



NATIONAL FILM AND VIDEO FOUNDATION

VALUE CHARTER Second Edition

MAPPING THE WAY TOWARDS 2025

October 2009

The Timeless Traditions of African Story Telling

Under the daylight shadow of a tree or around the fire in the silence of the night, for many, many years our African ancestors cherished the traditions of story telling as a medium of entertainment and moral education to promote the spirit of Ubuntu. The epithets below bear testimony:

Sesotho

Bare ene ere

Qoyi

Tshivenda

Salungano, Salungano

Salungano

IsiZulu

Cosi cosi!

Kwasuka sukela

Xitsonga

Gharingani, gharingani

Gharingani

**Ours is to preserve, develop and promote these traditions through the power of moving images and multimedia.
Doing this would be our humble contribution to nation building**

FOREWORD

On behalf of the third Council of the National Film and Video Foundation (NFVF), I hereby acknowledge the monumental work done by Council in putting together the Value Charter. I would also like to acknowledge those who adopted the NFVF Value Charter as their own personal mantra in contributing to the building of an equitable society in South Africa. Most of all; my deepest gratitude goes to all those honourable South Africans whose spirits provided the light, the mission and inspiration for the building of viable cultural industries in South Africa. This includes cultural activists, who sacrificed their lives for the fight for freedom of expression and creativity of South Africans. I would also like to thank the political leadership which conceived the White Paper on Arts, Culture and Heritage which led to the birth of the NFVF. One of the stated purposes of the White Paper reads as follows:

"This policy statement addresses issues of the arts, culture, heritage and literature. Arts and culture are also important industries: they offer potential employment and wealth creation opportunities. Investment in arts and culture provides a stimulus for activity in the broader economy. Participation in arts and cultural activity frequently involves the use of transport and other public utilities, creates media value, and the need for catering and other support services....."

A number of technological developments have taken place since the first edition of the Value Charter was published in 2001. The second edition is a contribution of the incumbent Council to the NFVF Value Charter.

The Chairperson of the NFVF

Picture and Signature

INTRODUCTION

The revision of the Value Charter coincides with the tenth year anniversary of the NFVF. The revision compels a ten years evaluation of the work of the NFVF and the development and growth of the Film and Video sector. The process of revision evokes feelings of reflective nostalgia and satisfaction about the participatory processes of crafting, adoption and rallying behind the first edition of the NFVF Value Charter. The first edition of the NFVF Value Charter was a long term 2022 vision. It was the culmination of the participatory strategy processes that commenced in 2001 and was adopted by stakeholders at the 2005 Film Indaba. The initial thrust was to mobilise the film and video sector for rapid growth. The tone, imagery and symbolism of the first edition of the NFVF Value Charter were all directed at the persuasion for a paradigm shift towards the recognition of the sector as a viable economic activity and commodity rather than mere entertainment.

We can only speak of an industry if mass production, mass distribution and mass consumption are possible, without compromising the creative capacity and the concomitant intellectual property rights. The disabling effect of copyright ownership for broadcasts, anti competitive behaviour, dangerous and exploitative business practices and piracy continue to plague the industry. The industry can only flourish in an environment where the diverse cultural interests of the majority of South Africans are recognised, creative freedom and flair is encouraged and ensuring that South African stories reach the masses through cinemas. In this regard, the concerns about cultural domination raised in the 1999 Human Development Report remain valid. The Report stated that; “today’s flow of culture is unbalanced, heavily weighted in one direction, from rich countries to poor ... such onslaughts of foreign culture can put cultural diversity at risk, and make people fear losing their cultural identity. What is needed is the support of the indigenous and national cultures – let them flourish alongside foreign cultures.”¹ Despite state intervention, South Africa is still one of the top markets for foreign films.

¹ Human Development Report (1999), p 4 -5

In 2001, South Africa was ranked the thirteenth largest importer of film from the United State of America.² The development of a sectoral model of contributing to the building of national identity against the global cultural hegemony is necessary.

While some may argue that the convergence of the Information and Communication Technologies (ICTs) could bring opportunities to the South African content domain, they are more likely to reproduce and increase the prospects of South Africa as a net importer of cultural goods, including film and video. To this end, statistics by global multilateral bodies which function as partner's on Measuring ICTs for Development indicate that South Africa's competitiveness in ICTs is growing at a declining rate. As the network infrastructure reach maturity levels, the competitiveness in the ICTs arena will be determined by content. It is against this context that the second edition of the Value Charter is published.

The second edition of the Value Charter continues to argue against a production oriented industry which focuses on limited aspects of the value chain and resulted in the poor sourcing of development, marketing and distribution of film and video products. This narrow production orientation is one of the major causes of structural fragmentation in the sector. In response, the second edition of the Value Charter emphasises the development of the sector across the value chain, as stipulated in the Standard Industrial Classification (SIC). According to SIC categories, the value chain of cinema and film and video straddles Major Division 6 on Wholesale and Retail Trade as evinced in sell through distribution networks; Major Division 7 on the transmission of sound, images, data or other information via cables, broadcasting, relay or satellite; Major Division 9, the production of radio and television programmes, whether or not combined with broadcasting, and motion picture and other entertainment services. It is the conception of the film industry across these major divisions of the Standard Industrial Classification that will show the true economic impact of film, video and cinema.

² Scott AJ On Hollywood: (2004) Table 8.5.

Firstly, the indicators and the statistics should be established to assess the impact of the film industry on the entire economy. This involves the determination of the economic multiplier effect indices. Every Rand spent on film impacts the economy across the major divisions 6, 7 and 9 of the Standard Industrial Classification.

The economic multiplier effect indices are the ratio of the impact of one Rand spent across the SIC major divisions. The Rand spend on film also impacts on the job multiplier effects, the number of jobs created across the major divisions and the cost per job created. This also involves the determination of the threshold point of the social infrastructure to sustain the industry base, for instance the permanent number of skills and crews in a particular area to sustain a predetermined unit output of economic value. The determination of the economic impact of film, video and cinema on the economy requires appropriate investment on the Sectoral Information and Knowledge Management Systems. Global benchmarks show that those countries with competitive content industries, which show sustained growth monitor, measure and evaluate the performance of the sector acutely. It is time South Africa follows suite.

Quotas on South African Programming on Television and music were introduced in 1997. However, it is not enough to determine the local content quotas in percentage terms across programming areas as is the practice in the South African broadcast regulatory environment. Local Content Indicators should also be expressed in economic terms. The Local Content quotas should be seen as the independent variables that determine the economic growth of the sector and the effects they may have on the import/export ratios.

Despite the existence of various financial support and intervention for content production, the development and growth of it is still very slow. It is imperative that a policy on the sources of NFVF funding and the appropriate fiscal measures should be determined. This policy must explore the possibility of introducing a levy on cinema tickets and DVD sales.

There is a need for the expedition of a sustainable strategy on human capital development and retention taking into consideration the freelance nature of the skills in the sector. The spread of the competencies of the sector across the country should be pursued and implemented taking into consideration that film activity must be spread across provinces and outside the metropolitan areas.

Film as an economic and cultural matter, falls under the concurrent competencies shared by the national, provincial and municipal spheres of government. The cultural industries span both the social and the economic clusters of government. However, the current practice is not in line with this reality. It is therefore critical for the sector to engage how it will contribute to the national imperatives of job creation and equitable redress of the societal imbalances and divides, along gender, age, class, sex, and location. The representation of the (South African Electronic Content Industries (SAECI) in both the Social and the Economic Clusters of Government and the formation of the representative and effective Intergovernmental Relations Forum will be the two most important milestones in creating synergies across state institutions.

In conclusion, to respond to these challenges, a new social force and energy should be mobilised to build upon the historical experiences and past successes in charting a map to the future.

