University of the Witwatersrand

Title: Cultural policy and cultural industries discourse and the framing of film industry policies and strategies

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Department: Wits University School of Arts

Candidate: Johanna Mavhungu

Student Number: 9713828p

Supervisor: Ms Avril Joffe

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Acronyms

Arts and Culture Task Group (ACTAG)

African National Congress (ANC)

Black Filmmakers Network (BFN)

Creative/ Cultural Industries (CI)

Creative Industries Development Framework (CIDF)

Cultural Industries Growth Strategy (CIGS)

Department of Arts and Culture (DAC)

Department of Arts, Culture, Science and Technology (DACST)

Department of Communications (DoC)

Department of Culture, Media and Sport (DCMS)

Economic Development Unit (EDU)

Gauteng Economic Development Agency (GEDA)

Gauteng Film Commission (GFC)

Gross Domestic Product (GDP)

Independent Communications Authority of South Africa (ICASA)

Information Communication Technology (ICT)

Mzansi Golden Economy (MGE)

National Academy for the Cultural and Creative Industries in South Africa (NA CISA)

National Arts and Culture (NAC)

National Council of Provinces (NCOP)

National Electronic Media Institute of South Africa (NEMISA)

National Film and Video Foundation (NFVF)

Request for Proposals (RFP)

Small Medium Enterprises (SME)

Sports, Arts, Culture and Recreation (SACR)

South African Broadcasting Corporation (SABC)

South African Broadcasting Corporation (SABC)

South African School of Motion Picture Medium and Live Performance (AFDA)

United Nations Conference on Trade and Development (UNCTAD)

United Nations Educational, Scientific and Cultural Organisation (UNESCO)

White Paper on Arts, Culture and Heritage (The White Paper)

World Intellectual Property Organisation (WIPO)

Abstract:

Cultural policy in South Africa is critical in shaping government priorities for supporting the cultural industries. Since 1994 cultural policy has been informed by democratic principles of redress, accountability, freedom of expression, access and inclusiveness – diversity and multiplicity as well as economic development articulated in the cultural industries strategy. The research examines the discourse of cultural industries and the framing of the film industry by reviewing both cultural industries and film industry strategies and policy. The research applies Throsby's (2010) concept of balancing between cultural and economic value in the cultural industries. The value of the film industry in South Africa is measured using indicators that mainly assess economic growth within the value chain. The important value measured emphasises the number of films produced and box office returns versus the attainment of the principles of the White Paper on Arts, Culture and Heritage (1996) as mentioned, therefore, what is neglected when we don't measure the cultural value?

1. Introduction

Cultural policy, creative and cultural industries research studies started at the dawn of democracy in South Africa 1993-1994, to seek strategies for change, growth of the economy and a new cultural dispensation. The Arts and Culture Task Group known as ACTAG developed the White Paper on Arts and Culture (1996), which is still a leading cultural policy document for arts, culture and heritage and herein this research report referred to as ‘The White Paper’. Subsequently, the Cultural Industries Growth Strategy (CIGS) research in 1997 was conducted into cultural industries, which included a chapter synthesis of the four sub-sectoral reports called ‘Creative South Africa’ (1998). These were key developments that contributed strategic direction for government intervention in the cultural industries space. An important recommendation of the CIGS - was the establishment of the National Film and Video Foundation (NFVF) to harness the growth of film in South Africa, the NFVF forms part of the central focus in this research report.

Existing government policies, strategies and policy implementation initiatives at various levels of government are examined in relation to Throsby’s (2010) theories about economic and cultural value. Reference is made to cultural policy and strategies within the Department of Arts and Culture (DAC) and NFVF at a national level, Gauteng Sports, Arts, Culture and Recreation (SACR) and Gauteng Film Office (GFC) at a provincial level.

The theory posited by Throsby (2010) interrogates the discourse of cultural industries from a cultural economics perspective and offers an analysis that illustrates the value of economic analysis towards arguing for the funding of cultural industries (2010). Unlike theorists such as Hesmondhalgh (2002, 2007, 2013), Flew (2012) and others, who take an anthropological, socio-economic and political paradigm, his is based on the economics of cultural policy.

The research report will first work through the socio-political, economic and cultural discourse that informed the emergence of cultural policy in South Africa to provide context to the discussion. Cultural policy in South Africa was developed at the turn of the political dispensation from apartheid to democracy, the White Paper on Arts, Culture and Heritage emphasised the values and principles of redress, nation building and reconstruction and development, which are still relevant. This research argues these values are an important part of the cultural value of cultural policy, which still has to be defined.

The research will make a distinction between cultural policy, which is an overarching policy for all arts, culture and heritage such as the White Paper on Arts, Culture and Heritage (1996) and cultural industries strategy, which refers to the strategy in the cultural industries such as the Cultural Industries Growth Strategy (1998). In addition, distinctions will be drawn between cultural policy and film policy specifically such as the NFVF Act 73 of 1997.

When dealing with the economics of cultural industries at a policy or implementation level it is important to separate the different functions of cultural industries products through the value-chain. The diagram below is an illustration from research into the creative industry (for instance Joffe, 2005) which depicts a basic film industry value-chain:

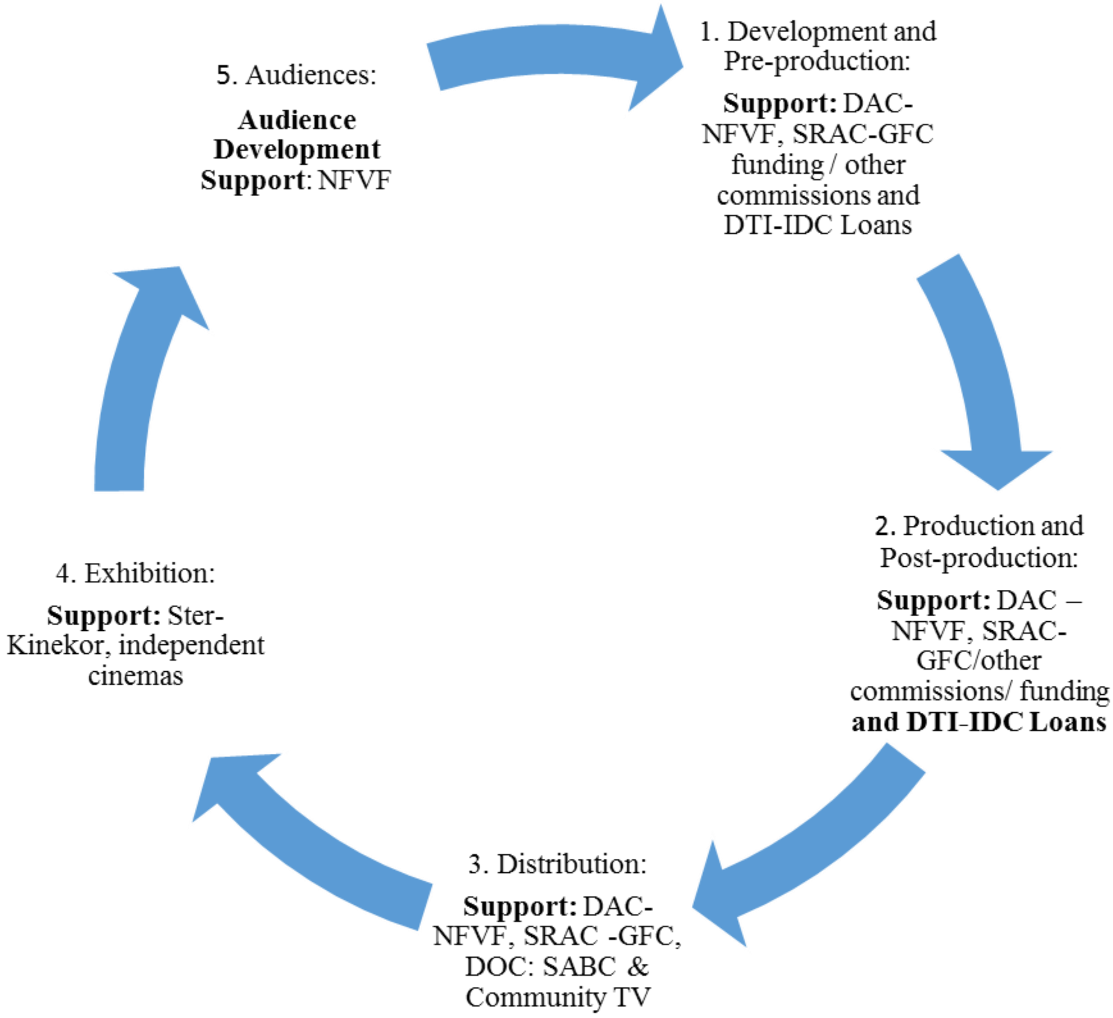

Figure 1: Film industry value-chain (Joffe and Newton, 2008)

The advantage of using a value-chain analysis model is that it segments the various industries that are the film industry from production, distribution to consumption, acknowledging that all these industries contribute to the success of the film sector. By doing this it becomes easier to locate blockages to growth (CIGS, 1998). The value-chain analysis model has been used to benchmark economic activity documented in sector research studies such as CIGS (1998), the *NFVF HSRC Industry Survey* (2004) and the *South African Film Industry Economic Baseline Study* conducted by Deloitte in 2012. These research studies are industry profiles that document the contribution of the film industry to the economy. In addition, the researcher has added support received in funds or other forms of resources for the different stages of the value-chain above. It is evident that the least amount of support is seen in stage 4 and 5 for distribution and exhibition. The impact of this lack of support in the film industry will be discussed in later chapters on audience development.

According to Joffe (2008) the value-chain approach has been found to be useful in showing the relationship between the ‘pure’ or traditional arts and the commercial or industrialised arts and culture by seeing them as ‘stages’ of the process in the production of economic and cultural value (2008). Throsby takes the idea of the value-chain further and argues that the apparent linearity of the value chain may be replaced, for some cultural products, by something more akin to a value network, where multiple inputs, feedback loops, and a pervasive ‘value-creating ecology’ replaces a simple stage-wise process illustrated in figure 2 below. In filmmaking, for example, a complex multi-layered process is involved in bringing together the numerous creative and non-creative inputs required to produce the finished product, which may even then be subject to further reiterations and re-workings. Identifying the value added by the various players in these sorts of circumstances can be very complicated (Throsby, 2010:98; Joffe, 2008).

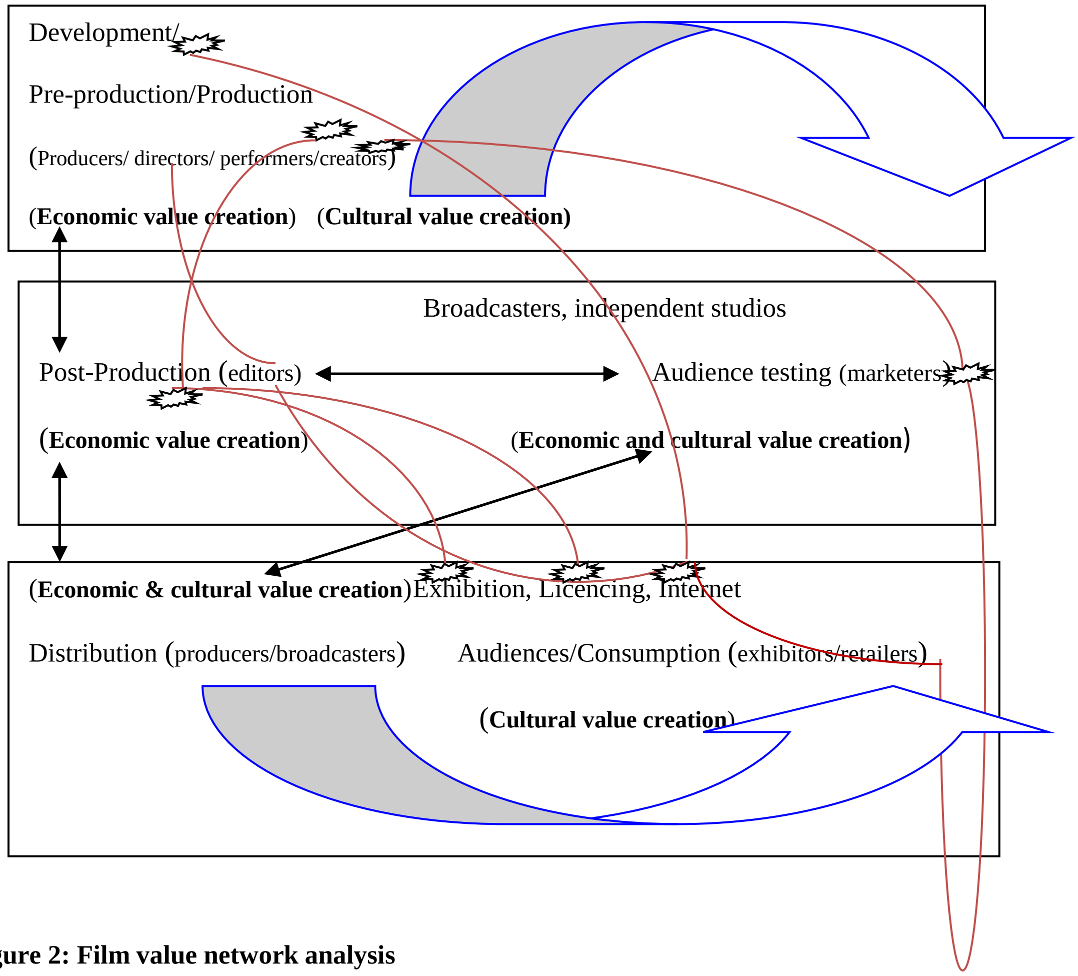

Figure 2: Film value network analysis

 This icon signifies meeting points where value is created. The value can be economic in the generation of funding or mobilising infrastructure or insight into culture through the appreciation of content and feed-back from audiences. The feedback received from audiences can go into the creation of content. In addition, the internet has made it possible to develop an ongoing process of feedback that helps content creators refine their work from comments made on rough cuts and trailers online. The engagement process works also for marketing a film and building an audience before a film is completed and ready for distribution and exhibition. The two big arrows in figure 2 symbolise the traditional value chain from development to consumption as depicted in Joffe and Newton (2008). The

connecting lines illustrate the interconnected value network of the film industry and points where economic and cultural values meet. The research report will argue that economic value is more prominent in the production stages where most of the funds are made available by agencies such as the NFVF and cultural value more pronounced in the later stages such as exhibition leading to consumption by audiences, where there is little or no support. Although, cultural value is also pronounced in production aspects such as the story/script and production design it is not discussed in-depth in this research report because there is 'adequate' support at this stage of production.

