



Filming as an Economic Catalyst at a Municipal Level

A Case Study: Ugu District Municipality



KwaZulu-Natal Film Commission

Final Report

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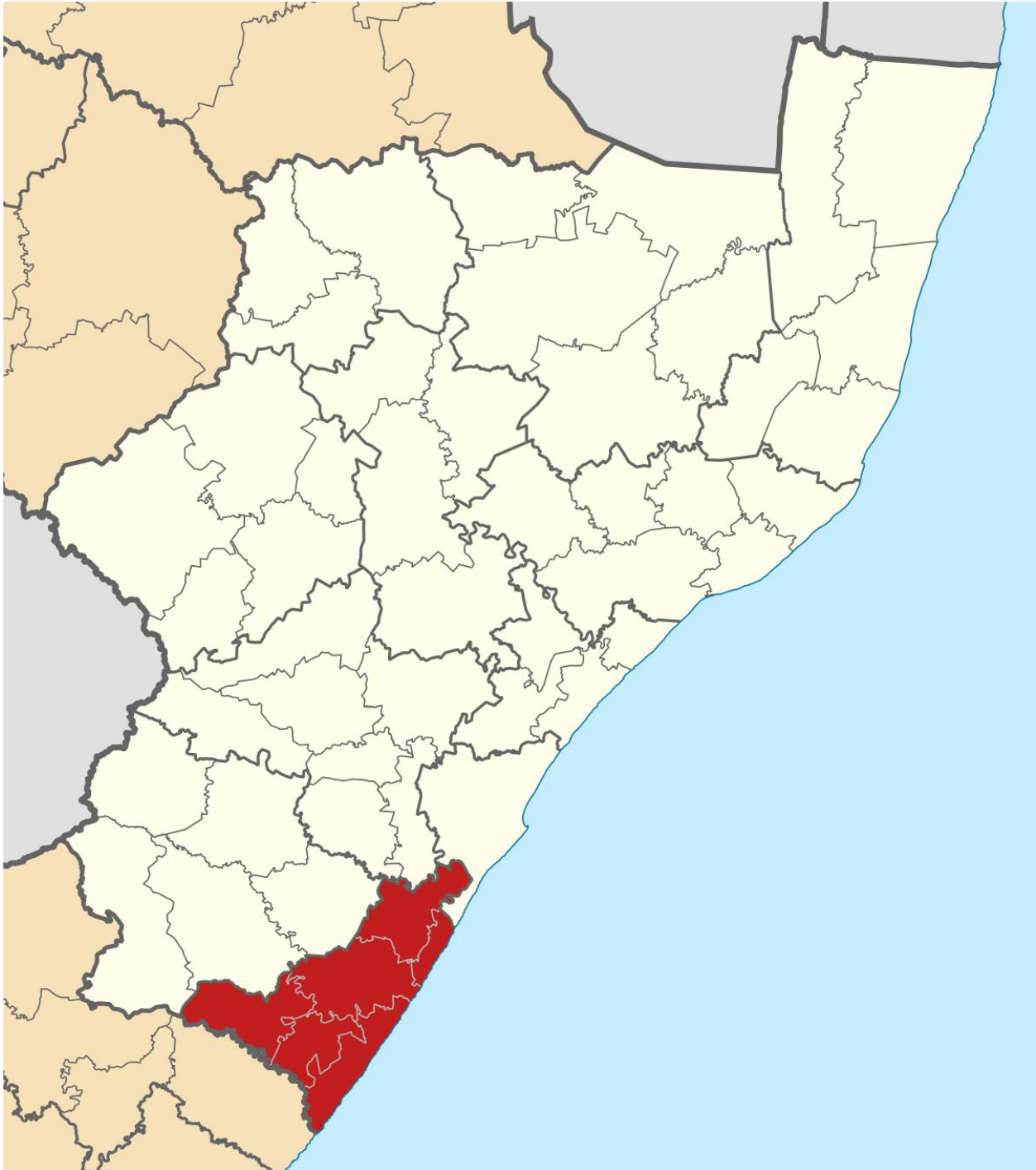
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Glossary of Terms

Term	Description
DOP	Director of Photography
DTIC	Department of Trade, Industry and Competition
ECDC	Eastern Cape Development Agency
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
FITI	KZNFC Film Industry Transformation Initiative
GDP	Gross Domestic Product
GFC	Gauteng Film Commission
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
KZNFC	KwaZulu-Natal Film Commission
LED	Local Economic Development
NFVF	National Film and Video Foundation
NPO	Non-Profit Organisation
RNLM	Ray Nkonyeni Local Municipality
SACO	South African Cultural Observatory
TVET	Technical and Vocational Education and Training
UCCI	Ugu Chamber of Commerce and Industry
UDM	Ugu District Municipality
USCDA	Ugu South Coast Development Agency
USCT	Ugu South Coast Tourism

Ugu District Municipality



Source: Wikipedia

1 Executive Summary

Introduction

The KwaZulu-Natal Film Commission (KZNFC) have commissioned Lumec to undertake research on filming as an economic catalyst at a municipal level. The Ugu District Municipality (UDM) has been selected as a case study to identify and quantify the benefits that have accrued due to filming that has occurred within the Municipality between 2010 and 2020, and determine whether filming can be an economic catalyst at a municipal level. For this research, 'filming' encompasses a broad range of activities including commercial motion pictures (film), television shows, commercials and corporate promotional video, student films, and filming of sporting and other events. The study utilises both primary and secondary research methodologies, including desktop research, stakeholder interviews, and surveys with producers, film suppliers and local enterprises. The research results were however limited by the lack of responsiveness from stakeholders across all the primary research methods that were pursued.

Film Value Chain and Skills

The film industry value chain comprises pre-production, production, post-production and distribution and consumption. For most film productions, many of the pre-production activities occur outside of the area in which the filming is occurring, limiting the impact at a municipal level. In the production phase, filming takes place and includes activities such as hire of equipment and transportation, lighting and sound, acting, and supporting activities such as accommodation, catering, and security. Production is the point in the value chain that has the potential to make the greatest impact on local economies. In the post-production phase, editing and enhancing takes place, and following this, distribution of the film product through various channels for audience consumption occurs. In less established film locations, much of the post-production and distribution occurs outside of the location within which the filming occurs, and as such, the impact at a municipal level is relatively limited. Film skills and services across the value chain comprise primary activities (screenwriters, producers, financiers, and broadcasters), secondary activities (acting, camera, lighting, sound, etc.), and tertiary activities (accommodation, laundry services, taverns, restaurants, etc.). Within more established industries, the impact at a municipal level is greater as most of the skills and services are available. However, in areas with a small film industry, the impact is much greater at a tertiary level as primary and secondary skills are often imported.



Economic Impact of Film

The film industry has a significant multiplier effect on numerous sectors and industries such as tourism and transport sectors as well as catering and hospitality industries. The National Film and Video Foundation (NFVF) quantified that in 2016/17, the film industry contributed R5.5 billion to South Africa's gross domestic product (GDP) and R12.2 billion in production value. Projections during this study, using average annual GDP growth rates for 2018 and 2019 show that GDP was approximately R5.58 billion in 2019, and is expected to decline significantly in 2020 due to the global slowdown as an impact of the current COVID-19 crisis. It was estimated that in 2019 the KZN film industry contributed R340 million. The national film multiplier was 2.81 in 2016/17, which suggests that for R1 million rand invested in the film industry an additional R1.81 million is gained by the economy.

Other benefits of the film industry are that it promotes on-the-job learning which enables low-skilled individuals or students access into the job market, creates flexible employment and achieves job creation relatively easier than other industries because of the relatively low-cost of creating employment. As a result of the activities in the SA film industry, 21,656 people were employed in 2016/17. Based on an average increase in formal employment in SA from 2017-2019 of 2.6%, it is projected that employment in the SA film industry in 2019 was approximately 22,817. It was estimated that employment in the KZN film industry in 2016 was 4 274¹. Based on employment growth for KZN from 2016-2019, employment is projected to be 4,558 in 2019.

Municipal Support Mechanisms from National and Provincial Government

The NFVF and KZNFC are the national and provincial agencies mandated to support and grow the film industry, while other film funders include the Industrial Development Corporation (IDC) and the Department of Trade, Industry and Competition (dtic). Both provide a range of financial support to filmmakers (development, production, marketing and distribution support) as well as skills development and training, and bursaries. The NFVF also provides support to municipalities, which is either channelled via provincial structures, directly to municipalities or via film bodies at a municipal level. The KZNFC provides direct support to municipalities in developing capacity to stimulate local film industries. This includes industry research, compiling databases of locations, cast and crew, supporting film festivals and markets, and direct support to municipalities through facilitating engagements between municipalities and hosting meetings with municipalities to

¹ KZNFC. (2015). *Baseline Research for the KZN Film Industry*



create awareness of the film industry and information sharing with communities. In addition, the KZNFC has developed generic film-friendly by-laws to guide municipalities through the process of setting up a formal process to facilitate and monitor industry activity.

District Policy and Support Mechanisms

From a district policy perspective, the film industry is fairly well represented. Although the Ugu District Integrated Development Plan (IDP) does not specifically mention film industry development, the 2018 Ugu Growth and Development Strategy Review session hosted by the Ugu South Coast Development Agency (USCDA) noted promotion of tourism offerings in alignment with the film office and packaging the Ugu District as an events and film destination. A film office has also been on the cards within Ugu South Coast Tourism (USCT) for over 5 years, and although is not a current priority, will remain a critical initiative for the film industry. At a local municipality level, in late 2019, Ray Nkonyeni Local Municipality (RNLM) has adopted film by-laws with support from the KZNFC and will be implementing tariffs for film permits in 2020. Additionally, the RNLM council has given in-principle approval towards development of a film studio at the KZN Technology Hub in Port Shepstone. During consultation with RNLM it was noted that if all goes to plan, building plans will be approved after June 2020 and building can commence. This will greatly assist to promote film within the District.

Profile and Value of Filming in the Ugu District

During the research, over 60 productions were identified that have been shot within the Ugu District since 2010, including documentaries, events, feature films (including international films), short films, corporate promotional videos, reality shows, TV commercials and web-series. In relation to feature films, a number of these productions are large Hollywood features, namely Blue Crush 2, Jungle Book and The Last Face, produced by Moonlighting Films. A local reality TV show, uThando Nes'thembu, is also worth noting, given that the production generates significant economic activity and is featured on national television.

