

Industry clusters, knowledge spillovers and the planning process: A comparative study of creative industry clusters in Sydney

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Knowledge spillovers are one of the primary drivers of industry clustering. Existing literature assumes that knowledge flows freely between firms within a cluster through non-market interactions and there is no direct compensation for the producer of the knowledge. However, there is limited empirical evidence of how these knowledge spillovers occur.

By comparing two different approaches to planning for employment in Sydney, this research seeks to understand the extent to which localised knowledge spillovers drive local industry clustering. Surry Hills contains a cluster of creative industries which evolved organically over the past few decades from a former clothing manufacturing cluster, whereas the Australian Technology Park (ATP) in Redfern is a State-owned and master-planned technology park established to facilitate start-up companies within high-tech industries.

Qualitative interviews with firm representatives based in each precinct were conducted to understand why each firm chose to locate in Surry Hills or the ATP and the geographic extent of their professional networks. Subsequently, creative workers within each firm were interviewed to understand the how knowledge is developed and shared within the cluster and what role the firm's location plays.

The analysis concludes that, in the context of this research, true localised knowledge spillovers as defined within the literature are not driving the clustering of firms and the role of knowledge spillovers in driving localisation economies is overstated. Drivers of where a firm locates vary at different geographical scales. At the local scale, property market dynamics are a significant driver of firm location and clustering.

This research raises important questions about the role of planning in facilitating the development of industry clusters and the scale at which planning for employment occurs.