FILM FIRST PAPER

The Scope of the Film Industry in the Western Cape

KRISTA TUOMI

CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

ACA - Association of South African Film Crew Agents

AVEA – Audio Visual Entrepreneurs of Africa

AVMB SGB – Audiovisual Media Production Standards Generating Body

BCEA –Basic Conditions of Employment Act

BEE –Black Economic Empowerment

CIGS – Cultural Industry Growth Strategy

CFC – Cape Film Commission

CNC – Centre National De La Cinematographie

COIDA - Compensation for Occupational Injuries and Diseases Act

CPA – Commercial Producers Association

CSIR – Council for Scientific and Industrial Research

CTFPO – City of Cape Town Film Permit Office

CTV – Community Television

CVET - Community Video Education Trust

DEDT - Department of Economic Development and Tourism

DOL – Department of Labour

DTI – Department of Trade and Industry

DV – Digital Video

DACST – Department of Arts, Culture, Science and Technology

DIIF – Durban International Film Festival

DSTV – Digital Satellite Television

DTI – Department of Trade and Industry

DVD – Digital Video Disk

EEA – Employment Equity Act

FRU – Film Resource Unit

FULO – Film Unit Liaison Office

GDP – Gross Domestic Product

GRP – Gross Regional Product

GFO – Gauteng Film Office

HSRC – Human Science Research Council

IDC – Industrial Development Corporation

IMAX – Image Maximum

INDV - Independent Feature Film Movement

IPO - Independent Producers Organization

JSE – Johannesburg Stock Exchange

KZN – KwaZulu Natal

LRA – Labour Relations Act

MAPP-SETA - Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority

MEDS - Micro Economic Development Strategy

NAMA - National Association of Modeling Agencies

NEMISA – National Electronic Media Institute of South Africa

NFVF – National Film and Video Foundation

NQF – National Qualifications Framework

NTVA – National Television and Video Association of South Africa

OWN – Open Window Network

PAWE – Performing Artists Workers Equity

PAYE - Pay As You Earn

PVA – Personal Video Recorder

RAU – Rand Afrikaanse Universiteit

RPL – Recognition of Prior Learning

SAA – South African Airways

SAASP - South African Association of Stills Producers

SABC – South African Broadcasting Authority

SABS – South African Bureau of Standards

SAGE – South African Guild of Editors

SACOD - Southern Africa Communications for Development

SADC – South African Development Community

SAQA – South African Qualifications Authority

SARS - South African Revenue Service

SASC – South African Society of Cinematographers

SASWA- South African Scriptwriters Association

SCRAWL- South African Screenwriter Laboratory

SDA – Skills Development Act

SDL – Skills Development Levy

SIS – Sectoral Information Systems

SWOT – Strengths, Weaknesses, Opportunities and Threats

UCT – University of Cape Town

UIF – Unemployment Insurance Fund

UIP – United Independent Pictures

US – United States

VRS – Video Resource Centers

WIFT – Women in Film and Television

WITS – University of the Witwatersrand

EXECUTIVE SUMMARY

The Micro Economic Development Strategy (MEDS) is an initiative of the Western Cape Department of Economic Development and Tourism. The aim of MEDS is to "provide strategic leadership, facilitative support and integrated coordination of interventions to provide an enabling, competitive framework for equitable economic growth and development." This report represents the findings of this process for the Western Cape Film Industry.

The report was commissioned by the Western Cape Department of Economic Development and Tourism. The report does not necessarily reflect the views of the Department but will be used to inform future policy formulation.

The Importance of the Industry

The 'film' industry, from pre-production to distribution, plays a vital role in the economies of South Africa and 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.

Film has further social and political implications through the role it plays in communicating ideas, providing information and engendering debate. The industry's influence is far-reaching. It directly affects 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.

South Africa and in particular the Western Cape, has a world-class skills base in the area of film production, an unsurpassed variety of locations and until recently, competitive rates. The local industry has the required competency to become a significant player in the international market.

Global Trends

The international film and television industry has seen substantial changes in the last few years. A number of these trends have important implications for local industry, the most important being:

- Film has been characterised by increased levels of horizontal and vertical integration, resulting in concentration of ownership and raised entry barriers for new players.
- The spread of digital and satellite technology has resulted in increased audience fragmentation.
- A secondary pricing system is evident in some developed countries, especially the United States. Under this system, producers recoup most of their costs distributing to their large domestic market and are able to sell their films and programs 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.
- 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.
- 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.
- 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.
- There is an organizational shift away from hierarchical production to a looser network production structure, where studios act as financing and distribution hubs, mobilizing 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.

The above trends both threaten and open up opportunities for the local film industry. The sector needs to ensure that it remains aware of these global movements and develops

the flexibility to remain competitive at all times. Innovation needs to be constantly encouraged and investment in quality training and skills diversification is vital. With streamlined policy and competitive support industries, the adverse consequences of these trends can be mitigated.

Industry Snapshot

The film industry in the Western Cape currently produces a collective annual turnover of R1 billion, which in turn generates approximately R2.5 billion 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. Cape Town currently accommodates 1650 skilled supply companies (including 6 top-class equipment rental companies) and about 150 production companies, 25 of which specialise in still production.

As a comparison, estimates for the total turnover of the country amount about R2.2 billion. This generates about R5.5 billion of economic activity annually. Tentative growth estimates for the Western Cape industry stand at about 18%, although the current poor season will substantially reduce this figure. Furthermore, revenue generated by 100% local productions has waned in recent years. Revenue generated by co-productions has however, increased at a rate of 63% per annum. Currently the film sector's contribution to the national economy is about 2%, including broadcasting. 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 to about 4% of GRP.

The last comprehensive employment survey estimated that at least 24 324 direct job opportunities were created in the film and broadcasting sector during 1997. The industry has been growing steadily since then and the current employment impact of film is probably more 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 skills sector. The one caveat to note is that many of the required skills are highly specialized and not easily transferable. It is therefore vital that film industry maintains a steady growth rate.

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, one of South Africa's biggest media companies, spans a number of different divisions and is listed on the Johannesburg Stock Exchange. It includes companies like CineMark and Ster-Kinekor. Johnnic Communications is also listed and owns significant shares of Nu Metro and IMAX Theatres. It controls numerous companies that produce and distribute DVDs and videos, and has significant shares in M-Net. Sasani Limited, previously a dominant player in the post-production arena, has recently sold off the majority of its assets. It still has interests in a number of film-related companies however. These include: Sasani Studios Johannesburg, ZSE TV and the Johannesburg Movie Camera Company. In the post-production field, the Refinery is growing rapidly. Apart from its substantial post-production network, it recently purchased Sasani Studios Cape Town, the Video Lab Group and Chris Fellows Sound Studios from Sasani. The industry is further represented by numerous employer organizations and other interested parties.

Problems

Due to the high-risk nature of the industry, many governments support their film industry in a number of ways. Most of South Africa's direct competitors compete aggressively through the provision of financial incentives and tax breaks. These incentives, together with the strengthening rand and the continued escalation of prices in the film and support industries, mean that local competitive advantage is being eroded. South Africa has already lost productions to Argentina, Spain, Portugal, Australia and Miami.

Other serious problems facing the industry include:

- Many filmmakers face limited access to funding, distribution and facilitation facilities.
- There are few viable ongoing training opportunities for people entering the industry. This is especially true for previously disadvantaged groups.
- There are few talented scriptwriters in South Africa and the general quality of scripts is quite poor.
- The small domestic market and limited audience development compound the obstacles faced by aspirant local filmmakers.
- 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.
- Issue like perceived violence and AIDS are influencing the decision of international production companies to film in South Africa.
- Prices in the support industry (especially hotels, restaurants and car rental) are no longer competitive.
- Competition in local and international air routes is negligible, resulting in inflated ticket prices.
- Poor communication between communities and producers is increasingly resulting in a lack of community support for film shoots.
- The South African Revenue Service and the Department of Labour have recently 'tightened up' on the enforcement of certain tax and working condition legislature. The film industry has traditionally been seasonal, with long hours worked during the summer months. Furthermore, most employees act 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. There is also 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) 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 take their business elsewhere, leading to 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.

- Coordination between City Departments is poor and many international filmmakers perceive the bureaucratic obstacles prior to filming to be excessive.
- There is a severe lack of information and statistics regarding the scope of the industry.

Opportunities

Global trends, changes in government policy and South Africa's competitive advantage in film are all helping to open up opportunities for development and growth. Prospects that are especially promising include:

- 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 allows local independent filmmakers to target smaller niche markets.
- 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 DSTV. Both these moves will offer substantial opportunities for aspirant filmmakers, especially those from disadvantaged backgrounds.
- 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.

- 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.

In order to overcome some of the more serious problems facing the industry an augmented government role may be necessary. Increased research levels and targeted initiatives could help the industry respond effectively to adverse global trends and capitalise on positive ones. Many of these measures will not require significant government funding, but rather involve simple incentive measures, better coordination of current initiatives, improved information provision and the removal of restrictive bureaucracy. With the requisite research and public sector support, the local film industry should continue to develop and grow.

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.

Most world governments are aware that a thriving film sector means more tax revenue, economic growth and a reduction in unemployment. They also realize 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 United Kingdom (UK), the Republic of Ireland, New Zealand, Australia and numerous states in the United States (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. (Appendix A provides an indication of foreign incentive schemes relating to the film industry.) Certainly South Africa appears to be 'underfunded' 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%. Current estimates tout a figure is closer to 4%. Despite this promising increase, it must be remembered that other countries with a thriving film sector have an average

funding ratio of 19%.[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 program 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 'outpricing' itself – a modest increase in incentives may help it retain some business while it adapts to new price and exchange rate realities.

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[1] Cape Film Commission
[2] Commercial Producers Association
[3] Film Industry Fact Sheet 2005, City of Cape Town release

A number of targeted government initiatives would also be beneficial. Some would argue that 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 to about 4% 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.

