KPMG

The Economic Value of Arts, Screen and Culture to NSW

A report for Create NSW
Office of Arts, Screen and Culture

13 July 2018

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Executive Summary

The New South Wales (NSW) arts, screen and cultural sectors generate significant economic and societal benefits. To better-inform decision making and policy development, this report provides a comprehensive understanding of the direct and the broader ‘flow-on’ economic contribution of the arts, screen and cultural sectors to NSW.

The direct economic contribution of the NSW arts, screen and cultural sectors is measured through employment within the sector and value-added by the sector. Value-added refers to the outputs from the arts, screen and cultural sectors less inputs from other industry sectors.

In 2016-17, the NSW arts, screen and cultural sectors contributed $8.7 billion in direct value-add to the NSW economy, and directly employed an estimated 82,400 full-time equivalent (FTE) workers.

The arts, screen and cultural sectors are key contributors to the value-added network in a modern, technology-driven economy. Through industry and supply-chain flow-on linkages that connect the NSW economy, the arts, screen and cultural sectors supported an additional $7.7 billion in related value-add annually. A further 36,400 FTE workers were employed in jobs flowing from activities related to the arts, screen and cultural sectors. This highlights the importance of the art, screen and cultural industries inherent linkages to other sectors in the NSW economy.

For example, the arts, screen and cultural sectors are strong contributors towards the total output of technology and services industries including Information, media and telecommunications which has 26 per cent of its output linked to the arts, screen and cultural sectors. These industries are crucial for driving productivity and economic growth in the future. The arts, screen and cultural sectors help facilitate this through direct and indirect impacts – effectively functioning as a contributor and supporting other businesses in the sector.

The contribution made by the arts, screen and cultural sectors to the tourism sector is also significant. Visitors attracted to NSW by arts, screen and cultural events generate benefits for other industries, such as transport, food and accommodation that service the tourism market. Tourism has been one of the fastest growing ‘exports’ for NSW and Australia. The number of international cultural visitors to NSW, for instance, has grown by 50 per cent over the decade to 2016, with ‘cultural’ tourists (domestic and international cultural and heritage visitors) estimated to be spending over $12.1 billion across the State in 2016.

Thus, in total, it is estimated that the arts, screen and cultural sectors in NSW provided an annual contribution to NSW Gross State Product (GSP) of around $16.4 billion ($8.7 billion direct + $7.7 billion indirect) and around 120,000 FTE jobs in NSW (82,400 direct + 36,400 indirect) in 2016-17. This is equivalent to around 3 per cent of total NSW GSP and FTE in 2016-17.

As a result, it is estimated that, for every $1 (annual) expended on arts, screen and cultural activities, the overall impact on the NSW economy is $1.88.

The arts, screen and cultural sectors provide additional benefits to the State beyond measured economic benefits, such as fostering community engagement and increasing a city’s liveability. The value of these benefits is illustrated through a series of case studies throughout the report.

Benefits include:

- Attracting cultural visitors, business and skilled talent to NSW through creating liveable cities;
- Opportunities for community participation, contributing to social cohesion, well-being and life-long learning;
- Enabling innovation across different industries;
- Opportunities for collaboration and exchange of ideas promoting improvement in income generation, business models and artistic practice; and
- Around $16.4 billion in Gross State Product and 120,000 full-time equivalent jobs (in 2016-17).

1. Introduction

The arts, screen and cultural sectors are economically important to NSW, inspiring innovation and helping position NSW as a creative capital in the Asia-Pacific. The NSW arts, screen and cultural sectors attract local, interstate, and international visitors and contribute to the economy across the State. Continued growth and expansion of these sectors can provide benefits such as job creation, attracting skilled workers and business, and enhancing the State's Creative Industries and cultural exports.

The arts, screen and cultural sectors are a core part of the Creative Industries, which also contribute to innovation and cultural exports.[1, 2] The creative nature of the arts, screen and cultural sectors has an impact on the entire economy and contributes to the economic development of other sectors.

1.1 Report Scope and Structure

The purpose of this report is to identify the contribution of the arts, screen and cultural sectors to the NSW economy. The methodology applied in the analysis is based on a multiple measure, or combined quantitative and qualitative approach.

The analysis includes quantifying the direct contributions, and the indirect (flow-on) effects on the state economy, as well as the financial role that the NSW Government has in supporting these sectors. This part of the report focuses on the measurable economic contributions of the arts, screen and cultural sectors over the past decade. The analysis measures the economic footprint of the sectors by estimating its direct and indirect impacts on the NSW economy.

The analysis also includes discussion of more qualitative contributions, with the report presenting a series of case studies illustrating the value of less tangible contributions the arts, screen and cultural sectors make to NSW.

The structure of the report is organised as follows.

- Section 2 outlines the Creative Industries in NSW and their contribution to the NSW economy
- Section 3 presents the economic contribution of the arts, screen and cultural sectors to NSW, including the direct and flow-on contribution of the arts, screen and cultural sectors to NSW.
- Section 4 provides an overview of current NSW Government support for the arts, screen and cultural sectors.
- Sections 5 – 8 outline the activities and contributions of the NSW State Cultural Institutions and State Significant Organisations, the Major Performing Arts Companies based in NSW, the NSW Screen and Live Music sectors, and the four Major Festivals in NSW.
- The Appendices provides further technical detail on the analysis developed for this report.

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[1] Hennekam, S., & Bennett, D. (2017). Creative industries work across multiple contexts: common themes and challenges, Personnel Review, Vol. 46 Issue: 1, p.68-85.
[2] TERA Consultants. (2014). The Economic Contribution of the Creative Industries to EU GDP and Employment, Evolution 2008-2011.

"The creative industries have demonstrated growing importance around the world. They have been firmly established as a vital component and contributor to our economic wellbeing. In recent years, the creative sector has generated increasing recognition as a tool for generating wealth, creating jobs, and promoting trade."

The Assistant Secretary General of the Organization of American States

Pixel Forest, Pipilotti Rist, installation at the Museum of Contemporary Art, 2017. Photo: Ken Leanfore

1.2 Defining Creative Industries

The concept of 'Creative Industries' as a new method of thinking about the value of the arts and cultural industries to the growth of regional economies was first developed in the late 1990s by the United Kingdom's Department of Culture, Media and Sport (DCMS).[3] The DCMS study introduced the first mapping of Creative Industries in the United Kingdom. The definition of Creative Industries in the DCMS study was 'those industries which have their origin in individual creativity, skill and talent, and that have a potential for wealth and job creation through the generation and exploitation of intellectual property'. This definition includes the commercial and non-commercial industries of art and antiques, arts heritage, handcraft, design, fashion design, film and video, computer games, software, publishing, advertising, architecture, computer games, software, music, performing arts, TV and radio.

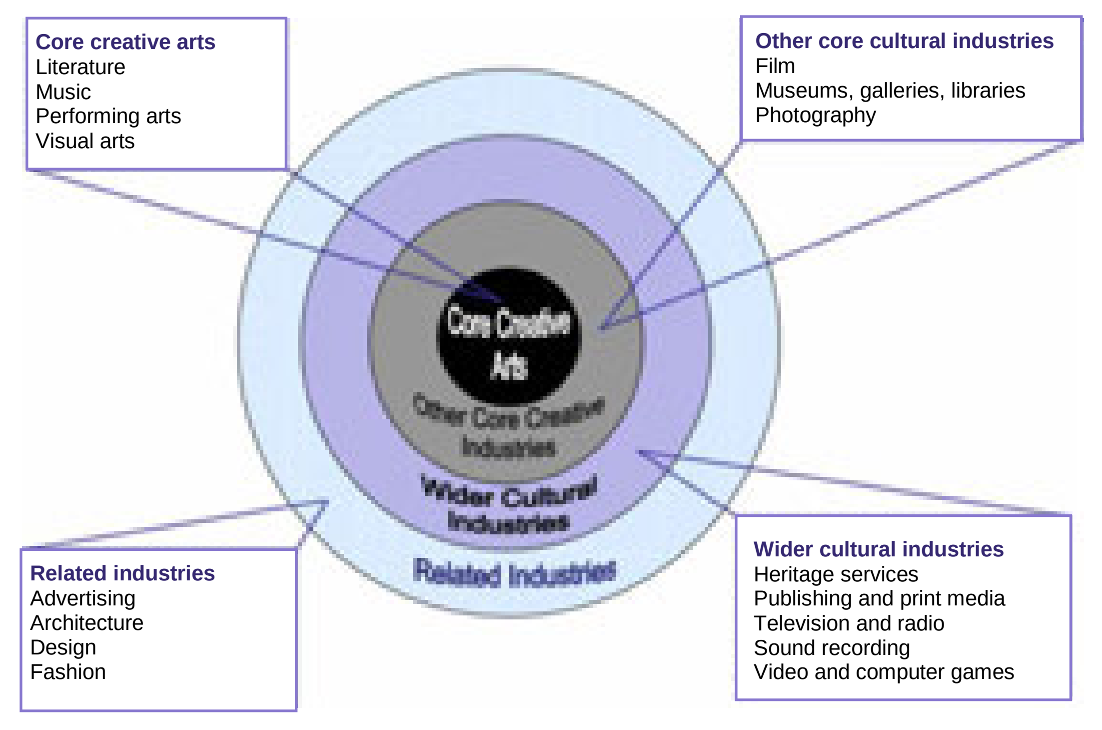
Over the past two decades, there has been growing interest in assessing the 'value of the Creative Industries' in terms of employment, value-added and exports within national, regional and local frameworks. Examining the contribution of these industries to the economy provides better understanding of the broader benefits associated with a society's investment in creative and cultural assets and activities.

The NSW Government's Department of Industry further researched and developed the definition of the Creative Industries based on a Creative Intensities approach. This approach builds on the DCMS definition by defining a sub-sector as creative if a substantial proportion of employment in that sub-sector holds creative jobs. The Australia-specific application of the Creative Intensities approach is endorsed by the ARC Centre of Excellence for Creative Industries and Innovation (CCI), Australia's foremost experts on the study of the Creative Industries. The CCI plans to use this definition in their upcoming analysis of 2016 Census data on creative jobs and industries (to be published in 2018).

This definition defines the Creative Industries as those industries which have their origin in individual creativity, skill and talent, and that have a potential for wealth and job creation through the generation and exploitation of intellectual property. For the Department of Industry, the Creative Industries are formed from a broad conglomeration of sub-sectors including advertising; built environment; design (including fashion, industrial and graphic design); visual arts; music; performing arts; publishing; screen (television, film, electronic games and interactive entertainment); and radio. These subsectors can be seen in Figure 1-1 overleaf, which visually outlines the Creative Industries, subsectors and their relation to the creative arts.

[3] Department For Digital, Culture, Media & Sport, UK, Creative industries mapping documents 1998.

Figure 1-1 Concentric circles model of the cultural industries



Source: David Throsby, Cultural Trends, Vol. 17, No. 3, September 2008, pp147–164.

The focus of the Department of Industry's Creative Industries Strategy is to future-proof the NSW economy by facilitating a business environment that increases jobs, grows the economy, builds the Creative Industries workforce, and leverages connections between innovation, technology and Creative Industries.

This report uses the Department of Industry's definition of the Creative Industries and Create NSW's definition of Arts, Screen and Cultural Sectors as a subset of the Creative Industries. Appendix A provides a mapping of these two definitions against the Australian Bureau of Statistics (ABS) ANZSIC categories. A detailed description of the data used to estimate the economic activity under these two definitions is available in Appendix B.

1.3 NSW Government Arts, Screen and Culture Division

The NSW Government's Arts, Screen and Culture Division, within the Department of Planning and Environment, includes:

- Create NSW - the NSW Government's arts, screen and cultural sector development and policy body that provides funding support, strategic leadership, advocacy and advice, and subsidised spaces for the sector.
- The Cultural Infrastructure Program Management Office (CIPMO) - which provides leadership and strategic direction in partnership with cultural institutions, and enables delivery of large and/or complex capital works projects and creative precinct planning.
- The State Cultural Institutions - which are statutory authorities and include the Sydney Opera House, Australian Museum, Art Gallery of NSW, State Library of NSW, Museum of Applied Arts and Sciences, and Sydney Living Museums.

The Arts, Screen and Culture Division's focus is to support artists, creative practitioners and arts, screen and cultural organisations towards exemplary creative work and to facilitate access for, and participation of, residents and visitors. The Division's support is designed to help make NSW a creative capital of the Asia-Pacific and a place where creativity thrives. The Division is also creating opportunities to work more effectively across Government to integrate arts, screen and culture in areas such as urban planning and city regeneration, activation of cultural places and spaces, and promoting the benefits of creative participation to all parts of the community.

The Division plays an important role in developing globally recognised, connected and sustainable arts, screen and cultural sectors that contribute to a thriving economy in NSW. A culture rich in creativity and economic value has widespread benefits, with value flowing through to various industries across the economy such as health, education, business, environment, tourism, communications and many other sectors.

Create in NSW is the NSW Government Arts and Cultural Policy Framework. *Create in NSW* works to engage communities, improve access for audiences, build organisational and sector strength, and grow artistic and business excellence across the state. Through these actions, *Create in NSW* contributes to the NSW Government's State Priority of targeting a 15 per cent increase in attendance at cultural venues and events in NSW by 2019. Further, *Create in NSW* identifies regional NSW and Western Sydney as priority areas for cultural policy and investment to address the unique challenges experienced by the different areas of the State.[4]

[4] Create in NSW, Highlights Report Year 1: 2015-16.

Boomerang Festival at the Byron Bay Blues Festival 2017.
Photo: Joseph Mayers

1.4 Contribution of NSW Arts, Screen and Culture

The NSW arts, screen and cultural sectors generate significant economic and societal benefits, both directly and indirectly. The value of arts, screen and culture has been assessed in several studies, which capture a combination of both economic and non-economic benefits.

- Throsby (2001), for instance, distinguishes between economic and cultural value, with economic value based on consumer benefit (marginal utility) and cultural value based on community attitudes, beliefs, customs and values (defined anthropologically).[5] This definition has laid the groundwork for a new approach to cultural policy making.
- Other methodological approaches to assessing the value of the arts, screen and cultural sectors have also been used, such as multiplier analysis, economic size/structural analysis, and 'cultural and creative activity' satellite accounts.[6]

A comprehensive understanding of the relationship between arts, screen, culture and the economy requires both quantitative and qualitative information. Contemporary studies now capture, in a broad way, direct and indirect effects on the economy and society by utilising multiple approaches/ measures. For example, the report *Arts Nation: An Overview of Australian Arts* from the Australia Council of the Arts combines economic measures, such as gross value added and infrastructure investment, with social impact measures such as higher life satisfaction from engagement with the arts.

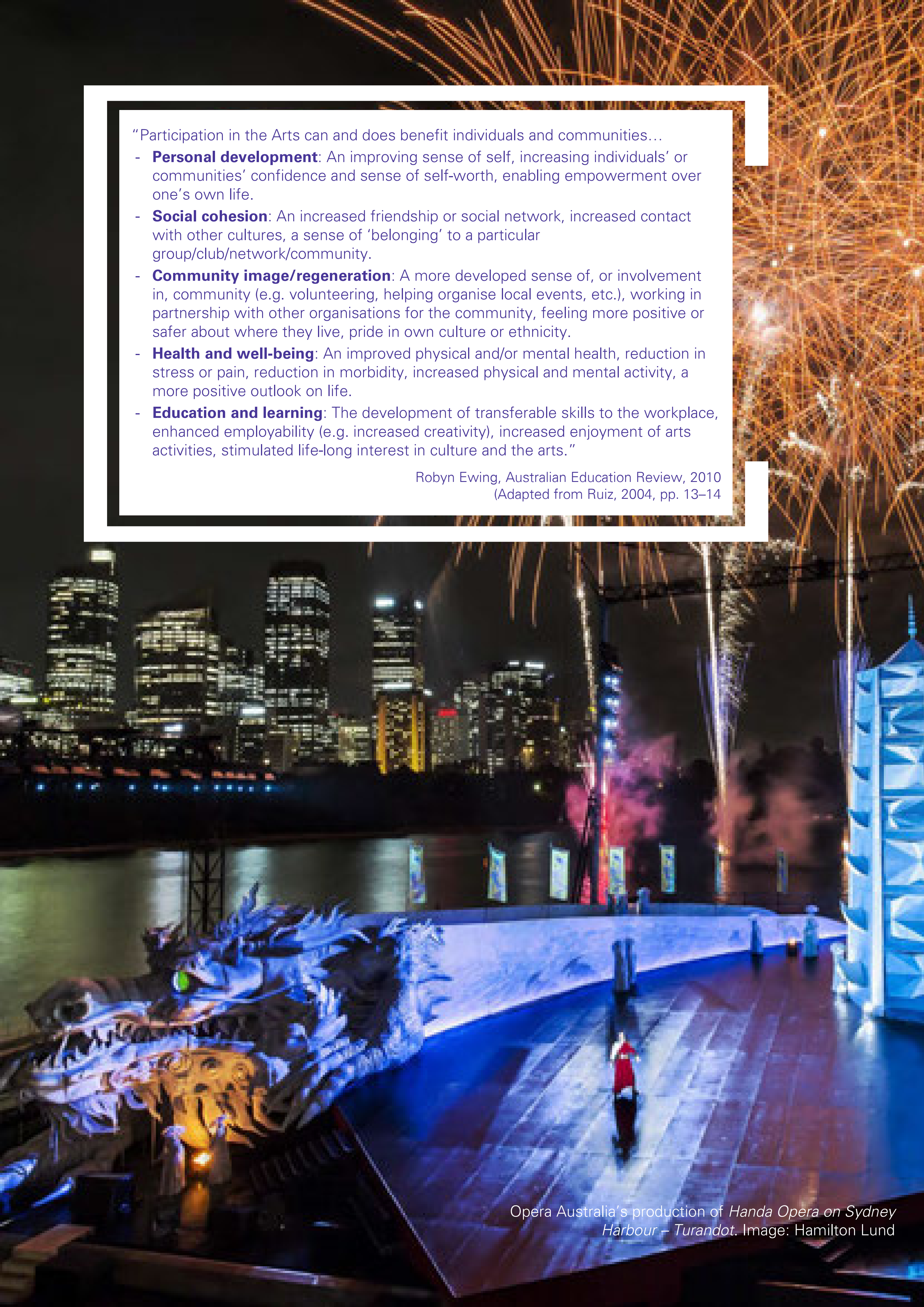
The NSW Government is committed to developing and supporting the arts, screen and cultural sectors and maximising the economic, social and cultural value that these sectors bring to NSW. To better inform decision making and policy development, Create NSW commissioned KPMG to develop a comprehensive, evidence-based report detailing the direct and 'flow-on' broader economic contributions of the arts, screen and cultural sectors in NSW.

[5] Throsby (2001) defines 'culture' within an anthropological framework to describe a set of attitudes, beliefs, customs and values which are common to or shared by any group.
[6] For an overview of the various methodological approaches, see Measuring the Economic Contribution of Cultural Industries (2009 UNESCO Framework for Cultural Statistics Handbook No.1).

"Participation in the Arts can and does benefit individuals and communities…

- **Personal development**: An improving sense of self, increasing individuals' or communities' confidence and sense of self-worth, enabling empowerment over one's own life.
- **Social cohesion**: An increased friendship or social network, increased contact with other cultures, a sense of 'belonging' to a particular group/club/network/community.
- **Community image/regeneration**: A more developed sense of, or involvement in, community (e.g. volunteering, helping organise local events, etc.), working in partnership with other organisations for the community, feeling more positive or safer about where they live, pride in own culture or ethnicity.
- **Health and well-being**: An improved physical and/or mental health, reduction in stress or pain, reduction in morbidity, increased physical and mental activity, a more positive outlook on life.
- **Education and learning**: The development of transferable skills to the workplace, enhanced employability (e.g. increased creativity), increased enjoyment of arts activities, stimulated life-long interest in culture and the arts."

Robyn Ewing, Australian Education Review, 2010
(Adapted from Ruiz, 2004, pp. 13–14



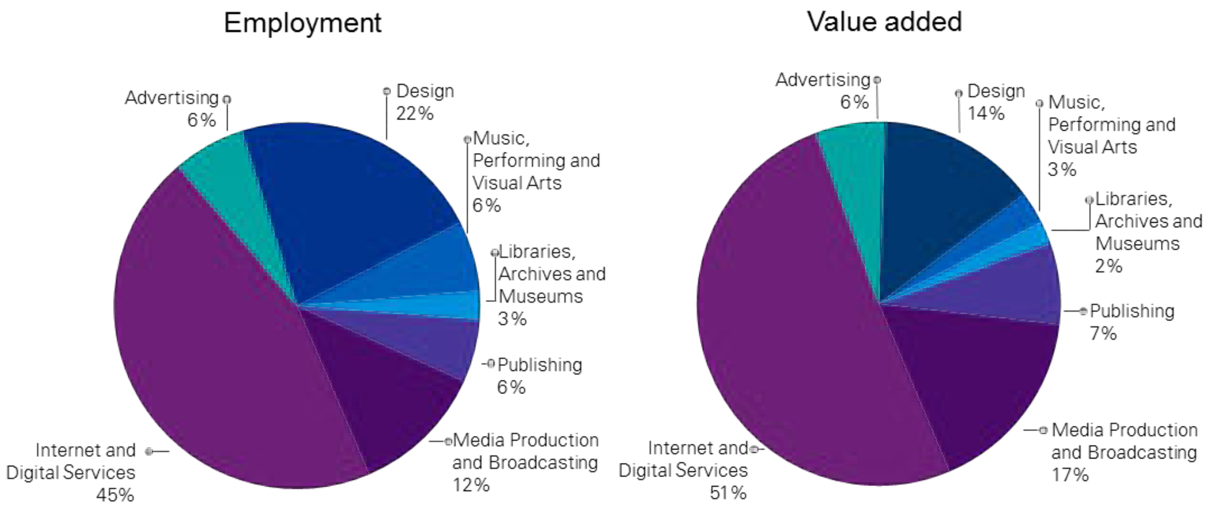
Opera Australia's production of *Handa Opera on Sydney Harbour – Turandot*. Image: Hamilton Lund

2. Creative Industries in NSW

The Creative Industries include a broad conglomeration of sub-sectors including advertising; built environment; design (including fashion, industrial and graphic design); visual arts; music; performing arts; publishing; screen (television, film, electronic games and interactive entertainment); and radio.

This section of the report provides an understanding of the size of the Creative Industries in NSW.

Figure 2-1: Employment (LHS) and Value-added (RHS) shares in the Creative Industries in NSW, 2016-17



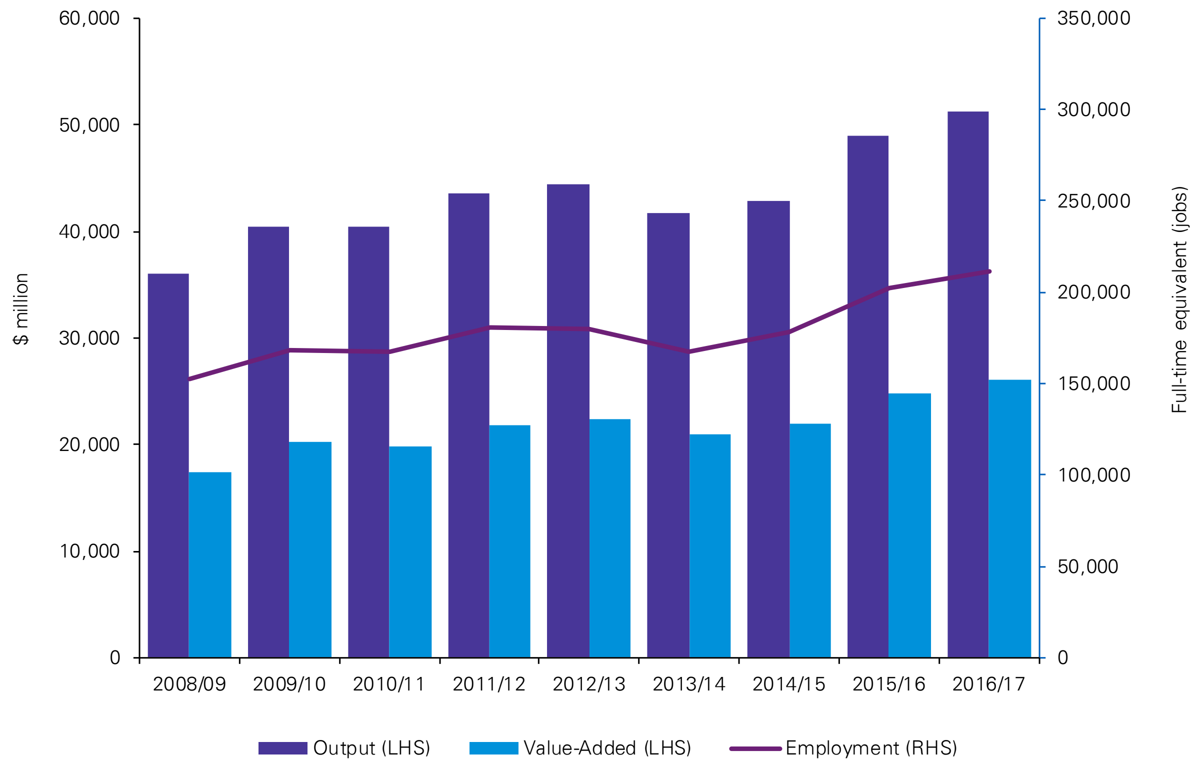
Source: KPMG estimates based on data from ABS (cat. no. 6291 and Census 2016)

Internet and digital services is by far the largest category in the NSW Creative Industries in terms of both value-added and employment. This subsector is largely comprised of *computer system design and related services* which, alone, account for almost 45 per cent of all FTE jobs in the NSW Creative Industries.

Design and *Media production and broadcasting* are the next two largest categories in the NSW Creative Industries.

- Within the Design category, *architectural services* and *other specialised design services* dominate, with each contributing to around 10 per cent of total FTE jobs in NSW Creative Industries.
- Within the Media production and broadcasting category, *free-to-air television broadcasting, motion picture and video production*, and *motion picture exhibition* are the three largest employers, together employing almost 10 per cent of total FTE jobs in NSW Creative Industries.

Figure 2-2: Total activity in the Creative Industries in NSW, 2008-09 to 2016-17.



Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2006/2011/2016)

Activity in the Creative Industries has grown over the past seven years. With FTE employment and nominal value-added both growing by an average of around 3.5 per cent, each year, over this period. This was driven by strong growth in *Design, Internet and digital services*, and *Media production and broadcasting*.

While *Publishing* contributes to around 7 per cent of total activity in the NSW Creative Industries, this category's share has fallen over the past decade. The decline in this traditional media sub-sector reflects the emergence of technology-driven new media. In contrast, *Media production and broadcasting* appears to have absorbed the demand vacated by traditional print media. That is, while the *Publishing* category has experienced an estimated 7 per cent average annual decline in the nominal value-added over the years 2008-09 to 2016-17, the nominal value-added from the *Media production and broadcasting* category has increased by an average annual rate of 6 per cent.[7] This reflects an agility of media production and broadcasting to adapt to the dynamic economic environment, and remain competitive in the face of globalisation and digitisation.

Overall, it is estimated that the NSW Creative Industries contribute to around 5 per cent of total NSW gross state product, and 5.6 per cent of total NSW FTE employment. It is estimated that 45 per cent of Australia's Creative Industries workforce are in NSW.[8]

The remainder of this report examines the direct and indirect impacts of the *arts, screen and cultural sectors*. Create NSW is drawing its definition of *arts, screen and culture* from within the Creative Industries definition, with some exceptions. These exceptions include areas that are of significance to arts, screen and cultural sectors. The definition and analysis of the arts, screen and cultural sectors is provided in Section 3.

[7] The change in nominal value reflects both volume and price changes.
[8] KPMG estimates based on data from ABS (cat. no. 6291).

3. Arts, Screen and Culture in NSW

The arts, screen and cultural sectors include a wide range of activities, organisations and institutions. It is a complex, interconnected network that includes independent arts practitioners, not-for-profit organisations, private enterprises, public companies, government agencies, State Cultural Institutions, and State Significant Organisations. The arts, screen and cultural sectors involve professional paid practice and professional unpaid practice, government-funded organisations and professional enterprises generating income from many other sources. Contributions to the NSW economy by the arts, screen and cultural sectors can occur at the local, state, national and global level.

While arts, screen and culture are part of the Creative Industries, this report makes a distinction between artistic work and market driven enterprises. This ensures that employment figures and economic data relevant to the arts, screen and cultural sectors are not inflated by including the employment and economic contribution of, for example, the more market driven digital and IT software industry. The risk of combining all enterprises under the broader Creative Industries banner is that this may not accurately reflect the economic contribution of arts, screen and cultural activities.

