



CREATIVE
VICTORIA



Victoria's Creative and Cultural Economy Fact Pack

02 April 2015

THE BOSTON CONSULTING GROUP

Note to the reader: Context

This material forms one of 13 fact packs produced by BCG in two short engagements

The fact packs draw on a range of sources

- Research and information held within the Department
- Publicly available information and reports
- BCG research and experience
- Discussions within the Department, with a number of BCG experts
- However, within the available time, we were not able to engage with the community and industry

Data availability was highly variable across the industries, regions and cohorts covered

- In some cases good public information (e.g. ABS data) was available
- In others we needed to draw on different (and sometimes inconsistent) sources of varying depth and quality, and to use proxies and other indicators where data was unavailable
- We have made our best efforts within the available time to synthesise the data available and to develop a consistent basis of comparison across industries, regions and cohorts; however, data gaps remain in a number of areas

The objective of the fact packs is to form the starting point for further work by the department

- We have attempted to highlight gaps and questions for further investigation

Given the disparate data sources the reader should carefully read footnotes and appendices for explanation of categories and data displayed

Industry snapshot

The creative and cultural (C/C) economy

Definition

Defined broadly to include both industries classified as 'cultural' or 'creative' by the ABS ANZSIC classifications, as well as creative and cultural occupations outside creative and cultural industries as defined by the ABS ANZSCO classifications.

Excludes wholesaling and retailing of cultural goods.

Current Status (2012-13)

Metric	Size	Growth (08-13)	Comments/assumptions
GVA	\$22.7b	4.1%	C/C economy growth almost double rate of Victorian economy
Employment	222k	2.9%	This represents 29% of total national employment in C/C economy
Exports	\$1.4B	4%	Exports fluctuate year to year but overall growth from 2010-13

Incremental Opportunity (2025)

Metric	Size	Comments/assumptions
GVA	\$21.9B	Uses disaggregated GVA by industry using historic 5 yr growth rate.
Employment	90k	Employment projection uses disaggregated employment CAGR by industry
Exports	\$0.9B	Export projection grown through C/C export CAGR (2010-13)

Competitiveness



Access to resources



Infrastructure and regulatory costs



Scale



Market position



Innovation

Key

- ++** Significant strength
- +** Advantaged
- ~** On par globally
- Disadvantaged
- Significantly disadvantaged

Executive Summary

Creative & cultural economy

Creative and Cultural (C/C) economy includes *industries* and *occupations* classified as 'creative' and/or 'cultural'

- C/C economy is considered through the lens of both economic value and the broader societal benefits it bring to Victoria

C/C economy is significant contributor to Victorian economy – estimated \$22.7B GVA and employing 222,000 people in 2013

- Accounts for 8% of economy in GVA terms and is growing more quickly than the broader economy
- Victoria ~29% of all Australian C/C economy employees and an estimated 29% of national GVA, which is slightly above its overall share of the overall economy
- C/C economy generates \$1.4B in exports primarily in services
- Cultural tourism contributed \$1B to the Victorian economy, anchored by international tourists
- 70,000 volunteers contribute \$220m value to the Victorian economy

Cultural industries is a subsector of broader C/C economy

- Employees over-represented in Melbourne relative to the regions and jobs concentrated in Central Melbourne
- Dominated by small employers, but with strong growth in businesses greater than 5 people

C/C economy contributes beyond direct economic benefits

- C/C activities generate intrinsic cultural value, both to individuals and society
- Good evidence to show that there are various spillover economic benefits to other industries from a thriving C/C economy which contributes to liveability and innovation within a city
- Arts-based interventions are shown to have benefits in a range of other social domains (eg Health, Education, Corrections, Disability, Mental Health, Indigenous)

Contents

Scope and Framing

Economic Value

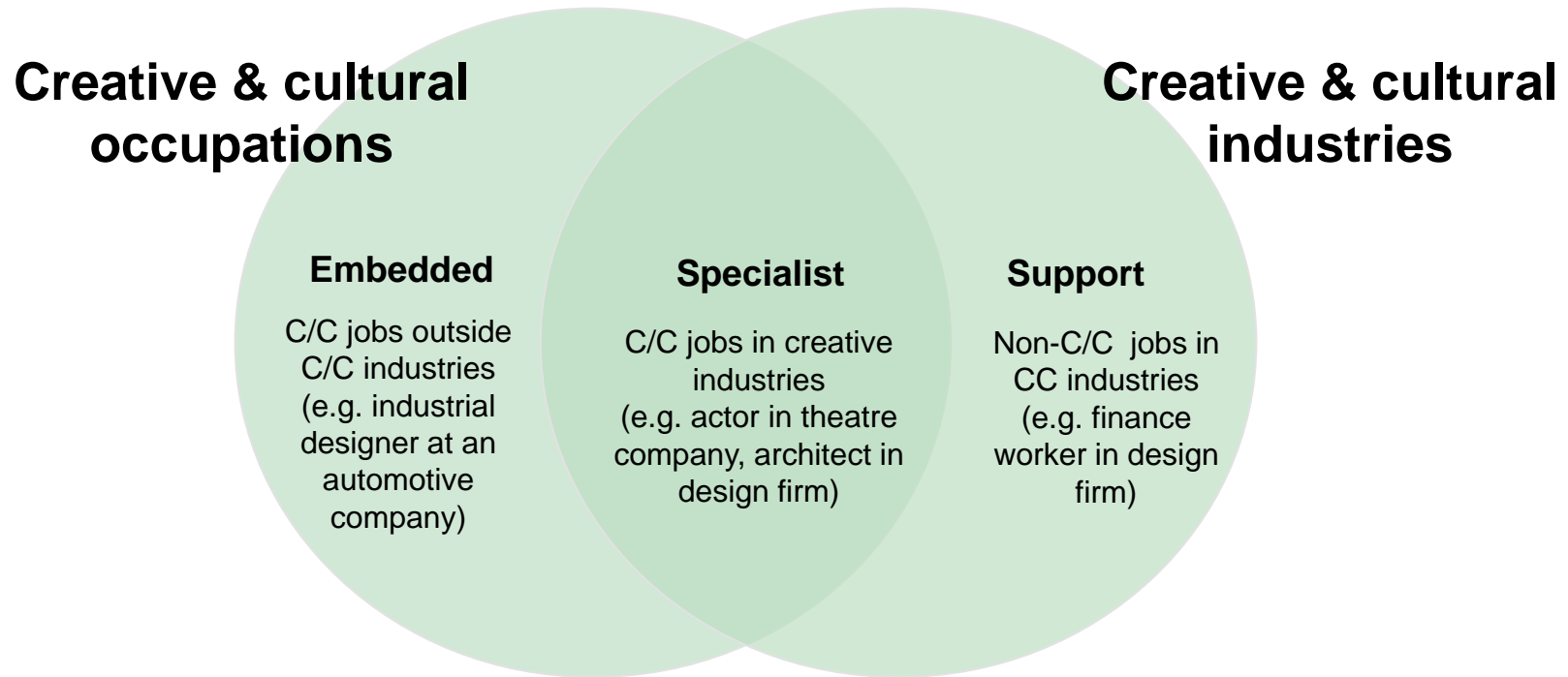
Spillover Value

Social & Cultural Value

Opportunity Assessment

A whole-economy approach captures all activity that is either creative and/or cultural

Creative & cultural economy



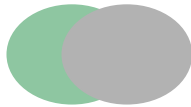
BCG analysis focuses on the creative & cultural economy

Scope and examples

'Cultural' is generally used to describe activities which communicate symbolic meaning (e.g. beliefs, values, traditions), require human creativity as an input, and potentially contain intellectual property, whereas 'creative' generally refers to activities for which human creativity is a particularly significant input. These terms are often used to describe activities connected with the arts, media, heritage, design, fashion and information technology. An activity can be both 'cultural' and 'creative', and indeed, the terms are often used in overlapping ways in government, industry and academic circles.

- ABS 5271.0 Cultural and Creative Activity, Satellite Accounts Report, 2009, p. 29

Embedded jobs inclusions



Embedded jobs in non-C/C industries including

- Advertising managers, professionals
- Hospitality managers, professionals
- Arts, music professionals
- Directors, script editors and writers
- Fashion, industrial and jewellery designers
- Graphic and web designers
- Private tutors, ICT business and systems analysts
- Multimedia specialists
- Software programmers
- Performing arts technicians
- Gallery, library and museum technicians
- Printers



Creative & cultural industry inclusions



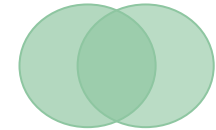
Manufacturing – clothing, footwear, jewellery, books, CDs

Professional services – architecture, advertising & marketing, design, computing

Education – arts education, music lessons

Information, media and telco – publishing, software development, movies and video, TV, music

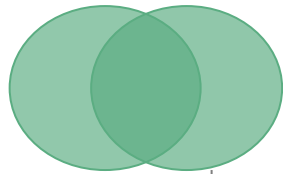
Arts and recreation – museums, performing arts, venue management, visual arts & crafts



Note: These lists are examples only, not comprehensive. See Appendix 3 for full explanation of cultural-creative distinction. Many jobs listed in the 'embedded' column will also appear in C/C industries (e.g. arts professionals), but this list is indicative of the range of embedded C/C occupations that have been counted in our analysis. That is, most arts professionals will be counted in the C/C industries if they do in fact work in C/C industries, but some (i.e. an arts professional working in a bank or a school) would be categorised as an embedded job.

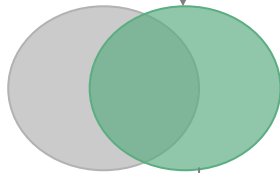
BCG isolated parts of C/C economy for greater analysis

Framework used to assess the Creative and Cultural Economy



Creative & cultural economy

- Includes *industries* and *occupations* classified as 'creative' and/or 'cultural'¹
- This provides a whole picture of all cultural and creative activity in embedded, specialist and support roles



Creative & cultural industries

- Industries are classified 'creative' or 'cultural' based on the nature of their primary output
- Creative industries include computer system design, fashion & architecture
- Cultural industries include printing, arts, education, antiques
- **NB. Many industries are both creative and cultural, e.g. music publishing, performing arts**



Cultural industries

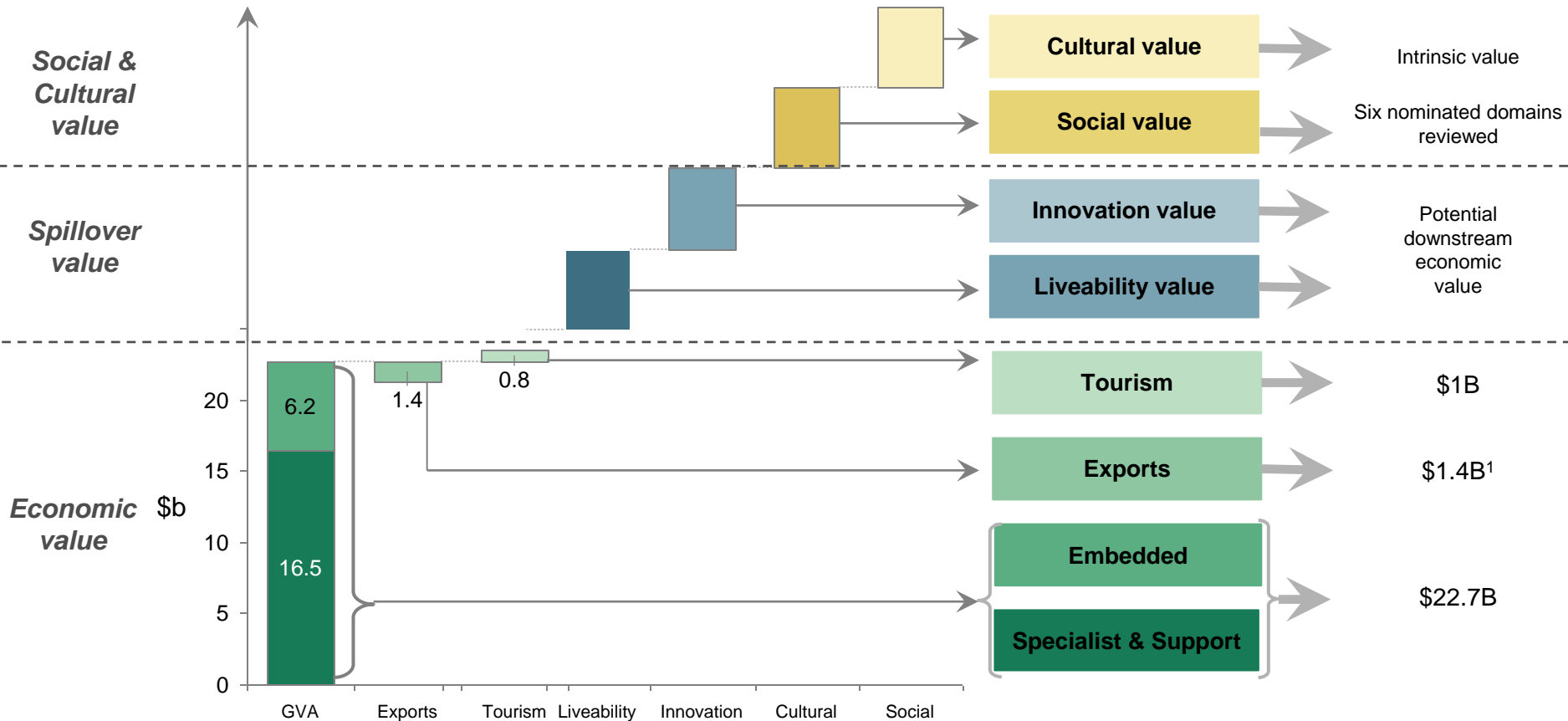
- Only industries with classification 'cultural' (~60% of total C/C industries)
- This includes:
 - industries which are only cultural, e.g. book printing
 - industries which are both cultural & creative, e.g. museums

This deck considers the cultural & creative economy as a whole, and then deep dives into cultural industries

1. The ABS defines what is cultural and what is creative in the *Satellite Accounts Creative and Cultural Industries 2008-2009*. BCG have adopted this classification for our analysis. See Appendix 3.

C/C economy generates economic, social and cultural value

Cascading model captures value using different metrics



Source: BCG analysis, drawing on data from Satellite accounts of creative and cultural industries, Australian Census data, GVA data from Regional Development Victoria, Cultural employment estimates 2011

1. Exports value is included in the GVA total.

Explanatory Note: Economic value is quantified in terms of \$, broader societal value is not quantified in \$, and therefore the respective sizes of each component on this graph are indicative only and not intended to suggest that economic value is great than broader societal value.

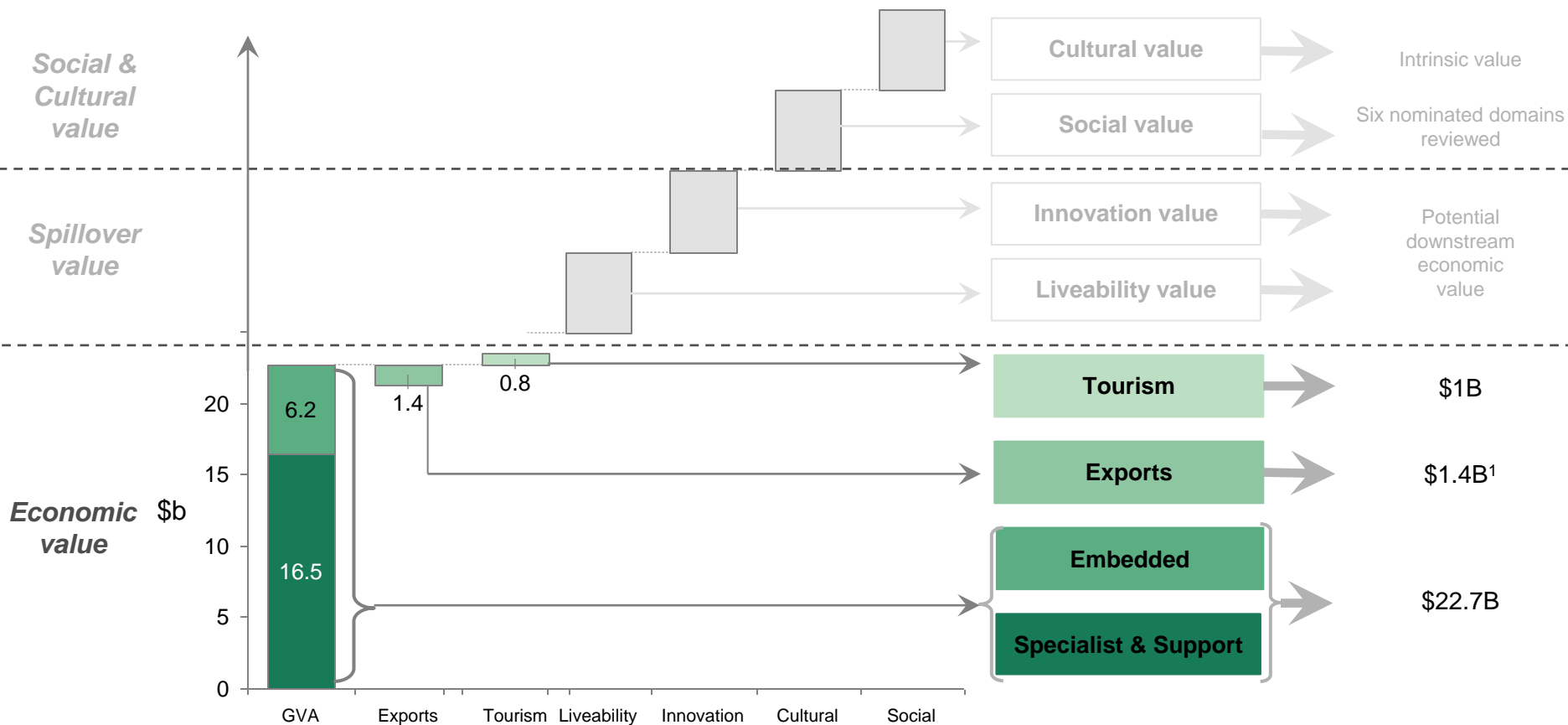
Scope and Framing

Economic Value

Spillover Value

Social & Cultural Value

Opportunity Assessment



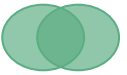
Source: BCG analysis, drawing on data from Satellite accounts of creative and cultural industries, Australian Census data, GVA data from Regional Development Victoria, Cultural employment estimates 2011