The interconnectedness displayed in the model above as indicated, shows that the film industry and many other cultural industries are not linear and don't follow traditional models of the value chain such as manufacturing for example. This research refers to how cultural industries policy and strategic interventions in the various value-chain segments have been implemented and aligned to the growth of the film industry. The research report asks questions about the value of culture and its balance with the economic value (Throsby, 2010).

The literature review starts with an attempt at defining what the research report means by cultural and economic value and moves to the examination of the definition of cultural policy and the cultural industries. The research discussion explores the following themes: **definitions (what are cultural and creative industries)**, **institutional formation and implementation of policy**; **funding and transformation initiatives** and **strategies for the film sector**. The chapter highlights some of the policy developments and what can be deduced so far about the challenges and successes in South Africa's current policy.

2. Methodology

The research report uses a qualitative research approach. Qualitative research is an interpretive methodology that aims to examine who says what, to whom, why, to what extent and with what effect (Insight Media, 2006). For example in this research how is the policy language used to frame cultural and economic value in cultural policy and cultural industries strategies? The entire research is informed by literature analysis and in-depth-interviews with key stakeholders from the Department of Arts and Culture (DAC), National Film and Video Foundation (NFVF) and Gauteng Film Commission (GFC).

The research used a social science research methodology – choosing an interpretive paradigm with a qualitative design for the research enquiry. The interpretive research paradigm was used to analyse texts, their relation to the historical trajectory of cultural policy development and an analysis of institutional practices within which texts are embedded (Fairclough, 1995). An important element of the analysis is the analysis of what is referred to as the "historical" or context (Fairclough, 1995:9). Gunter (2000) highlights those researchers' using the critical and interpretive research approaches argue that these methodologies can be overly subjective and relativist and this is one of the limitations of the critical and interpretive research approaches. Other limitations are that the themes funding and transformation are analysed only in relation to the film industry and not the entire cultural industries, which scope would be too wide for this research report.

A minutiae aspect of textual analysis was applied in the form of content analysis to analyse primary and secondary texts that is; policies, strategies and interview transcripts. The use of primary texts – government policies, strategic documents, annual reports and individual in-depth interviews was important because it supplied much of the information about institutional formation and policy implementation challenges and successes. Secondary texts used include literature in cultural policy, cultural industries and film industries, newspaper articles, press releases, speeches and academic textbooks and video recordings on the subject to map out the definition of the concept of cultural industries, funding initiatives and issues about transformation. In-depth interviews were held with key stakeholders such as the National Film and Video Foundation (NFVF), Department of Arts and Culture (DAC) and Gauteng Department's Sports, Arts, Culture and Recreation (SACR).

Individual in-depth interviews were transcribed verbatim and analysed word for word using content analysis to provide evidence of policy directives that must be implemented (Insight Media, 2006). Policy documents and the transcribed copies of interviews were coded for meaning and themes. The data was then separated into categories using research questions and responses from the research participants to find common patterns and create themes. For example, what role are cultural industries meant to play in the economy? All the responses to this question would be collated together and a pattern identified from the interview respondents and then matched, compared and cross analysed with literature on the topic.

Reading texts, summarising, comparing and paring similar responses to ascertain the occurrence of specific comments, words and events was done to find meaning and meaningful contributions to the argument that policy is fragmented. It is also done to identify the rhetoric used in policy documents. Language can be used to persuade and deliver poetry of promises that may be implemented or not, therefore this research examined if such a pattern exists in South Africa's cultural policy. "These documents are an important source to the study of *norms and ideologies* in cultural policy, which is the first democracy dimension" (Vestheim, 2007:226). How meaning is generated applies to the socio-political context of the research participants, which includes their role in the policy process – are they, policy makers in government, implementers or recipients of policy directives. These circumstances contribute to how meaning is generated and the impact it has on the reality of all stakeholders in the film industry and the policymaking process.

A limitation for this research report is the lack of robust academic texts that critique cultural policy in South Africa specifically. However, there are a number of government commissioned research reports and international academic literature on cultural policy and the cultural industries policy.

3. Literature Review

In recent years cultural economists are beginning to play a critical role in arguing for continued support for the arts and justifying the support of cultural industries (Throsby, 2010). Saks (2010) argues that the White Paper on Film of 1996, which was promulgated in the same year as the White Paper on Arts, Culture and Heritage (1996) states that:

> "In its rhetoric, one can see an attempt to solve what Thomas Elsausser called, in his analysis of the New German Cinema in the seventies, the "incompatible objectives of national cinema," economic viability on the one hand and cultural motivation on the other. According to Elsausser, the reconciliation of cultural and economic priorities in Germany's film subsidy bill of that period leaned heavily on a particular German concept, something Kluge characterised as *brauchbarkeit*. Roughly translated, it means "usefulness" – that is, useful for the nation, for the industry and hence for the general good. Enter the concept of the African Renaissance on which the White Paper relies to reconcile the ideals of reconstruction, development, and culture with the need for economic growth. The concept of *brauchbarkeit* answers both the private and public sector, providing them with a meeting place" (Saks, 2010: 34).

Although the White Paper on Arts, Culture and Heritage does not rely on the rhetoric of the African Renaissance, which Saks claims is the case for the White Paper on Film. The White Paper on Arts, Culture and Heritage (1996) refers to a national identity, which at the time of its promulgation was not defined because South Africa had recently come out of a difficult system of apartheid, which divided the country racially. The need for unity, cultural expression, democracy and economic development was stronger and in a cultural policy environment needed *brauchbarkeit* (ibid), a useful policy to bridge all three functions highlighted by Saks (2010), that is development, culture and economic growth. Does the White Paper on Arts, Culture and Heritage do this? In its early mention of the cultural industries (the White Paper refers to cultural industries not creative industries) it states that:

> "The Ministry is committed to making an impact on economic growth, development and tourism through targeting the development of cultural industries which are organised around the production and consumption of culture and related services, and investing in an infrastructure for arts, culture and heritage education" (DAC, 1996:17).

Furthermore, the Cultural Industries Growth Strategy (1998) report refers explicitly to the potential of cultural industries to achieve economic growth and, the more recent *Mzansi Golden Economy Strategic Plan* (2012-2013) also makes direct reference to economic development in the cultural industries. Hesmondhalgh and Pratt (2005) argue that "cultural industries raise questions about shifting boundaries between culture and economics, and between art and commerce – relationships that have been central to a number of recent developments in social theory and other academic areas" (2005:1). What is cultural value and what is economic value and what are the implications of the shifting boundaries between both the cultural and economic values?

Cultural value in cultural policy starts with an understanding of culture. Cultural policy is a combination of culture plus policy operating within government institutions and processes to administrate over how culture is promoted, preserved, developed and made accessible through a process of cultural democracy and development (Matarasso and Landry, 1999).

Policy is also an administrative tool used for a number of reasons, as a pre-emptive measure for daily organisational operations and behaviours. Policy is a principle of action proposed or adopted by government, business or an individual. The power of policy lies in what Foucault terms 'governmentality', the policing of conduct or the 'conduct of conduct' (Burchell et al., 1991). In policing conduct Vestheim argues that "in some way or other cultural policy always aims at "civilising" populations or influencing citizens, which means also that cultural policy by definition is instrumental – the aims of cultural policy are always beyond culture itself. It has its legitimacy in the population, not in the culture" (Vestheim, 2007:226). Therefore, it aims to police the populations' cultural development and participation in culture, gaining its usefulness '*brauchbarkeit*' (Saks , 2010) from the power to prescribe certain ideologies and action points.

Cultural policy exists in legislative form where the public have very little control over its implementation, monitoring and evaluation; it is only through public representation in Parliament because South Africa uses a proportional party representation democratic system. Arendt, cited in Tomaselli and Shepperson (1996), argue that "the realm of politics, is the art of the unexpected, the active realm in which the human capacity for *starting and beginning* is exercised. This distinction between politics and government is the hook upon which the public can begin to engage in the public sphere and political realm to agitate for a new meaning and definition of culture not obfuscated by government priorities" (Tomaselli and Shepperson, 1996). Gumede (2008) differs and he posits, "Political dynamics significantly, at least intuitively, impacts on public policy or rather that it would inevitably have some role. After all, the agenda of the public sector is set largely by politicians or influenced by a political discourse and more so by the political manifesto of the party that wins the elections [in democratic states]" (2008:8). Though Gumede points to challenges of a democratic structure of proportional representation through party politics, Arendt draws on the notion of Jurgen Habermas' public sphere, which is not under the control of government[1] (Habermas,

[1] Habermas refers to, "the realm of our social life in which something approaching public opinion can be formed. Access is guaranteed to all citizens, a portion of the public sphere comes into being in every conversation in which private individuals assemble to form a public body" (Habermas, 1964: 49).

1964), such as governmentality, but a realm open to all public individuals who have an opinion on a subject and come together with the aim of influencing political opinion and action. Matarasso and Landry (1999) also raise concerns about active participation and public consultation on policy issues especially challenges in finding an appropriate model. They agree that policy drafted using participatory methods has advantages, which may include community/stakeholder buy-in (Matarasso and Landry, 1999). However, what form of participation is adequate to constitute full participation in cultural democracy? Once policy is drafted are resources mobilised to ensure that cultural producers, for example filmmakers from previously disadvantaged backgrounds have the resources to participate fully in the expression of their culture? Can the 'usefulness' of policy be measured according to both its economic and cultural value with development and cultural democracy seen as the base for cultural value?

Cultural policy and cultural value should be framed within a working definition of the notion of culture. The White Paper on Arts, Culture and Heritage (1996) defines culture in the following manner:

> "Culture refers to the dynamic totality of distinctive spiritual, material, intellectual and emotional features which characterise a society or social group. It includes the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions, heritage and beliefs developed over time and subject to change" (1996:6).

The CIGS defines culture in the following manner:

> "The term 'culture' has many definitions, from the idea of culture 'as a way of life' to a description of art forms such as music or theatre" (1998:8).

Both definitions refer to culture as an anthropological concept, but the CIGS definition goes further by adding art forms or what one can call 'industries' – the cultural product traded in the marketplace.

For the purpose of this research, cultural value will be defined according to the definition proposed by Throsby (2010) as the aesthetic cultural product (as defined also in the CIGS), including the democratic and development values highlighted in the White Paper. Cultural development and democracy[2] speak to issues of - access to the means of production, distribution and consumption affecting the agents of culture that is the people that produce and participate in cultural life from production, distribution and consumption. Their development and participation is also considered valuable to cultural production (DAC, 1996; CIGS, 1998; Matarasso and Landry, 1999; Throsby, 2010).

According to Matarasso and Landry (1999) the value of culture can be realised in cultural development, they state; "Cultural policy addresses key issues such as social cohesion, community or sector capacity building; therefore, to open a debate about cultural development may strengthen wider interest in and commitment towards culture across society by allowing people to engage in debates about its purpose and value" (1999:16). Although a definition that includes both cultural development and democracy makes it complex, these concepts form part of the anthropological definition of culture and they will be used throughout the research report in themes such as defining the cultural and creative industries, policy implementation, funding and transformation.

[2] "The principle of cultural democracy, which is concerned with increasing access to the means of cultural production, distribution and analysis alongside those of consumption, has subsequently vied for primacy with that of the democratisation of culture" (Matarasso and Landry, 1999:12).

Throsby (2010) argues that there's an essential distinction between economic value and cultural value in cultural industries and, this would include film. Economic value is determined by the value created through financial contributions to the Gross Domestic Product known as GDP and employment growth. However, the distinction between economic and cultural value that Throsby refers to "lies in the sometimes overlooked fact that cultural policy actually deals with culture, an aspect of society and its functioning that transcends the purely economic" (2010:7).

Economic and cultural values are both critical to cultural policy and must have procedures and practices that enable the implementation of policy within the community targeted by the policy. Achievement of both values depends mainly on whether policy is resourced for implementation and constantly reviewed. The critical question is how to measure the economic and cultural value of cultural policy? As a start UNESCO released a framework for cultural statistics more than twenty years ago, in 1987 (Joffe, 2005) and it was updated in 2009 (UNESCO, 2009), however, it is surprising that there is still no agreement on a methodology for measuring the creative and cultural industries (Joffe, 2005). It means the ability to ascertain whether economic and cultural values are being measured accurately if at all is limited. The limitation of methodologies leads to limited insight into cultural and economic values and whether the boundaries between the two are shifting or stable. For example, Saks (2010) argues that the first National Film and Video Foundation (NFVF) Indaba made important recommendations, however, when the second Indaba of 2005 took place the recommendations made at the first Indaba had not been implemented (2010). Furthermore, she asserts that "it was now clear that a business mode had set in. The character, which articulated its mission and values had transmuted into a "value chain," an organogram that looked more like a business plan for the industry than a development strategy for an emerging film industry" (Saks, 2010: 40). For Saks the 'mission and values' of the Indaba were to persuade filmmakers of the need for economic value, and this is an example of boundaries starting to shift between economic and cultural values.

Bennett (1992) sees value in the economic focus and he states that political economy approaches to the functioning of Cultural Institutions and cultural policy are absolutely vital. He offers an example that increasingly, governmental calculations about how vast amounts of public money are spent in the cultural sphere are made on the basis of performance indicators, defined through the operation of crude rationalist criteria, the cultural consequences for specific communities in Australia would be devastating. So the political need to intervene very directly and centrally, in the forms of statistical calculation the major cultural bureaucracies make, and are obliged to make is thus vital. In this regard, people with the capacity to do sophisticated statistical and economic works have a major contribution to make to work at the cultural studies/policy interface – perhaps more than those who engage in cultural critique (Bennett, 1992). Statistical calculations of cultural and creative industries in South Africa are not refined yet for application through large surveys such as those conducted by Statistics South Africa; therefore, there is also a strong reliance on impact studies to make policy decision in the film industry, however, can economic impact studies measure the value of culture? Or is the critique on the value of culture made only through academic qualitative studies such as those written by Saks (2010), Balseiro and Masilela (2003), Botha (2012) and Maingard (2007) to mention a few. Perhaps government agencies such as the NFVF and the Gauteng Film Commission (GFC) need to consider partnerships with academic institutions to augment their impact studies with research from an academic qualitative critical paradigm, proposing methodologies that can assess the value of culture more accurately.

i. Cultural Policy in South Africa

The purpose of this section of the research report is to analyse the emergence of cultural policy in South Africa and how it gave impetus to strategies in the cultural and creative industries.