From the surveys completed, since 2010, a total of R20,4 million was generated from local film productions, while international productions for which information was provided amounted to R61 million. Given that the film industry in SA has a multiplier of 2.81, it can be estimated that at the very least, an additional R147 million is generated in the economy due to the direct R81 million that was spent by producers of filmed content in the Ugu District. On average per annum, the



productions identified contributed around R8,5 million to the local economy, which is approximately 2.5% of the estimated KZN film industry GDP of R340 billion. Local producers provided the percentage of their total budget spend within and outside of the Ugu District – on average across productions, 76% was spent on direct film-related suppliers such as cast, crew, editors, and distributors, and the balance was spent on support services such as accommodation, transport and catering.

Socio-Economic Benefits of Filming in the Ugu District

Filming has a substantial impact on employment, promotes on-the-job learning which enables low-skilled individuals or students access into the job market, and has a relatively lower cost of creating employment than other industries. From the surveys administered, the greatest number of employment opportunities created within the Ugu District are during the production phase (approximately 90% of all the opportunities created). Based on the responses, for every supplier that is contracted per production, an additional 2.25 work opportunities are created. However, the District lacks critical skills (such as directors, producers, cinematographers, editors, and sound producers) and as such, many of these opportunities created are filled by cast and crew from outside the Ugu District Municipality. KZNFC has provided accredited production skills training in the District while a number of production-specific skills programmes occurred within the District including production and director training, cinematography training, and animation classes. Besides the impact on industry suppliers, the film industry creates benefits for numerous sectors and industries such as tourism, hospitality, transport and catering, which often have the greatest local impact. Of the suppliers that completed the survey, 78% were accommodation facilities, all of which have hosted film-related productions including hosting cast and crew from international productions.

Ugu District Film Industry SWOT Analysis

The Ugu District Municipality possesses numerous strengths including diverse locations, a strong hospitality industry, a history of hosting international productions, a local filmmakers forum and annual film festival. However, there is a lack of capacity to support industry growth, limited industry regulation and monitoring, and a lack of experienced cast and crew, all which inhibit the potential of the area to maximise the impact of film. The continued loss of skilled cast and crew to other areas, no central focal point for the industry (film office) and supporting infrastructure (film studio), and only a handful of productions occurring in the area pose a major threat to the District.

However, numerous opportunities exist for the area to create employment and stimulate local enterprises through film. This does however require commitment towards developing a film office, implementation of the film studio, leveraging the Technical and Vocational Education and Training (TVET) college to develop film skills, partnerships between government and the tourism and film industries, and support from the KZNFC.

Impacts and Benefits of Film for Municipalities

The research highlights the major impacts and benefits that film has on municipalities. These are:

- Film activity generates substantial economic value for municipalities through direct impact on film suppliers (e.g. cast, crew, etc.), indirect impact on the local enterprises such as accommodation facilities, food and catering services, transport, and security, and through induced impact via further spending of the earnings on suppliers and local enterprises.
- The industry creates employment opportunities directly through production companies and film industry suppliers, while temporary opportunities are also created for freelancers, suppliers such as catering, security and cleaning, and other short-term positions such as extras.
- The film industry also has an impact on skills development and training, and given that the skills required to operate a camera, set up lighting, edit content, visual effects, for example, are relatively niche, building up experience requires on-the-job training.
- Film also has the potential to impact positively on tourism directly through business tourism and indirectly through film-induced tourism which is widely researched and indicates that local areas can gain significant economic benefits from film-tourism.
- A final impact generated by film is additional income for the local municipality through permit fees and other services rendered.

As such, based on the findings of the research, filming does act as a catalyst for growth at a municipal level. Despite this, district and local municipalities do face a number of challenges that inhibit their potential to maximise on the impacts and benefits of film.

Challenges Facing District and Local Municipalities

Municipalities face significant challenges that limit their potential to tap into the many benefits of film. One of the main challenges relates to internal capacity and resources. The study found that neither the District nor local municipalities have any formal positions dedicated to growing and



supporting film and as such, lack the capacity to effectively support and grow the industry. Developing capacity to support and grow film requires an intimate knowledge of the film industry, financial and human resources, as well as political and other leadership support. No municipalities possess this capacity, resulting in no formal protocols or guidelines for filmmakers, no by-laws for film (besides Ray Nkonyeni Local Municipality), no permit processes, no cataloguing and promotion of locations and support services, and no monitoring and measuring of the film activity that is occurring within their area.

Recommendations

The research provides a set of recommendations for municipalities, provincial government, film industry stakeholders, and local enterprises. These are summarised below:

1. Municipalities: Develop film capacity at the municipal level including a central focal point for film at the district-level to promote and support film and develop protocols and guidelines, implement by-laws and permits for film at a local municipal level, and ensure that the impact on local communities is increased due to filming activity.
2. Provincial government: Ensure film industry development is prioritised, support municipalities in growing the industry and developing capacity, market the province and its locations, continue skills development and training, and assist municipalities in creating opportunities for local communities and small enterprises.
3. Film industry: Develop strong industry networks and partnerships, lobby government to channel investment into film industry programmes and infrastructure, drive on-the-job training, and support local enterprises in film locations.
4. Local enterprises: Jointly package and promote locations and services, provide discounted packages, and encourage business to expand or diversify offerings to align with industry requirements.

2 Introduction

2.1 Background

The KwaZulu-Natal Film Commission (KZNFC) has a mandate to provide funding and support for filming in order to create jobs and grow local economies. Given the needs of municipalities in creating employment and stimulating the economy, it is important that filming activities are contributing to these critical priorities at a local level. As such, the KZNFC have commissioned Lumec to undertake this research on filming as an economic catalyst at a municipal level. The Ugu District Municipality (UDM) has been selected as a case study to identify and quantify the benefits that have accrued due to filming that has occurred within the District Municipality over the past 10 years.

The research identified over 60 international and domestic productions that have occurred in the study area between 2010 and 2020, including international productions such as Blue Crush 2, The Jungle Book, and The Last Face. In addition to feature film productions, other filming activities including corporate videos (promotional, advertising and commercials), television and web series, and filming of sports, cultural and other events have occurred within the District.

Given the significant film activity that has taken place within the District and that the film industry within the Ugu District Municipality is relatively under-developed, the case study provides an ideal opportunity for the KZNFC to understand the impact that film activity has had on the local economy, and broadly answer the research questions of whether film can act as an economic catalyst at a municipal level. This will guide the development of interventions which can be implemented by both the public and private sector in order to improve the impact that film has on local economies throughout KZN, and enhance the benefits that accrue to local enterprises that support film activities.

2.2 Purpose and Objectives

The purpose of this study is to **determine whether filming can be an economic catalyst at a municipal level** with a specific focus on the Ugu District Municipality. Through an assessment of the socio-economic benefits that have accrued due to filming at a district-level, the following objectives were identified:

1. Identify employment/jobs created as a result of filming;
2. Profile local enterprises that benefited from the filming activities;
3. Identify skills transfers programs that happened during filming;
4. Identify other socio-economic benefits that might have accrued to the local communities.

2.3 Definition

As per the KZN Baseline Research study undertaken in 2015, the definition of the film industry includes “*staging and / or shooting commercial motion pictures, television shows or programmes, commercials, and student films produced to satisfy a post secondary school course requirement at an educational institution in any medium including film, tape and digital format*”². For the purpose of this study, the definition of film is broader and encompasses corporate videos (such as promotional videos) and filming of sporting and other events.

2.4 Project Approach

The research study follows the below approach in order to meet the purpose and objectives:

1. An analysis of the economic value of the SA and KZN film industries, the film value chain, and the economic impacts that film generates;
2. An analysis of the productions that have taken place within the District Municipality and their economic impact;
3. Identification of the socio-economic benefits that have been generated by filming in the Ugu District Municipality;
4. Determination of the extent to which filming can be used as an economic catalyst by municipalities in the Province;
5. Recommendations on critical areas to focus on when filming in municipalities.

2.5 Methodologies

In supporting the approach, the project utilised both primary and secondary research methods comprising desktop research, survey questionnaires, interview discussions and a virtual workshop session. These are discussed in more detail below.

Desktop analysis of existing information and research was undertaken in order to unpack the SA film industry value chain, identify film-related skills and services, understand the current value

² KZNFC. (2015). Baseline research for the KZN film commission.

of the SA and KZN film industries, and to generate an initial understanding of the role of film as a catalyst for growth. As such, the purpose of the desktop analysis was to provide initial context and a baseline off which the primary research was developed. Substantial research exists within the film industry space, and the following research reports were reviewed:

- Economic Impact of the South African Film Industry (2017) - NFVF
- KZN Film Industry Baseline Study (2015) - KZNFC
- KZN Film Industry Skills Audit (2019) - KZNFC
- Economic impact study of the audiovisual industry (2015) - GFC
- Socio-economic Impact Analysis of Uzalo (2018) - KZNFC
- The Establishment of the Film Sector as a Catalyst for Economic Growth in South Africa: Toward a Sallywood Framework (2018) - SACO

Survey questionnaires were developed for (a) producers/filmmakers, (b) suppliers to the film industry, and (c) local enterprises in order to identify and profile productions that have taken place, the impact that these productions have had on local enterprises, skills training that has taken place, challenges related to filming within the area, the general challenges faced, and potential recommendations to enhance the impact of filming. The questionnaires were distributed via the following databases:

- KZN Film Commission crew and supplier databases
- Ugu South Coast Tourism database
- Ugu Chamber of Commerce and Industry database
- South Coast Filmmakers Forum / Ugu Film Festival database

Although it was initially intended that the survey be used as a method to collect quantitative data (such as total value of productions, percentage spent in the Ugu District vs. outside, employment breakdowns, etc.), the response rate was relatively low despite numerous follow-up emails and telephone calls. The table below displays the total number of responses received (i.e. number of people who started the questionnaire), the number of complete responses, and the number of applicable responses (i.e. number who have provided services to film productions in the Ugu District).

Table 1: Summary of Survey Responses

Survey	Number of responses	Applicable to research	Complete surveys
Filmmakers	8	8	8
Film Suppliers	13	8	5
Local Enterprises	17	13	9
Total	38	29	22

Although the response rate was lower than anticipated and the data gathered cannot be used as a quantitative measure of the impact of filming in the District, the results of the survey do provide great qualitative inputs into the research and do allow for a profile of productions to be developed. Across the different survey questionnaires distributed, the sentiment of respondents remains the same, which verifies the results of this research.

