

# **Research Report**

**An Assessment of the Visual Arts Sector in South Africa**

**and**

**Assistance to the Department of Arts and Culture in  
Developing a National Policy for the Visual Arts**

**DAC/0006/07/T**

a research project conducted by

The Human Sciences Research Council  
African Micro-Economic Research Umbrella (AMERU),  
University of the Witwatersrand  
Thompson Research Services

for the

Department of Arts and Culture

September 2010

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The support of the following organisations in various aspects of the database research and implementation of the survey is gratefully acknowledged:

ArtSource

South African National Association for the Visual Arts (SANAVA)

Visual Arts Network of South Africa (VANSA)

Art Logic

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## ACRONYMS

AMERU	African Micro Economic Research Unit, Wits University
ACT	Arts and Culture Trust
AVA	Association for Visual Arts
BASA	Business Art South Africa
DAC	Department of Arts and Culture
DALRO	Dramatic, Artistic and Literary Rights Organisation
DIRCO	Department of International Relations and Cooperation
DoBE	Department of Basic Education
DoE	Department of Education
DoHA	Department of Home Affairs
DoHE	Department of Higher Education
DoL	Department of Labour
DoT	Department of Tourism
dti	Department of Trade and Industry
GAI	Global Art Information
GCMP	Gauteng Creative Mapping Project
GSARC	Gauteng Department of Sports, Arts, Recreation and Culture
HSRC	Human Sciences Research Council
IKS	Indigenous Knowledge Systems
KZNSA	Kwazulu Natal Society for the Arts
NAC	National Arts Council
NLDTF	National Lottery Distribution Trust Fund
NRF	National Research Foundation
SAAID	South African Art Information Directory
SANAVA	South African National Association for the Visual Arts
SETA	Sector Education and Training Authority
VANSA	Visual Arts Network South Africa
UNCTAD	United Nations Conference on Trade and Development
WIPO	World Intellectual Property Rights Organisation

# EXECUTIVE SUMMARY

“For South Africa to fulfill its potential, the country needs to imagine itself as an “Afropolitan” nation, the avant-garde of a version of the African modern that is already in evidence in most contemporary African artistic and cultural forms. The country also needs to distance itself from an understanding of culture as pastness, a simple matter of customs and traditions, monuments and museums. We have to realise that culture is not yet another form of “service delivery”. It is the way human beings imagine and engage their own futures. Without this dimension of futurity and imagination, we can hardly write a name we can call ours or articulate a voice we can recognise as our own.” – Achille Mbembe<sup>1</sup>, Contemporary African Art: Negotiating the Terms of Recognition

This report represents the first major national study of the visual arts sector in South Africa as a basis for making informed recommendations for the growth and development of this important sub-sector of the creative industries. The research project – commissioned from the Human Sciences Research Council (HSRC) by the Department of Arts and Culture (DAC) – involved the conducting of an in-depth survey of over 350 artists, businesses and organisations working in the visual arts sector, together with a series of individual studies on museums and collections, education and training in the visual arts, funding, the policy and legislative environment for the visual arts and the position of the visual arts at a provincial level. The research project also involved the development of a database of over 6000 visual arts practitioners and 1200 business entities across South Africa.

The primary purpose of the project has been to present as accurate as possible a picture of the current position of the visual arts in South Africa, and to identify opportunities for growing the artistic, social and economic contribution of the visual arts in the society and economy. The report gives equal weight to the importance of each of these dimensions of the visual arts – while we have found that the visual arts plays a significant role in addressing the mandate of government in the social and economic realm, this contribution is predicated on there being an environment in which the exercise of the imagination and creative independence is nurtured and promoted. Aside from the important real and potential contributions that the visual arts make in, for example, education, public health and urban development, the core contribution of the sector revolves around the generation of compelling representations and propositions related to our understanding of who we are in a complex and rapidly changing world. The capacity of the visual arts to challenge our familiar and established patterns of perception and attitude, and to invoke both wonder and critical reflection, is fundamental to understanding their importance in a society composed of multiple identities, realities and ways of being in the world.

This study has identified a number of key assets and strengths for the visual arts sector. These include:

- The most robust and structurally sophisticated visual arts economy on the continent, with an annual turnover of nearly R2 billion and a contribution of over R1 billion in added value to the national economy (R791 million of this in direct Gross Value-Added). The sector provides work and income for approximately 17 700 people in different capacities, 5 500 of these being full-time or part-time artists.
- Turnover for sale of artworks the visual arts is valued at just over R1 billion per annum, excluding the value of auction sales – 83% of this revenue is generated from

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<sup>1</sup> Mbembe, A. African Art: Negotiating the Terms of Recognition. accessed at: <http://www.chimurenga.co.za/page-127.html>

sales through galleries, and 17% from sales from artist studios and the direct commissioning of work from artists.

- A growing auction market for the visual arts which contributes an additional (roughly estimated) R250-500 million in gross turnover to the overall economic impact of the sector through the activities of auction houses, operating largely in the secondary market. This is approximately 5% of the value of the UK auction market, suggesting that South Africa represents a small but nevertheless significant market for the visual arts relative to international comparators.
- A substantial and relatively well-maintained infrastructure of public art museums and institutions, containing a store of visual artworks whose value is estimated, conservatively, at R2.2 billion. In spite of operating under fairly severe financial constraints, these institutions have also managed to maintain a significant output in terms of exhibitions and schools/outreach programming.
- A well-developed art school infrastructure at a tertiary level which supports the supply of new talent and skills into the sector.
- A highly educated workforce with 72% of artists and 48% of employees and contract workers in businesses and organisations having qualified with a tertiary degree or diploma.
- A comparatively young workforce, with approximately 53,4% of people working in the sector (including artists) falling into the under-35 age group.
- A changing demographic for the workforce of a sector that has traditionally been overwhelmingly white and middle class in profile, with just over 57% of the entire workforce being black and just over 50% comprised of women.
- Though small in number, a variety of exemplary projects across the country that demonstrate the impact of the visual arts in education, public health and job creation.
- Components of the arts funding system in South Africa are managing to issue increasingly significant numbers of grants to individual artists, projects and organisations. In the 2008/9 financial year, the National Arts Council issued 91 grants with a total value of R5.6 million.
- Substantial local government and, to a lesser extent, corporate and provincial government investment in public art; in Johannesburg alone, in the inner city of Johannesburg, this investment is estimated as being in the region of R15 million during the course of the last five years.
- Growing public investment in the economic dimensions of the visual arts in Gauteng and the Western Cape.
- The growth of the Joburg Art Fair as a new and sustainable platform for developing audiences, consumers and markets for the visual arts that is sustained primarily through corporate sponsorship - though also generating significant earned income and attracting strategic public investment from the Gauteng provincial government.

Other findings point to a significant number of substantial challenges that the sector faces, all of which are deserving of serious attention from a public policy perspective. These are summarised below, together with key policy recommendations that have been registered during the course of the report:

### **Audiences for the Visual Arts**

Public consumption of the visual arts – whether as audiences or consumers – is much smaller than international comparators, though different data sources yield different results on this issue. While a 2009 research report commissioned by BASA suggests that 3.18 million adult South Africans (slightly less than 10% of the adult population) are ‘extremely interested’ in the visual arts and between 34% and 45% of adult South Africans go to art exhibitions, analysis of primary data on attendance at public and private art museums and collections estimates that only 1,2 million South Africans of ALL ages (2% of the total population of the country) visit these institutions annually, with the likelihood of some duplications in these visitor numbers. By comparison, a 2002 report on the visual arts in Australia indicated attendance of galleries at 6.5 million in 2001/2, with 22% of the adult population (3.2 million) visiting art galleries and 3 million attending art museums. While the study did not extend to an analysis of the population of people who actually buy visual artworks (for which there is no existing data), international studies show that this is a small proportion of those who consume the visual arts in the context of art museums and galleries.

#### **Recommendations:**

- National investment in strategic projects aimed at developing the profile and visibility of the sector nationally
- Targeted investment in the education and outreach programmes of public art museums at a local and national level, linked to community arts infrastructure and in collaboration with visual arts development organisations

### **The Market for the Visual Arts**

Independently and privately managed or owned entities for the visual arts constitute the driving force behind the generation of economic value in the visual arts in South Africa. As with artists, the majority of this infrastructure is located in Johannesburg, Cape Town and (to a lesser extent) Durban.

This infrastructure is comprised primarily of commercial galleries and dealers concerned with the presentation and sale of visual artworks, constituting 64% of all organisational entities and generating more than 48% of the turnover of the sector and 53% of the Gross Value Added. While they operate in the primary (first sale market), many galleries and dealers also generate significant revenue in the secondary market (subsequent sales of artists work). Auction houses play an increasingly important role in the secondary market for the visual arts, which has shown rapid growth and a number of significant new entrants in the last five years. It is estimated that this small group of organisations generate an additional R500 million in annual turnover – one third of the value of all artwork sales, based on the economic data generated through the survey component of the research.



While the study shows that there is a substantial market for the visual arts in South Africa and that the country is a small but significant player relative to the scale of the international marketplace, the third most frequently cited major career/business obstacle for artists, businesses and organisations included in the survey related to a perceived lack of market demand for the visual arts. As noted in the preceding summary of findings related to audiences for the visual arts, South Africa has a comparatively small audience and consumption base for the visual arts. The Joburg Art Fair represents a significant privately driven intervention around growing the market for the contemporary visual arts which has both demonstrated that the visual arts can attract very substantial audiences (with positive year-on-year audience growth between 2008 and 2010) – but which has also demonstrated the vulnerability of the sector to periods of economic downturn, with gallery sales in the immediate context of the Fair showing negative growth during the course of the last three years.

This situation is exacerbated by the fact that, in contrast to the situation in advanced economies, the public sector contributes very little to overall demand for the visual arts. On account of severe limitations on their acquisitions budgets, public museums and collections play a comparatively negligible role in revenue generated by the sector. The study on museums and collections undertaken as part of this research project also suggests that (contrary to popular perception), corporate collections are also significantly constrained in their capacity for new acquisitions.

The main other area in which the public sector has played a direct role to date is in the commissioning of public art and in the establishment of the Joburg Art Bank – though in both cases, the impact of this stimulus has been largely confined to Johannesburg, where a percent for art policy on construction projects has also been introduced by the City of Johannesburg. The majority of the revenue generated for public art commissioning in Johannesburg has been associated with publicly financed infrastructure development, as there is presently no legal obligation for private developers to comply with the policy. The 2010 World Cup has triggered some investment in public art commissioning in other urban centres (notably Cape Town, Durban and Port Elizabeth), but it remains to be seen whether this will play a catalytic role in generating ongoing investments in other parts of the country.

#### **Recommendations:**

- Investigate the accessing of dti incentives and schemes for export for businesses in the sector and rebates for art fair and biennale representation for galleries
- National support for Art Fair targeted at fostering greater connection to international and continental consumers, producers, curators and galleries
- Reactivate Art Bank project as national initiative in collaboration with National Arts Council and City of Johannesburg

#### **The Position of Artists**

Artists constitute the core human resource that sustains the sector, generating artworks around which the activities of the rest of the sector largely revolve. It is estimated that there are in the region of 5 500 artists in South Africa, mostly concentrated in three major metros – Johannesburg, Cape Town and Durban. While – as noted above – there is evidence of substantial shifts in the overall demographics of the workforce for the visual arts, the majority (58%) of practicing artists are white, with a particularly poor representation of black women artists (comprising just 12% of the total population of artists based on the survey commissioned as part of this project).

Though it is estimated that artists directly generate 36% of value of the overall turnover of the sector and 32% of the Gross Value-Added through direct sales and private commissions, the social and economic position of most artists in South Africa is precarious. By comparison to professionals in other fields with similar levels of experience, training and qualification, the earnings of visual artists are low with poor levels of access to various forms of personal cover and security. The study determined that the average income of both practicing professional artists is in the region of R149 000 per annum, with a marked income differential between black and white artists. Based on the survey sample, white male artists (the highest earners) earn on average R229 000 per annum and black female artists (the lowest earners) earning R67 000 per annum. Only 19% of all artists are able to spend more than 70% of their time on their creative work and immediately associated activities, and one in four artists report only being able to devote 25% or less of their time on their creative work. The majority of artists have to supplement their income through other activities in order to survive, and there is a marginally *negative* correlation between the proportion of time invested in core creative activity and economic return. The majority of artists are unable to afford medical cover, life insurance and the various forms of cover related to professional practice. Considering their income levels, a surprisingly large proportion (59%) report being registered for income or company tax in some form, though it is likely that much of this taxation may be in the form of ad-hoc tax deductions related to teaching and other work in the arts.

South African artists also report lower levels of gallery representation than their international counterparts, and the ratio of exhibition opportunities to artists is lower than in developed economies. Business relationships between gallerists and artists are seldom reduced to writing, and not subject to any industry-agreed (or externally imposed) standards, codes or protocols. Indeed, there is a complete vacuum in this area, with artists sometimes rendered vulnerable to the superior bargaining power of gallerists and dealers. Collection of payments related to copyright occurs on an ad-hoc basis, and it is generally only relatively established artists that are in a position to manage this issue in relation to their work, or earn any income from this source. Few artists – even more established artists – are in a position to take legal action against violations of their moral or intellectual property rights.

#### Recommendations:

- In consultation with industry organisations and artist associations, commission detailed research and feasibility studies relating to a variety of issues relating to the rights and status of artists which are specific to the visual arts industry, including but not limited to:
  - The establishment of protocols, guidelines, standards and minimum rates for the employment, contracting or commissioning of artists by public sector departments, agencies and institutions
  - The collective management of copyright collection
  - The promotion of similar arrangements with regard to artists engagement with commercial galleries
  - The introduction of Artist Resale Rights, as contemplated in the multilateral copyright treaty, the *Berne Convention for the Protection of Literary and Artistic Works*, and informed by recent international experience in this area; this would also involve the commissioning of more detailed research into the secondary market for the visual arts

- Consideration to be given to the establishment of a fund within the National Arts Council to support exhibition payments to artists whose work is shown in national and municipal public art museums and galleries
- The review of the funding framework for the visual arts with a view to focusing the existing National Arts Council funding base around the needs of individual artists and significant projects in the visual arts with the needs of non-profit organisations and public institutions in the sector addressed through complementary resources from the National Lottery Distribution Trust Fund

### **The Organisational Landscape of the Visual Arts Industry**

A signal feature of the organisational landscape of the visual arts in South Africa is the absence of independent and artist-run initiatives for the cultivation, presentation and promotion of innovation within the visual arts. Outside of the public and corporate museums and collections, the overwhelming majority of organisations involved in the distribution and presentation of the visual arts are commercial entities, with only a handful of independent, artist-driven and non-profit project spaces and residency programmes around the country with a primary mission around the exposure of new talent, new ways of working and international exchange and collaboration outside of a commercial, profit-driven framework. These organisations play a critical role in the overall ecology of the visual arts, but operate within a funding environment that is inimical to not only the proliferation and growth of these entities, but also to the basic survival of the few that exist.

There is also a significant group of training and development organisations (both commercial and non-profit) and artist associations and a small collection of materials manufacturers and suppliers, specialist service providers and consultancies. Arts Development organisations such as Artist Proof Studio in Gauteng, the Artist Press in Mpumalanga, Art for Humanity in Kwazulu Natal provide training, professional development and market platforms for artists that are entering the market.

Artist associations such as the South African National Association for Visual Arts (SANAVA) (and its many affiliate organisations), the Kwazulu Natal Society for the Arts (KZNSA) and the Association for Visual Arts (AVA) in the Western Cape have played an important role in developing new market platforms and opportunities for artists through competitions, international exchanges, workshops and member exhibitions. The Visual Arts Network of South Africa (VANSA) has emerged in the last five years as a significant industry organisation concerned with policy-related issues, advocacy and industry development projects through a network of artists, curators, administrators and organisations around the country. All of these organisations face similar constraints to artist-run initiatives with regard to their sustainability within a difficult funding environment. Arts consultancies such as Trinity Session, Art at Work and Art Source, play an important additional role in identifying and accessing new opportunities for visual artists to present their work and generate income through both corporate and public sector investment, and develop their professional practice.

The need for greater and more structured engagement between the visual arts industry and government is highlighted by this report. Historically, engagement has been on an ad-hoc basis and often in a negative context where mutual incomprehension is often fostered – the recent incident involving the *Innovative Women in Arts* exhibition being a case in point. Significantly, from the survey of business and organisations in the sector conducted as part of this study, the most frequently cited major obstacle to business and organisational

development (from a list of 35 possible issues) is the lack of industry promotion from government'. The demographics of ownership of commercial enterprises – and management of non-profit entities – are cause for concern, and may also contribute to the difficulties that the sector faces in its engagement with government - 89% of the owners or top managers of businesses and organisations included in the survey sample were white, and 53% male. This is an issue that should not be allowed to operate as the 'elephant in the room' in governmental engagement with the sector, but should rather be cause for targeted intervention through the accessing of existing instruments that promote and support black entrepreneurship in the particular context of this industry.

#### **Recommendations:**

- Working with the widest possible spectrum of industry organisations to convene a national conference/industry forum in which the findings of this research, and the recommendations contained in this report, can be subject to industry discussion and scrutiny. Such an intervention should also actively seek to build mutual understanding between the industry and government and develop a sustained channel of communication between the two.
- Establish a joint working group with the Department of Trade and Industry and representatives from the sector regarding the accessing of schemes for particularly (but not exclusively) black-owned enterprises in the visual arts
- In addition, to the interventions contemplated under funding (below)

#### **Public Infrastructure for the Visual Arts**

By comparison to countries with comparable levels of public infrastructure for the visual arts (such as, for example, Australia), our national and municipal public art museums and collections are dramatically underfunded. The traditional role that public art museums play in promoting the consumption of the visual arts and in both influencing (and increasing) the market for the visual arts the direct acquisition of visual artworks, is severely constrained in the South African context on account of exceptionally low levels of recurrent funding for these institutions – a pattern established under the apartheid government that has continued to the present day. This study estimates that the national department of Arts and Culture invested in the region of R20 million rand in four national art museums and collections in 2008/9 – less than 5% of its total allocation of R432 million to national heritage institutions. Local government in the major metros and secondary cities collectively invested in the region of R50 million in 12 municipal museums in 2008/9. To place these figures in perspective, in the same year, the Australian government contributed A\$41.7million to the overall A\$61 million operating budget of the Australian National Gallery in Canberra in the same year – the equivalent of approximately R280 million spent on just one institution. This pattern of underinvestment is not specifically a phenomenon of the post apartheid period – it is however a pattern which has been sustained during this period.

The difficulties of public art museums and collections represent a complex public policy issue. This is partly due to the fact that they represent – in their location, built form and contents - the institutional legacy of an apartheid economy that invested significantly in a costly public arts infrastructure designed for the consumption of a minority of the population. New investment in heritage infrastructure has, unsurprisingly, been largely concentrated around new heritage projects (such as the Robben Island Museum and the Freedom Park) that engage with a political history and future orientation that is felt to have a broader resonance and audience than the historical and contemporary and visual arts can lay claim to. While these projects do have, in varying degrees, a visual arts dimension,

neither the responsible departments and agencies across government nor the sector itself have managed to make a compelling case as to why the 'inherited' art museums and collections should also warrant new investment of public money.

While substantial efforts have been made to transform the collections and programming of these institutions, and to mount innovative outreach and schools programmes, they have struggled to attract – from either government or the corporate/philanthropic sector – anything remotely approaching the levels of support that similar institutions in developed economies are predicated on. Their capacity for generating revenue is also limited on the one hand by their mandate as public institutions concerned with promoting access to the arts for all South Africans (only one charges a nominal entrance fee), and on the other by low levels of public benefaction and the consumption associated with significant attendance levels (catering, merchandise and so on). In contrast to the United States, where corporate and individual philanthropy (assisted by generous tax incentives) has built and sustained the largest public infrastructure for the visual arts in the world, significant and sustained philanthropic support for South African museums and collections has been the exception rather than the rule, with corporates generally preferring to establish their own in-house collections and galleries.

The study notes also the difficulties that attach to the position of an emergent national infrastructure of community arts centres and the role that this should be playing, both in supporting the provision of arts education in schools as well as in enabling wider access to the experience of and participation in the arts, particularly for communities located away from the traditional urban clusters of arts infrastructure. While the late 1990s saw significant investment in the physical infrastructure of these entities from government, these institutions – both those which are independently run and those run by local or provincial government - have struggled to attract significant and sustained investment from government, and are beset by a variety of ongoing constraints and challenges at the level of leadership, management, funding and programming. The focus on investment in capital infrastructure at the expense of investment in programming and the human infrastructure necessary to animate these centres has led to many of the centres built in the 1990s becoming proverbial 'white elephants'.

### **Recommendations**

- Strengthen national network of public art museums and collections and establish forum for joint programming and planning, sharing of best practices
- Activate network through nationally resourced funding programme for cutting edge touring exhibitions, linked to outreach programming and community arts infrastructure
- Technical assistance to public museums and collections for infrastructure and programme enhancement
- Action national strategy for community arts centres with resources from Investing for Culture

### **Funding for the Visual Arts**

Lack of access to funding is cited more frequently than any other issue as a major obstacle to career development for artists, and is the secondly most frequently cited obstacle for businesses and organisations. Grant funding currently plays a relatively minor role in the economics of the sector, contributing less than a percentage of the total turnover of the sector. The total value of grants issued by all national funding agencies (principally, the

National Arts Council and the Lottery) as well as grants made available through national and provincial government structures in the 2008/9 financial year is estimated at R12.3 million, with an additional R3.3 million being raised from international funding sources (R3.3 million), and half a million coming from Business Arts South Africa and the Arts and Culture Trust. The study has found that there are very significant unlocked public resources for the visual arts, the most significant of these being the National Lottery Distribution Trust Fund (NLDTF). The study notes the alarming accumulation of unspent funding reserves within the NLDTF, and the low level of disbursement of funds to the visual arts sector. Were the NLDTF to disburse 8% of the funding available available in the 2008/9 financial year to the visual arts sector (equivalent to the 2008/9 proportion of total funding allocated to the visual arts by the National Arts Council), this would equate to approximately R76 million in *entirely new investment* for public art museums and collections and their outreach programmes, education and training programmes in the visual arts, visual arts-related community arts programming and infrastructure, artist-run initiatives and non-profit industry organisations.

While there are significant instances of corporate investment in the non-profit dimensions of the sector, and sponsorship of major events such as the Joburg Art Fair and the Africa Art Centre, by international standards, the sector enjoys very low levels of corporate investment and sponsorship. Total sponsorship is estimated at between R10 and R15 million – similar to levels of public funding in the visual arts.

#### **Recommendations:**

- Establish task team with NLDTF/dti and sector organisations around the unlocking of NLDTF resources for the visual arts – for artist-run initiatives, industry organisations, local municipalities, public art museums and collections and community arts infrastructure
- Make provision for technical assistance to these organisations to assist them in accessing and accounting for NLDTF funding
- Review the current institutional landscape for the funding of the arts, with particular consideration given to the possibility of rationalising the roles of the National Arts Council and the National Lottery Distribution Trust Fund within a single funding framework for the arts, culture and heritage
- In consultation with the Department of Finance, detailed investigation of the feasibility for targeted tax incentives on donations

#### **Visual Arts Education and Training**

Closely linked to the preceding issue, visual arts education in general and visual arts education in schools remains a major challenge, both in relation to the nurturing of new audiences and consumers for the visual arts, but also with regard to the demographics of talent within the industry. Though the visual arts (as part of the Arts and Culture learning area) is now a compulsory component of formative education up to grade 9, the majority of schools do not have trained teachers and facilities to enable the provision of quality visual arts education at either a primary or high school level, in part the legacy of an education system which denied the majority of South Africans access to arts education. In spite of a curriculum policy that makes includes the visual arts as an elective specialism at grade 10-12 level, the provision of specialised visual arts education at this level continues to be largely confined to former 'Model C' schools. In 2009, less than 2% of all students took visual arts as a grade 12 subject, with 70% of all enrolments concentrated in Gauteng, Kwazulu Natal and the Western Cape. In 2009, only 50% of these enrolments were accounted for by black learners.

**Recommendations:**

- Reactivate joint task team between the Ministries of Education and Arts and Culture with a view to:
  - the mainstreaming and upscaling of artists-in-schools programmes and residency projects as contemplated in existing policy documents
  - establishing a coordinating structure for the promotion of extra-curricular/school enrichment programmes for arts and culture along the lines of USSASA
  - consideration and oversight on the implementation of the interventions outlined below
- Investigate the potential for schools to access NLDTF funding in addressing the development of facilities and infrastructure for arts programming, working with/through existing visual arts development/education organisations
- Working with tertiary institutions, establish targeted bursary programmes and incentives in the following areas:
  - For undergraduate and postgraduate programme in the fine arts for black students
  - For postgraduate qualifications in arts education for fine arts graduates
  - For in-service teacher training programmes at tertiary institutions
- Support the development and provision of professional practice courses, seminars and workshops through industry and arts development organisations aimed at improving legal, entrepreneurial and administrative skills among artists and new businesses involved in the presentation and promotion of the visual arts, with a view to incorporating this provision within the SETA framework for accreditation

**Overarching Issues**

In addressing these challenges, the study notes that many of these problems (community arts centres, funding and the rights and status of the artist, for example) are issues that are not specific to the visual arts, but which are endemic to the arts in general, and the public policy framework for arts and culture. In the case of visual arts education, the public policy framework and the challenges that it faces have an even wider compass and impact on a substantially larger area of public investment. The recommendations emanating from this study are mindful of the challenges that the sector and government face in seeking to impact on issues that are in fact symptomatic of much broader challenges. It is also important to note that many of the interventions contemplated here require further detailed consideration and research, particularly those that have implications for legislation. It is intended that this study should furnish a foundation from which ongoing industry research can be conducted, in addition to the more detailed assessment of particular policy and legislative issues.

# Section 1: Introduction

## 1.1 Background

This research report was commissioned by the national Department of Arts and Culture in order to guide its engagement with the visual arts sector at a national level. It is the first study of its kind to attempt to present a picture of the current position of the sector, based on a combination of both quantitative and qualitative research. This extensive research base has been synthesised into the analytic framework presented in this document, and been used to inform a set of policy recommendations for the DAC to take forward together with its counterparts within the provincial and local spheres of government, and with the sector itself. The findings and recommendations from this main report are intended to provide a basis for action and intervention in defined areas of need on the part of the sector and government.

### Terms of Reference

The Terms of Reference for the project specified the following four outcomes:

1. the development of an authoritative picture of the visual arts sector in South Africa, addressing questions of definition, scope, size, structure and internal dynamics
2. the development of an informed analysis of the current situation of the visual arts sector, identifying strengths, weaknesses, opportunities and threats
3. the development of a set of recommendations relating to public sector engagement with the sector. These recommendations would offer a strategic framework that would identify needs in respect of: policy, legislation, institutional frameworks, programmes, and options for resourcing
4. the development of a database of roleplayers in the sector, including a register of artists based on the collation of existing data and new data created by the project

The Human Sciences Research Council was appointed to conduct the present research project in October of 2008. The HSRC contracted a team of external consultants and service providers to assist in the conducting of the primary and secondary research for the project.

### Key Project Components

In fulfilment of the above, the project involved a number of key components, outlined below:

1. **Database development:** the development of a database of over 6000 artists and over 1000 businesses and organisations working in the sector
2. **Survey:** a major survey of over 350 individual artists, businesses and organisations operating in the sector focused on developing an accurate picture of:
  - The diversity of activities in the sector
  - The economic dimensions of the sector
  - The operating environment



- The nature of the market for the visual arts
  - The nature of work and employment in the sector
  - The perceived obstacles and needs experienced by the industry
3. **Provincial Reports and case studies:** the commissioning of provincial reports and case studies in the provinces outside of Gauteng and the Western Cape, where the industry is most concentrated and there is substantial existing information on industry activity. The provincial reports are aimed at producing a better understanding of the spatial dimensions of the industry, and the different issues faced by artists, businesses and organisations. Case studies focused on significant visual arts-related projects, organisations and initiatives in each of these provinces.
  4. **Specialist Reports:** the conducting and commissioning of specialist studies on:
    - public and private museums and collections
    - the funding landscape for the visual arts in South Africa
    - education and training in the visual arts in South Africa
  5. **Review of Policy and Legislative Context:** a review and analysis of the policy and legislative context for the visual arts in South Africa
  6. **Review of International Comparators:** desktop research into international comparators aimed at better understanding both the global position of the South African visual arts industry, as well as providing points of reference for public sector intervention at a policy, legislative and programmatic level

## The Structure of the Report

This extensive research base has been synthesised into the analytic framework presented in this document, and been used to inform a set of policy recommendations for the DAC to take forward together with its counterparts within the provincial and local spheres of government, and with the sector itself. This document provides a basis for the identification of priorities for engagement between the sector and government, and the identification of key interventions aimed at promoting the growth and development of the sector.

Section 2 of the report provides an overview of the overall workings, structure and geographical distribution of the South African visual arts, and the contribution of the sector to the South African economy, society and cultural fabric.

Sections 3-7 present a detailed consideration of different components of the visual arts system, presenting key findings from the research together with recommendations for intervention in the following areas:

- Section 3 explores the nature of demand for the visual arts and the commercial system that supplies this demand
- Section 4 maps the largely non-commercial organisational infrastructure that plays a complementary and supporting role in the development of the visual arts.
- Section 5 of the report is concerned with a detailed assessment of the position of visual artists within the overall ecology of the visual arts
- Section 6 describes and assesses the framework for the resourcing of the sector
- Section 7 addresses the provision of visual arts education and training

The final section of the report is concerned with synthesising the key issues identified in the preceding sections into a set of recommendations for intervention and action on the part of the industry and government.

A number of detailed subsidiary reports have been appended which supplement the main findings of the report. These include:

- A Report on a Survey of Museums and Collections
- A Report on Education and Training in the Visual Arts
- A series of case studies relating to the social, cultural and economic impacts of the sector
- Findings from the survey of artists, business and organisations in the sector, presented in a tabular format

## **Reference Group and Consultation**

At the inception of the project, a reference group was convened to act in an advisory capacity both on the process of the research and on the interpretation of the results of the research. This reference group was comprised of individuals, businesses and organisations from the sector, as well as representatives from national, provincial and local government, as follows:

Eric Apelgren, Director of International Relations, Ethekewini Municipality  
Gabriel Clark-Brown, director of Global Art Information Directory  
Ross Douglas, Director of Art Logic/the Johannesburg Art Fair  
Jonathan Garnham, Chairperson of the Visual Arts Network of South (VANSA)  
Anton Laubser, President of the South African National Association for the Visual Arts (SANAVA)  
Moleleki Ledimo, National DAC (Arts, Social Development and Youth Directorate)  
Melissa Mboweni, Director, Akani Creative Consulting  
Frank Meintjies, Soul City Institute  
Zayd Minty, Coordinator, Creative Cape Town, City of Cape Town  
Lindi Ndebele, Creative Industries Directorate, National DAC  
Andries Oberholzer, Visual Arts and Multi-Media sub-directorate, National DAC  
Dawn Robertson, HOD, Gauteng Department of Sports, Arts, Recreation and Culture  
Steven Sack, Director of Arts, Culture and Heritage for the City of Johannesburg

The contributions of the Reference Group to the development of this report are gratefully acknowledged. In addition to consultations with the reference group, the project has involved a large number of interactions with a wide variety of industry actors and roleplayers at both a national and provincial level. Research results were tested with industry participants in Gauteng in the context both of the Art Talks programme of the Johannesburg Art Fair and an industry reference group established by the Visual Arts Network of South Africa around the development of a visual arts strategy for the Gauteng City region, commissioned by the Gauteng Department of Sports, Arts, Recreation and Culture. Preliminary findings associated with the sections on museums and were presented at a conference convened by the University of Cape Town in December 2009 *Managing Cultural Organisations in Times of Crisis*. Findings related to education were presented in the context of a seminar convened on the *Creative Economy and Arts Education* at the University of the Witwatersrand in August 2010. All of these consultations yielded significant questions and insights that have informed the writing of this report. It has also been clear that people within the industry recognise the significance of the research, and its potential

to contribute to the visibility of the industry within government policy – an enthusiasm that needs to be capitalised on in the process of taking forward the recommendations contained in this report.

The project report has also been circulated to all of the participants in the research project for comment. One of the key recommendations from the report is that a process of further consultation will be required in testing the findings and recommendations emanating from this report, and engaging artists, associations, institutions, businesses and other industry organisations in realising the proposed recommendations.

## 1.2 Research Methodology

The majority of policy research, development and intervention has occurred in other parts of the cultural and creative industries, with successive reports, task groups and legislative reviews being undertaken in relation to different aspects of the music, publishing, film and craft industries, and the broader heritage sector<sup>2</sup>. The only two publicly commissioned studies to date that have included specific address to the visual arts have been provincial studies that have positioned them within a wider creative industries framework<sup>3</sup>. A 2003 report commissioned from Trinity Session by the International Labour Organisation (ILO) is the only sector-specific report that addresses the visual arts that has been commissioned to date, adopting a largely qualitative research methodology in the context of a review of the visual arts and craft sector in the SADC region<sup>4</sup>. The present research project research represents the first significant investment in the formulation of a framework within which investment in and engagement with the visual arts sector on the part of the Department might be situated, informed by both quantitative and qualitative data.

Most studies on the arts, culture and creative industries in South Africa have noted the paucity of reliable statistical data on these industries as a central constraint for policy research and analysis. Internationally, one of the main approaches to industry analysis involves reference to national datasets. This involves the disaggregation of industry data from existing national databanks drawing particularly on the Standard Industry Classification and Standard Occupational Classification Codes in order to be able to measure economic outputs on the one hand (SIC) and rates of employment on the other (SOC). A key advantage of this approach is that a national dataset is updated on annual basis, and has a national compass. A recent HSRC report on the Creative Industries in South Africa notes however that “Standard taxonomies such as the SIC codes do not sufficiently disaggregate the cultural industries from other activities and are therefore insufficient for the task of collating cultural/ creative industries data for either countries, regions or areas larger than

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<sup>2</sup> These include: The seminal *Cultural Industries Growth Strategy* report (1998) commissioned by the national Department, which focused on film, publishing, craft and music, together with the more broadly targeted strategy document *Creative South Africa: A strategy for Realising the Potential of the South African Creative Industries*; the DAC Music Industry Task Team established by DAC in 2001; reports by PriceWaterHouseCoopers and KPMG on the film and music industries (2000 and 2001 respectively), Customised Sector Plans for the Craft and Film Industries commissioned by the Department of Trade and Industry in 2005; an industry study of the Performing Arts Sector produced by the Performing Arts Network of South Africa in 2005.

<sup>3</sup> In 2005 The Western Cape Department of Economic Development and Tourism commissioned a general mapping study titled *Cultural Industries, Arts, Culture And Creative Arts: Towards an understanding of the current nature and scope of the Creative Industries in the Western Cape in 2005*. In 2008, the Gauteng Department of Sports Arts Culture and Recreation commissioned a detailed mapping of the creative industries, including a section on the visual arts

<sup>4</sup> Trinity Session. 2003. *Promoting the Culture Sector through Job Creation and Small Enterprise Development in SADC Countries: Crafts and Visual Arts*. International Labour Organisation Working Paper. Accessed at [http://www.ilo.org/empent/Whatwedo/Publications/lang--en/docName--WCMS\\_117680/index.htm](http://www.ilo.org/empent/Whatwedo/Publications/lang--en/docName--WCMS_117680/index.htm)

that. The bulk of the activities of the creative industries remain invisible to the statistics.”<sup>5</sup>  
In the same vein, the UNCTAD Creative Economy report notes that

“In many advanced economies, the service sector is larger and is growing at a greater rate than the manufacturing sector. However, classifications include a multitude of categories that are increasingly empty of data and a small number of categories (the service sector) that are only crudely described. This is a general problem. Arguably, the very notion of services separate from manufacture is an artefact of industrial organisation in recent years rather than a substantial economic fact. The two are clearly interrelated and to a much greater extent than the classifications represent them as being (they are usually represented as discrete). All of the issues facing the service sector can be repeated in the case of the creative industries. Thus, by definition, the numbers on the creative economy as measured by conventional means are small. When more detailed or more complex classifications have been used, researchers and politicians have been astonished to discover that the creative economy is not only a big player in economies but it is one with robust growth; moreover, it is bigger than many more ‘traditional’ industries..”<sup>6</sup>

Sector specific programmes of research face the challenge of the high costs associated with data collection. Within the South African creative industries, the only ongoing research project that has managed to address this need are the annual publishing industry reports commissioned through the Publishers Association of South Africa, with the support of the National Department of Arts and Culture. The great majority of studies on different aspects of the arts, cultural and creative industries in South Africa have therefore historically drawn on either qualitative data - anecdotal evidence, the perspectives of key informants, case studies and desktop research - or very narrowly defined quantitative studies as a basis for generating particular arguments for intervention at the level of policy and strategy on the part of industry and/or government.

This research project has sought to develop a picture of the visual arts sector that would serve to initiate a more evidence-based approach to policy-making, through generating both a statistical benchmark or point of reference for the analysis of the sector using a quantitative survey methodology, while also deploying more nuanced qualitative methods of data collection through case studies, desktop research, interviews with key informants and the like. **The research briefs attached to these more qualitative components of the project are included in Appendix A.**

In this respect, the study has sought to build on the foundation established by the Gauteng Creative Mapping Project (GCMP) study, commissioned by the Gauteng Department of Sports, Arts, Recreation and Culture, and which was completed in 2008. This study represented the first attempt to develop a comprehensive picture of particularly the economic dimensions of the creative industries, focusing on a particular region of the country. The quantitative dimensions of the present study have drawn significantly on both the approach and methodological insights generated through that study.

The primary research on which this report is based draws on a survey of over 350 individual artists, businesses and organisations working in the visual arts sector. The survey was conducted between over a six month period between July 2009 and February 2010,

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<sup>5</sup> CAJ/HSRC. 2008. The Creative Industries Sector Report. Study commissioned by the Department of Labour. Accessed at: [http://www.labour.gov.za/downloads/documents/research-documents/Creative%20Industries\\_DoL\\_Report.pdf](http://www.labour.gov.za/downloads/documents/research-documents/Creative%20Industries_DoL_Report.pdf)

<sup>6</sup> UNCTAD 2008. The Creative Economy Report 2008: The Challenges of Assessing the Creative Economy: Towards Informed Policy-Making. UNCTAD: Geneva. p. 91.

including a piloting phase aimed at testing and refining the research instruments and approach. The core team contracted to the HSRC for the overall project was responsible for research design, the implementation of the survey, data analysis and report-writing. The African Micro Economic Research Unit (AMERU) at the University of the Witwatersrand provided data capturing and processing services.

Because a very significant portion of the findings presented in the present report draw on or make reference to this data, the objectives, assumptions, methods, process and limitations of this survey are briefly discussed in what follows. The tabulated findings are presented in Appendix B.

## **Overall Survey Objectives and Approach**

In order to better understand the dynamics of the industry as whole as well as to identify areas requiring development and possible intervention, the primary objectives of the survey aimed to generate as comprehensive a picture as possible of the current position of both artists and visual arts businesses, organizations and freelance workers. The survey sought to produce an overall picture of both the economic dimensions of the visual arts across the industry value chain, as well as gain insight into a variety of issues that impact on artists, businesses and organisations. Whereas the Gauteng Creative Industries Mapping Study conflated artists with business and organisational entities, early on in the process of designing the tools it was felt that two different instruments were required for each of these groups. In order to adequately capture the distinct experiences and issues of artists, a modified version of the generic questionnaire for businesses, organisations and freelance workers was developed, though with significant points of commonality and overlap between the two tools, particularly with regard to demographics, employment, market-related issues and finance.

The survey sought to generate data about these entities in each of the following areas:

- **Basic demographics:** Developing a profile of artists, businesses and organisations in relation to the age, gender, race and location of artists and workers in the industry, as well as the demographics of ownership and management
- **Nature of Activity:** understanding better the nature and variety of activities that different entities are involved in across the value chain
- **Work Circumstances:** Understanding better the circumstances in which these activities are undertaken, for both artists and businesses, organisations and freelance workers
- **Career Development:** Understanding the professional development pathways undertaken by visual artists
- **Market-Related Issues:** How artists, businesses and organisations experience, perceive and engage with the market for their products and services
- **Financial Position and Circumstances:** developing a detailed picture of patterns of income and expenditure of artists, businesses and organisations, and the position of artists and workers in relation to a range of finance related issues: tax, retirement, insurance and medical cover.
- **Obstacles and Needs:** Understanding the obstacles, enabling factors and needs experienced by artists, businesses and organisations

Two additional implicit objectives emerged during the course of conducting the survey and analysing the data:

- To establish a benchmark analysis for the industry against which changing patterns in the industry can be tracked through subsequent studies
- To test and benchmark an approach to industry analysis that can serve as a point of reference or departure for subsequent industry research at the level of methodology

In pursuit of the last objective, based on the experience of conducting the survey and analysing the data, a short report has been appended to the raw survey data (included in Appendix C) which considers issues related to the administration of the survey, questions that might be modified or removed in subsequent surveys, as well as additional questions that might be included.

## **Survey Design**

The design of the survey was informed by similar surveys conducted in the UK, Scotland and Australia, as well as the survey instrument for the Gauteng Creative Mapping Project study. The report builds both on the approach and the findings generated out of the GCMP study of 2007, though has sought both to 'drill down' in greater detail into the specifics of the visual arts on the one hand, and extend the sample of businesses and organisations to the rest of the country.

The survey was designed to be administered in two ways:

- Respondents filled in an emailed questionnaire (sent together with briefing information about the project), with telephonic follows-up and confirmation of key and/or missing data
- Due to the detailed and sensitive nature the information requested, where necessary the interview was administered in person. Face-to-face interviews were conducted with approximately 10% of the sample.

The survey was initially piloted with 12 individual artists and organisational entities – once the survey instrument was refined, this group was included in the final sample on the basis of updated information.

Briefing documentation and questionnaire formats are attached as Appendix D.

## **Defining the Target Group**

### *Artists*

The survey aimed to primarily assess the position of professional artists i.e. people who are pursuing the visual arts as a career and are working, or pursuing work as producers of original artworks within the field. A number of screening questions were put to respondents, aimed at distinguishing between those who pursued the visual arts on a professional basis, and those who pursue the visual arts as a recreational rather than professional activity (i.e. amateur artists).

- Do you earn any portion of your income from making artwork?
- Have you exhibited a work or works of art in any context during the course of the last five years?
- Have you created or been working towards a body of artwork during the course of the past five years?

- Have you been involved in full-time study in the visual arts during the course of the past five years?

Additionally, within the questionnaire, artists were asked to define whether or not they considered themselves to be amateur or professional artists. A small proportion of those who identified themselves as amateur artists were thus included in the survey, though their data is not reflected in the main report. A separate, summary report is included on this group – while they do not contribute significantly to the outputs of the industry, they do play a significant role as consumers of materials, equipment and supplies, and their activities have a variety of economic spin-offs. They also represent an area of demand for the skills of professional artists, primarily in the realm of teaching.

The screening questions were also aimed at distinguishing between visual artists and people working in the craft sector. The key criteria for drawing this distinction concerned the concept of ‘a body of artwork’ and the primary context for the presentation of work through exhibitions in a gallery context. While people producing functional art or fine craft who exhibited in a gallery context were included in the survey, craftspeople producing functional wares, souvenirs, curios and the like were excluded.

#### *Businesses and Organisations*

For the purposes of the survey, the main criterion for inclusion was that the core business of the entity should revolve primarily around the visual arts. A list of types of business and organisation were generated across the visual arts value chain, as shown in the table below.

**Table: List of types of Visual Arts Industry entity, organised according to Value Chain**

<b>Education, training and development</b>	<ul style="list-style-type: none"> <li>• education and training provider – public and private</li> <li>• community arts centre (independent)</li> <li>• arts development organisation (non-profit)</li> <li>• artists/arts association</li> </ul>
<b>Support services</b>	<ul style="list-style-type: none"> <li>• materials manufacturer</li> <li>• materials supplier</li> <li>• arts consultant/consultancy (including curators, managers)</li> <li>• art restorer/conservator</li> <li>• technical services provider framer</li> <li>• framing supplier</li> </ul>
<b>Distribution/presentation - primary market</b>	<ul style="list-style-type: none"> <li>• gallery/dealer - commercial/private</li> <li>• artist studio galleries</li> <li>• artist-run gallery/project space</li> <li>• on-line artist portfolio or gallery</li> <li>• art museum/collections</li> </ul>
<b>Distribution/presentation - secondary market</b>	<ul style="list-style-type: none"> <li>• dealer</li> <li>• private collector</li> <li>• auctioneer</li> </ul>
<b>Reception</b>	<ul style="list-style-type: none"> <li>• art publisher</li> <li>• art journalist/critic</li> <li>• arts media specialist/publicist</li> </ul>

A number of entities were then excluded from consideration in the general survey. In the case of public art museums and collections and art schools in further and tertiary institutions, these were addressed through separate specialist studies (see sections 5 and 7). These were also excluded in order to avoid a skew or double counting in the estimation of the economic impact of the sector – though they operate with comparatively large budgets,

they are largely financed through direct public investment. Other types of entity that were excluded from the survey:

- corporate art collections – addressed in separate study of museums and collections
- funding agencies – economic impact addressed in separate section on funding
- non-specialist private education institutions which offer a wide range of subject areas alongside the visual arts/design
- artist studio galleries – assumed to be captured in artist survey

## Defining the Population

### *Artists*

In defining the artist population, the research team drew together a diversity of sources of primary information. Public and private galleries, arts organisations and artist associations listed in the South African Art Information Directory – an annual publication of the Global Art Information Directory – were approached to provide names and contact details of artists. While galleries were mostly reluctant to disclose this information, a substantial database of over 6000 individual contacts was developed, working primarily with information provided by associations and arts organisations.

The overall population figures produced from this database were then moderated on the basis of the ‘success rate’ achieved through the random sample of artists in each province, i.e. what proportion of artists contacted by interviewers corresponded to the criterion outlined in the preceding section. This process weeded out a significant number of amateur artists, people working in the craft sector and a small number of deceased artists. The results of this moderation produced two sets of figures for the artist population, producing a range of between 4750 and just over 6000 individuals- within which the overall artist population is likely to fall. A midpoint value of approximately 5 500 has been used in extrapolating data related to artists in the balance of the report. This process of refining the data is summarised in the following table and graphic:

**Table: Artist Population estimates, by Province**

	database	% professionals	moderated	midpoint
<b>Gauteng</b>	1993	80	1594.4	1794
<b>Western Cape</b>	2250	70	1575	1913
<b>KwaZulu Natal</b>	605	90	544.5	575
<b>Eastern Cape</b>	347	90	312.3	330
<b>Free State</b>	318	90	286.2	302
<b>Mpumalanga</b>	83	95	78.85	81
<b>Limpopo</b>	80	95	76	78
<b>North West</b>	307	60	184.2	246
<b>Northern Cape</b>	203	50	101.5	152
<b>TOTAL</b>	<b>6186</b>		<b>4752</b>	<b>5469</b>

These figures accord closely with the findings of the only previous local research report that explores this question in any detail, in the context of a creative industries study undertaken in the Western Cape in 2005, drawing on research commissioned from Gabriel Clark-Brown:



“Clark-Brown lists three categories of artists: amateur, part-time and full-time professionals. Using the membership and mailing lists of twenty-two art societies in the Western Cape, he estimates that there are in the region of 1500 amateur, 1000 part-time and 800 full-time professional artists working in the province at the moment.”<sup>7</sup>

### *Business and Organisations*

In defining the population of businesses and organisations operating in the sector, the research team drew primarily on the 2009 edition of the South African Art Information Directory. The South African Art Information Directory (SAAID) has been developed over the course of the past 8 years by the Cape Town based company Global Art Information (GAI), and represents the most comprehensive database of visual arts related entities nationally.

Entities in different regions were then extracted from the GAI database (the electronic version was ‘leased’ for the period of the project) and organised according to categories and exclusions outlined in 1.5.3 above. The database research for artists also yielded some new entries and the elimination of other entities no longer in operation. Some additional research was also conducted in Gauteng, aimed at both confirming and extending the contents of the GAI database.

This process produced the following overall numbers of entities by value chain component, broken down by province:

	<b>ETD Organisations</b>	<b>Support Services</b>	<b>Primary Market</b>	<b>Secondary Market</b>	<b>Reception</b>	<b>TOTAL</b>
<b>Gauteng</b>	96	65	193	25	11	390
<b>Western Cape</b>	82	76	320	16	8	502
<b>Kwazulu Natal</b>	26	11	69	2	3	111
<b>E Cape</b>	25	14	49	2	0	90
<b>Free State</b>	12	4	29	0	0	45
<b>Mpumalanga</b>	6	2	23	1	0	32
<b>Limpopo</b>	8	0	13	0	0	21
<b>North West</b>	11	2	13	1	0	27
<b>N Cape</b>	2	1	3	0	0	6
<b>TOTAL</b>	<b>267</b>	<b>175</b>	<b>712</b>	<b>47</b>	<b>22</b>	<b>1223</b>
<b>moderated</b>	<b>176</b>	<b>159</b>	<b>597</b>	<b>47</b>	<b>22</b>	<b>1001</b>

Important limitations to note:

- It is likely that the data reflects a slight skew towards the enumeration of entities based in the Western Cape – the region where the company that produces the data is based, and where the most comprehensive and up-to-date data is apparent.
- Many artists will have fallen outside of the sources of information compiled from existing databases. This is particularly true of Mpumalanga and Limpopo, where it was difficult to access existing sources of information and databases.

<sup>7</sup> Van Graan, M (2005) *Cultural Industries, Arts, Culture And Creative Arts: Towards an understanding of the current nature and scope of the Creative Industries in the Western Cape*. Unpublished report

## The Sample

### Artists

A first phase of sampling was conducted on a random basis, drawing on the database of over 6000 entries developed for the project. Artists who were not willing to participate were randomly substituted with other entries. A second wave of sampling sought to then address regional and gender skews in the first sampling (for example, a skew towards women artists, who were generally found to be more willing to participate in the survey than men, and in the Western Cape, a skew towards white and amateur artists).

The sampling of artists corresponds roughly to the provincial spread outlined in the preceding section for the overall artist population, with more weight given to the more rural provinces with small artist populations, in order to achieve reasonable sample sizes for these provinces. In the analysis of the data, provinces with small artist populations have been grouped as follows in order to be able to produce more meaningful sample sizes across these regions:

*Developing provinces* (moderate artist populations, presence of some significant arts infrastructure in secondary cities): Eastern Cape and Free State

*Undeveloped provinces* (small artist populations, minimal arts infrastructure, no major metropolitan clusters): Mpumalanga, North West, Northern Cape, Limpopo.

The following table shows the final sample achieved for professional artists on a provincial basis (note these figures exclude an additional group of 38 amateur artists included in the survey):

	<b>Artist Population (estimate)</b>	<b>Sample Size</b>	<b>Sample as % of Overall Population</b>
<b>Gauteng</b>	1794	66	3.7
<b>Western Cape</b>	1913	58	3.0
<b>KwaZulu Natal</b>	575	47	8.2
<b>Free State</b>	302	18	6.0
<b>EC</b>	330	16	4.9
<b>North West</b>	246	6	2.4
<b>Limpopo</b>	78	9	11.5
<b>Mpumalanga</b>	81	13	16.1
<b>Northern Cape</b>	152	12	7.9
<b>TOTAL</b>	<b>5469</b>	<b>245</b>	<b>4.5</b>

This sample size compares favourably with similar detailed surveys conducted in other countries. The major Australian study in this area involved a sample of 239 visual artists from a total population estimate of 9300 (Throsby and Hollister 2003: 119). A UK study, conducted by Morris Hargreaves McIntyre for the Arts Council of England in 2004, worked with a sample of 376 against an estimated total population of circa 50 000. A on-line and email survey conducted by Bonnar Kennlyside for the Scottish Arts Council in 2002 achieved

a sample of 527, against an unknown total population<sup>8</sup> - though likely to be comparable to the size of the South African artist population.

### *Businesses and Organisations*

A 10% target was established for each of the groupings identified in the preceding exercise. Respondents from each of the aforementioned groupings were randomly drawn from the GAI database. While respondents were provided with substantial briefing on the purpose and nature of the project – and provided with formal assurances regarding confidentiality from the Human Sciences Research Council - significant difficulties were encountered in persuading more commercial enterprises such as galleries to participate in the survey. Respondents cited a combination of concerns around the confidentiality of business information on the one hand, and the length of the questionnaire on the other in relation to other demands on their time. While most of the targets across different groupings were achieved, a substantially smaller proportion of business and organisations involved in the primary and secondary markets were sampled, as follows:

<b>Table: Sample Sizes Across Visual Arts Industry Value Chain (entities other than artists)</b>						
	<b>ETD Organisations</b>	<b>Support Services</b>	<b>Primary Market</b>	<b>Secondary Market</b>	<b>Reception</b>	<b>TOTAL</b>
<b>Moderated population</b>	176	159	597	47	22	<b>1001</b>
<b>Target sample (10%)</b>	18	16	60	5	2	<b>101</b>
<b>Actual respondents</b>	18	15	32	3	3	<b>71</b>
<b>% of population</b>	<b>10,3%</b>	<b>9,4%</b>	<b>5,4%</b>	<b>6,4%</b>	<b>13,6%</b>	<b>7,1%</b>

Due to the sensitivities of respondents around business information, a significant proportion (17%) of the interviews were administered on a face-to-face basis, and a significant group were administered directly by HSRC staff. This produced a skew toward businesses and organisations located in the Gauteng province as follows:

<b>Table: Sample Sizes by Province</b>			
	<b>N</b>	<b>% of sample</b>	<b>vs overall industry infrastructure</b>
Gauteng	33	46%	32%
Western Cape	17	24%	41%
Kwazulu Natal	6	8%	9%
Mpumalanga	4	6%	7%
Eastern Cape	3	4%	4%
Free State	3	4%	3%
North West	3	4%	2%
Limpopo	1	1%	2%
Northern Cape	1	1%	1%
<b>TOTAL</b>	<b>71</b>	<b>100%</b>	<b>100%</b>

<sup>8</sup> Bonnar Kennlyside. 2002. *Making their mark: an audit of visual artists in Scotland*. Scottish Arts Council: Edinburgh, p. 6

Due to the very small sample sizes involved at a provincial level, data for businesses and organisations has generally only been presented nationally, with provincial data extrapolated from these figures in certain instances.

This sample compares favourably with other surveys:

- The Gauteng Creative Mapping Project study involved the administration of 14 long form and 50 short form interviews – the former being substantially shorter than the format administered in the present study. The GCMP study however included a substantial number of artists within this sample. In the present project, a separate survey of 280 artists was commissioned.
- A UK study on the contemporary visual arts market, conducted by Morris Hargreaves McIntyre for the Arts Council of England in 2004, worked on the basis of a sample of 80 in-depth interviews with galleries and businesses

### **1.3 Policy Context and Considerations**

One of the key outputs contemplated in the Terms of Reference for this study was the development of a set of key policy recommendations aimed at enhancing the contribution of the sector to the delivery of key public policy mandates in the areas of social, cultural and economic development. In developing the recommendations contained in this report, a set of key considerations and principles around the intersection of public policy with the operation of the sector, as well as the current macro-policy context within which the visual arts sector is located, are presented in this section. More detailed consideration of particular policy-driven interventions – past, current and in prospect – are considered in each of the ensuing sections of this report.

#### **Public Policy and the Visual Arts: a Conceptual Framework**

The policy recommendations developed in this report have been informed by an overall analysis of the points of intersection between the visual arts and the world of public policy, institutions, legislation and programming. In general terms, five key areas can be articulated in which public policy impacts on the visual arts, both in current reality and in future prospect:

1. Funding of core artistic activities, including creation, exhibition, local and international promotion and the collecting and preservation and protection of artworks; these also include direct supply-side measures aimed at supporting the industry through the funding of institutions, organisations, projects and the activities of individual artists.
2. Funding of secondary activities which involve nurturing the audiences and consumption base for the visual arts, through for example arts education in schools and the outreach programmes of art museums.
3. Through indirect measures that seek to encourage or obligate investment and engagement from others; examples of these include taxation-related measures which treat donations received by non-profit organisations as tax exempt, and donations given as tax deductible; and the percentage on building projects provision for artworks commissions.

4. Through a variety of regulatory measures aimed at influencing or impacting on the way in which the industry itself operates. Such measures may be concerned with protecting artists moral and economic rights over their work (eg regulations relating to copyright and resale rights), providing benefits to artists (pension/social security schemes and so on) and the promotion and/or regulating of transnational trade in and movement of artworks.
5. Through measures aimed at regulating artistic expression.

All except the last of these types of policy intervention are in varying ways predicated on the idea of promoting the visual arts within a given society and economy based on the idea of the arts as an intrinsically valuable 'public good', and on the basis of a set of perceived benefits and impacts that the visual arts are believed (rightly or wrongly) to yield in relation to public policy in other areas, such as education, health and urban regeneration and development.

This report has drawn on a wide range of international precedents in each of the five areas outlined above. In developing recommendations that are appropriate and meaningful in the South African context – and which stand a chance of being implemented - we have been mindful of a variety of three key considerations, detailed in what follows.

1. Internationally, the majority of public sector measures that have been developed around the arts in general and the visual arts in particular, have been generated in the context of the advanced economies of North America, Europe and Australasia. These economies enjoy a fiscal base which is greatly in excess of the resources that are available in South Africa. A basic principle that we have sought to adhere to in the making of specific recommendations is that any proposed intervention needs to be affordable, both in relation to the public and private resources that are available, and in relation to the other pressing demands on these resources.

2. Careful consideration has also been given to assessing the prospective costs and potentially negative consequences on the one hand of implementing particular recommendations, against the likely benefits and impact yielded through such interventions in social, economic and cultural terms on the other. For example, implementing the Artist Resale Right assumes the establishment and sustainability of an administrative capacity to collect and distribute royalties to artists, which would need to be justified by a sufficient value and volume of transactions in the secondary market (costs). It is also a measure that is likely to be resisted by both local auction houses and international auction houses that have a presence in South Africa, as it directly impacts on the cost of doing business, and may result in business moving to other national contexts where these measures do not apply (a consequence). However, international experience suggests that such measures can yield significant revenue for artists who have derived comparatively meagre returns on the primary (first) sale of their work (a benefit).

3. A further consideration in the development of the recommendations in this report has been borne out of the recognition that many of the problems of the visual arts in South Africa are in fact problems of the arts in general – the funding system and arts education being two signal examples. This report has been mindful of the fact that these more generalised problems need to be addressed through measures that would have a wider impact on the arts sector in general. This study has confined itself to noting these wider

issues on the one hand, and suggesting sector-specific responses and remedies on the other, where these do not seem to exceed the mandate of the present assignment.

In what follows, the overarching Constitutional framework within which the arts sit and in which any policy recommendations would need to be effected is outlined, followed by summary consideration of the existing national policy framework for the visual arts.

### **The Constitution and Intergovernmental Relations**

Under the Constitution – which represents the highest policy and regulatory framework for the country as a whole - the competence for culture is assigned as a concurrent (i.e. simultaneous) competence of the national and provincial spheres of government, with both able to exercise policy and legislative functions in this area. The Technical Intergovernmental Committee (TIC) structure is composed of senior officials from the national and provincial departments of arts and culture and is tasked with harmonizing the development of policy and the implementation thereof at national and provincial level. No specific responsibility for the arts and culture is assigned to local government within the framework of the Constitution, though the legislative framework for intergovernmental relations encourages responsibilities to be devolved from national or provincial to local level where government is in most direct engagement with citizenry. Such downward assignment of powers is based on the assumption that local government has or is provided with the capacity and resources to take on this responsibility.

One of the consequences of this is that while we now have national and provincial departments concerned with arts and culture, outside of the major metropolitan municipalities, government generally has neither the mandate nor the capacity nor the financial resources to address the development of the arts and culture at a local level. This has had major implications for the implementation of certain areas of national cultural policy which assume a role for local government, such as in the area of community arts infrastructure and programming. The positive achievements of provincial and local government as well as some of the more negative implications of this framework are discussed in practical detail in the ensuing sections of this report.

### **The White Paper**

The governing policy underpinning the development of legislation, institutions and programmes during the course of the past fifteen years has been the national Department of Arts and Culture's White Paper on Arts, Culture and Heritage, which emerged from an extended process of consultation with the arts and culture sector and was adopted in 1996.

The White Paper sought to establish a framework within which the historical legacy outlined in the preceding section would be addressed, and in which the arts and culture would be integrated into the overall social and economic development goals and planning frameworks of government. The central concerns of the White Paper revolve around the promotion of the arts on the basis of both their intrinsic value (an 'excellence' agenda) as well as on the basis of their contribution to nation-building, social cohesion and economic development.

Within the White Paper, the visual arts are grouped with craft and design, though are also broken down into a (non-exhaustive) list of media and techniques ("include painting,

sculpture, graphic art, photography, drawing, mural painting, paperworks, performance art, tapestry, fibre art, video, installation works, computer graphics, etc.”<sup>9</sup>).

The White Paper makes reference to three specific intentions to be addressed in relation to visual arts, craft and design:

- To facilitate co-operation between government, para-statal and non-governmental organisations at national, provincial and local levels
- To influence the education and acquisitions policies of public institutions concerned with the visual arts so as to reflect a wider concept of visual culture, embracing craft and design heritage
- To investigate the feasibility of establishing an Art Bank or similar mechanism

Five additional overarching strategic thrusts can be gleaned from the White Paper, all of which have implications for the visual arts:

- the provision of **infrastructure**: making the arts more accessible to the majority of the population through the development of community arts centres located in rural and peri-urban/township nodes, with programmes connecting the arts to wider social and economic development objectives
- **human resource development**: planning for the training of arts practitioners, arts educators and trainers and the training of people in areas of identified critical and scarce skills, specifically in the areas of arts management and administration.
- greater access to **public funds** to support the creation and dissemination of art: the White Paper contemplated the establishment of a National Arts Council, the use of tax benefits to encourage private sector sponsorship, the establishment of a Lottery Fund for the arts (through engagement with the department of trade and industry), the development of a National Association for Business Sponsorship of the Arts securing complementary investment from international partners
- the **development of markets and audiences**: through integrating the arts into the school curriculum, the activities of community arts centres, maximizing the use of existing infrastructure concerned with the presentation of the arts, and through festivals programming
- and securing **the rights and status of artists**: through the review of copyright legislation, and legislation relating to labour relations, taxation and social security.

It should also be noted that the White Paper went through a process of wideranging review during the course of 2007/8 culminating in a National Summit on Arts and Culture. The document that emerged out of this review process highlighted a set of wide-ranging issues relating to challenges in policy, legislation and the state of implementation. The recommendations emerging from this process of review are presently under consideration by the Department.

The White Paper also contains explicit recognition that the realisation of the goals outlined above would be contingent on engagement both with other departments at a national level, the department’s counterparts at a provincial and local level, and the private sector. Key other departments at a national level include:

- The Department of Finance (DoF) which is responsible for revenue collection and legislation governing taxation (including tax breaks and incentives), as well as for the allocation of public money across departments and spheres of government

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<sup>9</sup> DACST (2006) White Paper for Arts, Culture and Heritage. Clause 25.

- The Department of Trade and Industry (dti) is responsible for copyright legislation that governs the cultural and creative industries and for promoting the conditions, through for example incentives, rebates and export schemes, that facilitate the growth of these industries.
- The Department of Labour (DoL) is responsible for legislation that governs labour relations.
- The Department of Higher Education is responsible for legislation regarding human resource development in the cultural industries, including the tertiary education system (under which art schools operate), the FET college system (vocational training in the arts) and the Sector Education and Training Authorities (work-based training in the arts) – the latter competence until recently was located with the Department of Labour.
- The Department of Basic Education (DoE) is responsible for the provision of in-school visual arts education.
- The Department of Home Affairs is responsible for the issuing of work permits in the cultural industries.
- A number of other departments play a more minor role in policy that impacts on the sector, including the Departments of Tourism, International Relations and Cooperation and

While there is currently very little policy or legislation exclusively or specifically concerned with the visual arts, the sector is affected in variously direct and indirect ways at a national, provincial and local government level through a variety of institutions, policies and programmes that address the arts, culture and heritage more generally. A map of how these different government departments, institutions and agencies interact around the visual arts at a national, provincial and local level is provided on the following page.

In each of the ensuing sections, the current status of the policy objectives outlined in the White Paper are assessed in relation to the various components of the visual arts system which they have a bearing on (artists, infrastructure, the market, etc). Consideration is given to current legislation, the department or departments responsible for implementation, the status of implementation of a particular policy area and issues and recommendations associated with policy, legislation, institutions and programmatic intervention in a given area.

## **International Agreements**

There are also a variety of international agreements and declarations that the South African government is a signatory or party to which have relevance for the visual arts, and particularly for the position of individual artists. These include:

- The United Nations Recommendation on the Rights and Status of the Artist (1980) – a wide-ranging recommendation which encourages member states to progressively introduce measures aimed at protecting and enhancing the social and economic position of artists in society. This recommendation is discussed in more detail in Section 5.
- the Berne Convention for the Protection of Literary and Artistic Works (1886, with various subsequent revisions, with South Africa becoming a co-signatory in 1928): a treaty managed by the World Intellectual Property Rights Organisation (WIPO) which makes provision for reciprocal arrangements between states relating to the protection of copyright and moral rights in artistic work, and which also makes



provision for copyright collection and artist resale rights. These provisions are discussed in greater detail in Section 5 (The Position of Artists).

- the Convention for the Protection and Promotion of the Diversity of Cultural Expressions (2005, with South Africa becoming a party to the Convention in 2006): commits government to promoting local cultural industries, protecting local cultural industries from disadvantageous trade agreements, consulting with industry and civil society. This Convention is discussed in more detail in section 3, The Nature of Demand for the Visual Arts.
- the Nairobi Plan of Action (originally developed in 2005 and then refined and readopted in 2008 at a meeting of African Ministers of Culture in Algiers). The Nairobi Plan of Action is discussed in more detail in Section 2, An Overview of the Visual Arts Industry.

# Visual Arts Policy and Funding Map

Linkage

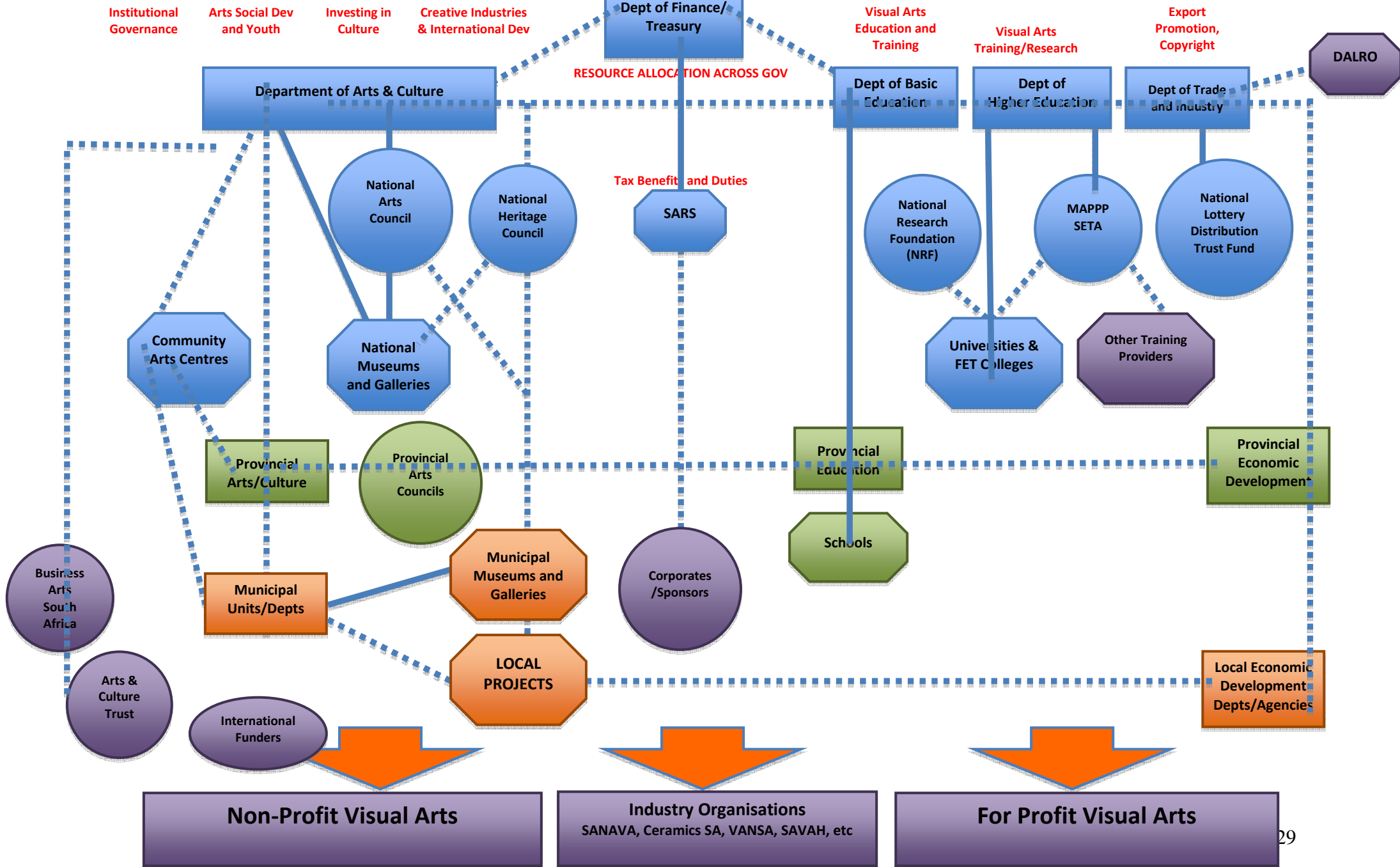
Legislated accountability

Funding Body

Government Dept

Institution/Agency

Blue = National Government  
 Green = Provincial Government  
 Orange = Local Government  
 Purple = Non-government



## Section 2: An Overview of the Visual Arts Industry in South Africa

This section provides a high level summary of the visual arts industry in South Africa, attending to the broad historical context for the industry and clarifying the scope of what is understood by the visual arts in the context of this report. Consideration is given to the general operation, structure and geographical distribution of the industry. Key characteristics of businesses and organisations operating in the sector and a profile of the labour market are presented, based on data gathered through the survey. The overall economic impact of the sector is summarised, together with consideration of social and cultural contribution of the sector. The section concludes with a consideration of the overall framework for governmental engagement with the sector to date.

