

Submission to New Zealand Productivity Commission Improving Economic Resilience Inquiry April 2023

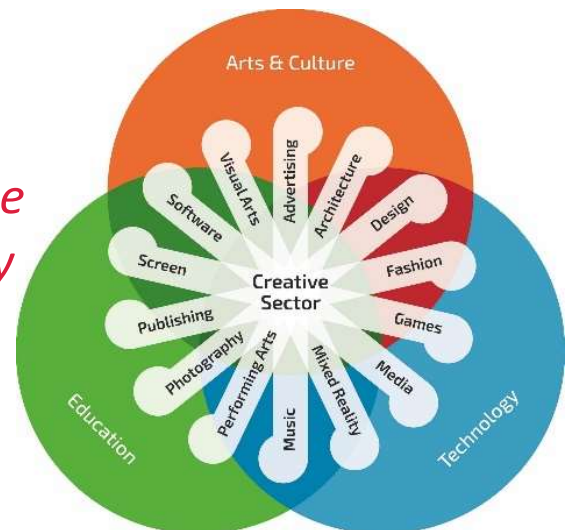
Background

WeCreate is the alliance comprising Aotearoa's major creative industry associations and organisations (representing 30,000+ Kiwi creators, support people, and creative businesses). The organisation was founded in 2014 to propel growth in the sector and increase its contribution to New Zealand's economic wellbeing.

In 2016 WeCreate commissioned NZIER to produce a valuation of the creative and cultural sector which estimated its **contribution to GDP at \$17.5bn** and **employment at 131,000 people** – one third of whom are creative people who work outside the creative industries. While WeCreate's advocacy and focus is the economic value of the creative ecosystem, the wider value of creativity to Aotearoa – through social and cultural wellbeing - must be considered, along with the value-add of creativity to other sectors of the economy.¹

“The best way to create value in the 21st century is to connect creativity with technology.”

– Steve Jobs



Between 2017 and 2019 WeCreate undertook extensive consultation across the sector and with government agencies including officials from MBIE, MCH, MFAT, NZTE, MoE, Stats NZ, and Callaghan Innovation, resulting in a draft Action Plan for sector growth that was delivered to government in March 2019. In June 2019 the **Action Plan was included as one component of a Creative Sector Industry Transformation Plan (ITP) programme**. In late July 2020, WeCreate was informed by MBIE and MCH that the Industry Transformation Plan for the creative sector would not be progressing for the foreseeable future.

A strategic partnership between the UK creative and cultural sector and government (with equivalent goals to an ITP) saw the **UK creative sector grow five times faster than the average rate of the UK economy (pre-COVID) and increase their contribution to GVA by 60.5% in eight years**.

We thank the Commission for making time to meet with us in March 2023. This written submission documents the matters presented in that meeting.

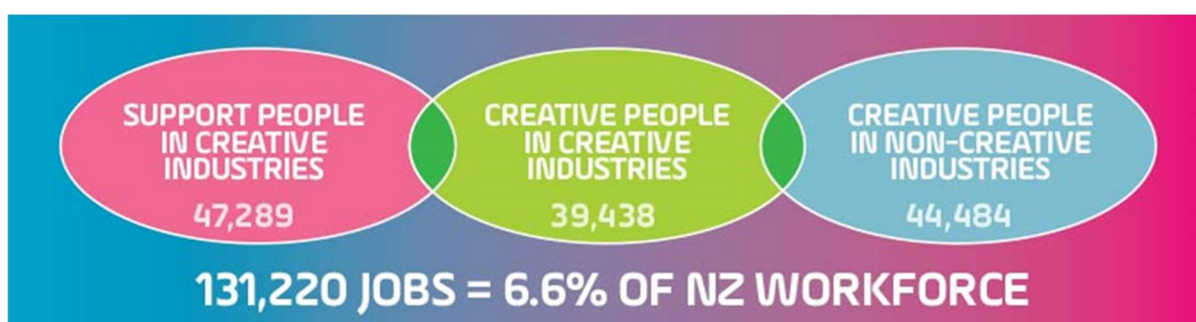
¹ eg. the design team at Fisher & Paykel

Our Submission

1. We welcome the opportunity to evidence that a strategic focus on the creative sector can enhance the resilience of the Aotearoa economy and living standards of New Zealanders.
2. We draw your attention to our 2020 submission on [Reaching for the Frontier](#). This paper sets out information about the creative sector that is highly relevant to the Commission's current Inquiry.
3. In our 2020 paper we also set out the recommendations in the WeCreate Action Plan that would have informed the Creative ITP and led, in partnership with government, to sector growth:

MEASUREMENT	More accurately measure, research and track, the value and potential of our creative sector.
CAPABILITY	Enable accelerated growth in the capability and capacity of our creative people and businesses
CONNECTIONS	Better connect our creative industries for growth - with each other, with government, for Māori, with other industries, and with the world.
REGULATION	Support our creators' ability to derive value from their work.
EXPORT	Diversify and grow New Zealand's export earnings, via expanding trade in digital (weightless and intangible) products and services
EDUCATION	A STEAM (science, technology, engineering, ARTS, maths) approach to learning in our schools that prepares our children for the world in which they live and will work

