

Nova Scotia CAN

Building the Creative Economy in Nova Scotia

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For the Research Committee of the
Nova Scotia Cultural Action Network

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"Creativity and human talent, more so than traditional production factors such as labour and capital, are fast becoming powerful engines of sustainable development."

United Nations Conference on Trade and Development

Nova Scotia CAN:

Building the Creative Economy in Nova Scotia

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EXECUTIVE SUMMARY

The Nova Scotia Cultural Action Network (NSCAN) is a coalition of individuals dedicated to the progressive development of the province's arts and culture for the benefit of all Nova Scotians. In March 2008, NSCAN initiated a research project to look at new ways of thinking about economic development with a view to making Nova Scotia a world leader in the emerging creative economy. This report, *Nova Scotia CAN: Building the Creative Economy in Nova Scotia*, is the result.

What is the creative economy?

The report traces the creative economy to late twentieth century trends that resulted in a **significant shift in global economic patterns** – from the production of goods toward the provision of services. Developed countries are now functioning in a post-industrial **knowledge economy**, one in which knowledge itself has become a commodity and becomes a key tool in the generation of economic value. At the same time, there is a growing desire for meaningful experiences, and a greater value is being placed on expressive content in goods and services by increasingly sophisticated consumers. As a result, the knowledge economy has gradually been giving way to a further refinement of the post-industrial paradigm – the **creative economy**. According to leading thinkers, human creativity is a defining feature of contemporary life, and it is powering one of the great economic changes of our time.

While there is no single definition of the creative economy, it is commonly considered to include written media, film, broadcasting, sound recording, music publishing, performing arts, visual arts, crafts, architecture, photography, design, museums, art galleries, archives, libraries and cultural education. Broader definitions also include advertising, fashion, video games, software, and scientific research and development.

How big is the creative economy?

According to the United Nations Conference on Trade and Development, **creative industries account for 3.4% of total world trade**, with exports reaching \$424.4 billion in 2005. **World trade in creative goods and services increased at an unprecedented 8.7% from 2000 to 2005**. This positive trend is expected to continue into the next decade.

On a national level, in 2007, the real value-added output by culture sector industries in Canada totalled \$46 billion or 3.8% of GDP. Factoring in indirect and induced effects, the Conference Board of Canada estimates that **the economic impact of the culture sector was \$84.6 billion or 7.4% of GDP**. Looking at direct, indirect, and induced contributions to employment, the Conference Board estimates that **the culture sector accounted for 1.1 million jobs in 2007**, and it now employs as many people as the agriculture, forestry, fishing, mining, oil, gas, and utilities sectors COMBINED.

How do creativity, the arts, and the cultural industries affect the economy?

The arts and cultural industries propel the economy in three significant ways: (1) by driving innovation through core creativity and cultural industry activities; (2) by driving the economy through wealth creation; and (3) by positively impacting the quality of life in a given region, which in turn attracts more creators and innovators.

Research has demonstrated that **creativity is a primary driver of innovation**, and that innovation often results from the creative efforts of the cultural sector. In the creative economy, **culture is a driver of economic activity and a generator, not simply a beneficiary, of wealth**. Therefore, if we want to be an innovative society, we must first be a creative society.

As important as creativity is for the economy, it has equally important social impacts on individuals and communities. The cognitive, developmental, behavioural, and health benefits of participation in the arts are well known, and the environmental, job creation, and youth retention benefits associated with the arts and the cultural industries are becoming widely recognized.

What are the critical success factors in building a successful creative economy?

Based on an analysis of national and international case studies, four critical factors have been identified that are necessary for the successful development of the creative economy:

- A) Leadership and Participation** – Creative economies depend on leaders and visionaries who guide the active involvement of multiple stakeholders – the arts community, the cultural industries, government, the private sector, universities, and the broader community.
- B) Infrastructure** – Creative economies are built around appropriate, affordable, and strategically placed spaces which foster synergy and allow new ideas to flourish.
- C) Awareness and Education** – Creative activities are transformational – improving quality of life, enhancing quality of place, and above all, driving the economy by acting as primary generators of wealth and prosperity. The labour market has access to workers with a broad set of creative skills and aptitudes.
- D) Investment and Policy** – Creative economies require adequate levels of public and private investment, supported by effective policies that embed culture and creativity in a wide range of government strategies. Broad strategies focus on economic development, urban planning, infrastructure renewal, tourism, heritage, industry, trade, community services, and social planning as well as on the arts and cultural industries.

Is Nova Scotia positioned to take advantage of the creative economy?

Nova Scotia's overall economic performance in recent years has been at or near the bottom of the ranking for all Canadian provinces. Research on the province's labour market performance, an important indicator of economic health, shows that Nova Scotia's was at or near the bottom of the ranking for all Canadian provinces between 2003 and 2007.

In contrast, the economic output of Nova Scotia's culture sector has been steadily growing. The sector's contribution can be measured by its direct impact on provincial GDP, which was \$731 million or 3% of total GDP or in 2003. Taking into account both direct and indirect impacts, **Nova Scotia's culture sector contributed \$1.2 billion to the provincial GDP in 2003 and created 28,000 jobs.**

Nova Scotia has already demonstrated significant strength in the arts and cultural industries, and the province is well positioned to take even greater advantage of the opportunities presented by the creative economy. Recent research on indicators of success in the creative economy concluded that Halifax Regional Municipality, with 35% of the province's population, considerably outperforms other cities of its size or larger when it comes to the talent and creativity of its residents. Both are key requirements for developing a successful creative economy.

Conclusions

The report concludes that there are five fundamental steps that must be taken in order for Nova Scotia to realize the full potential of its emerging creative economy:

- 1) Leadership and the Participation** – Vision and dialogue are required to build the creative economy. Therefore, **Nova Scotia must create a forum that brings together leadership from the arts and business sectors, along with government and the community, to develop and implement strategies to grow and support Nova Scotia's creative economy.** Given the prominent role of arts and culture in the creative economy, a fully engaged arts community, from core creators to cultural industry workers, must play an active and leading role in the collaborative dialogue.
- 2) Conceptual Shift** – Building a successful creative economy requires moving from the perception that culture is a beneficiary or consumer of wealth to an acknowledgement that it is a driver of the economy and a generator of wealth and prosperity. Therefore, **creativity must be embraced as a driving force in the provincial economy and placed at the centre of economic, community, and business development strategies.**
- 3) Research and Policy** – Effective development and investment strategies require comprehensive and reliable statistics. At present, data on the arts and culture in Nova Scotia are either incomplete or badly out of date. Therefore, **the Nova Scotia government should collect and maintain baseline statistical data on all aspects of Nova Scotia's creative economy.**

Sound public policy also plays a critical role in economic and community development. However, when it comes to building a successful creative economy, narrow cultural policies are not enough. Therefore, **Nova Scotia and its municipalities, particularly HRM, must embed culture and creativity as core principles of their economic and community development policies.**

- 4) Investment** – Creativity can be envisioned as a cycle that begins with core creation and moves through production, distribution, consumption and conservation of the creative product. Case studies indicate that successful creative economies require significant investment at all points in the creative cycle. In order to reap the full benefits of the creative economy, **Nova Scotia must develop specific investment strategies that are appropriate to and address the needs of each component of the creative cycle.**

The report contends that **Nova Scotia should be a leader in the creative economy** and offers a number of possible investment targets, based on **per capita government funding levels** for culture in 2005-06:

- (i) **Municipal Benchmarks** – If Nova Scotia’s municipalities invested at the same level as the municipalities in the **leading** province, this would result in an additional **\$46 million** for Nova Scotia culture.
- (ii) **Provincial Benchmarks** – If the Nova Scotia government invested at the same level as the **leading** province, this would result in an additional **\$40 million** for Nova Scotia culture.
- (iii) **Federal Benchmarks** – If the federal government invested in Nova Scotia at the same level as it did in the **leading** province, this would result in an additional **\$46 million** for Nova Scotia culture.
- (iv) **Tri-Level Benchmarks** – If all three levels of government invested in Nova Scotia at the same level as they did in the **leading** province, this would result in an additional **\$93 million** for Nova Scotia culture.

While public investment is essential, significant investment from the private sector will also be necessary if Nova Scotia’s creative economy is to reach its full potential.

- 5) Infrastructure** – Infrastructure is critical for creative development. Therefore, **Nova Scotia must commit to economic development policies and infrastructure funding programs that support the development of spaces for creation, collaboration, and presentation in both urban and rural areas of the province.** The involvement of private developers should be actively encouraged through tax credits, heritage preservation incentives, zoning changes, and other innovative inducements.

FOREWORD

This forward-looking research report appears at time of serious crisis and significant change. The crises we face – economic collapse, environmental degradation – are symptoms of our collective failures and clear signs of the need to do things differently. Business as usual is not an option.

The alternative is to build an economy of replenishment rather than exploitation, an economy that sustains both our humanity and the environment on which we are entirely dependent. Nova Scotia CAN be a leader, not a follower, in building the economy of the future, but it will take vision and leadership.

The world is changing, and the opportunities are enormous. Global networks are exponentially increasing our ability to communicate, person to person, on an international scale. We have access to ideas and information as never before. In the words of Jimmy Wales, the founder of Wikipedia: “Imagine a world in which every single person on the planet is given free access to the sum of all human knowledge.”

Our economy is changing, and the evidence is everywhere, from John Howkins’ *The Creative Economy* (2001) to Richard Florida’s *The Rise of the Creative Class* (2002) to the Conference Board of Canada’s *Valuing Culture: Measuring and Understanding Canada’s Creative Economy* (2008). Once thought of as a beneficiary of prosperity, the arts are now seen as a principal producer of wealth.

As this report will demonstrate, the arts are at the epicentre of a large and rapidly growing “creative economy” based on ideas and innovation. If Nova Scotia wants to be a player in this new economy, it must take the arts very seriously, for they are a primary generator of inspiration and ingenuity. They also offer a crucial way to teach the kind of creative thinking that is essential to innovation.

Fortunately, Nova Scotia is blessed with a wealth of creative resources, from rich and deep cultural traditions to a moderately well developed cultural infrastructure. However, those who work in arts and culture know that much existing potential is still unrealized, and many creative people leave the province in search of brighter opportunities elsewhere. This can be reversed, but only by making arts and culture a clear priority in provincial development strategies.

This report offers Nova Scotians an alternative future, one in which arts and culture play a central role, not just as an economic engine, but as a way for all of us to lead rich, vital, and fulfilling lives. We know that “man doth not live by bread only,” that material resources are only means to an end. Ultimately it is the life of the mind and of the spirit that brings true happiness, and it is here that arts and culture can make their greatest contribution.

Andrew David Terris
Chair, Research Committee
Nova Scotia CAN

I. PROJECT BACKGROUND AND PURPOSE

The Nova Scotia Cultural Action Network (NSCAN) is a coalition of individuals dedicated to the progressive development of the province's arts and culture for the benefit of all Nova Scotians. Initially formed in 2006, NSCAN's vision is predicated on the belief that:¹

- **Nova Scotia CAN** be a world leader in the arts.
- **Nova Scotia CAN** have a cultural quality of life second to none.
- **Nova Scotia CAN** honour its cultural traditions while embracing innovation.
- **Nova Scotia CAN** dare to be great.

In May 2008, NSCAN initiated a research project to look at new ways of thinking about economic development in Nova Scotia, which build on the momentum that is being achieved elsewhere in Canada and the world. The objectives of the project were:

- to identify successful models of cultural development in communities worldwide;
- to propose progressive policies that will make creative work possible;
- to articulate cultural investment targets that will ensure transformative change.

To that end, in October 2007, Nova Scotia CAN appointed a Research Committee consisting of Andrew David Terris, (Chair), Claudia Buckley, Briony Carros, Jim Lorimer, Jodi McLaughlin, and Robin Metcalfe.

The Research Committee oversaw a competitive bidding process and, in March 2008, engaged the team of Leah Hamilton, Genesis Consulting, and Andrea Arbic, A.L. Arbic Consulting, both of Halifax, in association with Dr. Gregory Baeker, Authenticity, Toronto, to research and write a comprehensive report on building the creative economy in Nova Scotia.

NSCAN offers this report to all Nova Scotians as a tool for:

- facilitating a cross-sector dialogue about the relevance and importance of artistic and cultural activity to the economic and social well-being of the province;
- creating a dynamic partnership of artists, cultural organizations, patrons, business associations, foundations and governments to work full time for the development and promotion of the arts in Nova Scotia;
- advocating for progressive initiatives in support of Nova Scotia's creative infrastructure.

The ultimate aim of this NSCAN report is to help make Nova Scotia a world leader in the emerging creative economy. With its highly diversified cultural and economic communities, Nova Scotia offers enormous opportunities to realize a forward-looking project of this magnitude.

¹ For a complete version of NSCAN's Vision Statement, see Appendix A.

This report begins by defining the creative economy and assessing its current impact - internationally, nationally and provincially. This is followed by a discussion of the central role that the arts and cultural industries play in the creative economy - driving the economy, creating wealth and shaping quality of life and place. The report then examines a number of international case studies to distill the factors and conditions that are necessary to build a successful creative economy. The analysis of the current economic and creative environment in Nova Scotia that follows demonstrates that Nova Scotia has enormous potential to capitalize on the opportunities presented by the creative economy. The report concludes with a focused series of recommendations about how Nova Scotia can move decisively toward realizing the benefits of building a creative economy agenda.

In order to facilitate widespread discussion and movement toward shared action, this report will be distributed to government departments and agencies, political leaders, business and social groups, and artists and arts groups across the province.

II. THE CREATIVE ECONOMY

What is the creative economy?

The late twentieth century saw a seismic shift in global markets as economies moved from the production of goods to the provision of services. Developed countries around the world are now functioning in a post-industrial **knowledge economy**, in which ideas and information have become major commodities.

During the industrial age, meeting basic human needs was the primary industrial motivator and was fulfilled through the production of goods by manufacturers. In post-industrial society, individual taste and personal expression, rather than basic survival, now drive most purchasing decisions. Increasingly sophisticated consumers demand higher-value-added goods and services which appeal as much to their minds as to their physical needs.

With a much wider range of available options, consumers increasingly choose products and services that better reflect their individuality. Self-expression and the construction of identity play an ever-expanding role in the marketplace as consumers seek out personally enriching and meaningful experiences.

Given this shift in consumer attitudes, researchers now argue that economies gain competitive advantage in the knowledge economy by providing people with access to enriching (and increasingly complex) experiences that stimulate creative thought, build shared understanding, and help to solidify community relationships.² This market phenomenon is often referred to as the **experience economy**.

