Creative Industries Forum

Wednesday 13th March 2019
Introduction

Nicole Turvey
Department for Industry & Skills
Opening

Hon. David Pisoni
Minister for Industry & Skills
Growing Regional Economies

Simon Millcock
Legatus Group
Simon Millcock ACEcD
CEO Legatus Group
Economic Development Australia
SA Chair
ceo@legatus.sa.gov.au
+61407819000
REGIONAL ECONOMIC DEVELOPMENT THROUGH CREATIVE INDUSTRIES

A research project and partnership between Townsville City Council and James Cook University

Photograph: Clare Powell
Research team

Professor Ryan Daniel
Associate Professor Katja Fleischmann
Dr Riccardo Welters
Mr Simon Millcock

Research assistants

Ms Alexandre Christopher
Ms Eileen Larsen
https://www.youtube.com/watch?v=wX32vr_rLxM
THE RISE OF THE REGIONAL BOHEMIANS

Australia’s cultural and creative hubs are reasonably widespread.
Economic need for Creative Industries in Australia

- Low Infrastructure costs
- Decline in manufacturing
- Competitive globally
Context issues

• CI have the potential to grow economies
• CI do not require major infrastructure (roads, dams)
• Australian Gov’t invests in CI
• Many states have pursued CI strategies (e.g. WA, Victoria)
• Problem of adopting ‘templates’ (e.g. Landry, Florida)
• ‘Place’ needs to be considered
• Townsville – key to the vision for northern Australia
Innovative / Hubs and Precincts

Place making
Global companies even from New Zealand
Film Industry

https://www.youtube.com/watch?time_continue=101&v=Wcl-V2wYuQk
THE CREATIVE INDUSTRIES

“...those industries which have their origin in individual creativity, skill and talent and which have potential for wealth and job creation through the generation and exploitation of intellectual property.”

(Dep’t of Culture, Media and Sport - UK, 2001)
THE CREATIVE INDUSTRIES

- Architecture
- Design
- Advertising and Marketing
- Software and Digital Content
- Film
- Radio and Television
- Writing and Publishing
- Visual Arts
- Music
- Performing Arts

Matthew Gianoulis: Fashion Photographer
Ruth Eve: Stylist, Fashion Designer
Kristin Martin: Makeup Artist
Rhiannon Jeffrey: Hair Stylist
THE CREATIVE INDUSTRIES

- 6.2% of national workforce
- $32 billion to GDP

Data from SGS Economics (2013)
Project impetus

• This project has a direct relationship to the following key plans:
• “Townsville Futures plan”, namely to “…recognise and support creative industry as an economic driver of the future that is an integral element of Townsville’s development by including it in economic development strategies for the city” (Townsville Futures Taskforce 2011, p. 38).
• Regional Development Australia “Regional Roadmap” for Townsville. Creative industries have significant capacity to “…attract investment into Service and Knowledge-based industries” (Regional Development Australia 2011, p. vi).
Project focus

Outrigger on the Lagoon in Fiji: Townsville Architecture Neil Carter
Photograph: Eason Creative Photography

• Architecture
• Design
• Advertising and Marketing
• Software and Digital Content
• Film
• Radio and Television
• Writing and Publishing
• Visual Arts
• Music
• Performing Arts
Project phases

• SUPPLY – survey with follow up interviews

• DEMAND – survey with follow up interviews
Supply of CI in TSV
Key points – Ci supply

• 151 businesses agreed to receive survey (44% response rate)
• Businesses are typical of Ci: sole traders, SMEs
• Most specialist skills available
• Some areas missing: industrial design, specialist printing
• Digital revolution: photography, design, film
• Competition issues: graduates, oversupply of labour
Creative inspiration – TSV sites
Professional Development

• Distance and cost are issues
• Overcome by:
  • Online learning
  • Networking (physical, virtual)
  • Selective travel
  • Sharing of equipment and resources

The ‘critical mass’ that you have in capitals is much bigger. For example in Brisbane or Sydney, you have meet ups all the time, you have events, you have conferences.

Most of our professional development is done online so we do a lot of webinars, reading, short courses hosted online through sites like ‘Skillshare’ and ‘Coursera’.

