ANNEXURE A

Cultural and Creative Industries (CCI) Masterplan

May 2022

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1. INTRODUCTION

South Africa has long identified the potential of the Cultural and Creative Industries (CCI) to contribute to both economic and social development as evidenced in the Cultural Industries Growth Strategy (CIGS,1998), Accelerated and Shared Growth Initiative for South Africa (ASGISA), National Industrial Policy Framework (NIPF), New Growth Path (NGP) and the National Development Plan (NDP). This continued focus is evidence of the Government's "formal recognition of the creative industries and their importance in both sustainable social and economic development. South Africa's diverse and dynamic arts and culture heritage is one of its richest and most important resources, with the capacity to generate significant economic and social benefits for the nation. The potential for the cultural and creative industries to contribute significantly to the economy of the country is being understood and acknowledging by Government and other stakeholders. While the cultural and creative industries have been identified as a critical driver in economic development, policy interventions and support programmes have not been effectively co-ordinated, sufficiently funded and consistently implemented.

Cultural and creative sectors are important in their own right in terms of their economic footprint and employment. They also spur innovation across the economy, as well as contribute to numerous other channels for positive social impact (social cohesion, nation building, well-being, health, education, inclusion, urban regeneration, etc.). Microscopic ideas, if well nurtured and developed in a conducive environment, and well supported can spark an economic revolution and make massive contributions to the general welfare of humanity. Governments across the world recognised this and are fostering their creatives and Creative Industry hoping to generate wealth and economic growth. They are actively embracing a wide variety of instruments to ensure that they economies remain or become more competitive.

2. DEFINING THE CULTURAL AND CREATIVE INDUSTRIES

"Creative industries" are those activities that require creativity, skill and talent, with potential for wealth and job creation through the exploitation of their intellectual property (DCMS, 2001). Creative Industries are also any 'economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible" (UNCTAD, 2004). An alternative or additional definition of "cultural goods and services" derives from a consideration of the type of value that they embody or generate. That is, it can be suggested that these goods and services have cultural value in addition to whatever commercial value they may possess and that this cultural value may not be measurable in monetary terms.

Defined in either or of these both ways, "cultural goods and services" can be seen as a subset of a wider category that can be called "creative goods and services", whose production requires some reasonably significant level of creativity. Thus, the "creative" category extends beyond cultural goods and services as defined above to include products such as fashion and software. These latter can be seen as essentially commercial products, but their production does involve some level of creativity. This distinction provides a basis for differentiating between cultural and creative industries (Creative Economy Report 2010).

3. PURPOSE OF THE MASTER PLAN

The main focus of the strategy is to grow an innovative and sustainable Creative Industry through this Master Plan and the purpose is to set out key interventions in an inclusive manner, so that it effectively contributes to the creation of decent work in the South African economy. Decent work "involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men"[1]. The creation of decent work is thus the most powerful way to reduce inequality and poverty.

The creation of decent work in the Cultural and Creative Sector is a challenge. Employment in the CCI Sector exhibits a high degree of precarity; "jobs are often short-term, contractual

[1] https://www.ilo.org/global/topics/decent-work/lang--en/index.htm

and intermittent. The hours are long and dynamics of work bulimic"[2]. Some of the features of work in the Creative Sector include work organised on a project-by-project basis, flexibility and intensification of work and widespread informality in hiring practices which could lead to substantial amounts of unpaid time. The degree of precarity of work differs across the sub-sectors of the Creative Sector, with those domains that are labour intensive exhibiting higher degrees of precarity and relative decline in their contribution to the economic value produced by the Creative Sector. The Creative Sector is often characterised by inequality along race, gender and class lines.

3.1 The Scope of the Masterplan

Although the CCI are used to describe the creative economy, this master plan will focus on their role in the modern economy and focus on the creative component. The cultural component is an important ingredient that contributes to the CCIs, but will be taken as a given. The CCIs cover a wide range of activities, and creatives play a critical role in the development of many sectors and contribute to their competitiveness. The scope of this master plan is therefore limited to the sectors discussed below.

3.2 Sectors

The focus of this Masterplan is on:

- Visual arts and Crafts: inclusive of Fine arts; Photography and Crafts
- Audio-Visual and Interactive Media: inclusive of Film and Video; TV and Radio (also internet live streaming); Internet podcasting; Video games (also online)
- Design and Creative Services: Fashion Design; Graphic design; Interior design etc
- Performance and Celebration: inclusive of Performing arts, Music; Festivals; Fairs and Feasts
- Press, Books and Information: inclusive of Books, newspapers and magazines; Book Fairs etc

NB: The Cultural and Natural Heritage; inclusive of Museums, Archeological and historical places, Cultural landscapes; National Heritage will be included in the addendum CCI Masterplan; as comprehensive consultations need to be undertaken and finalized.

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[2] Haines R., Lutshaba U., Shelver A. 2018. Cultural and Creative Industry (CCI) Trends. South African Cultural Observatory.

3. GLOBAL CREATIVE INDUSTRY REVIEW

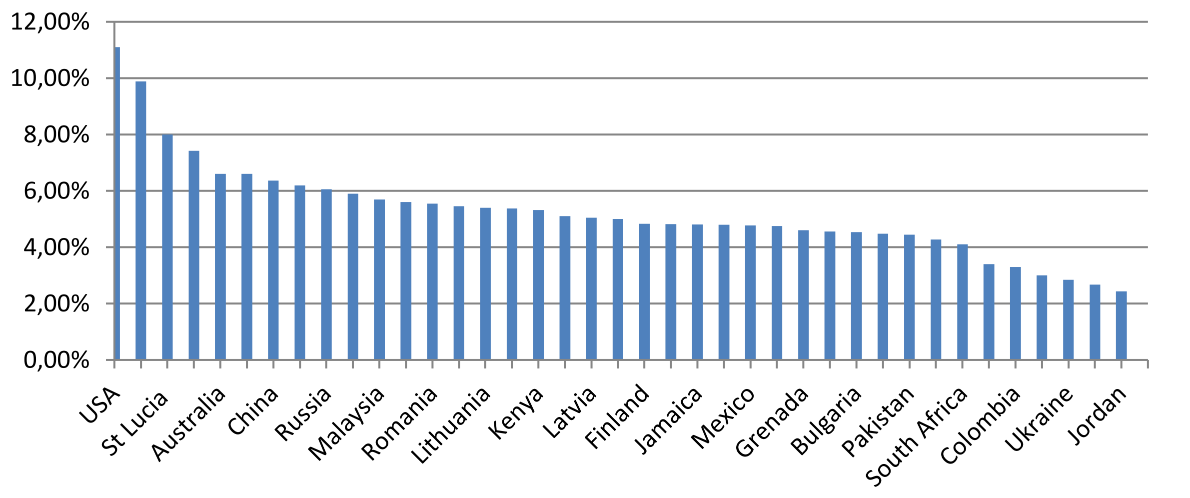
Before the COVID-19 pandemic, the prospects for the Global Creative Industry were very promising. Ernest and Young (2015) estimated that the Creative Industry accounted for 3 per cent of global GDP. The sector is also growing rapidly and according to the United Nations it is growing at 9 per cent annually, but even faster (12 per cent) in the developing world (De Beukelaer, 2014). UNESCO (2017) estimated that the creative industry will represent around 10% of global GDP in the years to come. UNESCO 2017 also estimated that in 2015 the Creative Industry provided nearly 30 million jobs worldwide. From a transformational view point the sector employed more people aged 15−29 than any other sector and women accounted for almost half of the people working in the sector. Until 2019, the Creative Industry was viewed as a significant driver of economicdevelopment and trade strategies in both developed and developing countries.

3.1 Contribution of Creative Industries (Copyright Based Industries) to GDP

The World Intellectual Property Organization (WIPO) has supported research on assessing the economic contribution of the creative industries since 2002 and data from 40 national studies conducted suggests the creative sector is sizeable and larger than expected in most countries.

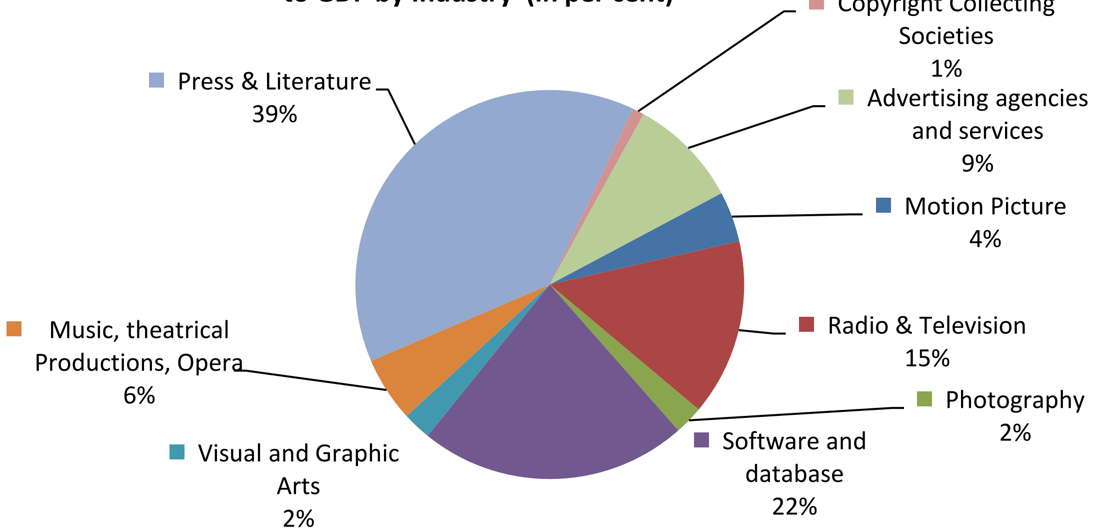
Three-quarters of the countries surveyed, including South Africa, have a contribution of between 4 and 6.5 %, with the average standing at 5.20 % (Fig.2). Countries that have experienced rapid economic growth typically have an above-average share of GDP attributed to creative industries.

Fig.2: Contribution of Creative industries to GDP - WIPO 2013



The contribution of the various sub-sectors in the core category is presented Fig. 3 below. Press and literature, with 38.6% is by far the biggest contributor to GDP, while music including collecting societies contributed only 7% (WIPO). Motion picture and video exhibit together over 50% of the share, with Software and Databases alone standing for almost half of that contribution.

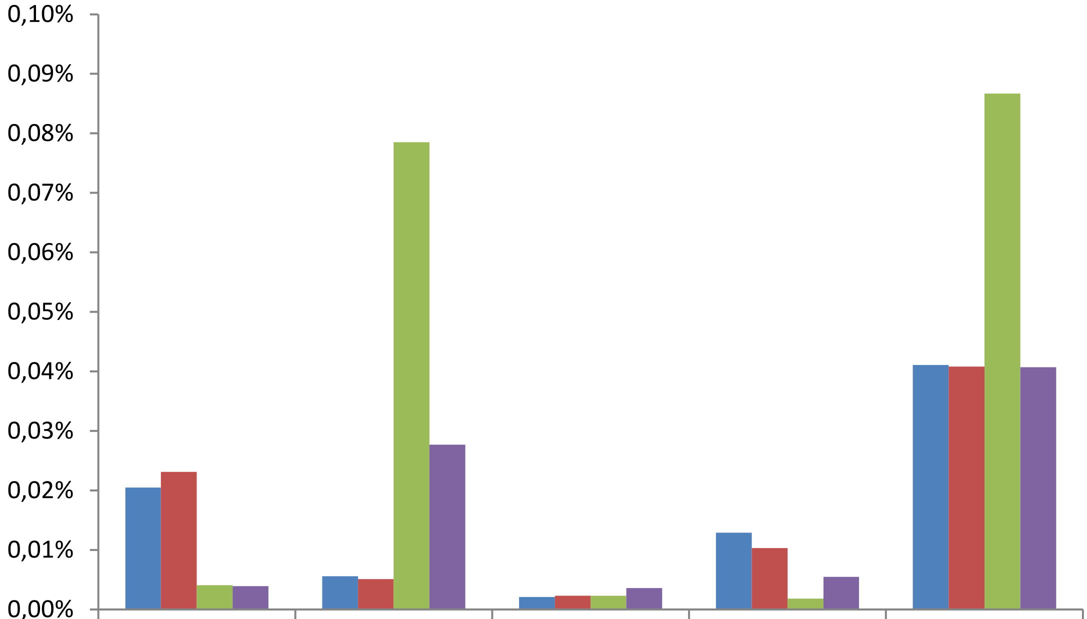
Fig. 3: Contribution of core Creative industries to GDP by Industry (in per cent)



4.1 Contribution of Creative Industries to GDP in South Africa

As can be seen from data above, South Africa is one of the countries wherein WIPO has supported the research and analysis of the economic contribution of creative industries. The creative based industries are responsible for almost 4.11% of the total economy in terms of value-added (GDP) in 2008 with core copyright-based industries being the highest contributor (2.05%) and the non-dedicated creative industries following with 1.29% (Fig.7).

Fig. 7: Contribution of Creative Industries to GDP in SA - WIPO 2013



	Core	interdependent	partial	Non-dedicated	Total
Value-added	2,05%	0,56%	0,21%	1,29%	4,11%
Employment	2,31%	0,51%	0,23%	1,03%	4,08%
Imports	0,41%	7,85%	0,23%	0,18%	8,67%
Exports	0,39%	2,77%	0,36%	0,55%	4,07%

Using the rebased 2015 GDP data, the mapping study of 2022 shows that the total GVA of the CCIs was R161 billion in 2020. This, as depited in figure 1 represents 2.97% of South Africa's total economic production in 2020 and makes the sector approximately the same size as agriculture.

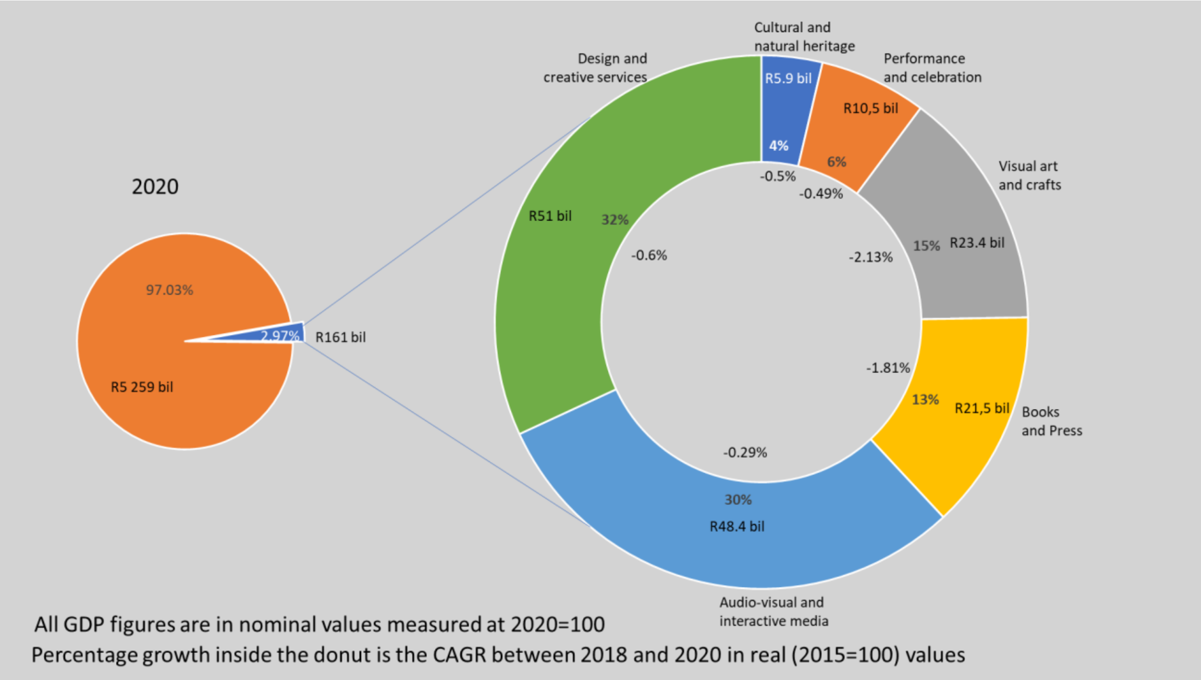


Figure 1: GVA Contribution per CCI Domain (at current 2020 prices)

Source: South African Cultural Observatory, 2022

As found in previous mapping studies, the largest domains in terms of contribution to output are Design and Creative Services (R51 billion in 2020, 32% of the contribution to GDP), and Audio-visual and Interactive Media (R48.4 billion in 2020, 30% of the contribution to GDP). The dominance of these domains is expected, since they involve the commercial application of cultural and creative content, such as in film and television, video games, fashion design, architecture and advertising.

The next largest domains are Visual Arts and Crafts (R23.4 billion in 2020, 15% of the contribution to GDP), and Books and Press (R21.5 billion in 2020, 13% of the contribution to GDP). These are followed by the smaller domains of Performance and Celebration (6%) and Cultural and Natural Heritage (4%).

furthermore, the study, supported by in the international literature, shows that the creative economy, illustrated in figure 2, grows quickly when the economy is doing well but tends to decline more quickly than other sectors when economic growth slows. The CCIs generally performed better in 2017 than the South African economy. However, the growth rate for the sector slowed down relative to the South African economy from 2018.

