national film and video foundation
SOUTH AFRICA

an agency of the

Department of Arts and Culture

NATIONAL FILM STRATEGY

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Contents

LIST OF ABBREVIATIONS

DAC – Department of Arts and Culture

DOC – Department of Communications

DTI – Department of Trade and Industry

DTT – Digital Terrestrial Television

GDP – Gross National Product

ICASA – Independent Communications Authority of South Africa

IDC – Industrial Development Corporation

NFVF – National Film and Video Foundation

PDI(s) – Previously Disadvantaged Individual(s)

SIS – Sectoral Information System

SMME(s) – Small, Medium and Micro Enterprise(s)

INTRODUCTION

Brief background of the NFVF

The National Film and Video Foundation (NFVF) is an agency of the Department of Arts and Culture (DAC) governed by the National Film and Video Foundation Act 73 of 1997. The mandate of the NFVF as set out in Section 3 of the NFVF Act is to:

- *Promote and develop the film industry*
- *Provide and encourage the provision of opportunities for persons especially from disadvantaged communities, to get involved in the film and video industry*
- *Encourage the development and distribution of local film and video products*
- *Support the nurturing and development of and access to the film and video industry*
- *Address historical imbalances in infrastructure and distribution of skills and resources in the film and video industry*

The NFVF fulfils its mandate by providing funding at the development, production and distribution phases of filmmaking and also offers training opportunities to both emerging and experienced filmmakers. The NFVF strives to fulfil the following strategic objectives:

- *Increase the number of South African films and Previously Disadvantaged Individuals (PDIs) producing them*
- *Increase audience access to South African films*
- *Increase the number of people trained in the industry, particularly in areas of scarce skills*
- *Promote the South African Film Industry locally and internationally*
- *Promote social cohesion and the expression of the nation's stories through film*

Background to the formation of the strategy

- **Overview**

The NFVF was tasked by the Department of Arts and Culture to put together a national film strategy for South Africa. The NFVF as a lead government institution is well positioned to lead the strategy development process. The film industry straddles both the economic and cultural imperatives and its potential to create jobs, foster social cohesion, and to grow the economy has been recognised. As a result, there is a need for a clear national film industry strategy that will guide the industry and its various government stakeholders on how to contribute to the achievement of the objectives of the National Development Plan and Mzansi Golden Economy Strategy towards 2025.

The National Film Strategy recognises the value that the film industry contributes to South Africa's Gross Domestic Product (GDP), therefore all the plans outlined are geared towards ensuring that the film industry continues to grow and becomes a sustainable source of economic development and transformation for the country. In 2012, the NFVF commissioned Deloitte to research and determine the economic benefits of the South African film industry.[1] The results of the study validated the need for increased investment into the film industry by both public and private entities. The study provided crucial data that have resulted in the ability to formulate appropriate strategies - such as this one - that will facilitate the continued development of the South African film industry.

The convergence of media and technology as well as the international demand for quality content has increased, leading to a blurring of traditional divisions within the industry. The majority of professionals working in film also work in television production, online content and animation. A cohesive and integrated framework should be based on a clear political vision for the arts and creative industries as a whole and commitment to supporting content creators across the audio-visual and interactive media spectrum. In response to this growing convergence in content and in order to resolve funding and institutional challenges, the DAC through its Draft White Paper on Arts, Culture and Heritage[2] calls for a national agency reporting to the DAC with a mandate covering Audio Visual and Interactive Media which includes film and video, television and radio, internet podcasting and video games. While clarity still needs to be provided in terms of terminology for the sector, for the purposes of this strategy document, audio-visual and/or film content will be used interchangeably to refer to filmed content regardless of format. The white paper also proposes a centralised Cultural Industries Fund through which sub-sectors such as film could be funded.

With the onset of additional content forms, monitoring, measuring and planning will become even more essential and provide the basis for national strategies for the industry and a source of advise to government on policy. The ability to collect and collate industry information and measure the audio-visual industry as a whole will be beneficial. In response to this need, the NFVF is in the process of developing the Sectoral Information System (SIS). SIS will provide measures of aggregation against the adopted key performance indicators for the film sector.

