



CO-PRODUCTION ANALYSIS

2008

AUGUST 2009

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List of Abbreviations

CAN	Canada
CEO	Chief Executive Officer
DTI	Department of Trade and Industry
EC	Eastern Cape Province
GER	Germany
GP	Gauteng Province
HOD	Head of Department
IDC	Industrial Development Corporation
KZN	KwaZulu-Natal Province
NFVF	National Film and Video Foundation
UK	United Kingdom
QSAPE	Qualifying South African Production Expenditure
SA	South Africa
WC	Western Cape Province

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1. Introduction

To date, South Africa has entered into four audiovisual co-production treaties with Canada (1997), Italy (2003), Germany (2004) and the United Kingdom (2007).

The main objectives behind co-production treaty agreements are to promote skills transfer, cultural and economic exchanges between signatory countries. Projects made under treaty arrangements also enable co-producers to raise finance in both countries for their projects as well as access to the other co-producer`s market.

The NFVF is responsible for the administration of co-production process. The NFVF processes all applications and grants an advance ruling. The advance ruling is a certificate that acknowledges that a project complies with the requirements of the treaty based on the supporting documentation submitted. This certificate is issued prior to commencement of principal photography.

Once the film has been completed, the producer must apply to the NFVF for a final ruling. Supporting documentation at this stage is final. Once the assessment is completed, the NFVF makes a recommendation to the Department of Arts and Culture ("DAC") to grant a final ruling.

2. Purpose of Analysis

The purpose of this analysis is to identify the real value added by co-production projects to the local economy, asses if co-production treaty **objectives** are being achieved and to also identify existing trends.

The analysis focuses on the following indicators:

- Production budgets;
- Sources of South African funding and level of investment in co-productions;
- Number of projects made per format;
- Filming locations and shoot days in South Africa;
- Participation of South African cast and crew;
- Participation of South African creative;

- Stimulated revenues on other economic sectors.

3. Data Collection

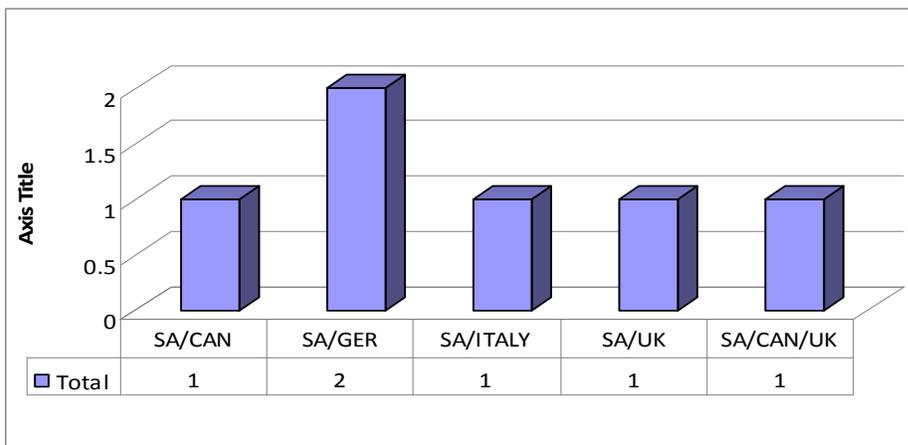
The sample or population data comprises of all co-production projects submitted to the NFVF for advance ruling in 2008.

Data has been collected from advance ruling application files as none of the projects in the specified period have been granted final ruling. As a result, some of the details regarding crew, performers and technical personnel list is provisional and subject to change and/or confirmation as most of these items are finalized in the documentation provided in the final ruling application. However, more than 80% of information submitted for advance ruling remains unchanged during submission for final ruling status.

4. Co-productions per country

As shown in Figure 1 below, a total of six projects were granted advance ruling status by the NFVF in 2008. None of these projects have been granted final ruling status. Two projects; *Crusoe* and *Surviving Evil* have been released, three projects; *Angel*, *The Ambassador* and *The Bang Bang Club* are in post-production and one project, *The Italian Consul* is in development.