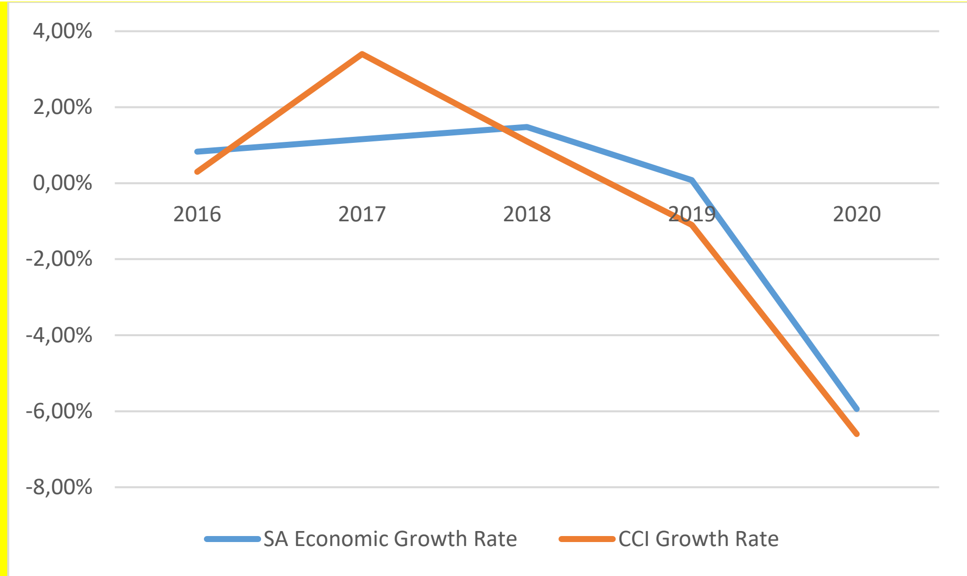


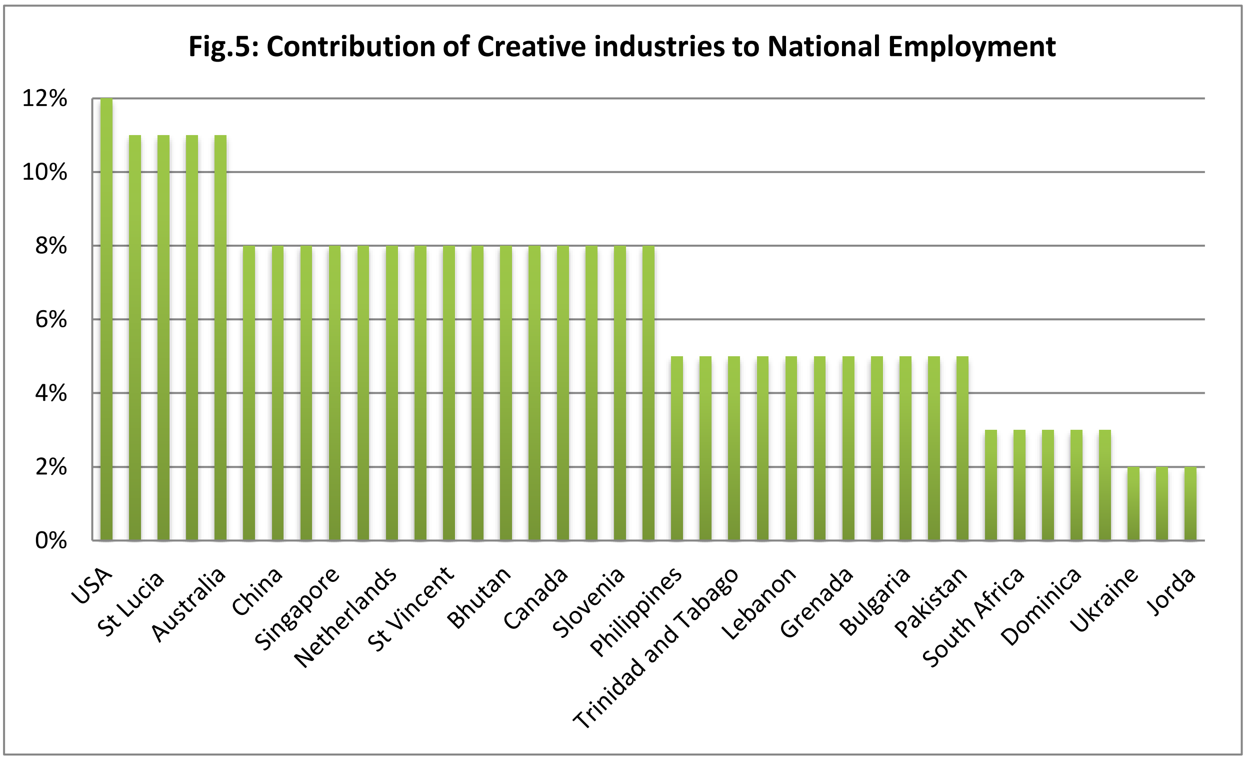
Figure 2: South African economic growth and CCI performance

Source: South African Cultural Observatory, 2022

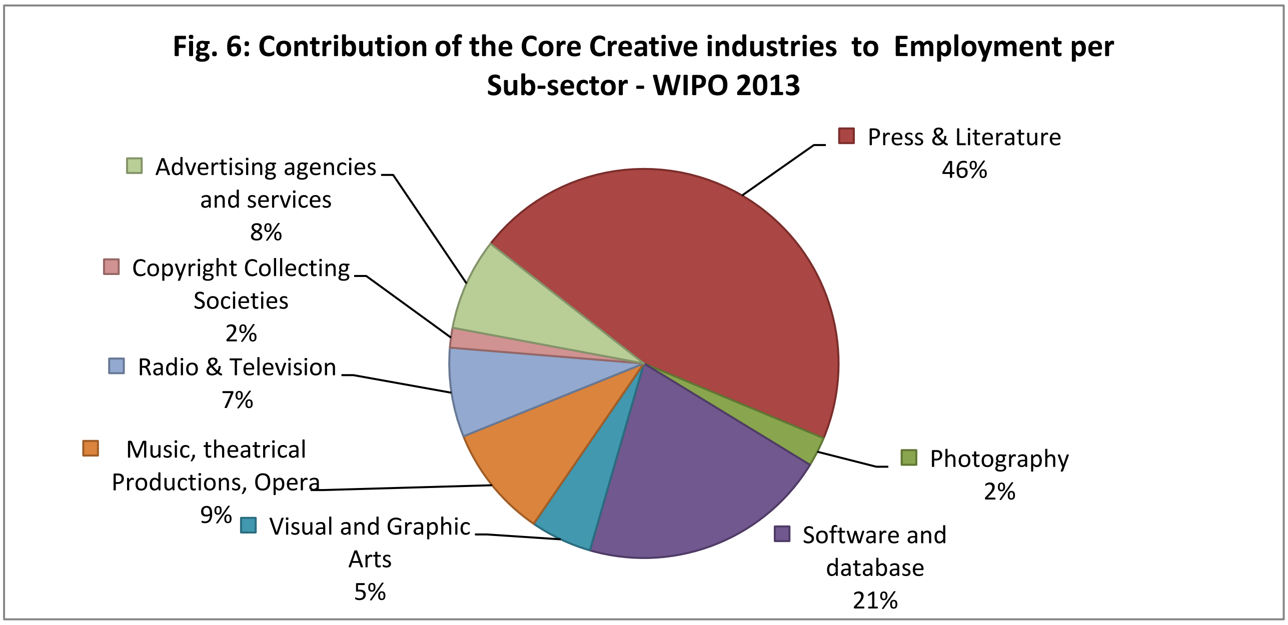
The performance of the CCIs need to be measured against a background of slowing South African economic growth over time. As found in previous mapping studies, and in the international literature, the creative economy grows quickly when the economy is doing well but tends to decline more quickly than other sectors when economic growth slows. The CCIs generally performed better in 2017 than the South African economy. However, the growth rate for the sector slowed down relative to the South African economy from 2018.

4.2 Contribution of Creative Industries (Copyright Based Industries) to Employment

The contribution of creative industries to national employment (Fig.5) stands at an average of 5.36%. Nearly three-quarters of the countries fall in the range between 4% and 7% contribution to national employment.



Forty-six percent (46%) of the labour force in the core creative industries is employed in the press and literature sectors. The top five industries in terms of share of employment account for over 80 % of the total employment.



4.2.1 Contribution of Creative Industries to Employment in South Africa

The cultural economy makes an important contribution to employment and transformation in South Africa. However, the CCIs have been particularly hard hit by the COVID-19 lockdown regulations both internationally and in South Africa. Reasons for this include the particular production and employment characteristics of much cultural and creative sector work, which the chapter identified through an extensive literature review.

This analysis is based on the method developed by SACO to measure the size and characteristics of CCI employment in South Africa (Hadisi and Snowball, 2016), which is based on the UNESCO Framework for Cultural Statistics (2009). The UNESCO (2009) Framework points out that people in cultural occupations may be found in cultural industries, but also in other industries. A useful model for demonstrating this effect is the "Cultural Trident" (Higgs and Cunningham, 2008) which distinguishes between

> **A**. Cultural occupations in the cultural industries (such as a director in a film company);
>
> **B.** Cultural occupations in non-cultural industries (such as a designer in a motorcar manufacturing firm); and
>
> **C.** Non-cultural occupations in cultural industries, also called support occupations (such as an accountant in a theatre company).

This definition gives rise to three different ways of expressing employment in the cultural sector:

- The *Creative Economy*, which includes those employed in creative occupations inside and outside the creative sector, as well as those in non-cultural jobs in creative sector firms (A + B + C);
- The *Creative Industries*, which is a subset of creative economy, focusing on cultural and non-cultural workers, but only those employed in CCIs (A + C); and
- *Creative Occupations*, which is a subset of the creative economy that focuses on cultural work both in, and outside of, cultural firms (A + B).

As found in previous years, many cultural jobs in South Africa are based in the non-cultural industries (such as the example of the designer working in a car manufacturing industry) – 1.9% in 2019 (320 000 jobs). This is an interesting finding, as it suggests that many cultural and creative occupations occur in non-cultural industries, which means that cultural workers are often embedded in non-cultural firms, even if their job or occupation is classified as creative. Relatively few cultural jobs occur in cultural industries – 0.4% in 2019 (approximately 65 300 jobs). It is noteworthy that this is the only part of the creative trident where the proportion of jobs, as well as the number of jobs, has declined since 2017.

Overall, the creative economy accounted for 6% of all jobs in South Africa, which translates into just under 1 million jobs. This is a slight increase from 2017, when the creative economy made up 5.9% of all jobs (approximately 965 000 jobs).

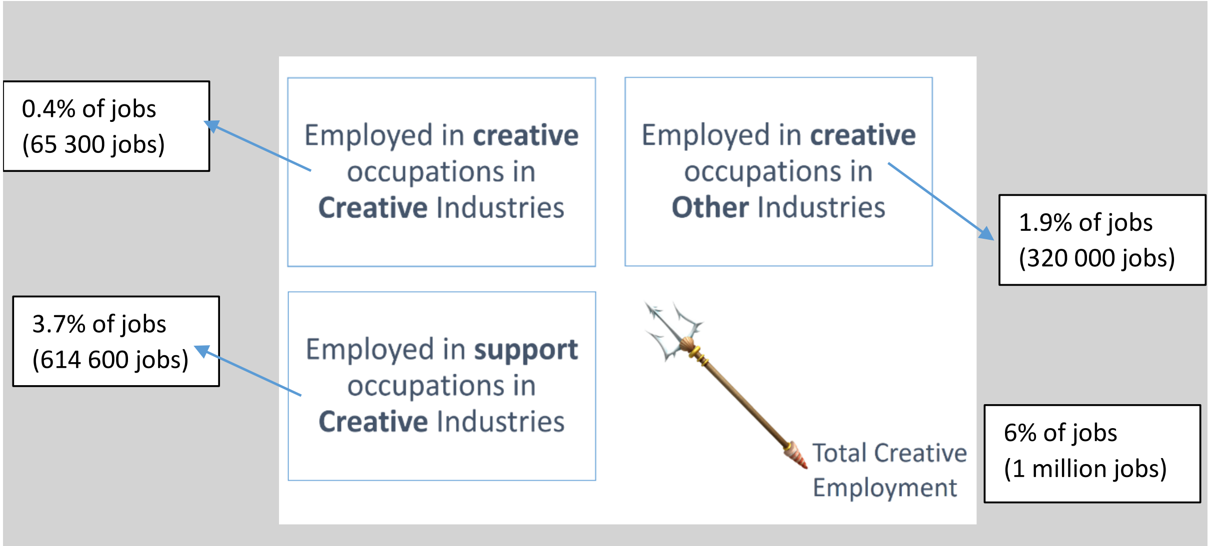


Figure 1: The cultural trident for South Africa (2019)

While it is emphasised that, for the cultural industries number, the figure should be treated as a rough estimate, rather than an exact number (because of the lack of detailed industry-level data at 4-digit level), the results nevertheless show that the creative economy in South Africa makes a significant contribution to employment.

The economy-wide partial equilibrium model used employment multipliers to estimate the number of jobs in the CCIs (parts A and C of the Cultural Trident). The estimate from this method is that the Creative Industries account for 573 000 jobs.

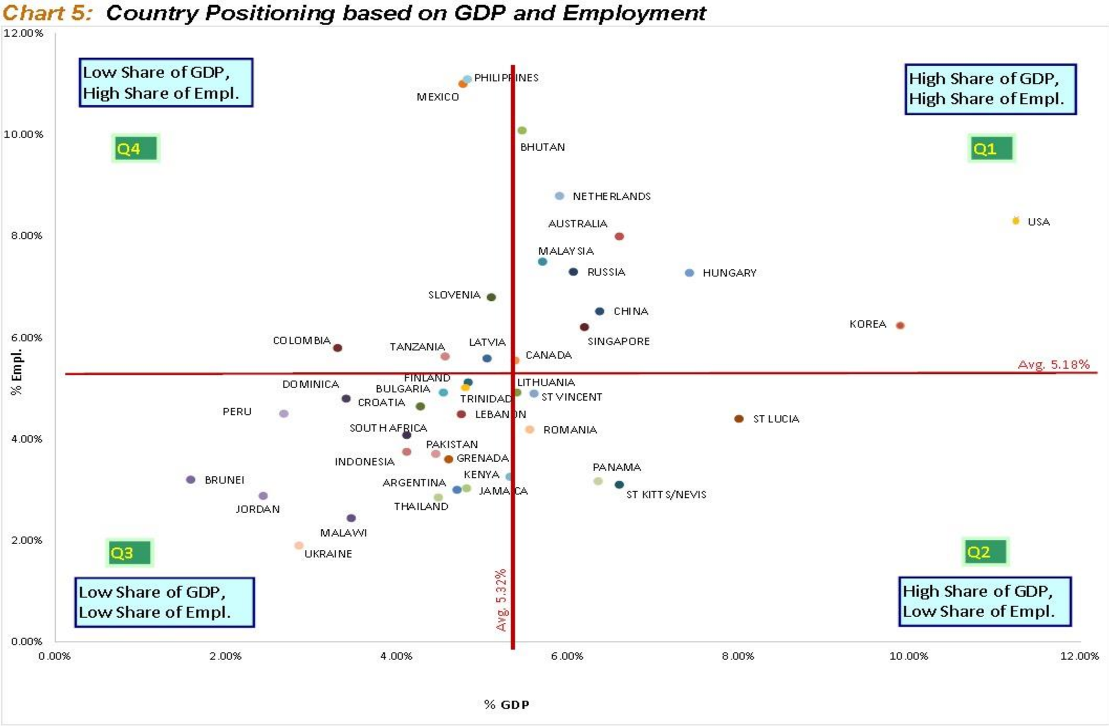
4.3 Global Contribution to GDP vs Employment - WIPO

The contribution of creative industries to employment is slightly higher than the share of GDP and stands at an average of 5.32%. Nearly three quarters of the countries fall in the range between 4% and 7% contribution to national emloyment. Mexico and the Philippines have by far the highest share of their labour force in the creative industries. Most countries with above average share of the creative industries in GDP also exhibit above average share of employment. Employment generation has been a most important indicator for the socio-economic importance of the creative industries sector.

4.3.1 Country positioning

The country positioning is analysed through the four-quadrant paradigm. Based on the values the two indicators, share in GDP and share in employment, countries can be attributed a position on the four quadrants chart. This analysis is of practical use when following a country's development over time with the goal of monitoring performance tendencies.

Chart 5: Country Positioning based on GDP and Employment



Source: WIPO

The majority of the countries are clustered either in the upper right quadrant (Q1; high share of GDP, high employment) or in the lower left quadrant (Q3; low share of GDP, low share in employment). Keeping in mind that this clustering is relative to the average contribution of creative industries in the sample, it could reveal potentially important patterns in the development of creative industries over time.

4.3.2 Colleration with the Global Innovation Index

Cornell University and INSEAD, supported by WIPO and other partners produce in partnership the Global Innovation Index (GII), recognizing the key role of innovation as a driver of economic growth and prosperity. The GII acknowledges the need for a broad horizontal vision of innovation that is applicable to both developed and emerging economies, with the inclusion of indicators that go beyond the traditional measures of innovation to also include; Institutions, Human capital and research; Infrastructure as well as Market and business sophistication. This indicator has a positive and highly significant relation with performance of the creative industries. This relationship implies that innovation and creativity are inherently and positively connected. The innovation leaders such as developed economies and some of the rapidly growing developing countries (Korea, Singapore, China, Malaysia), but also countries in transition such as Hungary and Slovenia, are a testimony to this close relationship.

4.3.3 Correlation with the Global Competitiveness Index

The World Economic Forum's Competitiveness Report and report series, as the world's most comprehensive and respected assessment of countries' competitiveness mirrors the business operating environment and competitiveness of over 140 economies worldwide. The report series identify advantages as well as impediments to national growth thereby offering a unique benchmarking tool to the public and private sectors as well as academia and civil society. In addition to statistical data, the index also features data from the Executive Opinion Survey carried out by the World Economic Forum with over 13,000 business leaders representing the 142 countries in the report. The analysis suggests that there is a strong and positive relationship between the contribution of creative industries to GDP and the Global Competitiveness Index. There is high level of clustering of the sample at the high end of the competiveness and the GDP contribution scale, and at medium-low end of the scale. The clustering at the high end of the scales suggests that countries with high level of competitiveness have a strong presence of creative industries in the economy, as creative industries are symbols of advanced knowledge, ideas and innovation.

5. CREATIVE INDUSTRIES TRADE

South Africa's policymakers have adopted a strategic approach to trade that emphasises trade policy as an instrument of industrial policy, geared towards the country's domestic development objectives (the dtic, 2021). South Africa's industrial policy framework in turn emphasises sectors with the potential to stimulate higher value-added growth and employment, including the cultural and creative industries (CCIs). The country's recent Re-imagined Industrial Strategy specifically identifies the creative economy as a priority sector of focus (Dicks, 2019; the dtic, 2019). To this end, a Sectoral Master Plan for the Creative Industries is under development. South Africa's trade policy and trade agreements are identified as an important lever in supporting the Master Plan process. This makes the analysis of the country's CCI trade highly relevant to South Africa's current growth and industrialisation strategy.

The focus on international trade in cultural goods and services, is on the US-Mexico-Canada (USMCA) bloc and SADC in comparative perspective, and the impact of the COVID-19 pandemic.

In 2020, South Africa's cultural goods exports were worth US$316.46 million, and made up 0.37% of the value of all South Africa's commodity exports (Table 4). Until 2018, cultural goods exports had been growing strongly, making up 0.47% of South Africa's total commodity exports (US$448.86 million) in that year. As with GDP growth and employment, the economic slow-down and the impact of COVID-19 have had a negative impact on cultural goods exports.

Cultural goods trade contracted more sharply than total commodity trade on both the export and import side for 2018–2020.

Table 1: South Africa's cultural goods trade: US$ millions, percentage shares and average annual growth rates relative to total commodity trade

Cultural goods	**2012**	**2015**	**2018**	**2020**
Exports (US$ millions)	250.17	297.94	448.86	316.46
Imports (US$ millions)	673.44	519.13	473.23	257.80
Trade balance (US$ millions)	*-423.26*	*-221.19*	*-24.38*	*58.65*
Exports (% share of commodity exports)	0.25	0.36	0.47	0.37
Imports (% share of commodity imports)	0.65	0.61	0.50	0.38
Average annual growth rates (%)	**2009–2012**	**2012–2015**	**2015–-2018**	**2018–2020**
Cultural goods exports	19.53	6.00	14.64	-16.03
Cultural goods imports	14.98	-8.31	-3.04	-26.19
Total commodity exports	22.42	-6.11	5.18	-5.12
Total commodity imports	17.78	-6.28	3.12	-14.52

Like many small, open economies, South Africa had a cultural goods trade deficit, with the value of cultural goods imports being more than the value of exports. However, cultural goods imports have been declining recently, and for the first time in 20 years, South Africa had a positive cultural goods trade balance for some quarters in 2020 and 2021 (Figure 3). While cultural goods exports initially appeared to recover more quickly after the hard lockdown, they have not yet reached pre-pandemic levels.