The arts, screen and cultural sectors examined in this study include, but are not limited to the following:

- ***Professional arts practice***– This includes the performing arts (theatre, music and dance), visual arts, literature, experimental hybrid arts, screen industry and community-based arts.
- ***NSW-based artists and arts and cultural organisations*** – These include collecting institutions such as galleries, libraries, museums, independently run artist and performance spaces, small, medium and large arts, screen and cultural organisations across the performing arts, visual arts, literature, experimental hybrid arts and community based arts. Examples include, small-medium enterprises like Performance Space, Monkey Baa Theatre Company, and Screenworks, and networks of performing arts centres like the Regional Arts Network, and the Bathurst Library and the Parramatta Art Society.
- ***NSW State Cultural Institutions*** – Sydney Opera House; State Library of NSW; Art Gallery of NSW; Museum of Applied Arts and Sciences (MAAS); the Australian Museum; and Sydney Living Museums. These institutions manage the state's cultural heritage collections and provide services and programs throughout the state.
- ***NSW State Significant Organisations*** – Carriageworks and Museum of Contemporary Art.
- ***Major Performing Arts Companies*** – Australian Brandenburg Orchestra, Australian Chamber Orchestra, Musica Viva Australia, Opera Australia, Sydney Symphony Orchestra, Bangarra Dance Theatre, Belvoir, Bell Shakespeare, Sydney Dance Company, Sydney Theatre Company, and The Australian Ballet.
- ***Screen industry*** –This includes screen production companies and screen businesses working in all areas of screen content and screen production, including (but not limited to) feature film, television, web series, interactive content, games developers, virtual reality.
- ***Major Festivals*** – NSW hosts many arts and cultural festivals, several of which attract audiences from around the world. The Major Festivals are the Sydney Festival, Sydney Writers' Festival, Sydney Film Festival and the Biennale of Sydney.

3.1 Direct Economic Contribution of the Arts, Screen and Cultural sectors

The economic contribution of the arts, screen and cultural sectors is comprised of different elements along the production process. Outputs of the arts, screen and cultural sectors can include 'final goods' like artwork, publications and media, 'final services' such as musical performances or museum visits, or 'intermediate goods and services' such as the preparation of sets for film or theatre productions.

A common theme linking the outputs of the arts, screen and cultural sectors with other industries is that their production utilises resources of labour and capital as well as intermediate goods and services. An important component of the arts, screen and cultural sectors' wealth and job creation emanates from the creation, utilisation and commercialisation of intellectual property.

The analysis of the direct economic contribution of the arts, screen and cultural sectors in this study is based on the following metrics.

- **Output** is a measure of the value of the goods and services produced by an industry or sector, where the value reflects the cost of inputs: labour, capital, and intermediate inputs of goods and services, including imports.
- **Value-added (or factor income)** is equivalent to output less goods and services sourced from other suppliers (including imports), and is the sector's contribution to gross state product. By excluding goods and service inputs from other domestic industries and from overseas, 'value added' avoids double counting as it does not include the value-added from other industries.
- **Employment** refers to the number of people employed. Much of the employment in these industries is part time (including intermittent and project-based), which is accommodated in this study by estimating total Full Time Equivalent (FTE) jobs.[9]

Estimates of the direct economic contribution of the NSW arts, screen and cultural sectors to the NSW economy are measured on the metrics of output, value-added and employment. The estimates have been developed using a mix of industry data and methodologies from the ABS. More details on the data sources and methodology employed are contained in Appendix B. Results from the direct contributions are then used in Section 3.5 to estimate the overall contribution of the industries to the NSW economy, including both the direct impacts and the flow-on activity up and down the supply chain.

The arts, screen and cultural sectors also contribute to the State's economy and the well-being of NSW residents in ways that are not captured by conventional economic statistics. These include contributions to a city's liveability, fostering knowledge and skills transfers, contributions to education outcomes, promotion of tourism, support of community health and wellbeing, contribution to destination branding and image, and enabling innovation across industries.

[9] There is no universal international or national standard working hours. The ABS, for example, defines standard full-time working hours as 35 hours a week or more, whilst the Fair Work Act 2009 sets a maximum working week of 38 hours. For this study, we benchmark against the Fair Work Act and define Full Time Equivalent as an employee who works 38 hours per week. (Fair Work Ombudsman: Maximum weekly hours and the National Employment Standards. Fair Work Act 2009).

Cleverman Series 2, produced by Goalpost Pictures and Pukeko Pictures for ABC TV Australia in co-production with Sundance TV and Red Arrow International

Cutting edge film production companies bring Aboriginal stories to screen, developing writers, directors and film crews, winning awards and promoting NSW internationally.

Aboriginal Stories

The arts, screen and cultural sectors play an important role in shaping how communities see themselves and how they are perceived by others. The NSW Government continues to support programs that raise the profile of Aboriginal and Torres Strait Islander communities. This support builds on State and Federal Governments' strategic policy decisions, which aimed to grow opportunities for Aboriginal writers, directors, performers and film makers. Strategic policy priorities, making the case for ongoing targeted funding support, have provided opportunities for emerging Aboriginal practitioners to develop skills and progress projects to completion. The impact of this ongoing support is demonstrated by the recent production excellence of Aboriginal stories and experiences on screen, and the impact on the international profile of NSW and Australia. Standout organisations in the screen industry include Blackfella Films and Goalpost Pictures.

Blackfella Films, founded in 1992 by writer/director/producer Rachael Perkins, creates innovative and high-quality content in both series and feature formats for theatrical, television and online platforms. Its award-winning productions have screened at premier international festivals including Sundance, Berlin and Toronto. A standout achievement for the company was the award-winning 7-part documentary series *First Australians*. This landmark multi-platform history series, broadcast on SBS Television to over 2.3 million viewers, was accompanied by an internationally acclaimed interactive website.[10] *First Australians* was awarded Australia's top honours for documentary including the Australian Film Institute (AFI), TV Week Logie and Australian Writers and Directors Guild Awards. The company went on to produce the award-winning *Redfern Now* series. *Redfern Now* has provided professional pathways for aspiring actors and directors and

[10] Blackfella Films – About (accessed Feb 2018 at http://blackfellafilms.com.au/about/).

was watched by over 6.8 million viewers across the two Series and a telemovie.[11]

Goalpost Pictures is one of the leading independent film and TV producers that supports Aboriginal story telling on screen. It produces the internationally successful TV series *Cleverman*, which screens on the ABC, Sundance TV, BBC and Netflix. *Cleverman* screenwriter Michael Miller won the Australian Writers' Guild's 2016 John Hinde Award for the Science Fiction Category. Goalpost Pictures has also produced award winning feature films *Holding the Man* and *The Sapphires*.[12] Based on a true story, *The Sapphires* tells the story of four young Aboriginal sisters whose lives were transformed by music during a time of social, cultural and political uncertainty. The *Sapphires* premiered at The Cannes Film Festival and has taken over $14.5 million at the box office since its release in 2012.[13]

Over the last ten years these screen industry enterprises have contributed to raising the profile of Aboriginal stories and experiences, enhanced international branding for Australia, and attracted significant international interest. They provided professional development pathways for many NSW based screen professionals, including writer Tony Briggs, directors Wayne Blair and Leah Purcell, designer Jacob Nash and performers Deborah Mailman, Jessica Mauboy, Shari Sebbens and Miranda Tapsell. The impact of this support and development permeates other art forms as some of these practitioners also work in theatre and dance, with organisations such as Bangarra Dance Theatre and Mooghalin Performing Arts. This is another example of how the arts, screen and cultural sectors are an interconnected ecology with practitioners working across different mediums, and the return on Government investment is best measured over time.

Screen industry enterprises have contributed to raising the profile of Aboriginal stories and experiences, enhancing international branding for Australia, and attracting international interest.
This work has also provided professional development pathways for writers and directors.

Social benefits include

- Increasing opportunities for Aboriginal writers, directors, performers and film makers.
- Providing professional pathways for aspiring actors and directors from Aboriginal and Torres Strait Islander communities.
- Screen industry enterprises are raising the profile of Aboriginal stories and experiences, enhancing the international branding for Australia,
  and attracting significant international interest.

[11] Australian Television Information Archive.

[12] Australian Writers' Guild – Screenwriter of acclaimed Indigenous superhero series Cleverman wins 2016 John Hinde Award for Science Fiction (accessed April 2018 at https://awg.com.au/view/screenwriter-of-acclaimed-indigenous-superhero-series-cleverman-wins-2016-john-hinde-award-for-science-fiction/).

[13] Screen Australia – Fact Finders – Cinema – Australian Films – Top Films At The Box Office (accessed April 2018 at http://www.screenaustralia.gov.au/fact-finders/cinema/australian-films/top-films-at-the-box-office).

Behind the Scenes on *The Battle*,
Photo: Kate Holmes

Small-and-medium-sized creative enterprises within NSW provide diversity, opportunity and pathways for performers and artists, as well as providing audiences with access to a wide range of arts, screen and culture.

Small Creative Enterprises

The NSW Government supports a range of small and medium sized creative enterprises that provide diversity, opportunity and pathways for performers and artists, and provide people with access to a wide range of artistic, cultural and screen activities. Government support for creative enterprises in the regions has helped grow innovative enterprises such as Mememe Productions that produce internationally successful, cutting edge work, leading to further employment opportunities in the Creative Industries.

Based in the Northern Rivers region of NSW, Mememe Productions is a small enterprise conceived by Cate McQuillen and her partner Hewey Eustace. It created the highly successful, Emmy award winning, DirtGirlWorld which has been screened in 110 countries. Mememe Productions has been creating 'out there' children's programming for a new generation of content seekers. This has set the benchmark and inspired other Australian entrepreneurs.

Small and medium organisations are vital for the sustainability for the arts sector, providing employment for the industry as well as playing a key role in developing artistic practice and knowledge. These organisations include museums and galleries, regional conservatoriums and professional performing arts companies. ERTH is a Sydney-based small puppet and physical theatre company that has been creating live theatre that includes giant puppetry and aerial/flying creatures. In addition to employing technicians, puppet makers, and performers, the organisation further contributes to the sector by developing the skills of young people in the community.[14]

Screenworks is a regional film, television and digital media office based in Bangalow, in the Byron Bay area. It is a not-for-profit member-based association that presents an annual

[14] rth Visual and Physical Inc – About (accessed November 2017 at http://www.erth.com.au/).

program of approximately 40 professional and industry development events, attended by over 2,000 people. Their annual screen-related spend supports an estimated $20 million in local economic benefit annually and employs 700 people in the region. Over the past 3 years, Screenworks has quickly grown to become a national screen industry service provider that supports screen practitioners living in regional, rural and remote areas across Australia. Its gross annual revenue has increased from $181,000 in FY2014 to $463,000 in FY2017, equating to a growth rate of 155 per cent.

Screenworks is a leading example of how the creation of career pathways for performers, artists and creatives generates diversity and greater community access to artistic, cultural and screen activities. As a direct result of its Createability project, regional filmmakers were able to create short films profiling local artists with disabilities. These films have been seen around the world and featured in academy-accredited international film festivals; premiered on ABC iView; and available to view across the Virgin Australia national and international network as part of the inflight entertainment system.

Small creative businesses in NSW have made an invaluable contribution to the arts sector at a local level by cultivating artistic knowledge and providing employment opportunities.

Social benefits include

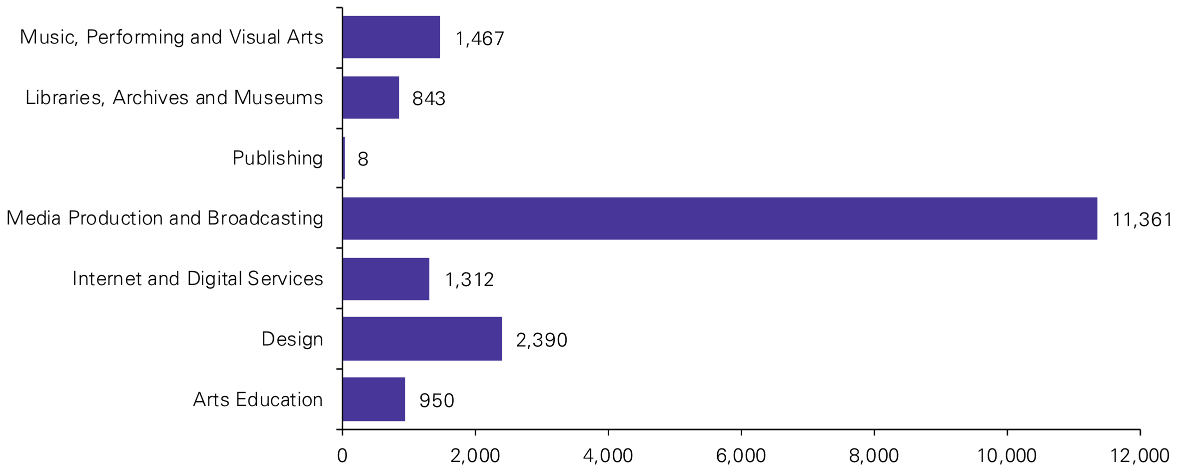
- Providing diversity, opportunity and pathways for performers and artists.
- Providing people with access to a wide range of artistic, cultural and screen activities.
- Inspiring entrepreneurs and innovation.
- Employing technicians, puppet makers, and performers in local areas.
- Contributing to the sector by developing young people's skills.
- Creating short films that profile local artists with disabilities.
- Contributing to the local economy and employing people in regional NSW.

3.1.1 Output - Arts, Screen and Cultural sectors

In 2016-17, the value of output[15] in the NSW arts, screen and cultural sectors was estimated to be $18.3 billion, or around half of total Australian output in arts, screen and cultural sectors. This estimate is based on the value of the goods and services produced by the seven sub-sectors classified as arts, screen and culture.

The two largest contributors to the industry are *Media production and broadcasting* and *Design*. These two sub-sectors together account for around three-quarters of total output across the NSW arts, screen and cultural sectors. The next largest sub-sectors are *Music, performing and visual arts* (8 per cent) and *Internet and digital services* (7 per cent). The contributions of the remaining sub-sectors are relatively modest but not insignificant. *Figure 3.1* depicts the break-down of output across the seven sub-sectors.

Figure 3-1: Total Output in the arts, screen and cultural sectors in NSW, 2016-17 ($millions)



Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2016)

It is estimated that *Media production and broadcasting* contributed around $11.4 billion (or around two-thirds) of total output in the arts, screen and cultural sectors in NSW in 2016-17. *Media production and broadcasting* has a significant presence in NSW, with a large concentration of national industry-associated activities in NSW. For example, Screen Australia and many popular broadcasting and electronic media entities, such as the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) television networks, have their head offices located in NSW. National and international production companies come to NSW to make television series and feature films. Recent productions filmed in NSW include *Hacksaw Ridge*, *Cleverman*, *the LEGO Batman movie*, *Here Come the Habibs*, and *The Water Diviner*.

Also, contributing to total output is *Design* ($2.4 billion), *Music, performing and visual arts* ($1.5 billion) and *Internet and digital services* ($1.3 billion).

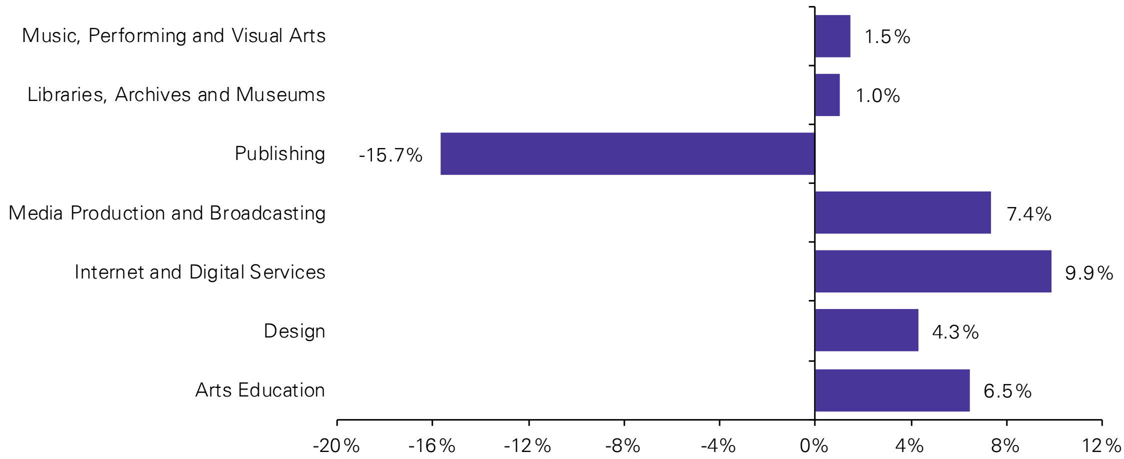
The *Design* sub-sector includes creative industry components such as jewellery and silverware manufacturing, other specialised design services (such as commercial art, fashion design and interior design) and professional photographic services.

The *Music, performing and visual arts* sub-sector was the third largest contributor ($1.5 billion) to total arts, screen and cultural output and displayed strong growth. This sub-sector is an eclectic mix of organisations and individuals involved in the production and presentation of various artistic performances including music, drama and dance. These include major performances such as *The Sleeping Beauty* by the Australian Ballet and *The Nixon Tapes* by the Australian Opera, live music performances such as those at the *Tamworth Country Music Festival*, local performances such as

[15] Output is a measure analogous to sales or turnover.

Charlie and the Chocolate Factory at the Cessnock Performing Arts Centre and youth performances developed through Bangarra Dance Theatre under the *Rekindling* initiative, all the way through to buskers performing outside the local supermarket. This sub-sector is expected to remain robust into the future – with continued growth in the number of artists, musicians and writers.

Figure 3-2: Average annual output growth in the arts, screen and cultural sectors in NSW, 2009-10 to 2016-17



Note: as measured by the compound average growth rate

Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2006/2011/2016)

Figure 3-2 shows that most components of the arts, screen and cultural sectors are growing. It is estimated that four of the seven sub-sectors achieved relatively strong average annual growth (in terms of value of output) over the past seven years. Three of these are in the group of larger sub-sectors discussed above. *Media production and broadcasting*, *Internet and digital services*, and *Design* achieved average annual growth rates of between 4 per cent and 10 per cent over this period.

Publishing is the smallest subsector in arts, screen and culture, and this subsector's contribution is declining. This subsector includes art print, calendar, diary, greeting card and postcard publishing. These services have felt the impact of increased use of electronic products.

3.1.2 Value-Added - Arts, Screen and Cultural sectors

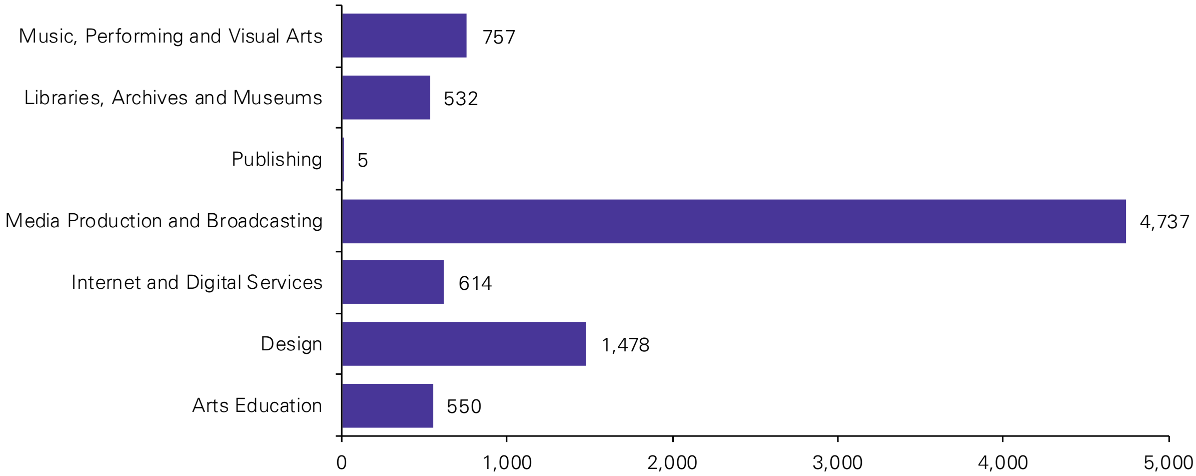
While output is a useful measure of the size of the arts, screen and cultural sectors, value-added identifies the proportion of these sectors' output that is income to the state. Value-added is the metric commonly used to quantify the direct economic contribution of an industry to the NSW economy.

Value-added refers to the value of goods and services produced in a sector, less the value of inputs from other suppliers and from imports. It is the value a sector adds through its operations, and this value added also becomes income to: labour (wages); investors (profits and/or interest); and the government (production taxes). The total industry value-added is called Gross Value Added and, when summed (including taxes) over all industries in the NSW economy, becomes Gross State Product or GSP.

It is estimated that value-added by the NSW arts, screen and cultural sectors in 2016-17, was around $8.7 billion or 1.6 per cent of total NSW GSP in that year.

Figure 3-3 provides the estimated sectoral breakdown of total value-added generated by the arts, screen and cultural sectors in 2016-17.

Figure 3-3: Total Value-Added in the arts, screen and cultural sectors in NSW, 2016-17 ($millions)

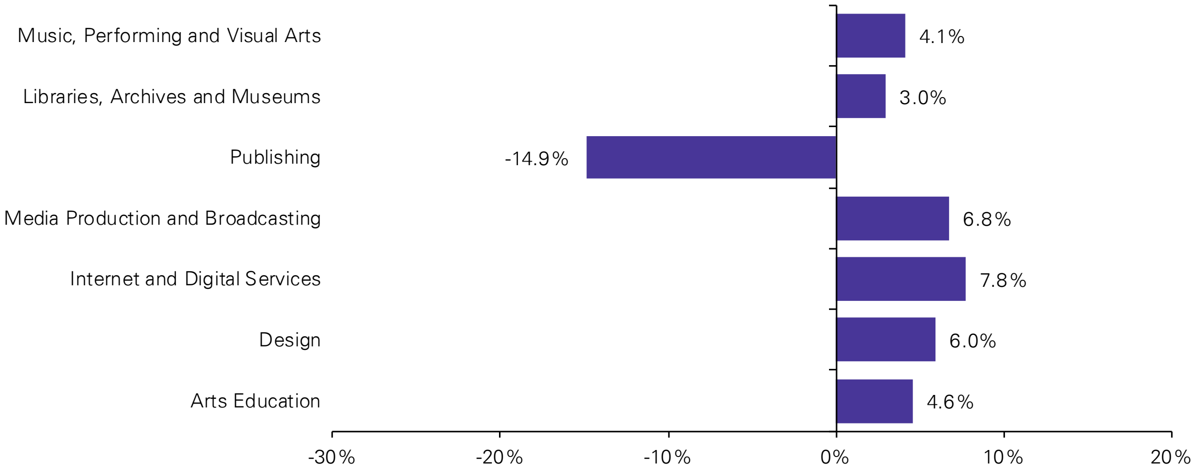


Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2016)

The underlying trends that were observed for output are present in the value-added of the arts, screen and cultural sectors. That is, the largest contributors to value-added were *Media production and broadcasting* (55 per cent) and *Design* (17 per cent) accounting for around 70 per cent of the value-added across all the NSW arts, screen and cultural sectors. Further, the *Music, performing and visual arts* sub-sector contributed almost 9 per cent (an estimated $757 million) of industry value-added, and the *Internet and digital services* sub-sector contributed around 7 per cent (an estimated $614 million) of industry value-added.

Figure 3-4 shows the growth in the various sub-sectors of the arts, screen and cultural sectors over the years 2009-10 to 2016-17.

Figure 3-4: Value-Added growth in the arts, screen and cultural sectors in NSW, 2009-10 to 2016-17



Note: as measured by the compound average growth rate
Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2006/2011/2016)

In addition to its strong current contribution, the *Media production and broadcasting* sub-sector has also shown strong average annual growth (6.8 per cent) in nominal value-added between 2009-10 and 2016-17, ranking it second in terms of growth across the arts, screen and cultural sectors.

Growing demand for *Internet and digital services* has led to strong average annual growth in this sub-sector. Figure 3-4 shows that the over the period 2009-10 to 2016-17 it is estimated that the *Internet and digital services* sub-sector registered the strongest average annual rate of growth in nominal value-added (almost 8 per cent) across the arts, screen and cultural sectors.

As with most of the other arts, screen and cultural sub-sectors, the *Libraries, archives and museums* sub-sector has also achieved reasonably solid average annual growth in value-added over the past seven years. Figure 3-4 shows that the over the period 2009-10 to 2016-17 it is estimated that the *Libraries and archives* sub-sector registered a 3 per cent average annual rate of growth in value-added. In contrast, as discussed in subsection 3.1.1, this sectors output has grown at a more modest 1 per cent on average each year over the same period, indicating strong productivity gains. The productivity gains are consistent with the trend to digitisation of library and archival content (e.g. journals and documents) and other services, which has also seen a related reduction in employment in this sub-sector (see Section 3.1.3).

Value-added by the *Publishing* sub-sector is small and has declined over time. *Publishing* is a sub-sector undergoing structural change, driven by technological change and shifts in demand and consumption patterns. It is estimated that this sub-sector contributed approximately $5 million in value-added in 2016-17, almost 15 per cent lower than its contribution to value added in 2009-10.

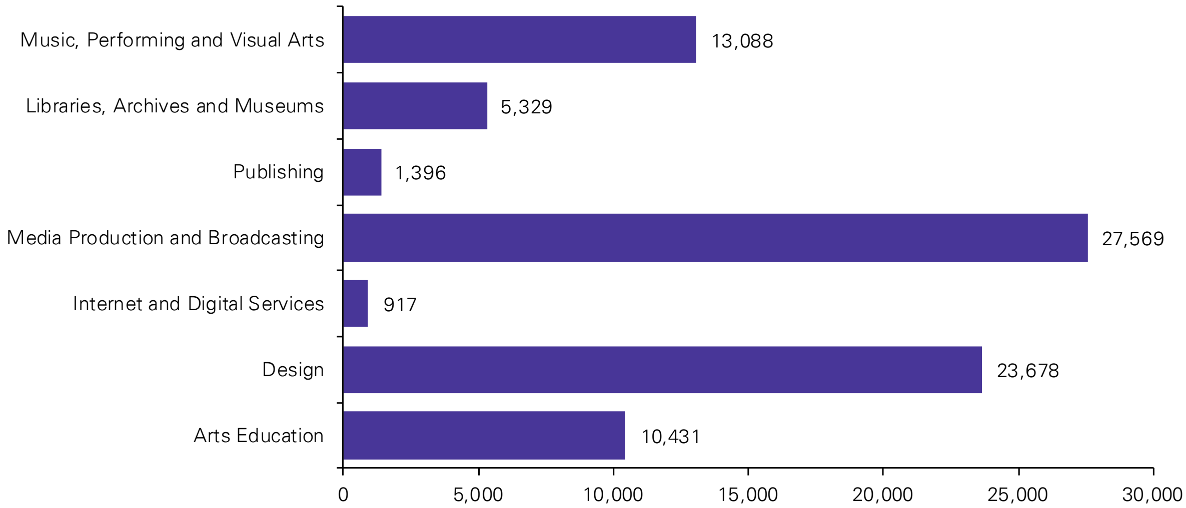
3.1.3 Employment - Arts, Screen and Cultural sectors

Employment is another key metric that allows for the assessment of economic value in the arts, screen and cultural sectors. Employment includes significant components of part time jobs, intermittent and project-based work. To better capture the mix of part-time and full-time workers and provide a better comparator across industries, we measure employment based on Full Time Equivalent (FTE) jobs. The number of FTE workers directly employed by the NSW arts, screen and cultural sectors was estimated using industry employment data, including the number of hours worked, published by the ABS.

It is estimated that, in 2016-17, the arts, screen and cultural sectors employed approximately 82,400 FTE workers. *Media production and broadcasting*, *Design*, *Music, performing and visual arts*, and *Arts education* employed most of these workers, accounting for about 90 per cent of total FTE jobs in the NSW arts, screen and cultural sectors.

At the other end of the spectrum, *Libraries, archives and museums*, *Publishing* and *Internet and digital services* collectively represent the remaining 10 per cent of total arts, screen and cultural sectors FTE workers. For the most part, this is consistent with the respective size (measured by output or value-added) of the sub-sectors. Figure 3-5 presents the employment estimates for the seven sub-sectors of the arts, screen and cultural sectors.

Figure 3-5: Employment in the arts, screen and cultural sectors in NSW, 2016-17 (FTE)

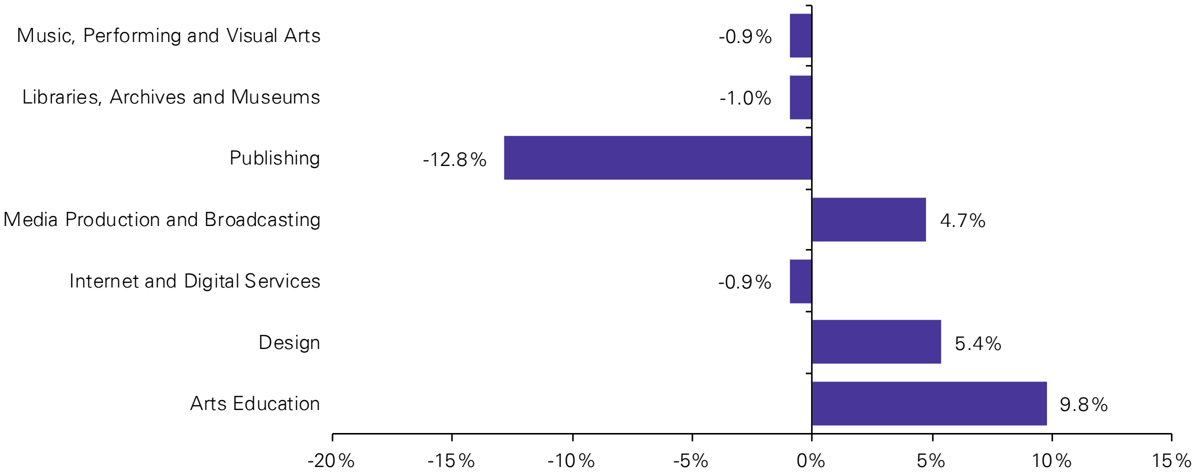


Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2016)

Arts, screen and cultural sectors are generally labour intensive. The *Music, performing and visual arts*, *Design* and *Arts education* sub-sectors are particularly labour intensive. While these sub-sectors contribute around 26 per cent of total output in the Arts, screen and cultural sectors, these sub-sectors contribute an estimated 47,200 FTE jobs to NSW, or almost 60 per cent of the total FTE jobs across the Arts, screen and cultural sectors.

