Culture and Creative Industries in Australia

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It has been argued that the origins of modern creative industries policies can be found in Australia. The *Creative Nation* national cultural policy statement released by the Labor government headed by the Prime Minister Paul Keating in 1994 sought an original synthesis of arts and media policies that was outwardly looking, identifying the opportunities presented by what were then new digital media technologies, and clearly stated the economic opportunities presented by promotion of what were referred to at the time as the cultural industries. The case for the economic utility of cultural policy was made in the following terms in *Creative Nation*:

> *This cultural policy is also an economic policy. Culture creates wealth ... [and] adds value, it makes an essential contribution to innovation, marketing and design. It is a badge of our industry. The level of our creativity substantially determines our ability to adapt to new economic imperatives. It is a valuable export in itself and an essential accompaniment to the export of other commodities. It attracts tourism and students. It is essential to our economic success.* [1]

Several commentators have identified the influence that *Creative Nation* had on the Blair Labour government when it came to power in the United Kingdom in 1997. [2] Faced with the question of how to revitalise the once-mighty industrial cities of the U.K. after the Conservative government, the Department of Culture, Media and Sport drew upon policy documents such as Australia's *Creative Nation*, as well as the experience of local governments in these cities, in looking to the cultural sectors to spearhead new jobs growth, as well as re-branding the cities as cultural or creative cities in a post-industrial economic landscape.

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[1] Department of Communication and the Arts (1994) *Creative Nation: Commonwealth Cultural Policy*. Canberra: Ausinfo, p. 7.

[2] Among those citing *Creative Nation* as the inspiration for the Blair government' creative industries policies, see John Howkins (2001), *The Creative Economy* (London: Allen Lane); Deborah Stevenson, (2004) 'Civic Gold' Rush: Cultural Planning and the Politics of the 'Third Way'. *International Journal of Cultural Policy* 10(1): 119–131; Justin O'Connor (2007), *The Cultural and Creative Industries: A Review of the Literature*. A Report for Creative Partnerships. London: Arts Council England; and Jim McGuigan (2009), *Cultural Analysis*. Los Angeles: Sage.

This growing alignment of culture and economics, that has been a characteristic of creative industries policies as they have developed in Australia, Britain, East Asia and Europe, marks an interesting shift in the traditional focus of arts and cultural policy as compensatory to the economic domain. The first Chair of what would become the Arts Council of Great Britain (now the Arts Council of England) was the famous economist John Maynard Keynes. In the First annual Report of the Arts Council for 1945-1946, prepared in the latter stages of the Second World War, Keynes proposed that "the day is not far off when the economic problem will take the back seat where it belongs, and the arena of the heart and the head will be occupied or reoccupied, by our real problems — the problems of life and of human relations, of creation and behaviour and religion". [3]

As an economist, Keynes was very much aware of the relevance of economic principles to the administration of arts policy. These included recognising the importance of good financial management in arts and cultural institutions, understanding the bases on which regional arts bodies would be subsidised, and the importance of using subsidy to broaden access to the arts, rather than simply reducing the costs to well-off patrons. At the same time, he believed that rising economic prosperity would all a wider section of the population to focus their attention to the arts and culture, as the iron grip of economic survival was loosened. This is characteristic of standard approaches to cultural economics that point to the fundamental differences between cultural value as reflected in the arts and the economic value attached to commodities. This is at variance with the creative industries discourse, which looks to a stronger economic case for supporting cultural activity, drawing upon modern innovation economics and the ideas of market economists such as Joseph Schumpeter. [4]

Although Australian governments played a key role in establishing the creative industries idea, it was not a focus of the Federal government during the period of leadership by the Liberal-National Party government headed by John Howard, which governed from 1996 to 2007.[5] In the 2000s, the dynamic of creative industries policy development in Australia was with state and local governments rather than the national government. The state of Queensland was a leader in this respect, with creative industries identified as a central plank of a 'Smart State' agenda, promoting value-adding knowledge-intensive industries as a way of leavening the state's historic reliance upon agriculture, mining and tourism as the foundations of economic growth. A report by the Department for State Development and Industry, entitled *Creativity is Big Business* (DSDI, 2003), sought to identify strategies to develop globally competitive creative industries in Queensland. It developed a six-fold typology of the creative industries in the state:

