

Creative Industries, a Strategy for 21st Century Australia

Acknowledgements

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Minister's Foreword

I welcome the release of *Creative Industries, a Strategy for 21st Century Australia*. This is a strategy which recognises that a competitive creative industries sector is vital to Australia's prosperity – that a creative nation is a productive nation.

The Australian Government's long history of support for arts and culture has enabled our artistic and cultural communities to prosper. Arts and culture enrich our society, reflect our national identity and are at the core of our burgeoning creative industries sector which encompasses music, the performing arts, film, television and radio, advertising and marketing, software development and interactive content, writing, publishing and print media, architecture, design and visual arts.

Our creative industries are comprised primarily of many small, dynamic firms located throughout metropolitan, regional and rural Australia. This strategy outlines whole-of-Government action to support our creative businesses and talent wherever they are located to enable them to develop and compete globally.

Creative Industries, a Strategy for 21st Century Australia identifies three primary themes underpinning Australian Government action to advance this vital sector: leveraging national foundations; optimising commercial capacity; and growing creative content and services.

The National Broadband Network (NBN) will be a key catalyst for the growth of our creative industries. As the most significant piece of cultural infrastructure ever built in this country, the NBN will deliver innovative and diverse content produced by our creative industries to audiences across Australia.

The Australian Government's new National Cultural Policy will highlight the role of creative industries and the NBN within a more comprehensive strategic framework that will guide the Australian Government's support for arts, culture and creative industries into the 21st century.

The *Creative Industries* strategy fulfils an Australian Government 2007 election commitment. It builds on extensive consultation and work undertaken by the industry in driving and developing strategies for action. It also picks up issues raised in the 2008 Cultural Ministers Council's report - *Building a Creative Innovative Economy*.

I am confident that Australia's creative businesses and talent will respond positively to the opportunities and challenges ahead and that this Strategy will stimulate interest and, ultimately, further investment in the creative industries in Australia.



Simon Crean
Minister for the Arts

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Introduction

Creative Industries, a Strategy for 21st Century Australia (Creative Industries) recognises for the first time, at a national level, the significant contribution of our creative industries and their ongoing importance to our economy and culture. Achieving a competitive creative industries sector is vital to Australia's prosperity, propelling a creative, imaginative nation in the 21st century. *Creative Industries* outlines whole-of-Australian Government action to achieve this vision through support for our creative businesses and talent, addressing issues previously identified by industry and government.

The term 'creative industries' describes the generation of creative intellectual property with the potential to be commercialised. The Cultural Ministers Council report *Building a Creative Innovation Economy*, released in 2008, identifies the 'creative industries' as including:

- music and performing arts;
- film, television and radio;
- advertising and marketing;
- software development and interactive content;
- writing, publishing and print media; and
- architecture, design and visual arts.

Although there is no universal agreement about the composition of the 'creative industries' sectors, *Creative Industries* uses this definition developed by the Centre of Excellence for Creative Industries and Innovation (CCI) at the Queensland University of Technology.

Our vision:
"A competitive creative industries sector is vital to Australia's prosperity, propelling a creative, imaginative nation in the 21st century"

To grow Australia's creative industries, the Australian Government is investing substantially under three primary themes to:

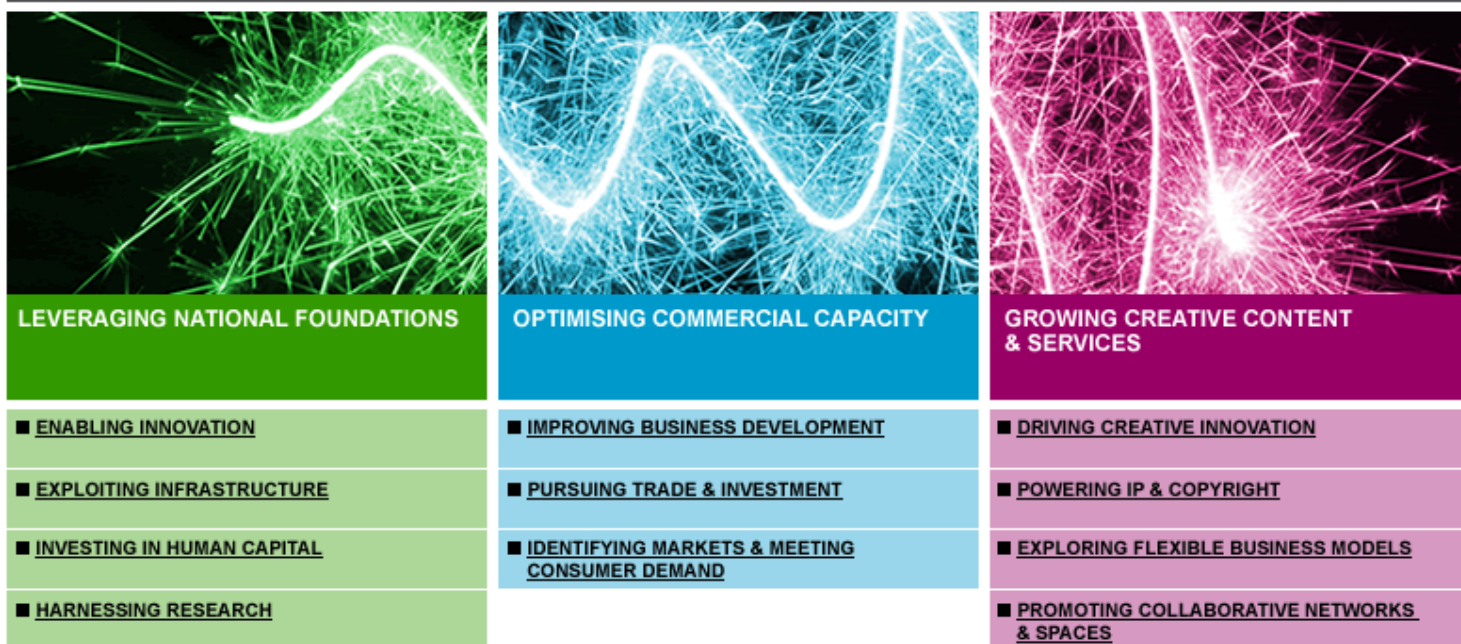
- leverage national foundations;
- optimise commercial capacity; and
- grow creative content and services.

Creative Industries identifies national initiatives currently in place within each theme and determines priorities for the sector's development.

Together, these elements promote the sustainability and competitiveness of our creative businesses and talent, enriching their potential to benefit Australia's economy and culture nationwide.

It is important that creative businesses be future focused, with an eye to opportunities around the corner in the ever changing environment which characterises the 21st century.

