

VICTORIAN ICT INDUSTRY

FACT SHEET 2018

The Department of Jobs, Precincts and Regions' latest information and communications technology (ICT) survey indicates that the Victorian ICT industry continues to grow and that businesses have a positive outlook

19,304

Victorian ICT businesses

137,900

People employed by the Victorian ICT industry

\$36.6 billion

Annual revenue of ICT businesses operating in Victoria

\$3.3 billion

Annual international revenue of Victorian headquartered ICT businesses

Employment

Employment within the Victorian ICT industry continues to grow and at approximately 137,900¹ people, represents a 45 per cent increase since 2006.

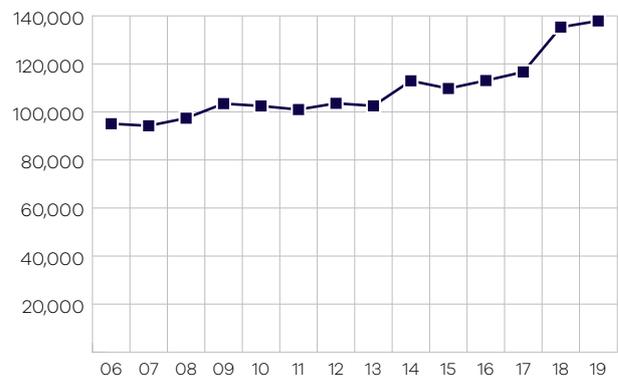
Approximately 32 per cent of staff in Victorian ICT businesses in 2017 were female (up two per cent on 2016).² In the same period almost half (44 per cent) of all employees were employed by businesses providing computer software and digital content development, publishing, consulting and system analysis services.³

1 Employment estimates are now based on new ABS employment data as opposed to survey responses, ABS cat.no. 6291.0.55.003 – Labour Force, Australia (12 months to February 2019). Refers to all employees (regardless of occupation type) of select businesses categorised as "ICT" businesses under the ANZSIC system. Includes full and part time employees.

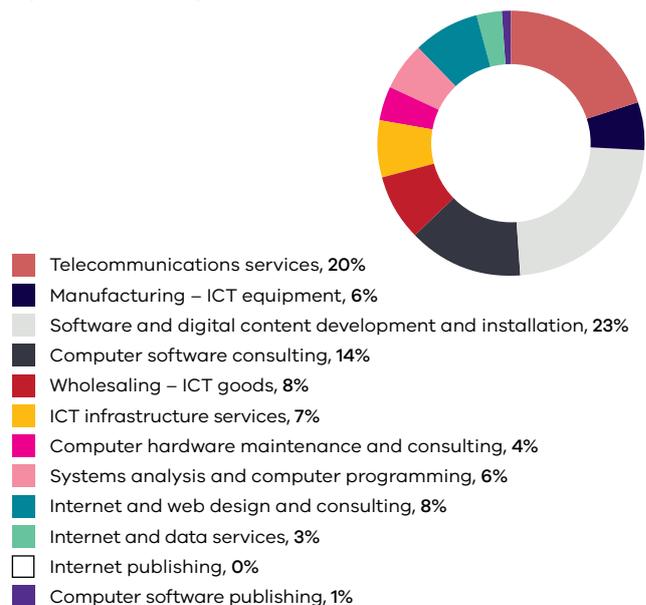
2 Victorian ICT Industry Survey 2018.

3 Ibid.

Victorian ICT industry employment 2006 to 2019⁴



Victorian ICT industry employment by sub-industry 2017⁵



4 Ibid.

5 Ibid.

ICT businesses

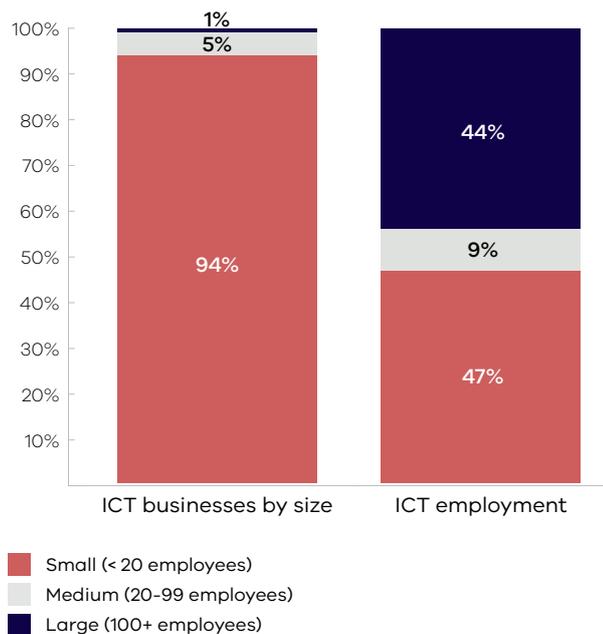
There were approximately 19,304 ICT businesses in Victoria in 2017, representing 29 per cent of Australian ICT businesses.⁶

