FILM SECOND PAPER

Policy Recommendations and Interventions

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CONTENTS

LIST OF ABBREVIATIONS

ACA - Association of South African Film Crew Agents

AFDA – The South African School of Motion Picture Medium and Live Performance

AVEA – Audio Visual Entrepreneurs of Africa

AVMB SGB – Audiovisual Media Production Standards Generating Body

BCEA –Basic Conditions of Employment Act

BEE –Black Economic Empowerment

CAC – Community Access Centre

CIGS – Cultural Industry Growth Strategy

CFC – Cape Film Commission

CNC – Centre National De La Cinematographie

COIDA - Compensation for Occupational Injuries and Diseases Act

CoCT – City of Cape Town

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

FESPACO – Festival Panafricain du Cinéma et de la Télévision de Ouagadougou

FULO – Film Unit Liaison Office

GDP – Gross Domestic Product

GRP – Gross Regional Product

GFO – Gauteng Film Office

GCIS – Government Information and Communication Systems

HSRC – Human Science Research Council

ISACA – Independent Communications Authority of South Africa

IBC – Independent Broadcasting Authority

IDC – Industrial Development Corporation

IMAX – Image Maximum

INDV - Independent Feature Film Movement

IPO - Independent Producers Organisation

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

MPCC – Multi-Purpose Community Centre

MVEP – Mobile Video Education Project

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

RMB – Rand Merchant Bank

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

SMEDP – Small Medium Enterprise Development Program

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

VDO – Video Distribution Operator

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 is the second of the two MEDS papers that focus on the 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.

Introduction

The first MEDS paper provided an idea of the importance of the film industry in South Africa and the Western Cape. It was noted how the industry fosters national pride, upholds cultural identity, generates employment, facilitates skill acquisition and stimulates economic growth. Attention was given to the substantial effect film has on numerous other industries, particularly the supply and hospitality industries. The report emphasized the many advantages enjoyed by the local film industry, and highlighted the opportunities inherent in the sector. It also provided an overview of the main 'problem areas' in the industry. Many of these are substantial, and the second paper addresses them in detail, noting what government actions could be taken to mitigate their effect.

Obstacles Facing the Industry

Serious problems facing the industry include:

- Film has been characterised by increased levels of horizontal and vertical integration, resulting in concentration of ownership and raised entry barriers for new players.

- 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 already feeling 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.
- 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 local scripts often lack sufficient market appeal.
- The previous weak exchange rate 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, airways and car rental) are no longer competitive.

- 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. These contained new work permit and advertising requirements that will be particularly damaging to the facilitation industry.
- Coordination between government 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

Despite the significant obstacles to industry growth, promising opportunities do exist. The new South African Broadcasting Authority (SABC) channels, the expansion in media outlets, and the growth of satellite and digital technology, have all opened up new platforms for local products. Furthermore, the growing governmental awareness of the importance of film has resulted in an increasing number of co-production treaties, incentive schemes and other initiatives which should help develop the industry and stimulate growth.

Current Government Initiatives

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

National Government organisations include:

- The National Film and Video Foundation (NFVF). The NFVF was launched in 1999 to help develop and promote the industry. Its duties include helping the industry access funds and promoting incentive schemes that create an environment attractive to international film productions. The NFVF has been working towards these goals since its inception, although progress in their accomplishment has been uneven. The NFVF *has* been reasonably successful in fostering film agreements with other countries, in increasing the South African presence in the international film community, and in funding various film projects.
- The Department of Arts and Culture (DAC). DAC earmarks about R20 million annually for industry projects. It provides training grants and assists with production, marketing and distribution costs.
- The Industrial Development Corporation (IDC). The IDC has R250 million earmarked for the film industry, which is managed by their newly created Media and Motion Pictures Division. They have been particularly prolific in the equity and loan financing of large film industry projects.
- The Department of Trade and Industry (DTI). Through the DTI, many exported film products receive subsidies and rebates. The DTI also spearheaded the national tax incentives relating to film, including the new film and television rebate scheme. Furthermore, it offers a number of incentives to entice investment in local manufacturing projects. Although not yet 'tapped' by the film industry, these incentives are applicable to film. They include the *Foreign Investment Grant,* the *Small Medium Enterprise Development Program (SMEDP)*, and the *Skills Support Program*.

- The South African Revenue Service (SARS). Together with the film and television rebate scheme, SARS offers tax incentives under Section 24F of the Income Tax Act. Although there are some minor ambiguities related to this incentive, it is useful tool which allows deductions against production and post-production costs.
- Sithengi. Sithengi is a Section 21 company mandated to promote the development of and trade in African and South African film and television products for a global market. It accomplishes this through the hosting of the World Cinema Festival, which incorporates the Sithengi Film and Television Market. This market provides an opportunity for networking and trading between South African film makers, distributors, exhibitors, broadcasters and international players. Sithengi also has a management contract to administer the R3 million HIVOS/Sithengi Film Fund.

Provincial and Local Government Initiatives include:

- The provincial government and the City of Cape Town jointly funded a subsidy of R60 million toward the estimated cost of R426 million of the Dreamworld Studio development.
- The Cape Film Commission (CFC). The CFC is a Section 21 company and is the official advocate for the feature film, television, video, commercials, and stills photography production industry in the Western Cape. It is playing an increasingly larger role in developing and supporting the indigenous film industry, including acting as an interface between the industry and government, and working with the NFVF to boost public incentive and support programs. It also plays a significant role in maintaining local community support for the film industry and manages a transformation film fund for historically disadvantaged filmmakers in Cape Town.
- The City of Cape Town (CoCT). The CoCT has recently embarked on a number of initiatives to make Cape Town a more 'film-friendly' city. It recently completed a 'City of Cape Town Film Policy and Protocol', which should mitigate some of the coordination and bureaucratic obstacles facing the industry. Furthermore, it has made a concerted effort to minimize tariffs and improve the permitting process.
- The City of Cape Town Film Permit Office (CTFPO). The CTFPO interacts with the appropriate City departments to coordinate permissions, issue film permits and ensure that all people who need to know about a planned shoot on City property are adequately informed.

A number of other noteworthy private and semi-public initiatives exist. These include numerous film festivals and the Film Resource Unit (FRU). The FRU is particularly important. It is a non-governmental film distribution and educational agency, dedicated to the dissemination and promotion of independently produced and developmentally appropriate film and video materials. It has embarked on a number of important initiatives in this area, including: the Video Distribution Operators (VDO) Project, the Mobile Video Education Project (MVEP), the Community Screening Project, the Multi-Purpose Community Centre (MPCC) Initiative, the Video Resource Centre (VRC) Scheme, the SANKOFA Project, and the Community Access Centre (CAC) Project.

Problem Areas and Suggested Policy Interventions

It is evident that the government is making a significant attempt to support film. However, certain legislative and bureaucratic hurdles exist that are damaging the competitiveness of the sector. With the requisite research, cooperation and *coordinated* public sector support, further development of the sector is possible. Seven key problem areas have been identified: audience development; training; funding and distribution; tax and labour legislation; location and support industry issues; empowerment; and research.

Audience Development:
South Africa does not have a coordinated strategy in place to develop audiences and local products rarely exhibit commercial success. This is due to a number of reasons: the reluctance of traditional distributors to screen anything but ‘sure hits’; poor business training on the part of local filmmakers (especially relating to marketing and target market research); and cinema inaccessibility. Although some initiatives have been launched in this area, it is suggested that the Western Cape government complement these efforts by meeting with the Film Resource Unit and the Cape Film Commission and embark on a coordinated audience development plan. This should be undertaken by a CFC-FRU partnership and needs to include:

- A commitment to meet regularly with the consortiums behind the township cinema initiatives to assess any problems in their expansion plans.

- The organization of a workshop with the Media, Advertising, Packaging, Print and Publishing Sector Education Authority (MAPP-SETA), Sithengi, the relevant film schools, training providers and industry stakeholders to address the need for specific 'business skill' training.
- A commitment by the FRU to embark on further audience sampling, in consultation with the SABC, Ster Kinekor and the NFVF to prevent duplication of research.
- Negotiation with the SABC for early release of particularly promising local films.
- The use of other forms of media (radios, newspapers and television) to foster consumer awareness.

Training

The state of training is a core issue for the industry, especially in relation to previously disadvantaged groups. Of particular concern is the severe lack of basic business skill and technical training; the poor links between training providers and the industry; the lack of effective standards; and the poor understanding of the National Qualifications Framework (NQF) and MAPP-SETA training requirements.

There are approximately 280 training providers being utilised by the industry, the majority of which are not accredited. They include: tertiary institutions; private colleges and companies; individuals; independent training providers which tailor-design courses; and foreign broadcasters.

Since most of the coordination and standard setting has to be set at a national level, the requisite body to conduct the appropriate skills and training reforms is the NFVF. In particular, it needs to ensure that the progress in the NQF's standard setting process is sustained and that internship and mentorship programs are encouraged. On a provincial level, it is suggested that Cape Film Commission be supplied with the requisite funding to host a 'SDL guide for amateurs' workshop, working with a Skills Development Levy specialist. Furthermore, the funding request for the Western Cape Film Fund should be seriously considered, as it acts as an important local financing channel for bursaries and promising training initiatives.

Funding and Distribution

Funding and distribution issues impose significant constraints on local filmmakers. The main sources of funding include: distributors, broadcasters, government and the private sector. Although government funding is increasing, funding from other sources remains weak due to the high risk nature of South African films. A poor distribution network compounds the problems faced by local filmmakers. Filmmakers often neglect to consider distribution issues prior to making a film and therefore set themselves up for failure. This is complicated by the reluctance of traditional distributors to exhibit South African films. Some industry bodies and a number of private initiatives are trying to 'bridge the gap', notably Sithengi and the FRU.

A few of the suggestions offered in the audience development section will help overcome the distribution and funding hurdles. However, it would also be useful for the Western Cape Government to contribute by:

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

Issues Relating to Tax and Working Conditions:

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

Some of the main points of contention include:

- The restructuring of SARS PAYE laws revoking the blanket 25% rate.
- The recent tightening-up by the government on UIF payments.
- The need for clarification over the definition, employment status and tax liability of crew members and independent contractors.
- The need for clarification regarding tax issues relating to foreign crews.

- Ambiguities relating to Section 24F of the Income Tax Act.
- Recent Department of Labour (DOL) legislation requiring permits prior to working with children.
- The general strengthening of working condition statutes, especially in relation to overtime laws and maximum work week directives.
- The new work permit and advertising requirements in the Proposed Regulations to the Immigration Amendment Act.

With relation to some of these issues (notably the PAYE, training and UIF legislation), industry may have to accept that the legislation is unlikely to be altered. Alternative ways will have to be found to remain competitive despite preclusive policy. With regard to the other issues however, it is recommended that the Western Cape government back the attempts made by industry parties to achieve the following legislative reform:

- Independent contractors not in 'standard employment' should be taxed at a flat rate of 25%.
- A simpler, fixed rate of tax should be levied when dealing with foreign talent.
- The 'at risk' rules relating to Section 24F of the Income Tax Act should be clarified, especially regarding credit-financed transactions.
- Crewing agents should be allowed to register as labour brokers.
- The recently passed legislation regarding DOL permits for children should be reviewed.
- A Basic Conditions of Employment Act (BCEA) exemption regarding overtime should be granted for the industry, with different allowances for season and the rest of the year.
- The proposed changes to the Immigration Amendment Act should be reconsidered.

Location and Support Industry Issues:

The escalation in location and support industry prices are rapidly reducing the attractiveness of filming in the Western Cape. This is further compounded by poor relations between production companies and local communities. The efforts by the CFC and the City of Cape Town (especially their new Film Unit Liaison Officer Project) should go some to way to resolving many location problems. The Western Cape Government can complement this by researching the feasibility and impact of a licensing scheme for production companies, where licences are automatically granted to production companies but are revoked if a company repeatedly violates good filming practice. All relevant industry bodies and production companies would obviously have to support and participate in the feasibility study. With regard to support industry prices, it is suggested that the Department of Tourism endorse industry attempts to realize 'special deals' for foreign film crews with the hotels and airways.

Empowerment:

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

Research:

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

Conclusion

Although the problems facing the industry are serious, the suggested initiatives should ensure that the industry maintain competitiveness and capitalize on its numerous advantages and opportunities. It is particularly important that the restrictive tax and labour legislation is addressed, especially the proposed changes to the Immigration Amendment Act. It is also vital that the BEE Charter is completed and that the proposed audience development partnership is considered. Furthermore, it is recommended that the Western Cape Film Fund receive the requisite funding to address some of the funding and training needs facing the province.

These measures should allow the industry to achieve a steady growth rate and develop a strong 'indigenous' film capacity. This would prevent potential job losses as the competition against South Africa intensifies, and ensure more continuous work for industry members. The employment of low-skilled and part-time workers would take on a more permanent character, allowing them to develop higher skill competencies and increase their earning potential.

INTRODUCTION

The film industry plays an important economic and cultural role in South African society. Not only is film a significant employment and growth generator, but it offers numerous spin-off effects in other industries and plays an important role in tourism. A thriving industry stimulates democratic debate, provides information, fosters national pride and generates creative externalities with other artistic sectors.

As noted in the first paper, South Africa and in particular the Western Cape, offer a world-class skill base in the area of film production. Furthermore, they have an unsurpassed variety of locations, accommodating weather, high standards of copyright protection, a well developed distribution and exhibition infrastructure, a cosmopolitan, professional 'pool of talent', and a shrinking but still tangible cost advantage over developed countries. These advantages are significant and provide the local industry with the competency to play a dominant role in the world film market. Furthermore, indigenous feature films are starting to achieve international acclaim. *U-Carmen eKhayalitsha* was awarded the Golden Bear for Best Film at the 2005 Berlin Film Festival. *Yesterday* was nominated in the Best Foreign Film Category at the 2005 Academy Awards. *Forgiveness* won Best African Feature at the 2004 Cape Town World Cinema Festival. Furthermore, at the Festival Panafricain du Cinéma et de la Télévision de Ouagadougou (FESPACO), *Drum* won the Gold Yenega for Best Film, *Zulu Love* Letter won the European Union Prize and Best Actress Award, and *Max and Mona* was awarded honours in the Script Originality category.

The growth potential of the film industry is also significant. A decline has been evident in certain sectors, notably local advertising production. However, this has been offset by growth in other sectors, especially co-productions. In addition there are developments in the industry which should aid its growth. Of particular importance are 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 there now exist numerous public and private bodies that focus on development and skills acquisition.

The threats and problems facing the industry *are* cause for concern. The strengthening Rand and the escalating prices in the location and support industries continue to erode local competitive advantage. The subsidy and incentive schemes offered by foreign countries only compound this. As a result, South Africa is 'losing' productions to countries such as Argentina, Chile, Brazil, Spain, Portugal, Canada, Australia, New Zealand, Romania and the Czech Republic. 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.

