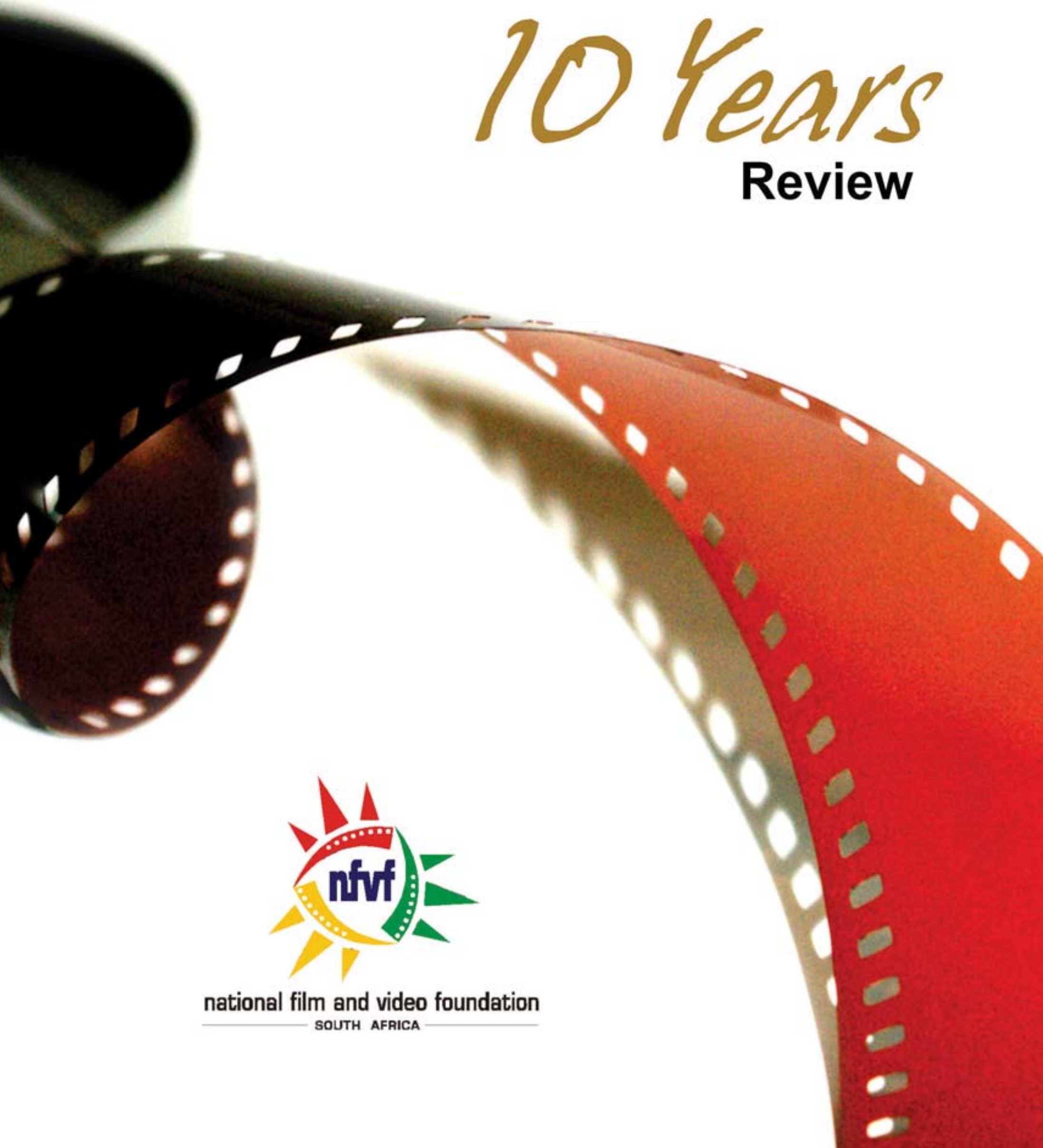
10 Years

Review



national film and video foundation

SOUTH AFRICA

10 Years Review

of the South African Film and Video Industry 2010

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abbreviations

LIST OF TERMS AND ABBREVIATIONS

AMPS	All Media and Products Survey
AFDA	African Film and Drama Academy
AsgiSA	Accelerated and Shared Growth Initiative of South Africa
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CIG	Cultural Industries Growth
CIGS	Cultural Industries Growth Strategy
CIPRO	Companies and Intellectual Property Registration Office
CFC	Cape Film Commission
CGHs	Content Generation Hubs
CPA	Commercial Producers Association
CSP	Customised Sector Programme
CTV	Cape Television
DAC	Department of Arts and Culture
DACST	Department of Art, Culture, Science and Technology
DCF	Digital Content Fund
DCDS	Digital Content Development Strategy
DOC	Department of Communications
DOL	Department of Labour
DTI	Department of Trade and Industry
DVD	Digital Versatile Disc
ECA	Electronic Communications Act
ECFO	Eastern Cape Film Office
EMIA	Export Marketing and Investment Assistance
EMME	Exempted Micro Enterprises
EU	European Union
FTPRP	Film and Television Production Rebate Programme
FRU	Film Resource Unit
GDP	Gross Domestic Product
GEDA	Gauteng Economic Development Agency
GEP	Gauteng Enterprise Propeller
GFC	Gauteng Film Commission
HODs	Heads of Departments
GNP	Gross National Product

ICASA	Independent Communications Authority of South Africa
IDC	Industrial Development Corporation
IPAP	Industrial Policy Action Plan
KZNFC	Kwa-Zulu Natal Film Commission
LSMs	Living Standard Measures
MAPPPSETA	Media, Advertising, Publishing, Printing and Packaging Sector Education Training Authority
MEC	Member of the Executive Council
MEDS	Micro Economic Development Strategy
MTEF	Medium Term Expenditure Framework
MOU	Memorandum of Understanding
MRS	Microeconomic Reform Strategy
NIPF	National Industrial Policy Framework
NFVF	National Film and Video Foundation
NEMISA	National Electronic Media Institute of South Africa
NEPAD	New Economic Partnership for Africa's Development
PDIs	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act
PSBF	Public Service Broadcasting Fund
QSAPE	Qualifying South African Production Expenditure
RDP	Reconstruction and Development Programme
SA	South Africa
SABC	South African Broadcasting Corporation
SADC	Southern African Development Community
SAEF	South African Export Film
SAFVF	South African Film and Video Foundation
SAS	Statistical Analysis System
SAASP	South African Association of Stills Producers
SASFED	South African Screen Federation
SARS	South African Revenue Service
SCRAWL	South African Scriptwriters Laboratory
SIC	Standard Industrial Classification
SMEs	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
SPSS	Statistical Package for the Social Sciences
SWOT	Strength, Weaknesses, Opportunities and Threats
StatsSA	Statistics South Africa
SQE	Small Qualifying Enterprises
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UK	United Kingdom
USA	United States of America
VOD	Video on Demand
WOW	Walking on Water

foreword

Karen Son

The film industry review comes at a time when there is renewed government support for the South African film industry. The research is of cardinal importance in ensuring that there are proper alignments of government resources to the industry in an effort to develop it as a key player in the economy. The last time a study of this magnitude was undertaken was 10 years ago when the NFVF commissioned PriceWater-Coopers (Profile 2000) to conduct a thorough investigation on the industry.

One of the key findings was that the greatest impediment to the industry growth was the lack of funding. In an effort to address this anomaly, the government has increased funding for the production of films through strategic dispersal via the DTI, IDC, NFVF, DAC and SARS. It is now possible to procure up to 70% funding from the government, with the provision that all the stipulated requirements are met. Private investors, however, are still reluctant to invest in the film industry, probably due to the lack of confidence in the profitability of the local film industry. One of the instruments necessary to rebuild investor confidence in markets is the availability of reliable information.

Since the publication of Profile 2000, there has been a lack of reliable data to inform the strategic direction of government and private sector intervention; more so since the global economic meltdown. Due to the meltdown, a number of production companies closed their doors. As a result, many skilled industry personnel were lost to other sectors of the economy. The financial woes of the public broadcaster also marked a turning point in the industry that forced production companies to change their business models and leverage on alternative sources for survival.

Digital migration still offers the opportunity of increased platforms for local content, which is achievable once the policy is implemented and rolled out. The local film industry will have to offset this demand by increasing production volumes. Only when there is a symbiotic existence of mass production and mass consumption, can it be argued that South Africa has a competitive film industry.

The South African Government has identified the film industry as one of the catalytic vehicles for job creation and economic growth in its newly reformed economic policy known as the New Growth Path.[1] This study will be a valuable tool in guiding the development of policies and strategies to achieve the desired outcome.

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Acting Chief Executive Officer (CEO): National Film and Video Foundation

[1] Government of South Africa, New Growth Path

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NFVF Research Team

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- Mr Lehlohonolo Mokhosi: Junior Economic Analyst
- Mr Tsietsi Themane: Assistant Researcher
- Mr Terrence Khumalo: Manager of Special Projects

TUT Team

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executive summary

In economic terms, the creative/cultural industries are globally growing very fast. Estimates value the sector at 7% of the global gross domestic product (GDP). Despite its avowed importance, most developing countries are yet to fully appreciate the inherent potential of the industry and how they can take advantage of emerging opportunities. Often, the cultural industries are not regarded as an economic sector, the key stakeholders are poorly organised and its economic value remains largely undocumented.

During the last decade, a number of governments around the world have recognised these fact and started to develop specific policies to promote them, South Africa has developed such policies as detailed in the main body of the report. This mainstreaming of what was once considered a sector of marginal interest, which received limited attention from researchers, has led to a growing body of analyses, statistics and mapping exercises on the relationship between culture, creative/cultural industries and economic development to give officials in these countries the raw data needed for the facilitation of the policy-making processes. The sector is still poorly understood and many governments remain to be convinced of its potential. Trying to accurately measure economic activity in the sector poses considerable challenges As momentum builds to prioritise this field of activity within economic development policies, the demand for more precise and sophisticated cultural statistics at international, regional and national level is growing.

The paucity of data and empirical evidence on the South African film and video industry is well known. The industry stakeholders seem both unfamiliar with and reluctant to participate in surveys. In the year 2000, the NFVF commissioned PriceWaterCoopers to conduct a thorough research on the industry. The present review is a follow up on the 2000 survey of the film industry in South Africa. In this review (2001-2010), NFVF, in collaboration with Tshwane University of Technology (Faculty of the Arts) is undertaking another study to verify the wherewithal of the industry.

The mandate of the study is to:

- survey the state of the film and video industry in South Africa from 2001-2010;
- assess the economic contribution of the industry on the development of South Africa;
- analyse the business model currently used by production companies.
- evaluate the viability of the sector taking into consideration the global economic meltdown, crisis at the public broadcaster, and patronage from local audiences;
- evaluate government/private sector investment in the film industry;
- identify challenges facing the industry.
- recommend for interventions for industry growth.

In essence, this study undertakes a literature review and an economic analysis of the industry with a view to providing baseline data which will quantify its current economic and social contribution. The impediments to growth and other unique challenges which it faces, opportunities for employment creation and competitive development will also be investigated.

It must be noted that this is only a baseline study of the industry. A comprehensive study of the sector is still a far cry away. To some extent, this study has not been able to achieve the objectives that it set out to achieve. It has not been possible to look at a comprehensive employment profile of this sector because information about direct employment, indirect employment and multiplier effects are difficult to access. The challenge this poses makes it difficult to assess reliable and total or induced economic impact of this business sector. Economic impact is the relationship between employment, wages and measure of the spending associated with a business. Reliable payroll data and employment surveys are still indefinable because many of the industry's stakeholders work on an intermittent and ad hoc basis depending on the nature of their productions. This makes it extremely difficult to track down the number of people and the hours they work in a particular production.

Despite the outlined challenges, analyses of the vast literature associated with the film industry and the empirical results from the selected companies surveyed go a long way to chart the direction of the South African film industry.

Research Initiatives

Since the last survey in 2000, a number of research initiatives in South Africa have conducted film and television. These include the Department of Trade and Industry Sector Development Strategy for Film and Television (2005); the Western Cape Provincial Government Micro Economic Development Strategy (MEDS) Report for the Film Sector (2005); the Commercial Producers Association (CPA) Industry Survey (2010); various reports by the Film Sector Transformation Working Group and input from the South African Association of Stills Producers (SAASP). The NFVF also addresses the current lack of industry information and research by developing Sectoral Information Systems (SIS) with a range of national bodies including StasSA, SARS, and the DTI.

In 2010, the NFVF embarked on "Audience Development Research" and has been continuously conducting studies on the performance of local films at the box office. In 2004, the Cape Film Commission (CFC) completed research on "Audience Development Study: Strategies for Growth and Sustainability". Academics have also conducted researches to buttress the importance of this sector (see Tomaselli, 2001; Mistry, 2001; Botha, 2004; and Tuomi, 2006).

Overview of the South African Film and Video Industry

In South Africa, film is one of the constituent parts of the creative industry. Apart from playing an important role in communicating ideas and providing information, the film industry is a potential employment catalyst as it generates jobs directly in companies involved in production, post production, casting, crewing, equipment hire, set design and property supply. It generates many more jobs indirectly in the support and hospitality industries, stimulating business in hotels, catering companies, restaurants and transport business.

Economic Contribution

In 2003/2004 estimated figures, the film industry contributed approximately R2.2 billion to the total entertainment industry in South Africa, which in itself is valued at over R7.7 billion (Profile 2000). Using a gross domestic product multiplier of 2.5 as estimated by the CFC as opposed to the 2.2 multiplier used by the IDC, the industry generates about R5.5 billion in related economic activities for the South African economy. In 2005, film production ranging from commercials and shorts to full-length movies was estimated to contribute about 0.2% to the national economy (IDC, 2005).

South African film production has grown marginally since 2001. Technically advanced post-production companies, casting and crew agencies, set designers and manufacturers, as well as prop suppliers are all found in South Africa. Many of these are attracted by the country's diverse range of locations and first world communication and transport infrastructure. There are approximately 150 registered production companies currently active in South Africa, with only about 15 of these commanding over 90% of feature films and television production (www.pdffactory.com). According to the NFVF database, over 200 production companies are active in the industry.

The *economic contribution* of the South African film industry has long been regarded as significant in its ability to provide both direct and indirect employment to a wealth of people across different sectors of the economy. The major role players are the Western Cape and Gauteng provinces.

Production Budget

The average production budget of South African features is estimated to be about US$1.19 million (2003); this is below the global average production budget of US$5.49 million (2003). The need for higher budget brackets for local productions is necessary when considering the effects of inflation and exchange rate fluctuations on productions. According to Tuomi, the paucity of audiences may be associated with box office losses *(Tuomi, 2005a)*.

The literature alludes to the consideration of a low-budget production model as a viable alternative to South African filming strategies in the future; whether this will yield positive results remains to be seen.

Film Exhibitions and Audience Development

Film exhibition and audience development have suffered tremendously over the years. Audiences' attendance has been falling consistently over the past 10 years and this could partly be due to the closing down of township and some suburban cinema houses (Toumi, 2005:a). It has been suggested that this downturn has been further exacerbated by the relative growth in home DVD and piracy markets and the proliferation of inferior products that the audience accepts as good quality.

The NFVF Box Office report (2010), shows that the distribution market is dominated by Ster Kinekor, Nu Metro and UIP. The exhibition market is also dominated in a similar fashion by Nu Metro and Ster Kinekor (PWC, 2010: 61)

Government's Incentives and Support Programmes

The role of government in the development and funding of films is crucial. Government makes funds available to the industry through the DTI, IDC, SARS and the NFVF; although the role of the SARS tax breaks has been an issue of much contention in recent years (WOW: 2007). At provincial level, financial assistance is carried out through film commissions or offices and Development Agencies. At municipal level, film offices have also been established in some cases to support film production.

Government is further urged to put in place policy structuring and implementation with a view to cushioning the blow which local films face at the box office against fierce competition from international films (Tuomi, 2005: paper 1).

Government recognises the industry as a tool for economic empowerment and hence creates many frameworks for the improvement of the film sector as will be indicated in the table 1 below.

Author/Year	Policy Name	Objective
Department of Arts, Culture, Science, Sport and Technology(DACST) 1997	Film Development Strategy for South Africa	• To position and boost the development of the local film industry • Recommended the creation of the SANFVF
Independent Broadcasting Authority (IBA) 1997	Local Television Content Quotas	Policy to regulate content quotas for broadcasters and is meant to be updated every 3 years.
Department of Arts, Culture, Science and Sport, 1998	Cultural Industries Growth Strategy (CIGS)	CIGS identified the cultural industries as having the potential to drive the new economy by generating innovative and creative human capital.