The Chief Executive Officer

Eddie Khalipha Mbalo

Picture and Signature

Moral Imperative

It is a national imperative to create facilities for ordinary South Africans to bear influence in the expression of their own images, thereby deepen democracy and create prosperity. The National Film and Video Foundation strives for the realisation of this noble ideal.

Mission

To provide leadership, coordinate and collaborate with other competent institutions, organisations and individuals to create and promote an environment in which the South African Electronic Content Industries develop and grow and to improve its competitiveness in the South African socioeconomic landscape.

Vision

South African Electronic Content Industries that:

- mirror and represent the diverse national identities, particularly the previously marginalised.
- promote the creative and technical talents of South Africans to find support in the pursuit of freedom of expression.
- sustain viable livelihoods for those South Africans who choose this domain as their area of occupation.
- entertain, educate and inform South Africans, the region, the continent and the world

Values

Creativity

Freedom of expression

Entrepreneurship

Equitable redress

Motto

Moving the diverse images of the South African nation

Strategic Thrust

Taking the NFVF to the Citizens by:

Consolidation and rationalisation of the gains that were made in the past decade

Deepening and spreading the **Electronic Content Opportunity (ECO)** to all South Africans

Aligning the Value Charter with the 2025 Vision for South Africa

1. Thrust into the Future: 2022 Vision

The lifecycle indicates that the NFVF is in the early stage of the maturity phase which commenced in 2007. This requires the consolidation of sector gains that have been achieved over the last ten years. However, the changes in the technological and policy environment call for the reinvention of the NFVF and the sector. Consolidation and reinvention can only come at a price as well as the new configuration of institutional mechanism to bring about required state intervention.

The *South African Vision 2025* for South Africa spells out a number of goals which include the reduction of poverty and inequality, job creation (employment) and education issues.³ All these issues form the core of the NFVF objectives and the Mission Critical Initiatives as stated in the Value Charter. The Green Paper also highlights the need for long term strategic planning which includes the mobilisation of society around a commonly agreed set of long term goals and greater coherence in government`s work.⁴ The Value Charter seeks to mobilise the necessary support and resources to achieve the long term objectives for the sector and South African society.

The competency of the NFVF to carry out its mandate is determined by its institutional organic life cycle. The life cycle presents a snapshot history of the NFVF since its establishment as well as milestones towards the future. The first Value Charter mobilised the South African society for the rapid growth phase of the institution and the sector. The following strategic outcomes were achieved in the sector:

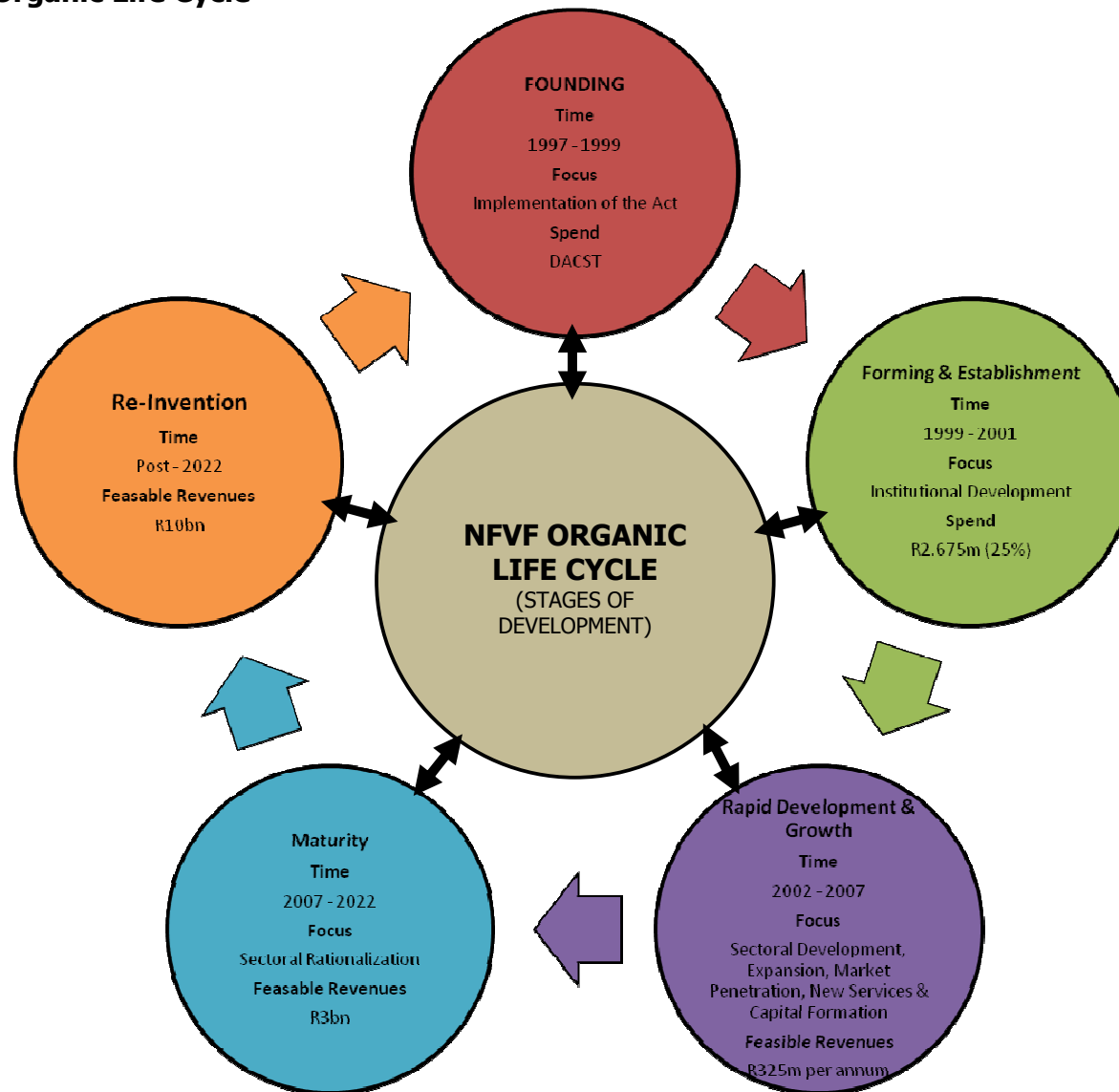
- Increment of the NFVF budget from the initial amount of R10 million in 1999 to R39 million in 2009.
- Once off allocation of funds to the amount of R35 million during the MTEF period 2003/2006 for Film Fund.
- The formation of unified industry body, the South African Screen Federation (SASFED).

³ The Presidency Green Paper: National Strategic Planning September 2009, p 17

⁴ Id

- The development of film competencies in the provinces through the establishment of film commissions.
- The movement and discourse on the Customised Sector Program (CSP) to stimulate the development and growth of the industry.
- The Content Industries Strategy was adopted by the National Cabinet in 2003.
- The establishment of the Film and Television Production Incentive in 2004 and the allocation of R250 Million in 2004 Medium Term Expenditure Framework. The Department of Trade and Industry has spent R749 million between June 2004 and March 2009 on this incentive.
- Increased local content quotas for South African Programming on television.
- The establishment of the film production interest bearing financial instruments at the Industrial Development Corporation.
- The launching of the annual South African Film and Television Awards.
- The institutionalisation of the NFVF Film Indaba, a forum that takes place every four years to review progress in the sector.
- South Africa signed co production treaties with Germany, Italy, and the United Kingdom and there are upcoming treaties with Australia, New Zealand, Ireland and France.
- The recognition of South Africa as a film destination and international recognition of South African films.

