



SOUTH AFRICAN CULTURAL OBSERVATORY

Economic Mapping Study Research Services to Nelson Mandela University

Summary Research Report 2:

Cultural and Creative Industries Updated Satellite Account Embedded into a
Social Accounting Matrix for South Africa 2019/2020

Submitted to the:

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Submitted by:

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In Partnership with:

Rhodes University, University of Fort Hare and University of KwaZulu-Natal

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Economic Mapping Study Research Services

Summary Research Report 2: Cultural and Creative Industries Updated Satellite Account Embedded into a Social Accounting Matrix for South Africa

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Summary Report**

Submitted to the Department of Arts and Culture:



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1. Introduction and Background

This summary report presents the key findings derived from the **Technical Research Report 2: Cultural and Creative Industries Updated Satellite Account Embedded into an Updated Social Accounting Matrix for South Africa** to 2018 Prices.

Two of the key deliverables of this component of the broader study are:

- An Updated Cultural and Creative Industries Satellite Account (CSA) for South Africa; and
- An Updated Cultural and Creative Industries Social Accounting Matrix-based Macroeconomic Impact Assessment Model (MEIAM).

In order to provide these deliverables, Conningarth Economists updated a Social Accounting Matrix (SAM) that incorporates an internal Satellite Account (CSA) for the South African CCI sector. This updated CCI SAM, along with its updated internal CSA, was then incorporated into a proprietary Macroeconomic Impact Assessment Modelling System (MEIAM) that will enable the Nelson Mandela University and DSAC to subject future CCI policy implementation programs to comprehensive macroeconomic impact assessment as part of its decision-making processes.

In updating the CCI SAM and its embedded updated internal CSA, Conningarth Economists has made use of official statistics produced and published by StatsSA and the SARB.

1.1 The Cultural and Creative Industries Satellite Account

Satellite accounts are part of the broad grouping of input-output and SAM models. A satellite account is a term developed by the United Nations to measure the size of sectors that are not defined as industries in the National Accounts. Examples of such sectors are the tourism sector and the ITC sector, and for purposes of this study, the cultural and creative sector. These sectors are typically an amalgamation of industries – for example the cultural and creative sector is a mixture of sectors such as business services, professional services, trade sector and others. The underlining assumption then is that the cultural and creative sector can be extracted from the national account sectors and be seen as a separate industry in the economy

In part of the process Social Accounting Matrix (SAM) is also updated. A Social Accounting Matrix (SAM) is a comprehensive, economy-wide database that contains information about the flow of resources that takes place between the different economic agents that exist within an economy (i.e. business enterprises, households, and government) during a given period of time, usually one calendar year.

In compiling the CSA for South Africa, Conningarth has made use of the 2009 UNESCO Framework for Cultural Statistics (FCS) that was developed as a tool for organising cultural statistics on a national and international level. The figure below reflects the structure of the CSA as used by Conningarth in this study.

The CSA was incorporated or imbedded into the SAM, which in turn was used to shock a macro economic impact model. The results obtained from this analysis is in the form of a number of indicators, such as the impact on GDP, employment, households and the fiscus, which will provide a picture of the impact of the sector on the broader economy.



The figure below reflects the structure of the CSA as used by Conningarth in this study. The figure reflects the seven main **Cultural Domains** that measure cultural activities and goods and services that are generated by industrial and non-industrial processes; and the **Cultural and Creative Industry Activities** that may be an end in themselves, or may contribute to the production of cultural goods and services.

Figure 1.1: Structure of the Cultural Satellite Account for South Africa

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 Jewellery & Related Articles
D. Books & Press	7220	Research & Experimental Development on Social Sciences & Humanities
	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
F. Design & Creative Services	4791	Retail Sale Via Mail Order Houses or via the Internet
	7410	Specialized Design Activities
	7110	Architectural & Engineering Activities & Related Technical Consultancy
G. Cultural Education	7310	Advertising
	8522 & 8530	Technical and Vocational Secondary Education; and Higher Education



1.2 The Cultural and Creative Industries Social Accounting Matrix for South Africa

A Social Accounting Matrix (SAM) is a comprehensive, economy-wide database that contains information about the flow of resources that takes place between the different economic agents that exist within an economy (i.e. business enterprises, households, and government) during a given period of time, usually one calendar year.