The *Creative Industries* model depicts key elements of the strategic approach taken by the Australian Government to develop the creative industries sector.



Contribution of creative industries

Creativity is the key to innovation, and innovation drives growth, sustainability and prosperity. Creative innovation comes from many sources – the arts, science, business, research and development, and communities – and enriches Australia’s cultural capital.

Creative businesses operate where the marketplace and creativity intersect. Many are at the cutting edge of creativity making essential contributions to our national innovation system. There is immense diversity among artistic and cultural practitioners in Australia, some engage in the market, others contribute through education or communities of practice, sharing their work with our nation.

How can Australia grow its creative industries?

As a whole, the creative industries draw on the creative skills and talents of our workforce driving new ideas and change. Other industries are increasingly employing creative methodologies, talent and using the services of creative businesses to improve their own productivity.

Creative industries are part of the emerging services economy in Australia, contributing more to the economy both in terms of output and employment than is commonly known.ⁱ

- \$31.1 billion industry gross product in 2008-09;
- an average growth rate of 3.9 per cent in real terms, faster than the broader economy (over the ten years to 2008-09); and
- employing 438,000 people, or 4.8 per cent of total employmentⁱⁱ (based on the 2006 Census)

Why are creative industries important?

In 2008-09, the creative industries made a larger contribution to GDP than a number of traditional industry groups, such as agriculture, forestry and fishing; electricity, gas, water and waste services; and accommodation and food services.ⁱⁱⁱ

Australia’s creative industries are diverse, with some segments performing strongly on output, and others making a larger contribution to employment. The figures below show that software development and interactive content is the dominant segment of the creative industries sector. This segment accounts for 43% of industry gross product and 39% of total employment in the sector.

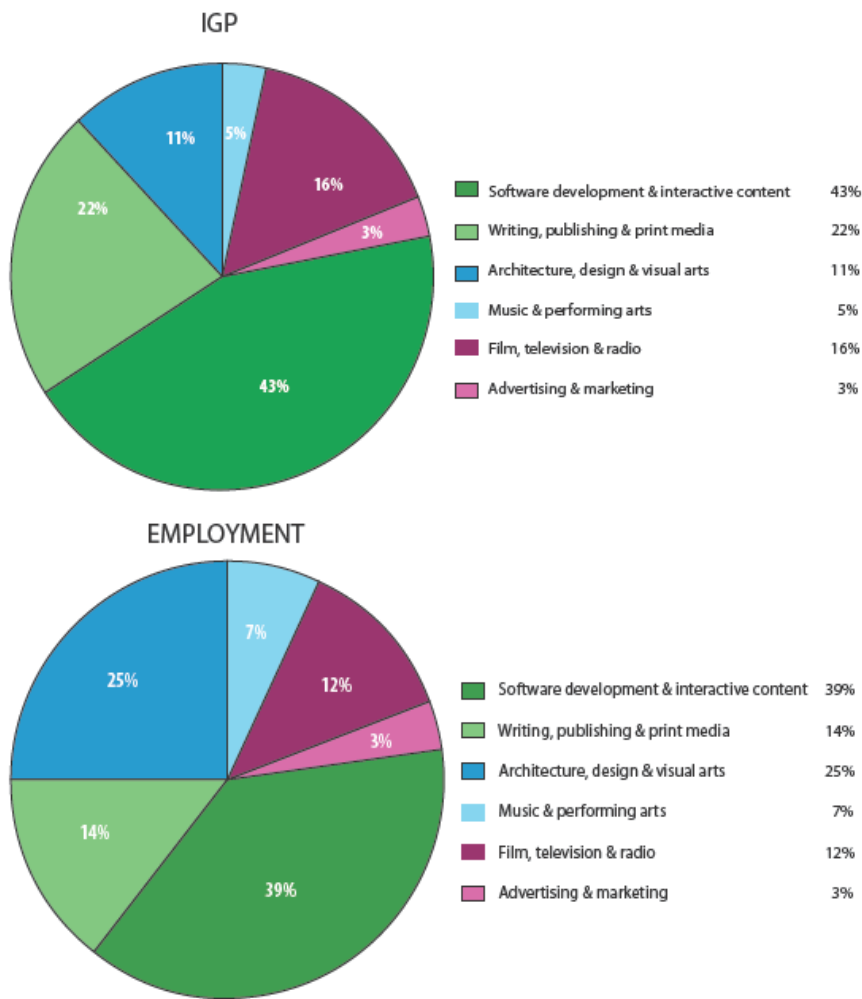


Diagram created by Centre for International Economics, 2009 based on IBISWorld industry reports*

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Note: IGP = industry gross product

The diversity of the sector is also reflected in the nature of Australian Government support. Some segments of the creative industries, particularly in arts and culture, are supported to achieve Australian cultural outcomes and require continuing direct support by governments. Other segments are experiencing strong growth and may be better placed for success in the marketplace.

Creative Industries is focused on outcomes that support continuing growth across the creative industries, identifying initiatives that enhance the capacity of Australian creative businesses and talent to grow and prosper commercially.

Governments worldwide recognise that creative industries are a significant force in the modern economy and as a result many governments have issued national strategies targeting their creative businesses and workforce.

Why is it in the national interest to target this sector?

Australia, along with over 100 other nations, is a party to the *UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions*. The Convention recognises the value of cultural goods, services and activities as carriers of meaning and identity and their integral role in sustainable cultural and economic development.

Australian state, territory and local governments have been active in supporting creative industries. Local governments and organisations often support unique initiatives targeted at community strengths and needs. State and territory governments have been involved in promoting and supporting their creative industries. Their involvement is also demonstrated by the 2008 Cultural Ministers Council commitment for jurisdictions to pursue practical measures to support the creative innovation economy.^v

Australian creative industries, talent and culture have a proud and distinctive international profile. The Australian Government initiatives identified in *Creative Industries* will support Australia's creative industries to be competitive and prosper, and in doing so, enhance our standing on the international stage.

1. Leveraging national foundations

The Australian Government has implemented a number of national measures that form the foundation for productivity in the 21st century and will benefit many industries. The Strategy identifies the following four priorities of particular relevance to creative industries, which if leveraged, will support economic growth in the short and long term.

Enabling innovation

Achievements in innovation will greatly influence Australia's future productivity and the creative industries play an important role in this regard. As well as generating economic growth, the creative industries are built on core skills that also act as a 'broad stimulant to innovation'.^{vi} ***Powering Ideas: an innovation agenda for the 21st century*** is the Australian Government's ten year innovation agenda, committing an additional \$3.1 billion over four years to improve Australia's innovation performance, stimulate productivity growth, increase competitiveness and nurture emerging industries based on new technologies. The Australian Government encourages the creative industries to take advantage of a range of national initiatives enabling innovation.