It should also be noted that the governmental initiatives suggested in the second paper do not require vast capital outlays. Many simply involve incentive measures, better coordination 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 Micro-Economic Development Strategy (MEDS) of the Western Cape Government, commissioned by the Department of Economic Affairs and Tourism, is the first step in this process.

Scope of the Report

The paper is the first of two documents comprising the full MEDS report. It will consist principally of an industry 'snapshot', focusing on the current (national and provincial) industry structure and the economic and social contribution of the sector. This will include an estimate of the number of firms in the industry, and recent output and employment levels. In this report, the term 'film sector' will refer to the core facilitation and production activities. 'Stills' photography that is undertaken by and supports those film companies directly involved in the core film industry will be covered. Support activities that are directly supportive of the core function of the industry will also be included.

Unfortunately, statistics relating to the economic impact of the sector are severely limited. This is due both to the substantial lack of previous statistical data relating to the industry and the reluctance of the industry to provide the requisite data to government or academic researchers. This statistical section therefore consists of a critical analysis of currently available statistics from a variety of sources, highlighting any discrepancies and problem areas. This first document also identifies global and local trends affecting the industry, and indicates the local sector's competitive advantages. It ends with a brief summary of the main issues causing concern in the industry, and touches on opportunities for future growth and development.

The second paper will summarise the analysis of the main concerns threatening the viability of the industry. It will also examine the existing public and private initiatives relating to film, in an attempt to determine their effectiveness in addressing these issues. The report will then suggest policy interventions and initiatives that can be instigated to deal with any outstanding problem areas. In particular, opportunities for competitive development will be emphasized.

The policy initiatives suggested at the end of the paper hope to:

- Target key ‘issues of concern’
- Highlight profitable investment opportunities in the sector
- Highlight the possibilities for fostering networking and cooperative activities in the sector
- Highlight areas where government participation will have maximum returns
- Specifically identify the role the provincial government can play in realizing these initiatives, either by lobbying central government, mobilizing resources from the public and private sector, or by facilitating individual projects
- Identify areas where further research will be necessary
- Ensure the sector is aware of both the challenges it faces and the role it can play in remaining competitive.

In line with the goals of the Micro-Economic Development Strategy of the Department of Economic Development and Tourism (DEDT) in the Western Cape, the initiatives suggested by the report will focus on:

- Promoting globally competitive, equitable and sustainable economic growth
- Enhancing labour absorption and creating knowledge intensive skill capacities
- Empowering youth, women, and previously disadvantaged groups
- Reducing the financial, social and technical cost of doing business.

Methodology

This report was compiled after extensive industry analysis. All relevant government and research bodies (both local and international) were contacted to assess the extent of research already undertaken and to access available data. These bodies included Statistics South Africa, the Industrial Development Corporation, the National Film and Video Foundation, the Cultural Observatory, the Human Science Research Council, the City of Cape Town, the Cape Film Commission, the Department of Trade and Industry and the South African Revenue Service. This data and research was then checked for accuracy, updated where necessary and amalgamated to form the base of the report. Interviews with numerous stakeholders in the industry were then conducted in order to achieve a deeper understanding of the issues affecting the industry. Interviewed stakeholders included numerous production companies, directors and film schools, the South African Association of Stills Producers, the Commercial Producer's Association, the Independent Producers Organisation and Sithengi.

During the research process all relevant conferences, meetings and workshops were attended. This was undertaken to both assess industry sentiment and to gather information to supplement the core research.

The information contained in the report was consistently checked with various stakeholders to ensure that it is both accurate and representative. The majority of the research was conducted between November 2004 and March 2005.

GLOBAL TRENDS

General Trends

The international film and television industry has seen substantial changes in the last few years. A number of these trends have important implications for the South African industry, especially that in the Western Cape. Some of these trends have greater implications for feature film production (long-form) than for advertisement production (short-form), while others have the opposite effect. Those production companies that produce both forms will obviously be most vulnerable.

Trends affecting the long-form industry include:

- In developed countries, film has been characterised by increasing levels of horizontal and vertical integration, with the resultant concentration of ownership. This allows entertainment companies to recoup revenue costs though a number of channels (e.g. box office ticket sales, merchandise, video, DVD and pay television.) Although these moves were in response to the high-risk nature of the industry, and should therefore encourage film production, in reality it has merely raised the entry barriers to new industry players. Certainly the large entertainment companies seem less willing to take chances on smaller 'independent' films. 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. Alternative distribution channels for South African production need to be researched and developed. It may also be useful for the local industry to research why the ownership concentration has improved the success rate of the entertainment companies. South African filmmakers need to learn the value of marketing and merchandising their films. This would help reduce the risk associated with new releases.

- As digital and satellite technology becomes more pervasive, viewers have been exposed to a greater number of distribution channels and therefore more choice over the programs that they watch. This audience fragmentation has meant that filmmakers can either target the mass market or smaller niche markets via avenues such as the internet, Satellite television and DVDs. This opens up opportunities for local independent filmmakers. With sufficient training into how to exploit the new distribution channels (e.g. filming in digital format), even small filmmakers can develop sizeable markets.

- The increased use of digital production has decreased the cost of start-up equipment and helped lower entry barriers in the film sector. Although this has positive implications for aspirant film makers, many are concerned about the possible ramifications for film quality. Technological advances are also having substantial benefits for post-production. Previously, picture and sound editing required separate specialized equipment and skills. However, new packages now allow the same file types to be used for both video and audio. This is creating opportunities for creativity and innovation[4]. Like the previous trend, this is extremely positive for aspirant film makers. With careful training in the new technologies and effective development of distribution channels, South Africa should enjoy an increase in the number and variety of local production offerings.

- In some developed countries, mainly the US, a secondary pricing system is evident. Under this system producers recoup most of their costs distributing to their large domestic market and are able to sell their films and programs 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.[5] There is evidence that some US and Western Europe productions are starting to produce material directly aimed at foreign audiences, i.e. they are not 'banking' on recouping all the costs in the domestic market. This may however merely

[4] Joffe, Avril, MAPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPP-SETA document, July 2004.
[5] 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.

be due to the fact that many US firms have recently purchased smaller foreign subsidiaries in developing countries. This often means that they are forced to cater to the local market in a more direct manner. Either way, the quality and cost-effectiveness of local production needs to be substantially improved if it hopes to remain competitive. This trend clearly highlights the obstacles posed by South Africa's small domestic market. The size of a domestic market is directly proportional to the average budget and financial investment in a film. As noted, the size of the domestic market is also directly related to level of export success and market penetration. To combat this, South Africa and the Western Cape need to increase the quality and cost-competitiveness of local production. They also need to develop and expand the local base and ensure that local content quotas are upheld in the immediate future.

- Most governments compete aggressively through the provision of financial incentives and tax breaks. For example, the Canadian federal government offers a tax credit of up to 16% of the value of resident's salary and wages. On top of this, the provinces offer additional tax credits valued between 11% and 40%. (Further production tax incentives to foreign producers have been announced). In the United States, the Federal government passed a tax bill in October 2004 which allows companies to write off their entire production cost within a year, provided their budget is below $15 million and they spend 75% of that in the US. This has led both to an increase in US equity investment in film and an increase in the number of productions shot in the US. At state level, 41 states offer incentives to attract filmmakers. Australia recently introduced a 12.5% refundable tax offset for feature films, telemovies and miniseries. Among others, the United Kingdom, the Republic of Ireland, and New Zealand also offer a variety of facility support, tax breaks and incentives.[6] As noted earlier, this has led to the situation where countries are forced to offer incentives in order to compete on par with subsidised competition. (Again refer to Appendix A for an indication of foreign incentive schemes relating to the film industry.) It is important that South Africa and the Western Cape do everything in their power to attract foreign

[6] AusFilm International Inc., The Case for Extension of the 12.5% Refundable Tax Offset to Large Budget Television Series and Bundled Non-Theatrical Films, The Allen Consulting Group Report, 2001.

production. This includes minimizing bureaucracy, simplifying tax issues and ensuring that the support industries become cost-competitive. The government has already initiated a number of new incentive schemes and signed co-production treaties with a number of countries. Further incentives and treaties would obviously be beneficial.

Trends mainly affecting the short-form industry include:

- South Africa, and the Western Cape in particular, has been the favoured destination for 'run-away productions' (films filmed outside their country of origin), for a substantial period of time. It is a natural progression for producers and audiences of these films to start viewing such a destination as 'stale' after a few years and move their business elsewhere. South Africa is already starting to feel the effects of this trend. South America (in particular, Argentina, Brazil, Chile and Uruguay) are attracting a great deal of production, as is Canada, Croatia, Romania, the Ukraine and Hungary. If the local industry is sufficiently flexible, this need not be too damaging. A few years ago, the Australia and New Zealand film industries suffered temporary setbacks when South Africa took away a great deal of their short term commercial business. They responded by capitalising on their long-term work, on television and on the Asian market. With sufficient investment in training and audience development, South Africa and in particular the Western Cape, can follow their example.[7] These will be addressed in more depth in the second paper.

[7] Key, Philip, Moonlighting Productions.

