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The Creative Industries in South Africa

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Index

Chapter 1: Introduction

The creative industries have long been neglected in mainstream trade and industry policy in South Africa even though it is recognised as a significant contributor to the economies of developed economies such as Canada, the UK and Australia. In its broadest conceptualisation, the creative economy in OECD countries grew at an annual rate that was more than twice that of the services industries and more than four times that of manufacturing. Estimates are that the creative economy is growing annually at 5% per annum and is likely to triple in size globally by 2020 (Howkins, 2001). Similar trends are found even if using a more narrowly defined creative sector. In the UK, in the period 1997-2003, for instance, output of the creative industries, measured as value added, grew at six percent per annum, compared to 3 per cent growth for the rest of the economy while employment growth grew at a rate of 3% per annum compared with 1% for the whole of the economy (DCMS, 2005).

The Accelerated and Shared Growth Initiative of South Africa (ASGISA) has now identified the creative industries, and particularly the craft and film sectors, as one of the identified drivers of sustainable economic opportunities and livelihoods for local communities whilst expanding business opportunities for small, medium and micro enterprise (SMMEs). The recognition of the creative industries in the ASGISA programme is a direct result of the ongoing efforts of the Department of Arts and Culture (DAC) to remedy the neglect of this important sector from mainstream trade and industry policy. The primary starting point was the initiation of the Cultural Industries Growth Strategy (CIGS) process by the then Department of Arts, Culture, Science and Technology (DACST). The final document, “Creative South Africa: a strategy for realizing the potential of the cultural industries” completed in 1998[1] was accompanied by four detailed sectoral reports covering the Film and Video sector, the Music sector, the Craft sector and the Publishing (books, magazines and newspapers) sector. These four sectors were selected for a number of reasons from their identification as industries in South Africa to their potential to create employment and offer opportunities for rural and urban job creation as well as their potential international competitiveness.

A central purpose of the CIGS process was to stimulate dialogue within government, particularly between the departments of trade and industry and that of arts and culture by using an industry strategy approach. The research had four key objectives:

- Create awareness within both government and the cultural industries of the potential for growth.

[1] Commissioned by the then Department of Arts, Culture, Science and Technology (DACST) as part of their Cultural Industry Growth Strategy. The final report, Creative South Africa, November 1998. available on http://www.dacst.gov.za/arts_culture/culture/industries/index.htm

- Set ambitious yet realistic targets and goals for the development of the cultural industries.
- Encourage a self awareness within the cultural industries of the significance of their industries.
- Map out how ”Creative South Africa” could be implemented.

The core recommendation made in Creative South Africa was to establish the Cultural Industry Development Agency (CIDA) as “a public-private partnership agency specifically geared towards building up the cultural industries. The primary functions of this organisation would be knowledge and information management, human resource development, strategic investment, grant funding as well as advocacy on behalf of the cultural industry sector”. The recommendation was for CIDA to develop cultural industry initiatives with ”a high potential for commercial success as well as stimulating some already flourishing enterprises”. Unfortunately this agency was never established.

“Creative South Africa” was the first major study to use a value chain analysis for creative industries in South Africa. This was partly in reaction to the arts-for-arts sake approach that had dominated much of the work in South Africa and the SADC region on culture. It represented an attempt to promote and understand these cultural industries as an economic sector that generates wealth and employment. Since CIGS, there has been no new research undertaken on the same scale although a number of individual sectoral studies have been undertaken both at the national and provincial level by government and private agencies (CAJ, 2005).

A number of important initiatives to enhance the growth of the creative industries arose either directly or indirectly from the CIGS process[2], such as

- The Music Industry Task Team which was initiated to identify and implement a range of initiatives to overcome critical challenges in the music sector.
- The establishment of a Film and Publishing Clusters which aimed to foster collaboration across the value chain to develop the sectors. The film initiative did not take root, however, the recent establishment of SASFED has filled this gap in the sector. The Print Industries Cluster Council (PICC) is an ongoing project supported by industry and government.
- The establishment of the National Film and Video Foundation (NFVF), Business and Arts South Africa (BASA) and the National Arts Council (NAC) as government agencies to fund and develop various sectors as prescribed by legislation.

[2] A creative industries unit in the Department of Arts and Culture has initiated numerous projects in many sub-sectors of the creative industries from book and music to craft and film with the department of Trade and Industry completing two customize sector programmes for craft and film as two priority sectors of the national governments ASGISA programme. See for instance www.dac.gov.za

- The CreateSA project in partnership with the Media Advertising Print Packaging and Publishing Sector Education and Training Authority (MAPPP-SETA), the Department of Labour and the Department of Arts and Culture (DAC) which developed a vocational education and training framework for the sector for the first time.
- SA Music week which provided a platform in collaboration with the music sector to showcase local music and promote the sector. This initiative unfortunately no longer exists.
- Poverty alleviation through rural craft development and other cultural initiatives as part of the Extended Public Works Programme (EPWP) to create employment in identified rural and urban nodes.
- The inclusion of sectors such as design and multimedia into the national framework for development thereby including critical cross-cutting sectors into the broader development objectives of the sector.
- The Customised Sector Programmes for both Film and Craft by the Department of Trade and Industry (DTI) which aligns creative industry development to formal industrial policy and outlines a time bound framework for implementation.

The recognition given to the creative industries by the President of South Africa and its inclusion into the ASGISA framework as a key sector has done much to raise the status of the creative industries and ensure that national government departments as well as other spheres of government begin to develop practical interventions to support the growth of these industries, for example in the Western Cape micro economic development strategies have been completed for both the craft and film sectors.

The customised sector programmes developed by the DTI for both film and craft are an important addition to the knowledge base about these specific creative industries. These strategies represent critical milestones in the development of the creative industries and these sectors in particular, because the alignment to current industrial and trade policy and the commitment to a series of structured, measured and coherent interventions is documented and approved by the highest level of government.

There are three observations to be made from an analysis of the South African data sources and research into creative industries since the CIGS process.

Data quality and availability

The first observation from this analysis is that research into the creative sector is relatively new, there is little comparability between the studies completed and the information collected is not based on thorough quantitative methodologies. In addition, studies have tended to duplicate the focus areas of the CIGS process and recommend similar interventions to those contained in the CIGS reports. This is largely due to the fact that few of the recommendations in that report were implemented and those that were, such as the Music Industry Task Team (MITT)[3] took a number of years to materialise. Many of the regional analysis and sectoral studies have not only restated the strategies as suggested in the CIGS report but also found it necessary to act as advocacy tools as the creative industries remained marginal to the mainstream economy and largely excluded from trade and industry interventions.

Given that the concept of the cultural industries only found a place in global public policy in the last decade or so it is not surprising that there is a dearth of reliable and consistent data to assess the economic contribution of these industries or their social and developmental impact.

All the research in South Africa (and more generally in the rest of Africa) suffers from poor availability of quantitative and qualitative data resulting in no real possibility for comparative analysis with international data. There is no single official source of data for the industries as we define them. The collection of cultural data globally is a relatively new phenomenon dating to the two world cultural reports published by UNESCO in 1998 and 2000 as well as the establishment by UNESCO of an Institute for Statistics based in Montreal, Canada. The developed countries such as Australia, Canada and the UK have been particularly prolific in their collection of data. However their increased capacity to generate statistics has presented a problem of too much data. The Australian statistical organisation for instance has begun asking of each statistic collected," do we need it" and" what will we be using it for". In developing countries such as South Africa it is necessary that we have data to measure not only the strength of each of the creative industry sub-sectors but the extent of cultural diversity in society. This would add weight to important arguments that need to be made by developing countries that "the arts economy is a significant contributor of the country's economy", that "arts and culture are important for self-respect as a nation" and that "public sector patronage could encourage the arts and cultural sectors to contribute to economic growth" (Joffe et al, 2003).

Existing resource constraints in South Africa, as with other developing countries means that it is necessary to have clarity about the reason for collecting the data, to know upfront what it will be used for, who the audience is, how the collection can be simplified and whether the indicator chosen is significant. It is also important that the data is collected knowing what the strategic vision and organising principle is and how it may alter policies. There is now an amble body of 'best practice' international examples that can be benchmarked and intelligently copied when deciding on cultural indicators and survey methodology. To address our social objectives such as gender equality it is necessary to produce gender sensitive statistics such as paid and unpaid work, participation

[3] The Music Industry Task Team (MITT) process involved the establishment of a panel by the then Minister of Arts, Culture, Science and Technology Ben Ngubane with the aim of consulting the sector regarding key issues and making recommendations for action to government.

by men and women particularly in community and non-profit initiatives (CAJ, 2003).

Standard taxonomies such as the SIC codes do not sufficiently disaggregate the cultural industries from other activities and are therefore insufficient for the task of collating cultural/ creative industries data for either countries, regions or areas larger than that. The bulk of the activities of the creative industries remain invisible to the statistics. The solution being sought is based on the initiatives taken by the mapping reports of the UK government (DCMS, 1998, 2001, 2005) and now promoted by the British Council in their work with developing countries. These reports use the concept of a production cycle for cultural industries (as first elaborated by UNESCO) but made locally specific in each context.

Specific problems of data relate to country and sector specifics such as:

- The informality of parts of the creative industry such as craft which consists of small, often informal businesses that are not in the tax net and have no representative industry association.
- The tendency to combine creative industries with other sectors such as entertainment, ICT or tourism so that it is difficult to separate the data. For example a Merrill Lynch report in 1997 reported that the entertainment industry in South Africa - including film, broadcasting, cinematic, music and interactive industries- was worth approx R7.4bn and formed 1.75% of GDP.
- The collection of industry specific statistics such as by the Recording Industry of South Africa (RISA) for the music industry which collects real and nominal sales per year for its members but can offer no real insight into live music which is where most of the musicians earn their income (DPRU, 2003; Development Works, 2004).

Although the South African government, agencies and private companies have been working on the cultural industries since 1996 (CAJ, 2005) and attempting to define the parameters of each sub-sector of the creative industries and value its contribution to the national economy there is no one study – apart from CIGS – that has attempted to value the contribution of all the creative industries nationally. These problems with data, data sources and the vastly differing methodologies adopted in research into the creative industries persuaded the South Africa government, in partnership with the British Council, to conduct a mapping of the creative economy in 2007[4]. This process is currently under way in South Africa with a pilot in the province of Gauteng and discussions underway in Western Cape and KwaZulu-Natal. The purpose is to develop a methodology appropriate to the data constraints in the country and the specificities of the creative sector that allows all stakeholders to track trends in these sectors.

4 An important initiative was the establishment of the South African Cultural Observatory by the HSRC in partnership with the Department of Arts and Culture. However while existing data and newly prepared briefing documents on each of the creative industries was uploaded onto a website, no further work was commissioned from the DAC and no further data collection has been conducted for this body.

Definitions and the classification of the sector

The second observation is that the terms used - cultural industry, cultural sector, and creative industry - are fluid and lack definition. South African research in the cultural industry has changed focus as international definitions have changed. The first study in South Africa borrowed the definition of the cultural industry from both UNESCO and the work of the Department of Culture and Media Services (DCMS) in the UK but adapted the parameter and scope of the sectors to the South African context as well as the research objectives. Thus the Cultural Industry Growth Strategy (CIGS) investigated only 4 of the commercially active sectors, music, film and video, publishing and craft.

In CIGS, the term cultural industry was used to refer to different types of cultural expression which are embedded with symbolic meaning as highlighted by the UNESCO definitions (UNESCO, 1982). It followed that since culture provides important public benefits, public policy should provide support for cultural industries. Using this definition cultural industries consist of goods whose primary economic value is derived from their cultural value or symbolic value. This definition includes what have been called the ”classical” cultural industries – broadcast media, film, publishing, recorded music, design, architecture, new media – and the ”traditional arts” - visual art, crafts, theatre, music theatre, concerts and performance, literature, museums and galleries – all those activities that have been eligible for public funding as ”art” (O'Conner, 1999). The case for public policy and specific interventions to ensure widespread cultural participation and expression is now well accepted and understood that if left entirely to the market, there will be a limitation on the production and consumption of culture and hence ”a significant democratic deficit both for individuals and society as a whole” (Galloway and Dunlop, 2007).

Further policy work in South Africa, specifically for the Gauteng Government through the Creative Industries Development Framework[5], used the term creative industries to broaden the scope of engagement and align discussions with the broader international debates about the creative economy and the role of creative industries as a core of the creative economy. The CIGS report and the Gauteng CIDF recognised that at the heart of creative industries is creativity. This quality can also be found in industries which have creativity as their key ingredient such as advertising and architecture which are included in the definition of the creative industries in the UK but not as yet in South Africa.

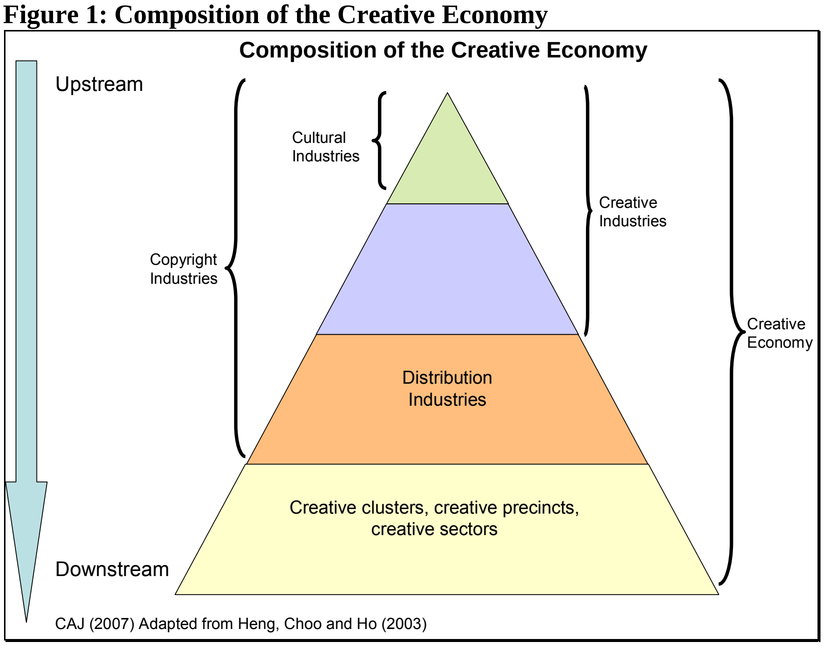
Increasingly, the changing DCMS definitions used by the British Council have influenced the South African community of creative industry researchers, consultants and policy advisors as well as government officials such that recently the term creative economy has been adopted, both for the DAC's Creative Mapping Study in collaboration with the British Council and by the Gauteng Government in their branding of Creative Gauteng. In this usage, the larger set of

[5] Creative Industry Development Framework of the Gauteng Government is available on www.srac.gov.za

creative industries (of which cultural industries are a part) as well as the broader cluster of industries which support them is what we call the creative economy. As UNCTAD has explained: “Creative Economy is an evolving concept based on creative assets potentially generating economic growth; [i]t can foster income generation, job creation, export earnings as well as social inclusion, cultural diversity and human development; [i]t embraces economic, cultural and social aspects interacting with technology and tourism objectives; [i]s a set of knowledge-based activities with development dimension and cross-cutting linkages at macro/micro levels to the overall economy; [and] [i]t is a feasible development option calling for innovative intra-ministerial policy responses” (UNCTAD, 2006).

From industry mapping efforts in the city state of Singapore a useful model for describing the creative industries has emerged (Heng, Choo and Ho, 2003) which we have adapted to include the creative economy (Figure 1).

Figure 1: Composition of the Creative Economy



This model of the creative economy has emerged from industry mapping efforts in the city state of Singapore in which upstream and downstream industries are clearly outlined (Heng, Choo and Ho, 2003). Using this approach, the creative industries comprise two distinct groups of activities; basic and applied arts industries. Together with the distribution industries, these form part of the broader “copyright industries”. Basic or ”upstream” arts then, refers to traditional art forms such as the performing, literary and visual arts, whereas ”downstream’ arts” refer to the applied arts such as advertising, design, publishing and media-related activities. The value of this model is that it allows for an holistic approach to the sector which incorporates all activities – commercial and non-commercial and, crucially, emphasises the symbiotic relationships between all the sectors comprising the creative industries; a growth or decline in one area will have a concomitant effect on another. While “upstream” art activities may have commercial value in themselves, ”downstream” art activities derive their commercial value principally from their applications in other economic activities.

The creative economy then:

- Is an evolving concept based on creative assets embracing economic, cultural, social and technological aspects.
- Has linkages at macro and micro levels with the overall economy, hence an important development dimension.
- Can foster economic growth, job creation, export earnings while promoting social inclusion, cultural diversity and human development.
- Has been identified as a feasible policy option to diversify economies and improve trade and development gains in countries around the world (Brandford, 2004).

In terms of its dimensions, the creative economy is:

- Multi-dimensional incorporating development, cultural, economic and social policies.
- Cuts across key sectors of the economy including manufacturing, trade, technology and tourism.
- Omnipresent in that it deals with aspects of education, labour, leisure, culture and the arts.
- Is inclusive of a wide range of developmental, commercial and non-profit activities.
- In-temporal because tradition, heritage, present technology and future visions co-exist.
- Is regarded in global trade as both a public good and a service (Brandford, 2004).

The industries that comprise the sector are complex and diverse; however the following characteristics typify them:

- They comprise a set of knowledge-based economic activities making intensive use of creativity as primary input to produce marketable value-added creative products and services.
- Creative products and services are centred in but not restricted to arts and culture, and are often found in purely commercial sectors such as clothing, textiles and furniture.
- The outputs are tangible products or intangible services with creative content, economic value and market objectives
- They are able to generate income from trade and property rights.

Insisting on definitional clarity is extremely important for public policy support for the creative economy. The reason for supporting these industries needs to be clear so that government can allocate appropriate resources (both financial and human resources) in an appropriate governance system (with numerous cross-cutting areas of responsibility). The reason for public policy is well established. It is not just because they have high growth potential as in developed countries – some may have little growth potential in developing countries but are still in need of support precisely because of their symbolic meaning, use value, intellectual property rights (IPR) implications, but public policy is also important because cultural industries provide public benefits that cannot be captured through markets (Fullerton, 1999).

Cultural policy and Creative Industries Development

The third observation is that there is a “smorgasbord” approach to cultural policy and creative industries development generally, in developing countries where policy exists. South Africa is one of the few developing countries where the trade and industry department has taken responsibility for enhancing the growth potential of the creative industries but this has also resulted in a tension as to which department (trade and industry or arts and culture) has purview over the creative industries. The relatively new focus on cultural or creative industries in public policy in countries such as South Africa often receives harsh criticism of those cultural practitioners in the non governmental organisations arguing that the focus is heavily biased and wrongly so, towards commercial viability while the support (funding, grants, resources) for “art-for-arts” sake (cultural development of theatre, dance, music) is declining annually. This is exacerbated by the debate about cultural policy that is focused on traditional forms (heritage and conservation) and that focused on commercial forms (often seen as modernised culture).

The fundamental problem is that many or most cultural and artistic forms in developing countries will always be dependent on grant funding and the focus on commercial viability can obscure this. The successful commercial creative enterprises such as local music production studios, fashion and design houses, private galleries or commercial theatre however have often developed with no support from the state and are inclined to remain outside of these debates and outside of public interventions.

The relationship between cultural industries and heritage and that between regulation and control in the developing countries therefore are key tensions to manage. In developing countries the solution is often to create new public institutions to manage and control these activities but at arms length from the government. The institutionalisation of the policy and institutional environment landscape has resulted in government putting its money through statutory institutions such as the National Arts Council (NAC), the Film and Video Foundation (NFVF) and the various film commissions in South Africa.

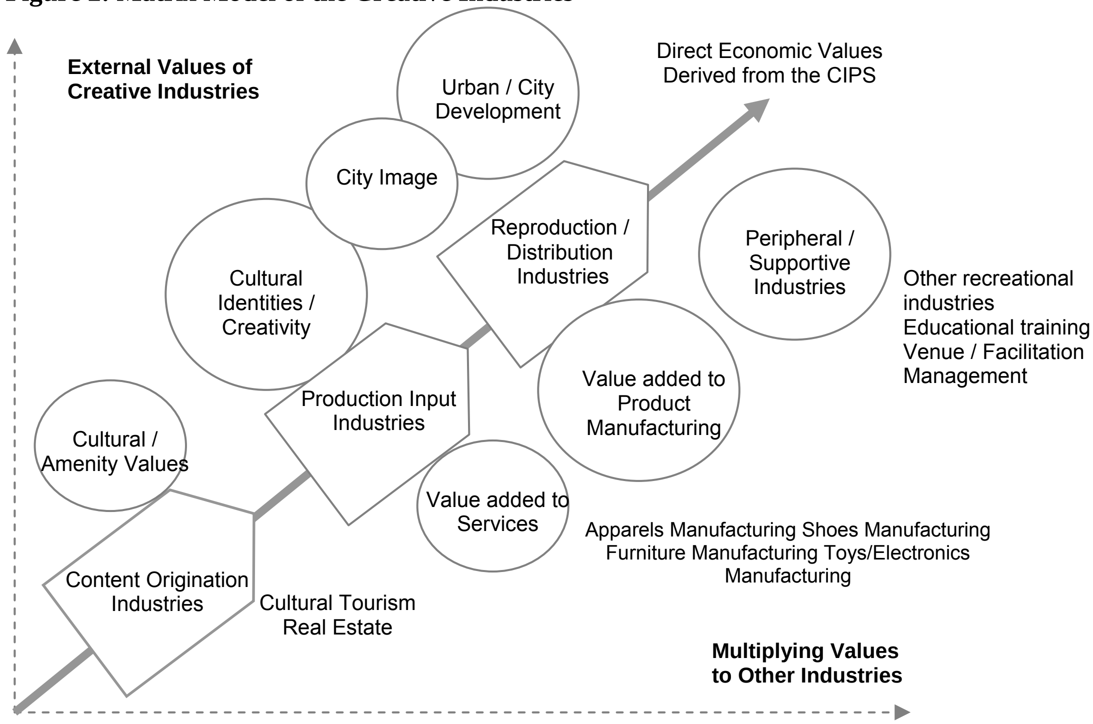
In general, the trend both in South Africa as in other developing countries is to motivate for creative industries development in the context of broader economic and social objectives that have already achieved mainstream attention by government such as job creation, poverty alleviation, tourism development or community participation. In this way, the cultural sector and creative industries become an instrument to achieve other goals and are able to receive funding through the fiscus. The ASGISA process represents one of the first indications that the sector has value in its own right.

In South Africa, the poverty alleviation budgets were used by the Department of Arts and Culture to support the development of the craft industry in areas such as Limpopo while in Africa a number of countries (Ghana, Mali, Nigeria and Senegal) integrated culture in the Poverty Reduction Strategy Papers (PRSP) as 'major axes' (Sagnia, 2006) which has highlighted the contribution that the cultural sector can make to poverty reduction. These programmes, however, do not imply that cultural strategies are as yet significant in these PRSP programmes. A report prepared for the Arterial Conference on Vitalizing Cultural Assets in Dakar raised a number of important issues that still need to be addressed to enhance the contribution of cultural policies to the effectiveness of poverty reduction strategies (Sagnia, 2006).

Given the enormous focus on the development of the creative industries across the world there are a wide range of reasons for the current level of state investment. As mentioned above, the creative industries are not a self-sufficient production system. The sector interacts with other economic and cultural sectors, which invariably would result in an extended mapping of both tangible and intangible values brought to society and the economy at large. Figure 2 portrays these multi dimensions of the creative sector with other economic and socio-cultural sectors.

Similar to the taxonomy presented in Figure 1 above, the approach by the Centre for Cultural Policy Research developed as part of the mapping of the creative economy of Hong Kong Figure 2 below places the three value chain components on a single axis and then begins to outline the external values attributed by policy to these. Content origination relates to those activities which produce creative content, the production aspects are related to the packaging of creative content into different media and the distribution aspects relate to the dissemination of content. While each of these aspects has an intrinsic economic value in and of themselves, policy assigns additional value to them, including cultural values, cultural identity, city image and branding and urban development.

Figure 2: Matrix Model of the Creative Industries



Source: Centre for Cultural Policy Research (2003)

Creative industries in Africa

Many countries in Africa have recognised the potential of the cultural sector to alleviate poverty and create jobs and have committed their governments to support these sectors. Member States of the Southern African Development Community , at the inter-Ministerial conference in Mozambique in 2000 on the "Role and Place of Culture in the Regional Integration Agenda" agreed to "take decisive steps toward the promotion of cultural industries as a way of exploiting their capabilities to alleviate poverty, generate employment and contribute to economic growth" (Sithole, 2000). There is as yet no integrated co-ordinated framework for Africa. As a prelude to the full implementation of the African Economic Community, cultural leaders in Nairobi in 2005 urged their governments to put in place the legal and institutional frameworks for the development of cultural products, their free movement in all African countries and detail legislative and fiscal measures to foster cultural industries through a "policy subsidy". The Common Market will be based in broad outline on the Nairobi Plan of Action (see Table 1) for the Development of Cultural Industries adopted in December 2005 (OCPA, 2005).

Table 1: Nairobi Plan of Action

Objective of the Nairobi Plan of Action: Guarantee the organization, production, distribution, exhibition, and preservation of the products of African cultural industries		
Economic	**Social**	**Political**
Generate new resources for the economic development of Africa and the creation of new jobs and income generation opportunities	Strengthening the African cultural identify and creativity as well as broaden people's participation in endogenous cultural development	Reduce the dependence on the wider world outside of Africa for the production and distribution of cultural goods
Open up new markets for African culture in and outside of Africa		Facilitate new institutional partnerships between the public sector, private sector and civil society such as within the framework of UNESCO's Global Alliance for Cultural Diversity and NEPAD
Strengthen the African cultural identity and creativity as well as broaden people's participation in endogenous cultural development	Strengthening the acknowledgement of the cultural dimension of sustainable development in Africa	Adopt flexible responses to initiatives from the African private sector towards the development of cultural industries
Strengthen the competitiveness of African cultural goods within the framework of globalization and the liberalization of markets		
Improve national capacities for creating, producing, distributing and exhibiting cultural goods	Bring about new and pluralistic forums of cultural expression supporting the installation of democracy in African societies	Achieve better regional integration
Strengthen private and community initiatives of small and medium enterprises		Strengthen the role of the private sector and civil society
Enhance the organization and protection of creators		Develop South/North cooperation as well as South/South cooperation and real partnership
Set up an African Cultural Common Market and develop intra-African cooperation		

The priority recommendations arising from the Nairobi Plan of Action are four-fold:

- To map existing cultural activities, structures, resources and products in all member states.
- To identify and consider regional and sectoral specificities and strengths to enable the rationalisation of legislation, policies and resources.
- To conduct research to assess the economic impact of cultural industries and initiatives.

- o Establish regional cultural think tanks to source information and debate the status of each sub-sector.

UNCTAD will launch “Creative Africa” at its forthcoming meeting in Accra, Ghana at UNCTAD XII and highlight the development of the creative industries in Africa. To this end they are preparing a study, *Creative Economy Report 2007: the Challenge of Assessing the Creative Economy: towards an Informed Policy-Making* on the development dimension of the creative economy focusing on Africa, Asia and South America which will be launched at this meeting.