### 2.1 The Global-Historical Context for the Visual Arts

While this report is largely concerned with functioning and organisational structure of the visual arts industry in South Africa today, in better understanding the nature of the industry it is worth giving some summary consideration to the historical roots of this system.

South and Southern Africa is home to one of the oldest traditions of image-making in the world – the rock art paintings and engravings of the various (and variously described) Khoisan peoples. Rich pre-colonial traditions of image and object played a powerful role in the social and cultural fabric of the pastoralist societies that moved into the subcontinent during the course of the last two millennia. While these visual traditions continue to inform and provide a (sometimes contested) resource for the work of visual artists today, the key features of the visual arts industry in South Africa have been shaped by institutions, markets and a framework for the definition and criticism of the visual arts that has its foundations in 18<sup>th</sup> and 19<sup>th</sup> century Europe, and which have played themselves out in complex ways in the South African context. The re-imagining and active reshaping of these institutions, markets and language in the context of what is now a fully ‘globalised’ industry, may be regarded as a signal – and both challenging and stimulating – feature of the visual arts in Africa and South Africa.

In their analysis of the fine arts system in North America, McCarthy, Ondaatje, Brooks and Szanto<sup>10</sup> note the importance of three interwoven historical developments in the shaping of the contemporary understanding of the visual arts – the rise of the public art museum, the development of the market for the visual arts and the emergence of art criticism as a distinctive discourse governing the definition, appreciation and valuation of the visual arts.

Prior to the evolution of the public art museum in the eighteenth and nineteenth centuries, art appreciation was closely linked to arts patronage through the churches and aristocracies of Europe – the ownership and appreciation of art being confined to a wealthy few in largely private contexts, with the exception of religious art. The idea that underpins the art museum – the notion that the appreciation of the visual arts, and the benefits that attach to this appreciation, should be made available for the general public outside of a religious context – only developed during the course of the nineteenth century.

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<sup>10</sup> McCarthy, K. Ondaatje, E. Brooks, A & Szanto, A. 2005. *A Portrait of the Visual Arts: Meeting the Challenges of a New Era*. Rand Corporation: California. pp. 9-13

While this made art available to a wider public it also broadly coincided with the development of the Enlightenment concept of ‘the aesthetic’. This approach to the appreciation of art placed increased emphasis on both the universality and the purity of the aesthetic experience – the appreciation of form outside of any reference to content as an essential and profound human capacity - and was the philosophical driver underpinning the move towards abstraction in modernist art.

These critical ideas powerfully shaped the development of the idea of the art museum in the twentieth century – and in turn, the ‘white cube’ concept of the contemporary art gallery - as an environment of pure contemplation, unencumbered by any investment in specific content, discernable subject matter or reference to the wider world. The late nineteenth and early twentieth century also saw the simultaneous maturation of the basic system for the arts market that we know today. Progressing from the seventeenth century system of guilds and academies, the nineteenth century saw the market for the visual arts increasingly centred around the activities of artists, dealers and critics – and the positioning of the latter two groups as arbiters of taste and economic value over the canon of both historical and contemporary art.

The 1960s, 70s and 80s saw a proliferation of new artistic movements in North America and Europe that in various ways sought to challenge this elitist concept of art – and also recuperate the idea that art might have a content and address contemporary social and political issues. The period of the 80s and 90s also saw three other intertwined developments. The first key development was a boom in the market for both historical and contemporary art. The second key development has been the increased priority accorded by art museums to the aggressive cultivation of audiences for contemporary art through increasingly sophisticated marketing and audience development programmes - the emergence of the phenomenon of the blockbuster exhibition being the emblematic phenomenon in this regard. The period has also seen massive investment in museum infrastructure during this period in the advanced economies of North America, Europe and Australasia. The third key development has been the rise of the curator as a powerful figure in the determination of both value and meaning in contemporary art.

Globally, the art museum continues to function as a primary venue for the public appreciation of the visual arts – biennales and art-fairs representing additional event-based platforms specifically designed to showcase cutting edge contemporary art within either a critically driven (biennale) or commercially driven (art fair) framework. In Anglo American and European contexts, having one’s work acquired by or exhibited in a public art museum context continues to represent a critical aspiration for the majority of contemporary artists, a moment of ultimate validation.

## **2.2 Industry Definition and Scope**

For the purposes of this report, the visual arts sector is taken to encompass the activities of individual artists, collectives, businesses, organisations, institutions and freelance professionals who are involved in the production, circulation, retail and consumption of visual artworks. In order to avoid some of the philosophical problems that attach to discussion of what in fact constitutes the core object around which all of this activity revolves – the visual artwork - this report has taken a stance that is both functionalist and accommodating on this question. We have considered visual artworks to be any work that is presented as such within the discursive, institutional or commercial frameworks of the visual arts. In other words, those objects or experiences that are presented in the context of art

criticism, the arts market (through galleries and similar contexts) and/or public and private art collections and museums.

In this context, it is important to note that the report encompasses two broad and quite different streams within the output of the sector – ‘the contemporary’ and ‘the commercial’. The so-called ‘commercial’ fine arts includes wild-life, landscape, watercolour, still-life and portraiture, which involve traditional media and techniques being applied to variously traditional approaches to the representation of subject matter. Such work usually has a largely decorative function and the activities at this end of the visual arts market intersect in significant ways with interior design and craft. This work derives its primary validation from the marketplace, and generally does not participate in (or acquire validation through) art-critical discourse and the institutional frameworks for the visual arts.

The ‘contemporary’ visual arts encompasses work which engages in some degree with the contemporary critical discourse on the visual arts, and which involves a wide variety of media and techniques (including traditional methods) being applied to issues and questions arising both from the history of artistic practice as well as the wider social, cultural and political realm. Signature methods include installation, performance art and digital arts, but may also include a variety of ‘traditional’ methods such as painting and sculpture. By contrast to the ‘commercial’ visual arts, the contemporary visual arts is heavily invested in the discursive and institutional frameworks of the visual arts (represented by art journals and public and private museums and collections). The market for contemporary art is characterised by much greater extremes (in price) than is the case with the market for so-called ‘commercial’ art – the reasons for this are discussed in more detail in the next section.

At their extremes, each of these streams is characterised by very different audiences, consumers, distribution networks and frameworks for training, critical reception and professional validation. In reality – and particularly in the South African context - the distinction between these two streams is often blurred, and many artists and galleries operate simultaneously at different points along a continuum between the two.

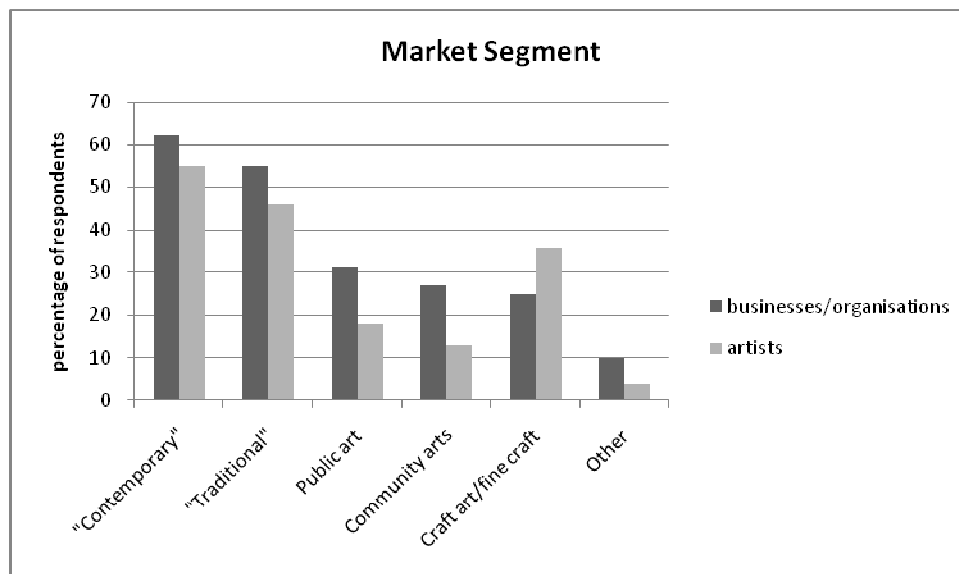
Three additional secondary areas of industry activity are addressed by the report which participate in different ways in both of these broadly defined streams:

- public art (the commissioning and production of temporary or permanent artwork for public spaces),
- community arts (the deployment of the visual arts in education, health and other developmental contexts),
- fine-craft and contemporary craft and design (the production of unique, once-off handcrafted items which may be presented in a gallery context).

Artists, businesses and organisations who participated in the survey were asked to identify the segments in which they situated themselves<sup>11</sup>:

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<sup>11</sup> “Contemporary” was elaborated as follows in the questionnaire: “contemporary, conceptual work, including new media, installation, video and performance based work”. “Traditional” work was elaborated in the following way: “traditional artworks employing traditional materials and subject matter”



The majority of individual artists, businesses and organisations identified their involvement in more than one area, suggestive of the fluid nature of these distinctions as they play themselves out in the reality of creative practice.

An area which is not given any detailed consideration in this report is what is known as Outsider art – art produced by individuals that have generally not undergone any formal training, and would not normally participate in either the visual arts market or the contemporary discourse around the visual arts. This work can however be co-opted into the market and the contemporary discourse of the visual arts, and this is particularly true in the South African context, where examples abound of artists who have created work outside of the formal frameworks of the visual arts, and whose work is then drawn into this world through the intervention (usually) of curators and gallerists who ‘discover’ this work and reframe and recontextualise this work within the context of public and private galleries.

### 2.3 How the Industry Works

Artists produce creative work which is the primary revenue-generating asset of the sector. The concept of the ‘original artwork’ generates a number of unique features for the sector. Unlike other parts of the creative industries, where added value is created through the production of multiples or copies, added value in the visual arts is created through the accumulation of value around unique, once-off products. One of the consequences of this is the existence of both a primary and a very significant secondary (resale) market for visual artworks – the latter generating substantial revenue and influencing prices in the primary market.

Artworks are usually sold in the first instance in the context of gallery exhibitions (the primary market), but may also be sold directly from the artists studio or through an on-line platform. Artworks may then be resold in the secondary market (dealers and auction houses), after circulation in the primary market. Work may also be commissioned by individuals, corporations or public agencies for private homes, corporate collections or public spaces and buildings – this usually involves an agent/agency of some sort playing a mediating/managing role between artists/producers and clients/buyers.

Visual artworks are characterised by their uniqueness, and the investment of quantities of symbolic capital in individual works, and the close identification between artworks and the reputation and profile of particular producers – and in turn the reputation and profile of those involved in presenting and selling work (gallerists and dealers). From a statistical point of view, it is an unusual sector in that input costs (materials, equipment) can often bear little obvious relation to the price of outputs/artworks. In industries with a more conventional value chain (e.g. the music industry) it is easier to disaggregate the inputs and outputs at different stages of the value chain (content development, live performance, recording, distribution and retail). The visual arts industry is characterised by extreme fluidity in roles assigned to different players in the value chain. Artists may sell directly to buyers and dealers from their studios; gallerists frequently operate in both the primary and secondary markets for the visual arts; businesses that derive their primary income as suppliers/support services may also acquire and sell original works of art, and so on.

Occupations in the sector are generally knowledge-intensive and the majority require comparatively high levels of both formal education and on-the-job experience before significant professional validation and concomitant economic reward is achieved, whether as an artist, administrator, curator, gallerist or dealer. The visual arts market is relatively porous to new entrants, partly a function of the ephemeral nature of the product on offer, with the (seeming) promise of high returns based on minimal investment. However, while easy to enter the industry, the industry is sustained by fragile and volatile levels of demand for new entrants, and it is difficult to sustain entrepreneurial activity in the absence of patiently nurtured networks of artists, suppliers of services and - most importantly - buyers.

Broadly speaking, exhibitions of artists work can come about in two ways. On the one hand, artists may work individually or collectively to produce creative work that is then exhibited in public or commercial galleries, or independent art spaces. On the other hand, the concept for an exhibition project may be generated by a curator, who will then work with one or more artists whose work is relevant to the exhibition concept in realising an exhibition project in a commercial gallery, independent project space or a public or private museum context/gallery context.

For commercial galleries, revenue is primarily generated through the sale of artwork, and to a much lesser degree in the South African context, the sale of publications and other exhibition related merchandise. Designers, writers and editors are involved in the development of publications that may accompany exhibitions. Independent artist-run galleries will usually be self-financed or rely on grants to address their running costs – they are seldom viable as business entities, but provide an important space for creative innovation and development outside of the commercially driven parameters of commercial galleries – which in turn informs buying patterns in the commercial market. In a similar way, public art museums and galleries represent publicly subsidised spaces in which in-house or independent curators can develop exhibition projects that are not driven by primarily commercial dictates – artwork is not normally sold in these contexts.

## **2.4 The Structure of the Industry**

### *Artists*

The visual arts industry is marked by the fact that the most common organisational entity consists of a single producer/maker – the artist. In this sense the visual arts is similar to, for example, literature, but different to dance, craft, theatre and music, where the nature of

production places intrinsic demands on much greater degrees of collective organisation and co-operation.

The database developed for the survey suggests that there are in the region of 5500 artists in South Africa. The survey aimed to primarily assess the position of professional artists i.e. people who are pursuing the visual arts as a career and are working, or pursuing work as producers of original artworks within the field. A number of screening questions were put to respondents, aimed at distinguishing between those who pursued the visual arts on a professional basis, and those who pursue the visual arts as a recreational rather than professional activity (i.e. amateur artists).

The following selection of international comparators places these figures in some perspective:

	Population	Est. no of visual artists	Artist:Population ratio
South Africa	48 million	5500	1:8727
Australia <sup>12</sup>	22 million	9000	1:2444
UK <sup>13</sup>	62 million	28 500 - 52 000	between 1:2175 & 1:1192
US <sup>14</sup>	309 million	250 000	1:1236

Unsurprisingly, advanced economies with large proportions of upper middle and high income groups within the total population are more able to support the consumption of 'income-elastic' products such as the visual arts, and hence have a larger artist population in relation to the general population.

#### *Firms*

Just over 1200 organisational entities are engaged in a variety of ways around training, production, presentation, retail and mediation of the core activities of visual artists. Of these 1200 entities:

- the majority (58%) are primarily concerned with the presentation of visual arts to audiences and consumers – commercial and artist run galleries/project spaces, public and private museums and collections and project spaces. The survey data shows that the selling of artwork and presentation of exhibitions/projects were (respectively) noted as an area of activity for 70% and 59% of all entities across the value chain– an indication of the fluid and multiple roles that different actors within the sector play.
- The second largest group (22%) is composed of education, training and development organisations – art schools in tertiary institutions, private art schools, artist associations and non-profit arts development organisations. A striking 54% of all

<sup>12</sup> Throsby, T & Hollister, V. 2003. *Don't Give Up Your Day Job: an Economic Study of Professional Artists in Australia*. The Australia Council: Sydney.

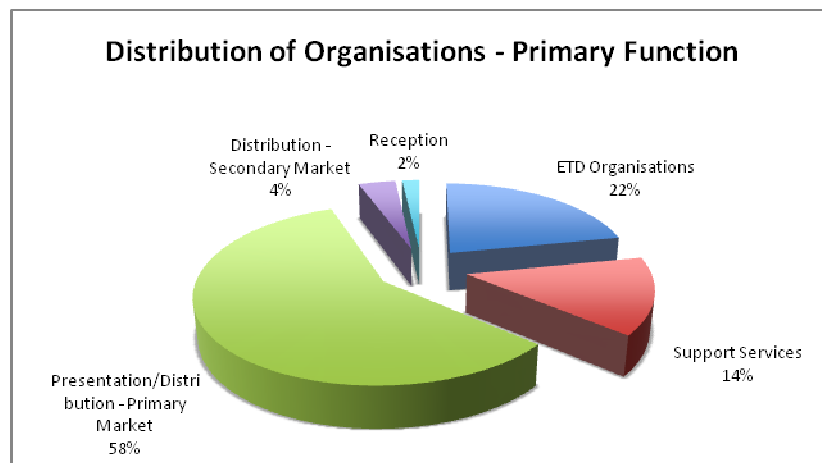
<sup>13</sup> The Visual Arts Blueprint report produced by Creative and Cultural Skills (2009) reports a figure of 28 500 at one end of the spectrum. Morris, Hargreaves and McIntyre. 2004. *Taste Buds - How to cultivate the art market*. Arts Council England publication, accessed at <http://www.takingpartinthearts.com/content.php?content=1034>; estimates for visual artists in the UK range between 34 000 and 120 000; the Artist Network figures have been used in the above analysis.

<sup>14</sup> McCarthy, K. Ondaatje, E. Brooks, A & Szanto, A. 2005. *A Portrait of the Visual Arts: Meeting the Challenges of a New Era*. Rand Corporation: California.



entities indicated that they provided education and training services in the course of their work.

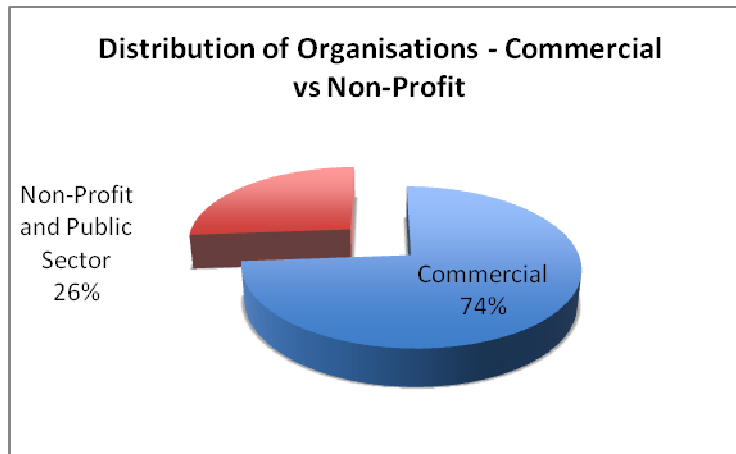
- Organisations concerned with providing specialist materials, equipment and technical services (eg framing, installation) to visual artists and businesses constitute 14% of the total group, though it should be noted that some of these entities do not provide exclusively to the visual arts sector. 46% of all entities indicated the provision of support services as an area of activity.
- Small numbers of entities (4%) are primarily involved in the resale of work in the secondary market (auction houses, consultancies and collectors) – though it should also be noted that the resale of work is also an activity of many galleries/gallerists.
- The smallest group (2%) of entities is comprised of specialist providers concerned with the mediation and promotion of the visual arts to a general public through publications and print, on-line and broadcast media – specialist art publishers, publicists, freelance writers and critics. 15% of all organisations indicated publishing and media as forming part of their work activity.



The largest number of entities are concerned with the presentation and sale of visual art in the primary market – primarily commercial galleries. A small proportion of entities involved in the primary market are in fact more concerned with presentation/exposure than they are with sales – public and private art museums and collections, independent project spaces and the like.

### Commercial vs Non-Profit

Another way of looking at the distribution of organisations is on the basis of the distinction between the commercial and non-profit dimensions of the sector. While the majority of organisations are involved in the commercial dimensions of the sector, about 30% of the non-profit organisations and public institutions that operate in the sector consist of large publicly funded institutions that play a significant role in the visual arts system – public art museums, art schools in tertiary institutions and funding agencies.



Some international reference is also useful here. A 2009 report<sup>15</sup> produced by Creative and Cultural Skills suggests that there are 4580 businesses active in the visual arts in the UK across the value chain, in a country with a similar population size to that of South Africa. A 2005 research report<sup>16</sup> on the presentation of the contemporary visual arts in England, suggests that there are roughly 1200 business entities concerned *only* with the presentation of **contemporary** visual art in England alone, a third of these also presenting contemporary craft and design. A staggering one third (34%) of these entities are publicly funded institutions regularly supported by regional or national government, and a further third is comprised of commercial galleries. In the South African context, just over 640 entities were identified which are concerned with the presentation of visual arts. The survey found that only 4% of these entities are publicly funded museums, galleries or collections – more than 90% of these entities are galleries.

## 2.5 The Distribution of the Industry

The bulk of the business and organisational infrastructure of the visual arts is located in Johannesburg and Cape Town – based on a crude headcount, 41% of all the industry infrastructure in the country is evenly split between these two cities. The proportion of the economic value of the industry generated in these two centres (as opposed to just the number of entities) is however substantially higher, as these centres are home to the major commercial galleries and auction houses.

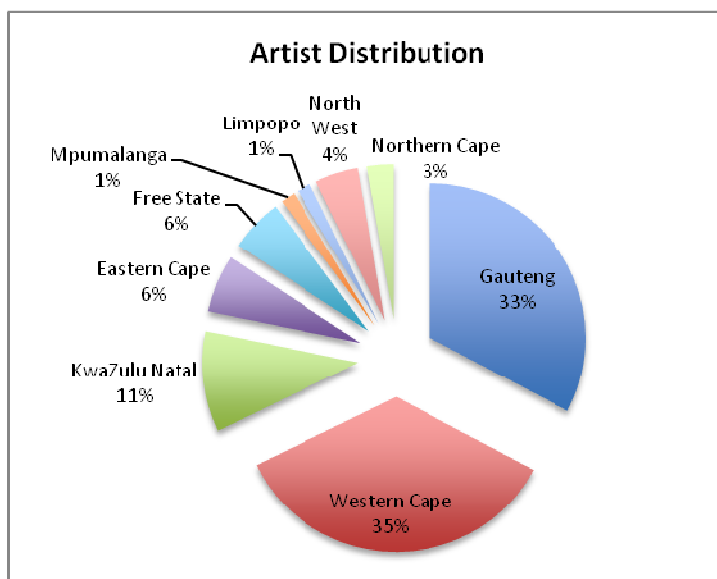
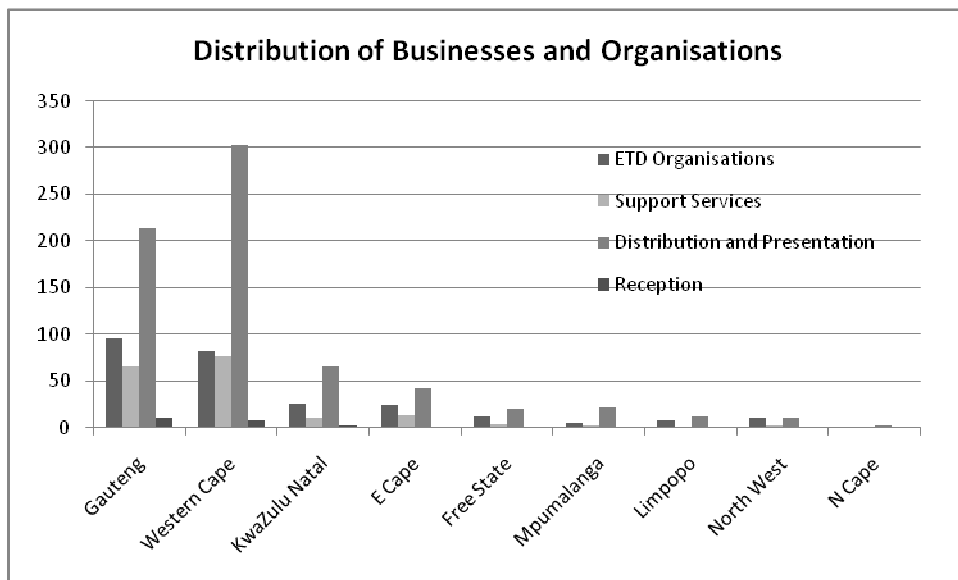
The province of Gauteng has the most dense physical concentration of the industry in the country based on the number of individual entities, with 32% of industry infrastructure occupying just over 1% of the total land area of the country. Within Gauteng, the City of Johannesburg accounts for 64% of all visual arts entities. By contrast, the Western Cape (11% of land area) accounts for 41% of industry infrastructure, with approximately 50% of this located in the greater Cape Town area – though the Western Cape has the largest proportion of infrastructure in both absolute terms and relative to the general population of that province.

Kwazulu-Natal, the Eastern Cape and the Free State represent significant secondary industry clusters concentrated around Durban, secondary cities in each province and small rural artist communities. Very low levels of infrastructure are to be found in Mpumalanga, Limpopo, the North West and the Northern Cape. The distribution of artists follows a similar pattern to

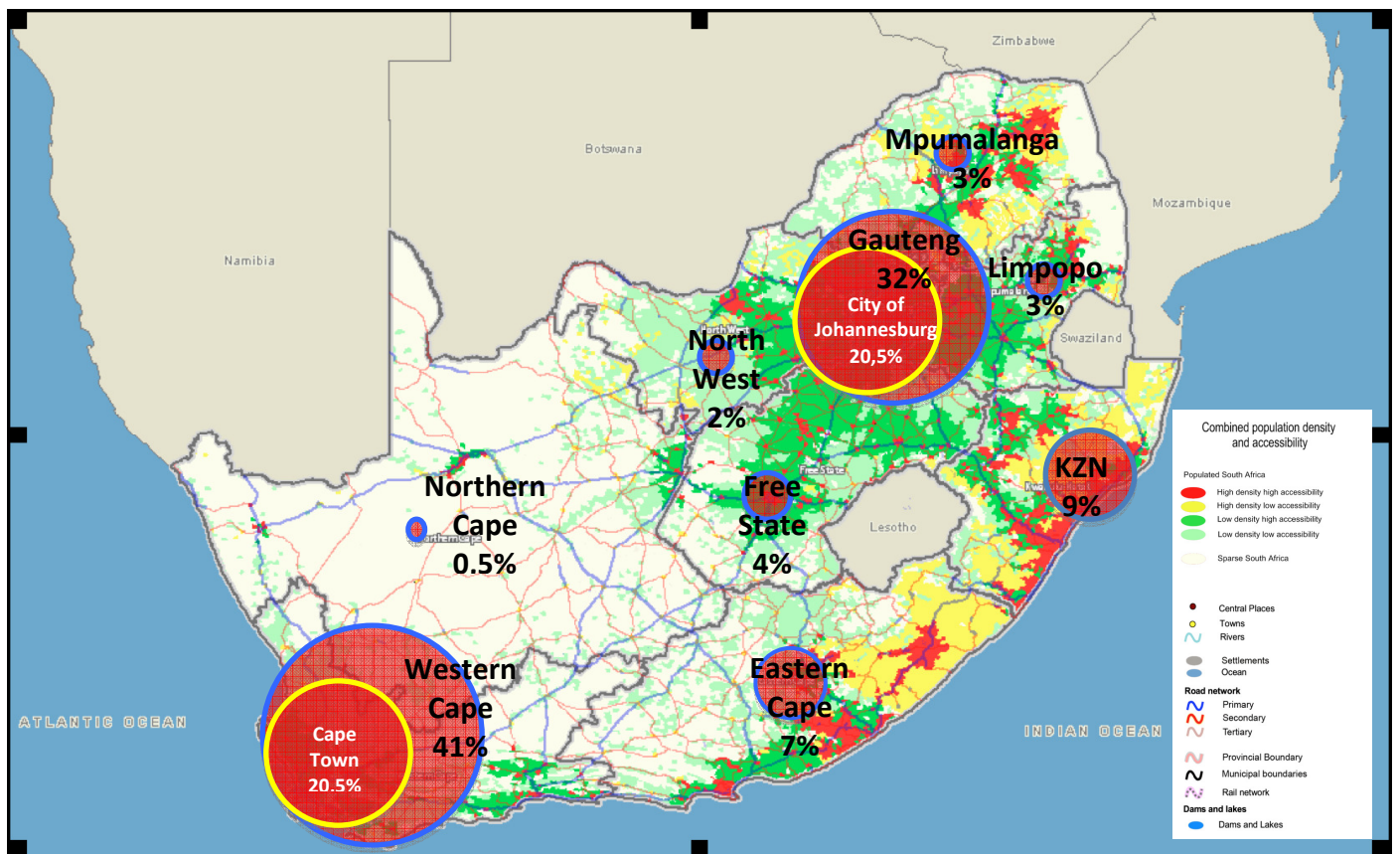
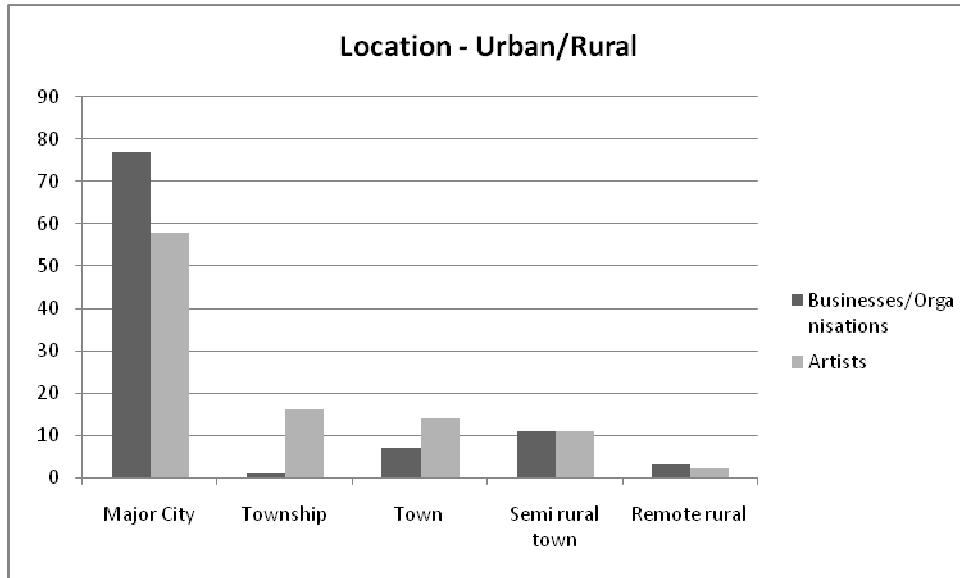
<sup>15</sup> Creative and Cultural Skills. 2009. The Visual Arts Blue Print: a Workforce Development Plan for the Visual Arts in the UK. London, England.

<sup>16</sup> Burns Owen Partnership/Experian Business Strategies. 2005. Review of the Presentation of Contemporary Visual Art. London: Arts Council England.

that of business and organisational entities, with roughly equal proportions of artists found in Gauteng and the Western Cape (see the Methodology section for qualifications on these figures, and section 5 for more detail on the distribution of artists).



Of the surveyed business and organisational entities, the great majority identified themselves as being located in the central business districts and suburbs of major urban centres, with almost none located in township or deep rural/remote contexts – though significant numbers of artists live and work in township contexts. Respondents located in urban centres were most likely to regard this as positively impacting on their market access, with 81% of urban respondents indicating that this was the case.

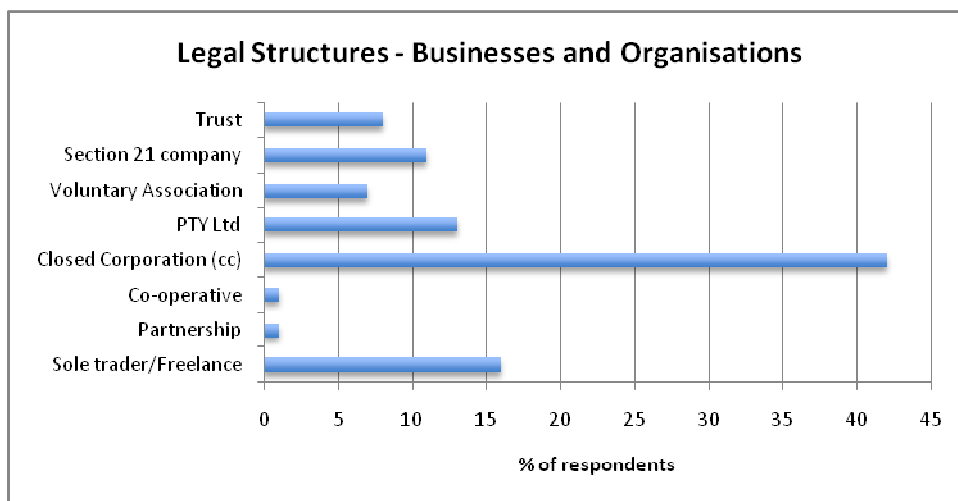


## 2.6 Key Characteristics of Visual Arts Businesses and Organisations

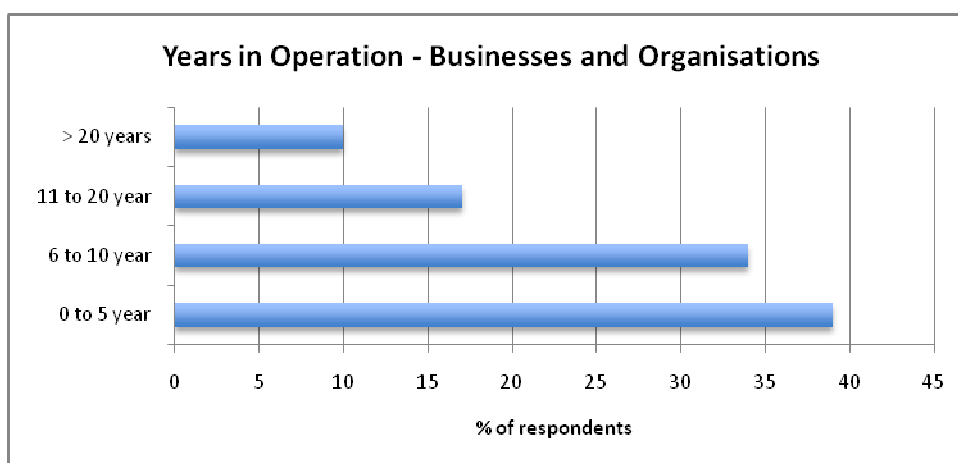
A quantity of data on key characteristics/attributes of business and organisations working in different parts of the value chain across the sector was obtained through the survey of entities working across the sector. These are summarised in what follows. Where relevant, information from the artist survey has been included here, though more detail on this component of the industry is furnished in section 5 of this report, The Position of Artists.

### *Legal Structures and Longevity*

The closed corporation (the simplest commercial entity to establish in South African law) is the most commonly reported legal entity reported by business and organisations, comprising 42% of the sample, followed by sole traders/freelance workers (16%), PTY (Ltd) structures (13%) and section 21 companies (11%), with smaller proportions of voluntary associations, trusts, and negligible numbers of partnerships and co-operatives.



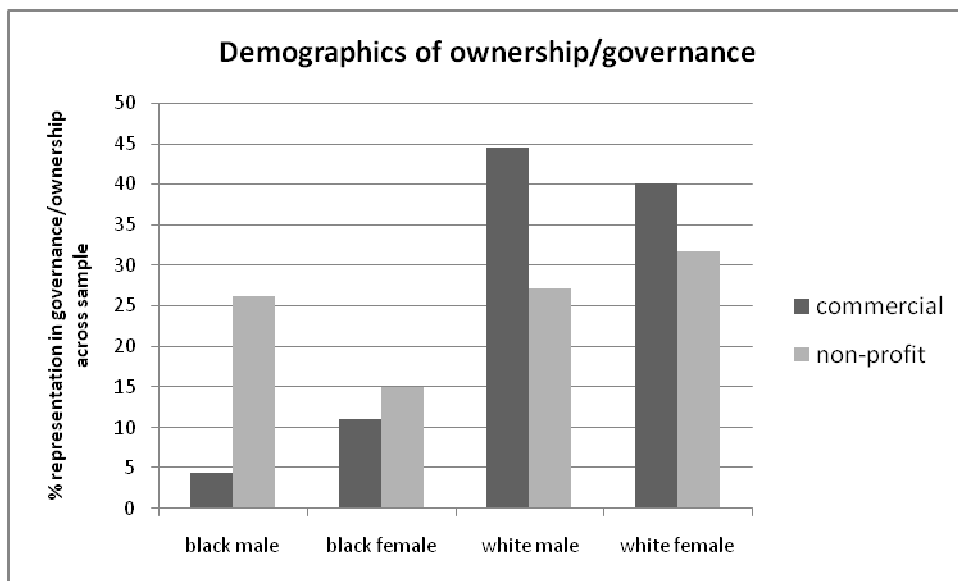
Most businesses and organisations have been in operation for a relatively short period of time, with the majority (39%) falling into the 1-5 year category, and 34% falling into a 6 – 10 year category.



### *Ownership and Governance Demographics*

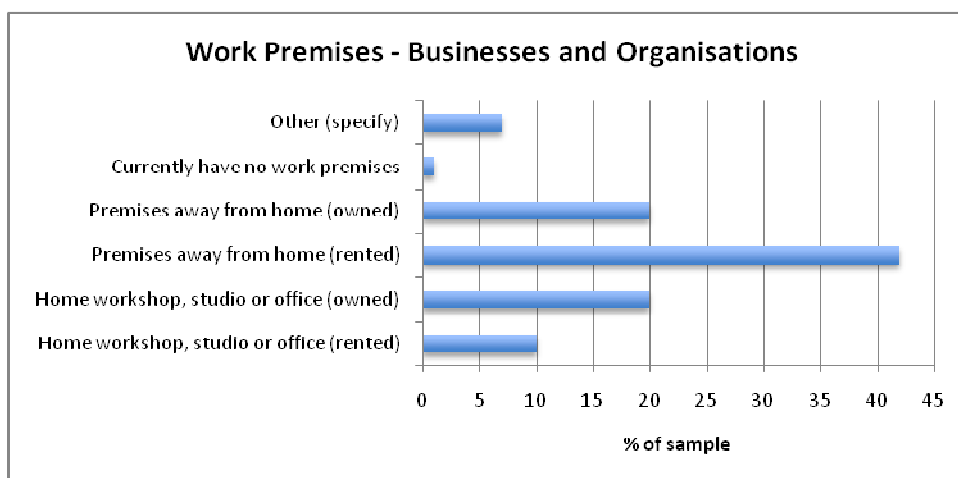
The ownership and management of businesses and organisations in the sector is overwhelmingly white. However, while 89% of all entities reported their top manager or principal owner as being white, a slightly more nuanced picture emerged when the demographics of ownership (for commercial entities) and governance (for non-profit entities) was examined.

While commercial entities are overwhelmingly owned by white South Africans (with a roughly equal gender split), more than 40% of the membership of boards of non-profit organisations in the sector are black South Africans. The sample also suggests that black women are more likely to own business entities than black men, and white men are marginally more likely to have ownership than white women. Black men have substantially greater representation on the boards of non-profit organisations than they have shareholding in business ventures.



### Premises

Most of the surveyed firms operate from rented premises, with equal but smaller proportions operating from home office/studios and owned premises away from home.



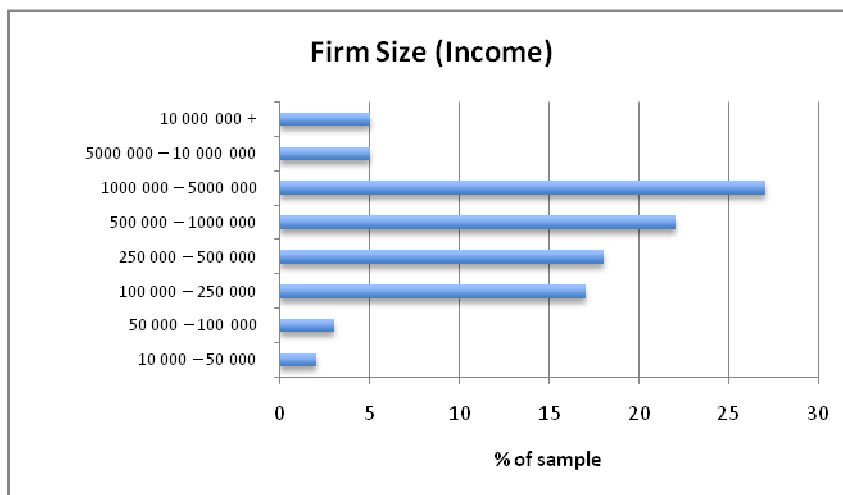
### Firm Size – Income and Employees

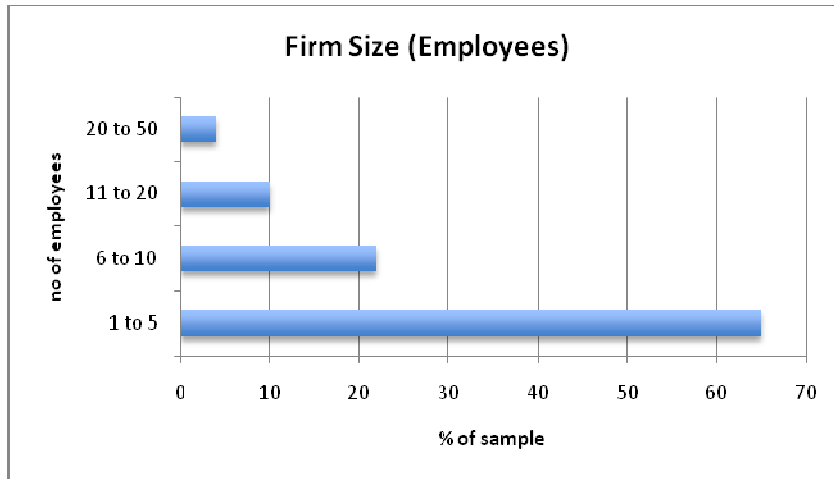
Income variation is pronounced among businesses and organisations operating in the sector. Based on the sample from the survey, median income is approximately 30% of mean income. This disparity is most marked among organisations involved in the presentation of the visual arts (commercial and non-profit galleries). It is also important to note that this analysis excludes auction houses, art schools in tertiary institutions and public and private collections.

**Table: Businesses/Organisations – Mean, Median and Minimum/Maximum Values (2008)**

	ALL	Presentation/Distribution – Primary Market
<b>N</b>	59	25
<b>mean</b>	2 006 880	2 862 680
<b>median</b>	580 000	500 000
<b>min</b>	10 000	60 000
<b>max</b>	24 000 000	24 000 000
<b>median as % of mean</b>	<b>30%</b>	<b>17%</b>

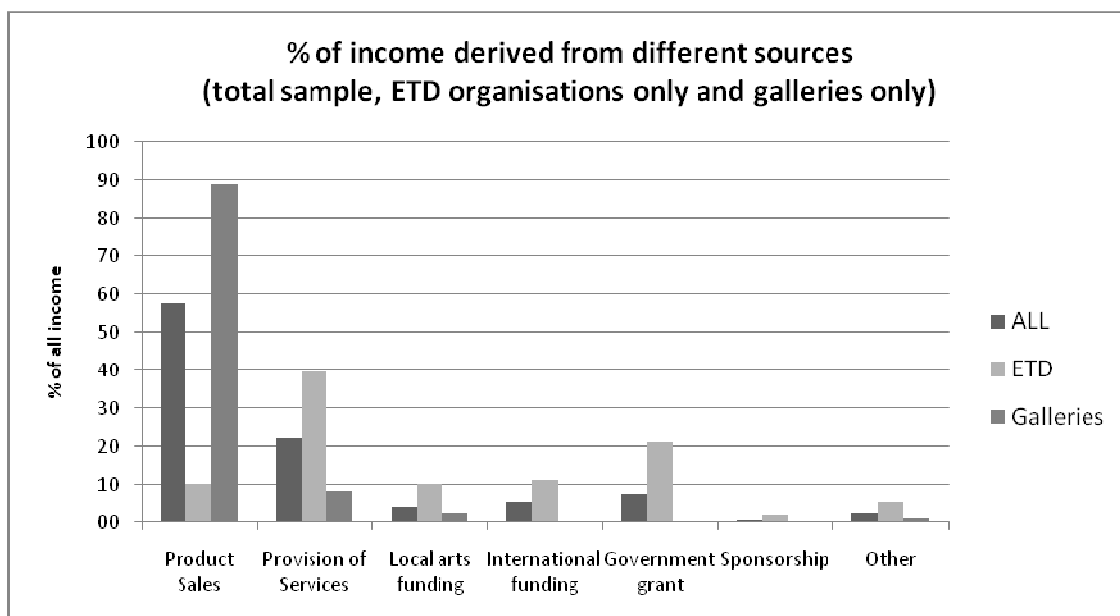
There is also no straightforward correlation between firm size from the perspective of staffing and income, as evidenced by the contrasting profiles apparent in the following charts. The majority of business and organisations involved in the presentation and distribution of the visual arts fall within a fixed range of employees (between 1 and 10), but are distinguished by substantial variance in income – a reflection of the significance attached to a variety of less tangible factors than the size of their workforce. These key variables primarily constellate around the reputation or ‘subscription value’ of particular galleries and the artists that they represent, a set of factors that come into play most powerfully in the market for the contemporary visual arts, as noted in the discussion of the market for the visual arts in the ensuing section.





### Sources of income

Sources of income vary considerably for the different types of businesses and organisations included in the survey. These sources of income are summarised in the charts below for all organisations, together with a disaggregation for the two largest groups of businesses in the sector – organisations involved in the presentation of artwork in the primary market (mainly commercial) and education, training and development organizations (mainly non-profit):



- 89% of Gallery revenue is derived from product sales, followed by 7,7% from the provision of services. Galleries attract insignificant amounts of external funding to support their work (2,3% of all income), the most significant source here being local arts funding agencies (2,2% of all income).
- Education, Training and Development organisations in the visual arts have a very different and more diverse set of sources of income than is the case for organisations involved in presenting and selling artwork. The largest single income source relates to the provision of services (39,5%), with the major overall proportion (45%) of income coming from a variety of sources of external funding – primarily from non-arts government funding (21,3%), international arts funding (11,3%) and local arts funding (10,4%). A small but significant portion of income is derived from

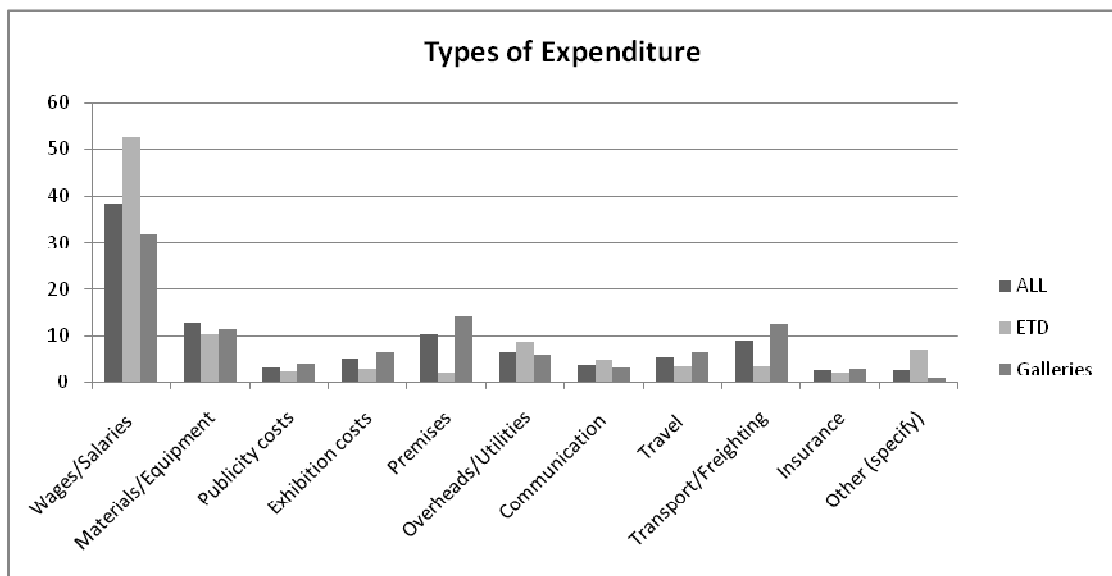


selling artworks and other products (10%) – indicative of the need for such organisations to generate earned income to supplement (sometimes erratic) external funding.

- Based on the sample, the sector as a whole derives the greatest portion of its income through product sales (57,5%) and services (22,4%). Businesses and organisations derive only 17,7% of income from external funding and sponsorship. The actual proportion of external funding is probably significantly smaller, noting the skew within the sampling towards Education, Training and Development organisations. Corporate sponsorship plays a negligible role for most businesses and organisations, accounting for 0,7% of income across all organisations.
- Insignificant amounts of revenue are generated from a variety of other sources – the largest of these being the subletting of space (1,2% of all income across the sample).

### Expenditure

The greatest area of expenditure for all entities is wages and salaries. Visual arts organisations involved in education, training and development record the highest costs in this area (over 50% of all expenditure), with organisations involved in distribution and presentation registering significant secondary costs associated with premises and transport and freighting of artworks.



The mean value of assets held by entities is in the region of R1.8 million and the mean value of debts is estimated at R186 000. The GCMP study calculated the mean assets of the visual arts sector at R588 000 – however, this study conflated artists, businesses and organisations as a single category, working with a substantially more aggregated approach weighting the economic dimensions of these different entities. As noted in section 5 of this report, the mean assets of artists are in the region of R170 000. If one treats artists as organisational entities alongside business and organisations, then the mean assets of all entities are in the region of R234 000.

87% of entities reported being registered for income or company tax, and 52% of entities reported being registered as VAT vendors with the South African Revenue Services, seemingly suggesting a relatively high degree of compliance with tax regulation.

### *Access to Funding and Finance*

51% of the surveyed organizations and businesses indicated that they had applied for funding from a governmental or private source during the course of the past three years. The organisations most likely to apply for funding were education, training and development entities – 78% of these organizations applied for funding versus only 33% for businesses involved in the presentation and distribution of visual art.

Of those that did not apply for funding, 52% indicated that they had not need for external funding of their work, and 18% believed that there would be no likelihood of such an application being successful. The most frequently cited agencies approached among those who did apply for funding were the National Arts Council (53% of those who applied), international arts funding bodies (50%), variously levels of government (between 19% for local government and 44% for national government). 42% had approached either Business Arts South Africa or a corporate source for funding.

The sources of funding that registered the highest success rate for proposals were international funding bodies and private patrons, with 83% of respondents indicating that they had made successful applications. The success rate in submissions to government ranged between 43% and 69%, and 67% of approaches for corporate funding or sponsorship were recorded as being successful. Unsurprisingly, international funding bodies were regarded by the largest portion of respondents (37%) as being the most responsive to the needs of the visual arts sector, followed by the National Arts Council (17%) and corporate sponsors (14% of respondents). The majority (41%) of respondents regard the most important purpose for arts funding as supporting artists in their work, with the second most important priority (20% of respondents) being the promotion of capacity building within the sector through conferences, workshops and the like.

When correlated against the data on income from funding, this suggest that while the sector relies on funding to a fairly small degree, there is a reasonably high success rate for funding applications when they are made. The issue of funding is explored in greater detail in section 7 of this report: Resourcing the Visual Arts.

Only 21% of entities reported having applied for loan finance or credit during the course of the past three years, with the majority indicating that they had no need for loan finance, or insufficient collateral to support such an application, or would be unable to repay a loan. Of those that did apply for loan finance, a striking 87% were successful. A further 20% of the sample indicated that they had obtained a loan from an informal source during the course of the past three years, suggestive of the importance of family and social networks in supporting business development in the sector.

### *Perception of Obstacles and Needs*

Respondents were presented with a variety of specific obstacles and problems for the development of their organisations and enterprises, grouped into five areas (business costs, market conditions, access to resources, the industry and regulatory environment and the general socio-economic context). Respondents were asked to rank these on a scale from 'major' through to 'irrelevant', with the requirement that only three issues could be identified as being of critical importance. The most frequently cited major obstacles for businesses and organisations were

- Lack of industry support from government (37% of all respondents)

- Lack of access to funding (35%)
- Weakness in Demand for Product (21%)
- The high costs associated with premises and publicity (both 16%) and utilities (14%)
- Crime (13%) and Customs/Trade regulations (12%) were also accorded a significance by respondents
- Owners of commercial organisations were marginally less likely to cite government support and funding as key issues

Respondents were also asked to identify their key needs around business development. These were fairly evenly spread across a range of primary issues, with help in obtaining access to government funding (19%) and developing new methods for cash generation (14%) and staff training (13%) being the most frequently cited primary needs. The most frequently cited secondary needs were help in obtaining commercial funding (18%), assistance with marketing (17%) and assistance with strategy and business planning (15%).

### *Membership of Industry Bodies/Associations*

The somewhat fragmented nature of the sector is apparent from the fact that only 44% of all entities included in the survey report membership of an industry body or association, with the highest rates of membership being among education, training and development organizations (78%), and only a third of other types of organisation reporting membership. Half of those who indicate that they are not members report the fact that they have “no interest in such bodies” as being the primary reason for non-membership with a smaller proportions indicating that they do not believe any benefits attach to such membership (21%) or that they are unaware of what the benefits are (18%). Among those who indicate membership, the most frequently cited benefits are access to networks (49%), information (22%) and marketing opportunities (14%).

## **2.7 Work and Employment in the Visual Arts**

This sub-section examines the size, shape and characteristics of the labour force for the visual arts sector in South Africa, drawn from the surveys of business and organizations, museums and collections and artists. The section aims to summarise data related to:

- the overall number of people working in the sector in different capacities
- the demographics of the workforce
- work status and earnings
- levels of education

### **2.7.1 Estimated Numbers of People Working in the Sector**

Based on a combination of database research and employment data provided by artists, institutions, businesses and organisations, it is estimated that the visual arts industry provides work for approximately 17 700 people. This is broken down as follows:

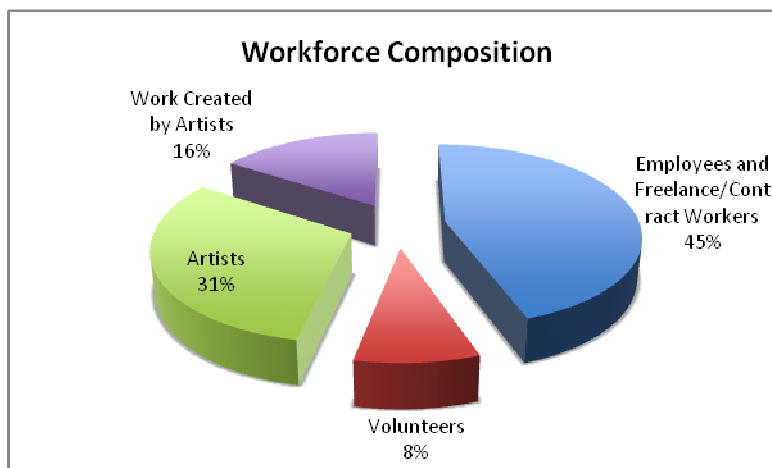
<b>Employees and Freelance/Contract Workers</b>	<b>9 425</b>
Senior Management	1456
Middle Management	1136
Specialist/Technical Staff	3066
Ancillary Support Staff	2244

Volunteers	1523
<b>Professional Artists (full-time and part-time)</b>	<b>5 500</b>
<b>People who work for artists</b>	<b>2 783</b>
Administrators	715
Assistants	1661
Specialised Staff	407
<b>TOTAL</b>	<b>17 708</b>

Qualifications and notes:

- It is likely that there is a degree of duplication between the figures for artists and both the part-time employees and short term/contract personnel for artists, businesses and organisations – many businesses and organisations in the sector provide income-earning work for artists, and artists often employ other (younger, upcoming) artists as, for example, assistants.
- Staff reported by private and public museums and collections have been assumed to be full-time staff.
- The GCMP study estimated employment for the sector in Gauteng at 2400 person. AS the above figures indicate, this is likely to represent an under estimation. Based on the spread of the industry revealed through database research, the figure for Gauteng is likely to be in the region of over 5000 people, with the preceding qualifications noted.

Taking the above qualifications into account, artists constitute and account for approximately half of the workforce, taking into account the people that they provide work for:

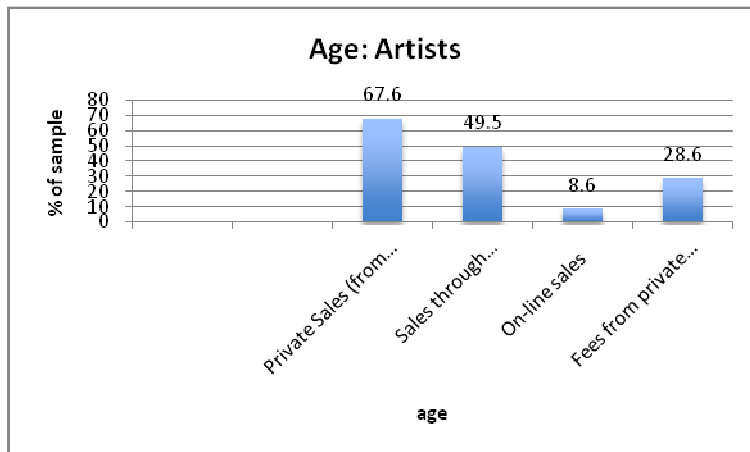


## 2.7.2 Demographics

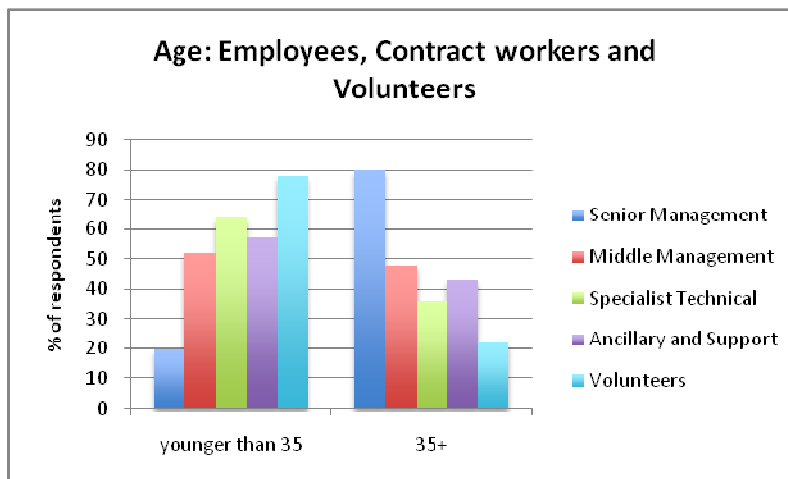
### Age

The mean and median ages of the sampled artists were 40 and 38 years old respectively (the latter figure providing a more accurate indication of the age distribution of artists), with a significant majority of the sampled artists (37% of the sample) falling into the 26-35 age group and 45% of the sample being less than 35 (classified as 'youth' in SA public policy

terms). This is almost identical to the overall age profile of employed people within the South African labour market (46% being under 35 in 2008)<sup>17</sup>.



Employees and contract workers were substantially younger than the artist group (and the general employed population) with 58% of employees, contract workers and volunteers reported as being youth (less than 35 years old), with an unsurprising correlation between age and seniority.

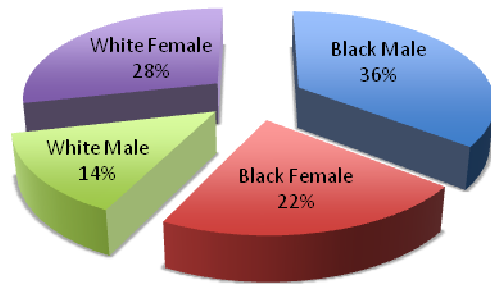


### Race/Gender

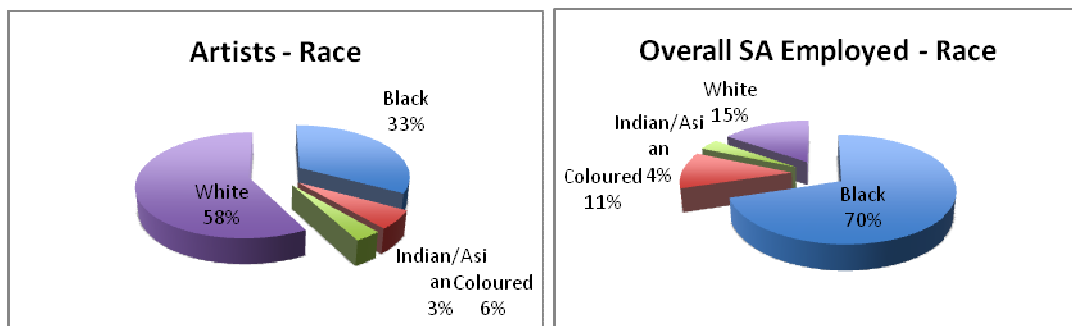
58% of the total workforce is black, and the workforce is evenly split between men and women (49,7% and 50,3% respectively). These demographics are however differentiated quite dramatically across different sections of the workforce. The following chart shows the combined demographics of artists, freelance professionals, employees and short term contract workers in businesses and organisations.

<sup>17</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey. Statistics South Africa: Pretoria. Section 2-3

### Composition of Workforce - Race/Gender

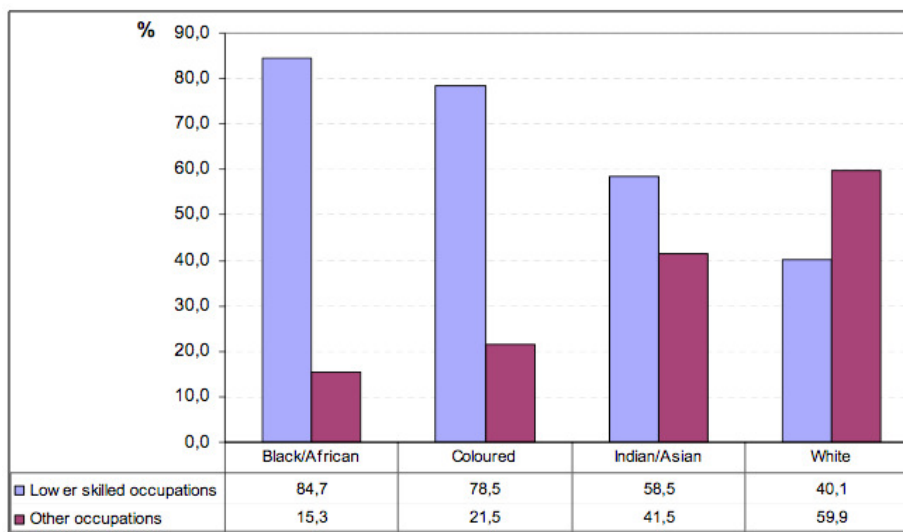


However, in contrast to the overall profile of the workforce and the overall SA labour market, the survey found that the majority of visual artists are white:



Source: Statistics South Africa, *Labour Market Dynamics 2008 (2009)*

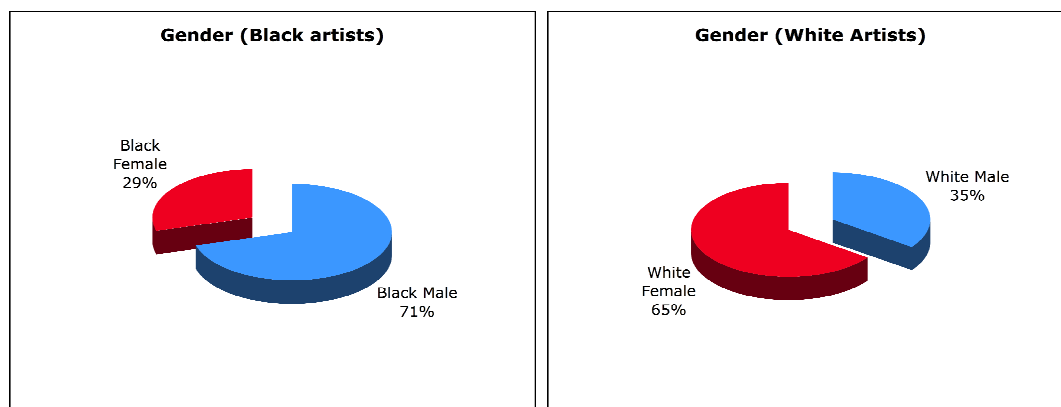
This divergence is part of a larger pattern in the South African labour market – more skilled occupations being dominated by white workers. The following graphic from Statistics South Africa’s 2008 *Labour Market Dynamics (2009:2-4)* report illustrates the overall trend:



Source: Statistics South Africa, *Labour Market Dynamics 2008 (2009)*

Because the sample sizes for Coloured and Indian artists are small, Black African, Coloured and Indian artists and workers have been conflated as a single category in the balance of the analysis.

In contrast to the overall labour market – in which there is 56:44 split between men and women employed in both the formal and informal sectors<sup>18</sup> - the sample suggests that within the visual arts, there is a 50:50 split between men and women artists. This gender split however diverges dramatically when correlated against race:



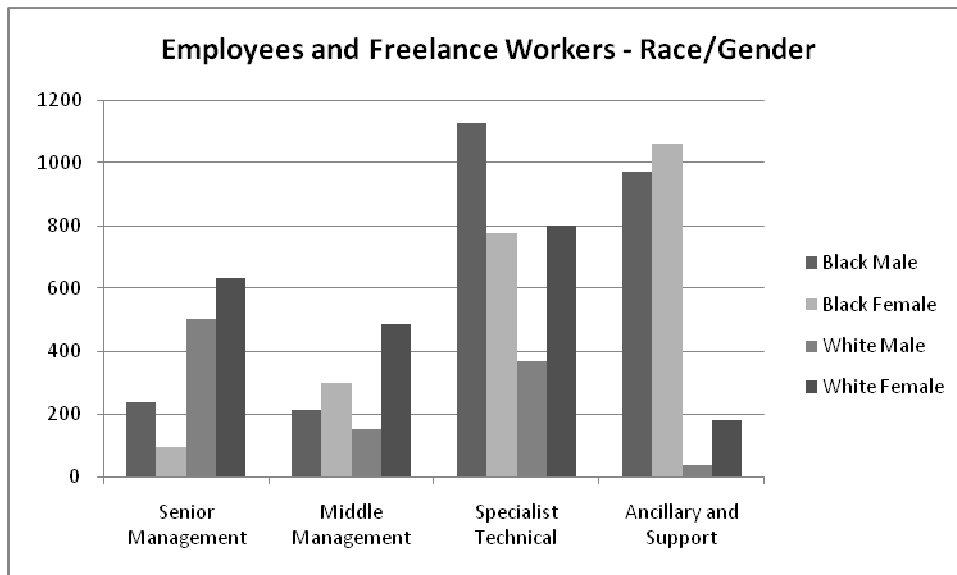
Among white artists, most artists are women – this trend is consistent with similar surveys in Scotland and Australia, where there is a 60:40 split between women and men (it is likely that the actual split in the SA population is not as pronounced as appears here – as previously noted, women were generally more willing than men to participate in the survey).

Among black artists, the reverse is true to an even greater degree. There are a variety of complex socio-economic and cultural reasons why this may be the case – the perceived high risk nature of the visual arts from an economic point of view, societal perceptions regarding creative occupations and so on. This is borne out by the fact that the great majority of black artists that have achieved recognition within the canon of South African art history, have been men.