I think we have more time here. We don’t have to spend so much time in traffic. We have more access to people, it’s easier to meet and do what you have to do.
Business performance & outlook
Clients Creative Industries (13/14 financial year)
Clients location (13/14 financial year)

% share in CI business income

- Townsville: 80%
- Outside Townsville: 20%
- Outside North Queensland: 0%
Business income prospect (next 3 years)

% share of business owners

- decrease
- stay the same
- increase

Own business  CI Townsville
Employment prospect (next 3 years)

<table>
<thead>
<tr>
<th></th>
<th>Own business</th>
<th>CI Townsville</th>
</tr>
</thead>
<tbody>
<tr>
<td>decrease</td>
<td>5%</td>
<td>30%</td>
</tr>
<tr>
<td>stay the same</td>
<td>50%</td>
<td>30%</td>
</tr>
<tr>
<td>increase</td>
<td>15%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Risk to business growth (next 3 years)
Innovation
Innovation Capacity of the Townsville Creative Industries

Innovation is difficult to measure.

We looked at indicators that facilitate innovation processes

- Collaboration (multidisciplinary)
- Design Thinking
- Co-creation

The creative industries sector has been particularly successful in facilitating innovation by ‘exporting’ creative methodologies into other industries.
Findings: Innovation Capacity of the Townsville Creative Industries

Survey

• **High familiarity** with creative methodologies that support innovation activities such as *Multidisciplinary Collaboration, Design Thinking* and *Co-creation*

• **Explained usage** is much lower

• Self-reporting **concerns**
Interview findings - innovation

Use of Design Thinking (24 comments) and Co-Creation (19 comments)

• Heard of the term Design Thinking > Yes (7, 29%) No (17, 71%)
• Use it > Yes (3, 13%), No (13, 57%) I don’t know (7, 30%)

• Heard of the term Co-Creation > Yes (11, 58%) No (8, 42%)
• Use it > Yes (10, 53%), No (6, 32%) I don’t know (3, 15 %)
Interview findings - innovation

Use of Design Thinking (24 comments) and Co-Creation (19 comments)

• Heard of the term Design Thinking > Yes (7, 29%) No (17, 71%)
• Use it > Yes (3, 13%), No (13, 57%) I don’t know (7, 30%)

• Heard of the term Co-Creation > Yes (11, 58%) No (8, 42%)
• Use it > Yes (10, 53%), No (6, 32%) I don’t know (3, 15%)
Interview findings - innovation

Advantage of location to be innovative/facilitate innovation

• Large amount of talented people (11)
• Beautiful location (3)
• It is not very competitive (2)

“You have lots and lots of talented people. Musicians and artists, the whole story, everything is here.”

“There is less competition. You can push the boundaries here on a smaller scale because you have that freedom. [But] it’s hard to get people to sign off on those ideas...”
Interview findings - innovation

Disadvantage of location

• No one has the budget for creativity and that stifles creativity (7)
• Equipment is difficult to access or expensive (2)
• Clients/people are set in their own ways (2)
• There is a lack of training around innovation (2)

“We try our best to be innovative, but there are projects [where] we can’t do all the facets. Collaborating with others to produce really high level of work is what others do in Melbourne. We can only go so far in terms of design, print and web but it’s kind of getting to that next stage to produce bigger and better projects to expand our creativity.”
Interview findings - innovation

Collaboration amongst creative businesses

• Yes (18, 75%); No (6, 25%)

“We collaborate locally wherever possible. We get opportunities to outsource all over the world, [but] we have always maintained the local connection.”