Diagram1: NFVF Organic Life Cycle



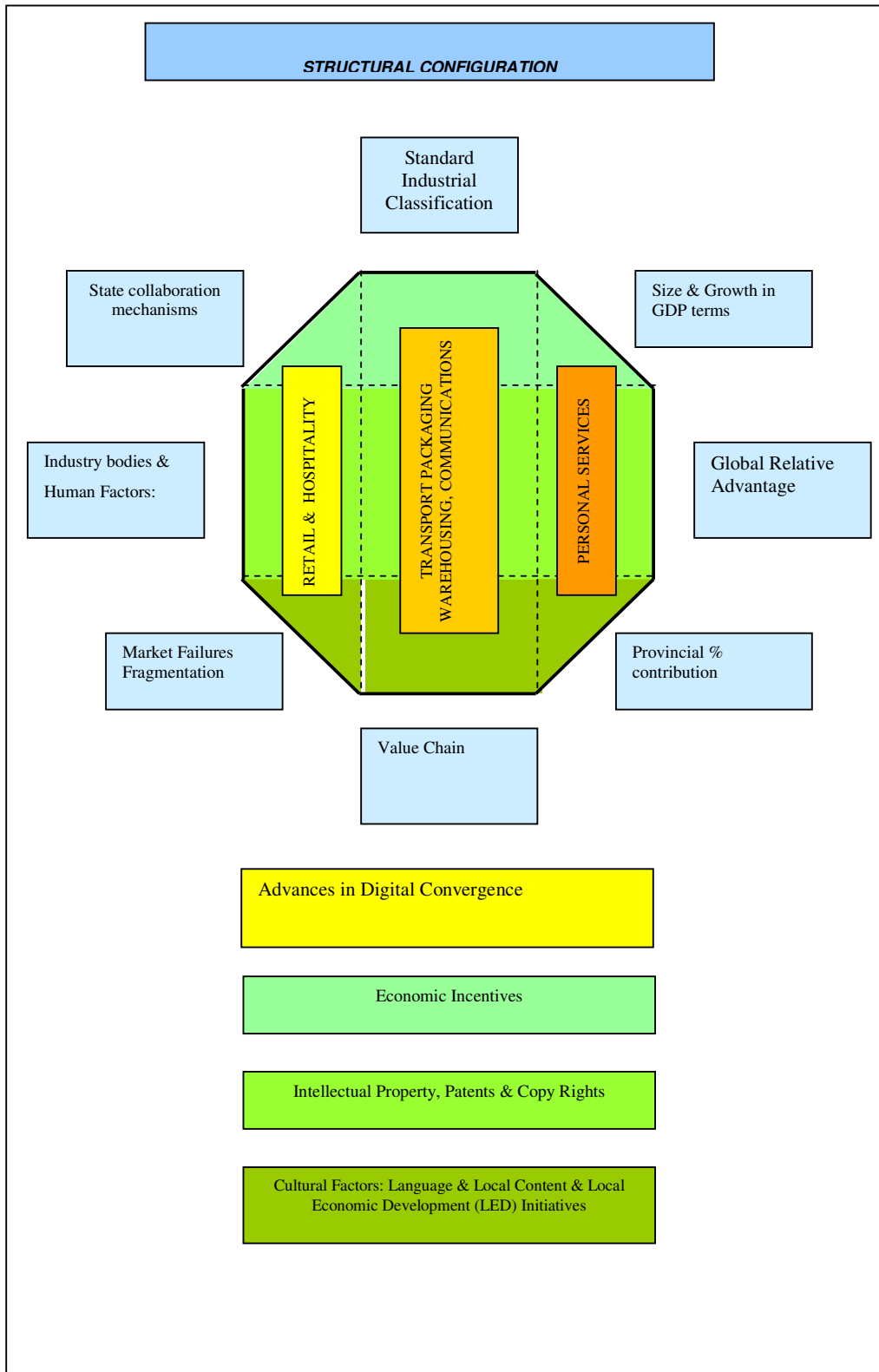
1.1 Industry Structure and Dynamics

It is often said that the fragmentation of the film industry is the single most important problem that should be addressed. The solution to this problem lies in the industry's structure and dynamics. One of the critical challenges that should be addressed in order to develop the film and video industry is the understanding and identification of gaps within the value chain that cause fragmentation.

Two models of the value chain are presented in this document. The first model presents the value chain in terms of the Standard Industrial Classification (Diagram 2). The second model is presented as a Value Chain Matrix which aligns the categories of institutions and organizations that constitute the value chain (Diagram 3). These institutions and organizations work in a relay manner to convert the creative talent into a final augmented product in the market place.

The emphasis on cinema as a component of culture has made the economic realities elusive. The emphasis on cinema as an aspect of culture has led to either a production orientation or entertainment approach. The production orientation approach focuses on the creative talent, while entertainment orientation approach focuses on the means of consumption by audiences. The economic activities that go in between are left oblivious.

Diagram 2: SIC Model of the Value Chain



Value Chain: The model shows that, according to SIC, the value chain for film and video straddles:

- Major Division 6 on Wholesale and Retail Trade and hospitality
 - Cinemas are located in malls the world over.
 - Film and video have found their way into spaces which host major retail outlets such as Pick and Pay, the Spar, and Shoprite and Checkers.
- Major Division 7 on the transmission of sound, images, data or other information via cables, broadcasting, relay or satellite
- Major Division 9, the production of radio and television programmes, whether or not combined with broadcasting, and motion picture and other entertainment services.

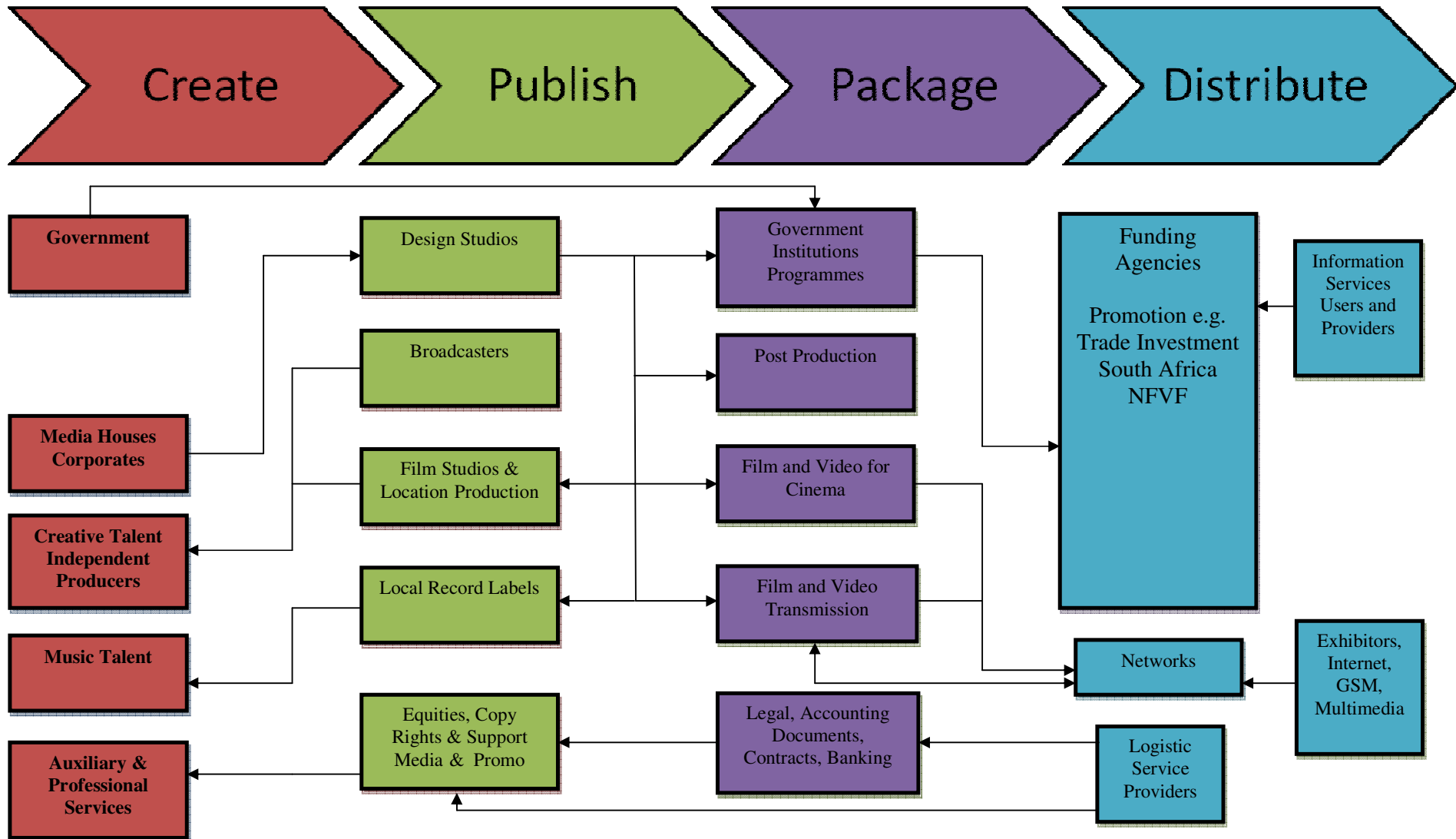
Dynamics: The model also presents a number of dynamics which should be used to compile the sector performance indicators.

