



SOUTH AFRICAN CULTURAL OBSERVATORY

CCI Consumption in South Africa: Equality of access and the expenditure Gini Coefficient

Submitted to:

Department of Arts and Culture

Submitted by:

Nelson Mandela University

In Partnership with:

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

NELSON MANDELA
UNIVERSITY



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South African Cultural Observatory

Report

**CCI Consumption in South Africa:
Equality of access and the expenditure
Gini Coefficient**

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Abbreviations

AMPs	All Media Products
CCIs	Cultural and creative industries
COICAP	Classification of Individual Consumption According to Purpose
GDP	Gross Domestic Product
IES	Income and Expenditure Survey
IMF	International Monetary Fund
LCS	Living Conditions Survey
LSM	Living Standards Measure
PCE	Personal Consumption Expenditure
SACO	South African Cultural Observatory
SAM	Social Accounting Matrix
SARB	South African Reserve Bank
SIC	Standard Industrial Classification

Executive Summary

An important social development goal of many countries, including South Africa, is to broaden access to and participation in arts, culture and heritage. This report uses large, national-level data sets to investigate the equality of access (proxied by consumption spending) to cultural and creative goods and services in South Africa. This is done by domain and also over time, with a focus on periods of economic shock, such as the Great Recession (2008- 2009) and the COVID-19 pandemic.

The Gini coefficient has been most frequently used as a measure on income inequality. This study uses it to assess expenditure inequality – that is, the level of inequality in spending on creative goods and services between South African household deciles. This is arranged from decile 1, which has the lowest spending, to decile 10, which has the highest spending. The Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality). The higher the Gini coefficient, the greater the difference/inequality in spending across households.

Results showed that the expenditure Gini coefficient in 2021 for South Africa as a whole was 0.708, with the expenditure Gini coefficient for the cultural and creative industries (CCIs) being 0.747, indicating a slightly more uneven distribution of creative economy spending than for the economy as a whole. In 2021, the 2.5% of highest spending households spent 1.67% of all their spending on CCI goods and services, while the 10% lowest spending households spent 0.97% of all their spending on CCI goods and services. More than half of CCI spending was by decile 10, and 25% by the top 2.5% of households. Spending across all domains and deciles increased from R35 billion per year in 2015 to R48 billion in 2019.

The domain with the highest expenditure Gini was Performance and Celebration (0.807). International research has also found that, while informal participation in activities in this domain are more evenly spread, the formal purchase of tickets to Performance and Celebration outputs is more likely to be by higher income households. Domains with more commercial applications, such as Design and Creative Services (0.679) and Books and Press (0.646) had the lowest expenditure Gini coefficients.

The analysis also showed that, during times of economic downturn, the expenditure of South African households on CCI goods and services becomes more uneven. CCI expenditure, which is often regarded as a luxury or leisure spending category, became more unequal in both the 2008/9 and the 2020/21 economic downturns, as poorer households cut back their CCI spending in favour of other purchases. Policy implications and recommendations are discussed in the conclusion.

Key Findings

- The expenditure Gini for CCIs was 0.747 in 2021.
- More than half of all spending on CCI goods and services in 2021 was from the top 10% (highest spending) households.
- In 2019, South Africans spent R48 billion on CCI goods and services.
- In 2020/21, CCI spending inequality increased, which was also the case in the 2008/9 crisis.
- The domain with the lowest spending Gini is Books and Press (0.646).
- The domain with the highest spending Gini is Performance & Celebration (0.807).
- Domains with more commercial applications tended to have lower expenditure Gini coefficients.
- Information on CCI spending patterns (demand) will be important for the creative economy in the post-COVID recovery period.

1 Introduction

An important social development goal of many countries, including South Africa, is to broaden access to and participation in arts, culture and heritage. The Revised White Paper on Arts, Culture and Heritage (2017) emphasises this point:

“This Revised White Paper seeks to accelerate and deepen this transformative shift by linking the inherent right of all South Africans to access and participate in art, culture and heritage to the social and economic capacities of the cultural and creative industries in order to contribute to development” (RWP, 2017:18).

As in the original White Paper (1996), special attention is given to equitable access and participation through expanding resources to previously under-resourced areas and communities, especially in townships and rural areas. The rights “of everyone to enjoy, participate in and have access to artistic, cultural, heritage and linguistic resources, facilities, training programmes and related opportunities” are strongly asserted (RWP, 2017:5).

However, the consumption of cultural goods and services is somewhat unevenly spread between different income groups, and an important goal of much international cultural policy and public funding is to broaden access and participation in the arts.

The income of those working in the creative industries also tends to be unevenly spread. Creative businesses and workers (artists, musicians, actors, and other creatives) generally do not conform to regular or conventional business or employment practices. Creative workers are often not employed permanently, work as independent contractors, and are often reliant on “gigs”. Furthermore, a characteristic of the creative economy is the presence of “superstars” who generally earn considerably more than the sector’s average. This “long tail” income distribution pattern in the CCIs is well-known.

The Gini¹ index² is often used to measure the equality and inequality of income distribution, or wealth across a population. It can also be used to measure other kinds of inequality, such as a population’s access to, and spending on, cultural and creative goods and services.

The Gini coefficient ranges from 0 (or 0%) to 1 (or 100%), with 0 representing perfect equality and 1 representing perfect inequality. Therefore, the higher the Gini index the greater the inequality.

Research has shown that the creative economy is particularly vulnerable to economic shocks, such as the 2008/9 financial crisis, and the COVID-19 pandemic shutdowns (Snowball and Gouws, 2022; South African Cultural Observatory Mapping Study 2022). The creative economy often relies on live audiences or face-to-face interactions and modes of production, which makes creatives extremely vulnerable to any issues that limit or prohibit personal contact or engagement. Even in domains that do not predominantly rely directly on in-person consumption, such as Audio-Visual and Interactive Media, the production mode still relies on in-person groups of people working closely together and travelling to filming locations. For domains like Visual Arts and Crafts, production may be unaffected, but distribution channels that rely on tourists and markets were impacted.

With upheaval and change comes opportunities as well as threats. The digitisation and dematerialisation of many cultural and creative industries’ (CCIs) products and services has

¹ The index was developed in 1912 by the Italian statistician Corrado Gini.

² It is also often called the Gini coefficient.

reduced the marginal costs of producing and distributing CCI content. This has resulted in the concentration of distribution channels. For example, the internet might reinforce the popularity of products that are already bestsellers following the superstar effect or ‘winner take-all’ phenomenon. Lower distribution costs and new ways of connecting demand and supply (blogs, forums, recommender tools) is also changing CCI production patterns.

To plan and develop strategies for the creative sector, it is necessary to take these factors into account. Not all domains are affected equally. While there have been a number of supply-side studies of how COVID-19 has affected production in the CCIs, there has been much less research on the demand side, as well as the impact that the pandemic disruption has had on the goal of making access to culture broader and more equitable.

To fill this gap, the current study uses large, national-level data sets to investigate the equality of access (proxied by consumption spending) to cultural and creative goods and services in South Africa in relation to shocks to the economy such as the Great Recession (2007- 2009) and the COVID-19 pandemic.

2 Aims and Scope

Building on the exploratory analysis done in Chapter 1 of the SACO 2022 Mapping Study, the goals of this report are to:

1. Undertake a review of the international context in regards to the distribution of demand for CCI goods and services and related structural trends, as well as responses to the COVID-19 pandemic (to which some domains were more vulnerable than others).
2. Discuss debates and scholarly contributions of relevant methodological approaches and models to develop the expenditure Gini coefficient for the CCIs.
3. To develop methods to measure the demand inequalities within each of the CCI domains (using the UNESCO 2009 Framework for Cultural Statistics to define the sector) and to calculate the expenditure Gini coefficient for each domain.
4. To calculate and comment on the expenditure Gini coefficient for the South African CCIs over time.
5. To discuss the policy implications of the results.

3 Literature Review: Income Inequality and the Gini Coefficient in the CCIs

“Inequality’ is in and of itself an awkward word, as well as one used in connection with a number of uncomfortable social and economic problems. The difficulty is that the word can trigger quite a number of different ideas in the mind of a reader or listener, depending on his or her training and prejudices.” (Cowell, 1977).

Inequality can be used to refer to a number of dimensions, including income inequality, wealth inequality, landownership, and voting strength (Cowell, 2011). All of these measures have a similar goal: to measure the degree of inequality within a given population or between different population groups, and to track changes in inequality over time.

The most common use of the Gini coefficient is the measure income inequality. The origin of income (or wealth) differences of individuals and households is a function of nature and nurture. Gladwell (2011) explains that being born at a particular time, having a particular home environment, and a particular cultural heritage can help, or hinder, an individual’s chances at

success. He also stresses the importance of hard work and practicing a skill “for at least 10 000 hours”. Gladwell (2011) summarises that “intrinsic ability appears to be a necessary, but not sufficient, condition for exceptional achievement.”

The individual’s endowments are often either nurtured or hindered by society or their family. Social factors that affect groups of people also have consequences for the individual. These factors include gender, education policies, the labour market and labour regulations, tax codes, and financial regulations. Often these social factors may override any personal factors when determining individual prosperity and ultimately increase inequality amongst a population.

Some economists argue that there may be a trade-off between providing incentives for economic investment and risk-taking (that is, the potentially higher income that could be earned), and some level of income inequality. However, they also acknowledge that very high levels of income inequality are inefficient, unjust, and can lead to social unrest (especially when associated with high levels of poverty). High levels of inequality can be the result of short periods of faster economic growth, however this does not appear to be sustainable. A report by the International Monetary Fund (IMF) economists Dattagupta et al. (2017)³ showed that countries with higher levels of income inequality (measured using the Gini index) tend to have lower economic growth levels over time.

3.1 Causes of Income Inequality

Many countries have seen increasing levels of income inequality since the 1970s, and there are a number of potential reasons for this such as:

1. Urbanisation – people in cities generally have higher incomes than those in rural areas, so as a greater proportion of the population moves to urban areas, income inequalities increase
2. Structural changes in the economy – the shift towards the highly-paid services sector (away from the primary sector and manufacturing) may increase inequality
3. The shift from centrally planned economies towards market-based competition may have increased income inequality in the European context
4. Technological change – the returns to education (human capital) in high-skill industries have become much larger, while those with lower levels of education are in jobs with much lower productivity growth, and thus much lower earnings (Włodarczyk, 2017)

In his landmark book *Capital in the Twenty-first Century*, economic historian Thomas Piketty (2014) argued that increasing income and wealth inequality in the United States (and elsewhere) could be explained by the differences in the return on capital (R). This includes investment, shares, and property as well as real wage growth (G) – that is, $R > G$. Thus, those who were wealthy enough to have capital were experiencing faster increases in their income than those who were only earning a wage, therefore making income inequality worse.

The most common use of the Gini coefficient in economics is as a measure of income inequality, and it is routinely reported for countries by international organisations such as the World Bank, alongside other development indicators like poverty rates and Gross Domestic Product (GDP) per capita. As Table 1 shows, South Africa has one of the highest Gini indices of any country in the world, alongside other developing nations like Angola, Brazil and

³ <https://www.imf.org/en/Blogs/Articles/2017/09/20/growth-that-reaches-everyone-facts-factors-tools>

Argentina. However, some developed nations, like the USA, also have rising levels of income inequality.

While income inequality and poverty are related to development problems, they are not the same. For example, South Africa has higher income inequality than Angola, but it has lower levels of poverty, and a much higher level of GDP per capita. Nigeria has a lower level of income inequality than South Africa, but Nigeria has more poverty and a lower level of GDP per capita than South Africa. The USA has quite a high Gini index (level of income inequality) compared to other developed countries, but a very high GDP per capita and almost no extreme poverty (World Bank Country Data, 2022). Thus, although policies to reduce income inequality and poverty are often grouped together as ways of improving social welfare, they can be separate issues.

Table 1. Income inequality, poverty and GDP per capita for a sample of countries

Country	Gini (1)	Year	Poverty Headcount ratio (%) (2)	Year	GDP p/c (3)	Year
South Africa	63.0	2014	20.5	2014	6 994	2021
Angola	51.3	2018	31.1	2018	2 137	2021
Brazil	48.9	2020	1.9	2020	7 518	2021
Argentina	42.3	2020	1.1	2020	10 729	2021
USA	41.5	2019	1	2019	69 287	2021
China	38.2	2019	0.1	2019	12 556	2021
Indonesia	37.6	2020	3.5	2021	4 291	2021
UK	35.1	2017	0.3	2017	47 334	2021
Nigeria	35.1	2018	30.9	2018	2 085	2021
Australia	34.3	2018	0.5	2018	59 934	2021

Source: World Bank Country Data (2022)

Table Notes: All data shown for the most recent year for which it is available; 1) Gini index varying from 0-100, where higher numbers show greater levels of income inequality; 2) Poverty headcount at US\$2.15 per day as a percentage of the population; 3) GDP per capita in current US\$.