- New technologies, which give television viewers more control over their viewing, are threatening to change the structure of free to air television with important ramifications for the television advertising production industry. These devices are based on Personal Video Recorders (PVR) and examples include TiVO in the US and the ICE (nicknamed 'adzapper') in Australia. TiVO records programs on hard disk, replaying them without advertisement breaks. ICE not only has this feature, but can also reduce volume, black out screens or automatically switch to other channels during advertisement breaks, switching back when the initial program resumes. Currently about 4% of US households own PVRs (3 million people) and this is expected to reach 20% by 2006. About 50-75% of advertisements are skipped by PVR users, meaning that about $1.2 billion worth of total adspent is not being viewed. It is also estimated that about 50% of British households will have a PVR by 2010, with countries like South Africa and Australia following suite. It is predicted that when PVRs reach 20% of the US population, a paradigm shift on television advertising will occur, perhaps a reversion to the 1950's 'soap box television', where advertising companies and corporations took control of programs. This is already happening to some degree with certain Reality television shows. It is also predicted that there will be more collaborations between filmmakers and advertisers, with advertisers underwriting production costs and influencing the script. It is expected that this technology may cause more people to upgrade to digital television earlier than initially predicted and that broadcasters will attempt to own as much as possible of their own programming, with increasing in-house production by free to air broadcasters. All these developments will have significant implications for the South African advertising and facilitation production industry. It will probably result in a significant drop in business for the weaker production companies. Top production companies should retain business however as it predicted that this trend will result in higher-quality, more targeted advertising, improving the quality of advertisements to the stage where viewers actually want to watch them.[8] Since the majority of the advertisement facilitation industry is based in the Western Cape, this 'shake-out' will disproportionately affect the area. Investment in quality training and skills diversification can help mitigate the adverse consequences of this trend.

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

New Organizational Forms

Lampel and Shamsie conducted a thorough analysis of the role of organisational forms in the reshaping of the Hollywood Industry.[9] It appears that the film industries in various countries follow the industrial cycle displayed in the evolution of Hollywood. Examining the Hollywood example will therefore provide useful lessons for the South African and Western Cape Industry. In particular, it is beneficial to identify the capabilities (the social and human capital) necessary for the development of a mature film sector.

The basic gist of their research is that success in creative industries is determined by long-term access to a superior resource base. During the 1950s and 1960s, Hollywood underwent a major organizational transformation, moving from an industry dominated by integrated hierarchical organizations, who owned their own resource base and distribution network, to a network structure, where studios became financing and distribution hubs who mobilized resources from outside.[10]

The shift coincided with the recognition that movie making is in essence about effective project management. Much of the innovation therefore focused on developing practices and routines to oversee the process of movie making from inception to release.

This is important because in film the decision to move into production represents a practically irreversible commitment – movies are rarely stopped in mid-production. The main problem in pre-production is ensuring that key resources are ready for use. They note that studios generally do not give final approval to a project unless it has a basic script and a commitment from a producer, director, and most of the principal cast. The likelihood of any movie project making it to this stage is extremely small. (One estimate is that out of the thousands of scripts that are in development in the US film industry at any single year, only 450–500 make it into production.)[11] The new organizational structure ensures that only films with sufficient potential are produced.

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[9] Lampel J. and Shampsie, J. 'Capabilities in Motion: New Organizational Forms and the Reshaping of the Hollywood Movie Industry, Journal of Management Studies, 40:8, December 2003, pp 2189-2380.
[10] Ibid.
[11] Cones, J. The Feature Film Distribution Deal: A Critical Analysis of the Single Most Important Film Industry Agreement, Carbondale: Southern Illinois University Press, 1996.

Although the shift in organizational structure means greater flexibility and lower overheads, it also makes assembling resources more problematic. As Lampel and Shamsie note, film projects require 'simultaneous interconnected bargaining with a range of individuals and firms'.[12] The resource assembly process is therefore constantly threatened by breakdown.[13] They maintain that open competition for commercially proven and highly-rated talent create strong pressure for effective resource mobilization. Furthermore, they hold that although this organizational evolution has increased the success potential of film projects, it has also slowed transformation and development initiatives within the industry, as all energy is required to compete for and coordinate scarce resources. In particular, training and apprenticeships have been substantially curtailed. Risk aversion has also resulted in less experimentation and innovation in actual movie production. South Africa is clearly following Hollywood's lead. There are very few hierarchical production houses who own their own resources and distribute their own products. The majority act as flexible 'co-ordinators', contracting out for most of their requirements. In order to prevent the negative implications of this organizational shift, it is important that the local authorities minimize the bureaucratic hurdles relating to contracting. Labour legislation relating to this area should be kept as simple as possible. The current confusion in South Africa regarding the status and liability of independent contractors needs to be addressed. It may also be useful to review some of the recent South African Revenue Service and Department of Labour legislation regarding these contractors. Crewing Agents and Casting Agencies could also play an augmented role. Moreover, innovation needs to be constantly encouraged through training, film competitions and development initiatives. All of these will be discussed later in the report.

As noted earlier, these trends have significant implications for the film industry of both the Western Cape and the rest of South Africa. The local industry needs to ensure that it remains aware of these global movements and develops the flexibility to remain competitive at all times.

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[12] Lampel J. and Shampsie, J. 'Capabilities in Motion: New Organizational Forms and the Reshaping of the Hollywood Movie Industry, Journal of Management Studies, 40:8, December 2003, pp 2189-2380.
[13] Ibid.

DEFINITION OF THE FILM INDUSTRY

Under Statistics South Africa classifications, the film and television industry fall under Division 96:
Recreational, Cultural and Sporting Activities, in particular major group 961: Motion picture, radio, television and other entertainment activities. This group is further divided into subgroups relating to the different processes of film and television production namely:

- motion picture and video production and distribution (Standard Industry Classification (SIC) code 96111)
- film and tape renting to other industries, booking, delivery and storage (SIC 96112)
- motion picture projection by cinemas (SIC code 96121),
- motion picture projection by drive-in cinemas (SIC code 96121),
- radio and television activities (SIC code 96130) which includes the production of radio and television programs.[14]

(Note: broadcasting itself falls under a separate subgroup, (SIC 75200).)[15] This definition highlights the main activities of the industry: production, distribution, exhibition and broadcasting.

Production

Production includes pre-and post production as well as activities related to film financing. Pre-production refers to the planning phase of a production and involves finding the location, planning and scheduling the shoots, budgeting and employing casting and crewing agents.
Postproduction refers to the editing process where the production is edited, and special effects and sound are added. If the film has been shot on film it may be transferred to video at this stage.[16] Straight 'production' involves the actual shooting of the film/program/advertisement. With regard to actual product, 'long form' refers to

[14] Koenie Goosen, Statistics South Africa
[15] Major group 961 is further split into subgroup 96140: Dramatic arts, music and other activities, and 96190: Other entertainment activities such as dancing, circuses and shooting galleries.
[16] 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.

feature films and 'short form' refers to commercials.

Stills Production is a special offshoot of the core film industry that specializes in photographic images for advertising and media. Stills production companies are not photographers however, and many skills and techniques used in Stills Production are the same as those used in the core film industry.

Numerous related industries are dependent on the sector to varying degrees. These include supply industries (such as casting agencies, insurance companies and equipment suppliers) and support industries (such as training, transport and the hospitality industry). A thriving core film industry therefore has substantial spin-off effects on employment and growth.

Distribution

Distributors buy films from independent producers either by bidding for them at markets, or by private solicitation. The distributor has to pay an upfront non-refundable minimum guarantee and is also liable for all advertising and print costs. Although the risks related to an independent production are therefore greater than for a major contractual release, the distributor can potentially enjoy a greater percentage of the movie's income. They usually also purchase the rights to theatrical release, home video, and pay/free television. Distributors may also conduct a limited screening to the public to assess their reaction. About 5-10% of the movies bought from independents go straight to video, although occasionally the distributor may still screen these at cinemas in order to boost video sales.[17]

Television (advertising and subscriptions) and Cinema (advertising, concessions and the box office) are the most valuable sectors in the delivery of audiovisual products, with video retail and rental accounting for only about 11%. Operating margins in South Africa are only 3% in video retail, due to the small market and relatively high ad-valorem duties

[17] 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.

on tapes.[18]

For a list of activities and major participants in each stage of the production value chain, refer to Appendix B.

[18] Ibid.

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 2159 productions. The deconstructed figures, with an estimated rand value are shown in Table 1 below:

Table 1: Productions Facilitated/ Produced in the Western Cape

Type	**Number of Productions**	**Rand Value (estimated)**[19]
Feature Films and Television Series	24	330 000 000
Commercials	461	241 564 000
Stills	1674	433 827 144
Total	2159	1 005 391 144

The Cape Film Commission estimates that the Western Cape industry currently produces a collective annual turnover of R1 billion which in turn generates approximately R2.5 billion 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

[19] Estimated on consultation with the Cape Film Commission.

multiplier of 7. The South African multiplier of 2.5 should therefore be viewed as a conservative estimate.[20] The City of Cape Town itself earns more than R4 million a year from location permits.

Cape Town currently accommodates 1650 skilled supply companies (including 6 top-class equipment rental companies) and about 150 production companies, 25 of which specialise in still production.[21]

As a comparison, productions facilitated by the Gauteng Film Office (GFO) for the year ending June 2004 amount to about R358 million. An estimate of total productions in the area would amount to R511 million, given that about 70% of productions are facilitated by the GFO. The deconstructed figures are shown in Table 2 below:

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

[20] These statistics relate only to Central and South Cape Town.
[21] Film Industry Fact Sheet 2005, City of Cape Town release

The KwaZulu-Natal (KZN) Film Office estimates that approximately 4-5 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 R10 million per annum.

For the entire country therefore, total turnover estimates appear to be in the region of R2.2 billion.[22] Table 3 below provides a comparative summary of the above data.

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

[22] Film South Africa Business Plan, August 2004

Table 4 on the following page gives an idea of the growth of the various sectors over the last few years.[23] 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% local productions has waned in recent years. However, revenue generated by co-productions has increased at a rate of 63% per annum. Currently the film and broadcasting sector's contribution to the national economy is about 2%. 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 10-15 years.[24]

[23] 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.
[24] Dickerson, Leanne, 'South African Film Survey', Hollywood Reporter, June 2003.

Table 4: Value of the Film and Television Industry (Figures are in R millions)[25]

Sector	1997	1999	2001	2003	Percentage 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%

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% 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 on the following pages. 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.[26] 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.

