INDUSTRY ACTION PLAN

NSW CREATIVE INDUSTRIES

Prepared by the Creative Industries Taskforce

29 April 2013

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PREAMBLE

The NSW Creative Industries Action Plan (IAP) is one of six[1] IAPs commissioned by the NSW Government to help rebuild the NSW economy. The NSW Government appointed the Creative Industries Taskforce to lead the development of the vision, long-term strategy and actions positioned to drive the growth of the creative industries over the next 10 years.

The Taskforce notes that this IAP is being developed in an environment where governments at all levels are reviewing their arts and cultural policies.

The Commonwealth Government released its National Cultural Policy, *Creative Australia*, on 13 March 2013, two days after the release of the draft IAP. There is strong alignment between the National Cultural Policy and the Creative Industries IAP. This includes: the recognition of the importance of the creative industries to Australia's future social and economic prosperity; the strong focus on education and investing in developing creative careers; and the importance of maximising the use of high-speed broadband in order to connect metropolitan and regional areas, and the opportunity this offers businesses to improve market access and connect with new national and international audiences.

The NSW Government has also committed to developing a NSW arts and cultural policy. This will strengthen the NSW Government's approach to arts and cultural investment, provide a foundation for the continued development of the State's cultural institutions (Art Gallery of NSW, Australian Museum, Museum of Applied Arts and Sciences, State Library of NSW and the Sydney Opera House), other NSW arts and cultural organisations and artists, and identify ways to support participation in arts and cultural activities.

Meanwhile the City of Sydney has released its discussion paper, *Creative City*, as an initial stage in developing its own cultural policy.

The Taskforce appreciates the importance that access to world-class and good quality arts and cultural infrastructure has in sustaining creative industries in NSW. The Taskforce notes that the NSW arts and cultural policy will have a specific focus on the needs of the publicly funded arts and cultural infrastructure in NSW. For this reason, the Taskforce has determined that these issues are more appropriately considered within the context of the development of the NSW arts and cultural policy and the issues raised will be referred to Arts NSW who is facilitating the development of that Policy.

It is anticipated that, at the NSW Government level, the IAP and the impending NSW arts and cultural policy will complement each other and provide a sound platform to help drive the growth and development of the creative industries.

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[1] The other industry sectors with an IAP are: Professional Services, Digital Economy, Manufacturing, International Education and Research, and the Visitor Economy.

1 EXECUTIVE SUMMARY

In establishing this Taskforce, the NSW Government has acknowledged the importance of the creative industries to the overall NSW economy, as well as its profound positive contribution to our lifestyle and society.

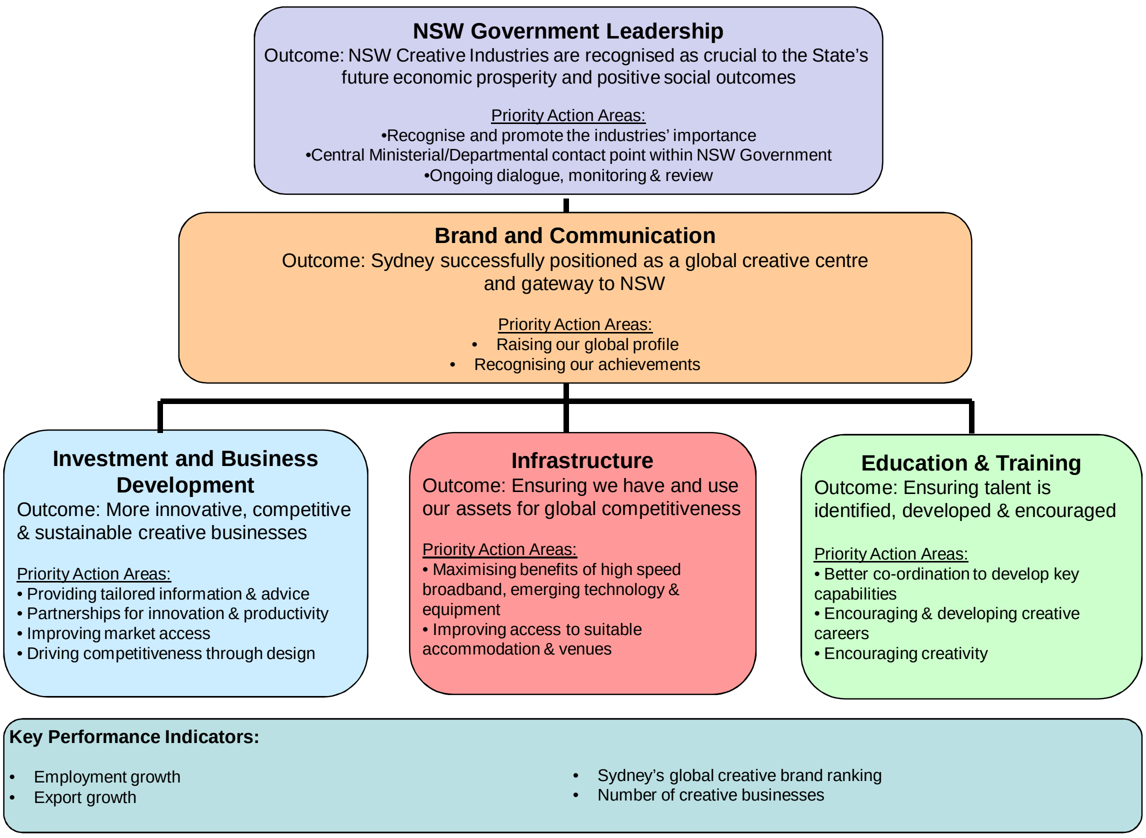
NSW continues to lead other Australian States in the creative industries.

The Taskforce sees leveraging NSW's premier status and natural advantage in the creative industries as a key opportunity to ensure that ***NSW, through Sydney, is recognised as a global creative centre and an Asia Pacific leader in creative industries.*** This is not only attainable, but smart. Creative businesses located in cities such as New York, London, Paris, Stockholm, and Tokyo enjoy a halo effect based on the creative reputations of their home towns. Sydney should develop a similarly compelling creative brand to facilitate market development initiatives and encourage higher levels of activity and growth. Achieving such a vision would return immense economic and social benefits to NSW.

Central to realising the IAP's vision, the Taskforce has made recommendations for action by various levels of Government, industry, education and research organisations, under five broad themes for action:

1. Sustained ***NSW Government Leadership*** through continued engagement with the industries and recognition of the sector's dynamism and impact.
2. A dedicated ***Brand and Communication*** strategy to elevate the industries' achievements and profile.
3. Improving ***Investment and Business Development*** outcomes through better access to information, partnerships, and initiatives to drive research and innovation.
4. Maximising the benefits of existing and emerging ***Infrastructure***.
5. Positioning ***Education and Training*** to attract, develop and retain talent and to align more closely with industry needs.

NSW, through Sydney, recognised as a global creative centre and an Asia Pacific leader in creative industries



THE FACTS

- NSW accounts for 39.6% of Australia's creative industries workforce.[2]
- NSW creative industries directly employ 4.7% of the total NSW workforce, with a further 2.1% of the workforce employed in creative occupations in other industries.
- More people directly work in NSW creative industries than those employed within the NSW agriculture and mining industries combined.
- Employment growth in the NSW creative industries was nearly double that of the rest of the State's workforce (2.6% vs 1.4% per annum from 2006 to 2011).
- NSW creative industries services exports were worth around $1.4 billion in 2011-12.
- NSW is home to 42% of Australia's design occupations.

The creative industries are made up of a broad conglomeration of industries. The Taskforce has deliberated on many issues during the development of this IAP. Given the significant diversity of activity, the Taskforce has approached its recommendations by identifying the actions needed to strengthen the industries as a whole rather than on an individual sub-sector basis on the basis that delivery on common needs and opportunities helps to maximise and focus the impact of investment.

A key objective of the Taskforce is to create a business environment in NSW that encourages commercially sustainable creative businesses and careers.

The Taskforce role is to identify key issues and suggested courses for action to help drive growth in the industries. While the Taskforce recognises the State's immediate budget constraints in developing its recommendations it has not made any recommendations as to how proposed actions should be funded or financed. That said, the Taskforce adopted a pragmatic approach with some recommendations able to be achieved with minimal additional funding. The Taskforce, however, recognises that the IAP is for a ten-year period and additional funding should become available during the life of the Plan. The Taskforce looks towards the NSW Government to lead funding considerations.

Additionally, the Taskforce considers it prudent to place this IAP within the context of the NSW Government's Economic Development Framework to position the recommendations for action.

[2] This figure refers to the workforce employed directly within the creative industries, not the total "creative" workforce (ie those working within other industries).

RECOMMENDATIONS:

1. NSW GOVERNMENT LEADERSHIP

Recognise and Promote the Industries' Importance

1. That senior NSW Government Ministers recognise and promote the importance of creative industries to the growth and competitiveness of NSW's broad-based economy, and their positive social and cultural impact on NSW society.

Central Ministerial/Departmental contact point within NSW Government

2. NSW Government to establish a central contact point, and/or a specific Ministerial responsibility, for the creative industries within the NSW Trade & Investment cluster.

Ongoing Dialogue, Monitoring and Review

3. NSW Government to establish a process that ensures ongoing dialogue between the NSW Government and NSW creative industries, including for the purpose of advocating, monitoring and reviewing the NSW Government's performance in implementing its IAP commitments and provide the ability to respond to any changes in IAP priorities.

2. BRAND AND COMMUNICATION

Raising our Global Profile

4. NSW Government to develop and implement a dedicated creative brand for Sydney to elevate, through Sydney, NSW's profile as a global centre and an Asia Pacific leader in the creative industries.
5. Destination NSW and industry peak bodies to better leverage existing metropolitan and regional NSW festivals and events through improved coordination and promotion to:
   - ensure there is year-round activity;
   - develop business-related satellite activities;
   - increase global exposure and business opportunities for the creative industries;
   - support the showcasing of innovative creative SMEs internationally in part through effective liaison through NSW international trade offices; and
   - work with the NSW Board of Studies to consider future opportunities for promotion of annual showcases of HSC student excellence at the meeting point of the arts, IT and business.
6. NSW Government to further develop the profile of *Vivid Sydney* as a key global showcase event for the NSW creative industries, including the attraction and development of creative industries events and showcases with a true global profile (e.g. the Annual Meeting of the UNESCO Creative Cities Network or growing local events which have the potential to establish global profiles).
7. NSW Government to drive the development of Sydney's 'Arts and Cultural Ribbon' to strengthen Sydney's regional and global profile as a creative centre.

Recognising our Achievements

8. NSW Government to publish and promote a comprehensive assessment of the economic, cultural and social impact of NSW creative industries to help position NSW's strengths globally.
9. NSW Government to establish a Premier's Creative Industries Achievement Award. The prize would be awarded for the individual or organisation that: (i) demonstrated excellence in creative industries; and (ii) showed an outstanding contribution towards achieving the vision of this IAP (NSW recognised as a global creative centre and an Asia Pacific leader in creative industries).

3. INVESTMENT AND BUSINESS DEVELOPMENT

Providing tailored information and advice

10. Peak industry bodies and the NSW Government to ensure effective dissemination of information to the industries (particularly start-ups and growing creative industries businesses) on available NSW and Commonwealth Government advisory assistance and funding opportunities and schemes. This includes establishing a central portal to provide up-to-date, consolidated, reliable and practical information in a tone, language and design relevant to creative industries.
11. Peak industry bodies to partner with business organisation front-runners to establish "super" mentoring programs that boost the transfer of skills from business leaders to high–potential creative businesses and start-ups. Programs could also encourage corporate philanthropy by offering professional advisory assistance (e.g. lawyers and accountants).[3]
12. Peak industry bodies to help encourage NSW creative industries to export their commercial intellectual property by helping their members to identify and pursue export opportunities. Work may include administering 'how to export' seminars and programs directed at imparting advice to NSW creative industries. Related to this, peak industry bodies should be prepared to provide advice on the impact of broadband and the digital economy on business models. Particular attention should be given to Indigenous enterprises and businesses in regional NSW.
13. NSW and Commonwealth Governments to develop an advisory assistance program that is focussed and tailored to the needs of high growth businesses that are currently under-served by existing Government programs, in particular organisations with a turnover between $350,000 to $750,000, and are on a trajectory for high profitability and employment growth potential. `
14. NSW Government, in collaboration with peak bodies, and education and research organisations, to implement a benchmarking-style service that provides the predominantly small creative business sector in NSW with timely data on their performance in relation to their peers.

Partnerships for innovation and productivity

15. NSW Government to ensure programs like the new *Innovate NSW*, which drives collaboration between industry, researchers and government to develop new leading edge products and services, are available to NSW creative industries.
16. NSW Government to develop a strategy to encourage the development of the industries' cluster in the Moore Park to Ultimo area. This could include initiatives to bring together a critical mass of capabilities and industries (across businesses, researchers, end users, students and government) to share resources, support knowledge diffusion, and strengthen networks to collaborate with multinational organisations through joint co-investment and job creation activity, and grow existing or establish new creative business incubators for co-located start-ups.
17. Establish smaller scale innovation hubs in major regional centres, based on niche specialisations and the region's existing strengths. This may include, for example, the Northern Rivers region of NSW in an area such as design.
18. NSW Government to target the establishment of up to three creative industries-related Co-operative Research Centres (or similar) over the next 10 years to drive innovation and drive productivity in the broader economy, with a priority being to investigate opportunities for Sydney to be a hub for global industrial design in manufacturing and technologies used by the creative industries.
19. NSW Government to develop and trial a 'Creatives in Business' program that places creative professionals within businesses in industries other than the creative industries.

[3] Note: recommendation in the IAP's Education section for peak industry bodies to establish mentoring programs focuses on graduates and new recruits and therefore has a different focus to this recommendation which focuses on start-ups and young creative businesses.

Improving market access

20. NSW Government to improve its procurement processes and systems to enable more creative enterprises to compete for government contracts, at lower cost, fairly and at lower risk, and collaborate to create innovative solutions.
21. Establish specific business development programs for both Indigenous creative industries practitioners as well as for cultural groups, to better leverage NSW's cultural diversity in working towards NSW becoming known as a global centre and an Asia Pacific leader in creative industries.
22. Tertiary education providers to create important connections by attracting more international students through marketing of creative industries' courses in key international markets.
23. NSW Government to work with peak creative industries bodies to identify priority export markets for creative industry sub-sectors and develop and implement initiatives to facilitate entry to these markets.
24. NSW Government to better leverage NSW creative industries export successes and activities – from architecture to performing arts tours – as part of its international engagement activities.
25. Creative industries enterprises to participate in trade missions by the Premier and Deputy Premier to appropriate target markets to help generate creative industries exports.

Driving competitiveness through design

26. NSW Government to develop and trial an incentive scheme (such as a Design Voucher) to facilitate non-design NSW industries to engage NSW designers.
27. NSW Government to support a comprehensive program that provides in-depth assessment of business needs and tailored advisory services required to develop businesses' capabilities to strategically utilise design within their operations.
28. NSW Government and other relevant parties to encourage the development of a national design centre at the most appropriate location along Sydney's proposed "Arts and Cultural Ribbon" to showcase the economic, social and environmental achievements of the NSW design sector and actively facilitate cross-industry use of design to drive NSW economic competitiveness.
29. Where appropriate, NSW Government to lead by example by incorporating design-led thinking approaches in its service delivery.

4. INFRASTRUCTURE

Maximising the benefits of high speed broadband, emerging technology and equipment

30. Peak industry bodies to (i) develop information and education material, programs and/or events for industry professionals to assist in the rapid transference of practical experience on the latest software and technologies; (ii) undertake a stocktake of available technology and equipment; and (iii) investigate mechanisms or systems to enable their members and/or tertiary education providers to access each other's technology and equipment.
31. Peak industry bodies to work with the NSW Small Business Commissioner and other relevant parties to encourage coaching of creative enterprises located within creative regional locations with priority access to the National Broadband Network (e.g. Armidale and Kiama) to maximise use of high speed broadband.
32. NSW museums, galleries and libraries and other industry segments developing cultural content, to continue to digitise their collections and cultural assets and promote their online availability to allow people, particularly in regional NSW, to experience and, where appropriate, use and learn from important cultural resources.
33. NSW Government to improve the ability of regional communities not covered by reliable high speed broadband to engage with the digital economy by continuing its roll-out of Wi-Fi to regional NSW libraries.

Improving access to suitable accommodation and venues

34. NSW Government to review the application of relevant local government regulations of importance to the creative industries to ensure that they do not unduly restrict the development of the local industry.
35. NSW Government to improve access to vacant space for creative entrepreneurs by considering ways to open up Government spaces and venues to more users, particularly for events and organisations that relate to the creative or visitor economy.

36. Local Government to promote the use of existing vacant buildings and street art opportunities as creative arts spaces to revitalise city spaces, particularly in regional centres.
37. Barangaroo Delivery Authority to continue to pursue the proposed development of a private sector funded Australian Centre for Indigenous Culture and a landmark public art commission at Barangaroo.

5. EDUCATION & TRAINING

Better coordination to develop key capabilities

38. Peak industry bodies to: (i) undertake research to more specifically identify the industries' ICT and digital skills issues to help in the development of targeted solutions; and (ii) encourage and promote formal education in business management and innovation of creative industries practitioners and work closely with education and training providers to achieve these outcomes.
39. Tertiary education institutions to collaborate with peak industry bodies to ensure creative industries' course curricula is relevant to industry needs by including education on skills development in ICT, digital, business management, contemporary business structures, export market development and environmental sustainability.
40. NSW Government to demonstrate the appreciation for the distinctive needs of the creative industries in designing and delivering its business advisory support services by establishing a target that at least 10% of all NSW Government's *Small Biz Connect* program Business Advisors have direct business experience in, or with, the creative industries. Such resources should be located in areas of strong creative industries concentrations (e.g. Sydney, Northern Rivers). Further, the Small Business Commissioner to ensure this includes an understanding of the needs of the Indigenous creative community, particularly those in regional NSW, who may have distinct needs in business support services.
41. Peak industry bodies to promote and encourage their members who are seeking funding from the NSW Government to undergo the NSW Government's small business program, *Small Biz Connect* (or equivalent program) to help strengthen business management skills, improve their competitiveness in applying for a grant, and encourage the best use of any funding received.

Encouraging and developing creative careers

42. Peak industry bodies to establish mentoring programs targeting young creative workers to help support creative enterprises to accommodate talented students and graduates to be mentored by successful professionals working within the industry, including linkages between metropolitan and regional NSW.
43. The NSW Government, with the support of peak industry bodies, provide information to careers counsellors on creative career opportunities to ensure information imparted to school students is current to support viable careers in the creative industries.
44. Those tertiary education institutions that deliver creative industries Masters programs to include a component, as appropriate, for university students to teach school students.

Encouraging creativity

45. As part of the evolution of the National Curriculum and in addition to the curriculum for creative arts, NSW Government to work with the Commonwealth Government to ensure creative thinking approaches and techniques are a dedicated part of the curriculum to strengthen capacity for creative problem solving and innovation.
46. NSW Government to recognise the importance of the need for a range of alternative, affordable and practical avenues to education and training that underpin NSW creative industries, including by reinstating NSW Government funding to those Technical and Further Education (TAFE) fine arts courses that experienced cuts to subsidised funding from 1 January 2013.
47. *Vivid Sydney* to include an annual event putting the spotlight on creative industries in NSW which promotes the importance of creative industries providing solutions which underpin innovation and future economic prosperity.

2 THE CREATIVE INDUSTRIES – WHAT ARE THEY?

Within this IAP, the creative industries are defined 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[4]. The industries are formed from the following broad conglomeration of sub-sectors:[5]

- Advertising
- Built Environment[6]
- Design (including fashion, industrial and graphic design)
- Visual Arts
- Music
- Performing Arts
- Publishing
- Screen (television, film, electronic games and interactive entertainment)
- Radio

These industries are bound by the element of creativity and are skill and knowledge intensive. Creative skill and talent pervades their product development and all sectors create wealth and jobs through the generation and exploitation of their intellectual property. The increasing influence of digital technologies is also common to all sectors.

Photo Credits[7]

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[4] UK Department of Culture, Media and Sport.

[5] This breakdown is in accordance with the definition used by the ARC Centre of Excellence for Creative Industries and Innovation (CCI).

[6] Focusing on Architectural Services including planning and design for residential, institutional, commercial and industrial buildings and structures, including interior design, landscaping architectural services and town planning.

[7] Top row, left to right: 'Fox' by Margaret Wild (author), Ron Brooks (illustrator), Sandra Nobles (jacket designer) and Allen & Unwin (publisher); Vivid Sydney 2012, MCA Old Façade, photo by David Clare; The 'Peanut' Chair, designed by Marc Newson and made in Sydney by Eckhard Reissig, is a gift of Laminex Industries and a part of the Powerhouse Museum Collection. Bottom row, left to right: The first commercial version of the Cochlear Implant and speech processor, acquired as part of the Powerhouse Museum Collection in 1986; David Gulpilil as Jagamarra behind the scenes of Satellite Boy, a Satellite Films production, photo by Matt Nettheim; Sydney Symphony, photo by Keith Saunders.

3 A CRITICAL SECTOR: NSW CREATIVE INDUSTRIES

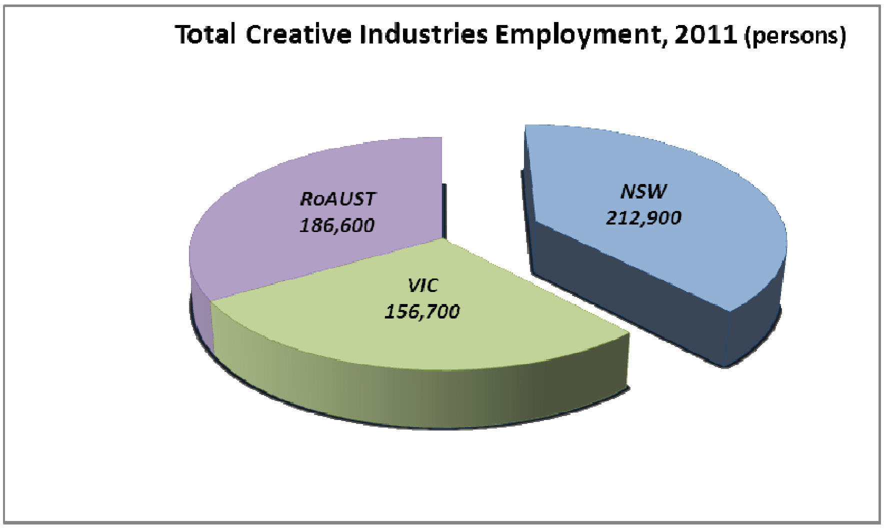
The creative industries provide enormous economic, cultural and social value to NSW.

ECONOMIC VALUE

NSW creative industries are an important contributor to the NSW economy, due to their direct economic activities and their contribution to the competitiveness of other sectors within the NSW economy.

The NSW creative industries' share of the NSW economy in 2009-10 was around 3.9%, compared with 3.3% at the national level. The industries are expected to grow at a faster rate than the rest of the NSW economy over the next 10 years. According to Access Economics the NSW creative industries are forecast to grow at an annual average rate of 3.1% to 2020, compared to 2.7% per annum for the NSW economy overall.[8]

The NSW creative industries are also the largest of the other States and Territories. Based on 2011 Census data, the NSW creative industries directly employed approximately 147,600 people, accounting for 39.6% of national employment in the creative industries. This is equivalent to 4.7% of total NSW employment. In addition, approximately another 65,300 people in NSW worked in creative occupations within other (non-creative) industry sectors. This represents 35.7% of the "embedded" creative people working in other industries across Australia.



The latest Census highlights the changes in employment growth of various components of the NSW creative industries. Average annual employment growth over the five years to 2011 is:

- 4.8% per annum for 'Specialists' (creative occupations within the creative industries). This compares to national growth over the same period of 4.3% per annum.
- 2.3% per annum for 'Support' employees (non-creative occupations within the creative industries), compared to 2.4% per annum for Australia.
- 1.0% per annum for 'Embedded' creative workers (creative occupations within 'non-creative' industry sectors). This compares to national growth of 1.4% per annum over this period.

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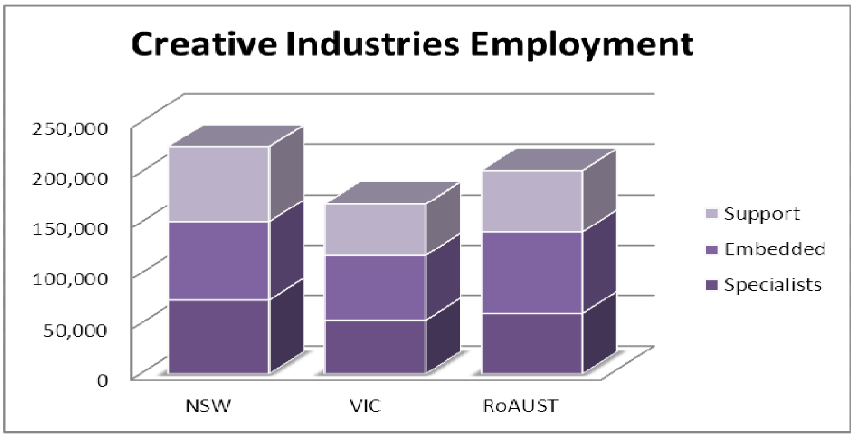
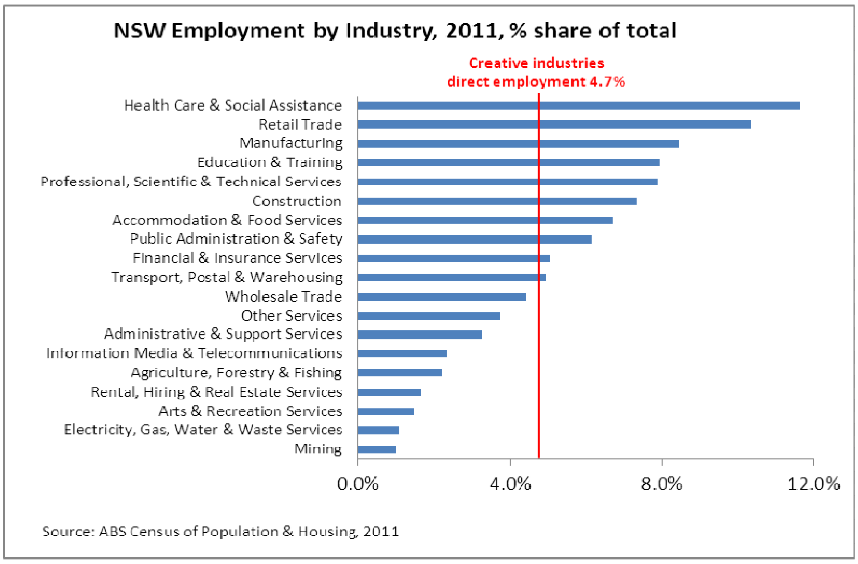
[8] Access Economics, August 2010, *The NSW Economy in 2020: A Foresighting Study*



NSW creative industries directly employ almost as many people as are in the financial and insurance services industries in NSW and more people than mining, agriculture, rental and real estate services, and wholesale trade.