As a result of this growing desire for meaningful experiences and expressive content in goods and services, the knowledge economy has lately been giving way to a further refinement of the post-industrial paradigm – the **creative economy**.

While there is no single definition of the creative economy, there are some general characteristics that have been agreed-upon by the ever-growing numbers of organizations, cities and countries that are researching and developing their creative sectors.

According to the United Nations Conference on Trade and Development, the creative economy is a set of knowledge-based economic activities with linkages to the overall economy.³ It embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives.

² Luigi Sacco, Bob Williams and Elvy Del Bianco; *The Power of the Arts in Vancouver: Creating a Great City*; Vancity, January 2007

³ United Nations Conference on Trade and Development, *Creative Economy Report 2008: The challenge of assessing the creative economy towards informed policy-making*, 2008

According to this same report:

The interface among creativity, culture, economics and technology, as expressed in the ability to create and circulate intellectual capital, has the potential to generate income, jobs and export earnings while at the same time promoting social inclusion, cultural diversity and human development. This is what the emerging creative economy has already begun to do as a leading component of economic growth, employment, trade, innovation and social cohesion in most advanced economies.

According John Howkins, who popularized the phrase in his publication *Creative Economy: How People Make Money from Ideas* (2001), the creative economy consists of transactions of creative products. These he defines as “an economic good or service that results from creativity and has economic value”. He suggests that several sectors generate creative products and are therefore “creative industries”. These include: advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, scientific research and development, software, toys and games, TV, radio, and video games.

In a recent report issued by the Conference Board of Canada, which takes the first in-depth look at the creative economy in Canada, the creative economy is defined as encompassing a list of industries very similar to those set out by John Howkins: written media, the film industry, broadcasting, sound recording and music publishing, performing arts, visual arts, crafts, architecture, photography, design, advertising, museums, art galleries, archives, libraries and culture education.⁴ This definition relies on Statistics Canada’s *Framework for Cultural Statistics*⁵ and excludes, most notably, the contributions of scientific Research & Development (R&D), which Howkins suggests is a legitimate and important aspect of the creative economy. The Conference Board’s definition, as is the case with many global definitions, is largely a function of the availability of existing data sets.⁶

Nonetheless, in any definition of the creative economy, the arts and cultural industries play a critical role. Furthermore the Conference Board suggests that there is a growing understanding and appreciation of the relationship between arts and cultural industries and broader society, stating that **“a creative economy extends beyond the culture sector to harness creativity in order to bring about positive social and economic changes across a broad spectrum of industries, sectors and social organizations”**.⁷ In effect, the imagination, attitudes, and talents in evidence in the creative industries expand out into the wider economy, influencing other sectors’ creative abilities.

⁴ Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada’s Creative Economy*, August 2008.

⁵ *Canadian Framework for Cultural Statistics*, Statistics Canada,

⁶ There are some significant segments of the culture sector that are not included in Statistics Canada’s *Framework for Cultural Statistics* and are thereby not captured in the Conference Board’s definition. Exclusions include: some culture commodities produced by the interactive media industry; software used for interactive media effects; artisanal crafts; the culture activities of non-cultural institutions (e.g. the publishing wing of a university); cultural tourism; sports; recreation; and technology.

⁷ Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada’s Creative Economy*, August 2008

How Big is the Creative Economy?

Internationally

The rise of the creative economy is an international phenomenon. Numerous countries around the world are recognizing the pervasive role that the arts and culture sector plays in the overall economy - generating employment and wealth directly within the arts and culture industries, but also attracting talented and skilled people to culturally dynamic regions and spurring creativity and innovation across all sectors of the economy.

According to the United Nations Conference on Trade and Development, **creative industries account for 3.4 % of total world trade, with exports reaching \$424.4 billion in 2005. World trade in creative goods and services increased at an unprecedented 8.7% from 2000 to 2005.** This positive trend is expected to continue into the next decade.⁸ Other recent research suggests that the creative industries are growing at approximately twice the aggregate growth rate of the economy as a whole in terms of value added to the economy and employment rates. These are not localized phenomena - it is a global pattern.⁹

Nationally

There is growing international acknowledgement of the “persuasive role that a dynamic cultural sector plays, as a magnet for talent, an enhancer of economic performance and a catalyst for prosperity”.¹⁰ In response, the Conference Board of Canada convened an *International Forum on the Creative Economy* in March, 2008. The Conference Board and other presenters reported that the culture sector makes the following contributions to the Canadian economy:¹¹

- **real value added output** by culture sector industries ¹² in Canada in 2007 totalled **\$46 billion or 3.8% of total GDP;**
- factoring in indirect and induced effects, the **total economic impact** of the culture sector in 2007 was **\$84.6 billion or 7.4% of GDP;**
- the culture sector **directly employed 616,000 workers** in 2003, which represented **3.9% of national employment;**
- factoring in direct, indirect and induced contributions to employment, the culture sector accounted for **1.1 million jobs** in 2007;
- the culture sector employs as many people as the agriculture, forestry, fishing, mining, oil, gas and utilities sectors **combined;**

⁸ United Nations Conference on Trade and Development, *Creative Economy Report 2008: The challenge of assessing the creative economy towards informed policy-making*, 2008

⁹ Jason Potts, *Art and Innovation: An Evolutionary Economic View of the Creative Industries*, University of Queensland, 2008

¹⁰ Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada's Creative Economy, Preliminary Research Report*, March, 2008

¹¹ Ibid

¹² The definition used by Statistics Canada encompasses: written media, the film industry, broadcasting, sound recording and music publishing, performing arts, visual arts, crafts, architecture, photography, design, advertising, museums, art galleries, archives, libraries and culture education.

- consumer spending on cultural goods and services was close to **\$21 billion** in 2007, with **\$5 billion in exports**;
- households spent more of their non-primary¹³ household expenditures on culture than on recreation facilities, audio-visual equipment, education, tobacco and alcohol, and communications equipment. Only healthcare and personal care not covered by Canada's health care system represented a larger non-primary household expenditure.

Provincially

Cultural statistics for Nova Scotia indicate that the culture sector makes a significant contribution to the province's economy.¹⁴ In 2003, this contribution amounted to **3% of direct GDP** not including indirect or induced contributions. However, a closer examination of culture statistics and trends demonstrates that Nova Scotia has lagged behind other provinces in capitalizing on the benefits of the creative economy:

- between 1996 and 2003, Nova Scotia's culture sector growth was the slowest in the country;
- at the same time, provincial per capita funding for culture fell by 16% from its peak in 1999, and municipal funding per capita for culture in Nova Scotia also declined by 13% from its peak in 2001;
- by 2003, provincial and municipal per capita funding levels for arts and culture in Nova Scotia were among the lowest in the country. This situation persisted in subsequent years according to the latest government funding statistics released for 2003/04 and 2004/05, which showed that per capita provincial funding for arts and culture in Nova Scotia ranked 8th in the country overall, while municipal funding ranked 7th;¹⁵
- adding the contributions of all three levels of government together, Nova Scotia ranked 6th for per capita cultural expenditure in 2004-05. This can be attributed to relatively high levels of federal funding, which comprise a higher percentage of overall funding in Nova Scotia than in any other province. This funding offsets much lower provincial and municipal funding levels for arts and culture.

¹³ Primary expenditures being those spent on food, shelter, clothing and home furnishings.

¹⁴ Statistics Canada, Culture Statistics Program, *Economic Contribution of the Culture Sector to Canada's Provinces*, 2007

¹⁵ Statistics Canada: Government Expenditures on Culture: Data Tables, 2003/04 and 2004/05

III. THE ARTS AND CULTURAL INDUSTRIES IN THE CREATIVE ECONOMY

How do creativity, the arts, and the cultural industries affect the economy?

The arts and cultural industries propel the economy in three significant ways:

1. by driving innovation through core creativity and cultural industry activities;
2. by driving the economy through wealth creation;
3. by positively impacting the quality of life in a given region, which in turn attracts more innovators.

A) A Driver of Innovation

In order to make the successful transformation to a knowledge economy in what is now a global marketplace, economies require different types of resources, namely innovation, creativity, and the development of new knowledge.

Developed countries now realize that being innovative is key to gaining competitive advantage; innovation has therefore become a central focus for economic development worldwide. Economists point to evidence that suggests economies with larger or more effective “innovation systems” experience higher rates of economic growth than economies with smaller or less effective “innovation systems.” This focus on innovation has led economists and others to study what drives innovation in order to better understand and harness it. In the past, studies have often emphasized technical research and development (R&D) as drivers of innovation; however, according to the UK’s National Endowment for Science, Technology and the Arts (NESTA), technical R&D cannot explain the whole growth process within advanced, increasingly service-oriented economies.¹⁶

Recent research has demonstrated a clear link between creativity and innovation. David Throsby, Professor of Economics at Macquarie University, in Sydney, Australia, has been researching and documenting cultural economics for over thirty years. He suggests that creativity is a *primary driver* of innovation, largely through the contributions of the cultural sector. The UK’s 2005 Cox Review of Creativity in Business, a national report on how to exploit creative skills in the business sector, concludes that **“the ability to innovate depends on the availability and exploitation of creative skills ... for sustained innovation and growth, companies need to be able to draw on the talents of a flourishing creative community”**.¹⁷

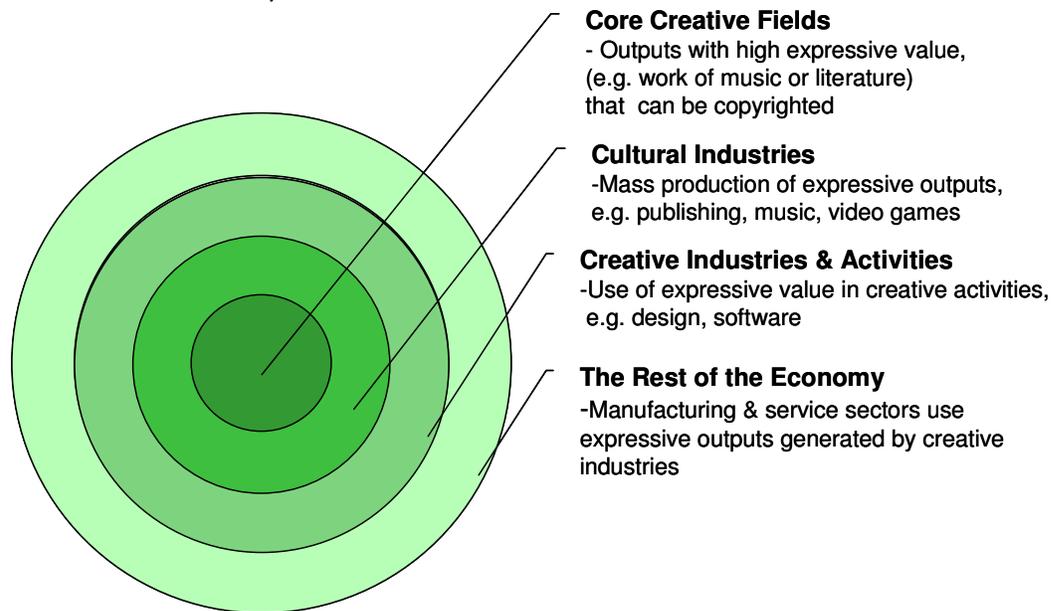
¹⁶ Hasan Bakhshi, Meric McVittie and James Simmie, *Creating Innovation: Do the Creative Industries Support Innovation in the Wider Economy?*, National Endowment for Science, Technology and the Arts, 2008

¹⁷ Sir George Cox, *Cox Review of Creativity in Business*, 2005

Research by the University of Queensland School of Economics suggests that the current relative growth of creative industries, which has outpaced other sectors worldwide, may be due to the role that they play in innovation. Creative industries offer much more than just the supply of cultural goods and services; they also produce another type of output - namely innovation. As such, it is argued that the arts and creative industries should be considered a central part of any innovation or creative system.¹⁸ Therefore, the creative industries are not just coming into economic significance as a set of industries in their own right, but also as a key driver of the greater knowledge economy.

In his groundbreaking book, *The Rise of the Creative Class*,¹⁹ Richard Florida suggests that human creativity is a defining feature of contemporary life and is powering one of the great ongoing economic changes of our time. Florida persuasively argues that creativity has come to be highly valued. Education, production, and distribution systems have evolved to encourage and harness creativity because “new technologies, new industries, new wealth and all other good economic things flow from it”.²⁰ In fact, a 2008 report issued by the National Endowment for Science, Technology and the Arts (NESTA) in the UK found a clear link between creative industries and innovation in the wider economy. Their research suggests that (1.) sectors with stronger links to the creative industries have a higher degree of innovation performance, and (2.) firms that increase their spending on creative products are 25% more likely to introduce product innovations. In light of this research, NESTA suggests that policy makers work to strengthen innovation links between creative businesses and firms outside the creative industries.

The model below illustrates how arts and cultural industries propel the creative economy and drive innovation in the wider economy.²¹



¹⁸ Jason Potts, *Art and Innovation: An Evolutionary Economic View of the Creative Industries*, University of Queensland, 2008

¹⁹ Richard Florida, *The Rise of the Creative Class*, Basic Books, 2002

²⁰ Ibid

²¹ The Work Foundation, *Staying Ahead: the Economic Performance of the Creative Industries*, 2007, adapted from David Throsby, *Economics and Culture*, Cambridge University Press, 2001

At the centre of this model are the **core creative fields** and the artists (e.g. authors, painters, filmmakers, dancers, composers, and performers) who produce the essential creative ideas and content. While creators may seek audiences and markets for their work, these may or may not exist, and consequently there may not be tangible economic value generated - but that is not the primary goal at this stage. **The most important outcome is research, development, and the generation of creative expression.** Creative expression, not functionality or commercialization, is the driving force of this vital segment of the model.

However, this creative expression inspires and challenges, contributing indirectly to creativity in the greater economy by provoking thought and firing the imagination. But core creation also directly, and significantly, contributes to the economy by supplying creative content to those outside the creative core who have both the skills and the motivation to commercialize creative content. That commercialization occurs in the model's next concentric circle, where **the profit-driven cultural industries seek out and utilize the raw material generated by core creators.** Cultural industries, through the application of standard business practices, commercialize creative content into mass-produced outputs such as recorded music, films, publications, computer games, and television shows.²² While business practices are employed to reach markets and remain economically viable, this sector is still very concerned with creative expression and aesthetic value.