Interviews were undertaken with the following key stakeholders in order to gain a greater understanding of the impact that film has on municipal areas, identify good practices in relation to government support for municipalities, and identify the challenges these institutions face. Stakeholders include:

- National Film and Video Foundation (NFVF)
- KZN Film Commission (KZNFC)
- Ugu South Coast Tourism (USCT)
- Ugu Chamber of Commerce and Industry (UCCI)
- Ugu Film Festival & South Coast Filmmakers Association
- Ugu District Municipality
- Ray Nkonyeni Local Municipality
- Umuziwabantu Local Municipality
- Moonlighting Film Productions
- Thanx Mah Productions
- SA Smart Film Art

As with the survey responses, the team faced a challenge in securing stakeholders for interviews. Numerous attempts were made with various key stakeholders to no avail. The input that was received, however, has been extremely valuable and contributes significantly to addressing the research question.

A **virtual workshop** was developed in an attempt to replace the workshop that was planned for 19th March 2020 in the Ugu District, which was cancelled due to the COVID-19 pandemic. The approach that was to be utilised at the workshop was followed, namely, a presentation of the key findings from the research to date, providing an opportunity for attendees to comment and input on this, and then three 'break-away' sessions were held, where attendees were asked questions and responded to these. A [narrated presentation](#) was shared with the same attendees invited to the original workshop along with a [Google Form](#) where their responses were to be captured. Unfortunately, no responses were received, and as such, the workshop did not yield any new inputs into the broader research.

2.6 Limitations

The research results are limited by the lack of responsiveness from stakeholders across all the methods that were followed. Although the team received critical insight and inputs from the stakeholders that did engage (either via survey or interview), the following limitations to the study are noted:

1. Too few survey questionnaire responses were received from all surveys administered (producers, suppliers and local enterprises) which reduced the potential to utilise this data to provide comprehensive quantitative analysis. Instead, limited quantitative data is provided where the responses were sufficient and relevant to do so (i.e. in order to identify the value of productions from those producers that completed the survey). Although this is not ideal, at the very least, it provides a snapshot of the impact from the sample population, which still allows for further qualitative analysis to be undertaken.
2. A general lack of willingness from many stakeholders in responding to numerous email and telephonic requests for interviews and surveys, which limits the potential of the research to comprehensively detail the impact of film within the Ugu District.

To mitigate the above limitations, the research team took the approach of combining the qualitative data provided in surveys with desktop research and interview findings, rather than attempting to quantify the survey results. In relation to the international productions, these were highlighted by local film suppliers and enterprises during the questionnaire, and as such provide some insight into the benefits that accrue due to such productions.

3 The SA and KZN Film Industry

3.1 The Film Industry Value Chain

The SA film industry value chain is depicted below in Figure 1. There are numerous variations of the value chain, however, all explain pre-production, production and post-production activities.³

Pre-production is the planning phase of the value chain which includes research, brainstorming, concept formulation, screenwriting, film financing, budget preparation, location scouting and selection and casting.⁴ It is understood that for most film productions (whether it be feature films, commercials, or documentaries), many of the pre-production activities occur outside of the area in which the filming is occurring, which is generally the location within which the production company or filmmaker is based. However, certain activities such as location scouting, casting and pre-production shoots will generate some economic activity within the specific film location/s.

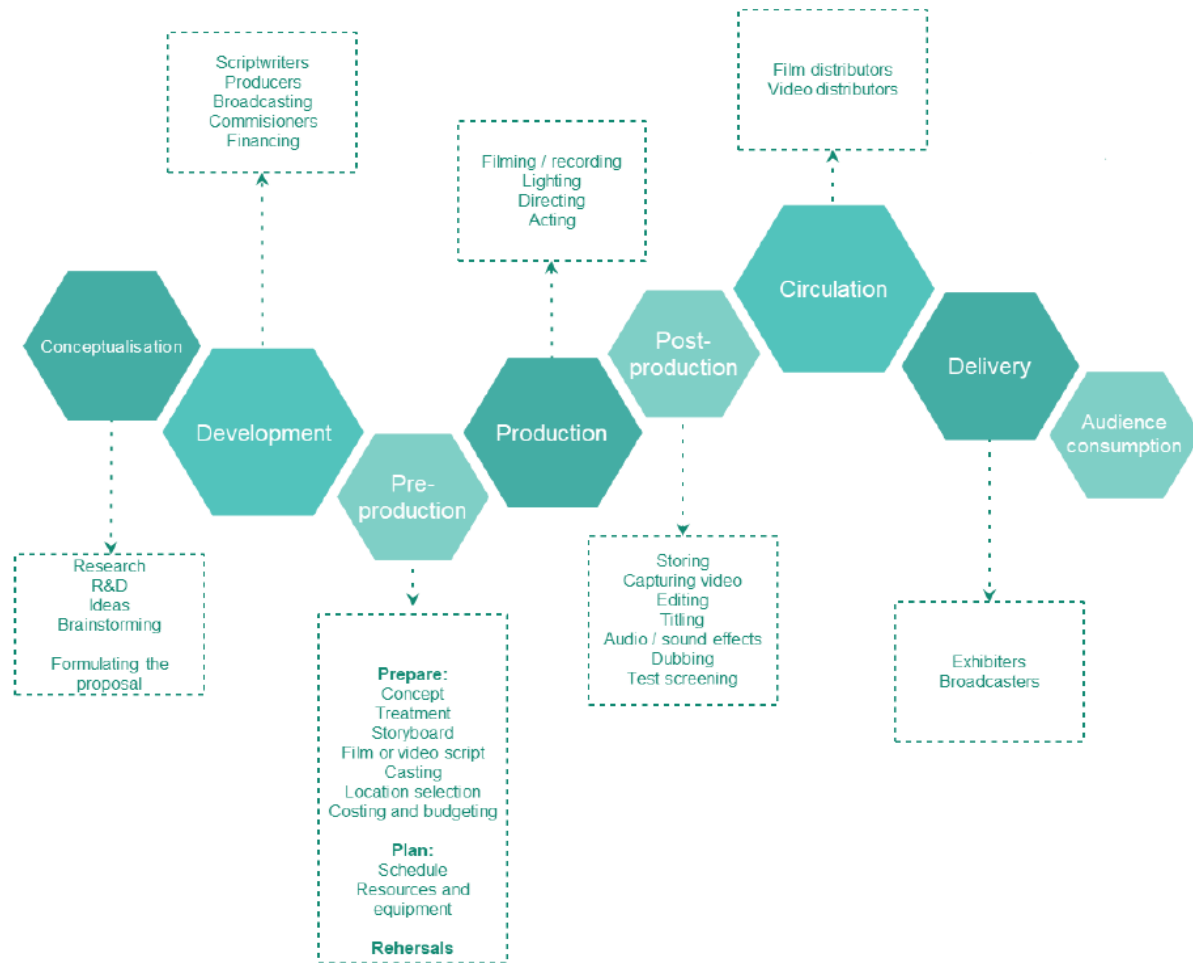
In the production phase, the filming takes place, and includes activities such as hire of equipment and transportation, lighting and sound, acting, and supporting activities such as accommodation, catering, and security. Production is the point in the value chain that has the potential to make the greatest impact on the local economy. If a local economy is able to develop the businesses that support and supply the film industry, this results in greater impact on the local economy.

In the post-production phase, editing and enhancing the film takes place. Beyond post-production is the process of generating revenue from film activities which includes distribution of the film product through various channels for audience consumption. Like pre-production, much of the post-production and distribution and consumption occurs outside of the location within which the filming occurs.

³ Cuff, M. (no date). *The film industry*. From: <http://www.martincuff.com/film-commission-resources/the-film-industry-3/> [8 November 2019].

⁴ SACO. (2018). *The establishment of the film sector as a catalyst for economic growth in South Africa: Toward a sallywood framework*. From: <http://www.dac.gov.za/sites/default/files/Sallywood%20framework%20Oct%202018%20-%202012h15.pdf> [8 November 2019].

Figure 1: SA Film Industry Value Chain



Source: South African Cultural Observatory (2018)

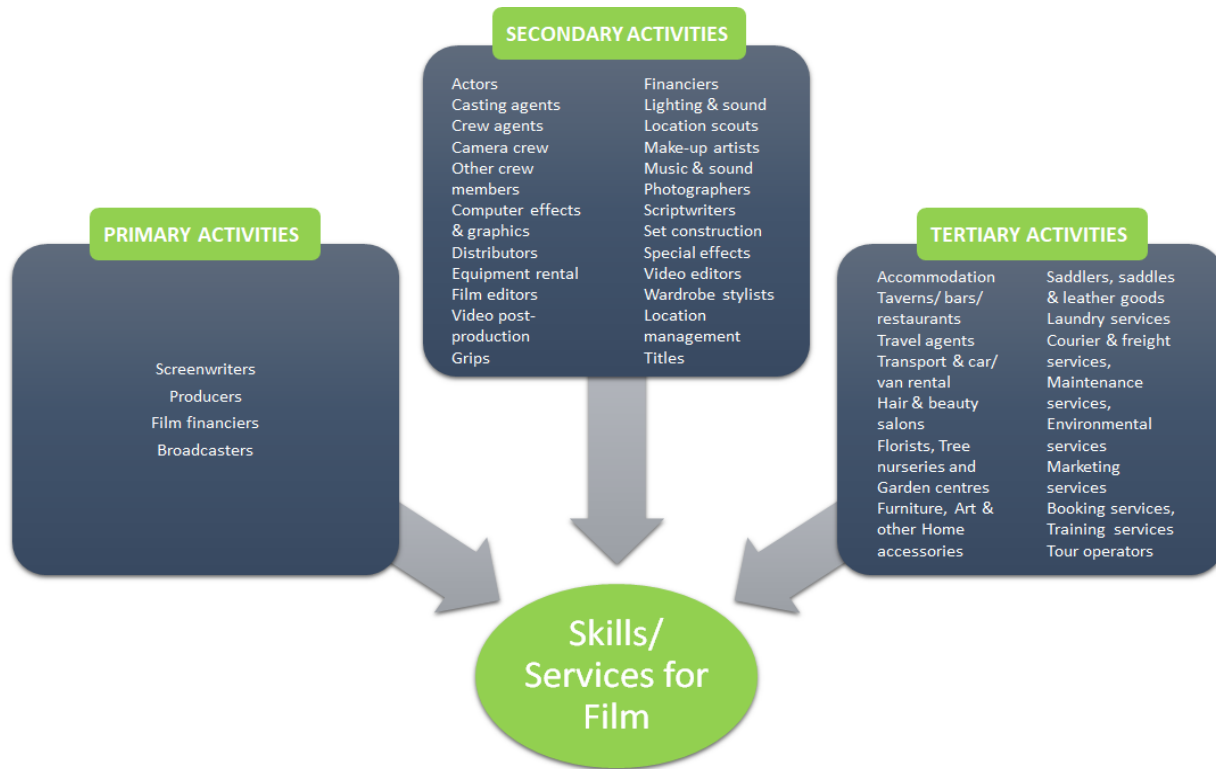
Different skills and services are required for the film industry, based on the activities that take place along the value chain. The activities are categorised under primary, secondary and tertiary activities. Primary activities form the basis of any film production and require the skills of individuals who will create the content for the film. Content creation requires the skills and knowledge of industry experts.⁵ Secondary activities such as acting, wardrobe, camera, lighting and sound are integral in the implementation of a successful production⁶; these businesses or individuals tend to be specialised and their primary focus is on the film industry but may also provide services to other industries. Service providers for tertiary activities such as

⁵ KZNFC. (2019). *A skills audit of the KZN film industry*.

