

NATIONAL FILM AND VIDEO
FOUNDATION ANNUAL REPORT 2013



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SOUTH AFRICA

an agency of the
Department of Arts and Culture
Laying the foundation for greatness



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NATIONAL FILM AND VIDEO FOUNDATION

ANNUAL REPORT

2012/2013



Ms Zama Mkosi
Chief Executive Officer: NFVF



Ms M Ramagoshi
Chairperson: NFVF

WE HEREBY HAVE THE HONOUR OF SUBMITTING THE ANNUAL REPORT OF THE NATIONAL FILM AND VIDEO FOUNDATION FOR
THE YEAR 01 APRIL 2012 TO 31 MARCH 2013.

CONTENTS

PART A: GENERAL INFORMATION.....	4
1. GENERAL INFORMATION.....	4
2. LIST OF ABBREVIATIONS/ACRONYMS	5
3. STRATEGIC OVERVIEW	6
3.1. Vision	6
3.2. Mission	6
3.3. Values	6
3.4. Strategic outcome orientated goals.....	6
4. LEGISLATIVE AND OTHER MANDATES	6
5. ORGANISATIONAL STRUCTURE	7
6. FOREWORD BY THE MINISTER.....	8
7. FOREWORD BY THE CHAIRPERSON.....	12
8. CHIEF EXECUTIVE OFFICER'S OVERVIEW.....	16
PART B: PERFORMANCE INFORMATION.....	22
1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION.....	22
2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES.....	23
3. OVERVIEW OF THE NFVF's PERFORMANCE	23
3.1. Service Delivery Environment.....	23
3.2. Organisational environment	24
3.3. Key policy developments and legislative changes.....	24
3.4. Strategic Outcome Oriented Goals.....	24
4. PERFORMANCE INFORMATION BY PROGRAMME	26
4.1. Programme 1: Training and skills development.....	26
4.2. Programme 2: Policy and Research	30
4.3. Programme 3: Production and Development of Content.....	40
4.4. Programme 4: Marketing and Distribution	46
4.5. Programme 5: Administration and Human Resources	54

CONTENTS

PART C: GOVERNANCE.....	56
1. INTRODUCTION	56
2. EXECUTIVE AUTHORITY	56
3. THE ACCOUNTING AUTHORITY	57
4. RISK MANAGEMENT	58
5. INTERNAL CONTROL	59
6. INTERNAL AUDIT AND AUDIT COMMITTEES	60
7. COMPLIANCE WITH LAWS AND REGULATIONS.....	61
8. FRAUD AND CORRUPTION	61
9. MINIMISING CONFLICT OF INTEREST.....	61
10. CODE OF CONDUCT	62
11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES.....	62
12. AUDIT COMMITTEE REPORT.....	62
PART D: HUMAN RESOURCE MANAGEMENT.....	64
1. INTRODUCTION	64
2. HUMAN RESOURCE OVERSIGHT STATISTICS	65
PART E: FINANCIAL INFORMATION.....	70
1. STATEMENT OF RESPONSIBILITY	70
4. ANNUAL FINANCIAL STATEMENTS	74

PART A: GENERAL INFORMATION

1. GENERAL INFORMATION

REGISTERED NAME:	National Film and Video Foundation
REGISTRATION NUMBER (if applicable):	Act 73 of 1997
PHYSICAL ADDRESS:	87 Central Street Houghton 2198
POSTAL ADDRESS:	Private Bag X04 Northlands 2116
TELEPHONE NUMBER/S:	027 11 483 0880
FAX NUMBER:	027 11 483 0881
EMAIL ADDRESS:	info@nfvf.co.za
WEBSITE ADDRESS:	www.nfvf.co.za
EXTERNAL AUDITORS:	Office of Auditor General
BANKERS:	First National Bank
COMPANY/ BOARD SECRETARY	N/A

PART A: GENERAL INFORMATION

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Department of Arts and Culture
DFO	Durban Film Office
DIFF	Durban International Film Festival
DTI	Department of Trade and Industry
FESPACO	Pan-African Film and Television Festival of Ouagadougou
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
MICT-SETA	Media, Information and Communication Technologies – Sector Education and Training Authority
MGE	Mzansi Golden Economy
MTEF	Medium Term Expenditure Framework
NACISA	National Cultural Industries Skills Academy of South Africa
NFS	National Film School
NFVF	National Film and Video Foundation
P&A	Print and Advertising
PD	Previously Disadvantaged
PDI	Previously Disadvantaged Individual
PFMA	Public Finance Management Act
SAFI	South African Film Industry
SAFTAS	South African Film and Television Awards
SCM	Supply Chain Management
SIFPP	Sediba International Financing Programme for Producers
SMME	Small Medium and Micro Enterprises
TR	Treasury Regulations
WGSA	Writers Guild of South Africa

PART A: GENERAL INFORMATION

3. STRATEGIC OVERVIEW

3.1. Vision

To strive for a quality South African Film and Video Industry that is representative of the nation, commercially viable and encourages development.

3.2. Mission

To create an environment that develops and promotes the South African Film and Video Industry domestically and internationally.

3.3. Values

- » Creativity
- » Freedom of expression
- » Entrepreneurship
- » Equitable redress

3.4. Strategic outcome orientated goals

1. Increase training and development opportunities
2. Develop appropriate policy interventions for the South African film industry
3. Increase volume of films produced and ensure equitable access to the film industry
4. Create awareness of film opportunities and access to film and video products among all South Africans
5. Fulfil statutory and governance obligations of the NFVF as set out in relevant legislation

4. LEGISLATIVE AND OTHER MANDATES

The National Film and Video Foundation (NFVF) is a Schedule 3A Public Entity in terms of the PFMA. The NFVF is governed by the National Film and Video Foundation Act 73 of 1997 as amended by the Cultural Laws Amendment Act 36 of 2001.

The mandate of the NFVF, as set out in Section 3 of the NFVF Act is:

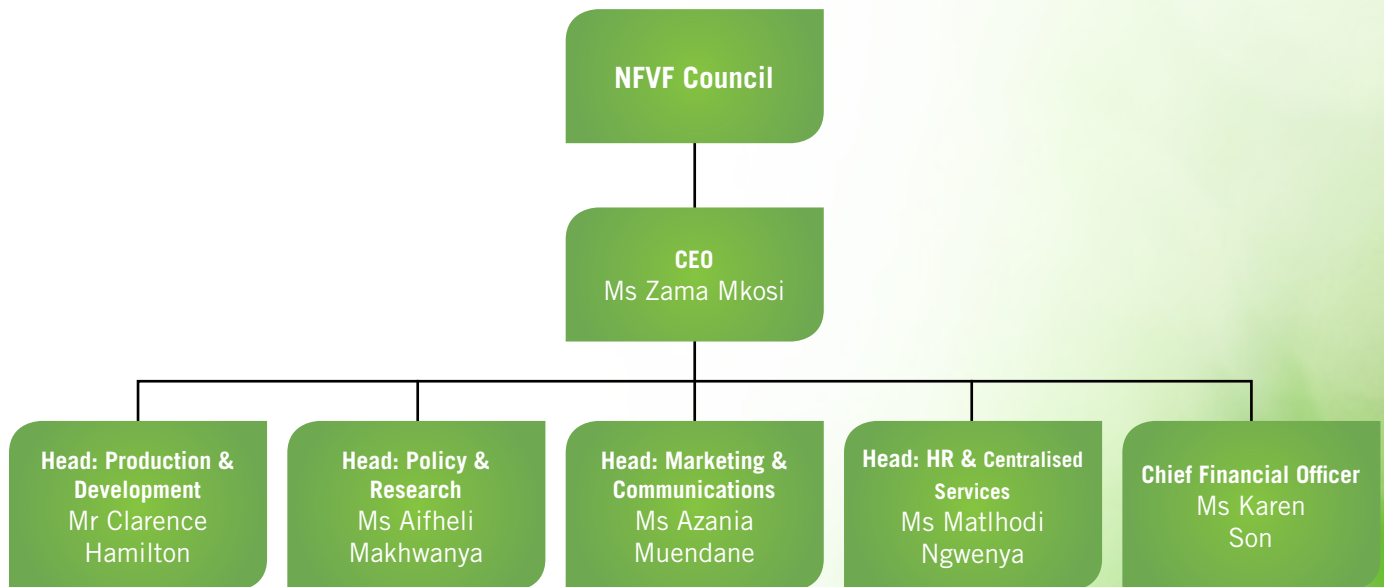
- » To promote and develop the film and video industry
- » To provide and encourage the provision of, opportunities for persons, especially from disadvantaged communities, to get involved in the film and video industry
- » To encourage the development and distribution of local film and video products
- » To support the nurturing and development of and access to the film and video industry
- » To address historical imbalances in the infrastructure and distribution of skills and resources in the film and video industry

PART A: GENERAL INFORMATION

In order to achieve these ideals, the NFVF has developed the Value Charter which is the strategic interpretation of the NFVF Act. The Value Charter outlines the following mission-critical strategic initiatives:

- » Development of a Sectoral Information System (SIS), measure of aggregation and Key Performance Indicators (KPI's) for the film sector
- » Demand stimulation and audience development
- » Production of local genre and content
- » Global positioning of the South African film industry
- » Capital formation, infrastructure and facilities development
- » Human capital development, education and training
- » Establishment of the trading entity in terms of paragraph 27 of the Cultural Laws Amendment Act 36 of 2001
- » The NFVF empowerment, talent incubation and funding initiative
- » Intergovernmental and stakeholder relations

5. ORGANISATIONAL STRUCTURE



6. FOREWORD BY THE MINISTER

Foreword by The Minister of Arts and Culture for the 2102/13 NFVF Annual Report

The year 2012 has been a busy year for the South African film industry both in terms of activity and growth. This was indicated by the recent comprehensive study on the economic impact of the South African film industry, released by the National Film and Video Foundation (NFVF).

The study indicates that the average annual growth of the industry was at 14%, that it has contributed R3.5 billion to South Africa's Gross Domestic Product and created more than 25 000 full time jobs.

Many South African films have won various awards world wide, while others have secured international distribution agreements. Equally new promising filmmakers are making major strides in the space.

The South African Film and Television Awards (the SAFTAS) are now entrenched in our country's entertainment calendar and have become a significant tool to acknowledge and encourage the good work done by film practitioners.

We continue to roll out our Mzansi Golden Economy Strategy; as a means to channel large scale public investment into the cultural and creative industries, including film, in order to enhance their contribution to social cohesion and nation building as well as to economic growth, job creation and the building of sustainable livelihoods.

To us the fact that the South African film industry currently ranks at number 50 out of 99 major industries is proof that film is an industry to be reckoned with. The industry has delivered a multiplier effect of 2.89 to the national economy.

It is against this background and in order to strengthen the support we are providing to the film sector that we have begun processes to transform the NFVF into a fully fledged National Film Commission. We will also be establishing a National Film Fund.

The Cultural Seasons that my department is implementing and planning to implement with countries such as France, the United Kingdom, Russia, Angola and Nigeria will take our cultural and creative products to the world.

Moving forward the Seasons will form part of the pillars and strategy to open new markets and stimulate demand for our cultural and creative products, including film. The Seasons will also form the cornerstone of our ongoing efforts to strengthen cultural diplomacy.

In the year under review, we signed a cooperation Treaty with Ireland as part of opening new markets for our cultural and creative products. More such Treaties will be signed in the coming years, including with countries within our continent.

The successful Congress of the Federation of Pan Africa Filmmakers (FEPACI) we hosted in May, pronounced on the need for African film makers to continue to strengthen relations and to explore markets and audiences amongst ourselves within the

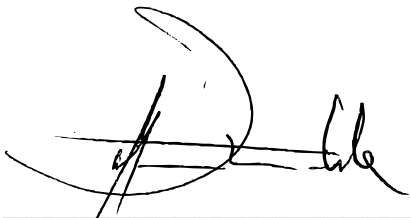
PART A: GENERAL INFORMATION

continent. As South Africa we have fully embraced this pronouncement and will be implementing it vigorously. In addition we will focus on strengthening relations with film makers within BRICS countries.

We are confident that with all the achievements, progress and the plans envisaged, we are set to take the South African film industry to heights never imagined.

The mandate of supporting economic development, promoting social cohesion and nation building remains the core of what should drive the objectives and the existence of the NFVF'.

I wish to extend my sincere gratitude for the commendable work done by the Council and the entire NFVF team.



Paul Mashatile
Minister of Arts and Culture

SAFTAS





7. FOREWORD BY THE CHAIRPERSON



Ms Mmabatho Ramagoshi

Introduction

I am pleased to present my third annual report as the chairperson of the National Film and Video Foundation (NFVF) council. I am appreciative of the confidence placed in me, entrusted as chair to work with the council, providing oversight and strategic direction to a dynamic organisation such as the NFVF.

High level overview of the NFVF's strategy and performance in the film sector

This annual report provides a broad overview to our stakeholders of what we do as the NFVF and how we have performed against our targets, key achievements, growth and sustainability of the film industry and detailed annual financial statements.

It is gratifying that the industry has posted an immense growth of 84% over the past six years. Strides have been made, as the recent research commissioned to Deloitte revealed, that in 2012 the South African Film Industry (SAFI) has contributed R3.5 billion to South Africa's Gross Domestic Product and created more than 25000 full time equivalent jobs; proof that investing in the film industry is an important factor for further growth and job creation.

With the increased allocations from the government, the NFVF has been able to accept a higher level of funding applications and to co-produce a greater number of films, creating more employment opportunities in the industry and significantly contributing to our overall objective of developing and promoting local films and building the film industry in an equitable manner.

The NFVF has continued to fulfil its primary mandate of being the custodian of the film industry, promoting social cohesion whilst contributing to the national developmental priorities as set out in the National Development Plan and the Mzansi Golden Economy strategy. These national priorities include skills development and enterprise development. The NFVF has actively participated in internships, training programmes and has provided 61 students with bursaries to study in any areas related to film production, which are important to human capital development.

Strategic Relationships

In order to widen the participation of South Africans in the film industry, particularly those in outlying provinces, the NFVF embarked on a Provincial Engagement Strategy (approved during 2012/2013) with a view for the provinces to align their provincial film strategies and interventions with that of the NFVF. This strategy, informed by the NFVF's mandate, seeks to identify how leadership, coordination and collaboration can best be achieved. One key route is the establishment of film commissions in the provinces which provides an opportunity for increasing the footprint for filming activities and possibilities for industry development and growth. Apart from the film commission model, other models will be explored to best suit individual provinces. Ultimately, the goal is for provinces to have a dedicated government body, regardless of its constitution, that drives a provincial mandate for film.

Joint productions between South Africa and other countries continue to be important vectors in boosting the status of South Africa as a filming destination and contributor in terms of production skills and facilities. Two new co-production treaties - with New Zealand and Ireland - came into effect during 2012. Furthermore, a solidified Co-Production Strategy was approved during 2012/2013 with the objective of informing the NFVF on ways in which it can stimulate the various treaties signed. The formalised strategy led to visits to all countries with which South Africa has treaties with the intention of consolidating or progressing on some of treaties and reactivating those that have been dormant.

In intensifying our efforts to develop the industry, the NFVF continues to establish and maintain relationships with other organisations with an interest in the film industry. During the year under review, through the Media, Information and Communication Technologies Sector Education and Training Authority (MICT-SETA), we have secured a further R7 million investment to benefit students pursuing film and television related studies with the funding rolling out in the 2013 academic year.

The year ahead

To take cognisance of the critical need for transformation within the industry and to align better to its mandate, the NFVF will enter the new financial year with a revised mission and vision. Our vision going forward is: *A viable film industry that represents the nation's aspirations and celebrates our diversity.* Our mission is to: *Collaborate with all stakeholders in supporting the development and promotion of a thriving South African film industry.*

In light of the revised mission and vision, the NFVF has also adapted its core objectives to the following: Increase the number of South African films and previously disadvantaged individuals producing them; increase audience access to South African films; increase the number of people trained in the industry, particularly in areas where there is a shortage of skills; promote the South African Film Industry locally and internationally; and promote social cohesion and the expression of the nation's stories through film.

We will continue to entrench operational excellence in the execution of key programmes which is critical in ensuring improved performance in addition to investing in new infrastructure, essential for driving new growth areas, particularly in post-production,

7. FOREWORD BY THE CHAIRPERSON CONT.

animation and new media. The NFVF will maintain its commitment to female and youth filmmakers. The South African Film and Television awards will continue to be the flagship programme of our industry and we will carry on with our strategic objective of empowering entrepreneurs from previously disadvantaged communities. While the Co-Production Strategy is already operational, greater emphasis will be placed on ensuring that more productions result from the treaties. Maintenance of efficient and effective systems of financial, legislative and administrative controls also remains a priority area.

In 2014, South Africa will celebrate 20 years of democracy, a milestone that the NFVF intends to mark in partnership with the film industry and in tandem with the Department of Arts and Culture.

Challenges faced

The South African Film Industry continues to face numerous challenges that require specific attention including employment equity, skills development, accelerating transformation and convincing the private sector to invest in the film industry. The NFVF council has committed itself to ensuring that these issues are addressed from the highest level through NFVF programmes in order to ensure that progress is achieved.

Acknowledgements /Appreciation

I wish to acknowledge the support we received from the Department of Arts and Culture, Minister Paul Mashatile, Director-General Sibusiso Xaba and officials in the department for their leadership and commitment to the film industry, which is evidenced by the consistent support given to NFVF programmes. I would also like to commend the CEO, Ms Zama Mkosi and the entire NFVF team, who are tasked with turning objectives into tangible results.

I acknowledge that there are challenges we need to collectively resolve and I am confident that with the measures being implemented, and a clear strategic vision underpinned by sound leadership; we will propel the film industry to greater heights.



