MICROECONOMIC

DEVELOPMENT STRATEGY FOR THE SOUTH AFRICAN FILM SECTOR

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1. Introduction

The 'film' industry, from pre-production to distribution, is a vital part of the South African economy. Its influence is particularly pronounced in the Western Cape. It stimulates growth, generates substantial employment, brings in valuable foreign exchange and acts as an important means through which technology is transferred and the South African skill base is upgraded. It is also one of the best forms of promotion for the country.

As a medium, film plays an important role in communicating ideas and providing information. A thriving, independent industry helps foster democracy through engendering debate and providing political commentary. A further advantage of the industry is its employment creation potential. The industry generates jobs directly in companies involved in production, post production, casting, crewing, equipment hire, set design and property supply. It generates many more jobs indirectly in the support and hospitality industries, stimulating business in hotels, catering companies, restaurants and transport providers.

The Western Cape's Microeconomic Development Strategy (MEDS) has been developed within the context of the National and Provincial Growth and Development Summits of 2003 to inform, integrate and prioritise all of the Provincial Government's interventions in the economy in a manner that aligns and focuses domestic and international resources. A full list of references for the Film Industry MEDS and further information contained in Appendices can be accessed at www.capegateway.co.za

Most world governments are aware that a thriving film sector means more tax revenue, economic growth and a reduction in unemployment. They also realise that production is extremely risky. It involves large initial costs, which are often 'sunk' – if the film / commercial flops or is not released, very little expenditure can be recouped. As a result, many governments support their film industry in a number of ways. Most compete aggressively through the provision of financial incentives and tax breaks. The Canadian provinces, the UK, the Republic of Ireland, New Zealand, Australia and numerous states in the US, all enjoy substantial support. This has led to the situation where countries are forced to offer incentives in order to compete on par with subsidised competition. Certainly South Africa appears to be 'under-funded' in comparison to other countries. According to the PricewaterhouseCoopers report on the South African film industry (1998), South Africa had a government funding ratio of 2.6 percent. Current estimates tout a figure closer to 4 percent. Despite this promising increase, it must be remembered that other countries with a thriving film sector have an average funding ratio of 19 percent.[1] As noted, this places the South African industry at a competitive disadvantage.

South Africa and in particular the Western Cape, has a world-class skills base in the area of film production, including both pre- and post- production activities. Furthermore, it has an unsurpassed variety of locations. Up till now, all this was offered at extremely competitive rates. However, as the Rand continues to strengthen, and as prices in the film and support industry continue to escalate, local competitive advantage is being eroded. Although it can be argued that local professionalism is increasing in line with prices, it needs to be remembered that skilled professionals are highly mobile and will move to where films are being made. South Africa has already lost productions (worth an estimated R10 million) to Argentina.[2] Chile, Brazil, Spain, Portugal and Miami are also competing directly with local commercial and still facilitation. Canada, Australia and New Zealand are the largest competitors in the feature film and television series sector, while Romania, Bulgaria and the Czech Republic offer cost-competitive options in Europe.[3]

The national and the provincial South African government is aware of the importance of the industry. However, both the extent to which it impacts growth and employment, and the extent to which it is losing competitiveness may be less obvious. A few favourable governmental policies could have positive repercussions. With regards to the facilitation sector, the amount of money spent in a single production is so substantial that an incentive programme need only attract a small number of foreign productions in order to be cost-effective. With a tax incentive, the experience of other countries indicates that the net impact on tax revenue is positive, as any initial revenue cost associated with tax concessions is more than offset by higher revenue receipts from the increased level of economic activity and income tax. Canada and Australia have both benefited from these types of incentive schemes. The local industry is on the verge of 'out-pricing' itself – a modest increase in incentives may help it retain some business while it adapts to new price and exchange rate realities.

A number of targeted government initiatives would also be beneficial. Some would argue that the South African film industry's contribution to total Gross Domestic Product (GDP) and employment is quite small. Furthermore, it may be held that the risky nature of the industry renders it unsuitable for government support. Although there may be some truth to these objections, there are other factors that need to be taken into consideration. Certainly in the Western Cape, the film industry's contribution to Gross Regional Product (GRP) is much greater. When one includes both broadcasting and the significant multiplier effect, it is estimated that film may contribute about 4 percent of GRP. Furthermore, film offers numerous spin-off effects in other industries and plays an important role in tourism. Less tangible benefits include the boost it provides to cultural pride and its network externalities with other artistic sectors.

Effective governmental initiatives do not have to invovle vast capital outlays. Results could be achieved through simple incentive measures, better co-ordination of current initiatives, improved information provision and the removal of restrictive bureaucracy. These small measures could ensure that this sector remains successful despite the substantial competitive pressures it faces.

In order to garner governmental support, promote the country as an international facilitation destination, and take measures to ensure the local film industry remains competitive, it is important to collect the requisite data. There is a dire need for continuous independent and comprehensive research into the film industry. Furthermore, it is essential that the industry has access to this kind of information on a regular basis. This paper, as part of the Microeconomic Development Strategy (MEDS) of the Western Cape Government, commissioned by the Department of Economic Affairs and Tourism, is the first step in this process.

1 *Cape Film Commission*

2 *Commercial Producers Association*

3 *Film Industry Fact Sheet 2005, City of Cape Town release*

2. The local film environment

The film industry, from pre-production to distribution, plays a vital role in the economies of South Africa and the Western Cape. It fosters national pride, upholds cultural identity, generates substantial employment and facilitates skill acquisition. Furthermore, it has an important stimulatory effect on supply and hospitality industries.

The local film sector has a world-class skills base in the area of production, an unsurpassed variety of locations and until recently, competitive rates. Moreover, promising opportunities exist for film. The new South African Broadcasting Authority (SABC) channels, the expansion in media outlets, and the growth of satellite and digital technology, have all opened up new platforms for local products. The growing governmental awareness of the importance of film has also resulted in an increasing number of co-production treaties, incentive schemes and other initiatives which should help develop the industry and stimulate growth.

The local industry clearly has the required competency to become a significant player in the international market. However, a number of global trends and internal structural problems are threatening its growth prospects. These include:

- The increase in competition from other countries (especially in relation to foreign public support schemes);
- Inexpensive foreign film and television products (against which local products cannot compete);
- The strengthening Rand; and
- The escalation in support industry prices.

Local film-makers also face limited access to funding, distribution and facilitation facilities. Furthermore, few ongoing training opportunities exist for people entering the industry, especially those from previously disadvantaged communities. All of these concerns are compounded by lack of industry research and the recent preclusive legislative changes on the part of the South African Revenue Service, the Department of Labour and the Department of Home Affairs.

3. Industry snapshot

The statistical data relating to the film industry is notoriously poor. Statistics South Africa last gathered comprehensive figures in 1997. Little independent research has been conducted as the industry is extremely reluctant to provide data either to government bodies or academic institutions. Nevertheless, by combining, contrasting and updating the few figures that do exist, and supplementing these with information gleaned in interviews, it is at least possible to get an idea of the scope of the industry. It is vital however, that a more comprehensive government-backed industry analysis is conducted in the near future.

For the 12 months ending June 2004, the Western Cape facilitated and produced over 2 159 productions. The deconstructed figures, with an estimated rand value, are shown in Table 1.

The film industry in the Western Cape currently produces a collective annual turnover of R1bn, which in turn generates approximately R2.5bn of economic activity. For the 12 months ending June 2004, this entailed over 1 674 still photography shoots, 461 television commercials and 24 feature films and television series. Including both broadcasting and the significant multiplier effect, it is estimated that film may contribute about 4% of Gross Regional Product. On a national level, it is estimated that the current employment impact of film is probably in the region of 30 000. Further jobs have been stimulated in the transport, catering and hospitality industries. A large percentage of employment in the film industry falls into the high- and medium-skilled category. Developing the local film industry therefore translates into developing the local skill base and raising living standards. Through its effect on the support industries, however, the industry also contributes to employment growth in the low-skill sector.

TABLE 1: PRODUCTIONS FACILITATED/ PRODUCED IN THE WESTERN CAPE

Type	Number of productions	Rand value (estimate)[4]
Feature films and television series	24	330 000 000
Commercials	461	241 564 000
Stills	1 674	433 827 144
Total	2 159	1 005 391 144

TABLE 2: PRODUCTIONS FACILITATED/ PRODUCED BY THE GAUTENG FILM OFFICE

Type	Number of productions	Rand value
Feature films and television series	20	277 355 000
Commercials	68	48 266 168
Documentaries	1	1 000 000
Short films		400 000
Music videos	3	335 000
Corporate videos	2	100 000
Public service announcements	2	80 000
Other		30 000 000
Total		357 516 168

The Cape Film Commission estimates that the Western Cape industry currently produces a collective annual turnover of R1bn which in turn generates approximately R2.5bn of economic activity annually, using a Gross Domestic Product (GDP) multiplier of 2.5. It should be noted however, that many economists feel that the actual GDP multiplier relating to film is substantially higher, with some countries using a multiplier of 7. The South African multiplier of 2.5 should therefore be viewed as a conservative estimate.[4] The City of Cape Town itself earns more than R4m a year from location permits.

Cape Town currently accommodates 1 650 skilled supply companies (including 6 top-class equipment rental companies) and about 150 production companies, 25 of which specialise in still production.[5]

As a comparison, productions facilitated by the Gauteng Film Office (GFO) for the year ending June 2004 amount to about R358m. An estimate of total productions in the area would amount to R511m, given that about 70 percent of productions are facilitated by the GFO. The deconstructed figures are shown in Table 2.

The KwaZulu-Natal (KZN) Film Office estimates that approximately 4 to 5 long form productions and about 24 commercials are completed annually in the province. However, most are facilitated by either Johannesburg or Cape Town based production houses. Sole KZN production would therefore amount to about 1 feature film and 12 commercials annually, with an estimated annual turnover of at least R10m per annum.

For the entire country therefore, total turnover estimates appear to be in the region of R2.2bn.[6] Table 3 provides a comparative summary of the above data.

