Perth's Creative Industries - An Analysis

City of Perth

Government of Western Australia

Department of Culture and the Arts
Department of Industry and Resources
Department of the Premier and Cabinet

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EXECUTIVE & REPORT SUMMARY

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Geographical Mapping and Qualitative Analysis – Creative Industries 2007

This report has been prepared by:
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Les Corbeaux, Spring Summer 08 Collection, We Need the Eggs. Photographer Penny Lane

Glossary of Acronyms and Terms

ABN: Australian Business Number

ABR: Australian Business Register

ABS: Australian Bureau of Statistics

CAGR: Cumulative Annual Growth Rate or the compounding rate of growth

CI: Creative Industry

CIs: Creative Industries
The most widely accepted definition is "activities that focus on creating and exploiting intellectual property products.

CO: Creative Occupations
Used to describe individuals working in positions which utilise creative skills and are employed in industry classifications other than Creative Industries.

Creative Economy:
Overarching term used to describe all the activity within the creative and cultural industries as well as creative skilled workers employed in non-creative sectors.

Cultural Industries:
Public-supported not-for-profit creative activities.

Density: the number of workers or firms per 100,000 of the total number of workers or firms. Density is similar to percentage but in 1,000's.

GST: Goods and Services Tax

LGA: Local Government Authority

Metropolitan Perth:
The entire Perth region including, but not confined to, the City of Perth LGA.

Micro Businesses:
Very small businesses with one or two workers, generally the owner(s).

Sectors: In this report a distinction has been made between the major industry sectors (e.g. manufacturing, retail etc.) and segments within the Creative Industries.

Segments: The activity areas within the definitions of the Creative Industries examined in the report.

Value Chain: Originally to describe the value-adding activities of an organisation. The concept has been extended beyond individual organisations to include whole supply chains and distribution networks.

Key Findings

- The total economic impact of the creative industries is $10.6bn, comprising $4.6bn direct and $6.0bn indirect or flow-on contribution.
- Growth in CI earnings is 25% higher than other industry areas.
- With the current growth rate in CI wages of 5%, this figure is estimated to be at $1.92 bn, for 2006.
- The CI workforce has grown at more than four times the rate (7.3%) of the state's total workforce (1.8%).
- Perth's CIs employed over 31,000 people, or 5.2% of the total workforce in 2001.
- This comprised 9,348 CIs workers employed directly in the CIs and 19,328 working or "embedded" in other industry areas.
- The remaining 11,984 people were employed in business and support roles in the CIs.
- The total employment in Metropolitan Perth's CIs was estimated at almost 40,000 in 2006.

Guixot De 8, Awesome Arts Festival. Photographer Ken Drake.

- The largest employing CI segment is software, which is also very fast growing.
- Metropolitan Perth's CIs have an average annual growth in excess of 5% with particularly strong growth in Software, Advertising and Music.
- Assessed in terms of qualifications, Perth has a wealth of creative talent and qualified people
- 2.3% of the mining industry's workforce is made up of "embedded" creatives.
- Metropolitan Perth is 90% of WA's total Creative Employment, compared with a 74% share of all employment.
- The City of Perth has the highest number of CI workers of any metropolitan LGA.
- The City of Subiaco has the highest proportion of its workforce in the CIs.
- The LGA with the fastest growth rate in CIs employment is the City of Belmont.
- There are 11,000 CI businesses registered for GST in April 2006, or 6.6% of all industries.
- There are an additional 19,700 CI entities registered on the ABR that are not GST registered.

Executive Summary

Introduction

Creative Industries (CIs) are those businesses that turn creative ideas into commercial outcomes.

The economic, social, industrial and cultural contributions of these industries are increasingly being recognised as essential elements of an advanced and thriving regional economy.

They are vital in determining the image of a region, retaining talent to that region and providing positive, substantial benefits to other industry sectors.

Employment

In 2006 Metropolitan Perth's Creative Industry (CI) segments employed almost 40,000 people and contributed $4.6bn to the local economy. The flow-on value was an additional $6bn, bringing their total contribution to more than $10bn.

Economic Impact

Perth's CIs account for 3.4% of the output of all industries in Metropolitan Perth.

The value added (i.e. the total value added to the economy calculated by determining firms' total sales after deducting the cost of purchases from other firms) is $2.6bn. This accounts for 56% of the direct output (of $4.6bn) from the CIs, significantly higher than the average value-added of 44% in non-creative sectors.

Exports

Exports from Metropolitan Perth's CI segments to other parts of the state and overseas are also far higher than for other industry sectors. In 2006 CIs generated $687 million in exports, or 20% of output, compared to 16% average exports in non-creative sectors.

Employment Growth

Employment growth in Metropolitan Perth's CIs was four times the rate of other industry sectors in the first half of this decade. There was a 7.3% cumulative annual growth rate (CAGR) between the censuses of 1996 and 2001. This was substantially higher than the overall level of growth of Perth's workforce over this same period (1.8%).

Total employment in the CIs is divided roughly equally between creatives working in CI organisations; non-creatives working in CI organisations and creatives working in non-creative industries e.g. Government Administration, Property and Business Services, and Manufacturing. In 2006 the salaries of these CI workers were estimated to be worth $1.92bn.

Creative Industry Segments

Software and Interactive Media development is the largest employer of the 11 CI segments examined in this report. It is also the fastest growing, followed by Advertising and Music.