Ms Mmabatho Ramagoshi
National Film and Video Foundation
31 July 2013



DURBAN ROADSHOW, DIFF AND INTERNS LAUNCH

8. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Ms Zama Mkosi
Chief Executive Officer

Overview

I have to admit, in my second year as the Chief Executive Officer (CEO) of the National Film and Video Foundation (NFVF), the institution has had a considerable workload and encountered a number of challenges during the past year yet it has emerged with greater clarity and heightened sense of purpose. The NFVF has also demonstrated institutional integrity by its independence, transparency and objective decision making.

A closer look at the South African Film Industry and the organisation reveals commendable improvement. Despite the limited private investment and the numerous constraints that continue to plague the industry, we still managed to post a few achievements that deserve to be celebrated. During the year under review, the NFVF conducted an economic baseline study to measure: the size of the industry, its contribution to the Gross Domestic Product (GDP), employment figures and the multiplier effect. A similar study of this magnitude was last done in the year 2000.

The study which was commissioned to Deloitte revealed the following:

- » Over the last six years the SA film industry posted an exponential growth of 84%
- » During the year under review the industry contributed R3.5 billion to the country's GDP
- » The industry more than pays for itself with a delivery back to the South African Revenue Service with more than R670 million, with about R420 million above what the Department of Trade and Industry pays in the form of film incentives
- » The industry created more than 25 000 full time equivalent jobs
- » The industry has an economic multiplier effect of 2.89

Following various studies conducted through our internal research department, we determined the need for heightened intervention concerning the distribution and exhibition of local films. In anticipation of government and private sector support, we will begin to implement the following recommendations:

- » Contributing to the development of City Film Centres as exhibition

platforms but also provide discounted or subsidised production and post-production facilities, as well as spaces for training and reaching a broader community.

- » Lobbying for the introduction of incentives for commercial distribution networks and possible levies in order to fund local film distribution and exhibition.
- » Initiating and supporting alternative distribution models

Through our Department of Arts and Culture we continue to sign bilateral treaties with countries that share similar objectives to us with the aim of ensuring maximum production levels locally and ensuring that these productions are then accessible to the local market and further to international markets. The benefits of these bilateral treaties include: knowledge sharing, distribution and exhibition of films from both countries, expertise and skills development exchange programmes, showcasing films in festivals held in the other party's country, facilitation of networking platforms for film professionals and facilitation of collaboration between producers and film practitioners. From these bilateral treaties South African producers can enter into production agreements with their counterparts from other countries which help us bring in much needed foreign direct investment into our local film industry.

For the year under review the following can be deduced:

- » South Africa has a total of eight co-production treaties in existence and one new treaty with Ireland came into effect in 2012. The Germany/SA co-production treaty continued as the most active of them all, with a total of 8 projects approved in the year under review. A total of 10 feature films were submitted against two television series. With respect to genres, seven of the 12 productions were of the drama genre, two family genre, two thrillers and one Sci-fi.
- » The 12 projects submitted for approval reached a total budget of R 791 279 837 and South Africa contributed R 373 022 355; the remainder of the budget came from foreign partners. The major sources of funding from South Africa were the Department of Trade and Industry (DTI) through the film and television production incentive, the Industrial Development Corporation (IDC) and private funding from producers.
- » The majority of the projects were shot wholly in South Africa - only two were shot between South Africa and other locations. The films were shot over a total of 476 days and 433 of those days were spent filming in South Africa.

While South Africa continues to grow as a co-producing partner of choice, the NFVF has recognised the need for a common understanding of the definition of a South African film. While an explicit definition has not been formulated, the SA Film Criteria, an assessment tool, has been formulated to ensure that productions can be measured against a set of indicators that determine whether a film qualifies as a South African film. These criteria include the participation of technical and creative expertise in the making of the film in addition to financial contribution, ensuring that transformation and broad participation of members of the local film industry is prioritised.

As part of our strategy to ensure that more films are produced by PDI's, we have introduced the annual Youth and Female filmmaker projects where beneficiaries will produce a total of 10 films. The youth project is aimed at giving film graduates an opportunity to make their first short film thereby broadening and diversifying the participation of individuals within the film industry. The female filmmaker project targets female filmmakers who have been in the industry for a minimum of two years and are looking to make the transition from their current roles into the more creative space of writing and directing. All these

7. CHIEF EXECUTIVE OFFICER'S OVERVIEW CONT.

film projects will be completed in 2014. The stimulation of demand for South African products and growth markets as an imperative in the development of South African audiences is enshrined in the NFVF Value Charter. As more local productions are made and seen, the commercial value of South African film grows which leads to an increase in revenue for filmmakers and further growth within the industry. South Africa is also a leading destination for foreign companies to shoot their movies in and it is also imperative to continue to showcase the country as an attractive and commercially viable destination.

Highlights and achievements

I am proud of a number of achievements made to date on a number of projects. Whilst this has been detailed in the programme reports outlined below, I would like to highlight a few of these:

- » The NFVF ran a series of roadshows around the country, expanding our national footprint: in Rustenburg through the Bojanala Film Week, Eastern Cape through Grahamstown Arts festival, Bloemfontein, through the Macufe Arts festival and Kwa-Zulu Natal, with the Durban Film Office.
- » The NFVF accepted custodianship of the South African Film & Television Awards (SAFTAS) in 2005 with the mandate to host the awards until such time as the South African Film & Television Academy is established. Held annually and now in its seventh year, the SAFTAS 2013 edition had the highest number of entries to date (almost double from the previous year). For the first time, the event was broadcast live on SABC3 and later screened on Mzansi Magic (M-Net) and Top One (Top TV). In line with government's theme for the year, the SAFTAS recognised the heritage of our people and of the industry.
- » The Cannes International Film Festival is the premiere Film Festival and market place for film globally, held annually in the city of Cannes, France. The festival offers the local film industry access to meet potential buyers, film financiers, distributors, co-producing partners and allows the NFVF to position the country as a competitive filming destination with competitive incentives for foreign filmmakers. In 2012, South Africa through the NFVF recognised its 13th year of official participation. The NFVF led the South African delegation to the festival, which included 120 filmmakers. Critically, during the festival South Africa signed a Co-production Treaty with Ireland that will pave the way for collaboration between the film industries of the two countries.
- » We participated in one of the oldest film festivals on the African continent, Fespaco – Ouagadougou, FESPACO offers South African filmmakers prime opportunities to interact with filmmakers from around Africa. Held Bi-annually, the festival is aimed at bridging the divide for Francophone and Anglophone speaking countries through film. Strengthening political and cultural ties with the region, the NFVF led a delegation of South Africans filmmakers and government officials to participate in the forums being held during the festival.
- » The organisational structure was reviewed in 2012/2013 and included a benchmark study of both national and international companies in the film industry. Following the review, several modifications were made to the structure which will allow the CEO to have direct line of sight to all core functions of the NFVF value chain, ensuring that the organisation delivers on its mandate. Furthermore, the organisation introduced a new performance and accountability culture through a new Performance Management System and other reporting systems which will ensure high levels of service delivery. A monitoring and evaluation role was also introduced to ensure good governance and compliance.

Future plans and actions

The NFVF is committed to the growth and sustainability of the local film industry. We recognise that there is always room for improvement and we are steadily integrating our goals to our strategic thrust and practices. Going forward, we intend to increase the number of projects we support in development to allow a better ratio between development and production, which remains too low. We will continue to vigorously implement our 3-tier funding programme which is aligned to government's priorities of job creation, youth development and skills development and ensures that all levels of filmmakers benefit equitably from NFVF funding and programmes. Tier 1 targets experienced filmmakers; Tier 2 targets filmmakers with limited experience; Tier 3 targets new entrants, particularly graduates from previously disadvantaged backgrounds.

The NFVF will embark on an Information and Technology (IT) overhaul based on an integrated IT Strategy which will encompass the automation of the funding application procedure (necessitating a revised website), the ability to collect and collate industry information (the Sectoral Information System) and the automation of internal management tools such as performance assessments.

Our organisational strategy is premised on demand stimulation and audience development, and it is under this premise that we will continue to provide networking platforms for South African film practitioners, growing South African products in cinema, increasing revenue streams coming into the industry and reverse the decline in cinema attendance. It is our shared vision to dispel the myth that local stories have low commercial value and appeal for local audiences.

Acknowledgements /Appreciation

I would like to extend my appreciation to the executive management and all NFVF employees for their contribution towards the successful year at the organisation. I wish to express my sincere gratitude for the support I received from the executives in the Department of Arts and Culture, Minister Paul Mashatile and Director-General Sibusiso Xaba, whose commitment is an extension of government support to the industry. Sincere thanks to the members of the NFVF council for their strategic guidance.

The real value of the company is to be found in its human capital, I would therefore like to call on NFVF employees to continue living the values of integrity, passion and dedication. Lets make 2013/14 the year in which the institution enhances its focus on operational excellence.



Ms Zama Mkosi
Chief Executive Officer, National Film and Video Foundation
Date: 31 July 2013

BACKSTAGE





PART B: PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2013

As the Chief Executive Officer of the National Film and Video Foundation, I am responsible for the preparation of the public entity's performance information and for the judgements made in this information.

As Chief Executive Officer I am responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2013.

The National Film and Video Foundation performance information for the year ended 31 March 2013 has been examined by the external auditors and their report is presented on page 75 to page 76.

The performance information of the entity set out on page 26 to page 55 was approved by the Council.



Ms Zama Mkosi
Chief Executive Officer
National Film and Video Foundation
Date: 31 July 2013

PART B: PERFORMANCE INFORMATION

2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 75 of the Report of the Auditors Report, published as Part E: Financial Information.

3. OVERVIEW OF THE NFVF's PERFORMANCE

3.1. Service Delivery Environment

The NFVF continued to operate within the constraints of a film industry still plagued by a lack of funding for filmmakers and limited investment into much needed infrastructure which undermines the industry's sustainability and growth. Yet there are strides being made for investors to see the economic value of the film industry in South Africa. Research commissioned by the NFVF in 2012 revealed that the South African film industry contributed R3.5billion to the country's GDP in 2012, and contributed 25000 full time jobs; further proof that investing in the film industry is an important factor for economic growth and job creation. Increased allocations from Government have enabled the NFVF to accept a higher level of funding applications and to co-produce a greater number of films and create more employment opportunities in the industry, significantly contributing to the Foundation's overall objective of developing and promoting local content and building the film industry in an equitable manner. Young people in particular are severely affected by high unemployment rates and a special focus has been placed on improving their employability through learnerships, internships and the Youth Filmmaker Project.

Another major challenge is the dual constraint of a lack of adequate skills and an inequitable industry. On the positive side, the gradual acceptance of the film industry as part of the knowledge economy (and not only a section of the entertainment industry) means that skills developed within the film industry can catapult people into alternative sectors such as education, communications, health, development and other service industries. Increased funding to the NFVF was used to boost skills development in the form of training opportunities and bursaries. In addressing inequities, the NFVF used the past year to focus on the development of women within the industry. Despite increased opportunities for women to be involved in filmmaking, very few are at the helm of producing and directing. Transformative initiatives like the Female Filmmaker Project, which provide women filmmakers the opportunity to produce their own films are also helping to overcome these barriers.

In delivering its services, the NFVF has had to form partnerships within the private and public sector. Some of these relationships have proved challenging and in some instances resulted in delayed implementation; yet these joint ventures remain crucial and need to be nurtured in order to develop sustainable funding models within the industry.

PART B: PERFORMANCE INFORMATION

3.2. Organisational environment

In order to align the human resources of the NFVF to its reworked Strategic Plan, the organisational structure was reviewed in 2012/2013. The review included a benchmark study of both national and international companies in the film industry. Following the review, several modifications were made to the structure which will allow the CEO to have direct line of sight to all core functions of the NFVF value chain, ensuring that the organisation delivers on its mandate. Furthermore, the organisation introduced a new performance and accountability culture through a new Performance Management System and other reporting systems which will ensure high levels of service delivery.

3.3. Key policy developments and legislative changes

SA Film Policy

The NFVF and DAC have made progress in the development of a Macro SA Film Policy. Stakeholder engagement is still crucial and final policy adoption is expected later in 2013.

NFVF Funding Criteria 2012

The Funding Criteria was updated to include a new evaluation system which introduces panel evaluations for funding applications. Terms of reference for the funding panels and a Conflict of Interest policy were also drawn up.

Appeals Procedure

Inaugural appeals process where applicants can appeal NFVF Council decisions regarding their funding applications and approach the Minister as a last resort.

Provincial Film Commissions Strategy

Engagement between the NFVF and existing provincial commissions will be guided by the Provincial Film Commissions Strategy to ensure increased filming activity and coordination.

NFVF Act Amendment

Proposed amendments to the NFVF Act to reflect a name change of the organisation were approved by the NFVF Council and DAC. While DAC has not included the amendments in its legislative programme for 2013, consideration for the next legislative programme would be favourable in order to advance the name change process.

3.4. Strategic Outcome Oriented Goals

Increase training and skills development opportunities

The NFVF addresses the skills gap in the film industry by encouraging formal training within the sector through bursary funding for different levels of training, developing further education and training programmes and launching the careers of new entrants into the market. Sustainable black businesses are also supported through incubation programmes and skills transfer is encouraged through mentorships and internships. In 2012/2013, the NFVF

PART B: PERFORMANCE INFORMATION

exceeded its targets for bursaries, trainees in specialist programmes, short films developed and intern placements. A partnership with the Durban Film Office to set up an incubation programme is still in progress.

Develop appropriate policy interventions for the industry

Policy recommendations based on research studies are used to inform appropriate interventions. In 2012/2013, policies were reviewed and developed beyond the approved plan. Standard annual activity reports were developed while two new research reports were commissioned. A third unanticipated report dealing with distribution and exhibition was also produced.

Increase volume of films produced locally and ensure equitable access to the film industry

Entrepreneurs from previously disadvantaged communities are able to access the film industry through NFVF funding. The number of applications for funding increased during 2012/2013 as did approvals for indigenous language films.

Create awareness of film opportunities and access to local film and video products among all South Africans

Promoting South African films and the South African film industry locally and globally is critical to the NFVF mandate. The NFVF was promoted locally through film festivals, youth empowerment roadshows, public screenings of local films, media activations and globally through visits to various countries and international film festivals and forums. A marketing strategy was also developed.

Fulfil statutory and governance obligations of the NFVF as set out in relevant legislation

Supply Chain processes were implemented in compliance with relevant legislation. All outcomes of the 2011/2012 audit were addressed and action was taken to reduce accrual figures.

PART B: PERFORMANCE INFORMATION

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. Programme 1: Training and skills development

Programme description

Purpose of programme

The film industry is one of the key sectors that can provide job creation and economic growth, given the labour-intensive nature of film production. However, to ensure a sustainable industry that contributes to the national economy, an increase in skills development is a key area for growth and development as it directly impacts on the number of local film productions. The major skills gaps as identified by the NFVF continue to hinder the industry from sourcing adequate and alternative financing resources and or models to produce films that could perform locally and internationally while providing audiences with engaging yet entertaining content. These gaps are dominant in screenwriting, directing and executive producing. The NFVF continues to commit itself to comply with the national policy of skills development and ensure that the industry benefits from resources available to up-skill itself and build sustainable production companies that can contribute to the eradication of unemployment in the sector. The NFVF is also committed to forming partnerships with a variety of organisations to ensure that industry development is achieved. Particular emphasis is placed on grooming young people to enter into the industry and for those who are already forming a career in film, to secure their longevity in the industry by gaining crucial experience.

Strategic objectives related to training and skills development:

- » Growth in number of trained professionals
- » Increased number of skills training programme areas supported
- » Launch careers of new entrants in the sector
- » Encourage sustainable black businesses
- » Encourage skills transfer to PDIs

PART B: PERFORMANCE INFORMATION

Programme Performance Report

Training and Development						
Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Growth in number of trained professional	Number of bursaries awarded for various elements of film and video studies	59 bursaries awarded	60 bursaries awarded	61 bursaries awarded	1 additional bursary	Bursary amounts at some institutions are less than budget, hence a greater number could be funded
Increased number of programmes supported	Number of specialists upskilled through the support of programmes	Support trainees in Scriptwriting Producing Directing Wildlife Animation	Support trainees in Scriptwriting Producing Direction	40 writers 13 trainee scriptwriters 18 writers and trainee script editors (Masters Scriptwriting programme) 21 producers	No trainees currently for Direction	Director Programme curriculum still to be drafted
Launch careers of new entrants in the sector	Number of short films developed	12 short films developed	3 short films produced	8 short films developed & 4 will be produced	1 additional short film	The budget set aside allowed for the production of 4 short films
Encourage sustainable black businesses	Number of incubator programmes supported	n/a	1 incubation programme supported	Target partially achieved – discussions have been held with Durban Film Office (DFO) and MoU is in progress	In progress	MoU with DFO still to be signed
Encourage skills transfer to PDI's	Number of intern placements at production companies	0	3 interns placed	20 interns placed: 4 at Quizzical Pictures, 10 at SABC and 6 at NFVF	17 additional interns placed	The NFVF has developed a partnership with the MICT-Seta that enabled the placement of additional interns

PART B: PERFORMANCE INFORMATION

Significant achievements

The training and skills development programme, performed well overall, even exceeding the planned number of bursaries awarded to tertiary institutions. The high achievement of the programme translates into more young people being able to obtain the fundamental skills to prepare them for a career in filmmaking. Furthermore, creating a relationship with the MICT-SETA to secure additional funding for bursaries has further expanded the possibility of growth in the number of trained professionals. Added support to the training programmes of a variety of institutions means the talent pool for the film industry is growing and the NFVF is fulfilling its objective of increasing these training opportunities. The development of short films for new entrants into the film industry provides first-time filmmakers much sought after experience and also ensures that the levels of local content are increasing as per the NFVF's mandate.

