



**national film and video foundation**

**SOUTH AFRICA**

## **Co-Production Report 2011**

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## Acronyms

CAN	Canada
DAC	Department of Arts and Culture
DTI	Department of Trade and Industry
FRA	France
GER	Germany
IDC	Industrial Development Corporation
NFVF	National Film and Video Foundation
SA	South Africa
SABC	South African Broadcasting Corporation
SARS	South African Revenue Services
UK	United Kingdom

## **Introduction**

International TV and film co-productions reflect the continuing integration of cultural and economic activities on a global scale. Co-productions have been on the increase since the early 1990s, with South Africa signing its first co-production agreement with Canada in 1997. Since the inception of the first treaty 14 years ago, South has concluded 6 more treaties with United Kingdom, Italy, Germany, France, Australia and New Zealand.

Co-productions are based on the collaboration between two or more producers from different countries for the creation of film and television programmes. Treaty co-productions count towards domestic content for quota purposes and are therefore eligible for public funding in both participating countries. Co-productions entail financial and creative commitments, and the pooling of technical expertise, as laid out in the official co-production agreement between participating partners countries. The goal is the production of cultural programmes nationally relevant to all countries involved which allows producers access to funding mechanisms such as tax incentives, grants and investments from both countries.

In South Africa projects certified as official co-productions are eligible for funding from the Department of Trade and Industry (The Film and Television Production incentive) and the South African Revenue Service's (SARS) section 24F Tax incentive which is currently undergoing review.

## **Purpose of the report**

The aim of the report is to observe how co-productions have impacted on the South African film industry; the economic value brought about by such collaborations and establishes if the objectives of the co-productions have been met. The study further aims to track new and developing trends in co-productions.

However, it should be cautioned that information used for the analysis may not be exact during the time of filming as it is drawn from the advanced ruling applications not final ruling. The co-productions report focus on the following indicators:

- Productions Budgets
- Number of projects per format
- Sources of South African funding and the level of investment
- Stimulated revenue on economic sectors
- Participation of South Africans in the projects
- Total number of shoot days in SA and filming locations and;
- Compares the previous year with the year under review.

The report is produced twice a year with the half year report released at the end of July and the final and consolidated report released at the end of March.

## **Data Collection**

All the data used in the report has been drawn from the applications submitted to the NFVF for advanced ruling. The NFVF through its parent body, the Department of Arts and Culture (DAC) serves as the competent authority and receives application for projects to be certified as official co-productions. The data is sourced from all the files/projects that have been granted the status of an official co-production, captured and analysed for the report.

## Findings

A total of 17 films received advanced ruling certification in 2011; this reveals a rise as compared to 2010 where only 9 films were certified. Only 3 co-production agreements were effective in 2011, i.e. SA/GER, SA/UK and SA/FRA. As revealed in figure 2 below that the majority of the films certified emanated from the South Africa and Germany co-production treaty. Since 2010 Germany has cemented its position as the major co production partner with a doubled number of projects from 6 that were produced in 2010 to a total of 12 in 2011.