In April 2006, there were 11,000 businesses registered for GST in Perth's Creative Economy, representing 6.6% of firms across all industries. The number of CI businesses and sole operators having an Australian Business Number (ABN), but which had not reached the revenue threshold to pay GST, more than doubled in the five years between 2001 and 2006.

Metropolitan Perth's CI Performance

The overall size of Metropolitan Perth's CIs is broadly on par with other state capitals. There is high representation in Publishing and Architecture and the city is in line with national averages in Visual Arts and Graphic Design, Music and Performing Arts. Fewer representations are recorded for Software and Interactive Content, as with Advertising and Marketing, Film, TV and Radio.

Metropolitan Perth is the hub of WA's CI activity. The city encompasses 90% of WA's total creative employment, compared with a 74% share of all employment. Assessed in terms of professional qualifications, Perth has a wealth of creative talent and qualified people.

Geographical Concentrations

The largest number of CIs workers are employed within the City of Perth and the Local Government Authority (LGA) with the highest proportion of CI workers is the City of Subiaco. The LGA with the fastest growth rate in CI employment is the City of Belmont.

Summary of Key Policy Challenges

The fact that the vast majority of CI organisations are very small and so suffer a lack of scale, leads to significant shortcomings in business capability, financial capacity and a capacity to generate intellectual property (IP).

Perth's isolation distances the city from industry decision-makers and investors. Furthermore, the city's physical dispersal often leads to weak connections between creatives. CI associations are inclined to be small, and below the size needed to deliver the scope of services required by boutique CI businesses. Significant benefits can be reaped by improving the business capacity of CIs workers, or their access to business capability, as well as exploiting improved communications technologies.

Initiatives likely to offer the greatest opportunities to redress existing shortcomings include: Global niche marketing services, business intelligence, joint venture facilitation and CI business skills development. These and other challenges are documented in detail, in the accompanying report.

Skadada. Performer photographer Bohdan Warchomij.
Arieal Landscape photographer, Richard Wolendorp. Image creation Katie Lavers.

Report Summary

1 The Creative Industries

Creative Industries (CIs) are increasingly recognised as strategically important drivers for strong national, state and city economies. The correlation between creativity and innovation is acknowledged, as are the contributions made by the creatives to the broad economy. They have the unique capacity to create "buzz" destinations, as they continually seek to differentiate themselves in a globally competitive environment.

The recognised importance of the CIs varies from city-to-city and region-to-region. In other States and cities, government policy responses are developed on a needs basis to:

- Stimulate economic growth and diversify the economy;
- Meet the career aspirations of the next generation;
- Regenerate urban areas;
- Create a "buzz" that retains and attracts skilled and talented people; and
- Enhance regional or city identity, "place making".

In Western Australia's current situation, an additional priority is to capture and build on the opportunities presented by the resources boom.

1.1 The Creative Industry Segments

The creative segments studied in this report are:

- Music and Performing Arts;
- Film, Television and Radio;
- Advertising and Marketing;
- Software, Web and Multimedia Development;
- Writing, Publishing and Print Media;
- Architecture;
- Design and Visual Arts; and
- Other Creative Arts.

The creative segments studied in this project can be seen to: "Focus on linking creativity with commercial markets…and use …creativity as their source of value, generating ideas into new IP and then using and commercialising that IP in innovative ways – often through industry interaction on a project-by-project basis".

1.2 Characteristics of the Creative Industries

The CIs cover a diverse range of organisational types with differing business models and motivations. One clear division is between what are sometimes referred to as the cultural industries, which have been traditionally publicly funded, and creative businesses.

It is possible to identify some common characteristics of CIs around the world.

- There is a traditional focus on craft; many CIs workers tend not to be very business-focussed;
- The bulk of operations are micro, some small and fewer medium-sized. This means there is often a need to partner on big projects, particularly those which require diverse skills, marketing and scale or significant financial resources;
- Many CI firms operate in business-to-business markets;
- There are generally low entry barriers in terms of capital expenditure, but high skills demands which can lead to high (intangible) exit barriers;

- The operations of creative businesses are often difficult to systematise, expensive to brand or licence and as a result they are often difficult to sell;
- Where value does exist in a creative business, it will invariably be tied to the IP which has been created;
- For many creative businesses there is significant management, financial and cultural tension between undertaking fee-for-service contracts and generating their own IP, which creates difficulties in balancing short-term necessities with long-term goals;
- Creative businesses are very often established with “sweat equity” and so are under-financed; and
- There is a constant drive and thirst for learning and to be creative.

1.3 Characteristics of Metropolitan Perth’s Creative Industries

In addition to these generic characteristics Perth’s CIs have a number of unique features due to their location, history and industry structure.

Floribots, by Geoffrey Drake-Brockman.
Photo courtesy of PICA Gallery.

- Isolation is seen as a double-edged sword. On the one hand a significant drawback is the distance from national industry gatekeepers, decision-makers and larger client/audience groupings. On the other hand, Perth is seen as a place of vast openness and space where there is a sense that anything is possible;
- The wide dispersion and low-density of creative activities. This along with the smaller population, reduces the feedback cycle for creatives both between colleagues and audiences;
- It appears competition in some segments is extreme due to the low entry barriers and WA’s small market. This places a drag on business development and in particular, the development of IP;
- There is a substantial, and growing number of individual creatives, which suggests the emergence of many “lifestyle” creatives;
- There are a very large number of micro firms (i.e. those employing one or two people);
- A very high concentration of Western Australia’s total CI activity is in Metropolitan Perth;

- There is an important distinction in both the perspective and needs of domestically-focussed creatives, i.e. to the Perth audience/market and tending to be mass market-oriented, and other creatives pursuing export niches; and
- In many CI segments there are multiple industry associations, and in some instances they have poor or non-existent connections with national bodies.

