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RETHINKING AUCKLAND AS A CREATIVE CITY: CONCEPTS, OPPORTUNITIES AND PRACTICAL STEPS

REPORT FOR THE AUCKLAND CITY COUNCIL

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INTRODUCTION

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“New Zealand’s knowledge economy starts with the arts. The knowledge economy depends on ‘buzzy, magnet cities’ such as London and Dublin which have plenty of universities and vigorous world-class arts complexes producing young imaginative people. Hardcore technology skills are all very fine and essential but it is the arts that stir people’s imaginations and start them dreaming. In the long run, that is where the money is—New Zealand wants to be at the creative end of the knowledge economy”

Dr Charles Handy in the The New Zealand Herald

Creativity and innovation will be the future drivers of the global knowledge economy. ‘Industries of the mind’ will play a central role in regional and national economies and ideas will be the most valuable resource in the market place.

As we make the transition from a commodity-based economy to a knowledge-based economy we must recognise the value of the arts. The arts are seedbeds for creativity and innovation. A lively arts sector also helps create a vibrant cultural environment which is attractive to the creative thinkers, innovators and knowledge-economy entrepreneurs Auckland needs. These people flourish in buzzy, magnet cities, which cater to their lifestyles and provide them with the stimulation and enrichment they need.

“New Zealand’s next phase of its economic development must be characterised by innovation. Innovation must happen across the board. We must become a nation known internationally for our innovation, our creativity, our skills and our lifestyle”

Right Honourable Helen Clark, Prime Minister and Minister of Arts, Culture and Heritage

Auckland wishes to capitalise on the links between the arts, creativity, technology and knowledge-economy commerce. This report explores the possibilities that art and culture offer for the further development of Auckland as a creative city, embracing art and culture, and associated creative industries so that the city can get maximum benefit from the contribution these industries can make to the social, cultural and economic well being of the region.

Specifically the Auckland City Council wishes to:

- * research and identify existing and potential benefits of arts and culture
- * liaise with business to identify opportunities to increase investment in Auckland-based arts enterprises
- * encourage collaboration between the arts and business sector based on recognising the contribution arts can make to industry and industry can make to arts
- * promote the value of the arts and culture and their contribution to the social, cultural and economic well being of Auckland.

Auckland has a substantial portfolio of arts and cultural assets, including an evolving sense of identity; a wonderful diversity of cultural practices; many of the country's finest artists (in many art forms); an extensive array of performing, visual arts and literary organisations; a substantial education infrastructure producing imaginative graduates; an increasing range of commercial applications of creativity; clear policy frameworks describing a vision for art and culture, including the Auckland City Council's arts agenda rarangi take toi.

This report places Auckland's arts and cultural sector within a larger agenda: how to utilise these assets in a way that positions Auckland as a creative city located at the creative edge of the knowledge economy.

Our findings are presented in this report as concepts, opportunities and practical steps for a creative city. We believe these concepts, opportunities and practical steps provide a framework for Auckland to embrace the arts and cultural sector and use them as a springboard to fashion its own vision to ride the wave of knowledge-based social and economic opportunity.

We wish to acknowledge the contributions of several people to this report, and in particular Professor Tim Hazledine, Department of Economics, University of Auckland, for his section on refreshing our economic paradigm. Others who have assisted include Lex Henry, David Moore (LECG), Dr Michael Volkerling and Eyework Design. We also wish to state that the views contained in this report are those of the authors.

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EXECUTIVE SUMMARY

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A creative city

Auckland has a substantial portfolio of arts and cultural assets:

- * many of the country's finest artists (in many art forms)
- * an extensive array of performing and visual arts, and literary organisations
- * an evolving sense of identity
- * a wonderful diversity of cultural practices
- * a substantial education infrastructure producing imaginative graduates
- * clear policy frameworks describing a vision for art and culture.

This report suggests that we look at these assets in a new way: as principal ingredients in shaping Auckland as a creative city, flourishing socially, culturally, environmentally and economically in the 21st century.

The world is changing

Today's global economy is evolving into a 'knowledge economy' where knowledge (intellectual property) and technology, rather than capital or labour, will be the key drivers of productivity and economic growth in the new millennium.

The 'knowledge revolution' has hit New Zealand where the most commonly recognised elements of 'knowledge' driving economic performance, are seen in the areas of information, learning and technology.

Knowledge driving economic performance is also dependent on creativity and innovation. In the future, knowledge and new technologies will continue to be drivers of the new economy, but ideas will be the scarcest and most valuable resource in the market place. The real assets of the modern economy will come out of our heads. As a result, there will be increasingly new and broader applications of creativity and markets for this creativity will develop and expand.

Location and distance are no longer barriers in the global knowledge economy. Rapidly advancing technologies delivering global communications capabilities are bringing

the global village ever nearer, allowing goods and services to be developed, bought, sold and, in many cases, delivered over electronic networks.

This offers a new set of possibilities for New Zealand, a country recognised for its capacity to produce original thinkers and cost effective solutions and applications. New Zealand's social and economic development will therefore depend on a platform of knowledge creation and on its commitment to fostering creativity and innovation as a sustainable resource.

The intrinsic value of the arts

The global knowledge economy is where the opportunities of the future reside. As New Zealand makes the transition to a knowledge-based economy we must recognise the potential value of the arts.

- * The arts 'feed our heads' in superlative ways, stimulating the quality of creative thinking in human beings.
- * They are an inspirational realm - a place where we enable our highly creative and talented people to pursue the imaginative possibilities that nurture the creative spirit of the nation and assist us to approach the 21st century as an 'age of possibilities'.
- * The arts shape a dynamic culture and a creative society, establishing the preconditions for creativity, innovation and a creative economy.
- * They are also important economic agents both in their own right and as significant elements of the new economy.

A creative society is a pre-condition of a creative economy

For the city and for the arts community, the arts can also have a wide community impact:

- * Artists are people who use imagination to explore the realms of what is possible and many artists use these skills to contribute outside of their specific area of artistic activity.
- * A vibrant arts scene is part of what makes a city attractive to the new breed of knowledge-economy entrepreneurs and participants. In a global economy Auckland's competitors are not Wellington or Christchurch. They are Sydney, Melbourne, San Francisco, Seattle.

A creative city values the arts for their intrinsic value, provides opportunities for artists to contribute their skills into the wider community, and recognises that a vibrant arts community is part of what makes an environment conducive to a flourishing knowledge economy.

Two audiences

This report examines the opportunities for Auckland as a creative city, and the practical steps it can take to achieve this.

There are two principal audiences:

The arts community	Government, business, education and other sectors
<p>The arts community needs to be aware of the new possibilities that can arise in a city where arts skills are valued both for their intrinsic value, and for the wider contribution that can be made to the life of the city. Auckland could become a new Florence on the Waitemata, a New York or Sydney on the Manukau and so on.</p>	<p>Key sectors in a creative city will both appreciate the value of arts in their own right, and will also see the arts as repositories of skills that can have broader value in the community. They will also see a vibrant arts sector as a precondition to creating a city life that is attractive to the knowledge economy.</p>

Thinking our way into a Creative City future

To map a pathway into a creative city that supports a knowledge economy we need to recognise that:

Arts community	Wider Auckland community
<ul style="list-style-type: none">* Most people in the arts community have an interface with the wider community through non-arts work.* The skills artists have can be applied widely to build a vibrant, innovative community.* Artists and creative-sector workers will continue to work in traditional sector forms, while also opening up new possibilities in sector business and making creative inputs into other service and manufacturing industries.* Arts skills are highly transferable into other sectors.	<ul style="list-style-type: none">* The assets of the modern economy will come out of our heads.* A 'can-do' adventurous, creative environment is essential to attract and retain knowledge-economy participants.* Our arts, artists and arts industries are key contributors to this environment.* People in the creative sector have highly transferable skills.* The creative sector is fluid and expanding.* Governments are seeing the economic value of the creative industries.

A chance for 'joined-up' thinking between business and the creative sector
A chance to update policy frameworks into 21st century thinking
A chance to refresh our economic paradigm
To learn from successes

Changing thinking

Thinking this way means making some changes in the way the wider community views the arts world.

Old thinking	21st century thinking
<ul style="list-style-type: none">* The work of artists is only interest to a relatively small arts audience.* The value of the arts is primarily social and cultural, not economic.* The arts sector is a cost centre - a subsidised realm for artists and arts organisations to pursue their practices and programmes at the expense of taxpayers and ratepayers.* At best, there is a very limited role for Government investment in the arts.	<ul style="list-style-type: none">* Our arts, artists and arts industries are key contributors to the new economy and society.* People in the creative sector are very skilled and educated; these skills are highly transferable into other sectors.* These people are a specialist enclave of knowledge workers, where creativity and innovation are intrinsic to the sector.* The creative sector is fluid and expanding.* It consists of increasingly broad applications of creativity including, but also beyond, the traditional arts, and both digital and analogue forms of expression..* Creative sector workers are moving increasingly between commercial and non-commercial applications.* Employment growth in the creative sector is outstripping that in the general economy.* Governments are seeing the social, cultural and economic value of the creative industries and a role in facilitating development.

From this thinking some economic opportunities can be defined to move forward to a creative city. These opportunities suggest action - some practical steps which can be taken.

Opportunities

Practical steps

Seek out and reinforce natural revealed advantage.

Reveal and capitalise on Auckland's rich and under-utilised creative assets.

Seek out and reinforce activities that have strong positive externalities, embed and concentrate them. Make it attractive for such activities to stay and grow in Auckland.

Refocus and coordinate Auckland's existing investment resources.
Finance creativity through a new Auckland venture capital fund.

Recognise formally the creative sector in Auckland as a cluster—a community with a common interest that can take charge of expressing itself in a more strategic manner than it currently does.

Assist the creative sector to see itself as a strategic cluster.

Build the links between the different sectors (the tertiary sector and the creative sector; business and the arts; the components of the creative sector with itself).

Link Auckland economic and business thinking with the creative sector.

Co-ordinate policy to make it all happen. Build the infrastructure for innovation. Recognise that there is partnership between Government, local authorities and private enterprise in its different forms.

Package these ideas as a Creative City concept. 100 great ideas for a creative city project.

CONCEPT 1: THINKING OUR WAY INTO THE FUTURE

Summary

- * **Future characterised by accelerating change and unpredictability**
- * **Opportunity to use our most creative thinkers to respond to these challenges**
- * **Need to formulate designs for better living and better business in the 21st century**

New Zealand faces a future characterised by an accelerating rate of change and unpredictability.

“We have hit the 500 Year Delta where the five-hundred-year-old Age of Reason segues into something else. At this transition we experience extreme change. Our businesses, even our lives, are rapidly subjected to intangibles: unpredictable influences played out in a domain where effects diverge wildly from expectations”

Jim Taylor and Watts Wacker, The 500 Year Delta

As we face this swirling intersection of change we must chart a new course into the future. The issue for Auckland is whether to view the new millennium as an ‘Age of Chaos’ or what Wacker (et al) refer to as ‘Age of Possibilities’. Their message is clear:

“Wipe the slate clean. Take the blinkers off. Or Die. And think about what happens after what comes next”

New Zealand must be proactive if it is to carve out a place in this increasingly chaotic world. It must take up the challenge to think its way into the future. Thinking is what we pride ourselves on doing best and we should use it to shape a better future. New Zealand must use its best creative thinkers, innovators and entrepreneurs, adopting an interdisciplinary/cross-sectoral approach, to move a creative city concept from idea to reality. The challenge is to provide opportunities for our most talented people to formulate designs for better living and better business in the 21st century.

“The only way to predict the future is to invent it”

Alan Kay, Palo Alto Research Centre, quoted in Robert Heller’s The Fate of IBM

CONCEPT 2:

THE REAL ASSETS OF THE MODERN ECONOMY WILL COME OUT OF OUR HEADS

Summary

- * **Knowledge and technology/creativity and innovation are the key drivers**
- * **NZ must develop a platform of knowledge creation**
- * **Demand for creative output will increase across all sectors**
- * **There will be increasingly new and broader applications of creativity**
- * **Niche markets will expand and develop**

“The real assets of the modern economy will come out of our heads not out of the ground: imagination, knowledge, skills, talent and creativity”

Leadbeater in Hutchins (et al), Cultural Entrepreneurship in the UK: a suitable case for treatment?

Today’s global economy is evolving into a ‘knowledge economy’ where knowledge (intellectual property) and technology, rather than capital or labour, will be the key drivers of productivity and economic growth in the new millennium.

Location and distance are no longer barriers in the global economy. Rapidly advancing technologies delivering global communications capabilities allow goods and services to be developed, bought and sold and, in many cases, delivered over electronic networks.

“New Zealanders have not yet fully realised that the internet is the modern equivalent of the freezer ship that revolutionised our economy last century. As we enter the twenty first century, the internet will be our key vessel for reaching global markets”

Heart of the Nation

Information, learning and technology are the most commonly recognised elements of this new economy. But knowledge driving economic performance is also dependent on creativity and innovation. Creativity and innovation have become watchwords in contemporary understandings of this ‘new economy’. Human cleverness and imagination are the new resources; creativity the pre-condition from which innovation develops; innovation the realisation of a new idea in practice.

In the future, knowledge and new technologies will continue to be drivers of the new economy, but ideas will be the most valuable resource in the market place.

This offers a new set of possibilities for New Zealand. We have the capacity to produce original thinkers and innovative, cost-effective solutions and applications. Some of our successes are spectacular: for example, New Zealand was the first country to successfully defend the America’s cup outside the USA, but the design innovations and technologies

that enabled us to build the fastest yachts in the world were achieved at a fraction of the cost of American and European competitors.

“New Zealand’s economic, social and environmental development depends on a platform of knowledge creation” and on “its commitment to fostering creativity and innovation as a sustainable resource.”

(Recommendations from Catching the Knowledge Wave—Innovation and Creativity)

“Many individuals and firms have great ideas. There are pockets of excellence throughout the economy. The challenge for New Zealand is to make those pockets of excellence the norm rather than the exception”

Right Honorable Helen Clark, Prime Minister and Minister for Arts, Culture and Heritage on Growing an Innovative New Zealand

In the new economy, demand for creativity and for the content that emerges from it (with a range of social, cultural and commercial applications) will increase. There will be more of it, and new forms of it. There will be increasingly new and broader applications of creativity.

