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GENERAL NOTICE

NOTICE 1218 OF 2009

MINISTER OF COMMUNICATIONS ELECTRONIC COMMUNICATIONS ACT, 2005 (ACT NO. 36 OF 2005)

NOTICE INVITING COMMENTS ON LOCAL AND DIGITAL CONTENT DEVELOPMENT STRATEGY.

Pursuant to section 3(1) of the Electronic Communications Act, 2005 (Act No. 36 of 2005) read with section 38 of the Broadcasting Act, to achieve the objectives of s2 of the Act, the Department hereby gazettes Local and Digital Content Development strategy for public comments.

Interested persons are invited to furnish comments on the Local and Digital Content Development Strategy, within 31 working days of the date of publication of this notice at any of the following addresses:

For attention: Dr. Mashilo Boloka
The Director, Broadcasting Policy
Department of Communications;

post to: Private Bag X 860
Pretoria
0001;

or deliver to: First Floor, Block A3
iParioli Office Park
399 Duncan Street
Hatfield;

or fax to: (012) 427 8059
or e-mail to: miyelani@doc.gov.za

The closing date is 20th October 2009 (Earlier submissions are encouraged to expedite the analysis). Please note that comments received after the closing date may be disregarded.

Ms. Miyelani Khosa can be reached at tel. (012) 427 8174 for any enquiries.



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Department:
Communications
REPUBLIC OF SOUTH AFRICA

Local and Digital Content Development Strategy for South Africa

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LIST OF ACRONYMS

ASGISA	: Accelerated Shared Growth Initiative of South Africa
CGHs	: Content Generation Hubs
DCF	: Digital Content Fund
DOC	: Department of Communications
DRM	: Digital Rights Management
DTI	: Department of Trade and Industry
ICASA	: Independent Communications of South Africa
ICTs	: Information and Communications Technologies
IP	: Intellectual Property
ISAD	: Information Society and Development
ITU	: International Telecommunications Union
MAPPSETA	: Media, Advertising, Printing, Publishing, Education & Training Authority
MDDA	: Media Development & Diversity Agency
NFVF	: National Film and Video Foundation
NEMISA	: National Electronic Media Institute of South Africa
NEPAD	: New Partnership for Africa's Development
NIPF	: National Industrial Policy Framework
PASPs	: Public Access Service Points
PSB Fund	: Public Service Broadcasting Fund
PSI	: Public Sector Information
SAA	: South African Airways
SABC	: South African Broadcasting Corporation
SADC	: Southern African Development Community
SMMEs	: Small, Medium and Micro Enterprises
TDRs	: Trusted Digital Repositories
USAF	: Universal Service and Access Fund
USAASA	: Universal Service and Access Agency of South Africa
WSIS	: World Summit on Information Society

GLOSSARY OF TERMS

Authority: Independent Communications Authority of South Africa

Bandwidth: Also known as capacity describing the amount of information or traffic that can be carried on the telecoms infrastructure in a given amount of time.

Content: Defined in the South African Development strategy (2003: 3) as all text, audio-text, still pictures, moving pictures and software that is accessible over publicly accessible networks.

Co-regulation: The sharing of regulation by a statutory regulating agency in collaboration with industry or sector bodies or organisations.

Dark Archives: Referring to archives not accessible or used.

Digital Asset Management: This term encompasses the strategies, technologies and process required to create, store, retrieve, approve, distribute and leverage rich media content such as video, audio, images, graphics as well as text.

Digital Content refers to what is defined in *Malaysia's Communications and Multimedia Act* (1998) as "any sound, text, still picture or other audio-visual representation, tactile representation or any other preceding, which is capable of being created, manipulated, stored, retrieved or communicated electronically".

Content Generation Hubs: Can be defined as facilities created for local communities to create, produce, market and distribute content.

Digital Rights Management: Refers to the process of enabling secure sale, distribution and appropriate use of Digital Content particularly in relation to access rights, pricing and distribution rights that surround the content.

Dual illumination: The process of simultaneously broadcasting analogue and digital broadcasting systems to allow smooth transition.

Ethnographic documentaries: Programme concepts derived from observing the cultural practices of group of people over a long period of time, particularly their history and culture.

Industry: Refers to content industry

Local content: Texts, images (moving and/or still) that is of cultural or creative in nature that is written, presented, produced and/or otherwise contributed to and owned by persons from South Africa transmitted over electronic platforms.

Local TDRs: Those preserving and storing content relating to local communities under the jurisdiction of traditional authorities and/or District/local municipalities.

Metro Content: Content produced and packaged in the metropolitan areas of Johannesburg, Cape Town and Durban.

Out-of-Metro Content: Content conceptualised, produced and packaged in areas other than Johannesburg, Cape Town and Durban.

Public Access Services Points: Refers to public platforms used by the communities to access internet.

Public Service Broadcasting Fund: A fund established in accordance with the Public Service Broadcasting Act to sustain public broadcasting services and other initiatives fostering development including content.

Republic: Republic of South Africa

Self Regulation: The process by which industries regulate themselves by developing their own codes of conduct and the procedures of complying with the codes.

Syndication: A process whereby content is produced and sold to multiple distributors in different markets for a fee.

Travelling Concept: Often termed foreign formats to refer specifically to programming concept which have their origins in foreign countries, and because of their success are adapted in other countries.

Trusted Digital Repositories: Sometimes referred to as National Repositories (archives, museums created to store, manage, control and safeguard heritage which are historical in nature.

Unlocatable Copyrights holders: Sometimes termed orphan works to generally refer to creative works whose authors, creators or composers are not traceable.

MINISTER'S FOREWORD

Throughout the world, economies are going through inevitable structural changes. Although sectors such as mining and manufacturing are still important, they can no longer sustain modern economies and safeguard existing jobs. It is on this basis that many countries are shifting from mining and manufacturing towards the knowledge economy. The raging economic recession has made the quest to shift towards knowledge economy not only a necessary process, but it has to occur quite rapidly to accelerate economic recovery. For this goal to be realised, the economy needs to undergo some fundamental structural changes that include:

- Diversifying the economy from its traditional reliance on minerals towards increased value per capita;
- Advancing to an inclusive information society in which information and ICT tools are key drivers of economic and societal development, and;
- Accelerating economic development of the African continent by actively supporting regional and continental initiatives.