[4] *These statistics relate only to Central and South Cape Town.*

[5] *Film Industry Fact Sheet 2005, City of Cape Town release*

[6] *Film South Africa Business Plan, August 2004*

TABLE 3: COMPARATIVE OVERVIEW (2003/2004)

	Western Cape	Gauteng	Total South Africa
Collective annual turnover	1 005 391 144	511 000 000	2 200 000 000
Total economic activity generated	2 513 377 860	1 278 000 000	5 500 000 000
Contribution to GDP (including broadcasting)	0.9%	0.5%	2%
Number of commercials	461	68	570
Number of feature films and television series	24	20	46
Number of stills shoots	1674		
Other productions		20	
Employment(including broadcasting)			30 000

TABLE 4: VALUE OF THE FILM AND TELEVISION INDUSTRY (R-MILLION)[10]

Sector	1997	1999	2001	2003	% growth rate: 1997 – 2003
TV programme production	350	400	610	700	100
Commercials production	220	200	168	120	-45.5
Corporate video	250	200	150	160	-36
Film and commercial servicing	150	280	350	450	200
Cinema box office	350	399	380	430	22.8
Cinema concessions	100	130	120	150	50
Cinema advertising	100	120	110	160	60
Video rental	492	508	500	580	17.9
Video retail	77	142	150	190	146.8

Table 4 gives an idea of the growth of the various sectors over the last few years.[7] The decline in commercials production and corporate video is clearly evident, though this is offset slightly by the increase in film and commercial servicing.

Although deconstructed figures by province are not available, this trend holds true for both the Western Cape and the rest of South Africa. This decline may be attributed to the escalation in production prices, which many local companies cannot afford. It is also important to note that revenue generated by 100 percent local productions has waned in recent years. However, revenue generated by co-productions has increased at a rate of 63 percent per annum. Currently the film and broadcasting sector's contribution to the national economy is about 2 percent. The Western Cape industry forms a much larger percentage of the regional economy however. The Industrial Development Corporation predicts that with the requisite structures in place, this proportion could rise substantially over the next 10 to 15 years.[8]

Although little research has been undertaken with regard to the emergent long-form sector, a few short-form statistics are available from the Commercial Producer's Association (CPA), which represents about 90 percent of local commercial production houses.

Average income per production company, average production budgets, and country of origin (for foreign clients) are shown in Tables 5, 6 and 7. In Table 7, the spread between the countries is quite small, with no sizeable material difference in shoot budget among the developed countries. As is to be expected, the shoot budgets from the African and South/Central American countries are a little smaller.[10] Table 8 provides an estimate of daily spend in the various categories of production. As is evident, the income and spend per shoot can be quite substantial.

[7] *The 1997-2001 figures provided in the table were originally compiled by Howard Thomas for the Department of Communications on the basis of interviews and estimates. The 2003 figures were provided by the Cultural Observatory.*

[8] *Dickerson, Leanne, 'South African Film Survey', Hollywood Reporter, June 2003.*

[9] *Adapted from table in MAPPP-SETA Broadcasting Qualitative Review*

[10] *Commercial Producer's Association, Commercial Producers Association Survey, 2002.*

Due to the 'freelance' nature of the industry, employment figures are difficult to specify. The last 'film-specific' research was conducted by the Independent Producers Organisation (IPO) in 1997.

They estimated employment in production to be in the region of 3 925. For each commercial or documentary shot in South Africa, approximately 40 to 50 people are employed behind the camera. For each feature film shot in the country approximately 75 to 100 people are employed behind the camera. Filming can last up to five months. Larger productions can provide freelance work for more than 1 500 people.

Based on these estimations and including broadcasting, about 24 324 direct job opportunities were created during 1997. The industry stimulates further jobs in transport, catering and hospitality industries. (International figures show that for every one job created directly in production, 1.7 jobs are created in the local economy.)[11] Unfortunately no disaggregated figures are available for the Western Cape.

The production employment figure of 3 925 was deconstructed into various positions. Although current employment figures are substantially higher, the percentage distribution among categories has not changed significantly. It is therefore useful to examine these deconstructed figures and get an idea of skills distribution in film. Table 9 provides this breakdown. (Average 2004 daily rates for the various positions are also presented.)

As is evident from the breakdown, a large percentage of employment in the film industry falls into the high- and medium-skilled category. Developing the local film industry therefore translates into developing our local skill base. This obviously has a positive impact on living standards.

Through its effect on the support industries, however, the industry also contributes to employment growth in the low-skill sector.

The one caveat to note is that many of the required skills are highly specialised and not easily transferable. It is therefore vital that the film industry maintains a steady growth rate, as a contraction in the industry could have serious employment consequences.

The IPO estimated that there were about 400 to 550 production companies operating in South Africa. Of these, about 188 were extremely active and members of the IPO. 51 of these 188 are based in Cape Town. The majority (138) of these companies employed only 2 to 3 people. Ten companies employed between 4 to 10 people, while only 3 employed more than 10.

A more recent survey was conducted by the National Film and Video Foundation in June 2004.[12] Although it targeted more than just production companies and is therefore broader in scope, it seems to suggest that employment figures have risen. Of the sampled companies, 28 percent employed between 0 and 5 staff members, 20 percent employed between 5 and 10, 29 percent employed between 11 and 51, 12 percent employed between 51 and 200, and 11 percent employed more than 200 people. The majority of staff are part-time however, with the number of full-time staff averaging around 5.

The survey also indicates that about 61 percent of permanent staff and 56 percent of temporary staff are male. 59 percent of permanent and 23 percent of part-time staff are white. It appears therefore, that transformation is taking place in the film industry, albeit at a slow pace. Clearly there is a need to employ more permanent members from previously disadvantaged communities. In this regard, the survey indicates that only a small percentage of companies spend more than 2 percent of their total payroll on skills development.[13] It is important to note, however, that in the film industry the term 'part-time' may be misleading. Most 'part-time' film workers work the same hours as

TABLE 5: AVERAGE INCOME PER PRODUCTION COMPANY (2001)

	Rand value
SA industry average	14 650 000
Western Cape industry average	9 340 000
Foreign industry average	13 570 000

TABLE 6: AVERAGE PRODUCTION BUDGET (2001)

	Rand value
SA industry average	721 000
Western Cape industry average	524 000
Foreign industry average	942 000

11 *Ibid.*

12 *The targeted sample included over 1258 companies, institutions and freelancers, from which 92 (14.5%) complete responses were received.*

13 *National Film and Video Foundation, NFVF Industry Survey and Survey of Key Training Providers, NFVF Report, November 2004.*

a full-time employee, but only part-time for any one production house. In other words, they work on a number of different shoots during a season.

A 'season' can last up to nine months, during which the employee will work on a more or less 'full-time' basis. Working hours during the season are extremely long, and many employees accumulate sufficient income to support themselves for the year. It would be misguided therefore to underestimate the benefits of the part-time employment generated by the film industry.

Like production, post-production is also fragmented, comprising of a few big players (the largest being The Refinery, Condor and Sasani) and about 150 small players. With regards to the support industries, there are also approximately 10 crewing agencies (7 in Gauteng and 3 in Cape Town) and 130 casting agencies (78 in Gauteng and 52 in Cape Town) in the country.[14]

The top 25 Stills Production companies have a combined revenue of R150m per annum. (Around 70% of the permits issued by the City of Cape Town are for Stills Production and their contribution to Cape Town permit fees alone was R1m in the 2003/2004 financial year.) In their 2002/2003 season, the top 25 companies alone conducted over 1 240 shoots (11 560 shoot days) with an average cost of R259 156 per shoot and an average length of 9.3 days. The main clients stem from the UK, Germany, Italy, Sweden, France, Denmark, Turkey and India. The average number of full-time staff employed by each company is around 8 and part-time around 4. Shoots, however, require at least 3 extra crew members and about 12 models. It is estimated that at least 7 jobs are created per project. 47 650 permits were purchased, at an average cost of R1 318 per permit. Cape Town processing laboratories processed over 634 jobs in the sample period, at an average cost of R19 898 per job. In total, R12 615 332 was spent on processing.[15]

TABLE 7: COUNTRY OF ORIGIN (FOR FOREIGN PROJECTS)

Country	Number
Africa	2
Asia	11
Australia / New Zealand	1
Canada	11
EU: France	54
EU: Germany	77
EU: Italy	28
EU: East Europe	21
EU: Other	61
Middle East	15
South / Central America	1
United Arab Emirates	6
UK	87
US	31
Other	5
Total	411

TABLE 8: DAILY SPEND PER PRODUCTION CATEGORY (2004)

	Rand value/day
Major feature films	650 000
Television productions	500 000
Commercial productions	45 000
Still photography	29 000

14 *Cultural Industry Growth Strategy (CIGS), The South African Film and Television Industry Report, Report to the Department of Arts, Culture, Science and Technology, November 1998.*

15 *South African Association of Stills Producers (SAASP).*

TABLE 9: EMPLOYMENT IN PRODUCTION[17]

Skill Level	Position	Number (1995)	Percentage	Average day fee (R, 2004)[18]
High	Assistant Director	28	0.71	1 000 - 3 000
	Art Director	46	1.17	1 000 - 2 300
	Director	106	2.70	4 500+
	Director of Photography	59	1.50	4 500
	Editor	74	1.89	Variable
	Producer	104	2.65	Variable
	Production Designer	12	0.31	1 700
	Production Manager	61	1.55	900 - 1 700
	Scriptwriter	85	2.17	Variable
	Special Effects	25	0.64	Variable
	Stunt Co-ordinator	14	1.04	Variable
Medium/High	Actor	665	16.94	2 000 - 4 500
	Cameraman	30	0.76	1 400 - 2 500
	Costume Designer	10	0.25	Variable
	Electrician	28	0.71	600 - 800
	Music Department	34	0.87	Variable
	Sound Recordist	41	1.04	1 200
Medium/Low	Animal Handler	7	0.18	Variable
	Clapper Loader	23	0.59	550 - 800
	Construction	11	0.28	450 - 600
	Continuity	21	0.54	1 100 - 1 400
	Focus Puller	27	0.69	1 000 - 1 400
	Gaffer	19	0.48	1 200 - 1 300
	Make-Up	44	1.12	800 - 1 500
	Props	28	0.71	650 - 1 100
	Sets	23	0.59	1 000
	Wardrobe Department	35	0.89	750 - 1 200
	Best Boy	15	0.38	700 - 800
	Boom Swinger	16	0.41	450 - 800
	Grip	40	1.02	600 - 1 500
Unclassified	Miscellaneous	2194	55.90	Variable