It is also the age of the niche market. Consumers are faced with and want an increasing array of choices—television channels are perhaps the most obvious examples. Within proliferating opportunities for distribution, the need for content to fill these channels becomes paramount, along with the increasing importance of ‘branding’ as the way consumers negotiate an increasing array of choices.

In short, markets are changing. We can ‘rub out the lines’ where creative input is needed and will be applied.

CONCEPT 3: OUR KNOWLEDGE ECONOMY NEEDS A 'CAN DO', ADVENTUROUS, CREATIVE ENVIRONMENT

Summary

- * **Creative environment is a necessary precondition of the knowledge economy**
- * **Need for a dynamic, forward looking culture that celebrates success in creativity and innovation**

“... Sabeer refuses to give the credit to anything other than the culture of the Valley itself: ‘Only in Silicon Valley could two twenty-seven year old guys get three hundred thousand dollars from men they had just met. Two twenty-seven year old guys who had no experience with consumer products, who had never started a company, who had never managed anybody, who had no experience even in software...all we had was the idea. We didn’t demo proof-of-concept software or a prototype or even a graphic sketched on a piece of paper. I just sketched it on Steve Jurvetson’s whiteboard. Nowhere in the world could this happen but here’”

On the invention of hotmail as reported in Lounsbey & Glynn, Cultural Entrepreneurship: stories, legitimacy and the acquisition of resources

“I left New Zealand because it was there”

The one that got away: Reported comment of John Clarke—our most brilliant comedian, understood to have emigrated from New Zealand in the 1970s because of the frustration of trying to innovate within a hidebound and bureaucratic television culture. His most recent show, The Games, pulled in over a million Australian viewers per week.

New Zealand’s knowledge economy must be based not only on the recognition of the value of creativity and innovation, but also on building a creative environment.

New Zealand needs a dynamic culture to take it forward into the new millennium—not just one that reflects and affirms our sense of place and identity.

We need a culture that values forward thinking, risk taking and speculative activities aimed at exploring new possibilities and generating new forms of knowledge—a culture that celebrates success and achievement in innovation.

A creative environment is a pre-condition of a creative economy

If Auckland is to attract and retain the creative thinkers, innovators and cultural and creative entrepreneurs of the future, it must provide a platform for the development of a creative economy.

A creative society that values and celebrates creativity and innovation has an advantage in growing them as sustainable resources. Creative thinkers and innovators

are unlikely to function effectively in conservative, risk-averse societies. They flourish in buzzy, magnet cities, which cater to their lifestyles and provide them with the stimulation and enrichment they need.

New Zealand’s distance from the large population centres of the world has some advantages in this respect. “Peter Hall’s analysis of innovative cities shows how outsider cities cut off from the mainstream are often the most innovative—Los Angeles, Memphis or Detroit, Glasgow or Manchester at different points in their lives. He also notes the significance of the outsider—the immigrant or radical—in pushing cities forward.”

Quoted by Charles Landry in *The Creative City*

Seven qualities for a creative society

A truly creative society celebrates and honours the things of the past
A celebration and championing of innovation
To be open to risk and willing to explore
Shows a strong commitment to compassion and justice
Honouring the artist and the prophet
Questing wholeheartedly for excellence and achievement
A vibrant and informed civic discourse

Peter Biggs, Chair, Creative New Zealand

The seven challenges for New Zealand

Reward ‘can-do’, risk-taking and success
Educate for a knowledge economy
Become a magnet nation for talent
Generate wealth from ideas and knowledge
Excel globally
Build networks, cross-disciplinary collaborations and regional clusters
Take an investment-driven approach to government spending

Scientific and Innovation Advisory Council

CONCEPT 4: SEEING THE VALUE IN OUR ARTS, ARTISTS AND ARTS INDUSTRIES

Summary

- * **Creative people are a valuable resource**
- * **Need for fresh thinking to realise the full potential of the arts**
- * **Need to value speculative, leading-edge art as well as mainstream art**
- * **The arts contribute to the economic as well as the social and cultural life of the city**

“He shows us the magic in our own country”

The Listener on Peter Jackson

Cities have one crucial resource—their people. “Creative people are the motor of the city” (Landry). The arts sector is a crucial part of a creative milieu, which can give a city or region a dynamic image and the resources it needs to function at the creative edge of the knowledge economy.

As New Zealand makes the transition to a knowledge-based economy we must recognise the potential value of the arts.

- * They ‘feed our heads’ in superlative ways, stimulating the quality of creative thinking in human beings.
- * They are hot houses and seedbeds for creativity and innovation—the new drivers of knowledge-based economic performance.
- * They help to shape a creative society, providing the preconditions for creativity, innovation and ultimately a creative economy.
- * They attract talented creative people across all industry sectors (and especially a new breed of knowledge economy entrepreneurs) to live and work in a particular city. In a global economy Auckland’s competitors are not Wellington or Christchurch, but rather Sydney, Melbourne and other international cities.
- * They contribute to the development of a creative city able to respond imaginatively to the challenges and opportunities presented by the global knowledge economy
- * They are also important economic agents both in their own right and as significant elements of the new economy.

The contribution the arts make to our evolving sense of place and identity, life style and social cohesion are well recognised. However, fresh thinking is required to realise the full potential of the arts.

They should be viewed as an inspirational realm—a place for dreamers, visionaries and risk takers; a place where we enable our highly creative and talented people to pursue the imaginative possibilities that nurture the creative spirit of the nation and assist us to approach the 21st century as an ‘age of possibilities’.

Of particular importance is the sharp end of the arts—leading-edge work characterised as emergent, speculative, inventive. This work has the potential to generate new forms of knowledge and stimulate new ways of thinking.

We need to understand and value what could be called the research & development end of the arts production model—the work done by our most outstanding artists, who are often inclined to view the commodification of our culture and the dominance of economics with a healthy measure of skepticism. It is a test of our rhetoric around supporting creativity about how comfortable we are in supporting our leading edge artists alongside the more socially acceptable face of creativity such as popular music or fashion.

“My work has got a darker tinge to it. I think we are in danger of going down the path where the arts are something that promotes our country, that there is ‘official art’, which will help draw in tourists and give the country a great image. I think that’s really dangerous...it’s almost obscene the way the arts have suddenly been perceived as having something interesting about them because they might just make us some money. That seems to miss the point that there is something within us which needs to be fed, that has got nothing to do with money whatsoever”

Douglas Wright in *The Dominion*

Some of this leading-edge work is difficult to grasp, often leaving people feeling bemused. But we should embrace it, recognising that some of the best art produced ‘lives’ in the future. Sometimes there’s a gap between the production of innovative new work and our capacity to engage with it and recognise its potential. History has shown repeatedly how innovative, ground-breaking work by artists such as Len Lye and Colin McCahon fails to be recognised or supported at its time of creation, and goes on to be hugely significant—changing the way we see the world.

Rather than asking our artists and arts organisations to present us with a diet of familiar mainstream art, we should also be open to the unfamiliar with the potential to become familiar over time. We should value the ideas and practices that are destined to live in the future, just as we value those of the past.

“Artists invariably have an originality of vision which enables them to break out of clichés and blaze a path for others to follow”

Sir Roy Strong in *Ornament in the Small Garden*

If culture can be viewed as the sum total of the possibilities offered by the human imagination, then arts practitioners expand the field of possibilities—that is why they have so much to offer in relation to the development of a creative society and a creative economy.

The arts as economic agents

The arts also function in the present, in the 'real world'. Together arts practitioners and arts organisations/intermediaries, and their products and services, are economic agents in the economy. Through these cultural enterprises the arts contribute to the economic as well as the cultural life of the city.

In short the arts are significant employers and generators of revenue; and increasingly important in export earnings. The arts are major drivers of related industry earnings through fields such as cultural tourism, where they provide cultural experiences for domestic and international tourists thus forming an increasingly important part of the regional tourism industry and of regional tourism branding. Lord of the Rings, Te Papa and the Auckland Museum and Maori cultural activities being pre-eminent examples. In the new economy this will develop further as their reach extends.

[Arts creativity] “is a central—and increasingly important—input into all sectors where design and content form the basis of competitive advantage in global economic markets”

Terry Flew, *Beyond ad hocery: Defining Creative Industries*

Increasingly the arts are also a significant platform around which city and regional branding is constructed and that can be utilised in strategic development plans (large scale events such as the NZ Festival being a prime example). Auckland's arts and cultural resources could be used to rebrand the city in much the same way that Tony Blair's Labour Government used them to rebrand Britain as 'Cool Britannia'. In this context, cultural identity and economic growth are intimately linked through the positioning of a city brand. This potential was highlighted in the recommendations from *Catching the Knowledge Wave—New Zealand* must “create a new confidence and sense of optimism through strengthening our national identity” and “position ourselves in the world as a unique, strong and integrated society”.

“Cultural facilities and activities are significant factors in generating inspiration, self-confidence, debate or ideas exchange as well as the creation of a city's image. They help attract skilled and talented personnel as well as provide opportunities for residents”

Charles Landry, *The Creative City*

CONCEPT 5: PEOPLE IN THE CREATIVE SECTOR HAVE HIGHLY TRANSFERABLE SKILLS

Summary

- * **Creative sector built on core competencies**
- * **Specialist enclave of knowledge workers**
- * **New and broader applications of creativity**
- * **Opens up new commercial possibilities for a career in creative practice**
- * **Rise of cultural intermediaries**

“The New Zealand music industry is waxing in a frenzy of activity. It’s one of the few industries that combines creativity, performance skills, ambition, self-discipline, stamina and teamwork in one activity”

Mike Chunn in the The New Zealand Herald

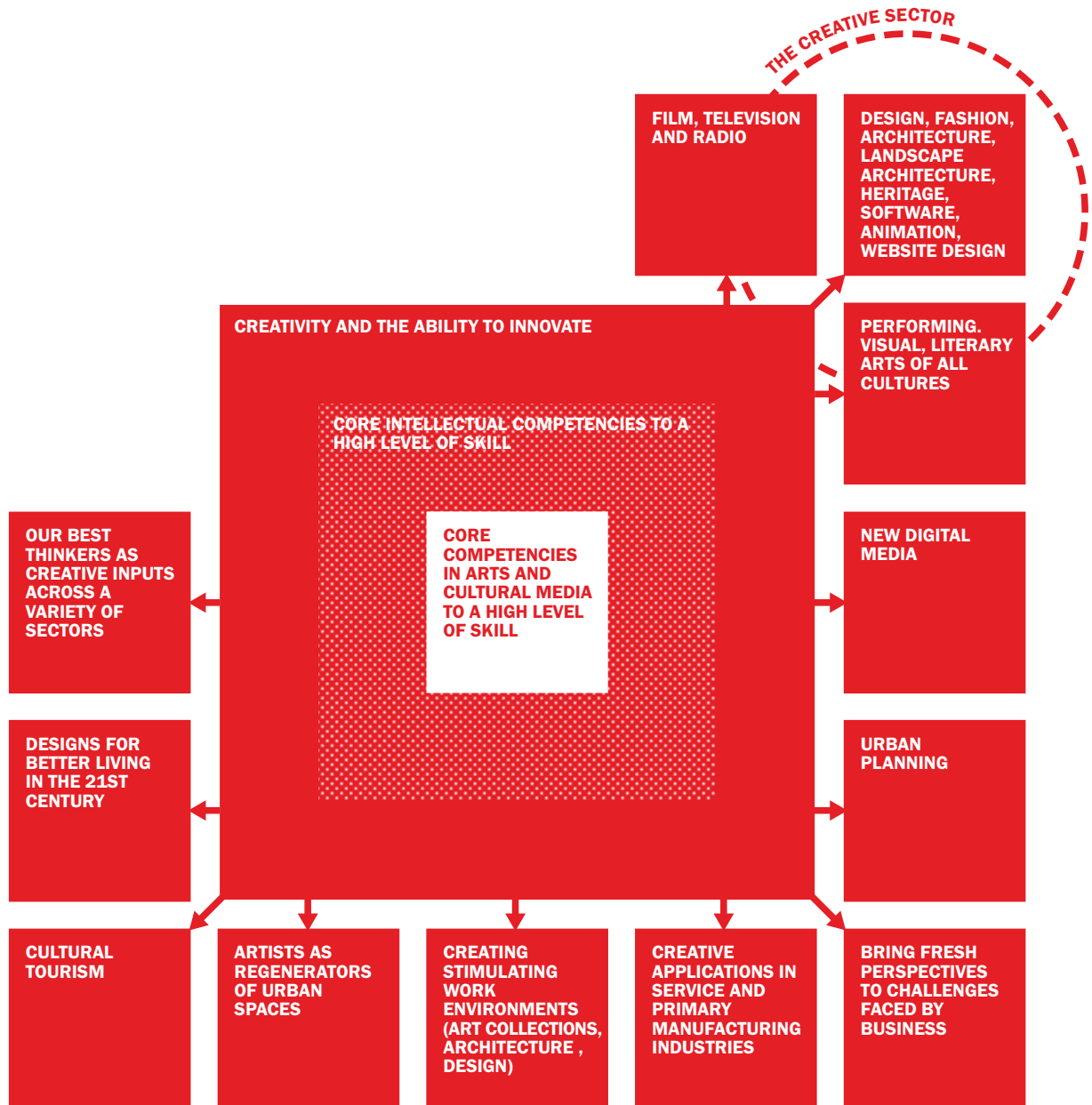
Arts resources are not just specialist activities (art making) and outputs (artworks) developed and delivered within particular art forms. They include generic creativity, skills and talents—“core competencies” central to all art forms. While these competencies may be developed in one field of endeavour (the arts), they are transferable and have the potential to also be used across sectors.

These competencies are a common set of intellectual skills that underpin a vast array of creative activity. We’re talking about British Prime Minister Tony Blair’s concept of a specialist enclave of knowledge workers, where creativity and innovation are intrinsic to the sector. In the hands of some practitioners and organisations, these abilities—imagination, knowledge, skills, creativity—are raised to exceptional levels of originality.