4. 2022 data from Infometrics for Manatū Taonga (MCH) values **creative GDP at \$12.9b or 3.61% of the economy**. These figures, as with much of the data/evidence produced that relies on currently available StatsNZ data, **do not accurately reflect the creative sector** due to ANZSIC and ANZSOC codes not encompassing digital industries or occupations. For example, Interactive Media (including the NZ [games industry](#) which grew 47% in 2022) is likely to be found in an "ICT" classification.
5. We note that the economic value of the creative sector is further enhanced by the social and cultural value of local creativity. Further, the value of other sectors is grown by the impact of creativity, and creative workers, in the design, user interface, promotion etc of non-creative products and services. Data from [NZIER](#) on the 2017 creative workforce is shown below.



6. Reference in the Inquiry Paper to opportunities to build resilience through investment in the creation and use of digital technologies is limited. We submit that New Zealand's geographic isolation, current reliance on primary industries, the urgency of climate change adaptation and the needs of our future workforce all **require us to place a much greater strategic emphasis on the digital opportunity for New Zealand** than other countries might, and more broadly than what is set out in the Digital ITP and Digital Aotearoa Strategy. As stated in Conway, 2018 "services industries that invest in and use ICT intensively have relatively high productivity, skills intensity, and wages". New Zealand has much to gain from a more intentional approach to the adoption of digital technologies.
7. Our creative industries are already at the forefront of technological innovation. Most are highly digital in the way they produce content, market, distribute and earn. **New Zealand has the potential to be a world-leader at the interface of creativity and technology** (known as Createch) if industry and government work together under a cohesive framework.
8. Use of the internet for B2B and, increasingly, B2C business provides an opportunity for New Zealand to diversify its economy. Creative people and businesses are rarely focussed on only the local market. They have the products with which to "go global" from day one, and the channels to market to get them there, which are very different to those for physical products.
9. The differentiation between sectors that produce physical products, and those like the creative sector that conduct most of their trade in digital, is particularly relevant to the Supply Chain aspect of the Commission's Inquiry. Other than the movement of people, **there is limited impact on the ability of the creative sector to be productive in times of supply chain disruptions**. This was evident during 2020 and 2021 when our Createch businesses continued to operate seamlessly and to reach both existing and new customers.
10. We draw the Commission's attention to the example of [CODE](#) (Centre of Digital Excellence) in Ōtepoti Dunedin. The games industry, working with Māori, central and local government agencies and other partners, has grown the Otago game sector to account for more than a quarter of the country's games studios.
11. We are not aware of any data on the current value of the Māori creative economy. Within WeCreate's membership there are Māori creatives and creative businesses who are creating and using digital technologies to tell their own and others' stories - and taking these to world audiences. We agree with the comments in the Inquiry paper regarding the **significant opportunities for Māori, including in Createch**. Businesses already successful in Createch include [Kiwa Digital](#) and [Metia Interactive](#).
12. The Commission may find it useful to connect with MFAT in regard to a report they have commissioned Martin Jenkins to prepare on Digital Trade. WeCreate is facilitating a hui of our members to provide input on the creative sector's digital trade experiences, including the barriers to digital trade (which are very different to physical trade barriers). This hui is scheduled for early May 2023.

13. We agree that *“Aotearoa’s economic resilience strategy needs to reflect its unique circumstances”*. We submit that part of the strategy must look to **areas of the economy where we have an existing, natural advantage and seek to grow these through government and industry working together**. The NZ creative sector has demonstrated its ability to innovate and create services and content for which there is both local and international demand.
14. As outlined in paragraph 3 above, the existing classifications for industries and occupations are inadequate for accurately counting the contribution of the creative sector. This is also true of how creative sector imports and exports are classified in trade data. The “services” bucket (yet to be analysed by the Commission) is where trade in IP and digital goods and services are captured. We submit that **New Zealand should be focussing more on digital services trade given the issues we face including climate change, distance from markets and, of course, the matters set out in the Inquiry Paper relating to supply chain resilience**.
15. The Commission invites suggestions for industries that maybe “missing” in Table 5 of the Inquiry Paper. We submit that **the creative sector, with an Action Plan that is ready to be updated and implemented, direct connections to the Digital ITP (via Interactive Media), and significant opportunity for the Māori economy, is such a sector**. For the reasons set out above we would caution solely using existing trade data to inform a decision on whether or not to include our sector.
16. Earlier this year the Australian government launched [Revive – A new National Cultural Policy](#) This is a strategy that had been developed a decade ago but was updated during a 6 month consultation period and is now a whole-of-government plan to grow the creative economy and attract creative talent and businesses from elsewhere. We note that one of the actions, in a very action-oriented plan, is to *“Take forward the Government’s trade diversification agenda to strengthen and expand trade networks, including growing markets for cultural and creative exports”*.

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References:

UK Creative Industries Trade Board Strategy 2022

[New International Strategy for UK creative industries launched - The Creative Industries](#)

WeCreate Action Plan 2019

[Strategy | WeCreate](#)

Australia National Cultural Policy 2023

[A new National Cultural Policy | Office for the Arts](#)