

March 2023

## **RESPONSE TO AUCKLAND COUNCIL'S PROPOSED BUDGET 2023-24**

**The Auckland creative sector is a significant economic contributor and generator of work and employment. The sector's future and growth in Tāmaki Makaurau relies on the experiences and skills that are, in part, developed through community arts and culture programmes, along with Tātaki Auckland Unlimited's economic development initiatives.**

**WeCreate is the alliance of Aotearoa's creative industries and major arts organisations, who collectively represent 30,000+ creators and creative businesses, over 40% of whom are based in Auckland<sup>1</sup>.**

Auckland is the 'Powerhouse' of Aotearoa New Zealand's economy. According to Infometrics, in the year to March 2022:

- GDP in Auckland measured \$133,749m, up 4.5% from a year earlier, and accounting for 37.4% of national GDP.
- Total employment in Auckland averaged 949,891, up 3.2% from a year earlier. Employment in New Zealand increased by 3.0% over the same period.

It is the region most severely impacted by COVID restrictions, and has recently suffered severe flood and cyclone damage, all of which it is still recovering from. Auckland and its people are currently the most fragile and vulnerable they have been for generations. Now is not the time to take away the things that give 'colour' and joy to the city, nor which keep people wanting to work, learn and visit here, and thereby keep our economy pumping. Creativity makes a city live - and be liveable.

WeCreate are aware that Council will be receiving numerous submissions from arts and culture organisations on the potentially devastating impacts of these Budget cuts to Auckland's liveability, vibrancy, and social cohesion and identity. Our individual member industries and organisations will also be making submissions specific to their own areas of concern. Whilst we have been engaged with the high-level development of these other submissions, and we share their concerns, our submission will focus on the likely highly negative impacts of the proposed Budget cuts on sustainable careers for Aucklanders, and the substantial risks to Auckland's future economic resilience and prosperity.

Most Auckland creative businesses are now highly digital and are 'weightless' exporters (eg. screen and music streaming, games & interactive media, digital publishing, digital visual arts, design and advertising, immersive cultural experiences, even fashion design and architecture), and they are therefore critical to our economic adaptation and resilience to climate change. Almost all parts of our creative ecosystem adapted to 'digital and online' during COVID restrictions – for many it was 'digital business-as-usual', reaching customers and audiences in New Zealand, and overseas.

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<sup>1</sup> Please see the end of this document for details of our industries and membership.

The Auckland Plan 2050 states the aim that **'Auckland is prosperous with many opportunities and delivers a better standard of living for everyone'**. Auckland Council has an economic development plan for the region – the most recent of these for 2021-2024 has the objectives of:

- Attracting people and investment
- Enabling thriving local economies
- Supporting quality jobs and skill development
- Preparing businesses for Auckland's future
- Infrastructure that enables economic development
- Regulations that enable economic development

**WeCreate submits that the proposed Budget cuts to arts & culture funding (including via Local Board funding), and to Tātaki Auckland Unlimited's economic development strategies, expertise, and support, will result in failure to achieve these objectives. This poses an immense and imminent risk to the prosperity and opportunities for Aucklanders and their businesses, which will have a consequent economic effect nationally, and on Aotearoa's talent pipeline and international reputation.**

### **The Value of the Creative Economy to Auckland**

According to Tātaki Auckland Unlimited (TAU) in 2022, the creative economy in Auckland:

- **Made up 5% of Auckland's economy**
- **Directly employed more than 57,500 people**
- **Generated \$7.8bn in GDP (50% of NZ's total creative GDP) and \$1.59bn in exports**
- **Grew by 5.4% on average over the past five years, outpacing the rest of the Auckland economy**
- **Has significant growth potential (forecasts predict 7,500 new jobs 2023-2028)**

Screen Auckland's latest data shows that:

- **Screen (including production, post-production, and visual effects) is worth \$1.523 billion to the Auckland economy.**
- The sector directly employs 8405 people in Auckland – up from 7500 in 2021.
- There are 2322 screen business units located here – 48% of the national screen sector.