The next concentric circle contains related **creative industries and activities** such as design, software development, advertising, architecture and fashion. This sector's outputs are based on aesthetics, as are the cultural industries, but functionality takes on an increasingly important role. The fashion industry and architecture, for example, are highly concerned with aesthetic value yet must also pay close attention to functionality and durability in order to be successful.

The creative sector then intersects with the **rest of the economy**, as manufacturers and service sectors exploit the expressive outputs generated by the creative industries and integrate creative or aesthetically pleasing aspects into new and innovative products and services.

Apple's iPod is a good example of this model since it is the result of a chain of creativity across all four concentric layers. Music written and performed by artists (core creation) is purchased by recording companies (cultural industries) and sold via the internet (creative software design) to consumers with computers and mp3 players (creative software and industrial design) which are manufactured in the "rest of the economy". Core creation ultimately leads to aesthetically pleasing design and successful product development.

The research outlined in this section brings forward a powerful and extremely important concept: **creativity is the ultimate source of innovation.** Without the new idea or the novel approach, there simply is no innovation. Economists are now suggesting that growth in today's economy is increasingly generated by the development and adoption of novel ideas. Therefore, **if we want to be an innovative society, we must first be a creative society.** Furthermore, the arts and culture, which exemplify creativity in their processes and output, obviously have a key role to play in developing society's creative capacity.

²² The model, descriptions and examples are drawn from The Work Foundation, *Staying Ahead: The Economic Performance of the Creative Industries*, 2007, adapted from David Throsby, *Economics and Culture*, Cambridge University Press, 2001

B) A Driver of the Economy

In the creative economy, **culture is a driver of economic activity and a generator, not simply a beneficiary, of wealth.**

The wealth generated by Canada's culture sector attests to its importance in the economy. In 2004-05, all three levels of government invested a total of \$8 billion in the arts and culture sector. In turn, the arts and culture sector generated economic benefits that considerably exceeded this initial investment.²³

- The arts and culture sector contributed \$46 billion to the national GDP in 2007 or \$84.6 billion when taking into account indirect and induced effects; for every \$1 produced by Canada's cultural industries, approximately \$1.84 is added to the overall GDP;²⁴
- Approximately 25% of the economic activity generated by the arts and culture sector goes back to governments as tax revenue, an amount that is more than three times higher than the \$8 billion public investment in the sector.²⁵

John Howkins, who coined the term "creative economy", suggests that the economic importance of creativity, and how wealth is being generated by it, is a critical new development in the knowledge economy.²⁶ The United Nations Conference on Trade and Development suggests that "**creativity and human talent, more so than traditional production factors such as labour and capital, are fast becoming powerful engines of sustainable development**".²⁷ Australia's Council for Humanities, Arts and Social Sciences further suggests that creativity "fuels economic growth through fostering new approaches to problem solving by bringing together disparate knowledge and ideas in new ways".²⁸

Creativity involves new ways of looking at existing problems and the generation of new ideas; **innovation** is the successful exploitation of these ideas; **design** provides a linkage between the two in the shaping of ideas into practical applications. **All three are required to successfully innovate, commercialize and add value in the economy.**

Without creators generating new works – **content** – there would be nothing for the cultural or creative industries to commercialize. And beyond the immediate impact that creators have on the generation of cultural content, research by The Work Foundation (UK), in a detailed look at the drivers of the creative economy, suggests that there is a "growing recognition of the subtle but important linkage between the vitality of the creative core, the creative industries and creativity in the wider community".²⁹ If that is the case, then the arts and cultural industries become an "essential service" in the generation of wealth in the knowledge economy, not only

²³ Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada's Creative Economy*, 2008

²⁴ Ibid

²⁵ Ibid

²⁶ Donna Ghelfi, *Understanding the Engine of Creativity in a Creative Economy: An Interview with John Howkins*, World Intellectual Property Organization, 2008

²⁷ United Nations Conference on Trade and Development, *Creative Economy Report 2008: The challenge of assessing the creative economy towards informed policy-making*, 2008

²⁸ Council for Humanities, Arts and Social Sciences, *The Role of Creativity in the Innovation Economy*, submission to the Prime Minister's Science, Engineering and Innovation Council, Australia, 2005

²⁹ The Work Foundation, *Staying ahead: the economic performance of the creative industries*, 2007

as a generator of creativity in the culture sector, but also, and just as importantly, in the wider economy. The creative sector transfers knowledge through the dissemination and use of its creative products, and it acts as a training ground for creative workers who then migrate to the wider economy and transfer creative knowledge and skills.³⁰ Given this level of influence on the innovation potential of the wider economy, experts are beginning to question why creativity, and by extension the arts and culture, are not receiving the focused policy attention they deserve.

C) Quality of Place and Life

As important as creativity is for the economy, it has equally important impacts on individuals and communities. The cognitive, developmental, health and behavioural benefits of participation in the arts are well documented. According to research conducted by Janet Ruiz of the Scottish Executive Education Department, these benefits include:³¹

- improved learning and communication skills;
- promotion of creative thinking;
- provision of ways to express individuality, engage with others and celebrate diversity;
- promotion of social cohesion and reduction of isolation;
- promotion of personal, community, and national identity;
- creation of social networks through arts and culture activities;
- development of a sense of belonging and a sense of community.

According to research conducted by Dr. Meric Gertler, Professor of Geography and Planning at the University of Toronto, the social benefits of participation in cultural and creativity-based programs include:³²

- offering an effective way to address social exclusion and community renewal, particularly at the community level;
- providing access to new career opportunities;
- building self-esteem;
- broadening social understanding by enabling self-expression through various creative media;
- teaching life skills;
- providing safe activities for youth;
- building neighbourhood awareness.

³⁰ Jason Potts, *Art and Innovation: An Evolutionary Economic View of the Creative Industries*, 2008, and The Work Foundation, *Staying Ahead: the Economic Performance of the Creative Industries*, 2007

³¹ Janet Ruiz, *A Literature Review of the Evidence Base for Culture*, 2004

³² Graeme Evans, Jo Foord, Meric Gertler, Lori Tesolin, Sarah Weinstock, *Strategies for Creative Spaces and Cities: Lessons Learned*, 2006

Numerous studies detailing the positive social impact of the arts on community engagement, child and adult learning, social cohesion and community identity exist. One such study was conducted by The Social Impact of the Arts Project (SIAP), a research center at the University of Pennsylvania School of Social Policy and Practice. SIAP conducted research on Philadelphia neighbourhoods and has documented links between cultural engagement, social diversity, and community capacity building. SIAP's research also indicates that residents who participate in the arts and culture tend to engage in other types of community activities. Moreover, the presence of cultural organizations in a neighbourhood stimulates local community participation overall.³³

In his 2002 work *The Rise of the Creative Class*, Richard Florida observed that talented creative workers are drawn to dynamic cities with thriving and multi-dimensional cultural scenes that contribute to a high quality of life. His findings have since been replicated in numerous studies relating to the creative economy. Not only do flourishing arts and culture activities contribute directly to creativity and innovation in a city or region, they also induce other creative workers to settle in the area, bringing more creative potential to the region, spurring on greater innovation potential, thus creating a "snowball effect." Talent attracts talent, as momentum towards a successful creative economy is steadily built.

D) Other Benefits

Apart from the powerful economic and social arguments outlined above, the arts and cultural industries have a number of other important benefits:

i) Environmental Benefits

In today's environmentally conscious world, culture has the added advantage of being a relatively clean industry. In general, cultural activities are experience-based rather than material-based, so they neither use significant natural resources nor produce substantial environmental emissions. Nor do the arts and many of the cultural industries require extensive infrastructure. As a result, countries and cities that are looking to attract and retain sustainable, environmentally friendly business are making the arts and culture a priority.

The arts also have a vitally important role to play in helping citizens to understand the current environmental crisis and galvanizing them to action. In his foreword to the recently published book *Sustainability: A New Frontier for the Arts and Cultures* Dr. Günther Bachmann, General Secretary of the German Council for Sustainable Development, writes:³⁴

Halting the destruction of the earth's environment, helping people to free themselves from the shackles of poverty, and leaving opportunities instead of debts to coming generations, all of this involves nothing short of a fundamental change in our way of working and consuming. All this is about ethics and culture, as it is about technologies, governance, participation and policies. If there is one key issue that will help to get this transition done, science and education would be it. If there is one key issue that will help people to emotionally understand the ups and downs of this transition, art would be it.

³³ Mark J. Stern and Susan C. Seifert, *From Creative Economy to Creative Society*, 2008

³⁴ Sacha Kagan and Volker Kirchberg (eds.), *Sustainability: A New Frontier for the Arts and Cultures*, Verlag für Akademische Schriften, Germany, 2008

Pier Luigi Sacco's work "explores how the arts and culture as an economic sector may contribute to a reorientation of economic development towards more sustainable perspectives". It addresses "the role of culture for creating economic value, and more specifically, culture as a lever for the strategic economic development of urban centres". It also emphasizes "culture's role in the creation of intangible added value" and advocates "**a reorientation of economic growth towards qualitative growth and intangible production, away from a purely quantitative conception of economic growth**".³⁵

Perhaps this is simply another way of saying that the arts offer a way for people to lead rich and fulfilling lives without having to consume vast quantities of material goods. With growing populations and shrinking resources, such considerations become paramount.

ii) Job Creation

When job creation is a priority, investment in the arts appears to be a far more effective strategy than investment in industry. Generally, the arts are far more labour-intensive than industry, since they depend primarily on human imagination and activity. Industry, in contrast, is highly capital-intensive because it relies heavily on costly machinery and infrastructure. As a result, **investment in the arts creates many more jobs per dollar than investment in industry**. According to Statistics Canada, the cost to generate one job in the arts is roughly \$20,000, while the cost to generate one job in industry is \$200,000 – ten times as much.³⁶ This should be borne in mind in times of economic hardship when the need for rapid job creation becomes imperative.

In fact, Canada's culture sector has proven itself to be highly effective when it comes to job creation. A 2004 study found that between 1971 and 2001, the culture sector labour force grew 160%, much faster than the 81% growth for the overall labour force. Moreover, this growth pattern was found to be consistent in every decade of that 30 year period.³⁷

Looking beyond the cultural labour force, Richard Florida documents *The Rise of the Creative Class* in the USA. Since the 1980s, "this new class has virtually exploded, increasing from less than 20 million to its current total [38 million], reaching 25% of the working population in 1991 before climbing to 30% by 1999".³⁸ More recently, Florida suggested that the growing size of the creative class will likely soften the blow of the current financial downturn since members of the creative class are less likely to lose their jobs in a recession. Unemployment rates in the creative class are less than one third of those in the working class and 50% lower than unemployment in the service industries.³⁹ Florida's recent move from Pittsburgh to the University of Toronto will no doubt help to raise awareness of the creative class in Canada.

³⁵ Pier Luigi Sacco, Bob Williams and Elvy Del Bianco, *The Power of the Arts in Vancouver: Creating a Great City*, Vancity, January 2007

³⁶ Toronto Arts Council, *The Arts and Economic Development*, 1992

³⁷ Cultural Human Resources Council, *Canada's Cultural Sector Labour Force*, 2004

³⁸ Richard Florida, *The Rise of the Creative Class*, Basic Books, New York, 2002

³⁹ Richard Florida and James Milway, "Creative Class the Most Recession-proof", *The Globe and Mail*, 24 November 2008

(iii) Global Reach

Many of the products of the arts and cultural industries lend themselves to digital creation, production, and distribution. From image to sound to the written word, computers have revolutionized the way that creators produce and distribute their work. As a result, creators and the creative economy can take root and thrive wherever there are computers and high speed internet connections, since this gives them access to local, national, and international markets. Thus the key to success is not access to markets, but rather access to a thriving, inspiring creative community and generous investment in creative research and development.

(iv) Youth Retention

Youth out-migration is a problem that plagues many communities, particularly smaller and rural ones, and it robs these communities of an important and productive segment of the population. However, there is evidence that the increased recreation and employment opportunities associated with the creative economy appeal to the youth demographic.⁴⁰ Areas with strong creative economies will thus be more successful at retaining and attracting younger residents. It is this recognition that has led a number of jurisdictions to promote the creative economy as a key element of youth retention strategies. Among these are Des Moines, Iowa, Prince Edward County, Ontario, New South Wales, Australia, the Town of Ashford, Kent, UK, and the State of Maine:

In the new, global economy, Maine's Creative Economy initiative will become one of a small number of engines that will revitalize our communities, especially our downtowns, protect and preserve the Maine landscape, keep our youth here in Maine, and attract new businesses and residents to our state.⁴¹

(v) Summary

To summarize many of the major themes of this section, Jon Hawkes, in his 2001 study *The Fourth Pillar of Sustainability: Culture's Essential Role in Public Policy*, gives the following explanation for the importance of engaging with the arts:

... the arts are the imagination at work (and play). Its techniques involve improvisation, intuition, spontaneity, lateral thought, imagination, cooperation, serendipity, trust, inclusion, openness, risk-taking, provocation, surprise, concentration, unorthodoxy, deconstruction, innovation, fortitude and an ability and willingness to delve beneath the surface, beyond the present, above the practical and around the fixed. These are the aspects of human behaviour that social scientists have identified as being the source and manifestation of creativity and innovation – the essential elements for the survival of the species. An innovative society is open-minded, curious, compassionate and lively; it respects and embraces difference. In so being, it is able to meet every challenge and adapt to changing circumstances. But it can only become so if its citizens are comfortable with applying their creative imaginations to new and changing situations.