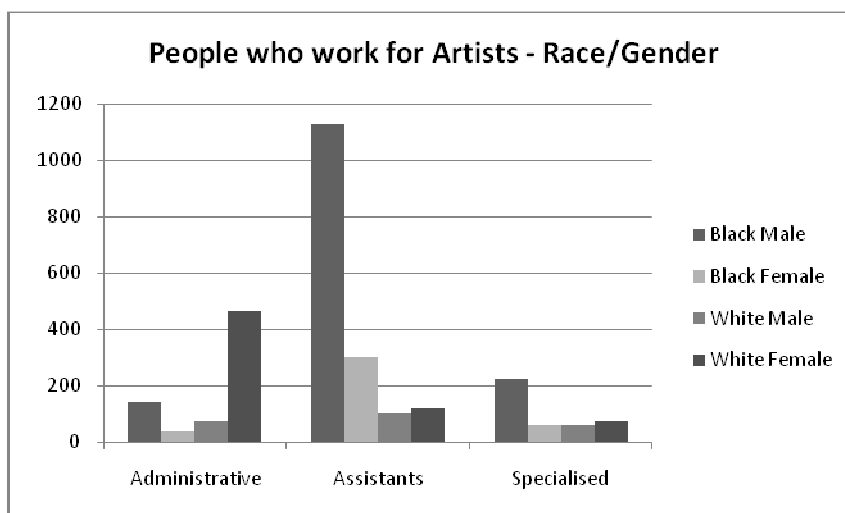
The survey also notes an important trend in the emergence of a significant group of women artists among a new generation of black South Africans (cf data on the economic position of artists in section 5).

Among employees of organisations, businesses and institutions and freelance and contract workers, demographics are quite sharply differentiated across different roles, with the greatest proportions of white men and women in senior management positions and black men and women most prevalent in specialist/technical and ancillary and support roles within the industry.

<sup>18</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey. Statistics South Africa: Pretoria. Figures reflect quarter 1 for 2009



As previously noted, a significant portion of the workforce in the sector are comprised of people that artists provide work for in a variety of roles. The following chart breaks down the composition of this group on the basis of race and gender.



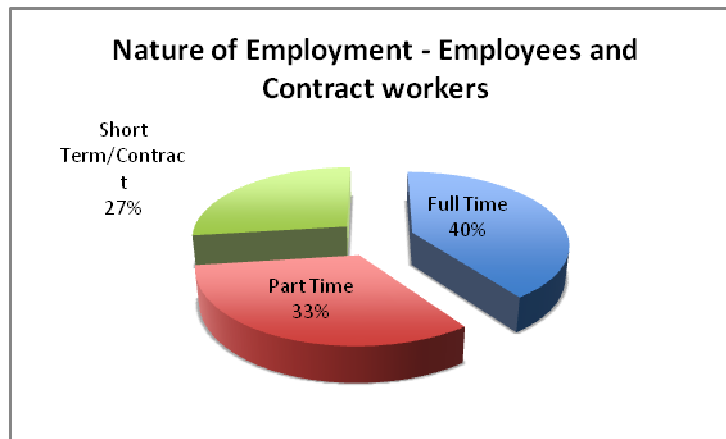
### *Disability*

The survey did not produce any reliable findings regarding levels of disability in the workforce. Indication of disability was not directly requested in the artist survey, though artists were asked to register whether or not they felt discriminated against on the basis of disability or illness. 2% of the artist population identified this as a major issue, a further 2% identified this as a significant issue, 9% saw it as being a minor issue and 85% felt this was irrelevant. Among the 71 organisations included in the survey of business and organisational entities, only three disabled people were identified in the workforce, a rough extrapolation would therefore suggest that 0,2% of the workforce other than artists are disabled. Based on responses from artists to the issue of discrimination on the basis of disability, this figure may be higher.



### 2.7.3 Work Status and Earnings

Excluding artists and volunteers, 40% of the balance of workers in the visual arts sector (circa 11 000 people) are employed on a full-time basis, 33% on a part-time basis, and 27% on a short-term contract basis. This contrasts sharply from the findings reflected in the GCMP study, which suggested that 84,8% of employees could be classified as full-time – possibly a function of the conflation of artists, businesses and organizations in that study.



Only 7% of artists indicated that they were engaged in full-time employment, with the balance effectively being self-employed:

- 56% reported no formal legal status,
- 24% reported status as a sole trader/provisional tax-payer and
- 14% reported that they conduct their work through some form of legal entity

The full-time employment figure may in fact be slightly higher than reported here. Artists were asked to indicate what form of legal entity they *conducted their work as a visual artist through*. Scrutiny of the raw data from the survey shows that some artists who are in fact employed as lecturers at tertiary institutions indicated ‘self-employed, no formal legal status’ – correct in relation to their work as a visual artist, but not an accurate reflection of their overall employment status. This is an issue that would need to be clarified/corrected in future research.

In order to better understand the complexities of the artist as an occupational category relative to more conventional forms of employment and work, the survey also involved detailed inquiry into how artists organise their work time. Only 19% of artists indicate that they are able to spend more than 70% of their time on their creative activity and immediately linked activities – these may be regarded as ‘full-time artists’. The majority (57%) of artists fall into a middle ‘part-time’ group able to spend between 25% and 70% of their time producing artwork, and a quarter of the surveyed artists were able to spend less than a quarter of their time producing their own creative work – ‘minor time’ artists forced to squeeze this activity in among a range of other commitments, largely income-related.

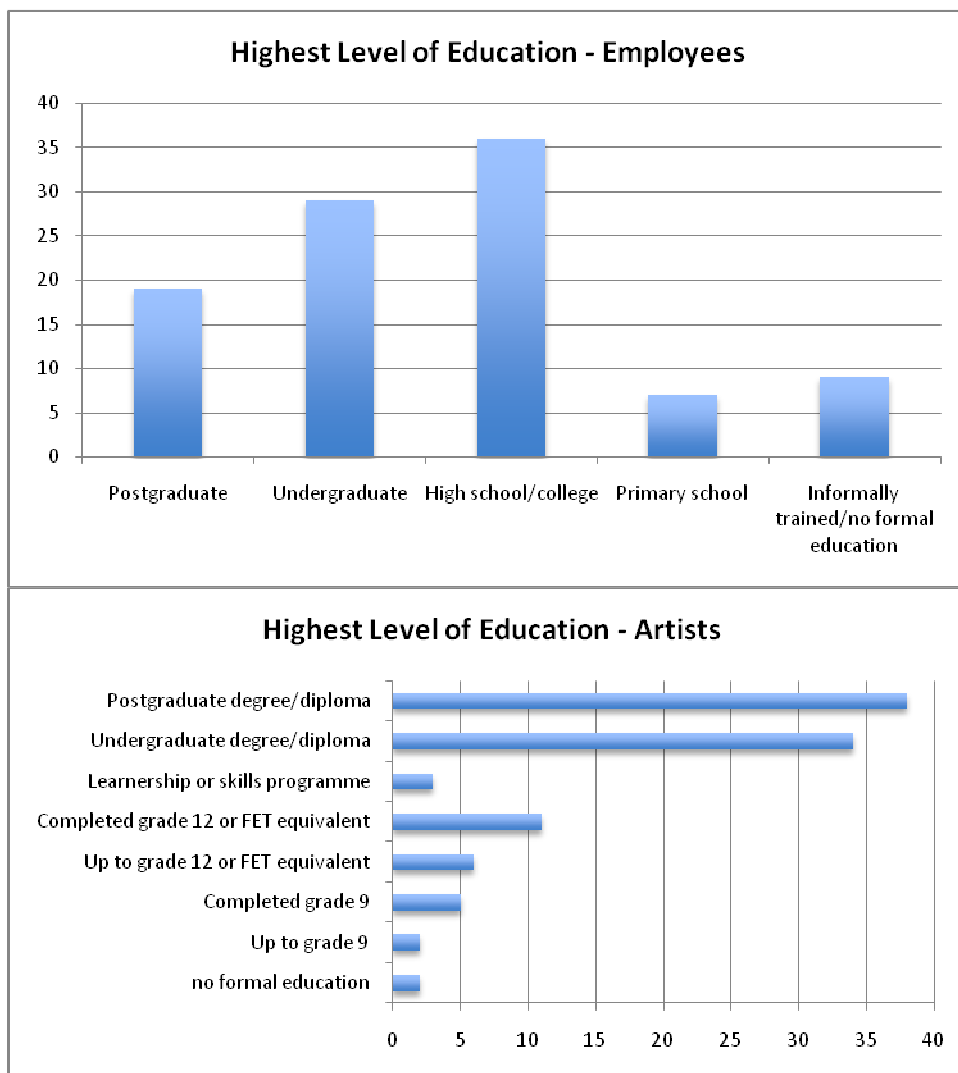
Data from the survey of businesses and organisations suggests average earnings of approximately R105 000 per annum for people working in the sector (excluding artists), aggregating data across all categories of employment (from owners/managers through to ancillary workers). This figure does not take into account the earning of staff in public museums and collections or academics in tertiary institutions, which would be likely to push the overall figure up. The GCMP study indicated annual earnings of more than R130 000 per

annum for employees in the sector, which is broadly consistent with findings in this study if one considers that the GCMP study reflected mean wage levels for artists, businesses and organisations as a single category. As noted in section 5 of this report, the mean income of artists included in the survey was R150 000, which would further push the overall figure reflected here. This economic position of artists is explored in substantially more detail in section 5 of this report.

### 2.7.4 Levels of Education

The work force for the visual arts is highly educated:

- 72% of artists have a university degree (38% postgraduate)
- 19% of all people employed by artists have a university degree
- 48% of all workers and employees of firms included in the sample have acquired a university degree (19% postgraduate).
- 78% of top-managers/principal owners of businesses and organizations have a university degree (40% postgraduate)



## 2.8 The Economic Impact of the Visual Arts

This section attempts to measure the quantifiable contribution of the visual arts sector to the South African economy. This includes the primary (or direct) impact and also the secondary (or indirect) impact through multiplier effects. This information was derived from the detailed data provided by artists, businesses and organisations related to their income and expenditure during the 2008/9 financial year.

### 2.8.1 Gross Value Added

As the term suggests, Gross Value-Added (GVA) measures the added value that the sector produces in the national economy. The Gross Value-Added of an industry or sector reflects its contribution to Gross Domestic Product (GDP) after deducting the cost of raw materials, services, utilities and other purchases from the turnover of the industry. GVA is comprised primarily of the wages, salaries and surplus/profit generated by a particular sector the economy.

The GVA for the visual arts has been determined by calculating the value of the turnover of the sector minus the cost of producing that value (excluding labour and capital costs). Due to the fact that the current framework for the collection of economic data at a national level (through Statistics South Africa) does not disaggregate this data for the visual arts, this information has been extrapolated from information on income and expenditure provided by respondents to the survey component of this research project.

The total turnover for the sector was calculated based on information relating to total revenue generated by a sample of 293 businesses, artists and organisations included in the survey. Mean/average figures for revenue generated were adjusted as follows:

- Artist mean income through gallery sales was subtracted from the calculation of mean artist income to avoid double counting with the turnover generated by galleries
- Based on an analysis of the sample, the median/midpoint value for training and development organizations (including visual arts NGOs, arts associations and private providers) was selected as a basis for calculating GVA – in order to address a skew in the sample toward larger, more established NGOs and private providers
- Similarly – as with the calculation of revenue from gallery sales and associated services in the preceding section on the size of the visual arts market - an aggregate of mean and median values was selected as the basis for calculation of turnover for entities involved in the distribution and presentation of the visual arts
- For materials suppliers, publishers and other specialist service providers the mean value was selected as a basis for calculation

This data was then extrapolated to the full sample, as follows:

## Total Turnover Generated by the Visual Arts sector

	artists	training and development	distribution/presentation	materials, services, publishing	sector
<b>Turnover calculations</b>					
sample	232	16	29	16	293
sample turnover	31 634 894	39 110 286	65 010 998	8 135 497	143 891 675
mean turnover	149 809	2 444 393	2 241 759	508 469	
mean turnover (adjusted)	120 952	1 194 257	1 410 911	508 469	286 459
population	5 500	176	632	181	6 489
<b>total turnover (population)</b>	<b>665 233 552</b>	<b>209 711 529</b>	<b>891 695 549</b>	<b>92 134 504</b>	<b>1 858 775 133</b>
<b>% of total turnover</b>	<b>35,79</b>	<b>11,28</b>	<b>47,97</b>	<b>4,96</b>	

The Gross Value Added for the visual arts sector was then generated by subtracting all costs, excluding wages and salaries and related costs (such as commission payments), from the mean turnover of all entities operating in the sector. Income from public funding sources and from work outside the sector were then deducted from these values. These figure were then extrapolated from the sample to the full population of individuals and organisations to yield a total Gross Value-Added figure of approximately R791 million for the sector as a whole, as follows:

## The Direct Contribution of the Visual Arts to South Africa's GDP: Gross Value-Added

	artists	training and development	distribution/presentation	materials, services, publishing	sector
<b>GVA calculations</b>					
sample	232	16	29	16	293
mean output	149 809	1 194 257	1 410 911	508 469	
minus galleries sales (artists)	120 952				
minus SA public investment	119 998	815 939	1 380 853	491 637	
minus income from work outside the sector (artists)	106 292				
<b>adjusted output</b>	<b>106 292</b>	<b>815 939</b>	<b>1 380 853</b>	<b>491 637</b>	
<b>mean input costs (excluding labour costs)</b>	<b>60 606</b>	<b>410 055</b>	<b>723 912</b>	<b>194 311</b>	
<b>output - input (mean GVA per entity)</b>	<b>45 686</b>	<b>405 884</b>	<b>656 940</b>	<b>297 326</b>	
<b>population</b>	<b>5500</b>	<b>176</b>	<b>632</b>	<b>181</b>	<b>6 489</b>
<b>sample as % of population</b>	<b>4,22</b>	<b>9,11</b>	<b>4,59</b>	<b>8,83</b>	<b>4,52</b>
<b>Total GVA</b>	<b>251 271 658</b>	<b>71 273 149</b>	<b>415 186 337</b>	<b>53 875 471</b>	<b>791 606 615</b>
<b>% of total GVA</b>	<b>31,74</b>	<b>9,00</b>	<b>52,45</b>	<b>6,81</b>	

Important qualifications that should be noted:

- The sample sizes used as a basis for extrapolation are small – approximately 6-7% of the total population of artists, businesses and organisations working in the sector. Future quantitative research in this area should also take a more segmented approach to particularly the commercial gallery sector – separating out contemporary art galleries (where a small number of galleries have a very high turnover) and galleries that deal in the so-called 'commercial' genres primarily.

- The economic contribution of amateur artists was excluded from this analysis
- The output and GVA associated with artists are probably inflated – the median value for output for artists is substantially lower than the mean value recorded through the survey (R90 000 vs R150 000 per annum), and it was not possible to accurately estimate the median input costs for artists at a level of detail.
- The following types of entity were excluded from the sample due to either difficulties associated with accessing or disaggregating accurate data, or the fact that they are large institutions sustained in the main through public funding, and their inclusion in calculations of Gross Value Added would therefore involve double counting.
  - University art schools and Public educational institutions
  - Public and private museums and collections
  - Funding agencies
  - Auction houses
- The most significant exclusion among the above in relation to the calculation of GVA is the turnover of auction houses – a small group of businesses that generate a very large (and growing) proportion of the overall turnover of the industry. The on-line auction sales information service for the South African secondary market, ArtVault, informally estimates total turnover to be in the region of R500 million per annum<sup>19</sup> - effectively 20% of the entire turnover of the sector being generated by approximately 10-15 entities, with a presumed high value-added ratio per entity. As noted previously, substantial sensitivity exists around the release of detailed information related to income and expenditure, which has made integrating the (substantial) contribution of these businesses to overall sector GVA difficult at this stage.

In spite of these qualifications, these figures broadly correlate with the results for GVA produced through the Gauteng Creative Industries Mapping Study, which estimated that the visual arts sector in Gauteng alone generates R400 million in turnover and GVA of R191 million<sup>20</sup>. By comparison, an Australian study, drawing on a variety of data sources, estimated the total Gross Value Added for the Australian industry as being A\$162 million in 1996/7 (R1,068 billion)<sup>21</sup>. The 2009 Creative and Cultural Skills *Visual Arts Blueprint* estimates that the GVA of the UK visual arts sector as £1.9 billion (R21,7 billion)<sup>22</sup>, suggesting that the South African sector produces approximately 5% of the economic value of the visual arts in the UK.

A number of additional points can be made on the basis of this analysis:

- Notwithstanding the qualifications noted above, the direct economic value generated by artists is substantial, accrued largely through turnover associated with private sales and commissions. This also suggests that a significant portion of the visual arts economy operates in a highly dispersed form outside of the context of the formal supply system of galleries.
- The 3 largest galleries and gallery groups account for an estimated 5-10% of the total turnover and value-added of the sector. While they do not occupy the same

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<sup>19</sup> Personal communication, Dale Sargeant, March 28 2010; see also [www.artvault.co.za](http://www.artvault.co.za)

<sup>20</sup> AMERU and CAJ. 2008. Gauteng's Creative Industries: An Analysis. Gauteng Department of Sports, Arts, Recreation and Culture.

<sup>21</sup> Department of Communications, Information Technology and the Arts. 2002. Report of the Contemporary Visual Arts and Crafts Inquiry. Commonwealth of Australia: Canberra. P. 43

<sup>22</sup> Creative and Cultural Skills. 2009. The Visual Arts Blue Print: a Workforce Development Plan for the Visual Arts in the UK. London, England.

position that for example the major publishing houses occupy in the publishing industry, they generate substantial value from a comparatively low asset base by comparison with for example, the music recording and audio-visual production industries. Their capacity to do so has for the most part been nurtured over a substantial period of time, and is predicated on the development of a strong international buying market. The need for the development of mechanisms to support the migration of more enterprises to this end of the industry – in addition to new entrants - is indicated.

## 2.8.2 The indirect contribution of the visual arts sector to the economy

The indirect contribution of the visual arts sector to the South African economy is substantially larger. Wages and salaries earned by workers in the sector are used to buy goods and services in other sectors. The visual arts sector also buy inputs from other sectors. These indirect impacts are called multiplier effects. Estimates for a South African output multiplier vary between 1.4 and 3.6<sup>23</sup>. The higher multiplier is for models that assume that the South African economy is closed i.e. money generated in South African remains in the country. This assumption is likely to be false, and the actual multiplier is likely to be closer to the open model estimate of 1.4. While no reliable multipliers exist for the visual arts sector in South Africa, estimates of output multipliers for the Singapore creative industries vary between 1.27 and 1.78. Value-added multipliers for the same industries vary between 0.48 and 0.72. In the United Kingdom output multipliers vary between 1.56 and 1.86 and value-added multipliers between 0.83 and 0.95<sup>24</sup>. Given the estimated South African output multipliers and the multiplier range for the UK and Singapore, the chosen multipliers for the visual arts sector of 1.86 for output and 0.9 for value-added are realistic. These multipliers have been applied as follows to yield a figure of R5.2 billion for total turnover generated directly and indirectly, and just over R1.5 billion for direct and indirect GVA produced by the sector:

### The Total Contribution of the Visual Arts Sector to the South African Economy

	artists	training and development	distribution/presentation	materials, services, publishing	sector
<b>Direct output/turnover</b>	665 233 552	209 711 529	891 695 549	92 134 504	1 858 775 133
<b>Indirect total output</b>	1 197 420 393	377 480 753	1 605 051 988	165 842 106	3 345 795 240
<b>Total output (direct + indirect)</b>	1 862 653 945	587 192 282	2 496 747 537	257 976 610	<b>5 204 570 373</b>
<b>Direct GVA (sector)</b>	251 271 658	71 273 149	415 186 337	53 875 471	791 606 615
<b>Indirect GVA</b>	226 144 492	64 145 834	373 667 704	48 487 924	712 445 954
<b>Total GVA (direct + indirect)</b>	477 416 149	135 418 984	788 854 041	102 363 395	<b>1 504 052 569</b>

<sup>23</sup> van Seventer, D.E.N., 1999, "The Estimation of a System of Provincial Input-Output Tables for South Africa, *Studies in Economics and Econometrics*, July.

<sup>24</sup> Toh Mun Heng, Adrian Choo and Terence Ho, 2003, Economic contributions of Singapore's creative industries, *Economic survey of Singapore first quarter 2003*.

### 2.8.3 The Contribution of the Sector to the Creative Industries

Aside from the direct economic impact of the visual arts, the sector also plays a significant role in the development of the creative industries more generally. The contemporary end of the sector is fundamentally invested in the generation of new ideas, ways of seeing the world, and is increasingly predicated on cross-disciplinary interaction and creative collaboration with other parts of the creative and media industries, including advertising, industrial design, fashion, music and publishing. While, these collaborations may initially have a minimal economic dimension, they provide a trigger for innovation and new products and services in these other fields. Innovation in the visual arts impacts on product development in craft and design, and people trained as visual artists produce additional value through work in these sectors. The emblematic cross-pollination between art and design in the South African context is Carrol Boyes Functional Art – a national and internationally feted wholesale and retail manufacturer of a range of household items, developed by a sculptor. Product developers in the craft and design realm frequently come from a contemporary or fine arts training. The lines between contemporary art and design have also been blurred in new ways in the context of galleries such as Co-op which features cutting edge, challenging work that straddles the worlds of art and design, and in projects that facilitate collaboration between the two worlds.

The visual arts have also come to occupy a significant position in thinking around urban development and creativity. The idea of the ‘creative city’ has become a commonplace in the language of urban development, with the fostering of precincts and districts being seen to reap a variety of social and economic benefits, and contributing to the development of a distinct sense of place and identity for city communities. The work of Charles Landry has played an important role in the evolution of the concept of the Creative City, operating within a similar ‘creative economy’ framework to that of Richard Florida:

“Cities have one crucial resource – their people. Human cleverness, desires, motivations, imagination and creativity are replacing location, natural resources and market access as urban resources. The creativity of those who live in and run cities will determine future success. As cities became large and complex enough to present problems of urban management so they became laboratories that developed the solutions – technological, conceptual and social – to the problems of growth”. (Landry 2000)<sup>25</sup>

International experience has shown that artists and arts infrastructure frequently play a key role in the revitalisation of particularly inner city contexts, their presence and activity in depressed neighbourhoods catalysing and attracting subsequent investment from both the private and public sectors, and progressively impacting on property prices and the rates base in these areas (sometimes in a manner in which leaves visual artists unable to afford to live in these neighbourhoods subsequently).

Locally, Johannesburg has registered the most pronounced development in this area nationally. The east end of the inner city of Johannesburg – one of the areas of Johannesburg most impacted on by the sharp decline of the inner city that occurred during the course of the 1980s and 1990s - has seen the visual arts playing a leading role in inner city regeneration during the course of the last decade. Occurring initially in a very dispersed way through independent initiatives such as the August House development (a converted industrial building providing low cost studio, live/work and production space for visual artists), the Joubert Park Project (an artists collective running an international residency

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<sup>25</sup> Landry, C. 2000. *The Creative City: A Toolkit for Urban Innovators*, Earthscan Publications Ltd: London.

programme and projects focused on experimental work in public space) and the Parking Gallery (a zero budget artist-run project space), the area has in the last two years seen the development of an ambitious visual arts precinct around the Arts on Main complex. The project has involved the conversion of a number of city blocks on the eastern edge of the inner city by a visionary property developer, Jonathan Liebmann, and now includes a number of high end commercial galleries, project spaces, residency programmes, artist studios, a specialist art bookshop, relive/work space for artists, contemporary design studios, an independent cinema space, a boutique hotel and restaurant. It has transformed perceptions of a part of the inner city that was previously regarded as a no-go area by suburban and township residents alike, and has triggered a variety of other public and private investments in the surrounding area, now branded as the Maboneng Precinct.

Parallel to these developments, government and the corporate sector have been involved in the commissioning of major programmes of public art, largely focused around the inner city of Johannesburg. Largely driven by the Johannesburg Development Agency, these have included the commissioning of public art for the Faraday taxi rank and parks across Hillbrow, Berea and Yeoville in the context of urban upgrade programmes, as well as the development of a number of iconic works strategically positioned at points of entry into different parts of the inner city, including works by William Kentridge, Gerard and Maja Marx, Winston Luthuli and Doung Anwar Jahangeer.

## 2.9 The Wider Impact of the Visual Arts

While the impact of the sector in the economic realm is substantial, the most significant contributions of the sector may lie elsewhere from a public policy perspective. This is particularly true of the more contemporary or fine arts dimension of the sector, involved as it is in the generation of compelling and powerful representations, which can shift how we see the world. Artworks impact on individuals on an aesthetic, intellectual and emotional level, and can operate as a powerful medium for critical inquiry and reflection on our contemporary experience, imaging and reimagining the social, cultural, political and ethical dimensions of this experience. Through the manipulation of imagery and materials, artists generate new questions, propositions and possibilities about who we are in a rapidly changing and complex world. Given the smallness of the South African visual arts economy, the country has produced a surprisingly large number of artists who are internationally recognised and celebrated for the originality and power of their vision in these terms. Locally, access to this work is largely confined to the formal institutional and commercial settings of galleries and art museums, an issue which is discussed in greater detail in the ensuing section – Demand for the Visual Arts.

These intrinsic dimensions of visual arts practice have however provided a basis for the sector to make unique contributions in a variety of other areas, involving an interweaving of social, cultural and economic impacts and reaching publics that would not normally necessarily venture into the formal spaces of art museums and galleries. These include:

Area of Impact	Nature of Impact
Urban Development	Through public art and visual arts precincts: <ul style="list-style-type: none"> <li>• contribution to local sense of identity, connectedness and pride</li> <li>• enhanced awareness of the physical environment</li> <li>• attractor for new investment from other sectors</li> </ul>
Education and	In early Childhood Development:



Learning	<ul style="list-style-type: none"> <li>• improved motor control and observational skills</li> <li>• increased vocabulary and improved verbal abilities</li> <li>• enhanced capacity for non-verbal expression</li> </ul> <p>In Schools:</p> <ul style="list-style-type: none"> <li>• heightened enjoyment, excitement, fulfilment and therapeutic release of tensions</li> <li>• increased skills and knowledge associated with particular artforms</li> <li>• enhanced knowledge of social and cultural issues advances in personal and social development development of creativity and thinking skills and the capacity for lateral thinking</li> <li>• enrichment of communication and expressive skills</li> <li>• knowledge of social, environmental and citizenship issues</li> <li>• enhanced achievement in other subject areas</li> </ul>
Public Health	<p>In the general population:</p> <ul style="list-style-type: none"> <li>• enhanced sense of well-being and connectedness through access to arts experience</li> </ul> <p>In health-care and social development contexts:</p> <ul style="list-style-type: none"> <li>• the visual arts represent a powerful tool for therapeutic interventions related to both physical and mental health</li> <li>• enhanced recovery rates for patients in hospital environments where visual arts have been integrated into overall design</li> </ul>
Community development and empowerment	<p>In the context of community arts programming:</p> <ul style="list-style-type: none"> <li>• outcomes related to the building of confidence and an enhanced sense of self through participation in the visual arts</li> <li>• economic outcomes associated with new skills and job creation</li> <li>• point of departure for development of new talent outside of formal learning pathways</li> </ul>
Advocacy	<ul style="list-style-type: none"> <li>• increased awareness and the fostering of debate in the wider environment around significant contemporary issues in an evolving democracy – eg human rights, freedom of expression and the like</li> </ul>

In many of these areas, the tangible outcomes of activity are often difficult to precisely measure, concerned as they are with impacting on the quality of life of citizenry. The meaningful measurement of quality of life impacts present a range of conceptual, methodological and cost issues from a research and evaluation point of view, and much inquiry has been devoted to the question of how to register and validate these impacts in a methodologically rigorous manner.<sup>26</sup> This kind of measurement has been beyond the scope of the present research project, which has confined itself to producing a qualitative sense of these impacts, registered in a series of case studies on particular individuals, organisations and projects located around the country – see Appendix F.

<sup>26</sup> See, for example, Hill Strategies Research Inc. 2008. *Social Effects of Culture: Exploratory Statistical Evidence*. Statistical Insights on the Arts, Vol 6, No 4. and Scottish Executive Council. 2006. *Well-being and Quality of Life: The Benefits of Culture and Sport: A Literature Review and Think Piece*. Scottish Executive Council: Edinburgh.

## 2.10 Government Engagement with the Sector

As noted earlier in this section, the survey found that 'lack of industry promotion from government' with the sector was the most frequently cited perceived major obstacle to sector development for businesses and organisations, out of a list of approximately. For artists (cf section 5 of this report), this issue was the fourth most frequently cited perceived major obstacle to their development, out of a list of 39 different issues.

### *At a National Level*

Historically, engagement with the visual arts sector on the part of government has largely occurred through the financing of public art museums and collections, and on an ad-hoc basis in the funding of initiatives in the sector through the Visual Arts Division of the Multi-Media Directorate. This support has not however historically been informed by any strategic consideration of the particular nature of the sector on the one hand and its potential contribution to a variety of social, cultural and economic mandates on the other. Other sectors perceived to yield substantially greater immediate return on investment with regard to poverty alleviation, job creation and overall economic impact have historically received greater priority: craft, music, film and publishing.

Unsurprisingly, the visual arts operate at the margins of public sector industrial policy, which fall within the domain of the Department of Trade and Industry (dti). The policies and strategies of the Department of Trade and Industry for trade/export incentives and financing industry promotion do not directly address the visual arts. Since 2003 the Department has however become increasingly engaged with other parts of the creative industries and has developed Customised Sector Programmes for craft and film in 2005, which have involved industry analysis and the identification of a variety of industry-specific support measures, incentives and rebates. The 2010/11-2012/13 Industrial Policy Action Plan (IPAP), makes provision for the craft, film and music sectors, but not visual arts.

The visual arts are viewed as more individualistic ventures and there is need for information on the visual arts sector, and presentations by representative organisations. There is a realisation that job creation in the gallery system and other art businesses could be used as a motivation to include the visual arts in future IPAP planning<sup>27</sup>.

The findings in this section on the economic dimensions of the sector support the view that more systematic connection to the mandates and programmes of the dti should be prioritised. The dti also has responsibility for the development of policy and legislation in the area of intellectual property rights (IPR). In section 5 of this report the significance of the entire area of copyright and IPR to the sector – and particularly to visual artists – is detailed.

The Departments of Basic and Higher Education, and associated agencies such as the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority, also have an important role to play in the development of the sector – both in the supply of new talent into the industry through the schooling system, and in the deployment of the visual arts as an integral and value-adding component within a holistic education. The latter mandate is also critical to the development of a new generation of visually literate, creative and confident consumers of the visual arts. While there has been some engagement between the national department and the Department of Education around co-ordinating their engagement with the sector in the context of school competitions and artists-in-

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<sup>27</sup> interview Nadia Sujee, Creative Industries, DTI; and DTI. 2010. 2010/11-2012/13 Industrial Policy Action Plan. Pretoria: DTI

schools programmes, this has largely been in the context of ad-hoc initiatives which have lacked both the strategic focus and the resources that would enable these interventions to impact in at a systemic level within a sustainable framework.

The overarching mandate and coordinating role of the Department of Arts and Culture in relation to the sector is one which needs to be activated in a more strategic fashion than has been the case to date, both in dialogue with its counterparts at a national level, and those at a provincial and local level. One of the challenges that the Department inevitably faces – and almost certainly a major factor in the historical disconnect between the sector and government - lies in the fragmented nature of the sector, a refrain across the creative industries, but one which is particularly pronounced in the visual arts. This is partly a function of the largely commercial nature of the sector, coupled with the overwhelming preponderance of small enterprises and individual producers, the majority of whom experience their relationship with government in largely negative or disassociated terms. While organised structures do exist in the sector (artist associations and industry organisations), there has been little systematic engagement on the part of these structures either with one another or with government in a manner which speaks coherently to the mandates of government in relation to the public at large. The Department has a key role to play in assisting the sector into a more structured internal dialogue in order that it can engage in a more structured fashion with government around areas of mutual interest and concern.

#### *At a Provincial Level*

Provincial departments are involved in funding the visual arts either directly, or through Provincial Arts Council structures, usually run from within these departments. In most instances, the visual arts have not generally been brought into focus as a priority area for engagement and investment, with the exception of provincial government in Gauteng and the Western Cape, where substantial progress has been made in government-sector relations.

Given the geographical distribution of the sector noted in this report it is unsurprising that the Gauteng and Western Cape provincial governments have been at the forefront of developing regional creative industries development programmes which have included the visual arts sector within their remit. In Gauteng, this has been driven by the Department of Sports, Arts, Culture and Recreation, and has included the commissioning of three key pieces of policy-related research and strategy development:

- the Creative Industries Development Framework (2006/7)
- the Gauteng Creative Industries Mapping Study (2008)
- a Gauteng City Region Visual Arts Strategy (in development)

The provincial department has also invested in key projects such as the Johannesburg Art Fair, mentorship and professional development programmes for visual artists and other stakeholders, networking events and the development of new market platforms, working in partnership with industry organisations in the region.

In the Western Cape, the visual arts have been included in the planning and budgetary frameworks of the Western Cape Department of Economic Development and Tourism, in the context of its Micro-Economic Development Strategy. Through a partnership with the Western Cape branch of the Visual Arts Network of South Africa, the Department invests in new market platforms for visual artists, networking events and professional development programmes.

In both regions, there is a strong focus on partnership with industry organisations and businesses in the development and realisation of projects and plans related to the visual arts.

#### *At a Local Level*

The role of the visual arts in urban development has unsurprisingly largely been driven at a city government level. The idea of the 'creative city' has become a commonplace in the language of urban development, with the fostering of precincts and districts being seen to reap a variety of social and economic benefits, and contributing to the development of a distinct sense of place and identity for city communities. The work of Charles Landry has played an important role in the evolution of the concept of the Creative City, operating within a similar 'creative economy' framework to that of Richard Florida:

"Cities have one crucial resource – their people. Human cleverness, desires, motivations, imagination and creativity are replacing location, natural resources and market access as urban resources. The creativity of those who live in and run cities will determine future success. As cities became large and complex enough to present problems of urban management so they became laboratories that developed the solutions – technological, conceptual and social – to the problems of growth". (Landry 2000)<sup>28</sup>

Most of the activity in this area has taken place in the three major urban centres of Johannesburg, Cape Town and Durban. Activities in this area have included:

- In Cape Town, the Creative Cape Town Strategy of the Cape Town partnership has played a significant role in the conceptualising of creative precincts in the Cape Town CBD and promoting networking, co-operation and joint programming between organisations.
- Johannesburg has also been at the forefront of the large-scale commissioning of public artworks, largely financed through the Johannesburg Development Agency with provincial and local government resources.
- The development of the Art Bank concept in Johannesburg has had a variety of positive effects for particularly new entrants into the market
- In Johannesburg, the development of the Newtown precinct has been driven by the Arts, Culture and Heritage department of the city together with the Johannesburg Development Agency. Low rentals for cultural organisations in the precinct have made it an ideal location for non-profit visual arts and craft organisations involved in training, professional development and the development of new market platforms. Support has also been given to the largely privately driven development of a specifically visual arts precinct on the east end of the Inner City, centred around the Arts on Main development.
- One of the five primary themes of the Imagine Durban project of the Ethekewini Municipality (in conjunction with the international PLUS network of creative cities) is focused on the promotion of cultural diversity, arts and heritage at a city level. The Imagine Durban plan identifies a range of interventions aimed at developing local cultural industries through providing support for local artists, promoting arts spaces and events and skills development for artists. The plan for Imagine Durban also incorporates the development of cultural precincts and the commissioning of public art, and articulates the roles of different stakeholders from the general public through to government, the private sector and civil society organisations in the arts. A specific intervention in the visual arts realm supported through the initiative has

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<sup>28</sup> Landry, C. 2000. *The Creative City: A Toolkit for Urban Innovators*, Earthscan Publications Ltd: London.

been the Creative Arts Bus, a project of the Visual Arts Network of South Africa and the Performing Arts Network of South Africa.

## Section 3: Demand for the Visual Arts

In this section, consideration is given to the nature and scale of demand for the visual arts in South Africa. This demand takes two forms: private consumer demand on the part of individuals, businesses and corporations, and demand from the public sector. The nature and size of the commercial market and the workings of the primary and secondary market are explored in the first part of this section, followed by an examination of public involvement in the market through the acquisitions policies of public art museums and collections, public art commissioning and the Art Bank. The section concludes with a set of recommendations concerned with both stimulating private consumption, as well as enhancing existing public demand.

The section provides an overview of:

- The Nature of the Market
- Audiences for the Visual Arts
- Buyers and Consumers of the Visual Arts
- The Supply system
- The Role of Art Publishing and the Media
- The Export Market and International Promotion
- The Role of the Public and Corporate Sector Demand
- Regulatory Issues

### 3.1 Understanding the Market

The purchasing and selling patterns of dealers, auction houses, public art museums and corporate collections, recognition on the competitions circuit, and the commentary of art critics and writers on the other all exert varying degrees of influence in the assignment of value to the work of particular artists in the contemporary segment of the market. In the 'commercial' segment of the market, value is accrued through more conventional supply and demand dynamics in which artists, dealers and gallerists play a primarily role.

Particularly at the contemporary end of the market, the value of an individual work of contemporary art may have very little obvious relationship with the time and physical materials invested in its production – for the work of established artists these are relatively minor considerations in the assignment of financial value. The assigned value of artworks relies to a significant degree on the accumulation of various kinds of symbolic capital through a set of complex and interlocking relationships between art-producers, institutions, gallerists, dealers, publishers, auction houses, buyers and audiences. Morris Hargreaves and McIntyre<sup>29</sup> refer to this as a process as 'subscription', defined as:

“the mechanism by which art and artists are advocated, critically appraised and endorsed by peers within the sector and through which the ultimate destination for the art is in a national public collection... In a sector that has no formal regulatory mechanism the process of subscription provides legitimisation for artists and their work by signifying the endorsement of their work by informed peers from within the sector.”

In their analysis of the Contemporary Arts Market in the UK, Morris, Hargreaves and McIntyre (MHM) have developed an 'ecological' model for understanding the visual arts

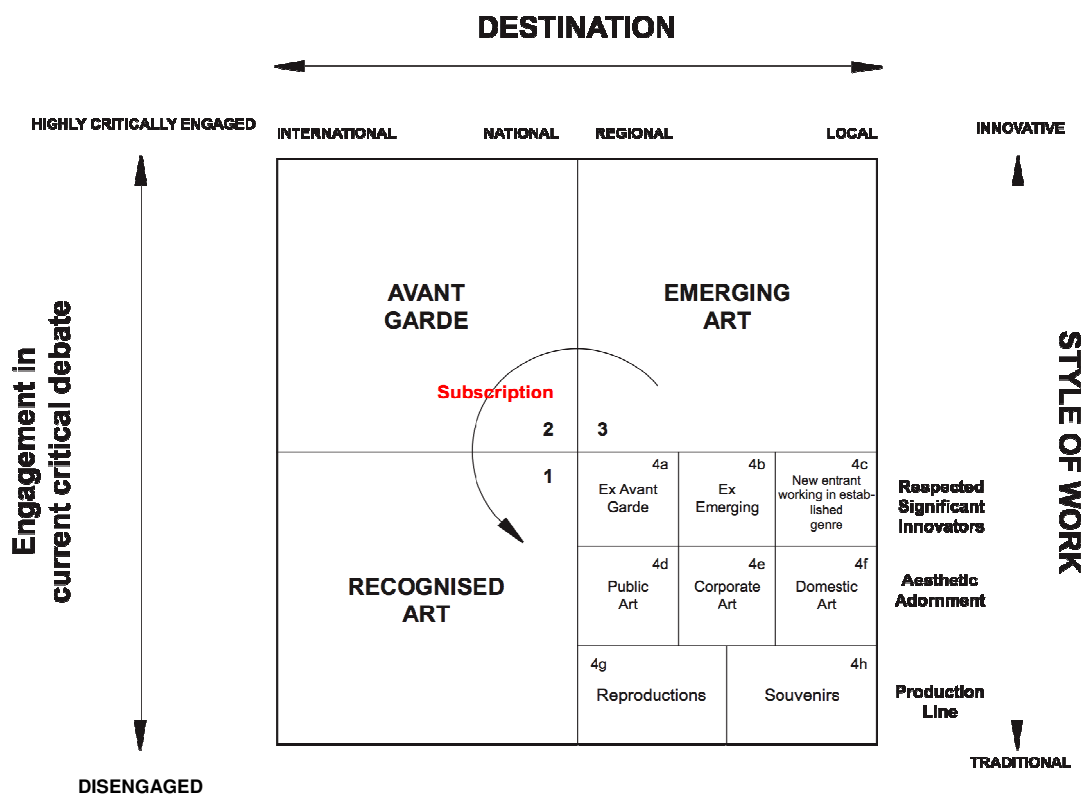
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<sup>29</sup> This subsection draws substantially on the *Taste Buds* study undertaken by Morris Hargreaves and McIntyre into the UK art market.

market that is useful in this context. The model helps to explain how value is generated around work situated within different market segments in an industry where supply and demand do not necessarily follow the logic of more conventional market systems.

The model situates artworks, contexts for presentation and sale and buyers within a four-point grid that is organised around three primary axes:

- the geographical scope of markets (from local to international)
- the extent to which work is deemed to be critically engaged
- the extent to which the work utilizes more or less traditional (painting, sculpture) or innovative modes of practice (installation, performance art, etc)



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The first box, ‘recognised art’, encompasses the market for the work of a small number of artists who have been validated in both the primary and secondary markets for the visual arts, and who generate substantial individual earnings: the established ‘stars’ of the contemporary arts circuit. Buyers in this market segment are either (very wealthy) private collectors (many of them internationally based) or international museums and collections, and the supply of work into the market is tightly controlled by a small number of gallerists, dealers and agents. In European and North American contexts, this segment would also include major public art museums and corporate collections as buyers – in the South African context, the limitations on the acquisitions budgets of both public art museums and corporate collections mean that the institutional buyers at this end of the market are to a significant degree located outside of the country.

Box 2, ‘avant garde art’, encompasses the market where most other contemporary artists aspire to be, and which is normally a pre-requisite for migrating into the ‘recognised art’

segment: producing work which is regarded as 'cutting edge' within the critical discourse, and beginning to access an international circuit of exhibitions, biennales and art fairs. As with 'recognised art' the supply of work in this segment is tightly controlled by artists, agents and dealers. Supply of work is tightly controlled by artists, agents and dealers, and buyers can be required to go on a waiting list. As with 'recognised art' entry into this market segment is difficult for both artists and for the dealers, gallerists and curators that nurture the demand for their work – the costs of actively promoting work at this level can be prohibitive for many businesses. In the South African context, this segment is almost indistinguishable from the 'recognised art' segment.

#### Box 3, 'Emerging Art',

Artists and businesses operating the 'emerging art' segment of the market aspire to be in the avant-garde section. It is the realm in which you new artists reputations are forged (or not) based on their capacity to attract the attention of dealers and gallerists in the avant-garde and recognised segments, and access the contemporary arts circuit at national and regional level. This involves tight control over the supply of work, and the willingness to forfeit short-term financial gain for longer term acceptance into what Morris, Hargreaves/Mcintyre refer to as the "subscription circles". Indeed, there is often substantial resistance to the idea that art should have a market value, and much of the work produced in this segment may not be intended to be sold at all, concerned as it with the accumulation of symbolic capital. And as they point out 'the whole area is about taking risk: artists are risking their reputation; dealers are risking their business and critical commentators are risking their placer in the subscription circles".

#### Box 4, 'Most Art' represents the area in which most artists

This segment contains the great majority of art that is bought and sold, and artists, galleries and buyers – "the enormous breadth of production that lies outside the subscription systems", and is substantially less dependant on the institutions and critical discourse that sustains this system. Artists in this segment may have lost favour within the wider critical discourse and elite market, or may never have managed (or tried to) to access this world. Many may in fact have no awareness whatsoever of the concepts which underpin activity in the other three segments. While prices may be modest than in the 'recognised' and 'avant-garde' segment, it also includes many successful artists who are able to make a good living from their work, many of whom operate at the commercial art or 'domestic art' end of the spectrum. Work is often produced with a very particular market in mind and dealers/gallerists in this segment of the market may – because they know their market well and are not burdened with the same constraints with regard to limiting supply of work or identifying new markets - may buy up or 'order' significant quantities of work in advance rather than taking this work on consignment. More often than not, the primary market for this work is at a local or regional level, though some dealers may export this work to very specific suppliers elsewhere in the world which occupy a similar position in the marketplace. At the commercial end of the spectrum, commercial relationships between producers and suppliers can more closely resemble those found in the fine craft industry. It is also the segment which is usually the first port of call for first time buyers of visual art, and may represent in a point of entry into the 'contemporary, cutting edge' – but still affordable - world of box 2.



The MHM marketplace model draws attention to some peculiar features of the market for the visual arts:

- It is one of the few industries in which there are significant barriers to entry into the marketplace for *both* producers and *consumers*. The top end of the market is an exclusive and excluding domain for artists, suppliers and buyers/collectors.
- The top end of the market is characterised by quite rigid business practices operating within a relatively closed and highly idiosyncratic market. The end of the market that is characterized by more traditional, local and less critically engaged work is ironically the segment in which the most innovation occurs at the level of business practice.
- The ‘pursuit of critical approval’ at the contemporary, cutting edge of the market has the potential to retard capacity for market expansion and entrepreneurial development

These trends are less pronounced in the South African context, where the ‘avant-garde’ and ‘recognised’ segments are substantially smaller than in the UK, and most work and commerce occurs in the ‘Most Art’ segment. The MHM study notes the remarkable impediments that are placed in the way of people buying innovative contemporary art by the manner in which the marketplace operates, and promotes an approach to market development characterised by more business-like consideration of some of the following factors:

- Accessible locations
- An openness and willingness to mentor new buyers
- The cultivation of a greater variety of buyers at different levels of the market
- A willingness to collaborate with other businesses
- Engaging in the provision of other services as a means to supplement core income from sales
- Avoiding a narrow focus on international markets as the destination of most meaning, and the need for active and thoughtful engagement with local and regional markets

### **3.2 Audiences**

The experience of the visual arts is different to other art forms in that consumption can involve a very minimal – or no - economic transaction as artworks can be viewed in a variety of contexts at very little or no cost, in contrast to, for example, the theatre or music industry. The cost of owning an original artwork is however generally far higher than the cost of attending a theatre performance, buying a CD, or going to a concert. The great majority of consumers of the visual arts fall into the category of audiences who appreciate artworks in the context of private or public museums, collections or galleries.

A dramatically smaller number of consumers actually purchase original artworks in the context of commercial galleries, and a minute proportion of the overall population falls into the category of serious buyers or collectors – people who purchase artworks on a regular basis for the purposes of investment, pleasure, social status and so on. Nevertheless, buyers of the visual arts are necessarily grown from audiences for the visual arts and it follows that the larger the audience base for the visual arts, the larger the consumption base will be.

In this sense, the investment in publicly accessible art museums and collections can be understood as an investment in the cultivation of potential buyers of the visual arts.

Attendance figures for museums and collections are therefore an important indicator both for understanding the impact of or return on this investment, and for understanding the potential buying market for the visual arts in South Africa, as these figures are likely to capture a significant proportion of those who are interested in the visual arts generally.

The following table shows information on attendance at publicly accessible art museums and collections in South Africa based on a survey of 27 public and private museums and collections across the country (see appended report on museums and collections for more detail).

	<b>Number of Institutions reporting</b>	<b>Reported total number of visitors (2009)</b>	<b>Average number of visitors</b>	<b>Extrapolated to total population</b>
<b>Public Institutions</b>	9	529 411	58 823	1 058 814
<b>University-based Institutions</b>	6	51 707	8 617	103 404
<b>Private Institutions</b>	3	19 621	6 540	91 560
<b>Total</b>	<b>18</b>	<b>600 739</b>	<b>33 374</b>	<b>1 253 778</b>

Roughly a quarter of the 1,25 million visitors to public art museums and collections were reported to be international tourists across the sample, leaving a total domestic audience for museums and collections of approximately 930 000 people per annum, including school tours and outreach programmes – approximately 2% of the total population. By comparison, a 2002 study of the visual arts in Australia reports between 20 and 22% of the *adult* population attending galleries and museums<sup>30</sup>. A study on the visual arts in America reported that 43% of all adults had attended visual arts events or galleries in 2002<sup>31</sup>.

The following shows a selection of international comparators referencing the annual attendance figures of individual institutions or institutional clusters:

<b>International comparators</b>	<b>Annual attendance</b>
Tate Modern	5 million
National Gallery of Australia (Canberra)	501 484
Museum for the Contemporary Arts (Mozambique)	5 631

The BASA ArtsTrack 2009 research report indicates a substantially more positive diagnosis for arts appreciation in South Africa, based on a survey of the adult arts market for the arts. Survey findings suggest that:

- 39% of black respondents attend art exhibitions, on average 2.6 times per year
- 45% of white respondents attend art exhibitions, on average 2.7 times per year
- 34% of asian/coloured respondents attend art exhibitions, on average 3 times per year
- 3.18 million adult South Africans are 'extremely interested' in the visual arts with 2.4 million of these being black South Africans<sup>32</sup>.

The contrast between the attendance figures for publicly accessible art museums and collections and the ArtsTrack data suggests a set of possibilities that require additional

<sup>30</sup> Department of Communications, Information Technology and the Arts. 2002. Report of the Contemporary Visual Arts and Crafts Inquiry. Commonwealth of Australia: Canberra. P. 165

<sup>31</sup> the 2002 Survey of Public Participation in the Arts produced by the National Endowment for the Arts, quoted in McCarthy, K. Ondaatje, E. Brooks, A & Szanto, A. 2005. *A Portrait of the Visual Arts: Meeting the Challenges of a New Era*. Rand Corporation: California. P22

<sup>32</sup> BMI-Sport Info/BASA. 2009. ArtsTrack 2009. BASA, Johannesburg. pp 13-19.

research in order to gain a better understanding of audiences for the visual arts in South Africa:

- ArtsTrack respondents overstate their levels of interest in the visual arts
- 'attending exhibitions' is an inadequately defined activity in the ArtTrack methodology
- publicly accessible art museums and collections – and by extension, the contemporary segment of the market more generally - play a marginal role in most South African's experience of the visual arts, with contexts such as 'Art in the Park' providing substantially more accessible platforms for people to experience the visual arts

Another useful indicator for understanding the audience base for the contemporary segment of the visual arts are visitor numbers at the Joburg Art Fair, which was launched in 2008 and is now in its 3<sup>rd</sup> year. Driven by the company Art Logic and sponsored by First National Bank, attendance at the Art fair has grown from 6 500 in 2008 to 10 000 in 2010 with 22 and 23 commercial exhibitors respectively<sup>33</sup> - during the course of three days, the event secured 20% of the entire annual attendance the Johannesburg Art Gallery reported in 2009. Art Amsterdam, a mid-range and established international Art Fair in its 26<sup>th</sup> year, had 135 galleries participating and reported 24 000 visitors in 2009<sup>34</sup>. Locally, and in an adjacent industry with a much larger consumption base, the Decorex interior design trade fair exhibition, now in its 17<sup>th</sup> year, boasts figures of approximately 100 000 per annum across three annual events in Johannesburg, Cape Town and Durban. The April 2010 Cape Town Decorex exhibition reported figures of 35 200 and had 340 local and international exhibitors<sup>35</sup>. The results achieved by the Joburg Art Fair as a very young market platform are remarkable in this comparative context and indicative of a growing market for the contemporary segment of the visual arts in South Africa.

### 3.3 Buyers

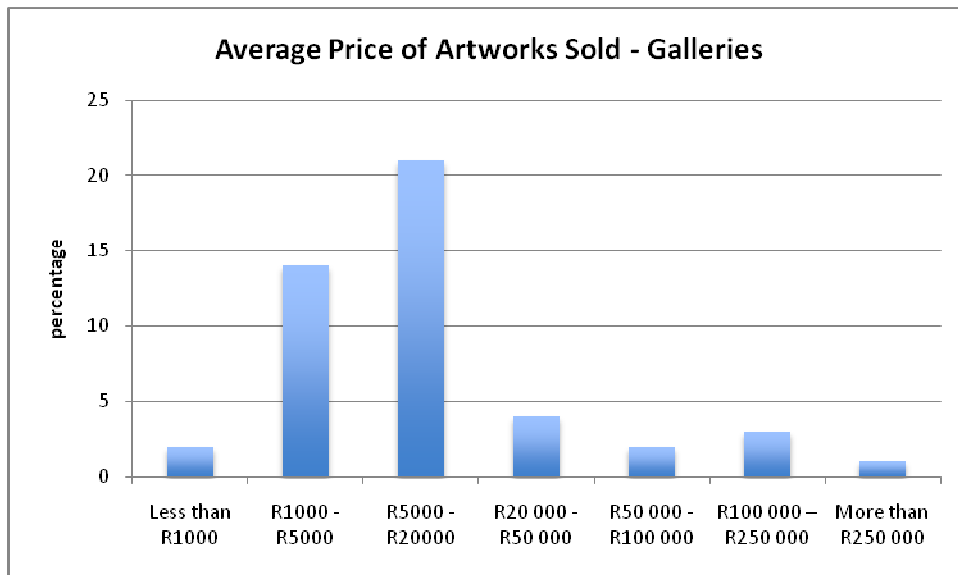
Within the scope of the present project, it was not possible to conduct a detailed profiling of buyers. Both commercial and non-commercial galleries, as well as artists, were however asked about the income levels of their target consumers, and pricing. Most organisations pricing of artworks falls within a R5000 – R20 000 price range with a higher proportion of artists reporting selling work in the R1000 – R5000 range as shown in the following charts:

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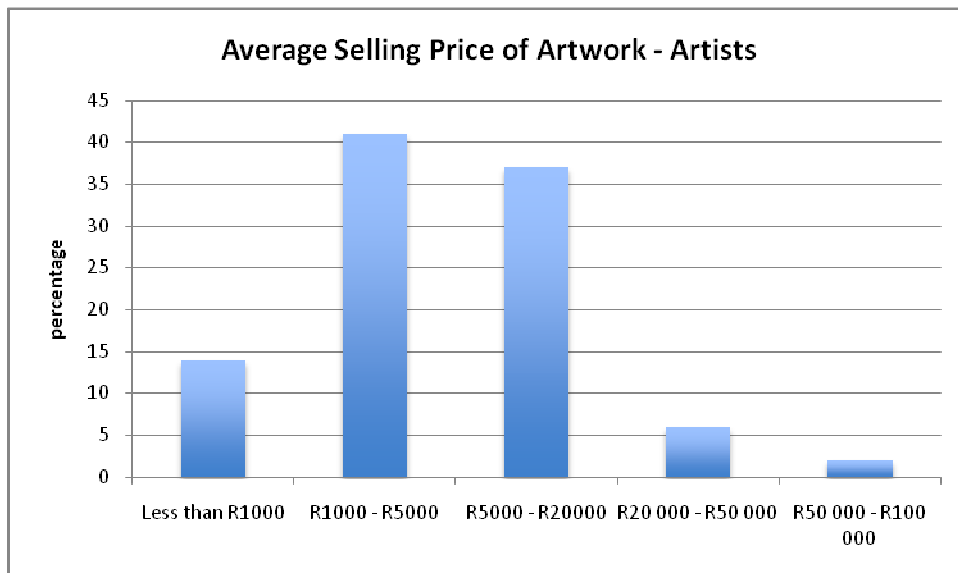
<sup>33</sup> Figures supplied by Art Logic

<sup>34</sup> information accessed at <http://www.artamsterdam.nl/aboutthefair.htm>

<sup>35</sup> Press release issued for Decorex Cape Town by Erieda du Toit PR, accessed at <http://www.decorex.co.za/sitefiles/comprr/Post%20show%20release.doc>

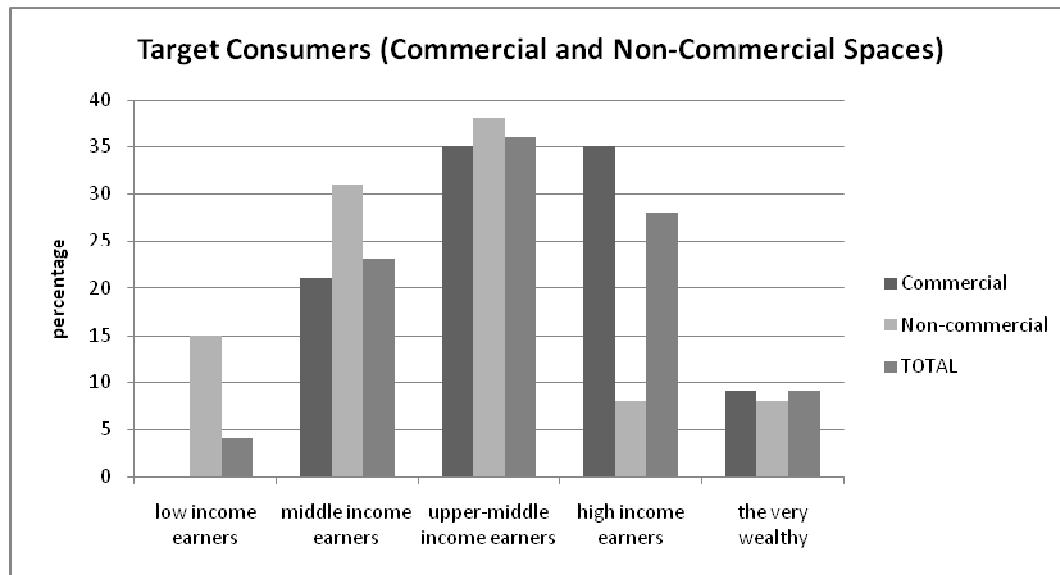


n=47



n= 241

Unsurprisingly, the majority of galleries report predominantly upper-middle income and high-income earners, with a small portion of galleries primarily targeting the very wealthy, and a larger proportion of non-commercial spaces targeting middle and upper-middle income earners:



n=47

Market demand for the visual arts within the national and regional economy – though probably stronger than anywhere else on the continent – is therefore confined to a comparatively small economic elite. Middle and upper middle-income earners represent a more numerous section of this market – though this area of demand is most vulnerable during periods of economic recession, when more basic priorities take precedence over ‘income-elastic’ products such as the visual arts. Again, sales at the Joburg Art Fair are a good barometer of the impact of shifts in the wider economy on the art market. The value of gallery sales was estimated at R15 million for the 2010 edition of the 4-day Art Fair, excluding sales that took place post the Art Fair – almost half of the pre-recession sales of between R25 and R30 million for the 2008 edition of the Fair<sup>36</sup>.

Consultations with gallerists suggest that there may be a significant new emerging market for the visual arts among the growing black economic upper middle income group within the country – a perception broadly borne out by the BASA ArtsTrack figures referenced above.

### 3.4 The Size of the South African Market for the Visual Arts

The buying market for the visual arts in 2008/9 – excluding auction sales - is estimated at just over R1 billion across all market segments (contemporary, ‘commercial’, etc). This figure was arrived at in the following way:

#### Gallery Turnover

- revenue generated from total artwork sales and associated services was recorded as R62 991 998 by 29 entities involved in the distribution and presentation of the visual arts – galleries, project spaces, consultancies and dealers
- the mean/average value for revenue generated through artwork sales and associated services was R2 249 714 per entity
- the median (midpoint) value for sale of artworks and associated services was R484 472

<sup>36</sup> personal communication, Matthew McClure (Art Logic), June 2010

- in order to moderate the effect of a skew within the sample toward contemporary art galleries with a high turnover, a mid-point between the mean and median values for artworks sales/services per entity was proposed: R1 367 093
- Based on the database research for this project, the total number of galleries, dealers, web-based sales portals and consultancies in South Africa involved in the presentation and sale of artwork is estimated at 632 individual entities
- The total turnover from artwork sales for these entities is therefore estimated at **R864 002 798**
- This result can be triangulated against figures reported by artists for sales through galleries.
- The average/mean value of sales through galleries was reported by artists as R58 594 per annum.
- Taking into account that these figures reflect income after gallery commission has been deducted, the total average value of sales can be extrapolated as R97 657 for artists selling their work through galleries
- Based on the database research for this project, it is estimated that there are approximately 5 500 practicing professional artists in the country.
- Based on these assumptions, the turnover through galleries may be estimated at **R537 111 490** per annum. Bearing in mind that galleries and dealers also generate significant revenue from the resale of artwork (with no revenue accruing to the artist), this figure seems comparable to the estimate achieved through the analysis of data from galleries and dealers.

#### **Turnover associated with direct sales from artist studios and artist studio/galleries:**

- Artists were asked to quantify sales through galleries as well as direct private sales
- 62% of the sampled artists reported income through private sales and 25% reported income through private commissions
- The mean value for direct private sales reported by artists was R34 618 per annum and R43 401 for private commissions
- Total turnover through direct (non-gallery) sales and private commissions is therefore estimated as **R119 903 698** and **R59 182 500** respectively, giving a total of **R179 086 198**

#### **Total Turnover**

- The sum of gallery sales and artist private sales is therefore estimated at **R1 045 525 309** (the sum of gallery sales and artist private sales/commissions).

While the sample sizes for both business entities are low in relation to the total population, triangulating the sales reported by artists through galleries and gallery turnover suggests that these figures are probably in broadly the right range.

The total figure excludes sales through auction houses in South Africa, which are informally estimated by industry sources as being in the region of R260 million per annum at a conservative estimate – partly due to the very small number of entities operating in this market, there is substantial sensitivity around the release of data on income and expenditure from auction houses. This has precluded a precise audit of this important section of the market in the context of this research project. Sales through the Joburg Art Fair were also excluded from this estimate due to the fact that these duplicate sales data for galleries.

To place these figures into an international perspective:

- In the UK, the market for contemporary art alone was estimated at between £354 million/R3.9 billion and £500 million/R5.5 billion in 2004<sup>37</sup>. The value of UK auction sales across all segments was estimated at approximately \$1 billion/R9.3 billion for 2004 – 26,9% of global auction sales in that year<sup>38</sup>.
- In Australia, sales through galleries were valued at A\$218 million in 2002, and auction sales at A\$70 million<sup>39</sup>.

### 3.5 The Supply System

As the preceding figures make clear, there are three primary vehicles for the marketing, presentation and sale of artworks: the gallery system, the auction market and the promotional and selling activities of artists themselves. These are supported by a range of other platforms that connect artists and buyers: trade events and biennales, competitions and awards, and the activities of a variety of businesses and consultancies. In what follows, a variety of market-related issues pertaining to each of these vehicles is explored.

#### *Artists as Entrepreneurs*

Artists may be privately commissioned to produce work, sell work directly from their studios, through on-line platforms, and small studio-based galleries for their own work as well as the work of other artists – the latter is particularly the case for artists operating at the so-called ‘commercial’ end of the market. As noted in the preceding section, these private sales account for a substantial portion (approximately 17%, excluding the value of auction sales) of the overall value of turnover. Artists’ position in and perception of the market, and the nature of their relationships with gallerists and dealers are discussed in greater detail in section 5 of this report, “The Position of Artists”.

#### *The Gallery System*

Database research, drawing on the South African Art Information Directory, suggests that there are in the region of 650 entities that describe themselves as galleries. It is estimated that approximately 75-100 of these operate primarily at the ‘contemporary art’ end of the spectrum described in the preceding section. The findings from the survey largely address the position of galleries operating in the contemporary market, or perceiving themselves to be doing so. Responses to the survey indicated the following spread across different market segments for organisations involved in the sale and distribution of artworks, with nearly 70% of all respondents indicating that they operated in the contemporary segment of the market:

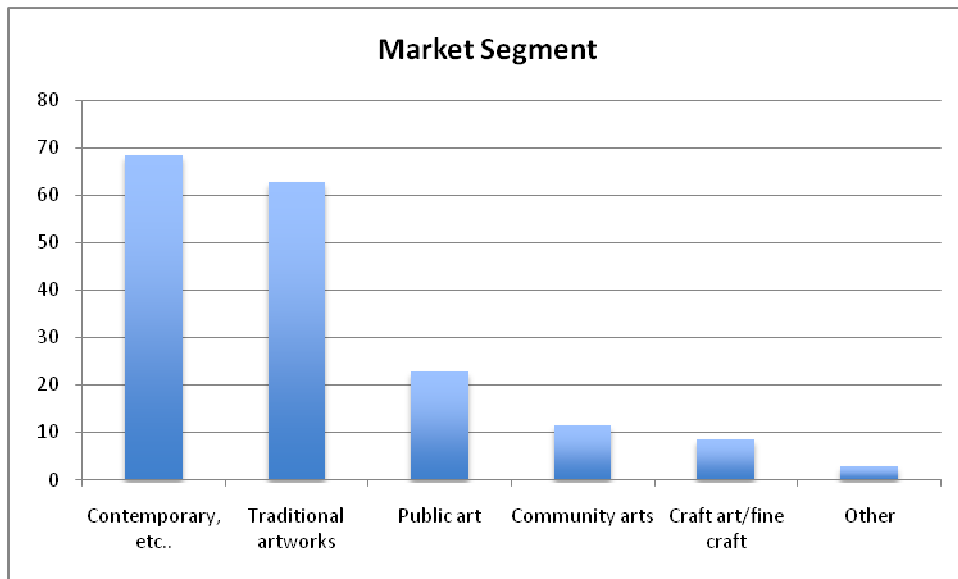
*n=35*

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<sup>37</sup> Morris, Hargreaves and McIntyre. 2004. *Taste Buds - How to cultivate the art market*. Arts Council England publication, accessed at <http://www.takingpartinthearts.com/content.php?content=1034>; Buck. L. 2004. *Market Matters: The Dynamics of the Contemporary Arts Market*. Arts Council England: London

<sup>38</sup> Art Price. 2004. *2004 Art Market Trends*. Artprice.com SA: France. Pp. 6-12

<sup>39</sup> Department of Communications, Information Technology and the Arts. 2002. *Report of the Contemporary Visual Arts and Crafts Inquiry*. Commonwealth of Australia: Canberra. P. 239



n = 35

The gallery system is largely composed of commercial entities, with a small number of independent non-profit contemporary arts spaces and artist run initiatives, whose contribution in economic terms is small, but which nevertheless play an important role in the identification of new talent and the setting of trends in the market. These are discussed in greater detail in Chapter 4 ‘The Organisational Landscape for the Visual Arts’.

As previously noted, the survey sample was skewed toward non-profit organisations, with 11% of businesses whose primary function is the sale of artworks and related services (35 entities) indicating a non-profit trust as a legal structure; and 27% of all organisations (47 entities) who have a gallery space being non-profit organisations – though for more than half of this sub-group the presentation and sale of work is a secondary business activity.

Galleries generally operate both in the primary (first sale) market as well as dealing in artworks in the secondary (subsequent sale) market. Artists usually lodge their work with galleries on a consignment basis in the context of solo or group exhibitions – i.e. galleries act as agents for the sale of work that is still owned by the artist, and receive a commission on the sale of work. 41% of organisations that have a gallery space that were included in the survey (this includes organisations for whom this may be a secondary activity) reported charging commission of between 30 and 40%; 15% reported charging commissions of between 20 and 30% and 11% reported charging commission of between 40% and 50%. Commission arrangements are also discussed in more detail in section 5, “The Position of Artists”.

Gallerists also frequently purchase the work of artists that they represent through exhibitions as well as through studio sales and the open market, and subsequently sell this work in the secondary market (usually at an appreciated value), where the entire value of the sale is retained by the gallerist/dealer. In other national contexts, Artist Resale Rights legislation is in place which (theoretically) obliges gallerists and dealers to pay a small percentage of the value of secondary sales to the artist, so that artists continue to have a share in the increased value of their work over time. This arrangement does not presently pertain in the South African context, and this issue is also discussed in further detail in section 5, “The Position of Artists”.



Key general findings from the survey pertaining to galleries include:

- 34% (12/35) of entities involved in the primary and secondary markets are owned/managed by women; 91% (32/35) of entities are owned/managed by white people
- most of the surveyed galleries are closed corporations (46% or 16/35), followed by PTY (ltd) structures (17%) and trusts (11%); 20% of the surveyed galleries are run without a formal company structure in place (provisional taxpayers/sole traders)
- 51% (18/35) of surveyed galleries have been in existence for between 1 and 5 years; 31% for 6-10 years; 11% for 11 to 20 years and only 6% for more than 20 years
- 43% (15/35) of surveyed entities have to pursue activities outside of the visual arts to supplement their earnings
- 77% (27/35) sell directly to consumers, the balance sell artwork directly to consumers and other businesses in equal measure.