1. Advertising, Graphic Design and Marketing;
2. Architecture, Visual Arts and Design;
3. Film, Television and Entertainment Software;
4. Music Composition and Publishing;
5. Performing Arts;

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[3] On Keynes and UK arts policy, see Robert Skidelsky (2000) *John Maynard Keynes. Vol. 3, Fighting for Britain 1937–1946*. London: Papermac.
[4] This is discussed in more detail in Terry Flew (2010), 'New Media Policies', in M. Deuze (ed.), *Managing Media Work,* London: Sage, pp. 75-90.
[5] Jennifer Craik (2007) *Re-Visioning Arts and Cultural Policy: Current Impasses and Future Directions*. Canberra: ANU E-Press.

6. Writing, Publishing and Print Media.

Considerable research has been undertaken into the size and significance of creative industries to the Australian economy. Using the framework outlined above, the Australian Research Council Centre of Excellence for Creative Industries and Innovation (CCI), based at the Queensland University of Technology (QUT), estimated that 5.4% of the Australian workforce were employed wither in the creative industries or in creative occupations in 2001.[6] This figure was considerably higher than the estimate developed from *Creative Nation* and related studies, that estimated the numbers at 3.4% of the Australian workforce. A major difference between the CCI research and earlier studies was consideration of those people working in non-creative occupations but working in creative industries forms (e.g. a sales person at a video store, a ticket seller at a theatre, or an accountant for a performing arts company), as there are people engaged in creative occupations but not working in the creative industries (e.g. a Web designer employed by a bank, or a musician employed as a teacher).

The CCI study has sought to clarify this issue by developing the *creative trident* methodology to address this dilemma. Using 2001 Australian Bureau of Statistics (ABS) data, they found that the number of people employed in creative industries was 299,916 people, of whom 134,450 (44.8%) were employed in creative occupations. The number employed in creative occupations was 271,467, of whom 137,017 (50.5%) were employed in other industries. Putting these two sets of figures together in the Creative Trident, there were 436,933 people in the sector, of whom 134,450 were employed in creative occupations in the creative industries (Specialists), 137,017 were employed in other industries (Embedded Creatives), and 165,466 were employed in business and support) occupations employed in creative industries who are often responsible for managing, accounting for, and technically supporting creative activity. This meant that those in creative industries and occupations accounted for 5.4% of the total Australian workforce in 2001.

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[6] All figures in this section are taken from Peter Higgs, Stuart Cunningham and Janet Pagan (2007) *Australia's Creative Economy: Basic Evidence on Size, Growth, Income and Employment*. CCI Technical Report. Brisbane: Australian Research Council Centre of Excellence for Creative Industries and Innovation (CCI). Retrieved November 21, 2010, from http://eprints.qut.edu.au/8241/. See also Peter Higgs and Stuart Cunningham (2008), Creative Industries Mapping: Where Have We Come From and Where Are We Going? *Creative Industries Journal* 1(1): 7–30.

Figure 1: The "Creative Trident" Methodology for Identifying the size of the Australian Creative Industries
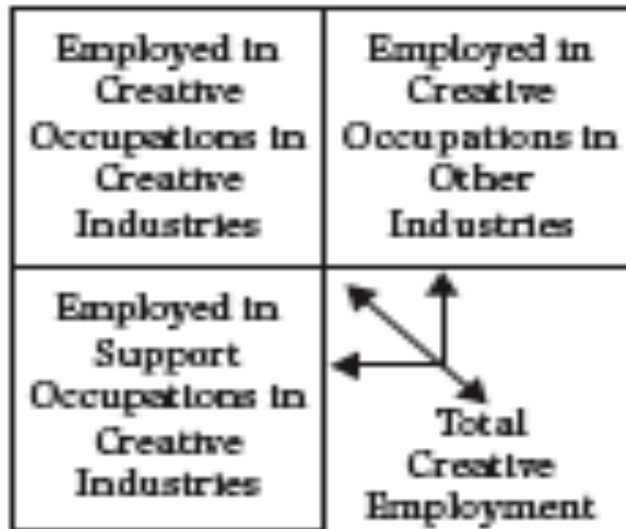
Source: Higgs, Cunningham and Pagan, 2007.

