

CREATIVE SOUTH AFRICA

A strategy for realising the potential of the Cultural Industries

A REPORT TO THE DEPARTMENT OF ARTS, CULTURE,
SCIENCE AND TECHNOLOGY

BY

THE CULTURAL STRATEGY GROUP
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The report was commissioned by DACST to research the cultural industries and to propose strategies for their growth and development. The report does not necessarily reflect the views of the Department or the Ministry of Arts, Culture, Science and Technology but will be used to inform future policy formulation.

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Creative South Africa

A strategy for realising the potential of the Cultural Industries

FOREWORD

South Africa's diverse and dynamic arts and culture heritage is one of its richest and most important resources, with the capacity to generate significant economic and social benefits for the nation. Equally important, but less well understood, is the potential for a vibrant and dynamic arts and culture sector to contribute significantly to the economy of the country.

The Department of Arts, Culture, Science and Technology (DACST) is contributing to the government's Growth, Employment and Redistribution (GEAR) strategy through a number of initiatives intended to enhance the economic and social benefits of arts and culture. The Cultural Industries Growth Strategy (CIGS) is one such initiative and has concentrated on developing strategies for the growth and development of the cultural industries, in particular to realise their potential to create an export market and employment.

DACST appointed the Cultural Strategy Group, a multi-disciplinary consortium, to undertake the research and policy aspects of the study. The team included KPMG, the Centre for African Transformation (CART), LMA/SQW policy and research consultants and BDM consulting.

The term "cultural industries" is used to describe a wide variety of cultural activities which all have commercial organisation as their prime motivating force. These activities take a number of different forms and are organised in different ways from the manufacture or creation of products to the marketing and distribution thereof.

The cultural industries that CSG concentrated on included: the music industry; the craft industry, publishing industry and the film and television industry. Their selection was based on a number of criteria including the recognition that these sectors were identifiable industries in South Africa; are potentially internationally competitive; have the potential to create employment and offer opportunities for rural and urban job creation. The cultural industries tend to be:

- knowledge intensive, involving highly skilled workers
- labour intensive, creating more than the average number of jobs
- differentiated, taking the form of small and medium enterprises (SMMEs) and large enterprises and
- linked with close, interlocking but flexible networks of production and service systems, allowing the sector flexibility in the face of economic recession

Understanding the global context of the cultural industries is of crucial importance if any attempt is made to develop them. The politics of the "New Economy" and phenomena like the Internet make understanding these processes absolutely necessary. The CIGS process was designed to ensure a critical dialogue with experts from other countries where successful strategies to develop the cultural industries within this global context has been undertaken.

The methodology followed for the CIGS study is an industry strategy analysis. Each sector report is therefore principally an economic analysis providing baseline data for each of the four sectors, and focusing on the current economic and social contribution of each sector; the impediments to growth and the opportunities for employment creation and competitive development.

Each sector report concludes with strategic policy recommendations interventions for both the public and private sector. These recommendations aim to:

- maximise investment opportunities in the sector;
- highlight areas for government participation and legislation;
- identify potential private sector initiatives;
- leverage in multiple funding sources and
- benefit all stakeholders and practitioners within the industry and the economy as a whole.

“Creative South Africa” presents the argument for taking cultural industries seriously and develops a strategy for doing so. The principal vehicle for this is the recommended Cultural Industry Development Agency (CIDA), 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.

CIDA will develop initiatives in the cultural industries that have a high potential for commercial success as well as stimulating some already flourishing enterprises. The challenge lies within the industries themselves in order to realise themselves as mainstream sectors capable of being involved in the political, economic and social agenda of our country. CSG hopes that the information within this report goes some way to enabling this.

1. Prologue

Encouraging the cultural industries in South Africa is one of the most powerful means of enhancing the country's identity and distinctiveness, while simultaneously creating employment, developing human skills and generating social capital and cohesion. In a globalising world where every place begins to feel and look the same, it is cultural products and activities that mark out one place from the next – difference in this sense creates competitive advantage.

We believe that the cultural industries can play an important role in the African Renaissance and that the findings and recommendations in “Creative South Africa” will support this claim.

South Africa has a strong cultural sector, rich potential and emerging talent to feed and sustain its further growth. More than 100, 000 people are employed within music, film and television and within the craft and related trade sector probably a further 1,2 million people earn a living according to the latest census figures.

The Department of Arts, Culture, Science and Technology (DACST) is contributing to the government's Growth, Employment and Redistribution (GEAR) strategy through a number of initiatives intended to enhance the economic and social benefits of arts and culture. The Cultural Industries Growth Strategy (CIGS) is one such initiative and has concentrated on developing strategies for the growth and development of the cultural industries, in particular to realise their potential to create an export market, to create employment and to focus attention on new industries.

Other developmental projects being undertaken by DACST include developing local content policy and participation in the Spatial Development Initiatives particularly around cultural tourism and craft development. Additional projects include the identification of new monuments and cultural elements with the Legacy Project and the building of forty-two community arts centres as part of the Reconstruction and Development Programme.

“Creative South Africa” is the result of a yearlong research into the South African cultural industries and consists of four detailed sectoral reports on the South African Film and Television, Music, Craft and Publishing industries. The methodology followed for the CIGS study is an industry strategy analysis to inform strategic decision-making. Each sector report is therefore principally an economic analysis providing baseline data for each of the four sectors focusing on the current economic and social contribution of each sector; the impediments and opportunities for employment creation and competitive development.

Each sector report concludes with strategic policy recommendations and potential interventions for both the public and the private sector. These recommendations aim to:

- maximise investment opportunities in the sector;
- highlight areas for government participation and legislation;
- identify potential private sector initiatives;

- leverage in multiple funding sources and
- benefit all stakeholders and practitioners within the industry and the economy as a whole.

“Creative South Africa” also includes this strategy document which provides an overview of the importance of the cultural industries, summarises the findings from the sectoral research and makes recommendations to government on how to develop the cultural industries by promoting their growth.

This document presents the argument for taking the cultural industries seriously and develops a strategy for doing so. The principal vehicle for this is the Cultural Industries Development Agency (CIDA), 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 and advocacy on behalf of the cultural industry sector.

While CIDA will develop initiatives in the cultural industries that have a high potential for commercial success as well as stimulating some already flourishing enterprises. The challenge lies within the industries themselves in order to realise themselves as mainstream sectors capable of being involved in the potential, economic and social agenda of our country.

Unleashing and harnessing this potential requires recognition at the highest levels of government and industry as well as the appropriate policies to realise and develop this existing opportunity. Only *then* will South Africa reap the benefits – economically, socially and culturally – that its talent deserves.

1.1 Objectives of the Cultural Industries Growth Strategy study

In June 1997 the Department of Arts, Culture, Science & Technology (DACST) commissioned the Cultural Strategy Group (CSG) a consortium comprising KPMG, Centre for African Transformation (CART), LMA-SQW and BDM Consulting, to undertake a study of the Cultural Industries in South Africa called the Cultural Industries Growth Strategy (CIGS). The overall aims of this research were to:

- make explicit the current economic and social contribution of chosen sectors;
- identify impediments to industry growth in each sector;
- explore the linkages between the cultural industries and the macro-economic policies of government;
- propose industrial growth strategies for each sector and for the Cultural Industries as a whole.

The objectives of the CIGS study were to:

- introduce the cultural industries as an important sector in its own right;

- describe the dynamics of four industry sectors, namely film and television; music; publishing and the crafts;
- make recommendations on the development of the cultural industries to DACST and the industries themselves;
- provide a template for the collection of further statistics and set a benchmark for future monitoring and evaluation.

3.3 The objectives of “Creative South Africa”

This document, “Creative South Africa” which concludes a year long research process, has four key objectives to:

- create awareness within both Government and the cultural industries of the potential for growth;
- 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” can be implemented.

1.3 The target audiences for “Creative South Africa”

“Creative South Africa” is primarily aimed at National Government. It seeks to make the case that a flourishing cultural industry sector in South Africa will become a powerful means of defining South Africa’s distinctiveness and growth within the emerging global economy.

“Creative South Africa” is also aimed at the other levels of government (provincial and local) as well as the cultural industries themselves. It aims to stimulate dialogue between government, industry organisations, businesses and non-governmental organisations around future strategies for growth in the cultural industries.

1.4 What are the cultural industries?

The term ‘culture’ has many definitions, from the idea of culture ‘as a way of life’ to a description of art forms such as music or theatre. The cultural industries include:

- music (classical, popular, folklore);
- the visual arts (painting, sculpture, public arts and the decorative arts);
- the publishing sector based on writing and literature (books, magazines, newspapers);

- the audio-visual and media sector (film, television, photography, video, broadcasting);
- the performing arts (theatre, dance, opera, live music);
- the emerging multimedia sector (combining sound, text and image);
- crafts (traditional art, designer goods, craftart, functional wares and souvenirs);
- cultural tourism; and
- the cultural heritage sector (museums, heritage sites and cultural events such as festivals and commemorations).

The cultural industries also include those sectors where creative input is a secondary but crucial means of enhancing the value of other products whose marketability and effectiveness would otherwise be lessened.

These sectors include:

- design;
- industrial design and fashion; and
- the graphic arts (including advertising).

In analysing the cultural industries as industries we are not only concerned with the front end of creative production – the ideas people or performers – but also those who have to turn ideas into products, those who market and those who provide outlets for cultural products to be seen and sold.

For the purposes of the Cultural Industries Growth Strategy, and working from the basis that CIGS is an industrial strategy, we have focused on those sectors which we believe are already sufficiently organised or have the ‘critical mass’ to potentially grow, export and create employment. These industries thus have the potential to contribute towards meeting the overall objectives of South African macro-economic policies.

1.5 The link between cultural industries and the information age

At the heart of the information age is the recognition that *information* is a factor of production as much as capital, raw materials and labour were in the industrial economy.

It is the accessibility of information and knowledge which creates the learning environment essential for innovation, and it is innovation which drives competitiveness. Information has therefore become a strategic resource, as essential to the new economy as energy and mineral resources were for previous industrial revolutions.

One of the key changes occurring is the convergence of the information, communication and entertainment industries through the digitalisation of content.

Convergence is becoming increasingly visible between industries and technologies and between content providers and content distributors.