These abilities underpin and find expression in a variety of outlets or zones, including the traditional performing, visual and literary arts, film, fashion, landscape design, architecture and so on (collectively, ‘the creative sector’).

These abilities are opening up new outlets both within the creative sector and in other sectors, including the commercial world.

**NEW AND TRADITIONAL
APPLICATIONS OF ARTS COMPETENCIES**



People with arts-trained creative skills increasingly can and will:

- * work in traditional sector forms
- * open up new possibilities in terms of creative sector business
- * have the opportunity to make creative inputs into other service and manufacturing industries.

These new opportunities are creating a 'portfolio' life in creative practice, with both creative and commercial dimensions. We are surrounded by numerous examples—Nicholas Blanchet running a commercial fashion business, helping brand Peugeot and designing costumes for Michael Parmenter's work with The Royal New Zealand Ballet; Gareth Farr simultaneously existing as classical composer, drag queen Lilith and writing the music for Television 3/Gibson Group's *The Strip*; and so on.

There will also be a rise in the number of "intermediaries such as agents to manage the more commercial aspects of a career in creative practice" (Terry Flew). These creative intermediaries also include those "with the skills to adapt and channel creative products into end-user markets, including scriptwriters, editors, film industry producers; heritage interpreters and product developers; publishers; cultural entrepreneurs and specialist creative industry marketers." (Heart of the Nation)

Creative people have much in common, regardless of whether they are creating art, a music video, designs for the fastest yachts or some new software. They:

- * are dreamers and visionaries
- * think imaginatively
- * are capable of making big conceptual leaps
- * are a source of original ideas
- * give form and structure to their thinking in innovative ways
- * are inventive, speculative, forward thinking, aiming to generate new forms of knowledge, new applications and open up new possibilities
- * have transferable creativity, skills and talents—developed and refined in a field of practice (e.g. art making)—that can be utilised in other fields.
- * develop clever, elegant solutions to clearly-defined problems

CONCEPT 6: THE CREATIVE SECTOR IS FLUID AND EXPANDING

Summary

- * **Inclusive sector concept**
- * **Rise of the micro-business**
- * **The importance of markets**
- * **Mobility of the individual creative**
- * **Mobility across disciplines**
- * **Interdependence within the creative sector**

The arts sit within the ‘creative industries’— “the individuals and organisations who produce goods and services that we broadly associate with cultural, artistic or entertainment value”. (Economist Richard Caves as reported in Flew). These individuals and organisations also comprise a ‘creative sector’.

The sector includes activities of a commercial intent, often characterised by mass production and distribution, and the more ‘artist-centred’ areas of culture (sometimes called cultural enterprises). Some commentators believe this is an important distinction.

In this report, we are less interested in the differences between organisations and individuals within the sector and more interested in the similarities. We see the creative sector as fluid in nature, founded on generic and specialist competencies translated into an increasingly broad range of applications. Some of these are commercial, some not, some located within the creative sector, some outside it.

Within this sector, we include:

- * fashion
- * architecture
- * landscape architecture
- * visual arts
- * object makers
- * design
- * designer fashion
- * film
- * heritage
- * music
- * television and radio
- * performing arts
- * literature and publishing
- * software
- * interactive leisure software
- * animation
- * website design

Creative Industries

Source: adapted and expanded from UK Creative Industries Task Force Mapping Document 1998 (as reported in Cunningham)

Creative sector characteristics

The interdependence within the creative sector

Commercial and non-profit enterprises within the creative sector use similar skill sets. It is essential to recognise that people increasingly move back and forth between both types of enterprise, and the two are interdependent. Creatives, performers, designers, technical people who learn their craft in non-profit enterprises are essential to the development of more commercially-focused ventures (for example the subsidised sector actor, director and technical specialist workforce which is a part of the infrastructure needed for the development of commercial productions such as Xena Warrior Princess and the staging of large city events).

Rise of the micro-business

The creative sector (particularly the arts sector within it) is too often reduced to a handful of visible institutions such as theatre and opera companies, art museums, film companies, large television networks and so on. People tend to see these relatively large organisations as the most important face of the creative sector.

A richer reading would focus also on the activity of the micro-businesses (small to medium sized enterprises or SMEs) responsible for much creative development. The independent theatre sector, fashion initiatives, and individual visual artists, choreographers or writers are relevant examples. Much of this activity is invisible, or seen as a second string manner of operating, needing finance to get to 'proper' organisational form and size. In the new economy, these networked micro-businesses are the appropriate form. In this sense, the creative sector exemplifies new economy patterns.

The focus on organisations also obscures the individual, as opposed to organisational, nature of much creative development (albeit frequently in collaborative arrangements).

Expanding markets

Analysts are suggesting that creative sector markets are growing and diversifying. Stuart Cunningham suggests that "content creation will become more important than it is in the current content industries (distribution, not production, is where most profit-making currently occurs) [and second], the creative industries will be characterised increasingly by their being inputs into other (service, but also manufacturing and even primary) industries."

Changing ethos

People working across the board in creative enterprises are increasingly demonstrating what Cunningham describes as "small business models of networked, usually

commercial, interdependency...which have the scale and commitment to creativity of the typical arts company but the ethos of commercial practice - wealth creation and meeting their markets...new models of creative applications in technology mean a wider set of opportunities for creatives while threatening the settled business models of the big commercial firms.”

CONCEPT 7: GOVERNMENTS ARE SEEING THE ECONOMIC VALUE OF THE CREATIVE INDUSTRIES

Summary

- * **Creative industries are substantial components of most sophisticated economies**
- * **Receiving increasing international attention**

“More people work in film and TV than in the car industry let alone shipbuilding. The overseas earnings of British rock music exceed those generated by the steel industry”

Tony Blair, Prime Minister of Britain, in *The Guardian*

“Creative industries can lay claim to being significant elements of the new economy in and of themselves...if we think of creative industries in this way, they can be seen as substantial components of most sophisticated economies”

Stuart Cunningham, *From Cultural to Creative Industries: Theory, Industry and Policy Implications*

“The emergence of creative industries is related to the rise of cultural industries, the significance of knowledge to all aspects of economic production, distribution and consumption, and the growing importance of the services sector. It is linked to the dynamics of the ‘new economy’ whose form is increasingly informational, global and networked”

Terry Flew, *Beyond ad hocery: Defining Creative Industries*

“Commercial or commercialisable achievements or potential” (Cunningham) come out of the creative sector, out of the heads of people with arts and cultural skills and education. It is an area of substantial economic importance even though the definition of what constitutes creative industries is variable and somewhat ad hoc, partly reflecting its very recent provenance (1996 and onwards).

While many creative enterprises remain identifiably within the arts and media, creative outputs are increasingly important throughout the service sector and, ultimately, into manufacturing and primary enterprises.

“[Just] as enterprises have had to become information intensive, so they are becoming more ‘creativity intensive’”

Stuart Cunningham, *From Cultural to Creative Industries: Theory, Industry and Policy Implications*

Other Governments are pursuing the creative industries concept seriously. As reported in *Heart of the Nation* (and reprinted below), they are looking to an area that they may formerly have dismissed as having peripheral economic importance.

- * In the case of Britain, the Blair Labour Government has consciously built its policies

around the notion of the 'creative economy'. This treats the cultural sector as a specialist enclave of 'knowledge workers' who, through combining innovation with a mastery of new technologies, represent a potent source of economic growth, especially when compared with traditional manufacturing production. British data alone estimates that over 400,000 people are employed, with revenues of around 60 billion or 4% of GDP and a growth rate twice that of other sectors, and that creative industries activity experienced rapid growth in OECD economies during the 1990s, twice that of service industries overall and four times that of manufacturing.

* "Five years ago, the Canadian Government recognised that the successful peopling of its creative industries was not a matter that could be left to chance. It initiated a series of creative-individuals' needs analyses within cultural industries, motivated by the realisation that 'The problem of improving the human resources practice in Canada's cultural sector is as difficult as it is important.' It is only in the past decade that we have come to truly acknowledge the economic significance of the cultural sector. As one of the largest and fastest growing portions of the labour market, it is no longer acceptable to ignore the problem of how to ensure that appropriate skills and practices are transferred to this large, diverse labour market."

This work has momentum internationally. In Britain, three years after the initial Creative Industries Task Force document was produced in 1998, the then Secretary of State Chris Smith said of policy settings in the UK "the creative industries have moved from the fringes to the mainstream." (Cunningham)

Similarly, New Zealand is waking to the possibilities of the creative industries sector, as reflected in the recent 2002 policy initiatives announced by Prime Minister Helen Clark. Rob Arlidge, chair of the Creative Industries Working Group in government, estimates the creative industries contribute \$5 billion a year to New Zealand's GDP—about 5%, outranking tourism at 4.9%, while employment in the creative industries outstrips overall growth in the economy (as quoted in unlimited). Industry New Zealand has five creative industries priorities: screen production (television and radio), design and designer fashion, music and interactive games software.

New Zealanders are becoming more aware of the major economic earning power and importance to tourism of creative sector product and organizations in film (headliner Lord of the Rings), New Zealand music (Pauly Fuemana's How Bizarre), fashion (Karen Walker), the New Zealand Festival, the World of Wearable Art, Te Papa and the Auckland Museum.

In summary: the creative industries sector has become visible but questions remain not just around the theory, but also how to measure its size, nature and prospects and how to develop, facilitate or intervene in them. (Cunningham)

The thinking also needs to be holistic and innovative. Governments wishing to harness the economic power of the creative sector will need to sharpen their understanding of how the sector works.

CONCEPT 8: A CHANCE FOR 'JOINED UP' THINKING BETWEEN BUSINESS AND THE CREATIVE SECTOR

Summary

- * **Use of business lens may be useful**
- * **Industry to talk to the creative sector and vice versa**
- * **New policy likely to be centred around a small business development agenda**
- * **The challenge will be to avoid hijacking all cultural entrepreneurial activity into commercial sector paradigms**

“Increasingly, one of the ways forward is to centre new policy around a small business development agenda that has potentially as much to do with a portfolio like industry, IT or the information economy as it has to do with culture and the arts”

Stuart Cunningham, *From Cultural to Creative Industries: Theory, Industry and Policy Implications*

There is a need to ‘join up’ the thinking between business and the creative sector to maximise economic and social returns. (Indeed, Stuart Cunningham has commented that the divorce of cultural policy from industrial policy has had a corrosive effect on attempts to renovate Australian national industry policy). Equally, the creative sector could be invigorated and scaled up out of cottage-industry level activity by understanding and applying business concepts.

“Our problem, then, consists of underlining the economic importance of activities tied to culture without trapping them in the myopia of the mercantile, free-trade philosophy”

Luciano Catallina, President of the European Commission’s cultural commission in Hutchins et al

Placing creative industries within a broad industry policy context is a conceptual challenge for both sides. The challenges are not just on the side of cultural policy to remodel/reinvent itself. Industry policy needs to be able to conceive intervention strategies that grasp the value of intangibles (Cunningham). “If models are too heavily influenced by commercial sector paradigms, there is the risk of straight-jacketing all cultural entrepreneurial activity.” (Hutchins et al)

Industry and the arts will have to learn to talk to each other. This is easier said than done. Any discussion which attempts to value the arts as content producers solely for potential or actual commercial value will alienate some artists—a ‘here we go again’ response is likely. They will resent moves to position their work solely in terms of its economic value.

Within the context of industry development, a range of business thinking could be

applied to the creative sector. Currently, the most promoted of these has been the application of the influential cluster theory based on the work of Harvard professor Michael Porter. This is, however, but one of a large number of ideas and directions which could be generated by a creative interplay between business and the arts.

CONCEPT 9: A CHANCE TO UPDATE POLICY FRAMEWORKS INTO 21ST CENTURY THINKING

Summary

- * **1980s policy frameworks have favoured access and distribution over content creation**
- * **Over-emphasis on contestable funding mechanisms**
- * **Support for content creation in inverse relationship to projected demand for content in new economy**
- * **Will require fresh thinking and an opportunity-seeking focus**
- * **Regional/sub national strategy critical because creative industries are less national and more global/local**
- * **Policy approaches of a former decade are no use**
- * **Overseas state governments are quicker off the mark**

Since the 1980s, neo-liberal economic thinking has influenced the direction of New Zealand in all policy areas. While changes in Government direction are fostering a new ethos, much cultural policy still reflects earlier policy emphases.

Arguably the impact of this thinking on cultural policy has been to:

- * give primacy, particularly at local government level, to the distinction between public/private good as the policy basis for intervention
- * heighten the acceptability of policies concerned with access, accessibility and audience growth. These have sat more comfortably with government investors (both local and national) than the idea of boosting investment in direct creativity by individual artists or in cutting edge work. In the most reductive cases, such creative activity has been deemed to be solely for the private good of the artist/creator and therefore out of consideration for public investment
- * favour policy instruments which demonstrate 'fair play'—in other words, it has been important to ensure equity of access through contestable processes
- * make unfashionable the concept of 'backing winners'. People of proven creative ability—our most talented practitioners—have been criticised for requiring repeat investment, or for having had more than their fair share. These people have the skills to create high-quality original work, and find markets for it, leveraging off public investment to do so. They should be seen as exciting and rather rare talent who should be backed to the hilt
- * emphasise primarily the social good aspects of the creative sector and siphon it off to the 'mendicant' side of government leaving it out of serious economic policy (Cunningham)
- * create a cultural policy ethos concerned with the husbanding of scarce resources.

In the new economy, attention must be given to financing content creation as well as to distribution and accessibility. If demand for content will rise, then we must focus on increasing the volume and quality of that content and its access to new creative

inputs (such as technology).

Support for content creation is under-financed. It is exceedingly difficult for artists and creatives to finance speculative, innovative developments or to significantly improve the quality of their work. In other words:

- * artists/creatives are ideas rich, capital poor
- * good ideas can't get into development, let alone into play
- * content creation is under financed
- * mechanisms for its support are unsophisticated
- * support for content creation is in inverse relationship to projected demand for content in the new economy
- * there is also limited access to technological innovation.