[16] *Source: Adapted from table in Cultural Industry Growth Strategy (CIGS), The South African Film and Television Industry Report, Report to the Department of Arts, Culture, Science and Technology, November 1998.*

[17] *Figures from the Commercial Producers Association and 'Call-A-Crew' crewing agency.*

4. Problems and opportunities facing the industry

Global trends that are particularly worrying for the local industry include:

- Film has been characterised by increased levels of horizontal and vertical integration, resulting in concentration of ownership and raised entry barriers for new players. South Africa and the Western Cape cannot therefore rely on foreign sponsorship and distribution. The local industry needs to ensure that it builds up a loyal domestic base and invests heavily in local audience development.
- A secondary pricing system is evident in some developed countries, especially the US. Under this system, producers recoup most of their costs distributing to their large domestic market and are able to sell their films and programmes at a discounted price to other countries. This means that locally produced products in countries with small domestic markets are at a constant cost disadvantage when competing with foreign offerings. The quality and cost-effectiveness of local production needs to be improved substantially if it hopes to remain competitive. South Africa and the Western Cape also need to develop and expand the local base and ensure that local content quotas are upheld in the immediate future.

INDUSTRY PARTICIPANTS

The film industry has seen substantial changes in the last ten years, but is still dominated by a core group of conglomerates – Primedia, Johnnic Communications, Sasani Limited and the Refinery. The industry is further represented by numerous employer organisations and other interested parties.

PRIMEDIA is one of South Africa's biggest media companies, spans a number of different divisions and is listed on the Johannesburg Stock Exchange (JSE). The advertising division includes broadcasting, the internet, home stores, computer media, cinema and print (in particular CineMark) and Sport. The One-to-One Marketing Division basically refers to database marketing ventures. Filmed Entertainment is the largest division, comprising about 66% of the company, and includes Cinema Exhibition (Ster-Kinekor Theatres, Ster Kinekor Europe and Ster Kinekor Middle East), Film Distribution (Ster-Kinekor Pictures) and Home Entertainment (Ster Kinekor Home Entertainment). Ster-Kinekor is the biggest distributor and exhibitor in the South African market. It includes a film division, Primedia Pictures, which is focusing on international distribution of local content. They also own a 46% stake in VWV, a video production company.

Ster-Kinekor Pictures and Ster-Kinekor Home Entertainment both secure rights to distribute film content through exclusive and non-exclusive agreements with international film producers, while Ster-Kinekor Theatres exhibits movies through its various cinema sites across the country. Ster-Kinekor Home Entertainment is the exclusive supplier of Sony PlayStation products in South Africa.

JOHNNIC COMMUNICATIONS (a subsidiary of Johnnic Ltd) is another significant stakeholder listed on the JSE. It owns large shares in the media (including a few major newspapers), retail (Exclusive Books), music firms (the Gallo brands), home entertainment (DVD, videos and computer game companies), and most importantly, controls the Nu Metro and IMAX Movie Theatre chains. It also has significant stakes in M-Net.

SASANI LIMITED used to be a dominant media service group, especially in postproduction. Recently they have disposed of most of their assets however, citing competitive pressures and the strong Rand as determining factors in their decision. In the first few months of 2005, they sold their interest in Condor Post Cape, Chris Fellows Sound Studios, The Video Lab, Sasani Studios Cape Town and the Film Lab Cape Town. Despite this, they are still affiliated with numerous media companies along the value chain. These include: Sasani Studios Johannesburg; ZSE TV (a production and delivery house, listed on the JSE) and the Movie Camera Company in Johannesburg (the biggest supplier of camera equipment in Gauteng). It also has stakes in Global Access (a communications firm) and Memar TV (an educational television initiative).

In the post-production field, the Refinery is fast becoming the industry leader. It recently purchased Chris Fellows Sound Studios (a full audio post production facility), the Video Lab Group (a production and post production facilities company) and Sasani Studios Cape Town from the Sasani Group. Condor, another Cape-based post-production company is also growing rapidly in the post-production arena, as is the Gauteng postproduction house, Blade and Pudding.

Upon completion, the Dreamworld studio complex, should constitute a substantial force in the industry. Dreamworld Film City, a consortium led by South African film producer Anant Singh was confirmed by the Western Cape provincial government and the City of Cape Town as the successful bidder to develop a multi-million rand film studio in Faure outside Cape Town. The complex will consist of 8 sound stages and various production facilities. Dreamworld is investing R400-million in developing the studio, with the provincial government and the City of Cape Town contributing R60-million over three years towards the project. The Development Bank of South Africa and the Industrial Development Corporation (IDC) have committed further funding.

The studio was deliberately positioned both to be accessible to the greater Cape Town area, and to help stimulate the surrounding disadvantaged communities. Construction began early this year and the Consortium hopes that over 8000 jobs will be created by the project. The Dreamworld consortium includes Singh, of Videovision Entertainment, etv, film producer Mike MacCarthy, Phuti Tsukudu, who represents Western Cape communities, and the Helderberg African Chamber of Commerce. A maximum of 25% of DreamWorld's equity has been reserved for Cape Town-based empowerment companies.

- New technologies, which give television viewers more control over their viewing, are changing the structure of free to air television and threatening the viability of the television advertising production industry. The trend will probably result in a significant drop in business for the weaker production companies, although top production companies should retain business. The local industry needs to invest in quality training and skills diversification to help adjust to the resultant sector 'shake-out'.[18]
- It is a natural progression for producers and audiences of 'run-away productions' (films filmed outside their country of origin) to start viewing a once-favoured destination as 'stale' and move elsewhere. South Africa and the Western Cape in particular, are starting to feel the effects of this trend. The local industry can mitigate this trend by capitalising on their long-term work, on television and on new markets.
- Most governments compete aggressively through the provision of financial incentives and tax breaks. This has led to the situation where countries are forced to offer incentives in order to compete on par with subsidised competition. It is important that South Africa and the Western Cape do everything in their power to attract foreign production. This includes minimising bureaucracy, simplifying tax issues and ensuring that the support industries become cost competitive.
- There is an organisational shift away from hierarchical production to a looser network production structure, where studios act as financing and distribution hubs, mobilising resources from outside. Although this often means greater flexibility and lower overheads, it also makes assembling resources more problematic and reduces innovation in film-making itself. In order to prevent the negative implications of this organisational shift, it is important that the public sector minimise the bureaucratic hurdles relating to contracting.

Internal structural problems facing the industry include:

- Many film-makers face limited access to local funding, distribution and facilitation facilities. The small domestic market and limited audience development further hamper the efforts of aspirant film-makers. The world market is equally preclusive, as few opportunities exist to export South African film and television products. It is vital that the distribution pipeline is developed, both for domestic and international distribution.
- There are few viable ongoing training opportunities for people entering the industry. This is especially true for previously disadvantaged groups. The training opportunities that do exist vary in standard and comprehensiveness – there is a noticeable lack of coordination and accredited standards.[19]
- There are few talented scriptwriters in South Africa and the general quality of scripts is poor. Furthermore, local scriptwriters seldom have the business skills required to effectively 'sell' their script to a producer. Most are unable to visualise a budget or target audience, and are unable to show that their script has market appeal. This inadequate state of affairs in scriptwriting is due to a number of reasons. Production companies rarely invest enough in film development, and scriptwriters often receive very little for their work. Scriptwriters themselves often do not/cannot afford to conduct the requisite research involved in a quality script. Finally, there is a lack of interaction and cross-fertilization with overseas players, leading to a poor understanding of the international market.
- The previous weak exchange rates inflated the cost of imported production equipment, which translated into high production costs. Despite the current strong Rand, prices have remained high. This is especially true of certain location and crewing fees. Furthermore, residents and business owners have been known to lodge objections to film shoots, only withdrawing them when an 'inconvenience fee' or donation has been paid. This is indicative of the declining community support for film shoots in certain areas. Poor communication between communities and producers only compounds the problem.[20]
- Prices in the support industry (especially hotels, restaurants and car rental) are no longer competitive, but are now equal to those in top international cities. Furthermore, many foreigners are under the impression that they are charged higher prices than locals. There is a general feeling that the support industries are taking advantage of foreign workers, and are not fostering a welcoming environment. Competition in local and international air routes is also negligible, resulting in inflated ticket prices.
- Issues like perceived violence and HIV/Aids are influencing the decision of international production companies to film in South Africa. Up until recently, this situation was exacerbated by the lack of a coordinated effort to market South Africa and the Western Cape. This problem has been recognised however and a number of private and public bodies are attempting to address it. On the public side, the National Film and Video Foundation and the various film commissions have increased their presence at overseas festivals, conferences and trade fairs. The Cape Film Commission in particular has made a concerted effort in the last two years to market Cape Town and the Western Cape effectively to overseas clients. On the private side, new initiatives like South Africa Exposed are trying to co-ordinate the marketing 'push' from the industry itself.
- The South African Revenue Service and the Department of Labour have recently 'tightened up' on the enforcement of certain tax and working condition legislature. This has had unfortunate repercussions for film, where employment practices have always been unique. The industry has traditionally been seasonal, with long hours worked during the summer months. Furthermore, most employees do not act as standard employees but as 'independent contractors'. Many industry participants feel that local competitiveness will be significantly eroded by the enforcement of reduced working hours and stricter labour and tax legislation. Regarding training, some of the smaller production houses consider the statutory requirements to be preclusive. This senti-

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[18] *Gloster, Dermod, 'Who's Afraid of the Adzapper', The Callsheet, February 2005.*

[19] *Cultural Industry Growth Strategy (CIGS), The South African Film and Television Industry Report, Report to the Department of Arts, Culture, Science and Technology, November 1998.*

[20] *Amm, Bobby, Commercial Producer's Association (CPA)*

ment is also voiced in relation to the recent legislation regarding Child Labour. Moreover, there is confusion relating to the liability of production companies, crewing agents and contractual workers.