There are several theories regarding what causes income inequality within the cultural and creative industries. In some parts of the creative industries' labour markets, it has long been noted that there is an over-supply of trained artists. Towse (2014:60) points out that, "One of the inescapable and universal conclusions of studies of artists' labour markets is that low earnings are experienced by the majority of trained artists". What exacerbates the low earnings of creative workers in many domains (despite their generally higher levels of education) is the general lack of effective, collective bargaining through professional associations, and the project-based, freelance nature of much creative work (the "gig" economy), which makes it difficult for individual creatives to negotiate for increased wages (Bille, 2020).

3.2 Access to Cultural Resources and the Gini Coefficient

The Gini coefficient can also be used at subnational levels, such as to measure income inequality between regions (Eliazar, 2016; Wu et al. 2017). There are also some studies that use it to measure other kinds of inequality within cities, such as access to facilities like public transport (Tahmasbi et al., 2019) and hospitals (Zhang et al., 2017).

Chang et al. (2021) use the Gini coefficient method to show how access to public museums has changed across mainland China. They argue that equality of access to cultural heritage is important as a matter of social justice, but their results also show that an increase in the number of museums per province is positively and statistically correlated with GDP growth at a provincial level.

The results of Chang et al. (2021) highlight spatial inequality in access to heritage resources across 31 provinces in China, and how this has changed over time. The Gini coefficient is calculated as the access to museums per million people and was 0.27 for the whole of China in 2019, showing relative equality of access at the national or country level. However, there were quite significant differences in equality of museum access between the provinces, and within provinces. Chang et al. (2021) also tracked changes over time: half the provinces in their study showed decreases in Gini coefficients between 2010 and 2017, indicating that equality of museum access was improving. However, in the other provinces, the Gini coefficient rose, indicating increasing inequality of access. Their findings have important implications for public policy and decisions about where to invest further in public heritage resources.

International studies of cultural consumption have identified some important determinants. People who purchase cultural goods or services are more likely to be:

- From higher income households, who could more easily afford spending on cultural goods and services (Falk and Katz-Gerro, 2016; Throsby 2010; Van Hek and Kraaykamp, 2013; Willekens and Lievens, 2016; Mulcahy, 2017), even when arts and culture are subsidised by government for the “public good” (Van Hek and Kraaykamp, 2013)
- Have higher levels of formal education, which increases the understanding and appreciation of arts and culture, or “cultural capital” of individuals (Brito and Barros, 2005; Levy-Garboua and Montmarquette, 2002)
- Have parents who appreciate and engage in cultural activities, thus providing informal, family-based arts education (Willekens and Lievens, 2016)
- Live in cities and are therefore closer to cultural resources, which reduces travel costs (Diniz and Machado 2011; Falk and Katz-Gerro, 2016)
- Women, although this depending on the kinds of arts and culture (Willekens and Lievens, 2016; Han, 2012).

Age group has a mixed effect on cultural engagement. Younger people are more likely to attend concerts and events, and have more time, but less money, to spend on cultural activities. Families with young children may struggle to attend formal cultural events because they have fewer resources and have to organise childcare. Older people are more likely to attend theatres and museums, and have more money, but less time, to devote to cultural activities (Falk and Katz-Gerro, 2016; Han, 2012).

An important point to note is that “access” can be defined in two ways:

- **Consumption** of cultural and creative goods and services (involving some spending on the part of the consumer), and/or
- **Participation** in cultural and creative activities in a way that does not require spending and is not captured in the market (such as singing in a choir, visiting a library or museum, attending a public art performance, listening to music etc.).

Both forms of cultural engagement are important, especially in a context like South Africa, where the ability of many South Africans to spend money on cultural consumption is

constrained by income. However, most studies of the South African cultural and creative sectors are focused on the supply-side – that is, on the production of cultural goods and services and on the employment of people in the sector. This is not unimportant, a recent SACO (2022) mapping study highlighted the contribution that the creative economy makes to Gross Domestic Product (GDP), employment, and international trade.

However, it is also important to understand cultural participation and consumption, both of the point of view of measuring policy effectiveness, and to allow the CCIs (including enterprises and creatives themselves) to plan recovery and growth strategies in the post-COVID-19 period.

The most detailed large-scale study of cultural consumption and participation in South Africa analysed a large sample household survey to investigate determinants of cultural engagement (SACO, 2020). The research used the 2015 All Media Products (AMPs) survey of 25 584 people from 8 128 households, based in Johannesburg (30%), Durban (28%), Cape Town (24%) and Pretoria (18%). The survey asked about a wide variety of activities, including those related to cultural consumption (usually involving some monetary purchase, such as buying DVDs or playing online games) or cultural participation (which included social activities, and non-market activities, such as singing in a choir or reading a free newspaper or magazine).

The AMPS data also included a “Living Standards Measure” (LSM), which can be used to segment the market into 10 LSM groups. The LSM divides households into 10 equal groups, where lower LSM levels are associated with lower levels of welfare (based on 20 variables about household resources, such as car ownership and other appliances), and higher LSM categories indicate greater household resources and wealth (SAARF, 2020⁴).

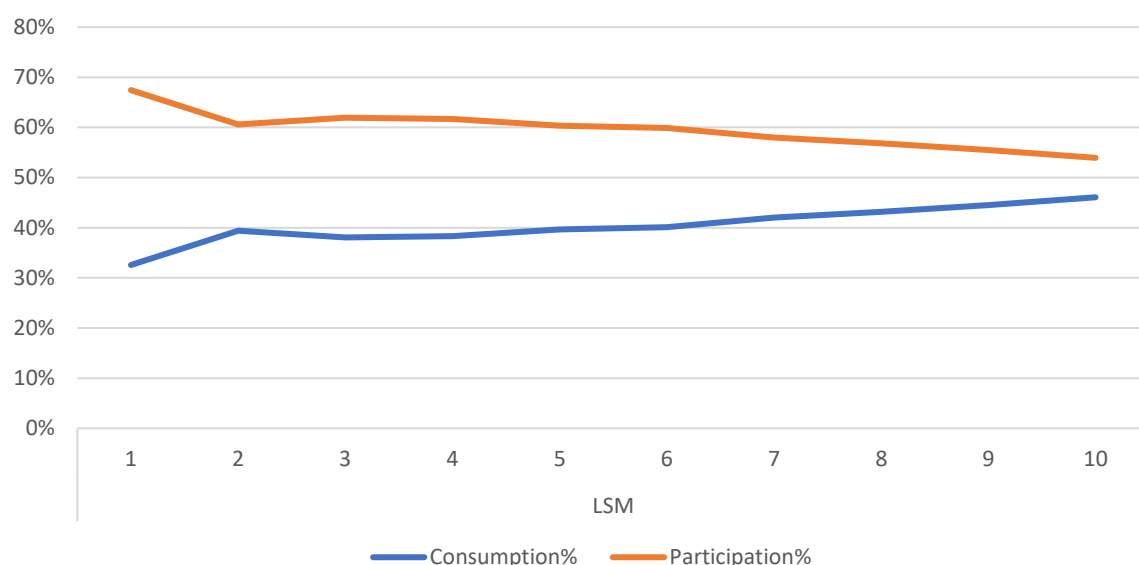


Figure 1. Cultural and Consumption in South Africa by LSM

Source: SACO 2020

The study showed that South Africans are relatively highly culturally engaged. 74.7% had engaged in some form of cultural consumption and 78.3% had engaged in some form of cultural participation in years before the survey. As expected, formal cultural consumption

⁴ <http://www.saarf.co.za/LSM/lsm.asp>

increased as LSM rose: from LSM 6 and above, 40% of survey respondents reported having consumed some cultural good or service in the last year (SACO, 2020).

However, an equally important finding is that cultural participation levels are generally high, even at lower LSM levels. In addition, people who participate in non-market cultural activities are also much more likely to pay to consume cultural and goods and services as well (SACO, 2020).

4 The South African Creative Economy Context and the Impact of COVID-19

4.1 An Overview of the CCEs in South Africa

The SACO (2022) Mapping Study found that the creative economy accounted for 2.97% of South Africa's GDP (R161 billion) in 2020, even taking into account the devastating impact of COVID-19 in that year. As found in previous studies (SACO, 2020; 2018), the largest contributors to GDP were the more commercial parts of the sector: Design and Creative Services (32%) and Audio-Visual and Interactive Media (30%).

In terms of employment, the Creative Trident (Higgs and Cunningham, 2008) methodology was used, applying the UNESCO (2009) definition to South African data from the Labour Market Dynamics Survey. The Creative Trident includes those working in creative occupations in creative industries, "embedded" creatives, working in other industries, and support occupations (people not in a creative job themselves, but working in a creative industry).

Table 2. Shares of creative economy GDP and employment by province

Province	Share of Creative Economy GDP	Share of Creative Economy Employment
Gauteng	46.5	32
KwaZulu-Natal	14.2	18.2
Western Cape	12.4	14.4
Eastern Cape	7.5	8.7
Limpopo	5.2	10
Mpumalanga	4.6	6.7
Free State	4.2	4.3
North West	4	4.2
Northern Cape	1.5	1.6

Source: SACO Mapping Study (2022)

Combining all these categories, the SACO Mapping Study (2022) found that total creative employment in South Africa in 2019 accounted for 6% of all jobs, or nearly 1 million jobs altogether. The Mapping Study also analysed some of the characteristics of cultural employment. Focusing only on creative occupations (excluding support occupations), the largest employment domain was Visual Arts and Crafts (accounting for 44.5% of cultural occupations in 2019). The sector is fairly transformed, with 87% of people in cultural occupations being Black. However, there is still an over-representation of men (59%), and an under-representation of women, especially young women, in cultural occupations. In 2019, only 26.5% of women in cultural occupations were youth, compared to 37.7% of men. As discussed briefly in the literature review, this may be because of the type of work in the sector,

or it may be because of gender discrimination (Conor et al., 2015; Eikhof and Warhurst, 2013; NFVF, 2018).

In terms of spatial distribution, creative economy activity tends to be clustered in the provinces with larger cities: Gauteng, KwaZulu-Natal and Cape Town (Table 2). This is to be expected because of both supply-side factors (the presence of people with the skills, equipment and expertise needed for production), but also demand-side considerations (where the audiences and best markets are). Despite this, some of the more rural provinces (like the Eastern Cape) do still have a significant creative economy presence.

The hard lockdown to contain the spread of COVID-19 in the second quarter of 2020 resulted in South Africa's GDP contracting 52%. A year later (SARB Bulletin, June 2021), GDP was still 3.2% lower than the previous year. While there has since been some slow recovery, the South African Reserve Bank (SARB) also indicates that South Africa has been in a downward phase of the business cycle since 2014, with growth in some sectors of the economy already slowing in the pre-COVID period. This also had an impact on the national unemployment rate, which increased to 34.4% in the first quarter of 2021 and was 34.5% in the first quarter of 2022 (Stats SA, 2022).

Previous studies (from South Africa and in other countries) have shown that the CCIs are particularly vulnerable to economic shocks, as when economy-wide economic growth slows, growth and employment in CCIs decrease at a faster rate. Creative economy production and employment may be more vulnerable than other sectors because of freelance, or short-term contract working modes of much of the industry (Comunian and England, 2020). In the South African context, people working in the informal economy were also more likely to lose their jobs during lockdown (Kohler et al., 2021). The SACO Mapping Study (2022) found that higher proportions of people in cultural or creative occupations were working informally (46%) than those in non-cultural occupations (30%) and were working as freelancers (34.5%) than those in non-cultural occupations (9.5%).

Other factors that contribute to sector vulnerability include reliance on in-person production and distribution modes as well as the prevalence of small, medium and micro enterprises. Using primary survey data, Snowball and Gouws (2022) showed that the most vulnerable CCI domains are those with high levels of informality, in-person modes of production, and freelance work. Most respondents only expected full business recovery by the end of 2023.