Throsby (2010) argues that globalisation is a common moment experienced in cultural policy that South Africa only experienced post 1994. He states that the 1970s cultural policy statements contained few if any references to the economics of culture, beyond the occasional reference to the administrative means for obtaining and deploying public funds for cultural purposes. Now in the opening years of the new millennium he argues that "economics is everywhere, and the ways in which cultural policy is interpreted and practised have been transformed. There are many factors that have contributed to this transformation, but they can be gathered together under broad headings, one cultural, one economic" (Throsby, 2010:2).

Furthermore, Throsby (2010) refers to another moment in the 1970s where government is still focussed on the administrative role of policy, particularly the disbursement of funding and this is also a recurring theme throughout the research report discussed under institutional formation, funding and transformation issues, 'the disbursement of funding' contributes largely to policy emphasis on economic values. The moment in the 1980s for Throsby (2010) was the moment for blatantly arguing for the economic importance of the cultural sector as a means of justifying public funding and, the current moment that "is transforming the economic environment, in which cultural goods are produced, distributed and consumed, brought about by 'globalisation' and game changing technology" (Throsby, 2010:3). South Africa has experienced almost all the moments highlighted by Throsby and these will be discussed throughout the research report.

The Arts and Culture Task Group (ACTAG) process and its report is an example of the international/global influence on South African policy making because it included a diverse local (South African) and international research body of consultants, intellectuals, arts practitioners and donors who made recommendations for policy development. The ACTAG report formed the basis for the White Paper on Arts, Culture and Heritage of 1996. Since then, all cultural industries strategies such as the Cultural Industries Growth Strategy (1998), which also derives its definitions of cultural and creative industries from the United Kingdom's Department of Culture, Media and Sports (DCMS), have been anchored by the White Paper on Arts, Culture and Heritage. The values expressed in the White Paper provide a contextual background for cultural industries such as the film industry. Debates on the type of cultural policy South Africa should adopt had been ongoing since the cultural boycotts in the 1960s and later events such as the Jabulani Freedom of the Airwaves Conference held in Doorn (Netherlands) in 1990 (Tomaselli and Shepperson, 1996).

South Africa's cultural policy is also founded on the precepts of the *Constitution* (1996) particularly, the Bill of Rights which states:

> "Everyone has the right to freedom of expression, which includes ... freedom of artistic creativity ... (paragraph 16)" (DAC, 1996:6).

The *White Paper on Reconstruction and Development* (1994), which influenced the socio-economic aspects of cultural policy states:

> "South Africa made a commitment in 1994, through the Reconstruction and Development Programme (RDP), to meeting basic needs, building the economy, democratising the state and society, developing human resources, and promoting nation building" (Gumede, 2008:16).

Globally, Article 27 of the Universal Declaration of Human Rights (1948), which informs the White Paper vision states:

> "Everyone shall have the right to freely participate in the cultural life of the community (and) to enjoy the arts ... It is the objective and role of the Ministry to ensure that this right, the right of all freely to practise and satisfy artistic and cultural expression, and enjoy protection and development of their heritage, is realised" (UNESCO, 1948 cited DAC, 1996:10).

The above quote from the *Constitution* (1996) and the *Universal Declaration of Human Rights (1948)* are examples of cultural values clearly pronounced in legislation, while the *White Paper on Reconstruction and Development (*1994) tries to address both the economic and cultural values. The White Paper on Reconstruction and Development is perhaps similar to what strikes Saks (2010) about the White Paper on Film, which she argues that "the fluidity with which it combines the 'fighting rhetoric' of post-colonial discourse with phrases that could have emerged from a reader on neo-colonial economic policy. No distinction is made for example, between the concept of national cinema that "will enable South African audiences to see their own interpretation of their experiences and stories reflected on local screens" and the creation of a film industry based on a sound commercial footing in order to enable it to become internationally competitive" (Saks, 2010:33). It is this distinction that is also absent in the White Paper on Arts, Culture and Heritage that speaks to how both cultural and economic values should be balanced.

ii. Cultural Industries

"Ultimately the challenge is to strike the right policy balance between the generation of economic value and cultural value through the operation of the cultural industries" (Throsby, 2010:102).

This section starts by briefly discussing international literature on the cultural industries. Horkheimer and Adorno started the debate warning against culture being matched with market forces (Flew, 2012) to where the debate today focusses primarily on how to strike a balance between the two (Throsby, 2010). More importantly whether cultural policy is designed to promote both cultural and economic growth and enhance the value of both.

The emergence of the term 'cultural industry/ ies' was started by the work of German sociologists and Frankfurt School intellectuals, Max Horkheimer and Theodor Adorno in 1944 and their work translated into English in 1972 (Horkheimer and Adorno, 1972). Their terminology was adopted by UNESCO and UNCTAD with the view directly contrary to that of the two theorists to expose the cultural industries as mass deception (1972), but UNESCO and UNCTAD developed cultural industries for their economic potential.

The first strand of thought, marked by the use of the term 'industry', demonstrates a continuity with cultural industries thinking – namely, thinking about the arts and media in economic terms. They make an example of the motion picture industry's reliance on banks for funding and audience targeting according to lifestyle measures, colloquially known as LSM. For Horkheimer and Adorno this type of commercial practice was the beginning of marketization working through market segmentations that are synonymous with business (Horkheimer and Adorno, 1972).

Today the discourse of cultural versus economics is a widely discussed subject in cultural studies and cultural economics. The debates range from cultural development (empowerment), cultural democracy (access), the democratisation of culture and commercialisation and market determination; these are important and have been pointed out by Horkheimer and Adorno (1972) and other theorist such as Matarasso and Landry (1999), Hesmondhalgh (2002), Throsby (2010) and others.

UNESCO defines cultural industries as “those industries that combine the creation, production and commercialization of products which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services” (UNESCO, undated). The United Kingdom (UK) government’s definition is “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, undated). Both these definitions emphasise the intellectual property or copyright aspect of the creative industries, the creative or cultural origin of the goods or services and the commercialisation or wealth and job creation of the creative industries (Joffe, 2005). The trading of intellectual property produced in cultural and creative industries is fundamental to their potential for marketization. Therefore intellectual property protection is a subject that needs to be addressed in cultural industries strategies, especially for the film and television industries.

In the section above the marketization of cultural policy as a result of global influences was discussed and according to Joffe and Newton (2008), the changing DCMS definitions used by the British Council influenced the South African community of cultural industries researchers, consultants and policy advisors as well as government officials such that, recently, the term creative economy has been adopted because of its popular use internationally. The British DCMS definition of the creative industries, as well as the broader cluster of service industries which support them, is called the creative economy (Joffe and Newton, 2008:9). In an interview with Monica Newton, now Deputy Director General at the Department of Arts and Culture she said, “The creative economy language came to use with the Create South Africa Skills Development Framework, where the definition was encompassing of a larger scope [more creative disciplines]. There is a lot of variation, and some of that has been pure pragmatics, we have limited budgets and limited policy scopes, therefore it should be defined [within those limitations]” (Newton, personal interview, 2012). The language of the ‘creative economy’, ‘creative industries’ was imported from the UK where it worked for their marketing. One could argue that creative and cultural industries policy research in South Africa emulates that of the UK – by using similar definitions without consideration to how these will work in local government structures of policy implementation. The trend is problematic because the policy’s socio-economic and political contexts are different. South Africa is a developing economy and is limited economically, with post-colonial and post-apartheid challenges. Research into the cultural and creative industries exist in developing countries such as Singapore, although in the early years focus was on the UK and Australia (Hesmondhalgh, 2002; Flew, 2012; Hartley et al, 2013).

Some of the unique qualities of the cultural industries identified in the CIGS report (1998) include:

- “Both tangible and intangible, and thus hard to quantify.
- Once off productions and mass productions taking place interchangeably. The two processes influence one another and are thus interconnected e.g. live performances can be reproduced in CD.
- Converged traditional art forms with technology opening possibilities for digital content distribution and lowering the cost of production.

- Knowledge based jobs, requiring creativity, critical thinking, the knowledge and skills to use advanced technology compared to other sectors” (CIGS, 1998:11).

Throsby (2010) makes an important distinction between core creative arts and cultural industries. Core creative arts, he argues, fall under traditional artforms such as theatre, music and the visual arts. Throsby (cited in Hartley et al., 2013), developed what he calls ‘concentric circles’, these are layers of circles and at the centre are the core creative arts (music, performing arts and visual arts.), these radiate outward into other circles, but the second closest circle to the core creative arts are film, museums and galleries, and these form part of the cultural industries (Throsby, 2010).

Cultural industries such as film draw from the core creative arts, for example a film uses an original musical score, or it can adapt a theatre production into a film and so on. The interaction between core creative arts and cultural industries Throsby adds that “at one level it may rise through the sorts of generalised communication and exchange processes that govern the circulation of knowledge and information in the economy and society at large; for example, the plot of a novel or play may suggest ideas for a video or a computer game, or a painter’s work may inspire a fashion creation” (Throsby, 2010:26).

Moreover film has the potential for mass distribution and consumption that is not possible for a theatre production or orchestra unless the orchestra records and enters the music recording industry. Therefore mass production industries such as film have the potential to commercialise products from core creative arts. It is the ability to distribute through multiple formats and networks that require intellectual property protection in order for the producers of content to benefit from their work and realise the economic benefit of the cultural industries.

Firstly, Throsby argues that the concentric circles model provides the bases for formulating statistical classification systems for the cultural production sector, enabling the orderly collection of data on output, value added, employment and so on, which are relevant for policy purposes. The data Throsby refers to is usually collected through economic impact studies, especially for the film industry for example the *South African Film Industry Profile* (2000)*, the South African Film Industry Survey* (2004*), and the Economic Baseline Study* (2012). Joffe and Newton (2008) argue that "The economic impact of the film industry is principally experienced not only in job creation but also the related industries from car hire to catering, what is referred to as the service industries and measured using the multiplier effect[3]" (2008:16). Therefore the concentric circles provide a model for making distinctions between each circle that represents an industry and how its contribution relates to the entire value chain.

Secondly the concentric circles model is readily adapted to fit formal analytical models, such as input-output analysis or computable general equilibrium models, which may be used to investigate inter-industry relationships within the cultural sector or between the cultural industries and other parts of the economy (Throsby, 2010:27). The models of the concentric circles and the value chain have shaped how the economic value of cultural industries can be measured and this is the model that is often used in South Africa for the film industry.

Throsby (2010) notes that there are difficulties in the measurement of cultural value in economic studies such as willingness-to-pay and or impact studies and he does not offer suggestions on alternative measures that can be used to measure cultural value. Hutter and Throsby (2008) suggest that although these studies can be methodologically weak

[3]Sector multipliers are from the South African Industrial Development Corporation for the film and television sector and measure the direct and indirect impact of economic activities on sectors affected directly or indirectly such as tourism services. The GDP multiplier currently stands at 2.35. (Collins and Snowball, 2014:19).

(willingness-to-pay and impact studies) their strength is that impact studies can activate political decision making and willingness-to-pay studies can produce external effects not captured by the market and these include the aesthetic, artistic and cultural significance of the cultural industries. Research studies in the film industry in South Africa bias economic value versus cultural value, very little qualitative research or willingness-to-pay studies have been conducted to measure the cultural impact of cultural industries and film specifically. The last and recent study conducted by the NFVF was an *Economic Baseline Study* (2012) and this is another example of the focus on economic value only.

The consequence of this one sided focus as mentioned by Throsby (2010) is that "it often overlooks the fact that cultural policy actually deals with culture, an aspect of society and its functioning that transcends the purely economic" (2010:7).

The Cultural Industries Growth Strategy in its definition of the cultural industries does not distinguish the cultural from the economic elements of the policy; its definition is a list of the following sectors:

> "Music (classical, popular, folklore); the visual arts (painting, sculpture, public arts and the decorative arts); the publishing sector based on writing and literature (books, magazines, newspapers); the audio-visual and media sector (film, television, photography, video, broadcasting); the performing arts (theatre, dance, opera, live music); the emerging multimedia sector (combining sound, text and image); crafts (traditional art, designer goods, craftart, functional wares and souvenirs); cultural tourism; and the cultural heritage sector (museums, heritage sites and cultural events such as festivals and commemorations)" (CIGS, 1998:9).

Firstly, the list mixes the core creative arts and the cultural industries (2010) according to Throsby's concentric circles. Secondly, the list adds sectors that would fall under media in

South Africa and these include, broadcasting – television and newspapers. In adding these sectors, the definition of the cultural industries creates overlaps between government departments that are responsible for sectors such as the media, for example the Department of Communication's policy addresses broadcasting. Newspapers fall under a different self-regulatory system, which is currently under review. Furthermore, the inclusion of media in the cultural industries definition has led some in the film industry to argue for a new phrase that is 'media industries'. The definition of the cultural industries in the CIGS report affects institutional roles of who funds what and how does it all relate to support a fledgling film and cultural industry. In the discussion below on policy implementation and institutional formation the overlap will be discussed in detail.

Thus far the research report has discussed the global influence that led to the marketization of cultural industries and its impact on the measurement of cultural and economic value as well as the definition of the cultural industries in the CIGS report. The phrase cultural industries is synonymous with the term creative industries, however, experts in this field have written about the evolution of cultural industries into creative industries and what their relations are to the creative economy and media industries.

The phrase creative industries has grown popular in South Africa and was accepted without criticism once applied to government strategies such as the DAC's *Mzansi's Golden Economy* (2012) and Gauteng province's creative mapping study '*Gauteng's Creative Industries: An Analysis*' (2008), the latter which was in collaboration with the British Council and a follow up to Gauteng Government's *Creative Industries Implementation Framework* approved in 2006. One of the differences between the cultural and creative industries is that the creative industries include more sectors far out of the core creative arts realm to include architecture and advertising, which the South African definition of the cultural industries doesn't include. The inclusion of industries in the cultural and creative industries is also a topical issue, which the CIGS report was criticised for by cultural activist Mike van Graan, he states:

> "The DAC concentrated on four sectors – film, music, publishing and craft – that they believed had the most potential to create employment and generate income, to be self-sustaining industries and to export goods and services. The effect of this was to exclude other sectors of the creative industries – like the performing arts and visual arts – from the theoretical work, practical plans and funding strategies earmarked for the "big four". The implication was that sectors that were dependent on government subsidy or grant funding or that had less likelihood of "graduating" from the non-profit-sector were not as important within the creative industry strategy embarked upon by government" (van Graan, 2006:9).

