

KWAZULU-NATAL FILM COMMISSION ANNUAL REPORT

2014/15



OUR KINGDOM IS YOUR STAGE



OUR KINGDOM IS YOUR STAGE



KwaZulu-Natal Film Commission Mandela Day 2014, KwaMashu



Film German Documentary: Eston KZN

KWAZULU-NATAL FILM COMMISSION'S GENERAL INFORMATION

REGISTERED NAME: KwaZulu-Natal Film Commission

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LIST OF ABBREVIATIONS/ACRONYMS	
AGSA	Auditor-General of South Africa
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EDTEA	Economic Development, Tourism and Environmental Affairs
KZN	KwaZulu-Natal
KZNFC	KwaZulu-Natal Film Commission
MEC	Member of Executive Council

LIST OF ABBREVIATIONS/ACRONYMS (continued)	
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act
SMME	Small, Medium and Micro Enterprises
SCM	Supply Chain Management
TR	Treasury Regulations
WESGRO	Western Cape Tourism, Trade and Investment Promotion Agency

Tourism photos courtesy of Tourism KwaZulu-Natal
Design and layout by ARTWORKS Communications

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PART A GENERAL INFORMATION



Foreword by the MEC for Economic Development, Tourism and Environmental Affairs

MICHAEL MABUYAKHULU (MPP)
MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

THE FILM INDUSTRY IS ONE OF THE SECTORS CRITICAL TO BOOST ECONOMIC GROWTH OF ANY DEVELOPING NATION.

The available research informs us that a well-developed film industry becomes a catalyst for economic development through its contributions in the infrastructural development, human capital development and tourism. According to the Independent Producers Organisation Report (May 2014), the South African entertainment and media (E&M) market will generate an estimated overall revenue of R175.4 billion in 2017, having increased from R104.8 billion in 2012, showing a compound annual growth rate (CAGR) of 10%. It is therefore, important that KZNFC positions itself to play a meaningful role in this market. Hence, I gave the Board a directive to develop its programmes with clear intentions of promoting the key economic drivers in the film industry.

In 2014/15, the KZNFC developed systems and policies to support and attract national and international role players in the film industry. As part of the KZNFC's strategy to market the Province as a film destination of choice, the Commission participated in national and international film festivals. The outcome of this was the follow-up familiarization tours and partnerships that were signed by national and international filmmakers.

Furthermore, KZNFC embarked on human capital development programmes aimed at addressing our historical social inequalities. Partnerships were forged to conduct relevant trainings in filmmaking for the upcoming filmmakers from the Province. A number of bursaries were awarded to students from the Province who are pursuing careers in

filmmaking. The Board also negotiated successfully with key stakeholders who provide accommodation and transport services, to offer discounts to filmmakers who come to do business in the Province. This initiative is important because the film industry is cost driven and such incentives would entice filmmakers to our region.

I have further tasked the Board to look at the repositioning of the Durban International Film Festival. This is an important event in the International Film Festival calendar and the KZNFC has to play an important strategic role in repositioning the Province in the film industry through this event.

Finally, I am aware that the film industry is not an easy terrain to navigate but with the support and commitment of all of us we can achieve a lot. I would like to thank the Board led by Mr W. Msomi and the staff of the entity led by the CEO; Ms C. Coetzee for their dedication and commitment. All this could not have been achieved without their tireless efforts. Also, I would like to extend my heartfelt gratitude to all the stakeholders who supported the programmes of KZNFC.

Michael Mabuyakhulu
MEC for Economic Development, Tourism and Environmental Affairs





Foreword by the Chairperson

WELCOME MSOMI
CHAIRPERSON



Chief Executive Officer's Overview

CAROL COETZEE
CHIEF EXECUTIVE OFFICER

THE FINANCIAL YEAR 2014/15 MARKED THE FIRST FULL YEAR OF OPERATIONS OF THE KWAZULU-NATAL FILM COMMISSION.

THE FINANCIAL YEAR 2014/15 WAS CHARACTERISED BY BUILDING FOUNDATIONS, DEVELOPING AND ADJUSTING PLANS AND ESTABLISHMENT OF STRONG PARTNERSHIPS.

The Board began the year by developing its 2014/19 five year Strategic Plan, the 2014/15 Annual Performance Plan and various policies to guide and support its operations. These were critical documents that guided the Board and the entity to achieve its legal mandate as articulated in the KwaZulu-Natal Film Commission Act No.3 of 2010.

The key areas of focus during the year were:-

- To promote and market KZN as a choice film destination;
- To secure strategic investment through facilitation and promotion into the filming industry in KZN;
- To develop and maintain an efficient regulatory and governance framework for sustained economic development;
- To implement interventions that drive transformation, diversification and service excellence in the film industry;
- To drive human capital development;
- To create opportunities in film production and distribution for previously disadvantaged individuals.

The entity with the initial limited resources that had been allocated by the Department, managed to undertake the above mentioned tasks diligently. This indeed would not have been achieved without the support of the MEC and his management team.

The Board has worked vigorously to ensure that KZN becomes a destination of choice for the film industry. Through its policies and processes the Board strived to position the Province to be cost competitive in terms of its offerings and at the same time upholding high standards to attract world class film productions. Within a short space of time the KZNFC has managed to make an impact in national and international markets. Its visibility and programmes has put the Province of KwaZulu-Natal on the map

in the film industry. For instance, the KZNFC awarded funding towards the marketing of the film "Hard to Get" which was one of the first projects to receive funding in line with the KZNFC Film Fund policy. The KZNFC received extensive marketing and branding exposure through its association with the film well beyond the financial contribution and it continues even now.

In June 2014, the Board took bold steps to address the issues of transformation in the film industry in the Province by establishing the KZN Film Fund. The fund's main objective is to assist the historically disadvantage individuals within the film industry in KZN. The focus is specifically on youth and women. The funding is available in the following four broad categories:

- Script development;
- Production;
- Marketing and distribution; and
- Markets and festivals.

The Board is hopeful that it will be able to supplement the national initiatives that are being taken by other Government Departments and Public Entities to address the imbalances in the industry and to grow the economy through the film sector.

On behalf of the Board, I would like to extend my gratitude to Ms C. Coetzee and her team for their dedication and commitment in making sure that the KZNFC makes such remarkable strides within a short space of time.