- **Approach**

In formulating the National Film Strategy, the NFVF took a consultative approach which necessitated bi-lateral and multi-lateral consultations and engagement with stakeholders in the film industry, civil society, and government. The engagement process began with a planning workshop with government stakeholders and industry organisations in March 2012. At this planning session, the deliberations resulted in the outcomes on the four strategic pillars (human capital development and transformation; institutional framework and finance models; markets for South African content; and infrastructure development) that have informed the current strategy. The NFVF also went to

[1] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013
[2] Revised Draft White Paper on Arts, Culture and Heritage

KwaZulu-Natal, Western Cape, and Eastern Cape to engage with filmmakers and raise awareness about the strategic pillars.

A discussion paper was then drafted and circulated to the industry to solicit input on the four strategic pillars. The discussion paper became the basis for dialogue and deliberations at the 4th National Film Indaba which was hosted by the NFVF on 14 and 15 November 2013. The indaba is a stakeholder engagement event that attracts both government, private and film industry stakeholders. During the sessions, stakeholders were not only tasked with interrogating pertinent issues regarding the film industry, but were also tasked with devising practical and realisable solutions to the challenges faced by the industry. Written recommendations on the four strategic pillars were received from the participants at the end of the two days. The public was also invited to put forward written submissions on the strategic pillars to the NFVF. Four submissions were received from F.I.L.M, Mr John Hill, the Independent Producer's Organisation and the Limpopo Provincial Department; this input has been incorporated into this strategy document.

The inclusive approach in formulating this strategy will not only ensure that the National Film Strategy remains relevant to its stakeholders, but by consistently incorporating new data from key members of the industry, it will also guarantee that it does not become a static document but rather a dynamic and responsive guide for the audio-visual content industry.

Purpose of the film strategy

The South African film industry is still in a development phase and currently struggles to attract sufficient levels of investment especially from the private sector. The dual constraints of a lack of adequate skills and an inequitable industry, compound the industry's inability to grow at higher levels. Administratively, the strategy will provide a blueprint for the various departments of government who have a film portfolio such as arts and culture and economic development portfolios.

There are also a number of other government departments that are involved in the film value chain such as the Department of Trade and Industry (DTI), Communications (DOC) and Home Affairs. This strategy is therefore geared at outlining steps to make the economic value of the industry – as a vector for job creation and as a viable and sustainable industry - clear to public and private investors. As stated, the strategy is grounded on four main pillars:

1. Human capital development and transformation
   Ensuring the equitable growth and development of the film industry
2. Institutional framework and finance models
   Ensuring that adequate funding models are in place to grow and sustain the film industry

3. Markets for South African content

   Ensuring that South African film content is accessed by the local and global market

4. Infrastructure development

   Ensuring that the appropriate infrastructure is developed to enable and support a growing film industry

HUMAN CAPITAL DEVELOPMENT AND TRANSFORMATION

The strategic thrust for transformation and development in the content industries stems from the need to promote local content development, international co-production and attracting and servicing foreign productions. The film industry generates jobs through production and post-production companies, casting and crewing agencies, equipment-hiring companies, set design, manufacturing companies and prop suppliers. Jobs are also created indirectly in supporting industries such as the hospitality industry.

The South African film industry is still largely white and male dominated. There is evidence that support from government and adherence from companies and industry stakeholders can gradually change the status quo. The results of an impact assessment of NFVF funding showed that 75% of respondents indicated that NFVF funding had contributed towards transformation in their company; 92% said NFVF funding had helped to accommodate disabled individuals and 73% said NFVF funding had assisted with youth employment. [3]Development of the audio-visual content industry requires sufficient numbers of highly-skilled individuals in a wide array of specialities. Without these professionals, the growth of the audio-visual content industry will remain stagnant and the industry will continue to benefit a minority.

