



# **DRAFT REPORT ON THE NATIONAL FILM AND VIDEO FOUNDATION THIRD FILM INDABA**

**MARCH 2010**

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Mr Sam Bhembe; Mr David Bensusan; Prof Pitika Ntuli; Adv Rod Solomons  
Chief Executive Officer: Khalipha Eddie Mbalo

## **PROGRAMME**

### **FILM INDABA 2009**

#### **MAPPING THE WAY TOWARDS 2025**

##### **DAY 1**

08h00 - 09h00 Arrivals and Registration

##### **PLENARY SESSION**

##### **OPENING ADDRESS**

09:00 – 09:20 Opening address: Ministry of Arts and Culture

09:20 – 10:00 Keynote address: Keynote speaker

##### **10:00 – 10:15 TEA BREAK**

##### **PRESENTATIONS**

10:15 - 10:45 National Film and Video Foundation: Value Charter Second Edition

10:45 - 11:15 Department of Trade and Industry

11:15 - 11:45 Department of Communications

11:45 - 12:15 South African Screen Federation

##### **12:30 - 13:30 LUNCH**

13:30 -14:30 State of the Industry PANEL

14:30 -15:30 Questions and Answers PANEL

15:30 –15:45 Way Forward Facilitator

##### **15:45 – 16:00 TEA BREAK**

16:00 - 17:00 Introduction to Topics and Breakaway Session Facilitators

17:00 -18:30 Drinks and Networking

##### **18:30 DINNER**

## **DAY 2 PROGRAMME**

### **09:00 - 12:30 BREAKAWAY SESSIONS**

#### **1. Policy Alignment, Intergovernmental and Stakeholder Relations**

- Establishment of partnerships that work for the industry
- How can the Intergovernmental Relations Act and Regulations assist to formalise these partnerships?

#### **2. Building a Sustainable Business**

- Is the current business model appropriate?
- What fundamental principles should apply?
- What are the international best practices?
- Case Studies: what examples can be followed?

#### **3. Human Capital Development**

- Training for Transformation
- Does current training meet the needs of the industry?
- Is there a need for a national film school?

#### **4. Development and Growth of Markets**

- Developing audiences for local films
- Making distribution work for local productions
- Expansion of access points

#### **5. Making an Economic Case for the Industry**

- What are the Key Sector Indicators?
- Balancing the cultural and economic imperatives

### **11:00 -11:15 TEA BREAK**

11:15 - 12:30 Breakaway Sessions Continue

### **12:30 - 13:30 LUNCH**

## **PLENARY SESSION**

**13:30 - 15:00 Breakaway Feedback and Q and A** Rapporteurs

13:30 -14:00 Policy Alignment, Intergovernmental and Stakeholder Relations

14:00 -14:30 Building a Sustainable Business

14:30 -15:00 Human Capital Developments

15:00 -15:30 Developments and Growth of Markets

15:30 -16:00 Making an Economic Case for the Industry

16:00 - 16:15	TEA BREAK	
16:15 – 16:30	Summary and Conclusion	Facilitator
16:30 -16:45	Closing	NFVF CEO

## **ABBREVIATIONS**

ASGISA	Accelerated Shared Growth Initiative of South Africa
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CSP	Customised Sector Program
DAC	Department of Arts and Culture
DTI	Department of Trade and Industry
DDG	Deputy Director General
DOC	Department of Communications
GATS	General Agreement on Trade and Services
GDP	Gross Domestic Product
HEI	Higher Education Institutions
IPO	Independent Producers Organisation
MRS	Microeconomic Reform Strategy
MTEF	Medium Term Expenditure Framework
NFVF	National Film and Video Foundation
NIPF	NATIONAL Industrial Policy Framework
SASFED	South African Screen Federation
SIS	Sectoral Information System
WTO	World Trade Organisation

## 1. BACKGROUND

The National Film and Video Foundation (NFVF) hosted the first Indaba in 2001 following a resolution of the European Union – South African Film Symposium of 2000. The Indaba was attended by industry and government stakeholders and its aim was to bring together the key participants in the sector to chart a way forward for South Africa's emerging film industry.

In August 2005, the NFVF held its second Indaba at Gallagher Estate in Midrand, Johannesburg. The Indaba was attended by the industry representatives, partners within the government and civil society. It was at this forum that the Indaba forum was institutionalised and become a four yearly engagement forum for the NFVF, industry and stakeholders.

The third Film Indaba was held on 26 and 27 November 2009 at Glenburn Lodge, Muldersdrift in Johannesburg. The theme of the Indaba was titled "Mapping the way Towards 2025". The theme for the 2009 Film Indaba was informed by the strategic direction as led by the NFVF Council. In November 2009, the Council together with Executive and Management held a two day strategic workshop to develop a 2022 Strategy for the NFVF. The significance of the year 2022 for the NFVF lies within the Organic Lifecycle of the organisation as contained in the first edition of the Value Charter. The year 2022 marks the Maturity Stage which requires the NFVF and industry to focus on sectoral rationalisation.

The original Value Charter was published in 2005. The revision of the Value Charter has become necessary for a number of reasons. Firstly, there is a need to reflect the new strategic direction of the NFVF which is about "*Taking the NFVF to the Citizens*". Secondly, it is important to take into account how the new technological and policy interventions impacts on the industry. Thirdly, the programmes articulated in the Value Charter require revision to ensure that they respond and address the long term strategic goals to lead the industry towards maturity. It is also necessary to engage with stakeholders to ensure that the revised Value Charter becomes an industry blue print to inform government interventions for the industry. A need was also identified to ensure that the Value Charter is aligned with the South Africa Vision for 2025 as contained in the Green Paper on National Strategic Planning published by the Presidency in 2008. This led to the 2022 Vision for the NFVF and Industry informing the theme to map a way towards 2025.

The Second edition of the Value Charter was developed and circulated to delegates as the discussion document for the Indaba. The delegates and industry were expected to make inputs in the document which will ultimately become the long term blue print for the industry. Meetings were held prior to the Indaba with industry organisations, the Independent Producers Organisation (IPO) as well as the South African Screen Federation (SASFED).

The programme for the Indaba was divided into two days to ensure maximum participation from the delegates. The first day was dedicated to presentations from the NFVF, the Ministry of Arts and Culture, Department of Trade and Industry, Department of Communications (DOC) and industry organisations to set the tone for

discussions on the second day. All presenters were given a brief to present their long term goal and intervention and role in the film industry. Unfortunately, the DOC withdrew its participation in the last minute. A panel was convened with the aim to discuss the state of the industry from the NFVF and industry perspective. The session was meant to highlight some of the challenges and debate some of the intervention that may drive the industry towards sustainability and maturity.

The second day of the programme was dedicated to breakaway session aimed at discussing the topics and to develop at least five recommendations that seek to address the challenges as per the topic. The breakaway sessions were presided by facilitators who were to guide the discussions and facilitate report back sessions at plenary.

The Indaba was attended by about 160 delegates on the first day and 50 on the second day.

## **2. Structure of the Report**

The report is a summary of all the discussions that took place at the Indaba. Reference was made to all the speeches, presentations, notes from scribes as well as transcriptions from recordings of all the sessions. In order to make some of the section easy to read questions that were raised by the delegates have been given subtitles to ensure that issues discussed fall under an umbrella topic. In some instances, it was not possible to get the names of the delegates who raised the questions and comments. While the best attempt was made to capture all the points raised, some contributions were discarded as they were inaudible during the recordings. This also includes omissions of contributions that were not explained in detail by some of the delegates.

The Report has been divided into plenary session's proceedings, breakaway sessions and report back sessions at plenary. As a result, some of the discussions may be similar, although discussed at different sessions.

## **3. Proceeding at Plenary Session**

### **3.1 Opening Remarks**

This section summarises the opening remarks delivered by speakers representing the NFVF and the DAC. The plenary session proceedings on the first day were opened by the NFVF Chief Executive Officer, Mr Eddie Mbalo who welcomed all the delegates. The Indaba was facilitated by Professor Mbulelo Mzamane, a lecturer at the University of Kwazulu Natal.

Professor Mzamane, took over the proceedings from Eddie Mbalo. He started by introducing himself and indicated that he knows very little about film and video production but he is a hyper critical viewer and consumer as well as a teacher in arts and culture in the broadest context of the word. The facilitator indicated that he would like to hear more from the NFVF CEO and to elaborate more on the Vision 2025 and to introduce the discussions that will take place over the next two days.

### **3.1.1 Ms Charlotte Mampane -NFVF Council Chairperson**

Ms Mampane welcomed and thanked all the delegates and guests. She apologised for officials from the DOC who were unable to attend the Indaba after withdrawing in the eleventh hour for reasons that were understandable. Ms Mampane explained that the Indaba is part of a process towards the development of a blueprint that will guide the government in its support for the development of the industry. She spoke on the 2008 strategic session, which reviewed all the work undertaken by the NFVF since its establishment and what had to be done in the interests of the country. Hence a lot of discussions and deliberations will be on the Value Charter.

Ms. Mampane thanked the Minister of Arts and Culture for showing the way and an interest in the NFVF. She also indicated that the NFVF had never received the kind of attention from the highest office at the DAC. She further thanked the Minister for the fact that there is focus in terms of what needs to be done and by everyone involved. The support from the Minister is also encouraging as received every time she is approached whether it be for guidance or encouragement.

Ms Mampane said that she hoped that the deliberations at this Indaba would form a firm cornerstone of the future we are carving out for the NFVF and the industry at large in matters of developing film and video. She also paid tribute to the CEO for his leadership and dedication and the excellent work that the NFVF is producing all the time. She also thanked the CEO for his role in the industry`s growth and development because of his competence, expertise and dedication. She also thanked the NFVF staff for their hardwork in putting the event together and wished all the delegates a pleasant and fruitful participation at the Indaba.

### **3.1.2 Mr Eddie Mbalo – NFVF CEO**

The CEO in response to the NFVF Chairperson`s address thanked her and said that he hoped that the NFVF staff and everyone else that contributes to the work of the NFVF would take the reference to be inclusive of everyone. Mr. Mbalo also recognised the presence of the Deputy Director General at the Department of Trade and Industry, Tumelo Chipfupa.

### **3.1.3 Department of Arts and Culture: Dr. Jokweni**

Dr Jokweni said that he hoped that what he was about to present would give the delegates an understanding of what the DAC expects from the industry. He indicated that on 12 October 2009, the Minister of Arts and Culture met with the industry with a view of touching base on industry matters that need the attention of both government and the private sector. The response which followed after the above gathering was necessary in order to engage the Ministry and collectively create an enabling environment that will adequately support a thriving industry. The Indaba is taking place after the Presidential Imbizo which focused exclusively on the issues pertaining to music and the performing arts in the cultural industries.

Dr. Jokweni said that this gesture is consistent with a government that takes all facets of its society seriously. He also said that above taking the cultural industry seriously, we should consider and take into cognisance the cultural role that the arts

and the heritage sectors play in shaping, nurturing and promoting a way of life that is distinctively South African thereby fostering social cohesion and nation building.

The DAC is fully aware of the tenth anniversary of the NFVF, in pursuance of its mission of creating an environment that develops and promotes the South African film and video industry domestically and internationally. Dr. Jokweni said that this Indaba in particular was a vital milestone that presents us with an opportunity to assess, examine and deepen our understanding of the industry thereby emerging with informed and well thought interventions geared at the development of the industry in its totality. Dr. Jokweni said that the DAC would be happy to see the NFVF as a government institution focused on implementing government's imperatives and doing so from a strong position by amongst other things, rigorously engaging its stakeholders.

According to Dr. Jokweni, the second edition of the Value Charter requires more attention as it seeks to put together a framework that will drive the developmental path of film into the future. He hoped that the delegates will engage the Value Charter accordingly. He said that the DAC is resolute in ensuring that this sector contributes to the national imperatives of developing and promoting arts and culture in South Africa and mainstreaming its role in societal development and to become a platform through which the development and promotion of official languages of South Africa and the enhancement of linguistic diversity of our country can be carried out. This will improve the economic and other developmental opportunities for South African arts and culture nationally and globally through mutually beneficial partnerships and ensure sustainability of the sector.

Dr. Jokweni indicated that during the meeting with the industry, some of the concerns raised were inconspicuous and the inaudible voice of the DAC vis- a- vis that of the DTI that has put forward clear rules of engagement with the industry. The DAC intends to be true to part of the nation which enjoins us to be in the forefront of rigorously developing and monitoring the implementation of policy, tighten our legislative function and clear strategic direction for the identification, conservation and promotion of cultural heritage through the medium of film.

Dr. Jokweni said that the DAC agrees that the department's focus should go beyond the direct and quantifiable impact of cultural industries in general and focus equally on their indirect and non quantifiable contribution to the national economy where the fine arts contributes to the quality of life, cultural identity and pluralism find expression in our programs and legislative framework.

The DAC has received a number of useful suggestions that may improve the collaboration between government and the private sector with a singular aim of creating an enabling environment that seeks to ensure a vibrant and thriving industry. It emerged that we need to bolster our research capacity as research and the employment of best practice models are important elements for sector development. It is clear that evidence based information is critical in defining public and private sector, action needs to improve the economy and it further improves the quality of interventions. A first in creating sound economic and social development plans and strategies to create better levels of economic growth and better

appreciation and appraisal of culture and heritage is dependent on us being fully appraised on the dynamics that underpins the sector against which public sector interventions can be measured, monitored and improved.

In conclusion, Dr Jokweni said that with regard to best practice models, it is essential that we move beyond simply talking about them and appropriate them for our own use.

### **3.1.4 Minister of Arts and Culture – Ms Lulu Xingwana**

The Minister referred to the meeting that was held by the Office of the Presidency with the creative sector on 20 October 2009 where President Jacob Zuma said that the meeting was the beginning of a dialogue and emphasised on the importance of being able to address the problems of the creative sector. The President also spoke about the importance of unity in the country in which the arts have been divided for so long and artists express themselves as individuals rather than as a collective. The Presidential Imbizo`s exclusive focus on issues pertinent to the cultural industries also coincides with the NFVF tenth anniversary. According to the Minister, this anniversary offers an opportunity for introspection and plan for the future. This is a milestone

The Minister also referred to the meeting the DAC held with the film industry on 12 October 2009. The purpose of the meeting was to touch base with industry on matters that require the attention of both government and private sector and to engage the Ministry in order to collectively create an enabling environment that will adequately support a thriving industry.

The Minister said that the opening of a dialogue is consistent with the South African government which takes all facets of society seriously. Above taking the cultural industry seriously, the Minister said that the government consider and take into cognisance the pivotal role that the arts and heritage sectors play in shaping, nurturing and promoting a distinctively South African way of life which foster social cohesion and nation building.