Because the cultural industries are “information-rich” and a source of original content they are increasingly becoming a site where convergence occurs. In addition, they hold the potential to be a source of innovation and technological development.

1.6 Cultural industries : drivers of the new economy

The marketing potential of the cultural industries has long been recognised, but it is their potential to create jobs and contribute to competitiveness that ultimately drives the Cultural Industries Growth Strategy.

The British government for instance, has recognised the enormous potential of the Cultural Industries and is using aspects of British culture such as music, art and design to market Britain as a destination for investment and to promote British products abroad. In a recent speech to the Trades Unions Congress, Prime Minister Tony Blair explained his government’s commitment to the cultural industries:

“Design alone employs 300,000 people in Britain - more than in the car industry, let alone in traditional industries like shipbuilding or coal....[it is one of the] new creative industries which have never existed before” (the Economist - September 22nd 1997)

1.7 Why have the cultural industries not been taken seriously before?

The cultural industries have traditionally not been taken seriously. Indeed until recently it was difficult to get policy makers and those active in the cultural sectors to view the Cultural Industries as an industry at all. What are the reasons for this?

- Historically the cultural industries were seen as insignificant when viewed against the backdrop of the rest of the industrial economy. The situation has now changed as the cultural industries are increasingly considered part of the information or knowledge economy and it is recognised that they make a substantial contribution.
- The cultural industries were rarely viewed as an integrated sector of the economy. Theatre, the visual arts, music, filmmaking, design and fashion were regarded as separate sectors without any recognition of the interconnectedness between them. Seen in isolation the individual industries may seem relatively small - when viewed as a whole they account for a significant portion of the economy.
- With the exception of a limited number of major players, the cultural industries have traditionally consisted of a small group of medium sized firms and a mass of small and micro-enterprises. The prevailing image

has been one of a sector dominated by small enterprises of little economic impact

- In the past, culture has traditionally been viewed by governments as a cost to the fiscus and has been associated with subsidies and tax incentives aimed at promoting national cultural policies rather than as a productive sector of the economy.
- The cultural industries have traditionally been poorly organised. There has been a limited commercial awareness on the part of most players about the potential that the industries have to contribute to the economy.

1.8 What are the specific dynamics of the Cultural Industries?

The cultural industries resemble traditional industries in many ways but they also have a number of distinctive qualities:

Tangibles versus intangibles

The cultural industries are dominated in many ways by reproducible tangible products such as CDs, books and films. Many of the “raw materials” of the cultural industries, however, are intangible and ‘perishable’ products such as concerts, festivals and operas and are hard to reproduce. In addition, because culture deals with symbols, myths and meanings it is difficult to quantify and evaluate its output and outcomes.

One off versus mass production

Two varying types of products typify the cultural industries. On the one hand there are one-off products such as paintings, sculptures, ceramics and theatre performances, each of which is a unique product. On the other hand there is the mass production of CDs, photos, posters, books and films.

Importantly the “one off” is often the laboratory/Research & Development function for the more commercially mass-produced cultural products. Thus the one-off and the mass produced are intrinsically connected.

Convergence

As has previously been noted, the cultural industries are a focus of much technological convergence and innovation due to their ‘information richness’. For example the music industry comprises a broad range of skills, environments and knowledge areas ranging from recording artists, recording technicians, disk manufacturers, and concert promoters to media planners.

Interdisciplinary movement

Artists and cultural workers work across different sectors, for example musicians are often involved in a combination of activities ranging from live performances to studio recording, which can include recording for film scores. In addition, most

creative products are no longer confined to one medium - instead they are cross-media (e.g. the film of the book) or even multimedia products (combining text, sound and image). It is increasingly common to find people involved in the cultural industries working in inter-disciplinary teams, moving between the sectors and generating new and innovative products that involve the interaction of traditional media and art forms.

1.9 How important are the cultural industries for South Africa?

Declining employment in the South African economy is not dissimilar to that of other countries. Over the past thirty years there has been a worldwide decline in the job-creating potential of “traditional” sectors of the economy. This is especially true of primary sectors such as mining and agriculture, but it is also increasingly applicable to manufacturing.

So where are new jobs likely to be created? Simply put, jobs, especially “value adding” jobs, are more likely to be generated in advertising, finance, consulting, media, tourism, fashion design and a range of activities, traditionally classified under “services”. A large component of these “modern industries” is based on providing the creative design and intellectual input for the production and distribution of information-based products. Examples range from fashion design and film production to management consulting and marketing.

Two strategic issues arise for developing countries that wish to take advantage of these opportunities:

- Fewer barriers to entry and lower capital investment requirements allow for technological “leapfrogging” which is the adoption of new technologies sooner than developed countries;
- Information based products allows developing countries to exploit their cultural and geographical uniqueness in response to a global demand for more and more differentiated, information-based, products.

Economic significance

Culture creates wealth. The cultural industries have the potential to create employment as demonstrated in developed countries where on average between 3-5% of employment (in the USA over 5%) is in the cultural industries.

Worldwide the cultural industries are considered the fifth largest economic sector in terms of turnover after financial services, information technology, pharmaceuticals and bioengineering and tourism. It is a sector with substantial scope, scale, size and significance.

Identity

Cultural activities, both traditional and new, create ‘meaning’ and thus are concerned with and embody the identity and values of a country. They can communicate both the heritage of South Africa as well as the idea of what it means to be South African in the 21st century. The cultural industries thus

provide an avenue for creating a South African identity that is essential for nation-building and political transformation.

Distinctiveness

In a globalising and homogenising world, local identity is increasingly being threatened. The maintenance and development of local cultural distinctiveness is key both economically and socially. In a world where boundaries are fast disappearing, what is unique, special and local gains greater currency in creating a sense of place and pride. Furthermore, locally distinctive cultural products are increasingly seen as desirable.

Image

The cultural sector is linked to the image of a place and its attractiveness to its people. Inward investment marketing strategies often focus on the presence of artists, creative people and the cultural industries that demonstrate a recognisable quality of life which attracts international companies and their mobile workforces to their cities and regions.

Innovation and creativity

Cultural activities are inextricably linked to innovation and creativity and are embedded within the culture of origin. Creativity though has impacts well beyond the arts: it is recognised by business as a key attribute looked for in employees. This is the capacity to think problems afresh or from first principles; to be reflexive; to experiment; to be unconventional; to visualise future scenarios; to look at situations in an integrated way, laterally and with flexibility. This creativity within business - outside of the cultural industries as well - encourages innovation and generates new possibilities. In conjunction with other DACST projects such as the Foresight Programme, "Creative South Africa" hopes to raise general awareness around the importance of the need for innovation and creativity within the work environment.

Tourism

Culture's role in tourism is unquestioned. For much of Europe and the USA it is the primary reason a visitor comes to an area in the first place. Tourism in general and cultural tourism specifically are powerful instruments in creating the desired image of South Africa abroad. It is often the first step that allows someone to explore and know a place and later perhaps invest in it.

The impact of tourism - in terms of employment and the generation of foreign exchange is heightened by the growth and expansion of the Cultural Industries.

Social Impact

Increasingly it is being recognised that culture contributes to the development of social and human capital. It has important social and educational impacts. Cultural activities such as industrial theatre are currently being used in traditional

manufacturing firms to transform the organisational capacity respond to change and to increase social cohesion in a divided nation.

But more importantly, cultural activities can assist in personal development, increasing self-confidence and promoting self-esteem. They can create common ground between people of different ages; strengthen people's ability to act as democratic citizens and develop new training and employment routes. According to Charles Landry, it is not surprising that arts training programmes provided in the UK have been the most successful projects leading to employment in the rest of the economy.

1.10 Research undertaken into the South African cultural industries

Over the past year, the Cultural Strategy Group has researched and analysed the music, film and television, publishing and craft sectors, which were seen to be strategically placed to contribute to the South African economy.

This does not mean we do not recognise the importance of the other cultural sectors such as graphic design or the visual and performing arts. Indeed we strongly recommend that subsequent research be undertaken in these areas to supplement the current CIGS study.

The four sectors were chosen for the following reasons:

- music, publishing, film and television, although reliant on a creative core of individuals, ultimately generate mass reproducible and portable products that can be sold in many markets at home and abroad;
- they have a well developed industry form that in structural terms is comparable to other sectors as diverse as pharmaceuticals or food;
- the sectors have existing markets although these are skewed to patterns generated through apartheid; and
- all have potential synergies with the information and knowledge industries.

The craft sector was chosen for separate reasons, namely:

- it is a predominantly rural industry, although there is also a strong urban presence;
- women are often the key producers, which has a wide range of positive spin-off effects both socially and economically; and
- ultimately it feeds into design in many forms, and can serve as an indigenous research and development arm for South African innovation.

1.11 Conclusion

South Africa has rich cultural resources. Our contemporary, multicultural, emerging country draws on a much more complex web of traditions than has previously been recognised or portrayed.

We listen to Kwaito and Beethoven. We watch 'Absolutely Fabulous' and 'Isidingo'. The vast majority of all South Africans (between 80% and 95%) own radios and 21.4% of households own televisions. We are the sixteenth most 'wired' (connected to the Internet) country in the world. Even our cuisine is made up of Malaysian, African, Dutch, French, Portuguese, Jewish and English influences.

We have produced internationally acclaimed artists such as Hugh Masekela, Jamie Uys, Abdullah Ibrahim, Miriam Makeba, John Kani, William Kentridge, Johnny Clegg, Alan Paton, Jabu Nene and Lucky Dube. Not to mention Charlize Theron, Bongo Maffin, Johnathan Butler, Mimi Coetzee, Ladysmith Black Mambazo, Ilala Weavers, Sibongele Khumalo and more artists, crafters and other creators too numerous to mention here.

Transformation has become the platform by which we build a new nation and strong cultural industries can facilitate this process. We are in the process of rediscovering and reinventing ourselves and we are avid consumers of both our own and other cultures.

Our heritage still remains with us and is a defining feature of the South African cultural landscape. In crafts, literature, art, music, theatre and dance, the indigenous culture of South Africa informs and enriches our people and has become an essential element of South African identity and a vital expression of who we are.