This 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; location and support industry issues; empowerment; and research. It should be noted that the governmental initiatives suggested will not require substantial 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.

The recommendations made in this paper should go some way to supporting the competitiveness of the local industry. An augmented public role will not be sufficient to 'save the industry' however. 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.

Scope of the Report

This paper is the second of two documents comprising the full MEDS report. The first paper consisted of an industry overview, focusing on the industry structure and the economic and social contribution of the sector. It identified global and local trends affecting the industry, and indicated the sector's competitive advantages. It ended with a summary of the main issues causing concern in the industry, noting opportunities for future growth and development.

As in the first 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. 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.[1] Straight 'production' involves the actual shooting of the film/program/advertisement. With regard to actual product, 'long form' refers to feature films and 'short form' refers to commercials. Stills production refers to the production of photographic images for advertising and media.

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

[1] 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 initiatives suggested at the end of the paper attempt 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, working with local government, mobilizing resources from the public and private sector, or by facilitating individual projects
- Identify areas where further research is 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 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 Cape Film Commission, the Department of Trade and Industry and the South African Revenue Service. The City of Cape Town participated in the draft critique process. 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, 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 May 2005.

OVERVIEW OF PROBLEMS AND OPPORTUNITIES

The first paper outlined a number of global trends affecting the local film industry. It also highlighted other internal obstacles to development and growth. Some of these are structural, while others are due to recent changes in government policy.

These will obviously be dealt with in greater detail when the problem areas are defined and initiatives suggested to combat them. However, it is useful to open with a summary of the main issues.

The global trends that are particularly worrying for the local industry include:

- Film has been characterised by increased levels of horizontal and vertical integration, resulting in concentration of ownership and raised entry barriers for new players. South Africa and the Western Cape cannot therefore rely on foreign sponsorship and distribution. The local industry needs to ensure that it builds up a loyal domestic base and invests heavily in local audience development. (This issue will be addressed under the sections relating to funding and distribution, and audience development.) [2]

- 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. The quality and cost-effectiveness of local production needs to be substantially improved if it hopes to remain competitive. South Africa and the Western Cape also need to develop and expand the local base and ensure that local content quotas are upheld in the immediate future. (This issue will be addressed under the section relating to audience development.)[3]

[2] 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.
[3] 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.

- New technologies, which give television viewers more control over their viewing, are changing the structure of free to air television and threatening the viability of the television advertising production industry. The trend will probably result in a significant drop in business for the weaker production companies, although top production companies should retain business. The local industry needs to invest in quality training and skills diversification to help adjust to the resultant sector 'shake-out'.[4] (This issue will be addressed under the section relating to training.)

- It is a natural progression for producers and audiences of 'run-away productions' (films filmed outside their country of origin) to start viewing a once-favoured destination as 'stale' and move elsewhere. South Africa and the Western Cape in particular, are starting to feel the effects of this trend. The local industry can mitigate this trend by capitalising on their long-term work, on television and on new markets. (This issue will be addressed under the sections relating to training and audience development.)

- 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. (Please 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 production. This includes minimizing bureaucracy, simplifying tax issues and ensuring that the support industries become cost-competitive. (This issue will be addressed under the section relating to tax and labour issues.)

- There is an organisational 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. In order to prevent the negative implications of this organisational shift, it is important that the public sector minimize the bureaucratic hurdles relating to contracting. (This issue will be addressed under the section relating to tax and labour issues.)

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

The internal structural problems facing the industry include:

- Many filmmakers face limited access to local funding, distribution and facilitation facilities. The small domestic market and limited audience development further hamper the efforts of aspirant filmmakers. The world market is equally preclusive, as 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. (These issues will be addressed under the sections relating to funding and distribution, and audience development.)

- There are few viable ongoing training opportunities for people entering the industry. This is especially true for previously disadvantaged groups. The training opportunities that do exist vary in standard and comprehensiveness – there is a noticeable lack of coordination and accredited standards.[5] (This issue will be addressed under the sections relating to training and empowerment.)

- There are few talented scriptwriters in South Africa and the general quality of scripts is poor. Furthermore, local scriptwriters seldom have the business skills required to effectively 'sell' their script to a producer. Most are unable to visualize a budget or target audience, and are unable to show that their script has market appeal. This inadequate state of affairs in scriptwriting is due to a number of reasons. Production companies rarely invest enough in film development, and scriptwriters often receive very little for their work. Scriptwriters themselves often do not/cannot afford to conduct the requisite research involved in a quality script. Finally, there is a lack of interaction and cross-fertilization with overseas players, leading to a poor understanding of the international market. (This issue will be addressed under the section relating to training.)

[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.

- 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. (Please see Appendix C for more detail regarding price increases.) Furthermore, certain homeowners' associations have been demanding payments of up to R150 000 from production companies, many of whom pay the request to avoid conflict. In a less blatant manner, residents and business owners have been known to lodge objections to film shoots, only withdrawing them when an 'inconvenience fee' or donation has been paid. This is indicative of the declining community support for film shoots in certain areas. Poor communication between communities and producers only compounds the problem.[6] (This will be addressed under the section relating to location and support industry issues.)

- Prices in the support industry (especially hotels, restaurants and car rental) are no longer competitive, but are now equal to those in top international cities. Furthermore, many foreigners are under the impression that they are charged higher prices than locals. There is a general feeling that the support industries are taking advantage of foreign workers, and are not fostering a welcoming environment. Competition in local and international air routes is also negligible, resulting in inflated ticket prices. Again, please see Appendix C for more detail regarding price increases. (This will be addressed under the section relating to location and support industry issues.)

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

- Issues like perceived violence and AIDS are influencing the decision of international production companies to film in South Africa. Up until recently, this situation was exacerbated by the lack of a coordinated effort to market South Africa and the Western Cape. This problem has been recognised however and a number of private and public bodies are attempting to address it. On the public side, the National Film and Video Foundation and the various film commissions have increased their presence at overseas festivals, conferences and trade fairs. The Cape Film Commission in particular has made a concerted effort in the last two years to effectively market Cape Town and the Western Cape to overseas clients. On the private side, the new initiative Film South Africa (FilmSA) is trying to coordinate the marketing 'push' from the industry itself.[7] Membership is steadily increasing and they have engaged in a direct marketing campaign at international events, distributing copies of local industry film newspapers (such as 'The Callsheet') and industry information publications (such as 'The Filmmakers Guide to South Africa'). FilmSA is also working at reducing the fractionalisation inherent in the sector, persuading both public and private stakeholders to form a united front when addressing industry concerns. The work being done by these parties is vital and local, provincial and national government should continue to support such endeavours.

- The South African Revenue Service and the Department of Labour have recently 'tightened up' on the enforcement of certain tax and working condition legislature. This has had unfortunate repercussions for film, where employment practices have always been unique. The industry has traditionally been seasonal, with long hours worked during the summer months. Furthermore, most employees do not act as standard employees but as 'independent contractors'. Many industry participants feel that local competitiveness will be significantly eroded by the enforcement of reduced working hours and stricter labour and tax legislation. Regarding training, some of the smaller production houses consider the statutory requirements to be preclusive. This sentiment is also voiced in relation to the recent legislation regarding Child Labour. Moreover, there is confusion relating to the liability of production companies, crewing agents and contractual workers.

[7] FilmSA is Section 21 company consisting of a consortium of public and private 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.

(These issues will be addressed under the section relating to tax and labour issues.)

- The Department of Home Affairs recently published the Proposed Regulations to the Immigration Amendment Act, which have now been closed for public commentary. Two changes will be particularly damaging to the facilitation industry. Foreign film personnel (including unpaid interns and those paid by foreign companies) will now need to obtain work permits before they can work in South Africa. Furthermore, all positions have to be advertised to South Africans before a work permit can be issued. If foreign producers are not allowed to use their own specialized production staff, they will just opt to base their production in other countries. This will lead to a substantial reduction in local employment. The advertising requirement is also not feasible due both to the complications inherent in advertising while based in a foreign country, and the limited time available between shoot quotations and actual production. (This issue will be addressed under the section relating to tax and labour issues.)

- Tax issues relating to foreign crews need to be clarified. Although South Africa has double tax treaties with a number of countries (preventing crew/companies from being 'taxed twice'), often foreign artists are excluded from this concession. There are also an onerous number of laws relating to topics such as royalty payments and the various category of employee. As longer-term productions and production relationships become more common, the confusion and bureaucracy relating to tax issues could become preclusive. (This issue will be addressed under the section relating to tax and labour issues.)

- The various government departments are perceived by some as overly bureaucratic and unsympathetic to the needs of film. In particular, complaints have been raised as to the high cost of traffic officers, overtime payments for city staff and poor coordination among departments. Rezoning of private properties is a further concern. The City of Cape Town and the Cape Film Commission have gone some way to address some of these issues, but communication between government departments, and between the film industry and the public, still leaves room for improvement.[8] Coordination between City Departments could be strengthened and many international filmmakers perceive the bureaucratic

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

obstacles prior to filming to be excessive. (Coordination problems will be dealt with in the various sections, with respect to the particular issue concerned.)

- 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.[9] (This issue will be addressed under the section relating to research.)

Despite the afore-mentioned threats, the film industry offers substantial opportunities for development and growth. The first paper dealt with these in greater detail, but it useful to summarize them briefly here. The initiatives suggested in the sections relating to audience development and training will attempt to capitalise on the majority of these prospects. Promising opportunities 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 is allowing local independent filmmakers to target smaller niche markets. With sufficient training into how to exploit the new distribution channels, even small filmmakers can benefit.

- The South African Broadcasting Authority (SABC) has invested in two new African language television stations and is planning on relaunching their SABC Africa channel on Digital Satellite Television (DSTV). Both these moves will offer substantial opportunities for aspirant filmmakers, especially those from disadvantaged backgrounds.

- With cooperation, planning and marketing initiatives, a feature film or television production can be extremely lucrative to tourism. If the tourism sector works together with the producers of a film to stimulate interest in a film, local releases can act as an excellent 'advertisement' for the country and province.

[9] www.nfvf.co.za

- The decrease in the cost of start-up equipment has lowered entry barriers in the film sector, increasing the number and the variety of new films on the market.

- The growing governmental awareness of the importance of film has resulted in an increasing number of co-production treaties, incentive schemes and memorandums of understanding with other countries. These should help boost the facilitation industry and skills transfer.

- The Dreamworld project should open up opportunities for both local and international 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 spin-off effects on local employment and community upliftment are obvious.[10] The recently built Table Mountain Motion Picture Studios in Milnerton, although smaller than the planned Dreamworld complex, is already offering state-of-the art studio facilities in the Western Cape. Both these initiatives are helping to ensure the Western Cape has the flexibility and infrastructural capacity to remain an important film region.

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

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

CURRENT GOVERNMENT INITIATIVES

As is evident, the local film sector faces serious obstacles to growth. At the same time, the potential inherent in the sector is significant. The government is aware of the situation facing film and has over the years initiated a number of statutes and bodies to develop the sector.

Legislation

A number of government acts have important implications for the film industry. These include:

The Labour Relations Act (LRA, 1995): The LRA promotes employee participation in decision-making, facilitates collective bargaining, regulates the right to strike and provides for the resolution of labour disputes through statutory conciliation, mediation and arbitration. Due to the proliferation of small firms and unorganised 'freelance' labour, the effects of this act are smaller than in other sectors.

The Films and Publications Act (1996): This Act (which overturned a 1974 version) sets up a structure through which any publications or films that are intended for distribution or exhibition are required to pass. Films and publications are classified by a board, age restrictions can be imposed and consumer advice is given. Distribution of any prohibited film or publication is a criminal offence in terms of the legislation.[11]

The Lotteries Act (1997): This provides for payment of lottery money for projects that promote the arts, culture and national historical or cultural heritage.[12]

The Employment Equity Act (EEA, 1998): This is aimed at achieving a diverse workforce that is broadly representative of the South African population. Companies are required to draw up employment equity plans and file these with government.

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

The Skills Development Act (SDA, 1998): This provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualifications Framework (NQF) contemplated in the South African Qualifications Authority (SAQA) Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; and to provide for the financing of skills development by means of a levy-financing scheme and a National Skills Fund.[13]

Independent Communications Authority of South Africa Act (2000) amended by the *Broadcasting Amendment Act* (2002): This provides for the establishment of the Independent Communications Authority of South Africa, ICASA (on the dissolution of the Independent Broadcasting Authority (IBA)). It also amends the *Independent Broadcasting Authority Act* (1993) among others. ICASA was established to regulate broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society. The *Broadcasting Amendment Act* also provided for the establishment of regional television services to broadcast in all official languages.

In particular, ICASA deals with local content quotas, which are viewed as key to developing a local industry. Local content quotas ensure that audiences are able to view their own productions, despite the higher cost. Currently, South African local content quotas are:

- 35% local content for private terrestrial channels (40% of this is to be sourced from local producers)
- 55% for the public broadcaster (with a minimum of 30% per channel and 40% sourced from independent producers)
- 8% for terrestrial pay television, with 35% local content for open time.[14]

These quotas are similar to those in Australia, France and Singapore, though slightly higher than those of countries like the United Kingdom.

[13] Hadland, Adrian and Karin Thorne, The People's Voice: The Development and the Current State of the South African Small Media Sector, Human Sciences Research Council Publication, 2004.
[14] Joffe, Avril, MAPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPP-SETA document, July 2004.

National Government Initiatives

Many non-legislative policy actions of importance to the film industry have been implemented in South Africa. The most important of these is perhaps the Cultural Industries Growth Strategy which was adopted by the Department of Arts, Culture, Science and Technology (DACST) in 1998, prior to its being split into two departments. The policy included initiatives to stimulate growth in the television and film industry. DACST published the Film Development Strategy in 1996, which recognized both the high-risk nature of the film industry and the fact that in many countries it enjoys State support. As a result DACST established the National Film and Video Foundation (NFVF), officially launched in 1999, to help develop and promote the industry. (In the intervening period an Interim Film Fund was established, which allocated about R20 million to 206 film projects.)

The National Film and Video Foundation (NFVF)

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 promoting incentive schemes that 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.[15]

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

The NFVF has been working on these goals since its inception, although progress in their accomplishment has been uneven. On the international front, it has helped foster co-productions and Memorandums of Understanding with numerous countries and increased the South African presence in the international film community. The Minister of Arts, Culture, Science and Technology has also substantially increased the NFVF budget, enabling it to facilitate its role as a project funder. In 2005, over R26 million is available for the funding of projects. The NFVF has earmarked the majority of this funding for transformation facilitation, encouraging black-owned companies to form consortia and access funding pools.

