

Creative Industries as a New Growth Cluster for Brunei Darussalam

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Abstract

Brunei's policy objective of economic diversification is underpinned by the Sultanate's desire to grow a dynamic 21st Century knowledge economy. Government initiatives and project developments demonstrate that the diversification process is well underway, through the creation of export-oriented upstream and downstream processing activities and services to Brunei's energy sector. Brunei can build on these achievements by also identifying and developing new industries for growth and development. Among these is an eclectic group known as the 'creative industries'. This paper begins by defining the creative industries. Using the findings of research and data from other countries, it highlights the creative industries' contribution to economic growth and development. After discussing the potential for a creative industries cluster in Brunei, the paper advocates further research and data collection to better understand the Sultanate's creative industries' potential and to deliver appropriate infrastructure, services and support programs so that a vibrant social, cultural and therefore, economic environment can flourish.

1.0 Introduction

Brunei's policy objective of economic diversification is underpinned by the Sultanate's desire to grow a dynamic 21st Century knowledge economy.¹ The most effective way to achieve this is to capitalise on the country's strategic comparative advantage to grow a sustainable petrochemicals and energy sector. Government initiatives and project developments demonstrate that this diversification process is well underway. Over the long-term, Brunei can build on its achievements to date by identifying and developing new industries for growth and development. Among these is an eclectic group known as the 'creative industries'.

The creative industries include, but are not limited to, those economic activities that are characterised by new forms of cultural production. Leveraging cultural roots and assets but focusing on generating an income, creative industries "*turn creative ideas into commercial outcomes*" (Telesis Consulting et al., 2007, 4).

Creative industries include traditional cultural sectors like the visual and performing arts and those which utilise creative (human) capital to generate wealth in sectors including film and television, broadcasting, computer animation, web design and music. They also include the 'commercial-creative' sectors of architecture, industrial design, fashion, writing and publishing (SGS Economics and Planning in conjunction with Creative Industries Research and Applications Centre, 2005).

While all industries embody some degree of creativity, the creative industries are different in that 'creativity' is their primary source of value.

2.0 Brunei's Policy Drivers

Wawasan 2035 is the overarching national strategy document that outlines the aspirational state of Brunei in 2035. It sets out a vision for Brunei to be recognised for: its well-educated and highly skilled people as measured by the highest international standards; a quality of life that is among the top 10 nations in the world; and a dynamic and sustainable economy with income per capita within the top 10 countries in the world. To realise its vision, Wawasan

¹ The Organisation for Economic Cooperation and Development (OECD) defines a 'knowledge economy' as one which is "*directly based on the production, distribution and use of knowledge and information*" (OECD, 1996, 7).

2035 recognises the need for an integrated approach which focuses on, among other things: strategies to enhance opportunities for local small and medium sized enterprises (SMEs); an education program that will prepare youth for employment and achievement in a world that is increasingly competitive and knowledge-based; an economic strategy that will create new employment for the people of Brunei and expand business opportunities through the promotion of foreign and domestic investment in a range of industries; and efficient government institutions that will serve to nurture and facilitate new and emerging enterprises in a diversity of industry sectors.

Wawasan 2035 rightly acknowledges that it is not the role of Government to drive Brunei's economic diversification. The Government's primary role is to put in place the necessary preconditions so industry is well-placed to compete and prosper on the global stage. These preconditions or 'enablers' of economic development include: efficient and effective physical infrastructure; a skilled and flexible workforce; appropriately located and serviced employment land; connectedness between businesses, government agencies, labour and research and learning institutions; a supportive governance structure; and an urban form and function that provides the highest quality living environment.

3.0 The 'Creative City'

Each of these preconditions for prosperity represents challenges of varying degree for Brunei's economic diversification and development, particularly in emerging 'knowledge-based' industries such as the creative industries. Perhaps one of the greatest challenges, in an era when globally-oriented and well-connected cities are the primary drivers of economic activity, is the development of liveable and connected cities. A high quality urban environment is an essential economic asset in a modern advanced economy and there is a strong correlation world-wide between the intensity of 'urbanisation' and economic growth. Increasingly, it is the cities with the strongest agglomeration economies that outperform the rest in terms of labour productivity and economic prosperity.