Welcome Msomi
Chairperson of the Board
Date: 30 May 2015

The KZNFC moved with speed to implement the MEC's policy directives that were articulated in the Boards' Strategic Plan, to position KwaZulu-Natal as a destination of choice for the film industry. To achieve this, and based on the SWOT analysis, the entity began positioning the Province as a cost competitive location through a reduction in operational costs of productions in the region. As a result, partnerships and MOU's were signed with various stakeholders to provide reduced costs associated with accommodation, air and ground transport. Discussions with other stakeholders to facilitate similar agreements are underway including the relevant public entities provincially and nationally.

At the beginning of 2014/15 financial year, the KZNFC had four full-time employees. The recruitment drive was stepped up in the third-quarter after the approval of the graded organogram by the Board. At the end of 2014/15 the KZNFC staff complement stood at twenty-two. There were six internship students that were assisting the Commission during this period. The Operational Budget of the entity during the financial year was R58million. Even though the bigger portion of the grant [R30m] was received in the fourth-quarter of the year all the funds were committed by the end of the financial following a due procurement process.

In pursuing its strategic objective to promote and market KZN as a choice film destination, the entity increased its visibility through attending film festivals / markets and engaging with various stakeholders in the film industry. There were 14 festivals and markets that were attended by KZNFC during the financial year. These platforms were of great assistance in putting KZN on the map as a location of choice for film making. The festivals

were also used to sell the value proposition of the KwaZulu-Natal as a Province with unique locations, culture and history.

During the financial year, the Board approved the establishment of KZN Film Fund with a budget of R12million. The KZN Film Fund prioritises Women, Youth and Black Filmmakers. The fund also stipulates that recipients must spend 70% of their budget in KwaZulu-Natal. There was an overwhelming response to the establishment of this fund. The Commission received ninety-four applications of which thirty-eight were approved. The rest of the applicants were either asked to refine their submissions, go for training or were provided mentors to ensure successful delivery of their projects. This fund compliments the national transformation commitments by public entities like DTI with its South African Emerging Black Filmmakers Incentive that was announced in September 2014 by Minister Rob Davies and will be administered until 31 March 2017. The incentive is available to South African black owned qualifying productions with a total production budget of R1million and above on Film; R500 000 on Documentaries and rebate of up to 50% for first R6million of Qualifying South African Production Expenditure (QSAPE), thereafter 25% (no cap is applicable for this rebate) and IDC / NFVF's Emerging Black Filmmakers Transformation Fund (capped at R4.5 million for production, as well as R500 000 for marketing).

As part of human capital development of prospective participants in the industry, particularly, those from historically disadvantage background the KZNFC set aside a budget of R1.3million for student bursaries. A total number of two hundred and sixty-one applications were received of which twenty-five students were awarded bursaries. The students are at tertiary

institutions in KwaZulu-Natal studying various courses (degrees and diplomas) associated with the film industry.

The KZNFC also embarked on a mission to engage professional organisations in the film industry to assist in conducting short courses in filmmaking. The areas identified were script development, production, marketing and distribution. These skills development programmes range from a few weeks to eight months in duration.

The women and youth incubation programmes were purposefully designed to provide in depth training to the identified participants through the whole value chain of film. KZNFC has partnered with Smart Xchange and Maxum Media Accelerator to provide this training. The training is done within KwaZulu-Natal at venues that are convenient for the participants. The training duration for the programmes is three years. The ultimate objective of the training programmes is to create a pool of skilled entrepreneurs and filmmakers who would be retained within the province of KwaZulu-Natal. The training programmes and incubator programmes commenced late in the fourth quarter of the year.

As a newly established entity, KZNFC realised that it should conduct baseline research to ascertain what is available in the Province and to identify the gaps in the local film industry. The decision to commission the research was informed by

the desire and the need to identify appropriate intervention programmes aimed at transforming the industry and designing appropriate future programmes for the entity. A service provider was appointed in the fourth quarter of the year to conduct the research and we expect that the research will be concluded in the forth-coming financial year.

The KZNFC also hosted the Simon 'Mabhunu' Sabela awards in July 2014. The awards ceremony is named after Simon Sabela, the first black South African film director born in 1931 in Durban. The event provided a platform to showcase our emerging and established filmmakers at an international event. Going forward the Board has approved that the event be commemorated annually in July and a budget has been set aside for this event.

Finally, I wish to express my sincere gratitude to my executive management team and staff at KZNFC, EDTEA - HoD and his team and all our stakeholders for their support and commitment to ensure that the entity succeeds. I would also like to express my sincere gratitude to our Board Members and the Executive Authority for their unwavering support and guidance throughout the year.

Carol Coetzee
Chief Executive Officer
Date: 30 May 2015



Welcome Msomi (Chairperson) with the legendary Louis Gossett Jnr in his LA home

Board Leadership



Mr Welcome Msomi
Chairperson



Ms Nise Malanga
Deputy Chairperson



Mr Paul Raleigh



Mr Ndabo Khoza



Mr Zamo Gwala



Ms Nozizwe Mthembu



Ms Leonie Berning



Ms Antoinette Monty



Mr Musa Mzimela

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Public Entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2015.

Yours faithfully

Carol Coetzee
Chief Executive Officer
Date: 30 May 2015

Welcome Msomi
Chairperson of the Board
Date: 30 May 2015



Madiba Day 2014, Welcome Msomi, Chairperson

Strategic Overview

Vision

The KwaZulu-Natal Film Commission's vision is to position KZN as a globally competitive, diverse and sustainable choice film destination.

Mission

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.

Values

The values of the KZN Film Commission (KZNFC) are aligned to the Provincial Citizen's Charter as follows:

- Discipline and professionalism
- Transparency
- Integrity
- Accountability and responsibility
- Fairness/equity
- Social responsibility and cohesion



caption to come

Legislative and Other Mandates

The KZNFC is mandated through the powers and responsibilities delegated by the Premier to the respective Member of the Executive Council (in relation to film). In KZN this responsibility falls within the Economic Development, Tourism and Environmental Affairs portfolio.