[25] Adapted from table in MAPP-SETA Broadcasting Qualitative Review
[26] Commercial Producer's Association, Commercial Producers Association Survey, 2002.

Table 5: Average Income per Production Company (2001)

	Rand Value
South African 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
South African Industry Average	721 000
Western Cape Industry Average	524 000
Foreign Industry Average	942 000

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
United Kingdom	87
US	31
Other	5
Total	411

Table 8: Daily Spend per Production Category (2004)[27]

	Rand Value/day
Major Feature Films	650 000
Television Productions	500 000
Commercial Productions	45 000
Still Photography	29 000

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

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 3925. For each commercial or documentary shot in South Africa, approximately 40- 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 1500 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.)[28] Unfortunately no disaggregate figures are available for the Western Cape.

The production employment figure of 3925 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 skills sector. The one caveat to note is that many of the required skills are highly specialized and not easily transferable. It is therefore vital that 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 - 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

[28] Ibid.

only 2-3 people. 10 companies employed between 4-10 people, while only 3 employed more than 10.

A more recent survey was conducted by the National Film and Video Foundation in June 2004.[29] 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% employed between 0 and 5 staff members; 20% employed between 5 and 10; 29% employed between 11 and 51; 12% employed between 51 and 200; and 11% 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% of permanent staff and 56% of temporary staff are male. 59% of permanent and 23% 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% of their total payroll on skills development.[30] 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 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. 'Season' can last up to nine-months, during which the employee will work on a more or less 'full-time' basis. Working hours during season are extremely long, and many employees accumulate sufficient income to support themselves for the year. Therefore, it would be misguided to underestimate the benefits of the part-time employment generated by the film industry.

Like production, postproduction 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.[31]

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[29] The targeted sample included over 1258 companies, institutions and freelancers, from which 92 (14.5%) complete responses were received.
[30] National Film and Video Foundation, NFVF Industry Survey and Survey of Key Training Providers, NFVF Report, November 2004.
[31] Cultural Industry Growth Strategy (CIGS),The South African Film and Television Industry

Table 9: Employment in Production (Figures are for the whole of South Africa)[32]

Skill Level	Position	Number (1995)	Percentage	Average Day Fee (2004)[33]
High	Assistant Director	28	0.71	1000-3000
	Art Director	46	1.17	1000-2300
	Director	106	2.70	4500+
	Director of Photography	59	1.50	4500
	Editor	74	1.89	Variable
	Producer	104	2.65	Variable
	Production Designer	12	0.31	1700
	Production Manager	61	1.55	900-1700
	Scriptwriter	85	2.17	Variable
	Special Effects	25	0.64	Variable
	Stunt Coordinator	14	1.04	Variable
Medium/High	Actor	665	16.94	2000-4500
	Cameraman	30	0.76	1400-2500
	Costume Designer	10	0.25	Variable
	Electrician	28	0.71	600-800
	Music Department	34	0.87	Variable
	Sound Recordist	41	1.04	1200

Report, Report to the Department of Arts, Culture, Science and Technology, November 1998.

[32] 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.

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

Table 9: Continued

Skill Level	Position	Number (1995)	Percentage	Average Day Fee (2004)
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	1100-1400
	Focus Puller	27	0.69	1000-1400
	Gaffer	19	0.48	1200-1300
	Make-Up	44	1.12	800-1500
	Props	28	0.71	650-1100
	Sets	23	0.59	1000
	Wardrobe Department	35	0.89	750-1200
	Best Boy	15	0.38	700-800
	Boom Swinger	16	0.41	450-800
	Grip	40	1.02	600-1500
Unclassified	Miscellaneous	2194	55.90	Variable

The top 25 Stills Production companies have a combined revenue of R150 million 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 R1 million in the 2003/2004 financial year. In their 2002/2003 season, the top 25 companies alone conducted over 1240 shoots (11560 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 per project are created. 47650 permits were purchased, at an average cost of R1318 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.[34]

[34] South African Association of Stills Producers (SAASP)

INDUSTRY STRUCTURE: PRIMARY PLAYERS

Major Participants

The film industry has seen substantial changes in the last ten years.

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, commuter 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. [35]

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 post-production. Recently they have disposed of most of their assets however, citing

[35] www.primedia.co.za

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).[36]

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 post-production 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

[36] www.sasani.co.za

companies.[37]

Again, please refer to Appendix B for a list of activities and major participants in each stage of the production value chain.

Other Private Stakeholders

The industry is further represented by numerous employer organizations and other interested parties. These include:

- Association of Facilities Owners. This is an association of television and film post production facilities, mainly based in Gauteng.

- Association of South African Film Crew Agents (ACA). ACA represents the interests of film and television crewing agencies throughout South Africa. It addresses issues affecting the industry, upholds crewing standards and provides professional support for its members.

- Commercial Producer's Association (CPA). The CPA is a professional association of companies specializing in the production of cinema and television advertising. It aims to promote good relations between its members, the industry, suppliers and government. This framework includes upholding industry standards, 'troubleshooting' obstacles faced by the industry and implementing training initiatives. The CPA represents about 90% of the commercial business in the country, which consists of about 44 companies.

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

- Community Video Education Trust (CVET). CVET is a community-orientated organisation located in Athlone. It was formed in 1976 as an association of non-governmental organisations and individuals with particular interest in media development. It focuses on previously disadvantaged communities and trains people in video and commercial production. They produce about 20 productions per year and their clients include SABC and eTV.[38]

- Film Resource Unit (FRU). FRU is a video distribution and education agency, aimed at ensuring the maximum dissemination of independently produced films in South Africa and Africa.

- Film South Africa (FilmSA). FilmSA is a consortium of interested stakeholders in the South African film industry. They are working to achieve better cooperation in the sector and improve the marketing of South African film to overseas clients.

- Independent Feature Film Movement (INDV). INDV is a cooperative of top independent producers, directors, scriptwriters, technical crew, editors, actors and trainees who support the concept of shooting extra-low budget films on Digital Video (DV). They distribute by means of digital projection in selected cinemas, target screenings and direct sales of VHS tapes and DVDs. Together with the Cape Film Commission, they ran digital production workshops for previously disadvantaged individuals in Cape Town and Oudsthoorn. Although successful, they were unable to get National Film and Video Foundation (NFVF) funding this year and so will be unable to repeat the initiative.

- Independent Producer's Organisation (IPO). The IPO looks after the interests of emergent and established motion picture, audiovisual and non-broadcast producers. It has about 188 members, 51 of which are based in Cape Town. It negotiates on a regular basis with various government departments, and is focused on issues relating to training and development, tax and labour laws and broadcast relations. It provides free legal advice and information provision to its members.

[38] SACOD website, http://www.sacod.org.za/

- Molweni. Molweni is a network of independent filmmakers committed to developing the emerging township film industry. They are based in Cape Flats townships and hold an annual film festival.

- National Association of Casting Agents (NACA). This association mainly represents extras and their agents.

- National Association of Modeling Agencies (NAMA). NAMA is an association aimed at maintaining standards within the industry. Members have to be voted in and ascribe to strict codes of conduct.

- National Television and Video Association of South Africa (NTVA). NTVA is an association for the electronic media industry including companies and individuals involved in film, multimedia, equipment supply and postproduction facilities. It is involved in education, training, and networking events. Furthermore, it contributes to standard setting through its AVANTI Award program. About 2500 companies are registered members.

- Performing Arts Workers Equity (PAWE). PAWE is a registered trade union which organizes workers (performers and technicians) in the entertainment industry. About 75% of actors and 50% of industry technicians are members, totaling about 3500 individuals, most of whom are based in Gauteng. It is aimed at improving the material conditions of its members and fostering development of the industry.

- South African Association of Stills Producers (SAASP). SAASP represents the top 25 production companies that specialize in the facilitation of overseas photographic shoots in the City of Cape Town and surrounding province. They aim to promote the continued development of a professional, cost-competitive stills production industry.

- South African Guild of Animators. This is an association of professionals in animation.

- Southern Africa Communications for Development (SACOD). SACOD is a network of Southern African filmmakers, film and video production organizations, and distributors. It aims to become the leading advocacy organization in southern Africa for makers and distributors of videos and films that deal with social development issues.

- South African Guild of Editors (SAGE). SAGE is an association of Picture Editors, Sound Editors and Assistant Editors and aims to further professional standards in post production and provide training for members. About 60 individuals are registered members.

- South African Society of Cinematographers (SASC). SASC is an educational, cultural and professional organization. Membership is by invitation only and only to directors of photography with distinguished credits. It currently has about 73 members.

- South African Scriptwriters Association (SASWA). SASWA represents South African scriptwriters. 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. They have about 250 members, mostly based in Gauteng. They are working towards becoming a true 'writer's guild' and supported by a premier South African entertainment and media law firm, are standardizing writer's contracts, credit allocations and rates. They have also recently acquired a dedicated Industrial Officer and Director.

- Women in Film and Television (WIFT). WIFT is affiliated with women involved in film and television throughout the world. It promotes women's achievements and supports equitable opportunities for women in the industry.

- Women of the Sun. This is a newly formed network of women involved in the film and television industry. It aims to facilitate collaboration in the industry, increase access to information and resources, provide support to African women film-makers, and promote African films. It includes representatives from South Africa, Kenya, Trinidad and Tobago, the United States and the United Kingdom who are working to establish regional development programs.

Government Support Structure

Although governmental initiatives and programs will be dealt with in greater depth in the second paper, it is useful to provide an overview of the various governmental bodies with an interest in film.

The most prominent of these is perhaps the National Film and Video Foundation (NFVF). This was formed in 1999 by the old Department of Arts, Culture, Science and Technology (DACST), to help develop and promote the industry. The mandate of the NFVF, under Act 73 (1997) of the South African Parliament, includes helping the industry access funds through the National Lottery, private investors and international donors, and to promote incentive schemes that would create an environment attractive to international film productions.