2 Findings of the Cultural Industries Growth Strategy Research

2.1 The Music Industry

Size of the industry

The South African music industry is a vibrant and growing sector of the economy and grew in value by 70.7% between 1992 and 1996 making it the 23rd fastest growing music market in the world. The gross turnover of the South African industry in 1996 was approximately R900 million. Industry experts estimated that the industry is worth around R2 billion and employs approximately 12 000 people.

The industry is well organised and is characterised by a range of multinational and independent record companies; significant recording and manufacturing capabilities; an extensive retail and broadcast network for the collection of copyright revenues and strong professional organisations.

The rapid growth of the industry can be attributed to:

- the promulgation of local content legislation;
- an explosion in radio broadcasting services as a result of deregulation;
- increasing synergy between local musicians and international musicians through cultural exchange programs and industry development initiatives;
- a critical mass developing within the industry which has led to the development of numerous projects; and
- the high percentage (23%) of local content - we like listening to our own music.

Structure of the industry

Dominating the world music industry are five multinational companies, four of which have South African subsidiaries. This presence provides a network through which South African music can be sold although there are considerable barriers to entry into foreign territories for artists.

Reducing these barriers is vital for export success. Networks of managers, promoters and companies that are ambassadors and champions of South African music need to be established to spearhead new markets for our products.

Characteristics of the market

There are significant niches within international and regional markets that can be exploited with great reward to South African musicians. South Africa has a variety of musical genres based on a rich cultural heritage. This has the potential to suit a wide variety of markets.

Future of the industry

The industry does face a number of challenges such as:

- the limited finances available for investment in the development and promotion of South African artists;
- rampant piracy and the lack of its control;
- racialised music consumption due to the limited disposable incomes of different racial groups;
- conflict over the distribution of royalties;
- the concentration of the industry mainly in Gauteng even though the 'raw material' is drawn from all over South Africa; and
- a lack of integration between the live music venues and other activities such as tourism and the hospitality industries.

We believe however that the South African music industry is set to expand and grow due to:

- an immensely talented pool of musicians and a diverse range of music products;
- a strong industrial base with internationally comparable consumption and growth rates;
- the opportunity to export into niche markets; and
- the high degree of domestic consumption of local music.

“ .. mark my words, the new music of South Africa's youth is going to go international and join the global market. There's talent here like I couldn't believe”

Andy Kasrils

Recommendations for developing the Music Industry

Existing Initiatives

There are presently two Department of Trade and Industry measures that could be adapted to accommodate the music industry, namely:

- The Export Marketing and Investment Scheme which could be used to fund the gathering of market information about areas in which South African music may well sell. Secondly it may be possible to use this fund to support international showcases of South Africa talent.
- The Emerging Entrepreneur Scheme and Standard Credit Guarantee Scheme. These programs are aimed at increasing SMME's access to finance. Given that the majority of independent record companies fall within the SMME sector, this may be a potential source of finance for these companies. However the provision that the SMME meet the banks normal lending criteria may prevent record companies from obtaining access to these loans.

Directly in the sphere of arts and culture there are three institutions of importance to the development of the music industry:

- The Arts and Culture Trust;
- The National Arts Council; and
- Provincial Departments of Arts and Culture.

All of these institutions provide some form of funding to the arts and culture sector, of which the music industry is a part.

Other initiatives in existence include:

- An initiative between Association of the South African Music Industry (ASAMI) and the Department of Customs and Excise to eradicate piracy;
- The Department of Trade and Industry's sub-committee which is investigating copyright and the implementation of needletime with the support of ASAMI and the Musicians' Union of South Africa (MUSA);
- The Music Industry Development Initiative (MIDI), which is involved in developing training materials on business skills for the music industry;
- A few initiatives aimed at developing song-writing skills including the Nexus Song-writing course at Wits Technikon.

Proposed Music Industry Initiatives

Proposed initiatives to improve inter-sector connections in the music industry include:

- The establishment of a structure which brings various people together around particular projects and whose role would be to provide regular information to the industry; co-ordinate a variety of music industry development initiatives; and co-ordinate the training initiatives that are currently underway in the music industry.
- Creating South African Music Day that would be a day in which all sectors of the music industry co-operate to celebrate South African music, increase co-operation between the various sectors of the music industry and increase the sales and exposure of South African music.
- Encouraging joint export promotion through initiatives such as a South African stand at MIDEM (an international music exposition) and joint promotional 'showcase' tours by South African artists from a variety of record companies.
- Human resource development. Skill shortages exist in the critical area of music business skills. Improving co-ordination will be an important element in ensuring that participants in the music industry are exposed to the wide variety of skills and knowledge that is necessary to provide the human resource foundation for the development of the industry.
- Dealing with piracy requires the joint co-operation of the music industry, the government and the public.

Proposed Music Industry Projects

- Granting of bursaries to undertake research on South African musical traditions and great South African artists and translating this material into school curricula, documentaries and contributions to the Cultural Museum.
- The implementation of supply side measures focused on improving the quality of sound recordings.
- A 'mystery shopper' project, in which music journalists could write a monthly review of different music stores and the way in which they display South African music. These reviews could lay the foundations for a South African Music Award for the best retailer of domestic music, thus providing an incentive for retailers to improve their displays.
- Incentives for domestic tours. The linking of venues into circuits would provide musicians with regular sites for playing music and earning a living as well as exposing more of the country to domestic music thus building a domestic audience for South African music. This could access the support of the Sector Partnership Fund of the Department of Trade and Industry (DTI).

In addition it is recommended that:

- Greater synergy is developed between the music and tourism industry. One project would be to commission the design of a map of all live music venues in a region or city.
- The level of international exposure is developed. This could be accomplished through partnerships between the different Arts Councils of the two territories, artists' managers and record companies and by flying record company executives to local South African concerts.

Music Industry Public Sector Projects

- Support and assistance to MIDI in their initiative to provide business skills and song-writing skills to the industry.
- A CIGS branding process such as recipients of supply side measures could be compelled to carry the CIGS logo. This would serve to highlight both the CIGS process as well as create a sense of expanding cultural industries.
- The encouragement of local government to use public spaces to promote music that comes from their region.
- The recording of a CD showcasing the region's musicians.
- Providing established musicians with sound recording grants, this will improve the quality of the recording thereby ensuring a more competitive product.
- Providing established musicians with domestic tour grants. This would increase the exposure of the South African public to high quality South African music.
- Providing a weekly gig guide for hotels.
- Ensuring that South African music is played in airports.
- Providing bursaries for research on the history of the music industry and the life histories of musicians.

2.2 The Film and Television Industry

Size of the industry

The South African entertainment industry is valued at approximately R7,4 billion and employs an estimated 20 525 people. Of this, film and television is worth R5,8 billion and has a strong technical base of skills and infrastructure. The global entertainment industry generated US\$172,50 billion in 1997.

The industry generates jobs in production and post-production companies, casting and crewing agencies, equipment-hiring companies, set design, manufacturing companies and prop suppliers. Jobs are also created indirectly in supporting industries such in catering firms, hotels and the transport industry.

Structure of the industry

The South African industry reflects a number of global trends that include:

- companies are increasingly involved in all areas of the value chain which could lead to foreign control of local content;
- increased concentration of multinational ownership through the acquisition of nationally based broadcasting services such as the SABC;
- higher barriers to entry for new entrants or smaller nationally based firms into the global industry;
- increased distribution channels due to the advent of digital and satellite technology;
- the rise of a secondary pricing system whereby production studios recoup a great deal of their costs in the domestic market and then sell to foreign markets at a cost below that of production; and
- the creation of niche markets through the fragmentation of audiences.

Characteristics of the market

The South African domestic market is approximately 0,8% of the world market and is fragmented. It is not big enough to sustain a thriving local production industry and therefore needs to export.

Emerging opportunities for the export of television productions into Africa is rapidly expanding. Other export opportunities outside of the US and Western Europe are in Asia, Western Europe and Latin America.

For the past two years the film and television market held in Cape Town has provided an opportunity for networking and deal-making between South African film makers, distributors, exhibitors, broadcasters and international players and has been well attended by all.

Future of the industry

Although the industry is poised to grow, a number of challenges facing it need to be addressed. These include:

- *The lack of audience development:* too few South Africans attend theatre or films. South African television productions do however have a large domestic audience.
- *Low investment and a fear of risk-taking:* investor confidence in the South African Film and Television industry is low although this is changing with a number of bigger South African companies starting to invest in local productions.
- *A lack of training provision and an absence of standards development:* no national film school and training is mainly on the job.
- *Poor representivity in the industry:* the production industry is still predominantly white and male dominated.
- *The high cost of local productions:* the cost of local content will always far outweigh the cost of international product.
- *Intellectual property rights and opportunity:* fully funded productions by foreign companies result in the intellectual property rights residing in their country, not South Africa.

Film and television is thriving in South Africa as recent developments indicate. These include:

- *A realignment of ownership:* during 1997 there was a significant realignment of ownership structures in the South African industry which has led to a renewed vision within the industry.
- *New finance and funds:* the DACST Interim Film Fund has helped to stimulate the film and television industry, as has the increased number of co-productions. Big players within the South African industry are investing in the local industry and are in preliminary discussions to invest in a film fund.
- *More distribution outlets:* changes in the global broadcasting environment have resulted in a greater number of distribution outlets for audio-visual productions providing opportunities for niche markets.
- *A distribution pipeline:* previously, there was no pipeline between producers, distributors and exhibitors and distribution was monopolised. Recently a national and international distribution pipeline for South African productions has begun to emerge.

- *Local productions*: television production is expected to grow with the advent of the new free-to-air television station. This should provide local producers with more work.
- *Locations*: the successful marketing of South Africa, particularly Cape Town as a location, has led to rapid growth in this area and the development of post production facilities and businesses which service this industry.
- *Scriptwriting*: whilst there is a small pool of talented scriptwriters in South Africa, initiatives such as SCRAWL and M-Net's New Directions have been established to assist in the development of scriptwriters.
- *Government commitment to the industry*: the government is implementing a number of important initiatives aimed at developing the industry. These include:
 - The National Film and Video Foundation
 - The Interim Film Fund of R10 million
 - Deregulation of the Broadcasting and Satellite Industries

As a result of the increasing opportunities for export and the increasing demand for local products in South Africa, the central finding of the CIGS research was the necessity to prioritise the development of the television industry as a strategic choice for the growth of this industry.

