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Measuring and valuing South Africa's cultural and sport economy



Research Report

The Macroeconomic Impact of the CCI&S in
South Africa

Submitted to:
Department of Sports, Arts and Culture

Submitted by:
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South African Cultural Observatory

Report

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Executive Summary

The cultural, creative industries and sports industries (CCI&S) are vibrant and dynamic phenomena in South Africa's economy. They include an extensive array of goods and activities in traditions, literature, music, visual arts, knowledge-based activities, film, and sports. The activities are a product of human intellect and artistic capabilities. These industries, driven by human intellect and artistic prowess, thrive on experimentation and problem-solving, often leading to innovative approaches. They significantly shape the country's economic landscape by contributing to its identity, providing entertainment, and fostering leisure. Their importance extends beyond South Africa, championing innovation, employment, and economic development throughout the continent. For example, Africa has a share of 1.5% in the global share of the creative economy and is responsible for about 5% of the global creative employment (UNCTAD (2022)). The CCS industries are well-known for generating multiplier effects on other related industries, hence governments around the world have identified the industries as one of the new drivers of local and economic growth. Over time, periodic assessment of the industries has become necessary for responsive interventions that unlock the ever-expanding trade and employment potential of the industries.

This report delves into quantifying the macroeconomic impact of the CCI&S industries on the South African economy using the latest available dataset from 2021. The calculation of economic impact employs a Macro-Economic Impact Assessment (MEIA) model based on a Social Accounting Matrix (SAM). Notably, the CCI&S do not have a dedicated position in the SAM, where they are explicitly displayed in detail. To navigate this glaring challenge, a Satellite Account for the Cultural, Creative, and Sports Industries was created and embedded into the Social Accounting Matrix. A SAM was converted into a MEIA model to quantify the impact of the Cultural, Creative, and Sports industries on the South African economy in 2021. Key findings reveal that in 2021, the CCI&S collectively contributed approximately 4.3% to the national GDP and sustained 7.6% of total employment.

The macroeconomic indicators show the following:

- **GDP:** The impact of the CCI&S on the GDP of South Africa was R250 billion in 2021.
- **Employment:** The estimated job opportunities sustained by CCI&S in 2021 account for 1 125 866 occupations (direct, indirect, and induced).
- **Fiscus:** The annual fiscal impact of the CCI&S amounted to approximately R103 billion per annum through direct and indirect taxes. This income can finance different types of socioeconomic services like paying for teachers, hospitals, and low-cost housing.
- **Household income:** The total impact on household income amounts to R220 billion, of which 19% is accrued to lower-income households. Thus, of the total income generated directly and indirectly through the CCI&S, a significant percentage reaches the poor communities in South Africa.

Notably, the Design and Creative Services, followed by Sports and Recreation, were the main contributors to the overall GDP of the CCI&S in 2021. Both domains contributed 21% and 20.6% respectively. On the contrary, Performance and Celebration, and Cultural and Natural Heritage had the least contribution to total GDP contribution respectively. This can be explained by the negative impact the lockdown and various COVID-19 regulations had on those specific industries. The Sports

industry emerged as a significant job creator in 2021, with skilled occupations dominating. About 25% of the occupations were from the Sports industries followed by the Audio-visual and Interactive Media (21%). The results also revealed that the CCI&S mostly generated skilled occupations in 2021. However, a combination of semi-skilled and unskilled occupations was leading in the job creation of the CCI&S industries.

Adding to the foregoing, the government also managed to collect taxes and support households. Taxes that were collected in 2021 are worth R103 billion. Low-income households benefited R41 billion from the R154 billion that went to households. Regarding transformation, the CCI&S still have considerable ground to cover. While all racial groups are present within these industries, it's apparent that women remain underrepresented. Furthermore, ownership within the CCI&S continues to lack adequate representation from previously disadvantaged groups.

In conclusion, there exist boundless opportunities for the CCI&S sectors in South Africa's future. As digital transformation unfolds, it's imperative for the country to position itself competitively on the global stage. This necessitates the implementation of policies to ensure access to relevant technologies for these industries. Support should be extended to facilitate a seamless transition and continual enhancement of their competitive edge. Additionally, educational institutions should be equipped to prepare students for future occupations, ensuring the availability of necessary skills for the creative economy within the workforce.

Contents

Executive Summary	3
List of Tables	7
List of Figures	7
List of Abbreviations	8
1. Introduction	1
2. The Macroeconomic Overview	4
2.1. The Economic Overview of South Africa.....	4
2.1.1. GDP	4
2.1.2. Unemployment.....	5
2.1.3. Inflation	5
2.1.4. Exchange Rate	5
2.2. The Cultural, Creative, and Sports Industry Overview.....	6
2.2.1. GDP	6
2.2.2. Employment	7
2.2.3. Trade.....	7
3. The importance of the cultural, creative, and sports industries	8
3.1. Cultural and Creative Industries	8
3.2. The Sports Industries.....	9
4. Trends and Indicators of the cultural, creative, and sports industries.	11
4.1. Possible Post-Covid Recovery Strategies.....	19
5. Spend analysis on CCIs and Sports.....	20
6. Methodology to estimate the economic contribution of the CCI&S	26
6.1. Economic Contribution Approach.....	26
6.1.1. The System of National Account.....	26
6.1.2. The Process of Compiling a SAM	33
6.1.3. Economic Multipliers	33
6.2. Introduction to the Satellite Account	35
6.2.1. The Process of Creating a Satellite Account for the Cultural, Creative, and Sports Industries in South Africa.....	36
6.2.2. Identification of Cultural Domains and Sub-domains using the most recent UNESCO Framework for Cultural Statistics	37
6.2.3. Matching the Annual Financial Statistics sectors to UNESCO Framework	38
6.2.4. Distribution of production control total of CCI&S	44
6.2.5. Disaggregating the income and expenditure side of the CCI&S at sub-domain level	44
6.3. Macroeconomic Impact Assessment Model.....	47

6.4.	Data Sources	47
The primary data sources used in compiling the CCI&S SAM for the present study is outlined in the table below:		47
6.5.	Limitations of a SAM-Based Model.....	48
6.6.	Approach to calculating CCI&S Trade	48
6.7.	Approach to calculating Cultural and Sports Occupations	50
7.	The Economic Contribution of Cultural, Creative, and Sports Industries	51
7.1.	Contribution to GDP	54
7.2.	Employment	54
7.2.1.	Household Impact.....	56
7.2.2.	Multiplier Impact.....	56
7.2.3.	National GVA and Cultural and Creative Industries GVA Trends	57
8.	Trade Contribution to the Cultural, Creative, and Sports Industries	60
9.	Cultural, Creative, and Sports Occupations and Transformation	63
10.	Consumption Expenditure on Recreation and Entertainment	68
11.	Conclusions and Recommendations	70
12.	References	72
Appendix A: Description for the Social Accounting Matrix Framework for South Africa		74
Appendix B: HS six-digit product code		75

List of Tables

Table 1: Schematic Representation of a Social Accounting Matrix	30
Table 2: 2009 UNESCO Framework for Cultural Statistics	37
Table 3: Matching AFS and UNESCO Framework	39
Table 4: Production distribution of Other Information Service Activities (Manufacture of Musical Instruments, photographic activities, book publishing) – Income side	44
Table 5: Production distribution of Other Information Service Activities – Expenditure side	44
Table 6: A National Accounting Matrix Framework for South Africa	46
Table 7: EBOPS cultural services trade categories.....	49
Table 8: Macro-Economic Indicators	51
Table 9: CCI&S Production Size of the Domains	52
Table 10: Economic Contribution of the Cultural, Creative, and Sports Industries 2021.....	53
Table 11: Employment contribution according to the cultural and creative industries domains (Number of job opportunities).....	55
Table 12: The CCI&S Impact on Household Income, R million	56
Table 13: Multiplier Effect	57
Table 14: Multipliers Per Domain	57
Table 15: National GVA and CCI GVA at Basic Prices over 6 years	58
Table 16: Macroeconomic Indicators of the CCIs and Sports in 2021	59
Table 17: Cultural goods trade and shares for the Years 2016 to 2021, US\$ millions.....	61
Table 18: South Africa’s cultural goods trade shares with selected regions, (2021, US\$ millions)	61
Table 19: South Africa’s cultural goods trade by domain with USMCA and SADC, 2021 US\$ Millions	62
Table 20: Cultural Occupations	63
Table 21: CCI&S enterprises by Race	67
Table 22: Household Consumption Expenditure Distribution for the Years 2018 and 2022	68
Table 23: The Media and Entertainment Outlook in South Africa, 2021-2027 (R Millions)	69

List of Figures

Figure 1: Framework for Cultural Statistics – UNESCO Institute for Statistics (FCS/ISU)	2
Figure 2: Recreation Development and Sport Promotion programs.....	22
Figure 3: Arts and Culture Promotion and Development programs.....	23
Figure 4: Heritage Promotion and Preservation programs.....	23
Figure 5: DSAC budget allocation to programs.....	24
Figure 6: Municipal and Provincial expenditure	25
Figure 7: Schematic Representation of Direct, Indirect and Induced Impacts	34
Figure 8: Steps to Build the CCI&S Satellite Account.....	36
Figure 9: Method used to extract CCI&S production values from the Annual Financial Statistics.....	38
Figure 10: Disaggregation of the income and expenditure side of the CCI&S at sub-domain level.....	45
Figure 11: Cultural Trident Model (Higgs and Cunningham, 2008)	50
Figure 12: Domain Contribution to GDP, 2021 (R Millions).....	54
Figure 13: Skills Distribution of the CCI&S Occupations	55
Figure 14: Cultural Goods Exports and Imports, 2021 (\$US Millions)	60
Figure 15: Cultural Occupations by Gender in 2021	64
Figure 16: CCI&S Occupations by Race Groups in 2021.....	65
Figure 17: CCI&S Occupations by Education Level in 2021.....	65
Figure 18: CCI&S Occupations by Age Groups in 2021	66
Figure 19: Number of CCI Enterprises in South Africa in 2021	67

List of Abbreviations

AFS	Annual Financial Statistics
AI	Artificial Intelligence
AR	Augmented Reality
BPM	Balance of Payments and International Investment Position Manual
CSA	Creative South Africa
CCI	Cultural and Creative Industries
CCI&S	Cultural, Creative Industry, and Sports Industries
CGE	General Equilibrium Model
DSAC	Department of Sports, Arts, and Culture
EBOPS	Extended Balance of Payment Services
EU	European Union
FCS	Framework for Cultural Statistics
GDP	Gross Domestic Product
GHS	General Household Survey
GOS	Gross Operating Surplus
GVA	Gross Value Added
HS	Harmonised Commodity Description and Coding System
I-O	Input-Output
IMF	International Monetary Fund
KMA	Keynesian Multiplier Analysis
LMD	Labour Market Dynamics
MEIA	Macro-Economic Impact Assessment
MTEF	Medium Term Expenditure Framework
NFTs	Non-Fungible Tokens
QES	Quarterly Employment Statistics
QFS	Quarterly Financial Statistics Survey
QLFS	Quarterly Labour Force Survey
SACO	South African Cultural Observatory
SADC	Southern African Development Community
SAM	Social Accounting Matrix
SDG	Sustainable Development Goals
SIC	Standard Industrial Classification
SITC4	Standard International Trade Classification
SNA	Systems of National Accounts
StatsSA	Statistics South Africa
SU-Tables	Supply and Use Tables
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USMCA	US-Mexico-Canada
VR	Virtual Reality

1. Introduction

The Cultural, Creative Industry and Sports (CCI&S), (also referred to as the creative economy or orange economy) is an important sector for most economies. The creative economy has a positive impact on people's livelihoods and social well-being. As observed by the United Nations General Assembly resolution 74/198, the sector contributes to several sustainable development goals (SDGs) including generating decent jobs, inclusivity, innovation, reduced inequality, sustainable consumption and production processes, and peaceful societies among others. CCIs are considered a growth engine, with an above-average growth potential. The industry is dynamic in nature, new and innovative ideas are constantly introduced, creating job opportunities and income for the economies (ADBI, 2022).

Globally, the sector contributes 3.1% to the gross domestic product (GDP) and accounts for 6.2% of employment worldwide. The industries generate about 50 million jobs around the world and recorded an impressive growth of 9% annually. At 12%, the growth is even higher in developing nations (United Nations, 2022). What's more, those who are mostly employed in the sector are young people between the ages of 15 to 29 years, which is crucial for developing nations that mostly battle with youth unemployment. The sector's exports have grown at an impressive 7% growth rate before 2015, and it is forecasted to grow at around 10% by 2030 (United Nations Educational, Scientific, and Cultural Organization (UNESCO), 2022). The sports industry was estimated to be almost 487 billion U.S. dollars in 2022 and it is expected to grow to 512 billion US dollars in 2023¹. The growth may be attributed to the end of restrictive measures from the COVID-19 pandemic, which put a strain on companies' operations.

According to the South African Cultural Observatory (SACO), the South African cultural and creative industries accounted for 3% of GDP in 2020. The industries are approximately the same size as the agricultural sector. About 0,37% of cultural goods were exported in 2020. The sector was responsible for 6% of employment in South Africa in 2019. The South African sports industry contributes about R50 billion annually to the country's GDP. Other sectors that have an important role in the industry include sports infrastructure, sports events, and sports tourism. For example, sports tourism was estimated to be in value of almost 4 million US dollars in 2022. The benefits emanating from sports tourism accrue up to the grassroots level, benefitting local communities and small businesses.

Even though the CCIs have a huge growth potential, they are easily affected by negative changes in the economy. For example, in 2017 the CCIs in South Africa grew at 3.4%, outpacing the country's economic growth. However, in 2019, the sector shrank to -1.1%, while the general economy still had slow growth. The foregoing point to the need for innovative and responsive policies, which aim to support the growth of the creative economy in South Africa.

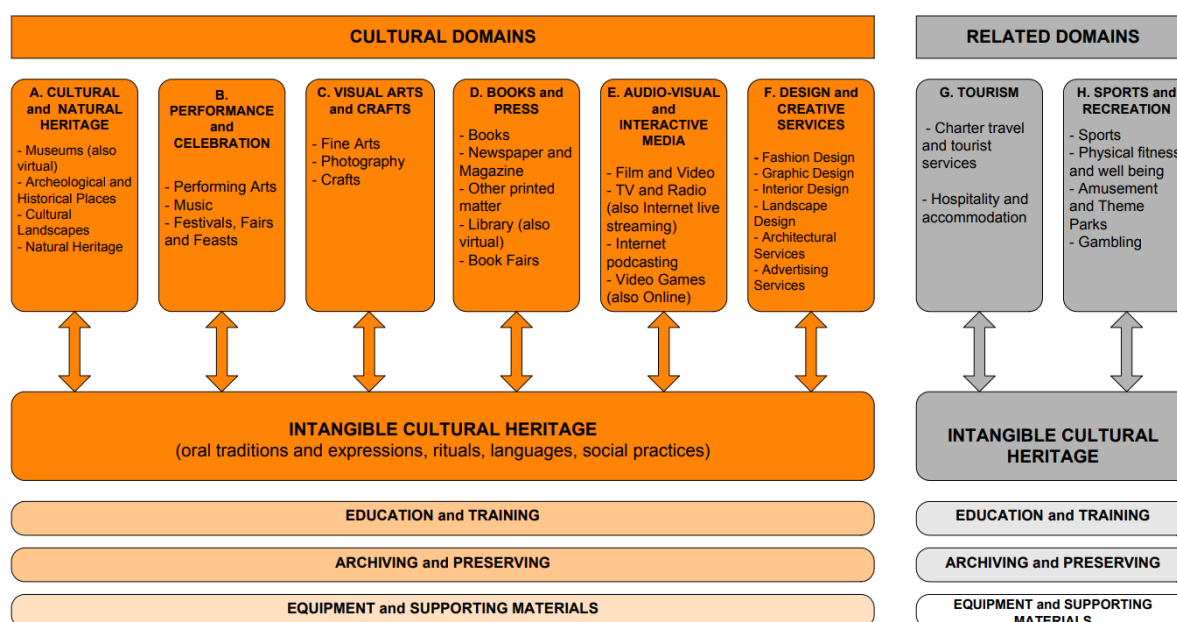
¹ The Business Research Company. Sports Global Market Report 2023. Available on: <https://www.thebusinessresearchcompany.com/report/sports-global-market-report>. [Accessed on 29 November 2023]

1.2. Defining the Cultural, Creative, and Sports Industries

The creative economy is an evolving concept, which currently does not have a universal definition. The terms creative economy and creative industry do not mean the same thing in countries and governments. The creative industries encompass specific industries of a creative nature, while the creative economy sums up all output derived by creatives, which is sometimes difficult to quantify. The industries are deeply rooted in human capital; hence it has a huge job creation potential. The output stems from individual creativity, imagination, inspiration, skills, and talent, which in turn translates to wealth.

UNESCO (2023) defines the cultural, creative Industry, and sports (CCI&S) as “the creation, production, and commercialization of products which are intangible and cultural in nature” and, which are “...protected by copyright and they can take the form of a good or a service’. The figure below shows the different domains under the industry.

Figure 1: Framework for Cultural Statistics – UNESCO Institute for Statistics (FCS/ISU)



Source: UNESCO (2023)

Similarly, according to the United Nations Conference on Trade and Development (UNCTAD), the cultural and creative industry mainly includes advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research, and development, software, computer games, electronic publishing, and TV/radio. In South Africa, 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, craft art, functional wares, and souvenirs); cultural tourism; and the cultural heritage sector (museums, heritage sites and cultural events such as festivals and commemorations) (CSA, 1998).

The South African government has also established the industry's importance in creating economic and social benefits. This is evident in several official strategy documents that were previously written to develop sector². The Cultural and Creative Industries Master Plan released in 2022 is the most recent offering that aims to set up specific interventions to assist in creating decent work for the citizens of the country. However, it is important to regularly determine the picture and the impact of the creative industries on the South African economy. It is for that reason, SACO commissioned the mapping of the CCI&S, which started in 2018. The aim is to compile annual KPI reports on the impact of CCI&S and Sports Industries on the South African economy. The sports industry is a new addition to the report, it was previously not included in the previous project scope. This is Chapter 1 of 4 separate Chapters. The contents of the Chapters will be as follows:

- Chapter 1: The Macroeconomic Impact of the CCI&S in South Africa
- Chapter 2: Provincial Profiles
- Chapter 3: Metro Profiles
- Chapter 4: Quarterly Trends

The outline of Chapter 1 is as follows; Section Two looks into the Macroeconomic Overview. This is a necessary context which sharpens focus on specific macro-economic indicators of interest (and consequence) to the creative economy. Section Three discusses the importance of the Cultural, Creative industries and Sports in promoting livelihoods and influencing national economic growth. This is a necessary analysis, which seeks to find (and make explicit) the merits of allocating more resources to the sector. Narrowing focus to the performance of the creative economy. The fourth section considers trends and Indicators of the Cultural, Creative, and Sports industries. Section Five undertakes *spend analysis* on CCI and Sports, based on Department of Sports, Arts, and Culture (DSAC) development programmes for the creative economy. The analysis is limited to 2019/20 to 2022/23 financial years. Section Six outlines the Methodology used in the study; Using a Macro-Economic Impact Assessment (MEIA) to estimate how the activities of the CCI&S in one or more parts of the economy affect other sectors of the economy. The economic contribution of the CCI&S is presented in section seven. This is followed by analyses of the trade contribution of the CCI&S in section eight. Section nine discusses the CCI&S occupations. The Consumption Expenditure on Recreation and Entertainment is analysed in the tenth section. The study concludes with section eleven.

² Cultural Industries Growth Strategy (CIGS, 1998), Accelerated and Shared Growth Initiative for South Africa (ASGISA), National Industrial Policy Framework (NIPF), New Growth Path (NGP) and the National Development Plan (NDP).

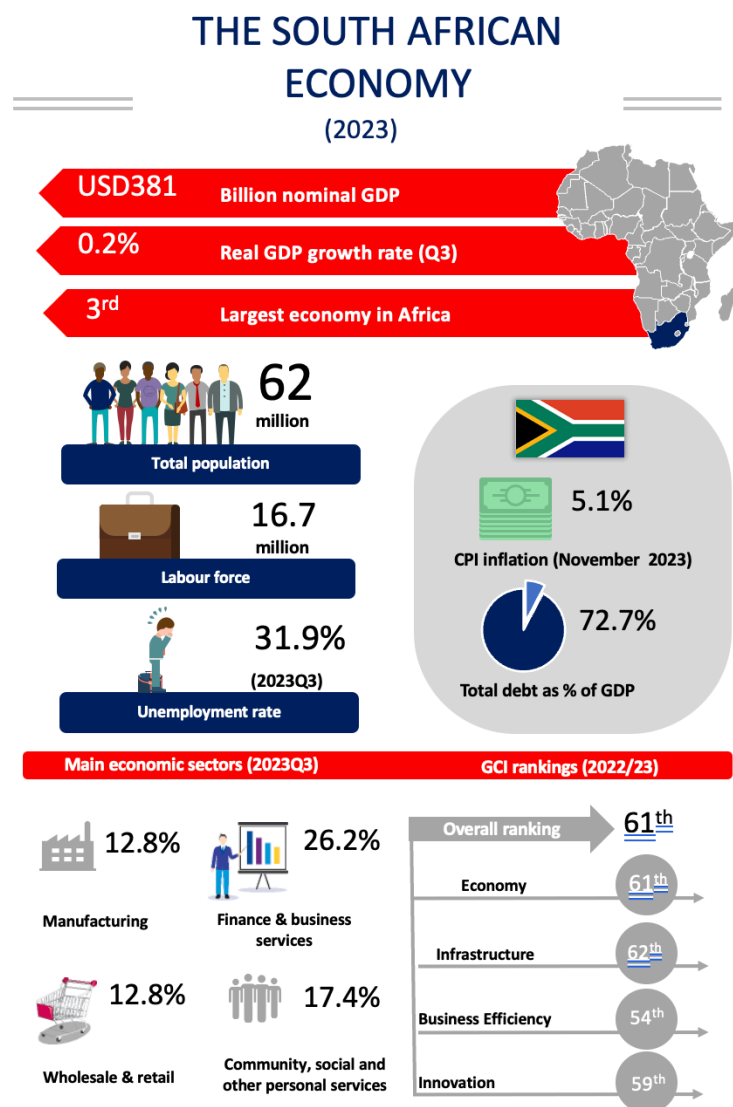
2. The Macroeconomic Overview

2.1. The Economic Overview of South Africa

South Africa's economy continues to face economic and social challenges, which are exacerbated by the uncertain global environment, electricity shortages, rail, and ports capacity constraints. Furthermore, over the past few years, the country has been experiencing a lower-than-expected growth rate, high structural unemployment, high inflation, and a volatile and depreciated currency.

2.1.1. GDP

In January 2024, the International Monetary Fund (IMF) revised downwards South Africa's growth rate to 1% from 1,8% which was expected few months ago (October 2023). The reduction of the growth rate stems from bottlenecks that the country is currently experiencing, including but not limited to load shedding, logistical disruption and delays at the ports, etc. Nonetheless, the manufacturing figures released in February 2024 are promising. The December output increased by 0,7% y-o-y from 2.5% y-o-y in November. The performance of the sector could have been better if it wasn't for the port delays in the Durban ports. The overall yearly growth of the sector's output increased by 0,4% in 2023. The industry may contribute positively to the 4th quarter GDP. However, the growth is still sluggish compared to pre-pandemic levels. The GDP figures for Q3 of 2023 were disappointing, considering that a contraction was recorded after two consecutive growths in the previous quarters (real GDP contracted by 0,2% q-o-q in Q3 from 0,6% in the Q2). The contraction was mainly because of slow agricultural growth. The agricultural sector took a knock from the Avian flu and droughts experienced in the Western Cape.



The recently projected economic growth by IMF for South Africa is lower than emerging economies (4%) and advanced economies (1.7%)³. The anticipated low growth is because of lower household expenditure. Households are struggling to make ends meet in a high inflation and high-interest rate environment. According to Eighty20 Credit Stress Report 2023 in Q2, defaults on credit owed by households have been on the rise.

2.1.2. Unemployment

According to the Quarterly Labour Force Survey (QLFS), South Africa's unemployment rate reached 31.9% in Q3 of 2023. However, total employment improved to pre-pandemic levels; about 16.7 million people were employed compared to 16.4 million people before the pandemic. The finance and community services sectors absorbed the most workers in Q3 of 2023, with gains of 237000 and 119000 respectively. Some jobs were lost in the manufacturing (-50000) and mining industries (-35000)⁴.