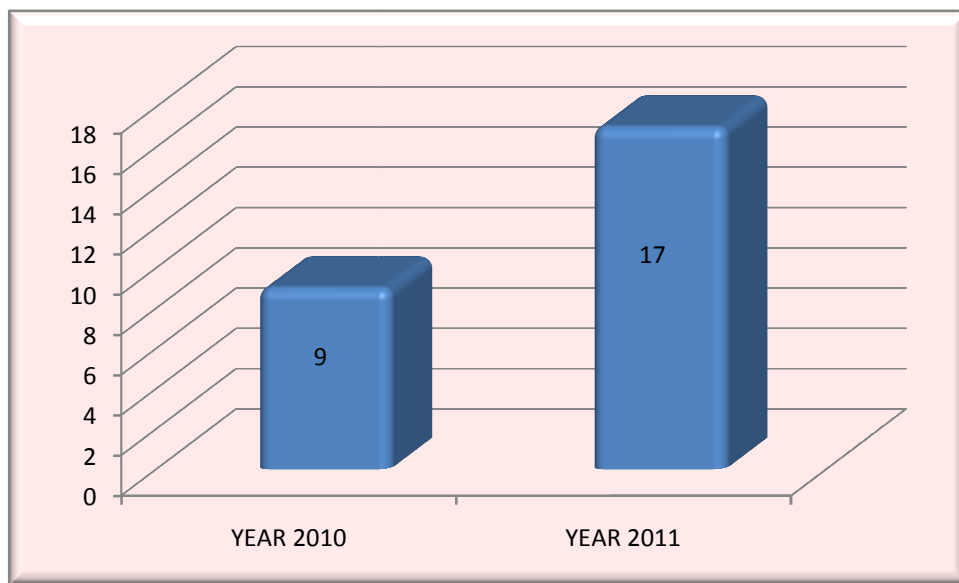
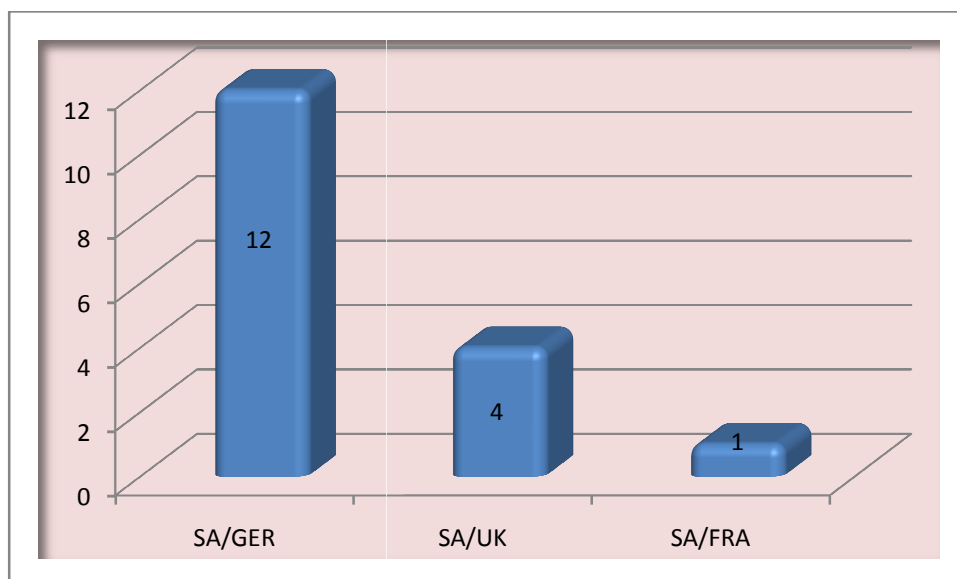
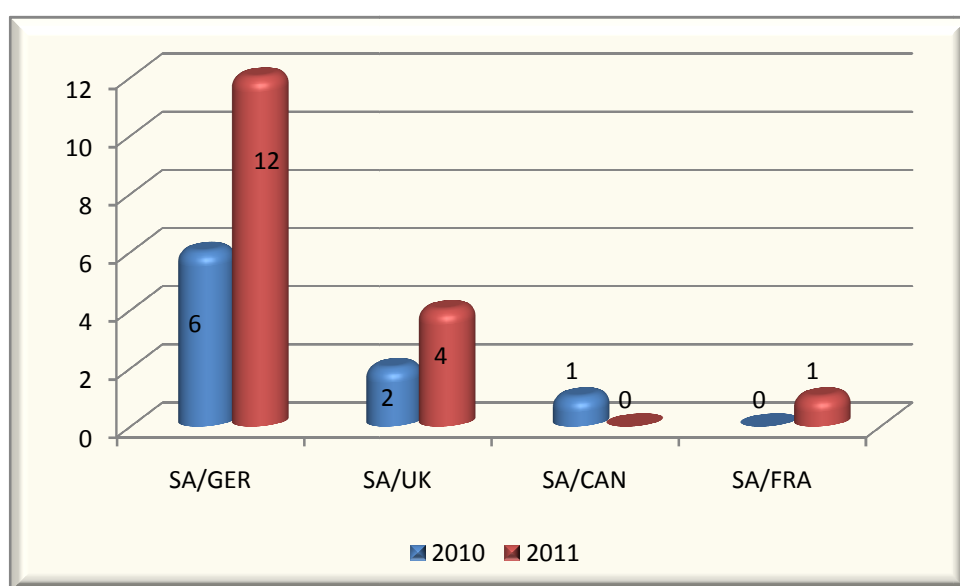


Figure 1: Total number of projects for 2010 and 2011



**Figure 2: Total number of projects per treaty.**

The UK/SA has also managed to double its production volume from 2 in 2010 to 4 in 2011 while France which had recently signed a co-production (2010) with South Africa has only managed one co-production project a feature film (Skoonheid) which was released theatrically in SA and has won the Queer Palm Award at the 2011 Cannes Film Festival and was launched on French cinema screens in October 2010.



**Figure 3: Total number of projects per treaty for 2010 and 2011**

The SA/CAN co-production treaty, which was the first co-production agreement South Africa signed in 1997 is the oldest official co-production signed. In 2010 the treaty produced only 1 project and no project was submitted in 2011, while the new treaty SA/FRA has managed to produce 1 project as displayed in the figure above.



The 2011 reveals an imbalance between the budget and the total number of projects submitted for ruling. The total production budget for 2010 was R837 018 583 with a total of 9 projects and the recent statistics reveal a decline to R706 156 596 with an increased number of productions (17).

Table 1 below shows that the contribution by the SA to co-produced projects in 2010 was R 498 169 275 which declined to R 293 549 496 in 2011 while the foreign co-producing partners contribution increased slightly from R 338 849 in 2010 to R399 287 289 in 2011 which also led to a decrease in the overall 2011 budget.