South African Revenue Service (SARS) 2001	Section 24F of the Income Tax Act, 1962: Taxation of Film Owners	Special deduction in the determination of taxable income derived from trade for film owners in respect of: -production and post-production costs in respect of a film (film allowance), -marketing expenditure incurred on a South African Export Film (SAEF marketing deduction) and -print costs incurred in the making of copies of a film (print cost deduction).
Industrial Development Corporations 2001	Media and Motion Picture Strategic Business Unit	Promote investment in, and the development of the media sector, including television and motion pictures. In relation to motion pictures, the IDC funds feature films, documentaries and television series of any genre in the form of equity investment, commercial loans and venture loans.
DTI 2002	Micro Reform Strategy	Identified five sectors of the economy (which includes film) that have considerable potential for increased employment creation, to receive focused attention from the state.
DTI, SARS, DOC & DAC 2003	Strategy for the Development of Content Industries	Strategy for the development of content industries including film, broadcasting and multi-media in South Africa (the Content Industries Strategy).
DTI 2004	The Large Budget Film and Television Production Rebate Scheme now the Film and Television Production Incentives after 2008 revision	Film and television production incentive for local and co-productions and foreign location incentive.

Treasury, DTI, (Department of Provincial and Local Government, Department of Public Enterprise), South African Local Government Association. 2004	Accelerated Strategy for Growth in South Africa (ASGISA)	Identified cultural industries as one of the key sectors that can provide job creation and economic growth, given the labour-intensive nature of film production
DTI 2007	National Industrial Policy Framework (NIPF)	Facilitate the diversification of the economy from traditional reliance on minerals and focuses on the service and manufacturing sectors.
DOC 2007	Draft Analogue to Digital Broadcasting Migration Strategy for South Africa	Strategy for migration of broadcasting services from analogue to digital
DOC 2009	Local and Digital Content Development Strategy	Strategy for content development in South Africa in a multichannel environment presented by digital migration.
ICASA 2009	Regulations on Independently Produced South African Programming	Framework to ensure that broadcasting service licensees have ICASA approved commissioning protocols designed to ensure fair, transparent and non-discriminatory commission practices
DTI 2010	Industrial Policy Action Plan (IPAP)	
Department of Economic Development 2010	New Growth Path	A tool for government to provide strategies to create millions of new jobs for South Africa. The cultural industries have been identified as one of the avenues for job creation.

Table 1: List of government policies

Benchmarking Best Practices

Because of the scanty data, the South African film industry operations were not able to be comprehensively benchmarked against developed and developing countries that would have provided a comprehensive comparison for this purpose.

Statistical Analysis of Selected Film Industries: 2010

A total of 35 production companies were evaluated for the purpose of this study. The questionnaires cover both open ended and close-ended questions. The study reveals that most of the responding companies are either private companies (42.9%) or close corporations (42.9%). Only a handful of them are sole proprietorships (8.6%) or partnership ventures (5.7%). The bulk of these production companies were established between the 1990 and 2000 (88.6%) while only 4 of the companies were established between 1970 and 1980. This is an indication that the industry witnessed a phenomenal growth between 1990 and 2000. The sampled production companies revealed that the companies71.4% are micro while 22.9% are small in nature. The medium sized companies that employ between 50 and 250 people represent only 5.7% of the sample. This suggests that the industry is dominated by small and micro companies. The estimated annual turnover of these companies range from about R100,000 (28.6%) to R200,000-R500,000 (2.9%). Approximately 22.9% of the companies have their turnover rate in the range of R1, 000,000-R5, 000,000.

The review reveals that, in the film industry, male employees dominate over female employees and White female employees dominate over Black employees in managerial capacities within the industry. Freelancers trot the ever-accommodating space of the industry with Whites dominating the Black employees. Feature films received more attention in terms of domestic content creation, and marginal growth emerged in this direction, because of government's regulation.

From the research findings, it was further discovered that there is a surge in the number of feature and documentary films produced. The bulk of the films produced enjoyed direct government financing and co-funding (co-production) from international partners. More government intervention in funding and tax rebates is required to boost productivity in the industry as private investors are reluctant to invest in the film business because of the perceived investment risk. The global financial meltdown and the local SABC financial crisis affected the film industry adversely. While market development was regarded as the primary factor to drive the industry, access to audience was rated a secondary factor that will propel the industry to reckon with international forces.

Television, DVD and cinema were regarded as major avenues for the distribution of film contents to the market. Cinema yielded the highest revenue for sustainability of the industry.

Challenges Facing the Film and Video Industry

The stifling factor in the overall impact of the film industry is the fact that it is both an art form and a commercial tool. The question arises whether it makes financial sense to invest seriously in the film industry if it does not translate into net realisable revenue. Emerging from the above it can be deduced that one of the major challenges local film makers face is the lack of sources of funding to create globally competitive features. As mentioned, their funding pool is limited to the NFVF, the DTI and the IDC.

Other challenges confronting the industry include:

- Creative and business skill gaps;
- Lack of co-ordination between government departments working with the industry;
- Decrease in local audience patronage because of the closing down of the film houses in the townships;
- Erratic production patterns;
- Poor market access routes;
- Poor distribution processes;
- Non-implementation of local content quotas;
- Lack of training opportunities; and
- Limited number of export opportunities.

1. Introduction

In many developed countries including the United Kingdom, China, Canada, Netherlands, the United States of America and Germany, the creative or cultural industry is efficiently organised and the economic gains from this sector is scientifically researched and documented (DAC). In South Africa, the government is committed to promoting the arts and in its "Arts and Culture Policy Review" (Chapter 3), the cultural industry is given recognition as a resource that has the potential to generate significant economic and social benefits to the nation.

It is further stated that the industry has the potential to be internationally competitive as well as the potential to create employment and offer opportunities for rural and urban development (p. 31). Unfortunately, there is no government policy that has given due recognition to the creative industry as a distinct sector. Presently, the sector is not organically coordinated and it survives in fragments with individuals or organisations acting independently. The government recognises the value and the contribution of the creative sector to the economy; however the true economic value of the sector is not well documented due to lack of sufficient research in the industry. Valid data on the creative industries is notoriously hard to come by (Towse, 2000). The inadequate information that is available does not conform to the formats in which innovation is conventionally measured.

In a SWOT analysis of the film industry in South Africa, "Severe lack of statistics and research" was pointed out to be one of the key weaknesses (www.pdffactory.com). Paradoxically, the majority of studies conducted so far have attempted to identify the inherent opportunities as well as the gaps and constraints within the South African film industry. However, all the reports point to a lack of reliable data. Even though research had been conducted sporadically, many of the research outputs suffer from poor availability of quantitative and qualitative data resulting in no real possibility for comparative analysis with international data. Standard taxonomies such as the SIC codes do not sufficiently disaggregate the cultural industries from other activities and are therefore insufficient for the task of collating cultural creative industries. There is a dearth of reliable and consistent data to assess the economic contribution of these industries or their social and developmental impact.

Under the umbrella of its Cultural Industries Growth Strategy (CIGS), the DAC commissioned a study which submitted its report on the growth of the film, television, music, and the publishing industries (Creative South Africa, 1998). The researchers who were involved in this project believe that there is a yawning gap which needs to be filled, and indeed, the Department of Arts and Culture has recognised the need for further research in this sphere of endeavour. Tuomi (p. 154) believes that in order to garner governmental support, promote the country as an international facilitation destination, and take measures to ensure that local film industry remains competitive, it is important to collect the requisite data.

Furthermore, it is essential that the industry has access to this kind of information on a regular basis. The statistical data relating to the film industry is notoriously poor. Statistics South Africa last gathered comprehensive figures in 1997. Little independent research has been conducted in this area. Tuomi submits that it is vital that a more comprehensive government-backed industry analysis be conducted in the near future (Tuomi, p.155).

In their study of "Strategic Economic Solutions" prepared by Standish and Boting (2007), a number of research initiatives in South Africa have reportedly, been completed in the area of film and television recently. These include the DTI Development Strategy for Film and Television (2005); the Western Cape Provincial Government Micro Economic Development Strategy (MEDS) Report for the Film Sector (2005); CPA Industry Survey (2006-2010); various reports by the Film Sector Transformation Working Group and input from the South African Association of Stills Producers (SAASP). The NFVF also addresses the current lack of industry information and research by developing Sectoral Information System (SIS) with a range of national bodies including StatsSA, the SARS, and the DTI. Most of these studies deal with scope, developmental strategies, and strategic transformational analysis, without giving attention to economic impact studies.

This indeed, is the challenge and the mission this project seeks to achieve. We are aware of the difficulties that confront researchers in this type of study because stakeholders in the business are often reluctant to disclose information to public researchers owing to the fear that the information might be used for reasons other than research.

1.1 Aims of the Review

1. To survey the state of the film and video industry in South Africa from 2001-2010.

2. To identify and locate the geographical spread of new players in the film industry since 2000.
3. To determine the economic impact of the film industry on the development of South Africa.
4. To evaluate the viability of the sector taking the following into consideration:
   - o Global economic meltdown
   - o SABC crisis
   - o local patronage/audience
5. To verify government/private sector investment in the film industry
6. To verify marketing and distribution channels
7. To benchmark the industry against best practices in the developed and developing worlds.
8. To identify challenges facing the industry.

1.1.2 Objectives of the Review

1. To demonstrate that besides entertainment, film, one of the creative industries, is capable of contributing to the economic growth of South Africa.
2. To establish the relationship between film and economic development.
3. To align with the NFVF's Mission-Critical Strategic initiative of developing SIS to assess the performance of the film sector and its contribution to national imperatives.
4. To ensure the creation of diverse quality South African films and video productions.
5. To promote the development of a sustainable production sector that reflects South African identity, character and cultural diversity.

1.1.3 Significance of the Review

The significance of this research is the development of relevant cultural and economic indicators to demonstrate the impact of the film sector on the economy. The study maximises the impact of the sector, develops and improves its profile as well as document how this sector increases the tax base of the country. In this regard, government may give it full recognition as one of the economic hubs of the nation, and therefore poise to support and promote its activities.

According to Reeves (2002: 23), economic impact studies have become an important tool for cultural planning, and are being employed to inform the economic development and regeneration strategies of local authorities and other public agencies. They have also been used effectively to advocate for greater public investment in arts and cultural activities; and used by arts organisations to demonstrate their value to funders and stakeholders.

In the context of policy debates about maximising the significance of the creative and other 'knowledge' industries, economic impact studies have played a key role in helping to identify intersectoral relationships, clarify strategic interventions to facilitate growth, and support forecasting. According to the World Bank, impact evaluations "aimed at providing feedback and helping to improve the effectiveness of programmes and policies . . . . and make it possible for programmes to be accountable to the public," are indeed valuable decision tools for policymakers (www.worldbank.org.poverty/impact/overview/whatisie.htm). Cognisant of its immense potential, the film and video industry in South Africa has attracted increased attention and scrutiny by policy makers and researchers in recent years.

2. Methodology

(a) Qualitative

This study employs a combination of qualitative, narrative, and quantitative research designs in order that it benefits from the strengths of all the approaches which will facilitate effective triangulation. The qualitative and narrative paradigms are useful in this research because of their interpretative, flexible and elastic nature (Cresswell, 1994). The qualitative model assists in the interrogation of the creative and film industry activities. A review of a database of research studies conducted in South Africa in relation to film was carried out. The researchers consulted and liaised with the research and development department of the Department of Culture and Statistics South Africa with the intention of excavating researched materials in the area of film. Another important stakeholder consulted was the National Film and Video Foundation (NFVF), a statutory body charged with the responsibility of promoting the film industry in South

Africa.

(b) Quantitative

The methodology that is paramount in this study is the quantitative. This design utilises a structured questionnaire as an appropriate instrument. The quantitative component in the questionnaire maps out the general statistical pattern that reveals the contributions of the film industry to the economy of South Africa and allows the qualitative phase to reveal the economic processes and the perspectives of those actually involved in the film business (Bryman and Burges, 1994). This method (quantitative) is objective, "value-free and unbiased" (Trochin, 2000) and provides reliable statistical data that will be analysed in quantifiable terms to serve as reference point for practitioners and policymakers.

The economic impact value is calculated through an economic survey of primary participants in the film enterprise.

The film and video industry covers a number of interrelated activities and industries. It can thus be represented as a value chain as depicted in Figure 1. In what follows, we briefly review each activity:

Figure 1: The industry structure

- **The creative milieu**

At the beginning is the "creative milieu" or context in which the industry operates. A film starts out as an idea that is influenced by the social, political and cultural context. It is then written as a script that is an essential input into the production process. The creative or artistic milieu is thus determined by the availability of scriptwriters and the wealth of interesting stories to be told. The main actors in South Africa include South African Scriptwriters Laboratory (SCRAWL) fashioned after the Sundance Institution in USA, the Short and Culies Initiative and M-Net New Directions.

- **Production**

Production, in the context of film making, refers to pre-production, production and post-production. Pre-production refers to the planning phase of a production and involves finding the location, planning and scheduling the shoots, budgeting and employing casting and crewing agents. Production entails the actual production of feature films, commercial and stills, while post-production are the editing process where the production is creatively refined, and special effects and sound are added. The entire production process is influenced by the availability of key inputs such as: Finance, scripts, location, human resources and support facilities such as, among others set design and makeup artistes.

- **Marketing, Management and Diffusion**

Once the film is produced, it is then circulated in the marketplace, through the distribution process to South Africa and the international audience. Delivery refers to the methods through which the market gains access to the product. In film, this may be through cinema, television or video and frequently through all three of these mediums. This activity is still fragmented in productions led in South Africa.

- **Audience consumption**

This refers to the response of the market to the product either through the public media or by other means. This response then feeds back into the beginnings or cultural milieu that provides an environment in which the industry can either flourish or flounder.

- **Financing**

At the heart of the film and video industry is financing. Due to its risk intensive nature, state support is very crucial for developing a favourable environment for it to thrive.

In analysing the industry, we adopt a value chain analysis in spite of the emphasis being on production. We thus, focus on each aspect of the value chain and the co-ordination between these aspects, in order to highlight the strengths and to identify the weaknesses.

As noted by the CIGS Study, the advantage of using a value chain analysis is that it changes the focus of the analysis from looking at an individual industry like film production to looking at all the industries involved in the pipeline of the production and delivery of the product, acknowledging that all these industries contribute to the success of the end product.

2.1 Population of the Study

The film industry is a heterogeneous mix of enterprises and because of this, stratified sampling is used to allow for homogeneity in terms of the generic class of the enterprises. Geographical spread, diversity of approaches and gender participation are also considered in the choice of enterprises researched. The study sample comprises a random sampling of 50 SMMEs from three provinces within the country. Random sampling technique allows equal and independent chance for enterprises to be selected without bias. The Gauteng, and KwaZulu Natal are three of the most flourishing in terms of filming activities in South Africa. A few of the companies, although based in Gauteng are run by entrepreneurs from Limpopo where the majority of their target audience is based. The Western Cape would have been an obvious choice but this sector is already enjoying a lot of research attention.

For an empirical result, in-depth evaluation of 35 companies that responded to the questionnaire was conducted. The criteria used in the evaluation can be gleaned from the questionnaire served to the industries (see appendix B).

2.2 Data Collection

2.2.1 Questionnaire Design

The questionnaire was designed in line with the questionnaires that were used for the Profile 2000 Review exercise. Some of the questions were rephrased in order to make it easier for the respondents to understand what was expected of them.

2.2.2 Questionnaire Collection Methods

Questionnaires, accompanied by cover letters and consent forms (see appendix C) were sent to the business addresses of the selected film and video industries on the 10th of December 2010 by courier. 50 industries were targeted for this purpose and identified as a representative sample. They were randomly selected and based on their affiliation with NFVF. The respondents were required to complete the questionnaires, sign the consent form and return the questionnaires via ordinary post. Self-addressed envelopes were provided for the return of the completed questionnaires.

A follow up was done via e-mail to ensure that respondents had received the questionnaires. Questionnaires were also e-mailed to those respondents who indicated that they did not receive the questionnaires. To further ensure that respondents would complete the questionnaires, the research team followed up telephonically, and in some instances, appointments were set up with various respondents to assist with completion and collection of the questionnaires. The research team also found that visiting the respondents was a good way to build relationships and better understand the respondents' business activities and general industry concerns.