Chapter 2: Sector Profiles

The Film Sector

The US remains the leader in the exportation of filmed content in a global content industry valued at US$1.2 trillion. Global trends in the film and television industry indicate that while growth estimates in 2003 were 9.4% and 6.3% respectively, traditional industry revenue streams are declining. Some of the factors include technology convergence, declining box office attendance and the shrinking theatre-to-DVD windows. Business models are increasingly not driven by box office sales but by new distribution channels such as online portals with slate releases more evident while production funding models are changing due partly to an increase in big budget productions and increasing private equity funding which lessens the studio's need to pre-sell rights or enter into co-production arrangements (Deloitte, 2007). This is not necessarily the same picture in emerging markets. Countries such as Mexico, Thailand and Egypt, for instance are experiencing rising attendance figures while others are still heavily reliant on public funding with filmmakers granting distributors a license to distribute film for a period of time in a specific geographic area and media.

A key trend affecting all aspects of the value chain is the digitisation of production, distribution and exhibition creating virtual studios, digital transmission to theatres, TV stations or computers and allowing for greater market segmentation. Digital animation has also seen a huge growth with Japanese animation and animators sought after. New technology has enabled higher quality content and both faster and cheaper distribution in a markedly increased global entertainment arena. This globalisation of entertainment allows national film industries to target global audiences as they seek new ways to increase market share and boost revenue. Internationally revenue is being threatened both by piracy and the competition between producers of content as they try and respond to the increased buying power of audiences. The latter has led to the proliferation of content delivery channels while movie theatre attendance has been stagnating in established markets.

The economic impact of the film industry is principally experienced in job creation. The UK film industry for instance, directly supported 31,000 people in 2004 with 97,500 direct and indirect jobs created in the same period (UK Film Council, 2006). However a range of other economic impacts occur from its contribution to GDP, skills development, tourism spin-offs and spend on ancillary services. The multiplier in South Africa is approximately 2.5 on direct film spend. This varies across countries. The Australian Bureau of Statistics sets the output multiplier (Table 2) for screen production at 2.67. Foreign productions in Australia have increased from Aus$78m in 2000 to Aus$249 in 2004 which has driven growth while tax incentives have attracted these productions.

Table 2: Economic Multipliers for the Film Sector in Australia

National Economic Multiplier in Australia			
	Gross value added multiplier (effect on GDP)	**Employment Multiplier (FTE employment by $ million of investment spend)**	
		1997	2005/6
Film and video production and distribution	1.8	37	30.7
Motion picture exhibition	1.3	19	15.8

Export markets for film and TV content in English is undergoing significant changes. Public broadcasters are under pressure to film locally produced content; audiences are demanding 'formats' for television which are both curtailing export opportunities for some while creating opportunities for others.

Policy options vary from protection to promotion of the film and TV industry. While the US is the largest exporter of filmed content, Africa is the largest importer of US film production especially in English speaking countries. By the end of the 1990's 85% of films shown around the world originated in Hollywood. New patterns of regional trade in Asia allow export countries (India, Japan and Hong Kong) to occupy more than 33% of the box office.

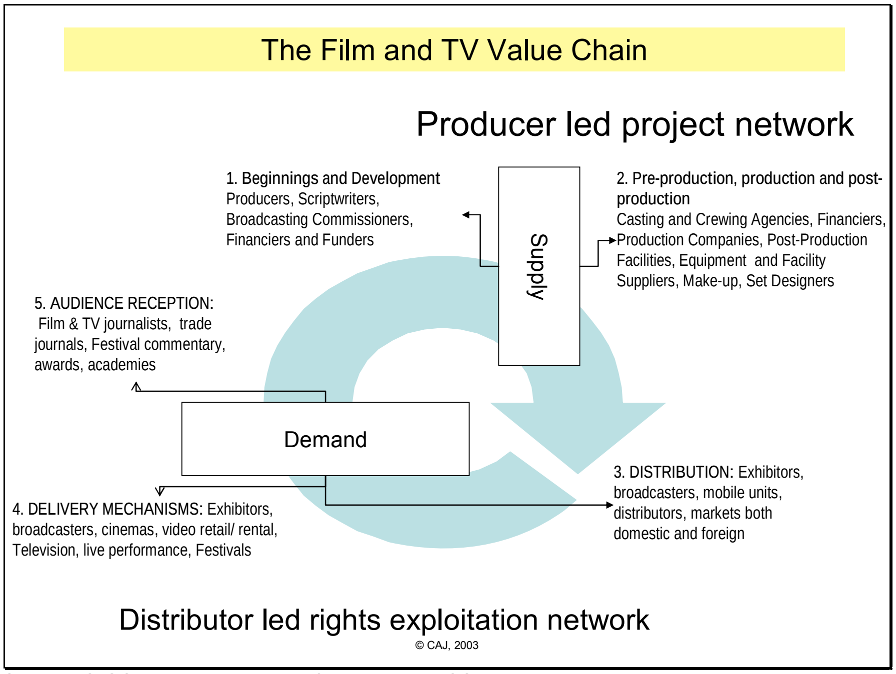
International co-production remains the key tool for gaining market access, increasing production budgets and upgrading production skills. These will vary depending on whether the country is a high volume nation (200 or more productions and will include tax incentives); a medium volume nation (needing production subsidies and co-productions) or a small low volume nation (needing introduction of digital technologies, new content).

Most state funds tend to go to 'principal photography', as this is the most labour intensive stage of filmmaking to the exclusion of other aspects of the value chain. The demand side is most often overlooked, as is the development of commercial film companies.

Services and Products

The Film and TV value chain comprises two broad networks, the producer led project networks (supply) and the distributor led rights exploitation network (demand) as illustrated in Figure 3. In South Africa, the focus has been on the provision of funding and development support to the supply functions and in particular the production side. This is not surprising given the country's employment focus and its ability to service runaway films (big budget USA films) locating to foreign locations. However, real wealth from the film sector comes not from productions, but from content and the ability to sell rights to that content.

Figure 3: The Film and Television Value Chain



Source: CIGS (1998) with inputs from the Film CSP (DTI, 2005b)

The key to the success of the film industry and its ability to create wealth and income for the economy is that the focus shifts to the creation of uniquely South African content and the distribution of this content. In many respects distribution is the link between the supply and the demand side of the value chain and in fact, where the wealth is created in this high-risk sector. The monopolised international distribution networks coupled with high volatility and general lack of profitability are a concern to South African industry stakeholders.

The CIGS study on the film and television industry (1998) as well as the subsequent ILO research project on film and video (1999-2001) analysed the status of this creative industry through a value chain approach to make evident the economic logic of the sectors (Joffe and Jacklin, 2003). The methodology used in the studies is based on Charles Landry's five column model (Landry, 2000) adapted for the cultural industries and further adapted in the CIGS study to represent the feedback loop between "audience reception" and "beginnings".

While it is clear that the beginnings of the value chain in creative industries represents a rich and vital heritage or cultural context, this is not where the money is made. With more than 90% of all film releases in South Africa consisting of imported material there is no doubt that local talent and local content remains a priority. Unfortunately, the distribution of creative content is the Achilles' heal of the creative industries as it is this phase in the realisation of value from South Africa's creative content. There are bottlenecks in distribution caused by a small domestic market and limited access to foreign markets. The distribution problem of audio-visual products was identified as the primary blockage in the film and television value chain in the SADC region in the ILO study: "Many films are produced in the southern African regions which never reach any level of substantial audience. In addition, due to the problems of broadcasting and theatrical distribution in the region, many films and television programmes may be seen by a small audience in Europe and never seen by Africans. Increasingly, production companies ….know that 'only effective distribution justifies production'. The distribution of television and film productions into all SADC countries is also very difficult" (Joffe and Jacklin, 2003).

The lack of sustainability in the film and TV sector is directly related to this problem of distribution and the general lack of inter-relatedness of the broader sector for film and television with most companies operating in only one segment and where the project-based nature of the industry often produces 'feast or famine' income patterns. Table 3 highlights the small percentage of companies (167 in the sample) that operates in different market segments of the broader sector (feature film, animation, audiovisual, commercials, corporate, documentary, foreign facilitation, local TV) with the majority (54%) operating as highly specialised businesses.

Table 3: Profile of Diversity in the Film Sector in South Africa

Diversification Profile: No of Market Segments Firms Operate In	No of Firms with this diversification Profile	% of Total Sample
1	90	53.89%
2	40	23.94%
3	18	10.78%
4	14	8.38%
5	4	2.40%
6	1	0.50%

Source: Film CSP (DTI, 2005b) with data from Screen Africa

The most specialised is the Animation sub-sector where the vast majority of firms operate in a highly specialised segment with almost no diversification of activities. These companies face the highest risk of failure.

The following table (Table 4) outlines the strengths and weaknesses of the South African film and TV sector.

Table 4: Strengths and Weaknesses in the Domestic Sector

Strengths	Weaknesses
Infrastructure	Creative and business skill gaps
Technical skills	Co-ordination
Locations	International and domestic intelligence
Stories	Erratic production patters
Value	Financing
Climate	Market access
Time zone	Distribution
International interest	
Opportunities	**Threats**
Untapped audiences	Exchange rate
New platforms and increased demand for content	Competing incentives
Gateway to Africa	Foreign content
New technology	International perceptions
Co-production strategy	Reduced government support
Government support	

The vision for the film sector in South Africa to strive to be the leading producer of film and TV content from Africa and the Middle East watched by the world was firmly established by the DTI CSP study on Film and Television. South Africa has a comparative advantage in relation to a group of countries (Table 5) in creating content, which the world would watch, however, it is simply not realising this at the moment. Instead, South Africa is a service industry over content competing to get runaway films to the country (DTI, 2005b).

The comparative advantage is based on a number of related points:

- The biggest driver of film and TV is the economy, and South Africa has the largest economy of the group of countries for which the European demand for films is high.
- South Africa has the highest box office attendance levels of all its regional competitors. This is despite it having a smaller population than most of its regional competitors.

Table 5: European Demand for Film from Africa and Middle East

Iran	- 52.9%
South Africa	- 3.4%
Israel	- 10.8%
Egypt	- 8.1%
Algeria	- 7.2%
Tunisia	- 6.1%
Palestine territories	- 5.8%
Morocco	- 3.0%
Lebanon	- 2.7%
Senegal	- 0.5%
Cameroon	- 0.2%
Burkina Faso	- 0.2%
Mali	- 0.2%
Guinea-Bissau	- 0.1%

Source: European Audiovisual Observatory

- There is real growth in cinema going with South Africa only one of 4 countries in the world where this is the case.
- South Africa has the strongest growth of these countries in broadcasting and cable TV segments reaching over 4 million households in 2004 and growing consistently since 1987.
- South Africa is well positioned to exploit the regional broadcasting base in Africa (there are 206 national TV channels in the region or 35% of the total number of national TV channels in the world).
- South Africa has had increasing government support over the last decade.
- South Africa has pre-existing cultural ties to Europe's largest film market by value, the UK which also accounts for the largest tourist inflow into the country).
- DVD sales are increasing at a real adjusted 12.6% (at a value of only R3m but nevertheless growing).

Despite poor quantitative data in the sector, it is possible to provide an overview of the sector (Table 6) by sourcing data from various film offices and commissions (especially the Gauteng Film Office, the Western Cape Film Commission and the Durban Film Office), the National Film and Video Foundation as well as independent studies conducted in the past 5 years.

Table 6[6]: Overview of the South African Film Industry 2003/2004

	Gauteng	KZN	Western Cape	South Africa total
Annual turnover	R5.1bn		R1bn	R2.2bn
Economic activity generated	R1.3bn		R2.5bn	R5.5bn
Number of commercials	68	12	461	570
Number of feature films and TV series	20	1	24	46
Number of stills shoots			1674	
Other productions	20			
Contribution to GDP (including Broadcasting)	0,5%		0,9%	2%
Employment (including broadcasting)				30000
Registered producers				150

[6] Estimates in Table 6 are from the following sources: KwaZulu-Natal (KZN) Film Office estimates. Film South African Business Plan, August 2004 for total turnover estimates; Cape Film Commission estimates related to central and south Cape Town and Film Industry Fact Sheet, 2005, City of Cape Town as well as Gauteng Film Office (GFO) estimate for year ending June 2004

Table 7 below gives an estimate of the growth of individual sub-sectors from 1997 showing a marked increase in TV production, film and commercial servicing as well as video retail and a small decline in commercials production and corporate video. A partial explanation for the decline is the increase in production prices.

Table 7: Value of the Film and Television Industry (R Million) [7]

Sector	1997	1999	2001	2003	% growth rate: 1997-2003
TV programme production	350	400	610	700	100
Commercials production	220	200	168	120	-45.5
Corporate video	250	200	150	160	-3.6
Film and commercial servicing	150	280	350	450	200
Cinema box office	350	399	380	430	22.8
Cinema concessions	100	130	120	150	50
Cinema advertising	100	120	110	160	60
Video rental	492	508	500	580	17.9
Video retail	77	142	150	190	146.8

Employment and skills

The film industry is project-based with filmmakers – from director, scriptwriter, producer to editor and animator – working principally as freelancers, making it extremely difficult to get accurate employment figures. The Independent Producers Organisation (IPO) estimated production employment at 3,925. Depending on the nature of production, the number of people employed behind the camera varies from 40-50 (commercial or documentary) to 75-100 (feature films) to more than 1,500 (for larger productions lasting a few months). Using these estimates in 1997 there were 24 324 people directly employed across the entire value chain, while further jobs are stimulated in the transport, hospitality and catering industries. The skills breakdown of these jobs are reflected in Table 8 below and while current figures are substantially higher, the percentage

[7] Howard Thomas compiled the 1997-2001 figures for the Department of Communication and the 2003 figures for the Cultural Observatory

distribution among categories remains unchanged providing us with a good indication of the skills distribution in the industry.

Table 8: Employment in Production

SKILL LEVEL	POSITION	NUMBER (1995)	PERCENTAGE
HIGH	Assistant Director	28	0.71
	Art Director	46	1.17
	Director	106	2.70
	Director of Photography	59	1.50
	Editor	74	1.89
	Producer	104	2.65
	Production Designer	12	0.31
	Production manager	61	1.55
	Scriptwriter	85	2.17
	Special effects	25	0.64
	Stunt coordinator	14	1.04
MEDIUM/HIGH	Actor	665	16.94
	Cameraman	30	0.76
	Costume designer	10	0.25
	Electrician	28	0.71
	Music department	34	0.87
	Sound recordist	41	1.04
MEDIUM/LOW	Animal handler	7	0.18
	Clapper loader	23	0.59
	Construction	11	0.28
	Continuity	21	0.54
	Focus puller	27	0.69
	Gaffer	19	0.48
	Make up	44	1.12
	Props	28	0.71
	Sets	23	0.59
	Wardrobe department	35	0.89
	Best boy	15	0.38
	Boom swinger	16	0.41
	Grip	40	1.02
UNCLASSIFIED	Miscellaneous	2194	55.90
	TOTAL EMPLOYEES	**3925**	**100**

Even though there is a large percentage of people in the unclassified category (56%) it is clear from the table that a substantial number are employed in the high- and medium-skilled categories (37%) contributing to the country's skill base. The impact of the film industry on the support industries translates into employment growth in the low-skill sector.

More recent figures from the NFVF (2004) suggest that employment figures have risen (see Table 9).

Table 9: Numbers of Staff Members by Companies

Staff members	Sampled Companies (92 completed out of 1258 companies)
0-5	28%
5-10	20%
11-51	29%
51-200	12%
200 and more	11%

The NFVF survey revealed some movement in transformation albeit fairly slow with males still forming the majority of permanent (61%) and temporary (56%) staff and whites forming the majority of permanent staff (59%).

The special challenges in the animation industry are being addressed by the Animation Production Training Initiative to improve high quality African animation programmes. The shortage of black and female representation in SA animation has been identified as a key concern for future growth highlighting the need to develop critical skills and capacity and create a bridge between schools and industry.

Key interventions

The most important interventions the government has instituted are the establishment of the NFVF, the Skills Development Act establishing the MAPPP-SETA[8], the DTI film rebate and the adoption of the DTI Customised Sector Plan for Film. There are, however, a number of other interventions that have had a significant impact on the film industry such as the IDC's Media and Motion Pictures division investments in film, South African Revenue Services (SARS) film and television rebate scheme, provincial government support for film offices and film commissions and the formation of an industry federation, the South African Screen Federation (SASFED).

[8] The Mappp-Seta has recently been placed under administration

NFVF

The NFVF was established in 1999 with a mandate from an Act of Parliament (73 of 1997) to develop and promote the industry. The focus of its work is to assist the industry to access finances through the National Lottery, private investors and international donors and promote the industry through incentive schemes that attract international film productions.

Since its inception the NFVF has been funding institutions and individuals with production, development, distribution and training grants. Its approach has four key priority areas:

- "To increase foreign and local direct investment into film production through encouraging private-public partnerships.
- To invest directly in infrastructure and facilitate industrial capital formation required to exhibit South African and African film product.
- To improve access to a viable film industry both in terms of ownership and in terms of consumption.
- To establish a regulatory and legal framework for the industry, that will provide the necessary certainty and stability required by the investor community" (NFVF, 2007).

The NFVF's record of success is uneven with the core problem being the continued trend of state fiscal support targeting "principal photography" stage of filmmaking (most labour intensive) – to the detriment of other aspects of the value chain such as distribution. The majority of publicly funded films have never received funds for distribution and even if they do there has been no commercial return.

The NFVF is currently involved in research and distribution initiatives such as the development of a Sectoral Information System to assess the performance of the sector. This programme requires collaboration with Statistics South Africa, SARS, the DTI, the IDC, the South African Bureau of Standards, the Council for Scientific and Industrial Research (CSIR), the Human Sciences Research Council (HSRC) and tertiary education institutions. Other programmes include the "Integrated Promotional and Developmental Campaign" to assess the impact of programmes on the revenue stream and tax base and therefore facilitate the alignment of projects with the needs of audiences. The NFVF is hoping to ensure the development of local content with global appeal through the South African Film Portfolio.

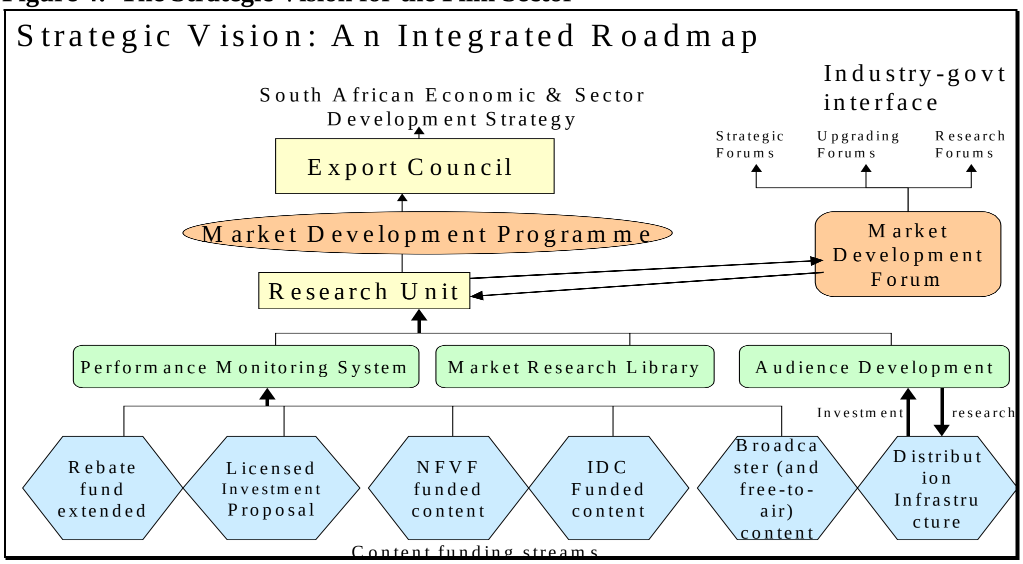
It is clear that support at production level needs to be balanced with greater emphasis at other stages of the value chain – especially at the demand side. Secondly it would be important to develop a commercially minded tract of investment targeted at a slate of productions which run alongside more traditional project based systems of grants. The establishment of provincially based film offices and commissions has lessened the need to promote South Africa to international filmmakers although there remains a need to co-ordinate the marketing campaign and increase South Africa's exposure in the international film community as well as to facilitate co-production agreements.

There has been concern at the lack of co-ordination between government departments and parastatal agencies and the apparent disagreement about roles and responsibility between the DTI (which developed the Film CSP), the DAC (which is the lead department on film and other creative industries) and the NFVF over research, incentives and representation. The NFVF's CEO has explained their concern: "In relation to film matters, the role of the DAC is to represent the NFVF at various forums and platforms, such as the service delivery clusters to which we have no direct access. The failure on the part of the DAC to do this has meant that there is a lack of awareness at high levels of government of programmes that could be implemented that would be in support of key government initiatives such as ASGISA and the broader government programme of economic development and poverty alleviation" (NFVF, 2007). The fragmentation within government is matched by that within the industry although increasingly the industry is finding a single voice through the newly established SASFED.

<u>The DTI Film Rebate and Customised Sector Programme for Film and Television</u>
In 2004 the DTI launched a film rebate designed to attract larger budget film productions to the country and to increase the number of film producers under a co-production treatise. This, the DTI believed, would boost opportunities for employment in the film industry. As such, the Department allocated R225m to this incentive over 3 years. The rebate per allocation was capped at R10m with a minimum spend of R25m. This minimum was seen as far too high by the industry as maximum budgets seldom reach beyond R5m. Although the DTI attempted to facilitate interfirm collaboration through offering the rebate to bundled films, this strategy did not work partly because local companies are opposed to this type of collaboration, partly because of a sense that the IDC would not support bundled films and partly because internationally there is a 12 month time frame which would make it difficult to complete 3 films in this time. Other concerns with the rebate are outlined in the Film CSP report noting in particular the lack of clarity about bundling local films with offshore films, the erratic administrative system, the lack of understanding of the film industry within the DTI to effectively administer the system and the delay in issuing provincial certificates.

A significant intervention by the DTI is the Film CSP study undertaken and the consequent inclusion of the film sector into the key ASGISA sectors. This study has been widely lauded for its measured assessment of the film and television industry as well as the opportunities which it outlined for the industry and the practical recommendations to take advantage of these. The FILM CSP report provides a situational analysis of the sector both locally and internationally with the aim of inspiring and reinvigorating the sector that suffered from "strategy fatigue". The Film CSP outlines interventions for increasing competitiveness, exports and investments as well as employment and equity in the film and TV sector as one of the priority sectors of South Africa. The CSP report builds on previous strategic papers developed by DAC, IDC, Price Coopers Waterhouse (PWC), NFVF, MAPPP-SETA and the Department of Communication (DoC). Extensive industry consultation focusing on key areas such as skills development, audience development, financing, co-ordination, export and marketing, equity and black economic empowerment, international and domestic intelligence and competitiveness were undertaken. In addition an analysis of global opportunities and challenges with respect to this industry were explored.

Figure 4: The Strategic Vision for the Film Sector



Source: The DTI Film CSP (DTI, 2005b)

The Film CSP's Integrated Roadmap vision as illustrated in Figure 5 establishes a clear relationship between research, market development and export for the film industry. The strategic outputs of the Market Development Programme are:

- Integration and dissemination of market development reporting.
- Targeting of interventions.
- Monitoring of industrial upgrading.
- Incentivise industry integration.
- Inform government policy and resource allocation.
- The proposal to establish a Licensed Investment Company to bring private investment into the industry (DTI, 2005b).

<u>The IDC's Media and Motion Picture Division</u>

The IDC has invested approximately R500m in film and TV production to date and continues to allocate significant funds to this industry for both equity and loan financing of large film industry projects through the newly established Media and Motion Pictures Division. A comprehensive risk assessment is required before any finance is made available. The IDC expects the successful applicant to have secured a significant theatrical release and or television airing to support the

IDC's back-end profit share. The IDC also requires a share in the copyrights and ancillary rights proportional to its investment. The IDC investment can be spent in SADC countries (IDC, 2004).

Some in the industry have expressed concern over the lack of clarity in the IDC guidelines and drawn out process of the funding application making it difficult for small film initiatives to benefit from this financing. In addition, the IDC is seen to micro-manage and demand cuts in budgets in areas which could destroy a project. More film expertise to guide the decisions has been called for (DTI, 2005b).

SASFED – the South African Screen Federation

The formation of SASFED was widely supported by the film, television, video, distribution and new media sub-sectors in recognition of the need for unity, representation and coherence in the industry. The fragmentation of the film industry has long been a concern not only of filmmakers but of government and institutions dedicated to supporting this industry. At the film Indaba in 2005, the industry role-players agreed to establish an industry federation. More than 17 member organisations are affiliated to SASFED[9] representing more than 10,000 working individuals and over 200 businesses operating in the industry. Special interest groups such as the Black Filmmakers Network (BNF) and Women of the Sun have been included to begin to addresses the historical lack of representation. Common purpose across the organisation was evident in the first meeting and is reflected in the aims of the organisation which are:

- To uphold and safeguard the rights and interests of South African professional audio visual practitioners.
- To act as a political lobby and advocacy organisations.
- To improve the film production and distribution environment in South Africa and if necessary to initiate research on specific industry related issues.
- To deliver information to its members and the greater community about the economic, legal and creative conditions under which audio visual professionals in South Africa work.
- To facilitate better communication between the various bodies that will form part of the federation membership for SASFED.

Subsequently SASFED joined two other organisations, the IPO (Independent Producers Organisation) and the recently formed TPA (The Producers Alliance) to facilitate unity and mobilise industry stakeholders to better communicate with government, government agencies and the broadcasters such as DTI, DAC,

[9] Affiliated members include Association of South African Crew Agents (ASACA); Black Filmmakers Network; Commercial Producers Association (CPA); Independent Producers Organization (IPO), National Association of Casting Agents (NACA); National Association of Modeling Agencies (NAMA); Official South African Casting Association (OSCA); Personal Managers Association (PMA); the Producers Alliance (TPA); Southern Africa Communication for Development (SACOD); South African Guild of Editors (SAGE); South African Script Writers' Association (SASWA); South African Society of Cinematographers' (SASC); Women of the Sun (WOS), Association of Broadcast Training Providers, Animation SA, Documentary Filmmakers Association (DFA), Women in Film and Television South Africa (WIFTSA) and Motion Pictures Training Association (MPTA).

DoC, Independent Communications Authority of South Africa (ICASA), the Lottery, the NFVF and the South African Broadcasting Corporation (SABC). A priority intervention at this point is the ongoing crisis at the SABC regarding commissioning, licensing, contracting, payments, the lack of rights for content creators and censorship which is negatively affecting the growth of the sector (Screen Africa, 2006). An important recent agreement between the SABC, the IPO, TPA and SASFED is to establish a task team on Intellectual Property (IP) to research the current local and international terrain of IP ownership and management, international trends, best practice and practical requirements. This agreement gives weight to their joint recognition of the value inherent in IP and that the broadcaster and the independent production sector needs to commit themselves "to building a stable, sustainable, transformed and diverse industry"[10].