⁶ KZNFC. (2019). *A skills audit of the KZN film industry*.

accommodation, florists, laundry services, taverns, restaurants and bars do not necessarily cater specifically to the film industry,⁷ These businesses tend to be local and are vital for the positive economic impact of film productions.

Figure 2: Film Industry Skills and Services



Source: Lumec, adapted from KZN Skills Audit (2019)

3.2 Economic Value and Impact of the Film Industry

According to a study commissioned by the National Film and Video Foundation (NFVF) which measured the economic impact of the South African film industry, in 2016/17 the film industry contributed R5.5 billion to SA's gross domestic product (GDP) and R12.2 billion in production value. This value is broken down as follows:

- R4.4 billion direct impact
- R4.9 billion indirect impact
- R3.0 billion induced impact

⁷ KZNFC. (2019). A skills audit of the KZN film industry.



Given that SA's average annual GDP growth over the 2018 and 2019 years was relatively flat (0.79% and 0.66% respectively), it is estimated that the GDP contribution of the film industry was only R5,58 billion in 2019, and, given the current COVID-19 crisis, will experience negative growth in 2020. The latest multiplier effect data for the film industry suggests that the multiplier grew from 2.43 in 2013/14 to 2.81 in 2016/17, which suggests that for R1 million rand invested in the film industry an additional R1.81 million is gained by the economy.⁸

As a result of the activities in the SA film industry, 21,656 people were employed in 2016/17. Based on an average increase in formal employment in SA from 2017-2019 of 2.6%, it is projected that employment in the SA film industry in 2019 was approximately 22,817. The SA film industry in 2016/17 focused largely on producing feature films (27.3%), documentaries (27.5%) and television series (15.2%). In terms of exports, the largest export market for SA film products was the United States of America (25%), Europe (25%) and Africa (25%).⁹ According to NFVF, most filming operations take place in Gauteng (54.8%), followed by the Western Cape (23.8%), and 9.5% takes place in KZN and Limpopo.¹⁰

It was estimated that in 2016 the KZN film industry contributed R327 million to GDP and employment in the industry was 4 274.¹¹ Based on GDP and employment growth for KZN from 2016-2019, GDP is estimated at R340 million in 2019 and employment at 4,558.

The film industry has a significant multiplier effect on numerous sectors and industries such as tourism and transport sectors as well as catering and hospitality industries.¹² Several benefits of the film industry are that it promotes on-the-job learning which enables low-skilled individuals or students access into the job market, creates flexible employment and achieves job creation relatively easier than other industries because of the relatively low-cost of creating employment, which makes it more impactful. The nature of the industry has also changed dramatically due to technological advancements which has lowered the barriers to entry thereby enabling smaller businesses and entrepreneurs to enter the market.¹³

⁸ NFVF. (2017). *Economic impact of the South African film industry*.

⁹ NFVF. (2017). *Economic Impact of the South African Film Industry*.

¹⁰ NFVF. (2017). *Economic Impact of the South African Film Industry*.

¹¹ KZNFC. (2015). *Baseline Research for the KZN Film Industry*

¹² GFC. (2015). *Economic impact study of the audiovisual industry report 2015*.

¹³ NFVF. (2017). *Economic Impact of the South African Film Industry*.



There are numerous channels through which an economy can derive benefit from the film industry, namely through direct (pre-production, production, post-production and distribution/exhibition) and indirect impacts (which occur through suppliers, manufacturing and business services) as well as catalytic (induced) impacts in skills and labour supply; tourism; culture; merchandising; and promotion and trade. The Canadian Media Producers Association suggests that there are additional positive externalities for the community, society and economy that emerge from film production. This includes the development of local skills and talent and partnerships that come about for local businesses as well as training and mentorship opportunities for local residents.

United States of America

The city of Birmingham, in the American state of Alabama, is an example of how the film industry can be used to drive local economic growth and create jobs. Approximately \$32 million worth of film productivity resulted in an additional \$10-\$12 million in the local economy through local crew hires, catering, transport, accommodation and equipment hire, amongst others.¹⁴ Moreover, the money invested during the film production circulates in the local economy if the filmmakers hire local companies and make use of local assets and services.

A programme by Film Cincinnati and the Ohio Motion Picture Tax Credit awarded 30 films to be produced in Cincinnati which is in the American state of Ohio.¹⁵ The film budget for the 30 productions was \$35.6 million. The total direct impact of the films on local businesses (from 2014-2018) was \$86.7 million, which induced further spending of \$55.3 million. Direct employment totalled 598 employees and indirect employees was 456. The impact on income for the direct employees was \$14.2 million and income earned by employees who were indirectly employed as a result of the production activities was \$16.6 million.

KwaZulu-Natal

The economic impact of the Uzalo TV series on KZN shows growth in local talent development, increased job creation, growing investment and economic benefits for the local economy.¹⁶ An advantage of hosting a TV series in a given location is that a series tends to be filmed over a longer period than films, which means economic benefits and employment are sustained over extended periods. Total budget expenditure for Uzalo between 2014 and 2018 was R190.57 million. The direct impact on local businesses totalled R204.23 million

¹⁴ WBHM. (2018). *Ready, set, action: Birmingham's become a film-making destination that brings jobs, millions of dollars to the economy*. From: <https://wbhm.org/2018/ready-set-action-birminghams-become-a-film-making-destination-that-brings-jobs-millions-of-dollars-to-economy/> [12 November 2019].

¹⁵ Economic Center. (2018). *The Economic Impact and Related Community Benefits of the Film Industry on the Cincinnati Metropolitan Area*. From: <https://economicsresearch.org/wp-content/uploads/2019/01/Film-Cincinnati-Final-Report.pdf> [12 November 2018].

¹⁶ KZNFC. (2018). *A socio-economic impact analysis of KZN based TV series*.

over the 5 years and indirect impact was R189.08 million. The direct impact on gross value added (GVA) was R85.86 million and indirect impact on GVA totalled R65.67 million. The number of employees that were directly employed by Uzalo were 365 and indirect employees were 270. 76% of the income paid out by the production was to local employees, who were employed directly by Uzalo with the production having a further R31.58 million indirect impact on income.

While there is risk of market saturation, given the underdeveloped state of the SA film industry in general, there is room for growth and expansion. According to the Gauteng Film Commission (GFC) in 2015, one of the areas that need development efforts in order to grow and fully capture the benefits of the film industry in SA is the distribution phase, which according to Martin Cuff is part of the ‘monetisation’ stage of a production. Monetisation also involves packaging the film product for distribution and the means through which audiences consume the final product.¹⁷ Another area of development that was highlighted by GFC is the need for direct investment in content creation for local and international audiences.

3.3 Support for Municipalities

3.3.1 National Support

The National Film and Video Foundation (NFVF) is the overarching agency mandated to support development and promotion of the SA film industry, with the mission to “collaborate with all stakeholders to enable the development and promotion of a transformed and thriving audiovisual industry”. The core business of the NFVF is to provide funding (development, production, marketing), distribution support (film festivals, print and advertising), filmmaker support, training and development (including international and national bursaries and grants for training bursaries). In addition to NFVF funding, the IDC also provides funding support for films, SARS provides a Film Tax Incentive, and the dtic offers specific financial assistance to the film industry, including:

- Foreign Film and Television Production and Post-Production Incentive;
- SA Film & TV Production and Co-production Incentive;
- The South African Emerging Black Filmmakers Incentive.

¹⁷ Cuff, M. (no date). *The film industry*. From: <http://www.martincuff.com/film-commission-resources/the-film-industry-3/> [8 November 2019].

Of particular relevance to this research is the support that the NFVF provides to provincial and local government. One such support programme relates to development of film hubs which are intended to encourage filmmakers to also undertake post-production on site rather than leaving after shooting. A specific example relates to the Cortex Hub in East London, where the building was donated by the Eastern Cape Development Agency (ECDC) and the technology and equipment was provided by a philanthropic investor. The first phase will comprise a cinema, editing suite, meetings rooms, master classes, residence for 15 filmmakers, virtual offices, and equipment hire. Another interesting partnership highlighted relates to the Mbombela Film Office. The Mbombela Municipality provided support to the film office, which is a Non-Profit Organisation (NPO). The office is at the Mbombela Stadium and they use SuperSport as a training and support partner, including the use of equipment for master classes. In return, SuperSport has a constant pipeline of filmmakers.

3.3.2 Provincial and Local Support

The KZN Film Commission is responsible for support and development of the KZN film industry as indicated in their mission statement which is to “facilitate effective support throughout the value chain to the local and international film industry stakeholders in order to create opportunities and grow the KwaZulu-Natal film industry”. The KZNFC provides support in various formats, including¹⁸:

- The KZN Film Fund (development, production, marketing and distribution, festivals and markets),
- Industry development programmes (production accounting, sound, budgeting and scheduling),
- KZN Film Industry Transformation Initiative (FITI), and
- A bursary scheme.

