

SOUTH AFRICAN CULTURAL OBSERVATORY

**The Economic Mapping of the Cultural and Creative
Industries in South Africa 2020**

Capstone Report

Results and Policy Implications

CONTENTS

Research team	3
List of figures and tables	4
Introduction	5
2. Goals and methods	6
Research methods	6
Definitions and Indicators	9
3. Contribution to GDP and economic growth	11
Including indirect and induced impacts	13
4. Employment	14
Characteristics of cultural jobs in South Africa	18
Transformation and representivity	22
5. International trade	24
South Africa's Cultural Trade Balance	25
South Africa's cultural goods trading partners	26
6. Domain-level analysis	27
7. Key findings and policy implications	31
References	36

RESEARCH TEAM

The Capstone Report is based on the three main quantitative chapters of the Economic Mapping study of the Cultural and Creative Industries 2020:

Report 1: Macroeconomic Impact Assessment Modelling System and Impact Analysis of the Culture and Creative Industries. Produced by Conningarth Economists, for the South African Cultural Observatory.

Report 2: South Africa's international trade in cultural products: A focus on trade with the EU in a comparative regional setting. Cattaneo, N. and Snowball, J. Rhodes University, for the South African Cultural Observatory.

Report 3: Employment in the Cultural and Creative Industries in South Africa. Hadisi, S. (Independent Economist Consultant, and Research Associate at Political Economy Southern Africa) and Snowball, J. Rhodes University, for the South African Cultural Observatory.

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LIST OF FIGURES AND TABLES

- Figure 1: The UNESCO Framework for Cultural Statistics (2009:24)
- Figure 2: UNESCO Thematic Indicators for Culture 2030
- Figure 3: The contributions of sectors to South Africa's GDP (2018)
- Figure 4: The direct, indirect and induced effects of the CCIs on South Africa's economy
- Figure 5: The Cultural Trident for South Africa (2017)
- Figure 6: Changes in Cultural Occupations and GDP over time (2008–2017)
- Figure 7: Types of employment in cultural and non-cultural occupations
- Figure 8: Total Employment Impact of CCI based on the Skills Categories (%)
- Figure 9: Income categories for cultural and non-cultural occupation workers
- Figure 10: Cultural occupations by race and age group
- Figure 11: Age groups of those employed in cultural and non-cultural occupations 2017
- Figure 12: The culture/globalisation nexus
- Figure 13: South Africa's total cultural goods trade 2001-2018 (current US\$ millions)
- Figure 14: Share of GDP contribution and annual growth rate by domain
- Figure 15: Mapping the South African Cultural Economy using UNESCO 2030 Indicators
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- Table 1: Comparison of the methods used in Reports 1 - 3
- Table 2: The contribution of the CCIs to Production, GDP and Capital Stock (2018)
- Table 3: Changes in average real monthly earnings in cultural occupations 1996 - 2016
- Table 4: South Africa: percentage shares of cultural goods trade in total commodity trade
- Table 5: South Africa's cultural goods trade: selected regions 2018 (US\$ millions)
- Table 6: Economic contributions of the CCIs by domain

1. INTRODUCTION

In many countries, the growing importance of the cultural and creative industries is increasingly being recognised. The cultural sector has always been acknowledged in contributing to important non-market goals, such as fostering identity formation through heritage, building social cohesion, as an important part of education, and for the intrinsic values of delight, contradiction, enjoyment and debate. More recently, the contribution of the CCIs to economic growth, transformation and jobs and international trade has also been acknowledged. In South Africa, this occurred through the “Mzansi’s Golden Economy” initiative, under which the South African Cultural Observatory (SACO) was founded.

The CCIs include both the more traditional areas, such as visual arts, music and performing arts, as well as commercial sectors, such as design, advertising and architecture. The ‘Cultural Times’ report (EY, 2015), the first global survey quantifying the economic and social contribution of the CCIs, found that their revenue accounted for 3% of the world’s GDP and created a total of 29.5 million jobs worldwide, employing 1% of the earth’s working age population.

The link between development and culture has a long history in Africa, with documents such as the African Union “Nairobi Plan of Action on Cultural and Creative Industries in Africa” (2008) being widely subscribed to. The African Union Agenda 2063 recognises the potential of the cultural and creative industries in Aspiration 5, “Africa with a strong cultural identity, common heritage, values and ethics” (AU Agenda 2063, 2015).

The South African Cultural Observatory is a national research project of the Departments of Sport, Arts and Culture (DSAC), established in 2015. One of the main roles of SACO is to provide reliable, policy and sector relevant information about the economic value of the CCIs. This Capstone Report brings together information from the second national Economic Mapping Study of the Creative Industries in South Africa by SACO.

2. GOALS AND METHODS

The overall goal of the CCI Mapping Study 2020 is to provide updated information on how the cultural and creative industries contribute to the economy of South Africa in terms of Gross Domestic Product (GDP) and GDP growth, employment and transformation, and international trade. The report is an update of the baseline CCI mapping study report, published by SACO in 2018.

In addition to providing aggregated information about the sector, the research also aimed to analyse specific cultural domains (as defined by the UNESCO Framework for Cultural Statistics, 2009), and to identify areas that are showing potential, and those that are facing challenges, so that policy implications can be identified.

RESEARCH METHODS

The three main quantitative reports of the 2020 Mapping Study use a variety of methods and data sources to track the CCIs in South Africa. Using more than one method of research increases the reliability of the findings, as well as providing more detailed information, since not all methods can be used to answer all questions.

Report 1, on the **macroeconomic impact of the CCIs**, uses national primary data from a number of sources (such as the Household Income and Expenditure Survey, Supply and Use Tables, and the System of National Accounts). The internationally accepted best-practice method for measuring the economic impact of the CCIs is to construct a Cultural Satellite Account. Currently no official Cultural Satellite Account for South Africa exists. However, private research institutions and universities have already compiled portions of a Cultural Satellite Account, which were embedded into an Input Output Table, and updated. Quarterly Financial Statistics, published by Statistics South Africa, were used to isolate CCI activities from the non-cultural sectors

Table 1 gives a brief outline of the different methods used in the first three reports of the mapping study. Each method is more fully described in the individual reports and their technical summaries (available on the SACO website). To give a brief overview:

Table 1: Comparison of the methods used in Reports 1 - 3

Methods	Data	Advantages	Disadvantages
Report 1: Macroeconomic Impact of the CCIs			
Partial equilibrium modelling, based on Cultural and Creative Industries Satellite Account, embedded into a Social Accounting Matrix for South Africa.	SNA Household Income and Expenditure Survey; Supply and Use Tables, Census 2011 data.	Direct, induced and indirect GDP impacts can be calculated; international trade (including services) can be estimated by domain; Employment skills level can be estimated per domain.	Does not include informal sector (not reported for tax purposes); Does not include cultural workers outside of the cultural industries; Is based on econometric modelling (not direct data) so provides estimates.
Report 2: Cultural Employment			
Analysis of primary data	Household survey data	Gives a very detailed view over a long time period of people working in all three parts of the cultural trident; Includes both the formal and informal sectors.	Lack of detailed industry-level data makes support (non-cultural) occupations in the CCIs difficult to calculate.
Report 3: International Trade in Cultural Goods			
Analysis of primary data	Comtrade Data via Trademap	Cultural goods trade is reported in the same way internationally, so it allows comparisons of bilateral trade (trade flows between 2 countries). This can be helpful in identifying potential comparative advantage and trading partners.	Trade in cultural services is currently not reported in such a way that bilateral trade flows can be tracked. As cultural goods increasingly dematerialize, this will become an increasingly big problem.

The information about the creative economy in this report is calculated using a partial, economy-wide equilibrium model. The great advantage of this model is that the direct economy-wide contribution of the cultural sector can be estimated, as well as linkage, or multiplier, effects on other parts of the economy. It can also be used to estimate things like cultural goods and services trade volumes from and to South Africa and the rest of the world. Detailed modelling can give an indication of job creation at different skills levels, as well as the demand side

of the creative economy (that is, who the main consumers or buyers of cultural goods and services are).