Overall, the questionnaires were collected through a combination of the following methods:

- Ordinary mail via the self-addressed envelope that was enclosed;
- Fax and e-mail
- Hand delivery
- Collections by the research team.

2.3 Challenges

Feedback received from the respondents indicated some of the following factors that contributed to the slow response rate and some delays in the completion of the questionnaires:

- Respondents had to wait for authorisation from company management in order to complete and return the questionnaires;

- The December holiday period constituted an obstacle;
- Respondents were attending overseas film festivals and markets;
- Out-of-date registered business addresses led to some returned courier mails;
- Other reasons given by those who failed to respond was simply that they were too busy, or that they were at production locations.

2.4 Data Collection and Analysis

Data collected from the quantitative questionnaires were analysed by statisticians, economists and computer experts using Statistical Analysis System (SAS) software and Statistical Package for the Social Science (SPSS). SPSS is particularly useful as it is capable of handling both qualitative and quantitative analyses.

2.5 Limitations

Unlike the 2000 Profile, this review concentrates on the Film industry only, without including the television industry.
It was not possible to deal with the multiplier (indirect) effects of the film business on other areas of the economy (e.g. transport, tourism, hotel accommodation, food sales, etc.). Adaptation of Myerscough's (1988) Multiplier Analysis to suit the South African environment as was envisaged was not used to advantage in this regard.

Conclusion
Despite the use of various collection methods and the options that were available to the respondents to return the completed questionnaires, not all respondents completed the questionnaires. In total, the response rate for the collection period between 10 January and 28 February 2011 was 70%.

3. Literature Review

The creative industry, or what some prefer to call the cultural industry, is a relatively new concept in modern society. While many developed countries in the world have reckoned with the potentials inherent in this sector, many developing countries are reluctant, denying this sector the attention it deserves. The British Council defines the creative industry as "Those industries that have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property" (British Council: Arts Group, 1998). The concept of the Creative Industry comprises all the enterprises and private or self employed persons whose activities and livelihood revolve around production of cultural and artistic products. This sector is made up of workers in the music industry, theatre companies, visual arts, film industry, craft, galleries, and dance companies.

In many developed countries, the concept has broadened its scope to incorporate design, multi-media, publishing, architecture, journalism, broadcasting, etc. Not too long ago, society viewed this sector with condescension because it was regarded as unproductive. Over the last decades, the culture or creative industries have become a force to reckon with as they are a foreign exchange earner in their respective countries.

At its 33rd Session, the General Conference of the United Nation's Educational, Scientific and Cultural Organization (UNESCO) meeting in Paris in 2005, emphasised the need to incorporate culture as a strategic element in national and international development. In its Article 4, the Conference paid homage to the cultural industry referring to it as the producer and distributor of cultural goods and services (pp. 4-5).

The creative industry is now a high growth economic sector. Many arts' advocates and renowned economists, including Tepper (2002: 159) have come to embrace the arts as engines of economic growth and development. Viewing the creative industry in the 21st century as the new basis for wealth and a dominant economic form, Howkins writes: "People with ideas – people who **own** ideas – have become more powerful than people who work machines and, in many cases, more powerful than the people who **own** machines (2001, ix). And Venturelli eloquently adds:

A nation without a vibrant creative labor force of artists, writers, designers, scriptwriters, playwrights, painters, musicians, film producers, directors, actors, dancers, choreographers, not to mention engineers, scientists, researchers and intellectuals does not possess the knowledge base to succeed in the Information Economy, and

must depend on ideas produced elsewhere (2000: 16).
In many developed countries of the world, the creative industry has demonstrated statistically that it is an economic fulcrum in community development. In 1997, America produced $414 billion worth of books, films, music, TV programmes and other copyright products. Copyright became America's number one export, outselling other products (Howkins, 2001: vii). In North Carolina, USA, the creative industry plays a critical role in the State's economy. According to a study conducted by Regional Technology Strategies, Inc. (Rosenfeld, Butzen and Swanson, 2007), the Creative sector employment is estimated at more than 4% of total employment in North Carolina. The study reveals that nearly 159, 000 people are employed in creative industries, with total wages of more than $3.9 billion. Non-profit and public sector arts organisations working directly with the North Carolina Arts Council provide over 1,200 full-time jobs earning over $43 million in total salaries and each year involved nearly 43, 000 volunteers whose time is valued at $13 million.

According to a report on cultural employment in the Netherlands, 3.27% of a total employment or more than 249, 000 jobs are created by the cultural industries. The importance of the creative industry in the Netherlands was recognized and resulted in a special programme christened, "Our Creative Capacity" that ran up until 2008. The programme had a remarkable budget of EUR 15.5 million (The Netherlands, Culture Industries: Policies and Programmes).

In Germany, the creative industries achieved a gross value added of EUR 58 billion in 2004. In a study commissioned by EU in 2006, it was reported that the gross value added of the creative industries in Europe amounted to 2.6% of the GDP in 2003. This corresponded to a turnover of EUR 654 billion in 2003 (Fesel and Sondermann, 2007: 3). The U. K. Department for Culture, Media and Sport has recognised the significance of the dynamic nature and contribution of the creative industries to the growth of the UK economy (UK Department of Culture, Media and Sport).

In the USA during 2006, the largest share of all creative arts jobs was in motion picture and video production, which accounted for 16.2%(192,849 jobs) of all national jobs. This industry was followed by periodical publishers (12.0 percent, or 142,711 jobs) and television broadcasting (10.6 % or 125,556 jobs). These three sectors combined, represented almost 4 of every 10 jobs (38.8 %) associated with the creative arts industries (Dolfman, Holden and Wasser, 2007:2). From an economic perspective, the global film industry turns over billions of dollars and generates millions of jobs all over the world. It is estimated that the value of this industry in the European Union is set to grow from R300 billion in 2004 to R800 billion by 2010 (Cuff & Reddy, 2005).

The film industry is highly labour-intensive and is known for the economic spin-offs it generates in local economies as each production results in a number of jobs for camera operators, sound and lightning technicians, actors and actresses, caterers makeup artists etc. Internationally, major film productions have been known to spend as much as R650 000 per day on local employment and services, while television production may spend R500 000 on a daily basis. TV commercials disburses as much as R450 000 a day, whilst even the smallest stills photography shoot generates R350 000 for a week-long shoot. Film production also creates a resource that has considerable export value. In 1992, film entertainment was the second biggest export earner for the United States, after the aerospace industry, with a value of US$4.7 billion (www.pdffactory.com).

In South Africa, film is one of the constituent parts of the creative industry. In South Africa, the term "film industry" is generally used to describe an umbrella of creative industry production activities including film, television (drama & documentary), commercials, stills photography and multi-media. For the purpose of this study, the use of the term "film industry" will include only film and video production.

Statistics South Africa (Stats SA) defines the film and television industry under Standard Industry Classification (SIC) code 96: *Recreational, Cultural and Sporting Activities,* which, in turn, is divided into sub-category 961: *Motion Picture, radio, television and other entertainment activities.* This sub-category is further divided into the different processes of film and television production, namely:

Motion picture and video production and distribution (SIC code 9611), which includes the production of theatrical and non theatrical motion pictures;
Motion picture projection (SIC code 9612), which covers the screening of film and video tape; and
Radio and television activities (SIC code 9613), which include the production of radio

and television programmes (www.pdffactory.com).
According to Tuomi (153), film as a medium plays an important role in communicating ideas and providing information. As a thriving independent industry, it helps foster democracy through engendering debate and providing political commentary. A further advantage of the industry is its employment creation potential. The industry generates jobs directly in companies involved in production, post production, casting, crewing, equipment hire, set design and property supply. It generates many more jobs indirectly in the support and hospitality industries, stimulating business in hotels, catering companies, restaurants and transport business.

3.1 Economic contribution (Impact)

The film industry contributes in the region of R2.2 billion (2003/2004 figures) to the total entertainment industry in South Africa, which in itself is valued at over R7.7 billion (Profile 2000). This, in turn, generates about R5.5 billion in related economic activity for the South African economy (using a gross domestic product multiplier of 2.5 as estimated by the Cape Film Commission, as opposed to the 2.2 multiplier used by the IDC). Currently, film production contributes about 0.2% to the national economy, with film production ranging from commercials and shorts to full-length movies (IDC, 2005). South African film production has grown significantly since 2001. Technically advanced post-production companies, casting and crew agencies, set designer and manufacturers, as well as prop suppliers are all found in South Africa. Many of these are attracted by the country's diverse range of locations and first world communication and transport infrastructure.

The economic contribution of the South African film industry has long been regarded as significant in its ability to provide both direct and indirect employment to a wealth of people across different sectors of the economy (Tuomi, 2005). The major role players are The Western Cape and Gauteng Provinces. An economic assessment conducted by the Cape Film Commission in 2007 reported that the Western Cape hosted 600 commercials, 30 longform projects and 2100 stills over the 2005/06 season. Using a multiplier effect of 2.8 the Western Cape Film Industry's total turnover is estimated to be R2. 65 billion, more than two and half times what was estimated in 2004 (Standish & Boting, 2006). The film industry directly created 6058 full-time jobs in the Western

Cape in that year alone. A similar Report compiled by Gauteng Film Commission valued the Gauteng film industry at more than R 2 billion using a multiplier effect of 2- 2.5 in 2006 (Deloite , 2007).

The film and television industry value chain comprises of two broad networks, the producer-led project network (supply) and the distributor-led exploitation network (demand).[2] This attribute of the industry that symbolises its uniqueness, ultimately points to the single most demanding facet of the industry; that of being a labour intensive industry, hence the inclusion in the NIPF. The skills of the technical personnel in the business have shown improvement and are aiding in the attraction and servicing of foreign production. The role of co-productions, in setting up South Africa to be accepted as a world class shooting locations provider, cannot be disregarded in this matter. The servicing and co-productions markets have aided in providing local industry practitioners with the skills they otherwise would not have acquired through lower budget films and have given practitioners an opportunity to gain knowledge from taking part in big budget projects.

This adds value to the strategic objective of government to view the film industry as a contributor and a tool for continued economic sustenance as identified by ASGISA. The strategy particularly specifies a role for the sector in supporting local communities, whilst expanding business opportunities for the Small, Medium and Micro Enterprises (SMME's). The stifling factor in the overall impact of the film industry is that it is torn between being an art form and a commercial tool. It has been argued whether there is logic in investing heavily in film if it cannot guarantee net realisable revenue to sustain the industry. The challenge that local film makers have is that they do not have enough sources of funding to create globally competitive features. Their funding pool is constrained to: the NFVF, DTI, and IDC (Tuomi, 2005).

There are, however, a small minority of filmmakers who have been able to source funds from international bodies. The future significance of South African films' impact on the economy lies in the availability of production financing/funding and relative demand for local productions.

3.2 Production Budget

[2] Kraak, A. 2009. Sector Skills: The need for policy alignment. p. 239.

The average production budget of South African features is estimated to be around R8.33 million (2003); this is below the global average production budget of R38.43 million (2003). The difference in the average budget figure highlights the gap that exists in the ability of the local film industry to produce highly competitive films with an advantage to profit generation. The need for higher budget brackets for local productions is necessary when considering the effects of inflation and exchange rate fluctuations on the average costs of labour, equipment rentals, licence fees, etc. (Tuomi, 2005: paper 2). The size of the production budgets can be compared to the values invested in marketing, advertising, branding and promotion which are collectively important for the development of audiences. Paucity of audiences may be associated with box office losses (Tuomi, 2005: paper 1).

The literature alludes to the consideration of a low-budget production model as a viable alternative to South African filming strategies for the future; yet whether this will yield positive results is a contestable issue, (Tuomi, 2005). The high price volatility in South Africa may ultimately curtail the efforts of the model itself, let alone its implementation (Profile 2000).

3.3 Film Exhibition and Audience Development

Film exhibition and audience development have not received adequate attention over the years. Audiences' attendance has been falling consistently over the past 10 years and this could partly be due to the closing down of township and some suburban cinema sites (Toumi, 2005: paper 1). It has been suggested that this downturn has been further exacerbated by the relative growth in home DVD and piracy markets.

The exploration of mobile cinemas was muted as one method to boost the apparent disinterest in cinema attendance, especially in previously disadvantaged communities. Rigorous marketing methods and innovative marketing techniques are a sine qua non in moving the industry forward, (Tuomi, 2005). The exhibition market has been dominated by two major players and this has promoted the oligopolistic market activities. This market structure has not benefited either industry or the audience. There is the need for more players to challenge the existing few and create a more competitive environment where filmmakers can achieve better deals for their products.

3.4 Distribution

The literature shows that two distributors have become major players in the exhibition and distribution markets. This dominance of the two major companies on two phases of the film value chain indicates the latent competitiveness currently evident in the acquisition of films and the distribution thereof.

The role of government in the development and funding of films has not been ignored. The literature commends government for making funds available through the DTI, IDC, SARS and the NFVF; although the role of the SARS tax breaks has been an issue of much contention in recent years (W.O.W, 2007). While the literature explores ways that government can increase its contribution to film, as foreign governments have done to their respective film industries, emphasis is placed on the role of government in policy structuring and implementation with intent to cushion the blow local films have to face at the box office against fierce competition from international films (Tuomi, 2005: paper 1). Government has done exceptionally well with the introduction of content quotas in the television industry because this has encouraged the demand for local content.

Due to the dismal 0.5% screen time allotted to local films (Tuomi 2005: paper 1), there is very little reason why the government should not impose cinema screen quotas for the advancement of the industry. An important shift has occurred in recent years. A major shift has been the government stance on the film and the entire creative industry, by recognising the industry as a strategic tool for economic growth and job creation rather than seeing it only as a form of entertainment.

Attempts to break the industry fragmentation, was introduced through the intergovernmental indaba (public debate forum) organised by the NFVF and the establishment of SASFED.

The recognition of the film industry as a tool for economic empowerment came through the National Industrial Policy Framework (NIPF) which was approved by the government in 2007. The overall aim of the NIPF is to facilitate diversification of the economy from its traditional reliance on minerals and mineral processing towards increased value addition. The strategy aims to promote a more labour intensive industrialisation pathway characterised by sustainable, labour absorbing manufacturing and service sectors and economic linkages which catalyse employment creation.

The NIPF is complimented by the Industrial Policy Action Plan (IPAP) which maps out various industrial policy actions for various sectors of the economy. The IPAP recognises that despite South Africa recording high growth rates over the 2005-2007 period, there are still numerous key structural challenges in the economy.[3]

3.5 Policy Framework for the Film industry

The South African film and video industry is largely self regulated. However, the production value chain is subject to a number of laws that regulate issues such as copyright, production, the classification of content and the distribution thereof. The government, through its three spheres (national, provincial and local government), has also developed a number of policies that seek to support and nurture the development of the industry. This section outlines the various objectives and roles of government departments and agencies in the following areas: development, production, funding, promotion, regulation and the preservation of South African content.

3.5.1 Film Development Strategy for South Africa

The then Department of Arts, Culture, Science and Technology (DACST) published a Film Development Strategy to position and boost the development of the local film industry (DACST, 1995). The Film Strategy recommended the establishment of a new statutory body called the South African Film and Video Foundation.[4] The National Film and Video Foundation Act No 73 of 1997 was passed by Parliament in that year. Section 2 of the NFVF Act provided for the establishment of the NFVF to spearhead the development and promotion of the South African film and video industry.

Some of the functions and objectives of the NFVF are, as stipulated in section

[3] Department of Trade and Industry (2007) Industrial Policy Action Plan 1 p4
[4] DASCT (1995) Film Development Strategy, p.6

4 of the NFVF Act:

- To develop effective relationships between government, the film industry and regulatory bodies.
- To provide and disburse funding for film development, production, exhibition marketing and training
- To access finance through public funding, private investments, the lottery and other means.
- To stimulate and advance skills development, film education and training.
- To monitor, measure and plan national strategies for the industry, and advise government on policy.
- To develop local content and production.
- To develop South African film and television audiences for the appreciation of locally produced materials.
- To develop film exports, and attract international productions and investment.
- To redress past imbalances in the film sector and develop small, medium and micro enterprises (SMME) for the effective growth of the industry.
- To help promote South African culture and language to both local and international audiences.

