Creative Capital: creative industries in the “creative city”

Richard Brecknock

Over the last few years the “Creative Industries”, have become a major new consideration in urban economics and city politics. Writers such as Americans, Richard Caves and Richard Florida, have led much of the discussion supported through their analysis and data collection of this sector. The resulting evidence of the links between creative capital, quality of life and competitiveness have made the creative industries a serious economic factor that needs to be considered particularly in regard to city viability.

But what are the creative industries and what activities are included in the sector?

While creative industries is a relatively new phrase, here in Australia the terms Arts Industry and the Cultural Industries have been in use for some time. Recently all three terms “Arts Industry”, the “Cultural Industries” and the “Creative Industries” seem to be used interchangeably thus creating some confusion in the debate.

It is therefore useful to briefly review each of these terms and the sectors they cover to make sense of what the current discussion is all about.

Arts Industry and the Cultural Industries

If culture is the underlying construct, then the range of personal expressions are categorised as “art” and includes a wide range of visual, aural and sensory communication. Included in the visual arts are painting, sculpture, digital arts and crafts. The performing arts include dance, music and theatre and the literary arts include writing, publishing and storytelling.

Art is therefore an expression of a culture, reflecting or challenging the values contained within the community’s culture. In our contemporary community it is likely that artwork will reflect many influences including; local, international, cultural, political or aesthetic concerns.

“Art could be defined as a cultural practice that involves the creation of a specific and definable object - a play, video, or piece of music for example. The function of the object is as self-conscious, personal, or collective expression of something.”

Justin Lewis - Art, Culture, and Enterprise

The creation of artistic products is important in sustaining a culturally vital society and to allow people outlets for personal expression. Therefore where the Arts Industry differs from most traditional industry sectors is that art is a process of communicating symbolic information between the artist as “encoder” and the audience as “decoder”. [based on the work of Christopher Madden 1998]

Perhaps it is because of this important encoding and decoding transaction that many artists see themselves as operating outside of traditional industry considerations. Indeed many artists prefer to ignore or deny their involvement in an “Industry”. However, unless they are purely creative in their own studios with no intention of exhibiting or selling their work then they cannot avoid the fact that they are indeed key players at the very core of an industry. The very act of taking a painting from the studio and exhibiting it in an art gallery is to become part of a large interconnected industry involved with production, distribution, promotion and consumption of the unique artwork.
The arts are a significant and growing industry sector within the Australian economy. It is important when looking at the arts sector to analyse not just the act of creating a painting or piece of music but to consider the supporting industries that assist in the production of art activities such as instrument suppliers, framers and other art suppliers and those who provide the distribution networks such as art galleries or record producers. In addition the final product is also presented to the consumer through art galleries, theatres, libraries and bookshops.

The arts like any other product therefore enters into a form of value chain in order to get original ideas to a consumer. The traditional value chain can be illustrated diagrammatically as shown below, with a relatively linear process of moving from one defined stage to the next.

TRADITIONAL VALUE CHAIN

While the Arts Industry involves a value chain it does have its own very important variations especially related to the previous “Encoding” and “Decoding” dimension. The uniqueness of the product introduces into the process two key players. Firstly in the case of the visual arts there is the curator of a gallery who will make professional judgements as to the suitability of the product for exhibit and secondly once the artwork is exhibited the professional art critic will play a critical role in influencing the consumer.

The performing arts value chain has many of the same issues as the visual arts with the added fact that the performing arts requires a larger and more complex industry to translate and present an original creative idea.

PERFORMING ARTS VALUE CHAIN

In Australia the emphasis has been on accumulating data on the arts and cultural industries, especially by the ABS Statistical Working Group who have released their Australian Culture and Leisure Classifications in 2001. The Australia Council has been the main source of economic information on the arts and cultural sector through publications such as The Arts Economy 1968-1998 and Planning for the Future 2001.
The ABS classifications of the Cultural Industries include heritage, visual arts, performing arts and design, the graphic arts, new media, publishing, music production and film production. A major component of the Cultural Industries is the building, administration, maintenance and employment associated with specialised cultural facilities.

The Cultural Industries are significant employers when seen as a sector, ABS statistics for 2001 show that 3.6% of employed persons were engaged in cultural employment. This includes people who are cultural workers such as artists and performers as well as non cultural workers employed in a cultural institution. Clearly this is an economic sector of importance.

Creativity and the Creative Industries

The concept of industry and commerce and the exploration of meaning need not be mutually exclusive. Indeed there is considerable value in exploring the richness of local culture as it leads to the development of unique products that have a competitive advantage within the market place. This is also true of cultural tourism to local, regional, interstate and international visitors.

Many successful creative sector products such as film, music or literature succeed specifically because they are rich in local cultural references.