A challenge is that it does not include the informal sector, which means that the estimated figures for GDP and cultural employment may be an underestimate of the size of the sector. Cultural employment figures in this report are estimates calculated using employment multipliers, not analysis of direct survey data, and do not include people in cultural occupations who work in non-cultural industries. Figures in this report should thus be considered a conservative estimate GDP contribution and employment creation.

Report 2 on cultural employment makes use of primary household survey data collected by Statistics South Africa. It can be used to give a very detailed view of the demographics and working conditions of people in cultural occupations. Since the survey was done at household level, it includes people working in both the formal and informal sectors. It also covers people in cultural occupations, but who work outside of the cultural industries (for example, a designer in a car manufacturing company). However, the lack of detailed industry-level data in this data set, makes it difficult to estimate the number of people who are employed in cultural or creative firms, but in support occupations (for example, an accountant in a film company). In addition to the 2017 Labour Market Dynamics Survey (the latest data available at the time of writing), the Post-Apartheid Labour Market Series (PALMS) was also used for historical analysis. PALMS is a survey dataset at the individual level from 1993 to the present. The data is compiled from a number of different surveys, which have been carefully matched so that variables can be compared over time. There are currently more than 5 million observations in the dataset, and it is regarded as a reliable source for labour market data for South Africa.

Report 3, on **international trade in cultural goods** also used primary data on the value of imported and exported cultural goods. The advantage of this data set is that it allows one to analyse the trade flows between individual countries or trading blocs (like the southern African Development Community or BRICS). A challenge with this data is that it is not yet possible to track trade in cultural services, which is becoming an increasingly important part of cultural trade.

Each report makes it clear which methods and data are being used and includes detailed technical appendices. This capstone report also explains the differences between the results, highlights and analyses the most important figures, and links the findings to policy implications. In all cases, differences in the findings between the reports can be logically explained, and the results of the various reports, although not exactly the same, support each other. Findings can thus be regarded as valid and reliable.

DEFINITIONS AND INDICATORS

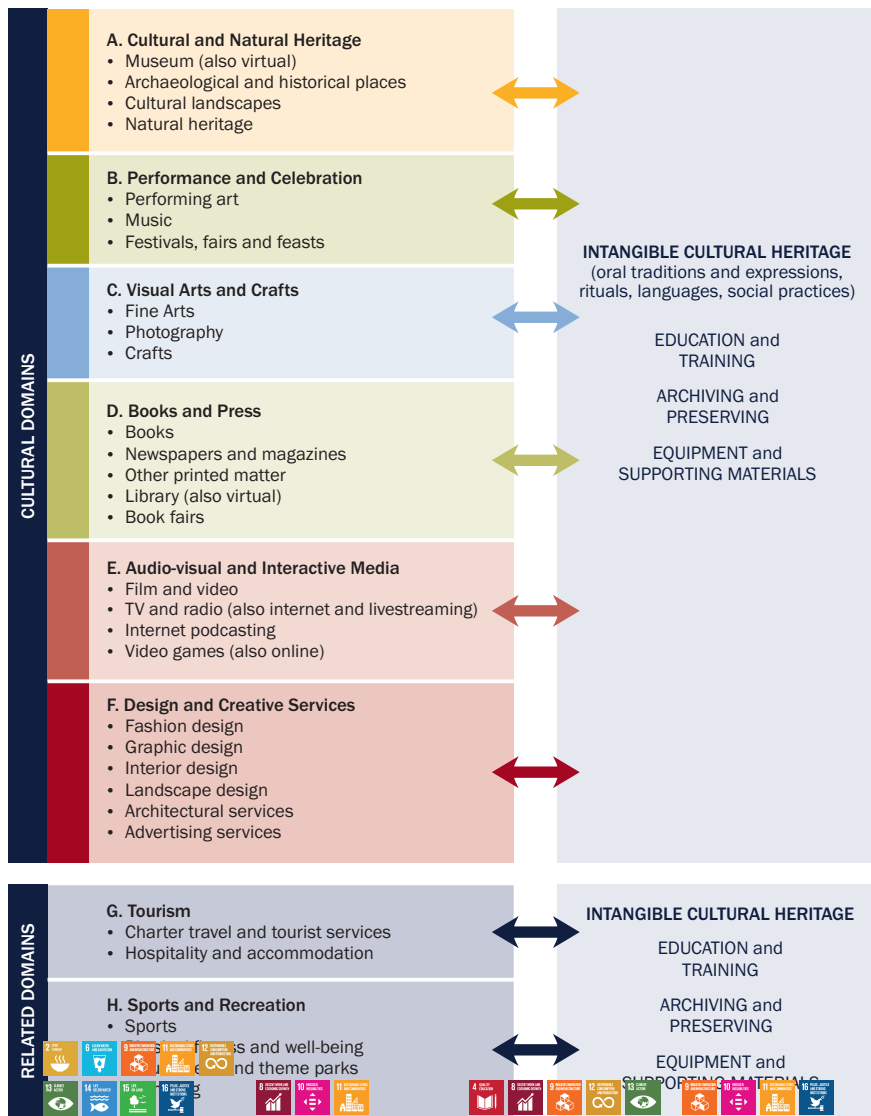


Figure 1: The UNESCO Framework for Cultural Statistics (2009:24)

Although South Africa does not yet have an officially recognised definition of the CCIs, many policy and discussion documents, such as the Revised White Paper on Arts and Culture (2017, 4th draft) seem to be moving towards adopting the UNESCO

system. As in many countries, South Africa has broadened its definition of the CCIs over time, with early reports, like the Cultural Industries Growth Strategy defining the cultural industries very narrowly to include only the music, film and video, publishing and craft sectors. The defining characteristic, following the UNESCO definition, is the symbolic nature of the goods and services produced. It is thus important to note that the definition of the CCIs used in this report includes not only the traditionally recognised (or core) “cultural” occupations and industries, but also the more commercial, for-profit, “creative” sectors, as described by the UNESCO (2009) Framework (Figure 1).

In November 2019, UNESCO released their “Thematic Indicators for Culture in the 2030 Agenda” (UNESCO, 2019). This document demonstrates how the cultural sector fits into the Sustainable Development Goals (SDGs) framework, and describes how countries can use qualitative and quantitative indicators to measure the contribution of the CCIs to the SDGs (Figure 2).

The Thematic Indicators are divided in four sub-categories: **Environment and Resilience, Prosperity and Livelihoods, Knowledge and Skills** and **Inclusion and Participation**. ‘Cultural Employment’ fits into the **Prosperity and Livelihoods** sub-category, along with ‘Culture in GDP’ and ‘Trade in Cultural Goods and Services’, which are also addressed as part of the SACO 2020 mapping study. The **Prosperity and Livelihoods** sub-category feeds into SDGs 8 (Decent work and Economic Growth), 10 (Reduced Inequalities), and 11 (Sustainable Cities and Communities).

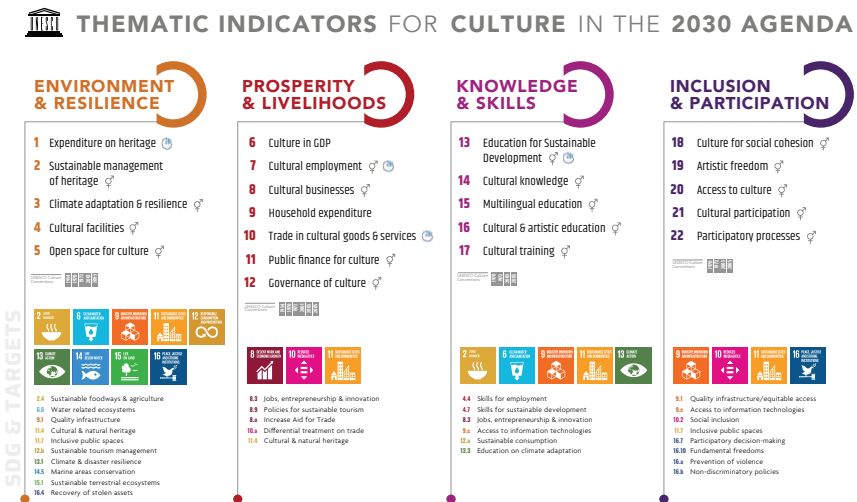


Figure 2: UNESCO Thematic Indicators for Culture 2030

The CCI Mapping Study provides information on indicators 6 (Culture in GDP), 7 (Cultural employment), and 10 (Trade in cultural goods and services). In addition, the GDP, employment and international contributions of each of the six main UNESCO Domains (Figure 1) is analysed. Finally the main findings, and their implications for policy are discussed.