2 The Contribution of Metropolitan Perth's Creative Industries

By measuring the contribution of the CIs to the Metropolitan Perth economy, the initial output and flow-on effects for each segment can be calculated. The direct output for CIs is $4.6bn, and their flow-on impacts are $6bn, making the total value of Metropolitan Perth's CIs segments $10.6bn. CIs' direct output represents 3.4% of output for all industries in Perth.

The value added – i.e. the total sales of a firm after the cost of purchases from other firms has been deducted – to the Metropolitan Perth economy is $2.6bn.

This figure accounts for 56% of direct output (of $4.6bn) from Metropolitan Perth's CIs and is significantly higher than the average value-added in non-creative industries (44%).

Exports by Metropolitan Perth's CI segments to other parts of the State, as well as overseas, is also far higher than for other industry sectors. Perth's CIs generate a total of $687m. in exports, 20% of total output (compared to about 16% average exports across non-creative sectors).

Software and Interactive Media Development accounts for one-half (50%) of Perth's CIs.

Figure 1 - Creative Industry segments initial flow-on effects.

OUTPUT	Inital Effects	Flow-on Effects	Total Effects
Music and Performing Arts	$126m	$205m	$331m
Film, TV and Radio	$453m	$656m	$1,109m
Advertising Services	$298m	$443m	$741m
Software and IMM	$2,310m	$2,802m	$5,112m
Publishing	$690m	$802m	$1,572m
Architecture	$387m	$520m	$907m
Visual Arts and Design	$355m	$494m	$848m
Total	**$4,609m**	**$6,012m**	**$10,621m**

1. IMM - Interactive Multi-Media.

3 Creative Industry Employment

Across Australia 5.5% of the workforce are employed in creative occupations. The industry sector with the largest representation of employees in creative roles is Property and Business Services (103,951) followed by Recreation and Cultural Services (50,744), Manufacturing (40,489), Education (18,047) and Government Administration and Defence (15,479). The level of CIs employment in Metropolitan Perth is only slightly below the national average at 5.2%, probably largely due to the State's relatively small manufacturing sector.

3.1 Within the Creative Industry Segments

Measuring the CIs impact on the broader economy needs to include both specialist CI activity and creatives employed in other sections of the economy. To capture the full range of employment types the "Creative Trident" has been developed. It includes three categories: creative occupations within the core creative industries, creative occupations employed in other industries and non-creative occupations employed in CIs.

Metropolitan Perth's Creative Economy represents approximately 5.2% of total employment and 8.6% of all enterprises. It represents 6.6% of GST paying enterprises and 10% of non-GST paying enterprises. These proportions are close to those expected, when compared with other State capitals, given Perth's population.

When looking at Metropolitan Perth CI employment through the Creative Trident, 31,000 people worked in the CIs in 2001. The employment was split in roughly equal proportions between creatives working in the CIs themselves; in other industries; and with a slightly higher proportion of business and support employees in the CIs. They contributed over $1.1bn to the Perth economy through their annual earnings from wages and salaries. At current (2006) value, and assuming a continuation of the growth rates, this is estimated to account for $1.92bn annually.

Perth, with 74% of Western Australia's employment, dominates the State's Creative Economy. The Metropolitan area accounts for 89% of employment and a 94% share of annual earnings. This is similar to the pattern seen in most other States.

Table 1 - Perth's 2001 Creative Economy employment across the Creative Trident.

		Creative Industries	Other Industries	Total	Percentage
Occupation of Employment	Creative Occupations	9,348	9,980	19,328	48%
	Business and Support Occupations	11,984		11,984	
	Total	21,332	9,980	31,312	68%
	Creative Occupation %	44%		62%	5.2%

There were 11,000 businesses registered for GST in Perth's Creative Economy at the end of April 2006, which was 6.6% of firms in all industries. The number of businesses and sole operators having an ABN but which had not reached the revenue threshold to pay GST, more than doubled in the five years between 2001 and 2006.

A significant characteristic of Perth's CIs is the very high proportion – and rapidly growing – number of entities not registered for GST, i.e. sole operators, micro-businesses or "hobbyists".

4 The Growth in Perth's Creative Economy

In real terms between the censuses of 1996 and 2001 there was a 7.3% CAGR in Metropolitan Perth's Creative Economy employment. This was substantially higher than the 1.8% overall level of growth of Perth's workforce during this period. To account for the overall growth in the number of people employed, or the number of businesses, the CAGR is most easily described in terms of the density per 100,000 employees.

The growth rate in average earnings for people working in the Creative Economy was 25%, – higher at 5% CAGR than the Perth average of 4%. The highest growth was within the segments Film TV and Radio, and Software and Interactive Media at 7% and 5% respectively.

Some observations on the performance of the different segments include:

- Film TV and Radio show reasonable consistency in employment and business growth averaging around 2.5%.
- Music and Performing Arts, Software and Interactive Media and General Creative Arts show high employment density growth but low growth in the density of GST registered firms.
- Architecture has consistently negative growth.
- Publishing showed no growth in employment but some growth in the density of GST firms.
- Design and Visual Arts with its strong sole practitioner focus, shows good employment and non GST enterprise density growth, but no growth in the density of GST registered firms.