The official goals of the NFVF include:

- Developing and streamlining relationships between the industry, government agencies and regulatory bodies.
- Accessing funds from the public and private sectors.
- Providing and disbursing funding for training, development, production, exhibition, marketing and distribution.
- Facilitating skills development, film education and training.
- Planning, monitoring and measuring national strategies for the industry and liaising with government on policy formulation.
- Facilitating development of local content and production.
- Promoting development of South African film and television audiences.
- Facilitating the export of South African film and video product talent.[39]

Since its inception, the NFVF has gone a substantial way to accomplishing some of these goals, especially in the funding and training sphere. The second report will

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

analyse its progress in greater depth.

Other governmental bodies supporting film include the Industrial Development Corporation (IDC), the Department of Trade and Industry (DTI), the Department of Arts and Culture, and of course the various film commissions and city offices.

The national government funding institution, the Industrial Development Corporation, has R250 million earmarked for the film industry in the SADC region. Their assistance usually takes the form of loan finance, by means of equity; quasi-equity; commercial loans; wholesale finance; share warehousing; export/import finance; short-term trade finance; and guarantees.[40]

Further film assistance is provided by the Department of Arts and Culture, which earmarks about R20 annually for activities ranging from provision of training grants to assistance with production costs, marketing and distribution.[41]

The Department of Trade and Industry have recently identified the film production industry as one of the top ten economic growth sectors in the South African economy. Through the DTI, many exported film products receive subsidies and rebates. The DTI also spearheaded the National Tax Incentives relating to film. In particular, the film and television rebate scheme was created to encourage foreign producers to shoot in South Africa. Under the scheme, funders of large budget production films will be rebated 15% of qualifying South African spend whilst local investors and official co-productions will be rebated 25%. The minimum qualifying South African spend is R25 million. This will be dealt with in greater depth in the second paper.[42]

Tax incentives also exist under Section 24F of the Income Tax Act, which offer deductions against production and post-production costs. Furthermore, the government also facilitates co-productions, which are extremely important in overcoming the lack of capital when it comes to South Africa productions.

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[40] Industrial Development Corporation, IDC Media and Motion Pictures Business Unit Brochure, 2004.
[41] Gloster, Dermod, 'Government Support for the Film Industry', The Callsheet, July 2004.
[42] National Film and Video Foundation, www.nfvf.co.za

The provincial government has also been extremely supportive of film. The premier, Ebrahim Rasool has been largely instrumental in arranging a subsidy of R60 million toward the estimated cost of R426 million of the Dreamworld Studio development. Local tariffs and permit fees have also been significantly reduced.

The City of Cape Town Film Permit Office (CTFPO) interacts with the appropriate city departments to ensure that all people who need to know about a planned shoot in the City are informed and grant permission.

The Cape Film Commission (CFC) is the official advocate for the feature film, television, video, commercials, and stills photography production industry in the Western Cape. It is a Section 21 company (formally launched in January 2001) and defines its role as 'combining the film-related interests of the City of Cape Town and the Provincial Government of the Western Cape, under an independent, autonomous institution.'[43] Its main aim is to position Cape Town and the Western Cape as a globally competitive film city, with related spinoffs for tourism, employment and skills development. This entails both marketing the Western Cape to international clients, and acting as a source of all film-related information. It is also playing an increasingly larger role in developing and supporting the indigenous film industry, including managing a R1.5 million film fund for historically disadvantaged filmmakers in Cape Town. This includes acting as interface between the industry and government, and working with the NFVF to boost public incentive and support programs. It also plays a significant role in ensuring maintaining local community support/acceptance for the film industry.

Sithengi, also plays an important role in developing the industry. 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. This is accomplished by 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.[44]

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[43] Cuff, Martin, Cape Film Commission Marketing Strategy 2005, Cape Film Commission.
[44] 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.

Training and Educational Environment

The various problems and issues relating to training provision and skills development will be dealt with in great depth in the Second Paper. It is useful however, to present an overview of the training infrastructure serving the film industry.

Training is governed by constitutional issues and a number of Acts in various government departments. In South Africa, human capital development is legislated by:

- The South African Qualifications Authority (SAQA) Act No. 58 of 1995, which devised the National Qualifications Framework (NQF)
- 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

According to the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority (MAPP-SETA), 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
- 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]

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

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
- AFDA Bachelor of Arts (Motion Picture Medium and in Live Performance)
- University of Cape Town (UCT) Center for Film and Media Studies
- Monash South African Film and TV Unit.

(For a full list of the various training providers and programs, please see Appendix C.)

Of these, Cape Town City Varsity, the Cape Town International Film School and the UCT Center for Film and Media Studies operate in the Western Cape. The Journalism Department of the University of Stellenbosch also offers journalism courses with relevance to film.

The Cape Town International Film School offers a Bachelor of Film and Television, a three year Diploma in Film and Television, a Post Graduate Diploma in Film and Television and short courses in practical film training and training in non-linear editing. (They accept a maximum number of 40 students in first year and 6 in their post-graduate diploma.)

The City Varsity Film and Multimedia School offers diplomas in the following subject areas: Multimedia Design and Production, Film and Television Production Techniques, Sound Recording Engineering, Art Directing, Professional Acting for Radio, Film and Television, Professional Photography, and Animation for Film and Television. It also offers a Certificate in Journalism for Print and Multimedia, and provides for short courses and non-linear editing training.

The University of Cape Town offers a Bachelor of Arts in Film Media and Visual Studies as well as a Honours and Masters Degree in Film Theory and Practice. It produces about 330 graduates per year.[46]

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. Many industry participants feel that the schools are producing too many individuals skilled in production however, with insufficient focus on crew and technical skills.

It is important the programs in educational institutions address the identified needs, and that private businesses in the film industry provide some form of apprenticeship or mentorship program. The NFVF plans to work more closely with the Department of Education and the Department of Labour to make this a reality. It also recently initiated a Film Skills Development Program with MultiChoice. Apart from the NFVF efforts to bridge the training gap, a number of private and professional organizations have started initiatives of their own.

The Audio Visual Entrepreneurs of Africa (AVEA), which is based on the European producer training program, EAVE, offers a major development program for producers in Southern Africa. It also recently launched a training center for scriptwriters, producers and directors. In particular, this will incorporate the scriptwriter's SEDIBA script development program, which has been spearheaded by the NFVF in collaboration with SASWA

SASWA is also 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. Short introductory workshops for scriptwriters are offered by The Writing Studio and Deutsche Welle and masters classes are offered by Dermod Judge and SCRAWL. The Writing Studio reserves half the places on all of their courses for unemployed writers and waives payment for these students.

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

Many of the other courses have similar bursary schemes.[47]

The Commercial Producers Association (CPA) has conducted a few training initiatives, including intensive workshops for independent filmmakers and a MAPPP SETA funded course focused on more specialized 'scarce skills' training.[48]

Kwela Films is a new non-profit organization aiming to introduce filmmaking to historically disadvantaged communities in the Western Cape. With funding from the Cape Film Commission's Western Cape Film Fund, they have been selecting trainees in all departments of film production and helping them film short 35mm films using respected industry technicians as mentors.[49]

Despite these initiatives, the industry is still underprovided when it comes to internship and mentorship programs. These programs help trainees receive the recognition they need to secure a foothold in the industry. A more comprehensive mentorship program is therefore a pre-requisite, especially for previously-disadvantaged individuals. In particular, it needs to be determined what pool of money within the skills levy system is available for the purpose of skills and training. An integration of apprenticeship training and formal training would obviously be an ideal method to develop filmmakers. The lack of commitment to mentorships by South African production companies needs to be addressed. Trainees have to be both accepted and given tangible opportunities to develop skills. As mentioned earlier, these issues will be dealt with in greater depth in the second paper.

[47] Kriedemann, Kevin, 'The State of Screenwriting in South Africa', The Callsheet, March 2005.
[48] Bobby Amm, Commercial Producer's Association (CPA)
[49] Kwela Films Press Release, 2004.

ADVANTANGES OF THE SOUTH AFRICAN FILM INDUSTRY

South Africa and in particular the Western Cape, has numerous advantages which substantially boost local competitiveness. In particular, the local industry enjoys:

- An unsurpassed variety of locations.
- 14 hours of sunlight during the summer months, the quality of which is excellent for filming.
- A first-world infrastructure and support industry (transport, communication, accommodation entertainment).
- World-class filming, pre-production and post-production facilities.
- The same time zone as most of Europe.
- Service by most of the world's leading airlines.
- High standards of copyright protection.
- Accommodating weather and seasons that alternate with Europe and North America. This allows foreigners to produce films and commercials prior to their ‘season’.
- Recognition of the economic importance of film by various government departments (eg. Trade and Industry, Arts and Culture, Tourism and Broadcasting). The City of Cape Town has been especially helpful recently, publicly endorsing the industry and eliminating the need for residential agreement before shooting. It has also reduced the cost of traffic officers (required for film shoots where traffic may be impeded.)
- A well developed distribution and exhibition infrastructure.
- Recent major investments in equipment and training in post-production, which has led to both increased skills and decreased costs in this sector.

- Increasing consolidation in the industry, which has allowed the larger more successful production houses to harness economies of scale and keep production costs down.

- A great deal of spare capacity, which offers tremendous scope for growth.

- A cosmopolitan, professional ‘pool of talent’, the majority of which speak English.

- Film commissions of a first-world caliber, which cut down on the red tape facing foreign and local producers.

- A shrinking but still tangible cost advantage over developed countries. Despite a doubling of production costs, filming in South Africa is still 20% cheaper than filming in Europe and the US, and 15% cheaper than filming in Australia. Filming in countries like Argentina, Chile and the Czech Republic is currently cheaper than in South Africa however.

- Links with flexible networks of production and service systems, which allows the sector some flexibility in poor economic periods.