Transforming ownership levels

- **Ownership of production companies**

The film industry has shown slow progress in transformation which can be observed in the low levels of black and female ownership of production companies and related services. Having a stake in production companies rather than being limited to employee level means that owners can decide on the types of films that are made and can thereby contribute to enhancing the diversity and representation in local films. A portion of government funding should be directed exclusively to

[3] Impact assessment of NFVF funding conducted by Urban-Econ, 2014.

black filmmakers to allow them to own the means of production. Additionally, programmes need to be put in place to support such companies to be sustainable and to diversify their means of income by incorporating facilitation services in addition to commissioned work.

- **Retention of intellectual property for local producers**

The majority of production companies and writers do not own and fully exploit the intellectual property rights of works they create because broadcasters to a large extent hold copyright ownership. As such, content creators do not benefit from the wealth their material creates. This has had a fundamental impact on the economic potential of local films to make profits in domestic and international markets. Increased public and private funding should therefore be channelled towards ensuring intellectual property and equity participation for local filmmakers particularly gaining from commissioned projects. It is also critical that filmmakers are encouraged and enabled to generate new and original intellectual property that can be syndicated internationally; a revised intellectual property ownership policy would be fundamental to assisting filmmakers in this regard.

Improving skills development

- **Film education: practice vs. theory**

When it comes to recruiting, employers do not only require a qualification, but they also interrogate the extent to which the qualification has prepared the graduate for the work environment. It is crucial that film education remains relevant and reflects changes in the industry due to technological advances or economic developments. Trainees need to receive an acceptable balance of on-set or practical training in addition to theoretical lessons, because experience is critical for future employment. The NFVF should take the lead in engaging with educational institutions that specialise in audio-visual training to ensure that curricular are in keeping with industry trends and that the right training is given. Established production companies could also partner with training facilities in order to identify skills gaps and ensure that sufficient practice is gained before students graduate. NFVF training programmes are currently addressing some of the skills shortages in the film and video industry (particularly in scriptwriting and producing through its SEDIBA programmes); however there is still room for additional initiatives that will improve the quality of emerging writers and producers.

- **Graduate absorption**

The Graduate Absorption Study conducted in 2013 which investigated the absorption of NFVF bursary recipients from 2009 – 2012 into the labour market, showed that 58% were employed in the film industry.[4] While the research results showed that the majority of students found employment in their discipline of choice, a third of the graduates were unemployed at the time of the study. Limited

[4] Graduate Absorption Study, NFVF 2013

employment opportunities for graduates also stem from the inability of production companies to move beyond the SMME level. The industry is dominated by companies employing less than 10 people: 79% employ between one and nine people and only 1% of companies employ between 50 and 250 people.[5] Highly skilled individuals constitute the largest portion of the permanent jobs in the industry, whereas unskilled individuals dominate the temporary jobs sector of the industry. Only 46% of semi-skilled and highly skilled individuals working in the South African film industry are black.[6] This means the majority of blacks employed in the film industry are unskilled and are therefore less likely to find permanent jobs.

- **Mentorship and on-the-job training**

Shortages of highly skilled film professionals, particularly young script writers and producers, can be addressed through mentorship and on-the-job training so that once graduates are employed, they have opportunities to hone and develop their skills further. A 2010 survey conducted by the NFVF showed that 42% of respondents found mentorship and on-the-job training to be the most relevant type of training while 32% preferred short courses. Training programmes should also be extended to emerging directors and professionals in critical supportive industries such as legal, finance and marketing. Coordinated sessions with film practitioners and opportunities for temporary employment during productions could be a valuable avenue for new entrants to gain exposure in the industry. While the NFVF can facilitate internship programmes which bridge the theory-practice gap, such initiatives are fully dependent on solid partnerships with production companies. In this way, the industry can contribute towards the mentoring of new entrants into the film industry.

Developing small, medium and micro enterprises

Effective growth and sustainability of the film industry is dependent on the increase in small, medium and micro enterprises (SMMEs) that provides goods and services related to content production. Without new companies, the industry cannot grow or transform – the same industry players will continue to benefit. The sustainability of new companies is also crucial for maintaining and increasing job opportunities for new entrants into the industry. Existing companies should also be supported to build better capacity and also improve their sustainability. Production volumes are still inadequate because of the large investments that film productions require and the low audience consumption of local films. An increase in the number of companies could potentially lead to higher production volumes. Film production businesses that are able to develop and commercially exploit content both locally and internationally, and maintain sustainability by diversifying their revenue streams for example, filming commercials, should be the norm.