Key Programme Outputs

Student Bursaries

National bursaries and international scholarships remain one of the key interventions in supporting emerging talent within the industry. During the year under review, the NFVF granted 61 bursaries to students studying film or television courses. These students were from a variety of tertiary institutions both in South Africa and abroad. There was a diverse range of disciplines that the beneficiaries were pursuing including: Producing, Directing, Script Writing, Cinematography, Animation, Visual Effects, and Sound Design. The students funded were also at different levels of study - first year through to Masters Level.

The demographics of the bursary recipients were as follows:

Black Males – 53%
Black Females – 33%
White Males – 9%
White Females – 5%

Training initiatives

The NFVF provided financial assistance to three organisations:

The Academy of Sound Engineering

The Academy provides filmmaking training opportunities to previously disadvantaged youth who stem from either rural areas or who those live on the peripheries of major cities. This is a year-long course and involves a holistic blend of technical and business skills which will attract young aspiring filmmakers into the industry. It is imperative that every effort is made to inspire, train and equip young African filmmakers into the mainstream of filmmaking as it provides another dimension in the way South African stories are narrated.

Writers Guild of South Africa

The Writers' Guild of South Africa (WGSA) is the only association in South Africa with the sole purpose of assisting, protecting and promoting scriptwriting in local film, television and new media. The NFVF acknowledges the

PART B: PERFORMANCE INFORMATION

importance of strengthening this organisation to ensure that writers' rights are protected within an often unstable working environment. To date, the Foundation has provided support for the Guild to:

- » Subsidise the attendance of 10 writers to the David Freeman Seminar.
- » Attend the International Screenwriter's Conference hosted in Spain
- » Attend the Annual General Meeting of the International Association of Writers' Guilds hosted in Spain.
- » Host a strategy workshop to develop a new and comprehensive Business Implementation Plan aligned with industry developments and needs.

Two Spinning Wheels

This initiative aims to conduct intensive research in the industry to enable the development of a Film Unit within the University of the Western Cape. The University currently does not offer film and television related studies and the programme being developed by the company, Two Spinning Wheels, will endeavour to make the film department more responsive to addressing industry demands in terms of skills base and content.

Sediba Skills Development Programme

The Sediba Skills Development Programme consists of the Sediba Spark Narrative Programme which provides the foundational tools to screenwriting for emerging screenwriters;

The Sediba Spark Documentary Programme, aimed at providing the tools for researching, writing, pitching and packaging a documentary project to potential broadcasters or financiers;

The Sediba Masters Screenwriting Programme, aimed at experienced screenwriters, enabling them to develop feature film projects from concept to polished script; and the Sediba International Financing Programme for Producers (SIFPP) which exposes producers to the process of structuring deals with international distributors, sales agents and potential equity partners.

The successes of the Sediba Programme have been evident this year: 40 writers and 13 trainee script editors were trained through the Spark Scriptwriting Programme while 18 writers and script editors were trained through the Masters Scriptwriting Programme and 21 producers went through the Producers Programme. Loyiso Maqoma, who is one of the Sediba Spark mentors is currently Head Writer on the TV soap, *Scandal*. His writing team won in the category of the Best Writing Team of a Television Soap at the South African Film & Television Awards (SAFTAS). Mark Middlewick and Batana Vundla, who developed their writing talent through The Sediba Masters Programme and Sediba Spark Programme respectively, received feature film development funding from the NFVF. Cindy Gabriel and Maynard Kraak who both completed SIFPP secured production funding for their feature film projects. Rosie Motene and Bronwyn Berry, both having completed SIFPP, received funding to further develop their television Concepts. Teboho Pietersen and Mokopi Mothoagae, both Script Editors who successfully completed the Sediba Masters Programme secured documentary production funding and slate funding respectively.

Over the past financial year, Sediba has continued its excellent work of training writers, script editors and producers. The feedback from all participants continues to motivate the NFVF to continue its commitment to the programmes.

PART B: PERFORMANCE INFORMATION

Script Editors that have successfully completed the Sediba Programme are listed on the NFVF website and have subsequently been inundated with script editing requests. The NFVF will unveil an updated list of Script Editors on its website in the start of the new financial year.

The Producers Mentorship Programme takes place alongside the Sediba International Financing Programme for Producers. Three producers are in their second year of the three-year long mentorship programme. It is our vision that these mentees will be equipped with the knowledge and skill of providing training and support to local producers on building sustainable production companies in the present challenging climate

Internships & Learnerships

Workplace skills plans were developed by production companies in order to facilitate the placement of several interns. In partnership with the Media, Information and Communication Technologies Sector Education and Training Authority (MICT-SETA), these plans resulted in four interns being placed at Quizzical Productions, 10 at the SABC and six at the NFVF. Through this partnership, the NFVF secured a further seven million rand investment into the sector to benefit students pursuing film and television related studies. This funding will be rolled out during the 2013 academic year.

Strategy to overcome areas of under performance

The strategic objective of encouraging sustainable black businesses was only partially achieved and is still in progress. This objective is pegged on developing partnerships with relevant stakeholders to support incubation programmes. A proposal from the Durban Film Office has been received and is awaiting further information. In addition, the drafting of an MOU between the two institutions is in progress.

Changes to planned targets

It was expected in 2012/2013 that the NFVF would be able to support skills development in the area of Directing and result in trained participants to the programme. However, the development of a programme curriculum is still in progress.

4.2. Programme 2: Policy and Research

Programme description

Purpose of programme

Research projects and subsequent policy interventions are critical in understanding how the film industry complements government imperatives such as job creation and enterprise development and ensuring that production activity levels are sufficient to sustain business and employment. It is also critical to ensure that an enabling regulatory environment is created and maintained. The Policy and Research Programme is tasked with providing the NFVF with comprehensive and accurate information by conducting research on the film and video industry in order to make policy recommendations to the NFVF Council. The programme ensures that internal and external policies are drafted

PART B: PERFORMANCE INFORMATION

to make sure the NFVF is able to deliver on its various objectives. The Unit also administers film certification for the eight film co-production treaties signed by South Africa.

Strategic objectives related to policy and research:

- » Promote the establishment of the National Film School
- » Policy formation
- » Information management system (SIS)
- » Proposed regulations
- » Administration of co-production treaties
- » Reliable film industry information source
- » Alternative digital screens

Programme Performance Report

Policy and Research						
Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Promote the establishment of the NFS	Conduct business case on the establishment of a NFS	Feasibility study for the establishment of the National Film School	Business case conducted on the establishment of a NFS	The NFVF delivered feasibility report as required The DAC's MGE Strategy has a National Cultural Skills Academy as an intervention. This is a project being led by the DAC and a film school will form part of the academy		
Develop appropriate policy interventions	Number of research programmes developed	1 new research programme developed	2 new research programmes developed (SAFI Economic Baseline Study, Audience Development)	3 research programmes developed (in addition to annual activity reports)	1 additional research projects	1 unanticipated internal request for a distribution & exhibition landscape study

PART B: PERFORMANCE INFORMATION

Develop an information management system (SIS)	Phase One of information management system developed	No update	First phase finalised	Target altered	The project was reallocated to IT to investigate and source a service provider for the new NFVF integrated 5 year IT solution project that will include SIS and the website.	SIS will become part of long term overall IT solution project for the organisation
Proposed regulations	Number of consultative workshops held Number of Regulations approved	n/a Proposed regulations	Consultative workshops held Regulations approved	Consultative workshops held on SA Film Criteria, National Film Strategy Appeal Process, Conflict of Interest, Terms of Reference for Funding Advisory Panels, HR policies, Co-production and Provincial Engagement Strategies	None None	n/a n/a
Alternative digital screens	Number of screens exhibiting SA films	4 pilot sites identified	1 site	Target not achieved	No additional screens	Tender was not awarded despite 2 calls for proposals. Proposals received were insufficient for the brief and did not meet the requirements

PART B: PERFORMANCE INFORMATION

Significant achievements

There were two key developments during this year that played a major role in the co-production space. Firstly, the signature and coming into effect of the SA/ Ireland treaty was a positive development. This process usually takes several years before a treaty comes into effect with a project already in the pipeline. Secondly, the replacement of the former section 24(F) of the Income Tax Act by the introduction of a more user friendly, section 120 has been welcomed by the industry.

For the financial year under review, the following studies were conducted to get a picture of the state of the industry across the film value chain:

- » South African Film Industry Economic Baseline Study – a study into the economic value of the industry for 2012
- » Investigation into the Distribution and Exhibition landscape of the South African Film Industry – a study into the state and challenges in the distribution and exhibition space.
- » Box Office Report – quarterly reports on the performance of local films at the box office
- » Co-Production Report – an activity report for all applications certified
- » Audience Development Research (based on the Film “Otelo Burning”) – learner survey on the film and how the youth audience receive information on film releases.
- » Research into the establishment of Film Cities in SA (though the project falls under the ambit of the finance department, it was executed by the research unit).

A number of internal and external policies were developed to improve internal processes as well as policies for the industry. A provincial engagement strategy was developed to inform how the NFVF will engage with various existing provincial structures to spread filming activity in the province and the coordination of such activities. A co-production strategy was developed with the aim of increasing activity in the eight treaties signed with focus on the UK, Ireland, Australia and French treaties.

A lot of headway was made in the development for the Criteria for South African Film. Focus was on stakeholder engagement and buy in which has been established with both government and industry.

An appeal process was introduced for the first time. Applicants can appeal council decisions on the funding applications and also approach the Minister if the internal process did not address their concerns.

The NFVF Funding Criteria was also updated by consolidating the new evaluation system which introduces panel evaluations. Terms of reference for funding panels were put together and a conflict of interest policy was included to tie up the evaluation and approval process for funding applications.

Key Programme Outputs

Research

Investigation into the Distribution and Exhibition Landscape of the South African Film Industry

Following interviews with independent distributors and exhibitors in Kwa-Zulu Natal, Western Cape, Gauteng and the M-Net Content Distribution unit, the following were identified as challenges facing distribution and exhibition in South Africa:

PART B: PERFORMANCE INFORMATION

- » High start-up capital to buy rights to films and upfront P&A costs,
- » The lack of a charter between the independent production sector and the broadcasters leads to the broadcaster dictating terms in relation to IP issues
- » Lack of requisite business training to price their products effectively
- » Limited access to distribution and exhibition facilities and insufficient audience development
- » Continued domination of local titles by American titles on South African screens
- » Concentration of exhibition facilities in the former “whites only” areas. There is still lack of penetration of filmed material to the majority of the population i.e. rural areas and townships.

The study recommends various interventions to support and further develop the distribution and exhibition landscape including the following:

- » Lobby for more support from government and the private sector to ensure intervention by the NFVF and other related institutions especially in previously disadvantaged areas
- » Introduce incentives for commercial distribution networks - engage the DTI to restructure a rebate for P&A.
- » Participation of the NFVF in the distribution of filmed material
- » Fast-track installation of digital screens in townships and underserved areas and/or rural areas.

Various countries such as France, Italy and the United Kingdom have proved that government intervention can have beneficial effects on the theatrical marketplace and address the structural weaknesses of the independent distribution sector.

Audience Development Research

As a statutory body of government that is mandated to promote and grow the South African film industry, the NFVF views audience development as a priority in the South African film industry. Although film production in South Africa has increased over the years, South African films often do not perform well at the local box office. One such film is *Otelo Burning*, which is used as the basis of the current investigation. The aim of this investigation was to assess the effectiveness of the platforms that were used to reach the audience for the film and explore other platforms that could have been utilised in reaching the target audience for the film.

Quantitative data collection method was used for this research comprising primarily of a structured non-disguised questionnaire. Judgement sampling was utilised with the sample comprising of high school students from the townships surrounding Cape Town, Durban and Johannesburg. There was an average of 200 students per city. Of the 600 questionnaires that were returned, 470 were analysed.

The research produced the following findings:

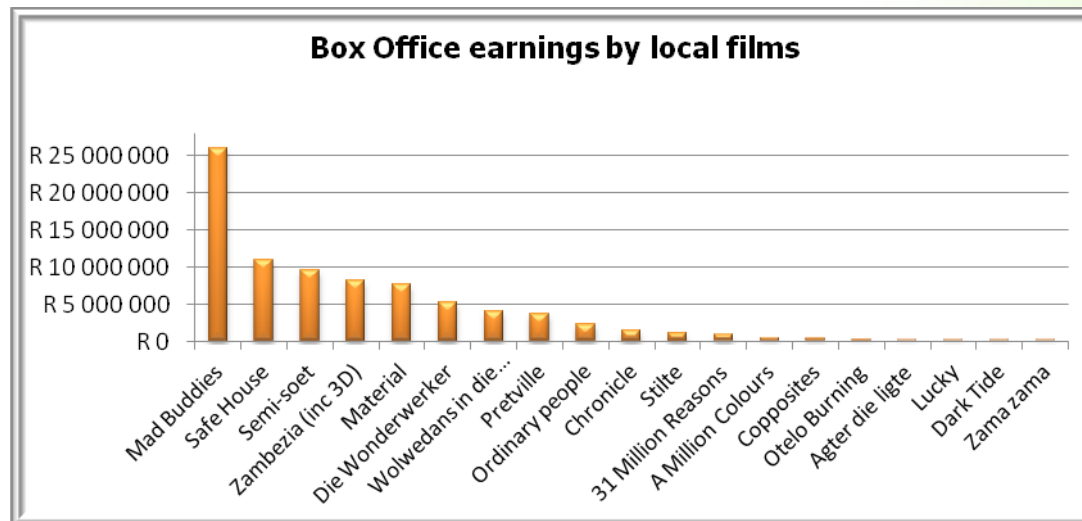
- » Genre of a film, exhibition platform, exposure and hobbies of the target market as central in reaching the target market for the film *Otelo Burning*.
- » Location of exhibition areas play a crucial role, as a limited number of cinemas are found outside main cities which negatively impacts accessibility to the film
- » A film like *Otelo Burning* would be more successful at the local box office through a bus-in campaign or a television release.

PART B: PERFORMANCE INFORMATION

Box Office Report

Key findings on the performance of South African films at the box office for the period January 2012 to January 2013 were as follows:

- » The South African film industry has shown some signs of recovery in the box office with the success of home-grown films that performed very well in 2012. The release of a succession of local productions – Safe House, Material, Semi-Soet and Mad Buddies made South African productions stay at the top 10 for nearly two months. The highest grossing title was Mad Buddies making R25 million. Safe House, Semi-Soet and Zambezia grossed above R8 million.



- » The box office spending totalled to R785 million gross up by 14% compared to the previous year (2011). Local films made about R82 million up by 126% compared to the previous year (2011). Thus local films accounted for 11% on market share, while foreign films made 89% of market share.
- » Out of 185 films, 19 South African productions were released across South African cinemas. The majority of the films released (112) originated from the USA; while 4 of the 19 SA films were co-productions with other countries.

Co-Production Report

The NFVF compiles an annual activity report for co-productions using data collected from the applications for advanced ruling as co-productions projects. The report is used as a barometer to assess the impact of co-productions to the South African film industry while determining the economic value brought by such collaborations. During 2012, a decline was experienced as only a total of 12 applications were processed for advanced ruling, while in 2011 a total of 16 projects were submitted for approval.

PART B: PERFORMANCE INFORMATION

Countries	Number of Projects	SA's Contribution	% Contribution	Foreign Contribution	% Contribution	Total Budget
SA/CAN	1	R14 062 037	39%	R21 874 280	61%	R35 936 317
SA/FRA	1	R35 811 062	21%	R131 363 748	79%	R167 174 807
SA/GER	8	R85 200 693	33%	R168 739 453	66%	R255 047 476
SA/UK	1	R228 548 563	80%	R57 137 140	20%	R285 685 703
SA/IRE	1	R9 400 000	20%	R37 824 034	80%	R47 435 534
Total	12	R373 022 355	47%	R416 938 655	53%	R791 279 837

The 12 projects submitted for approval reached a total budget of R 791 279 837 and South Africa contributed R 373 022 355; the remainder of the budget came from foreign partners. The major sources of funding from South Africa were the Department of Trade and Industry (DTI) through the film and television production incentive, the Industrial Development Corporation (IDC) and private funding from producers.

South Africa has a total of 8 co-production treaties in existence with the two newest treaties with New Zealand and Ireland coming into effect in 2012. The Germany/SA co-production treaty continued as the most active of them all, with a total of 8 projects approved in the year under review. A total of 10 feature films were submitted and two television series. With respect to genres, 7 of the 12 productions were of the drama genre, two family genre, two thrillers and one Sci-fi.

The majority of the projects were shot wholly in South Africa - only two were shot between SA and other locations. The films were shot over a total of 476 days and 433 of those days were spent filming in South Africa.

South African Film Industry Economic Baseline Study

The NFVF commissioned Deloitte & Touché to research and determine the economic benefits and the value chain profile of the South African Film Industry ("SAFI").

Key findings from this research show that in 2012 the SAFI:

- » Contributed R3.5 billion to South Africa's GDP (both direct and indirect)
- » Created over 25 175 full time equivalent jobs
- » Earned over R670 million towards the South African GDP
- » Encompassed over 2 500 direct service providers
- » Delivered an economic multiplier of 2.89, i.e. for every R1 spent in the industry, another R1.89 was generated within the South African economy

Although the SAFI is not the biggest GDP contributor or job creator when compared to other South African industries (e.g. manufacturing, financial or retail), its multiplier of 2.89 puts it at mid-range when compared to 99 other industries. Also, it more than pays for itself with a delivery back to SARS of more than R670 million.