Both Kohler et al. (2021) and Ranchhod and Daniels (2021), who used the NIDS-CRAM 2020 data, concluded that the impact of COVID-19 may have resulted in a worsening of income inequality in South Africa, stating that "Specifically, it seems apparent that the pandemic disproportionately affected workers in the informal sector, the youth, and those with lower levels of formal education (Kohler et al., 2021:17).

As discussed in Section 3, the demand for cultural and creative goods or services depends on several factors including income, education, gender and age. Demand often also depends on the geographic locations of the consumers and where the goods or services are being offered. COVID-19 added a new dimension that prohibited the traditional consumption (and therefore the supply) of some cultural and creative goods or services. In this context, both the demand and the supply factors have an impact on the creative economy. The focus of this particular study is on the demand or consumption side. The next Section discusses the data sources and the methodology used to measure the inequality of the consumption of cultural and creative goods and services.

5 Research Methods

Research methods were a mix of desktop, qualitative and quantitative approaches and were based on:

- A review of the international and South African literature (journal articles, policy papers and documents, and industry reports) including the SACO Mapping Study and relevant SACO reports, to give background and context.
- Building a Social Accounting Matrix (SAM) that specifically includes the UNESCO cultural and creative domains as discussed above to calculate the expenditure Gini coefficient for the CCIs overall, and per domain.

5.1 Measures of Inequality: Calculating and Interpreting the Gini Coefficient

To calculate a Gini coefficient, households are divided into 10 numerically equal groups (often called income deciles) arranged from the household with the lowest income to that with the highest income. Next, the percentage of total income received by each household decile (10%) is calculated. Note that if income was perfectly equally distributed, then each household decile would also earn 10% of total income (Mohr, 2012). This study does not use income deciles, but rather deciles according to expenditure.

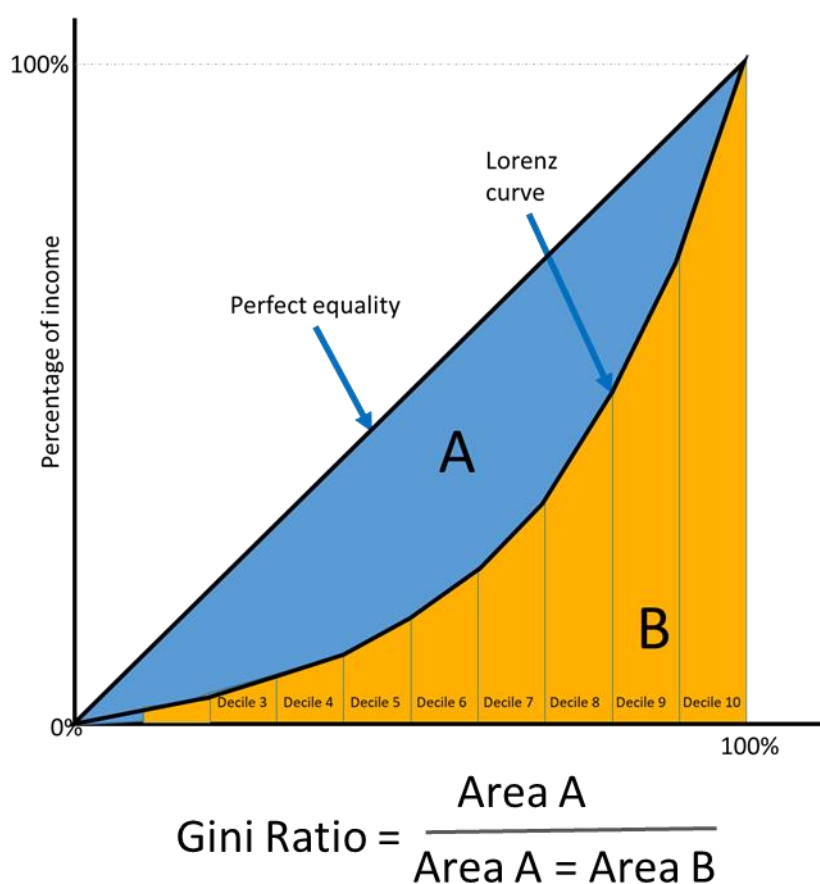


Figure 2. Calculating the Gini Coefficient

The Lorenz curve is traditionally used to show the relationship between income and the proportion of households which earn that income, by plotting the percentage of income received by percentage of households. On the diagram, the more bowed out the Lorenz curve

is (area A), the greater is the level of inequality. If income were perfectly evenly distributed (10% of households earn 10% of income; 20% of households earn 20% of income, and so on), the relationship would be linear, and shown by the line of perfect income inequality (Mohr, 2012). Again, this study uses expenditure to determine the slope and general shape of the Lorenz curve.

Calculating the area between the Lorenz curve and the diagonal (showing perfect equality) gives the Gini coefficient or ratio, which varies between zero (perfect equality) and 100 (perfect inequality). The higher the Gini ratio, the more unequal the distribution of income or, in the case of this research, expenditure, will be.

5.2 Defining the Cultural and Creative Sector

This report uses the UNESCO Framework for Cultural Statistics (UNESCO, 2009) to identify and categorise CCI goods and services. The framework includes six cultural domains and two related domains (that are not included in this study). Figure 3 has a brief description of each of the domains.

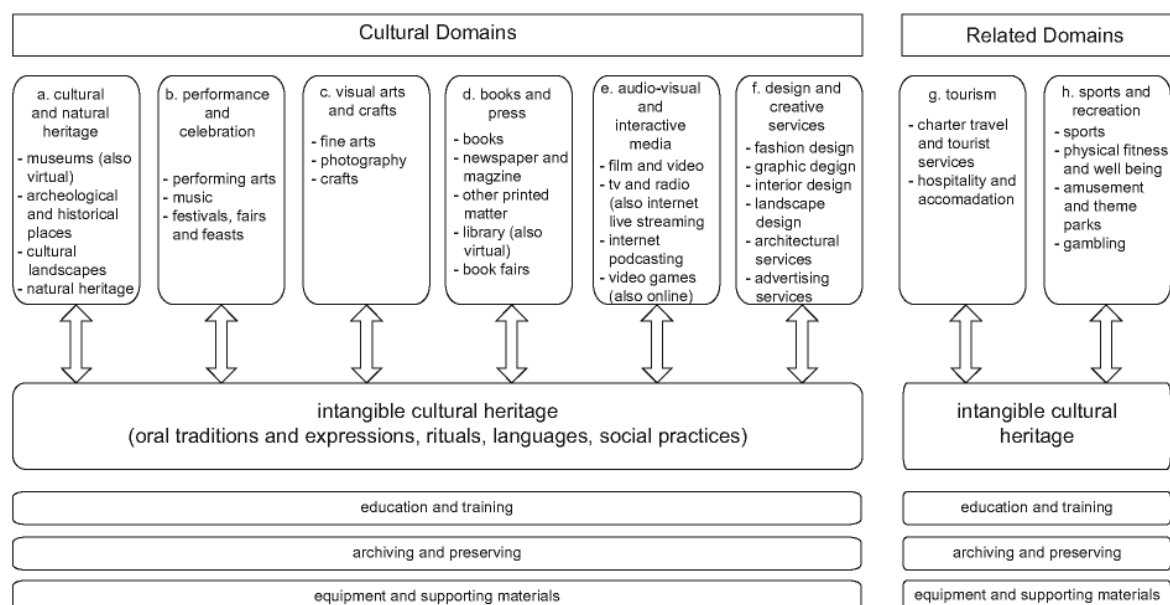


Figure 3. The UNESCO Framework for Cultural Statistics

Source UNESCO (2009)

5.3 Method to Calculate Expenditure Per Domain Per Decile

To ensure consistency and comparability with other sectors, it is important to ensure that the figures calculated are in line with South Africa's national accounts which are prepared by Statistics South Africa and reported by the South African Reserve Bank. Therefore, official data provided by the government and especially Statistics South Africa are used wherever possible.

5.3.1 Social Accounting Matrix

A SAM represents the real economy of a single country using an economy-wide data framework (van Seventer et al., 2016). Technically a SAM is a square matrix where different accounts are represented by a row and a matching column. Statistics South Africa (Stats SA,

2016) builds SAMs that link economic and social statistics for South Africa, periodically. Econometric models often use the accounting framework included in the SAM.

Statistics South Africa (2005) points out that SAMs are derived from a meso-level information system. This allows the interdependence of various sectors to be studied, giving insights into the interaction between policies and sectors.

Importantly, the SAMs describe both the interrelationships between the economy's structural features and the distribution of income and expenditure among household groups. Generally, Statistics South Africa uses information from the population census, supply and use tables, and the Income and Expenditure Survey (IES) to construct the SAM. The IES determines the average expenditure patterns of households in different areas of the country and is undertaken every five-years, with a sample of about 30 000 households.

Because the structure of the economy is generally quite stable, it is possible to extrapolate the data from other surveys to update the SAM. Van Seventer et al. (2016) use South African Reserve Bank data (KBP6007J: Final consumption expenditure by households: Total Personal Consumption Expenditure) to disaggregate the Use Table across products according to the expenditure shares in the Use Table as well as across household income classes using shares from the Living Conditions Survey (LCS) (2008/9). The LCS was updated in 2014/15 and weights can be adapted accordingly.

5.3.2 CCI SAM

Using the specific sectors identified in the Framework for Cultural Statistics (UNESCO, 2009), weightings were adapted for South Africa (as discussed in SACO's 2020 Mapping Study (South African Cultural Observatory, 2020)) and a new SAM for the CCIs or CCI SAM was estimated. SAMs were obtained from Quantec that are consistent with South Africa's official data. The Quantec SAMs were used to estimate the CCI SAMs. Since the CCI SAMs were based on South Africa's national accounts, it is consistent with other official South African data. Therefore, this CCI SAM is used to make sure that the different social or economic dimensions are consistent.

5.3.3 Household Expenditure Per Domain

The LCS uses a very detailed Classification of Individual Consumption According to Purpose (COICAP) to collect data according to household expenditure. Households kept a diary of their expenditure with weekly interviews by survey officers to ensure accuracy and completeness. Data collected is annualised using the information collected from the diaries.

Statistics South Africa (2018) use three techniques to collect the data on household consumption expenditure during the LCS:

1. The acquisition approach,
2. The payment approach, and
3. The consumption approach.

These approaches give accurate information on approximately 1 000 different goods and services and an indication of the spending per decile. The LCS data is mapped to the Standard Industrial Classification that is used in the SAM.

It is important to note that the consumption figures used do not include imports, but only locally produced goods and services. Typically, SAMs (and input output tables) disaggregate the trade with the rest of the world, including the disaggregation of the intermediary inputs. It is therefore not possible to determine expenditure patterns of imported goods or even the

embedded components of imported goods. However, it is assumed that the deciles with the highest spending tend to consume proportionately more imported goods and services. This is an area that needs further research.

5.3.4 The Model Used to Calculate the Expenditure Gini Coefficients

This study uses a set of SAMs that have been built by Quantec using the techniques discussed above. These SAMs were then adapted to include the CCI domains. This was done using the UNESCO Framework for Cultural Statistics (2009) methodology and the weightings recommended. Essentially, CCI components were extracted from the existing industries classified by Standard Industrial Classification (SIC), and then aggregated to form a “new” set of CCI industries that are incorporated into the SAM. To ensure that the new models were consistent with South Africa’s national accounts, the total figures for each dimension were aggregated (before and after the operation)⁵.

The Quantec SAMs include the expenditure per household per sector for each decile. New expenditure patterns were calculated for all sectors including the new CCI sectors (or domains). Using the new data and the methods discussed above, the Gini coefficients for each CCI domain was calculated and the findings are discussed below.

Although the Gini Coefficients were calculated using the mathematical formula discussed above, a set of Lorenz Curves have been included in Appendix 1 for 2021. This gives a graphical depiction of the inequality of purchases among the deciles. The detailed results of the analysis are reported below.

6 Expenditure Gini Coefficients for the South African CCIs

Our measures of inequality are calculated from the household expenditure per commodity group from the SAMs. The base data that Quantec uses is obtained from detailed household-level surveys undertaken by Statistics South Africa. The availability of household data on consumption allows us to study the inequality of spending between the different deciles and to estimate a Gini coefficient for each CCI domain. Although the data has been divided according to deciles, decile 10 has been sub-divided into an additional four categories. This is important because, in South Africa and many other countries, the inequality is expressed most clearly the very upper end of the income distribution (i.e. the top 1% or the top 2.5% in our particular environment) has played a considerable role in income inequality dynamics.