⁴⁰ C. R. Gibson, "Youthful creativity in regional Australia: panacea for unemployment and out-migration", *Geographical Research* 46, 2008

⁴¹ Darcy Rollins, *Downtowns Play a Key Role in Attracting and Nurturing the Development of Our Creative Economy*, Maine Arts Commission Magazine, Winter 2003-04

IV. BUILDING THE CREATIVE ECONOMY – NATIONAL AND INTERNATIONAL MODELS

By researching examples of cities, towns and regions that have made the creative economy a high economic development and investment priority, it is possible to discern a number of key factors that are essential to creating a successful creative economy. This section of the report discusses a number of case studies and the critical success factors that can be gleaned from them:

- A) Leadership and the Participation of Multiple Stakeholders
- B) Infrastructure: Spaces to Foster Creativity
- C) Awareness, Education and Skills Development
- D) Investment, Funding Mechanisms and Policy Tools

A) Leadership and the Participation of Multiple Stakeholders

i) Need for a Champion

Research suggests that it is often visionary individuals who kick-start creativity-led economic development.⁴² When he became Mayor of Winnipeg, Glen Murray led the creation of a new vision for that city's economic development that was built on a foundation of cultural vibrancy and diversity. Under Murray's leadership, Winnipeg invested considerable resources in new cultural initiatives, including a new downtown library, a new downtown entertainment complex, and the creation of a special fund for public art. As a result of this commitment to culture-led economic development, downtown Winnipeg experienced a significant upswing in property values, economic activity, and tax revenues.⁴³

On a smaller scale, the case of Prince Edward County also illustrates the importance of having a leader who champions the creative economy. Located in Eastern Ontario, Prince Edward County had limited economic development potential. In fact, a 2004 Investment Market Readiness Study and Strategic Economic Development Plan for Prince Edward County concluded that the County had **zero** competitive advantages that would allow it to attract industry and manufacturing, the pillars of the traditional economic development model. Based on these results, Dan Taylor, Economic Development Officer for Prince Edward County, was forced to look for new solutions. After hearing Richard Florida and Mayor Glen Murray speak at the 2003 Creative Places and Spaces Conference in Toronto, Taylor became convinced that the creative economy was the solution for Prince Edward County's economic woes.

⁴² Graeme Evans, Jo Foord, Meric Gertler, Lori Tesolin, Sarah Weinstock, *Strategies for Creative Spaces and Cities: Lessons Learned*, 2006

⁴³ Glen Murray and Greg Baeker, *Culture + Place = Wealth Creation*, Municipal World Magazine, September 2006

Since that time, Taylor has been working to fundamentally rework the County's approach to economic development into a model that places creativity and quality of place at its heart.⁴⁴ To date, the outcomes of these efforts have included:

- millions of dollars of new investments in cultural, commercial and residential initiatives and downtown revitalization;
- a 75% increase in tourist visits and 168% increase in tourist spending;
- a \$1 billion increase in property assessments;
- a reversal of declining population rates.

(ii) Active Participation of the Arts Community and Arts Agencies

Successful examples of creativity-led economic development demonstrate that the arts community must be true and active partners in the process. In the case of Glasgow, Scotland, conversations between the arts community and local officials in the 1980's reportedly led Glasgow to seriously look at the economic development potential of the arts and culture. As a result, they initiated a process that remodelled Glasgow from a depressed post-industrial city to a dynamic centre of creativity. These conversations eventually led to considerable investments in Glasgow's cultural infrastructure and ultimately to its designation as a Cultural Capital of Europe in 1990.⁴⁵

In other jurisdictions, arts agencies, working on behalf of the arts community, have led the way. Since 2000, the New England Foundation for the Arts (NEFA) has played an important role in raising the profile of the creative economy in that region by initiating two major reports: (1.) *The Creative Economy Initiative: The Role of the Arts and Culture in New England's Economic Competitiveness*⁴⁶ and (2.) *The Creative Economy: A New Definition*,⁴⁷ which provides an economic analysis of New England's cultural industries and workforce. NEFA's work has been very important in catalyzing the New England states to look more carefully at the role of their individual creative economies and in providing arts communities with critical background research that demonstrates the benefits of the creative economy.

At the national level in the United States, the National Assembly of State Arts Agencies (NASAA) reports that it is often the state arts agency, working on behalf of artists, that has been the catalyst for the development of creative economy concepts. Whether as a leader or a facilitator, local arts agencies play a key role as experts in and advocates for the arts and cultural industries.⁴⁸

⁴⁴ Greg Baeker, "Building a Creative Rural Economy", *Municipal World Magazine*, September 2008

⁴⁵ For a more detailed discussion of the outcomes of Glasgow's commitment to culture-led economic development, see page 25 of this report.

⁴⁶ New England Foundation for the Arts, *The Creative Economy Initiative - The Role of the Arts and Culture in New England's Economic Competitiveness*, 2000

⁴⁷ New England Foundation for the Arts, *The Creative Economy: A New Definition*, 2007

⁴⁸ National Assembly of State Arts Agencies, *States and the Creative Economy: State Policy Briefs - Tools for Arts Decision Making*, Volume 1, Issue 1, 2005.

The UK's National Endowment for Science, Technology and the Arts has greatly furthered the understanding of the creative economy through its research into innovation, creativity, and the creative industries. It seeks to develop a body of evidence on the culture of innovation that will influence innovation policy, and it works closely with the Department of Culture, Media and Sport in developing support programs for the creative industries. Cross-disciplinary bodies such as this have played important roles in creating awareness of and building evidence for the creative economy.⁴⁹

(iii) Strong Role of Government

While having a champion and the support of the arts community and agencies are critical success factors, the experience of the membership of the National Association of State Arts Agencies and other case studies show that having leadership and support at the government level is also essential to building a successful creative economy.⁵⁰

The State of Maine's recent focus on the creative economy can be linked to the efforts of Governor John Baldacci. Seeking election in the early 2000s, Governor Baldacci reportedly sought a unique campaign platform that would differentiate him from the incumbent and inspire Maine citizens. A meeting with the Arts Commission led him to the concept of the creative economy, which he embraced wholeheartedly. After his election, the governor directed the Commission to organize a state-wide creative economy conference in 2004, which generated considerable excitement and enthusiasm about Maine's future and the potential of the creative economy.

In 2006, Maine's Creative Economy Council, which was established by Executive Order, issued a report entitled *Maine's Creative Economy: Connecting Creativity, Commerce & Community*. The report outlined the increasing importance of creative workers in the state's economy and recommended strategies for realizing the potential of the creative economy. In Governor Baldacci's words: "My economic plan recognizes that Maine must invest in Maine people and Maine's cultural heritage. The economic engines that create opportunity are our youth, our creative workers and our creative entrepreneurs. Together we have seen results from our investments in education, cultural resources, technology and downtowns. And we have just begun."

Maine's efforts continue. In November 2007, over 400 people, representing business and community organizations, gathered to discuss the growing potential of Maine's creative economy at the Action Summit on Powering the Creative Economy.⁵¹

⁴⁹ www.nesta.org.uk

⁵⁰ National Assembly of State Arts Agencies, *States and the Creative Economy: State Policy Briefs - Tools for Arts Decision Making*, Volume 1, Issue 1, 2005

⁵¹ www.juiceconference.org

(iv) Creating Links Among Universities, Businesses and Creative Enterprises

Universities, particularly those with active and established research wings, play a catalytic role in the creative economy as magnets for intellectual activity and innovation. Knowledge produced by universities transfers to the business community through established partnerships and programs. By encouraging dialogue and information exchange, universities can play a central role in bringing together the partners needed to advance the creative economy.⁵² Nova Scotia's wealth of post-secondary institutions provides the province with a key advantage in this respect.

The business community is both a beneficiary of and an essential partner in building and maintaining a successful creative economy. Businesses have need for creative products, knowledge, and skills, and they in turn provide support for creative enterprise. This support may be provided in the form of investment, business planning expertise, training, marketing, export development, access to shared equipment, or mentoring.

In Australia, this link between business and the arts has been facilitated by the creation of a company called Creative Economy,⁵³ which provides clients with the ability to utilise both creative and commercial "know how" for business success and assists its clients in strategic development, commercialising intellectual property, managing sustainable companies and realising creative initiatives.

To facilitate the link between business and creative enterprises in Scotland, that country formed Scottish Cultural Enterprise.⁵⁴ This commercial company specialises in "making connections between people with problem-solving skills and creative ideas and businesses and public bodies requiring a high degree of creative thinking." The City of Glasgow created the program Ideasmart,⁵⁵ which offers both financial and business support to "harness the creative talent of young Scotland both to the benefit of individual companies and the nation as a whole." Ideasmart brokers make contact between creative enterprises and business support agencies or those in the commercial sector who can help solve problems.

Following the 2005 release of the *Cox Review of Creativity in Business*,⁵⁶ Design London was established. Design London is a £6 million (\$9.5 million CAD) joint effort of the Royal College of Art and Design and Imperial College London's Faculty of Engineering and Business School. It was developed in response to the Cox Review's call for greater collaboration among science, engineering, business and creative design as a necessary boost for lagging innovation in the UK economy. This initiative is an education and research facility, as well as an entrepreneurial incubator and innovative technology centre. It also offers the Designing Demand program, devised to help small and medium sized businesses understand how creativity and design can boost innovation. Services range from introductory one-day workshops on how good design makes money, to in-depth expert mentoring where designers are matched with new, emerging and mature businesses to help boost sales and profit through design projects.⁵⁷

⁵² Nicole Barrieau and Donald J Savoie, *Creative Class and Economic Development: the Case of Atlantic Canada's Urban Centres*, October 2006.

⁵³ www.creativeeconomy.com.au

⁵⁴ www.scottishculture.co.uk

⁵⁵ www.ideasmart.org

⁵⁶ Sir George Cox, *Cox Review of Creativity in Business: Building on the UK's Strengths*, 2005

⁵⁷ www.designlondon.net

(v) Cultivating Local Creativity

While it is important to engage the professional arts community in building a creative economy, it is also essential to engage the community at a grassroots level, as this is often the source of much creative talent.⁵⁸ Some of the most forward-looking creative work occurs at the local level, where ideas can flourish, experiments can take place, and creative activity is less constrained by bureaucracy and market imperatives. Neighbourhood and other grassroots organizations understand the context within which their communities exist. Such organizations respond more effectively to local needs than larger top down structures and can better focus and connect community resources.

However, for a city to capitalize on the synergy created by neighbourhood cultural activity, strong connecting infrastructure that supports collaboration, cooperation and linkages is critical. Without this infrastructure, creative work cannot live up to its economic and social potential. This infrastructure must be stable, flexible and integrate at city-wide and neighbourhood levels. It is not enough for a city to be home to diverse and innovative creative activity if this activity occurs in isolated silos. Research reveals a stark contrast between cities with strong integrating mechanisms linking primary players and organizations in the creative economy and the struggles of those that lack these vital ties.⁵⁹

(vi) Creating Links to Science

There are recognized commonalities between research and development in the arts and sciences. According to Howkins, both art and science attempt to imagine, visualize, describe and represent the nature and meaning of reality.⁶⁰ The difference lies in the impetus for the activity and the manner in which ideas are presented and commercialized. However, Howkins argues that the basic creative impulse is the same.

Some jurisdictions are discovering the synergistic benefits of promoting interactions between scientific and cultural creators. For example, MaRS⁶¹ is a convergence and innovation centre in Toronto that fosters collaboration between communities of science, business and finance through the physical collocation of structured networks. The facility also endeavours to bring arts into the facility through film festivals, art exhibits and book readings. According to the CEO of MaRS, the centre strives to create an environment where ideas of all types can emerge. MaRS is located in Toronto's Discovery District, an area that has been designated as the city's centre of innovation. The centre is close to the Bay Street financial district, key government organizations, and arts and cultural attractions.

Canada's National Research Council (NRC)⁶² provides another example of creating links between science and culture. The NRC, assisted by the Canada Council, has operated an artist-in-residence program since 2003. This program facilitates interactions between the arts, sciences, and technology and encourages collaboration and knowledge transfer between artists and

⁵⁸ Graeme Evans, Jo Foord, Meric Gertler, Lori Tesolin, Sarah Weinstock, *Strategies for Creative Spaces and Cities: Lessons Learned*, 2006

⁵⁹ Ibid

⁶⁰ John Howkins, *The Creative Economy: How People Make Money From Ideas*, 2001

⁶¹ www.marsdd.com

⁶² www.nrc-cnrc.gc.ca

researchers at NRC facilities. The purpose is to learn from each other, explore new perspectives, and possibly discover innovative research applications and tools.

(vii) Summary

A growing body of research and case studies indicate the need for collaboration and synergies to make the creative economy successful. Ultimately, no one player on their own can realize the full potential of the creative economy – it takes community leaders, creative workers, government, business, and the greater community all working together. Developing collaborative links with the scientific community will also place a greater emphasis on the value of creativity and experimentation in order to advance our economy and our society. In the words of Creative Britain, “excellence in creative businesses meshes with leading science and technology institutions, creating an environment that leads to innovation, collaboration and knowledge transfer.”⁶³

B) Infrastructure: Spaces to Foster Creativity

(i) Creative Clusters and the Generation of Synergies

Geographic clustering of like-minded and interconnected enterprises was brought into focus as a competitive strategy by Harvard professor Michael Porter in the late 1990s. Regional clusters increase the productivity of players located in the cluster and drives the direction and pace of innovation. Clusters allow each member to benefit as if it had greater scale or had formally joined with others, without requiring it to sacrifice its individuality and flexibility. Within the cluster matrix, insights and skills from various fields merge, sparking new ideas and businesses.⁶⁴

On a more micro level, the experience of developed creative economies suggests that co-locating creative enterprises within the same area or facility creates “convergence centres”.⁶⁵ Linking creative practitioners who face similar challenges and providing them with the opportunity to learn from each other and benefit from shared resources encourages cross-disciplinary collaboration. The sharing of ideas generates the type of creative synergies necessary to fuel innovation and spur the creative economy.⁶⁶

In 2004, Creative London, formed under the London Development Agency,⁶⁷ established ten “creative hubs” that are home to major concentrations of creative businesses and provide flexible workspace, exhibition, showcasing space as well as training, mentoring, marketing, and networking opportunities. Closer to home, Toronto’s 401 Richmond⁶⁸ is a former manufacturing building that has been transformed into a centre for the arts that houses over 140 artists, entrepreneurs, designers, milliners, architects, filmmakers, musicians, magazine publishers, galleries, and arts organizations in 200,000 square feet of space.

⁶³ Department for Culture, Media and Sport, *Creative Britain: New Talents for the New Economy*, 2008

⁶⁴ Michael E. Porter, “Clusters and the New Economics of Competition”, *Harvard Business Review*, November-December 1998

⁶⁵ Graeme Evans, Jo Foord, Meric Gertler, Lori Tesolin, Sarah Weinstock, *Strategies for Creative Spaces and Cities: Lessons Learned*, 2006

⁶⁶ The Work Foundation, *Staying Ahead: the Economic Performance of the UK’s Creative Industries*, 2007

⁶⁷ www.lda.gov.uk

⁶⁸ www.401richmond.net

Scotland has taken the approach of creating a single, large creative centre – the Lighthouse – as its Centre for Architecture and Design. This 7400 m² facility provides space for exhibitions, conferences, a restaurant, shops and offices, including the home of the National Endowment for Science, Technology and the Arts, the Creative and Cultural Skills Council, Scottish government representatives and a Creative Entrepreneur’s Club.⁶⁹

In Gateshead, England, as part of a vast redevelopment and economic rejuvenation strategy, the regional development agency, One Northeast, is implementing plans for a new £18 million (\$28 million CAD) Northern Design Center. The goal of the Centre will be to support and enable excellence in design and provide high quality design resources to innovative businesses. The Centre will provide space for science, technology, and design companies; seminars, and exhibitions; shared projects; prototyping facilities; a cinema; and a business incubator.⁷⁰ This follows the opening of Sage Gateshead, a £70 million (\$110 million CAD) 1650-seat concert hall that opened in 2004.