“We try to keep ourselves relatively connected. ... It’d be fantastic if they were all co-located. We can work much more fluidly. But, it’s getting somewhere that’s going to be cheap enough because in the CBD things are quite expensive. That cost factor is an issue.”
Demand

155 completed surveys
All figures refer to the 13/14 financial year
Data representativeness

Source: ABS Business counts, 81650
Data representativeness

Gross income of businesses during 2013/14 financial year – comparison with ABS data

Source: ABS Business counts, 81650
Business Overview

Gross income of businesses during 2013/14 financial year

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000 or less</td>
<td>4%</td>
</tr>
<tr>
<td>$5,000 - $9,999</td>
<td>5%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>4%</td>
</tr>
<tr>
<td>$25,000 - $49,999</td>
<td>5%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>10%</td>
</tr>
<tr>
<td>$100,000 - $199,999</td>
<td>12%</td>
</tr>
<tr>
<td>$200,000 - $249,999</td>
<td>4%</td>
</tr>
<tr>
<td>$250,000 - $499,999</td>
<td>10%</td>
</tr>
<tr>
<td>$500,000 - $999,999</td>
<td>15%</td>
</tr>
<tr>
<td>$1,000,000 or more</td>
<td>31%</td>
</tr>
</tbody>
</table>

% represents 154 respondents
Creative industries services used

Townsville businesses that used creative industry (CI) services in 2013/14

- Businesses that use CI services – 81% (124)
- Businesses that did not use CI services – 19% (30)

% represents 154 respondents
Reasons why CI services were not used during 2013/14 financial year

- No budget for these services: 38%
- No need during 2013/14 but there will be a need in the future: 12%
- Disappointed in previous results: 0%
- Not important enough to invest in: 6%
- Other: 12%

% represents 30 respondents who did not use CI services in 2013/14

“Previous owner did not do any of this”
“[Our business was] not operating in 13/14”
Creative industries services used

Who decided whether or not these CI services would be used

- Full autonomy – 84%
- Mixture of autonomy – 6%
- No autonomy – 10%

% represents 124 respondents who used CI services
Most significant CI service used

Location of provider

- A local (Townsville) Provider – 66%
- Wider NQ Provider – 3%
- Interstate Provider – 11%
- International Provider – 3%
- Online Provider – 5%
- In-house employee – 13%

22% lost

% represents 119 respondents
Most significant CI service used

Expenditure on most significant CI service

- Under $1,000
- $1,000 - $10,000
- $10,000 or more

% represents 113 respondents
Most significant CI service used

Mean expenditure

- TSV based CI: $8,814
- In-house CI: $12,967
- Non TSV based CI: $16,167

% represents 113 respondents
Most significant CI service used

Market Share most significant CI service 13/14 financial year

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Market Share (# of services)</th>
<th>Market Share (in dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSV based CI</td>
<td>66%</td>
<td>53%</td>
</tr>
<tr>
<td>In-house CI</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Non TSV based CI</td>
<td>21%</td>
<td>31%</td>
</tr>
</tbody>
</table>
All CI services used

Mean expenditure for the most significant CI service:
- TSV based CI: $17,074
- In-house CI: $25,700
- Non TSV based CI: $16,167

Mean expenditure for all CI services:
- TSV based CI: $8,814
- In-house CI: $12,967
- Non TSV based CI: $16,167
Most significant CI service used

- Mean satisfaction score (overall): 8.23 (TSV based CI), 8.73 (In-house CI), 7.42 (Non TSV based CI)
- Mean satisfaction score (CI service $10,000+): 8.36 (TSV based CI), 8.25 (In-house CI), 6.7 (Non TSV based CI)
Most significant CI service

<table>
<thead>
<tr>
<th>TSV based CI service provider</th>
<th>Non TSV based service provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reputation</td>
<td>1. Significant input</td>
</tr>
<tr>
<td>2. Significant input</td>
<td>2. Quality samples</td>
</tr>
<tr>
<td>3. Price</td>
<td>3. Broad range</td>
</tr>
<tr>
<td>4. Quality samples</td>
<td>4. Quick completion</td>
</tr>
<tr>
<td>5. Quick completion</td>
<td>5. Innovation</td>
</tr>
<tr>
<td>7. Broad range</td>
<td>7. Price</td>
</tr>
</tbody>
</table>
Non TSV based CI providers

Reasons why businesses used non TSV based CI businesses

- Not aware of providers in Townsville – 25%
- Can provide more input – 0%
- Arrangement more price competitive than Townsville providers – 13%
- Quality is better than Townsville providers – 17%
- Range of products is better than Townsville providers – 8%
- Quicker than Townsville providers – 0%
- Other – 38%

“I am aware of TSV base providers for this service but their costs are prohibitive at this time”