In addition to these industry support programmes, the KZNFC provides a range of other support such as industry research, compiling databases of locations, cast and crew, and direct support to municipalities. Of particular relevance to this study is the support provided to municipalities in an attempt to build capacity in order to better promote their locations and stimulate industry growth. KZNFC’s Location and Facilities Unit provides support by facilitating engagements between

¹⁸ KZNFC (2019). *Annual Report 2018/2019*. From: www.kwazulunataalfilm.co.za



municipalities and filmmakers who would like to shoot in the Province, host meetings with municipalities to create awareness of the film industry and to inform communities of the opportunities that exist in the film industry, and has developed databases of locations with images of areas across KZN. Additionally, support for film festivals and markets also encourages growth at a municipal level. Other critical support, which addresses some of the major challenges identified in this research, relate to development of 'Film Friendliness By-Laws' for Local Municipalities. 'Film friendliness' suggests an environment that has strong support for the film industry and the logistics of filming. Being 'film friendly' has become a condition that branches of government around the world assert or aspire to as they seek to attract the lucrative business of migrating media production.¹⁹ As such, KZNFC developed generic by-laws that municipalities can adopt as a step towards creating a film friendly environment. These provisions provide for a comprehensive guideline and standard operating procedure for local municipalities to follow in the organisation of a local film friendly strategy.

Section 4 of the generic by-laws lists the steps that a municipality must follow in coordinating and managing a local film friendly strategy. It is further held in the section that a film friendly municipality must publish a 'Film Friendliness Policy' which outlines the intention of the municipality to provide viable film services as part of its municipal obligations. The benefits of having a structured organisation for film is that film producers are attracted to the ease of accessing information in setting up and getting the relevant permits to shoot in the area. The support to filmmakers that is provided for in the provisions is also essential and so is having a designated government official responsible for all matters relating to filming in the municipal area. The by-laws not only make provision for film services to the filmmaker by municipalities, but also make provision for the building of a relationship between the municipalities and the KZNFC. Section 11 guides this relationship and holds that the elected municipal representative must coordinate with the KZNFC and allow the KZNFC to provide support to them. These relationship-building guidelines are important in fostering a knowledge exchange vehicle between the KZNFC and the different local municipalities who enact these provisions. The guidelines are also critical in developing a resource base for funding mobilisation which can bring development for the municipalities. Furthermore, information regarding the impact of the recording of the film on the local community, local businesses and traditional community can be gathered.

¹⁹ Goldsmith, B. Ward, S. and O'Regan, T. 2010. *Local Hollywood: Global Film Production and the Gold Coast*. Queensland: University of Queensland Press.



As indicated in this research, attracting film activities into the province brings investment into the local economy, creates employment opportunities, generates income for local businesses and facilitates the transfer of skills to the local workforce. As film activities grow in the local economy, a chain of service facilities and companies emerge to support film production in the area.²⁰ This is also provided for in Section 22 of the Film Friendliness By-Laws, where, “local businesses should as far as possible provide and supply the necessary local goods and services that might be required by the film maker”. The international exposure that is derived from this does not only help the businesses grow but has impacts on the local tourism industry and infrastructure development. This is further supported by KZNFC’s funding conditions which stipulate that at least 50% of production value is required to be spent locally.

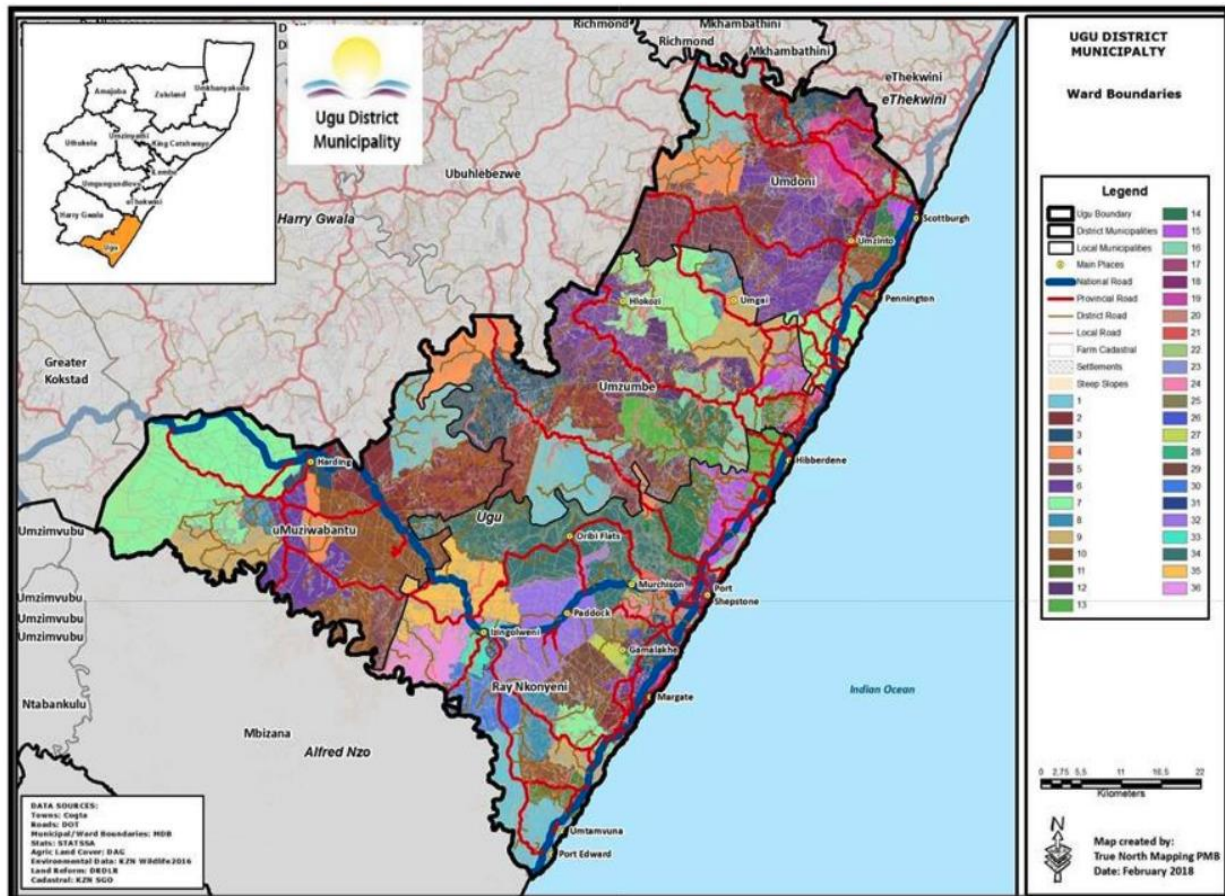
²⁰ Coe, N.M. 2000. ‘On location: American Capital and the Local Labour Market in the Vancouver Film Industry’. International Journal of Urban and Regional Research. Oxford and USA: Blackwell Publishers

4 The Ugu District Film Industry

4.1 Introduction to the District

The Ugu District Municipality is located on the south coast of the Province of KwaZulu-Natal, and is bordered by the eThekweni Municipality on the north, the Eastern Cape Province on the south and the Umgungundlovu and Harry Gwala District municipalities to the west. The District consists of four local municipalities, namely, Ray Nkonyeni, Umuziwabantu, Umzumbe and Umdoni. The total size of the District is 5,866km², and as per the 2016 Community Survey, it has a population of 753,336 people and 175,146 households.²¹

Figure 3: Ugu District Municipality



Source: Ugu District Municipality IDP (2019)

²¹ Ugu District Municipality (2019). *Integrated Development Plan 2019/2020*. From: <http://ugu.gov.za/Documents/IDP/2019-2020%20UGU%20DM%20FINAL%20IDP.pdf> [20 March 2020]

Given its extensive size, the District boasts diverse land-uses including a coastline of 112km, industrial and commercial nodes, formal and rural residential settlements, forests and woodlands, and forestry and commercial agriculture plantations (mainly bananas and sugarcane). The District has a diverse range of economic activities including manufacturing, tourism, agriculture and forestry, transport, construction and mining. Port Shepstone is the main economic node within the District, and other significant nodes of activity include Scottburgh, Mthwalume, Umzinto, Hibberdene, Shelly Beach, Margate, Ezingoleni, Harding, and Port Edward. Most of these nodes are located along the coast, and as such, the majority of tourism activity is concentrated around the coastline and ocean-based activities. Other tourism activities include game reserves, nature reserves, golf courses, birding, and adventure tourism. Most of these nodes also contain significant activity in the form of accommodation, transport, banking and financial services, and restaurants.²²

The Ugu District Municipality has 40 traditional council areas within which 79% of the population reside. These are largely within the inland areas of the municipality and comprise of rural villages and settlements.²³ As such, the socio-economic dynamics within traditional areas are largely different to areas that are governed by municipal councils, and producers face specific challenges in relation to shooting in traditional areas. For example, producers would need to contact the relevant traditional leader to get permission to utilise traditional council land, and this would not require the same formal permit processes that one might require in an urban area. This process is often unclear, and in specific instances, producers may be required to remunerate traditional leaders or commit to utilising local community members for various services or positions on set.

Film activity is predominately focussed around the Ray Nkonyeni Local Municipality. This is mainly due to the fact that Port Shepstone is the major economic hub of the region, and this, along with other main nodes such as Shelley Beach, Margate, and Port Edwards, provides filmmakers with a range of hospitality options to support cast and crew, particularly a range of accommodation options, not to mention access to a long stretch of coastline. Port Shepstone is also the location of the soon to be developed film studio.

²² Ugu District Municipality (2019). *Integrated Development Plan 2019/2020*. From: <http://ugu.gov.za/Documents/IDP/2019-2020%20UGU%20DM%20FINAL%20IDP.pdf> [20 March 2020]

²³ Ugu District Municipality (2019). *Integrated Development Plan 2019/2020*. From: <http://ugu.gov.za/Documents/IDP/2019-2020%20UGU%20DM%20FINAL%20IDP.pdf> [26 April 2020]

Although the other local municipalities, namely Umuziwabantu, Umzumbe and Umdoni, have not had the opportunity to host many film productions, they comprise some favourable characteristics such as a variety of locations, particularly rural and nature-related locations. However, a lack of infrastructure to support the film industry will continue to focus film activity on the Ray Nkonyeni Local Municipality over the other local municipalities.

Given these characteristics, the District is well positioned as a destination for film-related activities. However, challenges exist which inhibit the potential of the District to truly exploit the opportunities presented by the film industry. Within the remainder of this section, the productions that have occurred within the District are briefly profiled, followed by an analysis of the socio-economic benefits identified, and a SWOT analysis for the District.

4.2 District Policy and Support Mechanisms

From a policy support perspective, although the film industry is considered a growth-potential industry, there is no mention of film within the Ugu Integrated Development Plan (IDP). The film industry does however feature prominently within the Ugu South Coast Development Agency's (USCDA) proposed strategic framework as part of the 2018 Ugu Growth and Development Strategy Review. In relation to creating 'Inclusive Economic Growth', the document highlights two relevant strategic interventions, namely²⁴:

- Aggressive marketing of tourist offerings aligning it with the film office; and
- Packaging the Ugu District as the events and film destination of choice within KZN and SA.