Mike van Graan's argument is that if the core creative arts such as performing arts and visual arts were not included in the CIGS report, it would be easier for government to reduce budgets to the non-profit sector [the sector mainly concerned with performing arts and visual arts in South Africa] on the basis of economic return and employment figures. If such data is not available from the sectors that are not economically quantified then those sectors can be overlooked for funding. This point is argued by Bennett (1992) when he highlights the importance of the political economy and its role in providing statistical calculation the major cultural bureaucracies need to make interventions (Bennett, 1992).

Monica Newton also concurs with one of van Graan's points only that, "it was a mistake; the scope was limited mainly because of budget constraints" (Newton, personal interview, 2012), and not necessarily that it would reduce budgets to other arts sectors. Ironically, the DCMS policy which influenced South Africa's model included 13 sectors in its scope namely: advertising, architecture, art and antiques, computer games/ leisure software, crafts, design, designer fashion, film and video, music, performing arts, publishing, software, television and radio (Hartley et al., 2013). Furthermore, the DCMS policy integrated the importance of each sector to the creative industries policy and their role within the creative city as did the Gauteng Creative Mapping Project (2008), although all 13 were included in CIGS, they were not studied because of budgetary constraints.

It is important to have all 13 sectors studied and integrated in South Africa's cultural policy at a national policy level; the integration may address some of the policy overlaps and general incoherence in the implementation process, which includes the formation of agencies and strategies that need different departments, this point will be discussed in-depth below. Throsby (2010) posits that the growth potential of these industries is what has captured the attention of governments around the world. "Impressive statistics showing that output and employment in the creative sector have risen has persuaded policy makers that the cultural industries can be a source of economic dynamism when other more traditional economic activities such as agriculture or manufacturing are in decline" (Throsby, 2010:98).

4. Research discussion on Institutional formation, policy implementation, funding and transformation

i. Institutional formation and policy implementation

The focus of this section will be on government institutions, which are the policy implementing arm of government. The section examines the process of policy development, strategic planning and implementation. In addition, it takes into account the different departments involved in policy implementation, coherence and intergovernmental relations in the process of policy development, strategic planning and implementation. Managing intergovernmental relations is important for cohesive policy development and accountability, especially at the DAC, its agencies such as the National Film and Video Foundation and the three tiers of government administration that is local, provincial and national government.

All policies must reflect the principles and values of the *Constitution* (1996), in South Africa these include: transparency, openness, freedom of expression and of the media and association, respect for diversity and the protection of human rights as explained in the previous chapter. Development and democracy are primary issues.

According to Monica Newton, the process of policy development starts with a policy position, it is caucused and a policy position paper called a Green Paper is created. The Green Paper is the official draft policy that is approved by Cabinet and put to wide consultation, once approved, it becomes a White Paper and the White Paper is legislation (Newton, personal interview, 2012).

Provincial government applies a similar process, albeit within provincial structures. The Gauteng Film Commission (GFC) is an agency of the Gauteng Provincial Government set up to "develop, promote and coordinate the film and television production industry in South Africa's wealthiest province, Gauteng" (GFC website, 2014). Thabiso Masudubele, Senior Manager at GFC explains the process of developing policy in the Department of Sports, Arts, Culture and recreation their parent department. He states that "it goes through to all the senior officials and gets tabled by the MEC [Members of the Executive Council] for the Gauteng Exco [Executive Committee], which is the equivalent of Cabinet, there it gets adopted and once it gets adopted it's no longer a departmental policy. It's a provincial government policy being championed by the principal department" (Masudubele, personal interview, 2012).

According to Newton, policy is part of the long-term strategic planning for example the White Paper on Arts and Culture. On the other hand short-term strategic plans such as the *Mzansi Golden Economy* (MGE) (2012), the *Cultural Industries Growth Strategy* (1998) and the *Creative Industries Implementation Framework* (2006) are developed to achieve long-term policies. Policy development processes take place at a national and provincial government level and these spheres of government have the independence to proclaim their own polices, although these have to be aligned with the *Constitution* and the broader economic plans of the country. The *Constitution*'s Schedules 4 and 5 (1996) gives the national and provincial government spheres the authority to develop their own policies. The *Constitution* also allows each sphere to make their own decision whether or not national policy is applicable in their context.

Cultural policy in South Africa is implemented using the three tier structure of government, namely: national, provincial and local [municipal] levels. Whilst policy is drafted at a national level, provincial government can initiate policy through the National Council of

Provinces (Gumede, 2008). Gumede (2008) states, "at provincial level, the legislative authority of a province (a 'state' in some countries) is vested in its provincial legislature, and confers power on the provincial legislature. A provincial legislature may pass, amend or reject any bill before the legislature, and initiate or prepare legislation" (2008:13).

While national and provincial government have formal procedures to develop policy, the implementation emphasis is on local government, which is where service delivery is more important. At the local level public participation is a cornerstone of the administration processes. There is provision for public participation in all spheres of government and its policymaking processes. However, it is mainly "the local government sphere that is a product of a conscious policy and institutional design to ensure accessibility of government to communities and citizens" (Gumede, 2008:13).

The implementation of any policy or service has to be aligned with the competencies of that sphere of government as set out in South Africa's *Constitution* of 1996; Schedule 4 (Part A) of the *Constitution* states that "'cultural matters' are functional areas of concurrent national and provincial legislative competence" (1996: 143). Local government is not included.

Local government is not included in this clause above although implementation of cultural policy takes place at this level of government with limited scope and funding.

National and provincial governments have also established Cultural Institutions to guarantee direct focus and access to funding and infrastructure of more cultural programmes throughout the country and to maintain an 'arms-length' principle of support to the cultural and creative industries. In the film sector the Cultural Institutions include the *NFVF Act No 73 of 1997*, which established the NFVF, an institution to administrate the film and video sector nationally. The GFC was established by the Gauteng Provincial Government.

The White Paper states that “the film industry in particular will be covered in a subsequent White Paper, whilst other matters will be dealt with through normal departmental policy formulation” (1996:2). According to Saks (2010) A White Paper on Film was developed, together with the film strategy, which was a chapter of the Cultural Industries Growth Strategy, which lead to the establishment of the NFVF through the *NFVF Act of 1997*. The NFVF is a functional institution set-up by an Act of Parliament to disburse funding and develop programmes. It has about fourteen functions that are the foundation of the NFVF’s work (NFVF, 1997).

Aifheli Makhwanya head of research and policy at the NFVF says, “The [CIGS] task group that was dealing with issues around film made the recommendation that the NFVF should be formed, the legislation [came] in 1997, and NFVF [started] operating in 1999. But some of the functions were done at the DAC; we became fully operational in 2001” (Makhwanya, 2012). Furthermore, the NFVF was created to make sure that there is a film institution that will redress past imbalances and develop the film and video industry.

The NFVF objectives are:

> a) “To develop and promote the film and video industry.
>
> (b) To provide and encourage the provision of, opportunities for persons especially from disadvantaged communities to get involved in the film and video industry.
>
> (c) To encourage the development and distribution of local film and video products
>
> (d) to support the nurturing and development of and access to the film and video industry; and in respect of the film and video industry, to address historical imbalances in the infrastructure and distribution of skills and resources” (NFVF, 1997: 2).

The objectives of the NFVF Act (1997) have a clear cultural development agenda; therefore the question remains whether the NFVF is achieving the objectives they were founded to fulfil? What is the role of local, provincial and national government and how are they aligned?

In addition the White Paper states that:

> "Access to and participation in, and enjoyment of the arts, cultural expression, and the preservation of ones heritage are basic human rights, they are not luxuries nor are they privileges as we have been led to believe" (1996:6).

These rights are enshrined in the Bill of Rights of South Africa's *Constitution* (1996). Therefore, the NFVF Act talks about access to the means of film production and distribution being made available to 'disadvantaged communities' to address historical imbalances. In addition another important piece of legislation the White Paper (1996) states that cultural expression is a basic human right. The two pieces of legislation only address cultural values such as cultural development and democracy and not the need for an economically viable sector. On the contrary, their short-term strategies address economic strategies as seen in the research reports quoted above that are conducted by the NFVF to measure the development of film, as well as the MGE and the CIGS, which address economic growth areas. Therefore where are the indicators that measure the NFVF objectives stated above and similarly for the White Paper?

The silence of legislation on these matters point to what Miller and Yudice (2002) analyse as the manner in which culture as a social resource is used to draw government and private investments in Cultural Institutions, and activities designed to achieve goals not traditionally associated with cultural policy, such as economic innovation and urban regeneration (Hartley et al., 2013:71). Matarasso and Landry (1999) refer to the public/private mixed economy –

where cultural production and consumption takes place in the private economy but is supported through public intervention such as funding from Cultural Institutions because of market failure (1999). The mandate of Cultural Institutions in South Africa is to fulfil both development and economic aims. In addition, the formation of institutions that promotes and develops skills and cultural industries practitioners are important, although they need to be clear about areas of market failure that need proper public policy intervention and how cultural values within policy will be achieved (Matarasso and Landry, 1999).

Overall the aim of CIGS as discussed above was to explore “linkages between the cultural industries and the macroeconomic policies of government” (CIGS, 1998:7). Hence all cultural policies and strategies have been developed firstly under the *Reconstruction and Development Programme* (RDP) (1994), then *Growth Employment and Redistribution* (GEAR) (1996), *Accelerated and Shared Growth-South Africa* (ASGISA) (2006) and now the *National Development Plan* (NDP) (2012). The film industry is also subject to policy instruments developed by the Department of Arts and Culture responsible for cultural matters and economic polices developed by the Department of Trade and Industry and by the Department of Communication responsible for media and communication policy.

Changing policy is more challenging than strategic plans. Policy reviews are lengthy processes, however, changes can be made to strategic plans, and these are important cultural policy instruments, for example, it is through strategic plans that provinces such as Gauteng first introduced the notion of the creative industries in the *Gauteng Creative Mapping Project: mapping the creative industries in Gauteng* (Joffe and Newton, 2008). At the time of writing this research report the phrase ‘creative industries’ had not been used in legislation such a White Paper yet.

The *Public Finance Management Act No 29 of 1999* and Treasury prescribe a strategic planning template for a five year plan. The agencies and departments then develop consecutive annual plans and those plans are budgeted for. The research participants state that the plans are flexible because each year can be the first. Newton states that the strategic planning process can impact negatively if departments or agencies deviate from the plan, she asserts:

> "In terms of this new Minister [Paul Mashatile] we are starting to see a lot more collaboration. They have created shareholders' compacts, which are documents signed between Institutions like ours [National Arts Council] and the DAC with our commitment to targets. We see regular meeting where the Chief Financial Officers meet, the CEO's meet, the Chairpersons meet with the Minister, a lot more conversation happening than ever before" (personal interview, 2012).

Newton argues that not only are the plans flexible but also this is an area where coherence is possible between different government departments. Therefore a platform and process for policy and strategic coherence is in place.

A coherent policy process is necessary in a sector where numerous policies and strategies exist and are located in different government departments. The ones that impact on the film sector include the following: *Local and Digital Content Development Strategy* (2009), *Industrial Policy Action Plan* (IPAP) (2010), *Draft Analogue to Digital Broadcasting Migration Strategy for South Africa* (2007), *Broadcasting Digital Migration Policy* (2008) amended in 2011, The Large Budget Film and Television Production Rebate Scheme (now the *Film and Television Production Incentives after 2008 revision* (2004)), Section 24F of the *Income Tax Act* (1962) and recently added 12 (o) (NFVF, 2010) and the *Film Customised*

Sector Programme (2005). These support the argument made by Joffe and Newton that the sector suffers from strategy fatigue (2008).

Future research and analysis of all existing policy and strategy documents in the sector is necessary to identify duplications and overlaps and areas of intergovernmental collaboration.

When one analyses especially the film sector strategies above, they tend to cover mainly economic issues and thus fall into what Throsby (2010) terms a distinct 'lop-sidedness' to most discussions of the growth performance of the cultural industries – "growth is interpreted almost universally in economic terms, reflecting the dominating economic orientation of creative studies. What about cultural growth? If cultural policy is concerned with culture as much as with the economy, its application to the cultural industries and their contribution to growth needs to widen its focus to consider artistic and cultural growth alongside the purely economic variables" (Throsby, 2010:99).

In addition, Throsby (2010) argues that a wide range of measures are available to governments at all levels to stimulate the cultural industries, to reinforce the linkages between these industries and the wider economy and to promote the achievement of sustainable growth. These measures include small business development, regulation, innovation policy, market development and training and education (Throsby, 2010).

The NFVF provides bursaries, it has been trying to establish a Film School since its inception, to date all that has happened is a study that was conducted called "*Investigation into the Feasibility of Establishing a National Film School: Towards a National Film Education and Training Strategy for South Africa*" (NFVF, 2009). The CIGS (1998) proposed a similar initiative in the form of a national academy, which was recently discussed in the *Mzansi Golden Economy Strategic Plan* 2012-2013 for the entire cultural industries called National Cultural Industries Skills Academy of South Africa (NACISA) at present no tangible implementation is evident. This is not to say that there are no other educational institutions that offer training in the film and television sector. It indicates that some of the strategic and policy directives don't get implemented even after much discussion and research. The two initiatives are related to training, they are missed opportunities for the development of cultural practitioners, who would improve the standards of their work through acquiring new skills that will increase the cultural value of their work and by extension its economic value i.e. supply and demand potential. What this also indicates is the overlap of initiatives that are proposed in policies and strategies in cultural industries and the film sector. Although Newton argues that coherence is eminent, it seems it will take a while.

a. Contextualising the film industry

The discussion will go back slightly and provide a context of the film industry in South Africa in order to frame the history affecting policy and strategic developments. There is general disagreement about the timeline for the beginning of the South African film industry because of the politics of representation embedded in South Africa's political past. These include issues such as who made the films, how did they portray the different races and to what end. Balseiro and Masilela (2003) state:

> "Dating back to the end of the nineteenth century, the South African film industry had an early start in the land once divided into two British colonies and two independent Afrikaner republics. But does footage from the 1899-1902 Anglo Boer War taken by English cameramen constitute South African cinema? Are films made by non-South Africans part of national production? Or was South African cinema born only with the 1911 fiction film *The Great Kimberley Diamond Robbery*, which was produced by people who lived in South Africa? And what of apartheid cinema? Or the films made by South African exiles? Are these

> expressions of South African cinema? Where does one situate films that have a "South African theme," whatever that may be?" (2003:1).