These advantages are significant and provide the local industry with the competency to play a dominant role in the world film market. However, the obstacles facing the industry are also substantial. These need to be addressed if South Africa and the Western Cape are to reach their full potential.

PROBLEMS

The local industry is currently facing numerous obstacles. Some of these are structural, some due to external forces, and some due to recent government policy. Problem areas include:

Structural Obstacles:

- Many filmmakers face limited access to funding, distribution and facilitation facilities.

- There are few viable ongoing training opportunities for people entering the industry. This is especially true for previously disadvantaged groups and particularly noticeable in the areas of production and scriptwriting. The training opportunities that do exist vary in standard and comprehensiveness – there is a noticeable lack of coordination and accredited standards.[50]

- There are few talented scriptwriters in South Africa and the general quality of scripts is quite poor. Furthermore, local scriptwriters need to be trained in business skills, in order to effectively 'sell' their script to a producer. They need to be able to visualize a budget, a target audience and show that their script has market appeal and sufficient 'marketing hooks'. 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. There is a significant lack of training and development, in some instances a legacy of the Bantu Education system. 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. Some initiatives have been started to address this problem however, including M-Net's New Directions Program, Scrawl (the South African Screenwriters Laboratory), and the Short and Curlies initiative.

[50] 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.

- The small domestic market and limited audience development compound the obstacles faced by aspirant local filmmakers.

- Few opportunities exist to export South African film and television products. It is vital that distribution pipeline be developed, both for domestic and international distribution.

- 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, and has resulted in many overseas producers bringing their own crew with them on South African shoots. (Chris Roland of the production company 'The Imaginarium' notes that many Western Cape private location fees are more than double those of Toronto.) Furthermore, certain homeowners' associations have been demanding payments of up to R150 000 from production companies, many of whom pay the extortion to avoid conflict. In a less blatant manner, residents and business owners often lodge objections to film shoots, only withdrawing them when an 'inconvenience fee' or donation has been paid. This growing trend is particularly worrying and the industry is concerned that it could become entrenched if the public is given the power to veto films.[51] (Please see Appendix D for more detail regarding price increases.)

- Issue like perceived violence and AIDS are influencing the decision of international production companies to film in South Africa. The lack of a coordinated effort to market South Africa and the Western Cape, compounds the problem.

- 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 unhappy with being charged higher prices than locals. There is a general feeling that the support industries are taking advantage of foreigner workers, and are not fostering a welcoming environment. (Again, please see Appendix D for more detail regarding price increases.)

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

- There is a distinct lack of competition in local and international air routes. Prices charged by South African Airways (SAA) are often preclusive and as yet, SAA has been uncooperative in offering any better deals.

- Poor communication between communities and producers is increasingly resulting in a lack of community support for film shoots. Official regulation and/or targeted educational campaigns will be necessary to prevent further hostility between the industry and civic organisations. This should also prevent further incidents of pseudo-extortion referred to earlier. If this is not addressed, the Western Cape may lose further competitive advantage.

Policy Related Obstacles:

- During the 1980s, producers began to exploit a loophole in Section 11 (Exporters Compensation Allowances and Credits) of the Income Tax Act. This section was aimed at stimulating exports and allowed exporters to deduct marketing expenses against tax. The loophole enabled exporters to re-deduct between 50% to 100% of those expenses. Foreign moviemakers were therefore able to make movies in South Africa, while attracting domestic investors to pay for the local production costs. Since the movie was viewed as an export, advantage could be taken of the double deduction.[52] This situation meant that investors were less cautious about evaluating the potential success of movies and as a result, a great deal of low-quality movies were made. Many of these were produced just to make money off the tax incentive and were rarely screened. During the late 1980s, the government reduced export incentives, which effectively quashed the scheme. The actions of producers and investors during this period did little to build a sustainable industry however. Furthermore, it made both government and the public suspicious of film incentive and subsidy schemes. Since then, local investors have also been unwilling to invest in film.

[52]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.

- The film industry has traditionally been seasonal, and many independent contractors only work for certain months of the year. As a result, there has been a tendency for talent to 'overcharge' during filming in order to compensate for months not worked. This practice has intensified by new South African Revenue Service (SARS) PAYE laws, which place all those working in the industry in their respective income brackets. Previously everybody in the industry had paid a blanket 25%, and the new law has meant a substantial tax increase for many industry workers. Although in principle independent contractors should be able to claim back on their tax statement, many still feel that they are being overtaxed. If contractors work for a number of employers, this issue is further compounded and leads to fears of not being able to recoup sufficient funds to cover annual expenses. South African talent agents have also previously been able to charge inflated fees, as the weak Rand ensured competitiveness in foreign budgets. These factors have all contributed to rapidly rising crew fees, which are no longer sustainable. It must be noted that SARS does now allow independent contractors to apply for a generic annual tax directive, which can be applied to all production companies and employees. This simplifies the administrative burden facing companies and allows contractors more scope to attain preferential tax rates.

- 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. As noted by the NFVF, the 'disaggregated statistics relating to the sector makes it difficult to measure economic performance and therefore sector investment attractiveness.' [53]

- The recently passed Sectoral Determination in Terms of the Basic Conditions of Employment Act (BCEA) of 1997, requires that a permit from the Department of Labour (DOL) be obtained before employing a child under the age of 15 years old. They are also being more judicious in their enforcement of conditions and requirements relating to work with children. This may cause substantial problems. If permits are not received timorously, entire shoots will be forfeited. This is likely to be the case as it is rare that production houses can select the children that directors

[53] www.nfvf.co.za

require, sufficiently far ahead of actual shooting. Furthermore, if a child gets sick or is unable to make a shoot, they will be forced to make a substitute casting and reapply for a permit. All these bureaucratic hurdles may further weaken South African competitiveness.

- The DOL has also indicated that it will be 'tightening up' on general working condition laws. This move may impose difficulties for the industry – especially in relation to overtime laws and maximum work week directives. In principle it is possible to vary ordinary hours of work (45 ordinary hours, with a daily maximum of 12), though in practice this has proved difficult. It is allowed in situation where the combination of ordinary hours, rest periods and annual leave, are 'on the whole more favourable' to employees that the Basic Conditions of Employment Act. Since few industry workers are unionized, it requires ministerial investigation and agreement that the 'sector's operational circumstances necessitate variation'. (It has been suggested that the industry apply for a BCEA exemption, with a different allowances for season and the rest of the year.)

- There has been a recent move by the government to ensure that Unemployment Insurance Fund (UIF) contributions are paid. Contributions have to be made for at least 32 months before withdrawals can be made. The short term and 'multi-employer' nature of the industry however, means that very few employees ever have access to these funds. It is important that the statutes are clarified and/or improved in relation to these industry characteristics, as the current situation is severely damaging to many industry employees.

- The Department of Home Affairs recently published the Proposed Regulations to the Immigration Amendment Act (Act 19 of 2004). These are now closed for public commentary and are being finalized. The changes highlighted in the draft have devastating implications for the facilitation industry. In particular, the regulations require that work permits be obtained by foreign film personnel before they can work in South Africa. (This even applies to non-paid interns and staff remunerated by foreign employers.) Furthermore, it is now required that all positions are advertised to South Africans before a work permit can be issued. Foreign producers are already considering shooting in other countries. If they are not allowed to use the specialized

production staff that they always work with, they will not hire South African talent, they will just take their business elsewhere. This would mean a substantial reduction in local employment. (It needs to be remembered that even with a core of foreign staff, foreign shoots often employ about 100 local personnel and stimulate further employment in support industries.) Requiring advertising for all posts is another deterrent move. Foreign producers will not be willing to advertise for senior film personnel when they already have the requisite staff. The complications regarding advertising while based in a foreign country are also substantial. Moreover, even if advertising the post was feasible, it would not be possible in the time available. The timeline for any commercial production from quotation to actual shoot day is often about two weeks. This is insufficient time to place an advert, await interviews and then apply for the work permit. Many industry participants feel that they were not sufficiently consulted before these regulations closed for public commentary.

- Statutory requirements in terms of training, although necessary, may cause problems for the smaller production houses. (It is important to note that financial investment can be recouped if training is designed in accordance with minimum industry standards. These are currently being developed by the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority (MAPP-SETA))

- 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 numerous laws relating to royalty payments, the various categories of employee etc. As longer-term productions and production relationships become more common, the confusion and bureaucracy relating to tax issues could become preclusive. It is suggested that the Industry needs to lobby the government for a simpler, fixed rate of tax when dealing with foreign talent, and request SARS to standardise its approach to the film industry.

- There is substantial confusion relating to the status of crew and independent contractors in terms of employment status and tax liability. It is vital that the DOL , SARS, production companies and crewing agents work together to fully clarify definitions of freelancers, independent contractors and all forms of crew, and ensure that all industry members are fully aware of their legal status and tax liability.

- The Western Cape local government is 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 Cape Film Commission has gone some way to address some of these issues, but communication between the departments, and between the film industry and the public, remains poor.[54]

External Obstacles:

- The Western Cape in particular is suffering from the emigration of 'run-away production' to other newer locations. As noted earlier however, with timely investment in long-form infrastructure and new markets, the local industry can follow the example of the Australian and New Zealand film industries, and develop sufficient depth to survive.

It should be noted that some of these problems are not specific to South-Africa. Many countries world-over with an established film industry are facing a cost surge and revenue slump. The extent and flexibility of their skill base and the effectiveness of a governmental response (if any) determines whether the industry will continue to develop.

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

OPPORTUNITIES

Despite the afore-mentioned threats, the film industry offers substantial opportunities for development and growth. As is evident from the numerous advantages and competencies listed earlier, the local industry has the potential to be an important stimulator of employment, revenue, economic growth and skills acquisition. Trends in the global industry are also opening up opportunities for development. Prospects that are especially promising include:

- There is a slow but steady increase in the number of cinema complexes, film festivals, television/ video purchases and DVD/video rental shops. With effective audience development initiatives, this growth can be focused and used as a platform to increase demand for local production.