Recommendations for the Film and Television Industry

Existing Initiatives

The government has acknowledged the importance of the film and television industry and is implementing a number of important initiatives aimed at developing the industry. These include:

The National Film and Video Foundation (NFVF) that aims to promote an indigenous film and television industry in South Africa. This foundation will be set up during the course of 1999.

The government over the last two years has used **the Interim Film Fund** of R10 million to stimulate new projects in the industry.

The White Paper on Broadcasting has made a number of recommendations concerning changes in the broadcast industry, which are sure to result in fundamental shifts in the broadcasting landscape. Including the commercialisation of some operations of the SABC.

Initiatives already in place also include:

Sithengi: The Southern African International Film and Television Market which provides an opportunity for networking and deal-making between South African film makers, distributors, exhibitors, broadcasters and international players.

Training programmes such as SCRAWL, New Directions and the Short and Curlies initiative.

Proposed Initiatives

- Financing - The National Film and Video Foundation should continue to provide seed funding to new and previously disadvantaged film-makers;
- Co-Productions - The National Film and Video Foundation should assist with partnering local and foreign film-makers;
- Distribution - The National Film and Video Foundation should be assisting with opening up distribution and exhibition channels by sending film makers to international markets and providing more opportunities such as Sithengi for South African film-makers to meet with international players;
- Information provision - The National Film and Video Foundation should develop a database of the South African location industry in order to ensure that international producers can access information at central points. The database should also provide South African producers with information on potential export niche markets; facilitate the collection of information by Central Statistical Services on the South African industry; provide information to players in the industry which will enable greater co-operation between different players in the value chain and provide information on possible co-production partners in the international industry.
- Networking, Communication and Lobbying - The National Film and Video Foundation should provide opportunities for networking, communication and lobbying by the industry players;
- Promotion of the location industry - The National Film and Video Foundation could promote South Africa as a location for foreign productions by setting up a web site providing details on the quality of the location and support services offered in the country as well as contact details and the setting up an office which provides support for foreign film makers in the country in the form of information and assistance with obtaining work permits
- Training and Development - The greatest gap in skills in the film and television industry is in the areas of film direction; production; distribution and financing and scriptwriting. The National Film and Video Foundation should provide bursaries for students to study in these areas. In the case of distribution and financing, where there is very little training offered in this area in South Africa, bursaries to international institutions should be offered. The National Film and Video Foundation could also, in conjunction,

with the private sector, be running similar scriptwriter workshops to SCRAWL.

- Export Stimulation - The National Film and Video Foundation should organise trade relations in conjunction with the Department of Trade and Industry, where industry players and government officials will investigate new markets and make contacts with players in those markets.

Other initiatives

- Easing access to Department of Trade and Industry incentives. Specific incentives, that could be easily adapted to this industry, are the Sectoral Partnership Fund and The Export Marketing and Investment Assistance Scheme;
- An audit of training and development offered in the industry, possibly by Tactics;
- More audience development programmes, possibly through the Film Resource Unit
- Using a share of the revenue from the National Lottery for the film and television industry

2.3 The Publishing Industry

Size of the industry

The domestic publishing industry is worth in the region of R6 billion and employs between 60 to 80 000 people. It has recently grown at a rate of 17% although this has been unevenly felt across the industry. The global industry in 1995 was worth approximately \$30 billion.

The industry generates jobs for writers, editors, photographers, journalists, printers, booksellers, web site designers and marketers amongst others.

Structure of the industry

Conglomerate ownership dominates the industry that has become a feature of media companies around the globe. In South Africa, companies such as Naspers and Times Media Limited have recently moved outside of their traditional areas into the electronic and broadcast media, absorbing small and medium enterprises in the process.

Key trends that are impacting on the publishing industry, both locally and globally are:

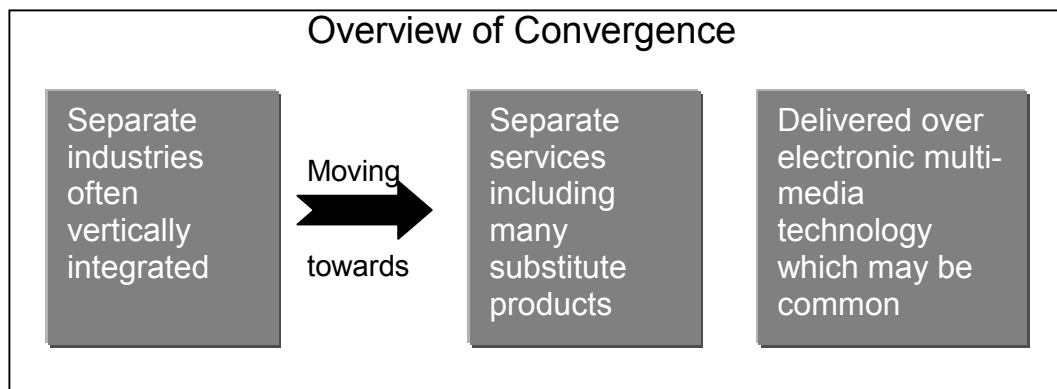
Convergence

South African publishing companies have responded strategically to manage the convergence between different media platforms such as Primedia, the Mail and Guardian (eM&G) and Kagiso.

The term "information revolution" is used to describe technological advancement, new forms of economic production and management and the formation of a global economy. One of the most important results of this process is the phenomenon of convergence. Convergence occurs in two ways, namely between industries and technologies:

- The information communication and entertainment based industries are converging around the digitisation of content
- Telecommunications, computer and electronics technologies are converging around the creation of integrated multi-media delivery platforms.

The following diagram provides an overview of this process:



At the heart of this "information revolution" is the notion that there is a new production equation at work, one which in addition to the traditional resources of capital, raw materials and labour, recognises the importance of information as a factor of production. It is the accessibility of information and knowledge that allows for the creation of the learning environment essential for innovation. And it is innovation that drives competitiveness. Information is therefore more than a commodity to be packaged for consumers; it is nothing less than a strategic resource, as essential to the new economy as energy and mineral resources were for previous industrial revolutions. Companies and industries rich in information and knowledge are the gold mines of the new economy. They are able to take advantage of and contribute to several key trends including:

- increasing consumption of information, both as commodity, but increasingly as a resource for the further development of knowledge and innovation;
- increased demand for information to be customised to suite particular needs, tastes and desires; and
- increased importance of the ability to originate and add value to information.

Because the cultural industries are "information-rich" and a source of original content they are increasingly becoming a site where convergence occurs. In addition, they hold the potential to be a source of innovation, technology development and "technological leapfrogging".

Specialisation

Similar factors that have led to the convergence of differing media forms has also led to specialisation and the 'niching' of markets. In South Africa there is a growing awareness of differentiation within the reading market leading to different approaches to content and marketing, such as the recent success of the football magazine "Kick Off".

Transformation

Throughout publishing and its related industries, the positive impact of post apartheid policies are being experienced. Recognition of changes within the profile of the reading market amongst writers has led to exciting new opportunities such as African children's books.

Globalisation

South African publishers have to increasingly compete with international publishers in the local market, particularly for the sale of books. In addition, exchange rate differentials have become an important determinant of local prices and wages, that has led to increased volatility in the South African market, compared to non-emerging markets.

The local industry has responded positively to the growth of the Internet in publishing with many capitalising upon the value of new technologies and the unique requirements of the local reading market.

Characteristics of the market

Despite the challenges imposed by obstacles to growth and the complex impact of the above trends, a number of opportunities exist within the industry:

- the existence of a very large untapped potential market for published products which is growing;
- the increasing cost of advertisement space meaning that magazines and newspapers are more sustainable; and
- the success and growth of community newspapers and magazines hold the potential for the development of SMME's in the publishing sector.

Future of the industry

The future growth of publishing in South Africa depends on:

- the resolution of the crisis in educational publishing;

- the development of a reading culture and the expansion of the reading market beyond the traditional sector; and
- the improvement of access to libraries, retail outlets and the Internet.

The recently established Print Industries Cluster is aimed at uniting the various components of the industry around a series of programmes designed to grow the size of the reading market.

Recommendations for the Publishing Industry

Existing Initiatives

There are a number of initiatives underway which are aimed at developing the publishing industry:

- The Print Industries Cluster Initiative has as its principal impetus a “print industries cluster development process”, along the lines of others undertaken in recent years by other industries in collaboration with the Department of Trade and Industry (DTI). The long-term goal for the cluster is “to grow the print pie”. To this end, four key objectives have been identified:
 - survival and development of the entire book chain,
 - growth in the printing and publishing sectors as a whole,
 - growth in the South and Southern African reading market,
 - stimulation and development of South African culture and identity, through the development of writing, literary expression and literature.

There is a growing recognition on the part of those involved in the publishing industry, that they form part of that sector of the economy that deals with the resource of information. Publishers around the world no longer perceive of their activity as the printing of paper. Instead there is an emphasis on the origination and processing and packaging of quality content and attractive presentation as the core of the cluster, with paper, printing, broadcast and telecommunications industries serving as support sectors to this process.

At present the plan is to model the process on similar initiatives undertaken by other industries in conjunction with the DTI. Industry organisations represented in the cluster have established a steering committee to set up the cluster process. In addition, several working groups have been established to address specific issues facing the industry at present. These are:

- **Statistics:** there is a need to generate and collate reliable statistics about turnover in different sectors of the industries, volumes produced, human resources, government spending and the like.
- **Advocacy in the education sector:** The purpose of this working group is to address the education crisis and co-ordinate the response of the industry to ongoing developments in relation to textbook provisions in particular.