The CCI study followed the Queensland Government study in identifying six creative industries segments: Music and Performing Arts; Film, Television and Radio; Advertising and Marketing; Software Development and Interactive Content; Writing, Publishing and Print Media; and Advertising, Design and Visual Arts. As shown in Table 1 below, those working in creative occupations in these creative industries segments – creative specialists, account for only 30.77% of the total Australian creative industries workforce (134,450/436,933).

Table 1: People Employed within Creative Trident Segments of Australian Creative Industries, 2001

Australian Employment 2001	Creative Specialists Mode	Support Occupations Mode	Creative Industry Sub-Total	Embedded Mode	Creative Occupations Sub-Total	Total Trident
Music and Performing Arts	9,812	8,568	18,380	11,238	21,050	29,618
Film, Television and Radio	17,760	14,048	31,808	2,404	20,164	34,212
Advertising and Marketing	7,963	17,390	25,353	20,048	28,011	45,401
Software Development and Interactive Content	34,818	60,930	95,748	38,099	72,917	133,847
Writing, Publishing and Print Media	25,167	37,068	62,235	18,451	43,618	80,686
Architecture, Design and Visual Arts	38,930	27,462	66,392	46,777	85,707	113,169
Total	134,450	165,466	299,916	137,017	271,467	436,933

Source: Analysis by CCI of custom ABS 2001 Census tables

Source: Higgs, Cunningham and Pagan, 2007: 19.

To identify all those working in creative occupations, there is a need to identify those embedded creatives working across all segments of the economy. Table 2 shows this distribution, indicating that the Cultural and Recreational Services division accounts for only 40.1% of those working in creative occupations, with significant numbers employed in the Property and Business Services (20.6%), as well as Manufacturing (8.0%), Communication Services (3.9%), Government Administration and Defence (3.5%), Finance and Insurance (3.1%) and Education (2.9%).

A more recent study of the Australian creative industries by the Centre for International Economics (CIE) has revised the workforce numbers down slightly, estimating the size of the Australian creative workforce at 4.8% of the total workforce in 2006. [7] This study also identifies the size of the Australian creative industries in terms of GDP and their growth rates relative to the Australian economy as a whole. It finds that the creative industries (not including in this instance those in creative occupations in non-creative industries) were Australia's 12th largest industry sector, accounting for 2.8% of GDP in 2007-2008. It is important to be aware that Australia has been in a long period of economic growth since the mid 1990s, that has particularly promoted the growth of the mining, construction and property and business services sectors. The CIE also found that the creative industries had experienced an average 3.4% economic growth rate over the 2004-05 to 2007-08 period that was consistent with the Australian economy as a whole. Taken over a longer period of 1995-96 to 2007-08, the average growth rate for the creative industries of 5.6% considerably exceeded that of 3.6% for the wider economy.

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[7] Centre for International Economics (CIE) (2009) *Creative Industries Economic Analysis: Final Report*. Prepared for Enterprise Connect and the Creative Industries Innovation Centre. Canberra and Sydney: Centre for International Economics, 30 June.