The NFVF marks the beginning of the industry in their report, starting around 1910 with the founding of the African Film Productions, and the film, "*Great Kimberly Diamond Robbery*" (NFVF, 2000; Balseiro and Masilela, 2003). Balseiro and Masilela (2003) raise cultural representation issues in the South African film industry, an important issue affecting the optimum experience of cultural value in the film industry as indicated in policy and strategies above. Who and how do all South Africans participate freely and access resources in the film industry? For example during the hey-days of apartheid, the government initiated an early subsidy system, based on tax rebates, which encouraged local productions for mainly white audiences under apartheid (Collins and Snowball, 2013:7). These unfair advantages of the past are at the core of the historical context of the film industry, which give the ANC-led government reasons for cultural development and democracy - to redress cultural imbalances of the past.

In defining the term 'Film', this research report is cognisant that it is a diverse concept and an aggregated word used for different types of films such as feature films, commercials, and documentaries. Television production and distribution processes are different from film, however, the skills needed to produce television and films are similar. NFVF research states, "In South Africa, film is one of the constituent parts of the cultural industries. The term 'film industry' is generally used to describe an umbrella of creative industry production activities including film, television (drama & documentary), commercials, stills photography and multi-media" (NFVF, 2010:28). For this research study, the use of the term 'film industry' will include only film and television production and not audio-visual industries such as advertising, still photography, multi-media and corporate/event videos.

According to the NFVF's *South African Film Industry Economic Baseline Study* (2012) the South African film industry market size is R 1 255 560 830 (NFVF, 2012). The industry generates jobs in production and post-production companies, casting and crewing agencies, equipment-hiring companies, set design, manufacturing companies and prop suppliers (NFVF, 2012). These are mainly production jobs. Jobs are also created in industries not related directly to the film industry such as catering firms, hotels and the transport industry - when the economic impact is experienced beyond the traditional film value chain, the phenomenon is referred to as the 'multiplier effect[1]'. The South African domestic market is approximately 0.8% of the world market and is fragmented. It is not big enough to sustain a thriving local production industry and therefore needs to export (Joffe and Newton, 2008; NFVF, 2000).

Makhwanya states that it is important to have sustainable jobs and production companies; she adds that you need to have an industry that is always in production because that is where the hard skills are acquired (personal interview, 2012). Furthermore, she adds that to spread its loss the NFVF needs to fund "people who make films which are commercial [as well]" (2012). Films that have historical importance she states "are expensive to make" (ibid). Makhwanya's comments are a good example of the point argued in this research report, *vis a vis* the focus on film products that generate financial returns at the box office [economically valuable] and those that are for cultural [historical and heritage] preservation [cultural value]. Makhwanya's example also highlights the dilemma of economic and cultural value in film content and not with production [producing, directing], distributing, and consumption/ audiences.

Although Makhwanya's argument seems valid, Collins and Snowball (2010) argue that many South African films struggle to break-even at the box office (2014). Collins and Snowball concede that “of the 47 South African films released between 2000 and 2007, most did not earn enough at the local box office to recoup even 50% of their production costs, but the minority that were released internationally did considerably better” (NFVF, 2008 cited in Collins and Snowball, 2014:5). These figures contradict Makhwanya, it means that NFVF could be funding films they believe are economically viable but are not. Saks (2010) argues that “since local films have done badly at the box office, they [private sector] are not willing to take a risk unless forced to do so as in the case of local content mandates for broadcasting. The NFVF is the only advocate for the disempowered (in terms of film and filmmaking), but it appears to have abandoned that role, acting instead on behalf of the industry” (2010:40). Saks make two critical points, the first one is in her follow on point that “Martin Botha head of the HSRC report that had mooted the idea of a film foundation way back in 1994 and one of the writers of the Film Bill, spoke of a ‘crude commercialisation’ taking place at the NFVF” (Saks, 2010:41). Secondly the lack of private investment in film that leads to all filmmakers’ reliance on the NFVF and not only those from previously disadvantaged backgrounds. Therefore, how does the NFVF deal with filmmakers with experience but should technically be giving others a chance and those that lack experience (or perceived to lack experience) but should have access to funds and resources? These issues are discussed below in the funding and transformation section.

For now, when one looks at the value chain (figure 1) at the beginning of the research report, it is clear that the NFVF spends a considerable amount of funds on production. Production costs include script development, talent scouts, rehearsals, location shooting (production), editing and post-production work (Joffe and Newton, 2008; NFVF, 2000). Once the film is produced, finding an exhibition venue, budget for marketing and promotion is difficult and could culminate in a loss due to a lack of proper distribution channels (NFVF, 2000).

Furthermore, the type of content produced also impacts on audience demand for the content. There are films that do well at the box office and films that do not, and few South African films make it to the box office every year, as indicated above (ibid; Saks, 2010).

Joffe and Newton (2008) concur that distribution and good South African content are the keys to success for the film industry they state, “Its ability to create wealth and income for the economy is that the focus shifts to the creation of uniquely South African content and the distribution of this content. Distribution is the link between the supply and demand sides of the value chain; it is where the wealth is created in this high-risk sector” (2008:18). Distribution channels for local films are limited, according to Saks (2010), “local films cannot find distribution and exhibition” (2010:37). Some films, especially documentaries go straight to the South Africa Broadcasting Corporation (SABC) once completed. Few exceptional films reach public release through Ster Kinekor or any other cinema exhibition. Distribution links audiences to the content and thus provides access for people to reflect on their stories and cultural heritage a process that is important to realising cultural value (Matarasso and Landry, 1999).

To date all research studies into the film industry point to the following challenges recorded as early as 1998 in the CIGS report:

> “Film distribution is a concentrated sector in the value chain. The three main players are Ster-Kinekor, UIP and NuMetro. There are about 639 screens in South Africa, including drive-in screens. Of these 360 belong to Ster-Kinekor, 150 belong to Nu-Metro and 131 belong to independents. The film and video value chain is characterised by high levels of fragmentation in the production and postproduction sectors and a high level of concentration in the distribution, exhibition and broadcast sectors” (CIGS, 1998:51).

The level of concentration on the distribution side of the chain is an example of difficulties faced by new entrants wanting to enter the market. Furthermore, a few players decide which film is released theatrically, who gets to see it; at what cost and where will they access it. This goes against the ideas posited above in this research report, of access and redress of past imbalances.

One of the main markets that created access to distribution channels, promoted South African film, created a platform for international co-production and distribution opportunities was the Southern African Film and Television Market (Sithengi) (Joffe and Newton, 2008; NFVF, 2000). It collapsed in 2009 and left a gap in the demand side of the film value chain. The Durban International Film Festival (DIFF) has existed for thirty-three years, and in 2013 gained steam over the past three years. The NFVF is now funding a market component that does what Sithengi did to close the gap and expand on market and audience development opportunities (Ndebele-Koka, 2012). The Film Resource Unit (FRU), which distributed local films to communities, has also folded leaving a gap in audience development amongst previously disadvantaged communities. Therefore one can deduce that the collapse of two prominent institutions that formed an important part of the South Africa's independent film market on the sales and distribution side of the value-chain leaves the chain imbalanced.

Furthermore, the strategies to support film used by two of the largest film development agencies that is the NFVF and the GFC call into question the extent to which policy and strategies in the sector need to be coordinated without impacting on the independence and functions of both institutions. The NFVF, the Gauteng Film Commission (GFC) and other commissions in the Western Cape, Durban and the Eastern Cape are government agencies that receive public taxpayers' money to invest in the film and television sector, "Agencies are independent [policy] implementing arm of [government] departments", states Masudubele.

However, as indicated in the title of this section, this research report is only concerned with the limited scope of work done by the NFVF and the GFC and their coherence with policies developed nationally. To focus on the work of other commissions in the provinces would be too broad for the research report; it is acknowledged that there is work and research that has been done in other provinces.

Throsby (2010) refers to recent changes in the value chain of most cultural and creative industries being a result of globalisation. In the film industry these changes impact on the entire film value chain and blur the lines of content development and distribution in a converged environment. The DAC, DTI and DoC policies need to respond to the issue of convergence, and currently, these efforts are not cohesive and need policy review. There is currently a revised White Paper (2013) that aims to reformat the existing Cultural Institutions and change how they should be implemented; currently there is no clarity about when it will be passed into legislation.

Makhwanya states that, "our policies are reactive; we are not pro-active". Lengthy policy review processes affects the ability to deal with current issues affecting cultural policy, for example a review of the White Paper was completed 17years after the first White Paper of 1996. Ndebele-Koka apportions the reasons for the delay to the review process that started in 2009 and lasted two years; however, the process was not completed. She adds that "it's a question of political will; there was never completion of the process on approving and pronouncing on policy direction with regards to arts and culture in general" (personal interview, 2012). Furthermore, according to Ndebele-Koka the completion of the DAC policy review process is critical for NFVF policy to also be amended. The NFVF also started a policy review process, which is not completed and as a result there is a lack of guidelines and policy direction from the DAC.

Flew (2012) argues that advances taking place technologically require government to create an interconnected policy that addresses issues of convergence and digital migration affecting content (2012). Makhwanya adds, “We are lagging behind technological developments” (personal interview, 2012). However, the Department of Communication did develop a strategy document that attempts to deal with convergence and local content, the *Local and Digital Content Development Strategy* (2009), which was rejected by the NFVF on the grounds that the *Strategy for the Development of Content Industries* (2003) exists and has received funds from Cabinet for part of its implementation, thus creating an overlap in policy.

Ndebele-Koka states that the DAC works towards coherence among the concerned departments. She states:

> “We had a joint Cabinet memo with DTI in 2009 on film, and it was DAC, DTI and DoC. We did an overall strategy for the film industry; everyone had their own area; that is how the film incentives in the DTI came about. They went to treasury and got money for the incentives. DoC will be rolling out digital migration programme. We [DAC] didn’t do much… we got funds for over a three year period and we gave it to the NFVF for film productions. There is a lot of overlap between DAC, DoC and DTI when it comes to cultural industries” (personal interview, 2012).

The two strategies referred to above, the *Strategy for the Development of Content Industries* (2003) and the 2009 *Local and Digital Content Development Strategy* are good examples of a collapse in communication between the various departments developing policy. In addition, the inability to work together leads to complacency and lack of current policy directives to deal with issues such as technology in an ever changing media and cultural industries environment.

Recently the NFVF developed film co-production guidelines and criteria on what makes a South African Film, an important issue when one looks at the history of the South African film industry. The NFVF Act is still relevant. The changes in the industry including convergence are necessitating a change in how content and the value chain are conceived.

Another example of difficult intergovernmental relations noted in the 2011 strategy called '*Mzansi Golden Economy'* (MGE) has to do with implementation of policy by government:

> "Misalignment between the current project in Cultural Development [4] with the MGE, lack of policy coherence between the Department of Trade and Industry and the DAC, lack of a feasibility study on major projects which may impact MGE, lack of informed Cultural Industries Policy with within the Cultural Development, lack of a shared vision between the sector and the Department" (DAC, 2011:32).

These challenges are experienced despite the fact that government departments engage in a processes of strategic collaboration in different spheres of government as indicated above by Newton (2012). The *Intergovernmental Relations Framework Act of 2005* is provided for in the *Constitution* (1996) because it is an important process for a negotiated cohesive policy implementation process, from national to local government, where service delivery is important (Gumede, 2008). To facilitate these relations the *Intergovernmental Relations Framework Act* (2005) requires the three spheres of government to create relationships. The *Constitution of South Africa* section (41) also requires government to provide effective, transparent, accountable and coherent government for the Republic as a whole (1996). According to Newton (2012) these policy instruments provide departments with the framework to set up technical meetings between the Director General and heads of departments of the nine arts and culture portfolios in all the provinces. There are Minister and

[4] The Cultural Industries Unit of the Department of Arts and Culture

Members of the Executive Council meetings, the Minster of Arts and Culture and his members of the executive committee. There are structures in place for intergovernmental relations between national and provincial government, however, at a local government level there are no mechanisms. The Minister and the Director General meet with provincial representatives in formal structures, but the same process does not take place with any of the spheres locally.

As indicated above the White Paper (1996) recognises that issues pertaining to its policy “span education, trade and industry, health, environment and tourism, implementing the policies suggested in this draft White Paper will therefore involve co-operation of many government departments” (1996:8). Furthermore, the CIGS (1998) proposed a sub-committee that exists within the NFVF “there, should perhaps be a sub-committee that deals with this issue and include representatives from industry, the Department of Arts and Culture, The Department of Trade and Industry and the Department of Finance. This sub-committee could look at incentives measures to stimulate: export, the location industry and investment in film and television” (CIGS, 1998:18).

Despite these administrative attempts, according to Ndebele-Koka relations are strained because the *Constitution* (1996) Schedule 4 and 5, which “gives the provinces the authority to do what they want to do, without taking instructions from national government, and they hold on to that kind of authority. It strains the relationship in many ways if they are doing projects and programmes they can’t implement from national into provinces” (personal interview, 2012). Ndebele-Koka believes that there is need for policy or departmental processes that will ensure a cohesive cultural policy process without impacting on the autonomy of provinces.

Furthermore, there are no film programmes and cultural industries funding agencies at local government level in almost all provinces. The film incubator initiative of the Johannesburg municipality (Joffe, 2005) was researched but never implemented (Masudubele personal interview, 2012). Therefore, national cultural industries policies exist at national and provincial levels and funding is accessed by pockets of individuals around the country and within provinces, but not for film development at a municipal level. The existence of funding strategies at a municipal level would ensure that small companies and individual filmmakers, especially outside the main urban centres (Johannesburg, Cape Town and Durban), get access to development funding to develop their skills. NFVF has no provincial representations. Council members are also not drawn based on provincial representation to represent provincial issues. These representatives would provide representation for local film projects in their provinces and disseminate information on opportunities that exist at the NFVF in their provinces. These challenges impede the fair distribution of opportunities to funding and skills development. To date the bulk of the industry is still located in Gauteng because of the location of the SABC television centre (CIGS, 1998).

The discussion above is evidence that South Africa is experiencing the cultural policy moment described by Throsby as the focus on the administrative aspects of policy because there is currently no administrative coherence. It also indicates the 80s moment of countries such as the UK and Australia where they took to arguing the economic importance of the cultural sector as a means of justifying public funding and this trend is also evident in South Africa with arguments for funding in the film sector from the Department of Trade and Industry (DTI) (Joffe, 2006; Ndebele-Koka, 2012). These moments are experienced all at once and make the environment complex for structuring effective and coherent cultural policy interventions. Therefore, the impact is the lack of agreement on strategies and their implementation, which leads to lack of implementation and complacency within government agencies, leading to people doing what they believe is expected and that is growth of the film sector for example based on economic data and numbers to argue for the existence of the industry.

ii. Funding

The White Paper is clear on its purpose, as it states:

> "The **purpose** of the White Paper on Arts, Culture and Heritage sets out government's policy for establishing the optimum funding arrangements and institutional frameworks for the creation, promotion and protection of South African arts, culture and heritage and the associated practitioners" (DAC, 1996:4).