Figure 3: South Africa's cultural goods trade 2017Q1–2021Q3 (current US$ millions)
Spource: South African Cultural Observatory, 2022

Figure 4 shows cultural goods exports and imports by domain for the periods 2016–2018 and 2019–2020 in US$ millions. For each domain, the first two bars indicate cultural exports and imports in 2016–2018, while the second two bars depict cultural exports and imports in 2019–2020. Visual Arts and Crafts, Books and Press, and Performance and Celebration are the most significant domains for South Africa's cultural goods trade. South Africa has a trade surplus in Cultural and Natural Heritage trade, and in Visual Arts and Crafts. The largest cultural trade deficits by domain in both periods were in Performance and Celebration and Books and Press.

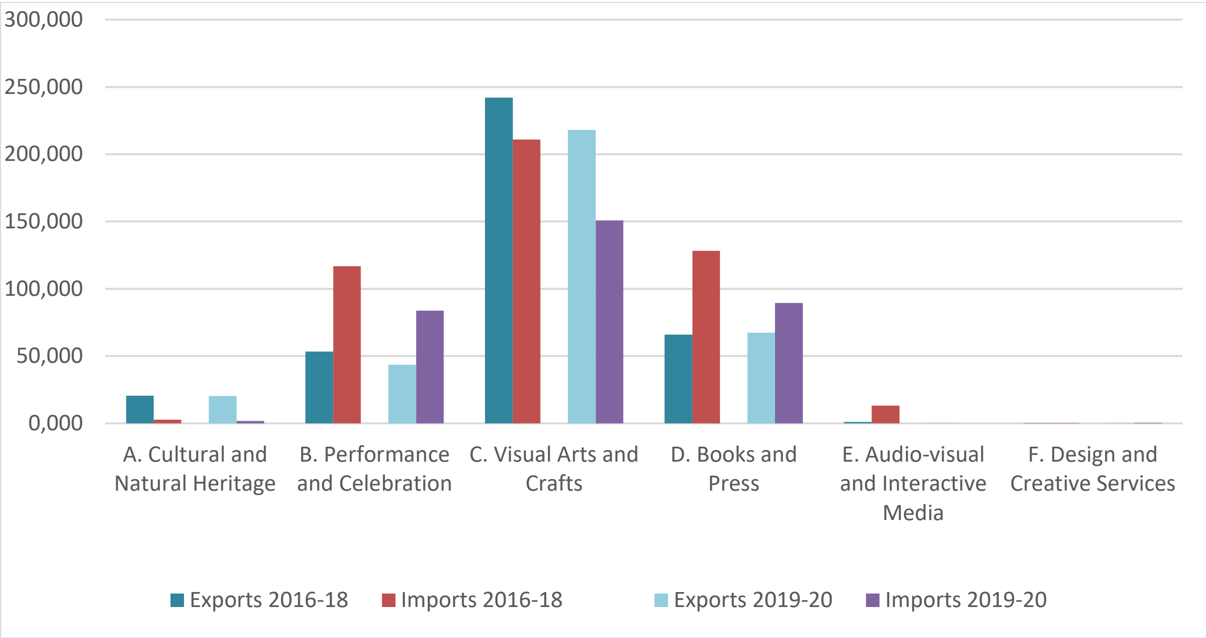


Figure 4: South Africa's cultural goods exports and imports by domain: 2016–2018 and 2019–2020 averages compared (U$ millions)
Spource: South African Cultural Observatory, 2022

South Africa has a trade surplus in Cultural and Natural Heritage trade in both periods, and also in Visual Arts and Crafts. The latter is particularly important, since Visual Arts and Crafts is such a prominent cultural trade domain. Previous SACO trade reports have discussed the impressive growth in the exports of this domain in recent years. The largest cultural trade deficits by domain in both periods were in Performance and Celebration and Books and Press.

The Audio-visual and Interactive Media and Design and Creative Services domains are important parts of cultural *services* trade, further discussed below. The dematerialisation of trade in these domains mean that data on cultural *goods* trade flows in these domains, as measured in the UNESCO FCS, is very small.

Turning to the impact of the pandemic on trade in the different domains, there was little difference in the trade pattern in the Cultural and Natural Heritage domain in the 2016–2018 and 2019–2020 periods. The trade surplus was maintained. In the Visual Arts and Crafts domain both exports and imports contracted in 2019–2020 compared to 2016–2018, but imports declined by more, widening South Africa's trade surplus in this domain to about US$67.15 million. For Performance and Celebration, both exports and imports contracted in 2019–2020, with imports once again declining by more. This meant that the trade deficit in this domain was reduced from US$63.54 million to US$40.21 million. In the case of Books and Press, exports increased slightly between 2016–2018 and 2019–2020, while imports declined, so South Africa's Books and Press trade deficit fell from US$62.17 million in 2016–2018 to US$22.03 million in 2019–2020.

5.1 Cultural Goods Trading Partners

The USMCA, EU28 and SADC were South Africa's three most important regional trading partners for cultural goods exports in 2019.

Table 2: South Africa's cultural goods trade with selected regions 2019 (US$ millions and regional shares)

Region	SA exports	%Exp	SA imports	%Imp
USMCA	149.440	39.1	37.798	9.58
EU28 (including UK)	86.115	22.5	101.985	25.8
Rest of SADC	75.928	19.9	13.586	3.44
Rest of BRICS	34.623	9.06	156.624	39.7
Rest of Africa less SADC	13.219	3.46	0.616	0.16
Middle East	5.736	1.50	2.328	0.59
Latin America less Brazil	3.305	0.87	3.172	0.80
East Asia less China	1.725	0.45	26.151	6.62
World	**381.961**	**100.00**	**394.742**	**100.00**

USMCA (and primarily the US) received 39.1% (US$149.44 million) of South Africa's cultural goods exports in 2019, up from 33.2% in 2018. The EU28 was the destination for 22.5% (US$86.12 million) of the country's cultural goods exports, up from 15% in 2018. The SADC region accounted for 19.9% and the rest of Africa 3.46% in 2019, yielding a cultural goods export share of 23.36% for the continent as a whole. This was marginally up from 23% in 2018. In 2019, the BRICS market was ranked fourth as an export destination with a share of 9.06%

On the import side, BRICS (largely due to China and, to a lesser extent, India) was the most important source of cultural goods imports for South Africa in 2019 with a share of 39.7% (US$156.62 million), much the same as in 2018. This was followed by the EU28 with an import share of 25.8% (US$101.99 million), compared to 24% in 2018. The USMCA bloc (again, mainly the US) accounted for 9.58% (US$37.8 million) of cultural goods imports in 2019, up from 8.9% in 2018. In 2019, the rest of East Asia (less China) ranked next, with a share of 6.62%. The SADC region accounted for only 3.44% of South Africa's cultural goods imports in 2019, and the rest of the continent even less at 0.16%. The continent's total share of 3.6% was slightly lower than that of 2018 which was 4.07%.

In 2019, South Africa had a significant cultural goods trade surplus with USMCA (of US$111.64 million) and with SADC and the rest of Africa (US$62.35 million and US$12.6 million respectively). The USMCA bloc has become an increasingly important destination for South Africa's cultural goods exports in Visual Arts and Crafts, Cultural and Natural Heritage, and Performance and Celebration domains. Visual Arts and Crafts exports to USMCA increased in 2020, as did Books and Press. South Africa's cultural goods exports to SADC also increased in 2020, during the COVID-19 pandemic. Exports to SADC grew in the Performance and Celebration and Books and Press domains.

Intra-industry trade (IIT) refers to trade in products that are classified within the same sub-sector, sector or industry (depending on the level of aggregation of the data), while inter-industry trade refers to trade in products from two different sub-sectors, sectors or industries.[3] Intra-industry specialisation and trade is associated with lower adjustment costs to trade expansion as well as higher-value manufacturing production and trade (Cattaneo and Fryer, 2002). This suggests that promotion of intra-industry specialisation and trade could be a useful component of an industrial strategy for the CCIs for sub-sectors or product categories where scale economies and product differentiation are important.

Table 6 depicts South Africa's IIT in each domain and for total cultural goods trade with USMCA, SADC and the world. The table also indicates cultural goods trade flows (exports plus imports) in absolute terms between South Africa and each region by domain. (Domain E. Audio-visual and Interactive Media is excluded because of missing data or zero trade flows, which means that the index cannot be computed.)

Table 3: South Africa's IIT (trade-Weighted Grubel-Lloyd indices) by domain and partner, 2019

IIT in per cent Cultural trade in US$ millions	A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	F. Design and Creative Services	Total cultural trade A to F
USMCA	**1.55**	**34.48**	**9.00**	**4.52**	**0.00**	**10.26**
Cultural trade	*14.458*	*17.743*	*131.039*	*23.994*	*0.004*	*187.238*
SADC	**65.28**	**1.64**	**18.23**	**28.10**	**0.00**	**22.68**

[3] For example, the exchange of string musical instruments for jewellery would count as inter-industry trade, while the exchange of guitars for violins would be counted as intra-industry trade.

Cultural trade	*0.337*	*10.029*	*23.509*	*55.625*	*0.014*	*89.514*
World	**10.11**	**30.41**	**37.02**	**56.22**	**31.93**	**39.08**
Cultural trade	*26.442*	*149.797*	*428.432*	*171.913*	*0.119*	*776.703*

In South Africa's cultural goods trade with USMCA, there is notable IIT of 34.48% in the Performance and Celebration domain. However, IIT indices are relatively low in the other domains and for cultural goods trade with USMCA in the aggregate which is just 10.26%. In the case of Visual Arts and Craft, with an IIT index of 9%, the trade balance is significantly in South Africa's favour. In the Books and Press domain, with an IIT index of 4.52, South Africa has a trade deficit with USMCA. Export promotion by South Africa in Books and Press would both reduce the country's deficit and increase the IIT index for this domain.

There is more IIT between South Africa and the SADC region for cultural goods trade overall (22.68%) than with USMCA (10.26%). This is also the case in Cultural and Natural Heritage (65.28%), Visual Arts and Crafts (18.23%), and Books and Press (28.10%) in comparison to USMCA. It is important to note that while trade is quite balanced between South Africa and SADC in Cultural and Natural Heritage, yielding a high IIT index, the trade flows involved are very small. South Africa already has a trade surplus vis-à-vis SADC in Visual Arts and Crafts and Books and Press.

As noted in the previous mapping study, South Africa's IIT in cultural goods trade with the EU in 2018 was 27.3%, higher than that with both SADC (22.69%) and USMCA (10.26%) a year later. However, IIT with the BRICS grouping was very low (at 5.01% in 2018), reflecting the cultural goods trade deficit that South Africa has with China in particular, but also with India.

Table 4: Trade complementarity indices (%) between South Africa and selected regions, 2019

	Partner		
	USMCA	**SADC**	**EU**
South Africa's export TCI	47.20	35.79	65.07
South Africa's import TCI	43.65	21.06	52.09

Trade complementarity indices (TCIs) are used to assess the potential for trade expansion between trading partners. South Africa's Export TCI with the USMCA (47.20%) exceeds that with SADC (35.79%) by nearly 12 percentage points. However, the country's export TCI with the EU is even greater at 65.07%.

South Africa has a low Import TCI with SADC, which suggests that the region does not produce enough of the range of cultural products that South Africa imports. There is a need to build productive capacity in the CCIs in the SADC region, and address non-tariff barriers, infrastructure constraints, transport costs, financing, and information flows.

5.2 The Growing Importance of Cultural Services Trade

Growing digitisation has increased the importance of particular services trade categories in the identification and measurement of cultural trade. However, there is currently a lack of availability of services trade data at the required level of disaggregation to measure cultural services trade adequately in line with the categories identified as “cultural” in the UNESCO Framework for Cultural Statistics. Nevertheless, it is possible to track services imports and exports that are relevant for the CCIs.

Table 8 shows South Africa’s services exports, imports and trade balance in the sectors that are relevant for cultural services trade for the period 2018–2020. Most of the data are from SARB (2021), but the partial disaggregation of Personal, Cultural and Recreational Services to depict Audio-visual and Related Services as well as Other PCR separately is obtained from the ITC, UNCTAD and WTO (2021) Services Trade Database. All data in the table are in current millions of Rand.

Table 5: **South Africa's trade in services sectors relevant for cultural services trade 2018–2020**

Services trade in R millions		**2018**	**2019**	**2020**
Personal travel services	Exp	108 646	111 248	37 873
	Imp	32 382	33 643	10 192
	Balance	*76 264*	*77 605*	*27 681*
Charges for the use of intellectual property	Exp	2 420	2 175	2 074
	Imp	20 280	19 599	19 644
	Balance	*-17 860*	*-17 424*	*-17 570*
Telecomms, computer & information services	Exp	8 427	9 997	11 699
	Imp	30 127	36 224	42 557
	Balance	*-21 700*	*-26 227*	*-30 858*
Advertising & market research services	Exp	3 337	3 528	3 061
	Imp	3 842	4 212	4 171
	Balance	*-505*	*-684*	*-1 110*
Architectural, engineering & other technical services	Exp	9 592	6 682	7 627
	Imp	11 347	13 585	11 302
	Balance	*-1 755*	*-6 903*	*- 3 675*
Personal, cultural & recreational services, of which:	Exp	5 331	5 722	3 460
	Imp	1 274	2 239	2038
	Balance	*4 057*	*3 483*	*1 422*
Audio-visual & related services	Exp	3 055	3 184	2 363
	Imp	389	508	446
	Balance	*2 666*	*2 676*	*1 916*
Other PCR services	Exp	243	257	272
	Imp	65	104	23
	Balance	*178*	*152*	*249*
Total services	Exp	225 187	229 706	139 658
	Imp	224 691	238 369	184 594
	Balance	*496*	*-8 663*	*-44 936*

Source: Authors' computations from SARB, 2021, and ITC, UNCTAD and WTP, 2021

Previous SACO mapping studies showed that South Africa had a relatively large and growing trade surplus between 2007 and 2018 in Personal travel services. Although not all of this category is related to cultural services trade, the trade surplus in this sector widened markedly up until 2018. Between 2018 and 2019, the trade surplus increased slightly (from R76 264 million to R77 605 million), but with the onset of the COVID-19 pandemic in 2020, it contracted sharply. The trade surplus in Personal travel services in 2020 was only just over a third of its 2019 level.

Although the 2021 data are not yet available, the outlook for the sector remains bleak as repeated travel bans are still being imposed around the world during different phases of the pandemic. On the export side, the share of Personal travel services exports in South Africa's total services exports fell from 48% in 2019 to 27% in 2020. The import share fell from 14% to 5.5% in the same period. The impact of the pandemic on Personal travel services was largely responsible for turning South Africa's small overall services trade surplus in 2018 into a significant deficit in 2020.

Under core cultural services, the Personal, Cultural and Recreational (PCR) services category is relevant, although it contains activities that are not part of cultural services trade. Two of the components within the PCR services data that are relevant to the CCIs are Audio-visual and Related Services and Other PCR services. Since 2007, South Africa has run a surplus in both sub-sectors, except for 2011 in the case of Other PCR services. In Audio-visual and Related Services, exports grew more strongly than imports after 2009, and growth accelerated noticeably from 2014. The growing trade surplus in Audio-visual and Related Services widened further between 2018 and 2019. Exports and imports both contracted during 2020, and the trade surplus decreased, although not dramatically. Exports actually grew in 2020 in Other PCR services while imports fell, widening the trade surplus in this sub-sector.

Other sectors important for cultural services in which South Africa's exports increased between 2019 and 2020 include Architectural, engineering & other technical services (which contains the Architectural services sub-sector). The trade deficit nearly halved in this sector. Interestingly exports also increased in Telecommunications, computer and information services which are important for both core cultural services (the Other information services component) and Equipment and supporting materials (Computer services and software licences). However, the faster growth in imports meant that the trade deficit widened in this sector. The Telecommunications, computer and information services sector is one of two sectors important for cultural services trade for which South Africa's trade deficit is greatest. The other sector is Charges for the use of intellectual property.

In sum, the main impact of the COVID-19 pandemic on services trade was felt in the Personal travel services sector. The PCR services sector as a whole was quite strongly affected on the export side, but Audio-visual and Related Services and Other PCR services demonstrated some resilience to the shock. Exports increased between 2019 and 2020 in some of the broad services sectors relevant for cultural services trade, including Architectural, Engineering and other technical services and Telecommunications, computer and information services.

6. CREATIVE INDUSTRIES HOUSEHOLD EXPENDITURE (MEDIA ONLY)

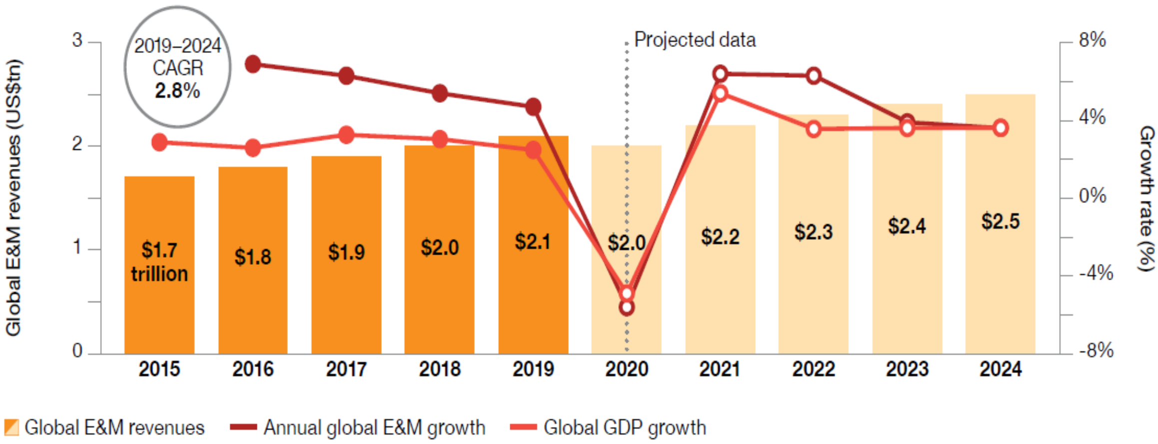
6.1 Global consumer expenditure on Media and Entertainment

Household expenditure on the media and entertainment industry has continued to rise even in a diversifying landscape that has seen the increase of free content and creation of content by consumers. According to the PWC Media and Entertainment Outlook consumers are using an expanded array of connected devices to organize, curate and discover their own unique world of media. In response, companies are tailoring their offerings to revolve around personal preferences, using data and usage patterns to pitch their products not at audiences of billions, but separately at billions of individuals.

In 2020, the entertainment and media industry absorbed the historic shock of COVID-19, which toppled long-standing business models, amplified existing trends and forged new opportunities. As the global economy shrinks for the first time since 2009, the US$2.1tn industry is forecast to contract in 2020 by 5.6%.

Powering ahead

Global E&M revenues recover from a 2020 decline and resume their historic growth trend.



Note: 2019 is the latest available data. 2020–2024 values are forecasts.
Source: *PwC Global Entertainment & Media Outlook 2020–2024* (www.pwc.com/outlook), Omdia, World Bank, IMF

Historically, E&M spending by consumers has been discretionary and tied tightly to macroeconomic conditions. A negative economic shock has tended to push spending to drop off faster than economic activity. But increasingly, many people regard their digital E&M spending—a Netflix subscription or mobile data allowance—as a utility on a par with water or electricity and therefore a non-discretionary expense. In 2009, consumer spending on E&M (including internet access) rose 1.5% even as the global economy contracted by 1.7%. Overall consumer spending (including internet access) in 2020 was projected to fall just 2.3%, compared with the 4.9% contraction in the global economy at large, as projected by the International Monetary Fund in June 2019.