Note: "Creative Industries" is a composite industry, and includes elements of the other discrete industries represented in this graph such as "Arts and Recreation"

The natural attributes of the creative workforce, along with their education and training, also provide the creative industries with the capability to drive innovation and competitive advantage in other industries. The industries' ability to generate new ideas, approaches, and to reframe issues provide a valuable asset to the community's latent innovative capability. The United Kingdom's National Endowment for Science, Technology and the Arts (NESTA) notes that the creative industries are different from many other industries by the high degree of involvement and co-production between creative producers and consumers. By understanding people's tastes, preferences and needs, the industries play an important role in the development of new products and services, as well as in providing innovative problem-solving solutions.

NSW, along with other advanced economies, needs to improve its ability to link creativity to economic innovation. Creative capabilities are found across the economy, not just in the creative industries. However, the natural attributes and training of NSW's creative workforce could be better harnessed for the benefit of the whole economy.

> *These days, globalisation means that many of the skills and services at the heart of business competitiveness are being outsourced to regions with low costs and large pools of technical expertise. To be competitive we need to find smarter ways of conducting business and of building knowledge for business. We have to move from our current position of relying on*

'commodity' knowledge production to a point where we are constantly innovating on the basis of creative ideas.[9]

It is through better harnessing of creative skills that NSW industry can meet the increasing competition in traditional markets by lower cost producers.

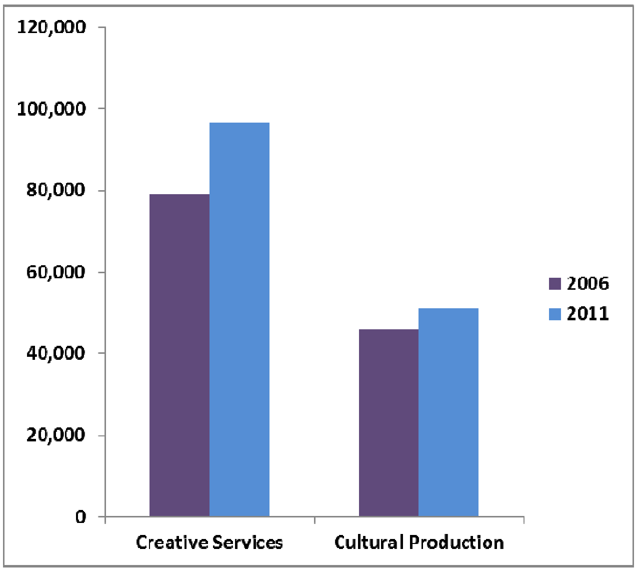
The creative industries have the skills and capabilities necessary to help develop new areas of competitive advantage for NSW's industries. By supporting industries to add greater value to their products and services, improving how they can meet their customers' needs, and supporting the development of intellectual property, the creative industries will strengthen the long-term competitiveness of the overall NSW economy.

Broadly speaking, the creative industries can be broken down into two distinct segments:

- Creative services (major creative business-to-business (B2B) activities of industries such as architectural services, software publishing, advertising services, computer system design services, jewellery and silverware manufacturing, and professional photographic services).
- Cultural production (mostly business-to-consumer (B2C) activities of organisations involved in music publishing, movie making, libraries, museum and archives operation, performing and creative arts, and traditional media publishing and broadcasting).

The creative services sub-sector is the largest segment of the creative industries in NSW, accounting for nearly two thirds of the workforce employed directly within the creative industries (around 97,000 workers). Creative services has also driven growth in the direct creative workforce, accounting for 2.6 percentage points of the 3.4% per annum increase in direct creative employment from 2006-2011. Within creative services, computer system design and related services is both the largest industry and the largest contributor to growth in the sub-sector. This growth in occupations like design and marketing is being driven by the digitalisation of the broader economy.[10]

Direct Employment, NSW Creative Industries Sub-sectors (persons)



Source: ABS Census of Population and Housing, 2006; 2011

Cultural production accounts for around 35% of direct creative industries employment (51,000 workers). In comparison to creative services, cultural production employment has grown slowly in the five years

[9] PMSEIC Working Group (2005) '*The role of creativity in the innovation economy*'. Page 5: http://www.innovation.gov.au/Science/PMSEIC/Documents/TheRoleOfCreativityInTheInnovationEconomy.rtf
[10] ARC Centre of Excellence for Creative Industry and Innovation (CCI) Creative Economy Report Card http://www.cci.edu.au/Creative_Economy_report_card.pdf. See also Eltham, B., "Creative jobs: maybe that arts degree isn't so useless after all" Crikey http://media.crikey.com.au/dm/newsletter/dailymail_535b9e1cdeef1b7b6920519b70e23033.html#article_22321.

preceding the 2011 Census. Over half of the cultural sector's employment growth came from an increase in the number of creative artists, musicians, writers and performers.

The NSW creative industries exports are equivalent to approximately 3% of total NSW goods and services exports.[11] Trend growth for NSW creative industries exports over the five years to 2010-11 was around -0.4% per annum (nominal).[12]

The industries are also categorised by the high proportion of small businesses: 7% of all NSW Small to Medium Enterprises (SMEs). Of the approximately 50,000 businesses operating within the NSW creative industries, 97.4% were small businesses (0-19 employees), 2.3% were medium (20-199 employees) and 0.3% were large[13].

The importance of the industries has been recognised by the NSW Government through its establishment of a Creative Industries Taskforce - identifying it as one of six important sectors for the NSW economy. NSW creative industries have the capacity to provide significant value to the whole NSW economy and these other five industries[14] in particular by providing soft and hard infrastructure to drive innovation and competitive advantage:

- The competitiveness of the Manufacturing sector can be enhanced through greater excellence in design, an issue that was raised by the Manufacturing Taskforce which noted that "*…evidence shows design-led businesses outperform their peers. Design differentiates superior products and businesses globally. It can be integrated into all areas of a business and is not limited to simply aesthetics.*"[15]
- The Digital Economy (including broadband) counts on the continuous stream of content produced by the creative industries.
- Professional Services businesses and workforces are attracted to vibrant cities (in which the creative industries form a key component) as a place to live and work. In particular, enhancing the 'liveability' of a location helps strengthen the ability of professional services firms to attract globally-demanded high-skilled talent.
- International Education students are attracted to our world class education (including creative education) as well as the vibrant liveable and socially cohesive cities that the creative industries help to form.
- The Visitor Economy is supported by varied creative and cultural experiences, in particular indigenous arts and cultural experiences, that can attract new and repeat visitors to destinations.

Concentrated or escalated activity in creative industries is often associated with thriving local economies.[16] The industries' combined output and productivity strengthens economic diversity, particularly adding to the mosaic of small to medium businesses in cities, adding vibrancy and interest to communities and providing economic benefit to other industries.

CULTURAL VALUE

Cultural value exists where a product or service communicates symbolic messages and where both producers and consumers value a product or service for social and cultural reasons, as well as or more than its monetary value.[17]

Albury Art Gallery, photo courtesy of Albury City

[11] ABS *International Trade in Services 2010-11,* 5368.0
[12] ABS Cat. No. 5368.0.55.003, unpublished ABS merchandise trade data and Strategic Policy and Economics unit, NSW Trade & Investment
[13] ABS Business Counts, Australia: 8165.0
[14] The other industry sectors with an IAP are: Professional Services; Digital Economy, Manufacturing; International Education and Research, and the Visitor Economy.
[15] NSW Manufacturing Taskforce (2012), *NSW Manufacturing IAP*. Page 39.
[16] Australian Government, *'Creative Industries, a Strategy for 21st Century Australia',* (2011), page 21
[17] D. Throsby, 2008, *Creative Australia: The Arts and Culture in Australian Work and Leisure*, page 8

The arts and cultural sectors of the creative industries derive their cultural value from their people and places (including their infrastructure) and the stories associated with them. The industries are expert at translating those stories into sound, text and image to help tell and sell those stories locally and to the world. The translated stories contribute to greater knowledge and understanding, including (but not exclusive to) the history and heritage of a location and its people. In many instances, other creative industries, such as advertising, architecture, and design, also produce goods and services that hold cultural value.

These activities help establish identity and belonging; they provide inspiration for new knowledge and ideas and also facilitate cross-cultural appreciation. By facilitating cross-cultural awareness and understanding the creative industries provide support for improved international connectivity and collaboration networks, which help to increase investment and exports to industries across the whole economy.

The measurement of cultural value is a difficult task. Its value can be implicit in the building, product or service and when harnessed, can be transformed into economic gain. The links, however, may not be as obvious. An example of Australia's creative cultural expression occurred in the opening ceremony of the Sydney 2000 Olympic Games, where Australians readily identified with the images and sounds, and the rest of the world gleaned some understanding and insight into what is important to Australians.

Economic analysis into the benefit derived by a community from government funding of cultural institutions like museums and galleries increasingly attempts to recognise and value the intangible benefits that these institutions provide to the broader community. That is, its cultural and social value.[18] They use non-market techniques such as surveys to, for example, determine a community's willingness to pay for a cultural good to better assess the good's broader worth to the community. These studies invariably conclude that the social/cultural value of these cultural institutions exceeds the value of their publicly funded subsidies and the community' willingness to pay for them.[19 20]

Art Gallery of NSW, photo by Jenni Carter

A 2008 study evaluating the economic, social and cultural worth of the Queensland Museum noted:

> *… that across this wide range of geographic and demographic characteristics, there was a great deal of enthusiasm for supporting the Queensland Museum even by those who self-acknowledged they were non-users of its services and/or not very interested in museums in general.*
>
> *Results indicated that Queenslanders were willing to pay more for the Queensland Museum's existing services. On average this amounted to between 2.3 and 2.9 times the current levels of funding which is $6.50 per Queensland adult per annum.[21] The conclusion drawn is that the people of Queensland place a value on the Queensland Museum that is more than twice that reflected in current government funding for day to day operations.[22]*

NSW's Indigenous culture in particular provides unique and distinct opportunities to produce Indigenous cultural products for widespread education, appreciation and enjoyment. Indigenous stories, visual arts, dance and music are particularly distinctive and not only have local appeal, but also significant export appeal, when shaped into creative products. A recent example of note is the highly acclaimed film *The*

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[18] Santagata, W. & Signorella, G. (2000). "Contingent Valuation of a Cultural Public Good and Policy Design: The Case of 'Napoli Musei Aperti". *Journal of Cultural Economics* 24(3): 182

[19] Gregory R, (1986). "Interpreting Measures of Economic Loss: Evidence from Contingent Valuation and Experimental Studies", *Journal of Environmental Economics and Management* 13, 255

[20] Tranter, D. (2008). *Valuing the Queensland Museum: A Contingent Valuation Study*, Report prepared for the Board of the Queensland Museum, Queensland Government, Brisbane, page 4.

[21] *The Study found Queensland adults would be willing to pay between $14.73 and $19.15 each per annum to support the ongoing operations of the Queensland Museum*.

[22] Tranter, D. (2008). *Valuing the Queensland Museum: A Contingent Valuation Study*, Report prepared for the Board of the Queensland Museum, Queensland Government, Brisbane, page 4

Sapphires, based on the award winning play written by NSW's Tony Briggs who was inspired by the true story of his Koori mother and aunt.

Photo Credits[23]

SOCIAL VALUE

The creative industries are indispensable in any civilised society, helping to enrich lives and sustain the well-being of society by contributing to social cohesion. They provoke thought and discussion within the community (through media, press, education systems, etc.) and the industries' expressions of creativity routinely reflect and examine contemporary issues (e.g. the human condition, cultural issues, environmental, political, scientific and technological advances).

A recent Australian documentary, *Once Upon a Time in Cabramatta*, is, for example, the untold story of how the Vietnamese community overcame adversity and found their place in modern Australia. The series received high ratings, premiering with a national audience of more than one million people across SBS One and SBS Two. The series was also a sensation on social media, with *#onceuponatimeSBS* trending #2 worldwide on Twitter during the broadcast.[24]

Increasingly the industries also enable the community to participate in the creation of products and services (e.g. empowered through interactive media). "Staying-in-touch" with the community helps to develop products and services that continuously evolve and meet consumer demand.

The industries also contribute to urban development and revitalisation,[25] helping attract investment and generating new economic activity through the enhancement of an area's image. Renew Newcastle, for instance, was founded to solve the problem of Newcastle's empty, vandalised and decaying CBD for a short-term period until long-term effective plans are in place. The project enables artists, artisans, craftspeople and community groups to use and maintain the buildings until they become commercially viable or are developed. Renew Newcastle has also inspired other urban renewal projects, including Pop-Up Parramatta.

The industries' design community, particularly from the built environment sector, has a key role in building better cities and suburbs, including regional centres, making them functional as well as socially and aesthetically attractive.[26]

The industries also help attract businesses and people, including students, to relocate to city centres made vibrant, vital and liveable through its creative industries. The concentration of creative enterprises in cities also assist those enterprises to innovate and improve their products and services through greater opportunities to network and collaborate with each other, providing not only social, but also economic advantages to those businesses and the economy.[27]

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[23] Left to right: Director Wayne Blair on the set of The Sapphires, Goalpost Pictures; Chris O'Dowd, Deborah Mailman and Wayne Blair on the set of The Sapphires, Goalpost Pictures; The Sapphires, Goalpost Pictures.

[24] Twitter.com

[25] D. Throsby, 2008, *Creative Australia: The Arts and Culture in Australian Work and Leisure*, page 14.

[26] Australian Government, 2011, *Creative Industries, a Strategy for 21st Century Australia,* page 21

[27] Australian Government, 2011, *Creative Industries, a Strategy for 21st Century Australia*

In 2003, the American economist Richard Florida contended that creativity and the emergence of the "creative class"[28] is the new primary driver of urban economic success, over raw material, physical labour and flows of capital.[29] He also contended that a sense of place, cultural attractors, societies that value diversity, openness and tolerance[30] and the clustering of creative people in urban locations, is an important influence for where people live and drawing more creative people, in addition to the positive economic impact of the "creative class". The industries add depth to the human experience which enhances the attractiveness and 'liveability' of a place. This is of significant benefit for various industries such as the tourism industries in attracting new and repeat visitors, and other industries to attract global footloose talent.

The industries are effective in inspiring leaders, and helping to galvanise community action on social issues. They can be particularly helpful in re-engaging displaced and disadvantaged social groups and utilising the benefits of the industries' arts and cultural sectors in particular to work across society in areas such as education, health, ageing and disability. NSW for example has some key arts organisations that, in partnership with the community, focus on effecting social change and cohesion, a few noteworthy examples include Big hART,[31] Beyond Empathy[32], Information and Cultural Exchange (ICE)[33] and I-Manifest[34].

The industries also provide appeal and enhance recreation through interesting and potentially inspiring opportunities to be engaged and entertained, as producers, consumers, enthusiasts or observers. They offer young people with constructive and stimulating choices to spend their time.

The industries' events and festivals also hold significant social value. The industries unify and provide the community with memorable experiences, tied and contributing to their local identity and places, and also invite others to see and experience the world through a local point of view (e.g. Sydney Festival, Vivid Sydney, Tamworth Country Music Festival, Byron Bay Bluesfest, Splendour in the Grass and Homebake). The industries also offer artists important opportunities to showcase and market their talent on the international stage, and help catapult emerging artists into their creative careers.

Photo Credits[35]

[28] Florida's "creative class" is a new social class comprising two components: (i) a super-creative core of scientists, engineers, artists, publishers, designers and specialists and (ii) creative professionals in business, finance, law, advertising etc.
[29] D. Throsby, 2008, *Creative Australia: The Arts and Culture in Australian Work and Leisure*, page 15
[30] CCI-CCI Creative City Index 2012: http://www.cci.edu.au/sites/default/files/CCI%20Creative%20City%20Index%202012%20Final%20Report.pdf
[31] Big hART partners with artists and communities to run arts projects that empower communities to change.
[32] Beyond Empathy works with disadvantaged communities.
[33] ICE focuses on Western Sydney's cultural life, particularly its multicultural diversity
[34] I-Manifest provides exposure and access opportunities to creative teenagers from low socio-economic and rural communities.
[35] Left to right: Vivid Sydney 2012, photo by Dan Boud; Vivid Sydney 2012, Lights Interaction, photo by Dan Boud; Sydney Festival First Night, photo by Prudence Upton.

4 A VISION

NSW, through Sydney, recognised as a global creative centre and an Asia Pacific leader in creative industries.

Creativity is Key to Global Competitiveness

The future of NSW will depend on its capacity to exploit its creative intelligence and being recognised as a creative powerhouse.

Artwork supplied by Jaime Anderson Paperfish Graphic Design

As the resources boom abates, there will not only be opportunity, but a necessity, to propel other sectors of Australia's economy. Strategies to increase investment, productivity and growth in sectors of competitive strength are particularly timely and prudent.[36]

With increasing competition from lower cost countries that have improving capabilities, the long-term international competitiveness of the NSW economy will increasingly be based on our ability to develop creative and innovative solutions to society's needs and demands.

NSW 2021 aims to make NSW number one again as Australia's first place to do business. The NSW Government has commissioned this IAP, along with others, to leverage and further invest in NSW's natural advantage and competitive strength and to help earn NSW's title as Australia's Premier State.

Key Opportunity: Leveraging NSW's Natural Strengths

The NSW creative industries hold world-class creative skills and capabilities. Residing within the fast growing Asia Pacific region, the industries also benefit from a world class legal framework, infrastructure and research capabilities. NSW is home to a tech-savvy and culturally diverse population, which lives in an English-speaking environment, benefiting from the language's position as the international language for business and trade.

The Taskforce recognises that NSW has organically become Australia's leading state in creative industries and that a clear and overriding opportunity exists for NSW to build on its existing competitive advantage to become a regional and global leader in creative industries. The Taskforce believes that NSW, through Sydney, should aspire to be recognised as a leading hub of creative industries in the Asian region and top 10 globally.[37]

Global and regional recognition will require continued development of NSW creative industries' capabilities. It will also require improved awareness and engagement with other industry sectors and between Sydney and regional NSW, with all levels of government, with education and research institutions, and with the Region. These actions will be needed to better link the creative industries with other industry sectors and enable them to have a stronger role in positioning the NSW economy for long-term growth and competitiveness.

[36] McKinsey & Company, August 2012: *Beyond the boom: Australia's productivity imperative*

[37] The Taskforce is mindful that Sydney, not NSW, is readily recognised globally and is the key gateway to NSW. The Taskforce is of the view that it is Sydney's international brand that needs to be leveraged to meet the international aspirations of this IAP. All NSW benefits when Sydney is readily seen as a global creative centre. That said, the Taskforce acknowledges the importance of creative regional NSW in its own right and the interdependency of Sydney and NSW regions in respect to NSW Creative Industries and the NSW economy. The concepts within this IAP are inclusive of regional NSW Creative Industries, and these concepts translate to either generic and/or specific recommended actions in support of Creative Industries in regional NSW.

5 WHAT ARE THE ISSUES NEEDING ATTENTION?

NSW creative industries are delighted that the NSW Government has acknowledged the industries' importance by commissioning this IAP. The industries recognise that this action alone has shown significant leadership.

The industries proudly note their valuable social, cultural and economic contributions to NSW, and the existing infrastructure and collaborative networks that allow that to happen. The art and cultural sectors in particular, for example, note and value the significant investment and contribution that Commonwealth and local government makes to their sectors.

However, NSW creative industries recognise that there are issues that need attention to assist NSW's industries to develop and grow. Throughout the consultations the industries have raised a broad range of issues. These are summarised below, with additional detail provided in Appendix C.

The most consistent message the Taskforce members have received is the industries' desire for the NSW Government to show strong leadership and support for the creative industries. They see that real advantage and benefits are delivered when Government commits to, and help leads, a long-term plan. An important aspect of this is the public recognition and promotion of the breadth of the industries' economic, social and cultural value to the NSW community and economy.

The industries stress that recognising, valuing and protecting the intellectual property produced by creative enterprise is integral to driving innovation, productivity and growth in NSW creative industries. The industries simply could not exist without proper payment for their ability to transform their knowledge and ideas into products and services. The industries emphasise that a suite of strategies and approaches are needed to protect copyright, including a contemporary legislative regime and strategic community awareness program targeting all age groups, particularly children and young people.

In submissions to the Taskforce, the industries have sought more or new funding and investment from Government, for the publicly funded arts and cultural sub-sectors as well as the more commercially oriented sub-sectors. Particular focus of the submissions were for assistance to: help the industries' invest in the significant risk-taking that is inherently necessary in the industries; to support start-ups; and to support new infrastructure (e.g. creative industries' portal, digital equipment and access to affordable high speed broadband).

Some industry sub-sectors (television, film, music, communications and design) have sought tax concessions, or improved concessions and other incentives to assist the economic and cultural development of the industries. Tax incentives, for example, have been sought to aid the development of subscription television local content production; to support start-ups; and to assist small business with their high cost business inputs (e.g. digital software).

The performing arts industries have sought greater flexibility in the planning system to accommodate a broader and more malleable range of creative pursuits, such as, holding one-off public events, and permitting mixed-use in industrial and residential zones.

The industries consider that the NSW Government procurement system does not provide fair access for creative enterprises to win Government work which unnecessarily restricts their access to this important market. They claim that the terms for bidding for work can often be unreasonable. Particular concerns were raised around:

- The requirement to provide their extensive intellectual property in tender documents without recompense.
- Intended outcomes of procurement activity are often unclear.
- Specification documents can be poorly prepared by Government agencies.

- Government bid documentation requests excessive and seemingly unnecessary information.

These issues impact on the time and effort required for enterprises to bid for the work, needlessly divert enterprises from other paid work, and can dissuade enterprises from even bidding for the work.

The consultations have also recognised the natural links of the Creative Industries IAP with the IAPs of the Digital Economy and Visitor Economy and suggest that strategic funding should be allocated to leverage and improve the performance of all three sectors.

The industries recognise the value of improved connectivity and collaboration, particularly with the tertiary sectors, for both research and development for innovation and productivity improvements, and developing quality data on industry performance and trends. Better targeting of existing Commonwealth programs such as the Cooperative Research Centre programs are seen as important opportunities to strengthen industry-research sector links for the industries' development and growth. They also see the need for better industry-tertiary education sector collaboration over curriculum development and delivery to ensure that the industries' contemporary and future needs and formal education and training are aligned. Improved networking and collaboration is also seen as essential between regional NSW and Sydney.

Wagga Wagga Art Gallery[38]

The industries' lessons from regional NSW show that one operational model does not suit all regions, recognising that measures of growth and strategies for development need to be tailored to specific regions, based on the results of sound research (that address a wide variety of factors including: geographic, transport, inter-regional NSW and regional NSW-Sydney mobility; access to career sustaining education; application of regulations by local government). The industries also seek to promote regional creative industries "hotspots" like the Hunter, Illawarra and Northern Rivers regions.

The industries consider that improvements to NSW creative industries' global positioning could be achieved through high leverage activities like improved branding and communication and through better coordination and promotion of awards, festivals and events by promoting year-round activity[39]. The industries also see enormous benefit in taking a NSW-wide view of opportunities by strengthening metropolitan and regional strategies and relationships to help lift NSW's creative industries profile as a whole. The industries also recognise that such improvements would also enhance export opportunities, as would Government support through trade missions.

The industries also acknowledge the value of design to the broader economy, as well as the social benefits of good design (functional and aesthetic).

Reforming creative education in the school system was seen as important to providing a strong foundation for the future creative industries workforce in NSW.

Recognising the significant existing contribution that local government's make to arts and cultural infrastructure in NSW and ensuring disadvantaged groups (such as people with disabilities) are considered when addressing barriers to employment and promoting the work of artistic excellence was also raised.

There was some support for a pan-Sydney approach to local government governance to encourage, enable and realise opportunities (such as planning and developing creative industries precincts and activities) across a broader area and assist in positioning Sydney as a global creative hub. The Taskforce notes that the NSW Government has established an Independent Review to investigate options to strengthen the effectiveness of local government in NSW. A list of submissions received is provided at Appendix D.

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[38] Wagga Wagga Civic Centre, the location of Wagga Wagga Art Gallery, home of the National Art Glass Collection, photo courtesy of Wagga Wagga Civic Centre.

[39] The industries caution, however, that the strategy needs to take care not to oversupply the marketplace or reduce the quality of creative output on offer. Festivals and events also need to integrate with local existing infrastructure and venues to ensure ongoing viability of these businesses to enable year-round-activity.

6 RECOMMENDATIONS

The Taskforce has identified five broad themes, under which the recommendations sit, to help realise the vision to ensure that ***NSW, through Sydney, is recognised as a global creative centre and an Asia Pacific leader in creative industries***. The five themes are: NSW Government Leadership; Brand and Communication; Investment and Business Development; Infrastructure; and Education and Training.

The Taskforce deliberated on key threshold issues in determining the vision and priority areas in this Plan. They included: (i) the approach to be taken towards the creative industries (i.e. sub-sector by sub-sector or integrative); (ii) the shared aim of all parties (i.e. for a healthy, sustainable sector); and (iii) targeting realistic recommendations in light of the NSW Government's immediate budget constraints. These issues were resolved as follows:

An Holistic Approach

The creative industries are formed from a broad conglomeration of sub-sectors which each have unique offerings, characteristics, opportunities and challenges. The Taskforce recognises that this diversity presents challenges to its ability to examine and recommend actions peculiar to each industry sub-sector.

The Taskforce appreciates however that the industries also face common issues, opportunities and challenges and considers that benefits would derive from approaching these issues through a unified lens.

A cohesive approach also presents opportunities for collaborative and innovative approaches to shared issues. The IAP therefore focuses on the industries as a whole, rather than the specific issues of sub-sectors.

Additionally, the Taskforce considers it prudent to place this IAP within the context of the NSW Government's Economic Development Framework to position the recommendations for action.

Sustainable Businesses

A key objective of the Taskforce has been to establish a business environment that encourages commercially sustainable creative businesses. This covers a range of needs including improvements in skills and capabilities, access to and the ability to use emerging equipment and infrastructure (in particular maximising the opportunities of high speed broadband in terms of access, use and protection of intellectual property), development of new market opportunities, and appropriate protection and payment for the use of intellectual property.