In order to link cultural enterprises with business skills in Finland, that county created Kulturo, a creative industries incubator and investment readiness and investment vehicle that helps to foster cultural entrepreneurship. Kulturo provides comprehensive investment support and development services to 40 to 60 creative businesses annually, combining specialist support, advice, investment, and workspace until the enterprise has the capacity to go it alone. Creative industries go through a structured incubation process that includes: pre-startup business advice; business plan development support; subsidized incubation facilities; consulting services and administrative costs; and “business acceleration” services, including investment brokerage and additional public investment.⁷¹

(ii) Affordable and Accessible Creative Workspaces

One of the greatest challenges in securing suitable spaces for creative activities to flourish is the issue of affordability. It is well known that artists are often on the cutting edge of neighbourhood development, moving into less desirable and lower cost areas of cities. This movement triggers the gentrification process, driving up rents and land values to the point where the artists can no longer afford to live and work in these same neighbourhoods, forcing them to move on. Ensuring the availability of affordable creative spaces often requires non-market solutions to protect these areas. For instance, in Toronto’s Queen Street West area, the protection of creative spaces from real estate market forces is currently being led by a grassroots organization of artists and local citizens.⁷²

Artist centres provide a means of offering affordable space to artists and engaging the wide community in the artistic process. The Twin Cities of Minneapolis and St. Paul in Minnesota have ensured the availability of creative spaces through the creation of 16 artist centres across both cities, which serve a variety of artistic disciplines. Each centre has dedicated space for gatherings, shared equipment, personal/group work, and exhibitions/performances. An open

⁶⁹ Sir George Cox, *Cox Review of Creativity in Business: Building on the UK’s Strengths*, 2005

⁷⁰ Ibid

⁷¹ Graeme Evans, Jo Foord, Meric Gertler, Lori Tesolin, Sarah Weinstock, *Strategies for Creative Spaces and Cities: Lessons Learned*, 2006

⁷² Ibid

door policy ensures that anyone who expresses interest may become a member, have access to events and services, and apply for funding, mentorships and exhibitions.

Not only do centers such as these provide working space for creative entrepreneurs, they also serve as economic, social and cultural assets. In the Twin Cities, artist centres are spread throughout neighbourhoods, resulting in the stimulation of creative activity in multiple areas while attracting cross-neighbourhood visitation.⁷³

Here in Nova Scotia, the performing arts, visual arts, media arts, and film sectors have recently conducted studies into space needs or have clearly articulated a desire to develop appropriate infrastructure to serve existing and future demand. In the dance community, Kinetic Studio, Live Art Dance Productions, and Dance Nova Scotia initiated a research study in 2007 that identified strong preliminary need for two additional dedicated spaces to serve the existing performance, rehearsal, and teaching needs of the performing arts community. Based on that identification of need, these organizations are planning to develop a detailed business plan for a new facility. The film sector has also identified a need for space. In 2007, the Atlantic Filmmakers Cooperative and the Centre for Arts Tapes carried out a study that examined the feasibility of various facilities options, and a stated goal in Film Nova Scotia's 2008-09 business plan is to secure a state-of-the-art soundstage facility.⁷⁴

C) Awareness, Education and Skills Development

(i) Conceptual Shift and Creative Risk

One of the basic requirements for making a successful transition to the creative economy is a fundamental shift in thinking that places creativity at the centre of economic development. Artists and creators have long been viewed as marginal players, dependent on government and private largess, and not as resources that have the potential to transform our quality of place and drive the engine of our economy. This perception must change. In order to realize the full potential of the creative economy, **the arts and culture must be seen as primary generators, and not merely as beneficiaries, of wealth and prosperity.**

Perceptions and expectations must also shift to embrace the risks that are inherent in the creative process. **Not all creative activities lead to marketable products;** in fact, many will not, and never were intended to lead to widespread commercialization. Some of the products that were intended for commercial success will not achieve it. Creativity, by its very nature, produces unpredictable results, but this must not be perceived as failure.

The relationship between creativity and risk is strongly reinforced by economist David Throsby, who observes that:

... truly creative ideas are generated not by complying with the rules of an ordered universe, but by subverting them. Perhaps the very characteristic that makes artists different from others is that they are willing to overthrow logic

⁷³ Ann Markusen, *An Arts-Based State Rural Development Policy*, Humphrey Institute of Public Affairs, University of Minnesota, 2006

⁷⁴ www.filmns.ca

and reason and to seek new connections in a manner that defies systematic analysis.⁷⁵

The acceptance and understanding of risk and unknown outcomes is as relevant for creative cities as it is for creative individuals. According to Charles Landry, a well-known authority on cities and globalization, “a creative city of imagination must identify, nurture, attract and sustain talent so it is able to mobilize ideas, talents and creative organizations in order to keep their young and gifted.” Landry cites the ability to take “measured risks” as a key characteristic of a creative city. He suggests that “to maximize this [creativity] requires a change in mindset, perception, ambition and will.”⁷⁶

(ii) Development of New Skills and Aptitudes

Research suggests that in order to be successful in today’s economy, the labour market will require workers with a broad set of skills and aptitudes. These qualities include flexibility, imagination, cross-cultural understanding, highly effective communication abilities, problem-solving skills, using judgement in ambiguous circumstances, and an ability to work in interdisciplinary settings.⁷⁷ These are the very sorts of skills possessed by artists and other cultural workers.

Artists and creative thinkers of all kinds are crucial to the sustainability of the creative economy. In order to turn out workers with these skills, experts suggest that educational institutions shed rigid organizational and discipline-based silos. Instead, they should introduce flexible curricula based around broad goals and outcomes which encourage experimental, long-term thinking in students. This shift has to begin at the earliest ages in the public education system, with an emphasis on creative problem solving, which can be developed through arts education. Exposure to creative practices, as a student, as an audience member, or as a participant, fosters interest in the arts that extends into adulthood, enhances personal creativity, and potentially introduces a career path to an aspiring artist who then contributes to the creative economy.

As an example of proactive intervention with school children at a young age, the UK’s Department of Culture, Media and Sport is establishing the Find Your Talent program⁷⁸ in which £25 million (\$40 million CAD) will be invested to provide children and youth with access to five hours per week of cultural activity, either as direct participants or as audiences. Eligible activities include attending top quality theatre, orchestra, and dance performances; visiting local and national galleries and museums; visiting heritage sites; engaging creatively with libraries; taking part in music, dance, or theatre; writing; learning about and making films or new media art; and making visual art and crafts.

Adult education and skills development are also critical. In fact, studies have identified complementary needs in both the creative and business sectors, including higher-level business skills amongst creative enterprises and creative thinking in the business world.⁷⁹

⁷⁵ David Throsby, *Economics and Culture*, Cambridge University Press, 2001

⁷⁶ Charles Landry, *Lineages of the Creative City*, 2006, www.comedia.org.uk

⁷⁷ Council for Humanities, Arts and Social Sciences, *The Role of Creativity in the Innovation Economy*, submission to the Prime Minister’s Science, Engineering and Innovation Council, Australia, 2005

⁷⁸ www.findyourtalent.org

⁷⁹ This is a recurring theme in many studies, including *Creating Value: How the UK Can Invest in New Creative Businesses* and *Cox Review of Creativity in Business: Building on the UK’s Strengths*.

In order to attract investment, both public and private, and to ensure long-term sustainability, creative businesses have realized that they need to develop their business skills. The Work Foundation (UK) has found that a high percentage of creative enterprises “make no use of business planning methods, lack market awareness/specialist support and relevant finance opportunities”.⁸⁰ The National Endowment for Science, Technology and the Arts reports that the perceived or real lack of business acumen is a key concern for private investors in the UK.⁸¹

As a further illustration of the growing linkages between business and culture, the *Cox Review of Creativity in Business* recommends that centres of excellence be established across the UK for multidisciplinary courses combining management studies, engineering, technology, and the creative arts. The *Review* goes on to state that:

Turning creative ideas into new ways of thinking and into successful products and services requires a fusion of different skills. This is often impeded by the inability of business people and specialists to speak the same language, a failure to understand how a combination of engineering, technology and creative and business skills can contribute to a business and a misunderstanding about what creativity is and how to manage it. We need business people who understand creativity.⁸²

D) Investment, Funding Mechanisms and Policy Tools

(i) Public Investment

Considerable research has demonstrated that **public investment is essential in the non-profit cultural sector**.⁸³ This investment is required in part because individual creators are not able to charge all those who experience their work for the benefit that they derive. Additionally, the educational value and quality-of-life contributions provide no monetary benefit to the creator.⁸⁴

Conventionally, public funding has been aimed at stabilizing and maintaining the non-profit cultural sector and has been justified on the basis of public good. Ongoing, sustainable funding represents a critical investment in art creation, production, and presentation, and when invested at appropriate levels, helps to stabilize the sector. However, in order to fully realize culture’s economic development potential, new multi-pronged approaches to public investment are being developed. These approaches include: investments in major innovation initiatives including large scale cultural projects; business, residential, and neighbourhood development strategies focused on establishing cultural zones; funding for training cultural workers; investments in public art; and public design programs.⁸⁵

⁸⁰ The Work Foundation, *Staying Ahead: The Economic Performance of the Creative Industries*, 2007

⁸¹ Hasan Bakhshi, Eric McVittie and James Simmie, *Creating Innovation: Do the Creative Industries Support Innovation in the Wider Economy?*, National Endowment for Science, Technology and the Arts, 2008

⁸² Sir George Cox, *Cox Review of Creativity in Business*, 2005

⁸³ Louise K. Stevens, “Using Gap Analysis as the Foundation for Economic Development through Arts and Culture: The Cincinnati Model”, *Economic Development Journal*, Vol. 2, No. 2, Spring 2003

⁸⁴ The Work Foundation, *Staying Ahead: the Economic Performance of the Creative Industries*, 2007

⁸⁵ Ibid

Examples of large-scale commitment to public investment in cultural economic development include:

Australia

Australia has committed \$17 million (\$14 million CAD) over 4 years to develop a Creative Industries Innovation Centre, which will bring together artists, cultural entrepreneurs, and researchers and make available to them the latest technology and business support programs. This centre will act as an incubator for small and medium sized arts and creative companies, providing business mentoring and training as well as shared facilities. Cultural industry entrepreneurs and researchers will be able to collaborate on research programs, and students will be able to interact with practitioners in a creative milieu. The centre will also develop a vibrant creative precinct by linking with the surrounding community. Digital design, creative communications, electronic gaming, film and television production, theatre, and contemporary music and dance companies are all expected to have access to this facility. Australia's federal government anticipates that this centre will boost the capacity of the country's creative industries, thereby strengthening their effect on the economy and cultural life in general.⁸⁶

This project is part of the Australian government's recently announced \$200 million (\$165 million CAD) Enterprise Connect initiative designed to help Australian businesses become more innovative and boost productivity. This fund comes in response to a low innovation performance ranking given to Australia in comparison to neighbouring economies. The government is responding by connecting businesses to new ideas and technologies and providing access to a broad range of advisory, diagnostic, prototyping and testing services.⁸⁷

Glasgow

Glasgow is credited with being the UK's first city to implement a strategy where the arts were used as a catalyst for urban regeneration. When Glasgow was designated Europe's Cultural Capital in 1990, £40 million (\$64 million CAD) was invested to prepare for the cultural capital designation. Funds came from a variety of sources, including City Council, regional government, national government, and private sponsorships.⁸⁸

Throughout 1990, there were 3,400 events involving all artistic disciplines, 40 major works were commissioned, and 60 world premieres were presented in theatre and dance. Leading up to the Cultural Capital designation, significant investments were made in the Burrell Collection, the Kelvingrove Museum and Art Gallery, and the Glasgow Royal Concert Hall in order to ensure that Glasgow was able to offer world class artistic experiences as a Cultural Capital. The investments made for 1990 are credited with redefining Glasgow as a centre of culture, substantially increasing cultural tourism, and making it a more confident and cosmopolitan city.

⁸⁶ John Hartley, *The Arts and Innovation Agenda*, CASS Workshop, March, 2008

⁸⁷ www.enterpriseconnect.gov.au

⁸⁸ Charles Bell, Director, Culture and Sport Glasgow

Specific benefits from Glasgow's investments included:

- an 88% increase in tourism from the UK and a 25% increase in international tourism between 1991 and 1998;
- acceleration of the urban regeneration processes;
- improvements in the overall image of Glasgow;⁸⁹
- a legacy of support for culture. Culture and Sport Glasgow, which serves an urban core of approximately 600,000 residents, now spends approximately £62 million (\$100 million CAD) annually on arts and culture facilities and programs, and culture is considered to be a key part of the economic and social infrastructure of the city.⁹⁰

Ontario

In Ontario, the Ministry of Culture and the Ontario Media Development Corporation (OMDC) co-administered the Entertainment and Creative Cluster Partnerships Fund. This three-year, \$7.5 million program, which ended in 2007, was aimed at assisting the commercial theatre, film, television, digital media, music, book, and magazine industries. The objectives of the program were:⁹¹

- to facilitate the long-term growth of Ontario's entertainment and creative cluster industries;
- to encourage collaboration where joint efforts could overcome barriers, offset risk and small company size, activate other funds and resources, and build lasting partnerships with other jurisdictions;
- to support alliances between companies and trade associations with educational institutions and research organizations, creator groups, the public sector and other business groups aimed at increasing innovation and agility in the cluster, especially in response to major shifts in creation/distribution/delivery technologies.

In addition, over \$1 billion was recently invested in major cultural institutions in Toronto, including new homes for the Canadian Opera Company, the National Ballet School, the Toronto International Film Festival, and Soulpepper Theatre. There were also major expansions or renovations at the Royal Ontario Museum, the Art Gallery of Ontario, the Royal Conservatory of Music, and the Gardiner Museum.