Contributions	2011	2010
SA Contribution	R 293 549 496	R 498 169 275
Foreign Contribution	R 399 287 289	R 338 849 308
Total contributions	R 706 156 596	R 837 018 583

**Table 1: Total budget contribution for 2010 and 2011**

The SA/GER treaty contributed an overall budget of R512 910 218 from the 12 projects they were involved in, an increase from R357 911 368 in 2010 while the SA/UK treaty also reported an increased budget contribution. New treaty SA/FRA contributed just below R10 million and SA/CAN seems to be falling off the radar as they did not have a project in 2011.

CO-PRODUCING PARTNERS	2011	2010
SA/GER	R 512 910 218	R 357 911 368
SA/UK	R 184 897 843	R 384 887 459
SA/FRA	8 348 535	0
SA/CAN	0	R 23 554 939

**Table 2: Total budget contribution per Treaty for 2010 and 2011**

Table 3 below reflects the total contribution of a co-producing partner, Germany alone contributed R 281 442 466 in 2011, which shows an increased contribution as compared to 2010 where a total of R225 093 029 was contributed, UK's contribution rose from R 90 201 340 in 2010 to a total of R116 175 116 in 2011. While France had a zero contribution in 2010 due the fact that the treaty only came into operation in 2011 its initial contribution in 2011 was R 1 669 707.

CO-PRODUCING PARTNERS	2011	2010
SA/GER	R 281 442 466	R 225 093 029
SA/UK	R 116 175 116	R 90 201 340
SA/FRA	R 1 669 707	0

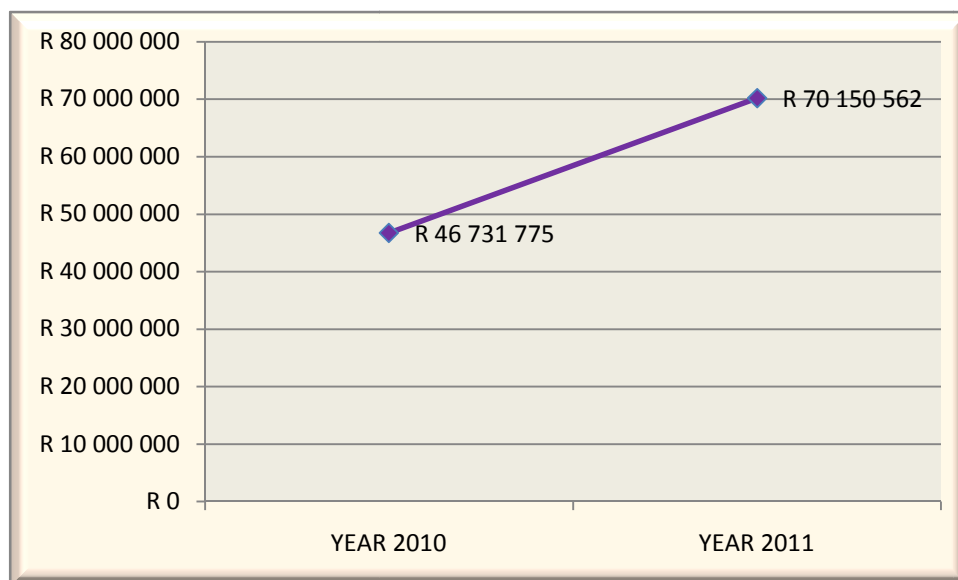
**Table 3: Total budget contribution by SA co-producing per treaty.**

The Department of Trade and Industry (DTI) is still the major contributor to the production budgets as evidenced by both Table 4 and figure 4 below. The South African Broadcasting Corporation (SABC) Industrial Development Corporation (IDC) and the National Film and Video Foundation (NFVF) did not contribute to the budget and the reason might be that the producers did not request any funding from the above mentioned institutions.

Others sources contributed R214 783 3333 to the co-productions, "other sources" includes advances from distribution rights and investment from the producing companies in South Africa.

Source	Amount
DTI	R 70 150 562
SABC	0
NFVF	0
OTHER	R 214 783 333

**Table 4: Total budget contribution from South African financiers**



**Figure 4: DTI's contribution to budgets for 2010 and 2011**

The DTI's budget contribution increased from R46 731 775 to R70 150 562 that should have been influenced by the fact that the number of productions was also increase.