The pandemic has propelled consumers even faster towards digital behaviours in many areas of their lives, as lockdowns and social distancing have acted as a powerful spur to employ digital tools. People are using virtual collaboration tools such as Houseparty and Zoom to stay in touch with family and friends, consulting with physicians over video links, and making more use of mobile banking and contactless payment apps. Nowhere has this change been more evident than in media consumption. Companies that were already well situated to capitalise on the move towards home-based entertainment and activity received a major boost.

In effect, people cocooned in their residences set about constructing their own bundles of content by purchasing or subscribing to all-you-can-eat packages of video, music, content, exercise and experiences. The launch of the Disney+ streaming service in late 2019 could hardly have been better timed. Having projected between 60mn and 90mn paying subscribers by 2024, Disney+ reached 60.5mn in early August 2020 *(PWC Global E&M Perspectives 2020).*

6.2 South Africa's Household Creative Industries (Media & Entertainment) Expenditure

South Africa faced an eventful year at the political and macroeconomic level in 2017, but emerged early in 2018 with a new president viewed as market-friendly and vowing to overhaul the economy. The entertainment and media (E&M) world does not however operate in a vacuum, and with advertiser confidence particularly hit in 2017, total E&M revenue rose at a comparatively low rate of 6.8% year-on-year to R129.2 billion.

SOUTH AFRICA: ENTERTAINMENT AND MEDIA SPENDING BY SEGMENT, 2013-2020 (R MILLIONS)								
	Historical data					Forecast data		
SUB-SECTOR	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Books	3 832	3 228	3 812	3 818	3 828	3 849	3 871	3 880
Business To Business Publishing	8 451	8 968	9 330	9 686	10 032	10 359	10 669	10 950
Cinema	1 468	1 502	1 714	1 782	1 752	1 824	1 901	1 977
Internet	26 357	29 923	38 987	46 314	53 457	60 751	68 338	76 076
Magazines	8 691	9 212	9 509	9 060	8 788	8 583	8 436	8 303
Music And Podcasts	1 968	2 085	2 110	2 176	2 253	2 404	2 606	2 832

News Papers	9 288	9 075	9 026	8 893	8 633	8 407	8 090	7 766
Out-Of-Home	4 105	4 125	4 202	4 359	4 408	4 509	4 605	4 709
Radio	3 755	3 972	4 177	4 172	4 264	4 439	4 617	4 796
Tv And Video	24 478	25 615	28 153	31 087	32 205	34 379	36 296	38 048
Video Games	1 691	1 986	2 291	2 619	3 060	3 555	4 098	4 699
E-Sports	3	5	9	16	29	41	56	71
VR	0	0	0	28	75	174	305	419
TOTAL	**92 425**	**98 289**	**110 863**	**121 035**	**129 207**	**139 021**	**148 893**	**158 733**
YOY OVERALL GROWTH (%)		**6.3%**	**12.8%**	**9.2%**	**6.8%**	**7.6%**	**7.1%**	**6.6%**

By comparison, in 2015 and 2016, rates of 12.8% and 9.2% respectively were seen, although they were in large part driven by rapid Internet access growth. However, there are better prospects ahead. A bounce back in 2018 sees an anticipated 7.6% year-on-year growth, while the CAGR to 2022 is forecast at 6.5%, leaving total E&M revenue at R177.2 billion in that year.

7. THE TYPOGRAPHY OF CREATIVE ENTERPRISES

Small, micro and medium-sized enterprises (SMMEs) — many of which are micro or sole trader businesses — predominantly populate the various stages of the supply chains of creative products in many countries. Information from available studies confirms that this market structure is evident across both developed and developing economies. Micro and small enterprises are especially evident at the top of the supply chain (creation stage). The prevalence of individuals and SMMEs is not unexpected given the reliance of creative industries on creativity. In some countries, creative SMMEs exist alongside and compete against a few large vertically integrated firms, resulting in asymmetric competition.

Creative industries are characterized by interlocking and flexible networks of production and service systems spanning the entire supply chain. Thus, notwithstanding the asymmetric competition between the small and larger creative firms, the available evidence suggests that smaller creative firms do gain from the presence of larger firms in the industry to the extent that these larger firms and multinationals are an important source of commissions and capital whether through subcontracting and outsourcing arrangements or joint ventures.

Creative products can be one-off productions. Creative enterprises can produce unique products that are conceptualised and designed by the creatives themselves. Often creatives are also commissioned to produce works designed or conceptualised by their clients. Other creative enterprises produce small runs of exclusive products or services. Many creative industries, including the content industries, produce many copies of the work. Many creative enterprises are operated by sole proprietors, or as small cooperatives, but the sector also includes large multinational corporations.

Given that most creative enterprises are small-scale independent professionals or small businesses; a one-size-fits-all model to support all creative industry participants would not be appropriate. Skilled amateurs and part-time emerging creative enterprises, depending on the particular sector, require technical support. However, as soon as the creative person decides to become a business, they would typically move through different phases and require different kinds of support.

FIGURE 2: TYPOGRAPHY OF CREATIVE ENTERPRISES

Although the figure above shows discrete stages, the CCI would move seamlessly from one stage to another.

8. CONSTRAINTS TO GROWTH FACING SMMEs

The prevalence of SMMEs in the creative sector underlines the need for policymakers to address size-related constraints. SMMEs in creative industries are susceptible to the same constraints that afflict small enterprises in other areas of the economy. Chief among these constraints is access to finance to develop creative projects. The transformation of creative ideas into goods or services is usually capital-intensive and the cost of technological inputs or other professional services can be significant for these industries. In short, access to finance remains one of the key hurdles for creative entrepreneurs looking to realize their creative ideas. As already mentioned, larger enterprises are one source of finance to SMMEs. Creative SMMEs do better in economies where the financial sector is better adapted to financing them and where creative industries are officially recognized. In this context, SMMEs in most developing countries are at a disadvantage, particularly since the concept of creative industries is still very new and financial institutions are traditionally risk-averse.

Small, Medium and Micro Enterprises (SMMEs) have been identified as a key component to advancing inclusive growth and development in South Africa. In the National Development Plan, government highlights the importance of these businesses for job creation, innovation and competitiveness, with the goal that 90 percent of new jobs will be created by SMMEs in South Africa by 2030. The successful entry and growth of these firms may create a sustainable mechanism through which the wages of those at the bottom of the wage distribution can be increased and the level of inequality reduced. It is recognised that in South Africa, the majority of small businesses are concentrated at the lower end of the enterprise development spectrum and face a number of challenges, including;

- Lack of access to finance and poor profitability, which account for the main reasons for business discontinuance;
- Inadequate collateral on the part of the entrepreneur, a lack of credit history, the inability to produce an acceptable business plan according to financial institutions, poor market research and the absence of a viable business idea;
- Lack of access to vibrant markets, which become one of the fundamental requirements to accessing funding and mentorship at early stages. Notably, small businesses located in rural areas are at a disadvantage compared to their urban counterparts;
- Legislative and regulatory burdens which are often misunderstood, are perceived as onerous or/and are used ‘against’ entrepreneurs, more so in the creative industries sector.

- Inadequate access to ICT and communication infrastructure, utilities and transport, land or space at affordable prices, which is instrumental to supporting new businesses;

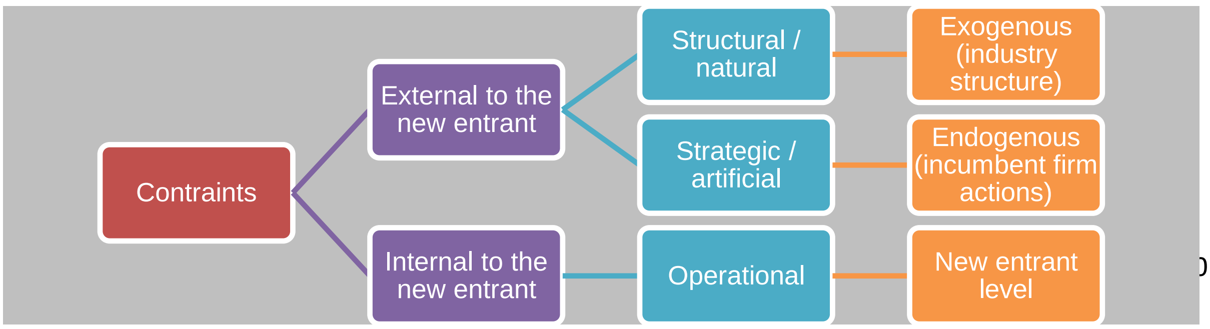
- Inadequate support for building Research and Development (R&D) capacity among SMMEs, which could help in transforming ideas into sustainable businesses; and

- Lower levels of entrepreneurship and low skills level in enterprise; financial and business management by SMMEs and co-operatives.

The OECD has also categorised barriers into internal and external barriers. Internal barriers are barriers internal to the enterprise, associated with organisational resources and capabilities. External barriers emanate from the environment within which the firm operates. All in all, constraints can be represented as indicated below:

One study presents as many as thirty-seven (37) entry barriers that commonly confront new players seeking to enter a market.[4] These are presented, in summarised form, in the table below.[5]

Entry barrier	Brief description
Absolute cost advantages	Unit costs of production are higher for entrants than for incumbents.
Access to distribution channels	Access to regular distribution channels, an essential prerequisite for companies in some industries to sell their products, is blocked.
Advertising	Advertising increases consumer-switching cost and affects the advertising effectiveness of new entrants by creating brand recognition and customer loyalty.
Availability of skilled labour	A large pool of skilled workers is a key input resource for new and growing firms, especially those seeking to enter the market at a large scale or to pursue fast-growth strategies.
Brand name	In cases where product information is costly or difficult to obtain, buyers rely on brand name to reduce purchasing uncertainty, especially when risks associated with a wrong purchase are high. This impacts on buyer willingness to switch to new brands, thereby creating a market barrier for new entrants.
Capital requirements / investment risk	Where significant upfront investments are required, new firms may face a disadvantage compared to existing firms, which translates into an entry barrier. This could be through inability to obtain financing at all or obtaining it at a competitive interest rate, or high risks associated with the investment.



Control over strategic resources	Where incumbents control strategic resources such as raw materials or knowledge, they can block access to these resources by new entrants, thereby barring market entry.
Customer loyalty	Customer loyalty is a strong and effective barrier to new entrants, as loyal customers will tend to stick with the incumbent, thus reducing market demand for the new entrant's goods or services.
Customer switching costs	Customer-switching costs present an important barrier to entry. These include need for compatibility with existing equipment, transaction costs of switching suppliers, costs of learning to use new brands, uncertainty about the quality of new brands, special discounts, and psychological costs of switching.
Economies of scale	New entrants may face economies of scale (efficiencies resulting from decline of production and distribution costs per unit of output as firm or plant capacity increases) disadvantages compared to incumbents, creating an entry barrier.
Deployment of excess capacity	Incumbent firms may deploy unutilised production capacity to increase their output in an attempt to cover the whole market and cut prices, as a strategy to fend off competition from new market entrants.
Experience / learning curve	Experience gained over time may lead to more cost-effective business processes, resulting in sustainable cost advantages for the existing firm over its new competitors, constituting a significant entry barrier for the latter.
Information gaps and asymmetry	Information-related barriers arise from incomplete information and information asymmetries. Due to incomplete information, a new entrant lacks accurate insight into actual market conditions, resulting in inability to accurately predict post-entry market dynamics. Lack of information also increases the investment risk of the entrant and thus raises its cost of capital.
Government licences	Government licencing may limit market entry by allowing only a limited number of operators, or prescribe requirements that increase capital needs, require specific knowledge, or exclude certain prospective entrants, for example, by barring those with a particular past record.
Government policies	Restrictive government policies and bureaucracy / red tape can impose structural constraints by increasing compliance time and costs.
Level of market technology and technological change	Market entrants have to contend with a certain level of technological capability already enjoyed by incumbents, and also and existing within their industry value chain, which can be an important entry barrier, especially if high levels of investment are required to operate at a similar technology level. Radical and frequent technological changes can also pose a threat to new entrants, discouraging entry.
Patents and R&D intensity	Given the protection and market power (at least for a certain period of time) a patent provides to its owner, it can make market entry more difficult and so pose an entry barrier. Through investments in continuous research and development, incumbents may enjoy an unassailable technological lead, creating constraints that are difficult for new entrants to overcome.
Level of product differentiation	High levels of differentiation within existing product offerings may be a significant new entry deterrent, by making it difficult to find a less-serviced market niche, as incumbents may already be supplying most

and closing the product gaps	niches and enjoying strong brand loyalty. Industry incumbents may also block new entrants by filling the gaps in their product / service offerings (e.g. by introducing new varieties) and closing all niche opportunities, a phenomenon known as 'packing the product space.' When this happens, new entrants are forced to take incumbents head-on, which increases their costs, investment requirements, and operating risks, thereby discouraging entry.
Seller concentration	High levels of market (seller) concentration may often lead to collusive behaviour among incumbents, whose effect is to block out new entrants.
Sunk cost	Sunk costs, that is, costs that cannot be eliminated in the short or medium run, make it unattractive to new entrants to enter a market, thereby creating an important entry barrier.
Vertical integration	An industry with high levels of vertical integration may force new entrants to enter the industry on two or more levels of the value chain in order to match the existing firms' costs. As this requires more investments and larger financial commitment, it can work as an effective barrier to entry.

9. ENVIRONMENTAL SCAN AND ANALYSIS

Although the industry was a dynamic and fast-changing sector for more than the past quarter of a century or more, unfortunately, the pandemic has had a severe negative impact, especially where face-to-face interactions or contact are necessary. The pandemic brought the Global Creative Industry stellar past performance of revenue growth to a sudden stop. The year 2020 will long be remembered for probably its sharpest contraction in living memory and its shock waves will reverberate into the future.

As discussed elsewhere in this masterplan, the various sectors have not been impacted upon equally by the pandemic.

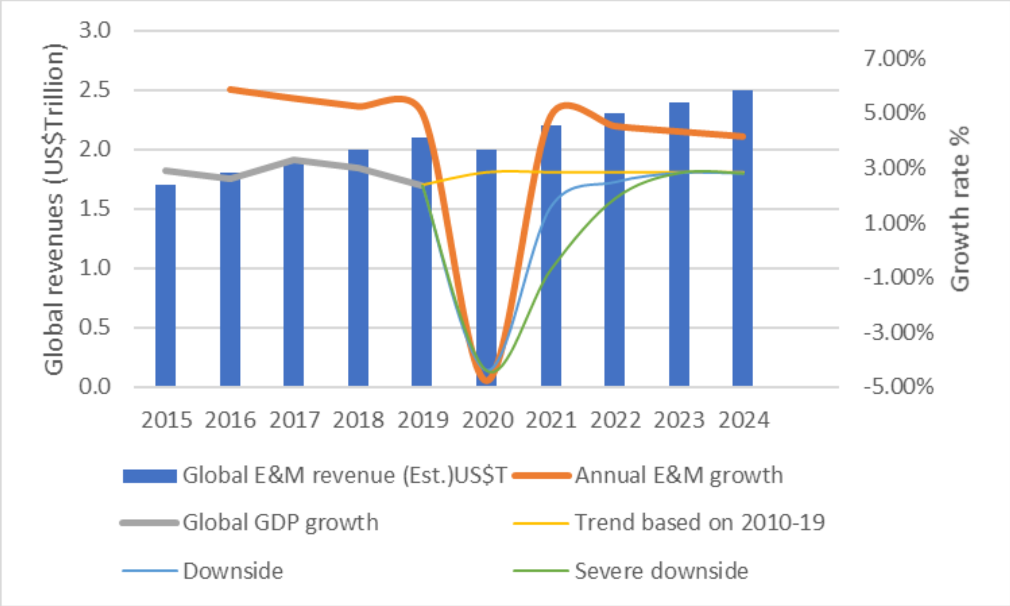


FIGURE 3: GLOBAL GDP GROWTH AND ENTERTAINMENT AND MEDIA INDUSTRY REVENUE AND GROWTH TRENDS

Source: PricewaterhouseCoopers (2021) and World Economic Outlook (2021)

The pandemic has hastened and even intensified shifts in consumers' adoption and use of technology. With lockdowns imposed on citizens across the world, new ways of doing business and social interaction have become commonplace. This has had the impact of encouraging the use of technology and has accelerated the digital disruption that had already begun to emerge. The reaction to the pandemic has therefore accelerated greater use of ICT and a move towards the 4th Industrial Revolution that would probably not have been reached for many years.

9.1 ICT and the Fourth Industrial Revolution

Technology (especially ICT) has dramatically changed the sector resulting in the rise of large global online platforms and increased market concentration. This has negatively impacted the remuneration of artists and contributed to more monopolistic market structures. This is especially true of the large internet giants or the FAANGs (Facebook, Amazon, Apple, Netflix, Google), who currently dominate large sections of the market.

9.2 Entrepreneurship and Innovation in the Creative Industry

Although the creative industry worldwide has some large firms that dominate, particularly in distribution, most content producing creative firms are SMMEs. These small firms tend to be highly innovative - not only in terms of product development, but also with regards to marketing and business models. Innovative and entrepreneurial activity in the creative industry tends to "spill over" from cultural production that increases the productivity of other parts of the economy and society. There are three broad categories of spillovers:

- Knowledge spillovers;
- Industry spillovers; and
- Network spillovers (CCI Spillovers Report, 2015).

Knowledge spillovers refer to the “new ideas, innovations and processes” that the cultural industries produce and that can then also spread to other parts of the economy. Industry spillovers refer to the “vertical value chain and horizontal cross-sector benefits” of having an active and growing cultural and creative sector. These benefits include innovation and entrepreneurship as well as economic ‘multiplier’ effects, such as an increase in investment and impact on property prices. Network spillovers relate to the “impacts and outcomes for the economy and society that spill over from the presence of a high density of arts and/or Creative Industry in a specific location”. The research of Richard Florida (2002) and others has shown that cities with clusters of creatives tend to have faster growth rates, and are more innovative, socially tolerant, and open to new ideas.

Increasingly, researchers and policymakers are becoming interested in the ways in which the creative sector can fit into an overall framework of innovation. In most countries, National Systems of innovation are dominated by the STEM (science, technology, engineering and mathematics) sector (a bias also evident in South Africa). New theories argue that a broader understanding of innovation is needed – referred to as the STEAM (science, technology, engineering, arts and mathematics) model – and that the creative industry can contribute directly to innovation.

9.3 Skills

Most governments have accepted the positive economic potential of the creative industry and have adopted skill strategies that strive to nurture it by creating an environment in which they can thrive. An important component is a qualified and productive workforce which has the knowledge and skills sets. The acquisition of knowledge and skills for the Creative Industry is a major opportunity and a challenge. Although technical skills can be taught, there is a debate whether creativity is innate or can also be developed. Various programmes have been developed ranging from early childhood education and community courses through to tertiary education. Each sector has unique challenges and requires different sets of interventions that are included below.

9.4 Cluster Development

Clustering has been successfully used by industrialists for centuries as a strategy to generate economic growth. Made popular by influential Harvard academic Michael Porter (1990), and originally described by economist Alfred Marshall (1890), industrial clusters are concentrations of interrelated organisations, firms, professionals and practitioners collaborating and competing in related industries.