Announced in the 2009-10 Budget, **Commercialisation Australia (CA)** is a key component of the Australian Government's vision for innovation. It will assist researchers, entrepreneurs and innovative businesses from all industry sectors, including digital content and the broader creative industries, to commercialise their ideas. CA will deliver \$196.1 million over the first four years and ongoing funding of \$82 million each year thereafter to provide an integrated suite of assistance measures that will be tailored to the needs of each successful applicant. This includes: *Proof of Concept* grants, *Early-Stage Commercialisation* grants and access to specialised advice.

How do creative industries commercialise their ideas?

The **Research and Development (R&D) Tax Concession** is the Australian Government's main incentive to increase industry research and development. It is broad-based, market-driven and not industry-specific, with eligible companies deciding upon the scope and timing of R&D. As incorporated in the Government's innovation agenda *Powering Ideas: An Innovation Agenda for the 21st Century*, the Government has decided to introduce an **R&D Tax Credit** by replacing the existing R&D Tax Concession. The new R&D Tax Credit provides a more generous tax incentive for eligible companies to undertake increased levels of business R&D in Australia. The two core components of the new program are:

- (i) a 45 per cent refundable tax credit (which is equivalent to a 150 per cent deduction) for companies with an aggregated turnover of less than \$20 million; and
- (ii) a 40 per cent non-refundable tax credit (equivalent to a 133 per cent deduction) available for all other companies.

The 45 per cent tax credit doubles the base tax incentive for smaller companies which can benefit from an upfront cash benefit if they are in tax loss. The benefit to large companies will increase by a third compared to the base rate of the existing R&D Tax Concession.

The new R&D Tax Credit has simplified the rules for software development by removing the multi-sale requirements for eligible firms to access the Government support. The creative industries sector will greatly benefit from the new R&D tax incentive as software development and interactive content forms a large segment of the sector and most of the firms within the sector are small in size.

The Government has established the **Information Technology Industry Innovation Council** to promote the IT sector in its own right and to advise the Minister for Innovation, Industry, Science and Research on innovation issues. Membership includes representatives from the digital content and games sectors. The Council recognises the need to leverage the National Broadband Network, champion cross-sectoral innovation and focus on issues such as education, skills, training, government procurement and commercialisation of research.

Exploiting infrastructure

Digital technologies are feeding innovation and offering new opportunities across Australia and across all sectors. Some segments of creative industries have been early adopters, utilising digital technologies to pursue new business models and diversify creation and delivery of content. Australia already has strong business use of internet services, with 87 per cent of businesses having internet access.^{vii} However, there is still scope to improve the integration of businesses into the digital economy. Our creative industries will be important leaders in maximising the benefits of the Australian Government's future broadband investment.

National Broadband Network

The Government has established NBN Co Limited to build and operate a new superfast **National Broadband Network** (NBN). The Government will invest up to \$43 billion over eight years to roll-out and operate the network. Approximately 93 per cent of premises will receive optical fibre broadband, a significant benefit to rural and regional Australia.

The National Broadband Network will provide essential infrastructure for creative industries

The NBN will propel the future of our digital economy through providing access to a globally competitive infrastructure. This is of particular significance to creative industries as high speed internet is transforming how creative content and services are created, distributed and marketed. The NBN will enable creative industries to be more flexible in their location, commercialisation and collaboration. It will level the playing field for creative industries across Australia, especially those in rural and regional areas.

The progression from dial-up to broadband internet speeds has already grown the market for online content and online sales. The increased capability of the NBN will further expand this transformation of the media marketplace, including the likely proliferation of innovative delivery platforms such as internet/mobile TV, digital radio and online marketplaces.

The NBN presents two major areas of opportunity for creative businesses, through *production* of Australian creative content and services and *participation* in cross-sector collaboration. The NBN will drive creative businesses to identify new IP opportunities and generate a high calibre of creative content and services attractive to broadband consumers. It will also broaden the market for creative industries as other sectors of the economy recognise the advantage of broadband and purchase services of creative businesses to assist them deliver better outcomes online.

Innovative and creative Australian digital content and services have the potential to influence take-up and use of NBN and the Australian Government encourages creative industries to strive to be at the forefront of exploiting this infrastructure.

Investing in human capital

Developing human capital through education, skills and training will be a cornerstone of Australia's productive capacity in the 21st century. Creative talent can have a positive impact not only on creative industries, but on the capacity for all sectors to adapt to future challenges. By investing in education, skills and training that will benefit the creative industries, the Australian Government will support:

- the supply of skilled labour for creative industries now and in the future;
- demand for the production and consumption of creative content and services, generating significant markets for creative businesses; and
- creative and digital skills leading to a more innovative workforce over time.

Education

Schools

The Government has invested in a number of schools sector initiatives that will drive demand for creative and digital content and supply the next generation of skilled creative labour. The **Digital Education Revolution (DER)** is contributing to sustainable and meaningful change to teaching and learning in Australian schools that will prepare students for further education, training and to live and work in a digital world.

How will we educate the next generation of practitioners?

A central component of the DER, the National Secondary School Computer Fund, is on track to deliver a computer to student ratio of 1:1 by 31 December 2011. The Government is also working to support the development of infrastructure and high-quality digital tools, and these resources will be available for students on these devices.

The DER is also providing a high level of support for the delivery of the national curriculum online, which will include the key learning area of the arts.

Arts education and the national curriculum

As agreed by all education Ministers in April 2009, the Australian Curriculum, Assessment and Reporting Authority (ACARA) is developing the Australian Curriculum. The first phase of key learning areas of the Australian Curriculum, including English, mathematics, the sciences and history, was endorsed by federal, state and territory education Ministers in December 2010. The first phase is being implemented from 2011.

The second phase of the Australian Curriculum is currently under development and includes the arts. It is envisaged that the national arts curriculum will include music, dance, drama, visual arts and new media. By providing an arts-rich education to all young Australians, the national curriculum will contribute significantly to the development of creative industries in Australia.

National arts training

The Australian Government supports eight national arts training organisations that foster excellence and contribute to Australia's creative industries: the Australian Ballet School; Australian Film Television and Radio School; Australian National Academy of Music; Australian Youth Orchestra; Flying Fruit Fly Circus; National Aboriginal and Islander Skills Development Association Dance College; National Institute of Circus Arts; and National Institute of Dramatic Art. These organisations, with close links to the sector and exceptional facilities, provide high-level training and development to aspiring artists for professional careers in their respective fields.