According to the Minister, Indaba as a forum gives the NFVF an opportunity to rigorously engage its stakeholders. She encouraged all participants to make use of the platform to fully engage with the topics to inform the future direction of the industry. She also said that the second edition of the Value Charter requires attention as it seeks to put together a framework to drive the developmental path of film in the future. The Minister said the Department is resolute to ensure that the sector contributes to national imperatives of developing and promoting arts and culture in South Africa and social development.

The Minister said that the agenda for the new administration is to expand opportunities for a better life for all and in the arts, this means that focus on the arts for all and building a people`s culture. The Minister hoped that work in the sector should become a vehicle for the development and promotion of official languages of the country and the enhancement of linguistic diversity.

The Minister highlighted the need for facts and statistics to measure the economic contribution of the industry and reiterated the prioritisation of the Sectoral Information System (SIS) as described in one of the programs in the Value Charter. Industry cohesion is required in the collection of such critical information.

The Minister further said that the preservation of culture and creation of work and sustainable livelihoods remains the core focus. Audiences need to be developed and appreciation of local talent and strengthening enterprises in the sector is important.

The Minister referred to President Zuma`s statement on the importance of local content and the opening of a debate on the nature of content and its contribution towards nation building. The Minister posed a number of questions on the nature and role of images that are portrayed on screens and whether these contribute to the portrayal of negative gender stereotypes etc.

The Minister speech also touched on making cinema accessible to the larger South African public and rural areas and how information on how to access funds can be made accessible to them to also participate in the film industry. Achieving this would translate to job creation and a better life.

### **3.2. Presentations**

Since Indaba 2001, a number of positive policy and legislative developments were introduced to grow and develop the industry. A number of recommendations from the previous forums had also borne fruition in relation to industry organisation as well as increased government support for the industry. The presentations aim to reflect on these developments by giving the presenters an opportunity to highlight their roles, interventions and long term strategies for the industry. Presentations were from the NFVF, the DTI and South African Screen Federation (SASFED), an industry organisation.

#### **2.2.1 National Film and Video Foundation – Mr Eddie Mbalo**

Mr. Mbalo opened his address by emphasising the purpose of the Indaba which was to collectively gather strength and effort to take the industry to the next level. He also said that the forum recognises the fact that the industry does not get the attention that it should be getting from the state and the general public and the consumers. Therefore, there was a need to ask why that is so and not blame others for that state of affairs.

The CEO said that during the two days, the industry must look at itself and reflect on the failures and successes that have contributed to the state of the industry. He stressed that the purpose of the Indaba was not to adopt the second edition of the Value Charter, but to contribute to its development and to be presented as the blue print that guides government and the industry on the path to be followed for the future. The NFVF`s lifecycle, which is contained in the first edition of the Value Charter and government`s own vision presented by the Minister in the Presidency Mr. Trevor Manuel was used as a guide.

Mr. Mbalo indicated that the first edition of the Value Charter, indicates that the lifecycle of NFVF matures in the year 2022. He indicated his satisfaction that the NFVF was spot on a few years ago when that determination was made. This indicates the NFVF listens, and follows government programs and articulations on a number of issues in the country.

Mr. Mbalo said that it is disturbing that arts and culture sits in the Human Development cluster under the government`s new cluster system. This places arts and culture in the back burner in the bigger scheme of things of how government is going to operate. Mr. Mbalo said that there is a continuing fight to ensure that the cultural industries and cinema or film is recognised within the economic cluster of government because that is where budgets are determined. This is the cluster where government programs are given the necessary support and speed to realise the potential of what we are all about.

He further said that it is important for clarity to be made on people`s view that the industry is at the Indaba to rubber stamp the Value Charter. The NFVF has always said that the Value Charter is going to continue to be a dynamic document that would require continuous interrogation, engagement and changing to suit the dreams and aspirations of the industry. The CEO drew a distinction between the Value Charter as a visionary document and the programs that emanate from it.

The CEO gave a background on the strategic session in November 2008 by NFVF Council and senior management which evaluated and reviewed the work that has been done by the institution in the last ten years. The NFVF celebrates its tenth anniversary by reviewing the work of the inaugural NFVF Council and the focus of the second Council. The current Council`s thrust is about "taking the NFVF to the people". This is about taking cinema to the people of South Africa and how can this be done? This will be achieved through consolidation of all that has been done and repackaging the work into a program for the future. The CEO reiterated the distinction between the Value Charter as a visionary document and programs that would emanate from it and the plan is for all inputs that will come from this session to be put together compacted into resolutions and then be incorporated into the Value Charter. It becomes the responsibility of the NFVF as well as all government departments that impact on film as a competent concurrency of a number of government spheres such as Trade and Industry, Communications, Labour(in terms of skills development) and Home Affairs.

The CEO said that it is because of this reason that the NFVF reports to the state through the DAC while we can interact at all government levels. Therefore, it should be understood that the outcome of the blueprint will guide all governments departments in their own programs. Mr. Mbalo gave an example that the DOC in development of its talks on the local and digital content development strategy and the DTI on its incentives is aligned to the greater vision that has been agreed upon by all stakeholders. The government expects the industry to be aligned and the government previous administrations had developed a Macroeconomic Reform Strategy (MRS) that was accelerated by the Accelerated Growth Strategy of South Africa (ASGISA) which mandated the DTI to develop a Customised Sector Program (CSP). The CEO said that the CSP is still necessary and indicated that the DTI will

provide guidance on what has become of it. He went further to say that the government does require a blue print that has to be developed in collaboration between the DTI, the NFVF as the lead institution in film, DOC and other departments and provinces that have film competencies.

On Indaba as a forum, the CEO said that he had observed the forum mature into a respected forum where all stakeholders contribute to the development of the sector in South Africa. The sector was co-created by those who chose the domain to sustain their livelihoods and this Indaba provides an opportunity for collective reflection on the insights and foresights about our space of livelihood. The CEO acknowledged that delegates hold different and sometimes diverse value expressions about what the NFVF could have done over the past ten years and what it should do over the next decade. He said that the individual views reflect micro concerns associated with putting bread on the table, which is a legitimate view. The CEO said that while conceding to this reality was important, it was more important to remember that the NFVF mandate concerns the development of the film industry as a viable and competitive sector of the South African economy within the global knowledge economy.

The CEO indicated that about 80% of the NFVF work involves dealing with very abstract edifices such as the policy sector programs which yield results after some time. These include the industry structure, value chain, infrastructure, human capital development and most of all investment measures and the global positioning of the South African film industry. The NFVF performs these functions in competition with other sectors of the economy such as mining, agriculture, manufacturing and so on. Once the NFVF`s mandate is seen as that of developing the industry, it will be realised that most of the problems we try to address are embedded in the economic history of our country. It is known that the South African economy is historically an extractionist, agricultural and manufacturing economy that is driven by energy industries. This means that film is seen as a nice to have - an after work entertainment – an escapist leisure time activity for those people who can afford it. Film is not seen as an essential part of the economy. The world economy has since changed drastically over the last ten years.

Mr Mbalo gave an economic overview of the industry. He began by saying that economic gurus refer to the new economic order as the "knowledge economy". In this new economy, culture is the raw material while extractions from soil are the raw material in the industrial economy. Value in this economy is created when people take their life experiences informed by social memory and aspirations, articulation of such experiences in various media and the application of intellectual property laws to claim ownership of such experiences worldwide along capital flows at a global scale.

### **Culture as a commodity**

World trade in culture as a commodity is in accordance with the General Agreements on Trade and Services (GATS) and the World Trade Organisation (WTO) protocols. Mr Mbalo said that ordinary South Africans need to be empowered through ensuring that they have a clear understanding of how wealth is created in the knowledge economy. The CEO indicated that a paradigm shift required on the industry and as

such, the Indaba provides everyone with an opportunity to escalate our collective experience to a higher order abstraction of the discipline of the industry.

## **Industry Overview**

The baseline industry measures conducted ten years ago pointed out that South Africa's entertainment (hospitality industry) was worth about R7.4 billion and forms about 1.75 % of the Gross Domestic Product (GDP).

- This is consisted of broadcasting, cinematic, music and interactive industries, according to the Cultural Industries Growth Strategy published by the DAC;
- The R7.4 billion is further broken down into the following values, R2 billion (music), R5.4 billion (Film and television).
- 16 000 workers were employed in the industry.

Ten years on, these figures can be expected to have changed.

## **Positive Developments in the sector**

Digital cinema has become an important trend to follow. Digital production and post production are fast becoming the norm while cinema exhibition is catching up. With the high cost of production, and print, digital production does not offer an all inclusive solution. Digital cinema promises easier access and wider distribution and may mean more money for marketing. Most cinemas now also show films that would normally be screened at festivals or specialised art houses. Bookings, programming and advertising can now become more flexible since film can be delivered to a site almost instantaneously via satellite or high speed data lines. This has the effect in changing the nature of the traditional model of distribution and exhibition.

Secondly, international co-productions are now a major source of funding for film productions. The film industry is a perfect example of the global nature of production in this economic sector. It present one model of financing a film production by enabling a number of producers to come together to provide finance needed to produce a film or a television programme. On the simplest level, co-production takes place when companies and producers from different countries work together to finance and produce a film aiming to reach a larger market. In co-producing, partners bring access to their domestic market and additional sources of funding.

Since the NFVF was established, producers have been able to attract foreign partners and to use local money to leverage further finance for the production. For countries that have signed those agreements, productions have been able to qualify for various forms of government support from each treaty country. The specific of such treaties vary but they generally ensure that creative, technical and financial contributions will be balanced among the participating countries and benefits such as tax breaks or government incentives are made available to citizens of the countries as if they were citizens.

The role of government in co-productions is getting treaties negotiated and signed. Once this is done, it is up to filmmakers to drive the co-productions with government

film agencies providing the necessary support and control. In South Africa, the NFVF has been given the responsibility to manage the certification process and respective film offices or commissions facilitate access to locations and support for these productions at local and provincial level. South Africa has signed co-production treaties with the United Kingdom, Italy, Germany and Canada and memoranda of understanding with India, Sweden and Algeria. There are a number of new agreements that are under negotiations with European and African countries and Australia.

In his reflection of the previous Indaba forum, Mr Mbalo said that one of the major issues that were discussed was the concentration of film activity in two of the nine provinces. This reflected the activities of broadcasters who operate principally in Gauteng and the Western Cape. At Indaba 2001, recommendations were made on how to develop production, audiences and cultural representativity in the other seven provinces.

The CEO referred to the NFVF mandate as provided in the NFVF Act 76 of 1997. The Act defines the NFVF's role in achieving the objectives of developing and promoting the film and video industry and addressing historical imbalances. The NFVF's performance of its functions within a broader framework of collaboration between all spheres of government. Section 4(1) (g) provides that the NFVF may liaise with a member of the Executive Council of each province in order to promote the film and video industry more effectively throughout the Republic and to ensure coordination in the distribution of funds at national and provincial levels. This means that culture and film is a concurrent competency across the local, provincial and national spheres of government. This was recognised at Indaba 2001 including the encouragement and development of film industries in all provinces. It was also recommended that the NFVF investigate the viability of developing a national film commission and film commissions in all provinces. It was further recommended that the NFVF encourage the collaboration between film commissions and other stakeholders to develop and coordinate an international marketing strategy and material. The NFVF was urged to facilitate legislative provisions for local and provincial government funding and support for film production, distribution and exhibition. This was to be supported by extensive industry research with the provincial film commissions and offices playing a key role in gathering information and facilitating access of film productions both locally and internationally. It was also recommended that there is a need for collaboration between national and provincial structures to develop strong indigenous companies.

### **South African Cinema**

The NFVF formulated a strategy after Indaba 2001 informed by the Price Waterhouse Coopers study titled Profile 2000. The study was commissioned by the DAC. The strategic thrust was about gathering momentum and energy for launching and projecting the sector into the future. The focus was on sectoral development, expansion and market penetration and creation of new services. The main question is whether the industry has grown in the past ten years, which is the case because of the many positive interventions that have taken place. Some milestones that were achieved during the rapid growth phase of the NFVF and the industry are as follows:

- Increment of the NFVF budget from the initial amount of R10 million in 1999 to R39 million in 2009.
- Once off allocation of funds to the amount of R35 million during the MTEF period 2003/2006 for Film Fund.
- The formation of unified industry body, the South African Screen Federation (SASFED).
- The development of film competencies in the provinces through the establishment of film commissions.
- The movement and discourse on the Customised Sector Program (CSP) to stimulate the development and growth of the industry.
- The Content Industries Strategy was adopted by the National Cabinet in 2003.
- The establishment of the Film and Television Production Incentive in 2004 and the allocation of R250 Million in 2004 Medium Term Expenditure Framework. The Department of Trade and Industry has spent R749 million between June 2004 and March 2009 on this incentive.
- Increased local content quotas for South African Programming on television.
- The establishment of the film production interest bearing financial instruments at the Industrial Development Corporation.
- The launching of the annual South African Film and Television Awards.
- The institutionalisation of the NFVF Film Indaba, a forum that takes place every four years to review progress in the sector.
- South Africa signed co-production treaties with Germany, Italy, and the United Kingdom and there are upcoming treaties with Australia, New Zealand, Ireland and France.
- The recognition of South Africa as a film destination and international recognition of South African films.

According to Mbalo, an industry only exists if mass production, mass distribution and mass consumption are possible and this is not to be interpreted as a call for anyone to start producing hence compromising creative capacity and concomitant intellectual property rights. The CEO said that he does not encourage the "Nollywood" model as it works there. South Africa needs to come up with its own model and in the last few years a number of quality films were produced. In order for the industry to flourish, an environment where the diverse cultural interest of the majority of South Africans are recognised, creative flair and freedom are encouraged and ensure that South African stories reach the masses through cinema.

Mr Mbalo said the concern of cultural abomination in the flow of culture remains a valid concern in the Human Development report of 1999. The report effectively argues for a balance between foreign cultures and indigenous and national cultures. He also referred to Professor Varan's lecture where he said that the only way to protect foreign cultural dominance was the production of own cultural products.

Despite state interventions, South Africa is still one of the top markets for foreign films. In 2001, South Africa was ranked the 13<sup>th</sup> largest importer of foreign films from the United States. To this end, he argued that contribution to the building of

the national identity against global cultural hegemony should be a mantra in South Africa into the future.

The CEO said the second version of the Value Charter hopes to mobilise the sector towards consolidation of the gains made in the last ten years. It is also necessary to reinvent the sector in the light of global influences and broaden film opportunities to benefit the majority of South Africans. The realisation of all strategic initiatives requires ongoing collaboration and cooperation with government departments, policy and legislation formulating institutions and stakeholders that are directly affected. The creation of goodwill, alliances and support before transactional relationships or conflict is critical to the success of the initiatives and policy formulation.