The Bandar Seri Begawan CBD has significant potential to be the economic powerhouse for Brunei's future diversified economy. By concentrating commercial activity and growth into nodes such as the capital's downtown area, a more environmentally sustainable urban form can be created. This concept of a diverse, vibrant and economically-productive urban core is consistent with Brunei's ambition to become a dynamic and sustainable knowledge economy.

Richard Florida (2002), in researching the power of place and its role in supporting economic development, identified that people balance a host of considerations on where to work and live. What they want today is different from what our parents wanted and even from what many of us once thought we wanted. People today expect more from the places they live. It is through harnessing these requirements and expectations from current and future residents into tangible outcomes that will assist in delivering the Brunei 'value proposition' and what it should be striving for as a destination for investment in new industries.

Brunei must articulate its positioning and provide the workforce of tomorrow with the infrastructure and amenity that will attract knowledge workers and knowledge-based industries, to encourage Brunei's skilled youth to want to stay and work in the Sultanate rather than overseas.

To attract the creative professionals and knowledge workers - what Florida calls the 'creative class' - Brunei needs to put in place the preconditions for an attractive 'people environment' as well as an attractive business investment environment. Florida argues creative people value and rely on those elements of an economy that support and encourage their creativity and the diffusion of ideas. They place a premium on an area's lifestyle attributes like its recreation and leisure facilities, the quality of its public transport and pedestrian amenities, its 'green space' and its cultural infrastructure.

The Bandar Seri Begawan Development Master Plan responds to this. The Master Plan charts a course for future development in the capital city by embracing and promoting the principle of a highly liveable city celebrating Brunei's environment and encouraging sustainable and diversified economic development. This is consistent with the concept of the 'creative city', discussed in this paper.

Vibrant cosmopolitan centres have proven to be attractive to the 'creative class' as well as the broader 'entrepreneurial class' as a location to work, live and invest in. International measures of liveability show a strong correlation with economic vitality and demand for living in the centre, which further enhances the vibrancy of the downtown area. But, as stated above, putting in place the preconditions for attracting and retaining creative people and creative industries is but one challenge, and addressing this alone will not ensure success.

For the creative industries to establish and grow, Brunei will need to support and encourage one of the most fundamental elements of business success – entrepreneurship. The concept of the entrepreneurial creative will be discussed later in this paper. First, the means by which to

define and quantify the creative industries is explored. This in itself is important as Brunei is at the embryonic stage of conceptualising and quantifying its own creative industries.

4.0 Defining and Measuring Creative Industries

Official data on the quantum and nature of creative industries in Brunei is limited in part by the Government's formal industry classifications. Brunei's creative industries (a collection of 'micro-industries' which would most appropriately sit within the Department of Economic Planning and Development's definition of 'Community, Cultural and Personal Services') is problematic to quantify without further primary research.

Hence, at this point in time, with only broadly defined data, it is difficult to comment on Brunei's creative industries at a level of detail typical of other countries where the industries themselves are larger and the policy settings more advanced. Nevertheless, to help inform current policy thinking in this field, the authors do attempt to shed some light on the potential for creative industries in Brunei, as demonstrated below.

Definitions of the creative industries vary from country to country. The United Nations (2008) explains that the term *"is of relatively recent origin, emerging in Australia in 1994 with the launching of the report, Creative Nation. It was given wider exposure by policy-makers in the United Kingdom in 1997, when the Government, through the Department of Culture, Media and Sport, set up the Creative Industries Task Force"*.