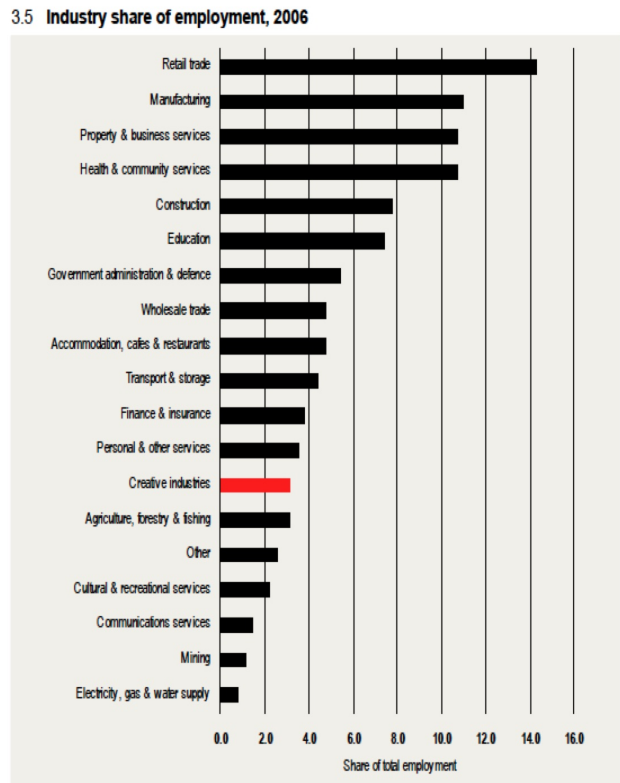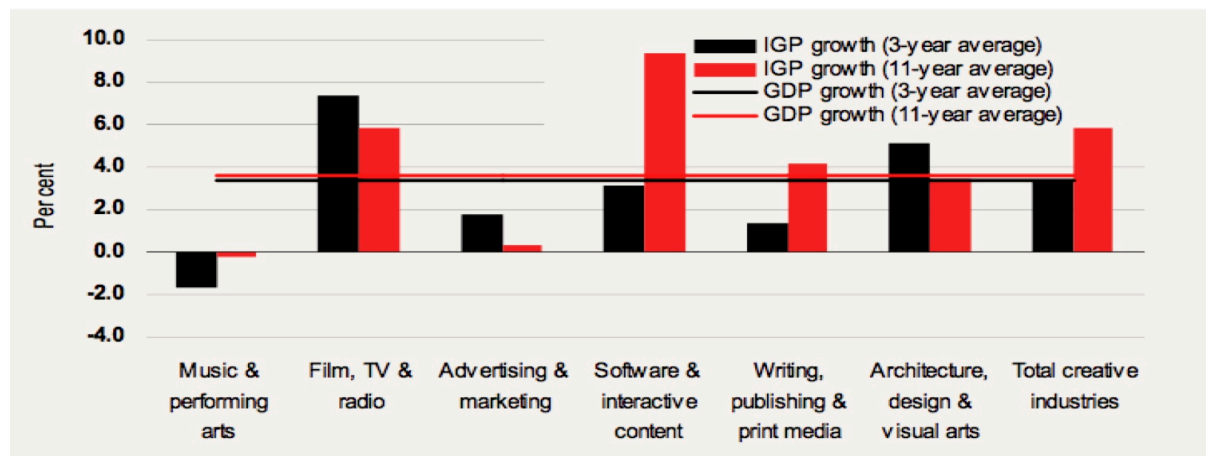**Figure 2.** **Industry share of Australia's GDP, average 2004-05 to 2007-08**

Figure 4

Real annual average growth, Australian creative industries to 2007-08

Source: CIE, 2009: 25,26.

Having outlined in general terms the size and significance of the creative industries to the Australian economy, I will not consider three factors that are impcting upon their development in Australia. Thse are: (i) economic globalization; (ii) the Internet and digital media technologies; and (iii) the general settings of government policy and support for the creative industries.

Economic Globalization

Australia has long been an economy that is highly open to international trade and investment, but the Hawke Labor government acted decisively to make Australia an open economy when it chose to remove all exchange controls on the Australian dollar in December 1983, following by measures in 1985 to permit of foreign bank entry into Australia. These policy decisions decisively opened up the Australian economy to the forces of economic globalization, and they have coincided with the rise of the East Asian economies, particularly China. While considerable pain was experienced in the 1980s and early 1990s with the relocation of manufacturing industries to lower-wage Asian economies, period from the mid 1990s to the late 2000s has been described as that of the *new prosperity* in Australia, which saw continuous economic growth alongside unemployment rates that have fallen to below 5 per cent nationally. Moreover, Australia was one of the few OECD countries not significantly affected by the Global Financial Crisis of 2008-2009, and in October 2010 the Australian dollar achieved parity with the $US for the first time since 1982. At the core of this growth was the surge in demand for Australia's raw materials triggered by China's rapid industrialization and the growth of other Asian economies, now including India as a significant player. Figures 5 and 6 below indicates the relationship between the terms of trade for Australian goods and services and GDP per capita measured against the United States, Canada and the countries of the European Union. [8]