This explains why the show was originally such a hard sell to investors. It's a cliché as celebrated as Oklahoma itself...breakthrough art always has trouble arranging its start-up financing"

On the financing of Oklahoma in The New York Times

The policy model in 'good currency' at any given time drives the 'intervention logic'—where governments decide to intervene and how: hence the need to think into a new space for the 21st century.

"It is not surprising that in the Australian context, that state governments have been quicker off the mark than federal governments in new economy industry policy, because neo-liberal economic hegemony was strongest at federal level."

Stuart Cunningham, From Cultural to Creative Industries: Theory, Industry and Policy Implications

The kind of entrepreneurial energy required is not likely to be released by the policy approaches of a former decade. Policy makers (in broad government terms, and within the cultural sector itself) will need to see the sector in new ways, be excited by the possibilities that 'creatives' offer Auckland and New Zealand, in order to think through how and when to offer appropriate intervention strategies.

Interestingly, regional, or subnational policy is one area where the action will be. Creative industries are characteristically less national and more global and local/regional than is typical among public broadcasting systems, flagship arts companies and so on (Cunningham). Regional and city policies have the opportunity to be an important determinant of how these industries develop.

CONCEPT 10:

A CHANCE TO REFRESH OUR ECONOMIC PARADIGM

Prepared by Professor Tim Hazledine, Department of Economics, University of Auckland

Summary

- * **What does economic thinking offer to the development of a creative city?**
- * **Need for a new economic model underpinning more fluid creative sector**

There is much talk of the ‘knowledge economy’, though less understanding about just what this concept means, and what we could do with it. It has been said that just as data does not equate to knowledge, knowledge does not necessarily mean wisdom. To which we could add that neither knowledge nor even wisdom is the same thing as creativity—the production of new ideas and new knowledge. Yet it is new ideas—pushing the frontiers; breaking the boundaries—that are essential for both economic growth and prosperity and the wider, deeper qualities of culture and spiritual well-being that make life exciting and worthwhile. Economists have long searched for the holy grail of economic growth: three factors emerge as key over the long term. They are innovation, which is the invention and application of new ideas; population—the quantity and quality of human resources; and what could be called institutions, being the financial, political, legal and cultural milieu within which people and ideas can come together.

Auckland City is potentially well placed to harness these factors. As a regional entity in a relatively open economic environment it can easily attract people and capital from the rest of New Zealand, from Australia and indeed from the world, including the large diaspora of skilled and talented New Zealanders, whose thoughts may be turning towards home. As the largest city in the country and the largest Polynesian city in the world it has the potential to gather the critical mass within which success feeds on success, which is particularly important in the networks where creativity breeds. It is our job to make sure that the institutional framework is strong and supple enough to accommodate and welcome those people and their new ideas.

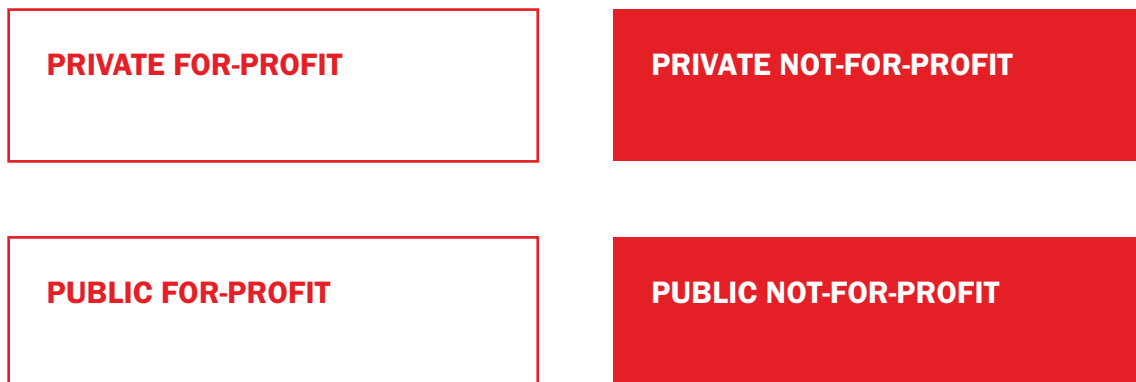
Of course, we have not been doing badly at this to date. By any reasonable criteria Auckland is one of the most liveable, lively and attractive cities of its size in the world. It has come a long way from its raw colonial beginnings. As in the other thriving new commercial cities of the colonial world—Buenos Aires, Toronto, Melbourne, Auckland—the city fathers and the new business elites (often the same people) joined forces to erect the public institutions of civic society—the libraries, galleries, concert halls, technical institutes and universities. They were, literally, cleaning up their act—layering a civilised gloss on the often rambunctious and raffish turmoil of commercial life in those pioneering days. But they had the future in mind, too. They knew that if the spirit of individual enterprise and entrepreneurship that had first settled their cities was to be transmuted into the next stage of large-scale growth and development, then there would need to be education, order, culture - a population and workforce with the shared values and competencies needed for them to contribute to the intricate

networks of modern economic life.

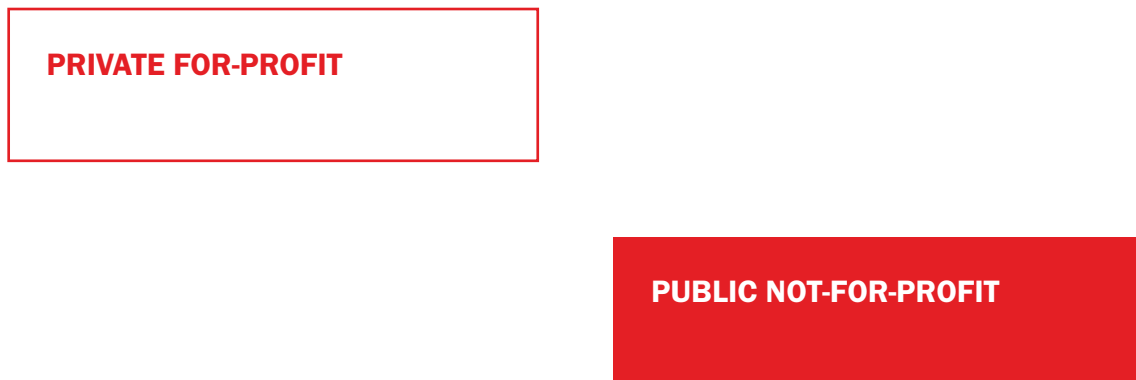
In the twentieth century, Buenos Aires has faded through years of bad government to a shabby, poverty-stricken—though still beautiful—relic of its former grandeur. There are lessons there, for countries and for cities. Toronto and Melbourne have consolidated themselves into big, bustling, energetic urban entities. And Auckland has done pretty well, on a par with some cities of similar size (Vancouver), and ahead of some others (Adelaide?).

What more can we do to encourage the ‘creative city’? From an economic perspective, we need to understand the processes and incentives which spur creative activities—the investments of time and money in doing new things, and the linkages which transform ideas into useful goods and services. These linkages are particularly complex and nuanced in the cultural sector, but we can get some traction on them with the use of a simple 2x2 taxonomy. We suggest that investment in creative activities differs over two main dimensions: public/private and profit/nonprofit—the source of funds and the end to which they are put.

Now, people may tend to put these into boxes; separate and non-communicating:



Sometimes, there is even a tendency to assume that all activity takes place, or should take place, in just two of these boxes: public sector not-for-profit, and private sector profit-seeking:



Such sharp demarcations and limitations are simplistic. The creative/cultural sector is much more complex and fluid than that. (So too, and for similar reasons, are other sectors such as sport and education. Indeed, the 'business' sector itself flourishes in a rather richer environment than its private-for-profit stereotype implies.) The boxes are not distinct, and there is movement and contact between them, both over time and across space.

As an important example, take the case of an avant-garde artist producing radical, innovative new work. If the artist is lucky, their work might be produced with the support of an enlightened private patron. And if the artist turns out to be good, their prices will rise, making a profitable investment out of the collection assembled by the far-sighted patron when eventually it is dispersed through dealer galleries or at auction, in the for-profit sector. At the same time, public galleries will be adding the artist to their collections for display to the public. Then, if we are talking about a McCahon or Angus—or perhaps, a Len Lye or indeed a Sydney or a Friedlander—public galleries will curate major retrospectives of the artist's life and work, charging admission and turning a useful profit to supplement their income from grants and subsidies. Over time, the artist and their art is passed on between public and private and profit/non-profit spheres of activity

These powerful linkages are found across space, too. At any time, the creative city will be a network of relationships between sectors and activities. To take again the example of the role of radical or avant-garde art, we can see how the presence of innovators, however seemingly 'abstract' or impractical their work, can in fact be quite key to the prosperity and growth of the city. The new artists nourish and attract more mainstream practitioners, who in turn heighten the cultural awareness of the general public and train and inspire the designers and inventors in the private sector. The 'buzz' of a lively arts sector attracts people—many of them talented themselves—to the city, so boosting its economic base and capacity for further growth. The point is that the city cannot expect to freeload off the innovators and risk-takers of other cities; cannot simply import all its new ideas ready-made for the trouble-free use of the for-profit sector. The city has to be hospitable to all the pieces of the creative puzzle; to produce its own innovations and make its own mistakes as part of the indivisible process of exploration and growth.

Now, the question facing the city authorities is whether they are doing all they can and should to facilitate these dynamic and spatial linkages. Economists checking for a 'market failure', as they put it—that is, a rationale for public (or private) policy intervention—look for one or more of three general types of reason for the system left unassisted to provide too little (or too much) of any good or service:

- * Income distribution problems
- * Excessive riskiness
- * Externalities

The first of these—the fact that many people, including children, simply can't easily afford something which is deemed to be good for them—is of course a major part of the rationale for much or even most of the City's cultural budget—in particular, to provide free or subsidised access to libraries, galleries and museums.

The second source of market failure is risk. Even relatively well-off people have a natural aversion to exposing themselves to the possibility of catastrophic loss, and so will be loathe to take on investments on which, although the upside payoff is large, there is a big chance of losing everything. Yet, averaged out over a number of such investments, the returns could be large and positive. The problem is that individuals don't have the resources to take on the averaging out—we need some way to pool investments, and capital markets may not always be up to the task.

Risk is, of course, endemic to the practice of the arts, in particular at the avant-garde end of the creative scale which is where those crucial new innovations occur. With something really new, no-one can know in advance whether it will pay off, commercially or artistically.

Spillovers or 'externalities' are also intrinsic to the cultural sector. The production and consumption of art has impacts, especially on the culture of the community, that can go well beyond the parties directly affected—the artist who sells and the collector who buys—but it may be only the interests of the latter that are mediated in the commercial transaction. Compensating for this market failure is the other major justification for public funding of museums, galleries and libraries, as well as festivals and 'events'.

We need to look creatively ourselves at the arts/culture sector of Auckland—the 'Creative City'—for opportunities not presently fully exploited to either actively encourage creative activities that are under-provided by the 'market', and/or to remove impediments to people dealing with these problems for themselves. The question 'What is holding you back?' should be asked in all the artistic and more broadly creative sectors.

For example, could more be done to spur the creation of arts venture capital funds, in which enlightened investors could pool resources to invest in innovative new art and artists, possibly embodying a 'cultural return' into their required payback, and thereby contributing to countering all three of the market failure problems—access to art, riskiness, and spillovers?

ECONOMIC OPPORTUNITIES FOR A CREATIVE CITY

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There are a number of threads presented in the concepts, opportunities and practical steps in this report that we summarise as follows:

The aim of economic development is to generate so-called dynamic efficiencies. Dynamic efficiencies are created by positive externalities—things that happen through the process of production, such as linked learning, or development of human intellectual capital, or development of a market. Such positive externalities are also called spillover effects, in that they “spill-over” to others and to other activities. Economies that are dynamically efficient grow—those that don’t can get caught in the trap of a low growth equilibrium.

Much of what creates positive externalities sits squarely in the knowledge economy—Much of it is human capital and much of human capital comes from tacit knowledge, the knowledge that is learnt from doing and experience and not from easily replicable course learning. Tacit knowledge is ‘in built’ knowledge built up over years. The application of tacit knowledge results in products that cannot be readily imitated by competitors and is a key factor in providing competitive advantage.

Spatial geography and economics says several things, many of them paradoxical—first, that there can be centripetal and centrifugal forces, and that there can be virtuous and vicious cycles of growth. What is clear is that well managed agglomeration (i.e. size) generally helps. Agglomeration helps in the following ways—creative activities reach a threshold, where quality and learning are sufficient to achieve the goal of excellence, and sectors with sufficient natural advantage gain what is called a thick market effect (there is sufficient momentum for there to be good factor markets). For Auckland this is a double-edged sword—Auckland is the largest city in New Zealand,

but is one million to the multiple millions of Melbourne and Sydney. Thus activities are tending to agglomerate in Sydney, or in Asian hubs. The need for Auckland is to agglomerate in such a way that it is more attractive than, for instance, Sydney.

To do this Auckland could set out to:

- * seek out and reinforce natural advantage
- * seek out and reinforce activities that have strong positive externalities, embed them and concentrate them
- * make it attractive for such activities to stay and grow in Auckland
- * formally recognise the creative sector in Auckland as a cluster—a community with a common interest that can take charge of itself in a more strategic manner than it currently does
- * build the links between the different sectors (the tertiary sector and the creative sector, business and the art, the components of the creative sector with itself)
- * co-ordinate policy to make it all happen
- * build the infrastructure for creativity and innovation
- * utilise opportunities to establish partnerships between Government, local authorities and private enterprise in its different forms.