The benefit of this shift is that it transfers economic power from the traditional conglomerate approach towards the creative ability of our communities by investing in their intellectual capital. This strategy adequately reflects this objective. It is formulated with an understanding that as part of the knowledge economy, local content has the potential to enormously contribute to the socio-economic development in South Africa. In view of the looming broadcasting digital migration, this is important to ensure that:

- The country's national repositories are replenished concomitant with heightened demand associated with digital migration;
- Existing content is not lost in a digital environment, but preserved as part of our heritage;
- New content reflecting South Africa and its diverse peoples is collected and showcased as part of building social cohesion and national unity, and;
- Economic value out of content production and related process is appropriated for the benefit of the communities.

It is based on these goals that this strategy is formulated to:

- Set out clear guidelines that define short and long term priorities and allocate roles and responsibilities to adequately deal with the complexity of digital content;
- Create market certainties for investment;
- Since content creation has Intellectual Property dimension, to guard against the exploitation of the communities during the collection process;
- Encourage the entry of more role-players in an attempt to bring about competition and build a strong digital content industry.

The knowledge economy is characterised by the availability and usage of information, ability to transform it into knowledge, as well as access to affordable, secure and reliable information and communication technology infrastructure and services. To this end, strategic interventions are made by the strategy in a number of areas, including funding and infrastructure to spur content development. As the bedrock of our country's heritage and taking into account government's priority for rural development, rural communities remain central to the objectives of this strategy. This is in line with the country's vision of accelerating rural development by unlocking the potential of our people's intellectual capital and creativity, thus building a stronger second economy.

General (Ret) Sphiwe Nyanda

Minister

EXECUTIVE SUMMARY

The local and digital content development strategy is formulated in anticipation of the multichannel environment presented by broadcasting digital migration to spur content development in the country and furthermore create jobs. In the context of this strategy, local content means texts, images (moving and/or still) that is of cultural or creative nature that is written, presented, produced and/or otherwise contributed to and owned by persons from South Africa transmitted over electronic platforms. Equally, digital content refers to any sound, text, still picture or other audio-visual representation, tactile representation or any other preceding, which is capable of being created, manipulated, stored, retrieved or communicated electronically.

This strategy is developed cognisant of the following factors characterising the content industry in South Africa inhibiting its growth:

- a) Domination by a few role-players;
- b) Lack of comprehensive support mechanism for aspirant and emerging content creators;
- c) Commissioning-driven nature of South African content industry;
- d) Limited platforms available to distribute this content;
- e) Skills shortage relating to script development and packaging;
- f) Lack of Access to a robust and reliable infrastructure to encourage content development, and;
- g) The concentration of content development activities in urban centres, particularly Johannesburg and Cape Town.

As a result, the local and content development strategy key interventions are made to grow the industry concomitant with the demand anticipated in a digital environment.

To encourage entry by new role-players in the industry, a comprehensive support is provided through the establishment of Digital Content Fund and Content Generation Hubs (CGHs). Digital Content Fund shall be managed and distributed by the Media Diversity

and Development Agency (MDDA) as part of its mandate relating to media development and diversity.

To stimulate content development the strategy encourages the effective utilisation of content lying in museums and the development of content in multiple languages. In addition, video rental facilities specialising in local content should be developed to encourage domestic trading.

The following content areas are prioritised to launch content industry in South Africa: animation, wild-life, documentaries, games and ring-tones. Not only are these areas cheaper to produce, they are also South Africa's unique selling point, and therefore have huge export potential.

Local content is a vehicle to contribute to developmental goals relating to ASGISA, job creation, empowerment of rural communities and access to e-government services.

Content development has the potential to create a strong content market in the region. South Africa should strategically use trade shows and marketing platforms, to promote and expand the local content market. Other key strategic vehicles to show-case local content include the South African Airways and the SABC International Broadcasting Services.

The scope of Digital Content transcends one department or sector. Therefore, frequent collaboration is a prerequisite for building a strong and sustainable digital content movement in the Republic. This is important to ensure that content activities are coordinated and monitored in accordance with the objectives of this strategy. Based on this, a Local Content Advisory Body, representing government, industry and other related sectors should be established to monitor the implementation of the Local and Digital Content development Strategy in South Africa. The Advisory Body shall build and expand on the work of the South African Production Advisory Body established in terms of section 38 of the Broadcasting Act (Act no 4 of 1999).

1. INTRODUCTION

1.1. Background

Similarly with other countries, the process of digitising content is gaining momentum in South Africa. Spurred by rapid technological changes, the trends are evident in sectors ranging from public and private sectors including the non-content industries such as government, business and finance. Although these trends have been evident, the process of developing Digital Content in South Africa began earnestly in 2007 following Cabinet approval to migrate the country's broadcasting systems to digital.

Albeit South Africa has regulatory tools such as quotas and funding schemes/incentives to promote local content, there is no comprehensive policy that provides a strategic framework for the management, funding and promotion of local content initiatives to create market certainty and attract investment in the sector.

On its own, Digital Content has a number of benefits:

- a) In a digital environment the distinction between content creation and consumption is blurred as anyone can be a content creator, thus presenting opportunities for economic benefits to all the people;
- b) Job- creation and economic growth;
- c) Building social cohesion and national identity;
- d) Long-term preservation of the country's diverse heritage for future generations;
- e) Increasing access to infrastructure as part of the country's quest to build an inclusive and people-centred information society;
- f) Repositioning South Africa as a content hub in the region.

1.2. The Objectives of Local and Digital Content Strategy in South Africa

This strategy is premised on the following:

- a) Funding and infrastructure remain the major bulwark in unlocking the potential of the industry particularly in encouraging the entry by Small, Medium and Micro Enterprises (SMMEs) and people from historically disadvantaged background, including rural communities, women, youth and people with disabilities;

- b) Incalculable volumes of SA's culture and heritage remain untapped nor preserved;
- c) Demand for SA content has proven to be significantly high and it is likely to increase in a digital multichannel environment;
- d) The time to digitize content is now as the transition to digital may result in much of the content inaccessible and ultimately lost permanently;
- e) SA's developmental goals relating to social cohesion, poverty eradication, nation-building and job creation will be met;
- f) Given its capacity and capability, SA can be a regional leader in content development as many of its neighbouring countries are yet to fully engage in similar initiatives;
- g) There are volumes of SA content lying in other countries' national repositories which need to be accessed by South Africans so that it can be part of the country's heritage.