5 Whole of Economy Impact

The significance of the State's CIs impacts on the entire Metropolitan Perth economy. This occurs either directly, in specialist CI firms, or through the employment of people in specific creative occupations who are "embedded" within other industry sectors, such as Banking, Mining, Education and Government Services. Almost 1.6% of Perth's workforce comprises "embedded" creatives, i.e. people employed in creative occupations across all industries. This figure is slightly lower than the national figure of 2% across Australia.

Almost 4% of employment within the top-level labour market statistical categories i.e. M Division (Government) and D Division (Electricity, Gas and Water Supply) are in embedded creative occupations. Between 2.3% and 2.8% of employees in Mining, Communication and Finance Divisions are creatives. By way of comparison the embedded employment within Manufacturing is relatively low at 2%. However this proportion increases to 6.1% when the specialist employments within the Publishing Industries (that are within the Division) are considered.

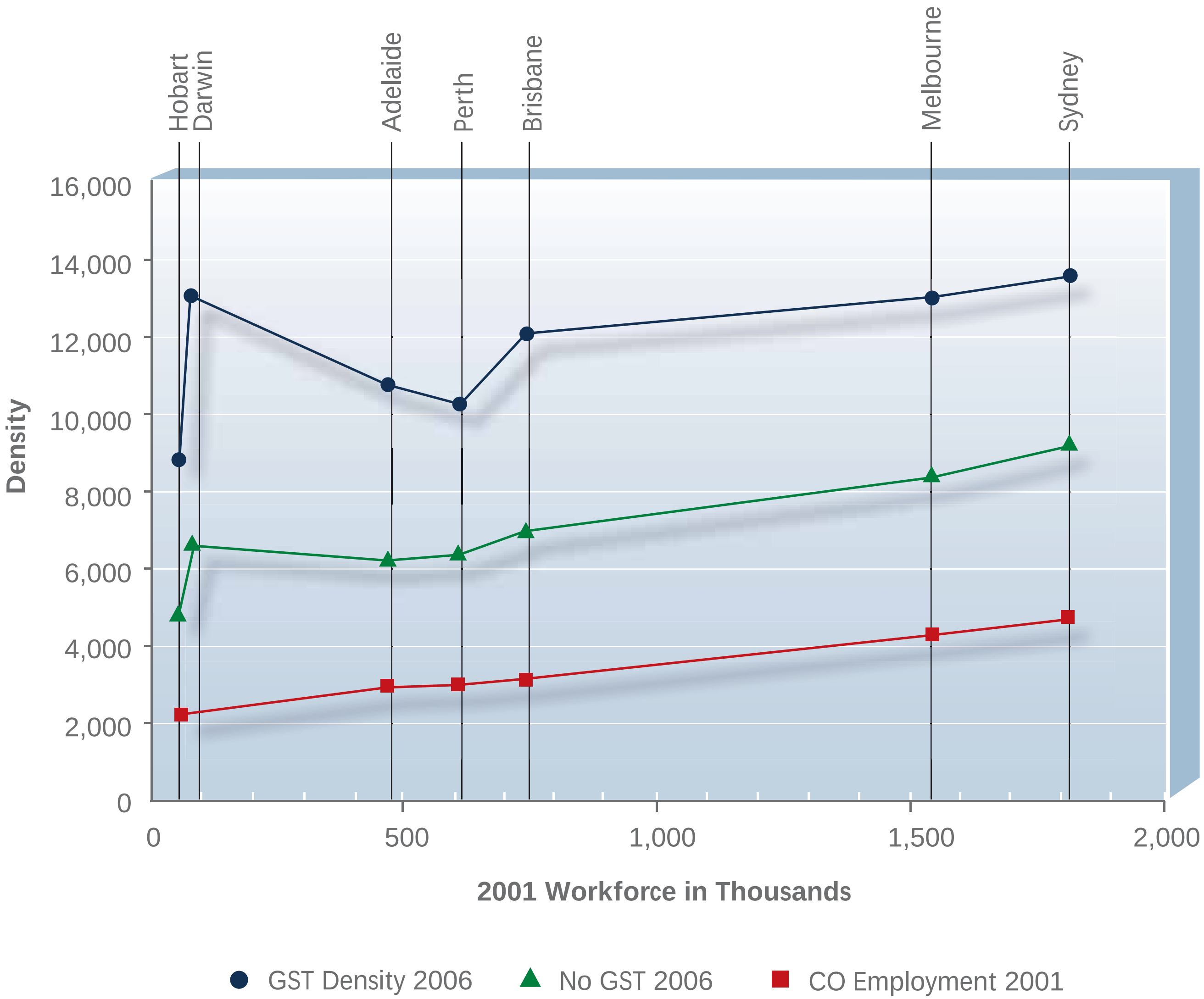
The Panics. Photographer Janusz Strzelicki.

6 Comparing Metropolitan Perth with other Cities

Studies of CIs repeatedly show a disproportionate concentration of creative talent and creative activity in a number of larger cities. Analysis now allows for a reliable prediction, given a city's population or workforce size, of the expected density of creative employment and creative enterprises for each of the segments, and for the total Creative Economy. The reliable prediction acts as a benchmark for performance and is an aid in determining what other factors, such as geographical, educational, and historical or policy may be at work.

Metropolitan Perth has a little less than the anticipated density of creative organisation (CO) employment (the red line in Figure 2) and of GST registered firms (green line). It lags significantly behind the anticipated benchmark for non-GST entities (blue line), despite the fact that this category has grown extremely strongly over the past few years.

Figure 2 - Bigger cities have higher density of creative employment.