Provincial and Local Film Offices and Commissions

There are three provinces with functioning film commissions and/or film offices and at least two others planned in Mpumalanga and the Eastern Cape. Established as either special purpose vehicles or as units within other development agencies the primary role of these institutions is to develop local industries and facilitate film and television productions on location in their specific region.

- Gauteng Film Commission (GFC)

The Gauteng Film Office was established in 2002 by the Gauteng Provincial Government (Finance and Economic Affairs) as a section 21 company. The GFO's core objective was to promote film production in the province and make Gauteng a premier destination for local and international film producers. While a number of films were shot in Gauteng (Hoodlum and Son, Stander, Hotel Rwanda, Drum, Tsotsi, Soldiers of the Rock) and more than R400 million worth of investment in film and commercial production came into the Gauteng economy, in 2004 the GFO seemed to lose focus and contact with its stakeholders. This resulted in an Indaba in 2004 to set a direction for the GFO, get a mandate from its stakeholders and make progress on appointing a CEO. The GFO has subsequently appointed Terry Tselane as CEO and began a process to review the organisational mandate and strategic direction. It recently completed a study to re-position itself from a Film Office to a Film Commission acknowledging that the work of a film office (permits, traffic, road closures, etc) is best done at the municipal level. The GFC will have both conventional film commission obligations as well as developmental responsibilities related to the domestic film and television industry.

[10] Set of 5 principles agreed on 2.7.2007 by the SABC/IPO/TPA/SASPEC task team for IP available at http://www.ipo.org.za/articles7.htm

The core functions of the GFC were presented to a wide variety of stakeholders in July 2007 and remain unchanged from the Gauteng Film Office Annual report 2006 ranging from marketing Gauteng as a location of choice, being a hub and resource on centralised industry intelligence, working with stakeholders (private and government) to support a sustainable audio-visual industry, promoting an active screen culture across the Province and supporting the transformation of the sector into a “world class industry and that is reflective of South Africa in its entirety”.

- The Cape Film Commission (CFC)

The Cape Film Commission (CFC) is particularly active in the Western Cape film, television, commercials, video and stills photography production sector. It was established as a Section 21 company and plays a significant role in promoting the indigenous industry and acting as an interface between the industry and government. The CFC works with the NFVF to enhance incentive and support programmes.

- The Durban Film Office (DFO) and KwaZulu-Natal Film Commission (KZNFC)

The DFO was established as a special purpose vehicle of the eThekweni Municipality, formally launched in October 2003 as the official advocate for the feature film, television, video, commercials and stills photography production industry to promote Durban and the KwaZulu-Natal region to the entertainment industry. Additional responsibilities include the facilitation and coordination of on-location filming in the City and the Province. To achieve the aim of a film friendly destination the DFO believes it important to promote the development of local filmmakers, crews and other related professions especially those from disadvantaged backgrounds. The DFO provides information on funding and training opportunities and facilitates regular communication between the local industry and film related government agencies.

In 2005 the KwaZulu-Natal Department of Economic Development commissioned a business plan for the establishment of a KZN Film Commission. Envisaged as a Section 21 company, the KZNFC will promote, market and develop the film industry in Durban and the province as a whole both as a film destination for local and international filmmakers as well as a regional trade association and networking body for the industry. No further developments have occurred and the KZNFC has not yet been established. There has also been no decision on the demarcation between the DFO and the KZNFC.

Scriptwriter’s Institute of South Africa

The Scriptwriter’s Institute was borne out of the South African Script Writer’s Association (SASWA) to provide quality skills training for scriptwriters in all aspects of the entertainment industry. SASWA became internationally recognised as a guild with the International Association of Writers’ Guild as of

November 1st 2005 and in March 2006 the SASWA membership ratified a recommendation to split into two organisations, the South African Scriptwriters Union (now registered with the Department of Labour) and its training arm, the South African Scriptwriting Institute (the Institute). The aim of the Institute is to train scriptwriters across the film, television and radio genres as well as be the custodian of the professional standards within the scriptwriting industry. Their target market is all scriptwriters (working and aspirant) as well as the producers for whom they work.

The programmes of the Institute are run nationally in all provinces with funding from the MAPPP-SETA and the National Lottery. Scriptwriting programmes are offered at NQF level 5, 6 and 7. In 2007 the Institute planned a Script Camp initiative for 12 writers over a 3 month period working on their scripts under the guidance of script editors and a producer and ran master classes with the GFC and international scriptwriters. These programmes are reflective of the strong relationships the Institute maintains within the industry through SASFED, the Motion Pictures Training Association (MPTA) and the SAQA standards generating process. The "Fundamentals of Scriptwriting" programme feeds into other programmes such as Sediba, Sithengi (see below) and the NFVF script development process.

The South African Revenue Service's Tax Incentive

Section 24F of the Income Tax Act offers deductions against production and post-production costs but this concession was severely abused in the 1980s which has put this incentive at risk. There are suggestions that Section 24F should be re-examined to make it more investment friendly. Key concerns relate to the timing of allowances and accruals in underwritten transactions. Despite these and other ambiguities (such as the "at risk" rules on transactions that are credit financed or underwritten by revenue shortfall insurance), Section 24F is seen as a useful tool for local filmmakers (Webber Wentzel Bowens, undated).

Sithengi Film and TV Market

The Sithengi Film and TV Market (Incorporating the Cape Town World Cinema Festival) has been an important part of the film and television industry in South Africa and a significant date on the calendar for all filmmakers for the past 11 years. Unfortunately Sithengi is currently threatened with closure by its board of directors who stated that it is "technically insolvent" (Screen Africa, 2007a). No new CEO was appointed after the contract of Michel Auret expired in April 2007. This premier film market provided an opportunity for networking, conferencing and trading between South African and other African film filmmakers, distributors, exhibitors, broadcasters and international players (CIGS, Film and Television, 1998). It also administered the R3ml HIVOS/Sithengi Film Fund for aspirant filmmakers and projects in the SADC region in 2005 (Henderson, 2005).

Previous funding streams for 2004-2006 were secured from the NFVF (R3.6ml), the City of Cape Town and the Provincial government (R2.4ml), the National

Lottery Fund (approximately R11 ml) and a commitment to a renewable contract from the SABC. The Sithengi Film and TV Market will, as a result of this funding crisis, not take place in 2007.

Film Resources Unit (FRU)

The Film Resources Unit (FRU) has been the only development agency concerned with distribution in the country. It was established as a non-governmental organisation to disseminate and promote independently produced and developmentally appropriate film and video materials as well as educate audiences about film. FRU began as an underground distributor of African audio visual and socially relevant documentary material during the Apartheid era and grew into a successful NGO working with communities on a grass roots level and representing African filmmakers across the continent. It developed a rich archive of film and video resources over its 21 years of existence.

Its recent financial crisis led to a decision to go into voluntary liquidation while at the same time support from the industry and the media encouraged it to develop a comprehensive strategic plan to revitalise the organisation. A statement released by FRU reported on the discussions the organisation was having with the Department of Arts and Culture regarding its financial status and the way forward to ensure its longevity (FRU, 2007).

Key challenges facing growth

In addition to the core problems identified by the Film CSP outlined below, there are a number of other key challenges the film industry will need to address in order to ensure the growth of a viable and sustainable industry. These are:

a) There is a lack of strategic information and research vital for industry sustainability. Without this understanding of market trends and audience analysis, industry participants are unable to make effective investment decisions (Joffe, 2004).

b) Intellectual property rights might exist but are poorly enforced. The appearance of the pirated DVD for Tsotsi, South Africa's Oscar winning film on the day of the release of the movie – albeit with a different ending - galvanised the South African Federation against Copyright Theft (SAFACT) to launch a campaign educating the public about piracy in which fake pirated DVDs are sold by students dressed as street vendors (SAFACT, 2006). A few minutes into the genuine movie, a message appears on the screen: "Thank you for buying this DVD. Your R40 has been donated to the Anti Piracy Foundation. Piracy is a crime". The price of the product is viewed as expensive to the majority of the population. The pirated DVD of Tsotsi sold for R50 on the streets while the legal DVD sells for R150-R200. There is no doubt that the digitisation of content in all markets facilitates the growth in piracy and it is a huge threat to the industry. Piracy rates globally vary from 90% in China, to 79% in Russia and Thailand to less than 8% in the US. Table 10 shows that DVDs account for more than 60% of piracy in the sector while the value of the loss from global piracy is more than $12bn.

Table 10: The Impact of Global Piracy

Global piracy loss	$12.2bn
MPA member companies	$6.1bn
Hard goods (DVDs)	62%
Internet Piracy	38%

c) The inadequate access to funding in South Africa and the requirement for revenue generation guarantee is a barrier to investment in the sector. Producers are unable to meet requirements of financial institutions given the high risk of the industry and fragmentation of audiences and are unable to recoup value from content made for television - as broadcasters currently have a monopoly on IP ownership. Given the need to develop the local film industry it is of concern that the Lottery, a major alternative source of funds, only funds not-for-profit companies. There is a need for business development support for the industry to mitigate these industry inherent financial risks.

d) The lack of seamless government services and the consequent fragmentation of government interventions and support policies remain a concern to the industry. There are numerous policy research studies conducted by different institutions, training interventions developed, incentive schemes created and marketing strategies promoted. It is necessary for these to be aligned to an overarching strategy and developed in such a way so as achieve effective outcomes for the industry without duplication and confusion.

Recommendations for Development

The Film CSP report (DTI, 2005b) identifies an integrated set of interventions towards a vision for South Africa to be the leading producer of film and television content from Africa and the Middle East watched by the world by 2014. The document identifies four substantive problems in the film sector that it seeks to remedy through strategic interventions:

- Erratic production levels in both local production and productions of foreign origin.
- Underdeveloped domestic and international markets for South African products as a result of a lack of market access strategies informed by reliable market information.
- Levels of content production below international benchmarks of 12 – 25 feature films per annum in order to support a domestic industry.
- The lack of infrastructure to build local audiences, especially for feature films in theatrical or DVD release.

In response to the issues raised above, the Film CSP proposes the following interventions:

a) Reworking of the current film and television rebate offered by DTI to ensure greater consistency in production rates, collaboration amongst local producers, support BBBEE objectives in the sector and facilitate skills development.
b) The development of a market development programme, administered by an institution established for this purpose to ensure regular information gathering and dissemination and to promote collaboration and co-operation in the sector in order to develop a clear market access strategy.
c) The establishment of a licensed investment company within an existing financial institution to attract private sector investment, improve the functioning of Section 24F of the Income Tax Act, increase the stock of domestic product and promote relations with international sales agents.
d) The development of distribution infrastructure through a public private partnership to triple the number of cinema visits per capita over ten years and increase the percentage of South African content consumed.

Evaluated by a range of key performance indicators attached to the individual interventions, the anticipated outcomes of the Film CSP are an increase in the number of foreign productions and co-productions in film and television, growth in the international and local markets for South Africa content, increased levels of private finance and an increase in the returns on domestic production to between R15 and R25 million per annum.

The Craft Sector

Definition

In South Africa, the Department of Trade and Industry's Craft Sector Programme (Craft CSP), published in 2005, defines the sector as follows:

> *"Craft refers to the creation and production of a broad range of utilitarian and decorative items produced on a small scale with hand processes being a significant part of the value-added content. The production of goods uses a range of natural and synthetic materials" (ACTAG, 2004).*

The distinction between crafts and visual arts has always been blurred. Some experts talk of "the useful arts" (of the craftspeople) as objects produced for everyday use, and the 'decorative arts' (of the visual artists) as those created for their own sake. Some other experts refer to the "plastic arts", in which they include painting, sculpture, photography, architecture, and sometimes even fine glassware, jewellery and furniture. The use of artistic works in artisanal products is common. The use of craft techniques and skills by visual artists is also common. A photograph of a craft product is considered to be a manifestation of visual art. It is important to note that there can be no sharp dividing line between crafts and visual arts. Each sector has its own independent standing and market, but they also have a mutually supportive and interdependent relationship, including their linkages with the industrial design and formal factory-oriented mass production sectors.

From an intellectual property perspective as well as from a marketing and consumer perspective, crafts and visual arts overlap in that they both produce essentially hand-made products, often culturally rooted, whose distinctive quality or inherent character has primarily an aesthetic appeal which is judged largely by the eye, although elements of touch and smell may also be important. Craft items may also have functional or useful features, whereas the products of visual arts do not.

Sector Products and Services

Craft products encompass a vast variety of goods made of diverse materials. This diversity makes it incredibly difficult to give a satisfactory definition of the material content, technique of production and/or functional use of craft products. Yet, for a variety of reasons, a working definition of such products is sought by importers, exporters, customs and excise departments, or trade development agencies. Although there is no universally agreed definition of artisanal products, the following characteristics broadly apply to a wide range of the world's crafts:

- They are produced by artisans, either completely by hand or with the help of hand-tools and even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product.
- There is no particular restriction in terms of production quantity.
- Even when artisans make quantities of the same design, no two pieces are ever exactly alike.
- Their special nature derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant (UNESCO/ITC, 1997).

The crafts sector is composed of small and micro-business, with work often conducted in studios and workshops. The "economies of scale" that drive international competition in many goods markets are rarely a factor in the crafts sector, though there are crafts communities and collectives that sometimes band together for sales and marketing purposes.

The small scale of studios and diversity of media in the crafts sector also means that it is more difficult to create and sustain business or industry associations in the sector. The crafts community is diffuse and loosely organised, partly because it is possible for an individual to design and produce a product or range of products. A profile of crafts workplaces, like a profile of crafters, is hampered by statistical and definitional problems.

Basic Enterprise Characteristics

Crafters may be defined as people who make products manually. They can work individually or in groups. The sector also includes entrepreneurs who:

- Manage or belong to micro-, small- or medium-sized enterprises concerned with craft production.
- Use machine tools or even machinery, without affecting the essentially hand-made nature of the work and the production process.
- Beyond the usual micro enterprise, have associated in co-operatives or any other form of organisation, formal or informal.
- Although not actively participating in production, specialise in research, market negotiations or product design and conception.

Recent Sector Developments

The craft sector has been the focus of a great deal of attention in the South African economy since the publication of the CIGS reports which identified the potential of the sector to contribute to economic development and also social objectives such as the empowerment of women, poverty alleviation and black economic empowerment. Some critical interventions include:

- The establishment of the Cape Craft and Design Institute (CDDI) in the Western Cape (See Box 3).
- The national “Craft Imbizos”[11] which provide a platform for communication and consultation in the sector, as well as retail opportunities.
- The mounting of the Beautiful Things Exhibition as part of the World Summit on Sustainable Development (WSSD) and subsequent craft “supermarket” initiative that provided a retail and showcasing opportunity for the sector under the patronage of First Lady Zanele Mbeki.
- The initiation of “One of a Kind” as part of the Decorex trade show.
- The inclusion of the craft sector as a priority in the “Investing in Culture” programme of the DAC and the Expanded Public Works Programme.
- The registration of formal technical and vocational qualifications for the sector through the CreateSA project and the MAPPP-SETA.
- The development of the national craft marketing strategy by the DTI which has been incorporated into the CSP.
- The publication of the Craft CSP by the DTI.

While the sector has been prioritised since the late 1990s interventions coming from numerous line-function departments and different spheres of government

[11] The Imbizos were established as to promote discussion and networking in the sector, aligned to market access programmes.

have been fragmented and social and welfare motivations have impacted on the economic sustainability of initiatives (DTI, 2005a).

Upstream and downstream industries

Upstream and downstream industries which impact on the sector include:

- The agricultural sector
- The mining sector
- Tourism
- Heritage
- Interior design
- Retail

Key statistics

The Craft CSP estimates that the South African Craft Sector contributes approximately R2 billion to GDP (0.14%), providing income and employment to approximately 38,062 people. The document further estimates that the sector comprises over 7,000 micro and small enterprises operating across the value chain. With regard to global market position, the country is a very small player, contributing less than 1% to the global trade in craft (DTI, 2005a)[12].

Market size

<u>Global Market</u>

The world market for handicrafts is in a state of transition. The growing influx of look-alike, low-cost, fully or partly mechanised crafts and decorative products from countries such as China, Hong Kong, and Taiwan, has penetrated and thereby affected the market for traditional hand crafted products. The current effective world market for crafts and decorative stands at an estimated US $235 billion in 2003, with an annual growth rate of 5.1% between 1999 and 2003 (Frost & Sullivan, 2005).

In 2003, the top 10 markets, which include countries such as USA, Germany, United Kingdom, Japan, Hong Kong, France, Canada, Belgium and Spain, accounted for 77.5% of the total world imports of crafts and decorative products. The USA is the largest importer of crafts and decorative products and imported US $75.8 billion worth of crafts and decorative products in 2003. This translates into 32.3% of the world imports. Taking into account the significant number of re-exports to Canada, Mexico, and other South American and many African countries, however, Frost & Sullivan (2005) estimate the nett consumption by USA to be around US $50 billion.

[12] The document notes that these are estimates based on inconsistent industry data and should thus be treated with caution.

The demand for these products depends on the overall economic climate of a country, which include key aspects such as employment, disposable income and changes in spending patterns. Despite the fact that USA is the largest market, the European Union (EU), viewed as a trading block, is fast emerging as a very attractive destination for crafts and decorative products. The 25 countries that constitute the European Union, account for 40% of the world imports (Frost and Sullivan, 2005).

The bulk of the imports by the USA are low value products, whereas in the case of the EU countries it is mostly medium to high value products. The influx of low-cost products from Asian countries, however, has made these markets highly competitive. On the other hand, Japan, which accounts for 6.5% of the world market, is relatively less competitive. Consumers here are willing to pay better prices for unique handcrafted products especially those originating from developing Asian countries.

Local Market

The local market for South African products is showing strong growth and with an annual economic growth of between 3-4% annually and rising middle class with increasing disposable income, the local market is set to expand. The rise in local interest in South African craft is also attributed to a general trend towards African styles.

The sector contributes approximately R2 billion to GDP in retail sales, which represents approximately 0.14% of GDP, of which approximately R150 million is in export sales. Over the last 5 years, the number of production enterprises has increased by 40%, an average growth of 8% per year which is double the national average for economy growth. This growth can largely be attributed to two factors: growth in tourism visitor numbers which grew by 82% over the last 10 years; and the impact of interventions on the sector.

There are a wide variety of inputs used in craft production supplied by approximately 436 craft material suppliers nationally. These include: beads, grass & plant material, clay, wax, stone, wood, wire & metal, textile & fibre, glass, leather/animal by-products, paper, plastic & resin. Access to materials, especially access to wholesale pricing of raw materials, and other supply chain factors are a major limiting factor to the efficiency of the craft sector.

Recent estimates indicate that there are 5,725 full time craft production enterprises nationally, with a concentration in KwaZulu-Natal, the Western Cape and Gauteng. These enterprises or production units are classified as informal, sole traders, co-operatives, project-based and small batch manufacturers with the greatest concentration in the informal/ sole-trader category. The estimated numbers of employees is just over 30,000, significantly lower than figures projected in earlier reports such as the CIGS Craft Report.

Craft retail takes place through just over 750 outlets which include craft markets, galleries, small retailers and national chains. The latter has seen increased activity in the last 5 years although the bulk of these are in the provinces with greater urban-based populations and strong tourism economies. Based on figures available from listed tourism companies it is estimated that the national turnover of craft retails sales is between R1,9 billion and R2 billion. There is a growing specialist service industry to the sector that includes product developers, financial, marketing and distribution services and skills development and technical training. Using available figures, a total of 100 enterprises in the support services have been identified (DTI, 2005a). Little information is available on local consumers and the exact nature and the potential of the market has not been quantified.

The market can be segmented into eight major categories as follows (Kaiser Associates, 2005):

- Predominantly functional items primarily produced on a large scale, are of medium to high quality and are generally sold in formal and large retailers.
- Fashion-led items which are also of medium to high quality and produced on a large scale and are sold in large and small specialist retailers.
- Gifts and novelty items which can be at any level of quality, tend to be produced in small batches are a sold through a variety of retail outlets.
- Corporate gifts which are generally medium to high quality, generally made in large batches and retailed directly or online to corporate purchasing managers.
- Collectible/Craft Art objects which are high quality objects, sold in specialist retail outlets such as galleries and museum shops and generally produced as once-off or limited edition pieces.
- Cultural Artifacts which can be of low or high quality are generally produced on a small or medium scale and are sold at markets, tourist outlets or by informal traders.
- Souvenirs/Curios of low or high quality, manufactured on a small or medium scale and are sold at markets, tourist outlets or by informal traders.
- Socially Responsible/Fair Trade products are generally of medium quality, tend to manufactured in small or medium batches and are sold through historically associated retailers and, increasingly, by mainstream retailers.

Performance: historical, current, future

The craft sector in South Africa has been characterised by two distinct developmental periods. Prior to the drafting of the CIGS report in 1998 and the Craft CSP in 2005, the sector was driven by philanthropic investment. The CIGS report and subsequent efforts have recognised the economic potential of the sector. This is not to say that the community development aspects of the sector are ignored, but rather, the economic potential is recognised. The Craft CSP has provided an industrial strategy, aligned to South African trade and industry policy for the first time. This intervention will encourage government and the private sector to engage with craft from the perspective of economic rather than social development, and in so doing, enable the sector to move from a dependency on grant-funded interventions to market led innovation.

Future Outlook for the Craft Sector

The value of the South African Craft Sector is its potential to contribute to the following key government priorities and as such it will continue to enjoy government support at all levels:

- Black economic empowerment.
- The empowerment of women.
- Rural and urban development.
- Small business development.
- Export promotion.
- Beneficiation.
- Poverty alleviation.

With regard to international trends that will impact on the sector, the following were identified in the Micro-Economic Development Strategy (MEDS) for craft in the Western Cape:

- The growth of fair trade practice and products as a niche market especially in the European Union and its resultant impact on producer and buyer relations.
- The increasing importance of cultural content in product development and the application of handmade processes to ensure that products are easily differentiated in the global markets.
- The continued importance of skills development to meet the existing skills gaps of the sector and to ensure that access to new technologies and market opportunities are assured.
- Increased competition from cheap imported products that flood the local market and emphasise the need for product differentiation based on the country's unique cultural and heritage resources.
- Increasing market access is likely to lead to homogenisation which will impact on the viability of craft products locally and globally.
- International and local trends in fashion and style will continue to have a major impact on the sector, forcing it to keep abreast of these trends and invest in regular market intelligence gathering exercises.
- Greater access to new materials and new technologies as tools for continuous product innovation (Kaiser Associates, 2005).

Recommendations for Development

The Craft CSP comprises a comprehensive set of development initiatives with a budget of just over R30 million. The document identifies four core obstacles to the growth of the sector:

- The lack of co-ordination of development activities in the sector as a result of a weak organisational base, fragmented activities and a lack of reliable data.
- A weak skills base and uncompetitive pricing strategies which are a function of the informal nature of the sector.
- The lack of investment in research and development and infrastructure.
- The inability of the sector to capitalise on market opportunities given a lack of market-focused product and enterprise development and a common marketing strategy in the sector.

To overcome these challenges, the following programmes will be implemented:

- Craft and Design Sector Co-ordinating Body to ensure regular and constructive engagement with the sector and development agencies.
- An enterprise development programme to drive the commercialisation the sector and build its global competitiveness.
- A research and development programme to improve products, technology and commodities in the sector.
- Integrated craft development hubs in the provinces and initiate a market access programme to capture 5% of global trade in handicraft by 2014.

In doing so, the Craft CSP anticipates supporting 180 craft enterprises and over 5000 crafters, improving awareness of the importance of design and improving expenditure on research and development and creating strong market linkages between crafters and buyers and increasing market share and sales.

The Music Sector

The South African music sector is vibrant, displaying significant entrepreneurship which is driving the success of genres such as kwaito and rock. The music sector plays a particularly important role in national economic development and social cohesion.

Definition

There are three unique components that comprise the music value chain:

- The recording sector, which concerns the production and consumption of tangible music products such as CDs, cassette tapes, music videos and internet downloads.

- The performance sector, which focuses on live performance which is the principal means of income generation for musicians in South African and the rest of the continent.
- The multidisciplinary sector, where music is a component of a product or performance such as audio-visual material (film, theatre performance, commercials and tourism).

In South Africa this definition is particularly important as most musicians do not earn a living from recorded music but rather from performance or working in other creative enterprises (theatre, film, commercials). Local artists that are most active in the live performance sector are also those who achieve the highest record sales.

The first study on the music sector prepared as part of the CIGS report (CIGS Music, 1998) focused principally on the recording sector and failed to assess the other related sectors. Nevertheless this study formed the basis of subsequent government interventions which have had a significant impact on the industry. Following the release of the CIGS report, the Minister of Arts, Culture, Science and Technology assembled a multi-stakeholder team, called the Music Industry Task Team (MITT) to recommend strategies to address the problems facing the South African music industry. The MITT released 37 recommendations aimed at strengthening the industry.

At the same time the broadcasting industry was under the spotlight with the Independent Broadcasting Authority, set up to govern the emerging independent broadcasting sector, that issued regulations to radio stations to broadcast local music.

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This focus on music has continued in government with the Department of Communication and Department of Trade and Industry adding their weight and expertise to this sector.

International

The global music market is highly centralised although the wave of agglomeration of global music sector players has given rise to the establishment of small, niched independents. Technological changes such as digitisation have revolutionised the nature, scale and performance of the music industry globally.

While physical music sales have declined in many international markets, digital sales have again increased in 2006 with 586m digital singles downloaded and 28m albums downloaded representing a 60% and 103% increase respectively. Digital sales include single track downloads, album downloads, music video online downloads, streams, master recording ringtones, full track audio download to mobile, ringback tunes, music video downloads to mobile and subscription income. Figures in Table 11 were collected from International Federation of the

Phonographic Industry (IFPI) members (physical sales); major record companies (digital sales) and includes an estimate for non-reported sales. In general, the growth in digital revenues partially compensated for the decline in physical sales across major music markets.

Table 11: Total Music Sales Market 2006

	Trade Values 2006			Retail Values[13] 2006
	US$	**% Change**	**% Digital**	**US$**
US	6,497	-7%	17%	11,501
JAPAN	3,563	1%	11%	5,273
UK	2,054	-7%	6%	3,252
Germany	1,411	-3%	5%	2,091
France	1,126	-10%	6%	1,700
Canada	530	-9%	6%	719
Australia	403	-4%	5%	621
Italy	383	-11%	6%	598
Spain	327	-11%	5%	497
Mexico	236	-10%	4%	374
Netherlands	233	-5%	4%	396
Brazil	222	-25%	3%	333
Russia	210	4%	0%	407
Switzerland	182	-12%	3%	237
Belgium	162	0%	6%	331
South Africa	**154**	**3%**	**2%**	**248**
South Korea	153	n/a	56%	248
Sweden	141	-6%	6%	229
Austria	130	-6%	5%	266
Norway	120	-10%	4%	227
Other	1,350	-6%	8%	2,265
TOTAL	**19,587**	**-5%**	**11%**	**31,813**

Source: IFPI May 2007

Where data is gathered by private institutions such as representative bodies of music recording companies this data is collected and formatted for their specific needs and may not allow for appropriate comparisons. For instance, it may under-estimate sales and profits or it may monitor sales according to artists rather than where the sale has taken place in the region. Collection agencies

[13] Retail sales are estimates based on a markup and represent combined physical and digital sales.

may also not collect information according to countries in relation to royalties or license rights payments.