In view of the above, the primary objectives of this strategy are to:

- a) Accelerate the growth of the industry by increasing content output;
- b) Facilitate the rapid entrance by new role-players, particularly from a historically disadvantaged background.
- c) Unlock the potential of the content industry in SA to create jobs;
- d) Create a highly competitive content industry that has a strong export potential, in accordance with the National Industrial Policy Framework;
- e) Use content development as a vehicle to foster regional integration; and;
- f) Position the country as a regional Content Hub.

The above objectives are set to be achieved through strategic funding and infrastructure investments, encouraging the promotion of content from historically disadvantaged groups, and promoting content as a vehicle for fostering regional integration and development. It is envisaged that access to funding and infrastructure will promote the empowerment of historically disadvantaged persons with particular attention to the needs of women, opportunities for youth and challenges for peoples with disabilities and develop and promote SMMEs in the content development industry, thus growing the

size of the industry thereby increasing local content output requisite for a digital environment.

Secondarily, the strategy seeks to implement South Africa's international commitment relating to local content, particularly WSIS Declaration and further enhance the value of Public Sector Information (PSI) ensuring that it is ubiquitously accessible. Admittedly, South Africa is at a favourable position to develop and subsequently implement Digital Content strategy not only for building a people-centred and inclusive information society in accordance with WSIS principles, but to furthermore accelerate socio-economic development consistent with the National Industrial policy Framework, the *Electronic Communications Act* and *Broadcasting Digital Migration Policy*.

1.3. Strategy and Legislative Environment

While a firm commitment to develop Digital Content was made in 2008, it is not occurring in a vacuum as there is a plethora of policies and legislations in place to support it, including but not limited to The *White Paper on Broadcasting* (1996), *Broadcasting Act*, (1999), *Electronic Communications Act* (2005), and *Broadcasting Digital Migration Policy* (2008).

1.4. International Precedents: Models and Key Learning for South Africa

South Africa is not the only country readying its content for a digital age. Nearly every country in the world regardless of its economic status is introducing Information and Communications Technologies (ICTs) that are changing the way in which information is being created, accessed and preserved. The difference, however, lies in the objectives of undertaking such an exercise, which eventually determines the strategic focus, approach and the nature of investment. The various models studied provided key lessons from which South Africa's Content development strategy can be developed and subsequently implemented. In studying these models, a number of fundamental issues have become clearly evident:

- a) Public sector needs to take leadership in Digital Content activities;
- b) A strong funding models is required;

- c) Public awareness is critical to encourage communities to take advantages of the enormous opportunities created by the content industry;
- d) Digital Content is a collaborative effort between public and private sectors;
- e) The need to cultivate a strong culture of local content production and consumption locally in order to sustain the industry, and;
- f) Need to invest in skills and encourage the youth to take careers in content sectors.

A number of countries provide valuable lessons through which South Africa can learn, but not necessarily to borrow as the socio-economic conditions, the trends, landscape and the underlying reasons for developing such a content strategy are entirely different. The South African content development strategy needs to be understood within the broader context of a developmental state that South Africa is. In this way, the strategy can be used as an interventionist mechanism to rapidly accelerate socio-economic development consistent with the *National Industrial Policy Framework*, the *Electronic Communications Act* and *Broadcasting Digital Migration Policy*.

1.5. The Scope of the Strategy

This strategy has specific objectives as outlined in 1.2. As a result, the strategy covers primarily two main areas relating to funding and infrastructure investment so as to address developmental goals relating to: the imbalances of the past particularly around access, building national identity and social cohesion, building competitiveness in the content industry and fostering regional integration. These areas underline the social and economic objectives of the strategy in respect of meeting developmental goals while building a strong and competitive industry.

2. ACCELERATING CONTENT PRODUCTION OUTPUT AND ADDRESSING THE IMBALANCES OF THE PAST

2.1. Addressing Industrial Deficiencies

While at first glance content industry in South Africa exhibits a competitive industry due to the number of players, it is beset by a number of industrial deficiencies which unless

addressed, will continue to constrain its potential. It is on this basis that the interventions below are made by this strategy.

2.1.1. Market Entry by New Role-players and SMMEs

The South African content industry is dominated by a few role-players which account for a large proportion of content produced in the country. This scenario does not augur well for the future growth of the industry in terms transformation and content diversity. As part of diversifying the industry, the strategy encourages the entrance to the industry by new players, particularly from historically disadvantaged groups, youth, women and people with disabilities. Therefore, funding and various developmental support mechanisms should be made available for new entrants to enable them to take advantages of these economic opportunities.

SMMEs are not only the seedbeds of content creation, they have a significant role to play in job creation. Consistent with the objectives of the *Electronic Communications Act*, this strategy encourages the development and promotion of SMMEs. Enormous economic opportunities are available for emerging content creators and Small Medium and Micro Enterprises (SMMEs) across the entire value chain of the content sector, including content creation and development, aggregation, syndication and distribution and marketing.

Easy licensing of copyright by SMMEs for digital content is promoted by this strategy to encourage the registration of copyrights and ensure protection of content creators. For SMMEs, as the seedbeds of innovative content creation, this is important to understand how to protect the works that they create, extract value of their copyright works and avoid violating the copyright of others.

2.1.2. Shifting from a Commissioning-driven Industry

At the moment the South African content industry is largely commission-driven. In other words, production companies largely produce what is required by the broadcasters and paid for in return. While this may guard against wastage, it has constrained the growth of the industry in a number of ways:

- a) There are no volumes produced, thus limiting the activities of the industry;
- b) Given that the production is based on the broadcasters' request, the content rights remain with the broadcasters including licensing rights. Resultantly, the producers own nothing upon selling their content;
- c) Broadcasters largely commission in accordance with their prescribed quotas, thus curtailing demand, and;
- d) Since commissioning is prescriptive, production is not driven by innovation and originality, hence the focus on overgrazed content formats witnessed in the industry, thus limiting diversity.

