

Creative Digital NSW

Growth industry profile



Image courtesy of Warner Bros and Village Roadshow / Copyright 2006



Image courtesy of Clear Blue Day

Creativity is central to entrepreneurship and business innovation. Creative thinking leads to the invention of new products and services, surprising ways of delivering benefits to customers, and fresh stimulus to consumer and business demand.

While all industries involve creativity, the term 'creative industries' captures businesses from sectors that share a common foundation. They rely on individual creativity and imagination allied with skill and talent to produce wealth and jobs through the generation and exploitation of new intellectual property and content.

Creative industries include commercial activity linked to artistic and cultural endeavours such as major art shows, dance and theatre companies, fiction writing and music, as well as advertising, architecture, design, fashion, film and television, and publishing.

In this industry profile we will focus attention on a subset of the creative industries – the creative digital industries – where creative inputs, business services, new media, and information technologies have converged to enable businesses to differentiate products and services to allow for profitable new business formation and growth.

The creative digital industries include those creative industries involved in the production, creation and publishing of experiential and information media such as online advertising, graphic design, film and television, digital visual and audio effects, mobile entertainment, interactive media and video games.

Creative digital industries are an increasingly important part of the Australian industry mix and NSW is home to many of the most successful firms operating in this growing sector.

Overview

Creative digital industries have been recognised in the NSW Government's Statement on Innovation as being significant to growing the State's economy.

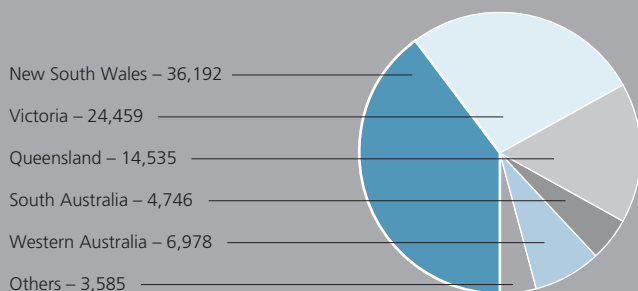
Creative digital industries – the convergence of arts and culture, information technology, media and business services are valued at almost \$19 billion, based on industry wages and salaries.

In the three years to 2004–05, the industry's income grew at an average of 7.7 per cent per annum, surpassing the Australian industry average of 5.2 per cent. High growth rates have been experienced in many sectors including advertising (up 17.5 per cent), computer consultancy (up 9.7 per cent), television services (up 9.3 per cent), film and video production (up 9.1 per cent) and photographic studios (up 9.2 per cent).

Creative digital businesses are more likely to be micro or small businesses. Of the 36,000 creative digital businesses in NSW, only 2.7 per cent employ 20 or more people. Higher concentrations of large businesses are found in traditional industries which now fully depend on digital technologies – publishing, film, radio and television and telecommunications.

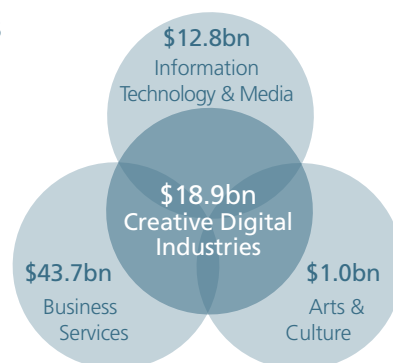
Creative people drive technology through entrepreneurship and innovation. Creative digital businesses are more likely to be lead users and developers of technology. Key industries which feed into the creative digital industries – business services, media and information technology – have above average proportions of 'innovative active' businesses.

Creative Digital Business, June 2006



Source: Australian Bureau of Statistics

Key Facts



Source: Australian Bureau of Statistics

Jobs Growth

The NSW creative digital workforce, the largest in Australia, is world recognised as a source of talented and skilled professionals.

Estimates by the ARC Centre for Creative Industries and Innovation show that more than 370,000 people are employed in creative digital industries in Australia. This includes people employed directly in the industry and almost 30 per cent of the workforce embedded in creative occupations in other industries, such as designers or web developers in manufacturing industries.

There is strong growth in NSW employment in creative digital industries. In the past 10 years to 2006–07, employment in creative digital industries has grown at an average of 2.7 per cent per annum, compared with the all industry average of 1.8 per cent per annum.

New Export Markets

NSW has a sophisticated, knowledge-intensive economy, reflected in the high proportion of service exports as a proportion of the Australian total.