[5] Investigation into the feasibility of establishing a national film school, NFVF 2010
[6] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.

When a local large-budget film begins production, the companies involved are generally those with experience in servicing large-budget foreign feature films because of their international experience and lower associated risk. Similarly, the practitioners that work on these films have worked on foreign productions. Co-productions with different local production companies therefore need to be encouraged as this would involve smaller companies having the ability to work with more established companies. Further action to improve the participation and growth of SMMEs includes improved access to finance for small businesses; improved business training in the cultural industries; and access to opportunities utilising technology to improve competitiveness of the sector.

Decentralising filmmaking opportunities

Currently, filmmaking opportunities are centralised in Gauteng and Western Cape due to the high levels of economic development inherent in these provinces. Nearly half of all production companies are headquartered in Gauteng; almost 30% in Western Cape, and 6% in KwaZulu-Natal.[5] Gauteng has the highest provincial GDP in the country. It is clear that more opportunities and additional capacity for filmmaking are needed in other provinces. The establishment of provincial structures such as film commissions and municipal film offices can aid in ensuring that the development of filmmaking capacity is spread across the country. The Eastern Cape, Free State, Mpumalanga and North West provinces are at various stages of formally establishing film offices. In addition, provinces with funding capacity should focus on projects within their region.

INSTITUTIONAL FRAMEWORK AND FINANCE MODELS

The Department of Arts and Culture has published a Draft Revised White Paper on Arts, Culture and Heritage (2013) a follow up to its 1996 predecessor which proposes several institutional changes. The draft white paper also seeks to "clarify, standardise and where necessary develop definitions and meanings of cultural and creative industries terminology.[7] The fifth chapter of this document deals with new main sectors and subsectors. Traditional film and video has been categorised under the audio-visual and interactive media sector which now includes video games and internet podcasts. These proposals are particularly significant for the NFVF, which since the promulgation of its enabling legislation in 1997, and assuming operation in 2001, has never had any substantive amendments. As a result, technological advances as well as changes within the film industry locally and globally necessitate the NFVF to respond to such changes in order to be relevant. The legislated

[7] Department of Arts and Culture Revised White Paper on Arts, Culture and Heritage (June 2013 Draft)

technology specific definitions of film and video have become outdated. The demand for government agencies that provide a “one-stop-shop” approach to the film value chain adopted by similar institutions internationally has also necessitated a rethink of how the NFVF can best provide an efficient service to the film industry locally and internationally.

Institutional stability, policy coherence and operational certainty as relates to funding are extremely important for the continued growth and development of the film industry. It is also clear that funding institutions need to revisit their structures and policies in order to provide the best solutions to filmmakers and ensure that the industry remains an economically viable sector. The creative industries as a whole have seen dynamic shifts in traditional roles, as different forms of content fuse to create new content products which are more interactive and offer multiple forms of revenue. Creating a coordinating structure for policy and strategic coherence and effective relationships between government, the film industry and regulatory bodies across the cultural industries, would provide a good foundation for these content forms to grow. In addition, access to finance through public funding, private investments and other means would offer much-needed support to varying content forms.

Audio-visual content funding models

The funding of films is inextricably linked to existing institutional structures. The main sources of funding for films are the NFVF, DTI, IDC and international film funds and organisations with a small portion of private funds. However, government has been the biggest funder of film production in South Africa since 1994. The ability of producers to raise finance to fund their productions continues to be a challenge despite government support provided through seed funding for the NFVF. Improved funding is also directly related to production volumes.

Since the introduction of the DTI incentive in 2004, the number of films produced annually has increased from 8 in 2004 to 36 in 2012[8]. However significant challenges remain that need to be addressed at policy level. These include the role of broadcasters in the development of the local independent production sector, intellectual property ownership regime and structure of various financial incentives and funds.