- Access to books: Retail: This working group has the objective of ensuring growth in the market for print media and books in South Africa through generating increased access to retail outlets for the general populace.
 - Access to books: Library policy and funding: Both developing and industrialised countries have traditionally used library purchases as a way of nurturing domestic publishing. Libraries are almost universally seen as a critical component of market development because they provide access to printed material for people who are otherwise unable to afford books and magazines. In addition, if libraries actively purchase books by South African authors they have the potential to make the publishing of indigenous literature a viable option for publishers. At present the fact that libraries not buying South African books has been detrimental to South African literature. This working group will interact with libraries and library associations at municipal, provincial and national level.
 - Supply chain efficiency: The aim of this group is improve invoicing, ordering and distribution systems, distribution and warehousing, management of fluctuations in supply and demand, market research and product development.
 - Copyright: One suggestion currently being considered is for the establishment of a copyright licensing agency to license and monitor the photocopying of print material by institutions. In addition the implications of on-line publishing for copyright and intellectual property will be investigated.
- Policy initiatives from the Department of Communications: Focus has been on ensuring that the telecommunications infrastructure of the country is adapted to the requirements of the information age. In addition, the department is moving very quickly to establish a school of broadcasting and has set aside approximately R24 million to fast track this process. The school will focus on television, radio and new media. It has also facilitated the establishment of the Universal Service Agency which aims to promote access to phone, fax and computer services within disadvantaged and under-serviced communities. The first of these “telecentres” are already operational, and it is anticipated that by the year 2002 there will be as many as 500 around the country. It is important to note that the current proposals being put forward by the DoC are focused on the technological and infrastructural implications of the convergence of media. There is an opportunity for the CIGS recommendations to complement this strategy by focusing on content development.

Proposed Initiatives:

It should be noted that compared to many countries, especially developing countries, the South African publishing industry is relatively mature and diversified. Elements of traditional publishing co-exist with emerging new media. The challenge facing the industry is to respond to the changing conditions in the

market place and to take advantage of the opportunities afforded by the new media technologies.

Because the print industries cluster initiative is focused on the supply chains within the industry, it does not aim to address all developmental concerns. For this reason CSG is proposing that DACST initiate a Publishing Development Programme (PIDP) which would both support the cluster initiative and complement it by addressing developmental concerns. In addition, the PIDP should serve as a link between the cluster process and the technology based strategies being adopted by the Department of Communications.

The aim of the PIDP would be to identify key points at which the objectives of various role-players and stakeholders coincide. In an era where content is increasingly important, it makes sense for companies to encourage the development of a national literature which is culturally vibrant and has artistic integrity. Similarly, the developmental objectives of government in the education arena hold potential to dramatically increase the size of the reading market, something which can only be good news for publishers.

The table below summarises the strategic goals and objectives of the PIDP:

<i>STRATEGIC GOALS</i>	<i>OBJECTIVES</i>
Economic	
<ul style="list-style-type: none"> • survival of sector(s) in crisis • grow sectors with potential • improved contribution to GDP • employment creation • redistribution of wealth • developing information sectors 	<ul style="list-style-type: none"> • increase reading market • place publishing on economic and industry policy agenda development of SMMEs and empowerment • adoption and dissemination of new technologies to enhance potential for narrow-casting and new market niches • innovative products for emerging and new markets • co-operation to generate efficiencies within industry value chains
Cultural	
<ul style="list-style-type: none"> • development of a vibrant, non-racial, non-sexist discourse and literature 	<ul style="list-style-type: none"> • generate international awareness about South African journalism and literature • enhance the development of South African languages • use technological advances to promote diversity in literary culture and language • enhance access to culture and literature for previously disadvantaged South Africans • promote innovation and new literary forms and genres.
<i>STRATEGIC GOALS</i>	<i>OBJECTIVES</i>
Developmental	
<ul style="list-style-type: none"> • dissemination of information, • provision of materials for education and training, • development of knowledge • contribution to the ability of South Africans to be innovative and competitive 	<ul style="list-style-type: none"> • participate in the resolution of the crisis in textbook publishing. • promote increased access to published material for general population, particularly those from a previously disadvantaged background. • To assist in the co-ordination of developmental programmes currently being undertaken by existing organisations and institutions.
Institutional	
<ul style="list-style-type: none"> • need to overcome divisions within and between industry sector • co-ordinate initiatives between industry players and government departments. • construct a world class institutional base for industry 	<ul style="list-style-type: none"> • assist in resolution of conflict within industry • share ideas and co-ordinate initiatives. • no duplication of developmental efforts or resources • access point for the industry to interact with government departments and parastatals

2.4 The Craft Industry

Size of the industry

It is estimated that there are at least 200 000 people active in the South African craft sector with monthly incomes varying between R5 to R5000. Recent census figures have indicated that 1.2 million people are active in the craft and related trades sector. The global turnover of the craft industry is estimated at over US\$35 billion per annum. In the United States alone the craft industry generated \$10.85 billion in 1995.

Over a thousand formal craft retail outlets exist in South Africa which sell curios, arts and crafts. Numerous craft markets and several festivals also exist and the informal selling of craft is becoming a familiar feature of our landscape, with craft being sold by the side of roads and busy public spaces.

Structure of the industry

The craft industry includes a broad range of utilitarian and decorative items, media, materials and functions ranging from glass, textiles, ceramics and jewellery to curios, industrial appliances and everyday utility objects. It embraces art and culture through the production of traditional and contemporary handmade artefacts, workshop production of one-off designs, and forms of batch production manufacturing using a range of synthetic and natural materials.

It is possible to discern five broad categories within the craft industry:

- **Traditional Art** constitutes culturally specific products, whose meaning and significance is generated and shared by members of a specific community. Such goods are often produced for the domestic market, for example clay beer pots in KwaZulu-Natal.
- **Designer Goods** result out of the deliberate adaptation of Traditional Art to satisfy the tastes of the high-income market and are often decorative in nature. For example, Ndebele patterned beaded headbands or Swazi Christmas ornaments.
- **Craftart** overlaps significantly with Traditional Art and has been defined as products that are produced entirely by hand, by skilled producers but which are not considered 'fine art'.
- **Functional wares** are mass-produced handmade goods that are produced in small batch production processes, either in small workshops or factories. Examples include pottery, furniture and utility objects such as crockery and cutlery.
- **Souvenirs** are "inexpensive, universal trinkets or simplified crafts" which often sell the memories of a particular location.

Characteristics of the market

Our craft is not a large player in the global craft industry and unfortunately has a poor reputation in the formal international business sector due to the lack of quality and unreliable supply. The greatest success in the penetration of international markets has been with Alternative Trade Organisations such as ProTrade in Germany.

Local exporting success has been experienced by those agencies focusing solely on crafts and which deal with a limited selection of crafters, influencing their product lines and operating with much smaller volumes than the more commercial export agencies.

Low barriers to entry into the industry have allowed women entrepreneurs to become involved, often adapting traditional skills such as sewing and beading to generate a source of income. Craft production is often home-based meaning that women can integrate it with household or agricultural work.

Craft production is recognised as playing a key role in product and process innovation. Products initially produced in the craft industry are often later manufactured on a larger scale. The process of innovation mirrors the nature of craft production through an adaptive approach towards materials and a close relationship between designer and production, customer and manufacturer.

The craft sector is closely linked with a number of other industries such as the tourist industry and the formal manufacturing and retail sectors. This happens through joint supply and distribution chains, product development and marketing strategies.

The future of the industry

Obstacles to development

At present the craft industry in South Africa is undeveloped and uncoordinated. Key obstacles to successful development are linked to:

- a lack of access to credit facilities and micro-finance services;
- inadequate access to appropriate communication, transport and utilities infrastructure;
- problems related to production processes, volumes and deadlines, product quality and product development;
- irregular and inappropriate marketing strategies; and
- difficulty in obtaining materials for production.

Opportunities in the craft sector

- Several countries such as Mexico and Morocco are actively promoting the development of their craft sectors. Strategies are mostly focused on sustained support in the form of financial assistance to craft enterprises, quota systems, and the stipulation that public sector contracts contain an element of craft production where appropriate.
- In addition, the promotion of fair trade is assuming increasing importance in the marketing of goods imported from developing countries around the world. In many cases Alternative Trade Organisations play an important role in the international craft sector. The turnover of Fair Trade in Europe in 1994 amounted to 200 million ECU.

- The three largest markets for South African crafts are Europe, the UK and the United States of America. Germany is a particularly faithful market for South African products.
- A recent study of the market in the USA maintains that a window of opportunity has emerged for African manufacturers to supply major US retailers. African designs are 'hot' and US retailers are scrambling to source products there. African Americans are the single largest ethnic group, representing almost 30 million consumers.

Recommendations for the Craft Industry

Rural Craft Sector Development

- Identification of the market

It is important that a market for craft products be identified before work is done to promote new craft production. Rural craft projects often flounder because production is out of step with market demand. This is due to the perceived need to create job opportunities in rural areas at any cost, and without proper business planning.

- Information and communication networks

Basic small enterprise support services need to be provided to both existing and emerging craft enterprises. In this regard it is important to communicate with craft producers and inform them of where can they obtain assistance and/or training in the skills and linkages required for running a small enterprise. In addition there is a need to inform crafters where there is demand for their craft products and how they can embark upon processes of product development in order to meet the demand. The following sources of information are of benefit to rural crafters:

Existing sources of information could be supplemented by:

- A directory of commercial sources for materials and technologies and production enhancing techniques. This could also open the door for collective bargaining for better prices within certain sectors of the craft industry, thus reducing costs and making our products more competitive.
- Information about the different kinds of products that publicly funded institutions such as hospitals and clinics, schools, universities, office buildings, TLCs regularly purchase from the private sector. Craft producers should be able to bid on tenders to supply publicly funded institutions.
- Information about the merchandising requirements of private sector buyers and the major retail chains.

Distribution networks

Lack of access to markets in urban centres is another big obstacle for rural crafters. Transportation to market is essential if the right product is to be supplied at the right time to the right market outlets. The transportation needs of rural crafters should therefore be considered as part of the infrastructure planning process in rural areas. In particular, the Spatial Development Initiatives should take the needs of crafters into account where they have not already done so.

Urban Craft Sector Development

The following measures should be considered in this respect:

- The link between craft businesses and tourism bodies is a very important component of marketing and should therefore be strengthened;
- Sites for the retailing of craft on well established pedestrian routes require identification and development;
- A directory of craft businesses, which provides regional and metropolitan breakdowns and even maps, would go a long way to solving Information problems in the industry;
- The active promotion of financial assistance through private banks;
- Business advice services through information desks (websites and telephone hot-lines) to answer questions about marketing opportunities and sources of materials;
- The printing and sale of technical publications, and the systematic promotion of South African craft products in international markets through shows, trade delegations, sports events, festivals, and the like.