9.5 Convergence

Fast-paced global, technological, and social changes are rapidly expanding the scope, potential and uptake of the creative industries. As a result, there are increasingly blurred lines between industries and sectors, tools and channels, and markets and demand. The interaction of ideas, products, services, media, and the internet is becoming increasingly complex and disruptive. Ideas move faster now than they ever have, and digital disruption is forcing the invisible hand of the market, but the physical world still has several practical barriers. On the one hand, the digital age is revolutionizing the marketplace and democratizing access on both commercial and consumer ends. On the other, unequal geographic balance of trade, logistical roadblocks, policy gaps, and inadequate infrastructure persist, limiting access to these goods and services.

9.6 Physical and digital markets

The free movement of goods is a telling example. Today, it may be easier to sell a creative product online, but in many developing countries it is still difficult to get that product from A to B. The 2018 UNESCO Global Report highlights that “in the Global South, despite advantages resulting from mass adoption of mobile broadband, many countries lack infrastructure and are unable to consolidate a market for cultural goods and services in the digital environment”. UNCTAD has noted that many small businesses, including creative ones, face many challenges in reaching export markets, accessing services such as logistics for shipping goods abroad, knowledge of regulatory requirements in the exporting and importing countries, and trade finance (UNCTAD e-commerce Week Summary, 2018: 31).

9.7 The sharing economy

The ‘free flow’ challenge is also an opportunity. In both developing and developed economies, it has spurred the growth of digital downloads and video-on-demand services in the music and film industries respectively. It has also extended the emerging ‘sharing economy’, in which access to goods and services are facilitated by a community based online platform. While still a new phenomenon in developing economies, if channelled positively, these disruptions can lead to early adoption, and perhaps even adaptation of technologies and innovations to craft solutions appropriate for developing contexts.

9.8 Shift from creative goods to creative services

Another example is the shift from production of creative goods to delivery of creative services, a trend which is poised to accelerate. This aligns with a global shift toward services as industrial and agricultural outputs decline in developed and developing economies respectively (UNCTAD, TDB, 2017). A case in point is the publishing industry and newspapers. Newspapers, originally considered a creative good, have flipped to offering a creative service, as online media outlets expand driven by digital news subscriptions and online advertising. Similarly, the music industry, which for decades focused on hardware, tapes and CDs, has transitioned to digital downloads and online streaming, also a creative service. These shifts are not without knock on effects – often impacting the nature of work, ownership, and particularly in the creative industries, royalties. As we move toward a more connected, integrated, and creative future, these are a few of the metatrends on the horizon.

9.9 The digital economy and 4IR

The symbiosis between the creative and digital worlds should come as no surprise. Creative content interlaces with, and gives visual life to, the digital world. It thus stands to reason that the digital environment would be the fertile ground from which a more integrated, synchronized creative economy could operate, by pulling on the many levers of the creative industry: writing, design, video, software, music, publishing, photography, performance art, games, research and development (R&D), among others (UNCTAD IER, 2017). Attached to this digital-creative economy nexus are advances in big data capture and analytics, augmented reality (AR), artificial intelligence (AI), virtual reality (VR), blockchain, digital marketing and online advertising, to mention a few (see WEF, 2017).

9.9.1 **Artificial intelligence (AI) is changing value chains for creative content from start to finish, which is having positive and negative impacts on society.**

AI helps creators more effectively match content with audiences by learning and classifying users' preferences, thus enabling providers to recommend specifically tailored content. AI is being used to create content in creative industries, including music, art, fashion and film. It can likewise aid production by performing tasks that are too difficult or time-consuming for humans. These positive advances are disrupting value chains across creative industries, but they also have negative impacts. For example, disinformation and misinformation on social media are exacerbated by algorithms that encourage viral sharing. As a result, the appropriate level of responsibility of AI developers is being debated.

9.9.2 **Augmented and virtual reality (AR/VR) can transform storytelling and the way content is experienced, but business incentives to do so may not fully align with individual well-being.**

AR and VR – immersive technologies – can dramatically alter the experience of content consumption. They have the capacity to promote new and meaningful feelings, skills and understanding, which can make content more powerful than when presented through traditional media. As the cost of immersive technology decreases, creators are enabled to redefine storytelling and narrative content in an entirely new medium. In the current environment, consumers are spending an increasing amount of their leisure time using screen-based devices. Given that immersive technology has the potential to be more engaging and capture more intimate personal data from users, there are risks that the business incentives of developing immersive media may run counter to practices that protect individual well-being.

9.9.3 **Creative industries and the platform economy are converging, redefining the relationship between creators, publishers and technology companies, and introducing difficult governance issues.**

Publishers can use technology to expand audiences, but technology platforms – companies that match businesses with customers – also have a large impact on the way content is discovered. A few providers are responsible for the majority of referral traffic, and just five companies take in almost 80% of global mobile advertising revenue. This is redefining the relationship between publishers and platforms. As platforms become more involved in editorial decisions (influencing and deciding what type of content is seen and why), publishers' accountability moves towards technology platforms. Frameworks for governing this new dynamic are not yet sufficiently developed.

9.9.4 **Blockchain is the least advanced of all the technologies – while it holds promise for creative industries, it requires further development.** Blockchain is exciting many creators because of its potential to change the control artists have over their work, in particular remuneration, production rights, third-party monetization and data transfer of creative work. However, not enough use-cases exist to be confident in the ability of the technology to promote positive change. In addition, the costs of developing these use-cases, in terms of resources and inertia, may be too high to be feasible for creative applications.

9.9.5 **Multistakeholder collaboration is required for change to be effective.**

There are reasons to be excited by the adoption of emerging technologies in creative industries, but also some negative implications that are worth considering. Initiatives exist that try to mitigate harmful outcomes, but addressing them in isolation may leave important voices out of the conversation. The World Economic Forum is providing a platform for the public and private sectors, as well as academics and civil society, to come together and address the issues holistically. In many cases the Forum's Centre for the Fourth Industrial Revolution is at the forefront of the discussions. At the same time, there is always room for more informed debate, and recommendations of where attention could be concentrated have been provided for each technology

9.10 SWOT analysis

9.10.1 Strengths

- Deep and diverse culture, arts and heritage and a multiplicity and fusion of genres that create a particular identity in the international market place.
- Strong industrial and enterprise base across the cultural creative industries value chain, from creation to production, distribution and broadcasting.
- Wide range of institutions and organisations representing most creative industries sectors, including well-established collecting societies generating more revenue than any other African collecting societies.
- Strong and growing independent creative industries sector with a growing number of small to medium size businesses across the value chain.

9.10.2 Weaknesses

- Although South Africa's creative industries talent is drawn from all over the country, the industry is concentrated in the three major cities namely Johannesburg, Durban and Cape Town; with the vast majority of enterprises, facilities and infrastructure as well as industry organisations based in Gauteng.
- There is a critical lack of qualitative and/or quantitative information about the condition of the creative industries across the different Provinces, with most research having focused on Gauteng, Western Cape and KwaZulu-Natal.
- Export incentives are geared largely to the export of goods than services making it difficult to support the export of creative industries as a service
- Limited bandwidth and access to the internet limiting the growth of digital sales

- Limited research and generation of knowledge on the South African Creative industries, as well as the intellectual property developments.
- Lack of financing vehicles responsive to the creative industries for various needs ranging from financing for creative industries equipment and infrastructure, as well as promotional, distribution and marketing costs.
- Limited access for the independent local creative industries products to specialised production and post-production infrastructure, performance opportunities, broadcast and retail distribution networks.
- Lack of formalized training programmes in creative industries business skills and IP and thus many creative industries entrepreneurs do not know how to manage and run their creative industries enterprises, nor how to monetise their intellectual property.
- The industry is dominated by male ownership and employment, especially where value is added to creative industries services and goods.
- Negotiations for contractual arrangements in the sector reveal a lack of professionalism and the inaccessibility of support actors such as lawyers and managers to creative enterprises.
- While much attention has been given to the development of copyright protection policy and legislation, a lack of consideration of the institutional capacity available to apply, monitor and enforce this legislation and collect copyright payments from users, tends to limit their value and contribution.
- Stakeholder and coordinating bodies are institutionally weak and/or operate within limited and partial frameworks. Some coordinating bodies also lack adequate legitimacy to operate as representatives of the creative industries.

9.10.3 Opportunities

- Digital Migration and the emergence of new distribution channels requiring vast amounts of content and products
- Rapid growth of online distribution methods and growth in usage and ownership of various forms of digital audio platforms, including online radio, iPod/MP3 players, and mobile phones with a high penetration in the population.
- Growing demand for South African creative industries products and services in international markets
- Competitiveness in hosting Global Events

- Multi-cultural and trans-regional festivals have an auspicious role to play in developing new markets for local and regional artists and their products across the region.

9.10.4 Threats

- A high percentage of creative industries products released and distributed in South Africa consists of imported material with shelf space in wholesale and retail platforms geared towards this imported content thus extending and entrenching the market domination of imported content

- Access to international markets for creative industries services is constrained by high costs of travel and accommodation, visas and work permits.

- High distribution costs and the profit sharing formula between distributors and the producers favour the distributors and generally shift all the risks to the producer making it especially difficult for independent and previously disadvantaged producers to access these distribution networks

- Piracy, both in physical and digital formats, as well as elementary copyright infringement and protection, remain a key concern of all in the industry.

- Royalty collection, not only through organisations, is challenging and not as effective as it could be. The lack of income through copyright collection for artistic creation and the production of creative industries services and goods is a disincentive to creators, producers and investors to increase trade and investment in this sector.

- Lack of social security framework for artists, making their security highly precarious wherein on one hand their share of revenue is limited and on the other they are considered as independent contractors thus excluding them from accessing the rights and benefits afforded by the South African Labour Relations Act

10. POLICY OPTIONS AND INTERVENTIONS

The cultural value of cultural goods and services gives the creative industries their most distinguishing characteristic. Given their very close connection to the communities that create them, it is given that the primary users of these products would the communities wherefrom the products originate from; it is within these communities first that they are shared and traded. Both UNESCO and UNCTAD have placed a strong emphasis on local demand and consumption of cultural and creative industries, but the South African Creative economy has been dominated by foreign content. With Creative Industries being driven by creative workers who provide content for transmission and distribution through technology, the over-supply of creative content from foreign providers directly impact on the ability of the local creative industry to create, support and sustain local jobs. The following critical issues require policy and strategic intervention to ensure the growth and development of the Creative Industries:

- Intellectual property rights: to protect creators interests and stimulate international trade; a balance between IPRs and the public sector; transparent copyright systems
- Local Content and Domestic demand and consumption: The stimulation of domestic demand and consumption is central for the development of the Creative Industries and their contribution to economic growth and job creation. A range of policy and strategic tools ranging from local production incentives, tariffs, government procurement, as well as local content quotas are required
- Fiscal regimes: fiscal benefits for the creative industries; possibilities for tax exemptions
- Monetary policies: support policies for financial institutions to provide support for creative industry businesses; grants to creative arts;
- Competition laws: policies for fair competition; strengthen the creation of cultural enterprises
- Labour and social laws: creative industry need to be recognised as full careers; establishing law to protect and support creators; support of non-formal businesses; support for artists organisations
- Export markets: development of quality exports of creative goods and services
- Creative clusters: a national and regional creative cluster strategy should be used and network independently functioning units; synergy between creative industries needs to be encouraged
- Entrepreneurial skills: development of skills in the creative industries; provide education and training
- Institution of effective data-collecting measures: internationally it is recognised that data-collection on the creative industries is lacking and inefficient

11. COVID-19: FRAMEWORK FOR RAPID AND SUSTAINED RECOVERY

DSAC drafted a COVID-19 recovery plan in 2020. The plan ensures both the development of a sustainable recovery and repositioning of the South African Cultural and Creative Sectors and applies the following design principles:

- Address both the COVID-19 induced demand- and supply-side failures;
- Address immediate distress while ensuring medium to long-term sustainability of the sector;
- Reposition the sector to increase its competitiveness and comparative advantages at local, national, regional, and global levels;
- Demonstrate a quantifiable contribution of the cultural and creative economy to national economic growth and development as well as social cohesion towards nation building. towards recovery and repositioning;
- Mitigate the potential impact of similar future events; and
- Communicate economic importance of the sector.

The plan includes Stabilisation; Consolidation and Expansion phases.

Interventions include:

- Loans for creatives who have had to sell equipment to survive during the lockdown;
- Support online platforms;
- Crowd funding to support creatives;
- Provide training - online training for freelancers to get business skills;
- Purchase of books by libraries;
- Define legal contracts between freelances and principals e.g. a WhatsApp message agreeing to "employ a freelancer according to industry terms" should be made an enforceable contract

This plan can be seen as a precursor to this masterplan. Many of the interventions in both Consolidation and especially in the Expansion phases have been captured in the masterplan.

12. VISION AND STRATEGIC OBJECTIVES

12.1 Vision 2040

The Vision of this Masterplan is to have a:

> *Globally competitive, innovative, sustainable, vibrant and transformed Creative Industry that creates prosperity for creatives, entrepreneurs and broader society.*

12.2 Mission

The Mission of the Masterplan is to establish and strengthen:

> *A social compact that supports the development of a flourishing and competitive Creative Industry that enhances sustainable inclusive economic*

growth, creates quality employment, promotes transformation and contributes to sustainable economic development, while enriching lives, celebrating national identity and cultural diversity, contributing to nation building and social cohesion.

12.3 Goals

This strategy envisages attaining the following goals by 2040:

- A globally recognised representative and competitive Creative Industry.
- A growing talent pipeline with quality skills development, including professional education and training for the Creative Sector at all levels of the value chain while stimulating opportunities for innovation, the nurturing of talent and professionalism.
- A transformed creative and innovative Creative Sector that develops and exploits its own IP.
- A Creative Industry that has access to competitively priced inputs (including priced raw material, 4IR-ready technology, finance, and information)
- A supportive and just legal and regulatory framework across all three spheres of government that promotes economic reward and the ease of doing business in the CI..
- An equitable and inclusive access to affordable, fit-for-purpose infrastructure (including but not limited to ICT infrastructure, digital platforms, production and distribution facilities, and cultural infrastructure) for the Creative Industry.
- World-class Creative Industry clusters.
- Professional, accountable and inclusive institutions and businesses at all levels of the Creative Industry's value chains.
- Increase visibility of, and access to markets by the South African Creative Industry at local, regional and international platforms (using *inter alia* Cultural Diplomacy).

The sub-sectoral visions and targets are discussed in Section 6.

12.4 The Strategy Context

12.4.1 Vision 2040

Vision

The National Development Plan envisions the arts and culture in 2030 thus**:**

"As artists we express and celebrate, we expose and nurture, we explore, Shift and change frontiers. Our philosophies and stories have enriched the world. We respect ability, competence and talent. Now our economy is growing. We are connected by the sounds we

hear, the sights we see, the scents we smell, the objects we touch, the food we eat, the liquids we drink, the thoughts we think, the emotions we feel, the dreams we imagine. We are a web of relationships, fashioned in a web of histories, the stories of our lives inescapably shaped by stories of others."

In pursuit of the NDP vision of the arts and culture sector, the Vision of the Createie Industries Masterplan is to have a:

Option 1

"A dynamic and globally competitive South African Creative Industry, characterised by tradition, diversity, creativity and innovation, as well as inclusive growth, decent employment and equity, built on the full potential of all citizens".

Option 2

Globally competitive, innovative, sustainable, vibrant and transformed Creative Industry that creates prosperity for creatives, entrepreneurs and broader society.

12.5 Mission

The Mission of the Masterplan is to establish and strengthen:

A social compact that supports the development of a flourishing and competitive Creative Industry that enhances sustainable inclusive economic growth, creates quality employment, promotes transformation and contributes to sustainable economic development, while enriching lives, celebrating national identity and cultural diversity, contributing to nation building and social cohesion.

12.6 Goals

This strategy envisages attaining the following goals by 2040:

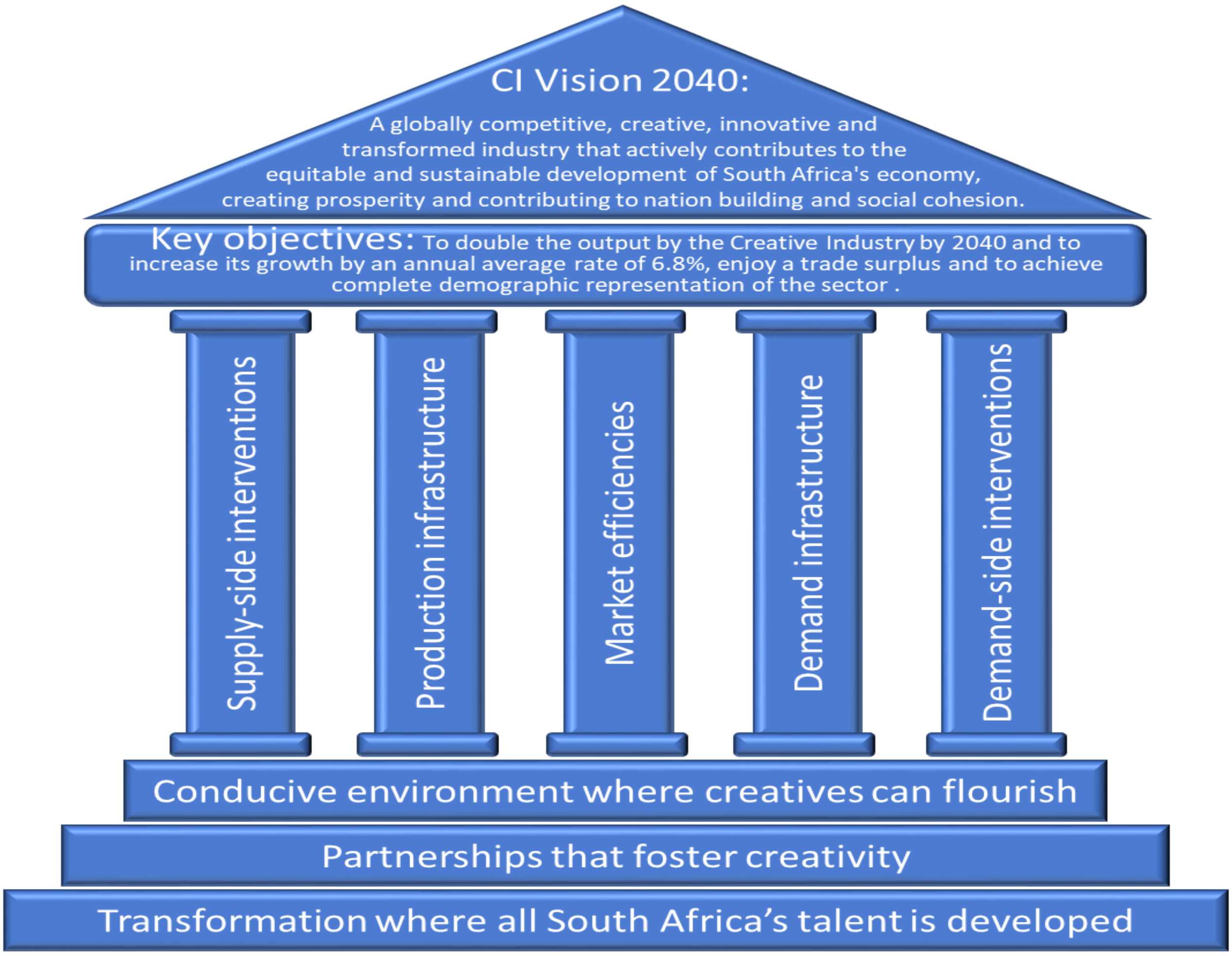
- A globally recognised representative and competitive Creative Industry.
- A growing talent pipeline with quality skills development, including professional education and training for the Creative Sector at all levels of the value chain while stimulating opportunities for innovation, the nurturing of talent and professionalism.
- A transformed creative and innovative Creative Sector that develops and exploits its own IP.
- A Creative Industry that has access to competitively priced inputs (including priced raw material, 4IR-ready technology, finance, and information)

- A supportive and just legal and regulatory framework across all three spheres of government that promotes economic reward and the ease of doing business.
- An equitable and inclusive access to affordable, fit-for-purpose infrastructure (including but not limited to ICT infrastructure, digital platforms, production and distribution facilities, and cultural infrastructure) for the Creative Industry.
- World-class Creative Industry clusters.
- Professional, accountable and inclusive institutions and businesses at all levels of the Creative Industry's value chains.
- Increase visibility of, and access to markets by the South African Creative Industry at local, regional and international platforms (using *inter alia* Cultural Diplomacy).