These include:

- Size and growth in Gross Domestic Product (GDP) terms, Global Relative Advantage, Provincial Percentage Contribution, Market Failures Fragmentation, Industry bodies and Human Factors, State collaboration mechanisms, Advances in Digital Convergence, Economic Incentives, Intellectual Property, Patents and Copyright, Cultural Factors, Language and Local Content, and Provincial and Local Economic Developments initiatives.

Institutional alignment and the necessary sector wide competencies along the SIC categories is demonstrated in the succeeding Value Chain Matrix.

Diagram 3: Value Chain Matrix



In the above diagram the following remarks should be noted:

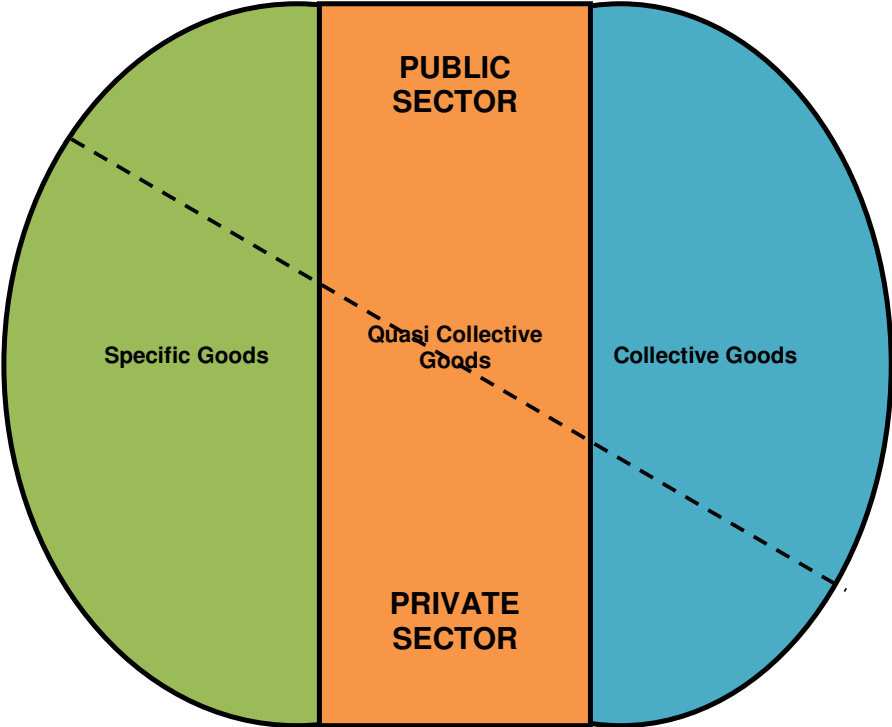
- The Value Chain impresses strongly on the content sector as a mixed economy between the private corporate sector, public corporate sector, government institutions and individuals as the supplier of the creative talent.
- Media houses in this context refers to the corporate sector, which in most cases is transnational companies, sometimes with subsidiaries in South Africa, or the Public Sector institutions such as the Public Broadcasting Sector (PBS)
- The direction of value creation proceeds from left to right as indicated in the top line, the opposite direction in the case of creative film talent, music talent and auxiliary and professional service are all the Human Capital Outputs of institutions on the right. For instance, it is through the Work Place Skills Development Programmes or commissioning procedures that these skills are developed. Contrary to the rest of the economic sectors, the public education systems hardly develop these skills.
- The value chain unbundles production into three sub categories, Create, Publish and Package to emphasise the need to appropriate the Economic Value Added (EVA) to all the subcategories of production. The creative talent should be allocated its own economic values. Currently, this value is amortised into the publishing subcomponent.
- The model shows the important role to be played by Funding and Developmental Agencies in the area of Distribution. The only sizeable promotion support that exists is for export promotion provided by Trade Investment South Africa (TRISA), a subsidiary of the Department Trade and Industry (DTI). The NFVF is mandated in terms of Cultural Laws Amendment Act to provide this service, but it remains an unfunded mandate.
- The model shows that distribution does not only encompass logistics services and electronic exhibitions. Distribution also involves the dissemination of information and monitoring and evaluation about the performance of the products, the institutions and the sector as a whole. This constitutes an important part of the economics of the sector, but it is not funded.

1.2 Concurrent Competencies

The South African Electronic Content Industries falls in the realm of Government Action and Private Action. In terms of Government Action, Schedule 4 of the Constitution of South Africa specifies "Cultural Matters" and "Industrial Promotion" as functional areas of Concurrent National and Provincial Legislative Competence. Content development is a concurrent competency of the three spheres of government. At national level, film is a concurrent competency of the Departments of Communications, Arts and Culture, Trade and Industry, Cooperative Governance and Traditional Affairs as well as the inclusion of content industries in the Provincial Growth and Development Plans (PGDP) and Integrated Development Plans (IDP) of municipalities. In the provinces, several film commissions or offices have been established as an intervention to promote film and video. Other institutions with competencies in this sphere include the NFVF; Media Development and Diversity Agency (MDDA); National Electronic Media Institute of South Africa (NEMISA); the Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority (MAPPPSETA), and the Independent Communications Authority of South Africa (ICASA) the communications regulator who plays an important role in its granting of licences in terms of the Electronic Communication Act, especially Public Broadcast Services (PBS).⁵

⁵ "Public service broadcasting (PSB) has an important role to play in providing access to and participation in public life. Especially in developing countries, PSB can be instrumental in promoting access to education and culture, developing knowledge, and fostering interactions among citizens. For the majority of the world population, comprising inhabitants of huge rural areas and illiterate people, radio and television remain the most available and widespread ICTs, with radio in first place as the primary communication medium. SIMPLIFY THIS SENTENCE - UNESCO has been committed to supporting and promoting public broadcasting as well as preservation of its contents which serve the **interests of people as citizens rather than as consumers**, by reaching all populations and specific groups and thereby contributing to social inclusion and strengthening of civil society. UNESCO' strategy "seeks to enhance the role of public broadcasting as a unique service providing universal access to information and knowledge through quality and diverse content reflecting the needs, concerns and expectations of the various target audiences." —'Approved Programme and budget, 2004-2005', UNESCO. General Conference; 32nd session; 2003.

