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## **CREATIVE INDUSTRIES INNOVATION CENTRE: Submission regarding ABS Discussion Paper, Cultural & Creative Activity Satellite Accounts**

The Creative Industries Innovation Centre (CIIC), part of the Federal government's Enterprise Connect program and hosted at the University of Technology Sydney, is grateful for the opportunity to submit the following comments in response to the ABS Cultural & Creative Activity Satellite Accounts Discussion Paper (discussion paper).

The discussion paper rightly highlights the strong interest in the role of creative and cultural activity in the economy. Given the CIIC's remit as advisor to and advocate of Australian SME creative industries businesses, this response is informed by our knowledge that industry data is crucial to both Government and industry.

The CIIC strongly supports the construction of Australian cultural and creative activity satellite accounts. Supporting a flourishing environment for creative and cultural businesses will be significantly facilitated by an accurate appreciation of the industries' economic value to the economy; its continued economic viability; and by understanding links to the broader economy.

To date Australia has failed to maintain adequate economic data and assessment measures for the creative and cultural industries. The CIIC has attempted to plug the gap by commissioning two economic valuation papers.

In 2009 the CIIC and the (then) Department of Innovation Industry Science and Research (DIISR) commissioned the Centre International Economics (CIE) *Creative Industries Economic Analysis Final Report* ('the CIE Report') see attached; and has more recently engaged SGS Economics and Planning to produce an updated economic assessment of the Australian creative industries (SGS report).

The CIE report analysed a range of data sources relating to the creative industries including the ABS classifications for both the creative industries and creative occupations, and detailed key data issues when attempting to quantify these industries.

Key findings of the CIE report included the following:

- Use of industry segments recommended by the ARC Centre of Excellence for Creative Industries and Innovation (CCI) (p15);

- Limitations associated with the CCI Creative Trident methodology for measuring the creative industries in focusing primarily on employment and not output and in having limited comparative value in relation to other industry sectors (p20);
- The need for data collection on creative industries to be comparable to other industries and monitoring to focus on a set of key variables (p67)
- ...*“the power of ANZSIC is that standard definitions of business units are applied, so that statistics are able to be collected and compiled without gaps or duplication. However, it seems that the economy and the nature and structure of industry in Australia has changed faster than the industry classifications... Most importantly, there is not a separate category for the creative industries...”*

The SGS report, due for completion Oct 2013 will use latest ABS and IBIS World data to measure the Australian creative industries, providing an update on the CIE's figures.

The SGS report however will also apply a recent and rigorous method to define and measure the creative industries - the UK NESTA mapping methodology<sup>i</sup>. This method focuses on creative occupations, and results in a definition of the creative industries that emphasises the creation and production stages of the value chain.

Using the revised set of creative occupations and industries the SGS report will recast the measurement of the Australian creative industries. The CIIC will provide a copy of this report when it is available later this year, and would welcome further discussion and engagement over the methodology and results.

## ABS Cultural and Creative Satellite accounts

- The introduction of satellite accounts would provide a centralised, trusted source of this data in the future. The proposal to cover the value of the creative and cultural industries across the whole value chain is also supported.
- The CIIC proposes that underlying data cubes (within reason) be made available to users so that certain industry codes can be included or excluded as a user requires, and to assess stages of the value chain as needed.
- The satellite accounts, if not produced annually, would be required at least every three years as identified by stakeholders consulted during the feasibility study. The accounts would need to be produced for the most recent financial year possible. A gap greater than two financial years will diminish the value of the data to policy makers and industry.
- The CIIC strongly supports the proposal to produce satellite accounts individually for a) cultural activity; b) creative activity; and c) combined activity.

Given the CIIC's remit as advisor to and advocate of Australian SME creative industries businesses, this response directly addresses Components 1 and 2, and the listed industries and occupations as contained in Appendices 2 and 3.