The NFVF has always encouraged formation and working with film sector forums, associations, federations and relevant special interest groups in order to ensure participation of stakeholders. Industry associations play a key role in influencing policy and promoting the interests of their members and the industry as a whole. The few associations that exist have achieved so much for their members and the focus should be more on the development of professional skills for their members, promoting codes of conduct and ensuring good practice among members. Their role is to encourage professionally qualified personnel, practitioners and thus promoting industry self regulation.

On skills development, the CEO said that NFVF has initiated the process of developing a national education and training strategy which covers the following areas, collating and analysing information and data to identify existing and future human capital requirements for the sector. This takes into account the need for a more diverse workforce and Black Economic Empowerment, disability and HIV, a multilingual society, the impact of new technology and geographical concentration and representation in the industry, research to identify gaps in education and training provision and feasibility of establishing a national film school. This will result in comprehensive and coordinated plans to education and training in the following areas, new entrants, further education, higher education and a coordinated plan for investment in education and training. This national film and education training strategy will provide a solid skills base for the film industry as a whole.

### **2.2.2 Department of Trade and Industry**

Mr Tumelo Chipfupa, the Deputy Director General in the Trade Enterprise Office said that the DTI would use this opportunity to reflect on the work of the DTI within the film sector, their evolving mandate and priorities.

The DTI`s Customised Sector Plan (CSP) for the film industry identifies important areas for government interventions such as enterprise capacity development, development of scarce skills, the DTI`s focus would be on the film and television production incentive (rebate). Mr Chipfupa gave the following background on the rebate:

- It was first launched in 2004.

- The objective was to attract large budget film and television productions that would contribute towards the economic development of the countries' economy by profiling South Africa as a viable filming location and providing local filmmakers with opportunities for skills development.
- The original rationale was based on the potential economic impact that the industry would have on employment and exports as well as stimulating supplier industries.
- It was also based on the recognition that the film industry makes an important contribution to social cohesion, nation building both as a form of entertainment and a way of expressing the nation's culture and heritage.
- In 2008, the rebate was amended to target the stimulations of local productions.
- The threshold for local productions was lowered and the amount of the rebate that local productions qualify was increased.
- Since 2004 and by end of the 2009/2010 fiscal year, approximately R0.5 billion would have been disbursed.
- For the next Medium Term Expenditure Framework (MTEF), the scheme will be in excess of R250 million.
- 138 qualifying productions have been approved with a Qualifying South African Expenditure (QSAPE) of R4.8 billion with a corresponding rebate amount of more than R800 million.
- Since the launch of the revised rebate in February 2008, there has been an increase of qualifying local productions.
- From June – January 2008, local productions amounted to 33% (16 of the 49) of the approved projects.
- As from February 2008- November 2009, local productions constituted more than 56% (53 of 94) productions approved.
- The current challenge is that a significant number of planned and approved local productions failed to make it to production.
- The DTI held a series of consultations with the industry to introduce amendments to the rebate that would allow for milestones payments to assist with the cashflow problems encountered by local productions.
- Two developments that have a direct impact relevance for continued government support are the 2007 National Industrial Policy Framework (NIPF) and importance attached to monitoring and evaluation by government by the establishment of a new ministry within the Presidency.

NIPF has identified the *additionality*<sup>1</sup> and *reciprocity* principles as key to evaluating continued fiscal support by the DTI to different sectors and individuals firms in the future. An example of the application of the above principles are evident in the discussion with the automotive industry for additional financial support that came up regarding moratorium on retrenchments, limits on executive bonuses and dividends.

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<sup>1</sup> According to the DTI, additionality refers to the expectation that support for to a sector should result in economic activity that would otherwise not have occurred in the absence of support for the industry. Reciprocity refers to the expectation that sectors and firms that receive government support will adapt their behaviour to take into account the long term interests of society as well as the objectives of government.

The imposition of such conditions in relation to government support is of little value if not accompanied by monitoring and evaluation.

Financial support received by the sector will be challenged by other expenditure priorities within the budget and factors such as recession and therefore with a prominence for monitoring and evaluation, support for the sector should not be taken for granted. For this reason, it is important for stakeholders in the sector to continuously reflect on how the activities are supplementing and meeting the transformative priorities of government in areas such as Black Economic Empowerment (BEE), job creation, Broad Based Black Economic Empowerment (BBBEE).

Mr. Chipfupa said that the industry should ask itself if the rebate actually contributed to ensuring representatives in different skills categories across the value chain of the film industry and whether it has provided or facilitated the entrance of new players into the service industry that has benefited significantly from the increased influx of foreign productions facilitated by government's efforts. He thanked industry organisations for their structured joint input in the amendment to the rebate. On reflection of the relationship with the sector, he recalled days when the relationship was characterised by mutual mistrust and lack of faith in each other's bona fides. The relationship has since improved and many in the sector can attest to this.

### **2.2.3 South African Screen Federation**

SASFED presentation was made by Ms. Kgomotso Matsunyane, who is a co-chairperson of the organisation. SASFED is the strongest and most significant groupings that have brought together different associations under the umbrella of SASFED. The organisation represents the interest of most film and television industry organisations as a collective federation including the Documentary Filmmakers Association (DFA), Official South African Casting Agency (OCSA), Personal Managers Association, South African Communication for Development (SACOD), Women of the Sun, Writers Guild South Africa, Women in Film and Television South African Guild of Editors, the Producers Alliance (TPA) which has since merged with the Independent Producers Organisation (IPO) and negotiations with SASFED are still pending. Other associates that SASFED engages with include Animation SA, Arts in Africa, Big Fish, FEPACI, TVIEC, Industry Hunger Protestors, the IPO and the University of Kwazulu Natal.

SASFED had the opportunity to engage with President Zuma and various ministries. Ms Matsunyane reflected on the President's call for a unified industry voice as it is frustrating for government to deal with different groups and individual who require all sorts of assistance from the government. SASFED also holds the view that the industry can do more as a unit, and the economic conditions have been disastrous for local independent producers. The industry has been brought together by the tough working conditions.

SASFED held the view that the Indaba felt like the same old discussions and that nothing has changed significantly in the past ten years. The organisation felt that because of their presentation of a wide spectrum of people and industries, their

work on the ground in film and television production and execution of mandates as set out and part of their organisation's job is to educate government.

According to SASFED, one of the biggest problems is the lack of institutional memory which results in the continuation of the same conversations, it is also difficult to build relationships with the change of administrations and work done gets completely obliterated. A number of strides have been made:

- Co-production treaties that the NFVF and DAC have spearheaded have been helpful.
- Greater enabling and access to pre licensing deals that filmmakers can access from various broadcasters.
- Increase of local content – ICASA`s strict regulations in terms of rebroadcasts has ensured that broadcasters are at least legally bound not to repeat too much.
- Monitoring of local content quotas by ICASA is still problematic and SASFED is engaging the Authority.
- Arts and culture is never mentioned in Parliament and the Presidency for its contribution to the GDP.
- Acknowledgement and safeguarding of culture versus economic imperatives is important.
- The industry was united on DOC Bill, and is also a unified independence of voice, on the alignment to national goals.
- On funding models, reference was made to section 24F proposal and SASFED is of the view that it is important for this tool to operate effectively and efficiently.
- SASFED recognises that the current defect or inability of the film and TV industry to use section 24F in its present form adversely affects thousands of workers in the sector alongside producers and providers of ancillary services.
- Film and television involves producers, directors and other industries and service providers, caterers, wardrobe.
- SASFED is in general agreement with the NFVF`s Vision as stipulated in the Value Charter however, more information is required for its implementation. SASFED embraces the Charters ambition to build upon historical experiences.
- It has become clear that the industry needs government support and private support for funding and developing different funding models.
- On sustainability- SASFED said that individual companies have been forced to review their business plans as the SABC alone cannot sustain the industry.
- Engagement with other broadcasters such as MNET and etv on how do we encourage the other broadcasters to go beyond meeting the minimum requirements of their mandates but to fully support the industry is taking place. This involves redefining business models including the financing of the SABC, the industry.
- As much as there are international precedents such as the funding of the BBC and CNN in the United States, there is a need to find a business model that is appropriate for South Africa. Copying other countries` models will not work as the South African environment is unique and different.

- There is a need to interrogate various business models and find ways on how broadcasters can help filmmakers access the rebate which helps the industry.
- One of the saddest issue regarding training and transformation is that budgets for the industry have not changed in the past five years. As a result, apprenticeship has fallen by the wayside. Apprenticeship for writing and editing is crucial as the best experience is attained through hands on the job training.
- SASFED is of the view that there is no need for another film school.
- SASFED suggested that NEMISA should be interrogated, the successes and failures of the institution and make it work. It begs the question of what will happen to NEMISA if another film school is built.
- Training and transformation is also about the ability to access SETA funding conducive, there are a lot of complaints about the inability to access SETA funding.
- There are not enough Black people working as editors, directors of photography, line producers and engineers.
- There are not enough directors of any race.

In conclusion, Ms. Matsunyane said that SASFED hoped the Indaba will be an opportunity to get greater clarity on how they can partner with the NFVF, the DOC and coming up with tangible results, set clear goals and deadlines on what is hoped to be achieved.

### **3. PANEL DISCUSSION**

Prof Mzamane outlined the proceedings for the sessions, where delegates would be given an opportunity to raise comments on the various speeches by the NFVF, DTI, SASFED, DAC and the Minister. The panel discussion was titled "State of the Industry". Representatives from the IPO and the NFVF were required to give their perspectives on the state of the industry based on their interactions and realities of the industry.

#### **3.1 The NFVF Perspective**

Clarence Hamilton, the Head of Production and Development at the NFVF, opened by saying that one of his talks when he became head of department was to formulate a vision for the department to match the NFVF 2022 Vision and one of the things that were necessary was to look at what has happened since 1994. In consultation with the NFVF Policy and Research Department, research was conducted in the area of feature film and documentary production with focus on the number of films, who was producing them, how they were produced, and performance. This information will be used to inform my interaction with the industry.

In summary, the statistics are as follows:

- Between 1994 and 2008, 615 documentaries were produced at average of 41 productions per annum excluding television.

- Whites produced 68% and Blacks 32 % of documentaries.
- The gap between gender and race of distribution of directors has been narrowing since 2004 as compared to the previous years.
- Male directors constitute 16% compared to 38% of female directors.
- Representation of Black female directors is lower than white female directors.
- Black male directors constitute 68% compared to 32% of Black female directors.
- White male directors constituted 57% while 43% are female
- Distribution; 9 documentaries were distributed on cinema, 3 on etv, 6 to M-Net, and 103 distributed by the SABC. Distribution for the remaining 494 was unknown.
- An average budget for a documentary is R900, 000 with budgets ranging from R52 000 to R2.8 million.
- Feature films: a total of 132 feature films were produced between 1994 and 2008 with an annual average of 9 feature films.
- Production has been on the rise since 2003 compared to previous years
- Demographics: the representation of Black directors is a low 15% compared to White directors at 85%.
- A handful of black directors made film in 2003 , this is slowly changing
- Female directors constitute 18% compared to male directors at 82%
- Only 3% of directors are black females compared to 15% of white female directors.
- The average budget for feature films is R24.3 million with ranges between R60 000 and R171 million.
- The average budget of feature films excluding official and unofficial co-productions is slightly lower at R9.1 million and budgets range from R60 000 to R40 million.
- The average box office is R2.5 million and very low compared to the average budget of R24.3 million.
- Box office ranges from R8000 to R43 million for Mr Bones released in 2008
- Only 22% of films made less that R100 000, 40% made between R100 00 and R500 000, 9% made a million and 29% made more than a million at the box office.
- These figures demonstrate that the NFVF was correct to emphasise the need to interact with filmmakers that approach us for development and production funding to make films that the market will respond to and film that people actually want to see.
- There is room for films that must be made to record our past memories, history, identity and in celebration of our culture but the notion that the majority of films make less than half a million Rands at the box office on an average of R9 million budget is not sustainable.
- On the above basis, the NFVF is interacting with various institutions in order to begin to address how to make films that draw audiences at the cinema.
- It is key for the industry to go beyond winning prizes and international awards but it is equally important to match these with products that South Africans want to see.
- South Africans should be the mainstream at the box office and not on television.

- South African television productions (drama) occupy the top 30 slots, and foreign content cannot compete with local productions and the highest ratings for TV.
- There is no reason why local production cannot compete with Hollywood and the Hollywood should see local films as the competition. However, South Africans seem to have accepted the marginalisation of local films.
- South Africans should watch local films because they are good stories for their souls and patriotism.
- It is a fact that the local film industry cannot compete on budgets but it is possible at story level - to tell South African stories that will interact and resonate with local audiences.
- A good example is that of the interaction between the NFVF and SABC through Sediba, writers were allowed to go on journeys and raise the bar on television drama story telling that will appeal to audiences.
- Death of a Queen was the highest rated program in 2008 and gave tough competition to Generations.
- It is a must for South African audience to choose a foreign film over a local one and this can be made by making sure audiences feel that they will miss out on something special.
- This battle is about the sustainability of the South African industry and not simply a political or a cultural one or cultural resistance to imperialism of foreign cultures.
- The industry must move away from business plans and producers living off production fees.
- Producers must be able to live off the exploitation off the intellectual property of their work and this can be achieved by making films work at the box office as producers are the last in line to benefit from box office success. Investors, distributors, sales agents are first to recoup their investment and if a film is not good enough, you should be making films.

### **3.2 The Industry Perspective**

The second panellist was Ms. Desiree Maakgraaf, chairperson of the IPO. The IPO has been working very closely with SASFED and other industry organisations over the past year. Two things that were of importance and underlined the presentation were that of audience and content. Her presentation touched on the following issues:

- Content –must be entertaining and emotionally engaging for the audience.
- Statistics, numbers and policies are important.
- More time should be spent on discussions about content and audiences.
- The film industry was badly affected by the economic crisis.
- The IPO and SASFED made a presentation to the DTI a few months ago – there was a 35% decline in facilitation and local productions.
- A recent survey on 66 companies including post production and facilities was completed two weeks ago by IPO and SASFED –The survey looked at the impact of the SABC financial, management and operational crisis.