Diagram 4: Categories of Economic Outputs in the Political Economy



1.2.1 The Public Sector

Schedule 4 of the Constitution of South Africa specifies "Cultural Matters" and "Industrial Promotion" as functional areas of concurrent National and Provincial Legislative Competence. Content industries fall in these two categories. The DAC, DTI and the Department of Economic Development derive their competencies from Schedule 4 of the Constitution. The DOC derives its competency from Section 79 of the Constitution, ordinary bills affecting provinces. To address fragmentation that exists within the government institutional agencies, Intergovernmental mechanisms should be developed in terms of section 41 of the Constitution and Intergovernmental Relations Framework Act 13 of 2005. The NFVF has hosted an Intergovernmental Indaba to initiate the dialogue towards the development of mechanism under the provisions of this Act.

1.2.2 The Private Sector

The private sector agency is composed of the industry bodies, the enterprise organisations across the Major Divisions 6, 7, and 9 of the Standard Industrial Classification involved in the film and video, and individuals who constitute the human capital in the sector. The challenge is to conduct an audit to determine the number of these entities, their strategic groups and trends in South Africa.

Types of Goods

The structure and agency is mediated by goods to bring about sector transformation and Structurisation.

- **Collective or Public Goods:** These are in appropriable goods that compose externalities in the sector. Diverse cultures, which is the source of aesthetics, creativity and genres. These also include institutions, policies and regulations, incentives, grants and administrative procedures, locations, skill pools, and film and video products produced by the state and film and video products which no longer qualify for intellectual property laws protection.

- **Quasi-public goods:** These are goods produced by communities, industry bodies, national skill pools and social and physical infrastructure and facilities produced through Public, Private Partnerships (PPP) and developmental agencies.
- **Specific or Private Goods:** These goods can be appropriated and are protected under intellectual property laws, patents and copyrights.

1.2.3 Mixed Economy

The dotted diagonal line in the Diagram 4 which runs across the types of goods emphasises the notion of mixed economy in creative industries. The diagram also shows three types of goods that should be produced in sufficient amounts when devising Customised Sector Programmes.

Collective Goods: In this area, government should procure services and technologies from the private sector. It could also put in place Invitation to Apply (ITA) for the private sector to develop, run and hand back public facilities. The government has put in place bilateral and multilateral arrangements such as co-production treaties with other governments to promote international trade. Most pressing in this regard is the signing of treaties with the African Continent including the Southern African Development Community (SADC) and future negotiations with partners to reflect population and cultural flows across borders. The challenge of levelling the playing field by the provision of the collective goods raises the issue of establishing sources of funding for the sector other than the fiscus. The NFVF proposes the creation of ad valorem funds sourced from ticket and DVD sales.

Quasi Collective Goods: The government has put in place mechanisms and regulations for Public Private Partnerships. These mechanisms will go a long way to develop competencies along the SIC Value Chain, especially in the areas of Local Economic Development (LED) content hubs, distribution networks and exhibition facilities.

Specific or Private Goods: In South Africa, the intellectual property laws regime is far from being satisfactory. On one hand, the current commissioning procedures by broadcasters kill the asset value of productions, thus turning the artists and producers into mere production labourers instead of being capital owners.

On the other hand, piracy is a form of theft of intellectual or private goods that threatens the entire industry. The various agents of state should put a collaborative effort to correct anomalies in the area of content goods.

1.3 The Agency Role of the NFVF

The NFVF Act contains a number of provision that mandate the NFVF to act as an agent for change to achieve various objectives as stated in section 4 of the NFVF act. These can be summarised as follows:

- Section 4(2) (g) - the NFVF is to liaise with ICASA to encourage the use of local content programming on television
- Section 4(1) (g) - liaise with a member of the executive council of each province designated by the Premier of the Province, in order to promote the film and video industry more effectively throughout the Republic and to ensure co-ordination in the distribution of funds at national and provincial level.
- Section 4(1) (i) - nationally and internationally facilitate and promote liaison between individuals and institutions.
- Section 4(1)(k)- co- operate with any person, organisation or institution;
- Section 4(1) (l) – enter into agreements with any person, organisation or institution upon such conditions as may be agreed upon.

Diagram 5 illustrates the agency role of the NFVF as well the relationship with all stakeholders which are the state, private sector and civil society. The nature of this role also requires the NFVF to engage with its stakeholders differently as the needs of each stakeholder are not the same.

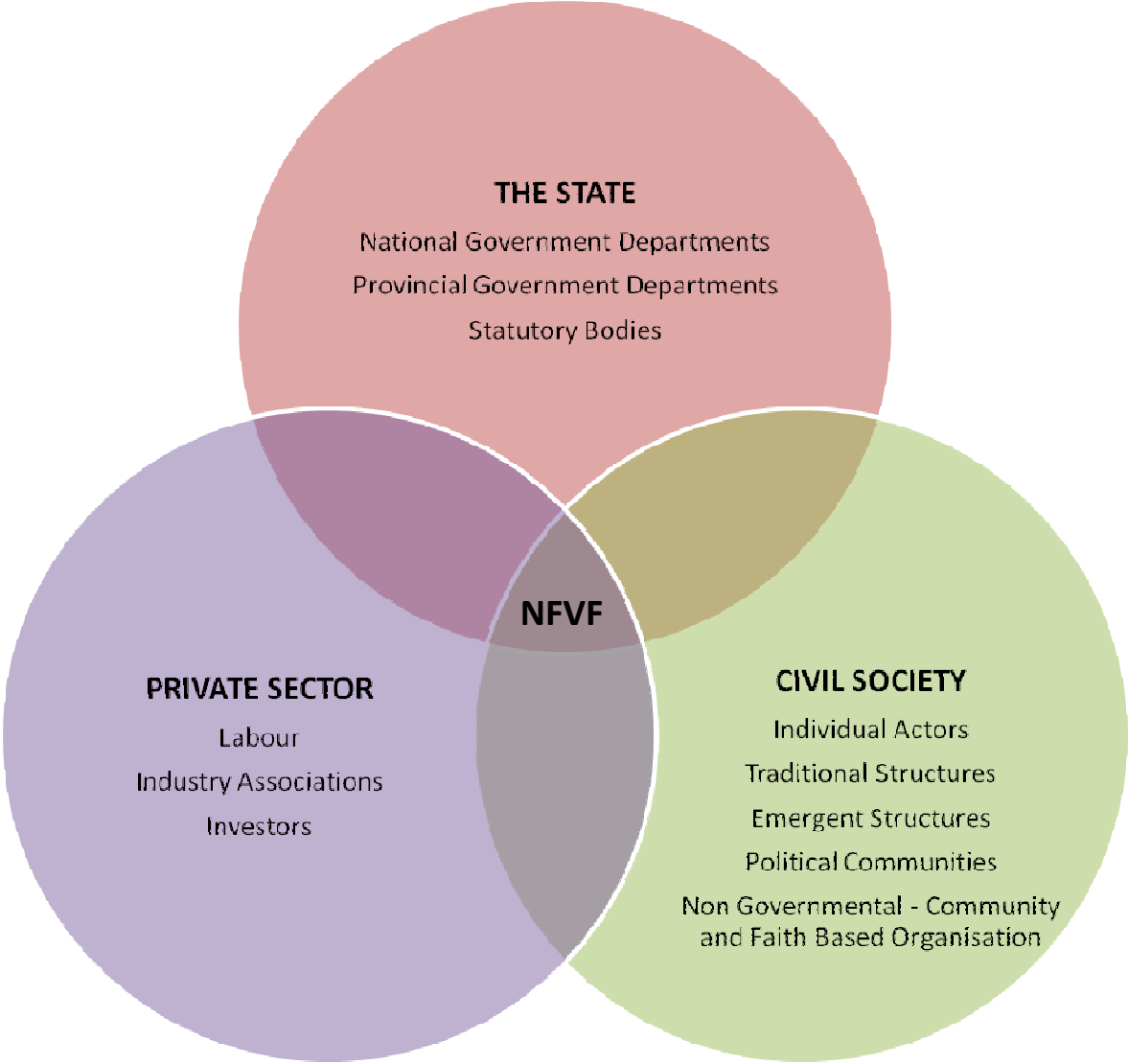
The relationship with the state is highly formalised and informed by a number of reporting frameworks and subject to legislation such as the Constitution, Public Finance Management Act, and the Intergovernmental Relations Act to mention a few.

