

## **You're hot then you're cold: Creative industries policy making's unfinished agenda**

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### **Abstract**

Much compelling evidence has emerged over the last two decades demonstrating the importance of Australia's creative industries. In 2014, the Australian Bureau of Statistics confirmed that culture is 'big business' in this country. Yet despite this, interest by policy makers at all levels of government has been intermittent, at best. This chapter gives a brief history of policy development, and offers a number of reasons for why policy and politics have not focussed more resolutely on Australia's creative economy. It finishes with a discussion of Australia's 'unfinished agenda', one which demands attention not only by government, but also industry and higher education, if we are to properly meet both the challenges and opportunities before us.

Over two decades, Australia has tinkered with, but not committed consistently to, policy frameworks which seek to recognise the nature and value of the creative industries and the wider economy, support its growth, and facilitate its benefits for the wider economy and society. In this short chapter, I will touch on what has and hasn't actually happened and why, and finish by considering our nation's unfinished agenda.

But first, the definitions. In its original Creative Industries Mapping Document in 1998, the UK government defined creative industries as 'those industries 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', and grouped the arts, established media and new media, together with design and architecture, under its banner. The concept of the creative economy takes the original idea of creative industries and broadens the focus to include the contributions that people in creative occupations, and creative industries as enterprises, make to the economy as a whole. The Australian Bureau of Statistics, in its Cultural and Creative Activity Satellite Account in 2014, defines the field as 'cultural and creative activity conducted by the creative workforce and found in the creative industries, which include media, arts, heritage, design, fashion, and information technology'.

### **What happened**

It's appropriate to start in 1994 with *Creative Nation*. *Creative Nation* was the first fully-fledged cultural policy announced in Australia, and, as Alison Croggon says in an article for ABC Arts in 2013, 'the last time that an Australian politician of Keating's prominence nailed his colours to

the mast and declared that culture was central to Australia's national identity, social health and economic life'. But 1994 was also the year that the term 'creative industries' was first used in Australian policy discourse (some years before its internationally acknowledged origin in Tony Blair's Cool Britannia), with Roger Buckridge and Terry Cutler's *Commerce in Content*, which probably had some influence on *Creative Nation*.

The launch of Australia's second National Cultural Policy, *Creative Australia*, in 2013, may seem a neat bookend. *Creative Australia* was much more than business-as-usual in cultural policy, given what minister Simon Crean wanted from his policy process: "joining the dots", bringing culture into contact with the "education revolution", with technology and innovation, and with its role in binding the social fabric of the nation'. These parameters for a cultural policy certainly embedded the wider contributions which creative activity makes to economic modernisation, social inclusion and technological diffusion. A model policy process, conducted over almost two years, it was beyond tragic that the very day after Crean launched the policy, he resigned from the Gillard Ministry before he was pushed, as the short and troubled era of Labor government moved to its denouement.

But it's too neat to focus only on cultural policy. Creative industries and creative economy policy have been as much tied up with innovation and industry policy, as well as research and education, as arts and culture. This has been both its strength and its weakness. There is compelling evidence for the dynamic growth of digital content, design services and creative internet applications – well above general economy averages over a 15 year period – and for their increasing importance as enabling skills in modern economies. However, the case for government recognition and support for business development, and wider connectivity with the mainstream pillars of the Australian economy, sits uneasily amongst the established stakeholder interests in arts and culture, higher education curricula and research agendas in the humanities and creative arts, research and development and innovation, and industry policy.

To take the central example that concerns this book: the Creative Industries Innovation Centre. This was the main spending centrepiece of Labor's Arts Policy going into the 2007 election, one that had been modelled explicitly on the education, enterprise and research and development vision embodied in Queensland University of Technology's Creative Industries Precinct. What eventually came out the other side of the policy implementation process in 2009 was a centre positioned as one of a half dozen foci on new and emerging enterprise sectors under the Enterprise Connect program in Innovation, Industry Science and Research. This was an outcome from the policy position that creative industries are an integral element of any innovation system, in this case alongside advanced manufacturing, clean technology, enterprise development in regional and remote Australia, and supply chain integration for small businesses competing for work in, for example, resources or defence.