2.1.3. Inflation

South Africa's inflation has been on the upside in the first part of 2023. Headline inflation was consistently above 6%. The rand weakness, global food prices, transport, housing, and utilities have been putting upward pressure on inflation. Furthermore, the indirect impact of the Eskom power cuts on the supply chains also has a role to play in the high inflation. However, a declining trend was seen towards the end of the year. In December 2023, consumer inflation declined to 5.1% from 5.5% in November⁵. Lower fuel prices towards the end of the year contributed to the slowdown. Nonetheless, the inflation expectations are muted going forward, with the World Economic Forum forecasting it at 4.5% in 2024^{Error! Bookmark not defined.}

2.1.4. Exchange Rate

There were hopes of the rand strengthening from the expected interest rates by the US Federal Reserve Bank. However, that did not happen, making the rand remain weak. The rand has been trading just under the R19.00/USD mark. A similar weakness was experienced by other currencies across the board⁶. The rand is one of the most traded currencies. With that comes volatility, hence it is affected by a lot of the developments domestically and abroad. In 2023, the rand lost 9% to the USD mainly due to load shedding. Furthermore, the geopolitical tensions experienced in the East and West also had an impact in the rand's

³ Deloitte insights, South African economic outlook November 2023.

<https://www2.deloitte.com/us/en/insights/economy/emea/africa-economic-outlook.html>. [Accessed on 29 November 2023]

⁴ BER, Financial markets see no more hikes for US, SARB is also unlikely to hike this week. Weekly review. Number 43, 20 November 2023. [Accessed on 29 November 2023].

⁵ StatsSA. Inflation eases for a consecutive month. 24 January 2024. [Accessed on 8 February 2024].

⁶ Investec, SA Economics. Rand note: the domestic currency has been knocked by US rate cut timing disappointment. 5 February 2024. [Accessed on 8 February 2024].

weakness since there was a disturbance in the supply chains. The rand is expected to remain volatile as different situations unfold domestically and abroad⁷.

2.2.The Cultural, Creative, and Sports Industry Overview



The cultural, creative, and sports industries are vibrant and dynamic phenomena in a nation's economy. They positively shape the country's economic outlook by contributing meaningful entertainment and leisure. These industries importance have emerged as champions in innovation, employment, and economic development. UNCTAD (2022) notes that Africa has a share of 1.5% in the global share of the creative economy and is responsible for about 5% of the global creative employment. Looking into the future, there are endless opportunities for the CCI&S industries in South Africa. The

country boasts a unique cultural heritage and scenic landscapes, which can attract tourism. Furthermore, the government is looking into innovative strategies to attract tourists to experience the culture. There are also plans to invest in infrastructure that will solidify South Africa as a premier sports destination for sports fans. There are efforts to prioritize safety and improve marketing to the rest of the world.

2.2.1. GDP



The South African cultural and creative industries accounted for R161 billion in 2020. The film sector dominates the industry, with a contribution of R90 billion to the national economy⁸. The sports industry is estimated to contribute about R50 billion annually to the country's GDP¹⁰. The sectors are expected to perform well in the future, conditional of the improvement in the macroeconomic environment. With lockdowns being lifted, the cultural exchange

is expected to increase together with tourism stimulated by sporting events.

⁷ PWC. South Africa Economic Outlook. Forecast scenarios for key macro data in 2023. 30 January 2023. [Accessed on 8 February 2024].

⁸ National Convention Bureau. Creative Industries. Available on: <https://www.southafrica.net/gl/en/business/page/creative-industries>. [Accessed on 29 November 2023]

2.2.2. Employment



The cultural and creative industries generated 965 000 jobs in 2022⁹. These include designers, actors, film makers, etc. The industry's jobs are widespread, creatives work in other sectors, which are non-cultural sectors. For example, car manufacturing companies have designers working for them. Furthermore, you may find creatives in support occupations. The sports industry employs about 500 000 people¹⁰. The employees in the industry include professional athletes, coaches, administrators, and support staff among others. Moreover, sports events stimulate tourism in the host city, creating jobs for related industries.

2.2.3. Trade



South African cultural goods have been on a growing trajectory since the year 2012. According to the DSAC (2022)¹¹, cultural goods exports had a 25% share in commodity exports. By 2018, the share went up to 47%. Because of the slow growth caused by Covid19, in 2020, cultural goods as a share of commodity exports dropped to 37%. The services trade, in the personal travel service sector was also affected by the pandemic, which strongly affected export earnings. With the lockdowns and travel restrictions being lifted in most countries around the world, an improvement is expected in personal travel services sector.

⁹ Cultural and Creative Industries (CCI) Masterplan, May 2022. Available on: <http://www.nationalarchives.gov.za/sites/default/files/u4521/Annexure%20A%20-%20Creative%20Industries%20MasterPlan.pdf>. Accessed on [15 November 2023]

¹⁰ Campus Lifestyle. An in-depth look at the South African sport industry. Available on: <https://uwc.campuslifestyle.co.za/an-in-depth-look-at-the-south-african-sport-industry/>. [Accessed on the 29 November 2023]

¹¹ Department of Sport, Arts and Culture. August 2022. Cultural and Creative Industries (CCI) Masterplan. Available on: <http://www.nationalarchives.gov.za/sites/default/files/u4521/Annexure%20A%20-%20Creative%20Industries%20MasterPlan.pdf>. [Accessed on the 19 November 2023]

3. The importance of the cultural, creative, and sports industries

The cultural, creative, and sports industries contribute to the economic, cultural, and social vibrancy of a society. Their importance has emerged as champions in innovation, employment, and economic development. An example we have experienced in recent years, during the COVID-19 pandemic, is the boom in digital innovation that changed the traditional way of work. Working remotely became a viable option and occupations requiring digital skills thrived. Another attractive aspect of the creative economy is that while the world is trying to come to terms with artificial intelligence (AI) and jobs being automated, creative industries continue to require human skill and talent, which are not easy to replace (Bakhshi *et al.*, 2015). Looking into the future, the industries are projected to be one of the biggest drivers of economic growth. Their growth is estimated to increase by 40% by the year 2030¹².

Highlights of the CCI&S

- Mostly stems from intellectual capabilities.
- Creative and innovative
- Generates multiplier effects for other industries.
- Creates local jobs.
- Stimulates tourism.
- Improves quality of life.

3.1. Cultural and Creative Industries



Cultural and creative industries include an extensive array of goods and activities in traditions, literature, music, visual arts, knowledge-based activities, and film. The activities are a product of human intellect and artistic capabilities. Creatives in this industry can imagine, interpret, and express ideas in sound, image, or dance. They often experiment and problem-solve, which can result in innovative ways of doing things. The industries have a huge contribution to the nation's economy and identity. They are well-known for generating multiplier effects on other related industries, hence governments around the world have identified the industries as one of the new drivers of local and economic growth. Their impacts are measurable and non-measurable.

Goods created through the industry's creativity create local jobs and generate foreign income from trade and intellectual property rights for the nation. South Africa is regarded as one of the countries with a rich history, heritage, and culture, which makes the country attractive to other countries who would like to experience what South Africa has to offer. Such interest stimulates tourism while affecting other related sectors, creating employment for the locals. One of the popular festivals in South Africa that stimulates tourism is the Cape Town Jazz Festival. The festival is said to be the largest jazz festival on the continent. Thousands of international visitors flock to Cape Town to attend the festival annually, generating revenue and creating jobs through hotel bookings, food, and other tourist-related activities. According to Invest in

¹² Deloitte. 2021. The Future of the Creative Economy. Available on: <https://www2.deloitte.com/uk/en/pages/technology-media-and-telecommunications/articles/the-future-of-the-creative-economy.html>. [Accessed on the 2 February 2024].

Cape Town (2018), the festival contributes about R600 million to the economy. The festival further exposes visitors to the cultural hub that is Cape Town, increasing the probability of future arts and entertainment investments.

Entrepreneurship and high-value jobs can ensue from the creative process. Advancements like technology are borne out of the creative process. The current example of such creativity is the video game industry, which is currently thriving in the global economy. Revenue is generated from the industry and new occupations that never existed like professional video gamers are introduced. In 2020, the industry was valued at R5 billion (Who Own Whom, 2023). According to PwC (2018), the ability to play video games on smartphones from computers saw South Africa's gaming revenue increase by 46% in 2017 from 17% in 2013. It is forecasted to increase to 70% in 2022. According to the Cultural Observatory, over 1 200 jobs were created in the industry in 2018, from 225 jobs in 2015. This shows the industry's growth potential.

Additionally, the advancement in technology has changed the advertising and design sectors. Advertising has moved from traditional TV and print media to digital networks including social media. Recently, new occupations like content creators have emerged, advertising goods and services for companies. Advertising is no longer meant for a selected few, but for those that are capable of influencing consumer behaviour. Such innovations display the inclusivity of the industry.

Furthermore, the industries' contribution to the economy's value-added is not equal. Some industries are more commercially intensive than others, providing more value added. The sectors that have less value added often have a significant impact on aspects of life that are not easily quantifiable. Cultural industries like the arts have been found to contribute lesser value-added but have a notable impact on mental health (Arts Council England, 2018). Time spent on activities like museums and music festivals increases happiness and improves the quality of life (Wheatley and Bickerton, 2017). Their contribution to the economy can decrease the mental health burden of the governments. No one is left behind in cultural industry benefits, Savage and Barnard (2019) observes that young children are also able to increase their self-confidence and emotional intelligence by participating in activities like drama and playing musical instruments. Furthermore, Henley (2015) also shows that criminal justice also benefits; when offenders are involved in cultural activities, they can find a positive identity.

3.2. The Sports Industries

The sports industry is not only about entertainment and athleticism, but it is also a billion-dollar industry that generates revenue through ticket sales, broadcasting rights, merchandise, and sponsorships. The impact of the sports industry cuts across the tourism, hospitality, and retail sectors; in turn creating jobs and contributing to economic growth. Moreover, sports have a positive impact on other sectors like health. A healthier society



reduces costs for the health sector. In addition, productivity is improved in the workplace and overall well-being.

The sports industry is not solely on grassroots events but also on mega and small sports events. Mega sports events are large-scale events that involve other countries like the FIFA World Cup and The Rugby World Cup. Small sporting events are small-scale events with a country's local teams or other international participants like the Comrades Marathon and the Cape Argus Cycle Race. South Africa has emerged as a country of preference regarding hosting mega sports events, compared to other African countries; having held several world cups including the Rugby World Cup in 1995, the Cricket World Cup in 2003, and the FIFA World Cup in 2010.

Sports events bring revenue into the economy. In the past, billions have been spent for mega events on stadium construction, related infrastructure, apparel, and media rights, among others. For example, when South Africa hosted the FIFA World Cup in 2010, R30 billion was spent on infrastructure. There were major construction and upgrades of important infrastructure. Stadiums were built and roads were upgraded. From that 66 000 construction jobs were created, and poverty was reduced by the R7.4 billion wages that were paid. Furthermore, the benefits of the FIFA World Cup investment are still apparent to date. The stadiums have continuously been used for sporting and entertainment events beyond the year 2010, without the government worrying about major upgrades. Furthermore, the event was hosted amid the global recession when most countries went through a recession; because of the event South Africa managed to generate 0.4% economic growth (Mail and Guardian, 2015).

Sectors like tourism, communications, retail, restaurant, and hotel industries also benefit from such events. The most impact of mega sporting events, for example, accrues to tourism, an influx of tourists flock to the host destination. When visiting the country for a sporting event, travellers get to be aware of the destination. This might have never happened if there was no sporting event taking place (Giampiccoli *et al.*, 2013). The same was said for South Africa regarding the FIFA World Cup 2010, it was good tourism marketing for the country, and it put South Africa on the map. Because of the World Cup, the number of visitors that came to South Africa doubled from 1.1 million in 2009 to 2.4 million in 2010. In most cases, travellers may decide to kill two birds with one stone by staying over for a few more days after a sporting event, generating income for tourism and related industries. During the 2010 FIFA World Cup, the visitors spent R3.4 billion, with the most money spent on the retail sector. South Africa continued to benefit after the event, tourism continued to increase at a steady pace since 2010 (Mail and Guardian, 2015).

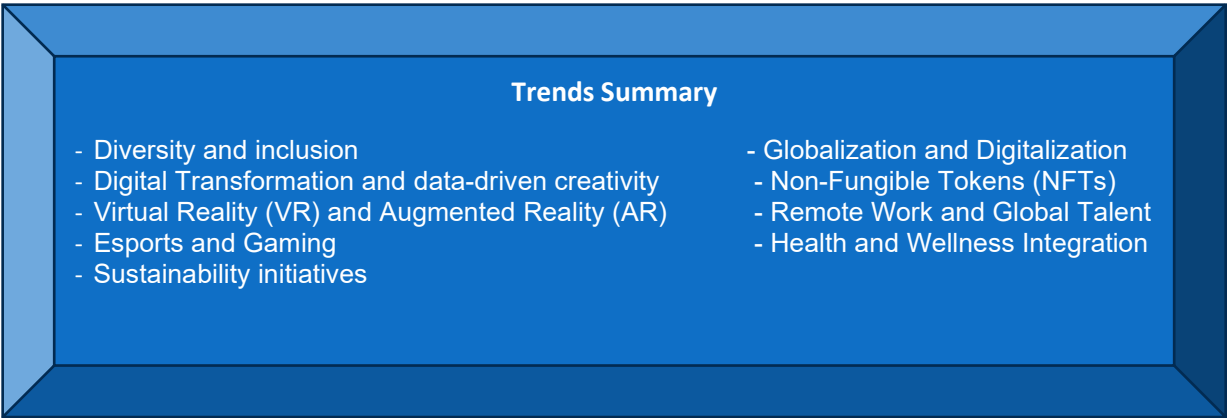
On the other hand, small sporting events often do not require infrastructure expenditure, they use existing infrastructure. However, they also attract tourists to the host city. The two most prominent marathons in South Africa are the Comrades Marathon and the Two Oceans Marathon. According to the Department of Economic Development, Tourism, and Environmental Affairs (2023), sporting events like the Comrades Marathon are an important boost for tourism for the proving of Kwa-Zulu Natal. The marathon competitors and their families can get to relax and enjoy the beaches, the food, and the scenery that the province has to offer. The event attracted 2 354 runners from 84 countries and 17 920 runners from South Africa. It was expected to contribute R417 million to the GDP and 790 jobs.

Similarly, the Two Oceans marathon is held in Cape Town, which is regarded as the world's beautiful marathon. The competitors often stay over to enjoy the views and partake in tourist activities (Kotze, 2006). Sports tourism events that occur often, can have a positive and sustainable impact on the hosting city (Giampiccoli *et al.*, 2013). According to the Department of Tourism (2023), the Two Oceans Marathon attracts over 20000 local and international participants, generating R672 million annually for the Western Cape economy. Local restaurants and popular running routes benefit from the influx of tourists.

Through sports events, the sense of community spirit can be enhanced. During marathons, for example, there is often enthusiastic cheering from the crowd supporting the runners, which encourages them to keep going. The Two Oceans Marathon is said to promote teamwork and empower individuals and communities. The sense of community was also recently experienced recently when South Africa won the Rugby World Cup 2023. Retailers like Pick n Pay offered free printing to customers who bought Springbok jerseys. Over 20000 t-shirts were printed 3 days before the match. Even though the event was held in France, the South African's spending mood increased. According to the Discovery Bank's Spend Trend23 Report, after the final match, South Africans spent 3 times more than the average Saturday night celebrating Springbok's victory. Furthermore, millions were pledged by Dis-Chem for points scored by the Springboks to assist in addressing South African challenges (Lechman, 2023).

Beyond the financial gains, these sectors contribute to social cohesion, innovation, and a sense of national pride. Governments and businesses alike must recognize and invest in these industries to ensure sustainable economic development, a flourishing creative ecosystem, and a society that reaps the full benefits of its cultural and athletic richness. As we navigate an ever-evolving global landscape, the importance of these industries in shaping the future cannot be overstated.

4. Trends and Indicators of the cultural, creative, and sports industries.



The cultural creative and sports industries are constantly evolving industries that are shaped by countless and changing trends and indicators. Policymakers and investors need to be aware and up to date with the relevant trends and how they affect the industries and other related industries. This will ensure effective

and targeted policymaking for policymakers and profitable investments for investors. This section explores the recent trends in the cultural, creative, and sports industries.

Cultural and creative industries *Diversity and Inclusion*



The cultural and creative industries have long been characterized as not inclusive and not diversified. It has been dominated by a selected few. This is unfortunate seeing that culture, lived experiences, social values, and beliefs are supposed to be the backbone of the industry (Brien and Arnold, 2022). With such discrimination, it may seem like a country's culture is not of inclusiveness and the lived experiences, which is not a representation of the overall society.

In addition, power dynamics still fall into the hands of a selected few. The industries are supposed to be open to the participation of any member in the society. The sector has come under scrutiny in recent years, there has been a push towards more inclusion and transformation. Prioritizing inclusivity not only benefits society but also exposes the industry and the world to more talent.

The South African cultural and creative industries are no different, there is a need for transformation. For example, the biggest players in the film and television industry are white. Black-owned companies exist, but they account for less turnover. Only 33% of black-owned companies make a turnover of more than R10 million (Who Owns Whom, 2023). Small companies also continue to struggle to secure finance (Jonker, 2019). Furthermore, the gaming industry is dominated by white males. Since this is not a mature industry with no viable career path, the successful players are those middle-income individuals who were exposed to video games growing up.

Digital Transformation and data-driven creativity.

- ◆ Increased access to the internet
- ◆ Increased consumption of digital platforms.
- ◆ Real-time feedback.
- ◆ Marketing made easy.



The emergence of digital platforms has altered the traditional way of doing things. Consumers can now consume literature online, stream their favorite shows and music on their smartphones, and engage with other cultural and creative offerings online. This transformation gave birth to new ways of studying consumer behaviour and marketing, big data. Consumption is the order of the day in the cultural and creative industry, and analysing consumer behaviour is critical to its success. Big data enables recording and feedback on consumer behaviour in real time. Gone are the days of conducting costly surveys with long lead times to determine consumer needs and feedback. Big data analytics provides a wide variety of data variables including location, demographics, and time (Bei, 2023). This makes it easy for marketers to tailor their products to suit their target market.

The commercial sector of the industries benefits from the efficiency big data brings. It can cut costs by not relying on subjective decisions by marketing managers as was previously the case and investing in what is required by the consumers as revealed by high-frequency real-time big data analytics. Online advertisements can be tailor-made and pushed via digital platforms to suit a specific individual and not the general consumer. Big data also enables transparency of information. Consumers are also able to see information like prices and customer reviews of different goods and services, saving consumers time and reducing possible disappointments. Big data can also integrate information from other industries and form collaborations, solve problems, detect possible problems that might arise in the future, and add value to future marketing strategies.

South African cultural industries need to take advantage of this digital transformation. With over 70% of South Africans connected to the internet, South Africans are said to be the most internet-addicted country in the world, spending on average 9 and half hours online consuming different types of content (Business Tech, 2023). However, it is also important to note that the presence and success of big data do not make offline sales redundant (Bei, 2023). Even though South Africans spend more time on the internet, they are not yet accustomed to online shopping. Only 48% of the internet users shop online. According to the Global Digital report (2023), South Africans are part of the countries with less online expenditure, spending R4 717 annually. Against this background, both online and offline sales need to work hand in hand. Furthermore, some of the cultural goods are better seen in person, like offerings at museums. Advocating for physical presence can also stimulate other sectors like tourism. When visiting a museum, for example, consumers can visit multiple places and consume food and tourist souvenirs in the process.

Virtual Reality (VR) and Augmented Reality (AR)

- ◆ Assists in reaching a wider audience.
- ◆ Enhances consumer experience.
- ◆ Educational.



Virtual and augmented reality technologies have an important place in the cultural and creative economy. The technologies have previously been used for internalisation, to attract wider audiences. However, they have recently been found to not only be beneficial in reaching global audiences but also provide a unique interactive opportunity for consumers, enriching their experiences.

Technology plays an important role in strategy development. According to Kargas and Loumos, (2022), the three most important elements of strategy development include context, content, and processes. Technology is said to be instrumental in all the elements, which shows how important it is for industries to be agile in technological transformations. Regarding *context*, technology plays a role in studying the external environment, and the fast-changing consumer tastes and preferences. Social media platforms like X (formerly known as Twitter), have been able to map the changes. *Content* is then created to meet the needs of consumers and the objectives of the firms. Digital platforms can then be part of the *process* of how the strategy is disseminated.

VR and AR have been explored by museums and galleries to keep visitors' experiences engaging and fulfilling. This has been done through virtual performances and different intriguing storytelling formats, further enhancing artistic expression. New audiences can be attracted using such technologies. VR and AR technologies can be made appealing to the young audience (Gen Z). Communicating historical information in places like museums may seem boring to the younger audience, but such technologies may assist in capturing the attention while also impacting long-lasting education. Furthermore, digital storytelling has been used in the education sector. According to Ducharme (2023), the current generation has been found to have a short attention span. Short-form videos can respond to this problem by assisting in imparting knowledge in a quick and efficient way. Furthermore, Lumico, (2023) cites that South Africans are already interacting with VR and AR technologies. A lot of interest (64%) stems from gaming and entertainment.

Remote Work, Collaborations, and Global Talent Pool

- ◆ A borderless world.
- ◆ Global collaborations.
- ◆ Access to the global talent.



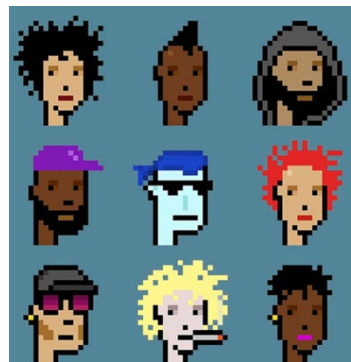
The creative industries are one of the industries that thrive from remote work. Remote work was exacerbated by the COVID-19 pandemic when economies around the world adapted to social distancing. This shift is far from a temporary trend, it shows the innovation and adaptability of related industries. Occupations like content creators, digital marketers, and graphic designers can work harmoniously individually or as teams.

Technology enables them to have virtual brainstorming sessions and collaborate with fellow professionals globally. Working remotely enables a positive impact on work-life balance for employees, cuts commuting costs, and saves commuting time. Employers also get to see a cost reduction from not paying for office space or having less office space and less energy used in the offices. Furthermore, carbon emissions are reduced from commuting, contributing to a positive environmental impact (Juhas, 2023).

The borderless industries created by advancements in technology expose investors and industry players to fresh talent, that might have not been discoverable without technology. Collaborations have also been on the rise in the cultural industries. Artists are collaborating through different cultural elements including music, visual arts, and multimedia projects. Such collaborations enhance the cultural landscape.

Non-Fungible Tokens (NFTs)

- ◆ A token created to improve communication in creative spaces.
- ◆ Provides transparency.
- ◆ Artists can reach wider audiences.



NFTs are unique intangible tokens of value that cannot be replaced and of limited quantity. They include among others digital files, images, audio, video games, and collectibles; stored in a blockchain that is controlled by computer algorithms. They were introduced to address the communication challenges experienced in creative spaces. NFTs make it easy for artists to have a transparent way of monetizing their

work. There was previously a one-way communication channel that was not clear and often involved a middleman like selling artwork through a gallery or distributing music through agencies. With NFTs, all that falls away, artists can engage with their audiences directly and monetize their work honestly. Artists can get more compensation when dealing with clients directly.

NFT platforms provide a transparent way of creating tokens and monitoring their progress. The platforms allow all players to see when the token was created, the value of the token, interested parties, and the income percentage distribution. Such advancements reduced the exploitation of artists since the information is publicly available (Shilina, 2021). As with everything, there are also drawbacks that come with such NFTs. Since this concept is in its infancy, NFT regulation in South Africa is not clear and can lead to confusion and legal disputes. Furthermore, since the digital space is borderless, involving several jurisdictions, artists need to understand the different jurisdictions to protect their interests.

Sports industries trends

Globalization and Digitalization

- ◆ Sportsmen have access to larger markets.
- ◆ Fans exposed to a variety of sports.
- ◆ Fans can interact with their favorite sportsmen online.
- ◆ Sports streamed from anywhere world.
- ◆ Cost efficient compared to physical events.



Digital platforms have made the world a small place, enabling teams and sportsmen to tap into larger markets. The games can be screened to reach different continents and countries. Fans can stream their favorite sports live from anywhere in the world through streaming platforms or on social media. Fans no longer need to spend money and time commuting to where the games are taking place. They only need the internet and perhaps a subscription fee if the games are streamed on a paid platform. The applicable costs may be way less than what was spent in the past. Technology also exposes consumers to a lot of other sports they may not be aware of (Frevel *et al.*, 2022).

Technology has also made it easier for sportsmen to interact and show love to their fans. For example, sportsmen can engage in Instagram Live or Ticktock Live and answer fans' questions directly or choose a fan or more to join in the live. This makes fans feel seen and appreciated. On the other hand, according to Frevel *et al.*, (2022) such a different environment brings challenges to sports managers in how to navigate the new climate. While technology improvements are beneficial in everyday routine work, there may be confusion on how other talks need to be managed going forward.

Esports and Gaming

- ◆ Increasing popularity of e-sports and gaming.
- ◆ Digitization is making the gaming world borderless.
- ◆ Fans can come together from anywhere in the world to compete.



