

The Creative Economy and Why It's News

by Helene George 2005

The dawn of the new millennium saw unprecedented media focus on the knowledge economy. During the information economy of the 1990s intellectual property had become more highly valued than industrial capacity and the dot-com boom was at its zenith. Blue jean clad entrepreneurs had pushed traditional Fortune 500 CEOs off the front page and market capitalisation rates for companies in the new economy reached breathtaking heights.

Then it all went pear-shaped. The "growth over profits" strategy of many dot-coms was found to be unsustainable and the paucity of real management skills in many of the start ups was savagely exposed. Established corporations morphed and brought e-commerce in-house, crushing still more of the new economy in the process.

So what is the new economic paradigm? The creative economy.

Innovation, creativity, design, ideas: concepts at the centre of global economic policy. The World Bank, the UN's Conference on Trade and Development (UNCTAD) and UNESCO all recognise that knowledge and creativity are fast becoming powerful engines driving economic growth in developed and developing economies. Globally, creative industries are estimated to account for more than 7% of the World's GDP (World Bank 2003) and are forecast to grow, on average, by 10% per annum.

In 2000-1 the annual growth of the creative economy in OECD countries was twice that of the service industries and four times

that of the manufacturing industries. The computer games industry alone is now worth more globally than the movie industry. John Howkins, *The Creative Economy*, 2002

Australia has enormous potential in this area, with a large pool of creative talent. However Australia has failed to sustain an environment in which its creative talent can thrive and in turn drive economic development. Too much of our creative talent and products go offshore and likewise the substantial economic benefits.

As a highly advanced nation Australia has a reputation for ingenuity and invention. Unfortunately it has had difficulties building on this lead to create brands with world recognition. Other countries often take on commercialisation of the ideas or they remain smaller scale enterprises – impressive perhaps to Australians but having little international impact. Australia does not have a Nokia, a Bang and Olufsen, an Ikea, a Samsung or even Fisher and Paykel – internationally known consumer brands with ongoing design innovation, a key element of their sustainability.

Resmed and Cochlear have made good starts for Australia and continue to make an important contribution to scientific innovation. Similarly, surf labels such as Billabong and Mambo are globally recognised brands of creativity. Unfortunately these are exceptions rather than examples of strategic policy.

In the last five years, whether it be the United Kingdom, Canada,

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USA, Korea, New Zealand, Brazil, China or Taiwan, policies have been developed to strengthen future economies through creativity. Australia risks being eclipsed by these nations developing competitive investment strategies.

This is why it is important ... because of the future! Right now Australia's economy is doing fine due principally to global consumers buying up big, leading to high demand for our resources. With Australia's primary industries shrinking and manufacturing under increased threat the tide is changing. Australia needs to leverage its creativity to value-add to our industries to drive future economic growth. Even China, "the world's factory", knows it needs to add design and creativity to the mix to future proof its manufacturing sector. China is strategically focussed on shifting from "Made in China" to "Designed in China".

More than a quarry of creative talent, Australia can be a creative economy.

How we propel this creative economy may well rest on creating a more fertile environment with policy leadership, entrepreneurial vigour and a positive investment climate. The creative economy is way beyond the dot.com and the bubble of cultural subsidies. It is Australia's economic future.

in their own creativity. It is therefore absolutely vital that creative companies secure their intellectual property rights, adopt effective systems and procedures for recording and

managing these rights and engage the expertise needed to translate valuable content into new business opportunities and revenue streams.

Leveraging creative content to generate revenue streams requires an understanding of creative processes and market opportunities within a business framework. It is this very area that Creative Economy specialises.

The future of Australia's cultural wealth depends in the creative business of today.