% represents 24 respondents who used non TSV based businesses for most significant CI service
Providers outside of Townsville

Reasons why businesses used providers outside of Townsville

• “Not one local company responded”
• “[Were] recommended by industry partner”
• “I was approached by this business with a good offer”
• “Owners son did the video”
• “[The] Online provider allowed me to make all my own decisions online and order the prints. Quick and easy.”
• “I was able to do most of the set up myself”

Respondents who used CI services outside of Townsville during the 2013/14 financial year
Discussion/conclusions

Numerous overarching issues of relevance:

• Leadership and advocacy
• Fragmentation and diversity
  • Subsidised art forms versus commercial ventures
• Vertical/horizontal power structures (Bourdieu 1993)
• Infrastructure
• Perceptions (local/metropolitan)
• Influence of broader economic conditions
ADX – Portland
Games Industry in SA

Dan Thorsland
Mighty Kingdom
Overview of Game Development in SA
Global Outlook- What is creative worth?

One Spotify stream is worth about $0.006 to $0.0084 to an artist.

Netflix subscribers average spend is $0.007 per minute watched.

Less than 40% of people even pay for News (but that is changing).

Average spend from a Mobile Game Player is $.03 a day ($.02 net to developer).

Average Downloaded Video Game is $5-100.
The ‘Video Game’ Industry

$30B worldwide in 1998
$140B worldwide in 2018
Growing over 10% CAGR
Market is rapidly diversifying
Game Developers are born entrepreneurs
2016-2020 GLOBAL GAMES MARKET
FORECAST PER SEGMENT TOWARD 2020

TOTAL MARKET
+8.2%
CAGR 2016-2020

2016: $104.8Bn
2017: $116.0Bn
2018: $125.4Bn
2019: $134.5Bn
2020: $143.5Bn

Source: ©Newzoo | Q4 2017 Update | Global Games Market Report
newzoo.com/globalgamemarketreport
Digital games development in Australia is a small but high margin business...

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY16</th>
<th>FY17</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>581</td>
<td>734</td>
<td>928</td>
<td>10%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>10.5%</td>
<td>22%</td>
<td>Unknown</td>
<td>20%</td>
</tr>
</tbody>
</table>

...with most focusing exclusively on developing their own IP for mobile games

Sources: Film, Television and Digital Games research ABS 2017, Australian video games development survey IGEA 2017
Australian Industry

Employment growing over 20% per annum
Increasingly diverse talent pool
Employment growing with no federal support
WA, VIC invest directly
SA supporting industry through internships
Over 2 million customers.
Scored 82/100 on Metacritic

Over 1.2 million customers and climbing
Scored 90/100 on Metacritic
Over 3.5 million customers and climbing
11 crew and 4 games after a year in operation
Regional Advantages

No comfortable status quo - Adelaide is lazy
Practitioners already accustomed to remote work
Community hubs are far more visible
One good game will make a notable impact
Regional Business

Stu Nankivell
Blue Goanna Digital
Moments of DISCOVERY
My First COMPUTER
Let's skip ahead FIVE YEARS
Complacency breeds failure.
The Advertiser

FULL LIST:
1999 SA UNIVERSITY OFFERS
GREEN LIGHT
Solving PROBLEMS
Opportunities and GENEROSITY
REGENERATION BY THE NEW GENERATION

NEW FOOD & WINE HEROES OF THE CLARE VALLEY
A largely Australian-planned battle in 1918, Australian soldiers launched a successful attack against German military positions in and around the French town of Le Hamel.
Thanks for LISTENING!
Guest Speaker Q & A
What are the growth opportunities for the creative industries sector?
What is needed to enable the creative industries sector to grow?
What are the **next steps** we can take to support the growth of the creative industries in the region?
Actions
Next steps......
Key Contacts

Simon Millcock
CEO
Legatus Group
0407 819 000
ceo@legatus.sa.gov.au

Lynn Wallace
Economic Development Officer
RDA Yorke & Mid North
0429 458 453
lwallace@yorkeandmidnorth.com.au

Lisa Brock
Employment Facilitator
0428 112 896
lisa.brock@sa.gov.au
Thank you