A film-specific indicator noted within the review document related to 'establishment of a functional film office'. In engaging with Ugu South Coast Tourism (USCT), it was highlighted that a film office has been on the cards for a number of years, with the aim of establishing this as a function of USCT. However, it was also highlighted that there is currently no budget for this, and this might not happen in the near future. Furthermore, film tourism is noted as an opportunity to grasp in the USCT 2017-2021 Tourism Strategy.²⁵

²⁴ USCDA (2018). *Ugu Growth and Development Plan - 2018 Review*. From. <http://ugu.gov.za/Documents/Knowledge%20Management/GDS%20SUMMIT%202018%20-%20UGU%20SOUTH%20COAST%20DEVELOPMENT%20AGENCY%20PRESENTATION.pdf> [10 March 2020]

²⁵ USCDA (2017). *Tourism Strategy 2017 - 2021*. From. <https://www.tourismsouthcoast.co.za/wp-content/uploads/2019/07/UGUSCT-Strat-Plan-2017-2021-Approved-25-May-2017.pdf>



In addition to the film office, the Ray Nkonyeni Local Municipality (RNLM) IDP 2019 highlights the 'Southcoast Film Studios' as a development project of the UDCDA. During consultation with the RNLM, it was noted that Council had made the decision for the studio to be located at the KZN Technology Park in Port Shepstone. The Municipality was originally approached by a US investor, who has been granted 24 months to submit plans for implementation, and has been given in-principle approval to develop the studio. RNLM expects that the building plans will be approved before the end of June 2020, and thereafter, building can commence. Another critical initiative that has recently been implemented by the RNLM relates to adoption of film by-laws, which were Gazetted in August 2019. The Municipality received support from the KZNFC, who provided film-friendly generic by-laws, and in engagement with filmmakers, the RNLM adjusted and adopted specific by-laws. In relation to tariffs, these will come in effect from July 2020, and will require filmmakers to apply for a permit. Permit fees will be different depending on the size of the shoot, and the by-laws allow for the Local Economic Development (LED) Office to approve permits for smaller productions to ensure a quicker response rate. In relation to skills development, the RNLM IDP also makes mention of emerging filmmaking as an opportunity for local economic development and the potential opportunity for the local Ezingoleni TVET College as a platform to be used to enhance skills development for the youth, including youth in filmmaking.

The Ugu Film Festival is another mechanism that exists that supports growth of the industry. The festival has been running for 7 years, and is produced by Sollywood Films and supported by USCT and NFVF. The festival provides an opportunity for South African films to be showcased in both urban and rural areas, for filmmakers and other industry representatives to take part in an industry development programme and offers a community outreach programme to promote awareness for the industry and career opportunities. It is estimated that since its inception, the festival has injected approximately R5,8 million into the local economy.

SmartXchange, located with Port Shepstone, is another platform that currently supports approximately 4 small film and photography businesses. Two computers equipped with editing suites were provided to SmartXchange by the KZNFC, which along with internet, provides these small businesses with a platform off which to operate and grow their businesses. Currently, there has been interest from another 2-3 small businesses.

4.3 Profile of Productions

During the research, over 60 of productions were identified that have been shot within the Ugu District since 2010. The table below presents the type of film activity, the number of each film activity identified, and the specific names of each production. It must be noted that this profile does not provide a complete picture of film-related activities in the District, but rather a snapshot based on results from surveys and interviews. Although the details for only 41 productions were provided, the respondents noted over 60 productions have been completed since 2010.

Figure 4: Profile of Ugu productions identified during the surveys and interviews

Type	Number	Names
Documentary	4	Ladysmith Black Mambazo, Roots, To Skin a Cat, Isivivane SeNkosi UShaka
Event	2	Summer Heat, Bike Festival
Feature Film	15	Blue Crush 2, The Last Face, The Jungle Book, The Kissing Booth, Zorawar, Lea to the Rescue, Sleeper's Wake, Uhlanga 'The Mark', Before the Sunrise, All Terrain, The Right, Problems are Everywhere, Finding Joy, The Bush Knife, Fats Does Dallas
Promotional Video	8	Adventure Activities, Beier Safety Footwear, Quinvaxem, South Coast Tourism, Hope to Africa, South Coast Hospice
Reality Show	1	uThando Nes'thembu
Short Film	9	Waves of Hope, Missions Improbable, Call of Duty, Red Letter, Ngizenze Mina, Ungasingenisi Ekulimngweni, My Soul Mate, Life of an Orphan, No Time to Breathe
TV Commercials	1	Wolf Security
Web Series	1	Habitus

It is clear that there has been a variety of film-related activity that has occurred over the past decade, from short films to feature films, and commercials to filming of events. The largest identified type of film activity in the region relates to feature film productions, followed by short films and corporate promotional videos. In relation to feature films, a number of these productions are large Hollywood features, namely Blue Crush 2, The Last Face, and The Jungle Book, while Zorawar is an Indian feature film. In addition to the production identified above, a few feature films that are currently in production were also identified including Red Cargo and Fishtail, as well as Expirer which is in pre-production. The production value of two of these films is R11 million.

uThando Nes'thembu

uThando Nes'thembu is a reality TV show that is based in the Ugu District about a businessman, Musa Mseleku, and his four wives. The show is in its 3rd season on Mzansi Magic. Most of the show is produced within the Ray Nkonyeni Local Municipality, however, shoots are done throughout the District (including Eziqoleni, Umdoni and Umzumbe) as well as throughout KZN. Each season takes about 2-3 months to shoot. In relation to use of locations, the show mainly uses private locations and as such, do not generally deal directly with local municipalities but rather with private business owners. The show has had a significant impact on the local film industry through hiring and training numerous crew members over the past 3 years. Although when they started, most of the crew where sourced based on recommendations from the broadcaster (and as such, from outside the Ugu District), as the show has developed there has been a greater emphasis on up-skilling local crew. Specifically, there are local assistants that have been hired to support the director of photography (DOP), producer, and sound engineer. In addition, the show has provided training to its local make-up artist. In relation to supporting local enterprises, the show utilises local designers to manufacture outfits for the four wives and uses bead workers to make traditional outfits. The show also utilises local restaurants which assists to promote these enterprises, while also working with local restaurants to do in-service training to provide catering for the production.

During the survey questionnaire, film-content producers were asked their reasons for shooting in Ugu District. Results from this included:

- Half the respondents noted that they live within the District and as such, chose to shoot there for that reason,
- Half the respondents noted that the District has 'good locations',
- Just under half the respondents noted that the District has good access to services such as accommodation, and
- Just under half the respondents noted that the District is good value for money.

In relation to distribution of productions, all producers noted that they have distributed via YouTube. Other responses included:

- Broadcast on national television (largely via Mzansi Magic),
- Video-on-Demand (such as Netflix),

- Distributed by DVD,
- Screened at film festivals within Ugu, KZN and globally, and
- National cinema.

4.4 Economic Value of Film in the Ugu District Municipality

This section presents the economic value of the film-activity identified during the research. During the survey questionnaires, respondents were asked to provide the value of each production (producer and filmmaker survey), the total days worked in the Ugu District and daily rate (supplier surveys) and the turnover generated from film-related activity (local enterprise survey). The results of each are displayed within the table below, along with the notes and limitations of each.

Figure 5: Value of Ugu District productions identified during the surveys

Relevant Questionnaire	Total Value (2010-2020)	Notes and Limitations
Producers	R81,4 mil (Total) R20,4 mil (Local) R61 mil (International)	<ul style="list-style-type: none"> • Sum of the value of Ugu District productions since 2010 • Based on 8 producer/filmmaker responses and an interview with a locally-based production company representing international productions • Around half of the local value relates to a single, Ugu-based production
Film Suppliers	R2,370,000	<ul style="list-style-type: none"> • Figure derived by including the total number of days worked in the Ugu District since 2010 multiplied by an average daily rate over the period • Daily rates varied between R2,000 and R15,000 per day • Based on 4 supplier responses
Local Enterprises	R816,000	<ul style="list-style-type: none"> • Almost 80% of this relates to accommodation facilities to support international productions • Based on 8 local enterprise responses
Total	R84,598,000	<ul style="list-style-type: none"> • R8,5 million per annum



Given that the film industry in SA has a multiplier of 2.81, it can be estimated that at the very least, an additional R147 million is generated in the economy due to the direct R81,4 million that was injected by producers of filmed content within the Ugu District. On average per annum, the productions identified contributed around R8,5 million to the local economy, which is approximately 2.5% of the estimated KZN film industry GDP of R340 billion. Only the amount provided by producers is used in the above calculations to avoid double counting, as production costs cover suppliers and local enterprises. In addition, the Ugu Film Festival contributed approximately R5,8 million to the local economy over the past 7 years, while local feature films in the pipeline are valued at R11 million.

In relation to local productions, when asked what percentage of their total budget producers spend within and outside of the Ugu District, on average across the productions, 76% (65% minimum and 95% maximum) was spent on direct film-related suppliers such as cast, crew, editors, and distributors, and the balance (5% minimum and 35% maximum) was spent on support services such as accommodation, transport and catering. As such, of the R20,4 million that local productions contributed to the Ugu District economy, approximately R15,5 million goes to direct film suppliers and R4,9 million goes to support services. When asked what percentage of their total production budget is spent within the Ugu District, again the average was 76%. It must be noted however that 50% of the producers who responded to the survey said they spend all of their budget within the Ugu District, and the average was brought down by two producers who only spend 20% and 35% within the Ugu District. In relation to local enterprises (mainly accommodation facilities), film-related income contributed between 1 and 40% of their total annual income, with three facilities noting 1%, 5%, and 15%, and another facility noting 40%.

4.5 Socio-Economic Benefits

This subsection presents the socio-economic benefits that filming has created within the Ugu District. Again, the limitations of this study must be understood when assessing such benefits, as the results are drawn from a limited number of survey responses. However, as previously noted, this does still provide substantial insight into the type of benefits that filming can have at a municipal level.

4.5.1 Employment and Skills

As presented within Section 2 of this report, 21,656 people were employed in the SA Film Industry 2016/17, while employment in the KZN Film Industry was estimated at 4,274 in 2016 and as such, KZN contributes approximately 20% to employment in the industry. The film industry also promotes on-the-job learning which enables low-skilled individuals or students access into the job market; it creates flexible employment; and can create employment opportunities easier than other industries because of the relatively low cost of creating employment. Technology has also allowed more people to enter the industry as barriers to entry are reduced.