The survey also included a set of questions for all organisations utilising a gallery space, which included some education and training and development organisations. Responses were disaggregated based on whether the entity was a commercial or non-commercial (eg trust, section 21 company) entity. Key findings from this component of the survey included:

- 74% of all entities lease the space that they do business in – this was true for 80% of non-profit entities and 71% of commercial entities
- Commercial entities generally pay slightly more for the space that they occupy than non-profit entities. The mean and median (mid-point) values for monthly costs and cost per square metre for gallery space are indicated in the two tables below:

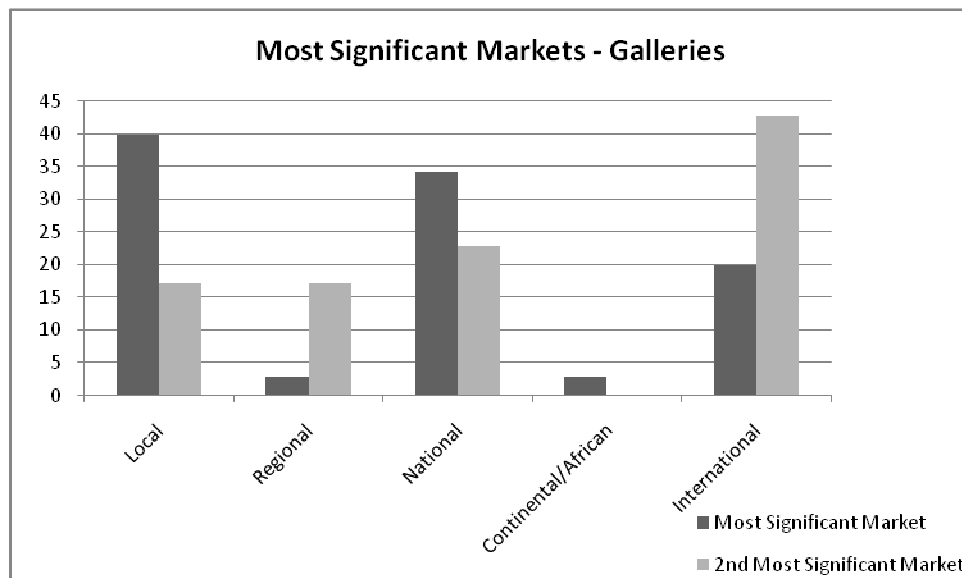
Per month	Commercial	Non-commercial	Overall
N	23	8	31
Mean	R12,403	R10,441	R11,897
median	R7,000	R6,750	R7,000
min	R750	R384	R384
max	R50,965	R33,000	R50,965

Per m <sup>2</sup>	Commercial	Non-commercial	Overall
N	23	8	31
mean	R114	R101	R111
median	R63	R79	R66
min	R5	R1	R1
max	R378	R367	R378

- The large discrepancy between mean and median values can be attributed to the existence of a small number of galleries at the top end of the market that pay a premium for the space that they occupy (note maximum values) – this is reinforced by the significance attached to physical location in attracting consumers noted in the findings below.
- Entities with gallery spaces indicate that the great majority (84%) of artworks are sourced from local artists, 21% from artists from the rest of Africa, and 14% from artists elsewhere in the world.

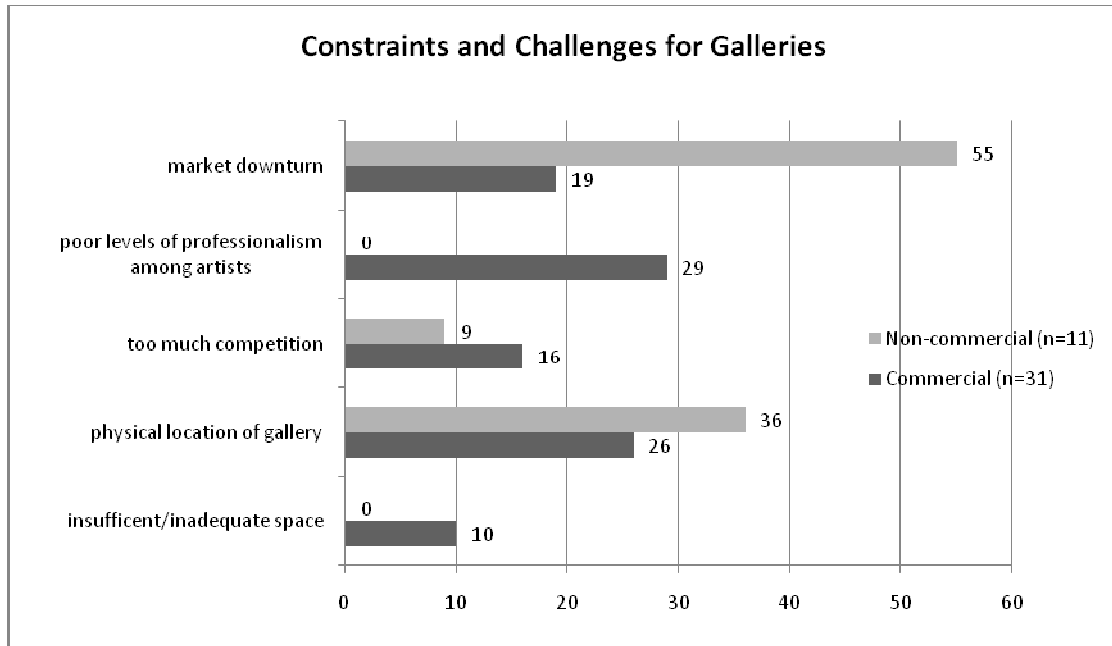
For the majority of surveyed galleries and dealers, the most significant market for their products and services is local (40% or 14/35 of surveyed galleries). 1 in 5 indicated

international markets as being of greatest significance, with a large proportion (43%) indicating international markets as being their second most financially significant market. Only 1 respondent to the survey indicated the rest of Africa as a significant target market.



n= 35

- Just less than half of respondents - 49% (17/35) - indicated tourists as being a significant target market.
- 43% (20/47) of organisations with a gallery space reported exhibition openings as being the most important opportunity for making sales; with 28% reporting casual daytime sales and 21% reporting special viewings as being the most important context for making sales.
- The majority (46% or 16/35) regarded networking and word of mouth as being the most important method of marketing their products and services, with the physical position of the business and on-line presence also featuring as significant primary methods of marketing work (both being indicated by 18% of the respondents)
- An on-line presence and digital communication was indicated as being the most significant secondary method of marketing work by the great majority of respondents (48,5%), with a further 14% noting the importance of local media as a secondary method
- The majority of respondents were positive about growth in the market for their products and services, with 57% indicating 'gradual improvement' and 27% indicating 'healthy' growth in the market. 8% perceived the market to be stagnant, and only 6% and 3% of respondents perceived the market to be 'in decline' or 'sharp decline' respectively.
- 'Poor levels of professionalism among artists' is the most frequently cited constraint or challenge for commercial galleries (29%), followed by issues associated with their physical location (26%) and a downturn in the market (19%). Interestingly, the small group of non-commercial spaces surveyed cited a downturn in the market as being their most significant constraint or challenge (55% of respondents), followed by the physical location of their gallery (36%)



### *The Auction Market*

Auction houses represent an important, and growing part of the market for the sale of visual art in South Africa. The majority of sales through auction houses are secondary/resales of artworks that have already circulated in the market, potentially changing hands a number of times. The auctions market for visual arts is predicated on appreciation in the value of work over time, based on the complex set of factors involved in the endorsement of particular artists in the marketplace, through institutions and through art criticism alluded to earlier. Auction houses generate their revenue through charging a buyers premium (added to the value of the work, usually on a sliding scale) and a seller's commission (subtracted from the value of the work). They generally operate at the top end of the market, largely dealing in the work of artists whose reputations have been established and command high prices. In advanced economies with a substantial base of serious collectors and buyers, auctions account for a major portion of the total value of artwork sales. In 2004, for example, the value of the auction market in the UK had almost twice that of sales through galleries, dealers and artists (roughly R9.4 billion vs R5.4 billion – see preceding section for data sources). The global market was valued at \$5 billion in 2009, down from a decade high of \$9.4 billion<sup>40</sup>.

The international market is dominated by two multinational auction houses – Sothebys and Christies - which in 2009 together accounted for 59% of the value of all auction sales internationally, though only just under 11% of all auction lots sold among all significant auction houses<sup>41</sup>. Sales are generally organised by historical period (Old Masters, 19<sup>th</sup> Century, Post War, Modern and Contemporary) and by medium (painting, sculpture, drawings, prints, etc.). Internationally, the art auction market saw massive growth during the post World War II period, and from the 1960s a signal trend has been the growth in the value of modern and contemporary art on the auction market – whereas the value of sales in these segments were previously modest by comparison with Old Masters, the last few decades have seen prices for contemporary art rivaling those of the established art-historical canon of artists. The market for contemporary art is also the most volatile of the market segments – for example, after a boom in art prices at auctions between 2002 and 2008

<sup>40</sup> Art Price. 2009. 2009 *Art Market Trends*. Artprice.com SA: France. p. 6

<sup>41</sup> Art Price. 2009. 2009 *Art Market Trends*. Artprice.com SA: France. p. 14

(rising by 225%, according to the annual Art Price Index Trends publication), the market value of contemporary art has now returned to 2004 levels, and in the space of a single year lost 6% of the overall market share of auctions sales<sup>42</sup>.

The South African auction market is dominated by three auction houses – Stefan Welz and Co (established in 1968, associated with Sothebys), Graham Britz (launched in 2001) and Strauss and Co (launched in 2008). There are a number of smaller auction houses that have a fine arts specialism, such as Bernardi Bros, 5<sup>th</sup> Avenue Auctioneers and Ashbeys. The London-based Bonhams is probably the only major auction house outside of the country that specializes in South African art. The total value of auction sales (including buyer's premium) through auction houses was estimated as being in the region of R260 million in 2009<sup>43</sup>.

As previously noted, the major intervention in this area – contemplated in the Berne Convention (to which South Africa is a signatory) – is the institution of Artist Resale Rights, legislation which would compel auction houses (and potentially all dealers operating in the secondary market) to distribute a small percentage of the value of the sale of artworks to the originating artist, or in certain instances (such as is the case in Norway), to an Artists fund. The institution of such legislation in most other national contexts has been met with much resistance from auction houses. Substantial consultation with all players in the secondary market – supported by research on approaches to implementation - would need to precede any intervention in this realm. Such an intervention would also need to be balanced against demonstrable investment by government in other areas of the industry. This issue is addressed in substantially more detail in chapter 5, 'The Position of Artists'.

#### *National, Regional and Local Marketing Platforms: Art Fairs, Biennales and other Trade events*

Art Fairs and Biennales represent the two main internationally established formats for the showcasing of the contemporary visual arts. Art Fairs, have an overtly commercial character, functioning as trade shows for the visual arts which attract both domestic and international exhibitors. Biennales, by contrast, are curated exhibitions involving the participation of artists and curators from a variety of national contexts, usually in the context of national pavilions/exhibits. Though they are overtly more engaged in the construction of art-critical discourse than in selling, in so doing they also play an influencing role in the market in developing the reputations of particular artists and curators.

As previously noted, the Joburg Art Fair has provided an important new platform for the cultivation of new audiences and buyers for work largely at the contemporary end of the spectrum. Its success has arguably been predicated on a combination of factors:

- The development of a trade fair format which includes lifestyle elements such as contemporary design,
- an aggressive marketing strategy across print, on-line and outdoor media
- the positioning of the Fair in a location (the Sandton Convention Centre) which is accessible and familiar to upper middle income South Africans and international visitors

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<sup>42</sup> Art Price. 2009. 2009 *Art Market Trends*. Artprice.com SA: France. p. 8; Art Price. 2008. 2008 *Art Market Trends*. Artprice.com SA: France. Pp. 7

<sup>43</sup> Michael Coulson. 2010. *The 2009 Auction Year in Review*. SA Art Times November 2009/January 2010 edition. p1.

- The development of a financial model based on the selling of tiered branding rights, together with complementary investment from the Gauteng provincial government, and a variety of local and international contemporary art institutions and agencies.

15% of all artists responding to the survey cited the Johannesburg Art Fair as being the most significant sector development initiative. Interestingly, among black artists, the Art Fair was most frequently cited as the most significant initiative (19% of all black respondents).

Biennale-type events have had a more checkered history in the South African context. The Johannesburg Biennales of 1995 and 1997 – supported by a combination of local, national and international funding - failed to develop a sustainable financial model, political buy-in or a local audience base. The project also attracted criticism on the basis of its perceived dislocation from the everyday concerns of contemporary South Africa. The Cape Africa Project, developed with support from the Airports Company of South Africa, was founded in 2003 and was developed as a platform for experimental work from across Africa, engaging with new audiences in new venues and contexts around Cape Town, with a conference being convened every second year as the basis for the development of the concept for the next iteration of the project. Focused on new and experimental work, and heavily reliant on funding from the National Lottery Distribution Trust Fund, the project finally collapsed in late 2009 under the weight of a range of funding, governance and management problems.

At the ‘commercial arts’ end of the market, local markets and festivals play an unquantified but significant role in providing a platform for decorative and domestic art to be sold at modest prices. 16% of all artists participating in the survey cited local markets and festivals as being the most significant sector development initiative (the third most commonly cited type of initiative after competitions and artist-run project/exhibition spaces). Many of these projects have an open-air character – such as Artists under the Sun at Zoo Lake in Johannesburg and the Walk of Art Festival in De Waal Park in Cape Town – and some occur in the context of more general clusters for arts and craft presentation and retail such as the Midlands Meander in Kwazulu-Natal and local fairs and markets in small ‘artist towns’ in the Western Cape and the Free State. Visual arts and crafts exhibitions and markets also form a minor part of the offer of some of the national and regional arts and music festivals, such as the Klein Karoo Kunstefees, Oppikoppi, Macufe and the like.

#### *Consultancies and other service providers*

A small number of consultancies also play an important role in the development of new opportunities and areas of demand in the industry. Largely run by artists and curators with entrepreneurial talent, these companies have identified and addressed important gaps in the market – for example, around the management of the commissioning of public art, the use of art in corporate branding contexts, deploying art in marketing and advertising and so on – and in so doing have created substantial work and creative opportunities for artists, technical service providers and curators working the industry. Virtually all of these entities are located in Johannesburg. Some key examples include:

- Art Logic (Johannesburg) – a private company responsible for the development and management of the Johannesburg Art Fair
- Trinity Session (Johannesburg) – a partnership between two artists involved in the commissioning of public art, corporate branding projects and creative industries research
- Propertuity - the development company responsible for the Arts on Main and Mainstreetlife precinct development on the east end of the inner city of Johannesburg

- Art at Work (Johannesburg) – a partnership between an arts manager and a gallerist, largely concerned with managing public art commissions for both public sector and corporate clients.
- Akani Creative Consulting (Johannesburg) – a consultancy involved in the curation of exhibition projects, new gallery ventures and corporate art consulting
- Biecc (Johannesburg) – a specialist technical services production company for exhibitions and projects, which also manages August House, a redeveloped industrial building in the inner city of Johannesburg which provides low cost live-work and production space for artists and other creative professionals
- ArtSource and ArtSpace – a consultancy and linked commercial gallery involved in the provision of professional development and support services for artists through workshops and seminars and a mentorship programme for young artists.
- A Word of Art (Cape Town) - a young ‘management agency’ for artists, designers, illustrators that blurs the lines between art and advertising – also generating significant projects that have a social entrepreneurship dimension.

### *Competitions and Awards*

Competitions and awards play an important role in making the sector as a whole visible to a wider public, shaping the reputations of visual artists and making available finance for the development of new work. 19% of all artists participating in the survey felt that competitions and awards play the most significant role in the development of the sector. Though this was the most frequently cited initiative among artists, it was also the issue with that registered the greatest disparity on the basis of race, with only 8% of black artists taking this view as compared to 27% of white artists.

The limited number of competitions and awards for the visual arts that operate at a national level are almost entirely sustained through corporate sponsorship. The South African National Association of the Visual Arts (SANAVA) and its various affiliates have played a key role in developing, managing and promoting a variety of competitions together with corporate sponsors. Recently, Spier Contemporary has established itself as the most financially significant art competition in the country, in the wake of the demise of the Brett Kebble Art Awards (valued at R630 000 in 2005). The only publicly financed art competition of any significance is the Thami Mnyeale Art Awards competition, supported by the City of Ekurhuleni.

Competitions and awards include:

<b>Competition/Award</b>	<b>Total value</b>	<b>Principal Sponsor/Sector Partner</b>
Spier Contemporary	R600 000 + residencies	Spier Holdings/Africa Arts Centre
Standard Bank Young Artist Award (Visual Arts)	Not known	Standard Bank
Absa L’Atelier Art Competition	R230 000 + return flight to Paris for winner	ABSA/SANAVA
MTN new contemporaries	R50 000 + budgets for the development of new work for four participants	MTN
Sasol New Signatures	R100 000	Sasol/Pretoria Arts Association
Carrol Boyes Competition	R90 000	Carrol Boyes
The PPC Young Concrete Sculptor Awards	R85 000	PPC Cement/Pretoria Arts Association
Thami Mnyeale Fine Arts Awards	R70 000	City of Ekurhuleni
Vuleka Art Competition	R25 000 + return flight to Paris for winner	Sanlam/Arts Association of Belville

### 3.6 Reception - The Role of Art Publishing and the Media

Art writing and publishing play a vital role in the development of the industry – on the one hand they promote the visibility of the industry, cultivating new audiences and markets, and on the other play an important developmental role in providing feedback to artists, curators and gallerists on their work. In a general way they foster new thinking, new perspectives and critical debate, and contribute to building a coherent sense of ‘an industry’ that can be presented to a wider public and debated by a more specialist audience of academics, buyers and collectors. Publishing and art writing takes a number of different forms which each yield particular impacts on a number of levels:

**Catalogues** and project specific publications serve as a visual record of a particular body of work, and usually involve the commissioning or contribution of a critical perspective on the body of work by one or more art writers or critics. They serve both a documentary function and provide points of access for specialist and non-specialist audiences alike, exploring the ideas underpinning artworks and providing contextual information that can facilitate interpretation and understanding. In this sense they contribute both to the discourse around contemporary arts, as well representing as a crucial archival record of work that can be used for teaching, learning and research purposes within schools, at a tertiary level, and by curators and writers. This is particularly true of catalogues associated with work that is ephemeral in nature, an increasing trend in the production of contemporary art. These documents also act as an important promotional tool for artists and curators for future projects, and enhance the marketability of particular exhibitions of work, lending authority and ‘subscription value’ to these projects.

A commonplace in the European and North American arts scene, they are however expensive to produce, and the capacity to finance these publications is largely limited to a handful of the top galleries in the country. The great majority of artists and gallerists in South Africa are not generally in a position to afford even a brochure associated with a particular exhibition project.

**Books and Monographs** on particular artists or art-related topics are usually developed in response to the work of more established artists, significant projects, or a particular issue that has gained currency. Due to the specialist nature of the market for such books, they are generally of little interest to mainstream publishers, and rely on niche publishers who are able to give exclusive focus to cultivating networks of buyers of such publications, and/or attracting funding to address the substantial production and/or distribution costs associated with such publications. In the South African context, the two most significant publishers of such books have been David Krut and Bell-Roberts publishing, often working in partnership with gallerists and funders on particular projects.

The Taxi Art Books series of artist monographs produced by David Krut represents an innovative example of a publishing project which was enabled through subsidy from a variety of local (National Arts Council and Arts and Culture Trust) and international funding (Pro Helvetia, the French Institute and the Royal Netherlands Embassy), with substantial resources invested by the publisher. The project was able to attract such support partly through the inclusion of educational supplements aimed at high school learners.

The availability of funding for such publications has however been minimal in the South African context - such projects are generally difficult to sustain on a purely commercial basis, and often rely on the investment of substantial personal resources, often at personal cost

and risk to the publisher. Bell-Roberts Publishing has for example diversified its publishing offer into the more commercially viable lifestyle market on the one hand, and into on-line publishing on the other.

**Art journals and magazines** provide a forum for the exposure of artists work to both specialist and non-specialist audiences, both locally and internationally, and the communication of industry news and the fostering of critical inquiry and debate. They are small in number by international standards (a 2002 Australian report notes the existence of 20 specialist publications) and generally receive no subsidy from the state. The principal publications, mostly located in Cape Town, include:

- *Art South Africa*, *Snapped* and *Itch*, all quarterly journals/magazines produced by Bell Roberts Publishing
- *The South African Art Times*, a monthly print and on-line publication produced by Global Art Information, which has produced two spin-off publications – *Business Art* and *Art Life*
- *Chimurenga*, an occasional journal and on-line platform that focuses on multi-disciplinary creative projects
- *A Look Away*, a quarterly magazine published by BK Publishing

These publications are confronted with similar challenges to book publication in the sector due to the small size of the market and the absence of subsidy from the state. All rely on somewhat different models for sustaining their output. At one end of the spectrum, *The South African Art Times* relies to a significant degree on advertising sales in order to be viable, and is developing *Art Life* as lifestyle publication with a broader reach. At the other end of the spectrum, *Chimurenga*, relies primarily on sales and some external funding (from the Africa Centre) in order to sustain a fiercely independent and critical voice that has a pan-African reach. *A Look Away* is sustained through sales and cross-subsidy from mass-produced low cost publications targeted at youth. For all of these publications, the development of an on-line equivalent of the print publication, where additional content can be generated and distributed at little or no cost, has been crucial to growing and entrenching their profiles.

### **3.7 The Export Market and International Promotion**

Quantitative information on the export of visual arts is difficult to accurately determine, and fell outside of the scope of the present survey, beyond the canvassing of gallerists and dealers on their engagement with international markets (reflected above). International trade data from secondary sources suggests that South Africa's significant profile in the field of contemporary visual artists is not matched by volume of exports. The 2007/8 Creative Economy report produced by UNCTAD (the United Nations Conference on Trade and Development) breaks down trade data for the different creative industries sub-sectors in both the developed and the developing world. UNCTAD reports that the total value of world exports in the visual arts sub-sector (which includes antiques within their definition) has grown from \$10 billion in 1995 to \$22 billion in 2005 (reflecting a phenomenal 8% annual growth during this period), with developing and transitional economies accounting for 30% of this trade (UNCTAD 2008:108) in 2005. However, most of the growth in the developing economies share is accounted for by Asian economies, principally China and India. In the latter group, South Africa features on only one set of indicators for visual arts exports – for 'other visual arts' – and is ranked 6<sup>th</sup> among developing economies, accounting for \$16



million worth of exports. By contrast, China (including Hong Kong) accounts for \$4.3 billion worth of exports, 19.4% of world visual arts exports<sup>44</sup>.

In the case of both Art Fairs and Biennales, very few South African galleries are in a position to show the work of artists in these contexts due to the high costs involved, and it is very difficult for artists to self-finance participation in these platforms. Participation usually depends on financed invitations extended by international contemporary art organisations, institutions and commercial galleries. In a variety of other national contexts, the public sector has a variety of tailor-made support measures aimed at promoting the international exposure of artists through these platforms. While the national department has supported South African participation in the Venice Architecture Biennale, no systematic support for the international exposure of South African visual artists has been forthcoming from any level of government.

While the Department of Trade and Industry (dti) has several generic industry incentive schemes related to the promotion of exports that could be accessed to assist galleries in taking work to Art Fairs, these have been seldom if ever accessed by the visual arts industry. A number of schemes managed through the dti division, Trade and Investment South Africa (TISA) could notionally be made available to artists and galleries insofar as they fall within the category of 'entrepreneurs':

- The Export Marketing and Investment Assistance (EMIA), which is a scheme to partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services. The scheme makes provision for individual participation, such as exhibitions and in-store promotion, primary market research, as well as for participation in national pavilions and individual exhibitions. Artists/galleries would be required to pay for costs upfront and then claim back a percentage of costs afterwards. There are a variety of other criteria that also need to be fulfilled to qualify for this rebate.
- The Emerging Exporters Programme, which requires artists/groups/organisations to register as an organisation or through a state department
- Sector Specific Assistance Scheme (SSAS). The purpose of the Sector Specific Assistance Scheme (SSAS) is to enable the funding of non-profit industry organisations in sectors and sub-sectors of industry prioritised by the dti, in respect of both generic funding and project funding provided that the purpose of the organisation and/or its proposed project aims to conform to the dti's export strategy.

### **3.8 The Role of the Public and Corporate Sector in Demand**

The role of government in the financing of the arts is often reduced to that of providing subsidy – to institutions, organisations and individual artists. Government can however also play a significant role in the marketplace, in two broad ways:

- as a direct client
- through instituting measures aimed at stimulating wider consumption of the visual arts

The most common types of public sector involvement in the market place occur in six areas, with varying degrees of immediacy in their impact on the industry:

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<sup>44</sup> UNCTAD. 2008. The Creative Economy Report. The Challenge of Assessing the Creative Economy: Toward Informed Policy-Making. UNCTAD: Geneva. pp. 123-4 & 260-292

- the acquisition of artworks through museums and collections, where government institution plays a role as a buyer of artwork
- the commissioning of public art where government acts as client in order to fulfill a public policy mandate in another area (urban development/regeneration),
- Percent for Art schemes involve government instituting policy which encourages or obligates investment on the part of others, usually in public art commissioning in the context of construction/property development.
- support provided to the development of cultural precincts and clusters where investment plays an indirect role in stimulating consumption through the development of environments which attract target consumers
- the Art Bank Concept involves a combination of these two roles – government purchasing artworks, and actively promoting the purchase of the same artworks by third parties
- Zero interest purchase schemes or tax incentives associated with the purchase of artworks, encouraging the cultivation of new buyers and collectors of the visual arts through enabling access to interest free credit or tax breaks on the purchase of art.

Many of these involve varying degrees of partnership or relationship with the corporate sector in their implementation, and the extent to which these areas have been developed in the South African context are briefly assessed in what follows:

*Acquisitions Programmes of Art Museums and Collections*

Museums and Collections play an important role in acquiring work directly from artists and through gallerists and dealers. Their purchasing of new work not only yields immediate economic benefit, but also serves to endorse that work, affecting the value of work in both the primary and secondary commercial market. These direct and indirect positive impacts are however contingent on there being a significant capacity for new acquisitions among museums and collections in the country.

Research commissioned into the acquisitions programmes of publicly accessible South African museums and collections shows that the capacity for new acquisitions is poor. A significant proportion of the value of new acquisitions now arises from works that are donated to institutions. The acquisitions capacity of corporate collections is almost certainly substantially under-estimated in this data as it is based on a very limited sample of corporate collections, and within that sample only a small number of collections were prepared to divulge information about their acquisitions budgets). Nevertheless, compared to the acquisitions capacity of comparator institutions internationally, these figures are incredibly low - the national gallery of Australia in Canberra, for example, recorded circa R71,4 million worth of acquisitions in its 2008/9 annual report.

	Number of Institutions reporting	Reported total acquisitions budget	Average acquisitions budget	Estimated total no of institutions	Extrapolated to Population
<b>Public Institutions</b>	9	2055000	228333	18	4 109 994
<b>University-based Institutions</b>	7	1995000	285000	11	3 135 000
<b>Private Institutions</b>	3	460000	153334	14	2 146 676
<b>Total</b>	<b>19</b>	<b>4510000</b>	<b>237368</b>	<b>43</b>	<b>R9 391 670</b>

A number of commentators have noted the extent to which the value of particular artists work is now determined in large part through the commercial market, and the decline in the

role of public museums and collections in this regard. Based on these budgets, public museums and collections also have little or no ability, for example, to bid on significant examples of South African art in either domestic or international art auctions. One of the few public institutions which has a significant capacity for new acquisitions is the Johannesburg Art Gallery, enabled through the establishment of a modest, privately financed endowment for this purpose. This approach has however been the exception rather than the rule in the South African context, with corporate entities prioritising the establishment of their own collections and exhibition capacity over investment in public museums and collections – part of an overall dilution of available resources discussed in more detail in Section 4 of this report, The Organisational Landscape for the Visual Arts.

#### *The Commissioning of Public Art*

Johannesburg has been at the forefront of commissioning of public art, from through both the public and corporate sector. More than R14 million has been invested in over 200 individual artworks in the inner city alone during the course of the past ten years, generating work and income for more than 250 artists. The bulk of these interventions have been financed through the Johannesburg Development Agency operating within an inner city regeneration mandate, and deploying a combination of local and provincial government finance, usually in the context of wider area and precinct development plans. The corporate sector has also played a significant role – both the JHB Art City and Cell C Art in the City projects of the early 2000s involved significant corporate investment<sup>45</sup>. The Sunday Times Heritage Project, a project with national scope, has also played an important role in building the case for the commissioning of public art. The City of Cape Town, the Ethekewini Municipality and the Nelson Mandela Bay Municipality have all also been involved in the procurement of public art programmes of varying scale over the last two years, much of it linked to the 2010 Soccer World Cup.

Johannesburg has also pioneered the development of a Percent for Art policy relating to the commissioning of public art, particularly in relation to the regeneration of the inner city. The Public Art Policy, introduced in 2006, makes provision for up to 1% of the budgets of all major city building projects to be invested in the commissioning of public art. Though this provision functions more as an encouragement than as an obligation (as it does in other parts of the world), the policy has played a role in unlocking substantial investment from local and provincial government, though the buy in of the corporate sector has to date been limited.

#### *Art for Embassies and Missions*

Within the Department of International Relations and Cooperation (DIRCO), the Marketing Directorate plays a role in the promotion of South African artists internationally. One small component in DIRCO that affects visual artists is the Interior Design sub-directorate which is responsible for acquiring art works for South African embassies and missions. Artworks are acquired for all public formal spaces in such buildings. Although DIRCO follows the normal state Supply Chain Management procedures, it allows artists, consultants and galleries to be registered as preferred service providers, and to present their works to the art committee at the department. Acquisitions are determined by the available budget (for new buildings) and the selection by the art committee, which includes an art consultant. Acquisitions for existing buildings are done on an ad-hoc basis through the art committee.<sup>46</sup>

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<sup>45</sup> Urbaninc. 2010. Public Art Manual for the Inner City of Johannesburg. Unpublished document commissioned by the Johannesburg Development Agency.

<sup>46</sup> interview with Sibongile Qangule, Department of International Relations and Cooperation 9/03/10

### *The Art Bank*

Following the cue provided by the White Paper for Arts, Culture and Heritage, the national Department conducted some preliminary investigation in the early 2000s regarding the feasibility of establishing an Art Bank agency in the South African context. The Art Bank concept has been instituted in a variety of international contexts (for example, in Australia, Canada, the UK). Art Banks are developed as institutions that play a role both in supporting emergent talent (through the purchase of work) and in stimulating consumption (through the loan of work and provision of curatorial services to government departments and corporate clients). These ideas were subsequently taken up by the City of Johannesburg, leading to the establishment of the Joburg Art Bank in June 2006 as a non-profit Trust financed by the City. Initially viewed with some trepidation by galleries (on the basis that it would be competing in the low to mid range market), during the 2006-8 period the Art Bank acquired nearly 1200 artworks from over 240 artists, valued at R3,5 million. After a couple of years of relatively successful operation, the future of the Joburg Art Bank is subject to some uncertainty, and the Joburg Art Bank is currently without a budget for further acquisitions. It would appear that unrealistic expectations were developed around the Art Bank business model, with a view that it would be self-sufficient within a 3-5 year period, leading to a cessation of further investment beyond the provision of a skeleton staff on the part of the City after this period had expired. By comparison, the Australian equivalent, established in 1980, took 12 years to generate a surplus.

The National Arts Council is presently in discussions with the City of Johannesburg around the possibility of developing this agency as a national project, and a submission has apparently also been made to the Minister of Arts and Culture and the Office of the Director General within the national department in this regard<sup>47</sup>. The future of such an agency will be contingent on there being sustained investment in acquisitions on the one hand, and professional and informed acquisitions programme, marketing strategy and general management on the other. The potential for such an agency to play a positive and developmental role in the market through cultivating new audiences and consumers has been demonstrated in a variety of other contexts.

### *Zero Interest loans for art purchasing*

A variety of schemes exist internationally for enabling people who would not normally be able to buy artwork to do so, through the institution of interest free loan schemes. This both stimulates consumption and can play a role in nurturing a new generation of buyers and collectors. These schemes generally exclude established buyers and collectors and eligibility is usually determined through consideration of the income of the applicant. The *Own Art* established by the Arts Council of England in 2004 is operated through a wholly owned subsidiary company, Artco Pty Ltd. Work purchased through the scheme (limited to loans under £2,000) is paid for in 10 monthly, interest-free installments. As of 2009 the scheme has made over 14,500 loans to purchase art valued in excess of £11.6 million. The company also plays a wider role in educating entry-level buyers and collectors about the market and buying practices. The Mondriaan Foundation in the Netherlands has developed a similar scheme which it implements in the context of the Amsterdam Art Fair, in collaboration with a financing institution. The Collect Art Purchase Scheme instituted by the Australian state of Tasmania in 2008 enables loans from the state for the purchase of Tasmanian artworks valued at between A\$400 and A\$10,000.

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<sup>47</sup> personal communication, Steven Sack, 13/4/2010; Department of Arts and Culture. Annual Report 2008/9. p.60

### 3.9 Regulatory Issues

There are a variety of existing regulations which impact on the operation of the market, new investment in the sector, as well as more general the operation of the sector.

#### *Customs and Excise Duties*

Problems with import duties are often cited as inhibiting the travelling of international art exhibitions to South Africa. According to the Schedules for the Customs and Excise Act 1964 (amended), import of visual art works is duty free. The problems cited relate to the payment of 10% general duty and 14% VAT on the value of artworks brought into the country for the purposes of temporary exhibition. If the exhibition is temporary, the importer has to pay this amount or provide a bank guarantee when importing the goods, or register a bond with the Customs office. When the exhibition leaves South Africa again, this amount is reimbursed. If any of the artworks have been sold, the duty value is deducted from the reimbursement. It is almost impossible for most public, private or commercial galleries to address the costs of such (temporary) expenditure in relation to work of any significance that is brought into the country for the purposes of presentation. Currently, Customs regulations allow a travelling exhibition to stay for six months. However, according to one respondent in the relocation industry<sup>48</sup>, there is some flexibility, and it is possible to negotiate concessions with senior managers at Customs Office, e.g. in considerably lowering the value of the bank guarantee for the artworks, or extending the duration of the exhibition. There should be room for concessions for national and local municipal museums and collections to be exempted from these regulations.

Exporting artworks does not generally cause problems at the point of origin. Export of artworks for sale, not returning, does not involve custom duties. The exporter of temporary exhibitions is required to submit full documentation of the artworks at the point of departure. Problems do however occur when or if the work returns. Customs units physically check all artworks in their warehouses, and it can take up to 10 days before the artworks are released. Storage conditions are not amenable for artworks, and storage fees can be charged if an argument delays the process.

#### *Department of Home Affairs*

The Department of Home Affairs (DoHA) regulates all incoming visitors. Artists and art dealers wanting to visit the country for business purposes, can obtain a 90 days permit, which can be extended once with a further 90 days. Foreign artists/dealers can do professional work during this period. It is more difficult to obtain a work permit. Various categories exist of people who are eligible for a work permit. The focus is on scarce skills, and artists are not viewed as such. Another option is the category of 'extraordinary skills', e.g. cultural specialists or academics.

Art consultancies which want to initiate a business in South Africa have to invest at least R2,5 million in assets and employ at least five SA residents. The option also exists to open a branch and second international personnel. Individual foreign persons wanting to open a business in SA are required to have R7.5 million investments/assets and need a chartered accountant statement as verification. Vacancies in SA must be first advertised and filled locally. If no suitable person can be found, foreign persons can be appointed. This rule can be waived in exceptional circumstances.

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<sup>48</sup> interview Eugene Botha of Fineartlogistics

Multiple entry visa are available for craft people from countries that form part of the South African Development Community (SADC). It would be possible to investigate the possibility of including visual artists in this provision. Banks currently do not allow persons without a work permit to have a South African bank account, which causes problems for artists who need a local account. Standard Bank is apparently reconsidering this rule. Foreign students intending to study in SA don't need a visum, but can get a study permit for the minimal study period. Students are allowed to be employed part-time (up to 20 hours per week), provided that the education institution they are associated with is formally registered with the Department of Education.

In the context of its participation in SADC, the South African government is considering a protocol for free movement of persons within SADC for 90 days, similar to the operation of the Schengen visa in Europe. Due to security concerns the system has not yet been operationalised.<sup>49</sup>

#### *Department of Tourism*

The Department of Tourism as a new department does not currently refer to the visual arts in any document, and no section in the Department has a specific responsibility for the visual arts. The Department's website focuses on strengthening the tourism industry in a strategic way, and follows standard international tourism trends. The *2004-7 Domestic Tourism Growth Strategy* includes *Cultural Discoveries* as a typical South African experience, but this is not reflected on the new website.

There are several opportunities for the promotion of the visual arts through the Department. Firstly, there is a new focus on 'responsible tourism', which implies that the relationship between tourism and socio-economic development are taken into account in strategies and policies of the department. The Department is also increasingly exploring the use of special events in the context of tourism development, an area which may include arts festivals, art museums, major art exhibitions, etc. Cultural experiences may also include visits to the homesteads of artists, galleries and museums.<sup>50</sup>

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<sup>49</sup> interview Ms Rachelle Reyneke, Department of Home Affairs

<sup>50</sup> Dept of Environmental Affairs and Tourism. 2004. *Domestic tourism growth strategy*. Pretoria: DEAT

## Section 4: The Organisational Landscape for the Visual Arts

In this section, the organisational infrastructure that supports and sustains the visual arts is discussed in greater detail. While the role of the commercial gallery infrastructure in the support and promotion of the work of visual artists is addressed in Section 3 (The Market for the Visual Arts) of this report, this section of the report is largely concerned with an assessment of the position of the variety of institutions and organisations that support the development of the visual arts outside of a commercial framework.

Consideration is given to the current position of both the public and private organisations concerned with the development of the visual arts in various ways. The key types of organisation considered are as follows:

- Art museums and collections (public and private)
- Independent Contemporary Arts Organisations
- Artist Associations and Industry Organisations
- Community arts Centres

### 4.1 Art Museums and Collections

In South Africa, the majority of the core public infrastructure for the visual arts was developed in the first half of the twentieth century. In contrast to the experience in the United States, where aspirant industrial wealth invested massively – and continues to invest under a friendly tax dispensation - in the development and sustaining of the most extensive public infrastructure for the appreciation of the visual arts in the world, very little of the substantial industrial money in the South African economy was historically invested in similar infrastructure. While, for example, the South African mining magnates were significant collectors of art, as Michael Stevenson has noted, very little of this work was bequeathed to public art museums – the majority of the Randlords having a primary identification and allegiance with Europe/England, where much of this artwork was subsequently repatriated. The absence of a culture of arts-related philanthropy in South Africa – and a public policy and tax framework to promote such philanthropy – has sustained a pattern of underinvestment in the public art museums and collections, with corporations preferring to establish their own collections in the context of self-contained strategies for corporate branding and promotion. Sustained partnerships between the corporate sector and public infrastructure for the arts have, as a consequence, become the exception rather than the rule. Among those instances noted by Stevenson are Standard Bank’s support for the collection of African art housed at the University of the Witwatersrand and the Anglo American Johannesburg Centenary Trust, “established in 1986 to provide the Johannesburg Art Gallery with funds for acquisitions, which has ensured that it is virtually the only gallery in South Africa with an active acquisitions programme, and indeed the only museum in the country with a significant endowment fund”<sup>51</sup>.

Similarly, public sector underinvestment is not a new phenomenon, but rather one which has a rich pedigree that has been sustained into the present. As Stefan Hundt notes, in 1980, the then director of the South African National Gallery, Raymund van Niekerk, preferred not to report the actual acquisitions budget of the National Gallery (R30 000 at the time),

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<sup>51</sup> Stevenson, M. 2002. *Art and Aspiration: The Randlords of South Africa and their Collections*. Fernwood Press. pp. 174-180.

preferring to note a nil amount in the belief that this conferred “a bleak dignity which would be destroyed if I told them what the amount really was”.<sup>52</sup>

As a result, the post 1994 government inherited responsibility for a substantial number of art museums and collections which on the one hand largely represented the art history, interests and needs of the minority white population in their collections, built form and location; had meager existing resources and few independent or private revenue streams.

The White Paper notes that the bulk of this infrastructure was located in the major urban centres, largely inaccessible to the majority of the population living in townships and the rural homelands established by the apartheid state. The policy response to this problem has been two-fold:

- to develop new community arts infrastructure across the country that would complement this existing infrastructure (see sub-section below on community arts centres)
- to simultaneously seek to rationalise and transform the existing institutional infrastructure: on the one hand aligning the activities of museums and collections more closely to public policy goals through for example education and outreach programmes, and making them more accessible to a wider public, and on the other making them more effective and efficient in their use of resources

The White Paper also noted the need for a review of which institutions should be designated as national institutions, supported by the Department:

“The Declared Cultural Institutions are 'national' in the sense that they are budgeted for by the Department because of ad hoc decisions made in the past, but they are not all of 'national' status in terms of their collections or the services they provide. Indeed, several provincial and municipal museums are more 'national' in this respect than some of the nationally funded institutions.”

In the event, the department amalgamated a significant number of institutions under two groups centred around Gauteng (‘the Northern Flagship’ group recently renamed ‘Ditsong Museums of South Africa’) and the Western Cape (the Southern Flagship, subsequently renamed ‘Iziko’), as well as a number of individual institutions spread across the rest of the country. These were declared as Cultural Institutions under the Cultural Institutions Act 119 of 1998. Four new national heritage institutions were added to this group during the course of the late 1990s and early 2000s - the Robben Island Museum, Freedom Park (Pretoria), the Nelson Mandela Museum (Umtata) and the Luthuli Museum (KZN). Funding allocated to national museums and collections between 2005/6 and 2008/9 was as follows:

Table: DAC Annual Transfers to National Museums and Collections<sup>53</sup>

	<b>2005/6</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>
<b>Amount (R)</b>	276 305 000	333 254 000	275 702 000	431 476 000

<sup>52</sup> Hundt, S. 2009. "Public and Private: Collecting and Exhibiting in an Environment of Cultural Indifference". Paper presented at the First Conference on Management of Cultural Organisations in times of economic crisis, Cape Town, 3-4 Dec. 2009. pp9-10.

<sup>53</sup> The substantial year-on-year fluctuations are a function of annual variations in investment in the realisation of the Freedom Park project, ranging between R58 million (2005/6) and R194 million (2008/9).



It is estimated that between 5 and 10% of these annual transfers are invested specifically in art museums and art collections, principally:

- the Iziko/South African National Gallery and associated art collections (Cape Town)
- William Humphreys Art Gallery (Kimberley)
- Oliewenhuis Museum (Bloemfontein)
- the Engelenburg House Collection (Pretoria)

In addition to these nationally designated institutions, a significant number of municipal art museums and collections are financed and directly managed by local government. These include:

Gauteng

- the Johannesburg Art Gallery (City of Johannesburg)
- the Pretoria Art Museum (City of Tshwane)
- the Springs Art Gallery (West Rand Municipality)
- the Ekurhuleni Art Museum (Ekurhuleni Metro)

Kwazulu Natal

- the Durban Art Gallery (Ethekewini Metro)
- the Tatham Gallery (Pietermaritzburg)
- Newcastle Gallery (Newcastle)
- Margate Gallery (Margate)

Eastern Cape

- the Nelson Mandela Bay Art Museum (Nelson Mandela Bay Metro)
- the Anne Bryant Gallery (Buffalo City Metro)

Limpopo

- the Polokwane Art Museum (Polokwane)

Western Cape

- Somerset East Museum/Walter Battiss Art Gallery (Somerset East)

It is estimated that local government invests in the region of R60-70 million per year in the maintenance, staffing and programming of these institutions.

In addition, most of the major universities have significant art collections and galleries. These are financed through a combination of internal and external sources, including private donations and overall institutional subsidies received from the National Department for Higher Education – the latter accounting for the major part of the funding that supports the overall institutional infrastructure of universities.

The current position of these institutions – and the position of corporate collections - is addressed in detail in the appended report on museums and collections. High-level findings include the following:

#### *Funding*

South African Public art museums and collections are dramatically underfunded by comparison with other countries with a developed museums and collections infrastructure. By comparison with other African countries, museums and collections in South Africa are however comparatively well-resourced. The following table indicates comparative levels of resourcing (and some key associated indicators) between a selection of South African government institutions (both national and local) and institutions in Australia, the UK, Mozambique and Zambia.

The manner in which income is generated is also instructive. The Tate earns 75% of its income from earned income and donations, a significant portion of this generated through Tate Enterprises Limited, a wholly owned subsidiary company that produces and retails Tate merchandise. South African public institutions lean far more heavily on the public sector for their revenue – the majority rely on an annual grant from the state (either national or local government) for more than 90% of their overall income, with a very small number (for example, Iziko) generating up to 30% of overall income from admissions, venue hiring and externally raised funds and sponsorships (though it is unclear how much of this is directly associated with the Iziko art collections and the South African National Gallery) – a similar level of earned income to the Australian National Gallery.

Local government institutions report that the bureaucratic context that they operate in places severe constraints on their capacity to generate earned income, as theoretically any earned income goes into a general municipal pool, not back into the institution. Some institutions, such as the Johannesburg Art Gallery have to some degree addressed these constraints through the nurturing of an active Friends society which raises and receives money for specific projects on behalf of the institution, and through having a privately run Trust that contributes substantially to the institution’s acquisitions budget.

It is also notable that corporate and private sources are most commonly reported as sources of supplementary income to core government grants, with the NLDTF and the National Arts Council substantially less likely to be reported as source of additional income. The NLDTF in particular – due to the scale of funding available, should however be a major source of future income for these institutions.

	Income/budget (2008/9)	Staff	Acquisitions– 2008/9 Rand Value	Attendance	No of Exhibitions
Tate group - UK <sup>54</sup>	R2.45 billion	1300	R1,1 billion	7.5 million	50
National Gallery of Australia, Canberra <sup>55</sup>	R415 million	314	R71,4 million	500 000	11
Museu Nacional de Arte - Mozambique	R1,4 million	13	not known	5631	5
National Museums Board of Zambia <sup>56</sup>	R15 million	119	0	120 000	
SANG/Iziko <sup>57</sup>	R60 million (Iziko)/ R8-10 million (SANG/art collections estimate)	245 (Iziko)	R700 000	500 000 (Iziko)/ 42 583 (SANG)	26
William Humphreys Art Gallery	R4 million	17	R830 000	not known	14
Johannesburg Art Gallery	R7,4 million	29	not known	50 000	
Pretoria Art Museum	R7,9 million	11	R3,4 million	11 800	7
Durban Art Gallery	Not known	13	R250 000	200 000	20
Tatham Art Gallery	R3 million	16	R140 000	41 860	10

<sup>54</sup> Data reflects four galleries that form the Tate group – Tate Modern, Tate Britain, Tate Liverpool, Tate St Ives. Information obtained from the Tate Museums Annual Report for 2008/9

<sup>55</sup> information obtained from National Gallery of Australia Annual Report 2008/9

<sup>56</sup> This data reflects information related to 4 institutions managed through the National Museums Board of Zambia

<sup>57</sup> this data reflects information both for the whole Iziko group (which includes 11 other non-art museums alongside the South African National Gallery), as well as (where available) data for the SANG as one institution within this group that presides over the art collections component of the group as a whole. Some of the SANG/Iziko data was extracted from the institution’s 2008/9 annual report, other data was obtained through the museums and collections survey conducted as part of this research project

### *Acquisitions*

As noted in the previous section, accurate figures on the acquisitions capacity of art museums and collections has been difficult to determine, particularly in the case of corporate collections. What the data does reliably indicate is that the acquisitions capacity of public museums and collections is extremely low by any standard, and much of the value of new acquisitions by these institutions is derived from work that has been donated. While the data suggests that public museums and collections have more substantial acquisitions budgets than those of corporate collections, it seems likely that in fact these institutions are unable to acquire new artworks at anything close to the rate or volume at which the major corporate collection and private institutions are currently doing – a rate or volume which is in turn modest by international standards. Corporate collections are therefore responsible for the majority of new acquisitions of artwork in the country. One of the implications of this is that public museums and collections are largely unable to compete for the acquisition of significant historical work by South African artists on the secondary market. The Ifa Lethu Foundation has initiated a programme of voluntary repatriation of artworks from international owners in order to address this issue (particularly in relation to work produced by black South African artists during the liberation struggle). Such a programme is obviously constrained in certain fundamental ways by the fact that work is donated rather than these acquisitions being guided by a vision for the collection supported by significant buying power, so that choices can be made as to what is acquired, and what is not.

Nonetheless, it is important to note that – despite this differential – public museums have continued to acquire new works for their collections, in large part due to both financial support and direct donations of artworks from private individuals.

### *Collections and Physical Infrastructure*

Art museums and collections are guardians of a very large asset base. Publicly owned collections tend to be substantially larger than corporate collections, a function of their longer institutional history, as reflected in the following table<sup>58</sup>:

	Number of Institutions reporting	Total Number of Artworks Reported	Average number of works in a Collection
Public Institutions	10	52589	5259
University-based Institutions	8	40436	5055
Private Institutions	6	7180	1197
Total	24	100205	4175

Substantial economic value is locked within these collections, with most institutions able to report on the insured value of collections, as reflected in the following table:

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<sup>58</sup> it should be noted that a number of very substantial corporate collections did not respond to the survey – care should be exercised in extrapolating the corporate collection data to the overall population.

	Number of Institutions reporting	Total Value of Artworks Reported	Average value of works in a Collection	Estimated total number of institutions	Estimated total value for full population
Public Institutions	7	R690 399 316	R98 628 474	18	R1 775 312 532
University-based Institutions	7	R328 500 000	R46 928 571	11	R516 214 281
Private Institutions	3	R131 900 000	R43 966 666	14	R615 533 324
<b>Total</b>	<b>17</b>	<b>R1 150 799 316</b>	<b>R67 694 077</b>	<b>43</b>	<b>R2 907 060 137</b>

Both public and private institutions have been able to maintain the physical integrity of their permanent collections and – to a marginally lesser extent – of their physical premises. This contrasts strongly with trends in many other African countries, and can be counted as a significant signifier of these institutions’ continuing viability.

#### *Exhibitions*

Public museums organise and display significantly more temporary exhibitions than private collections; most of these museums also report producing exhibitions that travel between institutions. This strongly suggests that the sharing of resources between museums has played a significant role in allowing them to continue to show a wide range of exhibitions.

#### *Audience Development*

By the international standards of institutions in advanced economies such as those of the UK and Australia with a large middle class population and audience base, attendance figures at South African art museums are low - across 18 public and private institutions total annual figures of just over 600 000 were recorded, with an average of just 59 000 per annum for public institutions). Public museums are nevertheless attracting increasing and reportedly diverse audiences through public events, school tours, and education and outreach programmes. Most respondents report that this success is ongoing – as visitors numbers continue to increase; most, however, also believe that their audiences can still be further developed. (for more detail on audiences see section 3 of this report).

#### *Outreach*

Education and community outreach programmes are currently under-resourced in both public and private institutions; a large number of surveyed institutions also emphasised the necessity of redressing this under-resourcing to enable continuing audience development.

#### *Governance and Management: Demographics*

While there has clearly been some change in the demographic profile of the governance and management of art museums and collections, there remain significant challenges in this area. From a sample of fifteen institutions (6 public, 5 university-based and 4 private) that were able to report on this issue, 35% of the people represented on the governance structures of organisations were white women, 31% black men, 21% white men, and only 13% black women. Based on responses from 13 institutions, the senior management of institutions reflect a substantially less transformed profile – 44% white women, 25% white men, 25% black male and 6% black women.

## 4.2 Independent Visual Arts Organisations

In the developed visual arts economies of Europe and North America, contemporary art organisations occupy a distinct and important space in the ecology of the art world, providing opportunities for the presentation of new and experimental work within a non-commercial framework, and providing opportunities for (particularly younger) artists to develop new bodies of work and projects through residency programmes and the like. They play a significant research and development role for the sector, incubating and developing new talent and ideas, and often exploring new (non-gallery) contexts for the presentation of the contemporary arts to new audiences. These organisations exist in dynamic relationship both with the market for contemporary arts and with the public and private museums and galleries, exposing new talent that then migrates to these contexts, or providing more established talent with new opportunities for creative growth through residencies, project-based and collaborative work. They also play a significant role in the rethinking of the contemporary arts in society, often within a trans-disciplinary and activist framework.

In developed economies, a variety of models exist for such organisations to receive recurrent funding from government to significantly address their core running costs, providing organisations with a managerial and administrative capacity from which to leverage complementary, project-specific funding.

In South Africa, the number of these organisations is very small by comparison to comparators in Europe, North America and Australasia. The following represents a fairly complete list of these entities:

### *Exhibition, Production and Residency Focus*

- Blank Projects (Cape Town) – project space and international residencies
- YoungBlackman (Cape Town) – project space
- Greatmore Studios (Cape Town) – international residency, studio and project space
- The Bag Factory (Johannesburg) – international residency, studio, workshops and project space, with a particular focus on new media
- Nirox Foundation (Johannesburg) – residency and project space
- Joubert Park Project/Keleketla! (Johannesburg) – residency, studio and project space with particular focus on public art and cross-disciplinary work
- Jozi Art Lab (Johannesburg) – a project space and international residency programme
- August House (Johannesburg) – studio space facility
- Goethe on Main (Johannesburg) – project space
- Co-Op (Johannesburg) – project space
- Dala (Durban) – public art residencies and projects with an activist focus

All of the above have had to generate a variety of different models for their survival within a funding environment which favours projects that have a more overt and directly measurable social or economic impact than these organisations are generally able to demonstrate, and which does not presently provide the kind of recurrent year-on-year funding that similar organisations in advanced economies are predicated on. For example:

- The Bag Factory and Greatmore Studios are part of an international network of funded residency spaces which were developed on the basis of a core investment from private (internationally based) philanthropy, supplemented by other local and international funding.

- August House – a complex of studio and production spaces – operates on a more or less commercial basis, providing low cost studio space to artists in a redeveloped industrial building in the inner city of Johannesburg
- The Nirox Foundation is able to exist through a combination of external funding and cross-subsidy from projects in the commercial field.
- The Goethe on Main project space is financed through the Goethe Institute in Johannesburg, a German arts and cultural funding agency for contemporary culture. (see also Section 7: Funding).
- Organisations such as Public Eye, Dala, the Joubert Park Project and blank projects generally operate on a project-by-project basis, relying on a precarious mix of local and international funding.
- Co-op is a more commercially driven project space that promotes and showcases collaborative work between contemporary artists and designers

Annual income for the organizations is mostly in the R250 000 – R1,5 million per annum range. They are often heavily reliant on project-based funding in order to address core administrative and overhead costs.

#### *Artist Run Initiatives and Collectives*

Contemporary art organisations frequently emerge out of artist-run initiatives – largely self-financed creative projects developed by artists and collectives of artists around a specific project or intervention. Blank, Dala and the Joubert Park Project all had their genesis in artist-run initiatives. These initiatives are often inspired by a building, location or neighbourhood. While an Australian study indicated the existence of 85 artist-run initiatives across the country in 2002, in South Africa, they are again very limited in number.

These are largely self-financed projects operating within informal or very basic organisational structures – some have been able to access limited external funding from government and private sector sources, usually linked to individual participating artists. They are extremely flexible, their membership is generally quite fluid, and they are usually short-lived – though a small number may subsequently develop into contemporary arts organisations as outlined above. Examples include:

- Public Eye (Cape Town) – public art collective, one of the longest surviving artist-run initiatives in the country
- 3<sup>rd</sup> Eye Collective (Durban) – the collective behind the Red Eye project developed in collaboration with the Durban Art Gallery, now defunct (2000-2006)
- Gugulective (Cape Town) – a collective of young black artists producing experimental work, originally focused round the Cape Town township of Gugulethu, now dispersed around the country and the world
- MixedTape Collective (Cape Town) – a series of projects developed by Cape Town artists Linda Stupart and Craig Groenewald
- The Centre for Historical Re-enactments (Johannesburg) – a very recent project developed by curator Gabi Ngcobo
- Serialworks (Cape Town) – an occasional project space developed by artist Kathryn Smith
- Joan Do (Cape Town/Johannesburg) – a collaboration between an arts manager, curator and artist concerned with the intersection between art and commerce
- Parking Space Gallery (Johannesburg – now defunct) – an entirely self-financed project developed by artist Simon Gush, which involved the conversion of a small

room in a parking lot in an industrial building in the inner city of Johannesburg into a gallery space showcasing the work of emerging talent.

One of the results of the difficulties of sustaining such organisations in the South African context is that both public museums and collections as well as the commercial sector also play a role in this area. A small number of the leading commercial galleries (Goodman, Michael Stevenson and Everard Read) have established project spaces or a project space dimension to their programming. Public museums have developed innovative programmes – such as the Durban Art Gallery’s involvement in the Red Eye public art project, the Johannesburg Art Gallery’s Nando’s Project Room for the exposure of young talent and the South African National Gallery’s Soft Serve projects which ran in the late 1990s/early 2000s.

#### *Arts Development Organisations*

There are then also a very small group of organisations which have a primary focus around the provision of alternative education and training pathways into the industry for artists from disadvantaged backgrounds, with a secondary focus on promoting new work.

- Market Photo Workshop (Johannesburg) – focused around the training of photographers and forms part of the Market Theatre Foundation, receives core finance as a Cultural Institution under the Cultural Institutions Act, and raises complementary project-related funding for fellowships, exchanges and exhibition projects.
- Artist Proof Studio (Johannesburg) – focused around the training of printmakers and a variety of linked programmes in the visual arts and craft sectors aimed at social and economic development with a national reach; relies on a mix of self-generated, government and corporate funding.
- Lefika, an Art Therapy project (Johannesburg) – involves the training and provision of therapeutic services to individuals, families and communities affected by abuse, crime, poverty, xenophobia and HIV AIDS.
- The Imbali Visual Literacy Project and the Curriculum Development Project – two visual arts and crafts education organisations involved in teacher training, craft development projects and local community development projects in and around Johannesburg
- Art for Humanity (Durban) – an organisation which specialises in producing fine art print portfolios, exhibitions, billboards and research projects that advocate various human rights issues in South Africa and internationally, and is hosted by the Durban University of Technology, and funded through a significant number of local and international funders
- The BAT Centre is an art development and community centre located within the small Craft Harbour off Durban’s Victoria Embankment. It contains a number of retail outlets, a restaurant, bar and large hall fitted with sound and lighting equipment. There are large art studios, a number of exhibition galleries, music practice rooms, a dance studio, resource center and a conference room.
- The Spier Arts Academy offers a three year course in architectural mosaic. Students wishing to learn mosaic are sponsored by the Academy for a three-year course comprised of academic tuition, intense practical training, vocational and business guidance. The objective is to train skilled craftsmen as leaders in mosaic and impart an experiential understanding of what it takes to run a sustainable and lucrative enterprise within the industry.

- Arts and Teaching Initiatives (Port Elizabeth) – a project concerned with the professional development of artists, the provision of in-service arts training for teachers, and the deployment of artists in schools.

Their role in supporting education and training in the visual arts is discussed in greater detail in the Education and Training section of the report.

### **4.3 Industry Associations, Advocacy and Support Groups**

There are a significant number of visual arts associations around the country which have played a valuable role in the general promotion of the industry through the organising of art competitions, membership exhibitions and other projects. These include:

- the South African National Association for the Visual Arts, the oldest arts association in the country, which has 26 regional branches and 19 affiliated organisations around the country. It is a member of the International Association of the Visual Arts and is responsible directly and through its affiliates for organising most of the major national art competitions together with corporate partners, including the Absa Atelier Award, the Sasol New Signatures Competition, the PPC Young Concrete Sculptor Awards and the Vuleka Art Competition. It is also been involved in a variety of international exchange projects, a residency programme in Paris, as well as member exhibitions and initiatives at a regional level.
- The Association for the Visual Arts in the Western Cape and the KwaZulu Natal Society of Artists, are both membership-based organisations which run independent gallery spaces in Cape Town and Durban respectively, which provide an important platform for new work in each city outside of the commercial gallery system.
- Ceramics South Africa, which also has affiliates around the country and which runs workshops and stages exhibition for members
- The South African Visual Arts Historians Association (SAVAH) is an association of art writers and historians composed to a large degree of academics from fine arts departments around the country. SAVAH's main activities revolve around the organising of an annual conference for its members.

The capacity of the sector for organised lobbying on policy and legislative issues has historically been weak. Since the consultations around the White Paper on Arts, Culture and Heritage in the mid 1990s through the ACTAG (Arts and Culture Task Group) process, there has been no industry organisation consistently lobbying on behalf of the visual arts sector around policy or legislative issues that may affect the sector.

In the early 2000s, partly in response to the staging of the International Cultural Diversity Network Conference in Cape Town in 2001, a number of individuals and organisations in the sector noted the absence of an umbrella body able to pursue advocacy and lobbying on behalf of the sector, and met to discuss the possibility of forming such an organisation. The Visual Arts Network of South Africa (VANSA) emerged out of these discussions as a body aimed at bringing individuals, organisations and associations together around a set of shared interests, concerns and problems. The organisation launched itself through a Conference convened at the University of Cape Town in 2006 which attracted a significant number of visual arts stakeholders from around the country. The organisation has subsequently



positioned itself as a research, development, lobbying and networking organisation and played an important role in promoting the need for the commissioning of the present research project with the national department, and has partnerships in place with provincial government in Gauteng and Western Cape.

#### **4.4 Community Arts Centres**

As noted in the previous section, the White Paper envisaged community arts centres playing a central and critical role in the realisation of its broader objectives, particularly those relating to the provision of greater access to arts and culture and the redress of imbalances wrought by the apartheid system:

“The primary need for infrastructure is in rural and black urban areas, close to where people live. The establishment of urban and peri-urban townships as dormitories, without proper facilities for recreation and leisure, is a feature of apartheid. This deprivation cannot be continued in the new dispensation which is concerned with improving the quality of people's lives at a local level. Such improvement must include the development of facilities to educate, nurture, promote and enable the enjoyment of the arts, film, music, visual art, dance, theatre and literature.... To this end, the Ministry intends to develop the concept of multifunctional, multi-disciplinary community arts centres through a number of pilot projects. Such centres might cater for music, dance, film and theatre, gallery and production, house a library and Internet access, as well as a museum. A national audit of such infrastructure will be undertaken co-operatively by all levels of government to guide future planning and the allocation of resources. This strategic partnership will involve provincial and local arts and culture forums and communities in the determination of needs and plans for the development, governance and maintenance of arts and culture infrastructure.”

The national department supports activities related to community arts centres through the Arts and Culture in Society Programme. The Department has sought to play a role in promoting the development and sustainability of a network of community arts across the country, in pursuit of the goal of promoting greater access to arts infrastructure for the majority of South Africans.

The Department's work in this area has included:

- The building and refurbishment of approximately 40 community arts centres across the country in the context of the 1997 Culture in Community (CIC) Programme, financed through the Reconstruction and Development Programme (RDP)
- The commissioning of a national audit of community arts infrastructure and programmes from the Human Sciences Research Council (2000/1)
- Support for the establishment of a Federation of Community Arts Centres (2000-2)
- A bilateral programme with the Flemish government (2003-5) which included:
  - i. The commissioning of a policy framework for community arts centres through a bilateral programme with the Flemish government
  - ii. A 3 year programme of technical assistance to community arts centres in the Free State, Kwazulu Natal and Limpopo aimed at strengthening programming, networks and sources of funding
  - iii. A local cultural policy development project piloted in each of the three provinces aimed at integrating local service delivery in the arts into the plans for local government
  - iv. The development of a manual for community arts managers
- The formation of a National Task Team for Community Arts Centres tasked with the development of a business and strategic plan addressing the needs of community arts centres (2007-ongoing)

- The convening of a National Community Arts Awards Programme (2008-ongoing)
- Direct support to community arts centres across the country

A 2009 database developed by the national Department contains details of 184 community arts centres and projects operating under a variety of management arrangements – municipal/local government centres, provincial government centres, Centres build through the Community in Culture programme (CIC), Multi-Purpose Community Centres established through the Government Communication and Information System unit in the Presidency and independently established centres and projects. The great majority of projects and centres are independently or community initiated projects, and the majority of these are single art form projects in the performing arts with very limited or no physical infrastructure. It is also unclear in many instances the degree to which the listed Multi-Purpose Community Centres have any arts related programmes in place.

	Local gov	Prov Gov	Gov (other) – eg MPCCs, RDP centres	NGO/community initiated	TOTAL
<b>Western Cape</b>			14	8	<b>22</b>
<b>Gauteng</b>	7		2	10	<b>19</b>
<b>Kwazulu Natal</b>	2		9	27	<b>38</b>
<b>Eastern Cape</b>		15	6	4	<b>25</b>
<b>Free State</b>		1	2	13	<b>16</b>
<b>Mpumalanga</b>	5		1	13	<b>19</b>
<b>Limpopo</b>	2	2	2	15	<b>21</b>
<b>North West</b>		8		10	<b>18</b>
<b>Northern Cape</b>		1	2	3	<b>6</b>
<b>TOTAL</b>	<b>16</b>	<b>27</b>	<b>38</b>	<b>103</b>	<b>184</b>

The realisation of the core vision for community arts centres has been beset by a range of difficulties. These include:

- A general tendency toward over-investment in capital infrastructure and under-investment in the human infrastructure that is required to animate these buildings through arts programming
- Many of the centres that were built were not adequately planned in consultation with local communities and without clear arrangements in place for their ongoing sustainability – a situation which has led to many centres being un- or under-utilised, or being used for other purposes, such as weddings and other community events
- Inadequate funding at all levels of government to support capital infrastructure costs, the core costs of running and maintaining centres and programming costs – this is particularly the case at local government level, which has the greatest constraints on expenditure related to non-essential services
- A shortage of the complex skills-set required to make community arts centres viable entities – in the areas of programme and building management, networking and fundraising.
- Poor levels of connection and integration between community arts infrastructure and government programmes in associated areas such as education, health, correctional services and so on.

The Department also supports complementary interventions aimed at maximizing the social impacts of the arts through the Arts, Social Development and Youth (ASDY) sub-programme of the department. The directorate supports programmes that involve arts practitioners in

facilitating arts programmes in a variety of social development settings, including community arts centres, schools, health, the environment and correctional services facilities.

Linkage into the programmes of adjacent departments in the Social Cluster of government (Health, Social Development, Environmental Affairs, Correctional Services, Education, etc) have substantial potential to create work and income for significant numbers of un- or under-employed visual artists while simultaneously yielding significant impacts in the areas of core mandate of these departments. However, some of the wider challenges facing existing interventions in these areas include:

- They tend to represent ad-hoc and relatively small scale contributions to the larger mandates of the Departments of Education, Health, Environmental Affairs, Social Development and Correctional Services
- These programmes are also in many instances predicated on engagement with departments and institutions operating at a provincial and local level, adding to the complexity of negotiating long term planning in these areas
- The formulation of long-term plans supported by formal agreement between departments and resource allocations from Treasury is a pre-requisite for achieving sustainability and impact in these areas.

## Section 5: The Position of Artists

This section is aimed at ensuring that policy recommendations emanating from the overall report take due cognisance of the particular position of what is arguably the core asset of the visual arts sector: the artists that generate the primary content/product around which the sector revolves.

This section of the report summarises findings from the survey (of over 280 artists) relating to the following issues:

- **Basic demographics:** Developing a profile of the artist population in relation to age, gender, race and location
- **Nature of Practice:** Understanding the kind of work that visual artists produce
- **Work Circumstances:** Understanding better the circumstances in which this work is produced
- **Career Development:** Understanding the professional development pathways undertaken by visual artists
- **Market-Related Issues:** How artists experience, perceive and engage with the market for their work
- **Artists as Employers:** Generating data on employment created by artists, and profiling the employee/worker population
- **Financial Position and Circumstances:** developing a picture of artists earnings and expenditure, and their position in relation to a range of financial issues: tax, retirement, insurance and medical cover
- **Funding:** artists experience of the funding system for the visual arts
- **Obstacles and needs:** an outline of the problems and professional development needs reported by artists

The section concludes with a consideration of the current impact of policy and legislation on issues related to artists in the South African context and the identification of a range of policy-related interventions aimed at improving the position of visual artists, specifically in relation to:

- Copyright collection
- Artist resale rights legislation
- Issues related to the rights and status of the artist

### Scope and Definitions

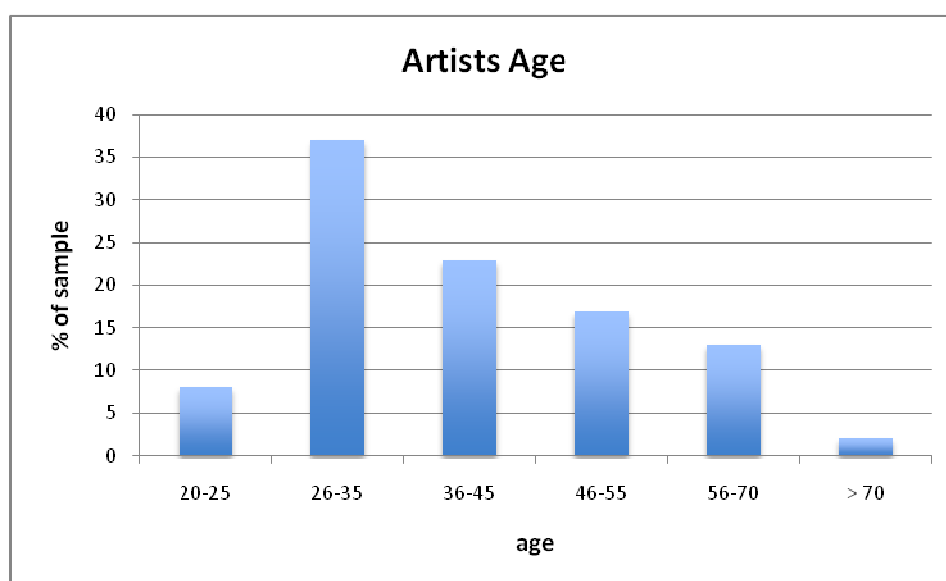
See points from methodology section re definition of artist.