At a national level, the primary legislative mandate of the National Department of Arts and Culture (under which portfolio this sector falls) comes from the Constitution of the Republic of South Africa, which states that: Section 16 (1) "Everyone has the right to freedom of expression, which includes:

- Freedom of press and other media;
- Freedom to receive or impart information or ideas;
- Freedom of artistic creativity; and
- Academic freedom and freedom of scientific research", and Section 30 "Everyone has the right to use language and to participate in the cultural life of their choice, but no one exercising these rights may do so in manners inconsistent with any provision of the Bill of Rights".

Legislative Mandate

The KZNFC derives its mandate from the KwaZulu-Natal Film Act No. 3 of 2010 which established the KwaZulu-Natal Film Commission (KZNFC) and has as part of its objectives:

- a) to promote and market the Province as a global destination of choice for film production;
- b) to develop, promote and market, locally, nationally and internationally, the film industry in the Province;

- c) to facilitate investment in the film industry in the Province;
- d) to provide and encourage the provision of opportunities for persons, especially from disadvantaged communities, to enter and participate in the film industry in the Province;
- e) to address historical imbalances in the infrastructure and in the distribution of skills and resources in the film industry in the Province; and
- f) to contribute to an enabling environment for job creation in the film industry in the Province.

The other legislation which governs the operations of the entity includes:

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Public Finance Management Act (Act No. 1 of 1999, as amended)
- National Treasury Regulations 2001
- The National Film and Video Foundation Act 1997
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)

Policy mandates

The MEC for the Department of Economic Development, Tourism and Environmental Affairs is responsible for defining the policy directives of the entity. The Board is responsible for approving the operational policies of the entity dealing with the financial, human resources and operational matters.

Audio-visual training for sighted and visually impaired in KwaZulu-Natal



Organisational Structure

CEO's OFFICE

Board governance/secretariat
Strategic oversight

Marketing and Industry Development Team

Marketing & Promotion
Communications
Investment Promotion
Fund Management

Finance and Administration Team

Financial Management
Human Resources
Information Technology
Corporate Services

PART B

PERFORMANCE INFORMATION

Auditor's Report: Predetermined Objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on

other legal and regulatory requirements section of the auditor's report.

Refer to page ____ of the Report of the Auditors Report, published as Part E: Financial information.

Celebrating the conclusion of deals at Cannes Film Festival 2014



Situational Analysis

Overview of the Service Delivery Environment

External Environment

According to South African Entertainment and Media outlook (2012-16), the global trends in the filmed entertainment industry will look as follows:-

Outlook

- We project that global spending on filmed entertainment will rise at a 3.1% compound annual rate over the five-year forecast period, reaching \$99.7b in 2016 from \$85.4b in 2011.
- Global box office spending will increase from \$34.6b in 2011 to \$47b in 2016, a 6.3% compound annual increase.
- Cinema advertising will grow at a projected 5.3% compound annual rate to \$2.8b in 2016 from \$2.2b in 2011.
- Total out-of-home spending will rise from \$36.7b in 2011 to \$49.8b in 2016.
- Physical sell through will fall at a 3.4% compound annual rate to \$23b in 2016 from \$27.3b in 2011.
- Physical rental spending will decline from \$12.1b in 2011 to \$8.9b in 2016, a 6.0% compound annual decrease. The overall physical home-video market will total \$31.8b in 2016, down 4.2% on a compound annual basis from \$39.4b in 2011.
- Electronic spending through TV subscription providers will increase at a 6.8% compound annual rate to \$7b in 2016 from \$5b in 2011. Over-the-top / streaming spending will rise at a 21.0% compound annual rate from \$4.3b in 2011 to \$11b in 2016, overtaking spending through TV subscription providers in 2012.
- The total electronic home video market will reach \$18b in 2016 from \$9.3b in 2011, a 14.2% increase compounded annually.
- Overall home video spending will increase at a projected 0.5% compounded annual rate to \$49.9b from \$48.7b in 2011.

Key drivers

- Moderating price growth, new multiplexes, and growth in 3D screens will stimulate the box office market, although the incremental impact of 3D is diminishing.
- Favourable demographics and an expanding box office market will boost cinema advertising, as will the migration to digital cinema, by reducing the costs and complexity of screening advertisements.
- A shortening home video window and experiments in modifying the current windowing structures (e.g premium VOD and day-and-date digital release) will benefit electronic video spending.
- Competition from electronic platforms will adversely affect the physical home video market, leading to spending declines in most countries. However, growth in the Blu-ray platform will limit declines in physical home video during the latter part of the forecast period. Nevertheless, the Blu-ray market is growing more slowly than we anticipated in last year's Outlook, leading us to project ongoing decreases for physical sell-through as a whole.
- Emerging over-the-top/streaming services and growth in digital cable and telephone company TV subscription services that promote video on demand will boost electronic distribution. The availability of content on tablets and other devices as well as Internet-connected TV's will further foster growth in electronic distribution.
- Piracy will continue to hold down spending, particularly in Asia-Pacific and Latin America, as well as a number of countries in Europe, Middle East and Africa (EMEA).
- Major considerations affecting the market in any given year are the quality of releases and their appeal to consumers, which are factors that cannot be predicted.

The indications therefore, are that the film industry is set for an upward trajectory. The South African film industry will be boosted

by the fact that the country has some of the best locations anchored by unique culture and history. South Africa is home to eight of the world's official heritage sites of which two are in KwaZulu-Natal. Furthermore, the South African government has shown its commitment to support the film industry by providing incentives and rebates that assist to reduce costs for filmmakers.

Internal Environment

The entity began the financial year with a permanent staff compliment of 4 with a handful of temporary personnel and 6 interns. The organisational structure and business processes were required to be designed, documented and presented for board approval. Based on the approved APP, the entity received an increase in its budgetary allocation which was approved during adjustment estimates in December 2014. As a result the funding was only confirmed and transferred at the end of January 2015, which created challenges in contracting financially on projects and the non-achievement of a number of the programmes. The internal environment has stabilised with all required systems and governance structures in place. Additional systems will be procured in the New Year to ensure that systems operate effectively and efficiently.

Filming set: Mongalien Village in Eston, KZN



Overview of the Organisational Environment

During the year under review the KwaZulu-Natal Film Commission received a grant of R58 million to cover its operational and programme costs from the EDTEA. The funds are managed and spent in terms of the PFMA and Treasury Regulations. By the end of the financial year all the funds were committed and there were no roll overs.