PART B: PERFORMANCE INFORMATION

A full length value chain analysis of the SAFI for 2012 revealed the following focal areas to ensure the sustainability and commercial viability of the SAFI in the long term:

- » Development of high quality film concepts and screenplays
- » Increased training initiatives across the value chain
- » Increasing competitiveness of South Africa versus other countries when attracting foreign films
- » Supporting the growth and distribution of local films into foreign territories
- » Controlling the negative impact of piracy
- » Supporting the development of local films audiences and associated distribution methods

Certifications: Official Co-productions and National Films

The NFVF plays a certification role for productions which qualify for the tax incentives under the Act. All films must fulfil the NFVF criteria in order to get a certificate for the purposes of the film tax allowance. The NFVF received 29 official co-production applications during 2012/13, 12 of which were for advance rulings while 17 were for final rulings.

Co-productions

Project Name	Treaty	Status
Beaver Falls II	SA/Germany	Advance Ruling
Wild At Heart 8	SA/Germany	Advance Ruling
Long Walk to Freedom	SA/UK	Advance Ruling
How We Invented the World	SA/Germany	Advance Ruling
Strange But True	SA/Germany	Advance Ruling
Zulu	SA/France	Advance Ruling
Final Flight	SA/ Germany	Advance Ruling
Power to the Children	SA/ Germany	Advance Ruling
The Price of Sugar	SA/ Germany	Advance Ruling
The Young Ones	SA/ Ireland	Advance Ruling
124 - "Heatstroke"	SA/ Germany	Advance Ruling
New Family In Africa	SA/ Germany	Advance Ruling
Dinosaur	SA/UK	Final Ruling
Judge Dredd	SA/UK	Final Ruling
Winnie	SA/Canada	Final Ruling
A Lion's Trail	SA/Germany	Final Ruling

PART B: PERFORMANCE INFORMATION

Africa is Calling You	SA/Germany	Final Ruling
Beaver Falls	SA/Germany	Final Ruling
Wild At Heart 6	SA/Germany	Final Ruling
Wild At Heart 7	SA/Germany	Final Ruling
Flight of the Storks	SA/Canada	Final Ruling
History of the World	SA/Germany	Final Ruling
How We Invented the World	SA/Germany	Final Ruling
The Ambassador – White Gold	SA/Germany	Final Ruling
The Girl	SA/Germany	Final Ruling
The Runaway	SA/Germany	Final Ruling
Yes We Can	SA/Germany	Final Ruling
Death Race	SA/Germany	Final Ruling
New Family in Africa	SA/Germany	Final Ruling

Certificates of Nationality

Five applications were received for certificates of nationality:

Company	Project Name	Budget	Producer(s)	Director
BFM Features	A letter to Mandela	4,836,876.60	Carolyn Carew	Khalo Matabane
Be Phat Motel Film Company	Five Fingers For Marseilles	10,355,000	Sean Drummond & Michael Matthews	Michael Matthews
Divine Inspiration Trading 679	The Perfect Wave	17,738,166	David Selvan	Bruce MacDonald
Uhuru Productions	Miners Shot Down	4,072,950	Anita Khanna & Brian Tilley	Rehad Desai
Triggerfish Animation	Khumba	55,882,538	Stuart Forest	Anthony Silverton

Amendments to the National Film and Video Foundation Act 73 of 1997

There has not been any substantive amendment to the NFVF Act since its promulgation in 1997 – the 2001 amendments were of an administrative nature. An agreement was reached between the NFVF and DAC to prioritise the NFVF's name change above other substantial amendments. The main rationale for this name change lies in the fact that the existing name does not accurately reflect the NFVF's existing functions, powers and duties. The name has also caused confusion amongst

PART B: PERFORMANCE INFORMATION

stakeholders in the film industry and other interested parties and practically, the name is too long and is often confused with other institutions.

The NFVF prepared a motivation for the name change which was submitted to DAC at the end of May 2012. However, the NFVF Act was not included in the legislative programme and amendments were not actioned. The NFVF policy unit is in the process of working on the draft Bill to be submitted to DAC by 30 June 2013 for this purpose.

Criteria for South African films

The development of criteria for South African films started in the 2009/2010 financial year and significant progress has been made since then. For the year under review, focus was on a public consultation process to solicit input and explaining the purpose of the criteria to stakeholders. The public engagement process started in 2010 which resulted in the NFVF compiling a findings report which incorporated industry and NFVF recommendations which were approved by Council in December 2011. The highlight of the recommendations was the establishment of a working group consisting of the NFVF, industry and government stakeholders to make sure a common consensus is reached regarding the formula of the points.

During this period, working group meetings that were held led to the development of a point system formula for minority co-productions, an area which was contested by the industry and the NFVF. The working group also recommended that a separate government stakeholder group be established. The objective of the latter would be to ensure strategic alignment of the criteria with other film policies administered by other government departments and entities. Input from the Independent Producers Organisation has also been incorporated. The NFVF has consolidated the inputs into a formula that will calculate both local and majority and minority co-production qualification scales which is a middle ground between the NFVF's original proposal and industry submissions.

Extensive engagements were held with the DTI on the relationship between the criteria and the Film & TV Incentive as well as the latest Broadbased Black Employment Empowerment guidelines. The aim of the engagements is to ensure policy alignment.

Appeal process

The Appeal Procedure was introduced in August 2012 to establish a mechanism for the industry to formally appeal against decisions and actions of the NFVF. The procedure enables applicants who are aggrieved by any action or decision that Council has taken or made in terms of the NFVF Act to appeal such a decision. The appeal must be lodged within 30 days from the date on which the action or decision in question was taken or made known by the Council. The appeal must be in the prescribed Form H. The CEO escalates the appeal to Executive Committee of Council, which may in making a decision; confirm, set aside or amend any action or decision taken by Council.

If the applicant is not satisfied with the decision taken by the Chairperson of Council, they have a right to further appeal to the Minister in the prescribed manner within thirty (30) days of receiving the decision of the Chairperson of the Council. The appeal must be in the prescribed Form I. The Minister may, after consultation with one or more independent assessors with knowledge of the film and video industry confirm, set aside or amend any action or decision taken by Council.

PART B: PERFORMANCE INFORMATION

A total of 12 appeals were received between September and March 2013. Lessons learned during the first six months of implementation will help to perfect the administration of the appeals process.

Development of a Macro Film Strategy

The NFVF has been given a mandate by the DAC to coordinate the development of a national film strategy. A workshop attended by various stakeholders including SASFED, DAC, Gauteng Film Commission, Kwa-Zulu Natal Economic Development, Eastern Cape Economic Development Agency and Eastern Cape Provincial Arts Council took place on 6-7 March 2013. The delegates identified gaps in the industry and themes that should be included in the strategy. A report was compiled which will form the initial discussion document that will be used to solicit input from government and industry stakeholders. As a way forward, the 4th Film Indaba to be held later in 2013 will be preceded by a series of discussion forums to contribute towards the strategy document which will be finalised.

Strategy to overcome areas of under performance

The proposed additional site for a digital screen to exhibit SA films was not achieved as the NFVF did not award the tender after two tender processes. The proposals received did not respond to the brief. A closed tender was pursued and the NFVF will also consider business plans to develop mobile cinema businesses. The NFVF and DAC agreed that the NFVF has discretion on the type of business model.

Changes to planned targets

At the start of the financial year, the Policy and Research programme was tasked to promote the establishment of a National Film School (NFS) in partnership with the Department of Higher Education, the DTI, DAC and MICT SETA. The plan was to conduct a business case. However, following several consultation forums it was found that no business case was necessary. The DAC is now leading the project in the establishment of a National Cultural Skills academy which includes a film school.

The aggregation of industry information also originally fell within the ambit of the Policy and Research Programme. However, as the organisation is headed towards an overall, long term IT overhaul which would include a revamped website, the project has been moved under the ambit of the IT department.

4.3. Programme 3: Production and Development of Content

Programme description

Purpose of programme

Production and Development of Content is at the core of the work the NFVF engages in – it is where the mandate of the organisation is most clearly fulfilled by providing the film industry with critical financial support and technical expertise to take a film project from an idea to a product that can be screened. While the quantity of films produced locally is a decisive factor in the growth and sustainability of the film industry, the quality of films is also important in order to ensure widespread distribution and a loyal market. Feature films, documentaries, short films and television concepts are all considered for development and production funding. Financial support also allows for diversity in the film industry so that filmmakers who would typically be unable to raise financing for their projects are not sidelined. The NFVF therefore is able to focus on creating

PART B: PERFORMANCE INFORMATION

a more equitable industry.

Strategic objectives related to production and development of content:

- » Increase in volume of South African films produced
- » Empower individuals from Previously Disadvantaged (PD) communities
- » Support innovative distribution

Programme Performance Report

Production and Development of Content						
Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Increase in volume of South African films produced	Number of projects funded in development	32 projects funded in development (23 documentaries, 9 feature)	30 projects funded in development	50 projects funded in development (22 documentaries, 24 feature, 4 short)	20 additional projects	Not all applicants requested the maximum allocation. As a result, this allowed the allocation of funds to more projects
		27 projects funded in production	25 projects funded in production	28 projects funded in production (14 documentaries, 11 features, 3 shorts)	3 additional projects	Not all applicants requested the maximum allocation. As a result, this allowed the allocation of funds to more projects
		(Call for) 3 slate funded companies	3 slate funded companies	3 slate funded companies in final stages of development for 1 st year projects	None	
		3 low budget projects	1 low budget slate	1 project (Jimmy in Pink) identified and supported into production without a broadcast partner	Inability of the SABC to commit to the project meant target could not be achieved	The project will be reviewed with a plan to proceed without a broadcaster.

PART B: PERFORMANCE INFORMATION

		5 television concepts funded for development	3 tier funding (first time and Female filmmaker project) 5 television concepts funded for development	4 production companies identified to mentor the projects 8 television concepts funded for development	3 additional television concepts	Additional projects due to increase in the volume of funding applications received
Empower entrepreneurs from PD communities	Number of films developed by PDIs	n/a (Objective was still in development phase)	2 films developed by PDIs	38 projects (in fiction and non-fiction) approved for PDIs	36 additional films approved for PDIs	Additional projects due to increase in the volume of funding applications received from PDIs
Support innovative distribution	Number of local films distributed	2 films selected for distribution	2 films to be distributed	3 films identified for distribution	None	n/a

Significant achievements

A major project was launched in 2012 with the aim of identifying and nurturing emerging talent, particularly PDI filmmakers, with the introduction of the annual Youth and Female filmmaker projects. The two projects will look to produce 10 short films and will be mentored by four experienced production companies. The Youth project is aimed at giving film school graduates a chance to make their first short film professionally, which will serve as a calling card into the industry. The Female filmmaker project targets female filmmakers who have been in the industry for a minimum of two years and who are looking to make the transition from their current roles into the more creative space of writing and directing. The first films in this project will be completed in 2014.

Of the projects green-lit for production, five raised their full production finance and were completed during the 2012/2013 year. Due to an increase in applications and the availability of funds, an additional 20 projects were funded for development and 3 additional projects were funded in production.

Key programme outputs

Feature projects funded

The NFVF continued to build on the successes of previous years in line with industry expectations. Of the projects green-lit for production, *Four Corners*, *Jimmy In Pienk*, *Swartberg die Movie*, *USkrewf no Sexy* and *Blitz Patrollie* all raised their full production finance and have been completed in the 2012/13 year.

PART B: PERFORMANCE INFORMATION

Notable mention can also be given to Coal Stove Pictures, a young Black production company whose first feature film *Hear Me Move* also secured full financing for their project that received development and production assistance from the NFVF and will go into production in July 2013.

Triggerfish Pictures released their 3D animated feature *Zambezia* in 2012 having secured theatrical rights in over 20 countries worldwide and an unprecedented Sony Home Entertainment deal in the United States of America. To date, their worldwide box office stands at over \$23 million – an attestation to the benefits of the NFVF script development process and the quality of South African stories as a whole. It has also proved that our animation studios are indeed able to compete with the known animation studios globally and that our facilities and crews are well able to handle international quality projects.

Documentary projects funded

The NFVF remains committed to the development and production of documentary stories about South Africa in spite of the very small market available to this genre. The primary reason for this commitment is that it is a space that ensures filmmakers are able to express their deepest fears and their greatest hopes about our country, our past, our present and our future.

The NFVF recognizes that the maximum amounts available for script development and production are woefully inadequate especially after the economic recession and the financial crisis at the SABC brought a lot of hardship to many companies. It remains the commitment of the NFVF to lobby for an increase in fiscal allocations to the sector.

Devil's Lair, a documentary by Riaan Hendricks, will have its international premiere at the 2013 Hot Docs documentary film festival. *The Dream of Sharahzad* and *Devil's Lair* pitched at the 2012 International Documentary Film Festival in Amsterdam. A number of documentary projects will also be premiering at Encounters and the Durban International Film Festival this year.

Feature Projects in Development		
Flatland	David Horler	Proper Films
Makhekhe	Uzanenkosi Mahlangu	Ants Multimedia
Muti dot Mobi	Madoda Ncyiyana	Vuleka Productions
Sisonke Cup	Batana Vundla	Joziewood
Love songs of Nathan Swirsky	Peter Goldsmid	Peter Goldsmid
The Number	Khalo Matabane	Born Free Media
The Best Man's Speech	Zaheer Goodman-Bhyat	Light and Dark Films
Bhaca Boy	Lika Berning	Ember Productions
De Jerrie	Thandi Brewer	Mogaetsho Film
Electric Juju	Matthew Brown	Sea Monster
Kwanele and the Magic Chicken	Bianca Isaac	Living Dream
Screwed Minds	Sipho Radebe	Screwed Minds

PART B: PERFORMANCE INFORMATION

Azishe	Chisanga Kabinga	Doppel Ganger
Bruid van die Jaar	Luke Rous	Rous House Productions
Met Eish	Carla van Wyk	OC Productions
Tree of Crows	Stephen Abbott	Stealth Donkey
Taung Wells	Sechaba Morojele	Black Drop Productions
Home Sweet Home	Shalin Sirkar	Chalia Films
Natural Justice	Roberta Durrant	Penguin Films
The Shimmering	Mukunda Dewil	Picture Tree
Apophis	Hannah Slezacek	Inspired Minority
Papwa	Rafiq Samsodien	Little LA Productions
South of Normal	Mark Middlewick	Mannequin Pictures

Feature Projects Greenlit for Production

Dora's Peace	Kosta Kalarytis	One Man Band
Four Corners	Cindy Gabriel	Giant Films
Jimmy In Pienk	Zaheer Goodman-Bhyat	Light and Dark Films
Swartberg die Movie	Cobus van den Berg	Swartberg die Movie
USkrewf no Sexy	Uzanenkosi Mahlangu	Ants Multimedia
Blitz Patrollie	Isaac MogoJane	Diprente Productions
Khumba	Stuart Forrest	Triggerfish
Vatmaar	Robbie Thorpe	Rififi Pictures
Whiplash	Jacky Lourens	Get the Picture
Nothing for Mahala	Garth Japhet	Siyaghopa 2
Vrou Soek Boer	Maynard Kraak	West Five Films

Documentaries in Development

Afrikaner Girl	Lauren Groenewald	Plexus Films
Ma'Ngoyi - Mother of Black Resistance	Nqaba Ngoyi	Msomi Pictures
Sheikh Yusuf of Makassar	Johannes Botha	Blue Marble Entertainment
The Village Under the Forrest	Mark Kaplan	Grey Matter Media
Through My Lens -The Alf Kumalo Story	Jason Hoff	Pulp Films

PART B: PERFORMANCE INFORMATION

1994	Paul Egan	Boondogle Film cc
Birthright	Yvette Lambrecht	Substance Films
Manche, The African Saint	Jacky Lourens	Get the Picture
Ndiyindoda	Mayenzeke Baza	Mandela Bay Pictures
State of Emergency	Marion Nagiah	Cultavista
Baby Rain Queen	Darell Lourens	Eentweedee Productions
Blindness	Jean Meeran	Team Tarbaby
Gold Dust	Odette Geldenhuys	Frank Films
REMIX	Nombeko Nokwe	Tu Nokwe Productions
Soweto Messiah	Michael Auret	Spier Productions
The History of Black Nursing in RSA	Kgomotso Matsunyane	One Man and his Dog Films
Impepho	Mlamleli Maki	JandJ Productions
Jan Smuts: An International Icon	Sandra Herrington	Tekweni tv Productions
Jordan Ngubane	Marilyn Ngubane	Thorn Bubble Films
The Keeper of the Kumm	Sylvia Vollenhoven	Via vision in Africa

Documentaries in Production

The Devil's Lair	Neil Brandt	Fireworx Media
Mr Shakes	Lichelle Barry	Twospinningwheels Productions
The Shorebreak	Ryley Grunenwald	Marie-Verite Films
The Spaces in Between...	Nicky Newman	See Thur Media
The Village Under The Forest	Mark Kaplan	Grey Matter Media
A Letter to Nelson Mandela	Khalo Matabane	Born Free Media
Sheikh Yusuf of Makassar	Johannes Botha	Blue Marble Entertainment (Pty) Ltd
Waithira	Jean Meeran	Team Tarbaby

Short Films in Development

The Hangman	Tebogo Keebine	Tribal Media House
Berea	Makgano Mamabolo	Puo Pha Productions
When the Sun Sets	Bobie Mokhema	Stre Talk Productions
Marriage of Heaven and Hell	Cornel Rayners	Saint Moonriver Productions

PART B: PERFORMANCE INFORMATION

Short Films Greenlit for Production

Precious Metal	Travis Taute	Gambit Films
Security	Kyle Ambrose	Mannequin Films
Please frog, just one sip	Diek Grobler	Fopspeen Moving Pictures

Television Concepts in Development

Kid Shaka (aminated series pilot)	Kyle Brown	Brown Berry Productions
Rough or Smooth	Marc Schwinges	Hound Films
Animal Doctor	Jonty Action	Green Films
Beautiful Creatures	Paul Choritz	Emerald Sky
It's a Wild Life	Sean Rogers	Okuhle Media
On Call	Rosie Motene	Rosie Motene Productions
Boring Lunchbox	Candice Argall	Bugbox
Heat Wave	Bronwyn Berry	Ruby Rocket Media

Recoupment Schedule

Total recoupable grants are as follows:

Grants allocated in 2003	R12 690 774
Grants allocated in 2004	R 8 630 000
Grants allocated in 2005	R 4 990 000
Grants allocated in 2006	R 4 300 000
Grants allocated in 2007	R 3 550 000
Grants allocated in 2008	R 1 934 000
Grants allocated in 2009	R 3 309 000
Grants allocated in 2010	R 3 700 000
Grants allocated in 2011	R 6 984 845
Grants allocated in 2012	R17 758 735
Total Recoupable Grants	R 67 847 354

4.4. Programme 4: Marketing and Distribution

Programme description

Purpose of programme

Marketing and distribution are critical in growing the market for South African products and cinema and for increasing the avenues through which these products can reach potential audiences. This is in accordance with the NFVF Value Charter which identifies the stimulation of demand for South African product as an imperative in the development of South African

PART B: PERFORMANCE INFORMATION

audiences. As more local productions are made and seen, the commercial value of South African film grows, which leads to an increase in revenue for filmmakers and further growth within the industry. South Africa is also a leading destination for foreign companies to shoot their movies in and it is also imperative to continue to showcase the country as an attractive and commercially viable destination. The NFVF also needs to communicate the opportunities it provides through funding and programmes it supports to potential applicants.