Figure 2: Australia's GDP Growth Compared to other OECD Countries, 1995-2000

Gross Domestic Product
Volume, s.a.
Q1 1995 = 100
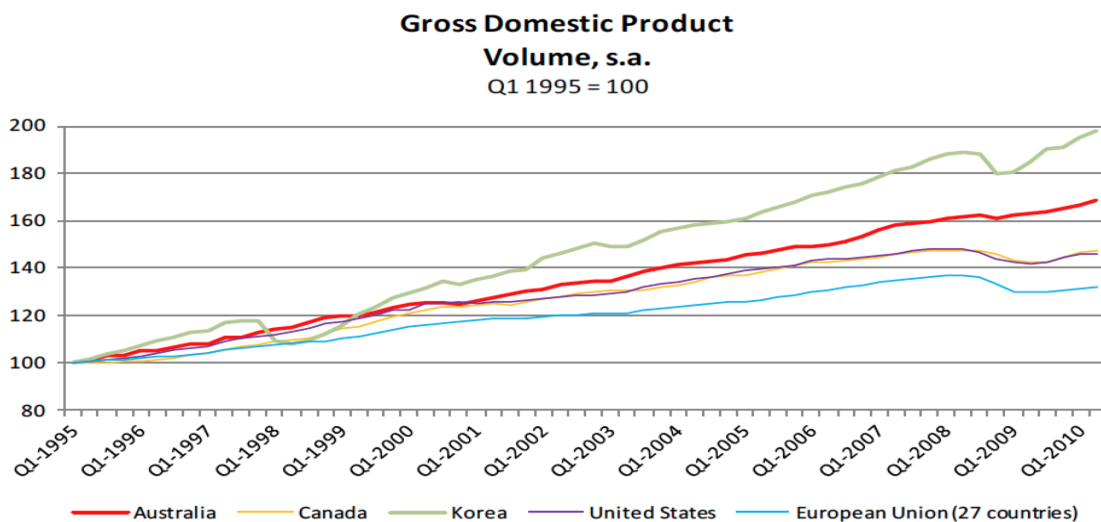
Source: Flew, 2011.

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[8] For further discussion, see Terry Flew, (2011) "Economic Prosperity, Suburbanization and the Creative Workforce: Findings from Australian Suburban Communities", *Spaces and Flows: An International Journal of Urban and Extra-Urban Studies*, Vol. 1 No. 1.

Figure 3: Australia's Terms of Trade compared to other OECD countries, 1995-2000

Ratio of export prices to import prices, 2000=100, 2008

Source: Flew, 2011.

This mining-led boom is a decidely mixed blessing for Australian creative industries. While a relatviely prosperous society tedns to positively correlate with high levels of consumption of cultural and entertainment goods and services, the high value of the $A relative to other currencies has also served to discourage foreign investment in local media production, particularly in the film industry. Moreover, high terms of trade for Australia's primary products can lead to policy complcency in relation to the creative industries, as growth in the mining-based states of Western Australia and Queensland in particular becomes more reliant on securing investment contracts with China and other countries for access to minerals and energy resources. This can reinforce the complacent perception that Australia is what Donald Horne described (ironically!) in 1964 as the "lucky country": blessed with natural resources and people in other parts of the world who wants them, it does not have to work too hard on developing its own physical and human captial.

The Internet and Digital Media Technologies

Media managers and media policy-makers worldwide are grappling with a new media environment marked by the shift from a 20th century mass communications paradigm, towards a model which has been referred to as *convergent social media*, or the Web 2.0 environment. Associated with this shift from platform-specific media (newspapers, television, radio, films etc.) towards convergent media delivered across digital networks is a shifting relationship between media producers and media consumers. The OECD has described the shift in these terms:

The Internet as a new creative outlet has altered the economics of information production and led to the democratization of media production and changes in the nature of communication and social relationships (sometimes referred to as the 'rise - or return - of the amateurs'). Changes in the way users produce, distribute, access and re-use information, knowledge and entertainment potentially gives rise to increased user autonomy, increased participation and increased diversity. [9]

The shift from mass communications media to convergent social media has profoundly challenged established media organisations at all levels, from their bottom line profitability to new audience expectations of interactivity and the challenge to the authority and control functions of media professionals. [10] A summary of these multi-level changes and challenges is provided in Table 7 below:

Table 3: From Mass Communications Media to Convergent Social Media

	MASS COMMUNICATIONS MEDIA (20TH CENTURY)	CONVERGENT SOCIAL MEDIA (21ST CENTURY)
Media distribution	Large-scale distribution; high barriers to entry for new entrants	Internet dramatically reduces barriers to entry based on distribution
Media production	Complex division of labour; critical role of media content gatekeepers and professionals	Easy-to-use Web 2.0 technologies give scope for individuals/ small teams to be producers, editors and distributors of media content
Media power	Assymetrical power relationship – one-way communication flow	Greater empowerment of users/audiences enabled through interactivity and greater choice of media outlets

[9] Organisation for Economic Co-operation and Development (2007), *Participative Web: User-Created Content* . Paris: OECD.
[10] Brian McNair (2006), *Cultural Chaos: Journalism, News and Power in a Globalised World*. New York: Routledge.

