NSW thrives on the talent and prominence of its creative industry

This document recognises the contribution the creative industry makes to NSW and proposes ways in which the NSW Government can tailor its efforts to support the industry into the future.

Traditionally, government has valued the creative industry for its cultural and social contribution to society. Reflecting this, government policy has been focused on enhancing the industry’s cultural and social outcomes rather than the industry’s economic contribution. Now, for the first time, the economic characteristics of the NSW creative industry have been mapped. This paper, and its companion document, *NSW Creative Industry: Economic Fundamentals*, outlines the economic contribution the creative industry makes to NSW, giving an improved understanding of the size, growth and business characteristics of each creative industry sector.

The creative industry is economically important to NSW for four core reasons:
- the sector employs 5% of the NSW workforce
- employment has grown at twice the rate of other industries
- NSW dominates employment in 10 of 11 sectors
- wages in the creative industry are 18% higher than average and creatives working in NSW earn on average 10% more than those in other states.

Additionally, the NSW Government plays an important and multifaceted role in the creative industry, beyond just that of a funder, and its impact is much broader than most people expect.

The NSW Government is also:
- a major customer—spending $85m on advertising in 2007 (15% of advertising revenue) and $7 billion on construction, which is a key driver of revenue for architecture
- an educator—with a leading role in curriculum setting from K-12 and in TAFE and creating an industry for the publishing of textbooks, which account for 39% of all books sold
- a regulator—in relation to planning and developments that affect performing arts, architecture and music
- a promoter—co-ordinating and funding promotional events, such as the Biennale of Sydney, the Sydney Festival and the Sydney Writers’ Festival and organising trade missions which support businesses in gaining access to export markets
- a repository of information and data for the creative industry through its collecting institutions.
However, there are also real challenges for the creative industry in NSW. The newest sector, and one with significant potential—Electronic Games—is almost entirely located in other States, despite synergies which exist in NSW. In addition, employment growth in the creative industry has slowed significantly in the past 5 years—down from 3.4% (1996–2001) to 1.6% (2001–2006). Furthermore, the creative industry is experiencing significant change, with increasing digitisation and globalisation having a major impact across each of its sectors.

That’s why the NSW Government is focused on modernising its approach and realigning and expanding its efforts to better support the creative industry into the future so that the economic and cultural value the industry brings to NSW is maximised. To enable this, the NSW Government proposes to:

• develop a Creative Industry Strategy that will bring together the existing strands of action across government and set a direction for future government action in the industry
• update the creative industry’s economic fundamentals data on an annual basis
• focus on the high-performing creative sectors: Music, Electronic Games, Design and Architecture
• implement a series of actions that will bring immediate benefit to the creative industry as a whole.

A vibrant creative industry, as a key tool for driving innovation, is critical to the NSW economy.
Define me—what is creative?

The creative industry comprises those sectors which have their origin in individual creativity, skill and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.

The creative industry is made up of the following sectors:

- Advertising
- Architecture
- Design
- Electronic Games
- Film
- Music
- Performing Arts
- Publishing
- Radio
- Television
- Visual Arts
A vibrant creative industry is a key public policy focus in Australia and across the world. The creative industry is the subject of significant attention by policy makers both in Australia and around the world. There are good reasons for such attention including:

1. **The industry is a major employer and has experienced employment growth double that of other industries.**

2. **The industry contributes significantly to the economic success of other industries.** Graphic and industrial design, for example, provide a key input into the manufacturing process and demonstrate a proven link in increased financial output.

3. **Innovation is central to the creative industry and innovation is critical to productivity growth.**

4. **As disposable income increases, demand for creative industry products and services increases more than proportionately.**

Developing ongoing innovation policy for the creative industry requires a thorough understanding of the economics of the industry.

Traditionally governments have valued the creative industry for its cultural and social contribution. Increasingly, however, the industry is also being recognised by government for its ability to contribute economically.

**NSW Creative Industry: Economic Fundamentals** (a companion to this document) outlines, for the first time, the economics of the creative industry in NSW.
NSW dominates creative industry employment

NSW dominates employment in the creative industry in Australia in almost every sector (except electronic games).