I'll try to reflect that complexity in this brief pop-up history. Because readers of this book may be less familiar with certain material, I will put some stress on policies and proposals for policies

which explicitly engage creative industries from an innovation, industry, research and education angle. It goes without saying that some arts and cultural policies and programs will have benefited directly or indirectly the creative industries in Australia.

While Labor at a federal level delivered key creative industries and closely related policies and programs (*Creative Nation*, *Creative Industries Innovation Centre*, *Creative Australia*), the Coalition also engaged and led policy development, especially in the communications, information technology and the arts portfolio in the 2001-07 period. And the policy and program work achieved at the state level further complicates assuming that creative industries is a solely 'Labor thing'.

During this period, there was considerable activity, with the creative industries idea gaining some policy traction across portfolios and agencies at a national level. A Prime Minister's Science, Engineering and Innovation Council inquiry in 2005 into 'The role of creativity in the information economy', and a Creative Innovation Strategy from the Australia Council for the Arts in 2006, complemented a longer-running Creative Industries Cluster Study in the communications, information technology and arts portfolio. The Cluster Study was a well-coordinated series of reports that mapped the production of digital content in the country, addressed major measurement issues in this emergent sector, considered how existing public cultural assets such as the GLAM (galleries, libraries, archives, museums) sector could contribute more dynamically as market organisers and stimulators, examined distribution options, and laid out industry development strategies.

It also included the first and most comprehensive mapping of an innovation system outside of the science, technology, engineering and maths (STEM) sector. This report, *Research and Innovation Systems in the Production of Digital Content and Applications* (2003), charted the performance of the digital content innovation system, examining organisations (creative firms, universities and training, research centres, industry bodies, cultural agencies and customers and users), assets (technologies, intellectual property, skills, finances and network infrastructure), regulatory regimes and their interrelations. It emphasised that, while there is a substantial fixed asset base (*stock*), the *flows* amongst these elements are poor.

The culmination of the Cluster Study was an industry expert group report in 2007, *Unlocking the Potential: Digital Content Industry Action Agenda*, and a budget bid for a Digital Media Innovation Network. *Unlocking the Potential* remains the most recent major national report on creative industries as a business sector, and contains a number of still highly pertinent policy strategies for industry development in the areas of investment, exports, skills and training, and research and development. While this schedule of policy work did not result in funded initiatives, *Research and Innovation Systems in the Production of Digital Content and Applications* formed the conceptual frame for what became, in 2005, the ARC Centre of Excellence for Creative Industries and Innovation, headquartered at QUT.

Initiatives at the state level have been as important as those at the federal level. Victoria has been notable for its capacity to lead national policy development at significant times, and is the state with the most developed and sophisticated focus on the role of design in the wider economy, especially in manufacturing. It also has a strong industrial and employment base in the ICT sector and Melbourne claims national leadership in public and civic cultural aspiration. Putting these elements into dynamic interaction has resulted in well-developed policies and programs in Victoria in design, film, television and games, and fashion.

Queensland may present as an unprepossessing hotspot for innovation in creative industries policy, based as it is on a 'rocks and crops' economy. But it led in explicitly-branded creative industries initiatives only a few years after the UK Blair government's landmark initiatives in the late 1990s. Under the 'Smart State' rubric, the Beattie government invested in QUT's Creative Industries Precinct, an inner urban brownfields site redevelopment drawing together higher education, research and development, creative enterprises, cultural destinations, and incubator and accelerator services based on cluster theories looking to facilitate synergies and spillovers. It developed a fully-fledged policy, *Creativity is Big Business: A Framework for the Future*, and then subsequently focused sharply on demand-driven programs (Ulysses and HEAT) that sought to connect the state's architecture, design and fashion capability with local manufacturing and global markets.

New South Wales has long lagged behind its east-coast neighbours in developing specific creative industries policies. This is partly because it has benefited from the substantial share of federal cultural funding it attracts from having the largest population base as well as a critical mass of commercial and public creative infrastructure in Australia. As recently as 2013, however, the state announced a Creative Industries Action Plan, declaring that 'NSW is already Australia's Creative Industries capital, home to the nation's biggest, most diverse, most globally connected and sophisticated creative sector. NSW's creative industries make a significant contribution to the social, cultural and economic fibre of our State'.