3. CONTRIBUTION TO GDP AND ECONOMIC GROWTH

Gross domestic product (GDP) is the value of all the goods and services produced in a country in a year, and is used to track changes in production over time. The main purpose of Report 1 was to measure the percentage of GDP that the CCIs contributed in 2018.

To do this, national data was used to determine CCI production. Production value, or turnover, is the amount of money taken in by a business in a year. Table 1 gives the production values for each domain, as well as for the transversal domain of cultural education and training (which is part of the UNESCO Framework shown in figure 1, and runs across all the domains). The total production value of the CCIs in 2018 was R204.7 billion.

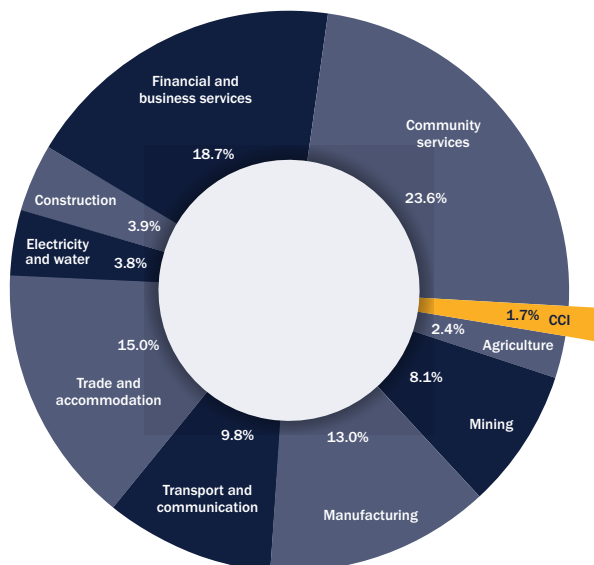


Figure 3: The contributions of sectors to South Africa's GDP (2018)

The contribution to **GDP** is the total value of output (production) minus the costs of intermediate goods that are consumed in the process, like those of materials and services that are used as inputs. This is the most often quoted indicator, and is calculated for each main economic sector in South Africa by Statistics South Africa. However, the CCIs are not currently recognised as a separate economic sector. While their production is counted, it is embedded in the other main sectors. What this report has done is to extract the CCI production from the rest of the economy.

The results show that the direct impact (also called “Value Added”) of the CCIs in 2018 was R74.39 billion, which accounts for 1.7% of South Africa’s GDP (compared to 1.5% in 2016). The next largest sector is Agriculture, which makes up 2.4% of GDP.

Another important economic indicator is the contribution of the CCIs to Fixed Capital Stock (Table 2). This is the value of the stock of durable fixed assets owned or used by firms in the sector, including plant, machinery, vehicles, equipment, infrastructure, and buildings. In 2018, the CCIs contributed R271.9 billion to the capital stock of South Africa.

Table 2 also shows the rate at which the cultural and creative industries are growing in terms of their contribution to GDP. The GDP contribution of the CCIs has grown on average at 2.4% per annum between 2016 and 2018 (measured in constant prices). This can be viewed as significant growth compared to the growth of the South African economy as a whole, which was only 1.10% p.a. over the same period. The tertiary sector, which is the main sector of the CCI, has grown at only 1.14% p.a. over the period 2016-2018.

Some domains grew faster than others: Visual Art and Crafts (Domain C), Audio-Visual and Interactive Media (Domain E) and the Transversal Cultural Education Domain grew at more than 5% over the period 2016 to 2018. Further discussion of the contributions of each domain can be found in Section 6 of this report.

Table 2: The contribution of the CCI to Production, GDP and Capital Stock (2018)

Production Turnover (Rm)	GDP contribution (Rm)	Fixed Capital stock (Rm)	Growth rate in GDP contribution per annum between 2016 and 2018 (%)
A. Cultural & Natural Heritage			
4 665	2 214	9 834	-2.4%
B. Performance & Celebration			
12 969	5 187	22 144	3.4%
C. Visual Arts & Crafts			
17 499	2 294	9 203	5.3%
D. Books & Press			
26 113	10 168	28 535	3.1%
E. Audio-Visual & Interactive Media			
33 222	85 30	38 313	5.2%
F. Design & Creative Services			
93 838	37 484	133 659	0.3%
Transversal: Cultural Education			
16 393	8 513	30 263	5.9%
Totals			
204 699	74 390	271 951	2.4%

INCLUDING INDIRECT AND INDUCED IMPACTS

The economic contribution of the CCIs to the South African economy can be analysed in terms of the sector's direct contribution to GDP, as demonstrated. However, in addition to the direct impact, the CCIs also affect other parts of the economy. These are referred to as indirect and induced effects, which were estimated using the partial, economy-wide equilibrium model described in section 2.

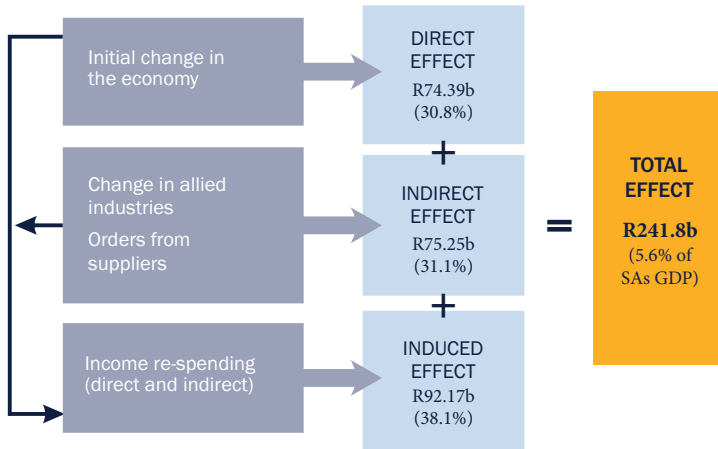


Figure 4: The direct, indirect and induced effects of the CCIs on South Africa's economy

Indirect impacts occur when the CCIs buy inputs from other industries, who increase demand on their suppliers and so on through the supply chain. Induced impacts occur when the direct and indirect economic activity increases household income as a result of job creation and profits. A proportion of this income will be re-spent on final goods and services, producing a supply response by producers of these goods and services and further impacts through their supply chain, etc. These linkage effects with the rest of the economy amplify the impact of the CCIs through what are sometimes called multipliers.

The relative size of these impacts is shown in Figure 4. Including the direct, as well as the indirect and induced impacts, the CCIs generated a GDP value of R241.8 billion in 2018, which represents about 5.2% of the national GDP (Gross value added at basic prices) of South Africa. Because of their strong linkage (multiplier) effects, 69% of the CCI's GDP impact was generated in other non-CCI sectors in the rest of the economy.

4. EMPLOYMENT

Report 2 used labour market survey data to analyse the size and characteristics of employment in the cultural and creative industries in South Africa. The data is official, audited data collected by Statistics South Africa. As explained in Section 2, the analysis used the most recent Labour Market Dynamics Survey (2017) data, as well as the historical Post-Apartheid Labour Market Series (PALMS).

The UNESCO (2009) Framework points out that people in cultural occupations may be found in cultural industries, but also in other industries. A useful model for demonstrating this effect is the “Cultural Trident” (Higgs and Cunningham, 2008) which distinguishes between

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

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

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

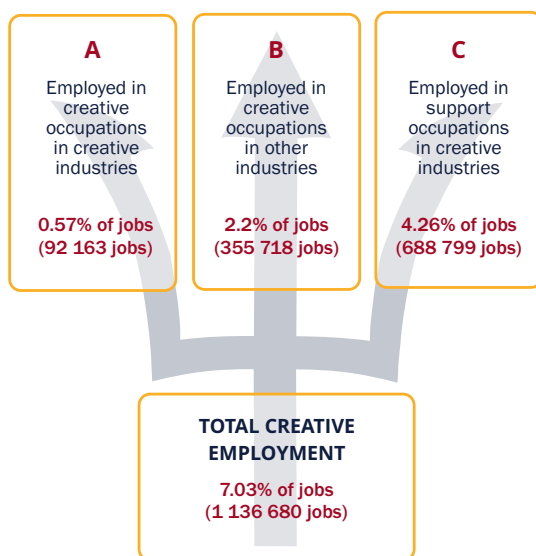


Figure 5: The Cultural Trident for South Africa (2017)

Using the definition of cultural occupations discussed above, results showed that 2.77% of employed people in South Africa were identified as being employed in cultural occupations in 2017 (either in part A: in cultural industries, or in part B, in non-cultural industries). This compares favourably to the 2.52% in 2015, in the last mapping study. As a proportion of total employment, the proportion of people in cultural occupations in South Africa (parts A and B of the trident) has grown steadily. This also applies to the number of people working in cultural occupations, which increased from 397 000 in 2015 to 448 000 in 2017.