NSW accounted for over 37% of all creative industry employment in Australia in 2006. This figure has remained largely unchanged over the past decade. In almost every creative industry sector NSW has the ‘lion’s share’ of employment.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>2006 Number of Jobs</th>
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<tbody>
<tr>
<td>Design</td>
<td>34,280</td>
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<tr>
<td>Publishing</td>
<td>27,964</td>
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<tr>
<td>Advertising</td>
<td>25,047</td>
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<tr>
<td>Architecture</td>
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<tr>
<td>Visual Arts</td>
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<tr>
<td>Music</td>
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<tr>
<td>Television</td>
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<tr>
<td>Film</td>
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<tr>
<td>Performing Arts</td>
<td>5,090</td>
</tr>
<tr>
<td>Radio</td>
<td>2,024</td>
</tr>
<tr>
<td>Electronic Games</td>
<td>107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147,703</strong></td>
</tr>
</tbody>
</table>

SOURCE: CCI DATA BASED ON ABS CENSUS DATA.

147,703 people in NSW earn their living by being creative.
NSW is home to Australia’s creative industry

37% of Australia’s creative industry is located in New South Wales
Employment in the creative industry in NSW has grown at twice the pace of other industries over the past decade.

Over the 10 years to 2006, employment in the creative industry increased by 28%, against 13.5% for all industries. In 2006 the industry directly employed around 150,000 people in NSW as their ‘main job’. In 1996 the creative industry was approximately one third of the size of the manufacturing industry, but by 2006 it was 51%. In 2006 the creative industry employed 50% more people than agriculture, and approximately the same number of people as financial services. Design is a standout, with employment growing at an average of 5.6% pa, year-on-year for 10 years.

The creative industry employs 5% of NSW’s workforce, equal in size to financial services and 1.5x the agriculture industry.
The NSW creative industry is a high wage industry, with average wages 18% higher than the average for all industries. Furthermore, industry wages are, on average, 10% higher in NSW than the rest of Australia.

18%
higher average wages than other industries

Creatives working in NSW can earn, on average, 10% more per year than creatives in other States.

In 2006, mean income in the creative industry was $53,000. The graph shows NSW and Australian mean incomes in the industry by sector.

MEAN INCOMES IN THE CREATIVE INDUSTRY
NSW AND AUSTRALIA (2006)
While the industry remains largely domestically focused, there is standout export performance in games and publishing.

Creative industry sectors are overwhelmingly domestically focused, with exports typically comprising around 2–3% of total revenue. However, there are two standout performers—electronic games, which generates over 90% of revenue from exports, and books, which generates 24%.

Some sectors have seen particularly rapid export growth in recent years. From 1995–96 to 2002–03, book exports increased by 17% per annum in real terms. From 2002–03 to 2006–07, there was also substantial real export growth in newspapers (7.8%), architecture (7.5%) and advertising (6.2%).

Employment density of the creative industry is disproportionately high in Sydney, with strongest regional employment growth in Richmond–Tweed.

Within NSW, Sydney has a disproportionate share of creative industry employment. In 2006, 82% of those employed in the creative industry lived in metropolitan Sydney. Within metropolitan Sydney, density is highest in the inner city suburbs. Regional employment in the creative industry is relatively low—but there has been strong growth in Richmond–Tweed, Illawarra and the Mid–North Coast.

Reasons for the strength of the sector in NSW include the size of the Sydney population and the large number of creative industry institutions in NSW.

A key reason for NSW’s (and in particular Sydney’s) dominance is the size of Sydney’s population (around 4 million). Work done by the CCI and others illustrates that cities with a higher population tend to have a disproportionately larger representation of the creative industry. Yet it would be wrong to conclude that population size alone determines industry size. The research demonstrates that some cities are able to outperform (and underperform) in terms of creative industry size relative to their population. Examples of relatively small cities with strong creative concentrations are Edinburgh and Montreal. Examples of larger cities that underperform include Detroit and Houston.

Another key reason for NSW’s strong performance is that it is home to a number of nationally and internationally renowned public collecting houses, performance venues and other creative industry institutions. This includes the Sydney Opera House, State Library, Art Gallery of NSW, Powerhouse Museum, Museum of Contemporary Art, Historic Houses Trust, College of Fine Arts, National Institute of Dramatic Art, Australian Broadcasting Corporation, Australia Council, Conservatorium of Music and the Australian Film, Television and Radio School. These institutions act as magnets for the creative industry.

There has been rapid export growth in architecture, especially to Asia since 2000.
Big export earners:

90% of all electronic games revenue is derived from exports

24% of book revenue
sector x sector
With 34,000 employees, design is by far the biggest creative industry sector in NSW. Employment has grown at a rate of 5.7% per annum over the past 10 years—far higher than any other sector.

