

## Submission to Technological change and the future of work

May 2019

### *Background*

WeCreate is the alliance of New Zealand's creative industries with the mission to grow the creative sector's contribution to New Zealand's social and economic wellbeing. WeCreate's member organisations represent content creators and owners across the spectrum of the creative industries from screen, to video games and books, visual arts, advertising, music, performing arts, mixed reality, design, photography and architecture. In addition to our members, large businesses and government agencies in the New Zealand creative sector are Friends of WeCreate. Together our Members and Friends represent over 25,000 individual creators and creative businesses.

In 2016, WeCreate commissioned NZIER to prepare *The Evolution of Kiwi Innovation*. This report demonstrated that kiwi creativity drives jobs and economic growth, not only in the creative industries, but increasingly as a key enabler of other sectors.

The New Zealand creative sector:

- **Enriches the lives of all New Zealanders** through our ideas, and our stories of people and place
- Brings fresh thinking and new solutions to **help Kiwis thrive**
- Is at the forefront of **technological innovation**
- Drives **growth** in the digital age through **innovation and productivity, diversifying** our output and exports beyond traditional industries
- Generates **high value jobs and outputs** – not just in the creative industries, but **in every sector**
- Fosters the skills and talent we will need to confidently face the **Future of Work**
- Offers new opportunities for **small business and regional development**
- Is sustainable and **kind to the environment, helping to meet emissions targets**
- **Exports globally**, growing trade weightlessly and with few barriers

In the past two years, WeCreate has consulted widely in the development of an Action Plan to grow our creative sector for the good of all New Zealanders. The comments made here are informed by that process, which has involved over 200 creative industry leaders and government officials and included the establishment of six Working Groups comprising industry experts. The section of the Action Plan dedicated to Skills, Talent & Capability references matters considered in the Issues Paper that this submission provides comment on.

WeCreate is currently seeking a concerted industry-led partnership with government to accelerate growth and our sector's contribution to Aotearoa New Zealand's wellbeing. The Action Plan includes recommendations to:

- Better connect our creative industries for growth - with each other, with government, with Māori, with other industries, and with the world.
- Enhance the profile and potential of our creative sector; and creativity as an enabler of economic, cultural and social wellbeing.
- More accurately measure, and track, the value and potential of our creative sector.

- Enable accelerated growth in the capability, capacity, and export potential of our creative people and businesses.
- Support our creators' ability to derive value from their work.

We note that WeCreate engaged with Paul Conway, Director, NZ Productivity Commission in 2018, during the development of the WeCreate Action Plan.

The government response, led by MBIE and MCH, to the WeCreate Action Plan is currently being prepared.

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### *Submission*

1. Our goal is for New Zealand creators to be able to make a sustainable living from their work, and for creative businesses to thrive.
2. Growing the number of successful creators and creative businesses, especially as exporters of IP, will in turn support new creative practitioners and our Arts & Culture.
3. Creativity is essentially human, and while creativity is increasingly being combined with technology to produce high value goods and services, we can be reasonably confident that creative jobs will be less susceptible than many others to being automated out of existence.
4. In 2016, NZIER prepared *The Evolution of Kiwi Innovation* for WeCreate. This report showed that 6.6% of the New Zealand workforce was engaged in creative occupations and, of these, 52% were working in non-creative industries where they create significant value-add (eg the design team at Fisher & Paykel)
5. In 2018 NESTA and The Creative Industries Federation UK published figures<sup>1</sup> relating to the future of work that showed that the growth in occupations by 2024 would be **5.3% in the creative industries**, 5.1% in STEM industries and 2.5% overall.
6. The Australian Bureau of Arts & Communications' paper (Jan 2019)<sup>2</sup> on "Creative Skills for the Future Economy" also contains research, data and conclusions which support the importance of creative skills in the Future of Work.