⁸⁹ Beatriz Garcia, *Towards Liverpool 2008: Lessons from Glasgow 1990*, Centre for Cultural Policy Research, University of Glasgow, 2003

⁹⁰ Charles Bell, Director, Culture and Sport Glasgow

⁹¹ <http://www.omdc.on.ca/AssetFactory.aspx?did=5872>

Québec

The Province of Québec's Culture Department allocates \$438 million annually to support the creation, production, distribution of and access to cultural works and content, including \$70.5 million to the Conseil des arts et des lettres du Québec, \$50 million to the Société des développement des entreprises culturelles (SODEC), \$170 million to support major provincial cultural and heritage institutions, and a further \$146 million for other programming and facility efforts.

SODEC is a government corporation, overseen by the Minister of Culture and Communications, which supports the production and distribution of Québec culture through the province's cultural industries. SODEC applies entrepreneurial practices to cultural development, and treats culture as an economic growth sector. SODEC offers project investments, grants, repayable subsidies, and financial services to enterprises in the field of culture and communications. Its mandate includes:

- book publishing;
- music recording and stage shows;
- film and television production;
- arts and crafts.⁹²

Other Regions

Smaller regions and those that have just recently turned their attention to cultivating the creative economy have introduced more modest initiatives including the state of Maine and Prince Edward County, Ontario. Maine has invested \$5 million since 2004 in its New Century Community Program, and Maine voters have approved a \$1 million bond for capital improvements in libraries, museums, historical buildings, theatres, and arts facilities. It is recognized that these amounts are insufficient to fully support Maine's creative economy, so additional sources of funding are being examined, such as boosting the state's meals and lodgings tax to fund future initiatives and programs. On a smaller scale, Prince Edward County, Ontario, invests at least half of its \$1.1 million economic development budget into the creative economy. Less than half of this comes from the municipality, with the remainder coming from other levels of government for specific projects.

⁹² www.sodec.gouv.gc.ca

(ii) Public Policy Tools

Place-Based Economic Development

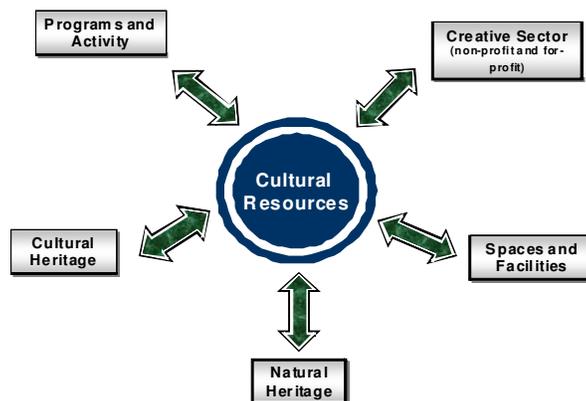
One tool for integrating culture and creativity into public policy utilizes a “place-based” approach that embeds arts and culture in a wide range of municipal strategies, from economic development and land use to community services and social planning.

On the economic side, this approach is grounded in the assumption that **80% of all economic growth in cities results from resources, assets, and talent that are already there**, and not from importing new businesses and industries.⁹³ Therefore, this approach focuses on growing local assets, including the increasingly important creative and cultural industries. It is also predicated on the notion that a fundamental economic asset of communities is their quality of life and place, both of which are greatly enhanced in the post-industrial world, by the arts and culture.

Municipal cultural planning is quickly becoming an important tool for integrating cultural strategies with local economic development strategies because it recognizes that cultural resources are essential components of community development planning.

In Ontario, the Municipal Cultural Planning Partnership has embraced the concept of putting municipal cultural planning at the heart of economic development. This group of individual municipalities, provincial ministries, and provincial arts and heritage service organizations understands that “integrating culture into all facets of planning and decision-making [is] a means of building healthy, prosperous and sustainable communities.”⁹⁴

At the centre of municipal cultural planning are the local *cultural resources*, which include: cultural programs and activities; cultural heritage; natural heritage; cultural spaces and facilities; and the work and workers that make up the creative sector.⁹⁵



⁹³ Glen Murray and Greg Baeker, “Culture + Place = Wealth Creation”, *Municipal World Magazine*, September 2006

⁹⁴ Municipal Cultural Planning Partnership, *Municipal Cultural Planning and Rural Revitalization – Economies in Transition: Leveraging Cultural Assets for Prosperity*, 2008

⁹⁵ Model developed by Greg Baeker and AuthentiCity

This cultural planning model leverages the connections where place, culture, and the economy meet. It is an effective model that, when realized, produces the key factors in city prosperity:

1. **Place Competitiveness** – The ability of a particular location to attract residents, visitors, and business over another location.
2. **Authentic Urban Environments** – Communities with specific characteristics that attract residents; authentic places with unique histories, built heritage, cultural amenities, etc.
3. **Cultural and Creative Industries** – Activities and industries which attract residents and contribute to economic viability and quality of life.

As previously mentioned, Prince Edward County in Ontario is one example of a jurisdiction that deliberately chose to utilize a municipal cultural planning model which places the focus, first and foremost, on integrating culture with the formal policies, plans, and investments by local government. This approach has resulted in a significant level of economic success for a previously depressed region.

Toronto recently adopted a *Creative City Planning Framework*,⁹⁶ which recognizes creative/cultural resources as one of four key components of the city's future success. Creativity is not only embraced as one of the city's most important economic drivers, it is also seen as inseparable from the quality of place and the cultural vitality of the city.

In adopting the *Creative City Planning Framework*, Toronto Council accepted the recommendation that Toronto “adopt a cultural planning approach” to municipal planning and economic development. It also passed a motion directing the Planning and Development Committee to produce recommendations on how culture could be better integrated into the planning process. This is significant because it signals that the cultural planning and policy frameworks used in the past must be revised in order to realize the full potential of culture and creativity in the Toronto of tomorrow.

One of the most concrete immediate steps has been for the City of Toronto to partner with the Prosperity Institute, led by Richard Florida, at the University of Toronto. The goal of the partnership is to develop more sophisticated cultural mapping tools that go beyond cultural institutions, organizations, and activities to capture elements of the creative economy and the “lived culture” of a place, including natural and cultural heritage, urban design, built form, etc.

A second concrete follow-up is the establishment of a tax incentive program to enhance investment and capital development in the creative industries, a priority economic sector for the city. The program reduces property taxes up to 60% over ten years to offset what would otherwise be increased property taxes resulting from investments in new or upgraded creative industry facilities.⁹⁷ What the City of Toronto provides is a powerful incentive for private investment rather than a direct cash outlay, and it shows how municipalities can leverage their most important assets (land and the responsibility for its development) in support of the creative industries.

⁹⁶ AuthentiCity, *Creative City Planning Framework*, City of Toronto, 2008

⁹⁷ www.toronto.ca/business/tax-increment-equivalent-grant.htm

A now widely used tool for integrating culture into municipal public policy has been the development of cultural plans that acknowledge the economic aspects of culture. However, based on her research, Louise Stevens of ArtsMarket Inc. suggests that city cultural plans cannot simply focus narrowly on the needs of the culture sector. Rather **they must become broad economic development strategies that are based on the activities of the culture sector.** Stevens' findings suggest that multiple tools are needed in order to realize the full economic benefits of the arts and culture, including economic cultural development planning that addresses cultural districts, cultural corridors, public art, cultural tourism, cultural marketing, and a broad public/private coalition that supports and endorses dedicated funding mechanisms.⁹⁸

Downtown and Rural Development

Research shows that in American small towns, arts-centered activities are serving as an important growth stimulus for both declining downtowns and the surrounding countryside. By refurbishing older educational, cultural, and industrial buildings to host artists and arts participants, these towns have increased artistic economic activity, created spin-off benefits to the local community, defrayed job losses in local manufacturing and agricultural sectors, and attracted and retained artists as residents. Arts and culture centres often act as anchor tenants in main street revitalization. The presence of a dynamic arts community also provides incentives for in-migration.

Some small towns are adopting more creative ways of stimulating the local economy through arts projects rather than chasing ineffective business schemes that are not sustainable in the long-term. Local governments have been showing support for arts-based rural development efforts by donating vacant property, offering staffing assistance, and in some cases, operating arts centres. Some local authorities have provided financial support to help cover startup costs or operating costs in return for artist workshops and mentoring opportunities for the community.⁹⁹

The success of Prince Edward County in making the transition to a successful creative economy is a clear example of how the creative economy model can work in a rural setting.¹⁰⁰

The State of Vermont has recognized and prioritized the creative economy as a tool for rural economic development. The Vermont Council on Rural Development (VCRD), in consultation with the Vermont Council on Culture and Innovation (VCCI), has studied Vermont's creative economy since 2003. VCCI, which consisted of representatives from the Vermont Arts Council, the Vermont Senate, the Vermont Humanities Council, and other community, political and business organizations, held extensive community consultations across the state in 2003. These consultations led to the creation of several community partnerships and initiatives, particularly between local artists, community organizations and businesses. Since that time, Vermont's approach to the creative economy has largely been focussed on finding low-cost creative solutions to community problems in a rural state with many small towns and no large urban centres.

⁹⁸ Louise K. Stevens, "Using Gap Analysis as the Foundation for Economic Development through Arts and Culture: The Cincinnati Model", *Economic Development Journal*, Vol.2, No.2, Spring 2003

⁹⁹ Ann Markusen, *An Arts-Based State Rural Development Policy*, Humphrey Institute of Public Affairs, University of Minnesota, 2006

¹⁰⁰ Greg Baeker, "Building a Creative Rural Economy", *Municipal World Magazine*, September 2008

A 2008 update on Vermont's creative economy initiatives found that there have been new partnerships between artists and communities, which have led to revitalized downtowns, increased tourism, and new jobs. Future initiatives for advancing Vermont's creative economy include investing in communities by maintaining the historic fabric of downtowns that were struggling economically and socially; increasing funding for arts and cultural facilities; and developing community-based planning and improved state-wide collaboration.¹⁰¹

Integrated Policy Approach

The creative economy touches many different policy-making departments at all levels of government, including: economic development, urban planning, industry and trade, immigration, tourism, heritage, infrastructure renewal, social and community services, education, and of course, arts and culture.

The experience of many other jurisdictions has shown the importance of securing multi-level support. For instance, when the British government publicly acknowledged the creative industries as one of the most important components of London's economy, this finding greatly enhanced the credibility of the creativity agenda in that city and helped to secure public funding of creative economy initiatives from all levels of government.¹⁰²

Singapore has brought together social, cultural, employment, and trade departments to address their massive investment in the creative economy. As part of a ten-year creative economy strategy, \$200 million has been allocated to stimulate creative activity, R&D, business enterprise, and tourism development. The arts, media, and design each have a champion agency: the National Arts Council, the Media Development Authority, and the Design Singapore Council. Economic and cultural agencies, universities, and industry are all collaborating on this creative economy focus.¹⁰³

Borders are disappearing within the arts and culture sector as well. Cross-disciplinary collaborations and a blurring of the boundaries between traditional artistic disciplines are rapidly becoming the norm. In the UK, Arts Council England suggests that:

... there is an increasing desire among many artists and cultural practitioners to engage with contemporary issues that lie beyond the traditional borders of the arts. Placing themselves in other disciplines such as science, ecology, anthropology, health, industry, or philosophy, these artists are seeking to address some of the most pressing issues of our time – climate change for example.¹⁰⁴

¹⁰¹ Vermont Council on Rural Development, *The Creative Communities Program: Models for Advancing Vermont's Creative Economy*, 2008

¹⁰² Graeme Evans, Jo Foord, Meric Gertler, Lori Tesolin, Sarah Weinstock, *Strategies for Creative Spaces and Cities: Lessons Learned*, 2006

¹⁰³ Ibid

¹⁰⁴ Arts Council England, *Interdisciplinary Arts Policy*, 2006

(iii) Private Support

Studies acknowledge that while public investment is necessary to support creative economy endeavours, private funding sources must also be cultivated to ensure that the creative economy reaches its full potential. Public funds are too limited to have a sufficient impact on the investment required to fully develop creative endeavours, especially those which are large-scale.

Venture capital or angel networks provide some of the more common sources of private funds to the creative economy.

While the National Endowment for Science, Technology and the Arts suggests that the private funding environment is under-developed in the UK,¹⁰⁵ The Work Foundation estimates there are 3885 “angel investors” (affluent individuals who provide capital for startup businesses) in the UK involved in financing the activities of creative firms through a variety of networks. Along with capital, these investors often bring hands-on business expertise and mentoring to the creative industries they support.¹⁰⁶

In the UK, venture capital funds include the Creative Industries Management Fund¹⁰⁷ and the Advantage Creative Fund.¹⁰⁸ The former, established in 2001, is a £50 million (\$80 million CAD) fund led by the private sector with co-investment by the Scottish Co-investment Fund. Equity investments of £300,000 to £3,000,000 (\$480,000 to \$4,800,000 CAD) are made in cross-media content production businesses across Europe. The Advantage Creative Fund is a £5 million (\$8 million CAD) venture capital fund for creative businesses located in the West Midlands region of the UK. This fund has a target of investing in 60 to 80 companies at a range of £25,000 to £100,000 (\$40,000 to \$160,000 CAD) each.

¹⁰⁵ National Endowment for Science, Technology and the Arts, *Creating Value: How the UK Can Invest in New Creative Businesses*, 2005

¹⁰⁶ The Work Foundation, *Staying Ahead: The Economic Performance of the UK's Creative Industries*, 2007

¹⁰⁷ www.cimfunds.com

¹⁰⁸ www.advantagecreativefund.co.uk

V. ECONOMIC CONTEXT FOR THE CREATIVE ECONOMY IN NOVA SCOTIA

A) Recent Economic Results

(i) Provincial GDP

Nova Scotia's GDP grew by an average of 2.0% between 2001 and 2007, compared to a national average of 2.6% during this same period. These results put Nova Scotia second-last among all provinces for average GDP growth between 2001 and 2007, ahead of only Saskatchewan at 1.8%.¹⁰⁹ Furthermore, in the last five years, from 2003 to 2007, Nova Scotia's GDP growth was just 1.4%, compared to the Canadian average at 2.7%. **The results of the last five fiscal years put Nova Scotia last among all provinces in GDP growth.**¹¹⁰

Data for the first half of 2008 suggest that Nova Scotia's economic growth will be virtually unchanged, with projected growth in GDP of just 2% from 2007, based largely on higher gas prices.¹¹¹ As with many other provincial forecasts in late 2008, Nova Scotia's anticipated GDP growth has been revised downward. Projections range from 1.0% growth by Scotiabank Group¹¹² to 1.4% by the Department of Finance.¹¹³ Surprisingly, these projections indicate that Nova Scotia is expected to weather the financial storm better than several other provinces in these turbulent financial times. This sheltering has been attributed to the nature of our economy as a centre for government and numerous public institutions, including hospitals and universities. It could be argued that **it is our knowledge economy that is currently sustaining the provincial economy.**

(ii) Labour Market Performance

Labour market performance is an important indicator of economic health. For the five year period from 2003 to 2007, Nova Scotia's performance was decidedly lacklustre. A recent study conducted by the Fraser Institute compared the labour market performance of Canadian provinces and American states.¹¹⁴ The study analyzed labour market performances in five key areas:

1. average total employment growth;
2. average private sector employment growth;
3. average unemployment rates;
4. average duration of unemployment; and
5. average labour productivity.