- The Department of Home Affairs recently published the Proposed Regulations to the Immigration Amendment Act, which have now been closed for public commentary. Two changes will be particularly damaging to the facilitation industry. Foreign film personnel (including unpaid interns and those paid by foreign companies) will now need to obtain work permits before they can work in South Africa. Furthermore, all positions have to be advertised to South Africans before a work permit can be issued. If foreign producers are not allowed to use their own specialized production staff, they will just opt to base their production in other countries. This will lead to a substantial reduction in local employment. The advertising requirement is also not feasible due both to the complications inherent in advertising while based in a foreign country, and the limited time available between shoot quotations and actual production.
- Tax issues relating to foreign crews need to be clarified. Although South Africa has double tax treaties with a number of countries (preventing crew/companies from being 'taxed twice'), often foreign artists are excluded from this concession. There are also an onerous number of laws relating to topics such as royalty payments and the various category of employee. As longer-term productions and production relationships become more common, the confusion and bureaucracy relating to tax issues could become preclusive.
- The various government departments are perceived by some as overly bureaucratic and unsympathetic to the needs of film. In particular, complaints have been raised as to the high cost of traffic officers, overtime payments for city staff and poor coordination among departments. Rezoning of private properties is a further concern. The City of Cape Town and the Cape Film Commission have gone some way to address some of these issues, but communication between government departments, and between the film industry and the public, still leaves room for improvement.[21] Co-ordination between City Departments could be strengthened and many international film-makers perceive the bureaucratic obstacles prior to filming to be excessive.

There is a lack of information regarding the scope of the industry, especially as disaggregated statistics relating to the film industry are not compiled on a regular basis by Statistics South Africa. This is especially true of feature film and commercial co-productions.[22]

Despite the afore-mentioned threats, the film industry offers substantial opportunities for development and growth:

- The slow but steady increase in the number of cinema complexes, film festivals and DVD/video rental shops can be used as a platform to increase demand for local production.
- The growth of satellite and digital technology is allowing local independent film-makers to target smaller niche markets. With sufficient training into how to exploit the new distribution channels, even small film-makers can benefit.
- The South African Broadcasting Authority (SABC) has invested in two new African language television stations and is planning on relaunching their SABC Africa channel on Digital Satellite Television (DSTV). Both these moves will offer substantial opportunities for aspirant film-makers, especially those from disadvantaged backgrounds.
- With cooperation, planning and marketing initiatives, a feature film or television production can be extremely lucrative to tourism. If the tourism sector works together with the producers of a film to stimulate interest in a film, local releases can act as an excellent 'advertisement' for the country and province.
- The decrease in the cost of start-up equipment has lowered entry barriers in the film sector, increasing the number and the variety of new films on the market.
- The growing governmental awareness of the importance of film has resulted in an increasing number of co-production treaties, incentive schemes and memorandums of understanding with other countries. These should help boost the facilitation industry and skills transfer.
- The Dreamworld project should open up opportunities for both local and international film-makers. Apart from its obvious role in attracting foreign productions, it will also provide the support infrastructure necessary for local producers to make quality films and commercials. (It is important therefore, that the costing structure does not become preclusive for locals.) The spin-off effects on local employment and community upliftment are obvious.[23] The recently built Table Mountain Motion Picture Studios in Milnerton, although smaller than the planned Dreamworld complex, is already offering state-of-the art studio facilities in the Western Cape. Both these initiatives are helping to ensure the Western Cape has the flexibility and infrastructural capacity to remain an important film region.

With the requisite research and public sector support, the Western Cape Film Industry should continue to retain its competitive edge. If costs are kept under control, South Africa and the Western Cape should also be able to expand their long-form industry. The following section will review the current status of governmental support, to ascertain whether the level and direction of this support is sufficient to ensure continued growth and development.

[21] *Film Industry Fact Sheet 2005, City of Cape Town release*

[22] *www.nfvf.co.za*

[23] *International Marketing Council of South Africa, 'R450 Million Rand Studio for Cape Town', www.southafrica.info*

5. Current government initiatives

The government has instituted a number of statutes and initiatives to develop the film sector. Legislation with relevance to the film industry includes: the Labour Relations Act (1995), the Films and Publications Act (1996), the Lotteries Act (1997), the Employment Equity Act, (1998), the Skills Development Act (1998), and the Independent Communications Authority of South Africa Act (2000). Moreover, many public bodies exist that deal with or incorporate programmes with relevance to film.

National Government organisations include:

- *The National Film and Video Foundation* (NFVF). The NFVF was launched in 1999 to help develop and promote the industry. Its duties include helping the industry access funds and promoting incentive schemes that create an environment attractive to international film productions. The NFVF has been working towards these goals since its inception, although progress in their accomplishment has been uneven. The NFVF has been reasonably successful in fostering film agreements with other countries, in increasing the South African presence in the international film community, and in funding various film projects.
- *The Department of Arts and Culture* (DAC). The DAC earmarks about R20m annually for industry projects. It provides training grants and assists with production, marketing and distribution costs.
- *The Industrial Development Corporation* (IDC). The IDC has R250m earmarked for the film industry, which is managed by its newly created Media and Motion Pictures Division. The Corporation has been particularly prolific in the equity and loan financing of large film industry projects.
- *The Department of Trade and Industry* (**the dti**). Through **the dti**, many exported film products receive subsidies and rebates. **the dti** also spearheaded the national tax incentives relating to film, including the new film and television rebate scheme. Furthermore, it offers a number of incentives to entice investment in local manufacturing projects. Although not yet 'tapped' by the film industry, these incentives are applicable to film. They include the Foreign Investment Grant, the Small Medium Enterprise Development Programme (SMEDP), and the Skills Support Programme.
- *The South African Revenue Service* (SARS). Together with the film and television rebate scheme, SARS offers tax incentives under Section 24F of the Income Tax Act. Although there are some minor ambiguities related to this incentive, it is a useful tool which allows deductions against production and post-production costs.
- *Sithengi.* Sithengi is a Section 21 company mandated to promote the development of and trade in African and South African film and television products for a global market. It accomplishes this through the hosting of the World Cinema Festival, which incorporates the Sithengi Film and Television Market. This market provides an opportunity for networking and trading between South African film makers, distributors, exhibitors, broadcasters and international players. Sithengi also has a management contract to administer the R3m HIVOS/Sithengi Film Fund.

Provincial and Local Government initiatives include:

- The provincial government and the City of Cape Town jointly funded a subsidy of R60m toward the estimated cost of R426m of the Dreamworld Studio development.
- *The Cape Film Commission* (CFC). The CFC is a Section 21 company and is the official advocate for the feature film, television, video, commercials, and stills photography production industry in the Western Cape. It is playing an increasingly larger role in developing and supporting the indigenous film industry, including acting as an interface between the industry and government, and working with the NFVF to boost public incentive and support programmes. It also plays a significant role in maintaining local community support for the film industry and manages a transformation film fund for historically disadvantaged film-makers in Cape Town.
- *The City of Cape Town* (CoCT). The CoCT has recently embarked on a number of initiatives to make Cape Town a more 'film-friendly' city. It recently completed a 'City of Cape Town Film Policy and Protocol', which should mitigate some of the coordination and bureaucratic obstacles facing the industry. Furthermore, it has made a concerted effort to minimise tariffs and improve the permitting process.
- *The City of Cape Town Film Permit Office* (CTFPO). The CTFPO interacts with the appropriate City departments to co-ordinate permissions, issue film permits and ensure that all people who need to know about a planned shoot on City property are adequately informed.

A number of other noteworthy private and semi-public initiatives exist. These include numerous film festivals and the Film Resource Unit (FRU). The FRU is a non-governmental film distribution and educational agency, dedicated to the dissemination and promotion of independently produced and developmentally appropriate film and video materials.

Problem areas and suggested policy interventions

Audience development

One of the main impediments to developing an effective local industry is lack of audience development. South Africa does not have a co-ordinated strategy in place to develop audiences and new film-makers face a particularly difficult struggle. In many instances, if they can afford to produce a movie, up to 90 percent of the revenue is absorbed by distributors and middlemen. Traditional distributors are also reluctant to screen anything but 'sure hits'. Unlike SABC programmes, which have to consist of 55 percent local content, only 0.5 percent of movies shown in cinemas are South African. This is despite the fact that numerous surveys indicate a willingness among cinema-goers to watch locally-made movies. As a result, the bulk of South African box office revenue flows to foreign countries.[24] Moreover, film makers often lack the requisite business training to price their products effectively. The value of the South African film market and the value of exhibition-sell through retail, are generally not well understood.