However, if one only counts those in cultural occupations, people who work in the cultural industries doing support (non-cultural) jobs are left out and the size of the cultural and creative industries may be under-estimated. The South African labour market data is not currently classified by industry in a very detailed way, making it somewhat difficult to identify the CCIs. However, guided by the UNESCO Framework for Cultural Statistics (2009) a method was used to estimate the non-cultural jobs in the creative industries (part C of the trident). Results show that Part C of the trident (support, non-cultural jobs in cultural or creative firms) makes up 4.26% of total employment, accounting for about 689 000 jobs in 2017.

Creative economy employment accounted for 7% of all the jobs in South Africa in 2017. This means that 1.14 million jobs in South Africa were directly related in some way to cultural and creative activities.

As found in previous years, many cultural jobs in South Africa are based in the non-cultural industries (such as the example of the designer working in a car manufacturing industry) – 2.2% (about 356 000 jobs). This is an interesting finding, as it suggests that many cultural and creative occupations actually occur in non-cultural industries, which means that cultural workers are often embedded in non-cultural firms, even if their job or occupation is classified as creative. Relatively few cultural jobs occur in cultural industries – 0.57% (just over 92 000 jobs). This supports the finding of research in other countries, which found that counting only cultural jobs in cultural industries will greatly underestimate cultural employment.

If one includes all three parts of the cultural trident, total cultural/creative employment in South Africa accounted for 7.03% of all employment in the country (1, 14 million jobs) in 2017. The results show that the creative economy in South Africa makes a substantial contribution to employment and that it has grown quite significantly since the last mapping study in 2015, when the creative economy made up 6.2% of jobs.

The economy-wide partial equilibrium model (Report 1) used employment multipliers to estimate the number of jobs (cultural and non-cultural) in the formal part of the cultural and creative industries (parts A and C of the Cultural Trident). The estimate from this method is that the CCIs account for 277 360 jobs. This is considerably lower than the estimate based on an analysis of the Labour Market Dynamics household survey, which found that the CCIs accounted for 781 000 jobs. What could account for these differences?

Firstly, the economy-wide partial equilibrium model estimate of CCI employment only captures the formal sector, since it is based on formally reported market data. The Labour Market Dynamics household survey includes both the formal and informal sectors. In 2017, 46% of people working in cultural occupations reported working in the informal sector, which accounts for the big difference between the two studies. Secondly, the economy-wide partial equilibrium model does not include cultural workers outside of the cultural industries (part B of the Cultural Trident), which accounts for a further 355 700 jobs in the household survey data. Taking these differences into account, the differences between the two estimates can be explained, and the number from the Labour Market Dynamics household survey is regarded as more reliable.

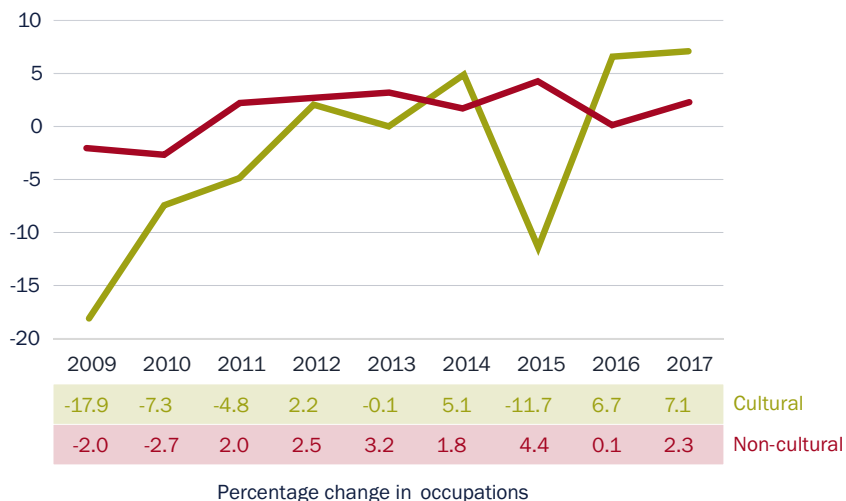


Figure 6: Changes in Cultural Occupations and GDP over time (2008 – 2017)

(Source: LMDSA annual dataset, 2017. Authors' own percentage calculations)

The number of cultural occupations in South Africa is sensitive to changes in GDP growth, but grew at a faster rate than the number of jobs in other sectors in 2016 and 2017.

As also found in other countries, cultural occupations respond to changes in the overall growth of the economy, and may change more dramatically than jobs in other sectors. As illustrated in Figure 6, this is also the case in South Africa. For example, as a response to the 2008/9 financial crisis and the resultant fall in economic growth, employment in both cultural and non-cultural sectors declined, but non-cultural employment declined by 2%, while cultural employment declined by nearly 18%.

Similarly, in response to the slow-down of GDP growth rates in 2015¹, cultural employment declined sharply. However, 2016 saw an increase in people working in cultural occupations with a growth rate of 6.68%, which was much faster than job growth in other sectors – a trend which continued. Between 2016 and 2017, the number of cultural occupations grew by 7.1% compared to 2.3% growth in non-cultural occupations.

CHARACTERISTICS OF CULTURAL JOBS IN SOUTH AFRICA

One of the challenges associated with the creative economy is that many jobs in the sector are precarious. In both cultural and non-cultural occupations in South Africa, there has been a decline in formal sector employment since the last mapping study. 46% of people working in cultural occupations were in the informal sector in 2017. As found in the previous mapping study and also observed in other countries, a much higher proportion of cultural workers are “own account workers with no employees”, also called freelance, (34%) than non-cultural workers (10%) (Figure 7). Freelance workers are often highly skilled and earn good incomes, but do not enjoy the benefits of permanent jobs, such as paid leave, or unemployment insurance.

1 While almost all sectors performed poorly in 2015, the largest decrease was in agriculture, which fell more than 8% as a result of the drought. The electricity, gas and water sector also contracted. Manufacturing, government services personal services and transport also had very low growth rates (less than 2%).

All reports show that the education and skills levels of people in cultural occupations have been increasing over time, and that the growth of the sector will depend on having a well-educated and skilled labour force.

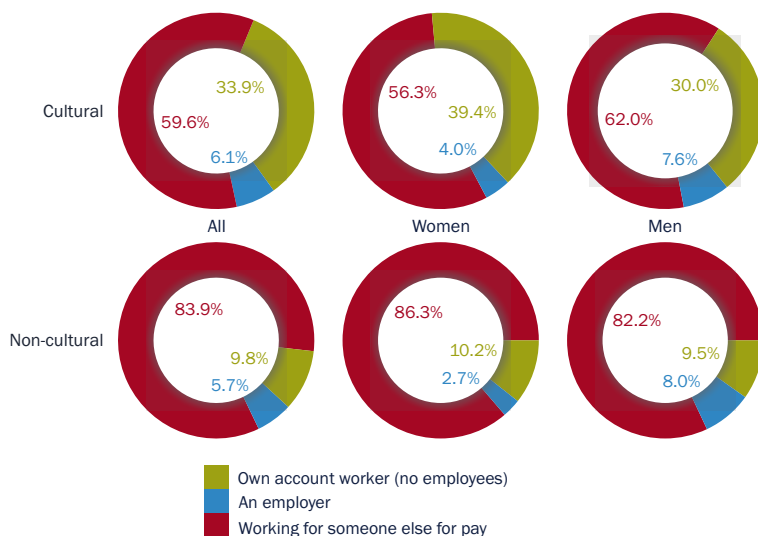


Figure 7: Types of employment in cultural and non-cultural occupations

(Source: LMDSA annual dataset, 2017. Authors' own percentage calculations)

The proportion of people who are business owners or managers (“an employer”) is slightly higher in cultural occupations (6.1%) than non-cultural occupations (5.7%), but is much higher for men in cultural occupations (8%) than women (4%).