Strategic objectives related to marketing and distribution:

- » Recognition of SA as a film making destination
- » Promote South African filmmakers (technical expertise and film products)
- » Create access to film for the majority of South Africans
- » Increases awareness of the SA film industry
- » Elicit more funding applications from underserved areas
- » Develop and maintain stakeholders relations
- » Increased awareness of opportunities in the film industry
- » Increased access points to film information

Programme Performance Report

Marketing and Distribution						
Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
SA Presence at international markets & festivals	Recognition of SA as a film making destination	5 Festivals	4 Festivals (Minimum)	6 Festivals	None (as target was minimum requirement)	
SA filmmakers supported to attend international markets and festivals	Promote South African filmmakers (talent and product)	35 filmmakers supported	15 filmmakers supported	59 filmmakers supported	44 additional filmmakers supported	Not all filmmakers applied for the full individual allocation and hence more filmmakers could be supported

PART B: PERFORMANCE INFORMATION

Support for local festivals, Provincial roadshows, Filmweek, Exhibit at Career Expos	Create access to film for the majority of South Africans	3 local film festivals	6 local film festivals	6 local films festivals	None	
Stakeholder relations	Increased awareness of the SA film industry	3 provincial roadshows 3 Career expos 2 media briefings 2 engagement fora	3 provincial roadshows 4 Career expos 4 media briefings 3 trade missions supported 4 engagement fora	3 provincial roadshows 4 Career expos 4 media briefings 3 trade missions supported 4 engagement fora	None None None None None	
Streamlining branding and communication tools	More funding applications from underserved areas	Marketing material for festivals attended Newsletters issued bi-monthly Website maintenance Media coverage on festivals attended	Marketing material for festivals attended 2 newsletters issued bi-monthly Website maintenance Media coverage on festivals attended	Marketing material for all festivals (local and international) Newsletters were issued bi-monthly Website updated daily Media coverage on all local and international festivals attended	None None None None	

PART B: PERFORMANCE INFORMATION

Increased access points to film information	Increased awareness of opportunities in the film industry	n/a (Objective was still in development phase)	2 information access points	2 information access points	None	
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Significant Achievements

In its attempt to continuously profile the South African Film industry globally, the NFVF led delegations to various territories around the World. The NFVF successfully participated in six international film festivals that individually are the best in the niche they service enabling the NFVF to expand its footprint into these key audiences for the promotion of South African films and the South African film industry generally. The NFVF was also able to support nearly four times the projected number of filmmakers to attend international festivals, forums and markets. These outputs not only give a significant boost to local films but also to the film industry as whole by showing the levels of expertise, product and infrastructure available in the country. NFVF participation in international events allows South Africa to be recognised as a filmmaking nation.

The NFVF has also taken lessons learnt during a one day distribution and marketing forum that was held at the beginning of 2012 to reassess the contribution being made to Print and Advertising in the distribution process and to continue to lobby other government agencies to recognise the value of spend in this area. It is hoped that the release of the three films supported by the NFVF in 2013 – *Blitz Patrollie*, *Jimmy In Pienk* and *Khumba* will bear witness to this and further promote South African films to the market.

Key Programme Outputs

Local positioning

Provincial Roadshows

In response to the Strategic thrust of taking the NFVF to the people, the NFVF ran a series of roadshows in Rustenburg through the Bojanala Film Week, Eastern cape through Grahamstown Arts festival, Bloemfontein, through the Macufe Arts festival and Kwa-Zulu Natal, with the Durban Film Office. The roadshows, predominantly targeting youth involved or interested in the industry, encompassed workshops on Directing 101, Screen writing 101, Producing 101 and sessions on How To Enter the industry. During each activation, industry professionals gave of their time, imparting knowledge based on their specific fields. The workshops were empowered with the screening of South African films. The attendees were given manuals to further their understanding of the topics and some have extended their interest to actively involve themselves in the industry.

Engagement Fora

Additional activations in support of the strategic thrust are the Masterclass programmes developed to give the NFVF supported filmmakers travelling to various festivals visibility. The “In Conversation With...” are a series of intimate forums where filmmakers that have been supported by the NFVF to travel abroad, give a report on their experiences and lessons learnt as a way to share the knowledge they have gained.

Stakeholder Relations

In maintaining a presence in the minds of the industry and media, the NFVF issues a bi-monthly newsletter and maintains

PART B: PERFORMANCE INFORMATION

good relations with the media through regular interactions and postings of press releases on the successes and special projects of the NFVF.

South African Film & Television Awards

As part of the NFVF drive to create a full circle of interaction with the industry, the NFVF accepted custodianship of the South African Film & Television Awards in 2005 with the mandate to host the awards until such time as the South African Film & Television Academy is established. Held annually and now in its sixth year of celebrating local talent, the SAFTAS were a star studded affair that was broadcast on SABC3. In line with government's theme for the year, the SAFTAS recognised Heritage of our peoples and of the industry.

The overall objectives of the SAFTAs are to:

- » Promote quality and excellence in South African film and television production
- » Profile South African talent and product to national and international markets
- » Encourage entrepreneurship within the South African film and television market

Encounters Documentary Film Festival

Encounters gives documentary film lovers a unique opportunity to watch documentaries from all over the world. The films screened are some of the best made globally and have been selected specifically for the South African audience. The NFVF has supported the festival for many years as it offers the foundation visibility and gives our efforts in supporting documentary development and production through the grant system leverage. It allows the foundation to learn how the audience responds to documentary filmmaking. The festival is held annually across Cape Town and Johannesburg with outreach in various communities in outlying areas of these cities. The festival receives over 900 submissions - up to 50% of which are South African films both short and full length.

Durban International Film Festival

The DIFF celebrated their 33rd year in 2012 with another record number of 31012 attendees to the festival. DIFF is South Africa's oldest and most successful film festival across all genres and hosts a number of invaluable fora, workshops, networking sessions and pitching arenas. The festival boosts the participation of the successful Durban Film Mart, a market place for African film producers to participate in learning the mechanics of raising finance and of navigating the film environment. DIFF's focus for 2012 was the celebration of the South African / French cultural and economic exchange programme - a two year programme of which the first year was based in SA followed by a second year in France (during 2013). The festival gave the NFVF the opportunity to showcase the work that is being done with our research programmes, our SEDIBA training and our marketing programmes. The NFVF held engagement fora for the dissemination of industry information as the largest contingent of delegates to the DIFF are producers, writers, directors, and performers.

Out In Africa Film Festival

Recognising 18 years in 2012, this festival is very unique in the South African market place as it celebrates the cinematic works of Gay and Lesbian filmmakers. In its quest to promote diversity, the NFVF supports this festival in its roll out and the workshops that run throughout the year in various provinces. The festival screens works from South Africa and around the

PART B: PERFORMANCE INFORMATION

world.

Tri-continental Human Rights Film festival

The NFVF has a dedicated focus on the Documentary genre and supports key documentary festivals and activities. The Tri-continental film Festival is a documentary film festival that focuses on Human Rights issues with submission from the continents of South America, Africa and Asia. The NFVF strongly supports the practice of freedom of expression, a principle that the Tri-Continental Festival highlights through its films, workshops and outreach programmes. The festival occurs nationwide and gives the NFVF a national footprint into audiences that appreciate healthy dialogue and open discourse.

Kwa-Zulu Natal African Film Festival

The Kwa-Zulu Natal African Film Festival is the only festival of its kind in the country. Its uniqueness stems from the target audience of township and rural audiences. The festival screens films mainly from South Africa but also from other African countries. Through the Durban/New Orleans Sister City alliance, the Festival is able to elicit festival content resources for workshops and intermittently offers A-List African American celebrity participation. The NFVF with its thrust of taking the NFVF to the citizens supports this festival in attempt to reach audiences in rural areas that due to the lack of screens in these areas are compromised in their ability to access South African and African films.

Global positioning

The international festivals and markets at which the NFVF led a South African delegation were:

Cannes

The Cannes International Film Festival is the premiere Film Festival and Market place for film globally, held annually in the city of Cannes, France. South Africa through the NFVF recognised its 13th year of official participation. The festival offers the local film industry access to meet potential buyers, film financiers, distributors, co-producing partners and allows the NFVF to position the country as a competitive filming destination with competitive incentives for foreign filmmakers.

Key activities the NFVF hosted and facilitated were:

- » The line up of South African films at Cannes, raising awareness of the films and the filmmakers present in the festival who are looking for various levels of support toward the completion of their film
- » Signing of the SA / Ireland Film Co-production Treaty under the existing SA-Ireland bi-lateral treaty - the treaty was developed to enable cultural exchange and mutual beneficiation of each country's filming incentives
- » Co-Production forums for existing co-production treaty countries
- » National pavilion for all South Africans attending to use as a business base

AFCI – Association of Film Commissions International

This market is the premier market place for the promotion of countries as filming destinations. Targeted at the US market of studios and producers, the market offers South Africa the opportunity to present itself as a filming destination of choice. The NFVF led the delegation of provinces and the DTI, and together hosted the South African pavilion for the dissemination of information and a business breakfast for a select audience of producers and location scouts.

PART B: PERFORMANCE INFORMATION

Hot Docs

One of two major large scale Documentary film festivals that the NFVF has identified for the fulfilment of business for documentary filmmakers, the Hot Docs is a festival and market place that affords documentary filmmakers the opportunity to find distributors, financiers, and co-producing partners. The delegation in attendance with the NFVF were documentary filmmakers under the Documentary Filmmakers Association of South Africa.

No Borders/IFP film week

The No Borders market place is one of the most effective and enabling meeting places for independent film producers in the United States. Whereas other platforms look to support studio made films, this platform focuses on the low budget independent participants, giving them pitching opportunities, workshop attendance and networking opportunities with other independent filmmakers.

FESPACO – Pan African Film and Television Festival of Ouagadougou

The oldest film festival on the African continent, the FESPACO offers South African filmmakers prime opportunities to interact with filmmakers from around Africa. Held Bi-annually, the festival is aimed at bridging the divide for Francophone and Anglophone speaking countries through film. Strengthening political and cultural ties with the region, the NFVF led a delegation of South Africans filmmakers and government officials to participate in the forums being held in during the festival.

Pan African Film Festival – Los Angeles

The PAFF is the meeting ground for African American Filmmakers. The premier festival of its kind in the USA, the festival's objectives are to showcase films from the Diaspora and the African American community to a public audience. Films that ordinarily would not go on circuit in the territory are showcased during the 10 days. The festival aims to highlight the artistic achievements of the filmmakers and the creative industries within the African American community as an Arts Fair is attached to the festival. The NFVF initiated the inaugural official South African presence to the festival with the knowledge that there is great potential for new audiences of local content and film business exchange. The NFVF hosted a presentation on the South African Film industry, discussing incentives, location shooting, crew, cast and co-producing opportunities. The NFVF gave four young black filmmakers the opportunity to accompany the team as an attempt to begin economically beneficial collaborations.

Supporting filmmakers to attend film festivals globally

In an attempt to further expand the South African filmmaker footprint, the NFVF supports filmmakers to attend various other film festivals and markets around the world through a grant system. The filmmaker should have been invited to attend a festival, forum or market to participate in screening, forums or have a compelling reason and solid itinerary in the country of choice.

The following festivals/markets/forums were attended by different filmmakers during 2012/13:

DIFF, MIPTV, MIPCOM, Cannes, Afrykamera Film Festival, Kujanimation Animation Festival, Input Production Forum, Eave Finance Forum, Hot Docs, Peabody Awards, Trans-Atlantic Partners, Edinburgh Film Festival, Sunny Side of the Doc, Encounters, Essential of Film Workshops, Zanzibar International Film Festival, Galway Festival, Durban Filmmart, Toronto

PART B: PERFORMANCE INFORMATION

International Film Festival, Strategic Partners Forum, Montreal Black Film Festival, Wildscreen, Montreal International Film Festival, Dockeanema Film Festival, MIP-Junior, China Golden Rooster Festival, Siemens Crystal Awards in London, New York Short Film Festival, Berlin Film Festival, Tokyo Film Festival, 9th African Film Festival of Cordoba, Silicon Valley African Film Festival, All Sports Los Angeles Film festival, African Diaspora International Film Festival, Angel Film Awards - Monte Carlo, Lesotho Film Festival, Dubai International Film Festival, Kathmandu International Mountain Film Festival, Havana Film Festival, Rio Content Market, Oscars, New African Film Festival, Vancouver Film Festival, Stanford Africa Forum.

International Trade Missions

In addition to the festival and market presence; the NFVF embarked on trade missions to the treaty countries of Australia, New Zealand and the recently signed country of Ireland. The missions were to solidify relations with sister organisations in the territories and follow up on discussions held during the Cannes Festival on how to fully activate the treaties.

PART B: PERFORMANCE INFORMATION

4.5. Programme 5: Administration and Human Resources

Programme description

Purpose of programme

The Administration and Human Resources departments provide strategic oversight of the performance and overall service delivery of the NFVF. The overall objective is to improve efficiency and effectiveness in the management of NFVF. The administration department is responsible for ensuring good corporate governance and effective internal controls. The human resources department ensures that the NFVF is adequately staffed to deliver on its mandate and service delivery objectives.

Strategic objectives related to administration and human resources:

- » Maintenance of efficient and effective systems of financial, legislative and administrative controls
- » Sound Leadership, Governance & Management

Programme Performance Report

Marketing and Distribution						
Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Maintenance of efficient and effective systems of financial, legislative and administrative controls	Maintenance of risk register	Annual risk workshop was conducted in June 2011	Conduct an annual risk assessment workshop	Annual risk workshop was conducted in June 2012 and the risk register updated	None	n/a
	Effective internal audit function	4 internal audits performed	3 internal audits annually	5 internal audits performed: - Audit of pre-determined objectives; - Financial discipline review; Governance review; - Follow up review; - Legislative compliance	2 additional audits	Additional audits performed to provide additional assurance following outcomes of 2011/12 audit

PART B: PERFORMANCE INFORMATION

	Effective SCM function	Call issued for supplier database	Updated database of suppliers and contract	Supplier database updated and supplier contracts reviewed	None	n/a
	Effective reporting mechanisms: Council, DAC & Treasury	Quarterly and annual reports submitted to Council, DAC and Treasury	Reporting quarterly, bi-annually and annually	Quarterly and annual reports submitted to Council, DAC and Treasury	None	n/a
	Effective governance mechanisms	Unqualified audit report	Unqualified audit report	Unqualified audit report	None	n/a
Sound Leadership, Governance & Management	Aligning HR strategy with organisation objectives:					
	Performance Management	Final assessment conducted	Implement PMS	Performance assessments conducted for all staff	None	n/a
	Human Resources Development	Staff attended training and WSP and ATR submitted to MICT Seta	30% of staff trained	44% of staff attended training courses and workshops	3 additional staff members trained	Staff are trained in terms of their PDP's
	Employee Wellness	n/a	Implementation of wellness programme	Team building session held for all staff	None	n/a
	Labour and Compliance	Continued monitoring of policy implementation	Compliance with legislation	HR policies reviewed and submitted for approval	None	n/a
	Reward System	Salary increases approved by Transco and Council	Implement reward system	Annual increases approved by Council and implemented	None	n/a

PART C: GOVERNANCE

1. INTRODUCTION

The Corporate Governance Principles and Practice of the NFVF are based on relevant legislation (incorporating the National Film and Video Foundation Act, as amended by the Cultural Laws Amendment Act, 36 of 2001, the Public Finance Management Act, 1 of 1999), and take into account the Protocol on Corporate Governance in the Public Sector, Notice 637 of 2002, as well as the King Report on Corporate Governance in South Africa, 2002 (“King Report”).

The NFVF recognises the significance of good governance in the public sector, which is crucial for effective public services and improved social outcomes. The NFVF is committed to ensuring good governance throughout the organisation by observing the principles of the King Report, where possible, within the parameters of public sector legislation. All employees and Council members of the NFVF are expected to conduct the affairs of the NFVF in accordance with the law, and the spirit of the corporate governance principles and practices, which requires a separation of organisational and private interests and the adoption of ethical standards of business.

The Council and Management of the NFVF ensures that its processes and practices are reviewed on an ongoing basis in order to ensure adherence to good corporate governance practices, which are continually benchmarked against international practices.

The Council and Management believe that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa 2002, as well as the Protocol on Corporate Governance in the Public Sector 2002.