In addition to the co-ordinating mechanisms identified above, the following potential public sector projects have been identified:

- **A National Craft and Design Institute** should be established to showcase and promote the South African craft sector. The institute would focus on South African craft and design instead of a broader cross-section of art forms, and would actively promote direct links between craft and industrial design. The Institute would be primarily responsible for the following:
 - Profiling the best of South African craft and design through ongoing exhibitions
 - Facilitation of exchanges between the craft and design sectors
 - Reward "achievers" through prestigious awards
 - Develop an index of South African craft and design that would be publicly available

- An information resource centre for the craft and design sectors
 - Production of publications about and for the craft and design sector
 - Identifying works for travelling international exhibits
 - Provision of market research for local and export markets to facilitate the product development process
 - Lobbying and advocacy work (Parliamentary representative) and policy development
 - Look for leveraged policy interventions to create a more facilitative environment for crafters and designers e.g. tax (on supplies and on business)
 - Identification of catalyst sub-sectors for special support, for example the metal and wood sectors
 - Building capacity of support organisations and marketing intermediaries
 - Development of supply chain networks and development of collective purchasing opportunities
 - Promotion and facilitation of strategic partnerships and joint ventures with the public and private sector
 - Research, training and education development including the provision of grants and the development of academic programmes
- **Link up national initiatives with local government projects:** Local Government is a very important vehicle for developing the craft sector and already plays a significant role in terms of managing the regulatory environment for crafters, street traders and the like. There should be an active programme to link national and provincial initiatives in the craft sector with local economic development strategies.
 - **The Spatial Development Initiatives** provide an important opportunity for developing job opportunities through the craft sector. Recent research commissioned by DACST examines the potential opportunities to link culture and tourism in three SDI's: the Maputo Corridor, Lubombo and the Wild Coast. Craft production and retailing has featured amongst the recommended developments initiatives identified. The support and involvement of DACST in the development process of these SDI's is an important interdepartmental link that must be maintained.
 - **Mobile exhibition:** the acquisition of a mobile exhibition could be the outcome of a co-operative partnership between government and a University or members of the private sector. The exhibition could be used at international events and

related occasions, such as the recent trade mission to New York by DTI. Craft can be promoted as part of our cultural heritage, if it is presented along with appropriate music and visual effects it can be used as a very effective marketing tool for the country as a whole;

- **Local content campaign:** Marketing could include a Local Content Campaign for the craft sector; a mobile exhibition of South African crafts owned by DACST, the formulation of a promotional campaign for South African crafts in all museums shops, the establishment of a National Craft and Design Institute which profiles South African products to the public through exhibitions and programmes;
- **Museum, airport and national parks shop retailing policy:** A campaign through these outlets promoting crafts that are made in South Africa could significantly improve their sales. The DACST could make a political statement about their decision to support the local craft industry and producers, by adopting such a campaign.
- The CSIR can play an important role in the development of SMMEs involved in the craft industry, especially through the provincially based Textec programme which is concerned with the development and promotion of textile related business activities at present. They currently offer technical assistance in some areas, but crafters are not aware of this;
- A portion of the funding made available for the development of the craft sector should be channelled into **education and training**. Funding should focus on developing the design and product development aspect as existing SMME training covers most other areas through a number of existing SMME support organisations;
- **Product development** is another area of focus that requires training to improve the quality and diversity of products currently found in the marketplace. Linked to this point, is the availability of market information in order to guide the product development process;
- Development of **appropriate technologies** relevant to craft production is not the direct responsibility of the DACST. However, it should be an area into which public sector funds are invested because of the leveraged impact appropriate technology interventions can have.

2.5 Cross cutting issues emerging from the CSG sectoral research

An important element of the CSG research was to identify the similarities and patterns which existed in all of the four industries, and to spot commonalities and trends which characterised the South African Cultural Industries. The most important findings of our study can be generalised across many of the sectors for the Cultural Industries.

2.5.1. Training and skills development

Human resource development (HRD) in the cultural industries is overly fragmented and insufficient and is characterised by a lack of consistency and quality, a lack of co-ordination between training providers and little training in areas such as business and administration.

Training provision ranges from apprentice-type approaches to traditional academic studies and often demonstrates serious weaknesses in the integration between these two forms of learning. This results in poor standards and a lack of recognition of the skills necessary for the industry.

Training is critical for the development of the Cultural Industries to achieve global competitiveness and the industries and DACST both need to engage with SAQA, the Department of Labour and the Department of Education to adapt and align an overall HRD strategy. Training for the cultural industries needs to absorb the new policy environment set out in the SAQA Act and the Skills Development Bill, both of which fall within the ambit of the National Qualifications Framework (NQF).

2.5.2 Technology

Technological development within the cultural industries is not dissimilar to other economic sectors in South Africa and ranges from traditional (often rudimentary) to state-of-the-art products and processes. In recent years there has been a tendency towards interaction between traditional and modern technologies, examples of which range from wrap-around technologies in the craft sector to the use of traditional designs in web publishing.

The key elements of technological advancement which impact on the cultural industries are as follows:

- **Digitisation:** the ability to express all information in binary code creates the opportunity for cultural products to be packaged and re-packaged across different delivery platforms. In the media and entertainment sector this means that the gap between television, radio, print media and web publishing is being narrowed.
- **Convergence:** the information, communication and entertainment based industries are converging around the digitisation of content. Telecommunications and electronics technologies are converging around the creation of multi-media delivery platforms.
- **Manufacturing Processes:** the use of technologically advanced manufacturing processes further enhances the ability to customise cultural products such as newspapers, magazines, television programmes and books. Examples of this include the use of short print runs and the emergence of web publishing.

- **New Product Development:** the cultural industries in South African is already a source of innovation in terms of product development both in content and form. Examples include the combination of traditional design with utility objects, the development of new music such as Kwaito, and changes in the design of books and print media.

Design is the most exciting area in relation to technological development. We are not strong on industrial design in South Africa and are often derivative or unoriginal by not drawing on our own experiences. Other countries have successfully pursued technological development programs that have transformed traditional (culturally specific) industries into mainstream products and markets. Technological innovation is a natural spin off of the design process and there is every opportunity to begin to concentrate on South African design in order to maximise this potential.

2.5.3 Institutional structure

The cultural industries are characterised by a mass of small firms, some medium firms and a few large firms, mostly multinational companies. Small firms tend to stay small and experience the problems associated with SMME's while many medium firms tend to become assimilated into the larger companies and multinationals, leaving an institutionally polarised industry.

A plethora of professional associations exist within the cultural industries representing either the sector as a whole, sub-sectors and professions within the sectors and special interest groups such as race, gender and regional groupings. A few strong organisations exist in each sector but most are not well organised and lack the experience in accessing finance, influence or in developing clear organisational strategies.

If the cultural industries wish to grow they need to form networks with other groups involved in similar products and processes. Informal networks between companies, research and educational institutions, government and corporations increase cross fertilisation of ideas through learning. This interaction leads to efficiencies within the Cultural Industries value chain, which in turn creates a better product and reaches a wider audience.

South Africa is not strong on cross-institutional networking, and this needs to be addressed by the various players within the industries. Many lessons can be learnt from the Science and Technology industries that have pioneered informal networking in places such as Silicon Valley and Cambridge, UK.

2.5.4 Spatial dimension

Our Cultural Industries are principally located in the Gauteng, Greater Durban and Cape Metropolitan areas. By contrast, Craft is spread throughout the country with retail outlets concentrated in Johannesburg, Cape Town, Durban and other urban centres.

- Publishing

Historically most of the publishing companies were based in Cape Town as the printing presses were originally unloaded at the port. The bulk of the reading market is, however, situated in Gauteng where a number of publishing houses are located. Support services such as DTP and Repro are evenly spread between the two.

- Music

The music industry is highly centralised in Gauteng and the major recording studios and record companies are all situated within a thirty-kilometre radius of one another. The head offices of all of the majors are clustered around Johannesburg.

- Film and Television

The bulk of the film and television industry is similarly located in Gauteng because of the location of the SABC television centre and the presence of the main consumers of corporate television services.

There is a trend to locate shoots in Cape Town especially commercials, and the industry is centered in the city especially around the refurbished Longkloof Studios complex. A perceived sense of segmentation in the industry between Gauteng and Western Cape exists, which has led to a level of underlying competition between the two centres.

The location of our cultural industries therefore throws up a contradiction in its spatial organisation. On the one hand, by following traditional spatial economic patterns that reinforce agglomeration, the industries are able to build up a critical mass of activities and create greater opportunities. But at the same time this spatial clustering also reinforces the existing spatial disparity and the lack of equitable access to opportunities and resources. This has generally led to an exodus of technical skills to the Gauteng cluster. The relative underdevelopment of the cultural industries in other areas of the country means that a substantial amount of talented artists are overlooked by the industry.

Australia, for example, faced a similar problem of talent falling outside the urban-based music industry. Accordingly they launched an initiative called the “Unearth Campaign” which consisted of a mobile recording studio which toured Australia recording artists who operated outside of the geographical music industry cluster. The recordings were then given national airplay and new talent was exposed to the industry.

Micro-clusters within cities and towns however play a critical role in housing, fostering and exposing the conditions that are necessary to develop an industry. Temple Bar, a neighbourhood area in Dublin, is a good example of how micro clusters can develop. As a result of bands looking for cheap rehearsal rooms, small food outlets springing up to service this and in turn musicians starting to play in local venues the area rapidly turned into a key tourist attraction for visitors.

South Africa has not been successful thus far in the development of our own cultural precincts for a number of reasons. In most cases development is organic although helped along by Government patronage, and grows in sustainable environments that nurture and reinforce its activities. Attention must be given to the link between the cultural industries and its spatial organisation in order to maximise the potential of our cities and towns to contribute towards cultural growth.

2.5.5. Copyright - the importance of protecting content

Increasingly the revenue of the cultural industries is not derived from the sale of commodities but from the sale of intellectual property. For example, the songs of the soundtrack from the blockbuster motion picture 'Titanic' derive revenue from the public performance of the 'Titanic' through *public performance royalties*. The same songs are also sold in compact disk form and constitute another revenue stream known as *mechanical royalties*. Yet again a song from that soundtrack may be altered for use in an advertisement jingle and given to *synchronisation royalties*. And from there extend an almost infinite number of applications for the songs of the 'Titanic' soundtrack.