Higher education

The Australian Government recognises higher education as the key to creating a more prosperous and cohesive nation. Tertiary education is an important pathway to careers in creative industries or helping to develop creative employees for other industries. Following the 2008 Bradley Review of Australian Higher Education, the Australian Government announced structural reform, whereby from 2012 all universities will be funded on the basis of student demand. Under this system, it is estimated that an additional 80,000 places will be delivered over the four years from 2010 to 2013 providing universities with a greater capacity to drive and support significant growth in relevant disciplines, including courses relating to creative industries.

How do creative industries stay abreast of best practice?

The Australian Government's investments in creative industries, in particular its funding of the **Creative Industries Innovation Centre** and **Centre of Excellence for Creative Industries and Innovation**, is providing important linkages between industry and the higher education

sector. Students in creative and business courses will benefit from an increasing interest in cross-disciplinary approaches. The higher education sector facilitates invaluable research into creative industries.

Employment, skills and training

Industry-readiness of graduates is essential for creative businesses. A challenge for educators is keeping abreast of changes and innovation in a rapidly developing sector.

The **Workforce Innovation Program** is part of the broader Australian Government approach to workforce development. The program provides funding for innovative, one-off projects that address workforce skill needs. The **Mobile Entertainment Growth Alliance (MEGA)** is a model of industry-led training and teaching innovation in the fast moving technology sector. MEGA has received Australian Government funding under the Workforce Innovation Program to address the skill needs of Australia's mobile and allied content industries. MEGA has established an entrepreneurship and intellectual property development workshop program which is strongly supported by the industry and is linked to curriculum in select courses. MEGA has developed a library of video recordings of industry presentations. Podcasts are available from the SA TAFE Moodle site and vodcasts are available from the NING professional networking site.

The Workforce Innovation Program is also providing funding for the **Interactive Skills Integration Scheme** which will focus on the interplay between interactive media development expertise and 'non-entertainment' industry sectors such as training. The project will develop, trial and showcase strategies for addressing the education and training requirements for the skilled workforce necessary to extend applications of interactive media beyond the games sector to the broader interactive media and other industries. It will include business mentoring, student placements, the development of prototypes and research.

Innovation & Business Skills Australia (IBSA) is one of eleven Industry Skills Councils for the vocational education and training (VET) system, aiming to build innovative capacity in Australia's workforce sectors, including cultural and related industries, printing and graphic art and information and communications technology (ICT). The VET sector supports pathways to employment in creative industries and skill improvement, through the continuing development of qualifications. The development of higher level qualifications for creative industries has been identified as a priority in IBSA's 2009-2010 Continuous Improvement Plan.

Recognising the difficulties of starting out in the arts sector, the Australian Government has recently implemented, through the Australia Council, the **ArtStart** program. ArtStart offers a pathway for recent arts training graduates across Australia to build careers from arts practice through \$10,000 grants towards the costs of establishing a practice as a professional artist.

Harnessing research

Undertaking and applying research is essential for the continuing growth of all sectors. The social sciences, arts and humanities produce a wealth of quality research which can be harnessed by the creative industries. The Australian Government has funded a number of significant initiatives in this area.

Australian Research Council (ARC) Centre of Excellence for Creative Industries and Innovation (CCI)

The ARC CCI was established in July 2005 as one of the first institutions of its type in the world and has since developed an international reputation. It is the first ARC Centre of Excellence whose lead disciplines are based outside the science, engineering and technology sectors. In 2009, the ARC announced that CCI will receive a further \$6 million in funding to 2013 which will continue to support world-leading academic research in the creative industries area. Key areas of research include innovation, the creative workforce and creative digital content. CCI also play a strong role in mapping creative economy Australia-wide.

The Centre of Excellence at QUT is a research leader
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The ARC CCI supports the **Creative Business Benchmark**, an invaluable tool allowing creative businesses to compare their performance to similar Australian companies and to stay informed on trends in their industry.^{viii}

The Australian Government supports a number of other initiatives and bodies that connect research with creative industries:

- **National ICT Australia** (NICTA) is a major Australian Government investment in ICT research, developing a range of innovative ICT platforms and services that are relevant to digital content development and distribution (such as broadband, data compression and peer-to-peer technologies);
- The Cultural Ministers Council funds the Australian Bureau of Statistics' **National Centre for Culture and Recreation Statistics** (NCCRS) to support the collection of cultural statistics. Improving data and measurement in creative industries is identified as a priority area;
- The **Researchers in Business** (RiB) initiative, funded under the Enterprise Connect network, supports the placement of researchers in businesses seeking to develop new ideas with commercial potential; and
- The Enterprise Connect **Creative Industries Innovation Centre** collects information through business reviews and other services and will improve our understanding of Australian creative businesses.

Collections and innovation

The Australian Government acknowledges the role of the collections sector in the creative innovation economy. The sector inspires new practice, enables research, provides access to cultural property and preserves our cultural heritage. Curatorial practice often generates innovation in creative content and creative practitioners can benefit from institutions with collecting expertise in specific areas of creative industries such as design collections. The Government also recognises the significant work undertaken by the sector to facilitate online access.

How are collections important to creative industries?

It will be critical for the creative industries, alongside other sectors of the economy, to leverage these significant national foundations and contribute to Australian economic growth.

2. Optimising commercial capacity

Successful creative businesses do not succeed solely on the strength of creative content and services. They also deploy energy and creativity managing sustainable and competitive businesses. The Australian Government has invested substantially to improve the commercial capacity of Australia's creative industries. The Strategy identifies the following three priorities to underpin this goal.

Improving business development

For the first time in Australia, the Australian Government has committed funding under the national innovation agenda to provide targeted industry investment in the creative industries sector.

Enterprise Connect Creative Industries Innovation Centre (CIIC)

The CIIC is a \$17 million initiative forming part of the Australian Government's Enterprise Connect network. It helps small-to-medium size businesses (SMEs) in the creative industries to increase their productive capacity, improve their ability to develop and market Australian creative content and services, and better attract business and investment globally.

The Creative Industries Innovation Centre is a \$17 million commitment to creative industries

The key service provided by the CIIC is a comprehensive business review and a related dollar-matching program to help businesses implement recommendations from the business review. The review is an independent assessment of business by highly skilled industry business advisers. Business advisers work with SMEs to identify and understand, for example, the relative strengths and weaknesses of the business and potential pathways for growth.

The CIIC fosters collaboration. It offers a focal point for businesses, university, industry and government to intersect both within creative industries and across other industry sectors. The CIIC builds links between researchers and businesses and assists creative businesses to access the latest technologies and market specific information. Other services offered through the CIIC include sector-based research, business incubation support and information sessions including networking opportunities, seminars and workshops.