NSW is home to 38% of design businesses in Australia and accounts for 37% of national design revenue. Over a 10-year period, the sector has expanded by 55%, with the most rapid growth occurring in recent years.

Design has a key ongoing role in stimulating creativity and innovation across the broader economy. For example, the use of industrial design in manufacturing enhances the range and quality of goods available, in addition to opening new markets. Furthermore, designed products capture a higher dollar value than those products produced without the input of design professionals.

Graphic Design is the key design sub-sector, accounting for over 50% of the workforce. Employment and revenue has doubled over the last decade in graphic design as the digital revolution has brought with it new online opportunities including web, multimedia and digital animation.

Design has the potential to greatly contribute to creativity and innovation across the broader economy.
The architecture sector in NSW has demonstrated strong revenue growth over the past decade, due largely to its close ties to the economic cycle. Consistent with periods of considerable strength in the building sector, revenue growth in the sector has averaged 4.4% per annum, with NSW accounting for 36% of national architectural revenue in 2006–07.

The majority of revenue strength lies within the non-residential building market, which makes up 60% of market share. Another area of rapid growth has been in the multi-unit residential building market.

Employment has also grown strongly—averaging 3.1% per year over the last decade.

The future looks bright in a number of areas. Australia’s international reputation as a ‘green’ nation has seen the sector capitalise on its expertise and reputation in the field of sustainability as the demand for green buildings increases.

Australian architects are also highly regarded on a global scale, and there is scope for the sector to further capitalise on the growing Asian and Middle Eastern construction booms. The success of Australian architects in developing iconic buildings for the Sydney Olympic Park Precinct has been an important catalyst in enhancing the reputation of Australian firms in international markets (e.g. building on their Sydney Olympic success, PTW Architects jointly designed the Beijing Aquatic Centre with Chinese architects).

Australia’s reputation for green architecture provides export opportunities.

4.4%
average annual growth rate, year on year over the last 10 years (1996–2006)

7.5%
growth in export earnings per annum

3,190
registered architects work in NSW
NSW has long been the home of contemporary music in Australia with the likes of AC/DC, INXS, Midnight Oil and Silverchair to name but a few of its internationally renowned artists. In 2006, the NSW music sector directly employed 8,000 people—42% of employment in the sector nationally.

The sector is undergoing significant change due to advances in technology and internet usage. Increasingly, consumption is shifting away from physical product (such as CDs, DVDs and singles) and moving towards digital music. Physical product still dominates the industry, however sales are declining as digital music sales increase. Between 2005 to 2007, digital music sales grew by 375%.

Despite these figures, industry professionals believe that platforms such as mobile phones, television and film placements are accounting for increased revenue in the sector, indicating a far broader revenue base than that captured in the statistics. Digitisation is also causing a shift in the sector’s value chain to a ‘fame before fortune’ model. Cheaper sound recording equipment is enabling new artists to self record and freely distribute their music through such channels as MySpace and YouTube as the first step towards success.

**Opportunities exist in the growth of new platforms such as mobile phones, TV, film, games**

**34%** of top 100 selling albums in Australia are by Australian artists

**375%** increase in digital music sales nationally (2005-07)

**US$ 2.9B**

global digital music sales 2006-07
40% annual growth

**KEY CHALLENGE**

Export success for young artists
electronic games

The Australian Electronic Games sector is an area of great potential, demonstrating strong growth and a significant export focus—90% of earnings are export based. While games might be the smallest entertainment sector in the creative industry, revenue growth in the sector nationally is significantly higher than all other sectors in the creative industry, at 6.1%.

However, NSW is under-represented in this key creative sector compared to the other states, capturing only 8% of national revenue. In addition, only 18% of games businesses call NSW home. NSW also has the lowest proportion of total employment, at 7%.

NSW is particularly missing opportunities in this area given its strengths in complementary areas such as post-production, digital production and visual effects (PDV), animation and software development.

Industry consultation revealed two key challenges for the sector in NSW:

• difficulty gaining funding for research and development of blockbuster games from domestic and foreign investors—due largely to Australia’s under-established market
• a shortage of skilled employees—as tertiary institutions find it difficult to keep pace with the rapidly evolving sector and businesses lack resources to up-skill new starters.

However, opportunity exists to capitalise on smaller-scale games in the educational, puzzle/strategy, mobile and internet game genres.

The rapid growth in this sector nationally is underpinned by technological advances in graphics, simulation and global connectivity which have enabled the emergence of sophisticated games with broad appeal. In addition, games are converging with, and sometimes replacing, traditional entertainment sources such as television, film, and music, contributing to their reach and appeal.