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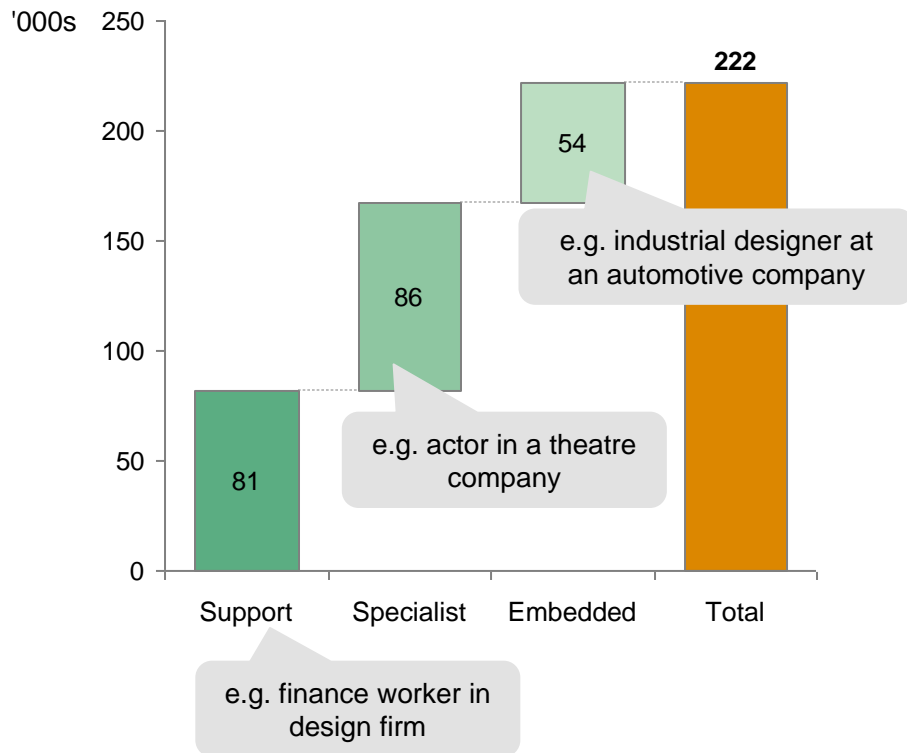
C/C economy employs around 222k in Victoria

29% share of national C/C jobs, overrepresented on a national basis



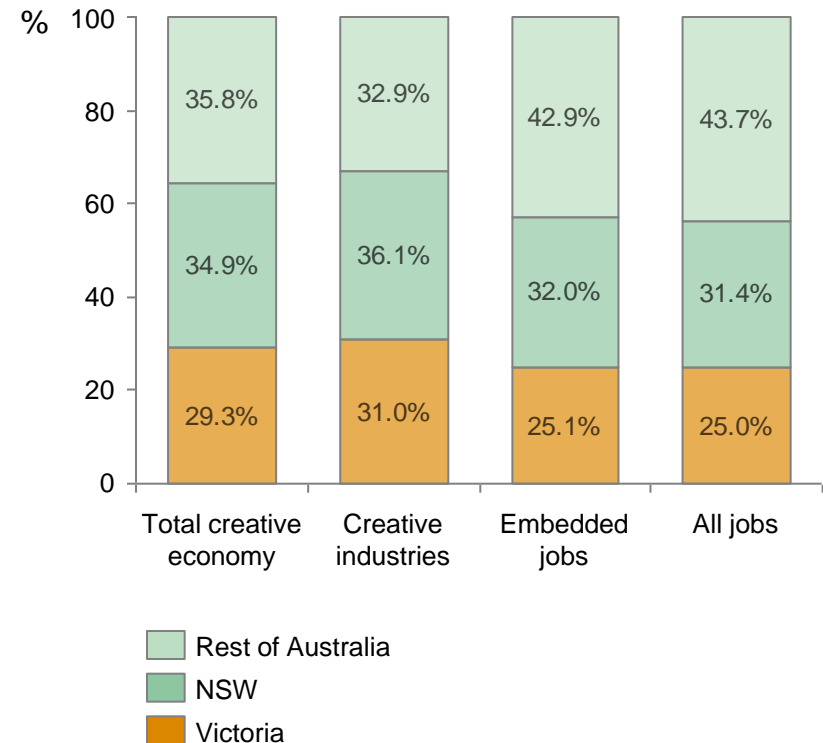
C/C economy employs 222K people, 167k working for C/C businesses

Estimated employment in C/C economy, 2013, Victoria



Victoria has 29% of national jobs in C/C economy, 31% of C/C industries

Estimated employment share of C/C economy, 2013



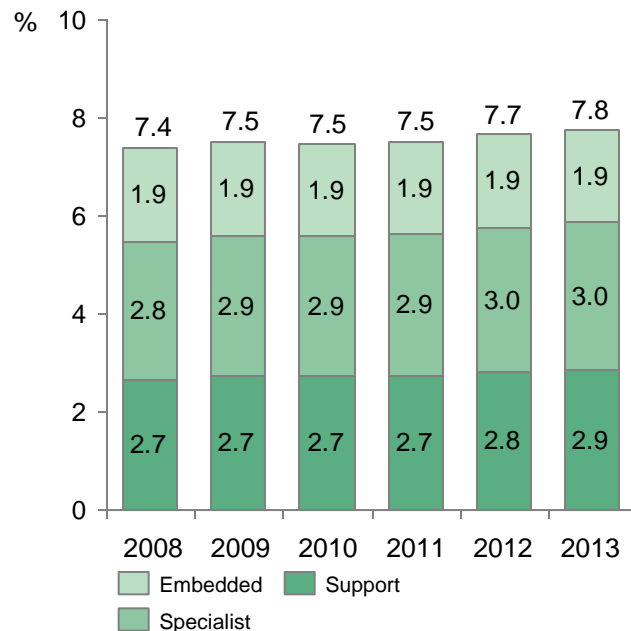
Source: BCG analysis; Census data 2011 (ANZSIC and ANZSCO 4-digit codes for Victoria); Labour force statistics 6271.0.55.003 employment by industry group

C/C economy accounted for 8% of Victorian economy in 2013



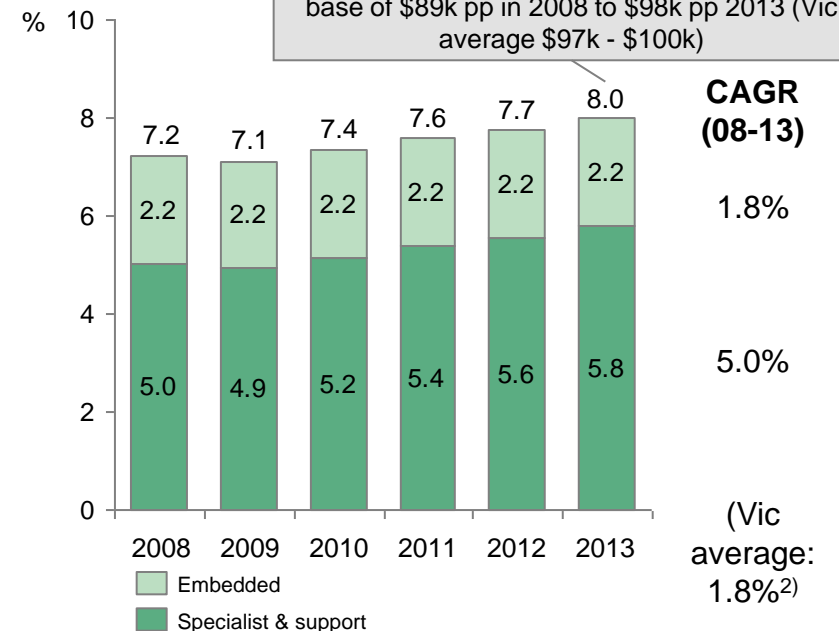
C/C economy is almost 8% of Victorian employment

C/C economy employment as % of Victoria's working population over time



C/C economy GVA share growing relative to Victorian economy

C/C economy GVA as % of Victoria's Industry GVA over time¹



Workers in the C/C economy generate slightly more GVA than the Victorian average worker

1. Industry GVA excludes GVA due to ownership of dwellings, which is approximately 9% of Victoria's GVA in 2013 2. National accounts data suggests 2.1% is Victorian growth rate, however data used by analysis indicate 1.8% - sourced from RDV GVA data

Source: BCG analysis; Census data 2011 (ANZSIC and ANZSCO 4-digit codes for Victoria); Labour force statistics 6271.0.55.003 employment by industry group; GVA data sourced by RDV, ABS

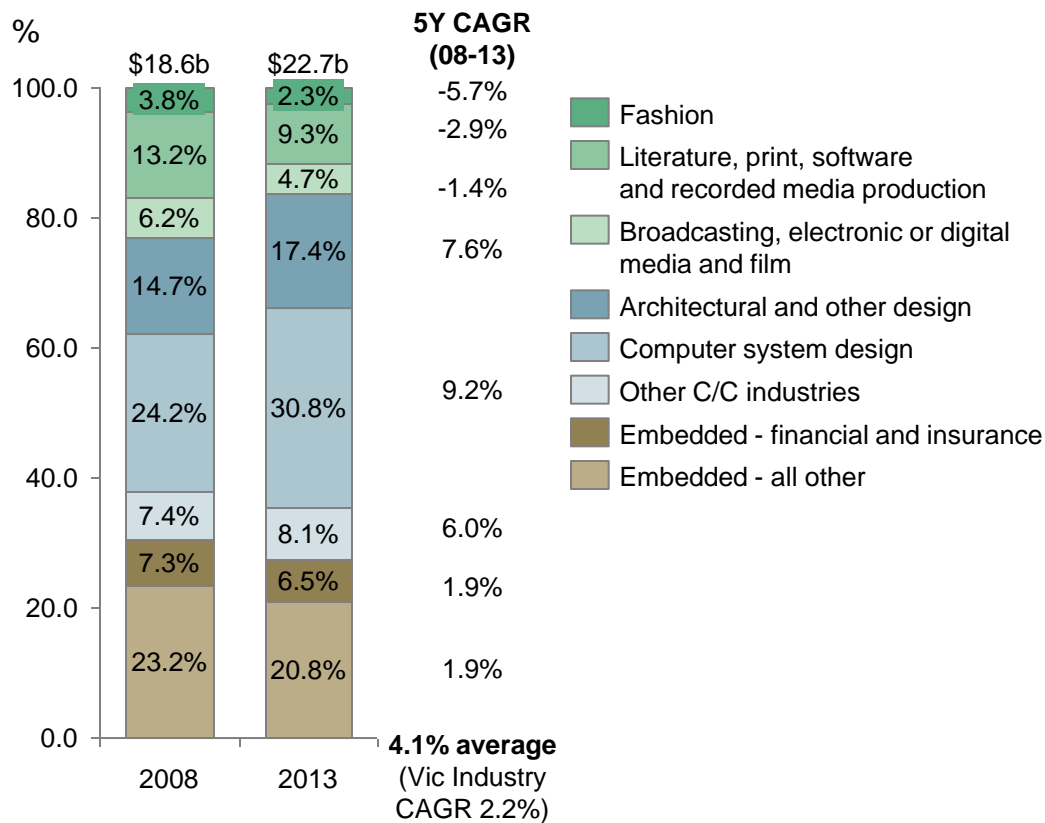
Victorian C/C economy generated \$22.7b in 2013

GVA anchored by growing design industry (48% of total, only 39% in 2008)



C/C GVA has grown faster than the Australian economy, led primarily by design growth

Victorian C/C economy GVA by industry¹, 2013



NSW and Vic have disproportionate share of C/C industries' GVA

Australian C/C economy GVA by state 2013



1. The data from this chart was derived from Regional Development Victoria and Labour Force Statistics, both of whom used ANZSIC codes to categories industries. Therefore, the industry categories in this graph are grouped by ANZSIC codes. "Computer system design" is ANZSIC code 7000, and "Architectural and other design" includes all other design fields.

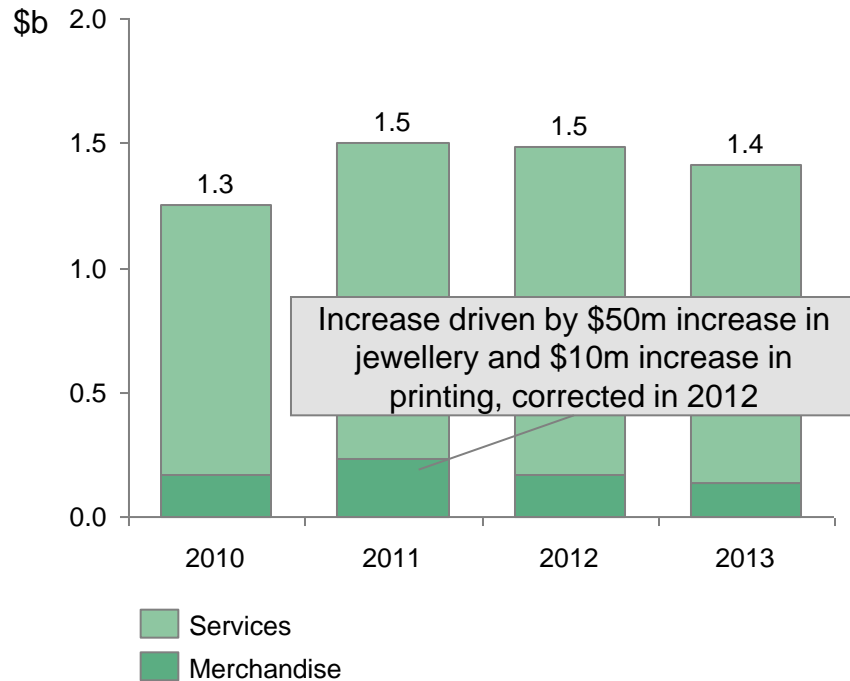
2. This number may be higher share, because whole-of-Australia GVA per person was used to calculate creative industries rather than NSW GVA per person, skewing numbers downwards
Source: BCG analysis; Census data 2011 (ANZSIC and ANZSCO 4-digit codes for Victoria); Labour force statistics 6271.0.55.003 employment by industry group; GVA data for Victoria, requested by RDV, 2014



Victoria's C/C industries export ~\$1.4B/yr, most in services

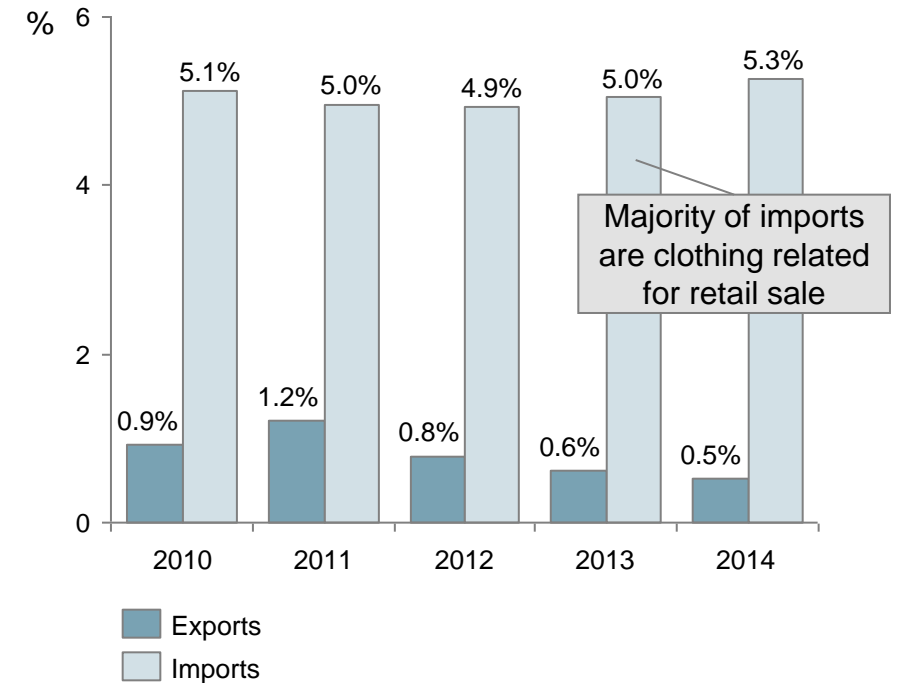
A proxy for Victoria's C/C Industries exports shows slight growth in recent years

Victorian international exports of C/C industries, real



Victoria's C/C merchandise imports 10x greater share than exports in 2014

Share of merchandise exports and imports generated by C/C industries over time, Victoria



Note: Services included are licences to reproduce and/or distribute computer services, audiovisual and related services, franchise and trademarks licensing fees, other charges for use of intellectual property, information services, research and development services, advertising, market research and public opinion polling, architectural, engineering, scientific and other technical services and personal, cultural and recreational services; merchandise included are clothing and footwear manufacturing, printing, reproduction of recorded media, jewellery and silverware manufacturing, and newspaper, magazine, other periodical and book publishing

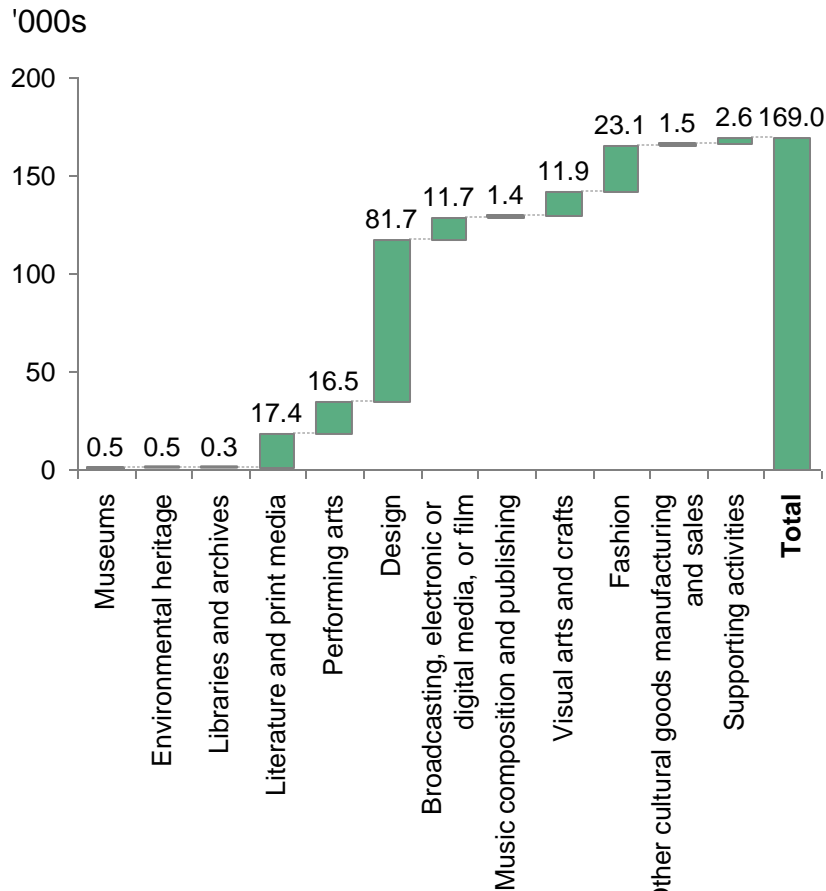
Source: ABS 5368 merchandise trade data for Victoria; ABS 5368.0.55.004 international trade by services