- **Insufficient levels of funding compared to demand**

Even though there is a high demand for South African films, production volumes are still low and are unable to keep up with demand because of the large investment that film productions require. This

[8] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.

is perpetuated by the limited funding sources available to finance local film budgets. Inadequate distribution also contributes to the low revenue streams because there are still no significant means of widely distributing local film products or ensuring exploitation across all revenue streams. The cost of producing South African films requires budgets which are impossible to recoup due to various market forces such as low cinema attendance. In 2013, only 17.9% (6,668 000) of South Africa's adult population watched a film at the cinema.[9] Increased levels of funding with a more strategic thrust for development and alternative distribution are required.

- **Lack of funding for the development stage**

The value chain in the South African film industry comprises pre-production, production, post-production and distribution. Research has shown that the production stage of the value chain is significantly dominant over the other stages as the majority of costs are incurred here.[10] It follows therefore that the bulk of funding available will be directed towards production with little funding available to pre-production costs. Developing high quality film concepts and screenplays still comes at a considerable cost and is an essential component in determining the marketability of a film and subsequent revenue it can generate.[11] Currently, the NFVF is the only agency offering development funding.

- **Limited availability of private funding**

Though private investment into films is an important funding source, very few productions are funded this way. A breakdown of sources of production-cost funding for films in the SA Economic Baseline Study, shows that small private funds and equity/debt from high net-worth individuals contribute a limited amount of finance for film projects.[12] Private investors generally have a negative sentiment towards the film industry and need to see value in the industry before making huge financial commitments. Due to the lack of profit shown by many local productions, convincing such investors is a challenge. An increase in public-private partnerships where risk is shared, in addition to more strategic marketing and distribution could begin to improve the levels of private funding.

Coordination between funding sources

In an impact assessment study of NFVF funding, 96% of respondents agreed fully or to a certain extent that more government intervention as pertains to funding and legislation is needed to stimulate the South African film industry.[13] However, improved coordination and alignment between

[9] South African Audience Research Foundation Cinema Trends
[10] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.
[11] Impact assessment of NFVF funding conducted by Urban-Econ, 2014.
[12] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.
[13] Impact assessment of NFVF funding conducted by Urban-Econ, 2014.

funding sources would benefit the industry as funders have varied criteria which put administrative strain on production companies and filmmakers attempting to access such funding. The NFVF is spearheading the move towards a South African Film Fund[14] which will pool funds from various sources to create one central point for film. There also needs to be a coordinated approach between government agencies to consider and fund projects of high cultural value. The current proposal is to form three specifically targeted funds which separate the types of investors in addition to the target of the investments in line with the film value chain, namely: a pre-production or development fund, a production and post-production fund; and a marketing and distribution fund.

MARKETS FOR SOUTH AFRICAN CONTENT

Growing markets for South African film industry content requires filmmakers to think about how to make their content profitable in order to ensure a vibrant, sustainable sector that contributes to the economy. The vast majority of local films are still being consumed on television, therefore state and private broadcasters must commit to playing a more meaningful role in developing the industry. It is also anticipated that the rollout of Digital Terrestrial Television (DTT) in South Africa will require increased collaboration between broadcasters and content creators to satisfy the demand for content across the various new channels.

Audience research and development is also an important factor to improve the prospects of local products to attract local audiences to consume their content. Content creators must respond to the needs of their audiences in order to have a consumer market. Therefore, there has to be a balance between creative expression and entrepreneurship to ensure that there is a demand created for local content. Research conducted by the NFVF on the distribution and exhibition landscape in 2012 confirms that a complete rethink is needed regarding current distribution models.[15]A combination of factors such as the uneven distribution of cinemas between rural and urban South Africa, lack of an audience development strategy and insufficient market research on audiences and consumerisms, have made it difficult for local films to dominate the local box office. With only a consistent 4.5% of market share at the box office, local products have to find a model that will allow audience access and consumption across various distribution platforms.[16] The success of several local films at the box office in recent years however, has shown that with the right combination of story development,

[14] South African Film Fund Proposal
[15] Investigation into the Distribution and Exhibition Landscape in South Africa, NFVF (2013)
[16] Investigation into the Distribution and Exhibition Landscape in South Africa, NFVF (2013)

high quality production and appropriate marketing, there are opportunities for local filmmakers to make successful films. Local language films, for example, have excellent opportunities for filmmakers nationally as local communities are hungry for their own stories.