The games sector is also revolutionising education. Increasingly, there is a move away from accessing information via traditional textbooks towards online learning, in the form of interactive educational games. This trend is expected to increase with the Federal Government’s policy to provide computers to all high school students in Years 9–12.

WORLD RECORD REVENUES ON FIRST DAY OF RELEASE

ELECTRONIC GAME
GRAND THEFT AUTO IV
$310M

BOOK
HARRY POTTER AND THE DEATHLY HALLOWS
$220M

MOVIE
SPIDERMAN 3
$60M

2%
Australia’s share of the global games sector

90%
of earnings are export based

KEY CHALLENGE
Shortage of skilled employees
advertising

Advertising is the critical revenue source for much of the creative industry and NSW dominates the national advertising space, accounting for 50% of national advertising revenue. Sydney's continued role as a national and regional headquarters for large companies will be critical to NSW maintaining its large share of national revenue.

A particular area of strength in the sector, brought about by digitisation and the internet, has been online advertising, where there has been a 50% growth over the period 2002-06. Expenditure in the more traditional advertising platforms of newspapers and television continues to increase, however their share of the overall market has fallen as a consequence of this online growth. There has also been a steady increase in exports over the past 5 years, with average annual growth at 6.2%.

1/2

of Australia’s advertising revenue is in NSW

publishing

In recent years, digitisation has been the key trend to affect the publishing sector, characterised by a shift in consumption from print media to online viewing.

The shift online has led publishers in all sub-sectors—newspapers, periodicals and books—to increasingly build their online capabilities and adapt their processes. This has included the streamlining of production and printing techniques, the introduction of online versions of newspapers alongside their print counterparts, the establishment of classified websites to capture more advertising revenue, increased online capability for reader interaction and input and the creation of online markets for authors ahead of publication.

Currently, NSW captures a large share of the national newspaper market, accounting for 44% of national revenue in 2006-07.

83%

of all Australian periodicals (magazines) originate in NSW

NSW captures 83% of national revenue for periodicals, with Sydney the location for many of the major periodical publishers. Challenges for the future include the ability to capitalise in niche periodical markets such as health and lifestyle, where the thirst for instant information available online is not as critical.

NSW is also home to the majority of large publishing houses. Of the books sold in Australia, 60% are home-grown—indicating that Australian books are highly regarded by Australian readers. Government has the opportunity to drive this subsector through its role in setting school curriculum and this is set to become even more relevant with the move towards establishing a national curriculum. Challenges for the future include the rise in self-publishing, increasingly sophisticated competition from other forms of entertainment and the substantial growth of information online.

60%

of all books bought in Australia are home-grown
visual arts

NSW is home to a significant number of nationally and internationally renowned galleries and museums, including the Powerhouse Museum, Art Gallery of NSW, Museum of Contemporary Art, Australian Museum and Historic Houses Trust. These institutions are subsidised by government and play a vital role in the sector in stimulating economic growth—as an input to the broader creative process and as an output for displaying the products of the industry. More broadly, NSW is the base for 38% of visual art businesses in Australia.

Digitisation has had a positive impact on the sector, opening up new markets and increasing online display and sales. An increasing number of collecting institutions are digitising their collections, facilitating public access and awareness.

Increased digitisation has also brought with it challenges, most apparent in infrastructure and training costs, and in some parts of the sector there is a lack of understanding as to how to best take advantage of the technology.

There is also concern at the costs associated with touring domestic exhibitions overseas as a means of lifting profiles and sales for artists. The cost of real estate in Sydney is also seen as a deterrent for studios, artist-run spaces and galleries.

performing arts

Sydney is home to 11 of Australia’s 29 major performing arts companies and captures 45% of total attendances and 50% of the national revenue for music and theatre production. However, the sector has entered a difficult period over the last decade, characterised by subdued revenue growth, declining attendances and a decrease in the number of productions.

Government support is critical in sustaining much of the performing arts. Securing new funding sources and gaining new audiences are seen as key to the future of the sector—enabling experimentation and innovation, smaller companies to develop and the staging of more home-grown productions. At present, performance calendars are dominated by tried and tested commercially successful performances often sourced from overseas (such as Phantom of the Opera and Billy Elliot).

Furthermore, government funding tends to focus on venues (capital works) and there is a strong appetite in the industry for a shift in focus to the artists and projects that work within the existing venues (recurrent expenditure).