NSW accounts for over 56 per cent of Australia's creative and technology service exports. NSW exports of technology and creative services are valued at \$2.2 billion, making them one of the State's top 20 exports.

Over the last five years exports of computer and information services, professional services, architectural, engineering and other technical services, audio visual services and personal, cultural and recreation services have grown at an average of 3.4 per cent per annum.

NSW also continues to lead Australia's exports of books, magazines and newspapers. These are valued at \$134 million or 43 per cent of the national total. Increasingly, exports are as online subscriptions or electronic copies.

“Animal Logic’s recent successes, such as its work on the Oscar-winning Happy Feet and blockbuster 300, have helped demonstrate Australia’s abilities in the digital content industry. In this fast growing space, Australia again demonstrates that it can punch above its weight” ANIMAL LOGIC



Image courtesy of Laservision

Competitive Strengths

Intellectual Property

Creative digital industries require strong intellectual property protection through trademarks, designs and patents to generate significant long-term income streams.

In 2006–07, the World Economic Forum rated Australia as having one of the world’s leading intellectual property protection regimes. Australia was ranked 10th out of 125 countries, above Japan, the United States, Canada and New Zealand.

NSW companies lead Australia in intellectual property protection through design, trademarks and patents. The five year annual growth in design patents, at 6.1 per cent, is well above the Australian average of 3.8 per cent.

Australian royalties and licence fee exports have grown at an average of 6.4 per cent over the last five years. Since 2001, NSW companies have generated export revenues of \$2.4 billion in licence fees and royalties from protected intellectual property.

Creative Sydney

Creative people and creative businesses are attracted to places with a high quality of life and infrastructure. These clusters foster competition and collaboration which in turns leads to innovation.

As Australia’s global city, Sydney is a magnet for investment capital, skilled and ambitious people and culturally-diverse populations. Arts, cultural and entertainment infrastructure, education facilities and related service industries are well established as a consequence of an active knowledge and creative economy.

Residents of Sydney enjoy a very high quality of life. Sydney ranks 9th place out of 215 cities in the Mercer Human Resource Consulting Quality of Living Survey 2007.

Inner city Sydney, the north shore, eastern suburbs and inner west have the highest concentration of creative digital businesses in NSW and Australia. In particular these areas have high concentrations of businesses in film, video and television production and distribution, publishing and printing, advertising services, design, arts services and recorded media production and distribution.

Film, Television and Post Production

NSW dominates the Australian film and television production industry, which includes post production, digital and visual special effects. NSW is home to almost half of Australia’s film and television businesses and 46 per cent of the industry workforce.

Work on the Stars Wars, Matrix and Superman film productions has cemented NSW as a global player in film production. In the five years to 2006–07, almost \$1.3 billion was spent on film and television production in NSW.

Companies such as Animal Logic, a major visual effects and animation company have developed reputations as world leaders in digital development. Animal Logic’s reputation was enhanced through an Academy Award for Best Animated Feature Film for the movie Happy Feet, a project it worked on in association with Kennedy Miller.

Advertising

NSW is home to almost 4,000 advertising companies and 42 per cent of the advertising and marketing workforce. In its 2006–07 Global Competitiveness Report, the World Economic Forum rated Australian businesses as being one of the world’s most extensive users of marketing – a key element of business sophistication.

ICT and New Media

NSW is a leading centre for new media and information and communications technology in the Asia Pacific. Six high capacity international fibre optic cable networks link Sydney to the US, Europe and Asia.

Over three quarters of Australia’s ICT regional headquarters and regional operating centres are based in Sydney. Large digital media outlets include Foxtel Digital, News Corporation, Pacific Magazines, Legion Interactive, Vodafone, Optus, AAPT, Yahoo Seven, Fairfax Digital, ABC, 3 and many more.



Image courtesy of Trackdown Studios

Company Snapshots

Rising Sun Pictures (RSP) is an Australian-owned feature film visual effects specialist, with offices in Sydney and Adelaide. Founded in 2001, the Sydney studio has grown to over 60 people working on films such as Harry Potter, Superman Returns, Charlotte's Web, Blood Diamond, Batman Begins, The Last Samurai and The Lord of the Rings. Almost 95 per cent of income is derived from international clients, with the studio's success as an exporter recognised with the Austrade 'Arts, Entertainment and Design category' Award at the 2006 Australian Export Awards. Films currently in production include Get Smart, Australia, The Ruins and Where the Wild Things Are.