CIGS (1998) was developed under economic policies such as GEAR, followed by ASGISA during the African Renaissance rhetoric of President Thabo Mbeki, and recently the Mzansi Golden Economy around the National Development Plan championed by Minister Paul Mashatile. Departmental strategies have changed but the White Paper did not change until the recent revised White Paper of 2013, which at the time of writing this research report was still in review. Therefore, the purpose of the White Paper is still funding and this dominates the policy agenda.

Funding is a fundamental part of cultural policy, Hartley et al. (2013) states that, since the French Revolution when the revolutionary government moved royal art collections to public spaces, artworks became the property of the nation-state. Royalty and governments, for centuries, have funded and commissioned art for the sake of preservation (2013).

R3, 6 billion was invested in the arts sector by government alone over the 3 years from 2010-2012 (Newton, 2012). The majority of the funds are grants targeted towards heritage promotion and Cultural Institutions (DAC, 2012). The White Paper states that provincial and local governments should provide funds on an on-going basis to ensure sustainability as well as, where possible, additional funds for infrastructure (DAC, 1996).

The DAC relies on government agencies, provincial and local government departments to achieve the national mandate through local and provincial programmes, as explained above these two spheres of government are important links for policy implementation. However, there is also the risk of a funding overlap occurring between national and provincial government and its agencies for example the GFC allocating funds to similar projects.

Cultural institutions distribute public funds in order to transform all arts and culture institutions and structures; promote redistribution, redress and access to address the legacy of apartheid (DAC, 1996). The aim is to ensure that people who have been previously disadvantaged by lack of resources receive these resources in order to participate fully in the socio-economic and political aspects of cultural life.

Arguably, in 2013 these priorities have not changed and are still relevant for the DAC. The major influences for the reconstruction and development project are evidenced by policy focus on funding and economic development in the cultural industries. If the achievement of reconstruction and development is dependent on the disbursement of funding alone, then as indicated by Throsby (2010), this is an example of the 'lop-sided' approach to policy, where only the economic side of an industry are prioritised.

Nevertheless, South African filmmakers are fortunate because there are a number of funding avenues available, even though some argue that there could be more. These reside in different government departments and include initiatives by the DTI (incentive schemes), the DOC (broadcast infrastructure and part content support through the MDDA) and the IDC (film loans) and the NFVF as mentioned earlier.

The focus of the NFVF's work is to disburse funds through their two funds known as the Film and Video Initiative and the Film Development Fund (NFVF Act, 1997). The funds are appropriated by Parliament; and the purpose of the Film and Video Initiative is to provide funding for feature films and video projects. The purpose of the Film Development Fund is to provide funding for, entry level producers and first time directors; bursaries for study in film making; short and specialised film and video productions; and script development (NFVF, 1997). The NFVF is also a catalyst and connector through which a number of funding initiatives are connected to filmmakers or independent content producers. These include the DTI incentive schemes, the South African Revenue Service's Tax Incentive: Section 24F of the *Income Tax Act*, and the more recent version 12(o)[5] tax incentive to fund support for film festivals and markets, as well as training.

The film must meet certain requirement before it qualifies for a tax incentive or the DTI incentive. According to Kingdon and Lewis (2012) to comply with 12 (o) of the *Income Tax Act, No 58 of 1962*, the production must also qualify as a feature film, documentary (or documentary series) or animation in terms of the Department of Trade and Industry's guidelines for the South African Film and Television Production and Co-production Incentive. This means producers of short documentaries (other than those in large IMAX format), reality shows and short television series, will not enjoy this exemption, which is unfortunate given the demand for such content on television channels and the significant value to be found in format rights (Kingdon and Lewis, 2012).

Research participants agreed that film is adequately funded in South Africa through a number of sources of funding. Ndebele-Koka states that "film is supported and South African Filmmakers are spoiled." She adds that the major investors in film are government agencies, "NFVF money is government, IDC is government, incentives -- all of this money comes from

[5] Section 12(0) of the Income Tax Act, No 58 of 1962, which provides an attractive tax exemption for filmmakers in respect of all income tax on film profits for a 10-year period commencing on the date of completion of the film (Kingdon & Lewis, 2012)

government, what more does the film industry want?" (2012). Moreover, she points out that no other country in Africa offers the kind of funding South African filmmakers are getting, and yet they are more prolific than South Africa, she claims that Senegal, Mali produces with zero government funding. Then if South African filmmakers are receiving so much support through funding from government, why are they performing so badly at the box office?

Masudubele believes filmmakers can do better, he argues that "[film and television companies] need to strengthen their distribution plans and start getting to know their own business. People in this industry don't understand their own business; they need to start seeing themselves as entrepreneurs, as businesses" (personal interview, 2012). He makes an example that during the SABC financial crisis Requests for Proposals (RFP) were cancelled and projects put on hold that meant many organisations in the industry had to shut down because their business models depend heavily on funding and SABC commissions. The NFVF reports in 2010 concurs that "the effect of the financial crisis at the SABC on the companies in the industry was quite severe (62.9%) compared to the moderate cases reported (14.3%)" (NFVF, 2010:71).

A fundamental issue that Matarasso and Landry (1999) accredit to the economic dilemma of subsidies and investments is that films are produced and consumed through the private economy with subsidies mainly from public funds, therefore have these "unwittingly created dependency?" (1999:43). Have guaranteed public subsidies created an environment where there is no need for finding audiences that will pay to watch a film? Do audiences for film still exist? If so, where are they? In addition, at this stage in South Africa's history is it possible to have a framework that delineates between the motives for cultural development funding and loans purely for economic generating films in the industry, instead of providing blanket incentives and grants that are not closely monitored? (Matarasso and Landry, 1999:43-44). The NFVF is meant to be doing this in the two different funding initiatives stipulated in the NFVF Act.

Newton concurs that "a degree of self-reliance needs to be developed; I mean I think there does need to be a sense that you can survive without funding, which is not to say that I don't believe that grant funding has its place" (2012).

On the other hand Makhwanya believes the issue is complicated by challenges she states that "there needs to be financing options, one of the critiques of financing options available at the moment is that they are largely for big productions" (2012). As discussed in this research report and documented in a number of research studies (Joffe and Newton, 2008; NFVF, 2000; 2012, Saks, 2010), there is very little funding from the private sector because the film industries are viewed as risky business with little returns from the box office. Therefore, one can conclude that the sector generates a large portion of its income from production funding (in most cases grant funding/ subsidies from government) and very little revenue from sales.

For documentary filmmakers and low-budget dramas and comedy, funding is miniscule from the NFVF and not available from the DTI and the IDC. The DTI is currently looking at amending the incentives to include documentary incentives with a lower budget threshold. The NFVF funding focus is largely on big budget films that are targeted for export and awards internationally. Most of the films that have received funding from the DTI and the IDC haven't become box office hits, and few have received an award internationally, for example the film *Tsotsi* (2005) won an Academy Award for Best Foreign Language Film (NFVF, 2010).

DTI offers a package of incentives to promote film production. These consist of the "Foreign Film and Television Production incentive to attract foreign-based film productions to shoot on location in South Africa, and the South African Film and Television Production and Co-production incentive, which aims to assist local film producers in the production of local content" (DTI, 2011).

Research participants had different opinions on the impact of the DTI incentives. Makhwanya states that the DTI doesn't share the same competencies as the NFVF; therefore, it addresses a necessary gap. The gaps filled by the DTI that Makhwanya refers to includes job creation, enterprise development, and economic viability (personal interview, 2012). The DTI works through other institutions such as the IDC to achieve its mandate.

The NFVF is also researching the possibility of establishing a new Film Fund. Ndebele-Koka states that "it's really just to increase the production of feature films that are high budget and can compete in the world. For now we are just producing low budget films and we are not producing enough, it's a question of creating more products not that there is more funding" (2012). The low-budget films Ndebele-Koka refers to receive budgets of about R6-10million according to the NFVF. These are not the very low-budget [R100-300,000] produced primarily by young black filmmakers.

The aim of the funding will be to enable South Africans to come up with 10-15 feature films every year. Makhwanya adds that "for instance, major projects that would require R30 million [sic]; at the moment we can only fund low-budget films between R6-8million" (Makhwanya, 2012). A model for the film fund is currently being developed by the NFVF and it will look into the following: the structure that works best in the South African context, taking into account all the existing funding agencies such as the NFVF, IDC, DTI, SABC, Section 12(0) which is an incentive for investors to invest into film, as well as ways to match up government with private investors in one pot (NFVF, 2012).

As stated above, few films are able to meet and compete and co-produce internationally and continentally because of the scale of their projects, compliance with requirements from the DTI, Direct Foreign Investments -- the cost of doing business internationally and continentally. This impacts on the effectiveness of the DTI programmes, particularly their impact on SMEs and black-owned SME in particular. Unfortunately the strategy does not include low budget films being produced by black filmmakers as part of developing new talent and participation by all.

In a developing country with pressing and competing social needs, South African filmmakers are fortunate to have the DTI and the IDC. These are government outfits that invest in film as they would any other sector with economic potential and they expect reasonable returns on investment. DTI is responsible for trade and marketization while DAC's mandate is to ensure nation building, social cohesion and preservation of South Africa's national heritage. These mandates differ and can be a source of conflict; however DAC also wants economic value from cultural industries. Joffe and Newton state that:

> "South Africa is one of few developing countries where the trade and industry department has taken responsibility for enhancing the growth potential of the creative industries but this has also resulted in a tension as to which department (trade and industry or arts and culture) has purview over the creative [cultural] industries. The relatively new focus on cultural or creative industries in public policy in countries such as South Africa often receives harsh criticism of those cultural practitioners in the nongovernmental organisations arguing that the focus is heavily biased and wrongly so, towards commercial viability while the support (funding, grants, resources) for "art-for-arts" sake (cultural development of theatre, dance, music) is declining annually. Furthermore, the debate is fuelled by cultural policy that is focused on traditional forms (heritage and conservation) and what critics call commercial forms (often seen as modernised culture)" (Joffe and Newton, 2008:11).

Is it problematic to have an economic focus or not? Not necessarily. This research report is concerned with the balance between economic and cultural viability and thus far a review of research, policy and strategies in the film industry indicates that the focus is on the economic value of the industry. For this reason there needs to be a balance.

Economic impact in the film industry is measured by the number of jobs created in the sector and the value generated for sectors outside the core creative arts, what Throsby refers to as the ‘wider cultural industries and service industries’ (2010).

Masudubele and Ndebele-Koka argue that the definition of ‘job creation’ in the cultural industries is complex. Masudubele states that when the GFC was at Gauteng Economic Development Agency (GEDA), reporting on ‘jobs created’ was difficult because the department’s definition of a job requires ‘being [on the] job for twelve months’ (personal interview, 2012). Ndebele-Koka states that the challenge of creating long term jobs in the industry have led to the DAC rethinking their definition of job creation where they now state that “jobs in the cultural industries [should be referred] to as livelihoods because they are not permanent jobs [but then] people get employed for six months and they are able to live on that amount for the next twelve months, and go to another production, and that’s how creative industries create self-employment and jobs” (personal interview, 2012). Hours of work are also erratic in the cultural industries and don’t fit the stipulations of the Department of Labour’s Basic Conditions of Employment Act (1997).

According to Masudubele, “there are projects with permanent jobs, like soapies on TV, but the [film] industry has no permanent jobs, skilled people work on a project-to-project basis. The numbers of people who are permanently employed are employed in production companies. A production company can have a maximum of five people and then, depending on the project, they then extend it to sixty people, but it is a project" (personal interview, 2012). Essentially, longer term jobs are available in television but not in the film industry.

The definition of jobs in the film industry is important because government agencies rely mainly on data about jobs to argue for the economic contribution of the film and creative industries in general to South Africa's Gross Domestic Product (GDP), without which they would never be able to access funds from Treasury and thus contribute to government's New Growth Path vision for massive job creation. Therefore, it is important to understand the nature of cultural industries work and its economic value. Moreover, drawing from Throsby's (2010) argument that what exists at the heart of cultural industries work is culture and its value to society. In addition, the definition proposed earlier in this research, cultural value is expressed aesthetically through films that depict South African cultural life, as well as cultural development and democracy embodying the values and principles of the White Paper such as access, redress of past imbalances and nation building. Measurement in NFVF studies comprises economic indicators only, although figures draw attention to some of the problems such as transformation (in terms of film production and consumption), they are not explicitly reflected upon, thus also indicating a flaw in using economic impact studies (Frey cited in Throsby, 2008).

iii. Transformation

The research report has discussed the economic and cultural value of the cultural industries and film. The values expressed in the White Paper emphasise redressing the imbalances of the past and one of the main strategies proposed to achieve redress is through funding. It has been discussed that the economic value is measured by the number of jobs created, contribution to service industries measured by the multiplier effect. Can cultural policy be measured by the number of black film producers it has developed? Are producers developed or given short term jobs in the industry? Or is it enough that cultural policy success is based on cultural content produced without consideration to colour?

Government departments have programmes that are available to all but because of the transformation agenda; rules such as Black Economic Empowerment (BEE) have been imposed for companies wanting to access funds. The economic impact of cultural policy also attempts to achieve political policy directives from the White Paper such as cultural development and democracy. The rationale being that those previously disadvantaged culturally, were not only disadvantaged because of their cultural expression and control to representation but also through lack of access to the necessary financial resources to participate fully in their cultural life. Balseiro and Masilela (2003) also confirm that "production, until the last few years, has been almost exclusively in the hands of whites" (2003:2).

According to the NFVF's 2008 *South African feature films 2000-2007* report, states that their policies have not achieved representative change in terms of access to funding by race. The film sector is still largely controlled by white professionals (NFVF, 2008). The report outlines the following statistics for 2000-2007:

> "There were a total number of 55 films across all genres. 12 films out of 55 were directed by black directors and 43 by white directors. 51 of the 55 films were edited by white editors and only 1 film was edited by a black male South African editor. Of the 55 films supported by the NFVF only 1 Director of photography was black and a foreign national" (NFVF, 2008: 14).