International lessons have demonstrated that a viable industry cannot be built based on commission approaches. While acknowledging that commissioning is part and parcel of content industry, South Africa needs to shift its industry from commissioning - driven approaches. For this shift to occur, the following must happen:

- a) Rapid heightening of demand for local content and increase volumes of content activities, and;
- b) Strong funding support for content creators so that their objectives of creating content is not determined by what content aggregators/distributors prescribe, but creativity instead.

This will benefit the industry in that content creators may have more control of their content and conditions under which the content is purchased. This will provide multiple licensing and syndication opportunities and stimulate production activities.

2.1.3. Stimulating and Sustaining Production Activities

Sustaining a content industry is as important as building it. Sustenance relates to a number of factors, including stimulating and sustaining production activities as well as continual investment in human capital and addressing skills shortages.

Stimulation of production activities pertain to the continual generation of new ideas/concepts and the ability to translate them into content material. This is key in building an innovative and competitive industry.

To stimulate and sustain production activities, the following are encouraged by the strategy:

- a) Effective utilisation of content lying in the museums. Thus, throughout the world, museums are the bedrock of the country for content storage, and therefore a tapestry of content development. They provide valuable material for generating diverse and original local content. There is a need to tap into content currently lying at the museums.
- b) Development of content in multiple languages. In a country like South Africa, the production of content in diverse languages should be accorded a high priority not only in building an inclusive information society, but as a way of stimulating content development amongst the rural communities. In addition, the development of content in multiple languages will:
 - i. Promote linguistic diversity;
 - ii. Enhance access, increase consumption;
 - iii. Encourage innovation without linguistic hindrance or constraints, and;
 - iv. Maintain the originality of content.

Therefore, funds should be made available to incentivise the production of content in multiple languages, particularly marginal languages.

To spur content production activities in the rural areas, this strategy encourages domestic trading in local content. This involves the establishment of accessible video rental/hire facilities or kiosks to provide opportunities for emerging content creators and distributors to trade in local content. Not only will this make local content accessible in communities, it will contribute to job creation and foster content business activities, thus stimulating more local content development and creation. Incentive schemes such as competitions for emerging content creators should be initiated as a way of encouraging innovation.

2.1.4. Investment in Human Capital and Addressing Skills Shortage

The digital environment is set to revolutionalise the entire content industry as it does not only blur the old existing boundaries of the value chain. It further requires reorganisation and alignment of skills, particularly for production, design and distribution. Providing adequately skilled people to operate in the digital environment is considered by most sectors of the industry to be the most urgent area to be addressed.

Various skills programmes in the country seem to focus on the technological aspects and neglect human capital development. While it is important to invest in technology, technology should be seen as an enabler. More, attention should be paid to developing sufficient skills to operate in a digital environment. Script development and packaging are some of the fundamental skills that should be prioritised. Initiatives needed to provide suitably skilled people include:

- a) Building stronger relationships between industry and training sector to identify and timeously address skills needs;
- b) Accreditation process for industry-based training activities that will assist in providing industry-ready entrants, and;
- c) Creation of competence-based internship or learnership support schemes and industry apprenticeships.

A number of institutions such as NEMISA, MAPPSETA and the planned Meraka e-skills Institute do exist in the country to address skills shortage. These institutions should therefore be aligned to address the skills requirements of the content sector by ensuring that strategies relating to the above are in place.

The country's youths should be encouraged to take careers in the broader fields of content industry. This will assist in ensuring a long-term labour supply while also creating employment opportunities and addressing issues relating to capacity and skills investment in the sector.

2.2. Comprehensive Support for Industrial Growth

Digital Content requires new financial, technical, and organisational capacity both for the development and sustainability of the industry. For a small industry like South Africa this is fundamental, lest the objectives of this strategy will not be realised.

2.2.1. Establishment of Digital Content Fund

Funding may be a bulwark to any thriving industry as it limits entry. Both the *South African Programme Production Advisory Body Final Report* and the *South African Content Development Strategy* recommended a strong funding model, particularly for emerging content creators and producers to change the content production industry landscape.

International practices have further proved that for a strong local content sector, funding is crucial.

Therefore, a Digital Content Fund (DCF) should be established to support Digital Content initiatives. The objectives of DCF shall be for the purposes of:

- a) Nurturing talent and skills in the content sector;
- b) Conduct research relating to Digital Content industry, and;
- c) Provide subsidies for emerging content creators and content produced in historically disadvantaged and marginalised languages.

Digital Content shall be a sub-programme within the broad aegis of Public Service Broadcasting Fund (PSB Fund). Therefore, Digital Content Fund will be funded through:

- a) Public Service Broadcasting Fund;
- b) Contributions from government;
- c) Donations and grants;
- d) Levies on content productions, and;
- e) The specified minimum percentage of gross revenue on local content programmes by broadcasting licensees in accordance with section 61(3)(a) of the *Electronic Communications Act*, 2005. It is therefore important that the

regulator initiate a process to implement the provisions of this section so as to facilitate the contribution to this Fund.

To encourage entry by new players onto the content industry, a certain percentage of the Fund should be ring-fenced for new entrants.

2.2.1.1. Management of the Digital Content Fund

The funds shall be managed and distributed by MDDA as part of its legislative mandate relating to media development and content diversity. Based on this, capacity should be provided to MDDA to enable it to execute this mandate. The MDDA shall work jointly and in collaboration with other agencies that provide support to the sector.

Private sector investment is a critical factor in the sustenance of Digital Content industry. Public sector should take leadership in funding digital content ventures through DCF. This will boost the confidence of the private sector in supporting Digital Content initiatives.