**36% of NZ's game development businesses are in Auckland**, the largest concentration of any city in NZ.

- Interactive/game development is one of our fastest growing industries – worth \$407m in 2022 (97% of which is digital exports), and given the right support, is on track to be a \$1bn industry by 2025.<sup>2</sup>

Auckland is the **main hub of the NZ music industry, and a UNESCO City of Music** – with an estimated:

- 6000 songwriters, 2000 recording artists, 120 independent record labels, 254 venues reporting live music to OneMusic (licensing agency), including approximately 20 dedicated music venues, over 100 audio producers and approximately 35 recording studios, 173 artist managers and over 20 representative organisations.
- The music ecosystem is also comprised of event producers and contractors, independent record stores, music educators, music technology companies, music media companies,

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<sup>2</sup> NZ Game Developers Association 2023

designers, photographers and video makers and the live music segment has spill-over effects into hospitality and the visitor economy.

**Auckland is the main hub for all other NZ creative industries – advertising, architecture, design, media, performing arts, photography, book publishing, creative tech and visual arts. There are 17,100 creative business units<sup>3</sup> in Auckland – 47% of New Zealand’s creative companies – all people who are currently choosing to live and work in Auckland.**

**What’s good for Auckland is (almost always) good for Aotearoa New Zealand.**

### **Work and Employment for Aucklanders**

- **All creative industries derive their ideas and talent from artists.** Creative skills grow from exposure to creativity – at home, in arts education, and via community arts programmes. **Without these career pipelines, the economic viability of the sector in Auckland is at risk.**
- **Local government investment in arts and culture supports the grassroots of artists’ careers and the creative economy ecosystem** – it is the breeding ground for experimentation, which is often where innovation, new ideas, and the economic benefits of ‘the next big thing’ comes from.
- An artist’s creative practice is their ‘work’ or ‘job’, and this is often not well-understood by those who do not know the sector. The creative sector has double the number of freelancers and contractors than any other sector in the economy, and it is critical to support those individuals to enable their contribution to our society and economy.
- **Many of our least advantaged creatives get their careers started through community arts and culture organisations and programmes.**
- Access to arts and culture enables access to a rich and diverse education, enhancing social cohesion, and preparing young people with the skills needed in a changing world of work.

### **Economic Development Support and Strategy**

- **Auckland is the only city in Aotearoa which has a comprehensive development plan for its creative economy, informed by sector leaders** – [Create Auckland 2030](#) – which is led by TAU and has the ambition of making Tāmaki Makaurau a ‘global creative capital’. This type of coordinated support improves **economic efficiency and contributes to improved productivity.**
- TAU has recognised the **economic importance of the creative ecosystem**, and its rapidly growing digital permutations (creative tech) to Aucklanders, and to visitors; now, and especially for the future.
- They are actively supporting creative Aucklanders, creative businesses and seeking investors for the city and the sector. **Every dollar TAU spends returns \$2 - \$4 in direct, indirect, and induced impacts within the city’s economy.**<sup>4</sup>
- **De-funding TAU’s economic development initiatives – via the loss of a significant portion of its operating budget and 100+ jobs for Aucklanders - is likely to eliminate Create Auckland 2030, and the valuable data and insights, expertise, and connections which TAU have built up over many years.**

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<sup>3</sup> Source: Tātaki Auckland Unlimited

<sup>4</sup> Source: Tātaki Auckland Unlimited

- **There will be particularly dire impacts on Auckland’s burgeoning and highly productive screen, music, interactive and creative tech industries, and a negative impact on our growing international reputation and business prospects.**
- It is **international best-practice** for cities of scale, such as Auckland, to have **local/regional government agencies with a focus on growing and developing the Creative Economy**. (eg. multiple cities in the UK, Creative Victoria, Screen Queensland – please see the end of this document for Further Information).