Budget Constraints

The Taskforce role is to identify key issues and suggested courses for action to help drive growth in the industries. While the Taskforce recognises the State's immediate budget constraints in developing its recommendations it has not made any recommendations as to how proposed actions should be funded or financed. That said, the Taskforce adopted a pragmatic approach with some recommendations able to be achieved with minimal additional funding. The Taskforce, however, recognises that the IAP is for a ten-year period and additional funding should become available during the life of the Plan. The Taskforce looks towards the NSW Government to lead funding considerations.

NSW, through Sydney, recognised as a global creative centre and an Asia Pacific leader in creative industries

NSW Government Leadership

Outcome: NSW Creative Industries are recognised as crucial to the State's future economic prosperity and positive social outcomes

Priority Action Areas:

- Recognise and promote the industries' importance
- Central Ministerial/Departmental contact point within NSW Government
- Ongoing dialogue, monitoring & review

Brand and Communication

Outcome: Sydney successfully positioned as a global creative centre and gateway to NSW

Priority Action Areas:

- Raising our global profile
- Recognising our achievements

Investment and Business Development

Outcome: More innovative, competitive & sustainable creative businesses

Priority Action Areas:

- Providing tailored information & advice
- Partnerships for innovation & productivity
- Improving market access
- Driving competitiveness through design

Infrastructure

Outcome: Ensuring we have and use our assets for global competitiveness

Priority Action Areas:

- Maximising benefits of high speed broadband, emerging technology & equipment
- Improving access to suitable accommodation & venues

Education & Training

Outcome: Ensuring talent is identified, developed & encouraged

Priority Action Areas:

- Better co-ordination to develop key capabilities
- Encouraging & developing creative careers
- Encouraging creativity

Key Performance Indicators:

- Employment growth
- Export growth
- Sydney's global creative brand ranking
- Number of creative businesses

1. NSW GOVERNMENT LEADERSHIP

RECOMMENDATIONS:

Recognise and Promote the Industries' Importance

1. That senior NSW Government Ministers recognise and promote the importance of creative industries to the growth and competitiveness of NSW's broad-based economy, and their positive social and cultural impact on NSW society.

Central Ministerial/Departmental contact point within NSW Government

2. NSW Government to establish a central contact point, and / or a specific Ministerial responsibility, for the creative industries within the NSW Trade & Investment cluster.

Ongoing Dialogue, Monitoring and Review

3. NSW Government to establish a process that ensures ongoing dialogue between the NSW Government and NSW creative industries, including for the purpose of advocating, monitoring and reviewing the NSW Government's performance in implementing its IAP commitments and the ability to respond to any changes in IAP priorities.

Rationale for Taking Action

NSW creative industries recognise that NSW is Australia's leading creative industries centre and should be widely recognised as Australia's "creative State". Leveraging the State's natural strengths in creative industries is a major tenet of this IAP.

The NSW Government in commissioning this IAP has sent a strong message and acknowledgement of the importance of the creative industries to the NSW economy. However, the creative industries have identified that despite their success and immense contribution to the NSW economy, previous Governments have not always recognised this contribution. NSW creative industries submit that a strategic over correction is needed, albeit for a period, until it becomes natural and broadly acceptable for Government leaders to showcase and promote NSW's creative industries. The NSW Government has a fundamental role in communicating the creative industries' vitality and economic, cultural and social importance.

The NSW Government has a critical role to partner with industry to deliver the plan's vision, in conjunction with other policy instruments impacting on NSW creative industries, such as the NSW arts and cultural policy (anticipated in 2013). NSW creative industries see that the NSW Government is a central focal point for the community, industry, and other governments, and note that it is best placed to demonstrate the leadership necessary to support and promote the industries' growth through dedicated effort and investment.

> *'A vibrant and supported creative industries environment is the best advertisement for attracting interstate and overseas investment and opportunities. To achieve this requires both leadership from and patronage by Government'.*
> Industry Submission: Association of Consulting Architects, NSW/ACT Branch

The NSW Government is an educator, funder, facilitator, regulator, researcher and repository of information. It is also a promoter, procurer and employer of creative industries. Additionally, the NSW Government is an advocate and facilitator for innovation, productivity, trade and investment.

The Taskforce is concerned that there does not presently exist a central point of contact within the NSW Government that provides a link to the creative industries, such as that which is available for the tourism, manufacturing and other IAP sectors. In addition, while the industries generally see the broad benefits of grouping industry sub-sectors together under one IAP, it has been noted that policy development also requires focus on sub-sector specific issues. The Taskforce considers that a central NSW Government contact point for the creative industries would assist in this regard. This contact point, ideally sitting within the Trade & Investment portfolio, would be a key resource for advocacy of the needs of the industries within the NSW Government, the Commonwealth Government and the broader NSW community.

Such advocacy is seen as particularly important in engaging with the Commonwealth on areas of their responsibility that can have major implications for the industries, such as in the area of the protection of creative intellectual property and tax concessions.

Failure to receive proper payment for created work as a result of copyright infringement affects NSW creative industries' financial viability and incentive to innovate and grow, and also impacts the financial viability of the industries' value chain. Unauthorised copying has increased in recent years due to improved world-wide connectivity and advancements in digital technology, high speed broadband, converging technologies and the low cost of reproducing perfect digital copies.

The Taskforce recognises that the Commonwealth Government is responsible for ensuring an adequate legal copyright framework exists in Australia and notes that the Australian Law Reform Commission is currently undertaking a review of intellectual property laws to ensure alignment with developments in the digital economy.[40] While the Taskforce looks forward to the results of the review, the Taskforce believes that the NSW Government has a role in advocating to the Commonwealth Government on behalf of NSW creative industries to support any future legislative reforms that are considered necessary.

The Taskforce also proposes that the NSW Government establish a process that enables ongoing and meaningful dialogue between the NSW Government, NSW creative industries and research and education leaders on areas of mutual interest. Such a process needs to incorporate a mechanism for regularly monitoring and reviewing the NSW Government's performance in implementing its IAP commitments and the ability to respond to any changes in IAP priorities. This could be achieved in several ways. Notwithstanding which approach is adopted, the Taskforce considers that the process should provide ample opportunity for industry to contribute to that dialogue. The ongoing dialogue process could be achieved through a combination of:

- the establishment of a creative industries' Business Leaders Group. The Leaders Group could be chaired by a prominent industry leader in NSW, who could also promote the public profile of NSW creative industries;
- enhancing creative industries' representation (or establishing a creative industries sub-committee) on the NSW Government's existing Innovation and Productivity Council, an industry advisory body focusing on facilitating innovation and productivity in NSW; and
- an annual creative industries forum at Vivid Sydney.

In addition, the Taskforce believes that the creative industries should be represented at the NSW Government's new annual Business Leadership Forum.[41]

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[40] Note ALRC Review of Copyright in the Digital Economy is underway: http://www.alrc.gov.au/inquiries/copyright-and-digital-economy Issues paper released on 20 August 2012. Closing date for submissions was 16 November 2012, with the final report due in November 2013.

[41] On 13 December 2012, the NSW Government released its Economic Development Framework and announced the establishment of a new annual Business Leadership Forum. The objective of the Forum is to provide an ongoing opportunity for Government and industry to review progress, reassess priorities and develop new measures to enhance economic growth. For further information on the NSW Economic Development Framework see: http://www.business.nsw.gov.au/doing-business-in-nsw/nsw-business-environment/economic-dev-framework

2. BRAND AND COMMUNICATION

RECOMMENDATIONS:

Raising our Global Profile

4. NSW Government to develop and implement a dedicated creative brand for Sydney to elevate, through Sydney, NSW's profile as a global centre and an Asia Pacific leader in the creative industries.
5. Destination NSW and industry peak bodies to better leverage existing metropolitan and regional NSW festivals and events through improved co-ordination and promotion to:
   - ensure there is year-round activity;
   - develop business-related satellite activities;
   - increase global exposure and business opportunities for the creative industries;
   - support the showcasing of innovative creative SMEs internationally in part through effective liaison through NSW international trade offices; and
   - work with the NSW Board of Studies to consider future opportunities for promotion of annual showcases of HSC student excellence at the meeting point of the arts, IT and business.
6. NSW Government to further develop the profile of Vivid Sydney as a key global showcase event for the NSW creative industries, including the attraction and development of creative industries events and showcases with a true global profile (e.g. the Annual Meeting of the UNESCO Creative Cities Network or growing local events which have the potential to establish global profiles).
7. NSW Government to drive the development of Sydney's 'Arts and Cultural Ribbon' to strengthen Sydney's regional and global profile as a creative centre.

Recognising our Achievements

8. NSW Government to publish and promote a comprehensive assessment of the economic, cultural and social impact of NSW creative industries' to help position NSW's strengths globally.
9. NSW Government to establish a Premier's Creative Industries Achievement Award. The prize would be awarded for the individual or organisation that: (i) demonstrated excellence in creative industries; and (ii) showed an outstanding contribution towards achieving the vision of this IAP (NSW recognised as a global creative centre and an Asia Pacific leader in creative industries).

Rationale for Taking Action

NSW creative industries see that raising the global profile of NSW creative industries and promoting their value to the NSW economy are critical strategies for celebrating their value and stimulating their growth.

A. Raising the Global Profile of NSW Creative Industries

Vivid Sydney 2012, Opera House Sails by URBANSCREEN, photo by David Clare

Raising the international profile of NSW creative industries is vital for positioning NSW as *a global creative centre and an Asia Pacific leader in creative industries*, consistent with this plan's vision for NSW. A raised and distinct international profile will help NSW's creative practitioners and enterprises compete for work globally and help cultivate investors, partners, entrepreneurs, business development opportunities and visitors.

Iconic buildings like those of our State's cultural institutions pay homage to NSW creative industries on the international stage and provide one indicator of our level of creative sophistication. Few could deny, for instance, the international distinction of our Sydney Opera House with its UNESCO World Heritage Site status and its contribution to our profile in the performing arts.

Creative enterprises across NSW are individually making inroads on the international stage. There are examples of this occurring in all NSW creative industries' sub-sectors.

However, the Taskforce considers that the existing State brand is not reflecting the reality of NSW's creative strength, nor does it articulate creative ambition. Creative businesses located in cities such as New York, London, Paris, Stockholm, and Tokyo enjoy a halo effect based on the creative reputations of their home towns. Sydney should develop a similarly compelling creative brand to facilitate market development initiatives and encourage higher levels of activity and growth.

NSW creative industries identify specific opportunities for lifting the industries' profile as a whole and for better positioning Sydney and NSW on the international map as a creative industries centre. Opportunities for boosting our international profile include: (i) holding NSW creative industries awards and hosting global creative business events; (ii) improving the coordination and positioning of NSW creative industries festivals, events, competitions and awards across metropolitan and regional NSW, including the annual showcases of HSC student excellence (so that events and exhibitions[42] run at the same time of the year to maximise promotion and awareness of emerging talent); (iii) better identification and marketing of our creative hubs and precincts; (iv) further development of our online presence, in a more coordinated and unified way; (v) connecting with or attracting expatriate creative practitioners back to Sydney and NSW to learn from their overseas experiences and networks; (vi) developing ambassadors who can promote NSW creative industries locally and internationally, particularly in 'emerged' growth economies in Asia; and (vii) developing cultural exchanges and initiatives to support tourism and business development linked to Destination NSW's 'Chinese Tourism Strategy' and the Federal Government's 'Australia in the Asian Century' White Paper.

The NSW Government has a key leadership role in raising the industries' global profile.

The NSW Government's proposed development of Sydney's 'Arts and Cultural Ribbon'[43], which will link the cultural venues around Sydney Harbour and within the CBD, for example, is a particular sound branding and promotional opportunity to help strengthen Sydney's regional (i.e. Asia Pacific) and global position as a creative centre. The Taskforce believes that the development of the Ribbon requires: strong coordination amongst the various agencies across different levels of Government; improved public transport options to Walsh Bay; and reside within a broader strategy to develop a night time economy for Sydney.

The Taskforce is supportive of seeing the diversity of NSW Indigenous arts and culture brought together in a unified marketing initiative to help promote NSW's significant Indigenous creative arts and culture assets and assist in driving further development in Indigenous enterprises, especially in regional and rural communities. There is an opportunity for the Government to leverage its activity within other Government initiatives such as the Visitor Economy IAP's support for the implementation of Destination NSW's Aboriginal Tourism Action Plan.

In recent years there has been a growing trend to measure and rank global cities on a range of indexes. Such measurement is seen as increasingly important in enhancing the global competitiveness of cities and their industries. Increased competition between cities has been fuelled by increased mobility and urbanisation and advances in technology.

The ARC Centre of Excellence for Creative Industries and Innovation (CCI) recognises the power of "creative cities" to compete globally. However, the Centre also recognises the complexity of measurement.[44] The Centre categorises existing creative industries indexes into two broad categories: (i) Creative Stocks (they use creativity and culture-based indexes) like Richard Florida's Creative Cities Index; Sharpie's Creativity

[42] Events and exhibitions include: ARTEXPRESS visual arts exhibition, Callback dance performance and compositions, DesignTECH design & technology exhibition at the Museum of Applied Arts and Sciences, ENCORE music performance and compositions, InTech Industrial Technology exhibition, OnSTAGE drama presentation and performances, Texstyle Textiles and Design exhibition. Note: HSC works also include the annual Publication of Young Writers.

[43] NSW Government State Infrastructure Strategy December 2012

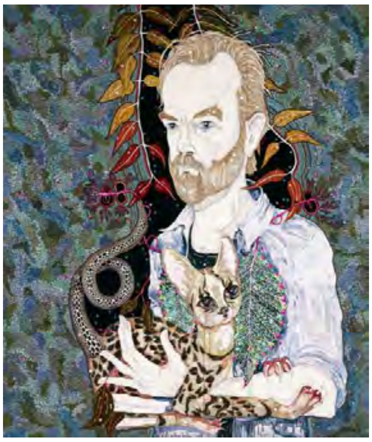
[44] J Hartley, J Potts, T MacDonald, C Erkunt, C Kufleitner, *CCI-CCI Creative City Index 2012*: see http://www.cci.edu.au/sites/default/files/CCI%20Creative%20City%20Index%202012%20Final%20Report.pdf

Index, Creative Communities Index; European Creativity Index; Hong Kong Creativity Index, Composite Index of the Creative Economy; Design, Creativity and Innovation Scoreboard, and (ii) Creative Flows (these indexes focus on world status, global integration and information and communication technology) like The Global Power Cities Index; The Global Cities Index; Global City Indicators Facility; Fundamental and Flow Index; The Globalization and World Cities Index; and World Knowledge Competitive Index.[45] The Centre recognises that there are broadly 16 city index dimensions currently used.[46] The Centre also recommends its own index, integrating economic and cultural analysis, to take account of key factors not measured by other indexes (e.g. consumer imagination, user co-creation and amateur production – titled "microproductivity" in the cultural, social and economic impact of creative industries).[47]

NSW creative industries recognise that Sydney has organically developed into a global "creative city" and continued measurement and promotion of this fact should occur.

The Taskforce recognises that each region in NSW has unique creative industries' offerings, at various levels of activity, and its own opportunities and challenges. Opportunity exists for region-based organisations to better harness and promote each region's strengths to help draw people and activity to their respective regions.

B. Recognising our achievements



Del Kathryn Barton, hugo 2013[48]

NSW creative industries identify that advocating their benefits will heighten awareness of the importance of the creative industries as a key part of a strong and diverse State economy, where creative endeavours are valued by the community, businesses and policy-makers alike. It is also integral to branding NSW as Australia's creative state.

Promoting the sector's value to other industry sectors will help to provide advantage in a globalised economy, where competitiveness, differentiation, resilience and sustainability will be built on the creative, design-led and disruptive innovations that the knowledge-intensive creative industries can self-generate and also facilitate. This is especially important for sectors that will increasingly need to compete on quality of product and service offering.

Promotional activities also facilitate stakeholder decision-making and may encourage activity, collaborations and partnerships that may not have occurred had it not been for raising such awareness.

NSW creative industries advocate that attention should not only be on the supply side of the equation (i.e. what the creative industries have to offer), attention should also be drawn to developing the pull factors – the sectors that could use and potentially increase the outputs of creative industries.

However, in order to promote their value, a sound understanding of their quantitative and qualitative value is important, essentially for three broad reasons:

- It supports decision-making by stakeholders (e.g. Government, business, industries, investors, the current and future creative workforce, the education sector, entrepreneurs, the community and visitors).

[45] J Hartley, J Potts, T MacDonald, C Erkunt, C Kufleitner, *CCI-CCI Creative City Index 2012*: see http://www.cci.edu.au/sites/default/files/CCI%20Creative%20City%20Index%202012%20Final%20Report.pdf
[46] The 16 city index dimensions are: cultural tourism; creative industries; cultural capital; venues; liveability; transportation; globalization; openness; human capital; social capital; government; business & economy; entrepreneurship; innovation & research; technology & ICT; environment.
[47] J Hartley, J Potts, T MacDonald, C Erkunt, C Kufleitner, *CCI-CCI Creative City Index 2012*: see http://www.cci.edu.au/sites/default/files/CCI%20Creative%20City%20Index%202012%20Final%20Report.pdf
[48] Winner of the 2013 Archibald Prize, watercolour, gouache and acrylic on canvas, 200 x 180 cm, image courtesy of the artist and Roslyn Oxley9 Gallery, Sydney.

- It recognises and promotes (globally) the breadth of their value, encouraging greater activity and development and addresses misinformation and ill-informed perceptions.
- It provides a baseline for measuring growth over time.

Importantly, economic evidence generally underpins many of the analysis that is used by Governments, businesses and other organisations in determining their priorities when they make investment decisions. It is for this reason that the Taskforce considers it essential that a sound economic case and baseline position for the NSW Creative Industries is needed. Defining, measuring and promoting the economic value of the creative industries in NSW is therefore a key priority within this IAP and a key role of all industry players.

The full breadth of the economic, cultural and social value that the NSW creative industries provide to NSW is, however, not currently articulated. The information is currently dispersed and difficult to collate as available information is often based on Australia-wide data, or has been assembled for narrower purposes. A whole NSW-centred approach to information collation would assist in breaking down the barriers between creative industries' sub-sectors and help to realise and celebrate their full benefit to the NSW economy. While quantitative evidence is critical, qualitative evidence is particularly powerful in selling messages. Developing and maintaining an up-to-date central repository of case studies that profile and highlight successful individuals and companies in NSW creative industries (including those operating in regional areas) is a valuable activity that helps underpin promotional plans. Quantitative and qualitative information could be drawn upon by industry and Government leaders, and such measures will assist the NSW Government to readily promote the economic value of NSW creative industries in relevant NSW Government activities, including Ministerial addresses.

Promoting the Industries' comprehensive value to NSW requires a single source of information that NSW stakeholders can rely and draw on, and where growth can be measured from.

However, the traditional standard statistic classifications used by the Australian Bureau of Statistics causes challenges for measuring the emergent and changing sectors making up the creative industries. Challenges in measuring the flow-on impact of creative industries sectors to other industry sectors also exist.[49] A multi-lens approach is needed to assessing their economic, cultural and social value, using both quantitative and qualitative data and analysis.

Recognising our creative excellence as it emerges will help keep a spotlight on NSW's creative strengths. The Taskforce sees multi-faceted benefits from establishing a high profile award program, sponsored by the Premier of NSW, which rewards excellence in NSW creative industries and contributes towards achieving the vision of this IAP. An award program would also encourage ingenuity and innovation for those coveting recognition and building a reputation for excellence, with spillover benefits to creative businesses, entrepreneurs, practitioners, other industry sectors and the State.

Photo Credits[50]

[49] Distinguished Professor Stuart Cunningham, *National Cultural Policy Submission* ARC Centre of Excellence for Creative Industries and Innovation (CCI)
[50] Left to right: Accessible Arts Beyond Technique Masterclass, photo courtesy of Accessible Arts; Vivid Sydney 2012, City Buildings, photo by David Clare; Sydney Theatre Company, the cast of Spring Awakening, photo by Brett Boardman.

3. INVESTMENT AND BUSINESS DEVELOPMENT

RECOMMENDATIONS:

Providing tailored information and advice

10. Peak industry bodies and the NSW Government to ensure effective dissemination of information to the industry (particularly start-ups and growing creative industries businesses) on available NSW and Commonwealth Government advisory assistance and funding opportunities and schemes. This includes establishing a central portal to provide up-to-date, consolidated, reliable and practical information in a tone, language and design relevant to creative industries.
11. Peak industry bodies to partner with business organisation front-runners to establish "super" mentoring programs that boost the transfer of skills from business leaders to high–potential creative businesses and start-ups. Programs could also encourage corporate philanthropy by offering professional advisory assistance (e.g. lawyers and accountants).[51]
12. Peak industry bodies to help encourage NSW creative industries to export their commercial intellectual property by helping their members to identify and pursue export opportunities. Work may include administering 'how to export' seminars and programs directed at imparting advice to NSW creative industries. Related to this, peak industry bodies should be prepared to provide advice on the impact of broadband and the digital economy on business models. Particular attention should be given to Indigenous enterprises and businesses in regional NSW.
13. NSW and Commonwealth Governments to develop an advisory assistance program that is focussed and tailored to the needs of high growth businesses that are currently under-served by existing Government programs, in particular organisations with a turnover between $350,000 to $750,000, and are on a trajectory for high profitability and employment growth potential.
14. NSW Government, in collaboration with peak bodies, and education and research organisations, to implement a benchmarking-style service that provides the predominantly small creative business sector in NSW with timely data on their performance in relation to their peers.

Partnerships for innovation and productivity

15. NSW Government to ensure programs like the new Innovate NSW, which drives collaboration between industry, researchers and government to develop new leading edge products and services, are available to NSW creative industries.
16. NSW Government to develop a strategy to encourage the development of the industries' cluster in the Moore Park to Ultimo area. This could include initiatives to bring together a critical mass of capabilities and industries (across businesses, researchers, end users, students and government) to share resources, support knowledge diffusion, and strengthen networks to collaborate with multinational organisations through joint co-investment and job creation activity, and grow existing or establish new creative business incubators for co-located start-ups.
17. Establish smaller scale innovation hubs in major regional centres, based on niche specialisations and the region's existing strengths. This may include, for example, the Northern Rivers region of NSW in an area such as design.
18. NSW Government to target the establishment of up to three creative industries-related Co-operative Research Centres (or similar) over the next 10 years to drive innovation and drive productivity in the broader economy, with a priority being to investigate opportunities for Sydney to be a hub for global industrial design in manufacturing and technologies used by the creative industries.
19. NSW Government to develop and trial a 'Creatives in Business' program that places creative professionals within businesses in industries other than the creative industries.

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[51] Note: recommendation in the IAP's Education section for peak industry bodies to establish mentoring programs focuses on graduates and new recruits and therefore has a different focus to this recommendation which focuses on start-ups and young creative businesses.

Improving market access

20. NSW Government to improve its procurement processes and systems to enable more creative enterprises to compete for government contracts, at lower cost, fairly and at lower risk, and collaborate to create innovative solutions.
21. Establish specific business development programs for both Indigenous creative industries practitioners as well as for cultural groups, to better leverage NSW's cultural diversity in working towards NSW becoming known as a global centre and an Asia Pacific leader in creative industries.
22. Tertiary education providers to create important connections by attracting more international students through marketing of creative industries' courses in key international markets.
23. NSW Government to work with peak creative industries bodies to identify priority export markets for creative industry sub-sectors and develop and implement initiatives to facilitate entry to these markets.
24. NSW Government to better leverage NSW creative industries export successes and activities – from architecture to performing arts tours – as part of its international engagement activities.
25. Creative industries enterprises to participate in trade missions by the Premier and Deputy Premier to appropriate target markets to help generate creative industries exports.

Driving competitiveness through design

26. NSW Government to develop and trial an incentive scheme (such as a Design Voucher) to facilitate non-design NSW industries to engage NSW designers.
27. NSW Government to support a comprehensive program that provides in-depth assessment of business needs and tailored advisory services required to develop businesses' capabilities to strategically utilise design within their operations.
28. NSW Government and other relevant parties to encourage the development of a national design centre at the most appropriate location along Sydney's proposed "Arts and Cultural Ribbon" to showcase the economic, social and environmental achievements of the NSW design sector and actively facilitate cross-industry use of design to drive NSW economic competitiveness.
29. Where appropriate, NSW Government to lead by example by incorporating design-led thinking approaches in its service delivery.

Rationale for Taking Action


Circus Festival of Commercial Creativity, photo by Getty Images

The economic, social and cultural environment of NSW is changing. An increasing local and global population, increasing world wide competition for skills and markets for products and services and rapid changes in consumer habits and online, mobile and physical technology not only affect businesses directly, but also their value chains. The only solution for long-term income generation is to continuously improve productivity through investment and business development. Access to finance is critical, particularly in enabling quick responses to technological change and consumer habits.

The Taskforce considers that, where possible, strategic leveraging of Commonwealth Government schemes is an effective and efficient way of supporting the sector. The following four broad opportunities are identified to underpin the Industries development and growth:

A. Providing tailored information and advice
B. Partnerships for innovation and productivity
C. Improving market access
D. Driving competitiveness through design

A. Providing tailored information and advice

The Taskforce found that there are numerous government grants and assistance programs available to NSW creative industries, however the assistance is provided by different government agencies and consequently, the information is kept in separate places (e.g. Arts NSW, Screen NSW, Small Business Commissioner and Small Biz Connect program, export advice, Creative Industries Innovation Centre programs). Other groups found that existing Government programs capable of supporting creative enterprise tend to be poorly targeted for the regional NSW context. The industries have concerns that high eligibility thresholds for entering Government business development programs puts such programs out of the reach of most creative enterprise start-ups in regional NSW. For example, one of the Commonwealth Government's *Enterprise Connect* programs for creative enterprises requires a minimum $1 million turnover and the ability to match some of the funding support.[52]

The Taskforce considers that information on available programs needs to be consolidated and better promoted. The Taskforce sees that it is the role of Government to consolidate the information, and the role of industry to disseminate the information and make effective use of schemes and opportunities.

Towards this end, there are a few Australian portals that provide information on Federal, State and Local government assistance available to businesses, namely:

- Business.gov.au: A Federal Government site that provides a broad range of information to businesses, including about start-ups, taxation, licensing, legislation, grants and other funding programs. See: http://www.business.gov.au/GrantFinder/GrantFinder.aspx
- Business Grants Australia: An independent research centre providing the latest up to date information available on Federal Government, State Government and Local Government grants and loans, for start-ups or business expansion (i.e. non repayable grants or low and no interest loans). It also provides advisory assistance. See: http://australianbusinessgrants.com.au

The industries also noted the need to continue to take advantage of new revenue opportunities. Websites, new digital technology, social media and high speed broadband for instance are significantly increasing opportunities for both artists and creative enterprises to attract finance from both local and global sources (e.g. crowd funding).