- The growth of satellite and digital technology, with the resultant audience fragmentation, allows local independent filmmakers to target smaller niche markets. With sufficient training into how to exploit the new distribution channels, even small filmmakers can develop sizeable markets.

- The South African Broadcasting Authority (SABC) has invested R1.3 billion in the launch of two new television stations, SABC 4 (broadcast in Limpopo, North West, Gauteng, Free State and Northern Cape) and SABC 5 (broadcast in the Western and Eastern Cape, Mpumalanga, Limpopo, Gauteng and KwaZulu-Natal). It is expected that about 70% of prime time programs will be in African languages. Furthermore, they are planning on relaunching their SABC Africa channel on Digital Satellite Television (DSTV). Both these moves will offer substantial opportunities for aspirant filmmakers to showcase their work. In particular, the requirement that 70% of prime time be allocated to African language programs, will provide a 'captive market' of sorts for previously disadvantaged individuals.

- The increased use of digital production has also decreased the cost of start-up equipment and helped lower entry barriers levels into the film sector. Together with the rapid advances in post-production technology, this should increase both the number and the variety of new films on the local 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. Provided there is no deceleration in this governmental support, these moves should help boost the facilitation and local production industry.

- The film industry offers an unsurpassed opportunity for South African tourism. A British Tourism Authority report estimated that locations featured in successful films often experience at least a 54% increase in tourists over a four year period.[55] 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 and get involved in film promotion, even mediocre box-office releases can bring large rewards. Although on a smaller scale, the same principle applies to modelling shoots and commercial production. The Cape Film Commission has noted that in 2003, at least nine films were produced with strong South African storylines and a 'dominant Cape Town backdrop'. This is one of the best forms of 'advertising' available to South Africa. Working with tourism is important, as the underfunded nature of most South African production means that little is actually spent on marketing itself.

- The Dreamworld project should open up opportunities for both local and international filmmakers. 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 spinoff effects on local employment and community upliftment are obvious.[56] The recently built Table Mountain Motion Picture Studios in Tableview, 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.

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[55] Cape Film Commission
[56] International Marketing Council of South Africa, 'R450 Million Rand Studio for Cape Town', www.southafrica.info

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. This refers both to locally-produced and foreign-facilitated films. Certainly other countries are starting to acknowledge South Africa's status as a significant player in the world film market. It is clear that with cooperation and focus, the local film industry will continue to develop and grow, enabling the province and country to fully capitalize on their assets.

CONCLUSION

This report provided a descriptive overview of the South African film industry, with a particular focus on the Western Cape. It outlined the industry structure, noting the primary stakeholders in the private sector, as well as the governmental and educational infrastructure supporting film. Descriptive statistics were included to indicate the size of the sector, its contribution to employment and the economy, and its potential for growth. This potential was reinforced by an analysis of the competitive advantages of the local industry. Influential global trends were also examined, to uncover any threats and opportunities facing the sector. These threats were reviewed together with local structural problems facing the industry, in order to better understand the impediments to growth.

It was established that the film industry's contribution, at least to regional output and employment, is not insignificant. Although there are certain sectors within the industry which have exhibited a decline, this has been offset by growth in other sectors. In addition there are developments in the industry which should aid its growth, notably the increasing governmental awareness of the importance of film, the new co-production treaties, and the steady increase in distribution outlets. Furthermore, new technology is rapidly reducing the cost of start-up equipment, which is lowering entry barriers, especially for aspirant filmmakers from previously disadvantaged backgrounds. The structural infrastructure surrounding film has also improved rapidly over the last decade, and numerous public and private bodies exist that focus on development and skills acquisition.

The numerous threats and problems facing the industry are cause for concern. Although there is little that South Africa and the Western Cape can do regarding some of the adverse global trends (such as the strengthening Rand and the increasing number of foreign film subsidy schemes), there are a great deal of local policy and structural obstacles that can be effectively dealt with. In particular, there may be room for negotiation regarding recent preclusive legislation on the part of the South African Revenue Service, the Department of Labour and the Department of Home Affairs. Furthermore, targeted initiatives could help reduce the fragmentation in the training sector, increase the level of statistical research and foster audience development.

Timely information and communication could also foster a more cooperative pricing attitude on behalf of the support industries. The SWOT analysis provided in Table 10 on the following page summarizes the above arguments.

The second paper will analyse the various problem areas in detail and will focus on seven key areas in particular. These are: audience development, training, funding and distribution, tax and labour legislation, research, empowerment and location issues.

The recommendations made in the second paper should go some way to restoring the competitiveness of the local industry. It should be noted however, that while the government has a vital role to play, players in the industry have a more decisive impact on the future of film. Communication and cooperation between industry stakeholders is crucial to ensure that flexibility is maintained.

The growth of the local film industry will benefit the region and country as a whole. Apart from the noted spinoffs for employment and output, a thriving industry will help stimulate debate, provide information, foster national pride and generate creative externalities with other artistic sectors.

Table 10: SWOT Analysis

Strengths	Weaknesses
• World-class skills base • Variety of locations • First-world infrastructure and support industry • Same time zone as most of Europe • Service by most of the world's leading airlines • High standards of copyright protection • Accommodating weather and seasons that alternate with Europe and North America • Recognition of the economic importance of film by various government departments • Well developed distribution and exhibition infrastructure • Spare capacity • Cosmopolitan, professional 'pool of talent', the majority of which speak English • Film commissions of a first-world caliber • Shrinking but still tangible cost advantage • Lengthy daylight hours during summer months, with excellent quality of light	• Local filmmakers have limited access to funding and distribution • Few viable ongoing training opportunities, especially for previously disadvantaged individuals • Few talented scriptwriters • Limited audience development • Previous weak exchange rates inflated costs → prices have remained high • Extremely high support industry prices • Little competition in air routes • Lack of community support for film shoots • Recent legislative 'tightening' by SARS and the DOL → hinders competitiveness • Severe lack of statistics and research

Threats	Opportunities
• Increased concentration of ownership → higher entry barriers for new entrants • 'Dumping' of foreign programs by developed countries who recoup costs in their domestic markets → local programs cannot compete • New Personal Video Recorder technology → threatening advertising production • 'Runaway' production moving to other countries • Increased levels of foreign governmental support for film industries → South Africa cannot compete on par • Proposed Regulations to the Immigration Amendment Act (work permits and advertising requirements) → could lead to a substantial loss of competitiveness	• Increase in distribution outlets → larger market for local production • New SABC channels → larger market for local production, especially for African language products • Growth of satellite and digital technology → audience fragmentation → opportunities to target niche markets • Decrease in the cost of start-up equipment → lower entry barriers • Growing governmental support (co-production treaties, incentive schemes) → boost to facilitation • Increase in feature films → lucrative to tourism • Dreamworld Studio project → could attract foreign productions and provide quality support infrastructure for local filmmakers

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Bianca Mpahlaza – Marketing Director, Cape Film Commission

Elizabeth Walters – Cape Film Commission

Martin Cuff – Chief Operating Officer, Cape Film Commission

Carol Wright – Interim Branch Head: Economic Information and Research, City of Cape Town

Appendix A: Incentives offered by other Countries

Together with numerous smaller support measures aimed at fostering local productions, the respective governments have also introduced the following incentives for film productions:

Australia:

- $27.6 million in public funding went to the Australian Film Commission to both promote local productions and to facilitate international co-productions.
- Australia recently introduced a 12.5% refundable tax offset for feature films, telemovies and miniseries.
- The Film Finance Association provides investment-matched private funds and receives public funding of $48.5 million.

New Zealand

- Grants of up 12.5% are offered to productions that spend more than 15 million and less than 50 million dollars in New Zealand.

France:

- The Centre National De La Cinematographie (CNC) allocates subsidies for production, distribution and exhibition of films.

United Kingdom

- Limited Government assistance in the form of grants, loans or guarantees is offered to local productions.
- The European Co-production fund has an annual investment budget of $9.5 million
- The UK National lottery subsidizes a number of British films
- The British government provides £0.2million per annum to Eurimage, the Council of Europe's co-production fund.

- Expenditures for the production/ acquisition of film can be written off for tax purposes during the period over which the value of the film is expected to be realized.

Ireland:

- Investors can obtain tax deductions equal to 80% of the amount of their investment.

Canada:

- The Canadian federal government offers a tax credit of up to 16% of the value of resident's salary and wages.
- On top of this, the provinces offer additional tax credits valued between 11% and 40%.
- Further production tax incentives for foreign producers have been announced.

The United States is trying to counter runaway production through a number of measures[57]:

Federal Incentives:

- A bill is currently under discussion that would lower the income tax rate on domestic production activities from a maximum of 35% to 34% through 2006, 33% through 2009 and 32% thereafter. Films would qualify for the credit if 50% or more of the total production compensation is spent in the US.

State incentives:

- 41 states offer a number of incentives to encourage producers to film within their borders. Most incentives offer an 8-10% tax credit on productions spending over $200,000 in the state and a 15% credit on productions using local labour (including Louisiana, South Carolina, Mississippi, and Pennsylvania).

[57] Motion Picture Association of America

- New York has just endorsed a legislation providing $25 million a year for each of the next four years to cover tax write-offs for films and television shows produced in the state. It provides up to $12.5 million in annual tax credits.

- Connecticut has legislated a "sales and use tax exemption" for any production equipment. Furthermore, Connecticut, Arizona, California, Colorado, Illinois, Indiana, Maryland, Minnesota, Nebraska, Ohio, Kansas, Oklahoma, Texas, Utah, Vermont, Washington, Wyoming, and others waive hotel taxes for stays in excess of 30 days.

- New Jersey also offers sales-tax exemption for production equipment, as well as a unique loan guarantee program for productions "up to a maximum" of $1.5 million. Illinois offers a 25% tax credit on the first $25,000 in wages per worker per production.