Within the surveys administered to producers and filmmakers, respondents were asked to provide an indication of the number of people they employ for various services and skills, and how many of these people they source directly from the Ugu District. The table below provides the results of this question. Although not every question was answered by all producers, the employment opportunities created on an average production for each required service or skill are totalled and averaged by the total number of respondents to the survey (8) to provide a conservative indication of both total employment and that sourced from within the Ugu District. This relates to only local productions as the breakdown for international productions was not provided.

Figure 6: Employment opportunities created in Ugu identified during the surveys

Employment opportunities for an average production	Total per production		Sourced from within the Ugu District	
	Number	Average	Number	Average
Producers & directors	20	2.50	8	1.00
Screenwriters & scriptwriters	7	0.88	1	0.13
Location scouting & location management	5	0.63	1	0.13
Actors and extras	214	26.75	113	14.13
Set design, wardrobe stylists & make-up artists	18	2.25	6	0.75
Camera crew, including grips	30	3.75	4	0.50
Location sound and lighting, including grips	22	2.75	9	1.13

Employment opportunities for an average production	Total per production		Sourced from within the Ugu District	
	Number	Average	Number	Average
Editors, effects & graphics	16	2.00	1	0.13
Music & sound (incl. foley)	12	1.50	1	0.13
Distributors & broadcasters	15	1.88	0	0.00
Total	359	44.88	144	18.00

It is clear from the above table that the greatest number of employment opportunities are created during the production phase (indicated in bold in the table above), and relate to contracting cast and crew (almost 80% of opportunities created). In relation to the impact on the Ugu District, most employment opportunities are also created during the production phase (over 90% of the opportunities created). It is also apparent that critical technical skills such as camera crew, post-production specialists, and music and sound specialists are also in short supply within the District. Four suppliers responded to the question about how many people they directly contract for Ugu District productions, with the average being 2.25 per production. This roughly indicates that for every supplier that is contracted per production, an additional 2.25 work opportunities are created.

It was indicated during stakeholder engagement that two of the large international productions, that used the Ugu District as one of their locations, created a total of 1,027 employment opportunities (within SA). However, the production company responsible noted that the lead roles are mostly from overseas while local cast are generally from Johannesburg and Cape Town. As such, only extras would be sourced from within the Ugu District. In relation to crew, for the international productions that were hosted in the Ugu District, most crew are imported from Cape Town while some local KZN crew were hired for make-up and camera operations, although it is understood that these suppliers are generally also from outside of the District. Trainees are however sourced locally.

In relation to local enterprises, none of the respondents noted that they have hired any additional staff to specifically support new business from film productions.



Producers were asked to indicate the critical skills that are missing within the Ugu District. The responses received are highlighted below:

1. Directors
2. Producers and production companies
3. Casting agents
4. Cinematographers
5. Editors
6. Visual effects and animation specialists
7. Camerapersons
8. Sound and music producers
9. Choreographers
10. Stunts people

In relation to skills and skills development, this has been raised as a major challenge within the District. Although the film industry itself is, by its very nature, a platform off which cast and crew receive on-the-job training and expertise from being involved in productions, there is clearly a lack of productions occurring to support those who seek experience, and a lack of skilled persons to support productions. Large international productions run trainee programmes which create trainee positions for skills such as camera operations, lighting and grips. Through the research, it was identified that KZNFC provided an accredited 3-month production training course. Other than that, no formal film-related educational or skills training programmes were identified. The Ray Nkonyeni Local Municipality IDP does make mention of the potential opportunity for the local Eziqoleni TVET College to be utilised as a platform to enhance skills development for the youth, including youth in filmmaking, while the proposed film studio would also provide a substantial opportunity for upskilling the local film industry suppliers and others interested in entering the market. Additionally, there is very little awareness occurring for film as a career. The Ugu Film Festival is one platform however that has leverage community outreach to create awareness about the film industry and opportunities for careers.

During the surveys, producers were asked if they provided any formal training or skills development, while film suppliers were asked if they received any formal training on productions that occurred. A few producers responded noting the following training provided:

- Training of locally-sourced camerapersons and make-up artists (valued at R35,000)



- Production and director training, action coordination, and cinematography training (valued at R25,000)
- Professional martial arts training
- Film and animation classes.

One statement from a producer indicates the importance and impact providing on-the-job training can have on the creation of employment opportunities:

“We ran film and animation classes to help train people up, we'd cover the whole process from pre to post production. It all depended on the project. The idea was to give people the skills needed to be industry ready. A couple of our team actually ended up moving to Joburg to pursue acting and have been doing well landing roles of local television. Another has gone into full time film making and is currently in the process of relocating to Cape Town to pursue Editing and Cinematography (live action). Others discovered our animation classes and want to go into that. The talent is there, it just needs a push”.

Only one film supplier noted that they received training, and this related to pilot training - this supplier is a helicopter pilot. None of the local enterprises received any training related to any of the productions.

4.5.2 Suppliers

Of the suppliers that completed the surveys, the following skills were identified:

- Camera crew
- Music and sound
- Final audio mix
- Flight operator.

On average, each supplier has worked on 5 productions since 2010. These include international productions (The Jungle Book and The Kissing Booth), documentaries (Treasurehunter and Becoming Visible), corporate promotional videos and filming of sporting events. Only 2 suppliers live within the Ugu District and the other 3 outside of the Ugu District. Of those who reside outside of the Ugu District, 2 stayed in Ugu when shooting a production. None of the suppliers said they

received any other benefits from being part of Ugu productions other than their financial remuneration. It is clear from the responses from suppliers, as well as other inputs received, that the industry is small and that there are limited opportunities for film suppliers. One of the suppliers provided a comment which highlights this below.

“The industry is very small. I’m not aware of any productions happening in Ugu. Would love to meet some producers in the area. We need more local feature productions.”

4.5.3 Local enterprises

Given the multiplier impact that the industry has on numerous sectors and industries such as tourism, hospitality, transport and catering, the benefit of filming at the municipal level is most often greatest for local enterprises. During the time that a production is located within the Ugu District, local services such as accommodation, transport, food and catering, security, and many others, are utilised. During the surveys, a number of local enterprises that have benefited from filming in the District were identified. Producers were asked which local enterprises they most use during filming while local enterprises were asked to categorise their main service offering - the results are below with the most critical enterprises identified in bold:

- **Accommodation**
- **Food and catering**
- **Travel and transport**
- **Hair and beauty salons**
- **Security**
- Event decor
- Insurance
- Training
- Locations
- Furniture, accessories and florists.

Of the suppliers that completed the survey, 78% were accommodation facilities, all of which have hosted film-related productions. These include facilities such as San Lameer Resort & Spa, Lake Eland Game Reserve, Caribbean Estates, Country Lodge, Ocean Grove Guesthouse, The Merry Crab Beach Lodge, and Venture Inn. A number of these facilities noted that they hosted cast and

crew from international productions through Moonlighting Films including The Last Face, The Jungle Book and Blue Crush 2. As highlighted earlier however, film productions contribute around 6.8% to the annual turnover of local accommodation facilities.

When asked about the length of production in days per annum, responses ranged from 1 day to 150 days per year, with an average of 40 days per annum. This indicates the potential impact that filming can have on local enterprises if productions can be encouraged to film more content and spend more time within the region. One survey respondent who operates an accommodation facility noted the following, which provides an idea of how film can benefit local enterprises.

“We would be thrilled if Ugu promoted more to the film industry. Besides our stunning scenery/beaches, the economy would benefit greatly, especially as the leisure market has been feeling the pinch of the economy amongst the lower middle-income holiday makers. Would love to host more crew members, they have all been a pleasure to deal with.”

4.5.4 Local communities

The impact of film activity on local communities is generally greatest through the use of local enterprises within these communities. Although during the research there was a limited indication (via the surveys and stakeholder interviews) of specific impacts that filming has had on local communities within the Ugu District, it is understood that film does have a significant impact on local communities. Not only do productions leverage enterprises from local communities such as location hire, security, catering, and transport, but they also create awareness about the film industry and create opportunities for positions such as extras. In relation to the uThando Nes’thembu production, it was noted that local restaurants are utilised for various shoots while local designers have been sourced to produce dresses for the show, which promotes these businesses nationally. Additionally, they have sourced local beaders for provide traditional outfits and provided training for local make-up artists in relation to make-up for film.

4.6 SWOT Analysis

Based on the analysis undertaken on the Ugu District film industry, a SWOT analysis is presented. This will assist to better understand the specific areas which can be developed to ensure that the Ugu District creates a more conducive environment to attract more productions and stimulate the local film industry and supporting local enterprises.

Strengths	Weaknesses
<ul style="list-style-type: none"> ● Diverse offering of locations ● Strong, organised local hospitality industry ● History of hosting large international film productions (due to favourable locations) ● Numerous sporting and cultural events hosted annually which require filmed coverage and live broadcasting ● Local filmmakers' forum as a platform for industry networking and collaboration ● An annual film festival as a platform to promote the local industry and create community awareness about film 	<ul style="list-style-type: none"> ● Lack of experienced crew within the area means importing of crew from outside areas ● Inexperienced actors leading to cast from outside being imported ● Limited post-production capacity driving all post-production activities to other areas ● Limited local film by-laws or protocols in place ● No monitoring and measuring film activity taking place ● Limited support (incl. financial, marketing) for film activity at a local level ● Lack of municipal experience and capacity to facilitate film productions
Opportunities	Threats
<ul style="list-style-type: none"> ● Establishment of central focal point for film within USCT ● Development of a film studio as a platform for film ● Utilising the local TVET College as a hub for skills development ● Development and marketing of a strong database of local locations ● Implementation of film by-laws and better monitoring of productions and their impact ● Leverage international productions as a platform for on-the-job training ● Leverage KZNFC and NFVF training programmes and municipal support services to better establish the industry ● Drive film-tourism by promoting areas which have featured in international productions 	<ul style="list-style-type: none"> ● No district-wide focal point for providing information, and supporting and facilitating productions ● Continued loss of skilled industry persons to more established industries in Durban, Johannesburg and Cape Town ● No formal facility to encourage more productions and retain post-production activities in the area ● Lack of leadership support for the industry, which will drive filmmakers away ● Continued lack of M&E limits information about the impact of filmmaking on the District ● Lack of a protocol and by-laws means that the District will continue to be exploited by filmmakers ● Not enough productions occurring in the area to develop a pipeline of industry specialists

5 Benefits and Challenges for Municipalities

5.1 Key Benefits of Film at a Municipal Area

Film activity generates substantial **economic value** for municipalities. For areas with more established film industries, the direct impact created throughout the value chain of a production, particularly in relation film suppliers (e.g. cast, crew, etc.) is greater than in areas where suppliers are 'imported' for the duration of the production. Regardless of how developed a region's film industry is, the indirect economic impact on the local hospitality industry is always significant. This is particularly relevant to accommodation facilities, food and catering services, transport, and security, as most productions require these services to support the production and its cast and crew. Indirectly, additional economic value is generated through further spending of the earnings of suppliers and local enterprises. The national film multiplier was 2.81 in 2016/17, which suggests that for R1 million rand invested in the film industry an additional R1.81 million is gained by the economy. It is estimated that the KZN film industry contributed R340 million to GDP in 2019.