6.1 The Expenditure Gini Coefficients

Figure 4 below shows the Expenditure Gini Coefficients for 2021 for South Africa as a whole, the Expenditure Gini Coefficients for all CCIs, as well as those for the six domains. The expenditure on CCI goods and services is less equal than for the expenditure of all products as a whole in South Africa. Although heritage and culture are essential to who we are as a nation and as individuals, the consumption of CCI goods and services are often considered a luxury.

⁵ More technical information on the construction of the SAM and the identification of the CCIs can be found in Chapter 1 of the SACO Mapping Study (2022).

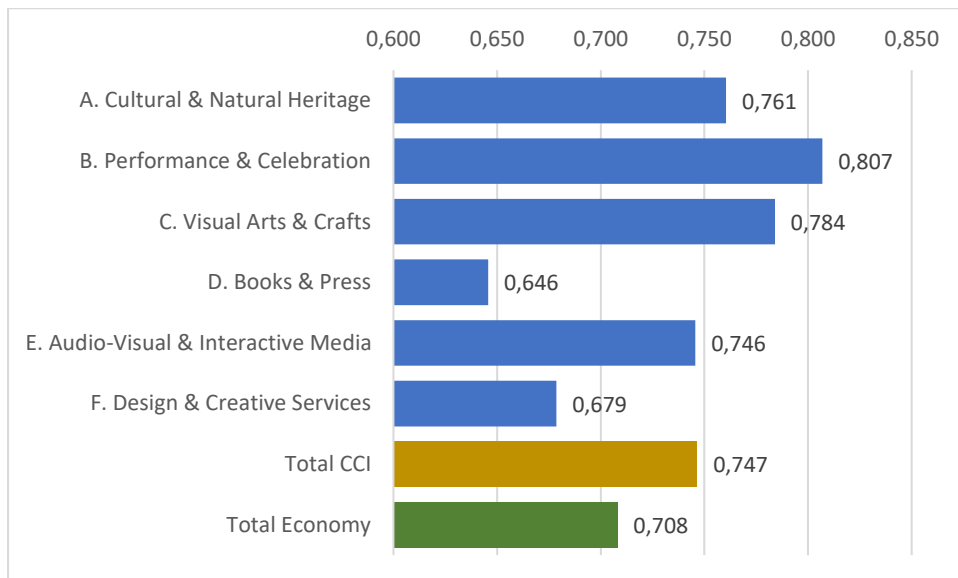


Figure 4. Expenditure Gini coefficients for South Africa and the CCIs in 2021

By definition, the demand increases proportionally for luxury good as incomes rise. Expenditure on luxury goods or services tend to become a greater proportion of overall spending among higher income earners or those with a higher discretionary income. In contrast to luxury goods, the demand for necessity goods or services increases proportionally less than income.

Commercial live performances are costly. Furthermore, there are limited opportunities for the organisers to exploit economies of scale. Therefore, in order for the organisers to recoup their costs and make a profit, tickets are expensive and not affordable to many, especially poorer South Africans. Similarly, fine art does not have many substitutes and where there are attempts to exploit economies of scale, for example, through copies, these are viewed as inferior. So again, it is the top income earners that will buy original artwork, often at very high prices if the artist is well known. This would explain the high Expenditure Gini for Performance and Celebration and Visual Art.

On the other hand, books and publications are seen as a necessity, especially textbooks and other prescribed literature at educational institutions. It is therefore not unexpected that the Books and Press domain has a Gini even lower than the total Expenditure Gini for South Africa.

6.2 Changes in Inequality Over Time

The figures below show the change in the Gini coefficient, that is the change in CCI spending equality, over two sets of time periods. The first time period covers 1995 to 2010 while the second period covers 2011 to 2021. The two periods cannot be compared directly because of the changes in the rebasing of national accounts that Statistics South Africa does periodically, however, the trends can be analysed and explained in terms of macroeconomic changes to the South African economy. A rise in the expenditure Gini indicates a more uneven distribution of cultural consumption spending across South African households (typically that lower income households are spending less, while higher income households are spending more). A fall in the expenditure Gini indicates a more even distribution of cultural consumption spending between household income groups, which may indicate more access to cultural goods and services by lower income households.

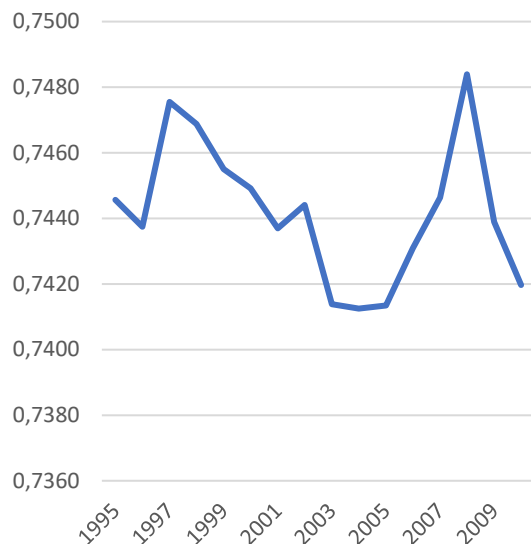


Figure 5. Changes in the Gini coefficient (1995-2010) for the Total Economy

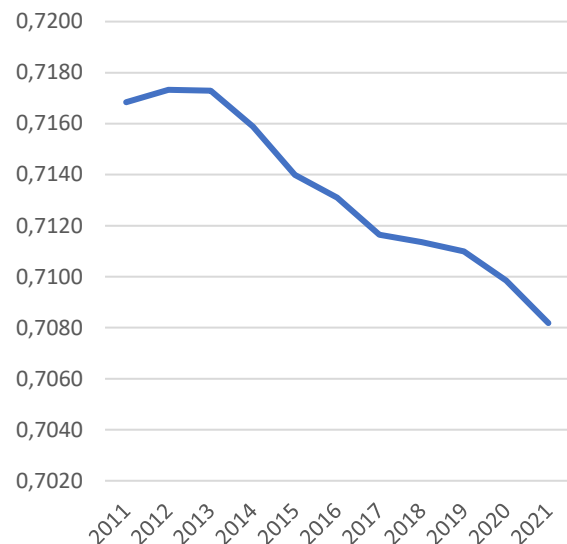


Figure 6. Changes in the Gini coefficient (2011-2021) for the Total Economy

As expected, economic downturns make spending inequality worse for both the overall economy in the 1995-2009 period and for the CCIs in both periods. The explanation for this is that economic downturns, like the 2008/9 financial crisis and the 2020/21 COVID years, impact lower income households (who may not have savings or investments to draw on) more severely in terms of spending cuts than wealthier ones.

Interestingly, the expenditure Gini does not rise for the whole economy in the 2020/21 COVID period, which other preliminary research findings (Mthembu et al., 2022)⁶ have attributed to the Social Relief of Distress grant of R350 that was paid to unemployed people in lower income households who could then afford to spend more. As they predicted, the grants supported more equal expenditure by supporting the lowest-income households.

However, in terms of CCI expenditure, which is often regarded as a luxury or leisure spending category, both the 2008/9 and the 2020/21 economic downturns increased spending inequality. By 2021, the expenditure Gini for the whole economy was 0.71, while for the CCIs overall it was 0.74, with both trending downwards.

There are some remarkable differences between domains, particularly in the second period. Around the 2008/9 financial crisis, all the domains experienced a sharp increase in spending inequality, which then corrected fairly quickly in most cases.

However, during the COVID pandemic, some domains experienced an increase in spending inequality, while others did not. There are also some interesting differences between spending inequality levels between domains.

⁶ <https://www.news24.com/news24/opinions/analysis/analysis-how-the-special-covid-grant-helped-informal-traders-to-stay-afloat-20221102>

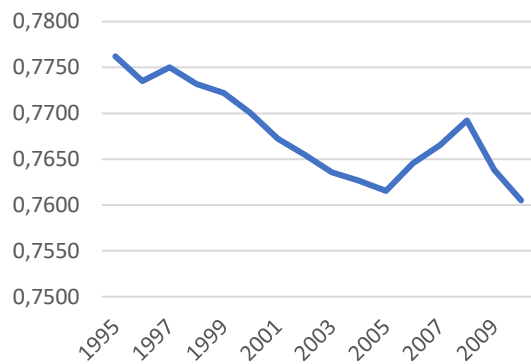


Figure 7. Changes in the Gini coefficient (1995-2010) for all CCI domains

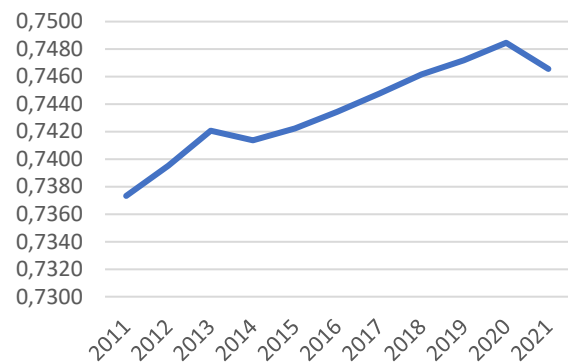


Figure 8. Changes in the Gini coefficient (2011-2021) for all CCI domains

The three most unequal domains in terms of spending are Cultural and Natural Heritage, Visual Arts and Crafts, and Performance and Celebration. Cultural and Natural Heritage and Visual Arts and Crafts both experienced a slight increase in spending inequality in 2020, which then corrected in 2021.

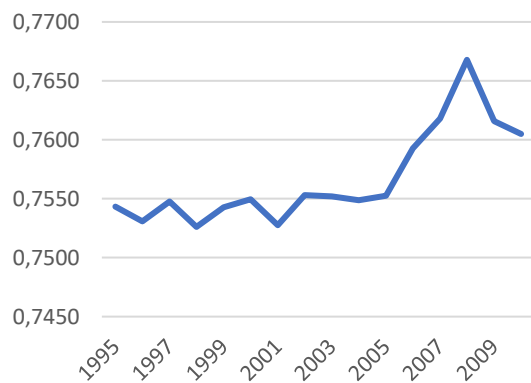


Figure 9. Changes in the Gini coefficient: Cultural & Natural Heritage (1995-2010)

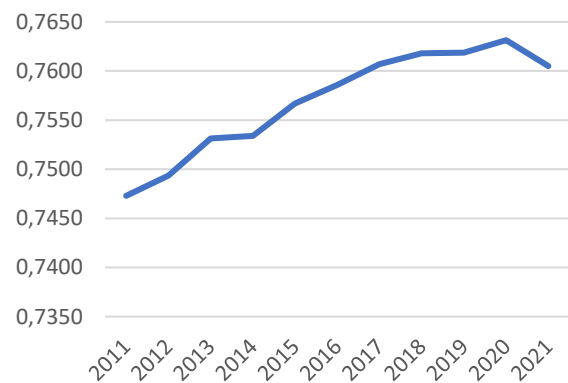


Figure 10. Changes in the Gini coefficient: Cultural & Natural Heritage (2011-2021)

Performance and Celebration spending inequality peaked in 2019, and declined in 2020 and 2021, but remains the most unequal domain in terms of spending throughout the study period.

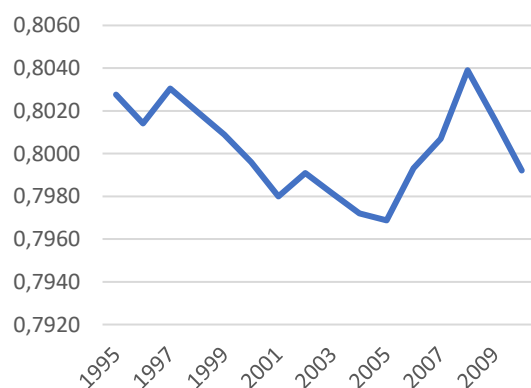


Figure 11. Changes in the Gini coefficient: Performance & Celebration (1995-2010)

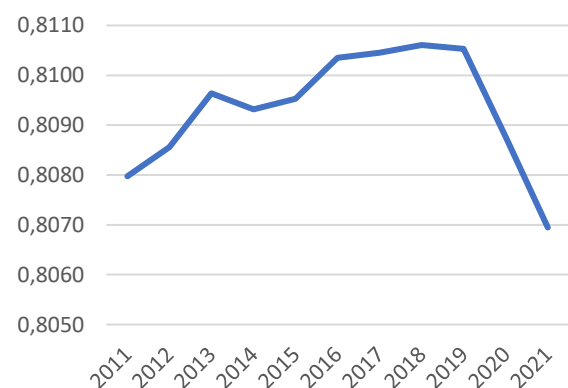


Figure 12. Changes in the Gini coefficient: Performance & Celebration (2011-2021)

Reasons for the higher levels of spending inequality in these domains may be because they are closer to the “core” arts and culture functions and activities - that is, rather than being in the more applied commercial domains, they are closer to what have been traditionally

regarded as “high culture”. For these consumption activities, as discussed in the literature review, there has generally been much more demand from higher income and education households. However, it should be remembered that this data speaks only to the formal consumption demand for creative economic goods and services, and does not capture the informal participation that does not leave a market trace, and which may be more evenly distributed.