The \$10 million **Desert Knowledge Australia Outback Business Network Project** includes support for creative industries and businesses situated in remote areas of Australia. Implemented by Desert Knowledge Australia and the Enterprise Connect Remote Enterprise Centre, it is sponsored by Australian and NT Governments and private sector organisations.

Creative businesses are encouraged to access business development services. Other available initiatives include:

- the **Small Business Advisory Services** program is a \$46 million program providing information and advice to maximise the growth potential, prosperity and sustainability of small businesses; and
- those offered by the **Australia Business Arts Foundation** in relation to establishing networks between artists and businesses.

Fully exploiting the opportunities that digital technologies offer requires new facilities and training tailored to the digital age. The **Small Business Online** program is designed to assist small businesses to go online, significantly enhance their web facilities and engage in e-business capabilities to help reduce their costs and improve their market opportunities.

Pursuing trade and investment

It is vital that Australia seeks to overturn a large deficit in the balance of trade with respect to cultural goods/creative industries. The Australian Government recognises the potential of the global marketplace for creative industries and has a number of initiatives to help creative businesses access trade opportunities. The Australian Trade Commission (**Austrade**) is the Australian Government's trade and investment development agency.

Creative industries provide export opportunities for Australia

The Australian Government's **Innovation Investment Fund** (IIF) program provides fund managers with \$20 million which they must match with private sector capital to establish new funds. These funds invest in promising early-stage Australian companies commercialising Australian research. OneVentures is licensed under the IIF and with the Australian Government will invest \$40 million in emerging Australian companies in sectors including new media and information technology.

The **Export Market Development Grants** (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters. Administered by Austrade, the scheme supports a wide range of industry sectors and products, including the export of intellectual property. Many creative businesses have benefited from this grant with more than \$27 million (18 per cent of total program funding) going to creative businesses in 2007-08.

The **Export Finance Navigator**, launched in May 2010, is an online tool helping exporters find out about not just the export finance tools provided in the commercial market, but also the grants and tax concessions available to exporters from federal, state and territory governments. Creative businesses can access the website for information about their stage in the exporter's journey: preparing for export, finding markets, winning contracts, financing production, getting paid and expanding overseas.

Many initiatives have also been established to cater for the diversity of industries and markets within the creative industries. These include: the **Creative Australia in Asia** marketing platform, a cross-regional initiative to increase awareness of Australia's creative industries in North East Asia; and the **Australian Music Office**, based in Los Angeles, which provides strategy and in-market assistance to music businesses including increasing commercial opportunities in touring, record release and music rights sales.

The Australian Government also committed \$20 million over four years to the **Building Brand Australia** program to promote the diverse capabilities and achievements of contemporary Australia and to better communicate the nation's credentials as a global citizen.

The Australian Government facilitates a number of Australian creative endeavours overseas that showcase Australian culture, innovation and creativity. The most recent and successful endeavour was the **Shanghai World Expo**. The Australian Pavilion, one of the five most popular national pavilions, attracted over 8 million visitors and hosted over 2,500 performances for Chinese and international guests. Australia's up-and-coming export talent, comprising 168 visiting artists, 22 rising stars, 155 touring groups and 14 musical acts delivered a daily average of eight hours of entertainment. Austrade hosted two telecommunications and information technology business missions with the Australian Interactive Media Industry Association and the Australian Information Industry Association and National ICT Australia.

Through the Department of Foreign Affairs and Trade (DFAT), the Australian Government supports the international exposure of Australian creative industries through extensive overseas diplomatic network and funded programs. These include the Visual Arts Touring Program, the International Relations Grants Program and the targeted International Media and Cultural Visits programs.

In the 2011-12 financial year, the Australian Government through DFAT will provide financial support for an international tour of the exhibition '**NOW and WHEN - Australian Urbanism**'. Through the Visual Arts Touring Program the Australian Government is also funding, in partnership with d/Lux/MediaArts, the exhibition '**Face To Face: Portraiture in a Digital Age**' by Asialink.

Like all industries, the creative industries seek investment to grow their businesses. There is untapped opportunity to improve both the readiness of creative businesses to attract investors, and investor awareness of the potential for strong returns.

Austrade provides advice and guidance on inward investment and joint venture opportunities and helps direct potential overseas investors towards appropriate Australian businesses.

Creative businesses are urged to access these initiatives to pursue domestic and international success.

Identifying markets and meeting consumer demand

Demand for the products and services of creative industries is growing across the globe. The public is demanding increasingly more from our creative industries which provides businesses with the incentive to innovate. This is particularly true in relation to products directly consumed by the Australian public such as in the areas of film, gaming and design. For example, Australian consumers expect:

- improved animation and special effects;
- products that can be delivered across different media and platforms; and
- architecture and consumer products that are more environmentally sustainable.

New ways to market and distribute creative products and services are emerging in the 21st century, as are new methods of engaging audiences. Digital technologies are enabling creative businesses and talent across Australia to connect with markets across the country and across the world. For example a visual artist may promote and sell their works on an online gallery, or a musician may build their following, and consequently their revenue, through engaging with fans directly on a social networking site.

The digital age has also enabled audiences to play a bigger role in content creation. New technology is allowing consumers to have a greater say, communicating online directly to creative producers. Users may also select customisations for, or even be involved in the design of, creative products they purchase. The influence of social media and user generated content on creative industries will likely grow into the future.

Creative businesses can also contact organisations like Austrade for assistance in accessing advice about international markets and consumer demand.

The Australian Government purchases creative output, for example in the areas of advertising, design and architecture. The Government considers value for money is best achieved through competitive and non-discriminatory procurement processes. Business opportunities are advertised through **AusTender** at www.tenders.gov.au and all creative companies should stay aware of these opportunities.

3. Growing creative content and services

Creative industries are already experiencing sustained growth. They are at the forefront of our emerging services economy. By leveraging national foundations and optimising their commercial capacity, creative businesses and talent will be in an even stronger position to grow creative content and services and contribute to a creative, imaginative nation in the 21st century.

Our creative industries achieve success by transforming creative ideas, skills, talent and networks into commercial success. Their exploitation of digital technology sees increasing diversification and sophistication in the production and access of creative content and services.

Australia's creative businesses must thrive in a highly competitive global marketplace and many are responsible for their own destiny. By their nature, creative businesses and talent seek freedom to innovate and exploit ideas and commercial opportunities, without any undue interference or unnecessary regulation.

The Strategy identifies the following four key priorities central to the growth of creative content and services – targeted to flourish, but not dampen, the creativity that is so central to the success of our creative industries.

Driving creative innovation

The Australian Government supports creative innovation through its investment in Australian-created content. The Australian Government contributes substantial funding to our creative industries to produce new works – improving the calibre of our local creative content and, importantly, supporting Australian jobs.