The relationship with civil society is based on the NFVF moral imperative and provisions of the NFVF Act. Engagements with civil society take various forms and needs to be informed by government policies as well as the realities of society.

The relationship between the NFVF and the private sector is formal in nature. Such relationships require terms of engagement that include contractual agreements and service level agreements that occur throughout the value chain on projects of mutual interests, the procurement of services and so forth.

For the NFVF to succeed in this role, all stakeholders must support NFVF programmes and initiatives by participating in policy development processes. It is also important to create synergies through liaison, support, advice, coordination, monitoring and evaluation of the impact of government initiatives to achieve the desired societal impact.

DIAGRAM 5: NFVF'S POSITIONING STRATEGY



2. MISSION CRITICAL INITIATIVES AND PROGRAMMES

2.1 Policy Alignment and Intergovernmental and Stakeholder Relations

2.1.1 Alignment of the Sector with Technological and Regulatory Developments

In as much as the structure based on the Standard Industrial Classification as presented in the previous chapter is still relevant for analytical purposes, it is important to note that digital technologies have brought about revolutionary changes in the communications domain. Consequently separate platforms have converged to form a seamless industry structure. Broadband has made it possible to access moving images in a number of ways.

Technology has made regulatory and institutional convergence a necessity. The key concept today is that of *co regulation*, by all the institutions with mandates to develop and promote multimedia. It is for this reason that Section 1(4) (g) of the NFVF Act states that “The Foundation may liaise with the Independent Broadcasting Authority to encourage the use of local content programmes on television”. Some sections of the value chain of the content industries favour industry self regulation. This makes the notion of *co regulation* a reality.

It is no longer viable to define the role of an institution in technology specific terms, such as film and video. What matters in the new digital environment is service based agency. The emphasis on the agency role and the identity of the NFVF should be rooted in the concept of South African Electronic Content Industries. Therefore, the name change is one of the priorities. The diagram that follows presents a convergence model as a helpful tool for policy analysts and policy makers.⁶

⁶ Allocution concerns simultaneous distribution of information to an audience by a service provider typically as in broadcasting and narrowcasting.

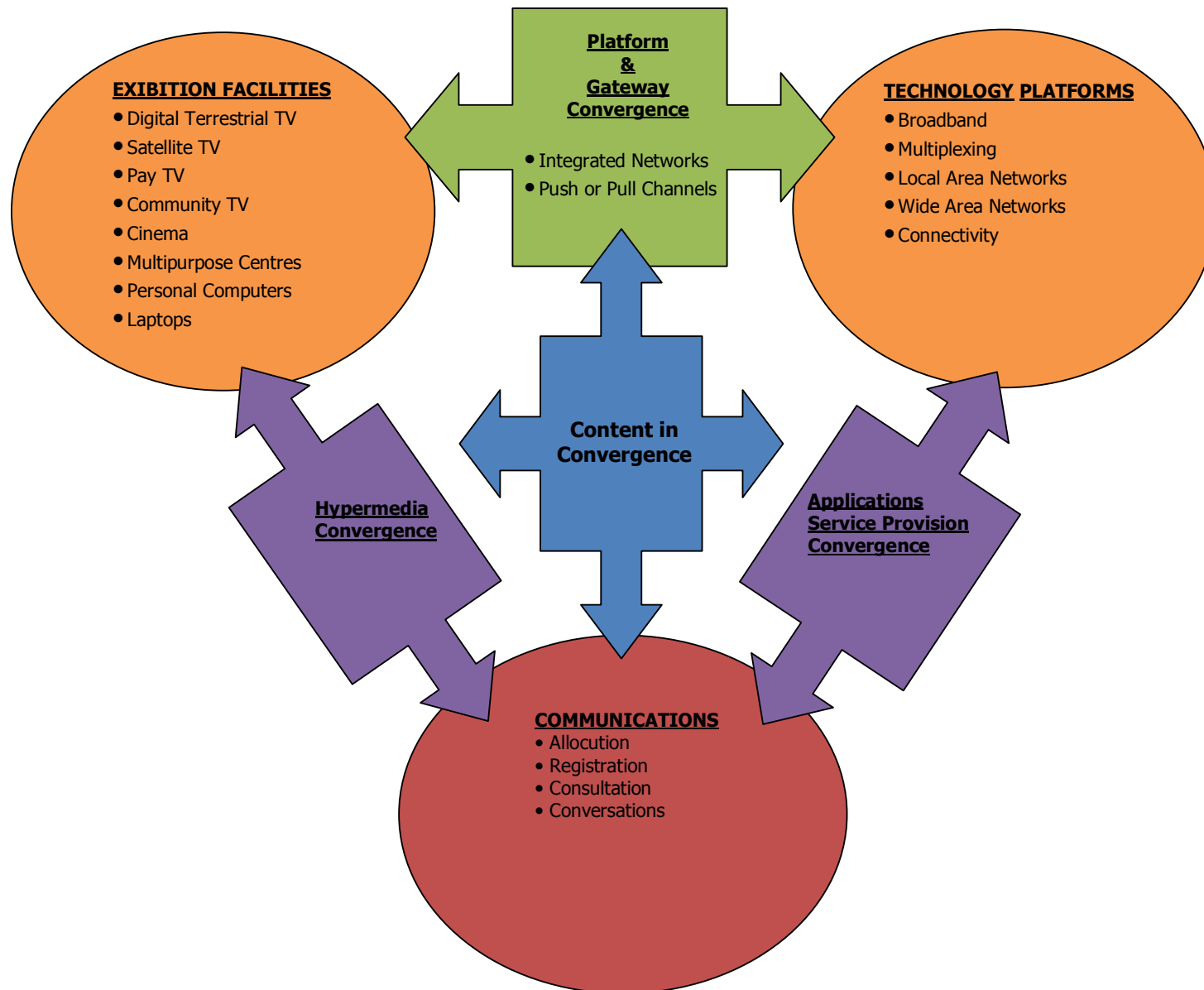
The model represents technology components and elements that should constitute interoperability. The *D-Book* is a regulatory device that will ensure interoperability of the components in the digital value chain and audience choice. While it is the DOC and ICASA that should take the lead in formulating the D-Book, the interest of the NFVF concern the opportunities or constraints for video distribution to the end users.

It is anticipated that convergence coupled with the migration of broadcasting systems to the digital environment will present opportunities for content producers. It is envisaged that more channels will escalate demand for local content especially for public broadcasting services. The monitoring of capacity development for the production of local content in the digital environment should be one of the key areas of state intervention if the floods of foreign content and therefore cultural hegemony on the new digital platforms are to be avoided. To this end the Presidential National Commission on Information Society and Development (PNC-ISAD) has already developed Content Indicators. What remains a challenge are the processes, mechanisms and systems to be used to make these indicators work. The solution to the challenge requires sector wide resolve. Therefore the NFVF as one of the state level role-players wishes to put this issue on a national agenda.⁷

Registration is the collection of information by a service provider, which could be used to determine the determination of the choice of subject matter by audiences in real or virtual time.