## 5.1 Artist Demographics

The survey considered the age, race, gender and location of artists. In the case of race, gender and location, these were also used as additional analytic lenses for other data, in order to establish the degree to which these factors impact on key indicators such as level of education, income and the types of obstacles experienced by artists in the development of their careers.

### Age

The mean and median ages of the sampled artists were 40 and 38 years old respectively (the latter figure providing a more accurate indication of the age distribution of artists), with a significant majority of the sampled artists (37% of the sample) fall into the 26-35 age group. While the overall distribution is similar to that found in the Bonnar Kennlyside survey of Scottish artists, the overall mean and median ages of artists are substantially lower than, for example, Australian visual artists (mean 47 and median 50 years old). This may indicate a greater level of competition among new entrants into the industry – and a lower career development ‘survival rate’ for South African artists, with many moving into adjacent or unrelated careers. This may also be a function of younger artists being more willing to participate in the survey.



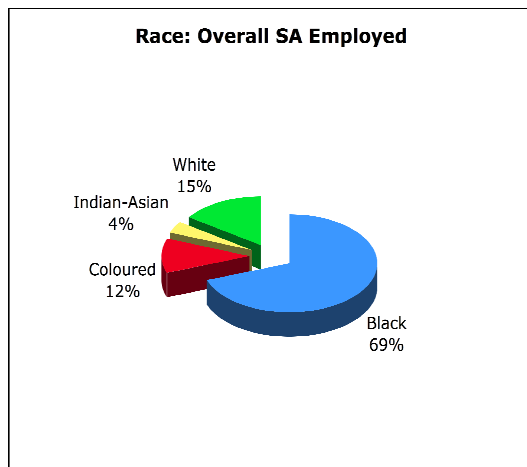
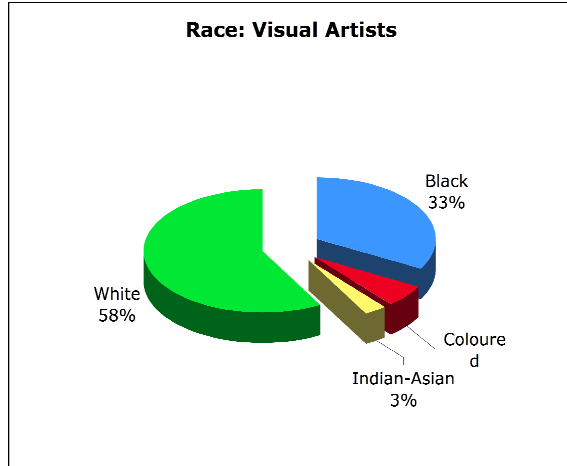
Quite substantial regional variation was noted in mean and median ages, probably attributable to skews in the sampling:

**Table: Artists Age**

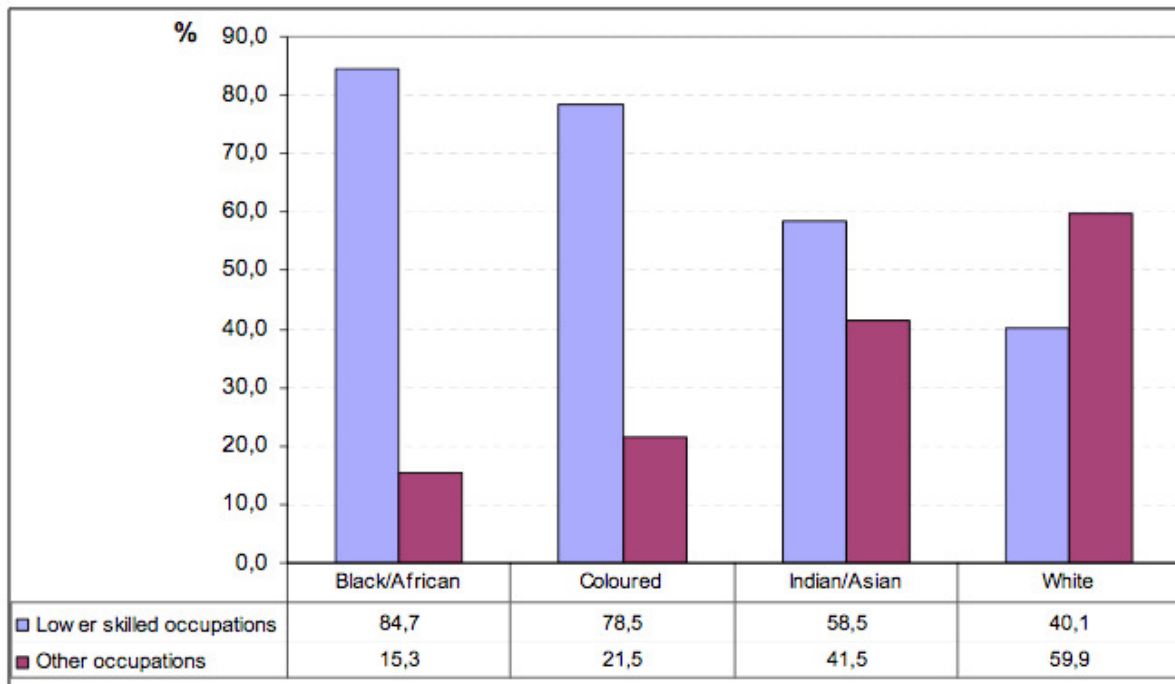
Professionals only	N	mean	median	min	max
Gauteng	66	38	35	23	74
Western Cape	57	45	43	23	87
Kwazulu Natal	47	41	38	23	75
Free State & EC	33	37	34	22	66
Other provinces	40	41	41	22	68
<b>Total</b>	<b>243</b>	<b>40</b>	<b>38</b>	<b>22</b>	<b>87</b>

## Race and Gender

In contrast to the overall SA labour market, the survey found that the majority of visual artists are white.



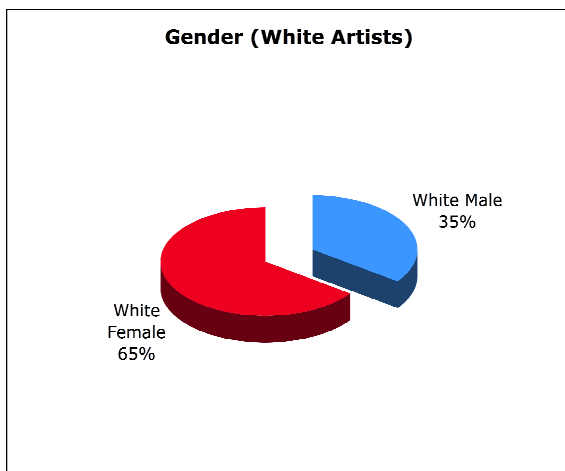
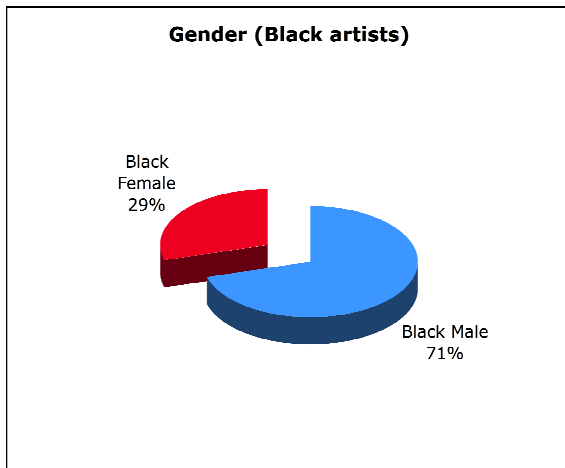
This divergence is part of a larger pattern in the South African labour market – more skilled occupations being dominated by white workers. The following graphic from the Statistics South Africa's 2008 *Labour Market Dynamics* report illustrates the overall trend:



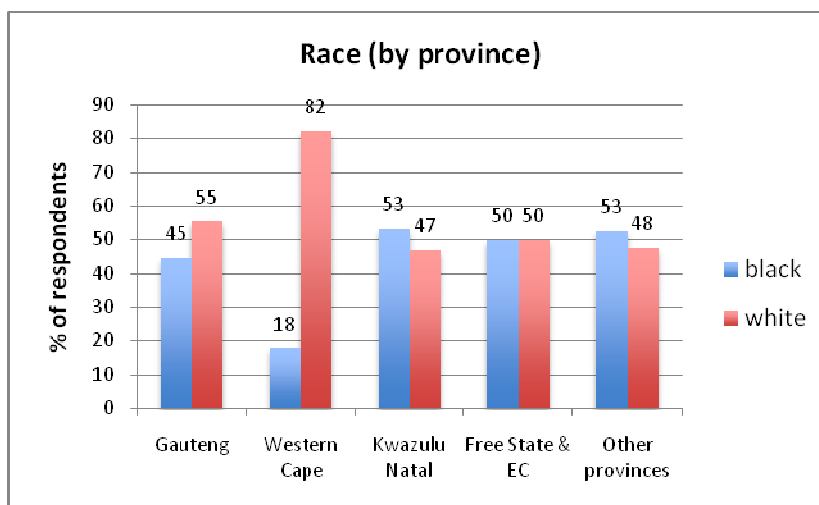
Because the sample sizes for Coloured and Indian artists are small, black African, Coloured and Indian artists have been conflated as a single category in the balance of the analysis.

In contrast to the overall labour market – in which there is 56:44 split between men and women employed in both the formal and informal sectors<sup>59</sup> - the sample suggests that within the visual arts, there is a 50:50 split between men and women artists. This gender split however diverges dramatically when correlated against race:

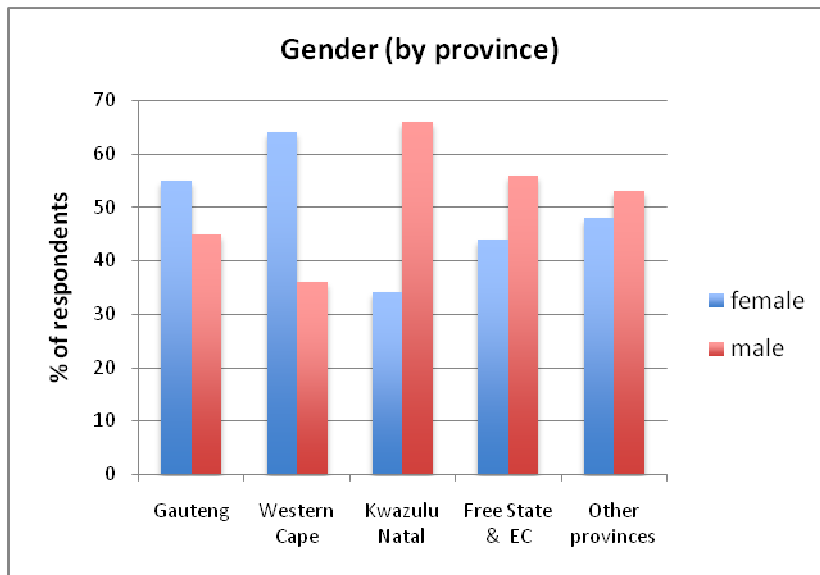
<sup>59</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey. Statistics South Africa: Pretoria. Figures reflect quarter 1 for 2009



Breakdown according to race at a provincial level (see chart below) shows a substantially greater proportion of white women artists in the Western Cape, and a large proportion of black male artists in KwaZulu Natal. As previously indicated, we believe that this represents a skew in the sampling, and will require further investigation to clarify the impact on the overall national figures as well as provincial profiles of artists. For the purposes of the present study, within the national analysis, these two tendencies may in fact have a mutually moderating effect.







While care should be taken in extrapolating this sample to the overall population, there are a number of key points to be drawn from the data:

- Among white artists, most artists are women – this trend is consistent with similar surveys in Scotland and Australia, where there is a 60:40 split between women and men (it is likely that the actual split in the SA population is not as pronounced as appears here – as previously noted, women were generally more willing than men to participate in the survey)
- Among black artists, the reverse is true to an even greater degree. There are a variety of complex sociological reasons why this may be the case - see the ensuing analysis of subsequent issues related to education and income.

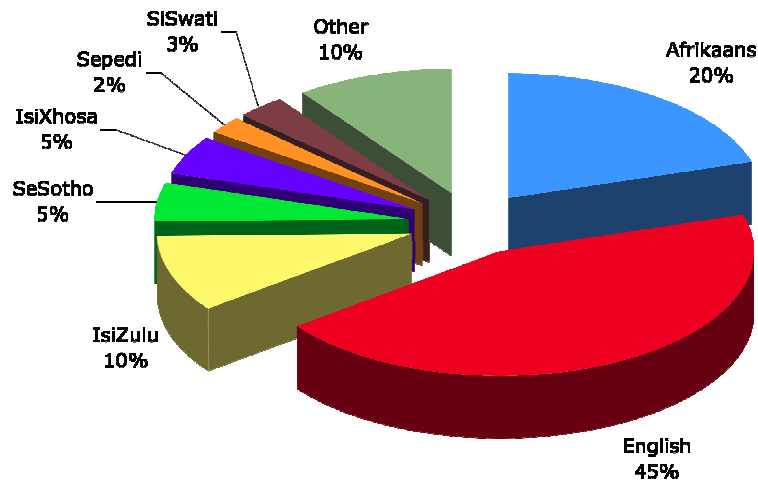
*Due to this important difference in the gender profile of black and white artists, the ensuing analysis avoids consideration of gender separate to race in the presentation and interpretation of key indicators. It should also be noted that questions relating to race in the questionnaire were treated with a degree of hostility by some respondents, and were occasionally a basis for artists refusing to participate in the survey. The subsequent analysis nevertheless demonstrates the importance of taking both race and gender into account in interpreting key indicators, and the issues that the industry faces in this regard.*

### **Language and Nationality**

Echoing the racial breakdown of artists, the majority (45%) of surveyed artists cite English as a home language, followed by Afrikaans (20%). Black African languages jointly contribute a further 25%, with smaller groups of African language speakers and a small minority of European language speakers included in an 'Other' group (10%).

91% of surveyed artists identify themselves as South African, with the balance of artists being foreign European (3%) and African (7%) nationals.

## Language

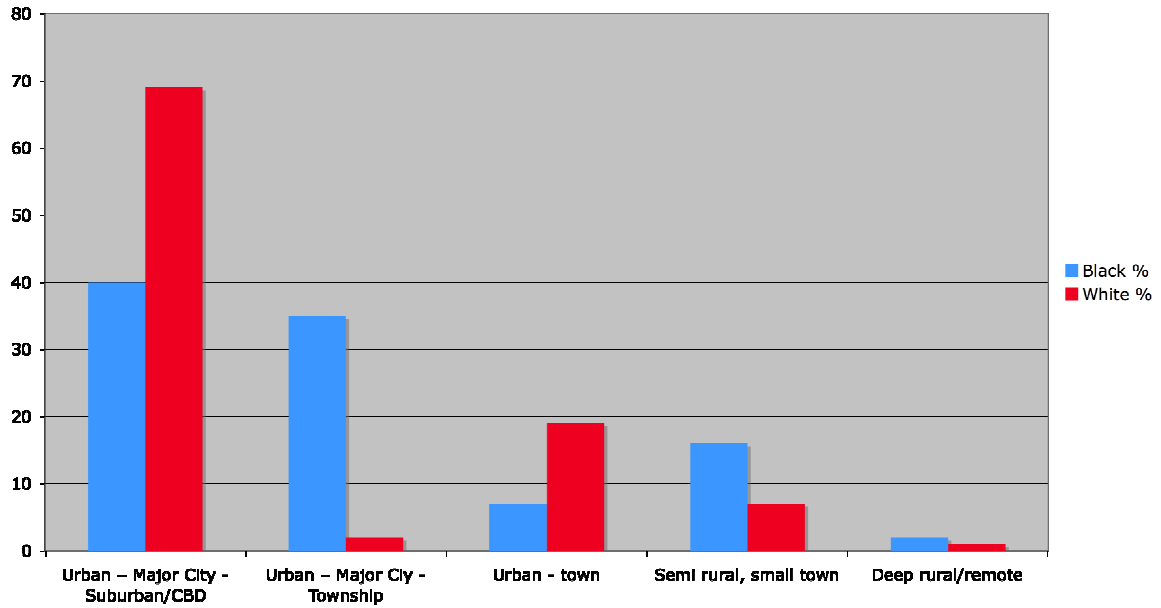


## Location

In addition to the provincial distribution of artists referenced above, artists were also asked to characterise where they lived on an urban/rural continuum. Key points emerging from the data:

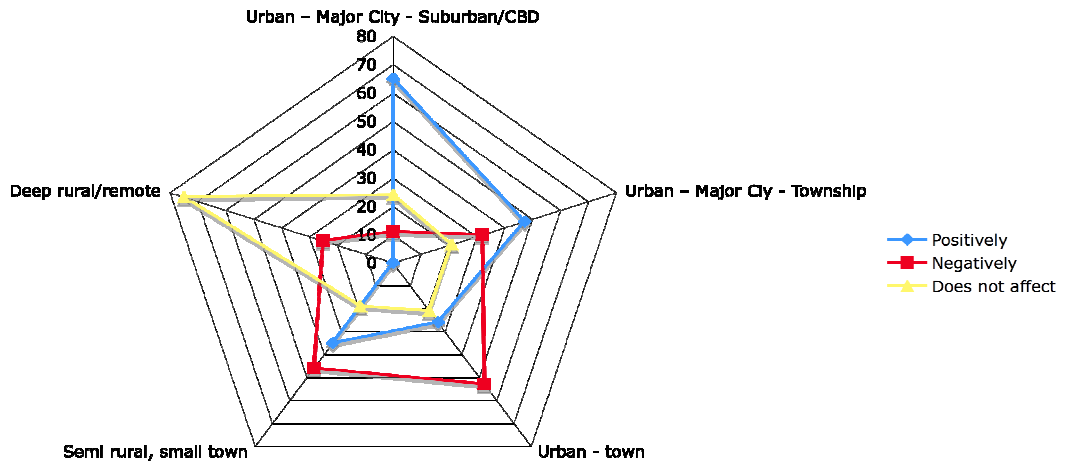
- the great majority of artists live and work in major metropolitan areas (58%) or surrounding townships (16%); this is broadly consistent with international trends in the developed world (in Scotland the proportion is circa 65%, in Australia, 73%).
- A slightly larger proportion of black artists live in a CBD/suburban context (40%) than in a township context (35%). Black male artists (28%) are more likely to live and work in an urban township context than black female artists (19%).
- Black artists are more likely to live and work in towns outside of the major metros than white artists
- White artists are more likely than black artists to live in small, semi-rural towns – the phenomenon of small artist communities such as Clarens, White River (Mpumalanga), Greyton (Western Cape) and towns along the Midlands Meander route in Kwa-Zulu Natal. These artists also tend to be older.

### Location



- The majority of artists living in towns and semi-rural contexts perceive their location as impacting negatively on their market access
- The majority of artists living in metropolitan and township contexts view their location as impacting positively on market access

### Perception of Impact of Location



### Artist Mobility

- Sample sizes for Limpopo, North West, Mpumalanga and Northern Cape are generally too small to yield meaningful data on this issue
- Of the three provinces with the major metropolitan industry clusters, the Western Cape shows the greatest inward migration of artists who are originally from other provinces (with 31% of Western Cape artists coming from Gauteng originally); artists currently living and working in Kwa-Zulu Natal are least likely to originally come from somewhere else

- The Western Cape, Gauteng and Limpopo demonstrate the greatest inward migration of artists from other countries (1 in 10 artists in each are from other countries) - with the majority of the Gauteng and Limpopo groups coming from other countries in Africa and most of the Western Cape group coming from European countries
- Consistently high proportions of artists living and working in other provinces originally come from Gauteng
- The large proportion of the Northern Cape sample coming from other countries is a function of Khoisan communities that were originally located in Namibia

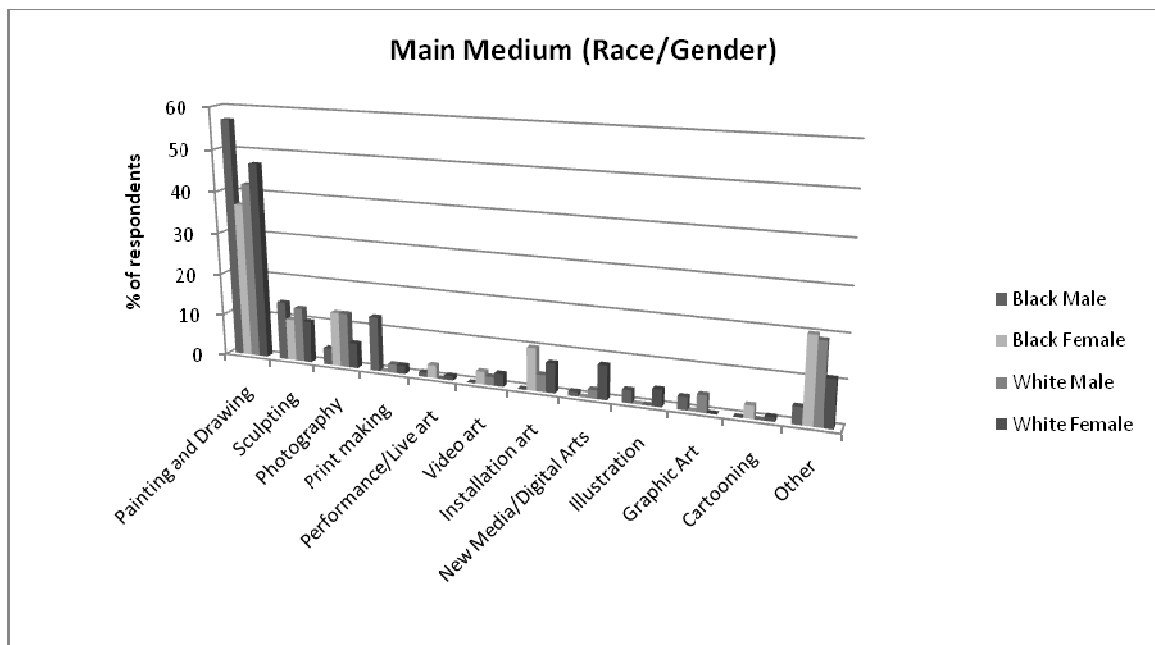
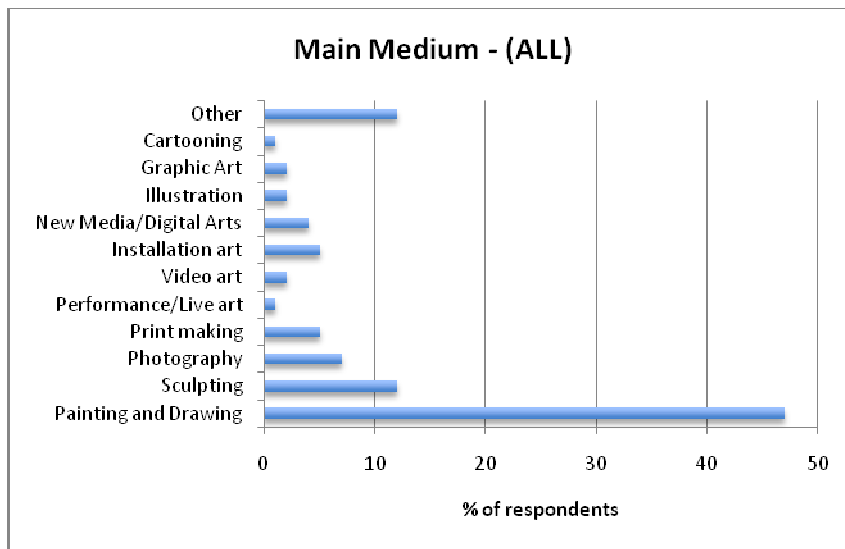
**Table: Current Province vs Province of Origin**

	Originally from:									
	GP	WC	KZN	Free State	EC	North-West	Lim	Mpum	NC	Other Country
Currently living and working in:										
<b>Gauteng</b>	<b>56.1</b>	7.6	6.1	3.0	3.0	1.5	6.1	3.0	3.0	10.6
<b>Western Cape</b>	31.0	<b>46.6</b>	3.4	5.2	6.9	0.0	0.0	0.0	1.7	5.2
<b>KwaZulu-Natal</b>	12.8	8.5	<b>66.0</b>	0.0	2.1	0.0	0.0	0.0	0.0	10.6
<b>Free State</b>	22.2	0.0	5.6	<b>55.6</b>	11.1	0.0	0.0	0.0	0.0	5.6
<b>Eastern Cape</b>	31.3	0.0	0.0	0.0	<b>62.5</b>	0.0	0.0	0.0	0.0	6.3
<b>North West</b>	16.7	16.7	0.0	16.7	0.0	<b>50.0</b>	0.0	0.0	0.0	0.0
<b>Limpopo</b>	11.1	0.0	0.0	11.1	0.0	0.0	<b>66.7</b>	0.0	0.0	11.1
<b>Mpumalanga</b>	23.1	0.0	7.7	0.0	0.0	7.7	0.0	<b>53.8</b>	7.7	0.0
<b>Northern Cape</b>	16.7	8.3	8.3	0.0	0.0	0.0	0.0	0.0	<b>25.0</b>	41.7

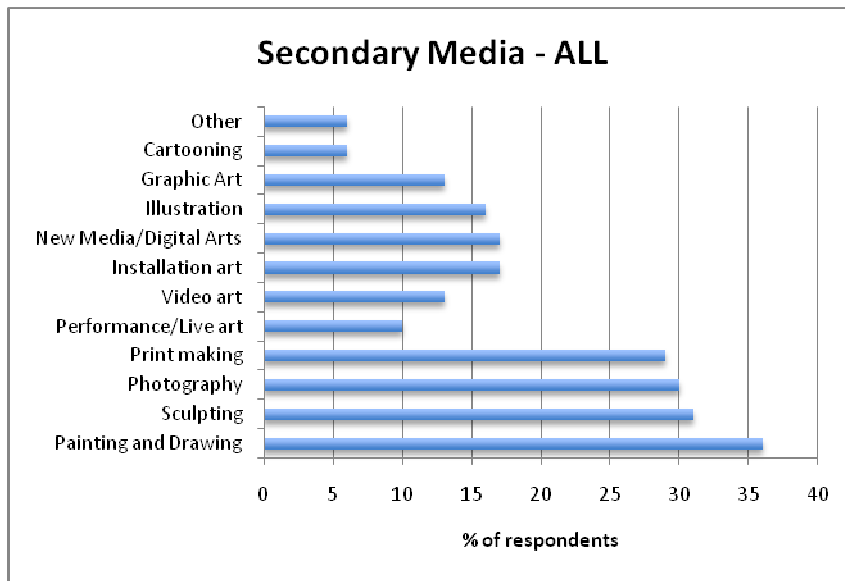
## 5.2 Nature of Practice

### Media Employed

The survey required artists to indicate main and subsidiary media that they employ in their work. Painting and drawing feature as the dominant media across all groups, most markedly so among black male artists, least so among black female artists (37%). Black women artists are more likely than any other group to employ installation and performance art as a primary medium, while black men are more likely to employ printmaking as a primary medium – among all groups, black men favour more traditional media (painting, sculpture, printmaking), black women more contemporary media (video, performance, installation). White women are most likely to employ new media and digital arts as a primary medium. A significant group of largely women artists within the ‘other’ category employ a range of fine craft practices in their work, principally ceramics.



Artists were also asked to indicate secondary media that they employ in their practice. Respondents indicated a very wide variety of additional media employed, with sculpting, printmaking and photography featuring strongly within this group, as well as more 'contemporary' media such as installation, digital arts, performance art and video art appearing in the selection of secondary media. An overall trend is for artists to generally work across a variety of media rather than a single medium.

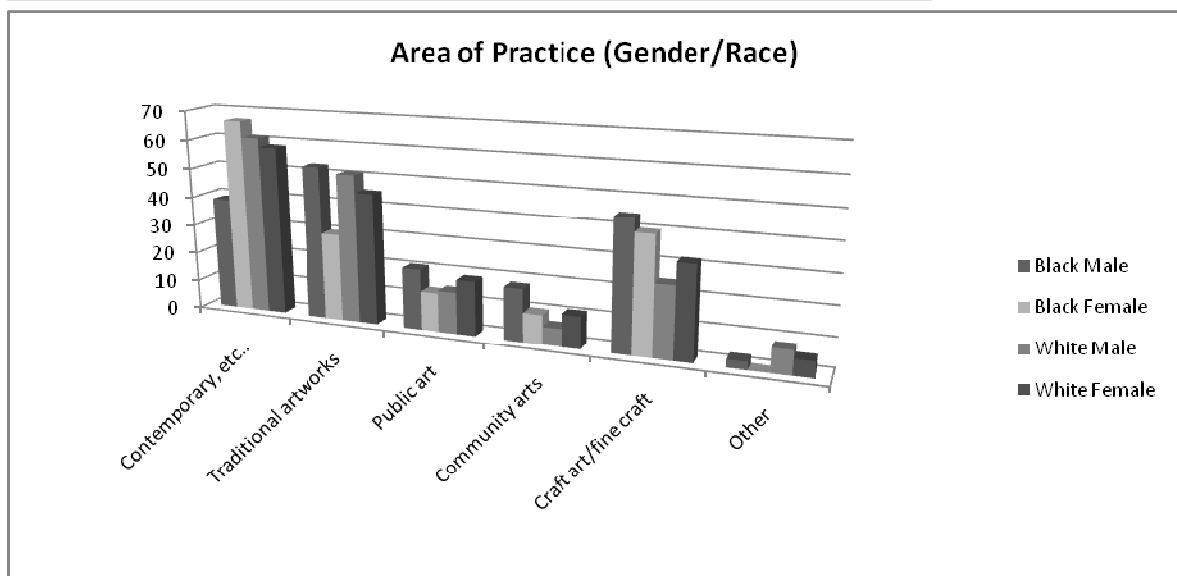
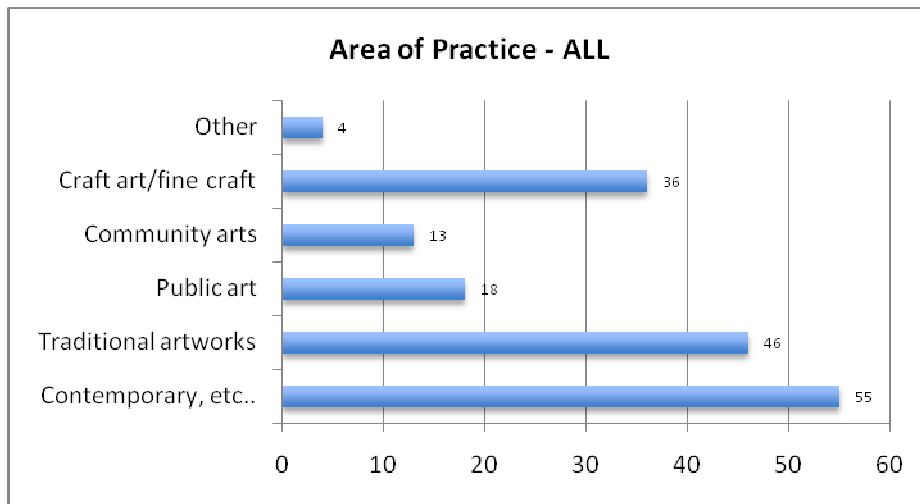


### Area of Practice

In order to gain a better understanding of the broad market segments in which artists see themselves operating, respondents were asked to indicate the broad area of practice in which they perceived their work belonging. Options were indicated which each have distinct sets of consumers, distribution channels, and approaches to pricing and valuation. The options included:

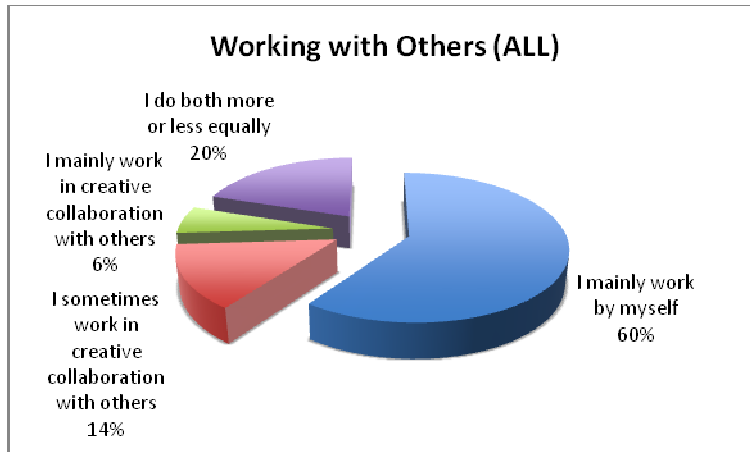
- contemporary, conceptual work, including new media, installation, video and performance based work
- traditional artworks employing traditional materials and subject matter
- public art
- community arts
- craft art/fine craft

Artists were able to indicate more than one response to this question. The majority of artists see themselves as working within a contemporary idiom, though there was a great deal of cross-over between segments, with the majority of artists indicating their location within more than one broad area of practice. Reinforcing the findings relating to primary and secondary media, black women artists registered the highest results relating to contemporary practice, and the lowest relating to traditional practices, with black male artists indicating an inverse trend. The one area of consistency between black men and women respondents was in the area of craft art/fine craft, suggesting that there are two quite distinct sub-groups within the black women group – a (larger) group of black women artists who practice in a primarily contemporary idiom and a smaller group which practice within a fine craft/craft art framework. Responses from white male and white female artists were broadly consistent.



## Working with Others

The visual arts have traditionally been an area of the arts characterised by solitary working practices, in contrast to other areas such as theatre, dance and music that demand collaboration with other practitioners. The survey demonstrates that there are now substantial numbers of artists who work collaboratively. In varying degrees almost half of the respondents indicate that they work on a collaborative basis in some degree, as indicated in the following chart:



## 5.3 Career Development

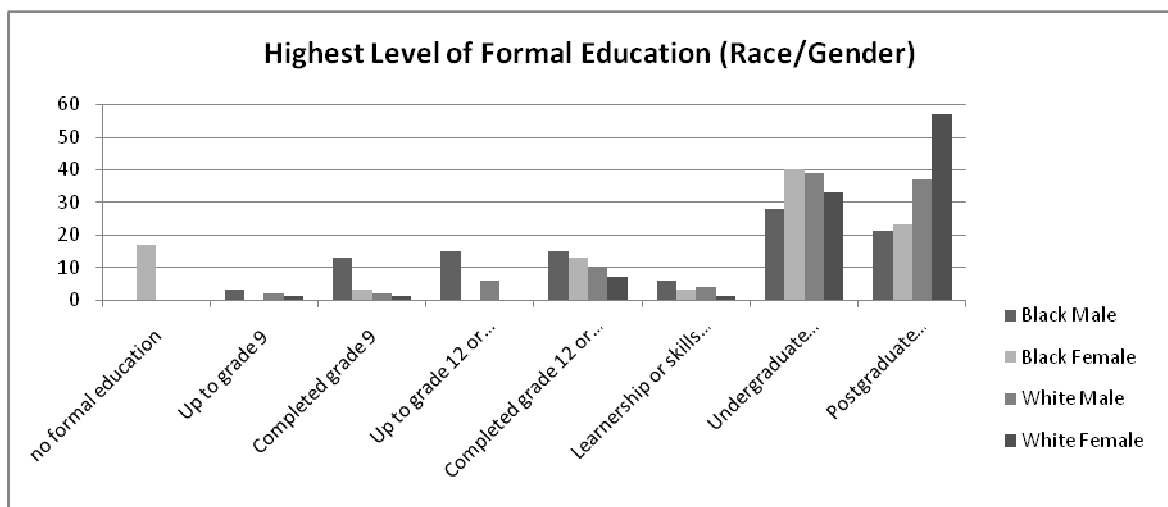
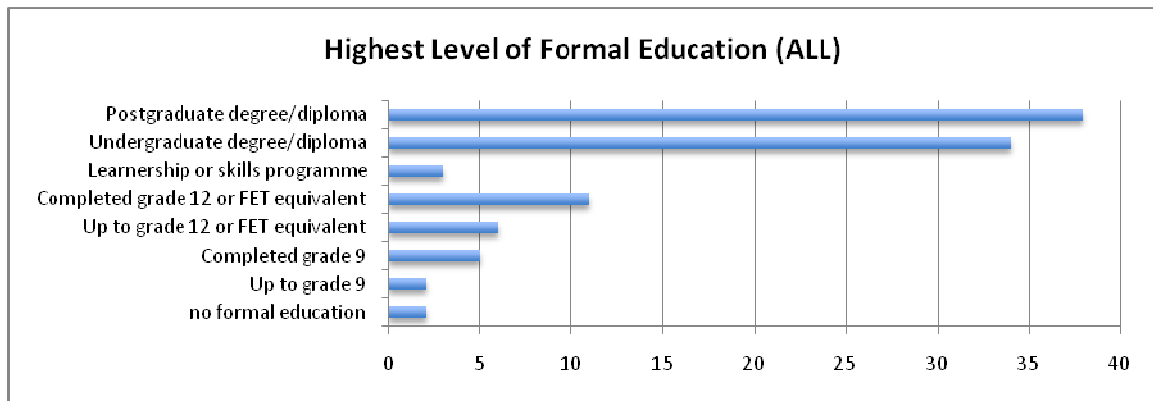
### Educational Background

Understanding the complex pathways through which artists enter the visual arts industry is important in an industry which has high – sometimes punishing - barriers to entry and professional success. As later sections demonstrate, the gap between those that achieve greatest success in the profession – in terms of income and recognition – and the majority of artists, is substantial.

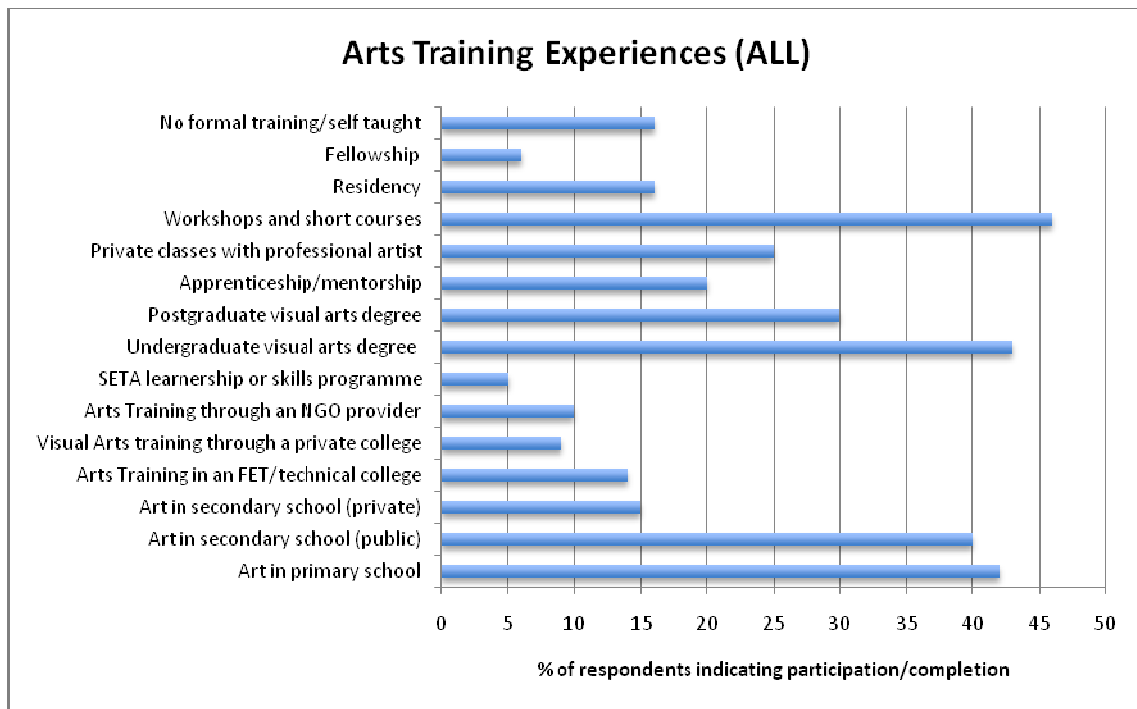
Consistent with international trends in the developed world, South African visual artists are highly educated, a situation enabled through a substantial infrastructure of tertiary institutions offering fine arts qualifications spread across the country. A majority of artists (72%) having completed a university degree, and a significant group (38%) having completed a postgraduate degree.<sup>60</sup> In Scotland, 82% of artists report holding a university qualification, in Australia 77% (Bonnar & Kennlyside 2002: 23; Throsby & Hollister 2004: 90). There is however some significant variation along lines of race and gender – while white artists exceed the international examples referenced (85% have tertiary training), only 53% of black artists have a tertiary degree, with significantly more black women than black men having come through university training (63% vs 49%). Black male artists demonstrate the greatest uptake in training through SETA learnerships or skills programmes, an historically recent work-based training pathway (6% uptake against 3% across all respondents). There are also a larger proportion of black women artists with no formal training at all, suggesting a position at both ends of the professional development spectrum.

<sup>60</sup> It should be noted that there is some ambiguity regarding the postgraduate status of the BA (Fine Art) degree, a professional degree which is notionally equivalent to an honours degree, though it is sometimes referred to as an undergraduate/first degree. The questionnaire did not clearly differentiate these specific degree structures, so there may be a degree of inconsistency in the identification of the level of qualification across respondents.





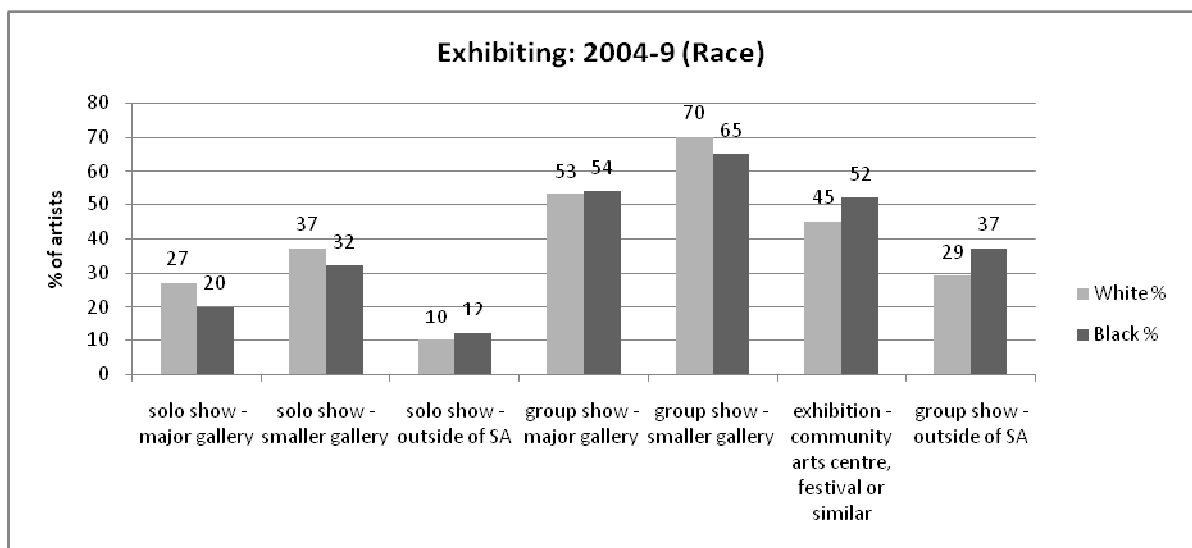
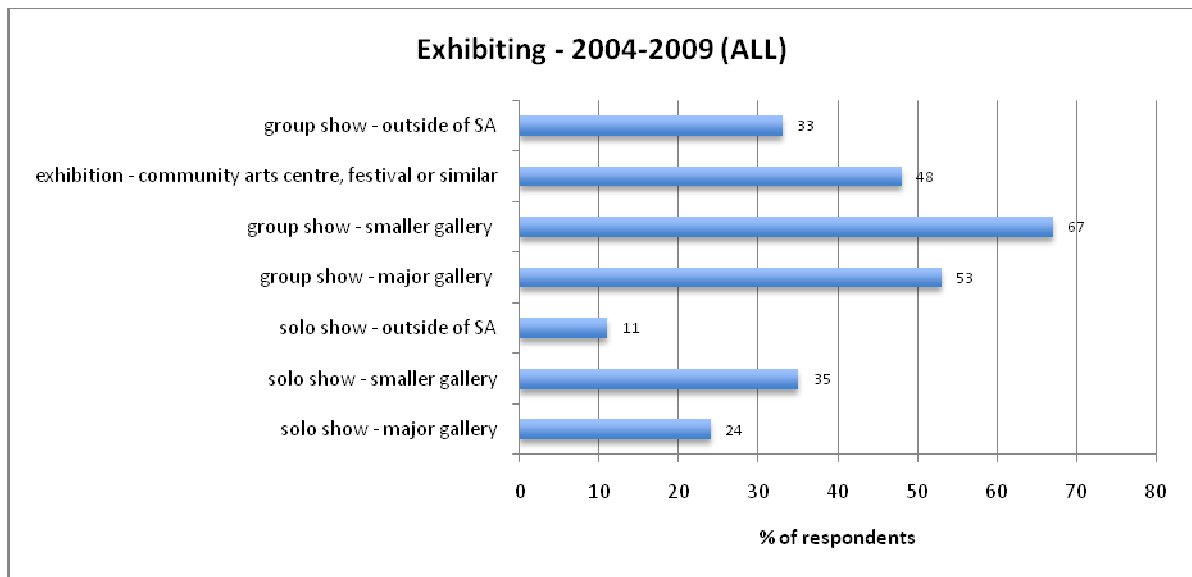
Respondents were also asked about the full range of their participation in education and training related specifically to the visual arts, with responses indicated in the following chart. Aside from affirming the significance of tertiary training, responses highlighted the importance of workshops and short courses for artists' professional development as well as mentorships and classes from practicing professional artists. A significant proportion of (predominantly black male) respondents indicated that they 'have no formal training/are self-taught' (16%).



### Professional Validation - Exhibitions

For most artists, the presentation of their work through exhibitions represents the core outcome around which all other activity revolves and culminates. Exhibitions in public or commercial institutions traditionally provide the primary route through which work enters the interlocking worlds of the art market and visual arts discourse, and through which artists build their reputations within these two spheres.

Artists were asked about their exhibiting record during the course of the last **five** years. Roughly 80% of respondents indicated that they had had work publicly exhibited during this period, with relatively minor variations on the basis of race and gender (white artists more likely to have staged a solo exhibition, black artists more likely to have participated in group exhibitions). Rates for solo exhibiting are lower for South African artists than their international counterparts – in the Throsby/Hollister study, 39% of Australian artists had had a solo exhibition at a major gallery and 44% at a smaller gallery - the equivalent figures for South African artists are 24% and 35% respectively. 46% of Scottish artists surveyed in the Bonnar Kennlyside study indicated that they had staged a solo exhibition in the last two years.



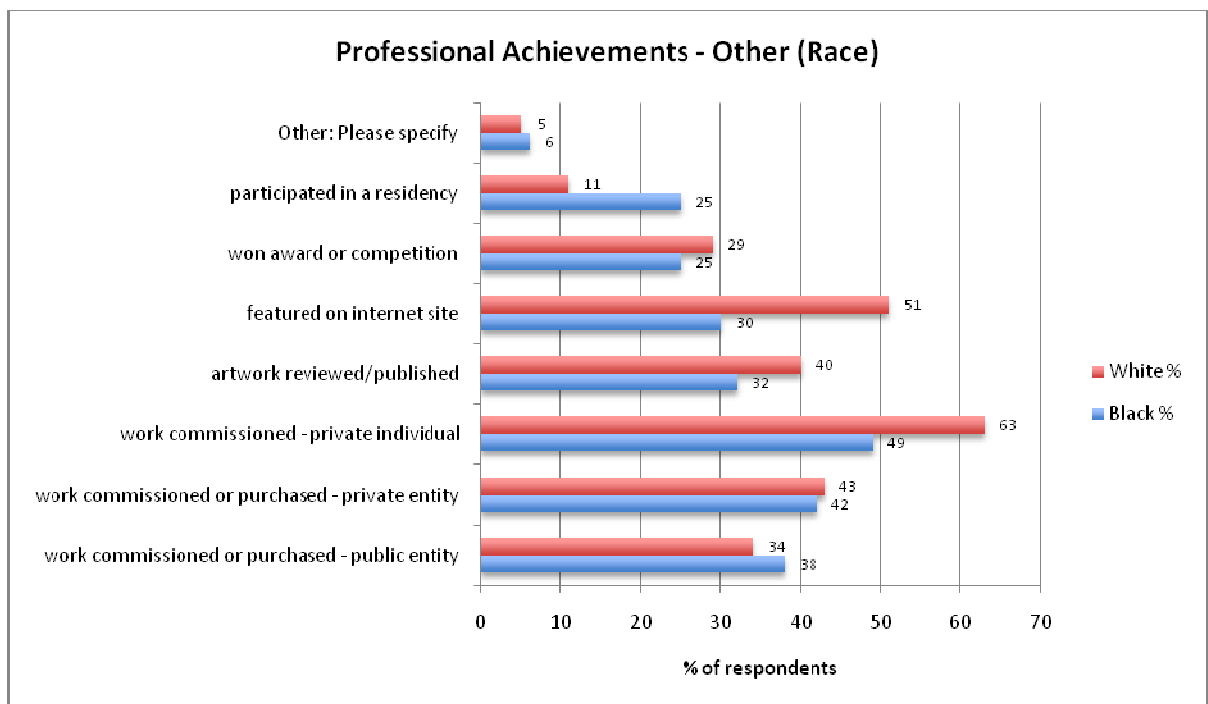
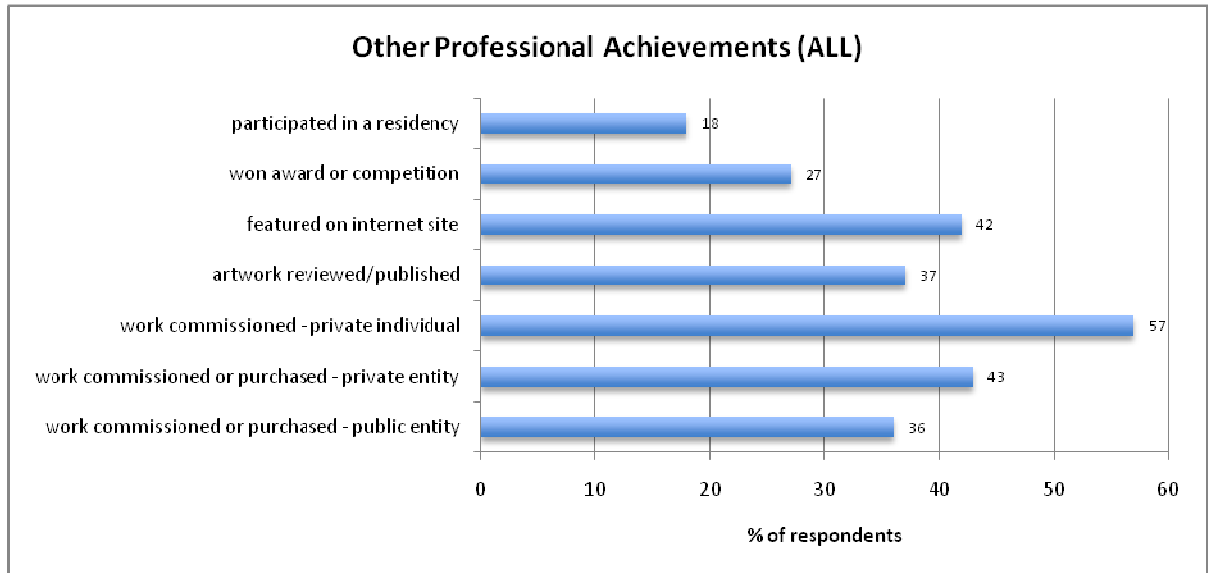
## Professional Validation - Other Achievements

Aside from exhibitions, there are a variety of other critical contexts for professional validation in the development of an artists career. These include commissions and purchases through public or private entities, residencies and awards, as well as the exposure of their work through the internet and printed publications (see chart below). Being commissioned to produce a work by a private individual is the most common form of professional validation in this area. Artists record a surprisingly high incidence of having had their work purchased by a public or private institution (36% and 43% for public and private institutions respectively) – exceeding the experiences of Australian artists (only 32% indicated that they had a work purchased by a public institution).

The high rate of patronage from public institutions is surprising given the extreme limitations on acquisition budgets for public institutions. The strong showing in this area may be a consequence of the broadness of the understanding of what constitutes a ‘public entity’ in the South African context, which could include public art commissions (the rates are highest in Gauteng and KwaZulu Natal where most of the commissioning activity has been taking place), government departments buying work directly from artists and agencies

like the Johannesburg Art Bank purchasing work. In the Australian study, 'public institution' may have been more narrowly interpreted as meaning a 'public art museum'.

Responses also indicate the increased importance of the internet as a channel for exposure of artists' work, though there is a significant disparity here between the extent to which white and black artists' utilise the internet for this purpose.

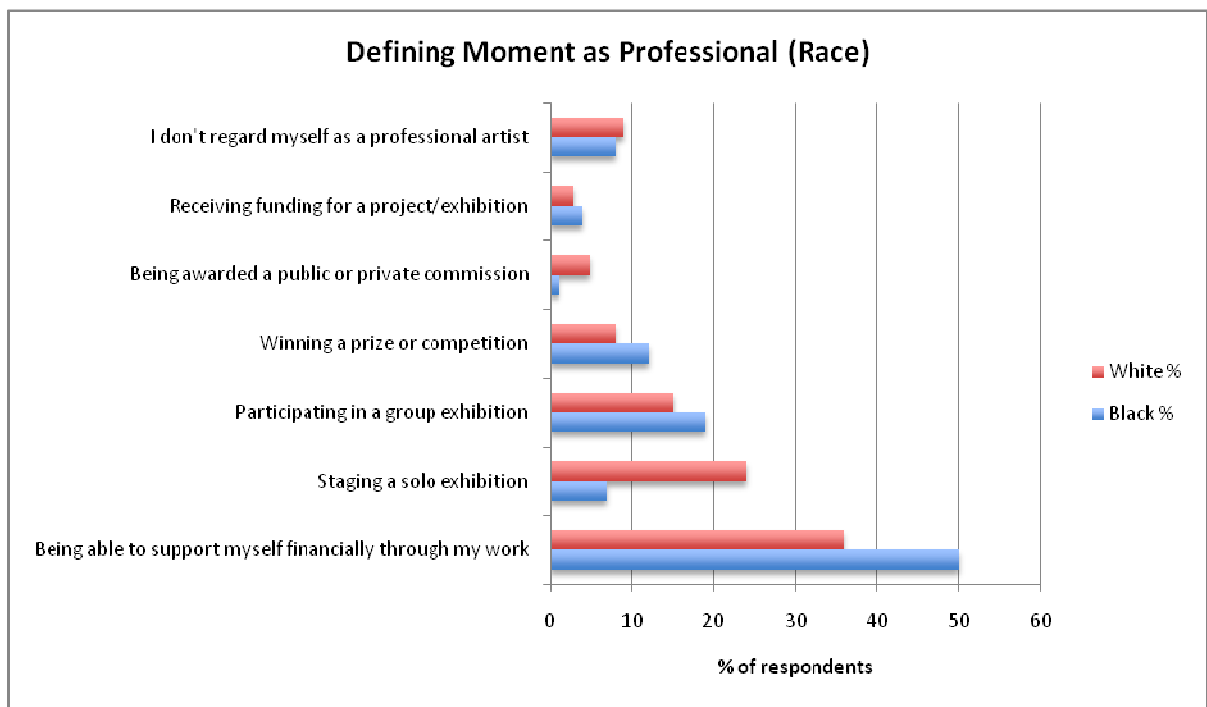


### Professional Validation - Defining Moment

Artists were asked which experience defined their perceiving themselves as professional artists. The majority (42%) of artists indicated that being able to support themselves financially represented the most significant moment in this regard, with a particularly high proportion of black artists indicating this as their defining experience. This contrasts with,

for example, the Australian experience, where the majority (52%) of visual artists indicate the staging of a solo exhibition as the defining moment of professional validation. Only 9% indicate “earning their first income” as a defining experience and an even smaller proportion (6%) indicate being able to make a living as an artist being their defining experience. The importance attached to financial sustainability is significant in the South African context, where the kind of cushions that exist for early career artists (through family resources and networks, unemployment/social grants) are much less prevalent than in the advanced economies and ‘welfare state’ contexts of Australia and many European states.

This is borne out by responses given to an additional question about the age at which this defining moment took place. The median value for South African artists was 26 years old, six years younger than the median age (33) at which Australian artists regard themselves as achieving a professional status. This trend is even more pronounced for black artists who recorded a median value of 24 years (versus 28 for white artists). Anecdotal evidence confirms that there is particular pressure on young black artists to enter the marketplace – sometimes to the detriment of the maturation of their creative practice.

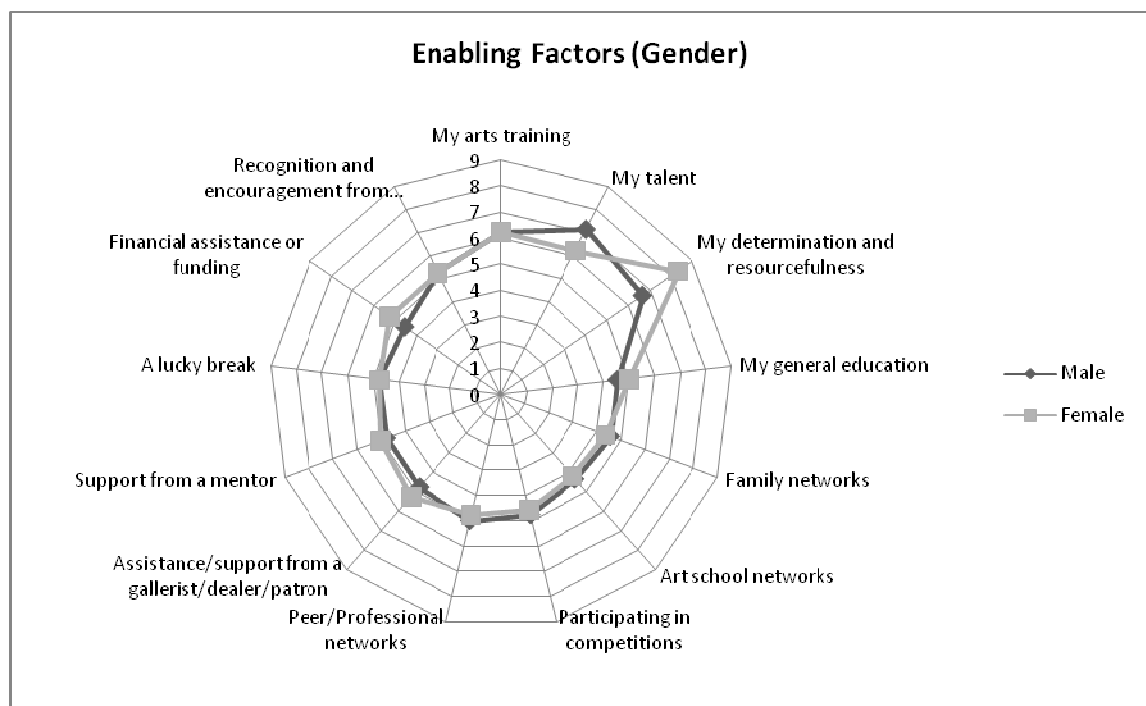


**Table: Age at Defining Moment**

	Black	White	ALL
N	92	123	218
mean	25	31	28
p25	21	24	22
median	24	28	26
min	5	18	5
max	49	68	68

## Enabling Factors for Professional Development

Respondents were requested to identify the primary factors contributing to their professional development or success to date, rating thirteen factors on a four-point scale (translated into a 2.5 – 10 point scale in the chart below). All artists identified internal capacities rather than external assistance, circumstances and opportunities as being the most significant. The responses were largely consistent across race, though some interesting disparities are evident in the responses based on gender. Male artists believe that their intrinsic talent is the most significant contributing factor, whereas women attach substantially greater significance to ‘determination and resourcefulness’. All artists recorded their arts training as being the second most important factor and current peer/professional networks as being substantially more important than art school networks, which received the lowest rating as a success factor. Family networks also rated low, alongside participation in competitions.



## 5.4 Work Circumstances

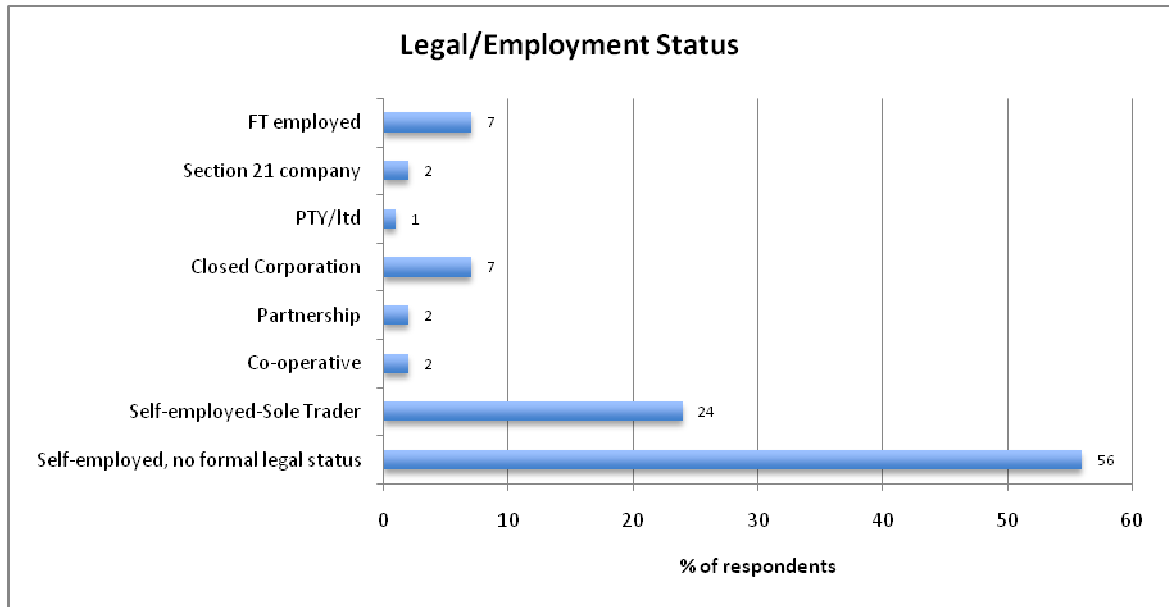
This section considers data relating to the nature of artists working lives: their work status, how they juggle their time between different activities, and the pressures that they face in balancing their creative work with the need to maintain some form of income.

### Employment Status

The great majority (at least 80%, based on the survey data) of South African visual artists are self-employed, consistent with international trends<sup>61</sup>. Two thirds of this group describe themselves as having no formal legal or tax status as freelance/self-employed individuals, with the balance of the self-employed indicating that they operate as sole traders from a

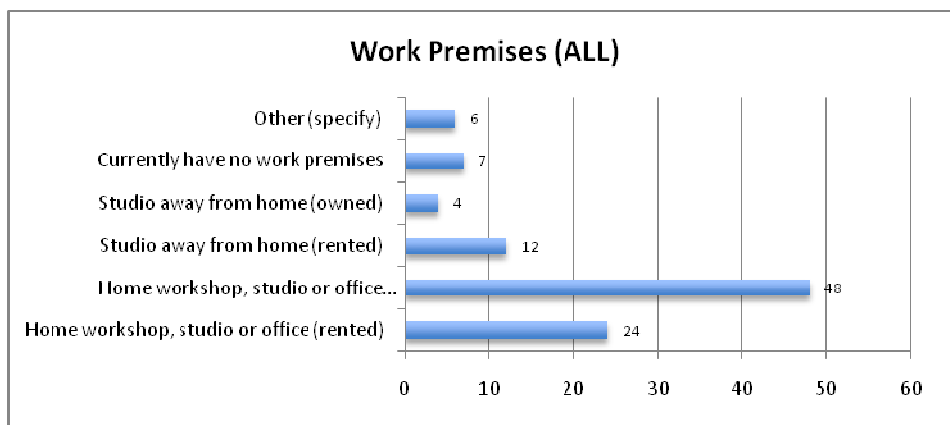
<sup>61</sup> The Throsby/Hollister study of Australian artists records precisely the same percentage (p 38)

legal and tax point of view. A small proportion (7%) are in full-time employment (mostly as lecturers in tertiary institutions), and 14% have established some form of company structure around their practice, ranging from Closed Corporations (7% of all respondents) to very small numbers of co-operative, partnerships and section 21 companies, with one artist indicating a PTY (Ltd) structure for their work.



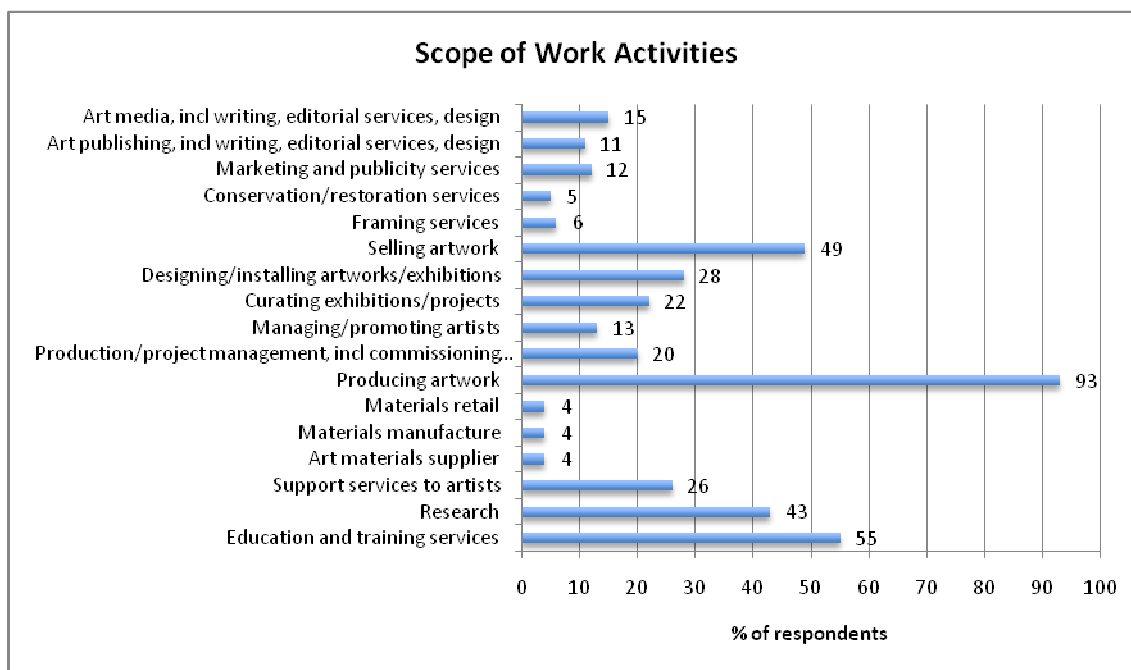
### Work Premises

The majority of artists work from a studio in or connected to a property that they own. Black artists are substantially less likely to own these premises than white artists (37% vs 56%), and are more likely to rent. Only a small proportion of artists are able to rent or own a studio away from home (16%) and only 4% of artists own work premises away from home.



### Scope of Work Activities

Visual artists participate in a very wide variety of work-related activities beside the core activity of producing artwork. The most common associated/subsidiary activities are education and training (55% of all respondents), selling artwork (49%) and research (43%), with over 1 in 5 artists also being involved in curating exhibitions and projects and providing support services to other artists.



## Division of Time

Artists work on average for 44 hours per week, slightly more than the overall age of the working population (43,9 hours)<sup>62</sup>.

**Table: Hours Worked per Week**

Hours a week	Professional
N	244
mean	44
p25	35
p50	45
min	0
max	119

Artists were asked to indicate how they divided their time between different activities, and how this related to their ability to sustain themselves.