> *Websites can become hubs for funding projects, as seen through the growth of crowd funding websites such as www.pozible.com and www.startmusic.com.au. Artists and arts organisations need to position themselves to be able to take advantage of this seismic shift, and they need to be open minded about opportunities it presents – revisiting the way they engage with their support base.*[53]

The Taskforce notes that creative industries' have identified the need to develop philanthropic champions (business people, philanthropists, high-profile artists) to build the creative sector and encourage greater private sector involvement. This will require a greater focus on return on investment/donations, identification of a range of options to best leverage government and philanthropic funds with private sector investments as well as initiatives to develop long-term, stable, income streams for creative enterprises. The Taskforce acknowledges that consideration of actions to enhance private support for the arts and cultural sector by way of grants, philanthropy and sponsorship will be considered by the impending NSW arts and cultural policy.

The creative industries acknowledge the wide-ranging skills that are present both within the Industries and in the broader economy, and see there is a high leverage opportunity to advance the rapid transfer of key knowledge and skills to creative businesses with potential for high growth in employment and profits. The special needs of high growth small to medium sized businesses are not currently met by existing Government programs. Peak industry bodies also have an important role to play in understanding their

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[52] The Creative Industries Innovation Centre (CIIC) has developed its Biztro service to specifically assist businesses generating less than $1m p.a. The Biztro service is a one-on-one business advice session delivered by CIIC's Business Advisers and is accessible to both Sydney-based and regional NSW-based creative businesses.

[53] Harold Mitchell AC, October 2011, *Building Support: Report of the Review of Private Sector Support for the Arts in Australia*

members' capability needs and matching those needs to key knowledge and skills available in the economy. In particular, the Taskforce sees peak industry bodies playing a lead role in establishing mentoring programs for their members, particularly focusing on these high growth businesses, to help drive their competitiveness and export capabilities. Additionally, anecdotal evidence suggests that targeting our Indigenous creative population would also be prudent in helping to drive those enterprises wishing to improve the commerciality of their distinctive creative endeavours to local, regional and global markets. Particular attention in business advisory programs should therefore also be given to Indigenous enterprise and businesses in regional NSW. Opportunities may exist for creative industries peak industry bodies to work together on such programs to advance the interests of the NSW sector as a whole.

Governments also have an important role in working with peak bodies, and education and research organisations to develop and support the provision of services, such as industry benchmarking reports. These, and other tailored services that enhance industry information sharing and identify how improvements can be implemented, can help drive productivity improvements and overall competitiveness.

B. Partnerships for innovation and productivity

Increased connectivity between creative industries stakeholders provide a range of important business development benefits:

- It builds capability through knowledge and skills development and diffusion, and the cross pollination of ideas within and across industry sectors, including the resolution of problems.
- It increases opportunities for collaboration on new business and business transformation projects and ventures.
- It strengthens links between metropolitan and regional NSW assisting in the development of products and services and helping regional NSW creative enterprises to leverage off Sydney's international brand.
- It improves access to local and international finance and investment.
- It helps cultivate creative entrepreneurs and attract talent. It provides opportunity to minimise costs by leveraging critical mass and sharing resources.
- It helps synchronise research and development to identified industry needs.

Research confirms that innovation rarely happens without a catalyst and a wide variety of factors being thoughtfully, creatively and strategically aligned. The question often asked is how to innovate, or how to be innovative? The Australian Innovation System Report (2011) finds that Australia's framework conditions for innovation:

> *'rate relatively highly compared to other OECD countries, demonstrating a high capacity of the innovation system to produce and diffuse innovations.'*

But this is with the exception of collaboration. The report states that:

> *'based on available internationally comparable indicators, networking and collaboration remains the most significant flaw in the Australian Innovation System particularly large firm collaboration, international collaboration and business-to-research collaboration.'*[54]

Improved connectivity ultimately enhances Sydney's and NSW's global profile and existing comparative advantages in creative industries.

The industry has identified two broad and interrelated opportunities related to improved connectivity between creative industries' stakeholders, namely:

1. The need to improve networks (including between regional NSW and Sydney);

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[54] *Australian Innovation System Report 2011*

2. Encouraging the concentration of creative industries and the development of clusters.

Research shows that encouraging connectivity through networks and clusters (in either the virtual or physical form) between creative industries, their supply chains, other industries, customers, investors, universities and government (particularly local government) provides immense opportunities for creative enterprises to develop their businesses and strengthen their competitive position. Clustering can support industries to partner to develop and exploit the synergies that exist between different creative industries' sub-sectors (e.g. the cross fertilisation occurring between performing arts professionals and the film industry). Social media in particular is useful in linking stakeholders, particularly across distances.

Breville designers working in project teams, photo courtesy of Breville

Natural creative industries precincts, clusters and hubs have formed in key locations in Sydney as well as across NSW, such as in the Blue Mountains, Hunter and Northern Rivers regions. The Taskforce is aware that particular regions of NSW have developed recognised strengths in certain creative industries. The Northern Rivers region, for instance, has developed noteworthy capabilities in the design, music and screen sub-sectors. Opportunity exists to leverage existing infrastructure and activity to support their further development, and other similar development, in Sydney and regional NSW.

Improving NSW creative industries' awareness and encouraging the industries' to submit quality bids to Commonwealth Government programs like the Cooperative Research Centres (CRC) program, Australian Research Council (ARC) grants, and the Industry Innovation Precincts program are seen as important opportunities by the Taskforce to develop the industries knowledge base and capabilities. The CRC program, for instance, provides significant research funding that supports end user driven research collaborations to pursue innovative, high impact solutions to major challenges facing Australia. The program is competitive and open to the creative industries, including SMEs, and all research disciplines (including the humanities, arts and social sciences, as well as across disciplines). Encouraging more and high quality bids for such programs provides a significant opportunity for building on NSW's creative industries' strengths if bids are successful.

The industry sees that encouraging their development and leveraging their value requires a shared vision from industry, education and government stakeholders, and this IAP will be a key element in driving this collaboration.

C. Improving market access

Developing new markets is an important growth strategy that, along with other options for growth (e.g. improving market penetration, product development and diversification), can support the long-term viability of businesses.

At times there are systemic barriers to developing new markets. Overcoming such barriers can produce considerable new business opportunities for enterprises seeking to grow.

NSW creative industries have identified two broad opportunities for developing their markets where systemic barriers may be a contributing factor, namely:

(1) NSW Government procurement policy reform
(2) Improve export opportunities

The industries see that the NSW Government can take a leadership role in ensuring that existing policy and practices remove tangible and intangible barriers to improve creative industries' market development opportunities.

(1) NSW Government procurement policy reform

"Public procurement is generally more effective if it is open to innovative ideas. Supplier innovation has the potential to create better-quality public services, reduced costs and faster achievements of benefits".
Chief Secretary of UK HM Treasury, as quoted by Sir George Cox, 2005, *The Cox Review of Creativity in Business*

As a significant component of the economy, public sector procurement can influence the shape of markets and provide market development opportunities. The NSW Government spends around $12.7 billion annually on goods and services.[55] Additionally, a significant amount of new expenditure is being directed towards infrastructure.[56]

NSW creative industries have recognised that the NSW Government procurement system presents challenges to the participation by creative industries in competing for NSW Government work, particularly for architecture, advertising and the design sectors. The industries have identified the following broad areas for NSW procurement policy improvement:

- Needs to be more transparent (easy to understand) and streamlined.
- Needs to focus on value for money over the life of the good or service rather than a perceived emphasis on lowest up front cost.
- Needs to encourage the adoption of creativity and innovative solutions for improved value for money for the NSW community

The industries have raised the following specific issues:
- The Government needs to value and pay for the time, effort and skill in the development of intellectual property submitted to meet procurement briefs.
- The cost and other resource intensiveness of submitting proposals to meet excessive deliverables.
- Procurement specifications can be poorly designed, and objectives not clearly understood creating misunderstandings and wasting resources.
- Government has lost a lot of its design skills which need to be employed or bought to help in developing scope briefs.
- Procurement specifications and processes can be improved to enable the development of better solutions.
- Size of contracts can be too large for SMEs.

NSW creative industries, particularly the design sectors, can provide leadership in designing procurement systems that encourage creativity and innovation and enhance value for money for the community through Government expenditure. Early engagement with the design sector could derive significant benefits to procurement plans and outcomes. Opportunity exists for the design sector to consider specialising in Government procurement areas.

The objective of reforms would be to provide enhanced opportunity for NSW creative industries to compete for NSW Government procurement work, and encourage the adoption of creativity and innovative solutions, to realise better value for money by considering solutions in a wider context.

The Taskforce notes that the NSW Government is undertaking a Review of Government Procurement which is dealing with many of these issues. It is important that the Government implements these reforms and monitors the effectiveness of changes to ensure that they meet their intended objectives.

(2) Improve export opportunities

Exporting products and services presents significant opportunities for enterprises desiring growth. Access to a broader base of industries and population is key.

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[55] Department of Finance & Services, NSW Government Procurement Discussion Paper p.4
[56] NSW Government has announced infrastructure spending of $15.0 billion in 2012-13, and an average of $15.6 billion per annum in the following three years. 2012-13 NSW State Budget, Infrastructure Statement, available www.budget.nsw.gov.au.

Australia's unique cultural style has contributed to our success in exporting our local creative industries to the United Kingdom, United States and West Europe.

Our music, publishing, film, Indigenous art and decorative arts in particular have large export appeal, in both our traditional export relationship markets and emerging markets in Asia (e.g. Taiwan, Hong Kong, Singapore and China). The internet through websites, industry portals and high speed broadband and social media also provide significant opportunities for growing overseas markets. However, it is important to recognise the diversity of the creative industries and that each sub-sector will have its own current export market focus. For example, while the US and UK are among the most important markets for the fashion industry, architecture and performing arts have a strong focus on China. Industry peak bodies have an important role to play in working with the NSW Government to identify areas of opportunity, particularly in the Asia Pacific region, and to identify barriers which may need to be overcome to access those opportunities. Better coordination and linkages within and between our own culturally diverse business communities and peak bodies, creative enterprises and government will strengthen our capacity to identify and address barriers.

Additionally, there are opportunities to help develop and drive both the export capabilities and export markets for regional NSW creative businesses who will increasingly be able to utilise high speed broadband to market and sell to the world. In addition, the distinctiveness and attractiveness of NSW Indigenous creative products also provide export opportunities. Particular attention should be given to the needs of Indigenous enterprises and businesses in regional NSW and linking them to possible target regional (i.e. Asia Pacific) and international markets. To this end, peak industry bodies are well placed to reach out and support these creative enterprises in helping to drive export opportunities.

The NSW Government, peak and other bodies may also be well placed to capitalise on our existing export successes and activities by seeking out further opportunities to promote NSW creative industries on the back of existing activities. Trade missions by the Premier and Deputy Premier can be particularly powerful opportunities in this regard. The performance of these should be assessed by NSW Trade and Investment against pre-determined performance metrics around the promotion and facilitation of creative business engagement internationally.

The industries see that it is important to structure leveraging activities to enhance the business synergies of both the NSW Government and companies, to capitalise on a range of business opportunities. Thoughtful strategic planning and resourcing is required to ensure a better nuanced and sophisticated political and cultural relationship is developed with other nations.

The industries see that focusing on better leveraging NSW's creative industries' global profile through festivals and events is a powerful strategy to improve export opportunities for local artists, practitioners and enterprises. The Industries' own creative expertise could, in particular, be harnessed to promote NSW's identity and strengths and better link our local festivals and events, scholarships, competitions and awards, with overseas markets.

D. Driving competitiveness through design

Design has the power to unleash creativity, forge connections, foster innovation and unlock economic value – without governmental support through elements like this Plan it risks floundering where our interstate and international counterparts are flourishing. Design can be nexus to encourage true cross-disciplinary thinking and to break silos across education, business, government, the arts and community. We need design because the world is changing rapidly, and design can play a catalytic role in the continuing evolution and transformation of Australia as a leading nation. Industry Submission: Australian Design Centre – Object

Global trends show that designers and creative artists construct knowledge for innovation in ways that are different from creative efforts in science and technology. These differences are becoming more vital to economic growth in their own right, but they also add value to existing science and technology innovation. Industry Submission: Regional Development Australia Sydney citing Imagine Australia - Prime Minister's Science Engineering and Innovation Council – *The Role of Creativity in the innovation Economy*- 2nd December 2005, pg 5

Encourage positive change and long-term thinking practice in all endeavours to grow longer term benefits. Industry Submission: Society for Responsible Design

The input value of good design on products, services, systems and places has gained international momentum as a way of enhancing international competitiveness across the economy, and not only in design-centred industries. Design operates at the nexus of research, invention and commercialisation, translating customer and end-user insights into differentiated, competitive product and service offerings. Design-driven innovations are shown to stimulate growth on the demand side, creating new markets, rather than simply providing capacity on the supply side.

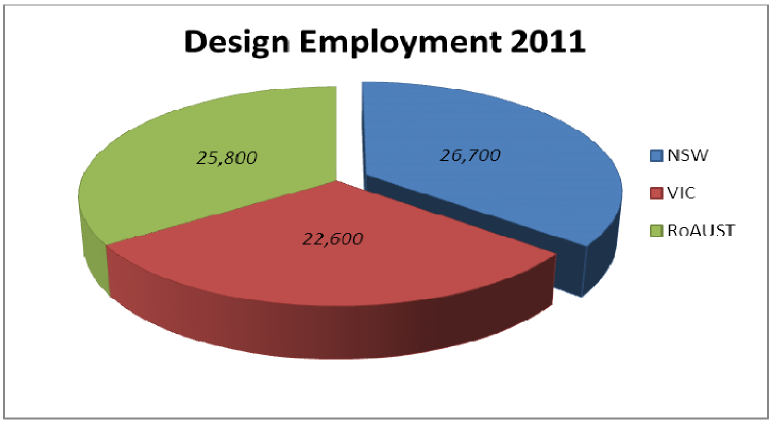
Breville design process, image courtesy of Breville

The United Kingdom Design Council's *Design Leadership Programme* and New Zealand's *Better by Design* program have demonstrated a correlation between a focus on design intensity in enterprise activity and product development and economic competitiveness.[57] The UK and New Zealand are amongst a raft of developed and fast-developing countries heavily investing in design by establishing national design initiatives, many of which broker relationships between designers and business.[58]

NSW has the largest design community in the nation, with world-class capabilities, but it can be argued that NSW's strength in design is not generally acknowledged or widely used. Locally, many non-design businesses are unaware of, or do not understand the full value that designers' expertise can bring to their business, providing a key ingredient for innovation and differentiation at a time of increasing global competition.

[57] Distinguished Professor Stuart Cunningham, National Cultural Policy Submission ARC Centre of Excellence for Creative Industries and Innovation (CCI)

[58] See also Denmark (http://en.ddc.dk/a-changing-ddc/activities2013); Singapore (http://www.designsingapore.org/); Japan (http://www.jidp.or.jp/en/); Taiwan (http://www.tdc.org.tw/en_index.htm); Hong Kong (http://www.hkdesigncentre.org/en/index.asp); and India (http://indiadesigncouncil.in/about-us.html)



There is opportunity for NSW to strengthen its design capabilities by investing in research and development and diffuse information about the benefits of design-centred approaches to the NSW economy. This includes leveraging our local design expertise to position Sydney to be a global centre for design to the benefit of our manufacturing and services industries, including our public services and enhance our international competitiveness, particularly in Asian markets. Good design processes can also drive greater integration between these industries and the research sector as well as helping to meet changing circumstances and community sentiment such as increased demand for sustainable goods and practices.

The recommended actions under this theme collectively outline a strategy to position Sydney's design sector as key to driving innovation in businesses in any industry sector. Access to information and support for businesses about how to apply and integrate design into business strategy, and where to go for assistance, is paramount. Also paramount is a design sector poised to be utilised more widely by industry for commercial, as well as Government, purposes.

The Taskforce considers that the NSW Government would benefit from greater application of design-led thinking approaches in the development of its policy, products and services. Such approaches emphasise that effective consideration of end-user needs and effective coordination and collaboration within and across governments remain central to innovating, shaping and implementing quality Government products and services that achieve value for money and outcomes for the NSW community and economy (and include long-term considerations). The development and implementation of these approaches should incorporate the involvement of the design industry specialists, including the NSW Government Architect's Office.

Better integration of design-led thinking in government has the potential to: help build the industries' capacity; help provide evidence as to the benefits of design-led thinking; and expand the market for providers of design thinking services.

A commitment to new or improved infrastructure is a key way to energise an industry. The Taskforce is delighted to see a proposal to establish a new national design centre within Sydney. The Taskforce would like to see such a centre having a broad purpose and reach, particularly into regional NSW and to have a clear nexus with the history, utility and function of the knowledge cluster in the Ultimo area, including the Museum of Applied Arts and Sciences. The Centre should be well placed to showcase the economic, social and environmental achievements of the NSW design sector and actively facilitate scholarship, collaboration and linkages for cross-industry use of design to drive NSW economic competitiveness.

Case Study

In 2011-2012, a *Design Integration Pilot* program to help manufacturing SMEs seeking growth to discern how to become more innovative, competitive and profitable was implemented through a collaboration between NSW Trade & Investment, the Commonwealth's Enterprise Connect Creative Industries Innovation Centre and South Australia's Integrated Design Commission. Businesses were led through a hands on process, helping them understand how design, used well, can be a strategic and effective tool to boost performance, open new markets, cut costs, and reduce risk. The pilot helped firms understand how design can contribute to business strategy, helping them to compete and build design capability across the business and into future plans. Six manufacturing businesses participated in the program, three in NSW.

Initial results from the pilot are indicating that it has successfully developed new thinking and capabilities and, importantly, a commitment driven by Chief Executive Officers (as design champions) to internal transformation and further capability-building.[59]

[59] The Pilot licensed the *DesignShift* program developed by Equip Design Integration Consultants (NZ). The same program has also been used by Victoria and Queensland in their respective design integration programs. Recently, Victoria has announced *Victorian Design Initiatives 2012-15*, a $10 million commitment to support best practice design in Victoria, grow awareness of design, build business capability and foster excellence in design skills (http://www.business.vic.gov.au/industries/design/overview/victorian-design-initiatives).

4. INFRASTRUCTURE

RECOMMENDATIONS:

Maximising the benefits of high speed broadband, emerging technology and equipment

30. Peak industry bodies to (i) develop information and education material, programs and/or events for industry professionals to assist in the rapid transference of practical experience on the latest software and technologies; (ii) undertake a stocktake of available technology and equipment; and (iii) investigate mechanisms or systems to enable their members and/or tertiary education providers to access each other's technology and equipment.
31. Peak industry bodies to work with the NSW Small Business Commissioner and other relevant parties to encourage coaching of creative enterprises located within creative regional locations with priority access to the National Broadband Network (e.g. Armidale and Kiama) to maximise use of high speed broadband.
32. NSW museums, galleries and libraries and other industry segments developing cultural content, to continue to digitise their collections and cultural assets and promote their online availability to allow people, particularly in regional NSW, to experience and, where appropriate, use and learn from important cultural resources.
33. NSW Government to improve the ability of regional communities not covered by reliable high speed broadband to engage with the digital economy by continuing its roll-out of Wi-Fi to regional NSW libraries.

Improving access to suitable accommodation and venues

34. NSW Government to review the application of relevant local government regulations of importance to the creative industries to ensure that they do not unduly restrict the development of the local industry.
35. NSW Government to improve access to vacant space for creative entrepreneurs by considering ways to open up Government spaces and venues to more users, particularly for events and organisations that relate to the creative or visitor economy.
36. Local Government to promote the use of existing vacant buildings and street art opportunities as creative arts spaces to revitalise city spaces, particularly in regional centres.
37. Barangaroo Delivery Authority to continue to pursue the proposed development of a private sector funded Australian Centre for Indigenous Culture and a landmark public art commission at Barangaroo.

Rationale for Taking Action

Sarah Blasko performing at Sydney Opera House with the Sydney International Orchestra, photo by Dan Boud[60]

Infrastructure facilitates business development opportunities and the production and distribution, both locally and globally, of products and services. The status of creative industries-relevant infrastructure also leads to judgements and perceptions world-wide about the sophistication and level of development of NSW's economic, social and cultural capital. These judgements influence the willingness of people to invest, visit, employ or collaborate with creative enterprise as well as live in NSW.

Infrastructure, in this context, covers its physical presence as well as its suitability and accessibility to creative businesses and consumers. However, infrastructure priorities for the mostly publicly funded arts and cultural sector are to be dealt with more comprehensively in the NSW arts and cultural policy, expected to be issued in 2013.

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[60] As part of Sydney Opera House's *Live at the House* music series, the performance was streamed live internationally on Youtube with over 20,000 playbacks.

The industries acknowledge that general public infrastructure, like a sound public transport system, is integral to supporting creative and cultural industries' precincts and activities, particularly night- time activities. The Taskforce notes that this issue is currently being pursued by the NSW Government in its infrastructure and transport strategies and through the work of the Visitor Economy Action Plan.

The NSW creative industries see digital technology and high speed broadband as major opportunities for making advancements in content and product development and delivery, and provision of services. It has also greatly enabled the pursuit of global business development opportunities through improved international connectivity. The creative industries also see that leveraging existing infrastructure is a preferred approach in many circumstances to creating and purchasing new infrastructure for bespoke solutions as it is not only cost effective but also efficient, relatively quick and builds foundations for further collaboration.

NSW creative industries have identified the following priorities for improving infrastructure in NSW:

A. Maximising benefits of high speed broadband, emerging technology and equipment.
B. Improving access to suitable accommodation and venues.

A. Maximising benefits of high speed broadband, emerging technology and equipment

Maximising the business opportunities presented by affordable high speed broadband and emerging technology (e.g. mobile technology) and equipment is critical for the creative industries to remain globally competitive.

High speed broadband and mobile technology is for example game changing infrastructure for NSW creative industries by enabling improved connectivity, promotion and delivery of products and services. It presents new and innovative business opportunities, for example:

- Enabling high resolution video and images common to creative industries' products and services to be delivered at rapid and real-time online rates, through new digital platforms, to any city (client or audience, business or home) in the world at modest distribution costs.[61]
- Reducing the need for enterprises to have a physical presence, significantly increasing the capacity to operate businesses and deliver products and services from anywhere in NSW. High speed broadband also frees up NSW creative enterprises to re-locate according to changing needs and circumstances (e.g. re-locate to more affordable areas).

As new mobile technology becomes increasingly more sophisticated (e.g. growing availability of embedded physical sensors and data exchange abilities of context-aware technologies), NSW creative industries' opportunities to develop new product and service offerings and collaborate with other industry sectors will also increase. The industries' key challenge is to realise the full potential offered by such innovative technology.

To stay ahead, it is vital that NSW creative industries embrace the use of these technologies to continue to expand their customer base, improve their business offerings and connectivity with actual and potential customers, other businesses and sectors. Concerns of the preparedness of the broader business sector were recently highlighted in the finding of an Australian Industry Group survey of 540 chief executive officers of Australian businesses which found that:

> *Only 30 per cent of businesses reported that they had a high or medium degree of information about the practical impact of faster broadband speeds, while just over 50 per cent of businesses reported that they were, to a high or medium degree, confident of their readiness to take advantage of the opportunities, applications and services that will arise once a broadband network is in place.*

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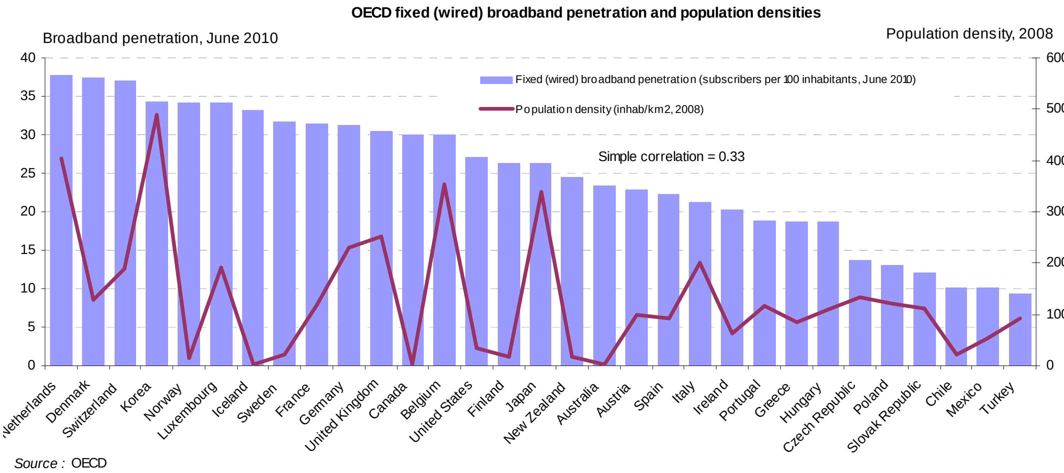
[61] The OECD for instance has estimated the impacts of e-commerce on distribution costs could result in savings of 50-90%, compared to traditional physical infrastructure systems. http://www.nbn.gov.au/nbn-benefits/for-business/why-is-it-important/

Confidence among small businesses and businesses located in regional and rural areas was found to be particularly low. These findings confirm the scope to assist small and medium enterprises better understand how they can take full advantage of the opportunities provided by a national broadband network.[62]

A broader assessment of broadband penetration by the OECD shows that for fixed line broadband Australia is at the midpoint of broadband penetration. This, however, lags behind North American and a number of European countries, including those that have similarly low population densities such as Canada, United States, Finland, Sweden and Norway.



http://www.oecd.org/internet/interneteconomy/oecdbroadbandportal.htm

A lag in the take-up rate of this infrastructure can impede opportunities to innovate, develop new markets and audiences, processes, networks and collaborations and hamper future business economic growth. Similarly, the lack of an adequate local user base will inhibit the development of services that benefit the local community. Timely access to affordable, high speed broadband and embracing mobile technology, particularly in regional and remote NSW, is vital to maintaining and gaining NSW creative industries' competitive advantage.

The rise of the (global) digital economy and the increasing availability of innovative new technologies (e.g. 3D design on avatars, rapid proto-typing and 3D printing) has significantly changed the landscape for the NSW creative industries in terms of production capability and opportunities, investment, revenue streams and consumer choice and expectations.

The industries submit that changes in technology are occurring at an increasing pace placing unprecedented pressure on the vast majority of micro to small creative businesses to adapt to remain competitive and survive.

Feedback from industry consultations is that the industry is facing a number of challenges to embracing innovation through new technology and equipment. Those challenges include:

- investment in time to investigate and assess the risk against the prospect of returns on investment; and
- lack of funds to purchase and/or the time to undertake training to use the new technologies.

The industries identify the important role that support and incentives can play to facilitate the uptake of innovative technology by creative enterprises.

These issues are not isolated to the creative industries. All industries and sizes of enterprises must deal with the continuous evolution of advances in technology and equipment.