The Board held its Strategic Plan for 2014-19 and aligned its vision, mission and strategic objectives to the five year plan. The entity also developed its policies and procedures that covers human resources and supply chain management. Having received an increase on its grant funding, the KZNFC filled most of its critical posts during the fourth-quarter of the financial year.

The establishment of the KZNFC created much enthusiasm and expectations from various quarters in the film industry. Its visibility and support to the film industry in the province has attracted attention from local and international filmmakers. Hence, the Board is working on strategies to position the entity as a port-of call for the film industry in the province. Currently, there are two film offices that are operational in the province (the Zulu coast film

office, and the Durban film office). The focus in the New Year will be the development of a provincial guide on film offices to ensure a seamless process in the permitting processes and improved support services to the industry at a local level.

KwaZulu-Natal Film Commission ranks third in terms of destination of South Africa in comparison to the Gauteng Film Commission and Wesgro who have been in operation for a number of years. They have further defined their niche markets (Western Cape – Film, International and Animation) and (Gauteng – TV production, International and Local content). The KwaZulu-Natal Film Commission is current refining its approach taking into consideration the developmental state of the film sector in the region. A dual approach of development and commercialisation of programmes will be essential to ensure an enhanced sustainable industry.

The KwaZulu-Natal Film Commission introduced film fund incentives in 2014. The objective of the film fund is to attract filmmakers' productions to the province. The incentives are complementary to the national incentives offered by DTI, IDC and NFVF. Coupled with the incentives programmes the KwaZulu-Natal Film Commission broadened its human capital development programmes by offering bursaries to students wishing to pursue studies in filmmaking; and launching the

Laleti Khumalo and Welcome Msomi, Chairperson



woman and youth incubator programmes as well as technical skills training across the film value chain.

Key Policy Developments and Legislative Changes

There have been no policy changes with regards to the mandate of the entity. There has however been significant development in terms of establishing all operational policies for the organisation.

Strategic Outcome Oriented Goals

The KwaZulu-Natal Film Commission sought to achieve the following strategic outcome oriented goals for 2014/15:

- To operate an effective administrative businesses processes inculcating Good Governance, Risk and Compliance;
- To facilitate transformation in the film industry;
- To facilitate human capital development in the film industry;
- To facilitate investment promotion into KwaZulu-Natal's filming industry; and
- To promote and market KwaZulu-Natal as a choice film destination.

The achievements made in terms of the above strategic outcome oriented goals are outlined under the performance information per programme section.

Performance Information by Programme

Programme One: Chief Executive Officers' Office

Programme Purpose

The main purpose of the Chief Executive Officers' office, is to provide strategic guidance through delivering on the strategic objectives whilst ensuring compliance within the legislated environment.

Functions co-ordinated under this programme include:

- Strategic development, monitoring and evaluation for the organisation.

- Policy and legislation advocacy, drafting and implementing.
- Stakeholder development and engagement to enhance relationships, encourage local production and partnerships and to ensure a clear understanding of the mandate and services of the KZNFC.
- Negotiating and entering into partnerships with various stakeholders to enhance the competitiveness of KZN and to secure additional funding to further enhance and increase the entity's outcomes.
- Board Secretarial functions and governance matters of the Board.
- Oversee the Internal Audit function through monitoring the implementation of management commitments.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

High Level Review of Performance Information

Programme objective:					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from Planned Target to Actual Achievement for 2014/15	Comment on deviations
% of APP Targets Achieved	N/A	100%	56%	44%	All programmes were initiated during the period with delays resulting from late confirmation of Adjusted Budget and limited capacity during the year. This resulted in partial achievement of certain programmes.
Stakeholder development and engagement: - • Industry workshops • Local government engagements	N/A	2	7	+5	Stakeholder meetings were held in 4 districts in the province, with 2 film associations, Cape Town Film Industry, and the Nigerian Tourism Delegation.
	N/A	2	5	+3	Presentations were made to EThekweni Economic Committee, Portfolio committees, Cabinet, COGTA MUNIMEC, Provincial Tourism Forum.
Effective Board oversight in line with statutory requirements (King III and the Act)	85%	100%	100%	0	The Board operated effectively, statutory meetings, approvals and compliance with legislative requirements.

Research Projects

As a new entity the KZNFC has identified key research areas that will strengthen the organisation's planning and decision making. The two research projects that were identified during the year were: a) Development of a film induced tourism strategy, b) Baseline research on KwaZulu-Natal film industry. Two service providers were appointed during the financial year to conduct the research and they are expected to submit their findings in the first quarter of 2015.

Programme Two: Finance and Administration

The core activities of this programme relates to the management and direction of the Finance and Administration of the KwaZulu-Natal Film Commission in support of the core business of the entity.

The effective administration of the public entity is essential to ensure efficient service delivery. The Finance and Administration business unit provides the require services such as financial management, human resource development, information

technology and corporate services. During the first year in operation, the priorities were to develop and implement the appropriate policies, systems and business processes to enhance good governance, risk management and compliance within the legislative environment whilst enhancing efficiency through business process and control design.

Programme Purpose

The core business of the Finance and Administration business unit is to enhance the KZNFC financial, human resource and information technology administration reporting capability and to ensure service efficiency within the regulatory framework.

Functions co-ordinated under this programme include:

- Financial management and reporting
- Administration support
- Management and cost accounting
- Supply chain management
- Legal and contracts management
- Human resources management
- Information communication and technology management
- Business facilitation to attract investments



KZNFC Mandela Day

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Programme objective:					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
Annual Audit Opinion	Unqualified	Unqualified	Unqualified	0	Unqualified audit opinion with specific matters requiring attention with respect to irregular expenditure, set up (internal audit and strategic plan) and performance indicators. These matters have been cleared.
%of Internal Audit findings and resolved within the financial year	N/A	100%	100%	0	A number of audits were undertaken during the year to provide assurance to management and Board. All recommendations have been actioned to further enhance controls and a register is maintained to track such action reports.
%of legislated reports (quarterly performance reports, IYM, Annual Reports) submitted timeously and accurately to DEDT	N/A	100%	68%	32%	Due to capacity constraints the monthly financial reports were not always submitted before the deadlines of EDTEA but were submitted to Treasury in line with statutory requirements. All other quarterly and annual reports were submitted on time.
% of budget spent and committed for intended purposes	N/A	100%	100%	0	65% of the budget was spent with the balance being committed based on signed agreements or purchase orders. EDTEA and provincial Treasury have approved the rollover.
% availability of IT services	N/A	90%	95%	+5%	Accurate reports are provided by the server system. Performance has been impacted by load shedding.
% Qualifying spent on BEE suppliers	N/A	60%	92%	+32%	The target was exceeded with the calculation based on the DTI guidelines on the calculation of BEE spend.
Vacancy rate on approved staff complement	N/A	8%	16%	8%	The 16% represents 5 vacant positions, the full structure could not be filled in the current year due to financial constraints and scare skills.
% of qualifying staff with performance contracts and assessments undertaken	N/A	100%	100%	0	All permanent personnel had performance contracts aligned to the APP and were assessed at the end of April for the period ending 31 March.

