

VICTORIAN ICT INDUSTRY 2017

Fact sheet

The Department of Economic Development, Jobs, Transport and Resources' latest information and communications technology (ICT) industry survey indicates that overall the Victorian ICT industry is stable and that businesses have a more positive outlook than the previous year.

85,000

People employed by the Victorian ICT industry

\$35.3bn

Gross annual revenues of ICT businesses operating in Victoria

\$2.88bn

Annual revenues of Victorian headquartered ICT businesses from overseas operations and exports of ICT equipment and services

Employment

Employment within the Victorian ICT industry remains stable with around 85,000 people:

- businesses headquartered in Victoria account for 82 per cent of employment, or 69,900 people
- Victorian operations of Australian ICT businesses headquartered interstate account for three per cent, or 3,000 people
- Victorian operations of foreign-based businesses account for 14 per cent, or 12,100 people.

Thirty per cent of staff in ICT businesses in Victoria are female.

Almost half (48 per cent) of all employees in the Victorian ICT industry are employed by businesses providing computer software and digital content development, publishing, consulting and system analysis services.

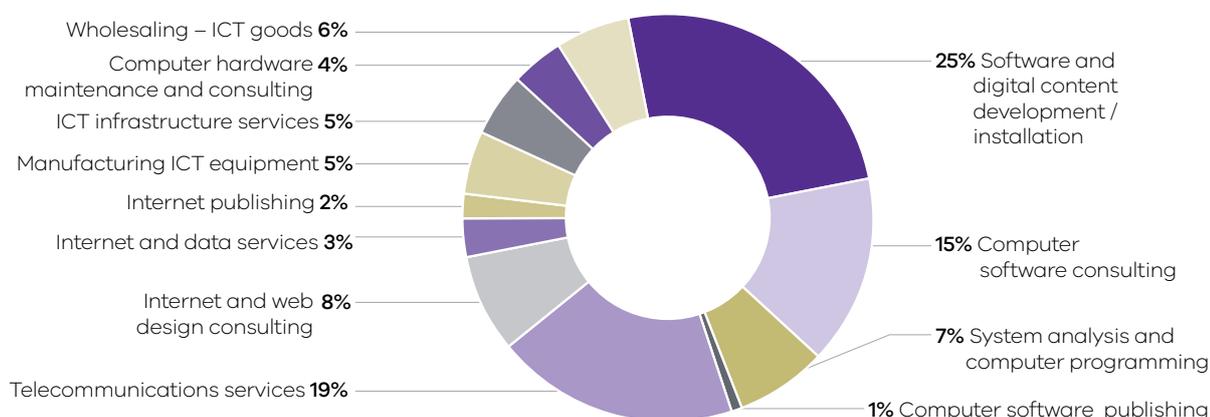


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Victorian industry employment by sub-sector

Ninety-five per cent of all employing Victorian ICT businesses have fewer than 20 employees, and these businesses employ 44 per cent of the total ICT industry workforce. The remaining five per cent of ICT businesses are medium (20-99 employees) or large (100 or more) and these account for 56 per cent of total industry employment. Overall, 46 per cent of ICT industry employment is within large businesses.



ICT industry revenue

The Victorian ICT industry generates annual revenue of around \$35.3 billion, representing annualised growth of approximately 3.5 per cent from the first Victorian ICT industry survey in October 2006, or 1.1 per cent per annum real growth adjusted for inflation:

- \$26.9 billion is from Victorian headquartered ICT businesses
- \$0.3 billion is from Victorian operations of ICT businesses headquartered interstate
- \$8.1 billion is from Victorian operations of ICT businesses headquartered overseas.

Forty-one per cent of all ICT revenue is derived from the telecommunications sector.