There is no common methodology for data collection on the African continent making comparability extremely difficult. In the absence of country specific national data, sources such as the IFPI can shed light on the value of Africa's contribution to the music industry. These data sources however are hugely problematic. The IFPI data for instance, is based on membership which on the African continent is principally based on companies in South Africa (4), Nigeria (1), Kenya (1) Ghana (17), Egypt (4), Malawi (1), Mauritius (1) and Mozambique (1) with only South Africa, Nigeria, Kenya, Ghana, and Egypt having national membership.

Table 12: Global Music Sales

Region	Global sales contribution % 2001	Value $ 2001
North America	37	8.4-14.2 billion
Europe	34	13 billion
Asia	20	7.8 billion
Latin America	6	2.4 billion
Australasia	1.8	707 million
Middle East/ Turkey	-	345 million
Africa	**0.6**	**207 million**

Although the data provided by the IFPI is welcome from a comparative point of view (see Table 12), it fails to illuminate the structure of the music industry in Africa. This industry is principally driven by live performance and informal recordings often in the pirate market whereas the IFPI figures are collated from formal recorded and mainstream music data.

Piracy is a global problem impacting on all role players from musicians, composers, recording studio owners, sound engineers, record labels and distributors. IFPI figures report that globally CD piracy is worth US$4.5bn per year (IFPI, 2003) facilitated in part by technological advances and in part from the massive over-capacity of CD manufacturing plants. This contrasts to trends in the African region where cassette piracy predominates.

An important niche market for South Africa and the other developing countries is the growth of World Music although it is still dominated by specialised record labels located primarily in Europe. The South African music industry has not yet benefited fully from the opportunity this growth represents for artists, composers or independent record labels.

Characteristics of the South African Music Sector

The South African music sector comprises approximately 0.8% of world music sales although with local content requirements, deregulation of radio industry and synergies between local and international musicians' sales have grown substantially since 1995. It is a fast growing market with a deep and diverse musical heritage coupled with wide ranging music development programs. South Africa has a strong industrial base in recording, manufacture, retail and broadcast to ensure the sale of music and an increasingly wide range of institutions representing most sectors with agglomeration (particularly in Gauteng) facilitating easy industry interaction. Growth in unit sales and market value has resumed over the last four year period while copyright collection agencies are generating more revenue than any other African agencies.

Recording Industry of South Africa (RISA) figures (Table 13) show that music sales (local and international music) are topping the R1bn-a-year mark despite the rise of piracy and internet downloads. There is also significant growth in sales for local artists with sales of 11.7m units amounting to R383m in 2005, higher than the R349m sales in 2004. Sales of local music consistently accounted for more than 20% of the total value of music sales between 1997 and 2002[14] and reached 37% in 2004/5 as can be seen from the table below (Table 13). It should be pointed out however, that South African music tends to be bought on the lower value cassette format while international music is predominantly purchased on the higher value CD format so that local music in 2002 for example accounted for 42.6% of total sales using unit sales rather than value (Gostner, 2004).

Table 13: Music sales in South Africa

Year	Unit Sales	Value	Local artists
2002	-	R704m	R192m
2003	-	R705m	-
2004	20.6m	R888m	R349m
2005	22.6m	R976m	R383m

Source: Risa sales figures

Unlike many global markets, physical sales increased in South Africa in 2006 (3% according to the IFPI figures) and while there is growth in digital sales (2%) it is significantly lower than that experienced by global markets. However the South African music industry remains insignificant in global markets and of little concern to the largest music producing companies.

[14] Karl Gostner, 'The South African Music Industry: trends, analysis and questions' in Cultural Observatory documents available at www.culturalobservatory.org.za

Many of the South African research and policy reports on the music industry have focused on a value chain analysis (CIGS, Cultural Observatory) which has come under criticism for its focus on the supply side and consequent neglect of demand. One of the problems with the value chain analysis is that inadequate attention is paid to the consumer and patterns of consumption that would be revealing about culture and identity with its emphasis on supply and the creation of value through the production, distribution and exhibition cycle. The music sector provides an interesting illustration of this in that the focus on value chains may have generated a dichotomy in which music is either a commercial product that is the culmination of an "industry's efforts" or it is an art form and cultural (Gostner, 2004).

Even though the value chain links the two critical moments – that of production and consumption – the bulk of analytical work in the SADC studies and those in South Africa itself have focused on the moment of production. This has led to some distortions as to how successful certain genres of music have been in South Africa. The Apartheid legacy and the concomitant racially skewed patterns of income distribution have impacted on what genre of music is consumed. The majority of the population listens to Gospel, Kwaito and Reggae while the highest number of retail sales is in Rock and Pop music (Gostner, 2004).

Unlike the rest of the African music markets, international music dominates sales in South Africa. Table 14 below shows the comparative share of domestic repertoire in different jurisdictions.

Table 14: Comparative share of domestic repertoire[15]

Country	Repertoire
United States	Mostly local
Canada	Increased by 12% due to Canadian Superstars
Western Europe (France, Germany, Italy, Spain and UK)	Mix, strong efforts to promote local repertoire
Eastern Europe (including Russia)	Western European music mostly
Japan	75% domestic and regional
Latin America	70% domestic and regional
Middle East and Turkey	Arab/Domestic 60%
Australasia	International - historic effort to promote local repertoire
Africa	Local (65%)
South Africa	25% although share of local repertoire is growing

[15] Figures sourced from IFPI, 2003 and table adapted from 'Take Note! The (Re)naissance of the Music Industry in Sub-Saharan Africa' by Development Works (2004) and commissioned by The Global Alliance for Cultural Diversity, Unesco

The place of South African music within global trends is distorted by economic inequalities as genres in which the domestic industry is stronger (Kwaito and Gospel) have tended to be the music of choice for black consumers with income inequalities still applicable. The development of Kwaito to a large extent contradicts the view that the commercialisation of music has a detrimental effect on national identify as this music form has found creative and artistic expression amongst South Africa's marginalised youth contributing significantly to identify formation. There is no doubt that social and cultural experiences shape the genres that interest people such that during the Apartheid era in South Africa musical trends rarely crossed over. Younger listeners are developing their musical interests outside of this heritage. The power of the "Kwaito nation" was the subject of a research report by YFM showing that in ten years Kwaito had rivaled gospel as the top selling genre with 28% of the 239 best selling albums between the fifth and the ninth South African Music Awards being Kwaito albums (Yired, 2003).

Since the CIGS report there has been a significant increase in independent recording studios and record labels allowing for more cross-over's from performance and the multi-disciplinary sector into the recording industry. At the same time, the live performance sector supports the recording industry but it remains un-regulated in terms of contractual arrangements, the protection of intellectual property and lacks organisational capacity. Music festivals have grown significantly in South African with more than 20 different festivals ranging in styles from Jazz, Rock, Kwaito and classical music.

Upstream and Downstream Industries

It is clear that the music industry is closely related to other sectors such as performing arts and festivals and has a direct link to tourism through live performance (bars, restaurants, hotels, community halls, concert halls and stadia) in Table 15 below.

Table 15: A qualitative map of the music sector

Core Activities	Related Industries	Related Activities	IT and Telecomms
Live performance	Music press	Art & creative studios	Music on demand
Production and sale of sound recordings	Broadcast, film and advertising	Manufacture of instruments	Music games
Administration of copyright	Theatre and dance	PR companies	Internet music sales
		Jingle producers	Multimedia music
		Photographers	Virtual music networks

Source: Northern Ireland's Creative Industries: A qualitative map cited in Kristafor and Budhram (2003)

Market Size

Production facilities; Cassettes, CDs and DVDs
Locally produced compact discs and DVDs have increased by 129% between 2002 and 2005 while Risa figures show that the sales value of cassettes has declined from R87m in 2002 to R60.8m in 2005. DVDs have now overtaken cassettes as the second best format after CDs. Cassettes still dominate in the rest of Africa.

Retail
Formal retail outlets organised mainly by NuClicks (NCL) entertainment division (Musica and CD Wherehouse) remains a significant player in music retail. The best selling genre for local artists remains Gospel although Rock is emerging as a favourite across all races and cultures while Hip-Hop and R&B are starting to stagnate (Taunyane, 2006). There are also informal retail networks bringing legal products to consumers (25% of the market share) in which wholesale distributors sell to hawkers and small retail outlets such as Reliable and Jumbo Cash and Carry (Development Works, 2004).

Broadcasting
Radio (commercial, public and community) is the primary broadcaster and the primary consumption point for South Africans. Amended local content regulations in August 2003 increased the airplay of SA music on commercial stations to 25% and on public service radio to 40%. This is despite the submissions by broadcasters in 2001 that it was not possible to demonstrate that increased airplay led to a growth in sales of SA music. The radio broadcast industry subsequently argued that there was insufficient broadcast quality local music to meet the local music content. This view was echoed by industry with Gallo, for instance submitting that "while there has been a noticeable increase in the sales of local kwaito product, there has been no discernable difference in the fortunes of South African pop and rock music. Local content quotas do not work for all genres" (Kantor, 2004). The argument is that government needs to come to the party as on-air quotas are only one part of local content regulation. Government needs to invest in subsidising production, developing and supporting industry training and international marketing efforts, and granting tax incentives. These measures have been successful in regions such as France and Australia (Kantor, 2004).

Current music industry interventions

Moshito
Moshito Music Conference and Exhibition is a Section 21 company with a mandate to stage the annual music industry conference, trade exhibition and showcasing event. The event is a partnership between the Department of Arts and Culture both national and Gauteng and the South African music industry. It is broadly representative of the local music industry and its various stakeholders.

The Moshito founders were aware of the limited access industry participants had to credible business intelligence and music markets and established Moshito to inform and inspire players in the South African music industry so that industry can build a defendable competitive advantage for their companies.

Importantly, Moshito has been a catalyst for organisation within the music industry. At the 2004 Moshito conference recommendations for an independent record industry body were made to address the needs for the local constituents. The Association of Independent Record Companies (Airco) held its first AGM at Moshito 2006. Likewise the Composer's Association of South Africa (Casa) was incubated at Moshito 2005. International speakers such as Peter Jenner (International Music manager's forum) encouraged the local music managers to organise themselves into a body, Music Manger's Forum of South Africa (MMFSA) that has now affiliated to the international body.

Moshito also initiated the setting up of an export council for South African music products, the South African Music Export Council (SAMEX) which recently held its first annual general meeting. SAMEX has already been involved in National Pavilions at international music markets and exhibitions, Midem, Popkomm and Womex. Midem is a key networking event in any music industry practitioner's calendar. It brings 9400 professionals from 92 countries together for 5 days to explore business opportunities, and learn about the future of the industry. The tradeshow floor has over 9000m² of stands and business services with 46 national and regional pavilions representing over 1600 companies. Popkomm is an annual event attracting over 15000 trade visitors, 800 exhibitors and 2200 media people from 41 countries. Visitors include record companies, export councils, managers, agents, press, promoters and publishers. WOMEX, the world music expo, is exclusively dedicated to world, roots, folk, ethnic, traditional, local and diaspora music. 2006 was the 12th edition of WOMEX which took place in Sevilla, Spain attracting over 2100 delegates and 150 companies from 84 countries with 44 showcases of music of more than 500 artists on 4 stages.

<u>SAMEX – South African Music Export Council</u>

The DTI has now included the creative industries (including Music) as a growth industry although recording company executives report frustration in attempting to access government supply-side measures. DTI has also supported the establishment of Samex, the South African music export council. The idea for an export council began with informal discussions in early 2000-2003 with Midi Trust, the industry stand at Midem in 2001 and 2002 and the formation of SAMICI in 2003. The Moshito conference took a Local Market Development resolution in 2004 to develop music exports. This led to the first South African national pavilion at Midem in 2005 and the establishment of links with other trade fairs such as Popkomm and WOMEX).

SAMEX represents the association of Independent Record Companies of South Africa (Airco), the Creative Workers Union of South Africa (CWUSA), the

National Organisation of Reproduction Rights in Music (NORM), the South African Music Promoters Association (SAMPA) and the Southern African Music Rights Organisation (SAMRO). The Departments of Arts and Culture and Trade and Industry are supportive of the initiative as are the South African embassies in France and Germany. SAMEX is working to involve the National Association of Broadcasters (NAB), ICASA and the Departments of Communication and Foreign Affairs.

The objectives of SAMEX are to prepare new labels for the biggest music market through professional advice and mentoring, market readiness programmes and principally to facilitate deal making and associated research.

Key challenges facing growth

Some of the key challenges facing the growth of the music industry include:

- The perception of the music industry as an ”art form” rather than as a business and related to this is the lack of understanding of the business of music and the inter-relatedness between segments of the value chain.
- The limited ability of role players to capitalise on international markets.
- A lack of management, technical skills and abilities throughout the sector.
- Limited resources to ensure the quality of recording and promotion of artists.
- A small domestic market limiting resources available for investment.
- Lack of a co-ordinated strategy for the development of the industry.
- Lack of statistical data about potential markets.
- Legal disputes over copyright payments and artists’ contract: There is a general lack of protection for intellectual property (IP) relating to culture and a lack of awareness of artist’s rights and IP rights across the value chain which results in both an abuse of rights and losses in income in recording contracts (Seligman, 2001)
- Huge losses due to piracy: Estimates are that the industry lost R500m a year to piracy (Du Plessis, 2006). South African collections societies such as SAMRO and SARRAL have taken the lead in cross-border co-operation in the absence of government or SADC although UN agencies such as UNESCO and WIPO have provided assistance to governments.
- Insufficient attempts to understand and respond to segmented local markets in terms of product and promotion.
- Unclear adequacy and effectiveness of copyright protection and revenue collection measures.
- High unemployment rates.
- Direct and indirect effects of HIV/Aids.
- Unavailability of effective social security products for musicians.

Future outlook

- The opportunity from the international growth of World music which has to-date not been adequately exploited although the challenge will be to ensure that the commercial value is retained in the country (Development Works, 2004).
- The increased popularity and exposure of local genres and the changing income distribution in South Africa will give impetus to genres other than rock and pop.
- A growing number of tourists visiting the country from major music markets around the world, facilitated by access to information and music via the internet.
- The continued growth and success of festivals as live music avenues.
- Increasing industrial and institutional density provide the foundations for co-ordinated industry growth with the general economic growth rate acting as an impetus for expansion. In addition, growth in developing markets is predicted to accelerate.
- Technological advancement which is facilitating market access, the opening of new avenues of retail and distribution and is also converging aspects of the value chain, reducing production costs and shortening the value chain significantly.
- Continued support for local content quotas as a policy tool to support audience development and the growing number of independent record labels supporting local music production and dissemination.

While it has not been confirmed, there are indications that the DTI will initiate a CSP process for music in 2008 which will provide a much needed framework for co-ordinating responses to the challenges faced by the sector.

The Performing Arts Sector

A definition of the Sector

The performance arts sector deals with theatre, dance, orchestra, opera, music theatre to various multimedia performances and musical forms. The sector generally relies on some form of state subsidy given the high production costs, the lack of paying audiences and the operational costs of specialist venues such as theatres and opera houses. The core activities include the production and presentation of performances in theatres by both local and overseas art groups. The table below (Table 16) outlines some of the key activities and related industries.

Table 16: A qualitative map of the Performing Arts Sector

Core Activities	Related Industries	Related Activities	Peripheral Activities
Content Origination TV	Radio	Tourism	Merchandising

Core Activities	Related Industries	Related Activities	Peripheral Activities
Performance production	Design	Pubs and Restaurants	Catering
Music, dance, drama	Music		Soundtracks
Touring	Film		Programme publishing
Costume design	Publishing		
Lighting	Special effects		

Source: Northern Ireland's Creative Industries: A qualitative map cited in Kristafor and Budhram (2003)

Theatre includes performers and directors of contemporary drama, classical theatre, stand-up comedy, pantomimes, political satire and cabaret, theatres, costume-makers, set builders, accommodation for out-of-town performers, music, sound and lighting technicians, design (posters, programmes), newspaper advertising, catering and restaurants in theatre spaces.

Dance includes different genres such as contemporary dance, Spanish dance, ballet, African traditional dance, hip-hop and others, as well as the companies that practice these, educational institutions and private teachers who provide training in these, commercial dancers and dance-related festivals and events. It also includes music, equipment, costume-making and hire and transport and accommodation when touring.

Opera and musical theatre would include foreign and local operas, and foreign musicals such as *Mama Mia and Cats* and local musicals such as *Umoja and African Footprint*. It is important to note that these products are generally reasonably large, often requiring full orchestras and chorus, and as such are expensive to stage.

In South Africa, the performing arts and dance comprises about 19% of the creative industries (CreateSA, 2003). For the purposes of this report four segments are the focus:

- Dance
- Theatre
- Festivals
- Technical Production

Sector products and services

The performing arts cover a non-market sector which in general does not make a profit. Funding for the performing arts and privately-owned theatres comes mainly from public subsidy or corporate sponsorship. The performing arts are still not a mass-produced product and derive their income through three primary sources: box office, government funding and corporate/private sponsorship.

There are four essential typologies of "producers" in the performing arts arena:

- Commercial producers that stage local and international shows to generate maximum income for the promoters.
- Theatres that have varying amounts of public and private sector support that are able to produce or commission work, but which are generally regarded as “receiving houses” that act as venues for productions.
- Festivals that provide opportunities for the production of new work..
- Independent theatre, dance and opera companies that apply for funding to the lottery, the National Arts Council, provincial funding bodies and the private sector for support for their work.

Dance

Professional dance and movement arts in South Africa have gone through many changes in recent years to arrive at their current position in the sector. The transformation of the Performing Arts Councils (PACs) after the publication of the White Paper on Arts, Culture and Heritage in 1996 has left lasting scars on the sector (PANSA, 2005). Over the last few years private dance companies, emerging from the remains of the companies that were state funded prior to 1996 have begun to emerge.

Dance is a relatively small sector with limited employment opportunities provided by a small number of companies although South Africa is well respected internationally for its dancers and choreographers, for example Robyn Orlin and Boyzie Cekwana. Compared to many other arts practices, the commercial industry is also small and artistically limited. There is anecdotal evidence to suggest that performing arts audiences are declining and in the dance world, concern that contemporary dance is particularly affected. In general, dance artists undertake the highest number of years of training of all artists but tend to earn reasonably low incomes (PANSA, 2005).

Festivals

The National Arts Festival, held annually in July in Grahamstown, Eastern Cape, is one of the largest and most diverse arts gatherings of its kind staged in Africa, rating favourably with similar international festivals. It showcases southern African talent in all arts disciplines. There is also growing interest and participation from artists in other African countries and from the rest of the world.

The Klein Karoo Nasionale Kunstefees is a vibrant festival for the performing arts, presented mainly, but not exclusively, in Afrikaans. It is held annually in Oudtshoorn in the first quarter of the year. Disciplines include drama, cabaret and contemporary and classical music. The Arts Alive International Festival, held in Johannesburg, is an annual festival of music, dance, theatre and performance-poetry. Heritage-reclamation festivals are also emerging at local level in communities destroyed by apartheid, such as Vrededorp (Fietas) in Johannesburg. The Mangaung Cultural Festival (Macufe) is gaining status as one of the biggest cultural tourism events in southern Africa. Aardklop held annually in Potchefstroom, is inherently Afrikaans, but universal in character. The festival provides a platform for the creativity and talent of local artists (Pocket Guide to South Africa, 2003).

Other festivals that attract visitors at both national and international level are the Joy of Jazz International Festival; Oppikoppi, The Calabash; The One City Festival in Taung, North West; the Awesome Africa Music Festival in Durban; the Spier Summer Festival at Spier Estate in the Western Cape; and the Windybrow Theatre Festival in Johannesburg. In addition the DAC, the NAC, provincial arts councils and provincial government departments support numerous festivals throughout South Africa, including the Cape Town International Jazz Festival, Port St. Johns Festival and Splashy Fen Music Festival in Durban (Pocket Guide to South Africa, 2003).

<u>Theatre</u>

Theatre is an activity that deals with core life issues in both the production of work and the purpose built venues that house them. It is about ceremony, community, change, imagination and stories. There is a sense, however, that the gulf is widening between artists and audiences causing audiences for the performing arts to decline. While there has been no research to quantify or explain this, it is generally thought to be because of competition for leisure business and particularly a loss of competitiveness in the face of music and film products.

According to research conducted by the Performing Arts Network of South Africa (PANSA) in 2005, there are approximately 100 theatres in South Africa offering 35 shows per year on average. Half (50%) are privately owned, 30% are supported by the three spheres of government and 20% are located within educational institutions.

Basic Enterprise Characteristics

The primary characteristic of the activities and the enterprises is the transient nature of economic activities. While there are a core of small companies such as dance companies and festivals organisers in the landscape the bulk of activity occurs, much like film, in the context of a production, a venue or an event. The exception to this is theatres which employ a core staff to maintain the venue and specialist technicians to ensure that the space functions.

As such, performing artists work on an irregular, self-employed basis, with periods of unemployment between engagements being a normal feature of their working lives. Their situation can perhaps more accurately be described as underemployment. Artists have a responsibility to know their rights and through collective bargaining can educate and lobby government to provide the necessary framework to formally structure the industry. Most developed countries have strong, active unions, which are effective in looking after the interests of performers. In developing countries, South African included, union structures are weak and unorganized (Lebethe, 2003).

This pattern of activity in the performing arts sector goes a long way towards explaining why there is such a high proportion of small or micro-enterprises in the sector. Under these circumstances, it is hardly surprising that relatively high numbers of performing artists are engaged in activities across the spectrum of their particular art, or also have jobs in other fields. Members of successful choirs and orchestras, for example, are often employed in quite different occupations and come together for rehearsals and performances. The nature of performing arts activities is not likely to change, particularly as funding is tight. Consequently, the patterns of employment are likely to remain fragmented and intermittent. Training can help to prepare performing artists, and those who are considering a career in the performing arts, for the conditions of their employment, in particular, by developing business and organisational skills. At the same time, there are opportunities for those who can use their business skills to promote and organise the work of performing artists.

Recent Sector Developments

- As part of gambling license obligations the establishment of new theatres at casinos around the country, most recently the venue at Monte Casino in Johannesburg.
- Increase in budgets over a 10 year horizon for state institutions and the declaration of the Market Theatre as a cultural institution.
- Creation of PANSA, a network of performing artists, to advocate for the sector.
- Publishing of PANSA policy document outlining recommendations to develop the sector.
- The introduction of company funding by the NAC and the Gauteng Arts and Culture Council (GACC) to support these organisations over a three year period.
- National Theatre Indaba in 2006[16]

Upstream and downstream industries

Television and video activities are closely linked, both in terms of technology and social practice. There are also close links between video and motion picture activities, not only in methods of production, but also because motion pictures usually become available on video and watching videos or television is often considered an alternative to visiting the cinema. Tourism is also a significant contributor.

[16] As yet no report on the proceedings of the Indaba has been made available.

Key statistics

The majority of companies in this sector are small with a few companies with a staff complement of 20 and above. These tend to be the large state supported theatres such as the State Theatre, Artscape and the Market Theatre. Even the larger commercial theatres have a staff complement of less than 10 employees.

Research in the Western Cape in 2003 revealed that the performing arts are the smallest sub-sector of the creative industries in the province (Table 17) representing 1.08% of total businesses operating under the definition of the creative industries. The sector employs a total workforce of 534 in 65 enterprises in the provinces. Some 89% of businesses employ between 1 to 10 people, which represents 54.31% of the total workforce in the sub sector. The average earnings for an individual working in the sector is R4, 881 (Kristafor and Budhram, 2003).

Table 17: Summary of findings of Performing Arts in the Performing Arts sub-sector in the Cape Peninsular

Summary	Value
Total number of businesses	65
Total number of employees	534
Average monthly earnings nationally	R4881.11
Location of the largest concentration of businesses	Cape Town (51.69%)
Location of the second largest concentration of businesses	Goodwood (8.05%)
Largest employee grouping	1-10 (290)
Largest number of employees for a single business	92

Source: Kristafor and Budhram (2003)

Market size

In South Africa, the performing arts sector as a whole depends on public funding and private sponsorship, and also on both public service and private/commercial broadcasting companies. The live performing arts also receive direct if small revenue from their audiences. The dependence on public funds and private sponsorship are very old European traditions, based on a complex web of beliefs about the value of the arts in terms of national prestige and their social benefits.

Performance: historical, current and future

<u>Theatre</u>

A number of significant issues face South African theatre today. These are identified in various and intersecting ways, but broadly address questions of relevance, societal challenges and changes, funding structures, enabling policy and leadership abilities.

Dance

These are some of the issues facing the sector today:

- Film and multimedia are growing strongly which can positively affect dance. They provide new arts media and audiences. Dance translates well to multi-platforms of technology and presentation; the non-verbal, non-linear nature of dance means there is great distribution potential in the digital environment, in public space installations and the use of other non-traditional spaces. These all have the potential to increase the marketability of dance.
- The country's dancers are highly trained and have achieved significant international recognition, however the sector is leaking talent because it cannot sustain careers domestically.
- Community dance is a growing area of practice. There is a growing recognition of conditions for effective community dance work, including the benefits of long-term commitment (money and time). The practice includes but is much more rich and complex than the notion of audience development. It is recognised that as a sector dance is more community based than other art forms; youth or community dance participation may be a pathway into the industry.
- With such a small network of ongoing organisations, most not terribly well resourced, the sector has limited employment opportunities and most work is on short-term contracts. There is a danger of the various companies being in competition rather than working together: any schism between the "haves and have nots" is counter-productive.
- The pressure on funding agencies both to sustain levels of subsidy on the one hand and support increasing diversity on the other leads to many initiatives being under-resourced.

Future outlook for the Performing Arts Sector using a STEEP analysis (Table 18):

Table 18: STEEP analysis and possible future of the performing arts sector

Trends and drivers	Possible future of the performing arts sector
	Sociological
Patterns of employment	Part-time work, short-term contracts and self-employment have long been a characteristic of the performing arts, and they are becoming more pronounced.
.	The already high proportion of micro-enterprises will increase further.
	Technological
Digitisation of content in	This enhances the possibilities for promotion and marketing among micro-

Trends and drivers	Possible future of the performing arts sector
combination with transmission through the Internet	enterprises; however, it also places transmission in the hands of wealthy media groups.
Economic	
Dependence of live performing arts on public funding, private sponsorship and public service broadcasters	There is a tendency for public funding and private sponsorship to be directed towards more established and prestigious activities, i.e. towards 'high culture'. In many countries, public service broadcasters become more commercial and, when they are not, they have fewer resources for the performing arts.
Audiovisual sector as a source of employment and a means of urban regeneration	This is the favoured direction for public support of performing arts. It leads to new buildings for live performing arts and helps small companies in their start-up phase.
Globalisation	A few groups are becoming increasingly powerful across the whole range of media.
Environmental	
	There are no distinctive or important environmental issues in the performing arts at present.
Political	
Political environment	In many countries, there are strong political and social forces in favour of protecting traditional culture, as well as an ethos of public support for the arts. However, these are curbed, to some extent, by financial pressures and are also being crowded out by the interest in audiovisual technology as a source of employment.