Programme objective:					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
%of staff undertaking training programme as contained in development plans	N/A	100%	0	100%	The focus of the 4 permanent staff with development plans was in the establishment of the entity with limited resources, such training therefore did not take place during the year and was carried over into the new year.
% of New Employees inducted	N/A	100%	100%	0	The target was achieved- new employees are inducted in the first day of appointment by HR. Sessions are held with employees during the year as new policies and APP are approved by the Board.
% of Targets met as contained in Employment Equity Plan	N/A	100%	100%	0	The target was exceeded with 98% African, 70% female appointments, 60% youth.
Number of Employment Wellness Programme	N/A	2	2	0	Two programmes were held during the year wherein staff were assessed in terms of their health status as well as being educated on healthier lifestyles. Staff have been introduced to ICAS which provides ongoing support to employees and their families.



Programme Three: Marketing and Industry Development

Marketing and Industry development falls under the Chief Operations Officer. The Business Unit is tasked with positioning the KwaZulu-Natal province as a location for film, as well as positioning the KwaZulu-Natal Film Commission as a leading film commission in the African market.

Programme Purpose:

The main purpose of the Chief Operations Officers' office is to promote the region through appropriate marketing and communication strategies that focus on film industry development through human capital development and investment promotion.

Functions co-ordinated under this programme include:

- Investment promotion at local and international platforms

aimed at attracting investment into infrastructure as well as into productions in the region.

- Development and implementation of a marketing strategy aimed at identification and promotion of business with certain countries that are leaders in the film industry.
- Establishment of partnerships and attracting new business and production to KZN.
- Development, management and maintenance of a website and critical stakeholder databases. To assist in facilitating production and employment opportunities for the local industry.
- Human Capital development to address the current skills shortages in the film industry from the Province. Coupled with intentions to increased KZN local content on the South African and international distribution platforms.
- Management of the KZN Film Fund.
- Locations identification and production support for the businesses that come to KwaZulu-Natal.
- Development of the film protocol and guidelines on how to do business in KZN.

KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Programme objective:					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
Number of Local and International markets attended	N/A	15	14	1	The target was not met as planned because of capacity constraints. There were delays in the recruitment process until the third quarter.
Number of trade publications utilised to promote KZN	N/A	6	13	+7	The target was met and exceeded. There were more opportunities for advertising related to the film industry and KZNFC as a new player needed to ensure that there was aggressive marketing of the region. Publications such as Screen Africa, Hollywood reporter, Callsheet, Experience Durban Magazine, NAPTE Publication Miami, Screen Magazine, Blockbuster India Magazine, Hindu Metro Plus, India Tourism Review Online were utilised. Such publications were within the original marketing budget.
Number of surveys to assess Brand awareness and visibility	N/A	1	0	1	The target was not met. The process was initiated in March 2015 and will be concluded in June 2015.

Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
Number of co-produced forums organised for the film industry	N/A	5	6	+1	Co-production forums were held with the NFVF during Cannes (Brazil, UK), Italians (during DIFF), Film maker support DISCOP, Dubai, MIPCOM and Nigerian delegation early 2015.
Number of Familiarization tours for international film producers to witness the province's film investment potential	N/A	3	3	0	The Nigerian and Italian delegations were taken on a familiarisation tour in order to showcase the province and establish potential partnerships with local filmmakers for co-productions. Blaire Underwood was taken through potential filming sites and partnering in Township Yoga documentary.
Number of key one meetings with clear outcomes secured for project investment	N/A	15	10	5	Following from the over 150 meetings held during the various festivals, follow up emails and discussions were held and whilst many are still under discussion, at least 10 resulted in concrete outcomes. For example Blaire Underwood was taken through potential filming sites and linked to Township Yogi ,potential investment in studio by Pinewood studios stemming from meetings held with the CEO, MOU with Kenya as a result of meetings held at Discop, outcome from 2014 Cannes -was IIFTC to begin India penetration and Cannes Factory project 2015, attendance to the Rio Film festival resulted in a project earmarked for KZN by a Brazilian producer.
Number of films produced in KwaZulu-Natal through KZNFC facilitation	N/A	1	1	0	The Grimztek production was to be filmed outside KZN due to challenges with animal permitting – however with intervention by KZNFC with Ezemvelo, the production was relocated to KZN. There were a number of project enquiries facilitated during the year with outcomes expected in 2015. These projects exclude productions funded by KZNFC.
Number of hits on the KZNFC Website / Facebook	N/A	1180	1 107 365	+1 106 185	The target was exceeded. The interests on the webpage were mainly driven by extensive advertising on national and international publications.
Number of International ambassadors appointed by KZNFC	N/A	2	1	1	The target was not met. One of the targeted international ambassadors (for India) withdrew due to potential conflict of interest in the industry. SA Tourism have agreed to be an interim reference point and have developed an SA film guide for India.

Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
% of film queries managed professionally and timeously	N/A	100%	100% - for 4th quarter	0	Ongoing requests for support and information are made to all units within KZNFC. Systems to track such requests and subsequent responses were not adequate during the year due to capacity constraints; however registers were maintained in the fourth quarter.
Number of Partnership Agreements relating to local incentives	N/A	4	3	1	MOUs were signed with Tsogo Sun. Three Cities, Hilton Hotel. Avis are currently reviewing final draft. These partnerships will provide significant cost cutting savings to productions thereby incentivising production investment.
Number of investment opportunities packaged	N/A	3	2	1	The target was not met. Potential investment opportunities were explored with Pinewood Studios for SA based studios, and the NFVF and Ithala on potential provincial Film Hub. The processes that were initiated during the year were not all finalized due to the need to complete a thorough feasibility and business investment plan for studios.
Number of Business to Business engagements with investors	N/A	4	11	+7	The following engagements were conducted during the year. Engagements with the CEO of Pinewood studios in Cannes, with Blair Underwood, Gavin Hood and the Italian Delegation, Urban Brew, and Nigerian projects.
Number of participants in youth incubation programmes	N/A	20	0	20	The target was not met. This was due to human capacity constraints within the organisation. However, an MOU was negotiated and signed with NFVF and the program is to take off in the forth-coming financial year.
Number of participants in Women's incubation programmes	N/A	15	0	15	The target was not met. This was due to human capacity constraints within the organisation. However, an MOU was negotiated and signed with NFVF and the program is to take off in the forth-coming financial year.
Number of skills development programs	N/A	4	3	1	The target was not met. The script development training commenced in March, the research on training commenced in April, and Production training commenced in March. The masters' scriptwriting course did not take place and discussions with NFVF and Nemisa are underway to finalise the training.

Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
Number of bursaries awarded	8	18	25	+7	The target was met and exceeded. Additional budget was allocated due to overwhelming response. A total of R1.3m was disbursed for bursaries.
Number of Businesses benefiting from SMME Development programs	N/A	10	0	10	The target was not met. This was due to capacity constraints. However, an MOU was signed with the Smart-Xchange and Maxum Media Accelerator which will be implemented in the coming financial year.
Number of Film Development and Products Projects funded	N/A	30	38	+8	The target was met and exceeded. There were more development projects to be accommodated within the set budget.

KZN Film Fund

A total number of 38 projects were approved for development and production. There were 13 projects for markets and festivals; and 5 projects for marketing and distribution that were also approved during the year. Appropriate systems were required to be developed and to be in place to consider applications, conclude agreements, distribute and monitor the spending of the funds. KZNFC was also tasked to ensure that the fund promotes projects that have KwaZulu-Natal local content and

the money spent addresses the imbalances in the film industry. The policy states that 70% of the production budget must be spent in the province of KwaZulu-Natal. Priority is given to those projects that will create job opportunities and provide access to women and youth in the film industry.

The KwaZulu-Natal Commission took a decision to assist all the applicants with the exclusion of non-compliant projects in a manner which will ensure quality products as the outcome of the respective interventions.



Front Row, from left to right: Ziyanda Macingwane(KZNFC), Ailsa Kaminski (Beneficiary of the Film Fund), Simon Gazu (Beneficiary of the Film Fund) and Simphiwe Ngcobo (KZNFC)

The overall demographics for the projects approved in 2014/15 financial year.

Type of the project	Male	Female	B	W	I	C	KZN	NON KZN	Total App.	Total	% of approved
Development											
Age 35<	1	6	4	1	2	0	3	4	7	26	26.9%
Age 35 >	10	11	9	8	3	1	11	10	21	42	50%
Sub-total	11	17	13	9	5	1	14	14	28	68	41.2%
Production											
Age 35<	1	3	2	2	0	0	3	1	4	16	25%
Age 35 >	3	3	1	3	2	0	1	5	6	37	16.2%
Sub-total	4	6	3	5	2	0	4	6	10	53	18.9%
Markets and Festivals											
Age 35<	5	0	4	1	0	0	3	2	5	10	50%
Age 35 >	4	4	3	3	2	0	7	1	8	12	66.7%
Sub-total	9	4	7	4	2	0	10	3	13	22	59.1%
Marketing and Distribution											
Age 35<	1	0	1	0	0	0	1	0	1	2	50%
Age 35 >	2	1	2	0	1	0	4	1	5	9	55.6%
Sub-total	3	1	3	0	1	0	5	1	6	11	54.5%
Total	27	28	26	18	10	1	33	24	57	154	

The overall demographics for the projects approved for mentorship in 2014/15 financial year.

Type of the project	Male	Female	B	W	I	C	KZN	NON KZN	Total
Development									
Age 35<	4	1	5	0	0	0	5	0	5
Age 35 >	5	2	5	0	2	0	7	0	7
Total	9	3	10	0	2	0	12	0	12

The overall demographics for the projects approved for training in 2014/15 financial year.

Type of the project	Male	Female	B	W	I	C	KZN	NON KZN	Total
Development									
Age 35<	9	4	13	0	0	0	13	0	13
Age 35 >	5	7	10	2	0	0	12	0	12
Sub-total	14	11	23	2	0	0	25	0	25
Production									
Age 35<	2	0	2	0	0	0	2	0	2
Age 35 >	1	0	1	0	0	0	1	0	1
Sub-total	3	0	3	0	0	0	3	0	3
Total	17	11	26	2	0	0	28	0	28



MEC Economic Development, Tourism and Environmental Affairs: Mr Michael Mabuyakhulu (MPP), Joe Mofela, Mr Ndaba kaNgwane (Winner in Professional Category), Mr Welcome Msomi (Chairperson of the Board, KZNFC)

The Simon Sabela Awards

The annual Simon Sabela Awards aims to promote and reward excellent talent in the region. Mr. Simon Mabunu Sabela, in whose honour the Film Awards are named, was a legend in film and television. Not only was he South Africa's first Black film director, he also had a long and successful career which saw him feature in over 34 movies, both nationally and internationally. The theme for the awards in 2014 was 'Passing the Baton and Keeping The Fire Burning'. Among those who were honoured at the awards were actors, producers, directors and various film technicians. The Simon 'Mabunu' Sabela Awards took place on Saturday the 19th of July 2014 at the Durban ICC and over 10 awards were presented on the evening.



Simon Sabela 2014

The film ambassador

One of the key strategic objectives of KZNFC is to promote the province as a destination of choice for the film industry. One of the interventions to achieve this strategic objective is to appoint film ambassadors who will present the interests of KZN at different international film platforms by preferably having a presence in that region based on the market segmentation strategy. The film ambassador is also expected to facilitate appropriate business meetings and exchange programmes on behalf of KZNFC. During the financial year one ambassador,



Leon Schuster interviewed by Bursary Student

ICONMANN was appointed to represent KZNFC in the USA market for a period of one year.