In their 1995 book *The Creative City* Landry and Bianchini state that:

"creativity involves thinking a problem afresh and from first principles; experimentation; originality; the capacity to rewrite rules; to be unconventional; to discover common threads amid the seemingly disparate; to look at situations laterally and with flexibility."

While these are clearly the attributes that typify the arts it is important to state right up front that creativity is not by any means restricted to the arts, rather it is the intellectual process of conceiving new ideas regardless of the field of endeavour. These qualities are also exhibited in a creative city administration, by those generating policy and by those officers delivering projects in the field.

The inability to be open to trying new approaches and rethinking traditional methodology or the restrictions imposed by overly rigid systems and organisational structures present real barriers to creativity. Without a supportive organisational environment where an element of risk taking is a given there can be little creativity and creative people will not flourish.

While the terms creativity and innovation have become largely interchangeable in common usage it is worth clarifying the differences. Creativity as stated is the intellectual and at times inspirational process of conceiving original ideas, innovation on the other hand is the equally important process of reviewing and adapting and expanding upon existing creative ideas as shown in this creativity loop diagram.

The Cultural Industries and Creative Industries have some overlap in terms of the sectors used in their statistical groups. Their differences are that Cultural Industries have been seen as including heritage areas, the arts, design, broadcasting, electronic media and film. While the Creative Industries classifications exclude heritage but include computer services.

In total the document suggests that the industry employs 892,000 people and generated revenue of £112.5BN, of which music revenue was £4.6BN, performing arts £0.5BN while software and computer services earned £36.4BN.

There is a considerable body of research and development in building the creative industry sector in the UK and Europe that Australia is drawing upon. One of the areas requiring further clarification and documentation is the definition of creative industry and its usage to define industry activity in the Australian context. For many in the cultural sector there is considerable confusion as to what is included in the definition of cultural industries and what is included under the banner of creative industries. In Australia the National Centre for Culture and Recreation Statistics unit of the ABS have developed the Culture and Leisure Classifications 2001. This classification covers heritage, the creative arts and design but not the computer software area as per the UK listings.

The World Context

As mentioned in the introduction, the Creative City approach to governance appears to be finding greater acceptance with local and regional governments within European than in North American cities.

That said there is a current debate running in the US over the work of theorists such as Robert Putman and Richard Florida around the impacts of social capital, human capital and the creative class. Florida in his book The Rise of the Creative Class: and how it’s transforming work, leisure, community and everyday life is arguing that new wealth and successful cities are driven by their ability to attract the “Creative Class” or the “Super Creative Class”. He lists computer programmers, mathematicians, architects, engineers, scientists, teachers and professors, artists, writers, filmmakers and musicians as the “Super Creative Class”.

Given that creativity has emerged as the single most important source of economic growth, the best route to continued prosperity is by investing in our stock of creativity in all its forms, across the board. This entails more than just pumping up R&D spending or improving education, though both are important. It requires increasing investment in the multidimensional and varied forms of creativity – arts, music, culture, design and related fields – because all are linked and flourish together. It also means investing in the related infrastructure and communities that attract creative people from around the world and that broadly foment creativity.

Richard Florida, The Rise of the Creative class, 2002

American statistician Robert Cushing recently released his analysis comparing twenty American cities with high levels of high-technology industries and patent activity. His findings suggested that the “Cities of Ideas” as compared with “Traditional Cities” were more open to new ideas and other cultures, more likely to engage in individualistic activities, were more optimistic and had a higher percentage of artists, musicians and writers. He also suggested that where there was a lower involvement in community activity there was an associated decrease in social capital.

While this is an important debate it is not altogether new. In 1985 Bob McNulty, Partners for Livable Places published “The Economics of Amenity” that articulated the nexus between creativity, culture and viability.

"Quality of life and local amenities, including the arts, have long been counted among the factors that contribute to an area’s potential for economic development. In recent years, however, changes in the structure and composition of the economy have made them more significant relative to other investment influences. Often unrecognized and untapped, amenities are being given a central role in the development strategies of some cities that are stressing the characteristics that make them distinctively attractive as places to live, work, visit and invest with imagination determination and cooperation, most cities can link amenities and development in strategies that contribute to both economic strength and quality of life improvements."

Partners for Livable Places, 1986

Likewise the UK consultancy Comedia, founded by Charles Landry has also been writing about the links between creativity and viable cities since the 1980’s. As a group, Comedia are well placed to be writing about vitality and viability as they have undertaken extensive work in this field. One of their previous studies, the 1991 "Out of Hours" report, was released as a book in 1992 by the Open University under the title of "Towns for People".
The Out of Hours study, which looked at the quality of life in the town centres of 12 cities, identified the retail revolution of the 1980's as the main contributing factor in the decline of the British town centre.

