

1-1-2006

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Recommended Citation

Gibson, Christopher R.: Sydney's creative economy: social and spatial challenges 2006, 185-197.
<https://ro.uow.edu.au/scipapers/4194>

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Abstract

The recent popularity of Richard Florida's work on the rise of the 'creative class' invites attention not only on the size and impact of the creative economy in Australia, but on its geography as well." At the core of Florida's approach is the premise that places compete with each other for a new kind of economic development, fuelled not by the availability of raw materials, cheap labour, or state investment in infrastructure, but by the decisions of producers in creative industries such as film, music, design and advertising to live and work in particular localities. Such creative producers constitute a new social class: the 'creative class'. According to Florida, this class behaves, works, and makes decisions in ways different to 'traditional' classes of managers, workers and petite bourgeoisie. The creative class, more than any other, is now shaping the economy and demography of contemporary cities.

Keywords

Sydney, creative, economy, social, spatial, challenges

Disciplines

Life Sciences | Physical Sciences and Mathematics | Social and Behavioral Sciences

Publication Details

Gibson, C. R. (2006). Sydney's creative economy: social and spatial challenges. In R. Freestone, B. Randolph & C. Butler-Bowdon (Eds.), *Talking about Sydney Population, Community and Culture in Contemporary Sydney* (pp. 185-197). Sydney, Australia: UNSW Press. *Copyright Historic Houses Trust 2006 - Reproduced with permission.*



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Sydney's creative economy: social and spatial challenges

Chris Gibson

The recent popularity of Richard Florida's work¹ on the rise of the 'creative class' invites attention not only on the size and impact of the creative economy in Australia, but on its geography as well.² At the core of Florida's approach is the premise that places compete with each other for a new kind of economic development, fuelled not by the availability of raw materials, cheap labour, or state investment in infrastructure, but by the decisions of producers in creative industries such as film, music, design and advertising to live and work in particular localities. Such creative producers constitute a new social class: the 'creative class'. According to Florida, this class behaves, works, and makes decisions in ways different to 'traditional' classes of managers, workers and petite bourgeoisie. The creative class, more than any other, is now shaping the economy and demography of contemporary cities.

In order to flesh out his hypothesis, Florida devised a 'creative index' (essentially a composite of statistics such as cultural diversity, number of patents registered in a city, employment in cultural industries) that could be used to compare the performance of places that compete for the 'creative dollar'. His findings for the United States demonstrated that particular cities – San Francisco, Boston, Seattle and San Diego – have done well in recent years because they have attracted cultural producers and firms to locate there. Common factors behind this success were their mix of lifestyle benefits, cultural attractions (from museums to cafes), tolerance of diversity and difference, and propensity to reward innovation.

A particular policy formulation, stemming from Florida's research, has since built momentum not only in the United States but also around the world, where Florida has toured and talked, and where local governments have become interested in the contributions of creativity to the economy.³ This policy formulation emphasises the importance of attracting the creative class as residents and workers, fostering creative industries (for both their immediate investment impacts and their indirect additions to urban lifestyle and milieu), marketing and branding places as 'creative',⁴ and generating competition between places.

This policy formulation sets the context for the discussion I pursue here. I do not intend to apply Florida's creative index to Sydney,⁵ nor re-run Florida's policy formulations in a mimicking fashion for Sydney. Indeed, Florida's work has received recent criticism, because of its potential to over-exaggerate the importance of the creative economy and its inability to address issues of social justice.⁶ Discussing these critiques in detail here would constitute a lengthy diversion. I will, though, attempt to synthesise some of these issues – of creativity, the economy and spatial patterns of development – as they apply in Sydney, and to critically engage with recent policy debates. Creativity will be crucial to Sydney's future, and the creative economy is no doubt a substantial income earner for the city. What is debatable is how we might interpret

this fact, and what policy agendas should be established, in order to best create a more equitable, prosperous and tolerant city.