In the 2003/2004 financial year, it funded over 128 institutions and 68 individuals. The 128 projects included production, development, distribution and training grants and totalled just under R31 million. Seed funding for companies often takes the form low cost loans, grants and equity in productions. The 68 individuals received bursaries totalling just under R1.6 million.[16]

Over the last three years, the government provided the NFVF with an additional R35 million, specifically to support the development of feature films. To date, it has facilitated the production of 26 feature and 107 documentary films, including two recently nominated for an Oscar: *Yesterday* and *Hotel Rwanda*. As an Italian-South African co-production, funded by the Industrial Development Corporation and the NFVF, the success of *Hotel Rwanda* bodes well for future collaborations.[17]

The NFVF is also planning several initiatives related to research and distribution. There is a serious need for all of these programs, so it is vital that their progress beyond the planning stages is expedited. These planned initiatives include:

- The development of a Sectoral Information Systems (SIS) to assess the performance of the sector. This will be achieved through collaboration with Statistics South Africa, the South African Revenue Service (SARS), the Department of Trade and Industry (DTI), the Treasury, the South African Reserve Bank (SARB), the Industrial Development Corporation (IDC), the South African Bureau of Standards (SABS), the Council for Scientific and Industrial Research (CSIR), the Human Science Research Council (HSRC), and higher education institutions.

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

- An 'Integrated Promotional and Development Campaign', to measure the direct impact of programs on the revenue stream and tax base. It is hoped that the marketing and research data generated by this campaign will allow production to be more closely aligned with consumer's needs.
- The establishment of a South African Film Portfolio to 'align the South African film industry with specific global markets through co-production and distribution agreements'.[18] In particular, it is hoped that this will ensure local content *with global appeal* is developed. This is important if the industry is expected to remain competitive in the long run.

Department of Arts and Culture

Apart from the NFVF seed funding for film and video projects, the government also provides some assistance for local productions through the Department of Arts and Culture. The Department earmarks about R20 million annually for activities ranging from the provision of training grants to assistance with production costs, marketing and distribution. [19]

The Industrial Development Corporation

Since its inception in 2001, the Industrial Development Corporation (IDC) has invested over R500 million in the film industry. This was used to finance the production of 19 feature films and 16 documentaries. The IDC currently has R250 million earmarked for the film industry in the SADC region, which is managed by the newly created Media and Motion Pictures Division. Its 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. Finance is only made available after a comprehensive risk assessment and there is a minimum commercial/venture loan value of R1 million. Rates are charged according to the project's risk-return profile and the IDC requires some form of security. The project must be able to secure a significant theatrical release and/or high-profile television airing with a distributor acceptable to the IDC and the IDC requires a back-end profit share commensurate with financial participation. It also

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

expects to share in the copyrights and ancillary rights proportional to its investment and IDC representatives must be entitled to attend all stages of production. Lastly, the IDC's investment must only be expensed in South Africa and SADC countries.[20] These requirements may be too steep for the majority of small South African film initiatives. For large scale projects and partnerships however, this is a significant funding opportunity. For example, the IDC provided R60 million of the R173 million budget for *Charlie Jade,* the Canadian-South African television series collaboration.

The Department of Trade and Industry

The Department of Trade and Industry has recently identified the film production industry as one of the top ten economic growth sectors in the South African economy. They are currently familiarizing themselves with the industry, with the aim of encouraging its growth. 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. Provision is also made for 'bundled' productions, and investors qualify for a full rebate if at least R25 million is allocated for a 'bundle' of up to 3 productions. However, the same entity must produce all of the films and they must be completed within the space of a year.[21]

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

The DTI also offers a number of incentives to entice investment in local manufacturing projects. Technically, a 'film' product is a manufactured good, and therefore the incentives are applicable to the industry. Despite the usefulness of these tools, the industry has not yet made use of them. DTI incentives include:

- *Foreign Investment Grant.* This grant is aimed at encouraging foreign entrepreneurs to invest in new manufacturing concerns in South Africa by compensating them for the qualifying costs of moving new machinery and equipment from abroad. The grant pays the lower of the actual cost or 15% of the value of the machinery, and is not allowed to exceed R3 million per project. It is only offered once to a single entity, and is not available for investors from the South African Development Community (SADC) or South African Custom Union countries (SACU).

- *Small Medium Enterprise Development Program (SMEDP)*. This is an incentive package for manufacturing, tourism and arts and culture projects among others. It consists of three elements, namely:
  - a tax-free investment grant payable for the first two years on approved qualifying assets,
  - an additional investment grant payable in the third year if human resource remuneration is at least 30% of manufacturing costs, and
  - a foreign investment grant.

  Qualifying assets include owned and leased land, buildings, machinery, equipment and commercial vehicles, as well as research and development capital costs. The grant is calculated on a regressive scale, with a grant of 10% p.a. for the first R5 million investment, 6% for the next R10 million, 4% for the next R15 million, 3% for the next R20 million, 2% for the next R25 million and 1% for the last R25 million. (The grant is capped at R100 million).[22]

- *The Skills Support Program*. This is a cash grant to support enterprises engaging in skills development programs. It is an additional incentive for companies that qualify for Small and Medium Enterprise Development Program. It pays a cash grant of 50% of the company's training costs, up to a maximum of 30% of its annual wage bill.[23]

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[22] Small Medium Enterprise Development Program: Information Brochure, Department of Trade and Industry document.
[23] Finance and Tax Subsidies and Incentives for Film Production in South Africa, Cape Film

The South African Revenue Service

Tax incentives also exist under Section 24F of the Income Tax Act, which offers deductions against production and post-production costs. The concession was significantly abused in the 1980s, which nearly resulted in the removal of the provision.[24] Although this is a useful tool for filmmakers, it has been suggested that with the proposed changes to the South African tax system (from a revenue source based system to a residence system) it would be useful to re-examine Section 24F and attempt to make it more investor friendly. This will be dealt with in more detail in the section relation to tax and labour issues.

Co-production Facilitation

Co-production facilitation is another area of government involvement. Co-productions are extremely important in overcoming the lack of capital when it comes to South Africa productions. When a co-production treaty is signed between South Africa and another country, a film that is made here can qualify for the other country's tax breaks and incentive schemes. South Africa currently has co-production agreements with Canada, Italy and Germany, and a Memorandum of Understanding with India and the French film commission, the Centre National De La Cinematographie (CNC). Memorandums of Understanding are being negotiated with Britain and Ireland. These schemes also allow further cooperation with third-party countries that our partners have treaties with. For instance, Germany has recently signed a co-production treaty with Brazil. This means that films co-produced by Germany and Brazil will qualify as 'national films' and have access to both reciprocal benefits in each country. It also means that Brazil can effectively become a third-party in a South African German venture, opening up opportunities for cooperation and funding.[25] The co-production treaties with Canada and Italy have been

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Commission document.

[24] Producers exploited a loophole in Section 11 (Exporters Compensation Allowances and Credits) of the Income Tax Act, which allowed exporters to deduct marketing expenses against tax. The loophole enabled exporters to re-deduct between 50% to 100% of those expenses. 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 made 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.

[25] Worsdale, Andrew, 'German-Brazilian Treaty: Another Source of Finance?', The Callsheet, March 2005.

particularly successful. The Italian-South African collaboration *Hotel Rwanda* received three nominations at the Academy Awards, and it is expected that the Canadian-South African collaboration *Charlie Jade* will be equally well received.

Sithengi

Sithengi is a Section 21 company mandated to promote the development of and trade in African and South African film and television products for a global market. 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.[26] The core programs include a Product Market (with a product library and market screenings), a Co-production Market (with feature film and documentary co-production pitching forums) and a Writer's Forum. Development and financing workshops are also held. Furthermore, Sithengi plays a role in audience development, through its screening of local films in mainstream cinema venues, townships and educational institutions. Sithengi received R3.6 million for the 2004-2006 period from the NFVF, a commitment of R2.4 million for the 2004-2006 period from the City of Cape Town and the provincial government, a commitment to a renewable contract from the SABC, and approximately R11 million for 2004-2005 from the National Lottery Fund.

In the 2004 market, the value of media generated by Sithengi amounted to R6.583 million and 1924 delegates attended from over 24 countries, with significant delegations from Canada, Nigeria, Italy, Zimbabwe, Germany, the United Kingdom, the United States, Namibia and France. In total 16 000 people attended the World Cinema Festival. The distribution and 'reach' benefits of the program cannot be underestimated therefore. Sithengi also managed to secure a management contract to administer a Film Fund (HIVOS/Sithengi Fund) of €375 000 (~R3 million), which will provide funding to aspirant filmmakers and projects in the SADC region in 2005.[27]

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[26] 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.
[27] Henderson, Esther, 'Sithengi Reports Back on 2004 Market and Plans 10th Anniversary', The Callsheet, February 2005.

Provincial and Local Government Initiatives

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. The provincial government's R30 million contribution was matched by R30 million from the City of Cape Town. Furthermore, the Cape Film Commission and the City of Cape Town make significant contributions to the development of the local film industry.

The Cape Film Commission

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.'[28] Its main aim is to position Cape Town and the Western Cape as a globally competitive film city, with related spin-offs 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 playing an increasingly larger role in developing and supporting the indigenous film industry. 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 maintaining local community support for the film industry.

In 2004, the CFC successfully lobbied the provincial government for a designated R1.5 million grant towards a transformation fund for historically disadvantaged filmmakers in Cape Town. (The fund aimed to engender the production of local films for local audiences.) After consultation with various filmmakers as to how the money could best be used, it was decided to supplement already-existing but inadequate NFVF funding channels. Although many successful projects were financed, a number of problems were also experienced. It became evident that recipients lacked sufficient understanding of their roles, legal responsibilities and the project's business

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

requirements. Furthermore, many recipients misconstrued the role of the CFC. As a result, some projects failed to meet secondary funding criteria and have yet to be completed. However, the CFC now has a better understanding of how to affect transformation, especially the need to supplement funding contracts with basic business skill training. It is attempting to set up a more permanent Western Cape Film Fund and have requested an additional R3 million in order to achieve this. It would be extremely beneficial for the industry if this request were to be granted by the provincial government. In particular, it would help meet the financing shortage facing aspirant filmmakers.

As is evident, transformation is an important issue for the CFC. The Transformation Group is a subcommittee of the CFC, committed to a more equitable film industry. With financial and administrative support from the CFC, it is developing a Black Economic Empowerment (BEE) charter and a transformation 'scorecard'.

The City of Cape Town

The City of Cape Town (CoCT) has recently embarked on a number of initiatives to make Cape Town a more 'film-friendly' city. It recently completed a 'City of Cape Town Film Policy and Protocol', which should mitigate some of the coordination and bureaucratic obstacles facing the industry. The protocol recognizes that flexibility, efficiency and timeliness are core components of being 'film-friendly' and attempts to address the lack of integration by providing a more streamlined service. The protocol acknowledges the need to balance film industry requirements against community and environmental considerations, and is committed to adopting international best practice and competitive pricing. It also outlines important aspects regarding the relationship between production companies and local communities, especially relating to the notification process. Some of the action plans outlined in the protocol have already been undertaken. A Film Permitting Coordinator has been appointed whose sole responsibility is the management of the filming approvals process. Moreover, an Operations Manual dealing with film protocol and the approval process is in the last stages of authorization. Certainly the protocol is an important step in reducing bureaucracy and achieving 'film–friendliness'. [29]

[29] City of Cape Town Film Policy and Protocol: June 2004, City of Cape Town, adopted by Executive Mayor and Mayoral Committee, 9 June 2004.

The CoCT has also made a concerted effort to minimize tariffs and offers special incentives and reductions for training and charitable institutions, development projects, international shoots, and timely submissions. Furthermore, the CoCT has recently committed funds towards a comprehensive training project for Film Unit Liaison Officers and City staffers involved in the permit process. This includes placing staff with unit and location managers so that they are well versed in all aspects of the production process, and are better able to meet filmmaker's needs. This collaborative attitude on the part of the City is evident in the monthly meeting hosted by the CoCT whereby departments attempt to find creative solutions to film industry problems. The CoCT is also developing a consistent process for permit development, applicable across the whole metropolitan area. It will work as an online system, using GIS mapping, locations information, application forms and reference photographs.[30] This permit process should have important spin-offs for community acceptance.

City of Cape Town Film Permit Office (CTFPO)

The CTFPO interacts with the appropriate City departments to coordinate permissions, issue film permits and ensure that all who need to know about a planned shoot on City property are adequately informed. These include departments such as Traffic, Fire and Safety, Disaster Management, Parks and Bathing, Environmental Management, City Health, Roads, Waste Management, Cleansing, Electricity, and Municipal Police and Law Enforcement.

The CTFPO also ensures that a city representative is on set for large impact shoots. These representatives not only assist production companies, but liaise between them, various city departments and the general public.[31]

[30] Mpahlaza, Bianca, Cape Film Commission.
[31] Cape Film Commission.

Other Noteworthy Initiatives

In both the public and the private sector, a number of initiatives have been introduced in the last few years, with varying degrees of success.

Festivals

Apart from Sithengi and the World Cinema Festival, South Africa hosts numerous other festivals, which give local filmmakers opportunities to showcase their work. These include the[32]:

- Apollo Film Festival. Apollo takes place in September in the Karoo Town of Victoria West and is a platform for South African independent film.
- Durban International Film Festival (DIIF). DIIF has been running for 25 years and is one of the country's premier festivals. It has a considerable overseas profile and showcases films from around the world, with a special focus on Africa and South Africa. It also includes a seminar and workshop program aimed at filmmakers and emerging filmmakers.
- Encounters South African International Documentary Film Festival. 'Encounters' is the annual South African festival dedicated to the documentary genre, and exhibits both international and South African documentaries. It is held in Cape Town and Johannesburg.
- Molweni Film Festival. Molweni is aimed at the development of the emerging township film industry and is held annually at the same time as Sithengi.
- Out in Africa South African Gay and Lesbian Film Festival. This festival takes place in Johannesburg, Cape Town and Durban between March and May. Satellite festivals are held in George, Bloemfontein, Pietermaritzburg and Potchefstroom.
- RESFEST. RESFEST is a four-day festival run in November. It showcases the year's best shorts, features, music videos and animation.
- Interface. This is an international animation festival held in Durban in association with Alliance Francais.
- African Eye Animation Festival. This festival caters to African animators and is held in Gauteng.

[32] Screen Africa website, www.screenafrica.com

The Film Resource Unit

The Film Resource Unit (FRU) is a non-governmental film distribution and educational agency, dedicated to the dissemination and promotion of independently produced and developmentally appropriate film and video materials. They have embarked on a number of important initiatives in this area. These include:

- The Video Distribution Operators (VDO) Project. This is sponsored by the NFVF and the European Union through its subsidiary Conference, Workshop and Cultural Initiative Fund (CWCI). This project identifies potential distributors in South Africa, particularly from township and rural areas. These individuals (VDOs) receive intensive business training, supplemented by workshops dealing with new strategies and tactics in the film industry. The VDOs then organise screenings in their respective communities and sell videos to non-governmental organisations, government departments, institutions, and individuals.