The education levels of people working in cultural occupations are higher than those in non-cultural occupations, and this trend has been increasing over time. The PALMS data was used to analyse trends in cultural occupations over three time periods: Period 1, the post-apartheid era (1996-1999); Period 2, the time before the financial crisis (2005 – 2008); and Period 3, the post-financial crisis era (2010-2016). The analysis shows that there has been a particularly fast increase in the proportion of people in cultural occupations with tertiary education, from 16.8% in Period 1 to 26.6% in Period 3. In 2017, 27.3% of those working in cultural occupations had tertiary education compared to only 17.8% of those in non-cultural occupations.

Using the partial equilibrium model, Report 1 estimated the impact that the CCIs have on labour by skills category. This also shows that half of the jobs associated with the CCIs are in the “skilled labour” category (Figure 8), 36% semi-skilled and only 14% unskilled. All the reports thus agree that cultural occupations (and their future growth) depend very much on having a well-educated and skilled labour force.

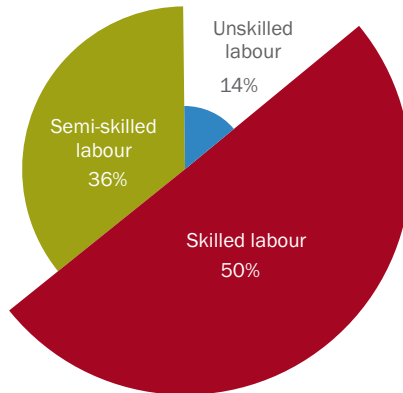


Figure 8: : Total Employment Impact of CCI based on the Skills Categories (%)

Source: Results generated by SAM based Macroeconomic Impact Assessment Model

Higher levels of education also translate into higher average earnings for those in cultural occupations, as found also in the previous mapping study (Figure 9). A lower percentage of those working in cultural occupations fall into the bottom two income categories (R2 500 or less; R2 501-R6 000), and a higher proportion of those working in cultural occupations fall into the higher income categories (from R6001-R16 000 onwards).

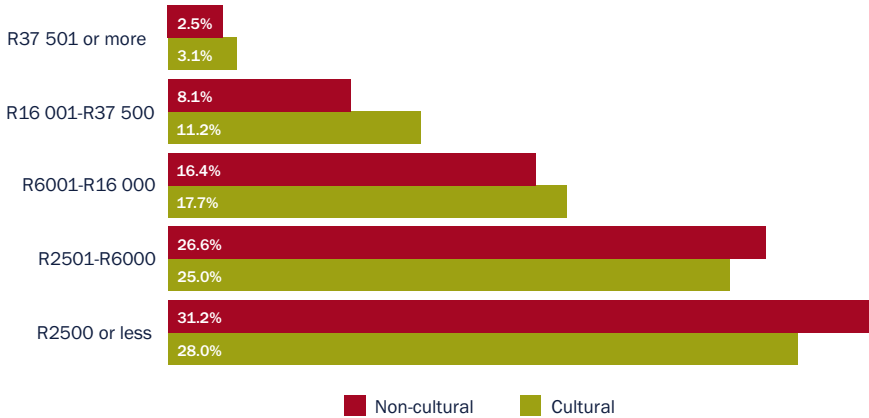


Figure 9: Income categories for cultural and non-cultural occupation workers

(Source: LMDSA annual dataset, 2017. Authors' own percentage calculations)

The PALMS data (which includes a variable showing average monthly income in constant 2015 prices) also shows that, in the post-financial crisis period, those in cultural occupations earn more, on average, than those in non-cultural occupations (Table 2). Average earnings for those in cultural occupations increased dramatically between periods 1 and 3 – a growth in real wage rate of 74%. Interestingly, the fastest growth occurred in the post-financial crisis period (2010 – 2016), when the economy was performing less well than in the pre-financial crisis period. This can be partly explained by the increase in the average levels of education for cultural workers during this period, but may also be the results of increasing policy focus on the cultural and creative industries, and the very fast growth rates (as further discussed in section 6) of the more commercial, digital domains.

Table 3: Changes in average real monthly earnings in cultural occupations 1996 - 2016

Average real monthly earnings (in 2015 prices)	Period 1: Post-Apartheid (1996-99)	Period 2: Before the Financial Crisis (2005-08)	Period 3: Post Financial Crisis (2010 - 16)	Percentage change Period 1 to 3
Cultural occupations	R7,312	R6,183	R11,619	59%
Non-cultural occupations	R6,997	R6,990	R8,816	26%

Cultural occupations for those with 15+ years of education	R13,793	R23,582	R29,737	116%
Non-cultural occupations for those with 15+ years of education	R27,493	R31,229	R31,959	16%
WOMEN in cultural occupations	R5,699	R4,598	R9,416	65%
MEN in cultural occupations	R8,902	R8,142	R13,484	51%
Difference between average real monthly earnings for cultural occupations for men and women	R3,203	R3,544	R4,068	27%

(Source: PALMS annual dataset, 1993 - 2017. Authors' own percentage calculations)

There is still a significant difference between the average earnings of men and women in cultural occupations. Average earnings for men in cultural occupations were R4 000 per month higher than those of women in Period 3, with men in cultural occupations earning an average of R13 000, while women earn R 9000, pointing to an ongoing gender bias in the sector.

TRANSFORMATION AND REPRESENTIVITY

One of the important questions for the CCIs, especially in South Africa, where there is a strong transformation imperative, is their representivity (in terms of reflecting the demographics of the country). Results from the previous mapping study showed that those working in cultural occupations were somewhat less racially representative than those in non-cultural occupations, but that the trend is towards increasing diversity and inclusion. In 2017, 83.6% of people working in cultural occupations were black Africans (71.8%), coloured people (10.1%), or people of Indian or Asian origin (1.8%).

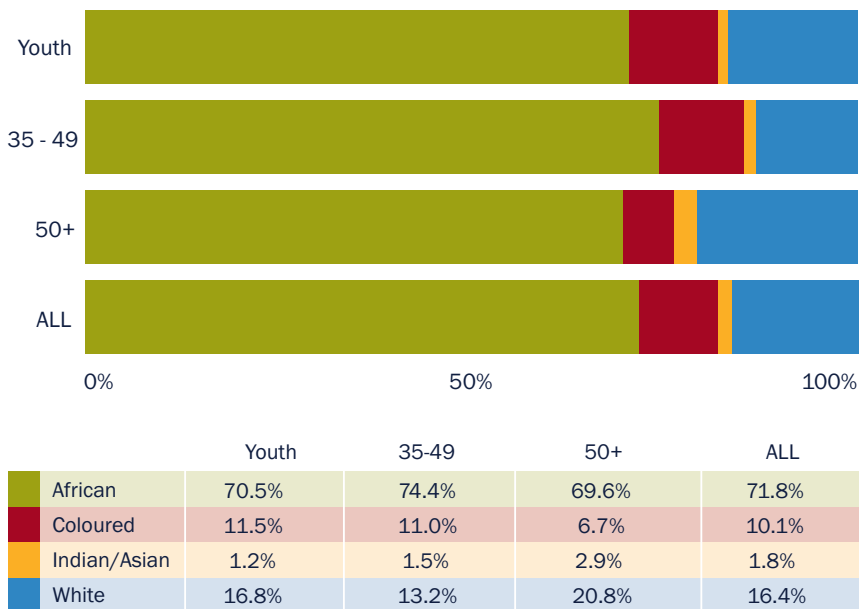


Figure 10: Cultural occupations by race and age group

(Source: LMDSA annual dataset, 2017. Authors' own percentage calculations)

Further evidence that cultural occupations are becoming more representative of the population over time can be found in an analysis of cultural occupations by age and race group (Figure 9). For example, in 2017, those who were older than 50 in cultural occupations were 69.6% black African, 6.7% coloured, 2.9% of Indian or Asian origin, and 20.8% white. Youth in cultural occupations (those up to 34 years old) were 70.5% black African, 11.5% coloured, 1.2% of Indian/Asian origin, and 16.8% white. The PALMS data also shows this trend clearly: In Period 1 (1996 – 1999) only 73% of those in cultural occupations were black, increasing to nearly 82% in Period 3 (2010 – 2016).

