

# AUSTRALIA COUNCIL FOR THE ARTS

## SUBMISSION

Select Committee on COVID-19 inquiry into the Australian  
Government's response to the COVID-19 pandemic

**June 2020**

# TABLE OF CONTENTS

<b>Table of Contents</b>	<b>2</b>
<b>Introduction</b>	<b>3</b>
<b>About the Australia Council</b>	<b>3</b>
<b>Impact on the cultural and creative industries</b>	<b>3</b>
<b>Australia Council response to COVID-19</b>	<b>5</b>
Impact on the Australian cultural sector	6
Impact on audiences	6
Analysis of Government support packages	6
<b>Recovery</b>	<b>9</b>

## INTRODUCTION

This submission outlines:

- the impacts of COVID-19 on Australia’s cultural and creative industries and
- the measures taken by the Australia Council for the Arts in response to the COVID-19 pandemic.

## ABOUT THE AUSTRALIA COUNCIL

The Australia Council is the Australian Government’s principal arts funding and advisory body. We champion and invest in Australian arts and creativity. We are committed to ensuring all Australians experience the cultural, economic and social benefits of a thriving creative sector.

Through investment, advocacy and development, we work strategically and in partnership with others to support and develop Australia’s cultural and creative industries. Through our research, sector knowledge and evidence-based advice, we inform and influence policy development, investment, arts activity and public awareness of the value of creativity and culture.

## IMPACT ON THE CULTURAL AND CREATIVE INDUSTRIES

The cultural and creative industries are substantial and drive many other significant industries including tourism and hospitality.

Significant impacts for all Australians, and many industries, will be felt unless the creative workforce continues through this crisis.

Cultural and creative activity already contributes \$111.7 billion to Australia’s GDP. The cultural and creative industries provide 80% more value to the economy than agriculture, forestry and fishing<sup>1</sup> and six times more than the aviation industry.<sup>2</sup>

Creativity is key to the future of work and the success of our economy.<sup>3</sup> Artists’ skills and capabilities are among those least likely to be automated and increasingly sought after in the workforces of the future.<sup>4</sup>

---

<sup>1</sup> BCAR 2018, *Cultural and Creative activity in Australia, 2008–09 to 2016–17*. The cross-industry comparison is based on Gross Value Added and ABS 2018, *Australian System of National Accounts, 2017-18*.

<sup>2</sup> Australian Skills and Industry Committee, *Aviation*, viewed 23 April 2020  
<https://nationalindustryinsights.aisc.net.au/industries/transport/aviation>

<sup>3</sup> NESTA 2018, *Creativity and the Future of Skills*.

<sup>4</sup> Australia Council 2017, *Making Art Work: A Summary and Response by the Australia Council for the Arts*.

Creative employment was calculated at almost 645,000 people in 2016, or 6% of the workforce.<sup>5</sup> This is over three times the mining industry and more than 15 times that of aviation.<sup>6</sup>

Creatives contribute their skills and capabilities to businesses and industries across the economy: half of all Australian artists apply their creative skills outside the arts (51%), up from around a third in 2009 (36%).<sup>7</sup>

These industries were among the first to be severely impacted by the pandemic before governments were able to put in place stimulus packages across Australia. Between 14 March and 2 May 2020, arts and recreation services saw a decrease in jobs by 19%, second only to accommodation and food services (27.1%).<sup>8</sup>

A national cross-industry survey conducted by the ABS between 16 and 23 March 2020 showed that only 47% of arts and recreation businesses were still trading in the week commencing 30 March 2020, compared to 90% of all Australian businesses.<sup>9</sup>

In response to a follow-up survey conducted by the ABS in April, arts and recreation businesses reported further anticipated adverse impacts due to COVID-19 with:

- 83% reporting reduced demand for goods and services
- 84% reporting reduced cash flow
- 71% reporting reduced ability to pay operating expenses.<sup>10</sup>

As at 15 April 2020, McKinsey & Company estimated a 49% job loss in the arts and recreation industry in Australia – the highest of 20 sectors analysed and significantly more than the next most affected sector (accommodation and food, with 34% of jobs lost).<sup>11</sup> Respondents to a survey of event producers, presenters, supporters and venue managers working within the broader cultural sector reported that 96% have cancelled programs or events and 88% have lost revenue, including sponsorship, private giving and government funding.<sup>12</sup>

Looking forward, the Grattan Institute estimates that arts and recreation services will suffer job losses of 55–75%, putting it in the group of industries that will be hardest hit by the pandemic and associated shut down.<sup>13</sup>

---

<sup>5</sup> Meeting of Culture Ministers 2019, Cultural funding and participation—National overview, <https://www.arts.gov.au/mcm/cultural-data-online/government-cultural-funding-and-participation/cultural-funding-and-participation-national-overview>.