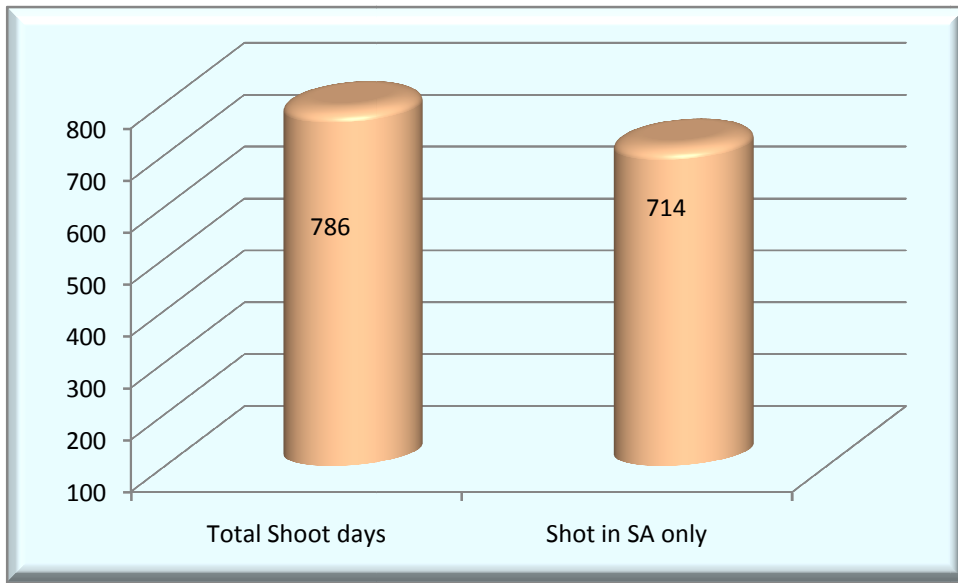


Figure 5: Total number of shoot days.

A total of 786 days spent shooting the 17 projects, 714 of them were spent shooting on locations in South Africa, and while a total of 13 projects were shot entirely in South Africa as depicted by the figure 6 below. The