The creative economy in Australia

Existing studies in Australia suggest that our creative economy mirrors that of the United States in some important ways. Australian creative production has become a growing and increasingly important component of the national economy: valued in the order of A\$25 billion per annum, a figure comparable to the output of the residential construction and road transport sectors.⁷ The 'core' arts industries such as music and film (A\$2 billion) actually contribute a much smaller proportion of all gross production than other types of related and supporting industries such as advertising and publishing (A\$23 billion), a trend echoed in export earnings. In contrast, 'core' arts sectors constitute a more significant proportion of the total employment in cultural industries, indicating the labour-intensive nature of creativity.

Available data on the creative economy have seldom been teased apart to reveal spatial differences and patterns.⁸ Yet the creative economy has inherent geographical dimensions, with forms of production entrenched within and shifting between urban and rural locations. The creative economy in Australia reflects and contributes to wider contours of uneven development: each state and territory is characterised by a high degree of metropolitan primacy, as each capital city far outweighs non-metropolitan areas in terms of employment, investment and industrial agglomeration.⁹ Employment in cultural occupations is nearly twice as common in Sydney as in non-metropolitan New South Wales. Western Australia records the highest metropolitan primacy, with employment in cultural occupations nearly twice as common in Perth as in the rest of the state, while Queensland has the most equitable distribution of creative economy activities between capital city and non-metropolitan areas (a function of that state's more decentralised population).

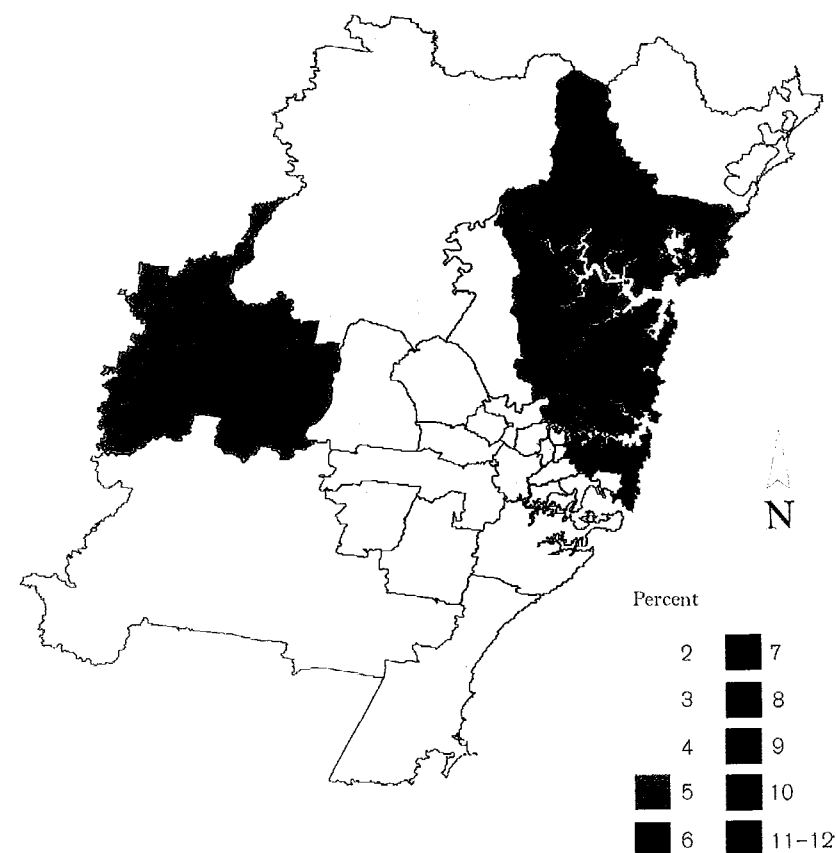
When measured in numbers of jobs, Sydney is the primary city of creativity across Australia, and across sectors, with over 30 per cent of all cultural industry employment, and high rates of concentration in 'core' creative pursuits such as music, film and television services. While in some sectors Sydney has a level of activity proportional to its population (as with libraries, recorded music retailing, video hire outlets), in others Sydney dominates. In film and video production, for instance, over half the country's companies are located in Sydney; while the city contains over 40 per cent of Australian sound recording studios, with similar shares of other creative arts businesses, linked to art, publishing and recorded media manufacture. Sydney's dominance of business activity reflects an interaction of international, national and local factors commensurate with its long settlement and global city status.¹⁰ Low exchange rates have improved the attractiveness of various forms of local film production (including animation, post-production, sound editing), supported by local infrastructures of production (recording suites, film studios, etc), a highly skilled local workforce (a reflection of the location of major film, television and design schools), and institutional support for cultural activities (such as tax breaks and 'fast-tracking' planning decisions for the film industry). Sydney is home to the vast majority of Australian headquarters of international media organisations, music and entertainment companies, providing the basis for a network of support services, legal firms, marketing and distribution activities. In some respects this is not surprising, and is nothing new – Sydney has always played a dominant role in the cultural life of Australia, and in its national economy, and the creative economy builds upon and reflects this. Indeed, it could be argued that the cumulative impact of Australia's creative economy is to reinforce existing socio-spatial unevenness inherited from previous eras.