Arts education stands out within arts, screen and cultural sectors with strong employment growth. Arts education continues to be a focus in Australia, reflected in increasing references to STEAM (Science, Technology, Engineering, Arts and Math) rather than STEM (Science, Technology, Engineering and Math). The addition of Arts (A) to this priority group of skills recognises that creative and innovative thinking is also an important skill set amongst the other technical skills of science, technology, engineering and mathematics. Further, a review of Australian Education in 2010 indicates that 'Given the growing research evidence about the centrality of the Arts to cognitive and emotional well-being and the impact it can have on deep learning, arts education needs to be seen as a core curriculum component and be accessible to all students from all backgrounds.'[16]

Figure 3-6: Employment growth in arts, screen and cultural sectors in NSW (FTE) 2009-10 to 2016-17



Note: as measured by the compound average growth rate
Source: KPMG estimates based on data from ABS (cat. no. 6291, 5271, 5209, Census 2006/2011/2016)

In contrast, the *Publishing subsector* employment share has been falling. This sub-sector has faced an almost 13 per cent decline in employment, on average, each year over the period 2009-10 to 2016-17. Most of this fall in employment has been in the last few years. As mentioned previously, this sub-sector appears to be under pressure from changes in technology and shifts in consumer preferences. For example, increasing adoption of digital applications and the decline in demand for publishing services for traditional printed products such as diaries, calendars and greeting cards, have impacted activity in this subsector. The Publishing subsector also includes media and sound recording, which has been disrupted by digital change. Technological advancement has provided consumers with access to alternative platforms such as streaming services and online music formats, reducing the need for media and sound recording services. Note that this sub-sector is a relatively minor part of the arts, screen and cultural sectors, with an estimated 1,400 FTE in 2016-17.

Music, performing and visual arts, Libraries, archives and museums and Internet and digital services all show slight annual reductions, on average, over the past seven years.

- Employment in *Music, performing and visual arts* peaked in 2013-14 at an estimated 15,100 FTEs, contributing around one-quarter of all employment in the arts, screen and cultural sectors. As observed in the Australia Council for Arts 2013 report, 'Key Trends for Major Performing Arts in Australia', there was an increase in employment, attendance, new work presented and box office revenue across the leading performing arts organisations at that time. Since then, there has been only modest growth in output from this relatively labour intensive sub-sector, and the sub-sectors contribution to employment has dropped modestly to around 16 per cent of all employment in the arts, screen and cultural sectors, or to around 13,100 FTE.
- The *Libraries, archives and museums* sub-sector has seen a modest reduction in FTE workers since 2009-10, with a slight improvement over the past two years. A key factor in this reduction is likely advances in technology like the digitisation and mechanisation of functions.
- Growth in *Internet and digit*al services output is not reflected in growth in employment. This industry is capital intensive, and growth is generally driven and supported by technological advances. While there has been some growth in employment over the past few years, this has offset falls in employment over the two years to 2013-14, meaning the current level of employment in this sub-sector is similar to the 2009-10 level.

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[16] Ewing, R. (2010). The Arts and Australian Education: Realising potential, p. 54.

3.2 Industry Comparisons

This cross-industry comparison explores how the NSW arts, screen and cultural sectors fit into the context of the broader NSW economy. It includes a comparison of value-added and employment in the arts, screen and cultural sectors against the 20 broad ABS industries.[17]

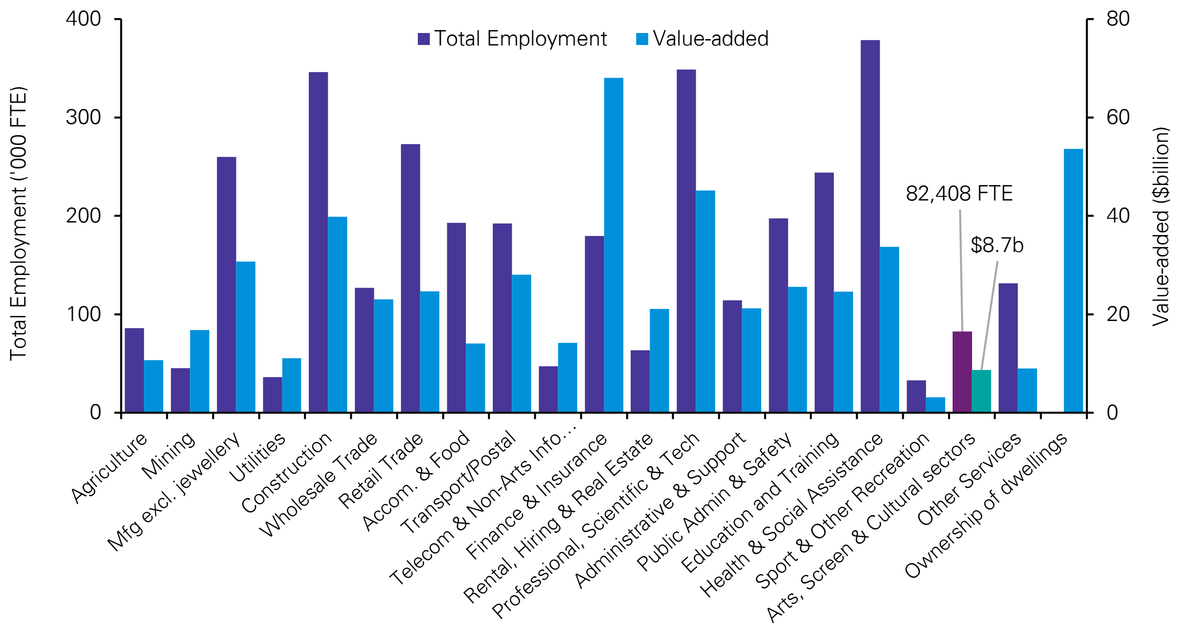
3.2.1 Industry Activity 2016-17

Figure 3-7 presents the contribution of all industries to the NSW economy in 2016-17 in terms of both value-added and employment. The total value-added industry activity in NSW was almost $530 billion in 2016-17. The *Finance and insurance* and *Ownership of dwellings* industries were the two largest industries in NSW in terms of value-added, contributing $68.0 billion and $53.6 billion (or 12.9 per cent and 10.2 per cent) to NSW industry value-added, respectively.

In comparison to these dominant NSW industries, the arts, screen and cultural sectors are relatively small – contributing 1.6 per cent of total NSW value-added.

The arts, screen and cultural sectors generated an estimated $8.7 billion in industry value-added in 2016-17. This contribution is similar to the value-added contribution of the *Other Services* ($9 billion), *Agriculture* ($10.7 billion), and *Utilities* ($11.1 billion) industries.

Figure 3-7: Total industry activity in NSW: employment ('000 FTE, LHS) and value-added ($ billion, RHS), 2016-17



Source: KPMG estimates based on data from ABS (cat. no. 6291.0 and 5220.0)

Total employment across NSW for 2016-17 was estimated at approximately 3.23 million FTE jobs. The largest employing industries in NSW were *Health* (440,300 FTE jobs), *Construction* (363,300 FTE jobs), *Retail* (339,000 FTE jobs) and *Education* (280,200 FTE jobs). The combined share of employment of these four industries was almost 40 per cent of total NSW FTE employment.

While the *Finance and insurance* and *Ownership of dwellings* industries contribute significantly to NSW GSP, they are capital intensive industries – meaning they have a much smaller contribution to the economy when measured through employment. Specifically, the *Finance and insurance* industry employed 190,500 FTE employees in 2016-17 (or 5 per cent of total NSW employment), while there are no employees in the *Ownership of dwellings* industry.[18]

[17] These are the twenty 1-digit industries under the Australian and New Zealand Standard Industrial Classification (ANZSIC) used by the Australian Bureau of Statistics.
[18] The ownership of Dwellings industry consists of landlords and owner-occupiers (imputed rents).

In comparison, the arts, screen and cultural sectors employed 82,400 people in 2016-17 (or 2.2 per cent of total FTE employment in NSW). This ranks the arts, screen and cultural sectors in the middle distribution of industries by employment numbers, similar to the contribution of *Rental, Hiring and Real Estate* (69,100 FTE jobs), and *Agriculture* (94,600 FTE jobs).

While this analysis shows that the arts, screen and cultural sectors contribute around 2 per cent of the NSW economy, this estimate reflects the industries' *direct* contribution in terms of value-added and employment. The arts, screen and cultural sectors also have an important role in supporting upstream and downstream industries.

Direct contributions of the arts, screen and cultural sectors have flow-on (induced) effects that contribute positively to other industries such as *Accommodation and Food.* For example, many tourists visiting the Sydney Opera House are likely to also undertake complementary activities like dining and accommodation when visiting Sydney (or NSW). Further discussion of these economy-wide linkages and the estimated flow-on impacts are presented in Section 3.5.

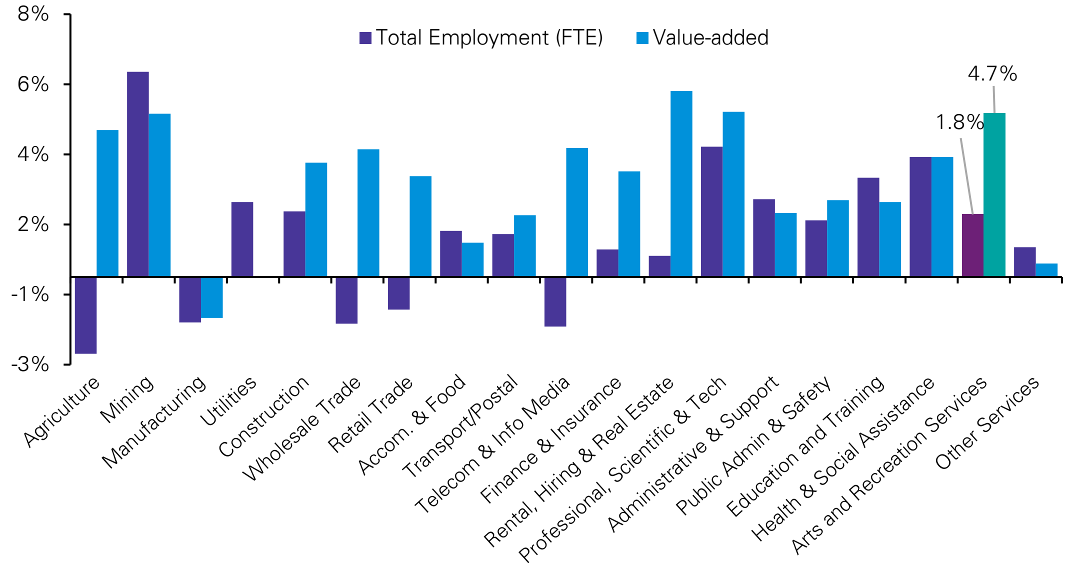
3.2.2 Trends over the past decade

The arts, screen and cultural sectors are a small, but growing part of the NSW economy. A comparison of this growth over the past ten years with the growth in other sectors is provided below.

The trends are provided for the broader defined ANZSIC Arts and Recreation industry, rather than the more specific arts, screen and cultural sectors defined in the previous sections. This broader industry is effectively the combination of the *Sport and other recreation* and *Arts, screen and cultural sectors* in Figure 3-7.[19] The results are provided at this level because specific annual state data is not available. As such, this section provides a useful, but indicative only, understanding of the change in the arts, screen and cultural sectors over the last decade.

When looking at the industry growth rates over the past decade, the *Arts and recreation* sector in NSW has performed strongly, achieving average annual growth in employment of 1.8 per cent and strong annual average growth in real value-added of 4.7 per cent, in each year from 2006-07 to 2016-17. This places the *Arts and Recreation* sector as one of the top 8 industries in terms of employment growth, and sharing 2nd place with *Professional Services* in terms of value-added growth in NSW over that period. Solid growth in this sector would have been supported by strong growth across *Media production and broadcasting, Internet and digital services, Music, performing and visual arts,* and *Design* discussed in section 3.1.

Figure 3-8: Industry growth in NSW: average annual change in employment (FTE jobs, LHS) and value-added (constant prices, RHS), 2006-07 to 2016-17



Source: ABS (cat. no. 6291.0 and 5220.0)

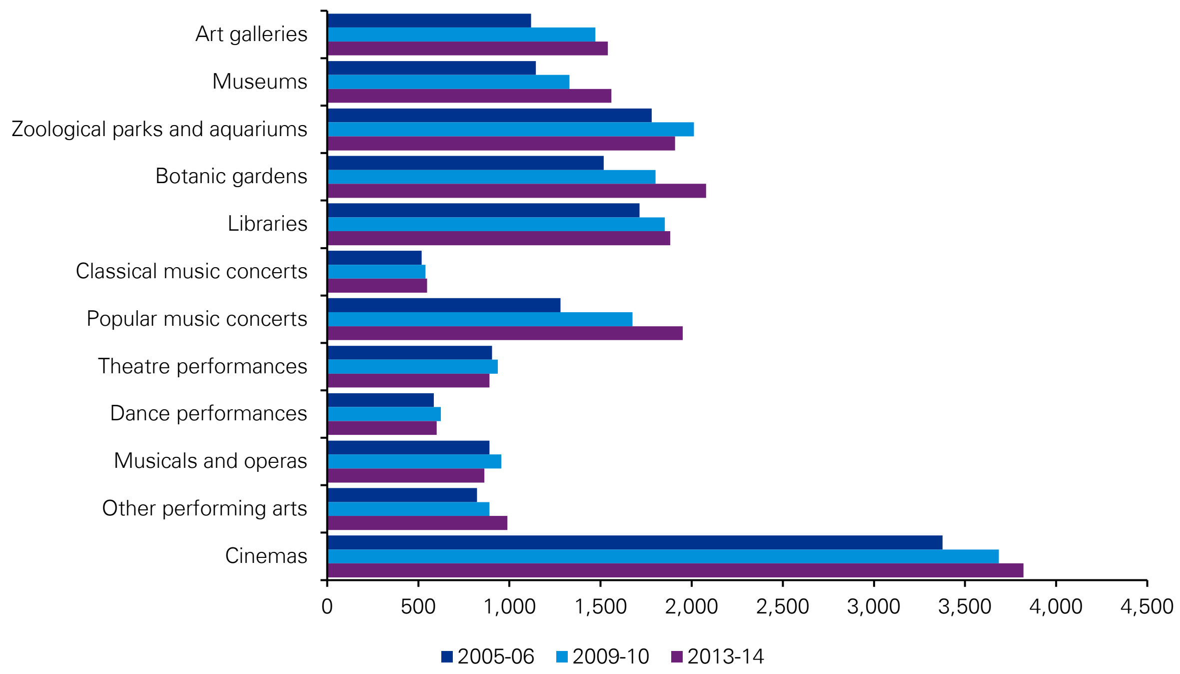
[19] Note also that Design in this comparison is included in Professional Services, while Media and Publishing is spread across Manufacturing, Wholesale and Retail.

3.3 Attendance at Events and Venues

Audience participation in arts, screen and cultural activities in NSW has helped support the strong growth in activity (output, value-added and employment) in the arts, screen and cultural sectors in NSW over the past decade. Increasing attendance at cultural venues and events by 15 per cent by 2019 is a NSW Government State Priority. The Arts, Screen and Culture Division is on target to meet it, with a 20.7 per cent increase (2.7 million increase) in attendance at select cultural venues and events from 2014-15 to 2016-17.[20]

Figure 3-9 shows the distribution of attendances by NSW residents across various cultural venues and events (presented for 2005-06, 2009-10 and 2013-14). Total attendance numbers grew by 19 per cent over the past eight years, from around 15.6 million in 2005-06 to 18.6 million in 2013-14 (the latest data available) with attendances at cinemas, libraries and popular music concerts leading the way.

Figure 3-9: Attendance at Cultural Venues and Events in NSW, 2005-06, 2009-10 and 2013-14[21] ('000)



Source: ABS (cat no. 4114.0)

The increase in attendance at cultural venues and events was led by the *Popular music concerts* category (50 per cent increase from 2005-06 to 2013-14). Attendances at *Art galleries* followed with an increase of approximately 38 per cent (2005-06 to 2013-14). Overall attendance numbers have increased across most of the categories including classical music concerts and dance performances. The two notable exceptions were *Musicals and operas*, and *Theatre performances* – declining by 3 per cent and 2 per cent respectively in total over this period.

In terms of total attendees, *Cinemas* recorded the largest attendances with more than 3.8 million, constituting about 20 per cent of total attendance at arts, screen and cultural events, although it has experienced relatively low growth of 13 per cent in total since 2005-06. The least attended category was *Classical music concerts.*

Libraries still host a significant number of visitors and attendees, highlighting the important nature of these institutions as a source of information and in contributing societal and economic benefits.

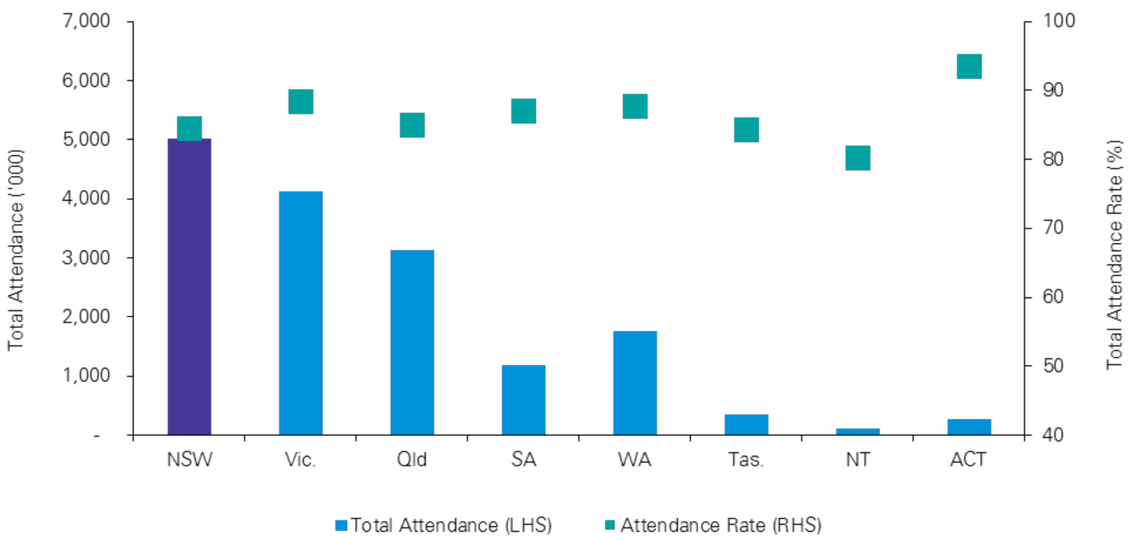
[20] Information provided by Create NSW.
[21] This is the most recent data available.

Significant numbers of attendances continue to be recorded at these venues despite increasing virtual access to information, without the need to 'visit' these institutions, and other internet-based services that are available. *Libraries*, as well as *Museums* and *Art Galleries,* are diversifying their offering by hosting events and performances that contribute to their relatively high attendance numbers.

Demographic changes (population size, income, age and gender) can have a significant impact on attendance numbers and growth. Specifically, it appears that attendances by NSW residences at cultural venues and events (19 per cent) has achieved stronger growth than population numbers (14 per cent) over the same period. This indicates that a *larger proportion* of the NSW population are now attending events and/or the same proportion of people are attending *more* events than they were in 2005-06.

A look at inter-state and territory comparisons, reveals that NSW had the largest number of individuals (approximately 5 million) attending at least one event or cultural venue in 2013-14. This was followed by Victoria (4.1 million) and Queensland (3.1 million).

Figure 3-10: Individuals Attending at Least One Venue or Event by State, 2013-14 ('000)



Source: ABS (cat no. 4114.0)

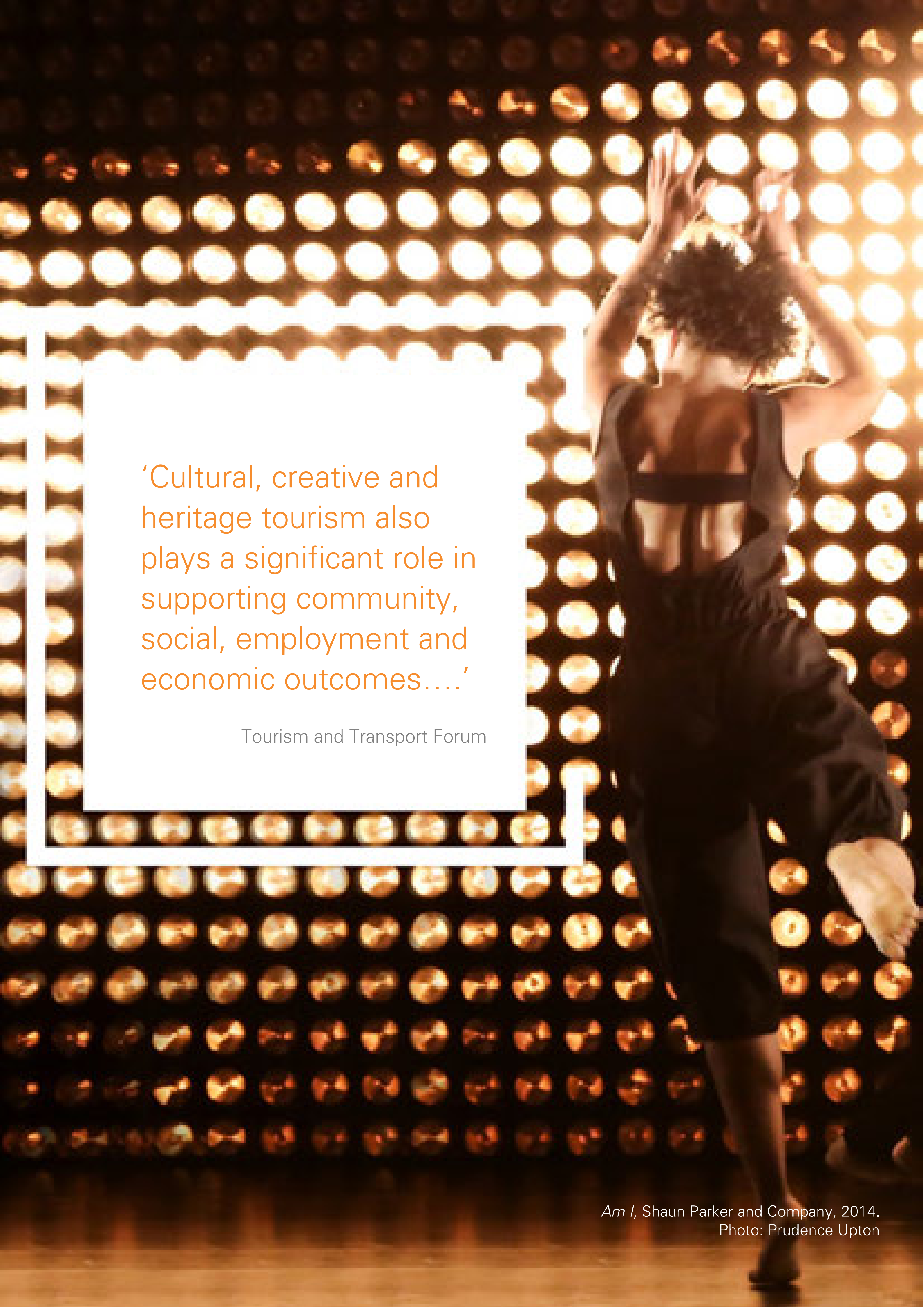
The attendance rate[22] provides an indication as to whether this strong NSW result is because of the State's relatively large population or if there are other factors at play – such as the higher number of cultural institutions and venues located in NSW (for instance, around one-third museums in Australia are in NSW).[23]

NSW had an attendance rate of 84.6 per cent in 2013-14 (defined as the percentage of individuals attending at least one venue or event per year), which was slightly below the average attendance rate (of 86.2 per cent) across Australia and higher only to Tasmania (84.4 per cent) and Northern Territory (80.3 per cent). NSW had a similar attendance rate to Queensland and Tasmania, with the attendance rates highest in the Australian Capital Territory (93 per cent) followed by Western Australia (87.8 per cent).

NSW's comparatively low attendance rate could be due to a range of factors, such as demographic mix (age, gender), regional distribution and access, or better access to other activities in the state. A lower attendance rate could also indicate that there is potential opportunity for NSW to further grow participation in arts and cultural activities. This is reflected in the NSW Government's State Priority to increase attendance at arts and cultural venues and events by 15 per cent by 2019.

[22] The attendance rate is calculated by the ABS as: total attendance by individuals aged 15 years and over who attended at least one cultural event or venue divided by the total population aged 15 years and over of the state or territory.

[23] Australian Bureau of Statistics. (2008). 4172.0 - Arts and Culture in Australia: A Statistical Overview (First Edition) (accessed May 2017 at http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4172.0Feature+Article12008+(First+Edition).



'Cultural, creative and heritage tourism also plays a significant role in supporting community, social, employment and economic outcomes….'

Tourism and Transport Forum

Am I, Shaun Parker and Company, 2014.
Photo: Prudence Upton

3.4 Tourism

In addition to attracting local participants, the arts, screen and cultural sectors also play an important role in contributing to domestic and international inbound tourism. Cultural and heritage tourism (defined as tourism by visitors who participate in at least one cultural activity) is one of the fastest growing sectors in the world.[24] Australia has contributed to, and economically benefited from, growth in this market.

According to the Australia Council for the Arts there was a 19 per cent increase nationally in cultural and heritage tourism between 2009-10 and 2013-14.[25] This is a faster rate of growth than the total number of international tourists (13 per cent) over the same period.[26]

The trends observed at the national level are consistent with the experience of NSW, where there has been a strong increase in cultural tourism between 2010 and 2016. A report by Destination NSW[27] indicates that for the year ending December 2016, the number of international and domestic cultural and heritage visitors to NSW increased by 7.9 per cent.[28] Over two thirds of all international visitors to NSW in 2016 undertook at least one cultural or heritage activity.

In addition to spending on cultural activities, domestic and international cultural and heritage visitors also make a significant contribution to the NSW economy from expenditure on accommodation, food and drinks, transportation, entertainment and general shopping for goods and services to be used in Australia or taken home.

Both Destination NSW and Tourism Research Australia (TRA) use the definition of cultural and heritage visitors as those who participate in at least one cultural activity. In contrast, the analysis in this report narrows this definition to those visitors who attend three or more cultural and heritage activities. This is to acknowledge that 'cultural tourists' who only attend one cultural and heritage event may be visiting NSW for other purposes and these should not be included in an assessment the flow-on or induced tourism impacts.

To understand the flow-on impacts to the NSW economy of cultural tourists, data has been sourced from the TRA. The TRA collects and compiles data on individuals who may have visited the following venues or events:

- museums or art galleries;
- art, craft workshops or studios;
- festivals, fairs or cultural event;
- history, heritage buildings or monuments;
- an aboriginal site or community;
- aboriginal art, craft and cultural displays.

The International Visitor Survey and the National Visitor Survey data from TRA is used as the basis for measuring 'arts, screen and cultural' tourists, defined as tourists who have participated in three or more cultural activities during their visit. *Figure 3-11* shows how domestic and international cultural visitors in NSW have grown since 2006. Between 2006 and 2016, domestic and international cultural visitor numbers have increased by over 50 per cent, respectively.

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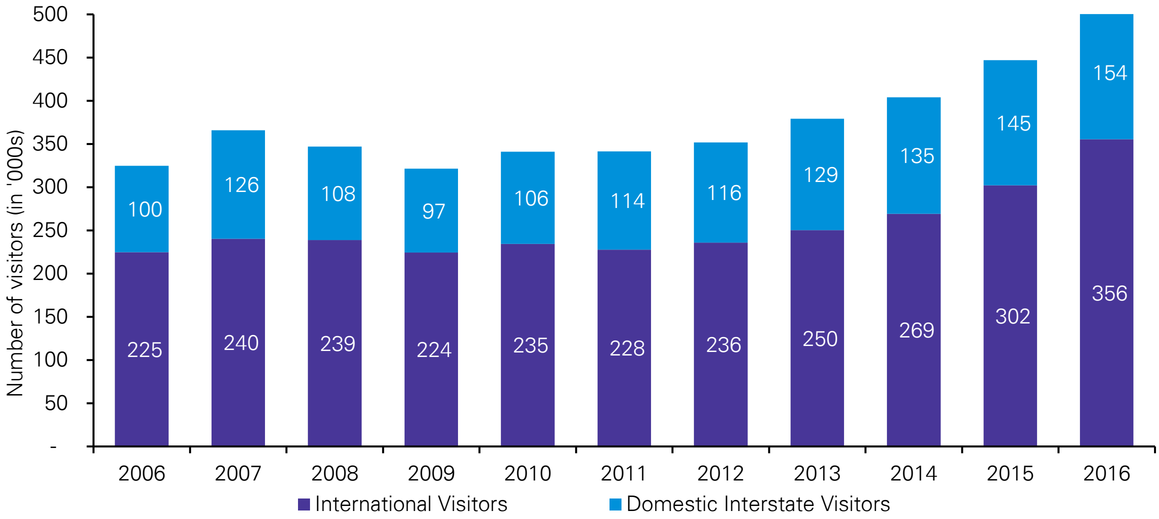
[24] MyTravelResearch.com – Blog - How Culture and Heritage Tourism Boosts More Than A Visitor Economy (accessed November 2017 at https://www.mytravelresearch.com/culture-and-heritage-tourism-boosts-visitor-economy/).
[25] Australian Council for the Arts, Arts Nation: An Overview of Australian Arts, 2015.
[26] Ibid.
[27] Destination NSW, Cultural and Heritage Tourism to NSW 2016.
[28] Defined by Destination NSW as a visitor that participates in at least one cultural activity.