Most C/C businesses are small and concentrated in few sectors



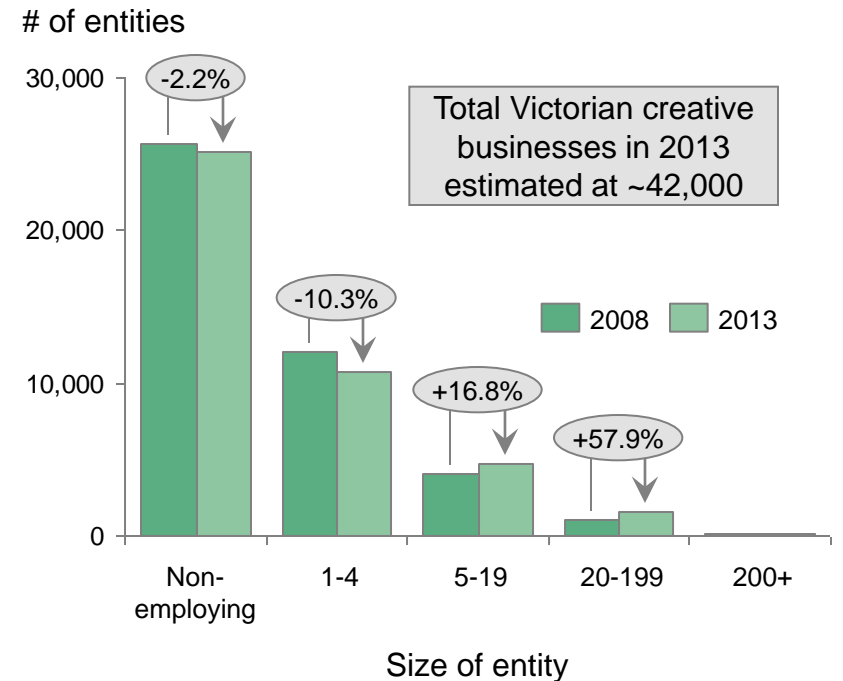
Nationally, majority of businesses in C/C industries are in design, performing arts and print media

Breakdown of business in C/C industries in Australia



Most Victorian businesses in C/C industries very small and decreasing in number

Number of businesses in C/C industries in Victoria



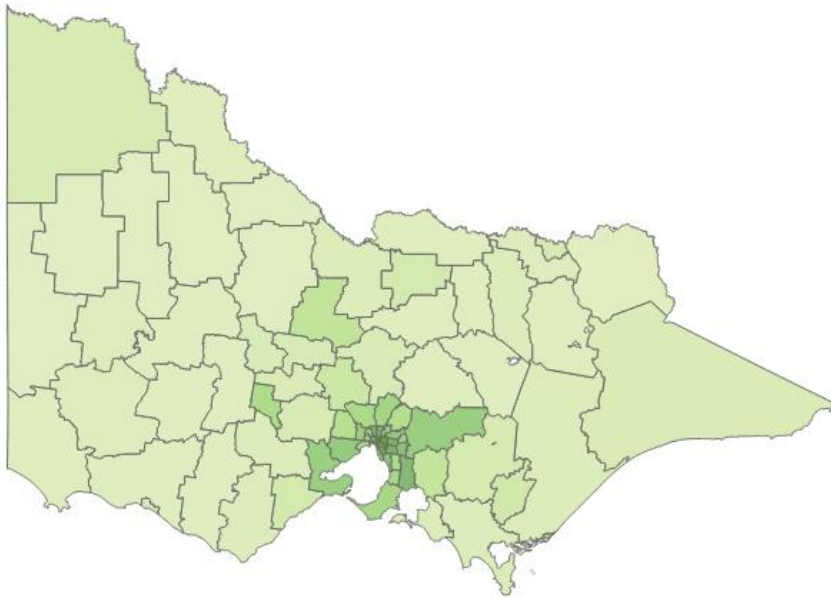
Source: (1) ABS Satellite Accounts, Creative and Cultural Industries 2008-2009; (2) BCG Analysis

C/C industries employees live mostly in Greater Melbourne, with some suburban sprawl



C/C industries workforce in band around Greater Melbourne

'000s of workforce in C/C industries by LGA by place of residence, 2011



People employed in LGA scale

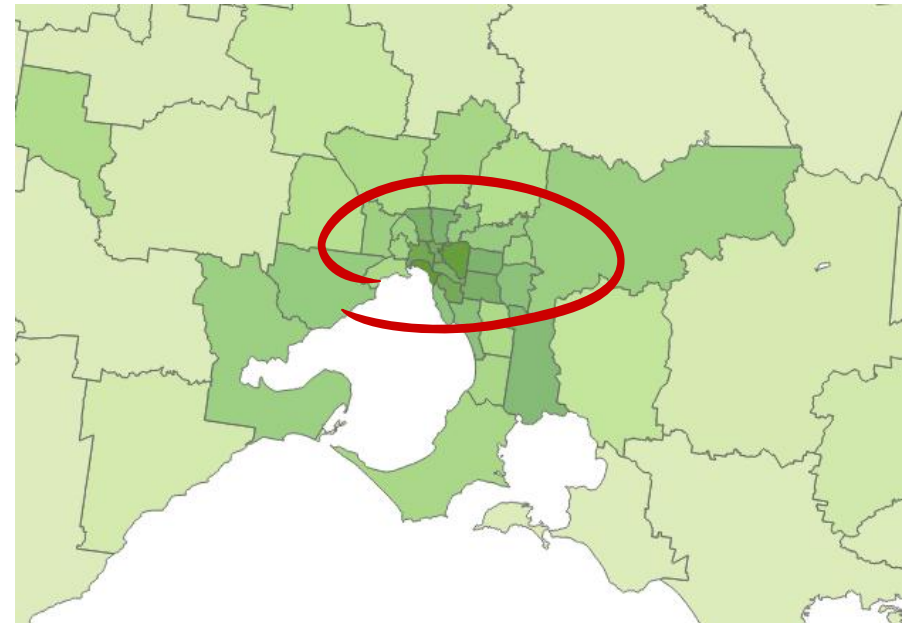
0 jobs



7000+ jobs

Most people working in C/C industries live in inner city suburbs

'000s of workforce in C/C industries by LGA by place of residence, 2011

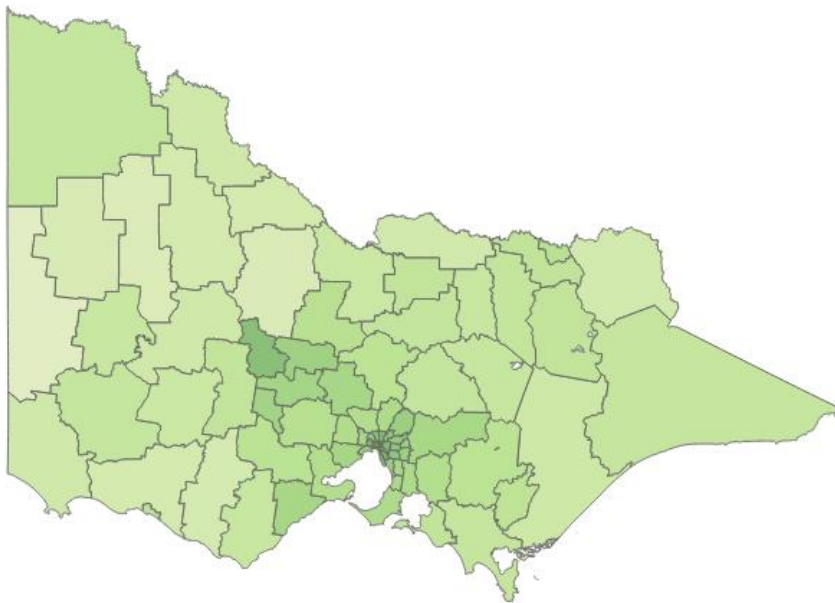


C/C economy employment is concentrated near the city, with pockets in regional areas



Most regional areas not particularly concentrated with C/C economy

% of workforce in C/C economy by LGA, 2011



People employed in LGA scale

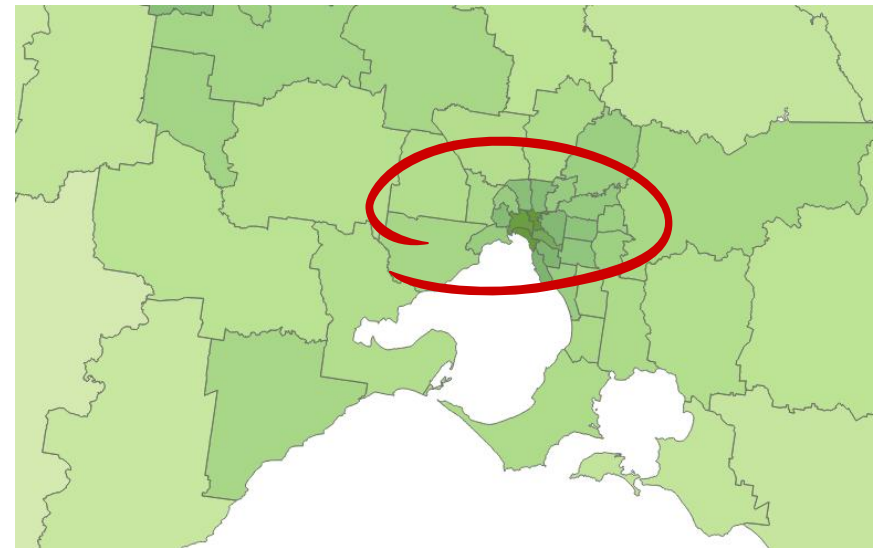
1.3% of workforce



15% of workforce

Inner suburbs of Melbourne have up to 15% employment in C/C economy

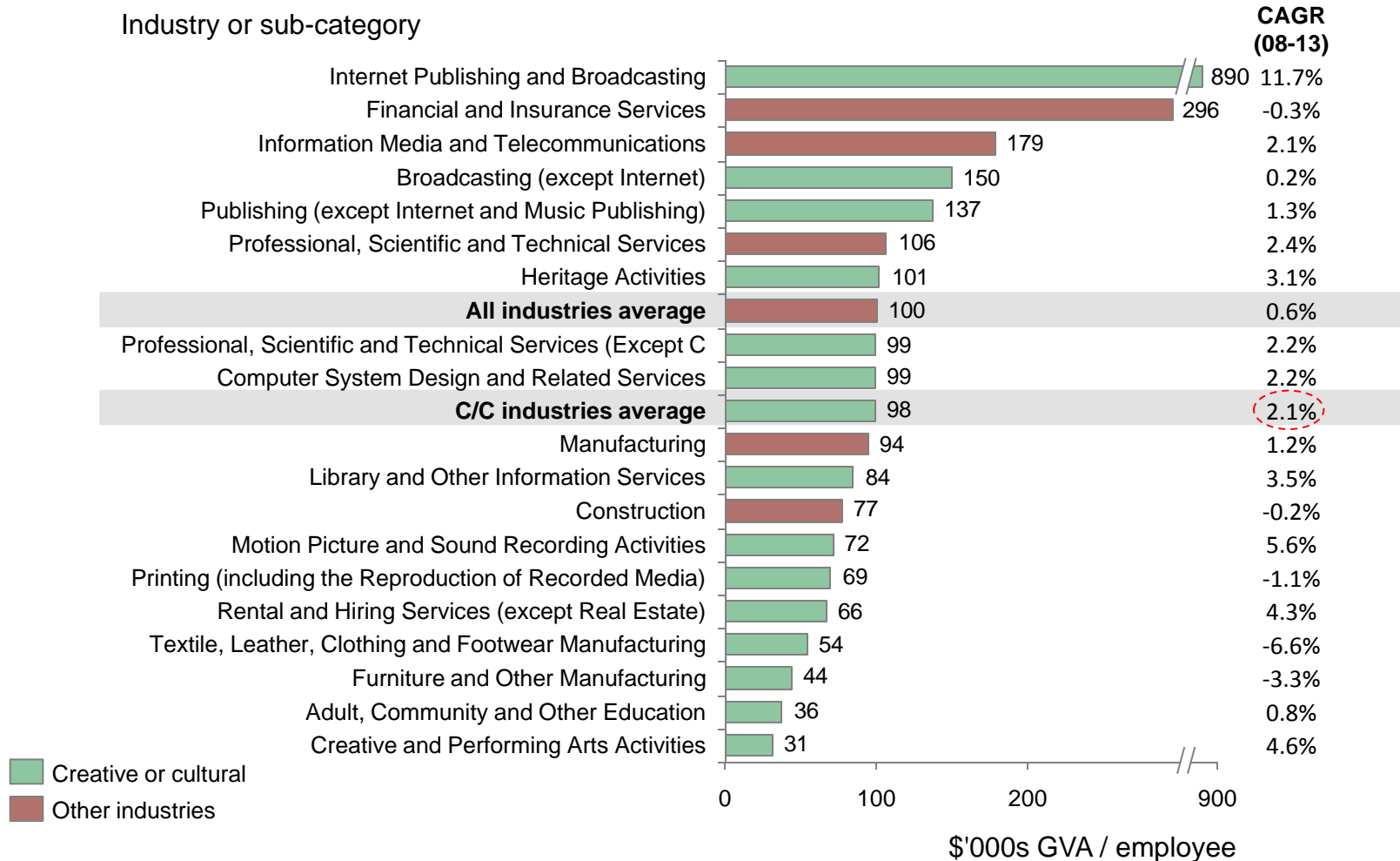
% of workforce in C/C economy by LGA, 2011



C/C industries per-person GVA is slightly lower than the Victorian average, but growing three times faster



\$k GVA per worker in industry, by selected categories, Victoria 2013



Source: ABS 8155.0 2012-13 industry data, manufacturing release; BCG analysis. These categories are raw ANZSIC categories.

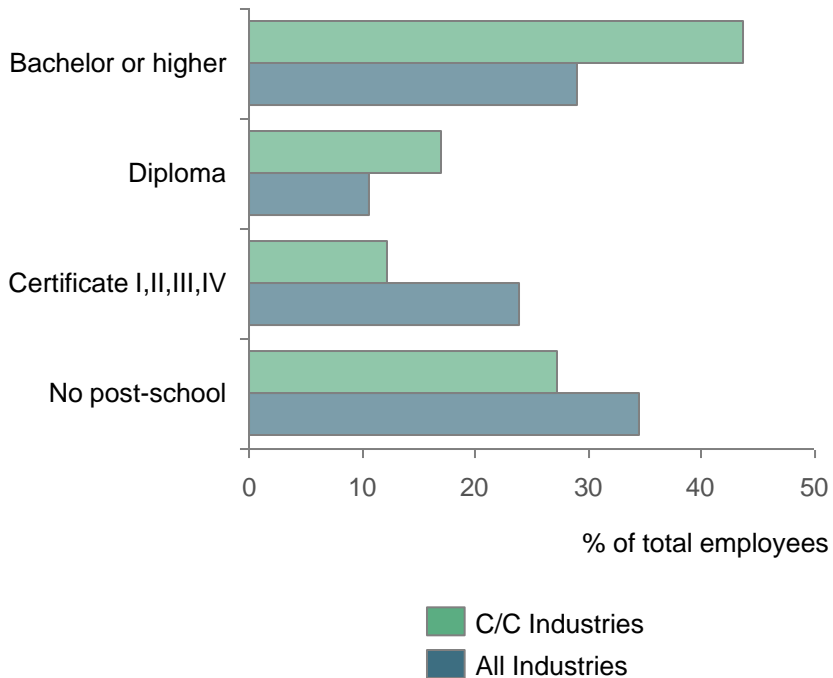
C/C industries' employees are highly qualified

Significant variation between most and least qualified C/C industries



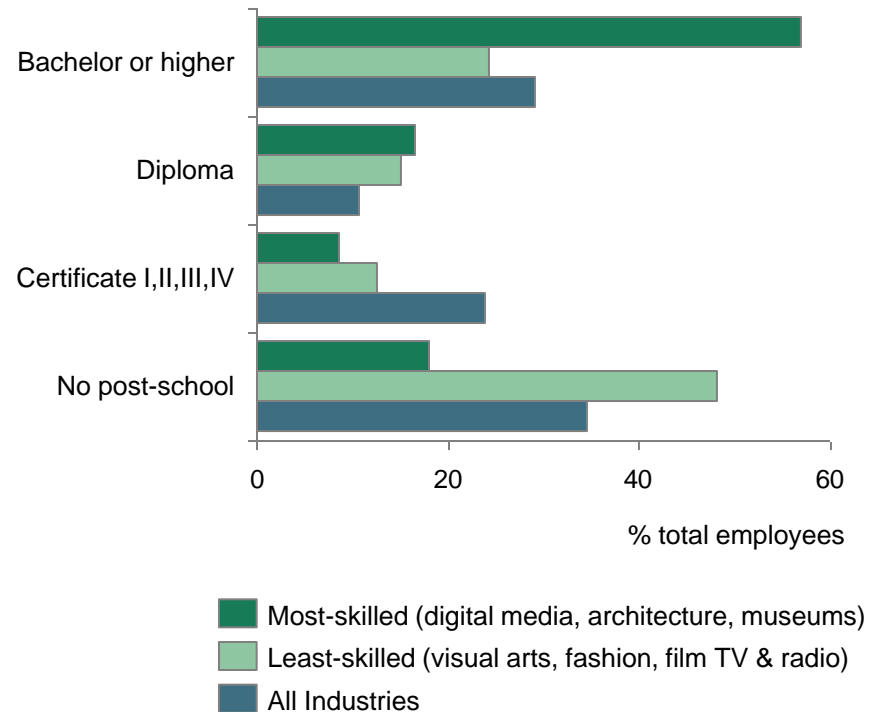
C/C industries workers more highly qualified than Australian average...

Qualification level of C/C industries, Victoria 2013



...but high variation by industry

Qualification level of C/C industries, by most and least, Victoria 2013



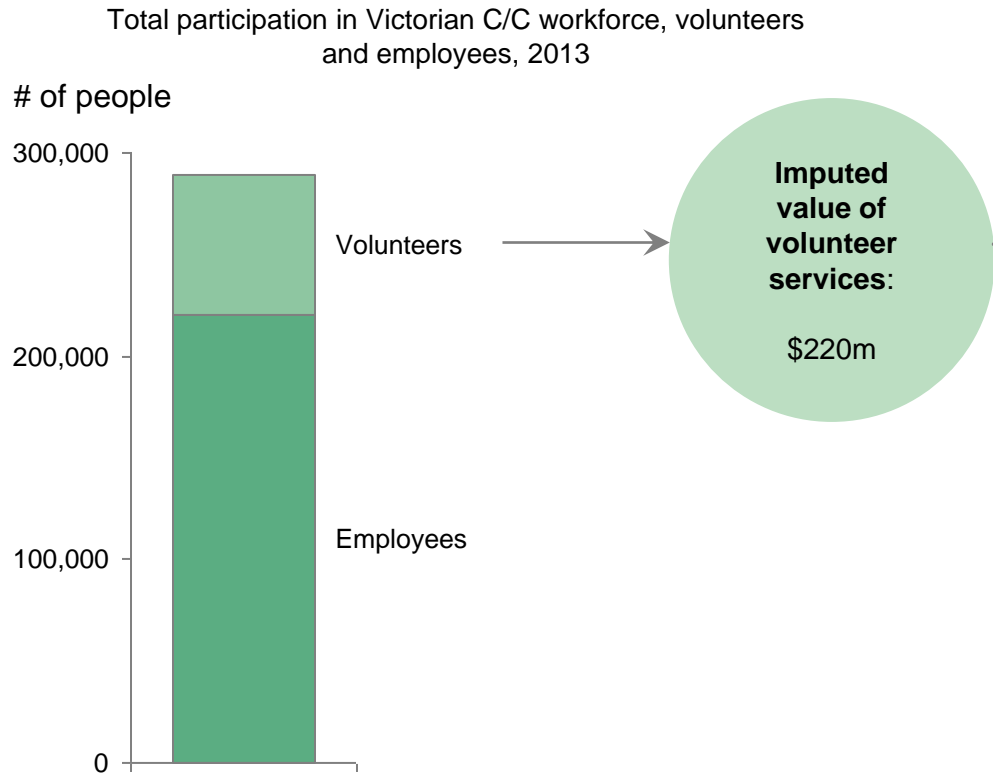
Source: ABS Census 2011. These categories are agglomerates of ANZSIC categories. For instance, digital media here contains the ANZSIC categories of "computer system design", "software publishing", "internet publishing and broadcasting", and "reproduction of recorded media".