In 2017, around 94 per cent of Victorian ICT businesses were small businesses (less than 20 employees) and these businesses employed 47 per cent of the total ICT industry workforce.⁷

The remaining six per cent of employing ICT businesses were medium (20–99 employees) or large (100 or more) and these accounted for 53 per cent of total industry employment.⁸

Almost half (44 per cent) of ICT industry employment was within large businesses (down two per cent from 2016).⁹

Victorian ICT businesses by size and share of employment 2017¹⁰



6 ABS cat.no. 8165.0 – Counts of Australian Businesses, including Entries and Exits, June 2013 to June 2017.

7 ABS cat.no. 8165.0 – Counts of Australian Businesses, including Entries and Exits, June 2013 to June 2017; and Victorian ICT Industry Survey 2018.

8 Ibid.

9 Ibid.

10 Ibid.

ICT industry revenue

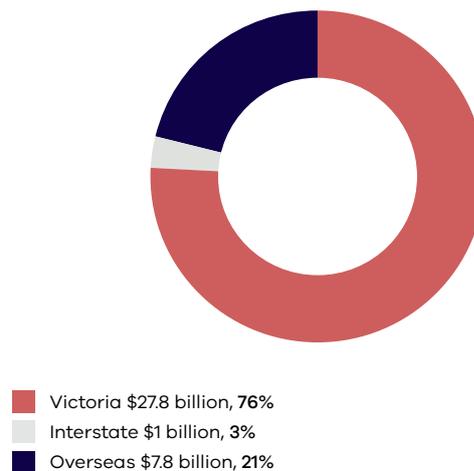
In 2017, the Victorian ICT industry generated annual revenue of around \$36.6 billion, representing annualised growth of approximately 3.5 per cent from the first industry survey in October 2006, or 1.2 per cent per annum real growth adjusted for inflation.¹¹

The sources of revenue included:

- \$27.8 billion from Victorian headquartered ICT businesses
- \$1 billion from Victorian operations of ICT businesses headquartered interstate; and
- \$7.8 billion from Victorian operations of ICT businesses headquartered overseas.

Around 42 per cent of all ICT revenue was derived from the telecommunications sub-industry.¹²

ICT industry revenue by location of headquarters 2017¹³



11 Victorian ICT Industry Survey 2018. Refers to total revenue generated in calendar year 2017.

12 Ibid.

13 Ibid.

Annual Victorian ICT industry revenue by sub-industry 2017¹⁴

Industry	Revenue (million)	Proportion
Telecommunications services	\$15,310	42%
Manufacturing – ICT equipment	\$5,420	15%
Software and digital content development and installation	\$4,340	12%
Computer software consulting	\$3,910	11%
Wholesaling – ICT goods	\$2,650	7%
ICT infrastructure services	\$1,590	4%
Computer hardware maintenance and consulting	\$1,120	3%
Systems analysis and computer programming	\$790	2%
Internet and web design and consulting	\$770	2%
Internet and data services	\$350	1%
Internet publishing	\$190	1%
Computer software publishing	\$180	0%

Large ICT businesses accounted for \$26.3 billion of total revenue or 72 per cent (down three per cent on 2016).¹⁵

Medium-sized ICT businesses accounted for \$2.4 billion of annual revenue or six per cent (consistent with 2016) and small ICT businesses accounted for \$7.9 billion, or 22 per cent (up three per cent on 2016).¹⁶

Overseas revenue and exports

In 2017, Victorian headquartered ICT businesses had annual international revenues of \$3.3 billion from:

- exports of ICT equipment and services (\$1.9 billion); and
- offshore operations (\$1.4 billion), which represents nine per cent of total industry revenue.¹⁷

Around 21 per cent of ICT businesses in Victoria reported that they regularly export ICT products and services (down 10 per cent on 2016). Four major geographic and economic regions stood out as export destinations: North America, South East Asia, Western Europe, and Oceania and the Pacific Islands.¹⁸

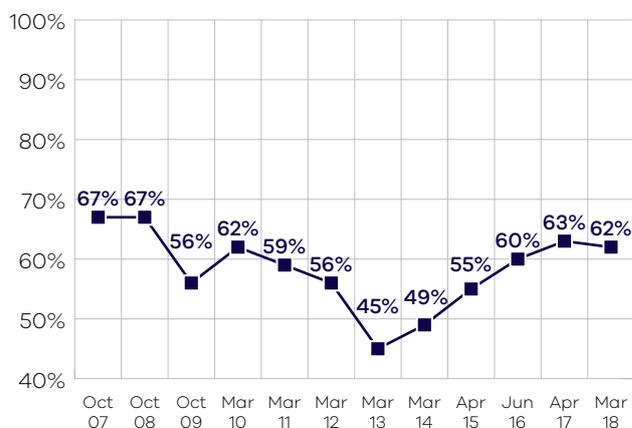
Around 47 per cent of exporting businesses identified North America and Western Europe as an export destination.¹⁹