Further hurdles to developing audiences include the fact that movie-going is life-style dictated. Although television and DVD penetration are helping build a film culture in South Africa, progress still needs to be made. The majority of movie watchers fall into the 13-25 year age group. Traditional cinema attendees are from predominantly white urban/suburban areas and for the most part have only been exposed to Hollywood film offerings. (It is interesting to note that research shows that older filmgoers (24-55 year range) are the most receptive to innovation.)[25] In many cases, geographic distance from movie theatres and ticket pricing preclude growth in other groups. This lack of access has contributed to a proliferation of piracy, which has eroded the revenues of legitimate distributors. Hence, a 'vicious circle' has developed, which further reduces the willingness of distributors to take chances on South African films.[26]

Cinemas built in townships (such as those in Daveyton, Dobsonville and Mabopane in Gauteng) have very low occupancy rates. This seems to indicate that development of audiences in townships may require more than just the building of more cinemas. Cinema needs to be marketed (and priced) as an entertainment activity to township audiences.[27] In fact, overall cinema attendance figures are not promising. According to Ster-Kinekor research, cinema attendance has been falling by about 12 percent annually, although this has been masked by the increase in ticket prices which have still allowed for positive growth in box office revenues. This fall is due to a number of reasons, although the main factors appear to be the increase in ticket prices and the development of a DVD/ home video culture. South African movie-goers only visit the cinema an average of 3.7 times a year. Furthermore, only 10 percent of the South African population actually attends the cinema (as compared to 70% in Australia).[28] Cinema chains are concerned about declining figures. Recently, they have increased the number of reduced-price movie nights. It is still too early to assess the effect of this move. Either way, more research in this area would be useful.[29]

Certainly it appears that many of the South African films currently being made are not appealing to the target audience. The film community has mixed views regarding this fact. Some feel that South African scripts are too historical and political. This is a sentiment prevalent among young viewers in particular. Others disagree, however. Dingi Ntuli, the writer/producer of the recent South African release South, states:

24 *Vynck, Dirk, 'There's not enough Colour in the Film Industry', The Sunday Independent, February 6, 2005.*

25 *Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.*

26 *Ibid.*

27 *Cultural Industry Growth Strategy (CIGS), The South African Film and Television Industry Report, Report to the Department of Arts, Culture, Science and Technology, November 1998.*

28 *Venter, Vianne, 'Prepare to Shout Africa', The Callsheet, March 2005.*

29 *Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.*

"Some people think film should be pure entertainment and an escapist pastime, but film is more than capable of entertaining and informing at the same time. In our context, we have a deep responsibility to ensure that both happen. In South Africa, the process of healing and unpacking the past has not even begun to happen, and film has an important role to play." [30]

Mr. Ntuli has suggested a 1 percent 'moving image tax' on all tickets for first-world movies, DVDs and live shows, which he feels would raise up to R200m a year and could be used to support local films. He also suggests a 10 percent local content quota for cinema chains, similar to that imposed by the governments of China, South Korea, France and Argentina.[31] This may not be economically feasible, however, in light of the declining attendance faced by the large cinema chains. A better solution may be to work through initiatives like Mamaramba iBioscope and Shout Africa, which aim to increase exposure to South African offerings.

The Mamaramba iBioscope initiative set up small cinemas in the townships in 2005, hoping to engender the interests of South African film-makers who want to screen their films to wider audience. Their pilot project has just been completed. It involved setting up a cinema in Site B, Khayalitsha, which offered one screening a day. The cinema had surround sound and digitally projected films on a 2m x 3m screen. Admission prices were kept low and occupancy rates were around 65 percent to 70 percent. AV Network, a private audio visual company, has been supportive of the project, transferring tapes into DVD format to enable projection.

Shout Africa, a new film company, is planning on launching 20 high-tech digital cinemas in communities across the country by September 2005.32 Like Mamaramba iBioscope, these communities will include Gugulethu, Langa and Khayalitsha. The project will make use of existing infrastructure, establishing cinemas in community centres, school halls and old movie-houses. They plan to renovate these, providing all the amenities of main-stream cinemas (with the addition of traditional South African food options.) Shout Africa will screen local films as well as international productions, and are even hoping to provide African sub-titles to some foreign films. The company is a consortium consisting of Lance Samuels and Mbongeni Ngema from The Out of Africa Picture Company, Ken Simmons II and Jessica Motaung of JAKE Productions and Leleti Khumalo, the award-winning actress recently seen in the Oscar-nominated movie *'Yesterday'*.

Shout Africa also plans to establish a distribution network for local producers, which will include pre-sales and minimum guarantees to help local independent producers secure financing. This is important because movies often have to prove themselves locally, before being considered by international distributors.[33]

Further potential solutions to the Audience Development challenge include:

- Ensuring that film-makers are aware of their rights and are knowledgeable about legal contracts. It is necessary that they maintain more control of their films. In particular, film-makers must ensure that they retain the right to sell their film on the web, while it is in video distribution.
- Creating a semi-public digital equipment and software leasing firm, aimed at previously disadvantaged film-makers.
- Encouraging networking events to match people with effective partners.
- Encouraging film-makers to think about innovative distribution solutions – such as screenings at clubs, universities and house parties, and the intensive use of DVDs.
- Helping film-makers to develop the correct marketing skills. It is necessary to build awareness of films long before they are available for screening.[34]
- Fostering the practice of audience sampling to get a better understanding of what is attractive about films.
- Increasing research efforts and making these accessible to the public at large. A substantial amount of research has already been carried

[30] *Ntuli, Dingi, quoted in an article by Kevin Kriedemann, 'The State of Screenwriting in South Africa', The Callsheet, March 2005.*

[31] *Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.*

[32] *Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.*

[33] *Venter, Vianne, 'Prepare to Shout Africa', The Callsheet, March 2005.*

[34] *Broderick, Peter. 'Building Audiences – An American Perspective', Audience Development Conference, Artscape Cape Town, 18th November 2004.*

out by Ster-Kinekor, the SABC and other bodies. This mainly relates to the mainstream cinema-going audience and television viewers. It would be useful to expand on this to include markets not yet reached by these channels.

- It has been suggested that the government perhaps launch a 'mobile cinema' service for rural areas, such as exists in some other African countries. These services exhibit up to 22 movies a month, reaching some 3 500 people.[35] It should be noted, however, that the FRU attempted a similar programme through its Mobile Purpose Community Centre project.
- Maintaining tight controls on pirate videos and DVDs to ensure stable demand for legitimate local products.
- Increasing the number of video stores in townships. Although Ster-Kinekor has already opened some in Soweto and DVD usage in shebeens is on the increase, more outlets would be beneficial.
- Fostering consumer awareness using other forms of media such as radios, newspapers and television.
- Negotiating with SABC to reduce the time taken to get a film screened on free television. Currently it takes 6 months to get a film screened on pay television and 5 years to get it filmed on free television. (SABC and Ster-Kinekor have made some attempts to reduce this time lag in special cases. For example the film 'Forgiveness' will be shown on television in 2005, one year after its cinema release.) [36]

Audience development should also be fostered through the NFVF's planned 'Integrated Promotional and Development Campaign'. As mentioned earlier, it is hoped that the marketing and research data generated by this campaign will allow production to be more closely aligned to consumer's needs. (This campaign plans to find out what consumers want to watch, how much they are willing to pay to watch it, and how they are best reached through communication and distribution channels.) [37]

It has been suggested that South Africa invest more in developing export markets, particularly in the developing world. This sentiment has been bolstered by recent promising developments. For instance, South African based cinema group Ster-Kinekor is committed to developing cinema complexes in a number of Africa countries. It already has outlets in Zimbabwe, Namibia and Zambia. Furthermore, the increase in the affluent middle-class and television ownership in Eastern Europe, Asia and Latin American is encouraging. However, the South African industry is not at a stage where it is able to target these markets directly. Local audience development is therefore a prerequisite.

Recommendations

The Cape Film Commission is the best vehicle to co-ordinate the various audience development 'remedies'. It is suggested that the CFC work together with other interested parties and that the respective funding available to these bodies be increased in line with their enlarged responsibilities. In particular, it is recommended that the Western Cape Government meet with the CFC and interested parties to draw up a plan of action. This should include:

- A commitment to meet regularly with consortiums such as those behind Mamaramba iBioscope and Shout Africa to assess any problems in their expansion plans. A further consideration would be for the CFC to help to attain funding aid for these initiatives, in exchange for the opportunity to sample audiences and collect information. Furthermore, any help in funding could be tied to agreements by Mamaramba iBioscope and Shout Africa to screen a substantial percentage of local products.
- The organisation of a workshop with the Media, Advertising, Packaging, Print and Publishing Sector Education Authority (MAPPP-SETA), Sithengi, the relevant film schools, training providers and industry stakeholders to address the need for specific 'business skill' training. As noted earlier, film-makers need to be educated about legal contracts and made aware of their rights. It is also important that film-makers are prompted to think innovatively about distribution. New mediums (digital formats) and original marketing mechanisms (e.g. screening clips of new films at universities, events and nightclubs) need to become an intricate part of film-maker training.
- A commitment to embark on further audience sampling. This should be done in consultation with the SABC, Ster-Kinekor and the NFVF to prevent duplication of research. It needs to be established exactly what information the SABC and Ster-Kinekor currently have on audience preferences. The NFVF needs to be consulted as to precisely when their proposed Integrated Promotional and Development Campaign is expected to be launched. If this is not in the near future, it is proposed that the CFC embark on its own campaign, and provide

[35] *Gloster, Dermod, 'Developing a Wider Film Audience', The Callsheet, December 2004.*

[36] *Kuun, Helen, Ster-Kinekor, Audience Development Conference, Artscape Cape Town, 18th November 2004.*

[37] *National Film and Video Foundation, The National Film and Video Foundation Value Charter, www.nfvf.co.za*

the relevant material to the NFVF to facilitate its research. A portion of the NFVF's budget for their campaign could then be used to fund the CFC effort. It is particularly important that 'untapped' markets are addressed. It would be relatively easy to survey 'captive' markets like representative high schools in townships. The costs need not be preclusive.

- An agreement to negotiate with the SABC for early release of particularly promising local films.
- The use of other forms of media (such as radios, newspapers and television) to foster consumer awareness.