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<sup>1</sup> <https://www.nesta.org.uk/report/creativity-and-the-future-of-work/>

<sup>2</sup> <https://www.communications.gov.au/publications/creative-skills-future-economy>

7. Creative talent will increasingly be required by other sectors, yet the creative industries and creative workers are not well represented in the Future of Work forum, business.govt.nz, nor in wider business support organisations. WeCreate's Action Plan seeks a 'seat at the table' for creative practitioners in developing policy relating to the Future of Work.
8. Our creative industries are at the forefront of technological innovation. Most are highly digital in the way they produce content, market, distribute and earn. New Zealand has the potential to be a world-leader at the interface of creativity and technology.
9. The fusion of creativity and technology – Createch – is transforming the way we learn, live and work. If harnessed well, it has vast potential to improve New Zealand's economic, social and cultural wellbeing.
10. Createch is also revolutionizing and revitalizing many other sectors eg healthcare, aged care, education and tourism
11. NZTech and WeCreate have established a collaborative alliance to help connect, promote and advance the creative-tech ecosystem in Aotearoa. The opportunities facing Createch industries are largely the same as those of the wider creative sector – all creative industries are Createch industries to an extent.
12. At Createch fora during 2018's TechWeek, participants recommended that New Zealand prepare for the Future of Work by recognizing and applying the power of creativity in lifelong education, and equip people for Createch careers across the economy.
13. We note the comment at page 13 of the Issue Paper "though innovative in some areas, it (NZ) is more of a technology taker than a technology leader". We submit that this statement is at odds with the reality of the NZ tech and creative sectors and fails to acknowledge the opportunity to leverage our use of the internet to access markets previously too distant to be cost-effective to sell to.
14. The New Zealand games industry is one example of this. The industry, that has had little government support to date, grew 43% in value between 2017 and 2018 and exports generate 93% of revenue.
15. During the consultation and preparation of the WeCreate Action Plan it became apparent that the more digital an industry, the less likely that existing industry and occupation codes (as used by Statistics NZ and relied upon for much policy analysis) reflect current industry businesses and the roles of the people employed in them. This is true for the creative sector.
16. Regulation that is fit for purpose underpins every sector of the economy. If we are going to maximise the opportunity presented by New Zealand's creative sector, including the digital opportunity, the regulatory framework for creative business needs to be informed by the experience of the sector and be evidence-based.
17. Our Intellectual Property (IP) framework should support and reward New Zealanders and New Zealand businesses that create value in IP. Robust, clear, and certain Copyright law underpins

the health and sustainability of New Zealand's creators and creative industries – mechanisms for effective and affordable enforcement when IP rights are breached should be implemented. Information and resources about IP need to be accessible and up-to-date.

18. The next generation, whose income will more heavily rely on knowledge assets, need to know how to manage and monetise IP. When business value is not held in physical assets, but in digital assets, digital protections need to be strong. As New Zealand's economy becomes more reliant on digital business, cyber-security and increased understanding of the opportunities and risks of cloud-services is critical.
19. Page 19 of the Issues Paper references a report relating to digital economies and the impact of regulation –“obsolete intellectual property laws could inhibit the development of artificial intelligence”. No justification is provided as to why IP laws are considered to be“obsolete”. Copyright, the creator's right to earn a living from their creative work, is often misrepresented in relation to AI. There is a considerable amount of AI activity already taking place in New Zealand and it is only when someone else's work is needed in AI development that regulation is an issue at all. Much AI is being developed and utilized “in-house” by organisations using their own IP, business intelligence, customer feedback etc to inform their AI developments. When AI developments require the use of materials that are the creation of others', that use can be licensed as an input into the AI product development. The cost of the licensing is no different than any other cost (developer salaries, overheads etc) of creating a new product or service.
20. We encourage the Productivity Commission to refer to the UK Intellectual Property Office's Strategy<sup>3</sup>. This strategy is aligned with the UK Creative Industries Sector deal, as referenced in the Issues Paper.
21. Success in the creative sector comes in many forms – sole practitioners, freelancers, agency or studio teams and publishers can all be successful career paths or businesses. As we move towards a 'gig' economy, the sustainability of our solo and small businesses will be vital to growth.
22. Several different kinds of capability are required to build prosperous creative businesses:
  - Creative – an artist's skill in their chosen discipline
  - Business – management, finance, compliance, marketing skills
  - Industry – understanding of industry-specific practices, dynamics and business models
  - Governance – strategic planning and risk management
  - Confidence
23. We look forward to the outcomes of the Ministry for Culture & Heritage's *Supporting Sustainable Cultural Careers* work programme.
24. New Zealand's creative skills are world-class. While business and governance skills exist locally, commercial ambition can be lacking. Having said this, there are many mature creative businesses with strong capabilities but without the resources or market opportunity to go global or fully commercialise their IP.

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<sup>3</sup> <https://www.gov.uk/government/publications/ipo-strategy-2018-to-2021>