- The survey also looked at the size of companies, demographics of people employed and the number of people employed.
- The comparison of permanent employment against contract workers, the length of the contracts, migration of freelance workers across the industry.
- It was apparent that the hardest hit companies were not the big companies but those who are in the middle band- companies with a turnover of between R10 million and R35 million per annum.
- Companies with a turnover of R50 million and over have not been adversely affected as they have long running soaps – not feature films.
- Smaller companies with under R3 million turnover a year, have also not been badly impacted because they are small- two or three man operations that are able to find other ways to earn a living and use their craft by either producing small magazine inserts or have gone into the corporate sector.
- These are companies that should be protected the most as they have the most employment activity with the most sustainable jobs.
- Mass training also occurs within these companies, there is mass internships and sustainability lies within this band.
- Many companies have closed down to nothing more than a name and an individual attached to it and hope that the company might be resuscitated in the future.
- The SABC`s receipt of R1.3 billion bailout is good news and it is hoped that production will restart.
- IPO agrees with the NFVF and SASFED view that the industry should not solely rely on one centralised generator of work.
- The SABC crisis and the economic crisis did not happen in isolation. It is a result of the four or five years of very tough relationships between the independent production sector and the broadcasters, not just the SABC.
- All the broadcasters have increasingly created terms and condition that have been hard on the industry.
- The independent production sector has become more and more marginalised out of Intellectual Property (IP) and the little IP retained in terms of the broadcaster has almost been impossible to access in order to market the products. Producers who have tried to get small sales for these products have been discouraged by the broadcasters not auctioning such transactions
- There has been some great successes in feature films. Unfortunately, these are not enough for activity.
- There has been a real challenge around transformation in the past 15 years.
- There has been an initiative however, there has not been enough debate about what has not been done correctly and how to remedy that.
- The introduction of new broadcasters (Telkom Media etc), that the industry had hoped would open new markets did not happen.
- There are two positive moves that occurred this year worthy of discussion.
  - The first is the formalisation of the industry. Organisations are communicating with each other and common ground has been found on many things. There has been alignment – SASFED and all affiliated organisations within SASFED and the IPO should be commended for their hard work on behalf of the industry.

- There has been consensus on sustainability and IP which everyone agrees are the two critical issues that require working together.
- It is critical to pay attention to how the present government has been in the recent months. The Minister of Arts and Culture has interacted directly with the industry three times in six weeks. The industry has not had this kind of interaction in a long time.
- The Minister of Communications responded swiftly to the SABC crisis. The Minister met with lobby constituencies to address some of the issues.
- The relationship between the public broadcaster and the independent production sector has changed. The current SABC Board communicates with the industry on a regular basis.
- There seems to be a new direction in the relationship between government officials and stakeholders.
- The interaction with the President although not structured raised the critical issue of IP rights.
- The IPO cautioned against comparing rebates, budgets, broadcasters, opportunities. South Africa has better infrastructure, access to funding with those of other parts of the world and how South Africa fares better to the rest of the continent. The IPO's views is that comparison should not occur at either of these levels.
- The South African film industry should focus on its capacity and possibilities and particular needs and not ignore where the industry comes from. The historical context of the apartheid era film cannot be ignored.
- The industry has moved from making films for a minority population to the whole population. This begs the question of how we ensure that the majority come to watch South African films at the cinema and how this process can be started. This has happened on the television platform. The highest rated television shows are local and this should speak volume to the film industry.
- How do we ensure South African buy DVDs and not go to cinema alone? Lessons can be learnt from colleagues and the continent on how products can be distributed.
- IPO and SASFED cautioned against centralisation and pointed out that the industry should learn from past experiences in this regard.
- The NFVF should be scouting initiatives in the country and strengthening such initiatives and reaching out to young filmmakers and assisting them with any stumbling blocks instead of waiting for them to approach the NFVF.
- Then main question is how the industry gets to make more content, talk about content and get South Africans to watch it in order to create a self fulfilling cycle of funding instead of approaching government and other people for bailouts.
- Ms. Maakgraff asked what the threshold is to keep a production company going in the industry. This is a question that the IPO has been grappling with. Further, where do we find the threshold and where do we maximise employment opportunities?

#### **4. Questions and Answer Session**

Professor Mzamane reminded delegates to adopt a solution orientated approach towards the debate. He reiterated that the reasons people go to cinemas is for the content and raised the question of who is doing content analysis? Prof Mzamane asked if anyone was studying and presenting to practitioners with a scientific basis for what South Africans like and dislike. The second point raised by the facilitator was that of sustainability. His view was that the health of the industry also involves industry issues such as diversification of sources. In this regard, he raised the importance of knowing the percentage contribution of the government, private sector and other agencies such as the NFVF.

#### **4.1 Transformation**

Mr. Diphare referred to the NFVF and IPO`s perspectives on the state of the industry and the portrayal of some improvements by the IPO. He further raised the issue of Black representation. He asked about representation of the Black Filmmakers Network (BFN) and the issues of transformation that had not been addressed. Diphare said that big White companies generate 80% of the SABC commissioned programmes, access the rebate and approach the NFVF for funding and comprise the R1-3 million , R10-R35 million and over R100 million. He raised the question about those companies that are made up of Black people making R500 000 and the fact that despite the minimal number of people employed, the companies still create jobs. The speaker was of the view that`s such companies have not been spoken about. He further said that the majority of factual content is created by Black people in the documentary genre that they can afford. He further said that a number of Black filmmakers have left the industry. He emphasised the difficulty experienced by Black filmmakers in accessing the rebate and SABC commissions.

In response to the questions raised by the delegates, Mr. Hamilton said that the Indaba should be seen as an opportunity to dialogue and not vent at the panel. He indicated that a sober reflection of where the industry is and the things that needed to be done were more important. He challenged one of the speakers` reflections that a rosy picture of the industry was being painted by the two panellists. He indicated that in fact, he had spoken about a dire picture in terms of lack of transformation in the past 15 years even though things were better in documentary production probably due to its lower budget levels. The NFVF would focus on addressing some of these issues.

Mr. Hamilton spoke about the Short Film Contest, which had begun to address the issue of indigenous languages. Three short films were made but a lot of resources went into making these projects. Short films are a launching pad into the feature film industry and the opportunity is understood and embraced. The numbers indicate a skewed picture the NFVF is interested in engaging Black filmmakers. It is important for Black people to be able to tell their own stories. He spoke against the notion that the NFVF wants to centralise power within itself as the NFVF mandate.

The NFVF is interested in driving the development of the industry. He said that it was important to be able to engage with and interact with the NFVF with all its instruments, processes, procedures and transparency to allow one to operate as a filmmaker. He further dismissed the notion that the NFVF wants to determine the

type of films that must be made and such a fear is baseless as there is a peer panel review involved in the process. He mentioned that the NFVF wants to change the fact that women and Black people are a minority in feature film production.

Ms Markgraaff also admitted that transformation was a big problem. She indicated that organisations such as IPO, SASFED, the NFVF, SABC have been pouring money and energies to address transformation but it is not happening on the ground. There is a lot of transformation on certain spheres of television production and there are many Black owned companies. She posed question on what has been happening in editing and camera work as well as the emphasis on training programmes the SABC has pushed.

Mr. Dube said that there are no Black cinematographers in South Africa and said it was incumbent on industry organisations and producers who have been in the industry for a long time to also contribute to the increment of Black cinematographers.

#### **4.2 Local Content**

Lefa Mokoena (ICASA) referred to the concept of indigenous knowledge systems, culture as a commodity and the Minister`s reference to a consumerist culture. The speaker was of the view that that`s where Black people shoot themselves in the foot. He referred to one speaker`s view that there is increased local content on television and further asked whether the content on TV and radio is presented at a time when most people can access. He also questioned whether the content was a true version or even worse of who the Black people are. He referred to documentaries and cultural backgrounds as sensitive aspects of who Black people are and he felt that Black people are trying to justify or legitimise their existence, an approach he disagrees with. He felt that there are many socio economic issues that need to be addressed and there are films that deal with such issues. He expressed his disappointment with some local soopies and that some people regard them as local content.

Ms Maakgraaf said that it was important to look at a variety of what is shown on our screens and how filmmakers grapple with it. There is a constant discussion about what stories should be told with any interactions with the broadcasters or the NFVF. Ms Maakgraaf said that it was patronising to regard the switch off button as the biggest democracy on television. We should also be careful not to get caught up in the debate of whose view is acceptable or not when it comes to storytelling. Who makes up the panel and how will it change and when is it decided when something is censored or not. The audience will continue to watch programmes that they find engaging and interesting.

Marc Schwinges said that monitoring of the content requirements and the fact that ICASA had never performed its mandate in terms of monitoring the Public Broadcaster for the last seven years was still a concern. This is something that ICASA has admitted to SASFED. On the issue of Intellectual Property rights he hoped that the NFVF and the industry to be united on all issues relevant to the industry. He supported the suggestion for an outreach program for the NFVF. He suggested that perhaps it should go further in that there should be ongoing engagement driven by

the NFVF at regular intervals with organised industry. The engagement is critical so that there is a dual voice of the industry which consists of the industry and an organ of state, being the NFVF. He said that it is important that the industry has material that the public wants to see and engage with, there is also a need in terms of the Public Broadcaster mandate to accommodate the minority groups by telling their stories.

In relation to indigenous African language films, it was said that besides the Schuster films, the films that do best at box office are indigenous African language films so we should be making our films in a variety of African languages unless it actually is authentic for that particular group of characters and that particular story that they are not speaking in African language.

Clarence Hamilton said that the NFVF is working to ensure that negative portrayal of South Africans is rebutted by discouraging people from just submitting gangster scripts, Black people portrayed as gangsters or victims of HIV/AIDS. One of the delegates said that it is understandable that people get despondent if there are no positive images that reflect who they are on the small and big screens.

### ***4.3 Industry reflections***

Pule Diphare indicated that is important from time to time to raise question on what has been done on the policies that have been developed, the achievements and challenges that government is still faced with. The speaker raised an issue of service delivery against current policies and the inability to create jobs. He suggested that civil society can assist the government which seems to have neglected the communities. He emphasised that while pursuit of other means to contribute to the industry is important, familiarity with the policy development process was important. It is important to be familiar with how government works, and to speak a language that is understood for doors to open.

### ***4.4 Film Academia***

Professor Mzamane said that he feels the industry is in deeper crisis from an outsider`s perspective. He did not see those levels of introspection that translates into informed and creative intervention and suggested that issues of education, academia need to be explored. Prof Mzamane said that it impossible to find informed critics to write on film.

### ***4.5 Industry Structure***

Thami Nxasana emphasised the importance of data (statistics) and the need to interpret it into information and knowledge to help us understand the industry structure better. It is true that the focus should be on content as the currency lies therein. The value Charter is helpful in this regard and we should ask ourselves, what is the structure, process through which this currency flows, the systems of monitoring, the dynamics and the human factor. He referred to the Value Charter, which shows the industry structure. It is important to ask how IP connects with

exhibition facilities, content flow into technology platforms and telecommunication platforms.

#### **4.6 Funding model for the industry**

Ms Lindi Ndebele –Koka (DAC) clarified the fact that there aren't any diversifications of funding, 99% of the funds come from one pot which is government. The funds are from the following departments and institutions, DAC, DTI. She concurred with view that content makers have to depart from an intellectual philosophical base together with the developmental nature that is facing the country, the transformation, the inequalities, skills transfer, training and everything else that is a challenge. She advised that one of the prerogatives of the NFVF is to undertake outreach programmes and this issue should be further deliberated on as one of the strategies the NFVF should take forward. Eddie Mbalo said that he has not heard anyone comment on the funding model that comprises of only government funding. He said that the private sector is not investing in film because in fact South African films are not making money at the box office. Film is a poor investment and until these changes, private investors will not invest into the South African film industry. The CEO said that all institutions involved in the funding of film understand the dangers of foreigners using South African resources for their own benefit; this has been possible through the constant dialogue between the institutions. He said that there were concerns in relation to the service industry which forms part of this industry that benefits from foreign productions and warned that these should not flourish at the expense of the local industry.

Mr. Ngcobo converted scripts into books after he couldn't get support but is struggling to get shelf space with bookstores and publishers have refused to consider his works. He sells his products through Pick 'n Pay and sales are good. He is frustrated that he has the ability to make films but does not get the financial support and private funding is running out.

Isaac Mabhikwa is of the view that the industry should not refrain from making demands from government when all industry practitioners are aware that this is funds generated from income from all sectors of the public, individual taxes and income tax etc.

Eddie Mbalo said that the NFVF does not believe in throwing away money as the NFVF has limited resources. It therefore becomes difficult to go on chance on any project because there might be a filmmaker out there who has a readymade script that is ready to go on production. He stressed the need for the industry to acquaint themselves with the programmes offered by the NFVF such as the screenwriters programme. The industry also needs to understand the objectives of the training and development programmes, which is to empower people with skill, knowledge and to be able to continue to practice their craft.

The NFVF CEO pointed out the unfair expectation of the industry for other people and government to understand the nature of film business while they do not want to understand government's business in return. He stressed the need for the industry to align themselves with government's thinking and issues that it considers as national importance or national imperatives. He differed on the view that

government wants to control content as he has never received instructions from government as to whom they should fund. The comments made on NFVF projects are solicited from the panellists who are professionals and people working in the industry.

Mandla Dube spoke about the government slow pace of response to those who may require support. He indicated some filmmakers fund their own productions because they will not wait for government funding and for such individual to move up to become producers, organisations such as the IPO should intervene. He indicated that that as much as there was a lot of funding available, access to it was a challenge. He admitted that the quality may not be the best. He spoke about the introduction of a levy and finding a form of tax for example on cinema tickets, the existence of a film fund for the industry to tap into would be helpful. On apprenticeship, Mandla Dube said that it is important to have apprenticeship to assist young filmmakers to enter the industry. The speaker also questioned whether the film and video industry was seating under the appropriate Department in Arts and Culture and suggested that perhaps Communications may be more appropriate.

#### ***4.7 Creative and Cultural Imperatives of Film***

Clarence Hamilton stated that the creative industry is between a hard place and a rock. He explained further that it is the commercial imperative as against artistic cultural expression and that they both were co-dependent of each other. The solution he said was to try and find the middle ground where both can co-exist. But in doing this he cautioned that no one should prescribe to writers and filmmakers as to what kind of films they should or ought to make. This would put the writer's thoughts inside a box and would limit their creativity.

#### ***4.8 Centralisation***

In her presentation on the state of the industry, Desiree Maakgraaf cautioned against centralisation. Advocate Rob Solomons asked the IPO for clarity on what is meant by centralisation and alternative suggestions. Ms Markgraaf said that there has been a constant call for the industry to be organised and consolidate their voices into one. The concern that she raised above in relation to the centralisation stems from the fact/fear that money gets channelled through one organisation i.e. that one has to go via the NFVF to access the DTI or IDC funds and in turn not support the multiple organisations or institutions or businesses that are out there. She reiterated the fact that this was not an accusation but should rather be viewed as a word of caution. She made reference to the creation of the content hub at the SABC, and stated that is was a noble idea. She suggested that this model could be followed by putting content into one central sphere and then direct it though different channels. By doing this the industry will be able to know who is watching what and be able to sass out the different needs of the three channels from the SABC. The current practice is that there is group of small people who are deciding what content should not or should be on air and which producer is better than the next. This practice has killed a lot of individual spirit and industry activity.

Clarence Hamilton, said that the NFVF does require more resources to increase its interventions and this should not be seen as part of the fear against centralisation.