Clearly, there are different factors at work across the CI segments in determining the level of concentration. The influences include the nature of demand for a segment's output. Is it purely or mostly local, such as domestic architecture? Is it more tightly linked to global markets, or more capital intensive such as Software and Interactive Content? The segment where this effect is least evident is Music and Performing Arts which has a comparatively evenly distributed concentration across the capital cities, closely followed by Architecture and then Film TV and Radio.

The concentration of Publishing and Architecture in Perth is higher in comparison to other CI segments. Software and Interactive Content is significantly lower, as is Advertising and Marketing and Film, TV and Radio. Visual Arts and Graphic Design, and Music and Performing Arts are approximately in balance.

The conclusion drawn is that these results indicate the competitiveness of the CIs in smaller cities – often based on price – and as a result the substantial difficulties they have in achieving sufficient scale to take on challenging creative or business development projects.

Through analysis invaluable benchmarking information can be provided. For instance the policies of both the Queensland Government and Brisbane City Council appear to have borne fruit, with the city significantly outperforming the national average and its expected population-adjusted performance.

7 Creative Industry Hotspots in Metropolitan Perth

An important feature of the CIs in Metropolitan Perth is their wide dispersal. A number of patterns of location are discernable particularly within certain segments and among types of CI firms. Probably the most important of these is the traditional strength of the City of Perth and the lengthening of an "arc of creativity" around the CBD. In addition to traditional hotspots, immediately to the west and north of the City of Perth, is the growing importance of municipalities to the east.

Miranda Pollard, New Rules for Boats. Photographer Micheal Howard.

The Cities of Perth and Stirling share the important role of being locations suitable for larger firms, employing greater numbers of people. Together these municipalities account for 47% of total creative occupation employment; 49% of CI-based employment; with 22.5% of GST registered firms and 18% of non GST firms. The City of Perth accounts for 34% of all employment within the specific creative occupations and has a mean weekly income 14% higher than Stirling, the next highest performing area.

Bassendean is the suburb with the highest CAGR at 3%, in terms of density for CI firms with GST. Although this is an impressive growth rate, it should be treated with caution because the recent increase stems from a low base. The City of Stirling, with a 4% CAGR in real terms, shows a net (or density) CAGR of 1%, while Perth shows no change in its density over the 5 years.

LGA 2001	Employed in Creative Industries	Employed in Creative Occupations	CI Density	CO Density	CI Density Growth Rate % (CAGR)	CO Density Growth Rate % (CAGR)
City of Perth	6822	5137	6849	5161	5	5.65
City of Stirling	3112	1989	5261	3364	10	9.16
City of Subiaco	1185	798	8343	5643	10	6.25
Town of Vincent	1041	755	7253	5266	6	8.37
City of Melville	663	611	2551	2352	2	2.51
City of South Perth	601	392	5886	3875	3	1.74
City of Canning	567	450	1287	1021	2	-0.7
City of Swan	434	371	1452	1240	8	4.13
City of Bayswater	431	297	2496	1722	5	11.79
City of Nedlands	413	472	2668	3059	10	1.75

Table 2 - Metropolitan Perth's Creative Industry concentrations and growth centres.

1. "Density" refers to the proportion of creative industry workers as a proportion of the LGAs total workforce.
2. "CI" refers to employment growth within the creative segments themselves;
   "CO" is growth in creative occupations or those working in other sectors of the economy but in creative positions.

Creative Segment	Highest Employment	Highest Density	Highest Growth
Software and Interactive Content	City of Perth	City of Perth	City of Stirling (CI) City of Bayswater (CO)
Music and Performing Arts	City of Perth	Town of East Fremantle	City of Melville (CI) City of Bayswater (CO)
Film, TV and Radio	City of Perth	City of Subiaco	City of Melville (CI) City of Bayswater (CO)
Advertising	City of Perth	Town of East Fremantle	City of Bayswater
Publishing	City of Perth	City of Stirling	City of Stirling
Architecture	City of Perth	Town of Cambridge	City of Gosnells
Visual Arts and Design	City of Stirling	Town of East Fremantle	City of Melville
Solo Creative Arts Professionals	City of Perth	City of Subiaco	City of Belmont

Table 3 - Metropolitan Perth's employment density and Creative Industry segment growth centres.

Looking at the concentrations of employment, density and growth by segment the City of Perth is still the dominant LGA, with a number of other municipalities important in various segments, as set out in Table 3.

8 The Creative Industries in the City of Perth

The City of Perth accounts for a third of all CI employment in Metropolitan Perth. As could be expected, it is home to most of the larger CI employers and the rates of pay of their employees tend to be higher than colleagues working in other localities.