3.5.2 Cultural Industries Growth Strategy (CIGS)

The CIGS (DACST, 1998) is the first policy that provided the South African government with a framework and macroeconomic strategy informing government activities and policies with regard to the cultural industries. The CIGS was developed after the emergence of the information economy which indicated that a country's competitive advantage was to be based on its human capital, creativity, innovation, and knowledge. (Department of Arts, Culture, Science and Technology, 1998)

The South African government identified the new global economic change as having a significant influence on growth and development in the South African economy. The CIGS maps out the economic impact that the cultural industries including film. have on South African socio-economic development. The CIGS identified the cultural industries as having the potential to drive the new economy by generating innovative and creative human capital. It was noted that the development of these sectors would require a collaborative approach between the public and private sectors. (Department of Arts, Culture, Science and Technology, 1998)

According to CIGS, in 1998 the South African entertainment industry was valued at approximately R7, 4 billion and employed an estimated 20 525 people[5]. Film and television was worth R5, 8 billion of this and had a strong technical base of skills and infrastructure. The industry generated jobs in production and post-production companies, casting and crewing agencies, equipment-hiring companies, set design, manufacturing companies and prop supply. Jobs were also created indirectly within supporting industries such as the hospitality industry. (Department of Arts, Culture, Science and Technology, 1998)

3.5.3 Micro Reform Strategy (MRS)

The aim of MRS is to remove the obstacles that impede microeconomic growth (Dobson, 2002:3). (Dobson, 2002) The strategy represents an integrated action plan that focuses on addressing microeconomic constraints to growth (Dobson, 2002). The action plan has three economic sub-divisions composed of the Cross Cutting Sector, Input Sector (transport, energy and telecommunications) and Prioritising Growth Sector (exports, tourism, agriculture, cultural industries and the ICT). According to the Standard Industrial Classification (SIC), the film industry straddles the hospitality, transport, and warehousing and communications subcategories of the economy (National Film and Video Foundation, 2004)[6]. Film falls under the Input Sector and Prioritising Growth Sector in terms of MRS.

The MRS also identified five sectors of the economy (which includes film) that have considerable potential for increased employment creation, to receive focused attention from the state. In each sector, programmes will include a specific focus on employment generation, value addition, export growth, small business development and Black Economic Empowerment (BEE). In relation to film, actions that will be taken should include improved access to finance for small

[5] Cultural Strategy Group on behalf of DACST 'Creative South Africa' (November 1998), p 21.
[6] National Film and Video Foundation (2004), 'Value Charter'.

business, improved training in cultural industries and the use of technology.

3.5.4 Strategy for the Development of Content Industries (2003)

The strategy for the development of content industries includes film, broadcasting and multi-media in South Africa (the Content Industries Strategy). The strategy was a joint initiative by the DAC, DTI, DOC and SARS as the department with concurrent competency in the area of film. The strategy committed funding for research and development, content production, marketing and distribution, human capital development, and institutional development. It aims to achieve, inter alia, sustainable growth and development, global competitiveness, job creation, economic growth and cultural representativity (Department of Arts and Culture, 2002).[7]

The strategy has identified six key areas of focus to drive the industry forward as follows:

- Showing that the industry is a significant contributor to the country's GDP.
- Government contribution and role in the growth and development of the industry.
- Policy regulating the content industry.
- Co-productions.
- Government incentives.
- Institutional capacity

The DTI, NFVF and DOC were allocated R115 million, R160 million and R195 million, respectively, according to the approved request for funding to implement the Customised Sector Plan (CSP) (National Film and Video Foundation, 2008).[8]

3.5.6 Accelerated and Shared Growth Initiative of South Africa (ASGISA)

Government's Accelerated and Shared Growth Initiative of South Africa (ASGISA)

[7] Department of Arts and Culture, "Strategy for the development of content industries: film, broadcasting and multimedia in South Africa" (2002).
[8] NFVF Business Case and Business Plan for the implementation of programmes (2008), pg 11.

(2004), identified cultural industries as one of the key sectors that can provide job creation and economic growth, given the labour-intensive nature of film production (The Presidency, 2004)[9].

3.5.7 Local and Digital Content Development Strategy

The DOC published its Local and Digital Content Development Strategy in 2009.[10] This strategy was published in anticipation of the multichannel environment presented by broadcasting migration to spur content development in South Africa and to further job creation. This came after the DOC had published its draft digital migration strategy- from analogue to digital for South Africa in 2007.

This strategy discusses key interventions that will eradicate factors currently inhibiting growth of the content industry in South Africa. These factors can be categorised as follows:

- Domination by a few role players;
- Lack of comprehensive support mechanism for aspirant and emerging content creators;
- Commissioning-driven nature of South African content industry;
- Limited platforms available to distribute content;
- Skills shortage relating to script development and packaging;
- Lack of access to a robust and reliable infrastructure to encourage content development, and;
- The concentration of content development activities in urban centres.

Strategic funding and infrastructure investments, encouraging the promotion of content from historically disadvantaged groups, and promoting content as a vehicle for fostering regional integration and development were identified as tools to achieve the objectives of the strategy. This strategy is also formulated

[9] Accelerated and Shared Growth Initiative for South Africa. Office of the Deputy President, Treasury, DTI, DPLG (Department of Provincial and Local Government, DPE (Department of Public Enterprise), SALGA (South African Local Government Association). 2004. http://www.info.gov.za/asgisa/asgisa.htm#strategies

[10] Published in Government Gazette of the 04th of September 2009, Notice No 1218 of 2009 in Gazette No 32553

with an understanding that as part of the knowledge economy, local content has the potential to enormously contribute to the socio-economic development of South Africa. The strategy is not yet implemented as it is currently being revisited.

3.5.8 New Growth Path (NGP)

The NGP is a framework for government to provide strategies to create millions of new jobs for South Africa. The framework is set in a context of mass joblessness, poverty and inequality that exists in South Africa.[11]

The NGP is founded on the notion of creating decent work, reducing inequality and defeating poverty. The NGP provides bold, imaginative and effective strategies to create the millions of new jobs South Africa needs through the combination of macroeconomic and microeconomic interventions, and addressing of key tradeoffs between government, business and labour.

The core aim of the NGP is to target the already limited capital activities to maximise the creation of decent work. This can be achieved through the states' coordinated efforts around core priorities rather than dispersing them across numerous efforts, engagement with stakeholders representatives on policy, planning and implementation at national, sectoral and local levels and through 'phasing' (short term, medium term and long term) to establish the preconditions for success over time.

It is government's prerogative to grow employment by five million jobs by 2020 and it has identified the rate of economic growth and the employment intensity of that growth as two key variables that will affect this target. Government will also prioritise efforts to support employment creation in key sectors one of them being tourism and certain high level services. It has been established that high level services can create over 250 000 jobs directly t in tourism and business alone, with many more possible in the cultural industries. The NGP sets out a range of practical measures at sectoral level to achieve the

[11] New Growth Path (2010), p 3

above mentioned employment targets. One of these targets being to develop a comprehensive programme to support cultural industries, in addition, the conditions of vulnerable workers in the services will be addressed.

As part of government's initiative in providing jobs in the economic sector, the cultural industries especially film, music and theatre has been identified as key sectors that could contribute towards the 275 000 employment figure that is set to be achieved by 2020. The Economic Development Department (EDD), DTI and the DAC are to develop comprehensive proposal to support employment growth in cultural industries.

3.5.9 Regulations on Independently Produced South African Programming

ICASA published Regulations on Independently Produced South African Programming to prescribe regulations applicable to broadcasting service licensees regarding commissioning of independently produced South African programming. The purpose of these Regulations are to ensure that broadcasting service licensees submit commissioning protocols to the Authority for approval, monitor the commissioning practices of independently produced South African programming and ensure that such commissioning practices are conducted in a manner that is fair, transparent and non-discriminatory, without hampering the flexibility of broadcasting service licensees to deal with the pertinent commercial issues.

In fulfilling this purpose, these Regulations seek to address the following areas:

- Relationship between broadcasters and independent producers
- Copyright Ownership
- Regulatory Approach
- Definition of an Independent Producer
- Terms of Trade
- Commissioning Methods

Film industry organisation, including the South African Screen Federation and the NFVF, have criticised the soft approach that was taken by ICASA on the regulation of this area, (ICASA, 2008). In the draft regulations ICASA indicated its adoption of self regulation as the preferred regulatory approach but noted it will still regulate necessary issues such as the commissioning practices and protocols.

3.5.10 Black Economic Empowerment

Since 1994, Black Economic Empowerment (BEE) has been a major thrust of all government policies. The absence of a coherent strategy towards the implementation of BEE undermined wide spread realisation of the policy objectives as intended by government.[12] In 2003, a strategy for Broad-Based Black Economic Empowerment (BBBEE) was developed by the DTI. The Strategy provided the outline of a broad-based score, together with targets and weighting points, but did not contain details on measurement principles and the application of the scorecard.

The BBBEE standards are governed by the Code of Good Practice (the Code) applicable to all public entities listed in schedule two (2) and three (3) of the Public Finance Management Act (PFMA). According to the DTI, BBBEE is 'an integrated and coherent socio–economic process that directly contributes to the economic transformation of South Africa and brings significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities'.

The BBBEE Code has seven elements that need to be met for purposes of BBBEE compliance, namely; management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development contributions. According to the Codes of Good Practice, small and medium sized business, having a turnover of between R5 million up to R35 million qualify to have their compliance marked on the small qualifying enterprises (SQE) and are required to focus on 4 of the 7 elements. Larger businesses, with revenue of more than R35 million are required to focus on all 7 elements. Companies with a turnover of less than R5m (are considered to be Exempted Micro Enterprises (EMME's), providing them with a level 4 recognition.

[12] DTI Codes of Good Practice For Broad Based Economic Empowerment, p 1.

The application of the Code has proven to be problematic for the film and video industry as it is largely made up of SME's that claim to have a turnover of less than R5m making them automatically exempt from its application. While other sectors such as mining, construction and finance have developed sector-specific transformation charters, the film industry has not yet established its own charter.

The DTI is working on a BBBEE policy framework for the Film and Television Production Incentive. The policy hopes to bring the threshold down and thus no exemptions will be granted. All companies will have to be BBBEE compliant and have their compliance marked on the SQE score, irrespective of the enterprise total revenue.

3.5.11 Ownership of Copyright

The Registration of Copyright in Cinematograph Films Act 62 of 1977 governs the copyright registration of cinematograph films. Original cinematograph films are works that are eligible for copyright protection under the provision of the Copyright Act 98 of 1978. A cinematograph film is defined in Section 1 of the Copyright Act as "any fixation or storage by any means whatsoever on film or any other material of data, signals or a sequence of images capable, when used in conjunction with any other mechanical, electronic or other device, of being seen as a moving picture and of reproduction, and includes the sounds embodied in a sound-track associated with the film, but shall not include a computer program" (Government of South Africa, 1978).

In terms of Section 8(1) of the Act, copyright in a cinematograph film vests the exclusive right to do or to authorise the doing of a variety of acts in relation to a film. This includes reproduction of the film, the making of still photographs, causing the film to be seen and causing the soundtrack of the film to be heard in public, the broadcasting of the film, making an adaptation of the film and/or letting out copies of the film. The author or creator of film may hold ownership of copyright in a film. An author, in relation to a cinematograph film, means the person by whom the arrangements for the making of the film were made, and, in relation to a broadcaster, means the first broadcaster. However, where the author was commissioned by a broadcaster to make a film, the broadcaster would own the copyright to the film. (Government of South Africa, 1978) South African broadcasters use this provision to hold all rights in commissioned work, a practice which is criticised as not empowering independent local producers.

The regulations on independently Produced South African Programming did not address this bottleneck and there are no indications that the Copyright Act will be amended to change the status quo. The Copyright Amendment Bill which was passed in 2001 focused on amendments relating to the music industry and not on film. ICASA's Position Paper on the Commissioning of Independently Produced South African Programming, (2009) touched on copyright issues and regulation thereof. ICASA noted that the problem of full ownership of copyright was brought about by the exception in the Copyright Act. It also noted that this position could be negotiated in the contract and hence ICASA was of the view that there is no compelling reason to amend the Copyright Act. It concluded by saying that it was of the view that any discontentment arising from the copyright laws should be brought to the attention of the DTI and CIPRO by the affected parties. This issue subsequently fell outside the regulations on the commissioning of independently produced South African programming.

3.5.12 Preservation of Local Content

ICASA has powers to prescribe regulations to ensure that local programming is preserved.[13] The first Local Content regulation was introduced in 1997 by ICASA''s predecessor, the Independent Broadcasting Authority.[14] This is provided in Section 61 of the Electronic Communications Act (2005) as a measure to preserve South African programming. The prescription of regulations commissioning of independently produced South African programming, local television content and independent television production is meant to achieve this noble

[13] Electronic Communications Act No 36 of 2006, section 61(1).
[14] ICASA Discussion Paper on the Review of Local Content Quotas, December 2000, p 3 available on www.info.gov.za/otherdocs/2000/icasa.pdf

objective.

4. Government Support for Films

Government has introduced a number of programmes and incentives to support the production of local films and television programmes. At national level financial assistance and government incentives are carried through government departments and agencies such as the NFVF, DTI, DAC and IDC, and at provincial level, it is carried out through the film commissions and development agencies, and municipal level it operates through film offices.

4.1 NFVF Funding Initiatives

The NFVF was established in November 1999 in Cape Town during the now defunct Sithengi Market and Festival. The operations were initially administered by the Department of Arts and Culture (DAC), in 1999 and formally transferred to the NFVF in 2000. The NFVF commenced operations in March 2001. The NFVF also held an industry film Indaba in 2001 to sell the organisation's strategy to the industry. Certain outcomes were achieved at this forum and a call for an industry body which would represent industry practitioners was made by the delegates. This call was adhere to after the Indaba 2005.

Arising from its legislative mandate, the NFVF has developed a growth and development strategy for the film industry in South Africa. The thrust of the NFVF Strategy for the South African Film Sector is largely developmental in nature and aims to address structural deficiencies within the industry. The NFVF activities include providing funding for the development, production, marketing and distribution costs associated with a film.

The NFVF also provides funding to film students and supports training programmes. In 2006, the NFVF was allocated approximately R36 million by the DAC. The NFVF, through the Feature Film Fund, was able to support a number of feature films. These productions include award-winning films such as Tsotsi, Yesterday, Drum, Wooden Camera, Zulu

Love Letter, Max and Mona, and Forgiveness.
Tables 2, 3,4 and 5 display NFVF funding from 2001 to 2010.

Programme	2001	2002	2003	2004	2005	2006	2007	2008	2009
Documentaries	14	8	11	25	17	3	16	14	7
Features	12	2	2	16	19	7	16	11	8
Shorts	0	3	2	3	6	3	3	0	0
Animation	0	1	1	1	1	0	0	1	0
Television Series	13	1	1	5	1	0	0	0	0

Table 2: NFVF research and script development funding (2001-2009)

Source: NFVF database

Programme	2001	2002	2003	2004	2005	2006	2007	2008	2009
Documentaries	15	14	11	40	28	6	21	15	15
Features	1	3	5	13	6	2	6	10	5
Shorts	5	8	7	7	2	2	0	3	2
Animation	1	1	1	1	2	0	0	0	2
Distribution and Marketing	5	4	8	8	9	8	15		

Table 3: NFVF production funding (2001-2009)

Source: NFVF database

Programme	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bursaries	2	19	22	38	74	54	54	68	54
Training Programmes	15	5	6	8	4	3	8	9	5

Table 4: NFVF education and training funding (2001-2009)

Source: NFVF database

Programme	Amount
Training and Bursaries	R 6 523 271
Development	R 2 007 191
Production	R 6 310 605
Distribution and Marketing	R 21 034 474
Grand Total	**R36 451 780**

Table 5: NFVF grants (April 2009-March 2010)

Source: NFVF Annual Report (2010)

4.2 The Film and Television Production and Co-production Incentive

The DTI led the development of the Customised Sector Programmes that would help guide the government to develop priority sectors. As part of this process, the Film and Television Production Rebate Programme (FTPRP) was introduced in June 2004. The objective of this "rebate" was to attract large foreign productions to South African shores and support local production. Qualifying projects, among other requirements, were to achieve a Qualifying South African Production Expenditure (QSAPE) of R25 million. This "rebate" was capped at a maximum of R10 million. The eligible formats were feature film, tele-movie, television drama series or mini-series, documentary or documentary mini-series.

Since inception, 19 productions have been completed and have received a total "rebate" of R123 million.[15] The DTI has approved 15 South African productions with a QSAPE of R733, 451,502 and paid out R45, 630,451 to 6 productions. To date, 49 productions have been approved for a total rebate of R370 million.[16]

The programme was revised in February 2008 by the South African Film and Television Production and Co-production Incentive Programme "the "rebate"" and the Foreign Film and Television Production Incentives.[17] One of the key features of the revised

[15] DTI: Strategic Plans, Legislation and Budget 2007/8. Trade and Industry Portfolio Committee. 14 March 2007. Available: http://www.pmg.org.za/docs/2007/070314mtsf.ppt#609,16,2006/07 DELIVERABLES.