The Australian Government supports the creation of Australian content

Indigenous creative industries

Indigenous Australians make a unique, highly valued and amazingly diverse, creative contribution to Australian life. Indigenous visual arts and dance are world renowned and opportunities for new success stories are increasingly visible in the broader creative industries sector.

Indigenous creative industries offer sustainable opportunities to cultivate skills and employment as well as the capacity for creative enterprise growth building on diverse and unique strengths. Areas of future potential include continuing to develop sustainable businesses, building partnerships with the corporate sector, and engaging in cross-cultural collaboration with other non-Indigenous creative enterprises and other industry sectors.

Indigenous creative industries were the key focus of the 2009 Garma Festival held in the Northern Territory highlighting achievements in Indigenous film, music, design, architecture, publishing, online content and education.

With the Indigenous visual arts industry now estimated to be turning over more than \$500 million annually, the Australian Government is continuing to work with the industry to support sustainable and diversified growth and ethical commerce.

The Australian Government assists the growth of Indigenous creative industries through:

- funding of the **National Arts and Crafts Industry Support** program to build a more sustainable Indigenous visual arts industry; and
- a range of programs from **Indigenous Business Australia**, to assist Indigenous Australians establish, acquire and grow small to medium businesses, including those in the creative industries sector.

The Australian Government encourages collaboration between Indigenous creative practitioners and broader industry in the areas of Indigenous design and architecture.

The Cultural Ministers Council is instrumental in encouraging Indigenous creative industries through:

- the **Indigenous Contemporary Music Action Plan** which encourages all levels of government to support Indigenous musicians and producers across urban, regional and remote areas of Australia;
- **Breakthrough**, a pilot initiative providing \$25,000 per successful applicant to take Indigenous contemporary music to a wider listening audience; and
- implementation of the **Solid Arts** project, which raises greater awareness in Indigenous communities, and with consumers and commercial operators, of intellectual property issues and promote best practice in this area.

Australian broadcasters

Australia's broadcasters are supporting the engagement of audiences with new media and new ways of accessing content. The ABC is strategically adapting its broadcast and media future, bringing along its audience, to the digital era. The ABC's Innovation Division was established in 2007 to 'drive strategic innovation and development in content creation, audience connection and new platform distribution'.^{ix} Recent ABC initiatives driving online or digital content interaction include:

Australian
broadcasters
drive local
content

- **ABC Open** (for which the Government has provided funding of \$15.3 million) produces, curates and publishes local contributions from Australia's regions. By working with their local ABC Open producer, members of the community are invited to create, collaborate and share rich online content.
- **ABC Pool** is an online collaborative space where users become co-creators. Users can upload and download digital content including text, audio, images and videos. Some ABC archival material is also available for users to remix and reuse under a Creative Commons licence; and
- **ABC Arts Gateway** links communities of artists and arts audiences and provides up-to-date national and international coverage of arts events, news and information.

The Australian Government has provided \$136.4 million to support new ABC commissioned drama programming and a new dedicated ABC digital children's television channel. The Australian Government has committed funding of up to \$223.1 million over the ten-year period 2011-2021 for the **Australia Network**, which is currently delivered by the ABC. The Australia Network broadcasts independent news and current affairs, as well as English-language learning programs, drama, children's entertainment and sport. The Australia Network is available in 31 million homes across 45 markets, through 648 rebroadcast partners. In addition, \$20 million has been allocated towards SBS television programming, encouraging talented creative enterprises to produce new Australian content.

The move to digital television and the introduction of more television channels provides opportunities to generate and communicate creative content. The Australian Government provides funding support to community television stations to enable them to join the public and commercial stations in broadcasting digitally. Community television is a significant producer of local Australian content as well as providing on-the-job training for our emerging talent. The Australian Government is also supporting continued investment in new Australian content for commercial television by reducing licence fees by 33 per cent in 2010 and 50 per cent in 2011. The Australian Government will review the future role of broadcasting licence fees as the media undergoes change in a digital era.

In 2011 the Australian Government will undertake the Convergence Review which will re-examine media and communications regulations in light of ongoing commercial and technological trends. The Convergence Review will examine how best to ensure the ongoing production and distribution of local and Australian content, and the role of broadcasting licence fees as the media undergoes change in the digital era. The terms of reference for the review are available at: http://www.dbcde.gov.au/digital_economy/convergence_review

Australian screen industry

Australia's screen industry is the third largest creative industries segment contributing 16 per cent of the sector's industry gross product. In 2009-10, total production expenditure on the Australian drama slate was \$731 million, a two per cent increase from the 2008-09 amount of \$717 million, and well above the five year average to June 2007 of \$547 million.

Total Australian feature and television production expenditure was \$552 million, a decline of 21 per cent from 2008-09, but well above the 2007-08 figure of \$442 million.

The Australian feature slate comprised 37 titles accounting for expenditure in Australia of \$265 million, very close to the three-year average of \$268 million. Total Australian TV Drama production in 2009-10 was \$286 million, slightly below the 3 year average of \$295 million. Total hours of TV drama of production was 564 hours, down from the 3 year average of 648 hours.

The Australian Government works with **Screen Australia** to support the Australian screen industry through **film tax incentives** to offset production and location costs and to provide access to international markets under the **Australian International Co-Production Program** which facilitates international film co-productions. The Australian Government conducted a review of the Australian independent screen production sector during 2010. The report of the Review was released by the Minister in February 2011.

Screen Australia is also investing in the development of digital and emerging content through its **All Media Fund**. The fund comprises \$3–5 million for 2011-12 to encourage interactive or multi-platform innovative, risk-taking storytelling. The fund was announced in conjunction with the release of the final Convergent Television guidelines which provide the television sector with \$30-35 million to support quality Australian drama, children's and documentary programming.

The **Australian Film, Television and Radio School** is continually working to enhance and adapt its curriculum and infrastructure to give Australia's next creative entrepreneurs and employees the tools and skills needed to take advantage of the opportunities and to meet the challenges of the 21st century.

The Australian Government's export credit agency, the **Export Finance and Insurance Corporation (EFIC)** assists creative industries through EFIC's Export Finance Navigator and EFIC's Producer Offset loan facility. Under this Producer Offset loan facility EFIC will provide financial support to eligible Australian feature film, documentary and television productions that have international distribution agreements. EFIC's facility is designed specifically to help smaller productions, which may have difficulty attracting finance in the commercial market.

Australia Council

Historically, the Australia Council, the Australian Government's principal arts funding body, helps to nourish a climate of creativity through direct and indirect support for arts and education, artists, creative practitioners and organisations. In 2009-10, the Australia Council spent more than \$164 million supporting over 1800 projects, funding 752 individual artists and providing funding support to 1,121 arts and cultural organisations.