figure further reveals that 3 projects were shot in SA and UK and both SA/Austria and SA/GER share one project apiece with SA/GER treaty holding the highest number of projects.

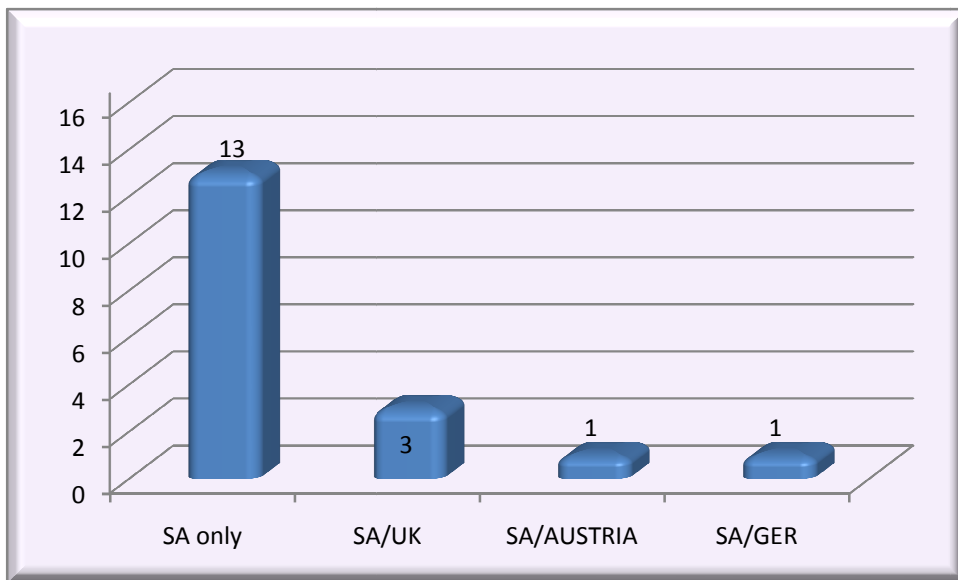
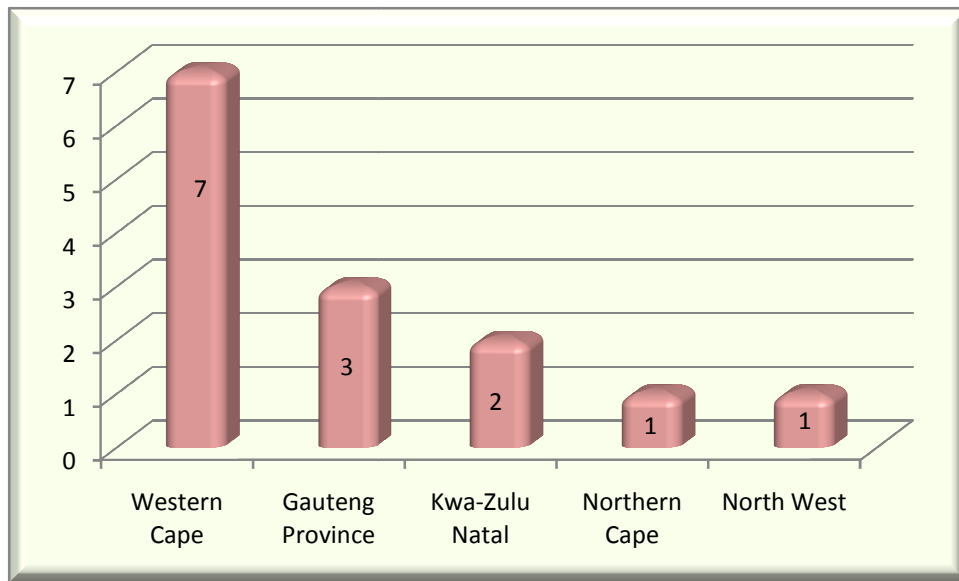
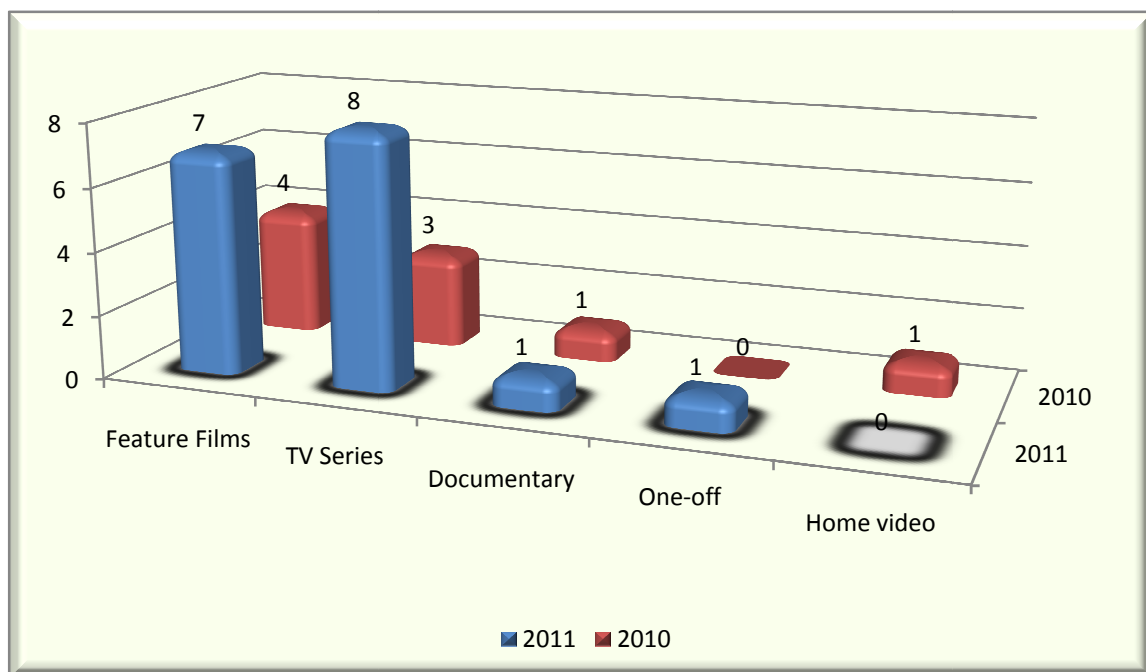