<sup>6</sup> ABS 2019, [Australian Industry, 2017-18](#), (cat. no. 8155.0)

<sup>7</sup> Throsby D and Petetskaya K 2017, [Making Art Work: An Economic Study of Professional Artists in Australia](#), Australia Council for the Arts.

<sup>8</sup> ABS 2020, [Weekly Payroll Jobs and Wages in Australia, Week ending 2 May 2020](#) (cat. no. 6160.0.55.001).

<sup>9</sup> ABS 2020, [Business Indicators, Business Impacts of COVID-19, Week Commencing 30 March 2020](#) (cat. no. 576.0.55.003).

<sup>10</sup> ABS 2020, [Business Indicators, Business Impacts of COVID-19, Week Commencing 19 April 2020](#) (cat. no. 576.0.55.003).

<sup>11</sup> McKinsey & Company, [How to Rebuild and Reimagine Jobs Amid the Coronavirus Crisis](#), April 2020.

<sup>12</sup> Culture Counts 2020, [COVID-19 Cultural Impact Survey](#), COVID-19 Impact on Cultural Industries April Snapshot: “Organisations reporting flow-on funding decline from all sources of sponsorship, government and philanthropy funding.” % of orgs that said they lost revenue: Local gov financial support 23%, State gov funding 21%, Federal gov funding 10%.

<sup>13</sup> Grattan Institute 2020, [Shutdown: Estimating the COVID-19 Employment Shock](#).

Initial results from [the COVID-19 Audience Outlook Monitor](#) show that 9 in 10 attendees plan to return to arts and culture events, but many are not ready to return yet, especially to large performance venues.

Because of the ongoing restrictions to public gatherings and travel, possible decreased consumer confidence and significant disruption to operations, resumption of business as usual for the creative workforce will be a matter of years, not months. According to Deloitte Access Economics' latest employment forecast, the arts industry may not fully recover until 2026.<sup>14</sup>

The mental health impacts of the pandemic are a critical issue and engagement with arts and creativity is linked to improved mental health outcomes.<sup>15</sup> The [Coronavirus Mental Wellbeing Support Service](#) references using art to stay connected in this time of isolation.<sup>16</sup>

## AUSTRALIA COUNCIL RESPONSE TO COVID-19

Australia's arts and creativity are among our nation's most powerful assets, delivering substantial public value across portfolios. This value is economic, social and cultural. The creative and cultural industries drive productivity, engagement and consumption, as well as our collective wellbeing, cultural identity and social cohesion.

The necessary measures adopted to protect Australians from the COVID-19 pandemic have resulted in significant immediate and long-term challenges for Australia's cultural and creative industries. Substantial income and opportunity have been lost as venues have closed and events, programs and domestic and international work have been cancelled or postponed.

The Australia Council acknowledges the hardship and isolation felt by the cultural and creative workforce at this time, and the impact that the temporary closure of many arts organisations is having on the collective wellbeing of all Australians.

The Council has provided advice on the impact of COVID-19 on the cultural sector to:

- the Office for the Arts in the Department of Infrastructure, Transport, Regional Development and Communications
- the Minister for Communications, Cyber Safety and the Arts.

The Council's response to COVID-19 consists of a range of activities, including:

- research and analysis
- specific support for First Nations artists
- repurposing of existing funds to support creatives and creative organisations

---

<sup>14</sup> SBS News, *Australia's hospitality, arts industries may not recover from coronavirus until 2026, economists say*, 20 May 2020, <https://www.sbs.com.au/news/australia-s-hospitality-arts-industries-may-not-recover-from-coronavirus-until-2026-economists-say>.

<sup>15</sup> A New Approach, *Insight Report two: Transformative: Impacts of Culture and Creativity*.

<sup>16</sup> Beyond Blue, *Managing My Daily Life: Coping with isolation and being at home*, viewed 23 April 2020 <https://coronavirus.beyondblue.org.au/managing-my-daily-life.html>

- digital capacity building and developing new digital platforms to engage and connect with Australian artists and audiences.

## Research

Many creative workers, venues, galleries and communities are being impacted by COVID-19 in the short term and are expecting longer term effects. The Council will continue to undertake research and gathering sector intelligence to gain a picture of the impacts of the COVID-19 pandemic on Australia's arts, culture and creativity.