The concept of economic vitality and viability has to do with the economic performance of the town centre measured for example in terms of levels of employment, disposable income and standards of living of people in the catchment area, annual numbers of tourists and visitors, retail performance, property and land values. Creating economic vitality and viability has to do with laying the basis for economic self-sufficiency and long term security.

Creative Indicators
In order to provide a means of measuring the range of factors Richard Florida believes constitute a creative city he proposes a range of creativity indexes for use in undertaking comparative research into US cities.

These indexes are as follows:

- High-Tech Index – measure of high-tech industries
- Innovation Index – measure of numbers of patented innovations per capita
- Gay Index – measure of same sex couples living in region
- Bohemian Index – measure of artistically creative people
- Talent Index – based on numbers of people with bachelor degrees and above
- Melting Pot Index – measure of foreign born people living in region
- Composite Diversity Index – composite of gay, Bohemian and melting pot indices
- Creativity Index – composite measure of the innovation, high-tech, gay and creative class indices

Florida’s basic argument is that levels of creativity and innovation are linked to the openness and tolerance of the environment where creative people work. Therefore bringing together measures of population diversity with measures of creative outcomes such as the number of patents registered provides an overall creative city rating.

The important aspect of these indices is the link between industry activity and the quality of place.

Building on the work of Florida, Peter Brain of National Economics has undertaken an equivalent Australian Creative Class review as part of the State of the Regions 2002 report for the Australian Local Government Association. Brain has evolved a similar set of indices to the US examples that can be quantified in the Australian statistical framework.

The Creative Class ranking as shown below includes both the “Super Creative Core” and the “Creative Professionals”. The super creative core is made up of computer, design, education and science occupations and the creative professionals grouping include management, financial and legal.

State of the Regions – Occupation rating [Creative Class % of workforce]

<table>
<thead>
<tr>
<th>OCCUPATION - CREATIVE CLASS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GLOBAL SYDNEY</td>
<td>37.9%</td>
</tr>
<tr>
<td>ACT</td>
<td>37.9%</td>
</tr>
<tr>
<td>MELBOURNE INNER</td>
<td>37.4%</td>
</tr>
<tr>
<td>ADELAIDE CENTRAL</td>
<td>30.7%</td>
</tr>
<tr>
<td>PERTH CENTRAL</td>
<td>29.6%</td>
</tr>
<tr>
<td>BRISBANE CITY</td>
<td>26.8%</td>
</tr>
<tr>
<td>HOBART - SOUTH</td>
<td>25.2%</td>
</tr>
<tr>
<td>DARWIN</td>
<td>26.8%</td>
</tr>
<tr>
<td>NAT AVERAGE</td>
<td>25.2%</td>
</tr>
</tbody>
</table>
The following table summarises Brain’s creative class equivalent indexes for the primary capital city regions reviewed by National Economics.

<table>
<thead>
<tr>
<th>REGION</th>
<th>PATENTS</th>
<th>DIVERSITY</th>
<th>BOHEMIAN</th>
<th>FOREIGN</th>
<th>CREATIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLOBAL SYDNEY</td>
<td>36.20</td>
<td>5.90</td>
<td>2.00</td>
<td>0.34</td>
<td>992</td>
</tr>
<tr>
<td>MELBOURNE INNER</td>
<td>46.00</td>
<td>8.77</td>
<td>1.85</td>
<td>0.28</td>
<td>985</td>
</tr>
<tr>
<td>ACT</td>
<td>27.01</td>
<td>1.53</td>
<td>0.89</td>
<td>0.21</td>
<td>831</td>
</tr>
<tr>
<td>PERTH CENTRAL</td>
<td>16.07</td>
<td>1.18</td>
<td>1.06</td>
<td>0.31</td>
<td>744</td>
</tr>
<tr>
<td>ADELAIDE CENTRAL</td>
<td>16.35</td>
<td>1.17</td>
<td>1.14</td>
<td>0.23</td>
<td>735</td>
</tr>
<tr>
<td>BRISBANE CITY</td>
<td>18.86</td>
<td>1.52</td>
<td>1.01</td>
<td>0.22</td>
<td>720</td>
</tr>
<tr>
<td>DARWIN</td>
<td>4.31</td>
<td>1.03</td>
<td>0.86</td>
<td>0.18</td>
<td>317</td>
</tr>
<tr>
<td>HOBART – SOUTH</td>
<td>4.48</td>
<td>0.90</td>
<td>0.86</td>
<td>0.11</td>
<td>295</td>
</tr>
</tbody>
</table>

The *State of the Regions 2002* draws the following conclusions from the creative class analysis:

- **This report shows that Australia is well placed in the attraction and development of high concentrations of creative forces.**

- **Combining United States research with National Economics’ analysis this report shows areas of Sydney and Melbourne that would be placed within the top ten United States cities.**

- **The regions with the greatest concentrations of creative capital, Global Sydney, Sydney Outer North and Inner West, Melbourne’s Inner and East, Perth Central and Brisbane City are where there is the greatest levels of high technology industries and innovation, producing superior economic outcomes.**

**Brisbane: A Case Studies**

Although Brisbane’s State of the Regions creative class rating is just below Perth and Adelaide the city is consciously focusing on developing supportive policy and strategies to build the creative industry sector.