1 in every 2 seats sold nationally for major performing arts productions is in Sydney.

38% of visual arts businesses are based in NSW.
film

NSW remains the largest state for feature film production, although its share of Australian film production has halved over the last decade, with shares of other states increasing. While the NSW film sector employs 47% of the national market, in recent years Victoria and Queensland have been increasing their share. There is intense competition between the states to be the location of choice for films which have not yet determined filming or post-production locations.

The sector receives substantial support from the Federal and State governments but in turn provides skilled creative jobs and attracts foreign investment. Federal tax offsets introduced in 2007 support industry growth. Sydney is home to leading film crews and facilities and has emerged as a global centre in visual effects and digital production.

Real box office expenditure on feature film has increased 15% in the past decade, although the major growth in the sector has been in DVD sales. This signifies that the market adopts new platforms provided by new technologies. However, as new technologies emerge, industry and government need to adapt to and prepare for future trends in film creation and delivery.

In addition to this, the growing convergence of film, television, PDV (post-production, digital production and visual effects) and electronic games, as a result of new production and distribution methods, will mean that, increasingly, these sectors can no longer be considered in isolation.

40% annual growth in DVD sales

television

Television is the number one leisure activity for Australians, with 87% of all Australians watching an average of just under three hours of television a day. Employment is very strong in this sector, with NSW capturing 49% of the national industry.

However, in recent years, NSW’s share of Australian drama production has declined from 45% to 35%.

Recent innovations that have impacted on the free-to-air television sector include the introduction of digital recorders, dedicated advertising channels and the ability to download episodes from TV network websites, reducing the link between consuming advertising and watching television—a major source of its revenue—and increasing the influence of content providers over platform providers.

The onset of digital television is also expected to change the sector considerably. Significantly more content will be required to fill the multi-channels associated with digital television. It is unclear whether the additional demand for content will increase the amount of television production in Australia, or result in the purchase of more (and likely cheaper, lower quality) productions from overseas.

49% of all TV jobs are in NSW
Radio is a relatively small sector in the NSW creative industry, and employment is declining faster here than in any other sector. The sector is mature, with a large number of diverse competitors and a mix of government, private and community broadcasters. NSW captures 35% of the national revenue in this sector.

A recent important development has been the introduction of podcasting, with the ABC claiming 2 million podcasts a month at the end of 2006.

The introduction of digital radio has the potential to have a significant impact on the sector and has already led to substantial innovation, most notably in the development of a more efficient coding system to transmit digital radio broadcasts, allowing more stations to be broadcast on the available spectrum. Another innovation is the introduction of scrolling text and even images (on sophisticated devices) enabling song titles, album covers and advertising information to be displayed.

The introduction of digital radio also brings with it challenges in the form of infrastructure costs, particularly in regional rollout, and concerns about the availability of skilled staff in a time of declining employment in the sector.
Despite NSW’s dominant position, the industry is facing numerous challenges.

Rapid change in distribution channels from continued globalisation, digitisation and the increasing role of the internet.

Digitisation and the internet have increased accessibility to new markets, both internationally and to new demographics within existing markets. Consequently, the advantages of ‘place based’ business models are becoming less important. For instance:

- Recorded music artists can distribute their music on websites such as YouTube and MySpace, and sell it on iTunes.
- Visual artists, museums, and galleries are capturing a whole new demographic (predominately 15 to 25 year olds) through virtual visual arts.
- Newspapers and periodicals are extensively available online.
- Advertising is following the wider movement in the industry with substantial growth in online advertising and limited growth in broadcast television and newspapers.

To survive and thrive in the new environment, businesses need to continually adapt their business models and take full advantage of evolving distribution channels. Continued innovation has become critical. Other related challenges include acquiring capital to access the latest technology, and continually training employees in the use of new technology. Furthermore, targeted consumers must have access to the internet (for example in the case of streaming games and other media like television) making consumer access to high speed broadband infrastructure critical.

Digitisation is also profoundly affecting the creative process.

Technological advances are allowing increasingly sophisticated and cross-disciplinary creative content to be produced, and have enabled production to take place with increasing efficiency. For example, software development in architecture is enabling clearer representation and flexibility of design, and greater input from engineers, landscapers and other related disciplines.

In music, the development of low cost recording technology has seen a major increase in the number of recording artists, as a contract with a record label is no longer a prerequisite to recording and releasing music. Similarly, the development of low cost printing equipment now enables the publishing sector to print ‘on demand’ – a tool that is particularly useful for specialist authors and tertiary text books.