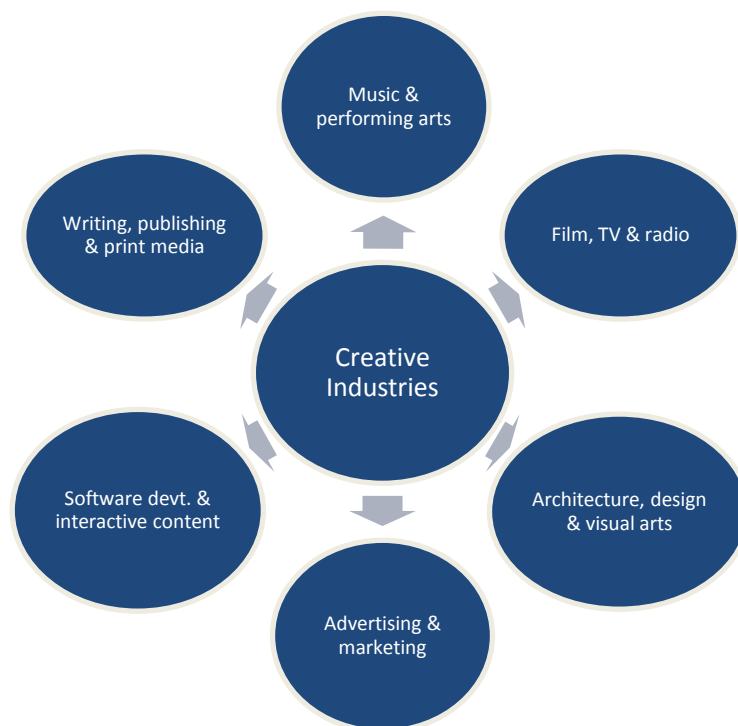
The definitions vary, usually because of differences in the terminology used by statistical agencies to quantify industry employment and output. The Queensland Government, which paved the way for creative industries policy development in Australia, contends that *"creative industries are centered on activities originating from innovation and ideas"* (Queensland Government, Department of State Development, 2004). Highly reliant on creative talent, their economic value lies in their intellectual property.

According to the Centre for International Economics (June 2009), the creative industries consists of six segments, each segment comprising a multitude of very specifically-defined sectors. The six segments are:

1. Music and performing arts;
2. Film, television and radio;

3. Advertising and marketing;
4. Software development and interactive content;
5. Writing, publishing and print media; and
6. Architecture, design and visual arts.

Figure 1. The Six Creative Industries Segments



Source: ARC Centre of Excellence For Creative Industries And Innovation, *Creative Economy Report Card 2010* (April, 2010)

This common grouping is applied in Australia and is similar to classifications used elsewhere, as demonstrated for example in New York (Center for an Urban Future, December 2005), Hong Kong (Hong Kong Central Policy Unit, 2003) and Singapore (Singapore Department of Statistics, 2003).

5.0 The Economic Contribution of the Creative Industries Worldwide

The potential of the creative industries as a driver of economic development cannot be understated. Australia is arguably a world-leader in research and policy development for the creative industries. Data produced by the Australian Research Council Centre of Excellence for Creative Industries and Innovation (April 2010) shows the creative industries contributed over \$30 billion towards Australia's Gross Domestic Product (GDP) in 2007/08, which is

more than industries such as agriculture, hospitality & accommodation and communications. Over the 11 years to 2008 creative industries grew at a rate of 5.8% per annum compared to an average of 3.4% for all industries.

In Hong Kong, the creative industries contributed an added value to GDP of more than \$62 billion annually, accounting for 4 per cent of GDP (Hong Kong Information Services Department, 2011). In 2009 the creative industries accounted for 188,250 jobs or 5.4% of employment in Hong Kong (Hong Kong Government, 2010).