Figure 1: Number of co-productions per country



5. Budget and source of funding

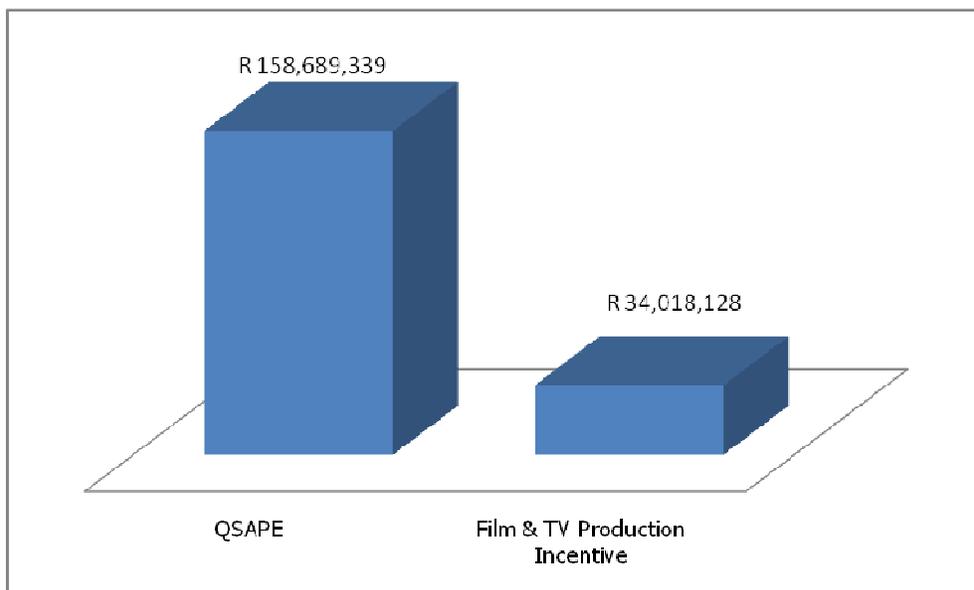
The total budget of all six productions amounted to R363 069 638. *Crusoe*, (SA/UK/Canada) a TV series co-production, had the highest budget of R198,7 million and the SA/Italy co-production, *The Italian Consul* had the lowest budget of R13,8 million. The Qualifying South African Production Expenditure (QSAPE) for all the projects amount to R158,6 million, which is 44% of the total budget.

Table 1: Production budget per co-producing countries

Countries	Total Budget	SA Contribution	Foreign Contribution	QSAPE
SA/GER	R 79 378 140	R 34 307 625	R 45 070 515	R 40 786 317
SA/CAN/UK	R 198 700 000	R 89 200 000	R 109 500 000	R 82 345 334
SA/UK	R 19 250 000	R 9 117 500	R 10 132 500	R 10 393 895
SA/CAN	R 51 895 092	R 17 572 503	R 34 322 589	R 17 428 283
SA/ITALY	R 13 846 406	R 3 100 000	R 10 746 406	R 7 735 510
Grand Total	R 363 069 638	R 153 297 628	R 209 772 010	R 158 689 339

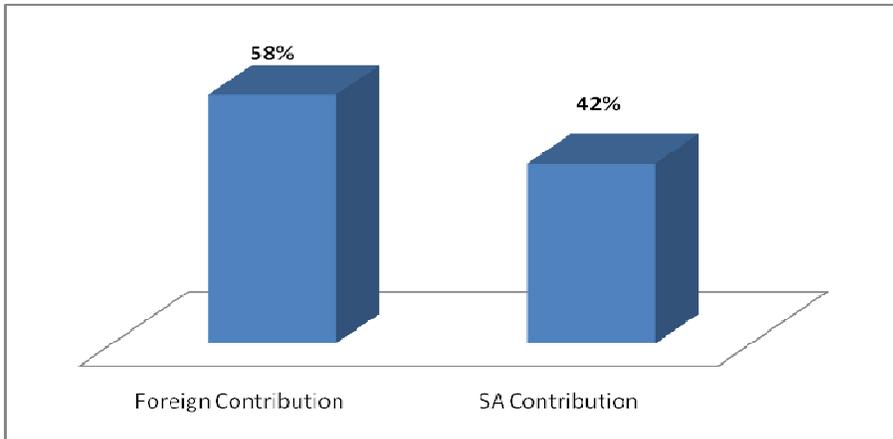
The Film and Television Production Incentive, administered by the DTI totalled an amount of R34 018 128, 21% of the total QSAPE.