In addition to direct financial impact, the industry creates **employment opportunities**. Permanent employment opportunities are created by production companies and film industry suppliers, while temporary opportunities are also created as productions require freelancers, suppliers such as catering, security and cleaning, and other short-term positions such as extras. In areas with more established industries, permanent positions are even created within local enterprises such as accommodation facilities, transport, and security, as demand for these services increases. It is estimated that the film industry created approximately 4,558 jobs in 2019. Film productions also create greater awareness of careers within the industry, especially in more rural areas, where people have had less exposure to the film process.

The film industry also has an impact on **skills development and training**. Given that the skills required to operate a camera, set up lighting, edit content, and do visual effects, for example, are relatively niche, building up experience requires on-the-job training. Although most film schools do provide formal training in areas of video production, additional experience is crucial to full development of a person's skillset, and this is mostly gained through experience on the job. As noted by Moonlighting Films, they run trainee programmes for their international productions which create positions such as camera operators, lighting and grips for locally-sourced trainees.

In addition to the direct impact on the hospitality industry during the production phase, film has the potential to **encourage additional tourism activity**. Film-induced tourism is widely researched and indicates that local areas can gain significant economic benefits from film-tourism. When a production is in process, local locations and other natural attributes are placed under the spotlight and this acts as a promotional marketing tool for these areas. The best examples include the increase in tourism that New Zealand experienced after shooting of *The Lord of the Rings*. About 1% of visitors to New Zealand stated their reason for visiting was just to *The Lord of the Rings*, which contributed approximately \$27 million USD to the tourism sector in 2012.²⁶ Not only does this relate to feature films, but also to all types of filmed content, as coverage of sporting or other events often promote the areas in which they are hosted, while documentaries also promote and highlight key attributes.

A final impact generated by film is **additional income for the local municipality** through permit fees and other services. Although most local municipalities around KZN don't have formal film industry support mechanisms in place, processing of permits and fees for other municipal services such as road closures and fire department support, can generate income for municipalities.

5.2 Challenges for District and Local Municipalities

As has been highlighted within this research, municipalities face a myriad of challenges that limit their potential to tap into the many benefits of film. One of the main challenges faced by most municipalities in KZN and South Africa, relates to internal capacity and resources. As the impact of the film industry becomes more widely understood, more and more district and local municipalities are establishing dedicated film offices or developing capacity to develop film within their existing structures (often under local economic development departments). However, most still do not have any formal positions dedicated to growing and supporting the film sector and as such, lack the capacity to effectively support and grow the industry.

Developing capacity to support and grow the film sector requires an intimate knowledge of the film industry and its value chain, and requires financial and human resources, as well as political and other leadership support. Although this function can be done relatively cost effectively via

²⁶ Pinchefskey, 2012. *The Impact (Economic and Otherwise) of Lord of the Rings/The Hobbit on New Zealand*. From: <https://www.forbes.com/sites/carolpinchefskey/2012/12/14/the-impact-economic-and-otherwise-of-lord-of-the-rings-the-hobbit-on-new-zealand/#63f36f4131b6>. [24 April 2020].



capacitating an existing resource within an LED department for example, other challenges such as a high-turnover or movement of staff often leaves voids where capacity has been developed. This lack of a dedicated resource means that film is often side-lined, and the relevant steps are not implemented to develop a platform to grow the industry – this includes no formal protocols or guidelines for filmmakers, no by-laws for film or permit processes, no cataloguing and promotion of locations and support services, and no monitoring and measuring of the film activity that is occurring within their area.

Municipalities with less developed film industries also face the challenge of ‘brain-drain’, as those pursuing careers within the industry often leave for areas such as Cape Town and Johannesburg where there are many more opportunities. This is a difficult challenge to overcome, as even the presence of film schools or other training programmes is not enough to entice aspiring industry persons to remain in their local area.

Areas that have been successful in retaining skilled persons often have a combination of educational facilities, a strong supplier network, a pipeline of productions occurring in the area, and sometimes even facilities such as film studios. The establishment of a single, large production (such as a TV series) can have the impact of retaining a number of industry persons for a number of years.

6 Recommendations and Conclusion

6.1 Recommendations for Film as an Economic Catalyst

The final section presents the recommendations that emanate from the above research for ensuring that film is a catalyst for growth at a local level. These recommendations comprise a combination of insights from the primary research and project team experience in film industry and economic strategy development. Recommendations have been disaggregated for municipalities, provincial government (via EDTEA and KZNFC), film industry stakeholders, and local enterprises:

Category	Recommendations
Municipalities	<ol style="list-style-type: none"><li data-bbox="477 848 1438 1535">1. Develop film capacity at a municipal level. This can be done by creating a central focal point for film at district-level and could be done within existing municipal structures or partnership with external organisations such as tourism associations and could take the form of a dedicated film resource within the LED or Tourism Department (i.e. film desk) or a fully-fledged film office, depending on necessity, budget and capacity. This must become a central focal point for all filming requests, and includes packaging and disseminating information to filmmakers, promoting the location as a film destination, engaging with stakeholders such as funders and industry association, and assisting drive programmes to boost skills and SMME development in the industry. In addition, capacity must be developed at a local municipal level via continued training and support from the KZNFC and District film office/desk.<li data-bbox="477 1556 1438 1738">2. Implement by-laws and associated permit processes that allow the local municipality to monitor and manage film activity that is occurring and generate some additional revenue (although these costs can be waived as an incentive).<li data-bbox="477 1759 1438 1837">3. Partner with the hospitality industry to package and promote locations, accommodation facilities and other supporting enterprises as part of

Category	Recommendations
	<p>the information required by filmmakers when selecting their location.</p> <ol style="list-style-type: none"> 4. Develop guidelines/protocols for filming in the municipal area that provide filmmakers with all the information they require such as key industry support mechanisms, by-laws, permit processes, and contact persons. 5. Engage with traditional councils to ensure that the impact of film is understood and that film protocols are supported to create more transparent processes for filmmakers and ensure the greatest community benefit.
<p>Provincial government (via KZNFC and EDTEA)</p>	<ol style="list-style-type: none"> 1. Ensure that the film industry development is recognised as a key growth industry in the province and incorporated into relevant strategic plans in order to allow for funding to be aligned to support development programmes and investment into infrastructure. 2. Provide specific support to municipalities in negotiating with filmmakers who are interested in using their municipality as a location. 3. Provide support to municipalities on a regular basis to ensure that training and capacity building is occurring, and that by-laws, protocols and procedures are being established to more effectively assist filmmakers. This relates specifically to cases where districts want to develop central focal points for film and requires capacity building and training. 4. Assist to promote the diverse offerings that the province has and market KZN as a film-friendly destination. 5. Continue to roll out training and skills development programmes especially in areas where such programmes are under-provided currently. 6. Along with municipalities, identify opportunities to maximise the impact the film has on local communities, particularly those within rural areas.
<p>Film industry</p>	<ol style="list-style-type: none"> 1. Formulate strong industry networks. This will allow for more partnership opportunities to occur, further strengthening and growing

Category	Recommendations
	<p>the industry and skilled persons, and ensuring that large productions make use of local suppliers when shooting in the area.</p> <ol style="list-style-type: none"> 2. Lobby government to channel investment into growing the film industry through developing capacity, investing in critical infrastructure, undertaking skills development and training programmes, monitoring film activity, and promoting local areas. 3. Prioritise on-the-job training within all productions to ensure that skills are being developed and retained. 4. Support as many local enterprises as possible throughout the film process in order to ensure that the impact of the production/s is retained within the local area. 5. Identify local community organisations within local areas that can be incorporated into filming activity.
<p>Local enterprises</p>	<ol style="list-style-type: none"> 1. Jointly package and promote the locations and services that exist within the local area to encourage more film activity. 2. Consider providing discounted packages that are targeted at film crews to ensure that the length of stay is extended. 3. Encourage businesses to develop, expand or diversify into offering services that are beneficial to film productions (such as a nursery also promoting the hire of plants as props for a film set).

These recommendations will, along with other provincial initiatives to support and grow local film activity, assist the province to:

1. Create direct employment within the film industry as a result of additional filming activity within KZN district municipalities.
2. Generate new business sales and employment for local enterprises supporting the film industry, especially the hospitality, transport, retail and other business services sectors.
3. Create new skills related to the film industry including production, scriptwriting, directing, cinematography, editing, animation, sound design, photography, and choreography.
4. Generate benefits for local communities including generation of income from supporting services (such as costume design, catering, security, hire of locations, and



accommodation), exposure to film activities and careers within the industry, and direct employment opportunities.

6.2 Report Conclusion

This research study was commissioned by the KZNFC in order to measure the impact that film activity has had on the local economy within the Ugu District Municipality, and broadly answer the research question of whether film can act as an economic catalyst at a municipal level.

The report provides an overview of the national and provincial film industry value chain and skills profile, which provides a baseline off which the research was developed. In addition, the value that film generates was also highlighted from research undertaken at national and provincial level, while the support that is provided at these levels of government was also highlighted. The report then provides an assessment of the Ugu film industry, which combines primary research and desktop research to give an indication of the local policy framework and initiatives, a profile of productions, the economic value and socio-economic benefits of film in Ugu District Municipality. This research culminates in a SWOT analysis for the District Municipality.

This is followed by an analysis of the extent of film as a catalyst for growth by summarising the key impacts and benefits that film has on municipalities, the challenges that municipalities face, and finally, a set of recommendations. These recommendations are disaggregated for municipalities, provincial government, film industry and local enterprise, as each of these stakeholder groups have a role to play in creating a more conducive environment for film, in order to enhance the potential impact that film can have at a municipal level.