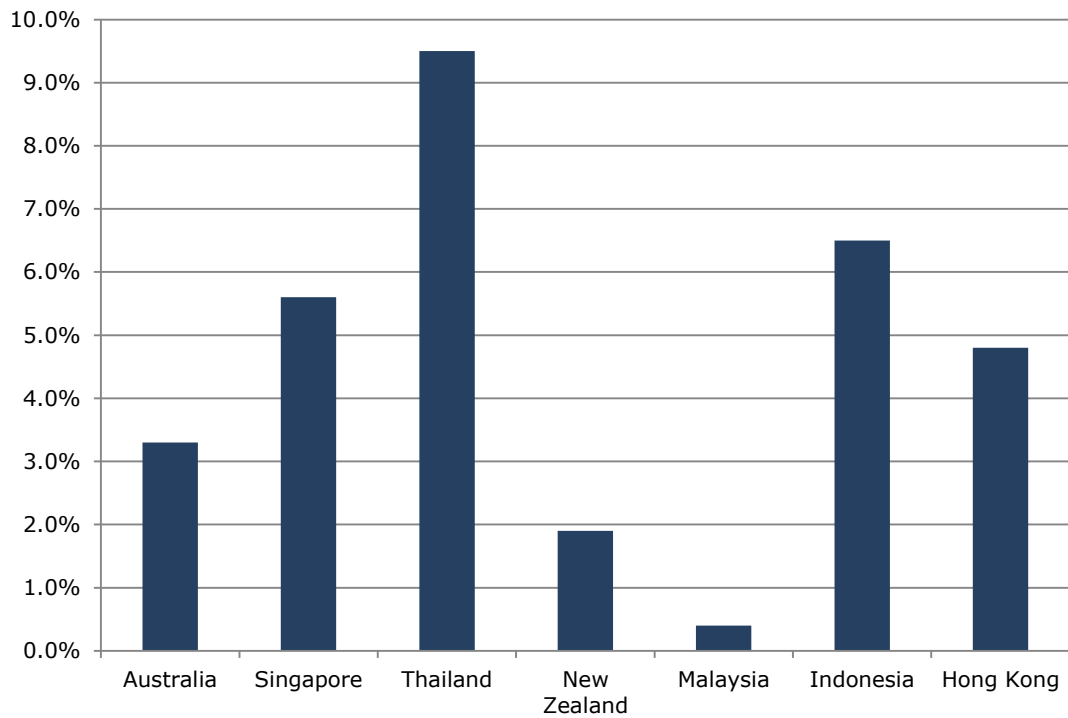
In Singapore, the government has invested more than US\$120 million to facilitate its goal of raising the share of creative industries to 6% of GDP. In 2003 the creative industries contributed around \$3 billion or 2 per cent of total GDP and 4 per cent of Singapore's total employment.

The creative industries sector with the highest contribution to national wealth and employment in Singapore is the IT & Software Services sector, which accounted for 38 per cent of the creative industries' contribution to GDP and 31 per cent of creative industries employment in 2000. By 2008, Singapore's creative industries accounted for 5.6% of GDP and employed more than 172,000 people (Synovate Business Consulting Analysis, 2009).

Thailand provides another example of an emerging economy investing in policies and programs to nurture and grow its creative industries. The Thai Government has allocated around US\$500 million to a "Creative Thailand" strategy, and it has a stated policy objective for the country to become the creative hub of South East Asia. According to a study commissioned by Thailand's Fiscal Policy Institute (December 2009), in 2008 Thailand's creative industries contributed US\$32 billion or 9.5% of GDP, with the value-added component of that accounting for 2.9% of GDP. In 2008, 875,500 workers (2.4% of Thailand's workers) were employed in the creative industries.

According to the United Nations' *Creative Economy Report 2010: A Feasible Development Option* (2011), global trade in creative goods and services is robust, growing at 14% even as world commerce declined by 12% in 2008 as a result of the global financial crisis. Global trade in creative goods and services such as arts and craft, audiovisuals, books, film, music and new media more than doubled from 2002 to 2008, reaching nearly \$600 billion.

Figure 2. Creative Industries' Contribution to GDP, Selected Countries, 2008



Source: Lennon, S. using data sourced from Thailand Fiscal Policy Institute (2009) and Synovate Business Consulting (2009)