Western Australia is distinctive and often innovative in its approach to cultural and creative enterprise. It has a smaller, more focused capacity base, well networked into significant sources of resources industry philanthropy and corporate citizenship, benefits from lottery monies being directed to culture and, as an example of taking the lead in opportunities presented by new technologies, had the first screen agency in the country to partner with a crowd funding company to leverage public funding.

### **Why has Australia's engagement with the creative industries run so hot and cold?**

Despite its close history and shared institutions and outlook, the UK – where creative industries were first birthed – is very different from Australia in terms of industrial structure. While Australia shares with Britain and most other OECD economies a growing dominance of services over primary and secondary industries, Australia's export successes very much ride, if no longer

on the sheep's back, then certainly on the back of massive iron ore ships and coal trains. Liquid Natural Gas may well extend what has been an unprecedented commodities boom which has already lasted more than a decade.

Britain has a reasonably strong and bipartisan understanding that it needs its creative economy to be strong and supported. During the height of the global downturn, with its impact on the financial sector, creative industries were the largest employer in London. The whole idea of the creative industries was used in Britain to signal the strength and international profile of these high-growth sectors of the economy. An economy which relies on high value services to generate much of its export earnings is a different economy to that of Australia.

While Australia may be structurally different, it is also about mindset. Unlike countries unendowed with abundant natural resources, which have had to face much more pointed challenges about their economic sustainability, Australia has to a significant extent been able to avoid searching self examination about the growing centrality of high value, knowledge intensive services in relation to agriculture, mining and manufacturing. In many ways, we have continued to be the 'lucky country' - a phrase coined by Donald Horne in the 1960s, who argued that Australia's prosperity was essentially unplanned and accidental.

In an important development in 2014, the Australian Bureau of Statistics published Australia's 'first experimental measures of the economic contribution of cultural and creative activity in Australia'. It found that culture is 'big business' in this country, contributing an estimated \$86 billion (6.9%) to Australia's Gross Domestic Product on a national accounts basis in 2008–09 and \$65.8 billion (5.6%) to Australia's Gross Value Added (GVA) in same year. To put this into context, this contribution was similar to the GVA contribution of Health Care and Social Assistance. There were almost 1,000,000 people during that same year whose main employment was in a cultural or creative industry or occupation.

The research conducted on Australia's creative economy by the ARC Centre of Excellence for Creative Industries and Innovation informed the Australian Bureau of Statistics' work. It also complemented it by research on the sector's growth dynamics. High growth is found in creative services – business-to-business – at almost twice the growth of the rest of the economy. It is important to note that this growth in creative services occupations – the designers, content developers, communicators and so on – is not restricted to the creative services sector itself, populated by many small-to-medium enterprises. The level of growth in the employment of creative services occupations within other industry sectors – the embedded workforce such as designers employed by manufacturers, architects by construction firms and so on – was also above the growth rate of the general workforce.

It is not hard to see why there should be such relatively high growth patterns in creative services and creative service occupations embedded in other industries. The progressive embedding of the internet and associated digital applications and services into the general economy, especially

since the first correction of the dotcom boom and bust more than a decade ago, has seen rapid rises in demand for website design and online visual communication, as well as online and digital advertising, and software data basing, automation and business applications. Additionally, there are widespread converged digital technologies of reproduction and dissemination – digital cameras, digital video, digital audio creation, sharing online in social platforms – and a growing design-and-communication skill base and consciousness that supplies people, ideas and applications into the economy, and creates increasingly sophisticated demand in consumers, some of whom are co-producing and disseminating content. Despite this evidence, there are, I think, a number of reasons why policy and politics has not focused more resolutely on Australia's creative economy.

The balance of trade in creative goods and services does not excite. Architecture and design are the only export-positive sectors. But Australia is with the large majority of countries on this, given the massive dominance in music, film, television export of the US and a few other countries, including Britain, which are the domiciles of the major conglomerates.