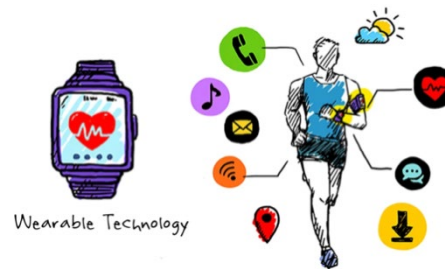
E-sports has been gaining momentum in the sports industry in recent years. It was also perhaps also exacerbated by the emergence of the COVID-19 pandemic. E-sports entails game competitions held on digital platforms. Many people come together to participate, support, and watch different tournaments. With the continuous improvement of technology, e-sports like computer and video games can be played on a lot of platforms including smartphones, laptops, and tablets. The popularity of e-sports resulted in the birth of the e-Sports Federation in 2008, to regulate the industry and set rules and standards that can be adhered to globally to ensure integrity in sports (Kim *et al.*, 2020). COVID-19 made it difficult to host sporting events traditionally, making taking part in e-sports the next best thing. According to Fortune Business Insights, (2023), the e-sports industry was valued at 1.45 billion dollars in 2022 and is estimated to reach 6.75 billion dollars by 2030.

Like physical sporting events, e-sports are not just for entertainment, money is made in the process. There are sponsors that fund the tournaments, broadcasters that air the games, fans that buy tickets or bet on the players, and winnings for the participants. According to Kim *et al.*, (2020), good infrastructure is also required, including stadiums where players participate and technology infrastructure where fans watch the games. Government involvement is also important in such sports since the technology infrastructure is their responsibility (Parshakov and Zavertiaeva, 2018). Not a lot of people are aware of or understand the sport; this is one of the examples of the innovativeness of the industry. New ways of doing things emerge with new challenges.

E-sports have changed how the traditional sporting industry works. The benefit of e-sports players is that they have the advantage of being exposed and competing with other players around the world. Players can also play independently or in a team. Physical fitness is not a hindrance to unfit players like in other traditional sports. Moreover, not a lot of financial resources are required, a player just needs a computer and internet to participate in games. Advantages also accrue for the economy. Job opportunities like IT technicians, marketing, and sales occur from e-sporting events. Furthermore, since e-sports share similar characteristics to traditional sports, the hospitality industry benefits from e-sports events. Some people may prefer to watch competitions where the event is taking place. They would want to connect with their fellow fans and players of the e-sports (Kim *et al.*, 2020).

Health and Wellness Integration

- ◆ Holistic well-being prioritized.
- ◆ Rise in wearable technology adoption.
- ◆ Real-time performance feedback.



There has been an increase in health and wellness in the sports industry. There is a conscious effort to ensure that the team's holistic well-being is prioritised. To improve performance and reduce injuries athletes use wearable technologies. These are technologies worn on the body to analyse and transmit different types of information about the athlete. According to Smart Runners (2023), The benefit of such technologies is quick feedback as data is received in real-time. Coaches can advise athletes to change specific actions based on real-time feedback. This can be done while training or during a game, improving performance. The probability of an athlete being injured is reduced with wearables. The sensors can detect weaker parts of the body that are prone to injuries. Coaches can then focus on strengthening them or creating a safer training environment for the athletes.

Sustainability Initiatives

- ◆ Holistic well-being prioritized.
- ◆ Rise in wearable technology adoption.
- ◆ Real-time performance feedback.



Sports industries have also jumped on the wagon of environmental sustainability together with the rest of the world. There is a global push towards sustainable practices. Sports events have a detrimental impact on the economy. The carbon footprint of sports events emanates from the need for travel, accommodation, food, and the required infrastructure.

The United States Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator concludes that the carbon emissions from the South Africa 2010 World Cup, Brazil 2014 World Cup, and Rio 2016 Olympic Games combined were comparable to burning over 36.5 billion pounds of coal. It is not surprising that sustainability should be one of the important agendas in the sports industry. The focus should be more on eco-friendly practices including building stadiums that use sustainable materials. Sports organisers must also consider investing in clean or renewable energy in their operations to reduce the environmental impact. Furthermore, with sports events, come waste. There must be active efforts to recycle. Additionally, the use of digital twin technology can assist in determining the impact of the event before it happens. The technology can be used in the planning process to increase efficiency (PwC, 2023).

4.1. Possible Post-Covid Recovery Strategies

The cultural, creative, and sports industries were not exempt from the negative impact of the COVID-19 pandemic. The lockdowns and social distancing restrictions resulted in the cancellation of shows, music festivals, sporting events, closure of museums, among others. In the process, money was lost and a lot of the creatives and sportsmen went bankrupt. However, despite the losses experienced, the industries were able to adapt to the changing environment. It is for that reason the creative industries are an attractive and interesting bunch to most people. They have flexible and inclusive characteristics. Nonetheless, the industries need to be supported. The government needs to create strategies that ensure resilience to external shocks and are in line with the current climate. This will enable the industries to perform optimally. The following strategies can be considered:

Digital support



The digital environment has been a pillar of most industries during the pandemic. New business models were adopted by different creatives and companies; for instance, fashion shows, concerts, and museum exhibitions were held online. The pandemic took everyone by surprise, the new business models were a trial and error for most people, and no one was

prepared. Going forward, the government must ensure that the country's digital infrastructure can accommodate the new business models. It is also important to note that the new digital business model is not a seamless transition for most creatives. Since the industries are inclusive, people with all education levels including lower levels of education are absorbed into the market. The transition to the digital market is more difficult for creatives with low levels of education. It is even more difficult for creatives in remote areas. The government and related stakeholders can provide:

- Training on using the different online platforms that are relevant to the specific creatives or sportsmen. Recently, there have been platforms that most creatives can work with. Some of the creatives might not even be aware of them.
- Training on how to monetize their skills online. Furthermore, creatives can also be trained on how to market themselves to a wider audience since the possibilities are endless in the digital era.
- The government can also encourage creatives to enrol in digital marketing courses online and subsidize or sponsor the creatives.
- Assist in providing access to AR and VR technologies. Places like museums need to be equipped with such technologies to remain relevant. They must be trained on how to use them effectively. Moreover, there is a need to explore different ways of attracting new clients using digital technologies. Since the pandemic, some people opted to cut down on physical visits to recreational activities. The reason for this may be the availability of the online option, or tight budgets because of the weak global economic climate. Nonetheless, museums and related industries need to also benefit from the different digital models.

Financial support



Financial support is often the lifeline during situations like the COVID-19 pandemic. Governments around the world embarked on assisting creatives with financial support. The South African government also did this by giving relief funds to related professionals. Over 5 786 applications were received in this regard for the COVID-19 pandemic. Financial support needs to form part of the suit of strategies, especially when the shock to the economy is not well understood in the

short term.

It is also important to note that even though South Africa’s cultural, creative, and sports industries must be competitive in the global environment, the government needs to also be aware of the negative unintended consequences that can arise from the overconsumption of digital products. It can be overwhelming when digital platforms are used for work and leisure. The citizen's mental health can be compromised, adding a burden on the already overwhelmed health sector.

5. Spend analysis on CCI and Sports

This section provides an analysis of the programs undertaken by the DSAC to support the development of the CCI and Sports. The section also analyses the expenditure by DSAC on the CCI and Sports sector over the 2019/20 to 2022/23 and the Medium-Term Expenditure Framework (MTEF) periods. An inter-provincial comparison of expenditure by provincial governments to provide context of the size of expenditure relative to other provinces is also provided.

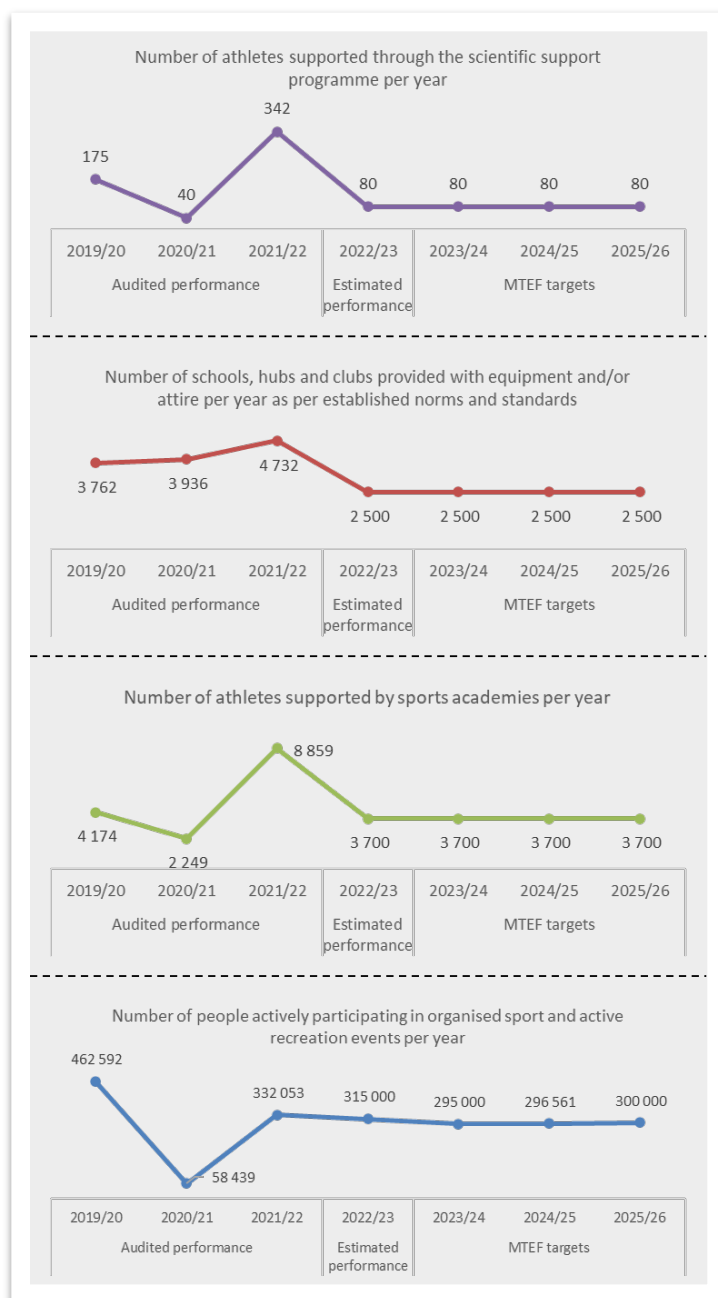
The DSAC runs programs that support the development of the CCI and Sports. These programs are summarised in the table below, including the outcome indicators.

 Recreation Development and Sport Promotion	• Number of people actively participating in organised sport and active recreation events per year • Number of schools, hubs and clubs provided with equipment and/or attire per year as per established norms and standards. • Number of athletes supported by sports academies per year. • Number of athletes supported through the scientific support program per year
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 Arts and Culture Promotion and Development	• Number of community conversations or dialogues implemented to foster social interaction per year. • Number of artists placed in schools per year. • Number of bursaries awarded for the development of qualified language practitioners per year. • Number of projects in the creative industry supported through the Mzansi golden economy program per year
 Heritage Promotion and Preservation	• Number of libraries financially supported per year. • Number of students awarded with heritage bursaries per year

The figure below presents the performance of the DSAC across the various programs between 2019/20 and 2022/23 as well as the MTEF. Generally, the outcome indicators have declined over the period of analysis, which indicates fewer number of beneficiaries from the various programs.

Figure 2: Recreation Development and Sport Promotion programs



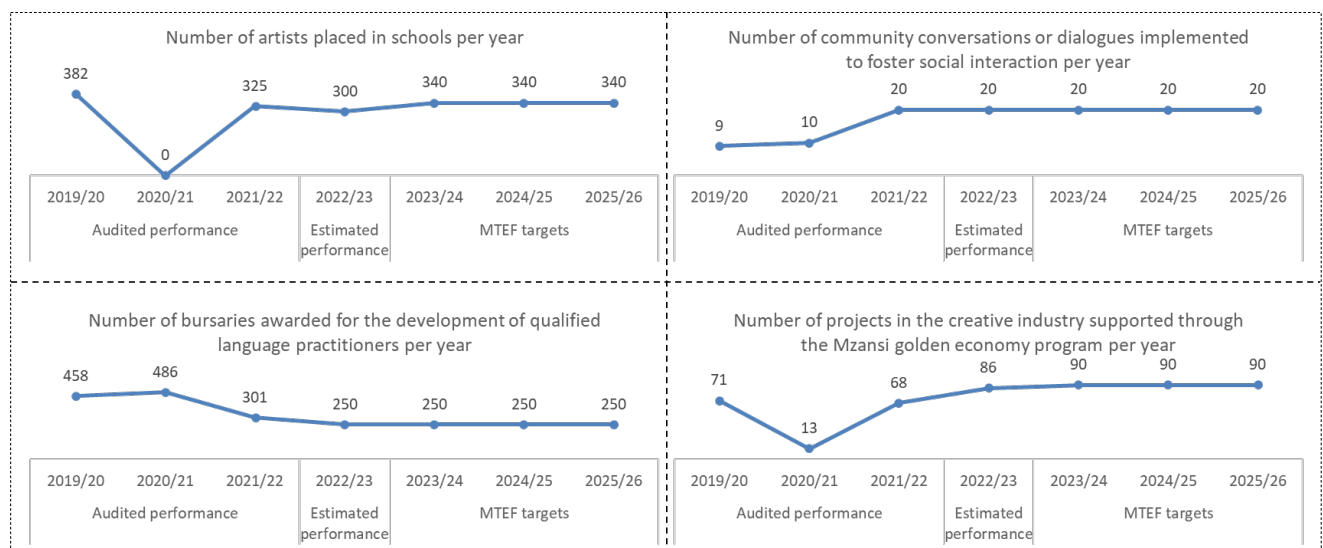
The number of athletes supported were 175 in 2019/20. This number decreased to 40 during 2020/21. There was a notable increase in the number of beneficiaries in 2021/22, which subsequently declined to 80 in 2022/23 and is expected to remain the same for the MTEF.

The number of schools, hubs and clubs provided with equipment is expected to remain at 2 500 from 2022/23 to the MTEF, from a high of 3 762.

There is also a notable reduction in the number of athletes supported by sports academics per year. Although there was a significant increase in the number of beneficiaries in 2021/22 (8 859 beneficiaries), this number reduced to 3 700 in 2022/23 and is expected to remain content in the MTEF.

The number of people actively participating in organised sports and active recreation has reduced from about 462 600 to 315 000 in 2022/23 and is expected to reach 300 00 in the outer year of the MTEF.

Figure 3: Arts and Culture Promotion and Development programs



The Arts and Culture Promotion and Development programs were also impacted by the covid lockdown. However, there was a recovery in the number of beneficiaries in 2021/22 generally in the Arts and Culture Promotion and Development program.

For the Heritage and Promotion Preservation program, the number of libraries financially supported is expected to decline from 66 in 2029/20 to 45 in the MTEF, while the number of students awarded with heritage bursaries is expected to increase marginally in the MTEF to 38 in the outer year.

Figure 4: Heritage Promotion and Preservation programs

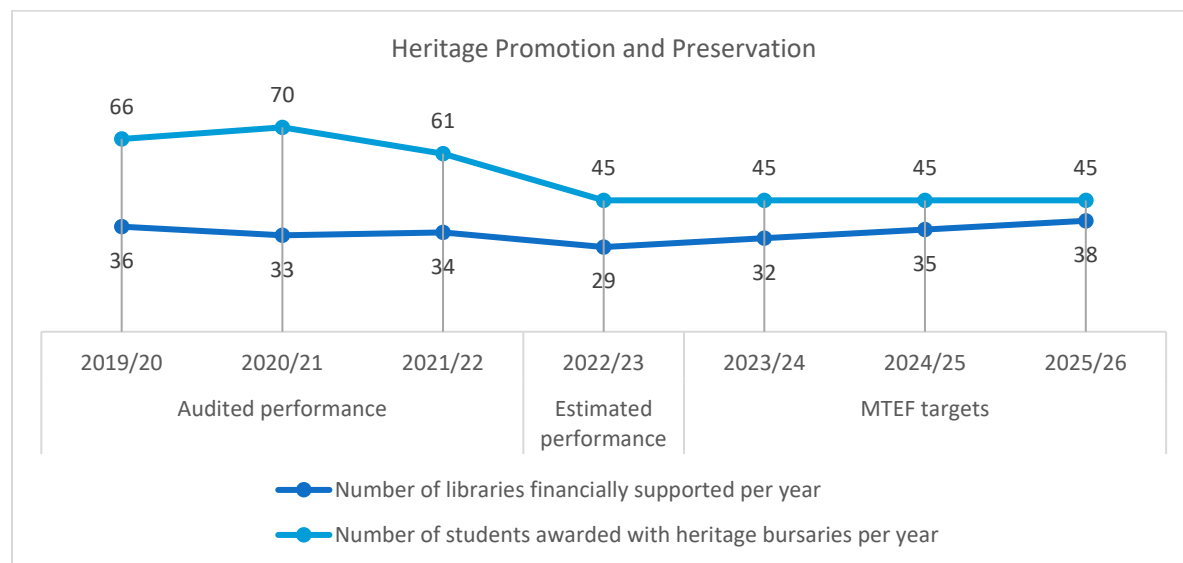
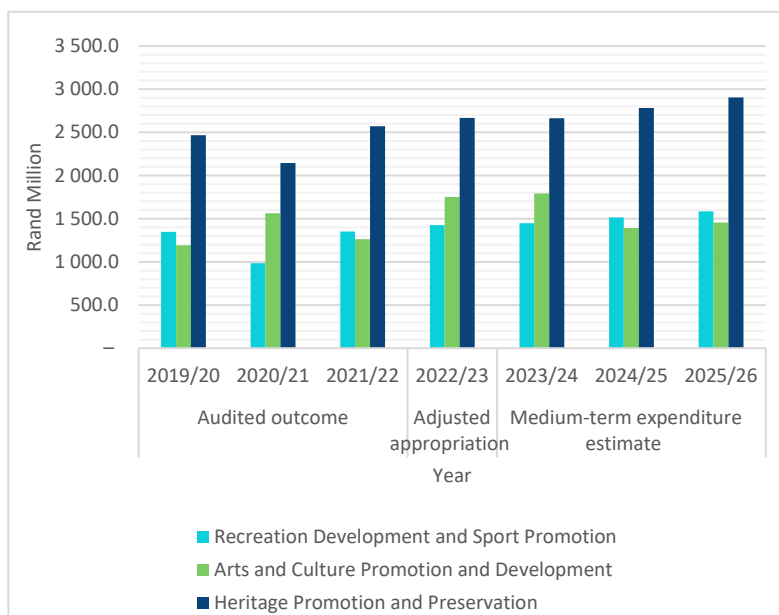


Figure 5: DSAC budget allocation to programs

During 2019/20, DSAC expenditure was R5.5 billion, and increased by 5% per annum to R6.3 billion. Over the MTEF DSAC expenditure is expected to increase by 1% from R6.35 billion to R6.45 billion.

The data shows that DSAC allocates the bulk of its budget (45%) to the Heritage Promotion and Preservation program, with the Arts and Culture Program and Reaction and Sports Promotion receiving 25% and 23% on average over the period, respectively.



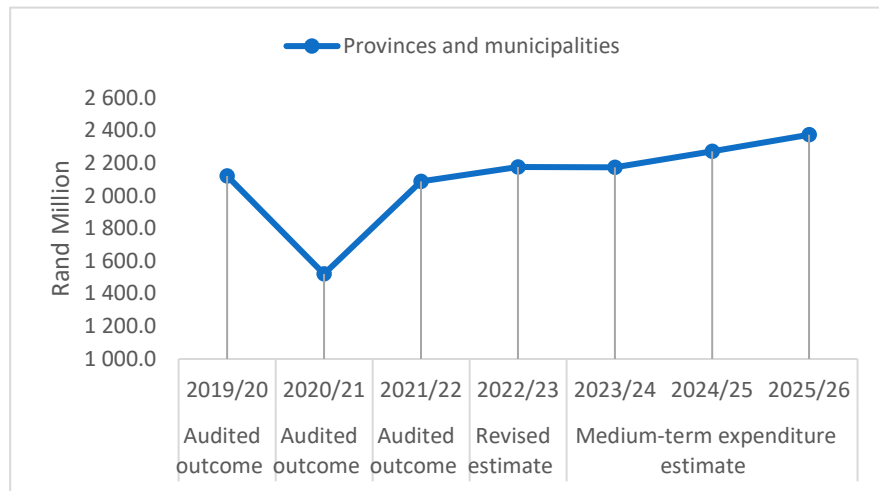
The spend allocation on the Heritage Promotion and Preservation program increased from R2.5 billion in 2019/20 to R2.7 billion in 2022/23, representing a 3% increase per annum. Over the MTEF the procumbent spend on the Heritage Promotion and Preservation program is expected to increase by 4% from R2.7 billion to R2.9 billion. While expenditure increases in this program over the period 2019/20 to 2022/23, the number of indicators decreased. The number of libraries that received financial support decreased by 7% from 36 to 29 while the number of students awarded with heritage bursaries also declined from 66 to 45, representing a 12% decrease per annum.

The Arts and Culture Promotion and Development program saw a notable increase in spending, from about R1.2 billion in 2019/20 to R1.8 billion in 2022/23, representing a 14% increase per annum. However, spending is expected to be reduced on this program in the MTEF from R1.8 billion to R1.4 billion. This translates to a 10% decrease per annum. Like the Heritage Promotion and Preservation program, there is a notable decrease in the number of outputs from the Arts and Culture promotion program and this is expected to remain in the MTEF.

The Recreation Development and Sport Promotion Program receives on average 23% of the DSAC expenditure. Over the period 2019/20 to 2022/23, the expenditure on the program increased by 2% from R1.35 billion to R1.43 billion. Over the MTEF, the allocation is expected to increase by 5% from R1.45 billion to R1.59 billion. Although there is marginal increases in expenditure in this program, there are notable decreases in the output indicators. For example, the number of athletes supported through the scientific support programme per year declined by 23% between 2019/20 and 2022/23.

Figure 6: Municipal and Provincial expenditure

The expenditure by Provinces and Municipalities over the 2019/2022 financial year amounted to R7.9 billion in total, increasing marginally by 1% from R2.1 billion to R2.2 billion. Although there was a noteworthy reduction in expenditure of about 40% by Provinces in Municipalities I 2020/21, the recovery was a swift recovery in 2021/22 to pre-covid levels.



Over the MTEF, Provinces and Municipalities will spend approximately R6.8 billion on the CCIs and Sports programs. The expenditure will increase by 4% from R2.2 billion to R2.4 billion.

6. Methodology to estimate the economic contribution of the CCI&S

This document aims to evaluate the economic impact of the cultural, creative, and sports industries on South Africa's economy. The study further analyses the trade and cultural employment contribution of the CCI&S. This section discusses the approach to macroeconomic impact, trade, and cultural employment.

6.1. Economic Contribution Approach

Various economic models are used for such analyses. The Keynesian Multiplier Analysis (KMA), referenced by Lyons in 2022, assesses overall economic shifts triggered by changes within individual sectors. However, its aggregated approach does not permit a detailed sector-specific impact assessment, making it unsuitable for this study. The Input-Output (I-O) analysis, stemming from the Supply and Use Tables (SU-Tables), offers insights into the economic interdependencies among sectors. Yet, it doesn't capture transactions involving households or international entities, hence, it can't comprehensively fulfil the study's goals. Consequently, this study employs a macroeconomic impact model based on the Social Accounting Matrix (SAM), which expands upon the Systems of National Accounts (SNA). The SAM provides a comprehensive portrayal of all economic exchanges occurring within the economy over a specified timeframe.

6.1.1. The System of National Account

The SNA is a set of international guidelines used for the development of country's economic accounts. The statistics are reported to international organisations in a manner comparable across countries. The 2008 SNA, the most recent version, consists of a coherent, consistent, and integrated set of macroeconomic accounts, balance sheets, and tables. The 2008 SNA is based on a set of internationally agreed-upon concepts, definitions, classifications, and accounting rules. It provides a comprehensive accounting framework within which economic data can be compiled and presented in a format designed for purposes of economic analysis, decision-making, and policymaking.

In addition, the SNA provides an overview of economic processes, recording how production is distributed among consumers, businesses, government, and the rest of the world (foreign nations). It shows how income originating in production, modified by taxes and transfers, flows to these groups and how they allocate these flows to consumption, saving, and investment. Consequently, the national accounts are one of the building blocks of macroeconomic statistics forming a basis for economic analysis and policy formulation (UN Statistics Division, 2024).

Broadly, the SNA consists of:

- The Annual Financial Statistics;
- Labour Market Dynamics;
- General Household Survey;
- The Supply and Use Tables;
- Input-Output tables; and
- Social Accounting Matrix.

All the above-mentioned tables are used in the study to compile a Satellite Account for CCI&S. The statistics are briefly explained below.