Most film industry stakeholders (filmmakers and funders) agree that given the poor performance of local films, it is becoming difficult to make big budget films. Although there has not been a definition of what a low budget film in South Africa means, figures of between R4 million and R12 million have been used by different stakeholders. The figure is much lower for made-for-television movies and straight to DVD productions. This development has brought a lot of attention to the low budget sub-sector of the film industry that has been growing without any government funding. The low budget or informal film industry is valued at approximately R200 million[17]. However, finding a solution to bring this growing subsector into the formal economy is still a significant challenge. The absence of South African distributors or sales agents also constrains the ability of films to reach their intended audiences locally and internationally.[18]

Increasing penetration in the local market

South African Audience Research Foundation figures for television viewing show that local television programmes attract high audience ratings - in 2012 there were 35.876 million television viewers[19]. However the experience is not the same at the local box office. In 2013, less than 20% of the adult viewing population attended the cinema and only 5.5% attended an average of four times a year.[20] Cinema exhibition is not profitable for the vast majority of South African films. This is a result of multiple contributing factors such as: high exhibition costs; short exhibition windows; and low cinema attendance. From the audience perspective, the associated costs of going to the cinema (tickets, transport, and refreshments), a lack of cinema-going culture and a lack of widespread, affordable cinema infrastructure in most provinces, prevents local films from becoming box office hits. Strategies to penetrate the local market must therefore shift from traditional methods to ones that respond to the current and future realities. Improved and more affordable viewing technology has also impacted on the levels of cinema audiences as many viewers prefer to use devices in their homes to watch films. Piracy has also negatively affected distribution but instead of being solely considered as a commercial crime, it must also be dealt with from an audience access perspective.

[17] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.
[18] Investigation into the Distribution and Exhibition Landscape in South Africa, NFVF (2013)
[19] South African Audience Research Foundation Television Audience Measurement Survey
[20] South African Audience Research Foundation Cinema Trends

- **Marketing strategies to be part of production from outset**

Filmmakers need to reconcile art and business and realise that they are making a product. Therefore a more incisive, market-oriented approach is required when creating their content. Realistic marketing budgets need to be factored into the overall budget for any production from the outset. Strategies such as having exhibitors commit to an exhibition window if filmmakers pre-sell a specified number of tickets could be employed.

- **Financial support for marketing local content to local audiences**

Distribution costs are the lowest cost in the film value chain and are valued at approximately R63.1 million[21]. Increased financial support for marketing local content to local audiences is required. Currently most marketing allocations by exhibitors and distributors go to international marketing and promotion, and only very limited amounts go to local films. Improved financial incentives that relate to marketing costs could also encourage producers to focus on local audiences.

- **Alternative distribution and exhibition platforms and models**

Since traditional cinema exhibition is not viable for the majority of SA content, and exhibitor costs are prohibitively high for many filmmakers, alternatives must be identified and exploited. Some options already identified by industry members include:

- Community based screening facilities
- Direct to DVD distribution model
- Audience development programmes through schools and smaller local film festivals

The role of broadcasters

Research shows that the vast majority of SA films are still consumed via television. In 2012, films were the 7th highest viewed genre on television with an average of 82 259 viewers per movie[22]. It is therefore imperative that the strategy involves engagement with ICASA, DOC and the broadcasters (especially the public broadcaster) to increase local content quotas in the different genres of content and to create an enabling environment for content creators to build sustainable businesses by allowing the retention of intellectual property rights.