⁷ Consultation is the selection of information by the audiences from the service provider to decide on the subject matter, time and speed. Conversation is a typical telephonic service. New technologies have expanded the opportunities for the exchange of information by the audiences on a shared medium without necessarily going through the service provide. e.g. web 2.0 platform

Diagram 6: Convergence Model



2.1.2 Intergovernmental Relations

Section 41 of the Constitution of the Republic of South Africa, Act 36 of 1993 provides principles of cooperative government and international relations. According to section 41 (1) (e), all spheres of government and all organs of state within each sphere must exercise their powers and perform functions in a manner that does not encroach on the geographical, functional and institutional integrity of government in another sphere. In this context, the functional and institutional integrity is relevant.

Section 41(1) (h) provides for cooperation with one another based on mutual trust and good faith by:

- i. Fostering friendly relations;
- ii. Assisting and supporting one another;
- iii. Informing one another of, and consulting one another on, matters of common interest;
- iv. Coordination their action and legislation with one another;
- v. Adhering to agreed procedures; and
- vi. Avoiding legal proceedings against one another.

The Intergovernmental Relations Act, 2005 was enacted to give effect to section 41(2) (a) and (b) which provides for the establishment of an act of parliament to provide for structures and institutions to promote and facilitate intergovernmental relations. The Regulations issued in terms of the Intergovernmental Relation Act provide.

2.1.3 Stakeholder Relations

Other than interventions by state institutions and enterprises, civil society should be provided with platforms and facilities to participate in shaping their images and telling their stories.

The participation by civil society in shaping their destinies requires a paradigm shift, a move to film and cinema as popular culture away from the notions of high culture entertainment which is exclusively accessible to the elite. It is this notion that film and cinema is a high culture entertainment, which further entrenches the two mediums for the reproduction of societal class inequalities and the consequential marginalisation of local cultural interests.

Over the past ten years, the NFVF has played a vital role in mobilising industry bodies. As a way to the future it charted, it will be imperative to strengthen these bodies and to mobilise new ones to represent the voices and images of those parts of our society which are not yet included in the **Electronic Content Opportunity (ECO)**.

2.2 Development and Growth of Production Capacity

The following three Key Result Areas (KRAs) should receive attention:

- Production refers to genre development and the production of final goods.
- Capacity development refers to Human Capital Development (Social Infrastructure).
- The development of production infrastructure and facilities (Physical Infrastructure)

2.2.1 Production of Genre and Final Goods

In the area of the production of genre and specific goods, the administration of intellectual property and copyright laws, particularly their application to the commissioning of programmes by the broadcasters from the independent production sector constitutes an important aspect of the development and growth of production capacity.

According to the Copyright Act 98 of 1978, the following original works are eligible for copyright protections:

- Cinematographic films
- Sound recordings
- Broadcasts
- Programme-carrying signals.

The clarification of the different values created along the production process of these goods and attaching the appropriate intellectual property norms and standards is critical.

2.2.2 Human Capital Development

The Standard Industrial Classification 2451, 2455 and 3131 provide all the skills categories for the sector. A number of studies have been conducted to determine baselines and growth trends.

The development of social infrastructure also involves entrepreneurial development, particularly Small, Micro and Medium Enterprises (SMME's). Relevant legal codes such as the Cooperatives Act of 2005 and the Broad Based Black Economic Empowerment Act, 2003 should be explored to spread the **Electronic Content Opportunity (ECO)**.

The development of human capital is carried out in the South African education system through Basic education, Further Education and Training (FET) and the Higher Education Institutions. The NFVF derives its competency in this area in terms of Section 18(4) (b) of the NFVF Act, which states that "the purpose of the Film Development Fund is to provide funding for bursaries for study in film making".

The NFVF has conducted a feasibility study in conjunction with the Departments of Education and Trade and Industry, to investigate the viability of establishing a national film school.⁸ This is another area of concurrent competencies that requires collaboration between various departments and institutions.

2.3 Development of Physical Infrastructure and Facilities

The South African market is amassed with gaps, one of which is for an entity that invests in all aspects of the value chain. The amendment to the NFVF allows the NFVF Council to establish a separate legal entity for purposes of investing in film and video projects in accordance with the objects of the NFVF Act, subject to the approval of the Ministers of Arts and Culture and of Trade and Industry. The NFVF is in the process of making a case for the establishment of the South African Film Development Corporation to address market gaps throughout the value chain.

Physical infrastructure and facilities for film production and exhibition is highly skewed across the provinces, with the concentration of such infrastructure and facilities in the Gauteng, Western Cape and KwaZulu Natal provinces. As a result, content production and employment opportunities in the industry are concentrated in the main metropolitan centres of these provinces.

2.3.1 Development and Growth of Distribution Platforms and Exhibition Facilities

Distribution, Channel Development and Exhibition facilities constitute Major Divisions 7 and 9 in the SIC Value Chain. The scope in this area of the value chain covers:

- Broadcasters
- Exhibition
- DVD and Video Distribution

⁸ Section 4(2) (e) of the National Film and Video Foundation Act, 1997.

Except for the broadcasting systems, the distribution and exhibition spheres are the most unregulated component of the value chain. It is also the weakest link in the value chain, particularly in servicing previously disadvantaged areas. The weakness in this area contributes to the major fragmentation of the content industry and the economic divide along the dual economy of South Africa between the haves and the have nots.

This is an area where state intervention is necessary as the market has failed to provide adequate facilities and access to such facilities to historically disadvantaged communities and marginalised areas. Factors such as vertical integration and consolidation of companies, the under-servicing of the majority of the South African population and a limited number of distributors result in low competition for the duopoly in distribution and exhibition.

In terms of Section 3(c) of the NNFVF Act, one of the objectives of the NNFVF is to encourage the development and distribution of local film and video products. The major challenge remains the disjuncture between content development and distribution across various platforms. The government should provide economic incentives for the development of such facilities.

2.4 Development of Markets, Marketing and Promotion

Over the past ten years, a lot of experience has been gained from international and local markets and festivals. An evaluation of the value of these entities and events should be conducted so as to bring about their improvements.

The Integrated Marketing Campaign (IMC) by the organs of state that function in the South African Electronic Content Industries together with the private sector, remains one of the most potent initiatives aimed at positioning South Africa as a favoured content production partner and location partner of choice.

2.4.1 Demand Stimulation and Audience Development

One of the major challenges for the NFVF is to stimulate demand for local film products. A number of factors contribute to the status quo in the South African market, where the majority of local productions struggle to attract local audiences at the cinema. At a micro economic level, the need is to stimulate the culture of film appreciation and cinema going, which will ensure growth within the sector.

The NFVF`s Integrated Promotional and Development Campaign, aims to measure the direct impact of programmes on the industry`s revenue streams and its contribution to the tax base. This type of marketing orientation requires that production is guided by market intelligence which ascertains what the consumer wants, how much the consumer is willing to pay and how best to reach the consumer through persuasive communication and adequate distribution.

2.4.2 Ambassadorial Role of the Industry

Each individual film practitioner should be a beacon and a positive voice of the sector they represent. Industry professionals must volunteer themselves to become ambassadors of South African Film.

2.4.3 Global Positioning of the South African Film Industry

In the past decade, a positive trend of international focus towards South African film content and South Africa as a film making destination has emerged. This is evidenced by the numerous international awards and international films featuring our locations.