Figure 3-11: Number of International and Domestic Cultural Visitors to NSW, 2006-16 ('000 visitors)



Source: KPMG estimates based on (unpublished) data from Tourism Research Australia, 2016

The importance of arts, screen and cultural sectors to NSW should not be understated. The rich diversity of cultural events and activities in NSW draws large visitor numbers and makes it an attractive creative destination. With an estimated 500,000 cultural visitors who experienced three or more cultural or heritage activities in 2016, *direct* and *induced* cultural tourist expenditure in NSW is significant. This is resulting in increasing demand for arts, screen and cultural products and services as well as industries that provide goods and services during visitation such as food and accommodation.

- Cultural tourists spend money on arts, screen and cultural activities – such as admission/ticket fees for performances – and these sales form part of the ***direct*** activity or contribution of the arts, screen and cultural sectors (discussed in Section 3.1).
- Arts, screen and cultural tourists also spend money on other (non-cultural) goods and services during their visits – such as food and accommodation. The expenditure on these other items is termed '***induced*** cultural tourism expenditure' and the remainder of this section estimates the size of this induced expenditure.

To estimate the induced expenditure pattern across non-cultural products in NSW, this analysis assumes the same international visitor expenditure profile for cultural visitors in NSW as is observed at the national level. This gives the spending pattern of international cultural tourists across non-cultural industries as shown in Figure 3-12.

Induced spending by domestic and international cultural tourists was an estimated $1.5 billion in NSW in 2016, reflecting the positive linkages with other segments of the economy. Of this, the largest category of expenditure by cultural tourists in NSW was Food and Accommodation at $675 million, or 48 per cent of the total induced tourism expenditure.

Other Recreation[29] was the second highest non-cultural category at $294 million or 20 per cent of the total induced tourism spending, and Retail (shopping) was the third highest at $211 million, or 14 per cent of the total induced tourism spending.

[29] Other Recreation includes Gambling and Education.

Figure 3-12: Total Induced Tourism Spending of Cultural Visitors to NSW, 2016 ($millions)

Source: KPMG estimates based on (unpublished) data from Tourism Research Australia, 2016

This induced cultural tourist spending on non-cultural goods is an additional contribution to the NSW economy by the NSW arts, screen and cultural sectors, beyond the direct impacts or expenditure on arts, screen and cultural activities discussed in Section 3.1.

Summer Playground at the Sydney Opera House.
Photo: Daniel Boud

The Sydney Opera House is Australia's most recognisable icon of creative and technical achievement, attracting audiences world-wide, as visitors and participants of arts and cultural experiences.

Iconic Cultural Infrastructure

One of the six NSW State Cultural Institutions,[30] the Sydney Opera House is the symbol of modern Australia and the nation's premier tourist attraction. It welcomes 8.2 million people to the precinct each year, with more than 500,000 people taking a guided tour in 2016-17 and more than 2.6 million food and beverage transactions at its seven dining venues and bars.[31] The Sydney Opera House contributes $775 million in value added to the national economy each year, with its social asset value to Australia estimated at $4.6 billion by Deloitte Access Economics in 2013.

As one of the world's busiest performing arts centres, the Sydney Opera House staged almost 1,800 performances in 2016-17 for a total audience of 1.5 million.[32] The Sydney Opera House plays a central role in the artistic and cultural development of NSW and Australia as the home of seven flagship performing arts companies and through its internal programming arm, Sydney Opera House Presents (SOHP). In 2016-17, SOHP presented 700 performances to 385,000 people across the following programming streams: Contemporary Music; Talks and Ideas; Children, Families and Creative Learning; First Nations; and Contemporary Performance. The Sydney Opera House's resident companies presented 780 performances to 800,000 people. In addition, more than 260,000 people attended 280 events staged by other presenters.

The Sydney Opera House's objective is to maximise its cultural contribution by engaging and inspiring people through the excellence, ambition and breadth of the art it presents. Recent programming highlights include:

[30] The other State Cultural Institutions are: State Library of NSW, Art Gallery of NSW, Museum of Applied Arts and Sciences, Sydney Living Museums properties and the Australian Museum.
[31] Information provided by the Sydney Opera House.
[32] Information provided by the Sydney Opera House.

Academy of St Martin in the Fields led by virtuoso violinist Joshua Bell; Crowded House celebrated the 20-year anniversary of its legendary Sydney Opera House farewell show with a repeat Forecourt concert; Sydney premier performance by Israel's Kibbutz Contemporary Dance Company; Talks by economist Thomas Piketty, music legend Patti Smith, popular philosopher Alain de Botton and former US Director of Intelligence James Clapper; and more than 40,900 people attended contemporary performances as part of Vivid LIVE.

In addition, almost 280 participants took part in the 2018 Dance Rites, a national Aboriginal and Torres Strait Islander dance competition held during Homeground designed to revitalise cultural practices, travelling from as far west as Mandurah in WA and as far north as Seisia in the Torres Strait.

The Sydney Opera House's digital outreach activities reflect its commitment to 'new and improved forms of entertainment and methods of presentation of entertainment' under its enabling Act.[33] Digital outreach enables the Sydney Opera House to move beyond the building and precinct to engage audiences wherever they are, through innovative forms of artistic and educational presentation. The Sydney Opera House broadcast studio live-streams events and concerts to domestic and international audiences raising the profile of NSW as a global creative destination.

Through livestreams of performances, Q&A's, tours and workshops as part of its Digital Creative Learning program, the Sydney Opera House delivers quality, educational content to students in metropolitan, regional and remote communities, regardless of their geographic, economic or social context. In 2016-17, the program engaged a total of 8,500 students at 165 schools across Australia via livestreaming technology.[34] With the support of the NSW Government and partners, the Sydney Opera House seeks to remain a vibrant cultural landmark, engaging and inspiring future generations of artists, audience and visitors.

The Sydney Opera House remains Australia's premier icon, with a distinctive international appeal and brings together eminent artists, record-breaking performances and a disparate audience.

Social benefits include

- Maximising the cultural contribution by engaging and inspiring people through the excellence, ambition and breadth of the arts.
- Providing opportunities for Aboriginal and Torres Strait Islander communities to revitalise cultural practices through dance.
- Raising the profile of NSW as a global creative destination through live streaming events and concerts to domestic and international audiences, as well as providing opportunities for regional NSW communities to experience professional dance and performance.

[33] NSW Legislation, Sydney Opera House Trust Act 1961 No 9 - Section 6.
[34] Information provided by the Sydney Opera House.

Briefs, The Second Coming at Sydney Festival, 2017.
Photo: Jaime Williams

The Sydney Festival is a major multi-art form event that showcases Sydney and participates in the national and international arts and cultural conversation.

Multi Arts Festival

Sydney Festival is a cultural leader in the Sydney arts and performance sector and one of four major arts and cultural festivals in Sydney.[35] Now in its 41st year, it is an inclusive festival, with broad engagement and participation from people across the community. In 2018, the Festival hosted 133 events, 47 of which were free to the public. In total, 862 artists from 22 countries performed at 51 venues across Sydney.[36]

Sydney Festival commissions new works by NSW based artists, as well as collaborations with artists from interstate and overseas. The Festival program extends to Western Sydney with unique programming in and around Parramatta. In 2017, Circus City transformed the Riverside Theatres and Prince Alfred Square in Parramatta with performances and activities for residents and visitors of all ages.

The Festival events have contributed to the economic and social fabric of Sydney and NSW with attendances of up to half a million each year. The 2017 Festival, had over 600,000 attendances and was estimated to have injected almost $46 million into the economy.[37]

The Festival contributes to the development of the regional NSW performing arts sector by offering professional development opportunities for artists. These development platforms include conferences, workshops and Major Festivals Initiative (MFI) Development Sites. The MFI commissions new works principally created by Australian artists. Successful projects receive commissioning funds, artistic guidance and a raised profile as their work is featured alongside international projects and artists from around the world.

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[35] The other major festivals are the Sydney Film Festival, Biennale of Sydney, and the Sydney Writers' Festival.
[36] Information provided by Sydney Festival.
[37] Information provided by Sydney Festival.

Sydney Festival has also been actively working towards sustainable event production. The Festival has recognised the interdependence of the economy, environment and society and is committed to fully understanding the impacts and identifying ways to minimise negative, and maximise the positive environmental, social and economic legacies of the event.[38]

As part of its strategic plan, Sydney Festival seeks to transform the city's iconic everyday spaces – parks, streets, locales – into unique places inviting audiences to experience the city anew, by engaging in arts and cultural experiences. This fosters greater engagement between the communities and provides additional pathways for artists and performers to hone their crafts.

The Sydney Festival has paved the way for integrating the performing arts community in NSW through its inclusive festival, featuring local and regional works alongside that of international artists. Its contribution to the regional artists and Sydney's cultural expression is immeasurable.

Social benefits include

- Providing an inclusive festival experience, with broad engagement and participation from people across the community.
- Contributing to the development of the regional NSW performing arts sector by offering professional development opportunities for artists.
- Raising artists' profile by featuring their work alongside international projects and artists from around the world.
- Fostering greater engagement between the communities through experiences with the arts.
- Providing additional pathways for artists and performers to hone their crafts.

[38] Sustainability Management Policy, Sydney Festival 2015.

3.5 Total Economic Contribution of the Arts, Screen and Cultural Sectors

The arts, screen and cultural sectors contribute to the NSW economy through direct activity such as employment and value-added, and through attracting cultural tourism to the State, and inducing tourism expenditure on other non-cultural goods and services such as accommodation, food and transport.

These direct and induced activities also stimulate further activity in the economy as arts, screen, cultural and tourism related businesses source their inputs from other parts of the economy, and provide their goods and services as inputs to other businesses.

Using a mining industry conference as an example – a professional quartet from the music industry uses fuel purchased from the local service station when travelling to provide entertainment services at a conference centre. This fuel is an input to the provision of their live music performance – which in turn, is an input into the event industry's delivery of conference services – which is purchased as an input by the mining industry.

This means that the arts, screen and cultural sectors impact the NSW economy beyond those direct and induced impacts discussed in Sections 3.1 to 3.4. These indirect arts, screen and cultural sectors' impacts extend across most industries in the NSW economy – from manufacturing, transport, wholesale and retail trade, through to professional services, construction, and education.

To capture these flow-on or indirect impacts of the arts, screen and cultural sectors on the NSW economy, we investigated the impacts up and down the supply chain. To analyse these impacts, it is necessary to employ modelling techniques that can incorporate these economy-wide linkages. This study utilises an in-house Computable General Equilibrium (CGE) model to identify the linkages across the economy. A detailed description of the modelling is available in Appendix C.

The analysis uses the direct and induced impacts estimated in Section 3.1 as inputs into the modelling. Based on existing industry relationships and dependencies, the results of the modelling show that, in general, each $1 spent annually on value-added arts, screen and cultural activities, currently flows through to a total annual return of $1.88 in NSW value-added.

This indicates that:

- in addition to the direct value-added contribution ($8.7 billion in 2016-17 terms) of the arts, screen and cultural sectors, a further $7.7 billion in related annual value-add flows through the NSW economy; and
- in addition to the approximately 82,400 FTE workers directly employed in the arts, screen and cultural sectors, a further 36,400 FTE workers were employed in jobs flowing from the arts, screen and cultural sectors' activities.

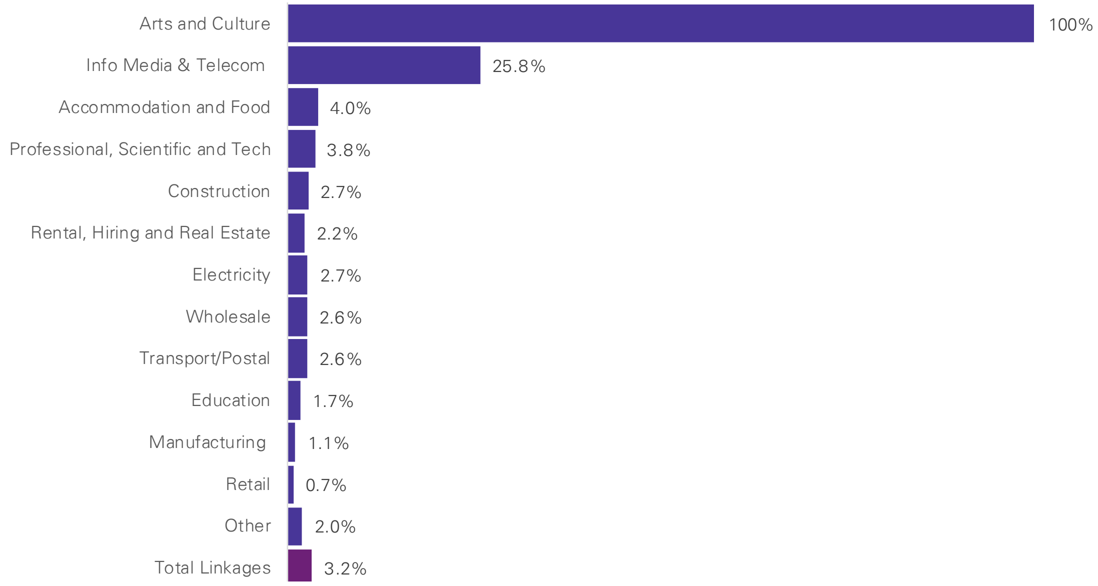
Combining the direct and indirect impacts indicates that the **arts, screen and cultural sectors in NSW provide a total annual contribution to NSW GSP of around $16.4 billion (in 2016-17 dollars) and around 120,000 FTE jobs in NSW**.[39] This is equivalent to around 3 per cent of total NSW GSP and FTE in 2016-17.

Figure 3-13 illustrates the total direct and indirect linkages across the NSW economy pertaining to activity in the arts, screen and cultural sectors. Specifically, this figure shows the proportion of each industries output that is linked to arts, screen and cultural activity.

These linkages can be through backwards linking: those that supply goods and services to the arts, screen and cultural sectors such as construction and manufacturing, and forward linking: those that are complimentary to the arts, screen and cultural sectors inputs such as accommodation and food services.

[39] Note that this refers to the current contribution, based on current industry relationships and input choices. This should not be used to infer the outcome of extreme scenarios such as doubling of the size of the sector, in which those relationships may no longer hold.

Figure 3-13: Arts, screen and cultural sector linkages within the NSW *economy*



Source: KPMG economic modelling

Arts, screen and cultural activities directly impact several key industries:

- The *Arts and culture industry* (a subsector of the broader 1-digit Arts and Recreation sector) includes the museums operation, performing arts and venues operation, creative artists, musicians, writers and performers. This subsector is fully incorporated into the definition of arts, screen and cultural sectors, and so all its value-added is related to arts and culture activity.
- The *Info media and telecommunications* sector includes publishing, motion picture production and distribution and broadcasting. These arts, screen and cultural activities contribute to over one third of value-added in this sector.
- *Professional services* are also impacted by arts, screen and cultural industry activities. This industry directly includes other specialist design services and photography.
- *Education* includes Arts education, which is also classified as an arts, screen and cultural activity, and this contributes to Education's total arts, screen and cultural sectors related value-added.

Linkages are also observed in industries that supply or complement the arts, screen and cultural sectors.

- Industries such as *Accommodation and food services* and *Transport services* are positively affected due to their complementarities with the arts, screen and cultural sectors. *Accommodation and food services* is an important expenditure item for tourism, and culture-related tourist expenditure flows through to higher demand for services in this industry.
- Other industries such as *Professional services, Construction*, *Rental, hiring and real estate services*, *Electricity, Wholesale and retail trade* and *Manufacturing,* are also positively affected by their linkages to arts, screen and cultural sectors activity. This occurs through both the industry's use of these services, and as industry employees spend their income on goods and services throughout the economy. [40]

There are opportunities to integrate arts, screen and culture with other industries to further develop linkages. For example, arts, screen and culture could be integrated into innovation hubs and districts, which are primarily servicing the information technology and start-up sector. This would encourage cross-pollination of skills and ideas, and provide opportunities for co-sharing of spaces, collaboration and centralisation, contributing to creating vibrant cultural precincts. It could also provide potential efficiencies around infrastructure and transport, and diversify ways for community to access and engage with the businesses and services in these districts.

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[40] Note that a common mistake with an industry contribution analysis is the double counting of the income of employees as part of both the value-added of that industry and the purchases by those same employees. The spending pattern of employees is important in identifying impacts across different industries; however, the total contribution presented in this analysis avoids double counting of this income.

Sydney Writers' Festival 2014. Photo: Jamie Williams

The NSW Government is investing in the development of the Walsh Bay Arts and Cultural Precinct, a creative destination for all of NSW.

Cultural Precinct Development

Through its State Infrastructure Strategy 2014, the NSW Government supports cultural infrastructure investment that increases the capacity of the arts, culture and screen sectors. The development of the Walsh Bay Arts and Cultural Precinct is a leading example of capacity building in the sector.

Cultural precincts contribute to urban renewal, the creation of liveable communities, strengthening of Creative Industries and increasing employment opportunities. Internationally successful examples demonstrate that a cultural precinct thrives when it includes creative spaces that support professional practice, builds sector capacity through clustering arts and cultural organisations, and creates new innovative platforms for presentation, exhibition and audience engagement.

The Walsh Bay Arts and Cultural Precinct comprises Pier 2/3 and Wharf 4/5 and is located within a unique waterfront and heritage setting in Sydney. The redevelopment will create a public arts and culture hub on Sydney's waterfront, with new plans maximising the use of space at Walsh Bay while preserving its iconic heritage. With flexible spaces available for mixed use, the precinct design incorporates a range of arts and commercial uses for artists, visitors and the community.

When completed, resident companies at the Walsh Bay Arts and Cultural Precinct will include the Sydney Theatre Company, Sydney Dance Company, Bangarra Dance Theatre, Sydney Philharmonia Choirs, Gondwana Choirs, The Song Company, the Australian Theatre for Young People, the Australian Chamber Orchestra and Bell Shakespeare Company.

The Walsh Bay Arts and Cultural Precinct will be a central, cultural hub, performing a vital role in contributing to the creation of a unique cultural destination drawing local and international visitors, and strengthening Sydney's reputation as a cultural leader in the Asia-Pacific region.

The NSW Government has invested in the site over a long time beginning with the creation of a new home for the Sydney Theatre Company in the early 1980's, and revitalising the wharves to provide spaces for performing arts organisations and events, and, building a community of practitioners and audiences.

The NSW community will be the biggest beneficiary of the redevelopment project which will enable greater, equitable access and participation in arts and cultural experiences on offer in the beautiful harbour side location.

The Walsh Bay Arts and Cultural Precinct has added to the art sector's capacity and aesthetic appeal, being a central location with panoramic harbour views. The cultural hub, with some of the Major Performing Arts companies in NSW, provides space for creative interactions within the arts community.

Social benefits include

- Building a cultural precinct that contributes to the creation of liveable communities, strengthening of Creative Industries, and increasing employment opportunities.
- Creating new innovative platforms for presentation, exhibition and audience engagement.
- Incorporating a range of arts and commercial uses for artists, visitors and the community through its design.
- Contributing to the creation of a unique cultural destination, drawing local and international visitors.
- Strengthening Sydney's reputation as a cultural leader in the Asia-Pacific region.
- Enabling greater, equitable access and participation in arts and cultural experiences.

Mopsy (Elizabeth Debicki), Flopsy (Margot Robbie), Benjamin (Colin Moody), Bea (Rose Byrne), Peter Rabbit (James Corden) Cottontail (Daisy Ridley) in Columbia Pictures' *Peter Rabbit*.
IMAGE: Courtesy of Sony Pictures

Animal Logic is one of the world's most creative digital studios producing award-winning, ground breaking animation, visual effects and design.

Digital Innovation

Established in 1991, Animal Logic is a digital studio, producing animation, visual effects and design. After early success with leading advertising agencies and television commercial directors, Animal Logic made the leap into feature films and is now developing its own films for production through Animal Logic Entertainment. It attracts significant footloose international investment to New South Wales each year with over $350 million attracted in the last 5 years, and is now the largest independently owned animation facility in the world.

Some of its globally-acclaimed productions include Warner Bros' *Happy Feet*, Warner Bros' *The LEGO Movie, The LEGO Batman Movie* and *The LEGO Ninjago Movie,* Marvel Studios' *Guardians of the Galaxy 2* and *Avengers: Age of Ultron* and most recently, *Peter Rabbit,* which was the first production of Animal Logic Entertainment.

Contributions to the State's economy generated by Animal Logic's work include commitments to industry research, development and training as well as employing over 500 people during peak work flows. Over 10 per cent of its revenues are invested back into ongoing research and development and training with around 35 software developers on staff. Animal Logic is also collaborating with other animation studios to develop open source tools for the animation industry.

Animal Logic illustrates how technology and arts combine effectively to foster an industry that competes internationally and supports a significant number of local creative, high-tech jobs. The research and development, and training activities associated with Animal Logic have the potential to stimulate innovation and to increase productivity both within the film and innovation sectors, and in the broader economy. In addition, by contributing to NSW's international reputation as a centre of innovation and creative excellence, the economy benefits through agglomeration economies and the attraction of creative, high-skilled workers seeking opportunities in a dynamic growth sector.

Animal Logic is actively collaborating with national and international businesses and now, through Animal Logic Entertainment, is developing and producing its own US Studio financed productions. The latest Animal Logic Entertainment project, *Peter Rabbit*, supported by the NSW Government's Made in NSW fund, created over 1,700 jobs and the economic contribution was over $80 million in production expenditure in NSW. The worldwide box office for *Peter Rabbit* is currently over US$325 million with US$114 million in the US and over US$19 million in Australia.

The LEGO movie garnered around AU$30 million in Australia in 2014 and US$469 million at the worldwide box office. *Happy Feet* generated over $11 million at the domestic box office in the year of its release in 2006 and over $20 million the following year.[41]

The establishment of the UTS Animal Logic Academy in 2016, a first in Australia, offers up to fifty students exclusive access to the first postgraduate degree of its kind, a Master of Animation and Visualisation (MAV).[42] The MAV program aims to foster the development of Australian creative talent in animation and visualisation industries, and provides qualified staff for Animal Logic and other Australian digital studios.

Animal Logic also participates in training and development workshops on the latest technological developments in the industry. Showcasing its capabilities at these forums assists in elevating Australia's reputation as a centre of innovation and creative excellence, as well as attracting high-skilled labour to meet the demand of this growing sector in NSW. Its senior staff are sought after speakers for international conferences such as FMX in Germany, Siggraph and the CTN Animation Expo in the US and the Animex International Conference in the UK.

Animal Logic has set the animation and visualisation industry in motion, developing a unique blend of technology and creativity. Its work in internationally acclaimed feature films and commercials has attracted large production expenditures, innovation and employment opportunities to NSW.

Social benefits include

- Establishing a globally recognized animation and visualization industry in NSW.
- Providing development and employment opportunities for locals in the creative and technical sphere.
- Attracting innovation, skills and employment opportunities through its work on internationally acclaimed feature films.

[41] Screen Australia – Fact Finders – Cinema – Australian Films – Top Films At The Box Office – Top 5 Each Year (accessed April 2018 at https://www.screenaustralia.gov.au/fact-finders/cinema/australian-films/top-films-at-the-box-office/top-5-each-year).

[42] Screen Australia – Fact Finders – Cinema – Australian Films – Top Films At The Box Office – Top 5 Each Year (accessed April 2018 at https://www.screenaustralia.gov.au/fact-finders/cinema/australian-films/top-films-at-the-box-office/top-5-each-year).

4. Government Support for Arts, Screen and Culture

Federal, state and local governments support the arts, screen and cultural sectors in many ways including through funding, capacity building and advocacy programs. Direct government funding generally comes in the form of grants, investment and funding packages, which are provided to agencies, organisations and artists. The NSW Government support for the arts, screen and culture sectors is delivered through the *Arts, Screen and Culture Division*.

4.1 The Australian Government

The Australian Government supports the arts, screen and cultural sectors nationally, across Australia. The Australia Council is the Australian Government's principal arts funding and advisory body with its overarching purpose being to support Australian artists and arts organisations.

In 2016-17, the Australia Council supported more than 6,500 new Australian arts-related work, which was appreciated by 16.4 million audience members.[43] The Council achieves this through a variety of grants and initiatives such as project and development grants, fellowships for individuals, project grants for small-to-medium organisations, and multi-year core funding for small-to medium organisations. The Council also leverages Government investment to build new partnerships for the sector. These grants are available to support artists at all stages of their careers and includes developing opportunities and markets overseas – part of the Council's vision is that 'Australian arts are without borders'.[44]

In 2016-17, the Australia Council provided a $177.1 million in total funding for the arts including $109.1 million invested nationally through the Major Performing Arts Framework. Of the $68 million provided in Grants and Initiatives, approximately $16.8 million was provided to arts-related activity in New South Wales.[45]

Screen Australia, which is the Australian Government's primary agency supporting the screen sector, provides funding in support of Australian screen development, production and promotion.[46] Screen Australia seeks to 'get home-grown content off the ground'[47] and funds the production of features, documentaries, children's programs, and online content. Screen Australia also supports co-production with official treaties currently with Canada, China, Germany, Korea, Ireland, Israel, Italy, Singapore, South Africa, and the United Kingdom.[48]

In 2016-17, Screen Australia's Production Department committed $70.8 million to new Australian artworks across features, documentaries, short film, television, and multiplatform projects. This supported 312 new Australian artworks.[49] Funding also supported 30 Indigenous projects during the 2016-17. Total audience numbers for Australian productions in 2016-17 were 2.9 million (movie theatre admissions) and 141.1 million (cumulative) audience for Screen Australia-funded productions on television.[50]

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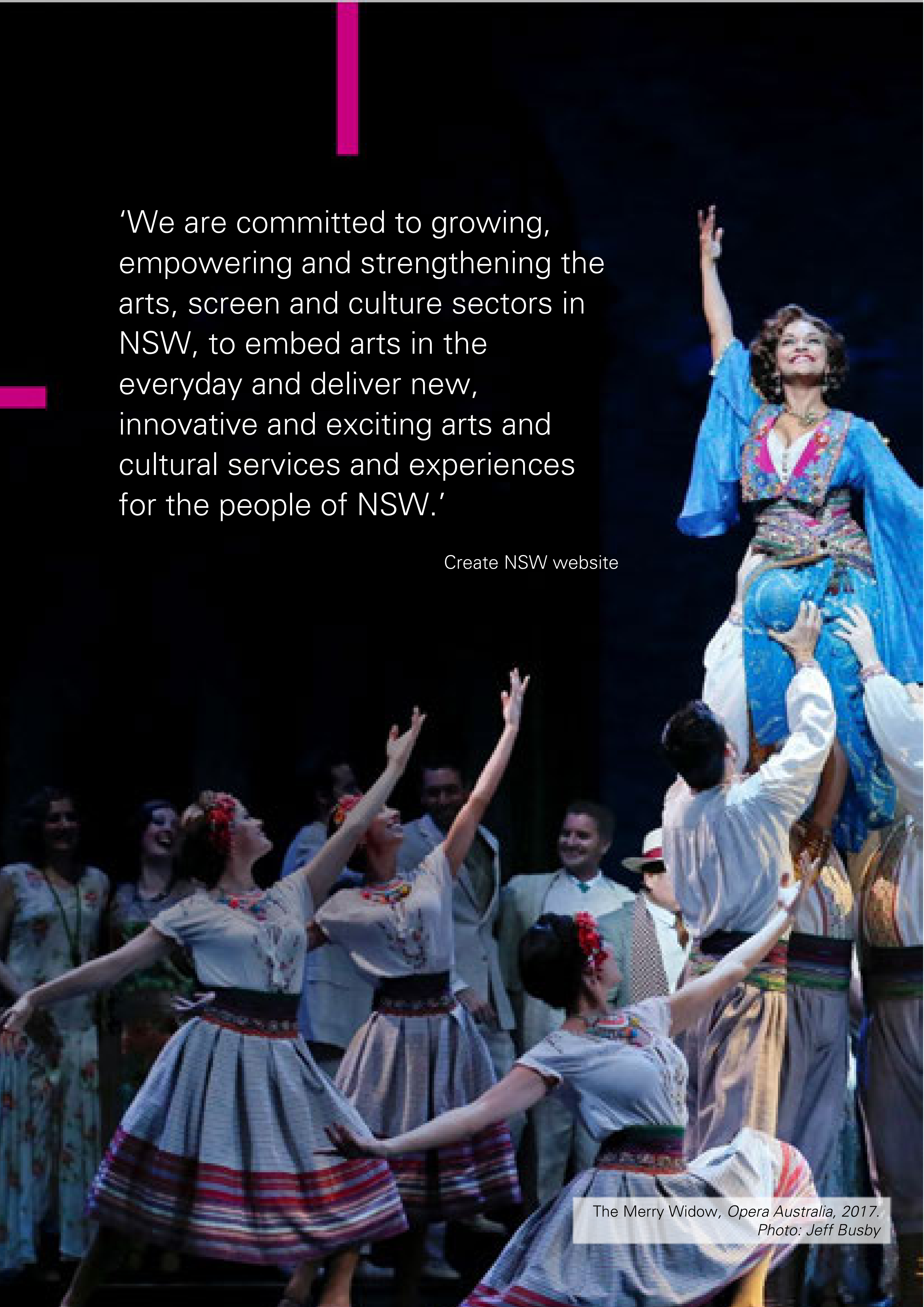
[43] Australia Council, Annual Report 2016-17.
[44] Australia Council, Strategic Plan 2014-19.
[45] Australia Council, Annual Report 2016-17.
[46] Screen Australia – About Us – Who We Are (accessed April 2018 at https://www.screenaustralia.gov.au/about-us/who-we-are).
[47] Screen Australia – About Us – What We Do (accessed April 2018 at https://www.screenaustralia.gov.au/about-us/what-we-do).
[48] Screen Australia Annual Report 2016-17. Reporting in the Annual Report does not distinguish funding between states and territories.
[49] Screen Australia Annual Report 2016-17.
[50] Ibid.