[16] DTI "Programme Guidelines: The South African Film and Television Production and Co-production Incentive', 28 January 2008. Pg 22

[17] Infra

rebate was the lower threshold for local production at R2,5million and R6million for official co productions. Through the "rebate", the DTI has increased the financial support available for local productions, which is envisaged to encourage local content generation and further improve the location competitiveness of South Africa. (NFVF, 2010) To date, the film and television production incentive programme has approved 81 (productions for a total rebate of R387.5 million, 44 of which are South African productions, 12 official co-productions and 25 foreign productions.

To assist the local producers to improve their cash flow, the DTI has introduced a milestone payment option subject to the achievements of identified production milestones achieved. The option of milestone payment is restricted to South African film and television production and co-productions, and applicants wishing to make use of this payment method must acquire a completion bond. Because this might be costly for smaller producers, where the cost of a completion bond could be as much as R300 000.00, the following will apply:

- 70% of the cost of the completion bond will be subsidised for productions between R2.5millionand R6 million and;
- 50% of the cost of the completion bond will be subsidies for production between R6 million and R10 million.

Productions over R10m are normally required by financiers to have a completion bond in place, therefore no additional subsidy will be granted, (NFVF, 2010).

4.3 The Industrial Development Corporation (IDC) Funding Initiative

The IDC's Media and Motion Picture Strategic Business Unit was established in 2001. The unit's main focus is promoting investment in and the development of the media sector, including printing, publishing, radio, television and motion pictures. In relation to motion pictures, the business area includes feature films, documentaries and television series of any genre. The IDC provides funding in the form of equity investment, commercial loans and venture loans. The IDC invests in commercially viable projects and its requirements include securing a significant theatrical release and/or a high profile television broadcast with a distributor or broadcaster to be approved by the IDC. The IDC may participate by up to 49% in the financing of a project.

For the year 2010 the Media and Motion Pictures unit approved 12 projects to the value of R283 m including additional funding for three previously approved investments. (Industrial Development Corporation, 2010) The unit under the year in review also made provisions for funding the animation genre. It funded a distressed animation company under the distressed funding scheme, resulting in 90 jobs being saved and additional 15 jobs being created. In the motion sub sector, the SBU continues to encourage partnerships with the private sector to co-fund the production for locally developed and produced films. This approach was successfully implemented during the production of Leon Schuster's *'Shucks Tshabalala's Survival Guide to South Africa'*. (Industrial Development Corporation, 2010) The unit obtained approval in principle to proceed with the 'Low Budget Film Project' in partnership with the NFVF, DTI and the SABC. The project will focus on the development of 20 local feature films, with budgets in the range of R6m – R13m. These films will be developed and produced locally; and South African filmmakers and actors these films will be primarily intended for local audience consumption. The project should also enhance the long-term sustainability of the South African film industry.

4.4 Section 24F of the Income Tax Act of 1962

Section 24F of the Income Tax Act was introduced as an amendment to the Taxation Act in 2001.The section was introduced as a special deduction in the determination of taxable income derived from trade as film owners. Section 24F (1) defines a film owner as any person who owns, whether solely or jointly, a film. Persons who render a service to a film owner, such as a production company and distribution companies, are excluded from the definition. A film owner may claim three special deductions under the section 24F provision. The first deduction relates to production and post-production costs in respect of a film (film allowance).[18]

Film owners qualify for a deduction in respect of marketing expenditure incurred on a South African Export Film (SAEF marketing deduction) and also a deduction in respect of print costs incurred in the making of copies of a film (print cost deduction). The allowance is deductible on completion of the film. The challenge with this provision is that not many filmmakers, if any, are able to use the tax incentive for the benefit of their projects. There is no data available to show how much money or how many

[18] SARS "Taxation of Film Owners Guide" (2004), p 4.

production companies have been able to use this provision. These challenges have brought about the draft Taxation Laws Amendment Bill (draft bill) which proposes the scrapping of Section 24F. A new provision section 12 O of the Income Tax Act No 58 of 1962 has been introduced to provide easier and more effective tax exemptions for filmmakers, (Kingdom & Lewis, 2011). This new provision seeks to eliminate all income tax on film for a 10 year period. In administering this new tax provision, Treasury will rely on existing infrastructure within government which regulates film and television production, (Kingdom & Lewis, 2011).

The tax exemptions proposed by this new regime will only apply to the initial investor in the film and not to those individuals to whom initial investors may have on-sold their rights to profit from the film. The exemption excludes income from guaranteed payments and fixed-amount salaries. The income accruing from the film will no longer be exempt after 10 years from the date on which the film is ready for exhibition, (Kingdom & Lewis, 2011). The draft Bill proposes that this incentive of section 12 O apply to films that begin production on or after January 2012 and are completed before January 2017.

4.5 Provincial Initiatives

Some provincial governments have established film commissions to provide support to filmmakers. Although not all provinces have such commissions in place, the existing commissions are found in the provinces of Gauteng, the Western Cape and KwaZulu-Natal where most film activities take place. The eThekwini Municipality which falls within the KwaZulu-Natal province has established the Durban Film Office. The Eastern Cape, Free State, Mpumalanga and North West provinces are at various stages of formally establishing film offices.

4.5.1 Gauteng Film Commission (GFC)

The Gauteng Film Commission was established in December 2000 and was initially known as the Gauteng Film Office. It is a provincial agency tasked with the development and promotion of audiovisual industries in Gauteng. One of its objectives is to cultivate diverse and distinctive local work and actively assist previously disadvantaged individuals (PDIs) to participate in the film, television and interactive media production industry. (Gauteng Film Commission, 2006)

The GFC has initiated processes for the establishment of a provincial BEE Fund for Film and TV; private sector partners have been identified and negotiations undertaken in partial response to the establishment of the Gauteng Enterprise Propeller (GEP). This initiative has been reassessed to determine possible programme alignment between the GFC and the GEP. To date, GEP has provided support to a South Africa/Canadian co-production which is directly benefiting small enterprises and historically disadvantaged individuals.

During 2005/2006, the GFC initiated a project to investigate the redevelopment of existing and historic township cinemas and to assess the viability for the establishment of micro cinemas in townships. According to statistics released by AMPS for 2004, only 3% of the country's black population has regular access to cinemas or drive-ins. This is in contrast to the more than 30% of both Asian and White South Africans that have regular access. In addition to this project, the GFC is working with film festival organisers to ensure that cinema audiences in non-traditional markets are reached. In 2006, such initiatives included sponsorship of the Nu Metro African Film Festival as well as free public screenings of *Tsotsi* in Soweto, Alexandra and Thokoza. (Gauteng Film Commission, 2006)

4.5.2 Gauteng Economic Development Agency (GEDA)

GEDA is an agency of the Department of Economic Development in Gauteng. Its mandate is to implement approved departmental policies designed to grow the economy, attract investment and develop sustainable social-economic infrastructure. Its mission is to promote economic growth, encourage new investment and maximise opportunities for skills transfer and job creation (Gauteng Economic Development Agency). Film has been identified as one of the industrial sectors which receive special support from GEDA. In 2001, the South African entertainment industry was estimated at R10, 5 billion with film and television making up R8, 2 billion. Gauteng's estimated share was between R5, 7 billion and R6, 5 billion. (Gauteng Economic Development Agency)
The then Gauteng MEC of Economic Development, Mr Paul Mashatile, an-

nounced in 2005, that GEDA was restructuring the operations of its foreign offices to ensure that they focus on regional economies rather than on the economies of specific countries. The Agency's activities will also be focused more intensely on the African Continent to encourage the flow of economic activity between Gauteng and the rest of the Continent.

4.5.3 The Cape Film Commission (CFC)

The Cape Film Commission was launched in January 2001 and is regarded as the official advocate for the feature film, television, video, commercials and stills photography production industry in the Western Cape Province. The core aim of the CFC is to position Cape Town as a globally competitive film city, thereby boosting tourism, job creation and the development of core skills. The strategic aim is to increase the province's global filmmaking share from its current 1% to 5% by 2005. (Cape Film Commission)

The CFC commissioned a study which found that the total turnover of the Western Cape film industry for 2007 was R2, 65 billion of which about 77% (R2, 03 billion) occurred in Cape Town. It is estimated that the film industry created more than 6 000 full-time and 2 500 indirect jobs in Cape Town. (Cape Film Commission)

Certain strides have been taken by the city to ensure that the film industry thrives in Cape Town. This is evident in the fact that the city has significantly increased its funding to the CFC from just under R500 000 for the 2006/07 financial year to R2, 5 million for the 2007/2008 financial year.[19]

In June 2004 the City of Cape Town drafted the City of Cape Town Film Policy and Protocol. The film policy was drafted in order to provide a framework to assist Council in carrying out its statutory duties to protect the environment and represent the interests of local communities, while also realising the economic benefits of filming. The objectives of the film policy are to assist Council

[19] Cape Film Commission, Media Release "City Substantial Support For Film" (2007). For further enquiry visit: www.capetown.gov.za.

in carrying out its statutory mandate, establish the roles and responsibility of the stakeholders and disseminate information to the industry and the general public on the proposed types of approvals required for location filming.

4.5.4 KwaZulu-Natal Film Commission

The KwaZulu-Natal Film Commission (KZNFC) was set to be established in 2005 to promote and develop the film industry in Durban and KwaZulu-Natal, however until now (2010) there has not been any development It is meant to operate both as specialist agency marketing and promoting the region as a destination for local and international filmmakers and as a regional trade association/ networking body for the industry.[20] The goal of the Commission was to open up the global film industry market to the KZN region by creating 5 000 new jobs and 30 new business enterprise by 2008, thereby reinforcing economic growth, social stability, black enterprise development and skills upliftment for the province.[21]

The Durban Film Office established in October 2003 by eThekwini Municipality is responsible for film-related interests of the Metropolis.[22] The office is the official advocate for the feature films, television, video, commercial and stills photography production industry in Durban and the region.

4.5.5 Eastern Cape Film Office

The Eastern Cape Film Office (ECFO) is situated in East London and it reports to the Eastern Cape Department of Economic Affairs. The core objective of the ECFO is to position the Eastern Cape to globally compete in the development of film, thereby boosting economic, social and cultural development.[23] The specific objectives of the ECFO are:

- To develop and promote the Eastern Cape film and video industry;
- To facilitate investment in the Eastern Cape film and video industry;

[20] KwaZulu-Natal Film Commission-Draft Business Plan 2005-2008, p 3.

[21] Ibid.

[22] www.durbanfilmoffice.com.

[23] http://ecfo.co.za/pg/main_objectives

- To market and promote the Eastern Cape film and video industry, locally, nationally and internationally;
- To provide, and encourage the provision of, opportunities for persons, especially from historically disadvantaged communities, to enter and take part in the Eastern Cape film and video industry;
- To encourage the development, production and distribution of Eastern Cape film and video products;
- To contribute to an enabling environment for job creation and cultural enrichment;
- To address historical imbalances in the infrastructure and in the distribution of skills and resources in the Eastern Cape film and video industry, and;
- To position the Eastern Cape Film Office as one of the leading agents for the film development industry.

The key function areas of ECFO is to manage government relationship and policy, marketing and promotions, industry development, information and knowledge management, film funding and finances, marketing (Locations), research and development, film education, audience development and issuing of permits. [24]

The ECFO function is important as its role is to manage the film industry affairs at a provincial level. This institution is well situated to assist the Nelson Mandela Bay Film office as the latter operates on a municipal level.

4.5.6 Nelson Mandela Bay Film Office (Eastern Cape)

The Nelson Mandela Bay Municipality identified film as a key focus in the creative industry. Film has been seen as a means to inject growth to the local economy and in turn create jobs in the extended value chain of the industry. Subsequently, an interim film committee was set up in 2009, which was tasked to implement a number of recommendations brought forward that will ensure the Bay's Competitive position in the industry and these are;[25]

- Establishing a formal structure that will develop the film industry into a competitive sector in the local economy;

[24] ibid
[25] www.prlog.org/10175821-nelson-mandela-bay-elects-film-committee.html

- Developing a tunnel vision to establish the scope of the industry;
- Ensuring that film interventions are supported by political and administrative champions as well as the private sector
- Identifying means to gather equipment that is required by local and international production crew;
- Transferring skills to previously disadvantaged people and communities, and;
- Setting up of a research team that will assess other successful case studies in other areas.

As stated in the above mentioned Committee's objectives, a Film Office was set up in May 2010 and it has been tasked with promoting the city locally and internationally as a film production hot spot.[26] Up until now, the film office has not opened its business doors as it is claimed that they are still dealing with funding and administrative issues.[27]

4.5.7 Mpumalanga Film Office

In 2007 a feasibility study was conducted which was commissioned by the Mpumalanga Department of Culture, Sport and Recreation. The objective of the study was:

1. situate the film industry in the context of national and provincial governmental policies, strategies and programmes;
2. provide a feasible and financially viable framework for provincial government investment and intervention in the film industry at a provincial level, informed and supported by:

a) an assessment of the current profile and situation of the film industry in Mpumalanga
b) an analysis of the strengths and weaknesses of the industry as it is (internal analysis), as well as an identification of key opportunities and threats facing the development of the film industry in the province
c) the views of different stakeholders within the province.[28]

[26] http://www.theherald.co.za/article.aspx
[27] Ibid
[28] Mpumalanga Department of Culture, Sport and Recreation (2007) ,A Film Development Strategy for Mpumalanga Final Draft

The study advocated for the establishment of a film office in Mpumalanga but the film office is not yet in operation.

Conclusion

The South African legislative and policy landscape in relation to the film industry is progressive in nature, which indicates positive growth because, as the local content strategy states, internationally all countries are moving towards information and it is important that South Africa is on par with its international counterparts.

Although this is plausible there remain various challenges regarding policies and legislation in the film industry. The film industry is a difficult sector to regulate because there are various government departments and institutions which have concurrent jurisdiction over it. This inevitably results in legislation and policy overlap and more importantly duplication of policies. The only remedy to this challenge is cooperative governance and intergovernmental relations. ICASA and government institutions need to apply the principles of inter-governmental relations to ensure policy coordination.

One of the major challenges hampering the development of the film industry is lack of adequate funding. The concurrent nature of film does not give the industry any advantage in terms of diversity of sources of funds. The only government institutions and departments which are actively funding the industry remain the NFVF, IDC, the Film Commissions and the DTI, which provides incentives as stated above.

It is encouraging to note that strategies such as the strategy for digital local development is trying to find ways to better fund the industry i.e. the establishment of a film fund etc. It is also the initiative of the government to lure the private sector to invest in this industry.

4.5.8 Community Film Services

4.5.8.1 Township Bioscope

The Township Bioscope was initiated in 2006 with the aim of promoting a movie culture among township residents and to establish a network of film clubs in tertiary institutions and townships. The initiative was collaboration between the Film Resource Unit (now defunct) and the Gauteng Film Commission.

The project was aimed at putting together 96 screenings around the townships of Gauteng where only locally produced films that capture the South African experience, will be screened with the aim to promote them. The films are screened free of charge and some of the films screened in 2006 include *Tsotsi*, *Drum* and *Waiting for Valdez*.

As part of the initiative, the project further aims to revive the Eyethu cinema in Mofolo (Soweto) and rebuild the old San Souci Cinema in Kliptown as part of the drive to revitalise the once vibrant township bioscope culture (Dlamini, 2007).

In partnering with both the GFC and FRU, this could have presented the NFVF with a perfect opportunity to realise its strategic thrust of "*taking cinema to the people*" as encapsulated in the second edition of the value charter.

4.5.9 NFVF Digital Screens

The NFVF was granted R10 million by the DAC in 2009. The aim of the grant is for the development of digital screens in townships and rural areas.. This initiative is meant to address the lack of screening/exhibition facilities in underserviced areas.

4.5.10 Co-productions

Official Co-productions have been noted to be significant in the financing and international pivoting of local films. Local producers can partner with foreign producers – who tend to have access to better developed funding pools, – on a project that will be marketed in the domestic regions of the respective producers, (National Film and Video Foundation, 2010) This has the advantage of exposing South African films to the international market and offers the producers an opportunity to create networks beyond the South African borders. Despite the reported potential sacrifice of creative control on the local filmmaker's part due to being a minority partner in co-productions; there is an anticipated advantage in the exchange of intangible goods such as skills, talents and ideas which outweigh the disadvantages.