- The Mobile Video Education Project (MVEP). This project consists of mobile units (4x4 vehicles equipped with exhibition and promotional material) which host screenings in rural community halls, schools and churches. The content is mainly educational, and screenings are chosen through consultation with rural constituent groups.

- Community Screening Project. This project replicates MVEP activities in townships and urban areas of South Africa. Again, the film screenings are often theme based and educational (e.g. HIV/AIDS or environmental awareness.)[33]

- Multi-Purpose Community Centre (MPCC) Initiative. This program is coordinated by the Government Information and Communication Systems (GCIS) who set up centres in select rural and township areas of South Africa. The FRU helps distribute African films and documentaries to these centres, which are aimed at informing the public and promoting increased democratic participation.[34]

- Video Resource Centres (VRCs). These have been set up in rural areas by the FRU, and include facilities for video production.

[33] www.fru.co.za
[34] www.fru.co.za

- SANKOFA Project. The FRU helped facilitate this project in 2002/3003. It was aimed at ensuring effective distribution and exhibition of the award-winning feature film Sankofa, while emphasizing key values addressed by the film.

- The Community Access Centre (CAC) Project. The Department of Arts and Culture (DAC) has just granted funding to the FRU to proceed with this project. It aims to promote the use of film as an entertainment and development medium at 18 selected CACs countrywide. Each CAC film node will serve persons and groups within a 50 km radius and a mobile video van will allow outlying groups to be reached. The three-year initiative will consist of four stages: market penetration, market development, product development and diversification. Market penetration will be characterized by marketing and promotion of popular South African feature and short films. The market development phase will focus on promoting the use of film as a tool for development, education and training. The product development stage will involve training new filmmakers about the filmmaking process and the history of African Cinema. Completed film works of these students will be exhibited during the CAC based film festivals and workshops. This stage will also include a research effort aimed at accumulating data on audience patterns and trends. The market diversification phase aims to encourage other cultural and education initiatives to use MPCC facilities and FRU Mobile Video Vans.[35]

The Open Window Network (OWN) was formed in 2000 to help build a community and development oriented audio-visual media sector in South Africa. Although no longer in operation, it played an important role in investigating the costs involved in setting up community television (CTV), which had been enshrined in the Independent Broadcasting Act of 1993. As a start to the process, the SABC agreed to provide 'public access time slots' on the former regional services.[36] It 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. In particular, it they should provide excellent opportunities for video training and production.

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[35] Dearham, Mike, Toward the Mainstreaming of DAC/ NFVF supported South African Films and Documentaries: The Role of MPCC's and CAC's, Internal FRU document, 2005.
[36] Hadland, Adrian and Karin Thorne, The People's Voice: The Development and the Current State of the South African Small Media Sector, Human Sciences Research Council

Organisations such as 'Steps' are developing alternative distribution strategies for films dealing with HIV/AIDS. Further work is being done by the Community Video Education Trust (CVET) and Mediaworks. These organisations are setting up 'film and media' clubs in schools, in order to promote visual literacy and audience development. (The clubs offer a basic introduction to video production).[37]

Some private companies are also taking an interest in film. For instance, the South African Mining and Financial Services group Metallon, has established a R30 million Film Fund in conjunction with Irish Production House Little Bird, to encourage film production in South Africa. This fund (called the 'Catwalk Film Fund') will be managed by Little Bird and intends to fund 20% of film projects. The creators of the fund hope it will encourage further cross-border financing opportunities.[38]

Rand Merchant Bank (RMB) has been particularly active in film finance, although they cap their funding at 30% of the production budget and link ownership and investment to the film negative. They have also helped develop the DV8, a digital video initiative that develops, markets and produces South African digital feature films. This project, which was started by producers Jeremy Nathan and Joel Phiri to help overcome the infrastructure constraints faced by aspirant filmmakers, is also supported by the NFVF, SABC, the Hubert Bals Fund (from the Rotterdam International Film Festival) and Ster- Kinekor Pictures. In the industry it has been endorsed by the Gauteng Film Office, The Refinery (a post-production house), Panacam Africa (an equipment supplier), Cinegate Africa (a lighting firm) and Pro-Helvetia (the Arts Council of Switzerland).[39]

Publication, 2004.

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

[38] Worsdale, Andrew, 'SA Mining Group Injects Cash into Little Bird', The Callsheet, March 2005.

[39] Friedman, Hazel, 'Financing Options in South Africa', The Callsheet, AFCI Locations Trade Show, Cannes Film Festival, Cannes Advertising Lions special edition, 2005.

Synopsis

As is evident, awareness of the importance of the film industry is increasing in both the public and the private spheres. The opportunities for growth are substantial. The obstacles to development are still significant however and it is clear that the current initiatives may not be sufficient to foster a thriving film industry. The obstacles facing film generally fall into three categories: access, affordability, and consistency. The role of the public sector is most pronounced in the last category. As is obvious from this report, in many areas the government is making significant strides to support film. In other areas (notably in the recent legislative changes instituted by the Department of Labour, the Department of Home Affairs and the South African Revenue Service), government actions are crippling the industry. The motivation behind the legislation is sound. It is aimed at reducing exploitation and improving working conditions. However, lack of communication between policy makers has meant that the unique structure and needs of the film industry are not being taken into account.

With the requisite research, cooperation and *coordinated* public sector support, film should continue to retain its competitive edge and develop further. The following section looks at the various issues of concern and attempts to suggest the best way to address them. Particular stress will be placed on the role that the Western Cape government can play in making these suggestions a reality.

PROBLEM AREAS AND SUGGESTED POLICY INTERVENTIONS

Audience Development

One of the main impediments to developing an effective local industry is lack of audience development. South Africa does not have a coordinated strategy in place to develop audiences and new filmmakers face a particularly difficult struggle. In many instances, if they can afford to produce a movie, up to 90% of the revenue is absorbed by distributors and middlemen. Traditional distributors are also reluctant to screen anything but 'sure hits'. Unlike SABC programs, which have to consist of 55% local content, only 0.5% of movies shown in cinemas are South African. This is despite the fact that numerous surveys indicate a willingness among cinema-goers to watch locally-made movies. As a result, the bulk of South African box office revenue flows to foreign countries.[40] Moreover, film makers often lack the requisite business training to price their products effectively. The value of the South African film market and the value of exhibition-sell through retail, are generally not well understood.

Further hurdles to developing audiences include the fact that movie-going is life-style dictated. Although television and DVD penetration are helping build a film culture in South Africa, progress still needs to be made. The majority of movie watchers fall into the 13-25 age group. Traditional cinema attendees are from predominantly white urban/suburban areas and for the most part have only been exposed to Hollywood film offerings. (It is interesting to note that research shows that older filmgoers (24-55 year range) are the most receptive to innovation.)[41] In many cases, geographic distance from movie theatres and ticket pricing preclude growth in other groups. This lack of access has contributed to a proliferation of piracy, which has eroded the revenues of legitimate distributors. Hence, a 'vicious circle' has developed, which further reduces the willingness of distributors to take chances on South African films.[42]

Cinemas built in townships (such as those in Daveyton, Dobsonville and Mabopane in Gauteng) have very low occupancy rates. This seems to indicate that development of audiences in townships may require more than just the building of

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[40] Vynck, Dirk, 'There's not enough Colour in the Film Industry', The Sunday Independent, February 6, 2005.
[41] Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.
[42] Ibid.

more cinemas. Cinema needs to be marketed (and priced) as an entertainment activity to township audiences. [43] In fact, overall cinema attendance figures are not promising. According to Ster-Kinekor research, cinema attendance has been falling by about 12% annually, although this has been masked by the increase in ticket prices which have still allowed for positive growth in box office revenues. This fall is due to a number of reasons, although the main factors appear to be the increase in ticket prices and the development of a DVD/ home video culture. South African movie-goers only visit the cinema an average of 3.7 times a year. Furthermore, only 10% of the South African population actually attends the cinema (as compared to 70% in Australia).[44] Cinema chains are concerned about declining figures. Recently, they have increased the number of reduced-price movie nights. It is still too early to assess the effect of this move. Either way, more research in this area would be useful.[45]

Certainly it appears that many of the South African films currently being made are not appealing to the target audience. The film community has mixed views regarding this fact. Some feel that South African scripts are too historical and political. This is a sentiment prevalent among young viewers in particular. Others disagree however. Dingi Ntuli, the writer/producer of the recent South African release *34 South,* states: "Some people think film should be pure entertainment and an escapist pastime, but film is more than capable of entertaining and informing at the same time. In our context, we have a deep responsibility to ensure that both happen. In South Africa, the process of healing and unpacking the past has not even begun to happen, and film has an important role to play."[46]

Mr. Ntuli has suggested a 1% "moving image tax" on all tickets for first-world movies, DVDs and live shows, which he feels would raise up to R200 million a year and could be used to support local films. He also suggests a 10% local content quota for cinema chains, similar to that imposed by the governments of China, South Korea, France and Argentina.[47] This may not be economically feasible however, in light of the declining attendance faced by the large cinema chains. A better solution may be

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[43] 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.
[44] Venter, Vianne, 'Prepare to Shout Africa', The Callsheet, March 2005.
[45] Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.
[46] Ntuli, Dingi, quoted in an article by Kevin Kriedemann, 'The State of Screenwriting in South Africa', The Callsheet, March 2005.
[47] Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.

to work through initiatives like Mamaramba iBioscope and Shout Africa to increase exposure to South African offerings.

The Mamaramba iBioscope initiative is currently setting up small cinemas in the townships. It is hoping to engender the interests of South African filmmakers who want to screen their films to wider audience. Their pilot project has just been completed. It involved setting up a cinema in Site B, Khayalitsha, which offered one screening a day. The cinema had surround sound and digitally projected films on a 2m x 3m screen. Admission prices were kept low and occupancy rates were around 65-70%. AV Network, a private audio visual company, has been supportive of the project, transferring tapes into DVD format to enable projection. After the success of their pilot, Mamaramba iBioscope is about to open a permanent cinema in Phillipi. They are also currently negotiating new locations in Mandela Park, Nyanga and Gugulethu, which will be franchised. They hope to open 9 cinemas by the end of 2005. Although this initiative is looking promising, funding issues could hamper its success. It would be extremely unfortunate if the project were to fail. Together with Shout Africa, it is one of the few initiatives that is legitimately opening up distribution opportunities for local film makers and developing a film culture among previously disadvantaged groups.[48]

Shout Africa, a new film company, is planning on launching 20 high-tech digital cinemas in communities across the country by September 2005.[49] Like Mamaramba iBioscope, these communities will include Gugulethu, Langa and Khayalitsha. The project will make use of existing infrastructure, establishing cinemas in community centres, school halls and old movie-houses. They plan to renovate these, providing all the amenities of main-stream cinemas (with the addition of traditional South African food options.) Shout Africa will screen local films as well as international productions, and are even hoping to provide African sub-titles to some foreign films. The company is a consortium consisting of Lance Samuels and Mbongeni Ngema from The Out of Africa Picture Company, Ken Simmons II and Jessica Motaung of JAKE Productions and Leleti Khumalo, the award-winning actress recently seen in the Oscar-nominated movie *Yesterday.* Shout Africa also plans to establish a distribution network for local producers, which will include pre-sales and minimum guarantees to help local independent producers secure financing. This is important

[48] Gloster, Dermod, 'Mamaramba opens First Cinema', The Callsheet, March 2005.
[49] Gloster, Dermod, 'Looking for that 'Missing' Audience', The Callsheet, March 2005.

because movies often have to prove themselves locally, before being considered by international distributors.[50]

The afore-mentioned activities by the FRU should also reap dividends in terms of audience development. In particular, the Video Distribution Operators (VDO) Project, the Mobile Video Education Project (MVEP), the Multi-Purpose Community Centre (MPCC) Initiative, the Community Screening Project, and the new Community Access Centre (CAC) Project, all offer opportunities to educate local audiences about quality South African film products.

Further potential solutions to the Audience Development challenge include:

- Ensuring that filmmakers are aware of their rights and are knowledgeable about legal contracts. It is necessary that they maintain more control of their films. In particular, filmmakers must ensure that they retain the right to sell their film on the web, while it is in video distribution.
- Creating a semi-public digital equipment and software leasing firm, aimed at previously disadvantaged filmmakers.
- Encouraging networking events to match people with effective partners.
- Encouraging filmmakers to think about innovative distribution solutions – such as screenings at clubs, universities and house parties, and the intensive use of DVDs.
- Helping filmmakers develop the correct marketing skills. It is necessary to build awareness of films long before they are available for screening.[51]
- Fostering the practice of audience sampling to get a better understanding of what is attractive about films.
- Increasing research efforts and making these accessible to the public at large. A substantial amount of research has already been carried out by Ster Kinekor, the SABC and other bodies. This mainly relates to the mainstream cinema-going audience and television viewers. It would be useful to expand on this to include markets not yet reached by these channels.

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[50] Venter, Vianne, 'Prepare to Shout Africa', The Callsheet, March 2005.
[51] Broderick, Peter. 'Building Audiences – An American Perspective', Audience Development Conference, Artscape Cape Town, 18th November 2004.

- It has been suggested that the government perhaps launch a 'mobile cinema' service for rural areas, such as exists in some other African countries. These services exhibit up to 22 movies a month, reaching some 3500 people.[52] It should be noted however, that the FRU/GCIS is attempting a similar program through their Mobile Purpose Community Centre project.
- Maintaining tight controls on pirate videos and DVDs to ensure stable demand for legitimate local products.
- Increasing the number of video stores in townships. Although Ster Kinekor has already opened some in Soweto and DVD usage in shebeens is on the increase, more outlets would be beneficial.
- Fostering consumer awareness using other forms of media such as radios, newspapers and television.
- Negotiating with SABC to reduce the time taken to get a film screened on free television. Currently it takes 6 months to get a film screened on pay television and 5 years to get it filmed on free television. (SABC and Ster Kinekor have made some attempts to reduce this time lag in special cases. For example the film *'Forgiveness'* will be shown on television in 2005, one year after its cinema release.)[53]

Audience development should also be fostered through the NFVF's planned 'Integrated Promotional and Development Campaign'. As mentioned earlier, it is hoped that the marketing and research data generated by this campaign will allow production to be more closely aligned to consumer's needs. (This campaign plans to find out what consumers want to watch, how much they are willing to pay to watch it, and how they are best reached through communication and distribution channels.)[54]

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[52] Gloster, Dermod, 'Developing a Wider Film Audience', The Callsheet, December 2004.
[53] Kuun, Helen, Ster Kinekor, Audience Development Conference, Artscape Cape Town, 18th November 2004.
[54] National Film and Video Foundation, The National Film and Video Foundation Value Charter, www.nfvf.co.za

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

Recommendations

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

- A commitment to meet regularly with the consortiums behind Mamaramba iBioscope and Shout Africa, to assess any problems in their expansion plans. A further consideration would be for the CFC and FRU to help attain funding aid for these initiatives, in exchange for the opportunity to sample audiences and collect information. Furthermore, any help in funding could be tied to agreements by Mamaramba iBioscope and Shout Africa to screen a substantial percentage of local products.