¹⁰⁹ Statistics Canada, *Provincial and Territorial Economic Accounts*, April 2008

¹¹⁰ Ibid

¹¹¹ Royal Bank of Canada, *Provincial Outlook*, October 2008

¹¹² Scotiabank Group Provincial Forecast Update, December 17, 2008

¹¹³ Nova Scotia Department of Finance, *Forecast Update*, December '9, 2008

¹¹⁴ Fraser Institute, *Measuring Labour Markets in Canada and the United States: 2008 Report* (Canadian edition)

The Fraser Institute’s findings indicate that Nova Scotia’s economic performance between 2003 and 2007 was at or near the bottom of the ranking for all Canadian provinces.

1. **Employment Growth** – Nova Scotia’s average employment grew 1.1%, placing it 7th nationally and 32nd out of 60 in North America.
2. **Average Private Employment Growth** – Nova Scotia’s average private employment grew by 1%, placing it 9th nationally and 33rd out of 60 in North America.
3. **Average Unemployment Rates** – Nova Scotia ranked 7th nationally, with only New Brunswick, Prince Edward Island, and Newfoundland and Labrador posting higher average unemployment rates.
4. **Average Duration of Unemployment** – Nova Scotia ranked 6th nationally for average duration of unemployment.
5. **Productivity** – Nova Scotia’s average productivity per worker was the 2nd lowest in Canada and 58th out of 60 in North America.

Overall, according to the Fraser Institute, **Nova Scotia’s labour market performance ranked 8th out of 10 provinces and 45th out of 60 provinces and states**. Only Quebec and Newfoundland and Labrador posted weaker labour market performances.

B) Nova Scotia’s Culture Sector

Juxtaposed with the weak performance of the Nova Scotia economy as a whole is the growing culture sector. According to the latest available statistics, the economic output of Nova Scotia’s culture sector has been growing strongly.

Nova Scotia Culture Output By Economic Activity

| Culture Output (millions) | 1996 | 2003 | % Change |
|----------------------------------|--------------|--------------|-----------------|
| Creation | \$90 | \$99 | 10% |
| Production | \$303 | \$323 | 7% |
| Support | \$55 | \$90 | 64% |
| Manufacturing | \$57 | \$108 | 89% |
| Distribution | \$70 | \$111 | 59% |
| Total | \$575 | \$731 | 27% |

Source: Statistics Canada Catalogue no. 81-595-MIE2006037

The culture sector’s significant contribution to the economy can be measured by its direct impact on provincial GDP, which was 3% of total GDP or \$731 million in 2003. Taking into account both direct and indirect impacts, it is estimated that **culture contributed \$1.2 billion to the provincial GDP and created 28,000 jobs in 2003.**¹¹⁵

Nova Scotia can point to a number of strengths and assets that position it well to take even greater advantage of the opportunities presented by the creative economy. These include:¹¹⁶

¹¹⁵ Michel Durand, *Profile of Culture Activities in Nova Scotia*, Culture Statistics Program, Statistics Canada, 2003

¹¹⁶ It should be noted that this list of strengths is not comprehensive but highlights those disciplines for which data is available.

(i) Visual Arts

Nova Scotia is home to a thriving visual arts and design community. One of the major assets of this community is NSCAD University (formerly the Nova Scotia College of Art and Design). Founded in 1887, NSCAD is one of Canada's oldest independent cultural institutions, and is considered a principal center for education and research in visual culture in North America. NSCAD offers a range of undergraduate and graduate degrees in craft, design, fine art, media arts, and historical and critical studies. NSCAD's current enrolment is just over 1000 students, 45% of whom come from outside Nova Scotia.

NSCAD occupies three campuses in downtown Halifax, totalling 270,000 square feet of space. The Granville campus is located in the heart of Halifax's Historic Properties district. In 2003, NSCAD turned the Academy Building, another important heritage landmark in downtown Halifax, into Canada's first degree-granting film school east of Montreal, and in 2007, NSCAD opened its new Port Campus on the Halifax waterfront. This campus houses NSCAD's sculpture studios, wood shop, metal shop, foundry, and product design and ceramics studios. It also serves as the main academic centre for first year students.¹¹⁷

NSCAD sees itself playing a major role in Nova Scotia's creative economy. President David Smith's vision for NSCAD includes "fuelling the creative economy" as one of four key pillars. NSCAD's "unique approach to education focuses on encouraging balance between structure and spontaneity, and connecting practical skills with innovative thinking".¹¹⁸ In conjunction with its teaching philosophy, NSCAD dedicates physical space to supporting the creative economy through efforts such as the recently launched Centre for Cultural Innovation and Technology, which is dedicated to developing collaborative and interdisciplinary research in the cultural sector. Here, new ideas will be explored with the ultimate aim of developing and commercializing technology-based cultural products and services in association with business and industry.

As a centre for visual arts education since 1887, it is not surprising that Nova Scotia is home to a talented mix of internationally renowned and emerging visual artists who live and work in all parts of the province. The work of these artists is exhibited and sold in over 60 public and commercial galleries, from Cheticamp to Yarmouth. Nova Scotia's largest public art gallery, the Art Gallery of Nova Scotia, (AGNS), attracts over 65,000 visitors annually. Nocturne, a one-night-only arts festival featuring late openings at art galleries and a host of site-specific performances and installations, debuted in Halifax in October 2008. This highly successful first-time event attracted over 5,000 visitors to local art galleries, including a one-day record of 3,000 visitors at the AGNS.¹¹⁹

According to Statistics Canada, the total economic contribution of all of these visual arts activities in 2003 was \$19 million.¹²⁰

¹¹⁷ www.nscad.ns.ca

¹¹⁸ NSCAD University, *The Academic Leader in Canada's Creative Economy*, www.nscad.ns.ca/info/creative_economy.pdf

¹¹⁹ www.artgalleryofnovascotia.ca/en/home/visitorservices/news/agns_attendance_news.aspx

¹²⁰ Statistics Canada, *Economic Contribution of the Culture Sector to Canada's Provinces, 2007* (the economic impact of NSCAD is included under education and not under visual arts)

(ii) Crafts

Nova Scotia has a relatively large and well developed craft industry. However, economic impact statistics for this important provincial subsector are largely unavailable. Extrapolating from national data and using population ratios suggests that Nova Scotian craftspeople contributed approximately \$21 million to the provincial GDP in 2001.¹²¹

(iii) Written Media

Nova Scotia has a strong history of producing talented and successful writers. This strength is born out in economic statistics, which show that the written media subsector accounted for almost \$193 million or 26% of the province's culture output in 2003, making it the largest of all the cultural subsectors. This output represented an 18% increase from 1996, despite decreases in federal and provincial spending levels for this subsector (-7% and -20% respectively in 2003).¹²²

(iv) Broadcasting and Film Industries

Nova Scotia has established itself as a major location for the broadcasting and film industries. Broadcasting accounts for 19% of total culture output in Nova Scotia and ranks as the second largest cultural subsector. Film is third, with 15% of total output.¹²³

Both subsectors have shown strong signs of growth and contribute to the overall dynamism of the province's culture sector. Output for broadcasting increased 31%, from \$106 million to \$139 million, between 1996 and 2003. Output for film doubled from \$53 million to \$106 million during this same time.¹²⁴ From 2003 to 2007, output from the film sector increased a further 41% to reach \$150 million.¹²⁵

(v) Performing Arts

While Nova Scotia's music sector has a high profile and appears to have grown dramatically, there is no provincial data on its economic impact. However, statistics for the Halifax Regional Municipality (HRM) suggest that the provincial impact of the music industry is considerable:¹²⁶

- Employment in the music industry in HRM increased 16% between 1996 and 2001;
- Total share of direct and indirect GDP by the music sector in HRM in 2003 was \$31,400,000 (in constant 1997 dollars), representing 6.4% percent of total GDP generated by the culture sector in HRM.

¹²¹ Peartree Solutions, *Profile and Development Strategy for Crafts in Canada*, 2003

¹²² Statistics Canada, *Economic Contribution of the Culture Sector to Canada's Provinces*, 2007

¹²³ Ibid

¹²⁴ Ibid

¹²⁵ Canmac Economics Limited, *Socio-Economic Impact Assessment, Nova Scotia Film and Television Cluster*, 2008

¹²⁶ Gardner Pinfold, *HRM Arts and Culture Sector Economic Impact Study*, 2005

Nova Scotia is home to a thriving theatre community. Twenty professional theatre companies operate in the province, three of which are touring companies that bring their work to provincial, national, and international audiences. The province is also home to four university theatre programs,¹²⁷ as well as theatre schools operated by Neptune Theatre and Mermaid Theatre. The economic impact of Nova Scotia's theatre sector on the provincial economy is estimated at \$17.6 million.¹²⁸

The professional dance community in Nova Scotia has grown greatly over the past five years. Between the 2001 and 2006 censuses, the number of professional dancers living in the province increased by 26%. While the actual numbers remain modest, this increase speaks to the growing community of dancers and their desire to live and create in this community.

The performing arts community as a whole is growing at a far more rapid rate than the Nova Scotia population. According to the 2006 census, 2,450 creative and performing artists resided in Nova Scotia, an increase of 21% over 2001. This is in contrast to an increase of less than 1% in the overall population during the same period.¹²⁹

(vi) Creative Residents

In his latest book, *Who's Your City*, Richard Florida makes the point that the creative economy is not evenly distributed – some places are more creative than others.¹³⁰ In Florida's view, that makes the decision about where to live the most important decision one can make. In his research, Florida identified four factors that are key indicators of the ability of cities and regions to retain creative workers and succeed in the creative economy. Those indicators are:

1. **Talent Index**- the proportion of the population 18 years and older with a bachelor's degree or higher;
2. **Bohemian Index** – the proportion of the population employed in artistic and creative occupations;
3. **Mosaic index** – the proportion of the population that is foreign born;
4. **Tech Pole Index** – the proportion of the population employed in high-tech jobs.

¹²⁷ Dalhousie University, Acadia University, St. Francis Xavier University, and Cape Breton University

¹²⁸ Theatre Nova Scotia, *Nova Scotia Theatre Sector Strategy*, 2006

¹²⁹ Statistics Canada, 2006 Census Data.

¹³⁰ Richard Florida, *Who's Your City? How the Creative Economy is Making Where You Live the Most Important Decision of Your Life*, Harper Collins, 2008

Based on 2001 census data, Halifax had the 13th largest population among urban areas in Canada. However, applying Florida's indicators:¹³¹

- **Halifax ranked 4th on the Talent Index**, behind only Ottawa-Hull, Toronto and Calgary. This is likely due to the large number of universities in Halifax that produce graduates who settle in the area;
- **Halifax ranked 7th on the Bohemian Index**, above the national average, with only Victoria ranking higher among mid-sized cities;
- **Halifax ranked 19th on the Mosaic Index**, well below our population ranking;
- **Halifax ranked 10th on the Tech Pole Index**, with only Quebec City, Kitchener and Winnipeg ranking higher among mid-sized cities.

In 2006, Nicole Barrieau and Donald Savoie applied Florida's indices to 2001 census data and ranked Halifax 5th on the national Talent Index, and confirmed its rankings on the Bohemian and Tech Pole indices. However, Halifax dropped to 36th place on the Mosaic Index.¹³²

More recent analysis of 140 city-regions conducted in 2008 by Greg Spencer of the University of Toronto further confirms Halifax's status as a centre for talent. This research ranks Halifax 6th in Canada after Toronto, Vancouver, Calgary, Regina and Montreal in a creative industries category which looks at participation in fine arts, the humanities, and the social sciences.¹³³

These impressive results show that **Nova Scotia's capital city, with 35% of the province's population, considerably outperforms other cities of its size or larger when it comes to the talent and creativity of its residents.** Both are key requirements for developing a successful creative economy.

Nova Scotia clearly has considerable assets that position it to take advantage of the enormous opportunities presented by the creative economy. The next section of this discussion paper discusses the key steps that must be taken in order for the province to fully realize this potential.

¹³¹ Meric S. Gertler and Tara Vinodrai, *Competing on Creativity: Focus on Halifax*, 2004.

¹³² Nicole Barrieau and Donald Savoie, *Creative Class and Economic Development: the Case of Atlantic Canada's Urban Centres*, 2006

¹³³ Greg Spencer, *Cognitive Diversity and Creative Advantage in City-Regions*, Program on Globalisation and Regional Innovation Systems, Department of Geography, University of Toronto, 2008

VI. CONCLUSIONS – BUILDING THE CREATIVE ECONOMY IN NOVA SCOTIA

The creative economy has reached global significance – it is attracting the attention of governments, economists, and key decision-makers worldwide, and it continues to grow in prominence. Creativity is now acknowledged as a vital driver of the economy, and with this new focus on creativity, the arts, culture, and cultural industries have taken on an economic and social importance as crucial building blocks of a dynamic, enriched society like never before.

For Nova Scotia, whose traditional resource/manufacturing-based economic development model has produced rates of economic growth that are among the lowest in the country, the creative economy offers tremendous opportunity. Our province is well-positioned to capitalize on this by virtue of the considerable strengths and assets we have in our existing creative workers, industries, and organizations. By placing creativity and culture at the centre of our provincial and municipal economic development models, we will also make Nova Scotia an even more attractive place for all manner of creative individuals, businesses, and activities.

In order to realize the full potential of our creative economy, Nova Scotia must embark on a strategic course of action. Based on the case studies researched for this study, we have identified five key areas that require immediate attention.

1) Leadership, Partnerships & the Participation of Multiple Stakeholders

Realizing the full potential of the creative economy requires a joint effort on the part of the culture sector, government, the business sector, and the community. Case studies have demonstrated the critical role played by roundtables, councils, or other similar mechanisms, since they facilitate dialogue among these sectors and help to generate shared understanding, both of which are essential for developing and implementing the strategies necessary for building a successful creative economy.

