MR DESMOND HUI:

Thank you, Richard. We completed our study on creativity index exactly a year ago when our final report was released during the ACCF 2005. In fact, I was speaking in this same auditorium just before the final speech by the great historian from Yale, Jonathan Spence.

During this last year I was able to present our study at different occasions around the world, from Beijing, Shanghai, Shenzhen, Manila, Kaoshiung, London, Paris, Adelaide, Brisbane, Bhutan to Vancouver. To be able to present our work once again publicly in Hong Kong and with this eminent panel of international experts is really my honoured pleasure.

I wish to thank the Home Affairs Bureau who commissioned our study and sponsored this symposium, the UNESCO for co-hosting this event with our centre, in particular Dr Richard Engelhardt for inviting me to the Jodhpur and Bhutan meeting and as advisor to the UN Interagency Working Group on cultural industry statistics in Asia and the Pacific. This is my take-home message, Richard.

Since time will show -- and everyone has a copy of our work which is available outside in the reception, you can pick one up if you haven't -- I will give a very brief sketch of our study. I will not go into details on how we derived or validate our data. I will leave this to John Bacon-Shone if he wishes to supplement this in his commentary since he was the statistician/consultant to our study.

When we started our research in 2004 there were not many relevant precedent studies on creativity index. Apart from Richard Florida and Tinali's Euro creativity index freshly out from the oven and the creative community index conceived about the same time by the cultural initiatives, Silicon Valley. Our work, therefore, was modelled to some extent on these two studies but also refined and supplemented as critiqued to them as well. For example, Florida's model of

the three Ts, "talent, technology and tolerance", is simple and succinct, but we think it is biased towards the economic value of creativity at the expenses of social and cultural values, and the innovation based on the economic structure of the American model of multinational hi-tech corporations over the economic reality in most Asian countries of reliance, on FDI, service economy as well as SMVs as sources of economic and entrepreneurial innovation.

We therefore supplement the theory of measuring creativity in monetary turns with measurements of creative outputs in non-monetary terms made possible with institutional or infrastructural conditions as well as social and cultural values. We come up in the end with a new theoretical model of five Cs, which means outcomes of creativity with four capitals: human, structural or institutional, social and cultural. Each of these five Cs will form an individual index which, in the end, will add up with equal weighting to form the overall creativity index.

Apart from the various government departments our sources of data are derived from the Global Competitiveness Report, transparency international, as well as the world value survey devised by the University of Michigan which we specifically conducted for the first time in Hong Kong to obtain the less readily quantifiable data on social and cultural values and beliefs.

So first of all, the outcomes of creativity includes economic contribution such as value added of the creative industries and import and export of cultural goods, inventive activity of economic sector such as number of patent applications per capita, and other non-economic outcomes of creativity such as number of books published, music titles composed, films and buildings produced.

Each of the three subdivisions was validated for correlation statistically with the principal components analysis, PCA. There are altogether 17 indicators for this

category which forms the outcomes of creativity index or OCI with a graph charting its growth from 1999 to 2004. For ease of comparison we set the latest figure of 2004 at 100 showing the OCI in Hong Kong grew 30 points since 1999.

Similarly, human capital is subdivided into three categories, of R&D and educational expenditures. Compilation of knowledge work is including indicators such as the number of people with tertiary degrees and transience and mobility of population which includes indicators such as number of visitors' arrivals and resident departures, emigrants and working visas.

There are a total of 11 indicators forming the human capital index, HCI. The growth pattern from 1999 to 2004 was steadier than the OCI, as you can see from this graph. Then structural or institutional capital has more subdivisions because they do not correlate statistically with each other and we therefore have to keep them distinct. Independence of legal system, corruption perceptions, freedom of expression, infrastructural conditions of ICT such as percentage of households using computers and internet and mobile phone subscription, et cetera.

Robustness of social and cultural infrastructures such as total number of NGOs, declared monuments and museums, availability of community facilities, financial infrastructures such as number of listed companies and venture capital per TDP, et cetera, and finally, robustness of entrepreneurship including shares of SMEs to the total number of establishments and the labour productivity index.

There are 23 indicators in total. As you can see, the performance of the individual subindices varies but the overall structural institutional capital index, that is ICI, has an overall positive growth over time.

Social capital is made up of quantifiable time series data such as charitable donations and expenditure on social welfare but the bulk of the indicators of norms and values

as well as social participation are derived from the world value survey which includes questions such as generalised and institutional trust, cooperation, diversity, human rights, modern versus traditional values, interest in public affairs, participation in social organisation and a number of volunteers, et cetera. So, as you can see, the bulk of it is actually the survey data which we only had for the year 2004, when we conducted the survey.

There are 21 indicators in total and the performance of the time series data shows continuous growth of the social capital.

Finally, cultural capital is also made up of both time series data on cultural expenditure and cultural participation such as visits to museums and attendance at performances as well as survey data on attitudes towards arts, cultural and creative activities, questions such as value placed on school children, creative, art and cultural activities. There are a total 16 indicators. The performances of the time series data on cultural expenditures and cultural participation show different patterns of growth for these two subindices.

In summary, the trend of the overall creativity index, excluding survey data, there are 24 survey data among the total of 88 on the left side which we exclude, shows a slightly more drastic growth than the one, actually, when we include the survey data which is on the right. But in the absence of data of comparison with other cities or countries our index still serves as a tool for self-assessment over time indicating when and where we see growth or creativity or the lack of it. So the policy intervention might be applied for support or enhancement. Compare with the Florida model which employs only nine indicators, ours certainly is more complex and comprehensive with 88 but at the same time also more difficult to apply across different regions and cities.

Our objective, nevertheless, was to establish a model

as comprehensive as possible, given the limitations and constraints of availability of data in Hong Kong. I anticipate that the ultimate scheme of an international creativity index applicable to most places in the world, if there is going to be one, would perhaps be somewhere in between, one that would balance simplicity with comprehensiveness, and I hope that our symposium and the working group meeting in Hong Kong will be a milestone towards reaching it. Thank you.