Source: McCarthy, Brookes, Lowell and Zakaras (2003)

The Visual Arts Sector

Definition

In visual arts, the individual (the artist) uses various elements or material to express his or her feelings, emotions and differing perceptions of the world that surrounds him or her. The result of this work is judged mainly by the sense of sight. Painting, drawing, sculpture in various materials, printmaking, photography, plans, maps, performance art, installation art, mail art, assemblage art, body art, textile arts, fashion design, multimedia, video art, web design, web art, digital art, graphic and product design are some expressions of visual arts (Kristafor and Budhram, 2003).

Characteristics of visual artists and their work

The general characteristics of visual artists include the following:

- Visual artists generally perceive themselves as creative individuals, and not as business people. Their focus is much less on skill or craftsmanship, and more on artistic talent, creativity and aesthetic appreciation.
- They may have a formal education in the arts, or may be completely self-taught.
- Artists can be successful in terms of both artwork and personality.
- Art works are non-functional, emotional, social, political, traditional and cultural statements. They are not greatly affected by commercial sector constraints.
- Art sells in galleries and exhibitions, art fairs, and through commissions.
- Art prices have their basis in aesthetic values and artistic success, not in material or labour costs.
- Local communities regard artists as special, and as having high social status.
- Export markets do not easily distinguish between artist and artisan.
- Export markets categorise much artwork from developing countries as décor.
- Visual artists promote their work by reputation, through media critics, press releases, websites, culture publications, film and television.
- Enterprise sponsorship of exhibitions is commonplace (Canadian Conference of the Arts, 1998).

Arts workers tend to be a highly mobile class of worker, and are most commonly self-employed, offering their services in a highly competitive commercial market. The contemporary visual arts and craft sector is largely unregulated, and arts workers are generally unable to access the types of support other workers enjoy on a day-to-day basis. Within the sector there are high levels of volunteerism, and a general absence of employment-related benefits and union representation.

Galleries are generally privately-owned small businesses that operate on a commission basis, generally taking 35-50% of the sales of artists' works. In addition, a few highly specialised companies, mainly based on Johannesburg and the Western Cape account for millions of Rands in art sales and auctions annually (DTI, 2005a).

Corporate collections are major sources of sales for artists, and companies like Sasol, Sanlam, Rand Merchant Bank, MTN, Standard Bank and ABSA have large curated collections. For artists, income is highly irregular and many depend on grant funding from various agencies to cover their costs while working towards an exhibition or a major opportunity to sell their work.

Major global trends

The global art economy generated $23,5 billion in total sales of paintings, sculptures, photography, etc in 2001 with Europe and the USA accounting for

92% of the value of art that changed ownership globally during that year. In Europe, trade in visual arts directly created more than 73 000 jobs spread across 28, 600 businesses while in the USA 35,300 jobs were created across 8,800 businesses (Kusin and Company, 2002).

Since the sales of art are regarded as luxuries, they do well when the economy is on the rise, when individuals have disposable income. Internationally, art competitions, art residencies, prestigious biennales and art libraries (works of artists are bought and the public may lend these works to hang in their homes) are important sources of income for artists, or ways of developing new markets for their work.

Future Outlook for the Visual Arts Sector

<u>Technology</u>

As technology will become less costly and more available over time:

- There is greater use of technology in production and dissemination of work. This will challenge infrastructure, equipment and skills.
- Even for traditional arts practice there will be a significant impact on artists in the way they run their business. The professionalism of artists is increasing.
- Artists will create audiences and co-create work with audiences.
- There will be greater use of online dissemination of opinion and critical discussion, but in a global environment there will be greater competition for space to be heard.
- Commercial galleries could be bypassed by artists in direct dissemination of their work and direct relationships with audiences online.

<u>Artists</u>

- Rather than vocational careers, artists have careers valued for adding economic and creative benefits to other sectors.
- Multi-skilling is becoming a feature of the sector.
- There will be a convergence of art forms.
- Artists are required to justify themselves in non-creative terms (such as economic benefits to a region, or cultural tourism).
- There is an emphasis on value for audiences, rather than value to artists and their practice, with the potential danger of overlooking the producers of culture in favour of consumers of culture.

<u>Art Organisations</u>

- These are suffering low morale resulting from fewer rewards and declining audiences.

- Financial pressures may result in possible closures and mergers.

Arts education

- There is a decline in the number of tertiary courses and increased specialisation, creating pressures on arts schools to increasingly provide niche education.
- A range of new qualification in the vocational system will provide new skills avenues.
- There are gaps in arts education which is not fulfilling professional needs and requirements.

Opportunities and competition

The concept of art holidays has boomed internationally, but has not taken off in South Africa despite the rise in tourism. Art holidays are package tours created for international collectors and buyers to visit local galleries, museums and studios and to purchase art, but also to learn new skills if they are themselves artists. Studio space could be provided for artists and this could make it attractive for their families and friends to follow as visitors.

Art as an investment market has also not been tapped in this country, and together with the possibility of investments in art via initiatives such as Art Banks[17], potential exists for the development of a more robust art market. Of concern however, is the lack of investment in procurement budgets for heritage and arts institutions, thus decreasing one of the traditional markets for art works.

Cross-cutting Sectors

Design

Design is a process of purposeful creative thinking, planning and work used to identify and make opportunities that lead to commercial and cultural advantage. Design gives tangible dimension, shape, colour, pattern and character to products, information, communications, spaces and services. It is a strategic means of making knowledge, technology and future orientated thinking accessible, understandable and “ownable” by end users. It is physical evidence of the integration of philosophy and action (Haythornthwaite, 2001 cited in Massey University, 2002).

The design sector is closely associated with the arts in the perception of the community, industry and government. This stems from both the historical ancestry of the industry and from its unavoidable concern with the areas of

[17] Art Banks are institutions that procure art and then make it available to businesses and the public sector on loan for a fixed period and cost. The City of Johannesburg has recently established the country’s first Art Bank.

aesthetics and fashion. Design is a significant contributor to the creative and broader economy by providing services, goods and outputs that increase economic competitiveness, enrich and improve the quality of life and express cultural identity. Products, environments and communications produced as a result of design services generate overseas earnings and thus contribute to a growth in GDP. The purpose and advantage of design as a commercial strategy is to create products or services that:

- Anticipate and satisfy the requirements of the customer and hence meet a demand through improving existing solutions or developing new ones.
- Embody and clearly communicate distinct marketable points of difference over competing offerings, in terms of form, function, usability, new technologies, environmental sustainability and quality and hence generate demand preference and ideally, command a price premium.
- Are capable of efficient, consistent and cost-effective delivery so as to ensure their demand can be fulfilled profitably.

Research conducted by the MAPPP-SETA in 2006 identified the following skills needs in the design sector:

- Business management and administration.
- Operations management including contract and intellectual property management.
- Marketing and research.
- Specialist skills, especially related to keeping abreast with developments in technology, presentation and product development (MAPPP-SETA, 2006).

Heritage

A country's cultural heritage comprises the whole of the intangible characteristics of the people that have lived there over time and the physical artifacts that have been inherited from the past. The concept is deeply connected with the conservation, preservation and management of the places, things, stories and so forth for the benefit of current and future generations. The primary focus of South Africa's policy is on physical or "tangible" heritage represented by buildings, monuments and places. Internationally however there is a move to include "intangible heritage", such as Indigenous Knowledge Systems (IKS) into the policy arena.

The relationship of the heritage sector to the creative industries is a long standing and complex one. The simplest way to describe it is to state that heritage is the underpinning factor for content creation which is the primary commodity produced by the various sectors. Content can draw on traditions, costumes or practice; it can be a response to a particular time, place or practice or can be a distinct departure from the past. It is this process that makes cultural goods and services unique and is regarded as the most critical factor in the competitiveness in products. In some countries, most notably Canada and Australia there is a great deal of effort going into the establishment of geographic and heritage “markers”, in other words specific indications that prove the authenticity of the product, particularly in the craft sector.

It is important to note that the trade in cultural heritage globally flows in reverse to those of other cultural product (such as film, media, visual arts, music or books). The developing world is largely an exporter or supplier of cultural products to the developed world in more marginal sectors of cultural production such as craft or cultural heritage. The exchange of cultural products is characterised by significant structural inequities resulting from the discrepant economic and social value attributed to cultural products that come from the developed and developing countries. Developing countries have needed to curtail the movement of cultural goods that have symbolic importance for their society by introducing legislation to control traffic in heritage and to protect both tangible and intangible heritage resources from damage, loss or export without control (Joffe et al, 2003). What developing countries deem worthy of preservation is coming under pressure from expanding trade networks such that what is inherited from the past and what is deemed worthy of preservation is being determined by economic prerogatives rather than for older symbolic reasons[18].

Cultural Tourism

Cultural tourism can be defined as:

> “*Tourism that facilitates an experience of the arts, culture, history, heritage, way of life, and uniqueness of people in a given region.”*
> (ComMark Trust, 2005)

Data from the South African Tourism Agency (SATOUR) shows that the country produces over 55 million trips, both domestically and internationally per annum. The ComMark report estimates that between R500 million and R1 billion is spent on the consumption of cultural products and services per annum(ComMark Trust, 2005). It is thus a very large market for the creative industries that appears to be largely untapped in many sectors and regions.

It is important to note that there is delicate balance to be struck between exploiting the tourism market and being led by the market in this regard. Attempt to match cultural product and services purely to the tourism market can devalue the cultural, aesthetic and heritage importance of goods and services and critically alienate them from the local market.

[18] In this way communities have fond it necessary to protect cultural products which should not, according to the rules of their community, be sold to cultural outsiders such as secret cultural rituals or intellectual property that should be kept within a specific culturally-defined community or restricted to some (adult men) within that community. See Joffe, A, et al, (2005) pg 12

Chapter Three: The Demand for Skills

The Nature of Work in the Creative Industries

The nature of work in the creative industries can be described as project-based. This form of organisation has the following characteristics:

- Temporary, with only a limited time period of working together.
- A diverse range of skilled people engaging in the execution of a well-defined, but complex singular task or job (MAPPP-SETA, 2004).

Furthermore, the project-based organisation is defined as a form of configuration of resources and capabilities in the production process where co-ordination of knowledge and activities are obtained by a mix of governance relations and economic incentives, which typically are characteristics of both relations of collaboration and of the market. For that reason, there is a growing use of organisational rewards such as participants' portions of expected rent or particular forms of (spot) contracts or optional contracts. Simultaneously, elements of collaboration such as trust and mutual reciprocity may provide possibilities for the project participants for gaining a reputation, which is fundamental to collaborative work.

The creative industries thus operate on a strong inter-personal, rather than inter-firm basis. This has a critical influence on the establishment of organisational structures, associations or representative bodies because it is often individuals more loyal to their project or network (community/peers) than to the firm, who are engaged in the projects. Knowledge interactions are thus intensely personal, and not based in the enterprise, making the creative industries people- and not product-centered. Reputation, and "know who", in the community are of critical importance, and more significant for success than "know what" and "know how". Finally, an important developmental issue is that the project-organised structure provides potential for many spin-off possibilities for new firm start-ups.

It is important to note that within this project structure, the artist, either a person or a group, is at the core. The artist cannot, however, create economic activity without the other actors, for example producers, studios, marketing, management and publishing. Each aspect is interdependent and connected to the other's activities and naturally, each other's capabilities. The availability of the capabilities does not in itself create anything, whereas the focal structure made possible by the presence of the artist makes things possible. The business landscape of the creative industries is thus characterised by individuals or groups that can be formally organised and able to create a brand, intellectual property and enterprises.

For individuals in the creative industries; whether contractual or full-time employees and whether working in the for-profit or not-for-profit sectors; employment conditions appear to be very difficult, characterised to a large degree by:

- Poor pay levels.
- Excessively heavy workloads.
- Lack of full-time work.
- Overwork.
- High performance expectations despite insufficient training and support.
- The requirement to multi-function, leading to poorer quality work and crisis management.
- Lack of opportunities for advancement.
- Lack of security and benefits.
- Devaluation by Boards, employers, government and the general public.

There are a large number of occupations within the creative industries, many of which are specific to individual sub-sectors. In general, the majority of occupations in the creative industries are found in higher skilled jobs, at professional, technical or managerial level. Almost all occupations of managers are taken up by specialist managers, who are expected to have creative and technical skills closely allied to the professional and technical occupations which comprise the bulk of employment opportunities in the creative industries. The creative industries have comparatively low levels of staff involved in sales, administration or elementary occupations (CreateSA, 2003).

It is important to note that the following issues impact significantly on the ability of the creative industries to recruit and retain high levels skills:

- Working conditions which often are stressful because of the project based nature of work with strict deadlines and the lack of capacity, resources and equipment.
- Employment requirements which require flexible specialisation and a range of “soft skills”.
- The instability of organisations, given the small turnovers of organisations and the instability of the grant funding environment.
- Turnover and mobility of experienced workers who are able to find more lucrative opportunities in other fields.
- Succession and the lack of adequate planning to “upskill” younger generations.
- The high attrition of cultural managers due to working conditions, the lack of opportunities, limited compensation, little recognition and support and the lack of professional development opportunities.
- Acute capacity problems facing historically disadvantaged communities, especially those in rural areas.
- The lack of adequate art curriculum and teacher training at school level.

There are many in the creative industries that are self-taught or have been trained informally. Even those who have qualifications may continue to educate themselves as they push back particular boundaries in music and media. However, there are some fundamental skill issues that go across the different sub sectors of the creative industries.

- Higher-level technical and creative skills are needed in all sectors.
- Multi-skilled staff as well as specialists are needed in all sectors.
- Business related skills are needed for enterprises to survive.

The above bullet points highlight an essentially contradictory trend in employment in the creative industries. Job roles in the arts and entertainment sub-sectors are increasingly demanding a combination of often quite highly developed specialisations. Two contradictory trends are apparent: an increasing specialisation of job roles, especially for freelancers, and a need for ”magnificent generalists” - people with high-level skills and experience that cross boundaries. The result of this contradiction is that arts workers need to constantly update their specialist art-form knowledge whilst keeping abreast of changes in such areas as government legislation (particularly copyright, data protection, health and safety and contract law), and new technology (particularly multimedia, digitisation, Internet opportunities and sound and lighting equipment).

The Nature of Skills Gaps in the Creative Industries

Recruitment difficulties and skill gaps are defined as:

- Hard-to-fill vacancies (i.e. scarce skills) are employer defined and may arise for a variety of reasons that are not due to an aggregate lack of skills in the external labour market (such as the company paying low wages). A specific sub-sector of hard-to-fill vacancies are skill shortage vacancies, which are those where there is an excess of demand over supply of required skills in the external labour market, and are attributed to a lack of applicants with the required skills, a lack of applicants with the required qualifications and/or a lack of applicants with the required work experience;
- Internal skill gaps (i.e. critical skills) are skills shortages amongst the existing workforce and are defined as being a divergence between an organisation’s current skill levels and those which are required to meet organisational objectives.

It is possible that the incidence of skills shortages is under-reported, because of unreported skill gaps which occur because employers fail to recognise (or own up to) shortages which occur with respect to their existing business strategies, technologies and work organisation; and latent skill gaps are additional deficiencies which would emerge if businesses altered their strategies or set higher goals to achieve better performance. These gaps may also occur because of the lack of regular labour market research in the creative industries.

Each of the creative industry sectors included in the profile report the existence of hard-to-fill vacancies (see Table 19). Specific points to note on hard-to-fill vacancies are that:

- They can be very sector specific: for example in the film and television sector production accountants remain a very scarce skill across an occupation highly specific to the sector.
- They can be geographically limited, with provinces such as the Western Cape experiencing scarce skills differently to the rest of the country.

The hard-to-fill vacancies (Table 19) are having a range of impacts on employers including:

- Preventing businesses from moving forwards in terms of developing new products and services and refining existing products and services.
- Maintaining quality standards.
- Loss of business opportunities and increased operating costs.

Table 19: Sector Specific Hard to Fill Vacancies[19]

Sector	Occupation
Visual Arts, Photography & Design	• Curators • Public Arts Practitioners and Managers • Technical Producers • Arts Development Practitioner
Craft	• Sector development specialists • Product Developers and Designers • Craft Entrepreneurs, Agents and Brokers • Operations Managers • Master craftspeople/Technicians • Specialist packers and shippers
Heritage	• Sector development specialists • Heritage Product Developers and Designers • Heritage Managers • Heritage Administrators and Assistants • Heritage impact assessment practitioner (HIA • Tour Guides • Curators • Outreach Officers (community liaison)

[19] While the music and performing arts sectors did not report on any scarce skills per se, the skills needs of the sectors are pervasive.

Sector	Occupation
Film	• Producers from previously disadvantaged backgrounds (especially in the Western Cape. • Women directors. • Production accountants. • Internationally accredited 1st Assistant Directors. • Experienced script and screen writers. • Editors from previously disadvantaged backgrounds. • Sound design, editing, schedules, post-production supervisors in Gauteng. • Continuity personnel. • Beta cam operators, along with a general shortage of crews, especially in KwaZulu-Natal • Unit publicists, especially in the Western Cape.

Source: MAPPP SETA Arts and Culture Sub-Sector Skills Plans for 2004, 2005 and 2006

Internal skill gaps are skills shortages amongst the existing workforce. Given the lack of formal training discussed in the previous chapter these are possibly the most reported skills needs. Once again, the experience of these varies enormously across the creative industries but in general over 70% of employers that participated in the National Skills and Resources Audit in 2003 reported to experiencing skills gaps of this nature (CreateSA, 2003).

Research conducted by the MAPPP-SETA since 2004 has consistently identified a range of internal skills gaps as listed in Table 20 below as well as sector specific skills shortages as listed in Table 21 below:

Table 20: Internal Skills Gaps in the Creative Industries

Identified Skills gaps	Components
Business Management	Planning, Financial Management, People management, Project Management, Productivity, Fundraising, Costing & Pricing, Negotiating, Contracts and Agreements, Intellectual Property
ICT	Basic and advanced computer literacy
Operations/Production Management	Planning, Quality Management, Productivity & Time Management
Business Administration	Accounting, Record Keeping, System of Recording Information related to the product, Administration skills
Marketing	Marketing, market research, product placement, distribution, sales, customer communication, events management
Product Design & Development	Developing the right product for the right market, creativity, specialist technical skills
Training and Mentorship	Skills transfer to employees, training of new entrants in industry

Identified Skills gaps	Components
	training provision or educational context
Generic	Writing Communication Presentation

Source: MAPPP SETA Arts and Culture Sub-Sector Skills Plans for 2004, 2005 and 2006

In addition skills issues for small businesses in the creative industries centre on the skills businesses need to survive. Many in the creative industries have creative talent, and are well established in their field, but they lack the following skills:

- Marketing.
- Distribution.
- Legal knowledge, specifically an understanding of intellectual property.
- Fundraising and sponsorship.
- Public relations.
- Research.
- Project management.

In all creative industry sectors, the growth of education and training as a profession has been noted, leading to a severe shortage of skilled trainers and mentors with industry experience and/or indeed operating within the industry. There is also emerging evidence that retention of staff may be an issue for employers. Of the enterprises participating in the CreateSA survey almost all reported that they have experienced turnover in the last 3 years. Respondents attributed 41% to resignations in the creative industries, 36% due to redundancy, 18% due to ill health, and 5% due to dismissals. Redundancy could be linked to financial sustainability of a business, particularly small and micro enterprises (CreateSA, 2003).

Table 21: Sector Specific Skills Shortages

Sector	Skills Shortages
Visual Arts, Photography & Design	• Entrepreneurship, leadership and networking • Financial management • Business skills development • Market research • Production and product planning • Quality control and management • Product development • Information technology especially Computer Aided Design (CAD) • Career management • Negotiation and networking

Sector	Skills Shortages
	• Time management • Creativity, decision-making • Technical skills • Computer literacy
Craft	• Marketing: understanding the market • Technical skills: e.g. understanding colour • Literacy skills • Numeracy skills Life skills such as communication, self-esteem, negotiation, conflict resolution • Production: producing quality products; managing time in production • Quality control and management Design skills: using innovation and creativity to design new products that will appeal to the market • Financial management
Heritage	• Networking between tour operators • Heritage Risk Management (to protect sites, sensitive areas, installations, objects from fire, visitors, flooding damage, seismic movements) • Preservation • Repatriation of lost heritage artifacts • Heritage impact assessment skills (HIAs) • Report writing • Proposal writing • Business attitude • Cultural Diversity awareness • Researchers • Curators • Management and Marketing skills • Environmental Awareness • Computer skills • Tour Guide skills • Heritage Development • Client Relationship Management • Life skills training • Quality trainers • Writing for various purposes & audiences • Heritage conservation

Sector	Skills Shortages
	• Conservation Management Planning • Archiving (paper, audiovisual, electronic) • Unit standards • Knowledge of indigenous languages
Music	• Communication skills (including client/staff relations, groups, • interpersonal and presentation skills, and public speaking) • Finance (including budgeting, freelance, taxation / accounting, and charity) • Administration / Organisation (including time management and fundraising) • Technical skills & knowledge • Flexibility (including multi-functionality and diversification) • Management • Business skills & awareness • Industry & sector knowledge • Marketing • Performance • Creativity • Information technology • Leadership (including creative direction, encouragement, and crowd control) • Legal skills & knowledge
Performing Arts	• Knowledge of new technologies for dance [and other] teaching • Physical theatre skills • Dance skills for working in multicultural and community contexts • Entrepreneurial; self promotion and job creation skills • Business development, liability and copyright knowledge; risk management skills & occupational health and safety (OHS) • Management skills and knowledge including accounting, small business practice, contractual arrangements, tender processes and writing submissions, entrepreneurial skills, project management • IT skills and knowledge • Broad performance skills • Skills in working with people with disabilities • Industry liaison skills • New technologies, e.g. multimedia; cross media skills; new media; games development • Specialist performance skills
Technical Production Services	• Entrepreneurial; self promotion and job creation skills • Business development, liability and copyright knowledge; risk management

Sector	Skills Shortages
	skills and OHS • Management skills and knowledge including accounting, small business practice, contractual arrangements, tender processes and writing submissions, entrepreneurial skills, project management • IT skills and knowledge • Industry liaison skills • New technologies, e.g. multimedia; cross media skills; new media; • Specialist technical skills including: o Set construction and design o Production management o Stage management o Lighting and sound o Rigging
Film	• New technology or equipment (general) • Digital or computer-based technology / formats • Increased knowledge and understanding of high definition / video • Ability to work within tight budgets and tight schedules / timetables • Keeping abreast of specific changes to post production / editing skills • Keeping abreast of specific changes to art / design skills for example computer aided design (CAD) • Business administration • The nature and business of film-making • Deal-making • Distribution • Pitching and proposals • Financial skills from book keeping to production accounting • Business writing • Legislative compliance • Organisational and inter-personal skills

Source: MAPPP SETA Arts and Culture Sub-Sector Skills Plans for 2004, 2005 and 2006

Influences on Future Demands for Skills

There are a number of key drivers that will influence the future demand for skills, which include:

- Economic factors.
- Changing patterns of demand in the market place through local and export market growth.
- Changing patterns of doing business.
- Public subsidies for cultural activities.

The overall level of economic growth is a fundamental driver in the demand for the products and services provided by enterprises in creative industries. The overall demand for staff in the creative industries is clearly related to the overall health of the economy, with an assumed relationship in that the faster the rate of overall economic growth the greater the expansion of demand for staff. It is important to note that this is not a linear relationship in the creative industries. The pattern of increased demand will depend on changes in the pattern of that demand and the way in which companies do business.

Technological change is perhaps the most important driver of skill demand, which is changing the ways in which companies produce their output. The move towards digitisation means that there will be more digital communication between communication firms and their clients and much less face-to-face communication. This is particularly important because it increasingly means that certain services such as design, post production, editing and so on can be carried out anywhere in the world where prices are most competitive or where the creative skills base is concentrated. Often this new technology is expensive to invest in, but it is difficult to meet customer demands without its adoption. The pace of change is such that any new technology relatively soon becomes outdated. Smaller firms in particular are under enormous competitive pressure.

Many of the sub-sectors comprising the creative industries are heavily dependent on public sector investment. This is especially true for the heritage and performing arts sectors. Any growth in these sectors, and resultant demands for labour, are dependent on increased public sector investments.

Changing skills Needs in Key Sub-Sectors

Content development and management

In the entertainment aspects of the creative industries, the defining competence of the digital era will be the mastery of content. As the value of content grows, because of the increase in convergence of distribution channels, there will be greater scope for the re-usage of creative assets. This makes the role of content management all-important. Technological changes have already created a raft of new occupations within large ”traditional” companies and small and specialist companies alike. In the area of content production, a specific feature is the interdisciplinary, team-based nature of the work, often requiring a combination of technical, creative and business skills. Many of the new jobs in the creative industries will require hybrid skills whose development is not currently accommodated by higher and further education provision.

Managing a small firm, freelance and casualised workforce

The creative industries are typified by a few large companies and a large number of small organisations. In addition, the sectors covered have relatively high levels of ”non-traditional” employment patterns, with flexible forms of employment contract often in use in the creative industries. Most make wide use of freelance workers. This industry structure has many advantages. The creative industries are highly dynamic and highly entrepreneurial. The challenge is to maintain these characteristics whilst bolstering the skill base in other areas that may not be as strong, particularly management, commercial and customer service skills. There is a need to add on to the creativity an ability to manage their businesses.

Portfolio careers

The notion of a ”graduate level” job and a linear career path are no longer realistic expectations for the 21st century graduate in creative industries as many create their own enterprises, work on a freelance basis or work for SMMEs. “Portfolio” based careers have complex career paths with individuals managing several in different fields, often simultaneously. These careers emanate from or result in self-employment. In addition to the skills generally associated with the creative industries or individual sub-sectors, new entrants will require the ability to interact (i.e. communication, interpersonal skill and team work) and have personal capabilities including problem solving, analytic, critical and reflective ability, flexibility and adaptability as well as risk taking (Harvey, Locke and Morey, 2002).

In summary, the implications for the future are that graduates, whether working as employees, entrepreneurs or freelancers, will need to:

- Network effectively to promote themselves and generate income opportunities.
- Have the skills to plan their careers and manage diverse activities.
- Be able to communicate effectively, manage interpersonal relationships and conduct research.
- Integrate themselves into organisations in a very short space of time, work well with others and assume responsibility very early on in their careers.
- Be able to manage time and work with very little input and supervision (Bell, 2003).

It is clear that continuous professional development, whether formal or informal is paramount to successful “portfolio” careers in the creative industries.

Chapter Four: The Supply of Skills

The Nature of Skills Supply

Enterprises in the creative industries most often get the people and skills that they need from other employers in the sector, or in closely related sectors. Most people who obtain a job do so from the position of already being employed. New entrants are obtained from a range of different sectors including:

- Initial supply from formal education, although this will mainly be at degree level.
- External supply sources, either through potential employees engaged in other occupations or sectors.
- Existing employees able to acquire new skills.