6.1.1.1. Annual Financial Statistics

One of the main statistics used in the SNA is the Annual Financial Statistics (AFS) collected by Statistics South Africa (StatsSA). The AFS survey is collected to gather various financial data concerning enterprises within the formal business sector of the South African economy, with exclusions such as agriculture, hunting services, financial intermediation, insurance, pension funding, uncategorized business services, general government, and educational institutions. The information is compiled for the fiscal year of enterprises ending between July 1st of one year and June 30th of the subsequent year. The primary objective of the survey is to furnish data for GDP estimations.

The AFS is a valuable tool for industry analysis from both accounting and econometric perspectives. Its purpose lies in generating industry performance metrics based on financial statements. Survey outcomes contribute to GDP and component estimates. The statistics can also be used for comparative industry performance assessments, allowing enterprises to evaluate their operational efficiency against industry standards.

The statistical release contains information regarding:

- income and expenditure items;
- inventories;
- net profit before providing for company tax and dividends;
- company tax paid or provided for during the financial year;
- dividends paid or provided for during the financial year;
- statement of financial position items;
- property, plant and equipment, intangible and right-of-use assets;
- property, plant and equipment, intangible and right-of-use assets;
- investment property and right of use assets;
- selected operating ratios; and
- population size of enterprises per industry.

The published figures of the AFS were used to estimate the 2021 Production, GDP, and its components (compensation of employees, taxes, and subsidies) for the CCI&S. The information collected from the AFS is used intensely in the compilation of the CCI&S Satellite Account. It is important to highlight that the Annual Financial Statistics may not necessarily be comparable with other StatsSA surveys such as the Quarterly Financial Statistics Survey (QFS) and Quarterly Employment Statistics (QES) due to various parameters, including:

- Classification differences between survey periods;
- Restructuring of businesses;
- Different cut-off points for size groups; and
- Different specifications.

6.1.1.2. General Household Survey

The General Household Survey (GHS) serves as a comprehensive resource for evaluating the progress of development within South Africa. It is instrumental in assessing the effectiveness of various programs and the caliber of service delivery across key service sectors. The survey's demographic encompasses all private households in every one of South Africa's nine provinces. However, it excludes collective living quarters such as student dormitories, retirement homes, hospitals, prisons, and military barracks. As such, it provides data that is indicative of the experiences of non-institutionalized civilians and households, excluding those in military service. The GHS spans six principal domains: education; health and social development; housing; household access to services and facilities; food security; and agriculture. This breadth ensures a well-rounded understanding of the living conditions and service access within the country

6.1.1.3. Labour Market Dynamics in South Africa

The Labour Market Dynamics (LMD) provides the patterns and trends of annual labour market results over a period. This report merges data from the Quarterly Labour Force Survey with the Quarterly Employment Statistics to provide a comprehensive overview. Its analytical focus is on the retention and transition rates within the labour market, both nationally and provincially. It also examines the demographic composition of the working-age population, taking into account various socio-demographic characteristics, including age, ethnic background, gender, and educational attainment. Furthermore, the report incorporates key labour market indicators such as the unemployment rate, labour absorption rate, and labour force participation rate. In addition, the GHS includes the unemployment rate, labour absorption rate and labour force participation rate.

6.1.1.4. Supply and Use Tables

The SNA also includes a consistent and integrated set of SU-Tables that provide a detailed analysis of the process of production, the use of products/goods and services, and the income generated in their production.

Application of SU-Tables

SU-Tables are often regarded as the cornerstone of the SNA, and have both statistical and analytical functions:

- **As a statistical tool**, they provide a coordinating framework for checking the consistency of economic statistics regarding flows of goods and services obtained from varying types of statistical sources. These include, but are not limited to industrial surveys, household surveys, investment surveys, and foreign trade statistics. Furthermore, the SU-Tables serve as a basis for calculating the economic data contained in the national accounts and for detecting weaknesses in economic data.
- **As an analytical tool**, the tables can be conveniently integrated into macroeconomic models to analyse the link and interaction between final demand and industrial output levels. This type of analysis, which is also known as impact analysis, enables researchers to use the tables for more sophisticated analysis, including market and productivity analysis.

In addition to their major statistical and analytical functions mentioned above, the SU-Tables have many additional uses. The following are some examples of the extended use of SU-Tables:

- **Derivation of GDP**

The production, income, and expenditure components of GDP can all be derived from the SU-Tables.

- **Production of Symmetric Input-Output Tables**

The SU-Tables form the basis for the estimation of I-O Tables, both at current (nominal) and constant prices. Symmetric I-O Tables can be used for various kinds of analytical purposes, including the analysis of:

- Production, and the structure of demand;
- Prices and costs;
- Employment;
- Investment and capital;
- Imports and exports;
- The environment; and
- Sensitivity analysis through the construction of (dynamic) output modeling.

6.1.1.5. Input-Output Tables

The I-O Tables describe the sale and purchase relationships between producers and consumers within an economy. They can either show flows of final and intermediate goods and services defined according to industry outputs (industry × industry tables) or according to product outputs (product × product tables). For the current study, I-O tables were used to compute the Satellite SAM for CCI&S. I-O tables can be used for macroeconomic modelling to generate the final demand totals. A simple, static I-O Model requires some exogenous means to estimate the final demand vector. Then the final demand vectors are used in conjunction with an I-O Table to produce forecasts/simulations of output changes.

6.1.1.6. Social Accounting Matrix

A SAM represents a snapshot of the economy in a specific year/period. It elaborates on the linkages between SU-Tables and institutional sector accounts. It elaborates the linkages between SU-Tables and institutional sector accounts. As stated earlier, a SAM is a presentation of an SNA in a matrix format that incorporates various degrees of detail that may be of special interest to users. To date, SAM builders have exploited these flexibilities to:

- Highlight special interests and concerns;
- Display the various interconnections that exist in the economy;
- Disaggregate the households sector; and
- Show the linkages between income generation and consumption.

The development of a SAM provides a framework within the context of the SNA in which the activities of all economic agents are accentuated and prominently distinguished. By combining these agents into meaningful groups, a SAM makes it possible to clearly distinguish between groups, to research the effects of interaction between groups, and to measure the economic welfare of each group.

There are two key reasons for compiling a SAM:

- Firstly, a SAM provides a framework for organising information about the economic and social structure of a particular geographical entity (e.g. a region) for a particular time (e.g. one calendar year).
- Secondly, to provide a database that can be used by any one of several different macroeconomic modeling tools to evaluate the impact of different economic decisions and/or economic development programs.

A SAM can be views as a circular flow. The concept of circular flows relates to a particular angle from which an economic system is viewed and traced. Various players exist in the system. The various productive sectors (i.e. the “activities”) in the economy act as producers and sellers of goods and services (i.e. the “commodities”) to institutions such as households, business enterprises, and the government (the “purchasers” of the commodities). For their part, households, enterprises, and the government act as sellers of factor services (labour and capital) to the various activities (“the “purchasers” of these factors”).

Table 1: Schematic Representation of a Social Accounting Matrix

Outputs		Intermediate Demand/Outputs	Final Demand/Outputs					Total Gross Outputs
Inputs		1 . . . j . . . n	C	G	I	S	E	
Intermediate Inputs	1	$x_{11} \dots x_{1j} \dots x_{1n}$	C_1	G_1	I_1	S_1		X_1
	.	.		E_1				
	.	QUADRANT I		QUADRANT II				X_i
	i	$x_{i1} \quad x_{ij} \quad x_{in}$			I_i	S_i		
	.	.	C_i	G_i				
	.	.		E_i				
	.	.			I_n	S_n		X_n
	n	$x_{n1} \quad x_{nj} \quad x_{nn}$	C_n	G_n				
Primary Inputs				E_n				
	W	$W_1 \quad W_j \quad W_n$	-					W
	T	$T_1 \quad T_j \quad T_n$		V_G				T
	P	$P_1 \quad P_j \quad P_n$	V_C		$V_I \quad V_S$		V_E	P
	M	$M_1 \quad M_j \quad M_n$						M
		QUADRANT III		QUADRANT IV				
Total gross Inputs		$X_1 \quad X_j \quad X_n$	C	G	I	S		Z
				E				

Quadrant I represent the intermediate inputs which at the same time are intermediate outputs. Quadrant 1, usually referred to as the transaction table or transaction matrix, displays the flow of goods and services

among the various sectors for purposes of production. This flow of goods and services flow is normally regarded as intermediate in nature. From left to right each row depicts (in Rand value) the goods and services which the producing sectors sell to themselves and to other sectors for application in their specific production processes. In each column, appear purchases, i.e. inputs, by a specific sector (in Rand value) from other sectors. For example, the term x_{ij} indicates sales/outputs from sector i to sector j or “conversely” the purchases/inputs of sector j from sector i .

Quadrant II shows the final demand for locally produced goods and services on a sectoral basis, classified according to the main consuming sector. The final demand components are indicated by the symbols C, G, I, S and E where:

Symbol	Definition
C	Final sales/output from the different sectors to households.
G	Current purchases by the government sector from the different sectors.
I	Gross domestic fixed investments (sales/outputs by the different sectors) which are regarded as capital goods.
S	Changes in inventories during the period covered by the table. The relevant figure can have either a positive or negative value, depending on whether inventories increased or decreased in the various sectors. The changes in savings in the Input-Output Table denote the total change of a specific product irrespective of the sector of the economy where the changes occurred.
E	Exports by the different sectors.

Quadrant III reflects the remuneration of labour, the gross operating surplus, the net indirect taxes and the intermediate imports for each sector, thus the primary inputs. It represents gross value added (the portion of gross domestic product which originates from each of these sectors), as well as each sector’s intermediate imports. The symbols used to indicate the various types of primary inputs are as follows:

Symbol	Definition
W	Remuneration of employees, i.e. the purchase of labour services from households by each sector.
T	Indirect tax/payments by the various sectors to the government. This is usually shown as a net figure, for example taxes less subsidies.
P	Gross operating surplus (before direct tax) of each sector, which includes provision for depreciation and undistributed profits.
M	Each sector’s intermediate imports applied as raw materials or parts in production processes. The imports by a specific sector also refer to the imports of other sectors from which raw materials are purchased.

Quadrant IV shows purchases/inputs by final consumers from primary sources, for example, direct purchases/inputs of labour services (domestic workers) which form part of consumer expenditure, and remuneration to employees in the government sector. The indirect taxes and subsidies included in the final demand and depreciation on fixed government assets are also depicted in Quadrant IV. The horizontal V-vector in quadrant IV represents the total value of the various types of primary inputs which were purchased by each final demand component.

The X-row vector at the bottom as well as the X-column vector on the right-hand side of the Input-Output Table, represent the total gross inputs and total gross output (total production) respectively for the various sectors. As the total inputs for a particular sector are also equal to its total outputs, each x_i in the total gross inputs row should be equal to the corresponding x_i in the total gross output column. This condition, however, does not apply to the final demand and primary input components. Although it appears as if the primary input and the final demand components are related, (for example, payments to employees in relation to private consumer expenditure and net indirect taxes in relation to consumption expenditure by general government) they are not equal. A condition which applies to the final demand and primary input components is that the total final demand transactions should balance the total primary inputs.

In the table above, the total gross outputs and the total gross inputs are associated by the common symbol Z . Z can be defined as the sum of all intermediate sales/outputs as well as sales/outputs to final consumers or, in terms of inputs, the sum of all intermediate and primary inputs. Z is calculated by adding up the figures in the total gross output column or in the total gross input row. However, this figure is not of much value, but it will be referred to in the formal presentation in the following section.

It is important to note that the total gross output is not the same as the GDP. The total gross outputs measure all transactions (intermediate as well as final demand transactions) that occur in a given year. A product can be counted more than once, resulting in double or multiple-counting. The GDP on the contrary, avoids double counting and measures only the production for a given year. Both the GDP and the expenditure on GDP can be read from the input-output table. The GDP is the total of primary inputs less imports, and expenditure on GDP is the same as final demand.

The superiority of the SAM compared to other models is its ability to incorporate the SU-table, the households, capital, and the rest of the world. Households are an important part of the economy, where decisions like consumption and savings are made. The cultural, creative, and sports industries are consumption-intensive industries, hence it is important to incorporate the consumers, who are households. It is this characteristic of the SAM that has made it popular as the database of preference for multi-sector economic models that are used to assess the economic implications of policy changes (or shocks). For example, a SAM is used as a database for more sophisticated models like the General Equilibrium Model (CGE). However, SAM models have limitations. They are static in nature, so impacts do not vary over time. Nonetheless, with a SAM it is possible to tailor the matrix to suit the problem at hand at the time.

Double-Entry Bookkeeping

A SAM can be seen as a double-entry bookkeeping system in the sense that demand and supply (columns and rows) must add up to each other in the end, i.e. for every supply in the system, there must be a related demand. This is similar to the basic accounting principles of debits and credits, in that every transaction in one account must have an equal but opposite entry in the same or another account. Because the SAM deals with economic transactions, it captures the monetary value of economic transactions, and organises them into a series of “accounts”. Six major types of accounts form the basis of a SAM:

- **Activity Accounts** capture the value of products/goods and services produced in an economy.
- **Commodity Accounts** capture the value of products/goods and services traded in an economy.

- **Factor Accounts** capture the value of payments made to the essential factors of production (e.g. labour, capital).
- **Institutional Accounts** capture the value of transactions by business enterprises, households, and government.
- **Capital Accounts** reflect savings and investments.
- **Foreign Trade Accounts** capture the value of imports and exports.

6.1.2. The Process of Compiling a SAM

There are essentially two different approaches that have been used by practitioners in compiling a SAM: a "top-down" approach, and a "bottom-up" approach. The bottom-up approach can be thought of as an inductive approach to the gathering of relevant information, whilst the top-down approach is more deductive as it tends to start from controlled totals in national income accounts (Thorbecke, 1995). The proponents of the top-down approach maintain that, in all cases, the starting point should be the building of a highly-aggregated SAM based on the country's national accounts statistics.

Nonetheless, there is no standard classification scheme or way of disaggregating and organising the data in a SAM – although the most recent 2008 SNA provides useful guidelines. The taxonomy used in any given SAM depends on the prevailing region-specific characteristics, as well as the objectives of the study underlying the building of the SAM. In a SAM that emphasises inter-sectoral linkages, the level of disaggregation of activities needed to capture the structure of production is likely to be much smaller in poorer developing regions than in richer industrialised regions. A SAM that is supposed to be used as a basis for exploring income distribution issues requires a finer disaggregation of socio-economic household groupings than one not highlighting income distribution. An advantage of the SAM is that it explicitly breaks down households into relatively homogenous socio-economic categories that are recognisable for policy purposes, and exhibit relatively stable characteristics. This type of disaggregation allows the SAM to be used to analyse the effects of government policies on income distributions.

A variety of data sources are required to build a SAM. Because the methods used in collecting and generating statistics differ significantly from one source to another (e.g. national income accounts, I-O Tables, census information, multi-purpose household surveys, surveys of enterprises, balance of payments statistics, public finance data), the process of building a SAM provides a natural check on the mutual consistency of the sources, and identifies potential data gaps and errors.

6.1.3. Economic Multipliers

Multipliers attempt to measure the magnitude and reach of the effect that an autonomous adjustment in a certain economic variable (for example, exports) has on other economic metrics like production or employment. Samuelson (1970) articulated the multiplier effect as the factor by which a change in investment needs to be multiplied to derive the resultant variation in income.

Expanding on this concept to encompass a broader range of applications, terms like investment and income can be replaced with other independent and dependent variables, such as those relating to job creation.

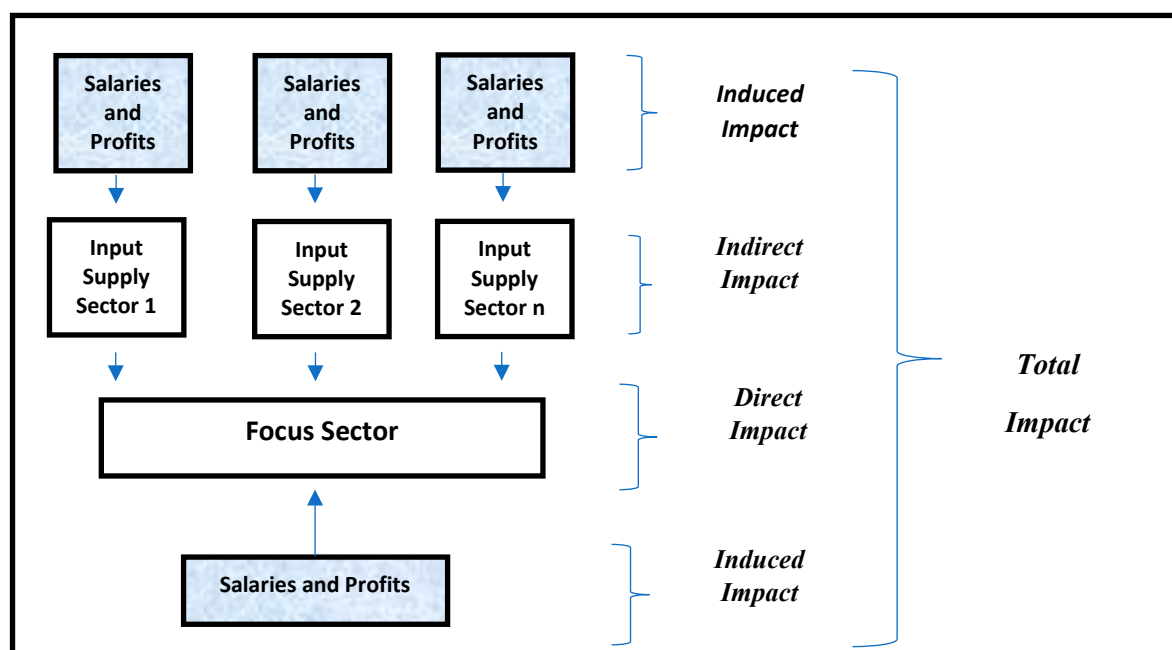
This study has calculated a range of economic multipliers, detailed as follows:

- **GDP Multipliers:** These are calculated by dividing the value added in the economy by the total production. Value added represents the economic value that each sector contributes at different production stages within the South African economy, aimed at avoiding double counting and assigning each sector its share of the national GDP. It's derived by subtracting the cost of intermediate goods from a sector's revenue, comprising employee remuneration, gross operating surplus (including profits and depreciation), and net indirect taxes. Value added is crucial for assessing macroeconomic efficiency, especially for policymakers focused on sustained economic growth.
 - **Labour Multipliers:** These are determined by the ratio of employment creation to production. This metric underscores the role of labour in the production process and quantifies each sector's contribution to job creation, which is instrumental in poverty reduction efforts.
- a) **GDP Multipliers:** These are calculated by dividing the value added in the economy by the total production. Value added represents the economic value that each sector contributes at different production stages within the South African economy, aimed at avoiding double counting and assigning each sector its share of the national GDP. It's derived by subtracting the cost of intermediate goods from a sector's revenue, comprising employee remuneration, gross operating surplus (including profits and depreciation), and net indirect taxes. Value added is crucial for assessing macroeconomic efficiency, especially for policymakers focused on sustained economic growth.
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Calculation of Direct, Indirect & Induced Multipliers

This study determines direct, indirect, and induced economic multipliers for the various economic sectors. The figure below describes the process of calculating multipliers.

Figure 7: Schematic Representation of Direct, Indirect and Induced Impacts



Direct Multipliers

The direct multiplier measures the direct impact emanating from a particular sector on itself. For instance, the direct multiplier will measure how an increase in the production of a particular sector will effect employment within the same sector. These direct impacts are most closely related to the sector and, as such, are probably the most important impacts from a strategic planning point of view.

Indirect Multipliers

Indirect multipliers reflect the impacts that a particular sector will have on all other industries that supply inputs (materials) for the operations taking place in the sector. These 'backward linkages' are important as they measure the broader impact that changes in the direct sector will have on the economy. Frequently, these indirect impacts are very significant, and may even exceed the direct impacts themselves.

Induced Multipliers

Economic impacts will result from the paying out of salaries and wages to people who are employed in a particular activity, as well as the salaries and wages paid by businesses operating in the sectors indirectly linked to this sector due to the supply of inputs. These additional salaries and wages lead to an increased demand for various consumable goods that need to be supplied by various economic activities throughout the broader economy. These induced impacts can be considerable and are measured by using induced multipliers.

6.2. Introduction to the Satellite Account

In the context of national accounts, a satellite account is a framework used to provide additional information and detail on specific economic or environmental activities that are not part of the core national accounts. Satellite accounts can complement the central accounts and allow for the integration and linking of economic and environmental data. They are called "satellite" accounts because they are designed to be consistent with the central accounts (like the System of National Accounts or SNA), yet they orbit around and extend these accounts by focusing on particular areas of interest.

Satellite accounts can cover a wide range of topics such as tourism, health, education, and the environment. For example, an environmental satellite account might detail the use of natural resources and environmental costs associated with economic activities, providing insights into sustainable development and economic-environmental policies. Similarly, a tourism satellite account could provide detailed information on the economic impact of tourism, including expenditure, employment, and the contribution of tourism to GDP.

These accounts are useful for policymakers, researchers, and businesses as they offer a more detailed view of specific sectors or activities, enabling better-informed decisions and strategies. Satellite accounts adhere to the same conceptual framework as the central accounts, ensuring coherence and comparability of data. The cultural, creative, and sports industry is such an account, which is not explicitly reported in the SAM for South Africa. To address this shortcoming, a satellite account matrix for the CCI&S was built

by disaggregating the CCI&S outside the SAM, and then linking it back to the SAM in the required disaggregated format.

6.2.1. The Process of Creating a Satellite Account for the Cultural, Creative, and Sports Industries in South Africa

A SAM that incorporates an internal Satellite Account for the South African Cultural, Creative Industries, and Sports and Recreation was compiled to estimate the macroeconomic impact of CCI&S in terms of various macroeconomic variables such as GDP, capital formation, income distribution, and employment. The underlying assumption is that the Cultural, Creative Industries, and Sports sectors can be extracted from the national account sectors and be seen as a separate sector in the economy. The development of a Satellite Account for South Africa's Cultural, Creative, and Sports Industries (CCI&S) follows a structured approach to evaluate their macroeconomic impact, including assessments of GDP, capital formation, income distribution, and employment. This process involves delineating the CCI&S sectors as distinct entities within the economy, separate from traditional national account sectors. Utilizing the 2009 UNESCO Framework for Cultural Statistics (FCS), which aligns with international and national standards through a comprehensive global consultation, the account for CCI&S is then integrated into a Social Accounting Matrix (SAM). This integration aids in quantifying the sectors' economic contributions.

The steps followed to build the CCI&S Satellite Account are as follows and defined further in sections below.

Figure 8: Steps to Build the CCI&S Satellite Account

Step 1	Step 2	Step 3	Step 4	Step 5
Identification of Cultural Domains and Sub-domains using the most recent UNESCO Framework for Cultural Statistics (FCS).	Matching the Annual Financial Statistics (AFS) sectors to UNESCO Framework.	Determine the annual production of the Cultural Domains from the AFS report.	Breaking down the production control total of Cultural Domains between intermediate demand and the Value Added (Income side) and intermediate demand and the final demand (expenditure side).	Disaggregating the income and expenditure side of the CCI&S in the sub-domain level.

By following these steps, a comprehensive CCI&S Satellite SAM is constructed, which is then utilized in macroeconomic models to gauge the influence of CCI&S domains on key economic indicators. This structured procedure ensures a precise measurement of the cultural, creative, and sports sectors' contributions to the broader South African economy.

6.2.2. Identification of Cultural Domains and Sub-domains using the most recent UNESCO Framework for Cultural Statistics

The first step to building a Satellite Account for CCI&S involved examining the UNESCO classification of cultural domains and to determine to what extent the Annual Financial Statistics could be used to match this definition, and possible adaptations needed. The table below illustrates the 2009 UNESCO framework for the Cultural, Cultural, and Sports Industry, which consists of 8 domains and 49 sub-domains. The CCI&S structure below has been used in the model.