‘We are committed to growing, empowering and strengthening the arts, screen and culture sectors in NSW, to embed arts in the everyday and deliver new, innovative and exciting arts and cultural services and experiences for the people of NSW.’

Create NSW website



The Merry Widow, *Opera Australia, 2017.*
Photo: Jeff Busby

4.2 The NSW Government

The NSW Government supports arts, screen and culture through the Department of Planning and Environment's Arts, Screen and Culture Division, including Create NSW and the Cultural Infrastructure Program Management Office (CIPMO). The NSW Government invests in capacity building within the sector and provides a range of operating and capital funding to support operations. In 2017-18, the Arts, Screen and Culture Division received $23.6 million for employee and other operating expenses.

Additionally, the Arts, Screen and Culture Division partners with other NSW Government agencies to deliver strategic arts, screen and cultural initiatives. These initiatives have included:

- Fresh AIR – a three-year partnership between Create NSW, the NSW Department of Education and the Australia Council from 2014 to 2016, with long-term professional artists-in-residence programs in six NSW public schools.
- The NSW Arts and Disability Partnership between the NSW Department of Family and Community Services (FACS) and Create NSW – a strategic program with funding of over $3 million from the Department of FACS since 2012 for arts and cultural projects and tailored professional development opportunities that support the social and economic inclusion of people with disability, including NSW artists with disability.

Create NSW is the state government agency that is responsible for developing, supporting and promoting the NSW arts, culture and screen sectors nationally and internationally. Create NSW is tasked with advocating for and facilitating the delivery of excellent and accessible arts, screen and cultural experiences that encourage community participation, build liveable communities and make NSW a global creative destination, and a great place to work, live and visit.

Create NSW manages several properties with a property portfolio valued at around $254 million. In 2016-17, Create NSW spent around $1.5 million on minor capital works and around $2.8 million on property maintenance. Over the same period, Create NSW also spent around $1.2 million on major capital works for the substructure of Wharf 4/5 and Pier 2/3 at Walsh Bay. This was part of the regular repair and maintenance of the substructure. To support the Walsh Bay Arts Precinct redevelopment, the Government has funded further work on the substructure valued at around $11 million. Create NSW's tenants (around 50 tenants) receive subsidised rents in accordance with the NSW Infrastructure Support Policy. [51]

Create NSW also funds the development and delivery of strategic projects that aim to boost the arts, screen and culture sectors, and attendance at arts, screen and culture events and activities. Current strategic projects supported include:

- the investigation of a Sydney Culture Pass
- Night-Time Economy Strategy
- Night-Time Economy Data Project with the Data Analytics Centre
- NSW Contemporary Music Strategy

Create NSW offers funding through the Arts and Cultural Development Program (ACDP) for individual artists, arts and cultural organisations, and for screen practitioners through its screen development programs. Create NSW provides funding for the six State Cultural Institutions as well as administers the Made in NSW Fund, which attracts large scale international screen production to NSW through incentives and funding. Create NSW also manages and maintains eight properties, from which it leases space under its Infrastructure Support Policy at reduced rental levels to arts, screen and cultural organisations, providing an affordable and invaluable resource to the sector.

Co-production agreements and tax offsets are examples of the tools used to overcome geographical distance and attract significant international film production and post-production to Australia. The Made in NSW Fund, through which the NSW Government provided $20 million over two years from

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[51] Information provided by Create NSW.

2016-18, supports the attraction of significant international and domestic feature films and major television drama production to NSW.

In 2017-18, $73.3 million was allocated for funding programs across the art, screen and cultural sector. This includes $52.7 million to Create NSW's Arts and Cultural Development Program (ACDP) and $20.6 million of screen funding.

The ACDP directs NSW Government funding to arts and cultural organisations; professional artists and workers based in NSW for delivery of quality arts and culture activities. In 2017-18, ACDP directed funding through five categories – annual program funding; multi-year arrangements; project funding; strategic funding and professional development funding.

Further, NSW Government provided $311 million to the six State Cultural Institutions and $23.6 million to the Arts, Screen and Culture Division for operational expenses. Of the total $207 million funding allocated for the redevelopment of the Walsh Bay Arts and Cultural Precinct, $109 million was provided in 2017-18. In total, the NSW Government provided a total of $541.9 million in arts, screen and cultural funding in 2017-18.

In addition to quantifiable economic contributions, work supported by Create NSW offers immeasurable benefits such as contributing to the state's liveability, social fabric and global 'brand'. Some of the qualitative contributions arising because of Create NSW funding are outlined in case studies in this report.

The Cultural Infrastructure Program Management Office (CIPMO) was established in April 2017 and is tasked with creating cultural precincts and infrastructure for NSW. CIPMO works in collaboration with Cultural Institutions, State Significant Organisations, other government departments, and the broader arts community. CIPMO is currently developing a NSW Cultural Infrastructure Plan to 2025 to provide a strategic, coordinated approach to cultural infrastructure investment.

Current major NSW Government cultural infrastructure projects include:

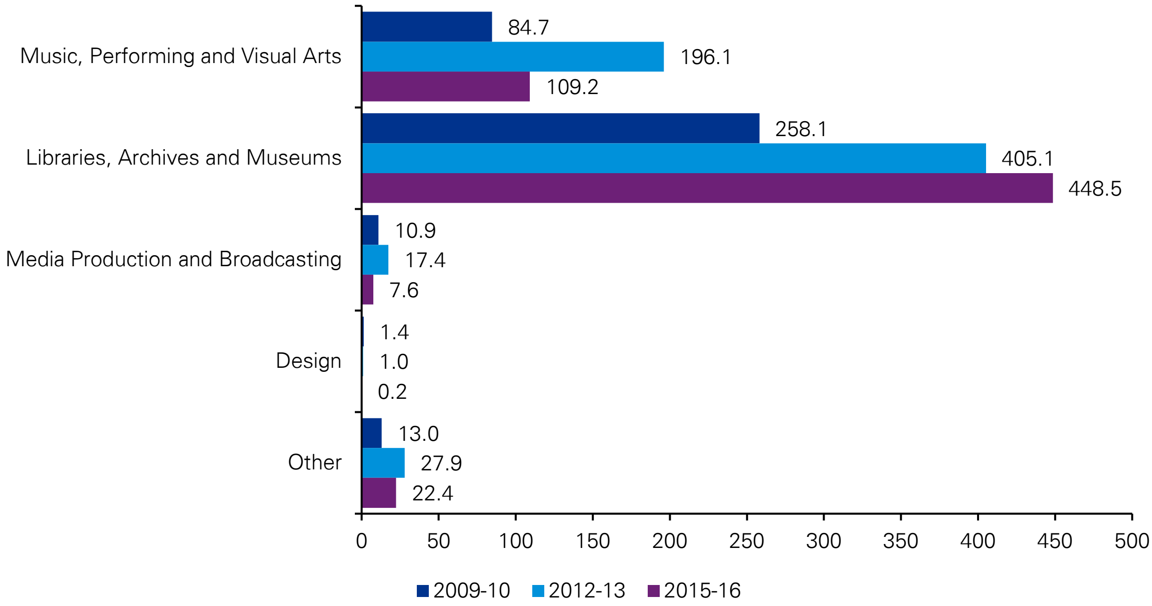
- The Regional Cultural Fund ($100 million over four years) to support cultural infrastructure projects in regional New South Wales (local councils outside Sydney, Newcastle and Wollongong). Projects may include new or refurbished local cultural facilities, digitisation of collections, repurposing existing infrastructure and projects that support touring exhibitions and community cultural engagement.
- The Walsh Bay Arts and Cultural Precinct (estimated $219.6 million[52] total NSW Government investment). The redevelopment will double the arts and cultural offering at Walsh Bay, including the adaptive re-use of Pier 2/3 providing new arts facilities such as a 200-seat and a 350+ seat theatre/performance space', five rehearsal rooms, a heritage commercial events/art space for the Sydney Writers' Festival, Biennale of Sydney and a range of artistic events.
- The Sydney Modern Project ($344 million total, including $244 million NSW Government investment and $100 million in private funding). The Sydney Modern Project will provide new and expanded spaces for art, live performance and film, dedicated spaces and facilities for learning and participation, as well as enhanced digital capabilities.
- The Sydney Opera House Stage One Renewal and Safety, Accessibility and Venue Enhancement Project ($228 million total NSW Government investment). Upgrades will replace technology and machinery that has reached the end of its working life, improve acoustics and accessibility, open new areas to the public and ensure the Sydney Opera House is properly equipped to welcome as many visitors as possible.
- The NSW Government has committed to building a New Museum in Western Sydney, which will be the flagship campus of the Museum of Applied Arts and Sciences. To further support development of a vibrant Parramatta Cultural Precinct, the NSW Government has entered into an agreement with the City of Parramatta Council to invest in new cultural infrastructure in Parramatta, including the redevelopment of the Riverside Theatres. On 28 April, the NSW Government announced the relocation of the Powerhouse Museum to Parramatta. The new

[52] NSW Budget 2018-19, Budget Paper 3 – Planning and Environment Cluster, Page 7-3.

museum is expected to be the largest in NSW, and will be home to Australia's largest planetarium. The cultural spaces at Ultimo (the current site of the Powerhouse Museum) will be retained and will form part of a planned Creative Industries precinct. [53]

Figure 4-1 provides a detailed breakdown of total NSW Government support for the arts, screen and cultural sectors in 2009-10, 2012-13 and 2015-16. Note that this chart brings together all funding, including significant funding of the State Cultural Institutions and State Significant Organisations (see Section 5 for more details) and the funding/support for other organisations across the state. The chart highlights that a significant portion of the NSW Government funding is allocated to *Libraries, archives and museums* and *Music, performing and visual arts*.

Figure 4-1 Overall NSW Government Cultural Support ($ millions)



Source: KPMG estimates based on data from ABS (catalogue no.4183 and 55120) and from the Meeting of Cultural Ministers (https://www.arts.gov.au/documents/cultural-funding-government-2015-16). Note that this data includes funding for heritage items that are not part of the Create NSW remit.

The largest amount of funding by the NSW Government falls within the *Libraries, archives and museums* sub-sector, which includes support for State Cultural Institutions. The management of heritage objects and restoration of collections can require significant levels of labour and capital inputs. *Libraries, archives and museums* provide significant indirect value through facilitation of research and development. A study in 2013 estimated that NSW libraries provide a benefit to cost ratio of 3.2.[54] This study estimated that NSW receives a return of $3.20 for every $1 spent on NSW libraries.

The *Music, performing and visual arts* sub-sector received the second largest amount of funding from the NSW Government. This subsector includes the Sydney Opera House, the 11 Major Performing Arts Companies in NSW such as Sydney Theatre Company, Sydney Dance Company, Brandenburg Orchestra, Opera Australia, Sydney Symphony Orchestra, Australian Chamber Orchestra, Bell Shakespeare Company and Bangarra Dance Company. It also includes the four major festivals: Sydney Festival, Sydney Film Festival, Biennale, Sydney Writers' Festival, and a network of performing arts centres across NSW, such as Campbelltown Arts Centre, Joan Sutherland Performing Arts Centre, Illawarra Performing Arts Centre, and Blacktown Arts Centre.

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[53] The MAAS Project – Home (accessed March 2018 at https://new.maas.museum/).
[54] SGS Economics and Planning, National Welfare and Economic Contributions of Public Libraries, Australian Library and Information Association, March 2013.

Government support for the NSW *Music, performing and visual arts* sub-sector has been relatively high, which is reflective of the wider economic benefits that this industry provides. In 2013, the Major Performing Arts Companies in Australia employed 4,900 artists, and an additional 2,500 creative and technical support staff.[55] With the *Music, performing and visual arts* sub-sector growing by almost 35 per cent between 2008-09 and 2015-16, financial support is a key factor in maintaining NSW's artistic vibrancy and global competitiveness in the performing arts.

The *Media production and broadcasting* and *Design* sub-sectors received the least amount of state government support. Many operations in these sub-sectors include traditional / commercial enterprises such as architects and broadcasting companies, which are not eligible for funding from Create NSW.

While these NSW funding levels have been significant, they are not comparable to the per capita funding in the arts and culture sector in other states. Excluding funding provided to large institutions, Victoria spends $31 per person on arts funding and Queensland spends $23 per person, compared to only $18 per person in NSW[56].

[55] Australian Major Performing Arts Group, Fact Sheet (accessed at http://acapta.org.au/wp-content/uploads/2014/08/AMPAG+fact+sheet_sector+snapshot_Sept+2014_FINAL.pdf).

[56] MCM, Cultural Funding by Government 2015-16 (accessed April 2018 at https://www.arts.gov.au/documents/cultural-funding-government-2015-16).

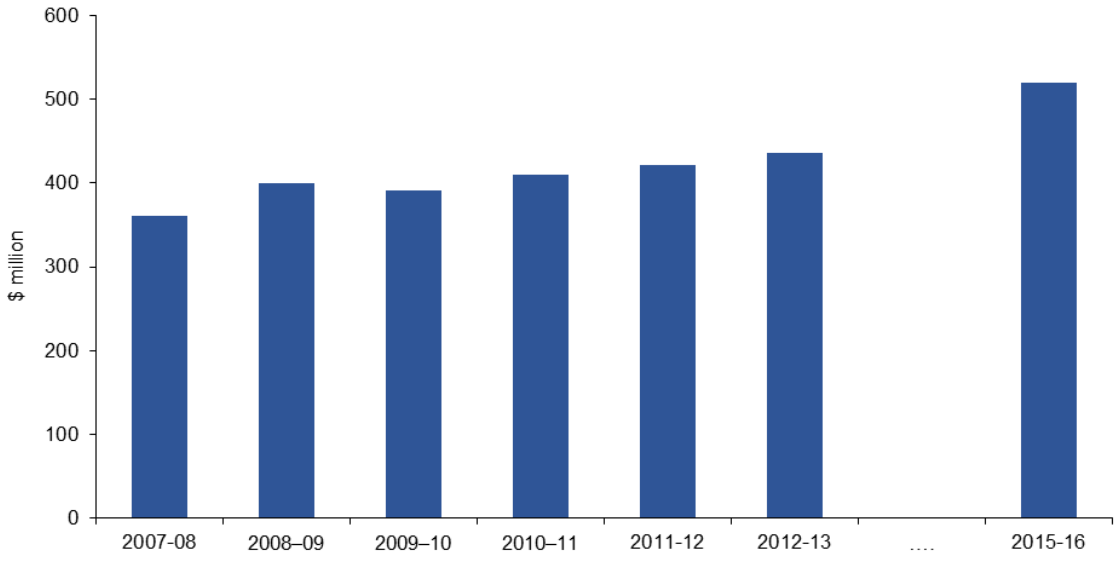
4.3 Local Government

Local Governments recognise the value of enabling people within their council area to engage in artistic and cultural expression[57] and provide significant support to the arts, screen cultural sectors.

The NSW Office of Local Government is an agency of the Department of Planning and Environment, responsible for strengthening the local government sector across NSW. The Office works in collaboration with the state councils to ensure their sustainability and delivery of key services and facilities to the community. The Office provides assistance across a range of matters including finance, infrastructure, governance, performance, collaboration and community engagement.

In 2015-16, there was $520 million invested in NSW arts, screen and culture by NSW local government. Figure 4-3 shows that local government support for arts, screen and culture has increased (in nominal terms) over the previous years to 2015-16.

Figure 4-2 NSW Local Government Cultural Funding 2007-2016 ($millions, nominal)



Source: ABS cat. no. 4183 and from the Meeting of Cultural Ministers (https://www.arts.gov.au/documents/cultural-funding-government-2015-16)

Local Government NSW (LGNSW) works with local councils to support arts and culture within their communities. They do this through funding, hosting and promoting arts, screen and culture as well as running several programs to assist the local government. These programs include the Local Government Museum Managers' Roundtable, LGNSW Research into Arts and Culture in Local Government, LGNSW's Arts and Culture Forum and the LGNSW Tourism Conference. Each of these programs help provide an understanding of the level of community participation in artistic and cultural endeavours, and the importance these endeavours.[58]

[57] Local Government NSW – Policy – Arts and Culture (accessed April 2018 at https://www.lgnsw.org.au/policy/arts-and-culture).
[58] Ibid.

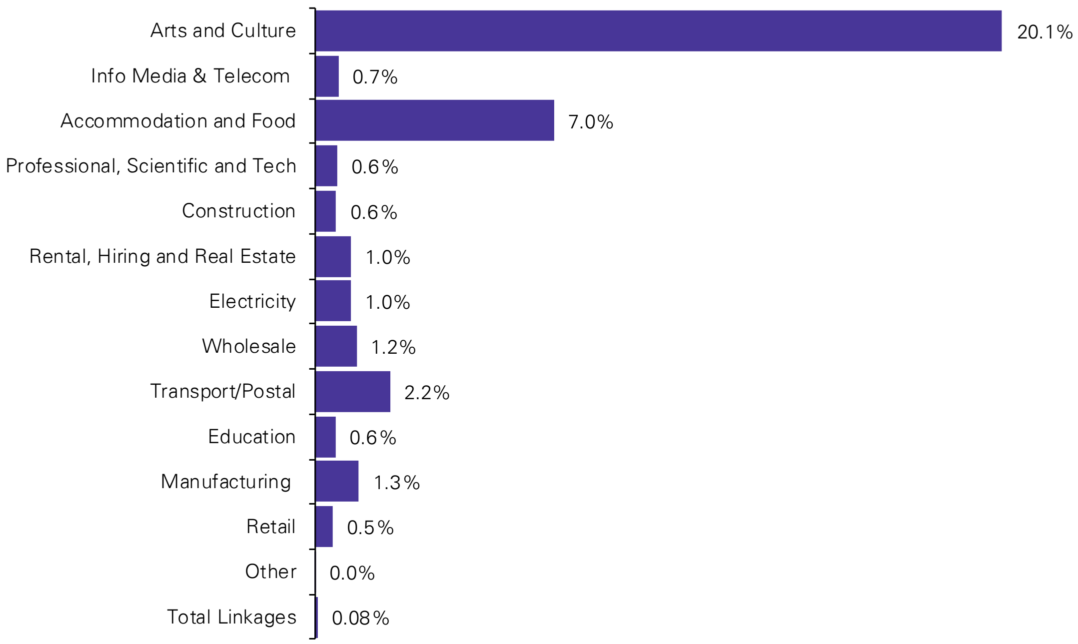
4.4 Economic Impact of NSW Government Support

The NSW Government is committed to developing and supporting the arts, screen and cultural sectors into the future, maximising the economic and cultural value that these sectors bring to NSW. These sectors, in turn, provide numerous valuable social benefits to the community. In addition to these social benefits, there are also measurable economic benefits associated with the $541.9 million of NSW Government funding provided in 2016-17 to the arts, screen and cultural sectors (as detailed in sub-section 4.2).

This funding data is used in our CGE model to determine the overall economic impact that NSW Government funding of arts, screen and cultural sectors is having on the NSW economy. Our analysis indicates that every $1 in the arts and cultural sector government annual funding currently contributes a total of $0.67 in NSW annual value-added.

That is, NSW GSP is 0.07 per cent higher than it would have been without the $541.9 million government funding of the arts, screen and cultural sectors in 2016-17. This funding also influences employment within NSW, with 0.08 per cent more jobs in the state because of this funding (which is equivalent to approximately 3,026 FTE jobs in 2016-17).

Figure 4-3 Impact on Industry Activity of NSW Government Funding to Arts, Screen and Culture



Source: KPMG economic modelling

Figure 4-4 highlights the benefits other sectors gain through the funding of the arts and cultural sector and the associated tourism demand. In addition to the benefits to the *Arts and culture industry*, there are also strong flow on benefits for sectors that support the tourism market, such as A*ccommodation and food* and *Transport.* Arts, screen and culture's close linkages to tourism exports means that supporting this industry is highly beneficial to the state.

Tweed Regional Gallery, Margaret Olley Art Centre.
Photo: David Sandison

Organisations and networks form and nurture partnerships, deliver programs and help arts, screen and culture to grow in regional areas.

Arts, Screen and Culture in Regional NSW

The NSW Government's support for arts and culture recognises the challenges of developing the arts, screen and cultural sectors across NSW. Create NSW funding programs play an important role providing support for organisations such as Museums and Galleries of NSW (M&G NSW) and Regional Arts NSW. M&G NSW's Museum Advisors Program, the state's network of regional galleries and unique network of 14 Regional Arts Development Organisations (RADOs) also play a significant role.[59]

M&G NSW provides advocacy, skill and professional development support across the museum and gallery sector. This work involves assisting around 500 museums and galleries, of which 66 per cent are in regional areas, and approximately 350 are volunteer-run. These 500 museums and galleries employ 400 staff, are supported by 8000 volunteers, and are responsible for some 2,900,000 objects in their collections.[60] Volunteer managed and run museums are often found to be the backbone of communities, representing the 'personality of a place', and telling intriguing stories that capture the imagination of local audiences and visitors alike.

The Tweed Regional Gallery and Margaret Olley Art Centre is an example of one of the 'places and spaces' that is an outlet for regionally based artists to broaden their horizons. Gallery Director Susi Muddiman OAM said, 'there is no doubt that the Gallery has become much more than a meeting place, but also a place of engagement, and a building that the community is proud to have in their region.[61]

Apart from its core programs and services, the Regional Arts Network also develops strategic

[59] NSW Regional Arts Network, (2014). *The Regional Arts Network - 15 years on.*
[60] Rolfe, M. Executive Director, Museum and Galleries NSW (2017).
[61] Muddiman, S. Director, Tweed Regional Gallery and Margaret Olley Arts Centre (2017).

partnerships through innovative projects. *If These Halls Could Talk*, developed by Arts Northern Rivers, is an example of the different ways that artists can work with communities to develop unique-to-place multi-arts works based on local stories. The project commenced in 2015 and involves partnering with Northern Rivers' regional galleries, museums, historical societies and libraries. Support for the project included a $150,000 grant from Create NSW and $20,000 from the Australian Government's Regional Arts Fund[62]. In total, there were seven halls, seven professional artists and seven contemporary arts events held for communities and visitors. *If These Halls Could Talk* had a positive impact on the region, encouraging communities to nominate their local hall, and collaborate with professional artists to create an event and a lasting installation about their town, celebrating the role that halls play in communities.

South East Arts helps promote artists from the region, building an audience base over time. Filming of the *River Cottage Australia* series in the South-East Arts region promoted the region as a location for future screen productions. The engagement at all levels of the community, including emerging as well as professional artists, provides opportunities for development and a more inclusive community.

The NSW Regional Arts Network plays a key role in developing the regional arts sector, providing support for professional networking and cultural engagement within the community.

Social benefits include

- Providing advocacy, skill and professional development support across the museum and gallery sector.
- Building a sense of community through cultural collections and stories.
- Promoting regional NSW locations for screen productions which encourages a sense of community and job opportunities.

[62] Wood, P. Executive Director, Arts Northern Rivers (2017).

Thom Roberts, Studio A, *Red Face* and *Tangara* as shown at Sydney Contemporary. 2017 Photo: Christopher Haysom

Studio A tackles barriers that artists living with intellectual disability face, and supports them in achieving their artistic and economic aspirations.

Artists Living with Disability

The NSW Government's support for Studio A's development of contemporary disability arts practice acknowledges that arts and culture can break down barriers and foster community engagement for disadvantaged groups in society. Studio A provides opportunities for artists living with intellectual disability, and its work to date shows how an organisation can help create income streams and professional pathways for artists living with disability.

Established in 2013, and led by Artistic Director Gabrielle Mordy, Studio A operates as a social enterprise, generating income for people with disability through various programs. Revenues derived from the program's activities are invested back into the program to increase its artistic and social outcomes.[63] This small entity has grown into a viable organisation by using seed funding and alternative income streams including social impact funding.

Studio A makes it a priority to help artists raise their profile, resulting in its artists exhibiting in both national and international exhibitions. In 2017, Studio A artworks featured at the Underbelly Arts Festival at the National Art School and in the Sydney Contemporary event at Carriageworks. Some high-profile visual artists include Thom Roberts, Meagan Pelham and Daniel Kim who have completed commissions for the NSW Minister for Disability Services, and AMP's CEO, Craig Meller.

Studio A also facilitates weekly specialist workshops and manages exhibition programs that strategically link Studio A's artists' work with identified target markets. These markets include art collectors, curators, designers and potential financial benefactors. Income from the sale of artworks directly benefit the artists, with the goal of enabling them to develop their own incomes over time. Other income generating platforms include leases,

[63] Studio A, Business Plan 2015-2018.

commissioning of artworks, corporate design portfolios and an online shop.[64]

Studio A is supported by NSW Government funding through Create NSW and the NSW Department of Family and Community Services.[65]

Seed funding provided by Create NSW and the Department of Family and Community Services (FACS) has enabled Studio A to provide development opportunities for artists living with a disability, and to deliver benefits to the wider community through greater participation in arts and culture.

In the coming years, Studio A is prioritising becoming a sustainable organisation that can continue to create professional pathways for artists, with capacity and flexibility for future growth.

'It is a very rare thing to step inside an artwork with so many disparate elements that come together in such a cohesive, yet unquantifiable way. Ultimately, the effectiveness of any artwork comes down to communication – how effectively is a mood or message communicated. Considering that what is being communicated here is not just a mood or message, but an entire world-view, the triumph of ***birdfoxmonster*** *is truly groundbreaking. Rating: 5 stars out of 5'*

Ann Foo, Arts Hub. 22nd September 2017

Studio A has been pivotal in providing arts sector access to disadvantaged groups in society. In addition to facilitating artistic engagements, it has helped generate earnings and establish professional pathways for artists with disabilities.

Social benefits include

- Providing development and employment opportunities for artists living with disability.
- Creating income streams and professional pathways for artists living with disability.
- Raising artists' profile, resulting in its artists exhibiting in both national and international exhibitions.

[64] StudioA – About (accessed November 2017 at http://www.studioa.org.au/about).
[65] Studio A, Business Plan 2015-2018.

5. NSW State Cultural Institutions and State Significant Organisations

The State Cultural Institutions and State Significant Organisations reflect the richness of arts, screen and culture in NSW. The NSW State Cultural Institutions manage significant cultural heritage collections and offer services and programs throughout the State, providing a unique and irreplaceable archive of our history and contemporary culture. The State Significant Organisations are recognised as such because of the contribution that make to arts, screen and cultural sectors and to the people of NSW. The State Cultural Institutions and State Significant Organisations attract local, national and international visitation, provide vital resources for researchers and students, and encourage engagement from people from all walks of life.

5.1 The State Cultural Institutions

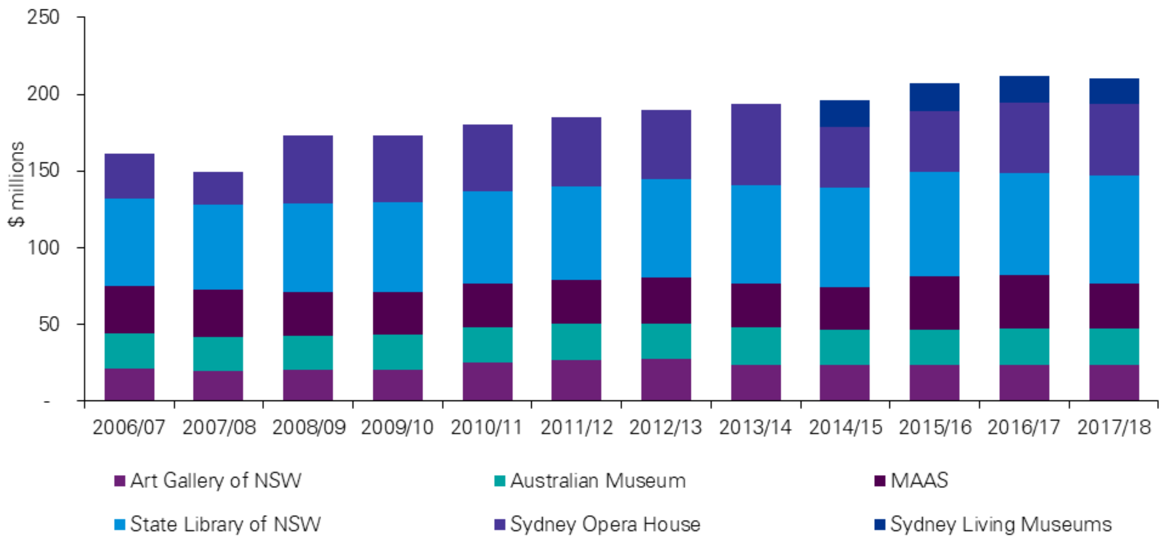
Each State Cultural Institution contributes to NSW in its own unique way, managing significant cultural heritage collections, providing services and programs that promote arts, screen and culture, and encouraging participation of residents and visitors of all ages. State Cultural Institutions are a rich resource for research nationally and internationally as well as an irreplaceable archive of Australian history and contemporary culture. The NSW State Cultural Institutions comprise the following six institutions.