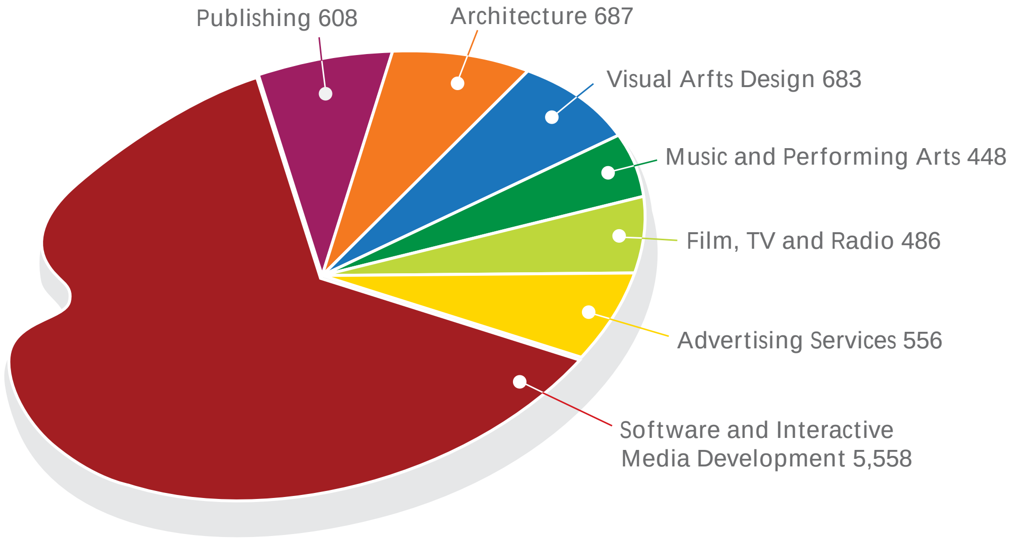
It also has the largest number of CI industry firms registered for GST. And even after taking into account the city's large workforce, creative workers rank highly as a proportion of the city's total workforce.

The City of Perth is only slightly behind its neighbours, Subiaco and Vincent – two recognised "creative hotspots" – in the density of its creatives.

In addition, the City of Perth has many of the "anchor companies", or those which provide strategically critical services to other CI firms within its boundaries.

These factors all contribute to placing the City of Perth unequivocally at the centre of the State's Creative Industries.

Figure 3 - Creative Industries employment, City of Perth LGA 2001.



Source: ABS Journey to Work Data with Interpretations from SGS Economics and Planning

In 2001, the bulk of CI workers in the City of Perth were employed in Software and Interactive media development, some 5,558 people or 62% of CI employment in the city.

The value of CI output in the City of Perth represents more than $1.7bn, with the software segment making up a very significant portion of the output, accounting for two thirds of the total (66%).

'Marx and Venus' project. Rob Bygott, Mark Powell and Jan Piantoni. Photographer Megan Lewis.

9 Creative Conversations

Qualitative research was undertaken to complement the above data and to gain greater understanding of the character and issues facing Perth's CIs. A series of "conversations" were held with Perth's traditional CI stakeholders.

The first conversation session involved industry representatives from the following CIs: Architecture/Urban Design, Fashion, Visual Arts and Craft, Commercial Design, Electronic Arts and Bio Arts. The second conversation group included stakeholders from Music, Performing Arts, Film, TV and Radio.

Participants envisage Perth as a vibrant talent magnet, where creativity is valued and adds value. During the conversations, the following suggestions were made.

Key Opportunities

- Promote creative city hubs;
- Network and collaborate to produce new and innovative works;
- Develop "the Perth experience"; and
- Retain investment.

Key Aspirations

- Leverage technology for digital and user content creation;
- Secure greater access to the Asia/Pacific markets;
- Access superior mobile and distance communications; and
- Develop new CI education products and services.

Key Next Steps

- Establish a CIs organisation;
- Create a technology infrastructure on par with Singapore;
- Access a selection of finance/investment mechanisms for CIs; and
- Enhance and develop new education products and services.

10 Approaches for State and Local Government Agencies

The report does not attempt to provide definitive recommendations, but rather a generalised series of options and a discussion of the issues. It also canvasses the particular challenges involved in developing and implementing approaches which are appropriate and supportive of the CIs.

There is no suggestion that government does not have a role to play. It is rather that any initiatives need to be carefully thought through to avoid requiring highly prescriptive outcomes, which lessen the creative opportunities and so limit the potential positive effects.

10.1 Guiding Principles

- Wherever possible it is highly desirable – and more productive – for any initiatives to be led by members of the CIs with government support. The large number of often small industry associations presents a substantial structural problem in achieving this outcome. Nonetheless, by encouraging a rationalisation of associations, representative groups will become sufficiently large to be capable of fulfilling a leadership function.
- A lighter, less prescriptive hand needs to be applied in developing programs. The range of possibilities for any activity in the CIs is immense. Trying to anticipate or specify outcomes in anything more than a broad, general way will invariably limit the outcomes and potentially fail.

Dogstar Animation
Series screen dump,
By Colin South. (Film Finance Corporation Australia Limited, Screen West Inc, Film Victoria and Media World Pictures Pty Ltd).

- Most creative businesses – certainly those which tend to be the most "visible" to government – are focussed on meeting the needs of the domestic market in Perth and Western Australia.

  The other important group are creatives currently working in the domestic market either aspiring to become exporters or already established exporters; or they are émigrés choosing to live in the State and continuing to work internationally. This second group can "fly below the radar" because often they are only involved at a superficial level with local customers or clients and rarely connected with industry associations.

  In terms of providing appropriate and useful support, each creative segment requires a very different approach.

- There is a need to invest and support existing strengths rather than pursue goals to develop or support activities which are unproven. It is important to emphasise the use of the word "strengths" rather than "existing activities". New and innovative possibilities should be encouraged. By focussing on building "existing strengths", there are far greater prospects of nurturing sustainable activities.

10.2 Program Suggestions

Infrastructure – the key issues are

Test Bed Facilities

Lack of scale of many software development companies makes it difficult for them to own test bed facilities, which is essential infrastructure for quality assurance.

Wireless Broadband

Easy access to broadband is becoming an increasingly important form of infrastructure for all sectors, but none more so than for the CIs. It is therefore critical that Western Australia continues to facilitate access to world-class broadband infrastructure, which also includes wireless broadband.