South Africa has signed 6 Audiovisual Co-production treaties with Canada, Italy, Germany, the United Kingdom, France and Australia. However, the co-production agreement Australia which was signed in 2010 is not yet active, as it is being subjected to formal diplomatic processes.

4.5.10.1 Objectives

The main aim of a co-production agreement is to promote cultural co-operation between countries. In the process, it enables access to financial instruments that exist between co-producing countries to finance film and television programmes that qualify. Co-produced films and television programmes are then classified as local content in both countries.

An official international co-production must be made under the terms of one of the arrangements in place between South Africa and the co-producing countries. There must be a producer and sufficient creative input from each of the countries depending on the financial split of at least 20:80.

The effect of this arrangement is that a film or television programme approved as an official co-production is regarded as a national production of each of the co-producing countries and is therefore eligible to apply for any benefits or programmes of assistance available.

4.5.10.2 Advantages of Co-producing

- mitigating film production risk;
- exchanging cultural and economic values;
- gaining access to the foreign partner's industry market and skills transfers;
- producers are also able to access financial instruments that exist be-

tween co-producing countries to finance film and television programmes that qualify;

- films or television programmes approved as an official co-production are regarded as a national production of each of the co-producing countries and is therefore eligible to apply for any benefits or programs of assistance available.

4.5.10.3 Disadvantages of Co-producing

Co-production arrangements can vary between a minimum of 20% and a maximum of 80% financial contribution to a production budget. The principle of proportionality requires that creative participation be more or less proportional to the financial contribution of the producer.

The major disadvantage for a minority partner is that the authenticity and identity of the story being related may be distorted in favour of the majority stakeholder. Over time this may compromise the very aesthetics of South African story telling.

Co-productions are becoming more and more genre- specific. The necessity to make co-productions fit its financial and creative model creates a bias for particular genres such as science fiction, adventure films, and television programmes which are neither spatially nor temporally bound, but occur in a fictitious place. Consequently, co-productions focus less on local stories, relevant for local communities, that remain the domain of locally and independently produced projects.

4.5.10.4 Performance of the treaties

Up to the end of March 2010, 51 films have been produced since the first treaty was signed with Canada in 1997. Of these 20 projects were co-produced under the SA/Canada treaty, another 20 with Germany, 4 with Italy, 4 with the UK and 3 have been tripartite co-productions, involving South Africa, Canada and the UK.

The SA/Canada co-production treaty signed in 1997 was the first audiovisual treaty signed by the Government of the Republic of South Africa. Thus Canada was the most popular co-production partner for South Africa up to the beginning of 2008. The SA/Germany treaty, which was signed in 2004, is quickly gaining favour in the popularity/productivity race such that it is expected to surpass the SA/Canada treaty by the end of 2010. The argument is supported by the number of applications the NFVF is receiving for certification. 10 out of 16 applications made were under the SA/German treaty.

The SA/Italy treaty seems to be the least active treaty since it was signed in 2003. The activity under this treaty is minimal compared to the SA/Germany treaty which was signed a year later. The fact that the treaty has only 4 co-productions compared to the latter bears testimony to this. There has been no analysis of the slow progress of this treaty but could be attributed to a number of reasons.

(a) Language could be a factor considering that Italian is a minority language in South Africa.
(b) Limited interaction between South African and Italian filmmakers resulting in limited projects.
(c) Filmmakers might not have an understanding of their respective markets

However, the reasons provided above are only speculative and subject to confirmation through proper research.

When analysing, the performance of treaties, one has to be careful not to confuse the number of projects co-produced under that treaty with the financial contribution as the figures might be misleading. The SA/Canada treaty for example, has been the most active in terms of numbers of projects and financial contribution of all the treaties. However, SA/Italy treaty presents a contrasting picture to this. This treaty has contributed just under R600,000,000 which is 15% of the amount compared to the SA/UK treaty at about R300,000,000 which 6.8%, even though they have produced the same number of projects. (National Film and Video Foundation, 2010)

The overall budget of co-productions over the last 12 years is R2.7 billion. South Africa has contributed 40.9% (R1, 116,694,461) of this figure, while their foreign co-producing partners contributed the remaining 59.1% (R1, 610,912,809).

In South Africa, co-productions receive public funding support from a few institutions such as:

- The NFVF contributes 1% of the total budget funding to co-production projects.
- The Industrial Development Corporation's (IDC) participation is an equity investment which funds projects up to 49%. It has contributed to 38% of the South African funding of co-production projects.
- The South African Film and Television Production and Co-production Scheme under the administration of the Department of Trade and Industry provide more financial support for locally-owned productions and official co-productions. The scheme has so far contributed 60% of the funding to projects.
- The remaining 1% percent was raised from the South African Broadcasting Corporation (SABC), (National Film and Video Foundation, 2010)

4.5.10.5 Impact of the co-production treaties

There has been a sharp increase in the co-production activity over the last four years. This growth is consistent with the overall growth of the production sector in the country. The year 2009 saw the highest number of co-production projects certified. The interest in South Africa as a co-producing partner could be attributed to a number of reasons among others: the confidence in local technical skills, weather conditions, favourable rand/dollar exchange rate and highly professional cast and the production incentive.

Feature Films are without a doubt the most preferred co-production format yielding a significant 71% of all projects (majority of which were dramas) completed during the 10 year period. TV series formats amount for 18%, with documentaries and television movies accounting for 8% and 2%, respectively.

This suggests that there have been thousands of job opportunities that have been created through this form of economic activity. There is also a trickle factor effectively affecting other ancillary services such as catering that is required, the drivers for the equipment and for the cast and crew, the petrol stations that benefit from the fuel consumed, the hotels, courier companies, equipment rentals, shuttle and flight services, etc. Co-productions may be a small fraction of the overall filming activity in South Africa, yet they are sufficient indicators of the positive impact that the film industry has on the domestic economy. (National Film and Video Foundation, 2010)

4.6 Opportunities

The signing of the co-production treaty with France presents an opportunity for South Africans to not only get market entry into France and the rest of Europe, but also with other French speaking African countries as third party producers. This opportunity does not extend to African countries only but also other countries France have co-production treaties with.

The co-production treaty with Australia will give producers from both South Africa and Australia a broader pool of state funding and incentives in their respective countries. The greatest advantage is that neither partners need to raise funds beyond their territories. The advantage is not only in monetary value but will potentially also push up the quest and promotion of local stories in due course.

It is anticipated that with time, co-production treaties will also present opportunities to emerging producers and new companies to enjoy the benefits available to producers. This will change the status quo of having only a selected number of companies having the ability to access state funding and incentives. However, this problem might only be temporary as the NFVF has started a new producers' programme to develop current and new producers in all categories of filmmaking.

Other than the talent exposure, there is an increasing confidence in South African facilities like The Condor and Waterfront Studios in Cape Town. The establishment of the Cape Town Studios is also expected to contribute to the frequency of co-production activity in the country.

4.7 Challenges

South African producers are still minority partners in the co-productions. Of the 51 official co-productions undertaken, only 10 have South Africa as the majority partner. The downside to this is that their role in appointing personnel in key creative and leading roles is limited to their financial contribution.

There have also not been new entrants in the co-production arena. This could be due to the fact that only a few companies are able to handle big budget productions. A disappointing element regarding co-productions is the lack of participation by Black companies and Blacks practitioners in general. Only two Black owned companies, one of which have ceased operations, have been involved in co-productions[29] and co-incidentally both co-produced with Canada. Of even more concern is the lack of placement of Black personnel in the key creative positions and as HODs in these co-production projects. Again, only two have participated as directors in TV series. The poor participation or lack of participation of blacks in big budget films could be attributed to the following reasons:

- inadequate skills to operate at higher level. (National Film and Video Foundation, 2008)

Conclusion

There are, presently, two more treaties under negotiation and it is envisaged that an increase in the number of treaty agreements will provide more, if not better, opportunities for market stability and growth. It is expected that with the signing of the two new treaties, the market will exhibit increasing returns to scale and trickle the benefits across the South African film value chain and domestic GDP.

The information presented above shows that co-productions have been able to meet some of the principal objectives for the domestic economy. Optimal activity of these

[29] Kurira Films for "Molo Fish" and Morula Pictures for "Jozi-H"

projects not only benefits the film industry, but also transcends to other, non-related industries and serves as a significant stimulus of economic activity. The many job opportunities created and businesses sustained are evidences that co-productions have been successful in delivering on the expectations that they were set up for.

However, the one area that needs special attention is the participation of blacks in the co-productions in more meaningful roles and not just as part of the general crew and in supporting roles or extras.

5. Challenges facing the Film Industry

The challenges faced by the local films industry have been well documented over the years. The Microeconomic Development Strategy for South Africa (Tuomi,2005) identified the following challenges as some of the inherent stumbling blocks in the industry:

- *Limited access to local funding, distribution and facilitation facilities*
- *Few viable training opportunities*
- *Few talented scriptwriters*
- *The slow growth in the number of cinema complexes*

The monopolised local distribution networks, the high volatility of filmmaking and the associated low levels of profitability of local films in the domestic market are factors espoused to the heightened barriers to entry and low levels of private investor confidence. The 2008 Creative industry in South Africa report did a SWOT analysis for the industry as follows:

Strengths

- Infrastructure
- Technical skills
- Locations
- Stories
- Value
- Climate
- Time zones
- International interests

Weaknesses

- Creative and business skill gaps
- Co-ordination
- International and domestic intelligence
- Erratic production patterns
- Financing
- Market access
- Distribution

Opportunities

- Untapped audiences
- New platforms and increased demand for content
- New technology
- Co-production strategy
- Government support

Threats

- Exchange rates
- Competing incentives
- Foreign content
- International perceptions
- Reduced government support

Other challenges referred to by the report are the lack of co-ordination between the government departments and parastatal agencies and the apparent disagreement about roles and responsibilities between the DTI, DAC and NFVF over research, incentives and representation.

Joffe and Jacklin (2003) identified funding as one of the biggest hurdles to the development of the industry. National governments and private investors find the industry to be of high risk. They further pinpoint the following problems as blockages towards the development of the industry:

- Distribution is arguably the primary blockage in the industry within the SADC region;
- A relatively small market due to the lack of resources from the broadcasters and the high ratio of rural poor communities;

- Local content quotas that are not effectively implemented;
- High levels of contractual workers who are not protected by the same employment legislation as workers in other industries;
- The industry is characterised by a high level of fragmentation across the value chain and relatively low levels of local production;
- Lack of skills in brokering deals and finding creative ways to generate funding for films and television ventures;
- There is a lack of cinema attendance by the majority of black people due to the closing down of cinemas in the townships;
- Organisationally weak film and television industries, undermines the ability of film-makers to lobby for government support.

The key challenge facing the industry is the lack of private sector funding for the production of quality content for the export market. The ownership of local content by broadcasters and the industry's parochial attitude towards the development of programming for export continue to exacerbate the situation. It is estimated that it is 25 times more expensive to acquire a local product than to import a product from other countries; mainly the United States of America.

6. STATISTICAL ANALYSIS OF SELECTED FILM INDUSTRIES: 2010

6.1 Empirical Results

A total of 35 questionnaires were evaluated for the purpose of this study. The questionnaires cover both open and close ended questions. The Tables present the responding companies' characteristics. The first part of the table reveals that most of the responding companies are either private companies (42.9%) or close corporations (42.9%). Only a handful of them are sole proprietorships (8.6%) or partnership ventures (5.7%).

The bulk of these companies were established between the 1990 and 2000 decade (88.6%) while only four of the companies were established between 1970 and 1980. This is an indication that the film and video industry witnessed a phenomenal growth between 1990 and the 2000 decade. Despite this monumental growth, Panel 3 in the Table reveals that the companies are micro (71.4%) and small (22.9%) in nature. The medium companies that employ between 50 and 250 people represent only 5.7% of the sample. This suggests that the South African film and video industry is dominated by small and micro companies. The estimated annual turnover of these companies range from R100, 000 (28.6%) to R200, 000-R500, 000 (2.9%). About 22.9% of the companies have their turnover rate in the range of R1, 000,000-R5, 000,000.

Companies' Features	Frequency	Percentage
Legal status of company		
Sole proprietorship	3	8.6
Close corporation	15	42.9
Private company	15	42.9
Partnership	2	5.7
Total	35	100
Year of Establishments		
1970s	1	2.9
1980s	3	8.5
1990s	14	40
2000s	17	48.6
Total	35	100
Company's size		
Micro (0-9 people)	25	71.4
Small (10-49 people)	8	22.9
Medium (50-250 people)	2	5.7
Total	35	100
Estimated annual turnover(Rand)		
0 - 100000	5	14.3
200000 – 500000	1	2.9
500000 – 1000000	5	14.3
1000000 – 5000000	8	22.9
5000000 – 10000000	6	17.1
More than 10000000	10	28.6
Total	35	100

Table 6: Company features

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

The proportion of male employees in the industry overshadows the number of female employees in the industry, as highlighted in Table 10. A total of 270 males comprising 171 black and 99 white employees are reported in the survey compared to 223 females comprising of 107 Blacks and 116 Whites. A sizable number of the employees in the country's film and video industry are permanent employees. For example, permanent male black employees represents 70.76% (121) of the black employees while permanent female black employees represents 53.44% (62) of the total female black employees in the industry.

White females however, dominate their black counterparts in managerial capacity in the industry. While 29.3% of White females are in managerial positions, about 19.6% of Black females are in the same position. White employees (15.15%) however seem to engage more in freelancing roles than black employees (8.77%). Furthermore, the survey revealed that black females (14.95%) are employed more to handle administrative positions in the industry than white female (7.75%).

Gender/Number	**Female**		**Male**	
	Black	**White**	**Black**	**White**
Permanent employees	50 (18)	62 (18)	121 (21)	56 (16)
Freelancers	16 (10)	9 (5)	15 (10)	15 (3)
Administrative positions	20 (11)	11 (8)	12 (8)	6 (3)
Managerial positions	21 (12)	34 (14)	23 (11)	22 (11)
Total	**107**	**116**	**171**	**99**

Table 7: Employers profile (outliers removed)

Note: values in brackets are number of companies that responded to the question in each cell
Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

There is however, a caveat to the figures reported in Table 7. The statistics in Table 8 was computed by removing the responses of three outlier companies on freelancers. These companies are 1) Film Afrika Worldwide; 2) Endemol South Africa; and (3) Two Oceans Productions. The reason for this is that the figures supplied by these companies under freelancers, far exceed those of an average firm, hence they are treated separately.[30]

[30] For example, while 10 companies employ a total of 16 female black freelancers, 5 companies employ 9 female white freelancers, 10 companies employ 15 male black and 3 companies employ 15 male white freelancers.

Film Afrika employs 2365 black female freelancers, 3400 white female freelancers, 5510 black male freelancers and 4180 white male freelancers. These figures represent the total number of freelancers that have worked on their film projects between 2004 and 2010. Endemol South Africa employs 139 Black female freelancers, 117 White female freelancers, 268 Black male freelancers and 221 White male freelancers. The firm defined freelancers as employees who are assigned to specific productions and retire after completion of the production. Two Oceans Productions employs 10 black female freelancers, 20 white female freelancers, 25 black male freelancers and 35 white male freelancers, respectively. The two companies (Endemol South Africa and Two Oceans Productions) however did not indicate if these figures represent the total number of freelancers who have worked on productions since inception of their companies. Therefore, the inclusion of these 3 companies in the row on freelancers will bias the figures upward as 2530(13) black female freelancers, 3546(8) white female freelancers, 5818(13) black male freelancers, 4451(6) white male freelancers, respectively.

In terms of domestic content creation, feature films and television production are receiving the most attention in the industry as evidenced in Table 09. While only 11 feature films and 19 television productions were given attention in the year 2000, 28 feature films and 23 television productions[31] were considered in 2010 in terms of domestic content creation. This phenomenal growth rate might be due to government regulation on domestic content creation in the industry as well as the establishment of new companies. There is however, no significant change in the attention received by commercial production and corporate films. Although non-existent in 2000, interactive films increased to three in 2010. A clear highlight of these findings is supported by the statistics in Table 8.

Content Given Attention	2000	2010
Feature film	11	28
Interactive film	-	3
Corporate film	2	3
Commercial production	4	4
Television production	19	23

Table 8: Categories of content receiving the most attention in terms of domestic content creation

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

[31] This relates to television only.