Profitability

In 2018, around 69 per cent of ICT businesses reported they were profitable in 2017. However, nearly a third of those businesses that were profitable did not meet their profit expectations.²⁰

In 2018, approximately 62 per cent of ICT businesses reported that they achieved their profit expectations in 2017, which follows a steady upward trend since the low of 45 per cent in 2013 and is better than most results since 2008 (pre-GFC).²¹

ICT companies whose profit met expectations 2007-2018²²



¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

Innovation and growth

In 2018, Victorian ICT businesses reported they spend around 14 per cent of gross revenues on R&D, consistent with that recorded over the 2016 and 2017 surveys.²³

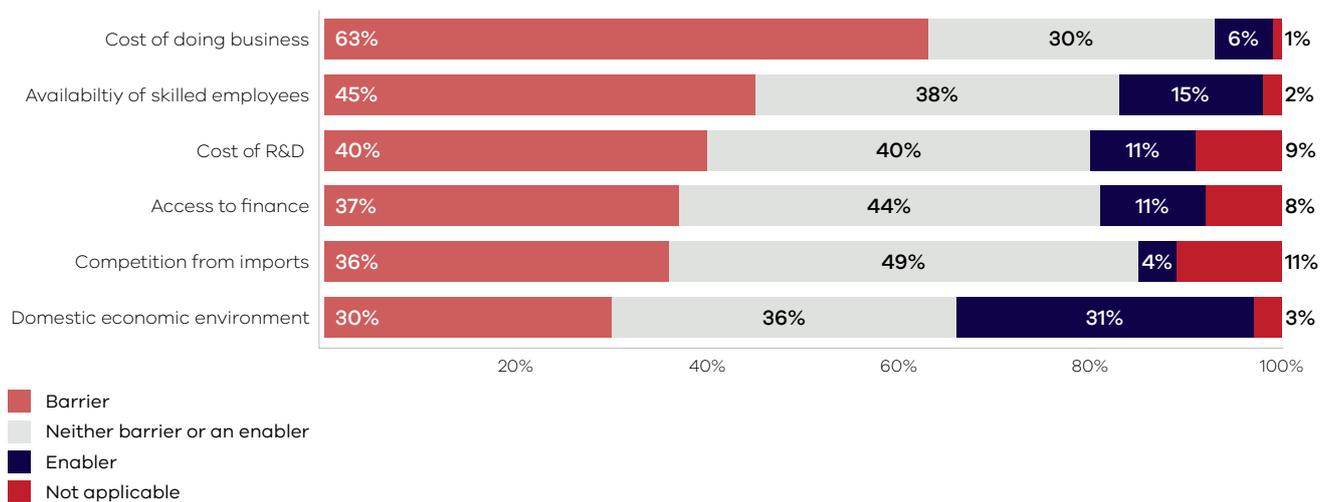
University ICT enrolments and graduates

In 2017, there were 28,240 enrolments in university ICT courses in Victoria, representing 34 per cent of national enrolments, the highest of any Australian state.²⁴ Victoria also produces more university ICT graduates than any other state (36 per cent).²⁵

Barriers and enablers to growth

In 2018, ICT businesses reported a range of factors as barriers to business growth, the major one being the cost of doing business which was identified by 63 per cent of respondents (up two per cent from 2017).²⁶

Barriers and enablers to business growth²⁷



Other factors cited as barriers to growth include:

- availability of skilled employees (45 per cent, up one per cent on 2017)
- the cost of R&D (40 per cent, down one per cent on 2017)
- access to finance (37 per cent, down two per cent on 2017)
- competition from imports in domestic markets (36 per cent, down two per cent on 2017); and
- the domestic economic environment (30 per cent, down five per cent on 2017).²⁸

The NBN is now seen as more of a barrier to growth than an enabler, with the industry expressing a sense of disappointment and frustration about the apparently unfulfilled promise of the national network.²⁹

²³ Ibid.

²⁴ Commonwealth Department of Education and Training, Information Technology Enrolments, Selected Higher Education Statistics, 2002-2017.

²⁵ Commonwealth Department of Education and Training, Full Year Selected Higher Education Statistics 2016-2017.

²⁶ Victorian ICT Industry Survey 2018.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

Perception of industry definition

In 2018, there was a significant shift by parts of the industry, particularly software-based businesses, towards the perception of being part of the “digital technology” industry as opposed to the “ICT” industry.³⁰

ICT industry research

Industry research conducted in March 2018 captured information from 346 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.

³⁰ Ibid.

Disclaimer

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