2.2.2. Provision of Affordable, Reliable and Robust Infrastructure as Fundamental to Creative Industries

The provision of affordable, reliable and robust ICT infrastructure is fundamental to any creative industries of which Digital Content is but one part. Digital Content is the driver of economic growth in knowledge economy. Predating digital environment, lack of access to infrastructure has always been identified as a critical factor inhibiting the development of content in South Africa. This is exemplified by the concentration of content creation and production activities occurring in major cities, specifically, Johannesburg (JHB) and Cape Town, resulting in the reflection of content distributed and consumed reflecting these two centres. Due to this, there is a growing fear that the migration to digital broadcasting could exacerbate the stark differences in resources between the metropolitan and rural areas, thus not assisting in rural development.

This strategy encourages investment, including strategic infrastructure investment, and innovation in the content industry. To this end, this strategy emphasises the need to

develop content that is suited to domestic or regional needs to encourage social and economic development and stimulate participation by all stakeholders, including people with disabilities and those living in rural, remote and marginal areas. This is in view of:

- a) The need to integrate rural communities in content creation as part of ensuring that all South Africans benefit economically;
- b) That the content developed in a digital environment truly reflects South Africa, its regions and cultures;
- c) The rich untapped content that can place South Africa on the international market is located in the rural areas, and;
- d) The need to preserve and store incalculable volumes of content is still lying in the minds of South Africa's aging generations in the villages.

Therefore, in implementing the local content quotas in the Republic, a distinction has to be made between metro and out-of-metro content by regulations. The regulator should prescribe percentages to be carried by all broadcasting services licensees in respect of this distinction.

Broadcasting services licensees operating at regional and community level, should be made to carry more of out-of-metro content. These initiatives will encourage the development of content in the regions. Digital Content Fund should in addition to multiple languages, prioritise out-of-metro content productions and initiatives.

2.2.3. Establishment of Content Generation Hubs (CGHs)

The Broadcasting Migration Policy provides that digital broadcasting will require efforts to increase the pace of generating digital content. Content Generation Hubs (CGHs) aimed at generating content for digital broadcasting shall be established. The CGHs will also contribute to the development of creative industries as well as job creation.

Consistent with the objectives of creating an inclusive content industry supported by Broadcasting Digital Migration Strategy, Content Generations Hubs (CGHs) should be established as a joint responsibility of both national and provincial governments

throughout the country's provinces. As content development zones, CGHs shall perform the following functions:

- a) Ensure that infrastructure for content production is made accessible to the communities and serve as centres of research and skills incubation;
- b) Ensure facility leasing and promotion vehicles for content at regional level, and;
- c) Serve as collecting and storage agencies of content in the regions.

2.2.3.1. CGHs within Information Society

The establishment of CGHs should not be seen in isolation. Functioning alongside the envisaged call centres to provide support on Broadcasting Digital Migration project to the public, CGHs will rapidly accelerate the process of creating ICT villages in the provinces, thus enhancing access to information even beyond the analogue switch-over process.

2.2.3.2. CGHs as Vehicles to Eradicate Poverty

In respect of alleviating poverty, CGHs will serve as vehicles of creating jobs in the communities by:

- a) Providing administrative support to international companies wanting to use South Africa as a content production destination on matters relating to permits, customs and tax, itineraries, establishments of contacts, venue bookings, etc.;
- b) Serving as a repository for community skills for hire by production companies;
- c) Assisting in digitisation, promotion, exhibiting content projects, and digital rights management at provincial level, especially for unlocatable rights-holders, and;
- d) Developing and supporting SMMEs in the content development sector.

2.2.3.3. CGHs as Centres of Excellence

The location of CGHs in the province is to achieve a number of objectives, including providing strategic support to emerging content creators and more importantly to showcase the diversity of content in the different regions and provinces of the Republic, thus further contributing towards social cohesion. However, consistent with these

objectives, technological creativity should be implemented to enable content sharing amongst these CGHs to avoid duplication.

2.2.3.4. Financing and sustaining CGHs

Initially bankrolled by government, CGHs should once operational be able to sustain themselves through:

- a) Money collected through facility hire (office space and infrastructure);
- b) Administration fees levied from support it provides to content producers;
- c) Donations and sponsorships; and;
- d) Government grants.

2.2.3.5. Functional Modality

Key to the functions of Content Generation Hubs are:

- a) A satellite network facility that links all the hubs to each other to allow content sharing and information;
- b) High tech, reliable, and ready for use facility that can rapidly produce, edit, mix, and package content suitable for any platform, as well as;
- c) Efficient booking system that can deal with high volumes of requests from both national and international clients.

Therefore, efforts should be made to maintain the CGHs at international standards to encourage multinational content producers to use them. This will undoubtedly promote the usage of South Africa as a destination for producing content, as it overcomes logistical problems relating to transportation of equipments for production purposes.

2.3. Prioritising Content Areas to Launch Digital Content in South Africa

For South Africa to build a strong creative industry in line with National Industrial Strategy Framework (NIPF), niche areas have to be identified. These have to comprise content that is timeless and have appeal that transcends national boundaries. A number of areas have demonstrated potential throughout the world which South Africa has in abundance,

- a) Wild life;
- b) Animation;
- c) Documentaries (ethnographies and social historiography);
- d) Games, and;
- e) Ring-tones.

Not only are these areas cheaper to produce and convert into animation, they are yet to be saturated and unique to South Africa. Demand for these areas is thus high in developed countries. Investments should be channelled in these niche content areas so that they can be used as the launch-pad for South Africa's content industry.

3. DIGITAL CONTENT CONTRIBUTING TO DEVELOPMENTAL GOALS

While Digital Content may be about content preservation in view of the looming broadcasting digital migration, it provides opportunities to address the country's developmental goals relating to economic growth, job creation, poverty reduction, infrastructure investment, wealth creation through intellectual property and alignment to world trends of shifting towards knowledge economy. The provision of infrastructure in the provinces that are predominantly rural to create content, is fundamental in the country's quest to build an inclusive information society. This resonates with South Africa's vision of using ICTs as tools for socio-economic development, thus changing people's lives.

3.1. Economic Growth

3.1.1. Contribution to Accelerated Shared Growth Initiative of South Africa (ASGISA)

The essence of Accelerated Shared Growth Initiative of South Africa (ASGISA) is to accelerate Gross Domestic Product (GDP) to over 6% by 2010 and halve unemployment and poverty. The consistent performance of content industries globally remains unsurpassed over the years. Thus, content development has the potential to drive economic competitiveness in terms of economic growth, a robust export capacity and huge economic multipliers that far-exceeds other economic activities, thus contributing to ASGISA objectives and targets. In the current economic climate

characterised by recession and unemployment in major manufacturing and mining sectors, content development has the potential to contribute to the revival of the economy.