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[62] http://www.aigroup.com.au/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/LIVE_CONTENT/Publications/Reports/2012/10767_ceo_survey_report_technology_web.pdf

Breville making rapid prototypes of designs using CNC Milling, photo courtesy of Breville

However, the creative industries are heavily reliant on technology and equipment to produce and/or distribute their content. The very saleable element of developing and applying new ideas, including new technologies, to remain creative and ahead of the competition, places additional pressure on creative enterprises to embrace new, leading edge technology and equipment. Micro and small businesses are particularly vulnerable to staying competitive if obstacles to developing knowledge, exploring, accessing and integrating new technology and equipment into creative enterprise are not overcome.

An important concern raised by industry is the disparity in prices for the purchase of business software and technology in Australia compared to overseas. This issue is subject to a Commonwealth House of Representatives Inquiry into IT pricing, which commenced on 24 May 2012 and is still underway. That inquiry's terms of reference is to investigate whether differences in prices exists between IT hardware and software products compared to markets in the US, UK and economies in the Asia Pacific and, if so, the cause, implication and options for any Government action.[63]

B. Improving access to suitable accommodation and venues

The link between creativity and space is strong. Affordable, suitable space is crucial to attracting and retaining creative talent and allowing it to run successful creative businesses. Moreover, affordable space must be available on long-term leases to ensure stability and thus the survival of certain creative businesses. Not only do creative practitioners need space to live, to work, to display, and to inspire, but a city's spaces – natural and built – house, inspire, and express its collective creativity.[64]

Affordable access to suitable accommodation and venues is important to creative enterprises for both developing and presenting work. Suitable venues are also important for bringing practitioners together to help develop knowledge and skills capability through face-to-face learning and networking opportunities.

The small size and scale of most creative enterprises constrains their capacity to absorb and survive economic blows like rising rents and other property costs.[65] Stable and suitable accommodation is important because of the expense and impact in relocating operations.

Anecdotal evidence from industry suggests that Sydney-based creative enterprises are concerned that their (involuntary) relocation to more affordable areas will impact on the landscape of developing creative clusters. The industries are also concerned that high costs and shortages of suitable accommodation is driving emerging artists out of Sydney, potentially impacting on the next generation of available creative industries talent in metropolitan Sydney. This is a significant problem for potential start-ups, both directly, as they need to meet the costs of high priced workplace accommodation and indirectly, as they need to pay higher wages to their employees for residential accommodation.

It is not unusual for creative enterprises to be priced out of areas that become popular, often due to the very creative activity that they helped generate (e.g. Brooklyn, New York). In NSW, there are anecdotal examples of this phenomenon occurring in areas like Sydney's Balmain, Paddington and Newtown for example.

The creative industries are concerned that developments such as these will disperse the sector, adversely affecting the development of local clusters. Geographic proximity of businesses within the same or related industries can have significant implications on an industry's innovative capacity. The OECD Innovation

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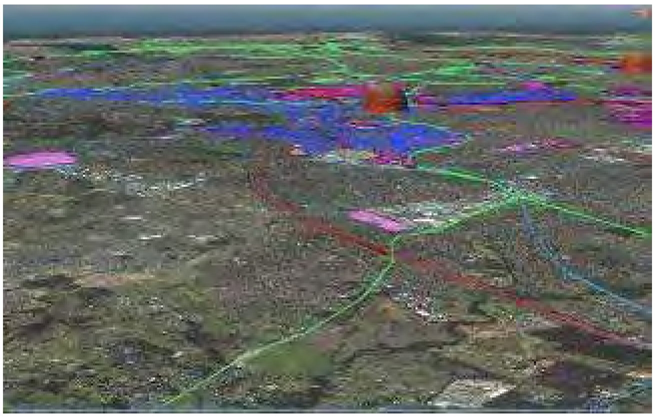
[63] http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=ic/itpricing/tor.htm
[64] Cities Institute, London Metropolitan University, July 2006, *Strategies for Creative Spaces and Cities: Lessons Learned*
[65] Cities Institute, London Metropolitan University, July 2006, *Strategies for Creative Spaces and Cities: Lessons Learned*

Strategy noted that the innovation processes have "*... a strong local dimension. Knowledge includes an important tacit component that … requires direct interaction, on-the-job learning and workers' mobility.*"[66] The industry has submitted that a key opportunity is for planning laws to be amended to provide for an industry approach to spatial planning. This would enable creative and knowledge industry clusters to be prioritised, in addition to existing provisions for commercial and residential development. Such an approach acknowledges the linkages between economic and spatial planning, and would take account of the industries' specific needs and challenges. The approach would require improved coordination across government agencies, and across governments.



Virtual Sydney 3D Concept Plan, strategic planning view of North West Sydney, image courtesy RDA Sydney, prepared by AAM Group

An industry approach to spatial planning could also encourage the development of shared working spaces between several creative entrepreneurs, for example, which may improve collaboration and innovative outputs, as well as affordability, particularly in endeavours requiring investment in, and use of, technology and equipment. Local and the NSW governments have a role to play in facilitating access to vacant space. The Taskforce notes that some activity is already taking place in NSW (at both local and state government levels) but these could be expanded.

Industry consultations suggests that existing NSW Government land use planning and environmental regulatory requirements can in particular operate in a way that restricts performing arts activity. Barriers to creative enterprise may have arisen as an unintended consequence of broader government regulatory requirements, with potential for creative industry sectors to be disproportionately impacted given the nature of the work. The industry suggests the laws (or their application) could be relaxed to better enable a broader range of creative pursuits to be undertaken. Issues raised include:

- providing increased flexibility to hold temporary or 'one-off' creative events in public places;
- permitting mixed-use in industrial and residential zones to allow creative industry activity, on both a permanent and temporary basis;
- extending the approach taken in the NSW Government's Places of Public Entertainment (POPE) reforms[67] to other State planning and environmental regulatory requirements (for example, noise, order of occupancy, zoning, licensing, social impact reviews); and
- reducing red tape for approval of artist run spaces to access space and secure tenure

There are a number of alternative approaches that could be pursued. One that has been raised by industry, for example, is for an artist space scheme where developers are encouraged to allocate a proportion of any new development or refurbishment of existing accommodation to accommodate artists and arts organisations. Policy approaches could also be used to encourage the development of public art in all new building projects.

Further, anecdotal reports suggest that current Building Code of Australia, health and safety and fire regulations provide unreasonable financially prohibitive restrictions for new venues to operate, particularly in Sydney. A deeper examination would assist in a better understanding these issues.

The Taskforce also notes that the Barangaroo Delivery Authority has proposed the development of a private sector funded Australian Centre for Indigenous Culture (including a Gallery of Art and performance spaces) and a landmark public art commission at the Barangaroo site within Sydney's CBD. This will be a

[66] OECD, Ministerial report on the OECD Innovation Strategy: Key Findings, Page 24
[67] As part of these 2009 red tape reforms, the NSW Government simplified the planning process for live entertainment by removing the need for venues to obtain a 'place of public entertainment' (POPE) licence from Councils. As a result, pubs, clubs, restaurants, cafés and other venues can have live entertainment as part of their main business without the need for separate approval (http://www.planning.nsw.gov.au/entertainment).

welcome development that will showcase our Indigenous cultural and creative talent and contribute to raising our cultural and creative international profile.

The industry has submitted that more needs to be done to improve capacity for live performances in NSW. The Taskforce agrees that new infrastructure for live performances has the potential to enable growth and drive employment in a number of creative industries' sub-sectors (including the digital areas) and helps lift Sydney's profile as a global creative centre and should be prioritised.

The Taskforce is aware that NSW Trade & Investment (through Arts NSW) is developing a Cultural Venues Plan to guide the Government's arts and cultural infrastructure priorities and to ensure that cultural investment is targeted, planned and prioritised. It is understood that an additional capacity will be considered as part of that Plan.

5. EDUCATION AND TRAINING

RECOMMENDATIONS:

Better coordination to develop key capabilities

38. Peak industry bodies to: (i) undertake research to more specifically identify the industries' ICT and digital skills issues to help in the development of targeted solutions; and (ii) encourage and promote formal education in business management and innovation of creative industries practitioners and work closely with education and training providers to achieve these outcomes.
39. Tertiary education institutions to collaborate with peak industry bodies to ensure creative industries' course curricula is relevant to industry needs by including education on skills development in ICT, digital, business management, contemporary business structures, export market development and environmental sustainability.
40. NSW Government to demonstrate the appreciation for the distinctive needs of the creative industries in designing and delivering its business advisory support services by establishing a target that at least 10% of all NSW Government's *Small Biz Connect* program Business Advisors have direct business experience in, or with, the creative industries. Such resources should be located in areas of strong creative industries concentrations (e.g. Sydney, Northern Rivers). Further, the Small Business Commissioner to ensure this includes an understanding of the needs of the Indigenous creative community, particularly those in regional NSW, who may have distinct needs in business support services.
41. Peak industry bodies to promote and encourage their members who are seeking funding from the NSW Government to undergo the NSW Government's small business program, *SmallBiz Connect* (or equivalent program) to help strengthen business management skills, improve their competitiveness in applying for a grant, and encourage the best use of any funding received.

Encouraging and developing creative careers

42. Peak industry bodies to establish mentoring programs targeting young creative workers to help support creative enterprises to accommodate talented students and graduates to be mentored by successful professionals working within the industry, including linkages between metropolitan and regional NSW.
43. The NSW Government, with the support of peak industry bodies, provide information to careers counsellors on creative career opportunities to ensure information imparted to school students is current to support viable careers in the creative industries.
44. Those tertiary education institutions that deliver creative industries Masters programs to include a component, as appropriate, for university students to teach school students.

Encouraging creativity

45. As part of the evolution of the National Curriculum and in addition to the curriculum for creative arts, NSW Government to work with the Commonwealth Government to ensure creative thinking approaches and techniques are a dedicated part of the curriculum to strengthen capacity for creative problem solving and innovation.
46. NSW Government to recognise the importance of the need for a range of alternative, affordable and practical avenues to education and training that underpin NSW creative industries, including by reinstating NSW Government funding to those TAFE fine arts courses that experienced cuts to subsidised funding from 1 January 2013.
47. *Vivid Sydney* to include an annual event putting the spotlight on creative industries in NSW which promotes the importance of creative industries providing solutions which underpin innovation and future economic prosperity.

Rationale for Taking Action

Creative industries education is vital to maintaining and intensifying NSW's existing comparative advantage for producing higher-value added goods and services. The creative industries are ideas-centred, their value deriving from creativity and are essential to NSW's advanced and increasing "knowledge economy".[68]

Investing in developing NSW's existing and future creative workforce will enable talented individuals to sustain fulfilling creative careers and for creative businesses to evolve, remain resilient and grow, particularly in the face of rapid and intensive technological change, consumer sentiment and habits and global competition. Improving opportunity and participation in continuous and tailored education that addresses existing and emerging issues for the industries is key.

The creative workforce in the 21st century is dynamic, mobile, often working across sub-sectors in innovative ways, and is increasingly being found working outside the creative industries. Technological and new media change is creating new opportunities and challenges, new methods of working and new jobs that require new skills. Global competition, and particularly regional competition from lower-cost economies for lower-value added goods and services, is intensifying. As a result, traditional work and production chain methods are being challenged.

NSW creative industries have identified the following broad education priorities for attention:

A. Better coordination to develop key capabilities.
B. Encouraging and developing creative careers.
C. Encouraging creativity.

Additionally, NSW creative industries have called for creative school education and teacher education reform to ensure continual improvement and to address contemporary issues and opportunities. The industries anecdotally identify that the education system needs to provide creative skills, as much as knowledge, and needs to move away from activities that encourage rote learning. The industries see that it is important to nurture creativity at an early age and to harness the natural imagination of children. Rapid advancement in technology, in particular, will require students to be prepared for jobs that may not even yet exist, and strengthening creative education will assist in preparing students to adapt to the changing needs of industry and economy more broadly.

Exhibition at the Australia Museum, photo courtesy of The Australia Museum

Notwithstanding initiatives already underway (see below), there is international evidence suggesting that government and industry stakeholders alike should also focus on inputting creativity more comprehensively within higher education disciplines to ensure creativity, and innovation potential, is embedded within business.

In the words of Sir George Cox, past Chairman of the UK's Design Council and the author of the *Cox Review of Creativity in Business* for the UK Government:

> *The great success of our creative industries undoubtedly owes much to the quality of our arts education and the stature of our leading arts colleges. In terms of its ability to produce specialists, our education system should therefore be a great asset in facing up to the competition described in this review. But there is a weakness. The UK education system, in contrast to its American and some of its European counterparts, channels students into 'arts' or 'science' at a relatively young age, so reinforcing the*

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[68] J. Montgomery, 2007, *The New Wealth of Cities*, pp 38 - information is produced and applied in skilful and innovative ways, including through the use of new technology, to produce higher-value goods and services

perception that 'creativity' is the province of a few, when it should pervade every aspect of modern life, including business. Creativity needs to be part of technological and scientific learning, and also of management or business studies. On the other hand, those who go on to study the creative arts need to appreciate the context in which their skills will be applied.

A. Better coordination to develop key capabilities

Ensuring that education outputs are consistent with the needs of industry is integral to the long-term development and growth of the industries.

It is important to ensure that graduates are not only knowledgeable in theory but have contemporary practical skills sets to contribute to the competitiveness of local industries, or be able to themselves establish viable creative businesses, without the need for unreasonable levels of supplementary investment in training and development when entering the workforce. For individuals aiming to establish their own creative business, this includes access to knowledge and support to identify and commercialise[69] their creative intellectual property, along with other business and technical support.

Better coordination and linkages between industry, education, research and government is critical to ensure a better understanding of the industries' needs and enhancing opportunities for meeting those needs. The NSW Government can play a role in supporting stronger engagement between industry associations and educational institutions, to ensure that the industries' existing and future needs can be met from tertiary education. Key priority areas brought to the attention of the Taskforce are the need to improve ICT and digital skills and business management skills in the industries.

The Taskforce recognises that NSW's Indigenous representation in creative industries is strong, particularly in the visual arts and performing arts sectors. Opportunity may exist to, in particular, focus on strengthening the ICT and digital and business management skills of our Indigenous entrepreneurs, to help leverage these important Indigenous cultural assets and build the commercial, social and cultural success of our Indigenous people.

Additionally, the industry has cited the need for improved consultation with the industries' around the development of the NSW Skills Priority List. Particular concern was raised by the removal from the 2013 NSW Skills Priority List high level qualifications such as the Advanced Diploma in Screen and Media that supports training in multiplatform, games and interactive content. Also, the amalgamation of creative industries into a new Industry Training Advisory Body (ITAB) grouping of Arts, Communications, Finance Industries and Property Services has raised industry concern of the suitability and capacity for such a diverse industry advisory group to identify and adequately prioritise the skills and workforce development training needs of the creative industries.

Improving Digital Skills:
Synchronising education and industry needs is particularly important as rapid and converging technological advances present both challenges and opportunities that need to be harnessed in a timely manner to remain competitive. In particular, the NSW creative industries have raised the need to improve digital and ICT skills.

Integrating the use of digital technology is increasingly important to NSW's creative industries core business. It assists in delivering products and services to the marketplace. It also contributes to maintaining and developing new, increasingly global, markets and audiences. Digital skills are also critical for innovative content development and creation.

The industries see that improving local capacity to create new and innovative content, address new consumer habits and the needs of customers within a globally competitive environment is important for long term growth. Anecdotal reports claim, however, that the tertiary education system is not producing digitally skilled work ready graduates.

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[69] Identifying new ways for creative individuals and enterprises to monetise intellectual property in an increasingly open and barrier-free marketplace is also becoming increasingly important to encouraging creative entrepreneurship.

The advertising and marketing industries in particular identify that the existing skill deficiencies are exacerbated by skill shortages and high staff turnover, culminating in the industries' response to recruit from the global talent pool when needed to offset shortages.

In addition, shortages have been reported in the areas of social media/new media. These are incredibly important skills and powerful platforms for small creative business. Notwithstanding this, very few people know how to harness this power or even where to go to seek assistance.

Feedback received by the Taskforce is that the need to improve ICT and digital skills is a result of a range of pressures, including:

- technological advances have burgeoned in the last few years and continue to do so;
- an apparent lack of appropriate formal digital training in courses; those that do exist have largely not kept pace with technological change or may be concentrating on theory over practice;
- a lack of access to new technology infrastructure and platforms, particularly in regional and remote areas;
- difficulty in finding technological courses tailored to specific needs and, where they can be found, these short courses can be expensive;
- high staff turnover which is creating a reluctance amongst businesses to invest in the development of their workforce;
- learning on the job is the necessary, yet unsustainable, approach; and
- individuals may not invest their time (business or personal) or have the wherewithal to continually update skills in new technology, a particular challenge for micro to small creative enterprises.

Improving Business Management Skills, Particularly for Micro to Small Creative Businesses:
Along with creative talent, creative entrepreneurs also need access to business management knowledge and skills. Anecdotal evidence suggests that creative talent and business acumen and management skills are not routinely found in the same individual. Business management skills are essential as they underpin business profitability, resilience and capacity to manage and execute risks associated with business development and growth strategies.

This problem is amplified by the predominant micro to small size of NSW creative enterprises where the chances of having the necessary creativity-business skills mix in-house is more difficult to achieve.

Anecdotal evidence also indicates that the business component of formal education in creative industries fields, particularly in the traditional arts sub-sectors, needs to be strengthened.

Additionally, creative enterprises are facing increasing global competition, unprecedented levels of rapid technological change and changing consumer habits. These developments are also impacting on traditional business management and development models, driving the need for contemporary knowledge and advice.

All entrepreneurs benefit from access to business advice and assistance, whether attained through short-term tailored advisory assistance or through broader, more formal, education.

The Federal Government's Enterprise Connect Creative Industries Innovation Centre (CIIC) has identified a need to support creative enterprises through business knowledge and tools and business education and training tailored to the creative industries. In its first three years of operation, the Centre has interacted with more than 700 creative enterprises and delivered 380 Business Reviews and has strengthened understanding of the needs of creative businesses.[70]

[70] The CIIC targets support to creative enterprises through a range of business capability and strategic initiatives, which include tailored business advice. The services currently provided by the CIIC include:

- Biztro sessions: 60 minutes with a Business Advisor (no minimum threshold to access)
- Business Reviews: for creative enterprise with turnover between $1 million and $100 million
- Tailored Advisory Services: to help implement recommendations for those who have completed a Business Review

It is hosted by the University of Technology, Sydney. See: www.creativeinnovation.net.au

The NSW Government provides subsidised business advice and support via the *Small Biz Connect* program to all small businesses in NSW. There is no threshold or restriction as to how "small" is defined – with businesses self-selecting whether they need this service. The program is administered across NSW through the NSW Small Business Commissioner's office. See http://www.smallbiz.nsw.gov.au/Pages/default.aspx.

While acknowledging that the basic requirements in business are the same across industry sectors (e.g. strategic planning, finance, marketing, compliance and systems), a closer and deeper understanding of the creative industries sector identifies that nuances impact on the sectors' capacity to appreciate and develop business skills. Advice needs to be communicated through language that demonstrates knowledge of, or at the least empathy and capacity to understand, the needs of creative industries. Mainstream government programs designed to support businesses need to be mindful of this requisite for the creative industries. There is opportunity to utilise a range of delivery mechanisms to better inform SMEs from all industries by utilising approaches that deliver online education in succinct and user–friendly formats.

Some peak industry associations provide specific assistance and programs to improve their members' access to business management skills, particularly their members with small sized businesses.

Encouraging Environmentally Sustainable Industries

Growing community sentiment for environmentally sustainable practices is an important consideration for all industry sectors, including the creative industries. Smarter, more sustainable design is key to achieving improvements in this area. Better integration of sound sustainability principles within creative industries course curricula enables graduates to be prepared for the contemporary business environment which, in turn, enables environmental concerns and community sentiment to translate into sound and globally competitive business practices.

B. Encouraging and developing creative careers

> *The ability to innovate… depends on the availability and exploitation of creative skills. In a real enterprise culture, these needs create a virtuous circle: for sustained innovation and growth, companies need to be able to draw on the talents of a flourishing creative community; for innovation to flourish, the creative community needs to be responding to the demands of dynamic and ambitious businesses…*
>
> *Turning creative ideas into new ways of thinking and into successful products and services requires a fusion of different skills. This is often impeded by the inability of business people and specialists to speak the same language, a failure to understand how a combination of engineering, technology, creative and business skills can contribute to a business, and a misunderstanding about what 'creativity' is and how to manage it.*
>
> *The requirement is simple. We need business people who understand creativity, who know when and how to use the specialist, and who can manage innovation; creative specialists who understand the environment in which their talents will be used and who can talk the same language as their clients and business colleagues; and engineers and technologists who understand the design process and can talk the language of the business.*
>
> Sir George Cox, 2005, *The Cox Review of Creativity in Business*

With increasing global competition from technological advances and the rapid development of technical skills in many developing countries, NSW will need to increasingly identify its competitive niches and compete more on the quality of its products and services and its ability to innovate to meet customer needs.

The Australian Centre for Photography is supported by the NSW Government through Arts NSW. Photo courtesy of the Australian Centre for Photography

Creative thinking methodologies provide a pathway for how businesses, whether creative or not, can become more productive and profitable. These are particularly important where multi-disciplinary approaches are needed to solve problems and embrace opportunities.

While feedback suggests that the benefits of creativity are not valued or being used to full effect, such approaches have been gaining support. For example, in 2004 the New Zealand Government established the *Better by Design* program to propel New Zealand's export performance. Its target was to make in its first five years: "*at least 50 existing businesses internationally competitive through design leadership, generating an additional $500m per year in export earnings, growing at 5x targeted GDP to produce $1.5b by year 10*." A 2008 audit found that the fifty highest performing companies are 3.5% ahead of reaching the targeted goal of an extra $500m in export revenue in five years, and seeing exports grow 4.5 times GDP.[71]

The creative industries believe that this needs to be an area of focus for higher education. It provides a fertile learning environment necessary to instil the value and application of creativity across-disciplines, and the need for creative specialists to appreciate the context in which their skills can be applied. Businesses will ultimately reap the benefits and should be encouraged to link in with higher education to contribute to multi-disciplinary learning and development.

In his 2005 review of creativity for the UK Government, Sir George Cox identified this issue and recommended three broad strategies towards addressing it:

1. Encouraging universities and SMEs to form stronger links.

   Stronger links between universities and SMEs would enable smaller companies to benefit from specialist knowledge, research capability and access to facilities and a potential workforce. Universities would benefit from more opportunities to trial ideas in practice, and integrate continuous learning into teachings. Industry associations could help foster partnerships and collaboration and market the benefits of closer links with NSW Universities.

2. Incorporating a greater breadth of teaching in existing curricula.

   This will ensure a broader appreciation for thinking methodologies across disciplines including creative specialists, engineers, scientists and students of business, and how they may be applied for their utmost effectiveness. Further, Sir George Cox observed:

   Giving creative students of all types, especially those in fields such as design or advertising, the opportunity to work much more closely with business would equip them to use their creative skills far more effectively.

3. Establishing centres of excellence for cross-disciplinary teaching.

   In particular, Sir George Cox cited the opportunity to establish postgraduate programs that encompass teaching and research from different elements of creativity, technology and business teaching. The objective being to develop future executives: *who better understand how to exploit creativity and manage innovation, creative specialists better able to apply their skills (and manage creative businesses) and more engineers and scientists destined for the boardroom*.

[71] National Cultural Policy, *Submission ARC Centre of Excellence for Creative Industries and Innovation (CCI)* http://culture.arts.gov.au/submissions

Design Thinking

The benefits of creativity and creative thinking are generally appreciated by many sectors of society. However, there is growing international momentum surrounding the transformative impact of *design as a thinking process* and its broad applicability.

What is design thinking?

Design thinking is a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity. Design thinking converts need into demand.[72]

Design is a process, not simply an outcome. Good design results in objects, places, systems or services that work aesthetically, functionally and commercially. Its value can be measured economically, socially and environmentally. It is a way of thinking, a set of creative and cognitive skills, methods, tools and techniques that defines problems, explores questions, finds solutions and then makes the solutions real. It bridges the gap between ideas and markets, shaping ideas to become attractive options for users.[73]

While the form and structure of design thinking varies, design thinking brings together both creative and cognitive thinking. Design thinking generally has three core elements: (i) the process starts by looking at an issue or opportunity from a human-centred and cultural view (i.e. with the end–user in mind) and with a wide array of options and possibilities, thereby focusing on emotional appeal and meaning first; (ii) technical and financial viability is considered only after satisfying the human aspect; and (iii) It embraces a multi-disciplinary and integrative approach, often intersecting the disciplines of art, craft, science and business.

Case Study: School Education

Object's *Design Emergency* pilot outreach education program targets school children in four primary schools in NSW (inner-urban, outer-urban and regional). The program instils creative problem solving skills across curriculum and situations. Object's *Design Journeys* program is currently under development and will impart these skills to educators. If successful, these programs could ultimately be rolled out to a broader audience and be adapted for business and industry, and could potentially have export appeal. The Taskforce considers that, notwithstanding the National Curriculum currently under development, programs such as *Design Emergency* and *Design Journeys* should be closely monitored, evaluated, and if worthy, supported for further promulgation.

Case Study: Higher Education

University of Technology Sydney's (UTS) *u.lab* is an emerging interdisciplinary framework for entrepreneurial innovation projects, connecting business, engineering, IT and health technologies, social sciences, design and the built environment to look at complex and pressing social problems. It connects creative and innovative intergenerational minds across UTS, government, industry and the surrounding community. Experiments have included:

1. Creative Minds Sessions: a two week intensive thinking and doing course for undergraduate students whose goal was to build creative problem solving skills and to observe cross-faculty teams and how they can tackle social challenges like "sustainable consumption" using design thinking principles.

2. Entrepreneurship Lab: a joint postgraduate subject with mixed teams of Masters degree students from the Faculty of Design, Architecture and Building and the UTS Business School. It involved a 16 week deep dive into design thinking processes, with the end goal being to create entrepreneurial business ideas, leveraging interdisciplinary thinking, a focus on human values and a culture of

[72] Tim Brown, CEO of IDEO, the US-based international design and innovation consultancy. http://designthinking.ideo.com/?p=49
[73] Adapted by Object from *The Good Design Plan*, Design Council, UK, June 2008, pp 9.

experimentation.

3. BikeTank: a weekly public event to explore city-to-university mixed collaboration for rapid paced ideation and prototyping. It is an urban connectivist think tank that doubles as a bicycle pitstop café and a public feedback mechanism for Entrepreneurship Lab students. BikeTank intensive workshops explore how design can make cities more human.

C. Encouraging Creativity

Making a successful living out of creative talent is not only gratifying, it is worthwhile.