- Art Gallery of NSW
- Australian Museum
- Museum of Applied Arts and Sciences (MAAS)
- Sydney Opera House
- State Library of NSW
- Sydney Living Museums

The NSW State Cultural Institutions contribute to NSW tourism; one of the fastest growing 'exports' within the State. Visitors to these institutions generate flow on benefits for industries outside the arts, screen and cultural sectors, such as accommodation, food and transport.

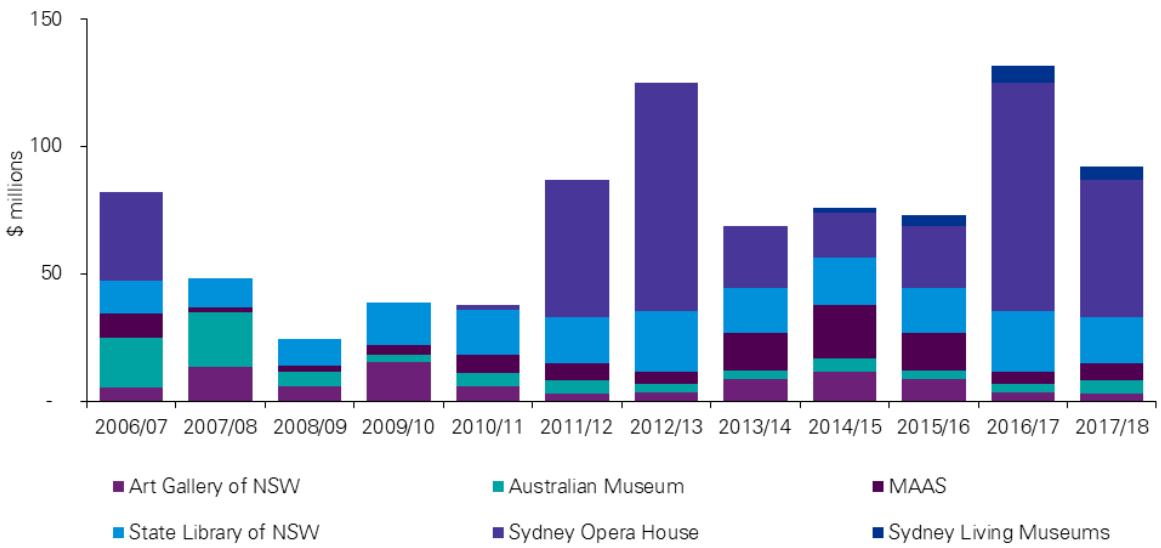
The NSW Government allocates a significant amount of funding for these internationally acclaimed institutions, which not only provide direct monetary benefits but also shape the cultural future of NSW.

Figure 5-1: NSW Government recurrent funding of State Cultural Institutions ($millions)



Source: Create NSW,
Note Sydney Living Museums data is included from 2014-15.

Figure 5-2: NSW Government capital funding of State Cultural Institutions ($millions)



Source: Create NSW,
Note Sydney Living Museums data is included from 2014-15.

Over the period 2008-09 and 2015-16, Create NSW and the State Cultural Institutions annual funding of arts, screen and cultural sectors has ranged between $255 million to $385 million. Key observations include:

- In 2011-12 and 2012-13, there was a substantial increase in the capital funding provided to the Sydney Opera House for the Vehicle Access and Pedestrian safety project (VAPS). The aim of this project was to bifurcate heavy vehicle traffic from pedestrian traffic on the forecourt of the Sydney Opera House.
- The State Library has also received significant funding under this portfolio over the past six years, this funding was used on projects such as the Electronic Catalogue project and the Digital Excellence Programme (DEP).

5.1.1 Art Gallery of NSW

The Art Gallery of NSW is a primary destination for exploring international, Australian and Indigenous art. The Gallery also plays host to activities such as performances, films and lectures providing different ways for audiences to engage with its collections. The Art Gallery of NSW is a popular art museum, ranking in the top ten museums in Australia on popular Australian tourism website TripAdvisor.[66]

The Gallery has a sizeable collection of over 33,000 objects and items with a combined value more than $1.36 billion.[67] This collection is of national significance and the Gallery's greatest asset. It is also an important component of the arts, screen and cultural eco-system in NSW and Australia. This collection, along with around 30 special exhibitions each year, has consistently drawn in over 1.1 million visitors annually.

Figure 5-3: Art Gallery of NSW

	2012-13	2013-14	2014-15	2015-16	2016-17
Government Funding ($'000)	30,700	30,700	33,800	41,200	31,212
Total FTE Staff	227	199	205	212	212
Total Onsite Visitors	1,162,000	1,163,651	1,303,508	1,286,275	1,591,355
Total Online Visitors	999,441	963,420	1,076,196	1,137,221	2,671,139
# of Exhibitions	30	27	29	32	34
Self-Generated Revenue ($'000)	32,700	23,800	33,800	30,400	55,488

Source: Art Gallery of NSW Annual Reports (2012-17)

The Art Gallery of NSW receives government funding to support its collection as well as support its exhibitions, films and lectures. The funding from government has remained steady over the years with increases being attributed to building upgrades and refurbishments. The funding also allows the Art Gallery of NSW to maintain and grow its current collections and host various exhibitions both in-house and across the country.

It is predominately through its collections and exhibitions that the Gallery contributes to the arts, screen and culture eco-system in NSW, providing vibrant and engaging experiences to a diverse range of residents and visitors to NSW. In 2016-17, the Gallery's education programs engaged over 93,000 students and teachers, its public programs attracted around 70,000 visitors, and its family programs had a record attendance of over 108,000.[68]

The Gallery takes an 'outward' approach by taking selected exhibitions to audiences with its Touring Program. In 2016-17, the Gallery toured seven exhibitions[69] to major state institutions and regional galleries in NSW, Queensland and Victoria. These exhibitions were seen by over 211,000 visitors. The Gallery also generates revenue through various goods and services that it provides such as gifts and souvenirs, exhibitions and music performances.

[66] Trip Advisor Australia – Things to do – Museums in Australia (accessed March 2018 at https://www.tripadvisor.com.au/Attractions-g255055-Activities-c49-Australia.html).
[67] Art Gallery of NSW, Annual Report 2016-17.
[68] Ibid.
[69] The seven exhibitions were Archibald Prize regional tour 2015, O'Keeffe, Preston, Cossington Smith: making modernism, Archibald Prize regional tour 2016, Brett Whiteley: west of the divide, Landmarks: works from the John Kaldor & AGNSW collections, Brett Whiteley: other places (somewhere else).

5.1.2 Australian Museum

The Australian Museum was established as Australia's first public museum over 190 years ago, in 1827. Currently, the museum boasts over 18 million natural history and cultural objects.[70]

The Australian Museum's Research Institute (AMRI) is also a key part of the Australian Museum's unique value and plays a crucial role in issues such as biosecurity and climate research. With its vast collection, the Australian Museum is a key player in Australian science research, contributing to the understanding of biodiversity, geo-diversity and cultural diversity in NSW, Australia and globally through the research undertaken in the Australian Museum Research Institute.[71]

The Australian Museum connects with communities across NSW and Australia with its successful outreach program featuring Australian Museum collections, science and learning programs, and cultural engagement activities. The Australian Museum's education programs, for instance, have reached 43,000 school students onsite and more than 140,000 people in NSW. [72] The Australian Museum's most popular educational outreach program is *Museum in a Box*, which provides learning experiences to over 120,000 students.[73] In addition, the Australian Museum's touring exhibitions have attracted half a million people across the country[74] – the most successful being *Spiders,* which was a collaboration with Questacon in Canberra.

Figure 5-4: Australian Museum

	2012-13	2013-14	2014-15	2015-16	2016-17
Government Funding ($'000)	26,500	32,170	32,640	35,000	27,200
Total FTE Staff	307	270	270	267	191
Total Visitors	438,545	405,326	392,927	419,902	440,000
Self-Generated Revenue ($'000)	14,950	12,450	13,410	12,810	15,980

Source: Australian Museum Annual Reports (2012-17)

Over the past five years, visitor numbers to the Australian Museum have ranged from 392,000 to 440000 visitors per year, with the Museum attracting local, interstate and international visitors. International tourists represent almost 22 per cent of total visitor numbers to the Museum and interstate visitors constituted around 7 per cent of total visitor numbers.[75] This ability to draw tourists to NSW has positive flow-on effects to the NSW economy and community through increased consumption and other tourism expenditure.[76]

In 2016-17, the Australian Museum received $27.2 million in government funding and generated approximately $16 million in revenue primarily through sales, admission fees and rendering of services. The Museum also supported over 191 FTE staff. While FTE staff numbers have decreased over the past few years, it is in line with aligning the workforce to future needs and optimising outcomes through an integrated and high performing workforce.

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[70] Australian Museum, Annual Report 2015-16.
[71] Australian Museum, Science Strategy 2014-17.
[72] Ibid.
[73] Ibid.
[74] There were in total six exhibitions touring nine venues across the country.
[75] Australian Museum, Annual Report 2016-17.
[76] Section 3 provides a more detailed discussion on the economic contributions of cultural tourism.

5.1.3 Museum of Applied Arts and Sciences (MAAS)

The Museum of Applied Arts and Sciences (MAAS) is Australia's museum for innovation in applied arts and sciences. MAAS includes the Powerhouse Museum, the Sydney Observatory and the Museums Discovery Centre. The MAAS collection contains over 500,000 objects, which focus on eight specific disciplines: architecture and the built environment, contemporary culture, design and decorative arts, engineering, fashion, health and medicine, physical sciences, and technologies. Each piece within the collection is of a high quality, and expansion of the collection continues under the collection plan that has been set for 2015-20.

The MAAS continues to be a cultural hotspot and, in 2016-17, attracted approximately 735,000 visitors. Of this, an estimated 367,000[77] visitors were from outside of Sydney, contributing to inbound tourism and expenditure, and the NSW Visitor Economy Industry Action Plan (VEIAP).[78] MAAS also engages in forms of new media as a platform to attract and interact with audiences across the country and globally. MAAS was the first museum in the world to bring its collection online in 2008. Because of its focus on creativity and innovation, the MAAS online collection now generates 1.6 million page views with 377,000 users. [79]

Figure 5-5: Museum of Applied Arts and Sciences

	2012-13	2013-14	2014-15	2015-16	2016-17
Government Funding ($'000)	34,931	43,556	44,688	51,288	38,029
Total FTE Staff	251	232	188	213	216
Total Onsite Visitors	579,936	571,085	573,730	731,791	734,916
Total Offsite Visitors	284,507	475,913	175,361	207,000	344,317
Self-Generated Revenue ($'000)	5,284	5,985	5,385	7,924	7,256

Source: MAAS Annual Reports 2012-17

MAAS has a strong focus on the STEAM (Science, Technology, Engineering, Arts and Mathematics) disciplines, and has earned a reputation for meaningful public engagement initiatives that rest on the intersection of arts and science. MAAS delivers these through several education and digital learning experiences. In 2016-17, for example, over 60,000 learners participated in several different programs provided by MAAS. This included MAAS educator-led, self-directed, video conferences and several different holiday and weekend programs. New learning programs have also been developed to keep pace with technological advances such as Augmented Reality and new learning environments like The Lab learning space at the Powerhouse Museum. The increase in educational visits contributes to the knowledge-building of students across the country and provides invaluable experiences at a formative age.

In 2016-17, MAAS received $38 million in government grants and had around $7.2 million in self-generated revenue. Visitor numbers grew considerably over the prior year to reach around 735,000 admissions. Exhibitions have a significant impact on admissions with the blockbuster *Egyptian Mummies: Discovering Ancient Lives*, for instance, seen by over 100,000 visitors in 2017. [80] The increase in total off-site visitors in 2013-14 were attributed to an increase in off-site exhibitions, which attracted a substantial number of visitors.

In addition to employing over 200 FTE staff, MAAS is supported by over 300 volunteers. The support of volunteers is an important mutually beneficial ingredient for a successful cultural institution, providing much needed assistance for the museum and opportunities for community engagement and participation.

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[77] MAAS, Annual Report 2016-17.
[78] The VEIAP aims to double overnight visitor expenditure to NSW by 2020.
[79] MAAS, Annual Report 2015-16.
[80] MAAS, Annual Report 2016-17.

5.1.4 Sydney Opera House

The Sydney Opera House is one of Australia's most iconic institutions, drawing visitors from all over the world and making a significant contribution to NSW and Australia. In 2016-17, over 1.45 million people attended 1,784 performances at the Sydney Opera House contributing $106 million in self-generated revenue. The Sydney Opera House plays a pivotal role in attracting international and interstate tourists to NSW. This is evidenced by the more than 8.2 million international and domestic visitors that the Sydney Opera House received each year.[81] From an economic perspective, the Sydney Opera House is estimated to contribute $141 million a year in total direct value-added to the Australian economy.[82]

The Sydney Opera House also has an extensive and innovative outreach program benefiting regional NSW as well as international communities. One specific program is the Digital Education Program, which offers a variety of experiences including, interactive behind-the-scenes tours of Sydney Opera House, drama workshops, live streaming of performances and a range of one-off master classes. These are all delivered through video conferencing facilities allowing participants from schools across NSW access to the Sydney Opera House regardless of physical location. In 2016-17, the Digital Education Program engaged a total of 8,500 students at 165 schools across Australia via live streaming technology.[83]

Figure 5-6: Sydney Opera House

	2012-13	2013-14	2014-15	2015-16	2016-17
Government Funding ($'000)	134,880	76,531	56,971	45,903	47,900
Total FTE Staff	492	496	513	535	527
Attendees	1,378,445	1,388,922	1,445,553	1,516,550	1,468,386
# of Performances	1,895	1,738	1,941	2,009	1,784
Self-Generated Revenue ($'000)	88,725	98,261	95,664	107,679	106,427

Source: Sydney Opera House Annual Reports (2011-16)

In 2016-17, the Sydney Opera House employed a total of 527 FTE staff. Employment numbers at the Sydney Opera House has shown an upward trend over time in conjunction with the number of performances and attendees. This is testament to the creative and innovative approach undertaken by the Sydney Opera House. The slight decrease in numbers in 2016-17 is attributable to the closure of the Joan Sutherland Theatre for improvements.[84]

The Sydney Opera House received around $47 million in government funding in 2016-17. Fluctuations in Government grants to the Sydney Opera House over the years can be attributed to varying capital and maintenance demands over time.

[81] Audit Office of NSW, Performance Audit Reports 2012.
[82] Deloitte Access Economics. (2013). How do you value an icon? The Sydney Opera House: economic, cultural and digital value.
[83] Data obtained from Sydney Opera House internal records.
[84] Sydney Opera House, Annual Report 2016-17.

5.1.5 State Library of New South Wales

The State Library of NSW is the oldest library in Australia, being first established as the *Australia Subscription Library* in 1826.[85] The library was subsequently purchased by the NSW Government and renamed the *Sydney Free Public Library*. It was subject to a further name change in 1975, and is now known as the *State Library of New South Wales*.

The State Library of NSW is a custodian of history, and has a precious collection of irreplaceable archive. The Library's current collection is worth approximately $3.15 billion[86], and the Library has established several strategic priorities to increase, maintain and preserve the collection. The Library takes a strong interest in contributing to multicultural communities and demonstrates this by providing loans of both books and print material, in 43 languages to public libraries across NSW. The Library also provides an avenue for research, workshops and stimulating programs that cater to the public, to schools and students. Innovation through the Library's digital platform has increased accessibility across communities in NSW. The Library's digital platform, *Waranara*, for instance, provides a way to preserve the digital heritage of Indigenous communities in NSW.

Figure 5-7: State Library of NSW

	2012-13	2013-14	2014-15	2015-16	2016-17
Government Funding ($'000)	89,991	84,548	89,743	87,922	89,271
Total FTE Staff	361	316	298	313	293
Total Onsite Visitors	790,266	633,429	805,112	898,920	905,132
Total Online Visitors	2,742,922	3,288,051	3,906,774	3,991,384	3,719,956
Self-Generated Revenue ($'000)	12,521	10,096	9,061	8,479	10,533

Source: State Library of NSW Annual Report (2012-2017)

Exhibitions held at the Library contributed almost 200,000 to the total visitor tally of 905,132 in 2016-17. Additionally, the Library's learning programs continue to contribute to positive learning outcomes for students. There were almost 20,000 students, teachers, families and lifelong learners who attended and participated in stimulating learning programs during the year.

In 2016-17, the Library had an increase of around 6,000 onsite visitors compared to the previous year. More than 120 active volunteers assist with a wide range of projects such as, leading onsite tours and supporting the delivery of events. The knowledge sharing platform is an important contribution to the Library and the NSW community at large. In conjunction with the increase in volunteer numbers, the Library decreased employment by 20 FTE staff, particularly contractors. In the same period, the Library received around $89 million in government funding and self-generated revenue of $10.5 million.

[85] State Library New South Wales – About – History (accessed November 2017 at http://www.sl.nsw.gov.au/about-library/history-library).
[86] Library Council of New South Wales, Annual Report 2016-17.

5.1.6 Sydney Living Museums

Sydney Living Museums, the trading name of the Historic Houses Trust (HHT), was established by the NSW Government in 1980 to take care of, and maintain, 12 historic institutions (houses, gardens and museums) that seek to connect current and future generations with the past. It brings history to life through a diverse program of exhibitions, research and events in its museums to provide an engaging experience to its visitors.

In 2016-17, Sydney Living Museums attracted over 1.1 million visitors to its museums, properties and outreach programs, an increase of 9.5 per cent on the previous year. Around 76,000 visitors attended free events that were run during the year. Sydney Living Museums has seen a significant increase in visitor numbers over the years.

In 2016-17, Sydney Living Museums had 55 per cent of on-site visitors travelling from outside Sydney, reflecting a greater reach among tourists. In addition, the touring exhibition program reaches out to audiences across Australia, including regional areas. Four exhibitions across nine venues were seen by 93,150 people in 2016-17.

Figure 5-8: Sydney Living Museums

	2012-13	2013-14	2014-15	2015-16	2016-17
Government Funding ($'000)	19,642	18,903	19,039	22,198	25,564
Total FTE Staff	183	184	184	181	188
Total Visitors	592,518	647,051	700,667	1,010,894	1,107,471
Self-Generated Revenue ($'000)	6,474	9,102	7,751	8,798	7,544

Source: Sydney Living Museums Annual Reports (2012-2017)

A large proportion of Sydney Living Museums' assets consist of land and buildings, and a majority of the government funding is allocated to the conservation and maintenance of these assets. Some noteworthy assets include the Hyde Park Barracks Museum which had over 108,206 visitors, The Mint which hosted 66,860 visitors, Elizabeth Farm with over 25,000 visitors and the Justice and Police Museum which welcomed over 21,000 visitors in 2016-17.

Sydney Living Museums received just over $25 million in government funding in 2016-17 and self-generated another $7.5 million through the offering of commercial services, admissions, and donations and sponsorships. As part of its Strategic Plan 2017-2022, Sydney Living Museums aims to self-generate 38 per cent of funding by 2022, while government grants continue to support its work.

5.2 The State Significant Organisations

The State Significant Organisations were established by the NSW Government to support a vibrant arts, screen and cultural sector across NSW. Each organisation delivers a unique experience within the contemporary arts space, reflecting individual broader ideologies, while complementing each other. They promote and endorse Australian arts and artists, reflecting Sydney's rich diversity.

The State Significant Organisations comprise of the following two institutions:

- Carriageworks
- Museum of Contemporary Art Australia (MCA)

These organisations are of strategic importance to the arts and cultural sector, both in terms of location and the activities and infrastructure provided.

Each organisation received $6.5 million in funding in 2016-17 as part of the Arts and Cultural Development Program of the NSW Government. In 2016, Carriageworks and the MCA Director, Elizabeth Ann Macgregor received the NSW Creative Laureates award 2016 for increasing the global profile of NSW Creative Industries.

5.2.1 Carriageworks

Carriageworks is the largest of its kind multi-arts centre in Australia, producing a multi-disciplinary program that explores contemporary ideas and issues by working with local and international artists. Located within the historic Central to Eveleigh Global Development Corridor on Gadigal Land, Carriageworks building was built in 1880 and is regarded as the best example of rail heritage in Australia. This heritage listed site was purchased by the NSW Ministry for the Arts in 2002 for redevelopment into a vibrant, creative hub. The heritage building is maintained by Create NSW.

The resulting Carriageworks artistic hub, which engages with artists, audiences and community in innovative and unique ways, was officially opened in 2007. Access and collaboration are the core values which drive Carriageworks' program and strategy.

Carriageworks engages and inspires culturally diverse communities, and works closely with Aboriginal artists and communities through its Artistic Program. This program presents about 70 projects supporting 800 artists, over 70 per cent of whom come from culturally diverse backgrounds. Carriageworks' success is supported by its entrepreneurial business model, wherein 75 per cent of its revenue through commercial and event partnerships is invested back into the growth of its artists and the Artistic Program. It also engages with local history and communities in Redfern, acknowledging the tumultuous past with exhibitions such as *Hereby Make Protest*. Practical ways in which Carriageworks has increased accessibility include limiting ticket prices, working with community partners to provide programs of supported transport to the venue, and by developing programs and commissioning work from a diversity of artists including artists with disabilities.

In addition to the artistic program and commercial events, Carriageworks is home to a thriving weekly Farmer's Market that supports over 90 producers across NSW, and attracts over 300,000 visitors each year, combining food experiences with music, arts and craft.

Figure 5-9: Carriageworks

	2013	2014	2015	2016	2017
Total Visitors	110,000	242,000	550,000	790,000	1,083,000
# of artists	304	382	543	718	n/a
Self-Generated Revenue	2,955,590	3,408,763	5,147,177	6,023,500	7,170,000

Source: Carriageworks Annual Report 2016 and Six-Year strategy 2016-2021
Note: 2016 data not available for number of artists

By delivering a mix of artistic and commercial events and programs, Carriageworks has successfully grown audiences from 110,000 in 2012 to 1.3 million in 2017.

In 2016, Carriageworks earned $7.17 million through its programs, events and retail sales and received $3.8 million in government funding.[87] It is also a recipient of $300,000 as part of the four-year Funding Program of the Australia Council, starting January 2017.

As part of its National Strategy, Carriageworks supports the development of contemporary disability arts practice. Ten new Australian and International works will be commissioned and presented over five years contributing to embedding disability arts into contemporary arts programming across Australia. The performance *Simple Infinity*[88], for instance, was created and developed in partnership with artists with disability and members of the deaf community in Western Sydney. *Simple Infinity* premiered at Carriageworks in July 2016.

Carriageworks is home to eight NSW Resident Arts Companies and, through its Residential Arts Company Policy, invests 50 per cent each year into the development of new work by each Resident Company. This helps to support continued innovation across each company.

As part of its Six-Year Strategy 2016-2021, Carriageworks plans to undergo a $50 million redevelopment, adding a 5,000-seat live music venue, 200-seat cinema and large exhibition space to its existing venues. It expects to be Australia's busiest cultural institution, attracting 2 million visitors and earning $15 million annually by 2021. Staff numbers are estimated to increase slightly from 30 in 2016 to 45 in 2021.[89]

5.2.2 Museum of Contemporary Art

The Museum of Contemporary Art (MCA) is the only museum in Australia dedicated to exhibiting, interpreting and presenting both Australian and international contemporary art. The museum was established by the University of Sydney with assistance from the NSW Government as a world-class art and educational facility, which now operates as an independent organisation.

The MCA seeks to engage audiences over the range and diversity of contemporary art through exhibitions, learning programs and special events. As of 2016, the MCA collection contains 4,316 works by Australian artists, with representation of works by Aboriginal and Torres Strait Islander artists within its total international collection.[90] The collection includes paintings, sculpture, photography, paper works and moving images.

Located on the harbour side, in the former Maritime Services building, it is a fine example of late Art Deco architecture. The MCA underwent a major $53 million redevelopment in 2012, increasing the MCA's total size by almost 50 per cent and attracting over 1 million visitors in 2015, for the first time in history. The MCA attendance numbers set a new record of 1.2 million visitors in 2016.[91]

Figure 5-10: Museum of Contemporary Art NSW

	2012	2013	2014	2015	2016
Government Funding ($'000)	4,402,224	4,661,080	4,743,640	4,778,012	5,221,805
# of Website users	578,154	541,047	602,536	801,685	n/a
Total Visitors	800,000	894,876	914,713	1,032,394	1,206,243
Self-Generated Revenue ($'000)	10,088,961	14,954,373	13,882,857	15,552,101	15,661,766

Source: The MCA Annual Reports (2012-2016)
Note: 2016 data not available for number of website users

Just like Carriageworks, the MCA is also a recipient of $300,000 as part of the Four Year Funding Program of the Australia Council, starting January 2017. Non-government sources such as donations, corporate sponsorship, and events account for over 70 per cent of the MCA's revenue. Over the years 2011-2016, there has been a significant increase in self-generated revenue, while government funding has grown modestly.

Building partnerships, by coordinating mentorship and volunteer placements with the MCA, is part of Museums and Galleries NSW's 2016-18 strategic plan.

[87] Carriageworks, Annual Report 2016.
[88] *Simple Infinity* was one of the first of two projects commissioned by Carriageworks and supported by the NSW Government through the NSW Arts and Disability Partnership.
[89] Carriageworks, Six-Year Strategy Report 2016-2021.
[90] MCA, Annual Report 2016.
[91] Ibid

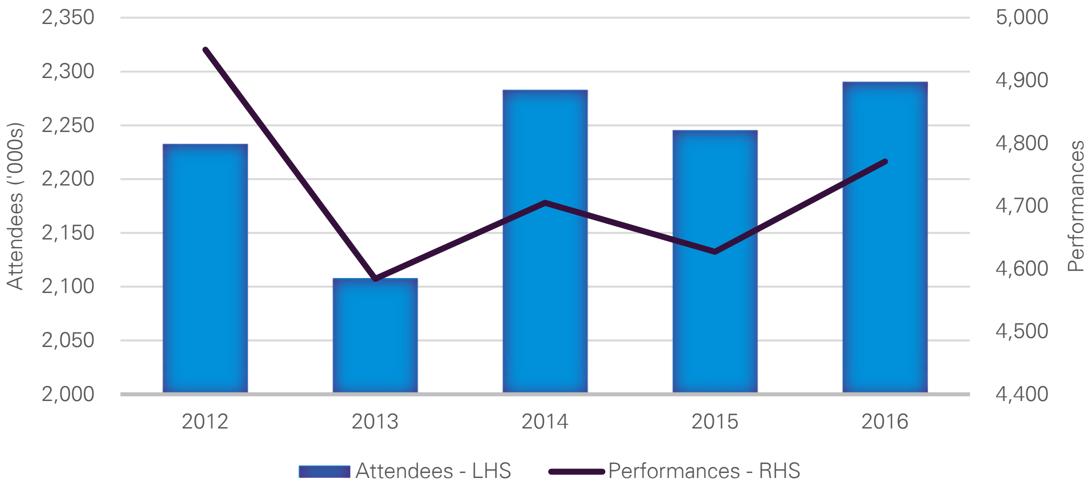
6. Major Performing Arts Companies in NSW

NSW is home to 11 of the 28 major performing arts companies in Australia, producing theatre, contemporary dance, classical ballet, classical music, opera, musicals and comedy across the State, and touring productions nationally and internationally. These companies contribute to the economy, play an important role in the NSW arts ecology, and encourage participation from a large, diverse, local, national and international audience. They provide employment for many high calibre Australian artists, creatives and arts professionals, supporting the development of their creative capacity and growing the arts and cultural sector. These companies also commission new works and provide extensive education and community engagement programs across NSW.

The arts, screen and cultural sectors underpin cultural and social innovation. The production of cultural product generates economic benefits and is important for social well-being, communities and national identity. It also plays a vital role in promoting Australia's foreign policy interests through cultural diplomacy. Major performing arts companies contribute by sharing stories of Australian culture, promoting positive images of Australia's diverse community, and fostering relationships between nation-states and cultures. This exchange of experiences and ideas builds long-term benefits for all participants that goes beyond the financial.