Table 2: 2009 UNESCO Framework for Cultural Statistics

Cultural Domains	SIC 7/ ISIC 4.1	Cultural and Creative Industry Activities
A. Cultural & Natural Heritage	9000	Creative, Arts & Entertainment Activities
	9102	Museums Activities & Operation of Historical Sites & Buildings
	9103	Botanical & Zoological Gardens & Nature Reserves Activities
	4774	Retail Sale of Second-Hand Goods
B. Performance & Celebration	9000	Creative, Arts & Entertainment Activities
	3220	Manufacture of Musical Instruments
	5920	Sound Recording & Music Publishing Activities
	4762	Retail Sale of Music & Video Recordings in Specialized Stores
C. Visual Arts & Crafts	9000	Creative, Arts & Entertainment Activities
	7420	Photographic Activities
	5819	Other Publishing Activities
	3211	Manufacture of Jewelry & Related Articles
	7220	Research & Experimental Development on Social Sciences & Humanities
D. Books & Press	9101	Library & Archives Activities
	5811	Book Publishing
	5813	Publishing of Newspapers, Journals & Periodicals
	5819	Other Publishing Activities
	4761	Retail Sale of Books, Newspapers & Stationary in Specialized Stores
	6391	News Agency Activities
	6399	Other Information Service Activities N.E.C.
	4649	Wholesale of Other Household Goods
E. Audio-Visual & Interactive Media	9000	Creative Arts & Entertainment Activities
	5820	Software Publishing
	5911	Motion Picture, Video & Television Programme Production Activities
	5912	Motion Picture, Video & Television Programme Post- Production Activities
	5913	Motion Picture, Video & Television Programme Distribution Activities
	5920	Sound Recording & Music Publishing Activities
	5914	Motion Picture Projection Activities
	6010	Radio Broadcasting
	6020	Television Programming & Broadcasting Activities
	6312	Web Portals
	7722	Renting of Video Tapes & Disks
	6391	News Agency Activities
	4762	Retail Sale of Music & Video Recordings in Specialized Stores
	4791	Retail Sale Via Mail Order Houses or via the Internet
F. Design & Creative Services	7410	Specialized Design Activities
	7110	Architectural & Engineering Activities & Related Technical Consultancy
	7310	Advertising
G. Related domains/Sports and recreation	5520	Camping grounds, recreational vehicle parks and trailer parks
	7721	Renting and leasing of recreational and sports goods
	9311	Operation of sports facilities
	9312	Activities of sports clubs
	9319	Other sports activities

	9200	Gambling and betting activities
	9321	Activities of amusement parks and theme parks
	9329	Other amusement and recreation activities n.e.c.
	9609	Other personal service activities n.e.c.
	8541	Sports and recreation education
H. Transversal domains/Cultural Education	8522, 8530 and 8542	Technical and Vocational Secondary Education; and Higher Education

Source: UNESCO Institute for Statistics (2009).

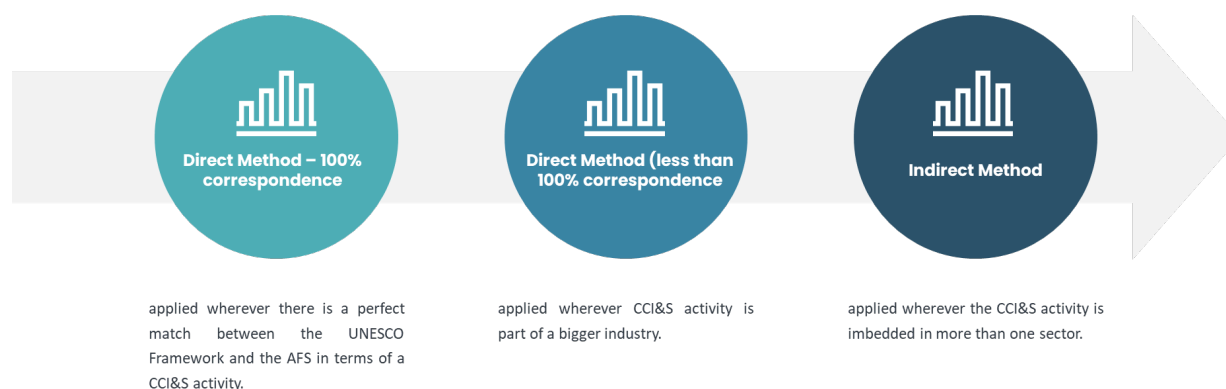
6.2.3. Matching the Annual Financial Statistics sectors to UNESCO Framework

It is very difficult to obtain published figures for the Cultural, Creative and Sports Industry at sub-domain level because most cultural and creative industries' activities take place in the SMMEs sector and some of the CCI&S activities are imbedded in other sectors. For example, the activities of graphic designer for a motor industry are generally reported under the automotive sector. To address this issue, the UNESCO framework domains were harmonised with the AFS to derive the CCI&S production from the national production.

The production figures published in the AFS represent the total economy's production. To derive the proportion of the CCI&S production, percentage distributions were applied from the total economy's production. Because some CCI&S activities are embedded in other sectors, percentage distributions were applied to the total economy's production wherever necessary to derive the proportion of the CCI&S production. The percentage distributions applied were calculated from the Supply - Use Tables.

Three methods were used to extract CCI&S production values from the Annual Financial Statistics. These are:

Figure 9: Method used to extract CCI&S production values from the Annual Financial Statistics



The table below illustrates the matching of the AFS and the UNESCO classification to determine the cultural sub-domains production.

Table 3: Matching AFS and UNESCO Framework

Cultural Domains	SIC 7/ ISIC 4.1	Cultural and Creative Industry Activities	Direct Method (100% Correspondence)	Direct Method (less than 100% Correspondence)	Indirect Method
A. Cultural & Natural Heritage	9000	Creative, Arts & Entertainment Activities		AFS:6239: Other retail trade in specialised store- 1%	
	9102	Museums Activities & Operation of Historical Sites & Buildings	SANPARKAFS	AFS: 2016	
	9103	Botanical & Zoological Gardens & Nature Reserves Activities		AFS:9631; 9632; 9633: Library and archives activities; museum activities and preservation of historical sites and buildings; botanical and zoological gardens and -80%	
	4774	Retail Sale of Second-Hand Goods	AFS: 6240: Retail trade in second-hand goods in stores		
B. Performance & Celebration	9000	Creative, Arts & Entertainment Activities	AFS: 9614: Dramatic arts, music and other arts activities/9649: Other recreational activities		
	3220	Manufacture of Musical Instruments		AFS:3922; 3930: Manufacture of musical instruments; other manufacturing n.e.c.-5%	
	5920	Sound Recording & Music Publishing Activities		AFS:3243; 3249: Publishing of recorded music; other publishing-70%	
	4762	Retail Sale of Music & Video Recordings in Specialized Stores		HCS: VCDs (excluding software and video games; including pre-recorded and unrecorded VCDs)-10%/DVDs (excluding software and video games, including pre-recorded and unrecorded DVDs)-10%/Compact disks- CDs (excluding software and video games; including pre-recorded and unrecorded disks)10%	

C. Visual Arts & Crafts	9000	Creative, Arts & Entertainment Activities		AFS:3922; 3930:Manufacture of musical instruments; other manufacturing n.e.c.-2%	
	7420	Photographic Activities	AFS:8894:Photographic activities		
	5819	Other Publishing Activities		AFS:3241;Publishing of books, brochures, musical books and other publications-27%	
	3211	Manufacture of Jewellery & Related Articles	AFS:3921;Manufacture of jewellery and related articles		
	7220	Research & Experimental Development on Social Sciences & Humanities	AFS:8720;Research and experimental development on social sciences and humanities		
D. Books & Press	9101	Library & Archives Activities		AFS:9631; 9632; 9633;Library and archives activities; museum activities and preservation of historical sites and buildings; botanical and zoological gardens and nature reserve activities-3%	
	5811	Book Publishing		AFS:3241;Publishing of books, brochures, musical books and other publications-73%	
	5813	Publishing of Newspapers, Journals & Periodicals	AFS:3242;Publishing of newspapers, journals and periodicals		
	5819	Other Publishing Activities		SU-tables: Other Publishing-50%	
	4761	Retail Sale of Books, Newspapers & Stationary in Specialized Stores		HCS:Magazines and periodicals-90%/Newspapers - daily weekly-90%/Books-90%	
	6391	News Agency Activities		AFS:9619; 9620;Other entertainment activities n.e.c.; news agency activities-44%	
	6399	Other Information Service Activities N.E.C.		AFS:9619; 9620;Other entertainment activities n.e.c.; news agency activities-18%	
	4649	Wholesale of Other Household Goods		HCS:Magazines and periodicals-10%/Newspapers - daily weekly-10%/Books-10%	
	9000	Creative Arts & Entertainment Activities		AFS:9909;Other service activities n.e.c.-2%	

E. Audio-Visual & Interactive Media	5820	Software Publishing		AFS:862;Software consultancy and supply-3%	
	5911	Motion Picture, Video & Television Programme Production Activities		AFS:9613;Radio and television activities-10%/9611;Motion picture and video production and distribution-80%	
	5912	Motion Picture, Video & Television Programme Post- Production Activities		AFS:9613;Radio and television activities-5%/9611;Motion picture and video production and distribution-10%	
	5913	Motion Picture, Video & Television Programme Distribution Activities		AFS:9613;Radio and television activities-5%/9611;Motion picture and video production and distribution-10%	
	5920	Sound Recording & Music Publishing Activities		AFS:3243; 3249;Publishing of recorded music; other publishing-30%	
	5914	Motion Picture Projection Activities	AFS:9612;Motion picture projection		
	6010	Radio Broadcasting		AFS:9613;Radio and television activities-39%	
	6020	Television Programming & Broadcasting Activities		AFS:9613;Radio and television activities-41%	
	6312	Web Portals		AFS:862;Software consultancy and supply-9%	
	7722	Renting of Video Tapes & Disks		AFS:8530;Renting of personal and household goods n.e.c.	
	6391	News Agency Activities		AFS:9619; 9620;Other entertainment activities n.e.c.; news agency activities-21%	
	4762	Retail Sale of Music & Video Recordings in Specialized Stores		HCS:VCDs (excluding software and video games; including pre-recorded and unrecorded VCDs)-90%/DVDs (excluding software and video games, including pre-recorded and unrecorded DVDs)-90%/Compact disks- CDs (excluding software and video games; including pre-recorded and unrecorded disks)90%	

	4791	Retail Sale Via Mail Order Houses or via the Internet		AFS:6251; 6252; 6259;Retail trade via mailorder houses; retail trade via stalls and markets; other retail trade not in stores-1%	
F. Design & Creative Services	7410	Specialized Design Activities			AFS;3112:Finishing of textiles-1%/3121:Manufacture of made-up textile articles, except apparel-3%/3130:Manufacture of knitted and crocheted fabrics and articles-3%/3140; 3150:Manufacture of wearing apparel; dressing and dyeing of fur; manufacture of articles of fur-2%/8831:Advertising-11%/862:Software consultancy and supply-5%/3241:Publishing of books, brochures, musical books and other publications-12%/3242:Publishing of newspapers, journals and periodicals-12%/3243; 3249:Publishing of recorded music; other publishing-34%/9611:Motion picture and video production and distribution-24%/9613:Radio and television activities-8%
	7110	Architectural & Engineering Activities & Related Technical Consultancy		AFS:8821;Architectural and engineering activities and related technical consultancy-70%	
	7310	Advertising		AFS:8831;Advertising-70%	
G. Sports and Recreation	5520	Camping grounds, recreational vehicle parks and trailer parks		AFS 9649 Other recreational activities – 18%	
	7721	Renting and leasing of recreational and sports goods		AFS 9649 Other recreational activities – 14%	
	9311	Operation of sports facilities	AFS 9641 Sporting activities		
	9312	Activities of sports clubs		AFS 9649 Sporting activities – 9.5%	
	9319	Other sports activities		AFS 9649 Sporting activities – 10%	

	9200	Gambling and betting activities		AFS 9649 Other recreational activities – 20%	
	9321	Activities of amusement parks and theme parks		AFS 9649 Other recreational activities – 8.2%	
	9329	Other amusement and recreation activities n.e.c.		AFS 9649 Other recreational activities – 6%	
	9609	Other personal service activities n.e.c.		AFS 9649 Other recreational activities – 7.8%	
	8541	Sports and recreation education		AFS 9649 Sporting activities – 6.5%	
TRANSVERSAL DOMAINS Cultural Education ¹⁹	8522*	Technical and vocational secondary education*			
	8530*	Higher education*			
	8542	Cultural education			

Source: UNESCO Framework, Supply-Use Tables, and the AFS Report

6.2.4. Distribution of production control total of CCI&S

After estimating the total production of each sub-domain from the Annual Financial Statistics, the total production for each sub-domain is disaggregated into:

- Intermediate demand and value added for the supply side of the satellite account.
- Intermediate demand and final demand on the demand/expenditure side.

The distribution for the supply side (intermediate demand and value added) used the 2021 AFS whilst the structure for the demand side (intermediate demand and the final demand) used the 2018¹³ Use Table.

Below is an example of the distribution of the total production for the supply and demand side, respectively.

Table 4: Production distribution of Other Information Service Activities (*Manufacture of Musical Instruments, photographic activities, book publishing*) – Income side

Intermediate demand	Value added				Total
	Labour remuneration (Salaries & Wages)	Gross operating surplus	Government Indirect tax	Government subsidy	
44.8%	32.3%	17.5%	2.8%	2.6%	100%

Table 5: Production distribution of Other Information Service Activities – Expenditure side

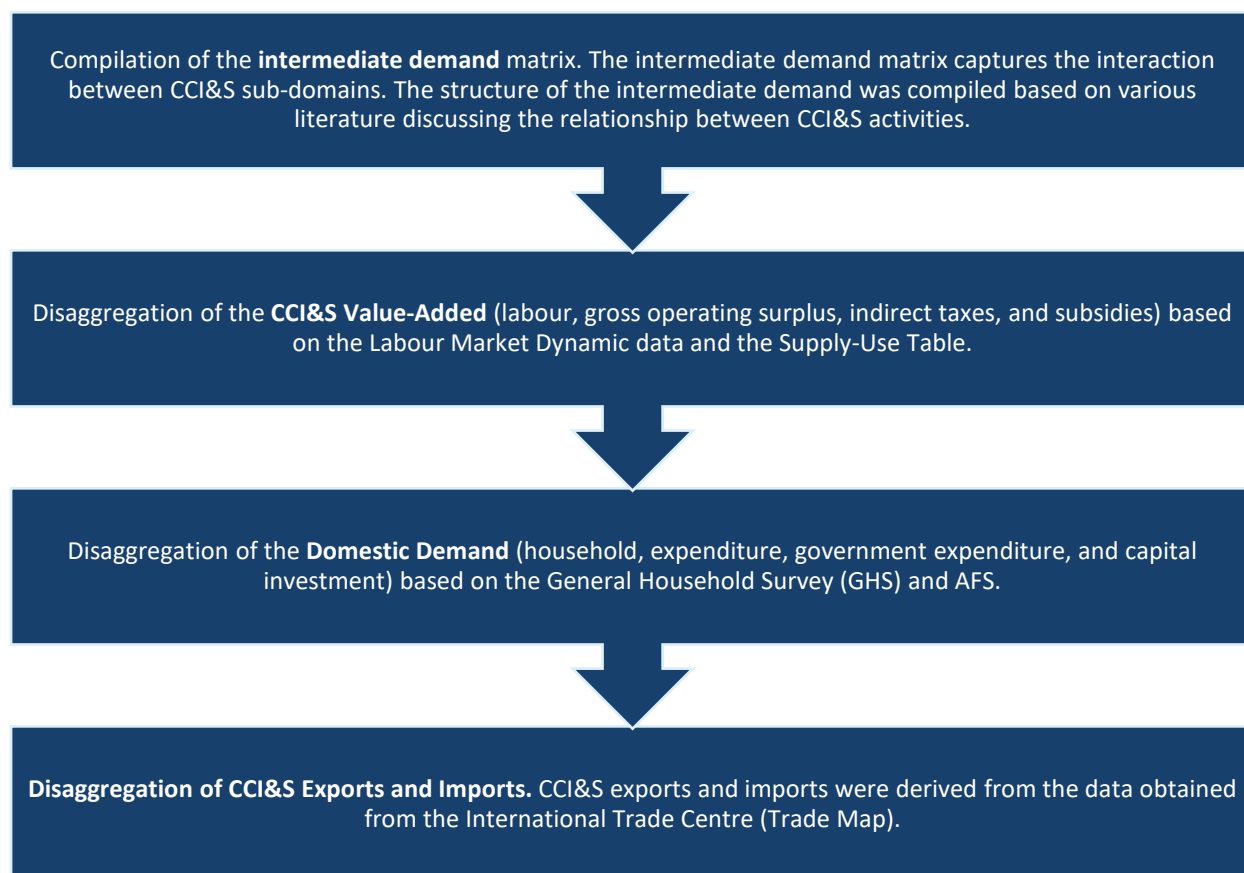
Intermediate demand	Household Expenditure	Government	Capital Investment	Total
33.0%	55.1%	11.9%	0.0%	100%

6.2.5. Disaggregating the income and expenditure side of the CCI&S at sub-domain level

The disaggregation of the income and expenditure side of the CCI&S at sub-domain level was done using the following algorithm:

¹³ The 2020 Use Table was released post the finalisation of the modelling process.

Figure 10: Disaggregation of the income and expenditure side of the CCI&S at sub-domain level



The table below illustrates the matrix that includes the satellite account for the Cultural, Creative and Sports industries once completed.

Table 6: A National Accounting Matrix Framework for South Africa¹⁴

NATIONAL ACCOUNTING MATRIX FOR SOUTH AFRICA

		Activities		Commodities		Factor Payments		Enterprises	Households	Government Account			Capital Account		Rest of the World			Capital	Total
		CCI&S - Activities	Rest of sectors - Activities	CCI&S - Commodities	Rest of sectors - Commodities	Labour	Capital (GOS) - Net Operating Surplus plus	Public and Private Enterprises	Households	Central Government	Provincial Government	Local Government	General Government	All Other Sectors (incl. Public)	Factor Payments	Goods & Services	Transfers	Capital	Total
		1		2		3	4	5	6	7			8		9				
Activities	1	CCI&S - Activities		P												E(RoW)			g
		Rest of sectors - Activities			P											E(RoW)			g
Commodities	2	CCI&S - Commodities	X						C	G	G	G	I	I					q
		Rest of sectors - Commodities	X	X					C	G	G	G	I	I					q
Factor Payments - Labour	3	Labour	Wa	Wa						Wg-	Wg-	Wg-			We(RoW)				eL
Factor Payments - Capital	4	Capital (GOS) - Net Operating Surplus plus Consumption of Fixed Capital	Fa	Fa											Fe(RoW)				ec
Enterprises	5	Public and Private Enterprises - Enterprise Income Received					Qe			TrgE	TrgE	TrgE							Zu
Households	6	Households				L		Qv	TrhH1	TrgH1	TrgH1						TrrH(RoW)		ZH
National Government	7	Property income					Tf												ZG
		Transfers						Tu	Td	TrgG	TrgG	TrgG					TrrG(RoW)		ZG
		Direct tax						Tu	Td										ZG
		Indirect tax	Ti	Ti	Ta	Ta													ZG
		Subsidies	Si	Si	Si	Si				TrgG	TrgG								EG
Capital Account	8	General Government								Sg	Sg	Sg							ZC
		All Other Sectors (incl. Public Corporations)						Quv	Sh										ZC
Rest of the World	9	Factor Payments				Wl(RoW)	Qr\$(RoW0			TrhH2(RoW)									ZA(RoW)
		Goods & Services			M(RoW)	M(RoW)													ZA(RoW)
		Transfers							TrhH2(RoW)	TrgH2(RoW)	TrgH2(RoW)	TrgH2(RoW)							ZA(RoW)
Balance on Current Account	10	Balance on Current Account																Sa(RoW)	ZA(RoW)
Capital		Capital											Sa(RoW)	Sa(RoW)					ZA(RoW)
		Total	g	g	q	q	eL	ec	ZU	ZH	ZG	ZG	ZG	ZC	ZC	ZA(RoW)	ZA(RoW)	ZA(RoW)	ZC

¹⁴ A glossary of the matrix can be found in Appendix 1

6.3. Macroeconomic Impact Assessment Model

Once the satellite account is completed, the outputs of the satellite account are converted into the MEIA model to estimate the economic contribution of the CCI&S. The MEIA is a linear model and can therefore be solved in terms of matrix algebra according to the standard equations:

$$q = (I - A)^{-1} \times f$$

Where:

q	=	Sectoral production
(I-A) ⁻¹	=	Inverted intermediate demand coefficients matrix
f	=	Final Demand per cultural activities ¹⁵

To get the model started, the turnover of the business economy associated with the CCI&S are regarded as “outside agents” impacting on the model through an increase in its final demand components. The implication of this is that (for every project) a (column) vector for every relevant final demand component of the model, on a commodity basis, had to be compiled. Each of these final demand components had to be disaggregated on a detailed basis, such as turnover and intermediate demand on a creative and cultural industry basis, salaries and wages, gross operating surplus (GOS), number of workers per skill level, portion of goods and services to be exported, etc. The model structure is based on the Standard Industrial Classification (SIC) of sectors.

The impact of the CCI&S was analysed according to various “bricks” (i.e. the main cultural domains and their sub-activities). The economic impact of each of the bricks was firstly calculated separately. To obtain the total economic impact for a specific domain or the total economy, the related bricks were aggregated.

6.4. Data Sources

The primary data sources used in compiling the CCI&S SAM for the present study is outlined in the table below:

Survey/administrative data	Conducted in the past?	Latest publication	Frequency	Coverage
Annual Financial Statistics	Yes	December 2022 (reference period – 2021)	Annually	12 663 enterprises sampled
The Supply and Use Tables	Yes	2018	Annually	124 industries sampled
The Social Accounting Matrix	Yes	2018	Every 5 to 10 years	Entire economy
The Income and Expenditure of Households Survey	Yes	2014/15	Every 3 to 5 years	31 000 dwelling units sampled
The Quarterly Bulletin published by the South African Reserve Bank.	Yes	September 2023	Quarterly	Entire economy

¹⁵ In the case of SAM based models, it is shocked not on activities but on commodities. In this case the Model automatically cream off the import components to enable it to calculate the impact of only the demand for domestically produced products.

Labour Market Dynamics	Yes	2021	Annually	Approximately 30 000 dwelling units sampled
Estimates of national expenditure	Yes	2021	Annually	Entire economy

In all cases, data derived from these sources has been adjusted to 2021 constant prices using appropriate growth rates for the main economic sectors derived from the September 2023 SARB Quarterly Bulletin.

6.5. Limitations of a SAM-Based Model

There are strengths and weaknesses in using SAM-based models in MEIA studies. The fundamental assumption about the compilation of SAM-based models, as well as the use of the models for analytical purposes is the possibility of grouping all production activities in the economy in homogeneous sectors. Secondly, the interdependence of sectors in the model can be expressed in meaningful input functions. This basic assumption mainly allows further assumptions to be made concerning the economic validity of the application of a SAM-based model as an economic analytical tool. Some of the strengths of SAM-based models include:

The strengths include:

- SAM-based models use a lot of historical or cross-sectional data. There is a belief centred on the idea that a model incorporating as much information from the past as possible will have a better chance of predicting the future or accurately simulating policy impacts.
- SAM-based models need relatively less data resources to be maintained than other sophisticated models like the CGE model.

On the other hand, SAM-based models are not without limitations. Some of the limitations include:

- SAM-based models are partial equilibrium models. As such, they do not capture all markets and prices in an economy. They also do not capture the impact of changes in one market on other key markets in the economy.
- SAM-based models are static in nature, the impacts do not vary over time. They are not useful for long-term forecasting purposes.

6.6. Approach to calculating CCI&S Trade

South Africa does not currently have an official framework for cultural statistics that defines and classifies trade in cultural goods and sports. Like many countries globally, South Africa makes use of the UNESCO Framework for Cultural Statistics (2009) to define and classify cultural and sports trade.

The UNESCO Framework for Cultural Statistics outlines the trade classification system for cultural goods. This classification forms the basis for establishing the cultural and sports trade. The UNESCO FCS guides on how existing trade data can be used to identify cultural trade in both goods and services. For goods trade, the framework specifies which categories of the 2007 Harmonised Commodity Description and Coding System (HS), and the Standard International Trade Classification Revision 4 (SITC4) can be used to measure cultural goods trade. Of the two classification systems, the 2007 HS provides greater detail, with 85 six-digit HS codes identified as relevant for cultural goods trade across the six domains. The HS six-digit level provides data for South Africa's total and trade. The cultural and

sports uses a six-digit product code based on the Harmonised System of 2007 and is used for this analysis.

The Harmonised System is an international classification system used for classifying traded goods. It provides a homogenous way to identify and classify products based on their characteristics and materials. The HS codes are essential for tracking international trade and ensuring consistency in reporting. The system allows for direct mapping to the HS codes to define cultural goods trade, which aligns with the UNESCO FCS. The data used in this report uses the 2007 Harmonised System for goods trade, based on UN Comtrade data¹⁶, which allows for alignment with the 2009 UNESCO FCS. The HS six-digit product code is presented in Appendix B.