PRACTICAL STEPS 37 FOR A CREATIVE CITY

Opportunities	Practical steps
Seek out and reinforce natural revealed advantage.	Reveal and capitalise on Auckland's rich and under-utilised creative assets.
Seek out and reinforce activities that have strong positive externalities, embed and concentrate them. Make it attractive for such activities to stay and grow in Auckland.	Refocus and coordinate Auckland's existing investment resources. Finance creativity through a new Auckland venture capital fund.
Formally recognise the creative sector in Auckland as a cluster—a community with a common interest in taking charge of itself in a more strategic manner than it currently does.	Assist the creative sector to see itself as a strategic cluster.
Build the links between the different sectors (the tertiary sector & the creative sector; business & the arts; the components of the creative sector with itself).	Link Auckland economic and business thinking with the creative sector.
Co-ordinate policy to make it all happen... Build the infrastructure for innovation... Recognise that there is partnership between Government, local authorities and private enterprise in its different forms.	Package these ideas as a Creative City concept. 100 great ideas for a creative city project.

PRACTICAL STEPS: REVEAL AND CAPITALISE ON AUCKLAND'S RICH AND UNDER-UTILISED CREATIVE ASSETS

Summary

- * **Auckland has a rich and diverse portfolio of creative assets**
- * **These assets are under-utilised**
- * **The scale of Auckland is a strategic advantage**
- * **Volume of activity and quality of output are prerequisites to industry development**
- * **In some art forms, Auckland is the dominant New Zealand player**

“If it seems that Auckland is defined by what it has too much of—cars, people etc—amounting to a perceived paralysis (‘where to start’), we should reconfigure the terms of that description and say that Auckland has a surfeit also of energetic thinkers, of dynamic artists, of visionary planners

“Rather than carrying the burden of bigness, we should think of Auckland as resourced by size. We’ve got too much of the good stuff!...Auckland has a deeper pool of talent than anywhere else and a bigger stage on which this talent can perform”

Arts Regional Trust Strategy Development Report

Auckland has qualities of scale, ambition, entrepreneurship, multiplicity. Arguably, it is New Zealand’s one real urban city. Urbanity itself—critical mass, diversity and interaction—can ignite a creative environment.

The opportunity exists to convert what is already here in abundance in Auckland into something that is ambitious, big-picture and long-term oriented.

Auckland has a particular advantage over other New Zealand cities, because it is home to a sizeable number of ‘creatives’ and creative enterprises. In some cultural sector forms, it is the dominant New Zealand player, with significant critical mass in terms of people, quality and organisations. It is the home for an increasing number of filmmakers and production companies, writers, visual artists, choreographers, object makers, composers, playwrights, musicians, dancers, actors, architects, landscape architects, fashion designers, filmmakers, web designers, digital music composers, graphic designers and so on.

Unless we make it attractive for creative people to stay and work here there is a real danger that New Zealand will continue to lose many of its best and brightest talents.

Of course talented individuals over the course of their careers will both leave and return to New Zealand. (And we could seek a more active relationship with our expatriate creatives, particularly in relation to developing international markets). But in order for

the creative industries to have economic muscle, a certain level of ongoing volume and activity beyond individual activity is critical. So too is the concentration of abilities in a region. Where Auckland has built a natural advantage in particular creative sector industries this needs to be retained and built on.

An informal knowledge of the Auckland region suggest that these advantages include:

- * a sizeable population with diverse cultural heritages and resources—most notably, but not limited to, Maori; the various European/Pakeha, Pacific Island and Asian communities
- * a significant industry base in designer fashion, music (commercial and non-commercial), design, architecture, advertising, screen production and broadcasting, (including film, television and radio), landscape architecture and design, theatre, dance, opera, visual arts, literature and publishing, object makers, digital developments (software-based); heritage
- * creative output of originality, distinction and high quality in a number of industry sectors
- * a large, [unquantified] base of established and emerging professional artists, creatives and creative intermediaries in various art forms and creative industries
- * numerous professional creative sector organisations
- * a sophisticated, extensive tertiary education infrastructure in creative sector fields
- * extensive physical infrastructure—venues, exhibition spaces and other facilities
- * a substantial existing framework of cultural and leisure sector events and activities
- * human capital: people with creative and organisational skills
- * a diverse range of community arts organisations, some with long community traditions, focused on participation and active community involvement
- * New Zealand's largest geographically concentrated domestic market for creative sector product (including a significant youth market)
- * a major market for cultural tourism (domestic and international visitors)
- * synergistic industry activity including the wine and food industries, landscape architecture/garden design and activities based around the outstanding natural assets of the region
- * money (a range of public and private investors, some national, individuals as well as organisations and trusts)
- * partnership possibilities with a range of public and private agencies (tourism, economic development, community development, education, media)
- * outstanding sites of heritage and environmental interest
- * an extensive territorial local authority network.

PRACTICAL STEPS: REFOCUS AND COORDINATE AUCKLAND'S EXISTING INVESTMENT RESOURCES

Summary

- * **Greater strategic use of current resources**
- * **Greater policy co-ordination between different public and private sector investors**
- * **Need to generate a creative climate thinking about the opportunities in the sector**
- * **New thinking required for cultural sector policymakers**
- * **Use the concept of a creative city and a creative economy to build links**
- * **Advocate the value of a creative sector in order to keep it in Auckland**

There are a range of public and private financial investors with interests in the creative sector—consumers; patrons; sponsors; cultural sector trusts and public agencies; national and local government industry and community agencies; educational institutions and community trusts.

The investment (money, staff, time, the development of intellectual capital) by these agencies is significant.

All of these agencies have an actual or potential interest in the concept of an expanding creative sector and the externalities created by its activities. However, these agencies work in relative isolation from each other. To really harness the economic and social potential of the creative sector, there needs to be a shared discussion around a common interest.

This could be addressed by taking the ideas in this report—and the concept of a creative city to wrap and bind the ideas—into a range of industry, trust and public forums for further discussion and amplification. Doing so would potentially sharpen and connect up existing investment and also serve to build important links.

There are particular challenges around the research & development end of the spectrum—speculative activity by leading artists. In the new economy paradigm, demand for content creation will increase, as will demand for high quality, innovative content. If investors accept this paradigm, they must examine the extent to which they are truly assisting growth in the volume and quality of production, and the extent to which their policy instruments assist this. Investment that funds creative and speculative activity is the most scarce and difficult to get.

Cultural sector investors, in particular, (those focused on traditional arts activity) might wish to formally review their current investment practice (labour, time, funding) for 'its fit' with the need to foster high quality content creation. They could:

- * consider new concepts of boundary management: how (and who) to assist the non-traditional artform end of the creative sector
- * significantly boost investment in research & development and content creation, and develop more sophisticated instruments for fostering this growth
- * consider the restrictions of art form discipline-based frameworks and the fostering of cross-disciplinary work
- * rethink attitudes to potentially commercial projects (or projects initiated by commercial agencies)
- * rethink attitudes to individual artists (including their exclusion from access to investment by many agencies; their position as principally 'private good' agents)
- * focus more specifically on micro-businesses and the appropriateness of that form to cultural delivery
- * facilitate access to capital and technology
- * adopt an active attitude of assistance (not necessarily financial) to creative sector businesses wanting to scale up their activities
- * develop a more sophisticated array of investment programmes including exploring other options than contestable funding (and their attendant selection panels) and project-by-project application frameworks
- * think about how to intervene in systems innovation and networking
- * consider how a whole variety of mentoring, economic development schemes and so on can be offered through effective links with other sectors (notably industry and education)
- * consider how to support and encourage mobility in the creative sector between commercial and non-commercial enterprises.

One projected outcome of an inclusive creative sector is that, from a cultural policy point of view, the cultural policy envelope simultaneously shrinks and expands. It shrinks because in an age of convergence cultural specialists cannot draw a line and say so easily "that's our bailiwick"; and with the emphasis on links into other sectors (and other sectoral policy) the envelope grows to encompass industry, economics, business, social policy, urban design and so on. This will require sophisticated thinking, management and entrepreneurship on the part of cultural policymakers and something perhaps akin to the creativity that drives the creative sector itself.

One of the problems in the arts has been that the bureaucrats have tended to isolate themselves from the qualities of the sector they work in. Notions of flexibility, improvisation, and imagination around decision-making haven't been valued. One finds instead a kind of safety-first culture which tends to give arts organisations a profile ruinously at odds with their constituency. They can appear staid, conservative, timid and impenetrable. These qualities in turn have given artists a license to be standoffish, contemptuous, self-interested and unreachable.

Arts Regional Trust Strategic Development

PRACTICAL STEPS: FINANCE CREATIVITY THROUGH A NEW AUCKLAND VENTURE CAPITAL FUND

Summary

- * **New forms of resourcing to expand funding for creativity and innovation**
- * **New fund combining venture capital best practices tailored to the creative sector**
- * **Opportunity to leverage patronage into venture capital**
- * **Some extant models**
- * **Would work as joint venture with a public agency along with private sector investors**

Capital circulates in search of investment opportunities and the opportunities of the future will be industries of the mind.

There is a growing recognition of the need to develop new ways to resource creativity and innovation and the venture capital industry offers one such possibility. This was foreshadowed in the recommendations from the Catching the Knowledge Wave conference, which acknowledged the need to:

- * increase the pool of funds available for investment in innovation
- * build a larger, more effective, venture capital industry that can better launch and grow business
- * establish new forms of venture capital funds (eg social venture capital fund).

Recommendations from Theme 4 Entrepreneurship of Catching the Knowledge Wave

Venture capital is a well-established mechanism for investing the development of ideas with commercial potential and also in business startups. While it obviously has clear potential for many parts of the creative industry sector (e.g. new music, digital media, leisure software development, etc), it may at first glance appear to be a strange bedfellow for the arts. However, it does have potential for the arts if it is viewed as a means of financing them, rather than simply as a mechanism for venture capitalists to invest in potentially profitable business startups, with a view to maximising their return on investment.

There is already an emerging venture capital industry for the arts in Auckland. For instance, over the past twelve months art patrons have funded the development of new works by several of Auckland's leading visual artists. These investments have been structured in line with venture capital principles—i.e. the funding has been introduced to produce specific outcomes (spelled out in business plans) and clearly defined returns for the investors. The amounts invested have ranged from as little as \$10,000 up to \$100,000 and the returns have ranged from purely financial to non-financial. Some investors have gained interest on their investment, while others have preferred to forego the opportunity to maximise interest in favour of an artwork(s) and

the satisfaction derived from an association with an artist and the creation of a body of new work.

The potential to combine patronage with traditional venture capital funding provides a good example of the way venture capital funding could be refashioned and geared to the arts as well as to the creative sector in general. Rather than applying a standard venture capital model to the creative sector, it is therefore more useful to examine how the model works and identify venture capital best practices with the potential to be utilised in a new fund, tailored to meet the needs of the creative sector. The question to address is: do the principles and practices of venture capital investment funds lend themselves to the creative sector and, if so, how can they be refashioned to match 'smart' money with 'smart' projects.

Venture capital best practices

Venture Investment Fund (VIF) established by Government

The Government has introduced a programme of investment designed to accelerate the development of the venture capital market in New Zealand. The newly established Fund provides a useful model of venture capital best practices in play.

Through the VIF the Government is investing NZ\$100m over three years in innovative New Zealand businesses. The VIF programme invests this capital through a series of individual funds certified by VIF and operated by private sector fund managers. These funds include private sector venture capital as well as the Government's investment contribution.

The VIF investment programme targets its capital at:

- * Seed stage investment which is funding to enable the development, testing and preparation of a product or service for commercialisation; and
- * Start-up investment which is funding to enable a business to begin trading

Fund Managers

The fund manager manages the commercial operation of the fund on behalf of all investors and makes the investment decisions for the fund, investing in companies allowed by the investment charter.

The fund manager's primary roles are to:

- * Raise the required private sector capital
- * Identify, investigate and invest in suitable investment opportunities
- * Notify the trustee of the investment and divestment decisions, where funds are established as a trust
- * Provide management assistance to investee businesses

- * Carry out administrative functions of the fund
- * Deal with and report to the VIF and other investors as required and set out in the investment charter
- * Develop and implement exit strategies with a view to maximising the investors' capital

Fund manager expertise

The provision of management assistance to investees is a significant part of the fund manager's role. Fund managers are expected to provide advice, guidance and assistance on many aspects of investee's business activities. The management assistance complements the capital invested in the investees and increases the likelihood of the investee's eventual success in national and global markets.

Selecting Fund Managers

Fund managers are selected primarily on commercial merit judged by their ability to:

- * Raise private sector investment capital for the individual funds; and
- * Demonstrate previous success in the management of venture capital funds

Assessing Fund Management Applications

VIF assesses application for certificates on a contestable basis. Each application document includes selection guidelines. The following are the key selection criteria:

- * Management expertise and experience
- * Technological expertise and experience
- * Ability to raise private capital
- * Business reputation
- * Investment policy
- * Quality of applications
- * Financial reporting capabilities
- * Amount and structured timing of management fees

Potential to employ venture capital best practices in a fund tailored to creative industries

The best practices exemplified in the VIF could be combined into a fund that would work for creative (including cultural) industries. Such a fund has been developed recently in England.

Midlands Creative Advantage Fund

West Midlands Arts has launched a £1.3m Creative Advantage Fund (CAF) to invest in creative industries in the West Midlands. Creative Advantage is supported by a range of investor/partners, including the European Regional Development Fund, the Birmingham City Council and the Arts Council of England. The fund will make investments

of up to £130,000 and will sell its shares when businesses reach a sufficient level of profit, typically within three to seven years. All profits will then be ploughed back into the fund, which will make further investments.

Creative industries include: advertising, architecture, arts, craft, design, designer fashion, film, interactive leisure software, music, performing arts, publishing, business software, television and radio. The Government has identified the Creative Industries as the fastest growing sector in the UK generating revenue approaching £60bn and employing more than 1.4m people.

CAF Fund Manager Ken Cahey, describes the rationale for the fund:

“Venture capital is an important means for potentially successful companies to get the funds together to start trading. But traditional venture capital investors find the costs of assessing risk on investments of less than a few hundred thousand pounds too high for the likely profit. This has created an ‘equity gap’ which means that venture capital money hasn’t been available for the kinds of creative industries which are the driving force in the future economy. The purpose of the Creative Advantage Fund is to bridge this equity gap, igniting the creative economy of the West Midlands.”