- **Component 1 – Cultural and Creative Industry Supply Chains**

Creative industry businesses have predominately existed in the creation and production stages of the supply chain. However a supply chain assessment of the creative industries is increasingly problematic. Supply chain disintermediation is a systemic theme within the creative industries. Fashion design is one such example, where vertical integration has fused elements of design, production, wholesale and retail within single businesses.

The proposed industries for the Satellite accounts take in a broad range of industry classes. Whilst a presentation of the creative and cultural industries across the whole value chain (as the Satellite Accounts are likely to) is indeed valuable, it will be essential for users to be able to measure discrete stages of the supply chain.

As above, data, if made available on an ANZSCO and ANZSIC basis, would allow users to define/redefine inclusions as needed. This will enable users to isolate the core creative and cultural 'creation and production' industries, as separate from, and key input industries to related manufacturing and distribution industries.

The CIIC suggests the industry and occupations codes outlined below are considered for inclusion. These codes are recommended as a result of the work currently being performed for the CIIC by SGS Economics and Planning (using NESTA's creative occupations grid scoring and creative industry intensities).

**Creative Industries not included in Appendix 2:**

5500 Motion Picture and Sound Recording Activities, nfd  
5510 Motion Picture and Video Activities, nfd  
5600 Broadcasting (except Internet), nfd  
5620 Television Broadcasting, nfd  
9000 Creative and Performing Arts Activities, nfd  
5400 Publishing (except Internet and Music Publishing), nfd  
5410 Newspaper, Periodical, Book and Directory Publishing, nfd  
J000 Information Media and Telecommunications, nfd

**Creative Occupations not included in Appendix 3:**

131112 Sales and Marketing Manager  
225000 Sales, Marketing and Public Relations Professionals, nfd  
225112 Market Research Analyst  
225212 ICT Business Development Manager  
261313 Software Engineer  
312100 Architectural, Building and Surveying Technicians, nfd  
312199 Architectural, Building and Surveying Technicians, nec  
399912 Interior Decorator  
451814 Body Artist

- **Component 2 – Cultural and Creative Occupations in Other Industries**

The measurement of inter-industry connections is an important story to be told.

The proportions of creative workers within (all) industries is a way to define the creative industries in the first place (as per the NESTA mapping methodology) and b) illustrate the critical relationships of the creative industries with the wider economy.

The CIIC welcomes any attempt to demonstrate the links that the creative and cultural industries have with the broader economy.

The SGS report will also attempt to quantify the industry links through the development of an input-output model, based on national accounts. Again, we will share with you the results of this and welcome further discussion on methodology and the value of this work to industry and Government.

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### **Further Information on the CIIC:**

The Creative Industries Innovation Centre (CIIC) was one of six Innovation Centres established in early 2009 as part of the Australian Government's Enterprise Connect program. Since its inception, the CIIC has also been supported by a program of services offered by the University of Technology, Sydney (UTS).

The Centre's task is to support Australia's creative enterprises, helping them to increase productivity, operational efficiency, competitiveness, and provide a platform for innovation enabling business owners and managers to build their businesses and grow their creative output. Most importantly, the creation of the CIIC plugged a gap - supporting the business of creative enterprise.

The core industries served by the CIIC are: architecture; advertising & marketing; design & visual arts; music and performing arts; software and interactive content; writing, publishing, and print media; and film, tv & radio.

Countless businesses in the creative industries sector have acknowledged the advice they have received from the CIIC team as critical to their business improvements.

In the years since its inception the CIIC has interacted with more than 1000 creative enterprises through its business advisory services. The CIIC has made available tens of thousands of dollars in Tailored Advisory Services grants through Enterprise Connect. It has worked with a further 1000 businesses nationally through its other key programs, events and workshops.

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<sup>i</sup> Hasan Bakhshi, Alan Freeman and Peter Higgs (2012) *NESTA A Dynamic Mapping of the UK's Creative Industries*, [http://www.nesta.org.uk/library/documents/Dynamic\\_mappingV12.pdf](http://www.nesta.org.uk/library/documents/Dynamic_mappingV12.pdf)