Of more relevance here is what is going on in the creative economy *within* Sydney. Various factors combine to ensure that the creative economy has a high degree of concentration not

only within Sydney, but also within a limited set of locations in the city. As with creative industries in other large cities, some creative firms tend to agglomerate in particular locations, resulting in specialised creative industry districts. Media companies often group with other information technology firms, including software, telecommunications and finance activities. Such clusters

Figure 1

Percentage of workforce employed in creative industries, by place of residence, ABS statistical local areas, 2001



are found in the 'dot.com corridor' extending from North Sydney to Ryde and north into Frenchs Forest and Warringah, and in the Pyrmont/Ultimo district in the inner west. Since the opening of the Fox Studios complex at Moore Park in the mid 1990s, the film industry has tended to cluster in surrounding neighbourhoods in Surry Hills and Darlinghurst.

Beyond these clusters, there is evidence of a much broader gravitation of creative industry workers and activities towards Sydney's inner-city ring of suburbs – a trend that concentrates cultural workers and firms in particular districts but with no specialisations by sector or function. There are stronger divisions between than within inner and outer suburbs in Sydney's creative economy. The locational decisions of many cultural industry firms reflect the inner-city focus of the creative economy, connected to key sites of producer services, consumption, nightlife and entertainment. Some cultural firms (such as the Australian headquarters of Universal Music, the world's largest music company, and Studio 301, the country's major sound mastering and post-production editing facility) have located in Alexandria, to the immediate south of the central business district, taking advantage of liberal industrial zoning, transport linkages and relative proximity to inner city retail and entertainment districts. Others are found in the inner ring of suburbs for less 'economically rational' reasons: a recent study of Sydney's graphic design sector found that workers and firms in that industry clustered across the inner city (but with no specialisation in any one district) more because of lifestyle attractions (not least the availability of good coffee) than any need to be near other designers.¹¹ Many of those employed in creative industries tend to live in the same area as they work – a matter of lifestyle as well as more 'rational' determinants such as access to audiences and infrastructures for production.

While the creative economy is clearly inner-city focused, I do not intend here to downplay the importance of the outer suburbs as sites of creative production (for instance, film companies in the

northern beaches, hip-hop music in outer western Sydney, visual and performing arts at Casula and Parramatta), nor to suggest that people living in outer suburban areas are somehow not creative.¹² Indeed, to identify the inner-city v outer-city trend is less an issue of *where* than of *why* creative production occurs. In this respect, Florida's hypothesis of the importance of lifestyle in urban places is proven correct in Sydney – creative producers in certain industries (like advertising and design) do tend to move to and work in neighbourhoods that offer particular configurations of lifestyle attractions, consumption options (cafes, fashion boutiques, music shops), cultural facilities (museums and galleries), and favourably cosmopolitan reputations. In Sydney these neighbourhoods tend to be (though not exclusively so) in the inner city – thus the creative economy appears to orbit the central city area, rather than solely cluster in specialised industrial districts, or spread across the metropolitan area in a more spatially even fashion. Nonetheless, statistics on companies and employment patterns only reveal part of the story. Creativity is transforming the suburbs – if not at the pace of the inner city, then certainly still with profound effect.