Supercomputing / IVEC CIs Fund

Supercomputing research, development and business access programs could provide creatives with the processing power that is important for any complex image-based computer work. Lack of scale can hinder access for smaller firms.

Good Governance – the key issues are

Relevant Training and Education

There are few traditional jobs (i.e. as employees) for graduates of CI courses and research shows that most are likely to develop their own independent small businesses. This suggests a different approach to training and education for CI students.

Regulatory Hurdles

A range of regulations can impact on the development of the CIs, such as local government regulations relating to sound abatement, the establishment of home offices and small businesses, and liquor licensing laws.

Supporting Urban Planning

The sympathetic planning of public spaces and of urban planning generally is an area critically important to facilitating the development of CIs.

Coordination across Government

By their very nature, CIs require new approaches to coordination across all levels of Government. This includes the integration of cultural and economic development programs in both local and State governments, as well as coordination between these two levels of government. This is important in leveraging and extending the impact of their initiatives. Opportunities also exist for across council partnerships.

Creative Industry Business Development

CI businesses require core business skills to grow their businesses and expand their markets. These issues are complicated by the fact that many CI professionals run small and micro businesses that face particular growth challenges.

Unique challenges they face include:

Core Business Skills

- Many CI businesses are founded on individual creativity rather than business acumen. Therefore to grow, expand and thrive in a competitive market place, many CI professionals require core business skills, such as planning, sales development, book keeping, cash flow planning, and staff planning.

Global Niche Marketing (or Long Roo Tail) Services

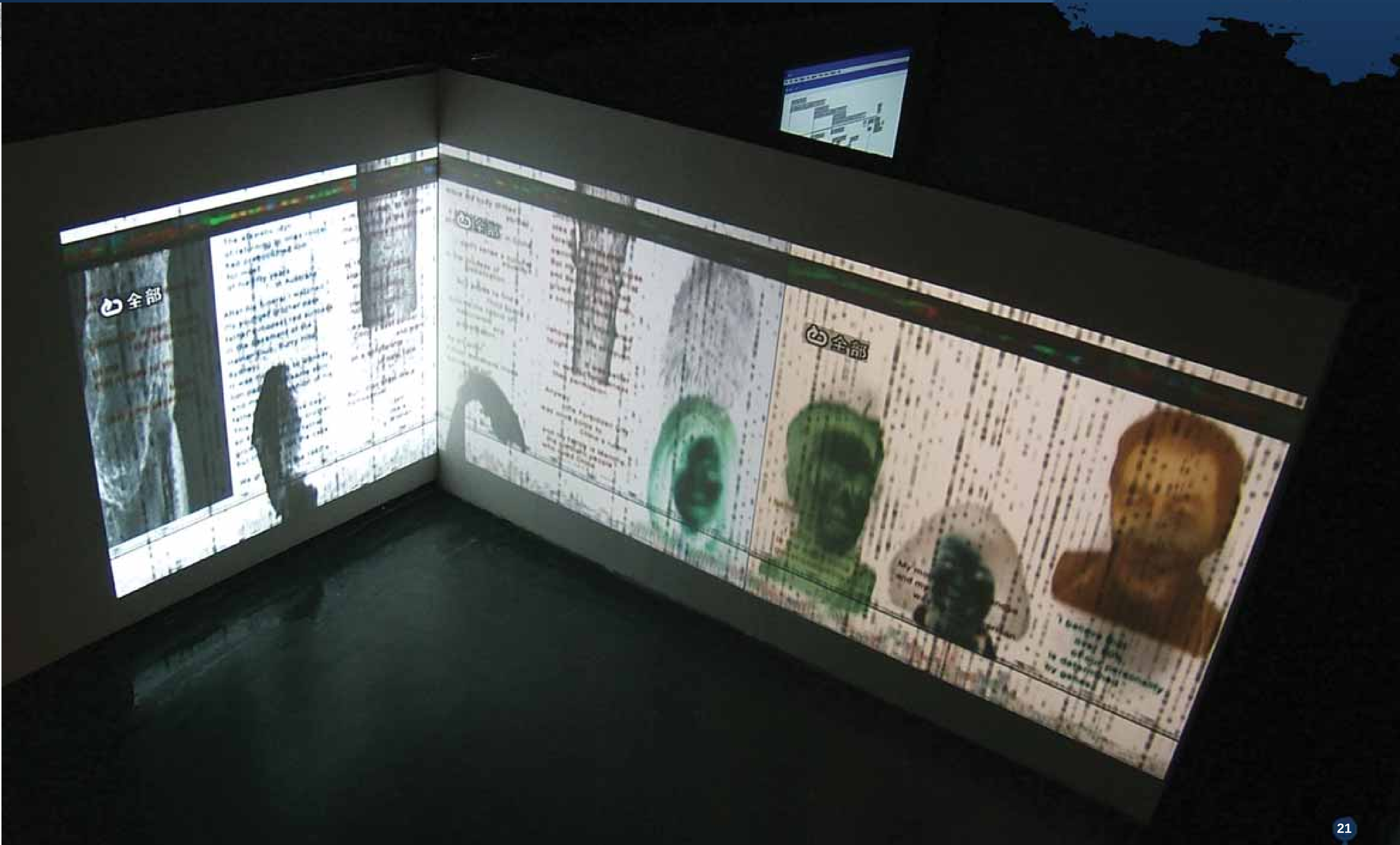
- Implementing a combination of web strategy, business development and web construction skills to work with creatives to develop the most appropriate means of delivering content over the internet to distant audiences.