- The organization of a workshop with the Media, Advertising, Packaging, Print and Publishing Sector Education Authority (MAPP-SETA), Sithengi, the relevant film schools, training providers and industry stakeholders to address the need for specific 'business skill' training. As noted earlier, filmmakers need to be educated about legal contracts and made aware of their rights. It is also important that filmmakers are prompted to think innovatively about distribution. New mediums (digital formats) and original marketing mechanisms (e.g. screening clips of new films at universities, events and nightclubs) need to become an intricate part of filmmaker training.

- A commitment by the FRU to embark on further audience sampling. This should be done in consultation with the SABC, Ster Kinekor and the NFVF to prevent duplication of research. It needs to be established exactly what information the SABC and Ster-Kinekor currently have on audience preferences. The NFVF needs to be consulted as to precisely when their proposed Integrated Promotional and Development Campaign is expected to be launched. If this is not in the near future, it is proposed that the CFC-FRU partnership embark on their own campaign, and provide the relevant material to the NFVF to facilitate their research. A portion of the NFVF's budget for their campaign could then be used to fund the CFC-FRU effort. It is particularly important that 'untapped' markets are addressed. It would be relatively easy to survey 'captive' markets like representative high schools in townships. The costs need not be preclusive.

- An agreement to negotiate with the SABC for early release of particularly promising local films.

- The use of other forms of media (such as radios, newspapers and television) to foster consumer awareness.

Training

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

- It is felt that the film industry is not marketing itself as a career option to previously disadvantaged groups. As noted by Gareth Holmes of the South African School of Motion Picture Medium and Live Performance (AFDA), the industry is generally not regarded as an attractive vocational option to local talented individuals and artists. Black school leavers are generally encouraged to aspire to the safe route of the professions.[55]

- There is a severe lack of basic business skill training. Local filmmakers need to be schooled in investment terminology and basic business development skills, including management, marketing, accounting and entrepreneurship. They also need to be aware of industry-related laws, including appropriate copyright and intellectual property laws.

- There is concern that the film schools are producing too many individuals skilled in production, with insufficient focus on scriptwriting, crewing and technical skills.

- The links between training providers and the industry need to be strengthened. This is both to ensure that training caters to industry needs, and that trainees of all levels are able to secure placements in suitable positions.[56] In this regard, more focus needs to be placed on internship and mentorship programs. These are crucial in an industry whereby familiarity and networking are means to attain and secure work. There is a general lack of commitment among South African production companies to both accept trainees, and offer them tangible opportunities to develop skills. Often the few apprentices that are accepted are treated as 'runners', and only given menial duties.

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[55] Holmes, G. 'Black Economic Empowerment', The Callsheet, November 2004.
[56] Film & Video Training Institution Survey: Draft Analysis, Joint National Film and Video Foundation and MAPP-SETA document, November 2004.

- Since present legislation does not cover many aspects related to film education, educational institutions are often forced to seek the assistance of commercial production companies. In general however, industry members have been unwilling/ unable to help structure courses in the institutions themselves. Many universities and schools lament the noticeable lack of 'industry support' in terms of guest lecturing and course participation, as compared to other departments.

- There is a need for an updated audit on the state of training programs in the industry, especially with regards to the lack of standards and the dearth in business training.

- The structure of the industry itself poses training problems. Film companies generally consist of a small number of highly-skilled individuals, who contract out as needed (often via crew agents). When employment contracts are of such a short-term nature, a coordinated training program is difficult to start and manage. Furthermore, the small size of most industry firms means that the training capacity is fairly limited.

- Within the industry there is a poor understanding of the South African Qualifications Authority (SAQA) process. Furthermore, training providers often lack the administrative capacity to handle the paperwork required by the qualification process.[57]

- Few statutory bodies provide training to the film sector, and most training comes from private initiatives and community organisations. (This is especially true in recent years. Since 1994, the majority of new training programs have been generated by community organisations and the private sector.) Although these community organisations play an important role, the training they provide is minimal compared to that of other industries. This is mainly due to the relative technological-dependence of the sector, which inflates the start-up costs of training.[58]

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

- Most previously disadvantaged groups lack the opportunity to attend the more reputable schools. The few bursaries that do exist are inadequate to effectively redress the imbalance in the student profile. In a recent NFVF survey, it was found that only 45% of training providers could afford to provide any in-house financial assistance.

- According to the NFVF survey on training provision, 45% of training institutions rely on government and international donor grants. Only 37% are primarily dependent on training fees. These grants often have to be renewed annually, creating an extremely risky training environment where providers are often unsure of the future of their program. Without certain continuity, training programs are unable to attract quality instructors and invest in capacity.[59]

- The vast majority of training is conducted in English, with very few providers offering instruction in other languages.

- A national film school has been suggested as a way to address some of the above inadequacies. However, the industry has mixed views on whether this is the best way to meet the educational needs of the film sector.

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

In South Africa, human capital development is legislated by:

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

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

All production companies (whose total pay to their workers is more than R250 000 per year and who have to register according to the Income Tax Act), are required to pay a Skills Development Levy (SDL). The Skills Development Act allocates 80% of this SDL to MAPP-SETA, and 20% to the Skills Development Fund. Employees can get back some of the MAPP-SETA allocation if they design training programs according to MAPP-SETA stipulations. The possibility of reclaiming some of this levy combined with the increasing number of employment equity laws, should increase the status of training in firms. They will also be more likely to notify government of their plans and targets.[60]

According to the Hadland and Voorbach who conducted research into the small media sector, "The NQF is intended to eliminate division between vocational and academic education, recognise 'real world' learning and ensure that training institutions are accountable by providing an outcomes-based orientation. Once the system has been established, flexible and appropriate qualifications will be in place that can be awarded by a range of entities. It is anticipated that learnerships will serve as a work-based route to qualifications." [61] Despite these noble goals, there is a great deal of confusion in the industry relating to training provision.

Hadland and Voorbach's research found that most mainstream media managers had only a vague understanding of the SAQA process. They also noted that as the NQF becomes more entrenched, pressure is being placed on training providers who often lack the administrative capacity to handle the increase in paperwork. These findings were re-iterated in the qualitative review of broadcasting conducted by the MAPP-SETA. They found that neither established nor emerging training providers had the requisite level of proficiency to comply with the SETA's reporting systems and numerous templates.[62]

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[60] Hadland, Adrian and Karin Thorne, The People's Voice: The Development and the Current State of the South African Small Media Sector, Human Sciences Research Council Publication, 2004.
[61] Hadland, A and Voorbach, H, Evaluation of the Core Courses of the Institute for the Advancement of Journalism, Human Sciences Research Council Publication, 2003.
[62] Joffe, Avril, MAPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPP-SETA document, July 2004.

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

- Tertiary institutions such as Technikons, Universities and film schools
- 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.[63]

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

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

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

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

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

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, 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.[64]

AFDA offers a Bachelor and an Honours Degree in Motion Picture Medium, as well as a Bachelor and an Honours Degree in Live Performance. It also offers a Bachelor of Motion Picture Medium Degree, numerous short courses and training in non-linear editing.

Most film schools supply students with equipment, theatrical training, and the chance to make their own movie. The schools have managed to cultivate a great deal of local talent and there has been a shift away from generic commercial production. As noted earlier however, many industry participants feel that the schools are producing too many individuals skilled in production, with insufficient focus on crew and technical skills. (The Monash Film and TV Unit is unique in its offering of short intensive courses to industry professionals at both intermediate and advanced levels. It is also a forerunner in regard to transformation. A recent project provided 40 students (90% from disadvantaged backgrounds), with production and technical training. It is currently attempting to place these students in entry-level employment positions in the entertainment industry.[65])

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[64] Joffe, Avril, MAPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPP-SETA document, July 2004.
[65] Freidman, Hazel, 'How do our Film School's Rate?', The Callsheet, December 2004.

It is important that 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 has to work together with the Department of Education, the Department of Labour, and the Department of Arts and Culture to achieve this.[66] They have already collaborated with MultiChoice and the DOL in introducing a Film Skills Development Program. This selects 100 trainees from among those who register for workshops, and assigns them as interns in production houses. They will then be regrouped and allowed an opportunity to make their own Public Service Announcement for the MultiChoice VUKA! Awards.

The NFVF is an ideal candidate to facilitate more training programs, and its goals already include:

- Providing financial support for promising projects
- Conducting an audit of skills and of training provision
- Developing and implementing effective communication strategies for film and video education and training on a national level.
- Promoting access to quality training at all levels of the National Qualification Foundation (NQF) through providing bursaries for study at training institutions, and providing support towards participation in targeted and accredited skills programs.
- Through participation in the Audiovisual Standards Generating Body and in partnership with MAPP-SETA/Create SA Cultural Industries training project, contributing to the writing of Unit Standards, to the drawing up of qualifications and designing of learnerships for the industry, and to identifying appropriate providers. (MAPP-SETA is obligated by the Department of Labour to submit a Sector Skills Plan projecting skills gaps and needs into 2009.)
- Continuing progress towards the realization of a feasibility study for the development of a national film school.[67]

The debate around a potential national film school remains heated. Eddie Mbalo, CEO of the NFVF, highlights a few questions that need to be addressed. The location of the school is an important issue, as is whether the school should be a national competency such as the tertiary institution or a concurrent competency linked with the provincial film offices. He has suggested that it might be more efficient to set up the school as a department within an already existing university or technikon. It is

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

clear that more research on the current market demand for this service needs to be undertaken.[68]

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

The Audio Visual Entrepreneurs of Africa (AVEA) is the only major development program for producers in Southern Africa. It is based on the European producer training program, EAVE and receives support from the NFVF, British Council UK, the French Foreign Ministry and Swiss Development Agency. It recently launched a training centre for scriptwriters, producers and directors. This will incorporate SEDIBA, a scriptwriter development program, which has been spearheaded by the NFVF in collaboration with the South African Scriptwriters Association (SASWA).

SASWA is playing an increasingly important role. With funding from the NFVF and the National Lotto, they advise on contract law, provide training and mentorship, and present workshops on marketing and copyright. They have also recently acquired a dedicated Industrial Officer and Director and are working with a top entertainment and media law firm to standardize writer's contracts, credit allocations and rates.

Apart from the short workshops offered by SASWA and the master's classes offered by AVEA, other training opportunities exist for scriptwriters. Short introductory workshops are offered by The Writing Studio and Deutsche Welle and Masters classes are offered by Dermod Judge and SCRAWL. Also important is M-Net's New Directions scriptwriter and director development program. The Writing Studio reserves half the places on all of their courses for unemployed writers and waives payment for these students. Many of the other courses have similar bursary schemes. As noted earlier, efforts are underway to regulate industry standards, with SAQA proposing a National Certificate in Scriptwriting (NQF Level 7). In light of this apparent surplus of opportunities, many feel that lack of training is no longer the main reason for the poor quality of South African scriptwriting. They feel that inadequate financing and support structures for scriptwriters are the more pressing problems.[69] However, there is still room for improvement in scriptwriter training and a need to

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

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

more effectively promote the programs that do exist. Moreover, it is important that promising aspirants are 'matched' with suitable programs.

The Commercial Producers Association (CPA) conducted intensive workshops for independent filmmakers with limited experience, especially regarding business skills. Although these programs were promising, in many cases there has been insufficient funding and a poor follow-up. A season that was less profitable than expected also meant that many production companies felt unable to effectively 'adopt' trainees. In May 2003, the CPA received MAPP-SETA funding (R844 000) for a one-year period, to facilitate specialized 'scarce skills' training. A free course was offered to aspirant production managers from disadvantaged backgrounds. The course was designed by Peter Carr, together with Consulting Dynamix (SAQA accredited training-specialists). It comprised of an initial theoretical course on film production after which trainees were individually placed in 17 production houses. This course was particularly useful in educating the mentors as to what a more comprehensive training program would require.[70]

The Cape Film Commission (CFC) has also launched a 'library initiative', which is linked the CoCT's 'Library Business Corner' project. It ensures that libraries round the Western Cape have a film section, with books covering topics ranging from script development to budgeting and post production. Furthermore, it is organising events where filmmakers talk to school children about their respective occupations and encourage film as a career option.[71]

Kwela Films is a new non-profit organisation aiming to introduce filmmaking to historically disadvantaged communities in the Western Cape. With funding from the CFC, it has been selecting trainees in all departments of film production and helping them film short 35mm films using respected industry technicians as mentors. (The Nautilus Crewing Agency has provided substantial support for the project.) The trainees are then placed as runners in major production houses for the summer season.[72]

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[70] Amm, Bobby, Commercial Producer's Association (CPA)
[71] Radovanovic, Sandra, 'Training and Development in South Africa', The Callsheet, AFCI Locations Trade Show, Cannes Film Festival, Cannes Advertising Lions special edition, 2005.
[72] Kwela Films Press Release, 2004.

The Way Forward

As noted earlier, internship and mentorship programs require greater scrutiny. 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. This must be effectively linked with relevant funding from the skills levy system. 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.

The 1998 Cultural Industry Growth Strategy Report on the South African Film and Television Sector suggested that South Africa model itself on the British system. In Britain, 1% of all film budgets is channelled into a film-training fund, which is used to place potential filmmakers with production companies. They work as assistants in different film productions over a two-year period, as well as attending six weeks of college every seven months.[73] In effect, the SDL serves a similar purpose. As noted, 80% of the film industry's SDL goes to MAPP-SETA, whose role it is to promote 'learnerships'. This is to be done by sourcing appropriate workplaces where trainees can do practical work, supporting people who create learning material, and by registering learnership agreements. It would be useful to follow Britain's example and ensure that an effective portion of SDL funds are explicitly earmarked for this placement program.