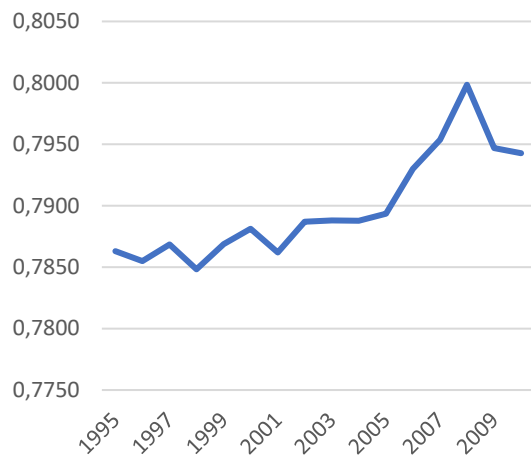


Figure 13. Changes in the Gini coefficient: Visual Arts & Crafts (1995-2010)

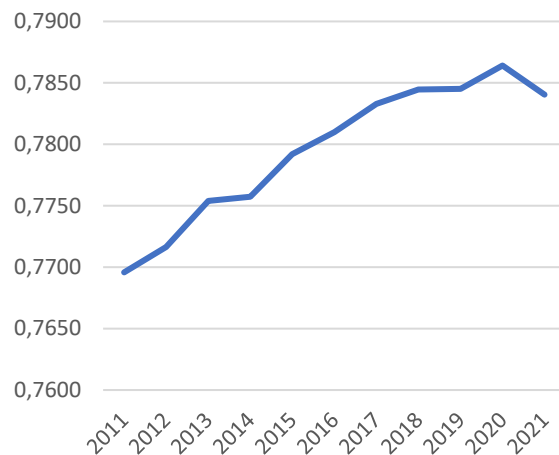


Figure 14. Changes in the Gini coefficient: Visual Arts & Crafts (2011-2021)

Books and Press has the lowest overall expenditure Gini (that is, the most equal distribution of consumption). Spending inequality in this domain peaked in 2019, after which it fell in both 2020 and 2021.

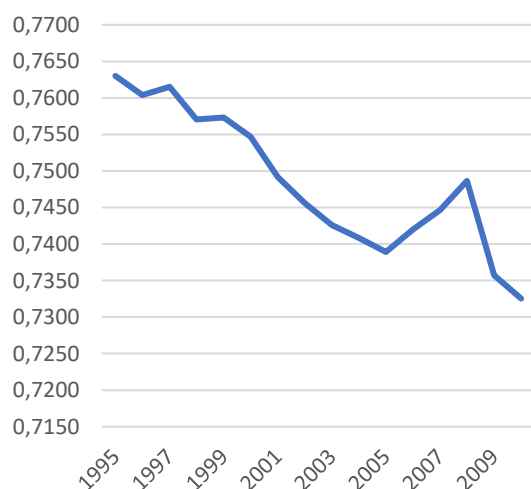


Figure 15. Changes in the Gini coefficient: Books & Press (1995-2010)

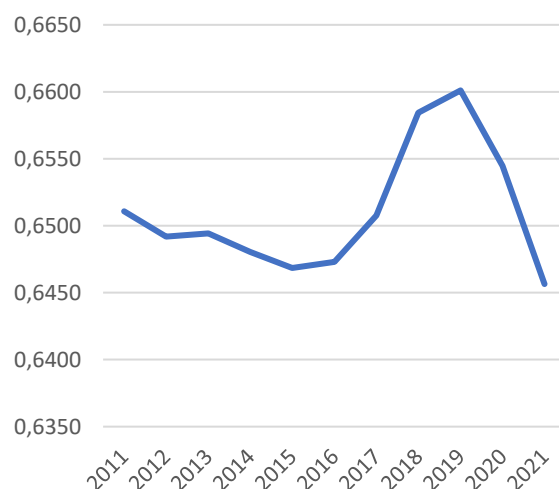


Figure 16. Changes in the Gini coefficient: Books & Press (2011-2021)

While some of the spending here is undoubtedly on prescribed works, such as school textbooks, it is encouraging that this is the most equal domain in terms of spending and that the pandemic continued this trend.

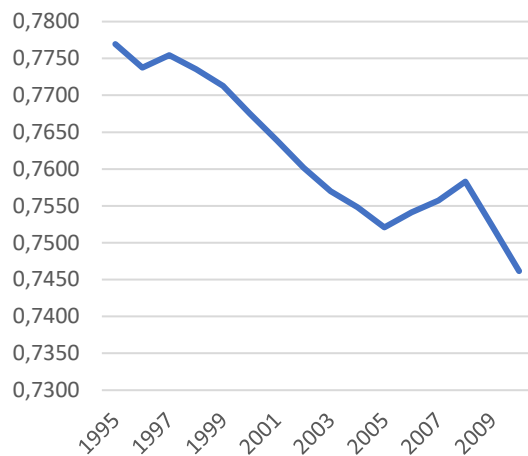


Figure 17. Changes in the Gini coefficient: Audio-Visual & Interactive Media (1995-2010)

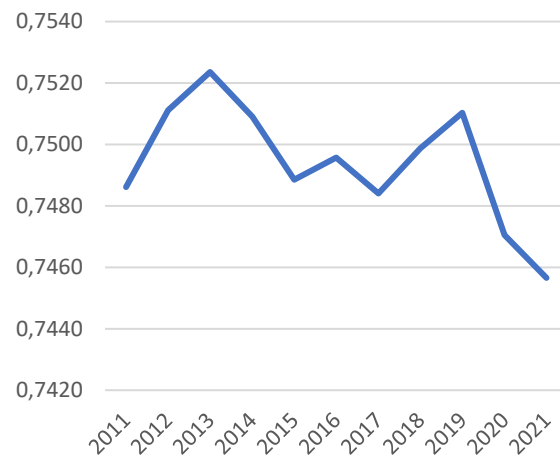


Figure 18. Changes in the Gini coefficient: Audio-Visual & Interactive Media (2011-2021)

Audio-Visual and Interactive Media appears to be on an overall downward trend, which sped up during the COVID pandemic, with spending in this domain becoming markedly more equal. This could be driven by the increase in consumption of film, television and online content that occurred worldwide during the lockdowns.

Design and Creative Services has the next most equal spending distribution. Although spending inequality did increase in 2020 compared to 2019, this quickly corrected in 2021. This is a more commercial CCI domain, which supports many different parts of the economy and provides functional goods and services (such as fashion design, architectural design, and advertising), which helps to explain its more equal spending distribution.

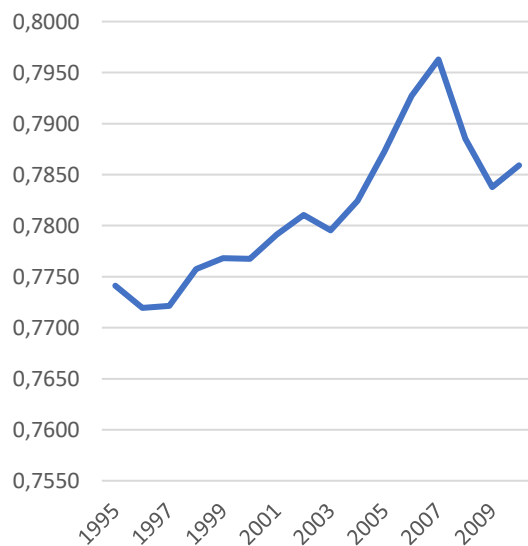


Figure 19. Changes in the Gini coefficient: Design & Creative Services (1995-2010)

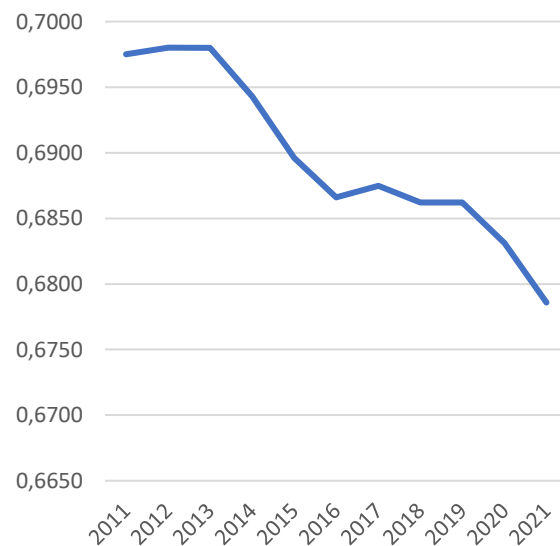


Figure 20. Changes in the Gini coefficient: Design & Creative Services (2011-2021)

6.3 Spending Dynamics

To measure the change of spending on CCI goods and services per domain over time, two Figures are presented below (because of the GDP rebasing exercise by Statistics South Africa, the data is not comparable over the periods 1995-2010 and 2011-2021, but can still be used to show trends). In the first period, 1995 to 2010, there has been a gradual decline in the

proportion of spending on CCI goods and services (as a percentage of total household spending) in all deciles.

For example, in the top quarter of decile 10 (with decile 10-4 representing the 2.5% highest spending South African households), spending on CCI goods and services fell from just more than 2% of all household spending in 1995, to 1.13% of decile 10-4 household spending in 2010. For decile 1 (representing the 10% of household with the lowest spending in South Africa) spending on CCI goods and services fell from 0.85% of spending in 1995 to 0.64% in 2010.

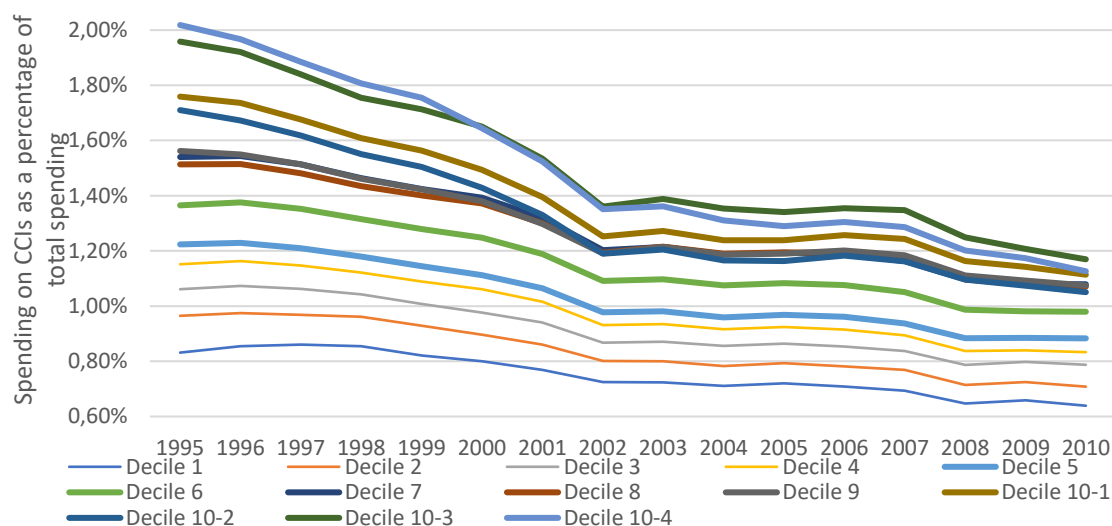


Figure 21. Spending on CCI goods and services per decile from 1995 to 2010

Even though the richest (the top quarter of the 10th decile) cohort's spending on CCIs increase from R1 182 million in 1995 to R3 151 million in 2010, the proportion spent on CCIs dropped from just over 2% of their total spending to 1.13%.