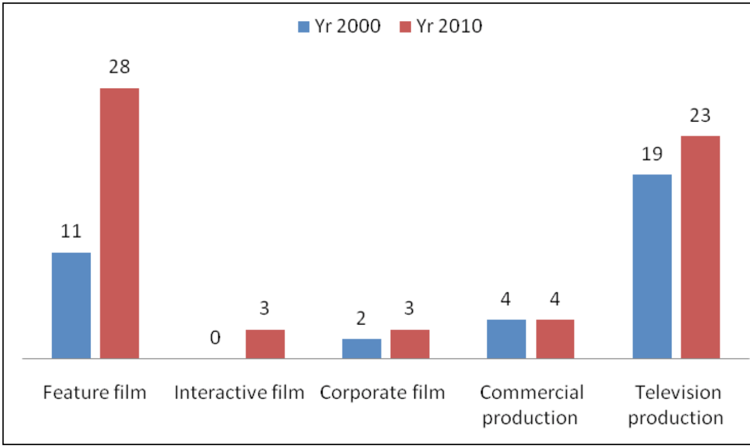

Figure 2: Trends in domestic content creation in South Africa

Figure 2 presents the type of productions that were undertaken between the 1990 and 2000 decade as well as the 2000 and 2010 decade. There has been a surge in the number of feature films and documentaries that are being produced by companies in the film and video industry. Feature films increased by 74.5% between the 1990-2000 period (43) and the 2000-2010 period (172). Similarly, documentaries witnessed a leap of 48.6% between the 1990-2000 period (75) and the 2000-2010 period (146). Regrettably short film production is witnessing a decline in the industry. It declined by 52.4% between the 1990-2000 period (32) and the 2000-2010 (21) period.

The average production budget for a feature film in the industry is approximately R12, 866,666 while the budget for a documentary is, on average, R1, 274,590. The average production budget for a short film is the lowest with a value of R697, 727.
Type of Production

Type of production	Total No. of Production between 1990 & 2000	Total No. of Production between 2000 & 2010	Total Production Budget (R'm)
Feature	43.0 (8)	172.0 (18)	12,866,666 (18)
Documentary	75.0 (9)	146.0 (19)	1,274,590 (17)
Short film	32.0 (5)	21.0 (7)	697,727 (8)

Table 9: Type of production
Note: values in brackets are number of companies that responded to the question in each cell
Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

The major sources of funding of productions are highlighted in Table 10 There is evidence that the bulk of the companies in the survey depends on government (18 companies), own investment (18) and licensing (17) to fund their productions. Obtaining loans is the least favoured source of funding that is utilised by companies in the film production process. However, among the companies that use loans, it represents a significant proportion of their funding mark up (35.71%). Interestingly, own investment, which is used by the majority of the companies has the least percentage mark-up of funding (23.72%).

Source of funding	Average percent of funding
Own investment	23.72 (18)
Equity	35.50 (10)
Loans	35.71 (7)
Licensing (broadcaster of distributor)	33.53 (17)
Govt. (DTI, NFVF, film commissions, section 2F)	27.47 (18)
Others	28.33 (9)

Table 10: Sources of funding
Note: values in brackets are number of companies that responded to the question in each cell
Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

A sizable number of responding companies noted that there is no typical financing procedure, except securing the DTI "rebate", applying to NFVF and TV broadcasters, and co-funding of film projects with local and international partners. In some cases, after developing the script, companies develop a detailed proposal that include their film budget and identify individuals, broadcasters, and private companies that may be interested in the specific type of film project and aim to secure their commitment. Thereafter companies are approached with the business plan in the hope of its acceptance. Alternatively companies attempt to secure rights, or pre-sell rights in order to obtain financing for their products. Lastly, some projects rely on self financing.

Funding mechanism	Regularly	Sometimes	Never	Total
Co-production	13	16	6	35
Product placement	-	16	19	35
Deferral of payment	7	10	18	35

Table 11: Funding mechanisms and their frequencies

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

On funding mechanisms and the frequency of their use, co-production is regularly (13 companies) and sometimes (16 companies) used by companies in order to fund their projects (Table 6). Close to half (16 companies) of the responding companies made use of the product placement mechanism while deferral payment is used sometimes (10) by the companies. A sizeable number of the companies never made use of product placement (19) and deferral of payment (18). This gives the impression that co-production is the major source of funding in the film and video industry and is regularly and sometimes used by companies.

According to the statistics in Table 12, 85.7% of the companies have previously benefited from government funding. The few (14.5%) companies that failed to benefit were not able to do so due to the complicated procedure of applying for such funding and the capital adequacy of their companies. Given the few number of companies involved, it appears government funding may not be too difficult to access.

	Frequency	Percentage
Previously benefited from government funding?		
Yes	30	85.7
No	5	14.3
Total	35	100
Reasons for no benefit		
I have sufficient funding for production	2	40
The application process is too complicated	3	60
Total	**5**	**100**

Table 12: Access to government funding

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

Table 13 shows that the global financial crisis had an impact on the film and video industry in South Africa. While the impact was severe on some companies (42.9%), it was moderate (54.3%) on others. The effect of the financial crisis of the South African Broadcasting Corporation (SABC) on the companies in the industry is quite severe (62.9%) compared to the moderate cases reported (14.3%). Only eight of the responding companies (22.9%) did not feel the impact of the SABC financial crisis. Perhaps, the set of eight companies are adequate in terms of their financing arrangement.

	Frequency	Percentage
Impact of global economic crisis on company		
Severe impact	15	42.9
Moderate impact	19	54.3
No impact	1	2.9
Total	35	100
Impact of financial crisis of the S.A broadcasting on com-		
pany	22	62.9
Severe impact	5	14.3
Moderate impact	8	22.9
No impact	35	100
Total		

Table 13: Impact of global financial crisis

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

With respect to major developments in the film industry that positively impacted on the local industry, a sizeable number of the respondent companies noted that the change in the threshold of the DTI film and television incentive "rebate", the licensing of more broadcasters (creation of new TV channels), availability of many funding sources and increase in film funding as well as the availability of more mobile, cheaper, yet good quality production equipment will bring this about. Other changes include the availability of co-production treaties, the success recorded by more local films, government provision of intellectual property rights, more networking opportunities from organised film festivals and the creation of representative bodies to advocate industry stakeholder's issues.

Table 14 depicts whether companies have been involved in official/unofficial productions in the past ten years. The majority of the responding companies (65.7%) had not been involved in official co-productions while 34.3% of the companies were involved in official co-productions. Similarly, 57.1% of the companies were not involved in unofficial co-productions while 42.9% of the companies were. These statistics indicated that despite the importance of co-productions raising the profile of the South African film and video industry, most of the companies were not involved.

	Frequency	Percentage
Involvement in official co-production In the past 10 years		
Yes		
No	12	34.3
Total	23	65.7
	35	100
Involvement in unofficial co-production In the past 10 years		
Yes	15	42.9
No	20	57.1
Total	35	100

Table 14: Involvement in co-production

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

For the set of companies that were involved in co-productions, Table 15 reports that co-productions were mostly done in association with companies in the UK (11 companies), Germany (8 companies), France (8 companies) and Canada (7 companies). The highest number of co-productions was 29. These 29 co-productions were completed by 8 companies in association with Germany. Germany and France have the highest number of total co-productions with companies in South Africa. The set of companies that were not involved in official/unofficial co-productions were not able to do so because they concentrated on their own productions, and in some cases their productions were largely funded by the SABC.

Countries	Companies involved	Total co-productions
United Kingdom	11	24
Canada	7	12
Italy	3	4
Germany	8	29
France	8	26
Spain	1	1
USA	2	2
Brazil	2	2
Algeria	1	1
Lebanon	1	2
Australia	2	2
Netherlands	1	1
Belgium	3	3
Holland	1	6
Sweden	1	4

Table 15: Companies with which co-productions are initiated

Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

Figure 3, illustrates the factors that drive films and video firm's business model and production focus areas. In the chart, market development is the most rated factor, followed by access to audiences, technological development, and policy changes. The ability to develop the South African industry to a competitive standard, the accessibility of audiences and technological development of the industry have a long way to go to make South African films and video companies a force to be reckoned with in the international environment.

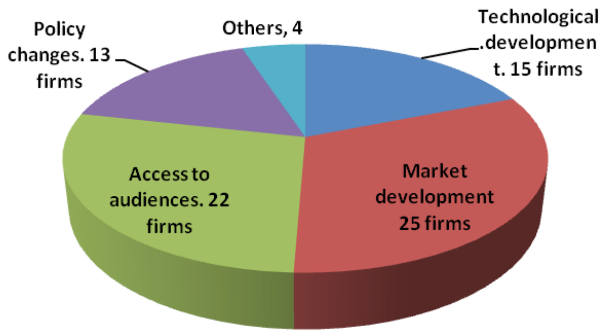

Figure 3: Factors driving Business Model and production focus areas

The primary target audience by the films and video companies remain the South African public. The international audience is a secondary target for South African companies. Other targeted audiences include the German movie industry, global animation studios and broadcasters and Brazilian audiences. However, in some cases the targets vary according to the film projects.

The pay and free to air TV (25 companies) followed by the DVD medium (24 companies) and the cinema (17 companies) represent the major mediums through which films and video companies in South Africa distribute their content to the market (Table 6.11). Only nine companies in the industry use the internet as a medium of distributing their content. However, the cinema medium of distributing the content has yielded the highest level of revenue to the companies. This is followed by the DVD medium (R24.3m) and the pay and free- to- air TV (R15.7m). The ability to derive substantial revenue from these sources is expected to make the industry activities sustainable.

Medium	No. of Companies	Total revenue (R'm)
DVD	24	25.334 [7]
Pay & Free to air TV	25	15.700 [3]
Cinema	17	51.000 [2]
Internet	9	0.0010 [1]
Others	8	460.020 [2]

Table 16: Medium of content distribution
Note: values in brackets are number of companies that gave their revenue
Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

Table 16 indicate the companies' opinions on government intervention, capacity of selling their films and the viable nature of the South African film industry. The majority of the companies (97.2%) agreed that more government intervention with respect to funding and legislation is needed to stimulate the South African film and video industry as highlighted in Panel 1 of Table 12. A sizeable number of the companies (82.9%) also agreed that the South African filmmakers do not have the necessary business skills to sell their films to the private sector. Only a handful of the companies (6 companies) disagreed completely over this issue (Panel 2 of Table 20).

In addition to the above, the South African film industry is currently not perceived to hold a viable investment opportunity for private sector investment. An overwhelming majority of 97.1% of the respondents believed that investment opportunities in the film and video industry for the private sector are low.

Furthermore, the major reason for the absence of formal private investment structures for the film industry is due to the inherent investment risk involved in film projects. The uncertainty of the returns on investment is a militating factor against private investment in the film and video industry. As a result, investors are reluctant to invest. Another militating factor against private investment in the industry is inadequate tax incentives. Other contributing factors include ignorance of the section 24F potential, lack of understanding of the importance of films, inadequate distribution chain and audience participation, lack of subsidy for investors to invest in local films, and inadequate distribution of South African films.

Items	Frequency	Percent
More government intervention (funding & legislation) is needed to stimulate the South African Film industry		
Agree completely	24	68.6
Agree to some extent	10	28.6
Disagree completely	1	2.9
Total	35	100.0
The S/A film-makers do not have necessary business skill to sell their film to the private sector		
Agree completely	5	14.3
Agree to some extent	24	68.6
Disagree completely	6	17.1
Total	35	100.0
The South African film industry is currently not perceived to be a viable investment opportunity for private sector investments		
Agree completely	20	57.1
Agree to some extent	14	40.0
Disagree completely	1	2.9
Total	35	100.0

Table 17: Opinions on government intervention, capacity of selling their films and the viability of the SA film industry
Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

As illustrated in Table 17, government will achieve the greatest benefits for the film and video industry if it is well funded. Funding (2.4) is perceived as the most important aspect of the value chain, followed by content creation (3.40), distribution (3.46), production (3.51) and exhibition (3.51). Marketing (3.69) is considered the least beneficial. Figure 2 highlights this.

Content creation	7	5	6	8	2	7	3.40
Funding	19	4	1	5	2	4	2.40
Production	8	3	6	8	1	9	3.51
Marketing	9	3	3	6	3	11	3.69
Distribution	9	3	5	8	1	9	3.46
Exhibition	7	5	5	7	3	8	3.51

Table 18: Ranking the potential benefits from government intervention
Note: 1 represents greatest benefit and 6 represents least benefits; hence, a lower means score is better
Source: Computations with SPSS for Windows version 16.0; underlying data from field survey, 2011.

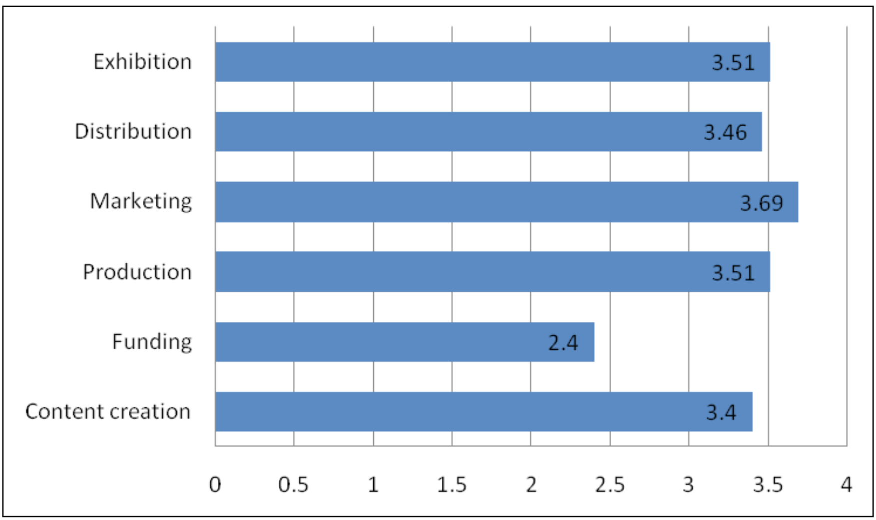

Figure 4: Mean ranking of the South African value chain benefits.

Opportunities in the South African film and video industry are numerous. The opportunities include continuous government support in terms of DTI "rebate", section 24F, the NFVF; co-productions opportunities between SA production companies and international film companies for the purpose of expanding local content. Also, additional equity for SA films and co-productions is needed; South Africa is a high profile location for international market as a film investment destination; highly skilled crews are available at relatively low cost; less expensive and easier production methods; affordable internet to create online content markets as well as the post 2010 world cup brand/image building. The complete set of identified opportunities by the responding companies is presented in Table 19.

Despite the numerous opportunities, certain weaknesses are noticeable. Table 15 illustrates the inherent weaknesses of the South African film and video industry. Some of the weaknesses include lack of access for funding for low budget feature projects; non-existing legislation to force SABC to enter into co-production with independent producers; failure to mobilize opinion and action on intellectual property ownership; lack of appropriate distribution and marketing network; very small market to sustain commercial model without government intervention; bureaucracy in certain government parastatals and piracy and lack of incentive for investors.

6.2: Opportunities and Challenges

SN	Opportunities in the South African Film and Video Industry over the next 5 years			
1	SABC turnaround strategy will create further growth in the industry. Also, the stabilized SABC needs to commit to local filmmakers.	The promotion of SA cinema internationally especially at high profile film festival. Also, there is the need to expand cinemas to reach new audiences especially in townships.	Large amount of talent and even technical skill. Digital migration is very essential. Digital revolution.	Creation of more broadcasters who commission or license local content. More room for local content is needed due to new platforms. Also, audience support for local content is growing.
2	Co-productions opportunities between SA production companies and international film companies for the purpose of expanding local content. Also, additional equity for SA films and co-productions is needed.	Need to create an appreciation for local films in order to boost audience numbers.	Continuous government support in terms of D.T.I "rebate", section 24F, the NFVF.	Building industry profile of actors and directors among audiences who have shown support for them.
3	SA films taught at secondary schools.	Post 2010 world cup brand/image building.	Accessible, reasonably priced equipment.	Success of movies internationally can change the modes.