Figure 2: Film and Television Production Incentive amount on QSAPE



South African financial contribution which mainly came from private investors made up 42% of the total budget and foreign contributions made up the remaining 58%.

Figure 3: Source of production funding



As shown in Figure 4 and Table 2 below, private funding was the highest source of funding for South African financial contribution at 72%. Government contribution, aggregate contribution of the DTI, IDC and the NFVF amounted to R42 million, a scanty 28% of the total productions budget. The DTI was the highest contributor at 22% and the NFVF coming in at a lowly 1%.

Figure 4: Source of South African funding

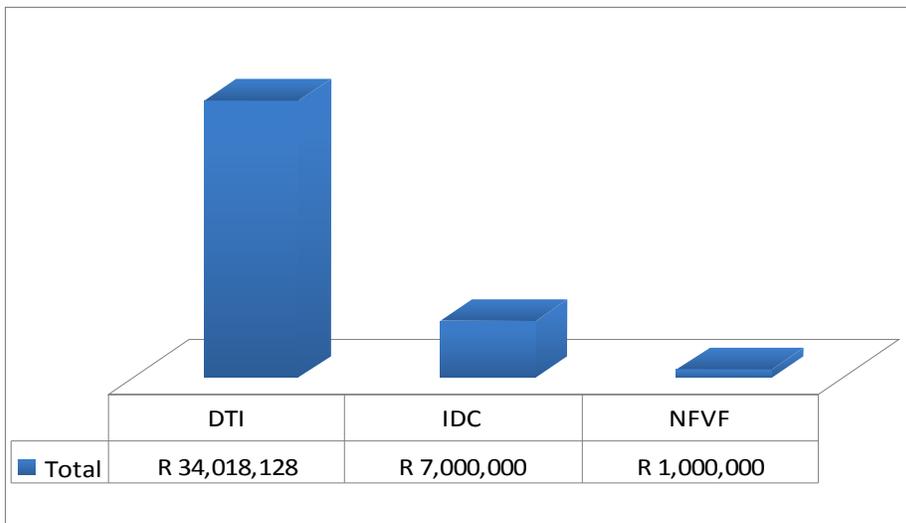


Table 2: Source of South African funding

SA Source of Funding	Amount	Percentage
Private Funding	R 111 279 500	72%
DTI	R 34 018 128	22%
IDC	R 7 000 000	5%
NFVF	R 1 000 000	1%
Grand Total	R 153 297 628	100%