70k volunteers add an additional \$220m value to Victoria



Volunteers add extra 30% to C/C workforce

Key cultural institutions that use volunteers



- MELBOURNE MUSEUM
- MULTICULTURAL ARTS VICTORIA
- MELBOURNE INTERNATIONAL COMEDY FESTIVAL
- ngv
- REGIONAL ARTS VICTORIA
- State Library of Victoria
- MELBOURNE INTERNATIONAL FILM FESTIVAL

Though not included in BCG analysis, volunteers are a key dimension of C/C economy

Source: Baseline statistics for this data were drawn from ABS Cultural and Creative Satellite Accounts 2008-2009, and data was scaled to Victoria 2013 by applying CAGR of Victorian cultural industry employment from *Employment in Culture 2011*, and taking same share of national employment and GVA as per BCG analysis.

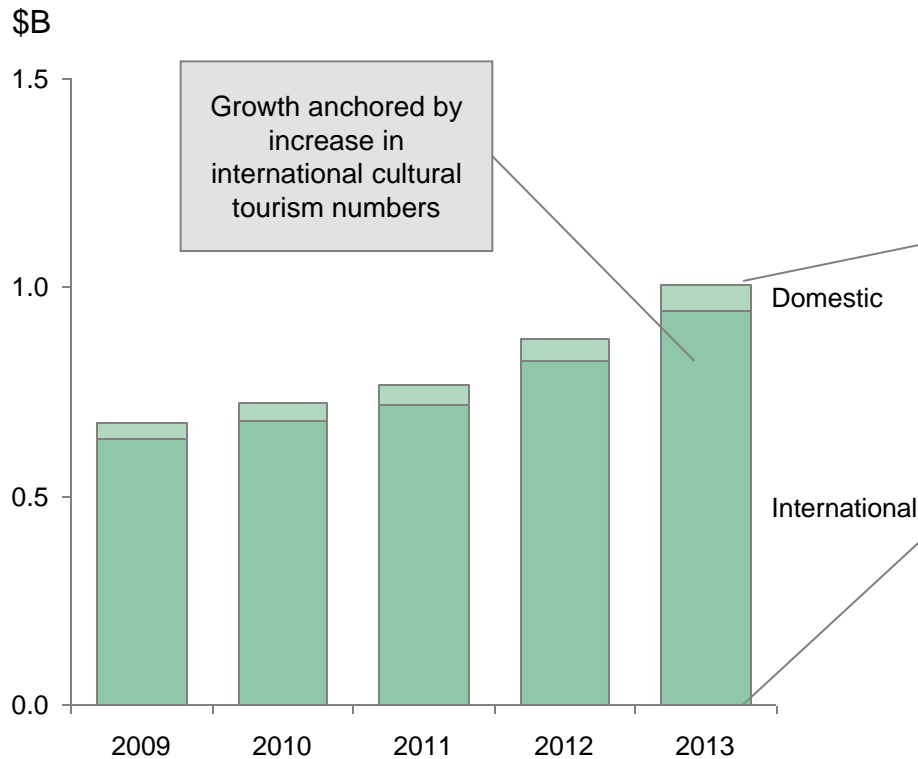
International cultural tourists¹ contributed \$1b to the Victorian economy in 2013



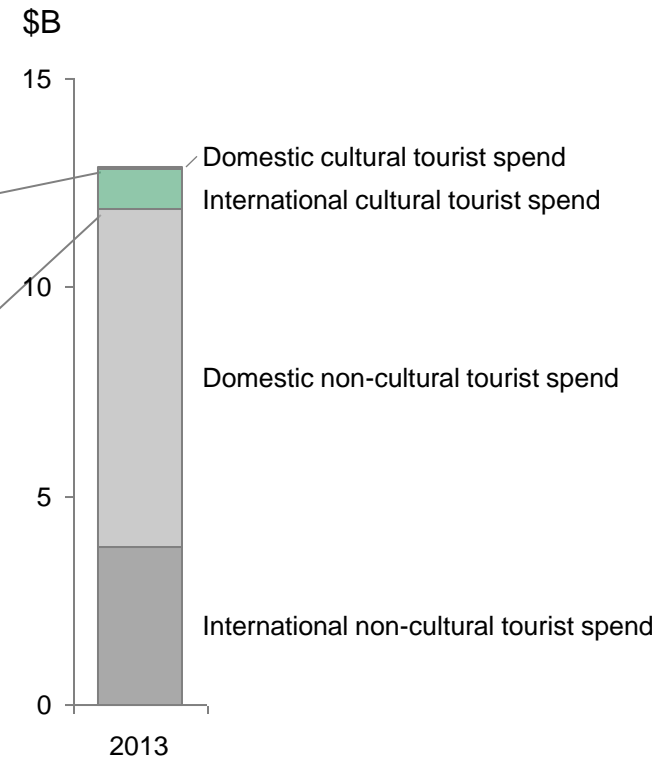
Cultural tourism contributes \$1b to the Victorian economy, and has been growing...

...but still represents just 8% of Victoria's tourism industry

Total expenditure by cultural tourists on non-cultural items, Victoria, 2009-2013



Total tourist spend Victoria, 2013

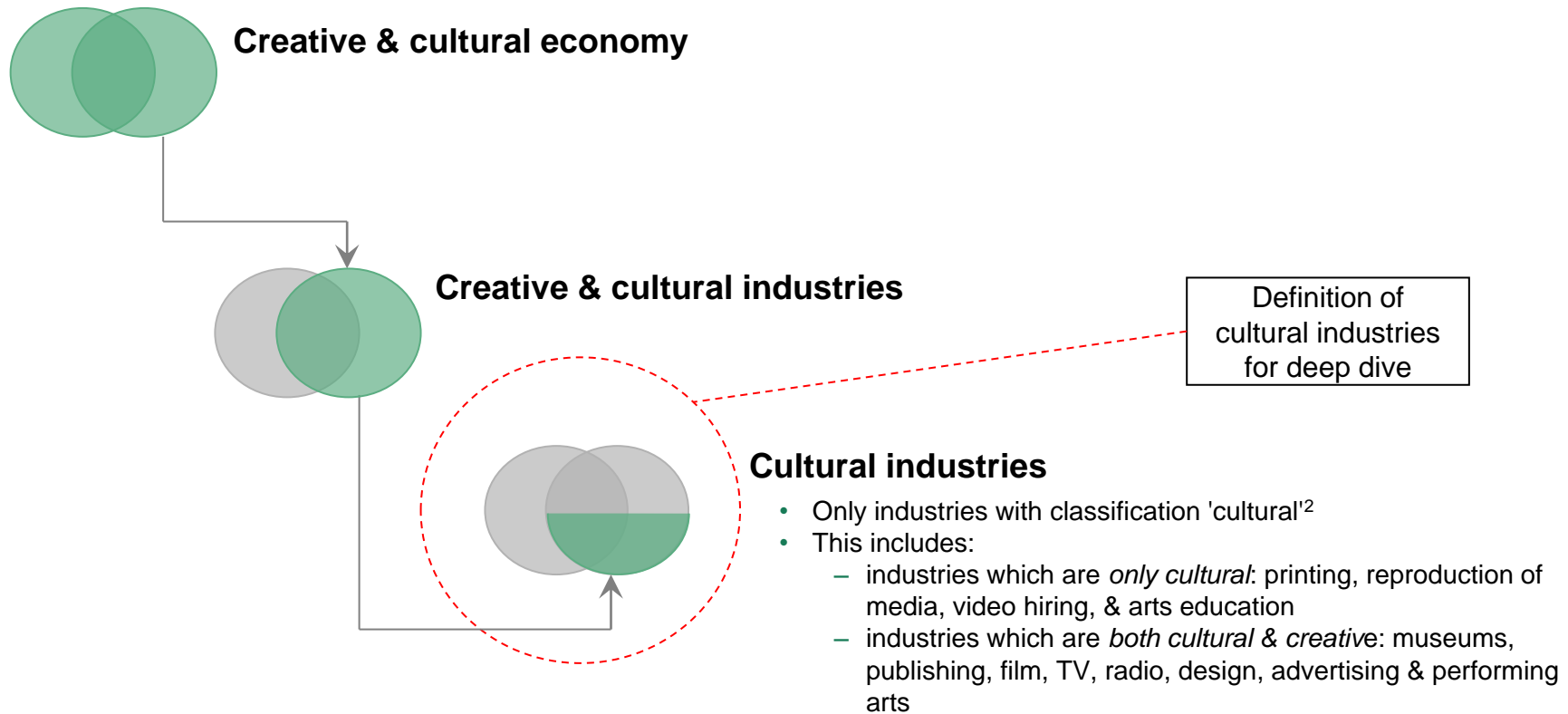


Source: Tourism Victoria 2014; Tourism Research Australia 2014, Snapshots 2009 Cultural and Heritage Tourism in Australia

1. The term 'cultural tourist' refers to a tourist who has visited 3+ cultural sites during their stay. This is the definition used by Tourism Research Australia and should not be seen as synonymous with the ABS use of the word 'cultural'.



Deep dive: demographics of the cultural industries¹



Cultural industries are the industries classified as either cultural, or creative and cultural

1. The ABS defines what is cultural and what is creative in the *Satellite Accounts Creative and Cultural Industries 2008-2009*. BCG has adopted this classification for our analysis. 2. N.B. This excludes industries that are only creative e.g. fashion

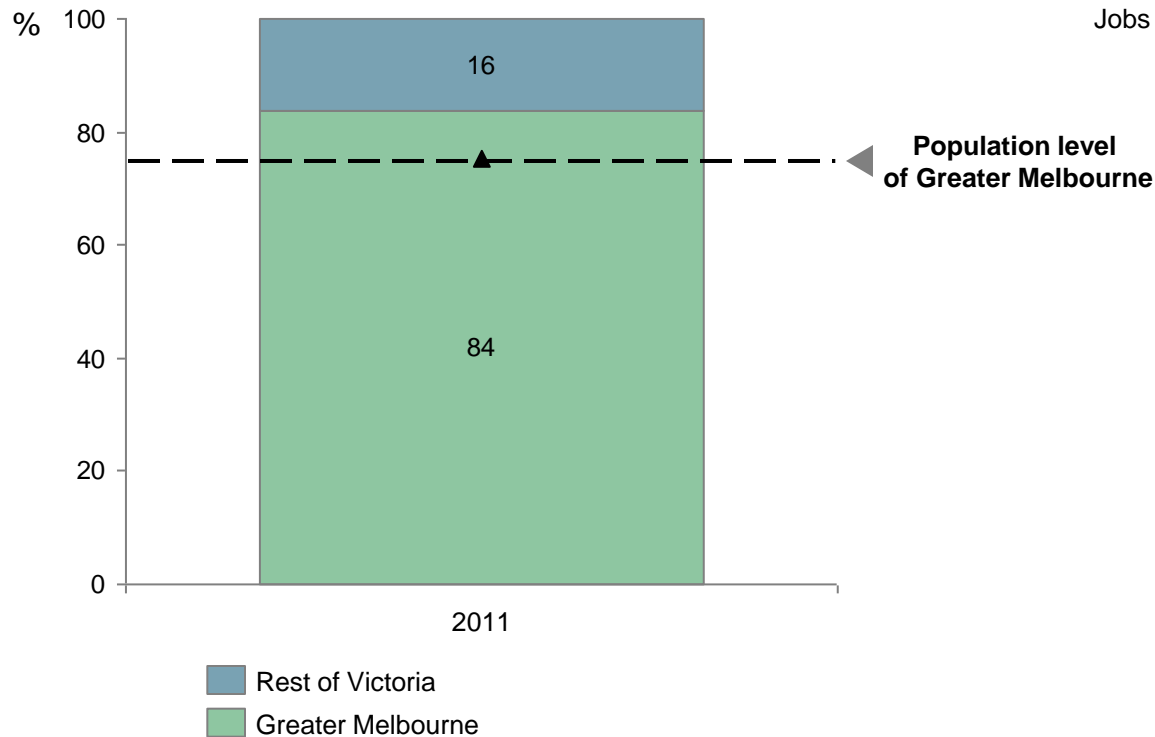
Greater Melbourne over-represented in cultural employment

Clustering effect concentrates cultural employment in the city



Cultural employment is concentrated in Melbourne

Employment in cultural industries by location, Victoria, 2011



Cultural employment has greater share of total employment in Melbourne

Employment in cultural industries by location, Victoria, 2011

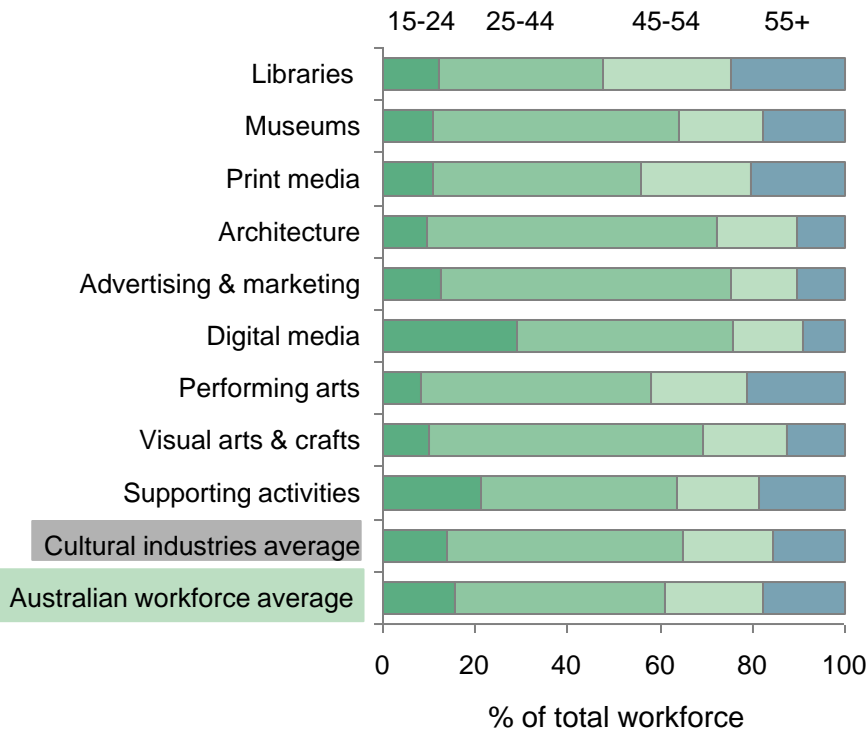


Cultural industry employees slightly younger than national average and male-dominated, but wide variation by industry



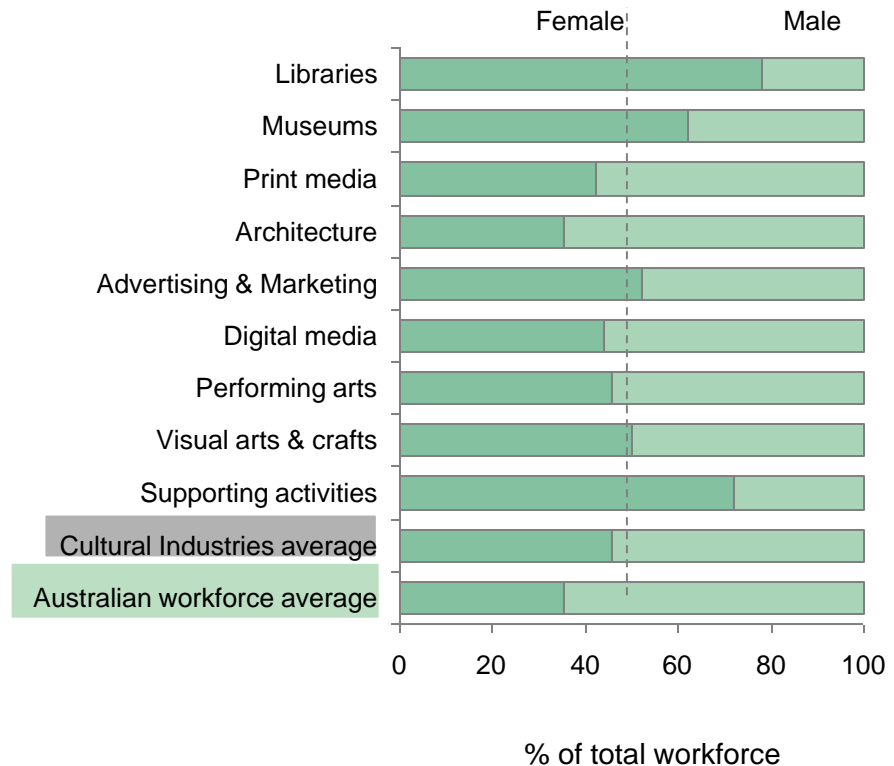
Digital media, fashion, design workforces are younger compared with libraries, print media

Cultural industries by age bracket, Victoria, 2011



Cultural industries male-dominated

Cultural industry by sex, Victoria, 2011



1. Note that cultural industries uses data from 2011

Sources: (1) ABS Employment in Culture 2011. (2) ABS Labour statistics, 6291.0.55.003.