Laservision is a pioneer of creative, high impact solutions for the attractions, architectural lighting, advertising and special events industries. Laservision's creations target large-scale audiences and include permanent entertainment and communications installations for theme parks, tourist attractions and other special venues.

Laservision has recently been awarded a number of prestigious business awards including a 2007 Australian Export Hero Award, NSW Exporter of the Year 2007 in the 'Arts, Entertainment and Design' category, and Best Small to Medium Sized Enterprise by the Australian Chamber of Commerce in Hong Kong.

Fluffy Spider Technologies (FST) provides software solutions and services that enable original equipment manufacturers to develop consumer, commercial, medical and other devices with advanced graphical user interfaces and high-performance multimedia capabilities.

FST's flagship product, 'FancyPants', allows original equipment manufacturers to enhance end-user experiences for mass market and high-end devices, including mobile phones, TV set tops, car navigation and infotainment. FST re-invests 60 per cent of its revenue on research and development. Its customers include Toshiba, VeriFone, Ericsson, Hewlett-Packard, Optus, Vodafone, BHP and GEC.

FST has received a national ICT innovation award from DCITA and features in the Australian Technology Showcase and the newly formed Embedded Systems Australia Cluster – supported by the NSW Department of State and Regional Development.



Image courtesy of Rising Sun Pictures, Harry Potter and the Order of the Phoenix, © 2007 Warner Bros, Entertainment Inc

Trackdown is a major music and audio services provider for the film, television and music industry. Trackdown has been established for over 25 years with the Scoring Stage opening its doors in 2003 due to demand for a world class orchestral scoring facility in Australia.

The Trackdown team is considered a leader in its field with numerous international awards to its credit. Trackdown's commitment to the Australian entertainment industry is evident through its ongoing research and development and implementation of the very latest technology, ensuring it remains at the forefront of its field. Trackdown prides itself on its dedication to the future generation of engineers, technicians and music editors by maintaining and developing ongoing work experience and internship programs.

Clear Blue Day is an innovative interactive advertising agency based in Surry Hills in Sydney. Employing 30 people, Clear Blue Day specialises in online strategies, creating web sites for a variety of high profile clients, as well as implementing digital marketing campaigns. The agency's client list is varied, with specialisation in the finance, government and B2B sectors. In 2007, Clear Blue Day won the Australian Interactive Media Industry Association award for Best Interactive Advertising and Marketing, as well as Best Retail Website.

CM+ Group is an award-winning design consultancy providing services to the development industry in Australia, South-East Asia, the Middle East and China. With a multi-skilled and highly experienced team, the CM+ Group provides comprehensive and integrated design services, from the design of street furniture to cities and urban precincts to buildings and the public domain, creating high quality designs that meet the global demand for sustainable economic growth and expansion.



Image courtesy of the Powerhouse Museum

The Creative Digital Triangle – Industry, Education and Government

The NSW creative digital industry has strong links with education and government. Public funds often provide the seed money and spaces for emerging talent, create significant employment opportunities and help develop industry clusters.

The State's museums, art galleries and performing arts companies are an important stimulus to the growth of the creative digital industry.

The State's cultural institutions hold vast and diverse cultural collections valued at over \$3.6 billion. Ongoing programs to digitise the State's collections, such as Design Hub at the Powerhouse Museum (see *case study*) and the Bio-mapping project of fauna and flora at the Australian Museum, contribute to innovative developments in film, design, mining, biomedical and manufacturing industries.

Arts NSW is the NSW Government's arts policy and funding body. It advises the Government and arts sector on effective support for the arts, funds key arts organisations, and manages a portfolio of properties used for cultural activities. These include some of the world's most significant infrastructure assets, including the Sydney Opera House.

The NSW Government's arts portfolio supports digital creativity through the State's cultural institutions and other initiatives. These aim to increase the development of digital content for commercial entertainment, media and design, as well as industries related to the display, process, storage and transmission of digital creativity.

The **NSW Film and Television Office** supports and encourages people and projects in the digital media, film and television industry. Programs assist in project development, provide production investment, focus on skills development, foster industry and audience development, or encourage production in regional NSW.