The creative industry feels that creative content is undervalued by government and by other industries.

Industry feels the contribution of the creative industry is neither well understood nor valued by government. Indeed, one of the most significant things government can do to assist the industry is simply demonstrate its support.

Moreover, the creative industry feels it is not valued by other businesses or the public. This is of some concern in light of research that shows the value of creativity outside of the creative industry. That value is particularly evident in the manufacturing sector, where the use of design improves the range, quality, and value of goods, opens new markets, and increases production.
Environmental sustainability is an emerging area of innovation—especially within design.

The production of environmentally sustainable products is an area of growth, where future competitiveness relies on businesses taking into account economic, social, and ecological sustainability.

The shifting emphasis to sustainability includes:

- **Industrial and fashion design** increasingly based on sustainable product development.
- **Architectural demand for buildings** shifting from a neutral environmental impact to those that make a positive contribution to the environment.
- **Publishers understanding the value of mandating the use of Forest Steward Certified (FSC) paper.**

Risk aversion in key sectors stymies innovation.

The creative industry is based upon new ideas and ways of doing things. However, tight budgets and significant risks from the high cost of failure drive the industry to be risk-averse. This is particularly so where large sums of capital are involved, such as film, television, performing arts and game production.

In the performing arts sector, grants funding through state and federal arts agencies is intended to support innovative new work but tends to be short-term. This does not allow for sustained, significant investment over time to test and improve works (particularly productions of scale) and develop projects to a robust enough level to encourage other national or international investors.

In television, successful formats and shows from overseas will be used ahead of untested Australian formats and shows. Meanwhile, Australian content requirements are increasingly filled by cheaper reality television rather than Australian-produced drama.

Data and research remains sub-optimal.

For a long time now the creative industry has been plagued by poor data. The result is that policy development by governments, and decision-making by industry, is impeded. There is little data on the value, growth or challenges affecting Indigenous art—one of the truly unique components of the Australian industry. Nor is there sufficient research available on the impact and special characteristics of the creative industry in regional Australia. More generally, there are a number of useful ABS reports for particular sectors, however many of these reports are becoming dated.

In terms of research, recent analysis of NSW Universities research expenditure in 2004 showed that expenditure on R&D in the creative industry in NSW was dominated by performing arts, literature (publishing) and culture.

The two areas where NSW was not the lead state by scale of expenditures were design and cinema, and electronic arts and multimedia. This is significant considering NSW’s dominance in the design sector and the role ‘new media’ will continue to play in the future. It is also surprising given the strength of the post production, digital production and visual effects (PDV) activity that is largely carried out in NSW.

The impact of digitisation means the management and value of intellectual property is becoming more complicated with the need to negotiate rights for different users (downloads, subscriptions, merchandise, web-streaming, trailers) with multiple partners. Moreover, internet intellectual property infringement continues to grow and the music sector in particular is grappling with finding a means of monetising its products in the face of illegal downloading and copying.

Technology is allowing the production of sophisticated cross-disciplinary content
NSW Government plays a bigger role than most people expect

The impact of the NSW Government is large and responsibilities for decision making is dispersed.

The NSW Government is a:
- primary funder for sectors including performing and visual arts;
- major customer for sectors such as advertising and publishing;
- regulator, especially in those sectors affected by environmental planning such as architecture;
- provider of education and skills, both in the K–12 and vocational settings;
- coordinator and promoter of major cultural activities such as the Sydney Festival and Biennale; and
- repository of information and data for the creative industry through the collecting institutions.

This range of functions spans many government agencies. However, four government departments share most responsibility: Department of the Arts, Sport and Recreation (including the NSW Film and Television Office); Department of State and Regional Development; Department of Commerce and Department of Education and Training.

Government is a powerful customer of the industry.

The NSW Government is one of Australia’s largest procurers of products and services. Accordingly, it has control over the extent to which it encourages, allows and demands creativity from its suppliers.

PUBLISHING
Of all books sold in Australia (by value) 36% are textbooks. Consequently, government has the potential to drive Australian content and the profile of Australian authors through its role in setting course curriculum.

ARCHITECTURE
The NSW Government spends $7 billion each year on construction and maintenance of its built assets, which includes spend on architectural services.

ADVERTISING
The NSW Government is one of Australia’s largest advertisers, spending $95m or 15% of total advertising revenue. This has a direct impact on revenue for the publishing, television and radio sectors.