The lack of effective standards remains a substantial hurdle. The Audiovisual Media Production Standards Generating Body (AVMB SGB) has been set up and is working toward the development of qualifications and standards for the industry. On 2nd December 2004, two new 'National Certificate' qualifications were registered: 'Interactive Media Level 5' and 'Film, Television and Video Production Management Level 4'. Other standards are in the process of being developed.[74] In their qualitative review of broadcasting, MAPP-SETA concluded that an analysis should be done of all unit standards in certificates, learnerships and skills programs currently in use, "to

[73] 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. p.95.
[74] Kriedemann, Kevin, 'Skills Development in South Africa', The Callsheet, February 2005.

assess the duplication and overlap that exists in unit standards written for the film and TV industry and to potentially design a basis for a uniform core and fundamental level with standardised learning material and curriculum development."[75]

It is important that the accreditation process involve a minimal amount of bureaucracy. At this stage, initiatives need to be fostered in any way possible. Firms and companies wishing to embark on training programs should ensure that they follow the guidelines determined by the SAQA and the NQF, and that the program is compliant with the minimum industry unit standards developed by MAPP-SETA. This will entail that companies receive SDL funding and trainees receive the required credits from the NQF or receive a Recognition of Prior Learning (RPL) if training unit standards do not yet exist. In general, training programs should:

- Fill a required industry 'gap'
- Be tailored to fit these needs
- Select participants in an equitable and appropriate manner
- Include a detailed budget and clear boundaries
- Be given by a recognized industry expert.[76]

The confusion relating to what construes a legitimate program is substantial. Industry professionals do exist however, who work with the management of various production companies to devise a 'workplace skills plan' under the rubric of the National Skills Development Act.[77] Certainly for the larger firms, these are a safe and affordable option.

Apart from the obvious need for numerical and financial skills, it is vital that industry participants are taught about corporate social investment (sponsorship). Furthermore, given the importance of partnership and collaboration in the film sector, project management needs to be included in all training modules.

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[75] Joffe, Avril, MAPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPP-SETA document, July 2004.
[76] Setzen, Heather, 'Training and Skills Development', The Callsheet, October 2004.
[77] Radovanovic, Sandra, 'Training and Development in South Africa', The Callsheet, AFCI Locations Trade Show, Cannes Film Festival, Cannes Advertising Lions special edition, 2005.

Recommendations

Since most of the coordination and standard setting has to be set at a national level, the requisite body to conduct the appropriate skills and training reforms is the NFVF. In particular, it needs to ensure that the progress in the NQF's standard setting process is sustained. The work on internship and mentorship programs is also crucial, as is the research on a national film school. The NFVF needs to ensure that it maintains constant pressure on the government to keep the legislation and documentation relating to MAPP-SETA endorsed training programs as simple as possible. On a provincial level, the Cape Film Commission could play an important role, especially if it is supplied with the requisite funding. It is suggested that the CFC work with a Skills Development Levy specialist to host a 'SDL guide for amateurs' workshop. Attendance at this workshop should be encouraged for all stakeholders – ranging from training providers to production companies. To prevent the industry from experiencing workshop fatigue, this could be tied to the audience development workshop (proposed earlier) and the location workshop (proposed later). Alternatively, an individual could be hired to translate the MAPP-SETA documentation into an easy to read format, which could be distributed to all training providers and production houses. The Western Cape government should also seriously consider the funding request for the Western Cape Film Fund. This fund acts as an important local financing channel for bursaries and promising training initiatives.

Funding and Distribution

Funding and distribution issues impose significant constraints on local filmmakers. Although they are effectively separate topics, the link between the two is sufficiently strong to address them in the same section.

Funding

Investment in local films has traditionally been poor. The main sources of funding include: distributors, broadcasters, government and the private sector.

As noted in the section relating to current public initiatives, the government has stepped up its funding to filmmakers. Restricted funding can now be accessed through the NFVF, the DAC, the DTI, and the IDC. If the provincial government grants the CFC the capital to create their proposed Western Cape Film Fund, funding will also be available on a regional level.

The private sector is more problematic. As mentioned earlier, the problem lies in the extremely high risk nature of especially the South African film industry. (For instance, the larger Australian market enables the Australian Film Commission to invest the initial development money in a production, which then has to be matched by private funding. It is unlikely that a similar program would work in South Africa, due to limited government revenue, poor market response to South African films, the reluctance of South African distributors to showcase local products, and the inability of filmmakers to 'tap into' private funding sources.) The poor business and marketing skills on the part of South African filmmakers only compound these problems. Only a few South African firms finance film projects, and the requirements to attain this funding are often quite steep. (Rand Merchant Bank has been particularly active in this area.)

The majority of produced South African films have been funded by foreign capital, either by donations or through co-productions. As noted earlier, South Africa currently has co-production agreements with Canada, Italy and Germany, and a Memorandum of Understanding with India and the French CNC. Memorandums of Understanding are being negotiated with the United Kingdom (UK) and Ireland.

Apart from the obvious financial support, the benefits of co-production include: qualification for the other country's tax breaks and incentive schemes and access to

the other countries knowledge base, inputs and locations. Drawbacks may include increased shooting, negotiation and co-ordination costs, and a potential loss of control and cultural specificity.[78] On the whole however, the advantages of co-production dominate. South Africa should continue to foster co-production agreements, and help transform Memorandums of Understandings into stronger accords. Since the UK is a prominent source of commission, it would make sense for South Africa to broker a co-production treaty with the UK. Eddie Mbalo, the chief executive officer of the NFVF has been stressing the importance of such a move for some time. Although there has been some progress in achieving this goal, the current turbulence in the UK industry has slowed results. In December 2004, the UK government attempted to eliminate the misuse of the film industry tax support legislation. There had been a substantial amount of 'double-dipping', whereby companies claimed tax relief twice - from both production and sale-and-leaseback deals. This governmental tightening followed an earlier February 2005 move to remove other loopholes in UK tax laws. As a result of these governmental initiatives, the amount of money offered by UK investors has been substantially reduced. Furthermore, Section 48 of the UK tax act, the tax-deduction for low to medium budget films, will be removed in July 2005. This previously offered the best vehicle for UK- South African co-production projects. It may be more prudent therefore, to delay an UK-South African co-production treaty until the uncertainty regarding the successor to Section 48 is resolved.[79]

A treaty with Australia looks more promising. The governing council of the Screen Producers Association of Australia (SPAA) is expected to endorse a report supporting a co-production agreement with South Africa. This report will be presented to the Australian Film Commission (AFC). The report touts the similarities between the industries of the two countries and the growth potential of South African exhibition. This cooperation should be boosted by the expected attendance of a South African delegation at the 2005 SPAA conference and the Australian counterpart delegations attendance at Sithengi in November 2005. Furthermore, a special South African Film Festival is to be held in Sydney this year, ensuring a high-level of cross-country awareness.[80]

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[78] 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.
[79] Worsdale, Andrew, 'UK Co-production Quo Vadis? Dollar Sliding –Go Down Under Instead', The Callsheet, March 2005.
[80] Ibid.

Developing the Indian Memorandum Understanding into a full co-production treaty would also provide substantial returns. Although Indian budgets tend to be a great deal smaller than those of European and American origin, the tourism spin-offs are substantial. Indian tourists are renowned for travelling to locations showcased in Indian films. Furthermore, a co-production treaty could 'work both ways'. Despite the enormous quantity of films produced by the Bollywood Industry each year (over 800 feature films), only 1-2% are distributed internationally. South Africa can help make Indian films more commercially viable and offers a large potential consumer base for Indian releases. Delegations from both countries have recently made reciprocal trips to further co-operation. The Indian delegation is concerned about the tax incentive schemes available however. With regard to the DTI rebate scheme, they feel that the minimum budget of R25 million is too large for the majority of Indian films. It has been suggested therefore that a Special Purpose Vehicle be created specifically for Bollywood productions. This would be a potentially useful way to foster further collaborations.[81]

Overseas funding can also be realized through local program support. For instance, the European sponsored film fund, the HIVOS/Sithengi Fund has a pool of €375 000 (~R3 million), to aid aspirant filmmakers and projects in the SADC region in 2005.[82] The afore-mentioned Catwalk film fund supported by Irish Production house 'Little Bird' provides a further example.

In comparison to other countries, distributors in South Africa provide very little film funding. Those that do invest in local film either invest directly in a production or provide a guarantee that it will be distributed theatrically (which aids the producers when seeking further investment). Traditionally, distributors have been reluctant to support South African films however. In an attempt to rectify this situation, Ster-Kinekor, has offered a guarantee to local filmmakers of a theatrical release of at least one print per production (i.e. it will be viewed at least once, in at least one theatre).[83] It is unlikely however, that this will provide sufficient opportunity to effectively develop audiences and/or gauge a true response to a film.

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[81] Kriedemann, Kevin, 'Indian-South African Co-production Treaty Coming Soon', The Callsheet, March 2005.
[82] Henderson, Esther, 'Sithengi Reports Back on 2004 Market and Plans 10th Anniversary', The Callsheet, February 2005.
[83] Ibid.

Distribution

Apart from afore-mentioned move by Ster-Kinekor, South African filmmakers face substantial distribution hurdles. Many local productions are 'doomed to failure' as producers fail to consider distributive issues prior to making a film. As stated by Michael Dearham of the Film Resource Unit: "The South African film industry differs from other successful film producing nations in that it remains production-led and fragmented, compared to the more successful film producing nations e.g. the US and to a lesser extent India, which are distribution-led and integrated. This represents a fundamental structural weakness, which lies at the root of the industry's current problems. So our filmmakers have continued to make films that are: an incoherent jumble of widely diverse projects, lacking continuity with heavy reliance on local and international film festivals circuits for exposure."[84]

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

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

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

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

The afore-mentioned projects undertaken by the FRU are also making strides to address the distribution challenge. The Video Distribution Operators (VDO) Project, the Mobile Video Education Project (MVEP), the Multi-Purpose Community Centre (MPCC) Initiative, the Community Screening Project, and the new Community Access Centre (CAC) Project, all offer distribution opportunities for local products. The VDO project should prove particularly important. As noted earlier, this project identifies and trains potential distributors in South Africa, particularly from township and rural areas. These VDOs then organise screenings in their respective communities and sell videos to non-governmental organisations, government departments, institutions, and individuals.

The SANKOFA Project, although not ongoing, highlighted some important aspects that should be incorporated into future projects. The project aimed at ensuring effective distribution and exhibition of the feature film Sankofa. It was generally considered a success. This was mainly due to the use of three important tools:

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

The success of the project highlighted the importance of marketing and demonstrated that African films can be both educational and commercially successful. The FRU feels that the failure of so many local films is due to the 'miniscule budgetary allocations for marketing and publicity'. The local films that did make it to mainstream cinema (e.g. God Is African, Hi Jack Stories) only received a R80 000–R100 000 market spend from the exhibitor. It was felt that the box-office failure of these films re-inforced public loyalty to Hollywood Blockbusters.[85]

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

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

Recommendations

The proposed NFVF project should go a substantial way to solving some of the funding and distribution problems. On a regional level, provincial support for the proposed Western Cape Film Fund would help meet the financing shortage facing aspirant filmmakers. It is also apparent that some of the suggestions noted in the audience development and training section should help in the funding and distribution arena.

In particular, improved business skills and marketing training will ensure that films with greater commercial viability are made. Audience development initiatives that stimulate local interest in film should mean that traditional distributors are more willing to exhibit and distribute South African products. The township cinema initiatives, Mamaramba iBioscope and Shout Africa, will also offer opportunities for local filmmakers, as will the two new SABC channels.

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

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

Issues Relating to Tax and Working Conditions

In the film industry, wages account for approximately 40% of production costs and 45% of facilities costs. Therefore, changes in labour laws and employment taxes have a greater impact on film than on a sector like manufacturing, where staff accounts for 10% of total costs. A number of tax and working condition are being perceived as eroding the competitiveness of the industry. Some of the complaints are legitimate and require review. Other concerns however, can be mitigated merely through greater clarification and improved communication between the government and industry members. Some of the main points of contention have already been mentioned in the section relating to industry 'problems'. These are dealt with in greater detail below.

SARS Related: PAYE restructuring

The restructuring of SARS PAYE laws places all those working in the industry in their respective income brackets. Previously everybody in the industry had paid a blanket 25%, and the restructuring has meant a substantial tax increase for many industry workers, especially independent contractors. Although in principle independent contactors should be able to claim back on their tax statement, many still feel that they are being overtaxed. If they 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. SARS does now allow 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 independent contractors more scope to attain preferential tax rates. Many are not yet aware of this compensation however and still try and attain separate tax directives from each employer.

SARS Related: UIF Deductions

The recent tightening-up by the government on UIF payments is an industry concern. 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 means that very few employees ever have access to these funds. However, SARS *has* agreed that UIF can be paid on a pro-rata basis at a maximum rate of R22.09 per week. This will limit the employee's contribution to the maximum monthly threshold of R88.36 per month.

SARS Related: Liability and Clarification Issues

There is a need for clarification over the definition, employment status and tax liability of crew members and independent contractors. The role and onus of crewing agents and production companies needs to be defined and communicated.

The industry has traditionally classed the crew and cast as independent contractors/ 'freelancers'. SARS however, is quite firm that the majority of these crew members are 'employees' because they work for the same company for more than 22 hours in a given week and/or are contractually obligated to render services exclusive to a particular company (definition of 'standard employment'). Production companies are therefore liable for all statutory government taxes including UIF, COIDA (Compensation for Occupational Injuries and Diseases Act), and a 1% Skills Development Levy (SDL). The companies must submit employees' tax reconciliation forms (EMP 501) to SARS and prove that they have paid PAYE. The owners of the production company will also be held liable for any tax underpayment. Location scouts, storyboard artists, set designers and editors are considered independent contractors, because they work independently, their hours are not determined by the production companies, and they can work on several jobs simultaneously. Production companies are however, liable to pay tax on behalf of those freelancers who own their own personal service companies and are closed corporations. They are only exempt if the freelancer works for a fully registered company and is subcontracted to the production company.

Many film industry members feel that in a strict legal definition, production companies and crewing agents are not 'employers'. They hold that the relationship between a production company and a freelancer is not an employment relationship, but a business contract. Technically therefore, it should not be necessary for a production company to deduct IRP 5, UIF, sick leave or any other 'employer' related deductions on behalf of these 'freelancers'. This also means however, that the independent contractor does not fall under the protection of either the Basic Conditions of Employment (BCEA) or the Labour Relations Act. The contractor's work is governed by the terms of agreement reached with the production company. It should be noted that the actual contract organisation is often performed by crewing agents. Moreover, they feel they are providing an important service by doing the invoicing, commission and tax deductions for independent contractors, who then receive payment from the agency.

The cost and operational implications of enforcing this SARS stricture could be severe. A further problem is that the tests for labour and tax 'employee status' are different, with the tax definition being substantially wider. Whatever clarification is finally reached, it should ensure that even if SARS rules apply to all industry members, the right to sign independent contracts with crew should not be jeopardised.