- **Made for television format**

Because of the real challenges with the cinema market, the industry will benefit from a strategy that enables filmmakers to pursue the “made for television” feature films model. This is not discounting

[21] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.
[22] South African Audience Research Foundation Television Audience Measurement Survey

the benefit of cinema productions because there are certain productions that have international aspirations; however for the South African market, due to low cinema audience attendance it may not work. The made for television genre is more easily marketable both locally and internationally than made for cinema productions. Developing this genre will require a mindset shift in the SA film funding arena and an undertaking from the broadcasters to enter into favourable license terms including pre-sales, screening and promoting these films.

- **Digital Terrestrial Television (DTT)**

According to the *Department of Communication Local and Digital Content Development Strategy of 2009*, the rollout of digital content hubs is anticipated to enable more diversity for content by establishing hubs outside Gauteng and Western Cape. While the migration to DTT and new platforms such as Free Vision could presumably offer significant work and income opportunities to the local industry, these have not yet been outlined or quantified for the local industry. Financial and commissioning models remain unclear. Local content creators need to be protected from going out of business due to cheaply acquired syndicated content from around the world.

New technology opportunities

The fluidity of technology has increased format options for content creators in the marketing, promotion and exhibition of local content. With the gradual increase of access to broadband internet and government intervention to provide free wi-fi hotspots, widespread access to online content will become a reality in the near future. However, to maximise these opportunities, several challenges need to be overcome. Underdeveloped ICT infrastructure in many parts of the country severely hampers SA's growth across all sectors including the content creation industry therefore government and private intervention in developing the needed infrastructure is essential. Funding institutions also need to reassess their criteria in order to offer support to producers wanting to create digital content. Local content creators also need to improve their technical knowledge and understanding of new technology platforms and develop skills to use them; training opportunities in this regard must become a priority. However revenue models have not yet been proven so to a large extent it still remains a "free access" space.

Opportunities for SA Content across the African continent and its Diaspora

Meaningful opportunities exist for the promotion of SA film and television content across the African Diaspora and for co-production treaties. There is arguably a bigger market for SA content in these territories than in the traditional Western/European markets but these markets remain largely unexplored and local producers have little knowledge of how to access these markets and sell their content as well as secure co-production partners. Additional co-production treaties and cooperation agreements with these countries and with the continent's major broadcasters could allow SA content to penetrate these markets.

Local filmmakers should be given access to funding to attend more continental markets and festivals. There is a need for business-to-business forums where filmmakers can access meaningful information about opportunities and key role players, including sales agents, across these territories.

Positioning SA content in the global market

While some SA films and documentaries have enjoyed relative success in the global market, it is perceived that current promotion strategies are more biased towards pitting SA content against the major studio outputs rather than aligning with the international Independent and Art House filmmaking community across the value chain where the majority of SA films may fit more comfortably and could have greater box-office and other sales success. Greater focus should be placed on trying to sell SA content to broadcasters rather than or in addition to theatrical exhibitors. Efforts to improve penetration of local content into global markets could include:

- The establishment of a unit within the NFVF dedicated to the selling and promoting of SA content globally
- Focus on festivals/markets that have more relevant opportunities for SA content creators
- Establishing co-production treaties with BRICS countries and MOUs with broadcasters
- Synergy between the various SA film-related entities in their presence and activities at international and continental events

Access to information, research and training

Filmmakers need to increase their skills in critical areas such a marketing, social media, digital applications and entrepreneurship in order to take advantage of local and international opportunities. Easily accessible research information including statistics, sales agents, distributors, markets and festivals, funding agencies, film financiers and case studies (especially regarding innovative sales and distribution models and of South African success stories in other territories). The provision of ongoing ad hoc formal and informal training opportunities in all aspects of the industry, from understanding audiences to writing scripts targeting specific audiences, sales, distribution, finance and general administration for film companies should be prioritised.

INFRASTRUCTURE DEVELOPMENT

A developed infrastructure is critical for the growth of any industry. For the South African film industry, infrastructure development encompasses a wide range of activities aimed at the establishment of the necessary physical infrastructure for the production, distribution and exhibition of South African content.

Reducing the cost of production

High production costs are still the main stumbling block in increasing the output of the SA film industry as most filmmakers do not have the upfront production-cost funding needed to begin filming. According to the NFVF 2012 Economic Baseline Study[23], production costs are the highest stage of the value chain and are a huge impediment to the nature and extent of the film industry development. Although the highest costs relate to human capital, physical production equipment and facilities also incur a high cost.