Annual Victorian ICT industry revenue by sub-sector

Industry	Revenue (million)	Proportion
Manufacturing ICT equipment	\$5,630	16%
Wholesaling – ICT goods	\$2,240	6%
Telecommunications services	\$14,560	41%
ICT infrastructure services	\$610	2%
Computer hardware maintenance and consulting	\$1,750	5%
Computer software publishing	\$80	0%
System analysis and computer programming	\$740	2%
Software and digital content development/installation	\$4,680	13%
Computer software consulting	\$3,470	10%
Internet publishing	\$180	1%
Internet and web design consulting	\$630	2%
Internet and data services	\$740	2%

Overseas revenue and exports

Victorian headquartered ICT businesses have annual revenues of \$2.88 billion from exports of ICT equipment and services (\$1.94 billion) and offshore operations (\$0.94 billion), which represents 11 per cent of the total industry revenue.

Thirty-one per cent of ICT businesses in Victoria export ICT products and services regularly. Four major geographic and economic regions stand out as export destinations, which are North America, South East Asia, Western Europe, and Oceania and Pacific Islands:

- Fifty-two per cent of exporting businesses identified North America as an export destination
- Forty-three per cent of all exporting businesses have export activity in Oceania and Pacific Islands (predominantly New Zealand).

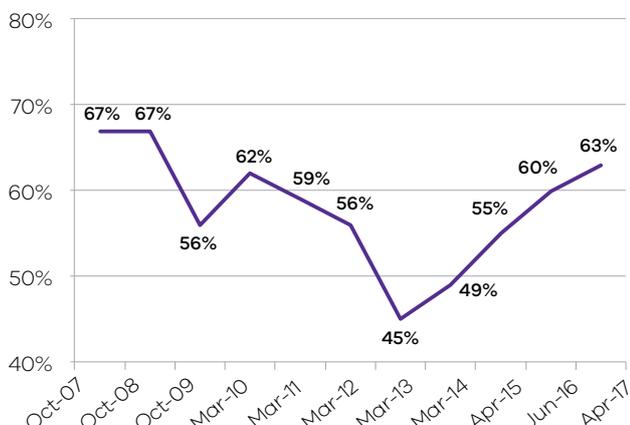
Profitability

Sixty-eight per cent of ICT businesses were profitable in 2016, up two per cent on the previous year. However, more than one-quarter of those businesses that were profitable in 2016 did not meet their profit expectations. Of the 32 per cent that were not profitable in 2016, a little under half were expecting such an outcome.

It is estimated that 63 per cent of ICT businesses achieved their profit expectations in 2016, the highest percentage since 2008 (pre-GFC).

ICT business profitability – expectations

% of ICT businesses whose profit met expectations



Innovation and growth

Victorian ICT businesses spent around 15 per cent of gross revenues on R&D, a slight increase on the 11-14 per cent recorded over the three surveys prior.

University ICT course enrolments

In 2016 there were 22,349 enrolments in university ICT courses in Victoria (up 37 per cent from a low of 16,344 in 2012).

Looking to the future

ICT businesses report a range of factors as barriers to business growth, the major one being the cost of doing business which was identified by 61 per cent of respondents as a barrier (down seven per cent from 2016).

Other factors cited as barriers to growth, but less so than the previous year include:

- the cost of R&D (down six per cent)
- access to finance (down four per cent)
- competition from imports in domestic markets (down two per cent); and
- the domestic economic environment (down eight per cent).

While the proportion of businesses who cited the availability of skilled employees as a barrier slightly increased (44 per cent, up one per cent), the proportion of businesses who were able to access the skills needed for their current operations increased (79 per cent, up four per cent).

Overall, the 2017 survey results reflect a more positive outlook by ICT businesses over the previous year, which represents a perception of easing pressures on the ICT industry.

ICT industry research

Industry research conducted in April 2017 captured information from 287 Victorian ICT businesses about their employment profile, revenues, products and services, operations, export activity and innovation. Findings are informed estimates only, formulated either directly through survey responses, or weighted with data from the Australian Bureau of Statistics and other industry sources.

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Authorised by the Victorian Government Department of Economic Development, Jobs, Transport and Resources

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