Figure 6: Total number of projects shot in SA



**Figure 7: Total number of projects shot in a province.**

The Western Cape (WC) remains the most preferred location for film shooting as figure 7 reveals that of the 13 projects shot in SA, 7 of them were shot in the WC province. Gauteng follows closely with a total of 3 projects while Kwa-Zulu Natal has two projects shot in locations around it. Northern Cape and the North West share a project apiece while 4 other provinces were not utilised for co-production film shooting, namely: Limpopo, Mpumalanga, Eastern Cape and the Free State.



**Figure 8: Formats of projects for 2010 and 2011.**

Television series were the most preferred format for productions in 2011 with a total of 8 out of 17 productions and that was closely followed by feature films with a total number of 7 projects. In comparison to 2010, the scale has tilted towards television series as there were 4 feature films compared to 3 television series in 2010. Both 2010 and 2011 produced 1 documentary and 1 once-off project.

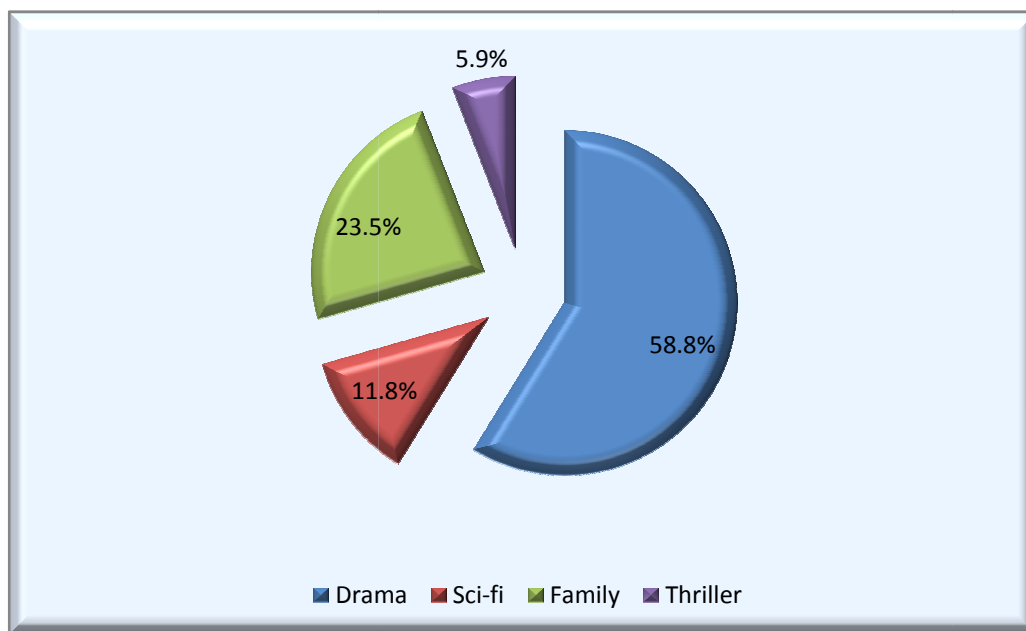


Figure 9: Percentage split of genres for 2011

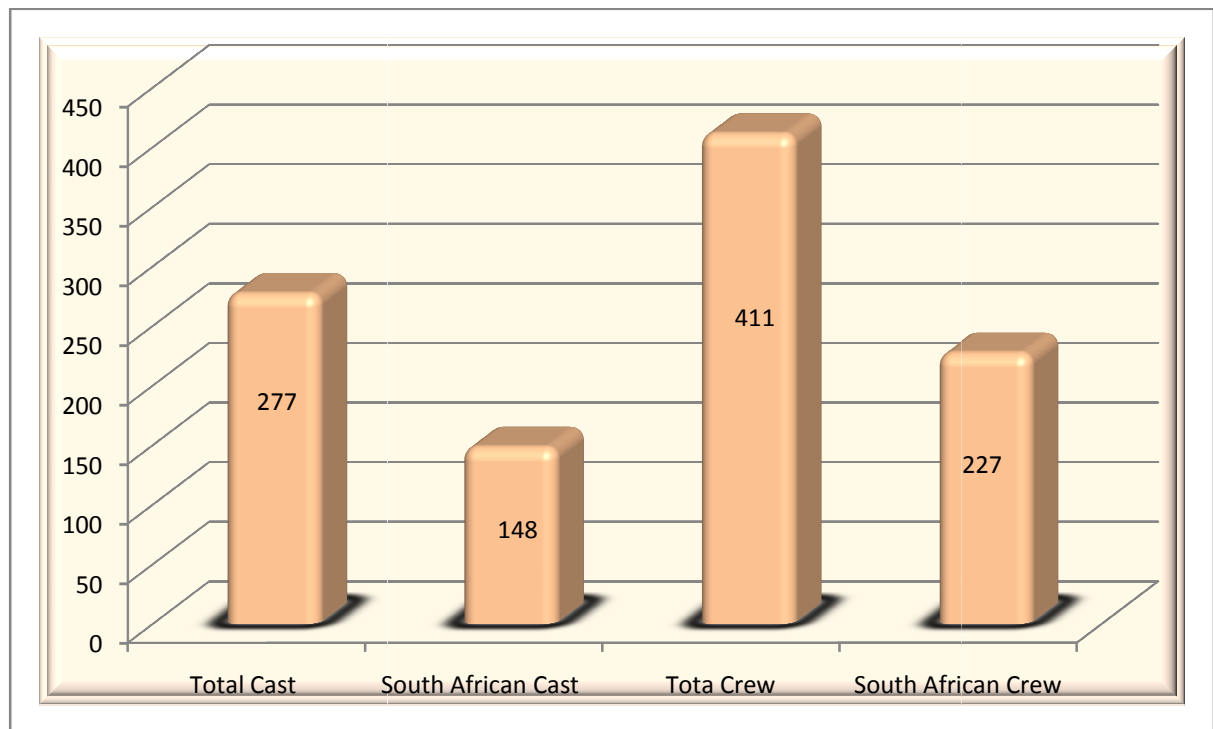
The most preferred genre for 2011 was drama at 58.8% of all the productions and that was closely followed family genre at 23.5% and sci-fi stood at 11.85 while the least preferred genre was thriller with a 5.9%

Item	Expenditure
Travel and Living	R 42 413 117
Transportation	R 36 861 780
Location	R 21 968 737
Wardrobe	R 8 756 294
Hair and Make up	R 4 206 062
Cast	R 22 410 644
Extras	R 7 493 192

Table 5: Expenditure items.

From a total of R 144 109 826, R 42 413 117 was spent on travel and living while transportation costs amounted to a total of R 36 861 780. Casting and extras costs amounted to R22 410 644 and R7 493 192 respectively. Wardrobe and hair and

make up were the item were less than R10 million was spend as well as extras and the location cost was R 21 968 737.



**Figure 10: Participation by cast and crew.**

A total of 277 people were casted on the 17 projects reported on, and more than 50% (148) cast members were South Africans while the projects also reported to have used a total of 411 crew members and again more half (227) of them were also South Africans.