6. Format and Genre of productions

Figure 5: Number of co-productions per format

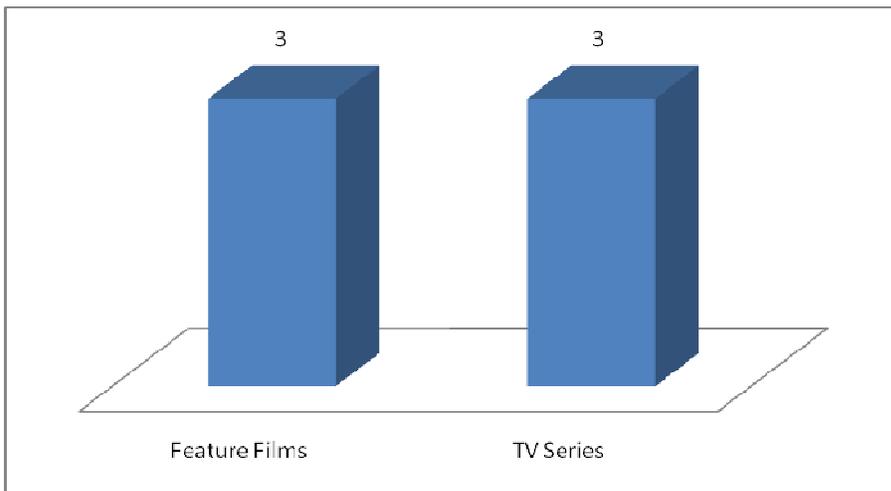
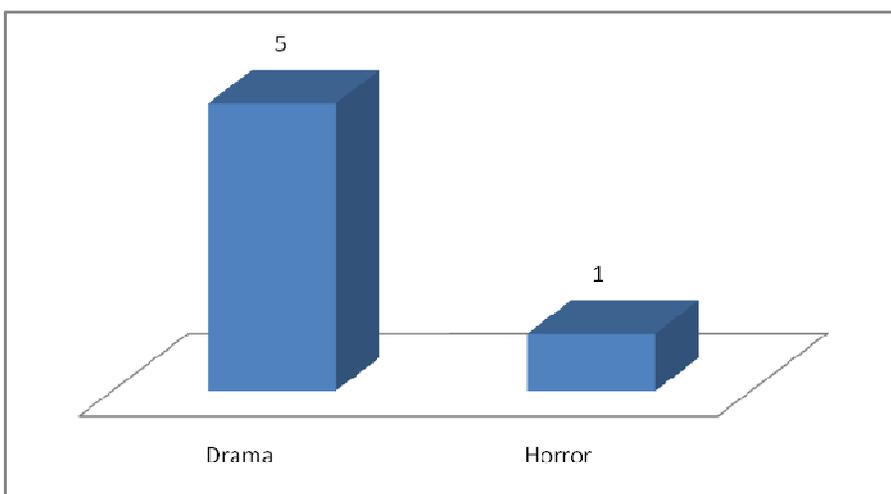


Figure 6: Number of co-productions per genre



7. Filming locations and shoot days

While there are nine provinces in South Africa, Gauteng, KwaZulu-Natal and Western Cape provinces seem to be the preferred locations for filming, with two projects shot in each province. This can be attributed to the fact that there is unfair distribution of film activity amongst the provinces.

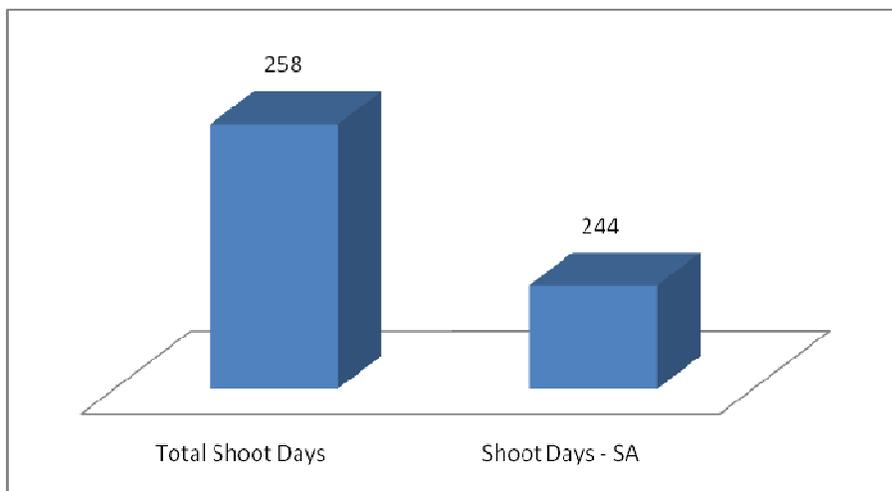
While the number of projects is six, seven locations were used which is due to the fact that one production used more than one province as a filming location.

Table 3: Shoot location

Province	2008
GP	2
EC	1
KZN	2
WC	2
Grand Total	7

Four productions were shot entirely in South Africa and the other two productions were shot in South Africa and co-producing countries. As shown in the figure below, 95% of the shoots took place in South Africa.