For example, the Sydney Symphony Orchestra (SSO) is leading in cultural diplomacy with its tours, promoting NSW as a leading arts and cultural destination and as a welcoming place for Asian companies to do business. Since its first tour in 2009 and return tours in subsequent years to mainland China, the SSO developed an enthusiastic following among Chinese audiences and a strong relationship with local officials and education organisations. In 2012, the SSO formalised partnerships with Beijing's National Centre for the Performing Arts and the Xinghai Conservatory of Music in Guangzhou. The following year the SSO hosted students from the Xinghai Conservatory in Sydney. This ongoing relationship helps strengthen the bond between NSW and its northern neighbours, and enriches the arts and cultural tapestry of both destinations.[92]

Figure 6-1: Attendance and Performance at Major Performing Arts Companies



Source: Annual Reports for each Major Performing Arts company

[92] Create in NSW: The NSW Arts and Cultural Policy Framework.

The major performing arts companies' contribution to the arts, screen and cultural sectors is growing, reflected in increased performances, events and attendance numbers. In 2016, around 2.4 million Australians attended a performance, activity or workshop by a major performing arts company in NSW. In that same year, the major performing arts companies in NSW received approximately $80 million in government grants and collected $254 million in self-generated revenues.[93] To support this activity, the major performing arts companies in Australia employed over 10,000 people, including 5,661 artists and creatives.[94]

In NSW, the major performing arts companies include larger organisations such as Opera Australia and the Australian Ballet, the Sydney Symphony Orchestra, Sydney Theatre Company, and smaller organisations like Bangarra Dance Theatre, Belvoir, Bell Shakespeare, Sydney Dance Company, the Australian Brandenburg Orchestra, and Musica Viva Australia. These organisations are dependent on a matrix of revenue streams including box office revenue, government and private support. Government investment provides a level of certainty that enables planning and development to secure artists in future years, plan tours, commission new works, and develop audience and engagement programs over multiple years.

Figure 6-2: Government Funding of the MPA Companies (in $ million)

	2012	2013	2014	2015	2016
Opera Australia	26,000,000	25,000,000	25,000,000	25,000,000	26,000,000
Sydney Symphony Orchestra	13,538,957	13,786,788	13,977,122	14,567,631	14,562,077
Sydney Theatre Company	5,087,764	5,923,727	5,222,457	5,248,455	5,296,540
Bangarra Dance Theatre	2,661,805	2,875,846	3,597,249	3,645,725	3,940,021
Belvoir	1,905,349	9,027,503	2,077,588	2,067,772	2,128,418
Bell Shakespeare	2,359,000	2,417,000	2,351,000	2,281,000	2,286,000
Sydney Dance Company	3,842,674	3,584,027	4,077,478	4,110,402	4,421,992
The Australian Ballet	8,100,00	8,200,000	11,700,000	15,900,000	15,900,000
Australian Brandenburg Orchestra	-	996,997	935,961	1,075,293	965,753
Musica Viva Australia	3,183,000	2,794,008	2,517,897	2,670,982	2,872,965
Australian Chamber Orchestra	2,176,979	2,331,935	2,119,010	2,422,278	2,565,203

Source: Annual Reports for each Major Performing Arts company
Note: Australian Brandenburg Orchestra Annual Report 2012 not available

Figure 6-3: Self-Generated Revenue for the MPA Companies (in $ million)

	2012	2013	2014	2015	2016
Opera Australia	74,000,000	75,000,000	82,000,000	70,000,000	90,000,000
Sydney Symphony Orchestra	16,452,892	17,249,486	17,972,297	17,543,542	21,859,428
Sydney Theatre Company	22,200,112	27,491,934	26,156,616	28,273,050	31,244,782
Bangarra Dance Theatre	2,916,074	2,938,577	3,608,262	3,711,660	3,955,543
Belvoir	9,753,901	2,105,055	8,577,104	7,544,459	8,495,410
Bell Shakespeare	7,639,000	6,784,000	7,024,000	7,443,000	6,919,000
Sydney Dance Company	3,838,322	4,200,516	5,016,304	6,506,224	7,134,868
The Australian Ballet	43,200,000	42,000,000	46,200,000	47,900,000	53,600,000
Australian Brandenburg Orchestra	-	4,550,409	5,268,405	5,663,115	6,043,312
Musica Viva Australia	5,205,180	5,588,716	5,892,546	6,339,696	5,642,056
Australian Chamber Orchestra	7,065,195	7,979,397	6,901,110	7,855,490	7,348,798

Source: Annual Reports for each Major Performing Arts company
Note: Australian Brandenburg Orchestra Annual Report 2012 not available

[93] Summed from annual reports for each Major Performing Arts company in NSW.
[94] Australian Major Performing Arts Group, A 2015 Sector Snapshot.

Self-generated revenue exceeds government funding provided to the MPAs, demonstrating the companies' capacity as viable businesses. In addition to earning income at the box office, these companies have developed brand and profile to attract substantial philanthropic support, which also contributes to enabling the companies to invest in the development of artists and future work. MPAs contribute to the economy by attracting investment that enables the companies to offer more jobs, produce more work and tour excellent productions overseas. These tours provide opportunities for cultural and artistic exchange, to promote NSW as a global cultural destination and as open for business internationally.

Investing in arts, screen and culture creates public value and provides flow-on effects for knowledge, industry, networks, and communities. The Sydney Dance Company, for example, runs one of the largest dance schools in Australia, catering to around 70,000 students each year. It also reaches 7,000 students and teachers through their nation-wide education program.[95] Bell Shakespeare is an example of contemporary live performance that explores new ways of engaging audiences of all ages with Shakespeare's works. Bell Shakespeare's education program *A Midsummer Night's Dream* was performed at the Sydney Opera House, Arts Centre Melbourne and The Octagon at the University of Western Australia for over 13,000 teachers and students.[96]

[95] Australian Major Performing Arts Group, A 2015 Sector Snapshot.
[96] Bell Shakespeare, Annual Report 2016.

Brand X Production, Art Month Weekend
Block Party, 2017, Photo: Tim Da Rin

End of an AGE, 2017, Photo: Katrina James

Information and Cultural Exchange provides professional development pathways and creative platforms to share stories for artists and community in Western Sydney

Community and Cultural Exchange

Information and Cultural Exchange (I.C.E.) uses community engagement, digital and screen art production and training, music production and contemporary culture to facilitate the telling of new stories of Australia, and importantly, bringing together culturally diverse artists, producers and communities. Based in Western Sydney, I.C.E. contributes to community well-being and cohesion by providing opportunities for collaborative community involvement, and by undertaking strategic cultural interventions, training and professional development to address gaps and redress cultural inequality.

Established in 1984, I.C.E. works with artists, screen practitioners, creative producers and communities. I.C.E. began by supplying mobile information services to the local community, shifting focus in 1993 to initiate Community Arts and Cultural Development programs. The programs target culturally diverse communities and provide community access to information technology.

Over the three year period 2015-2017, I.C.E. delivered 130 projects, engaged over 3100 participants, employed 400 artists and entertained over 14,300 people at live events. Its annual turnover grew by 25 per cent to $1.65 million in 2017. I.C.E.'s self-generated income in 2017 was $225,500, with grants and government funding being the main source of revenue. Importantly, I.C.E. philanthropic income grew by 21 per cent from 2016 to $193,000 in 2017.[97] I.C.E. has established a diverse range of creative partnerships including, the Art Gallery of NSW, Museum of Applied Arts and Sciences (MAAS) and the Australian Film Television and Radio School (AFTRS).

Critical to the development and effectiveness of I.C.E. has been the establishment of its digital arts facility in Parramatta. Operating

[97] ICE, Annual Reports 2015-17.

since 2010, this multi-purpose hub enables the delivery of digital media creativity and production; music and screen arts professional development and training programs. Some of the artists and cultural producers I.C.E. has developed over recent years include Maria Tran (Filmmaker/Performer/Producer), Vanna Seang (Filmmaker/Producer), Fadia Abboud (Filmmaker/producer) and emerging screen artist Hawanatu Bangura.

I.C.E. works with some of Western Sydney's most vulnerable and disadvantaged communities, including Aboriginal families, young people, artists living with disability, refugees and newly arrived migrants, new and emerging artists. This work has broader impacts by contributing to creating socially cohesive communities and providing pathways into professional practice for young people who may not have considered arts, screen and culture as a career choice given their cultural, gender and socio-economic backgrounds.

I.C.E. receives support from Create NSW, Multicultural NSW, NSW Department of Family and Community Services and other Foundations and sponsors. I.C.E. secured multi-year funding from Multicultural NSW to deliver the Multicultural Women's Hub across Western Sydney from 2015-2018. I.C.E. also received multi-year funding from Create NSW to support the organisation from 2016-2018 as well as discrete project funding from Parramatta City Council, Fairfield City Council and Penrith City Council.[98]

Information and Cultural Exchange has contributed to the art and cultural engagements of diverse and disadvantaged communities in Western Sydney, by creating avenues for access to digital arts and professional practices.

Social benefits include

- Providing programs for culturally diverse and disadvantaged communities, and providing community access to information technology.
- Providing pathways into professional practice for young people who may not have considered arts, screen and culture as a career choice given their cultural, gender and socio-economic backgrounds.

[98] ICE, Annual Report 2015.

Brand X Production, Creative Block Party Art Month, 2017.
Photo: Tim Da Rin

Creative placemaking contributes to urban renewal by integrating arts, screen and culture in urban planning, strengthening creative industries, increasing employment and creating great places to live, work and visit.

Urban Renewal and Creative Placemaking

Integrating arts, screen and culture in urban renewal projects contributes to creating liveable cities. Understanding creative placemaking is crucial to integrating arts, screen and culture in urban planning. The National Endowment for the Arts describes creative placemaking as 'when artists, arts organisations and community development practitioners deliberately integrate arts and culture into community realisation work – placing arts at the table with land-use, transportation, economic development, education, housing, infrastructure, and public safety strategies'.[99]

The presence of iconic cultural infrastructure and creative placemaking help to create cultural precincts, which in turn, contribute to urban renewal, strengthening Creative Industries growth and increasing employment opportunities. Cultural precincts are crucial to creating liveable cities, drawing participation from residents and visitors, contributing to the state's economy, and positioning NSW as a cultural leader in the Asia-Pacific.

The importance of cultural precincts to attract cultural tourists cannot be underestimated. In the year ending December 2016, NSW received 12.3 million international and domestic cultural and heritage visitors, spending an estimated $12 billion. This was a 7.6 per cent increase on the year ending December 2015.[100]

Arts, screen and culture is also often consumed in person, which generates increased foot traffic and its associated expenditure, and results in economic benefits. Different types of arts, screen and cultural spaces attract different foot traffic at different times of the day and night. By clustering a mix of performing arts venues, museums and artists' studios with businesses along underused streets, public safety improves and

[99] National Endowment for the Arts, Annual Report 2010.
[100] Destination NSW, Cultural and Heritage Tourism to NSW 2016.

businesses thrive[101]. Some examples of arts, screen and culture being integrated in urban transformation projects are presented below.

Brand X: re-imagining old spaces for artists' studios

Brand X is a Sydney-based not-for-profit service organisation established to re-purpose 'space' for artists to practice their craft and develop their work. This is an organisation that is run by artists for artists with partnerships in the private and public sectors. The old Heffron Hall is now home for Brand X Studio where it provides affordable rehearsal and presentation space in the CBD. Since 2005, Brand X has supported over 48,000 artists with access to subsidised rehearsal space for performing artists, workspace, gallery and creative retail for visual artists, creative business incubation and recording studios for musicians through 17 repurposing projects across Sydney.[102]

The organisation currently manages three spaces for the performing, recording and visual arts community. These are Tempe Jets in Tempe; The East Sydney Community and Arts Centre (ESCAC) in Darlinghurst; and TWT Creative Precinct in St Leonards. These spaces stimulate a vibrant cultural life for Sydney by providing independent artists with support, while reinvigorating local communities and economies. Brand X addresses the lack of affordable space for artists to practice their craft. Working closely with developers, landlords and government, Brand X delivers workspaces as well as creative-development programs. 'The success of Brand X makes a strong case for forward- thinking entrepreneurialism in the arts and cultural sector'.[103]

Western Sydney Making Spaces: opening new spaces for arts, screen and cultural practice

To help expand the reach and accessibility of venues that support creative and artistic production in Western Sydney, Create NSW launched The Western Sydney Making Spaces initiative in December 2016. This program provides financial assistance for professional Western Sydney artists and arts and cultural workers to occupy a studio and rehearsal space for arts and cultural practice. It is opening new sites across Western Sydney, and increasing the footprint of arts making and participation across the region, including in the Blue Mountains, Camden, Fairfield, Cumberland, Liverpool, Parramatta and Penrith.

These strategic initiatives contribute to the economy by creating liveable cities, which attract skilled workers, investment and tourism. Approximately $400,000 in funding was provided in the first year and the program will be offered again. Create NSW supported a diverse range of projects, including an Arab-Australian contemporary theatre hub in Cumberland, a literature collective in Fairfield creating jobs for artists and translators, and mentorships for digital artists in the Penrith area. Locating arts, screen and cultural practice in these areas provides new opportunities for community engagement and expression and transforming access to resources, opportunities and jobs for culturally diverse communities.[104]

107 Projects: building artist communities

107 Projects provides opportunities and space for emerging creatives. Their broad range of cultural development activities comprises arts centres in Redfern and Green Square, satellite events and public art commissions across broader Sydney. 107 Projects independently funds core operations to run these centres, matching with government and private sector funding to enhance these spaces and to support 107 Presents, an investment umbrella which directly funds artists and community focused impact. This support is crucial for entry level and emerging artists in Sydney, improving affordability and creating pathways towards professional practice, developing new audiences and contributing to community sustainability.

107 Projects is expanding in 2018 to manage the new Joynton Avenue Creative Centre, which is part of Green Square's new 278-hectare community and cultural precinct. The centre will feature creative workspaces, exhibition spaces, workshop and meeting spaces, and indoor/outdoor areas for community hire. This unique approach of connecting creativity, community and business, creates positive social change by building artist communities and creative incubators. These create support and development opportunities across the two sites, as well as bring vibrancy by having artists living and working in the area.

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[101] Bennett, J. Federal Reserve Bank of San Francisco. (2014) *Creative Placemaking in Community Planning and Development: An Introduction to ArtPlace America, I*nvestment Review, p.77.
[102] Brand X – About (accessed November 2017 at http://www.brandx.org.au/space-for-artists/).
[103] Create in NSW, NSW Arts and Cultural Policy Framework 2015.
[104] Information provided by Create NSW.

Creative placemaking has been instrumental in transforming Sydney into a global cultural hub, leveraging the power of arts and culture to attract tourism expenditure and giving NSW's Creative Industries an international foothold.

Social benefits include

- Contributing to creating liveable cities through the integration of arts, screen and culture in urban renewal projects by encouraging participation from residents and visitors.
- Positioning NSW as a cultural leader in the Asia-Pacific.
- Improving public safety and boosting foot traffic for businesses by clustering a mix of performing arts venues, museums and artists' studios with businesses along underused streets.
- Providing opportunities to make art and boost participation across the Western Sydney region by providing affordable spaces.
- Creating pathways towards professional practice.
- Developing new audiences and contributing to community sustainability.
- Connecting creativity, community and business, to create positive social change by building artist communities and creative incubators.

The Edge, Flipside Dance Project, Maitland Regional Art Gallery, 2016. Photo: Clare Hodgins

7. Screen Sector in NSW

NSW is Australia's premier film and television production destination, and it attracts both local and international producers and directors to its world-class studio facilities and screen industry. According to the 2015-16 Film, Television and Digital Games, Australia survey prepared by the ABS, 56 per cent of the workforce in the Australian screen production industry are based in NSW, while 50 per cent of all Australian production and post-production companies are in NSW.

The NSW Film and TV Office was established by the NSW Government in the late 1980s to assist the screen industry in promoting Australia's cultural identity, encourage employment and investment in the industry and maximising the state's share of national screen production. It was renamed Screen NSW in 2009 and is now part of Create NSW.

Create NSW provides support to feature films, adult and children's drama and narrative comedy, including web series, factual and documentary television or web programs, and creative, interactive screen projects. Create NSW's funding programs support development, production, regional filming, market travel, industry and audience development and international production attraction.

The economic value of a thriving screen sector in NSW cannot be underestimated. NSW is the leading Australian state for film and television production. In 2016-17, expenditure on drama production (features and TV drama) in NSW reached $460 million, representing 36 per cent of all drama production expenditure in Australia[105]. Create NSW invested $8.6 million on screen programs over the course of 2016-17, which leveraged over $150 million in production expenditure. NSW is particularly strong in the Post, Digital and Visual Effects (PDV) sector accounting for 60 per cent of national expenditure[106].

In recognition of the Screen industry's economic and cultural benefits, the NSW Government provided additional funding of $20 million to Create NSW over two financial years, 2016-17 and 2017-18. The $20 million *Made in NSW fund* has supported 22 new local drama projects and large-scale international productions such as Jackie Chan's *Bleeding Steel* and the Animal Logic/Sony movie *Peter Rabbit*. The fund has been extremely successful supporting about $20 worth of production for every dollar spent, or over $411 million worth of production in NSW and over 10,000 NSW jobs.[107]

Create NSW's Destination Attraction team promotes film making in NSW by providing information on locations through the Reel-Scout database. Create NSW also attracts production and post-production to NSW by facilitating inbound visits and discussions with production businesses for Australian and International producers, directors and other creatives. For example, the NSW Government collaborates with Fox Studios to attract significant international productions to use NSW post production companies' services and Fox Studio sound stages. To date films such as *Alien: Covenant*, *Superman Returns* and *Star Wars II and III* have used NSW based services and facilities.

The globally mobile and rapidly evolving screen sector presents many challenges for the NSW screen industry and for the NSW Government. Globally new platforms for distributing and viewing have resulted in changes in how screen projects are being made and financed, requiring greater flexibility and agility, financial certainty and quick responses to opportunities to outbid the competition. The screen industry around the world is founded on government incentives, subsidy and local content regulation, with much competition for finance and projects. The broad set of Australian Government policy settings that include quotas, subsidy and tax incentives, have underpinned Australia's world class screen industry and ensured Australian audiences have access to Australian content, particularly in the vulnerable genres of feature film, TV drama, children's drama and documentary.

[105] Ibid

[106] Screen Australia, Drama Report 2016-17.

[107] Groves, D. (2017). Made in NSW fund triggers more than $300 million worth of production (accessed April 2018 at https://www.if.com.au/made-nsw-fund-triggers-300-million-worth-production/).

The current Australian Government policy settings are under pressure due to changes in audience viewing patterns, an increase in online distribution and the entry of new distribution players not subject to the same regulation as existing broadcasters. Even so, prime time scheduled viewing still has significant cultural impact. The free to air spectrum remains a public good with Australian content obligations attached. Create NSW is considering the impacts on the NSW screen sector, and continuing its involvement in the broader Australian Government inquiries into Australian content and screen policy. These national policy settings and incentives play a crucial role in the sustainability of the screen sector in NSW. For example, international production remains an important part of the overall screen sector ecology, as local production alone cannot sustain a critical mass of screen infrastructure, facilities and crews, and NSW faces strong and increasing competition from other jurisdictions offering generous incentives.

It is a highly competitive global market that requires ongoing Government investment to position NSW effectively as a competitor with other states domestically and other jurisdictions internationally. In 2017-18, the NSW Government allocated $20.6 million to assist the screen sector, of which 90 per cent was targeted towards large scale international productions and small domestic TV production and development. The balance 10 per cent was targeted towards attracting audience and developing the industry to bring large numbers of high-value jobs and significant production expenditure to the state.

NSW is also streamlining processes to become more ‘film friendly’, and looking to provide incentives and finance to attract large budget, footloose international film productions such as the Sony/China produced *Pacific Rim: Uprising2*, which spent $54 million in NSW.

As part of its efforts to create more opportunities for underrepresented groups in the screen industry, Create NSW was the first Australian screen agency to set a 50:50 gender parity target across writers, directors and producers to be achieved by 2020.[108] The initiative saw a dramatic increase in participation by women in key creative roles across its programs. Create NSW also provides more funding to include diverse representations by indigenous practitioners, people from a culturally and linguistically diverse (CaLD) background, practitioners with a disability, LGBTQI content creators.

[108] Screen NSW (accessed April 2018 at https://www.screenaustralia.gov.au/).

Rachel Perkins, *Mystery Road,*
Photo: John Platt.

8. Live Music Sector in NSW

The importance of the live music sector to NSW and Australia goes beyond the economic contribution. The sector has not only contributed to the State through traditional economic metrics like employment, value-added and gross product but also through cultural and social value, enriching nightlife and attracting cultural tourists and music enthusiasts from around the world, culminating in NSW becoming a global cultural destination.

The live music sector in Australia is a diverse sector with multiple interconnected industries and is a major component of the wider music ecosystem. The advent of digital technology has presented new challenges for the sector but has also created new opportunities. For instance, the surge in availability of digital forms of music as well as competition from other forms of live performance has increased the selectivity of leisure and entertainment consumption but also increased productivity and quality.

The live music sector in NSW includes both small independent artists and practitioners as well as large producing organisations and multi-day events. Live music events can range from large-scale stadium performances and music festivals to performances at smaller venues like pubs and local clubs or associations. Destination NSW invests in a diversity of arts, music and cultural events across regional NSW. Events featured in the NSW Events Calendar include the Tamworth Country Music Festival, Deni Blues and Roots Festival, Wingham Akoostik Festival, Byron Spirit Festival, Write Around the Murray, Eurobodalla River of Art Festival, Parkes Elvis Festival and Trundle ABBA Festival. These events contribute to the economy by attracting overnight visitors from intrastate and interstate and act as key economic drivers for rural and regional economies.

The live music sector in NSW attracts high calibre international artists and performers who stage concerts in large scale stadiums and iconic venues such as the Sydney Opera House. These international blockbuster concerts include Bjork on the forecourt of the Sydney Opera House and Cold Play in the Allianz Stadium.[109] The live music sector has major festivals that offer global and local talent over a full day event such as Field Day, or multiple day events such as Splendour in the Grass and the Tamworth Country Music Festival. These major live music events are frequently co-produced with international partners, which benefit from capital investments in the project.

Research on the economic impact of the live music sector in Australia varies (amongst other things, it depends on the methodology of measurement or the nature of the model used). A study by Ernst and Young (2011) estimated that the gross value-added to the national economy by live music was $652 million with supporting employment equivalent to approximately 14,866 FTEs. The report also estimated that the venue-based live music sector’s total industry output was $1.2 billion with NSW contributing 32 per cent.[110] More current research conducted by the University of Tasmania estimated that the live music sector contributed $15.7 billion of value to the Australian community in 2014 and supported 65,000 jobs.[111] NSW was found to be the largest contributor at $3.6 billion and 23,207 jobs providing commercial, individual and civic benefits in the process.[112]

In 2016-17, Create NSW provided a total of $10.7 million in support for the music sector. This included funding for 32 programs/projects for organisations and 12 scholarships for individuals for professional development/projects.[113] There are also additional grants that go toward music as part of broader programs such as the APRA AMCOS Art Music Fund, which is now in its third year of existence.

Create NSW also invests in targeted programs to support musicians in priority areas such as the investment of $525,000 over three years in *Live and Local*, a partnership between the Live Music Office and Local Councils in Western Sydney. This program contributes to supporting local musicians

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[109] Sydney Festival – About page (https://www.sydneyfestival.org.au/about).
[110] Ernst and Young. (2011). *Economic contribution of the venue-based live music industry in Australia.*
[111] Australasian Performing Right Association (APRA AMCOS), The Economic and Cultural Value of Live Music in Australia 2014
[112] Ibid.
[113] Create NSW data – 2016-17 Approved ACDP Funding – Artform Type – Music.

and raising the profile of Western Sydney nationally, as a leader in the creation of innovative support programs for artists. *Live and Local* was expanded to include regional NSW councils in 2017-18 to stage live and local micro-music festivals.

To further support the growth and sustainability of the music sector, Create NSW is liaising with the sector to develop a NSW Contemporary Music Strategy. Minimising barriers and challenges to growing industry sustainability can optimise the music sector's contribution to the NSW economy. The Strategy aims to support the music sector through increasing performance opportunities for musicians and audiences; supporting professional development opportunities for musicians; increasing business confidence and encouraging private investment in live music and performance; encouraging safe, accessible and inclusive music events; and promoting NSW as a place where contemporary music thrives.

Parasymphony, Sydney Festival 2017.
Photo: Jamie Williams

9. Major Festivals in NSW

Major Festivals play an important role in the arts, screen and cultural landscape, providing a platform for showcasing NSW excellence alongside national and international work. During festivals artists, organisations and practitioners are immersed in experiencing each other's work, exchanging ideas, networking and building collaborative relationships. The Major Festivals invite audiences to share this immersion with targeted and themed programming and family friendly, accessible experiences. Audiences are growing because all of the major festivals offer opportunities to inspire, expand knowledge and understanding, and connect in new ways with the world around us.

The major festivals also play a strategic role in providing jobs, career development opportunities and contributing to the State's economy by attracting national and international visitation. These festivals bring diverse communities together to share experiences, and help position NSW as a global creative destination and leader in the Asia-Pacific.

9.1 Sydney Festival

Sydney Festival is a major arts festival that takes place every January across Sydney. It brings together the world's best performing and visual arts through its expansive program spanning theatre, art installations and music. A range of free and ticketed shows makes the city come alive during the three-week annual cultural celebration.

The festival was envisaged by the Sydney Committee, NSW State government and the City of Sydney as a way to attract people into the city during the January holiday period. It first took place in 1977 and has grown to become a major cultural event that defines Sydney's personality.

A key feature of the Sydney Festival is accessibility for all audiences. This includes free events, affordable ticket pricing, making the website more accessible for all, and collaborating with various artists with disability. In 2017, the original program brochure was brought out in multiple formats including braille, audio CD and MP3.

Figure 9-1: Sydney Festival NSW Snapshot

	2013	2014	2015	2016	2017
Number of events	92	144	167	155	154
Attendance at free events	432,000	416,394	398,936	395,459	453,414
Website visitors	853,199	1,101,115	1,200,00	1,100,000	1,500,000
Turnover (in '000)	7,370	18,000	18,000	18,000	20,800

Source: Sydney Festival, Annual review 2013-2017

Sydney Festival attracts audiences of all age groups across free and ticketed events, with 25-44 year olds most strongly represented. Around 15 per cent of its audience are visitors from outside Sydney. In 2016, the festival spent 38 per cent of its total programming budget on free programs, up from 34 per cent in 2015.[114] Each year, the festival attracts at least 70 per cent of its audience to the free events, reinforcing the Festival's ethos of ensuring accessibility. In 2018, the Festival hosted 133 events, 47 of which were free to the public.

Over the period 2015-16 to 2017-18, approximately $15.27 million of Government funding was approved through the 2016 Annual Program and the Key Festivals Funding (2017-18 and 2018-19) program in support of the Sydney Festival.[115] The Sydney Festival is constantly working to become a more sustainable event, to achieve its goal of being the most sustainable major performing arts festival in Australia. Through its Reconciliation Action Plan, Sydney Festival is also working towards bridging the gap between Aboriginal and Torres Strait Islander people and their fellow Australians.

[114] Sydney Festival, Annual Review 2013-2017.
[115] Information provided by Create NSW.

9.2 Sydney Writers' Festival

The annual Sydney Writers' Festival is Australia's biggest literary festival held every year. The festival is a week-long event about books and ideas, attracting a huge and diverse audience of over 100,000 people. It celebrates the coming together of both national and international contemporary novelists, screenwriters, musicians and leading public intellectuals and journalists.

Being a not-for-profit organisation, the festival's aim is to be accessible to its audience. Each year, there are many free events and in 2015, the Live and Local Streaming Program was launched, with key events streamed live to 20 venues across Australia, including regional Australia. The iTunes channel was also launched in 2015, hosting content from new and old festivals, and was rated in the top ten art podcasts in Australia. Over the period 2015-16 to 2017-18, the Sydney Writers' Festival has received approximately $1.5 million in Government funding, granted through the Multiyear Program Funding (2016-2018) program.[116]

Sydney Writers' Festival 2016

116,000 attendance recorded, including more than 45,000 children	19,000 books sold	456 events, of which 141 were free	68 international guest writers

Source: Sydney Writers' Festival, Annual Review 2016

9.3 Biennale of Sydney

The Biennale of Sydney is an international festival of contemporary visual art, held every two years across Sydney. It runs for three months, making it the longest running exhibition of its kind. It is also the first biennale to be established in Asia-Pacific in 1973.

Each edition of the festival is underscored by an overarching theme that connects artists from across the globe, developed by a new Artistic Director every year. The Biennale of Sydney provides a platform for presenting innovative and provocative contemporary art, and promoting cultural exchange. It is the only free festival of scale in Australia, reaching out to a large audience through public and educational programs.