He emphasised the concept of plurality of voices within the industry, this would inform the different types of models that is to be used by the industry. The current interaction and dialogue should not be mistaken as a forum whereby its intention is to subscribe one particular model.

#### ***4.9 Co- productions***

On the issue of co-productions treaties, Eddie Mballo said that the industry needed to understand that co-production treaties are trade and diplomacy instruments. Government agrees to partner with another government on specific trade agreements. Countries do not go and sign trade agreements without following this process. Firstly they look at countries that they actually have friendly relationships bearing in mind that every country looks at its own interest first.

In South Africa, it is filmmakers who sometimes intervene when treaties have to be signed i.e. the treaty with Italy and Canada because there was an already existing relationship between the two countries that necessitated the treaty. Ms Lindi Ndebele from the DAC can attest to the process and discussions that take place in getting the treaty signed. He said that currently there is a process in place for signing a treaty with Algeria, and this took place because the Algerians insisted on the treaty. At present a cultural agreement and a Memorandum of Understanding has been signed which should lead towards a treaty.

Mr. Mabhikwa said that it seems the thrust for treaties is to partner and sign with those nations considered economic giants and whose industries are perceived better or much stronger than ours not so much towards those with little regard to a general African Story whose content and identity runs parallel and common to ours. Against this backdrop he said that South Africa prides itself about being the leading importers and thus consumers of American cultural content, unless we pride ourselves at that and aim at improving our standing in that regard he feels what would it take perhaps better still, what is it exactly that we seek in these treaties that other African countries are not worthy of?

#### ***4.10 Intellectual Property Rights***

One of the major challenges facing the industry is that for the longest time producers do not own Intellectual Property (IP) rights. Clarence Hamilton said that his long time frustration with the SABC is that he was unable to get a copy of his series from the broadcaster and to aggravate the situation it has not put the series on DVD. The broadcaster has not even exploited it in anyway. The speaker is of the opinion that the fact that the SABC owns all the copyrights means that they do not have to compete in the industry for ideas for copyright that they can exploit and it is something that after this Indaba the industry and the NFVF should agree that ownership vests in the producer. He pointed out that the NFVF, in all its initiatives, has never owned copyrights unless they have a special project where they actually do a work for hire; it usually vests with the producer at every stage. The producers have a duty of making their projects exploitable at every platform in any media in perpetuity for their own benefit.

#### ***4.10 Industry Organisation***

Robbie Thorpe reiterated the fact that the industry needs to be organised and that he really found it hard for film makers who are attending the Indaba presently who are not members of any organisation that seem to think that they can attend the forums like this one that is crucial to the future of our industry and raise issues that are outside of the agenda, that have not been discussed and caused in organisational forums because they are wasting our time. This needs to change and become more organised. This will also assist in the engagement with the NFVF.

Prof Mzamane pointed that there is freedom to belong or not belong to an association. It is useful to join organisations but people are at liberty to speak from inside and outside an organisation perspective. Non organisation members can still legitimately express what others need to hear and cautioned that he was not speaking on behalf of anyone.

#### ***4.11 Sustainability***

Ms Maakgraaf said that if we are to build a sustainable industry we need to tackle our own threshold i.e. how much capacity we have right now and how do we build that. She further stated that with the statistics like the ones presented by Clarence Hamilton and done by the IPO will assist in understanding that threshold, i.e. in order to create content we need to understand how many people are going to watch it bearing in mind the Nigerian model. She also said that industry practitioners need to start thinking of what they are going to do with their respective copyrights when they finally attain them and how they are going to earn money for them.

Eddie Mbalo said that it was about time that the industry starts talking about the other aspect of the industry such as feature film production. He stressed the need to start building a feature film industry because currently it is in its infancy (nine films on average are made per year) whereas prior to 1994 South Africa was producing over 30 feature films a year.

#### ***4.12 Value Charter***

Eddie Mbalo said he would like to echo the view that the Value Charter is not NFVF Value Charter but rather the Industry Charter. It is something the NFVF would like the industry to hold them to say that this is what you have constructed with us and this is what we need to deliver upon and to test ourselves over the next five years against. The CEO`s personal interpretation of taking the NFVF to the people is that that the industry and NFVF must make films that South Africans actually want to see in other words that they see us through our work.

#### ***4.13 Closing of Proceedings***

The CEO thanked all the delegates who attended the first day of the Indaba. He reminded delegates that the programme is set to start at 09:00 am.

## **5. PROCEEDINGS ON DAY 2**

Day two began with a plenary session where delegates were taken through the topics and introduced to facilitators for the breakaway commissions. Because of the limited turnout of delegates on the second day, NFVF Executive Management decided to combine topics to ensure a fair spread of delegates. Ms Aifheli Dzebu, the Head of Policy and Research explained the structure of the break way sessions that were to take place the next day. She mentioned that three hours have been set aside for discussions at the breakaway session and who the facilitators and main speakers were going to be.

The session on Policy Alignment, Intergovernmental and Stakeholder session was combined with the session on *Making an Economic Business Case for the industry*. The Building a Sustainable Business was merged with Development and Growth of Markets due to their close relativity. The commission on Human Capital Development was the only stand alone breakaway session.

### **5.1 Human Capital Development**

The breakaway session was attended mostly by trainers. It was facilitated by Justine Loots. The session was opened with a presentation by Terrence Khumalo (NFVF) on the feasibility of establishing the National Film School. He gave the background of the study which was conducted as a legislative mandate in Section 4(2)(e) of the NFVF Act 1997. The study commenced in 2006 and was intended to investigate the degree to which current education and training meet the needs of the industry. The study further identifies skills gaps in training provision and list international best practice models and recommendations on the establishment of the national film school.

A research advisory panel was established with representatives from Human Sciences Research Council (HSRC), Higher Education South Africa (HESA) and Statistics South Africa (STATSSA) to advice on the study and both the qualitative and quantitative methodologies were employed during the study. The study reveals that 80% of the surveyed companies had skills problems in 2006 and that there are some gaps in training provision and some position were identified as hard to fill. Positions listed below were hard to fill:

- Producers who can work with large budget and know international markets and can work on co-production deals.
- Screenwriters with a creative breath and have writing skills that are on par with international standard and can write for broader audience.
- Cinematographers with good colouring, framing skills and storytelling technique.
- Head of departments who are able to work on large budget films.

- Animators.

According to the report, there is a sporadic training taking place in the industry, with 87% of the responding companies having conducted training in the form of learnerships, mentorships, internships and short courses while only 3% focused on train the trainer programmes. However there is a small percentage (29%) claiming that training is expensive and a further 23% has reported that there is not enough time to train. A number of factors that influenced skills development were listed as the following: transformation, audience research, industry growth and access to equipment. From the survey, 76% supported the idea of establishing a National Film School with some of them offering assistance to the school if it meets the following criteria:

- the film school conduct lessons in at least one indigenous language;
- a curriculum that offers highly practical components;
- trainers who have film and television experience;
- state of the art equipment;
- an Afrocentric curriculum;
- links with international film communities;
- heavily subsidised and;
- located in the same city as their business.

The report recommended that a national film school should be established based on findings that the current education and training provision does not meet the needs of the industry. Some of the weaknesses of the current higher learning institutions were listed as enrolling of a high number of learners and therefore operating above capacity and hampering quality learning.

The DOC, DAC and DTI should play a critical role in the establishment of the school and a number of countries were identified for international best practice modeling. The countries are as follows: Australian, America, Mexico, Ghana and London.

In response to the presentation, it was agreed that the discussion should not only focus on the establishment of a national film school but also look at the broader education and training provision. Both David Wicht of Film Afrika and Gina Bonmariage from AFDA gave a background of training programmes they run from their institutions.

Delegates raised the following issues on the report and on the topic:

- Is the response of 250 adequate?
- Has there been an engagement with the tertiary institutions and educators?
- What are the similarities between the chosen countries and South Africa?
- Would this research be fulfilled by a school outside a specialized school or could it be fulfilled by engaging with existing institutions?
- Who is teaching at the current film schools and how well prepared are they?

- What staff development strategies would be there to ensure that even when you open a film school, you do not produce more of the same?
- What are the needs and how best can they be solved?
- There was a general consensus that training is needed and there are limitations of the research presented by the NFVF. However the information presented is valid and totally viable for the industry. Between the NFVF, MAPPP SETA, DOC and DTI there needs to be a combined effort in providing adequate research on an annual basis or bi-annual basis that provides the basis for any strategy going forward that will also identify layers and levels of intervention for training. The research should cover a larger sample and consists of a much bigger collaborative panel and consultations.
- The industry needs skilling courses that are accredited that people can get certificates for, with standards that are recognized by the industry, the educational institutions and financially supported.
- Over the last 10 years, there has been a rise in the number of film schools, however 90% of the people who sign for film schools love the idea of making films but are horrified by the long rigorous hours, poor pay and poor working conditions in the industry, they soon disappear from the industry.

David Wicht admitted that there is shortage of skills at middle management level, the industry needs to be transformed very quickly. MAPPP SETA conducts research from time to time and identifies critical skills within the industry; they also have an advisory committee that advises on developmental issues. The SETA cannot sustain some of the projects they fund because of the limited funds they have and they need creative ways to sustain the projects.

With the digital advert cinema there is a more need for content more people who are properly trained and the government's intervention is to say that the film industry can help reduce both poverty and unemployment.

As closing remark the question, "Does the current training meets the needs of the industry?" was referred back to the commission and the answer was both yes and no but leaning more towards a no as it is apparent that graduates come out of institutions with a need for either a mentorship or further training.

## **Resolutions**

Two resolutions came from this breakaway session.

- There is a no need for a film school, however there is a need for some ability to intervene and create a centre of excellence.
- There is a need for joint research from both MAPPP SETA and the NFVF with a larger advisory panel that will change either annually or biannually.

## **5.2 Policy Alignment, Intergovernmental and Stakeholder Relations and Making an Economic Case**

This session was facilitated by Ms Lindi Ndebele-Koka. Mr Thami Nxasana gave a presentation which looked at the history of South African film and television industry and its evolution to date. This is important because when you engage at that level you are starting to engage with the issues of the political economy and the particular in a political economy.

He elaborated on how the film industry started in the diamond mines of Kimberley to how the television industry came into being 40 years later. The arrival of the SABC TV brought in capitalization of content development, which then brought in the likes of Liberty Life and Ster Kinekor to the field. Section 24(f) was also brought about by this development and led to the state taking a positive interest to develop the sector. The production sector still remains to a large extent very much laissez-faire business. It was the introduction of television and establishment of the likes of Ster Kinekor that attracted a lot of state intervention.

The question that the industry needs to ask itself is what is the place of the sector within the theme of the developmental state? According to Nxasana, when the current government speaks about the developmental state the questions they ask are, is your sector creating jobs that we want? Is your sector alleviating poverty?

#### *Government Intervention*

The reason why governments of the world intervene in an economic space is because of market failures. It is the government that levels the playing field to ensure that the risk factors associated with appropriation are reduced. It is not only about the minimization of risk but also the fact that the entire global economy functions in terms of international trade, if the country does not come up with well configured economy, we will become victims of cultural hegemony. We will end up consuming foreign culture, shaping and skewing the social cognition of our population.

The other issue is that of national competitiveness of a particular sector it is important to show the government that the film sector ranks this position in the world, contribution to job creation, social and national identity. There is also the issue of social contract, the government will always interact with sectors to ensure that there is a relationship between the state, the civil society and its citizens.

#### *Organisation of the government*

The film sector is a concurrent competency which affects provinces. Section 76 of the constitution specifies competencies which are national competencies affecting provinces. Culture and economic development is a schedule 4 constitutional competency which is developed by all the three spheres of the government.

The DTI is an economic development and also a schedule 4 concurrent competency. The question is how do you co-ordinate all these competencies while the constitution itself established the basis for fragmentation. Section 41 of the constitution calls for intergovernmental relationship between institutions of the state and has been turned into a piece of legislation in terms of the Intergovernmental Relations Framework Act.

The Indaba is somewhat an intergovernmental forum; however it is not formal because a formalized IGRF needs to be gazetted in the National Parliament. This body once gazetted becomes a body to make relevant policy recommendations based on research and once it is formalized they can access funding for making IGRF functional and the biggest challenge is to form an IGRF recognized by Parliament. If we can do this then we will actually leapfrog the sector in leaps and bounds towards 2025.

### *Industrial Classification*

It is important to understand how this sector is configured and recorded by Statistics South Africa and the value chain. In terms of the standard industrial classification (SIC) codes, this sector is divided into major division six, which is your retailing. Then there is major division seven which is broadcasting system and major division nine which is the production, cultural production. The question that we need to ask is that for every rand spent on film how much multiplier value goes to retail, television and broadcast system, social services, hospitality and entertainment.

We can talk about intellectual property rights, patents and copyright intellectual and it is very important to note that, this are not just for production but also for license to distribute, concluded Nxasana.

In response to the presentation, the following questions were raised,

- How do we balance the economic approach and all the variables that were mentioned with the challenges of a developmental sector that we are in and how do we bring that and align it to try and influence government policy together with the system of intergovernmental relations?
- Schedule 5 says that the provinces and the local government have got autonomy and that is the challenge the National Department face when they want to create relationships that we have autonomy to do what we are doing and the challenge is that they do not have the budget so it has always been a very difficult inter-governmental relationship in the province.
- You spoke about unbundling the value chain, what does that mean and how do we begin to unbundle the value chain?

Mr Nxasana explained how the treasury functions, stating that the treasury and the provincial treasury functions through the Provincial Strategies for Growth and Development (PGDP's) and they are regulated by the Public Finance Management Act (PFMA). The Municipality Finance Management Act is also an important act to consider.

The facilitator opened for questions and comments from the floor:

Q=Question; A=Answer; C=Comment

Q: DOC is the guardian of content, DAC is the guardian of culture and if film is a socio-cultural tool then the creation of film becomes the competency of the DAC and at the same time the DTI comes into place in assisting in trading of this product and the question is how do we integrate this?

Q: Should all the funding be at one pot or can it be spread and do we need different types of development funding?

A: In 2002 the government, the Cabinet and approved by Parliament came with the , Micro Economic Reform Strategy and this strategy classified among others critical, the formulation of customised sector programs (CSP's).

The first value charter of the NFVF was based on that government decision. The creation of the MRS also specified that part of the functionality of CSP's is to retain institutional memory. Now that was in 2002.

In 2003, the DOC, the DAC, DTI put together a comprehensive content strategy industry plan which was a matrix, showing all the institutions with funding capability, investment in culture in DAC, NFVF, NEMISA, DTI and Wesgrow in Western Cape, all these institutions were there, the state institutions that provide state capital towards the funding of content and that came after we analysed what is called Critical Infrastructure Programs (CIP), by DTI and Strategic Industries Program, economic incentives.

Q: What was achieved by the MRS?

Q: Is there likelihood that we can sit together with all industry stakeholders, particularly government, to propose and agree on the need for an increased direct investment for the industry?