Broadening the policy debate: creativity, gentrification and property markets

Beyond highlighting the importance of lifestyle on creative class location, Richard Florida's analysis and subsequent policy prescriptions fall short in providing explanations for links between Sydney's creative economy and wider processes of urban transformation. Indeed, I would argue there is now a pressing need for a much more nuanced and geographically informed discussion of the creative economy in Sydney – one that focuses not just on the competitiveness of the city as a whole in some new kind of global 'creative capitalism', but on the ordinary and everyday circumstances in which its citizens must live and work. This requires discussion of the very material and local effects of the creative economy on Sydney's urban landscape.

Most directly, research has shown that the emergence of the creative class in Sydney, and its concentration in particular zones of the city, may eventually undo the viability and sustainability of certain types of creativity itself – a form of ‘feedback loop’ through which the creative economy displaces that which attracted it to locations in the first place.¹³ The creative class in Sydney is the social group most responsible for inner-city gentrification. And yet, the creative *economy* is not itself a homogeneous entity that inhabits and transforms places immediately as a single event. Generally, the more ‘grassroots’ creative producers (visual artists, musicians and writers) are the first to inhabit suburbs previously dominated by older populations, migrant communities and the working class.¹⁴ That is because these groups require relatively cheap rents for residential and studio space (and often because such suburbs offer an interesting mix of diversity and decay that appeals to creative producers). Areas of the city that have early associations with artists, bohemian movements and ‘alternative’ subcultures then become districts of creative industry activity, and sites of gentrification and urban renewal. The presence of grassroots creative producers generates reputations for the locations in which they congregate (such as Surry Hills and Glebe in the 1980s, Newtown in the 1990s), attracting students (where those suburbs are near university campuses), and subsequently gentrifiers, residential developers, and other better-paid workers in the creative economy – who desire the lifestyle, bohemian and cultural activities that earlier creative class ‘colonisers’ established.

But because grassroots creative producers are the most vulnerable to property market fluctuations, they may themselves be moved on (or forced out) after more intense subsequent phases of urban regeneration. Differences between types of creative workers therefore matter. Some creative workers move from amateur to professional positions, from informal to formal economic contexts of production, with career paths beginning with hobbies. Others move through formal educational systems (drama schools, film and

television schools, design schools, music institutes) and, with a mix of luck, perceptiveness and talent, may secure reliable incomes from creative activity. Others fall by the wayside or try to get by with intermittent payments for their art. At least early in their careers, creative workers appear to engage in pursuits such as music, art and dance as a primarily part-time or leisure activity, relying on other opportunities to earn most of their income. What this means is that a successful creative economy relies on a significant number of amateur or semi-amateur people being able to combine work and artistic pursuits, and to afford to pay current rents, early on in their careers. Cities that are incapable of providing this will have a smaller pool of creative producers from which commercially successful ‘winners’ might be sourced – cities where creative pursuits are effectively being sidelined as city populations struggle instead to make ends meet. I fear Sydney may be heading down this path.

In Sydney during the 1990s and into the 2000s, a housing cost squeeze threatened the ability of many creative producers to continue their activities, limiting the number of people attempting to undertake creative work while remaining in Sydney. Rises in rents meant that many grassroots creative producers struggled to meet accommodation costs or to devote enough time to creative pursuits. Balmain became a less affordable student suburb by the 1980s, and a decade later Newtown began to see the construction of new higher density residential apartment blocks, conversions of previously cheap warehouse space into luxury ‘loft-style’ accommodation, and the eviction of many of the original artistic collectives. The Australian tendency to capitalise in real estate compared with other forms of investment resulted in a large amount of speculative development, rising house prices and a creeping proportion of household incomes directed towards mortgage payments, exacerbating the trend towards increasingly long working hours. These dynamics also limited available time for cultural pursuits.

On top of this, in areas such as Newtown and Leichhardt, reactions of newer generations of gentrifying residents to ‘un-

wanted' aspects of inner-city living ironically *reduced* certain cultural activities. This was particularly the case for many live music venues. Some, such as the Globe in Newtown and the Three Weeds hotel in Rozelle, were forced to close doors after noise complaints made by incoming gentrifiers. Music venues that made such locations 'trendy' in the first place were threatened as part of the very transformations they helped trigger. Other cultural facilities (such as the Albury hotel in Darlinghurst) have been closed down because of rising rents (or because of the temptation for landlords to install higher-paying retail tenants). The net effect of this may be that those most responsible for 'kick-starting' the creative economy (and that are ironically the most vulnerable within it) continue to be marginalised and bear the brunt of the urban change that results from creativity-led gentrification.