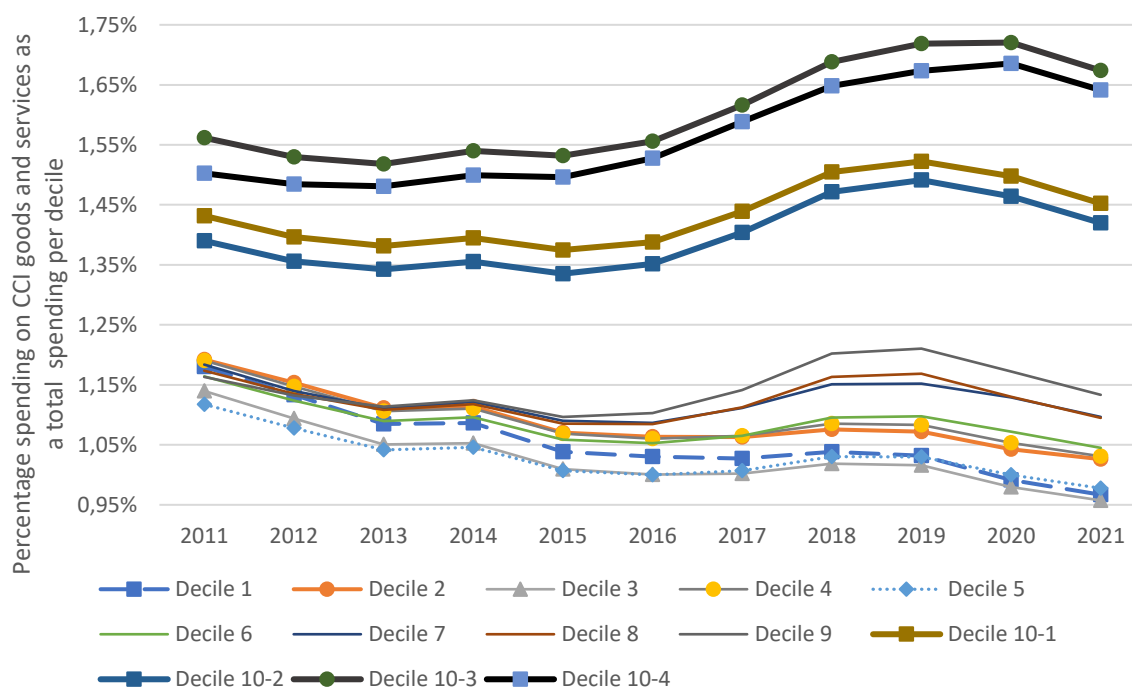


Figure 22. Spending on CCI goods and services per decile from 2011 to 2021

From 2011, the proportion of spending on CCI products as a proportion of total spending per decile revealed some interesting trends. Generally, deciles 1 to 5 continued to show a decline in relative spending on CCI goods and services, although the trend has been more stable since 2015. Conversely, deciles 7 to 10 spend relatively more on CCI products from 2015 onwards. This trend continued through to 2019. In 2020 and 2021 all deciles spent proportionately less on their total spending on CCI goods and services.

6.4 Spending Patterns Per Decile

As would be expected, decile 10 (the 10% of households that spend the most) spends by far the greatest amount on CCI goods and services. However, even the wealthiest households change their spending patterns over time. Expenditure on CCI goods and services as a percentage of all spending rose from 2013 through to 2019, when the impact of COVID-19 affected spending on CCI goods and services in particular. However, the wealthiest 5% of the population kept the proportion of CCI spending consistent during 2020 (the first year of COVID-19), but cut back relatively heavily on CCI spending in 2021.

Across all deciles, spending on the Audio-Visual and Interactive Media domain is proportionately the highest (60%). This is followed by Books and Press (21.7%) and then Performance and Celebration (7.3%). Only 2.1% of total spending on CCIs is spent on the Cultural and Natural Heritage domain.

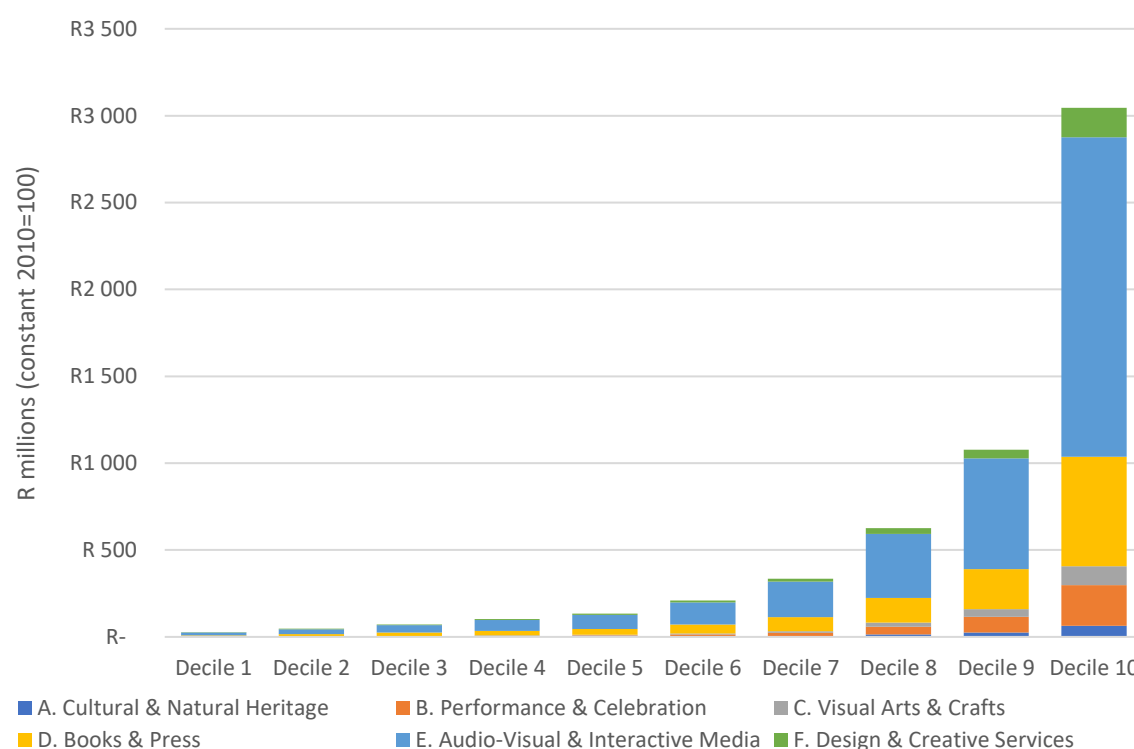


Figure 23. Spending on CCIs per decile in 1995

From Table 3 it can be seen that of their total spending on CCIs, poorer deciles tend to spend a bigger percentage on the Books and Press as well as the Design and Creative Services domains.

Table 3. Spending on domains as a proportion CCI spending in 1995

	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10
A. Cultural & Natural Heritage	1.6%	1.4%	1.5%	1.5%	1.6%	1.7%	1.7%	2.2%	2.4%	2.1%
B. Performance & Celebration	3.5%	3.2%	3.6%	4.0%	4.3%	5.0%	5.2%	7.3%	8.4%	7.7%
C. Visual Arts & Crafts	3.0%	2.7%	2.8%	2.8%	2.9%	3.0%	3.0%	3.8%	4.1%	3.6%
D. Books & Press	27.6%	27.1%	26.4%	25.9%	25.4%	24.6%	23.9%	22.5%	21.4%	20.7%
E. Audio-Visual & Interactive Media	57.4%	59.1%	59.6%	59.8%	60.0%	60.2%	61.0%	59.0%	59.1%	60.4%
F. Design & Creative Services	6.9%	6.5%	6.1%	6.0%	5.9%	5.6%	5.2%	5.3%	4.6%	5.5%

The wealthier deciles tend to spend more on Cultural and Natural Heritage, Performance and Celebration, and Audio-Visual and Interactive Media domains.

Figure 24 and Figure 25 below show the increased spending in real terms from 2015 to 2019. Spending across all domains and deciles increased from just under R35 billion to R48 billion in 2019. Deciles 5 through 10 spent proportionately more on CCI goods and services in 2019 compared to 2015. Deciles 1 through 4 spent proportionately the same or marginally less on CCI goods and services in this period, which explains the rising CCI spending inequality over time.

Table 4 shows the average annual growth rate per decile and domain from 2015 to 2019. Spending in real terms increased from 2015 to 2019 by an average of 8.43%. The largest increase was in the Audio-Visual and Interactive Media domain (10,4% per annum) and the least in the Design and Creative Services domain (5% per annum).

Table 4. Average Annual Growth rate per decile and domain from 2015 to 2019

	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10	All income groups
A. Cultural & Natural Heritage	5.62%	6.59%	5.98%	6.55%	6.69%	6.94%	7.37%	7.81%	8.37%	8.45%	8.12%
B. Performance & Celebration	7.28%	8.08%	7.64%	8.03%	8.11%	8.15%	8.36%	8.55%	8.79%	8.60%	8.57%
C. Visual Arts & Crafts	5.45%	6.36%	5.77%	6.32%	6.46%	6.73%	7.18%	7.66%	8.27%	8.41%	8.01%
D. Books & Press	5.26%	5.14%	5.45%	5.50%	5.74%	5.96%	6.59%	7.28%	8.25%	9.00%	7.46%
E. Audio-Visual & Interactive Media	9.22%	9.32%	9.55%	9.52%	9.78%	9.73%	9.85%	10.3%	10.6%	10.4%	10.25%
F. Design & Creative Services	5.68%	5.55%	5.48%	5.52%	5.47%	5.41%	5.32%	5.42%	5.39%	4.53%	5.05%
All domains	6.63%	6.82%	6.93%	7.09%	7.30%	7.49%	7.92%	8.36%	8.88%	8.78%	8.43%

The average amount of money spent on CCI goods and services by each domain for 2015 and 2019 is shown in Figure 24 and Figure 25. In 2015, just under R35 billion was spent on CCI goods and services. More than half of CCI spending was by decile 10 and 25% by the top 2,5% of households. In 2019, almost 53% of CCI spending was by decile 10 while the top 2,5% of households maintained their proportion of spending on CCIs at 25%.

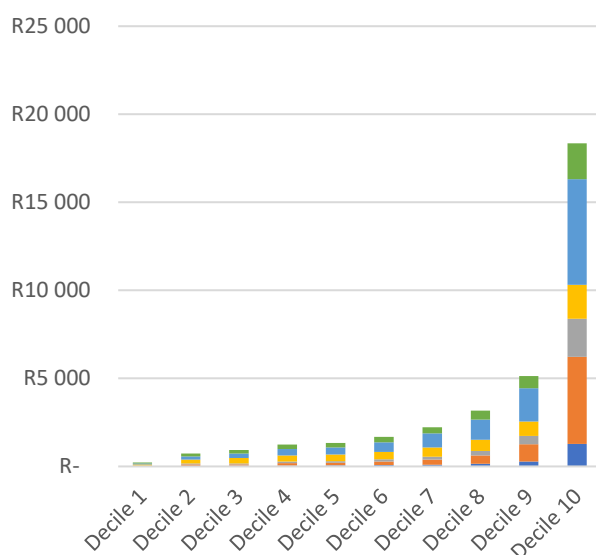


Figure 24. Spending on CCIs per decile in 2015

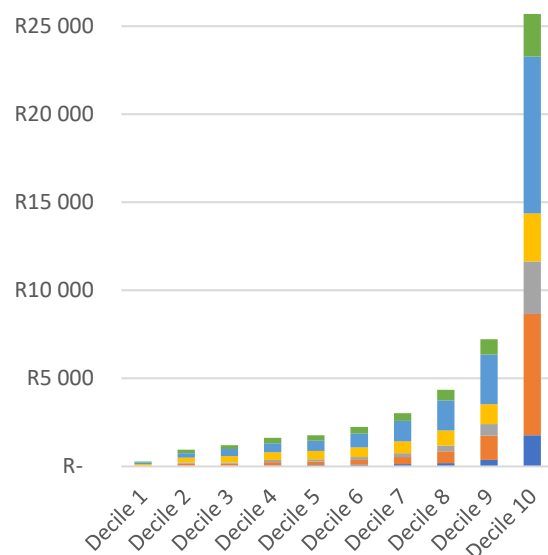


Figure 25. Spending on CCIs per decile in 2019

■ A. Cultural & Natural Heritage ■ B. Performance & Celebration ■ C. Visual Arts & Crafts
 ■ D. Books & Press ■ E. Audio-Visual & Interactive Media ■ F. Design & Creative Services

Figure 26 and Figure 28 show the spending in 2020 and 2021 for all deciles, while Figure 27 and Figure 29 show the spending on CCI goods and services by the wealthiest households in South Africa.

The impact of COVID-19 can be seen in the drop in actual spending amount from 2019 to 2020. Total spending on CCI goods and service was R48,37 billion in 2019 and only R45,6 billion in 2020, or a drop of 1.4%.