Training

A core issue for the film sector is the state of training. This is closely linked to the need for transformation. Previously disadvantaged groups are not receiving the training and skills required to position themselves in the market. The main concerns relating to training and development can be summarised as follows:

- It is felt that the film industry is not marketing itself as a career option to previously disadvantaged groups. As noted by Gareth Holmes of the South African School of Motion Picture Medium and Live Performance (AFDA), the industry is generally not regarded as an attractive vocational option to local talented individuals and artists. Black school leavers are generally encouraged to aspire to the safe route of the professions.[38]
- There is a severe lack of basic business skill training. Local film-makers need to be schooled in investment terminology and basic business development skills, including management, marketing, accounting and entrepreneurship. They also need to be aware of industry-related laws, including appropriate copyright and intellectual property laws.
- There is concern that the film schools are producing too many individuals skilled in production, with insufficient focus on scriptwriting, crewing and technical skills.
- The links between training providers and the industry need to be strengthened. This is both to ensure that training caters to industry needs, and that trainees of all levels are able to secure placements in suitable positions.[39] In this regard, more focus needs to be placed on internship and mentorship programmes. These are crucial in an industry where familiarity and networking are means to attain and secure work. There is a general lack of commitment among South African production companies to both accept trainees, and offer them tangible opportunities to develop skills. Often the few apprentices that are accepted are treated as 'runners', and only given menial duties.
- Since present legislation does not cover many aspects related to film education, educational institutions are often forced to seek the assistance of commercial production companies. In general however, industry members have been unwilling/ unable to help structure courses in the institutions themselves. Many universities and schools lament the noticeable lack of 'industry support' in terms of guest lecturing and course participation, as compared to other departments.
- There is a need for an updated audit on the state of training programmes in the industry, especially with regards to the lack of standards and the dearth of business training.
- The structure of the industry itself poses training problems. Film companies generally consist of a small number of highly-skilled individuals, who contract out as needed (often via crew agents). When employment contracts are of such a short-term nature, a co-ordinated training programme is difficult to start and manage. Furthermore, the small size of most industry firms means that the training capacity is fairly limited.
- There is a poor understanding of the South African Qualifications Authority (SAQA) process within the industry. Furthermore, training providers often lack the administrative capacity to handle the paperwork required by the qualification process.[40]
- Few statutory bodies provide training to the film sector, and most training comes from private initiatives and community organisations. (This is especially true in recent years. Since 1994, the majority of new training programmes have been generated by community organisations and the private sector.) Although these community organisations play an important role, the training they provide is minimal compared to other industries. This is mainly due to the relative technology dependence of the sector, which inflates the start-up costs of training.
- Most previously disadvantaged groups lack the opportunity to attend the more reputable schools. The few bursaries that do exist are inadequate to redress the imbalance in the student profile effectively. A recent NFVF survey found that only 45 percent of training providers could afford to provide any in-house financial assistance.

[38] *Holmes, G. 'Black Economic Empowerment', The Callsheet, November 2004*

[39] *Film & Video Training Institution Survey: Draft Analysis, Joint National Film and Video Foundation and MAPPP-SETA document, November 2004.*

[40] *Joffe, Avril, MAPPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPPP-SETA document, July 2004.*

- According to the NFVF survey on training provision, 45 percent of training institutions rely on government and international donor grants. Only 37 percent are primarily dependent on training fees. These grants often have to be renewed annually, creating an extremely risky training environment where providers are often unsure of the future of their programme. Without certain continuity, training programmes are unable to attract quality instructors and invest in capacity.[41]
- The vast majority of training is conducted in English, with very few providers offering instruction in other languages.
- A national film school has been suggested as a way to address some of the above inadequacies. However, the industry has mixed views on whether this is the best way to meet the educational needs of the film sector.

As evident from the issues outlined above, the establishment of education and training programmes is not a simple matter. In South Africa, training is governed by constitutional issues and a number of Acts in various government departments. It must be conducted through the appropriate educational facilities, commercial training programmes and apprenticeship and mentorship programmes. New legislation on training is going to have a substantial impact on the film industry.

In South Africa, human capital development is legislated by:

- The South African Qualifications Authority Act No. 58 of 1995, which devised the National Qualifications Framework
- The Skills Development Act No. 97 of 1998
- The associated Skills Development Levies Act of 1999
- The policies on transformation of Tertiary Sector Education
- Other employment equity legislation.

All production companies (whose total pay to their workers is more than R250 000 per year and who have to register according to the Income Tax Act) are required to pay a Skills Development Levy (SDL). The Skills Development Act allocates 80 percent of this SDL to MAPPP-SETA, and 20 percent to the Skills Development Fund. Employees can get back some of the MAPPP-SETA allocation if they design training programmes according to MAPPP-SETA stipulations. The possibility of reclaiming some of this levy combined with the increasing number of employment equity laws, should increase the status of training in firms. They will also be more likely to notify government of their plans and targets.[42]

According to the Hadland and Voorbach who conducted research into the small media sector:

"The NQF is intended to eliminate division between vocational and academic education, recognise 'real world' learning and ensure that training institutions are accountable by providing an outcomes-based orientation. Once the system has been established, flexible and appropriate qualifications will be in place that can be awarded by a range of entities. It is anticipated that learnerships will serve as a work-based route to qualifications." [43]

Despite these noble goals, there is a great deal of confusion in the industry relating to training provision. Hadland and Voorbach's research found that most mainstream media managers had only a vague understanding of the SAQA process. They also noted that as the NQF becomes more entrenched, pressure is being placed on training providers who often lack the administrative capacity to handle the increase in paperwork. These findings were reiterated in the qualitative review of broadcasting conducted by the MAPPP-SETA.

They found that neither established nor emerging training providers had the requisite level of proficiency to comply with the SETA's reporting systems and numerous templates.[44]

According to the MAPPP-SETA review, there are approximately 280 training providers being utilised by the industry, the majority of which are not accredited. The categories of training providers are:

- Tertiary institutions such as Technikons, Universities and film schools

[41] *Film & Video Training Institution Survey: Draft Analysis, Joint National Film and Video Foundation and MAPP-SETA document, November 2004.*

[42] *Hadland, Adrian and Karin Thorne, The People's Voice: The Development and the Current State of the South African Small Media Sector, Human Sciences Research Council Publication, 2004.*

[43] *Hadland, A and Voorbach, H, Evaluation of the Core Courses of the Institute for the Advancement of Journalism, Human Sciences Research Council Publication, 2003.*

[44] *Joffe, Avril, MAPPP-SETA Sector Skills Plan: Film and Electronic Media Chamber – TV and Radio Broadcasting, MAPPP-SETA document, July 2004.*

- Private colleges and companies such as Boston Media House, ABC Ulwazi, Allenby Campus, Damelin and Nemisa
- Individuals
- Independent training providers such OutLearning, which tailor-design courses (used by M-Net)
- Foreign broadcasters such as Australian and Canadian broadcasting corporations.[45]

Currently there are film schools situated in most of the countries prominent learning institutions. The most reputable include:

- Pretoria Technikon Film and Television School
- Newtown Film and Television School
- University of the Witwatersrand (WITS) Drama and Film Degree
- Cape Town City Varsity Film and Video Diploma
- Cape Town International Film School
- Natal Technikon Diploma in Video Technology
- The South African School of Motion Picture Medium and Live Performance (AFDA)
- University of Cape Town (UCT) Centre for Film and Media Studies
- Monash South African Film and TV Unit.

Of these, Cape Town City Varsity, the Cape Town International Film School, AFDA and the UCT Centre for Film and Media Studies operate in the Western Cape. The Journalism Department of the University of Stellenbosch also offers courses within their journalism degree that have relevance to film.

Most film schools supply students with equipment, theatrical training, and the chance to make their own movie. The schools have managed to cultivate a great deal of local talent and there has been a shift away from generic commercial production. As noted earlier however, many industry participants feel that the schools are producing too many individuals skilled in production, with insufficient focus on crew and technical skills.

[45] *Ibid*

The Monash Film and TV Unit is unique in its offering of short intensive courses to industry professionals at both intermediate and advanced levels. It is also a forerunner in regard to transformation. A recent project provided 40 students (90% from disadvantaged backgrounds), with production and technical training. It is currently attempting to place these students in entry-level employment positions in the entertainment industry.[46]

It is important that the programmes in educational institutions address the identified needs, and that private businesses in the film industry provide some form of apprenticeship or mentorship programme. The NFVF has to work together with the Department of Education, the Department of Labour, and the Department of Arts and Culture to achieve this.[47]

They have already collaborated with MultiChoice and the DOL in introducing a Film Skills Development Programme. This selects 100 trainees from among those who register for workshops, and assigns them as interns in production houses. They will then be regrouped and allowed an opportunity to make their own Public Service Announcement for the MultiChoice VUKA! Awards. The NFVF is an ideal candidate to facilitate more training programmes, and its goals already include:

- Providing financial support for promising projects
- Conducting an audit of skills and of training provision
- Developing and implementing effective communication strategies for film and video education and training on a national level.
- Promoting access to quality training at all levels of the National Qualification Foundation (NQF) through providing bursaries for study at training institutions, and providing support towards participation in targeted and accredited skills programmes.
- Through participation in the Audiovisual Standards Generating Body and in partnership with MAPPP-SETA/Create SA Cultural Industries training project, contributing to the writing of Unit Standards, to the drawing up of qualifications and designing of learnerships for the industry, and to identifying appropriate providers.
- Continuing progress towards the realisation of a feasibility study for the development of a national film school.[48]

[46] *Friedman, Hazel, 'How do our Film School's Rate?', The Callsheet, December 2004.*

[47] *National Film and Video Foundation, The National Film and Video Foundation Value Charter, www.nfvf.co.za*

[48] *National Film and Video Foundation, www.nfvf.co.za*

The debate around a potential national film school remains heated. Eddie Mbalo, CEO of the NFVF, highlights a few questions that need to be addressed.

The location of the school is an important issue, as is whether the school should be a national competency such as the tertiary institution or a concurrent competency linked with the provincial film offices. He has suggested that it might be more efficient to set up the school as a department within an already existing university or technikon. It is clear that more research on the current market demand for this service needs to be undertaken.[49]

Apart from the NFVF's efforts to bridge the training gap, a number of private and professional organisations have started initiatives of their own.

The Audio Visual Entrepreneurs of Africa (AVEA) is the only major development programme for producers in Southern Africa. It is based on the European producer training programme EAVE and receives support from the NFVF, British Council UK, the French Foreign Ministry and Swiss Development Agency.

It recently launched a training centre for scriptwriters, producers and directors. This will incorporate SEDIBA, a scriptwriter development programme, which has been spearheaded by the NFVF in collaboration with the South African Scriptwriters Association (SASWA). SASWA is playing an increasingly important role. With funding from the NFVF and the National Lotto, they advise on contract law, provide training and mentorship, and present workshops on marketing and copyright.