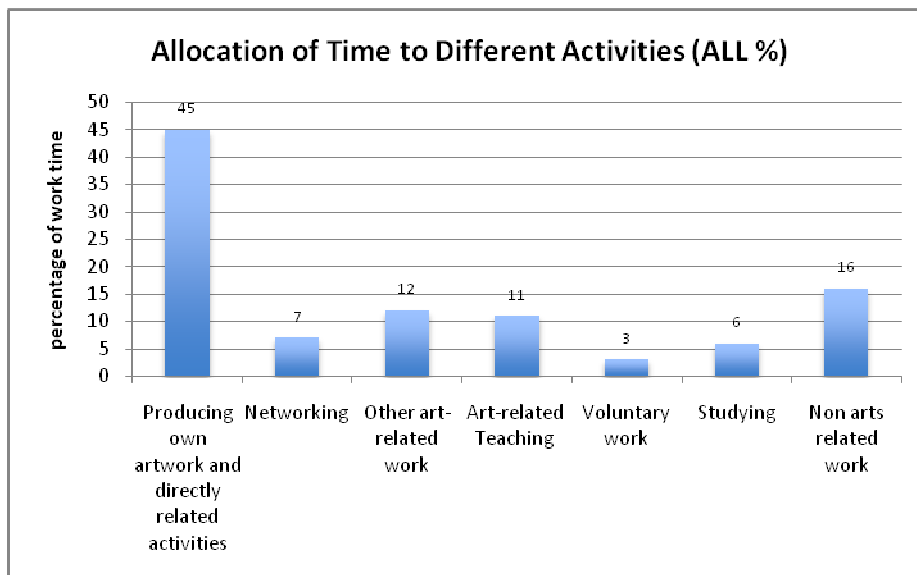
- The proportion of time spent producing artwork and directly related activities was on average 45% of total work time or 22 hours, with significant proportions of time spent on non-arts related work (16%), other arts-related work (12%) and art-related teaching (11%). This is comparable to Australian artists, who spend circa 49% of their time on their creative work.
- Only 19% of artists indicate that they are able to spend more than 70% of their time on their creative activity and immediately linked activities – these may be regarded

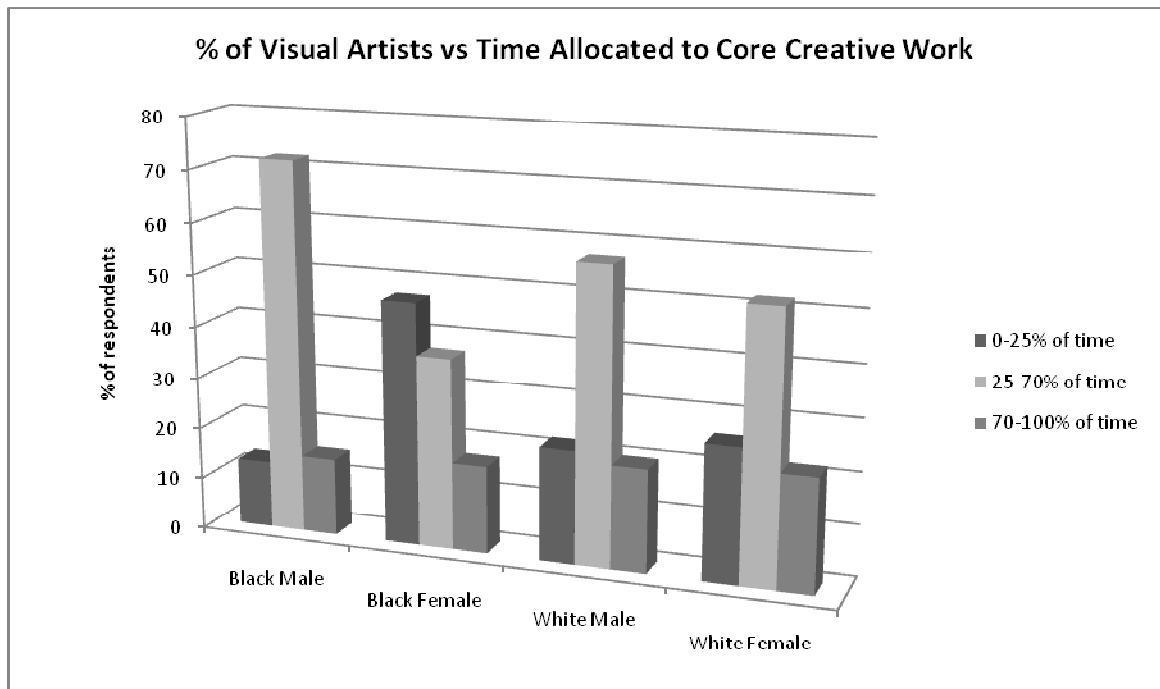
<sup>62</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey. Statistics South Africa: Pretoria. Figures are for 2008. Section 4-15



as ‘full-time artists’. The majority (57%) of artists fall into a middle ‘part-time’ group able to spend between 25% and 70% of their time producing artwork, and a quarter of the surveyed artists were able to spend less than a quarter of their time producing their own creative work – ‘minor time’ artists forced to squeeze this activity in among a range of other commitments, largely income-related.

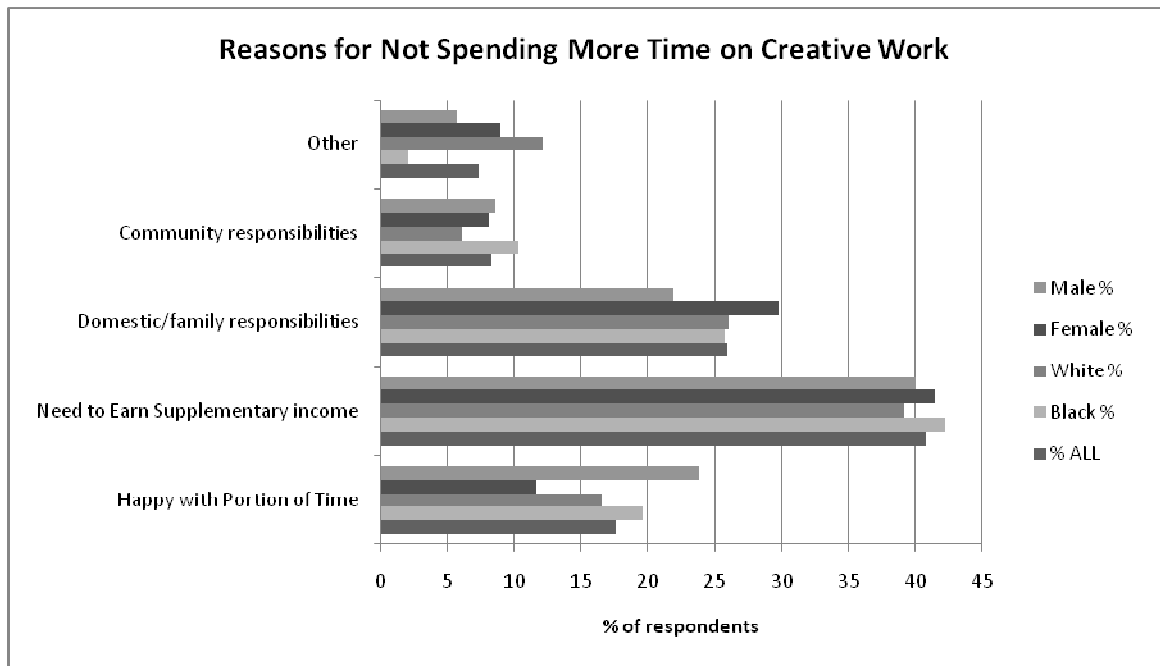
- 25% of the sampled artists indicate that they spend less than 25% of their time on their core creative activity.
- Male artists are able to spend somewhat more time on their core creative work than female artists (48% of time vs 43% of time). A very large proportion of black female artists (47%) were only able to invest less than 25% of their time in their core creative activity.
- Artists who spent less than 50% of their time on their core creative work indicated that the main reason for not being able to devote more time was due to the need to earn supplementary income. The second most significant reason cited (more so for women) was domestic/family responsibilities
- 52% of respondents indicated that they have to undertake work outside of the visual arts sector in order to sustain their work as a visual artist





**Table: Percentage of Time Spent on Different Activities Across Different Groups**

Activity	Average Percentages				
	ALL %	Female %	Male %	Black %	White %
Producing own artwork and directly related activities	45	43	48	44	46
Networking	7	6	8	9	5
Other art-related work	12	13	11	12	11
Art-related Teaching	11	12	11	9	13
Voluntary work	3	2	3	4	2
Studying	6	7	6	9	5
Non arts related work	16	18	14	14	18
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



Visual artists organise their work time differently to people in more conventional employment situations, evidenced by the fact that though the number of hours worked per week is similar to that of the general population, the working week extends to six or seven days for the majority of artists, as indicated in the following tables.

**Table: Artists Working Week**

	N	%
Less than 5 day working week	21	9
5 day working week	70	29
6 day working week	97	40
7 day working week	55	23
<b>TOTAL</b>	<b>243</b>	<b>100</b>

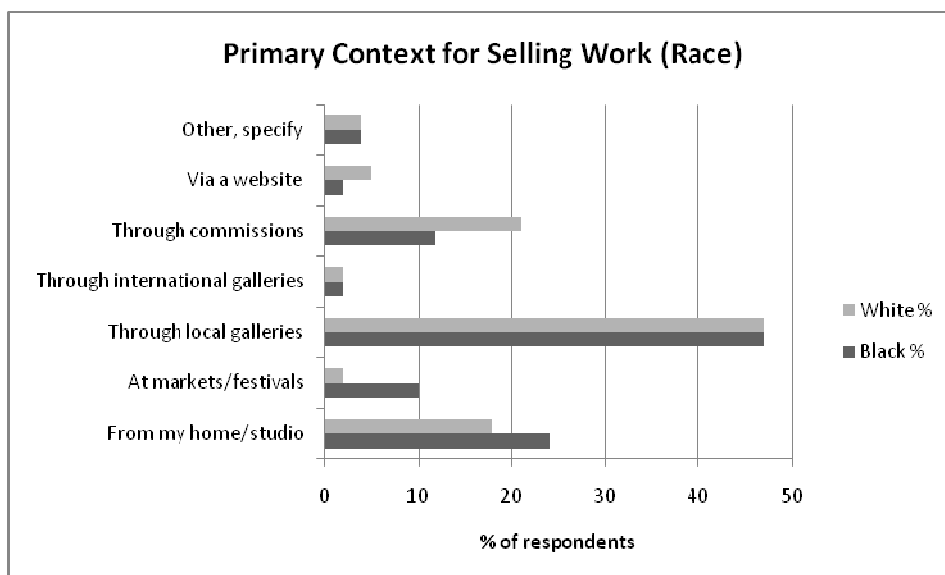
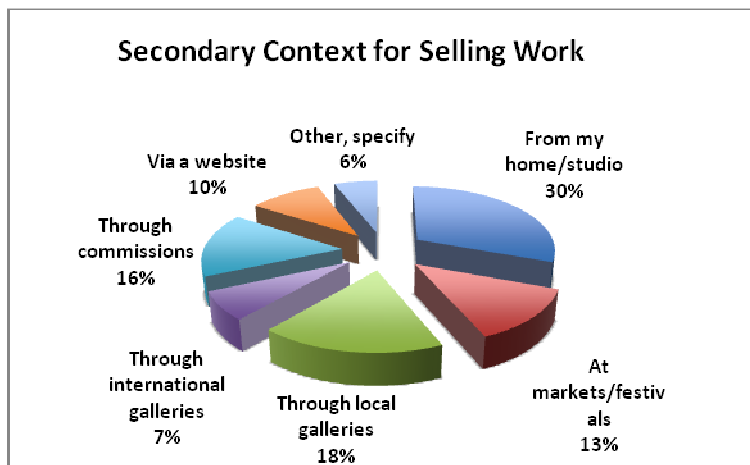
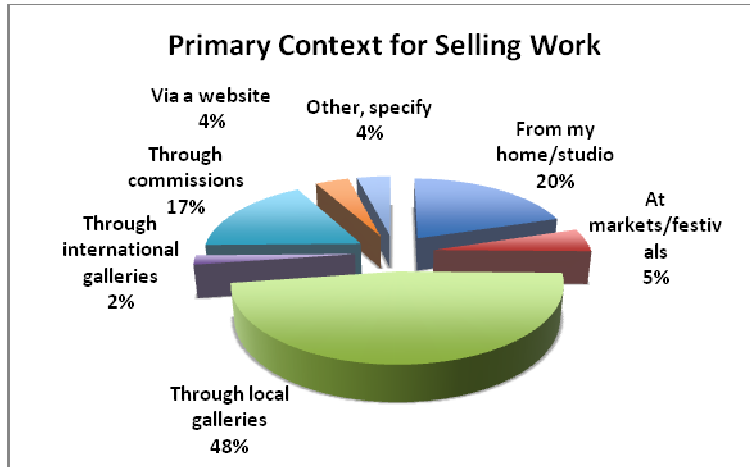
## 5.5 Market-Related Issues

This section is concerned with how artists perceive the market for their work and how they engage with the real or imagined market for their work. In contrast to other industries, where the distribution and retail of product is often quite removed from the origination and manufacture of that product, the survey results demonstrate the extent to which artists in the South African context have to get involved in the marketing of their work in various and complex ways.

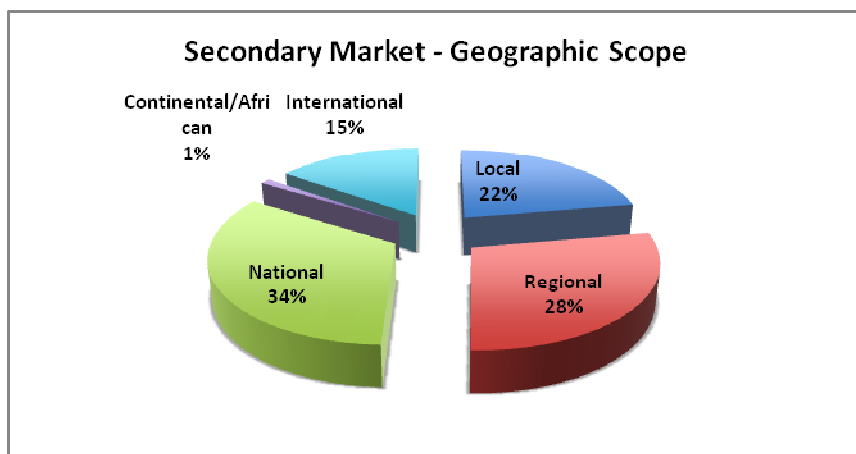
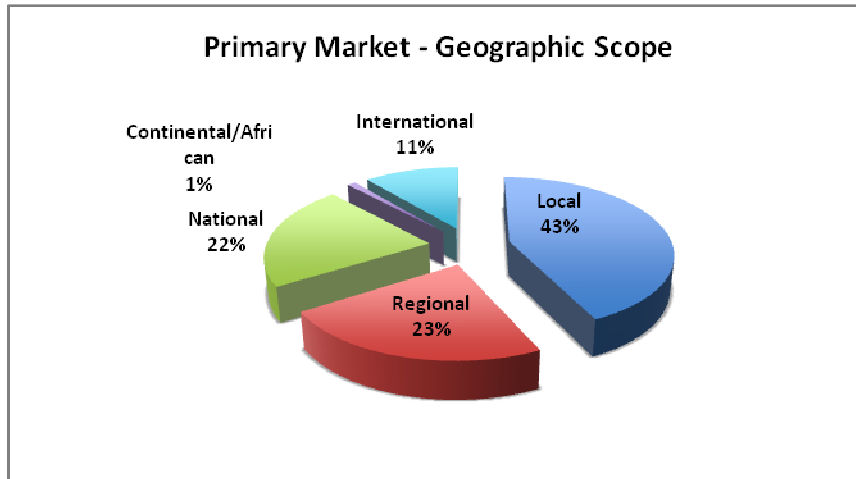
### Most Significant Contexts for Selling Work and Most Important Markets

While the majority of artists (48%) of artists see local galleries as being the primary context for selling their work, a significant portion (20%) regard direct sale from their studios as being the most important context for selling. This proportion increases to 30% when

secondary contexts for selling work are considered. Across both primary and secondary contexts, selling work through commissions represents a small but consistently significant context for selling work. International galleries, websites and markets/festivals all represent significant secondary contexts, with black artists more likely to sell from their studios and through market/festival contexts and white artists more likely to sell through websites and commissions.



Most artists see their primary market as being local in scope, with only 11% according primacy to international markets. National and international markets outside of Africa become substantially more important as secondary markets. Unsurprisingly – given the limited consumption base on the rest of the continent – the rest of the continent is not seen as a significant market for the work of South African artists. Just under a third of artists perceive tourists as a target market for their work.



### Marketing, Promotion and Working with Galleries

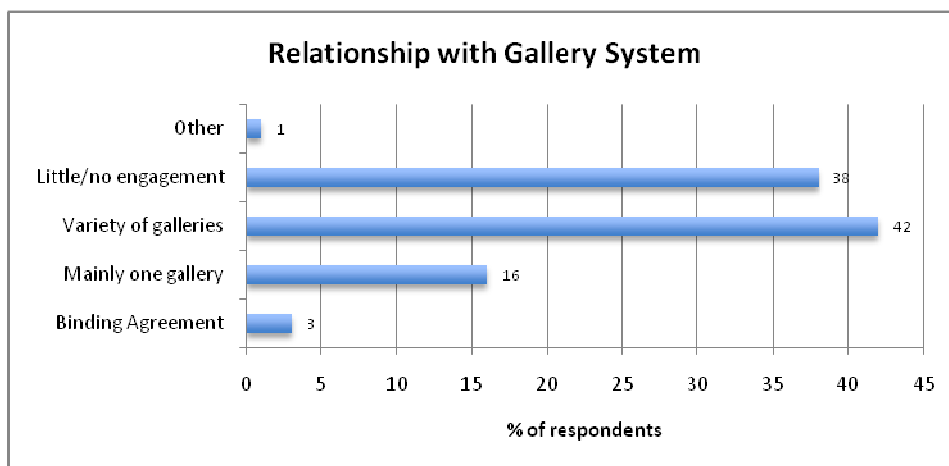
Gallerists and dealers have traditionally represented the most important external resource that artists can draw on in the promotion of their work. Gallerists and dealers play a significant role in addressing the organisational and financial demands of providing space, organising and publicising exhibitions, administration and the marketing and selling of artwork, leaving artists with more time to focus on the core activity of producing work. Gallerists and dealers invest substantial time, energy and money in cultivating networks of demand and patronage – this is the key resource or service that they provide to artists.

The relations between artists and gallerists are invariably complex and do not conform to conventional business relationships between suppliers and retailers in other sectors. These relationships are seldom reduced to writing, and generally involve an interweaving of the personal and the professional – with gallerists often providing a mixture of financial support, encouragement and a general sounding board for the ‘stable’ of artists that they work with.

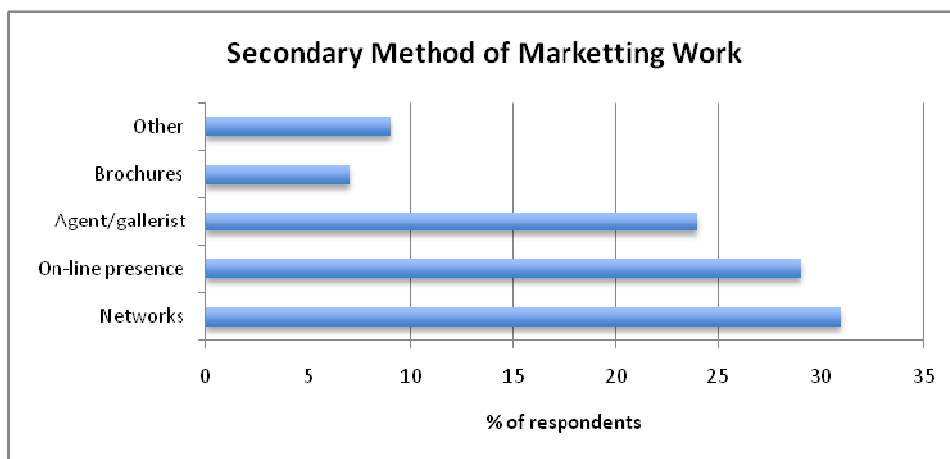
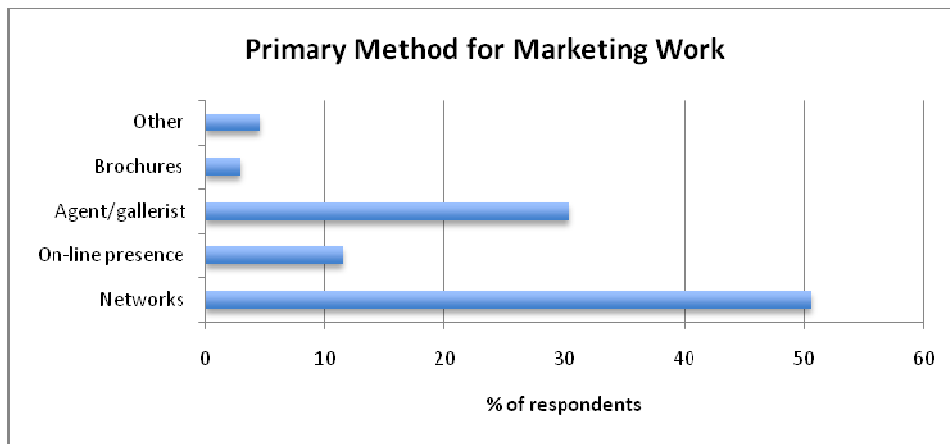
Unsurprisingly, these relationships can also be volatile, and can end badly. There are currently no industry mechanisms for resolving disputes between artists and dealers, and artists are generally constrained from pursuing disputes through legal recourse due to the financial implications of such action.

In the South African context only a very small proportion of artists have a binding agreement with a single gallerist/dealer. Such agreements represent an important form of patronage for artists, where galleries, in exchange for primary rights to sell the work of a particular artist, provide various kinds of support to artists, which may include the addressing of production costs, living expenses and so on. Only 3% of the surveyed artists fall into this category – partly a function of the fact that very few galleries in the South Africa are in a financial position to invest in this form of patronage. A further 16% of artists show their work primarily at one gallery, though are free to also show their work elsewhere. The majority (42%) show their work at a variety of galleries, and a large proportion indicate (38%) that they have little or no engagement with galleries. Finding a dealer or gallerist to represent them was indicated as the most important professional development need by 21% of artists – the second most significant primary need registered after ‘learning how to market myself more effectively’.

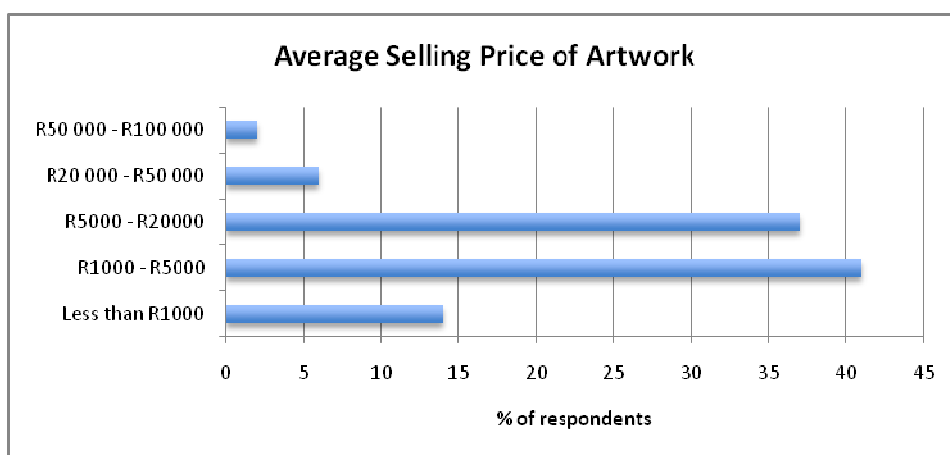
International comparators suggest that South African artists have lower rates of representation by galleries than is the case internationally. In the Bonnar/Kennlyside survey of Scottish artists, 27% of all artists indicated being represented by a gallery or dealer – though it is not clear from the study what the nature of these agreements are. In the Australian study 12% indicated that their work is handled by an agent or gallerist in all circumstances and a further 28% indicated that this was the case some of the time. The Morris Hargreaves McIntyre study of the UK art market found that 28% of artists were represented by a dealer, agent or gallerist.

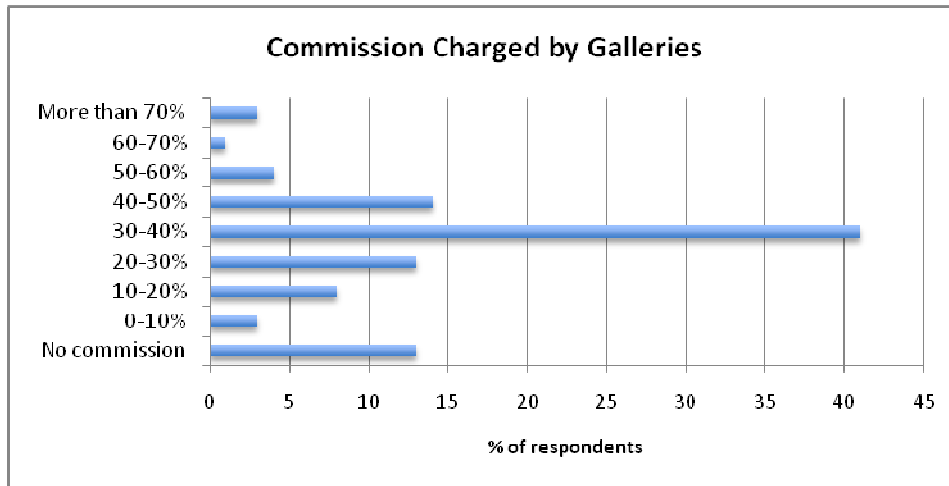


This trend is also reflected in the importance that artists attach to different methods of marketing their work. The majority (50%) of artists perceive networking and word of mouth as being the most important channel through which their work is marketed and promoted; only 30% regard agents/gallerists as being the most important channel for the marketing of their work. The importance of on-line methods of marketing artwork are reflected in the large number of artists who indicate this as the second most important method for marketing work.

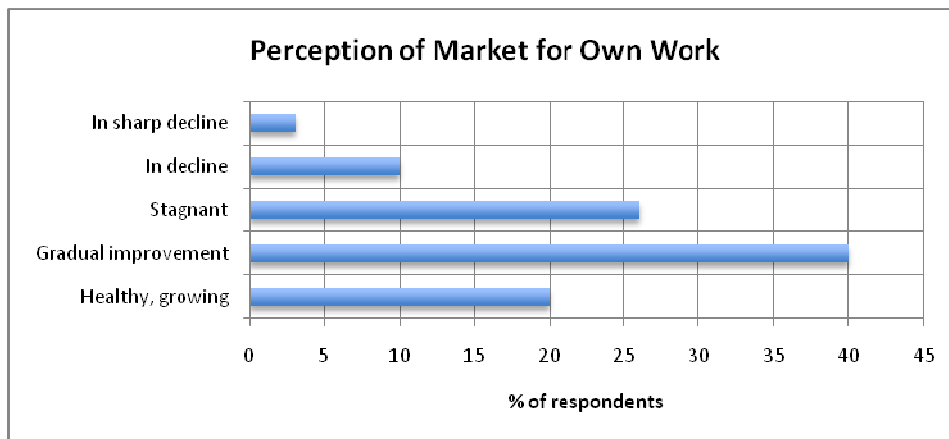


Most artists sell work in the R1000 – R5000 and R5000 – R20 000 price range, with only 8% of the sample usually selling work for more than R20 000. The commissions charged by galleries are a perennial issue for artists world-wide, and are substantially higher than the commissions or fees charged by agents operating in other areas of the arts. This is largely a function of the substantial costs (overheads, space, publicity, etc) associated with the exhibiting and promoting of artists work. Commissions charged by South African galleries are consistent with international trends – slightly lower on aggregate than the commissions noted by Scottish artists.





The majority of artists perceive the market for their work as being on a positive incline – 40% see gradual improvement and 20% regard the market for their work as ‘healthy/growing’. This is surprising, given that the survey was conducted during a period marked by an international recession whose effects have been strongly felt within the local economy.



Overall, South African artists may be said to play a more active role in the marketing of their own work – a consequence of what would appear to be a smaller pool of galleries, dealers and market platforms able to effectively perform this function than is the case with their counterparts in other parts of the world.

## 5.6 Economic Position and Circumstances

International studies show that the earnings of visual artists are generally low, by comparison both to other workers in the creative industries, and even more so when compared to other professions demanding similar levels of training and professional development.

The Throsby/Hollister study shows visual artists as among the lowest earners among creative professionals (by comparison to workers in music, dance, theatre, literature, craft): the only creative professionals to earn less than visual artists on the basis of median income are craft practitioners. A second equally concerning trend noted in the Australian study, are



the low levels of real growth in artist income over time – during the fifteen year period in which similar surveys have been done in Australia, the growth in income levels of comparable non-arts occupations have significantly outstripped income growth among artists, which have remained more or less constant. It remains to be seen from subsequent research whether this is also the case in the South African context.

The visual arts is also a profession which is characterised by greater degrees of income disparity than is the case with most other creatives – a small number of high-earning artists contrasted against a large group of low earners. One of the signal consequences of the (comparatively speaking) low levels of earning and the informality of artists work circumstances, is that the majority of artists are unable to afford the various forms of personal and work-related protection that most professions take for granted – medical aid, insurance and provision for retirement.

### **Mean and Median Income**

This pattern is borne out in the South African context, most evident in the difference between mean and median income. While the average income of artists is just under R150 000 (i.e. mean income), 50% of the sample reported income of R90 000 and below (the median). Though the mean/average values are important for understanding the economic impact of the industry as a whole, the median/midpoint values are more instructive as a basis for understanding the economic position of the majority of artists. Income disparities among visual artists in the South African context are more marked than in, for example, Australia – In South Africa, the median income of artists is 60% of the mean value, in Australia it is only 78% (Throsby & Hollister 2004: 104).

This is partly attributable to the fairly dramatic income disparity on the basis of (particularly) race and (to a lesser degree) gender in the South African context, as indicated in the table below (though it should be noted that within each group the disparity between mean and median is consistently around 60%, though is less marked among women at around 67%). Across race groups, women earn between 70% and 78% of what their male counterparts earn. A straight comparison on the basis of gender however shows earnings between men and women being equal – a function of a large group of low-earning black male artists moderating the higher earnings of white male artists (noting that the great majority of black artists are men). Among other things, this confirms the importance of considering the implications of *both* race and gender across all areas of the report.

**Table: Artists Annual Income by Race and Gender – Mean, Median and Minimum/Maximum Values (2008)**

	Black Male	Black Female	White Male	White Female	ALL
<b>N</b>	71	30	47	81	232
<b>mean</b>	<b>95 876</b>	<b>67 669</b>	<b>229 870</b>	<b>180 007</b>	<b>149 809</b>
<b>p25</b>	32 000	19 400	65 500	60 000	41 000
<b>median</b>	<b>60 000</b>	<b>45 250</b>	<b>145 000</b>	<b>120 000</b>	<b>90 000</b>
<b>min</b>	800	400	18 500	5 000	400
<b>max</b>	800 000	440 000	2 000 000	1 785 467	2 000 000
<b>median as % of mean</b>	<b>63%</b>	<b>67%</b>	<b>63%</b>	<b>67%</b>	<b>60%</b>

51% of artists foresee their income increasing in the next year, 27% foresee a decrease and 32% see their incoming remaining about the same.

### Factors Impacting on Income

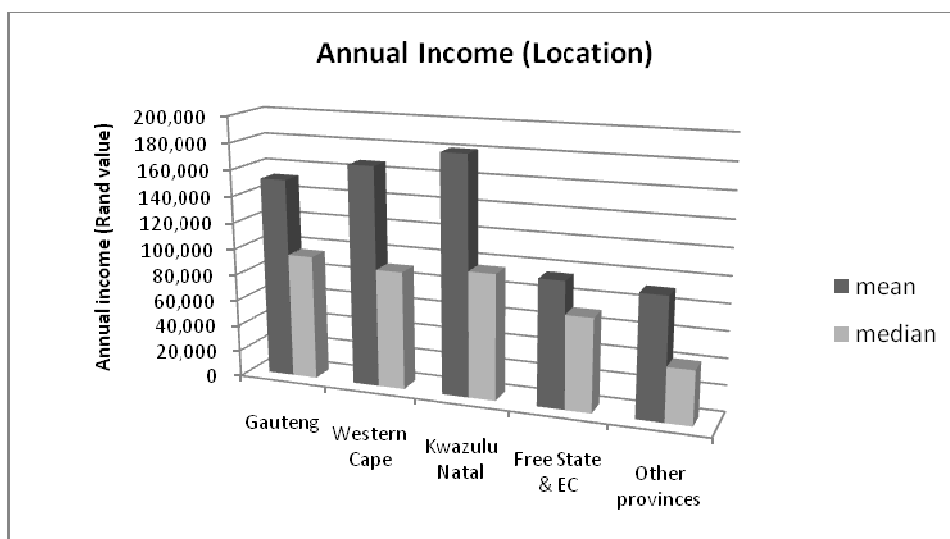
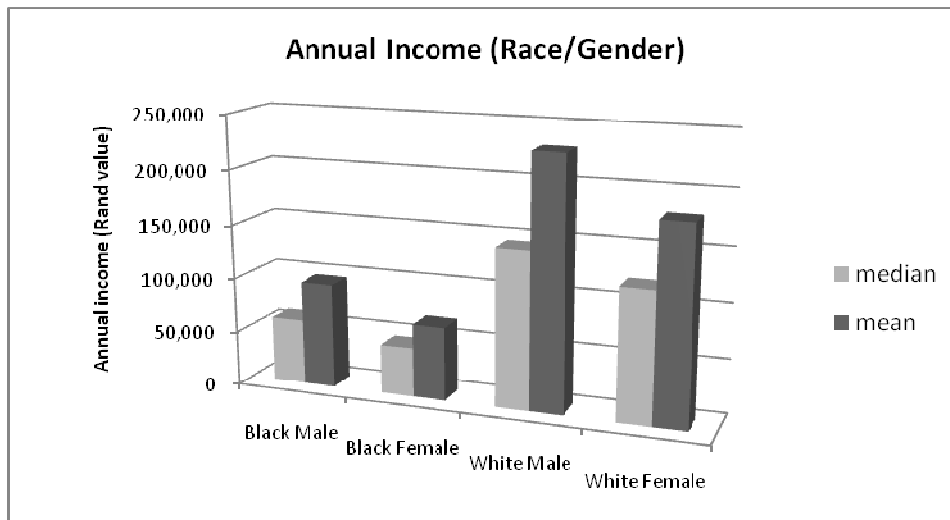
#### Race, Gender, Location

There are also substantial variations in regional income levels, with artists from the Gauteng, KwaZulu Natal and the Western Cape earning substantially more than artists from the more rural provinces, as shown below:

**Table: Artists Annual Income by Province – Mean, Median and Minimum/Maximum Values (2008)**

	N	mean	p25	median	median as % of mean
Gauteng	66	<b>151 998</b>	50 000	<b>95 000</b>	<b>63%</b>
Western Cape	57	<b>166 972</b>	42 800	<b>90 000</b>	<b>54%</b>
Kwazulu Natal	46	<b>180 293</b>	40 000	<b>95 500</b>	<b>53%</b>
Free State & EC	34	<b>95 250</b>	30 000	<b>70 750</b>	<b>74%</b>
Other provinces	40	<b>91 861</b>	10 000	<b>41 000</b>	<b>45%</b>

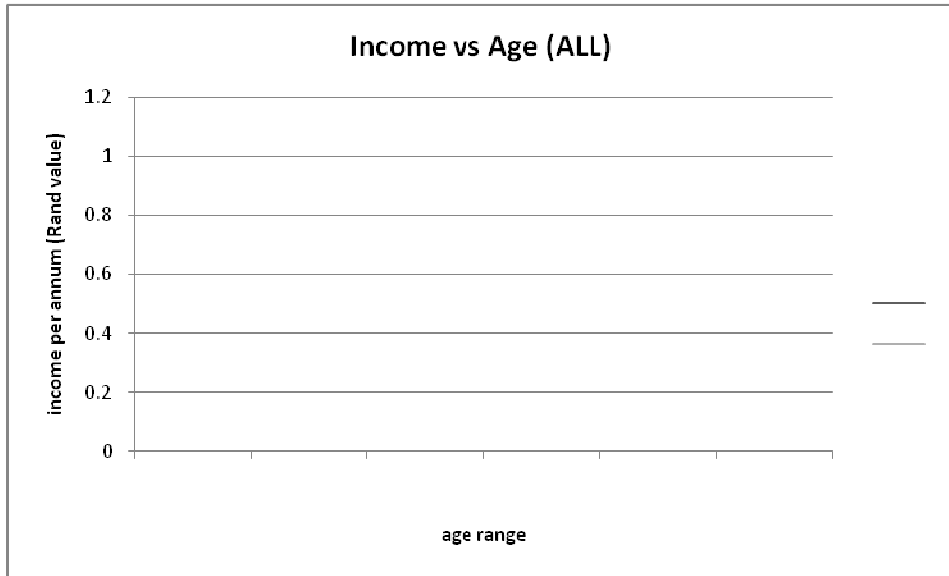
The data suggests that while the mean/average earnings of artists in the provinces with major metros (and therefore industry clusters) is dramatically higher than in the other provinces, the disparity in the economic situation of the **majority** of artists (though still significant) is not as great, as reflected in the median income values (though one should note the extreme variance between mean and median values in the most rural 'Other provinces' category). A comparison of the above two tables demonstrates that race (and to a lesser degree, gender) are more powerful determinants of general economic success than location is for the majority of artists. This is graphically illustrated in the following two charts - in the race/gender chart there is a fluctuation in **both** median and mean values, whereas in the locational chart, this fluctuation is markedly less pronounced for median values (in red):



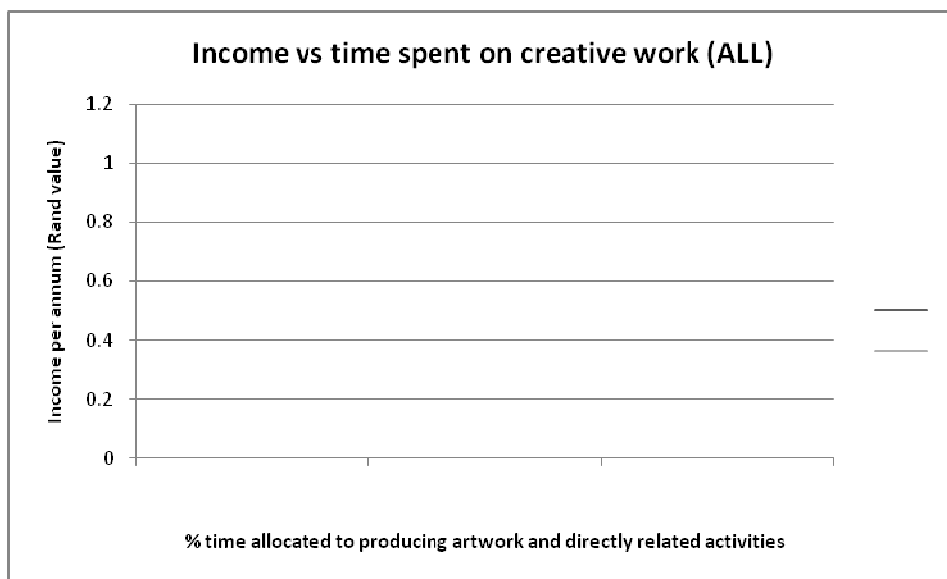
### Age and Division of Time

There are also significant differences in income according to age, as well as according to the proportions of their time that respondents devote to the visual arts. Unsurprisingly, income inclines according to age, with a rapid incline in average income in the 36-45 age range, which accords with the general data on age referenced in section 3.1, and the income jump from being an emergent/unknown artist to being an artist recognised in the marketplace.

The general contrast in the curves for mean and median income is instructive. For most artists (the red median line), income steadily inclines during the course of their working lives, with a slight dip for artists over 70. For artists in the 36-45 age range there is a sharp incline in average income (the blue line) which then drops in the subsequent age ranges. This is a point at which a relatively small group of artists in this age range get 'discovered' and are suddenly 'making it' in the market - and earning substantially more money than the majority of artists in this age range (the red line). This data suggests that this phenomenon is then moderated substantially in the 46-55 age group and older age groups, where there is a less significant disparity between mean and median income of artists, and a steady increase in the income of most artists.



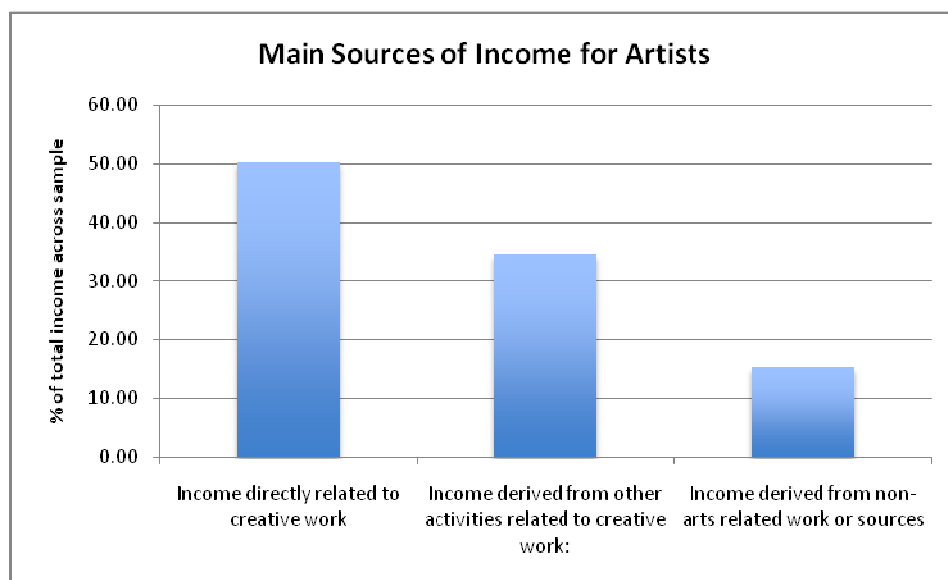
The data also shows an interesting trend when one considers the mean/average and median income of artists in relation to the amount of time that artists are able to devote to the primary activity of creating work. For most artists (represented by the **median**/red line), income actually declines the more artists devote time to producing artwork – clearly one of the many reasons why the majority of artists engage in a variety of other activities to support themselves. The **average** income figures (represented by the blue line) however show a substantial incline for artists who devote the majority of their time to their creative work – a function of the fact that the small number of artists who earn a substantial income are particularly densely clustered in this group, which in turn only constitutes 19% of the overall sample. This reinforces the findings from section 6.4 (division of time) – that a very large number of artists are obliged to devote substantial amounts of time to earning supplementary income through other art-related and non-art related activities.



## Sources of Income

Sources of income for artists correspond to a significant degree to the diversification of activities and organisation of time across their creative work, arts related work and non-arts related work, noted in section 4 of this report.

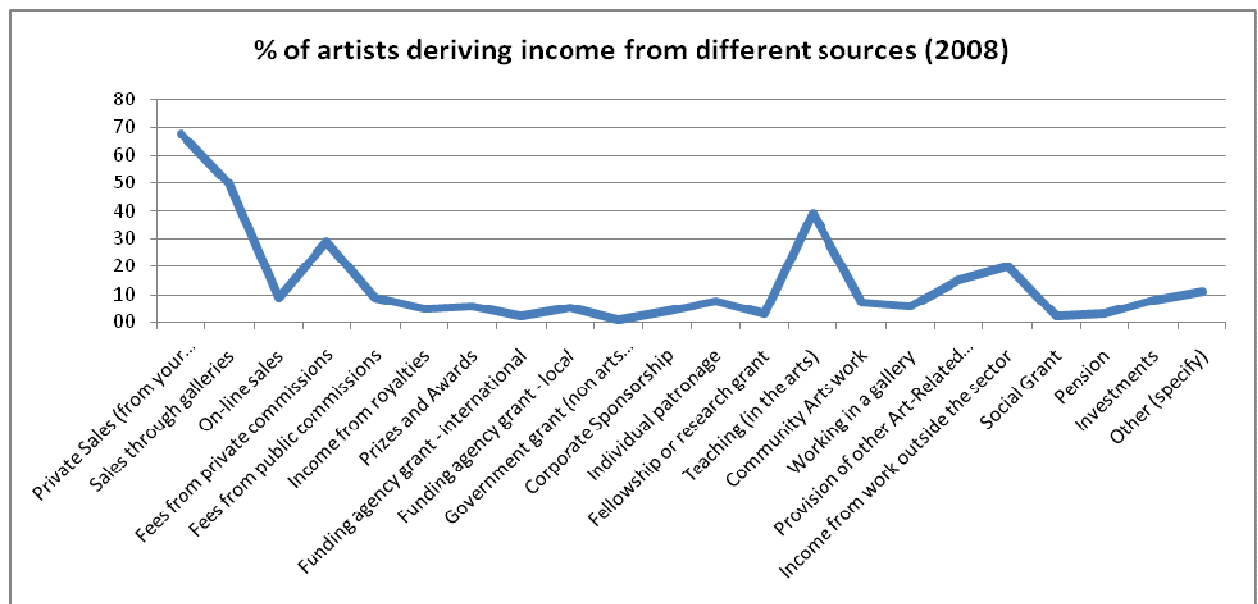
Income from activities directly related to creative work was the most significant general source of income across the sample, accounting for 50% of total income generated by artists – as opposed to 34,5% of income from arts related activities and only 15,5% of income being generated through non-arts related work or sources. Comparison with the Australian study suggests that South African artists have less diverse sources of income and rely more heavily on income from their creative work than their international counterparts – Australian artists generating on average only 43% of overall income from creative work, 25% from other arts related work and 32% from non-arts related work (Throsby & Hollister 2004: 45). Median values from the Australian study also show that the majority of artists in fact earn only 13,5% of their income their creative work (compared to 27% and 60% for arts-related and non-arts related work respectively) – while it has not been possible to extract median values from the South African data, it seems likely that there is a similar disparity between average and median income from different sources in the South African context.

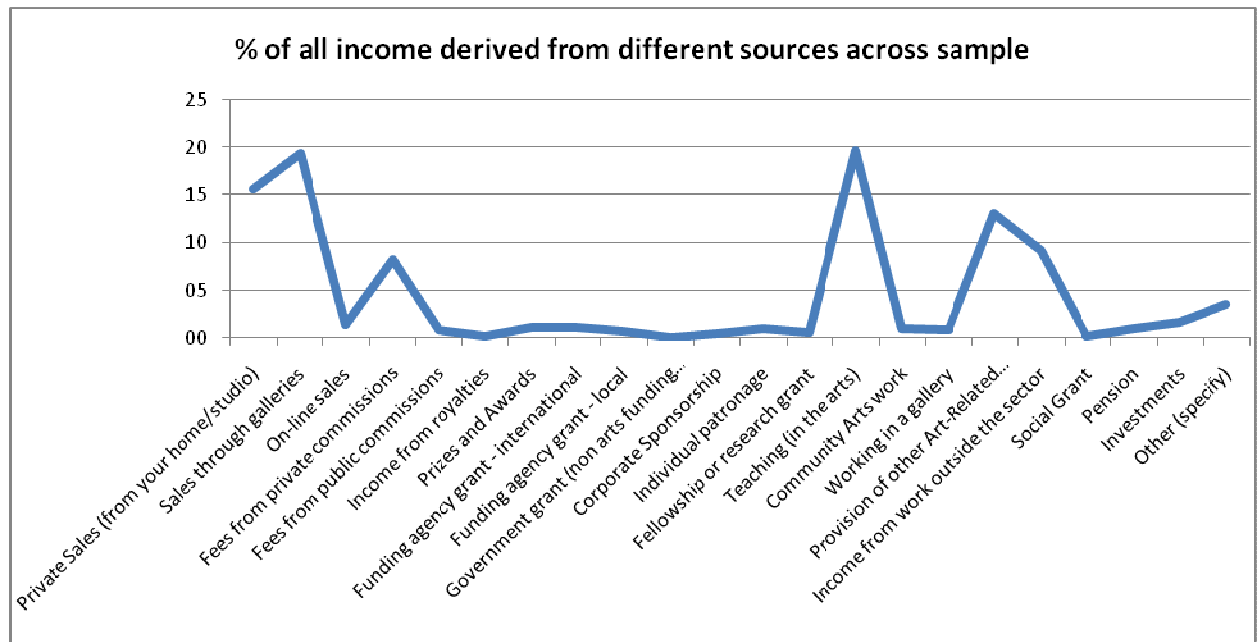


At a more detailed level, the contrast between the numbers of artists that derive their income from particular sources and the proportion of overall income across the sample reveals some interesting trends:

- While the source of income that the greatest number of artists derive some form of economic benefit from is private sales (67.6% of the sampled artists) more actual income was generated from sales through galleries across the sample (19.5% of all income vs only 15,5% for private sales), though only 49,5% of the sampled artists generate income from this source. This suggests that while private sales represents a very significant vehicle for most artists, selling through the gallery system generates substantially more income for a smaller group of artists that are able to achieve some form of representation or exposure through the gallery system.
- The results throw into sharp relief the importance of teaching as a source of income for artists, the single largest source of income across the sample (19.5% of all income) – though only 39% of the sampled artists derive income through this route.

- Other important sources of income include the provision of arts-related products or services (13% of all income and 14,8% of all artists), income from work outside the sector (9% of all income and 19% of all artists) and fees from private commissions (8% of all income shared among 28.6% of all artists)
- The data also suggests that artists generally derive very little income from external public or private sector funding or sponsorship, with the most significant sources of income from these sources being international funding and individual patronage. International funding does however represent the second largest average source of income for the very small proportion of artists that manage to secure it.
- The activities that have the highest rate of financial return for individual artists – on average - are from the provision of art-related products and services (14,8% of artists each earning an average of R133 351 in 2008 from this source), international funding (1,9% of artists each earning an average of R82 250 from this source), teaching in the arts (39% of artists each earning an average of R75 559 from this source), and income from work outside the sector (19% of artists each earning an average of R70 594 from this source).





**Table: Respondents income from different sources (2008)**

	N	% artists generating income from this source	mean	Total income across all respondents (R)	% of all income across sample
<b>Income directly related to creative work</b>				<b>15,856,998</b>	<b>50,13</b>
Private Sales (from your home/studio)	142	67,6	34,618	4,915,816	15,54
Sales through galleries	104	49,5	58,594	6,093,774	19,26
On-line sales	18	8,6	24,583	442,500	1,40
Fees from private commissions	60	28,6	43,401	2,604,030	8,23
Fees from public commissions	18	8,6	13,868	249,620	0,79
Income from royalties	9	4,3	6,157	55,413	0,18
Prizes and Awards	11	5,2	31,226	343,485	1,09
Funding agency grant - international	4	1,9	82,250	329,000	1,04
Funding agency grant - local	10	4,8	19,630	196,300	0,62
Government grant (non arts funding agency)	1	0,5	5,000	5,000	0,02
Corporate Sponsorship	8	3,8	17,113	136,900	0,43
Individual patronage	15	7,1	19,837	297,560	0,94
Fellowship or research grant	6	2,9	31,267	187,600	0,59
<b>Income derived from other activities related to creative work:</b>				<b>10,908,973</b>	<b>34,48</b>
Teaching (in the arts)	82	39,0	75,559	6,195,862	19,59
Community Arts work	14	6,7	22,227	311,180	0,98
Working in a gallery	11	5,2	24,368	268,050	0,85
Provision of other Art-Related Products & Services	31	14,8	133,351	4,133,881	13,07
<b>Income derived from non-arts related work or sources:</b>				<b>4,868,923</b>	<b>15,39</b>
Income from work outside the sector	41	19,5	70,594	2,894,340	9,15
Social Grant	4	1,9	8,680	34,720	0,11

Pension	6	2,9	53,380	320,280	1,01
Investments	16	7,6	32,549	520,783	1,65
Other (specify)	23	11,0	47,774	1,098,800	3,47
<b>TOTAL INCOME (across sample)</b>				<b>31,634,893</b>	<b>100</b>

### Expenditure, Assets and Debts

Mean and median annual expenditure across all groups is as follows:

**Table: Artists Annual Expenditure – Mean, Median and Minimum/Maximum Values**

<b>N</b>	234
<b>mean</b>	72 313
<b>p25</b>	12 000
<b>median</b>	29 900
<b>min</b>	100
<b>max</b>	2 100 000

The most common types of work-related expenditure recorded by respondents were materials (97% of all artists), equipment (55,7%), travel costs (52,4%), work premises (47%) and exhibition costs (43,8%). Labour was the most costly area of expenditure, with those artists reporting expenditure in this area (only 23% of the group) spending on average R46 607 on this cost item per annum. Materials were the second biggest average expense (R20 074) for respondents, though account for the largest amount of expenditure by artists as a group (30% of all expenditure across all respondents), owing to the large proportion of artists that spend in this area.

**Table: Respondents expenditure across different cost areas**

<b>Expenditure Item</b>	<b>N</b>	<b>% of artists incurring expenditure in this area</b>	<b>Mean expenditure</b>	<b>Total expenditure across all respondents (R)</b>	<b>as % of all expenditure</b>
Materials	203	96,7	20074	4075016	28,89
Work premises	99	47,1	17884	1770518	12,55
Equipment	117	55,7	12495	1461911	10,36
Labour (assistant/s)	49	23,3	46607	2283723	16,19
Framing	72	34,3	9385	675685	4,79
Exhibition costs	92	43,8	10325	949926	6,73
Documentation of Work	46	21,9	3344.5	153846	1,09
Research costs	54	25,7	6175	333448	2,36
Travel costs (work-related)	110	52,4	8866	975267	6,91
Training/Professional Development	25	11,9	5786	144650	1,03
Promotion/publicity costs	37	17,6	9686	358390	2,54
Transport and Freightage	58	27,6	10453	606296	4,30
Insurance	30	14,3	5582.1	167462	1,19
Other (specify)	16	7,6	9402.6	150442	1,07
<b>TOTAL EXPENDITURE (across sample)</b>				<b>14 106 580</b>	<b>100</b>



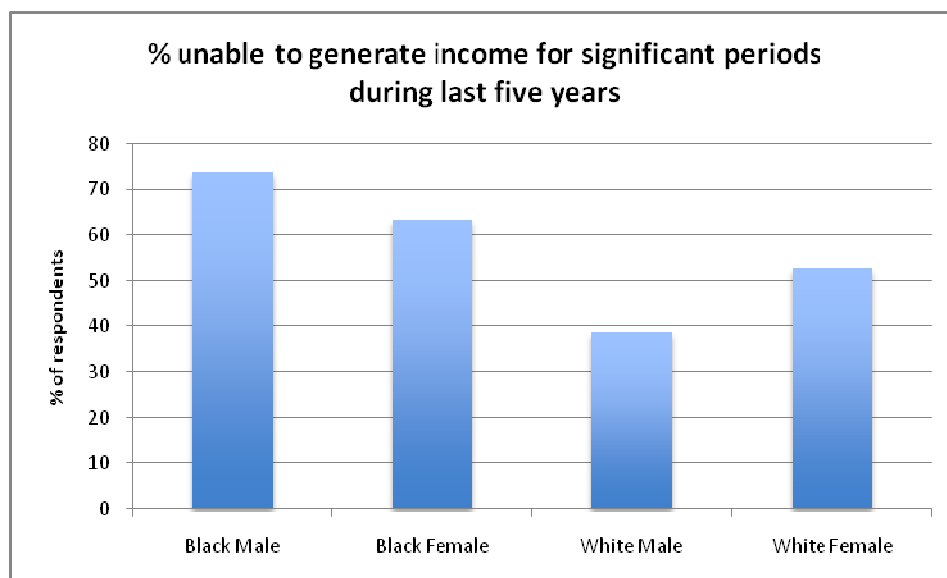
The mean and median replacement value of artists' assets is R170 000 and R50 000 respectively, even more sharply reflecting the overall skew apparent in income values. Disparities according to race are more pronounced, and less pronounced on the basis of gender, as reflected in the tables below:

	ALL	Black	White	Male	Female
N	227	96	129	117	110
mean	169,771	52 391	256 656	171 897	167 510
p25	18,000	8 000	30 000	15 000	20 000
p50	50,000	20 000	100 000	48 000	62 500
min	200	200	4 000	500	200
max	3,000,000	500 000	3 000 000	3 000 000	2 000 000

While white artists have dramatically more assets than black artists, they also carry proportionately more debt. While the average value for artists debt is R84 000, black artists carry significantly less debt (mean: R27 000) than their white counterparts (mean: R125 000).

### **Experience of Unemployment/Inability to Earn Income**

57% of artists surveyed have experienced significant periods (of more than three months) during the course of the last five years when they have been unable to generate any income. This is true for 71% of black artists and 41% of white artists. In the Throsby/Hollister study, 37% of Australian artists reported periods of unemployment extending for up to 24 months over a five year period (2004: 43).



### **Tax, Medical Cover, Retirement Provision and Insurance**

59% of artists report paying some form of income tax – this value seems very high for a group that is largely self-employed, and where many fall below the income tax threshold, as should be clear from the median values in the preceding analysis. More nuanced exploration of this issue was not possible in the context of the questionnaire format. It is an

issue that requires additional, more detailed study to understand to what extent artists are taxed on the basis of declared earnings and to what extent they may be subject to PAYE through sales, short-term contracts and part-time employment.

Indeed, for those who indicate that they do not pay income tax, the primary reason provided is that they earn too little/fall below the payment threshold. A small proportion (1 in 10) report that they either have not found the time or it is too much trouble/admin and additional 9% report that they are not aware of income tax issues – almost certainly mostly lying at the bottom-end of the earnings continuum.

By comparison to workers in occupations requiring similar levels of qualification, visual artists are far less likely to have the standard safety nets of the middle classes in place - provision for retirement, medical cover and insurance. This is both on account of the high cost as well as the continuous nature of costs associated with these protections, which may be difficult for artists to address on account of fluctuations in income for most artists and there being substantial periods in which a large proportion of artists are unable to generate income from their work, as evidenced in the preceding chart.

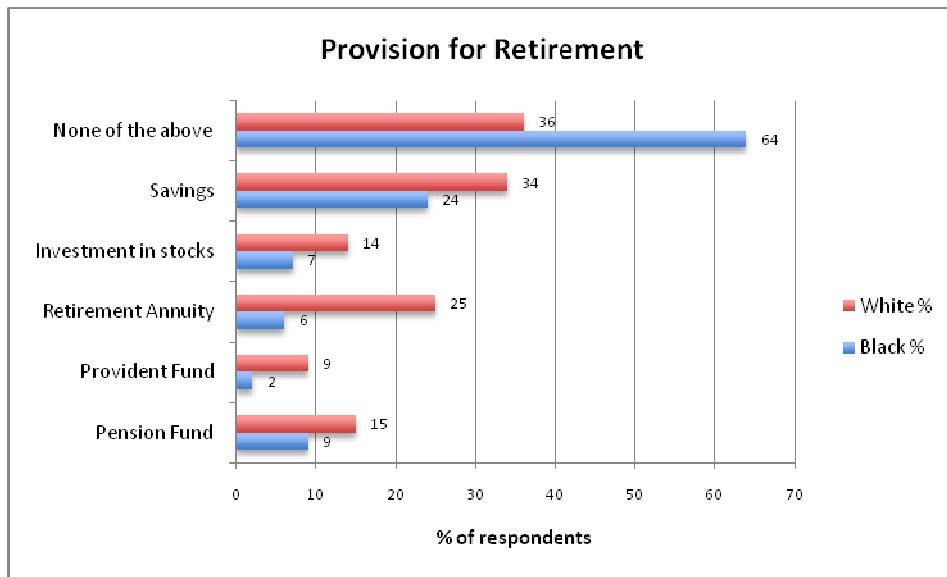
Only 37% of respondents report belonging to a medical scheme, 19% to a hospital plan and 44% report having no medical cover. This compares to 66,5% of workers classified as 'professional' in the general labour market having medical aid<sup>63</sup>. There are pronounced disparities based on race: 79% of black artists have no form of medical cover, with 14% belonging to a medical scheme and 7% to a hospital plan. Among white artists, 54% belong to a medical scheme and 27% to a hospital plan. 75% of those who do not have any form of cover report cost as being the main deterrent; a further 21% indicate that it is more economical for them to address medical costs as they arise and a small group (4%) indicate that they are happy with the services provided by state hospitals.

47% of all artists have made no provision for retirement (this is true of 64% of black artists). The most common form of provision is savings (reported by 29% of all respondents). Artists are generally more likely to have a retirement annuity (17%) than a pension fund (13%). These figures compare poorly to the 77,1% of workers classified as 'professional' in formal employment in the general labour market who have a pension scheme<sup>64</sup>. The great majority (67%) regard their provision for retirement as inadequate; 13% don't know whether or not this provision is adequate. 80% of all respondents agree that social grants from the state are inadequate for their retirement needs; 15% are not sure whether or not this will be adequate.

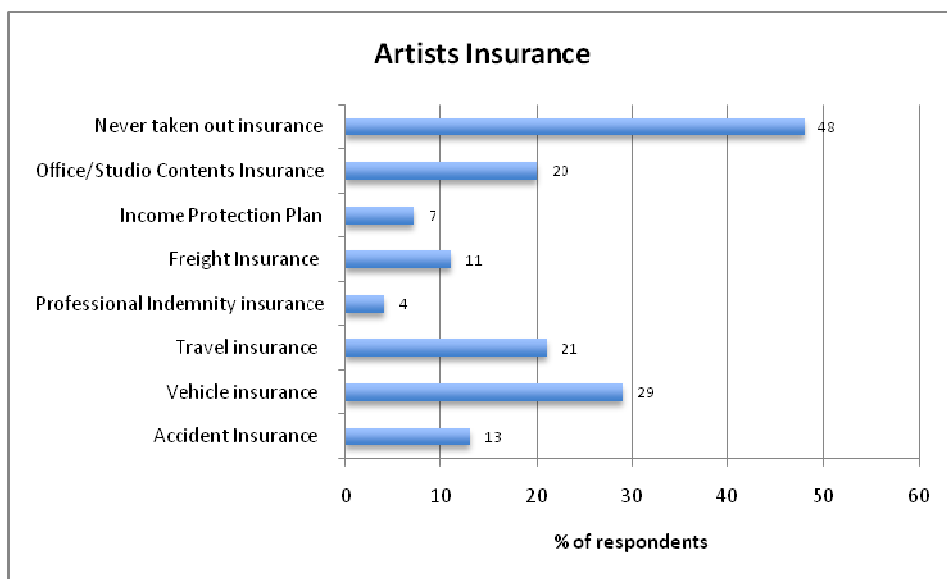
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<sup>63</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey. Statistics South Africa: Pretoria. Figures are for 2008. Section 4-24

<sup>64</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey. Statistics South Africa: Pretoria. Figures are for 2008. Section 4-24



48% of artists report having never taken out any form of insurance. The most common forms of insurance for artists are vehicle insurance (29%), travel insurance (21%), and insurance on the contents of their studio/offices (20%).



## Artists as Employers

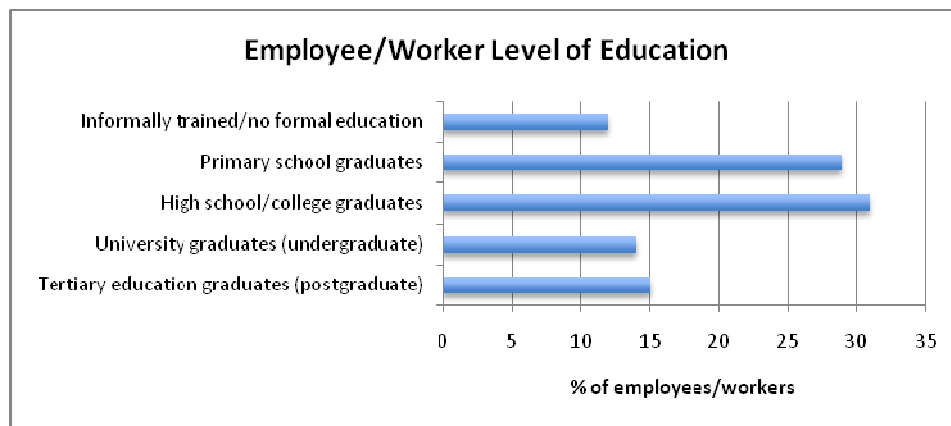
19% of artists employ others to assist them with administrative, technical or other specialist tasks. Based on the sample, one can extrapolate total employment of nearly 3000 workers in various capacities nationally, as follows:

**Table: Artists Employees/Workers – Nature of Work and Capacity**

Capacity	Admin	Technical	Specialist	TOTAL
Full time	88	495	44	<b>627</b>
Part-time	358	358	160	<b>875</b>
Short term contract	270	809	204	<b>1282</b>
<b>TOTAL</b>	<b>715</b>	<b>1661</b>	<b>407</b>	<b>2783</b>

Technical staff and assistants comprise the majority of employees/workers. The majority (46%) of all artists' employees/workers are employed on a short term contract or casual basis; only 22% are employed on a full-time basis, though 30% of technical staff/assistants are employed full-time.

The majority (65%) of administrative staff are white women, and the majority of technical and specialist staff are black men (63% and 55% respectively). 60% of all staff are younger than 36. Education levels of staff are as follows:

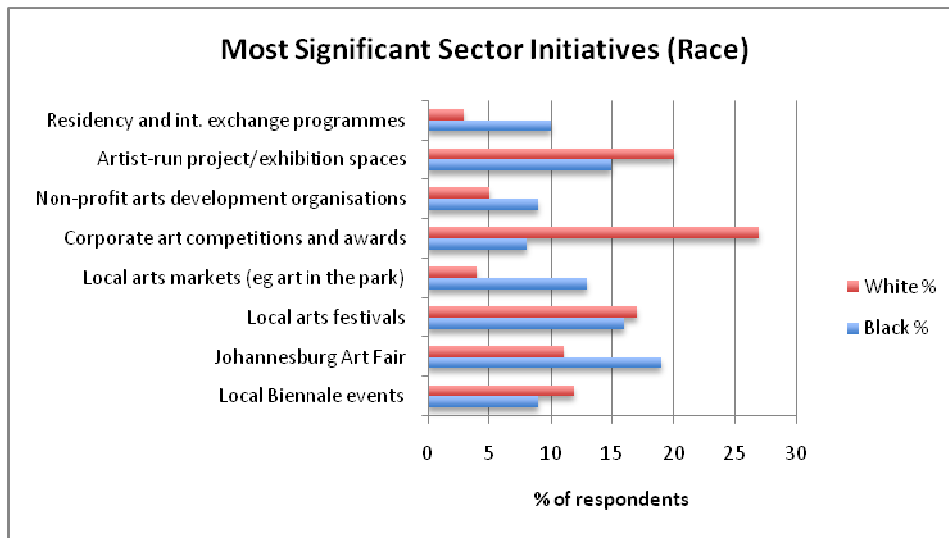


Artists are generally unable to provide employees with any benefits: 23% are able to make UIF contributions and only 4% and 2% of artists who employ others are able to provide pension/provident fund and medical aid benefits respectively. The majority (61%) of artist/employers indicate that decisions on these benefits are best left to employees.

## 5.7 Opportunities and Challenges

### Views on Significant Sectoral Initiatives

The survey canvassed artists' views on what they saw as being the most significant initiatives for sector development. The majority view art competitions and awards programmes as playing the most important role, though there is some significant disjunction in the importance attached to different initiatives on the basis of race. Black artists – perhaps more immediately concerned with the need to sell their work than their white counterparts, view the Johannesburg Art Fair as the most important initiative and attach much less importance to art competitions and awards than their white counterparts. Black artists also attach substantially more importance to the opportunities provided through residency and international exchange programmes than their white counterparts.



### Challenges and Obstacles

The following tables register the issues that concern artists the most in relation to their career/professional development. Participants were asked to rate each issue on a scale of 1-4, and select only three issues that were of 'major' concern (rated as '1'). The first table shows the average values across all ratings, the second shows the percentages of artists that rated a particular issue as major. While there is general consistency across the two tables, the second table brings into sharper focus the issues of greatest concern to artists. These may be summarised as, in order of priority:

- access to funding
- the high cost of materials and supplies
- lack of demand/buyers
- lack of industry promotion from government
- a shortage of exhibition/project opportunities locally
- and the high costs of staging an exhibition

There were some significant differences in the importance accorded to different issues on the basis of race, with white artists more concerned with the lack of demand/buyers and industry promotion from government, and black artists most concerned lack of access to funding and the high cost of materials and supplies. Both tables indicate that those issues falling under the general rubric of 'market conditions' are perceived as the greatest overall area of challenge/obstacle for respondents, with various types of 'discrimination being seen as the least significant overall.