Media content	Tendency towards standardized mass appeal content to maximize audience share – limited scope for market segmentation based on product differentiation	'Long tail' economics make much wider range of media content potentially profitable; demassification and segmentation of media content markets
Producer/consumer relationship	Mostly impersonal, anonymous and commoditised (audiences as target mass markets)	Potential to be more personalized and driven by user communities and user-created content (UCC)
Business models	Media financed through a mix of direct purchase of products, commercial advertising, and government funding	Multiple business models being tried – no simple formula has emerged, due in part to strong consumer expectations of "free content" online

Traditional media industries in Australia have been less hard hit by these changes than has been the case in other countries. The decline in newspaper sales has been considerably lower than the 20-30% declines identified for the United States and the United Kingdom by the OECD, [11] and broadcast television is currently in a boom period after a downturn in the 2006-2009 period. It is also notable that the five major online news sites (*ninemsn.com.au*, *news.com.au*, *theage.com.au*, *smh.com.au* and *abc.net.au*) are consistently among the 25 most accessed Web sites by Australians. [12]

A notable feature in relation to online news sites has been the extent to which the major established news organisations, such as the Australian Broadcasting Corporation and News Limited and Fairfax, have been developing sites such as *The Drum* and *The Punch* that open out to user-generated news content and extensive online participation and interaction. They are competing with new providers such as *Crikey*, *On Line Opinion* and *New Matilda* by adopting aspects of their models, alongside news generation practices that are lower cost and draw more upon social media sites such as *Facebook* and *Twitter* than has been the case for traditional journalism. The extent to which the Australian Broadcasting Corporation, under Managing Director Mark Scott, has been reinventing itself to become a lower-cost, more user-driven site that is open to content co-creation by local

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[11] Organisation for Economic Co-operation and Development (2010), *News in the Internet Age: New Developments in News Publishing* (OECD: Paris).
[12] Terry Flew (2009) Democracy, Participation and Convergent Media: Case Studies in Contemporary Online News Journalism in Australia. *Communication, Politics and Culture* 42(2): 87–115.

communities has been observed internationally as debates continue about the future of public service media in a convergent social media environment. [13]

Public Policy Settings

The rise of creative industries policy discourse can be understood in part as arising out of the limitations of 'information policy' discourses that were a feature of the 1990s, in light of the 'dot.com' crash of 2001. Drawing upon cultural policy work undertaken in the 1990s on cultural industries value chains, creative industries strategies sought to build links between the arts, media and ICT sectors, and to identify new opportunities for cultural sectors in national innovation policy strategies. Creative industries strategies first developed in the United Kingdom in the late 1990s under Tony Blair's "New Labour" government, but were adopted with varying degrees of commitment in the European Union, Australia, New Zealand, Singapore, Taiwan, Korea and China. There was also significant uptake by international agencies such as UNCTAD and UNESCO, as well as a range of initiatives by city and regional governments, which is where interest has been strongest in the United States. Creative industries policy strategies have been based upon the premise that, in an age of globally mobile capital, commodities, information and talented and skilled individuals, it is the 'cultural' or 'software' side of ICTs that can generate distinctive forms of intellectual property and sustainable competitive advantage.

One economic underpinning of the rise of creative industries is a growing awareness that *disruptive innovation* in the digital economy (transformational shifts as distinct from incremental improvements, and the creations of completely new products, services and markets rather than improvements of existing ones) increasingly occurs at the margins, through start-ups and small-to-medium enterprises, rather than through the large corporations and publicly funded flagships that have been the traditional focus of both arts and media policy and national innovation strategies (Dodgson *et. al.*, 2005; Cunningham, 2005). [14] There has also been the shift in cultural policy dynamics towards the *sub-national levels of cities and regions,* with the *creative cities* agenda in particular drawing attention to the relationship of arts, media and cultural policy to the emergence of 'creative milieu', or cities and regions that become catalysts for innovation and the development of agglomerations of expertise in media and cultural production. [15]

In the Australian context, it has been notable that state governments have led the creative industries agenda, which is both a strength and a weakness. On the positive side, a regime of competitive federalism has encouraged policy innovation at the sub-national level, in an environment where national cultural policy frequently took a back seat to the "culture wars". On the down side, it reinforces a recurring difficulty in developing media and creative clusters in Australian cities, as the industries remain geographically fragmented, and there is no national leader. As Australia's most

[13] Terry Flew (2009), 'The Special Broadcasting Service after 30 Years: Public Service Media and New Ways of Thinking about Media and Citizenship', *Media International Australia* 133: 9–14.