3.1.2. Using Intellectual Property (IP) Protection and Copyrights to Create Jobs

Content creation is about turning people's creativity into tradable commodities from which economic value can be extracted. One of the benefits of content development, like any creative industry, is its potential to create wealth through the exploitation of intellectual property - an intellectual capital with a timeless value.

Intellectual property has always been a thorny issue in many developing countries due a sudden surge in copyright infringements. Aided by technological capabilities, copyrights infringements problem is likely to worsen in a digital environment. The need to ensure that the public's creativity is protected in a digital environment is critical to the success of stimulating content development and innovation and building a strong content industry in South Africa.

However, it is important that the right of content creators/copy owners and use should be balanced so that copyright is not used to inhibit access to content. To this end, stringent measures should be applied for copyright violations and infringements. More education on copyright is required. It is envisaged that ongoing efforts to review Copyright legislation, as done globally, will reflect a new rights management regime and guard against piracy.

One major challenge facing many countries in a digital environment is unlocatable copyrights holders. Therefore, in the interest of preserving, storing and making this content accessible and usable in the digital environment, the content should still be digitised and the rights should be placed under the custodian of the State. However, all efforts should be exhausted in locating the rightful owners.

3.2. Empowerment of Rural Communities

3.2.1. Ownership of Trusted Digital Repositories by the Communities

Local content resides in the ways in which people in an organisation acquire knowledge through a shared and typically face-to-face learning process. It is a product of ideas generated by people. However, for these ideas to be turned into a commodity, they require network (ICTs) through which they are produced, promoted and eventually distributed. It is during the process of distribution that economic exchanges occur, resulting in the creation of SMMEs, the seedbeds of innovative local content creation.

This strategy recognises the need for content preservation and storage at local level. To ensure the content stored at TDRs reflects the communities that surround it and the ownership of TDRs by the communities, this strategy encourages the development of TDRs in local areas. This may include small museums/archives located at offices of traditional leaders or municipality. It is envisaged that local TDRs will:

- a) Relieve pressures on national archives;
- b) Link these facilities to the communities to which they mirror;
- c) Create a sense of ownership of the TDRs by the communities;
- d) Drive economic activities and strengthen communities of practice and community network, thus improving knowledge distribution in the community;
- e) Ensure that communities enjoy the economic benefits accruing from Digital Content usage;
- f) Retain in the community Intellectual Property for content whose ownership is communally held;
- g) Empowerment of communities, and;
- h) Ensure that storage is linked to the regions and local communities where these repositories are located.

Adequate funding by local government should be provided to develop local TDRs as centres of community participation in content development, creation and preservation.

3.2.2. Access to Government Information Services and Enhancing the Value of Public Sector Information

E-government services such as e-taxation, e-registration, and e-transportation are vehicles to promote information for all, citizen feedback and access to services. It is imperative that e-government services be available on Public Access Service Points (PASPs) to drive communities to digital content take-up as they save time and costs for travelling in an attempt to access such services. The current trends by government departments to regularly paste their information on PASPs should be encouraged as they will enhance the value of Public Sector Information (PSI).

Government needs to adopt a digital archiving programme to ensure that such information is created and managed in a way that South Africans can rely on as an authoritative record of government's actions and interactions.

Government needs to support and promote the adoption of open standards, formats and interoperability as a means of maintaining knowledge and heritage over time. This includes ensuring institutions designated with the responsibility of collecting digital data have appropriate policies and technologies for their digital archives and preservation of public content.

E-learning is still a relatively small and slowly developing sector. Similar with other countries, the infrastructure laid out as part of implementing the strategy will lay a strong foundation for growing e-learning sector particularly in the remote and rural areas, thus readying it for a strong future growth.

The strategy acknowledges the developments around Set-Top-Boxes to carry e-government services. This strategy supports this initiative as it will enhance ubiquitous access to e-government services.

3.2.3. Content of National Interest

Due to the past authoritarian media environment, a lot of content was produced on South Africa by South Africans both in their own capacity and/or in collaboration with international producers, but never made accessible to the citizens of the country. Therefore, the majority of this content is still lying unused in foreign national

repositories. As many countries digitise their national repositories, there exist slim chances that this content will be prioritised for digitisation, thus presenting risks of it being permanently lost. Efforts should be made, where possible, by the Heritage Council to retrieve this content in those foreign repositories for preservation and storage as part of the country's heritage.

To guard against similar scenarios occurring in the future and ensure that the ownership of South African content remains in the country, mechanism should be explored to deal with this matter. This is stated in view of many foreign companies coming to shoot content in SA. While this may be laudable as it promote SA as a destination for content production, it may also perpetuate the existing problems wherein the rights of South African content continue to be held in foreign countries. Mechanisms that may be considered for introduction include, granting permits for foreign production companies that may desire to produce content of national interest and prioritised for development by this strategy.

In addition to ensuring that the rights of this content remains in the country, this mechanism will encourage foreign companies to buy from local producers instead of shooting content themselves or collaborate with the locals, thus guaranteeing that the rights, or some parts of it, remain in the country.

Content of national interest is a national heritage which should be accessible to all South Africans irrespective of the medium of distribution. To this end, the ownership content of national interest shall not be exclusively placed in private hands, including but not limited to broadcasting organisations.

4. CREATING A CONTENT MARKET WITHOUT FRONTIERS

4.1. Creating a Regional Content Market

South Africa's economic success is inextricably linked to the economic development of the continent, particularly the Southern African Development Community (SADC). Digital Content has the ability to foster regional integration. Within the context of this

strategy this has to be looked at from a number of perspectives including, NEPAD objectives to create dialogue amongst African countries, thus learning about each other's cultures and SADC objectives of fostering economic integration amongst its 14 member states, thus creating a single market for the region. The success of Digital Content lies in regional approaches as they create opportunities for market expansion. In this way, the market of content and consumption expand and increase respectively, thereby creating new and multiple licensing and syndication opportunities.

