

The Film Industry Star System in South Africa

Summary of the Draft Research Report
for Consultation Purposes



May 2020



Document Information

Document title:	THE STAR SYSTEM IN SOUTH AFRICA Summary of the Draft Report 29 May 2020
Prepared for:	KZN Film Commission 115 Musgrave Road, 13th Floor Musgrave Towers, Berea, Durban 4001 Tel: 031 325 0200
Contact Person:	Dr N. Bhebhe Manager: Research and Development Email: nqaabuthob@kwazulunatalfilm.co.za 031 325 0216
Prepared by:	Urban-Econ Development Economists
Contact details:	37 Hunt Road Glenwood Durban 4062 South Africa Tel: +27 (0)31 202 9673 e-mail: durban@urban-econ.com
Contact Person:	Eugene de Beer and Levisha Ramnath

Note: This is a summary of the main findings of the star system research study compiled by Urban-Econ Development Economists on behalf of the KwaZulu-Natal Film Commission. The full report is available upon request.



Contents Page

LIST OF TABLES	3
LIST OF FIGURES	3
1. Introduction	4
2. Main Findings.....	4
2.1 The Key Issues within the South African Film Industry	4
2.2 The Star System	5
2.3 Adaptations of the Star System	6
3. Proposed System for South Africa.....	7
4. Conclusion	10
5. Questions for Stakeholders.....	10

LIST OF TABLES

Table 1: Key Lessons from the Case Study Analysis	6
Table 2: The Proposed Implementation Plan of the Multidimensional System.....	8

LIST OF FIGURES

Figure 1: The Division of Labour: Star System of the Studio Era.....	6
Figure 2: The Proposed System for the South African Film Industry	8

1. Introduction

South African actors have been facing financial struggles for years, and many have come forward using local media platforms to express their difficulties and challenges faced within the local film industry. There have been many accounts of local actors “dying as paupers” because they are unable to sustain themselves, especially in the latter stages of their careers.

For example, in October 2019, veteran actress Vatiswa Ndara gave expression to some of the main problems faced by actors in the local film industry. She highlighted that actors are being abused and unfairly treated by production houses in South Africa. The actress sent a written complaint to the Minister of Sports, Art and Culture, Mr Nathi Mthethwa. In this letter, Ndara detailed the poor working conditions and remuneration of actors.

Vatiswa Ndara was not the only actress who spoke out about the conditions in the industry. Sello Maaake ka-Ncube spoke out about the difficulties that actors face in negotiations, and actress Marah Louw claims she was blacklisted after speaking out against production companies. Actresses Rami Chuene, Keke Mphuthi, Pearl Thusi and others have made similar claims of ill-treatment of local actors.

The purpose of this research is to investigate and explore the difficulties that actors in South Africa experience and to suggest a mechanism by which the professional status and occupational environment of actors can be improved within the full value chain of the Film sector. The Star System was initially suggested as one mechanism that may lead to the achievement of such results.

This study critically assesses the Star System and evaluates its potential application in the South African context. Although the Star System is likely to always be part of a film industry value chain, it is not the best mechanism to address the challenges faced by South African actors. Other mechanisms are accordingly suggested in the findings and recommendations of this research.

The Star System is an internationally documented system that developed organically in amongst others, the American and Nigerian film industries. It has been argued that this system ensures that stars are groomed, nurtured, maintained and included in the film value chain, in terms of remuneration (or residual payments) over the film lifecycle.

2. Main Findings

2.1 The Key Issues within the South African Film Industry

This report firstly unpacks key issues within the local industry which includes:

- a) The South African film industry is relatively small and unstructured compared to its international counterparts¹.
- b) It is reported that there is an over-supply of actors in the industry in terms of the number of actors vying for positions compared to that demanded by film producers.
- c) To further compound the problem, there appears to be a skills shortage of actors for the film industry where actors are expected to be well-rounded individuals. There is a lack of basic business and contractual knowledge by local actors. Thus, there is a disconnect

¹ The leading movie producers include Hollywood, Bollywood, Nollywood and European regions which greatly surpass South Africa in terms of film output. According to the NFVF (2019), most of the films released in South Africa in 2019 were of American origin. Last year, a total of 102 films were released in South Africa cinemas, yet only 14 of which were produced in South Africa.

between what some producers/directors require from actors and what the acting community is able to supply to the market.