To measure trade in cultural services, the Extended Balance of Payment Services (EBOPS) is used. EBOPS is based on the sixth edition of the Balance of Payments and International Investment Position Manual (BPM). Under this system, services trade data recorded is mainly cross-border services, where the services provider remains in their country while the service provided crosses the border. The categories depicted in the table below provide an important guide to measuring cultural services trade

Table 7: EBOPS cultural services trade categories

	BPM6	EBOPS	Labels
Core cultural services	1.A.b.8.	8.4.1	Licenses to reproduce and/or distribute audio-visual products
		8.4.2	Licenses to reproduce and/or distribute related products
	1.A.b.9.3.	9.3.1	News agency services
	1.A.b.9.3.	9.3.2	Other information services
	1.A.b.10.2.	10.2.2	Advertising, market research and public opinion polling
	1.A.b.10.3.	10.3.1.1	Architectural services
	1.A.b.11.1.	11.1.1	Audio-visual products
	1.A.b.11.1.	11.1.2	Related services
	1.A.b.11.2.	11.2.3	Heritage and recreational services
Equipment and supporting materials	1.A.b.8.	8.3	Licenses to reproduce and/or distribute computer software
	1.A.b.9.2	9.2.1	Computer services
	1.A.b.9.2	9.2.2	Other computer services
Related cultural services & tourism	1.A.b.4.2.3	4.2.3.	Travel – Other personal

Source: UNESCO, 2009: 39

¹⁶ [Trade Statistics by Product \(HS 6-digit\) \(worldbank.org\)](https://data.worldbank.org/Trade/TradeStatisticsbyProduct)

6.7. Approach to calculating Cultural and Sports Occupations

According to the UNESCO (2009) Framework, the cultural occupations are found in cultural and other industries doing cultural work. UNESCO (2009) Framework defines cultural occupations **“Total of all persons that have a cultural or non-cultural occupation in the culture sector and all persons that have a cultural occupation in the non-cultural sector”**¹⁷.

According to SACO¹⁸, cultural occupations can be classified into three, using the Cultural Trident model.

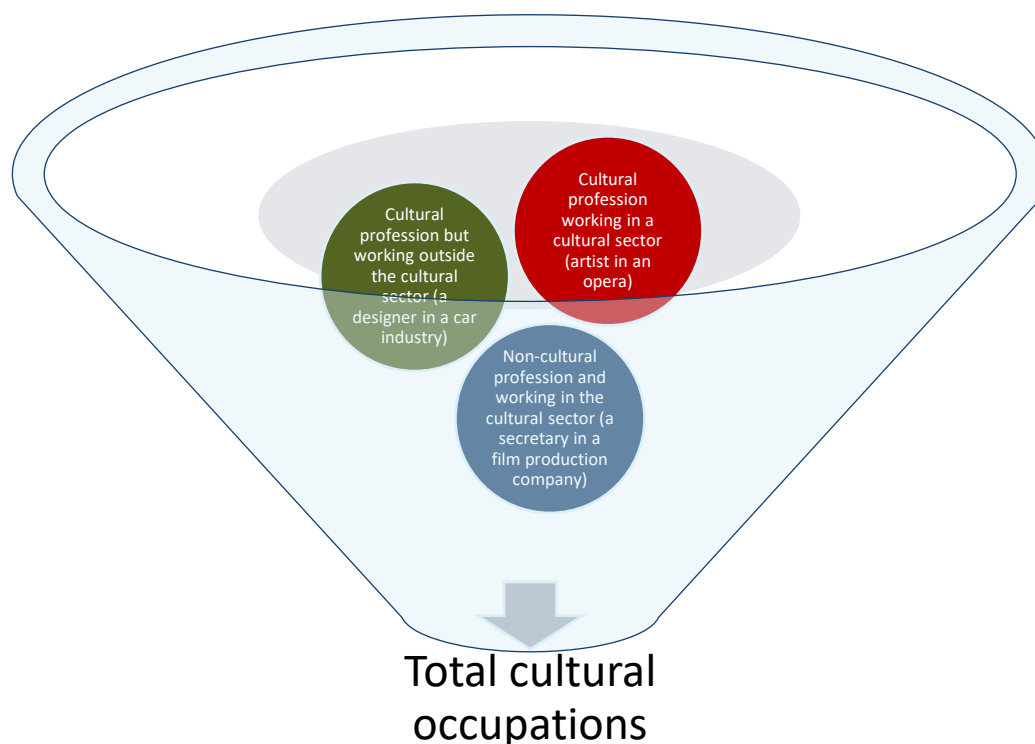


Figure 11: Cultural Trident Model (Higgs and Cunningham, 2008)

This report utilised Statistics South Africa’s Quarterly Labor Force Survey (QLFS), which gathers quarterly labor market information in all sectors in South Africa. the labour data from the QLFS was used to determine the cultural occupations in the nine provinces of South Africa. The national cultural and sports employment is discussed in detail in Chapter 1: **Macroeconomic Impact Assessment of the CCI&S**.

Although reference is made to cultural occupations, the analysis also covers occupations in sports as defined in the UNESCO Framework.

¹⁷ UIS, 2009 UNESCO Framework for Cultural Statistics, 2009.

¹⁸

<file:///C:/Users/tefel/Downloads/A%20Framework%20for%20Measuring%20Cultural%20Employment%20in%20South%20Africa%20FINAL.pdf>

7. The Economic Contribution of Cultural, Creative, and Sports Industries

A Macro-Economic Impact Assessment was used to estimate how the activities of the CCI&S in one or more parts of the economy affect other sectors of the economy. In other words, the model assesses how direct economic activity could potentially lead to other forms of economic activity. In the model, the direct, indirect, and induced effects of the industries are highlighted. The table below outlines the main economic indicators that are analysed in the study.

Table 8: Macro-Economic Indicators

	GDP is a good indicator of economic growth and welfare, as it represents, amongst others, the remuneration of employees and GOS (profits) as components of value added to the economy.
	Labour forms an important part of the primary production factors needed for production. The model determines the additional number of people employed because of CCI&S expenditure using the MEIA.
	Capital formation is important in MEIA, improvement in the investment levels has a positive impact on employment, aggregate demand, and income. Outcomes of investment projects trickle down to other sectors of the economy.
	CCI&S impact on public finances through the collection of indirect and induced tax revenue by the companies and employees associated with the industry.
	One of the components of the MEIA is to determine whether activities in the CCI&S have a positive impact on poverty alleviation. The expenditure of the CCI&S benefit low-income households. This is reflected through the additional income that low-income households receive ¹⁹ .

In the study, we use the GDP indicator instead of Gross Value Added (GVA), because GDP is the most used indicator in macroeconomic analysis. It is widely reported by statistical houses, making it easy to perform comparative analysis.

Before delving into the economic contribution of the industries, it is important to assess the size of production for the industries. The production size directly affects the GDP calculations. For example,

¹⁹ The definition of low, medium and high-income household categories are from the General Household Survey (2022) by StatsSA and the Labour Market Dynamics (2021). Low-income households include households an annual income of between R0 to R31 955; medium income households include households with an annual income of between R31 956 to R767 208; high-income households include households with an annual income of R767 209 and above.

low production will yield low GDP for a specific industry. The production figures are displayed in the table below.

Table 9: CCI&S Production Size of the Domains

Industries	Production (R million)	Production (%)
Cultural & Natural Heritage	3 320	1,5%
Performance & Celebration	10 463	4,9%
Visual Arts & Crafts	24 701	11,5%
Books & Press	17 730	8,2%
Audio-Visual & Interactive Media	45 453	21,1%
Design & Creative Services	44 052	20,5%
Sports and Recreation	44 752	20,8%
Education	24 834	11,5%
Total	215 305	100,00%

The table above presents the production of the CCI&S. The domains that accounted for the most production in 2021 are Audio-Visual & Interactive Media, Sports and Recreation, and Design and Creative Services. A lot of activities are expected to occur in these industries given the sizes of the production.

The next section illustrates the total macroeconomic contribution of CCI&S in the South African economy in 2021.

The table below provides the total impacts (direct, indirect, and induced) in terms of various macroeconomic performance indicators.

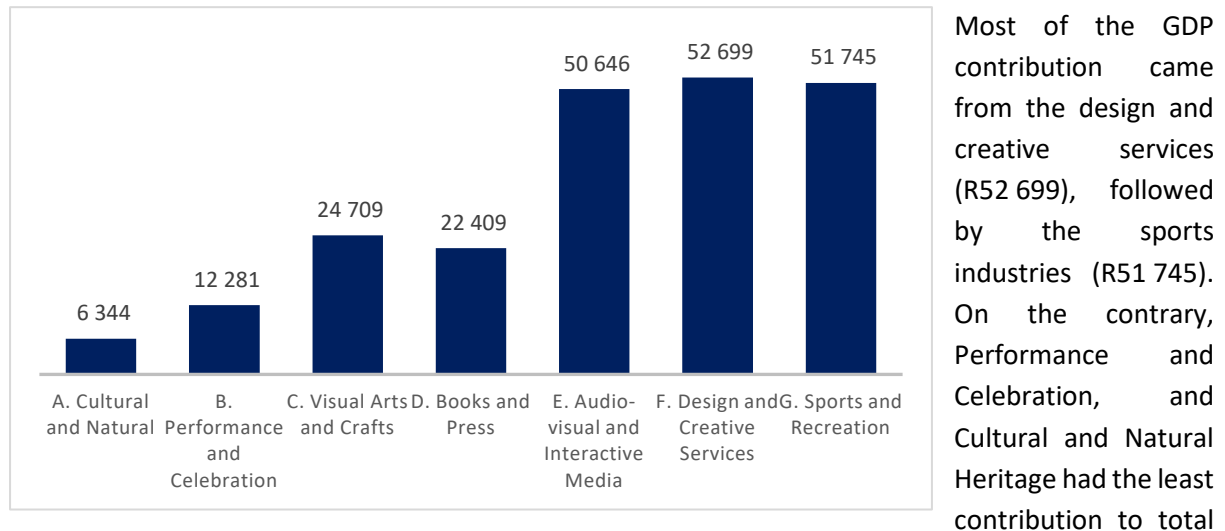
Table 10: Economic Contribution of the Cultural, Creative, and Sports Industries 2021

GDP	Production by the CCI&S, amounting to R215 billion in 2021, resulted in additional GDP. The results are shown in the table below. <table><tr><td></td><td>Direct impact</td><td>Indirect impact</td><td>Induced impact</td><td>Total impact</td></tr><tr><td>Impact on GDP (R millions)</td><td>85 507</td><td>98 134</td><td>67 080</td><td>250 721</td></tr></table> The production activities of the Cultural, Creative, and Sports Industries (CCI&S) have made a significant economic contribution, generating around R250 billion in GDP. This figure constitutes nearly 4% of the national GDP at basic prices. The combined indirect and induced impacts are responsible for approximately two-thirds of this GDP contribution, underscoring the extensive multiplier effect the industries impact on the broader South African economy. Of this contribution, around 27% is induced, stemming from labor remuneration and the subsequent consumer spending it sparks. Direct production of goods and services within the CCI&S accounts for 34% of its GDP impact, highlighting the substantial role of both the core activities of the industries and their extensive value chain.		Direct impact	Indirect impact	Induced impact	Total impact	Impact on GDP (R millions)	85 507	98 134	67 080	250 721
	Direct impact	Indirect impact	Induced impact	Total impact							
Impact on GDP (R millions)	85 507	98 134	67 080	250 721							
Employment	In 2021, the industries employed approximately 1,125,866 individuals, with a significant portion, 529,094, directly engaged in the Cultural, Creative, and Sports Industries (CCI&S). Additionally, the presence of the CCI&S spurred job creation in other areas, indirectly and through induced effects related to wage spending, contributing to over 500,000 additional employment opportunities. <table><tr><td></td><td>Direct impact</td><td>Indirect impact</td><td>Induced impact</td><td>Total impact</td></tr><tr><td>Impact on Employment</td><td>529 094</td><td>279 007</td><td>317 765</td><td>1 125 866</td></tr></table>		Direct impact	Indirect impact	Induced impact	Total impact	Impact on Employment	529 094	279 007	317 765	1 125 866
	Direct impact	Indirect impact	Induced impact	Total impact							
Impact on Employment	529 094	279 007	317 765	1 125 866							
Public Finance	The CCI&S also contributes indirectly to government tax revenue and stimulates economic activity throughout its operations. During 2021, the activities in the CCI&S in the economy increased total government revenue by an estimated R103 billion. This figure constitutes direct and indirect tax revenue, as well as the broader fiscal impacts generated through the linkages the CCI&S has with other economic sectors.										
Poverty reduction	The CCI&S plays a vital role in reducing poverty by positively affecting low-income households. The industry's activities lead to an increase in income for these households. In 2021, households received a total income of close to R220 billion, with approximately R41 billion (or 18.7% of this total) benefiting lower-income households.										

7.1. Contribution to GDP

The of R250 billion contribution to GDP by the CCI&S is further broken down according to the domains as depicted in the figure below.

Figure 12: Domain Contribution to GDP, 2021 (R Millions)



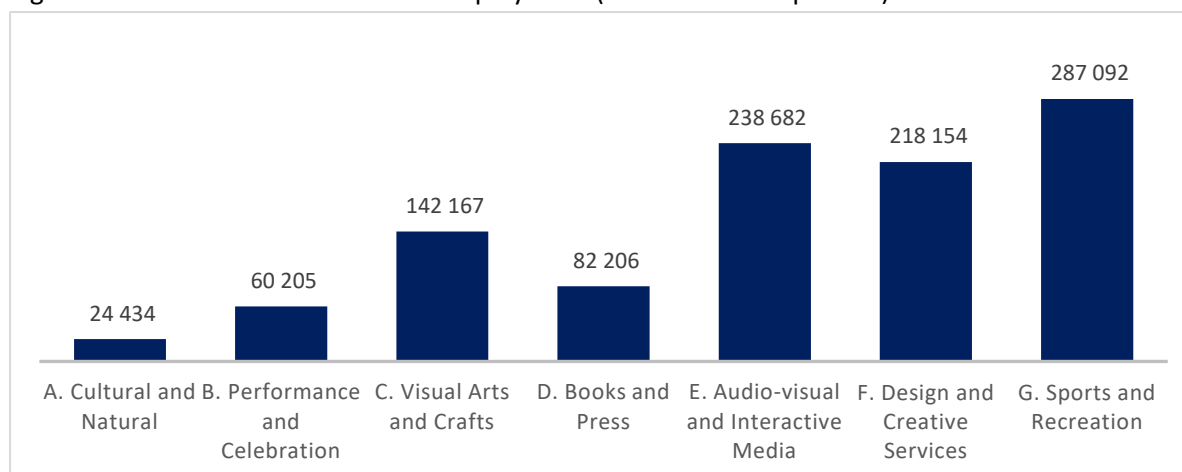
GDP respectively. This can be explained by the negative impact the lockdowns and various Covid19 regulations had on those specific industries. One can argue that all the industries were heavily affected by Covid19 regulations, but it is evident that some industries were more flexible in implementing necessary changes which allowed them to continue with operational activities.

The Sports and Recreation industries contributed reasonably well to the overall GDP of the CCI&S in 2021. Sports and Recreation accounted for 21% of the total GDP of the industries. The sports industries were also affected by the Covid-19. However, not all the income from sports is generated from sports events, which were halted because of lockdowns. Sports income also includes sponsorships and licencing. An example of this was the South African Premier League games, which continued to operate and were televised successfully despite the lockdowns. Such events also bring viewership and sponsorship deals for the industry.

7.2. Employment

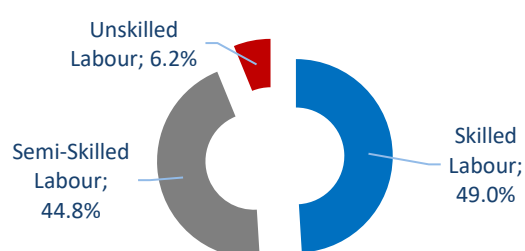
Cultural and creative professionals can be found in almost all sectors of the economy, helping to drive innovation across the economy. The figures presented in this section are specifically for the domains. As seen in the previous section, a large contribution of GDP came from Design and Creative Services, Sports and Recreation, and Audio-visual and Interactive Media. The same applies to the occupations created; all three industries generated the most occupations as displayed in the figure below.

Figure 18: Domains Contribution to Employment (number of occupations)



The Sports and Recreation domain created the most occupations. The Covid19 pandemic exposed Sports and Recreation domain to innovative ways of providing entertainment to fans. Games were streamed on digital platforms, which ensured fans still got to watch their favorite sports despite the lockdowns. That in turn created occupations for individuals with the required skills at the time. Furthermore, sports merchandise continued to be in demand. Fans would want to wear their favorite teams' merchandise when watching the games on TV or other digital platforms.

Figure 13: Skills Distribution of the CCI&S Occupations



The CCI&S occupations are further broken down by skill level. Just over half of occupations (51%) were semi-skilled and unskilled. The next table outlines the different skill levels in the respective domains.

Table 11: Employment contribution according to the cultural and creative industries domains (Number of job opportunities)

	Cultural and Natural	Performance and Celebration	Visual Arts and Crafts	Books and Press	Audio-visual and Interactive Media	Design and Creative Services	Sports and Recreation
Skilled	11 054	28 696	54 650	29 806	128 891	125 035	136 877
Semi-skilled	11 023	27 341	79 350	47 048	95 824	81 141	131 626
Unskilled	2 357	4 168	8 167	5 352	13 966	11 977	18 589
Total	24 434	60 205	142 167	82 206	238 682	218 154	287 092

At over 30% of the unemployment rate in South Africa, it is of paramount importance to identify the economic sectors and activities that are labour-intensive and have a high potential for job creation. From the above table, the Sports and Recreation domain generated the most cultural occupations in 2021. Even though most of the occupations are for skilled individuals, semi-skilled and unskilled employment combined accounts for the bulk of the employment in the domain. Since sporting activities stimulate tourism and food and beverage industries, the bulk of those occupations may be concentrated in those industries.

The Audio-visual and Interactive Services domains also created a significant number of job opportunities (238 682) in 2021. The two domains (Sports and Recreation and Audio-visual and Interactive Services) created almost 50% of all the job opportunities in CCI&S in 2021. However, the occupations created were mostly for skilled people in both domains. One of the reasons could be because of the shift to the digital environment and remote work emanating from Covid19. Skilled individuals were most likely equipped to navigate the changing environment. The same may be true for the skilled individuals in the sports domain, who had to deal with streaming sporting activities.

7.2.1. Household Impact

One of the government's mandates is to alleviate poverty. The CCI&S contributes towards poverty alleviation through its impact on the economic viability of low-income households. The industry generates additional income for low-income households, especially through the activation of downward streams of income sources. The table below outlines the impact the industries have had on household income distribution in 2021.

Table 12: The CCI&S Impact on Household Income, R million

	Cultural and Natural	Performance and Celebration	Visual Arts and Crafts	Books and Press	Audio-visual and Interactive Media	Design and Creative Services	Sports and Recreation	Education	Total
Low Income Households	1 104	2 409	4 811	3 914	8 807	8 284	9 670	2 151	41 151
Medium Income Households	1 397	2 996	6 477	5 062	12 365	12 797	12 711	4 494	58 299
High Income Households	2 579	5 582	13 241	9 722	26 252	26 212	27 263	10 095	120 946
Total	5 080	10 987	24 529	18 698	47 424	47 292	49 644	16 740	220 395

Approximately R220 billion was generated towards national household income. Most of the income was generated through the Sports and Recreation (R49.6 billion), Design and Creative Services (R47.5 billion), and Audio-visual and Interactive Media (R47 billion) domains, which is expected, and in line with the GDP and employment patterns. The total income generated by the domains towards poor households is about R144.2 billion, contributing to government's objective of poverty alleviation.

7.2.2. Multiplier Impact

There are also long-term benefits that accrue from activities in the CCI&S industries. The table below illustrates how the industries continue to contribute to the economy.

Table 13: Multiplier Effect

		
Potential long-term economic benefits	Every R1 revenue generated by the cultural, creative and sports industries, the economy gains an additional R1.15 .	For every R1 million of revenue generated the cultural, creative, and sports industries sustain 2 jobs per year.

The multipliers are further broken down per domain for GDP and employment as displayed in the table below.

Table 14: Multipliers Per Domain

Multipliers	Cultural and Natural Heritage	Performance and Celebration	Visual Arts and Crafts	Books and Press	Audio-visual and Interactive Media	Design and Creative Services	Sports and Recreation
GDP	1.03	1.28	0.98	1.10	1.22	1.24	1.31
Labour	2,12	2,85	2,05	1,45	2,18	3,10	2,91

From the table above, the long-term economic impacts are more pronounced in the Design and Creative Services and Books and Press. The Design and Creative Services and Sports and Recreation have the potential to generate more occupations in the future. The Cultural and Natural Heritage industries are also expected to improve in the future and create more occupations. The industries were hardly hit by Covid19; their improvement will be beneficial for the economy.

The table below provides a summary of the CCIs and Sports domains separately to clearly see their individual contribution in the South African economy.

7.2.3. National GVA and Cultural and Creative Industries GVA Trends

The table below displays the CCI's GVA, national GVA, and their contribution. This section utilizes GVA data to evaluate industry performance over the past six years. The figures provided by SACO for these industries represent GVA at basic prices, ensuring consistency in our analysis. It's pertinent to note that the historical GVA figures for the Sports industries are not accounted for within the CCI numbers.

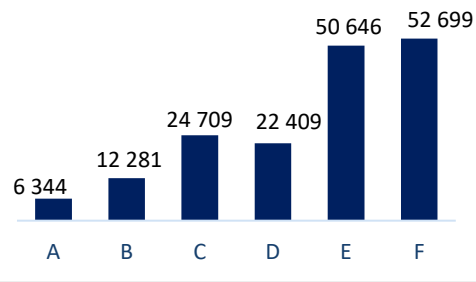
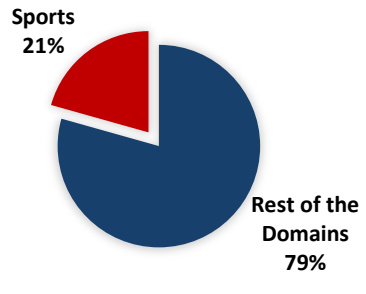
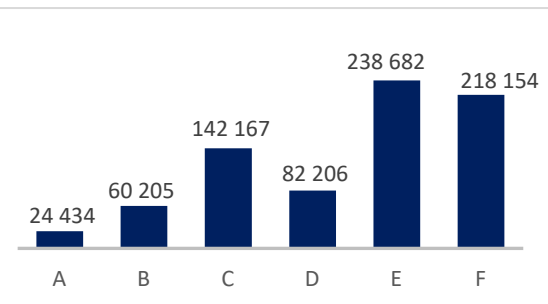
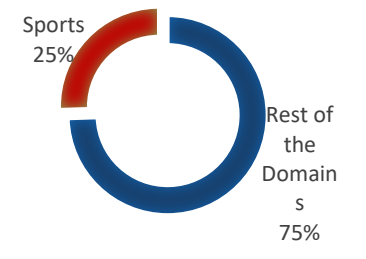
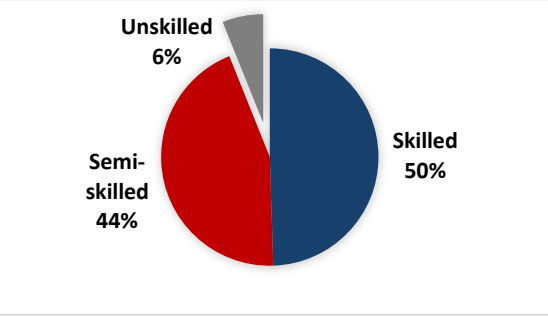
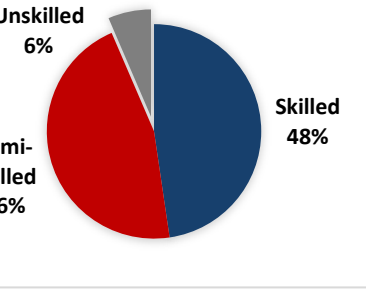
Table 15: National GVA and CCI GVA at Basic Prices over 6 years

Years	National GVA	CCI's GVA	Contribution
2016	R4 288 841	R121 038	2,8%
2017	R4 592 450	R125 201	2,7%
2018	R4 816 888	R126 525	2,6%
2019	R5 044 926	R125 131	2,5%
2020	R5 029 575	R116 966	2,3%
2021	R5 572 608	R159 049	2,9%
Average	R4 754 536	R128 985	2,6%

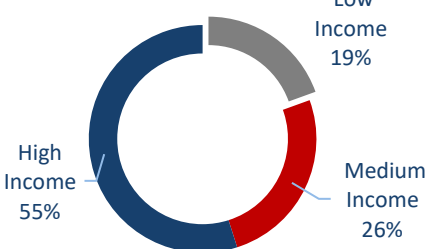
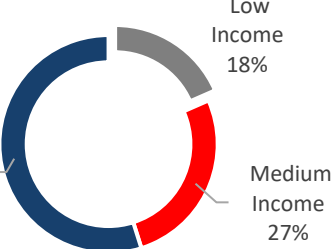
The CCI's have consistently hovered at slightly over 2.5% since 2016, as illustrated in the table. However, despite the national GVA experiencing growth from 2016 to 2019, the industry's contribution to the nation's GVA saw a decline over the four years. The subsequent decline post-2019 can be attributed to the impact of the COVID-19 pandemic, which affected numerous industries. On average, these industries account for 2.6% of the GVA, a figure nearly equivalent to the size of South Africa's agriculture sector, as mentioned in earlier sections.