NSW spends more of its creative industry dollar on ‘institutions and venues’.

Expenditure on ‘institutions and venues’ is a substantial proportion of all state governments’ expenditure on the creative industry. Yet NSW spends a significantly higher proportion here than other mainland state governments. In part, this is due to NSW, the oldest state, being home to more collections, artefacts, historic houses etc, than other states. It also reflects the high quality performance venues in NSW such as the Sydney Opera House, Carriageworks, the Sydney Theatre Company and the City Recital Hall in Angel Place. However, in the context that all state governments spend a roughly similar proportion of overall government expenditure on the creative industry, this means that NSW has less to spend than other states on direct support to encourage artists, businesses and the broader development of the industry.

39%

of all books sold in Australia are textbooks
NSW Government spends more of its creative industry dollar on institutions and venues than any other state

This leaves a smaller proportion of spending for direct support of artists and creative businesses.
How NSW Government interacts with the creative industry – a case study

Creative businesses determine their own success. However, behind the scenes, government supports (and sometimes constrains) that success by playing a number of roles—funder, promoter, educator, regulator and customer. Understanding how government interacts with creative businesses, and identifying areas where it can improve that engagement, is a step towards realigning efforts to grow the creative industry.

Louise Olsen, Stephen Ormandy and Liane Rossler met in 1983 while studying at what is now the College of Fine Arts (CoFA) in Sydney. They founded Dinosaur Designs in 1985. This successful design-based business now operates stores in Sydney, Melbourne and New York as well as exporting to more than 20 countries.
Liane Rossler, co-founder of Dinosaur Designs, talks with Kate Bezar, editor of Dumbo feather about the opportunities and challenges of growing a creative business in NSW.

KB: How big is Dinosaur Designs?

LR: We’ve got about 70 staff. We have four stores of our own, two in Sydney, one in Melbourne and one in New York and then wholesale and exhibit around the world. We were just in Freestyle in Milan, curated by Object [a centre which promotes and showcases Australian craft and design, based in Surry Hills, Sydney].

KB: Do you remember when Object first approached you?

LR: Object’s curator, Brian Parkes, worked at the MCA beforehand. The MCA commissioned us to design some pieces for a Warhol exhibition. Later, Brian came to us and offered us an exhibition at Object in Customs House as part of the 2003 Sydney Festival. They went through all of our archives and selected pieces which were representative of where we’d got to, some iconic pieces... they were such a fantastic and professional organisation to work with.

KB: Is it nice to be at a point now to be able to give back, through organisations like Object, to other creatives?

LR: Yes. We like to work with things we support and believe in, so we make awards for the Sydney Film Festival, the Sydney Writers’ Festival, the IF Awards and Tropfest amongst others. We went to art school, and it was a great starting point for us, and gave us a wonderful experience and education. So, when we had our 20-year anniversary, we awarded a Dinosaur Designs CoFA Prize for a graduating student. We’re donors to the MCA and The Art Gallery of NSW—things that give us so much joy and inspire us. We really like to be able to give back in a little way.

KB: What have been some of the other collaborations along that way that have been quite fundamental for you?

LR: When we did Australian Fashion: The Contemporary Art at the Powerhouse, that was fantastic. That went over to the Victoria & Albert Museum in London and toured around Asia. That was our first exposure to international markets and our work was acquired by the Powerhouse Museum on return.

KB: The Paddington Markets, that’s where you guys started in 1985. Why were they such a great nook for creative talent?

LR: We had our little table and were there for 18 months. You didn’t have huge overheads and you could be adaptable. You could be as creatively expressive as you wanted. You had that direct customer feedback so you could learn and develop and perfect your work as you went. We went in as clothing designers and came out as jewellery makers. It was almost like you graduated from the markets. We then went on to wholesale and not long after that we opened our own stores.

KB: Your growth has been quite steady and measured, it seems like it’s been very organic.

LR: For us the process and the journey is very important. We didn’t have a particular goal in mind other than to be able to have creative freedom and design what we want. It’s important to us that we still enjoy what we do and still enjoy designing. We’ve been quite considered in each step that we’ve made. It’s never been a goal to make a certain amount of money.

KB: Did you ever get advice from Austrade or any organisations like that?

LR: When we did the Spiral exhibition for Tokyo’s Designers Block, Austrade were involved along with the Australian Embassy and Object. They organised the exhibition and helped fund it, invited incredible journalists and we got great press. That all adds to it.

KB: You’re very strongly based in Australia...