One result of this creative economy-gentrification spiral is that creative people will move to other areas, because of straightforward property market dynamics. Many creative producers have in recent years moved from Sydney to other capital cities, and to peri- and non-metropolitan areas where rents are comparatively lower and amenable lifestyles can still be pursued. Popular locations for such migrations include Melbourne, where there is a much more vibrant music scene (and cheaper rents) and, within New South Wales, areas such as the Blue Mountains (particularly for artists, musicians and writers), the Southern Highlands (for 'empty nesters', retirees and older generations of artists) and the Far North Coast. The latter region has been progressively transformed since the 1970s into an 'alternative lifestyle' location, facilitating activities in music, film, art and writing, supported by activities in other information industries such as multimedia and web design.¹⁵

Conclusions

Creativity is clearly central to Sydney's future. It has come to define whole areas of employment and economic activities not previously considered important, and it plays a role in creating social change

within the city and within individual suburbs. The creative class may well be a new social group with the power to transform cities and generate future sustainable economic development. Exactly what we make of this, though, requires more nuanced analysis and debate. The creative class – indeed the whole creative economy – is bound up in processes of change that see Sydney's inner city rapidly gentrify, its economy diversify, and its social fabric become more complex. Not all these changes are positive, and I have outlined here some concerns I have with some of the more contestable aspects of the creative economy.

There are progressive players in Sydney's creative economy who are very much aware of these problems, particularly those with backgrounds in the arts (who are all too well aware of the vulnerability of creative workers). For others, particularly those with a more narrow focus on the city's economic development agenda, the need for continued and vigorous debate is paramount.¹⁶ Initiatives such as Marrickville's publicly owned studio spaces and non-profit arts district (the Addison Road complex) offer much hope. Making venues available to new and emerging artists helps alleviate the problems of finding affordable rental space, and keeps 'grass roots' creative producers in the district.

With foresight, and a strong adherence to social goals of equity and diversity, Sydney may well be able to foster the creative economy and generate jobs in interesting, challenging industries, while seeking to minimise negative side-effects of creativity-led urban regeneration. Trying to spur creativity by seducing individual companies, by seeking to attract the creative class, or by directly funding creative productions, might prove to be common-sense policy directions but they do embody a high level of risk and may well create urban transformations that are socially unjust. A policy direction that instead focuses on the wider urban context – and on setting the conditions in which creative workers can afford to live and create in the first place – appears indirect, but may well prove more popular, and successful.

Endnotes

Sections of this chapter draw on an earlier publication (Gibson, Murphy and Freestone – see note 8 below), in which the statistical breakdown of Australia's creative economy is discussed in greater depth, and detailed maps and tables of creative industries in Sydney are provided. I would also like to acknowledge the research assistance of Natascha Klocker on a project related to this chapter.