2014 → **2016**

Visitor Numbers	Government Funding	Self-generated revenue	Number of artworks exhibited
An increase in visitation numbers from 6.23 million to 6.43 million	Slight decrease in Government grants by about 6%	Decline from 4.55 million in the 19th BoS to 4.23 million in the 20th BoS	Increased from 185 to 200

Source: Biennale of Sydney, Annual report 2016

The 20th Biennale of Sydney in 2016 witnessed the second highest exhibition attendance on record, attracting 245,000 tourists of which about 45 per cent were from overseas, which was an increase of 20,284 visitors from the previous edition. Over the period 2015-16 to 2017-18, the Biennale of Sydney

116 Information provided by Create NSW.

received approximately $2.0 million in Government funding, granted through the Multiyear Program Funding (2016-2018) program.[117]

There were over 200 artworks presented, created by 83 artists across 30 countries, and 70 per cent of the presentations comprised of newly commissioned work. As a result of the festival's efforts towards increasing its outreach, there were 420,868 website visits recorded. Independent research estimates that the 2016 Biennale exhibition added $40 million to the economy of Sydney, with the majority coming from visitors outside of NSW.[118]

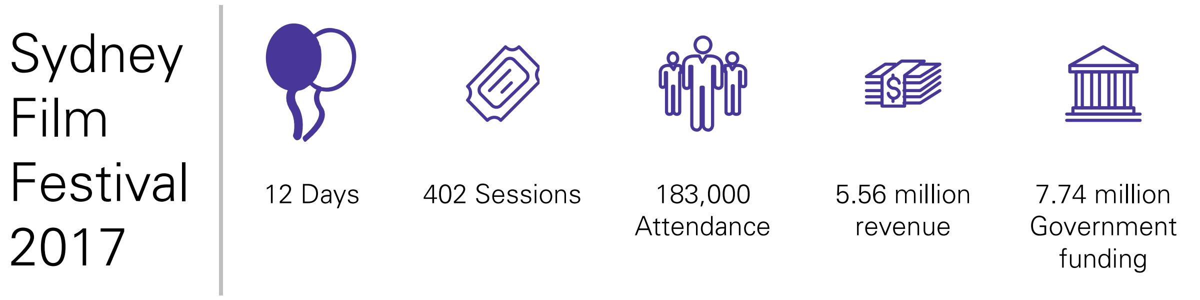
The Council of the City of Sydney has earmarked $626,200 for the festival from 2015 to 2021, to support the festival's plan to increase national and international activities.

9.4 Sydney Film Festival

The Sydney Film Festival is a major annual event that takes place at the State Theatre as well as various cinemas across Sydney for 12 days in June. The festival brings together more than 300 screenings of the world's best new in cinema including features, documentaries, short films, animations, restorations and more.

Since its inaugural event in 1954, the festival has attracted local and international film-makers and acts as a platform for cultural thought and exchange. The festival provides support to local filmmakers and showcases upcoming talent through the Official Competition for awards and cash prices.

Figure 9-2: Sydney Film Festival 2017 Snapshot



Source: Sydney Film Festival, Financial report and acquittal response 2017

The Sydney Film Festival is one of the oldest and longest-running film festivals, which has been on a continuing trend of exceeding previous attendance figures for the past ten years. In 2017, the festival recorded the highest attendance across screenings, events and talks, with a 3.1 per cent increase from the previous edition to 183,000 and an average of 72 per cent capacity.

The festival has been an important and popular cultural event for the past six decades, while being consistent and accessible to a larger audience through a wide range of events. The festival also promotes diversity, with the 2017 festival showcasing Indigenous stories and having over one-third of the films screened directed (or co-directed) by women. In partnership with Create NSW's Screenability Program, the festival also presents films by screen practitioners with a disability.

The Travelling Film Festival (TFF) was established in 1974 and currently tours 18 locations each year. The TFF showcases cinema in regional Australia, promoting a unique film experience that encourages community engagement and dialogue.

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[117] Information provided by Create NSW.
[118] Biennale of Sydney, Acquittal response 2016.

Deni Davidson, Australian Circus Festival, 2017.
Photo: Wildest Dreams Photography

Museum of Contemporary Art Australia, Photo: Anna Kucera.
Photo courtesy the Museum of Contemporary Art Australia and Anna Kucera

Business and developer investment in the arts is growing. Partnerships such as the C3West program demonstrates the benefits of artists working with business.

Partnerships, Business and Developer Investment

C3West develops and presents high quality art projects by local, national and international artists working in collaboration with businesses and non-arts organisations across Western Sydney. The Museum of Contemporary Art (MCA), a State Significant Organisation, is the lead agency. C3West is predicated on the belief that artists can bring unique value to situations beyond the gallery context, aligning corporate social investment strategies with community development. This successful collaboration with both artists and non-arts partners in Western Sydney, gives a voice to local issues while collaborating with the business sector in new ways. C3West has established a reputation for developing ethical partnerships with Western Sydney companies and communities, demonstrating the benefits of artists working with business that go beyond those of just direct sponsorships.

C3West is a long-term partnership between Blacktown Arts, Casula Powerhouse Arts Centre (CPAC), Campbelltown Arts Centre (CAC), Information and Culture Exchange Parramatta (ICE), Penrith Regional Gallery and the Lewers Bequest (PRG&TLB), and the Museum of Contemporary Art, Australia (MCA). Established in 2006, the original C3West Steering Committee comprised directors of CPAC, PRG&TLB and the MCA. CAC joined in 2007 and ICE joined in 2013.

As of 2018, more than 30 artists from Australia and abroad have developed projects that may not have come to fruition otherwise, in collaboration with non-arts partners at locations across Western Sydney. Commercial partners identified in the early stages of the project and with whom C3West artists worked with from 2006 included Panthers World of Entertainment, Penrith; SITA Environmental Solutions, Liverpool/Penrith; and Hammond Care Group, Hammondville. Subsequent partners have included businesses, local councils, state government agencies and non-for-profit organisations.

Create NSW provided initial funding of $375,000 towards the project, matched by the Australia Council for the Arts. The total cost of the program over this initial 2006-2009 period was over $1.5 million. C3West subsequently secured additional project funding from the Australia Council, and has been supported by philanthropic program funding from Crown Resorts Foundation since 2014, securing the ongoing sustainability of the program. With this support along with that provided corporate sponsorship, grants and partner contributions C3West has generated over $2,000,000[119].

After receiving Create NSW investment, C3West produced multiple projects across Western Sydney with strong demand reflected through continued growth in audience numbers. *The Blacktown Native Institution Project*, for example, was delivered in 2014 and 2015 with a profound impact upon participating communities and artists, including a series of healing activities that contributed to renewed cooperation in developing an Aboriginal-led vision for the future of the site. This C3West project was a collaboration with Blacktown Arts Centre (on behalf of Blacktown City Council) and UrbanGrowth NSW, and involved persistent and genuine community consultation with more local Aboriginal people becoming involved over time. The total number of attendees for the three camps was around 1,210. In 2014, artist Michel Tuffery led *Transforma* in partnership with Campbelltown City Council, highlighting the connections between the community of Airds and the health of nearby bushland. In 2016, *Food Fight* raised awareness of food insecurity, led by artists Branch Nebula and Diego Bonetto and in collaboration with Liverpool City Council.

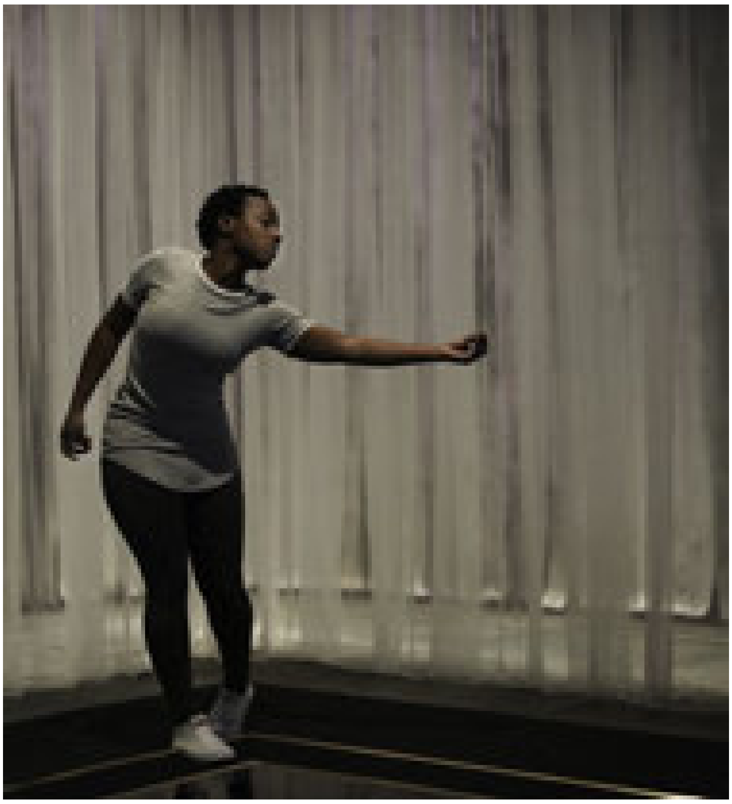
C3West is an exemplary model of linking contemporary art, communities and commerce. The program has received several awards and prizes such as the Australia Award for Urban Design for the art and design collective in The Future of Penrith/Penrith of the Future and IMAGinE Awards for *Transforma* and the *Blacktown Native Institution Project*.

The C3West program has presented top-notch works of contemporary artists working in collaboration with local businesses. This initiative has helped break stereotypes by manifesting non-monetary benefits of commercial art.

Social benefits include

- Developing and promoting high quality art projects by local, national and international artists by working in collaboration with businesses and non-arts organisations across Western Sydney.
- Raising the profile of local issues through collaboration between community, artists, non-arts organisations and businesses in Western Sydney.

[119] Information provided by Anne Loxley, Senior Curator, C3West.



Advance Diversity Services Faith in Action Project, 2017.
Photo: Rowan Yeomans

Playwave is a platform engaging young people in arts, screen and culture, while providing diverse income generation for Shopfront Youth Arts Cooperative.

Engaging Young People and Diversifying Income Streams

Shopfront Arts Co-op (Shopfront) has a 40-year history of creating original work by young people (primarily aged 8-26) in partnership with leading Australian artists. At Shopfront, young people have a say in every aspect of the organisation.

Shopfront offers high quality arts and social experiences to young people, helping them to gain invaluable skills in artistic leadership and community building, and become the next generation of creative content makers and community leaders. These programs allow them to explore their potential and build new skills in the arts and Creative Industries. Shopfront's annual programs include intensive skills development programs for young people and emerging artists, as well as Socially Engaged programs and projects, which put creative and artistic thinking at the heart of solving social and community issues. Shopfront also promotes multi art-form works with, and by, young people and emerging artists across Sydney and the Illawarra region.

In 2016, Shopfront partnered with the City of Sydney to design and deliver a platform encouraging young people to engage with arts and culture. This was through the offer of discounted tickets, exclusive events, original content, and online experiences designed to familiarise young people with real world arts and cultural spaces and activities. Launched in October 2017, Playwave is a membership-based digital platform that makes some of Sydney's premier cultural institutions, performing arts and events accessible to young people (15-19 years). Playwave was designed in collaboration with young people, for young people, and offers a tailor-made digital space where young audiences can also engage with artists, and share photos, videos, and reviews about the shows they have experienced.

Playwave offers a free basic membership, which provides discounted tickets to a wide range of events, as well as a Premium membership, which costs $30 per month and includes two free tickets monthly, along with other benefits.

High-profile organisations keen on developing a young audience have partnered with

Shopfront and made tickets available through the Playwave platform. These presenting partners include the Sydney Theatre Company, the Australian Museum, Carriageworks, the Museum of Contemporary Art, Sydney Dance Company, Sydney Film Festival, Sydney Festival and Griffin Theatre Company, among a host of others.

For Shopfront, creating the Playwave platform has provided an opportunity to expand their engagement with young people and develop a new business model for diversifying income generation through an expansion of the technology behind the Playwave platform.

'The importance of early intervention in shaping outcomes in later life is now widely understood. Given the evidence, it's highly likely that providing arts engagement for very young children would have a significant impact on their engagement in later life.' Deborah Bull, young people and the arts: lessons from 50 years of arts policy, 2015

Shopfront's Playwave program has helped to incorporate the younger generation into the arts and culture sector, igniting their creative senses at an early stage. This has also established a distinct income stream for Shopfront.

Social benefits include

- Offering high quality arts and social experiences to young people.
- Helping young people gain invaluable skills in artistic leadership and community building, and become the next generation of creative content makers and community leaders.
- Promoting multi art-form works with, and by, young people and emerging artists across Sydney and the Illawarra region.
- Providing opportunities for young audiences to engage digitally with artists, and share photos, videos, and reviews about the artistic activities they have experienced.

Appendix A: ANZSIC Concordance

ANZSIC code - name	Creative Industries	Arts, screen and cultural sectors
CULTURAL PRODUCTION		
Music, Performing and Visual Arts		
5522 - Music and other sound recording activities	■	■
9001 - Performing arts operations	■	■
9002 - Creative artists, musicians, writers and performers	■	■
9003 - Performing arts venue operation	■	■
9000 - Creative and performing arts activities, nfd	■	■
R000 – Arts and recreation services, nfd	■	■
Libraries, Archives and Museums		
6010 - Libraries and archives	■	■
8910 - Museum operation	■	■
Publishing		
5411 - Newspaper publishing	■	
5412 - Magazine and other periodical publishing	■	
5413 - Book publishing	■	
5419 - Other publishing (except software, music, internet)	■	■
1612 - Printing support services.	■	
5400 - Publishing (except internet and music publishing), nfd	■	■
5410 - Newspaper, periodical, book and directory publishing, nfd	■	
5520 – Sound recording and music publishing	■	■
Media Production and Broadcasting		
5511 - Motion picture and video production	■	■
5514 - Post-production services and other motion picture and video activities	■	■
5621 - Free to air television broadcasting	■	■
5622 - Cable and other subscription broadcasting	■	■
5610 - Radio broadcasting	■	
5500 - Motion picture and sound recording activities, nfd	■	■
5510 - Motion picture and video activities, nfd	■	■
5512 – Motion picture and video distribution		■
5513 – Motion picture exhibition		■
5600 - Broadcasting (except internet), nfd	■	■
5620 - Television broadcasting, nfd	■	■
J000 - Information media and telecommunications, nfd	■	
CREATIVE SERVICES		
Internet and Digital Services		
7000 - Computer system design and related services	■	
5420 - Software publishing	■	
5700 - Internet publishing and broadcasting	■	■
5900 – Internet service providers, web search portals, and data processing	■	
Advertising		
6940 - Advertising services	■	
Design		
2591 - Jewellery and silverware manufacturing	■	■
6921 - Architectural services	■	
6924 - Other specialised design services	■	■
6991 - Professional photographic services	■	■
Arts Education		
8212 - Arts education		■

Appendix B: Data and Methods

The data used to analyse the economic contribution of the arts, screen and cultural has been collected from various sources including publish and unpublished data. The estimates in this study have been derived from the following publications.

- Attendance at Selected Cultural Venues and Events, Australia, 2013-14 (ABS cat. no. 4114.0)
- Australian National Accounts: Cultural and Creative Activity Satellite Accounts, Experimental, 2008-09 (ABS cat. no. 5271.0)
- Australian National Accounts: Input-Output Tables - 2008-09, 2009-10, 2012-13, 2013-14 and 2014-15 (ABS cat. no. 5209.0.55.001)
- Australian National Accounts: State Accounts, 2016-17 (ABS cat. no. 5220.0)
- Australian Census: Employment and Hours worked by Industry and State, 2006/2011/2016 (ABS)
- Cultural Funding by Government, Australia, 2014 (ABS cat. no. 4183.0);
- Labour Force, Australia, Detailed, Quarterly, Nov 2016 (ABS cat. no. 6291.0.55.003)
- Tourism Research Australia International Visitors Survey and National Visitors Survey (unpublished data);
- Unpublished data from Create NSW, 2016 (previously Arts NSW and Screen NSW)

B1. NSW Arts, Screen and Cultural Sector Employment

Total employment and hours worked by 3-digit ANZSIC in each state and Australia is provided in the ABS publication *Labour Force, Australia*. The Census provides 4-digit ANZSIC employment data, which is used to calculate the 4-digit shares of each 3-digit industry.

There are differences in the estimated employment numbers from the ABS Census and Labour Force Survey. The figures in this report are based on the Labour Force Survey data, as this series is published regularly and can be used to develop an annual picture of employment by industry. The Census data is used to help split the 3-digit labour force data into 4-digit industries. A comparison of the total employment figures from both the 2016 Census and the 2016 Labour Force Survey are shown on the following page.

The Labour Force Survey also shows average hours worked for each industry, which is used to establish the number of full-time equivalent (FTE) employees in each industry.

Employed total ('000) ANZSIC code - Name	Census 2016	LFS est. 2016
CULTURAL PRODUCTION		
Music, Performing and Visual Arts		
5522 - Music and other sound recording activities	566	1,118
9001 - Performing arts operations	2,298	3,205
9002 - Creative artists, musicians, writers and performers	7,456	10,400
9003 - Performing arts venue operation	1,536	2,142
9000 - Creative and performing arts activities, nfd	400	558
R000 – Arts and recreation services, nfd	1,149	615
Libraries, Archives and Museums		
6010 - Libraries and archives	1,745	2,962
8910 - Museum operation	2,285	3,474
Publishing		
5411 - Newspaper publishing	5,811	5,987
5412 - Magazine and other periodical publishing	3,556	3,664
5413 - Book publishing	1,619	1,668
5419 - Other publishing (except software, music, internet)	55	57
1612 - Printing support services.	671	1,030
5400 - Publishing (except internet and music publishing), nfd	1,182	1,153
5410 - Newspaper, periodical, book and directory publishing, nfd	85	88
5520 – Sound recording and music publishing	65	128
Media Production and Broadcasting		
5511 - Motion picture and video production	4,525	6,728
5514 - Post-production services and other motion picture and video activities	392	583
5621 - Free to air television broadcasting	7,772	9,846
5622 - Cable and other subscription broadcasting	1,998	2,531
5610 - Radio broadcasting	1,950	1,922
5500 - Motion picture and sound recording activities, nfd	60	89
5510 - Motion picture and video activities, nfd	329	489
5512 – Motion picture and video distribution	292	434
5513 – Motion picture exhibition	3,197	4,754
5600 - Broadcasting (except internet), nfd	432	967
5620 - Television broadcasting, nfd	318	403
J000 - Information media and telecommunications, nfd	2,129	0
CREATIVE SERVICES		
Internet and Digital Services		
7000 - Computer system design and related services	63,231	89,703
5420 - Software publishing	326	0
5700 - Internet publishing and broadcasting	1,386	941
5900 – Internet service providers, web search portals, and data processing	75	0
Advertising		
6940 - Advertising services	14,886	13,876
Design		
2591 - Jewellery and silverware manufacturing	898	2,030
6921 - Architectural services	13,147	23,160
6924 - Other specialised design services	9,873	17,393
6991 - Professional photographic services	3,738	4,534
Arts Education		
8212 - Arts education	7,280	14,323

B2. NSW Arts, Screen and Cultural Sector Output

Total output in the arts, screen and cultural sectors in NSW was derived from the historical national data. Specifically, the data was estimated using the following steps.

a) A very detailed cultural industry breakdown at the national level is contained in the ABS's Cultural and Creative Activity Satellite Accounts. This data is provided for 2008-09.

b) This study replicated the ABS satellite account methodology across the latest (2009-10, 2012-13, 2013-14 and 2014-15) input-output tables to estimate the level of Australian production of arts, screen and cultural sectors in these later years. From this, we estimate total Australian production of arts, screen and cultural sectors.

c) As this detailed data is only available at the national level, a state estimate is derived by splitting the national output across states and territories using industry FTE employment shares that are available at the state level (calculated in B1, above). Applying the shares to the national output numbers, we obtain an estimate of output by the cultural sector in NSW. This assumes that the ratio of labour to output in each NSW industry is the same as the national average for each industry.

B3. NSW Arts, Screen and Cultural Sectors Value-Added

Value-added in the arts, screen and cultural sectors in NSW was also derived from the historical national data. Specifically, the data was estimated using the following steps.

The ABS's Cultural and Creative Activity Satellite Accounts also provides 2008-09 data for total value-added in the arts, screen and cultural sectors (as defined in this report). The newly developed 'satellite accounts' show estimated total Australian value-added of arts, screen and cultural sectors (as defined in this report) for 2014-15.

Value added is benchmarked to output at the national level for each of the arts, screen and cultural sectors (as defined in this report). This relationship (ratio) is then applied to the NSW output estimates (from B2) to estimate the NSW value added for each of the industries. The implicit assumption is that the NSW arts, screen and cultural sectors industries have the same proportion of total output made up by wages, profit and taxes/subsidies as the national arts, screen and cultural sectors.

B4. NSW Arts, Screen and Cultural Sector Cultural Tourism

The cultural tourism numbers are derived from the International and Domestic Visitor Survey together with unpublished data provided by Tourism Research Australia. Since the data is provided at a national level, to make inferences about the level of tourism activity in the NSW economy:

- national cultural visitor nights were split using the ratio of cultural attendance at cultural venues and events for NSW to that of Australia; and
- the level of NSW cutural tourism expenditure was estimated by splitting national cultural tourism expenditure data using the ratio of value-added in Arts and Recreation for NSW to that of Australia.

Appendix C: Economic Modelling

This attachment discusses and presents the economic modelling approach used to estimate the economic contribution of the arts, screen and cultural sectors to the NSW economy. To estimate the total economic contribution of the arts, screen and cultural sectors, this study employed a comparative static, computable general equilibrium (CGE) model. A further description is presented below:

C.1 Modelling Economic Impacts

To model the economic impacts beyond those that directly relate to the arts, screen and cultural sectors it is necessary to employ a modelling technique that makes use of information about the linkages of the industries within the broader economic context. The starting point for modelling these linkages is the input-output table published by the ABS.

Input-output table data provides detailed information on the upstream and downstream linkages of each industry in the economy. Upstream linkages refer to the sources of inputs to the industry in question. These linkages may be in the form of intermediate inputs produced by other domestic industries, imported intermediate inputs, labour and other factors of production. For example, the preparation of a set for a theatre production would use inputs such as paint, timber, imported fabrics, and services such as those of the transport industry. Downstream refers to linkages to those economic agents that purchase the industry's output. For example, a tourism business might purchase a block-booking of theatre tickets that it bundles with accommodation, dining and transport to sell to interstate tourists. Consequently, downstream linkages include sales to other industries that use the output of the arts, screen and cultural sectors as intermediate inputs in their own production process or are final users of the product.

An input-output table is a useful tool as a snapshot of the economic flows within the economy at the time the data was collected. An input-output table can be used to provide simplified estimates of the sensitivity of the economy (measured by employment, value added or turnover) to small changes (termed 'shocks') within industries. An example of such a shock might be a one percent increase in interstate tourists attracted to Sydney to attend a popular theatrical production. This might lead to a similar increase in the use of hotel rooms, restaurant meals, etc. This sort of analysis can be used at the industry-wide level to estimate input-output multipliers – that is, the total economy-wide impact on employment or output resulting from a change in one industry, considering the change in demand for the outputs of other industries.

An input-output table however, is not an economic model that can explain how the economy may react to changes such as to demand or prices. A major limitation of the use of input-output multipliers when used to conduct impact analysis is that the relationship between industry inputs and outputs (the coefficients) are fixed, implying that industry structures remain unchanged by the shock to the industry (for instance, a change in demand or prices).

Effectively, input-output multipliers assume unlimited resources. For instance, extending the example above, it assumes a one percent increase in interstate tourists attending a Sydney based theatrical production can be accommodated in hotels through utilising what would otherwise have been empty rooms, and can find restaurant bookings in what would have otherwise be unfilled tables.

Scarcity of availability of inputs (e.g. skilled labour, accommodation etc.) mean that these inputs are affected by, and respond to, prices (e.g. wages, room prices). The higher prices, due to the increased demand for rooms by those visiting to attend the theatre, will, at the margin, reduce demand by some other visitors (perhaps those attending for shopping or to visit relatives). Therefore, the result will be that these price impacts will then have an impact on activity levels which feed back into price effects and so on.

In input-output analysis, where all adjustments relate only to the quantities produced, this type of feedback response is assumed not to occur. Consequently, using an input-output model can result in an overstatement of the impacts of a change in one industry on the broader economy. For these reasons, while the ABS previously published input-output multipliers, it has ceased publishing these estimates.

C.2 CGE Models

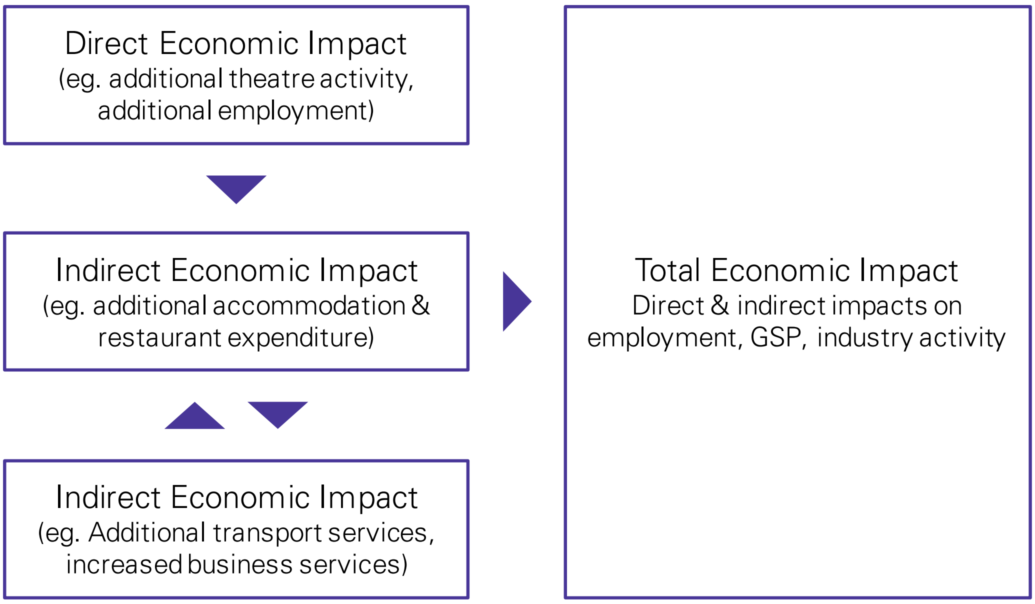
A CGE model is based on an input-output table database, but is extended to make more sophisticated economic assumptions. CGE models have additional features that make them better suited for economic impact assessments, including:

- recognising resource constraints and responses of businesses, workers through adjusting prices/wages;
- capturing employment/capital (and other factor inputs) substitution for example, by responding to higher wages by increasing the use of capital; and
- capturing a much wider set of economic impacts such as behavioural responses to price changes of consumers, investors, foreigners etc.

By introducing these additional economic assumptions, we can model beyond the first-round impact of an event or policy. This added sophistication means that a CGE model allows for feedback responses by producers, consumers, investors and foreigners. These flow-on effects mean that the results are less likely to be overstated, particularly over the medium to long term.

This study has utilised our proprietary in-house CGE model to capture the economic contribution of arts, screen and culture to the NSW economy. This CGE model represents the Australian economy and the state and territory economies. It has been created to provide detailed insights into economic impacts at a state and territory level, by dividing the national economy into eight fully integrated economic regions. Inter-state flows of goods and services, factors of production and population have been specified, allowing a state-specific analysis of the NSW economy.

The diagram below presents a conceptual idea of how the CGE model captures both direct and indirect impacts in the economy.



The CGE model represents the economy as a system of interrelated economic agents operating in competitive markets. Economic theory is used to specify the behaviour and market interactions of economic agents, including consumers, investors, producers and governments operating in domestic and foreign goods, capital and labour markets. Defining features of the theoretical structure of the CGE model include:

- Optimising behaviour by households and businesses in the context of competitive markets with explicit resource constraints and budget constraints;
- The price mechanism operates to clear markets for goods and factors such as labour and capital (i.e. prices adjust so that supply equals demand); and
- At the margin, costs are equal to revenues in all economic activities.

C.3 Model Data

The key data input used by CGE model is an input-output table that quantifies the flows of goods and services between producers and various users (e.g., intermediate inputs to other producers, inputs to capital creators, households, governments and foreigners) and the flows associated with primary factor inputs (i.e., labour, capital, land and natural resources). In the CGE model, the input-output database is combined with the model's theoretical structure to quantify sophisticated economic behavioural responses, including to:

- Price and wage adjustments driven by resource constraints;
- Price and tax and/or government spending adjustments driven by budget constraints;
- Allow for input substitution possibilities in production (e.g., allowing the combination of labour, capital, and other inputs required to produce a output to vary in response to relative price changes);
- Capture a wide set of economic impacts driven by the responses of consumers, investors, foreigners and other agents to changes in prices, taxes, technical change and taste changes; and
- Detailed modelling of state and federal government fiscal accounts and balance sheets, including the accumulation of public assets and liabilities.

C.4 Economic contribution of arts, screen and culture in NSW

To ascertain the economic contribution of the arts, screen and cultural sectors to the NSW economy, we model a scenario where the economy is 10 percent larger in the arts, screen and cultural sectors. This allows us to infer the current impact of the arts, screen and cultural sectors across the entire NSW economy.

The model inputs include the contribution of current economic activity as well as induced tourism, and are spread across arts, screen and cultural sectors in the economy and tourism related exports.

As mentioned, the analysis considers the impact on tourism-related economic activity if the arts, screen and cultural sectors were 10 percent larger. This is applied in the modelling through a 10 percent increase in arts, screen and culture-induced tourism expenditure on each of the core tourist-related goods and services (non-arts, screen and cultural activities). These two sets of changes are applied in unison in the CGE model to estimate the total impact of both the direct arts, screen and cultural output and the induced tourism related expenditure.

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KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The findings in this report have been formed on the above basis.

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