The concern over the legal status of crewing agents is still a problem. SARS allows crewing agents to make payments on behalf of production companies, but insists that the company is still legally responsible. When agents pay over PAYE using their own company income tax numbers, it may be difficult for production companies to prove to SARS that they have paid employees, increasing their exposure. Furthermore, agency fees are not tax-deductible. The CPA has been holding a number of workshops for agents and production companies relating to these issues. If SARS allows crewing agents to register as labour brokers, and if these agents provide specific proof to companies of payments made on their behalf, these service providers may be able to reduce the liability and administrative burden currently facing production companies.[86]

A labour broker acts in a different capacity to an agent, effectively becoming the 'employee' of the production company, as opposed to agents who help construct employment contracts between their crew and the production companies. A labour broker acts as principal, and remunerates their crew. The employment relationship is between the crew and the labour broker. In order to obtain the exemption certificate, the broker needs to trade independently, be a provisional tax payer with all returns up to date, not receive over 80% of their income from one source (unless this requires more than 4 employees) and not be obliged to provide a specific employee to a production company.[87] They are also allowed to apply for an exemption certificate from SARS, which means that the production company will not be liable to deduct PAYE from payments to the labour broker. Certain firms, such as Film Personnel Placements, are already trying to operate in this manner – and in the process help production companies adapt to the tightened legislation.

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[86] Amm, Bobby, Commercial Producer's Association (CPA)
[87] Keyser, Nina, 'Labour Brokers and Agents', The Callsheet, October 2004.

In an attempt to mitigate industry taxation concerns, the CPA has petitioned for the following:

- Freelancers not in 'standard employment' (i.e. those working less than 22 hours per month for a particular production company) be taxed at a flat rate of 25%.
- Lower income earners (i.e. those earning less than R400 per day) may place themselves in 'standard employment' if they work less than 22 hours per month by giving their employers a written declaration that they will not - for the period that they are employed by that employer - render services to any other employer. The benefit of this arrangement is that the freelancer will pay tax according to tables – i.e. at a lower rate than the prescribed 25%.
- Freelancers working for more than 22 hours should be taxed according to tax tables unless they have a valid tax directive.
- Tax should be deducted off the freelancer's gross salary and agent's commissions should be deducted after tax.
- Income tax should be calculated on weekly tables if crew/talent work for less than 7 days; on fortnightly tables if crew/talent work for between 7 and 14 days; and on monthly tables if crew/talent work for more than 14 days.[88]

To deal with the clarification confusion, the CPA is considering drafting a standard Independent Contractor's agreement. Until then, they advise production companies to continue using the 3601 (employee) code on IRP5 forms. They are also planning workshops in Johannesburg and Cape Town to address these issues.[89] Although attempts by the CPA are admirable, a more coordinated campaign targeted at those strictures most likely to be changed, would be more useful. As is suggested later, the Western Cape Government and other sympathetic government bodies should work together with the CFC, CPA and the Independent Producers Organisation (IPO), to campaign for a review of certain SARS and DOL policies.

[88] Commercial Producers Association Newsletter, February 2005.
[89] Commercial Producers Association Newsletter, February 2005.

SARS Related: Clarification Regarding Foreign Crews

There is a need for clarification regarding tax issues relating to foreign crews. South Africa has double tax treaties with a number of countries, but often foreign artists are excluded from this concession. There are also an onerous number of laws relating to topics such as royalty payments and the various category of employee. It has been suggested that a simpler, fixed rate of tax when dealing with foreign talent would be highly beneficial.

SARS Related: Section 24F

As already noted, tax incentives exist under Section 24F of the Income Tax Act, which offer deductions against production and post-production costs. It has been suggested that with the proposed changes to the South African tax system (from a revenue source based system to a residence system) it would be useful to re-examine Section 24F and attempt to make it more investor friendly. In particular, there are a number of aspects relating to the timing of allowances and accruals in underwritten transactions which could be modified. Under the Act, a film owner may deduct from his taxable income the film allowance in respect of any film used by him in the production of his income or from which any income is received by or accrues to him. The allowance is limited to the production and post production costs of the film. An important proviso is that where the film owner has used a loan or credit, and still owes a portion of this on the last day of the taxable year of assessment, he must reduce the cost allowance by the amount outstanding, provided he is not deemed 'at risk' relating to this portion. A film owner is 'at risk' if the repayment of loans or credit would result in an economic loss for him were no income to accrue to him from the exploitation of the film. The effect of these 'at risk' rules on transactions that are credit financed and/or underwritten by revenue shortfall insurance is unclear however. Since these activities are becoming more common in current film financing, it would useful if the Act were updated to account for them. Despite these ambiguities, Section 24F is generally straightforward and useful tool for local filmmakers.[90]

[90] Webber Wentzel Bowens Attorneys, Film Investment and Tax Laws of South Africa, prepared for the European Union- South African Film Symposium by the National Film and Video Foundation.

Department of Labour (DOL) Related: Child Labour Laws

The industry is concerned about the possible competitiveness ramifications of the recently passed Sectoral Determination in Terms of the Basic Conditions of Employment Act of 1997. This requires that a permit from the Department of Labour be obtained before employing a child under the age of 15 years old. 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 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. These bureaucratic hurdles will further weaken South African competitiveness.

DOL Related: Tightening of Working Condition Statutes

The general strengthening of working condition statutes may cause significant problems for the industry, especially in relation to overtime laws and maximum work week directives. Although these restrictions have been around since 1997 (Act 75), enforcement up till now has been minimal. With the recent intensification, it has been predicted that growth may be undercut by up to 40%. Act 75 specifies a work week as 45 ordinary hours, with a daily maximum of 12. (The international norm for films, television dramas and documentaries is about 72 hours.[91]) in principle it is possible to vary ordinary hours of work; 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 than 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. Many industry participants feel that during season, a 60 hour working week is necessary to maintain South African competitiveness.

[91] Africa Film and TV yearbook, www.africafilmtv.com

DOL Related: Training Requirements

Statutory requirements in terms of training, although necessary, may cause problems for the smaller production houses. (As noted earlier, financial investment can be recouped if training is designed in accordance with minimum industry standards)

Department of Home Affairs Related: Immigration Amendment Act

On the 1 February 2005, the Department of Home Affairs published the Proposed Regulations to the Immigration Amendment Act (Act 19 of 2004). These are now closed for public commentary and are being finalized. Although the proposed regulations contain a number of positive changes and clarifications, some of the proposals have serious implications for the facilitation industry.

Two of the most damaging changes are:
1. There will no longer be an exemption for certain categories of workers applying for a general work permit from the requirement to advertise the position offered to them. Positions for key personnel on management level and all film industry workers will have to be advertised, and proof that no South African citizens or permanent residents are available will have to be furnished.

2. The amended definition of 'work' as per the Amendment Act (which is not up for public comment, but will come into force once the proposed Regulations are finalized) includes any activity consistent with being employed, be it remunerated or not. This includes internship positions and foreigners in the employ of a foreign company, who are remunerated abroad and conduct part of their activities abroad. Previously these people needed only to obtain an extended visitors permit. Now they have to apply for a work permit, and comply with all relevant criteria (including the advertisement of the position.)[92]

It is felt by many industry members that the practical consequences of these regulations have not been fully considered. As mentioned earlier, 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 opt to base their production in other countries. This would

[92] Willand, Julia. IBN Special Brief: Call for Public to Comment on Proposed Regulations, IBN

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 were 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 advertisement, await interviews and then apply for the work permit.

Stakeholders in the industry feel that they were not adequately consulted before these regulations closed for public commentary. In order to improve both local competitiveness and government-industry relations, it is felt that the Department of Home Affairs should postpone final legislation until a further review has taken place. Most industry stakeholders believe that there are more effective means of preventing exploitation of local opportunities than restrictive work permits. It has been suggested that the various film commissions and industry associations could play a stronger supportive role in managing facilitation projects.[93] Foreign facilitation projects generate substantial benefits in terms of education, revenue, employment and experience. It is important that this 'benefit transfer' is not jeopardized.

Recommendations

It is obvious that the industry is deeply concerned about recent legislation regarding tax and working conditions. In some instances, they may have to accept that the legislation is unlikely to be altered. Alternative ways will have to be found to remain competitive despite preclusive policy. With regard to other issues however, a more solid case can be generated in favour of amending the legislation. It would be useful in these instances if the Western Cape government backed the attempts made by industry parties to achieve this end.

Consulting and Immigration document, February 2005.

[93] Carr, Peter, Executive Producer of Velocity Films and CPA member.

SARS issues:

It is unlikely that the PAYE restructuring will be altered. In response to industry appeals, SARS has been fairly conciliatory in allowing independent contractors to apply for a single annual tax directive. It would be useful however, if this was more widely publicized. This can be done via articles in the various industry publications and a newsletter drafted to all production companies. It should be stressed in the newsletter that when independent contractors take on work with a production company, the company should inform the contractor of the single directive option.

It is also unlikely that the UIF legislation will be changed. With the expected development of the local production industry however, it is hoped that the concern relating to this issue will be mitigated. With less seasonal work, the multi-party, short-term nature of many industry jobs should develop into a more stable working environment.

It is suggested that the Western Cape government back the various industry stakeholders in their attempts to lobby SARS for the following legislative amendments:

- Freelancers not in 'standard employment' (i.e. those working less than 22 hours per month for a particular production company) be taxed at a flat rate of 25%.
- Tax should be deducted off the freelancer's gross salary and agent's commissions should be deducted after tax.
- Income tax should be calculated on weekly tables if crew/talent work for less than 7 days; on fortnightly tables if crew/talent work for between 7 and 14 days; and on monthly tables if crew/talent work for more than 14 days.[94]
- A simpler, fixed rate of tax should be levied when dealing with foreign talent.
- The 'at risk' rules relating to Section 24F of the Income Tax Act should be clarified, especially regarding credit-financed transactions.
- Crewing agents should be allowed to register as labour brokers.

[94] Commercial Producers Association Newsletter, February 2005.

Department of Labour and Department of Home Affairs Issues:

It is unlikely that production companies will be relieved of their new training requirements. However, the suggested Skill Development Levy workshop should help firms realize how they can recoup training funds. This should mitigate some industry concerns.

It is suggested that the Western Cape government back the various industry stakeholders in their attempts to petition the Departments of Labour and Home Affairs for the following legislative amendments:

- The recently passed legislation regarding DOL permits for children be reviewed.
- A BCEA exemption be granted for the industry, with a different allowances for season and the rest of the year. (It is felt that a 60 hour working week during season is acceptable.)
- The proposed changes to the Immigration Amendment Act be reconsidered. If it is unlikely that this will occur, an exception for the film industry should be granted.

With industry cooperation and the successful realization of these attempts, local film competitiveness should be maintained.

Location and Support Industry Issues

Location and support industry concerns are the most publicized film industry issues. Common community complaints with regard to the behaviour of production companies include: poor notification, non-adherence to permit conditions, late hours, excess trash, generator noise and fumes, bright lighting, parking violations, excessive noise, unruly crew behaviour, and loss on income on the part of retail owners. This need not be the case, especially if production companies are aware of the conditions outlined in the Cape Town Film Permit Office (CTFPO) locations manual. This includes the various codes of conduct, as well as relevant by-laws and regulations regarding location use by the film industry. Tensions would be reduced by keeping Resident's Associations constantly informed about the steps taken by companies to ensure that they codes are upheld. It would also be useful if the industry engaged in more 'self-marketing' to local communities, promoting itself as a generator of skills, employment and growth.

An equally perturbing trend is the increase in 'donation' requests mentioned earlier. Certain homeowners' associations have been demanding payments of up to R150 000 from production companies, many of whom accede to the request to avoid conflict. In a less blatant manner, residents and business owners have been known to lodge objections to film shoots, only withdrawing them when an 'inconvenience fee' or donation has been paid. This is particularly worrying and the industry is concerned that it could become entrenched if the public is given the power to veto films.[95] The City is extremely opposed to the practice however, and is attempting to prevent such occurrences.

A further problem is the perception by many that private location fees are overinflated. Certainly they are substantially higher than those in competing host countries.[96] The CPA recently held workshops for crew members and production companies, informing them of the danger of increasing costs in a depressed market. It would be useful if the public bodies played a stronger role in this kind of initiative and extended it to the locations issue. All relevant interested parties need to take part, including homeowners' organisations, location scouts, location agents and production companies. This kind of cooperation and communication is vital to ensure the industry is constantly aware of and able to adapt to global trends. The outcomes

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

of these meetings need to publicized more widely. Although the industry newspapers and magazines have been attempting to do this, it is suggested that the mainstream newspapers should also be approached. The needs to be a widespread adjustment in the public perception that film budgets are large enough to cover exorbitant requests and location fees. The CPA also recently submitted an official proposal via the Cape Film Commission to the City Council to eliminate all municipal location fees and reduce tariffs to cover costs only. Many international film cities waive costs as an incentive to visiting filmmakers in the realization that what is lost to the city in fees and tariffs is more than made up by the economic boost of a facilitation project. Local municipal location fees have become prohibitively large in many areas.[97] The outcome of this is still pending.

It is important to note that in many areas, the City *is* becoming increasingly responsive to the location needs of the industry. The Town Planning Department has proposed in its 'Integrated Zoning Scheme' that the total number of filming days in private residences should not be limited for genuine 'occasional uses'. This is an extremely welcome move on the City's part as the legislation would have had detrimental consequences, especially to the burgeoning long-form sector. Despite this, many residents associations are continuing to push for re-zoning legislation. It is therefore vital that production companies practice restraint and take particular care when shooting in the traditional 'film sensitive areas'– Constantia, Llundudno, Kommetjie, Clifton, the Bo-Kaap, and the City Bowl.[98]

The CoCT and the CFC are trying to directly address this problem through their 'Film Unit Liaison Officer' (FULO) pilot project. They have embarked on a comprehensive training project for City staffers involved in the permit process. This includes placing FULOs with unit and location managers so that staff are well versed in all aspects of the production process, and are better able to meet filmmakers' needs. As noted earlier, this permit process will also have important spin-offs for community acceptance. These FULOs not only assist production companies, but liaise between them, various city departments and the general public. A full assessment of this scheme should be completed by mid-2005.[99]

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[96] Worsdale, Andrew, 'Is Cape Town Getting too Greedy?', The Callsheet, September 2004.
[97] Commercial Producers Association Newsletter, February 2005.
[98] Commercial Producers Association Newsletter, February 2005.
[99] Cape Film Commission.

It has been proposed that the CPA, in consultation with the Cape Film Commission and Film Office, devise a system which will penalize production companies who have a record of location abuse, by refusing them location permits. It has also been suggested that these bodies hold winter workshops dealing with the major location issues. All location personnel will be invited and attendance credited. The CPA will then recommend to members that they contract the personnel exclusively. A further proposal is that the CTFPO only issue location permits to commercials on which accredited location/unit managers are contracted.[100]

Recommendations

The efforts by the CFC and the City of Cape Town should go some to way to resolving many location problems. In order to deal with some of the outstanding issues, further research should be conducted into the feasibility and impact of a licensing scheme for production companies. It is suggested that this 'licence' be automatically granted to production companies but be revoked if a company repeatedly violates good filming practice. (It could also be suggested to licence holders that it would be in their interests to attend the suggested workshops and cooperate with industry research.) This scheme would require national coverage and therefore the feasibility study should be conducted in conjunction with the NFVF. Furthermore, all relevant industry bodies and companies would obviously have to support and participate in the feasibility study. While the study is being performed, a useful interim measure would be to adopt the suggestion made earlier regarding refusal of permits to companies with a history of location abuse, and CPA/ IPO endorsement to companies in good standing.