A life dedicated to working within our creative industries makes an enormous contribution not only to our economy, but also our social and cultural identity. Our creative workforce helps create NSW as a civilised and thought provoking society. Creative work is available to be appreciated by the broad community regardless of economic, social and cultural backgrounds. It contributes to our understanding of humanity. It contributes to our entertainment and leisure. It contributes to our cities and suburbs, in both aesthetical and functional ways. It brings a world view locally, helping build bridges, understanding and appreciation of different cultures and societies, so important to both our business and human connectivity.

The industries acknowledge that a vibrant, creative, community culture is part of the ecology which enables the creative industries to flourish and contribute to the economy. Towards this end, local government in particular plays an important role in encouraging creativity through its provision of local facilities and programs which offer opportunities for people to participate in creative activity, and discover and develop their talent.

The Taskforce recognises that action is underway to develop and roll-out a National Curriculum for Kindergarten to Year 10 over the next few years, phase one starting with English, Maths, Science and History, with Arts and Technology part of phase two. At the time of writing the National Curriculum for the Arts (dance, drama, media arts, music, visual arts) is being finalised. The Taskforce notes that the development of the National Curriculum is based on the *Melbourne Declaration* jointly released by the Australian Government and State and Territory Education Ministers in December 2008 which, among other goals, provides a focus on *young Australians becoming successful learners, confident and creative individuals, and active and informed citizens*.

The Taskforce is pleased that creativity forms a central theme in the development of the National Curriculum and looks forward to the outcomes of the new curriculum that will support the development of future generations of creative individuals in NSW. The Taskforce sees that creative arts education is paramount to a healthy creative industries sector, however, the Taskforce also notes that business is increasingly calling for a workforce that is more skilled in creativity in order to improve productivity through innovation and meet the economic challenges of the 21st century. There is potentially room to deliberately strengthen the teaching of creative thinking (e.g. concepts, approaches and techniques) within the school curriculum from the earliest to the most senior student years. The Taskforce would like to see attention given to this area during the life of the IAP. To this end, the Taskforce notes and provides in-principle support for innovative programs such as the pilot programs currently underway to further advance creative thinking within NSW schools (see Case Study: School Education involving Object in priority B above).

The Taskforce has also received feedback from industry that more action is required to encourage and nurture careers in the creative industries. The industries have raised access to quality creative education across metropolitan and regional NSW as a critical foundation to help individuals discover and develop their talent and their creative career prospects. In this context, industry has expressed concerns about shortages in, and a lack of equal access to, qualified creative teachers and the need to improve use of creative teaching methodologies. In response, opportunities to improve collaboration between NSW schools and professional practitioners and companies should be considered to help students experience excellence in creative practice, in addition to exploring their own creative abilities.

The need to ensure that talented students have the confidence to choose a career in the creative industries has also been raised in the consultations. A view exists that faced with both good education results and creative talent, students are not necessarily encouraged to pursue creative careers. Reasons offered include:

- that job prospects and opportunities are limited;
- the work is often volatile and transient with no guarantees of victory; and
- the pay is generally modest, unless highly successful.

Access to quality information about job prospects for those interested in pursuing a creative career is important. This includes a clear understanding of the available education programs, and broader industry and business knowledge and opportunities that also exist. With about half of the creative industries employees working in industries other than 'creative industry sectors', awareness of the breadth of opportunities is important. The easier that access to this information is made, the more informed individuals can be about their choices.

Improving opportunities for apprenticeships and internships through structured links with university and TAFE courses and industry is also important. Given the relatively rapid technological change that is experienced by the industry, strong and ongoing networking between industry professionals through mentoring programs, seminars, conferences, formal networks and collaboration remain key career development strategies for creative individuals.

The Taskforce acknowledges that the NSW Government – along with other Governments – is going through a period of cost cutting, which has also impacted on existing programs of importance to the creative industries. These changes have included funding cuts to certain subsidised fine arts courses at TAFE NSW (such as sculpture, visual arts and ceramics) from 1 January 2013 on the basis that they are areas of low jobs growth.

The Taskforce considers that such programs benefit NSW both economically and socially. Both industry and community stakeholders, particularly those in regional NSW, have strongly submitted that the affected TAFE fine arts courses provide important affordable avenues to self-employment and further learning and development in the creative industries, in addition to their social value. Industry stakeholders, particularly in regional NSW, assert that for a range of reasons the decision has negatively impacted on the supply and demand of students, teachers or both, and in some cases resulted in the cessation of affected courses or schools, impacting on the development of new generations of fine arts expertise. Reports have also indicated that attendant infrastructure (such as print presses) remain inaccessible, unused and potentially wasted notwithstanding the needs and aspirations of existing stakeholder communities. The Taskforce believes that the broader social and cultural benefits that courses such as these can provide should also be considered when making future funding decisions.

Photo Credits[74]

[74] Left to right: The Australian Government's National Disability Co-ordination Officer Program (NDCO) offers 15-19 year olds with a disability support in accessing and completing post-school education, training and subsequent employment, photo by The Film Bakery; Solar Class at The University of NSW, photo by Paul Foley; The University of Sydney, photo by Paul Foley.

7 MONITOR AND REVIEW PERFORMANCE

The Creative Industries Taskforce proposes that the implementation of actions and tracking of performance against the objectives outlined in the IAP will be monitored by an annual Business Leadership Forum.

Performance will be assessed against three primary criteria:

1. **Progress of supported actions** will be the initial measure.
2. **Degree of ongoing involvement and collaboration** with industry associations, education organisations, research institutes and other key partners will be a further measure of success.
3. **Achievement of long-term macro-economic objectives and relevant NSW 2021 targets** is the ultimate objective.

Consistent with NSW 2021, the primary measure of performance will be improvements in the rate of growth in NSW's labour productivity over the economic cycle.

- **Gross State Product (GSP) Per Person** - A measure of growth of the NSW economy.

  Target: The growth of NSW's GSP / employee to increase at a rate faster than the rest of Australia over the period to 2021.

The following indicators will provide more immediate, annual, measures of performance for the creative industries.

- **NSW Growth in Exports -** An annual measure of NSW's share of national exports of the creative industries will indicate the relative international competitiveness of NSW industries.

  Target: The rate of growth in NSW's creative industries exports to be faster than those of the rest of Australia over the period to 2021.

- **Sydney's Brand Ranking -** NSW Government to annually review a range of creative industries global city ranking surveys to gauge Sydney's global city ranking. Such surveys provide useful indication of the perception and experience of international businesses and people in their interaction with various locations. Examples of ranking surveys include:
  - The Mori Foundation's Global Power City Index[75]. This annual report seeks to rank cities according to their ability to "attract creative people and excellent companies from around the world amidst accelerated interurban competition". In 2011, Sydney was ranked 11th in the world.
  - The AT Kearney Global City Index[76] which is a broad measurement of a city's competitiveness and global engagement. The Index measures 25 metrics across 5 dimensions: business activity, human capital, information exchange, cultural experience and political engagement. This survey is produced every two years. In 2012 it ranked Sydney 12th in the world.
  - The Global Creativity Index[77] seeks to assess the prospects for sustainable prosperity across 82 nations. While not a city index, it does have relevance in measuring level of national creativity across underlying economic, social, and cultural factors of importance to economic development. In 2011, Australia was ranked 5th in the world.

  Target: Position Sydney within the top 10 global creative cities in a range of relevant global city ranking surveys by 2021.

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[75] http://www.mori-m-foundation.or.jp/english/research/project/6/pdf/GPCI2011_English.pdf
[76] http://www.atkearney.com/gbpc/global-cities-index
[77] http://martinprosperity.org/media/GCI%20Report%20Sep%202011.pdf

- **NSW growth in creative industries employment** – an annual measure of the comparative growth rates of the NSW's creative workforce and the national creative workforce will indicate whether NSW is maintaining its national premier position.

  Target: The growth of NSW's creative industries employment is faster than that of the rest of the national economy over the period to 2021.

- **Number of creative businesses –** an annual measure of the number of NSW creative businesses as a percentage of Australian creative businesses to monitor NSW's performance in remaining Australia's centre for creative business activity.

  Target: NSW to grow its share of the proportion of creative businesses in Australia over the period to 2021.

Monitoring the performance of creative industries' individual sub-sectors is the responsibility of the sub-sector's respective industry association. It is the role of these associations to report on the metrics that are important for their respective industries, and inform the Government how their industries are performing as well as communicating emerging issues affecting growth.

APPENDIX A - TASKFORCE'S TERMS OF REFERENCE

The Industry Taskforce will submit to the Minister for Trade and Investment an IAP that:

1. Outlines a vision and 10 year development strategy for the industry, including 2 year and 5 year goals.
2. Articulates a way forward to achieve the vision, including priority issues to be addressed (including, but not limited to, skills, regulations and regulatory barriers, innovation and productivity, research and development, infrastructure and policy reform).
3. Proposes ways to build stakeholder engagement and commitment in delivering long-term industry development needs.
4. Identifies drivers for and barriers to growth and innovation in the industry (including those caused by Government practices, as well as identifying specific issues facing regional businesses and SMEs).
5. Identifies and validates the key domestic, Asia Pacific and global trends, opportunities and challenges for the industry's development (including for regional NSW and small business development).
6. Develops detailed recommendations and rationale of the strategies and actions proposed to be undertaken by industry, industry associations, educational and research institutions, and Government to encourage sector growth, enhance productivity and innovation, improve export performance and, where required, facilitate structural adjustment.
7. Identifies key performance indicators, progress and outcome metrics, clear benchmarks and timeframes for major initiatives.
8. Clearly identifies roles and responsibilities for the delivery of the IAP's recommendations, and outlines mechanisms to oversee and report on the progress of its implementation.

TASKFORCE MEMBERS

Chair:
Dan Rosen, Chief Executive, Australian Recording Industry Association (ARIA)

Members:
- Suzanne Boccalatte, Creative Director, Boccalatte
- Bob Campbell, Managing Director, Screentime Pty Ltd
- Stuart Cunningham, Distinguished Professor of Media and Communications, Queensland University of Technology and Director of the Australian Research Council Centre of Excellence for Creative Industries and Innovation
- Craig Davis, Founder, Brandkarma
- Ross de la Motte, Managing Principal Sydney, Hassell
- Robert Gorman, CEO, Allen & Unwin
- Kate Hurst, Principal Consultant, Hurst & Co
- Patrick McIntyre, Executive Director, Sydney Theatre Company
- Leonie Tyle, Publishing Consultant

Ex-Officio Member:
- Maureen Barron, Chief Executive, Screen NSW, NSW Trade & Investment

APPENDIX B - SUB-SECTOR ECONOMIC PROFILES

The information for the following sub-sector profiles has been extracted from relevant IBISWorld reports.

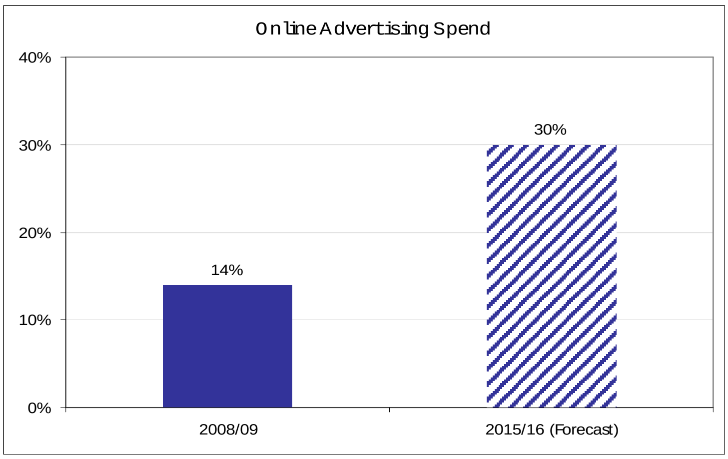
ADVERTISING[78]

NRMA Car Creation by Whybin\TBWA Sydney, Awarded Best in Show at the 2013 AWARD awards.

NSW-based **advertising** businesses dominate the Australia market earning 50.4% of advertising services revenue nationally in 2011-12. The majority of advertising businesses are located in the State (44.6%), followed by Victoria (28%) and Queensland (12%). There are few international Australian advertising companies and of these, Sydney is a key preferred location[79] for these companies' head or lead office (e.g. Enero Group Limited, Clemenger Group Limited, STW Communications Group). A number of large international companies also have subsidiaries in Sydney.

Within the industry large global companies are continuing to buy agencies in complementary businesses like public relations agencies, market research firms, digital advertising agencies and web developers in most countries and regions to provide clients a one-stop service. However, the sector is also polarising between large firms operating under a holding company model and small firms servicing emerging and niche markets.

These trends are helping to address the industries' resilience in the face of uncertain economic conditions and business confidence levels (which affect client spending on advertising and promotional activities), and the growing impact of digital media on the industry (which has created a fragmented and challenging environment). The proliferation of digital media has increased competition from below-the-line advertising[80] (such as direct mail, email, coupons, competitions and discounts) affecting traditional mass media-focused agencies. Webpage advertising is one of the fastest-growing markets for the industry and online advertising spending is forecast to increase to about 30% of media advertising by 2015-16, from 14% in 2008-09.

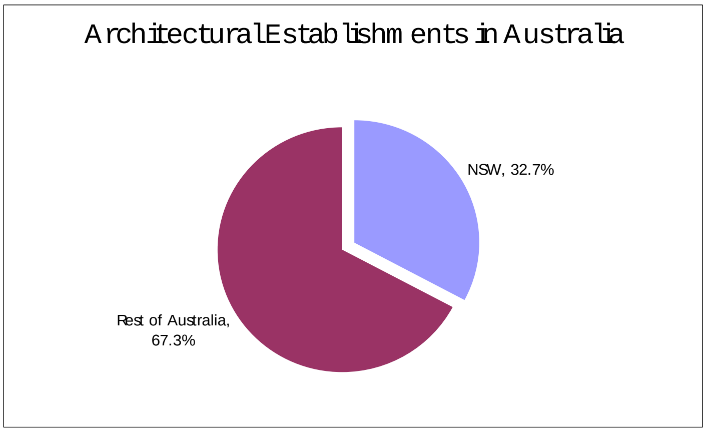


[78] Unless otherwise stated, the following information and statistics have been sourced from IBISWorld Industry Report L7851 *Advertising Services in Australia May 2012*
[79] The other key preferred location being Melbourne.
[80] Below-the-line advertising refers to direct means of communication rather than the use of mass media (i.e. newspapers, magazines, billboards and television).

The industry receives some protection in the form of the Australian Communications and Media Authority which stipulates a 20% limit on television advertising able to be sourced from overseas.

BUILT ENVIRONMENT[81]

NSW is home to 32.7% of Australia's **architectural** industry establishments, 29.4% of industry employment, and a high share of Australia's engineering consulting industry, which often includes architectural services.



While NSW has the largest share of establishments compared to other States, it does not have the largest share of industry employment; Victoria has 38% of industry employment. Furthermore, two major players with wide networks of overseas studios – Woods Bagot Pty Ltd and Hassell Pty Ltd – are based in South Australia.

The NSW industry has an international reputation for innovation, based on iconic building development such as the Beijing National Aquatic Centre (Sydney based architects: PTW Architects) and large buildings/structures in the Middle East. In 2011 eight Australian architect firms were ranked in the top 100 firms in the world by *Building Design* magazine in the UK, up from six the year before.[82] Many of these firms have offices in Sydney and large global practices with offices in a number of countries overseas.

The industry does have a few large-scale players. Structural transformation continues to be common with larger firms merging and forming strategic alliances to broaden their offerings and market (e.g. planning, interior design, landscape architecture and engineering services), and better compete with multi-disciplined construction firms (that are able to offer a range of services, at a lower value, using architectural draftspeople).

Green building design has become increasingly important and the Green Building Council of Australia (GBCA) has developed the Green Star rating system for new buildings, while the National Australian Built Environment (NABERS) rating system - a national system that is owned and operated by the NSW Government – is used to assess the performance of existing commercial buildings.

The industry generates its revenue from the provision of professional design services on buildings and structures (60% from non-residential market; 30% from residential

Surry Hills Library, winner of several architectural awards for its sustainable design, photo by Gregory Kenny

[81] Unless otherwise stated, the following information and statistics have been sourced from IBISWorld Industry Report L7821 *Architectural Services in Australia June 2012.* The data focuses on Architectural Services which includes planning and design for residential, institutional, commercial and industrial buildings and structures – including landscaping architectural services and town planning.

[82] http://www.infolink.com.au/c/Infolink/Australia-s-Architectural-Industry-continues-to-grow-led-by-eight-award-winning-architectural-firms-n910577

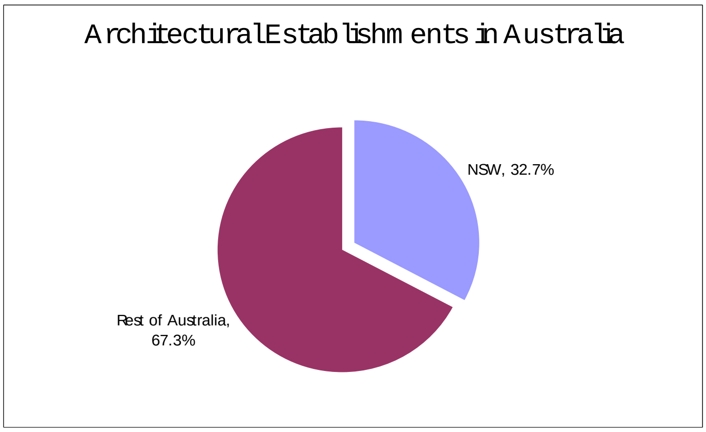
market). The industry routinely uses computer-aided design (CAD) and ArchiCAD (3-D architectural design software).[83]

DESIGN

The **design** industries are several, span a wide range of activities[84] and can be difficult to quantify. The design industries incorporate graphic, fashion and industrial design and, depending on how they are referenced, can also incorporate architectural services, including landscape and interior design. Sydney also hosts the Museum of Applied Arts and Sciences ('Powerhouse Museum') which has Australia's leading collections of fashion, graphic and industrial design as well as other creative sectors.

Graphic Design[85]

NSW is estimated to account for 37.1% of national revenue from **graphic design** services and to have 38.1% of graphic design establishments in Australia.



Graphic designers are increasingly involved in the fast-growing field of web design, including for mobile applications, inspired by the growing availability of digital and mobile technology. The industry has strong links with the advertising industry and benefits from the marketing expenditure of companies and government. It is a competitive industry, containing a large number of firms that range from large global entities to small, non-employing enterprises. Copyright protection applies to designs but can transfer to a client without a signed agreement. Graphic designers often possess training in the visual arts.

Fashion Design

NSW is known for its strong creative talent in **fashion design.** Sydney has long been a fashion centre, for example, with the opening of one of the world's first department stores, David Jones, on George Street in 1838. In 2012, Sydney ranked 15th on the Global Language Monitor Fashion Cities list (Melbourne 21st).[86] Sydney has hosted Australian Fashion Week since its inception in 1995. Mercedes-Benz Fashion Week Australia 2012 was organised by IMG and supported by the NSW Government.

NSW's competitive advantages in fashion design include access to quality raw materials and high technical innovation, particularly in computer-aided design and manufacturing, marking and grading systems, and quick response production systems. However, the industry faces significant and increasing challenges from import competition. Import competition is likely to intensify when the general level of tariff protection on clothing is reduced from 10% to 5% in 2015, and, under Trade Agreements, all clothing items and accessories from Thailand will be tariff-free from 2015 and all clothing items from ASEAN countries will be tariff-free by 2020.[87] The ASEAN-Australia-New Zealand Free Trade Agreement includes Australia's second-largest source of clothing imports, Malaysia, after China.

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[83] IBISWorld Industry Report L7821 *Architectural Services in Australia June 2012*

[84] Activities include, for example, package and product design, corporate identity design, exhibition, display, set design, web design and e-commerce solutions, retail identity and layout design.

[85] Unless otherwise stated, the following information and statistics have been sourced from IBISWorld Industry Report L7852 *Graphic Design Services in Australia August 2012*

[86] http://www.languagemonitor.com/category/fashion/fashion-capitals/

[87] IBISWorld Industry Report G5221 *Clothing Retailing in Australia, August 2012*

Possibly offsetting these developments is the growing demand for luxury goods in China in particular and potential demand for higher value niche products served by innovative design.[88] However, exports will be constrained by the high value of the Australian dollar. Computer-aided design, computer-aided manufacturing and new technologies such as seamless clothing manufacturing may offer means to compete against the large internationals, and online selling may help reduce downstream supply chain costs.[89]

The production of premium, niche products is increasingly important to address the increasing importation of fashion products.[90]

Jewellery and silverware is a growth industry with IBISWorld projecting revenue growth of 3.5% to 2016-17. NSW has the largest concentration of jewellery manufacturers nationally (34% of establishments). International trade accounts for most activity in the industry, with imports into Australia of $1.4bn and exports from Australia of $1.2bn in 2012, with the main export markets being Germany, Hong Kong and the United States.[91] Counterfeit products are a continuing problem. Significant productivity gains have been captured by firms using computer-aided design and manufacturing technologies. A tariff of 5% still applies to imports of assembled jewellery pieces.[92]

Industrial Design

The **industrial (or product) design** industry develops and prepares aesthetically appealing and functional products for manufacturing. According to 2011 Australian Bureau of Statistics Census data, NSW has a small industrial (or product) design sector, with 990 industrial designers (representing 33.8% of the national total). At 1,223 (41.8% of the national total), Victoria has the largest number of industrial designers. However, this is due to around 15% (almost 200 people) of Victoria's industrial designers working in the motor vehicle manufacturing industry, which is absent in NSW. Australia's total industrial designers number 2,925.

The sector in NSW, however, plays a major role in the operations and success of many businesses operating in other sectors of the NSW economy. The sector no longer depends on NSW manufacturing for its continued well-being and increasingly, NSW industrial designers operate both nationally and internationally.

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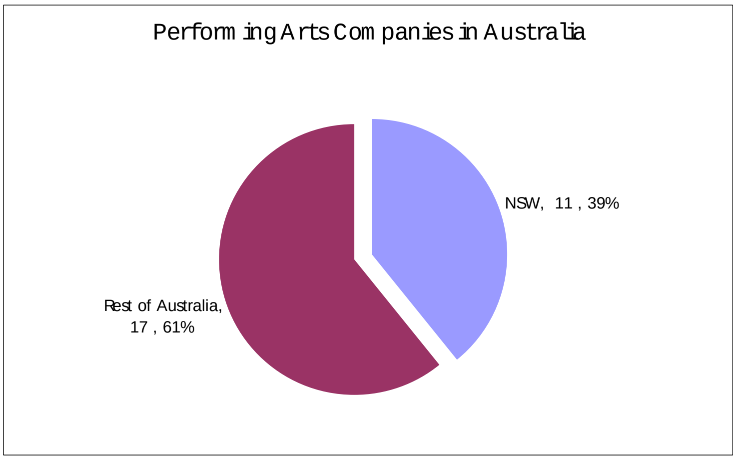
[88] IBISWorld Industry Report G5221 *Clothing Retailing in Australia, August 2012*
[89] IBISWorld Industry Report C2242 *Women's and Girls' Wear Manufacturing in Australia May 2012*
[90] IBISWorld Industry Report C2242 *Women's and Girls' Wear Manufacturing in Australia May 2012*
[91] IBISWorld Industry Report C2941*Jewellery Manufacturing in Australia, February 2012*
[92] IBISWorld Industry Report C2941*Jewellery Manufacturing in Australia, February 2012*

MUSIC, PERFORMING ARTS & VISUAL ARTS

NSW is a leading centre for creative arts and boasts world-renowned creative performing companies and artists. The performing arts sector includes 11 of Australia's 28 major performing companies.

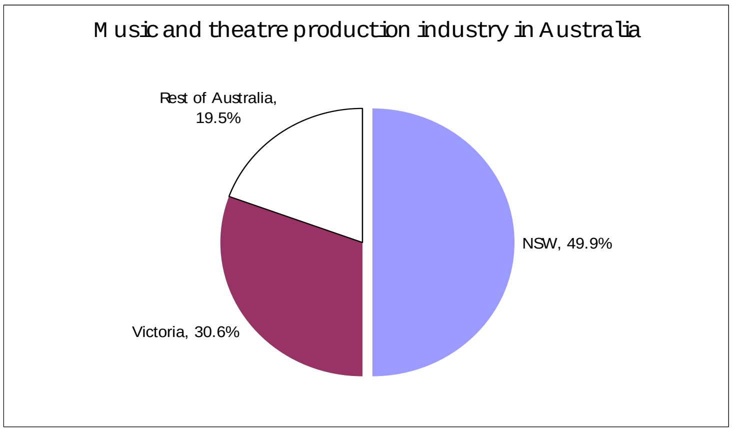


NSW generates the largest share of Australia's live performing arts revenue (35%) and is on par with Victoria in terms of ticket sales (33%).[93]

NSW is home to the national icon the Sydney Opera House, which attracted over eight million visitors and entertained 1.3 million people in 2011-12,[94] and boasts a number of venues, including the concert hall and theatres. The Art Gallery of NSW is one of Australia's most visited galleries with around 1.2 million visitors in 2011-12. Sydney is also home to Australia's leading modern art museum, the Museum of Contemporary Art.

Sydney stages a series of world-class major arts festivals across Greater Sydney each year: Sydney Festival, Sydney Writers' Festival, Biennale of Sydney (every two years), and Sydney Film Festival – which attract up to 1.5 million visitors annually. These are complemented by other major events such as Vivid Sydney, now entering its fifth year. Vivid Sydney is a major celebration of the creative industries and the biggest festival of its kind in the Southern Hemisphere, attracting over 500,000 attendees in 2012. The creative industries support a host of other events in the Sydney and NSW Events Calendar, including the short film festival Tropfest.

NSW has the largest **music and theatre production** industry in terms of revenue, constituting nearly half (49.9%) of industry earnings in 2011-12, well above Victoria's 30.6%.[95]



[93] *Live Performance Australia, Ticket Attendance and Revenue Survey 2010.*
[94] http://www.arts.nsw.gov.au/index.php/arts-in-nsw/facts-about-the-nsw-arts-sector/
[95] IBISWorld Industry Report P9241 *Music and Theatre Productions in Australia, August 2012*

At 46%, NSW is also home to the majority of Australian music and theatre production establishments, compared to Victoria's 25.4%. Major companies headquartered in Sydney include: Australian Chamber Orchestra, Bangarra Dance Theatre Australia Ltd, Brandenburg Ensemble Ltd, Company B Ltd, Musica Viva Australia, Opera Australia, Sydney Dance Company, Sydney Symphony Orchestra Holdings Pty Ltd, Sydney Theatre Company Ltd, and The Bell Shakespeare Company Ltd.