### Impact on the Australian cultural sector

A number of peak bodies initiated quick response surveys to track impacts on artists and arts organisations. The Council has brought together the survey results, along with context and commentary, to identify the impacts of COVID-19 across the cultural sector. We have also convened a working group to facilitate future harmonised data collection of longer term effects.

### Impact on audiences

The Council has undertaken immediate research to understand changes in behaviours and sentiments of audiences in the wake of the COVID-19 pandemic. A collaboration with five state agencies and an international team of researchers, the [COVID-19 Audience Outlook Monitor](#) tracking study is designed to support important decision-making in the coming months about when to open venues again and resume programming in spaces where people physically gather. This research will also provide an evidence base to best address the implications of COVID-19 for Government and for the sector.

Results are being published progressively, with the first phase published in mid-May 2020, with over 23,000 respondents. Future data collection phases are planned for July and September this year.

The Council also commissioned research to explore how Australians were engaging with the arts in COVID-19 lockdown as part of Lonergan Research's regular Omnibus Survey. [Key findings](#) were published in May 2020, including Australians' online arts engagement, creation, reading and the reasons for engaging with the arts.

### Analysis of Government support packages

The Council has undertaken thorough analysis of opportunities available for artists, groups and organisations through the Government's support packages, including JobKeeper and JobSeeker.

On behalf of the Minister and with the Office for the Arts, the Council has convened a roundtable for cultural peak body organisations. This fortnightly roundtable commenced in March 2020 and is proving an efficient mechanism for dialogue between the cultural industry and Government on emergent issues and concerns.

The Council continues to work closely with state and territory cultural agencies, including sharing analysis and information regarding their support programs. We are collating responses to the COVID-19 pandemic from arts funding agencies in Australia and around the world. We have made resources available – including FAQs and guidelines for accessing support – through the [COVID-19 information hub](#) on our website.

## First Nations arts and culture

The Council convenes weekly [First Nations arts and culture roundtables](#). The roundtables are gathering sector intelligence relating to impacts on individuals, organisations and communities, across all art forms. Intelligence gathered through the roundtables is compiled and used to advise the Council and Government regarding the appropriate response for the First Nations arts and culture sector.

Analysis of the immediate and longer-term needs, concerns and potential [impacts for First Nations arts and culture](#) has been published on the Council's website and provided to Office for the Arts and the Minister, as we continue to monitor and assess the mid to long term impacts. These include potential for significant loss of First Nations arts, culture and language. Drawing on research and sector intelligence, this research highlights opportunities for First Nations arts specific support and cross-portfolio advocacy and engagement.

The ongoing impacts of COVID-19 on First Nations arts, culture and communities, including risks to livelihoods and intergenerational transmission of cultural knowledge, are key considerations as the Council investigates future needs and potential approaches for the next stage of data gathering on the impacts of COVID-19 on the arts sector.

## Multi-year funded organisations

The Council modelled a number of scenarios based on 2019 revenue and expenditure on multi-year funded organisations. The modelling takes a short to medium term view of the impact of COVID-19. This includes restrictions on presentation of performances, reduced box office income and private sector support.

This modelling has been shared with the respective state and territory agencies and additional information has been sought from organisations. The Council continues to convene meetings with all state agencies to discuss the solvency of organisations that are at risk.

We have provided transition funding for organisations that were unsuccessful in the very competitive and most recent Four Year Funding round at 70% of their current funding levels for an additional year to support them through this challenging period.

## Resilience Fund

On 31 March 2020 the Council announced the suspension of many investment programs and repurposed all available uncommitted funds from this financial year to immediately respond to the COVID-19 crisis. The Council received Departmental approval through the Office for the Arts to repurpose 2019–20 uncommitted funds in all government directed programs and budgets and allocate these to the [Resilience Fund](#).

The Resilience Fund was created to provide immediate relief to Australian artists, arts workers and arts organisations and support their livelihoods, practice and operations. Over \$5M was redirected to three new programs:

1. *Survive* – small grants for individuals, groups and organisations to offset or recoup financial losses due to cancelled activity.
2. *Adapt* – grants for individuals, groups and organisations to adapt their practice and explore new operating models.

3. *Create* – grants for individuals, groups and organisations to continue to create artistic work and develop creative responses in a time of disruption.

As of the end of April 2020, 1478 applications were received to the fund. Of the artists and organisations applying for support:

- 95% reported lost income
- 91% have been impacted by cancellations
- 79% have been impacted by postponements
- 54% have been impacted by venue closures
- 55% have been impacted by domestic travel restrictions
- 40% have impacted by international travel restrictions.