The Australian International Design Awards celebrate the best in Australian design and the commercialisation of creative innovation. The 2006 top award went to Sydney company ResMed for the S8 Series Flow Generator and HumidAire System – a lightweight palm-sized sleep apnoea treatment device, designed to alleviate common breathing and snoring problems. Other NSW award winners included Konstrukt Design for a swim goggle designed for triathlon and open-water swimming, and 4design for the HUB Multi Function Street Pole.

Educational Facilities

Quality educational infrastructure plays an important role in creative digital industry development and competitiveness. NSW's education assets – its universities, technical colleges and private schools – produce world-renowned creative and information technology graduates.

Almost 300,000 domestic and overseas students are enrolled in NSW education institutions. According to the 2007 THES-QS World University Rankings Survey, Australia is home to 12 of the world's top 200 universities, and Sydney is home to two of the world's top 50 – the University of Sydney and University of NSW.

Each year NSW universities supply industry with more than 4,400 creative arts graduates, 2,200 information technology graduates, 2,300 engineering graduates, and 1,200 architects and building graduates.

World class NSW design, fashion, art and film schools include:

- University of New South Wales, College of Fine Arts
- University of Sydney, Sydney College of the Arts
- National Institute of Dramatic Arts (NIDA)
- Australian Film, Television and Radio School (AFTRS).

Case Study – Design Hub at the Powerhouse Museum

Design Hub is a unique online resource used by the design industry and education sector. It provides unprecedented access to digitised archival material held in the Powerhouse Museum's collection, as well as assisting research and profiling of the latest innovations in fashion, interior and furniture design, craft, graphic design and digital media, product and industrial design, engineering and architecture. It also connects users to the collections of other museums internationally, allowing designers to learn, download stimulus material for new projects, and research existing design to be better placed to develop new products, innovations and services.

Design Hub is co-funded by the Australia Research Council along with the Creativity and Cognition Studio at the University of Technology Sydney and the Centre for Cultural Research at the University of Western Sydney.



Image courtesy of CM+Group

Government Support

A strong creative digital sector is supported by strong government initiatives. The NSW Government supports the creative digital industries through:

Showcasing innovative NSW companies – The Australian Technology Showcase, first established at the time of the Sydney Olympic Games, is a vehicle to support the international marketing efforts of NSW and Australian firms, by showcasing their unique capabilities to a worldwide audience.

Cluster development – The Department of State and Regional Development and the Australian Interactive Media Industry Association (AIMIA) have established a digital media cluster to accelerate cohesiveness and improve skills development.

Skills development – The Department of State and Regional Development, Arts NSW and the NSW Film and Television Office provide business skills development programs to the creative digital industry. These include:

- Stepping Up Advanced mentoring programs to assist digital media start-ups with capital raising and their capacity to sell products and services to governments
- Digital Visual FX Scheme to provide on-the-job skills development opportunities in the digital effects industry
- innovation events during Sydney Design Week
- business seminars for regional filmmakers
- intellectual property commercialisation workshops.

Creative digital industry research and development

The NSW Government's support for the National Centre for Excellence in Information and Communication Technologies (NICTA) positions the State at the forefront of leading-edge ICT expertise – vital for creative digital industry growth.

Creative digital arts and cultural support – Arts NSW and the NSW Film and Television Office assist the creative digital industry and the cultural sector through funding key cultural organisations and initiatives. These include:

- dLux Media Arts – supporting Australian screen and digital media culture through R&D, online resources, touring, exhibitions, publications and advocacy
- Information and Cultural Exchange (ICE) and Switch – Western Sydney's multimedia and digital arts access centre
- Electrofringe – a festival of experimental electronic arts and culture dedicated to skills development, technology and artistic exchange.

Targeted investment attraction and regulation assistance

The Department of State and Regional Development and the NSW Film and Television Office actively support innovative projects in the creative digital industries. Key initiatives include:

- incentives to bring digital and special effects projects and film production to Sydney and regional NSW
- information and referral services for film, design, fashion and ICT investment opportunities
- advocating for regulations and legislation to support location filming.

International marketing and business matching assistance

The Department of State and Regional Development offers NSW businesses access to international trade missions and exhibitions. These support the participation of businesses in international showcases such as CeBIT and trade missions to international markets, so that design and new media firms can increase their engagement with global markets, competition and best practices.

The Australian International Sporting Events Secretariat and the Sydney-Beijing Olympic Secretariat have assisted NSW design and major events related enterprises to win contracts, providing a pull-through benefit to other Australian companies.

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