6.0 The Potential for Creative Industries in Brunei

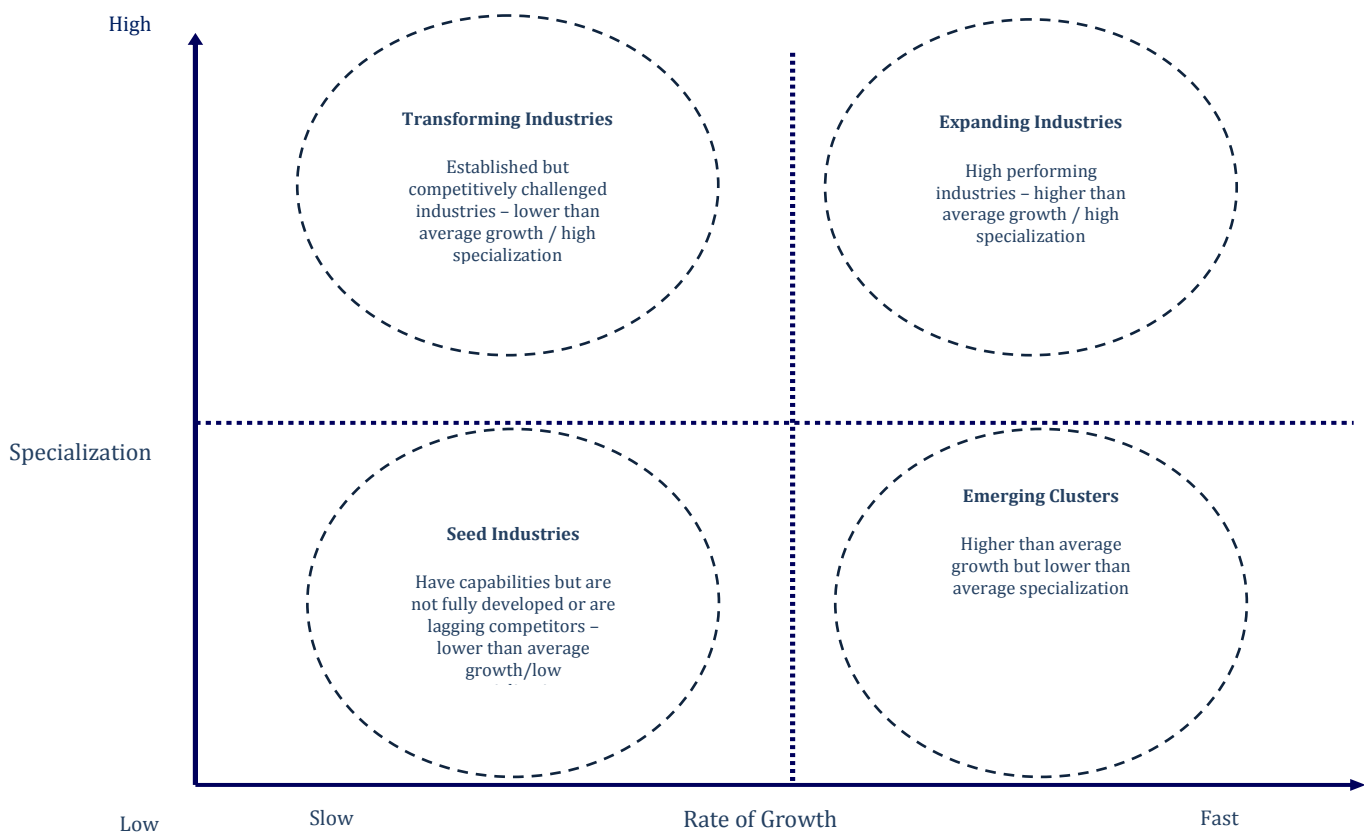
The following industry overview encapsulates the recent and expected performance of industry in Brunei using the concept of a 'growth-share matrix'. In order to present an understanding of Brunei's industry sectors and how they are performing, each industry is evaluated by considering its relative size, growth and employment share. Figure 3 is a conceptual illustration of a growth-share matrix. The industry growth-share matrix is divided into quadrants, each defining the stage of lifecycle for each industry. Stages in the lifecycle are illustrated in the growth-share matrix as follows:

- **Expanding Stage:** If in the top right quadrant (high average annual growth/higher than average concentration – as defined by the industry's location quotient²), this is indicative of a strong, adaptive industry sector.