13. MASTERPLAN PILLARS AND KEY ACTION PROGRAMME

Realising the masterplan's aspirational vision and associated objectives requires infrastructure, institutional coordination, as well as a range of policy, regulatory and programmatic interventions. Good local and international practice has identified critical focus areas for the CI masterplan.

There are three foundational components and five pillars that have been identified as key focus areas to be actioned through to 2040. It has been argued that creativity is something that can either be developed or is part of an individual. Irrespective of which view is held, South Africa has an abundance of creativity and talent and people with the ability to develop these characteristics. It is incumbent on parents and teachers in early childhood development as well as basic education to nurture these to develop a creative class in South Africa. This masterplan recognises that Creative Industry sectors are not homogenous but rather represent a variety of companies and creative genres. This plan brings together all the role players that are associated with Creative Industry, from the creatives to the technicians as well as entrepreneurs. This plan also recognises that different creative sectors have very specific needs and that while some interventions can be centralised, most actions need to be sector-specific.


CI Vision 2040:
A globally competitive, creative, innovative and transformed industry that actively contributes to the equitable and sustainable development of South Africa's economy, creating prosperity and contributing to nation building and social cohesion.
Key objectives: To double the output by the Creative Industry by 2040 and to increase its growth by an annual average rate of 6.8%, enjoy a trade surplus and to achieve complete demographic representation of the sector .
Supply-side interventions
Production infrastructure
Market efficiencies
Demand infrastructure
Demand-side interventions
Conducive environment where creatives can flourish
Partnerships that foster creativity
Transformation where all South Africa's talent is developed

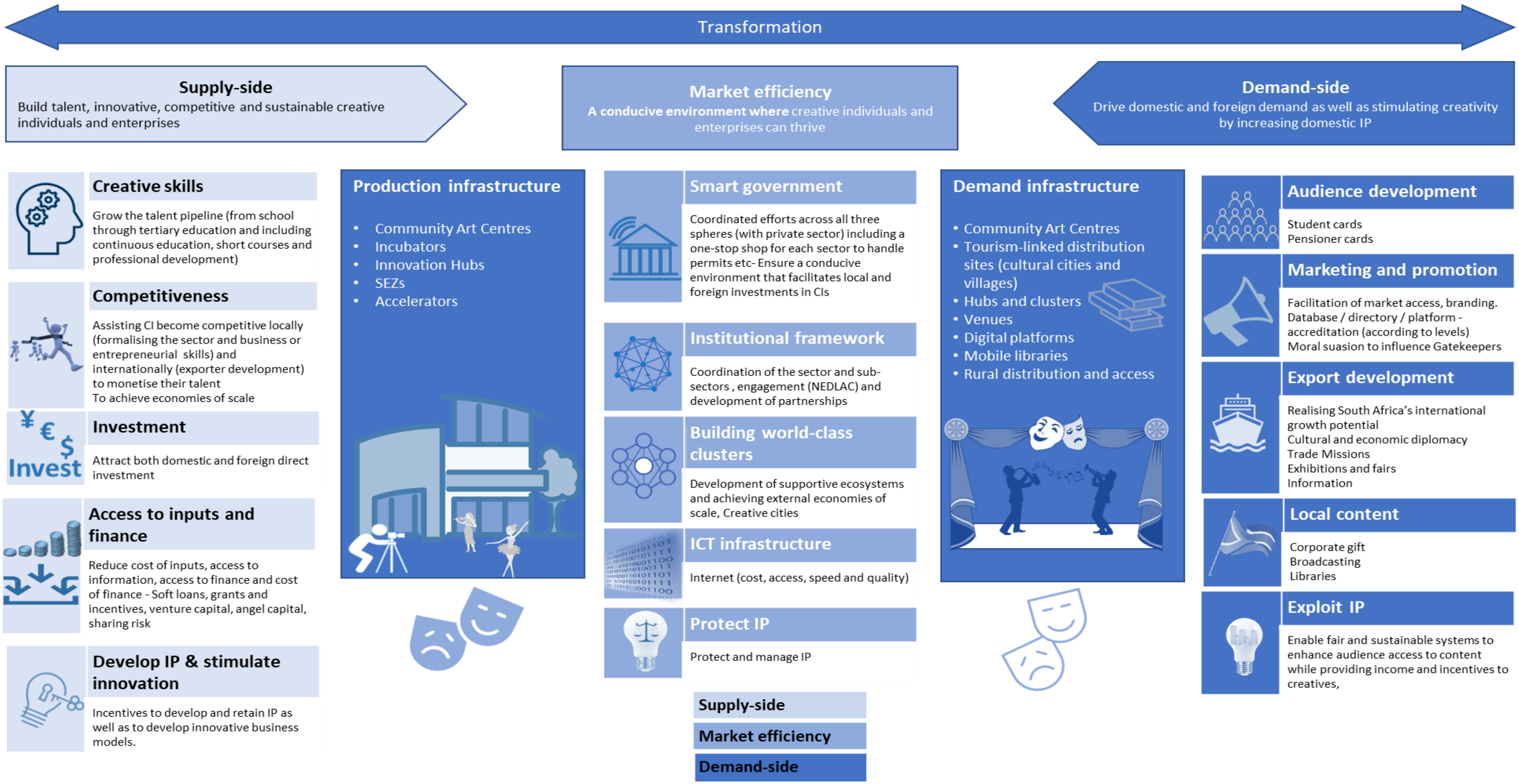


FIGURE 4: THE CREATIVE INDUSTRY STRATEGIC INTERVENTIONS

13.1 Sector Targets

Setting targets for the creative industry and its subsectors is not an easy task. The very nature of the industry makes it dynamic and subject to rapid changes. The impact of COVID-19 was particularly devastating to the industry, especially those sectors that required face-to-face interactions. Government had to play a very cautious balancing act between keeping the economy going and keeping people safe. While many sectors were able to continue because they were of such a nature that they could operate remotely, other sectors were devastated.

The most recent SACO mapping study showed that the GDP contribution of the CCIs had grown on average at 2.4% per annum between 2016 and 2018 (measured in constant prices). This is more than twice as fast as the South African economy as a whole, which grew an average of 1.10% p.a. over the same period.

It is important to note that there are significant differences between both the sizes and the growth rates of the different sectors, as shown in Section 3. Larger sectors, like Design, and Publishing and Printed Media, had lower growth rates, while some of the smaller sectors (like AV&IM, and Visual Arts and Crafts) grew faster, but off a lower base. Unfortunately, these two sectors were also the most negatively affected by the COVID-19 shutdown.

TABLE 6: CURRENT GROWTH RATE IN GDP CONTRIBUTION PER ANNUM

Growth rate in GDP contribution per annum	GDP growth rate between 2016 and 2018 (%)	Post-COVID recovery projected growth rates
Visual arts and crafts	5.3%	5.5%
Audio-visual and interactive media	5.2%	5.5%
Performance and celebration including music	3.4%	3.5%
Publishing and printed media	3.1%	3.0%

Based on the mapping study data, the assumption was that the sub-sectors would, post-COVID-19-recovery, return to at least their 2018 annual growth rates, and that some sectors that are well-positioned to take advantage of the increasing shift to digital, like Design, would increase their growth rate.

TABLE 7: TARGET GROWTH RATE IN GDP CONTRIBUTION PER ANNUM

KPI – GDP per sector (Rm)	2018 Baseline	2021 COVID	2040 Objective	Change	Average Annual % Change
Visual arts and crafts	2,294	1,273	5 700	3 406	4.4%
Audio-visual and interactive media	8 530	4,717	21 195	12 665	4.4%
Performance and celebration including music	5,187	2,303	9,309	4,122	2.9%
Publishing and printed media	10,168	6,497	16 806	6 638	2.5%

These, relatively conservative, projections would see the creative industry grow from contributing R10,16 billion to the economy in 2018, to contributing R16,8 billion (in real terms) in 2040 – an increase of 65%. This gives an average annual growth rate of more than 3% for the creative industry as a whole, even allowing for recovery time from the COVID-19 restrictions.

14. KEY ACTION PROGRAMME

14.1 Key Action Programme 1: Improving access to Finance and Investment

Objective

Enable access to finance, investment and incentives for operational costs to improve overall business capacity and financial viability.

Nature of the Intervention

The programme will aim to encourage capital investment as well as financing into the industry to meet various financing needs across the creative industry value chain. The programme will also provide appropriate business support mechanisms to improve financial and business capacity of creative enterprises. The programme will also ensure accessibility especially for creative enterprises and individuals that are not based in the traditional hub of the creative industry of Johannesburg, Cape Town and Durban. The programme will aim to:

- Support and incentivise research and development of banking products and underwriting instruments suitable and response to the creative industry
- Provide financial support through incentives, loans, and grants for creative industry enterprises and encourage private investors to invest and offer credit to the creative industry.
- Establish financial business support services (planning, advice, marketing, and training) to creative industry enterprises across the value chain.

Economic Rationale

Access to working capital, credit and equity is often limited for many companies in the creative industry, resulting in high percentage of survivalist enterprises in this sector. The lack of investment capacity affects the ability of the industry to be able to innovate and adopt digital technologies, close the gaps and let alone fulfil critical agendas for conducting their traditional business in current challenging times. Although there are new innovative cost- effective technologies, the cost of producing creative is still significantly high especially for emerging previously dis- advantaged creative makers and performing artists.

Outcomes

- Increase in the number of available creative incentives, investment and finance packages
- Increase in the number of enterprises accessing investment and financing incentives and packages
- Increase in the number of “investor-ready “enterprises
- Increase in the number of successful creative business that are financially viable and stable

Obstacles to Implementation

- Intellectual property is an intangible asset and thus investors and financers are averse to investing in this type of asset as they consider it to be of a risky nature
- Creative and creative enterprises lack creative business and IP management skills and thus many creative entrepreneurs do not know how to manage and run their creative enterprises, nor how to monetise their intellectual property.

Interventions to Remove Each Obstacle

- Research and develop appropriate financing and investment packages for the creative industry in collaboration with financing and investment companies and agencies
- Lobby the private banking sector to introduce appropriate financing and investment packages for the creative industry
- Support the provision of enterprise and IP management services to the creative industry.

Levers Required

- Collaboration with financing institutions
- Review of existing Government Incentives to support service based industries such as the creative industry.
- Collaboration between the DTIC, DSAC, DOC and IDC to prioritise financial support for the creative industry

Resources required (from a Zero Base)

Approximately **R 50m** per annum to incentivise the financing of creative enterprises and projects directly and in partnership with investors is proposed. The development of tax incentives similar to the tax rebate for films is also proposed.

Key Milestones

- A feasibility study to develop financial instruments and financial services that fit the business model applicable to creative enterprises is undertaken
- An investment proposition to encourage investors and banks to offer finance, loans as well as financial services to creative enterprises developed, thus reducing the risk associated with creative enterprises.
- Existing Government incentives are leveraged or amended to support and incentivise the financing of creative industry enterprises across the value chain.
- Section 12o Tax Rebate for film productions amended to include large-scale creative productions such as musicals
- Facilitate, promote and market NEF/IDC financing to grow Black owned creative companies across the value chain into major creative enterprises
- ISP for emerging creative enterprises across the value chain
- Facilitate, promote and market SEFA financing to emerging creative enterprises across the value chain

Status

MILESTONE	**STATUS**	**TIMEFRAME**
A feasibility study to develop financial framework and financial services that areapplicable to creative enterprises.	Terms of reference developed and project will be undertaken in the 2022/ 23 financial year.	**2022/23**
Existing Government incentives are leveraged or amended to support and incentivise the financing of	DSAC is partnering with DSBD on the craft customized sector programme to drive capacity	**2023- 2025**

creative industry enterprises across the value chain.	building and market access interventions	
Section 12 Tax Rebate for film productions amended to include large-scale creative productions such as musicals	Rescussitating the Davis commission on tax incentives	**2022-2024**

Lead Departments/Agencies: DSBD, DTIC, DSAC, DOC

Supporting Departments/Agencies: IDC, NEF, SEFA

14.2 Key Action Programme 2. Product Development and Innovation

14.3 Key Action Programme 2.1: Product and Innovation Support

Objectives

To support the creation and production of innovative, competitive and uniquely South African creative content from all corners of South Africa.

Nature of the Intervention

The programme will aim to boost and increase the production of competitive and innovation local content.

The programme will also aim to:

- Support and assist independent and previously disadvantaged creative entrepreneurs to produce and supply dynamic and innovative creative content (songs, creative for video games, film scores etc.) for use across various platforms.
- Facilitate/encourage collaborations between local and foreign artists, songwriters, & producers, to enhance local creative content

Economic Rationale

South Africa has an abundance of talent and indigenous styles that can be used to develop and provide competitive and quality content not only to the domestic market but also to the international market. A limited number of South African creative have managed to break into the international market, but a concerted effort to support them in providing quality content is required to further grow South Africa’s share of the creative industry market.

Outcomes

- Increase in the number of interventions and programmers that support and develop local content and innovation
- Increase in the number of independent and previously disadvantaged creative entrepreneurs producing and supplying dynamic and innovative creative products for use across various platforms
- Increase in the number of collaborations between local and foreign artists, songwriters, & producers, that develop and produce innovative and new local creative content
- Increase in the number of digital content using local creative especially advertisements, films, animation and video games

Obstacles to Implementation

- Lack of support for product development and creation of new and innovative content, with most support programmes focused on the production phase
- Limited access to the latest technology for creative content creation

Interventions to Remove Each Obstacle

- Development of support programmes for creative creators and content development and innovation
- Support to increase access to latest technology for creative creation and creative collection digitization

Levers Required

- Collaboration of key departments (DTIC, DSAC, DBE, DHET)
- Creativity, Innovation as well as Compositional Techniques development programmes
- Support for the procurement of latest technology through SEDA Technology Programme
- Development of a proposal aimed at enabling and encouraging South African artist to enter into collaborations with international artists especially in Rock/Afro pop/Hip Hop and House creative.

Resources required (from a Zero Base)

Approximately **R15m per annum** should be allocated towards supporting programme through the existing and new schemes.

Key Milestones

Existing Government incentives are leveraged or amended to support and incentives creation and production local creative content as well as its use in other media

- Incubator programmes are created to support content creation through artist's residencies /incubators for local composers /producers as well collaborations between local and foreign composers/producers
- DSAC, NAC and NLB grants amended to support local content creation and production projects and programmers by individual composers/producers and development organizations
- The Film Incentive is amended to include additional benefit for the use of original South African music in Film, TV Series, Documentaries, Animation, Video Games and Advertising.

Status

MILESTONE	STATUS	TIMEFRAME
Existing Government incentives are leveraged or amended to support and incentives creation and production local creative content as well as its use in other media	Department has begun, through its MGE programme to influencing the creation and incentives for local content creation. This will be heightened through concerted effort in capacitating Community arts Centres, and civic organisations to produce more. NAC and NLB grants will to be amended and swayed towards local content creation	**2022/ 23**
Incubator programmes across the various arts disciplenes are created to support skills development	CCI institutions and organisations are supported to deliver tailormade programmes on behalf of the	Ongoing
The Film Incentive is amended to include additional benefit for the use of original South African music in Film, TV Series, Documentaries, Animation, Video Games and Advertising.	Lobbying for the incentive scheme on the possibility of expanding the scope of projects to be funded.	2022 - 23

Lead Departments/Agencies: DSBD, DSAC, DOC, the DTIC,

Supporting Departments/Agencies: NAC, NFVF, NLB,

14.3.1 **Action Programme 2.2: Manufacturing and Access to Technology**

Objective

- Enable access to infrastructure with latest digital technology especially recording infrastructure, soundproofing, stage, sound, lighting equipment and digital broadcasting support
- Grow local manufacturing of instruments, production and broadcasting equipment

Nature of the Intervention

This programme will aim to encourage investment into development of manufacturing across the creative value-chain; support partnerships with international creative equipment manufacturers; as well as support research and development for locally designed and produced creative technology, instruments and equipment.

The programme will also aim to enable access to infrastructure with latest digital technology for innovative and new converging technologies for the production of digital content that includes creative, animation and other digital content for use cross different platforms and medium.

Economic Rationale

Manufacturing in the creative industries especially creative and film has been neglected especially in developing economies. Aside from the traditional craft based production of creative instruments, the manufacturing of almost all creative instruments and equipment is based in the US, Europe and Asia. The potential for job creation in creative industry manufacturing is thus lost to countries in the South. South Africa imports and exports of instruments and equipment are substantial, but do not contribute to local work opportunities as the exports are not of goods that have been manufactured in South Africa. The creative industry has experienced some substantial technological changes in the ways in which creative is produced, distributed and consumed. The development of new formats has led to significant structural changes throughout the industry's value chain. With developed economies leading these development, the competitiveness of the creative industries of developing economies is further threatened and their market share most likely to dwindle unless interventions to fast-track the fast adoption and deployment of these new technologies are put in place.

Outcomes

- Increased investment into local manufacturing of instrument and equipment
- Establishment of a local creative instrument and equipment manufacturing industry for both international and local creative industry products
- Increased employment in manufacturing that support the creative industry
- Increase in the number of independent and previously disadvantaged infrastructure providers that have acquired the latest creative production and distribution and are able to provide quality services
- Increase in the number of facilities that can support innovative and new converging technologies for the production of digital content that includes creative, especially animation and video games.

Obstacles to Implementation

- Lack of existing manufacturing base of creative instruments & equipment in South Africa with the exception of indigenous instruments
- Perceived belief that there is not enough demand to warrant the need to manufacture instruments and equipment in South Africa

Interventions to Remove Each Obstacle

- Development of an investment proposition that focuses on local manufacturing of creative instruments for the local market but also aiming to manufacture for export into Africa.

Levers Required

- Development of a sound investment proposition in partnership with the IDC and TISA
- Collaboration with Provincial Economic Development departments; to provide support for independent and previously disadvantaged infrastructure developers.

