	17
Subtotal	8,216
Libraries and art museums	457
Total industries included above	8,673

Method:

<p>1 Extrapolate all known ABS input-output data at 1996-97 prices from 1993-94 to 1996-97 according to their past trend.</p> <p>2 Six of the products have known gross products for 1996-97. ABS surveys: Motion picture exhibition, Radio and TV stations, Libraries and museums, Music and theatre production, Sound recording studios, Performing arts venues</p> <p>3 Total of six products: \$million Value extrapolated from Appendix 5, Table A5.1 5,586 Gross industry product (Table 2.1) 2,761 Mean ratio of output to gross product 49%</p> <p>4 Substitute known 1996-97 film and video production and distribution (\$928 million) for film industry estimate from extrapolated figure (\$755 million) from <i>Film and Video Production and Distribution</i> (ABS Catalogue 8679.0).</p>	<p>5 Apply average ratio to all other relevant input-output commodities/industries.</p> <p>6 Add industries with known gross product in 1996-97 not in 1993-94 statistics (\$323.9 million in Table 2.1). Service to the performing arts (other than casting agencies already included), theatre ticket agency services, commercial art galleries, music business (times 1.04 to convert from 1995-96 to 1996-97) less sound recording studios already included.</p> <p>7 Deduct non-art museums (\$148.7 million in Table 2.1).</p>
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Source: Estimates from Australian Bureau of Statistics publications

2.1: Estimated gross product of 11 arts and heritage classes, 1996-97



It is appropriate that a study on the arts economy attempts to provide such a measure. While the methodology described below Table 2.2 is fairly crude, the estimates are supported by the finding that the mean ratio of gross industry product to the input-output measures is just under 50% in the arts-related sector, indeed almost the same proportion as in the ABS/DOCA report (48%). Chart 2.1 pictures the *estimated* gross product for the eleven industry classes. Please observe the qualifying note on the chart.

A more precise measure may prove to be higher because not all arts industries have been captured. For instance, commercial art galleries are the only visual arts outlets included, whereas craft shops and art auctions are not represented. Bookshops, record shops and arts education are also absent from Chart 2.1.

NOTES ON THE INDUSTRY SURVEY DATA

The ABS did not just produce aggregate figures in its 1996-97 arts-related surveys, it provided some interesting breakdowns as well. The commercial gallery statistics, for example, identified Aboriginal and Torres Strait Islander art (see pages 53-54). The commercial galleries data will be interesting to follow up, with a general art boom reported to be in progress as we write, according to press reports.



Table 2.3: Paid music and theatre performances and attendances, 1996-97

	Performances		Attendances		Average attendance
	Number	Share	Thousand	Share	
Popular music	30,681	44%	3,120	24%	102
Drama	10,723	16%	1,824	14%	170
Musical	4,160	6%	3,288	26%	790
Dance	1,491	2%	544	4%	365
Symphony and choral	707	1%	510	4%	721
Opera	519	1%	519	4%	1,000
Other performances	20,712	30%	2,990	23%	144
Total music and theatre	68,993	100%	12,795	100%	185

ABS note: Not all paid performances (e.g. weddings and other public functions) have paid attendances

Source: Estimates from Australian Bureau of Statistics publications

Popular music such as rock, jazz, pop, folk and country accounted for 44% of music and theatre performances in 1996-97, but because the average audience is relatively small, they only had 24% of the total music and theatre attendances (Table 2.3). Musicals, with only 6% of total performances, attracted 26% of the total crowd. Dramatic performances, 16% of all, attracted 14% of total audiences. A mere 4% of performances were dance, symphony, choral or opera, but these attracted 12% of total music and theatre attendances in 1996-97.

The 1,427 public libraries in Australia by June 1997 had 827 Internet workstations for public use. With government policies actively boosting the introduction of the Internet into libraries, the figure would be much higher today. In New South Wales, for instance, the Internet is being installed in the smallest independent libraries, just as every school, down to the smallest, has its own access.

Volunteers outnumber the paid staff in art museums. In June 1997, with 941 full-time and 289 part-time employees, there were 1,654 volunteer workers.

The 261 private radio broadcasters in Table 2.1 (page 11) comprise 103 commercial radio broadcasters, 121 community broadcasters and 37 other broadcasters, which are mainly narrowcast and aspirant businesses, according to the ABS publication. In terms of income, however, commercial radio dwarfs the others, accounting for 94% compared with 4% going to community radio and 2% to other broadcasters. The four types of radio services (including public broadcasting) are highly diverse. It will be important to identify them separately in the final culture/leisure statistical framework.