² A location quotient (LQ) is an index or ratio which is derived by comparing the proportion of jobs by industry sector in Brunei with the proportion of jobs in the same industry sector in the wider region. A location quotient greater than 1.0 indicates a relatively high representation of jobs in that industry sector, in other words, a quantum of those jobs is generated by external (export or non- local) demand. A location quotient less than 1.0 implies that the sector in question is a net importer.

- **Emerging Stage:** If in the lower right quadrant (high average annual growth/below average concentration), this is indicative of an emerging, growing industry that may need some assistance to mature.
- **Transforming Stage:** If in the upper left quadrant (lower than average annual growth/above average concentration), this indicates the industry is at risk (overall) and needing to increase innovation and productivity to compete with other regions/nations.
- **Seed or Transitioning Stage:** If in the lower left quadrant (lower than average annual growth/lower than average concentration), this indicates that the industry is neither developed nor growing in Brunei. It could also mean that the ‘seed’ industry has some potential for growth.

Figure 3. Industry Growth-Share Matrix Concept

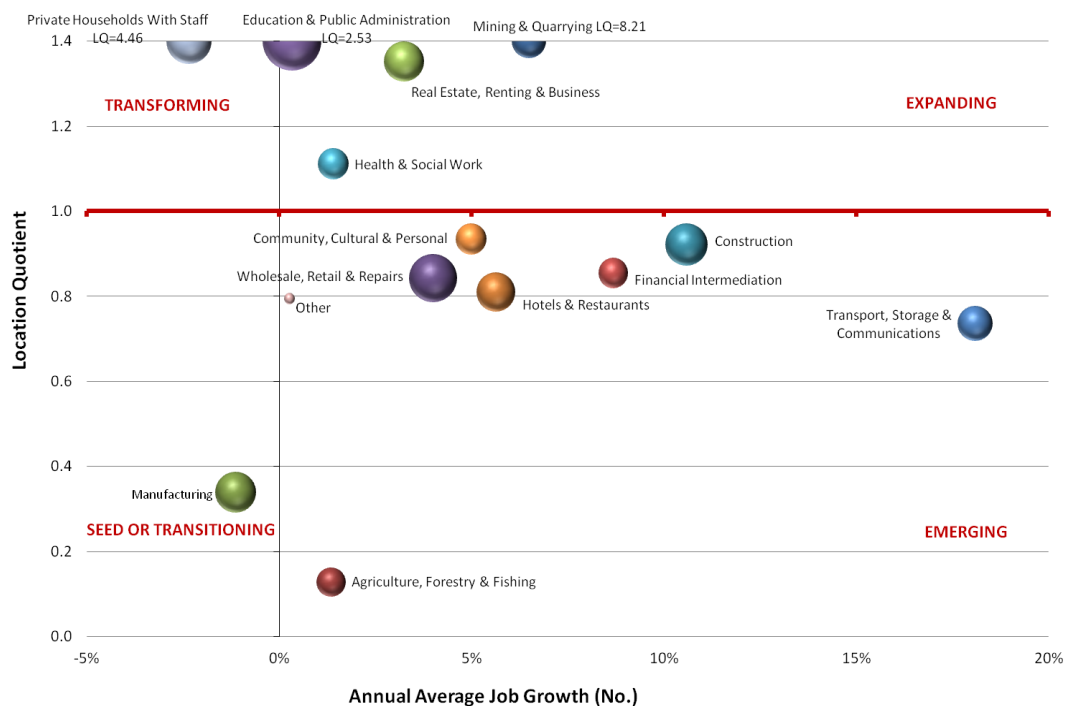


Source: SGS Economics and Planning Pty Ltd

Figure 4 presents a growth-share matrix, highlighting how each of Brunei’s industry sectors (as defined by the Department of Planning and Economic Development industry classifications) differs from the wider region (in this case, Malaysia) and where they are positioned in their economic lifecycle.

The Sultanate's dominant industry - which is growing and demonstrates a high level of specialisation in Brunei, driving the nation's economic prosperity - is the Petrochemicals and Energy sector (represented by Mining and Quarrying in the standard industry definitions shown above).