The subsequent table provides an overview of the CCI and Sports industries separately, aiming to discern the contribution of each industries to the macroeconomy.

Table 16: Macroeconomic Indicators of the CCI and Sports in 2021²⁰

Indicators	Cultural and Creative Industries	Sports Industries
	R198 977	R51 745
 GDP (R millions) Contribution	 Design and Creative Services and Audio-visual and Interactive Media had a large contribution to GDP in 2021.	 The sports industry contributed 21% of the GDP in 2021.
	838 774	287 092
 Jobs Contribution	 Most of the occupations were in the Design and Creative Services and Audio-visual and Interactive Media domains.	 25% of the occupations were created from the sporting activities.
Skill Distribution	 Half of the occupations were for skilled individuals in 2021.	 Similarly, 48% of the occupations were for skilled people.

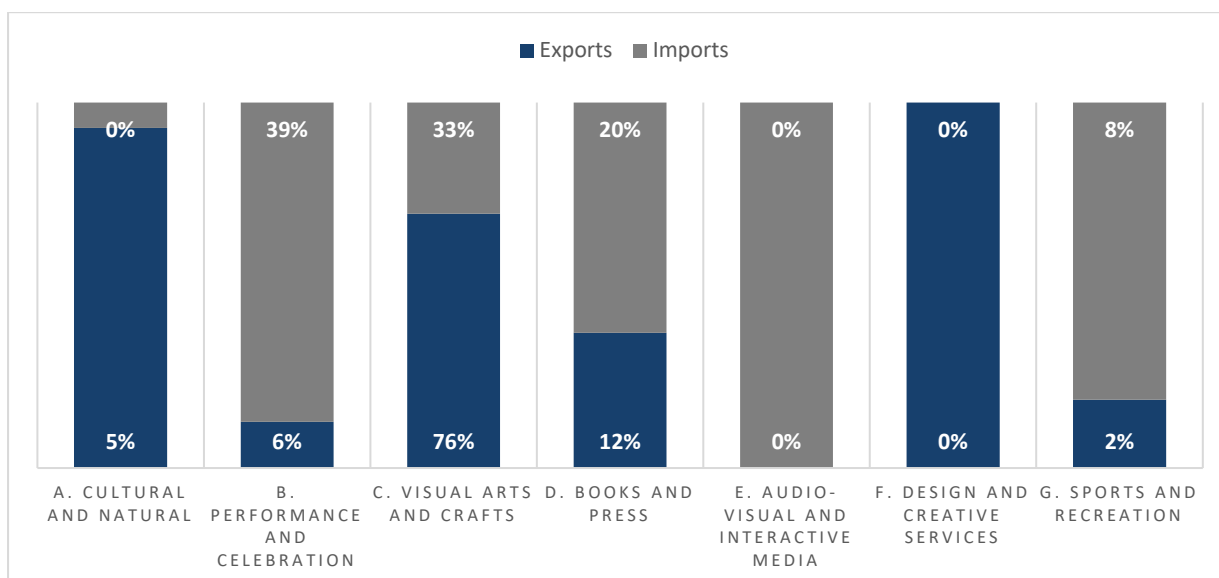
²⁰ Domains description: A = Cultural and Natural Heritage, B= Performance and Celebration, C= Visual Arts and Crafts, D= Books and Press, E= Audio-visual and Interactive Media, F= Design and Creative Services

 Tax	R77 218	R26 027
	R170 751	R49 644
Poverty reduction	 High Income 55% Medium Income 26% Low Income 19% R31.4 billion went to poor households.	 High Income 55% Medium Income 27% Low Income 18% R9.6 billion went to poor households.

8. Trade Contribution to the Cultural, Creative, and Sports Industries

This section presents an overview of CCI&S trade, highlighting its significant contribution to global trade. Despite its substantial impact, the industries are frequently underrepresented in trade statistics, due to its predominantly informal nature, which includes freelancers, gig workers, and small to medium enterprises. This informal structure poses challenges in collecting reliable data. The data provided below specifically pertain to formal industries within the industries.

Figure 14: Cultural Goods Exports and Imports, 2021 (\$US Millions)



In 2021, the Visual Arts and Crafts, Books and Press, and Performance and Celebration domains emerged as the primary exporters of cultural goods, collectively accounting for almost 90% of exports. Notably, the Visual Arts and Crafts domain contributed the majority share, comprising 76% of total exports. This domain encompasses a wide range of items such as paintings, crafts, and jewelry. The uptick in exports within this domain could be attributed to the improvement in global supply chains following the COVID-19 pandemic. Projections for the future suggest a further increase in the Art industry, with anticipated growth to \$103 million by 2026 from \$89 million in 2021.

Similarly, cultural imports in 2021 were predominantly sourced from the Visual Arts and Crafts, Books and Press, and Performance and Celebration domains. Performance and Celebration accounted for the largest share of imports at 39%, followed by Visual Arts and Crafts at 33%, and Books and Press. Following COVID-19 lockdowns, there was a renewed appetite for entertainment, particularly in the form of concerts, driving increased trade in performance and celebration items, which include musical instruments among other items.

Table 17: Cultural goods trade and shares for the Years 2016 to 2021, US\$ millions

Cultural goods	2015	2018	2020	2021
Exports (US\$ millions)	297.94	448.86	316.46	352.68
Imports (US\$ millions)	519.13	473.23	257.80	415.15
Trade balance (US\$ millions)	-221.19	-24.38	58.65	62.48
Exports (% share of commodity exports)	0.36	0.47	0.37	0,26%
Imports (% share of commodity imports)	0.61	0.50	0.38	0,15%

Source: World Integrated Trade Solutions

South Africa's exports of cultural goods have been on a downward trend since 2018, decreasing from \$448.86 million to \$352.94 million by 2021. The decline in 2020 was anticipated, attributed to the COVID-19 pandemic's impact. However, with improvements in the global economic situation expected in the future, the trend is projected to reverse. Notably, the trade balance has shown positive performance over the years, transitioning from a deficit of \$221.19 million in 2015 to a surplus of \$56.65 million by 2020, followed by a deficit in 2021.

The table below displays the shares of exports and imports of South African trading partners.

Table 18: South Africa's cultural goods trade shares with selected regions, (2021, US\$ millions)

Region	SA exports 2021	%Exp	SA imports 2021	%Imp
USMCA ²¹	194,047	61,81	33,666	14,01
EU28 (including UK)	35,22	11,22	78,006	32,46
Rest of SADC	56,902	18,13	49,95	20,78
Rest of BRICS	1,579	0,50	1,579	0,66
Rest of Africa less SADC	4,876	1,55	0,593	0,25
Middle East	4,418	1,41	1,338	0,56
Latin America less Brazil	0,735	0,23	0,669	0,28
East Asia less China	16,158	5,15	74,536	31,01

²¹ USMCA stands for US-Mexico-Canada

World	352.68	100	415.15	100
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Source: World Integrated Trade Solutions

The primary trading partner for South Africa's cultural goods is the USMCA region, importing \$194 million worth of such goods. Following closely, the SADC and East Asia regions emerge as the second most significant trading partners, importing goods valued at \$56.9 million and \$16 million, respectively. Notably, South Africa primarily imports cultural goods from the EU28 and East Asia, with over 60% of goods originating from these regions. Within the SADC region, imports of cultural goods to South Africa amounted to \$20.7 million.

Table 19: South Africa's cultural goods trade by domain with USMCA and SADC, 2021 US\$ Millions

Cultural trade in US\$ millions	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	G. Sports and Recreation	Total cultural trade A to G
2021								
USMCA Cultural exports	11,14	0,00	181,73	0,74	0,00	0,00	0,43	194,05
Cultural imports	0,11	0,21	3,82	19,44	0,00	0,00	10,09	33,67
Cultural trade balance	11,03	(0,21)	177,92	(18,69)	0,00	0,00	(9,66)	160,38
2021								
SADC Cultural exports	0,06	0,27	16,63	34,09	0,00	0,02	5,83	56,90
Cultural imports	0,51	0,00	42,05	7,37	0,00	0,00	0,02	49,95
Cultural trade balance	(0,44)	0,27	(25,42)	26,72	0,00	0,02	5,80	6,95
2021								
World Cultural exports	17,59	0,35	247,41	40,68	0,00	0,03	7,87	313,94
Cultural imports	1,53	1,63	111,84	86,00	0,00	0,20	39,14	240,34
Cultural trade balance	16,06	(1,28)	135,58	(45,32)	0,00	(0,17)	(31,26)	73,60

Source: World Integrated Trade Solutions

The table illustrates cultural goods exports, imports, and trade balances in current US\$ millions across various domains. In 2021, South Africa's cultural goods exports to USMCA were primarily driven by Visual Arts and Crafts, along with the Cultural and Natural Heritage domains. These domains exhibited a surplus in cultural trade for South Africa by 2021. While there was a deficit in Performance and Celebration, Books and Press trade, and Sports and Recreation with USMCA, it was insufficient to offset the surplus in other domains. Notably, the Visual Arts and Crafts domain significantly contributed (\$US181.73 million) to the trade balance.

Conversely, in the case of SADC, cultural goods exports in 2021 were led by the Books and Press domain, followed by Visual Arts and Crafts and Performance and Celebration. However, there was a higher import of cultural goods in the Cultural and Natural Heritage domain and the Visual Arts and Crafts domain, resulting in a negative trade balance for both domains. Overall, South Africa's cultural goods trade with SADC yielded a modest trade balance of \$US 6.95 million.

9. Cultural, Creative, and Sports Occupations and Transformation

Central to the government's priorities lies the discourse on transformation. Achieving fair income distribution involves actively involving diverse population segments in economic endeavours. As previously mentioned, cultural and creative industries have often faced criticism for their lack of inclusivity, prompting global efforts toward greater inclusivity. This section discusses the employment numbers in the creative industry. As defined previously, the cultural occupations cover:

- Cultural occupations in the cultural industries
- B. Cultural occupations in non-cultural industries
- C. Non-cultural occupations in cultural industries, also called support occupations

This section further delineates the various demographics represented in cultural occupations within South Africa. The ensuing figure illustrates the gender distribution among individuals employed in cultural occupations.

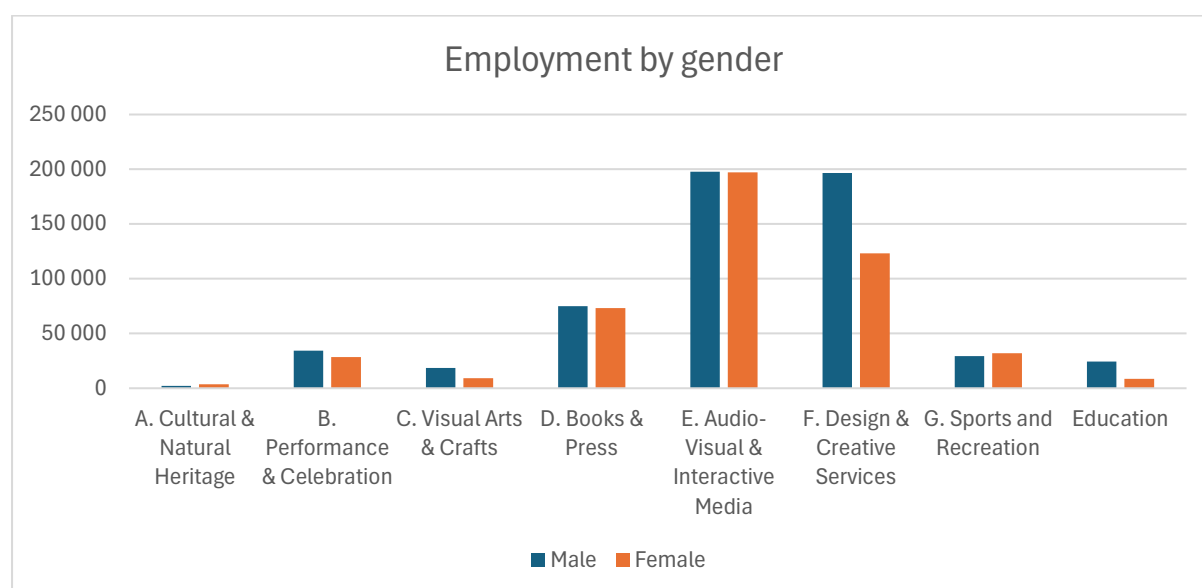
In 2021, StatsSA reported that the creative and sports industries employed 1,053,547, as presented in the table below. The next figures analyse these jobs by population groups.

Table 20: Cultural Occupations

Province	Number of jobs	Percentage share
Western Cape	181,133	17.2%
Eastern Cape	64,866	6.2%
Northern Cape	11,126	1.1%
Free State	44,677	4.2%
KwaZulu-Natal	169,199	16.1%
North West	43,880	4.2%
Gauteng	411,364	39.0%
Mpumalanga	63,039	6.0%
Limpopo	64,262	6.1%
Total	1,053,547	100%

Source: StatsSA

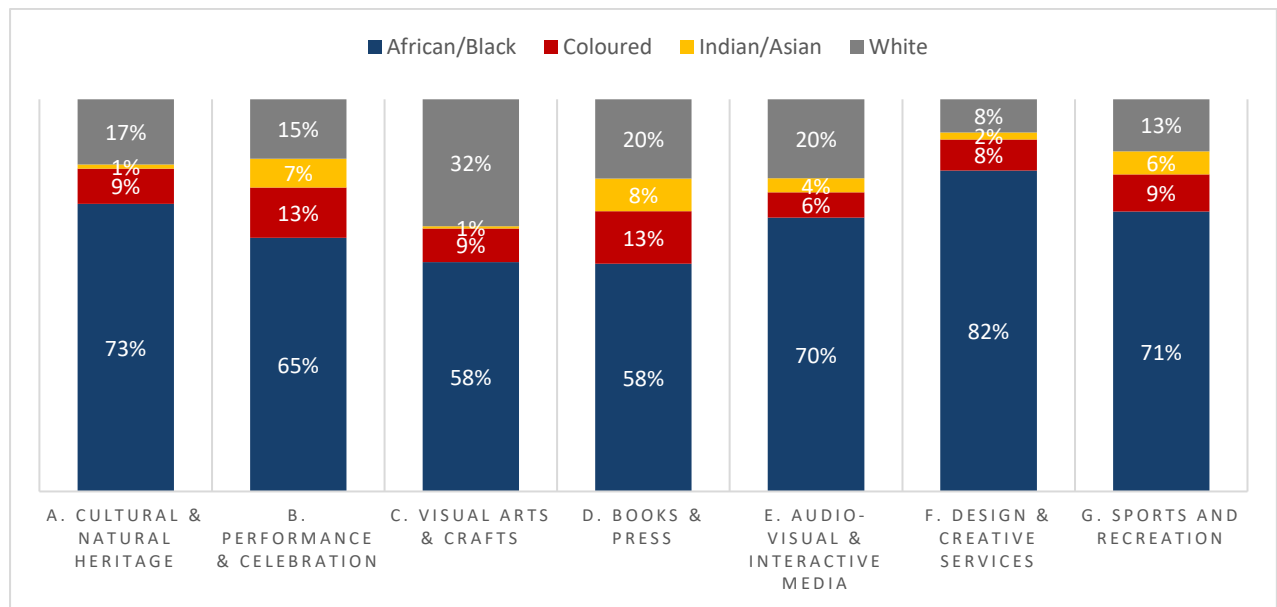
Figure 15: Cultural Occupations by Gender in 2021



In the Audio-visual & Interactive Media domain, which encompasses the majority of occupations within the CCI&S, the gender distribution is nearly equal, with 197,225 females and 197,727 males. Conversely, there is a higher proportion of males in the Design & Creative Services domains, at a total of 196,685 men. Similarly, in the Books and Press domain, although the split is almost even, there are more males employed, amounting to 74,902 men. Contrary to conventional gender expectations, the South African sports industry employed more females (31,886) than males in 2021. However, overall, among the 8 domains, 5 are predominantly male-dominated. Despite the CCI&S being intended as gender-neutral, as creativity and talent are not limited to any specific gender, this data underscores the imperative for transformation. In a country where slightly over half of the population comprises females, equal opportunities for women across all sectors of the economy are essential.

Inclusion does not only entail gender but also racial groups. In a multicultural society like South Africa, inclusion fosters diversity, promotes equity, and harnesses the full spectrum of talent and perspectives. The following figure displays the racial distribution of CCI&S occupations.

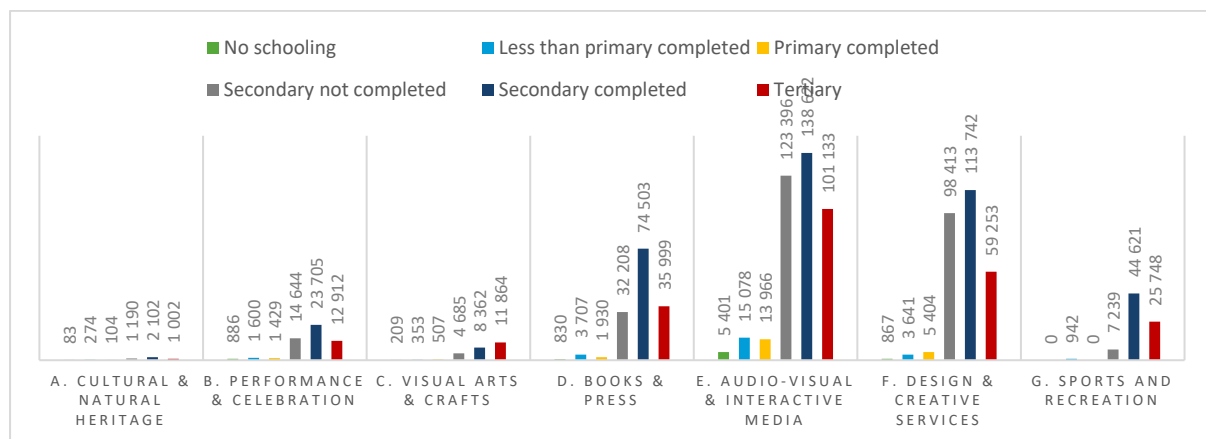
Figure 16: CCI&S Occupations by Race Groups in 2021



All racial groups are involved in the CCI&S. Africans dominate all domains, followed by Whites, Coloureds, and Indians. Embracing diversity enables the CCI&S to tap into a wealth of cultural heritage, experiences, and insights, enriching the creative process and enhancing the quality and authenticity of artistic expressions.

Globally, the creative industry is recognized for its inclusivity towards individuals with varying skill levels. In our analysis, we delve into the CCI&S in South Africa to assess the current skill landscape within these industries. The following figure illustrates the skill distribution observed in 2021.

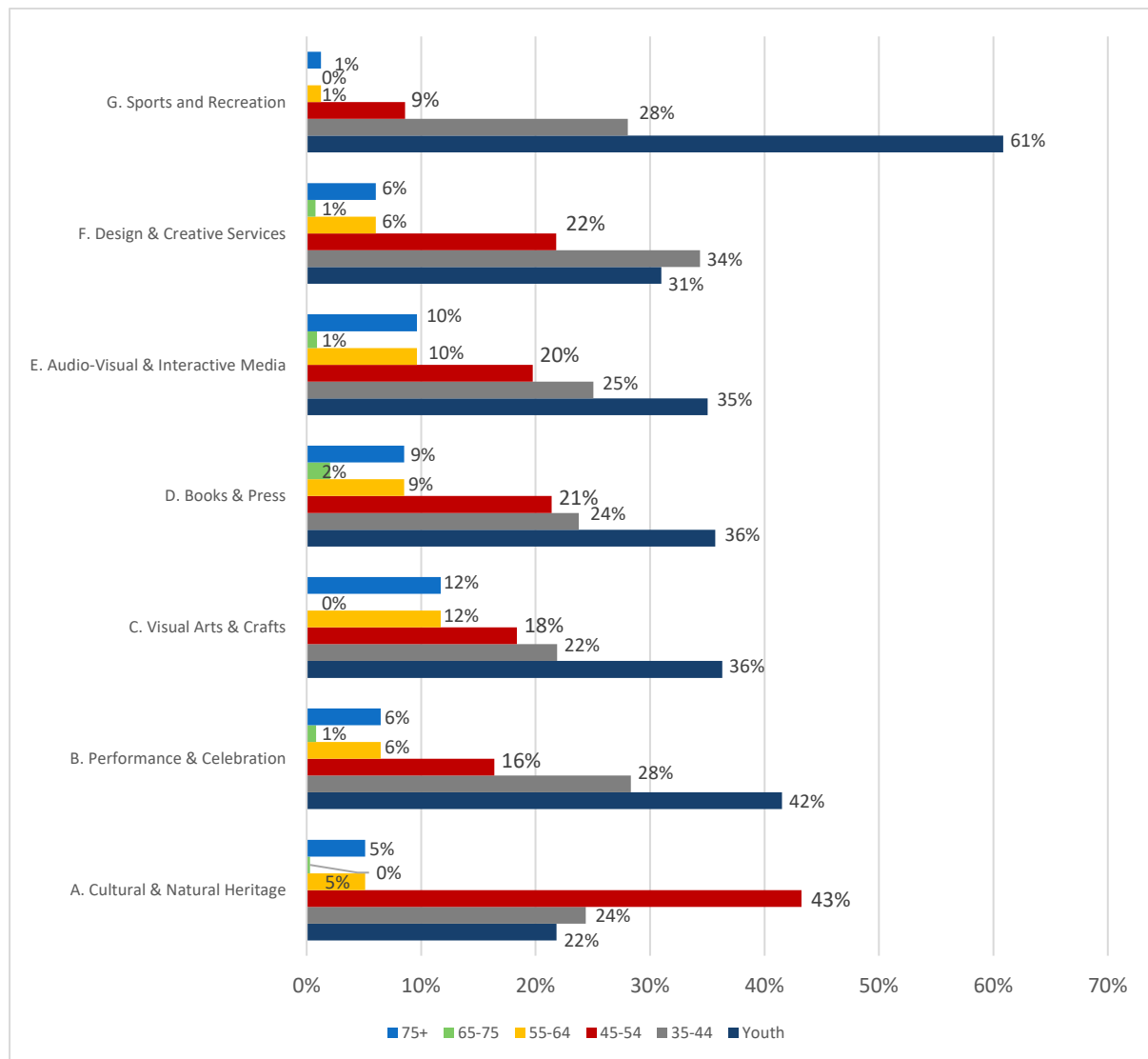
Figure 17: CCI&S Occupations by Education Level in 2021



The depicted data indicates that the majority of individuals within CCI&S completed secondary education across all domains, except for Visual Arts and Crafts. Individuals with secondary education often fall under the semi-skilled category. Conversely, in Visual Arts and Crafts, a higher proportion of individuals hold tertiary education qualifications. The domains with the highest prevalence of tertiary education attainment include Audio-visual and Interactive Media, Design and Creative Services, and Books and Press.

The following figure displays occupations by age in the CCI&S.

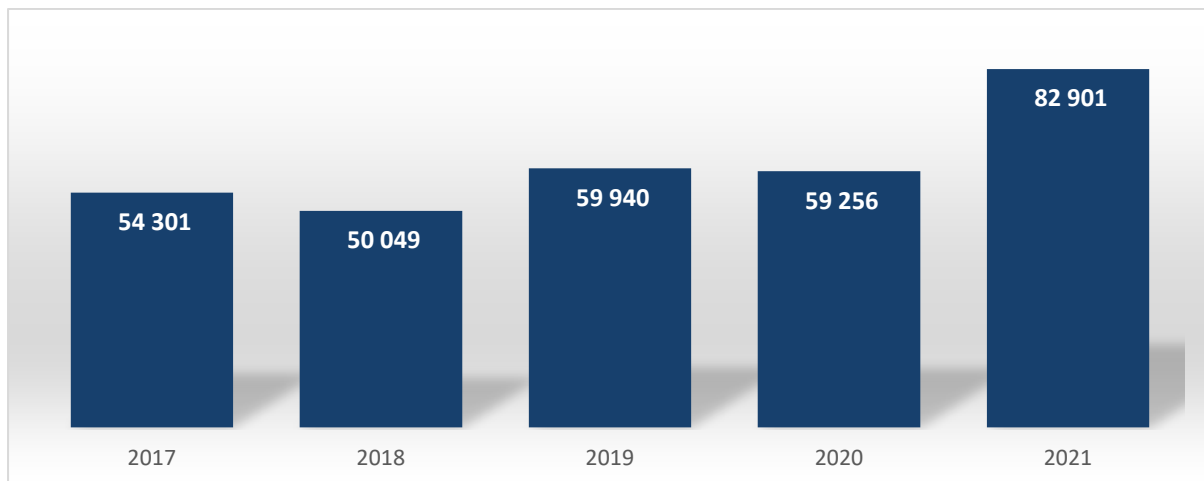
Figure 18: CCI&S Occupations by Age Groups in 2021



The creative industries are renowned for their inclusivity across all age groups. The accompanying figure demonstrates the industries' ability to cater to individuals of all ages within the South African population. In 2021, there was a notable presence of young individuals engaged in CCI&S. Particularly, the youth demographic is predominantly concentrated in Audio-visual & Interactive Media, Books & Press, and Design & Creative Services. However, within the Design and Services domain, even though there is a huge portion of the youth, the domain has a higher representation of individuals aged between 35 and 44. An intriguing observation lies in the significant representation of individuals aged 75 and above. Despite conventional expectations of retirement at this age, the data reveals their continued contribution to the economy, leveraging their valuable experience.