- d) The lack of well-structured industry regulations is a crucial issue, and arguably the chief factor limiting the position of actors within the film industry. The regulatory environment within which the local film industry functions, limits the power of actors to negotiate better contractual terms, allows for gross mistreatment of actors by agencies and producers due to the limited scope of actor's rights. The limited rights of actors also allows for ill-treatment and poor working conditions as well as meagre compensation for local talent.

2.2 The Star System

The Star system is documented as a system that prevailed mainly during the studio era (from the 1920s to the early 1960s) in Hollywood. The Star system is defined as "a system by which Hollywood studios created and managed movie stars by emphasising idealistic personas over the skills of acting. The studios moulded and publicised key "star" actors who, in return, were contractually obligated to subject their public and even private lives to the studio's demands. The star actors were "owned" by the studios. The star system as it was practiced during this period was later transformed due to changes within the industry and grievances from actors. It was transformed but never completely replaced by a more open system allowing the stars greater freedom to negotiate better contractual arrangements with different producers. This system applied exclusively to the star actors only and rarely benefited low star rated actors.

The key benefit of this system was that it differentiated movie products, attracted audiences and capital to the production, thereby increasing the probability of success and profits for producers. The star system helped producers to develop a more marketable movie package by using popular stars to draw large audiences to cinemas and attract capital to film projects. The stars actors benefited in this system as they were awarded significant salaries, often had shares in profits and, later in the system, had the power to negotiate better contractual terms.

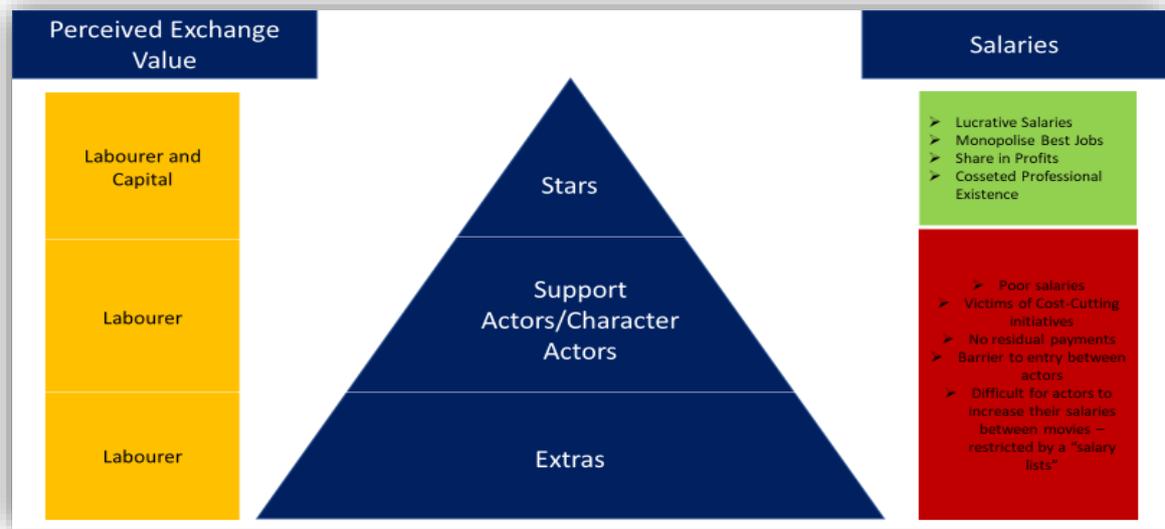
The star system was a response to the demands of the public at that time. Audiences at the time were fascinated by the idealistic persona's that stars offered and therefore flocked to the cinema to view their favourite actors. The star system is a demand-driven model as it appealed and satisfied audiences' tastes at the time.