4	South Africa is a high profile location for international market as a film investment destination.	Better scripts to shoot.	Compel local broadcasters to buy local film product by enforcing local content ruling.	Reduce ROI expectations.
5	Create financing opportunities for financial institutions.	Internet distribution.	High quality crew at relatively low cost as well as cheaper and easier production methods.	Exhibition (festivals, markets, cinema).
6	Unique exciting content.	Good working relationship with government and flexibility with subsidy programs.	Films are becoming more and more visible financially.	Incentives to distribute local content.
7	Affordable internet to create online content markets	Convergence across digital platforms. Digital broadcasting could open up new channel opportunities	Reduction in import tax of equipment	Adequate training opportunities.
8	More jobs created.	Increased interest from state.	Major media companies playing active role in making content.	Cross media application between animation and mobile.
9	Effective distribution of products.	Encouraging private investment.	New media and faster appreciation for new content.	Improved alignment between government agencies.

Table 19: Opportunities in the South African Film and Video industry over the next 5 years

SN	Table 21: Weaknesses of the South African Film and Video Industry			
1	Audiences too small, need to expand to create film culture.	Films needed to be in educational curricula.	Lack of access for funding for low budget feature projects.	Lack of originality in story telling.
2	Exchange rate value of the rand.	Lack of understanding by local artist.	Lack of local funding except DTI rebate	Inadequate platforms to showcase films in public.
3	Failure to mobilize opinion and action on intellectual property ownership.	Inability of government bodies/ parastatals to respond to economic crisis.	Lack of reliable local broadcast support.	Lack of marketing and promotion for films. Lack of sales and distribution infrastructure.
4	Lack of monitoring systems from ICASA.	Poor acting training progr ams.	NFVF big brother attitude. NFVF not being able to put in place a single industry policy.	No legislation to force SABC to enter into co-production with independent producers.
5	Limited revenue potential within South Africa	Limited support from broadcasters	Lack of access to finance from banking sector	Lack of a sizeable audience.
6	Lack of investment.	Lack of provincial support.	Lack of support for audience development.	Cynicism about potential of African language films.
7	Lack of private equity	Lack of script development finance.	Broadcasters lack of interest in local industry.	Market too small to sustain commercial model without government intervention.

8	Lack of vision by industry leaders.	Lack of leadership by major players.	Lack of digital new media strategy.	Lack of appropriate distribution and marketing.
9	Section 24F is deficient.	Bureaucracy in certain government parastatals	Monopoly nature of post production and film laboratory.	South African film production is expensive compared to US independent production.
10	Lack of proper training and apprenticeship.	The SABC financial crisis.	Lack of incentive for investors.	Overseas brain drain.
11	Development within poor communities.	Piracy.	Incompetence in governing bodies.	Discrimination between experience companies and new upcoming companies.
12	Lack of structured film finance fund.	Low quality local content.	Major players in the industry acts in isolation.	Lack of box office stars.
13	Lack of progress in skills development.	Script writers lack creativity.	Inadequate equipment.	Bad communication with the outside world.

Table 20: Weaknesses of the South African Film industry

7. Summary and Conclusions

The South African film and video industry is dominated by small and micro companies which were established mostly between the 1990 and 2000 decade. The annual turnover rates of these companies vary depending on the film projects embarked upon. The industry is dominated by male employees with the bulk of them being permanent employees as opposed to freelance employees. Feature films and television production has received the most attention with respect to domestic content creation. This might be due to government regulation on domestic content creation in the industry as well as the establishment of new companies. In addition, feature films and documentaries have taken centre stage with respect to the type of productions being undertaken in the industry.

In order to execute their film projects, companies in the industry depend mostly on government sources, their own investment as well as licensing to fund their production. As stated there is no typical financing procedure that companies undertake except securing the DTI "rebate", applying to NFVF and TV broadcasters, and co-funding of film projects with local and international partners. Among these factors, co-production is regularly and sometimes used by companies in order to fund their projects. Most of these companies have previously benefited from government funding to support the development and/or production of their content.

The global financial crisis and the financial crisis of the South African Broadcasting Corporation (SABC) impacted adversely on the film and video industry in South Africa. Nevertheless, the change in the threshold of the Film and television production incentive, the licensing of more broadcasters (creation of new TV channels), availability of many funding sources and an increase in film funding as well as the availability of more mobile, less expensive and good quality production equipment impact positively on the industry. Most of the companies, included in this study, are not involved in co-production despite the importance of co-productions raising the profile of the South African film and video industry. The ability to develop the industry to a competitive standard, the accessibility of audiences and technological development of the industry has a long way to go in making the South African films and video companies a force to be reckoned with, in the international environment.

- The pay and free to air TV, the DVD, and the cinema represent the major mediums through which films and video companies in South Africa distribute their content to the market. More government intervention on funding and legislation is needed to stimulate the South African film and video industry. While there are opportunities in the South African film and video industry, certain weaknesses also abound. In order to stimulate the film and video industry, there is a need for the government to:
- Facilitate improved funding to the industry;
- Facilitate the expansion of audience base for the film industry. For example, there is the need to expand cinemas to reach new audiences, especially in the townships;
- Enable more platforms to showcase films to the public;
- Eradicate piracy in the industry;
- Enhance reliable local broadcast support in the industry;
- Enhance the marketing and promotion of films;
- Facilitate good acting and training programmes;
- NFVF should put in place effective industry policies;
- Encourage co-production opportunities between South African production companies and international film companies for the purpose of expanding local content;
- Eliminate bureaucratic procedure in government parastatals;
- Eradicate discrimination between experienced companies and new upcoming companies;
- Major players in the industry should be encouraged to act together;
- Address the deficient aspect of section 24F;
- Facilitate the promotion of South African cinema internationally, especially at high profile film festivals;
- Ensure the continuous support of government with respect to the DTI "rebate", section 24F and the NFVF.
- Encourage more local content in the South African film industry;
- Encourage digital migration to enhance the quality of film products in the industry and open up new channel opportunities;
- Compel local broadcasters to buy local film products by enforcing local content ruling;
- Ensure affordable internet services to create online content markets;
- Establish a conducive environment to make private investors participate in the South African film and video industry;

- Create an appreciation for local films in order to boost audience numbers;

Provide accessible and reasonably priced equipment;

The South African film industry is a high profile location for international markets as a film investment destination. The ability to fund the industry effectively and facilitate co-production with international partners will make the industry more competitive. Good working relationship with government and flexibility with subsidy programmes are essentials to raise the profile of the industry.

Tshwane University of Technology

We empower people

appendices

ADDENDUM A

NATIONAL FILM AND VIDEO FOUNDATION SOUTH AFRICA

LEAFLET AND INFORMED CONSENT INFORMATION BROCHURE

PROJECT TITLE:
10 YEARS REVIEW OF THE SOUTH AFRICAN FILM AND VIDEO INDUSTRY

Primary Investigators: Tshwane University of Technology and the National Film and Video Foundation

Dear Research participant/stakeholder,

We are writing to ask for your assistance on a very important study. The National Film and Video Foundation (NFVF) is a statutory body mandated by legislation to spearhead the equitable growth and development of the South African Film and Video industry. Section 4 (1) of the NFVF Act mandates the institution to "conduct research into any field of the film and video sector." In compliance, the NFVF in collaboration with Tshwane University of Technology is undertaking a study in order to review the state of the industry during the past 10 years (2000-2010). To enable the research team realise its objectives as well as to produce reliable statistics about the industry, please complete the attached questionnaire.

WHAT IS THE STUDY ALL ABOUT?
The research project aims to provide qualitative and quantitative data on the development of the film and video industry in South Africa including current technological,

market and policy development. The study shall investigate issues around viability of the sector, operational arrangements and distribution of resources, economic impact and multiplier effect; impact of government's contributions and barriers to entry into the film and video sector. The study seeks to review government interventions and industry developments between 2000 and 2010.

WHEN WILL THIS STUDY BE CONDUCTED

As soon as all the consent forms and questionnaires have been received from you.

WHAT WILL YOU BE REQUIRED TO DO IN THE STUDY?

1) The procedures that will be performed on/with the research participants

The data that will be collected will take the form of a questionnaire. You will be required to answer all the questions as honestly as possible.

2) The time commitment required from the participants

The questionnaires should take about 30-40 minutes to complete.

3) Any specific requirements

There are no specific requirements.

4) Expenses that the participants will be required to carry

No expenses involved.

ARE THERE ANY CONDITIONS THAT MAY EXCLUDE YOU FROM THIS STUDY?

Not at all.

WHAT ARE THE RISKS INVOLVED IN THIS STUDY or **CAN ANY OF THE STUDY PROCEDURES RESULT IN PERSONAL DISCOMFORT OR INCONVENIENCE?**

The study and procedures involve **NO** foreseeable physical discomfort or inconvenience to you. The study and procedures involve **NO** foreseeable physical exhaustion. There will be **NO** emotional sensitive questions asked in the questionnaire. However, the study will seek to know how your organisation operates.

WHAT ARE THE POTENTIAL BENEFITS THAT MAY COME FROM THE STUDY?

1) Personal benefits for the research participant: The study will empower you with knowledge about your industry.
2) Benefits for the scientific community: The study will be an update and valuable addition to what is already available.

3) Benefits for the institution, community or society in general: Insightful knowledge gathered and documented and useful to inform adequate resource mobilisation and support for the film and video industry.

WILL YOU RECEIVE ANY FINANCIAL COMPENSATION?

No.

WHAT ARE YOUR RIGHTS AS A WILLING PARTICIPANT IN THIS STUDY?

Your participation in this study is entirely voluntary. You have the right to withdraw your participation at any stage without any penalty or future disadvantage whatsoever. You don't even have to provide the reason/s for your decision. Your decision to withdraw will in no way influence the continued relationship between you, your company and NFVF. However, you are strongly urged to participate as the outcomes of the study will have a bearing on the financial and other type of support provided by the government and the NFVF through various financial instruments and mechanisms.

HOW WILL CONFIDENTIALITY AND ANONYMITY BE ENSURED IN THE STUDY?

All information during the course of this study is strictly confidential. The study data will be coded so that it will not be linked to the names of participants. Participants' identity will not be revealed while the study is being conducted or if the study is reported in scientific journals. All data sheets that have been collected will be stored in a secure place and not shared with any other person without permission from participants. The instruments that will be used in this exercise to capture data will be stored away in archives and in this way the identity of participants will not be compromised.

ARE THE RESEARCHERS QUALIFIED TO CARRY OUT THE STUDY?

The research staff of NFVF and Tshwane University of Technology are adequately trained and qualified in the study fields covered by this research project. Professor P J Ebewo who is the Project Advisor is an academic of several years' experience and an astute researcher who has published academic books, chapters in books, journal articles and presented papers at both local and international conferences.

WHO CAN YOU CONTACT FOR ADDITIONAL INFORMATION REGARDING THE STUDY?

The Primary Investigators: (1) Ms. Aifheli Dzebu, Tel (011) 483 0880, 0736387332
(2) Prof. P.J. Ebewo, Tel (012) 382-6150; Cell: 071 228 2602

DECLARATION: CONFLICT OF INTEREST

There is no conflict of interest that may influence the study procedures, data collection, data analysis and publication of results.

A FINAL WORD

Your co-operation and participation in the study will be greatly appreciated. Please sign the informed consent form if you agree to participate in this study.

Thank you.

ADDENDUM B

INFORMED CONSENT FORM
FOR THE APPROVAL OF PARTICIPATION IN THIS RESEARCH STUDY

PROJECT TITLE: FILM AND VIDEO 10 YEARS REVIEW

TO THE PARTICIPANT:

I ____ hereby confirm that I have been adequately informed by the researchers about the nature, conduct, benefits and risks of the study. I have also received, read and understood the above written information. I understand that to participate is voluntary and that I may, at any stage, without prejudice; withdraw my consent and participation from the study.

Signature:____ Date: ____________

Name of Company:	
Name of the Respondent:	
Contact No:	
Email address:	
1. What is the legal status of your company?	
a) Sole proprietorship	
b) Close corporation	
c) Private Company	
d) Public Company	
e) Partnership	
f) Co-operative	
g) Other (specify)	

2. When was your company established?	

3. What is the size of your company?	
a) Micro (0-9 people)	
b) Small (10-49 people)	
c) Medium (50-250 people)	
d) Large (above 250 people)	

4. Please indicate the following details about your employment profile				
Gender/ Number	Female		Male	
	BLACK	WHITE	BLACK	WHITE
a) Permanent employees				
b) Freelancers				
c) Administrative positions				
d) Managerial positions				
Total				

5. Which categories of content are you giving the most attention in terms of domestic content creation			
Content	2000	Content	2010
a) Feature Film		a) Feature Film	
b) Interactive film (3D and Animation)		b) Interactive film (3D and Animation)	
c) Corporate film		c) Corporate film	
d) Commercial productions		d) Commercial productions	
e) Television productions		e) Television productions	

6. Please indicate the type of productions your company has produced in the following categories				
Type of Production	Number of Productions	Between 1990 and 200	Between 2000 and 2010	Average production budget in Rands
a) Feature Films				
b) Documentary				
c) Short Film				

7. What is your estimated annual turnover	
a) R0 - R100 000	
b) R100 000 - R200 000	
c) R200 000 - R500 000	
d) R500 000 - R 1 000 000	
e) R1 000 000 - R 5 000 000	
f) R 5 000 000 - R 10 000 000	
g) More than R10 000 000	

8. Who funds your productions		
Source of Funding	Mark the appropriate box with an "X"	Estimate percentage make up of an production average film
a) Own investment		
b) Equity		
c) Loans		
d) Licensing (broadcaster or distributor)		
e) Government (DTI, NFVF, Film commissions, Section 2F		
f) Other (Please specify)		

9. Indicate which of the following funding mechanisms you use and the frequency of use					
Co-productions	Frequency	Product placement	Frequency	Deferral of payment of cast and Crew	Frequency
a) Regularly		a) Regularly		a) Regularly	
b) Sometimes		b) Sometimes		b) Sometimes	
c) Never		c) Never		c) Never	

10. Indicate the typical financing procedure that you go through to obtain financing for your products

11. Have you previously benefited from any government funding administered by various government department and institutions that support development or production of content? If no proceed to Question 12.		
a) Yes		
b) No		

12. If no to the above please tick the appropriate box.		
a) I do not meet the qualifying criteria		
b) I have sufficient funding for productions		
c) The application process is too complicated		
d) I prefer to fund my own productions		

13. Please rate the impact of global economic crisis on your company		
a) Severe Impact		
b) Moderate Impact		
c) No impact		

14. How has the financial crisis at the South African Broadcasting Corporation impacted on your company?		
a) Severe Impact		
b) Moderate Impact		
c) No impact		

15. What are the major developments in the film industry that you feel will positively impact on the local industry?

16. Has your company been involved in any official (under a treaty framework) and/ or unofficial co-productions (contractual) in the past 10 years.		
	Official co-productions	**Unofficial co-production**
a) Yes		
b) No		

If yes to the above proceed to question 17 and if no move to question 18			
17. If yes,			
Official co-production		**Unofficial co-productions**	
Country	**Number of co-productions**	**Country**	**Number of productions**
a) United Kingdom			
b) Canada			
c) Italy			
d) Germany			
e) France			

18. If not, elaborate:

19. What factors drive your business model and production focus areas?		
a) Technological Developments		
b) Market developments		
c) Access to Audiences		
d) Policy Changes		
e) Other (please specify)		

20. Please describe your target market (audience)

21. How is your content distributed to your market (audience) and what is the revenue derived from each?		
Medium	**Mark the appropriate box with an "X"**	**Revenue derived**
a) DVD		
b) Pay & free to air TV		
c) Cinema		
d) Internet		
e) other specify		

22. Indicate to what extent you agree with the following statement: "More government intervention (funding and legislation) is needed to stimulate the South African Film industry"		
a) Agree completely		
b) Agree to some extent		
c) Disagree completely		

23. Indicate where in the value chain you feel the government will achieve the greatest benefits for the industry as a whole. Allocate a number between 1 & 6 .1= greatest benefit and 6= least benefit		
a) Content creation: Script development		
b) Funding		
c) Production: Including pre and post production		
d) Marketing		
e) Distribution		
f) Exhibition		

24. The South African filmmakers do not have the necessary business skills to sell their films to the private sector.		
a) Agree completely		
b) Agree to some extent		
c) Disagree completely		

25. The South African film industry is currently not perceived to be a viable investment opportunity for private sector investment.		
a) Agree completely		
b) Agree to some extent		
c) Disagree completely		

26. Why do you think there are no formal Private investment structures for the SA film industry?

27. What are the major developments in the film industry that you feel will positively impact on the local film industry

28. List the 5 major opportunities in the South African film and video industry over the next 5 years.

29. List the 5 major weaknesses of the South African film and video industry.

THANK YOU FOR COMPLETING THE QUESTIONNAIRE.

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