The 2009 strategy **Arts content for the digital era**^x aims to increase the amount of Australian arts content being created, presented, distributed, accessed, enjoyed and preserved on digital platforms. It seeks to build the capacity of the arts sector to adopt appropriate business, marketing, copyright and distribution models for the 21st century.

The Australia Council has also entered into a strategic partnership with the ABC to deliver more arts content across the ABC's digital delivery platforms. The Australia Council funds the Australian Network for Art and Technology, connecting emerging technology artists with businesses to produce joint works and generate ancillary intellectual property.^{xi}

Australian music industry

The Australian Government targets the needs of Australia's contemporary music industry through initiatives such as the **Contemporary Music Touring Program**, which provides funding support for touring activities to the contemporary music sector.

The Australian Government is also considering the development of a **Strategic Contemporary Music Industry Plan** to enhance cooperation with industry; boost music industry exports; increase the exposure of Australian music and foster live performance; and improve training, business capability and innovation. The Australian Government is considering possible options to support Australian contemporary musicians through opportunities to access to micro-finance to develop and market their product.

Australian excellence

Our creative industries boast world-class achievements. The Australian Government recognises the role played by industry groups and state and local jurisdictions to promote excellence and recognise leaders in fields from film and music to architecture, design, advertising and games.

The Australian Government rewards excellence in the writing and publishing sector through the establishment of the **Prime Minister's Literary Awards**. Worth \$400,000 annually, the awards celebrate the contribution of Australian literature to the nation's cultural and intellectual life.

The **Australian Export Awards** have been recognising excellence in export for over forty years and are one of the longest running and most prestigious business awards in the country. Creative businesses have been celebrated as finalists and award winners.

Promoting intellectual property rights

Intellectual property principles have evolved over centuries with artists, writers and other cultural practitioners seeking to have their creative ideas recognised and valued.

A defining feature of creative industries is the generation of creative ideas that have the potential to be commercialised. Creative expression is essential to a vibrant and rich Australian culture. These ideas, once commercialised, underpin innovation and have a positive impact on the national economy. In a 2008 report, PricewaterhouseCoopers estimated that during 2007, the Australian copyright industries generated \$97.7 billion in economic value (10.3 per cent of GDP).^{xii}

Australia's intellectual property system—including copyright, patents, trademarks and other intellectual property rights—assists creators to commercialise their ideas and creative works. Australia is acknowledged internationally as having a strong and comprehensive intellectual property rights regime.

This robust system has been assisting producers of creative content to guard against misuses like piracy. The legislative framework gives creators incentives in the form of recognition and economic reward. It also provides a disincentive for unauthorised use and reproduction. In some cases, the copyright holder retains ownership of the copyright even when the creative work itself is sold. An example of this is when a painter sells an original artwork to a buyer, but retains the right to make and sell further reproductions. This legal protection is designed to encourage further creativity and innovation, while enabling community access to creative work.

The digital era has seen the advent of information and communication technologies and platforms. This has increased the complexity of managing intellectual property, and has also given rise to exciting opportunities to reach and develop new markets. In this environment, it is increasingly important that creators and creative businesses are well informed about how to manage their intellectual property rights.

Intellectual property rights power the creative industries

The Australian Government supports a range of initiatives through the Attorney-General's Department that administers copyright legislation and IP Australia that administers the trademarks and patents system.

Copyright

Developing a 'balanced' copyright framework is a significant challenge and the need for ongoing monitoring of the copyright system continues, particularly in response to the development of new technologies and integration of global markets.^{xiii} The Australian Government works closely with key stakeholders, including industry, to raise public awareness and support the maintenance and enforcement of our copyright system.

The Australian Government is aware that despite the encouraging uptake in use of legitimate online distribution services by consumers, unauthorised file sharing remains a concern for copyright industries. The Government is examining a range of possible options to address this issue.

The Australian Government is developing an education resource to assist artists across all artforms in understanding the opportunities available to them when establishing an online business within new and emerging platforms. The resource will provide artists with essential information to enable them to make informed decisions about how they might wish to conduct their business in an online environment. It will describe options available for managing copyright when producing and distributing content online.

Other intellectual property rights

IP Australia aims to raise the level of awareness and understanding of intellectual property amongst the Australian business community, including creative industries. Key resources include:

- **Outreach managers** – located in each mainland state capital to work with government and industry associations to raise awareness of intellectual property;
- **Fashion Rules** – developed with the Australian Fashion Council, this resource provides fashion designers with practical information on how to protect their creative work and avoid infringing other designs;
- **Protect Your Creative** – developed with Design VIC and the Australian Graphic Design Association, this resource provides graphic designers with advice on intellectual property protection tailored specifically to their industry; and
- **Make Your Mark** – developed with Design VIC and the Design Institute of Australia, this resource assists Industrial Designers to develop an intellectual property strategy – protecting designs from inception through to market.

The Australian Government recognises the power of intellectual property and copyright to propel the future growth of creative industries. The Australian Government encourages creative businesses to improve their capacity to transform unique ideas and assets into commercial successes.

Exploring flexible business models

Innovative business models are emerging in the 21st century. New ways to fund and operate businesses are available, as are new ways to produce, distribute and market products and services. Creative industries lead in the development and adoption of these methods.

The internet has changed how consumers want to access and pay for creative content. The creative industries are developing practical and workable market-based solutions for digital distribution services where consumers pay creators fair rates for access to digital copyright-protected material.

The drastically reduced cost and infrastructure required for digital distribution opens up the market for small independent developers and enables the development of new models for licensing copyright and intellectual property. This is of great advantage to Australian creative industries, which include a large number of small developers who perform particularly strongly in the mobile phone market. Digital distribution can, however, in some instances reduce the revenue for creators. There is no one-size fits all solution for all creators. Creators need to explore a range of business models and priorities to ensure they are receiving the best returns for their creative endeavours.

The Australian Government has established a **Book Industry Strategy Group** to provide advice on the future development of the book industry. Digital technologies are changing the way printed books are produced and distributed. Besides giving consumers more choice, these technologies have an impact on authors, publishers, printers and booksellers. The Book Industry Strategy Group will consider how the Australian industry can prosper in the digital marketplace.

Other models gaining recognition include uptake of creative commons licences and 'produce on demand' where a creative product, for instance a book or T-shirt, is manufactured after the consumer places an order, rather than before. This model is highly suited to the online market and limits the risk to small businesses that is associated with a large manufacturing run. Different models will continue to emerge in the 21st century. Exploring how to make the best use of them will be a key factor in the future success of creative businesses.