The basic requirements are for people with excellent generic skills in communication, networking and teamwork, individuals who can work flexibly with good interpersonal and research skills and of course the requisite creative and technical skills that apply to particular occupations. Recruitment of people, particularly those who have come straight from the education system (but by no means exclusively these) will generally be accompanied by some employer-based training.

In terms of recruiting, employers participating in the 2003 *National Skills & Resource Audit* report the following challenges:

- Finding workers who will share the vision of the organisation or sub-sector and a passion for the creative work, which will sustain and bolster them in the face of dismal pay and working conditions.
- Finding qualified people with the right skills sets, resulting from a combination of both education and on-the-job experience.
- Finding workers with cross-over skills, particularly a combination of artistic or technical and ”soft” skills especially in new media (CreateSA, 2003).

In general, despite a range of scarce and critical skills, the creative industries are oversupplied with new entrants in particular. Given the small business base however, some of these skills are absorbed into self-employment opportunities.

History of Education & Training Provision in the Creative Industries

Until the late 1980s arts education was provided for primarily in previously whites only schools and promoting primarily western art forms. Where arts education programmes were offered by segregated departments such as the Department of Education and Training (DET), it was under-resourced and an imitation of that run in the curricula of white schools. As a result, access to and investment in arts education for the majority of South Africans was limited. In 1994, for example, out of 72 schools in Soweto, serving over 70 000 learners, only two offered matric DET arts curriculum.

Prior to 1986, arts and craft subject, primarily in the form of simple crafting were offered in some DET primary schools. Unfortunately even this basic tuition was halted when the controversial Skills and Techniques Project (TEP) was introduced. The primary aim was to promote manual labour skills within DET schools with the aim of producing a low-skilled, low-wage work force. This project, which ran for almost 9 years, was forced to close after the recommendations of the first Arts Education Curriculum Revision Committee in 1994 (DAC, 2005). At tertiary level there were a number of institutions with arts programme, however the focus of this tuition was Eurocentric and very few black students had access to this form of education.

Given the neglect of community-based arts education, the 1970s and 1980s saw the proliferation of a number of community based arts centres that operated outside of the formal schooling framework. These centres provided a strong focus on training within black communities. Primarily funded by international aid organisations, these NGOs mobilised minimal resources to bring arts education and training to thousands of black South Africans. As a result, many arts practitioners today received informal training which did not result in any certification or accreditation. Many were thus prevented from studying further through formal channels because of the lack of recognition by educational authorities of this form of training.

Since 1994 there has been a great deal of progress in relation to the development of a framework and delivery system for arts education and training. These developments include:

- Policy development including:
    - The Education White Paper (1994)
    - The White Paper on Arts, Culture and Heritage (1996)
    - The National Skills Development Strategy (1997)
    - The Integrated National Disability White Paper (1997)
    - The Further Education and Training White Paper (1998)
    - The Skills Development Act (1998)

- The development of the National Qualifications Framework (NQF), the establishment of the South African Qualifications Framework (SAQA) and the resultant subject area based National Standards Bodies (NSBs) and Standard Generating Bodies (SGBs).

- In the training environment the National Skills Development Strategy (NSDS) and the institutions created to oversee, guide and deliver training, the National Skills Authority (NSA) and the Sector Education and Training Authorities (SETAs).

It is important to note that there have also been a number of setbacks. Arts and Culture remains a neglected area in the school curriculum, despite commitments in the White Paper to a balanced curriculum. Funding resources for the arts from international sources are dwindling, and local sources are inadequate to meet the demands of an increasingly large and fragmented Arts and Culture sector (DAC, 2005).

Formal Education and Training

In-School Arts Education

Research conducted by the CSIR and the Department of Education in 2003 presents a bleak picture of arts curriculum at schools. The report, as yet unpublished, represents the findings and recommendations drawn from Phase 1 of this national audit, which included surveying a sample of about 3 000 public schools in the General Education and Training (GET) and Further Education and Training (FET) bands. 2 000 of these are schools from the twenty-one education poverty nodes as defined by the Department of Education, and the balance are a non-representative sampling of non-nodal schools.

The study findings generally presented a dismal picture in terms of current levels of provision in nodal schools. Most schools do not have sufficient or appropriate facilities, equipment or materials for school arts and culture programmes. In many cases, this situation would appear to primarily relate to the lack of financial resources to acquire and maintain a reasonable level of access to the basic infrastructure required to deliver effective programmes (Department of Education, 2004).

The issue of the provision and capacity of educators who are involved in offering arts teaching is also a major constraint facing schools, with most schools indicating that there is a major gap in appropriate staffing of both curricular and enrichment programmes. Barriers to accessing these opportunities include poor information access, funding, availability of educators (both in terms of number of educators as well as time available to educators), and inadequate systemisation and accreditation of such training so that programmes are structured and amount to a [career] qualification (Department of Education, 2004).

Although schools would appear to be enthusiastic about the importance of enrichment programmes as measured in a survey of attitudes and perceptions in this study, learner participation in both curriculum and enrichment programmes in schools is mediocre at best. This finding is particularly disturbing in view of curriculum policy mandates which are clearly not being met, probably because of school capacity and/or inclination. Many schools also indicate wanting to offer more programmes than they are currently able to (Department of Education, 2004).

A recurrent theme appeared to be that of limited and contested funding resources in schools, with funding in arts and culture largely being treated as a slush fund even in the proportion of cases where such budgets were initially allocated for these areas. Sponsorships and community participation in supporting school enrichment programmes are both lacking, although some schools indicate greater success with these than others (Department of Education, 2004).

In general, although limited comparison could be made, it would appear that non-nodal schools[20] are likely to be faring better in all respects (facilities, equipment, number of offerings, participation, staff provision and development, sponsorships, etc.) than nodal schools – a preliminary finding that should be tested in subsequent research. High levels of frustration and need were indicated by schools and provincial officials, primarily calling for policy and support interventions. The problems that attach to school enrichment programmes in the arts are in many respects the general problems that beset schooling in South Africa:

- Poor physical infrastructure.
- Poor human resource base.
- Inadequate supply of in-service educator training.
- Limited curriculum time versus the challenges of implementing a radically transformed national curriculum.
- Poor supply of appropriate and relevant learning materials.
- Problems in coordination between levels of government.

In the case of school enrichment programmes for the arts there are clearly a number of exacerbating factors:

- The historical absence of art from the curriculum in most schools: many schools are implementing arts and culture as part of the curriculum for the first time, without trained educators and appropriate resources.
- The additional infrastructural and physical resource requirements of curricular and school enrichment programmes.
- The complex demands placed on educators by the arts and culture curriculum (requiring the integration of multiple arts disciplines).
- Lack of a specific policy framework for school enrichment programmes.
- Lack of a co-ordinating body for arts and culture in schools (this is certainly a significant concern on provincial levels, and there is a need to clarify stakeholder roles in and between all spheres).

[20] Nodal schools are those identified for priority interventions by the Department of Education (DoE).

The research has, however, also highlighted a number of positive opportunities and resources:

- Increasing recognition within government of the role of the arts in identity formation and the development of value systems; recognition of the importance of creative thinking in all areas of learning and work; and the role of arts and culture as a driver of creativity.
- Positive perception of the arts and understanding of its importance in the education of learners and the development of schools as learning communities.
- The existence of many strong local traditions of music, dance and performance on which both school enrichment and curricular programmes can draw.

Higher education

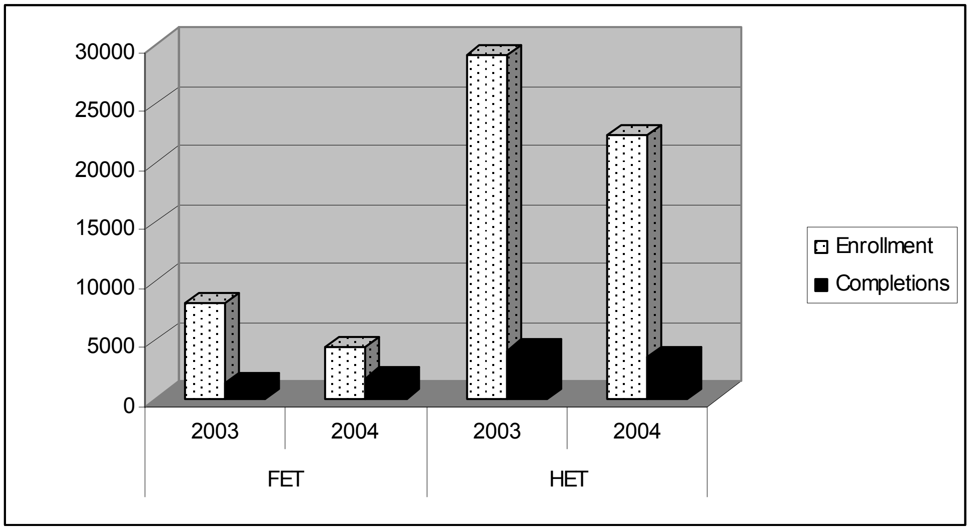
As an increasingly high proportion of entrants into the media and creative industries are graduates, the higher education system is a key supplier of new people and skills into the sector. This number has decreased in the face of general policy and funding priorities shifting to a science and commerce focus. The longer-term outlook is for continued expansion, albeit small, year on year, achieved by more graduates coming from a broader range of backgrounds, both socially and educationally.

It is important to note that there are sectoral variations in the nature of skills supply in the sector. In the design sector for example, the main avenues for education and training in the sector are private colleges, FET colleges, independent colleges and technikons. The same is true for film and television. The entry level starts from NQF 3 in some FET colleges and independent colleges to NQF level 4 in technikons and independent colleges. Courses range from 3 to four year diplomas. In the performing arts and music sectors, a similar picture emerges with education and training provided by FET colleges, technikons, HET institutions. In the craft and visual arts sectors, informal training is the primary source of skills. In craft in particular, there has been enormous investment in vocational education and training through the MAPPP-SETA and DAC Investing in Culture Programme.

An analysis of HEMIS data from 2003 and 2004[21] shows a consistent downward trend in arts discipline enrollments and completions across approximately 28 applicable fields (see Figure 6). This is generally attributed to the low levels of financial aid available to human sciences in comparison to the business and core sciences.

[21] It is important to note that this data is not consistently reliable across the 3 year period for which statistics are available and as such a two year analysis was conducted for this report.

Figure 5: Enrollments and Completions at HET & FET Institutions (2003 – 2004)

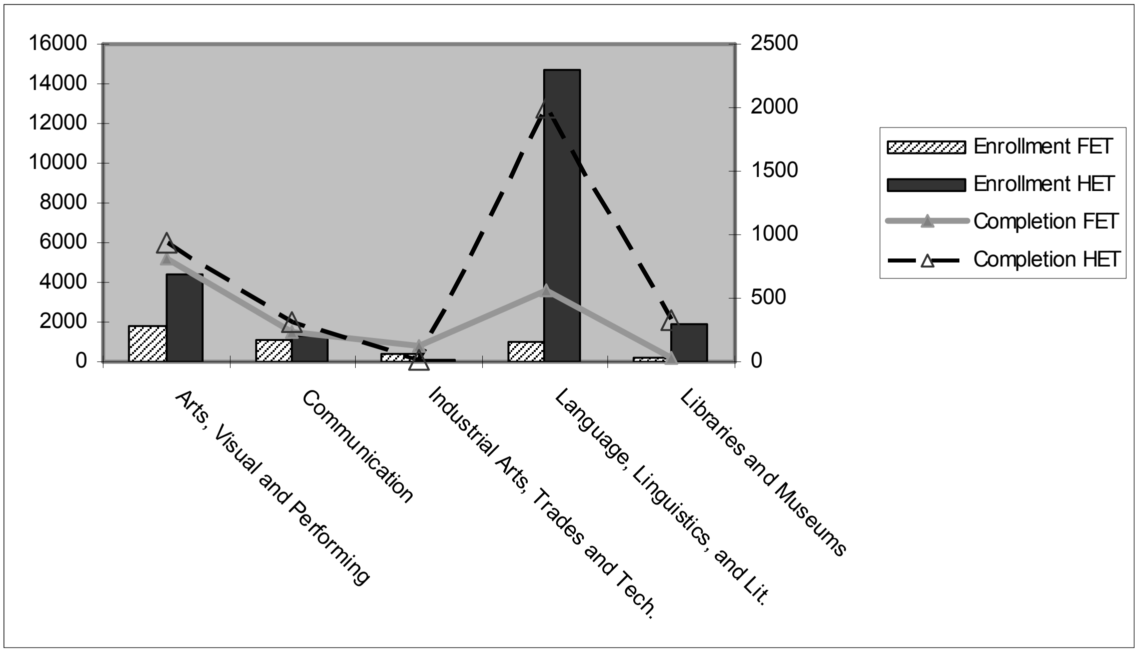


Source: HEMIS 2003 & 2004 (Own analysis)

As the figure below shows (Figure 7), universities have the lion's share of output, but completion rates as a function of enrollments are better at the FET level. In fact, between 2003 and 2004, there was a 34% increase, representing over 450 learners in the FET band. When differentiated to a subject level however, the FET band produces an almost equal number of graduates in communication and more graduates in the so-called "industrial arts" which includes graphic design. Visual arts, performing arts and language graduates are primarily university educated. Based on enrollments it is clear that qualifications in language and the arts are the most popular and also have the highest completion rates.

It is important to note the declining level of enrollment in arts related subjects between 2003 and 2004. There is no documented research that explores the reasons for this decline, however anecdotal evidence obtained from educators in both FET and HET sectors attribute this, and the low completion rates, to gradually declining funding for arts students in favour of those in scientific and commercial disciplines. The lower enrollment figures may also be due to the development of technical and vocational training which provided fully funded opportunities for learners in both 2003 and 2004, unfortunately, there is no evidence of any research or discussion on this issue.

Figure 6: Comparison of Enrollment & Completion in FET and HET Bands (2004)



Source: HEMIS 2004 (Own analysis)

There is anecdotal evidence to suggest graduates of Further and Higher Education (FE & HE) institutions may leave equipped with a degree, but they have little understanding or knowledge of the industry they believe they are ready to enter. This is supported by international research from countries such as the United Kingdom, Canada and Australia (DAC, 2005).

Technical and Vocational Education and Training

Technical and vocational education and training was primarily offered in a very small way and in very few disciples through technikons and some universities across the country. The National Skills Development Strategy (NSDS) and the complimentary legislation have created a sophisticated system for the development and implementation of demand-led training across the country. The framework and the institutions it created are dedicated to the development of skills in the country and are funded by a tax on employers.

When the national training system was being established, DACST recognising that the NSDS provided a significant opportunity for training provision in the arts, initiated a research process to attempt to quantify the needs and scale of the arts and culture sector as a whole. With this research DAC proposed to the Department of Labour that a SETA be established for the sports, recreation, arts, and culture sectors. The Minister of Labour ruled against this proposal, arguing that the four sectors could not sustain a SETA based on their combined wage bills.

In a subsequent demarcation process, the arts and culture were included under the aegis of the MAPPP-SETA. Despite the inclusion of the arts and culture into a SETA, it was apparent that because many of the companies that comprise the sector have wage bills of far less than R250 000 per annum, training initiatives would continue to overlook the needs of creative workers and producing organisations. As such, DAC and the MAPPP-SETA submitted a proposal to the National Skills Fund (NSF) to initiate a project dedicated to the creative industries. The project, initially entitled the Creative Industries Skills Development Programme (CISDP), re-branded CreateSA in 2002, was awarded R117 million over a three year period.

This project constituted the first major technical and vocational training initiative in the history of the broader arts and culture sector. An evaluation of the project in 2005 showed that the project provided training in skills programmes and learnerships for over 5400 learners across the country (CreateSA, 2005). A small sample learner tracking survey conducted as part of the evaluation found that in general learners were satisfied with the training experiences. The survey revealed that:

- 62% reported that their employment circumstances had changed.
- 36% reported being offered an employment opportunity, 11% reported that they had started their own companies, 8% that they had access to freelance opportunities. All learners directly attributed this change to the training received.
- 11% of learners have experienced an improved income stream that is directly attributed to the training provided.
- 89% indicated that they believe the training offered is directly relevant to their employment situation.

Feedback from employers showed that while they were generally satisfied with the quality of training received and were impressed with the motivation and work ethics of learners, they argued experiences was the most critical factor for success. As such workplaces called for greater workplace components and an improvement in incentives for workplaces to place learners. Research conducted in 2005 to assess the impact of the National Skills Fund projects on Micro and Small enterprises notes that entrepreneurs that completed learnerships within the CreateSA framework were enormously positive about the experience. These entrepreneurs directly attributed the successful launching of their enterprises to the training they received. While generally positive about their training experience, respondents felt that facilitators needed to have specialist skills in the creative field to ensure a positive learning experience for SMMEs in the field (Mcgrath and BEES Development Organisation, 2005).

To date, the MAPPP-SETA has registered 22 qualifications with the South African Qualifications Authority and 8 new qualifications are currently under development. The table below (Table 22) outlines the qualifications registered since 2002. With regard to enrollment, it is estimated that just over 3700 learners were enrolled registered in learnerships based on these qualifications between 2003 and 2006.

Table 22: Qualifications registered by the MAPPP-SETA

Qualification	NQF Level	Status	Learnership	Learnership Enrollment (2003 – 2006)[22]
FETC in Live Events Technical Production	NQF 4	Registered SAQA ID: 48669	FETC in Live Events Technical Production	262
FETC in Heritage Practice	NQF 4	Registered SAQA ID: 48812	FETC in Heritage Practice	194
FETC in Performing Arts	NQF 4	Registered SAQA ID: 48808	FETC in Performing Arts	213
FETC in Arts and Culture Administration	NQF 4	Registered SAQA ID: 48818	FETC in Arts and Culture Administration	262
NC in Arts and Culture Enterprise	NQF 5	Submitted to SAQA for evaluation and registration	NC in Arts and Culture Enterprise	55
NC: Craft Production	NQF 2	Registered SAQA ID:48806	NC: Craft Production	1033
FETC: Craft Enterprise	NQF 4	Registered SAQA ID: 48809	FETC: Craft Enterprise:	678
NC: Craft Operational Management	NQF 5	Registered SAQA ID: 49119	NC: Craft Operations Management	205
FETC: Design Foundation	NQF 4	Registered SAQA ID: 49127	FETC: Design Foundation	165
Design Degree	NQF 6	Public comment SAQA ID: 48810		
FETC: Music Sound Technology	NQF 4	Registered SAQA ID: 48811	FETC: Music Sound Technology	45

[22] These figures include the large NSF project CreateSA and learners funded directly through MAPPP-SETA discretionary funding. This is primary avenue of access to learnership opportunities in the sectors, given the low levels of workplace based activity, the non-existent training budgets and limited interaction with the NSDS through mandatory grant funding.

Qualification	NQF Level	Status	Learnership	Learnership Enrollment (2003 – 2006)[22]
NC in Music Industry Sound Technology	NQF 5	Registered SAQA ID: 48671	NC in Music Industry Sound Technology	80
FETC Music Business: (A & C Admin)	NQF 4	Replaced by Arts and Culture Management NQF 4 SAQA ID: 48818	FETC Music Business: (A & C Admin)	206
FETC in Film, Television and Video Production Operations	NQF 4	Registered SAQA ID: 49120	FETC in Film, Television and Video Production Operations	280
NC in Radio Production	NQF 5	Registered SAQA ID: 49125	NC in Radio Production	
NC in Radio Station Management	NQF 5	Registered SAQA ID: 49122	NC in Radio Station Management	65
NC in Broadcasting Engineering	NQF 5	Registered SAQA ID: 48792	NC in Broadcasting Engineering: • Radio or Television • Broadcast Contribution • Broadcast Distribution • Broadcast Head-end-Systems • Spectrum Management	
NC in Interactive Media	NQF 5	Registered SAQA ID: 4912	NC in Interactive Media	
NC in Scriptwriting	NQF 7	Registered SAQA ID: 49317	NC in Scriptwriting	20
NC in Film and Video	NQF 5	Being developed	NC in Film and Video	

Qualification	NQF Level	Status	Learnership	Learnership Enrollment (2003 – 2006)[22]
NC in 3D Animation	NQF 5	Submitted to SAQA for evaluation and registration	NC in 3D Animation	
NC in 2D Animation	NQF 5	Submitted to SAQA for evaluation	NC in 2D Animation	

Where no learners are enrolled, this is an indication that the qualification was registered in or after 2006.

The new qualifications that are currently under development include:

- National Certificate in Heritage Management (NQF 5)
- Further Education and Training Certificate in Performing Arts (NQF 5)
- National Certificate in Visual Arts (NQF 2)
- National Certificate in Visual Arts (NQF 3)
- Further Education and Training Certificate in Visual Arts (NQF 4)
- National Certificate in Visual Arts (NQF 5)
- National Certificate in Craft Manufacturing (NQF 3)
- Further Education and Training Certificate in Arts and Culture Development Practice (NQF 5)
- National Certificate in Intellectual Property (NQF 5)
- Further Education and Training Certificate in Music (NQF 4)
- National Certificate in Music (NQF 5)

Informal Arts Education and Training

Much of the informal arts education and training that was a feature of arts development prior to 1994 remains. There are numerous organisations principally engaged in arts education and hundreds that are involved in all arts development activities. Education and training continues to be embedded in the community arts and other sectors. A recent study by CreateSA showed that 23% of organisations and individuals surveyed reported that they were involved in education and training activities (CreateSA, 2003).

A study conducted for Interfund in 1999 revealed that community-based arts education and training organisations view their role as follows:

- To prepare and educate arts educators to make a valuable contribution to arts development.
- To develop a sense of competence and self-reliance amongst the youth and other targets groups.

- To facilitate innovation and development in the arts practices of black South Africans.
- To be relevant and responsive to the needs of the affected community.
- To facilitate access to other education and training opportunities either formal or informal.
- Promoting co-operation between NGOs and schools (Hagg, Walgrave, Ntolwane and Malishe, 2003).

The community-based education and training sector has made a major impact on the current arts curriculum offered in schools. Despite various interventions and the involvement of the informal arts education community at various levels in policy and programmes, the following factors constrain the development of the informal arts education and training environment:

- A lack of adequate and co-ordinated administration, support and governance from all spheres of government, state institutions and the private sector.
- The lack of capacity for accreditation of providers and training programmes.
- The lack of adequate research to inform planning and programmes, and advocacy and funding activities.
- A general lack of human resource development including practitioners, teacher development, managers and administrators.
- A critical lack of equitable and well managed funding from all stakeholders in the donor funding environment (Hagg, Walgrave, Ntolwane and Malishe, 2003).

In January 2002 DACTS commissioned the Human Sciences Research Council (HSRC) to audit the 41 community arts centres, which had been established under the DACST “Culture in Community Programme”, funded by the Reconstruction and Development Programme (RDP) Fund. The audit report reported that the centres’ performance was inhibited by the following problems:

- Lack of appropriate policy for arts centres.
- Lack of capacity within government and arts centres.
- Limited understanding of context among stakeholders in the sector.
- Limited and often inappropriate service delivery by arts centres.
- Older arts centres were ignored during planning of RDP centres.
- RDP centres operate in isolation.
- Shared responsibilities between local and provincial government have not been resolved in many cases.
- Lack of funding in most provinces (Hagg, Walgrave, Ntolwane and Malishe, 2003).

Employer-based training

New entrants to the sectors, particularly those who have come straight from the education system but by no means exclusively these, will generally receive some employer-based training. In addition, employers are aware of the changing nature of skill requirements and many do provide on-going training. The MAPPP-SETA sector skills plans for the last few years reveal that the number of companies in the sector that submit Workplace Skills Plan in order to claim mandatory grants is very low.

There would appear to be considerable scope for increasing and promoting levels of human resource planning within the creative industries. At an overall level it would appear that the majority of enterprises do not engage in human resource planning and in addition, because of their small size and relatively low wage levels, most fall below the ceiling prescribed by the Skills Development Levies Act for mandatory levy contributions. Regardless of the actual level of training provision, there are a number of common themes which appear to hold true across all the sectors, in that employers are more likely to offer their employees training if they:

- Are larger: the bigger the employer the more likely that training activity takes place.
- Have business and training planning/human resource management mechanisms in place;
- Have an IT and technology base that is relatively sophisticated.

Access to training and the demand for new competencies

The preceding sections have highlighted that there is considerable access to training at many levels and through a wide range of institutions. Specific challenges relating to skills upgrading range from training opportunities not being available or appropriate to the sector, not being delivered in a way that they can be used or flexible enough to adapt to the needs of learners and generally being too costly in terms of time and money.

The weaknesses with existing training opportunities include a lack of awareness or knowledge of the value of what exists, the lack of format to meet the needs of creative industry career characteristics (including the high degree of self-employment), and a perceived lack of the value of training in the eyes of management.

The Concept of "Employability"

It is useful to ponder the nature of what makes one entrant more able to earn employment than another. Feedback from employers in the CreateSA project evaluation process clearly indicated that experience is what counts (CreateSA, 2005). The primary issue at stake is the degree to which current skills supply mechanism actually contribute to the “employability” of new entrants or people already active in the creative industries. In the United Kingdom for example, research has been done to examine how trends in higher education and the labour market are having an impact on the future employability of graduates in all subjects of study (Dumelow, MacLennan and Stanley, 1999). Widening participation means that students are now entering from diverse employment and training backgrounds, many with experience of the workplace. More needs to be made of the fact that, increasingly, students are arriving with valuable workplace skills, and those that don’t are very likely to seek part-time work throughout their courses to survive financially. This experience gives students a basic understanding of the workplace, is potentially enhancing for their futures but is not always acknowledged by the educational system as being important. The vocational system, through the Recognition of Prior Learning (RPL) has a mechanism for this but its practice is not as widespread it could be.

For planning purposes it is essential to understand that employability of graduates from educational or training systems is not just about what graduates have to offer in terms of their degree subject, personal attributes, skills, values and aspirations. It is a learning process. It is also influenced by external factors, such as the economy and trends in the workplace. So a matrix of factors impact on the employability of the graduate and a linear progression of (traditional) graduates through the higher education system to employment is no longer a suitable model, given recent changes in the workplace, changes in the student population and factors affecting them as they progress (Harvey, Locke and Morey, 2002).

The growth in education provision has led to large numbers of young people studying ”relevant” courses, but there is concern about the quality of some of the courses. Anecdotal evidence shows that employers in the creative industries believe that there are too many courses and qualifications that do not have a direct link to occupations and workplaces. In this regard there are a number of issues that need resolving:

- The demands in the world of work are changing rapidly, but the qualifications are not changing in response, or if they are changing they are not changing fast enough. There is a growing gap between the qualifications and the skills needed in work.
- Course content needs to be more flexible, perhaps with an increased use of modular components to allow a ”pick and mix” qualification.
- Greater employer contribution is vital. Employer input needs to be integrated into courses in a much quicker fashion and employers must be encouraged to increase participation.
- Given the range of differences that can be seen across the sectors, it is unlikely that courses or qualifications could be standardised across the sectors.