C: I want to talk around the issue of inter-governmental relations especially with reference to Schedule 5?

C: I think that area needs to be tightened up especially what Thami has said around developing a social case and it is true that money is spread all over and we need to develop that social case so that we can access that money and get an (indistinct) and if one looks at how our national department is configured in terms of DAC with its public entity which is the NFVF, when one looks at what happens the provincial setup what happens at national it gives the tone to other spheres of government and I think that should be following right through.

In provinces we should also then have our public entities which will then be the equivalent of NFVF, so if the NFVF still have the national competency to develop film it means they have to rethink their policy direction now and give provinces their stake to control where they are in terms of their structural alignment.

There are current plans in the Eastern Cape to set up a film office and we have worked for convenience, up to this point we have used our public entity which is disbursing funding for cultural organisations which is called ECPACC, the Eastern Cape Provincial Arts and Culture Council. It is not working for film because film is totally different form of arts and culture on its own and if one looks at national level you have NAC which is also public entity so we should

have one at province which is totally in alignment and then probably also at municipal level it is through this whole issue around the IGRF.

We should have a similar forum in the provincial context so that, when we take the tune from national in terms of its national outlook and then we create a provincial outlook and I think that is the only way because what is also happening now we have DTI also running projects to develop the film industry.

We are battling in Arts and Culture. We do not have enough money, as Lindi has said the challenge of funding. We do not have money to really make the film office work and stuff like that so I think we really need to revisit our policy. We need to see if we cannot create a line of consistency in terms of an institutional structure that will make the film industry work.

C: There is no co-ordination from governments departments as each department is perceiving film differently for their own intentions. Film should be returned to its original competency which is DAC and the department should liaise directly as the law provides and other departments can only be involved as far as their competencies go.

Q: Under which cluster does the Ministry of Arts and Culture sit?

A: film falls under Social development cluster, at the moment arts and culture is not in the economic cluster and we need to make a case to be in both clusters because film is both a social and economic product.

C: In order to have a unified communications whether through one department or all of them we really need a unified and just organization now with the formation of TVIEC or SASFED.

C: There is little done on the economic part of the industry and we don't know if this industry is really booming as there are no figures to validate that. That is why it is only the government funding the sector not the private sector. For the private sector to come in we need figures such as the contribution to the GDP.

C: The NFVF is getting a lot of request on employment figures and contribution to the GDP, however a lot of production companies are sitting with raw data and we need to come together and find a solution to this. We need to be able to sit with institutions such as STATSSA and engage as to how we can breathe life into these figures.

Q: Do we ask STATSSA to separate film or cultural industries from all the major divisions of the classification codes?

C: It is important to have monitoring and evaluation mechanisms in place, we have many policies in place but no monitoring and evaluation strategies.

A: There is a broad agreement and recommendation on one, revisiting and reviewing what is already on the table, what has already been done. All the

work that has been done for the past 10 years need to re-looked at, review the policies and bring in the monitoring and evaluation mechanisms and maybe work them into the President's monitoring and planning commission.

The indicators are there but it is also how do we refocus them for this new administration, how are we able to get data that will make an economic case while we uphold the freedom of expression and content and the dissemination of that content.

C: There are a lot of people on the ground with a raw data but they are not confident with both the NFVF and DTI?

A: The issue about information is quite critical and if you look at the value charter, there is a diagram that shows that there are codes for the industry and SASFED needs to revisit SIC codes and follow them code by code and collect data in terms of the SIC codes. This is an international structure for data collection. Page 15 and 16 of the value charter presents a model for doing this..

Q: How far does the NFVF go in terms of levelling the ground? Does it take into consideration the existing conflicting legislation for instance where there is a conflict between bigger players and smaller players? A case in point is the distribution where both Nu Metro and Ster Kinekor claim distribution rights and importing rights which actually conflicts with parallel importing for smaller players? What role does the NFVF play in balancing legislation?

A: This goes back to fragmentation of the industry. The discussion from yesterday has been about production but not distribution and there are no cinemas in the townships and the previous Minister identified this problem and said the NFVF must start looking at the distribution sector and the sector is not regulated. It means the DTI needs to go in there because it is a space of trade and industry.

## **Conclusions**

- Identify stakeholders and have a working committee and establish a common ground towards national imperatives.
- Government needs to inject direct funding into the NFVF
- Create a balance between economic and cultural imperatives.
- There needs to be unified communication from the government to the industry and that should be through the NFVF.
- A new economic impact study needs to be done.
- Film needs to be in both the social and economic cluster of government.
- Government needs to drive the competitiveness of the sector and attract private investment into the industry.
- A system to collect data and a working relationship with industry bodies is needed.
- There must be collaboration with the Office of the Presidency.

## **Recommendations**

- Expand on existing IGRF.
- Implement Sectoral Information System (distribute the economic indicators)
- Monitoring and evaluation of policies (collaboration with the presidency)
- Collaboration and service level agreement.
- Balance between economic and cultural imperatives.

## **Resolutions**

The government should as a matter of urgency prioritise all competencies of the government institutions and prioritize intellectual property as a mediating currency between industry and government.

### **5.3 Building a Sustainable Business Case and Development and Growth of Markets.**

This session was facilitated by Indra de Lanorelle. The delegates were divided into two groups, those who run sustainable businesses and those whose businesses are unsustainable. They were each given five minutes to share their experiences about running a business.

#### ***Presentations from Delegates***

**Dave Keats** runs a production and distribution of television content business around the continent. The biggest hurdle his company faces more especially in the television side is the realm of distribution where they cannot crack a model that works. There has been a lot of attempts at moving away from the traditional distribution methods of cinema into the travelling cinemas or cinema halls in the township none of which have actually proven themselves. Dave is attending the Indaba to find some kind of sustainable model of distributing films in South Africa and Africa as a whole.

In terms of the other part of business he touched briefly on facilities side which he was involved with until the end of last year. The traditional facility is selling by the hour and has reached a point where unless it is of the really high end commercial business, it is not sustainable. Today technology is such that filmmakers have got a lot of their technology and are doing it themselves.

According to him, the problem is that one can do a certain level and cannot go beyond that level in terms of creativity that in the post environment, it also comes down to the kind of budgets that the company has and that is working in the market relative to the kind of productions that they would really like to produce on an international scale, the two really do not fit hand in hand.

**Dan Jawitz** has been on and off distribution for about 15 years. There has not been any subsidy in the country and marketing which is a big issue as most countries we compete with have subsidy except the United States which is driven by a different economic model. On the production side Dan has established company called Fireworks Media which is running well as they have managed to weather the SABC crisis and just established a distribution company.

The TV markets have dried up and they are not getting TV deals. They have tried a lot of avenues to sell products without any successes and it has nothing to do with the quality of titles. There has not been a concerted effort at lobbying the government on this because without it we won't succeed.

**Brigid Olen** owns Do Productions which has been in operation for about 16 years. Her company has three divisions: producing, co-producing and servicing. The company is sustained by the servicing division and they are looking forward to crafting a sustainable model for production and co-production divisions. They are caught flat footed as they are reliant on funds subsidies and exchange rates. They need to tap into the corporate sector to solve the lack of funds.

Asked if servicing is the only area that works, Olen responded by saying that the life cycle of a film is too long as it takes seven to eight years to finally make the film locally and co-production takes three to four years to complete. Therefore, something is needed to keep the company buoyant and servicing is a good option for this purpose.

**Lebone Maema** comes from a distribution background. His business focuses on the distribution, marketing and events management, film festivals around the film industry which is niche and a necessary component of the industry as it is a tool to deliver content to various audiences. His business has never received any assistance.

Maema argued that since the demise of the Film Resource Unit (FRU), there is no means to deliver content to rural areas except Ster Kinekor and Nu Metro which will take 15 years to get to the rural areas of Mpumalanga. He believes that the NFVF and the departments are relevant institutions to intervene in distribution more particular to the previously disadvantaged companies.

**Kevin Fletcher** also gave a brief background of his career, with a media service and television production background. According to Fletcher, the current circumstances in this country are hard to come by.

The starting point in any business planning process is to look at the customers and the market and then respond to that. The problem with this industry is that people tend to focus on the product; everybody wants to make great movies that are of international standards etc. However, the South African market is small and does not sustain those kinds of products. Fletcher presented a graph revealing the share of revenue from cinema for South Africa, of 100 South African films over about the past 20 years and most of them are on.

The first question should be whether a potential market exists for a product. The practice globally is to examine the minimum sale estimates and risk before going on production. Big studios operate differently. A reasonable revenue under the current South African conditions is R5 million for a successful film. Therefore, it's not reasonable to make a film for more than R5 million. Fletcher used an example of *White Wedding*, which managed to break even due to a number of favourable factors. The film's partners were local and local stars are reasonably affordable. Sustainability is dependent on the size of the market which the product is made for.

**Danie Bester**`s business has been in the running for about six years. Their project *Bakgat 1* was made for a very low budget and that is one of the reasons it was successful. The cash into the production was about a million rand and up to date the film has gone over R3.2 million. He argues that if you put R10 000 into *Bakgat*, its possible to get R22 000. He is also excited about the rebate scheme as it is making a huge difference. They are currently working on three new films, *Bakgat 2* and *Night Drive* budgeted for R2 million and R2.6 million respectively. *Night Drive* is their first attempt to get into the international market.

The films are produced using the latest technology especially in post production and digital distribution this made it possible to enter into the market as the barriers of entry have been reduced tremendously. They have also developed a three year project to produce 10 films. The first films will be a sequence, while the last phase will be higher budget films with international financing or international co-productions. Bringing money from overseas could be one way of becoming sustainable over a long period. Bester further explained that they have conducted research for a long period of time and discovered that there is an active Afrikaans market loyal to its culture that has money and has a desire for entertainment.

The commission decided to look at profitability based on what was discussed on how to build a sustainable model.

## **Resolutions**

- Match costs to our potential income to our market.
- Try access markets, think out of the box and accessing the market yourself, find new routes to domestic markets.
- Grow new markets, expand the market resource so we could have better access to them and could entail lobbying the DTI.
- Break current IP contracts.
- Figure out ways not to do the broadcasters work if it does not meet your demands.
- Industry bodies must act in concert and putting their foot down.
- Reclaim minority players in the bigger international markets.
- Change the perception of the South African filmmakers.
- Redress the imbalances of the past.
- Come up with a way of saying what empowerment schemes are we going to put in place to allow new entrants into the industry across all disciplines.
- Build on the successes of the NFVF, it is also important to look at various failures and challenges that they did not managed to do over the last 10 years.
- Collaboration on data collecting.
- Get the market power in distribution, exhibition and broadcasting rights.

- Regulate the industry to eliminate monopolies.
- Lobby ICASA, Competition commission, DOC, DTI, home affairs and parliament.
- Ongoing improvement of inter-governmental relations.
- Accelerate transformation agendas of industry and government.

## **6. Report Back from Breakaway Sessions**

In his opening of the report back session Professor Mzamane reminded the participants to look at summaries and even more critically look at recommendations, suggestions in a way that will move the industry forward. Rapporteurs were given 15 minutes each to report back on their commissions.

### **6.1 Human Capital Development – Justine Loots**

The session began with a presentation by Terrence from the NFVF and the general feeling, the presentation that Terrence made to the group was titled an investigation into the feasibility of establishing a national film school. Clarence then followed up after that presentation and just to contextualise the discussion and what emerged from Clarence's follow up was that basically we have to look at this at a higher level than just talking about a film school. We need to broaden out the discussion and look at what kind of intervention the NFVF can make in terms of training.

- The feeling from the group was that training is necessary. Everybody knows that training is necessary. It is imperative going forwards but there were some queries about the national film school research itself.
- One of the concerns is that the research that was presented seems to be a little bit outdated, it was conducted in 2006 and a lot of people feel that much more research is necessary to really establish what the needs are, interacting with the existing institutions.
- There has been mention that it has been difficult to interact with some of those institutions but moving forwards it seems that there are a lot of people that would like to be brought in to discuss about training so that if anything is ever set up it is not replicating what already exists but it could possibly be something that supports what already exists and what also emerged from the discussion is that there are many kinds of training models.

David Wicht described to the commission a whole kind of mentorship model which is basically giving people apprenticeship in a hands on capacity working on sets and what also came from our discussion was that there have very different needs in terms of training within this industry and going forward we need to look at those different categories and those different levels because we actually cannot group it all together.

*There is a need for technical training.* This is a field where apprenticeship seems to be very good. People who are runners, who are production managers, who are coordinators et cetera, apprenticeship is a great model for them and then there is middle management level there is a high end level as well which includes producers who understand creative and business areas, and there cannot be one way of treating all of those people so the feeling that we were left with after the discussion is that this is really very much a foundation and much more dialogue is needed to look at how to serve, or firstly who to serve and how to serve them best and to serve the right people in the right way.

The discussion was broken down into discussion on training for transformation and a discussion on whether the current training meets the needs of the industry. The general feeling leans more towards a negative response. Although there are some good institutions, people still need to go into for example mentorship programs sometimes to get hands on experience. In other cases, people have come from institutions where they are not equipped for the industry and it was discussed that intervention is needed in some way. It is up for discussion as to what that kind of intervention must be. Will intervention take the form of short courses; a school? SASFED was particularly concerned about making sure that interactions are done with existing institutions.

A point was raised that the industry must be careful not to just churn out a whole lot of people who have been through a film school who will not be absorbed by the industry. The industry has so many demands. There are people who attend film school because they are lovers of film interested in critiquing film. They are interested in the theory of film but may not necessarily want to work in the industry. The general feeling is that funding should be directed to the right people who will stay in the industry and use their skills, share those skills, and really contribute positively to the film and television industry and communications industry at large in South Africa.

A consensus was reached that a centre of excellence rather than a film school in the shape of all the film schools that are in existence presently is needed because the idea is not for a national film school to go into competition with existing film schools but to operate at a much higher level and the film schools can feed in and the industry can feed into such a centre of excellence. The second issue that needs to be added was really the criticism of the report was that the scope of the research has to be wider and should have included the film institutions who actually should help shape the information that we base our decision upon and thirdly that we needed to in fact also consider a joint team of HSRC, institutions, the NFVF, MAPPP SETA, Council for Higher Learning in order to go to the next step to do additional research to actually come up with a finding one way or another about what kind of intervention is required. This was not to mitigate against the fact that there are all

kinds of initiatives and various levels of training happening at various institutions and within companies but that we needed a centre of excellence that addresses the issues of transformation in particular, that addressed the failure of the market, of products in the market, that address the issues of production companies not being sustainable.