Advocating collaborative networks and spaces

Creative industries thrive on collaboration. Creative content and services are often the product of collaborative partnerships or a combination of specialist skills. Segments of the creative industries tap into each other's unique strengths to shape or influence creative output.

Cross-sector collaboration strengthens creative industries

There is increasing demand from other industries to partner with creative businesses and talent to improve their own productivity, transform traditional methods or influence behaviour. Many Australians are motivated to establish or access creative communities and spaces to connect locally or digitally. The concentration or escalation of creative activity is often associated with thriving local economies.

Around Australia, a number of collaborative approaches are fostering the development of creative businesses such as:

- The **Creative Industries Innovation Centre** is seeking to build links nationwide between creative businesses and a wide array of jurisdictions and organisations in public and private sectors interested in contributing to creative innovation in Australia;
- Renew Newcastle in NSW and Creative Spaces in Victoria are providing low or no cost accommodation for creative practitioners and groups;
- BusinessGC Fashion Incubator is offering the Gold Coast fashion community a variety of industry development seminars, competitions and functions;
- the South Australian Government Digital Tomorrow program co-locates creative businesses in a digital hub in an inner city location with access to high speed broadband; and
- Australian Design Unit, an online design community is providing tailored business resources, opportunities for collaboration and access to new markets. The Unit's creative-entrepreneur mentoring program Springboard is funded by the Australian Government's **Building Entrepreneurship in Small Business** program and the Australia Council.

Local and online communities

There are many community-focused activities that cultivate the development of digital and creative skills in a local context. A number of these include organisations are supported by the Australia Council's Creative Communities Partnership Initiative and key organisation grants.

Creative industries enliven Australia's regions

Creative industries are essential to the character and the livelihood of Australia's regions. Creative industries, in particular design, will play a key role in building better regional cities.

The community sector contributes to demand for innovative Australian creative content and also provides pathways for aspiring creative entrepreneurs and practitioners.

Online networking and social media forms offer further opportunities for virtual communities to aggregate, collaborate and share knowledge. Digital technology enables creative businesses and people to connect and work together regardless of where they are located across Australia and the world. The NBN will enhance the ability of creative industries to form partnerships and communities online.

The Australian Government encourages creative businesses and talent to pursue networks and partnerships both within the sector, with other industries and with state and local jurisdictions.

Creative industries in 21st century Australia

Australia's creative industries are a vital and innovative force in the 21st century. The Australian Government recognises their significant contribution to our prosperity and capacity to propel a creative, imaginative nation into the future.

Australia's creative businesses and talent are well positioned to increase the production of creative content and services to consumers in Australia and overseas.

The Australian Government will continue to identify whole-of-government action to support our creative businesses and talent, working closely with the sector to achieve our vision for creative industries.

Australia's creative industries will continue to be competitive, contribute to national prosperity and propel a creative, imaginative nation in the 21st century

ⁱ Statistics taken from: Centre for International Economics 2009, *Creative Industries Economic Analysis (CIE Report)*, sponsored by the Enterprise Connect Creative Industries Innovation Centre, published online at http://www.enterpriseconnect.gov.au/who/creative/Documents/Economic%20Analysis_Creative%20Industries.pdf.

This report considers the creation segment of creative industries value chain only. Supplemented with internal, unpublished CIE data from 2008-09.

ⁱⁱ *CIE Report 2009*. Figure based on the 'creative trident' model developed by the Australian Research Council (ARC) Centre of Excellence for Creative Industries and Innovation (CCI). It is acknowledged that in 2008, as part of creative industries National Mapping Project, CCI identified 486,715 people employed in the creative workforce based on the creative trident model, taking into account a broader selection of creative industries value chain. 2008, Australian Research Council (ARC) Centre of Excellence for Creative Industries and Innovation (CCI), *Australia's Creative Economy Information Sheet: The Creative Workforce grows to 486,715 people in 2006* published online at http://eprints.qut.edu.au/11958/1/Creative_Workforce_Information_Sheet_2008.pdf

ⁱⁱⁱ *CIE Report 2009*, p.3. Supplemented with internal, unpublished CIE data from 2008-09.

^{iv} *Ibid.*, p.37. Supplemented with internal, unpublished CIE data from 2008-09.

^v Cultural Ministers Council 2008, *Building a Creative Innovation Economy: opportunities for the Australian and New Zealand creative sectors in the digital environment*, and 2009, *Progress Update: Building a Creative Innovation Economy* published online at <http://www.cmc.gov.au/publications>. Cultural Ministers Council 2008, *Media release: New Report Highlights Value of Creativity and Innovation Economy* published online at http://www.cmc.gov.au/_data/assets/pdf_file/0019/85501/Creative_Innovation_Economy_Statement29_Feb.pdf

^{vi} Prime Minister's Science, Engineering and Innovation Council 2005, *Imagine Australia: the role of creativity in the innovation economy*, published online at www.dest.gov.au/NR/rdonlyres/B1EF82EF-08D5-427E-B7E4-69D41C61D495/8625/finalPMSEICReport_webversion.pdf, p.15.

^{vii} Department of Broadband, Communications and the Digital Economy 2009, *Australia's Digital Economy: Future Directions Final Report*, www.dbcde.gov.au/_data/assets/pdf_file/0006/117681/DIGITAL_ECONOMY_FUTURE DIRECTIONS_FINAL REPORT.pdf, p.5.

^{viii} Australian Research Council (ARC) Centre of Excellence for Creative Industries and Innovation (CCI), *Creative Business Benchmark*, www.benchmark.org.au/other-sectors/about.html.

^{ix} *Australia's Digital Economy: Future Directions Final Report 2009*, p.66

^x Australia Council for the Arts, 2009, *Arts content for the digital era*, published online at http://www.australiacouncil.gov.au/about_us/strategies_2/arts_content_for_the_digital_era.

^{xi} Australian Network of Art and Technology, *Artistic practice and unexpected intellectual property: defining Ancillary IPs* published online at www.chass.org.au/papers/PAP20080709GA.php.

^{xii} Price Waterhouse Coopers prepared for the Australian Copyright Council, 2008, *Making the intangible tangible: the economic contribution of Australia's copyright industries*, published online at www.copyright.org.au/publications/research/economy.

^{xiii} Attorney-General for Australia, the Hon Robert McClelland MP 27 May 2009, speech given to the *Copyright Future: Copyright Freedom Conference* held at Old Parliament House, Canberra published online at www.attorneygeneral.gov.au/www/ministers/mcclelland.nsf/Page/Speeches_2009_SecondQuarter_27May2009-CopyrightFuture-CopyrightFreedomConference.