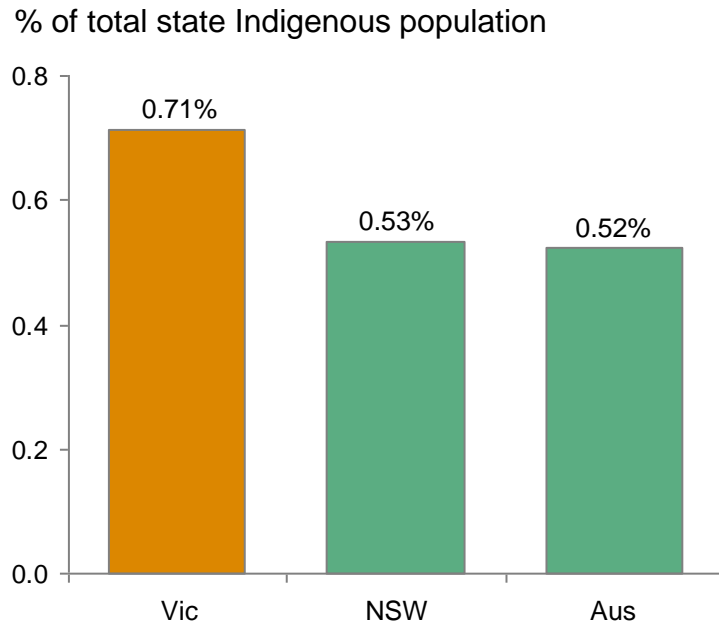
Note: these categories are composite categories derived by grouping ANZSIC codes according to industry.

Victoria employs proportionally more Indigenous people in culture than national average



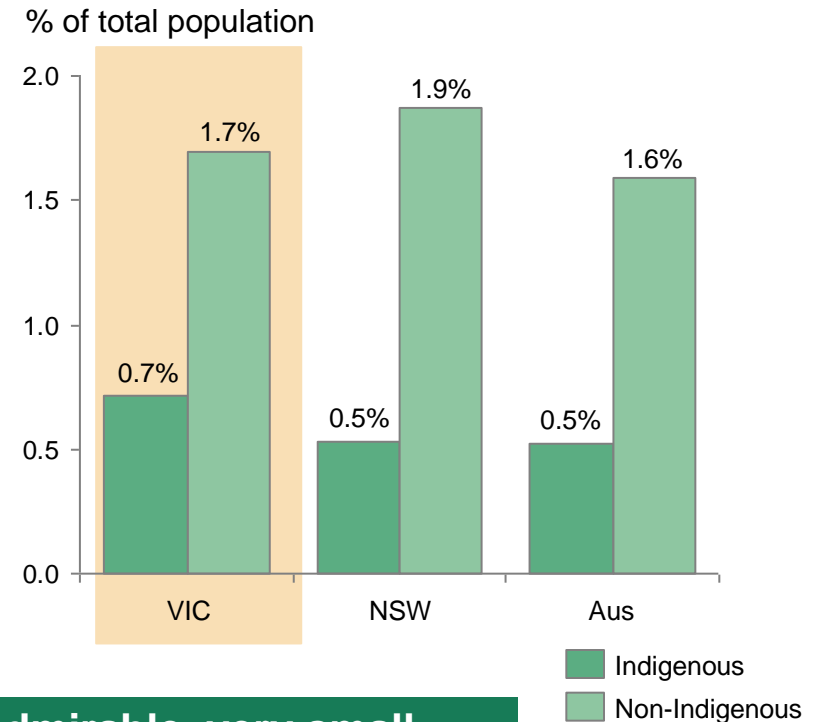
Victoria above the national average for Indigenous cultural employment...

Proportion of Indigenous population employed in cultural industries by State, 2011



...but in all states, Indigenous employment in culture is ~1% point below non-Indigenous

Percentage of total population employed in culture, by State and Indigenous status, 2011



While Victorian outcomes are admirable, very small numbers are employed (~300 people)

Scope and Framing

Economic Value

Spillover Value

Social & Cultural Value

Opportunity Assessment



C/C economy creates spillover benefits beyond direct economic value

There is good evidence to show a thriving C/C economy may have various spillover economic benefits to other industries

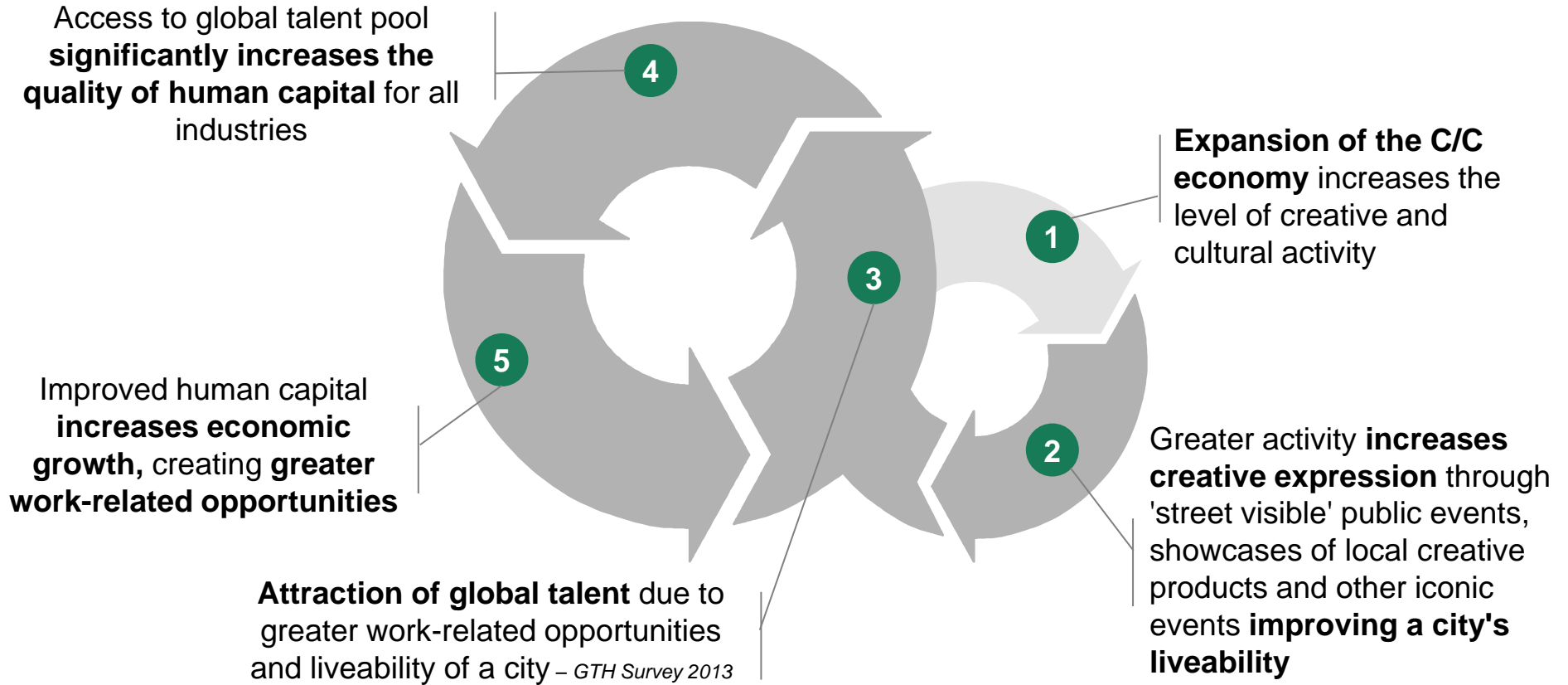
The C/C economy can enhance a city's liveability, which in turn may attract and retain global talent for the benefit of all industries

- Melbourne's liveability is ranked 1st in global index, although there is an opportunity to improve further by focusing on culture and the environment
- Singapore's significant investment in C/C economy has played a role in continuing to improve liveability

Previous studies show links between the C/C economy and its ability to enhance human capital and innovation, therefore improving economic outcomes

- Victoria could enhance its human capital through greater community involvement with the C/C economy

C/C economy can enhance a city's liveability, attracting and retaining global talent to benefit all industries



Melbourne's liveability helps companies access global talent

A focus on improving the city's culture and environment continues to be important

Liveability 3 of top 10 important factors to attract global talent

Source: GTH Survey 2013

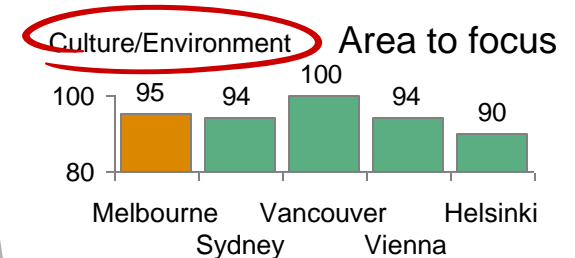
1. Opportunity to work on interesting projects
2. **Ease of getting around**
3. **Safety security**
4. Ability to work with other highly skilled people
5. Remuneration
6. Good work-life balance
7. **Pleasant and sustainable natural and built environment**
8. Cost of living
9. Guaranteed job offer prior to arrival
10. Local work ethic and professionalism

Melbourne ranked first on global survey of liveability

Source: Liveability ranking – The Economist¹

City	Overall	Rank
Melbourne	97.5	1
Vienna	97.4	2
Vancouver	97.3	3
Toronto	97.2	4
Adelaide	96.6	5
Calgary	96.6	5
Sydney	96.1	7
Helsinki	96.0	8
Perth	95.9	9
Auckland	95.7	10

Future focus should be on culture and environment



Index includes nine indicators to measure culture and the environment

Level of censorship

Sporting availability

Cultural availability

Food and drink

Social or religious restrictions

Consumer goods and services

Level of corruption

Humidity/temperature rating

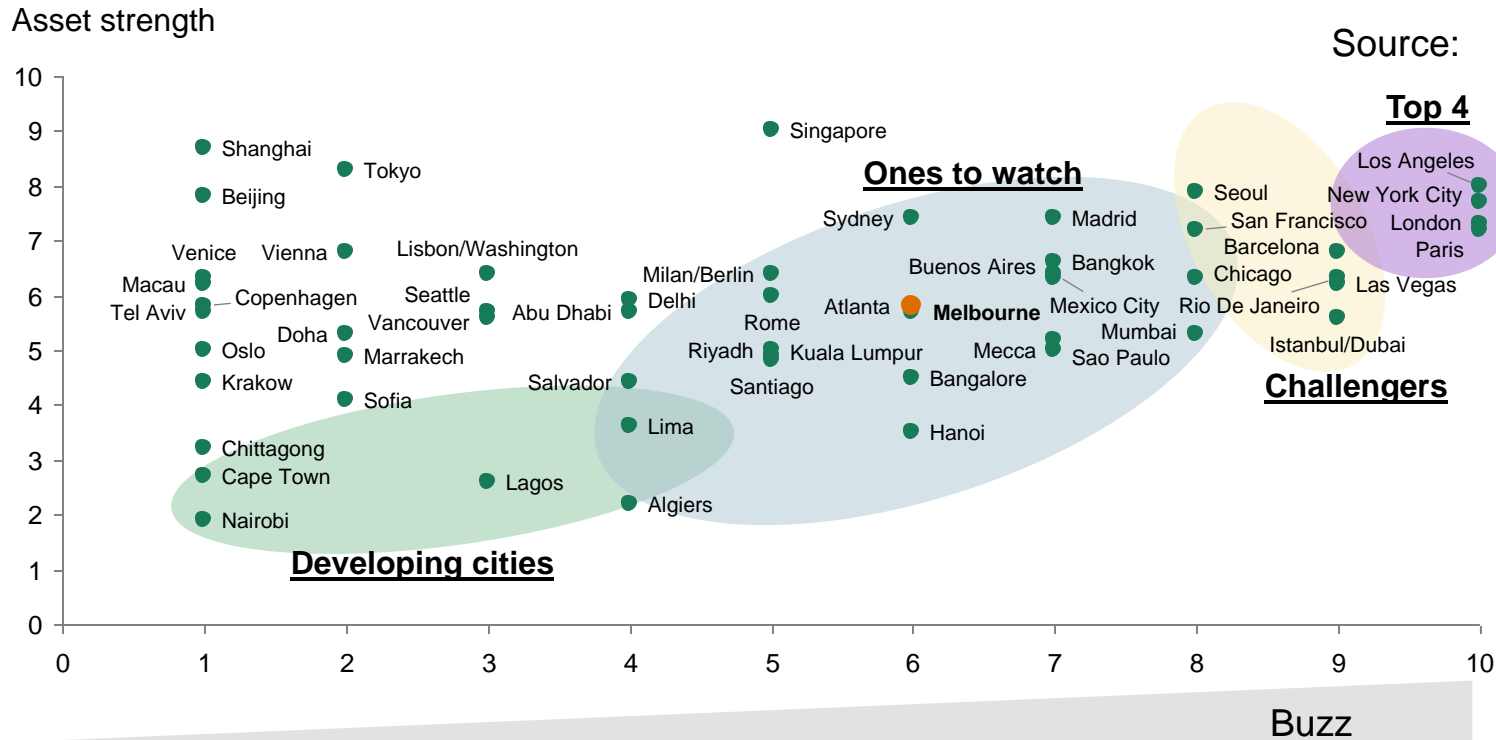
Discomfort of climate to travellers

1. Index is made up of multiple weighted factors that include - Stability based on crime, terror risk and threat of conflict (25%), Healthcare based on availability and quality of health services (20%), Culture & Environment based on availability of sporting, cultural events along with quality of climate (25%), Education based on availability and quality of private and public education (10%), Infrastructure based on quality of essential infrastructure such as roads, energy, water, telecommunications and housing (20%)

Source: Sydney as a global talent hub - GTH Survey 2013, The Economist Intelligence Unit – Aug 2014

Melbourne's level of 'buzz' in line with expectations of asset quality and economic prosperity

Global City Brand Barometer



Amount of social media (Facebook likes and Twitter sentiment analysis) and conventional media mentions
 Note: Non English speaking countries' buzz scores likely to be understated

How can Melbourne continue to increase its 'buzz'?

1. Underperformer shading removed due to identification likely caused by limitation of approach
 Source: Guardian Cities global city brand barometer 2014¹



Case Study: Singapore uses its C/C economy effectively to underpin growth

Background

Singapore is a global hub for commerce and finance, but struggles to retain talent long-term and to build cohesive national identity.

Objectives

To attract and retain talent and enhance global status by heavily investing in the C/C economy and articulate a cogent cultural identity.

Actions

- Significant investment in C/C economy
- 'Creativity' a key goal for school system
- 'Cultural capital building' as strategic objective
- Focus on a safe, liveable city

Outcomes

- Doubling of arts events
- Tripling of enrolments in creative tertiary courses
- 400% increase in arts companies

"For many years, we concentrated on the economic side. But if you want the economic side to flourish you need more creativity. So you must also look at the arts. The two must go together."

- Prime Minister of Singapore
Goh Chok Tong

Implications for Melbourne:

- Melbourne faces increased competition from regional competitors. Ongoing investment is required in the C/C economy to retain its status as a regional cultural hub
- The economic and cultural aspirations of Victoria are not competing goals - they are mutually reinforcing
- The world's key commercial hubs are recognising that a vibrant cultural life is a key driver of growth, through direct economic activity and attracting talent

Background: reports and indexes show link between a thriving C/C economy and its positive impact on innovation

Title	Author	Description/Insights
Creativity and Prosperity: The Global Creativity Index (2011)	<ul style="list-style-type: none"> Richard Florida Charlotta Mellander Kevin Stolarick 	<ul style="list-style-type: none"> Strong correlation between global creativity and economic output (R²:0.7) Highlight the importance of modern resources such human capital and innovation
The Global Innovation Index 2014 – Framework	<ul style="list-style-type: none"> World Intellectual Property Organisation (WIPO) INSEAD, Cornell University 	<ul style="list-style-type: none"> This innovation index includes the quality of human capital and research along with the amount of creative outputs (tangible and intangible) as fundamental metric of innovation
New Vision for Education: Unlocking the Potential of Technology (2015)	<ul style="list-style-type: none"> World Economic Forum (2015) 	<ul style="list-style-type: none"> Identify the importance of 21st century human capital requiring skills beyond foundational skills such as creativity, problem solving, curiosity <i>"Economies run on creativity, innovation and collaboration"</i>
International Innovation Index (2009)	<ul style="list-style-type: none"> James P. Andrew Emily Stover DeRocco Andrew Taylor BCG/ The Manufacturing Institute 	<ul style="list-style-type: none"> Detailed assessment of innovation in the United States along with descriptions of the most effective tools for promoting innovation Importance of human capital in innovation <i>"Establishing an innovative culture was a challenge given the difficulty in finding the right mix of creative, enthusiastic and achievement-oriented people"</i> Highlights the important role governments play in creating clusters
The Innovator's DNA (2009)	<ul style="list-style-type: none"> Jeffrey Dyer Hal Gregersen Clayton Christensen 	<ul style="list-style-type: none"> Six year study to uncover the origins of creative business strategies in particularly innovative companies Identified five "discovery skills" that distinguish the most creative executives, Innovators DNA. – all skills that can be cultivated
Key role of culture and creative industries in the economy (2007)	<ul style="list-style-type: none"> Hendrik van der Pol 	<ul style="list-style-type: none"> Assess the economic and social importance of culture and creative industries <i>"Works of art and cultural products are a collective "memory" for a community, and serve as a reservoir of creative and intellectual ideas for future generations."</i>
European Agenda for Culture: Work plan for culture 2011-2014 (2012)	<ul style="list-style-type: none"> Working group of EU member states experts 	<ul style="list-style-type: none"> Detail potential of cultural and creative industries in boosting regional and local development. Identifies multiple spillover benefits