2. EXECUTIVE AUTHORITY

The Executive Authority of the NFVF is the Minister of Arts and Culture. For the year under review, the NFVF submitted the following reports on the dates specified:

- » Annual Performance Plan and Strategic Plan for 2012/13 – 30th January 2012
- » 1st Quarterly Report – 16 July 2012
- » 2nd Quarterly Report – 31st October 2012
- » 3rd Quarterly Report – 30th January 2013
- » 4th Quarterly Report – 30th April 2013

PART C: GOVERNANCE

3. THE ACCOUNTING AUTHORITY

Introduction

In terms of section 6 of the Act, the NFVF functions under the guidance of a Council, appointed by the Minister of Arts and Culture. The Council bears primary responsibility for discharging the statutory mandate of the NFVF as set out in the Act. The Chief Executive Officer, management and staff exist to support the Council in executing its responsibilities.

The purpose of the Council is to direct the affairs of the NFVF in fulfilling its statutory obligations set out in the Act and to give strategic direction to the NFVF.

The role of the Council is to:

- » carry out its statutory mandate under the Act
- » define and ensure compliance with the values and objectives of the NFVF
- » establish policies and plans to achieve those objectives;
- » approve each year's strategic and annual performance plan, budget and annual financial statements prior to publication;

In accordance with s8(1) of the NFVF Act, Council meetings were held on 10th May 2012, 8th August 2012, 1st November 2012, 6th December 2012, 24th January 2013 and 14th March 2013.

Composition of the Board

Name	Designation	Date appointed	Date resigned	Other Committees (e.g: Audit committee)	No. of Meetings attended
Ms M Ramagoshi	Chairperson	11 April 2011		Executive Committee	10
Mr G Leolo	Deputy Chairperson	11 April 2011		Executive Committee	11
Ms S Gordon	Member	11 April 2011		Executive Committee	10
Mr M Mphomela	Member	11 April 2011		Audit Committee; Advisory Panel	31
Adv. A Mukoma	Member	11 April 2011		Transformation Committee	12
Ms G Mhlophe-Becker	Member	11 April 2011			4
Mr P Raleigh	Member	11 April 2011		Advisory Panel	9
Mr S Molefe	Member	11 April 2011		Executive Committee; Transformation Committee	14

PART C: GOVERNANCE

Dr S Makhesha	Member	11 April 2011	6 th December 2012	Transformation Committee	9
Ms T Downing	Member	11 April 2011		Transformation Committee; Advisory Panel	18
Adv. R Dehal	Member	11 April 2011		Audit Committee	9
Adv. R Solomons	Member	11 April 2011		Executive Committee; Transformation Committee	13

Remuneration of board members

Name	Remuneration	Other allowance	Other re-imbursements	Total
Ms M Ramagoshi	50 000			50 000
Mr G Leolo	55 000			55 000
Ms S Gordon	50 000			50 000
Mr M Mphomela	105 000			105 000
Adv A Mukoma	50 000			50 000
Ms G Mhlophe-Becker	20 000			20 000
Mr P Raleigh	39 000			39 000
Mr S Molefe	63 000			63 000
Dr S Makhesha	37 000			37 000
Ms T Downing	68 000			68 000
Adv. R Dehal	39 000			39 000
Adv. R Solomons	64 000			64 000

4. RISK MANAGEMENT

Nature of risk management

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the NFVF.

Effective risk management is imperative to any organisation. The realisation of the organisation's business strategy depends

PART C: GOVERNANCE

on its ability to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk through the NFVF's risk management system enables the organisation to anticipate and respond to changes in its business environment, as well as take informed decisions in conditions of uncertainty

Risk management strategies to identify risks and manage the risks

A Risk Assessment Workshop was conducted with audit committee members and the executive management team on the 8th of June 2012 to review and update the NFVF risk register. Based on the outcomes of the risk assessment, a 3 year Rolling Internal Audit Plan was drafted, presented and approved by the Audit Committee.

Progress made in addressing risks identified

Based on the control improvement plan identified at the risk assessment workshop, the NFVF has prepared the following:

- » Signed a shareholders compact with DAC
- » Developed an alternative revenue generation and funding strategy for NFVF
- » Continued to lead industry-wide initiatives to improve funding for the industry
- » Reviewed its policies and procedures, and developed additional policies (eg Conflict of Interest, Related parties etc)
- » Finalised a marketing and communication strategy
- » Included confidentiality undertaking in application forms and contracts
- » Updated the funding criteria
- » Council evaluation of all committees

5. INTERNAL CONTROL

The NFVF is a section 3A Public Entity that is guided by both the principles set out in the NFVF Act as well as the Public Finance Management Act (PFMA). As such, its objectives are to ensure a fully functioning and efficient NFVF office that fulfils its statutory obligations in terms of the NFVF Act and the PFMA and fully meets the service delivery needs of its stakeholders. This means that firstly, the NFVF needs to have adequate resources to fulfil its mandate and secondly to implement and maintain efficient and effective corporate governance and internal control systems.

During the year under review the NFVF has:

- » Ensured financial compliance with the NFVF Act and the PFMA as well as financial and legal compliance with other statutory bodies (e.g. SARS)
- » Ensured an efficient NFVF office that successfully meets the needs of its various stakeholders
- » Maintained an administration system that ensures the productivity and quality of the NFVF office
- » Maintained an effective and efficient supply chain management system
- » Obtained an unqualified audit report for the year ended 31 March 2012
- » Identified and managed risks by holding an annual risk workshop which culminated in an annual internal audit plan and a risk register
- » Ensured good corporate governance by having regular committee meetings including the audit committee, Transformation

PART C: GOVERNANCE

- committee and Exco etc. as well as having a fully functioning and efficient internal audit function
- » Ensured that the HR Policies and Procedures are in line with the legislature and best practice

6. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the NFVF's operations. It assists the NFVF in accomplishing its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and the governance process.

Consistent with the above, the primary objectives of the Internal Audit Function are:

- » To evaluate the effectiveness of the risk management process of the NFVF, and suggest improvements related thereto.
- » To evaluate the adequacy of NFVF's internal control system as a contribution to the economic, effective and efficient use of resources, and suggest improvements related thereto.
- » To evaluate NFVF's process of governance, and suggest improvements related thereto.

Thus the activities performed by Internal Audit Function in executing its responsibilities include:

- » Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether operations or programmes are being carried out as planned;
- » Assisting management in identifying business risks and assessing the adequacy of their risk management processes.
- » Appraisal of the economy, effectiveness and efficiency with which resources are employed;
- » Evaluating the effectiveness of controls over the reliability and integrity of information for management purposes; and
- » Ascertaining the level of the NFVF's compliance with relevant policies, plans, procedures, laws and regulations.

The NFVF's internal audit is performed by SizweNtsalubaGobodo.

Summary of audit work done

During the 2012/13 financial year, a risk assessment was conducted. Based on the outcomes of the assessment and in terms of the 3-year rolling internal audit plan, the following audits were conducted:

- » Audit of pre-determined objectives;
- » Financial discipline review;
- » Governance review;
- » Follow up review;
- » Legislative compliance

Key activities and objectives of the audit committee

The primary purpose of the National Film and Video Foundation (NFVF) Audit Committee is to assist the Council in fulfilling its oversight responsibility relating to the conduct of the Foundation's activities, in terms of the NFVF Act and the PFMA,

PART C: GOVERNANCE

(which includes responsibilities regarding safeguarding of assets, operating effective systems of control and preparing annual financial statements) by reviewing;

- » The system of internal control (financial, operational and compliance) that management have established;
- » NFVF's auditing, accounting and financial reporting processes generally; and
- » The integrity of financial reporting and other information provided by the NFVF to the Minister of DAC, any government body or the public;

Attendance of audit committee meetings by audit committee members:

Name	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms T Mjoli (Chairperson)	External				6
Mr C Mullin	External				4
Ms N Bulbulia	External				5
Mr M Mphomela	Internal	Council member			5
Adv. R Dehal	Internal	Council member			3

7. COMPLIANCE WITH LAWS AND REGULATIONS

The NFVF regularly monitors changes in legislation and policies and procedures are reviewed and updated to take into account legislative changes and updates

8. FRAUD AND CORRUPTION

The NFVF has a fraud prevention plan in place. All new staff are inducted on the plan and regular workshops are held with all staff to familiarise them with the plan. The NFVF is also a participant in the DAC's fraud and corruption campaign

9. MINIMISING CONFLICT OF INTEREST

The NFVF has developed a conflict of interest policy which has been adopted by Council. All Council, committee and panel members sign a declaration of conflict of interest form at every meeting. Staff members sign a declaration of conflict of interest form on an annual basis.

PART C: GOVERNANCE

10. CODE OF CONDUCT

Brief description and nature of Code of conduct /ethics and the effect it has on the public entity. Discuss the process followed for the breach of code of conduct.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Provide a brief description and nature of Health Safety and Environmental issues and the effect it has on the public entity.

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from the Treasury Regulations for public entities as issued by the Public Finance Management Act (PFMA), 1999, as amended. The Audit Committee has adopted an appropriate formal audit committee charter, which has been confirmed by the Council of the NFVF, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and have met the required 3 times per annum as per its approved charter. During the year under review, the committee met on 7th May 2012, 24th July 2012, 3rd December 2012 and 20th March 2013.

Name of Member

Ms Tembeka Mjoli – External member (chairperson)
Ms Nadia Bulbulia – External member
Mr Chris Mullin – External member
Mr Mohau Mphomela – Council member
Adv Roshan Rai Dehal – Council member

The Effectiveness of Internal Control

The system of internal controls is designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report

PART C: GOVERNANCE

on the Annual Financial Statements of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The following internal audit work was completed during the year under review:

- » Audit of pre-determined objectives;
- » Financial discipline review;
- » Governance review;
- » Follow up review;
- » Legislative compliance

The following were areas of concern:

- » Lack of Council Charter
- » Inadequate implementation of performance evaluation for the Council members and its committees
- » No evidence of approval of the organisations policies, procedures and plans

All of these areas of concern have subsequently been addressed by management

Evaluation of Financial Statements

The Audit Committee has:

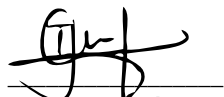
- » reviewed and discussed the audited annual financial statements of the NFVF to be included in the annual report, with the Auditor-General and the Accounting Officer;
- » reviewed the Auditor-General's management letter and management's response thereto;
- » reviewed changes in accounting policies and practices
- » reviewed any significant adjustments resulting from the audit

The committee is satisfied that these statements comply, in all material respects, with the requirements of the PFMA, 1999, as amended, and South African Statements of Generally Recognised Accounting Practice (GRAP).

Auditor's Report

The committee has met with the Auditor-General South Africa to discuss all audit findings

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Tembeka Mjoli - Chairperson of the Audit Committee
National Film and Video Foundation
31 July 2013

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The year under review, 2012/2013, was a time of readjustment for the NFVF. With a new CEO and overhauled strategic plan, it was an opportune time to re-evaluate the human resources of the organisation and ensure that the HR department's overall goal of ensuring sound leadership, governance and management was maintained. The HR department conducted a Human Capital Audit to ensure that ensuing HR interventions and programmes would be in line with the organisation's strategic objectives. The result of the audit was an organisational review and subsequent redesign of the organisational structure. There were no fundamental changes but the purpose was to align HR with the NFVF Strategic Plan.

Significant achievements for the Human Resources Department included establishing a relationship with MICT-SETA and further, securing funding for the NFVF learnership programme from MICT-SETA. The R7 million grant was received in 2012. HR was also instrumental in managing staff through the change of learnership by organising CEO interaction forums and a team building session. Lastly, HR undertook the task of realigning the department's programmes to the strategic objectives of the organisation which resulted in the revised structure approved by the NFVF Council and implemented with effect from 1 April 2013.

The HR priorities for 2012/2013 and their impact:

Align HR strategy with the organisation's strategic objectives – The quest to align HR with the strategic plan meant that a human capital audit was undertaken which included conducting job analyses, job grading and salary benchmarking. This rigorous process ensures that staff are well-positioned according to their skills levels and remunerated fairly.

Implement an enhanced Performance Management System - A revised and enhanced performance management system saw the introduction of a 360° assessment system which allows employees to be evaluated not only by their superiors but also by peers and subordinates, entrenching a culture of accountability.

Human Capital Development – Competency Assessments were conducted which enables HR to identify training priorities and 30% of staff trained according to their personal development plan.

Employee Wellness – Implementation of the wellness programme – a teambuilding session was held in August 2012 and leadership development also conducted

Labour and compliance – In order to ensure compliance with legislation, HR policies were implemented.

Reward System - The reward system was revised and implemented and encompasses both financial and non-financial rewards. Members of staff are rewarded according to the revised and approved salary increase.

Plans for the year ahead

While there are currently no vacancies in the top and senior management at the NFVF, strategies are still in place to motivate and thereby retain the current workforce. Future HR plans include the continued implementation of programmes

PART D: HUMAN RESOURCE MANAGEMENT

and plans introduced during 2012/2013. Increasing the number of staff trained according the outcome of their Competency Assessments (and subsequent Personal Development Plans) will also be a crucial priority in the next financial year. A digitised Performance Management System will be introduced in line with the overhaul of the IT system for the entire organisation.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme

Programme	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Training & Skill Development	653 852	5	2	326 926
Policy & Research	1 954 782	15	6	325 797
Production & Development	1 828 069	14	4	457 017
Marketing & Distribution	2 446 405	19	6	407 734
HR, Finance & CEO	6 118 803	47	11	556 255
Total	13 001 911			

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	5 344 535	41	6	890 760
Senior Management	2 755 165	21	6	459 194
Professional qualified	4 686 309	36	15	313 087
Semi-skilled	73 255	1	1	73 255
Unskilled	142 647	1	2	142 647
TOTAL	13 001 911			

PART D: HUMAN RESOURCE MANAGEMENT

Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management			
Senior Management			
Professional qualified			
Skilled			
Semi-skilled			
Unskilled			
TOTAL	NIL	NIL	NIL

Training Costs

Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
13 001 911	185 669	1.43	13	14 282

Employment and vacancies

Vacant positions can remain unfilled for a period of six months, depending on the level of the position. All vacant positions are advertised internally first, prior to advertising externally. The Receptionist position as advertised internally and an internal staff member was subsequently appointed effective 01 April 2013.

Programme	2011/2012 No. of Employees	2012/2013 Approved Posts	2012/2013 No. of Employees	2012/2013 Vacancies	% of vacancies
Training & Skills Development	2	2	2	0	0%
Policy & Research	5	6	5	0	0%
Production & Development	4	4	4	0	0%
Marketing & Distribution	6	7	6	2	14%
HR, Finance & CEO	9	12	10	2	17%

PART D: HUMAN RESOURCE MANAGEMENT

Programme	2011/2012 No. of Employees	2012/2013 Approved Posts	2012/2013 No. of Employees	2012/2013 Vacancies	% of vacancies
Top Management	6	6	6	0	0%
Senior Management	5	6	6	0	0%
Professional qualified	14	18	15	3	17%
Semi-skilled	0	1	0	1	100%
Unskilled	1	1	1	0	0%
TOTAL	26	32	28	4	

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	6	0	0	6
Senior Management	5	1	0	6
Professional qualified	14	2	1	15
Semi-skilled	1	1	1	0
Unskilled	1	0	0	1
Total	27	4	2	28

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death		
Resignation	2	
Dismissal		
Retirement		
Ill health		
Expiry of contract		
Other		
Total	2	

PART D: HUMAN RESOURCE MANAGEMENT

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0

Employment Equity Status

Levels	MALE			
	African	Coloured	Indian	White
	Current	Current	Current	Current
Top Management		1		
Senior Management	2			
Professional qualified	3			
Semi-skilled				
Unskilled				
TOTAL	5	1		

Levels	FEMALE			
	AFRICAN	COLOURED	INDIAN	WHITE
	Current	Current	Current	Current
Top Management	5			
Senior Management	4		1	
Professional qualified	11			1
Semi-skilled	1			
Unskilled	1			
TOTAL	21		1	1

SOCIAL AND IN CONVERSATION WITH...



PART E: FINANCIAL INFORMATION

1. STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Authority is responsible for the preparation of the public entity's annual financial statements and for the judgements made in this information.


The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the public entity for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the AFS of the public entity.

The National Film and Video Foundation annual financial statements for the year ended 31 March 2013 have been audited by the external auditors and their report is presented on page 75.

The Annual Financial Statements of the public entity set out on page 74 to page 108 have been approved.



Ms Zama Mkosi
Chief Executive Officer
National Film and Video Foundation
31 July 2013



Ms Mmabatho Ramagoshi
Chairperson
National Film and Video Foundation
31 July 2013

FINALS



FINALS





National Film and Video Foundation Annual Financial Statements for the year ended 31 March 2013

CONTENTS	Page
Report of the Auditor-General	75 - 76
Accounting Authority Report	77 - 80
Statement of Financial Position	83
Statement of Financial Performance	84
Statement of Change in Net Assets	85
Cash Flow Statement	86
Notes to the Annual Financial Statements	87 - 110

The annual financial statements set out on page 77 to 110 were approved by the Accounting Authority on 31 May 2013 and are signed by:



Ms Mmabatho Ramagoshi
Chairperson
NFVF



Ms. Z Mkosi
Chief Executive Officer
NFVF

Report of the Auditor-General to the Parliament on National Film and Video Foundation

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the National Film and Video Foundation set out on pages 75 to 108 which comprise, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1. 2009 (Act No.1 of 1999) (PFMA) for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Film and Video Foundation as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

National Film and Video Foundation

Annual Financial Statements for the year ended 31 March 2013

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 26 to 55 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

11. I performed procedures to obtain evidence that the National Film and Video Foundation has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.
12. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.

Internal control

13. I considered internal control relevant to our audit of the financial statements, annual performance report and compliance with laws and regulations.
14. I did not identify any significant deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor-General

Johannesburg

31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

National Film and Video Foundation

Accounting Authority Report for the Year Ended 31 March 2013

1. INTRODUCTION

The Accounting Authority presents the report that forms part of the audited annual financial statements of the organisation for the year ended 31 March 2013.