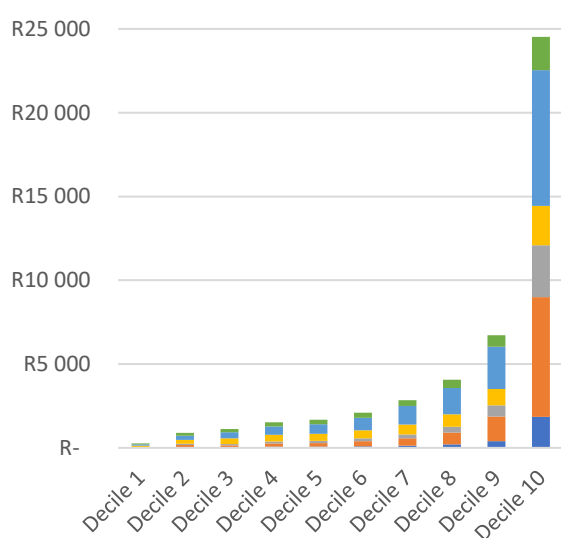


Figure 26. Spending on CCIs per decile in 2020

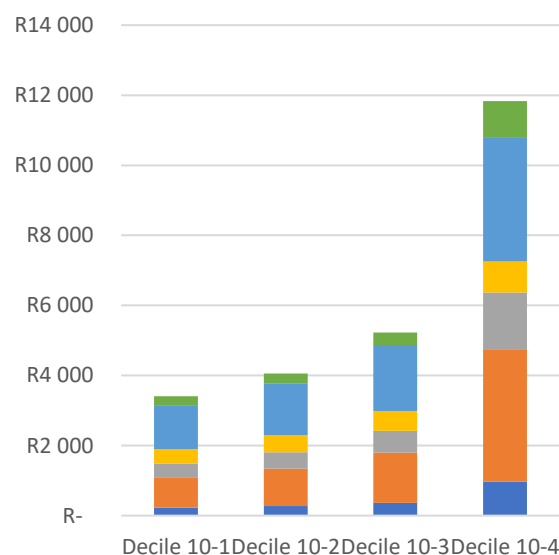


Figure 27. Spending on CCIs for decile 10 in 2020

■ A. Cultural & Natural Heritage ■ B. Performance & Celebration ■ C. Visual Arts & Crafts
 ■ D. Books & Press ■ E. Audio-Visual & Interactive Media ■ F. Design & Creative Services

There has been some recovery, especially in the spending by decile 10, but this is marginal.

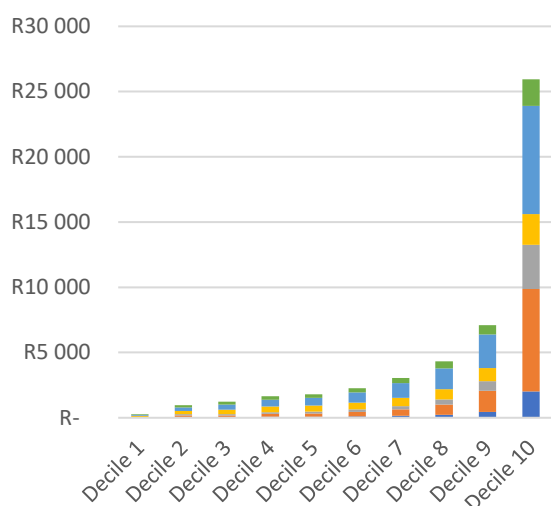


Figure 28. Spending on CCIs per decile in 2021

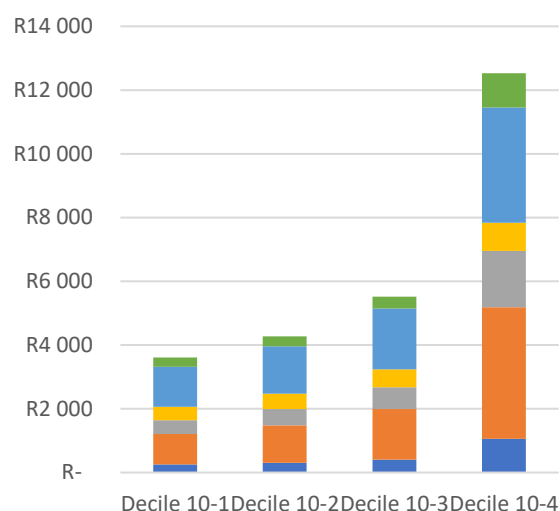


Figure 29. Spending on CCIs for decile 10 in 2021



6.5 An Analysis of the Spending of the Wealthiest South African Households on CCIs

As the analysis so far has shown, much of the spending on cultural goods and services comes from the top 10% of households. This is the decile that creative industries will largely need to focus on in building demand for their products in the post-COVID period. This section of the report thus disaggregates the CCI spending of the top 10% of households.

Figure 30 through to Figure 33 show the spending on the six CCI domains by the wealthiest decile (subdivided into quarters) in 2015, 2019, 2020 and 2021. Generally, the richest 2.5% (decile 10-4) of the South African population spend proportionally more on Cultural and Natural Heritage, Performance and Celebration, as well as on Design and Creative Services than those in decile 10-1 to decile 10-3. They also spend more on Visual Arts and Crafts.

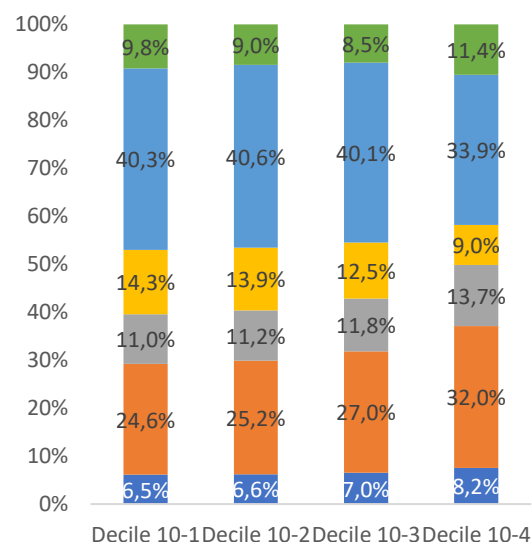
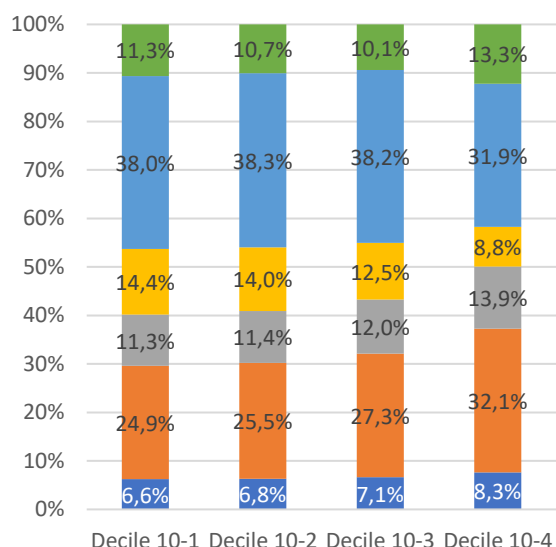
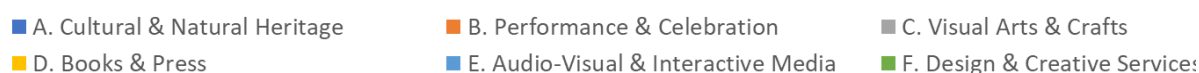


Figure 30. Spending on CCIs by the wealthiest decile in 2015



Interestingly, the richest 2.5% (decile 10-4) do not spend as much proportionately on Audio-Visual and Interactive-Media or Books and Press.

During the COVID-19 pandemic, decile 10-4 did start investing proportionally more of their CCI spending on Visual Arts and Crafts and Performance and Celebration.

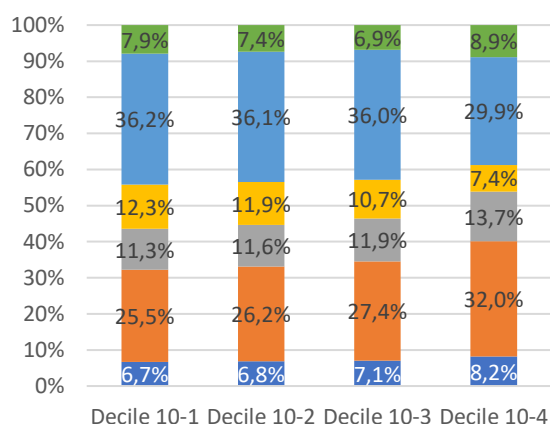


Figure 32. Spending on CCIs by the wealthiest decile in 2020

Figure 31. Spending on CCIs by the wealthiest decile in 2019

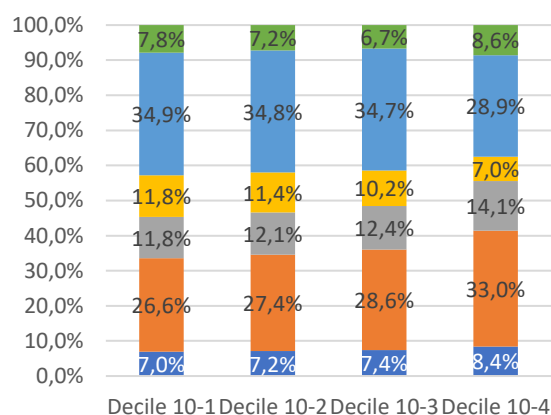
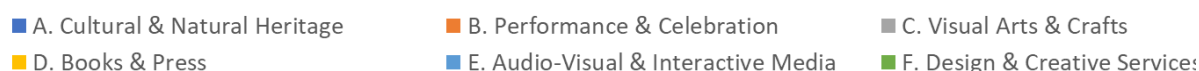


Figure 33. Spending on CCIs by the wealthiest decile in 2021



While it is important to note the changes and relative spending patterns, the actual value of the spending by the richest 2,5% of households is very high compared to even those in decile 10-1 to decile 10-3 (Table 5).

Table 5. CCI spending by domain for the top income decile

	Decile 10-1		Decile 10-2		Decile 10-3		Decile 10-4	
A. Cultural & Natural Heritage	R	252	R	306	R	408	R	1 055
B. Performance & Celebration	R	959	R	1 171	R	1 581	R	4 134
C. Visual Arts & Crafts	R	425	R	516	R	685	R	1 770
D. Books & Press	R	427	R	485	R	561	R	875
E. Audio-Visual & Interactive Media	R	1 259	R	1 487	R	1 915	R	3 624
F. Design & Creative Services	R	282	R	308	R	370	R	1 075

In all domains, except for the Books and Press and Audio-Visual and Interactive Media, the actual spending by decile 10-4 is higher than the total for those in decile 10-1 to 10-3.

7 Conclusions and Implications of the Results

Although this paper looked mainly at the commercial value of the CCIs and the Gini coefficients were calculated using monetary values, it is important to note that there is more

to CCIs than the commercial or pecuniary aspects. The Revised White Paper on Arts, Culture and Heritage notes that value includes intrinsic, social, economic, educational, recreational, and therapeutic values of being of importance to South Africa's arts, culture and heritage (Department of Sports, Arts and Culture, 2019). Clearly, part of the CCIs are considered public goods, and their consumption is not necessarily included in the system of national accounts. This research did not measure the equity of consumption of these public goods, nor any non-monetary aspects of the CCIs.

Using the Gini coefficients calculated using the monetary value, inequality of the consumption for all CCI products increased from 2011 until 2019, and improved slightly during the Covid-19 pandemic. The three most unequal domains in terms of spending are Cultural and Natural Heritage, Visual Arts and Crafts, and Performance and Celebration. These three domains include a higher proportion of public goods and the commercial value used in the calculation of the Gini coefficients may not represent the true consumption of the goods and services of these three domains.

From a policy perspective, access to the three domains, especially Cultural and Natural Heritage, should be kept affordable and all South Africans encouraged to consume these products and services. Furthermore, an analysis of the spatial distribution of access to these goods and services needs to be undertaken to ensure that people in rural areas and townships (as well as households in the lower deciles) are physically close.

The more commercial domains are more important from an economic growth, trade and employment point of view. However, because they are commercial, producers tend to focus on supplying more lucrative markets, particularly the richer deciles. Nevertheless, the consumption patterns within Audio-Visual and Interactive Media, Design and Creative Services, especially the Books and Press domains, are relatively more equal.