C/C economy drives innovation by generating human capital

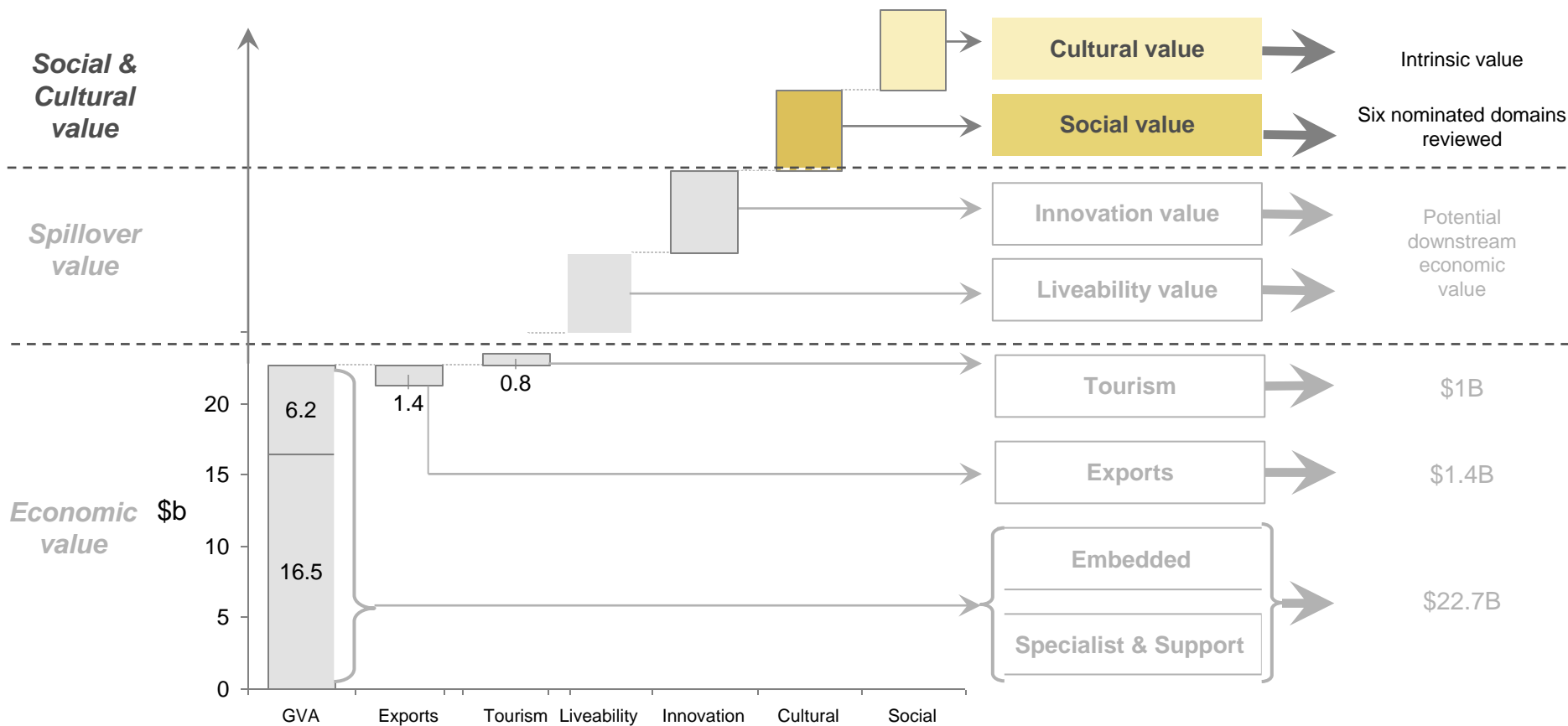
Scope and Framing

Economic Value

Spillover Value

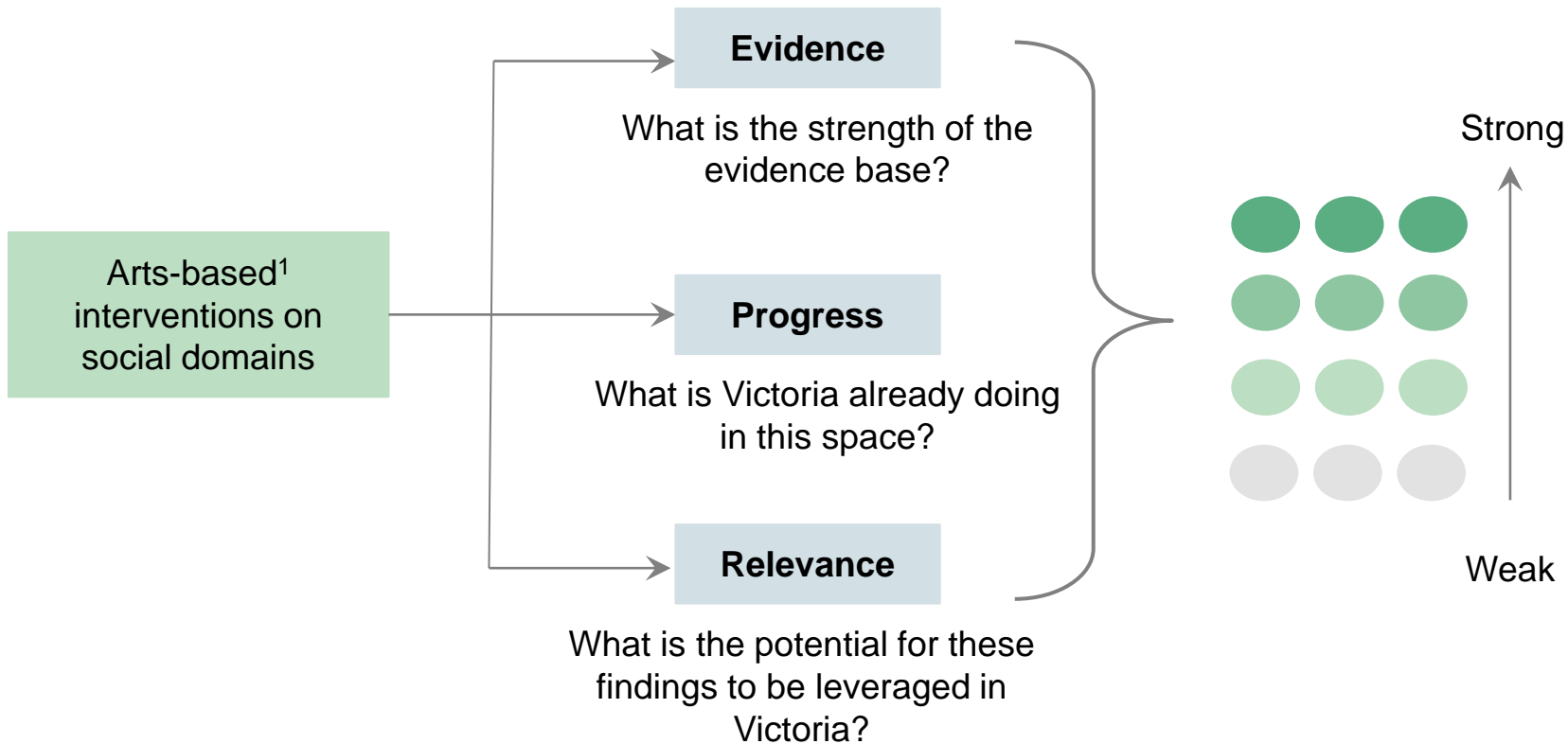
Social & Cultural Value

Opportunity Assessment



Bespoke methodology for evaluating social value

Interventions assessed according to evidence, progress and relevance, graded weak to strong



1. Throughout the social value piece BCG uses the term 'arts-based' to refer to a variety of interventions that employ culture-based methods (art, design, music etc) to address social problems. We have avoided the term 'culture' here to avoid confusion with the 'cultural value' piece.

Variation in impact, evidence and relevance across domains

Domain	Impact	Overall Strength of Evidence	Relevance for Victoria
Corrections	<ul style="list-style-type: none"> Reduced crime rate Reduced recidivism Improved rehabilitation 		<ul style="list-style-type: none"> Victoria is experiencing increasing incarceration rates, increasing recidivism, and has limited arts or education participation in correctional facilities
Education	<ul style="list-style-type: none"> Improved academic results Increased engagement improved social skills 		<ul style="list-style-type: none"> Victoria has significant cultural assets that can be leveraged to improve educational outcomes across the board
Mental Health	<ul style="list-style-type: none"> Improved disease prevention Improved rehabilitation 		<ul style="list-style-type: none"> Mental health represents an increasing burden on health expenditure
Indigenous	<ul style="list-style-type: none"> Reduced crime Improved educational outcomes Improved health outcomes 		<ul style="list-style-type: none"> Participation rates of Indigenous people in C/C economy are well below the non-Indigenous average Ongoing socio-economic deprivation of Indigenous people
Disability	<ul style="list-style-type: none"> Improved social inclusion Greater employment opportunities 		<ul style="list-style-type: none"> Participation of PwDs in the C/C workforce is well below average
Health	<ul style="list-style-type: none"> Improved disease prevention Improved rehabilitation 		<ul style="list-style-type: none"> With an ageing population, health expenditure is set to grow; many chronic diseases increasing in prevalence.

Corrections: Arts-based approach has solid foundation

Strong evidence that the arts can be used to improve outcomes in correctional system

Core argument

Engaging people in the arts offers an avenue to reduce crime and to rehabilitate offenders.

Context¹

- Only 33% of people in Victorian corrective services are enrolled in any form of education or training
- Recidivism rate in Victoria is at a 10-year high
- Total Victorian incarcerated population has almost doubled in the last five years

Evidence base

Key strength

- Participation in arts-based activities can reduce crime in high-risk areas
- Arts-based community education programs are effective at targeting public safety messages to youth
- Art therapy programs for offenders are successful at reducing recidivism and facilitating social re-integration

Further research...

- The nature and scale of the impact on social reintegration of specific types of art programs
- The longevity of reported impacts, and their ability to translate to improved employment/economic outcomes

Arts-Corrections Impact Case Studies

Intervention	Impact	Strength of relationship	Indicators
Youth-specific applied theatre prevention program ²	50% reduction in risky behaviour, drug use among schoolies students		# at-risk young people participating in targeted public safety arts programs
Structured arts programs in prisons ³	50% reduction in recidivism among incarcerated juvenile offenders		# juvenile offenders participating in structured arts programs in correctional facilities
Music therapy in prisons ⁴	Improved social skills among mentally ill offenders		# offenders participating in music therapy programs in correctional facilities

Overall Evaluation

Evidence	
Progress	
Relevance	

1. Productivity Commission, Report on Government Services 2015, Corrective Services, Victoria. 2. Lake-Hui et al (2012) 3. Ezell & Levy (2003) 4. Reed (2002)

Corrections: Key studies indicate strength of evidence

Further literature supports general argument

Key Studies & Research Findings

- **A study on the impact of a theatre program in reducing delinquency among youth attending Schoolies found participants were 50% less likely to engage in illicit drug use, and 40% less likely to report problem behaviours.**
 - *Lake-Hui, Q., White, A., Low, C., Brown, J., Dalton, N., Connor, J. (2012), "Good choices, great future: an applied theatre prevention program to reduce alcohol-related risky behaviour during Schoolies", Drug and Alcohol Review, Vol. 31, pp. 897-902*
- **A study of an innovative arts education program for incarcerated juvenile offenders found the "academic, vocational and behavioural goals of the workshops were achieved to a very high degree" and the program had longer term effects, including lower recidivism rates for participants.**
 - *Ezell, Mark. & Levy, Michelle (2003). "An Evaluation of an Arts program for Incarcerated Juvenile Offenders", Journal of Correctional Education, Vol. 54, No. 3, pp. 108-114*
- **Music therapy involving choral singing and instrument playing on mentally ill offenders resulted in increased social skills, heightened proclivity to cooperate, and enhanced communication.**
 - *Reed, Karen (2002). "Music therapy treatment for groups of mentally disordered offenders in a state hospital setting", Oxford Journals*

Implications

Potential to leverage arts-based methods for public health messaging for at-risk youth

Potential to reduce recidivism with arts-based prison programs

Potential to facilitate social reintegration through arts-based rehabilitation for offenders

Further Literature

- Davis, L., Bozick, D., Steele, J., Saunders, J., & Miles, J. (2010). *Evaluating the Effectiveness of Correctional Education: A Meta-Analysis of Programs That Provide Education to Incarcerated Adults*. The Rand Corporation.
- Silba, L. (2007). "Bars behind bars: the impact of a women's prison choir on social harmony", *Music Education Research*, Vol. 7, No. 2, pp. 251-271.
- Karabanox, J., Clement, P. (2004) "Interventions with street youth: a commentary on the practice-based research literature", *Brief Treatment and Crisis Intervention*, Vol. 4, No. 1 pp. 93-108.
- Ray, J., & Roloff, M. K. (1993). Church suppers, pony tails and mentors: Developing a program for street kids. *Child and Adolescent Social Work Journal*, 10(6), 497-508.

Education: Strong evidence base for improved outcomes

Causality still undetermined, but strong relationships are clear

Core argument

Participation in/exposure to the arts, and creative teaching methods across disciplines improve academic and social outcomes.

Context

- Arts-based learning is highly contextually specific and so international research has limited applicability in Victorian context
- Engagement in learning and motivation to learn are distinct goals that are individually insufficient for improved outcomes

Evidence base

Key Strength

- There is consistent and widespread evidence demonstrating that students engaged in arts-based learning achieve superior academic and social outcomes than those who are not

Further research...

- Scientific studies in this field are rare because it is hard to get randomised control and test groups and to control for confounding factors
- research requires further work on the nature of impactful arts experiences and the extent and longevity of its developmental benefit
- little is understood about transferability of capabilities developed through arts education to non-arts areas

Arts-Education Impact Case Studies

Intervention	Impact	Strength of relationship	Indicators
School excursions to cultural institutions for primary school students ¹	7% increase in tolerance (13% rural, 9% high-poverty); similar increases in empathy		# primary school students participating in school excursions to cultural institutions
School extra-curricular arts programs ²	~10% improvement on range of tests		# school students participating in extra-curricular arts programs
Arts-rich environment ³	Increased motivation to learn		Level of student engagement

Overall Evaluation

Evidence	
Progress	
Relevance	

1. Jay Green (2014) 2. James Catterall et al (2012) 3. Martin et al, (2013)

Education: Key studies indicate strength of evidence

Further literature supports general argument

Key Studies & Research Findings

- **A scientific study finds that cultural field trips enhance critical thinking skills, increases historical empathy, engenders tolerance and sparks a general interest in art and culture among school students, with students from disadvantaged backgrounds deriving markedly higher benefits.**
 - Jay Greene (2014). "The Educational Value of Field Trips", *Education Next*, Vol. 14, No. 1.
- **In a synthesis report from longitudinal studies, the authors find strong correlations, and posit plausible theories of causation between arts-rich environments and improved academic and wellbeing outcomes among high school students.**
 - James Catterall, Susan Dumais, Gillian Hampden-Thompson (2012). "The Arts and Achievement in At-Risk Youth", *National Endowment for the Arts*.
- **Major longitudinal study finds association between arts participation and improved outcomes both academically and non-academically**
 - Andrew Martin, Marianne Mansour, Michare Anderson, Robyn Gibson, Gregory Liem, David Sudmalis (2013). "The Role of Arts Participation in Students' Academic and Nonacademic Outcomes: A Longitudinal Study of School, Home and Community Factors", *Journal of Education Psychology*, Vol. 105, No. 3 p. 19.

Implications

Potential to target school excursions to disadvantaged students

Potential to target arts initiatives to curriculum, further aligning arts and academic, social and personal development objectives

Potential to create arts-rich & engaging learning environments

Further Literature

- **Robyn Ewing (2010). "The Arts and Australian Education: realising potential", *Australian Education Review*.**
 - In a review of the role of the arts in the Australian education system, Ewing finds 'it is now widely documented in the United States of America, Canada and Europe, including in the United Kingdom, that those students whose learning is embedded in the Arts...achieve better grades and overall test scores, are less likely to leave school early, rarely report boredom and have a more positive self conceptions than those students who are deprived of the arts experience'.
- **Richard Deasy (2002). *Critical Links: learning in the Arts and Student Academic and Social Development*, Arts Education Partnership.**
 - In a Compendium compiling the 62 of the latest research reports in the area, Deasy found the Compendium finds "a strong case" in support of "the role of arts learning in assisting in the development of critical academic skills, basic and advanced literacy and numeracy"
- **Ellen Winner & Lois Hetland (2000). "Does studying the Arts enhance academic achievement?", *Education Week*, Vol. 20, No. 9.**
 - A review of 188 studies since 1950 found no evidence that studying the arts in school led to higher test scores in numeracy or literacy or higher school grades, but found some evidence that study of particular art-forms transferred to particular non-arts skills such as spatial reasoning and verbal communication.
- **Edward Fiske (1999). *Champions of Change: The impact of the arts on learning*, Arts Education Partnership.**
 - In a report synthesising key finding from top arts education researchers, Fiske finds that the studies 'demonstrate how involvement with the arts provides unparalleled opportunities for learning, enabling young people to reach for and attain higher levels of achievement. The research provides both examples and evidence of why the arts should be more widely recognized for its current and potential contributions to the improvement of American education'
- **Anne Bamford (2006). *The Wow Factor: Global Research Compendium on the Impact of the Arts in Education*, Waxmann, Germany.**
 - In the first international analysis of the impact of the arts in education on children and young people, Bamford used an extensive survey process, 170 empirical case studies and numerical and qualitative triangulation, to conclude that quality arts education has a number of concrete educational, cultural and social benefits.

Mental Health: Strong association with arts engagement

Limited quantification of benefits, but strong consensus that they exist

Core argument

Art-based interventions prevent the incidence of illness and improve recovery rates.

Context¹

- Human toll of mental ill-health is immense
- Financial of mental ill-health to Australian economy is \$28.6b
- Potential to leverage arts-based interventions to reduce this disease burden is massive

Evidence base

Key Strength

- Strong case study examples demonstrating improvements in wellbeing and social inclusion

Further research...

- Absence of standard methodology
- Difficult to quantify the impact of interventions on subjective measures such as social inclusion
- Evaluation metrics often ill-suited to the context

Arts-Mental Health Impact Case Studies

Intervention	Impact	Strength of relationship	Indicators
Participatory community arts programs for adults with mental ill-health ²	Improved wellbeing, social inclusion (measured through social capital)		# people with mental ill health participating in community arts programs
Art therapy for hospitalised adult patients with mental ill-health ³	Improved resilience, self-esteem,		# people with mental ill health participating in art therapy

Overall Evaluation

Evidence	
Progress	
Relevance	

(1). Reforming Mental health in Australia, the Nous group and Medibank Private, 2013. (2) Secker et al. (2007). (3) Lamont et al (2009)

Mental health: Key studies indicate strength of evidence

Further literature supports general argument

Key Studies & Research Findings

- **This report was commissioned by the UK government to develop an evaluation framework for arts programs that facilitate the social inclusion of people with mental ill-health. The far-reaching survey of existing literature found sufficient evidence for mental health, social inclusion and empowerment gains.**
 - Secker, J., Hacking, S., Spandler, H., Kent, L., Shenton, J., (2007). "Mental health, social inclusion & Arts: developing the evidence base", The Anglia Ruskin/UCLan Research Team.
- **This study reviewed participant feedback from group art therapy sessions in a mental health inpatient unit. It found varied but overall positive therapeutic benefits of art therapy, and indicates the need for further scientific research.**
 - Lamont, S., Sutton, D. & Brunero, S. (2009). "A brief report of Art therapy in an inpatient mental health unit- Consumer feedback and experience", Australia and New Zealand Journal of Art Therapy, Vol. 4, No. 1, pp. 68-74

Implications

Potential to align participatory arts programs with efforts to rehabilitate people with mental ill-health

Potential to incorporate art-therapy into the treatment of hospitalised mentally ill patients

Further Literature

- Dunn S. (1999) Creating Accepting Communities - Report of the Mind Inquiry into Social Exclusion and Mental Health Problems. London, Mind.
- Everitt A. and Hamilton R. (2003) Art, Health and wellbeing – An Evaluation of Five Community Arts in Health Projects. University of Durham, CAHBM.
- Gallie D. and Paugham S. (2002) Social Precarity and Social Integration. European Commission, Directorate General, Eurobarometer 56.1. Brussels.
- Health Development Agency (2000) Arts for Health: A review of good practice in community-based arts projects and interventions which impact on health and wellbeing. London, Health Development Agency.
- Jermyn, H. (2004) The art of inclusion. London, Arts Council England.
- Schafer T. (2000) Empowerment: towards a participatory model for the evaluation of the empowering therapeutic environment. Mental Health Care 3: 7: 233-237.
- White M. and Angus J. (2003) Arts and Adult Mental Health Literature Review. CAHBM , University of Durham.