## Other Key Considerations

- **People with creative skills are vital to the Future of Work in all industries, and their roles are less susceptible to automation/Artificial Intelligence.**
- The 2019 Australian Government Report [Creative Skills for the Future Economy](#) found that creative skills, requiring original thought and innovation, are particularly resistant to automation and are likely to face relatively higher demand in the future across a wide range of industries. **Of Australia’s top five most innovation-active industries, between 10 and 28 percent of employees held a creative qualification.**
- **Australia is incentivising games and screen production** people and businesses to work there – far more than NZ can currently compete with - this is a threat to the Auckland creative economy and talent pipeline.
- These incentives are included in Australia’s [National Cultural Policy - Revive](#) – as they have recognised the contribution their creative industries have the potential to make. This policy will include the **establishment of new support bodies and programmes for music and literature, which will also likely incentivise more Auckland creatives to migrate to Australia.**
- The ‘clustering’ of industries within the creative economy creates **an agglomeration effect, driving productivity**. An example would be how a thriving screen sector creates opportunities for writers, musicians, tradespeople, and hospitality workers.
- **The creative economy creates ‘spill-overs’ into all areas of society and business:**
  - **Knowledge** – where new ideas, skills, innovations, and processes developed within the creative sector spill-over into the wider economy and society.
  - **Industry** – seen in productivity gains and innovations that flow from the creative sector into other types of businesses. **This is especially true of the impact of screen production and live events on the visitor and hospitality economies.**
  - **Network** – the spread of tacit knowledge and deeper/broader labour markets (agglomeration effects) which arise from a high density of arts or creative industries in a specific location.

Source: [The Impact of Arts & Culture on the wider Creative Economy – Arts Council England 2022](#)
- **WeCreate has asked Auckland Council:**
  - **What economic analysis has been done by Council on the impacts these cuts will have on Auckland’s economy and employment, over the short, medium, and long term?**
  - **How many Aucklanders’ jobs (outside those at Council and within CCOs) will be at risk – both via direct and indirect employment?**

**We have not yet received a response to these questions.**

## **Response to Auckland Council's Request for proposed solutions:**

It is difficult to propose detailed solutions/options to overcome the Budget shortfall due to the lack of detailed financial information, and especially economic analysis of the impacts of the proposed cuts on Auckland's economy and employment prospects in the Consultation Documents. When faced with making difficult decisions – either in expenditure or in policy – best practice is to start with an evidence base. There is no evidence base for the proposed budget.

We are very concerned that the Budget proposals have been prepared without due diligence, and the impact on current and future generations of Aucklanders has not been properly considered and understood.

We suggest that a different mix of the levers available to Council be seriously considered:

- Further rates increases inclined towards owners of above average CV properties. The proposed rates increases are below the current rate of inflation, and they would disproportionately impact the owners of low-value properties, who would pay a greater percentage increase than the owners of high-value properties. Wellington, which faces significant issues of its own, is proposing a 12.8% rates increase for 2023-24.
- Borrowing – the consultation document states that Council will make 'modest' use of debt of up to \$75m to protect from future uncertainty. We propose that due to the current social and economic vulnerability of Auckland, now is the time to borrow and invest to future-proof the city. There could be a role for central Government in supporting/underwriting further borrowing.
- Consider further asset sales in addition to the Council shareholding in Auckland International Airport – but being careful not to damage the provision of much-needed community facilities.
- Consider adjustments to current accounting practices, such as how depreciation of assets impacts the Council's Budget.