Bursaries

Twenty-five students studying at different tertiary institutions within KwaZulu-Natal were awarded bursaries to study towards film industry related courses. Most of the students are studying towards a three year diploma / degrees programmes. KZNFC has partnerships with the relevant institutions to ensure that the students comply with their contractual commitments and can be linked to industry experiences during their studies.

Partnerships

The KwaZulu-Natal Film Commission identified a number of organisations for strategic partnerships. The strategic partnerships focused on training, costs reductions and on knowledge and information sharing. The collaborations in training were further defined in terms of KZNFC core business in relation to the film industry. The training categories were defined as; training in production and distribution, development, marketing and promotion etc. and are described in more detail below:

Partnership with National Film and Video Foundation (NFVF)

The KZNFC entered into a MOU with the NFVF who had established training programmes specific to the film industry. The areas of collaboration were on the training for upcoming filmmakers on key aspects related to the film industry. A service provider "SEDIBA" was appointed to conduct an International Financing Programme for six months to nineteen trainees. Also through a collaboration with NFVF, the SEDIBA Spark Documentary Programme began with fourteen trainees focusing on research, scriptwriting and writing skills for documentary filmmakers. Furthermore, the NFVF has a women and youth incubation programme that the KZNFC has partnered on. The programme will run predominately in KZN for a three year period. The programme will train the filmmakers on filming throughout the value chain based on a slate of films being funded collectively.

Partnership with the National Electronic Media Institute of South Africa (NEMISA)

NEMISA is a training institution falling under the National Department of Communications. Its mandate is to provide



2014 Bursary students

graduate training in the production and technical skills applicable to the TV, radio and broadcasting industries. The first phase training that will be provided by NEMISA through the KZNFC partnership is in the area of production and post-production. The production training is scheduled to begin in April 2015. There will be 25 trainees in production and 18 in post-production. The training programmes are all SETA accredited. In addition to the above training programmes uMthombo Masters Scriptwriting Training Programme will be introduced. This is an advanced scriptwriting programme which will built on from Sediba Spark programme which is a beginner's script writing programme.

Partnership with SmartXchange

The KZNFC signed an MOU with SmartXchange for an SME business incubator programme that will run in Durban, Newcastle, Port Shepstone and Richards Bay. SmartXchange is a non-profit organisation established for the purpose of developing the business base of the Media, Information, Communications Technology and Electronics industry in South Africa. It is an ICT Hub and Small Business Incubator located in Durban, KZN. There will be a total of 12 attendees in this incubation programme and the contract with SmartXchange is for three years.

Partnership with the Maxum Media Accelerator (MMA)

The KZNFC signed an MOU with the Maxum Media Accelerator for an advanced SME development programme to build sustainable businesses. MMA is Consortium Agreement between Urban Brew Studios and The Innovation Hub Management Company. The programme is designed to accelerate the growth of innovative knowledge and technology-based enterprises. It comprises, the Maxum Innovation Factory, which is a pre-incubation programme, designed to support entrepreneurs over a six to nine months period to develop bankable business plans and Maxum Core, the main incubation programme through which entrepreneurs are supported for up to three years to build profitable and sustainable businesses. In the Innovation Factory, entrepreneurs are assisted with refining their business cases and finalising their prototypes, whilst in main incubation the focus is on commercialisation, growing revenue and building sustainability.

The MMA will take small business from previously disadvantaged communities with little track record in the film industry and accelerate their businesses. Working closely with and mentored by Urban Brew, one of the biggest production houses with television studio facilities in the country, the SME will work on securing contracts in television, film, and media across

the board. The aim of the MMA programme is to take small businesses to the next level, where they will learn with guidance how to grow their businesses, make revenue, broaden their offering to ensure that they have a sustainable inflow of work, service delivery to clients, whilst managing the business aspects of their companies. There is a rigorous process of evaluation, which could potentially see some participants falling away. The programme will run for one year, with an option for renewal. The SMEs participating in the SmartXchange incubator form part of this programme.

DIFF Funding

Following the need to drive the future growth and positioning of DIFF, all funders agreed on the appointment of a Project Manager for DIFF towards the end of the fourth quarter. Based on the preliminary assessment, an additional budget was requested for specific areas such as marketing, research, an Africa in Focus section inviting film experts from the continent to workshop on various issues relating to film, a BRICS Summit and an outreach programme. The aim of the funding is to raise the profile of the festival and increase audience numbers by creating more awareness of the programmes within DIFF and adding more content to the overall DIFF programme. The outreach programme aims at reaching more communities

in the Durban and outlying areas, thereby expanding the footprint of DIFF. The festival will take place in July 2015.

International Markets and Festivals

The KZNFC attended fourteen key markets and festivals as set out in the annual performance information. The platforms provided KZNFC with an opportunity to market and promote KZN as a province of choice for filmmaking. The selection of country markets was linked to the market segmentation wherein the choice of countries ties directly to the current existing film treaties, their propensity to spend outside their borders and the distribution opportunities for our content.



Stakeholder engagements with industry in Durban and the South Coast



Blaire Underwood engaging with KZN film-makers



Nigerian delegation

The MEC of EDTEA had tasked the KZNFC to look at finding a way of working with the Nigerian film industry as they had demonstrated the greatest success in the film industry on the continent, to the extent of having a significant impact on the Nigerian GDP.

The KZNFC invited a delegation of filmmakers from Nigeria to Durban as an outcome of the attendance of the African International Film Festival (AFRIFF) by the Chief Operations Officer.

South Africa and Nigeria have the largest economies on the continent, with trade between the two countries said to be in the region of R36 bn. The KwaZulu-Natal Film Commission, therefore took the opportunity to explore how a mutually beneficial working relationship could be created to promote trade in the area of film between the two countries.

The Fact Finding Mission took the format of a 3 day conference with panel presentations on topics related to the business of

film. The conference concluded with a co-production forum, where there was a presentation of potential projects that could be considered for development and co-production. The conference adopted a resolution for future engagement between the two industries. At the end of the conference the delegates were taken on a 2 day tour of KZN to show the delegation the range of locations and infrastructure in the province as well as its production readiness for the shooting of films. The tour was also to give the delegation the opportunity to meet ordinary members of communities in the province.