The new fund also has the public backing of the Arts Council of England. Chief Executive, Peter Hewitt says:

“The Arts Council is committed to exploring new ways of nurturing creativity. We have invested £100,000 in this innovative venture capital fund which promises a new and sustainable model for investing in and supporting small creative enterprises”.

Fashioning a new venture capital fund for auckland’s creative industries

An analysis of venture capital best practices and existing funds such Midlands Creative Advantage Fund provides a good starting point for a plan to develop an Auckland fund to resource creativity and innovation. However, the thinking must also take into account the complexity and specifics of the sector to be resourced. The following issues would need to be addressed:

Preconditions

The need to establish the conditions that would allow the creative sector to mesh productively with venture capital investors. For example, avoiding the collision of cultures between best business/investment practices and the value systems of creatives that require investors to make a ‘leap of faith’. Business must be tuned to creative sensibilities and practices and creatives must be tuned to business practices.

Scope

In addition to catering to the needs of the creative industry sector (e.g. fashion, music, cultural tourism, leisure software development, etc), a new venture capital fund should also cater to cultural enterprises (e.g. arts and heritage organisations) and arts practitioners (artists, writers, choreographers, etc). Moreover, it should cater to the emergent culture (the leading edge) and not just mainstream art and culture.

The scope of a new fund could be expanded by developing a venture capital model that combines investment with patronage. The fund would aim to attract investors (patrons) willing to accept non-financial returns, or a mix of financial and non-financial returns.

The opportunity exists to attract patron/investors who may not be willing to gift money, but who may be prepared to put capital into play and forgo interest in favour of other social, cultural and artistic outcomes. While they may be willing to forgo all or part of potential financial returns, the venture capital funding format would enable them to approach their investments in a 'businesslike' manner, knowing that the business or project they invest in must comply with all the standard requirements of a venture capital investment usually expressed in a business plan. This approach would shift the emphasis from patronage as gifting, to patronage as a willingness to forgo interest on capital in favour of other types of returns. And it has the clear potential to expand the resources available for investment in creativity and innovation.

It must be recognised, however, that a venture capital fund will not cater to all creative sector needs. Some must remain the preserve of other funding agencies such as Creative New Zealand or other arts and cultural funding programmes administered by the Auckland City Council.

Bridging the equity gap

There is an 'equity gap' in New Zealand which means that venture capital money isn't readily available for the kinds of creative industries which will be a driving force in the future economy. There is also a 'creative equity gap'. In many cases the formula is not simply idea + equity = commercial application, but rather idea + creative workshoping + equity = commercial application. A new venture capital fund aimed at our best creative thinkers will need this extra dimension, so that ideas that come forward in a raw form can be workshoped and resolved into a business plan that answers all the questions asked by venture capital investors.

Returns on investment

In order to cater to the needs of the arts and cultural industries, as well as the traditional creative industries, the fund must embrace a wider range of returns on investment—not just financial but also social, cultural and artistic—and they must be able to be quantified and measured.

Measures of return on investment are done using traditional accounting methods.

These traditional measures must be supplemented by new ones such as intellectual capital reports; knowledge quotients; capacity to improve the capture, codification and dissemination of best practice knowledge; and the capacity to generate desirable artistic, cultural and social outcomes.

If the fund is funded in part by investors seeking non-financial as well as financial returns, investments could be located along a continuum ranging from pure patronage (gifting money into approved ventures) to a straight financial return on investment, depending on the type and mix value generated and the need to maximise the financial return to the investor.

Sharing formula

The formula for sharing the returns generated from investments in creativity must also be addressed, raising question such as:

- * Can the value be described in sufficient detail to attract an investor?
- * Is there enough value and will it repay costs and the return on capital?
- * Can the parties agree on sharing—returns to capital and returns to human capital?

For example, in the case of an investment in the production of new artwork for the art market it would be necessary to consider a sharing formula for three parties encompassing the visual artist (return on human capital), the artist's agent in the art market (financial return to the commercial gallery, usually taken as a percentage of sales) and the investor (return on capital).

Capabilities

The fund managers would need to bring a sophisticated set of capabilities to the mix. In addition to the standard range of skills (see VIF) the following attributes would be required:

- * Ability to identify, investigate and assess investment potential in cultural and creative industries
- * Ability to develop and utilise new measures tailored to investments in the creative sector
- * Sophisticated matching ability to link investors with appropriate projects, in particular where non-financial returns are involved

New venture capital fund

A new venture capital fund, combining best practices from a variety of investment models appears to be a necessary and viable way of resourcing creativity and innovation across the full spectrum of activities that fall within the creative sector. Set out below are some key attributes that could be workshopped by a team of people with the appropriate credentials and experience and developed into a fully-fledged venture

capital fund aimed at resourcing creative industries.

Key attributes

The key attributes of a new fund would be:

- * Established as a Trust
- * Governance: Trustees with an appropriate mix of cultural and business credentials
- * Charter: To support and invest in creativity and innovation across the full spectrum of creative industries including the arts

Investment range:

- * Seed stage investment: funding to enable the development, testing and preparation of an idea, product or service for commercialisation
- * Start-up investment: funding to enable a business to begin trading
- * Project investment: funding to enable significant artistic and cultural ventures to be undertaken, and where the ventures can be matched with investment funds chasing a mix of financial and non-financial returns

Investment returns:

- * Financial
- * Artistic and cultural—i.e. non financial returns such as the development of skills required to make commercially viable work—selecting and backing tomorrow's Peter Jacksons)
- * Social, for example realising creative projects with the potential to enhance the quality of life in Auckland—designs for better living in the 21st Century

Additional services:

- * Creative modeling aimed at developing ideas into viable business plans
- * Linkages to creative intermediaries—those with the skills and additional resources to adapt and channel creative ideas into products and end-user markets
- * Mentoring and business advice

Funding:

- * The funds could include private sector venture capital as well as investment contributions from trusts and foundations and public agencies, both regional (e.g. the Auckland City Council) and national (e.g. Creative New Zealand).

Fund management:

- * The fund would be managed by private sector fund managers, under the governance of the Trustees of the Venture Capital Investment Fund

The intervention

The opportunity exists for Auckland to link up with other initiatives taken by the Government and those arising from Catching the Knowledge Wave. However, a regional

venture capital fund could form a vital strand in Auckland's economic development strategy, particularly if it is structured around a creative sector embracing arts and cultural industries as well as the traditional creative industries. It would also be a very practical expression of Auckland's commitment to becoming a creative city located at the creative edge of the knowledge economy.

PRACTICAL STEPS: LINK AUCKLAND ECONOMIC AND BUSINESS THINKING WITH THE CREATIVE SECTOR

Summary

- * **New possibilities for business involvement in the creative sector**
- * **Business models enabling commercially-viable production**
- * **Link to Government strategies for creative industry development**
- * **Would work for micro businesses as well as larger industries**

Business has the potential to be involved in the creative sector beyond conventional sponsorship or underwriting arrangements. The thinking and best practices that drive successful business ventures have the potential to be applied more effectively in the arts—not across the board, but rather selectively. It's more a case of identifying the areas where business models could be useful and where the arts are receptive to this kind of thinking.

The arts sector has developed good governance models and sound management practices, in part from models imported from the commercial world and refashioned to meet the specific requirements of a sector that operates with a foot in two worlds—one in the public realm, funded in part by contributions from public funding agencies such as Creative New Zealand, and the other in the commercial world. Few, if any, artists or arts organisations have the luxury of operating in a commercial-free zone.

There is, however, the potential to look at other business practices, and in particular those that seem relevant to expanding the scale of operations of the arts—the areas where their true potential is not being realised either because they are under performing or where, for a variety of reason beyond their control, they are unable to optimise their performance in the market place.

Successful commercial ventures can lift the game of the creative sector overall. The recent NZIER report of the effects of Lord of the Rings found that a principal effect had been to “lift industry capability and ability to new levels, especially in terms of managing large and complex production processes, solving problems in complicated technical and creative areas, and enhancing networks with skilled New Zealand technical and production teams”.

Current Government generic industry strategy draws on a substantial theoretical and research base. It has many practical manifestations including initiatives aimed at improving the links between business and tertiary research; regional development strategies; business incubators (with mentoring, teaching, research and networking programmes) and so on. Within the creative industries area, Industry New Zealand has five industries in the spotlight: screen production (television and radio), design and designer fashion, music and interactive games software. How can we draw on

this thinking and these initiatives to assist others in the creative sector?

How might, for example, cluster theory or the concept of strategic networks, assist and enhance some of the outstandingly original theatre developments in Auckland—such as the rise of Samoan theatre or Indian Ink’s trilogy of plays? How could some of the thinking around branding assist the development of Auckland’s jewellers into a significantly original design voice which images Auckland? Or our distinctive developments in Maori and Polynesian contemporary performing arts be rolled out in other countries? How could understanding the development of export markets influence the international sales of writers, composers/songwriters, performing arts (perhaps through the influential Festival circuit)? What niche development strategy thinking could enrich the development of markets for, for instance, the rise of commercial theatre? How could practices such as mergers and acquisitions and venture capital funding be employed to give arts organisations the scale and critical mass required to optimise their commercial performance?

Where could these models and practices best be put to work?

The potential to put these practices into play resides with artists, arts organisations and events with the potential to be scaled up—where a greater level of investment (human and financial) in them would allow them to optimise their potential and performance in the market place (here and overseas). It’s a case of viewing them as ideas-rich entities ready for ‘corporate enrichment’.

The Guggenheim Museum in New York provides a compelling example. The current director, Thomas Krens, saw the Guggenheim as a museum with a world-renowned building by internationally acclaimed architect Frank Lloyd Wright, housing one of the world’s greatest collections of modern art, and with an established brand that was recognised all around the world. He also saw a museum with the potential to be scaled up and to go global in a way that the art world had not previously encountered. Rather than allowing the vast majority of the Museum collection’s assets to sit in storage, Krens has pursued an expansionary programme aimed at creating a network of Guggenheim Museums around the world, enabling the Museum to have more of its collection on display, working in the culture, generating revenue. The network of Guggenheim museums also offers economies of scale, allowing the Museum to show its exhibitions in many places, thereby assigning the development costs over multiple venue showings (not one-offs) and increasing the potential to generate revenue. Countries that recognise the power of the Museum have wooed the Guggenheim and its collections to transform local economies, as evidenced by the Frank Gehry-designed Guggenheim in Bilbao. It is another architectural masterpiece, housing great collections and presenting international touring exhibitions. The Museum has put an otherwise drab industrial city on the international map as a major tourism destination.

Does Auckland have comparable assets and opportunities?

Yes it does. The arts are about ideas and capabilities (intangibles) and it is the potential of the intangibles that count—not just the volume of the tangible assets (size of

buildings, budgets, people employed, etc). Auckland has a diverse portfolio of arts assets many of which have the potential to be scaled up to more effectively tap into domestic markets as well as international markets for high-quality artistic outputs with a distinctive point of difference.

Three examples:

Fingers

Fingers is a jewellery cooperative located in a small gallery in High Street. Founded by some of New Zealand's leading jewellers, it has a reputation for striking objects that speak eloquently of our place as a Pacific nation. They emerge from a close engagement with the cultural histories of New Zealand, showing, for example, the break that jewellers such as Warwick Freeman made by moving from the precious metal traditions imported here from Europe towards the use of new indigenous materials (such as paua) and motifs derived from the Pacific. Fingers produces high-quality work with a distinctive point of difference. It has the potential to go international, possibly via e-commerce, tapping into niche markets such as expatriates, and the market for high-end products distributed through international gallery and museum shops.

The Edge

The Edge is an example of a performing arts organisation with a talent pool it could utilise to scale up and work internationally. Much of its creative talent base (e.g. playwrights) resides in the independent theatre sector where it is resourced largely by funding from Creative New Zealand. Due to insufficient funding these talented people are limited to the production of highly creative work that is small in scale. The production No. 2 by Toa Fraser working with Madeline Sami provides a stunning local example of the kind of talent that could be harnessed and used in large-scale commercial productions as well as at the leading edge of contemporary theatre in New Zealand. People like Fraser and Sami do small things exceptionally well and a few earn enough to continue to work in the independent circuit and occasionally plug into fringe festivals. But they are not able to scale up into the big commercial ventures produced overseas such as *Les Misérables* and *Nicholas Nickleby*. These productions emerge from properly resourced talent and the additional resources required to stage them on a scale to capture audiences around the world. The Edge is convinced that, with adequate resourcing and appropriate partners, it could aim to produce work for the international theatre market. Broadly, the resources would be used to develop the skills base here to make commercial productions, to export them to international markets and then to bring them back to New Zealand, capitalising on the 'Te Maori factor' (the need for our work to be acclaimed overseas in order for New Zealanders to value what is in their backyard).

The Auckland Festival

The Auckland Festival is an emergent idea, likely to be realised in 2003. Like most other festivals around the world, the Auckland Festival may draw on the talent and productions that circulate internationally. However, the Festival has the potential long-

term to be a distributor as well as a purchaser of programme content. It could consciously become a vehicle for promoting the talent of New Zealand with potential to capture international audiences. This local talent pool includes the creative intermediaries (the behind-the-scenes expertise) that are so vital to the successful and cost-effective staging of festival events. They too have skills and expertise that could be packaged into a set of internationally marketable capabilities and services.

What is required to advance this idea?

- * A willingness to accept that artistic and commercial imperatives are compatible.
- * The arts must be tuned into business thinking and the possibilities it offers, and business must be tuned into the arts as a distinctive and potentially rewarding area of business.
- * Create the means to enable 'would be' artistic entrepreneurs to start up and pilot promising projects, for example The Edge and its aspirations to develop commercial theatre productions for international markets.
- * Bring together sector leaders from business and the arts to explore this idea further and consider ways to create productive interfaces between business and the arts. They might include establishing a foundation to act as a catalyst, with an on-going board to achieve objectives such as the creation of SWAT teams to mentor innovative new ventures.
- * Link to generic industry strategy and key industry development agencies.
- * Locate capital sources and build up funds in partnerships with private and public sectors (to be achieved through the proposed venture capital fund outlined elsewhere in this report).
- * A citywide commitment to picking winners (the Peter Jackson model) and providing them with the support and resources (human and financial) required for them to realise their potential in regional, national and international markets.