- There are more students currently studying for entry into the sector than will ever be able to work in it and as such, employers question career planning, counseling, research and intake processes.
- Professional development opportunities are lacking across all sectors..

Chapter Five: Sector case studies

The following chapter comprises a range of individual case studies from the film and craft sectors that are intended to illustrate some of the issues raised in the sector profiles in Chapter 2 and highlight the skills challenges faced by many enterprises and organisations from enterprises to development agencies.

ENTERPRISES IN THE CREATIVE INDUSTRIES

The Gauteng Creative Industries Co-operative

The Gauteng Creative Industries Cooperative (GCI) was founded by master crafter Peter Mthombeni for craft producers in February 2007. The GCI is currently comprised of groups of companies located in all five regions of Gauteng and has eighteen founding members and twelve other enterprises waiting to be incorporated although it intends to become nationally active. Most of the enterprises are registered as close corporations with many owner/managers multitasking across the value chain from design, production, marketing and sales.

The vision of the GCI is "to be the preferred partner to make a significant contribution to the economic growth and development of the Cultural Industries, with a current focus on the Craft Sector in Gauteng, but looking nationally in the medium term" [23].

The key motivation to establishing the co-operative was the many common problems facing the members from administration to design, from sourcing material to accessing markets. The companies that comprise the co-operative are diverse, ranging from survivalists to well established micro-enterprises. As Peter Mthombeni says "the inception of this cooperative is aimed at elevating these entities to be economically sustainable and viable and to unleash the vast potential of the creative industries".

The founding members of the GCI have pooled their resources, expertise and talent for the benefit of the craft sector as a whole. They regard the GCI as "under development" and aim to eventually locate together in premises to pool resources and conduct training for other crafters: "We're planning to have a centrally placed hub where everything we need will be based centrally – be it a meeting place, a workshop place, training, a place to have coffee, a gallery where people can display their products, a conference centre. It would be in Johannesburg at this stage, in the city".

[23] The Gauteng Department of Arts and Culture commissioned research for their *Audit of Craft Assets*: The research consultants under the direction of the CCDI conducted an interview with Peter Mthombeni in August 2007. All quotes, unless otherwise stated are from this interview.

Members of the GCI produce in the following categories: ceramics; glassware; home ware and décor ware; clothing and textile; jewellery; foodware; packaging and sculpture and fine arts. GCI is currently exploring leather work and woodwork.

Key constraints facing crafters in the GCI include basic logistics such as access to transport. Only 3 of the 18 founding members have their own transport causing huge delays in sourcing materials and supplies as well as delivery. As Peter Mthombeni reported, “I remember one time I was taking public transport a few years ago to meet a client and I was ten minutes late. I lost R3500 just like that. You have buyers who don’t want to know about problems you might have with transport”. Those with cars or other resources such as kilns are able to help other crafters in the co-operative. Currently members of the co-operative such as Mthombeni are exploring sourcing basic material from China and adding designs and finishing to the product to make a quality product.

One of the principles of the GCI is to buy in bulk as raw materials for craft can be expensive and are often difficult to source. Most beads, some ceramic material and ceramic colours as well as leather tools are imported. Buying in bulk qualifies the GCI for discounts and eases the cash flow burden of any one craft enterprise. An important function in the value chain is the showcasing and selling of craft which is typically done by merchants and retailers. In their assessment of this part of the value chain (often referred to as the “middle-man”) the GCI is attempting to reach the client or customer directly by creating a membership pool. The GCI aims to “continually be marketing ourselves and finding out what’s going on in various places” to improve self-empowerment of all craft members.

The GCI have found it particularly valuable to form strong relationships with municipalities and provincial government to showcase their work at events, hire venues for exhibitions, provide a catalogue for corporate gifts and source funds for training. In Sedibeng for instance, the municipality provided the city hall for crafters to showcase their fashion products.

The poor image of local craft in the media is being addressed by the GCI who want to use the media to raise awareness about local craft particularly amongst black South Africans. The GCI believe that the media could play a vital role in showcasing quality craft and raising the profile of crafters. Websites have been rejected because of a fear of copying in favour of a more direct relationship with boutiques, gift shops and some cultural sites and museums for one-off exhibitions.

The areas where government support would be welcomed includes assisting with market access, corporate gift buying, developing a direct and loyal local market, infrastructure to work and network from, ICT support and support to crafters and financial institutions to better understand each other's requirements.

The GCI can take credit for a number of achievements in its short history such as hosting and facilitating workshops, co-ordinating, facilitating and setting up of exhibitions (Design Indaba; Rand Easter Show, BBBEE conference, Gauteng Legislature; Beadex, Rooms on View; Tourism Indaba and Import/Export Africa), holding talks with international buyers from all over the world and running a capacity building programme with the National Productivity Institute.

One of the primary challenges in the co-operative is a general lack of skills especially in the business and management domain and the management of the variable skills base of members. In the case of the CGI the formal education and vast experience of the master crafts person is combined with the skills levels of other members deliberately to ensure empowerment. The draft Gauteng Implementation Strategy for Co-operatives Development Policy argues that the challenges facing co-operatives in the province include:

- A lack of business planning.
- Lack of access to capital.
- The low levels of institutional capacity.
- Marketing.
- Access to production space.

Co-operatives, while theoretically able to draw on the wide and differential skills base of their members will still face significant challenges driven by the need to be flexible and to adjust to the changes in the market by constantly innovating, dealing with complex problems inside and outside of the enterprise and applying the necessary insights to their business models. The training provided to members and leaders should thus emphasis entrepreneurship as well as the necessary technical and creative skills required for work in the creative industries. The real challenge is to ensure that "bee hiving" or having nodes of skills within the organisation is not a model that persists, given that many individuals will need to have multiple skills and work in a clustered or even matrix-based environment.

T.O.M. PICTURES

T.O.M Pictures (TOM) is an independent film production company based in Johannesburg. Independent production companies are the businesses that producers set up to make content. Funding and finance for content production is only provided to such legal entities. TOM produces work in the following areas:

- Film &Television production.
- Television Commercials & Corporate Videos.
- Education & Consultancy.

- International facilitation.

TOM was selected for this case study on the following basis:

- The company is independent in that it is not wholly or partially owned or financed by a broadcaster or distribution house or any other institution. This is a typical company structure in the film industry where ”the main body of the production sector is made up of small and macro enterprises – close corporations, sole proprietors, joint ventures etc set up for freelancers to work from job to job and hand to mouth“.
- It is a majority black owned company (66%).
- The partners are presently, as of 2007, making a living, earning a salary out of the company business, which is not often the case, however sustainability is the biggest challenge.
- The human capital component of the company, the expertise and experience of the partners, is believed to be an important, even vital factor contributing to their present ability to win contracts, and potential ability to survive.
- The focus of their business strategy in relation to financial survival.
- Producers play an important role in production companies, turning ideas into profitable films, persuading others to share in this commercial and creative vision and ensuring that the creative talent of cast and crew can flourish.

History

TOM was founded in 2003 by Robbie Thorpe, Akin Omotoso, and Kgomotso Matsunyane with the name signifying the first letter of each partner. The company is 66% empowered. The partners met through their individual work in the film and television industry and developed a friendship as they discovered that they had common ideas and approaches to the industry. They formed the company to formalise a strong relationship between like minded professionals, respecting each others experience and expertise. As Matsunyane says, “We could have started the company 6 years ago but we were not ready”. The development towards the establishment of the company was organic, through a shared ethos, a similar creative approach to projects, as well as to financing.

The primary focus at present is to develop projects which are exclusively South African based and financed. ”Our ethos is to make content that reflects the true nature of our African identity, and to contribute to and participate in the growth and celebration of South Africa and the African continent,“ says Omotoso.

According to Thorpe, while he had been around in the film and television business for a long time it was the similarity in the partners thinking and approach, the creative focus which worked for him and for the three together. This he considers is their strength. Matsunyane agrees that all three partners are very similar and are primarily focused on the creative side of the business, focusing on the stories rather than the business side of things. The focus of

TOM's content is stories which are authentic. They believe that good stories are the basis for success. Thorpe having concerns regarding the partners' level of vital business skills.

TOM's present aim is to raise their profile through producing good, high quality product, which will ensure that they are taken seriously in the industry, and also to remain as independent as possible, both creatively and also in regards to finance and financial control. Omotoso believes that flexibility was, and is the key.

Human capital

Robbie Thorpe has worked in film and television, firstly as an editor and later as both a producer and a director for over 20 years. After studying Film Production at the Pretoria Technikon, he worked as an editor in London for four years. After returning in 1990 he worked primarily on international feature films as well as local and international documentaries - quickly earning a reputation as one of the finest editors around. Looking for new challenges Thorpe went on to become a producer working in television, film and commercials. Thorpe produced the feature film *Gums & Noses* for TOM which won numerous awards at film festivals around the world. *In the Shadow of a Saint* a South Africa/Canada co-production starring Djimon Hounsou (Blood Diamond) is currently in development. Recent television productions include the comedy series *Sorted,* which has been nominated for an Emmy Award in New York, and the drama series *A Place Called Home.*

Thorpe believes that he has brought the depth and variety of industry experience into the company having been in the industry for a long time in different capacities. A particular advantage which has borne fruit is that he started his career as a technician. He was an editor for a long time. His actual hands-on production experience has enabled him to understand the film and television production processes and this has been very valuable, particularly in developing budgets, managing production processes and timelines, and crew.

Thorpe is the only one in the partnership who has been to film school. Although the Pretoria Technikon was politically conservative and a grim place, it was the only film school in the country at the time and sparked a broad interest in the film industry, across its many facets. He believes that this encourages a holistic view of the industry. Unnecessary compartmentalisation inhibits team work and effective and efficient cooperation which is the basis for the successful realisation of any film or television project.

Akin Omotoso is one of a new breed of young talented actors and directors who are carving a niche into the small, selective South African film and television industry. He won the "Standard Bank Artist of the year award 2007". Omotoso made his acting debut on stage at the University of Cape Town's Drama School.

He has appeared in productions such as *Isidingo* on SABC 3, *Big Oakes* and most famously on *Generations* where he became a household name in South Africa. In 2000 he wrote, directed and produced his debut feature film *God Is African*. In 2003 he, together with Matsunyane and Thorpe started TOM and has since produced and directed film & television, including *Nomzamo* (a sitcom on SABC1) *Gathering the Scattered Cousins* (documentary selected for the Toronto Film Festival) and *Rifle Road* (short film selected for the Cannes Film Festival).

Kgomotso Matsunyane graduated with a major in International Relations from Carleton College in Minnesota, U.S.A. She interned with the Washington offices of the BBC before taking on a full time position with the CBC as a line feeds recordist. On her return to South Africa, Matsunyane worked extensively as a documentary director and producer, making her mark with such pieces as the *Moon in My Pocket, Sins of the Father* and *Heavy Traffic*- a Steps for the Future film which was nominated for an award at the Banff Rockies Festival in Canada. Heavy Traffic has also been screened at the 21st Festival International Film du d'Amiens in Paris November 18th 2001, World Summit in Johannesburg in 2002, and in FESPACO in 2003. She directed several inserts for the award winning *Takalani Sesame* series. She was a writer on the award winning second series of *Yizo Yizo.* From 2001 – 2003 Matsunyane was employed as a drama commissioning editor for SABC 1, during which time she oversaw the production of over 500 hours of local drama for the channel.

After a stint as the editor of *O Magazine*, one of only two in the world, she joined TOM and is producing the multi-award winning children's educational series *Soul Buddyz*. Matsunyane says, "I learned at both the SABC and at O Magazine so much which has set me up for this business. At the SABC I learned about the inside track. This included how the broadcaster functions, what are required, and such things as how to write a good proposal – there are so many bad ones around. At O Magazine I learned about how to be a professional business person within a creative framework."

Craig Freimond joined TOM in 2005. He completed his Drama degree at Wits University in 1988. Since then he has worked as a writer and director in theatre, television and film. His theatre works include *Edmond*, *the Chalky White Show, The Great Gatsby, Jump, Pygmalion, Macbeth*, Sweet *Phoebe, Talk Radio, Gums & Noses* and *The King of Laughter*. His TV credits include *Not Quite Friday Night, Soul Buddyz, Scoop Schoombie, Gazlam* and *Sorted.* In 2004 Freimond wrote and directed his first feature film *Gums & Noses* which was adapted from his play of the same name. *Gums & Noses* was produced by TOM and it was because of the very successful working relationship he enjoyed with this company that he joined them. *Gums & Noses* won the Apollo film festival award for best feature in 2004. His play *The King of Laughter* won three Naledi awards in 2004, including best new play, best director and best supporting actor. His most recent television work was co-creating and directing two seasons of the improvised comedy series *Sorted*. Freimond has since finished his new screenplay *Stiff* which is being developed by TOM.

Finance

The company was started without any capital, and no financial backing. According to TOM partners, there is little or no understanding in the corporate sector of the film industry as a business, and there is no clear model or system that offers reasonable guarantees for ongoing income, other than a few long running broadcast contracts such as soap operas, talk shows etc and that accounts for the few medium enterprise production companies (IPO, 2007).. The company had no assets and their first furniture and office equipment was bought with the profits from their first job. This first job was run from a very small office, which was supported by the production budget of this job.

Although there was no master plan the partners have been systematic in their strategy over the four years of the life of the company. In the beginning, for the first 18 months to 2 years Thorpe, was alone in running the company. In the first year he had a salary for 5 months only, a position he was able to maintain due to the fact that his wife is a regular earner. Omotoso was later able to join the company as there was an additional project contract, which meant the company was able to afford him, however neither partner was paid every month. Omotoso relied on acting work as additional revenue.

The company has up until recently only employed staff when in production. Their aim is to remain as small and as light as possible. They have only recently employed the first full time staff member, a line producer. Otherwise all staff is hired in as required per project contract. All company earning was and still is project based. All costs are covered from budgets of projects which are financed.

The company has progressed to a point where they have won sufficient project contracts and raised sufficient project finance to be able to, as of January 2007, pay themselves monthly salaries. However the salaries are considered to be below market rate and the partners consider their financial position fragile and are concerned about sustainability. TOM requires around R2million turnover per annum to stay up and running.

TOM, like many other production companies, depends on the national broadcaster SABC for the bulk of their work. It is their “bread and butter”. The team regularly pitches projects, primarily to the SABC. The company has no real business plan with targets such as a number of projects per year, or income growth targets, but exists from production to production in terms of funding and finance. This project reliance is unstable as it depends on financed project contracts or projects in order to cover costs. TOM projects have been financed by a combination of public and private funding. For example they are presently engaged on a feature film project which is being funded by Anant Singh.

Typically the production sector relies largely on the three broadcasters and in particular the SABC's commissioning process which takes the form of briefs being issued 2 – 4 times per year. It operates on a model where it is a service provider to the broadcasters. SABC is currently the primary consumer of local content and has a very tough one-sided terms of trade in that they contract for a very limited period, take all intellectual property rights in the product, pre-determine and fix profit margins, stipulate various conditions for production and delivery (the producer takes all the production risks), and yet there is almost never a pre-agreed roll-over on the contract should all the requirements be met.
Thus no matter how well a company performs it remains at the mercy of the broadcaster for handouts with no chance to sustain or even build and independent business. While there are a handful of medium size enterprises which are sustainable due to long running contracts, they are building no assets as all equity belong to the broadcaster. Producers are also unable to access capital for research and development as there is currently no potential for a return on this investment. Thus the reliance on the broadcaster is considered a risk.

The TOM partners believe that they need to know and understand how to break into the corporate sector, and to move beyond the purely creative. They would like to move away from the dependence on the broadcaster to a 70-30 scenario, which then is gradually reduced further. As Matsunyane says, "we are hired hands, ant workers. We continue to struggle every month. We would like to have the flexibility to get more work into the company, work more smart, work in a more profitable area such as corporates and parastatals. Commercials are too over-exposed. We have been in a situation where we have been without money for 5 months. We need to find long term projects".

At present the company is focused on building a name for themselves, a reputation rather than making profits, believing this to be the key to opening doors and other opportunities. The company's target is to become successful locally if possible, either through television or also through feature films, short films and documentaries. However distribution is a problem as there is a lack of outlets for product. International film festivals are considered to provide exposure for product and talent adding to the credentials and company profile. The company has had some success with *Gums & Noses* on the film festival circuit. This has been one of their primary calling cards. Festivals also provide essential networking opportunities to identify potential partners and to raise project finance particularly from international sources.

Industry knowledge
Omotoso believes that to be successful, knowledge of the industry and industry trends are vital and that one has to go and get it. The partners have made it their business to watch a large body of material from all over the world and read relevant literature and scripts. Time is invested in this. As with any business, there must be knowledge of the market. Every opportunity to participate in local

and international film and TV events are exploited to gain this knowledge. Approximately 40% of TOM's time is spent on networking.

TOM believes that vital to growth and development, and success in the industry, is a mixture of creative and business knowledge. Each person must be an expert in their area and must ensure that they have regular access to the relevant information on the industry. The key ingredients in the industry besides talent are skills, networking and sharing of information, as well as discipline. TOM feels that there are insufficient platforms for the development of each of these factors in the country. The industry is seen to be segmented in terms of skills with little or no cross-over accepted between industry sectors from drama to commercials.

Training

TOM feels that training in South Africa is unco-ordinated, fragmented and myopic. There is inadequate design of training opportunities which allow for progression in the industry and further development and upskilling according to the level of the trainee or professional. Training programmes are often ad-hoc and once off initiatives such as film finance workshops and editor training. Some initiatives are launched and then cease to exist due to a lack of support and coordination or exist within a very fragile economic framework, such as AVEA which offered training for producers and FRU that offered training on distribution.

Omotoso believes that there should be a season of master classes to provide continued growth and access to interaction and talent. Film schools are vital platforms to develop film literacy, as well as to provide access to top expertise and talent, such as world renowned directors and script writers. Approximately 60 - 70% of crew on TOM productions comes from AFDA graduates or even students. As with the international industry South Africa is on the brink of the new media explosion which will push content creators into the centre of the value chain, but also demands that practitioners in the industry have access to technology and are technologically literate.

Many top skills and talent across the value chain have been lost to television and the feature film industry because there are no big budget productions any more. There is no money. The industry is not able to lure or retain key artistic talent or management and technical skills as it does not offer financial rewards comparable to advertising, international production or the financial and IT sectors, and does not offer sustainability and growth. Television budgets are getting lower and lower so the productions are unable to attract real experts as they move across to the more lucrative business such as commercials.

According to TOM there is no facility for training on the job and growing experientially in a progressive way such as the system of apprentices who then worked their way up the ranks. The budgets in TV are so low that there is no possibility of including an assistant on a production, thus no opportunity for a learning space. If an assistant or trainee is brought onto a production they are expected to work for no fee. Sound assistants, for instance, are frequently eliminated from the budget with the result that there are perhaps 2 – 3 fully qualified, expert sound editors in the country. Very few seem to be concerned about this trend, but these professionals are gone. There is also a real shortage of editors. In the last 5 – 10 years there has been the drive to make things cheaper, particularly within the broadcaster and thus we have lost quantities of professionals and potential professionals (including directors, sound engineers and sound editors, directors of photography and editors amongst others). There are few writers who live off their craft, as they cannot afford to do so. But this then means that they do not develop either. There is a lack of investment in the research and development process.

Technological change and development has facilitated access through cost effectiveness although there are many who now believe it is sufficient to be able to work the technology and ”do the job”. There is no longer the opportunity, the interest or the sense of obligation to learn the craft. This is exacerbated by budget constraints. The partners believe that there is a misperception amongst South Africans that anyone can make a film, when in fact it requires considerable talent, expertise and experience.

Government support

TOM expressed concern that government support is presently not seen to be providing any of the appropriate support at all. The company argues that government must fund the SABC's public mandate as one cannot expect programmes that have a non-commercial value and are fulfilling the public service mandate to be profitable. .

TOM is of the view that it is not possible to make top quality documentaries regarding our history. The broadcaster considers such product as not having any commercial value so that they put extremely little money towards their production. The impact of this is to attract only those companies and individuals with little experience rather than more experienced companies with more substantial projects which would ultimately have some commercial potential. The broadcaster does not really function as a public broadcaster whose mandate should be to support the diversity and vibrancy of the independent production sector.

There are two key reasons for government support of the film industry:

- The cultural imperative to change the country with regard to its history and social customs
- Promoting cultural identity so that it is not an American culture. Government has to do this so that South Africa can compete in the world market.

Thorpe believes the government should note the incredible success the national party had in promoting their culture through their support of feature films (albeit in a negative way), and other forms of cultural expression such as music and television programming. The audience has remained incredibly loyal to their Afrikaans music and television content pulling solid audiences to this day. Leon Schuster launched his career in this way. He made his first films on government subsidy, which then enabled him to build a brand, which is now commercially viable.

According to TOM the institutions which have been set up by government are confused as to their role and are not making a real difference. They lack finance and are trying to take over the role of production companies amongst other things. The NFVF Production Funding criteria demands that the production funding they put into a project is seen as an investment which must be paid back to the funder. While the NFVF will consider supporting the production of films and documentaries either through repayable loans or grants, DTI support mechanisms are not available to the average production company due to the high budgetary threshold as a requirement for access.

The industry is also hampered by the fact that there are no credit facilities for the film sector. TOM believes that there is no space for failure in the South African industry. Failure is not accepted, and is seen as a reason to not offer finance, project contracts etc. Success is expected at an early stage, even though there is insufficient and inconsistent development support, creating enormous and unrealistic pressure.

High points

According to Thorpe, Matsunyane coming back into the company full time has been the biggest highlight as it has given TOM the chance to build the capacity of the company. He notes that she has contributed enormously to the company's ability to win project contracts in the drive to become more sustainable.

For Matsunyane the high point in the company was when *Gums & Noses* was screened. This was the first project of TOM Pictures. It was a very small budget and because of the individual reputations of the partners crew "came to the party" and worked for free because they were hungry to get involved in feature films which are few and far between. The film went successfully around the world particularly on the international film festival circuit. Says Matsunyane, "I get thrilled every time one of our projects airs on TV and I see our name at the end."

TOM partners believe that amongst the major advantages of the company is the fact that they have an excellent balance of race. They work as a tight cohesive group and also invest in people, having trained and mentored many young people. They feel that they have gained so much from the country and that it is good to give back. The have seen the benefits from this all along the way. Between the three main partners they have an impressive collective experience, from the institutional to some business acumen, and they are an equal partnership. This shows up there in the way they work. There are no restraints between the partners and they are very supportive, "carrying the torch" for each other. “We started as friends and we respect each other and each others work”, says Matsunyane.

TOM is an example of a ”typical” independent film production company which, although in its 4 years of existence has managed to build up a body of work which they are proud of and which represents their important calling card, however remains fragile due to their dependence on contracts primarily from the broadcaster. Their success has been entirely due to their own experience in the business as individuals, as well as their combined expertise, their professionalism and dedication to gaining knowledge and additional experience.

TOM’s vision is “to meet the needs of the new era of communication and increased requirements we need to have a production industry that is reliable, solid, innovative, accountable and smart”. This means businesses with both creative and business skills. It means businesses that are incentivised to up-skill, to invest in technology and to invest in intellectual capital so as to provide content – efficiently, reliably and accountably.

DEVELOPMENT AGENCIES

CCDI - the business of craft[24]

The Cape Craft and Design Institute is now “a leading institution in the development of the craft sector in South Africa” It has been a very successful example of a public-private partnership since its inception in 2001 and has been accepted by the DTI as the best practice craft development facility in South Africa. The CCDI is registered as an Association Not for Gain under Section 21 of the South African Company’s Act and is governed by a Board of 12 directors who are broadly representative of the role-players and stakeholders in the sector.

Background
The Cape Craft & Design Institute (CCDI) began its operations on 1 November 2001 as a joint initiative of the Cape Peninsula University of Technology (then the Cape Technikon) and the Provincial Government of the Western Cape with significant start-up funding from the National Department of Arts & Culture. In the 18 months before its official launch on 12 June 2003, a number of activities and pilot programs were implemented to test proposals and assumptions in the detailed research report and founding business plan that gave rise to the establishment of the Institute. These documents, as well as the lessons learnt from the implementation of pilot programmes served to inform much of the program development of the CCDI.

[24] With thanks to Erica Elk, CEO of CCDI for discussions, documents and detailed notes.

Vision

The vision is reflected in Table 23 below.

Table 23: CCDI Vision 2014

CCDI 2014 Vision	
Develop People	There is a NEW generation of designers and craft artists; and professional, well-informed, pioneering craft entrepreneurs across the value chain.
Develop Enterprises	There are many profitable businesses operating in a competitive sector, using appropriate technology that covers the whole province and makes a valuable contribution to GDP.
Develop Products	The WC has an identifiable signature that is influenced by our heritage, and is recognised globally for its design and innovation.
Develop Markets	There is a strong local market, developed niche international markets, with increased value/appreciation for hand manufactured products.
Develop Environment	The sector is industry-led with a discernable craft community and a strong fair trade practice.
Develop Institute	The CCDI is a globally recognised sector development body and a centre of excellence.

The CCDI mission is to be a best practice institute developing people to build profitable enterprises with marketable product for global markets in an enabled environment. It provides support to the craft and hand-manufacturing SMME sector, informs and lobbies for an enabling policy and regulatory environment and acts as a catalyst within the tertiary education environment.

A small administrative and financial management unit supports the five core programs of the CCDI which were developed over 2-3 years.

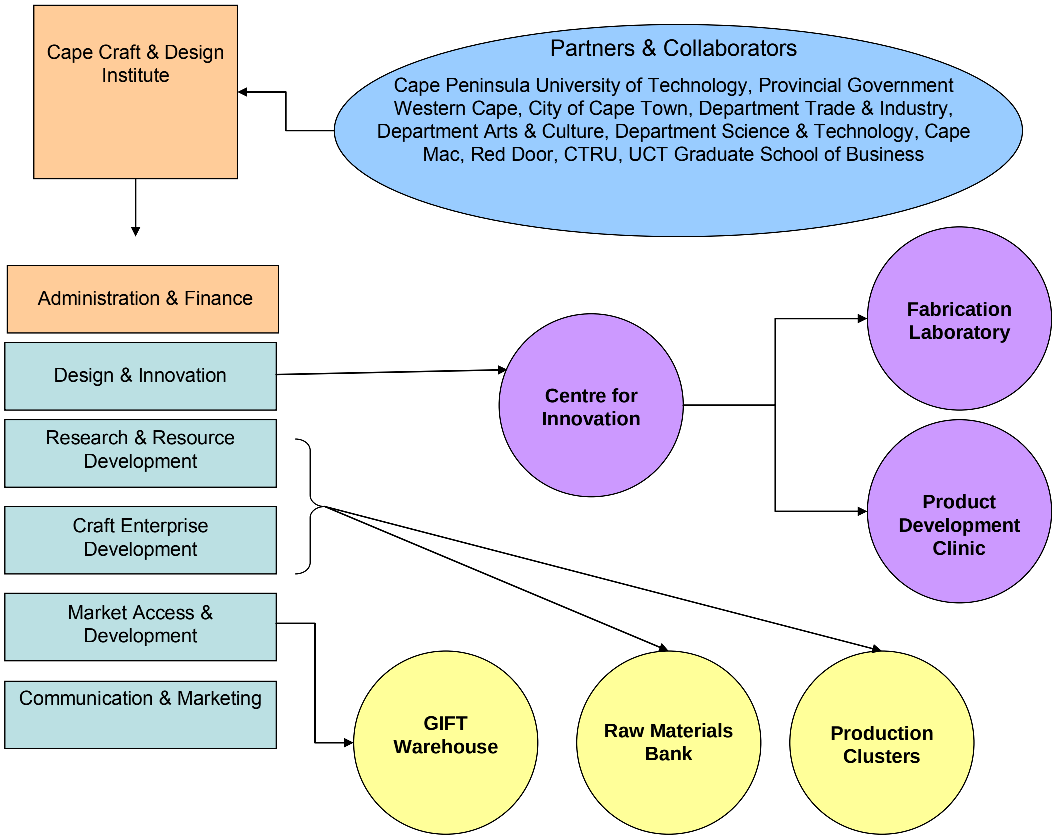
- Programme 1: Networking, Communication and Sector Marketing
- Programme 2: Market Access
- Programme 3: Enterprise Development & Training
- Programme 4: Research & Resource Development
- Programme 5: Design & Innovation

The organisation has more than doubled in size in the last 12 months and two new support positions (Programmes Manager and Office Co-ordinator) have been added to the staff complement to ensure alignment of programmes and efficiency in day-to-day functions.