These figures show a bleak picture of the state of transformation in the film industry and NFVF is upfront in its reports about its challenges to meet transformation targets. On the other hand the NFVF needs to meet its production targets so that it fulfils growth targets, which are economic, the question is; are there enough black filmmakers capable of meeting the NFVF criteria for large scale production funding? Moreover is the NFVF facing a dilemma between economic growth, cultural development and equitable distribution of resources? The argument advanced usually states that black filmmakers need training in order to handle large-scale productions and budgets. Ndebele-Koka (2012) states that black independent producers are at a disadvantage because, instead of accessing funds to develop projects, they are being trained (personal interview, 2012). Furthermore, she adds that "there is a complaint that three quarters of skills and training companies are white women training black filmmakers… [Black] filmmakers are forever to be trained!" (personal interview, 2012). Saks (2010) attributes the dilemma of capacity building to the failure by the NFVF to initiate a film school, as explained in the previous section a feasibility study was conducted but to date the project has not been implemented.

Although the NFVF tries to develop previously disadvantaged independent filmmakers because it is their mandate only a few producers can access these funds. For example, in 2013 they had a call for independent producers from previously disadvantaged backgrounds to apply for an up to R1 million documentary slate funding for three years. This specific targeting indicates that the NFVF is making explicit attempts to provide sustained funding, however the impact remains limited to only a few producers. This is not the only attempt; independent black filmmakers are also prioritised for funding to attend international film festivals and markets when they are in production. However, delegates to these events are primarily white filmmakers. Therefore, this is an area that needs further research to ascertain the nature of the problem, its magnitude and where intervention is necessary. Funding is available; it is spent in the industry, therefore what are the blockages to large scale transformation?

Ndebele-Koka argues that, “the incentives at the DTI, and I sit on the panel there, if you calculate the amount of money that goes [to] out, I did calculate sometime last year that 80% of the incentives go to 25% of film companies in the country, and those film companies are owned by white people [white-owned companies that were there before the end of apartheid], they are creaming the incentives” (personal, interviews, 2012). For her, the incentives are not working to address an important issue in the industry, that of transformation. The few companies she refers to benefit because they are able to work through the bureaucratic paperwork which is a barrier for entry, and it is this barrier for entry Makhwanya constantly refers to when she says that policy needs to enable the sector.

Collins and Snowball (2014) concur that incentives are not achieving transformation targets because there is still no meaningful change in ownership and high-end positions such as producers and directors, they state:

> “As expected, the percentage of black people employed in ownership (SPV[6]) and creative categories, was comparatively low for all production types, but especially for co-productions (29% average for SPVs; 22% for creative). The best transformation profiles were achieved in

[6] To apply for the incentives, each film or television project requires a Special Purpose Vehicle (SPV) which is a legal financial entity created for the specific project that lasts only for its duration -- the SPV cannot own any assets (Collins and Snowball, 2014:15).

> South African productions, but, again, were skewed towards lower-level employment categories, such as extras (63% average) and cast (58% average)" (2014:20).

Makhwanya's statement below is an example of what Saks (2010) posited above that instead of being a champion for the disempowered in the film industry the NFVF tends to act as a representative for the industry. Makhwanya argues:

> "The DTI is a well-running machine, what makes it work is that they tweak it every year to make sure that it's relevant and it is competitive; because it is not just about South Africa. A lot of other countries have incentives, but if you want to compete you have to make sure that your incentive is efficient and competent" (personal interview, 2012).

The fact that the incentive has to compete internationally means there is pressure to serve the market in order to become a key player internationally and attract large scale production to South Africa – where jobs and multiplier effect come into play. The objective of incentives is to encourage and attract large-budget films and television productions that will contribute towards South Africa's economic development and international profile, and also increase foreign direct investment (FDI) and export (DTI, 2011). However, according to Ndebele-Koka (2012), Collins and Snowball (2014) it seems the DTI incentives are failing to disburse funds equitably and in growing co-productions between South Africa and other countries. They may be attractive internationally but are their growing South African films and developing a domestic market?

The NFVF is still planning to increase funding for big productions that receive incentives from the DTI, while overlooking a large pool of black independent producers who are operating in the lower budget margins and selling their content via DVD's to communities in townships and rural areas. The current situation with incentives is unfortunately evidence of the detrimental effect of focus on the economic value versus the cultural value.

The main concern is reliance by NFVF and the DAC on the incentives and co-producing large feature films with very little support for low-budget fiction films in South Africa. Collins and Snowball argue that:

> "While it could be argued that these smaller budgets are not as beneficial in terms of economic impact, compared to the large foreign and co-productions projects, they nonetheless act as valuable seedbeds for the creation and development of new talent to refresh the crew base of the industry as a whole. In addition they are more likely to employ [Black] South Africans in creative and ownership positions, thus helping to achieve the Black Economic Empowerment objectives, and to upgrade production capabilities more widely" (Collins and Snowball, 2013:23).

Transformation of the film sector is not addressed formally yet through existing or new policy instruments but industry bodies are taking up issues that affect black filmmakers. Organisations such as the Black Filmmakers Network (BFN) submitted a formal letter to the DAC and the NFVF on their concerns about transformation in the sector, but, to date, there has been no response. The newly formed Association for Transformation in Film and Television (ATFT), which it is hoped will respond to these issues, was launched in South Africa in 2013 to provide a platform for individuals who are traditionally underrepresented, such as black and female filmmakers and people with disabilities in the industry (Screen Africa, 2014).

The main criticism is that funding for large feature films is awarded to large white-owned film companies that benefited from the incentive scheme during the hey days of apartheid, that incentive scheme was discontinued. The current DTI incentives it is purported are also misused by those who have the funds to hire administrators to work through the bureaucracy (Ndebele-Koka, 2012; Collins and Snowball, 2013). The Black Filmmakers Network is calling for a transformation charter and Ndebele-Koka states that "the industry must do it together with government; we do need a charter and those are issues that dabble between DAC and DTI. And DTI can move faster than us because of the kind of legislation they have" (personal interview, 2012). She concludes saying the DTI should do this because they have the legislation, which means the DAC relies on the DTI to fulfil a critical regulatory function for the film industries.

Makhwanya disagrees that there is a problem with the equitable disbursement of funding and explains that a system that grades the skills of the independent production companies is used at the NFVF:

> "If you don't meet the criteria we won't fund you. We have a three tiered approach: there is tier one, two and three. There are guys who are entrants to the industry and those are the people who have some form of filmmaking experience. Maybe they have made a short film at University. They need different interventions. These people want opportunities, like a first step into the industry. You want to support them to make sure that they make a film, a short film, documentaries; and it is always on a tight budget because it is more about perfecting the skill. And then you have guys who have experience, they have done TV dramas, and have experience in commercial, these guys need just a spring up to the next level. These are the guys you open up international platforms for, you introduce them to different role players in the industry and then they will graduate from TV into their first feature. And if that first feature is R1 million or R500 000, and then, after a couple of years, you give them a million, they graduate into the next level" (Makhwanya, personal interview, 2012).

Makhwanya's comment begs the question, what is the criterion for assessing whether someone is ready to move to the next level, and when they do, what support is there to ensure that they keep progressing upward? This is an area for future research beyond the scope of this research report which will examine the type of support black filmmakers have received from the NFVF in order to elaborate on issues around transformation. Another important area of future study are companies funded by the NFVF and their business models, to understand how many of those are black owned and how different their business models are in comparison to white owned companies.

Masudubele at the GFC states that they are aware of funding challenges and in most cases they handle it in the following manner:

> "We don't [support] big companies; we are in the business of [creating] big companies not supporting big companies, that's our view. [For example] Mbusovheni's distribution, he does Venda comedies, what we describe as low budget, his budgets are increasing now, and he puts them onto DVD and makes 10 000 DVDs puts them in the boot of his car and sells them in Chiawelo [Soweto] and drives to Thohoyandou [Venda]. In a year he probably moves about 50 units of each. Here is one guy who has gotten support over a two year period" (Masudubele, 2012).

The GFC's recent work with small black owned independent producers is evidence of their commitment to transformation. They have a number of programmes developed for television and the low budget film market, which have to generate revenue in order to remain in existence. If indeed the GFC is committed then it be a model for the type of system or structure that maybe necessary to work with black producers and their rural and township market. A system that is created to support black filmmakers should essentially be bottom up (finding what the needs are) as opposed to a top down approach where a system is created and one must find ways of either beating the system or working with it.

An important and often overlooked issue with regards the transformation agenda is audience development. The issue affects supply and demand, participation in cultural life and on this topic NFVF (2008) report states:

> "Previous inequalities of apartheid in the country resulted in a segregated cinema-going culture with the overwhelming majority of the population especially in the townships and rural areas being left without exhibition outlets. The marginalisation of blacks and females in the industry is another outcome" (NFVF, 2008:20).

Throughout the research all the research participants and literature point to the critical need for consumption of South African films. The few activities that have been initiated to develop audiences are not visible. Newton states that "we do it [audience development] so badly." Furthermore she adds, "We don't understand [audience development] from a policy perspective and that makes it very difficult. But that also makes it dangerous, because at the moment we are throwing money into a system and we have no idea what the outcome is going to be" (personal interview, 2012). Makhwanya believes access is a major issue for audiences, she argues that "the distribution models are still concentrated in the three cities in Gauteng, Western Cape and KwaZulu-Natal" (personal interview, 2012).

The lack of alternative distribution channels, such as cinemas in townships and rural areas maintains the status quo that access is an issue and a serious deficit in the realisation of cultural value. According to Makhwanya the NFVF want to support entrepreneurs who are running independent cinemas in the township and rural areas, in areas where access is an issue such as under serviced areas (personal interview, 2012). This means their programme of implementation partly depends on private individuals to implement. Therefore, local audiences will not be developed until an entrepreneur decides to start independent cinemas in the townships.

Russian academic, Zelentsova (2011) argues that in Russia there have been years of over reliance on the import of film and television content and the perception of high quality as synonymous with imports. She adds that the adaptation of Western formats and products is due to historical reasons and because they are cheaper than locally produced content (Zelentsova, 2011). South Africa faces a similar issue in both film and television and this is also linked to what audiences have come to expect. For many years the broadcasters have broadcasted formats from North America's Hollywood primarily and Europe, thus creating perceptions that an international format is the ones to emulate. Thus, South African films, in order to compete internationally, believe they have to work within the Hollywood or British Broadcasting Corporation (BBC) narrative structure. In addition, as a result of the SABC crisis referred to above, other broadcasters such as eTV and DSTV have used the opportunity to lower the costs of commissions for local content because they are able to access international content inexpensively; therefore it is no longer necessary to pay high costs for the production of local content. The SABC had for many years determined the standard hourly rates for content and other broadcasters struggled to compete. Nonetheless, the commissioning of local content at the SABC had one positive effect and that is creating a demand for local content, evidenced by audience ratings for local content and proving that South African audiences want to see themselves on their screens (Makhwanya, personal interview, 2012). In addition, the lowering of budgets has made black filmmakers entrepreneurial; some shoot their low budget films and distribute them to township and rural communities on DVDs using their cars and to music and DVD retailers such as MUSICA.

Makhwanya said, "Audience development is problematic. We know from first-hand experience that local films released in our cinemas don't attract a lot of numbers…while on the contrary, TV has demonstrated that South Africans love local content, if you look at audience ratings, Generations is always number one for the longest time" (personal interview, 2012). Makhwanya compares television with film; however, one cannot be certain that what appeals to audiences on television can necessarily be duplicated on film, to date local films don't receive the same viewership as television.

Ndebele-Koka argues that audiences have different preferences and are fragmented, she states that "it's about LSM [Living Standards Measure], affordability and access." Newton argues that "there is a lot of racial segregation, I think there is a lot that we don't understand about our audiences and assumptions that we make about what they want to see." Masudubele concurs and states that:

> "PRIMEDIA offices will tell you that there are no markets because markets are determined by Ster-Kinekor, and they say if they [black people] are going to movies [at] Eastgate, then we will take our screens to Maponya Mall, but we will charge the same amount of money and show them what we want to show them [sic], not what they want to see. When you look at low budget films done by black companies, the numbers of audiences skyrocket; they are making content that is watched. Even the Afrikaners at Naspers wouldn't have started Mzansi Magic if there was no audience that also tells us they are there" (personal interview, 2012).

As discussed in the previous section the concentration of distribution networks impacts on access of films by audiences. A few market players decide which films are seen and where. These patterns concur with the argument referenced at the beginning of the research report made by Horkheimer and Adorno (1972) that markets dominate consumption as well. Access, as a result of lack of facilities [independent cinemas] and high costs of movie tickets, deter audiences from going to watch films. Newton adds that "one would argue that you do need the independent cinemas to really begin to do audience work, and perhaps we need government institutions, government cinemas, to start doing film audience development that big theatres do" (personal interview, 2012). Newton makes an important suggestion that government needs to get involved. However, Makhwanya has stated above that the NFVF would rather outsource the work to an entrepreneur.

It is also important to ask whether the issue is access to cinema infrastructure, interest in the content or generally the lack of interest in theatrically released films and if this is the case, why? According to the CIGS (1998) report, Ster-Kinekor built a number of cinemas in townships such as Daveyton, Dobsonville and Mabopane and they had very low occupancy rates. Thus, is building cinemas in the township the answer? (CIGS, 1998).

This research has illustrated that there are big budgets for film production in South Africa; not to say that government should do all the work (developing cinemas) or give more funding. However, if large funds (tax payers' funds) are invested in the film sector then government needs to ensure that demand is stimulated and more rigorous efforts are exerted in this area to justify the investment of tax payers' money. Funding for the entire value chain of the film industry is necessary to balance the production and the distribution of content, which represent the supply and demand chain (Garnham cited in Flew, 2012).

Avril Joffe, in her research for the Johannesburg Economic Development Unit, argues that the revenue to be earned from the global film industry is not only from production but also from the selling of content. While production creates employment, it does not translate into revenue generation for a film industry (Joffe, 2005). The film industry needs to move from subsidised economic activity on the production side to the type of business that generates revenue for filmmakers on the distribution side, balancing economic activity throughout the entire value chain from supply to demand.

The discussion in this section argues that cultural development and democracy, which have been framed throughout the research report as pillars of cultural value are not realised in the implementation of policy. Development in the form of training and development of black filmmakers to transform ownership models in the film industry are failing. Activities aimed at promoting cultural democracy through enabling all, especially previously disadvantaged individuals to access and participate in the film industry are not gaining traction.