Figure 7: Shoot days



While South Africa was the preferred location for film productions, sound post-production for all productions was done in the foreign co-producing countries and only one video post-

production was done in South Africa. In the National Film Education Training Strategy Study undertaken by the NFVF, it was remarked that with foreign productions produced in South Africa, most of the post-production activities take place in the country of origin because of a low level of local facilities and skills that do not match international standards.¹

8. Production Companies

Table 4: Number of productions per Production Company

SA Production Companies	Number of Productions
Anton Ersnt Entertainment	1
Film Afrika Worldwide (Pty) Ltd	1
Moonlighting Productions (Pty) Ltd	1
Two Oceans Productions	2
DV8 Films (Pty) Ltd	1
Grand Total	6

There seems to be no emerging companies involved in co-productions which add to the skewed distribution of skills and knowledge gains for the industry as the same production companies and practitioners get exposure of working on international productions. There are over one hundred production companies in South Africa, but five well known South African production companies that have co-produced productions before, co-produced the six productions. Eddie Mbalu, NFVF CEO commented that *"Firstly, in the South African context, there are few companies that have worked in the area of co-production partly due to the fact that, the majority of filmmakers are actually television content producers and only familiar with being commissioned by a broadcaster. Secondly, there is a belief amongst some producers that co-productions are difficult to understand and sometimes very cumbersome and to a certain extent creative integrity is compromised"*.²

The NFVF acknowledges the challenge of shortage of producers with international standards within the industry and has identified that many producers lack adequate experience and knowledge to source international financing through co-production partnerships. Following on the success of the NFVF Sediba Training and Development Programme, aimed at writers and script editors, the NFVF developed the Sediba Advanced

¹ National Film Education Training Strategy Study , unpublished

² NFVF Ten Year Audiovisual Treaty Co-production Projects Review (1997-2007), unpublished

International Financing Programme in 2009 aimed at providing focused training to experienced producers in international financing, packaging and distribution. The programme is run by practitioners in international film finance from the UK and also includes specialist guests who are highly respected professionals in their respective expertise.

9. Productions Story Material

Table 5: Nationality of story writers

Title	Countries	Story Writer	Writer(s) Nationality
Angel	SA/GER	Guy Hibbert	British
Crusoe	SA/CAN/UK	Daniel Defoe	British
Surviving Evil	SA/UK	Terence Daw	British
The Ambassador	SA/GER	Dani Maximilian and Thomas Pauli	Germans
The Bang Bang Club	SA/CAN	Greg Marinovich and Joao Da Silva	South Africans
The Italian Consul	SA/ITALY	Antonio Falduto	Italian

As shown in table 5 above, five out of the six productions were adapted from novels or stories written by non South Africans. The Bang Bang Club is the only production adopted from the true-life experiences of four combat South African photographers capturing the final days of apartheid in South Africa. Currently, South Africa is a junior financial partner in most co-production arrangements and that limits South African creative control in the productions. This translates to the comparative advantage lost in stimulating demand for local content because the local content is not sufficiently sold in the foreign co-producing partner's economy.

10. South African Creative Participation

Directors and Head Scriptwriters for all six productions were non South Africans. South Africa boasts a pool of highly rated, technically skilled practitioners such as sound technicians, grips, gaffers, and assistant camera operators. However, there is a perception

that South African Head of Departments (HOD's) do not have the skills that meet international standards.³