A significant drawback of the star system is that it did not benefit the broader acting community and removed the autonomy of stars over their public personae. Few in the system benefited from profit sharing and lucrative contractual terms. The broader acting community did not benefit. Often the broader community were the victims of cost-cutting drives, such that the star system allowed companies to pay the star actors well whilst controlling costs by placing strict limits on the earnings of character actors, supporting actors and extras who made up the lower strata of the occupational hierarchy, as illustrated in the figure on the next page.

Furthermore, stars were typecast in this system, and many stars could not break free of this, which limited their growth and range as actors.

Given the characteristics of this system and the issues within the local industry, this system is deemed inappropriate for the South African context and is likely to deepen the difficulties that actors currently face. This system is likely to lead to further exploitation and struggle of the local acting community. The star system, if applied in the current regulatory environment of South Africa, will benefit only a few stars at the expense of the broader acting community. In addition, stars will lose all autonomy over their image and be at the mercy of studios/producers.

Figure 1: The Division of Labour: Star System of the Studio Era



SOURCE: URBAN-ECON DEVELOPMENT ECONOMISTS, 2020

2.3 Adaptations of the Star System

Hollywood after the studio era, as well as Nollywood and Bollywood, still use elements of the star actor's popularity as one of the key components in packaging a more marketable movie product to both audiences and investors². However, the star system is no longer used to the same extent as it was during the studio era in Hollywood. Therefore, for purposes of this study, the latter systems are viewed as adaptations of the original star system.

The adapted star systems in Hollywood, Nollywood and Bollywood are varied in their application, and no standardised system is evident between these three industries. However, the common lessons among all industries include:

Table 1: Key Lessons from the Case Study Analysis

	Case Study Lessons
1.	Star power plays an essential role in leading film industries around the world.
2.	The heavy reliance on star power has decreased in these industries over the years due to changing audience tastes and the increase in entertainment platforms' competition.
3.	Star power is now used as one element in combination with others such as a mix of popular movie genres, advanced technology and exceptional storylines to differentiate movie products from competitors, attract audiences and attract capital.
4.	Some movies stars in these industries often found success in theatre, television, reality shows etc. and were then used in the film industry to draw audiences.
5.	Billing order is a key factor in signalling star power in movies and the hierarchy of acting talent.
6.	Typcasting is a key aspect of the star system/adapted star systems. Actors, therefore, need to engage in other aspects of filmmaking process such as scriptwriting and production to break free of their stereotypical personas.
7.	The media (including social media), is a key tool used in these industries to create and promote interest in stars and develop their personas.

² Other components include a mix of in demand movie genres, powerful storylines/scripts, advanced technology etc.

8.	A reliance on star power is risky for actors since the listing status of actors is very volatile. Actors who rely too heavily on their public persona to be successful, are at risk of financial distress if they are one day perceived unpleasantly by audiences and/or filmmakers. Actors can also move off the A-list in an instant if they are not constantly performing or creating box office hits.
9.	Star power alone does not create financial stability for actors, this depends more on the regulatory environment which affords actors rights to residual payments, power to negotiate better terms via union membership or powerful agents negotiating on their behalf as well as minimum wage rates etc.
10.	Star power does not guarantee a long career in the film industry; acting skills, versatility as an actor, adaptability, ability to remain relevant (media presence and marketing), among other traits are equally important for an actor's long-term success.

SOURCE: URBAN-ECON DEVELOPMENT ECONOMISTS, 2020

3. Proposed System for South Africa

A multidimensional approach to addressing the unique environment within the local film industry that extends beyond a star power is recommended for the South African film industry. The recommended system comprises of three broad dimensions:

1. The first dimension of this system includes the creation of a favourable regulatory environment which allows actors to benefit from their work in the long run, thus enabling them to become more financially sustainable over time.
2. The second dimension of the system is to grow the industry by increasing demand using multiple demand strategies for locally produced films. Increasing the size of the industry is a prerequisite to improving the sustainability of local actors. It is recommended that star power be one element under this component as it has been proven to be an important factor in international film industries.
3. The third dimension of the system relates to skills development in the industry. Sustainability of actors will also depend on the actor's skill set and ability to remain relevant, versatile and adaptable in the industry.