When examining the consumption patterns, decile 10 (the top 10% of households) outspends the other nine deciles. Even within decile 10, the top 2.5% of households outspend the other households in this decile (see Figure 25 through Figure 33).

From a policy perspective, audience development and education become important factors to consider. Again, access to the consumption of these goods and services must be made easier. Firstly, from a spatial perspective, facilities must be more equally distributed to ensure that poorer households can access them. Secondly, subsidies and cross-subsidisation needs to be examined in more detail, as this will contribute to making the goods and services more affordable, thereby making their consumption more equitable.

Further research is therefore necessary on the barriers to the consumption of commercial goods but also on the access to public goods. In this regard, the Potts and Cunningham (2008) Four Models of the Creative Industries is a useful analytical tool that can be used.

Table 6. Four Models of the Creative Industries

Creative Economy model	Main value	Financing & Management
Welfare model	Public and merit goods associated with "core" arts and culture Positive impacts (externalities) not captured in the market	Subsidy from public (government) sources and private philanthropists
Competitive model	Focus on SMMEs as drivers of sector growth and job creation.	Industrial policy regulation to ensure competitive market and financing to firms.

The growth model	Creative industries as a driver of economic growth & job creation in the economy	Investment (for a financial return)
The innovation model	CCIs as part of the national system of innovation with both social and commercial values	Public investment (similar to science, education & technology) to unlock financial returns and spill-overs.

Source: Adapted from Potts and Cunningham (2008)

Potts and Cunningham (2008) point out that the creative economy can be defined in several overlapping ways, and that the main value being sought will shape the appropriate policy implications. For example, if the focus is on the non-market positive values associated with “arts and culture”, then the appropriate policy would be public subsidy for “public goods” (such as in the original White Paper). Ways of measuring success would be broader than expenditure by households on CCI goods and services, and might include non-market activities, such as artists in schools, library access, public art and museum visits.

If the focus is more on the cultural and creative industries (as an economic sector), then appropriate measures would include CCI firm turnover, contributions to GDP, and job creation. In these models, appropriate policy would focus on industrial policy regulation, competition, and financing (as is in the Creative Industries Masterplan and some parts of the Revised White Paper).

For this part of the creative economy to work (as an *industry*), some attention needs to be paid to consumption (demand). This report is thus important for two reasons:

1. It is the first nation-wide study of the demand for/expenditure on CCI goods and services – information that will be crucial to the sector in the post-COVID recovery period in terms of understanding the profile of people who are most likely to purchase their goods and services.
2. By calculating the expenditure Gini for CCI goods and services, the report provides valuable information for policymakers in tracking the consumption inequality of CCI access across household deciles and by domain, perhaps focusing attention on where public subsidy could be best spent to improve equality of access.

The report does not give information on the non-market aspects of cultural participation, which, as demonstrated in a previous SACO report, is likely to be more evenly spread across household income groups. At present, South Africa does not have a national survey of cultural engagement (which would include both consumption and participation), which may be an important direction for future research.

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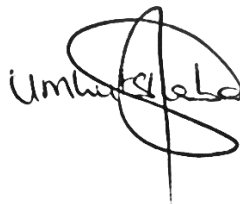
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**APPROVALS FOR THE SOUTH AFRICAN CULTURAL OBSERVATORY – CCI
Consumption in South Africa: Equality of access and the expenditure Gini
Coefficient – 15 December 2022**

	NAME	TITLE	SIGNATURE	DATE
Prepared and recommended by:	<i>Ms. Unathi Lutshaba</i>	<i>SACO Executive Director</i>		15 December 2022
Approved by:	<i>Ms. Lisa Combrinck</i>	<i>DSAC SACO Project Manager</i>		
Approved by:	<i>Dr Stella (CN) Khumalo</i>	<i>DSAC DDG: Arts and Culture Promotion and Development</i>		

Appendix 1. Lorenz Curves for the six CCI Domains in 2021

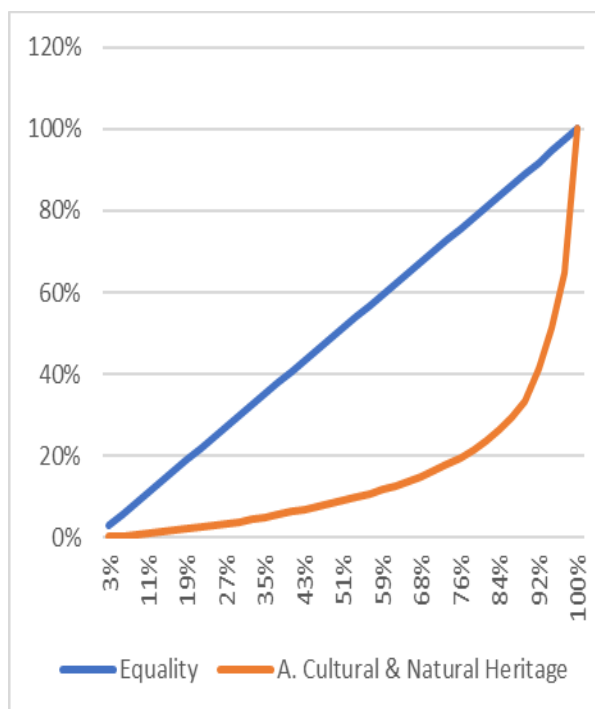


Figure 34. Lorenz Curve for Cultural and Natural consumption

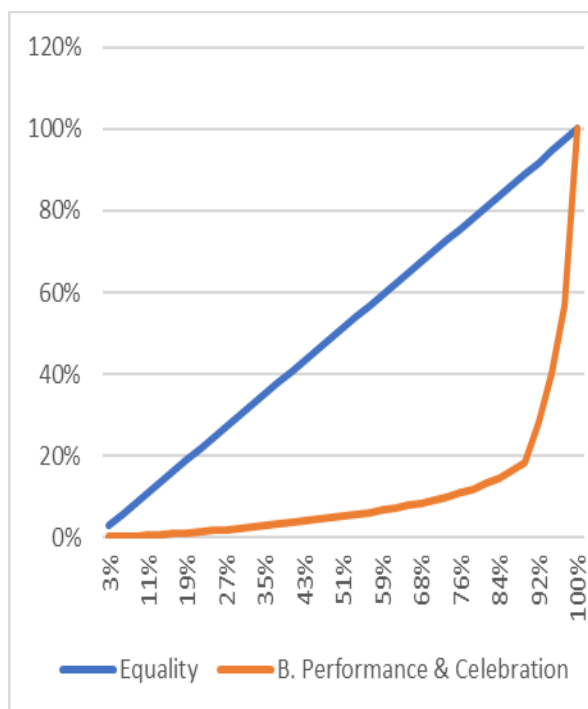


Figure 35. Lorenz Curve for Performance and Celebration consumption

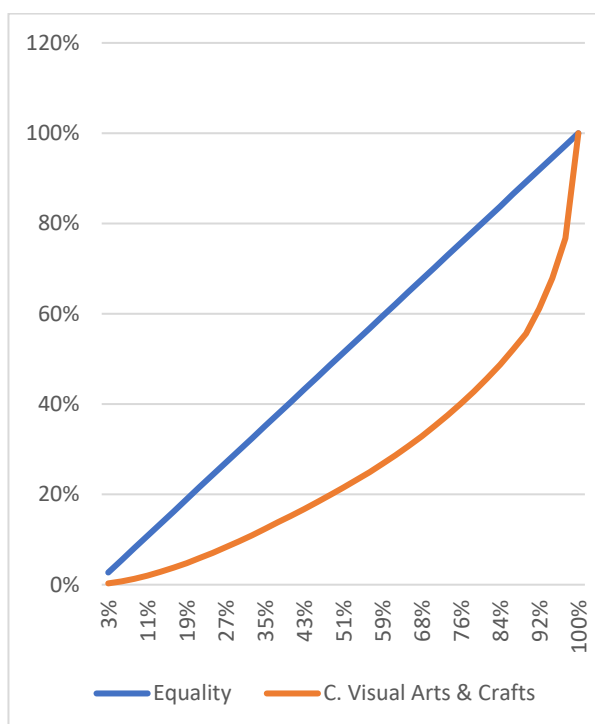


Figure 36. Lorenz Curve for Visual Arts and Craft consumption

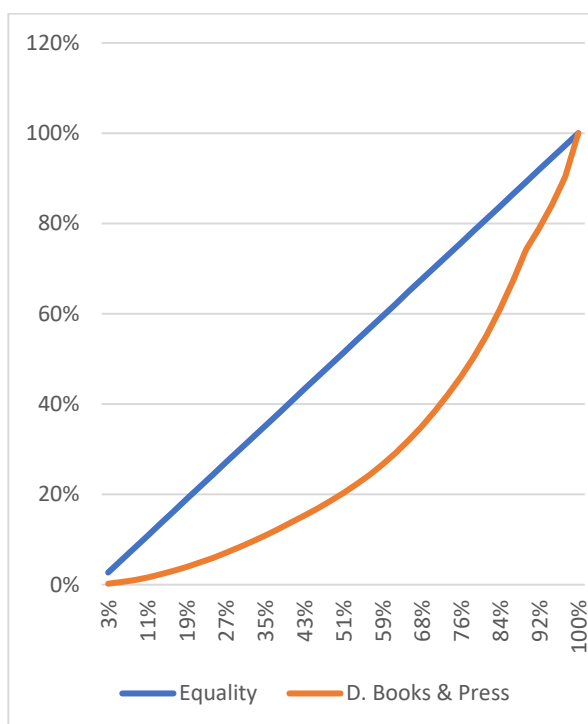


Figure 37. Lorenz Curve for Books and Press consumption

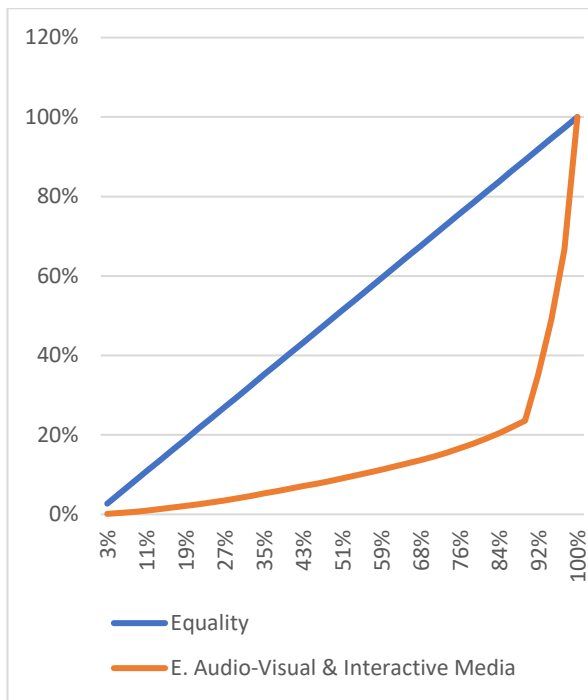


Figure 38. Lorenz Curve for Audio-visual and Interactive Media consumption

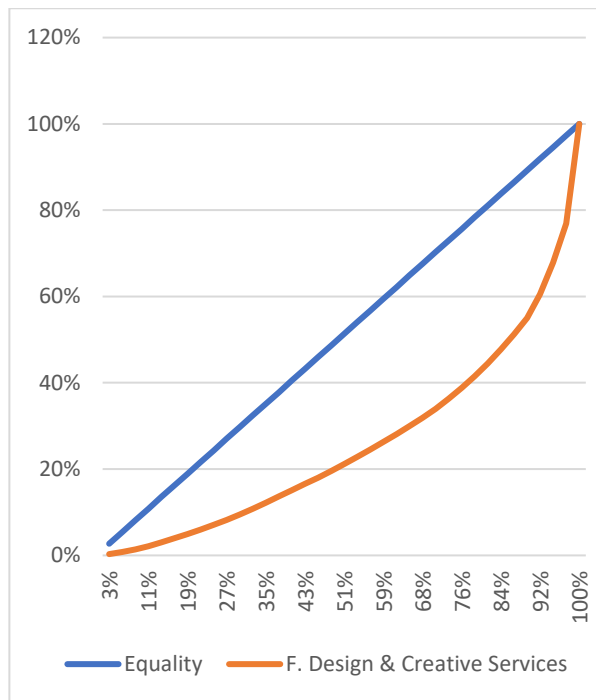


Figure 39. Lorenz Curve for Design and Creative Services consumption