Figure 4. Industry Growth-Share Matrix, Brunei



Source: Department of Economic Planning and Development (JPKE) Satellite Accounts Data (2006) with interpretations by the authors

Brunei's creative industries, a sector which sits within JPKE's definition of 'Community, Cultural and Personal Services' and which is difficult to quantify without further primary research, is most likely in the seed to expanding stage of development. Although it is yet to be fully developed in Brunei, it has potential for growth. This warrants further research and analysis on the part of the Sultanate's responsible agencies and other key stakeholders such as research and learning institutions.

Having said that, limited anecdotal evidence acquired by SGS Economics and Planning during the preparation of the Industrial and Commercial Land Optimization Strategy for Brunei suggests there is scope for the development of Brunei's software development and interactive content segment and its design and visual arts segment. If Brunei can create the right sort of environment for creative industries (through the provision of well-serviced and

located commercial space), and if it can identify those segments that present genuine potential to capture regional market share – like in the software development and interactive content sector for example – then there may be scope for this segment of the knowledge economy to contribute to Brunei’s economic growth and diversification over the long term.

As demonstrated in various studies referred to in this paper, in Singapore, Hong Kong, the US, the UK and Australia, creative industries’ growth has averaged between 5% and 10% per annum over the past ten years, suggesting that if regional and world markets can be captured there is substantial room for creative industries growth in Brunei Darussalam.

7.0 Brunei’s Creative Industries Challenge: Facilitating a Dynamic Cycle of Creativity and Prosperity

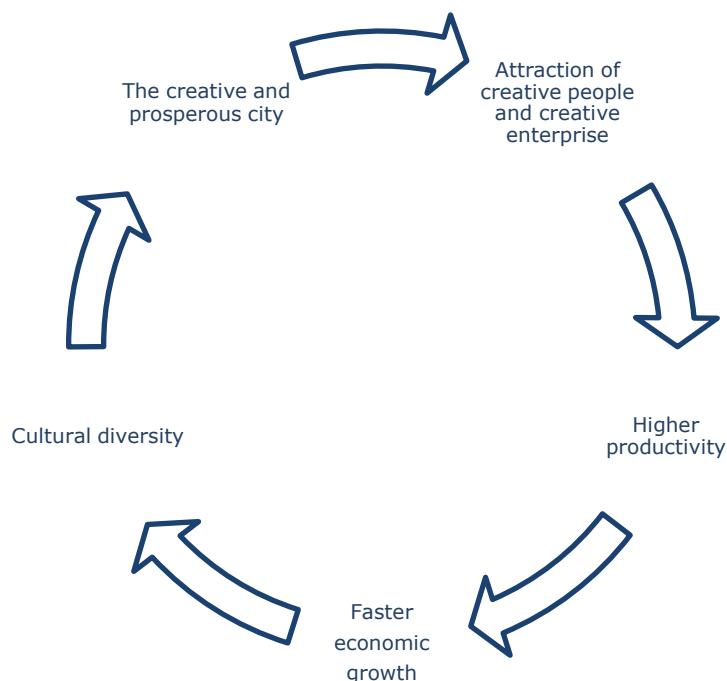
The commercial creatives, including the architects and urban designers referred to above, are drawn to dynamic places that offer a diversity of choice for living, working and playing in an environment that facilitates social, cultural and economic interaction and exchange. So too are other members of Florida’s ‘creative class’ including the musicians, artists, designers, writers and performers who thrive in diverse, vibrant and economically-productive spaces. But the commercial creatives are equally important for the role they play in enabling these spaces to take shape and to evolve. It is in this sense that they fulfill the role of ‘archetypal leverage industry’ as Higgs et al contend by creating the sorts of places where the creative industries can flourish.

A city or nation that draws in new skills, enterprises and income and then traps and re-circulates that income locally through consumption and production multipliers is more likely to generate a rich pool of jobs, including the ‘creatives’, and a high quality of life. In turn, this strengthens the country’s appeal as a place in which to invest and as a place where creatives and knowledge workers choose to live. This further enhances the country’s effectiveness as a producer and an exporter, representing a dynamic cycle of creativity and economic prosperity.