The National Film and Video Foundation is established in terms of the National Film and Video Foundation (NFVF) Act no. 73 of 1997 and is listed as a national public entity in schedule 3A of the Public Finance Management Act (PFMA), 1999, as amended.

The council acts as the accounting authority of the NFVF, in terms of the PFMA.

2. DIRECTORS OF THE ENTITY

Executive director:

Ms Z Mkosi (Chief Executive Officer)

Non-executive directors (council):

Ms M Ramagoshi (Chairperson)
Mr G Leolo (Deputy Chairperson)
Ms S Gordon
Mr M Mphomela
Adv. A Mukoma
Ms G Mhlophe-Becker
Mr P Raleigh
Mr S Molefe
Dr S Makhesha
Ms T Downing
Adv. R Dehal
Adv. R Solomons

Council member Dr S Makhesha resigned on 6 December 2012.

3. ORGANISATIONAL STRUCTURE

The organisation currently employs 28 permanent staff including the chief executive officer and 5 executive managers. 3 additional staff members were employed during the year, and 2 employees resigned.

National Film and Video Foundation

Accounting Authority Report for the Year Ended 31 March 2013

REMUNERATION FOR THE YEAR

Non-executive directors: Council

Council Member	Amount	Number of Meetings attended					
		Council 6 meetings	1 Strategy session	Exco 4 meetings	Transco 5 Meetings	Advisory Panel Meetings	Other meetings
M Ramagoshi(Chairperson)	R 50 000	6	1	3			
Mr G Leolo	R 55 000	6	1	4			
Ms S Gordon	R 50 000	6	1	3			
Mr M Mphomela	R 90 000	5	1			17	3
Adv. A Mukoma	R 50 000	6	1		5		
Ms G Mhlophe-Becker	R 20 000	4					
Mr P Raleigh	R 39 000	5	1			3	
Mr S Molefe	R 63 000	6	1	2	5		1
Ms S Makhesha	R 37 000	5			4		
Ms T Downing	R 68 000	6	1		5	5	1
Adv R Dehal	R 30 000	5	1				
Adv R Solomons	R 64 000	5	1	4	1		2

Audit Committee

Audit Committee member	Amount	No of meetings attended		
		4 Audit Meetings	1 Risk Workshop	Other Meetings
Ms T Mjoli(Chairperson)	R 18 000	4	1	1
Mr C Mullin	R 12 000	3	1	
Mr M Mphomela	R 15 000	3	1	1
Adv R Dehal	R 9 000	3		
Ms N Bulbulia	R 15 000	4	1	

National Film and Video Foundation

Accounting Authority Report for the Year Ended 31 March 2013

Executive Management:

	Basic Salary	13th Cheque	Allowances	Contributions	Total
CEO: Z Mkosi	1 147 606	95 659	12 000	135 429	1 390 694
CFO: KN Son	840 977	71 197	6 000	20 669	938 842
Head: Marketing: A Muendane	550 685	46 818	6 000	75 737	679 240
Head: Policy & Research: A Makhwanya	572 741	48 694	6 000	77 943	705 378
Head: Human Resources: M Ngwenya	657 058	55 977	6 000	86 375	805 409
Head: Production & Development: C Hamilton	620 365	52 851	6 000	82 705	761 921

4. GOING CONCERN

The Council and Management of the Foundation are of the opinion that the organisation will continue as a going concern in the foreseeable future.

5. PRINCIPAL ACTIVITIES

The principal activities of the organisation during the year comprise support to the film and video industry through the granting of funds for the development and production of film projects, the granting of bursaries and support of training initiatives, and the marketing and promotion of film and video projects.

6. OPERATING RESULTS

The surplus of the organisation for the year was R 387 192 (2012 surplus: R 191 085)

7. REVIEW OF OPERATIONS

Revenue

Revenue comprises funding received from Government, sponsors and other stakeholders.

The increase in revenue is attributable to an increase in allocation from the Department of Arts and Culture.

Operating expenses

2 staff members resigned and 3 new staff members were employed during the current financial year.

The organisation hosted the seventh annual South African Film and Television Awards (SAFTA) in March 2013.

8. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

The Accounting Authority is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the organisation or the results of its operations.

9. AUDITORS

The Office of the Auditor General will continue in accordance with section 58(1)(a) of the PFMA

National Film and Video Foundation

Accounting Authority Report for the Year Ended 31 March 2013

10. ADDRESSES

The entity's business, postal and registered addresses are as follows:

Business address / domicile:

87 Central Street
Houghton
2198

Postal address:

Private Bag X04
Northlands
2116

Registered address:

87 Central Street
Houghton
2198

National Film and Video Foundation

Statement of Financial position as at 31 March 2013

	Note	2013 R	2012 R
ASSETS			
Non Current Assets		2,106,930	1,951,494
Plant and equipment	3	1,277,077	1,230,468
Intangible assets	4	633,293	524,466
Rental deposit		196,560	196,560
Current Assets		59,737,779	46,061,144
Cash and cash equivalents	13	55,924,691	44,872,606
Trade and other receivables	5.1	1,591,500	-
Prepayments	5.2	2,221,588	1,188,538
TOTAL ASSETS		61,844,709	48,012,638
LIABILITIES			
Non-Current Liabilities		20,640,000	19,335,844
Provisions	6.2	20,640,000	18,963,764
Operating lease liability	14.2	-	372,080
Current Liabilities		39,035,318	26,894,595
Trade and other payables	6.1	1,106,820	433,112
Operating lease liability	14.2	372,081	327,458
Provisions	6.2	26,595,325	16,043,172
Income received in advance	7	10,961,092	10,090,853
TOTAL LIABILITIES		59,675,318	46,230,439
NET ASSETS		2,169,391	1,782,199
NET ASSETS			
Accumulated surplus		2,169,391	1,782,199

National Film and Video Foundation

Statement of Financial performance for the year ended 31 March 2013

	Note	2013 Actual R	2013 Approved Budget R	2012 Actual R
Revenue	8	92,764,892	86,442,000	76,749,375
Non-exchange		89,950,739	86,442,000	74,903,014
Exchange		2,814,153	-	1,846,361
Grant expense	9	(71,329,092)	(65,275,000)	(58,235,953)
Gross profit		21,435,800	21,167,000	18,513,422
Operating expenses	10	(23,525,246)	(21,857,000)	(20,158,638)
Deficit from operations		(2,089,446)	(690,000)	(1,645,216)
Investment revenue	11	2,476,638	720,000	1,836,301
Surplus for the year		387,192	30,000	191,085

National Film and Video Foundation

Statement of change in Net Assets for the year ended 31 March 2013

	Accumulated surplus R	Total R
Balance as at 31 March 2010	1,550,979	1,550,979
Surplus for the year	40,135	40,135
Balance as at 31 March 2011	1,591,114	1,591,114
Surplus for the year	191,085	191,085
Balance as at 31 March 2012	1,782,199	1,782,199
Surplus for the year	387,192	387,192
Balance as at 31 March 2013	2,169,391	2,169,391

National Film and Video Foundation

Cash Flow statement for the year ended 31 March 2013

	Note	2013 Actual R	2012 Actual R
Cash flow from operating activities			
Receipts		90,140,342	77,971,969
Non-exchange	8	88,917,689	74,913,018
Exchange	8	1,222,653	3,058,951
Payments		(80,854,448)	(58,047,892)
Employee costs		(12,993,713)	(11,329,897)
Suppliers		(67,860,735)	(46,717,995)
Net Cash flows from operating activities	12	9,285,894	19,924,077
Cash flow from investing activities			
Purchase of plant and equipment	3	(515,981)	(272,609)
Purchase of intangible assets	4	(194,466)	(330,729)
Interest income	11	2,476,638	1,836,301
Net Cash flows used in investing activities		1,766,191	1,232,963
Net Increase / (decrease) in cash and cash equivalents		11,052,085	21,157,040
Cash and cash equivalents at the beginning of the year		44,872,606	23,715,566
Cash and cash equivalents at the end of the year	13	55,924,691	44,872,606

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

1. Basis of preparation

The annual financial statements of the foundation have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

1.1 Standards of GRAP approved but not yet effective

The following GRAP Standards were issued but not yet effective at the reporting date:

GRAP 20: Related Party Disclosures

GRAP 25: Employee benefits

GRAP 105: Transfers of functions

2. Summary of significant accounting policies

The following are the principal accounting policies of the foundation which are prepared on an accrual basis and in all material respects, consistent with those applied in the previous year. The annual financial statements of the foundation have been prepared on the historical cost and going concern basis.

2.1 Significant accounting estimates and judgements

In preparing the annual financial statements, management has made estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant estimates and judgements include:

Estimates

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 6.2 to the annual financial statements.

Plant and equipment

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment. Management has prescribed rates that are in accordance with best practice.

Judgements

Leases

Management has applied its judgment to classify all lease agreements that the foundation is party to as operating leases if the lease do not transfer substantially all risks and rewards of ownership to the foundation, or the other recognition criteria is met in terms of GRAP to classify leases as operating leases.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

2.2 Revenue

2.2.1 Revenue from Non Exchange Transactions

Non exchange revenue comprises of income from the Department of Arts and Culture (DAC) and other government entities

Government grants

Government grants received by the foundation relates to financial support that the foundation receives as a public entity in order to carry out its mandate. All government grants are recognised in the statement of financial performance for the year to which they relate.

Payments received in advance

Government grants are recorded as payments received in advance when they are received. The liability will be discharged and revenue recognised as the conditions of the agreement is satisfied.

2.2.2 Revenue from Exchange Transactions

All other revenue is recognised when it is probable that future economic benefits will flow to the foundation and when the amount can be measured reliably. Revenue is measured at the fair value of the consideration received.

Interest Revenue

Interest income is recognised as part of investment income using the effective interest method.

2.3 Prepayments

Prepayments are payments made for festivals in order to secure orders placed and receive discounted rates.

2.4 Plant and equipment

Plant and equipment are shown at cost less accumulated depreciation and accumulated impairment. Costs include costs incurred initially to acquire or construct an item of plant and equipment and cost incurred subsequently to add to, replace part of, or service it.

Plant and equipment are depreciated on the straight line method at rates which are estimated to write off each asset over its useful life, as follows:

	Useful life	Rate	
Computer hardware	3 years	33.33%	p.a
Furniture and fittings	6 years	10% - 16.67% %	p.a
Computer software	2 years	50.00%	p.a
Office equipment	6 years	16.67%	p.a
Motor vehicles	5 years	20.00%	p.a

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

The residual values, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted if appropriate. Any change resulting from the review is treated as a change in accounting estimate. Depreciation commences when the asset is available for use. Valuations to plant and equipment are performed bi-annually to ensure that the fair value does not differ materially from its carrying amount.

All gains or losses arising on the disposal of scrapping of plant and equipment are recognised in the statement of financial performance in the period of disposal or scrapping. Repairs and maintenance are charges to the statement of financial performance when the expenditure is incurred.

2.5 Intangible assets

Intangible assets are identifiable assets without physical substance. No intangible asset is recognised arising from research. The foundation's intangible assets are shown at cost less accumulated amortisation. Intangible assets are amortised over its estimated useful life, using the straight line method and is calculated to reduce the original costs to the expected residual values over the estimated useful lives.

The amortisation rates are as follows:

	Useful life	Rate
Intangible assets	10 years	10.00% p.a

The amortisation period and the amortisation method for intangible assets are reviewed bi-annually. Useful lives and residual values are assessed bi-annually.

2.6 Non-current assets

There were no major changes in the nature of the non-current assets of the foundation, nor to its policy regarding its use during the year under review.

2.7 Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and financial liabilities are recognised on the statement of financial position when the foundation becomes a party to the contractual provisions of the instrument. Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payables.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less any impairment. Impairment is determined on a specific basis, whereby each asset is individually assessed for impairment indicators. Receivables are purely from non-exchange transactions whereby a service was rendered by the organisation.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and deposits held at banks. Cash and cash equivalents are initially and subsequently measured at amortised cost.

Trade and other payables

Trade and other payables are measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial instruments

The Foundation assesses on each statement of financial position date whether a financial asset of the foundation is impaired. Impairments are made when there is objective evidence that cash flows from specific financial assets would not materialise. Cash flow values estimated not to materialise are impaired. The amount of the impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The amount of the impairment is recognised in the statement of financial performance.

Derecognition of financial instruments

Financial assets

Financial assets (or part thereof) are derecognised when the Foundation realises the rights to benefits specified in the contract, the right expires, or the Foundation surrenders or otherwise loses control of the contractual rights that comprise the financial asset.

2.7 Financial instruments (continued)

Financial liabilities

Financial liabilities (or part thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Off-setting of financial instruments

Financial assets and financial liabilities are offset, if a legally enforceable right exists to set off financial assets against financial liabilities and the financial instrument relate to the same foundation.

2.8 Provisions

Provisions were raised and management determined an estimate based on the information available. A provision is a liability of uncertain timing or amount. Provisions are recognised when the foundation has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Additional disclosure of these estimates of provisions are included in note 6.2 to the annual financial statements. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Contingent assets and contingent liabilities are not recognised as provisions as they do not comply with the recognition criteria.

2.8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised as provisions as they do not comply with the recognition criteria.

2.9 Taxation

No provision has been made for income tax as the foundation is exempted in terms of section 10(1) (cA) (1) of the Income Tax Act, 1962 (Act No. 58 of 1962).

2.10 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

2.11 Presentation currency

Amounts in the annual financial statements are presented and disclosed in South African Rand, and are rounded to the nearest South African rand.

2.12 Employee Benefits

Short-term employee benefits are recognised during the period in which the employee renders the related service. The foundation operates a defined retirement contribution plan for its employees and is not liable for any actuarial losses sustained by the fund. Accordingly, no provision has been made for any such losses and contributions paid are expensed.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

The organisation recognises a liability for annual bonuses (13th cheque). A liability for 13th cheque is accrued on a proportionate basis as services are rendered.

2.13 Related Parties

The Foundation is a Schedule 3(A) public entity that is ultimately owned and controlled by the South African government. All related party transaction that are entered into by the foundation are disclosed in the annual financial statements.

2.14 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

2.15 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. This liability is not discounted. Additional disclosure of operating leases is included in note 15 of the annual financial statements

2.16 Budget Information

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury and is in line with the basis of accounting as per the GRAP Framework. The budget was approved by the Council and submitted to the executive authority in terms of section 53(1) of the PFMA, and covers the period from 1 April 2012 to 31 March 2013. The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

2.17 Impairment of assets

The Foundation assesses at each statement of financial performance date whether there is any indication that an asset may be impaired. If any such indication exists, the Foundation estimates the recoverable amount of the asset. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of financial performance. Any impairment loss of a revalued asset is treated as a revaluation decrease. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

3. Plant and equipment

	R	R	R	R
2013	Computer hardware	Furniture & fittings	Office equipment	Total
Cost as at 31 March 2013	932,572	2,151,375	261,247	3,345,194
Accumulated depreciation	(575,927)	(1,315,225)	(176,965)	(2,068,117)
Net book value at 31 March 2013	356,645	836,150	84,282	1,277,077

	R	R	R	R
Reconciliation - 2013	Computer hardware	Furniture & fittings	Office equipment	Total
Net book value at 1 April 2012	237,778	944,324	48,366	1,230,468
Additions	294,942	161,369	59,669	515,981
Depreciation	(176,075)	(269,544)	(23,753)	(469,372)
Net book value at 31 March 2013	356,645	836,149	84,282	1,277,077

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

2012	Computer hardware	Furniture & fittings	Office equipment	Total
Cost as at 31 March 2012	637,630	2,374,409	201,578	3,213,617
Accumulated depreciation	(399,852)	(1,430,085)	(153,212)	(1,983,149)
Net book value at 31 March 2012	237,778	944,324	48,366	1,230,468

	R	R	R	R
Reconciliation - 2012	Computer hardware	Furniture & fittings	Office equipment	Total
Net book value at 1 April 2011	211,628	1,217,811	43,065	1,472,504
Additions	239,952	10,571	22,086	272,609
Depreciation	(213,802)	(284,058)	(16,785)	(514,645)
Net book value at 31 March 2012	237,778	944,324	48,366	1,230,468

Impairments of R385 000 (No book value) were made to PPE (2012:Nil).

Assets purchased in prior years with a cost of R828 036 are still in use and have zero book value.

4. Intangible assets

This relates to the NFVF computer software, website and specialised software.

2013	Website	Computer software	Specialised Software	Total
Cost as at 31 March 2013	476,409	146,296	205,623	828,328
Accumulated depreciation	(53,701)	(93,627)	(47,707)	(195,035)
Net book value at 31 March 2013	422,708	52,669	157,916	633,293

	R	R	R	R
Reconciliation - 2013	Website	Computer software	Specialised Software	Total
Net book value at 1 April 2012	445,061	36,737	42,668	524,466
Additions	-	46,971	147,495	194,466
Amortisation	(22,353)	(31,039)	(32,247)	(85,639)
Net book value at 31 March 2013	422,708	52,669	157,916	633,293

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

2012	Website	Computer software	Specialised Software	Total
Cost as at 31 March 2012	476,409	99,325	58,128	633,862
Accumulated amortisation	(31,348)	(62,588)	(15,460)	(109,396)
Net book value at 31 March 2012	445,061	36,737	42,668	524,466

	R	R	R	R
Reconciliation - 2012	Website	Computer software	Specialised Software	Total
Net book value at 1 April 2011	233,376	51,008	-	284,384
Additions	227,359	45,242	58,128	330,729
Amortisation	(15,674)	(59,513)	(15,460)	(90,647)
Net book value at 31 March 2012	445,061	36,737	42,668	524,466

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

5. Trade and other receivables

	2013 R	2012 R
5.1.Receivables from exchange transactions		
Film & Publications Board: SAFTA	1,000,000	-
MICT - SETA - Internship programme	420,000	-
Rainbow Marketing - SAFTA	160,000	-
Other	11,500	-
	<u>1,591,500</u>	<u>-</u>

5.1.1 Prepayments

	2013 R	2012 R
Cannes Film Festival	1,728,153.45	1,160,728
MIP TV	224,074.21	-
Annecy	244,361.19	-
Hot Docs	25,000.00	27,810
	<u>2,221,589</u>	<u>1,188,538</u>

Prepayments relate expenses for airfares, accommodation and stand rentals for the above-mentioned film festivals.