The industry is also an important contributor to the visitor economy by providing alternative entertainment and visitor experiences. About 15% of international visitors to Australia attend a theatre performance, particularly those from English-speaking countries.[96]

In 2012-13, an estimated 260 government-supported music and theatre production companies will be in operation in Australia, accounting for about 48.7% of total industry revenue. For the same period, non-government subsidised music and theatre production companies in Australia are estimated to be around 800, accounting for 44.9% of industry revenue (e.g. popular music concert promoters, musical theatre production companies, drama production companies). Most of these companies are small and exist with a high degree of volunteer support. [97]

NSW dominates the recorded music industry in Australia. It accounts for 44.3% of **recorded media manufacturers and publisher** establishments in Australia[98] and 42% of **sound recording studio** establishments which produce 40.1% of sound recording studio revenue[99]. However, the music industry has a wider value chain, including monetisation of artist rights (live and recorded performance, communication, reproduction, and synchronisation) and allied services, such as for example, music instrument retail, music education, music management and music therapy.

Manufacturers and publishers of physical media in Australia are considered to be in decline as demand shifts to online take-up of music in electronic formats rather than physical products such as records, CDs and DVDs. (A minor upswing in demand for vintage vinyl records has been reported in the media).[100]

There are more than 540 **museums**, 38 regional **galleries**, and 27 artist-run spaces in NSW staffed by both professionals and volunteers, together with 175 historical societies.[101] In fact, NSW accounts for around 31% of art galleries and museums in Australia, with a similar percentage of revenue. (Victoria has around 21.5% of establishments but almost 30% of revenue. ACT's galleries and museums also attract a high proportion of revenue (17.5%).[102]


Art Gallery of NSW, photo by Carley Wright

IBISWorld notes the importance of special exhibitions, changing general displays and themes for attracting repeat visitation in the face of increasing competition from other cultural, leisure and recreational activities such as theatre productions, festivals, cinemas, theme parks and other attractions. It also notes that some museums and galleries have developed virtual displays on their websites to promote themselves and raise awareness of their collections. [103]

Aboriginal arts and culture are strong in NSW, particularly in the visual and performing arts. Some major drawcards include the Aboriginal Cultural Centre and Keeping Place at Armidale; the annual Saltwater Freshwater Festival; and the Central West Aboriginal Arts event that showcases the work of Aboriginal artists, dancers and filmmakers from across the Central West region. Bangarra Dance Theatre is a world-renowned Aboriginal dance theatre company based in Sydney.

[96] IBISWorld Industry Report P9241 *Music and Theatre Productions in Australia, August 2012*
[97] Drawn from IBISWorld Industry Report P9241 *Music and Theatre Productions in Australia, August 2012*
[98] IBISWorld Industry Report C2430 *Recorded Media Manufacturing and Publishing in Australia, September 2011*
[99] IBISWorld Industry Report P9251 *Sound Recording Studios in Australia, February 2012*
[100] IBISWorld Industry Report C2430 *Recorded Media Manufacturing and Publishing in Australia, September 2011*
[101] Webpage of Museums & Galleries of NSW, http://mgnsw.org.au/about_us/overview11111/
[102] IBISWorld Industry Report P9220 *Art Galleries & Museums in Australia, September 2012*
[103] IBISWorld Industry Report P9220 *Art Galleries & Museums in Australia, September 2012*

In terms of **regional creative industries** presence, NSW has extensive networks of theatres, music festivals, conservatoriums, regional galleries, writers' centres, museums, performing arts touring and cultural institutions in the regions.[104]

NSW was home to approximately one third of Australia's **professional photographers** in 2012. The sector is however now declining. While demand for wedding photography has remained steady, there is falling demand for commercial and advertising photography, as advertisers and agencies now have access to online image databases or generate images in-house using high-quality digital cameras. Opportunities exist for photographers and amateurs to sell images online for photographic libraries.[105]

SCREEN

Television/Film[106]

Australia's national television **broadcasters** (commercial and public) are based in the Sydney region. IBISWorld reports that 35.4% of national commercial television revenue is generated in NSW. Sydney is increasingly becoming the national programming hub for commercial and public television. In addition, many other significant sector institutions and bodies are headquartered in Sydney – The Australian Film, Television and Radio School, Screen Australia, and Foxtel.

The television industry comprises (i) free to air, (ii) pay TV and increasingly, internet-based web-TV. The free to air industry comprises (a) commercial operators; (b) public operators (ABC, SBS); and (c) community operators (run through sponsorship, government funding and volunteers). Free-to-air TV broadcasters offer multi-channels under the digital broadcasting regime, and all analog TV transmission services are due to cease from December 2013. Television remains at the centre of Australia's domestic screen activity,[107] with 95% of all viewing using the traditional television set. In addition, audiences are using the screen for other activities such as accessing Internet news, weather information and sporting news, information and results with the other activities accounting for 18.1% of total TV screen time and rising.

The commercial segment of the free to air industry derives 90% of its revenue from advertising. The industry is therefore sensitive to factors affecting advertising revenue expenditure.

The arrival of new digital media is fragmenting media viewing and access patterns and intensifying competition. Increasingly there is more competition occurring between free to air television, pay-TV and internet-based web-TV and IBISWorld notes that internet TV is likely to be an industry game changer.

The Federal Government's *Convergence Review* (released in April 2012) aimed to create a new policy and regulatory framework for media organisations in recognition of the increasing variety of consumption methods (e.g. Australian content obligations, license fees). On 30 November 2012 the Federal Government announced its initial response to the Convergence Review by extending the current rebate on television broadcasting licence fees, introducing a multichannel Australian content requirement, and retention of the current 55% transmission quota for commercial broadcasters' primary channels as well as removal of the 75% "reach" rule. The Government foreshadowed further announcements in 2013.

Whatever the method of consumption, content remains critical.

> *There isn't a more pervasive prism for reflecting and shaping Australia's national identity than screen content*.
> Screen Australia, November 2012, *Staying Power. The Enduring footprint of Australian film*.

Research by Auspoll in 2011, on behalf of Screen Australia, reports that overall, 91% of people believed it

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[104] http://www.arts.nsw.gov.au/index.php/arts-in-nsw/facts-about-the-nsw-arts-sector/
[105] IBISWorld Industry Report Q9523 *Professional Photography in Australia, May 2012*
[106] Unless otherwise stated, the following information and statistics have been sourced from IBISWorld Industry Report P9123 *Free to Air Television Services in Australia, July 2012*
[107] Oztam report released January 2013 based on the viewing habits of Australian audiences for the third quarter 2012

was quite important or very important that Australia had a film and television industry producing local content. Just 1% stated it was not important at all. Even among people classified as 'low' consumers of Australian content, 87% felt it was at least quite important.

Out of 10 benefits of having a local film and television industry, the one identified as most important (cited by 21% of respondents) was to make sure that Australian culture isn't overwhelmed by American culture on account of the amount of movies and TV series that Hollywood produces. This was followed by recognition of the employment opportunities that the industry brings, as well as ensuring that Australia's stories and important events from the past are told and recorded.

NSW dominates the Australian feature **film and television** drama production industry, taking 51% of total expenditure in 2011-12 with 79% of all Australian drama being generated by NSW companies.[108] NSW dominates most sub-sectors, such as the PDV (Post/Digital/Visual Effects) sub-sector, where NSW companies accounted for 70% of national output from 2007-08 to 2009-10. IBISWorld estimates that in 2012-13, 54.8% of businesses, 50.1% of industry employees and 58.1% of total industry revenue is in NSW. However, States' revenue shares vary year to year depending on the success of businesses with funding applications and in attracting domestic and international film production activities.[109] Geographic concentration within the sector reflects the existing clustering of production businesses, sources of finance for those businesses, major and minor studio facilities, major TV station headquarters, advertising agencies and supporting post-production facilities. Demand for content is increasing due to the increase in digital channels and internet streaming.[110]


Director Wayne Blair on the set of Redfern Now, a Blackfella Films Production, photo by David Dare Parker

The labour and resource intensive film and television production industry has a high level of financial risk and requires Government subsidies or tax incentives, and significant investment from other sources, to help drive activity. Federal Government tax offsets provide 40% rebate on costs for Australian film productions and 20% for domestic TV productions. The local industry also indirectly enjoys the benefits of government regulation through the specification of minimum local content on free-to-air TV and a drama expenditure quota on pay-TV.

To attract foreign productions, the Federal Government offers a 16.5% location offset on production expenditure in Australia. International-quality improvements to film production studios in Sydney in recent years also helps to attract foreign filmmakers. Post-production, digital and special effects work carried out in Australia for foreign films also qualifies for a 30% Federal offset.

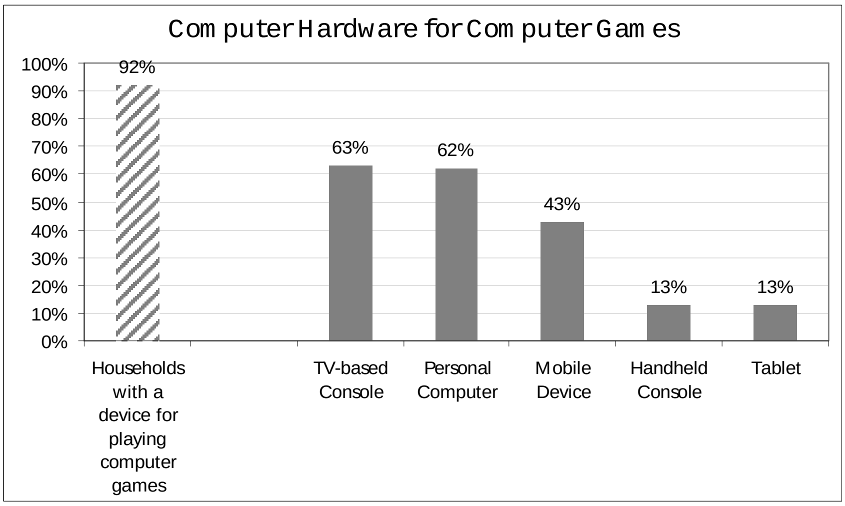
Local productions are more popular domestically, however, there has also been success in exporting locally-made feature films, documentaries and serials. In the five years to 2010-11, the value of Australian audiovisual exports totalled $166 million (*Screen Australia, November 2012*)[111]. Australia's filmed entertainment market is forecast to reach $2.7 billion by 2016.[112] In a recent issue of Screenhub, Antony I Ginnane reported on the increasing number of Australian films being theatrically released by independent distributors in an increasing number of foreign territories over the past five years, with the trend accelerating in the last two years.

[108] Screen Australia, *The Drama Report 10/11, Production of Feature Films and TV Drama in Australia 2012*
[109] IBISWorld Industry Report P9111, *Film and Video Production in Australia, August 2012*
[110] IBISWorld Industry Report P9111, *Film and Video Production in Australia, August 2012*
[111] Screen Australia, *Playing for Keeps- Enhancing sustainability in Australia's interactive entertainment industry*, 2011
[112] PricewaterhouseCoopers 2011 *Australian Entertainment and Media Outlook 2012-2016*

Electronic Games/Interactive Entertainment[113]

Like going to the cinema and watching television, interactive entertainment is a mainstream activity in Australia. A recent study commissioned by the Interactive Games and Entertainment Association found that 92% of Australian households have a device for playing computer games, up from 88% in late 2008.[114]

A 2011 report by Screen Australia on Australia's interactive entertainment industry, called *Playing for Keeps - Enhancing sustainability in Australia's interactive entertainment industry* reported that 63% of Australian households had a TV-based console, 62% a PC, 43% a mobile device, 13% a handheld console and 13% a tablet.



The global interactive entertainment industry is forecast to be the fastest growing entertainment and media sector expanding from $56.8 billion in revenue in 2011 to $80.3 billion in 2016[115]. The Australian market is expected to grow at a compound annual growth rate of 7.4% to reach $2.2 billion in 2016. This is in large part due to the exponential growth of online distribution of games. Most local games developers are primarily export-focussed.

The development of the electronic games sector in NSW was slow compared to Victoria (where government investment has been in place for some years) and Queensland, despite the local presence of strong advertising, animation and screen production connections. However, according to the *Playing for Keeps* report, a number of Australian studios have closed recently resulting in the loss of hundreds of jobs and loss of talent overseas and publishers are moving operations overseas to lower-cost locations or jurisdictions that offer tax incentives.

As well as the Screen NSW dedicated Interactive Media Fund, in November 2012 an additional allocation of $20 million over three years to Screen Australia was announced to support a new Interactive Games Fund. The Fund will commence in 2012-13 and has been earmarked to help build a sustainable base for companies to grow in a global market and to capitalise on the opportunities provided by fast broadband. On 13 February 2013, Screen Australia released draft guidelines for a suite of new interactive and multi-platform programs which incorporate the Interactive Games Fund as well as funding previously provided through the agency's former multi-platform programs. With $20 million for games, Screen Australia will commit more than $30 million over the next three years across games production, games enterprise, multi-platform drama production signature documentary and sector development and special initiatives. Draft guidelines are expected to be released on 11 March 2013.

'Serious' games are finding a number of applications in other industry sectors such as education and training, healthcare, defence and mining. The skills and technology can be considered to be crucial enablers

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[113] Unless otherwise stated, the following information and statistics have been sourced from Screen Australia, *Playing for Keeps- Enhancing sustainability in Australia's interactive entertainment industry*, 2011, pg 2
[114] Interactive Games and Entertainment Association*, 2011, Digital Australia 2012*
[115] PricewaterhouseCoopers 2011 *Australian Entertainment and Media Outlook 2012-2016*

for other sectors as the digital economy evolves. For example, Bohemia Interactive Simulations' Australia operation in Nelson Bay, NSW, "designs and develops some of the most realistic battlefield simulators seen in today's military sector," according to the website www.army-technology.com.

PUBLISHING

Sydney is home to some of the largest **newspaper and magazine** companies and a number of major publishers.

NSW's share of **newspaper**[116] company revenue is estimated at 44% compared to Victoria's 23% in 2012-13. In contrast, the major metropolitan daily (Mon-Fri) circulation figures are the reverse: 36.6% of the national total in Victoria, excluding national titles, and 29.9% in NSW.

Consistent with global trends, printed newspaper circulation and readership is in decline, impacted by alternate ways of disseminating information and advertising (e.g. the internet, TV, radio, cinema, signs, wireless devices, telemarketing and direct marketing).

NSW is estimated to account for 42% of all **magazine**[117] industry businesses (Victoria accounting for around 21%) and over 80% of industry revenue. Advertising revenue accounts for around 40% to 100% of magazine industry revenue. The head offices of major magazine industry companies are located in Sydney.

Australia has the highest per capita magazine readership in the world and a large number of consumer magazines. In addition, magazines attuned to local need dominate in most markets. However, IBISWorld expects revenue growth in the industry to decrease to 2017-18 at an annualised 0.5%, with industry performance hampered by intense competition from other media. Internet and social media are increasing competition for advertiser dollars but at the same time offer publishers a low-cost distribution platform. The market for journals and serials is being eroded as libraries seek to reduce spending on periodicals.

'Sea Hearts,' by Margo Lanagan[118]

The head offices of major magazine companies are located in Sydney: IBISWorld lists major Australian companies as Nine Entertainment Co Holdings Ltd (ACP Magazines), Seven West Media Ltd (Pacific Magazines), Fairfax Media Ltd, News Australia Holdings Pty Ltd (News Magazines). Smaller players are Readers Digest (Australia) Pty Ltd, NextMedia Pty Ltd, Northern & Shell Pacific, Universal Magazines, Reed Elsevier Australia Pty Ltd and John Wiley and Sons.

In **book publishing**, NSW has an equal share of national publishing businesses to Victoria (each with approximately 34%).[119] The Australian publishing industry has traditionally been dominated by a few large global players. A number of these are based in NSW, such as Hachette Australia Pty Ltd (Sydney), Reed Elsevier Australia Pty Ltd, Scholastic Australia Pty Ltd, McGraw-Hill (Sydney) and Allen & Unwin. About 10% of national book publishing revenue is generated by locally-owned firms.[120]

Book publishing is undergoing challenging structural change created by a migration to reading on e-readers and tablets and an increase in online purchasing from overseas book retailers. Alongside this is a desire from some for changes to Australia's parallel importation restrictions which prevent importation of titles other than by the local copyright holder. The industry has also advocated for the removal of competitive disadvantages to Australian booksellers (e.g. GST not being charged on imported book purchases).

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[116] Unless otherwise stated, the following information and statistics have been sourced from IBISWorld Industry Report C2421, *Newspaper Printing or Publishing in Australia*, July 2012
[117] Unless otherwise stated, the following information and statistics have been sourced from IBISWorld Industry Report C2422, *Magazine Publishing in Australia, July 2012*
[118] Image credit: Margo Lanagan (author), Zoe Sadokierski (jacket designer), and Allen & Unwin (publisher).
[119] IBISWorld, Industry Report C2423, *Book and Telephone Directory Publishing in Australia, September 2012*
[120] IBISWorld, Industry Report C2423, *Book and Telephone Directory Publishing in Australia, November 2011*

Vertical integration by online retailers (e.g. into proprietary delivery vehicles like Kindle) and sales of electronic books at what are marginal costs for print publications is increasing project risks to publishers and their ability to obtain adequate returns on multimodal delivery. While lower prices for books potentially promote unit sales, they can also reduce revenue growth as the average selling price for an electronic book is lower than for a physical book. However, electronic books may encourage greater sales over the longer-term as they cannot be resold or shared as easily as paper books. Electronic books may also allow authors to publish their own works and retain a larger proportion of the value chain or place pressure on publishers to share a higher proportion of revenue with authors.

The Federal Government's Public Lending Right (PLR) and Education Lending Right (ELR) payment schemes aim to compensate authors and publishers for lost sales arising from libraries' lending activities to encourage the growth and development of local writing.[121]

For writers, the annual calendar in NSW presents some key events. The *Sydney Writers' Festival*, Australia's largest annual celebration of literature and ideas, is held annually for one week each May. Further, the NSW *Premier's Literary Awards* and NSW *Premier's History Awards* assist in celebrating the achievements of Australian writers and historians.

RADIO[122]

With a 35.4% share of the market, NSW is by far estimated to hold the greatest number of radio stations (the next largest State being Queensland at 20.3%, followed by Victoria at 18.1%).

Digital broadcasting is now providing a new competitive landscape for the industry. While still largely in Sydney, digital broadcasting is present in some regional and rural markets. Many operators provide radio broadcasts through mobile phones, online streaming, pay-TV sound broadcasts and SMS links. Digital media convergence is also enabling some operators to develop podcasts and links with websites to add visual and text content to broadcasts.

The industry's performance is dependent on general trends in advertising expenditure by business and government, and as such, the industry directly competes with the free-to-air TV, as well as digital media industries.

[121] These schemes are currently being reviewed for modernisation.
[122] IBISWorld Industry Report P9121 *Radio Services in Australia, August 2012*

APPENDIX C - STRENGTHS, OPPORTUNITIES AND CHALLENGES FOR NSW CREATIVE INDUSTRIES

STRENGTHS OF NSW CREATIVE INDUSTRIES

The Sydney Opera House, photo by The Film Bakery

World-class creative skills and capabilities

NSW is home to many of the most successful creative businesses in Australia, and a large pool of skilled creative workers across all sub-sectors is clustered in or around Sydney. NSW dominates Australian employment in creative industries in every sector excluding electronic games, accounting for 37% of all creative employment in Australia.

NSW - the national media hub

Australian media companies have expanded globally and occupy some of the top positions in the media markets of the Western world. With a large share of Australian media operations headquartered in Sydney, NSW is Australia's national media hub. The 'ecosystem' includes internationally recognised production and post-production, digital and visual effects companies.

Creative infrastructure

NSW and Sydney boast a number of nationally and internationally renowned performance venues (including the Sydney Opera House), museums, galleries, other national cultural bodies, as well as a number of Australia's leading artistic companies and the institutions that energise them.

Events, underpinned by the visionary management of a NSW Events Calendar, are a key element in creating an environment in which creative industries can flourish.

Further, NSW has an extensive network of creative industries' infrastructure within local communities across the Sydney metropolitan, and NSW regional and rural areas. Changing community sentiment has also meant that traditional community infrastructure such as local libraries are continuously evolving into more than just places for accessing books and knowledge into performance and exhibition spaces.

International reputation

NSW creative companies have international reputations in music, performing arts and visual arts, while some of its architects' firms have an established history of fulfilling high-profile international client briefs with distinction.

A sophisticated, older, wealthier population base

NSW and Sydney, Australia's largest city, has a sophisticated, well-educated, wealth and well-travelled population. As the 'baby boomers' acquire more leisure, they may seek out additional creative experiences.

A tech-savvy population across all age groups

NSW residents have a strong appetite for new and innovative technology. For example, the uptake of smartphones is second only to Singapore's and levels of internet use are high across all age groups.

A culturally diverse labour pool and offerings

NSW has a culturally and linguistically diverse labour force. Across Sydney there are 1.3 million residents who can speak a non-English language. Around 200 languages are spoken in Sydney and many residents retain strong links to their countries of origin. This offers opportunities to create products and experiences that speak to culturally and linguistically diverse audiences.

Anecdotal reports reveal that NSW has an extensive Indigenous population working within the creative industries and they provide considerable potential for innovative products and services, particularly in the performing and visual arts and potentially, also in industries such as design and architecture where the culture's knowledge in environmentally sustainable practices can be harnessed.

Significant R&D resources

The Australian Government has established the Enterprise Connect Creative Industries Innovation Centre in partnership with the University of Technology, Sydney, to provide small and medium-size creative businesses with the knowledge, tools and expertise for business growth. National ICT Australia (NICTA) is a major Australian Government investment in ICT research, developing innovative ICT platforms and services relevant to digital content and distribution. The Art Gallery of NSW, Australian Museum, Museum of Applied Arts and Sciences and the State Library of NSW hold large internationally-regarded collections.

Opportunities for collaboration

Opportunities for NSW creative businesses to collaborate with universities and research institutions are provided by the NSW Government's Tech Vouchers program.

Flexible support mechanisms

NSW Trade & Investment provides a comprehensive range of services and programs to support business growth, including expansion into export markets.

OPPORTUNITIES AND CHALLENGES FOR NSW CREATIVE INDUSTRIES

Growing demand for digital content and delivery

Increasing access to fast broadband and powerful new digitisation technologies provide significant new opportunities for creation, marketing and distribution of content for the new digital platforms and smart technologies.

Technological advances are allowing increasingly sophisticated and cross–disciplinary creative content to be produced, and have enabled production to take place with increasing efficiency. Massively expanded communication channels between individuals world-wide and the growth of social media and mobile devices is driving demand for new ways of exchanging information, goods and services (e.g. web-enabled mobile phones, faster and cheaper internet, iPods and podcasts, and social networking websites like Twitter, YouTube and Facebook).

Application for dirtgirlworld, mememe productions

The creative industries will need flexibility and sustained investment to meet these rapid technological and social changes and take advantage of the increasing internet-based opportunities presented by new media and fast broadband distribution channels. In book publishing and the converging media world of newspaper publishing, TV and radio broadcasting, business models will need to be rethought and processes re-engineered if businesses are to adapt successfully to the uncertainties and competitive forces of the new operating environment.

Consumer Demand

It is becoming increasingly important to meet consumer demand. Improved animation and special effects; and architecture and consumer products that are more environmentally sustainable are examples of note.[123] Diversity in marketing and distributing creative products and services, ensuring they can be delivered across different media and platforms, is also a new direction for creative industries. In the future it is thought that the influence of social media and user generated content on creative industries will allow consumers to have a greater say and play a bigger role in content creation.[124] In order to succeed in the 21st Century the creative industries will need to be prepared to diversify in order to be profitable.

Changing Demographics

NSW and Sydney has both a growing and ageing population, and an increasingly diverse population.

A growing and ageing population is likely to benefit design and architecture businesses. Strategies that focus on people ageing in their own home rather than institutional care create opportunities for innovative solutions such as health self-monitoring with remote support services, networking and communication systems, automated systems that reduce energy usage, enhancers to the quality of life e.g. visual and hearing aids. An older and potentially wealthier population may also have greater capacity to consume creative outputs.

NSW has an increasingly culturally and linguistically diverse population. The 2011 census data reveals that over 1.5 million people, or 22% of New South Wales residents, reported speaking a language other than English at home, with more than 90% of these people (1.4 million) located in Sydney. One-third of people living in the Greater Sydney Metropolitan area speak a non-English language at home.[125] Almost 40% of Australian residents who speak a language other than English at home reside in New South Wales and many residents retain strong links to their countries of origin. Besides English, the most commonly spoken languages in the State are Chinese (Cantonese, Mandarin and other dialects), Arabic, Italian, Greek and Vietnamese. This diversity offers opportunities to create products and experiences that speak to culturally and linguistically diverse audiences.

Leveraging growth in the Visitor Economy

A large increase in the number of tourists from Asia during the next decade is forecast. This represents a substantial opportunity for NSW creative industries such as the performing and visual arts, fashion design, lifestyle product design and the jewellery manufacturing sector.

Under its *NSW 2021* plan, the NSW Government is committed to increasing tourism in NSW and has set a target of doubling visitor expenditure by 2020.

Export opportunities

Many NSW creative businesses are already capitalising on export opportunities worldwide. Architecture firms, for example, were early movers and have achieved sizeable penetration in a number of overseas markets, particularly in Asia and the Middle East. There is scope to further capitalise on Australian architects' reputation in the booming Asian and Middle East construction markets.

Fast broadband and the avalanche of new media services and mobile devices are creating opportunities for agile Australian creative businesses to sell into global markets online. The industries can also increase their export potential through partnering with non-creative businesses.

Regional Opportunities

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[123] Australian Government, *'Creative Industries, a Strategy for 21st Century Australia',* (2011), page 15
[124] Australian Government, *'Creative Industries, a Strategy for 21st Century Australia',* (2011), page 15
[125] http://www.business.nsw.gov.au/invest-in-nsw/about-nsw/people-skills-and-education/language-skills

Creative businesses in regions are likely to benefit significantly from fast broadband and the creative industries have potential to assist regional growth and renewal. The rollout of broadband will give existing creative industries 'hot spots' in places like the Northern Rivers and Newcastle greater commercial and global reach and impetus. The *NSW 2021* State Plan target to double visitor expenditure by 2020 is likely to boost numbers of tourists in regional NSW, helping drive demand for creative industries output. Priority actions under *NSW 2021* also include investment in regional arts and cultural development and a cultural venues strategic plan to ensure development of cultural facilities is integrated with the Visitor Economy Action Plan, the NSW arts and cultural policy, and consideration of regional cultural infrastructure needs.