## **6.2 Building a Sustainable Business Case and Development and Growth of Markets**

The session tried to solve the financial problems of the film industry but it became very sort of practical discussion. A lot of people knew a lot in the room so the first thing that the group focused on was the local markets. The industry should build markets based on the reality of the local market, i.e. how many people there are, what they are willing to buy, what they can pay for and build up budgets around that and also find routes to the markets the industry know exists for example the markets that are exploited by pirates and make sure that they are not blocked from getting to them and then the second big focus of the discussion was that, the business models are ways of interacting with the direct people the producers are usually selling to which are the film theatres and distributors and the broadcasters do not work well. Three issues came out of the discussion namely:

- The producers must retain IP.
- Companies need to abandon cost plus business that they cannot build sustainable businesses on adding a little bit to the costs and that is what we charge the clients. There is a need to actually work on fixed price businesses and it is not a winnable thing unless it is done collectively.
- All the markets only have a couple of people in them, a couple of different entities and on that basis it completely undermines the ability to create profitable businesses so in broadcasting there is only one plus one or one and a half people to talk to. In theatres and distribution it is the same two people and that that does not create a market and we have to tackle that and again we cannot tackle that without doing it together.

The commission agreed that to get other people to do the first cluster was to change the market power in theatrical and television platforms so that there are not many, many suppliers and one or two customers and essentially there are two tools to do that.

- Increase competition by aggressively supporting the introduction of new entrants and to aggressively demand it from the regulators who regulate that in the case of broadcasting and in the case of theatrical and broadcasting to use a tool we have used before which is the competition commission.
- The industry has price power and it sits with the buyers and that has to be tackled if we want to make sustainable businesses, the commission came

up with a list of actions which includes tackling and addressing these issues with ICASA, the competition commission DTI, DOC and Parliament.

On the abandoning of cost plus business, the delegates felt that it has to be tackled with broadcasters but that there is no reason the industry could not go to the competition commission and ICASA on that because those are tools by which the producers lose any ability to have any market power and the way business is done with broadcasters and distributors.

On that basis these two sort of principles of changes to the market structure requires that the producers should be talking to all the various agencies which include IDC, obviously NFVF and the DOC and align them to focus on those things in the light of the fact that in some cases there is a lot of initiatives, small initiatives which do not have some underlying principles to them.

The commission believes that there is a lot of recent publications in the DOC, the event today and the value charter from the NFVF that try to support the idea of those issues and also applied to the issues of transformation agendas where again we have done a lot of work with the DTI but that work does not really coordinate or tie in with say for example the SABC or other institutions.

### **6.3 Policy Alignment, Intergovernmental and Stakeholder Relations and Making an Economic Case Lindi Ndebele-Koka and Mandla Dube**

The objective of the session was to speak about establishment of partnerships that work for the industry and how can the inter-governmental relations act and regulations assist to formalise these partnerships.

Thami Nxasana made a presentation on various government departments and a mandate and the concurrent competencies that are contained in the value charter but he also gave a brief history on how governments and regimes actually shape and dictate to the economy in the country and the fact that state institutional mechanism and state intervention is used to actually shape the sectors to contribute into the economy and what happened, the discussion then ensued into questions of balancing the economic value of the sector and the social impact of the sector and how to balance the two but secondly the mandates of the three Departments, DOC which is supposed to be really driving the content and the dissemination of the content, DAC that is supposed to be driving the cultural guidance in the sector and the DTI that really speaks to trade and industrial issues and how do we integrate the three mandates of the three Departments vis-à-vis the national imperatives which we all agree that everybody has to speak to and which everybody knows, job creation and rural development.

Thami Nxasana said everyone in the group should know those national imperatives and then there was a question of the Schedule 4 and 5 of the concurrent competencies that are dictated to by Section 41 of the Constitution.

The question is how do we work and develop the relationship between national, provincial and local Departments with the industry.

There was a general agreement that there is a lot of work that has been done in the past 15 years. Some of the strategies that were done are actually being implemented by the Departments of Trade and Industry and of Communications so the resolutions were as follows:

- There is a need to expand on the existing inter-governmental relations forum and bring in the information that was dealt with within the content strategy so that we expand on it and really just refocus it to the new administration because what came out of the discussion was that the new administration has a lot of focus on politics. It has been very politically driven rather than the previous administration that was strategic and program and administratively driven so the industry just needs to refocus our strategies.
- There is a need to distribute the key economic indicators that are available, that are being driven by the Department of Communications and implement SIS so that there is data, collect the data officially and formally and contribute into the economic agenda of the country.
- Come up with monitoring and evaluation mechanism, to put them in place so that we have a service level agreement with the presidency's office, the planning commission that is new so that we are able to monitor and evaluate what has happened in the past and come up with new policies within the new administration.

Emphasis should also be placed on the balance between the economic and cultural sectors. The issue of clusters came and it was felt it is important that the Department of Arts and Culture being the custodian of NFVF and the custodian of the film industry in the past 10 years really to be a player in the economic cluster because at the moment the industry is still within the social and development cluster and it weakens its case when they have to make economic demands and more funding and financing. There is a need so we are going to motivate for that which has already started with the Department to be in the economic cluster.

It was also agreed that the mediation between government and the industry is intellectual property. The intellectual property, the value creation, the value chain must be unbundled and intellectual property at every juncture must be identified and a code of intellectual property pertinent to the sector must be the critical centrepiece of the policy and any initiative.

It was felt that it is important that government should somehow support the programs or the industry organisation so that government can be able to get data and information from the organisations. It was then agreed that it is important to support a unified organisation so that there is an ability to manage the Stakeholder relationship and get information from the industry.

There was a consensus that the industry or the organisations need to be decentralised as opposed to just being in Gauteng or Cape Town they need to be present in other provinces because the industry is not just in those two areas.

## **7. Discussions**

Members of the audience were asked to comment on presentations from the commissions and the following points were raised:

- *Training* there is a need to look just beyond film schools. There are technicians who are working in the industry who have been there for years, gaffers, grips and focus pullers and the like who systematically could be a way of being able to advance them to become managers of departments.
- *Transformation* is important; there is a need to upskill below the line technicians.
- *The study on a film school should really be grounded.* It should be grounded on particular policy frameworks such as the national education policy framework. There must be discussions about the kind of institutions that it must be and how it will be funded.
- Skills and education must translate into the absorption rate in the national industrial policy. A link must be established between national education policy and the national industry development policy.
- *Questions raised in relation to the nature of the film school:* Is it a Further Education and Training (FET)? If it is an FET where the focus will be on skills development then the budget will come to a province that is willing to support that initiative because FET's are funded by provinces. Is it a guild school? If it is a guild school which will concentrate on apprenticeship and internship then industry associations must fund that obviously subsidised by government.
- *Balancing the economic and social imperatives.* The Value Charter should really look into addressing this issue seriously in that it is very crucial and in the manner that it articulates not only the importance of fiction filmmaking but equally so factual filmmaking. There has been a discrepancy in the way funds have been dispensed in the past where fiction films seem to have been given an upper hand over factual content and for the charter to speak to this issue of balancing the economy and the social imperative is that factual content production should be up scaled in terms of funding as well so that we

should not only begin to look at film as an elitist or as an entertainment vocation only but also be seen as a nation building framework.

- Training must be driven by industry needs.
- The department of Labour must be engaged on the issues of labour brokers, crewing agents status of crewing agents,
- The NFVF was challenged to revisit some of the recommendations that came from Indaba 2001 and revert to the industry on how it has performed in realising them.

### **Response by the NFVF CEO**

The CEO warned that he is not going to sit here and try and respond to every question that is being asked, he reiterated that as from day one, the objective was to craft a vision for the future and therefore even with the training and human capital development session people are thinking of now, what is happening today.

What the NFVF is interested in is what kind of an industry people want to see in 2025. Who is going to be teaching them? The industry is not hoping that the apprentice, your FET graduates are going to be the ones who are running our training institutions particularly in film in 15, 20 years

The CEO cautioned that whilst, people are correct to say we need to look at the needs today in the immediate and short term but we need to look at the medium term and the long term because the truth is that it is not about us anymore. It is about what kind of an industry we would like to see in the next 15 to 20 years.

Regarding the interaction between the industry and the NFVF the CEO mentioned that it is getting healthier because the industry itself is getting better organised, should not take lightly the fact that in this one year we have been able to jointly make representations at ICASA on the local content strategy presented by the DOC and also the bill on the Public Broadcaster.

It is a great achievement and all thanks should go to the crisis at the SABC because it seems to have been able to gather everyone and channel everyone into looking to broader industry issues rather than just worrying about our individual spaces.

Responding to the comment about the 2001 Indaba organisation, he said that, this was the year he was appointed as the CEO of the NFVF. In 2005 we looked at what we had achieved and what we are doing now is trying to look at what was achieved, of what was done 2005 and 2001. Referring to his address the previous day, the CEO touched a lot on what was set in 2001 and the structure of this Indaba in particular was targeted towards shifting the thinking altogether because things that that are discussing today are things that were discussed 15 years ago, even other people can confirm that there are things that have been discussed in the last 20, 25

years so there is a need to have some kind of mindset shift and he was pleased that in the last two days, the thinking has totally changed and it is good for the industry. He further said that people should not be put in a position where they have to respond to specific issues. It is not going to help and is not going to be constructive.

He reminded the industry that they have a right from time to time engage with the NFVF and evaluate and even when there is a better organised industry they can also come with their own scorecard that is independent of the NFVF, whether the NFVF likes what comes out or not it becomes the industry's own evaluation.

According to the CEO the NFVF evaluates itself every year in the annual report and the industry should engage with the annual report and say whether the things that are reflected are true or not so we should encourage the debate and encourage engagement. The commitment from the industry is that, and that is why the strategic thrust into the future is that we want to take the NFVF to the people when we the NFVF say to the people we are not saying just the practitioners, we are saying South Africans because the NFVF's role as defined is to mediate between the interests of the state, the industry and general society because South Africans have a lot of interest in what the NFVF does, in what they produce, the kinds of films, the opportunities that are created here so also the notion that the NFVF is just about the industry, it is also about what value does the NFVF create for South Africans in general and it just happens that the industry becomes the population that is right in the forefront that we have to interact with on a day to day basis.

## **7. CLOSING REMARKS**

### *7.1 Observation from Professor Mzamane*

The facilitator warned the delegate that they do not need to drag for the sake of filling in the time. Many of the issues that could be answered were put forward to be answered but a great many of other issues have been put forward in order to inform a vision that will translate into a program of action and that has been the general intention and that intention seems to have been achieved.

From his observation it seems that many people looking from outside that the industry have two positions between which they want to mediate. There is on the one hand the issues of change, the issues that must go with change but there also are issues that must go with stability or sustainability. Change which has no stability actually leads to chaos but stability also without change often leads to stagnation.

Professor Mzamane congratulated the industry saying that as a nation looking from outside inside this industry to see strength deriving from a situation of change, whether industry is strong enough to accommodate new entrance, to accommodate them to the highest possible levels and not only as suitcase boys whilst at the same

time able to maintain the excellence it has also achieved in the past. It should never be really an either or situation and so most of what is being proposed, most of what is being called transformation is actually another way of talking about these processes of empowering but also of being able to retain past excellence all the time and the notions should not be posed in ways that threaten others, that makes others feel they must be defensive, they must be gatekeepers, that when you raise the issue of an educational institution others should feel we have institutions that will be challenged by the processes.

Professor Mzamane asked if it is possible to position issues in ways which make those people unnecessarily defensive when it is not intended sort of to be and the only way of assurance, the South African way has been the dialogic and so once again one would like very, very much to encourage more, not just as a soporific, as a feel good sort of thing.

He told the delegates that this type of engagement, is a development of a way and a means, a way of regulating and conducting your business and industry that is dialogic, that is consultative at any point in time and the reason we pass laws that set up foundations of this kind was precisely so that we could channel our well considered and sometimes not so well considered views through a particular channel so that at the end of the day it is not a question of some people have a monopoly to truth, to beauty as would have put it but that there actually should be room for everyone at the rendezvous of victory and it seems that if that vision is maintained but if it is also buttressed by meaningful programs then we have a real, real good chance of moving this forward.

Before handing over to the CEO, the facilitator asked if there are any pressing issues whether they have been addressed or not that seem pertinent to everybody else

#### *Consultation with the industry*

Dan Jawitz requested to make a remark on behalf of both SASFED and IPO prior to the CEO's closing remarks. He thanked the NFVF for organising the Indaba and wanted to be re-assured that after the value charter has been revised will be sent to them for four to six weeks for further interrogation, where they will be scheduled to meet the NFVF and give feedback.

The CEO confirmed that NFVF will give the industry six for further interrogation with the document, and he also promised both the IPO and SASFED and they would like it go that way just bearing in mind that there are government processes that they have to work within that the times given are within those timeframes.

He went on to explain the processes of government and motivation for budgets wherein he said that when this process is finished by the beginning of the new

financial year that is 1 April the NFVF will target the MTEF review period which takes place between, July and November. That is in September when the Minister of Finance prepares to deliver the mini budget which then reallocates budgets.

The NFVF trying is to move away from the business as usual, and is continuously evaluating its programmes, continuing to look at what works, what does not work and half the time what does not work is abandoned and begin to come up with new programs.

The institution has taken initiatives, and is very happy with the script development programs and the producers program because it begins to also input into making some of the inputs that have been made realised.

He further informed the delegates that the NFVF has also embarked on a project around distribution and trying to model it. They have created a one person department that is sort of an innovation hub because that is what they can afford at the moment and they are beginning to come up with new interventions.

In conclusion he said that the NFVF and for him in particular to interact with everyone almost on a daily basis. The industry interacts with the NFVF through the funding processes, through the programs that are in place, it is not sufficient and there is a need to interact at an organisational level where constituencies are informed of the programs that the NFVF embarks on.

The industry also needs to be sensitive to the danger of trying to micromanage the NFVF because then that also becomes problematic considering that there is a board that they have to serve and report to on a quarterly basis but also bearing in mind and 22 percent of their operational budget is spend just on compliance. I am just saying these things because sometimes we tend to look at what we see in front of us.

There is a lot of work. There is a lot of pressure. There is lots of pressure on the company resources because they have to comply with legislation. The institution has to deal with two auditors, internal auditors, external auditors, there is also the internal audit committees and so forth so, and those are the things that the industry sometimes is not aware of in terms of the pressure and the strain on the resources of the organisation.

He stated that they have a very good team, of dedicated young people who put a lot of man hours and that take a lot of pressure from the industry. Half the time they have to deal with calls that tell them that it is our money, it is taxpayers money and therefore you need to give me attention and we attempt, the spirit at the NFVF is that we are a service organisation and we should never take for granted any call or email that comes through. We have to respond. We have to take all the calls and we

have to even sometimes under very difficult conditions where people are swearing at you still have to give that smile because we are in the service business. That is how we understand it.