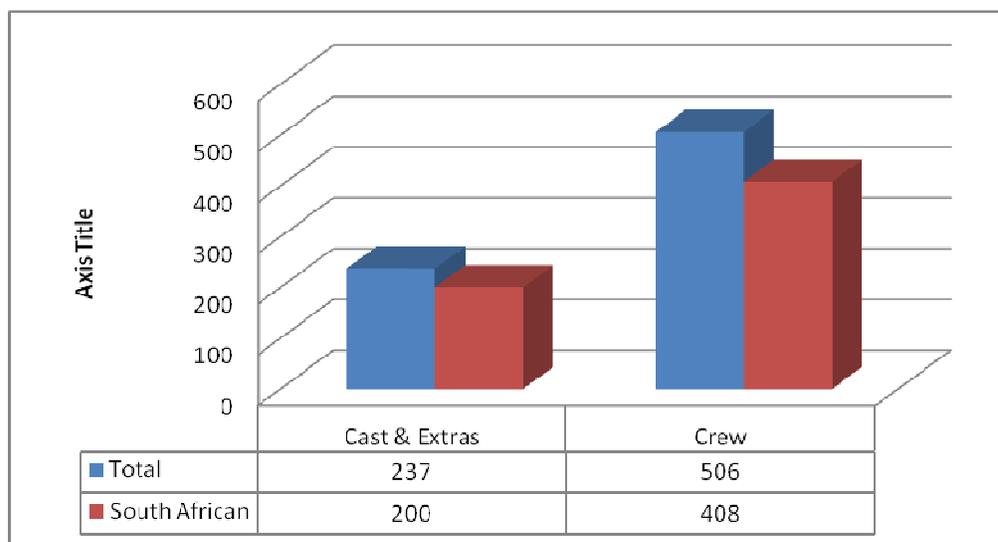
The six productions were co-produced by eight South Africans. While the number of productions is six, two projects were co-produced by more than one South African co-producer, hence the number of South African co-producers exceeding the number of productions. The involvement of blacks and females is still very low, only two productions were co-produced by South African females and none of them were Black.

11. South African Cast and Crew

One of the main objectives for co-production treaties is to facilitate skills transfer between the co-producing countries.

Thirty leading actors were involved in the six productions, of which 53% were South Africans.

Figure 8: Participation of SA crew, cast and extras



As shown in figure 8 above, a total of two hundred South African cast and extras, 84% of the total cast and extras participated in the productions.

³ National Film Education Training Strategy, unpublished

Four hundred and eight South African crew, 81% of the total crew participated in the productions.

12. Co-productions revenue on other economic sectors

The film industry generates millions of rands in revenue and creates employment opportunities to other economic sectors in the country annually, i.e. transport, tourism and hospitality sectors etc.

The total budget of all co-productions in 2008 amounted to just over R363 million (R363 069 638). An average of 0.3% of the total budget was spent on hair and make-up services in South Africa, which amounts to R1.1m generated to beauty and hairdressing industries.

A further 3.25% of the total budget was spent on transportation in South Africa which amounts to R11.7 million generated towards the transport industry.

Another 3% of the total budget was spent on travel and living in South Africa which amounts to R10.8 million generated towards the hospitality industry.

13. Conclusion and recommendations

Exporting South African culture and the engagement of South African talent and crew in co-production projects are some of the main objectives of co-production partnerships. South Africa however remains the minority partner as South African producers are generally recipients of such arrangements which determine the creative control.

As indicated in the report none of the productions were directed by South African directors and only one production was based on a South African story. This scenario highlights the need for augmented expenditure on globally competitive skills trade and encouragement. South Africa boasts a competitive advantage in the protection of intellectual property⁴ and should, therefore exploit this advantage by consolidating creative skills through education expenditure.

⁴ The Global Competitiveness Report (2008-2009), 2008 World Economic Forum, page 303

There needs to be a stronger presence of South African footprint in co-productions and audiovisual productions in general. This can mainly be achieved if local content becomes a driving factor for entering co-productions and government invests more money in the co-production incentives which will give South African producers more creative control in the productions.

Policies need to be formulated and implemented to ensure that production companies that do not have exposure in working on international productions or co-productions are involved in co-productions to ensure that there is skills transfer and transformation as many production companies and personnel get exposure in working on international productions.

14. Annexure: List of projects

Title	Countries
Crusoe	SA/CAN/UK
Surviving Evil	SA/UK
The Ambassador	SA/GER
The Bang Bang Club	SA/CAN
The Italian Consul	SA/ITALY
Angel	SA/GER