Over the past decade or more, urban planners, urban designers, architects and government policy-makers have become increasingly aware of and placed greater emphasis on the important role that creativity and ideas generation play as foundations for quality of life and economic performance. Charles Landry, who writes extensively on the concept of ‘creative cities’, argues that people “*want places to meet, talk, mix, exchange, interact and play*”. He

adds, “the city should feel creative and imaginative, a place with a ‘can do’ mentality that is ‘entrepreneurial’” (Landry, April 2010). Following the work of Landry and others, it is now widely understood that new ideas will increasingly underpin almost all forms of economic development in a city’s engagement with the new economy.

Figure 5. The Dynamic Cycle of Creativity and Prosperity



Source: Lennon, S.

If policymakers are not in tune with the urban planning and city-building needs and expectations of the greater populace, there is a risk of disconnect between what cities are and what people (and business enterprises) want and need. As Marcus Westbury (2008) argues about governments that fail to respond to community needs, “a flagrant disregard for community and cultural consequences has led to buildings, cities, suburbs and communities that are ludicrously profitable and culturally barren”.

8.0 Conclusion

Brunei has one of the highest per capita incomes in Asia and one of the highest rates of macroeconomic stability in the world. The World Economic Forum’s “Global Competitiveness Report 2009-10” ranked Brunei first out of 134 countries in terms of its macroeconomic stability (Oxford Business Group, 2010). This makes Brunei unique, giving

the Sultanate considerable appeal in the eyes of foreign investors who seek above many things to minimise investment risk. But as the Government advances policies and programs to diversify the economy, it needs to look for other attributes or preconditions to attract new industries such as the creative industries.

At present, available data on the quantum and dynamics of the creative industries in Brunei is limited and the Sultanate's creative industries policy is in the very early phases of development, perhaps in part because of this information deficit. This paper has attempted to shed some light on Brunei's creative industries potential by looking at evidence from overseas and available data on Brunei. As demonstrated in studies referred to in this paper, in Singapore, Hong Kong, Thailand, the UK and Australia, creative industries' growth has averaged between 5% and 10% per annum over the past ten years, suggesting that if world markets can be captured, there is substantial room for creative industries growth in Brunei.

This paper has also highlighted some of the important considerations for policymakers charged with the task of nurturing new industries to help diversify Brunei's economy in line with the objectives of Wawasan 2035. If Brunei can identify its existing stock of creative industries (no matter how small), if it can identify local, regional and international market opportunities, if it can nurture an environment for creative industries to develop and if it can identify those creative industries segments that present genuine potential to capture regional market share, then there is scope for this segment of the knowledge economy to contribute to Brunei's economic growth over the long term.

A logical first step is to define, map and classify Brunei's creative industries. Given current data limitations, this will require a mix of desk-based and primary research to determine the scope and scale of Brunei's creative individuals and enterprises, where they are located, their primary activities, their markets, their income and employment and their supply chain relationships.

For some segments, like Brunei's traditional arts and handicrafts, these dynamics might be very small in scale and uncomplicated in nature. For others, such as the software development and interactive content segment, Brunei might display emerging capabilities from a very small base but with emerging or established international supply chain links. The 'commercial creatives', that is, the architects and urban designers, might well be at a more advanced and mature stage of development in Brunei. But these are educated guesses. Only a full audit to map the Sultanate's creative industries will confirm existing capabilities and help identify opportunities for their growth and development in Brunei.

Once Brunei does articulate and measure its creative industries, it will be the role of the relevant agencies to use this information to help frame appropriate policies to nurture the nation's creativity. The Government's primary role in this regard is to put in place the preconditions for industry to compete and prosper on the global stage. If the Brunei Government can facilitate education and training to provide its population with the appropriate mix of creative and entrepreneurial skills, if it can foster SME growth and development and if it can offer an urban form and function that provides a quality living and investment environment, a vibrant creative economy is a very real prospect for Brunei.

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