A SAM is a presentation of the System of National Accounts (SNA) in a matrix format, and incorporates an analysis of the interrelationships that exist between the various economic agents in the economy. These include the distribution of income and expenditure amongst household groups, which provides the national accounts with a social dimension.

The data requirements for all macroeconomic impact models can always be expressed in the form of a SAM, which elaborates on the linkages between S-U-Tables and institutional sector accounts, and incorporates information from I-O tables. It is this particular 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 (also known as model 'shocks'). This is especially the case when these changes will have effects not only on macroeconomic aggregates such as GDP, job opportunities, and the balance of payments; but also upon the structure of the economy.

A Social Accounting Matrix (SAM) differentiates between Activities and Commodities. As such, the CSA compiled in this study also reflects CCI Activities and Commodities separately (see Figure 3.1 below). Conningarth is of the opinion that embedding the Cultural Domains and associated Cultural Activities and Commodities into the top left-hand corner of the CCI SAM as an internal CSA makes these industries more easily visible; and, more importantly, provides a comprehensive view of the intra-connectedness of the CCIs industries in terms of their value chain connections (i.e. creation/production/manufacturing, followed by dissemination, followed by distribution).

It is important to recognize that, in disaggregating CCI Activities out of other SIC sectors, care has been taken to ensure that double-accounting is meticulously avoided.



2. Results of the Cultural Satellite Account for South Africa to 2018 Prices

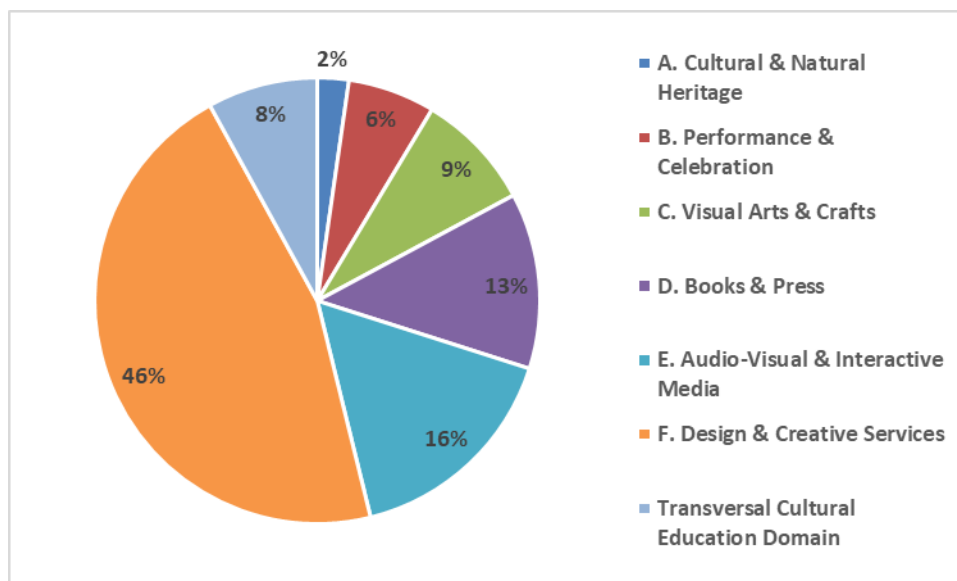
The table below presents the key results for the seven domains of which production represents the core output.

Table 2.1: Cultural and Creative Industry Domains (R million, 2018 prices)

Cultural Domains	Production	GDP/Value Added	Fixed Capital stock	Labour (Numbers)
A. Cultural & Natural Heritage	4,665	1,801	9,834	7,819
B. Performance & Celebration	12,969	4,773	22,144	16,829
C. Visual Arts & Crafts	17,499	2,223	9,203	17,788
D. Books & Press	26,113	9,981	28,535	26,649
E. Audio-Visual & Interactive Media	33,222	8,425	38,313	42,060
F. Design & Creative Services	93,838	37,204	133,659	130,868
G. Cultural education	16,393	8,400	30,263	35,345
Total CCI Sector	204,699	72,807	271,951	277,357

The figure below presents the percentage contribution that each domain makes to total production.

Figure 2.1: Production



It is evident that the largest domain is the Design & Creative Services.



2.1 Results for Cultural and Creative Industry Activities

The tables below present the percentage contribution of the various CCI activities associated with each Cultural Domain with highlighting the sub-components that contribute the most in each domain.