The sector does not own its identity. The notion of the creative industries as an organising pivot to represent the sector's interests, marshal the evidence, and get in the door to decision-makers when necessary, has not been secured. Again, Australia is not alone in this. But there have been some counter-productive turf wars – for example, culture versus commerce, or vision versus market – which show how underdeveloped our national debate remains. Whereas the performing arts and film can count among its leadership some extremely effective voices, and the television industry is a heavyweight actor in its own right and Australian and local content on television has bipartisan support and is handled with care, the digital content, design and creative software sectors and their business-to-business interactions – which are driving growth, innovation and employment – are typically small to medium enterprises (SMEs) whose fortunes seem to regularly fly under the policy and political radar. In the academic jargon, they are the economic 'subalterns' whose fortunes are forgotten, as Big Business, Big Culture and Big Public Corporations grab the limelight and policy attention.

The creative economy is composed of mixtures of public, private and community enterprise and activity, ranging from the fully commercial, to those that are becoming marketised – especially in the dynamic digital audiovisual space – and voluntary and household sector activity. This makes it harder to compare to traditional market sectors. It is a sector that absorbs swathes of human capital because it contributes so much to personal expression, social identity – in short, meaning – as well as money. This makes it relatively unproductive weighted on the scales of traditional productivity measures. Once again, Australia is absolutely not Robinson Crusoe in this – it is simply endemic to the sector. But when combined with the first two points, it means the sector's contribution to Australian economy, society and culture remains to a significant extent hidden.

### **The unfinished agenda**

Australia has a substantial unfinished agenda, one that is by no means confined only to calling on government to 'do something'. Industry needs to organise to better define and advance its interests, and more clearly articulate its contribution to economy and society. Education has within its resources the capacity and potential to make a generational difference in students' preparedness for opportunities and challenges in a globalising, digitising economy.

As already noted, there are a number of highly pertinent policy strategies for industry development in the areas of investment, exports, skills and training, and research and development arising from the last major national report in 2007, *Unlocking the Potential: Digital Content Industry Action Agenda*. The six key issues that needed addressing to maximise the potential of the industry remain central:

- stimulating market interest in investment
- confronting the challenge of international competition
- rectifying disadvantage created by the historically based analogue/digital distinction which means rethinking path dependencies that favour established practices in cultural policies
- recognising digital content as a general purpose technology for the 21st century
- addressing skills gaps in these leading edge industries and
- building a total industry from a fragmented base.

It is important to reiterate that digital content, design and other high growth elements of the creative economy are economically significant not only because of the size of the sector (as now officially measured by the Australian Bureau of Statistics) but also because it is a high-growth industry, growing faster worldwide and in Australia than other economic sectors. These long-running, above-average growth trends are indicators of innovation in so far as they demonstrate new needs for creative attributes and skills as the general economy evolves. New locations of creative labour are co-evolving with new needs and opportunities across the economy. Also, the economic multipliers arising from the digital content industry are significant, being higher than those for most other categories of economic activity. While traditional productivity measures, as noted above, may be problematic for cultural and creative activity in general, the now well-documented phenomenon of high growth creative services have major implications for productivity growth in many important industries beyond the core digital content industry itself: design, digital content and technology are becoming important inputs to other industries and act as enablers, which help transform the way business is done.

A passion for policy initiatives arising from the much more intense focus on the creative economy in the UK has produced a great deal of practical traction, as well as strategic, forward looking manifesto-style recommendations, including *A Manifesto for the Creative Economy*, published by the National Endowment for Science, Technology and the Arts in 2013. The broad

recommendations I offer now draw on this manifesto, as well as adding to, and adapting, it for Australian conditions.

We need to adopt contemporary and now broadly consensual definitions of the creative industries and the creative economy. Beginning to speak the same language can be the beginning of a more unified approach. This would include supporting the ability of the Australian Bureau of Statistics to continue to research and publish the Cultural and Creative Activity Satellite Account. This will only happen if the relevant federal and state offices and departments continue to contribute to the cost of running it.