Appendix B: The Industry Value Chain in South Africa

Production Category	Entails:	Small/ Medium	Large
Pre-production	• Scriptwriting • Location scouting • Production Accounting • Casting Agents • Crewing Agents		
Production	• Actors • Costume & make-up • Location Management • Lighting & sound • Camera crews • Grips • Set construction • Special effects • Transport & accommodation • Photography • Studio facilities	Numerous small production companies employing between 1-3 people	Based in Gauteng: • Endemol (TV) • Philo Pieterse • Franz Marx (TV) Based in Cape Town: • Made in Africa • McKenzie Rudolph • DO productions Country-wide: • Video Vision • Velocity • Moonlighting
Post Production	• Film editing and projection • Video post production • Computer effects & graphics • Music & sound • Titles	Prosound, The Audio Lab, The Facilities Factory	Country-wide: • Sasani • The Refinery Based in Cape Town: • Condor Based in Gauteng: • Blade and Pudding
Distribution-Film and Video		Film Resource Unit, Video Vision	Primedia, Johnnic Communications, United Independent Pictures (UIP)
Exhibition - Cinema		131 Independents	Ster-Kinekor (Primedia), Nu Metro (Johnnic)
Exhibition - Video Retail and Rental		United Independent Pictures	Ster-Kinekor Home Entertainment, Nu Metro Video
Exhibition-Broadcasters			SABC, M-Net, etv

Appendix C: Training Institutions and their Programs
(Source: Adapted from MAPP-SETA Qualitative Review of Broadcasting)

Type	Institution	Programs
Specialised Training Institutions	Monash South Africa	• Audio-visual production learnership • Run short certified courses for industry professionals • Also help administer and run learnerships for MAPPP-SETA.
	Century Film School	• Run 5 month courses on Saturday mornings. • Includes modules on broadcast standards, 'pitching', scripting objectives, copyright and plagiarism, camera operation, lighting, casting, online editing, music search and audio final mix
	M-Net EDIT Emerging Dynamics in Television competition	• Annual learner based initiative created to provide emerging talent with genuine production opportunities • M-Net/MagicWorks fund the making of 10 learner video/film productions. • The competition is open to all students in their final year of study attached to educational institutions or professional associations.
	M-Net New Directions	Skill based filmmaking initiative.
	Open Society Foundation of South Africa	Promotes media plurality and the use of the media as a tool for sustaining democracy and promoting development in South Africa.
	Multichoice VUKA! Awards	• Runs 5 one-day film workshops for aspirant filmmakers wishing. • Courses run in conjunction with the Department of Labour and the NFVF.
	Youth Film Culture Television Production Workshop	• Year-long training program conducted over weekends • Includes topics such as: producing, pitching, scripting, development budgeting, financial planning, production marketing, talent searching, understanding target audience, legal issues / rights, actual filming on locations or set, production management, directing, camera operations, cinematography and lighting, sound recording, editing, and film criticism.

Officially Recognised Institutions/ Universities/ Technikons	Boston Media House	• Media Studies Diploma (accredited by RAU) • 3-year full time qualification or a 3-6 months part time qualification. • Also offers training in Non-Linear Editing. • Equipment is available for use outside of class hours
	Cape Town International Film School	• Bachelor of Film and Television • Three year Diploma in Film and Television, Post Graduate Diploma in Film and Television • Also offers short courses, Master Classes, practical film training and training in non-linear editing. • Equipment is available for use outside of class hours. • Maximum number of 40 students in first year and 6 in their post-graduate diploma.
	City Varsity Film and Multimedia School	• Diploma in Multimedia Design & Production (2 years, full time) • Diploma in Film & Television Production Techniques (2 year, full time, 3 year Advanced Diploma, full time) • Diploma in Sound Recording Engineering (2 year, full time, 3 year Advanced Diploma, full time) • Diploma in Art Directing specialising in special effects, décor painting and make-up (1 year, full time make-up, 2 year, full time production design, 3 year Advanced Diploma in production design) • Diploma in Professional Acting for Radio, Film & Television (2 years, full time) • Diploma in Professional Photography (2 years, full time, 1 year part time) • Diploma in Animation for Film & Television (2 year, full time, 3 year Advanced Diploma, full time) • Certificate in Journalism for Print & Multimedia (1 year, full time) • Also provide for short courses and non-linear editing training • Equipment is available for use outside of class hours.
	Durban Institute of Technology	• Video Technology Foundation Course (1 year) • National Diploma in Video Technology (3 years, full time)
	Pretoria Technikon	• 1st year National Certificate Motion Picture Technology • 2nd year National Higher Certificate Motion Picture Production • 3rd year National Diploma Motion Picture Production • B Tech Degree Motion Picture Production either specialising in directing; producing or animation • Masters Degree in Technology Motion

		Picture Production • Doctors Degree in Technology Motion Picture Production • Also offers practical film training and training in non-linear editing • Equipment is available for use outside of class room hours. • 3rd Year includes internship training within industry
	Potchefstroom University	• Part of 4 year Applied Communication Degree • Can specialise in documentary, corporate, natural history and video.
	Rand Afrikaanse Universiteit	• BA Audio-visual Production Management • Training includes both practical skills and theory
	Rhodes University	• Part of either a 3 year BA (with Journalism), or 4 year Bachelor of Journalism
		No film training
	National Electronic Media Institute of South Africa (NEMISA)	• NEMISA provides training for television, and film production • A two-year full time program includes topics such as: aesthetics of broadcasting, business techniques, communications techniques, ethical studies, history of broadcasting new media sales, advertising and marketing. • Facilities include digital equipment and software, television and radio studios and post production suites • The school is aimed primarily at historically disadvantaged communities.
	The South African School of Film, Television and Dramatic Art	• Bachelor of Motion Picture Medium (3 years, full time), Honours Degree in Motion Picture Medium (1 year, full time) • Bachelor Degree of Live Performance (3 years, full time), Honours Degree in Live Performance (1 year, full time) • Bachelor of Motion Picture Medium Degree (3 years, part-time/full-time) • Can be done at night and short courses are available • Also provide training in non-linear editing.
	University of Cape Town (Film and Drama Dept.)	• BA in Film Media and Visual Studies • Honours and MA in Film Theory and Practice • Produces about 330 graduates per year .
	University of the Free State (Drama Dept.)	• Certificate in Technical Aspects of the Theatre (1 year) • Diploma in Drama and Theatre Arts (2 years) • BA in Drama and Theatre Arts (3 years) • MA and PhD in Drama and Theatre Arts (+4 years) • Produces about 80 graduates per year.
	University of Port Elizabeth (School of Journalism)	• BA in Media, Communication and Culture • MA in applied Media (3-5 years, full time) • Accepts about 200 students per year.

	University of Stellenbosch (Journalism Dept.)	• BPhil in Journalism (1 year) • MPhil in Journalism (2 years) • DPhil in Journalism (3-5 years) • Produces about 65 graduates per year.
	WITS TV	• Certificate in Television Broadcasting both full time and part time. • Includes courses on practical video and broadcasting skills, including scriptwriting.
	WITS University (Wits School of Arts)	• Part of a BA (Dramatic Arts) or BA Honours in Drama and Film Degree • Both full time and part time options • Includes courses on practical video and broadcasting skills including scriptwriting.

Appendix D: Average Price Increases in Support and Supply Industries[58]

		1998	2004	2004 (1998 prices)
Talent fees				
Extras	Per day	350	600	426
Main Actors	Per day	1900	3500	2486
Casting director	Per day	3000	6750	4794
Location fees				
Locations - Residential House	Per day	5000	10000	7102
Transportation				
Panel Van	Per day	337	477	339
8 Ton Truck	Per day	676	1079	766
1 Ton Bakkie	Per day	184	317	225
Minibus	Per day	265	613	435
Group A	Per day	74	174	124
Catering	Per head	120	162	115
Crew fees				
Director of Photography		3000	4500	3196
Loader		450	800	568
Art director		1000	1800	1278
Props		600	1100	781
Focus Puller		800	1500	1065
Gaffer		800	1500	1065
Key Grip		800	1500	1065
Line Producer		1000	2000	1420
Camera Gear, grips				
HMI 6kw MSR	Per day		2350	1669
24kw Incandescent	Per day		2318	1646
Angenieux HR 25:250mm	Per day		2250	1598
Arriflex 435 ES Camera	Per day		5709	4055
Arri Geared Head MK2	Per day		1123	798
Maxi Giraffe Crane	Per day		3013	2140

[58] Figures adapted from those compiled by Celesta Alexander and Ken McKenzie, at the meeting of Film Industry Stakeholder Meeting, Mount Nelson Hotel, 5 August 2004.

Stock prices [59]				
EXR 5245 400 foot - 16 mm	16 mm	658	786	558
EXR 5245 400 foot - 35 mm	35 mm	1101	1314	933
Post Production				
Grade	Per hour	2000	3000	2131
One light	Per hour	1325	2000	1420
Accommodation				
(cheapest room prices)				
Romney Park Luxury Suites	Apartment	795	1160	824
Victoria Junction	Standard Single	500	880	625
The Commodore Hotel	Standard SWB	450	1650	1171
The Mount Nelson Hotel	Superior Room	850	1475	1048
Victoria and Alfred Hotel	Mountain Facing Single	890	1910	1357
The Commodore Hotel	Standard DWB	495	1980	1406
The Bay	Mountain Single	500	2330	1655
Air flights				
Full Business		18210	35590	25278

Average Price Increase by Category	
Accommodation	176%
Location fees	100%
Air flights	95%
Talent fees, casting directors	94%
Transportation	88%
Crew fees	84%
Post Production	49%
Consumer Price Index (base year 1998)	45%
Catering	35%
Stock prices	19%

[59] Prices remained at the same United States dollar level - fluctuations are due to exchange rate