- 1 Richard Florida, *The rise of the creative class: and how it is transforming work, leisure, community and everyday life*, Basic Books, New York, 2002.
- 2 Attempts to clarify the term 'creative economy' generally start with an account of the direct significance of the 'cultural' or 'creative' industries. In order to distinguish which industries are 'creative', links are often identified between 'core' arts sectors and other related activities. 'Core' arts are now referred to as the 'creative' industries after the use of that term in the 'Cool Britannia' strategy, including music, film, television, art, design, books, magazines and dramatic productions (David Throsby, 'Defining the artistic workforce: the Australian experience', *Poetics*, 2001, vol 28, pp255–71). Related activities include those where a significant 'semiotic' or 'symbolic' element underpins production and the appeal of particular goods or services, notably fashion, advertising and architectural services (Allen Scott, 'The cultural economy of cities', *International Journal of Urban and Regional Research*, 1997, vol 21, pp323–39), or those where intellectual property constitutes a unifying element and commodity in itself within the 'creative economy', such as music, software, web design (Andy Pratt, 'The cultural industries production system: a case study of employment change in Britain, 1984–91', *Environment and Planning A*, 1997, vol 29, pp1953–74).
- 3 Chris Gibson and Natascha Klocker, 'Academic publishing as "creative" industry, and recent discourses of "creative economies": some critical reflections', *Area*, 2004, vol 36, pp423–34.
- 4 Gordon Waitt, 'Creative small cities: power, policy networks and the value of the arts in the creative industries', unpublished manuscript, University of Wollongong, 2005.
- 5 For an example of this, see National Economics, *State of the regions*, Australian Local Government Association, Canberra, 2002.
- 6 K Healy, 'What's new for culture in the new economy?', *Journal of Arts Management, Law and Society*, 2002, vol 32, pp86–103; T Osborne, 'Against "creativity": a philistine rant', *Economy and Society*, 2003, vol 32, pp507–25; S Malanga, 'The curse of the creative class', *City Journal*, 2004, vol 14, pp26–32; Jamie Peck, 'Struggling with the creative class', unpublished manuscript, Department of Geography, University of Wisconsin-Madison, Madison, WI 53703, USA, 2005.
- 7 Australian Bureau of Statistics, *Cultural Trends: A Statistical Overview*, cat 4172.0, ABS, Canberra, 1997. Quantifying the contribution of the creative economy to employment and economic development in Australia reflects definitional problems as sources of data are likely to reflect particular methods of collating information, assumptions about what constitutes a 'creative' industry, and the nature of work

within those sectors. In defining 'cultural industries', the ABS uses a set of standard industry codes (ANZSIC codes) as part of its National Culture-Leisure Industry Statistical Framework. Throsby has further categorised creative sectors into 'core', 'other' and 'related' industries (see Throsby, 'Defining the artistic workforce', *Poetics*, 2001) – 'core' includes visual and literary arts, live theatre and music; 'other' incorporates a mix of creative and non-creative activities such as printing and publishing, film production and distribution, and photography; 'related' includes services considered more peripheral to definitions of culture, such as advertising and architecture.

- 8 For exceptions, see Chris Gibson, Peter Murphy and Robert Freestone, 'Employment and socio-spatial relations in Australia's cultural economy', *Australian Geographer*, 2002, vol 33, pp173–89; National Economics, *State of the regions*, ALGA, 2002.
- 9 *ibid.*
- 10 John Connell (ed), *Sydney: the emergence of a world city*, Oxford University Press, Melbourne, 2000.
- 11 Melanie Fasche, 'Globalization, gentrification and creative business services: a case study of Newtown, Sydney', Thesis (diploma), Rheinische Friedrich-Wilhelms Universität Bonn, Germany, 2004.
- 12 One major criticism of academic work on creativity in the economy is that it privileges the most overt and commodifiable forms of creativity in industries like film and music, and ignores how creativity might be present across all industries, and be incorporated into the daily lives of all citizens, regardless of their professional employment. See Chris Gibson and Natascha Klocker, 'The "cultural turn" in Australian regional economic development discourse: neoliberalising creativity?', *Geographical Research*, 2005, vol 43, pp93–102.
- 13 Chris Gibson and Shane Homan, 'Urban redevelopment, live music and public space: cultural performance and the re-making of Marrickville', *International Journal of Cultural Policy*, 2004, vol 10, pp69–86.
- 14 Sharon Zukin, *The culture of cities*, Blackwell, Oxford, 1995; Wendy Shaw, 'The good (old) days of whiteness: gentrification and heritage in Sydney, Australia', in R Atkinson and G Bridge (eds), *The new urban colonialism: gentrification in a global context*, Routledge, London, 2004, pp85–96.
- 15 Chris Gibson, 'Rural transformation and cultural industries: popular music on the New South Wales Far North Coast', *Australian Geographical Studies*, 2002, vol 40, pp336–56.
- 16 Chris Gibson and Lily Kong, 'Cultural economy: a critical review', *Progress in Human Geography*, 2005, vol 29, no 5, pp541–61.