**We urge Councillors to reject this current Budget proposal, to consider a different mix of financial levers other than decimating community investment, and to immediately undertake robust analysis of the impact that any revised proposal will have on the prosperity and prospects of all Aucklanders.**

**Now is the time to invest in the recovery, and future resilience and prosperity, of Tāmaki Makaurau Auckland, and its people.**

**Further Information:**

[UK Creative Industries Toolkit for Cities & Regions 2017](#)

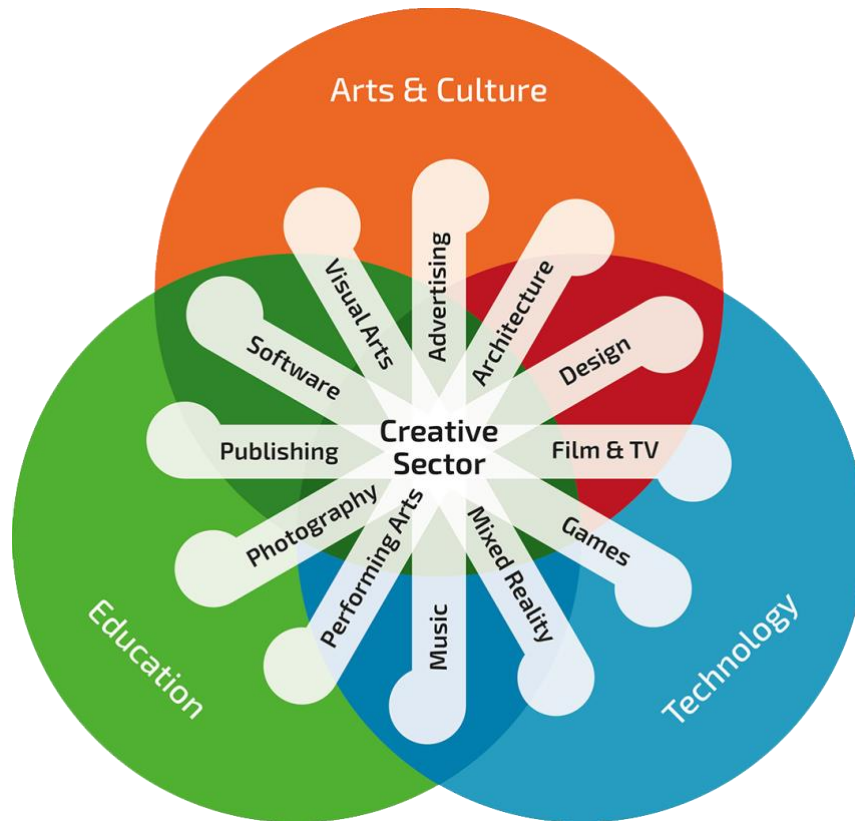
[Creative Victoria](#) – Creative State 2025 Strategy

[Melbourne City Revitalisation 2022 – state investment](#)

[Screen Queensland](#)

[World Cities Culture Forum](#) – various publications on evidence-based creative and cultural policy making for cities

**The Creative Ecosystem:**



**WeCreate’s Members & Friends are:**

Advertising & Illustrative Photographers Assn  
 Australia & NZ Screen Association  
 Commercial Communications Council  
 Creative NZ  
 Designco  
 Equity NZ  
 Mindful Fashion NZ  
 NZ Comedy Trust  
 NZ Game Developers Association  
 NZ Institute of Professional Photography  
 NZ On Air  
 NZ Writers Guild  
 Print Media Copyright Agency/NPA  
 Recorded Music NZ  
 Screen Industry Guild Aotearoa NZ  
 Screenrights  
 Screen Production and Development Association  
 TVNZ

APRA AMCOS NZ  
 Christian Copyright Licensing International  
 Copyright Licensing NZ  
 Design Assembly  
 Directors & Editors Guild NZ  
 Independent Music NZ  
 Music Managers Forum NZ  
 NZ Film Commission  
 NZ Institute of Architects  
 NZ Music Commission  
 NZ Society of Authors  
 Playmarket  
 Publishers Association of NZ  
 SAE Institute  
 Script to Screen  
 Sky Network Television  
 Tātaki Auckland Unlimited