Government intervention in infrastructure investment could significantly aid in reducing the risks faced by emerging filmmakers and will lower the barrier to entry for SMME film enterprises. The principle of public-private partnership of film infrastructure (between film practitioners and the state) must guide the establishment of such facilities. The combination of private investment and operational involvement from government will ensure the sustainability of such facilities. In addition, production infrastructure needs to be spread out across the country as the concentration of facilities in Johannesburg and Cape Town hampers the development of the film industry in other parts of the country. New infrastructure must enable South Africans to produce films that will be competitive in the global market therefore Visual FX and Animation must be prioritised. Improved infrastructure coupled with an optimum film environment which provides viable incentive programmes, funding models, and co-production arrangements, will attract even more international film productions and cement South Africa as a film production hub.

Improving distribution and exhibition infrastructure

The second stage of the value chain most impacted by the lack of enabling infrastructure is the Distribution and Exhibition stage. There is a dire lack of investment in exhibition infrastructure in under-serviced areas, perpetuating infrastructure inequalities and exacerbating the limited audience

[23] SA Film Industry Economic Baseline Study conducted by Deloitte, 2013.

and exhibition platforms for local films and consequently reducing the audience reach and box office potential of local films. Filmmakers therefore tend to concentrate on exploring marketing opportunities outside of South Africa to the detriment of local audience development.

New distribution models such as straight to DVD productions and digital content delivery could help to compensate for low cinema attendance. Various distribution platforms such as video-on-demand (VOD) and pay-per-view are some of the alternative delivery platforms where consumers can access content on demand and view it whenever they wish. Some independent filmmakers have pioneered this model by offering their films on the internet via online distribution which is not only more cost-effective but allows them to retain copyright of their content while increasing potential revenue but this has not yet been proven in South Africa. Existing infrastructure such as old cinemas and unused town or community halls where screens can be set up could also be repurposed for exhibition purposes.

Creating Regional Film Cities

Business development clusters are a proven means of stimulating economic activity, creating jobs and developing entrepreneurial opportunities within specific sectors. Film Cities can be seen as business development clusters for the film and media sectors.

- **The City Film Centre model**

Research into varying film city models recommended the Film Centre model[24] as the optimum choice for the South African film industry. This model has the ability to reach the largest number of existing and aspiring filmmakers in the shortest period of time and is suited for a medium-sized and growing film industry. City Film Centres are strongly developmental in character, providing affordable, discounted or subsidised camera, sound and lighting equipment for hire; post-production facilities, offices and meeting spaces. To promote interest in local film content, the Film Centre offers a screening programme both internally and as part of an outreach to the broader community.

- **Benefits of City Film Centres**

- Connecting regions or provinces with the national film industry
- Improving access for young filmmakers to filmmaking tools and networks
- Reducing the cost of production for new filmmakers
- Improving the business skills of filmmakers

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- Creating more opportunities for interaction with broadcasters and commissioning editors
- Increasing opportunities for the distribution of local films
- Creating alternative local procurement opportunities

- **Implementation of City Film Centres**

After consultations between the NFVF, the film industry and the Department of Arts and Culture, an agreement was reached that the country will adopt a medium -impact intervention. This approach would focus on already existing infrastructure in the Eastern Cape, Mpumalanga and Gauteng as a starting point. Rollout will be extended to other provinces once pilot projects have been established in the first phase of pilots in the chosen three provinces. Research conducted indicated that such sites would work where there is collaboration with the local government.

Funding from the DAC has been set aside for infrastructure development. Film infrastructure will be developed as a joint venture between the city or municipality and the NFVF, formalised by a signed partnership agreement. The establishment cost is estimated at R15 million with a 50%-50% split between the NFVF and the municipality. The NFVF aims to fund four film centres over the next four years with an expansion of the programme into 8 Film Hubs and 12 Film Clubs in smaller cities and towns within 10 years.