In each instance the intellectual property right remains the intangible yet incontrovertible source of profit for the cultural industries. Thus it is important that this property is protected, for without it a fundamental source of the Cultural Industries revenue would be lost.

One of the central debates of the cultural industries has been over delivery mechanisms - VHS versus Beta; LP versus cassette; compact disk versus DAT. This debate is increasing in intensity as the range of delivery mechanisms available to entertainment companies expand at an exponential rate. Yet what is consistent across all these delivery platforms is the *content* which remains constant. Content is increasing in importance and its protection through the enforcement of copyright legislation is therefore critical.

Copyright is the legislative mechanism that enables rights holders to make money. Without this protection producers of cultural works (songwriters, authors, and musicians) and the disseminators of those works (publishing houses, record and film companies) would not receive due return on their investment in content development.

South Africa's copyright legislation provides adequate *de jure* protection for the majority of cultural producers although a number of gaps exist in its enforcement. Cultural producers are often unaware of the value of copyright and as a result they often sign agreements which compromise their potential earnings from the ownership of those rights. Whilst these agreements often fall within the ambits of contract law, business awareness programmes would prevent this.

Copyright is also infringed by the illegal physical reproduction of cultural products. An estimated one third of the South Africa record industry's revenue is lost to piracy on an annual basis. The battle against piracy is an issue that needs

to be fought on both a regional and international basis, although stringent domestic and customs enforcement would go some way to alleviating this.

2.6 A model for the development of the cultural industries

Developing the cultural industries requires adopting flexible industry strategies, and increasing the pool of creative talent within our country. It also means marketing and selling the right product both domestically and internationally and growing these audiences through a variety of means.

Thus, the strategy for growth cannot be DACST's responsibility alone. Looking at best practice in other successful cultural industries around the world it is clear that their development occurs through a number of ways and agencies. The general model appears to be:

- an inter governmental forum which co-ordinates the various ministries such as Trade and Industry, Foreign Affairs, Education and Labour to implement government initiatives throughout the public sector;
- a policy and statutory environment within one government department which usually combines the major elements of the cultural industries (Arts, Communication and Heritage);
- a national arts council which is responsible for the growth of the 'pool of talent' from which the cultural industries draws its content and context; and
- a stand-alone agency which administers cultural industries development programmes and other sources of support raised from both the public and private sectors.

Political understanding and 'buy-in' at the highest level is critical. More specifically a significant 'political champion' who believes in the power and importance of the cultural industries needs to emerge in order to embrace the opportunities presented in developing and investing in the cultural industries.

It is invariably the stand-alone agency that drives the process as it represents the partnership and interface between public and private sector commitment to the cultural industries. More importantly, the agency can respond appropriately to the specific needs of the industries as it will have the capacity and skills to respond directly to the organisational requirements of the cultural industries themselves. This ensures a dedicated resource which can administer, coordinate, monitor and direct the development of the industries themselves which is difficult to achieve within a government institution alone.

2.6.1 Principles for the development of a strategy

Drawing again from other successful programmes and reflecting on international best practice, certain principles and pre-conditions need to be outlined and adopted before growth and development can occur within the cultural industries.

These principles are usually associated with the political, social and economic dynamics of the country concerned - but are universal in their necessity to be adopted to ensure efficacy.

There are ten guiding principles that frame our strategy:

1. The recognition that creativity flourishes within an open, democratic and caring environment.
2. The equitable distribution of resources and access to these.
3. The freedom of association and expression.
4. The recognition that creativity and talent is primarily 'people-based'.
5. The need to redress imbalances of the past - economically, socially, politically and spatially.
6. The need to protect and value South African culture and content through copyright and other intellectual property mechanisms.
7. The recognition that all people can become involved, with the right skills, at any point within the value chain of the cultural industries.
8. The need to recognise and nurture our diversity as our fundamental strength and uniqueness.
9. The need to leverage private and public sector involvement through partnerships.
10. Government can provide many of the preconditions for the cultural industries to grow, but it is up to the cultural sector to grab the opportunities afforded to them.

3 Recommendations

3.1 Introduction

There are two components to our recommendations:

- In the short term, the establishment of a Cultural Industries Development Programme within DACST.
- In the medium to longer term, the establishment of a Cultural Industries Development Agency.

3.2 Recommendations for developing the Cultural Industries

3.2.1 Designing and implementing a Cultural Industry Development Programme (CIDP)

Having reviewed the many policy and programme initiatives around the world which have either been successful or not, we have distilled our findings into a pragmatic and implementable two part strategy based on institutional and delivery mechanisms.

We recommend that DACST should establish, in the short term, a Cultural Industry Development Programme to implement the findings and recommendations of “Creative South Africa” within its own department. This programme would be guided and managed by a Cultural Industry Development Programme unit or management team, although the term programme and management has been used interchangeably in these recommendations.

3.2.1.1 Roles and responsibilities of the CIDP

Responsibilities of the CIDP should include:

- the establishment of the CIDP’s regulatory framework and its relationship to other government departments;
- the establishment and administration of a Cultural Industries Development Fund (CIDF) through application to the Department of State Expenditure;
- the identification of a ‘market brand’ for South African culture, research into international market potential and the design of an export programme supported by a package of incentives and opportunities;
- the establishment and registration of South African quality standards in the cultural industries and the monitoring of these;
- the protection of South African creators through the establishment, co-ordination and monitoring of appropriate copyright legislation;
- the development of the cultural industries human resources;
- recommendations to and co-ordination with the Department of Trade and Industry’s and other departments’ supply side measures which pertain to the cultural industries;

- the establishment of a cultural industries awareness campaign aimed at marketing the South African cultural industries both to the local market and community as well as to an outside audience;
- promotion of South African design and content to local companies and the support and monitoring of this;
- facilitation of the adoption of new industrial categories by the Central Statistical Services to encompass the cultural industries; and
- co-ordination of other Government departments to incorporate cultural industries requirements within their own programmes, such as the Department of Labour and the Department of Communications.

3.2.1.3 Short term initiatives of the CIDP

The CIDP should build on the existing momentum within the industries and facilitate the formation of sector-based initiatives. The CIDP would be the vehicle for co-ordinating many of the sector-specific recommendations:

- The establishment of a Craft Development Agency that would co-ordinate and implement the recommendations made in the Craft report. The agency, much like the Craft Council in the UK, would be part funded by DACST and the DTI, and would administer a database, small development loans to crafters and implement HRD training and development programmes.
- the National Film and Video Foundation to implement its projects and programmes in co-ordination with the CIDP and the recommendations made in the Film and Television Report.
- The establishment of a music development programme to interact with existing organisations such as the Music Industry Development Initiative (MIDI) in order to implement recommendations made in the Music Report.
- Support for the Print Industries Cluster through an active programme of funding, access to and co-ordination of other Government departments and information.

3.2.2 Establishing a CIDP regulatory framework

3.2.2.1 Cultural Industries Cabinet Memorandum

The CIDP, as a first step, needs to define its responsibilities and organisational structure. It is recommended that the CSG research findings and recommendations from “Creative South Africa” form the basis of a memorandum to Cabinet which sets out the terms and conditions for the implementation and funding of the programme.

3.2.2.2 CIDP Steering Committee

It is recommended that the CIDP unit or management team be located initially within the DACST Arts and Culture Directorate. In addition, an inter-departmental advisory group should be established and comprise senior officials from the:

- Office of the President
- Department of Trade and Industry
- Department of Communications
- Department of Foreign Affairs
- Department of Labour

The Advisory Group would ensure inter-governmental co-ordination in implementing the CIDP.

3.2.2.3 Appointing a CIDP Programme Manager

A senior government official should be appointed as Programme Manager. The key responsibilities of the programme manager are to ensure that the regulatory framework, outlined in the memorandum to Cabinet are implemented, as well as to manage the CIDP initiatives.

3.2.3 Establishing a Cultural Industry Development Fund

DACST should establish a Cultural Industries Development Fund to assist firms within the Cultural Industries. It should deploy a range of financial instruments such as flexible loans and grant funding. Areas for immediate assistance are detailed in the four sector reports, and the fund would assess applications in much the same way as the Interim Film Fund.

This fund should be used to increase working capital, for expansion projects and other long-term growth initiatives. Its key features should include a five-year time horizon as well as loans provided at fixed interest rates. The criteria for firms qualifying for the loans and funding should be:

- that they are South African (majority) owned;
- they are operational for two years or longer; and
- that they must achieve certain minimum levels of profitability in order to qualify for ongoing assistance.

3.2.4 Market branding and setting up an export programme

We recommend that the CIDP establish a marketing and export programme. It should enlist the help from other agencies such as the National Film and Video Foundation and the National Arts Council (NAC). The CIDP should also co-ordinate the promotion of South African cultural products in other countries through trade missions and the Department of Foreign Affairs.

Most importantly, South Africa needs to adopt a 'branding' for its culture - a strong label that reflects the creativity, innovation and vibrancy of the country. Our current 'brand' is that of the "Rainbow Nation" and this idea could be extended into a full-scale campaign for South African promotional identity.

3.2.5 Identifying and registering quality standards for the cultural industries

A comprehensive schedule of standards for the music, publishing and film and television sectors needs to be drawn up and benchmarked against other similar economies such as Brazil and Turkey, turned into regulations and monitored.

3.2.6 Co-ordinating copyright legislation to protect South African cultural products

The CIDP should support the current campaign against piracy, which is already being fought by ASAMI in conjunction with the South African Police and the Department of Customs, and Excise.

In addition, the CIDP needs to develop in conjunction with the Attorney General, develop mechanisms for the protection of South African cultural content and intellectual property.

3.2.7 Developing cultural industries human resources

The CIDP should assist the National Standards Body with the development of unit standards for creative skills across the range of cultural industries. This will ensure career paths for people employed by these industries and provide the necessary skills and expertise to the industry.

The CIDP has a role to play in motivating for the establishment of Sectoral Education and Training Assurers (SETAs) as outlined in the Department of Labour Skills Development Bill for all the cultural industries.

As part of its responsibility for the collection of statistics, the CIDP needs to coordinate a skills and training audit to establish what training exists; the quality of that training; and, where the gaps are in the provision of training.

A central role of the CIDP is to assist the Department of Labour in understanding the needs of the Cultural Industries through information on the creative labour market; and specific requirements of the cultural industries for learnership programmes.