Business Intelligence

- Developing market intelligence, networks, and contacts to enable them to develop markets, joint ventures or maintain their operations at a distance.

Joint Venture Facilitation

- Understanding how to develop effective joint ventures to overcome limitations of scale or capacity so that companies can pursue larger opportunities.



Strange Attractors Australian Art and Science Exhibition. Photographer Jon McCormack.

Initiatives for Consideration

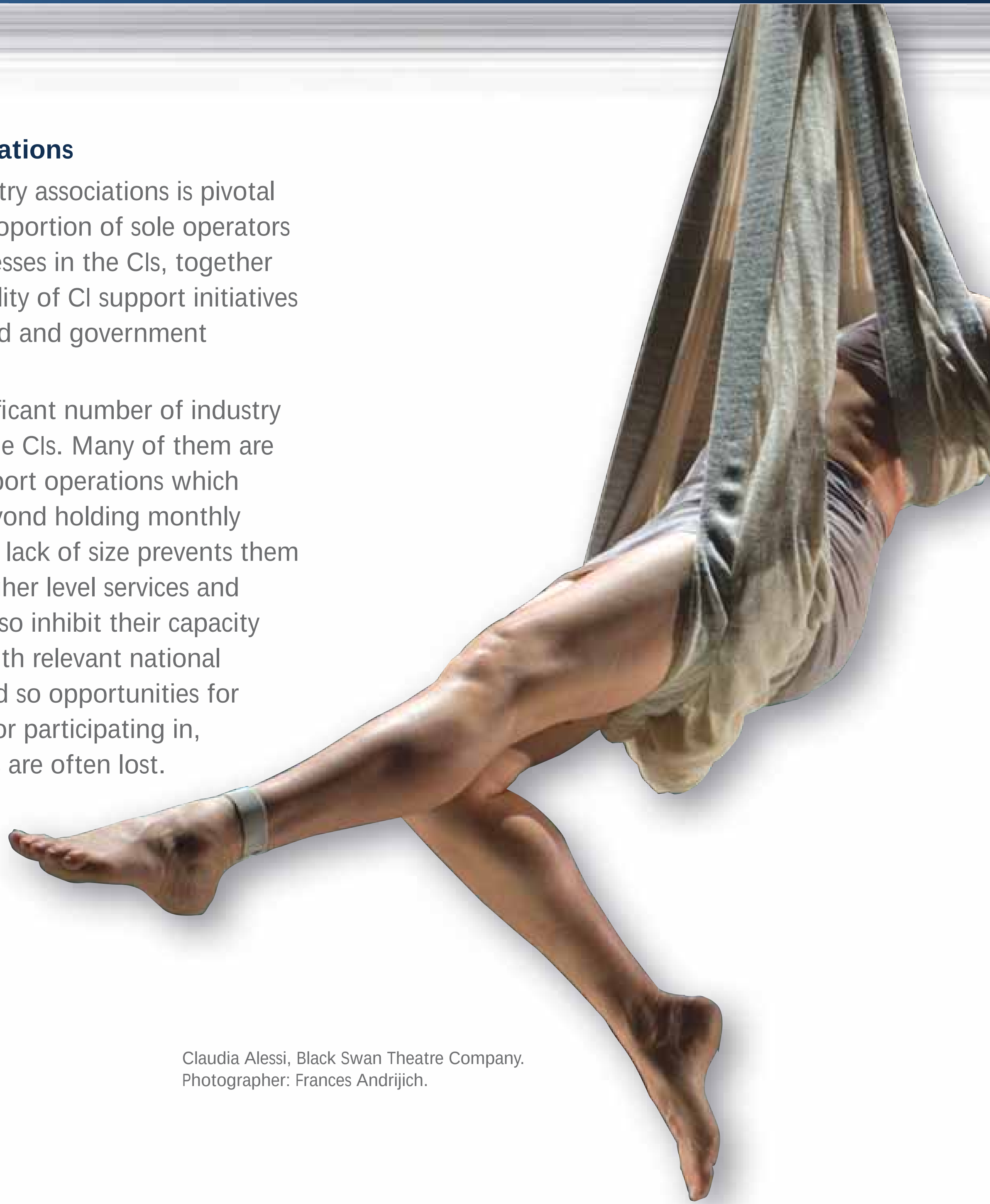
Initiatives that could be considered to address the business development needs of the CIs could include, but not be confined to, the following:

- Facilitate the provision of core business development skills, administrative support and broad-based capacity-building services;
- Support for cross-sector interactions;
- Conduct networking events, both within CI segments and in collaboration with others;
- Support local and visiting speakers' programs;
- Introduce local, interstate and international experts to provide state-of-the-art strategic information; and
- Facilitate demonstration events of CIs work to other CI segments and industries.

Industry Associations

The role of industry associations is pivotal given the vast proportion of sole operators and micro businesses in the CIs, together with the desirability of CI support initiatives being industry-led and government supported.

There are a significant number of industry associations in the CIs. Many of them are too small to support operations which extend much beyond holding monthly gatherings. Their lack of size prevents them from offering higher level services and support. It can also inhibit their capacity to be involved with relevant national organisations and so opportunities for contributing to, or participating in, federal programs are often lost.



Claudia Alessi, Black Swan Theatre Company.
Photographer: Frances Andrijich.

Bambuco, Perth International Arts Festival. Photographer Toni Wilkinson.

It's All in the Moment, by Olga Cironis.