LR: We like to do all the manufacturing here. We never considered getting things made offshore for the sake of making them offshore because the process makes it what it is. We really love living here and being part of Australia and NSW. We had the great freedom to start our business from nothing and grow it how we wanted to grow it. Having the government support that we’ve had when the exhibitions toured was wonderful because it takes our product out there and exposes us to international markets, which then feeds back into Australia. It’s all interconnected.

LR: Without having huge encouragement from government, we haven’t been hugely constrained either. But I think government needs to think about creating more opportunities. For example, if there are buildings that are empty, let creatives move in and use the spaces as studios. Often creatives go into places and they see the potential that others mightn’t, so in some way they’re like groundbreakers. They can transform an area. Government doesn’t have to physically give people money to do things, but should support emerging trends and allow things to grow when they want to grow. If there’s a groundswell for something, go with the groundswell and don’t be scared of different things.
LOOKING FORWARD

How NSW Government plans to support the creative industry into the future
The NSW Government already has a significant impact on the creative industry—as a funder, customer, regulator, skills provider and promoter and as a repository of information and data. Moving forward, the NSW Government seeks to further expand its role via a series of actions that together aim to consolidate and grow the creative industry in NSW.

**PRIMARY ACTION**

Developing and implementing a Creative Industry Strategy that brings together the existing strands of action across government and sets a direction for future government action in the industry.

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**ONE STRATEGY**

- **Department of State and Regional Development**
- **Department of the Arts, Sport and Recreation**
- **Department of Education and Training**
- **Department of Commerce**
- **Events NSW**

**Education and Training**

- Investigate the best models for embedding creativity in K-12 curriculum
- Develop a leading Asia-Pacific Games/PDV training institution
- Reduce ‘job ready’ skills gap through investigating apprenticeships etc

**Funding**

- Provide greater capacity to support people that work within existing venues
- Ensure funding does not focus by default on traditional sectors at the expense of ‘new’ sectors

**Regulation**

- Identify and address regulatory barriers to the industry

**Procurement**

- Recommend actions on the improvement of procurement practices to foster greater innovation
- Investigate a creative arts fund for major public buildings

**Research and Information**

- Improve research and data in the industry

**Promotion**

- Better align existing NSW Government promotions work to the needs of modern creative industry
Other possible actions to strengthen the NSW creative industry

- Making unused public space available to the creative industry e.g. similar to London’s Creative Space Authority
- Expanding the focus of NSW Government trade missions and investment attraction to reflect the size and breadth of the creative industry as a whole
- Positioning the creative industry as a centrepiece of Brand Sydney

Industry input is sought on key actions to pursue in the short to medium term. Possible actions in creative sectors might include:

**Music**
- Encouraging the playing of NSW music at NSW Government functions and events
- Placing NSW musicians at the South by Southwest music festival in Austin, Texas
- Working closely with ARIA to develop improved data on sales from new distribution channels (e.g. TV, internet, mobile phones)

**Electronic Games**
- Increasing the number of placements through the Film and Television Office’s Digital Visual FX Scheme and expanding the Scheme’s focus to include electronic games and other emerging digital sectors

**Design and Architecture**
- Identifying opportunities to better connect design and manufacturing
- Building a design theme into the major events calendar
- Establishing an Innovation in Procurement Panel, with an initial focus on design innovation
Prior to this study, there were significant gaps in the data for the creative industry in NSW. Drawing on CCI, ABS, and IBIS data, the companion paper NSW Creative Industry: Economic Fundamentals sets out the best data now available for NSW. That data has been used in developing this Insights paper.

The qualitative findings presented in this report draw on workshops and interviews held across the sectors. In total, 11 workshops were held, with 109 participants. A further 36 individual interviews were held across the sectors.

The workshop participants were drawn from diverse backgrounds covering private enterprise, government supported institutions and venues, industry organisations and teaching institutions.

The work was prepared by the Creative Industry Project Team which consisted of policy officers from DSRD Innovation Unit and consultants from the Nous Group. The team reported to a Project Control Group (with representation from the Department of State and Regional Development, Arts NSW and NSW Treasury) and ultimately to the NSW Innovation Council.

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Robots: Matt Fearns and Daniel New

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Kate Bezar, (Trophy Room) Editor of Dumbo feather, a quarterly ‘mook’ (half magazine, half book) published in Surry Hills, Sydney with a circulation of over 5,000. It gets inside creatives and entrepreneurial types, to find out what makes them tick, and their ideas fly. www.dumbofeather.com

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