Technology

The opportunity also exists to reveal and capitalise on Auckland's technology assets, and link these assets to the creative sector.

Technology is acknowledged to be one of the key elements of New Zealand's knowledge economy, but its exploration by and application to the creative sector is undeveloped and its full potential has yet to be realised.

As Auckland develops as a creative city, there is a need to expand our thinking on technology and the possibilities it offers. Technology will continue to be a powerful enabler of creativity and creativity will provide new ways to unlock the full potential of technology.

The interface between technology and creativity will be a 'hot spot'—a place where new innovations and inventive applications will emerge in the future.

What is required to advance this idea?

Recognition of the centrality of technology as a development platform and an enabler in the new economy.

Recognition that our best creative thinkers and practitioners (including artists) have a key role to play as the generators of ideas that will unlock the full potential of technology.

Bring together leaders from a variety of sectors (technology, technology-driven industries, education, the arts and creative industries) to identify Auckland's assets and to consider strategies for creating productive interfaces between technology and creativity, and generally to explore the further possibilities technology offers for a creative city.

Digital Futures Lab

An under-capitalised creative sector has limited access to sophisticated technology and hence limited opportunities to explore and innovate within their areas of creative practice.

Auckland could explore the possibility of establishing a digital futures lab. This could be a new venture located in a designated building, or it could be developed as an overarching concept linking a number of cyber labs and incubators located throughout the Auckland region.

The Digital Futures Lab could be a centre of excellence, dedicated creativity and innovation—a place where visionaries and creative thinkers could work with creative intermediaries and technicians in an environment housing sophisticated technology.

It could be a magnet centre, attracting our best talent—artists and creative entrepreneurs (present and future)—and a place where the interactions between people from different sectors and different parts of sectors (e.g the creative industries sector) could stimulate the cross-fertilisation of ideas which is a pre-condition of ground-breaking thinking and inventive applications.

It could be an inspirational studio—not just a place where ideas and technology could spark the development of new commercial applications, but also a place to think our way into the future. It could be a centre for scholarship, learning, creativity and interaction, addressing the challenges we face as we come to grips with life in the 21st century.

The Digital Futures Lab could generate designs for better living and better business in the new millennium.

PRACTICAL STEPS: ASSIST THE CREATIVE SECTOR TO SEE ITSELF AS A STRATEGIC CLUSTER

Summary

- * **Recognise the creative sector as a cluster**
- * **Develop strategic capability**
- * **Build links between different elements of creative sector**
- * **Develop contemporary understandings of new economy developments**
- * **Forum shifting for cultural lobby**
- * **The sector to see itself as a broader coalescence of interests**

The need for sector-wide strategic planning

Only film, recording and literature have demonstrated an ability to think and act strategically and to produce solid commercial results over a significant period of time. Fashion and multimedia industries poised for similar success. In most other sectors (architecture & urban design, craft, design, heritage, performing and visual arts) national organisations have primarily an advocacy and professional development focus rather than being committed to sector-wide strategic planning.

In broadcasting and advertising, competition not co-operation is the prevailing ethic.

Heart of the Nation

We need formally to recognise the creative sector in Auckland as a cluster. This community has a common interest in taking charge of itself in a more strategic manner than it currently does.

Critical to this is assisting the sector to develop contemporary understandings of developments in the media, communications and creative industries. (Cunningham)

In the same way that links could be built between the creative and other sectors, links also need to be built within it, between traditional arts industries and more commercially focused creative industries; between different creative disciplines and between individuals and organisations. Key to this is people who are mobile and move easily between different zones of the creative sector—inter-disciplinary migrants.

Thinking this way means:

- * having an inclusive concept of the creative sector
- * thinking outside art forms and disciplines
- * ensuring a wide range of people are involved in the discussions
- * thinking through processes that can engage people from different fields and backgrounds
- * thinking 'mobile' competencies of creative sector personnel
- * focusing on creative industry development
- * growing creative sector competencies in individuals.

The cultural lobby itself to do some forum shifting from cultural policy to the new economy

“The arts, cultural and creative industry sectors will need to get used to thinking of themselves and acting as part of a broader coalescence of interests encompassing the content-rich service industries such as education and learning, publishing, design, communications devices and e-commerce. These sectors... are notoriously non-collaborative with each other, living within their separate smokestacks”

“The contrast between the husbanding of scarce resources based upon notions of aesthetic excellence and national flagship status . . . stands in sharp contrast to the small business development strategies and cluster strategies of creative industries policy logics”

Stuart Cunningham, From Cultural to Creative Industries: Theory, Industry and Policy Implications

PRACTICAL STEPS: PACKAGE THESE IDEAS AS A CREATIVE CITY CONCEPT

Summary

- * **New Zealand cannot succeed without Auckland**
- * **Auckland must become a ‘creative city’ using the arts as a springboard**
- * **Fresh thinking, new ways required**
- * **Integrated holistic thinking required**
- * **Citywide ownership: Aucklanders must embrace the vision**
- * **Auckland must brand itself as the creative city of the South Pacific and actively market that**
- * **Make it true**

“New Zealand’s knowledge economy starts with the arts. The knowledge economy depends on ‘buzzy, magnet cities’ such as London and Dublin which have plenty of universities and vigorous world-class arts complexes producing young imaginative people. Hardcore technology skills are all very fine and essential but it is the arts that stir people’s imaginations and start them dreaming. In the long run, that is where the money is—New Zealand wants to be at the creative end of the knowledge economy”

Dr Charles Handy in the *The New Zealand Herald*

A handful of strategically placed creative people can transform a city if they are in the right positions of influence—not necessarily of power. Barcelona, Glasgow and Emscher probably started with fewer than a dozen such individuals.

Charles Landry, *The Creative City*

Auckland will play a central role in the development of a knowledge economy, as “New Zealand cannot succeed without Auckland increasing its contribution to national economic growth”. (Recommendations from *Catching the Knowledge Wave—Sustainable Economic Strategies*).

Auckland must become a creative city to provide the necessary incubator for the development of a creative economy. The conditions include the social context (creative environment); programmes and initiatives that collectively support creativity and innovation; and the infrastructure required to foster the entrepreneurial activities required to convert ideas into social and commercial applications.

Auckland has the potential to be a centre of excellence and innovation, and a vibrant and sustainable business environment.

We see green fields here. Auckland could become a dynamic creative city and centre of creative industries. It could be fashioned as a city that more people want to live and work in. To do so we need to learn to value our arts and cultural sector. The opportunity

exists for everyone—local government policy makers, industry heads, the arts sector itself—to develop a sharper set of understandings and new ways of thinking about the sector. We need to think creatively about new ways to encourage these new possibilities.

“...such developments require innovative public policy thinking, [for example, thinking] that sees activities associated with the night-life of a city, not as a problem for local authorities but as both a source of new opportunities for creative industry development, and as part of a creative milieu that gives a city or region a dynamic image, and acts as an attractor to creative personnel in globally networked new economy industries”

Terry Flew, *Beyond ad hocery: Defining Creative Industries*

There’s a tendency to focus too much on billing a city as the place for a certain industry or a certain segment. A city can best differentiate itself by being a place where all kinds of businesses can succeed through their relationship with creativity and innovation.

Auckland should aim to become a magnet city, with a creative economy underpinned by the arts as exemplars of the ‘seed beds’ and ‘hothouses’ of the creativity and innovation. The arts could be at the heart of an Auckland Vision project, developed by the Council and other strategic alliance partners, which could then be marketed regionally, nationally and internationally.

Possibilities:

- * Make Auckland known internationally for its creativity, innovation, skills and lifestyle.
- * Brand Auckland in line with Catching the Knowledge Wave’s suggestion for New Zealand branding: “the world’s richest lifestyle”—a place to create wealth while having a great life.
- * Brand Auckland as a creative ‘can do’ city—a city committed to helping creative entrepreneurs realise their dreams.
- * Change attitudes to build a culture of success and pride.
- * Find ways to celebrate Auckland’s success and achievement in creativity and innovation:
 - Profile success
 - celebrate creatives and innovators as role models.
- * Explore the concept of the new super city—one leader, one vision, one governance structure—and, given the importance of agglomeration, more actively link with Hamilton, Whangarei and Tauranga to increase scale and diversity and an enhanced capacity to compete with other larger centres such as Sydney and Melbourne.

**PRACTICAL STEPS:
THE 100 GREAT IDEAS FOR A CREATIVE CITY PROJECT**

Launch the creative city concept with a project aimed at generating 100 great ideas for a creative city from Auckland's best thinkers.

APPENDIX— LEARNING FROM SUCCESS

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Summary

- * **We can learn from the successes of other cities**
- * **Three examples of successful city implementations**

Blockbuster exhibition: Masterpieces from the Guggenheim Museum, Dunedin

Cultural Tourism: Tamaki Maori Village, Rotorua

City branding: Totally Wellington

1. LEARNING FROM SUCCESS: BLOCKBUSTER EXHIBITION MASTERPIECES FROM THE GUGGENHEIM MUSEUM, DUNEDIN

Description

An exhibition of 60 modern masterpieces valued at \$US200m from the collections of the internationally renowned Guggenheim Museum, presented at the Dunedin Public Art Gallery in 1997. The exhibition was organised through a joint venture between the Dunedin Public Art Gallery and the Guggenheim Museum and regional partnerships with the Singapore Art Museum and the Shanghai Museum.

Impact on the city

The exhibition attracted 68,000 fee-paying visits at the Dunedin Public Art Gallery over a fourteen-week period.

Visitors to the exhibition spent \$7.2m dollars in Dunedin, providing a boost to the local economy—not only for the tourism and visitor service industries, but also small businesses in the CBD

Supported the local tourism industry by gaining national visibility and media coverage,

promoting Dunedin as a visitor destination. Over 50% of the visitors to the exhibition were domestic or international tourists.

Hosting a blockbuster exhibition in Dunedin created a sense of city pride and achievement.

The challenge

The cost of staging exhibitions from the Guggenheim Museum place them beyond the reach of smaller centres like Dunedin. Previously, Guggenheim exhibitions had been staged at major international cities with large populations.

The exhibition had to be staged at no direct cost and no risk to the city and its ratepayers.

The exhibition could not be staged as a one-venue show as the staging costs and the projected revenue targets required to meet the costs were far too high.

The conventional approach to organising 'blockbusters' (utilising gallery resources supported by sponsorship) was not an option because the Dunedin City Council was unwilling to take the risk of being left with an exhibition deficit.

A small city population base of 130,000 and the need to attract significant number of visitors from around the country to meet the visitor targets.

The response

The Dunedin Public Art Gallery secured an agreement with the Guggenheim to present the exhibition at three venues in the Asia/Pacific region. While this scaled up the costs, it also offered a set of opportunities—greater potential to attract the finance and resources required to stage the exhibition, a larger potential fee-paying audience in the Asia/Pacific region, and a bigger market for the merchandise developed for the exhibition.

The Gallery adopted a commercial approach, structuring the exhibition as a business venture utilising best business practices. For example:

- * The Gallery negotiated a licensing agreement with the Guggenheim Museum (the first time the Museum had agreed to such an arrangement). This allowed the Gallery and its regional partners to produce their own merchandise cost effectively in Singapore and Taiwan and to achieve better profit margins than would have been possible with merchandise purchased from the Guggenheim Museum.
- * The merchandise was sold in a 'Guggenheim' gallery shop designed and fitted out by a local retail design company. The shop generated gross sales of \$350,000 in Dunedin, making a significant contribution to exhibition revenue.
- * Admissions were structured to maximise the returns—the admission fees were

higher during the weekend—and to encourage more visitors to use off peak times. This created a more even flow of visitors and helped to avoid the peak time crushes, which make it difficult to deliver quality visitor experiences.

- * Multiple revenue streams were developed and every opportunity was taken to generate revenue. Examples include: visitor services, (acousti-guides for hire) corporate evenings (facilities, food, hospitality), through to percentages of exhibition-related revenue from other service industries that benefited from the inflow of visitors.

The Gallery was also supported by other partners, most notably: Wickliffe Press (the major exhibition sponsor), the New Zealand Government (indemnified the exhibition), The Minister and Ministry of Foreign Affairs and Trade (assistance with securing high level political support in Singapore and Shanghai) and Air New Zealand (provided discounted airfares to Dunedin for exhibition visitors and promoted the exhibition and travel packages through its travel agents).

The Dunedin City Council's requirement re a risk-free venture was achieved by securing exhibition underwriting (with a lien over assets) from a Singaporean businessman based on an agreed profit share formula and, in the event of an unfavourable outcome, a willingness on the part of the underwriter to meet any exhibition shortfall.

Success factors

Creativity and innovation

The Dunedin Public Art Gallery developed an idea that required innovative thinking to convert it into a viable venture. The innovation was the commercial approach to staging Masterpieces from the Guggenheim facilitated by a cluster of people who collectively provided the skills required to realise the exhibition.

Commercial approach

Approaching the project as a commercial venture opened up new possibilities for securing the financial resources required to stage the exhibition. The adoption of a business-planning model enabled the exhibition underwriter to view the exhibition as a business venture with an acceptable level of risk. Furthermore, the approach allowed the underwriter to make a significant contribution to the successful staging of the exhibition by bringing his considerable business and entrepreneurial skills to the negotiations over fees and the development and production of merchandise.

Marriage of art and commerce

The belief that it was possible to achieve cultural outcomes by commercial means established the grounds for a productive meeting of arts and business, demonstrating the compatibility of cultural and commercial imperatives.

Progressive and visionary city council

The Dunedin City Council supported the venture providing a leadership role, combining a willingness to run with a large-scale project capable of delivering desirable outcomes for the city, while at the sale time adopting a prudent attitude regarding risk.

City-wide support

The city embraced the exhibition (and the new art gallery where it was displayed) as an expression of civic pride. Strong support for the exhibition came from a variety of quarters including corporate leaders, the small business community, regional tourist operators, right through to taxi drivers. It was a citywide phenomenon.