Resources required (from a Zero Base)

A task team between various stakeholders including DSBD, DTIC and the IDC to jointly develop an investment proposition and implementation plan needs to be established. Approximately **R30m per annum** should be allocated to support the implementation of this programme through the below mentioned schemes

Key Milestones

- Scoping and feasibility study on the potential and capacity for the development of locally designed and produced creative industries instruments and sound production & broadcast equipment is undertaken.
- Local manufacturers are supported to manufacture locally designed creative instruments and sound production equipment through the Manufacturing and Competitiveness Enhancement Programme - MCEP.
- An investment proposition to attract foreign instrument and equipment manufactures to localise is undertaken and supported through the Manufacturing and Competitiveness Enhancement Programme (MCEP):
- Existing Government incentives are leveraged or amended to support infrastructure and technology development and transfer in the creative industry:

    - Facilitate, promote and market the Blended Finance and other financing options to Black Live Technical Production Companies to grow their competitiveness in supplying the live creative industry sector

    - Facilitate, promote and market the SEDA Technology Programme to enable access to new technology and equipment for creative enterprises

- Facilitate, promote and market NEF/IDC/SEFA financing capital expenditure projects for established and emerging creative enterprises respectively

Status

MILESTONE	STATUS	TIMEFRAME
Scoping and feasibility study on the potential and capacity for the development of locally designed and produced creative industries instruments/ and equipment (e.g Guitars & drums) is undertaken.	Commissioning a feasibility study on the production, preservation and manufacturing of indigenous and other instruments in collaboration with key role players (e.g Heritage; Dept of Science and Innovation, CSIR)	2023 - 2025
Existing Government incentives are leveraged or amended to support infrastructure and technology development and transfer in the creative industry:	Identify and Engage relevant stakeholders	2023

Lead Dept. /Agencies: DSBD, the DTIC, DSAC, DOC

Supporting Dept. /Agencies: IDC, NEF, SEFA, SEDA, CSIR, SABS

14.4 Key Action Programme 3: Domestic and international Market Development

Objective

To Increase South Africa’s share of both the local and global creative industry market

Nature of Intervention

This programme aims to increase the domestic and international demand and consumption of South African Creative Industry products and services by supporting and incentivising distribution and marketing of creative goods and services on all distribution platforms; as well as supporting and incentivising local and foreign creative venues to host and programme regular live creative performances and thus create regular work opportunities for artists across South Africa.

Economic Rationale

The global creative industry market has shown consistent positive growth over the last few years. The global recorded creative market experienced an increase in exports worldwide with trade flows in recorded creative in 2008 being around $26 billion, up 17% since 2002. Africa was only 0.06% of these exports in 2008, while developed markets make up the most of the trade and also accounted for the most imports as well. South African Creative industry continues to be dominated by foreign content. Investment and support for small to midsize venues and large festivals is therefore a critical intervention that would not only grow jobs in the creative and performing industries but also grow jobs in various direct and indirectly related industries. In order for South Africa's creative industry to remain sustainable there is a need to develop a strong local market presence as well as increase in penetration into export markets.

Outcomes

- Increase in volume of demand and consumption of locally produced creative products and services from across South Africa, on all domestic and international distribution and consumption platforms.
- Improved access to domestic and international distribution networks, wholesale and retail platforms and spaces
- Increase in the work opportunities available for the local creative enterprises and creative in both domestic and international markets
- Increase in cultural tourism and consumption of local creative goods and services by tourists

Obstacles to Implementation

- Limited access to live creative performance opportunities, broadcast and retail distribution networks.
- Limited and lack of appropriate equipment to enable live creative venues to support a sustainable and cost effective live creative performance programme
- Limited resources and budgets for promotional, marketing and distribution costs.
- Access to international markets for South African creative industry services is constrained by high costs of travel, visas and work permits.

Interventions to Remove Each Obstacle

- Development of new or amendment of existing Government incentives to support local and foreign creative venues to host regular live creative performances of South African creative, as well as support domestic and international South African creative performance tours.
- Development and implementation of a comprehensive creative marketing and distribution model for both local and international market access to stimulate the increased distribution growth of South African creative both locally and internationally.

Levers Required

- Collaboration of key departments namely the DSBD, DTIC, DSAC, DOC and agencies IDC, Proudly SA, Brand SA
- Proudly SA and Brand SA buy local campaigns
- New or amended Government incentives

Resources required

A budget of approximately **R30m per annum** should be allocated towards supporting this programme through the below mentioned schemes.

Key Milestones

- Support the DOC in increasing and monitoring local content quotas for broadcasters as per the recommendations of the Copyright Review Report
- Support the Department of Home Affairs in implementing work permit, visa as well as other requirements that ensure higher local content for international creative events hosted in South Africa.
- In conjunction with the DSAC, explore the introduction of local content quotas for state supported performing entities, events, venues, theatres, cinemas and other exhibition platforms for both products and labour
- Encourage business to procure local creative content services and goods by promoting the Local Procurement Accord to the creative sector
- The EMIA and SSAS schemes are amended to support exports of creative industry services in the form of international live creative productions, performances and tours, as well as a domestic live creative venues tour support through the SSAS projects funding.
- Facilitate, promote and market the Cooperative Incentive Scheme with a higher incentive threshold to support the establishment of marketing, distribution &retail cooperatives by independent artists, labels and creative distribution enterprises.
- Develop and implement a comprehensive South African creative marketing programme and campaign for both local and international market access in partnership with Proudly SA, Brand SA and South African Tourism.

MILESTONE	STATUS	TIMEFRAME
In conjunction with the DSAC, explore the introduction of local content quotas for state supported performing entities, events, venues, theatres, cinemas and other exhibition platforms for both products and labour	key milestones above are all still to be undertaken	2023 - 2025
Encourage business to procure local creative content services and goods by promoting the Local Procurement Accord to the creative sector	key milestones above are all still to be undertaken	

Lead Departments/Agencies: DSBD, the DTIC, DOC, DSAC
Supporting Departments/Agencies: IDC, Proudly SA, Brand SA, SA Tourism

14.5 Key Action Programme 4: Effective & Efficient IP Rights Management

Objectives

Develop a strong, regulated, fair and transformed creative industry that enables investment, IP monetisation and protection, as well as trade and economic growth in an equitable and socially responsible manner.

Nature of Intervention

Support for the development and implementation of an industry-wide global repertoire database and administration system with effective reporting, tracking, and monitoring of IP rights as well as the efficient and timely collection and payment of royalties to rights owners. It will also facilitate the development and use of equitable and fair standard contracts. The programme will also aim to:

- Support the development of collecting societies in Africa, especially SADC
- Develop strategies for combating IP piracy.
- Establishment of a system that facilitates, overseas and arbitrates the negotiation of contract and rates between employers and independent contractors
- Investigate and develop a social security system for creative

Economic Rationale

The ability to protect and own intellectual property is critical for the stimulation of new ideas, new concepts and new innovations. Royalty collection, not only through organisations, is challenging and not as effective as could be envisaged. Effective collection and reporting is critical across the full value chain. An industry wide monitoring, reporting and collections systems would improve the levels of royalties collected and distributed. The creative drive to conceptualise, create and produce new work is severely constrained and discouraged when an effective and efficient system or collection and distribution of royalties are not in place. Given the informal and temporary relationship between employers and creative as independent contractors, support for the development of alternative social security system is critical for artists to continue to be creative and contribute to society with assurance that their social security needs will be provided for.

Outcomes

- Royalties are effectively and efficiently collected from users and distributed to rights owners in South Africa, SADC and gradually in the rest of Africa.
- Contract and rates negotiations are regulated and agreements enforced
- Social security system for artists is supported

Obstacles to Implementation

- Limited research and generation of knowledge on Intellectual property.
- Lack of a widely adopted and enforced electronic royalty collection system

- Limitations in the South African Labour Relations Act wherein the relationship between creative and record companies is not regulate.
- Deficiencies in existing training programmes in educating creative entrepreneurs on how to monetise their intellectual property

Interventions to Remove Each Obstacle

- Commissioning of research on Intellectual Property
- Legal requirement as well as incentives for creative rights users to adopt and implement and industry agreed electronic royalty reporting and collecting system
- Liaise with range of institutions, starting with government departments, to develop strategies for combating IP piracy.
- Development of a system/model that facilitates, overseas and arbitrates the negotiation of contract and rates between creative industry employers and independent contractors
- Support for the development of effective IP regimes and royalty collecting systems in SADC and the rest of Africa

Levers Required

- Collaboration with affected Government Departments and Agencies as well as industry stakeholders
- Funding and incentives for the rolling out of an industry wide royalty reporting system.
- New or amendments to existing legislation to regulate employment and other relationships within the creative industry

Resources required (from a Zero Base)

A budget of approximately **R5m per annum** should be allocated towards supporting this programme.

Key milestones

- Support for the development and adoption by the creative industry of an industry-wide global repertoire database, reporting and administration system to enable efficient and regular collection and distribution of royalties.
- Undertake research on limiting foreign ownership of South African creative IP to 20% as is the case with Broadcast companies
- Explore the extension of the Copyright Tribunal to include the facilitation, oversight and arbitration of contracts, minimum rates and conditions between creative industry companies and independent contractors.
- Annual Audit of between five and ten contracts and accounts between various creative industry companies and independent contractors undertaken.
- A comprehensive strategy for combating IP piracy developed and implemented.
- Legislative, policy and technical support for the development of effective IP regimes and collecting societies in Africa, especially SADC facilitated
- Undertake research on the regulatory needs and requirements as well as standards across the creative industry value chain

- Support the Department of Social Development in the development and implementation of a Social Security framework for artists

Status	Timeline
Parliament had passed the Intellectual Property (IP) Law Amendment Act in 2013 so as to provide for the recognition and protection of certain manifestation of indigenous knowledge as species of intellectual property, and to amend certain laws so as to provide for the protection of relevant manifestation of protected works and rights. The promulgation of the IP Act, 2013 necessitate the process of amending the old copyright legislations thus the Copyright Act, 1978 and the Performers Protection Act of 1967 to align them with international treaties as well as to ensuring the protection of the rights of the creators of content in relevant areas. Two remitted Bills thus Copyright Amendment Bill and the Performers Protection Bill are currently being deliberated in Parliament for finalization of the concerns raised by the President in 2020.	Deliberation of the Copyright Amendment Bill and the Performers Protection Bill could be completed by end of the 2022-2023 financial year.
In addition to this two Bills Parliament has also promulgated the Protection, Promotion, Development and Management of Indigenous Knowledge Act (Act 6 of 2019). The aim of this piece of legislation is to provide for the protection, promotion, development and management of indigenous knowledge; to provide for the establishment and functions of the National Indigenous Knowledge Systems Office; to provide for the management of rights of indigenous knowledge communities; to provide for the establishment and functions of the Advisory Panel on indigenous knowledge; to provide for access and conditions of access to knowledge of indigenous communities; to provide for the recognition of prior learning; and to provide for the facilitation and coordination of indigenous knowledge-based innovation.	

1 Lead Departments/Agencies: DSBD, the DTIC, DOC, DSAC, DOL, DSD, CIPC
Supporting Departments Agencies: IDC, ICASA

14.6 Key Action Programme 5: IP, Technical and Creative Enterprise Skills Development

Objectives

Equip the Creative Industry with the leadership and skilled talent needed to build strong enterprises and to gain competitive advantage in increasingly global, competitive and dynamic markets.

Nature of Intervention

The programme will aim to encourage and to ensure high quality and relevant full time, part time as well as short term training to creative enterprises and individuals across South Africa by:

- Creating co-operative relations with Sector Education and Training authorities (SETAs), employers, providers and all government departments to ensure timely and relevant workforce training.
- Support for the development relevant and current creative industry information and course materials
- Motivate and drive the development of new qualifications and unit standards for emerging Creative economy skills needs
- Promote and support the integration of IP, Creative enterprise and management skills into creative industries sub-sectors especially creative qualifications at all higher institutions

Economic Rationale

Developing and attracting talent that is capable of exploiting the commercial value of its creativity is crucial to ensuring the economic success of a Creative Industry. In addition, the globalized and dynamic nature of the knowledge-based economy calls for a workforce that is flexible and capable of continuous retraining and upgrading as products, markets and demands shift constantly. Improving intellectual property and business skills in Creative enterprises will improve the ability of producers to take advantage of opportunities in the market place.

Outcomes

- Effective coordination of the provision of skills for the creative industry
- Timely and relevant workforce training delivered to creative workforce
- Relevant business training and support services for creative enterprises workers developed and incentivised

Obstacles to Implementation

- Lack of coordinated approach to creative business and creative industry skills development initiatives
- Lack of formalized training programmes in creative business skills and IP and thus many creative entrepreneurs do not know how to manage and run their creative enterprises, nor how to monetise their intellectual property.
- Few or no mentoring and internship opportunities especially in financial, management and business aspects of the creative industry.
- Limited research and generation of knowledge on the South African Creative Industry, as well and Intellectual property developments.
- Lack of industry led and supported skills development programmes as the industry consist of a few large companies and is largely SMME driven

Interventions to Remove Each Obstacle

- Liaise with range of institutions, starting with government departments, involved and concerned with creative education to design and develop skills programmes for IP and creative business.
- Increase co-ordination and networking with various role players and stakeholders in joint initiatives and flagship programmes for IP and Creative Business.
- Lobby for greater importance of IP and Creative business in creative education curriculum in both Further Education and Higher Education levels.

Levers Required

- Collaboration of key departments (DBE, DHET, DSAC, DOC, the DTIC) and agencies (MICT SETA, CATHSSETA)
- Funding from various sources for the implementation of learnerships, internships, mentorships and skills programmes through CATHSSETA and MICT SETA
- Implementation of IP and Creative Business curriculum in FET and HET creative programmes

Resources required

The creative industry consists of a large number of SMMEs most of whom are below the threshold for the contribution of the skills levy and thus are not able to access funding for skills development from the SETAs. Creative are also considered and treated as independent contractors and thus they would not be included in any skills programmes that would have been offered by record companies. Funding is thus required from key departments (DSAC, the DTIC) and DHET through the National Skills Fund in addition to the funding that may be secured from the relevant SETAs. A budget of approximately **R10m per annum** should be allocated towards supporting this programme.

Key Milestones:

- Creative Industry (Creative Industries) Skills Development Forum established consisting of representatives of relevant SETAs, Industry and Government.
- Support for the development relevant creative industry information and course materials especially for IP, Creative Enterprise and creative instrument and sound production equipment manufacturing.
- Skills programmes especially in IP, creative business skills and instrument and sound production equipment manufacturing facilitated, supported and funded through various sources including the relevant SETAs and the National Skills Fund
- Facilitate and support the integration of IP and creative business in the creative curriculum at both Basic and Higher Education levels.

Status

Status	Timeframe
DSAC supports various workshops initiated by the sector aimed at educating the practitioners about the importance of IP Rights and to understand the protection provided through the relevant legislation. Projects such as the South African Music Awards and the Moshito Music Conference and Exhibition have in the past palayed a significant role towards the provision of IP education session. However, more still needs to be done to ensure that practitiioners fully understand the rights.	Ongoing
While various programmes initiated by the sector are ongoing to educate practitioners about their rights, in the coming years, DSAC shall work with relevant institutions such as the Department of Higher Education & Training to ensure that IP educations is being institutionalised and or become part of the curriculum for the arts, culture and heritage qualifications.	

Lead Departments/Agencies: DHET, DBE, MICT, FPM and CATHSSETA
Supporting Departments/ Agencies: DSBD, the DTIC, DSAC, DOC

14.7 Key Action Programme 6: Support for research and industry coordination

Objective:

- The remit of research is to champion evidence, influence policy, share insight and build intellectual capacity across the arts, culture and heritage sector. It does so working across the breadth of cultural domains, including the arts, heritage, museums, libraries and archives and creative industries. To support and encourage systematic data collection and research to measure the growth and state of the creative industry and inform strategy and policy formulation by Government

Nature of Intervention:

Ongoing and reliable data on the state of the industry is important in order to measure the industry's success and growth. A coordinated effort towards industry development including collecting and analysing industry information and market intelligence will assist with planning and developing appropriate interventions for the development of the creative industry. The programme will also support the growth of creative industry bodies and associations and their sector development initiatives and programmes.

Economic Rationale:

Research essentially provides the economic data which shows the value of the creative economy

- It shows the potential of the sector and where the sector needs support to grow and realise its potential
- It highlights the contribution of the creative sector in 'hard' terms that policy makers in departments such as the Treasury understand.
- It can form the basis for 'evidence-based' policy
- It can be used to track the development of the sector and the success of interventions
- Mapping in particular, in the creative economy includes an assessment of key economic indicators such as employment and transformation, economic growth imports and exports.

Outcomes:

- To provide support to the sector by becoming a holistic repository, collector and developer of knowledge, information and evidence concerning the content, structure and dynamics of the ACH sector and creative economy in South Africa with a view to contributing to employment, poverty alleviation and sustainable development.
- To be South Africa's primary source of cultural statistics and key indicators to assess the value of the sector and track changes over time and make comparisons between difference evidence bases and to model evidence is such as way as to yield new insight.
- To analyze trends and to inform future policy and resource allocation decisions, measure the performance of the sector and allow global comparability

Obstacles to Implementation

- Lack of a coherent data collection and analysis framework for the creative industry
- Limited funding for creative industry research and surveys
- Lack of integration and co-operation within the creative sector

Interventions to Remove Each Obstacle

- Commission surveys and research as well as publish reports on trends and statistics on the creative industry
- Support industry associations and their industry development programmes.
- Motivation for Statistics SA to establish a satellite account for the Creative Industries

Levers Required

- Collaboration of key departments (DSBD, DTIC, DSAC, DoL, STATSSA, SARB)

- Technical support from UNESCO and UNCTAD in the implementation of the Framework for Cultural Statistics
- Funding for creative industry surveys, sector profile reports and other related research.
- Funding support for key sector association development programmes
- STATS SA support and agreement on the establishment of a satellite account for the Creative Industries.

Resources required

Approximately **R5m per annum** should be allocated towards supporting this programme

Key Milestones

- **2022/23-2025/26:** The South African Cultural Observatory housed either within the department or the sector entity will be the sector's research arm.
- **2022/23 – 2025/26**: A joint action plan between DSAC and Stats SA to pursue cultural statistics in the country as part of the National Strategy for the development of statistics.
- **2022/23 – 2025/26**: Two yearly surveys undertaken by STATS SA as well as the sector profiling and mapping studies undertaken through research organisations.
- **2024/25:** A Cultural & Creative Industries Satellite Account to be created by STATS SA

Status	**Timeframe**
DSAC has awarded five-year tender (2018/19 to 2022/23) to Nelson Mandela University (NMU) to advance the research work through the Cultural Observatory programme. The programme is in its final year in which NMU submit the produced reports to the department for approval and decision making.	Continuous
While the research programme is ongoing the department is working in migrating the cultural information system website from the service provider to either inhouse or to its entity so that the cultural information within website can be accessible beyond the contract period.	2022/23

Lead Departments/Agencies: DSBD, the DTIC, DSAC,

Supporting Departments Agencies: STATSSA, SARS, SARB, NRF, HSRC

14.8 Key Action Programme 7: Transformation

Problem Statement

South Africa is an unequal society which is reflected in the employment and ownership of the Creative Industry. The cultural economy also makes an important contribution to employment and transformation in South Africa. Cultural occupations are contributing to transformation objectives in South Africa. In 2017, 84% of people working in cultural occupations were black Africans (71.8%), coloured people (10.1%), or people of Indian or Asian origins (1.8%). Younger creative economy workers also tend to be more representative of the demographics of the country, which is further evidence of ongoing transformation. However, there is still a gender bias, with 59% of people working in the Creative Industry being men. A particular problem is the under-representation of young women in creative occupations. Research has also shown that the Creative Industry is less transformed (in terms of race and gender) when it comes to ownership (Snowball, Collins and Tarentaal, 2017).