The programme also recently acquired a dedicated Industrial Officer and Director and is working with a top entertainment and media law firm to standardise writers' contracts, credit allocations and rates.

Apart from the short workshops offered by SASWA and the master's classes offered by AVEA, other training opportunities exist for scriptwriters. Short introductory workshops are offered by The Writing Studio and Deutsche Welle and Masters classes are offered by Dermod Judge and SCRAWL.

Also important is M-Net's New Directions scriptwriter and director development programme. The Writing Studio reserves half the places on all of their courses for unemployed writers and waives payment for these students.

Many of the other courses have similar bursary schemes. As noted earlier, efforts are under way to regulate industry standards, with SAQA proposing a National Certificate in Scriptwriting (NQF Level 7).

In light of this apparent surplus of opportunities, many feel that lack of training is no longer the main reason for the poor quality of South African scriptwriting. They feel that inadequate financing and support structures for scriptwriters are the more pressing problems.[50]

However, there is still room for improvement in scriptwriter training and a need to more effectively promote the programmes that do exist. Moreover, it is important that promising aspirants are 'matched' with suitable programmes.

The Commercial Producers Association (CPA) conducted intensive workshops for independent film-makers with limited experience, especially regarding business skills. Although these programmes were promising, in many cases there has been insufficient funding and a poor follow-up. A season that was less profitable than expected also meant that many production companies felt unable to effectively 'adopt' trainees.

In May 2003, the CPA received MAPPP-SETA funding (R844 000) for a one-year period, to facilitate specialized 'scarce skills' training. A free course was offered to aspirant production managers from disadvantaged backgrounds. The course was designed by Peter Carr, together with Consulting Dynamix (SAQA accredited training-specialists).

It comprised of an initial theoretical course on film production after which trainees were individually placed in 17 production houses. This course was particularly useful in educating the mentors as to what a more comprehensive training programme would require.[51]

The Cape Film Commission (CFC) has also launched a 'library initiative',

[49] *Mbalo, Eddie, Leading the Industry towards a Rapid Growth Phase, Press Release on February 2005, www.nfvf.co.za*

[50] *Kriedemann, Kevin, 'The State of Screenwriting in South Africa', The Callsheet, March 2005.*

[51] *Amm, Bobby, Commercial Producer's Association (CPA)*

which is linked the CoCT's 'Library Business Corner' project. It ensures that libraries round the Western Cape have a film section, with books covering topics ranging from script development to budgeting and post production.

Furthermore, it is organising events where film-makers talk to school children about their respective occupations and encourage film as a career option.[52]

Kwela Films is a new non-profit organisation aiming to introduce film-making to historically disadvantaged communities in the Western Cape. With funding from the CFC, it has been selecting trainees in all departments of film production and helping them film short 35mm films using respected industry technicians as mentors. (The Nautilus Crewing Agency has provided substantial support for the project.) The trainees are then placed as runners in major production houses for the summer season.[53]

Recommendations

Since most of the coordination and standard setting has to be set at a national level, the requisite body to conduct the appropriate skills and training reforms is the NFVF. In particular, it needs to ensure that the progress in the NQF's standard setting process is sustained. The work on internship and mentorship programmes is also crucial, as is the research on a national film school.

The NFVF needs to ensure that it maintains constant pressure on the government to keep the legislation and documentation relating to MAPPP-SETA endorsed training programmes as simple as possible.

On a provincial level, the Cape Film Commission could play an important role, especially if it is supplied with the requisite funding. It is suggested that the CFC work with a Skills Development Levy specialist to host a 'SDL guide for amateurs' workshop. Attendance at this workshop should be encouraged for all stakeholders – ranging from training providers to production companies. To prevent the industry from experiencing workshop fatigue, this could be tied to the audience development workshop (proposed earlier) and the location workshop (proposed later).

Alternatively, an individual could be hired to translate the MAPPP-SETA documentation into an easy to read format, which could be distributed to all training providers and production houses. The Western Cape government should also seriously consider the funding request for the Western Cape Film Fund. This fund acts as an important local financing channel for bursaries and promising training initiatives.

Funding and distribution

Investment in local films has traditionally been poor. The main sources of funding include: distributors, broadcasters, government and the private sector. As noted in the section relating to current public initiatives, the government has stepped up its funding to film-makers. Restricted funding can now be accessed through the NFVF, the DAC, **the dti**, and the IDC. If the provincial government grants the CFC the capital to create their proposed Western Cape Film Fund, funding will also be available on a regional level.

The private sector is more problematic. As mentioned earlier, the problem lies in the extremely high risk nature of especially the South African film industry. For instance, the larger Australian market enables the Australian Film Commission to invest the initial development money in a production, which then has to be matched by private funding. It is unlikely that a similar programme would work in South Africa, due to limited government revenue, poor market response to South African films, the reluctance of South African distributors to showcase local products, and the inability of film-makers to 'tap into' private funding sources.

The poor business and marketing skills on the part of South African film-makers only compound these problems. Only a few South African firms finance film projects, and the requirements to attain this funding are often quite steep. (Rand Merchant Bank has been particularly active in this area.)

The majority of produced South African films have been funded by foreign capital, either by donations or through co-productions. As noted earlier, South Africa currently has co-production agreements with Canada, Italy

[52] *Radovanovic, Sandra, 'Training and Development in South Africa', The Callsheet, AFCI Locations Trade Show, Cannes Film Festival, Cannes Advertising Lions special edition, 2005.*

[53] *Kwela Films Press Release, 2004.*

and Germany, and a Memorandum of Understanding with India and the French CNC. Memorandums of Understanding are being negotiated with the UK and Ireland.

Apart from the obvious financial support, the benefits of co-production include: qualification for the other country's tax breaks and incentive schemes and access to the other countries knowledge base, inputs and locations. Drawbacks may include increased shooting, negotiation and co-ordination costs, and a potential loss of control and cultural specificity.

On the whole, however, the advantages of co-production dominate. South Africa should continue to foster co-production agreements, and help to transform Memorandums of Understanding into stronger accords. Since the UK is a prominent source of commission, it would make sense for South Africa to broker a co-production treaty with the UK. Eddie Mbalo, the chief executive officer of the NFVF has been stressing the importance of such a move for some time. Although there has been some progress in achieving this goal, the current turbulence in the UK industry has slowed results.

In December 2004, the UK government attempted to eliminate the misuse of the film industry tax support legislation. There had been a substantial amount of 'double-dipping', whereby companies claimed tax relief twice – from both production and sale-and-leaseback deals. This governmental tightening followed an earlier February 2005 move to remove other loopholes in UK tax laws. As a result of these governmental initiatives, the amount of money offered by UK investors has been substantially reduced.

Furthermore, Section 48 of the UK tax act, the tax-deduction for low to medium budget films, will be removed in July 2005. This previously offered the best vehicle for UK- South African co-production projects. It may be more prudent therefore, to delay an UK-South African co-production treaty until the uncertainty regarding the successor to Section 48 is resolved.[54]

[54] *Worsdale, Andrew, 'UK Co-production Quo Vadis? Dollar Sliding –Go Down Under Instead', The Callsheet, March 2005.*

A treaty with Australia looks more promising. The governing council of the Screen Producers Association of Australia (SPAA) is expected to endorse a report supporting a co-production agreement with South Africa. This report will be presented to the Australian Film Commission (AFC). The report touts the similarities between the industries of the two countries and the growth potential of South African exhibition.

This co-operation should be boosted by the expected attendance of a South African delegation at the 2005 SPAA conference and the Australian counterpart delegations attendance at Sithengi in November 2005. Furthermore, a special South African Film Festival is to be held in Sydney this year, ensuring a high level of cross-country awareness.

Developing the Indian Memorandum of Understanding into a full co-production treaty would also provide substantial returns. Although Indian budgets tend to be a great deal smaller than those of European and American origin, the tourism spin-offs are substantial. Indian tourists are renowned for travelling to locations showcased in Indian films. Furthermore, a co-production treaty could 'work both ways'.

Despite the enormous quantity of films produced by the Bollywood Industry each year (over 800 feature films), only 1 percent to 2 percent are distributed internationally.

South Africa can help to make Indian films more commercially viable and offers a large potential consumer base for Indian releases.

Delegations from both countries have recently made reciprocal trips to further co-operation. The Indian delegation is concerned about the tax incentive schemes available however. With regard to **the dti** rebate scheme, they feel that the minimum budget of R25m is too large for the majority of Indian films. It has been suggested therefore that a Special Purpose Vehicle be created specifically for Bollywood productions. This would be a potentially useful way to foster further collaborations.[55]

Overseas funding can also be realised through local programme support. For instance, the European sponsored film fund, the HIVOS/Sithengi Fund

[55] *Kriedemann, Kevin, 'Indian-South African Co-production Treaty Coming Soon', The Callsheet, March 2005.*

has a pool of €375 000 (about R3m), to aid aspirant film-makers and projects in the SADC region in 2005.[56]

The afore-mentioned Catwalk film fund supported by Irish Production house 'Little Bird' provides a further example. In comparison to other countries, distributors in South Africa provide very little film funding. Those that do invest in local film either invest directly in a production or provide a guarantee that it will be distributed theatrically (which aids the producers when seeking further investment).

Traditionally, distributors have been reluctant to support South African films, however. In an attempt to rectify this situation, Ster-Kinekor, has offered a guarantee to local film-makers of a theatrical release of at least one print per production (i.e. it will be viewed at least once, in at least one theatre). It is unlikely however, that this will provide sufficient opportunity to effectively develop audiences and/or gauge a true response to a film.