Indigenous: Arts & culture central to empowerment

But insufficient context-specific evidence to warrant generalisable claims

Core argument

Arts-based programs can improve educational, health and socio-economic outcomes of Indigenous Australians.

Context

- Massive inequality between Indigenous and non-Indigenous Australians across a wide range of social and economic indicators
- National "Close the Gap" policy to improve the social-economic indicators of Indigenous Australians
- High participation of Indigenous Australians in creative and cultural pursuits

Evidence base

Key Strength

- Attachment to culture, language and land is positively associated with improved social outcomes
- Ample anecdotal evidence of drastic social improvement attributed to arts-based programs

Further research...

- The relationship of specific arts-based interventions on specific indicators
- The strength of *causal* relationships, only correlative ones

Arts-Indigenous Impact Case Studies

Intervention	Impact	Strength of relationship	Indicators
Community arts centres in Indigenous communities ¹	Drop in crime rate		# Indigenous people participating in community arts centre programs
Native language proficiency among young people ²	Suicide rates drop as proficiency increases		# Indigenous youth proficient in Aboriginal language
Participation in cultural activities ³	Improved subjective wellbeing		# of Indigenous Victorians connected to Aboriginal culture

Overall Evaluation

Evidence

Progress

Relevance

1. Cooper et al (2012). 2. Hallet et al (2007). 3. Biddle & Swee (2012).

Indigenous: Key studies indicate strength of evidence

Further literature supports general argument

Key Studies & Research Findings

- **In an evaluation of a regional art centre on an Aboriginal community in Western Australia, the authors find the arts centre to be 'particularly powerful' in reducing crime, and creating positive community identity.**
 - Cooper, T., Bahn, S., Giles, M., (2012) "Investigating the social welfare indicators of Aboriginal regional art centres: a pilot study.", *Social Program Innovation Research and Evaluation, Edith Cowan University.*
- **A study finds Aboriginal language proficiency is a powerful predictor of other cultural continuity factors, and that youth suicide dropped to zero in communities where at least half of band members report conversational knowledge of their Aboriginal language. This finding from Canada has been corroborated by further analysis from the ABS (2011) that demonstrates that Indigenous youth who spoke an Indigenous language were less likely to abuse alcohol and drugs.**
 - Hallett, D., Chandler, M., & Lalonde, C. (2007) "Aboriginal language knowledge and youth suicide", *Cognitive Development, December, pp. 392-399.*
- **A literature review find that the evidence consistently demonstrates that greater connection to culture is associated with positive outcomes for Indigenous Australians. Further, in statistical analysis of the 2009 National Aboriginal and Torres Strait Islander Social Survey (NATSISS), the authors find that participation in cultural activities produces a statistically significant increase in subjective wellbeing.**
 - Biddle, N. & Swee, H. (2012), "The relationship between Wellbeing and Indigenous land, language and culture in Australia"

Implications

Potential to improve community and security in disadvantaged communities through community arts

Potential to gauge Indigenous youth mental health through metric of cultural connectivity

Potential to improve wellbeing of Indigenous Victorians through connection to culture

Further Literature

- Anwar McHenry, J., 2009a. My art has a secret mission: the role of the arts in Australian rural, remote and indigenous communities. *The International Journal of the Arts in Society* 4, 157e170.
- Anwar McHenry, J., 2009b. A place for the arts in rural revitalisation and the social wellbeing of Australian rural communities. *Rural Society* 19, 60e70.
- Gibson, C., 2002. Rural transformation and cultural industries. *Australian Geographical Studies* 40, 337e356.
- Biddle, N. (2011) 'Physical and mental health', Lecture 9, in *Measures of Indigenous wellbeing and their determinants across the lifecycle*, 2011 CAEPR lecture series, CAEPR, ANU, Canberra, pp. 117.
- Dockery, A. M. (2009a). Cultural dimensions of Indigenous participation in vocational education and training, *NCVER Monograph Series 02/2009*, National Centre for Vocational Education Research, Adelaide.
- Christie, M. J. (1985). *Aboriginal perspectives on experience and learning: The role of language in Aboriginal education*. Melbourne: Deakin University Press.
- 'Culture and closing the gap' , Australian Government Department of Regional Australia, Local Government, Arts and Sport.
- Gray, B. (1997) "This is the story of Wicked: Community drama theatre with at-risk Aboriginal Australian youth", *The Arts in Psychology*, Vol. 24, No. 3, pp. 275-279.
- Indigenous Employment Initiative (IEI) in the Arts and Cultural Sectors, Australian Government Department of Regional Australia, Local Government, Arts and Sport.
- "Doing time- time for doing: Indigenous youth in the criminal justice system", House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, June 2011.

Indigenous/Corrections Case Study: The Torch

18 month pilot program found arts-based programs reduced Indigenous recidivism by 50%

Background

Description

- A cross-cultural arts organisation offering a creative and culturally contextualised applied education service to marginalised Victorian communities. Torch provides art programs for incarcerated Indigenous Victorians to assist in rehabilitation.

Objectives

- The program had four key objectives
 - 1) Reduce Indigenous over-representation in correctional system
 - 2) Build sustainable post-release cultural partnerships
 - 3) Support Aboriginal leadership and community wellbeing
 - 4) Intensify cultural maintenance, transfer & support post-release

Evaluation

- 18-month review 2011-2012 involved interviews with participants (both prisoners and ex-prisoners), prison staff and key stakeholders

Outcomes

Recidivism declined by
50%

Increased **trust, wellbeing,** participation in other prison programs

Upskilling and **career** opportunities

Improved **social** relationship and **cultural** reconnection

Relevance for Victoria

- Incarceration cost per prisoner in Victoria is estimated to be \$94k per annum, plus broader emotional and social burden on families
- In 2007-8, \$2.6 billion was spent nationally on adult corrective services
- Indigenous Australians make up ~25% of all prisoners nationally and are 14 times more likely than non-Indigenous Australians to be incarcerated
- Victoria has potential to upscale successful arts-based interventions to maximise impact on correctional outcomes

Disability: Arts an effective tool for social inclusion of PwD¹

Small sample of arts-based upskilling programs suggest they are a cost-effective solution

Core argument

Arts-based interventions enhance the social inclusion and economic opportunities of people with disabilities.

Context

- People with disabilities make up 15% of the Australian working age population but only 10% of the workforce²
- Australia is ranked 21/29 for disability employment among the OECD³
- Australian adults with a disability are significantly less likely than other Australians to attend arts events and venues⁴

Evidence base

Key Strength

- Strong and widespread evidence base for the social inclusion benefits of arts-based programs, specifically for children with disabilities
- Demonstrated success of pilot skills programs for PwDs in the creative industries

Further research...

- Work on upskilling still in infancy
- Upskilling of PwDs should not be approached only through creative industries lens

Arts-Disability Impact Case Studies

Intervention	Impact	Strength of relationship	Indicators
Community art programs for children with disabilities ⁵	Confidence, self-esteem, social skills, relationships		# children with disabilities participating in community arts programs
Industry specific workshops for PwDs ⁶	Enhances employability and entrepreneurship skills		# people with disabilities participating in industry workshops

Overall Evaluation

Evidence	
Progress	
Relevance	

(1). People with Disabilities. (2) ABS 2009 Survey of Disability, Ageing and Carers (cat no. 4430.0). (3). OECD 2010, Sickness, Disability & Work, Figure 2.1, p. 51. (4). *Picture This*, 2008, p. 2 (5). Stickley et al, 2011. (6) Heath, 2013.

Disability: Key studies indicate strength of evidence

Further literature supports general argument

Key Studies & Research Findings

- **The study evaluates a participatory arts program involving community-based activities for 50 young adults with learning disabilities over 2 years. Ethnographic and phenomenological data demonstrates 'very positive benefits...both on a personal and on a social level'.**
 - *Stickley, T., Crosbie, B. & Hui, A. (2011) "The Stage Life: promoting the inclusion of young people through participatory arts", British Journal of Learning Disabilities, Vol. 40. pp. 251-258*
- **The study evaluates an industry-driven support model for low income entrepreneurs with disabilities. Investigating a program involving arts and crafts focussed workshops, the authors find that the model is a cost-effective method for delivering training, providing needed support and connecting low-income entrepreneurs with disabilities to each other and the resources they need.**
 - *Heath, K. & Reed, D.. (2013) "Industry-Driven Support model to build social capital and business skills of low-income entrepreneurs with disabilities", Journal of Vocational Rehabilitation, Vol. 38, pp. 139-148.*

Implications

Potential to enhance social inclusion and wellbeing of young adults with disabilities through participatory community arts programs.

Potential to improve employment opportunities of people with disabilities through arts-focussed industry workshops.

Further Literature

- **Argues for the importance of digital music as an alternative zone of inclusion for people with disabilities. Research finds that digital music jamming provides access to creative practice for people with disabilities that enhances cognitive capacities and social interconnectivity for participants.**
 - *Adkins, B., Summerville, J., Knox, M., Brown, A., Dillon, S., (2000) "Digital technologies and musical participation for people with intellectual disabilities", New Media & Society, Vol. 15, No. 4, pp. 501-518.*
- **Investigates the experiences of children with disabilities who participate in arts-based social inclusion programs at school. The authors find evidence of improvement on issues of bullying, friendships and social inclusion, and preventing social exclusion.**
 - *Lindsay, S., McPherson, A., Aslam, H., McKeever, P. & Wright, V. (2012) "Exploring Children's Perceptions of Two School-Based Social Inclusion Programs: A Pilot Study", Child Youth Care Forum, Vol. 42, pp. 1-18*
- **In a review commissioned to identify strategies to increase the participation of people with disabilities in cultural life, a literature review found extensive international evidence supporting the benefits of arts participation in reducing social inclusion, as an employment strategy, and as a form of cultural identity for people with disabilities.**
 - *"Picture This: increasing the cultural participation of people with a disability in Victoria", Victorian Government, September 2008.*

Health: Arts-based interventions positively impact outcomes

Strong evidence base indicates potential of arts interventions for prevention and treatment

Core argument

Art-based interventions both prevent the incidence of illness and improve rehabilitation rates.

Context

- Health expenditure projected to increase with ageing population, growing burden of disease
- Growing body of evidence in favour of cost-effective art-based interventions improving health

Evidence base

Key Strength

- Overwhelming evidence in support of the benefit of art to each health outcome
- Interventions are generally highly cost-effective, and produce tangible, measurable outcomes

Further research...

- No standard evaluation method
- Subjective assessments (e.g. of pain, loneliness) are problematic to quantify and generalise

Arts-Health Impact Case Studies

Intervention	Impact	Strength of relationship	Indicators
Cognitive-based leisure activities (such as games, reading, theatre) for the elderly ¹	9.3% reduction in dementia per unit increase in activity		# elderly people participating in cognitive-based leisure activities
Patient-centric hospital design (such as access to nature) ²	Reduced medication rates, shorter hospital stays		Design quality of medical facilities
Visual arts therapy (e.g. painting, sculpture) for patients ³	Reduction of pain and acute stress symptoms		# patients participating in visual arts therapies

Overall Evaluation

Evidence

Progress

Relevance

1. Verghese et al, (2003) 2. Roger Ulrich, (1984) 3. Rollins, (2005)

Health: Key studies indicate strength of evidence

Further literature supports general argument

Key Studies & Research Findings

- **The authors examined the relationship between leisure activities and the risk of dementia in a cohort of 469 subjects over 75 years of age. They found that reading, board games, playing music and dancing were associated with a reduced risk of dementia, with a 1-point increase in cognitive activity producing a reduced dementia risk of 0.93 (hazard ratio).**
 - Verghese, J., Lipton, R., Katz, M., Hall, C., Derby, C., Kuslansku, G., Ambrose, A., Sliwinski, M., Bushke, H. (2003) "Leisure activities and the risk of dementia in the elderly", *The New England Journal of Medicine*, Vol. 348, pp. 2508-16.
- **In a landmark study, Ulrich found that when controlling for all other factors, post-operative patients with a view of nature from their hospital bed recovered faster, took fewer analgesics and left better nurse evaluations than those patients without a view of nature. This work has since been extended to cover all aspects of hospital design, and has spawned significant research into the therapeutic benefits of patient-centric design.**
 - Ulrich, R. "View through a window may influence recovery from surgery", *Science*, Vol. 224, No. 4647, pp. 420-1
- **Rollins examined the utility of drawing-based visual art therapy as a coping mechanism among children with cancer. She found further evidence of (the already well supported theory) that art therapy reduces the suffering of trauma patients and the terminally ill.**
 - Rollins, J. (2005) "Tell me about it: Drawing as a communication tool for children with cancer", *Journal of Paediatric Oncology Nurses*, Vol. 22, No. 4, pp. 203-231.

Implications

Potential to engage the elderly in cognitive-based leisure activities to reduce incidence of dementia

Potential to mainstream patient-centric design to Victorian healthcare facilities

Potential to upscale art therapy programs for children with terminal/debilitating conditions

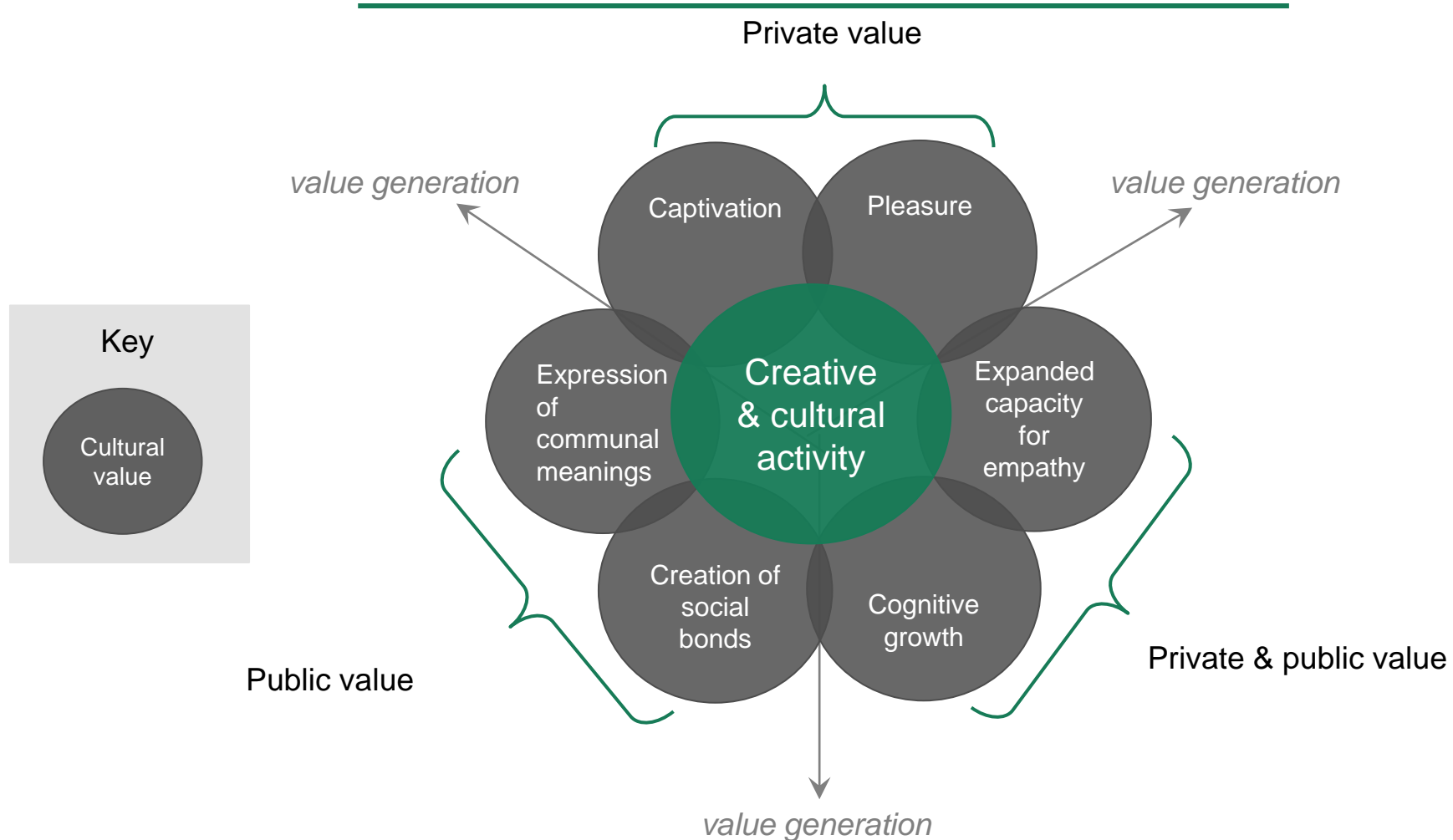
Further Literature

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C/C economy generates cultural value for Victorians

Cultural value captures the intrinsic, experiential dimensions of C/C activity

Impact of C/C activity on cultural value



Source: Framework adapted from "Gifts of the Muse: Framework for Reframing the Debate About the benefits of the Arts", K. McCarthy, E. Ondaatje, L. Zakaras * A. Brooks, 2004, RAND.