In terms of gender, more workers in cultural occupations are men (58.7%), which is very similar to the gender distribution in non-cultural occupations (57%), and demonstrates that the gender bias in employment is also present in cultural occupations (Figure 11). Also as noted in previous studies, the significant underrepresentation of young women in cultural occupations (30.3% of women in cultural occupations are youth compared to 37.8% of young men) is a concerning

trend. This may be because women, who generally carry the most responsibility for family care-giving, find it difficult to enter the labour market early on. This is especially the case for some cultural work, which may require long and erratic working hours and travel. Other explanations relate to gender discrimination and harassment of women found in the cultural sector in many countries, recently publicised by the #MeToo movement.

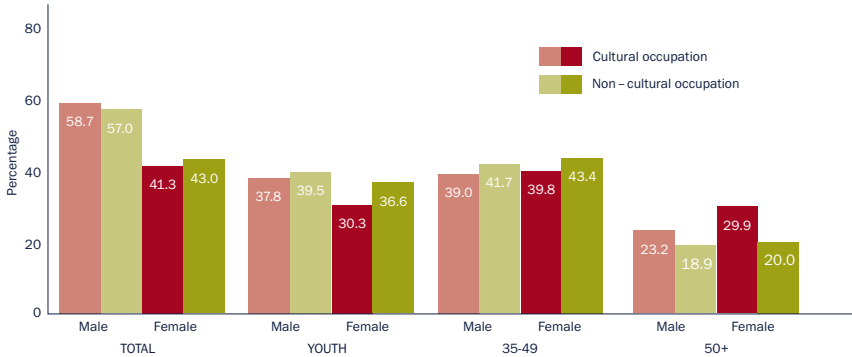


Figure 11: Age groups of those employed in cultural and non-cultural occupations 2017 (Source: LMDSA annual dataset, 2017. Authors' own percentage calculations).

5. INTERNATIONAL TRADE

Trade in cultural goods and services has been linked to economic development in a number of ways. Cultural trade can be seen as the nexus between creativity and globalisation that can offer developing countries a valuable way to move up the value chain, as well as projecting an international country image that could encourage investment in other sectors of the economy. A recent UNCTAD Creative Economy Outlook report (UNCTAD, 2018a) shows that the global market for creative goods more than doubled between 2002 and 2015, and that South-South trade is rising, which could offer opportunities for new emerging market trading partners.

Two methods were used to determine South Africa's international trade in cultural goods and services with the rest of the world. Report 1 used the partial economy-wide economic model to estimate trade in cultural goods and services by domain. Report 3 used primary data to identify trade flows in categories of the 2007 Harmonised System (HS) and the Standard International Trade Classification

Revision 4 (SITC4) that are classified as “cultural products” by the UNESCO Framework for Cultural Statistics (2009). Both methods have advantages and disadvantages. The detailed trade data used for Report 3 can be used to track the imports and exports of cultural goods between countries and trading blocs, which cannot be done in the partial equilibrium model. However, the Report 3 trade data is based on the physical characteristics of the traded goods, which does not provide information on trade in services and digitised cultural goods. Results from both methods are reported on.

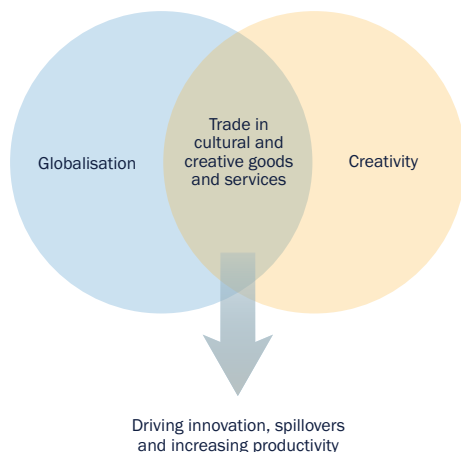


Figure 12: The culture/globalisation nexus
 (Source: Authors' graphic derived from Cornenas-Aualla and Valiati, 2014)

SOUTH AFRICA'S CULTURAL TRADE BALANCE

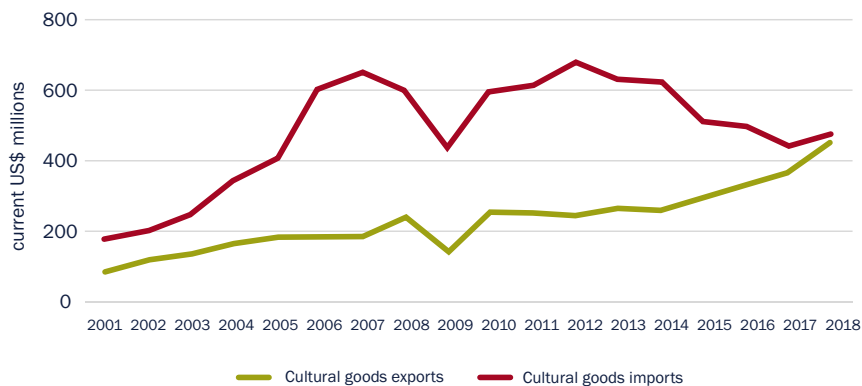


Figure 13: South Africa's total cultural goods trade 2001-2018 (current US\$ millions)

(Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

Like many small, developing economies, South Africa has an overall cultural trade deficit, with the value of cultural imports being more than cultural exports. Report 1 estimates that in 2018, South Africa had a cultural trade (including both goods and services) deficit of R1,9 billion. Cultural goods trade data (Report 3) also shows a deficit in cultural goods trade in 2018: South Africa's cultural goods exports were valued at US\$ 446.5 million and cultural goods imports at US\$ 469.8 million.

However, the cultural trade deficit has fallen dramatically since 2012 (Figure 13). This is because cultural goods exports have grown faster than cultural goods imports, reducing the trade deficit over time. It is also interesting to note that, while South Africa's cultural goods exports and imports currently make up a small percentage of the value of international trade overall (Table 4), the value of cultural goods exports has been growing faster than the exports of other goods. SA's cultural goods exports grew at 14.6% per year between 2015-2018, making up 0.47% of SA's total commodity exports in 2018 (up from 0.37% in 2015). SA's cultural goods imports have fallen dramatically since 2012, making up 0.50% of SA's total commodity imports in 2018 (down from 0.6% in 2015).

Table 4: South Africa: percentage shares of cultural goods trade in total commodity trade

	2001	2003	2006	2009	2012	2015	2018
Cultural goods exports%	0.35	0.45	0.35	0.27	0.25	0.37	0.47
Cultural goods imports%	0.70	0.70	0.88	0.69	0.65	0.60	0.50

(Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

SOUTH AFRICA'S CULTURAL GOODS TRADING PARTNERS

The largest share of South Africa's cultural goods exports go to partners in the North American Free Trade Area (NAFTA) (33.2%), followed by the rest of Africa (23%), rest of BRICS (22.1%) and the EU (15%). The largest share of South Africa's cultural goods imports come from the rest of BRICS (39.5%) and the EU (24%)

(Table 5).

Cultural goods trade with BRICS countries is dominated by trade with China and, on the import side, India (Cattaneo and Snowball, 2018). In 2018, China was the single most important cultural goods trading partner for South Africa, accounting for 21.5% of South Africa's cultural goods exports and 36.3% of cultural goods imports. Cultural goods trade with the EU is most prominent with the UK, Italy and Germany. Exports to these countries from South Africa are mostly in the Visual Arts and Crafts domain, particularly in fine art and jewellery.