[14] Dodgson, M., Gann, D. and Salter, A. (2005) *Think, Play, Do: Technology, Innovation and Organization*. Oxford: Oxford University Press; Stuart Cunningham (2005) 'Creative Enterprises', in J. Hartley (ed.), *Creative Industries*. Malden, MA: Blackwell, pp. 282–298.

[15] Allen J. Scott (2008), *Social Economy of the Metropolis: Cognitive-Cultural Capitalism and the Global Resurgence of Cities*. Oxford: Oxford University Press.

global city, Sydney is the *de facto* media capital, but its prolonged post-2000 Olympics economic slump has seen it seriously challenged in the new media domains in particular by Melbourne and the Brisbane/Gold coast region. [16]

The Australian cultural economist David Throsby has described these trends in the following terms:

> *Governments have searched for ways to surf the wave of the new information economy, looking to the creative industries broadly defined as sources of innovation to feed economic growth and employment creation at both national and local levels … [enabling] the arts [to] be seen as part of a wider and more dynamic sphere of economic activity, with links through to the information and knowledge economies, fostering creativity, embracing new technologies and feeding innovation.* [17]

An example of how this has developed in practice can be seen with the creation of the Creative Industries Innovation Centre (CIIC) in Australia. The CIIC was established at the University of Technology, Sydney in 2009 as a joint initiative between the Innovation Minister, Kim Carr, and the then-Arts Minister, Peter Garrett, with a specific remit to 'assist firms in the creative industries sector to make a larger contribution to the Australian economy'. It aims to 'enable small and medium sized businesses to improve their productivity and competitiveness by providing professional business advisory and development services', and to 'build collaboration between researchers and businesses, and assist creative businesses to access the latest technologies and market specific information'. [18] The question of how to reconcile creative industries innovation agendas with the traditional remit of arts, media and cultural policy has been an ongoing research concern of the Centre of Excellence for Creative Industries and Innovation (CCI), headquartered at the Queensland University of Technology (ARC CCI, 2009). The CCI was first established with Australian Research Council funding in 2003 when the conservative government headed by John Howard was in power, but had its funding renewed under the Labor governments of Kevin Rudd and Julia Gillard, suggesting that a degree of political bipartisanship is emerging in Australia around the economic contribution of the creative industries.

The conclusion that emerges from the Australian case is that the case for support for cultural production and cultural infrastructure has been strengthened overall by its alignment to economic policy goals. In this respect, the rise of creative industries policy discourses is consistent with trends in thinking about cultural policy that have their roots in the *Creative Nation* strategies of the early 1990s. In terms of the earlier discussion, cultural policy is as much driven by Schumpeterian principals as it is by Keynesian ones. Such an approach is not without attendant risks, and two stand out. The first is the risk of marginalizing the arts, through a policy framework that gives priority to

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[16] Tom O'Regan, Ben Goldsmith and Susan Ward (2010), *Local Hollywood: Global Film Production and the Gold Coast*, Brisbane: University of Queensland Press.

[17] David Throsby (2008), Modelling the Cultural Industries. *International Journal of Cultural Policy* 14(3), p. 229.

[18] Enterprise Connect (2009), *Creative Industries Innovation Centre*, http://www.enterpriseconnect.gov.au/who/creative/Pages/default.aspx>, accessed 26 May, 2011.

developing the digital content industries, and viewing the creative industries as primarily an innovation platform. The second is that other trends in the economy, such as the strong Australian dollar resulting from the mining boom, undercuts the development of cultural production in the sections of the creative industries where international trade and investment is most significant, such as the film industry and computer games. Nonetheless, after over a decade of vibrant debate, this focus on linking the cultural and economic policy goals of the creative industries has come to be consistent with broader international trends in the field.

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