It is important to continue to articulate revisions to the Australian Innovation System framework in a way which integrates the creative sector. My book *Hidden Innovation: Policy, Industry and the Creative Sector* (2013) has gone into this in some detail, and it should be seen as part of a broader settlement on innovation which recognises the interdependence of knowledge inputs into innovation. While the disciplines which constitute science, technology, engineering and maths (STEM) on the one hand, and the humanities, arts and social sciences (HASS) on the other, are mostly kept in their silos in education and research, in the real world, especially in the high skill, high wage, high performance, high tech firms and sectors which are driving Australian innovation, there is always mixing of STEM and HASS in their workforces.

This has a number of implications for innovation policy. Services, including creative services, need to be treated alongside agriculture, mining and manufacturing as generators of high skill, high wage jobs, export performance and innovation. And education and training at school, vocational and higher education levels need to take account of the necessity in all facets of high-performance, innovative workplaces for cross disciplinary communication and collaboration and complex problem solving skills, and the opportunities that so-called 'T-shaped' people – deep in disciplinary knowledge, but broad in teamwork, communication and cross disciplinary problem solving skills – have to flourish in such environments.

While on the matter of education, school and university curricula should be encouraged to bring together art, design, technology and computer science to better prepare the workforce of the future for high growth, cutting edge business opportunities which thoroughly mix and match these disciplinary knowledges. School and university curricula should teach and promote entrepreneurship, and the contemporary nature, scope and growth potential of 'creative careers' should be integrated into school and university curricula.

Government policies on research and development tax regimes, public procurement and business support especially for SMEs should be reviewed for their applicability to and accessibility by the creative sector. Arts and cultural policies can be reviewed to consider the development of a rigorous experimental approach to digital research and development in these sectors. Increased



and more efficient rights licensing transactions should be supported through refinements and reform of intellectual property regimes.

With regard to business support services, it is notable that the Creative Industries Innovation Centre, over its six years of operation, demonstrated that business services specifically targeted at the sector and delivered by those with specific expertise in the sector were highly prized by recipients of those services, particularly in comparison to highly generic business service provision. Restructuring of government-provided business services needs to be mindful of the evidence that previously marginalised business sectors, such as the creative sector, may well become marginalised again as business service provision again becomes generic.

The Abbott government has brought redesigned priorities to the table. In industry policy, five growth sectors have been identified in which Australia has established competitive success: food and agri-business; mining equipment, technology and services; oil, gas and energy resources; medical technologies and pharmaceuticals; and advanced manufacturing sectors. There is a role for architecture and design, communication and advertising, and web applications as 'enabling technologies and services' supporting these sectors.

Two key final points might be made, while thinking both about this particular initiative, and some of the wider priorities of the present federal, and other governments.

Design and 'design thinking' are being mainstreamed into much industry, workforce and policy thinking. Business applications of design thinking, or design integration, have been developed at a state level in Australia, but we lag our OECD confrères conspicuously in design research, development and policy. Design activity is notoriously underestimated in official national statistics, and employed designers are so broadly embedded throughout industry sectors that their contributions can be significantly under-counted. Design has been conspicuously absent from national policy attention since its excision from the purview of the Australia Council in the 1980s. It must now come back into focus.

The second point is related. Many of Australia's leading architecture and design businesses have a consolidated presence in Asia. This needs to be much better known and, where possible and appropriate, emulated in other creative sectors. Senior journalistic chronicler of the nation's narrative, Paul Kelly, writing in *The Australian* in 2013, has urged that 'Australia's attitude towards China cannot remain frozen in the resource-trade mindset'. Nowhere is digital culture transforming economies as rapidly as in Asia. Australia's competitiveness in our region depends on our ability to engage with Asian and especially Chinese digital capital. Pan-Asian digital distribution platforms, such as the e-commerce firm Alibaba, the internet company Tencent and the Chinese search engine Baidu, are expanding, consolidating and professionalising. Do Australian creative-digital entrepreneurs possess the requisite business, language and

programming skills to take advantage of Asian digital markets and the deep export opportunities they may offer? This is a major challenge, and opportunity, for the future.

### **Further Reading**

Stuart Cunningham, *Hidden Innovation: Policy, Industry and the Creative Sector* (University of Queensland Press, 2013 and Lexington Books/Rowman & Littlefield, 2014)

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