### **Capacity building programs**

The Council redeployed resources from capacity building programs and developed a new online webinar series, [\*Creative Connections\*](#), to build sector capacity and leadership skills. The webinars focus on three areas: crisis leadership; arts in the digital age; and diverse and inclusive leadership.

*Creative Connections* webinars are free with two sessions scheduled each week, enabling hundreds of participants to join a one-way lecture style with experts. Participants can attend live or access the recording after the event. As of 29 May 2020, over 5,000 live viewers had participated in the webinars, with many more engaging with the recorded sessions.

The Council is also delivering [\*Future Form\*](#), a program tailored for small to medium arts organisations to innovate their business model, recognising traditional modes of operation or engagement will not be sufficient for the future sustainability of the cultural sector.

### **International activity**

The loss of work and income from international opportunities has been significant. This work includes touring, performing, exhibiting, publishing, festival participation, collaborations, residencies and market development activity.

A national cross-industry survey conducted by the Australian Bureau of Statistics (ABS) between 16 and 23 March 2020 showed that 32% of arts and recreation businesses had experienced reduced international demand.<sup>17</sup> 40% of applicants to the Resilience Fund have reported their work has been impacted by international travel restrictions.

International engagement results in increased artistic and financial outcomes and audience exposure for the Australian cultural sector. The Council's 2015 [\*International Arts Activity Survey\*](#) found financial viability was considered one of the top three reasons for artists to engage internationally, alongside developing their artistic practice and reputation.<sup>18</sup>

---

<sup>17</sup> ABS 2020, *Business Indicators, Business Impacts of COVID-19, April 2020* (cat. no. 5676.0.55.003).

<sup>18</sup> Australia Council 2015, [\*International Arts Activity Survey Detailed Report\*](#).



As a result of COVID-19, all incoming visitor programs and outbound mobility programs for 2020 have been cancelled or postponed. With all currently funded applicants, the Council is allowing grant management relief which includes postponement of activity into 2021. The Council is also in dialogue with our counterpart agencies around the world to share research, responses to COVID-19 and approaches to recovery.

The cultural sector's international success to date has relied on sustained investment and a critical mass of artists travelling and connecting with peers and audiences over decades. With international border closures, mobility restrictions in place for the foreseeable future and social distancing measures affecting the reopening of venues and festivals, it is anticipated that resumption of international engagement may take several years, placing Australia's cultural success and excellent international reputation at risk. A key challenge over the short to medium term will be to continue these connections without physical mobility.

### **New digital platforms**

The Council has developed a digital community to provide support for the arts and creative sector where they can present their work to online audiences and upskill their capability to distribute work online. The Facebook group [\*Arts and creative industries: digital support\*](#) was launched on 23 March 2020 and connects people to useful webinars, online forums, open discussions and live events.

The Council also developed a new Instagram channel [\*@Stream\\_arts\\_\*](#). This channel supports the promotion of works streaming online during COVID-19. Its purpose is to increase the reach of Australian online cultural work and to grow the audience for these works.

## **RECOVERY**

Throughout the lockdown, Australians have turned to creativity – whether watching content, streaming podcasts, reading, creation, artplay for children – and have rediscovered how much it helps to connect and share with one another, and stay mentally healthy.

The things we all need for healthy recovery – engagement in active life, autonomy, social identity, meaning and hope, a positive sense of self – are all embedded in arts and cultural participation. They are also the things that will drive our confidence and economic recovery.

It will be important to consider a national, collaborative approach the recovery of the cultural and creative industries, which will in turn assist with economic recovery and the health and wellbeing of all Australians.

The cultural workforce can and should play a significant role in the broader recovery effort. It will be invaluable in helping to rebuild communities and navigate Australia's path out of the crisis. Arts and culture will be critical as we seek to bring life back into our cities and regions. It will be unique cultural experiences that will see people travelling for domestic tourism. And it will be shared experiences of gigs, performances and public events that will draw Australians back into our urban and regional centres and their restaurants, bars and cafes.

While travel restrictions continue, arts and culture can travel for us, maintaining connections and Australia's place in the world, and energising the nation's international brand.

The creative sector is needed to boost tourism and hospitality, and to energise the nation's international brand at a time when international travel will be the last form of social and economic engagement to be revived.

The following principles may assist to guide recovery planning:

- Creative and cultural partnerships with interdependent industries (particularly tourism and hospitality) will assist recovery.
- A strong creative workforce will underpin the future economy.
- Culture and creativity promote health and wellbeing for all Australians.