Table 2.2 Cultural & Natural Heritage

(i) Magnitude of Different Sub Components	Production%
Creative, Arts & Entertainment Activities	4.0%
Museum Activities & Operation of Historical Sites & Buildings	23.1%
Botanical & Zoological Gardens & Nature Reserves Activities	52.5%
Retail Sale of Second-Hand Goods	20.5%
Total	100%

Table 2.3 Performance & Celebration

(i) Magnitude of Different Sub Components	Production%
Creative, Arts & Entertainment Activities	96.4%
Manufacture of Musical Instruments	2.2%
Sound Recording & Music Publishing Activities	1.0%
Retail Sale of Music & Video Recordings in Specialized Stores	0.5%
Total	100%

Table 2.4 Visual Arts & Crafts

(i) Magnitude of Different Sub Components	Production%
Creative, Arts & Entertainment Activities	2.5%
Photographic Activities	6.5%
Other Publishing Activities	5.1%
Manufacture of Jewellery & Related Articles	82.3%
Research & Experimental Development on Social Sciences & Humanities	3.6%
Total	100%



Table 2.5 Books & Press

(i) Magnitude of Different Sub Components	Production%
Library & Archives Activities	1.1%
Book Publishing	19.1%
Publishing of Newspapers, Journals & Periodicals	63.0%
Other Publishing Activities	3.4%
Retail Sale of Books, Newspapers & Stationary in Specialized Stores	6.2%
News Agency Activities	2.7%
Other Information Service Activities N.E.C.	1.1%
Wholesale of Other Household Goods	3.1%
Creative Arts & Entertainment Activities	0.4%
Total	100%

Table 2.6 Audio-Visual & Interactive Media

(i) Magnitude of Different Sub Components	Production%
Software Publishing	2.1%
Motion Picture, Video & Television Programme Production Activities	24.0%
Motion Picture, Video & Television Programme Post- Production Activities	4.5%
Motion Picture, Video & Television Programme Distribution Activities	4.5%
Sound Recording & Music Publishing Activities	0.9%
Motion Picture Projection Activities	10.7%
Radio Broadcasting	15.3%
Television Programming & Broadcasting Activities	15.9%
Web Portals	18.8%
Renting of Video Tapes & Disks	0.4%
News Agency Activities	1.0%
Retail Sale of Music & Video Recordings in Specialized Stores	1.7%
Retail Sale Via Mail Order Houses or via the Internet	0.3%
Total	100%

Table 2.7 Design & Creative Services

(i) Magnitude of Different Sub Components	Production%
Specialized Design Activities	20.5%
Architectural & Engineering Activities & Related Technical Consultancy	42.2%
Advertising	37.3%
Total	100%

Cultural Education is a transversal domain which supplies specifically Skilled Employment to all of the other CCI Domains. In this study, Education is not grouped with the rest of the CCI Domains, but rather as part of the Government sector in the SAM. Cultural Education is estimated to be 5% of the total Educational budget, whilst Education makes up 20% of total Government Expenditure.



3. Summary and Conclusion

Currently there is no official cultural satellite account for South Africa that has been compiled by StatsSA, and StatsSA is currently accounting for Cultural Services and Recreation and other Entertainment Services in its Tourism Satellite Accounts (TSA) where CCIs and Tourism activities overlap.

In the 2017 study, Conningarth Economists has compiled a first-cut CSA for South Africa that is based on the 2009 UNESCO FCS. In this current study (2019), Conningarth has updated the previous CSA. Conningarth is of the opinion that this represents a significant step forward in highlighting the contribution that the CCI sector makes to the overall South African economy; as well as highlighting the backward and forward linkages that exist between the CCI sector activities and the various other upstream and downstream activities that are interconnected to the CCI sector throughout the national economy.

The CSA updated in this study is structured in accordance with the cultural domains and CCI activities and products incorporated into the UNESCO FCS. Based on our experience of having updated the internal CSA that is embedded in the CCI SAM updated in this study, Conningarth is of the opinion that some progress could be made in enhancing this internal CSA. We recommend that Conningarth be allowed to meet with representatives from the Nelson Mandela University, SACO (and the DSAC) to discuss possible steps that could be taken in the short- to medium-term to enhance this internal CSA, and to improve the quality of information included in this database.