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Scope and Framing

Economic Value

Spillover Value

Social & Cultural Value

Opportunity Assessment

Competitiveness assessment

The creative and cultural economy

Competitive advantage

~	Access to resources	<ul style="list-style-type: none"> • Access to international talent (e.g. people, exhibitions, artists) compromised by location, small market • Existing advantages (e.g. Indigenous arts) currently underutilised • Strong local talent (e.g. performing arts, theatre)
+	Infrastructure and regulatory systems	<ul style="list-style-type: none"> • Internationally recognised institutions and venues, including heritage theatres, have unrealised potential economic and social value but suffer from ageing infrastructure • Southbank Arts precinct requires animation • Reforms to live music venue regulation have assisted music industry but are being replicated in other states • Street-art regulation and encouragement has created internationally-recognised branding for Melbourne
-	Scale	<ul style="list-style-type: none"> • Melbourne is relatively isolated and a small market to access compared to European/North American cities
+	Market position	<ul style="list-style-type: none"> • Melbourne is considered a cultural capital, but faces domestic competition from Sydney (and increasingly Brisbane), regional competition from Singapore, Shanghai and Hong Kong, and global competition from Boston, Toronto and Berlin
+	Innovation	<ul style="list-style-type: none"> • High costs are displacing some creative industries away from central Melbourne into other locations • Victoria has national centres of innovation in design and interactive gaming

Key ++ Significant strength + Advantaged ~ On par globally - Disadvantaged -- Significant barrier or risk

Potential government actions to achieve growth

Creative & cultural economy

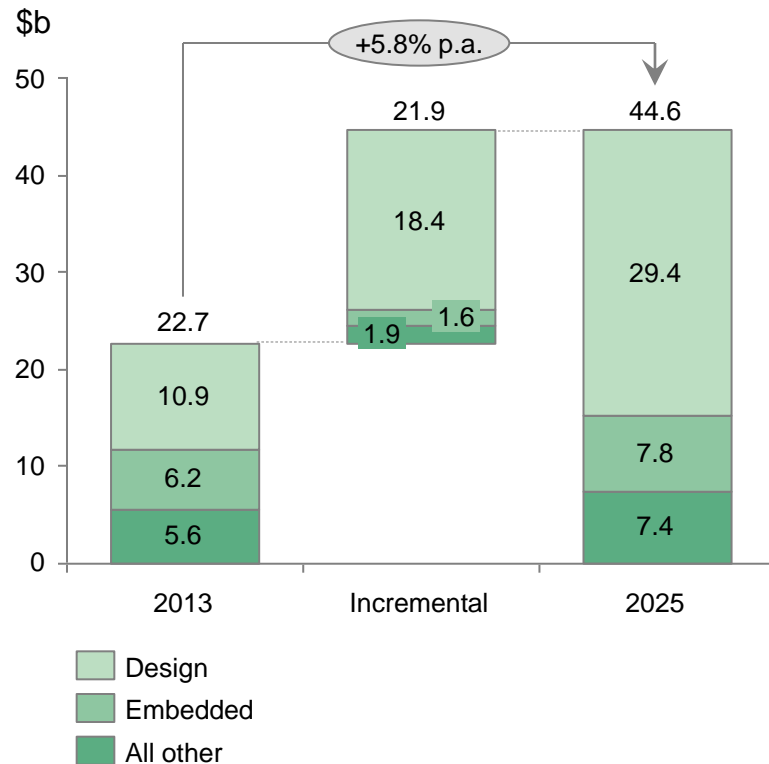
Creative participation and excellence	Continue to nurture creative excellence and create pathways for Victorian C/C practitioners to excel
Audiences and markets	Target under-represented demographics to increase market penetration particularly among disadvantaged groups (Indigenous, people with disabilities, youth, regional Victorians etc)
Digital technology	Harness opportunities of digital disruption (increased opportunities to monetise content, reach new audiences, access new markets, improve productivity etc), and mitigate threats (e.g. to print media industry)
International engagement	Connect C/C economy to Asian markets, tailor industry support to market trends, engage offshore Victorian Government Business Offices
Cultural solutions	Leverage existing and potential C/C infrastructure and capabilities to expand use of arts-based/cultural solutions to social problems
Regional and outer-metropolitan Melbourne	Support decentralisation of C/C economy through incentivising development of regional/suburban C/C hubs
Cultural entrepreneurship and collaboration	Attract entrepreneurs to the State and encourage intensification of local entrepreneurship , by facilitating intra-industry collaboration and offering incentives, to create pockets of innovation based in Victoria (e.g. scaling up successful strategy around digital gaming industry)
Cultural infrastructure	Targeted investment in substantial cultural assets to increase community participation and economic return

C/C economy could add \$21.9b GVA and 90k jobs for Victoria

Assuming historic growth of jobs and GVA per person

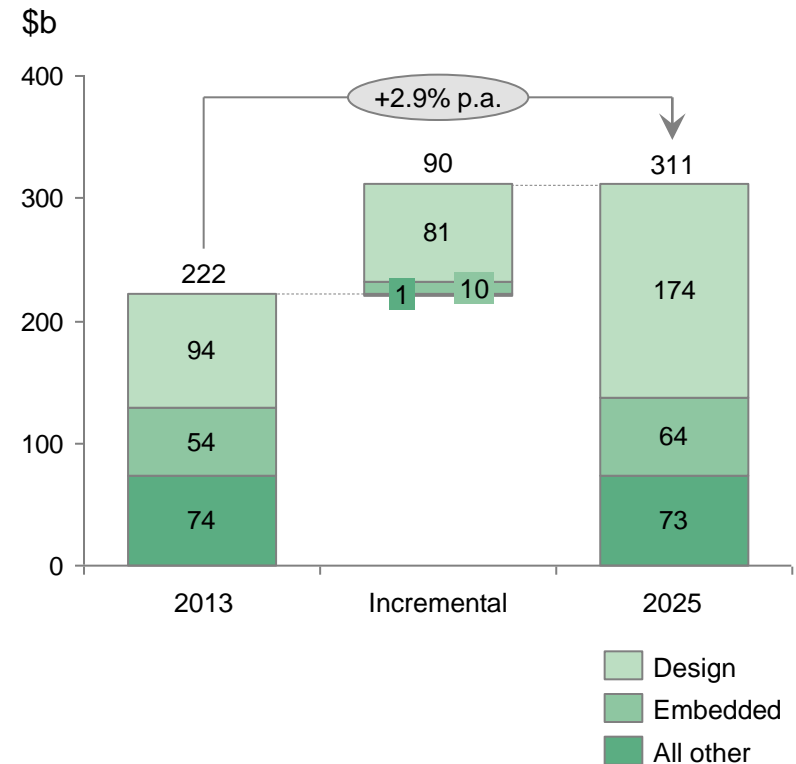
Additional \$22b in 2025 if historical growth continues, driven by design GVA

Real GVA estimate based on historical growth, Victoria



This represents 90k additional jobs

Real jobs estimate based on historical growth, Victoria



Note: GVA is calculated using growth in employment, and growth in GVA per person (historical for all sub-sectors) – therefore assuming that cultural and creative workers will continue to produce more output per person over time

Source: BCG analysis

Questions to be answered

Influence of clustering effect

- How can Victoria enhance the value of its creative & cultural through the development of distinct hubs of creative & cultural activity? How can these hubs share best practise?
- How can Victoria harness the strong NSW creative & cultural economy for mutual benefit (e.g. attracting exhibitions in partnership)?

How Victoria can leverage existing comparative advantages in C/C economy

- How can Victoria leverage its reputation as a cultural hub to increase attractiveness as a tourist destination, or as a place to live and work for high-skilled professionals?

Approach to declining industries

- How can Victoria prepare for the decline of print media and the rise of digital media, and how can Melbourne retain its status as a UNESCO City of Literature?

How can Victoria develop its regional C/C economy

- C/C economy is heavily concentrated in Melbourne, so how can we incentivise C/C industries to expand into the regions?

How can Victoria position its C/C economy to capitalise on Asian growth?

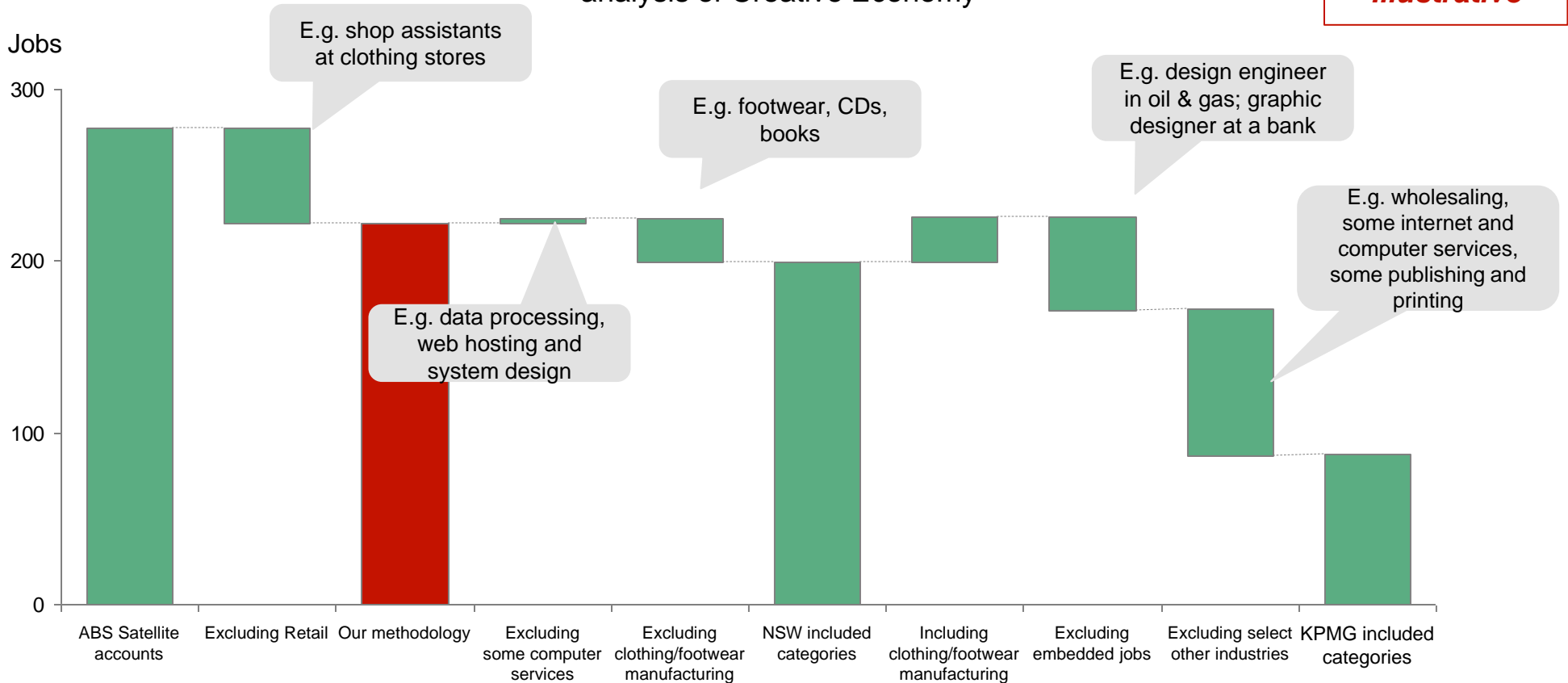
- Asia will be a key driver of growth for the Australian economy going forward, so how can Victoria harness its competitive advantages to market itself as a producer of high-value cultural goods and services? What skills are needed in the workforce to maximise this opportunity?

Appendix – Creative & cultural economy

Appendix 1: Industries we have included differ from other analyses of creative and cultural industries

Framework to highlight differences between BCG inclusions and other similar analysis of Creative Economy

Illustrative



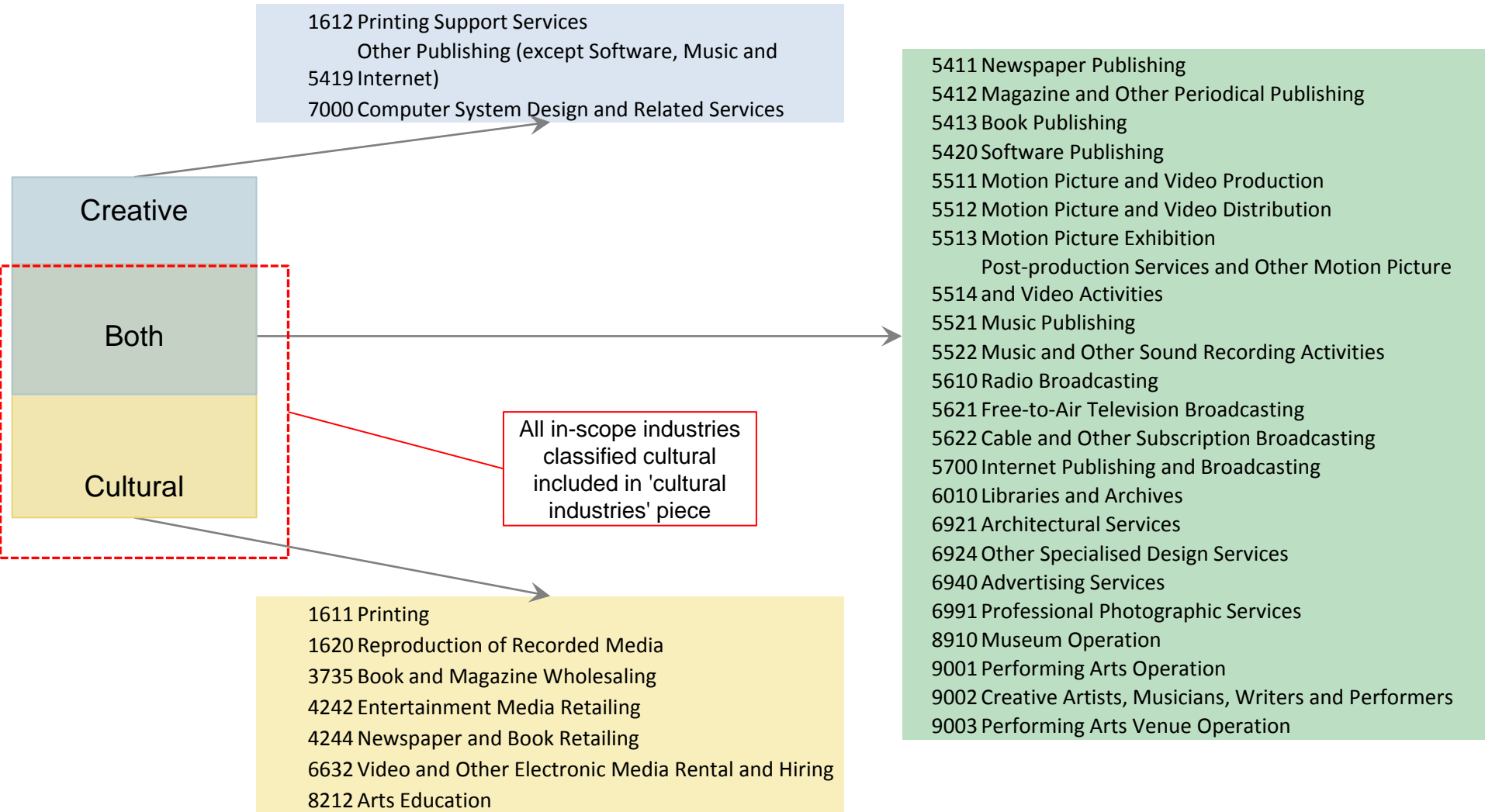
Explanatory note: figures in this graph indicate the estimated C/C economy employment in Victoria according to the various categorisations listed. That is, the category "NSW included categories" shows that if we were to model the NSW categories in Victoria, we would end up with 199,000 people employed in the Victorian C/C economy.

Appendix 2: Agreed industry inclusions and exclusions

Industry code	Agreed approach VIC	NSW	Satellite accounts	KPMG
1351	Clothing manufacturing			
1352	Footwear manufacturing			
1611	Printing			
1612	Printing Support Services			
1620	Reproduction of recorded media			
2591	Jewellery and silverware manufacturing			
3712	Clothing and Footwear Wholesaling			
3732	Jewellery and Watch Wholesaling			
3735	Book and Magazine Wholesaling			
4242	Entertainment Media Retailing			
4244	Newspaper and Book Retailing			
4251	Clothing Retailing			
4252	Footwear Retailing			
4253	Watch and Jewellery Retailing			
5411	Newspaper publishing			
5412	Magazine and other periodical publishing			
5413	Book publishing			
5414	Directory and mailing list publishing			
5419	Other publishing (except Software, music and internet)			
5420	Software publishing			
5511	Motion picture and video production			
5512	Motion Picture and video distribution			
5513	Motion Picture Exhibition			
5514	Post-production services and other motion picture and video activities			
5521	Music publishing			
5522	Music and other sound recording activities			
5610	Radio broadcasting			
5621	Free-to-air television broadcasting			
5622	Cable and other subscription broadcasting			
5700	Internet publishing and broadcasting			
5910	Internet service providers and web search portals			
5921	Data processing and web hosting services			
6010	Libraries and archives			
6632	Video and Other Electronic Media Rental and Hiring			
6921	Architectural services			
6924	Other specialised design services			
6940	Advertising services			
6991	Professional photographic services			
7000	Computer system design and related services			
8212	Arts Education			
8910	Museum operations			
8921	Zoological and Botanical Gardens Operation			
8922	Nature Reserves and Conservation Parks Operation			
9001	Performing arts operation			
9002	Creative artists, musicians, writers and performers			
9003	Performing arts venue operation			

Appendix 3: Cultural and creative distinction follows ABS

Most industries are both cultural and creative



Appendix 4: Detailed methodology

Outline of approach used to model economic dimensions of C/C economy

Model	Creative and Cultural Industries	Embedded jobs
Jobs	<p>Use Census data (2011; update in 2016) to determine proportion of 4-digit ANZSIC codes in the 3-digit summarising codes</p> <p>Use current 3-digit ANZSIC code labour force statistics, and proportions from 2011, to estimate the current employment for creative industries</p>	<p>Using proportion of embedded jobs in ABS 1-digit ANZSIC codes in Australia 2009 as defined by Satellite accounts (Creative and Cultural industries)</p> <p>Multiply by current number of jobs in ANZSIC 1-digit codes</p>
GVA	<p>Using 3-digit ANZSIC codes for jobs, determine proportion of jobs within 2-digit summarising codes</p> <p>Use 2-digit ANZSIC code GVA / person employed in Victoria to determine the GVA generated by Creative industries employees</p>	<p>Apply average 1-digit ANZSIC code GVA / person employed in each year to total employees in industry calculated for that year</p>
Exports	<p>Merchandise: Sum merchandise exports for ANZSIC 4-digit codes (provided by DFAT)</p> <p>Services: Sum services exports in Victoria for those selected as "creative" by BCG</p> <p>Tourism:</p> <ul style="list-style-type: none">• Derive international and domestic tourist growth projections from KPMG <i>Economic Impact of the Victorian Arts and Cultural Sector</i> (2013) report, which uses unpublished Tourism Research Australia data• Derive average spend per domestic and international tourist projections from Tourism Research Australia International Visitor Survey 2014• Multiply number of tourists by spend per tourist to calculate total contribution	

Appendix 4: Detailed methodology (cont'd)

Worked example – Creative Industries jobs and GVA

ANZSIC code 6921: Architectural services

Model	Explanation of method	Outcome
<p>Jobs – only 3-digit ANZSIC codes available</p>	<p>Determine number of jobs in 2011 Census</p> <p>Calculate these jobs as % of 3-digit ANZSIC code</p> <p>Multiply this ratio by present day number of workers in 3-digit ANZSIC code</p>	<p>In 2011, Architectural services hired 10,236 in Victoria</p> <p>This represents 25% of Victorian workers in the Architectural, Engineering and Technical services industry (ANZSIC code 692) (vs. 21% NSW and 15% nationally)</p> <p>Therefore, in Victoria in 2013, this represents approximately 15,800 workers (25% of 64,000)</p> <p>Outcome: ~15,800 workers</p>
<p>GVA – only 2-digit ANZSIC codes available</p>	<p>Determine average GVA for 2-digit ANZSIC codes</p> <p>Determine per-worker GVA for 2-digit ANZSIC codes</p> <p>Multiply number of workers in sub-sector by \$ per worker to calculate total GVA</p>	<p>In 2013, average GVA for ANZSIC code 69 (Professional, scientific and Technical services excluding computer design and services) was \$19.8b</p> <p>Per worker, this is \$99.2k</p> <p>Therefore, in Victoria in 2013, it is estimated that 15,800 workers in architectural services would generate a total of \$1.57b in GVA</p> <p>Outcome: ~\$1.6b GVA</p>

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