There is currently no such mechanism for dialogue in this province. Therefore, **Nova Scotia must create a forum that brings together leadership from the arts and business sectors, along with government and the community, to develop and implement strategies to grow and support Nova Scotia's creative economy.** Given the prominent role of arts and culture in the creative economy, **a fully engaged arts community, from core creators to cultural industry workers, must play an active and leading role in the collaborative dialogue.**

This forum will need to have sufficient and appropriate resources in order to:

- develop strategies to address the specific needs of core creators, cultural industries, and creative industries;
- facilitate information-sharing and skills transfers between the culture and business sectors;
- act as a lead advocate for the development of the creative economy in Nova Scotia, including identifying investment targets and lobbying government and business to meet those targets.

2) Conceptual Shift

Building a successful creative economy requires moving from the perception that culture is a beneficiary or consumer of wealth to an acknowledgement that it is a driver of the economy and a generator of wealth and prosperity. If Nova Scotia hopes to reap the benefits embodied in the creative economy, **we must embrace creativity as a driving force in the provincial economy and place it at the centre of our economic, community, and business development strategies.**

This report and its presentation to government, business groups, educational institutions, and cultural and community organizations is one contribution toward initiating this important conceptual shift in Nova Scotia.

3) Research and Policy Tools

Research

In order to create effective development and investment strategies that will grow Nova Scotia's creative economy and then evaluate the impact of these strategies, it will be essential to have a clear statistical picture of the sector. At present this data either does not exist or is badly out of date. In many jurisdictions, arts councils and other agencies have taken on this important data collection role. Since Nova Scotia does not currently have an arts council, **the provincial government should take the lead in initiating and maintaining the collection of baseline statistical data on all aspects of Nova Scotia's creative economy.**

Policies

Numerous jurisdictions around the world have supported the development of the culture sector through the creation of cultural policies, HRM and Nova Scotia included. While this has been a positive step, the successful development of a creative economy demands that culture and creativity are everyone's concern, not just the culture sector's. Toward this end, cities and provinces are now looking at integrating culture as a key pillar in economic development policies; instead of being isolated into one sector with a low profile, culture and creativity are increasingly seen as integral to all economic sectors. If Nova Scotia is going to develop a successful creative economy, **the province and its municipalities, particularly HRM, must embed culture and creativity as core principles of their economic and community development policies.**

4) Investment Targets, Strategies, and Mechanisms

Investment Targets

The case studies discussed earlier in this report indicate that successful creative economies require significant investment at all points in the creative cycle. Because resources are limited, these investments must be targeted and strategic.

Numerous case studies have also demonstrated that **multi-level public investment and support are essential to initiating and sustaining culture-led economic development**. Public funding is the foundation on which successful creative economies are built and the *sine qua non* for realizing their full potential.

More detailed research and dialogue with stakeholders will be required in order to pinpoint specific investment targets that could make Nova Scotia a creative economy leader. However, the most recent data from Statistics Canada offers several benchmarks that could be used as a basis for discussion:¹³⁴

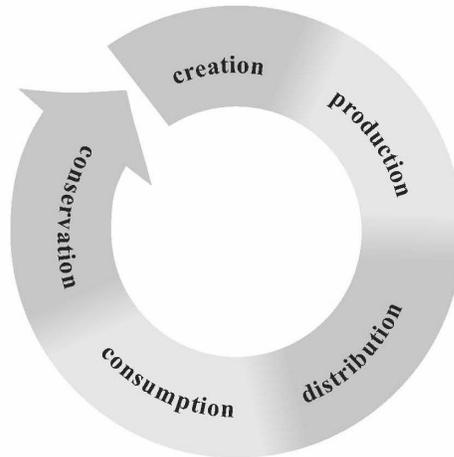
- (i) **Municipal Benchmarks** – Nova Scotia’s municipal governments invested roughly \$35 million in the province’s culture sector in fiscal 2005-06. Compared to other provinces, Nova Scotia ranked 7th in municipal per capita funding for culture. If Nova Scotia’s municipalities had invested at the same level as the national **average**, they would have spent an additional \$16 million on Nova Scotia culture. If they had invested at the same level as municipalities in the **leading** province (Saskatchewan), they would have spent an additional **\$46 million** on Nova Scotia culture.
- (ii) **Provincial Benchmarks** – The Nova Scotia government invested roughly \$70 million in the province’s culture sector in fiscal 2005-06. Compared to other provinces, Nova Scotia ranked 8th in provincial per capita funding for culture. If Nova Scotia had invested at the same level as the **average** province, it would have spent an additional \$9 million on Nova Scotia culture. If the Province had invested at the same level as the **leading** province (Saskatchewan), it would have spent an additional **\$40 million** on culture.
- (iii) **Federal Benchmarks** – The Government of Canada invested roughly \$104 million in Nova Scotia’s culture sector in fiscal 2005-06. Compared to other provinces, Nova Scotia ranked 3rd in federal per capita funding for culture, well above the provincial average. However, if the federal government had invested at the same level as it did in the **leading** province (Prince Edward Island), it would have spent an additional **\$46 million** on Nova Scotia culture.
- (iv) **Tri-Level Benchmarks** – All three levels of government invested roughly \$209 million in Nova Scotia’s culture sector in fiscal 2005-06. Compared to other provinces, Nova Scotia ranked 6th in tri-level per capita funding for culture. If the three levels of government had invested at the same level as they did in the **average** province, they would have spent an additional \$6 million on Nova Scotia culture. If they had invested at the same level as they did in the **leading** province (Quebec), they would have spent an additional **\$93 million** on Nova Scotia culture.

¹³⁴ Statistics Canada, *Government Expenditures on Culture: Data Tables, 2005/2006*

These figures clearly indicate that **if Nova Scotia wants to be a leader in the creative economy, substantial additional investment will be required.** Using the above benchmarks as a guide, an **incremental annual investment of \$40 million would appear to be a minimum.**

Investment Strategies and Mechanisms

As the figure below illustrates, the internal dynamic of the creative economy can be envisioned as a cycle that begins with core creation and moves through production, distribution, consumption, and conservation of the creative product.¹³⁵



- **Core Creation** – This is where the “research and development” of the creative economy takes place, based primarily on the work of individual creators and the creative expression of individual artists. Apart from the many other benefits that derive from this component, it is the ultimate source of the creative content which is further developed and marketed by the cultural industries (film, music, publishing, etc.). Given its fundamental role, support for core creation must be generous and effective. It must recognize the inherent risks and rewards of the creative process and utilize strategies that maximize the ability of this component to develop new, innovative, and challenging ideas. Restraints on creativity should be minimal, and political and commercial interests should be prevented from unduly influencing funding decisions.
- **Production and Distribution** – The production and distribution of creative works generally falls to arts organizations, businesses and the cultural and creative industries. In many cases, these critical components of the creative cycle rely on public funding which better allows them to serve as conduits between creators and consumers. The needs of producers and distributors must be effectively addressed so that creative works can reach the markets that desire them and the largest possible audience.
- **Consumption** – This component involves the purchase of, experience of, or participation in creative work.
- **Conservation** – Conservation includes the work of archivists, curators, and conservators who preserve creative products for the education and enjoyment of future generations

¹³⁵ The Nova Scotia Culture Sector Strategy, *Culture in the New Millennium: Planning Our Future*, 1999

(including future creators, which is what makes it a cycle). Conservation is an important component of the creative cycle and is generally the responsibility of the heritage sector. (While heritage is often included in the definition of the creative economy, it was not a focus of this study.)

Case studies have shown that different types of funding are better suited to the various components of the creative cycle and the many aspects of the creative economy. To fully engage in and reap the benefits of the creative economy, **Nova Scotia must develop specific investment strategies that are appropriate to and address the needs of each component of the creative cycle.**

While the public sector is often seen as a lead investor in the creative economy, **significant investment must also come from the private sector through innovative delivery mechanisms in order for the creative economy to reach its full potential.**

5) Infrastructure

Successful creative economies worldwide have invested heavily in infrastructure that links artists and cultural enterprises with each other, with businesses, with funders, and with audiences. They have also made it a priority to ensure that the culture sector has sufficient, suitable, and affordable space for the all-important production of creative work.

In rural communities and cities alike, centres for artistic education, research, creation, performance, and exhibition not only foster creativity, but also promote economic renewal, regional regeneration, community identity, and individual self-confidence.

Infrastructure is critical for creative development. Here in Nova Scotia, the film, performing arts, and visual arts communities have all identified inadequate infrastructure as a major barrier to future growth.

In order to realize the full potential of the creative economy, **Nova Scotia must commit to economic development policies and infrastructure funding programs that support the development of spaces for creation, collaboration, and presentation in both urban and rural areas of the province.**

Private developers should be actively encouraged to play a role in creating this infrastructure by including creative spaces in new developments. This can be done through the use of tax credits, heritage preservation incentives, zoning changes, and other innovative inducements.

Conclusion

This report demonstrates that the emerging creative economy offers tremendous opportunities for Nova Scotians.

It will now be up to the province and its citizens to commit to this promising initiative, determine development priorities, and start building the economy of the future.

Appendix A: NSCAN VISION STATEMENT

NOVA SCOTIA CULTURAL ACTION NETWORK

Nova Scotia CAN

The arts are a dynamic force that can lead Nova Scotia to realise its full potential as a culturally and economically vibrant society.

WHO WE ARE

The Nova Scotia Cultural Action Network – **Nova Scotia CAN** – is a coalition of individuals dedicated to the progressive development of the province’s arts and culture for the benefit of all Nova Scotians.

OUR VISION

It is time for Nova Scotians to think seriously about culture and the arts. Gifted with rich indigenous cultural traditions, we are home to distinguished contemporary artists in every medium. Yet our artists struggle against a climate of neglect, marginalisation and lack of support. We are not content with mediocrity. It is time to realise our full potential.

Nova Scotia CAN be a world leader in the arts.

Nova Scotia CAN have a cultural quality of life second to none.

Nova Scotia CAN honour its cultural traditions while embracing innovation.

Nova Scotia CAN dare to be great.

Nova Scotia’s greatest past achievements arose from looking forward, from embracing innovation and critical thinking. We foresee Nova Scotia taking its rightful place on the world stage by building on its many strengths – making more effective use of existing cultural infrastructure and energising its diverse creative communities.

Our vision encompasses the arts (performing, literary, visual, media) and cultural industries (film, television, publishing, sound recording) throughout the province. Like other small and dynamic societies around the world, we can be world leaders in many areas of contemporary expression.

Nova Scotia is alive with creative people who have chosen to live and work here. It benefits **all** Nova Scotians when artists and their communities have the means to realise their ambitions, whether on a local or an international scale. The arts are vital to a sustainable economy in an age of intense competition and threatened natural resources. We cannot afford **not** to invest in the arts.

We advocate a “culture of culture” – an adventurous engagement with the arts by a confident, culturally literate population. Our songs and stories, the objects that surround us, the images that provoke our imagination, the ability to appreciate them to the fullest – these are essential to the good life, no less than health, education and economic security. Exports, tourism and development all benefit from a strong cultural sector, but culture is more than a means to a livelihood. It is what we live for.

WHAT WE AFFIRM

1. Nova Scotia has the artistic capital to be a world leader in the arts and cultural industries.
2. Individual and collective creativity is the source of all cultural dynamism, expressed in work that is innovative, daring, experimental, challenging and constantly evolving.
3. Our artists deserve recognition and respect.
4. Cultural excellence depends upon professional artists earning a livelihood from their art, commercially and non-commercially, in the studio and in the community.
5. Vigorous public and private support for professional artists, arts organisations and productive infrastructure is crucial to any successful cultural strategy.
6. Public support should facilitate and nurture artistic creation rather than direct it, respecting the autonomy and integrity of the community and its infrastructure.
7. Public arts policies and programmes must be transparent, inclusive, democratically accountable, developed through broad and deep consultation with the cultural community and free from political interference.
8. Arts education and lifelong participation in the arts are integral to Nova Scotia’s cultural success.
9. Our citizens have the right of access to their own culture.

WHAT WE WANT

1. Greater access to and support for the arts and cultural industries. This will be achieved by:
 - creating greater awareness of the vital importance of the arts and culture to the social, cultural and economic life of all Nova Scotians;
 - promoting cultural excellence across the province by supporting centres of creativity where they exist and strengthening cultural infrastructure where it is weak;
 - striving for high professional standards – through arm’s-length juried competitions, where appropriate – in all cultural aspects of public and corporate life, including design, architecture and public art;
 - making arts education, creativity and innovation high priorities in Nova Scotia’s public schools and post-secondary institutions.
2. Major new investment – private and public – in the arts and culture sector so that it becomes the most dynamic component of Nova Scotian society – socially and economically – over the next ten years. This will include:

- increased private investment, from businesses, foundations and individual donors, in a wide range of new and existing facilities, organisations and institutions;
 - increased public investment by all levels of government in ways tailored to the diverse needs of the sector;
 - significantly increased provincial funding as befits a designated growth sector.
3. Government policies and programmes that better respond to the needs and priorities of the province's culture sector. These will include:
- full and open accountability for all cultural expenditures;
 - true arm's-length agencies which provide substantial funding for creative activity in the arts and cultural industries;
 - systematic collection of accurate, accessible and timely cultural data.
4. A strong and united provincial culture sector that has:
- substantial, sustained and strategic support for professional creators at all stages of their careers, in all disciplines, in all regions of the province;
 - intelligently designed, operationally funded and professionally run cultural spaces in every region throughout the province, taking into account the actual needs of creative communities as expressed by those communities;
 - access to the infrastructure that makes creative work possible, such as affordable studio space and multidisciplinary, creative incubator facilities;
 - a recognition of the interdependence of the arts and cultural industries, of tradition and innovation, and of urban and rural priorities.

WHAT WE ARE GOING TO DO

1. Identify and analyse models of successful cultural development in communities world wide.
2. Articulate cultural investment targets that will ensure transformative change.
3. Facilitate a cross-sector dialogue about the relevance and importance of artistic and cultural activity to the economic and social well-being of the province.
4. Utilise this research and dialogue to promote progressive policies and programmes to strengthen the infrastructure that makes creative work possible.
5. Identify and analyse successful models for advocacy coalitions and organisations.
6. Create a dynamic partnership of artists, cultural organisations, patrons, business associations, foundations and governments to work full time for the development and promotion of the arts in Nova Scotia.
7. Advocate for progressive initiatives in support of Nova Scotia's creative infrastructure.

The Nova Scotia CAN Vision Statement was released on 22 February 2007.

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