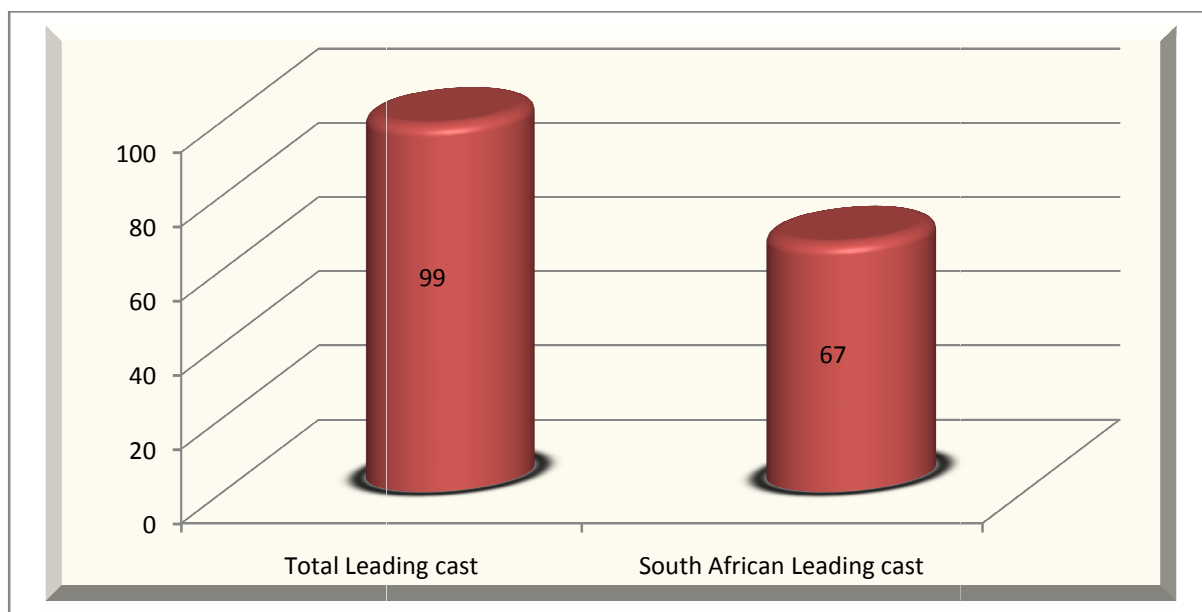


Figure 11: Total number of leading cast.

Of the total 277 cast members reported in figure 10 above 99 of them were leading cast and of the 99 leading cast members the majority (67) of them were South Africans.

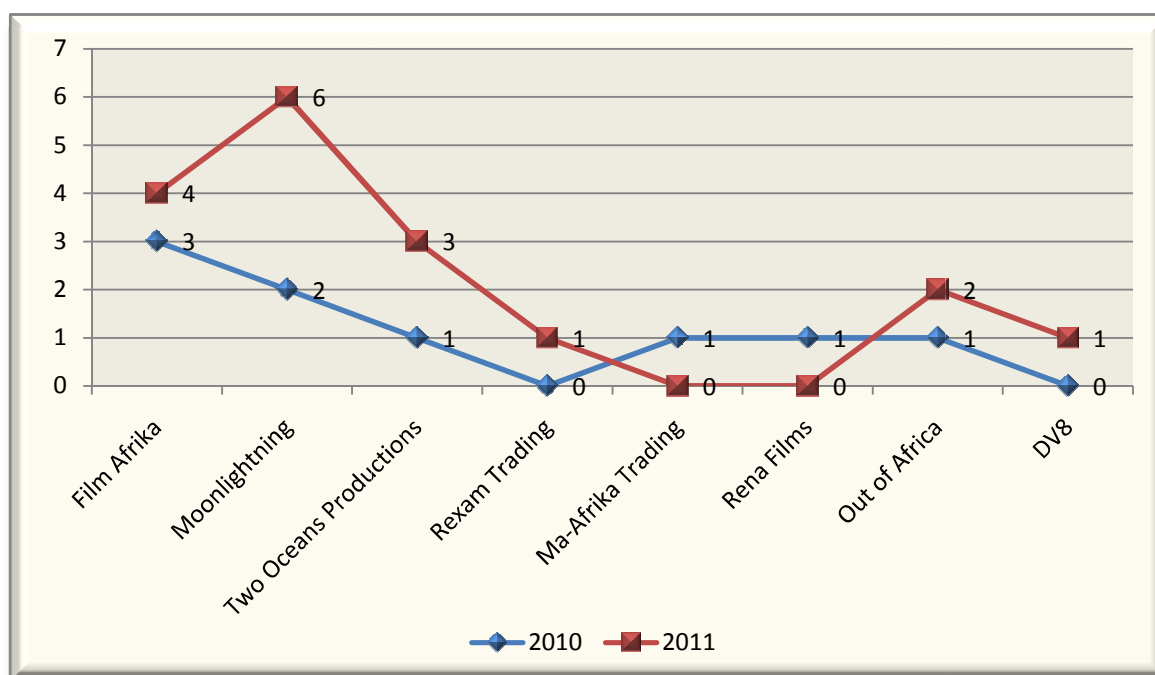


Figure 12: Total number of productions per company.