Thus, the proposed system takes a more holistic approach to the sustainability of the local film industry, as illustrated in the figure below.

Figure 2: The Proposed System for the South African Film Industry

Favourable Regulatory Environment for Actors that allows for:				
<ul style="list-style-type: none"> Residual Payments for Actors Collective Bargaining for Actors Agencies registered with OSCASA, PMA, SAPMA that provide a Code of Conduct and Regulatory Guidelines for agents in South Africa. Minimum Compensation Rates and Regulated Commission rates to be considered. A Regulatory Body to oversee and enforce that minimum standards within the industry are practiced (wages and working conditions) are upheld in the Industry. 				
Supply Strategies:				
<ul style="list-style-type: none"> A Tier System for Actors with Compensation Guidelines - Professional Designation of Actors Actor Development Programmes 				
Development	Pre-Production	Production	Post-Production	Distribution
<ul style="list-style-type: none"> Development of Products that consists of a mix off: Stars, Genres, Advanced Technology, Relevant Local Content and Exceptional Scripts (rich and compelling scripts that have been tested against target markets) that satisfies audiences tastes. Marketing Strategy: to be in place outlining promotional activities of actors upfront. Invest in Research and Development: to help create marketable products. Conduct Audience Surveys and engage in audience development programmes. Create Marketable Characters 	<ul style="list-style-type: none"> Continue with Research and Development to further refine product before production. Pre-production marketing to include press releases on the key cast confirmed for the film, as well as the director. If these are confirmed in the development phase, the announcements can be made then. Conduct market testing. Continue to build market intelligence. 	<p><u>Demand Strategies:</u></p> <ul style="list-style-type: none"> Utilise social media and local media sources to create movie hype and allow audiences to become apart of production. Invite audiences to film sets using a virtual platform under a well orchestrated marketing campaign. Create short behind the scenes clips through social media. As part of the marketing, create competitions to meet the stars 	<ul style="list-style-type: none"> Ongoing promotional activities to create movie hype. 	<ul style="list-style-type: none"> Actors to receive residual payments. Actors to constantly create new content and remain relevant in the industry. Build relationships with audiences through social media and invite their input on actor's public persona's

SOURCE: URBAN-ECON DEVELOPMENT ECONOMISTS, 2020

A phased approach should be considered in the implementation of this multidimensional approach to the development of the actors' status in the industry. The guidelines indicate that the phases and steps can occur simultaneously.

Table 2: The Proposed Implementation Plan of the Multidimensional System

FIRST DIMENSION	PROMOTING A FAVOURABLE REGULATORY ENVIRONMENT
	<ol style="list-style-type: none"> Lobby for signing the Performers Protection Bill. Lobby for the signing of the Copyright Amendment Bill. Extending the scope of the Basic Conditions of Employment Act and Labour Relations Act that currently views actors only as freelances. Legitimise local agencies and create accountability. Agencies to be registered with OSCASA, PMA, SAPMA that provide a Code of Conduct and Regulatory Guidelines for agents in South Africa. There should also be an assurance that agencies and their executive teams represent all actors of all races across the board. Have stricter licensing conditions for agencies to reduce mistreatment of actors. Establish a regulatory body to ensure minimum standards are upheld within the industry.
SECOND DIMENSION	DEMAND STRATEGIES
	<ol style="list-style-type: none"> Demand strategies such as the development of products that consists of a mix off: <ul style="list-style-type: none"> Use of stars combined with new faces, Increase production of genres that are in demand locally and internationally (including comedy and drama), The use of more relevant local content in developing scripts, Use advanced technology to differentiate movie products and attract audiences, Utilise alternate and cheaper entertainment platforms to showcase local films.