The demand for our skilled labour and professionals has also steadily increased over the years. The global positioning strategy going forward will still mirror the diplomatic enterprise approach of the past involving:

- Hosting of and participation in international film festivals
- Events and summits publicising international promotion of South African locations and facilities
- Creation of globally recognised celebrities
- Carving a unique South African niche in the global film industry

2.5 Development of Investment Measures and Diversification of Funding

Section 18 of the NFVF Act makes the following provisions with respect to the establishment and control of Funds:

- (1) There are hereby established two funds to be known as the Film and Video Initiative and the Film Development Fund, respectively.
- (2) The funds shall consist of –
 - (a) money appropriated by Parliament; and
 - (b) any other money accruing to the Fund from any other source.

The NFVF actively enters into co-financing arrangements for productions, partnerships as well as raising sponsorships to fund some of the programmes. The introduction of service fees for applications that are received by the NFVF to cover panellist fees is part of the proposal on regulations. All these measures seek to mitigate against the inadequate financial resources.

2.6 Sectoral Information System (SIS) and Knowledge Management

One of the mandates of the NFVF is to provide liaison, advice and coordination of the sector. Further, section 4 91)(e) of the NFVF Act states that the NFVF must establish, compile, and maintain databases including but not limited to databases of persons, organisation, institutions, equipment and facilities connected with the film and video industry. The Constitutions recognises the right to access to information which is regulated by the provisions of the Access to Information Act 2 of 2000. The nature of information requires that it be captured, validated and classified (confidential or public) for use. Therefore, the collaboration between research institutions, government and industry on these areas is critical.

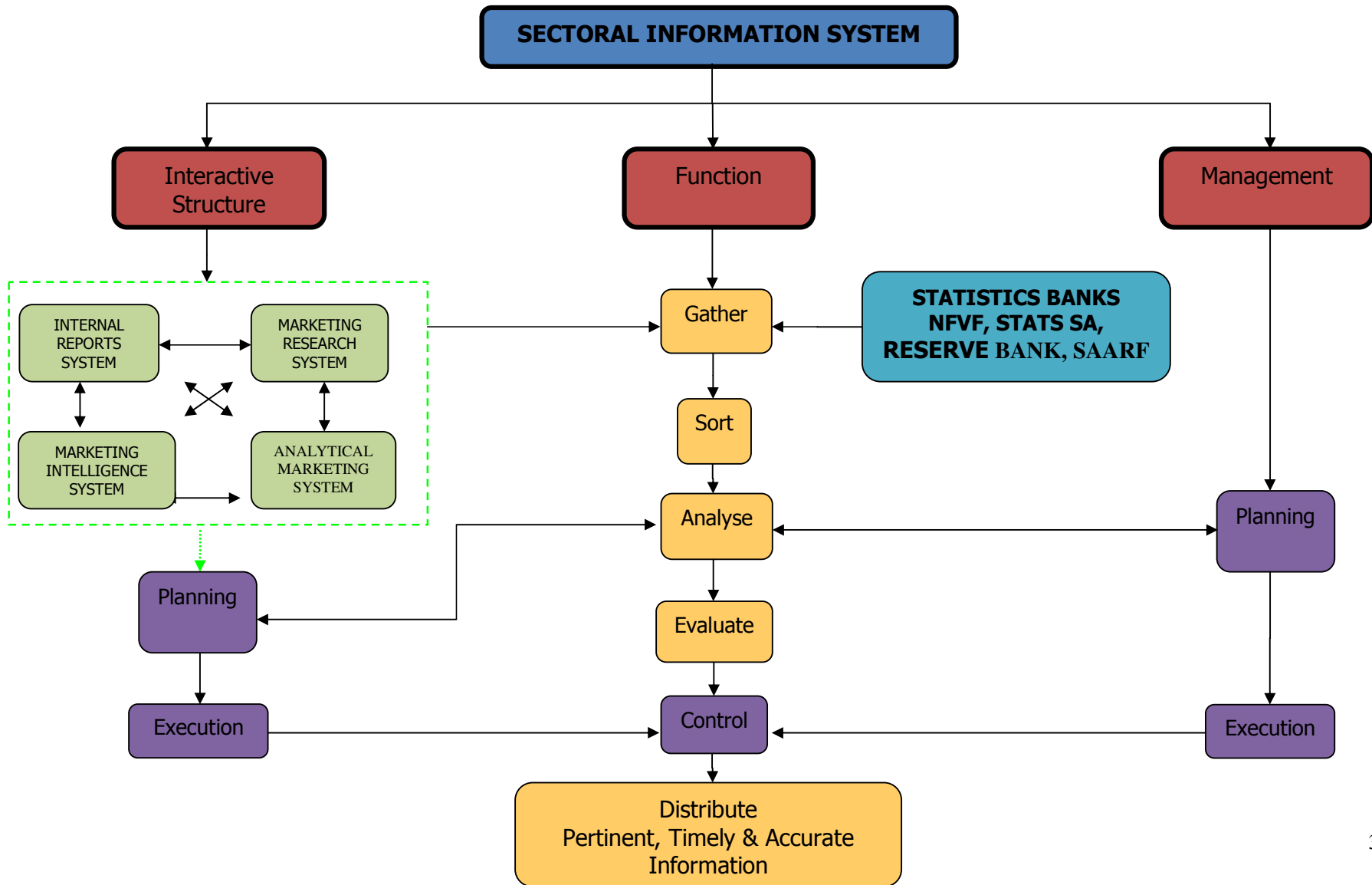
The need for Industry information is critical to measuring important economic indicators such as contribution to the economy, multiplier effects and employment created by film activity. Therefore, the industry must develop Sector Performance Indicators to serve this purpose. The establishment of a Research Forum to oversee this process consisting of stakeholders as referred to in the SIS diagram is overdue. Further mechanisms include the terms of reference that will demonstrate how information is sourced, stored, capture and classified.

Table 1: Balanced Score Card for the establishment of an information bank⁹

KM Process	KM System	KM Sub Process	KM Mechanism	ICTs
Knowledge discovery	KM discovery system	Creation of Knowledge base on the dynamics of the service needs and capacity to deliver the 2022 strategy	Meetings, telephone conversations, and documents, collaborative creation of documents document management system	Databases, Web-based access to data, data mining, repositories of information. Web portals, best practices and lessons learnt
		Socialisation	Education & Training, conferences, workshops	Explore the viability to set up Video-conferencing, group ware e-mail
Knowledge capture	Knowledge capture systems	Inbound and outbound Information flows	Models, prototypes, best practices, lessons learned	Document Management System (DMS)
		Internalization	Learning by doing, on-the-job training, learning by observation and face-to-face and virtual meetings	On-Line-Learning Systems to facilitate simulation
Knowledge sharing	Knowledge sharing systems	Socialization Exchange	Memos, manuals, letters, presentations	Team collaboration tools, Web-based access to data , databases, and repositories of information, best practices databases, lessons learnt systems, and expertise locator systems
Knowledge application	Knowledge application Systems	Help Desk services	Develop NFVF customised codes based on the 2022 strategy	Capture and transfer of experts knowledge, troubleshooting systems, and case-based reasoning systems; decision support systems
		Routines	Keep in the system organizational policies, work practices, and standards	Expert systems, enterprise resource planning systems, management information systems

⁹ Table adapted from Irma Becerra et, p 41

DIAGRAM 6 : SECTORAL INFORMATION SYSTEM



3. Process

The adoption of the revised Value Charter will be managed in terms of the following processes:

- NFVF Council approval
- Initial adoption by industry stakeholders at Indaba 2009.
- Approval of the Value Charter by the Ministers of Arts and Culture, Communications and Trade & Industry
- Presentation to the Presidency.
- Presentation to the National Parliament and the National Council of Provinces.
- Provincial Road Shows.
- Submission to Cabinet for adoption.