A total of six companies produced the whole 17 projects; Moonlightning is leading the pack with a total of 6 productions and is followed closely by Film Afrika with 4 projects. In 2010 Film Afrika produced the most projects (3) with Moonlightning with

2 and the rest of the companies produced 1 project apiece. This further confirm that only a few companies have mastered the art of co-producing namely; Film Afrika, Moon lightning, Two Oceans Productions and Out of Africa. The figure further reveal that there was 1 new production company that got involved in production in 2010 and 1 in 2011, however Rena Films which came to the fore in 2010 did not have any project in 2011. The situation results in a skewed distribution of skills and transformation for the industry as very few people learn to work on international productions..

Project	Treaty	Nationality	Head Writer
Yes We can	SA/GER	German	Olivier Abbou
Beaver Falls	SA/GER	N/A	Iain Hollands, Jack Lothian & Oliver Landsley
Dinosaur	SA/UK	UK,UK	Sid Bennett & Jay Basu
Africa is calling	SA/GER		
The Borrowers	SA/GER	British	Vanstone Ben
The Ambassador-White Gold	SA/GER	German	Vlad Alexander Maximilian
Wild at Heart 7	SA/GER	EU, EU	Jack Williams, Chris Murray
History of the World	SA/GER	German	ED Bazalgette, Guy Smith, Mark Halliley Mark Radice, Renny Bartlett & Robin Dashwood
The Great British Story	SA/GER	German	Ben Goold
Death Race	SA/GER	EU, EU	Tony Giglio & Paul Anderson
Skoonheid	SA/FRA	SA, SA	Oliver Hermanus
Kidnap & Ransom 2	SA/GER	EU	Michael Crompton
Layla	SA/UK	German	Pia Marais & Horst Markgraf
Lion's Trail	SA/UK	German	Andrea Sixt
The Girl	SA/GER	EU	Gwyneth Hughes
Labyrinth	SA/UK	UK	Adrian Hodges

**Table 6: Head scriptwriters and their Nationality.**

From table 6 above it is clear that of all the 17 projects submitted only one story (Skoonheid) emanated from South Africa and was written by a South Africa Oliver Hermanus. The majority of the scriptwriters are of the German Nationality which was followed by the UK, this due to the fact that the majority of the projects emanated from the SA/GER treaty while the UK was second in terms of production volumes.



## Conclusion

Although the reasons for the sharp improvement in co-production activity for 2011 are not readily explicit, it is speculated that the price-competitiveness of domestic goods, products and services, fairly stable weather conditions, world class shooting locations, favourable rand/dollar exchange rate may have influenced the surge in productivity.

Since the early 1990s, international TV and film co-productions are increasingly used for the financial and creative development of new programmes. Their popularity is evidenced the rising number of co-production treaties and co-production projects completed.

International co-production remains the key tool for gaining market access, increasing production budgets and upgrading production skills however the report reveals that skills development remains embedded within a few companies that are constantly involved in co-productions, for two years only two new players came in which is also a worrying factor.

While other treaties remain latent countries such as Germany has taken advantage of the treaties they have with South Africa to ensure that their stories reach a universal audience.

Co-productions have the potential to explore global markets as evidenced by *Skoonheid* which was launched in the French cinema in October and went on to win an international award at the Cannes International Film Festival

A worrying trend which is continued annually is that there seems to be less stories coming out of South Africa and therefore our stories are not told to the world. As noted in the 2010 review "The financial contributions towards projects have limiting implication when it comes to the origin of stories. Fact that of all the nine projects all only one story originated in SA bears testimony to this, and in order to gain more rights to stories and ensure that local stories reach international audience SA needs to have more financial contributions and increase its control over stories, thus further ensuring that SA enjoys more creative and crew participation." (National Film and Video Foundation, 2010)

## ANNEXURE 1

Project	Treaty	Status	Year
Yes We Can	SA/GER	Advance Ruling	2011
Beaver Falls	SA/GER	Advance Ruling	2011
Dinosaur	SA/UK	Advance Ruling	2011
Africa is calling	SA/GER	Advance Ruling	2011
The Borrowers	SA/GER	Advance Ruling	2011
The Girl	SA/GER	Advance Ruling	2011
Lion's Trail	SA/UK	Advance Ruling	2011
Layla	SA/UK	Advance Ruling	2011
Flight of Storks	SA/GER	Advance Ruling	2011
Labyrinth	SA/UK	Advance Ruling	2011
The Ambassador	SA/GER	Advance Ruling	2011
History of the World	SA/GER	Advance Ruling	2011
Kidnap & Ransom	SA/GER	Advance Ruling	2011
Death Race	SA/GER	Advance Ruling	2011
The Great British Story	SA/GER	Advance Ruling	2011
Wild at Heart 7	SA/GER	Advance Ruling	2011
Skoonheid	SA/FRA	Advance Rolling	2011