The moral imperative is indeed what informs, what guides in all that the NFVF does and they stand by it the promise to the industry is that the NFVF will engage, together we will be able to change the state of our industry. We cannot continue to talk about the things that we spoke about 15 years ago, there needs to be some movement. There needs to be some change or otherwise we can as well go to the state and say close down this institution. It is of no value to South Africans.

I think we had anticipated that we would come up, we will break and then we would come up with resolutions. I would want us to agree that the reports that were given, the summarised versions of the reports were actually recommendations that should form the basis of what then becomes the second version of the value charter but we also understand that with the industry organisations would still be engaged and come up with consensus on what then becomes a document that is endorsed by the industry.

The Indaba was formally closed the session, and he thanked Professor Mzamane for coming through at short notice and doing a great job and thanked all the facilitators, the speakers and all who made a contribution.

## **ANNEXURES**

### **Annexure 1**

**Speech by : Eddie Mbalo**

**Chief Executive Officer, National Film and Video Foundation**

Protocol observed!

It is a great honour to me and to all those who have been part of the third NFVF film and video Indaba from the first one that took place in 2001.

It is equally an honour to me the fact that I have served the NFVF for the last ten years, starting as a Councillor of the inaugural Council and later to become the CEO of the NFVF. In all these years I have observed Indaba maturing into a respected forum where all the stakeholders contribute to the development of the sector in South Africa. If there is any sector that was ever co created by those who chose the domain to sustain their livelihoods, it is the film and video sector. So this Indaba is an opportunity where we can collectively reflect on hindsights, insights, and foresights about our space of livelihood.

I am quite aware that as we are gathered here each and every individual holds different and sometimes very diverse value expressions and choices about what the NFVF could have done over the last ten years, and what it should do over the next ten years or so. At an individual level the choices reflect micro concerns associated with putting bread on the table, and that is quite legitimate. It is legitimate in the sense that the viability of the sector is determined by its ability to sustain livelihoods in a sustainable manner and attract new people to make the sector the livelihood of their choice.

While conceding to that reality, it is important to remember at all times that the mandate of the NFVF concerns the development of the film industry as the viable and competitive sector of the South African economy within the global knowledge economy.

About eighty percent of the work involves dealing with very abstract edifices such as the policies; sector programmes which only show results after some time; industry structure; value chain; infrastructure; human capital development and most of all, investment measures and the global positioning of the South African film industry. We do all these things in competition with the other sectors of the economy, like mining, agriculture, manufacturing and so on.

Once we see the mandate of the NFVF as that of developing the industry, we soon realise that most of the problems that we try to address are embedded in the economic history of South Africa. Without saying much in this regard, we all know that the South African economy is historically an extractionist, agricultural and manufacturing economy, driven by energy industries. It therefore means that, film is seen as a nice to have, an after work entertainment and escapist leisure time activity, for some people who can afford it. It is really not seen as an essential part of the economy. That is why when Eskom coughs; anxiety is created with every body and everywhere. A squabble at the council of the NFVF would definitely go unnoticed. This is the conundrum that makes our collective challenge.

Now we know that the world economy has changed drastically over the last ten years or so. Economic gurus tag the new order as the "knowledge economy". Whereas the extractions of the soil, the primary goods, formed the key raw materials of the industrial economy that we know so well, culture is therefore the raw material, raw and finished goods of the knowledge economy. Value in this economy is created when people take their life experiences, informed by social memory and aspirations; articulate that experience in various media; apply intellectual property laws to claim ownership of experience; transmit this "appropriated experience" throughout the world alongside capital flows at a global scale.

It is through this process that culture is co-modified and sold throughout the world in accordance with General Agreements on Trade in Services (GATS) and World Trade Organisation (WTO) protocols.

Ordinary South Africans need to be empowered by a clear understanding of how wealth is created in the knowledge economy. This is the paradigm shift that is required in the cultural arena.

The Indaba therefore, provides all of us an opportunity to escalate our collective felt experience to higher order abstractions of the discipline of industry development. To many, this could be a boring exercise, even causing some irritation because we feel we have more challenging issues today that we have to deal with. However we need to be able to engage and talk the relevant language if we are to get somewhere so that whatever our problems are today, they never ever revisit us. Therefore allow me an opportunity and an ear.

Ten years ago the baseline industry measures pointed out that South Africa's entertainment (hospitality) industry was worth approximately **R7.4 billion and**

**forms 1.75% of GDP** <sup>2</sup> It consisted of the broadcasting, cinematic, music and interactive industries (CIGS, 1998).

This figure of R7.4 Billion is broken down as follows:

- R2 bn (Music)
- R5.4 bn (Film and TV)
- Employment in Film & TV about 16 090 workers.

I want to address two very important aspects, which reveal positive developments for the sector as a whole.

The first is about global developments which impact on long term planning for the sector. The second issue is the NFVF's Value Charter.

Let me begin by providing you with some highlights of major developments happening in the industry here and abroad. Firstly, digital cinema is fast becoming an important trend to follow. Second, international co-productions are now a major source of funding for film productions and a number of countries have witnessed the growth of their industry as a result of co-productions. South Africa, as you know has signed four treaties to date, with Canada, Italy, Germany and recently with the United Kingdom, as well as a Memoranda of Understanding with India, Sweden and just recently with Algeria. There are a number of new treaties and memoranda of understanding that are currently in negotiation with other European and African countries and also Australia.

Digital cinema! This is surely the one trend that we are all keeping a close eye on. Digital production and postproduction are fast becoming the norm, even here in South Africa, and slowly but surely cinema exhibition is catching up. This is not of course going to be the panacea to all our problems of high costs of production, high costs of prints etc. etc.

However what digital cinema promises is easier access and wider distribution and perhaps thus more money for marketing. Furthermore, more cinemas can now show films that would normally only be screened at festivals or on the specialised art house circuit. Bookings and programming, as well as advertising can now become more flexible in light of the fact that a film can be delivered to a site almost instantaneously via satellite or high-speed data lines.

The effect of all of this is to change the nature of the traditional distribution/exhibition model.

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<sup>2</sup> According to Merrill Lynch in 1997. Also quoted in Profile 2000.

The second major development I wish to address is international co-production. The film industry is a perfect example of the global nature of production in this economic sector. Co-productions represent one model of financing a film production that enable a number of producers to come together to provide the finance needed to produce a film or a television programme. On the simplest level, a co-production takes place when companies and producers from different countries work together to finance and produce a film, aiming to reach a larger market. A second advantage of international co-productions is that each of the co-producers brings access to their domestic market and to additional sources of finance.

In South Africa for example, since the establishment of the NFVF, South African producers have been able to attract foreign partners and to use South African money to leverage further finance for production. Finally for countries that have signed co-production treaties, these have enabled productions to qualify for various forms of government support from each of the treaty countries. While the specifics of such treaties vary, they generally ensure that creative, technical and financial contributions will be balanced among the participating countries, and benefits (such as tax breaks or government incentives) are made available to citizens of the co-producing countries as if they were citizens of one another's countries. The role of government in co-productions is key to getting the treaty negotiated and signed. Once this part is complete it is really up to the filmmakers to drive the co-productions, with government film agencies providing the necessary support and control.

So in the case of South Africa, the NFVF has been given the responsibility to manage the certification process of co-productions, and the respective film offices and film commissions will facilitate access to locations and provide the necessary support for these productions on a local and provincial level.

Moving on from the global picture lets focus on South Africa. Let's begin by reminding ourselves of some of the outcomes of the deliberations we held as an industry at the national Indaba hosted by the NFVF in 2001. One of the major issues to arise there was the fact that the industry is concentrated in just two of the nine provinces. This reflects the activities of broadcasters, which operate principally in Gauteng and the Western Cape and the Indaba made recommendations on how to develop production, audiences and cultural representativity in the other seven provinces.

The NFVF's mandate derives from the NFVF Act of 1997, which defines the NFVF's role in achieving the objects of developing and promoting the film and video industry and addressing historical imbalances. The NFVF performs its functions within the broader framework of collaboration between all three spheres of government. Specifically s4(1)(g) of the NFVF Act mandates the NFVF to "liase with a member of

the executive council of each province... in order to promote the film and video industry more effectively throughout the republic and to ensure co-ordination in the distribution of funds at national and provincial level". What this means is that culture and therefore film is a concurrent competency across all spheres of government, national, provincial and local.

The 2001 Indaba recognised this and encouraged the development of film industries in all provinces. The Indaba also recommended that the NFVF investigate the viability of developing a national film commission and film commissions in each province.

In addition the Indaba recommended that the NFVF encourage collaboration between the film commissions and other stakeholders to develop and coordinate an international marketing strategy and materials.

Moving on to recommendations to grow the industry within provinces, the Indaba urged the NFVF to facilitate legislative provision for local and provincial government funding and support for film production, distribution and exhibition. This is to be supported by extensive industry research, with the provincial film commissions and film offices playing a key role in gathering information and facilitating access for film productions, both local and international. Finally the Indaba recommended the need for collaboration between national and provincial structures to develop strong indigenous companies. Keeping this in mind, let us now look more closely at the situation in South African cinema.

In response to the Indaba 2001, informed by the study conducted by Price Waterhouse Coopers titled Profile 2000, which was commissioned by the NFVF and the Department of Arts and Culture, we formulated a Strategic Thrust. It was the Strategic thrust that was about gathering momentum and energy, for the purpose of launching and projecting the sector into the future. The strategic thrust then was to focus on sectoral development, expansion and market penetration and the creation of new services.

The question we should be able to answer is whether the industry has grown over the last ten years. My immediate answer is a BIG YES, because a number of positive interventions took place over the last ten years.

The first Value Charter mobilised the South African society for the rapid growth phase of the institution and the sector.

The following strategic outcomes were achieved in the sector:

- Increment of the NFVF budget from the initial amount of R10 million in 1999 to R39 million in 2009.

- A Once-off allocation of funds to the amount of R35 million during the MTEF period 2003/2006 for the Film Fund.
- After the 2005 Indaba, we saw the formation of unified industry body, the South African Screen Federation (SASFED).
- The development of film competencies in the provinces through the establishment of film commissions.
- The movement and discourse on the Customised Sector Program (CSP) to stimulate the development and growth of the industry.
- The Content Industries Strategy that was adopted by the National Cabinet in 2003.
- The establishment of the Film and Television Production Incentive in 2004 and the allocation of R250 Million in the 2004 Medium Term Expenditure Framework.
- Increased local content quotas for South African Programming on television.
- The establishment of the film production interest bearing financial instruments at the Industrial Development Corporation (IDC).
- The launching of the annual South African Film and Television Awards.
- The institutionalization of the NFVF Film Indaba, a forum that takes place every four years to review progress in the sector.
- The signing co production treaties with Germany, Italy, and the United Kingdom and there are upcoming treaties with Australia, New Zealand, Ireland and France.
- The recognition of South Africa as a film destination and international recognition of South African films.

Hindsight wisdom as an exact science is always such that we could have done better. It is these hindsight that we call for as we charter the next distance to 2025. More than the hindsight, we as the collective community with a duty and a role to play to transform the South African society should hold certain things top of our mind.

The NFVF is committed to the transformation of the film sector to be one of the mainstreams of GDP growth in South Africa. This calls for the paradigm shift to a sector development where government, industry and organised formations carry out their roles guided by a common macroeconomic policy framework. The macro policy framework must be informed by reliable measures of aggregation and Key Performance Indicators. In terms of Standard Industrial Classification (SIC), the film industry is regarded as part of the sector for transport, storage, and communication and also part of the sector for community, social and personal services including recreational services. The fragmented statistics relating to the sector makes it difficult to measure economic performance and therefore sector investment attractiveness. To address these challenges, the NFVF has recommitted itself to the

development of Sectoral Information Systems and Knowledge Management (SIS) in order to accurately measure sector performance and the related economic and job multiplier.

We can only speak of an industry if mass production, mass distribution and mass consumption are possible, without compromising the creative capacity and the concomitant intellectual property rights.

The industry can only flourish in an environment where the diverse cultural interests of the majority of South Africans are recognised, creative freedom and flair are encouraged and ensure that South African stories reach the masses through cinemas.

In this regard, the concerns about cultural domination raised in the 1999 Human Development Report remain valid. The Report stated that; "today's flow of culture is unbalanced, heavily weighted in one direction, from rich countries to poor ... such onslaughts of foreign culture can put cultural diversity at risk, and make people fear losing their cultural identity. What is needed is the support of the indigenous and national cultures – let them flourish alongside foreign cultures."<sup>3</sup> In fact Prof Varan, speaking at Tshwane University of Technology said that, the only way to protect yourself from foreign cultural dominance is to produce your own cultural products. Despite state intervention, South Africa is still one of the top markets for foreign films.

In 2001, South Africa was ranked the thirteenth largest importer of film from the United State of America.<sup>4</sup> Therefore, contribution to the building of national identity against the global cultural hegemony should be our mantra as we go to the future.

This is what the second version of the Value Charter hopes to mobilise the sector towards. Our guiding thrust is:

- Consolidation of the gains made over the last ten years.
- Re-inventions of the sector in the light of global influences and broaden the film opportunity to benefit the majority of South Africans.

The realization of all strategic initiatives requires ongoing collaboration and co-operation with a number of government departments, policy and legislation formulation institutions and other stakeholders. The interests of stakeholders need

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<sup>3</sup> Human Development Report ( 1999), p 4 -5

<sup>4</sup> Scott AJ On Hollywood: (2004) Table 8.5.

to be properly assessed and accounted for in terms of the outcomes and the impact of strategic initiatives.

The creation of good will, alliances and support long before transactional relationships or conflict commences is critical for the success of the initiatives and policy formulation. In order to ensure participation of stakeholders, the NFVF has always encouraged formation of and work with film sector forums, associations, federations and relevant special interest groups.

This point cannot be stressed enough. Industry associations play a key role in influencing policy and in promoting the interests of their members and the industry as a whole. The few associations that do exist have managed to achieve much for their members and I believe that they should focus more on facilitating the development of professional skills of their members, promoting codes of conduct and ensuring good practice among their members. Their role is to encourage professionally qualified practitioners and thus promoting industry self regulation. This ultimately helps the industry as a whole as those few companies and individuals who do not maintain high professional and ethical standards find themselves falling by the wayside.

Finally a brief word on skills development. Following the 2001 Indaba, and in terms of its mandate the NFVF initiated the process to develop a national education and training strategy which covers the following areas:

Collating and analysing information and data to include identified existing and future human capital requirements for the sector. This takes into account the need for a more diverse workforce and BEE, disability and HIV, a multilingual society, the impact of new technologies, and geographical concentration representation in the industry.

Research to identify gaps in education and training provision and the feasibility of establishing a National Film School.

This will result in comprehensive and coordinated plans for education and training in the following areas:

- new entrants,
- professionals already in the industry and company development,
- further education,
- higher education as well as a coordinated plan for investment in education and training.

This national education and training strategy will provide a solid skills base for the film industry as a whole.

Thank You.