Marketing the economic, cultural and social value of creative content

There are potentially valuable opportunities to be gained in better marketing the economic, cultural and social value of creative content to government, the public and other industries. To achieve this, improved co-ordination of data on the creative industries is required.

Education, Skills and Training

Increasing skill levels and capabilities in newly-industrialising nations may lead to more aggressive expansion into the Australian market. Architects, graphic designers and graphic design businesses, for example, may feel the effects of competition from rising skill levels and the large numbers of graduates being produced in industrialising economies. Businesses may need to respond by outsourcing or establishing a presence in overseas markets, managing the challenges and risks involved. Tertiary education needs to be attuned to these global trends to ensure graduates help position businesses for global competition.

In recognition of the increasing importance of creativity to innovation and productivity, some industries have instituted programs to formally acknowledge and accredit employees talented in creativity and ability to apply creative solutions to a problem.

It is also important to ensure school curriculums feature and stimulate the development of creativity and an appreciation for the arts and culture. A sound "creative" curriculum and aligned resources will help to identify and develop creative talent; support students to make career decisions; and, in addition to the considerable social and cultural contributions, will also help develop future consumer markets for creative products and services. A National Curriculum for schools in all states and territories of Australia, from Kindergarten to Year 10, is currently being developed, with intentions to expand it into Years 11 and 12. The developing curriculum recognises the arts, humanities and social sciences and technologies, including design as important educational areas.

The education system generally has a segmented and siloed approach to learning through specialised courses and subjects. Opportunity exists to improve multidisciplinary approaches to learning to help in creating innovative and commercially competitive solutions to problems. For example, the Reengineering Foundation *F1 in Schools Technology Challenge* encourages Year 7-12 school age students studying maths, science & technology to be creative, and help develop strong teamwork, social and presentation skills. (See www.rea.org.au).

Developing Creative Careers

The importance of recognising achievement in the creative industries may be underestimated. Encouragement and support for creative practitioners of all ages to aspire and achieve excellence is important for a number of reasons. It helps with global recognition and success; continuous product and service innovation; and for inspiring the next generation of creative entrepreneurs. An existing example is the Australian Fashion Laureate, an honour that is awarded to recognise outstanding creative or intellectual achievement in the Australian fashion industry. Initiated by the NSW Government and IMG Fashion, the 2011 Australian Fashion Laureate was presented to Collette Dinnigan at Mercedes-Benz Fashion Week Australia 2012. Previous recipients include Akira Isogawa, Carla Zampatti, Easton Pearson, and Simon Lock.

Both monetary and non-monetary support and incentives can be effective (e.g. awards, grants, mentoring by industry leaders).

Role of Government (including assistance, grants, and procurement)

The NSW Government provides assistance and grants directly to many sectors in the creative industries. The annual Arts Funding Program spreads artistic opportunity across every part of NSW by providing funding to hundreds of individuals and arts organisations for a diverse range of arts projects and programs. From the State's leading performing arts companies to rural art galleries, metropolitan theatre groups to regional conservatoriums, major NSW arts festivals to emerging artists, they all benefit from the Government's assistance.

Screen NSW provides funding and incentives, which includes for development and production, career pathways, Interactive Media Fund, and industry and audience development.

Other assistance and support is available through NSW Trade and Investment, which the creative industries may not be taking advantage of. This includes business mentoring, Aboriginal business development, one-on-one export support through the Global Growth Program, and the NSW Export Lab. Funding is also available under the State Investment Attraction Scheme and the Regional Industries Investment Fund.

NSW Government procurement policy and processes are continuing to be reformed with a view to ensuring fair and reasonable access and opportunity to all sectors of the economy.

Electronic games development

Electronic games development capabilities are a new *sine qua non* of basic ICT skills capability in the new media and broadband-charged world. The global entertainment games industry now surpasses 'Hollywood' in terms of economic value. Opportunities have capitalised on smaller-scale electronic games in the educational, puzzle/strategy mobile and internet games genres, and a move to interactive educational games.

Electronic games include 'serious games'. The potential of digital media to deliver instructional and recreational content via sophisticated moving graphics and information-loaded visual material represents a considerable opportunity for publishing businesses, particularly in education, training, and healthcare. Computer game technology is also being used for applications such as military simulations, spatial planning and workplace training and education.

Sustainability

Environmental sustainability is an emerging area of innovation and growth. Architectural services, industrial designers and fashion designers and publishers will have new opportunities meeting the demand for environmentally-sustainable and innovation-intensive services. Architects are already designing new and retrofitting old buildings to reduce carbon emissions and deploy smart technologies to increase energy, water and systems efficiency. Buildings are now being designed to make a positive, not just a neutral, contribution to the environment. Access Economics has highlighted potential to expand these offerings further in export markets. Further, simulation virtual 3D planning models can be combined with real time simulation models to improve planning decisions, undertake what if scenarios and highlight sustainability issues. For example, energy, water inundation and climate change effects. Fashion Designers are under pressure to consider the sustainability of the materials and processes used in production of their designs. Publishers are now under customer expectations to choose paper that is certified and sustainably produced.

Design approaches to business management

Overseas and interstate case studies have shown the gains to be made by integrating design across a business's strategies and functions. The NSW Government is collaborating with the Federal Government's *Enterprise Connect* Program and the Commission for Integrated Design South Australia in a pilot program assisting select small and medium-size manufacturing businesses to integrate design-led principles into their businesses, to enhance innovation and competitiveness to drive growth.

The Australian Design Alliance, which is based in Sydney, assists in creating vision for the Design sector. It promotes design-led solutions to 'wicked' problems such as housing for health, energy and food. NSW is home to the annual Design Festival at the Powerhouse Museum, which draws a national and international audience.

Creative industries also have the ability to improve the clarity, the visual nature and speed of communications and decisions, and the opportunities for real-time interactivity along a supply chain.

Linking business and research

Opportunities for NSW creative businesses to collaborate with universities and research institutions are provided by the NSW Government's Tech Vouchers program[126]. Opportunities also exist to develop synergies between business, research and technology industry clusters.

Competition

Increasing digitisation of creative industry technologies and platforms facilitates consumer access to creative product, such as music, Internet protocol television, film and television products, live television streaming, e-literature, and image libraries such as art collections. Google Arts, for example, now provides richly-enhanced viewing of art from top international art galleries. It has the potential both to cannibalise and stimulate the market for visits to art galleries.

New technology will lead to increasing global competition for local creative product and services providers. It will, though, create opportunities as well as threats, driving increased demand for content, which NSW creative businesses in film, digital media, music and design are well-placed to meet. Creative businesses will also have increased access to lower-cost offshore skills. Sydney has leading edge world class animation, theatre and gaming production houses. Opportunity exists to cross fertilise the ideas and technologies within these industries with other industry sectors.

Self-publishing and online publishing will account for an increasingly large share of the print publishing market, as iPods and other downloading devices now do in the music industry.

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[126] http://ww3.business.nsw.gov.au/TechVouchers/home.aspx

Innovation and productivity challenges

Across the creative industries a range of innovation and productivity challenges are at play. In the creative arts and performing arts sectors, innovation and the creation of novelty are inherent in the production process. New technologies can be incorporated to enrich audience experience, and reach a wider public at reduced cost. In jewellery manufacturing, computer-assisted design and manufacturing yield significant productivity benefits while moving to use innovative materials requires acquiring knowledge of the relevant production techniques. Publishing and media businesses face disruptive change that requires rethinking of business models, products and cost structures to retain viability. In advertising and graphic design digital technologies have allowed large firms to bring many functions in-house and achieve cost efficiencies, while employees and small operators are exposed to competition from lower labour cost economies if outsourcing becomes more prevalent.

Virtual modelling now enables the ability to miniaturize, simulate and dimension complex problems in real time to communicate and solve difficult medical, life science, environmental, engineering, transport, logistics and manufacturing problems.

Currency risk

The high level of the Australian dollar reduces the competitiveness of exports, particularly for businesses that have traditionally sold into the UK and the USA. Large-budget films and games are particularly susceptible to and have been adversely affected by shifts in the value of the Australian dollar.

Security, privacy and intellectual property protection

All industry sectors are vulnerable to cyber security risks. It will also become increasingly difficult for creative businesses that move to or rely on transmedia/cross-platform product distribution to protect and capture returns from intellectual property, particularly for the small businesses that make up the majority of industry players. Electronic intellectual property rights are difficult to enforce.

Investment capital

Attracting increasing levels of globally and nationally mobile direct investment can improve local industry competition and competitiveness. Large investments are required for big budget films, for example. Small and medium-size businesses may require support to take advantage of broadband applications if the market fails to facilitate this. (Google promotes a 15-minute website creation service that it believes is helping to boost the proportion of small and medium businesses with websites.[127])

Finance and Risk

The creative industries have a high component of risk to their work as a market for their products and services are not guaranteed. In the cultural production sub-sectors (such as film, television, and the performing arts for example), development and production costs can be high and margins modest. Creative-based work is often project-based, and can be volatile. A core and stable source of funds is not only important for projects, but also in-between projects to meet operational expenses and cash flow.

Sound business models and a range of finance and investment strategies are critical to providing funds to underpin business viability.

The creative industries include the traditional arts and cultural production sectors (such as the film, television, radio, publishing, music, performing arts and visual arts) as well as the creative business to business service sectors (such as design, digital content, software development, advertising, marketing and architecture). Investment in creative industry activities can come from a range of sources.

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[127] Nick Leeder, CEO Google Australia, University of Technology Sydney Spotlight lecture, *Growing Australia's Digital Economy,* 27 April 2012, available via https://www.alumni.uts.edu.au/Page.aspx?pid=624

As with all businesses they are able to access equity and debt providers (both private and public) seeking a financial return on their investment.

Certain creative industry organisations, however, are also able to gain revenue from organisations who wish to be associated with their activities. They are able to access private and public investment from organisations and governments seeking to:

- gain from broader economic or reputation/brand impact ('sponsorship'); and
- support the broader cultural or social benefits from these activities (grants and 'philanthropy').

Generally, arts and cultural organisations rely on financial contributions from the private sector, through private donations, corporate sponsorship and fundraising, in addition to funding from government and self-generated revenues. There is a need for funding to not only support creative projects, but also the organisation's operational expenses, which can be a particularly point of contention for both private and public funding bodies who more usually seek to tie funding to a strategic and contained project, over general overhead expenses.

APPENDIX D – LIST OF SUBMISSIONS

List of Submissions to the Discussion Paper

1. Accessible Arts
2. Ann Martin BM, Artist Planner and Councillor, Wollongong City Council
3. APRA/AMCOS
4. Association of Consulting Architects (ACA)
5. Australian Subscription Television and Radio Association (ASTRA)
6. Australian Information Industry Association (AIIA)
7. Intellectual Property Awareness Foundation
8. Object Australian Design Centre
9. Charles Sturt University
10. College of Event Management
11. Communications Council
12. Jorge H. Ruiz (film industry)
13. NSW Architects Registration Board
14. Regional Arts NSW
15. Regional Development Australia: Northern Rivers
16. Regional Development Australia: Sydney
17. Regional Development Australia: Far South Coast
18. Regional Development Australia: Illawarra
19. Screenworks: Northern Rivers
20. Screen Producers Association of Australia (SPAA)
21. Society for Responsible Design (SRD)
22. State Library of NSW
23. Change Agent nb
24. University of Newcastle
25. University of Technology Sydney
26. Museum of Applied Arts and Sciences
27. Wollongong City Council (Sue Savage, Community Programs and Planning Manager)
28. Andrew Barnum
29. James Armstrong

Feedback on the draft Creative Industries IAP

The Creative Industries Taskforce also thanks the following people and organisations for their comments and advice on the draft Creative Industries IAP:

1. Great Lakes Library
2. Dr Rodney Jensen (Planning & Research Sector)
3. I-Manifest (Youth Community Organisation)
4. Michael Costello (Education Sector)
5. Sandy Gray (Visual Arts & Education Sector)
6. Sara Bowen
7. Yvonne Liechti
8. Marlo Campbell
9. Ballad Films
10. Michael Lockrey
11. Lamella Art Books Pty Ltd
12. Regional Development Australia – Far South Coast
13. Slippry Sirkus (Community Organisation)
14. Object: Australian Design Centre
15. Live Performance Australia
16. Marrickville Council

17. Blue Mountains Economic Enterprise
18. Australian Institute of Architects
19. Fairfield City Council
20. National Association for the Visual Arts (NAVA)
21. Alpha One Film Location & Events Gear Hire
22. Design Institute of Australia
23. Graeme Macey (Fine Arts Sector)
24. Metro Screen
25. Australian Major Performing Arts Group
26. Committee for Sydney
27. Powerhouse Museum
28. Regional Development Australia – Hunter
29. Board of Studies NSW
30. Creative Industries Innovation Centre
31. APRA/AMCOS
32. Regional Development Australia – Northern Rivers
33. University of Technology, Sydney (UTS)
34. Business Events Sydney
35. Australian Design Alliance
36. Liverpool City Council

APPENDIX E - OVERVIEW OF CREATIVE INDUSTRIES IAP RECOMMENDATIONS

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
1. That senior NSW Government Ministers recognise and promote the importance of creative industries to the growth and competitiveness of NSW's broad-based economy, and their positive social and cultural impact on NSW society.	NSW T&I		√		
2. NSW Government to establish a central contact point, and/or a specific Ministerial responsibility, for the creative industries within the NSW Trade & Investment cluster.	NSW T&I		√		
3. NSW Government to establish a process that ensures ongoing dialogue between the NSW Government and NSW creative industries, including for the purpose of advocating, monitoring and reviewing the NSW Government's performance in implementing its IAP commitments and the ability to respond to any changes in IAP priorities	NSW T&I	Ind Assoc	√		
4. NSW Government to develop and implement a dedicated creative brand for Sydney to elevate, through Sydney, NSW's profile as a global centre and an Asia Pacific leader in the creative industries.	NSW T&I	Ind Assoc, DNSW	√		
5. Destination NSW and industry peak bodies to better leverage existing metropolitan and regional NSW festivals and events through improved coordination and promotion to: • ensure there is year-round activity; • develop business-related satellite activities; • increase global exposure and business opportunities for the creative industries; • support the showcasing of innovative creative SMEs internationally in part through effective liaison through NSW international trade offices; and • work with the NSW Board of Studies to consider future opportunities for promotion of annual showcases of HSC student excellence at the meeting point of the arts, IT and business.	DNSW	Ind Assoc, BoS		√	
6. NSW Government to further develop the profile of *Vivid Sydney* as a key global showcase event for the NSW Industries, the attraction and development of creative industries events and showcases with a true global profile (e.g. the Annual Meeting of the UNESCO Creative Cities Network or growing local events which have the potential to establish global profiles).	DNSW	Ind Assoc		√	

[128] Short-term is for the period 1 July 2013 to 30 June 2015, Medium Term is for the period 1 July 2015 to 30 June 2018, while Long Term indicates that implementation will continue for the remaining period of the IAP

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
7. NSW Government to drive the development of Sydney's 'Arts and Cultural Ribbon' to strengthen Sydney's regional (i.e. Asia Pacific) and global profile as a creative centre.	City of Sydney, NSW T&I	DNSW, BDA, Ind Assoc, DP&I, INSW	√		
8. NSW Government to publish and promote a comprehensive assessment of the economic, cultural and social impact of NSW creative industries' to help position NSW's strengths globally.	NSW T&I	Ind Assoc	√		
9. NSW Government to establish a Premier's Creative Industries Achievement Award. The prize would be awarded for the individual or organisation that: (i) demonstrated excellence in creative industries; and (ii) showed an outstanding contribution towards achieving the vision of this IAP (NSW recognised as a global creative centre and an Asia Pacific leader in creative industries).	DPC	NSW T&I , Ind Assoc	√		
10.Peak industry bodies and the NSW Government to ensure effective dissemination of information to the industry (particularly start-ups and growing creative industries businesses) on available NSW and Commonwealth Government advisory assistance and funding opportunities and schemes. This includes establishing a central portal to provide up-to-date, consolidated, reliable and practical information and the portal should be in a tone, language and design relevant to creative industries.	Ind Assoc	NSW T&I			
11.Peak industry bodies to partner with business organisation front-runners to establish "super" mentoring programs that boost the transfer of skills from business leaders to high–potential creative businesses and start-ups. Programs could also encourage corporate philanthropy by offering professional advisory assistance (e.g. lawyers and accountants).	Ind Assoc				
12.Peak industry bodies to help encourage NSW creative industries to export their commercial intellectual property by helping their members to identify and pursue export opportunities. Work may include administering 'how to export' seminars and programs directed at imparting advice to NSW creative industries. Related to this, peak industry bodies should be prepared to provide advice on the impact of broadband and the digital economy on business models. Particular attention should be given to Indigenous enterprises and businesses in regional NSW.	Ind Assoc				

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
13. NSW and Commonwealth Governments to develop an advisory assistance program that is focussed and tailored to the needs of high growth businesses that are currently under-served by existing Government programs, in particular organisations with a turnover between $350,000 to $750,000, and are on a trajectory for high profitability and employment growth potential.	NSW T&I	C'wealth			√
14. NSW Government, in collaboration with peak bodies, and education and research organisations, to implement a benchmarking-style service that provides the predominantly small creative business sector in NSW with timely data on their performance in relation to their peers.	OSBC	NSW T&I, Ind Assoc, Universities, Research Orgs			√
15. NSW Government to ensure programs like the new *Innovate NSW*, which drives collaboration between industry, researchers and government to develop new leading edge products and services, are available to NSW creative industries.	NSW T&I		√		
16. NSW Government to develop a strategy to encourage the development of the industries' cluster in the Moore Park to Ultimo area. This could include initiatives to bring together a critical mass of capabilities and industries (across businesses, researchers, end users, students and government) to share resources, support knowledge diffusion, and strengthen networks to collaborate with multinational organisations through joint co-investment and job creation activity, and grow existing or establish new creative business incubators for co-located start-ups.	NSW T&I	OCSE, Ind Assoc, DP&I, DFS		√	
17. Establish smaller scale innovation hubs in major regional centres, based on niche specialisations and the region's existing strengths. This may include, for example, the Northern Rivers region of NSW in an area such as design.	NSW T&I	OCSE, DPC, Ind Assoc		√	
18. NSW Government to target the establishment of up to three creative industries related Co-operative Research Centres (or similar) over the next 10 years to drive innovation and drive productivity in the broader economy, with a priority being to investigate opportunities for Sydney to be a hub for global industrial design in manufacturing and technologies used by the creative industries.	OCSE	NSW T&I, DFS		√	
19. NSW Government to develop and trial a 'Creatives in Business' program that places creative professionals within businesses in industries other than the creative industries.	NSW T&I	Ind Assoc	√		

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
20. NSW Government to improve its procurement processes and systems to enable more creative enterprises to compete for government contracts, at lower cost, fairly and at lower risk, and collaborate to create innovative solutions.	DFS	NSW T&I	√		
21. Establish specific business development programs for both Indigenous creative industries practitioners as well as for cultural groups, to better leverage NSW's cultural diversity in working towards NSW becoming known as a global centre and an Asia Pacific leader in creative industries.	NSW T&I				√
22. Tertiary education providers to create important connections by attracting more international students through marketing of creative industries' courses in key international markets.	Universities	DEC			
23. NSW Government to work with peak creative industries bodies to identify priority export markets for creative industry sub-sectors and develop and implement initiatives to facilitate entry to these markets.	NSW T&I	Ind Assoc	√		
24. NSW Government to better leverage NSW creative industries export successes and activities – from architecture to performing arts tours – as part of its international engagement activities.	NSW T&I		√		
25. Creative industries enterprises to participate in trade missions by the Premier and Deputy Premier to appropriate target markets to help generate creative industries exports.	NSW T&I	Industry	√		
26. NSW Government to develop and trial an incentive scheme (such as a Design Voucher) to facilitate non-design NSW industries to engage NSW designers.	NSW T&I	Ind Assoc		√	
27. NSW Government to support a comprehensive program that provides in-depth assessment of business needs and tailored advisory services required to develop businesses' capabilities to strategically utilise design within their operations.	NSW T&I	Research Org, Ind Assoc		√	
28. NSW Government and other relevant parties to encourage the development of a national design centre at the most appropriate location along Sydney's proposed "Arts and Cultural Ribbon" to showcase the economic, social and environmental achievements of the NSW design sector and actively facilitate cross-industry use of design to drive NSW economic competitiveness.	Industry	Ind Assoc, BDA, DP&I, NSW T&I			

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
29. Where appropriate, NSW Government to lead by example by incorporating design-led thinking approaches in its service delivery.	NSW T&I	DPC		√	
30. Peak industry bodies to: (i) develop information and education material, programs and/or events for industry professionals to assist in the rapid transference of practical experience on the latest software and technologies; (ii) undertake a stocktake of available technology and equipment; and (iii) investigate mechanisms or systems to enable their members and/or tertiary education providers to access each other's technology and equipment.	Ind Assoc				
31. Peak industry bodies to work with the NSW Small Business Commissioner and other relevant parties to encourage coaching of creative enterprises located within creative regional locations with priority access to the National Broadband Network (e.g. Armidale and Kiama) to maximise use of high speed broadband.	Ind Assoc	OSBC, NSW T&I, DPC			
32. NSW museums, galleries and libraries and other industry segments developing cultural content, to continue to digitise their collections and cultural assets and promote their online availability to allow people, particularly in regional NSW, to experience and, where appropriate, use and learn from important cultural resources.	NSW T&I	DPC	√		
33. NSW Government to improve the ability of regional communities not covered by reliable high speed broadband to engage with the digital economy by continuing its roll-out of Wi-Fi to regional NSW libraries.	NSW T&I	DPC	√		
34. NSW Government to review the application of relevant local government regulations of importance to the creative industries to ensure that they do not unduly restrict the development of the local industry.	NSW T&I,	DPC (BRO, DLG), Local Govt		√	
35. NSW Government to improve access to vacant space for creative entrepreneurs by considering ways to open up Government spaces and venues to more users, particularly for events and organisations that relate to the creative or visitor economy.	NSW T&I	DPC		√	
36. Local Government to promote the use of existing vacant buildings and street art opportunities as creative arts spaces to revitalise city spaces, particularly in regional centres.	Local Govt				
37. Barangaroo Delivery Authority to continue to pursue the proposed development of a private sector funded Australian Centre for Indigenous Culture and a landmark public art commission at Barangaroo.	BDA	Industry			

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
38. Peak industry bodies to: (i) undertake research to more specifically identify the industries' ICT and digital skills issues to help in the development of targeted solutions; and (ii) encourage and promote formal education in business management and innovation of creative industries practitioners and work closely with education and training providers to achieve these outcomes.	Ind Assoc				
39. Tertiary education institutions to collaborate with peak industry bodies to ensure creative industries' course curricula is relevant to industry needs by including education on skills development in ICT, digital and business management skills, contemporary business structures, and export market development and environmental sustainability.	Universities	DEC, Ind Assoc			
40. The NSW Government demonstrates appreciation for the distinctive needs of the creative industries in designing and delivering its business advisory support services by establishing a target that at least 10% of all NSW Government's Small Biz Connect program Business Advisors have direct business experience in, or with, the creative industries. Such resources should be located in areas of strong creative industries concentrations (e.g. Sydney, Northern Rivers). Further, the Small Business Commissioner to ensure this includes an understanding of the needs of the Indigenous creative community, particularly those in regional NSW, who may have distinct needs in business support services.	OSBC			√	
41. Peak industry bodies to promote and encourage their members who are seeking funding from the NSW Government to undergo the NSW Government's small business program, *Small Biz Connect* (or equivalent program) to help strengthen business management skills, improve their competitiveness in applying for a grant, and encourage the best use of any funding received.	Ind Assoc	OSBC, NSW T&I			
42. Peak industry bodies to establish mentoring programs targeting young creative workers to help support creative enterprises to accommodate talented students and graduates to be mentored by successful professionals working within the industry, including linkages between metropolitan and regional NSW.	Ind Assoc				
43. The NSW Government, with the support of peak industry bodies, provide information to careers counsellors on creative career opportunities to ensure information imparted to school students is current to support viable careers in the creative industries.	DEC	Ind Assoc	√		
44. Those tertiary education institutions that deliver creative industries Masters programs to include a component, as appropriate, for university students to teach school students.	Universities	DEC			

RECOMMENDATIONS	Implementation Partners		Implementation Period[128]		
	Lead	Key Partners	Short Term	Medium Term	Long Term
45. As part of the evolution of the National Curriculum and in addition to the curriculum for creative arts, NSW Government to work with the Commonwealth Government to ensure creative thinking approaches and techniques are a dedicated part of the curriculum to strengthen capacity for creative problem solving and innovation.	BoS				√
46. NSW Government to recognise the importance of the need for a range of alternative, affordable and practical avenues to education and training that underpin NSW creative industries by reinstating NSW Government funding to those TAFE fine arts courses that experienced cuts to subsidised funding from 1 January 2013.	DEC		√		
47. Vivid Sydney to include an annual event putting the spotlight on creative industries in NSW which promotes the importance of creative industries providing solutions which underpin innovation and future economic prosperity.	DNSW			√	

APPENDIX F - LIST OF ABBREVIATIONS

ABS .... Australian Bureau Statistics
ARC .... Australian Research Council
B2B .... Business-to-business
B2C .... Business-to-consumer
BDA .... Barangaroo Delivery Authority
BRO .... Better Regulation Office
CBD .... Central Business District
CCI .... ARC Centre of Excellence for Creative Industries and Innovation
CCI-CCI .... CCI-Creative City Index
CIIC .... Creative Industries Innovation Centre
CRC .... Cooperative Research Centre
DEC .... NSW Department of Education and Communities
DFS .... NSW Department of Finance & Services
DNSW .... Destination NSW
DPC .... NSW Department of Premier & Cabinet
DP&I .... Department of Planning and Infrastructure
ELR .... Education Lending Right
GBCA .... Green Building Council of Australia
GSP .... Gross State Product
IAP .... Industry Action Plan
ICE .... Information and Cultural Exchange
ICT .... Information and Communication Technology
ITAB .... Industry Training Advisory Bodies
INSW .... Infrastructure NSW
NABERS .... National Australian Built Environment Rating System
NCP .... National Cultural Policy
NESTA .... National Endowment for Science, Technology and the Arts
NICTA .... National ICT Australia
NSW .... New South Wales
NSW T&I .... NSW Trade & Investment
OCSE .... Office of Chief Scientist and Engineer NSW
OECD .... Organisation for Economic Cooperation and Development
OSBC .... Office of the Small Business Commissioner NSW
PLR .... Public Lending Right
R&D .... Research & Development
RoAust .... Rest of Australia
SME .... Small and Medium Enterprise
TAFE .... Technical and Further Education
UNESCO .... United Nations Educational, Scientific and Cultural Organisation
UTS .... University of Technology, Sydney