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

[100] Commercial Producers Association Newsletter, February 2005.

Empowerment

Transformation and Black Economic Empowerment (BEE) are key issues that need to be addressed in the film industry. Economies based on minorities eventually stagnate, as they ignore the majority of the production base. According to a Dingi Ntuli, who authored a recently released report by the CFC, less than 0.1% of all managers, technical crews and service providers are black. Although this statistic may be a little low, it is clear that previously disadvantaged groups are not receiving the training and opportunities to position themselves in the market.

As regards the state of the industry, the SABC has instigated an audit to find out where the industry stands regarding BEE-compliance. On a local level, the CFC Transformation Group is currently drawing up a BEE Charter for the film industry, which should go some way to clarifying issues around BEE. This will be particularly important with regard to film suppliers. Without formalized procurement structures in place, it is difficult for BEE-compliant companies to compete for new business. A formalized process with certificates proving BEE compliance, would assist companies evaluating tenders and bids. A process needs to be set up where firms are rewarded for dealing with BEE-compliant companies.[101] In other words, BEE needs to become a 'license to trade'.

As is noted, there is a great deal of confusion as to what actually constitutes BEE. In film, BEE compliance consists of a number of elements. Companies get graded on both a direct and indirect empowerment 'score'.
The direct empowerment score relies on factors such as:

- Equity Ownership (whole or part ownership of companies by black people)
- Management (black people appointed to senior management positions)
- Human Resources Development and Employment Equity (compliance with the Employment Equity Act in respect of employment ratios)
- Skills Development (compliance with the Skills Development Act, including submission of skills plans and training reports)

[101] Radovanovic, Sandra, 'BEE Company: Switched on and Ready to go', The Callsheet, February 2005.

The indirect empowerment score relies on factors such as:

- Preferential Procurement (procurement of goods and services from black owned or empowered enterprises)
- Enterprise Development (establishment or support of the development of black owned and empowered enterprises through funding measured as a percentage of total procurement spend)
- Residual (investment in sustainable film council/commission accredited projects aimed at accelerating access to film and training.[102])

This poor understanding of these different facets of BEE is another reason why it is vital that the BEE Charter is completed timeously. Producers need to be informed both of the contents of the charter and of the funding sources available to help with transformation.

Most empowerment funding comes from the Department of Trade and Industry (DTI), the National Empowerment Fund (which invests R3 billion a year on BEE), the Industrial Development Corporation (IDC), ABSA (which has a R40 million fund for small, medium and micro enterprises) and Standard Bank. All of these respective funders recommend joint-ventures to ensure BEE compliancy. Some private companies are also attempting to provide this service. For instance, Matchmakers, a private business consultancy funded mainly by the City of Cape Town, offers a free service in deal-making for BEE transactions.[103] Producers should be encouraged to increase their use of this type of initiative.

[102] Commercial Producers Association Newsletter, February 2005.
[103] Radovanovic, Sandra, 'BEE Company: Switched on and Ready to go', The Callsheet, February 2005.

Recommendations

Many of the suggestion offered in the training section should also address the empowerment challenge. Of the remaining issues, funding and compliance are perhaps the most important. The Transformation Group is the most ideally suited to start addressing the above issues. Lack of funding is a significant problem however and it is suggested that the Western Cape Government motivate for funding support to achieve this end. It is also suggested that when completed, the BEE charter be presented at one of the suggested workshops.

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

Research

The provision of strategic information and research is vital for industry sustainability. Without an adequate understanding of market trends and audience analysis, industry participants will be unable to make effective investment decisions.[104]

Various industry bodies occasionally conduct surveys among their members. Although this is not the ideal research situation if a comprehensive assessment of the sector is to emerge, some of these surveys could still provide useful information. This is especially important if the members are reluctant to participate in academic and governmental surveys and/or if government surveys are too sporadic to be of material use. The CPA has recently contracted Evolutions, a Johannesburg based research company, to conduct a survey of CPA members. They are also hoping to measure the size of the growing long-form service industry. The survey should be completed by June 2005.[105]

The NFVF is planning to address the current lack of industry information and research by developing Sectoral Information Systems (SIS) to assess the performance of the sector. This will be achieved through collaboration with Statistics South Africa, the South African Revenue Service, the Department of Trade and Industry, the Treasury, the South African Reserve Bank, the Industrial Development Corporation (IDC), the South African Bureau of Standards (SABS), the Council for Scientific and Industrial Research (CSIR), the Human Science Research Council (HSRC), and higher education institutions. It is hoped that this proposed SIS network will enable effective measurement of industrial economic performance and therefore sector investment attractiveness.

As noted earlier, they are also planning an 'Integrated Promotional and Development Campaign', to measure the direct impact of programs on the revenue stream and tax base. It is hoped that the marketing and research data generated by this campaign will allow production to be more closely aligned to consumer's needs.

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[104] Joffe, Avril, MAPP-SETA Sector Skills Plan: Film and Electronic Media Chamber –TV and Radio Broadcasting, MAPP-SETA document, July 2004.
[105] Commercial Producers Association Newsletter, February 2005.

Recommendations

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

- facilitate the collection of information by Statistics South Africa and related bodies on the South African industry,
- make this statistical data available to the industry in an easily comprehensible format,
- provide local producers with information on potential niche export markets, and
- provide information on possible co-production partners in both the local and international industry.

The Western Cape government can also petition Statistics South Africa and other relevant bodies to coordinate on data capture and sharing.

With regard to the Western Cape in particular, the City of Cape Town's new online permit system, applicable across the whole metropolitan area, should also be used as an effective information source.

It is also one of the core goals if the Cape Film Commission to develop market intelligence in production. They are ideally positioned to seek an industry buy-in and liaise with other government and permit offices, in order to collect the requisite data. As far as reaching the industry, it remains useful to work closely with the 'sources of industry information' that already exist. These include: the Callsheet, the Whole Lot Directory, Film SA, the Film Maker's Guide to South Africa, Africa Film and TV, Screen Africa, Screen Africa Directory, and Variety.

Again, it is imperative that the Western Cape Government support all efforts to make this data available to the industry in an easily comprehensible format. Policy changes and impact assessments should also be communicated on a regular basis. Without this, it is unlikely that the industry will maintain the flexibility it needs to survive adverse global trends.

CONCLUSION

This report analysed the main concerns threatening the viability of the industry. It examined the existing public and private initiatives relating to film and determined their effectiveness in addressing these concerns. The various issues were then grouped into seven key 'problem areas'. These were: audience development; training; funding and distribution; tax and labour legislation; location and support industry issues; empowerment; and research. In each of these key problem areas, policy interventions and projects were suggested that could be instigated to deal with any outstanding issues. Special attention was paid to the role that the Western Cape government could play in realizing these initiatives.

In line with the MEDS goals, the recommendations given in the report aimed to: promote globally competitive, equitable and sustainable economic growth; enhance labour absorption; empower previously disadvantaged groups; and reduce the financial, social and technical cost of doing business. In particular, the measures should allow the industry to achieve a steady growth rate and develop a strong 'indigenous' film capacity. This would prevent potential job losses as the competition against South Africa intensifies, and ensure more continuous work for industry members. The employment of low-skilled and part-time workers would take on a more permanent character, allowing them to develop higher skill competencies and increase their earning potential.

The problems facing the industry, the potential 'solutions' and the responsibility for implementing these solutions, are summarized in the table on the following page. An 'action timeframe' is also provided. In this column, 'immediate' refers to initiatives that do not require extra personnel or budgetary allocations. It is important that these suggestions are addressed as soon as possible. 'Medium term' refers to initiatives that may require funding and/or more extensive negotiations with industry parties. These will probably require budgetary adjustments and would therefore only see fruition in the next financial year. Despite this, discussions and project planning could begin immediately. 'Long-term' refers to initiatives that require further research and will probably only have a material impact after a 2-3 year interval.

It is difficult to prioritize interventions. In terms of maintaining facilitation competitiveness, it is clear that addressing the restrictive tax and labour legislation is important, especially the proposed changes to the Immigration Act. In terms of

developing the local industry, it is imperative that the BEE Charter is completed and the proposed audience development partnership is considered. The Skills Development workshop should also prove useful in addressing some of the training issues. Furthermore, it is recommended that the Western Cape Film Fund receive the requisite funding to attend to some of the financing and training needs facing the province.

Either way it is evident that an augmented government role may be necessary to overcome some of the more serious problems facing the industry. The suggested initiatives could help the industry respond effectively to adverse trends and capitalise on opportunities and inherent advantages. It is clear that most of these measures do 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 industry cooperation and public sector support, the local film industry should continue to develop and grow.

Summary Table: Problems, Suggestions, Responsibilities, Costs and Timeframes

Problem	Suggested Solution	Western Cape Government Responsibility	Estimated Cost[106]	Timeframe
Audience Development • Increased concentration of ownership → higher entry barriers for new entrants • 'Offloading' of foreign programs by developed countries who recoup costs in their domestic markets → local programs cannot compete • 'Runaway' production moving to other countries • Limited audience development → little support for local film offerings	CFC-FRU partnership to undertake coordinated audience development plan, which should include: • Support of township cinema initiatives • Organisation of a MAPP-SETA workshop with relevant stakeholders to address 'business skill' training • A FRU commitment to further audience sampling, in consultation with the SABC, Ster Kinekor and the NFVF • Negotiation with the SABC for early release of promising local films • Use of other forms of media to foster consumer awareness	• Support CFC-FRU partnership and audience development plan • Ensure adequate funding for the partnership	Partnership funding to facilitate audience development plan: R500 000	Medium Term

[106] For projects involving the CFC, cost estimates were generated in consultation with the CFC. The brochure and workshop costs were estimated in consultation with the film publication 'The Callsheet', who has conducted similar initiatives. The feasibility study estimate is the researcher's own.

Problem	Suggested Solution	Western Cape Government Responsibility	Estimated Cost	Timeframe
Training • New Personal Video Recorder technology → threatening advertising production • Few viable ongoing training opportunities, especially for previously disadvantaged individuals • Quality of scriptwriting quite poor	• Continuation and completion of the NFVF's programs on coordination, standard setting and other training reforms • 'SDL guide for amateurs' workshop, hosted by the CFC in conjunction with a Skills Development Levy specialist • Production and widespread distribution of 'easy-to-read' translation of the MAPP-SETA training requirements • Support of the Western Cape Film Fund	• Vocally support NFVF efforts • Assist with workshop or brochure funding • Strongly consider request for Western Cape Film Fund	• Workshop Cost: R70 000 • Brochure cost: R40 000 • Granting of CFC request for Western Cape Film Fund: R3 million	Medium Term
Funding and Distribution • Traditional distributors unwilling to exhibit local films • Local filmmakers have limited access to funding and distribution facilities	• Maintenance of local content quotas • Expansion of Sithengi • Completion of an Australian co-production agreement • Support of the Western Cape Film Fund	• Vocally support local content quotas and efforts to forge new co-production treaties • Strongly consider request for Western Cape Film Fund	Granting of CFC request for Western Cape Film Fund: R3 million	Immediate

Problem	Suggested Solution	Western Cape Government Responsibility	Estimated Cost	Timeframe
Tax and Labour Issues • Foreign governmental film support → South Africa cannot compete on par • Proposed Regulations to the Immigration Amendment Act → will lead to a large drop in foreign business • Recent legislative 'tightening' by SARS and the DOL → hinders competitiveness • There is ambiguity regarding the taxation of foreign crew, Section 24F of the Income Tax Act, and the liability of independent contractors • Government Departments seen as uncoordinated and overly bureaucratic	SARS petition to consider the following legislative reforms: • Independent contractors not in 'standard employment' should be taxed at a flat rate of 25% • A simpler, fixed rate of tax for foreign talent • Clarification regarding the 'at risk' rules relating to Section 24F of the Income Tax Act DOL petition to consider the following legislative reforms: • Crewing agents should be allowed to register as labour brokers • The recently passed legislation regarding DOL permits for children should be reviewed • A BCEA exemption regarding overtime should be granted for the industry, with different allowances for season and the rest of the year Department of Home Affairs petition to reconsider the proposed changes to the Immigration Amendment Act	Support industry attempts to achieve the suggested reforms	Negligible	Immediate

Problem	Suggested Solution	Western Cape Government Responsibility	Estimated Cost	Timeframe
Location and Support Industry Issues • 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	• CFC and the City of Cape Town Film Unit Liaison Officer Project • Feasibility and impact study of a production company licensing scheme, where licences are contingent on good filming practice • Petition to hotels and airways to offer 'special deals' for foreign film crews	• Conduct licensing feasibility and impact study in conjunction with the NFVF and industry • Endorse industry attempts to broker deals with support sector	Feasibility study cost, to be shared with NFVF: R120 000 (4 months research)	Immediate to Medium Term
Empowerment • Progress in transformation has been slow • There is confusion relating to BEE requirements	• Completion of the BEE charter for the film industry • Inclusion of BEE compliance in the suggested feasibility study of the production company licensing scheme	• Conduct licensing feasibility and impact study in conjunction with the NFVF and industry • Facilitate the completion of the BEE Charter by CFC Transformation Group	• Feasibility study cost, to be shared with NFVF: R120 000 (4 months research) • Transformation Group funding: R250 000	Medium Term
Research Severe lack of statistics and research	The NFVF's proposed 'Sectoral Information System' (SIS) and 'Integrated Promotional and Development Campaign'	Vocally support NFVF efforts	Negligible	Immediate, Medium and Long Term

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Jane Corden – Chief Executive Officer: Moneypenny Services, a consultant to the Department of Trade and Industry (DTI)

Gina Bonmariage – National Film and Video Foundation (NFVF)

Bianca Mpahlaza – Marketing Director, Cape Film Commission

Elizabeth Walters – Cape Film Commission

Martin Cuff – Chief Operating Officer, Cape Film Commission

Ryan Thwaits – Mamaramba iBioscope

Seanne Kube – Market Director, Sithengi

Esther Hendersen – Chief Operating Officer, SIthengi

Sulona Reddy – consultant to the Department of Trade and Industry (DTI)

Peter Carr – Producer, Velocity Productions

Mike Smit – Director, Condor

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[107]:

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).

[107] 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: 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 C: AVERAGE PRICE INCREASES IN SUPPORT AND SUPPLY INDUSTRIES[108]

		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

[108] 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 [109]				
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%

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