	R	R	R	R	R	R
	1-30 days	31-60 days	61-90 days	91-120 days	120+ days	Total
2013						
Gross trade receivables	1,591,500	-	-	-	-	1,591,500
Impairment of trade receivables	-	-	-	-	-	-
Nett trade receivables	1,591,500	-	-	-	-	1,591,500

6.1 Trade and other payables from exchange transactions

	2013 R	2012 R
Salaries and Wages	-	10
Medical Aid accrual		
Trade payables	1,106,820	433,102
	<u>1,106,820</u>	<u>433,112</u>

All trade payables are non-interest bearing and are normally settled on a 30 day term.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

6.2 Provisions

2013 R	2012 R
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6.2.1 Provision for grants issued by NFVF

Opening balance as at 01 April 2012	34,408,245	13,832,764
New grants issued (note 9)	71,329,092	58,235,953
Grant write-offs	6,757,332	-
Payments made during the year	(65,866,233)	(37,660,472)
Closing balance as at 31 March 2013	46,628,436	34,408,245

The Foundation issues grants in the following categories: training and bursaries; research and script development; production and distribution and marketing.

Management determined estimates based on calculations of current and non-current portions.

2013 R	2012 R
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6.2.2 Provision for leave pay

Opening balance as at 01 April 2012	426,523	289,888
Utilised during the year	(426,523)	(289,888)
Originated during the year	392,888	426,523
Closing balance as at 31 March 2013	392,888	426,523

A provision for leave is recognised for leave due to employees at year end and calculated using the BCEA rates. The provision is expected to be realised within the following financial year when the employees utilise the leave or resign.

2013 R	2012 R
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6.2.3 Provision for 13th cheque

Opening balance as at 01 April 2012	172,168	156,361
Utilised during the year	(172,168)	(156,361)
Originated during the year	214,001	172,168
Closing balance as at 31 March 2013	214,001	172,168

Current	26,595,325	16,043,172
Non-current	20,640,000	18,963,764
Total provisions	47,235,325	35,006,936

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

	2013 R	2012 R
7. Income received in advance from non exchange transactions		
Department of Arts and Culture		
Opening balance as at 01 April 2012	10,000,000	10,000,000
Received during the year	961,092	-
Closing balance as at 31 March 2013	10,961,092	10,000,000

The R10 million received relate to the installation of digital equipment for community viewing as well and upgrading of facilities in under-serviced areas. The funds were received close to year end 31 March 2011. It was originally anticipated that the project will commence in the financial year 2011/2012. The NFVF was unable to commence with the project due to change in conditions from DAC.

The NFVF issued a tender during 2012, however no tender was awarded as none of the applicants fulfilled the minimum requirements.

The NFVF will revise the tender conditions and it is now anticipated that the project will be finalised by 31 March 2014.

The R961k received relates to the hosting of Fepaci Congress which is scheduled to take place in May 2013

Eastern Cape Development Corporation (AFCI 2012)

Received during the year	-	90,852
Closing balance as at 31 March 2013	-	90,852

Funds received from the ECDC were in respect of the AFCI taking place in June 2012

Total payments received in advance	10,961,092	10,090,852
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National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

8. Revenue

	2013	2013	2012
	Actual	Approved Budget	Actual
	R		R
8.1 Revenue from Non Exchange Transactions	89,950,739	86,442,000	74,903,014
Department of Arts and Culture - annual allocation	86,442,000	86,442,000	74,879,000
Department of Arts and Culture - London Showcase	400,000	-	-
Department of Arts and Culture - Fepaci Congress	3,038,908	-	-
MICT-SETA: Mandatory grant	69,831	-	24,014
8.2 Revenue from Exchange Transactions	2,814,153	-	1,846,361
Film and Publications Board - SAFTA	1,000,000	-	
M-NET - SAFTA's	1,000,000	-	
Rainbow Marketing - SAFTA	160,000	-	
Eastern Cape Development Corporation - AFCI	90,852	-	
Durban Film Office - AFCI	65,000	-	
MICT - SETA - Internship programme	420,000		
Partnerships for events	-	-	276,970
Recoupments	-	-	1,401,973
Other	68,301	-	163,568
Sales	10,000	-	3,850
	92,764,892	86,442,000	76,749,375

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

	2013 Actual	2013 Approved Budget	2012 Actual
	R		R
9. Grants expense			
Training and skills development	10,425,922	10,000,000	7,932,267
Script development	9,522,437	9,500,000	7,502,216
Production of content	17,562,002	19,250,000	21,911,194
Policy and Research	1,383,688	1,500,000	794,716
Marketing and distribution	32,435,043	25,025,000	20,095,560
	71,329,092	65,275,000	58,235,953

The variance between actual and budget grant expenditure was sourced from sponsorship and partnership agreements entered into with various stakeholders, as reflected in note 8.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

	Note	2013 Actual R	2013 Approved Budget	2012 Actual R
10. Operating expenses				
Included in the operating expenses are the following:				
Audit fees - Internal		810,309	647,031	487,217
- External		445,921	374,777	310,924
Consulting services		843,332	208,400	402,418
Professional services - staff recruitment & SCM		684,083	50,000	276,645
Website expenses		159,249	158,400	125,773
Councillors' services				
Honorarium - council meetings	17.1	685,000	561,000	1,027,000
Depreciation on plant and equipment and intangible assets	3 & 4	555,011	624,000	605,292
Panellist fees		657,375	228,000	305,850
Rent paid - Buildings		2,321,786	2,319,455	2,319,455
Salaries and wages	10.2	13,001,911	13,672,870	11,482,339
Salaries and wages - executive management	17.2	5,281,484	5,250,643	4,829,868
Salaries and wages - other staff		7,720,427	8,422,227	6,652,471
Travel and accommodation		583,702	323,300	456,885
Printing and publication		457,638	450,880	412,388
Administration		929,146	576,630	525,393
Conferences and Catering		567,019	592,463	512,236
Advertising		291,766	200,000	180,620
Telephone & Fax		357,258	264,000	248,115
Equipment Hire		370,512	281,794	322,358
Computer Expenses		146,144	110,000	128,613
Electricity & Water		501,416	422,400	431,535
		23,525,246	21,857,000	20,158,638

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

Salary costs are below budget as two vacancies took longer than expected to be filled.

The has been a 50% increase in the number of funding applications received. As a result all associated costs (panellist fees, printing costs, courier costs, telephone costs) have all increased and are over budget

10.2 Salaries and wages

	13,001,911	13,672,870	11,482,339
Gross Salary	10,368,805	10,952,452	8,612,658
Cellphone Allowance	79,000	78,000	70,000
Medical Aid	618,370	556,950	469,081
Provident Fund	923,941	953,120	765,055
UIF	46,760	48,000	39,456
Skills Development Levy	118,154	120,000	98,819
Workman's Compensation	27,770	-	2,734
Bonus	852,746	964,348	1,204,423
Leave Provision	(33,635)	-	220,113

11. Investment revenue

	2013 Actual	2013 Budget	2012 Actual
Interest income - Bank Deposits	2,476,638	720,000	1,836,301

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

	2013 R	2012 R
12. Reconciliation of net cash flow from operating activities to surplus/(deficit)		
Surplus/(Deficit for the year)	387,192	191,085
Adjustments for non cash movements:		
Depreciation and amortisation on plant and equipment and intangible assets	555,011	605,292
(Surplus)/Loss on revaluation of furniture and fittings	-	-
(Decrease)/Increase in operating lease	(327,457)	70,242
Increase / (decrease) in employee related provisions	8,198	152,442
Increase / (decrease) in other provisions	12,220,191	20,682,212
Items shown separately on the face of the cash flow statement		
Interest income	(2,476,638)	(1,836,301)
Changes in working capital:		
(Increase) / decrease in trade and other receivables	(1,591,500)	1,212,590
(Increase) / decrease in prepayments	(1,033,050)	10,004
Increase / (decrease) in trade and other creditors	1,543,947	(1,163,489)
Net cash flow from operating activities	9,285,894	19,924,077
	2013 R	2012 R
13. Cash and cash equivalents	55,924,691	44,872,606
First National Bank	925,478	847,226
Corporation for Public Deposits	54,997,213	44,023,380
Petty cash	2,000	2,000

Cash and cash equivalents earn interest at floating rates based on the daily bank deposits.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

14. Lease arrangements

14.1 Operating lease commitments

At the statement of financial position date the foundation had outstanding commitments which relates to various operating leases and falls due as follows:

2013	Up to 1 Year	2 - 5 years
Building	2,085,909	-
Photocopier	112,504	-
	<u>2,198,413</u>	<u>-</u>
2012	Up to 1 Year	2 - 5 years
Building	2,591,583	2,085,909
Switchboard	35,679	-
Photocopier	255,335	112,504
	<u>2,882,597</u>	<u>2,198,413</u>

Leases are split per equipment

14. Lease arrangements (continued)***Rental:***

The building lease expired on 31 December 2008. The lease was renewed for a further 5 year term from 01 January 2009 - 31 December 2013. 87 Central Properties allows for an annual escalation of 10% per annum.

The lease expense for the year ended 31 March 2013 is R 2 319 455.

National Samsung - PABX System

This is a 60 month contract allowing for 15% escalation fee annually. The lease expired on 31 July 2012

The equipment is currently rented on a month by month basis

The lease expense for the year ended 31 March 2013 is R 27 509

National Samsung - Equipment

This is a 60 month contract allowing for 15% escalation fee annually. This lease was entered into on 01 September 2008. The lease expense for the year ended 31 March 2013 is R 208 176

	2013 R	2012 R
Short term portion of Operating Lease Liability	372,081	327,458
Long term portion of Operating Lease Liability	-	372,080
14.2 Operating lease liability	372,081	699,538
	2013 R	2012 R
15. Irregular expenditure		
Irregular expenditure	653,218	7,626,601
Less: Condoned	(653,218)	(6,973,383)
	-	653,218

The Foundation did not incur any irregular expenditure during the financial year under review.

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

16. Related parties

During the year, the foundation entered into a related party transaction with the following

	2013 R	2012 R
Amounts received from related parties		
Department of Arts and Culture	89,880,908	74,879,000
Film and Publications Board	1,000,000	-
Durban Film Office	65,000	140,000
Eastern Cape Development Corporation	90,852	42,385
MICT Seta	489,831	39,570
Cape Film Commission	-	42,385
Amounts due by related parties		
Film and Publications Board	1,000,000	-
MICT Seta	420,000	
Income in advance from related parties		
Department of Arts and Culture	10,961,092	10,000,000
Eastern Cape Development Corporation		90,852

The Foundation is an agency of the Department of Arts and Culture and receives its annual allocation as a parliamentary grant in order to fulfill its mandate per the NFVF Act. The amounts received from the Film and Publications Board, the Durban Film Office and the Eastern Cape Development Corporation are in respect of partnership agreements for the promotion and development programmes in support of the film industry, ie for the SAFTA's and various film festivals. The partnership with the MICT-Seta is aimed at facilitating the placement of interns at production companies to give them industry experience.

All balances are unsecured, interest free, with no fixed terms of repayment and are recorded at fair values.

Council members including sub-committees i.e. Audit, Transco and Exco only receive honorariums for meetings attended. Executive management is defined as employees who have the ability to direct and control the operations of the foundation. The NFVF Executive management only receive remuneration for salaries. No loans have been advanced to the Executive management during the financial year. There are no further payments expedited to these members.

Key management personnel remuneration

Refer to note 17

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

	2013 R	2012 R
17. Disclosure of remuneration		
17.1 Non Executive Honorarium - council services	640,000	994,000
Ms S Gordon	50,000	48,000
Mr M Mphomela	105,000	75,000
Adv R Solomons	64,000	72,000
Ms M Ramagoshi	50,000	83,000
Adv A Mukoma	50,000	84,000
Ms G Mhlophe Becker	20,000	41,000
Mr G Leolo	55,000	84,000
Mr P Raleigh	39,000	50,000
Adv R Dehal	39,000	57,000
Mr S Molefe	63,000	109,000
Dr SP Makhesha	37,000	62,000
Ms T Downing	68,000	93,000
Mr L Mitchell	-	75,000
Ms Z Mkosi	-	61,000

17.2 Executive management salaries - 2013

	R	R	R	R	R
	Basic Salary	13th Cheque	Allowances	Medical Aid/ Provident Fund	Total
Chief Executive Officer	1,147,606	95,659	12,000	135,429	1,390,694
Chief Financial Officer	840,977	71,197	6,000	20,669	938,842
Head: Marketing	550,685	46,818	6,000	75,737	679,240
Head: Policy & Research	572,741	48,694	6,000	77,943	705,378
Head: Human Resources	657,058	55,977	6,000	86,375	805,409
Head: Production and Development	620,365	52,851	6,000	82,705	761,921
	4,389,431	371,195	42,000	478,858	5,281,484

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

Executive management salaries - 2012	R	R	R	R	R
	Basic Salary	13th Cheque	Allowances	Medical Aid/ Provident Fund	Total
Chief Executive Officer - KE Mbalu	270,870	369,929	3,000	27,087	670,886
Chief Executive Officer - Z Mkosi	95,634	7,969	1,000	9,563	114,166
Acting Chief Executive Officer: July 2011 to Feb 2012	581,944	-	5,000	3,138	590,082
Chief Financial Officer	262,477	82,024	2,000	3,138	349,640
Acting Chief Financial Officer: July 2011 to Feb 2012	369,217	-	4,000	37,581	410,798
Head: Marketing	506,144	42,179	6,000	65,277	619,600
Head: Policy & Research	526,416	54,835	6,000	52,642	639,893
Head: Human Resources	598,413	62,335	6,000	81,706	748,454
Head: Production and Development	564,995	58,854	6,000	56,499	686,349
	3,776,110	678,125	39,000	336,633	4,829,868

18. Financial instruments

As at 31 March 2013, the carrying values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short term maturities of these assets and liabilities as disclosed below.

		2013	2012
Financial assets			
Cash and cash equivalents	Carrying value	55,924,691	44,872,606
	Fair value	55,924,691	44,872,606
Trade and other receivables	Carrying amount	2,221,588	1,188,538
	Fair value	2,221,588	1,188,538
Financial liabilities			
Trade and other payables	Carrying value	1,106,820	433,112
	Fair value	1,106,820	433,112
Operating lease liability	Carrying value	372,081	699,538
	Fair value	372,081	699,538

19. Financial risk management objectives and policies

The main business risks faced by the foundation in respect of its principal non-derivative financial instruments are interest rate risk and liquidity risk. Management reviews and agree controls for managing these risks.

19.1 Interest rate risk

The Foundation's exposure to the risk of changes in market interest rates relates primarily to the foundation's cash and cash and cash equivalents with floating interest rates. Cash and cash equivalents attract interest at rates that vary with prime. The Foundation manages its interest rate risk so that fluctuations invariable rates do not have a material impact on the surplus/(deficit) of the foundation. The foundation is not exposed to significant interest rate risk as the foundation does not have any external funding, other than cash and cash equivalents with the bank.

The following sets out the carrying amount, of the foundation's cash and cash equivalents that are exposed to interest rate risk:

	2013 R	2012 R
Within 1 year	55,924,691	44,872,606
1 to 5 years	-	-
	55,924,691	44,872,606

The following table demonstrates the sensitivity to a reasonably possible change in interest rates to cash and cash equivalents, with all other variables held constant, to the foundation's deficit.

	2013 R	2012 R
Increase in interest rate of 1%	382,426	354,098
Decrease in interest rate of 0.5 %	24,811	22,973

National Film and Video Foundation

Notes to the annual financial statements for the year ended 31 March 2013

19.2 Credit risk

Receivables

The receivables are exposed to a low credit risk and no amounts are overdue.

Cash and cash equivalents

Cash and deposits are held with registered banking institution and are regarded as having insignificant credit risk.

Cash in the current account is kept at a maximum in order to maximise interest earned.

The Foundation has invested any surplus cash with the Corporation for Public Deposits.

Foreign exchange rates are monitored and payments made on favourable rates.

19.3 Liquidity risk

The Foundation's risk to liquidity is a result of the funds available to cover future commitments. The Foundation manages liquidity risk through ongoing review of future commitments. Cash flow forecasts are prepared regularly to monitor payables. The table below summarises the maturity profile of the foundation's financial liabilities as at 31 March 2013.

	R	R	R	R	R
	Less than 3 months	3 -12 months	91-120 days	1 - 5 years	Total
2013					
Operating lease liability	-	-	-	372,081	372,081
Financial liability	-	-	-	372,081	372,081
2012					
Operating lease liability	-	-	-	699,538	699,538
Financial liability	-	-	-	699,538	699,538

20. Contingent liabilities

The contingent liability amounts to R 10 418 000 (2012: R19 113 500).

The R4 418 000 relates to the distribution and marketing festivals and R6 000 000 to slate funding.

The NFVF approved contracts for a 3 year period but disbursements are dependant on applicant fulfilling conditions of contract.

The contracts have deliverables/milestones which are reported on a periodic basis in order for NFVF to track the progress of the project.





national film and video foundation
SOUTH AFRICA

an agency of the

Department of Arts and Culture

Laying the foundation for greatness



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