Currently the CCDI has a very flat organisational structure. Each program is staffed by a manager or program leader who currently reports to the executive director. The increased institutional capacity within the CCDI and the internal restructuring required will provide more depth to the organisation making it more effective in its impact on the sector. The challenge will be for the Institute to maintain its creative and innovative solution and needs driven approach to sector development.

The five interlocking core programmes, their objectives, structure and achievements are described below in Figure 10.

Figure 7: Five Interlocking Programmes



Achievements:

Over the first six years of its operations, the CCDI has influenced and changed the landscape in the Western Cape in the following ways:

- Created a visual presence for the sector, providing a referral and marketing resource and contributes to the developing a provincial identity
- Established a physical presence and point of reference which facilitates brokering and match-making from a credible and impartial resource
- Retained institutional memory so that knowledge and information sits in an institution that is accessible and open to all
- Collated baseline information on craft enterprises in the Western Cape providing accurate and intricate levels of information which assists with planning and measuring impact and growth.

- Increased and broadened the marketability and market access opportunities by looking beyond the traditional definitions of craft to niche markets such as Homeware & Décor, Jewellery & Fashion Accessories, Craftart, Traditional Craft, and Novelties & Gifts.
- Raised the profile and status of people and products by showing them in new places and in new ways; taken seriously as an economic sector & increased product value.
- Established a benchmark of excellence through transparent and clear processes which in turn has impacted on improved product ranges, product quality and business sustainability.
- Impacted on income generation directly through sales at events and indirectly through creating platforms for enterprises to present themselves to the consumer and trade markets.
- Developed a unique market-driven, product development process with strong market links and a training component leading to sales that can be sustained by the enterprise as skills are transferred.
- Implemented accredited and multi-faceted approach to skills training, with the MAPPP-SETA, that is market-driven and responsive to crafters needs and working conditions.
- Built capacity in people and enterprises across the value chain; resulting in increased confidence; businesses maturing and stablising; more people choosing the sector; and increased growth and sustainability.
- Laid the foundation for a representative community of Western Cape craft entrepreneurs; breaking down isolation and individualism; crossing racial and class divides; and increasing sharing and collaboration.

Specifically, in 6 years the CCDI has increased both its sphere of influence and impact and participation in its programmes as can be seen in Table 24.

Table 24: CCDI Achievements

Sphere of influence and impact	2001	2007
Funders	3	15
Enterprises	60	969 (778 active)
Retailers	10	358
Service providers	5	261
Associate stakeholders	10	877
Programme participation	2002	2005
Enterprise development	4	54
Training programmes	23	156
Local events & exhibitions	68	294
International events & exhibitions	5	50
Product development clinic	0	66

The 2006/7 CCDI commissioned impact study measured the effect of the organisations programmes and activities in the period November 2001 – March 2005 (Western Cape Craft Sector Newsletter, 2007).. It showed that the CCDI had impacted on a wide range of people in a very positive way with 53% of respondents' increases sales from improved products; 37% moving from home based production to a formal workplace and 38% with higher income. Many more felt they had learnt new skills (94%), understood markets better (86%) or experienced better access to markets (85%). Interestingly, more than 70% said they would not accept regular equivalent paying jobs in place of their craft work revealing a solid entrepreneurial focus among the targeted beneficiaries. The impact study also revealed that the CCDI was having minimal impact on the two extremes of the spectrum – the least developed and best developed entrepreneurs. Table 25 below summarises the key findings of the impact research.

Table 25: Summary of Key Findings of Impact Research for CCDI

Key Areas	Findings
Enterprise development	• 94% leant new skills • Of the 43% who did NOT have a costing a pricing strategy, 92% now do • 76% knows what their product costs to make • 73% know what they make on each product • Almost 77% who experienced an increase in sales felt that CCDI had contributed to this increase (53% said yes and 24% said somewhat) • 70% of those who felt CCDI had contributed to their sales increase stated it was because of better market access; 17% attributed it to having better products, 13% because of access to information sharing • 85% have maintained a profit, moved from making no profit or not being in craft previously to making a profit, or realised they are making a profit since being involved with CCDI,
Market Access	• 85% have experienced a positive change in market access • 86% say CCDI has improved understanding of their markets • 56% have experienced a growth in regular customers
Product Development	• 63% have improved their product • 58% with new products indicate an increase in market access • 66% have been helped to make new products
Employment/ Jobs	• 37% have moved from home to a formal workplace • 45% attribute increase or change in staff numbers to CCDI support
Personal Income	• 38% have a higher income since CCDI intervention • 63% have experienced positive growth in personal income
Personal Impact	• 84% felt that their working life had improved since attending CCDI programmes and activities

Key Areas	Findings
Entrepreneurship	• 73% said they would NOT accept regular, equivalent-paying jobs in place of their own craft work
Sustainability	• 31% claim CCI has helped sustain their businesses, and would not be running without CCDI • 31% claim CCDI has helped them manage their money better • 68% have experienced a positive growth in sales • 60% have moved to a higher income bracket after CCDI intervention • 70% of those who have moved to a higher income bracket cite the market Access programme as a contributing factor
Collaboration	• About 50% of service providers who responded through that their general networks in the craft sector had increased on the whole.

The CCDI has since its inception been an empowering force in the growth and development of the craft sector in the Western & Northern Cape. Commitments from city, local and national government have allowed for the creation of a stable and sustainable base from which to support emerging and established craft entrepreneurs and to create the means of linkages between these enterprises. The first four years of operation have yielded some important lessons for the CCDI.

- Partnership & collaboration is a foundation stone of the way the CCDI works and will work in the future.
- Capacity has been built through a base of service providers; a key challenge remains finding sufficiently qualified BEE providers.
- The CCDI operates in a business environment and thus operates along business principles.
- The craft sector is more than an adjunct to cultural activity of tourism; it is a complex manufacturing industry with a wide range of players at each level of the value chain.
- The CCDI aims to not only assist craft entrepreneurs but to make a meaningful impact in supporting job creation and income generation and improving the functioning along the entire value chain.
- The CCDI will work toward an environment of fair trade where growth in craft entrepreneur’s knowledge is an important step toward addressing power imbalance in the sector.
- Based on pilot programs initiated by the CCDI a number of specific lessons were also learnt.
  - The CCDI can only provide support to craft enterprises not take responsibility for them.
  - The CCDI has a powerful role to play as a catalyst and relationship broker.

- o A multi-tiered approach to trade support needs to be offered to support emerging crafters.
- o Training takes time and there is no short route to resolving the knowledge gap.
- o The building of social capital within the craft sector is a key imperative.
- o The best training takes place on the job and in the studio.
- o Time out of a business is money lost, crafters require something meaningful in return for their time.
- o The biggest untapped market is local consumers.

It is clear that the CCDI is an effective development agency in the craft sector. Given its unique sectoral focus, the staffing demands of the organisation are for highly skilled specialists aligned to specific programmatic areas. The MAPPP-SETA Sector Skills Plan update for 2007/08 indicates that sector development specialists are a scarce skill despite the long history of development work in the craft sector. In addition, there appears to be very little research conducted on the skills needs of development workers in the sector.

Greater St Lucia Wetlands Park[25]

The Greater St Lucia Wetlands Park was the first declared World Heritage Site in South Africa. Located in northern KwaZulu Natal, the Park borders encompass over 300 000 hectares of land over 230 kilometers of coast line. The unique environment, its unique and diverse fauna and flora and cultural heritage of the area led to its proclamation under the World Heritage Act in 2000. Bordering both Mozambique and Swaziland, the area is host to a Spatial Development Initiative (SDI) that facilitates cross-border relations between South Africa and its neighbouring states.

An important factor in the management of the park is that about 60% of land has been reclaimed by communities as part of the country's land restitution system. A wide variety of stakeholders, not just the state, thus have a direct interest in the development and management of the Park. The Greater ST Lucia Wetlands Park Authority was established to manage the site. Working in partnerships with the KwaZulu-Natal conservation agency the Authority comprises a small team of approximately 36 people recruited specifically for their commitment to the value of the Park and the World Heritage Convention Act. The Authority has both a conservation and transformation agenda which is at times a complex balancing act for the Authority, its staff and stakeholders. The agenda is driven by three board areas:

- Management of the environmental resources such as wildlife.
- Commercial activities such as tourism development.

[25] This case study is based on internal documentation, project plans, project proposals and presentations provided during the drafting of a cultural strategy for the Park.

- Programmes to improve the lives of communities in and around the Park.

It is in the latter area that the Park began to engage with culture and the creative industries specifically as a development tool in support of the broader objectives of the heritage site. Through a dedicated community development programme the Park has initiated a range of projects with the aim of ensuring that the communities in the Park are able to take advantage of the income generation opportunities presented by tourism and other Park activities.

The cultural programme has been a part of the Park since its inception, as have development initiatives for crafters. Even before the Park was proclaimed a World Heritage Site, in 1999 a cultural festival was held to facilitate economic activity to the benefit of communities in the Park and act as a tourism draw card. The festival was hosted in partnership with the local tourism industry, the KwaZulu Natal Tourism Authority, uThungulu Regional Council, the KZN Department of Economic Development and Tourism, the KwaZulu Natal Nature Conservation Services, the National Department of Arts, Culture, Science and Technology, and the KZN Department of Education and Culture. This partnership approach to activities has characterised most interventions. The table below (Table 26) presents a summary of the initiatives that have formed part of the Park's interactions with the creative industries:

Table 26: Summary of Key Interventions at the Greater St Lucia Wetlands Park Authority

Nature of Intervention	Number of Beneficiaries	Output
Tourism development	110 individuals	• Training in tour guiding, assistant chefs and hospitality • Development of cultural packages and tours/walks • A handbook on the Park covering environmental issues, culture and heritage information about the Park and its people as well as the biodiversity of the park in an integrated manner • Establishing links with industry for work placements and employment opportunities • Mentoring
Craft Development	25 craft groups	• Training in product development, costing and pricing, marketing and understanding their markets, identifying markets and creating linkages, facilitating access to high end markets, managing group dynamics, managing buyer relationships and mentoring. • Creation of relationship with Mr Price Home Stores to supply products.

Nature of Intervention	Number of Beneficiaries	Output
		• Establishing craft markets at Park gates
Cultural Programme	5 Performing arts groups	• Training in the following areas: Performing arts, Arts management training • Performance products reflecting the unique cultural heritage of the area. • Exchange programme • Marketing skills/entrepreneurial freelancers • Mentoring • Cultural heritage and contemporary exhibitions • Music CD compilations

The multi-sectoral focus that the Authority has chosen is an important one, recognising that there are opportunities for development in a wide range of fields and also that communities need to have a diverse range of products in order to meet the demands of the cultural tourism market. The investment in culture is not only based on an economic rationale however, the Authority recognises the value of cultural interventions in community development, the development of identity and pride and improving relations. The cultural festival for example, is recognised as a major milestone in improving race relations in the area between communities and the predominantly white-owned tourism businesses.

Reflecting on the lessons learned over the 8 years of creative industry development in the area in a recent presentation, the Authority management recognised the importance in the craft sector of product development, managing production schedules and delivery processes, costing and pricing, the importance of ensuring access to raw materials and managing inter-group conflicts. One of the biggest challenges facing the management system at this juncture is the formalisation of the current groups of crafters into business entities with clear roles and functions that can begin to create market linkages without the need for direct facilitation by the Park management given the development context of the Park.

While there is still great potential for tourism development in the area, visitor numbers to the Park are growing slowly but steadily, and as such the market for cultural products in the Park itself is growing slowly. The Park has been innovative in its approach to utilising culture in other social programmes however. Performance groups, for example, have been used in various awareness campaigns to promote messages about safety with regard to wildlife and other social messages. In addition, these groups have also been used in branding and marketing exercises hosted by the Park.

Beyond this the communities and the Park management face challenges relating to market access and linkages given the physical distance from major towns and cities, the development of appropriate support mechanisms, the continued development of buyer relationships and ensuring that the market is aware of the unique cultural and heritage value of the products. One of the primary constraints is the lack of funds available for the further development of the programme.

From the perspective of creative producers in the area, the Park management has identified the following skills gaps:

- Product development skills, particularly in the craft sector.
- Business and entrepreneurial skills.
- Tour guiding.
- Hospitality and related fields.
- Conservation.
- Multi-skilled creative producers that can freelance in a variety of ways.

These skills needs mirror those of the sector themselves (as discussed in Chapter 3 which examines the demand side for skills). Much like CCDI above however, some consideration needs to be given to the skills needs of the Park management in order to effectively facilitate programmes of this nature. At minimum, the skills requirements for managing a portfolio of development activities such as this would include:

- Research, strategy development and reporting.
- Financial management.
- Project and programme management.
- Planning and fundraising.
- Contract management as a great deal of work is managed through outsourcing.
- Facilitation and conflict resolution.
- Technical and creative skills in a range of areas to act as a market facilitator.
- Education and training skills given the focus on skills development.
- Team work and communication.

This once again illustrates the contradictory demands of the sector which will require a vast range of general and specialist skills in one unit of a larger management system.

Chapter Six: Conclusion

Synthesis of findings

This report has found the following characteristics across all the creative industries:

Enterprises and Organisations

- Small and micro-enterprises predominate – the sectors are all comprised of micro and very-small enterprises employing fewer than 50 people.
- The project-based nature of creative industries enterprises – the bulk of opportunities in the sector are one-off, isolated or commissioned projects or contracts that have a set duration and price.
- Supply side emphasis – the sectors and development initiatives are dominated by enterprises involved in the production and origination of content; and education and training which supports the supply side of the value chain; by contrast there are far fewer enterprises involved in the distribution of content indicating a bottleneck in supply to markets
- It is a young and growing industry – most enterprises in the creative industries were established in the last 10 years and have not yet achieved stability.
- Freelance & contract work predominates – given the inherent nature of the sectors much of the work is freelance, contract or piece based; most enterprises contract in up to 50% of capacity when needed; while this is a strength in that it allows for flexibility; it could also be a weakness hampering stability and development.
- Many enterprises and organisations are self-sustaining but operate with low margins and often enterprises and organisations are overly reliant on government and international grant funding to survive.
- In general levels of business skills are low – while the education levels of the creative owner-entrepreneurs are quite high, the low profitability of enterprises in the sector is partly attributable to the lack of key skills in marketing, entrepreneurship, management and general leadership.
- Dependence on grant funding – large amounts of grant funding are disbursed across the sectors; this is necessary to support particularly the process of origination which can be costly and without immediate returns; however there are times when grant funding creates unnecessary dependencies which in turn can be paralysing.
- Evidence of gender equity – the creative industries provide significant employment and management opportunities for women of all races.
- Black economic empowerment – the majority of employees are black (68%) and there is a relatively high percentage of black managers (40%); there are no figures on black ownership of enterprises although indications

are that this could be quite high given the predominance of owner-managed enterprises.

Value chain dynamics

Chapter two of the report makes it clear that the term creative industry encompasses a vast array of companies, products and services. Some are at the core of the copyright industries while others produce physical products for sale directly to consumers. In South Africa given the nature of research that has been done there is a reasonable understanding of how the value chains operate. However, to-date these have never been quantified and as such estimates relating to the contribution of the creative industries to broader macro indicators such as GDP are difficult to generate. This does not detract however from the value of these sectors to the South African economy and society. It is typical of the creative industries that many companies operate within both vertical and horizontal value chains. This has enormous consequences for skills development in that owner/managers and staff are expected to be infinitely flexible and knowledgeable.

The largest gap in the knowledge base relates to the market for creative industries product and services in the local environment. This relates to consumption preferences and trends as well as audience development. These feedback loops are critical to the growth of the creative industries.

The Outlook for the sector

Annual world trade in literature, visual arts, cinema, photography, music, radio, television and electronic games grew from $95 billion to more than $387 billion over a period of 2 decades. Figures from a variety of sources indicate annual growth of at least 3 times average economic growth in a range of creative industry sub-sectors (UNESCO, 2000).

The major domestic sector markets for creative industry products and services are the tourism, services and retail sectors – all of which are showing significant growth in South Africa, in most cases above average national growth. Research shows that most products and services emanating from the creative industries are consumed at a local and provincial level with a small percentage accessing national and export markets (CreateSA, 2003). This reflects both the untapped market potential for local products and the absence of skills and resources in marketing and distributing products nationally and internationally. In South Africa the outlook is equally positive given:

- General economic growth, contributing to increased leisure spend as mentioned above.
- Focused attention through documented strategies of government intervention in a range of sectors.

- General and consistent increased in budgets for arts and cultural activities across all spheres of government.

The constraints to development

There are a number of key challenges facing the creative industries as follows:

- Competition for discretionary income has never been greater in some sectors, and it is often difficult for locally produced work to compete with internationally produced work, such as films, created with large budgets.
- Given the low income levels for creative workers in many sectors, a large number are dependent on income from other employment to support themselves. This reduces the overall capacity of the sector to create and innovate, with only the most dedicated managing to continue long enough to create viable careers.
- There is a gap between the large number of graduates from arts and creative industries disciplines and the limited number of opportunities in the sector. There is little connection between the tertiary sector and the arts industry regarding employment and future career prospects for professional arts workers.
- The small size of domestic markets for the products and services of the creative industries.
- The unstable base of the creative industries given that most enterprises are small and micro that, in some sectors at least, have very low income levels.
- The lack of co-ordination between government departments at levels in their development efforts.
- The low levels of investment in the creative industries.
- The lack of access to conventional business finance opportunities.

Research into the size, value and extent of the market for South African creative industry products is virtually non-existent, except for a few isolated sector specific studies mainly in the performing arts sector. Business Arts South Africa (BASA) has conducted regular studies on the adult arts market in South Africa. These studies, conducted in 2001 and 2004 began to track levels of interest in the arts sector broadly, the degree to which brand recognition through the arts is achieved and the attendance at arts events. Some comparative highlights of this research are documented in Table 27 below:

Table 27: Attendance at arts events

Event	Times per annum (2001)	Times per annum (2004)
Attend the theatre	1,4	1,6
Attend art exhibitions	1,0	1,2
Go to the cinema	5,4	7,0
Attend contemporary dance event	1,3	1,2
Visit a museum	1,6	1,4
Attend a festival	2,0	1,8
Attend a traditional dance show	2,0	2,0

Source: BMI Sports Info report MusicTrack 2001 & ArtsTrack 2004 (own comparison)

The research conducted by BASA shows that there are relatively consistent attendance rates over time and argues that a significant deterrent to attendance is the cost and a perception that these activities are becoming more costly.

The importance of the nature and focus of industrial policy in South Africa cannot be ignored. Coming from a long history of mainly demand-side initiatives, since 1994 the general approach to industrial policy was to focus on supply-side issues; something that most industrial policy and sector development strategies have faithfully implemented. New thinking on the role of industrial policy, and particularly the role of government in this arena, argues that industrial policy should encompass both aspects and most importantly the role of government as a catalyst in these areas should be interrogated (Rodrick, 2007).

This is particularly the case in the creative industries where the policy environment is broadly developmental, focusing on preservation, conservation and cultural value with the strategies for economic development attempting to locate themselves in this domain as well. The nature of the industry is such that government investment, primarily through institutions and grant funding, is a mainstay of many of the sectors that comprise the creative industries but the role of government is seldom interrogated beyond that. The policy environment guiding this investment is weak, and as such, government activity in the creative industries is unfocused, inconsistent (except with regard to statutory institutions), largely unmanaged and unmonitored. The nett result of the CIGS process was to advocate for government to focus on the creative industries as a growth area, which it has succeeded in. The challenge now is to create the policy environment that supports the growth and development of the creative industries and ensure effective implementation.

The creative industries are non-traditional sectors that require innovative development support, however if the successful creative economies such as the United Kingdom and other countries in the European Union have proved anything it is that sustained and consistent intervention over decades is required.

Looking at the South African policy environment as a function of a range of core cultural policy components it is clear that there is a mismatch when compared to international benchmarks as outlined in Table 28 below.

Table 28: Comparison between international policy benchmarks and South African cultural policy

Facilitating market access for small players.	This is facilitated in some sectors, i.e. craft and film through the DTI sector plans but for most of the sectors is managed on a project basis.
Assisting creators in receiving equitable rewards for their creativity (proper IP legal framework, enforcement)	The IP framework in SA is generally seen to be out of date and enforcement is weak although a great deal of attention is being paid to piracy.
Education & skills (management and technical skills).	The education framework is in place to ensure skills supply, however the funding at all levels is problematic.
Support the digital shift.	There are no current policy initiatives for the sector in this regard especially with regard to the ability to take advantage of new digital technologies.
Support institutions/networks/facilities.	The bulk of support in this regard is invested in state institutions established for the development and promotion of non-commercial arts. Other than the CCDI and film commissions which are highly sector specific there are few development initiatives in this regard for other sectors such as film and craft.
Finance (subsidies, tax incentives, and private investors).	The primary investment in the sector is through grants for the non-commercial arts. The DTI does have a range of financial mechanisms available; however enterprises in the sector have generally found then difficult to access.
Encourage public-private sector partnerships.	Public private partnerships are generally project oriented or sector specific.
Establish intermediary institutions to forge collaboration among various stakeholders (producers' associations, cooperatives…)	While there is support through DTI for co-operatives and sporadic support for sector-based initiatives such as Moshito, the funding environment is not stable.

The role of skills shortages

There are a number of important factors to take into consideration when establishing whether the skills supply matches the demand including:

- Factors influencing "employability" in the sector.
- The demand for specialist and generalists.

- The nature of careers in the sector.

The nature of employment and the fundamental shape of enterprises in the sector are changing. Enterprises have a need to be more flexible and more able to engage with a broad range of activities. As such, the current constraints to training, which are primarily the time and budgets for training are likely to be even more apparent in the creative industries. From a skills perspective the critical factor for enterprises will be access to continuous professional development opportunities. This training will need to develop specialisation within fields and also allow for the development of competencies that can be applied in different sectors.

The nature of skills, occupations and careers in the sector are changing rapidly, primarily due to technological developments and the inconsistent nature of the funding environment. For individuals entering and working in the sector they will be expected to be both generalists and specialists. In addition, many will have “portfolio” style careers, in other words a working life composed of numerous project-based or short-term engagements. All training will need to have an emphasis on self-employment whether in the commercial or non-commercial aspects of the sector.

Current educational and vocational efforts tend to focus on the entry level to the market, and while the vocational aspects do include experiential training, it is clear that employers would like to see more and more experiential learning in the profile of potential applicants. In addition, training needs are changing so rapidly that in addition to the need for formal training, more informal training, which can be adapted rapidly to meet these gaps, should be supported by institutional and government funding mechanisms.

Policy recommendations

The developing world contributes very little to the global market for the creative industries. As such there is significant potential to develop the market share of these countries in identified niche markets globally and enhance the share of the creative industries in the local market.

The creative industries are comprised mainly of small and micro-enterprises, the support base for which is weak and generally not customised to meet their needs. While some agencies that provide grants-in-aid have included enterprises in their criteria, the general lack of finance available is severely inhibiting the establishment and growth of businesses.

An engagement with the impact of digitisation on the industries as a whole, and the identification of critical government interventions aligned to the national innovation strategies must be initiated.

The general lack of business and entrepreneurial skills must be engaged with.

The primary challenge relates to the implementation of policy. South Africa is one of the few countries in Africa that has an enabling environment comprising policy, resources, capacity and appropriate linkages to other important policy arenas and yet the impact of this policy is inconsistent across the creative industries and would appear to be too generic to deal with the unique needs of the different sectors. A lack of clear coordination, overlapping responsibilities in different spheres of government resulting in duplication at best and confusion at worst, and a constituency base that feels it is excluded from government policy making seems to typify the creative sector in South Africa. Core problems still relate to the lack of careful and precise evaluation of outcomes of the various policies and interventions that have been developed and the clear lack of seamless government with working relationship between various government departments and spheres of government as well as governance issues in many of the dedicated government agencies, from the National Arts Council to the MAPPP-SETA.

The creative industries are able to achieve many government objectives from social and developmental objectives to economic objectives (see Table 29). These two sets of objectives may well be contradictory and conflictual with the focus on social inclusion; nation building, traditional knowledge and preservation of cultural diversity being predominant. Typically trades and industry departments are more concerned with economic viability and profitability in industries while arts and culture are concerned with social cohesion, cultural diversity and artistic development. There is no doubt that these two departments should work together to ensure no one particular programme is expected to achieve all these objectives and that the appropriate mix of programmes are developed for the creative industry sector as a whole.

Table 29: Policy Implications of Broad Arts Support

Social and developmental objectives	**Economic viability and profitability**
Database, inventories of cultural assets	Mapping, data statistics
Support for artists and arts	SMME business development finance
Benevolent fund or social insurance for artists	IPR, Copyright legislation and enforcement
Conservation of tangible and intangible cultural heritage	Expansions of digital capacity and know-how
Education and training of creative workers and artists in artistic expression, project management and organizational development	Market development, both domestic and in the export sector Education and training of creative workers in enterprises and arts and culture management
Appreciation of art forms and of cultural heritage	Industry assistance (both direct and indirect)

Perhaps the DAC policy review process will address many of these issues. It would appear however from the discussion document circulated at the policy review workshop (May 2007) that the sections engaging with creative industries are underdeveloped and do not make sufficient reference to clear policy interventions required. The development of the customised sector programmes for craft and film hold great promise for the development of these sectors, and in time, the extension of developments of this nature across the creative industries would be highly desirable. Including the creative industries in national growth strategies is a positive indication of the political will to support the sector, and this, combined with tailor-made and well resourced developmental interventions that are sensitive to the unique nature of these sectors will significantly contribute to their development and enhance their potential for growth.

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