Finally, since many of the jobs in the cultural industries are atypical (informal and contractual) they fall outside of the Labour Relations Act. Developing mechanisms for the legal protection of employees in the Cultural Industries will be ensured through the cooperation between the Department of Arts, Culture, Science and Technology and the Department of Labour.

3.2.8 Adopting and co-ordinating government supply side measures -

A number of existing measures and institutions are available for the cultural industries to take advantage of:

Supply Side	Cultural Industry	Rationale	Objective	Access Criteria
Competitiveness Fund	Given the broad criteria of the CF, it seems likely that cultural industries would be able to access this fund, when it becomes available.	Competitiveness in the sense of unit production costs may not always be applicable in the cultural industries. The competitiveness and value of cultural products is based on quality, market exposure and perceived value of the product.	To increase the market share of the cultural industries by influencing the quality of cultural production. Cultural industries would have to submit a business plan to support their application. Examples of potential areas of funding could include: <ul style="list-style-type: none"> tools for crafting communities; subsidisation of studio recordings of South African artists. 	Any commercial South African organisation producing cultural products.
Sectoral Partnership Fund	This measure would have to be expanded beyond manufacturing to include retail that provides the valuable market exposure that is essential to sustaining and growing the cultural industries.	Much of the challenge facing the cultural industries is increasing their market exposure in the context of a cultural market environment that is often dominated by foreign product. By linking exposure to a network of firms, the measure would optimise levels of exposure.	To increase the market share of the cultural industries by increasing the exposure of South African produced cultural products. Examples of potential areas of funding could include: <ul style="list-style-type: none"> funding for a network of bookstores that are promoting a particular South African work funding for a network of live music venues that feature original South African music. 	Any commercial organisation that retails South African cultural products. Funding will be based on a matching grant basis and must be used in the promotion of South African cultural products. The funding could for instance cover posters for a band's tour.
Export Marketing and Investment Assistance Schemes	This measure could be accessed by cultural industries.	The problem faced by the cultural industries in a developing economy is the relatively constrained size of the domestic market. However as the majority of firms in the cultural sector are SMMEs the costs of understanding the nature of the export market are often beyond their reach. Additionally the distance of South Africa from global markets means that it is often difficult for SA products to gain exposure in those markets. The <i>Outward Selling</i> and <i>Inward Buying Trade Missions</i> components of this scheme would facilitate that process of exposure.	To increase the exports of the cultural industries. Examples of areas of funding: <ul style="list-style-type: none"> A local cultural industries showcase (film; crafts; music; books etc) that sponsors the attendance of international buyers. Research into the potentials and needs of the Southern African music market. 	Any grouping of five or more South African commercial organisations that are prepared to form a network in order to enhance the export status of South Africa's cultural industries.
Technology and Human Resources for Industry Programme (THRIP)	In order to create the knowledge necessary to optimise the potential of the cultural industries, this programme would need to be extended to include research groups in urban planning; in music schools; in economic development and business management.	The potential of the cultural industries lies not only in their economic strength, but also in their ability to act as a vehicle for partnerships between the public; private and not-for-profit sector in development projects that have direct economic benefits to particular communities. However this potential is limited by South Africa's lack of skills in the area of cultural economic development and in managing multi-partner	To build the South African skills base and to tap into existing skills in order to provide the necessary human resources Examples might be: <ul style="list-style-type: none"> collaboration between architects; film distributors; social researchers and local government urban planners to develop low cost venues in which films could be exhibited. A partnership of mechanical engineers, crafting communities and the DACST 	Access is limited to projects that: <ul style="list-style-type: none"> attempt to expand the growth of the South African cultural industries; partnerships that include the private sector and a research agency based in an educational institution, but ideally should also include a government agency.

		projects.	Foresight project to improve the technologies that crafters use in the production process.	
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3.2.9 Designing and implementing an awareness campaign focused on audience development

Creating awareness about the cultural industries has a fourfold purpose to:

- give definition and identity to the cultural industries themselves;
- develop a local and international audience and market for South African culture;
- help government determine its levels of support and provide information to the industries as well as consumers and potential job seekers; and
- develop an understanding and definition of the markets and an ability to measure the trends of these audiences.

Once the Cultural Industries Cabinet Memorandum has been completed and adopted by Cabinet, DACST should have a high profile launch of the CIDP - aimed at both domestic and international audiences. This launch should form part of a comprehensive media and marketing campaign to publicise the commitment by government to the growth of the South African cultural industries. This campaign could be run in conjunction with the South African Embassies around the world, which can showcase and promote South African art and culture through a series of lectures outlining the CIDP, film festivals, food and wine promotions, the donation of public art and concerts.

The CIDP needs a dedicated resource to engage in public relations, communication and the dissemination of information relating to the CIDP. Press releases and the possibility of a quarterly review magazine should be explored, as well as the establishment of a CIDP website for easy access to information.

A good opportunity for implementing many initiatives proposed in the sector reports and “Creative South Africa” lie within the forty-two RDP community arts centres being built around the country. These community arts centres need to be seen as more than hobby clubs and rather as training, job and resource centres. They could be an important aspect of the cultural industries development programme by providing the ‘first rung in the ladder’ between talent and its growth into the mainstream industries.

3.2.10 Promoting South African design

Together with the Foresight programme (a DACST technology development programme) the CIDP should develop an integrated programme directly linked to the following initiatives currently underway:

- **The Technology and Human Resources for Industry Programme (THRIP)** and the CIDP should interact with the Foundation for Research Development (FRD), as well as industry, research and educational institutions involved in THRIP;

- **The Support Programme for Industrial Innovation (SPII):** The CIDP should work with the Industrial Development Corporation to ensure that the initiatives undertaken by SPII are also applied to the Cultural Industries. Craft in particular should be examined as it can play a product development role for various forms of manufacturing.
- Design schools, designers and other industry sectors such as manufacturing need to have a channel for dialogue. This is not only the responsibility of the CIDP but also a government responsibility requiring co-ordination and collaboration.

3.2.11 Collecting and monitoring statistics

A clear and detailed statistical analysis of the cultural industries needs to be designed so that government support measures can be tailored to specific sectors. Systematic data collection and analysis would enhance an authoritative profile of the industries. Mainstreaming this collection of data through the Central Statistical Services and other government funding statistical collection institutions (CSIR, HSRC, Customs and Excise, the Reserve Bank, IDC and DBSA) is a critical element of this. The CIDP should be responsible for co-ordinating this research which could be outsourced to the HSRC.

The principal areas to be covered are:

- international trade flows for products
- determinants of international competitive advantage and strategies for improving competitiveness;
- international comparative studies of cultural industry developments and public policy responses;
- applied, multi-disciplinary audience research;
- a toolkit of financial instruments for the Cultural Industries;
- the implications of the recently gazetted Competition Policy on the cultural industries; and
- copyright and legal protection policies.

3.2.12 Co-ordinating initiatives in other departments

Many initiatives have been identified in 'Creative South Africa' which require the effort and commitment of other departments. The CIDP should identify and, with the assistance of the Steering Committee, facilitate the implementation of these with the use of measurable targets and delivery plans.

3.3 Designing and establishing a Cultural Industries Development Agency (CIDA)

In the medium term the CIDP should establish a CIDA once many of the key initiatives outlined above have been put in place. The agency would then become the chief driver and champion for the promotion and development of the South African cultural industries as a natural successor to DACST and the CIDP unit/management team. The intention to form the agency should form part of the Cultural Industries Cabinet Memorandum and would be the responsibility of the CIDP unit/management team to establish.

The agency would have as its main objectives:

- the evaluation, redesign and continued implementation of the CIDP;
- the recipient and administration of the Cultural Industries Development Fund as well as the mandate to raise additional funds through international donor bodies, foreign governments and local industry organisations;
- the responsibility of directly promoting South African cultural industries, both domestically and internationally through a series of campaigns, incentive packages in collaboration with the appropriate government departments and support of sector specific initiatives as outlined in the sector reports; and
- the ability to broker Public Private Partnerships through its relationship with government and knowledge of the cultural industries, and the monitoring of these.

For the agency to be successful, it has to be independent, flexible and responsive. The agency would be primarily funded out of contributions from various departments such as DACST and the DTI for its ongoing operational costs. It would also administer the Cultural Industries Development Fund through a series of grants and loans. Grants would be dispensed according to either a bidding system, such as in the UK and EC programmes where agreed outputs are 'bought' by the funding, or as low interest repayable loans, such as the IDC administers for the development of manufacturing industries.

Best practice from other countries has demonstrated that such a vehicle would ensure the long-term sustainability of the cultural industries and place the industries at a competitive advantage with other such international initiatives.

3.4 Concluding comments

South Africa has within its grasp the capacity to have a thriving, vibrant cultural Industries within the next five to ten years which is respected world-wide and which could play a central role in South Africa's renaissance. Just as sport has done so much to put South Africa on the world stage and bind the nation, so now culture can play a similar role.

The South African cultural industries will be leaders in Africa, yet their influence will spread further afield. South African music will be bought and listened to in far-flung places as well as at home. South African made films will capture the essence of the new South Africa. They will inspire, entertain and be sold in international markets. A new breed of South African writers will reveal depths of understanding and be recognised worldwide. Rural and urban crafts will become desirable and seen in many households everywhere.

The cultural industries will be a significant sector of the economy in their own right. Yet they will also help drive the emerging knowledge economy and information society. Culture will have multiple spin-offs and will add value economically, socially and politically.

Culture will help change South Africa's image for the better. It will be seen as a country of creativity, innovation and vibrancy; a country of possibilities and opportunity. As the potential of our Cultural Industries unfolds they will generate new ideas, products and services. These will be locally derived and distinctive, yet globally oriented and Government will develop a regulatory and incentive regime to match and help unleash potential. It will provide the pre-conditions that allow those involved in the Cultural Industries to perform at their best.

This vision is not idle speculation or fantasy gone wild. It is not unrealistic. It is achievable, because South Africa has the raw ingredients for success. There is talent in abundance that can feed and create the content for the cultural industries, yet much of it remains untapped. There is the strength of South Africa's diversity. There are the cultural industries themselves that are already relatively well developed in comparison to many other countries and certainly well in advance of most of those in Africa. There is, finally, goodwill internationally to help support this strategy "Creative South Africa".