**Table: Obstacles to Career Development/Work: Overall Ratings**

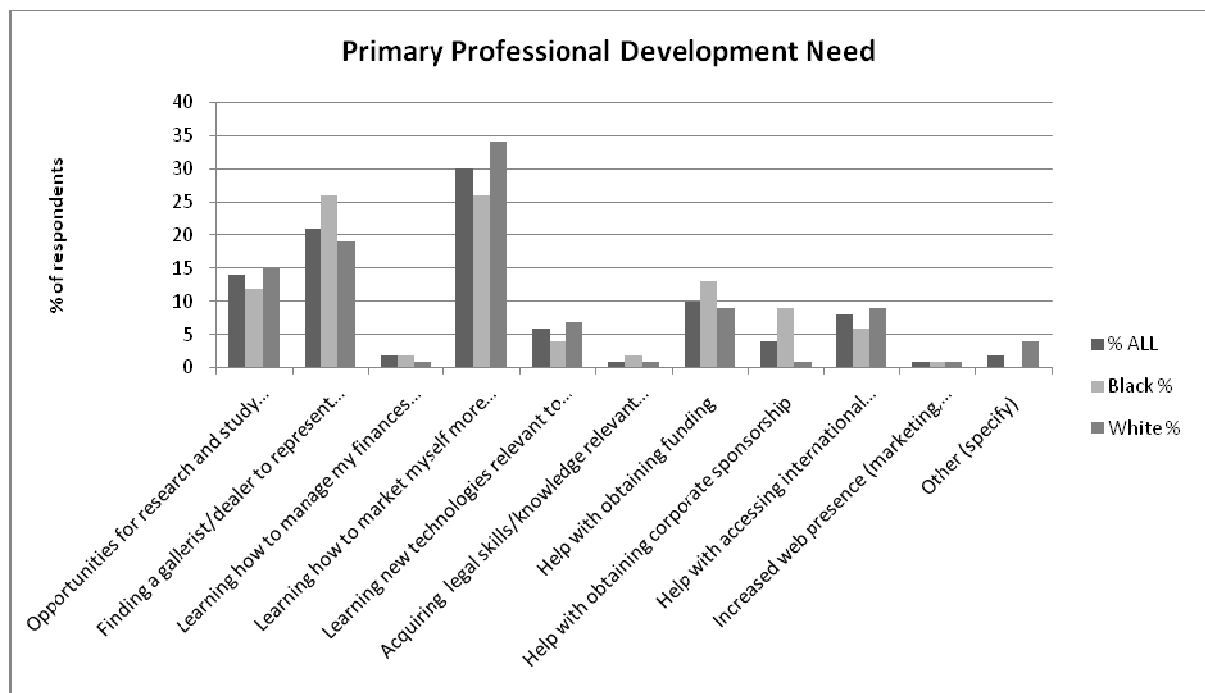
	AVG - ALL	AVG - Black	AVG - White
<b>The high cost of...</b>	<b>2,2</b>	<b>2,17</b>	<b>2,21</b>
<b>materials and supplies</b>	<b>1,94</b>	<b>1,85</b>	<b>2,01</b>
renting or acquiring space	2,1	2,01	2,01
utilities (electricity, etc)	2,4	2,33	2,47
communication (cell phone, landline, email etc)	2,32	2,13	2,5
technology	2,25	2,22	2,27
staging an exhibition	2,03	2,17	1,91
labour (assistants, staff, etc)	2,38	2,5	2,29
<b>Market Conditions</b>	<b>2,14</b>	<b>2,16</b>	<b>2,12</b>
<b>shortage of exhibition/project opportunities - local</b>	<b>1,96</b>	<b>1,93</b>	<b>1,99</b>
shortage of exhibition/project opportunities - international	2,09	2,13	2,05
<b>lack of art -related work opportunities</b>	<b>1,99</b>	<b>1,92</b>	<b>2,04</b>
<b>lack of demand/buyers</b>	<b>1,9</b>	<b>1,93</b>	<b>1,87</b>
level of competition in the industry	2,41	2,46	2,37
high commissions charged by galleries	2,11	2,24	2,02
changing trends which influence demand	2,49	2,49	2,49
<b>Lack of access to....</b>	<b>2,19</b>	<b>2,13</b>	<b>2,24</b>
skilled labour	2,48	2,46	2,49
<b>finance</b>	<b>1,97</b>	<b>1,95</b>	<b>1,99</b>
<b>funding</b>	<b>1,73</b>	<b>1,58</b>	<b>1,86</b>
raw materials	2,42	2,36	2,48
professional support/advice	2,29	2,27	2,31
residency opportunities	2,27	2,17	2,34
<b>Regulatory environment - difficulties associated with...</b>	<b>2,36</b>	<b>2,35</b>	<b>2,39</b>
SARS/tax compliance	2,41	2,41	2,43
customs/trade regulations	2,48	2,51	2,47
labour regulations	2,57	2,48	2,68
lack of professionalism within the industry	2,47	2,47	2,47
lack of internal regulation within the industry	2,42	2,42	2,44
<b>lack of industry promotion from government</b>	<b>2</b>	<b>2,09</b>	<b>1,94</b>
business licensing requirements	2,14	2,1	2,18
issues related to the freedom of expression	2,4	2,3	2,49
<b>Personal Factors</b>	<b>2,48</b>	<b>2,48</b>	<b>2,51</b>
my lack of skills or knowledge	2,57	2,53	2,62
lack of confidence in my own work	2,53	2,56	2,52
lack of support from family & friends	2,49	2,34	2,7
demands on my time at home	2,31	2,48	2,21
<b>Discrimination</b>	<b>2,55</b>	<b>2,63</b>	<b>2,5</b>
physical disability or illness	2,55	2,9	2,38
psychological condition or mental illness	2,62	2,8	2,5
racial discrimination	2,35	2,4	2,28
gender discrimination	2,54	2,6	2,48
discrimination because of my lack of qualifications	2,43	2,39	2,5
discrimination because of my nationality	2,4	2,33	2,5
discrimination because I am a person with a disability	2,94	3	2,89

**Table: Obstacles to Career Development/Work: Major Obstacles**

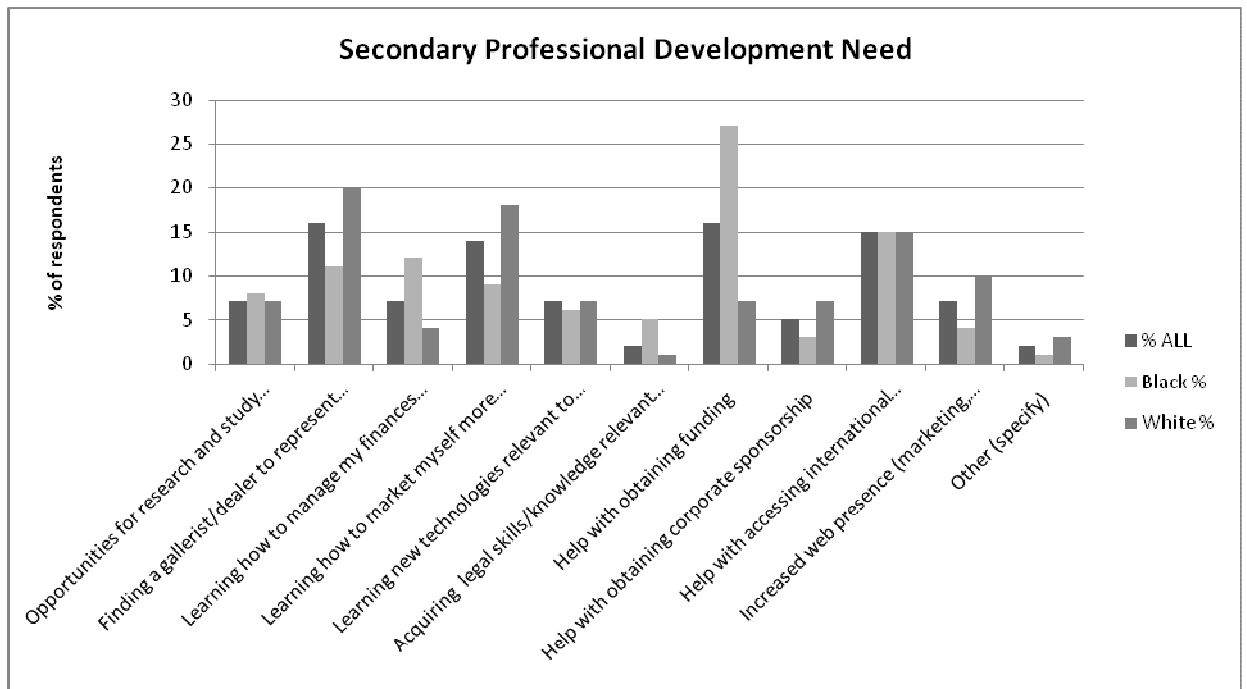
	ALL %	Black %	White %
<b>The high cost of....</b>	<b>11</b>	<b>12</b>	<b>10</b>
<b>materials and supplies</b>	<b>27</b>	<b>36</b>	<b>20</b>
renting or acquiring space	13	14	10
utilities (electricity, etc)	2	1	4
communication (cell phone, landline, email etc)	4	8	1
technology	8	7	9
<b>staging an exhibition</b>	<b>18</b>	<b>14</b>	<b>21</b>
labour (assistants, staff, etc)	2	2	3
<b>Market Conditions</b>	<b>13</b>	<b>12</b>	<b>13</b>
<b>shortage of exhibition/project opportunities - local</b>	<b>19</b>	<b>21</b>	<b>19</b>
shortage of exhibition/project opportunities - international	9	6	12
<b>lack of art -related work opportunities</b>	<b>16</b>	<b>20</b>	<b>14</b>
<b>lack of demand/buyers</b>	<b>26</b>	<b>25</b>	<b>28</b>
level of competition in the industry	1	2	1
high commissions charged by galleries	14	7	19
changing trends which influence demand	2	2	2
<b>Lack of access to....</b>	<b>10</b>	<b>13</b>	<b>8</b>
skilled labour	2	2	1
<b>finance</b>	<b>17</b>	<b>16</b>	<b>17</b>
<b>funding</b>	<b>33</b>	<b>45</b>	<b>23</b>
raw materials	3	4	3
professional Support/advice	5	7	4
residency opportunities	3	5	1
<b>Regulatory environment - difficulties associated with...</b>	<b>5</b>	<b>3</b>	<b>5</b>
SARS/tax compliance	2	3	2
customs/trade regulations	1	0	1
labour regulations	0	0	0
lack of professionalism within the industry	1	0	2
lack of internal regulation within the industry	1	1	1
<b>lack of industry promotion from government</b>	<b>20</b>	<b>12</b>	<b>25</b>
business licensing requirements	9	9	9
issues related to the freedom of expression	2	2	2
<b>Personal Factors</b>	<b>3</b>	<b>1</b>	<b>4</b>
my lack of skills or knowledge	0	1	0
lack of confidence in my own work	2	0	3
lack of support from family & friends	1	2	1
demands on my time at home	7	2	11
<b>Discrimination</b>	<b>1</b>	<b>1</b>	<b>1</b>
physical disability or illness	2	0	3
psychological condition or mental illness	1	0	1
racial discrimination	2	2	2
gender discrimination	0	0	0
discrimination because of my lack of qualifications	2	3	1
discrimination because of my nationality	2	3	1
discrimination because I am a person with a disability	0	0	0

## Professional Development Needs

Respondents views on professional development needs were largely consistent across groups, with learning how to market oneself most frequently noted as the most significant need (30%), followed by 'finding a gallerist to represent me/show my work' (21%) and 'opportunities for research and study' (14%). This echoes the findings in the earlier section concerning the extent to which South African artists perceive themselves to be the most important promoters of their own work, as opposed to dealers and galleries. Among secondary professional development needs, the need for assistance with accessing funding is registered more sharply among black artists, with 'finding a gallerist to represent me show my work' together with 'the accessing of international opportunities' being identified as the most significant secondary needs across all groups.

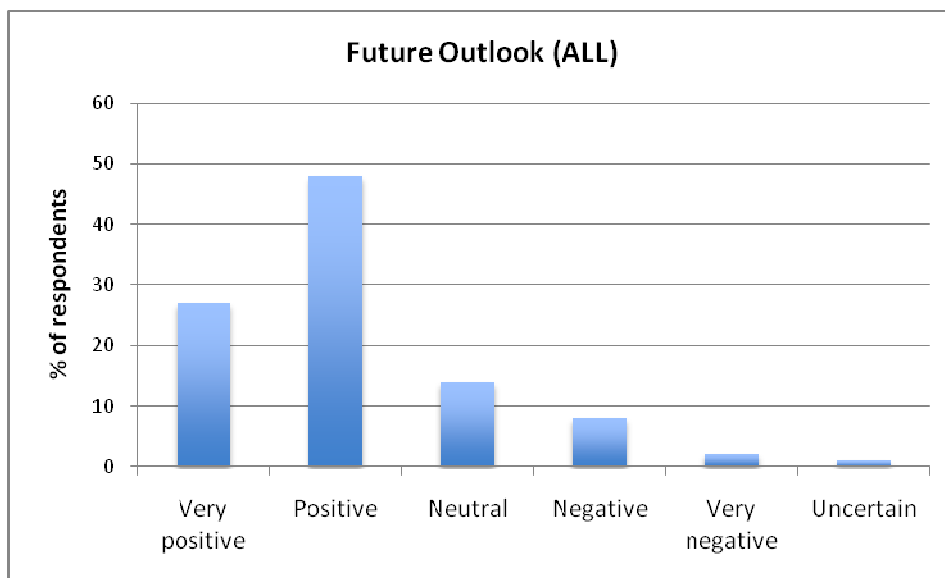






## Future Outlook

In spite of the economic circumstances of the majority of artists, and the needs and challenges noted here, artists across all groups are surprisingly optimistic about their future in the sector. The great majority indicate that they are either positive (48%) or very positive (27%) about their prospects – an indication of the extent to which the ability of artists to sustain their practice relies on a degree of passion and commitment.



## 5.8 Funding and Finance for Artists

38% of the surveyed artists have applied for funding during the course of the last three years. (47% black; 31% white). The highest rates of application were from artists in Gauteng (54%), the lowest rates for artists from KwaZulu Natal (21%).

Reasons for not applying for funding are strongly differentiated between black and white artists. 45% of white artists who did not apply indicate that they do not require external funding for their work – only 6% of black respondents who did not apply indicated this as a reason. 33% of black respondents felt it would be pointless to apply, as they would fail to get the requested funds, with a further 26% of respondents indicating their lack of experience in writing proposals as being a primary determining factor. Western Cape and Gauteng respondents were most likely to cite that they had no need for funding as an explanation for not applying, whereas artists from KwaZulu Natal were most likely to feel that it would be pointless to apply for funding.

The following table shows which funding agencies/sources were targeted by artists during the course of the past three years – percentages reflect the both the proportion of all respondents to the survey that had applied to a particular source the proportion of the overall sample that were successful during the last three year, as well the success rate of those who applied, expressed as a percentage.

**Table: Numbers of Artists Applying for Particular Sources of Funding and Success Rates (2006-9)**

	<b>No. Who Applied</b>	<b>No. who applied as % of ALL respondents</b>	<b>No. Successful</b>	<b>% success rate as a % of ALL respondents</b>	<b>% success rate as a % of respondents who applied</b>
National Arts Council	44	18,0	28	11,4	63,6
National Lottery	6	2,4	2	0,8	33,3
Department of Arts and Culture	23	9,4	6	2,4	26,1
Provincial government	10	4,1	3	1,2	30,0
Local government	4	1,6	2	0,8	50,0
Business Arts South Africa	5	2,0	2	0,8	40,0
Arts and Culture Trust	7	2,9	1	0,4	14,3
International Arts Funding Body	12	4,9	8	3,3	66,7
Private Foundation	18	7,3	9	3,7	50,0
Corporate sponsorship	11	4,5	6	2,4	54,5
Corporate funding	11	4,5	5	2,0	45,5
Patron	4	1,6	3	1,2	75,0
Arts organisation	11	4,5	8	3,3	72,7

The most popular targets for funding applications were the National Arts Council and government, followed by private foundations, corporate sources, arts organisations and international funding bodies.

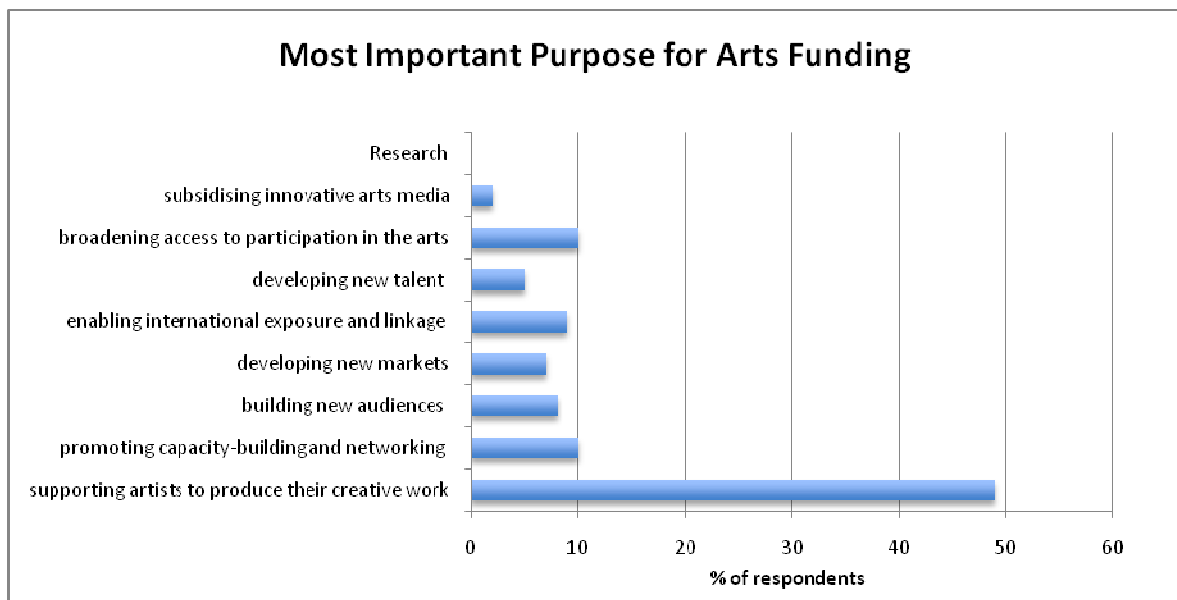
The overall success rate for submissions across all funders for those who applied for funding was 50%. Only 34% of artists who applied indicated that they did not receive funding at all. Success rates were highest for requests made to arts organisations, patrons, the National Arts Council (NAC) and international funding bodies. Rates were lowest for the Arts and Culture Trust (ACT), the National Lottery (the NLDTF) and government departments – in the case of the former this is probably a function of ACT having very limited funding available, in

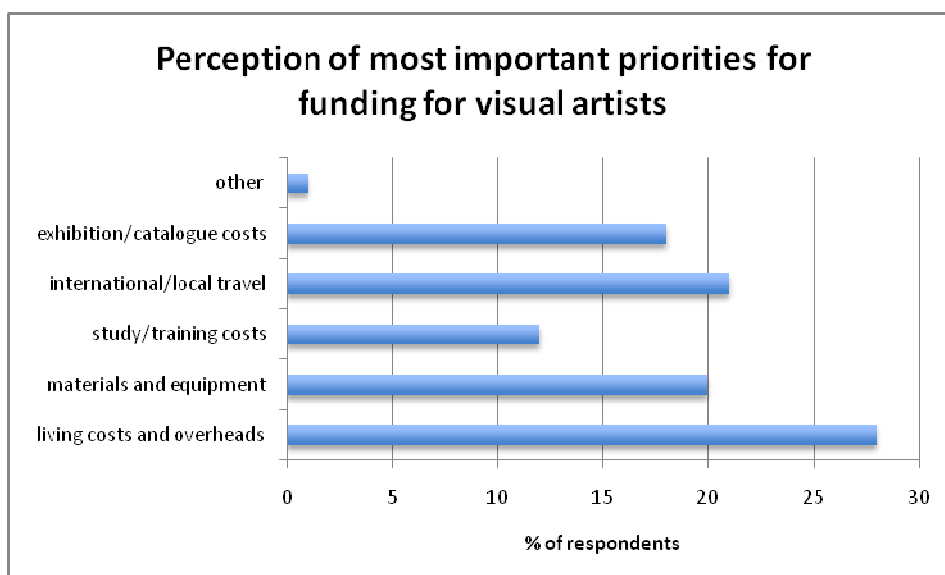
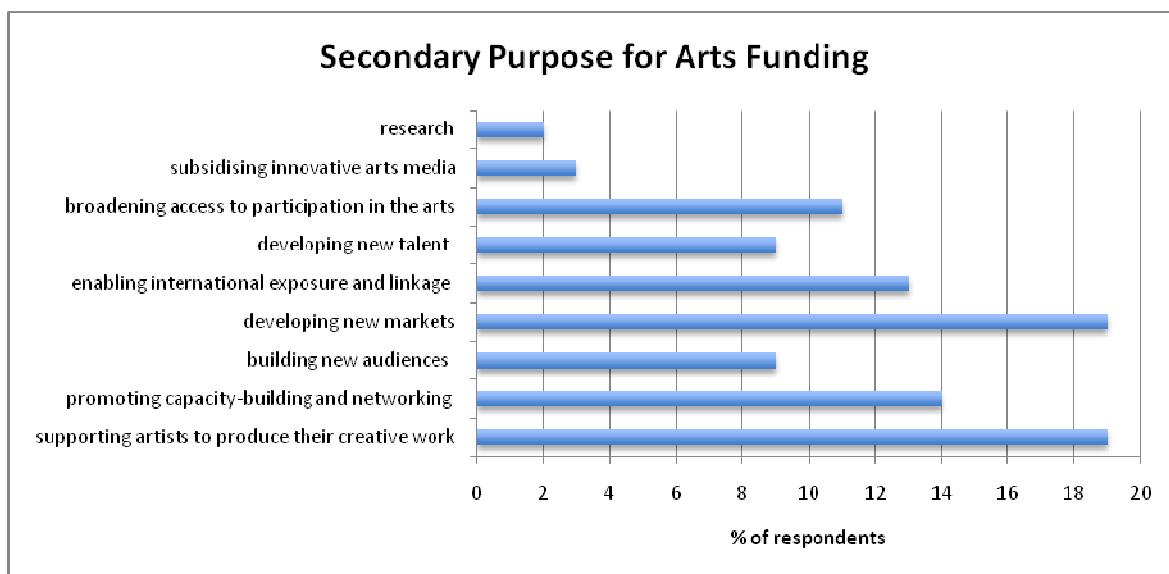
the case of government departments this is probably a function of the fact that government departments are not normally involved in direct grant-making other than through provincial arts councils, which generally have very limited resources. In the case of the Lottery, grants are not normally awarded to individual artists, but to organisations.

Black artists were more likely to apply to the National Arts Council and government sources (with an overall 35% success rate), whereas white artists were more likely to apply to international and private funding sources, and for corporate sponsorship (with an overall 65% success rate).

Artists who had applied for funding were also asked to rate which of the funding sources that they had applied to they regarded as being most responsive to the needs of the visual arts sector. The results here largely echo the overall pattern of submissions made, with 37% of respondents indicating the National Arts Council, followed by arts organisations (11%) and international funding bodies (9%).

Artists were also asked to rate what they thought were the most important purposes for arts funding generally and for individual artists.





21% of respondents indicated that they had applied for loans from a bank during the course of the past three years. 46% indicated that they had no need for loan finance, 21% indicated that it would be pointless to apply as they would fail to get approval. 94% of white artists that applied for loan finance were successful, and only 53% of black artists. 26% of respondents indicated that they had received a loan from an informal source (family, friend, etc).

## 5.10 Policy and Regulatory Framework for Artists

All of the broad policy objectives articulated in the White Paper for Arts, Culture and Heritage relating to the sector have implications for visual artists as a distinct group within the sector. Those related to audience and market development, infrastructure, human resource development and funding are addressed in the relevant sections of this report. This section of the report is primarily concerned with the Department's commitment to securing 'the rights and status of artists' through "encouraging the creation of optimum conditions in which artists may practice their art, and enjoy their right to freedom of expression in a relatively secure working environment and with the same protection enjoyed

by other workers”<sup>65</sup>. In this regard the White Paper contemplates a review of copyright legislation and “other Acts relating to Labour relations, taxation and social security” in relation to the “particular working conditions of artists”.

The phraseology of ‘the rights and status of artists’ references the 1980 United Nations *Recommendation on the Rights and Status of the Artist*<sup>66</sup>, which encourages member states to institute a wide range of interventions in support of artists, while acknowledging that these interventions would need to be adapted or moderated in relation to the particular means available to individual member states, as well with due consideration to the particular local circumstances of the society and cultural economy of each member state. The Recommendation, which was subsequently reviewed and reaffirmed at a 1997 *World Congress on the Implementation of the Recommendation Concerning the Status of the Artist*<sup>67</sup>, has become an important point of reference internationally for policy interventions relating specifically to artists. Again, many of the provisions in the recommendation relate to issues which are addressed elsewhere in this report (funding of artists, infrastructure development, public demand for work, measures to stimulate consumption, education and training and so on). Additional matters which the Recommendation brings into focus are the following:

- *Copyright and Artist Resale Rights* as measures aimed at protecting artists economic rights in their work and promoting their capacity to fully exploit these rights.
- *Tax incentives and relief measures* for artists as measures which take into account the often irregular and limited nature of artists income.
- Supporting the formation and activity of professional organisations and mechanisms representing the interests of artists with regard both to policy development and collective bargaining with regard to remuneration and the working conditions of artists.
- Protecting and ensuring the *Freedom of Expression* of artists

The country that has instituted the most comprehensive framework for the implementation of the *Recommendation* is probably Canada, where specific legislation on the Rights and Status of the Artist has been introduced at both a national/federal level, as well as at a state level. Most other countries have sought to incorporate aspects of the recommendation within the existing policy and legislative regimes of those countries. The current position with regard to each of these issues in the South African context is discussed in what follows, with reference to international comparators in various areas.

### **5.10.1 The Protection and Regulation of Artists Moral and Economic Rights: Copyright, Resale Rights and Exhibition Payments**

As noted in the analysis of artists income, income associated with the exploitation of copyright currently represents a minimal source of revenue for artists, with only 4,3% of the sample reporting revenue from this source, which accounted for 0,18% of total revenue reported by artists in the 2008/9 financial year. The amount collected through artists individual efforts, extrapolated to the total population, would be in the region of R1.2 million. When questioned specifically about copyright issues in relation to their work:

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<sup>65</sup> Department of Arts, Culture, Science and Technology. 1996. White Paper on Arts, Culture and Heritage. DACST: Pretoria. Clauses 73-74

<sup>66</sup> UNESCO. 1980. Recommendation on the Rights and Status of the Artist. UNESCO: Paris.

<sup>67</sup> UNESCO. 1997. Final Declaration: World Congress on the Implementation of the Recommendation Concerning the Status of the Artist. UNESCO: Paris.

- 11% of artists indicated (erroneously) that they did not believe that they have copyright over work that they produce and sell to others, 9% indicated that they did not know
- 79% indicated that they had never received payment for the reproduction of artworks or royalties on writing work, with 11% indicating 'once or twice a year', 6% indicated that they received such payments frequently but that this was not a significant source of income, and 4% indicated that they received frequent payments which represented a significant source of income.
- 24% indicated that they had at one point or another assigned copyright in a work of art or piece of writing to someone else (5% were unsure as to whether or not this was the case)
- 52% of those that had assigned copyright to someone else indicated that they were required to do so in order to secure a commission or contract, and 30% indicated that copyright had been assigned in the context of undertaking work for a business or company.
- 1 in 4 artists reported having copyright in their work infringed. 53% group reported taking no action against this infringement; 20% of this group reported taking unsuccessful action against this infringement; 27% of the group reported successful action.
- 26% of the total sample reported having their moral rights infringed. 36% of this group reported not being acknowledged as the creator of the work; a further 36% reported their work being damaged or destroyed; 21% reported that their work had been altered

While the research instrument did not allow for in-depth qualitative consideration of these issues, these findings suggest that there are significant problems both with regard to artists protecting their rights in their work, and having any capacity to systematically exploit these rights. In what follows, the South African regulatory framework addressing these issues is analysed, international comparators considered and a set of recommendations for intervention with regard to copyright and related rights proposed.

#### *Copyright Collection*

South Africa is a signatory to the *Berne Convention for the Protection of Literary and Artistic Works*. The World Intellectual Property Organisation (WIPO), a specialised agency of the United Nations, oversees and monitors the implementation of this Convention among member states. The Convention requires that all member states institute legislative measures to protect both the moral and economic rights of artists in relation to their creative outputs. In South Africa, these provisions have been effected through the Copyright Act, Act 98 of 1978, which recognises the ownership of copyright in "artistic works" and entrenches the rights of artists with regard to the usage, modification and reproduction of their work, regardless of who owns that work at a particular moment in time. Policy and legislative responsibility for copyright-related issues is located within the Department of Trade and Industry's Intellectual Property Rights directorate.

An article in WIPO Magazine, Sept. 2009 provides a model for collective management for audio-visual products, which is promoted by dti as an example for the visual arts sector<sup>68</sup>. Industry sectors are encouraged to register collective organisations in which individual artists' work rights are vested. The collective transacts on behalf of the artists, protects the

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<sup>68</sup> Saffon, C, Chantrier, C. 2009. Collective management of audiovisual works: facing the challenges, then and now. WIPO Magazine. Vol 5/2009. Online available: [http://www.wipo.int/wipo\\_magazine/en/2009/05/article\\_0007.html](http://www.wipo.int/wipo_magazine/en/2009/05/article_0007.html). Retrieved 10/03/10

rights of members and provides guidelines and bargaining procedures for payment of royalties to the artists. The experience of agencies elsewhere in the world suggests that there is substantial benefit to be accrued to artists through collective management of copyright. The Australian agency that administers copyright payments for artists, Viscopy, reported distributing A\$1.54 million (over R10 million) to members in the 2009 financial year, with an average payment of A\$673 (circa R4 500) per member artist.<sup>69</sup> Thus, the collection of payments associated with the reproduction or usage of artworks has the potential to create modest but significant additional revenue streams for a significant number of artists, substantially in excess of what South African artists are currently able to generate in terms of both value and numbers of benefitting artists. This is arguably largely a consequence of there presently being no organised body in place that is able to collectively administer these rights. The absence of such an organised body also creates significant difficulties for anyone wishing to make use of an artists work (for example, publishers or advertisers), as they are (at least theoretically) obliged to track down the actual artist and negotiate licensing agreements on an individual basis. Low levels of understanding of the legal and financial implications of copyright and the absence of any standardised rates schedules in the industry - both add to the difficulties of these negotiations, and inevitably render artists vulnerable in such dealings.

Of the various sectors forming the creative and cultural industries, creators' rights are managed collectively in South Africa only in the music and publishing industries. In the music industry, a number of organisations play a role in administering copyright associated with the public performance, reproduction and broadcast of music. These organisations are led by the Southern African Music Rights Organisation (SAMRO), and include the SA Recording Rights Association (SARRAL) and the National Organisation for Reproduction Rights in Music in Southern Africa (NORM).

Where SAMRO, SARRAL and NORM are collecting societies for musical works, the Dramatic, Artistic and Literary Rights Organisation (DALRO) fulfils this function for literary works, and is a reproduction rights organisation (RRO). Collecting societies grant licenses for the exploitation of certain rights associated with reproducing, adapting, performing, publishing and broadcasting a literary, artistic or musical work. DALRO plays a notional role in this area for the visual arts, and has agreements in place with a wide variety of international copyright agencies to grant licenses and collect royalties in South Africa in respect of international artists on behalf of these foreign agencies. DALRO does not however represent South African artists or their heirs, either domestically or abroad, with the exception of a small number of artists' estates (including that of Irma Stern). It is therefore largely left to individual artists to protect their copyrights. The experience of DALRO and of collecting societies and RROs worldwide demonstrates that individual administration is unpractical and that only the collective administration of rights can lead to income for creative workers from the exploitation of their works.

DALRO doubts the feasibility of extending its operations to collect on behalf of South African artists, and believes that the visual arts sector will need eventually to self-organise around this issue as has happened internationally. However, there is currently a dialogue underway between the Visual Arts Network of South Africa (VANSA) and DALRO about the possibility of DALRO's providing assistance in the early stages of the collective administration of rights for visual artists.

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<sup>69</sup> Viscopy. 2009. Annual Report 2008/9. Viscopy: New South Wales, Australia.

The key issues arising identified relating to the administration of copyright payments for artists are primarily:

1. The organisational capacity to secure a broad mandate from a critical mass of artists to administer copyright on their behalf – Viscopy, after 12 years in existence, has secured membership among 42% of Australian artists. It is suggested that introducing a similar scheme in the South African context would initially require a mandate from in the region of 15-20% of the active population of full-time and part-time artists.
2. Substantial advocacy and awareness-raising to build and understanding within the artist community of such schemes – and address the inevitable concerns of artists in this regard - would be required to achieve such a figure. Securing the support and mandate of the most prominent artists in the country would be an important first step toward securing a wider mandate.
3. Such a strategy would require substantial seed funding – it estimated that a break-even point for such an agency would take a substantial period. In the case of Viscopy, this point was initially projected as a four-year period, but finally took approximately ten years to achieve, with tapering off financial support during this period from the Commonwealth government’s Department of Communications, Information Technology and the Arts (the equivalent of the national Department of Arts and Culture in the South African context).

The need for the Department to commission more detailed investigation into the feasibility of such a scheme is indicated, in consultation and collaboration with industry organisations such as SANAVA and VANSA. The latter organisation is presently undertaking a modest scoping of the issue in consultation with DALRO.

#### *Artist Resale Rights*

Artist resale rights (also known as *droite de suite*) enable artists to receive benefit from the appreciation in the value of their work over time. Artist resale rights legislation requires that artists receive a small percentage of the value of sales of their work in the secondary art market (primarily through the sale of artworks by auction houses and dealers), subsequent to the original sale of an artwork through a gallery or directly from the artist’s studio. This percentage is generally on a sliding scale (between 0,25% and 4% in the European Union), based on the value of the work (the more valuable, the smaller the percentage), with a limit on the maximum royalty paid set. The Berne Convention promotes (but does not require) the introduction of legislated Artist Resale Rights among member states. Article 14<sup>ter</sup> of the Convention (“‘Droit de suite’ in Works of Art and Manuscripts: 1. Right to an interest in resales; 2. Applicable law; 3. Procedure”) states that:

“(1) The author, or after his death the persons or institutions authorised by national legislation, shall, with respect to original works of art and original manuscripts of writers and composers, enjoy the inalienable right to an interest in any sale of the work subsequent to the first transfer by the author of the work.

(2) The protection provided by the preceding paragraph may be claimed in a country of the Union only if legislation in the country to which the person belongs so permits, and to the extent permitted by the country where this protection is claimed.

(3) The procedure for collection and the amounts shall be matters for determination by national legislation.”<sup>70</sup>

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<sup>70</sup> WIPO. 1886[1979]. Berne Convention for the Protection of Literary and Artistic Works. WIPO: Geneva. Accessed at: [http://www.wipo.int/treaties/en/ip/berne/trtdocs\\_wo001.html](http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html)



Provision for this right has been introduced in a number of international contexts, and European Union states have agreed on the progressive implementation of this right in all EU member states by 2012. There is however no legislative provision for Artist Resale Rights in South Africa. While the introduction of Resale Rights has often and unsurprisingly been greeted with resistance from dealers and auction houses internationally, it has now become increasingly standard practice internationally. The recent implementation of Resale Rights legislation in both the UK (as one of the international centres of the market for visual arts) and Australia (as a country with a visual arts economy more comparable in scale to that of South Africa) representing particularly significant developments. There are a number of compelling arguments for the introduction of Artist Resale Rights in the South African context:

- As with copyright collection, it represents an important additional source of revenue for artists or their heirs/estates, and one which is (in the case of the auction market) easier to implement and monitor.
- Currently South African artists are unable to benefit from the appreciation in the value of their work between the primary (first sale) and subsequent sales through auction houses and dealers. In the Australian context, one of the primary motivations for the introduction of Artist Resale Rights was the substantial gulf that existed between the value of first sales of the work of aboriginal artists and the exponentially increased value of these works as they were resold through dealers or auction houses, with the artist accruing no direct benefit from this appreciation (other than through the increased value of their work over time in the primary market). In South Africa, a broadly similar argument may be applied to an older generation of black South African artists, whose work now circulates within the secondary market at greatly appreciated value.
- Artist Resale Rights provide a corrective to the inevitably weak bargaining position of particularly younger artists in relation to gallerists and collectors
- At the point at which the Australian government took the decision to implement Resale Rights legislation (2002), the Australian market auction market was valued at A\$79.2 million (circa R527 million at current exchange rates)<sup>71</sup> – as noted in section 3 of this report, this is somewhere near the approximate value of the South African auction market currently, suggesting that there should be a basic economic feasibility to implementing such rights.

There are a number of models internationally for the implementation of Artist Resale Rights, and a legislative intervention in the South African context would require significant additional research to assess these models in detail and scope the feasibility for implementing these rights in the particular context of the South African visual arts economy. Extensive consultation with a wide range of actors in the local industry would also be required both to inform the development of a workable model, and generate industry-wide awareness and understanding of the issue – the importance of such consultation being informed by sound research and thoughtful consideration of a variety of options would be critical, in order to mitigate the likely negative response that the basic proposition might be met with from dealers and auction houses. As with the copyright collection question, careful consideration would also need to be given to the practical procedures around the administration of these rights and the organisational infrastructure required to support this. In many international contexts (the UK, for example), agencies tasked with copyright collection also take on responsibility for the administration of resale rights for artists.

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<sup>71</sup> Department of Communications, Information Technology and the Arts. 2004. Proposed Resale Royalty Arrangement: Discussion Paper. DCITA: New South Wales. p. 10

### *Associated Issues*

The amendments to copyright legislation proposed by the Intellectual Property Laws Amendment Bill, 2007 (also known as the IKS Bill), are currently the subject of vigorous debate after the dti decided to include comments by the public and other stakeholders. The proposed amendments to the Copyright Act could make provision for the registration of collecting societies through CIPRO (the dti's Company and Intellectual Property Registration Office), and in the absence of there being an industry organisation able to perform this function, government may appoint an organisation to do so.

The IKS Bill's primary purpose is however to provide copyright protection for designated indigenous or traditional works, the rights to which may be held by communities rather than individuals. Communities would be required to organise themselves in order to claim ownership of rights in cultural property and ensure the sharing of benefits in any commercial applications of this property, such as in publication, in audio-visual media and through advertising. But there are substantial concerns within the legal fraternity and among civil society bodies and existing collecting societies regarding the extent to which the proposed amendments to the Act will in fact achieve the purposes that they set out to perform, and one such concern is that contemporary visual artists would be prevented from using, 'quoting', or building on 'traditional' motifs without authorisation from an as yet undefined community. Even if the IKS Bill is revised to clarify the means of gaining authorisation from such communities, individuals will find it impossibly difficult to manage this process, and a collecting society will arguably be the only practical solution<sup>72</sup>.

### *Exhibition Payment Rights*

Most notably in the UK and Canada, exhibition payment schemes have been introduced in relation to the exhibition of artists work in public venues, or publicly funded venues. In the Canadian context, an amendment was introduced into the Canadian Copyright Act to make provision for the payment of exhibition fees to artists for the showing of work in public galleries and museums. Payments are collected by the Canadian Artists Representation Copyright Collective Inc (CARCC), a collection society established and owned by the Canadian Artists' Representation/Le Front des artistes canadiens (CARFAC), an organisation representing the interests of artists in Canada. CARCC is also responsible for the collection of copyright payments and payments associated with artist resale rights, and publishes an annual schedule of fees associated with each of these rights. Artists may, if they wish, waive exhibition payment rights, and experience has shown that they are frequently placed under some pressure to do so by exhibition venues.

While such a scheme would represent an important additional revenue stream for particularly younger artists, introducing such an arrangement in the South African context would face three challenges:

- the extreme existing constraints on the budgets of public art museums and collections and independent arts organizations (outlined in section 4 of this report) would make it difficult to address such an additional cost
- the fact that no organised collective exists to administer such rights
- the likelihood of such a special interest amendment being introduced into South Africa's copyright legislation is remote in the short to medium term

With regard to the first challenge, it is proposed that the national Department should in the short term investigate the establishment of a fund – potentially administered by the

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<sup>72</sup> perspectives on this issue were provided by Macdonald Netshitenzhe (Department of Trade and Industry) and Monica Seeber, an independent specialist in the publishing industry

National Arts Council – which both public institutions and independently curated contemporary arts projects in other public venues could claim from in order to pay artists whose work they show. This would have the potential to have a number of positive impacts:

- it would contribute immeasurably to enhancing the profile of public museums and collections among both artists and the wider visual arts community
- It would provide the department with a way in which to contribute very directly to artist livelihoods, making use of an already existing statutory instrument at its disposal (the Arts Council)

The desirability of seeking to legislate such a right is one that would require more careful consideration, as to whether this was justified by the administrative costs implicated in introducing such a provision. That the department should commission research and engage with industry bodies with regard to the establishment of a capacity for collecting rights in general, is however a very clear recommendation.

### 5.10.2 Tax Measures and Incentives for Artists

As noted in the survey findings, a surprisingly large proportion of artists (59%) report paying income or company tax. The Recommendation on the Rights and Status of Artists specifically encourages member states to take measures to alleviate the tax burden on artists. Within the current tax regime in South Africa, there are no tax benefits, schemes or incentives that accrue specifically to artists in general or indeed to visual artists in particular. There are general provisions (such as the threshold on the payment of income tax) which apply to all South Africans, and which yield a (notional) benefit for artists at the bottom end of the income spectrum, as they would for all low-income earners.

Internationally, there are a variety of tax-related schemes, benefits and incentives specifically aimed at artists which are predicated both on the recognition of the special position that artists occupy in society, as well as the specific difficulties that attach to their economic position:

- That their overall earnings are low in relation to their levels of qualification and experience, by comparison to other professional fields that require similar levels of training
- That their income – dependant as it on availability of short term work and the sale of work – is subject to substantial fluctuation (this is particularly true for visual artists)

Internationally, two primary approaches have been taken to addressing these issues through special provisions in the tax regimes of particular countries – straightforward tax exemption and income averaging. The most radical legislative intervention in this area is the Artists Tax Exemption introduced in Ireland in 1969, which makes provision for all income on creative work up to the value of £250 000 to be exempt from income tax, and for 50% of all income over £250 000 to be exempt. Aside from addressing concerns regarding artists livelihoods, these provision were also aimed at attracting more creative people to Ireland. While the legislation has yielded significant benefit for many artists (the majority of claimants falling below the £10 000 per annum income bracket), it has also been widely criticised for the extent to which it benefits already wealthy artists – in 2001, over half of all exempted income was accounted for by artists earning between £500 000 and £10 000 000 per annum<sup>73</sup>. In spite of significant attempts in 2004 and more recently in 2009 to have these

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<sup>73</sup> Visual Artists Ireland. 2010. *Artists Tax Exemption*. Accessed at: <http://visualartists.ie/advocacy/research/artists-tax-exemption/>

provisions in the Irish tax repealed, they have remained intact. Similar incentives have been introduced in other parts of the world based in part on the Irish experience, often in the context of wider place-based incentives for attracting creative people and businesses – at a state level, in Hawaii, Rhode Island and Maryland in the United States, and in the province of Quebec in Canada.<sup>74</sup>

Income averaging schemes have been introduced in a variety of national contexts, including Australia, Sweden, Netherlands, Germany and the UK to enable classes of self-employed workers to ‘average out’ their tax exposure over a number of years in order to compensate for what may often be extreme fluctuations in taxable income.

The likelihood of such incentives and schemes being instituted seems remote, given the smaller fiscal and tax base from which the country operates and the substantial complexities and costs involved in administering such schemes.

### **5.10.3 Regulation of Working Conditions and Collective Bargaining**

As noted in the preceding parts of this section of the report, the great majority of artists are self-employed and in terms of labour legislation are treated as independent contractors. Labour legislation in South Africa applies primarily to persons who are formally employed in various capacities in terms of the Labour Relations Act no. 66 of 1995. As is the case in most countries, this legislation makes provision for collective bargaining with regard to wages, benefits and social security schemes between employers and employees through the mechanism of trade unions. Due to the fact that employer-employee relations do not apply to the greater portion of the work activities that artists are engaged in (outside of the small minority of artists who work full-time or part-time for universities, public institutions and government), the idea of unionisation presents a particular set of complexities and challenges for the visual arts sector. The primary economic relationship between gallerists and artists is not an employer/employee relationship, and there is no legislated obligation on the part of gallerists with regard to income security, the provision of benefits or social security. As noted in the survey findings it is also a relationship that is often not reduced to writing and in which gallerists have an automatically superior bargaining power. Attempts to unionise the creative workforce more generally in the South African context have had as yet unclear implications for the visual arts.

The Creative Workers Union of South Africa was formed in 2007 out of the merging of the Musicians Union of South Africa (MUSA) and Performing Artists Workers Equity (PAWE), and is formally recognised by the Congress of South African Trade Unions (COSATU) as the representative union for the creative industries. The union consists mainly of musicians and performing artists, though some attempts have been made to draw the craft sector into the ambit of the union. It has functioned primarily as a lobby group to government around specific issues – applying pressure on a variety of issues, from concerns regarding the representation of local performers in events related to the World Cup through to the casting of American performer, Jennifer Hudson, in a biopic relating to the life of Winnie Mandela. More recently, the Union has pursued – in partnership with the Department of Arts and

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<sup>74</sup> MT Auburn Associates. 2007. *Utilizing Tax Incentives to Cultivate Cultural Industries and Spur Arts-Related Development: A report prepared for the Louisiana Office of the Lt. Governor and the Department of Culture, Recreation and Tourism.* Accessed at [www.crt.state.la.us/culturaleconomy/2007conference/TaxPolicy.PDF](http://www.crt.state.la.us/culturaleconomy/2007conference/TaxPolicy.PDF)

Culture and with assistance from Old Mutual and the Department of Social Development<sup>75</sup> – a Social Security Scheme (Seriti) which aims to address Funeral Cover, Medical Aid and Short Term Insurance for artists, with a view to introducing a Retirement/Pension Fund tailored to artists needs at a later stage.

Collective bargaining arrangements specific to the visual arts have been pursued in a variety of other national contexts, perhaps most vigorously in the Canadian context through CARFAC, under the remit of Rights and Status of the Artist legislation in that country passed in 1992 at a federal level, and progressively instituted at a provincial level subsequently. The legislation makes provision for the establishment of a Canadian Artists and Producers Professional Relations Tribunal (CAPPRT) – among other things, the Tribunal is mandated to certify professional bodies as having an exclusive collective bargaining function in relation to federal institutions, including public museums and galleries. CARFAC was certified in 1999 as the body mandated to act on behalf of visual artists with regard to what are described as ‘scale agreements’. A scale agreement specifies the minimum terms and conditions under which producers engage the services of, or commission works from, self-employed artists in a specified sector. A certified organisation has the right to negotiate on behalf of self-employed artists within their jurisdiction on a variety of issues including the implementation of standard contracts and wage rates, as well as pensions, unemployment support, and benefits that are enjoyed by employees in other fields.<sup>76</sup> The organisation publishes an annual fees and rates schedule which is negotiated with all federal institutions that have dealings with artists, whether in the context of exhibiting or commissioning their work or engaging their services.

#### **5.10.4 Regulation of Expression**

The principle of Freedom of Expression as contemplated in the is entrenched in the Constitution of the Republic of South Africa. Section 16 of the Bill of Rights (Chapter 2 of the Constitution) enshrines the right to freedom of expression as a fundamental right of all South Africans.

- “1. Everyone has the right to freedom of expression, which includes
- a. freedom of the press and other media;
  - b. freedom to receive or impart information or ideas;
  - c. freedom of artistic creativity; and
  - d. academic freedom and freedom of scientific research.
3. The right in subsection (1) does not extend to
- a. propaganda for war;
  - b. incitement of imminent violence; or
  - c. advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.”

This general position is reiterated at various points in the White Paper for Arts, Culture and Heritage, and is defined in clause 9 of the White Paper in the following terms:

“Freedom of Expression: Shall ensure that all persons are free to pursue their vision of artistic creativity without interference, victimisation and censorship.”

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<sup>75</sup> Cosatu Press Release, August 2010, *CWUSA Seriti Social Security for Creative Workers* accessed at: [http://groups.google.com/group/cosatu-press/browse\\_thread/thread/fe2e0d0dc707dfa](http://groups.google.com/group/cosatu-press/browse_thread/thread/fe2e0d0dc707dfa)

<sup>76</sup> CARFAC 2010. Federal Status of the Artist Certification. Accessed at <http://www.carfac.ca/about/federal-status-of-the-artist-certification/>

The regulation of Freedom of Expression within the framework of the Constitution falls within the ambit of the Film and Publications Board. The Film and Publications Act no.65 of 1996 makes provision for the establishment of a Film and Publications Board (FPB), concerned with the regulation of the distribution of films and publications within the framework established under the Constitution, and the provision of consumer advice regarding the classification of films and publications. The Act elaborates on the circumstances in which sub-section 2 of the Constitution and considerations related to the protection of children may over-ride the provisions of subsection 1. The Act makes it a requirement that any film, DVD, video or computer game to be distributed within South Africa has to first be submitted to the Film and Publications Board for it to be classified. In the case of a Publication, the powers of the Board are only brought to bear if a complaint or request for the material to be examined is lodged by a member of the Public. Within the Act, the definition of a Publication includes, among a variety of other material, “any drawing, picture, illustration or painting; [...] any print, photograph, engraving or lithograph [...] any figure, carving, statue or model” (Chapter 2 of the Act; ‘Definitions’).

The Board has the power to apply an XX or X18 rating to a Publication. An XX rating makes it illegal to exhibit or show the given Film or Publication within South Africa. An X18 regulates the distribution and display of material classified as such. An XX rating is applied in relation to the following types of material as recorded in Schedule 1 of the Act:

- “(a) child pornography
- (b) explicit violent sexual conduct
- (c) bestiality
- (d) explicit sexual conduct which degrades a person and which constitutes incitement to cause harm
- (e) the explicit infliction of, or explicit effect of, extreme violence which constitutes incitement to cause harm, or
- (f) a description of child pornography.”

Schedule 10 of the Act also makes provision for any Film or Publication that advocates or incites hatred based on religion to have an XX rating applied to it. Schedule 5 of the Act however makes specific provision for the exemption of scientific or artistic work from aspects of all of the above provisions, with the exclusion of those related to child pornography in the case of artworks:

“The XX or X18 classification shall not be applied in respect of a *bona fide* scientific, documentary, literary or, except in the case of Schedule 1(1)(a) [child pornography], an artistic publication, or any part of a publication which, judged within context, is of such a nature.”

In the post 1994 period, these legal provisions have seldom been brought to bear on the visual arts. Possibly the only case in which the powers of the Film and Publications Board have been invoked in relation to the visual arts concerned an exhibition of the work of a lecturer at Rhodes University, Mark Hipper, at the National Arts Festival in Grahamstown in 1998. Two organisations, Child Welfare and Women Against Child Abuse approached the Film and Publications Board with the request that the exhibition *Viscera* be closed down on based on the view that the work on show constituted child pornography. The Film and Publications Board ruled that the work did not constitute child pornography and refused to apply an XX classification to the work – but did require that appropriate cautionary signs be placed at the entrance to the exhibition. While there have been other incidents in the ensuing period in which demands from various quarters have been made that particular

artworks not be displayed in public, these have not to date stood up to any legal scrutiny under the Constitution.

There are of course indirect ways in which freedom of expression may be interfered with – particularly through the withholding of public funding to artists, projects or organisations that are either felt to be critical of government or may be felt by public servants to be at odds with the best interests of the public. This is an area of contestation and tension that has the potential to serve as a major impediment to sector-government relations if not effectively managed from both sides.

## Section 6: Education and Training in the Visual Arts

This section is concerned with outlining the current framework for and position of visual arts education and training in the country, analysing the impact of this position on industry growth and development, and making recommendations aimed at addressing problems in the present provision of visual arts education and training within schools, the tertiary system and the industry itself. Prior to 1994, the majority of South Africans had only the most limited access to arts education through the formal schooling system, and education and training in the arts for black South Africans relied largely on the efforts of community arts organisations and NGOs.

The critical importance of access to arts education at both a formative and more advanced levels is noted in the White Paper for Arts, Culture and Heritage in relation to three key policy objectives:

- Growing new audiences and consumers of the arts (relating primarily to the provision of arts education in schools)
- Growing future creative talent (relating primarily to the provision of arts education in high schools, FET colleges and universities)
- Addressing areas of scarce and critical skills lacking in the industry – in for example, the areas of arts administration, management and entrepreneurship (relating primarily to tertiary education and the provision of work-based training)

The core mandate for arts education lies with the National Departments for Basic Education and Higher Education respectively. The two departments were formed from the splitting of the Department of Education into two Departments in 2009. This reconfiguration of government competencies also involved the Department of Higher Education absorbing functions and responsibilities associated with industry training and the system of Sector Education and Training Authorities under the Skills Development Act from the Ministry of Labour. The two departments together are responsible for the largest single area of government expenditure, with R165 billion allocated to education in the 2010 budget speech of the Minister of Finance. Government expenditure on education is in line with the expenditure of most advanced economies, comprising between 5 and 7% of Gross Domestic Product and 18 and 22% of all government expenditure between 2002 and 2006<sup>77</sup>.

A plethora of policy and legislation governs the operation and structure of the schooling, FET College and Tertiary Education and work-based training frameworks. The introduction of the National Qualifications Framework in the late 1990s and early 2000s sought to integrate all of these different components of the education and training system into a single system for the recognition of competencies and qualifications, aimed at ensuring that learners would be able to easily progress between different parts of the education and training system. The Qualifications Framework was constructed around three Bands – General Education and Training (including Adult Basic Education and Training), Further Education and Training and Higher Education and Training – and (originally) eight different levels at which different qualifications and units of learning would be pegged. The South African Qualifications Authority (SAQA) was tasked with the realisation of this framework, through engagement with all stakeholders in the education and training system. Each of these components of the education and training system – and their impact in the visual arts field – are considered below.

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<sup>77</sup> Department of Education. 2009. Trends in Education: Macro-Indicators Report. Pretoria: DoE. Pp 105-7



## 6.1 The Schooling System

The National Department of Basic Education is responsible for the setting of national policy for education in schools, including the establishing of a common national curriculum framework for all schools. Provincial departments of education are responsible for the direct management of the schooling system at a provincial level. Umalusi is the statutory agency responsible for the quality assurance of education in schools in the General and Further Education and Training bands.

Two significant shifts occurred in education policy in the post-1994 period that are relevant for visual arts education. The first shift emerged out of policy research, which focused on the role of schools in the creation of a new kind of citizenry in the wake of decades of oppression. The 2001 “Manifesto on Values, Education and Democracy” notes the important role that the arts play in value formation and transmission, and explicitly promotes the linking up of arts practitioners with schools:

“...[I]t might be easier for well-resourced schools to integrate arts and culture education into the curriculum than poorly resourced ones. Arts and Culture education will be effective only if communities commit themselves to involving their artists and cultural workers in the formal education of their children. It has been proposed that each school have an artist-in-residence, a proposal to be assessed and implemented at district and provincial level.”

The “Values in Education: Schools-Based Research report: Opening Pathways for Dialogue” document additionally highlights the importance of arts and culture as a medium through which democratic values can be nurtured:

“There is a desperate need for creative programming at the school level – both inside and outside the classroom. Curriculum 2005 provides a framework for building creative opportunities inside the classroom. This research highlights the massive challenge that still awaits us in confronting the hierarchical and authoritarian instincts of many educators, to provide educators with the facilitation skills, leadership skills, and creativity to unleash fully the capacity of the new curriculum in the classroom. Currently educators associate “creativity” with “arts” and “sports” programming. Both of these areas need deepening and reconfiguration. *The establishment of artist in residence programmes in schools, mobilizing local artists and artisans, is strongly supported.* [emphasis added]”

The June 2002 Race and Values Programme of Action document makes reference to the intention to establish an annual celebratory arts event that would involve schools in producing creative writing, art and presentations on oral history. Additionally, an endowment to enable residencies for creative writers and artists in schools and bursaries for promising students was also contemplated, which was to be initiated in 2003. It is unclear what the current status of these proposed initiatives is.

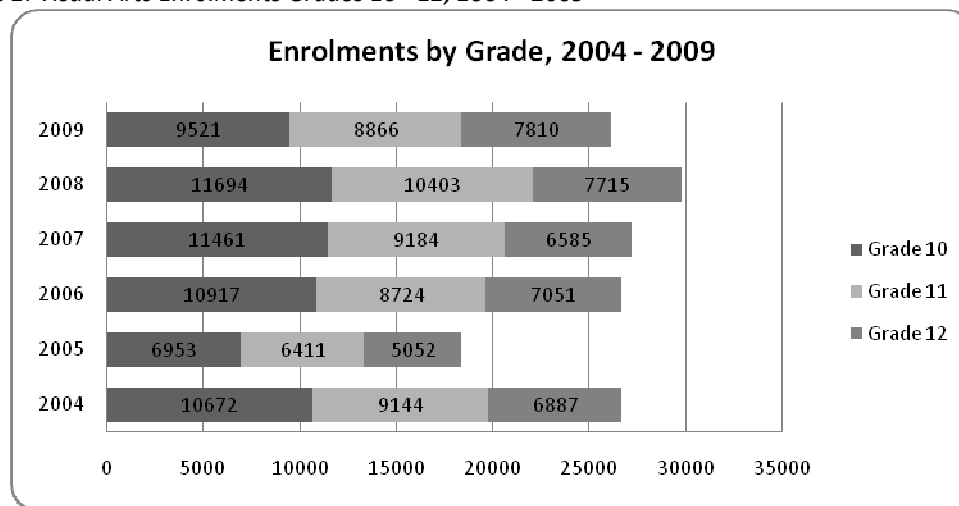
The second major shift – and the one with the greatest implications from an implementation point of view - was the adoption of Outcomes Based Education (OBE) as an approach at the level both of curriculum design and teaching and learning, and the introduction of the Arts and Culture learning area as a compulsory component of the curriculum for grades 1-9 (known as the General Education and Training Band), alongside seven other learning areas. The OBE approach introduced a complex and demanding new framework for programme design, assessment and teaching and learning methodologies, which (at least in theory) was aimed at radically repositioning the learner at the centre of the teaching and learning experience. There have recently been strong moves to simplify and rationalise some of the

more administratively cumbersome implications of this approach. 8% of curriculum time is assigned to the Arts and Culture learning area, which seeks to integrate education across ALL art forms as well as heritage education.

The present curriculum framework – while laudable in its ambitions – has placed complex demands on a pool of educators that generally do not have an evolved pedagogic skills-set in a single one of these forms. Research conducted by the CSIR and the Department of Education in 2003 presents a bleak picture of arts curriculum at schools<sup>78</sup>. The report indicates that between 60% and 80% of the schools included in the sample indicate that they have no adequate staff for Arts and Culture teaching for grades 0 – 7. Zero participation rates in arts and culture in the curriculum range from between 25% (grades 4-7) and 60.5% (girls participation in the arts in grades 10-12). Both the Outcomes Based Education framework as a whole, and the place of arts and culture in the curriculum are currently under review – one of the key proposals is the conflation of the Arts and Culture and Life Orientation curricula within General Education and Training – a proposal which would further dilute the presence of visual arts education in the curriculum.

In Grades 10-12 (falling into the Further Education and Training Band), the visual arts was developed as one of twenty nine more specialised subjects that learners could choose to pursue at this level. The majority of schools however are not able to offer these subjects in the absence of both educators trained to teach them at this level, and specialist infrastructure and resources to support this provision. EMIS data shows the extraordinarily low levels of participation in the visual arts at an FET level: of the 568 995 Grade 12 enrolments in 2009<sup>79</sup>, only 7810 (1,7%) of these learners were enrolled in visual arts as a subject. The following charts show data for visual arts enrolments broken down by grade, by race and gender, and by province.

Figure 2: Visual Arts Enrolments Grades 10 - 12, 2004 - 2009

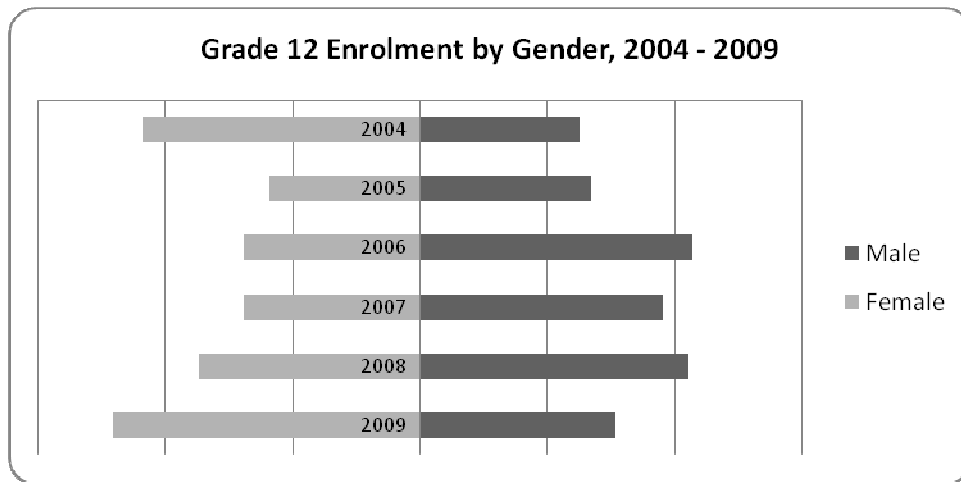


Source: EMIS, Department of Education, Annual School Survey, 2004 - 2009

Figure 4: Gender Breakdown of Grade 12 Visual Arts Enrolments, 2004 – 2009

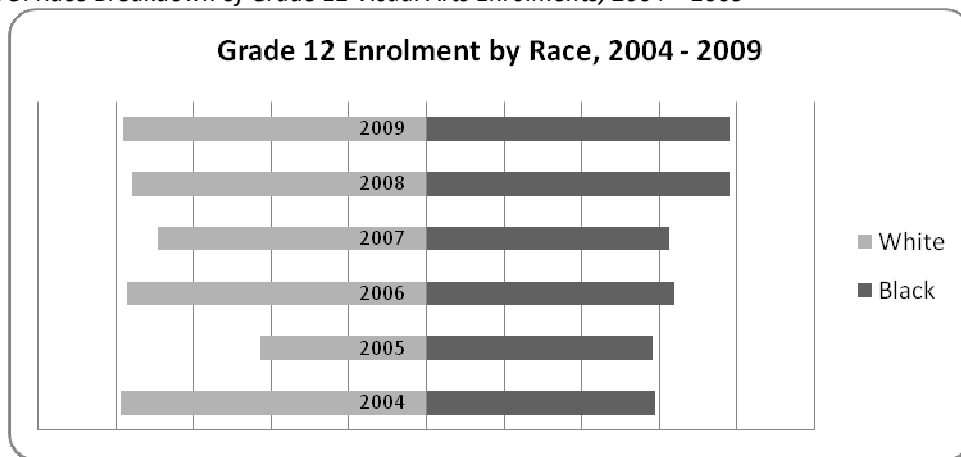
<sup>78</sup> CSIR 2010. The National Audit of School, Sport, Arts and Culture Programmes: Nodal Focus Phase One – Draft Report, Department of Education. The report, as yet unpublished, represents the findings and recommendations drawn from Phase 1 of this national audit, which included surveying a sample of about 3 000 public schools in the General Education and Training (GET) and Further Education and Training (FET) bands. 2 000 of these were schools from the twenty-one education poverty nodes as defined by the Department of Education, and the balance were a non-representative sampling of non-nodal schools.

<sup>79</sup> DoE (EMIS). 2009. 2009 School Realities. Accessed at [www.education.gov.za](http://www.education.gov.za)



Source: EMIS, Department of Education, Annual School Survey, 2004 - 2009

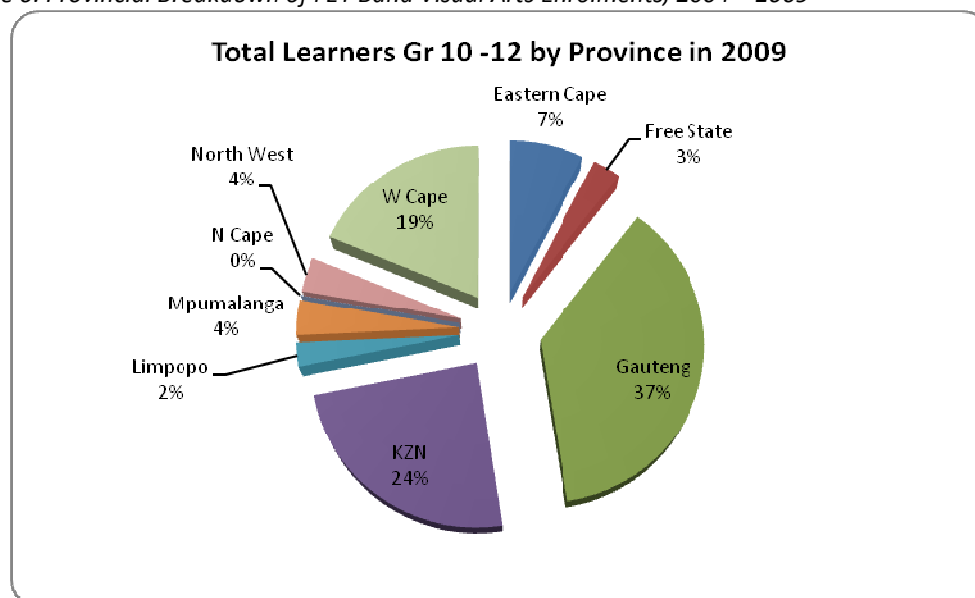
Figure 5: Race Breakdown of Grade 12 Visual Arts Enrolments, 2004 – 2009



Source: EMIS, Department of Education, Annual School Survey, 2004 - 2009

Provincially, there are significant variations in enrolments in the visual arts. The bulk of visual arts students in grade 12 in 2009 were located in Gauteng, followed by Kwazulu Natal and the Western Cape. Combined, the Northern Cape, North West, Mpumalanga and Limpopo provinces present only 10% of visual arts enrolments.

Figure 6: Provincial Breakdown of FET Band Visual Arts Enrolments, 2004 – 2009



Source: EMIS, Department of Education, Annual School Survey, 2004 - 2009

The CSIR survey found that between 78% and 89% of schools indicated that they have no staff able to teach arts and culture subjects at the grade 10 - 12 level. At all levels of the education system, educators from other learning areas in (say geography, or mathematics) have found themselves having to teach a learning area that they have no training or background in.

The same survey also revealed that at least 70% of schools do not offer arts and culture in the context of extra-curricular activities. 70% of schools indicated a complete absence of facilities for supporting arts and culture provision in schools, and 84% of schools indicated the absence of equipment and learning resources to support the implementation of the learning area.

A clear trend that emerged from the survey was that the areas with strongest links to existing religious-cultural practices (e.g. choirs and dance) are more likely to be offered than areas which have weaker links (e.g. visual arts), though generally this kind of provision is only able to address a limited dimension of the overall curriculum.

Teacher training largely occurs through district level initiatives and NGO service provision: these are generally short, sharp interventions outside of an accredited framework. More sustained interventions, usually through NGOs, face the problem of formal accreditation and recognition. There are a very small number of specialist arts and culture in-service and pre-service degree programmes offered through tertiary institutions that address specialism in the arts and culture learning area, or any of the individual art forms.

The closure and merging of teacher training colleges with universities and technikons has exacerbated this situation. There is limited student enrolment for 'upgrade' degrees (such as the Postgraduate Certificate in Education) aimed at training art graduates to function as senior phase/FET teachers. There are only two instances of in-service teacher training programmes in arts education leading to formal degrees (Advanced Certificate in Education programmes at WITS and the University of the Free State).

The CSIR report made a variety of recommendations regarding greater coordination between different governmental departments at national and provincial level in providing targeted support to schools in realising curriculum policy. The formation of a body along the lines of the United School Sports Association of South Africa (USSASA) was contemplated, which would drive interventions in the following areas with support from national and provincial Departments of Education and Arts and Culture:

- Advocacy
- Educator development (both In-Service and Pre-Service Teacher Training)
- Learning and Support Materials
- Infrastructure Development
- Resources

It is unclear what the current status of the proposed coordinating structure is, and there appears to be the absence of a concerted strategy between the Departments of Education and Arts and Culture at a national and provincial level. Various ad-hoc initiatives between the two departments – largely centred around arts competitions and schools festivals – have been staged, but these do not adequately address the serious systemic issues outlined above. Within the more resourced provinces such as Gauteng and the Western Cape, various efforts have also been undertaken to establish schools that have an arts and cultural specialism, which has begun to address some of these issues at an FET level.