Table 5: South Africa's cultural goods trade: selected regions 2018 (US\$ millions)

	SA exports	% Exports	SA imports	% Imports
EU28	66.930	15.00	112.849	24.00
Rest of BRICS	98.743	22.10	185.594	39.50
Rest of Africa	102.799	23.00	19.126	4.07
NAFTA	148.068	33.20	41.810	8.90
Middle East	5.402	1.21	2.333	0.50
East Asia less China	4.309	0.97	38.449	8.19
Latin America less Brazil	0.560	0.13	3.090	0.66
World	446.300	100.00	469.714	100.00

(Source: Authors' computations from ITC, 2020a)

From a regional perspective, it can be seen that South Africa has a cultural goods trade surplus with the rest of Africa, NAFTA and the Middle East. It is interesting to note that this surplus is greatest with NAFTA, underscoring the importance of the US as a destination for South Africa's cultural goods exports. While South Africa's cultural goods trade with the Middle East is comparatively small at present, the cultural trade surplus evident in Table 4 underscores the potential for export promotion to this region. This would be in line with South Africa's Trade Policy and Strategy Framework update document which emphasises the development of trade and investment relations with non-traditional trading partners including countries in the Middle East, Turkey and NAFTA member Mexico (the dti, 2012: 6).

6. DOMAIN-LEVEL ANALYSIS

The results of all three reports in the CCI Mapping Study can be used to analyse the current economic size and future potential of the six main cultural domains. This is not to say that domains with smaller economic impacts do not contribute value to society – they both generate GDP and create employment, as well as playing an important role in intrinsic cultural value production. This is especially important for sectors with large non-commercial sections, like Cultural and Natural Heritage (Domain A) which includes museums and archaeological and historical places; and Books and Press (Domain D), which includes public libraries.

GDP Contribution by Domain (Figure 14) is largest for Design and Creative Services (Domain F), which includes fashion, graphic, interior and landscape design, as well as architectural and advertising services. This domain makes up half of the overall direct contribution of the CCIs to South Africa's GDP. Domain D, Books and Press, makes up 14% of the contribution of the CCIs to GDP. This domain includes books, newspapers and magazines, libraries and book fairs. Audio-visual and Interactive Media (Domain E) makes up 11% of the GDP contribution, and includes film and television, podcasts and video games.

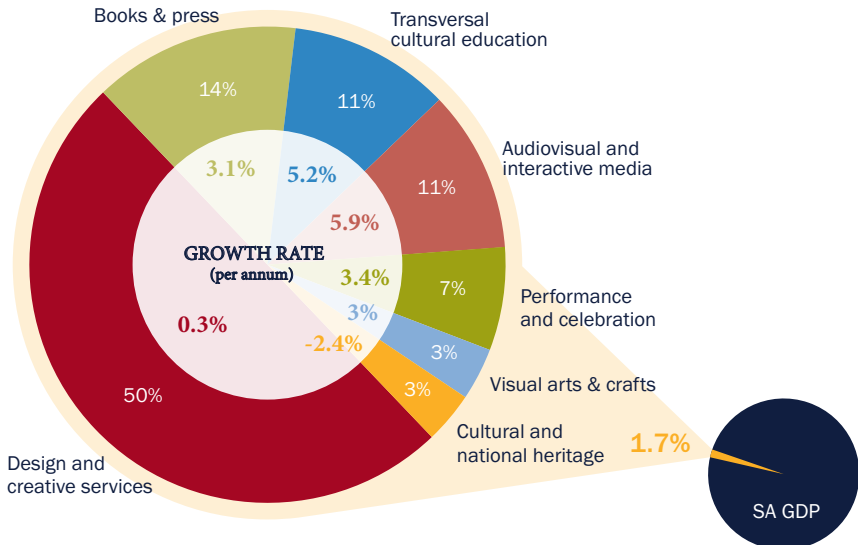


Figure 14: Share of GDP contribution and annual growth rate by domain

The fastest growing domains in terms of GDP contribution, are Audio-Visual and Interactive media, which grew at 5.2% per year between 2016 and 2018 and

Visual Arts and Crafts (5.3%). Domains with slower, but still positive growth are Performance and Celebration (3.4%), and Books and Press (3.1%). Design and Creative Services had a very slow GDP growth rate (0.3%) and Cultural and Natural Heritage declined (-2.4%).

Capital (for investment) is a scarce resource in South Africa, so the GDP contribution to capital ratio (the GDP/Capital ratio) is an important indicator of effectiveness (Table 6). The biggest impact on GDP per Rand increase in capital investment is for Visual Arts and Crafts (Domain C) and Books and Press (Domain D), followed closely by Design and Creative Services (Domain F) and Audio-visual and Interactive Media (Domain E).

In terms of **Employment**, by far the largest domain remains Visual Arts and Crafts (Domain C), which accounts for 43.8% of creative and cultural jobs (Report 2, which includes both formal and informal sector employment). This is followed by Books, Information and Press (14.5%) and Design and Creative Services (11.8%). Much smaller contributions from Performance and Celebration (5%), Audio-Visual and Interactive Media (2.7%), and Cultural and Natural Heritage (0.6%) follow these three large domains. The transversal domain of Intangible Cultural Heritage (which includes categories such as ‘Traditional chiefs and heads of villages’, and ‘Religious and associated professionals’), make up 21.5% of cultural occupations in South Africa.

The (formal sector) jobs created as a result of an increase in investment (that is, the Labour/Capital ratio) is highest for Visual Arts and Crafts (Domain C), Audio-Visual and Interactive Media (Domain E) and Design and Creative Services (Domain F).

Table 6: Economic contributions of the CCIs by domain

A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	E. Audio-Visual and Interactive Media	F. Design and Creative Services
Real Production Growth rate per annum (2016 to 2018)					
-2.40%	3.40%	5.30%	3.10%	5.20%	0.30%
GDP/Capital Ratio					
0.25	0.25	0.3	0.3	0.26	0.28
Labour/Capital Ratio					
0.88	0.89	1.18	0.99	1.02	0.99

Trade Balance (Rm) 2018					
-69	-300	2065	-1092	-2727	331
Growth rate in cultural goods exports 2017-2018					
5.1%	-5.0%	31.9%	26.2%	-50% (change in classification)	853.8% (note very low base)
Share of cultural employment (2017)					
0.6%	5.0%	43.8%	14.5%	2.7%	11.8%
Change in share of cultural employment between Period 1 (1996 – 1999) and Period 3 (2010-2016)					
184%	25%	-6%	-46%	197%	31%
Average real monthly earnings in Period 3 (2010-2016)					
R28,481	R19,813	R5,789	R17,217	R21,035	R17,901

Domains also change their size, in terms of employment over time. While the number of cultural occupations in South Africa has risen over time, the shares of each domain have changed. Historical data from the Post-Apartheid Labour Market Series (PALMS) (Report 2) shows that the domain with the fastest relative employment growth rate was Audio-Visual and Interactive Media (197%), which nearly tripled its share of cultural occupations between Periods 1 (1996-1999) and 3 (2010 - 2016). Cultural and Natural Heritage also grew quickly, although this domain makes up a small overall percentage of cultural employment (0.6% in 2017). Design and Creative services, which makes up nearly 12% of all cultural occupations, grew 31%, and Performance and Celebration jobs grew 25%.

Two domains declined in terms of their shares of cultural occupations between Periods 1 and 3: Visual Arts and Crafts fell slightly (-6%) and Books and Press fell dramatically (-46%). The latter is a reflection of the challenges faced by the publishing industry in South Africa. This domain also suffered the largest decline, in terms of the proportion of cultural sector employment, which fell from making up nearly 32% of cultural occupations in Period 1 to only 17% in Period 3.

PALMS data (Report 2) can also be used to track earnings. The data shows that the domain with the highest average monthly earnings (measured in constant 2015 prices) for the period 2010 – 2016 was Cultural and Natural Heritage, followed by Audio-Visual and Interactive Media and Performance and Celebration. The domain with the fastest growth in average real earnings between Periods 1 (1996 – 1999) and 3 (2010 – 2016) was Performance and Celebration, followed by Audio-Visual

and Interactive Media. None of the domains suffered a real decrease in average income, but the domain with the smallest percentage increase was Visual Arts and Crafts, which also has by far the lowest average earnings for any domain.