During 2002 Brecknock Consulting in association with Comedia and performing arts consultant Lyndon Terracini undertook background research into the current state of Brisbane’s cultural and creative industry sectors. Following the research the team in collaboration with Council staff developed the “Creative City Policy.”

The findings of this research were that there is considerable focus on the notion of Creative Industries in Brisbane in line with current thinking in the UK and Europe. The creative industries have been identified as key economic drivers and contributors to the research and development capabilities of the city, especially in the fields of music, film and television and digital design. There is a strong trend to embracing the Creative Industry agenda as can be seen from new policy initiatives at state government level through the “Smart State” and Council’s focus in the 2010 strategic directions of “Smart and Prosperous” and “Creative”.

Council has been proactive in the Creative Industry sector through partnerships with QUT and Department of State Development. Recent research undertaken by QUT for Council includes the 2001 “Music Industry Development and Brisbane’s Future as a Creative City” and the “From ceremony to CD-ROM: Indigenous Creative Industries In Brisbane” reports. The music industry report summarises the industry in Brisbane as dynamic, vibrant and diverse and has a high concentration of activity in Fortitude Valley. Among the findings of the reports were issues relating to ensuring that music venues are able to continue to operate despite the increasing pressure of urban development and that a key area of support the Council can provide is to develop appropriate planning regulations for areas around live music venues.
Current initiatives in Brisbane include the research partnership between State Development and Q Music into the Music Industry Advisory Service, the Pacific Film Television Commission [PFTC] and the QUT Creative Industry Precinct development at Kelvin Grove.

The Kelvin Grove Creative Industry Precinct is a significant state initiative and shows considerable leadership in this field. The project involves a substantial investment by the state government of $15 million in developing the precinct alongside the industry partners such as QUT and private sector.

This industry sector is characterised by a highly mobile and multi skilled workforce and a dynamic workforce that is constantly expanding and contracting to meet the demands of available work. Due to the mobility and transportability of the sector’s product and underlying reliance on intellectual property it is important that Brisbane maximises the support services available to promote and market Brisbane product. While the Brisbane film industry is currently producing approximately $150 million worth of product it is predominantly for overseas producers with only around $30 million of local product.

In 2003 the Queensland government, through State Development, is undertaking a major Creative Industry Policy consultancy to establish the current scope of Creative Industry activity in the state and to establish strategies for future growth of the sector.

Conclusions
Creativity is clearly an important economic driver of the future especially when considered as an integrated element of city development. The role of creativity in developing a viable city is now well recognised through international debate and supporting evidential base provided by the likes of Florida and National Economics. It is critical to keep in mind that while the creative industries and the “Café Latte” urban development approach provide an important new economic development tool they are but one part of the equation and must not be seen as the panacea of a city’s viability problems.

Without doubt the ability to attract, nurture and sustain creative talent will become an increasingly important competitive factor for Australian cities. Local and regional governments can play a vital role as they are in the position to provide an attractive place for creative professionals to live and work as well as developing a supportive regulatory environment that encourages sustainable creative industries.

References:
Lewis, Justin, Art, Culture & Enterprise: the politics of art and cultural industries, Routledge, London, 1990
McNulty, Robert, Economics of Amenity, Partners For Livable Places, Washington, 1985

Richard Brecknock is a Cultural Strategist and director of Brecknock Consulting P/L an Australian Cultural and Arts consultancy with offices in Adelaide, Brisbane and Melbourne. He has an MA in Cultural and Media Policy from Griffith University, QLD.

Richard has been involved in a wide range of policy, research and planning projects including the recent Arts Strategy for the City of Monash and the Creative City: Brisbane City Council’s Cultural Strategy 2003-2004. In 2003 he was the cultural industries adviser to Creative Energy Centre feasibility study team led by Sydney property analysis Hill PDA. This project involves the feasibility study and business strategy for a creative industry incubator project for the City of Wollongong.

Richard has written and lectured extensively on cultural issues in Australia, NZ, USA, UK, Czech Republic, Spain and Denmark.