## 6.2 The Tertiary System

The landscape of the tertiary education system, similar to that of the GET and FET bands has experienced significant revision since 1994. The White Paper on Higher Education (1997) provides the policy framework for tertiary education in the country for the purpose of<sup>80</sup>:

- Meeting the learning needs and aspirations of individuals through the development of their intellectual abilities and aptitudes throughout their lives.
- Addressing the development needs of society and provide the labour market, in a knowledge driven and knowledge dependent society, with the ever-changing high level competencies and expertise necessary for the growth and prosperity of a modern economy.
- Contributing to the socialisation of enlightened, responsible and constructively critical citizens.

A number of mergers implemented during the course of the early 2000s, reduced the number of institutions from 36 universities and 15 technikons to 23 new institutions<sup>81</sup>. Of these twenty three 'new' institutions, the majority (17) offer fine arts degree programmes. Six of these institutions are located in Gauteng.

The Department of Higher Education also presides over the FET (Further Education and Training) college system, formerly known as technical colleges. This system has seen very small numbers of learners moving through vocationally oriented programmes in the visual arts, with curriculum development and provision in this component of the education and training system focusing increasingly on competencies in finance, commerce and marketing, various trades and para-professional training in construction and engineering. A new qualification framework was introduced in 2007 with options in a number of consolidated

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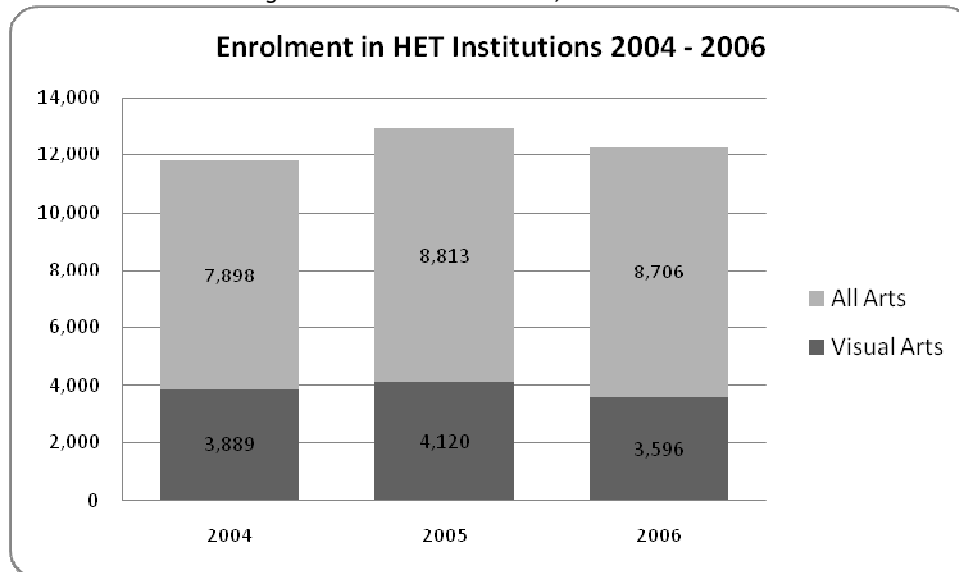
<sup>80</sup> Principal and Vice Chancellor: University of South Africa. Keynote address at Bill Venter/Altron Literary Awards 2003; Wednesday 7 April 2004, Westcliff Hotel, Johannesburg.

<sup>81</sup> Jansen, J (2007). "Tracing and Explaining Change in Higher Education: The South African Case", in Review of Higher Education in South Africa, Council for Higher Education

vocational learning paths based on identified areas of need and demand within the system and the wider economy. The visual arts do not feature in this new framework, though delivery of certificate courses continues within the old 'N-certificate' framework. In 2009, nearly 2400 individual enrolments were recorded for visual arts related subjects at different levels of this framework (N2-N6), equating to an estimated 600 learners in the system.

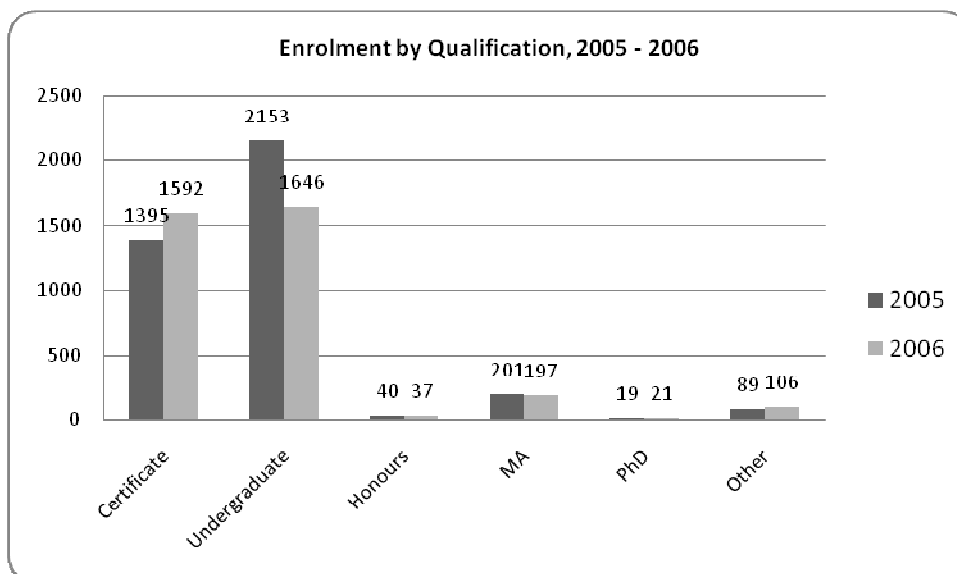
Substantially larger numbers of students are enrolled in visual arts programmes at a university level, accounting for just less than a third of all professional arts enrolments in the tertiary education system in 2006.

Figure 7: Arts Enrolments at Higher Education Institutions, 2004 – 2006



Source: HEMIS, Department of Education, 2004 - 2006

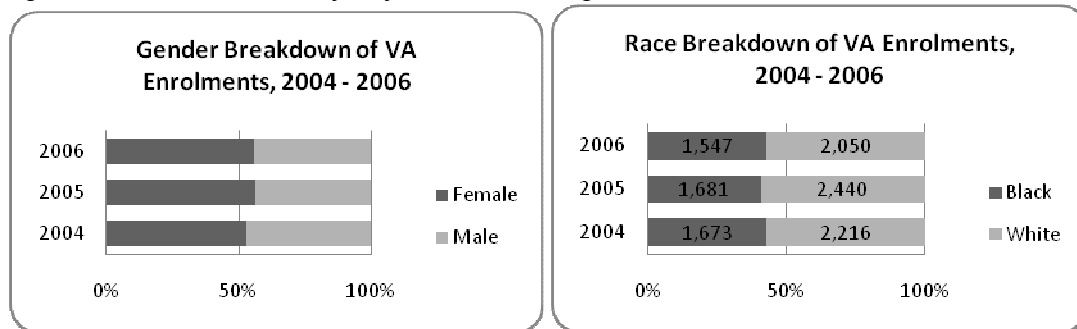
The bulk of these enrolments related to certificate and undergraduate degree programmes, as shown in the following chart:



There is reasonable parity in the gender of all students enrolling in visual arts programmes at higher education institutions. Just over 50% are women and the trend is reasonably consistent over time. The racial profile however, reveals that approximately 40% of all

students enrolling are black South Africans, a fairly consistent trend between 2004 and 2006.

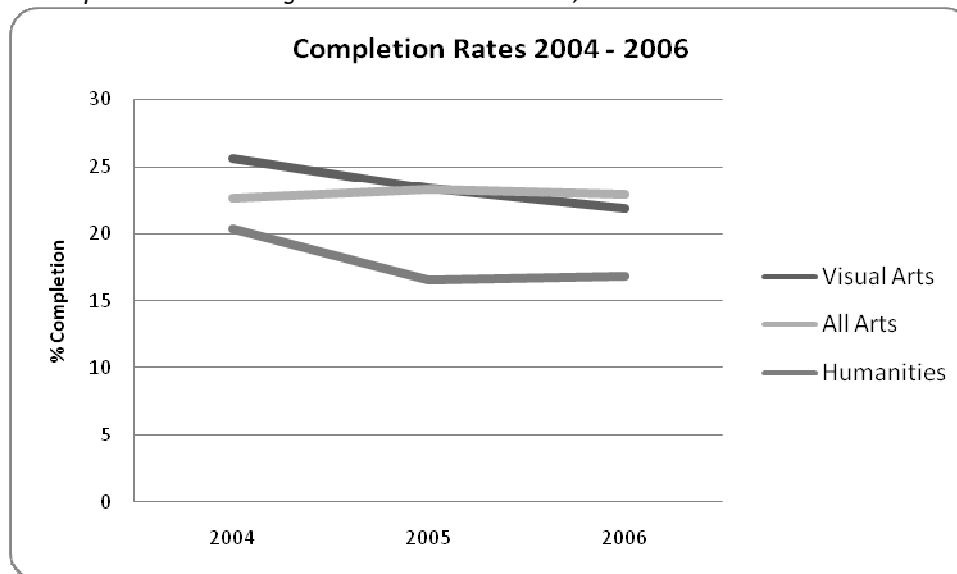
Figure 9: Gender and Race Profile of Enrolments at Higher Education Institutions, 2004 – 2006



Source: HEMIS, Department of Education, 2004 - 2006

In terms of completion rates (an area in which South African tertiary education generally fares poorly by international standards), arts programmes have higher completion rates than other humanities programmes averaging just over 23% of enrolments. The visual arts in 2004 had a higher rate than the rest of the arts although this dropped between 2004 and 2006 as outlined in graph below. Despite the decline in completions, graduations in the visual arts are still well above the overall completion rates for programmes in the Humanities.

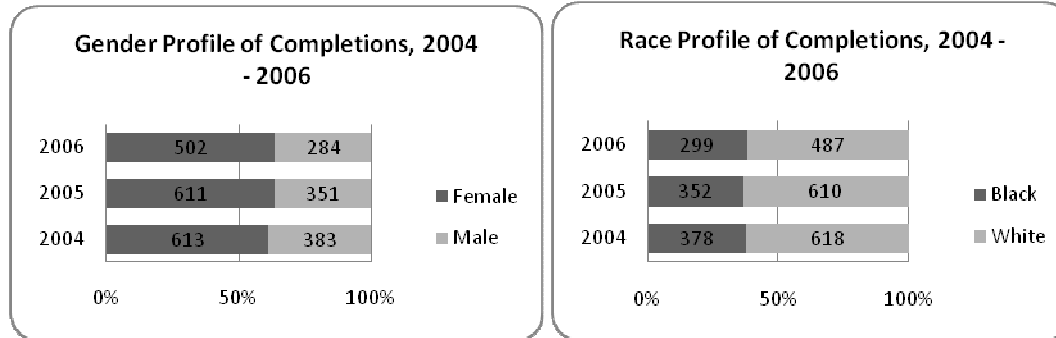
Figure 8: Completion Rates at Higher Education Institutions, 2004 – 2006



Source: HEMIS, Department of Education, 2004 - 2006

With regard to completions, the trend in enrolments for both race and gender are more significant. Over 60% of women generally graduate versus 40% of men. Less than 40% of black students graduated between 2004 and 2006 compared to 60% of their white counterparts. Notably, the overall pattern of enrolments and graduations corresponds closely to the demographics of practicing visual artists outlined in section 5 of this report.

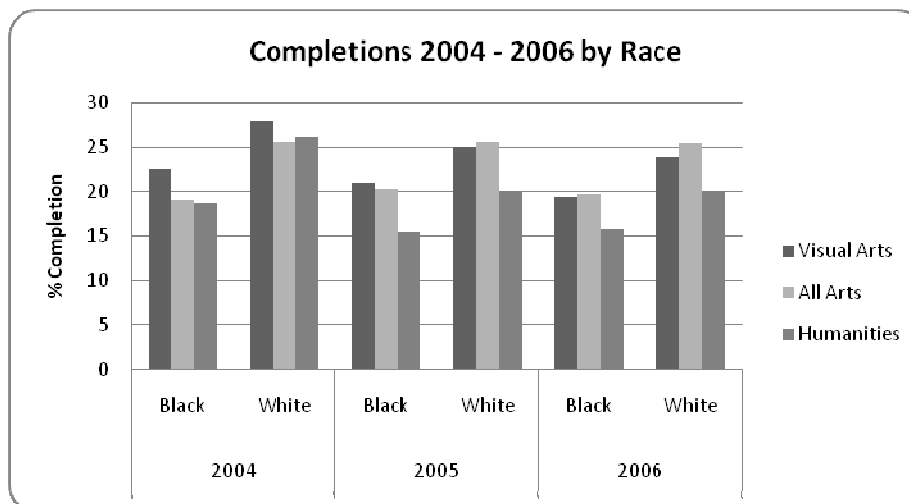
Figure 10: Gender and Race Profile of Completions at Higher Education Institutions, 2004 – 2006



Source: HEMIS, Department of Education, 2004 - 2006

The completion rate for black South Africans in arts programmes is generally higher than that of other humanities programmes. The completion rate for black students in the visual arts is generally higher or equal to that of all professional arts programmes.

Figure 10: Race Profile of Enrolments at Higher Education Institutions, 2004 – 2006



Source: HEMIS, Department of Education, 2004 - 2006

### 6.3 Work-based training

Most industry training that takes place within the visual arts sector occurs outside of a formal accredited or recognised framework. Industry organisations and associations, NGOs and private organisations have been the main providers of training associated with professional practice needs within the industry, both for individual artists and for organisations. The regulatory framework for industry training is outlined in what follows, together with some of the difficulties that organizations have experienced in engaging with this framework.

During the course of the early 2000s the various Sector Education and Training Authorities (SETAs) were established under the Skills Development Act, presided over by the Department of Labour and the National Skills Authority. The Sector Education and Training Authorities were tasked with addressing the skills development needs of the work force within different sectors of the economy, and promoting access into the labour force for youth in particular through demand-driven work-based training programmes (known as



learnerships and skills programmes), informed by an analysis of industry needs. Within this legislative framework, the operating costs of the SETAs and the financing of these programmes are addressed through the collection of a skills development levy from all employers with a wage bill above a certain level. The South African Revenue Services then distributes this levy to relevant SETAs based on industry cluster to which employers belong. Employers are able to claim this money back based on the development and implementation of a Workplace Skills Plan which they submit to the SETA. New qualifications based on unit standards (outcomes-based packages of minimum standards for competence in specific areas) were developed to establish minimum standards for this work-based training, which would notionally articulate with learning pathways within other parts of the General, Further and Higher Education system.

Responsibility for addressing the needs of the cultural and creative industries fell largely within the scope of the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority. Due to the fact that very little revenue was envisaged coming from the arts sector through the collection of Skills Development levies (based on the preponderance of micro-enterprises and freelance workers), the national Department of Arts and Culture secured substantial additional funding from the National Skills Fund of the Department of Labour, for the development of qualifications, learnerships and skills programmes through the Create SA programme, undertaken in partnership with the MAPPP SETA between 2002 and 2006. One of the important achievements of this programme was to establish a framework through which training historically provided by NGOs and industry organisations, could be accredited. Finance for training in the arts has subsequently been largely provided through the allocation of discretionary grants by the MAPPP SETA as well as some additional project funding from the Department of Arts and Culture (largely targeted at the craft sector).

Within the visual arts, most of the training that has been provided within this framework has been accredited through qualifications developed for the design sector, and offered by a very small number of training providers across the country. Draft qualifications were developed for the visual arts in 2006/7, but these have yet to be ratified with the South African Qualifications Authority. Qualifications and unit standards developed for arts and culture administration and management and craft entrepreneurship have also been adopted by a small number of independent training providers. The administrative demands and costs of accreditation have however excluded smaller enterprises from taking this formal route for accreditation of workshops and short courses that they may provide, and most of the workshops and short courses that are provided outside of the tertiary system are not accredited.

A wide-ranging review of the SETA landscape and operations has accompanied the recent shifting of responsibility for this part of the education and training system to the Department of Higher Education (from the Department of Labour). This is likely to result in a reconfiguration of the scope of individual SETAs, with a number of SETAs being merged. It is not as yet clear what the implications of this reconfiguration will be for the arts sector in general, and the visual arts in particular.

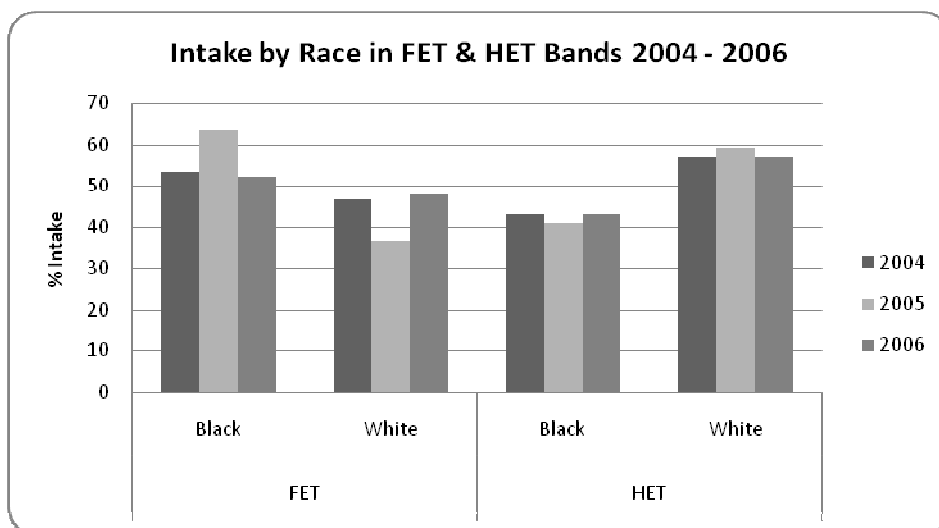
## **6.4 Cross-cutting Issues**

While there is very substantial investment in the schooling system in South Africa, visual arts education remains a marginal area of curriculum implementation, with attention and investment focused on mathematics, science and technology education. The capacity of

schools to implement the visual arts component of the grade 1-9 curriculum, or introduce extra-curricular programming in this area is extremely constrained due to problems related to teacher capacity and training and equipment and resources. This is mirrored at the FET (Grade 10-12) level, where only a very small number of largely former model C schools are in a position to offer the visual arts as a subject area. Some progress has nevertheless been made in providing greater access to this subject area to black learners at an FET level.

The data suggests that at any given moment, there are almost as many enrolments in the tertiary education system than there are practicing visual artists working in the sector, and that each year approximately a thousand students complete various levels of qualification in the visual arts, the majority located within certificate and undergraduate degree programmes. This figure corresponds to just less than 20% of practicing visual artists, based on the primary research undertaken in the context of this project (cf sections 2 and 5).

While substantial progress has been made in addressing race imbalances in tertiary fine art programmes, the demographics of enrolments and throughput in tertiary programmes remain substantially out of step with the general demographics of the country, and there is a 'gap' between the increased rate of black enrolments at an FET level and black enrolments at a tertiary level, as summarised in the following chart:



Source: HEMIS, Department of Education, 2006

The arts, and the visual arts in particular, have historically been negatively perceived in relation to their prospects for employment and earnings – in contrast to learning and career pathways in for example the fields of commerce and finance, which attract far more black enrolments at tertiary institutions. The high cost of tertiary education also mitigates against enrolment in programmes that do not seem to offer well-mapped pathways into the world of work. Consideration needs to be given to ways in which particularly black students from low-income backgrounds can be attracted to fine arts programmes at a tertiary level through, for example, targeted bursary programmes and more effective and nuanced marketing of the diversity of career options associated with the visual arts.

Anecdotal evidence confirms that only a very small proportion of graduates go on to actually become practicing visual artists, the balance being absorbed into a range of other functions in the industry (teaching, training, administration, technical support, etc), into adjacent and related industries such as craft and design, and into unrelated industries. Additional

research would be required to ascertain what the split is between these different post-graduation routes.

One of the perennial issues highlighted in relation to professional arts programmes at a tertiary level is the generally weak provision of training in professional practice skills. Many graduates leave the university system with a sophisticated grasp of their practice and relevant critical theory, but little understanding of the legal and financial dimensions of the industry that they are entering into, and how to promote their practice effectively in a complex and fluid industry environment.

The position of visual arts training within the FET college system needs to be reviewed. FET colleges potentially provide young people with access to affordable and vocationally oriented training in the visual arts. Currently, provision through this institutional framework plays a marginal role in the sector – as noted in section 5 of this document, only 14% of surveyed artists indicating that they have undergone training through an FET college – versus 43% and 37% of respondents indicating that they have gone through an undergraduate or postgraduate degree respectively.

The SETA framework potentially provides an important opportunity both for the formal recognition and financing of workshops and short courses provided by industry organisations. This is particularly so in relation to training related to professional practice issues in the visual arts.

In all of the above areas, more systematic and formalised engagement between the Ministry of Arts and Culture and the Ministry of Basic Education is required to address the more comprehensive delivery of meaningful arts education at a formative level. A more integrated and more substantially resourced policy-driven programme of engagement with the arts education mandate needs to be developed between the two Ministries. As noted in research and policy documents commissioned by the Ministry of Education itself, the arts have an important and powerful role to play in transforming the nature of education in South Africa. Such connection also has powerful potential to create work for artists in schools, working alongside teachers in the delivery of the arts curriculum and in extra-curricular arts activities. And from an industry perspective, it is crucial to growing the future audiences and consumers of the visual arts.

## 7. Funding and Sponsorship of the Visual Arts

In what follows, the policy, legislative and institutional framework for the funding of the visual arts is summarised at a national, provincial and local level. Indirect incentives for stimulating investment in the non-profit arts sector are addressed below in relation to the Department of Finance's role in relation to the provision of tax benefits on donations.

The White Paper envisaged the national Department of Arts and Culture playing a lead role in the promotion both of direct funding for the arts generally, and the diversification of the funding landscape for the arts through the unlocking of new resources from the private sector and international funding agencies. The White Paper outlines a basic conceptual position on the funding of the arts which seeks to both respect the autonomy and independence of the arts, and address wider social and economic objectives:

"[We] wish to develop exactly that "arms length" relationship which is fundamental to freedom of expression. At the same time, all funding from the public purse carries certain obligations with it, and these obligations of accountability must be applied with due responsibility and creativity. Promotion without undue promulgation would be our ideal."<sup>82</sup>

One of the signal shifts that occurred in the post 1994 period involved concerted efforts on a variety of fronts to make larger amounts of grant funding available on a more equitable and transparent basis, as opposed to being sunk into the large and expensive national performing arts institutions and museums, largely located in urban areas and historically primarily servicing white audiences and consumers. This involved directly setting up particular entities (the National Arts Council, Business and Arts South Africa, the National Lottery Distribution Trust Fund), as well as looking at ways to encourage and promote greater levels of private sector and international investment.

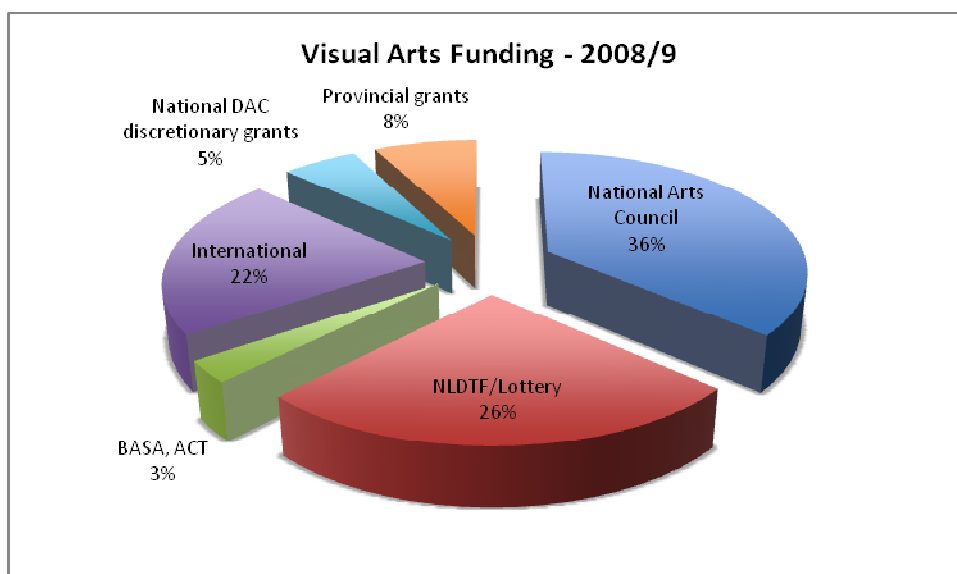
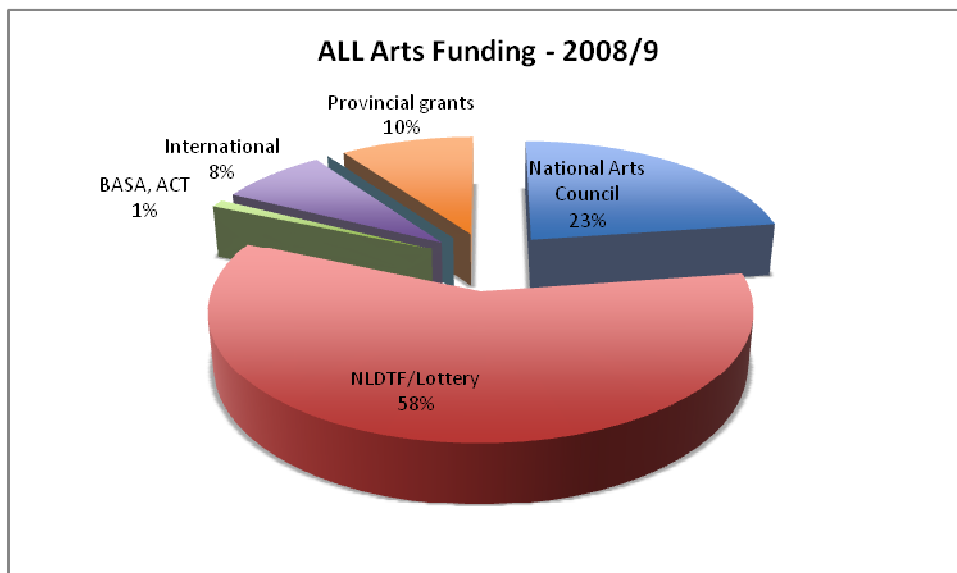
Indeed, during the course of the last fifteen years, virtually all of the funding structures contemplated in the White Paper have in fact been realised. This has led to a situation in which approximately R15,5 million was disbursed to the visual arts sector through responsive grantmaking schemes in the 2008/9 financial year – just over 5% of the estimated R284 million made available to the arts as a whole<sup>83</sup>. The following table and charts indicates the split for all sources of public and international funding for the arts overall, and for the visual arts, for the 2008/9 financial year. These figures do not include investment through corporate sponsorship and Corporate Social Investment programmes – these are separately discussed below.

Overall funding	2008/9 – ALL art forms		Visual Arts as % all
		2008/9 – Visual Arts	Arts
National Arts Council	65 244 710	5 640 699	8,6
NLDTF/Lottery	168 480 624	4 011 574	2,4
BASA, ACT	2 873 500	445 500	15,5

<sup>82</sup> White Paper, 1996, preface, accessed at [www.dac.gov.za](http://www.dac.gov.za)

<sup>83</sup> Note that these figures only reflect funding schemes that involve the accessing of funds *by application*; they do not include investment through the procurement of services by national, provincial or local government, or the annual subventions to institutions such as art museums and community arts centres (this is dealt with in the ensuing section on institutions); the figures for total funding available for the arts also do not take into account projects of the national Department of Arts and Culture such as the Investing in Culture programme, which would push the overall figure for funding for the arts substantially higher.

International <sup>84</sup>	22 349 922	3 331 956	14,9
National DAC discretionary grants	not known	854 529	less than 1%
Provincial grants	28 080 458	1 172 040	4,2
<b>TOTAL</b>	<b>287 029 214</b>	<b>15 456 298</b>	<b>5,4</b>



The mandates and funding patterns of each of these entities in relation to the visual arts are analysed in more detail in the ensuing section.

<sup>84</sup> These figures reflect a limited sample of international funders: the French Institute/French Embassy, Pro Helvetia (Switzerland), the Swiss Development Corporation, the Mondriaan Foundation (Holland), Africalia (Belgium). It was not possible to obtain funding information from a number of other key funders, such as the Goethe Institute and the Royal Netherlands Embassy. These figures also do not reflect bilateral funding agreements negotiated directly with foreign governments by the DAC; they only reflect the direct funding of organisations and projects on an application basis.

The Ministry was also responsible for setting up the National Research Foundation (NRF), which makes research grants available to higher education institutions. When the Ministry of Arts, Culture, Science and Technology was split into two separate Ministries, responsibility for the NRF was allocated to the Department of Science and Technology. It is not known what the funding profile of the NRF is in relation to the arts in general or the visual arts in particular – engagement with the targeted promotion of academic research across the visual and performing arts represents an additional avenue that the Department could pursue in the future in partnership with the NRF.

#### *The National Arts Council*

The National Arts Council was established in the latter part of the 1990s under the National Arts Council Act no 56 of 1997, replacing the pre-1994 Foundation for the Creative Arts. The National Arts Council is governed by a Board ('the Council'), which is composed of 9 provincial representatives and 9-14 other nominated members, who are subjected to a public interview process and are appointed by the Minister. The Cultural Laws Amendment Act (no 36 of 2001) subsequently also made the appointment of the Chairperson of the Council the prerogative of the Minister of Arts and Culture. The objects of the council are to:

- To provide, and encourage the provision of, opportunities for persons to practice the arts;
- To promote the appreciation, understanding and enjoyment of the arts;
- To promote the general application of the arts in the community;
- To foster the expression of a national identity and consciousness by means of the arts;
- To uphold and promote the right of any person to freedom in the practice of the arts;
- To give the historically disadvantaged such additional help and resources as are required to give them greater access to the arts;
- To address historical imbalances in the provision of infrastructure for the promotion of the arts;
- To promote and facilitate national and international liaison between individuals and institutions in respect of the arts;
- To develop and promote the arts and to encourage excellence in regard to these.

In fulfillment of these objects, the Council receives an annual grant from the Department of Arts and Culture, which is then distributed to the sector through (usually) the medium of a bi-annual Call for Proposals. Between 2006/7 and 2008/9 the annual allocation from the Department has grown from R47 894 000 in 2005/6 to R72 853 000 in 2008/9<sup>85</sup>.

The Council appoints advisory panels for each art form to make recommendations on the allocation of grants against submissions made to the NAC, informed by the set of overarching purposes outlined above. These panels assess submissions across the following areas:

- Visual Arts
- Crafts
- Dance And Choreography
- Literature
- Multi-Discipline

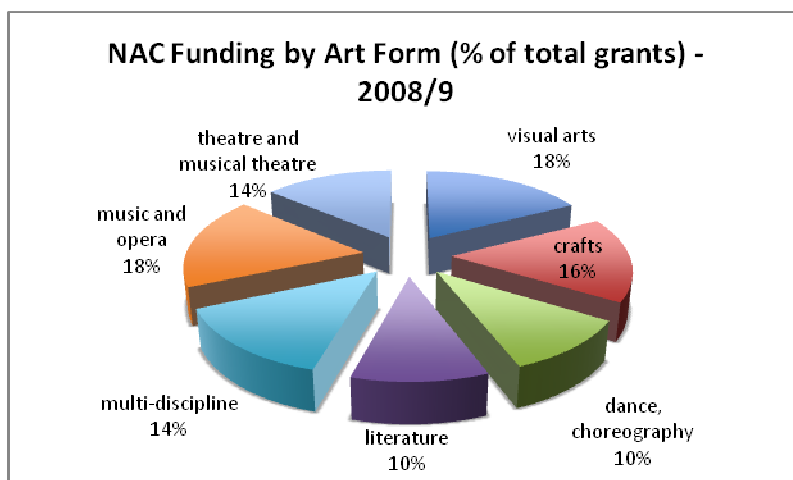
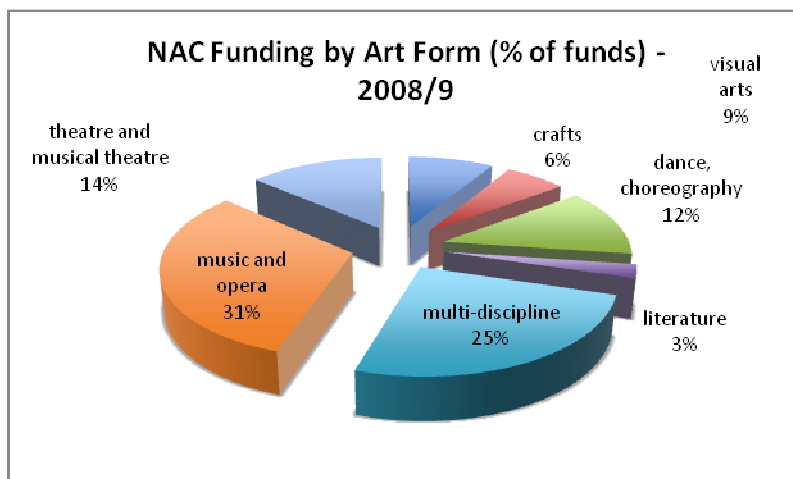
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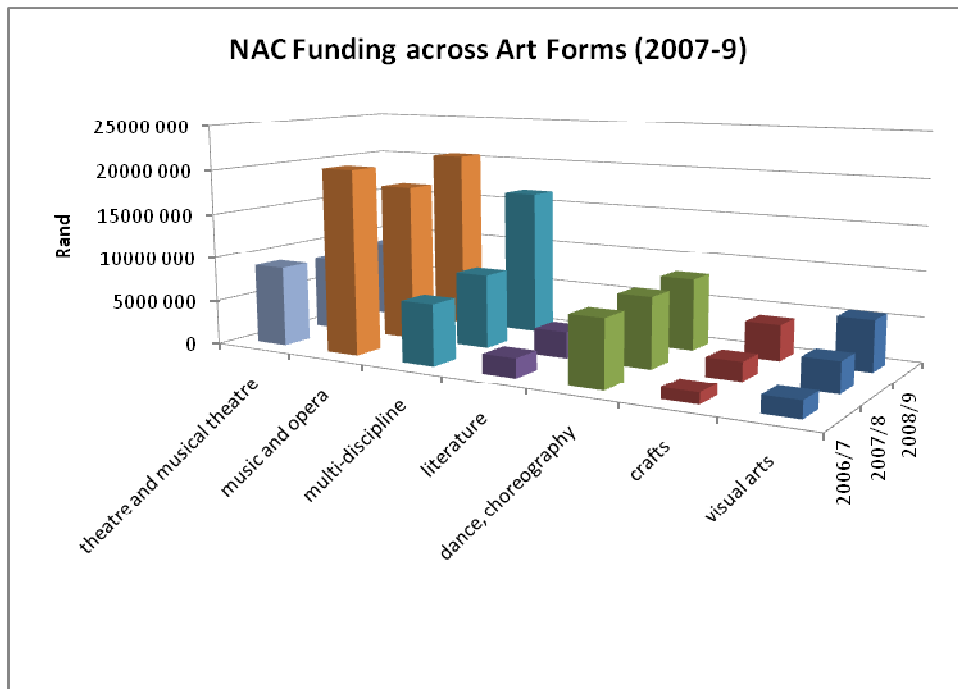
<sup>85</sup> Annual Reports of the Department of Arts and Culture: 2006/7, 2007/8, 2008/9; accessed at [www.dac.gov.za](http://www.dac.gov.za)

- Music And Opera
- Theatre And Musical Theatre

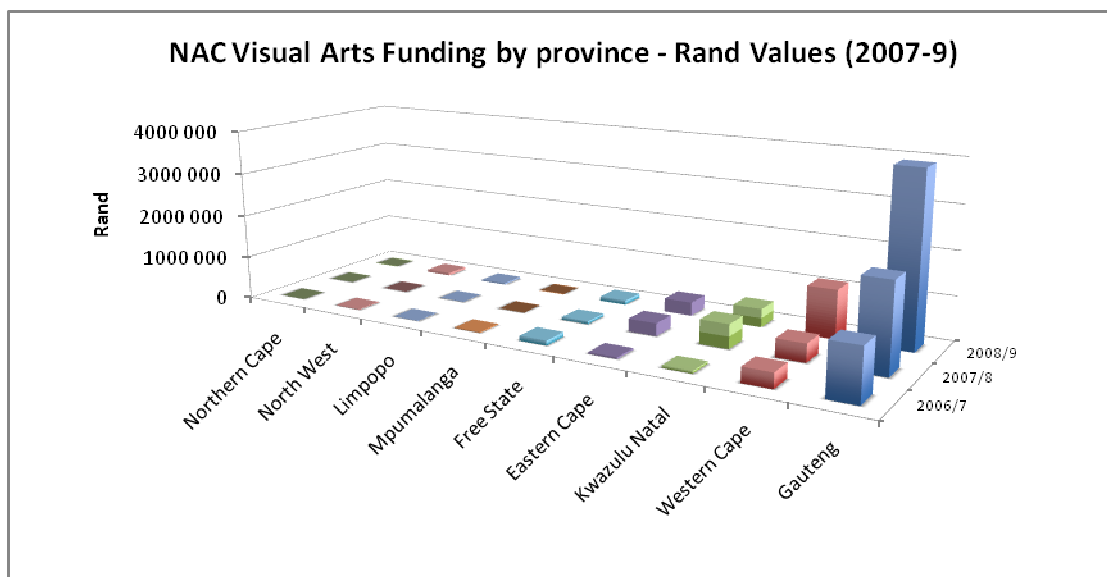
For visual arts, eligible projects include: creation of new art works, exhibitions, touring exhibitions, visual arts catalogues, research and documentation, art teaching at community level, workshops and residencies. In addition, individuals and institutions can also apply for bursaries from the NAC to support further study in a particular art form or associated area (eg arts management).

Total funding disbursed to the arts sector grew from R48 million in 2006/7 to R67 million in 2008/9. The following two charts show the relationship between the share of funding that the visual arts receives versus the number of grants approved for each art form. The third chart shows trends in overall funding to the different art forms during the 2007-9 period. While the visual arts – together with music – has the greatest number of submission approved, it receives the third smallest total allocation of actual funds (9% vs 31% for music and opera). While there is a steady incline in the share of visual arts funding (from 4% to 7% to 9% of total NAC funds between the 06/07 and 08/09 financial years), the data demonstrates the extent to which National Arts Council funding disproportionately benefits the performing arts.

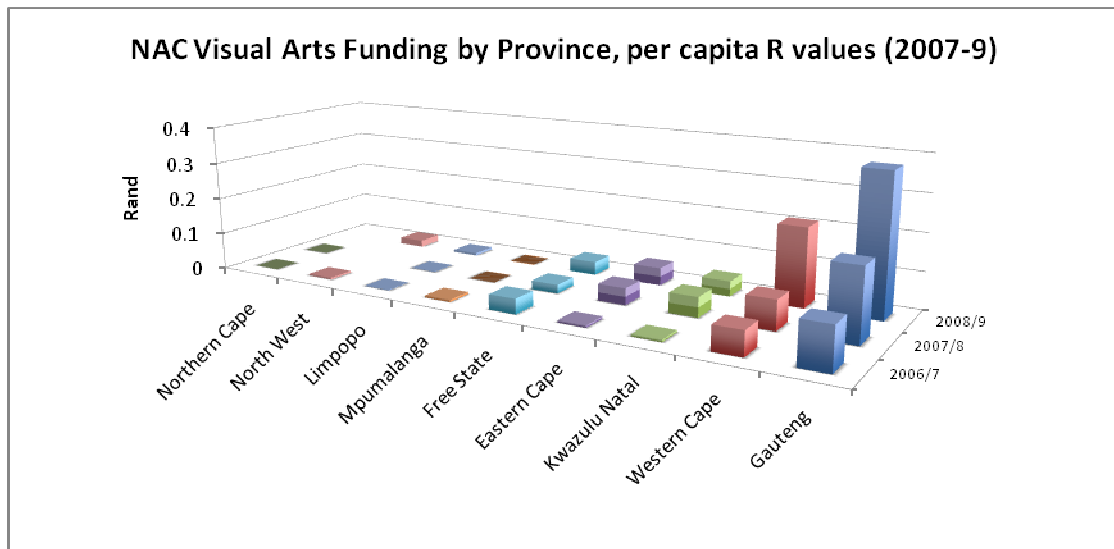




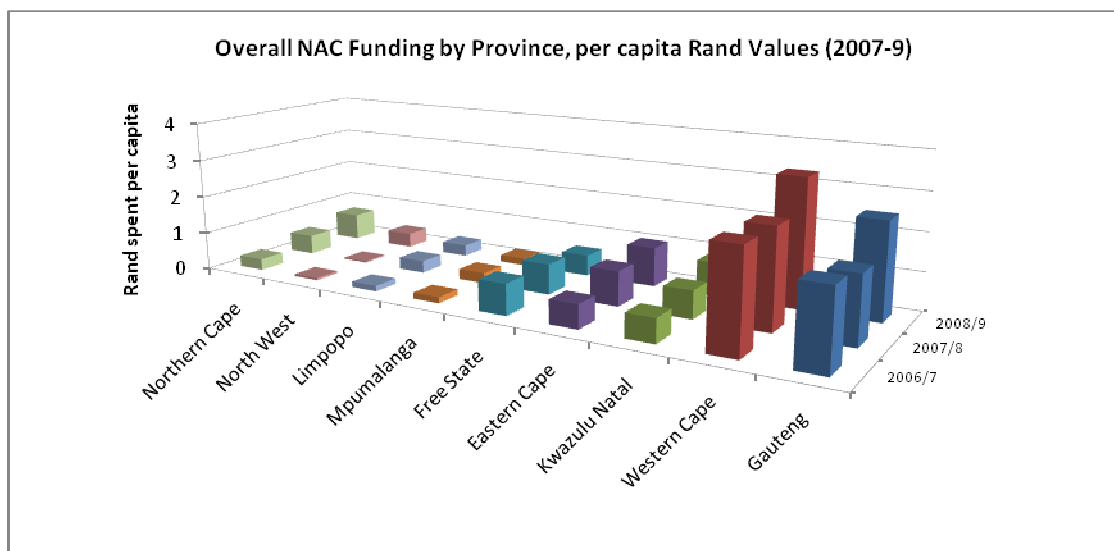
When NAC funding is broken down by province, it is also clear that Gauteng receives by far the largest share of visual arts funding. This is even the case when one considers this funding on a per capita basis (i.e. the amount of visual arts money spent moderated against the total population of each province), as demonstrated in the following two charts:







This contrasts however with the overall spread in National Arts Council funding across ALL art forms, where the Western Cape shows higher levels of funding than Gauteng when this funding is considered on a per capita basis:



Consideration of National Arts Council funding patterns within an international context highlights some of the basic constraints that the Arts Council operates under in relation to its current level of subsidy from national government. In 2008/9, the Arts Council of England invested a total of £570 million (over R6,6 billion) in the arts – a significant portion (8%) of this budget was derived from the National Lottery in the UK. Over half of this budget (58%) was assigned to regularly funded arts organisations, and £67 million (circa R780 million) could be applied for directly. In the same year, the Arts Council of Australia invested A\$175.3 million (circa R1,16 billion) in the arts overall and A\$16,8 million (R111,1 million) in the visual arts alone (10% of it's overall budget). Even given the substantial differences in the national economic contexts of the countries under consideration, the comparison is indicative of an overall level of underfunding in the South African context.

#### *Funding Programmes within the Department*

In the normal course of things, the Department does not provide funding on an application basis – this is the function of the National Arts Council. However, the department does in

certain instances provide direct programme funding in areas that it regards as being of strategic importance. For example, the Investing in Culture programme has involved substantial investment in craft projects with a job creation/skills development dimension across the country – over R45 million was spent on this programme in 2008/9 alone (down from R76,5 million in 2007/8). The Arts, Social Development and Youth directorate is also involved in funding a variety of initiatives related to community arts centres and arts in education, which cut across art forms.

Visual arts specific funding has largely been channeled through the Multi-Media: Visual Arts unit. Recent projects supported include:

- The Visual Century Project – a multi-part documentation of the last 100 years of visual arts practice in South Africa
- The Innovative Women in Art Exhibition – an exhibition of ten leading black South African women artists
- The Cape Africa Platform – a conference and biennale project

Funding directly to the visual arts has been extremely limited by comparison to direct DAC involvement in other sectors such as craft.

#### *The National Lottery Distribution Trust Fund*

The National Lotteries Board and National Lottery Distribution Trust Fund were brought into being through the Lotteries Act (Act no.57 of 1997). The Trust Fund is managed by the National Lotteries Board, and operates with funds that are received on a weekly basis from the operator licensed to run the National Lottery, against a predetermined formula. The proportion of monies transferred ranges between 10% and 40% of proceeds from Lottery ticket sales.

The NLDTF was operationalised only during the course of 2000 and 2001, with Distributing Agencies appointed by the Minister for each of the three legislated areas of funding:

- arts, culture and heritage
- sports and recreation
- and charities.

The Distributing Agencies are appointed on the basis of a process of nomination, and on the basis of consultation with relevant government departments – in the case of the Arts, Culture and Heritage panel, this involves the Minister of Trade and Industry consulting with the Department of Arts and Culture. The NLDTF makes grants in the following areas:

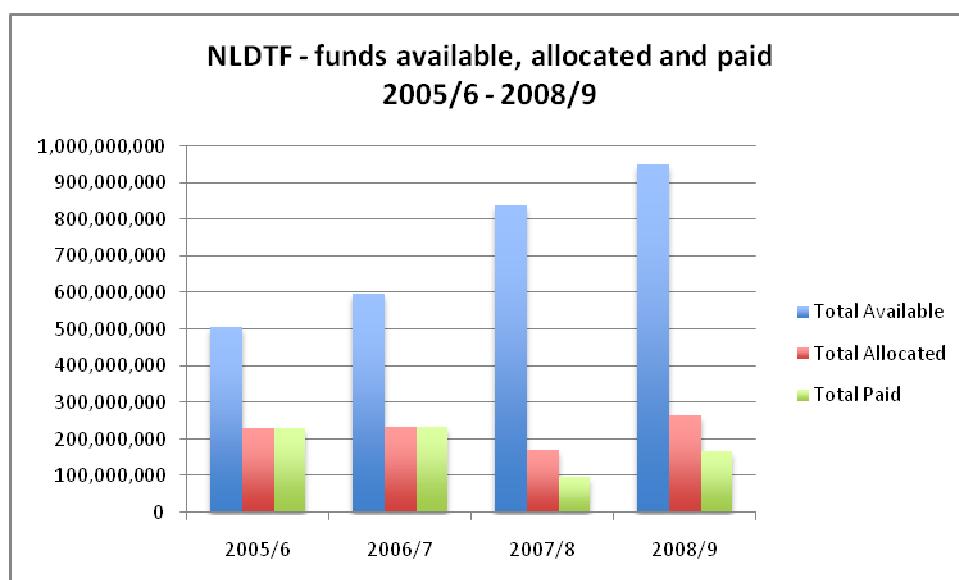
- Major projects, defined as projects of national significance
- Rural grants, targeting arts, culture, heritage, indigenous knowledge and Environmental projects in the provinces outside of Gauteng and the Western Cape
- Arts: encompasses –
  - Creative Development Grants for the development of new work
  - Grants for Festivals
  - Grants for Film Production
- Grants for Public Art Projects
- Heritage grants
- Grants for Environmental and Eco-tourism projects

The National Lottery Distribution Trust Fund is the largest single funder of the arts in South Africa – in the 2008/9 financial year, the NLDTF had just under R1 billion available to spend

on arts, culture and heritage organisations and projects, approximately 15 times the amount that the NAC spent in the same year.

However, funding data extracted from successive annual reports reveals a number of disturbing trends within NLDTF support for the arts generally and the visual arts in particular. The following table shows, for each year from 2005/6, the amount of money available for disbursement to arts, culture and heritage projects, the amount that was allocated and the amount that was actually recorded as spent.

Year	Total Available	Total Allocated	Total Paid	Total paid as % of available funds	No of grants to the visual arts <sup>86</sup>	Paid to Visual Arts Projects	Visual Arts as a % of Total Paid
2005/6	507 000 000	228 800 000	228 800 000	45%	4	2 866 139	1,25%
2006/7	598 000 000	235 000 000	234 954 568	39%	5	8 217 713	3,50%
2007/8	837 800 000	170 300 000	96 429 232	12%	5	4 225 956	4,38%
2008/9	949 800 000	263 800 000	168 480 624	18%	10	4 011 574	2,38%



The data demonstrates an overall year-on-year decline in the capacity of the NLDTF to spend the money that it has available for arts, culture and heritage, with the 2007/8 financial year representing something of a nadir in the organisation's performance in this regard. It also indicates that the amounts allocated to the visual arts are accounted for by a small number of large grants – in contrast to the National Arts Council, which distributes a larger number of smaller grants. The proportion of all funds allocated to the visual arts is also extremely low by comparison to, for example, the National Arts Council. The Funding Practice Alliance, a coalition of non-profit organisations has conducted research that shows that the arts, culture and heritage Distributing Agency has performed the worst of the three distributing agencies which have been established, distributing just 54% of all monies available for

<sup>86</sup> figures for disbursements to visual arts organisations have been based on scrutiny of the detailed lists of funds disbursed including in NLDTF annual reports. These reflect grants to organisations whose primary mission relates to the visual arts, and does not include festivals, community art centres, multi-form projects. In at least one instance, a beneficiary is recorded as being paid funds in the 2006/7 annual report when this was not in fact the case – the particular beneficiary was only contacted in early 2010 by the NLDTF, in response to a funding application made in 2005/6.

disbursement during its eight years of existence<sup>87</sup>. The fact sheet also notes the familiar problems of the bulk of funding going to the three most resourced provinces.

While the critical problem of unspent – and accumulating – monies may to some degree be ameliorated by NLDTF expenditure relating to the 2010 World Cup, it is clear that there is a set of underlying systemic problems that will need to be resolved. A Department of Trade and Industry Presentation to the Parliamentary Portfolio Committee in February 2010 makes reference to a set of challenges relating to administration, including ‘capacity constraints, communication, loss of documents, grant agreements’.<sup>88</sup>

New regulations were introduced in July 2010 which seek to promote more effective distribution of Lottery funds, and resolve a number of other issues relating to the framework for accountability around the NLDTF and lack of clarity in the criteria which are applied to submissions. In terms of these regulations, 50% of funds available for disbursement are reserved for particular priority areas. In the case of the Arts, Culture and Heritage sector, these priority areas have been identified as projects concerned with traditional knowledge and culture, the development and preservation of heritage sites and the promotion of arts and crafts by disabled people and women. A degree of relaxation on the administrative requirements attached to submissions – new applicants no longer need to submit audited financial statements, and can now submit financial statements prepared by an independent accounting officer. The February 2010 presentation also contemplates the National Lotteries Board undertaking and education and outreach campaign aimed at encouraging more and better quality applications from beneficiaries across the country.

While the latter measures will make it easier for first-time organisations to apply, the Department of Trade and Industry has also indicated that applicants will be required to ‘attend training prior to allocation of funds on the utilisation of funds, [relating to] reporting of funds, record keeping for accounting purposes, possible areas of improvement’. It is unclear how the new regulations and proposals will address the problems of ‘capacity constraints, communication, loss of documents, grant agreements’, which would appear to be among the key factors in impeding the effective distribution of funds – indeed such requirements for training will place further demands on the administrative and management capacity of the NLDTF.

#### *Business Arts South Africa and the Arts and Culture Trust*

The Arts and Culture Trust was established during the course of the 1990s prior to the formation of the National Arts Council and the National Lottery Distribution Trust Fund, partly in response to the need to address continuity of funding to organisations and projects in the absence of these structures being in place yet. The Department of Arts and Culture was one of the founding trustees for the organisation, contributing a portion of the seed capital for the Trust. The trust capital has now evolved into a substantial fund from which the organisation can run its core operations, and ACT now runs a variety of modest funding schemes supported by both international donors (such as the Royal Netherlands Embassy) and development funders (such as Breadline Africa). It has continued to play a small but significant role in the funding of the sector and has achieved a reputation as a responsive and professionally run grant-making body.

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<sup>87</sup> Funding Practice Alliance. 2010. NLDTF and NDA Literature Review Fact Sheets. Accessed at [http://www.inyathelo.org.za/downloads/NDA\\_and\\_NLDTF\\_Literature\\_Review\\_Fact\\_Sheets.pdf](http://www.inyathelo.org.za/downloads/NDA_and_NLDTF_Literature_Review_Fact_Sheets.pdf)

<sup>88</sup> Department of Trade and Industry. 2010. Challenges on National Lotteries Distribution Fund: Presentation To The Portfolio Committee On Trade And Industry. Accessed at [http://www.thedti.gov.za/parliamentary/020310\\_dti\\_presentation\\_NLB.pdf](http://www.thedti.gov.za/parliamentary/020310_dti_presentation_NLB.pdf)

Business Arts South Africa was established in 1997 as a joint initiative between the (then) Department of Arts, Culture, Science and Technology (now the Department of Arts and Culture) and the private sector – the culmination of the White Paper’s stated commitment to investigate the formation of a “National Association for Business Sponsorship of the Arts”.

BASA plays a role in facilitating business sponsorship of the arts and runs a matching grant scheme aimed at incentivising partnerships between the arts community and the corporate world. Aside from funding, BASA also plays a significant role in research and advocacy, commissioning research into audience trends, and staging events such as the BASA Awards (sponsored by Business Day) aimed at recognizing and promoting exemplary arts/business partnerships. [http://www.thedti.gov.za/parliamentary/020310\\_dti\\_presentation\\_NLB.pdf](http://www.thedti.gov.za/parliamentary/020310_dti_presentation_NLB.pdf)

BASA is registered as an independent legal entity, registered as a section 21 company, and receives an annual grant from the Department, in addition to revenue generated through corporate membership and project-specific funding. The Department’s allocation to BASA has grown from R4 349 000 in 2005/6 to R5 180 000 in 2008/9<sup>89</sup>.

While the overall funding allocations of BASA and ACT are small, they play an important role in the overall funding map of the sector as small, flexible agencies able to add value to projects beyond simply making financial resources available.

#### *Provincial Government*

The White Paper also envisaged provincial government playing a complementary role in the provision of funding at a provincial level. Provincial government has been involved in funding for the visual arts in two ways: through the establishment of provincial arts councils and through direct funding to the arts from provincial departments carrying the arts and cultural mandate. Along similar lines to the regional structures of the Arts Council of England, the Provincial Arts Councils were envisaged as regional counterparts to the National Arts Council, supporting arts and cultural organisations and projects producing significant work at a regional level.

A variety of models have been followed in the establishment of provincial arts councils, and the scale of funding administered by these structures has varied greatly between provinces and departments. The overall scale of funding has generally been modest, and the proportion assigned to the visual arts small. The following represents a breakdown of allocations during the 2008/9 financial year based on data that could be obtained from provincial departments.

<b>Provincial Arts Councils</b>	<b>2008/09 – ALL arts</b>	<b>2008/09 – Visual Arts</b>	<b>Visual Arts as % of ALL arts</b>
Gauteng	6 742 500	190 000	2,8
Western Cape	10 147 595	258 570	2,5
Kwazulu Natal	not known	not known	
Eastern Cape	5 409 139	383 500	7,1
Free State	5 000 000	280 000	5,6
Mpumalanga	not known	not known	
Limpopo	0	0	-
Northern Cape	not known	not known	
North West	781 224	59 970	7,7
<b>TOTAL</b>	<b>28 080 458</b>	<b>1 172 040</b>	<b>4,2</b>

<sup>89</sup> Department of Arts and Culture. Annual Reports, 2006/7, 2007/8, 2008/9. Pretoria

In addition to these allocations through arts council-type structures, other finance is made available for projects and initiatives seen as being of strategic significance at a regional level, though there is extreme variation in levels of investment between regions. In the Western Cape, for example, an additional R10,72 million was made available through the Micro-Economic Development Strategy (MEDS) of the provincial Department of Economic Development and Tourism (DEDT) – R1,15 million of this went to the visual arts. In Gauteng, substantial investment over and above funds allocated by the Gauteng Arts and Culture Council (reflected in the above table) went into the visual arts through support for the Joburg Art Fair and the Soccerex exhibition in the same financial year. In the case of Limpopo however, no budget allocation was made to the Limpopo Arts and Culture Council during the 2008/9 financial year. An independent non-profit organisation, the Limpopo Arts and Culture Association, invested R478 000 of NLDTF, Corporate and international funding into the visual arts in the province in 08/09, of which approximately R300 000 went to the visual arts.

Funding for the visual arts from provincial arts and culture councils and provincial departments is likely to remain modest, as reflected in the data above. Particularly in the more rural provinces where visual arts infrastructure is very limited, priority is given to investment in craft projects and organisations, where social and economic outcomes are more immediately recognizable from a public policy point of view.

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#### *Local Government*

Local government does not generally play a direct role in the provision of grant funding. This is both a function of the public finance management framework that local government operates within (the Municipal Finance Management Act) which does not accommodate the disbursement of grants, and of the fact that the resources of local government are substantially more constrained than is the case with the other spheres of government. It is only in the major Metropolitan municipalities any investment in the visual arts is possible – this generally happens in three ways:

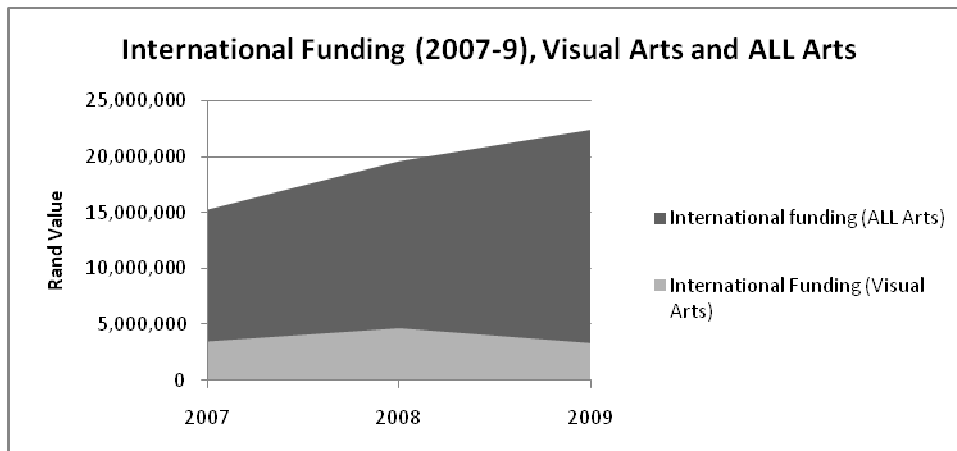
- The regularised funding of municipal museums and municipally owned community art centres (addressed in ensuing section)
- The development of institutional and capital infrastructure which supports the arts
- The commissioning of projects – exhibitions, festivals and the like.

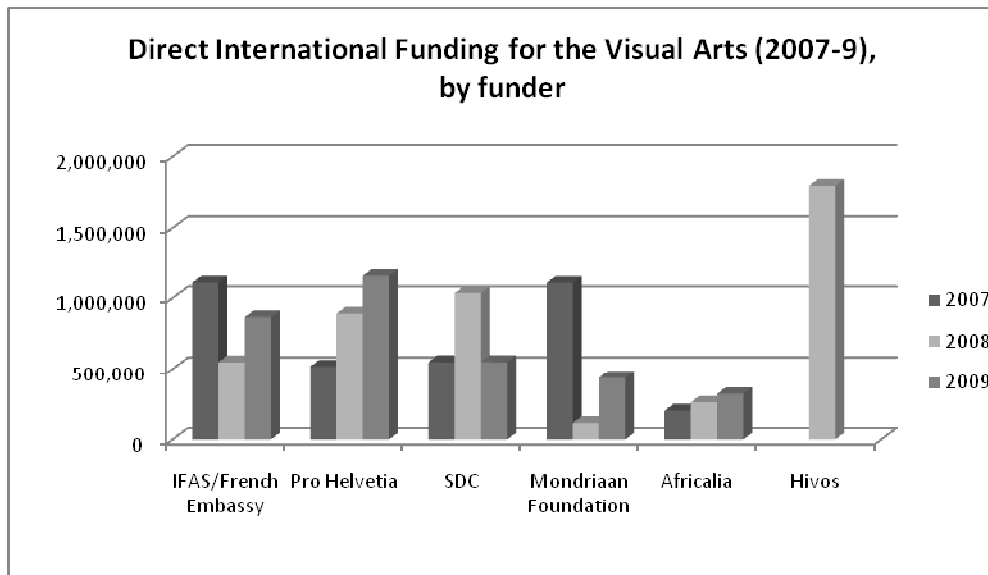
The City of Johannesburg (CoJ) has been the most active municipality in the latter two areas within the visual arts. The CoJ was involved in the setting up of the Joburg Art Bank in the mid 2000s, an agency involved in purchasing work from artists and making this work available on a for-hire basis to government departments and corporate clients. The City has also commissioned a volume of public art during the course of the last five years, much of it through the Johannesburg Development Agency, and the majority of work located in the inner city of Johannesburg. The City of Cape Town, the Ethekwini Municipality and the Nelson Mandela Bay Municipality have all also been involved in the procurement of public art over the last two years, much of it linked to the 2010 Soccer World Cup. These are all however projects which have been procured against a terms of reference, and the resources attached to them are only accessible to artists through a competitive bidding process.

### *International Funding*

As noted in the preceding section, international funding of the arts played a significant role during the 1970s and 80s in South Africa in promoting alternative creative work within the larger context of the liberation struggle. In line with the provisions of the White Paper, the Cultural Development and International Cooperation Programme within the national Department has been involved in negotiating a number of bilateral agreements which have involved investment in the arts from other countries in the post-apartheid period. These have included funding agreements with Flanders (focused on community arts and local cultural policy development) and Sweden (focused on collaborative projects between art museums in the two countries). These programmes have not generally involved a process of open calls for applications to the arts sector, and have usually been developed around particular organisations and public institutions. This has sometimes been cause for concern within the arts community, with the Department being viewed as a gatekeeper for international funding.

International funders have also continued to play a significant role in the direct funding of projects and organisations, without any direct interface or connection with the national Department. This funding is usually linked to ideas of exchange and collaboration between artists and organisations from different national contexts. This kind of direct international funding has also not been as encumbered as local funding agencies with expectations around developmental impact. The small sample of the major funding agencies from whom funding information could be accessed for this report suggests that direct international funding accounted for approximately 22% of all funding for the visual arts in the 2008/9 financial year. The actual proportion is likely to be substantially higher.





### *Corporate Sponsorship*

Successive versions of the King Report on Corporate Governance have increasingly compelled the corporate sector to consider social investment as a core concern of the private sector in building a conducive environment for business in South Africa. This has led to the rise of Corporate Social Investment (CSI) programmes, many of which have an arts and cultural component. The Triologue annual survey of CSI investment for 2009 lists 22 corporate entities who have CSI programmes which include the arts.

While it was not possible within the scope of this research to get accurate figures for the proportion of corporate sponsorship and investment in the visual arts sector, the BASA Artstrack 2009 research report also provides some important insights into corporate support for the arts. The report estimates that in 2009, the corporate sector would spend in the region of R358 million on sponsorships across all arts disciplines – about 10-12% of what is envisaged to spend on sports sponsorships in the same year. Of this amount, nearly half (R173 million) would be accounted for through the sponsorship of music events<sup>90</sup>.

Overall sponsorship of the visual arts by the corporate sector can be estimated at between R10 and R15 million per annum – a significant portion of this being accounted for through First National Bank’s sponsorship of the Joburg Art Fair, and the support of Spier Holdings for the Africa Art Centre programmes, which include the Spier Contemporary Art Competition.

### *Tax Benefits*

The White Paper for Arts Culture and Heritage envisaged that the Ministry would “explore how the current frameworks may best be utilised for such tax efficient donations, and at the same time seek to widen tax benefits for the promotion of the arts, culture and heritage.” In the United States for example, tax incentives have played a far more significant role than direct funding for the visual arts sector, as noted by a Rand Corporation study on the Visual Arts in America:

<sup>90</sup> Business and Arts South Africa, BMI Sport Limited. 2009. ArtsTrack 2009. BASA: Fordsburg. p. 49



“The creation of tax incentives for philanthropy as part of the new federal income tax in 1913 and 1918 was a boon for museums and other arts organisations thereafter... [government’s] primary influence on the operation of [the visual arts system] system is largely indirect, via regulations, tax policies, and other government actions that create incentives for private individuals to act in particular ways... indirect government support for the arts through tax policy provides considerably more funding for the arts than does direct funding.”<sup>91</sup>

In the South African context, modest provision exists within section 18(A) of the Income Tax Act of 1963 for donations to organisations registered as Public Benefit Organisations to be tax deductible. This provision applies to any amount that is less than 10% of the donating entity’s taxable income in a given financial year, up to a maximum of R100 000 per annum. Originally this provision only applied to religious, charitable and educational activities. Though the Katz Commission of Inquiry (1999) widened the application of this provision to explicitly encompass non-profit activities in the arts and cultural sector, this provision has however not been very widely utilised in the arts sector. Reasons for this include widespread ignorance of the precise nature of the benefits on the part of non-profit organisations<sup>92</sup>, as well as general disinterest from the corporate sector. Business and Arts South Africa’s Artstrack 2009 research report notes that 79% of corporate respondents to the survey indicated no special preference for supporting organisations that have this tax status<sup>93</sup>. Anecdotal evidence suggests that the bureaucratic complexities (and potential scrutiny of company’s tax affairs) that accompany the usage of this provision outweigh the benefits.

The likelihood of a more robust set of tax benefits being successfully advocated for seem small beyond the changes effected through the Katz Commission of Inquiry. Appeals from the publishing industry regarding the reduction or abolition of import duties on books have been rejected by the Department of Finance, which is inclined to err on the side of caution with regard to tax dispensations related to special interests, due to the potential for abuse of these arrangements.

### *Cross Cutting Issues*

A number of key points can be extracted from the above review of funding patterns:

The National Arts Council has, during the period of review, functioned relatively well as a responsive grantmaking organisation in the wake of some of the governance and management crises of the early 2000s – it has managed to award a significant number of grants to the visual arts and progressively grow the visual arts share of the overall funding allocation.

The visual arts sector generally receives low levels of funding by comparison to the performing arts. This is partly a function of the organisational structures within the visual arts: these tend to be focused around individual artists rather than groups or companies as in the performing arts. The legal entities that do exist, such as galleries, are overwhelmingly commercial in character (which excludes them much public funding) and less able to effectively articulate connection to public policy goals. In the case of the National Arts Council, some progress has been made in addressing this imbalance. International funding

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<sup>91</sup> McCarthy, K. Ondaatje, E. Brooks, A & Szanto, A. 2005. *A Portrait of the Visual Arts: Meeting the Challenges of a New Era*. Rand Corporation: California. pp 10;136-7

<sup>92</sup> see for example: Brewis, T. 2006. *A Review of the Income Tax Benefits for non-profit organisations in South Africa*. Cape Town: the NGO Consortium

<sup>93</sup> Business and Arts South Africa, BMI Sport Limited. 2009. *ArtsTrack 2009*. BASA: Fordsburg. p. 51

represents an exception to this trend – this may also be indicative of the more open-ended nature of this funding in relation to public policy goals.

The visual arts benefits significantly from international funding, receiving a larger share of this funding relative to other art forms than is the case with the proportions received from most local funders.

There is a very marked overall skew in the allocation of national sources of visual arts funding to artists and organisations based in Gauteng – a general trend for arts funding that is even more pronounced for the visual arts. This is partly a function of the proximity of arts organisations to funding organisations, which are largely located in Gauteng, and partly a function of the fact that the capacity for effective fundraising is most concentrated in Gauteng.

The National Lottery Distribution Trust Fund represents possibly the single greatest area of blockage and weakness within the funding system for the visual arts – and also potentially the single greatest opportunity for new revenue funding for both public and independent non-profit arts organisations. The funding available from the NLDTF is of a scale (at least ten times that of the National Arts Council) that could have a ‘sea change’ impact on the position of these organisations. In the case of public infrastructure such as national and municipal museums and collections as well as community arts centres, NLDTF funding could play a major role in enhancing the capacity for new exhibitions and outreach programming, as well as the financing of infrastructure development. In the case of the independent non-profit visual arts sector, the NLDTF could play a significant role in addressing the core costs of running these organisations, which most funding organisations are unable or reluctant to address directly, preferring to fund project costs where linkage to a desired outcome is readily apparent.