For **international trade** in cultural goods and services, the largest positive trade balance for 2018 was in the Visual Arts and Crafts domain, which also had the fastest growth in the value of cultural goods exports in recent times (31.9% between 2017 and 2018). Design and Creative Services also has a small trade surplus, and is growing the value of its exports very quickly, although the volume of trade in this domain is still very small. Looking only at cultural goods (Report 3) the next largest export domains are Performance and Celebration and Books and Press (with an export growth rate of 26.2% in the last year), but these are also the domains with the largest cultural goods trade deficits. Including goods and services, Audio-Visual and Interactive Media has the largest trade deficit. While its cultural goods exports appear to have shrunk over the last year, this may partly be because of some reclassification of codes away from this sector (in particular, video games).

The previous mapping study found a Visual Arts and Crafts trade deficit which has now become a trade surplus. This is an important achievement because it has happened despite a recent upturn in imports in this domain. Visual Arts and Crafts is also the largest domain in terms of absolute trade figures and thus offers important opportunities for driving GDP growth and job creation. Export sub-sectors of major importance within Visual Arts and Crafts in the most recent period include “Articles of jewellery & parts thereof, of other precious metal (excl. silver)” with a 69 percent share of the domain’s exports in 2018. This is followed by “Original sculptures and statuary” at 7.4 percent and “Paintings, e.g. oil paintings, watercolours and pastels, and drawings...” at 6.1 percent. It is interesting to note that the Crafts sub-domain was previously designated as a focus sector in South Africa’s Industrial Policy Action Plans (IPAPs).

7. KEY FINDINGS AND POLICY IMPLICATIONS

The overall goal of the CCI Mapping Study 2020 was to provide updated information on how the cultural and creative industries contribute to the economy of South Africa in terms of GDP, employment and international trade. As it is part of the mandate of the South African Cultural Observatory to produce reliable and internationally comparable statistics, the UNESCO Framework for Cultural

Statistics (2009) was used to define and measure the sector. The way in which this mapping study contributes to the “Indicators for Culture 2030” (UNESCO, 2019) is demonstrated in Figure 15.

In 2018, the CCIs directly contributed 1.5% of South Africa’s GDP (R74,39 billion, up from R62 billion in 2016). The sector is also growing faster than the rest of the economy: 2.4% real growth rate per annum between 2016 and 2018, compared to 1.14% for the South African economy as a whole. When the linkage (multiplier) effects are included, the CCIs account for and estimated 5.2% of South Africa’s GDP. The increasing size and faster growth rate of the cultural economy justifies its inclusion as a focus area in the Reimagined Industrial Strategy being developed by the Department of Trade and Industry.

Using the cultural trident method (which includes people in cultural occupations working in the cultural sector as well as working in non-cultural firms, as well as people in non-cultural occupations working in cultural firms), the creative economy accounts for 7% of all employment in South Africa (an estimated 1.14 million jobs), up from 6.72% in 2016. While the number of cultural jobs changes sharply when GDP declines, cultural employment has been growing at a faster rate than other jobs since 2016.



Figure 15: Mapping the South African Cultural Economy using UNESCO 2030 Indicators

Overall, the results show positive trends in cultural occupations in South Africa, both in the more recent period and over the longer term. The number and proportion of cultural occupations in South Africa is increasing, despite relatively slow economic growth of the country. Average real incomes in all domains have increased since the post-apartheid period, and the people working in cultural jobs are becoming more representative of the population. Small, but quickly growing, domains, like Audio-Visual and Interactive Media, have great potential for future job creation. While still dominated by the three provinces with the largest cities, cultural employment is also becoming more evenly spread to other, more rural, but faster growing provinces.

Challenges that remain are the gender bias, evident in the lower proportion of women, particularly young women, working in cultural occupations, as well as their generally lower earnings than men in cultural occupations. Policies that encourage and enable more women to work in the cultural sector could dramatically increase their job creation potential. It is also clear that, going forward, growth in the CCIs is going to be dependent on having a well-educated workforce: in the post-financial crisis period, more than half those in cultural occupations have either completed high school or have some form of tertiary education as well. Access to accredited, industry-relevant tertiary education is going to become increasingly important for the cultural economy.

Like many smaller, open economies, South Africa had a cultural trade deficit of R1.9 billion in 2018. However, South Africa's trade deficit in its cultural goods trade globally has decreased markedly since 2012. The trade deficit narrowed even further in 2018, with growth of cultural goods exports accelerating even as import growth recovered. In 2018, South Africa's cultural goods exports were valued at US\$446.5 million, while the value of cultural goods imports was US\$469.8 million.

An interesting finding is that, despite the current lack of preferential trade agreements with other African countries, Africa is the second largest market for South African cultural goods exports (23% of all SA cultural goods exports are to other African countries), followed by BRIC countries (22.1%). Strong export growth in the Visual Arts and Craft domain continued to drive the trend in the trade balance, and this domain also now has a trade surplus. South Africa's total cultural goods export growth continued to outperform total commodity export growth in the period 2015-2018, with an average annual growth rate of 14.6 percent relative to 5.6 percent. South Africa's trade and industrial policymakers emphasise the importance of increasing the value added content of South Africa's exports, and cultural trade may be an important contributor to this strategy. In the light of services trade negotiations underway in the African Continental Free Trade

Area (AfCFTA) it is important to identify offensive and defensive interests in the relevant cultural goods and services sectors.

From the point of view of economic growth and job creation, investment in **Design and Creative Services**, which is currently the largest contributor to GDP in the CCI, and has high GDP/Capital and Labour/Capital ratios, would be a productive option. The labour market survey data (which includes both formal and informal occupations) shows that it accounts for nearly 12% of all cultural occupations. From an international trade perspective, South Africa has a trade surplus (the value of imports is less than the value of exports) in this domain, thus earning valuable foreign exchange.

Audio-visual and Interactive Media is currently quite small in terms of its GDP contribution (11%), but has one of the fastest production growth rates (5.2% per annum), as well as reasonably good GDP/Capital and Labour/Capital ratios. The PALMS (labour market survey) data shows that it is also one of the fastest growing domains in terms of the number of jobs and average earnings. However, it also has a very large trade deficit, which may indicate the need for a more defensive stance in future trade negotiations.

Visual Arts and Crafts currently accounts for a small proportion of the GDP contribution of the CCI (3%), but have the highest (formal sector) GDP/Capital and Labour/Capital ratios. It is also one of few domains where South Africa has an overall international trade surplus, and is growing quickly (5.3% per annum) in terms of GDP contribution. The UNCTAD Creative Economy Outlook report (2018) showed that South Africa is amongst the top 10 developing country exporters of visual arts. Using the labour market survey data (which includes the informal sector), it is the largest domain in terms of employment (44% of all cultural occupations are found in this domain). However, a challenge is that the PALMS data shows that Visual Arts and Crafts has by far the lowest average earnings (monthly income for people in occupations in this domain) of any CCI domain in South Africa.

Domains A, B and D contribute less economically, but have important non-market, cultural values as well. **Books and Press** (domain D) makes up 14% of the CCI's contribution to South Africa's GDP, and had an annual growth rate of 3.1% per year between 2016 and 2018. Including formal and informal sectors, it made up 14.5% of CCI employment in 2017. However, its share of cultural jobs within the CCI has fallen dramatically since the 1996-1999 period – a 46% decline. Other than Visual Arts and Crafts, it had the lowest average real monthly income between 2010 and 2016. These are indications that the sector is struggling to adapt to the shift to digitisation in large parts of its production. Books and press

can play an important role in education and in telling South African stories, and contribute to identity formation and heritage conservation. The domain may need some support to preserve these non-market values.

Performance and Celebration contributes 7% of the CCI's share to South Africa's GDP and has a growth rate of 3.4%. It has lower GDP/Capital and Labour/Capital ratios and a negative trade balance, with negative growth in the value of its exports between 2017 and 2018. It makes up 5% of CCI employment. **Cultural and Natural Heritage** contributes 3% to the CCI's share of South Africa's GDP. Although it grew dramatically between 1996 and 2008 in terms of the number of jobs in the sector, it has now slowed down, and had a negative 2.4% growth rate over the last 3 years. However, in terms of international cultural goods trade, it is one of only a few domains where South Africa has a surplus, and exports grew at 5.1% between 2017 and 2018.

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