In terms of employment, the mapping studies showed that by far the largest sector is Visual Arts and Crafts which accounts for 44% of people in formal and informal creative jobs. This sector is very important in that it provides a labour market entry point for women and people in rural areas. It has a high Labour to Capital ratio, meaning that investment in the sector is associated with more job creation than in other sectors. However, workers in Visual Arts and Crafts have by far the lowest average earnings of the creative economy sectors in South Africa. The next largest sector in terms of employment is Books and Publishing, at 14.5%, then Design and Creative Services (11.8%), Performance and Celebration (5%), and Audio-visual and Interactive Media (5%). This shows that some sub-sectors contribute a great deal in terms of GDP, but may be capital and skills intensive sectors, which means that they do not contribute as much in terms of employment.

Many of the means of production in the sector, dominated by Small, Micro and Medium Sized Enterprises (SMMEs), are still white-owned. Importantly, many of the enterprises that control the distribution, or select the creatives to be featured, are not promoting the work of previously disadvantaged individuals sufficiently so that creatives are representative of the South African demographics.

Another crtical segment of the CCI is the events, technical and production services industry (ETPSI), which been overlooked by government intervetions. A study conducted by Airlocked in 2021 confirms that “the role of the ETPSI Industry (CCI) is of enormous importance and stretches beyond the CCI and overlaps into other sectors such as Tourism, Business Conferences to name a few. This provides a unique opportunity for the trained youth to also find work in Tourism events and others such as Business Conferences”.

The report further stipulates that "ETPSI generate strong economic and social benefits, and it is being increasingly recognized as an important professional sector worldwide. ETPSI has a huge economic impact in the fields of the labour market, capital investment and public finances policy by creating income streams into the economy. The links between ETPSI and the number of other industries have expanded considerably and now ETPSI stands among the largest and fastest-growing industries in the global economy."

Objectives

- Foster a transformed and equitable creative and cultural industry.
- Redress for previously excluded entrepreneurs resulting in inclusion and greater ownership of the means of production, and participation in existing opportunities
- Encourage the transformation of the ownership and management of creative enterprises.
- Work towards transparent and comparable data that monitors gender equality, inclusion of people with dis-ability and youth in culture and creative sectors. The scope of data-gathering efforts to go beyond 'head-counting' to include information on gender pay gaps, sex-disaggregated cultural participation and intersectional barriers.
- Design and implement comprehensive gender transformative policies for creativity addressing systemic discrimination and structural inequalities in the culture sectors.
- Implement and enforce zero-tolerance policies to end harassment and abuse in cultural and creative industries.
- Promote and enforce occupational health and safety standards and well-being in the cultural and creative industries as a key cornerstone for the promotion of gender equality, artistic freedom and for the diversity of cultural expressions.
- Close the digital gender divide that disproportionately affects women and people with disabilities and work to promote equality in the digital cultural environment. This includes active measures to curb online harassment and abuse, most of which is directed at women and gender diverse creatives.

Nature of Intervention

This intervention aims to ensure that those in creative industry occupations must broadly represent the demographic profile of South African society (in terms of race, gender, and physical abilities), with this being evident across the full spectrum of creatives and creative enterprises, including artisans, professionals, management, executives and event technical production management. A key part of achieving this is the progression towards black majority ownership of creative enterprises. Grant-making bodies, like the National Arts Council and the National Film and Video Foundation, as well as other funders of the development and promotion of Black creatives, must be used to ensure a more representative sector. Given the Creative Industry's changing skills requirements as the sector pivots to digital platforms in the 4IR, education and skills development must remain a priority. This will ensure that technical and advanced management skills are transferred into the South African economy.

Scarce skills and those skills that are in demand in each of the creative industry sectors have been identified together with proposals to address these through short courses, degrees and diplomas, and Continuous Professional Development (CPD). Special attention can be given to those students and potential students who come from groups that are not adequately represented.

Public sector procurement and funding should be used to drive demand for creative goods and services produced by under-represented groups. This would include public distribution and commissioning channels, such as the South African Broadcasting Corporation (SABC), public libraries, diplomatic gifts, and the South African Art Bank, among others. Such entities must report on the measures they are taking to ensure that the work done by Black creatives, women and people with disabilities is being promoted.

Economic Rationale

A challenge faced by the creative economies of many countries is that the short-term, project-based mode of production in the sector means that much production is undertaken by freelancers who have little job security and unclear career progression. In addition, "being known" through networking and reputation, is a vital part of securing employment. In many parts of the sector, serving as a low-paid intern or volunteer is necessary to be recognised as a "work ready" graduate. These factors make the Creative Industry difficult to enter for people from working class backgrounds, who need to be able to support themselves and others from their earnings. A key part of creative industry transformation is thus finding ways to build paid internships and work experience opportunities into training, and in supporting freelancers.

Key milestones

- Develop provisions for sector codes transformation in all the creative sectors

- Awareness campaigns to educate and inform creative enterprises and employers about their responsibilities towards all workers and service providers under the Employment Equity Act and the BBB-EE Act implemented
- Develop and implement education and information campaigns around issues associated with discrimination in the cultural industries and measures to combat discrimination.
- Monitoring report on strict compliance with the Employment Equity Act and the BBB-EE Act by Developmental Finance Institutions and Cultural Funding Organisations

- Policy and legislation on the regulation or independent contracting developed with the primary aim of improving national data collection on types and structures of self-employment and to ensure resources are distributed more equally to those in different types of employment, including giving independent contractors better access to benefits such as sick pay and parental leave.

- Industry Organisations should monitor employee, workforce, and commissioning data, and set targets to deliver creative diversity. This must include the independent contracting workforce.

- Implement the YES and EPWP programmes to enable more young people in townships and the rural areas to be employed in creative industries enterprises. The use of unpaid interns should be discouraged.

- To bring about the required transformation, which should bring about the desired inclusion of previously excluded role players as outlined above, government must lead a concerted effort to enable access.

Milestone	Status	Timeframe
Development of a B-BBEE Sector Code for Events Technical Production Service Industries.	**Phase 1:** Webinar- National Consultations were conducted in October 2021. Draft 1 of the Sector Codes has been developed for circulation to the sector for Phase 2 National Consultation. A survey was conducted to establish an understanding of the background and current dynamics of the sector which will form part of the Transformation B-BBEE Sector Codes , as background.	It is envisaged that Phase 2 will be concluded by July 2022.

	Phase 2: Physical: National Consultations will be conducted with stakeholders invited from all 9 provinces. Draft 2 of the Sector Codes will be produced at the end of the National Consultations	
Theatre and Dance policy 1st and 2nd drafts	Theatre and dance development process. Commemncement of provincial policy roadshows. Final policy to be adopted and	Ongoing

Lead Departments/Agencies: DTIC, DSBD, DHET

Supporting Departments/Agencies: FP&MSETA

14.9 Key Action Programme 8: Support for research and data collection

Objective

To support and encourage systematic data collection and research to measure the growth and state of the creative industries and inform strategy and policy formulation by Government

Nature of Intervention:

Ongoing and reliable data on the state of the industry is important in order to measure the industry's success and growth. A coordinated effort towards industry development including collecting and analysing industry information and market intelligence will assist with planning and developing appropriate interventions for the development of the creative industries. The programme will also support the growth of creative industries bodies and associations and their sector development initiatives and programmes.

Economic Rationale:

Improving information & intelligence sharing and co- ordination will contribute to the development of interventions, strategies and solutions based on industry and economic intelligence with much better chances of successful results. On-going and reliable data on the state of the industry is also important in order to measure trends and provide forecast for growth. Strong industry organisations are critical for industry growth as well as engagement with Government. Coordinated action by the industry as a whole will contribute to even better impact on exporting South African music amongst other interventions.

Outcomes:

- Improved state of the creative industries through effective data and research collection
- Increase in awareness of international trends and new initiatives that will have an impact on the quality of local music product and community.
- Regular creative industries trade publications produced
- Existing creative industries bodies and associations supported and accredited as joint action groups, or Export Councils

Obstacles to Implementation

- Lack of a coherent data collection and analysis framework for the creative industries
- Limited funding for creative industries research and surveys
- Lack of integration and co-operation within the music sector

Interventions to Remove Each Obstacle

- Liaise with range of institutions, starting with government departments, to review, pilot and implement the UNESCO Framework for Cultural Statistics
- Commission surveys and research as well as publish reports on trends and statistics on the creative industries
- Support industry associations and their industry development programmes.
- Support for SASREA, OHS & COVID-19 compliance including PPE

Levers Required

- Collaboration of key departments (DSBD, dtic, DSAC, DoL, STATSSA, SARB)
- Technical support from UNESCO and UNCTAD in the implementation of the Framework for Cultural Statistics
- Funding for creative industries surveys, sector profile reports and other related research.
- Funding support for key sector association development programmes

Resources required

Approximately **R5m per annum** should be allocated towards supporting this programme through internal funds and IPSF.

Key Milestones

- A representative and broad-based creative industries organisation accredited as an Export Council and thus enabling access to funding support for programmes and interventions including amongst others, domestic trade shows, skills development and awareness campaigns as well as research and data collection.
- Piloting and implementation of the UNESCO Framework for Cultural Statistical
- Two yearly surveys undertaken by STATSSA as well as sector profiling and mapping studies undertaken through research organisations.

Status	Timeframe
DSAC has awarded five-year tender (2018/19 to 2022/23) to Nelson Mandela University (NMU) to advance the research work through the Cultural Observatory programme. The programme is in its final year in which NMU submit the produced reports to the department for approval and decision making.	Continuous
While the research programme is ongoing the department is working in migrating the cultural information system website from the service provider to either inhouse or to its entity so that the cultural information within website can be accessible beyond the contract period.	2022/23

Lead Departments/Agencies: DSBD, the dtic, DSAC,

Supporting Departments Agencies: SEFA, SEDA, NCC, STATSSA, SARS, SARB, NRF, HSRC

14.10 Key Action Programme 9: Policy and Legislative Coherence and Implementation

Realising the masterplan's aspirational vision and associated objectives requires infrastructure, institutional coordination, as well as a range of policy, regulatory and programmatic interventions. Good local and international practice has identified critical focus areas for the CI masterplan. There are three foundational components and five pillars that have been identified as key focus areas to be actioned through to 2040. It has been argued that creativity is something that can either be developed or is part of an individual. Irrespective of which view is held, South Africa has an abundance of creativity and talent and people with the ability to develop these characteristics. It is incumbent on parents and teachers in early childhood development as well as basic education to nurture these to develop a creative class in South Africa. This masterplan recognises that Creative Industry sectors are not homogenous but rather represent a variety of companies and creative genres. This plan brings together all the role players that are associated with Creative Industry, from the creatives to the technicians as well as entrepreneurs. This plan also recognises that different creative sectors have very specific needs and that while some interventions can be centralised, most actions need to be sector-specific.

Objective

- To foster synergies and minimize trade-offs across institutions.
- Reconcile domestic policy objectives;
- Address the long-term effects of policies for sustainability of the sector.

Nature of Intervention:

- Guide the whole-of-government action and translate commitment into concrete and coherent measures; Systematically inter-linkages to ensure consistency and coherence
- Formulate intergenerational timeframe and/or plans;
- Stakeholder engagement and collaboration thus making sure that programs are owned by people, diverse actions are aligned, and resources and knowledge for sustainable development mobilised

Outcomes:

Transformative agenda: ensuring integration; fostering alignment across all institutions, and overcoming fragmented or silos mentality and/or policy actions.

Economic Rationale:

Policy coherence is not a new concept and is even more important for sustainable Development Goals (SDGs), and therefore such integration is indivisible. Policy Coherence balances the economic, social and environmental dimensions of sustainable development. To achieve this balance, the Master Plan should also enhance policy coherence as an essential means of implementation for all the goals and programmes. This will therefore mean breaking out of institutional and policy silos to fully realise the benefits of synergistic actions, identifying unintended negative consequences of policies, and effectively managing unavoidable trade-offs across the sector.

Outcomes:

- Improved service delivery state of the creative industries through effective policy co-ordination and implementationdata and research collection
- Increase in cooperation's amongst institutions
- Regular/periodical creative industries policy directives publications produced;

Obstacles to Implementation

- Lack of a coherent policy development and/or implementation
- Lack of common policy agenda
- Limited and misdirected funding for creative industries
- Lack of integration and co-operation within the institutions

Interventions to Remove Each Obstacle

- Liaise with range of institutions, starting with government departments, to review existing policy, and programmes.
- Support to procure equipment & instruments.
- Basic income grant for artists

Levers Required

- Collaboration of key departments (DSBD, dtic, DSAC, DoL, STATSSA, SARB, DSTI, DCDT, DoE, provinces and local municipality, private sector and labour).

Milestones

- Analysis of all legislation that impacts on the creative industries undertaken and steps taken to ensure policy coherence.
- Inter-Governmental structure established to ensure alignment of policies and legislation; as well as ensure integrated implementation of programmes for enhanced impact.
- Resolve the issues surrounding the Copyright Amendment Bill to ensure that intellectual property is protected and remains a viable investment for content creators and publishers.
- Ensure there are mechanisms to prevent the illegal copying (both physical and digital) of published material by schools, universities, learners and students in those organisations.
- Raise awareness, among officials in non-specialist sectors, of the creative industry and highlight the fundamental role that it has to play in the economic and social development of the country.

Milestone	Status	Timeframe
Analysis of all legislation that impacts on the creative industries undertaken and steps taken to ensure policy coherence.	South African Cultural Observatory could underatke this task	2022 - 2024
Inter-Governmental structure established to ensure alignment of policies and legislation; as well as ensure integrated implementation of programmes for enhanced impact.	The Masterplan Inter-goernmnetal structure is established and is the first step towards alignment and coordination. The establishment of the DPME Masterplan committee will ensure an integrated implementation and reporting of Masterplan activities.	Ongoing

Lead Departments/Agencies: DSBD, the dtic, DSAC, DCDT,

Supporting Departments Agencies: Provincial Departments and Local Government

15. RESOURCING THE CREATIVE INDUSTRIES MASTERPLAN

Resourcing the creative industries masterplan like all other master plans requires the collaboration and commitment from all social partners especially government and business. The complexity of the sector means that there are many public sector departments and entities who provide some form of support to the creative industry. Traditionally government funding of the arts and culture sector has never differentiated between a focus on the social mandate of cultural development and the economic mandate of the creative industries; despite the fact that one of the stated policy objectives in the 1996 White Paper is the on Arts, Culture and Heritage is the “development of the cultural industries”

The introduction of the Cultural Industries Growth Strategy in 1998 established a clear focus on the creative industries as an economic growth sector. This was further strengthened by the prioritisation of creative industries, particularly film and craft in the National Industrial Policy Framework (NIPF) and the resulting 'Customised Sector Programmes' for the Craft Sector and the Film and Television Sector. In 2011 the Department of Arts and Culture launched what it called the Mzansi golden economy strategy or programme. The golden economy refers to the creative industries and the term was first used in the UK to describe or brand the cultural and creative industries in that country. similarly South Africa coined the term Mzansi Golden Economy or as such Mzansi Creative Industries as a golden industry that would stimulate growth and create livelihoods and jobs. for me it is now known as MGE in a sense then from in the department of arts and culture while creative industries might be funded from other funding pockets MGE as a program was essentially established to stimulate the growth of the creative industries.

There are some support programmes that cut across the CI sectors, while others are more specific. One of the most important cross-cutting initiatives is the DSAC Mzansi's Golden Economy (MGE) programme, with a specific focus on developing and upscaling the creative economy. MGE's objectives include; Audience development and consumption; Human capital development; and Developing cultural entrepreneurs.

The bulk of the incentive programmes have focused on the film and television sector with minimal support for the craft, music and publishing sectors. Out of the R2,8 billion over the 2017/18 to 2019/20 period, R 2,7 billion was used to incentivise and support this sector.

TRANSFERS, INCENTIVE AND GRANT PROGRAMMES	KAP	MUS	PUB	VA CD	AV& IM	2017/2018 Disbursement	2018/2019 Disbursement	2019/2020 Disbursement	Total
DSAC - Mzansi Golden Economy (MGE)	1,2,3,5	Y	Y	Y	Y	R98 159 000	R99 156 000	R89 452 000	R286 767 000
DSAC - NFVF	1,3,5	N	N	N	Y	R129 052 000	R133 472 000	R140 403 000	R402 927 000
DTIC: Film and Television Production Incentive	1	N	N	N	Y	R462 500 000	R528 760 543	R453 084 755	R1 444 345 298
DTIC: Export Marketing and Investment Assistance Scheme (EMIA): Creative Industries Disbursement	3	Y	Y	Y	Y	R4 500 000	R7 984 465	R4 012 034	R16 496 499
DTIC: Sector- specific Assistance Scheme (SSAS): Creative Industries Disbursement	3	Y	Y	Y	Y	R15 600 000	R11 805 532	R8 352 051	R35 757 583
DSBD : Craft Customised Sector Programme	2,3,5	N	N	Y	N	R11 000 000	R11 000 000	R11 000 000	R33 000 000
DSBD/SEDA: Technology Transfer Programme	1,2	Y	Y	Y	Y	R4 878 157	R1 855 613	R5 929 999	R12 663 769
DCDT: Enterprise Development	2	N	N	N	Y	R3 000	R39 000	R1 042 000	R1 084 000
DCDT: Media Development and Diversity Agency - MDDA	2,5	N	N	N	Y	R30 005 000	R30 669 000	R31 795 000	R92 469 000
DCDT: SABC (Total allocation inclusive of Creative Industries Audio-Visual content development)	1,2	N	N	N	Y	R173 766 000	R187 421 000	R199 016 000	R560 203 000
						R929 463 157	**R1 012 163 153**	**R944 086 839**	**R2 885 713 149**

Support for the Craft sector through the Craft CSP amounted to R33 million over the same period. The remaining four programmes namely MGE, EMIA, SSAS and STP, incentivised and supported all the Creative Industries sub-sectors to the tune of R351 million.

Some of the key funding and financing proposals in the Masterplan include the following:

- Extending the coverage of the AV&IM incentives to include music videos, audio books and other content formats
- Re-design the Craft CSP to include visual arts and design and increase its funding from R11million per annum to at least R 50million per annum
- All DFI's to develop innovative financing instruments including IP-Asset valuation for the CCI, especially the Music, VACD and Publishing sub-sectors.
- Establishment of dedicated funding streams for the Music (+- R30million p.a.) and Publishing (+- R15million p.a.) sub-sectors by either DSAC, DSBD or DTIC.
- Creating a clear distinction and approach for grant funding for cultural and creative arts development and preservation versus incentives for creative industries development and growth

While there are a number of non-financial support mechanisms (offered by both the public and private sectors) and financial support (either through loans or grants); the scope and demand for support is such that many creative enterprises do not access support. Clearly defined packages designed specifically for the creative economy would be ideal and help the sector to grow. Given the fact that various schemes exist, there would be duplication if new incentives are developed without a proper review of existing schemes. Using existing schemes and adapting or expanding them; as well as only creating new ones where there is a clear market failure, would be more efficient.

Creative enterprises, especially small enterprises, need assistance with being guided through the variety of support programmes available. A publication for each of the subsectors showing where and how to apply for assistance should be provided. Monitoring and evaluation framework should also be used to ensure that creative enterprises are supported adequately through existing support measures provided.