The figure below illustrates the growth of CCI enterprises in South Africa over the past five years. It's crucial to note that data for the Sports industries was unavailable at the time of writing this report, hence the figure exclusively focuses on CCI.

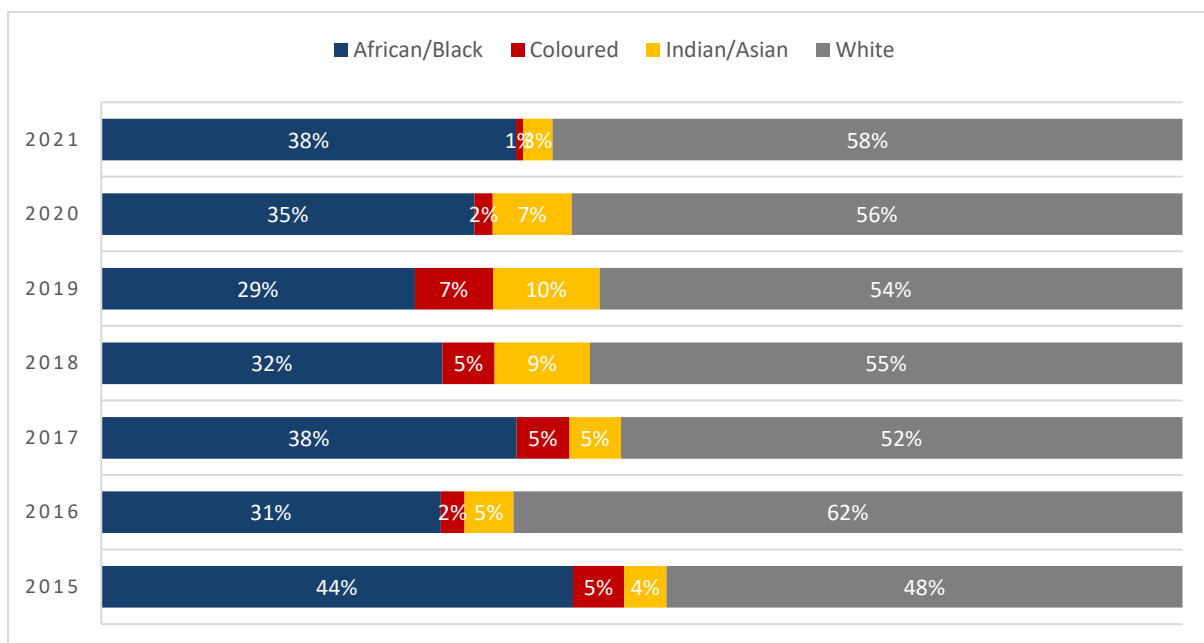
Figure 19: Number of CCI Enterprises in South Africa in 2021



CCI enterprises have undergone notable expansion, indicative of the industries adaptability and strength amid evolving economic conditions. In South Africa, these industries have seen remarkable growth, increasing from 54,301 in 2017 to 82,901 by 2021. This growth trajectory occurred amidst various shifts, including the impact of COVID-19, evolving consumer trends, and the ongoing digital transformation, all contributing to increased globalization. The rise of digital platforms has particularly empowered individuals and small enterprises to enter the creative realm, cultivating a diverse ecosystem of start-ups and independent ventures.

The next figure outlines the racial distribution of the CCI&S since 2015.

Table 21: CCI&S enterprises by Race



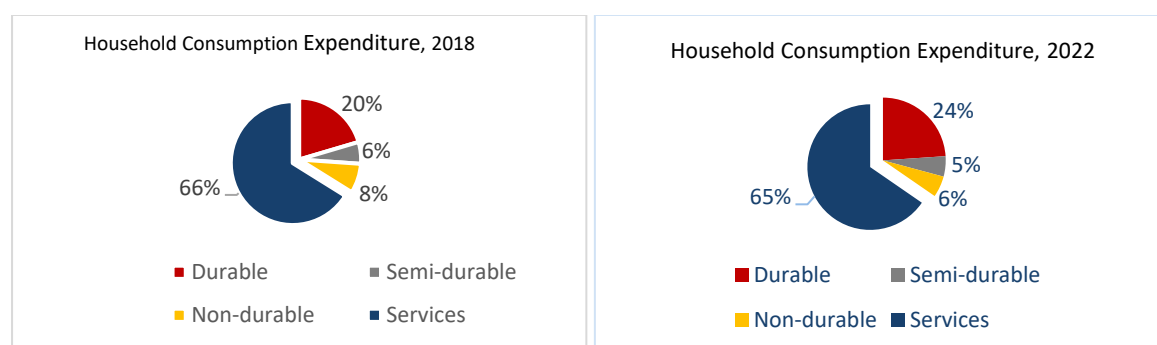
Over time, ownership of enterprises within the CCI&S has remained predominantly concentrated among white entrepreneurs. In 2015, 48% of these enterprises were owned by Whites, followed closely by Africans at 44%. This indicates a lack of transformation in terms of ownership diversity, with ownership remaining disproportionately concentrated among a select few. Unfortunately, by 2021, the situation had worsened, with Whites now owning almost 60% of the enterprises. Previously

disadvantaged racial groups found themselves in an even more precarious position, with diminished ownership compared to previous years. For instance, Coloureds, who held a 6% ownership share in 2015, saw their ownership drop to a mere 1% by 2021. The COVID-19 pandemic likely exacerbated this disparity, with some enterprises failing to survive, particularly those owned by Coloureds who owned 7% of enterprises. Additionally, access to finance presents a significant challenge for previously disadvantaged groups, especially considering that certain enterprises within the industries are capital-intensive. For instance, film production industry expenditure comprises approximately 95% of the value chain, further complicating financial accessibility for these groups²².

10. Consumption Expenditure on Recreation and Entertainment

Household consumption expenditure is one of the biggest expenditures in most economies' GDP. In South Africa, household consumption expenditure accounted for about 65% of total GDP in 2022. A similar trend has been experienced in the past years. This shows the importance of consumer spending. Consumers consume different activities that occur in the economy. The figures below display changes in consumer recreation and entertainment spending among different spending categories. The expenditures consist of durable recreation and entertainment ²³, semi-durable recreation and entertainment ²⁴, non-durable recreation and entertainment ²⁵, and recreation and entertainment services ²⁶. The cultural, creative, and sports industries play a role in all the types of goods consumed. For example, in the services expenditure item, you find the Cultural and Natural Heritage domain. The figures below show the split of household consumption expenditure and how the split has changed from 2018 to 2022.

Table 22: Household Consumption Expenditure Distribution for the Years 2018 and 2022



Services have the biggest share in the recreation and entertainment expenditure and the contribution has not changed much from 2018 to 2022. This consumption expenditure item is of utmost importance as it includes for most of the domains. A notable change is that of the durable and non-durable goods.

²² Rulashe, P. 2023. The film, gaming, and animation industry in South Africa. Who Owns Whom, September 2023

²³ Durable goods consists of audio-visual, photographic and communications equipment

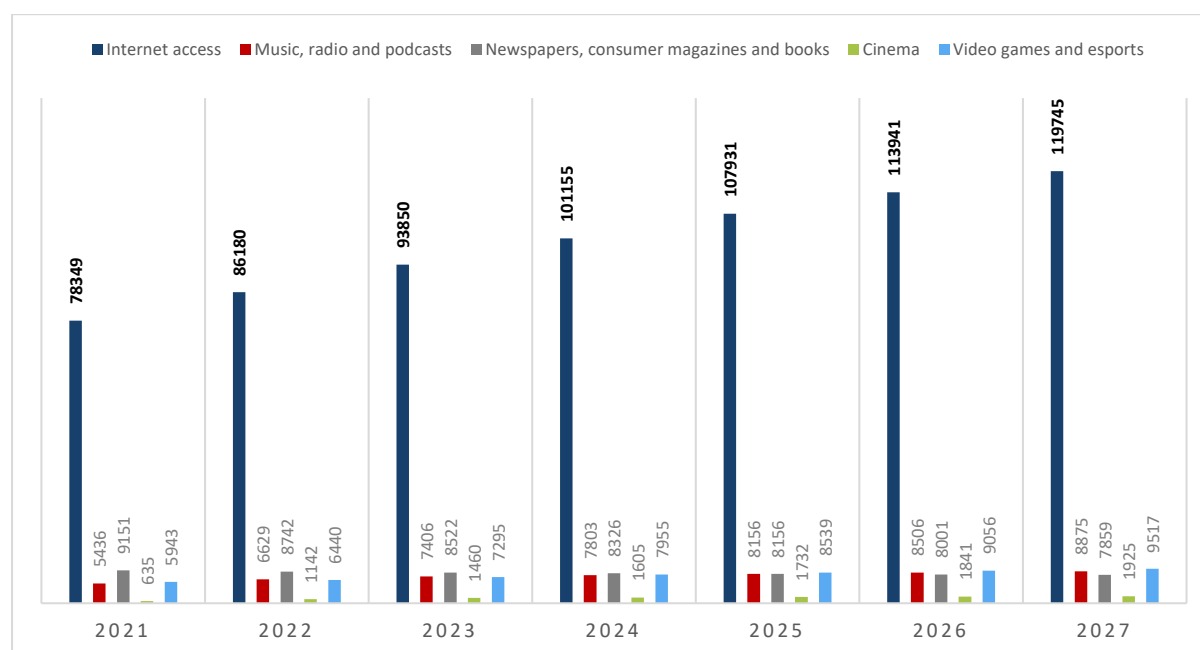
²⁴ Semi-durable goods consist of sport and camping equipment, games, hobbies, toys, books and recording media

²⁵ Non-durable goods consist of newspapers, magazines, stationery, pets and related products as well as garden products, plants and flowers

²⁶ Services consists of cinema, park, museum and theatre entrance fees, subscriptions to cable television, licences and hiring of equipment

Both expenditures dropped by 2% from 2018 to 2022. The decline may still be attributed to the lingering effects of the Covid19 pandemic and the weak global growth. In the coming years, the split of the consumption items might change even further as the digital transformation strengthens. The figure below displays the past and future trends in the media and entertainment market, which is relevant to the CCI&S industries.

Table 23: The Media and Entertainment Outlook in South Africa, 2021-2027 (R Millions)



Source: PWC (2023)

The figure above displays the internet access increasing trajectory. This trend increased even more since the emergence of smartphones, and lately the rise of AI. Consumers are now able to access different types of entertainment on the go. About 57% of data is consumed using smartphones in Africa. Furthermore, videos have a large share in the distribution of the content consumed online in South Africa, the same is true globally. It is for that reason internet access is forecasted to increase even further in the coming years. The South African media and entertainment industry is expected to generate revenue of R231.2 billion by 2027 from R176.7 billion in 2022²⁷. Furthermore, in the continent, South Africa is also a leader in the video games and esports segment.

The implication for the CCI&S industries is to align the industries with the global trends. The move to digital platforms is imminent. Industry stakeholders need to develop innovative ideas that will keep the consumer interested in consuming the content or buying the creative and sporting products. Traditional ways of entertainment are being replaced by the digital market. For example, print media like newspapers and magazines are expected to decline as shown in the figure above.

²⁷ PWC. Media and Entertainment Outlook. 2023-2027. Available on: <https://www.pwc.co.za/en/publications/entertainment-and-media-outlook.html>. [Accessed on the 11 January 2023].

11. Conclusions and Recommendations

The study analysed the economic impact of the CCI&S using a Macroeconomic Impact Assessment Model based in a Social Accounting Matrix. A Satellite Account for the Cultural, Creative, and Sports Industries was embedded into the Social Accounting Matrix. The results show that the CCI&S industries have a sizeable impact on the economy. The CCI&S contributed about 4.3% of the national GDP in 2021; and 7,6% % of employment. The results underscore the significant contribution of CCI&S to the nation's economy, with noteworthy findings as follows:

- The impact of the CCI&S on the GDP of South Africa was R250 billion in 2021.
- The estimated job opportunities sustained by CCI&S in 2021 account for 1 125 866 occupations (direct, indirect, and induced).
- The total impact on household income amounts to R220 billion, of which 19% is accrued to lower-income households. Thus, of the total income generated directly and indirectly through CCI&S, a significant percentage reaches the poor communities in South Africa.
- The annual fiscal impact of the CCI&S amounted to approximately R103 billion per annum through direct and indirect taxes. This income can finance different types of socioeconomic services like paying for teachers, hospitals, and low-cost housing.

On the domain basis, it can be observed that Design and Creative Services, followed by Sports and Recreation, were the main contributors to the overall GDP of the CCI&S in 2021. Design and Creative Services accounted for about 21% of GDP and the Sports industries were 20.6%. On the contrary, Cultural and Natural Heritage and Performance and Celebration contributed the least to GDP in 2021, at approximately 2.5% and 4.9% respectively. This can be explained by the negative impact the lockdown and various Covid19 regulations had on those specific industries. One can argue that all the industries were heavily affected by Covid19 regulations, but it is evident that some industries were more flexible in implementing necessary changes which allowed them to continue with operational activities.

With high unemployment levels in South Africa, job creation is one of the main tasks in government's agenda. The government needs to identify and nurture industries that have a high job potential. In this study, the Sports industry was leading in sustaining occupations in 2021. About 25.5% of the occupations were from the Sports industries. The Audio-visual and Interactive Media were the second at sustaining occupations in 2021, accounting for 21% of the occupations. The two industries created almost 50% of all the job opportunities in CCI&S in 2021. The results also showed the Cultural, Creative and Sports industries as the predominant skilled industries in 2021, 49% of the occupations were dedicated to skilled labour. Semi-skilled labour accounted for 44.8% of the occupations in the industries. Job opportunities for unskilled labour were 6.2% of the total occupations.

The CCI&S also contributed to government tax revenue and stimulated economic activity throughout its operations. In 2021, R103 billion worth of direct and indirect taxes were collected because of activities in the CCI&S industries. Moreover, poor households also benefited from the CCI&S industries' activities. Approximately R154 billion went to national household income. Low-income households had a share of R41 billion.

An important observation pertains to the ongoing transformation agenda within the CCI&S, which remains a work in progress. Despite strides made, women and previously disadvantaged groups continue to be underrepresented, particularly in terms of ownership. However, it is encouraging to note the diverse age profile of occupations within these industries, providing opportunities for individuals across all age groups to participate in their vibrancy.

It is crucial that the CCI&S receive ongoing nurturing, due to their dual impact on the economy and society. The CCI&S dynamic nature, generates new innovative ideas, creating job opportunities for the country. Its vibrancy brings about social cohesion and national pride, contributing positively to mental health, which is a non-monetary contribution. Against this background, the recommendations for the industries are as follows:

- ◆ **Getting on the digital wagon:** With the fast-infiltrating AI, a lot of entertainment items have moved to digital and streaming platforms and will continue to do so. Stakeholders need to support creatives' transition to the digital environment. Creatives more than ever before can compete globally, thanks to the borderless environment of digital transformation. Stakeholders need to assist creatives in marketing themselves globally to generate more foreign revenues for the economy.
- ◆ **Cultivating and strengthening creative supply chains:** Stakeholders need to ensure that capital goods required in the digital space like software technologies are available and efficient. For example, industries like museums must have access to AR and VR technologies to remain relevant. It is also important to support creatives in protecting their intellectual property. With borderless environments created by digital transformation, designs can be stolen.
- ◆ **Internet access:** Strong and increased access to the internet is essential, as the data has shown that consumers have moved to consume more content on their smartphones and other digital platforms.
- ◆ **Forward-thinking education system:** The changing environment created by digital transformation is giving birth to new occupations. Education systems need to be prepared to provide skills that will be needed to support the creative economy now and in the future.

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Appendix A: Description for the Social Accounting Matrix Framework for South Africa

Columns	Description of each matrix/vector
Column 1: Activities	X: Intermediate Consumption; commodities required by activities as inputs. Wa: Remuneration of Labour. Fa: Remuneration of Capital. Ti: Indirect Taxes raised on Activities. S _B : Subsidies g: Production
Column 2: Commodities	P: Production of Commodities by each activity. Ta: Indirect Taxes on Products (VAT). M(RoW): Imports from the Rest of the World. g:
Columns 3 & 4: Factors – Labour and Capital	Q _e : Dividends and Interests to Enterprise. L: Salaries and Wages to Households. T _f : Indirect Taxes (tax on Capital and Labour) to Government. W _l : Salaries and Wages to Households in the Rest of the World. Q _r : Dividends and Interest to Enterprises in the Rest of the World.
Column 5: Enterprises	Q _v : Profits distributed to Households. T _u : Enterprise Taxes. Q _{uv} : Undistributed Profits.
Column 6: Households	C: Private Consumption Expenditure by Households. TrhH1: Transfers between Households. T _d : Direct Taxes and Transfers paid to the Government. Sh: Household Savings. TrhH2: Transfers to Households in the Rest of the World.
Column 7: Government	G: Government Consumption Expenditure. W _g : Remuneration of Government Labour. TR _{gE} : Transfers to Enterprises. TR _{gH1} : Transfers to Households. TR _{gG} : Transfers to Government. S _g : Government Savings. TR _{gH2} : Transfers from Government in the Rest of the World.
Column 8: Capital Account	I: Gross Investment. S _a : Capital flow to the Rest of the World.
Column 9: Rest of the World	E: Exports. We & Fe: Factor payments from the Rest the World. TrrH: Transfers from Households in the Rest the World. TrrG: Transfers from the Rest of the World

Appendix B: HS six-digit product code

Domain		HS 2007	Description
A. Cultural and Natural Heritage	Antiques	970500	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest
		970600	Antiques of an age exceeding one hundred years
B. Performance and Celebration	Musical Instruments	830610	Bells, gongs and the like
		920110	Upright pianos
		920120	Grand pianos
		920190	Harpsichords and other keyboard stringed instruments (excl. pianos)
		920210	Other string musical instruments (for example violins, harps) played with a bow
		920290	Guitars, harps and other string musical instruments (excl. with keyboard and those played with a bow)
		920510	Brass wind instruments (for example, clarinets, trumpets bagpipes)
		920590	Wind musical instruments (excl. brass- wind instruments)
		920600	Percussion musical instruments (for example drums, xylophones, cymbals, castanets, maracas)
		920710	Keyboard instruments other than accordions
		920790	Accordions and musical instruments without keyboards, the sound of which is produced, or must be amplified, electrically
		920810	Musical boxes
		920890	Fairground organs, mechanical street organs, mechanical singing birds, musical saws and other musical instrument; decoy calls of all kinds; whistles, call horn and other mouth blown sound signalling instruments
	Recorded Media	852321	Cards incorporating a magnetic strip
		852329	Magnetic media for the recording of sound or of other phenomena (excl. cards incorporating a magnetic stripe and goods of chapter 37)
		852351	Solid-state non-volatile storage devices
		852359	Semiconductor media, unrecorded, for the recording of sound or of other phenomena
		852380	Gramophone records and other media for the recording of sound or of other phenomena, whether or not recorded, incl. matrices and masters for the production of discs
		490400	Music, printed or in manuscript, whether or not bound or illustrated

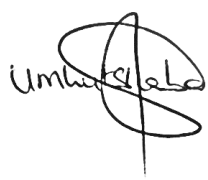
C. Visual Arts and Crafts	Paintings	970110	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading 4906 and other than hand- painted or hand- decorated manufactured articles, collages and similar decorative plaques
		970190	Collages and similar decorative plaques
		491191	Pictures, designs and photographs ²
	Other visual arts	970200	Original engravings, prints and lithographs
		970300	Original sculptures and statuary, in any material
		392640	Statuettes and other ornamental articles in plastic
		442010	Statuettes and other ornaments, of wood
		442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; wooden articles of furniture
		691310	Statuettes and other ornamental ceramic articles of porcelain or China
		691390	Statuettes and other ornamental ceramic articles, n.e.s. (excl. of porcelain or china)
		701890	Glassware articles including statuettes
		830621	Statuettes and other ornaments, of base metal plated with precious metal
		830629	Statuettes and other ornaments, of base metal, not plated with precious metal (excl. works of art, collectors' pieces and antiques)
		960110	Worked ivory and ivory articles
		960190	Bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding)
	Craft	580500	Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries
		580610	Narrow woven fabrics: Woven pile fabrics (including terry towelling and similar terry fabrics) and chenille fabrics
		580620	Narrow woven fabrics: Other woven fabrics, containing by weight 5% or more of lastomeric yarn or rubber thread
		580631	Narrow woven fabrics: Other woven fabrics of cotton
		580632	Narrow woven fabrics: Other woven fabrics of man-made fibres
		580639	Narrow woven fabrics: Other woven fabrics of other textile materials
		580640	Fabrics consisting of warp without weft assembled by means of and adhesive (bolducs)
		580810	Braids in the piece; ornamental trimmings in the piece, without embroidery; other than knitted or crocheted

	580890	Other braids in the piece; ornamental trimmings in the piece, without embroidery; other than knitted or crocheted
	580900	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 5605 of a kind used in apparels as furnishing fabrics or for similar purposes
	581010	Embroidery in the piece, in strips or in motifs without visible ground
	581091	Embroidery in the piece, in strips or in motifs: Other embroidery of cotton
	581092	Embroidery in the piece, in strips or in motifs: Other embroidery of man-made fibres
	581099	Embroidery in the piece, in strips or in motifs: Other embroidery of other textile materials
	581100	Quilted textile products in the piece
	600240	Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn but not containing robber thread
	600290	Other knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or robber thread
	600310	Knitted or crocheted fabrics of a width not exceeding 30 cm of wool or fine animal hair
	600320	Knitted or crocheted fabrics of a width not exceeding 30 cm of cotton
	600330	Knitted or crocheted fabrics of a width not exceeding 30 cm of synthetic fibres
	600340	Knitted or crocheted fabrics of a width not exceeding 30 cm of artificial fibres
	600390	Other knitted or crocheted fabrics of a width not exceeding 30 cm
	600410	Knitted or crocheted fabrics, of a width exceeding 30 cm containing by weight 5% or more of elastomeric yarn but not containing robber thread
	600490	Other knitted or crocheted fabrics, of a width exceeding 30 cm containing by weight 5% or more of elastomeric yarn or robber thread
Jewellery	711311	Articles of jewellery and parts thereof of silver, whether or not plated or clad with other precious metal
	711319	Articles of jewellery and parts thereof of other precious metal, whether or not plated or clad with precious metal
	711320	Articles of jewellery and parts thereof of base metal clad with precious metal
	711411	Articles of goldsmiths' or silversmiths' wares and parts thereof of silver, whether or not plated or clad with other precious metal

		711419	Articles of goldsmiths' or silversmiths' wares and parts thereof of other precious metal, whether or not plated or clad with precious metal
		711420	Articles of goldsmiths' or silversmiths' wares and parts thereof of base metal clad with precious metal
		711610	Articles of natural or cultured pearls
		711620	Articles of precious or semi-precious stones (natural, synthetic or reconstructed)
	Photography	370510	Photographic plates and film, exposed and developed, other than cinematographic film for offset reproduction
		370590	Photographic plates and film, exposed and developed (excl for offset production)
	Books	490110	Printed reading books, brochures, leaflets and similar printed matter whether in single sheets whether or not folded
		490191	Dictionaries and encyclopaedias and serial instalments thereof
		490199	Printed books, brochures and similar printed matter
	Newspaper	490210	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material appearing at least four times a week
D. Books and Press	Other Printed Matter	490290	Other newspapers, journals and periodicals
		490300	Children's picture, drawing or colouring books
		490591	Maps and hydrographical or similar charts of all kinds in book form
		490510	Maps and hydrographical or similar charts of all kinds in globes
		490599	Other maps and hydrographical or similar charts of all kinds
		490900	Postcards, printed or illustrated; printed greeting cards
		491000	Calendars of any kind, printed, including calendar blocks
	Film and Video	370610	Cinematograph film, exposed and developed whether or not incorporating soundtrack or only consisting of sound track of a width of 35 mm or more
		370690	Cinematographic film, exposed and developed, whether or not incorporating soundtrack or consisting only of soundtrack, width < 35 mm
		950410	Video games used with a television receiver
E. Audiovisual & Interactive Media	Architecture & Design	490600	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on
F. Design and Creative Services			

			sensitised paper and carbon copies of the foregoing
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APPROVALS FOR THE SOUTH AFRICAN CULTURAL OBSERVATORY - Chapter 1- The Macroeconomic Impact of the CCI'S in South Africa– 28 March 2024

	NAME	TITLE	SIGNATURE	DATE
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