	<p>This combination of elements has a better chance of satisfying changing audience tastes and could potentially increase the demand for local movies.</p> <ol style="list-style-type: none"> 2. Develop and conduct audience development strategies in the local film industry based in research and development utilising audience surveys. 3. Use technology and market intelligence to monitor and respond to trends in the industry in order to satisfy audience tastes.
THIRD DIMENSION	SUPPLY STRATEGIES
	<ol style="list-style-type: none"> 1. Develop a Tier System for Actors with clear Compensation Guidelines that are based on educational background, experience and possibly star power. There is a need for Professional Designation of Actors in the industry. 2. Consider providing a guideline for minimum compensation and commission rates within the industry. 3. Incentives such as those given by the DTI should be extended to encourage the employment of local actors. The DTI offers incentives to increase local content generation and improve location competitiveness for foreign film productions. The Foreign Film and Television Production Incentive aims to attract foreign-based film productions to shoot on location in South Africa. The general conditions for this incentive are that the applicant must procure a minimum of 20% of qualifying goods and services from entities which are 51% black-owned by South African citizens and have been operating for at least one year. This incentive may have the potential to promote local actors if adjusted. 4. Conduct Actors Development Programmes encompassing: <ol style="list-style-type: none"> a) Conducting a national skills audit, b) Provide more bursaries for drama students, c) Increase the number of internships - use incentives to stimulate growth, d) Develop mentorship programmes for young actors to shadow veteran actors within the industry, e) Multifaceted skills training - Diversification of actor's skills to include: <ul style="list-style-type: none"> ▪ Business skills, ▪ Marketing, ▪ Professionalism, ▪ Contractual issues, ▪ Screenwriting, Production etc.

SOURCE: URBAN-ECON DEVELOPMENT ECONOMISTS, 2020

The Potential Risks of The Proposed System include:

- The international complications with the passing of the Performers Protection Amendment Bill and the Copyright Amendment Bill are key stumbling blocks in the development of the film industry³. If these Bills are not signed, the actor's financial struggles and lack of negotiating power within this industry will continue to be a problem.
- The system can become over-reliant on stars which is detrimental to the industry as seen in the international cases.
- Demand strategies will require large amounts of resources which many local filmmakers may not have and therefore not engage in these strategies. The industry may therefore fail to increase demand and subsequently fail to absorb more actors

³ The passing of the Copyright Amendment Bill and the Performers Protection Bill is currently a point of significant debate as it could damage South Africa's trade relations with the United States. The proposed Bills, especially the Copyright Amendment Bill, are seen to violate terms of the Generalised System of Preferences (GSP) under the US Trade Act.

into the industry. Producers will, consequently require financial support and/or incentives to implement these strategies.

- Minimum wage rates may be difficult to implement, and many small filmmakers may not be able to afford these rates.
- There is a danger that the balance of power becomes lopsided in favour of the actor, and this may push many small-scale filmmakers out of the market. Deferments could be used to mitigate against this.
- Resources provided to demand and supply strategies such as actor development programmes can be misused and abused if not properly regulated.
- The South African film industry is very small and informal in nature; thus, application of international models and/or regulatory frameworks may be more challenging.

4. Conclusion

The star system, as defined in the studio era, does not translate into residual payments and financial sustainability of actors. The proposed multidimensional uses star power as one element of a broader system to address South Africa's unique challenges and opportunities.

The proposed system may appear to favour the actor; however, the development of acting talent and the quality of acting is likely to improve under the proposed system and bring many long-run benefits to the industry as a whole.

29 May 2020

5. Questions for Stakeholders

The KZNFC and Urban-Econ would like to get your feedback on this study. The questions below provides a guideline for your input.

1. Please provide your comments on the findings of this study.

2. Please provide your comments on the recommendations of this study.

3. In your opinion, what are the possible gaps/limitations of this study?

4. Do you have any other comments on the recommendations of this study?

Additional Questions for Actors. Please note that your responses will remain anonymous.

5. Do you belong to an actors union? If yes, do you feel you are well represented, and what would you like to see improved?

6. If you do not belong to an actors union, are you aware of the advantages of belonging to an actors union/association?

7. Are you represented to an agency? What has been your experience with agencies in South Africa?

Comments and responses to this summary paper may be submitted to:

Dr N. Bhebhe Manager: Research and Development Email: ngqabuthob@kwazulunatalfilm.co.za Tel: 031 325 0216	or	Levisha Ramnath Urban-Econ Development Economists e-mail: levisha@urban-econ.com Tel: 031 202 9673
---	----	---