The consumption of South African broadcasting content has proved popular amongst its neighbours. This opportunity should be strengthened through encouraging collaborative content projects between SA and its SADC neighbours, especially on niche areas identified in this strategy which are also in abundance in many SADC countries.

The success of Digital Content industry lies in its export capability, particularly in the region due to socio-cultural and historical affinities. Following local consumption, regional markets are second most important ones towards building an industry for international markets.

To this end, South Africa should promote the Digital Content initiatives, illustrating the importance of creating a single regional market at all appropriate SADC forums in line with SADC agenda.

4.2. Increasing Export Opportunities

In its report, the DMWG noted the broadcasters' submission that they had experienced very limited success to date in breaking into export markets. Broadcasters noted that Western markets did not currently exhibit any active interest in South African content and only willing to pay a nominal fee, making it uneconomical to sell in those markets. DMWG concluded that there was little evidence to suggest that this situation would improve in a digital environment.

A number of factors have been observed as limiting local content on the international market:

- a) Lack of creativity in script development and packaging. This lack of creativity results in adopting travelling concept, and inability to overcome overgrazed concept/formats, and;
- b) Attempting to compete with First World on high capital intensive content, despite the limited funds available locally for content generation purposes. Eventually only a few productions emerge out of SA annually for international markets.

The niche areas identified in 2.3., provide export opportunities as predominantly available in the country, thus a unique selling point for South Africa.

To increase export opportunities of local content, the following is suggested:

- a) Exploiting strategic international trade framework or cross national trade for the Digital Content industry, particularly with India and Brazil, with which maps key export opportunities and seeks enhanced support for existing export support schemes;
- b) Hosting of local content festivals to show-case and facilitate trading in local content in the country. This is critical for creating marketing opportunities for emerging content creators;
- c) Strategic use of trade shows and other marketing platforms to promote South African content;
- d) Development of strategic relationships between overseas markets and the local Digital Content industry;
- e) Establish mechanisms for timely market intelligence to facilitate the building of a continuing presence in overseas markets, and;
- f) Measures to assist local firms to become export ready and build an export culture at company level.

4.3. Other Strategic Vehicles to show-case Local Content in the Region

4.3.1. South African Airways

South African Airways is a national carrier with routes in the region and the continent. Amongst the on-board entertainment services, the airline provides short video clips. If effectively utilised, South Africa Airways is an opportunity to showcase local content, especially the identified niche areas. The airline should be encouraged to utilise its entertainment facility to show-case local content on its routes.

4.3.2. SABC International Broadcasting Services

The South African broadcasting services offer a number of services on the African continent as part of its contribution to Africa's development relating to media diversity and access. This includes, Channel Africa and SABC News International. The channels should be mandated to carry a large percentage of local content, promoting the niche areas.

5. REGULATING DIGITAL CONTENT

5.1. The Nature of Content Regulation in a Digital Environment

The converged environment brings into the Authority sectors that were not previously into mainstream regulation including mobile and the Web. This makes regulation quite complex, thus making it difficult for any regulating Authority. In a converged environment, regulation of content is technology or platform neutral. Obviously, this poses serious challenges on the regulating Authority whose responsibilities are technology or platform specific.

Throughout the world, there is a shift towards self-regulation and/or co-regulation of content. South Africa represents this shift through the active involvement of the Film and Publication Board, the Advertising Standard Authority and the Broadcasting Complaints Commission of South Africa responsible for the various sub-sectors of content regulation particularly Internet, advertising and broadcasting materials. This stems from the fact that, the Authority does not have the capacity and the expertise to

deal with these new responsibilities. It is becoming obvious that content regulation is a shared responsibility carried out through the assistance of sector bodies and industry itself. In view of this, this strategy advocates for a closer and stronger relationship between the Authority and other sector bodies to ensure effective regulation of content to protect the consumers and the general public.

5.2. Objectives and instruments of Regulating Content

Content regulation, though prevalent throughout the world, differs from one country to the next as determined by cultural imperatives. Content regulation is often driven by three broad objectives:

- a) Public protection and safety;
- b) Promotion of local culture, and;
- c) Universal access to public broadcasting services.

Public protection and safety is evidenced through content classification or rating fire-wall technologies or Cleanfeed. While content classification or rating seeks to help consumers or members of the public to self-regulate their own consumption of electronic media and protect children from harmful content, fire-walls or Cleanfeed blocks websites that are illegal and carrying harmful or unpalatable content.

Public protection and safety is very important in view of the increase on cyber crime related incidents world-wide. There is a need, therefore, to provide a secure and reliable environment to access and use digital content to deter criminals and further ensuring that children are not exposed to unpalatable content. This will ensure and guarantee the safety of consumers. Working with sector bodies, the Authority should increase its monitoring to ensure that content labelling is vigorous while harmful content prohibited from being scheduled during peak-hours. While indeed there is self-regulation mechanisms, it is important that the Authority monitors the effectiveness of this approach.

As part of compliance with the code of conduct for each content sub-sector, content carriers should be held responsible for the content they distribute irrespective of the technology used.

Efforts should be made by the Department to expedite the appointment of cyber inspectors in accordance with the *Electronic Communications and Transaction Act* (2002) to monitor and inspect any website or activity on an information system in the public domain and report any unlawful activity to the appropriate authorities.

Other non-statutory and/or self-regulatory mechanisms, including the voluntary blocking of access to illegal or harmful material should be undertaken by content providers, including broadcasting organisations and Internet Service Providers (ISPs) as part of their social responsibility to promote the consumption of clean content on the electronic platforms.

A national computer security education campaign shall be undertaken by the relevant authorities to create awareness of cyber crime.

Promotion of local culture is represented by local content quotas. For South Africa to build a competitive industry, a culture of consuming local content is critical and should therefore be created and fiercely promoted. This may require regulatory instruments to ensure that this happens. Therefore, in creating a culture of consuming local content, content quotas should continue to serve as legal instruments to promote local content and should also be applied during dual illumination on digital channels.

Universal access to public broadcasting services seen through the must-carry obligations often imposed on subscription broadcasting services. Must carry rules and obligations, will ensure that traditional broadcasting channels operating in South Africa continue, thus serving as international window for SA content.