Contribution to 'big picture' agendas

The exhibition formed part of the Dunedin City Council's strategy to develop its sister city relationship with Shanghai. Following its showings in Dunedin and Singapore, Masterpieces from the Guggenheim was presented at the Shanghai Museum (Dunedin and the Guggenheim both had an interest in Shanghai). Discussions were initiated with the Shanghai Foreign Affairs Office and the Shanghai Museum, which subsequently enabled the Dunedin Public Art Gallery and the Shanghai Museum to jointly organise Chinese Splendour, an exhibition of masterpieces from the Museum's collection later shown in Dunedin and Hamilton.

Future potential

The successful staging of the Masterpieces from the Guggenheim Museum and the exhibition Chinese Splendour that followed in 2000 demonstrated:

- * the impact of a high profile arts event on the economic as well as the cultural life of a city
- * The role such events can play in advancing other strategic aims at a regional level (e.g. the sister-city relationship between Dunedin and Shanghai) and at a national level (e.g. the Government's interest in using cultural exchanges as a way of promoting foreign policy and trade objectives)
- * that New Zealand has the capabilities required to successfully organise major international exhibitions and tour them to overseas venues, and that there is a regional and possibly also a global market for these skills and services.

2. LEARNING FROM SUCCESS: CULTURAL TOURISM TAMAKI MAORI VILLAGE, ROTORUA

Description

The Tamaki Maori Village, winner of the New Zealand Tourism Award for Best Cultural Experience, is a reconstructed pre-European settlement Maori Village set in native forest 15 minutes south of Rotorua. The Tamaki Maori Village takes visitors “on a cultural journey back into the marae where the life force of our country’s indigenous people is strongest”.

The Tamaki Maori Village is owned and operated by Tamaki Group Limited. Established in 1990, the Company is perceived to be one of New Zealand’s cultural tourism successes. Under the leadership of Mike and Doug Tamaki, the Company has developed the vision statement “Leadership in indigenous economic development through cultural experiences”. This vision statement has shaped the development of Tamaki to date and it provides a platform for its future growth and development.

Impact on the city

Rotorua is one of New Zealand’s premier visitor destinations with a burgeoning tourism industry developed around its geothermal and volcanic attractions, lakes and unique Maori culture. Around 1.3m visitors per year experience the wide range of attractions. One third of the visitors are international and two thirds are domestic. They stay an average of 2.2 nights and spend over \$310m per annum with the flow on effect of their spending contributing \$463m to the economy. The tourism industry employs one in five people in the region. (Source: Tourism Rotorua Marketing)

The Tamaki Maori Village adds value to the tourism industry by providing a new facility with a clear point of difference from other heritage and cultural tourism enterprises. Through the provision of commercially-structured cultural experiences, presented in village set in native bush, Tamaki Maori Village caters to two significant trends in the international tourism market—tourists are increasingly in search of nature based and cultural experiences.

The idea

The idea emerged during the Tamaki brothers first foray into tourism. Many tourists asked where they could experience Maori culture and this perceived gap in the market offered a window of opportunity for the Tamakis—to present Maori culture in a new and compelling way, and packaged as an experience for tourists.

The innovation

Rather than setting up another traditional display of Maori culture or working within the confines of the city’s tourism service industry (a cultural experience and hangi in a hotel) the Tamaki brothers decided to restage a pre-European settlement where they could present tourists with some of the physical markers of Maori culture (e.g. the

wharehenui and Maori arts and craft). The Tamakis also sought to introduce tourists to Maori protocols, beliefs and values, their stories about the past and their aspirations for the future. It was designed to present Maori culture as a living culture—a culture connected to its past, but also located in the present and thinking its way into the future.

Success factors

Creativity and innovation

A great idea and an innovative new approach combining to produce a new visitor attraction aimed at a market opportunity.

Vision and leadership

Tamaki is founded on the vision, skills, expertise and commercial capabilities of the principals, Mike and Doug Tamaki, who have demonstrated a proven ability to operate successfully in a highly-competitive cultural tourism market. It is a compelling example of indigenous leaders acting for indigenous people

Quality Maori experience

The Tamaki Maori Village is a cultural institution that is proudly owned and operated by Maori and reflects the richness of Maori culture. It presents a living evolving culture, not remnants of Maori culture in institutional displays, removed from its cultural base.

The experience is well managed from point-of-sale to the return to Rotorua. The hosts take pride in the village and relish the opportunity to convey the Tamaki stories and messages to visitors. They are more than employees; they are culture bearers telling the stories of their people—who they are, where they come from, where they are heading in the future.

Point of difference

Maori culture provides for the visitor an experience that they are unable to have in any other part of the world. By highlighting the essence of Maori culture (e.g. spiritual awareness, shared responsibility, a strong sense of community, respect for cultural difference, environmental concern and a sense of history that provides a way into the future), the Tamaki Maori Village experience suggests new possibilities in the context of life in a rapidly changing modern world. It is this combination of learning within a meaningful Maori experience that makes it such a powerful and enduring attraction to the international tourist market.

Celebrates cultural diversity

The Tamaki Maori Village operates primarily as a cultural tourism venture. It also aims to promote a greater understanding and appreciation of Maori heritage and culture.

Destination Rotorua

The Rotorua District Council has played an active leadership role in the tourism industry,

providing a receptive and supportive environment for the development of new business initiatives. Tourism Rotorua Marketing was established in the 1990s to operate under the aegis of the Council's Finance Committee. A more recent initiative is the Rotorua Sustainable Charter. The goal of Tourism Rotorua Marketing is "to enlarge the economic base of Rotorua by the vigorous marketing of the district as a tourism destination". To achieve this goal the Tourism marketing division seeks to implement strategies which will create a higher awareness of Rotorua as a holiday destination in the market place and which will provide individual businesses with a platform to market accommodation and activities.

Future potential

The Tamaki Maori Village enterprise is underpinned by a vision of "leadership in indigenous economic development through cultural experiences". It is a response to the challenge of shaping a better future for Maori through economic self-determination, finding new ways to create employment and to "close the gaps".

The economic model developed by Tamaki has the potential to be applied in other cultures. It is a new voice emerging from the Pacific offering fresh solutions to the challenges faced by indigenous peoples around the world. The capacity to generate wealth is central to most cultures and the strategies developed around the idea of economic self-determination are transferable to other cultures. There is an international market for the development models and capabilities embodied in the Tamaki enterprise.

3.

LEARNING FROM SUCCESS: CITY BRANDING TOTALLY WELLINGTON

The following material is summarised from strategy documents provided by Michael Volkerling, immediate past Chair, Totally Wellington trust. Financial data has not been included for reasons of commercial sensitivity.

Introduction

The period 1995-2000 has been one of growth and achievement for Totally Wellington. It has been successful in facilitating the generation of economic wealth and promoting a vibrant lifestyle for the city that benefits visitors and residents alike. Its success has been assisted by the development of new infrastructure—Te Papa, the Westpac Trust Stadium and the new airport in particular.

Much of this success has been built on the astute packaging and exploitation of existing Wellington cultural and sporting assets and an overarching rebranding of Wellington the city as a sophisticated, urban, cultural centre and destination. Totally Wellington cite:

- * Totally Wellington's Event Management Strategy and the Send Yourself to Wellington campaign
- * supporting programmes including the expansion of Wellington's Visitor Centre
- * and development of the website
- * infrastructure development (and in particular Te Papa, the Stadium and the new Airport).

History

Totally Wellington was established in 1995 by Wellington City Council as an independent trust to develop Wellington as a visitor destination by co-ordinating tourism marketing. The principal object of the Trust is:

to market and add value to Wellington to achieve sustainable economic growth for the benefit of the public of Wellington.

The primary motivation behind the establishment of Totally Wellington was the poor weekend occupancy of local hotels, allied with the 'lock-out' of leisure visitors during the week by business travellers. In seeking organisational models capable of addressing these issues, the founders of Totally Wellington were influenced by:

- * the visitor development strategies adopted by Melbourne based on the marketing of major events
- * the work of downtown associations in North American cities such as Baltimore, with their integrated strategies for CBD marketing, product and infrastructure development.

Development Phases

Three phases can be identified in the organisational development of Totally Wellington:

- * 1995-1998—an establishment period during which activities were modelled on the work of other Regional Tourism Organisations (RTOs).
- * 1998-2000—an expanded focus on event development, retail promotion and the establishment of cluster programmes (Retail, Wine and Food; Sports and Venues; Arts, Nationhood and Education).
- * 2000-2001—a period of consolidation for the cluster management approach, the initiation of cross marketing (for example retail promotion around major events) and the opening of the new visitor centre and the development of a new Convention Bureau model.

Initial Goals

The initial goals for Totally Wellington were based on:

- * achieving market growth for domestic and international visitors benchmarked against Rotorua
- * achieving improved accommodation profitability across a seven-day week to stimulate inbound market and new hotel development.
- * increasing the net added value of the visitor industry through increased visitor spending (particularly on retail, wine and food).

Foundation Strategies

Five linked strategies were adopted to achieve these goals:

Send Yourself to Wellington—a domestic campaign focused on events/weekend market, supported by the Visitor Centre and the Totally Wellington website.

Centre Stage—a joint international marketing campaign for the macro region with Wellington as its hub, supported by the Visitor Centre and the Totally Wellington website.

Downtown Strategy—branding, differentiating and promoting cooperative marketing of the four quarters—Lambton, Willis, Cuba and Courtenay.

An Emerging Convention Focus—the new Convention Bureau arrangements are intended to capitalise on a new growth opportunity for both domestic and international conventions.

Cluster Management—the establishment of formal advisory groups with a cooperative marketing emphasis and emerging product development focus particularly in education and the arts.

Funding

Totally Wellington is financially supported by the Wellington City Council and by revenues derived from a special levy on downtown retailers and building owners. In addition, it works to leverage additional financial contributions from strategic allies such as hotels, airlines and retailers.

Success to date

The combined impact of the Send Yourself to Wellington campaign, the Centre Stage promotion and the events strategy has meant that:

- * by 1999 Wellington had overtaken Rotorua as New Zealand's fourth most visited destination, and
- * Wellington hotel occupancy rates and yield has now overtaken Auckland to lead New Zealand
- * Wellington has captured 5.5% of the total domestic-visitor nights market, and its share is growing by 8.7% annually, a growth rate faster than any of the other major tourism destinations in the country and almost four times more rapid than the New Zealand average.

The Importance of Events

It is possible to quantify the importance of Totally Wellington's events strategy in catalysing domestic-visitor growth. As the table below indicates, events were responsible for bringing \$40 million in net added value to the city in 2000 and have been responsible for producing approximately one third of the visitor growth rate:

The Economic Contribution of Events

Net Added Value of Wellington Visitor Expenditure 2000	Value of Totally Wellington's Events Contribution	Totally Average Annual City GDP Growth Rate	Annual Average Contribution of Events to Growth Rate
\$315m	\$40m (13%)	7.5%	2.3%

As an operating rule of thumb, Totally Wellington has adopted a target of \$1:\$20 return on investment for the events its supports. This rate of return has been achieved or exceeded for most of the events that Totally Wellington has supported since 1998. This represents a considerable improvement on the rate of return achieved on events organised prior to Totally Wellington's involvement. (Events include sporting events such as the Mobil Street Race and the Golf Open, and cultural events such as the Exhibition of the Century, the New Zealand International Festival of the Arts and the Edinburgh Tattoo).

Strategic Results—Cluster Development

The concept of cluster development is based on work by Harvard Business School

Professor Michael Porter. Porter argues that economic vitality is a direct product of the competitiveness of local industries. Porter contends that regions must develop a competitive advantage based on the ability to innovate continually. Innovations are based on the following four key elements:

- * factor conditions, such as a specialised work force or infrastructure
- * home demand, or local customers who push companies to innovate, and whose influence is especially important where their needs or tastes anticipate global or local demand
- * related and supporting industries which create business infrastructure and spur innovation and spin-off industries
- * industry strategy and a local culture that influences individual industries' attitudes toward innovation and competition.

Cluster development strategies are now being used extensively throughout the United States and elsewhere as a basis for regional economic planning. The 'new economy' of California is now predicated on the development of nine industry clusters of which four are culturally based—entertainment, apparel and fashion design, multimedia and telecommunications. Closer to home, Wellington City Council is basing its economic development strategies on three cluster groups—film and television, telecommunications and fashion design.

At Totally Wellington, cluster development strategies were introduced towards the end of the previous planning period so they have yet to produce the full range of benefits indicated by Porter. However, concrete progress has been made on:

- * the development of cooperative marketing strategies for Arts, Nationhood and Education through the Arts Map and Education Guide
- * the branding, differentiation and marketing of the four quarters of the CBD as a means of promoting Retail, Wine and Food
- * joint venture marketing of Events, Sports and Venues
- * the development of a five-year events calendar.

Future Developments

Totally Wellington is interested in growth in both the domestic and international visitor markets and are developing new products for both.

In relation to international visitors, New Zealand presently has only 0.045% of the world tourism market. Wellington has a minor share of this. Internationally, both the country and this city can therefore be positioned as a 'new product type'.

Totally Wellington believes that increasingly these future international visitors will be attracted to the type of product offering Wellington can provide. Tourism New Zealand believes that international visitors are increasingly:

- * seeking 'life experiences' and 'authenticity'
- * looking for 'new product types'
- * these include 'niche focused arts and cultural tourism products.'

Wellington can further develop our identity as an arts, cultural and heritage tourism destination. Tourism New Zealand positions Wellington and its surrounding macro region as the only urban destination in the country—a sophisticated, cultural destination that contrasts in its appeal with the other regions whose principal attractions rest on natural features.

To achieve a successful international market strategy Totally Wellington will supplement the Centre Stage programme and take steps independently to:

- * further research, segment and prioritise specific international target markets (including perceptual mapping of international visitors)
- * on the basis of this research, re-package Wellington as a 'new tourism product'—a sophisticated, urban cultural centre situated within a striking natural landscape—a surprise at the end of the world.

Strategic Approach—New Product Development

The development of a forward-events calendar built around permanent fixtures that are unique to Wellington including smaller scale activities targeted to the high yield domestic audiences and large scale events that generate relatively large audiences, impacts and returns.

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