Apart from the afore-mentioned move by Ster-Kinekor, South African film-makers face substantial distribution hurdles. Many local productions are 'doomed to failure' as producers fail to consider distributive issues prior to making a film. As stated by Michael Dearham of the Film Resource Unit:

"The South African film industry differs from other successful film-producing nations in that it remains production-led and fragmented, compared to the more successful film-producing nations, for example, the US and to a lesser extent India, which are distribution-led and integrated. This represents a fundamental structural weakness, which lies at the root of the industry's current problems. So our film-makers have continued to make films that are an incoherent jumble of widely diverse projects, lacking continuity with heavy reliance on local and international film festivals circuits for exposure."[57]

This attitude may partly be attributed to the reluctance of traditional distributors to exhibit South African films. It is vital, however, that film-makers become more 'distribution driven' and consider alternative distribution options and film marketing before production begins. In consideration of the severe constraints facing local products, a more co-ordinated distribution solution needs to supplement these efforts.

Some industry bodies and a number of private initiatives are trying to 'bridge the gap'. The Sithengi Film and Television Market held annually in Cape Town provides a forum for African film-makers to network and broker deals with both local and international buyers. This has been extremely successful and continues to contribute to the development of the industry.

The animation sub-sector replicates this initiative on a smaller scale. Monthly talks and screenings of local work are held at the Michaelis Lecture Theatre in Cape Town. (A similar event has just been launched in Gauteng). This 'animationXchange' is co-ordinated by Animation South Africa and offers an opportunity for local artists to screen their films, network, develop business partnership and trade ideas with likeminded individuals.

Among others, the SANKOFA Project under the FRU also made strides to address the distribution challenge. It aimed at ensuring effective distribution and exhibition of the feature film Sankofa, which was generally considered a success. This was mainly due to the use of three important tools:

- Effective promotion and publicity of independent cinema venues that hosted the film
- Active 'block-bookings' to complement cinema attendance through the canvassing of high schools, tertiary institutions, and community organisations
- Project managers who guided local marketing and promotional activity

The success of the project highlighted the importance of marketing and demonstrated that African films can be both educational and commercially successful. The FRU feels that the failure of so many local films is due to the 'minuscule budgetary allocations for marketing and publicity'. The local films that did make it to mainstream cinema (e.g. God Is African, Hi Jack Stories) only received a R80 000 to R100 000 market spend from

[56] *Henderson, Esther, 'Sithengi Reports Back on 2004 Market and Plans 10th Anniversary', The Callsheet, February 2005.*

[57] *Dearham, Michael, Film and Democracy in South Africa, Film Resource Unit document, 2002.*

the exhibitor. It was felt that the box-office failure of these films reinforced public loyalty to Hollywood Blockbusters.[58]

The NFVF is aware of distributive needs. It is planning the establishment of a South African Film Portfolio to 'align the South African film industry with specific global markets through co-production and distribution agreements'. In particular, it is hoped that this will ensure local content with global appeal is developed. This is vital is the industry is expected to remain competitive in the long run.

Recommendations

The proposed NFVF project should go a substantial way to solving some of the funding and distribution problems. On a regional level, provincial support for the proposed Western Cape Film Fund would help meet the financing shortage facing aspirant film-makers.

It is also apparent that some of the suggestions noted in the audience development and training section should help in the funding and distribution arena.

In particular, improved business skills and marketing training will ensure that films with greater commercial viability are made. Audience development initiatives that stimulate local interest in film should mean that traditional distributors are more willing to exhibit and distribute South African products.

The township cinema initiatives will also offer opportunities for local film-makers, as will the two new SABC channels.

The Western Cape Government can contribute to a 'distribution solution' by undertaking the following:

- Supporting local content quotas and ensuring that they are maintained in the near future
- Supporting Sithengi and ensuring that it receives adequate funding to allow for growth and expansion
- Supporting any efforts aimed at brokering an Australian co-production agreement.
- Remaining vigilant about new co-production opportunities.

[58] *SANKOFA: Brief Project Description, FRU Internal Document, 2004.*

Issues relating to tax and working conditions

A number of tax and working conditions are being perceived as eroding the competitiveness of the industry. Some of the complaints are legitimate and require review. Other concerns however, can be mitigated merely through greater clarification and improved communication between the government and industry members.

Some of the main points of contention include:

- The restructuring of SARS PAYE laws revoking the blanket 25 percent rate.
- The recent tightening-up by the government on UIF payments.
- The need for clarification over the definition, employment status and tax liability of crew members and independent contractors.
- The need for clarification regarding tax issues relating to foreign crews.
- Ambiguities relating to Section 24F of the Income Tax Act.
- Recent Department of Labour (DOL) legislation requiring permits prior to working with children.
- The general strengthening of working condition statutes, especially in relation to overtime laws and maximum work week directives.
- The new work permit and advertising requirements in the Proposed Regulations to the Immigration Amendment Act.

Recommendations

With relation to some of these issues (notably the PAYE, training and UIF legislation), industry may have to accept that the legislation is unlikely to be altered.

Alternative ways will have to be found to remain competitive despite preclusive policy. With regard to the other issues however, it is recommended that the Western Cape government back the attempts made by industry parties to achieve the following legislative reform:

- Independent contractors not in 'standard employment' should be taxed at a flat rate of 25 percent.
- A simpler, fixed rate of tax should be levied when dealing with foreign talent.
- The 'at risk' rules relating to Section 24F of the Income Tax Act should

be clarified, especially regarding credit-financed transactions.

- Crewing agents should be allowed to register as labour brokers.
- The recently passed legislation regarding DOL permits for children should be reviewed.
- A Basic Conditions of Employment Act (BCEA) exemption regarding overtime should be granted for the industry, with different allowances for season and the rest of the year.
- The proposed changes to the Immigration Amendment Act should be reconsidered.

Location and support industry issues

The escalation in location and support industry prices are rapidly reducing the attractiveness of filming in the Western Cape. This is further compounded by poor relations between production companies and local communities. The efforts by the CFC and the City of Cape Town (especially their new Film Unit Liaison Officer Project) should go some to way to resolving many location problems.

The Western Cape Government can complement this by researching the feasibility and impact of a licensing scheme for production companies, where licences are automatically granted to production companies but are revoked if a company repeatedly violates good filming practice. All relevant industry bodies and production companies would obviously have to support and participate in the feasibility study. With regard to support industry prices, it is suggested that the Department of Tourism endorse industry attempts to realize 'special deals' for foreign film crews with the hotels and airways.

Recommendations

The efforts by the CFC and the City of Cape Town should go some to way to resolving many location problems. In order to deal with some of the outstanding issues, further research should be conducted into the feasibility and impact of a licensing scheme for production companies.

It is suggested that this 'licence' be automatically granted to production companies but be revoked if a company repeatedly violates good filming practice. (It could also be suggested to licence holders that it would be in their interests to attend the suggested workshops and cooperate with industry research.) This scheme would require national coverage and therefore the feasibility study should be conducted in conjunction with the NFVF.

Furthermore, all relevant industry bodies and companies would obviously have to support and participate in the feasibility study. While the study is being performed, a useful interim measure would be to adopt the suggestion made earlier regarding refusal of permits to companies with a history of location abuse, and CPA/ IPO endorsement to companies in good standing.

With regard to support industry issues, the most serious problem is the increase in prices, especially hotel and air ticket rates. Unfortunately there is little that can be done on a provincial level apart from facilitating information provision regarding the economic implications of 'losing film business'. This is why it is important to invite hotels and air carriers to the requisite film workshops. The Department of Tourism could also endorse industry attempts to realise 'special deals' for foreign film crews with the hotels and airways.

Empowerment

Transformation and Black Economic Empowerment (BEE) are key issues that need to be addressed in the film industry. It is vital that a BEE Charter is completed for the film industry. Without formalised procurement structures in place, it is difficult for BEE-compliant companies to compete for new business. Many of the suggestions offered in the training section should also address the empowerment challenge. It is important that the Western Cape Government support any efforts to complete the BEE Charter and manage transformation issues. If found to be feasible, the licensing scheme could also help to foster BEE compliance.

Recommendations

Many of the suggestion offered in the training section should also address the empowerment challenge. Of the remaining issues, funding and compliance are perhaps the most important. Funding assistance to help to complete the BEE Charter would be valuable. It is also suggested that when completed, the Charter be presented at one of the suggested workshops.

If found to be feasible, the suggested licensing scheme could further realise BEE compliance, as licences could be revoked if companies repeatedly violated some form of empowerment criteria.

Research

The provision of strategic information is vital for industry sustainability. Current research efforts are ad hoc and inadequate to address industry needs. The NFVF's proposed 'Sectoral Information System' (SIS) and 'Integrated Promotional and Development Campaign', are perhaps the best tools to overcome this deficiency. The Western Cape Government should support NFVF efforts, especially attempts to facilitate the collection of information by Statistics South Africa. It is imperative that this data is made available to the industry and government in an easily comprehensible format.

Recommendations

It is vital that information and research is more widely available in South Africa. As noted earlier, there is a severe lack of information on both the domestic and the international industry. Information on the domestic industry is especially difficult to collect due to film-makers' lack of trust of government/ other research initiatives. The proposed NFVF initiatives are perhaps the best tool to overcome this. The Western Cape Government should support NFVF efforts to:

- Facilitate the collection of information by Stats SA and related bodies on the South African industry.
- Make this statistical data available to the industry in an easily comprehensible format.
- Provide local producers with information on potential niche export markets.
- Provide information on possible co-production partners in both the local and international industry.

The Western Cape government can also petition Statistics South Africa and other relevant bodies to coordinate on data capture and sharing. With regard to the Western Cape in particular, the City of Cape Town's new online permit system, applicable across the whole metropolitan area, should also be used as an effective information source.

One of the Cape Film Commission's core goals is to develop market intelligence in production. They are ideally positioned to seek an industry buy-in and liaise with other government and permit offices to collect the requisite data.

As far as reaching the industry, it remains useful to work closely with the 'sources of industry information' that already exist. These include the Callsheet, the Whole Lot Directory, Film SA, the Film Maker's Guide to South Africa, Africa Film and TV, Screen Africa, Screen Africa Directory and Variety. It is imperative that the Western Cape Government support all efforts to make this data available to the industry in an easily comprehensible format. Policy changes and impact assessments should be communicated on a regular basis. Without this, it is unlikely that the industry will maintain the flexibility it needs to survive adverse global trends.