5. Conclusion

Much of the challenges faced at a policy level are a result of understanding how terms such as cultural industries, creative industries and the creative economy are defined in South Africa's cultural policy. The absence of a coherent definition causes confusion to the clarity required to adopt policy directives that are suitable for the South African context. Moreover, rapid advances in technology in the film and broadcast sector in general are impacting on the production and distribution of content thus affecting the traditional film value chain as illustrated in the introduction of this research report. During research interviews with key stakeholders in key institutions this confusion was evident and is captured in the discussion below.

Aifheli Makhwanya, Head of Policy Research at the National Film and Video Foundation (NFVF), explains that it is important to politically redress the imbalances of South Africa's unequal cultural representation as a result of the apartheid system. The notion of the cultural industries in South Africa has to take cognisance of culture as indigenous knowledge (personal interview, 2012). Therefore the elitist or advantaged culture of the apartheid period is replaced with state support for cultural development and democracy of the previously marginalised black, coloured and Indian communities in South Africa. Support for developing and democratising cultural and creative industries is aimed at reducing the appreciation of high art only, but also to improve the appreciation of culture in its anthropological sense, representing history, heritage and a way of life. Therefore, drawing from Galloway and Dunlop (2007), and Throsby (2010) creativity is used to appropriate and innovate within the cultural domain for public enjoyment, appreciation and entertainment.

Lindi Ndebele-Koka, Director for Cultural Development in the Department of Arts and Culture states that:

> "We have DTI, DAC and DOC and Department of Economic Development (DED), and as a country, we sit in WIPO [World Intellectual Property Organisation], I must say we don't have an agreed position but we have been using the term "cultural industries" since the CIGS… the Growth Strategy was based on the UK model [where] they use "creative industries." We use it interchangeably [with cultural industries], but strategically we use "cultural industries" simply because we sit on these multilaterals which recognise the cultural sectors as industries that contribute to the economy. Hence the IP issue and copyright, that's a strategic way of doing it, but "creative industries" is [sic] all encompassing, because it encompasses indigenous knowledge. Cultural Industries is a UNESCO term and "creative industries" is used by UNCTAD" (Ndebele-Koka, personal interview, 2012).

Ndebele-Koka notes that cultural and creative industries are used differently by multilateral organisations and that South Africa still uses cultural industries. In addition, she argues that cultural industries also encompasses indigenous knowledge, however, the inclusion of indigenous knowledge is not explicit in the cultural industries definition in South Africa. Indigenous knowledge should be included and highlighted because it is an important part of cultural value.

Although cultural value is protected by intellectual property, the activity of trading in intellectual property is a principal source of realising economic value, outside of job creation and the service industries. Emphasis for securing intellectual property is unfairly biased towards economic value. Throsby argues that "an even more explicit emphasis on intellectual property is contained in the designation of creative industries as 'copyright industries' as proposed by the World Intellectual Property Organisation (WIPO), which defines these industries as those involved directly or indirectly in the creation, manufacture, production, broadcast and distribution of copyrighted works" (Throsby, 2010:91).

Ndebele-Koka states that "the department is considering a review of the CIGS report to start a CIGS 2" (Ndebele-Koka, personal interview, 2012). At the end of 2013 a call for proposals for the research was published in a government tender bulletin (2013). Perhaps many of the critical issues about economic and cultural value embedded in the definitions, institutional formation, funding and transformation will be addressed.

At a provincial government level, Thabiso Masudubele from the Gauteng Film Commission (GFC) explains that the GFC uses the term 'creative industries' from a policy point of view and this, in-part is because of research that has been done in the department, for example the *Creative Industries Implementation Framework* (2006). However, he asks whether it is possible to consider another term and that is 'media industries' (personal interview, 2012). As discussed in the previous section the CIGS definition of cultural industries includes industries that fall under media in South Africa, therefore, the use of the term media industries would have implications for the institutions responsible for policy and strategy implementation. For example, a media agency responsible for media development exists, the Media Development and Diversity Agency (MDDA), so does a film industry foundation, the NFVF. Therefore, adopting media industries would require the reformulation of these institutions.

Masudubele's suggestion for the use of 'media industries' (ibid), is a response to the technological and converged nature of the work undertaken by the GFC in film.

He states that the difficulty with technological advances is that "we are still not sure how revenues are generated, so we are waiting for people to explain (2012)." For example, the GFC tried new media and this is what he had to say about the experiment:

> "With the first feature, *Bunny Chow* (2006), it was shot on cell phone. The opportunities exist with the [lowering] cost of filmmaking. We got involved with DV8 to make the film and we wanted it to be [screened] on cellphones. The problem was who wants to watch TV on a cellphone? There are legislative issues as well because the license for mobile telecommunication doesn't allow for content. There are blurred lines even the Independent Communications Authority of South Africa (ICASA) gets involved because [as a broadcaster or telecommunications company] the license has to be modified. We are living in very interesting times from a strategy and e-commerce point of view. Convergence opportunities are endless, that's why I say it's not creative industries, it's media, because of convergence" (Masudubele, personal interview, 2012).

Hartley (2013) concurs and argues that "there is an artificial line drawn between the arts and the media industries, or between tangible and digital content, on the basis of one being perceived to have more cultural value than the other" (Hartley et al., 2013:70). Perhaps the term "media industries" needs to be included in the debate. However, looking at media as distribution and not necessarily the content and what the implications are for cultural industries in the future. A future research study would investigate themes such as technology and convergence in cultural industries. The implications would need to integrate policies developed for cultural industries by the DAC and those for the media by the DoC.

Technology is already changing the way content is consumed in the media and the film industry. According to Hartley et al. (2013), cultural industries are deeply engaged in the experimental use of new technologies, "in developing new content and applications, and in creating new business models" (2013:61).

Makhwanya speaks about ICT policy because she believes independent producers are beginning to cross boundaries from broadcast to telecommunications, and government needs to ensure that the policy environment enables this cross-over. She adds that "we don't always have to play big brother and regulate, let's open up the market, it's only going to benefit all the industries" (personal interview, 2012).

Film is a cultural industry because it trades in cultural arts and technology is a key 'game changer' bringing access through lower costs of production and distribution. Newton suggests that "because film is far less accessible, the internet presents incredible opportunities, especially for the promotion of audio-visual media; there are a range of opportunities opening up. We can provide filmmakers with an incentive channel, and say make a ten minute film for YouTube, and it also gets broadcast on the incentive channel" (personal interview, 2012). Incentive channels are surplus channels on the digital terrestrial network that will be rolled out during digital migration by the DoC. This means there will be more than double the number of channels that currently exist on television.

Intellectual property is affected by the distribution of content via digital platforms and this affects the numbers of cinema attendees and revenue that is lost to pirating. However, the launch of multichannel platforms for distribution means that intellectual property can be exploited to generate revenues for independent producers, Ndebele-Koka states, "DOC will introduce channels in the next two years, we will have an additional 18 channels and those 18 will be digital terrestrial" (personal interview, 2012). This is an incredible opportunity if it is managed properly and the policy protects the intellectual property of independent producers and not only broadcasters.

A characteristic of the cultural industries is convergence and trading in intellectual property the film industry has potential for growth through the use of various technological innovations. Makhwanya states that "we have to talk about ICT's [policy]. It's no longer about broadcasting, it's not about the film industry, it's not about arts and culture anymore, as a country we are in an information era and we live in a global village, if we want to make sure that South Africa doesn't lag behind what's happening internationally, we need to make sure that our policies recognise that technology is driving the information economy" (personal interview, 2012). ICT policies are interconnected policies that address converged cultural industries' environments (Flew, 2012).

Makhwanya believes the term cultural industry is appropriate, she asserts that there are strong links between core creative arts and the cultural industries. While Masudubele sees the broader scope for growth into the media sector. Throsby sees a stronger connection with the arts sector, he says, "If indeed the creative arts represent the core of the cultural industries, then it is the instruments of arts policy that will form an essential component of cultural industries policy" (Throsby, 2010). Media policy for example, although driven by economic concerns, also has significant cultural ramifications.

Interviews with the research participants reveal that there is an existing schizophrenia about naming exactly what it is government is supporting when we refer to the cultural or creative industries, and Newton, Ndebele-Koka, Makhwanya and Masudubele (2012) provide evidence for the phenomenon.

The lack of clarity is well captured by Garnham's (2005) argument that the term 'creative industries' serves as a slogan, as shorthand reference to, and thus mobilises unreflectively, a range of supporting theoretical and political positions (2005). She adds that:

> "This lack of reflexivity is essential to its ideological power. It disguises the very real contradictions and empirical weaknesses of the theoretical analyses it mobilises, and by so doing helps to mobilise a very disparate and often potentially antagonistic coalition of interests around a given policy thrust. It assumes that we already know, and thus can take for granted, what the creative industries are, why they are important and thus merit supporting policy initiatives" (2005:16).

The implications maybe support for initiatives that are not relevant to the growth of culture or bear quantifiable economic value. Hence the reason it is critical to interrogate the definition, its use and mobilisation within policy frameworks.

Susan Galloway (cited in Throsby, 2010) points out that in Scotland, cultural rather than economic considerations are driving discussions about public policy intervention within key parts of the creative industries. For example, she argues, “In debates about ownership and control of media companies in Scotland, the role of the press and the literary arts in maintaining a sense of Scottish nationhood and identity has been emphasised in contrast to purely commercial concerns” (Galloway cited in Throsby, 2010:103). The NFVF has recently opened debates about what makes a film South African and it also plans to draw up criteria around the issue. Perhaps such an initiative will enhance cultural value to balance with the largely economic outlook of NFVF initiatives.

In resolving the terminology, the main difference between the two terms, according to the research interviewees, is that ‘creative industries’ is used internationally by multilateral trade organisations because of intellectual property and its commercial potential, ‘creative industries’ is broader and all-encompassing of a diverse creative output. The DAC’s Ndebele-Koka (2012) concurs with the term as strategic for bilateral relations and attracting investment, through film co-productions between South Africa and countries overseas, it adds competiveness globally. It is assumed that this positioning will increase productions of South African films that are exhibited at the box-office and internationally. The lack of consensus means “cultural and creative industries” are used interchangeably. The absence of a coherent definition on the cultural and creative industries in South Africa affects coherent policy making that guides institutional formation and policy implementation. The research has also highlighted the difficulties facing the film industries in the measurement of its growth in terms of the economic and cultural impact.

Throsby (2010) posits that the adoption of cultural-industries strategies in cultural policy “does not necessarily imply a sell-out to economics, or a subjugation of the creative arts to the mechanical forces of the marketplace” (Throsby, 2010:27).

To conclude the discussion finally, throughout the research, research participants made suggestions for improvement and gave reasons behind some of the issues addressed in the research report and these are detailed below. One of the main findings was that this research report confirms most of the research findings made in other sector research studies commissioned by government. If some of these issues have been identified before, what is preventing those in power from making the necessary policy and institutional changes, c**omplacency** perhaps**?**

Formulation of many policy and strategy documents by different departments has led to lack of **cohesive policy development and accountability, especially at the DAC.** Furthermore, there is a **lack of intergovernmental relations** for effective programme development and implementation. With the already identified transformation challenges, there are no plans for **transformation policy** in the film and television industry.

Government **focus** is largely **on production, co-production and** not distribution and marketing, the main channels for selling film products. Sithengi collapsed and, since then, the industry is now looking to the Durban International Film Festival (DIFF) to develop a market. There is no reflection on the challenges that face the market, as happened with Sithengi, in order for the same fate not to befall the much anticipated DIFF market.

Furthermore, collaboration **between the NFVF, SABC and provincial Film Commissions** could assist independent producers’ access distribution through the public broadcaster.

There is a **lack of consistent as well as qualitative research** that focuses specifically on the South African film sector, for example, there is no anecdotal evidence to the impact studies conducted by government and the NFVF that provide reasons for the poor state of audience development and transformation. Furthermore, these research studies should address how cultural value in the form of cultural development and democracy can be measured. The NFVF and the GFC have dedicated research units; the NFVF collects box office data and commissions’ impact studies and industry profile research. However, areas of enquiry that still need to be explored keep increasing. The GFC is not producing current research on the state of the provincial film industry. What would help these institutions are strategic partnerships with academic institutions, to ensure that there is ongoing research output on the sectors.

Government **policy implementation depends on the private sector**. As indicated in the research report unless an entrepreneur decides to start an independent cinema in the township with funding from the NFVF, if not, then these much needed independent cinemas will not materialise. In addition, there is a lack of insight into audiences and their content needs through qualitative audience/reception research studies.

Ndebebele-Koka (2012) indicated that there is **‘lack of political will’** to implement policy programmes. She made an example with the 2009 review of the White Paper on Arts, Culture and Heritage, which was not approved as of January 2013.

Masudubele (2012) stated that there is **no understanding of the business models and revenue generation models** of independent production companies. NFVF's economic impact study indicators are limited. There is a critical lack of insight on **emerging low-budget film sector** that is driven by new and established black independent producers. This is an area for future research to understand the changing business models also since the crisis at the SABC impacted financially on independent producers and their companies.

Newton (2012 suggested that technology developments will create new opportunities, therefore, perhaps with the imminent digital migration process, a channel should be dedicated to independent producers to showcase their documentaries and short films and explore a deal with Ster-Kinekor to screen a South African short film before the start of their main feature films in cinemas.

Research participants highlighted strategies to improve cultural policy instruments and their implementation and these include:

- Developing **policy solutions that emanate from local challenges** and not adapting international solutions to local challenges.
- **Small business support programmes and creation of business incubators and a media cluster** in the field of cultural industries. The City of Johannesburg has failed to develop a film incubator or media cluster (Dugmore and Mavhungu, 2011). The proposal has been researched and discussed but, to date, with all the available government resources, it has not been implemented. The project by project funding is not growing smaller companies for large feature film budgets, perhaps a focus on the entire value chain from cultural production, distribution and consumption and a better understanding of audiences, markets to promote films that receive public financial

support in order to concentrate interventions not on production but distribution in the widest sense (Garnham, 1987 cited in Flew, 2012).

South Africa has impressive cultural policies that emulate international standards as discussed in the research report. The challenges faced in policy are issues of implementation, especially at the intergovernmental level; good relations, development of fewer strategies and ensuring that existing strategies and policies in different departments are aligned. Furthermore, ensuring that the economic and cultural values are clearly expressed and they are not only balanced but also integrated to achieve values and principles expressed in the White Paper on Arts, Culture and Heritage (1996 in-review 2013) or any other future policy or strategy on behalf of the film sector.

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