Regulations should investigate:

- a) The industry's output and production trends in order to determine future decisions on these tools, and;
- b) The feasibility of introducing these requirements on to new platforms, particularly on mobile platforms.

All the platforms, particularly those with the capability of carrying broadcasting signals, should prioritise local content during prime-time channels. Appropriate regulatory mechanisms shall be developed in this regard.

5.3. Effective Coordination and Strengthening Capacity in Content Regulation

To increase regulatory capacity and ensure effective coordination of content regulation in the Republic, a Content Regulatory Coordination Board should be established by the Authority. The Board shall comprise 7 members representing:

- a) The Authority
- b) Government
- c) The relevant sub-sector bodies,
- d) A member of cyber inspectorate appointed in accordance with the Electronic Communications and Transaction Act,
- e) Any enforcement agency, particularly the South African Police services
- f) Members of the public with expertise in cyber security matters, IP protection, and any other relevant skill.

Chaired by the Authority, Content Board shall:

- a) Report to and advice the Authority on content matters;
- b) Ensure effective coordination and assist in the synchronisation of content regulatory activities across the content sector, and;
- c) Undertake research on content matters to ensure effective content regulation.

6. IMPLEMENTING LOCAL AND DIGITAL CONTENT DEVELOPMENT STRATEGY

As shown in the introduction, there are numerous Digital Content initiatives in South Africa. Similarly, with other countries, coordination and the infrequent collaboration among role-players (government departments and private sector) in the industry, inhibit the potential growth of the Digital Content sector. The scope of Digital Content transcends one department or sector. Compounded by the limited and somewhat reluctant participation of the private sector, this without doubt, underlines the complexity of Digital Content. For countries like South Africa implementing Digital Content strategy

within the context of Broadcasting Digital Migration, the participation by the private sector is critical as the owners of broadcast platforms both fixed and mobile to distribute content.

Therefore, frequent collaboration is a prerequisite for building a strong and sustainable Digital Content movement. This is important to ensure that:

- a) Communities are mobilised to take up opportunities presented by the Digital Content environment;
- b) The Digital Content initiatives are coordinated for evaluation, monitoring and reporting for assessment of South Africa's progress, particularly in relation to fulfilling WSIS Declaration of Commitment;
- c) Support mechanisms (funding, skills, infrastructure and IP) are in place for emerging content creators and producers, and;
- d) The volumes of content created can find its way onto the relevant platforms.

Based on this, a Local Content Advisory Body, representing government, industry and other related sectors should be established to monitor the implementation of the Digital Content development Strategy in South Africa. Building and expanding on the work of the South African Production Advisory Body established in terms of section 38 of the *Broadcasting Act* (Act no. 4 of 1999), the forum shall comprise different working groups focusing on specific industry issues such as skills, IP, Broadband infrastructure, content regulation, Cyber crime, and opportunities of Digital Content (both local and international). Working on advisory capacity, the forum shall:

- a) Advise government on matters relating to Digital Content;
- b) Develop shared knowledge and undertake activities to promote innovation and excellence in the content sector, and;
- c) Promote cooperation amongst different sub-sector of the content industry.

6.1. MDDA as a Content Development Agency

The *White Paper on Broadcasting* makes provision for the establishment of Broadcast Production Agency to support the development of South African content. A similar idea was recommended both in the South African Programme Production Advisory Body

Final Report in 2002 and the South African Content Development Strategy released in 2003. In view of this, this strategy supports the position of the *White Paper on Broadcasting* that an agency responsible for the development, promotion and distribution, research and skills development be established. However, given the existence of the MDDA as a statutory organisation to promote and support emerging media projects that contribute to development and diversity, no new agency is required. Instead the MDDA is, subject to adjustments to its capacity, well equipped to accomplish this task. The agency shall work closely with other funding agencies including National Film and Video Fund (NFVF) to provide support to the content sector.

In addition, the agency shall be responsible for raising awareness on Digital Content opportunities.

6.2. The Role of Government

Although content creation and production have taken place over the years with minimal intervention from government, the migration to Digital Content requires active involvement of government so that the objectives of this strategy can be met. Thus consistent with a developmental state, government is not only expected to create an enabling environment through responsive strategy. In addition, it should:

- a) Provide strong supporting mechanisms (funding and infrastructure provisioning);
- b) Take leadership in creating a market for Digital Content Technologies and raise awareness of the benefits of digital content;
- c) Participate or support the development and digital access; and;
- d) Address skills, training, education and human resource development.

6.3. Timelines and Priorities

Given the need to urgently, stimulate content development industry in South Africa so as to create jobs, implementation plan with clear timelines have to be developed. This plan and inherent timelines should be in consideration of funding requirements, skills and human resource development essential for this process and acknowledging further more that Digital Content initiatives are currently underway. It is based on these

considerations that a five (5) year period is set to accelerate South Africa to a full Digital Content environment.

The five year period is mapped around South Africa's three years dual illumination process and International Telecommunications Union (ITU)'s deadline for analogue transmissions. It is hoped that the period set is sufficient to put in place mechanisms, mobilize communities and industry and raise awareness of Digital Content activities. In view of this, digitisation strategies of existing content should be formulated at provincial, regional and local levels.

7. CONCLUSION

Digital Content ushers a new era of creating, distributing and accessing content. Consistent with our approach to the migration of the country's broadcasting systems to digital, this strategy will equally add impetus to accelerate development and economic growth to South Africa as a developmental state. In this regard, the usage of ICTs for socio-economic development to change the people's lives will continue to be our goal as a country. The integration of rural communities into content creation and development through the establishment of Content Generation Hubs and local TDRs envisaged in this strategy is set to reinvigorate economic activities in the underserved areas and unlock the creative potential of our people's creativity, while creating in them wealth through the exploitation of intellectual property rights.

This strategy provides, for the first time, a comprehensive framework for local content in South Africa. Addressing industrial deficiencies and making strategic interventions to sustain the industry, while protecting and promoting the country's cultural heritage, the strategy is a roadmap of how a content industry can be built and sustained for the benefit of all the citizens of the Republic.

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