The presenting institutions from South Africa were, NFVF, KZNFC, The DTI, The Film and Publications Board, The Durban Film Office, The DIFF and Trade and Investment KwaZulu-Natal. The South African institutions gave detailed presentations in the areas of Funding, Co-Production, Classification and distribution. On the Nigerian side presentations were given by Nigerian Export Import Bank (NEXIM), Bank of Industry (BOI), Kunle Afolayan (Producer), Tunde Kelani (Producer), Gab Okoye-G-Media Distribution, AFRINOLLY, Talking Drum Entertainment, African International Film Festival.



Eager students at KCAPP KwaMashu listening to Blair Underwood share his experiences.



The Nigerian delegation who attended the conference in Durban, March 2015



Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Portfolio Committees

The entity reports to the Economic Development, Tourism and Environmental Affairs Portfolio as well as the Finance Portfolio Committee and the Standing Committee on Public Accounts(SCOPA). KZNFC was invited to present at the Finance Portfolio Committee, the SCOPA and the EDTEA portfolio committee to create an understanding of the mandate of the entity and the progress to date and future plans.

The Accounting Authority

The Board is appointed in terms of the founding legislation of the KZN Film Commission Act. The membership is clearly defined and the responsibilities of the Board are guided by the principles of good corporate governance, which include:

- Provide strategic direction to the organisation. The Board has a strategic function in providing the vision, mission and goals of the organisation. These are determined in combination with the CEO and the executive team.
- Establish a policy based governance system. The Board has the responsibility of developing a governance system for the business.
- Provide oversight over the performance of the organisation.
- Fiduciary duty to protect the interests of the shareholder.
- Recruitment of the CEO.

The details of the Board members appointed by the MEC for Economic Development, Tourism and Environmental Affairs including an indication of their attendance at meetings and remuneration paid during the financial year are contained in the annual financial statements Refer to page_____

Risk Management

The risk management process undertaken during the year provided a strong foundation and focus for the executive team.

It has significantly improved the strategic management and corporate governance of the entity. We believe that strategy, risk performance and sustainable service delivery are inseparable. Quality reviews are undertaken by EXCO and presented to the ARC in terms of progress made during the year in addressing the risks.

The Audit and Risk Committee will constantly monitor the roll-out of risk management in order to ensure that the process reaches maturity within a reasonable time.

Financial statements

The Audit and Risk Committee shall:

- Examine and review the Annual Financial Statements and interim financial reports with management and the external auditors before filing with regulators, and shall consider whether such documentation is complete and consistent with information known to members of the Committee and reflects appropriate accounting principles;
- Review with management and external auditors the results of the audit, including any difficulties encountered; and
- Review with management and the external auditors all matters required to be communicated to stakeholders under generally recognised accounting.

Internal Control

During the year under review the Internal Audit undertook the following audit assignments, with management implementing all recommendation and actions as agreed with the auditors:-

- Interim and Annual Financial Statements Review
- Human Resources Management and Development
- Supply Chain Management
- AG Follow-up
- Asset Management
- Performance Information
- IT General Control Reviews

The Audit and Risk Committee shall:

- Consider the effectiveness of the organisation's internal control system, including information technology security and control;
- Understand the scope of internal and external auditor's review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses;

- Review the effectiveness of the internal control systems;
- Review the control procedures followed by management;
- Review the controls designed to ensure that assets are safeguarded;
- Review the Fraud Prevention Plan implemented to prevent and detect fraud;
- Review risk management and related policies; and
- Review compliance with prescribed accounting framework.

Compliance with laws and Regulations

The ARC reports that it has complied with its responsibilities arising from Section 50(1) of the Public Finance Management Act and Treasury Regulations. The Audit and Risk Committee shall be responsible for:

- Reviewing the effectiveness of systems for monitoring

- compliance with laws and regulations and the results of management's investigation and follow-up on any instances of non-compliance;
- Reviewing processes for communicating the Code of Conduct to personnel and for monitoring compliance therewith; and
- Obtaining regular updates from management and the organisation's legal counsel regarding compliance matters.

In the coming financial year the entity will focus on the implementation and monitoring of the fraud prevention plan and systems, and the ethics management programme. The risk assessment will provide the Committee with an overview of the focal points which will be monitored during the year.



PART D

HUMAN RESOURCE MANAGEMENT

Introduction

The entity began the financial year 2014/15, mainly with the Executive Management team in place. The executive management team moved with speed to finalize all policies related to human resources. This included the development of the organisational structure, job descriptions, job evaluation and industry benchmarking. As a result, the staff recruitment process only started in September 2014. Recruitment was

challenging with the lack of personnel to administer as well as the nature of specialised skills required. In certain instances head hunting was undertaken and twenty-two positions were filled by 31st March 2015.

A complete assessment of the entity's human resources achievements and challenges would be conducted in the forthcoming financial year.

Human Resource Oversight Statistics

Personnel Cost by programme

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of CEO	R 4 396	R 1 920	44%	3	R 640
Marketing & Industry Development	R 20 877	R 1 864	9%	9	R 207
Finance & Administration	R 12 366	R 2 252	18%	10	R 225

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	R 3 729	61%	3	R 1 243
Senior Management	R1 022	17%	5	R 204
Professional qualified	R 704	12%	6	R 174
Skilled	R 581	10%	8	R 73
TOTAL	R 6 036	100%	22	R 274

The higher percentage of expenditure under top management is due to the fact that the executives were employed for a full year whereas the remaining employees were only employed for the latter part of the year and therefore only reflecting a small percentage of their annual cost.

Training Costs

Training interventions will be carried forward into the new financial year as there were insufficient resources to undertake the training that had been identified. The focus of the four permanent staff members was to establish the KZNFC.

Performance Rewards

Six personnel qualifying for performance rewards were assessed during the year and have been approved by the Board. The Executive Management performance reward / bonus is shown under in the Financial Statements.

The table below reflects the employment equity statistics on the appointments made in KZNFC as at 31st March 2015

LEVELS	MALE				FEMALE				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1	-	-	-	1	-	-	1	3
Professionally qualified and experienced specialists and mid-management	2	-	-	-	3	-	-	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3	-	-	-	3	-	0	-	6
Semi-skilled and discretionary decision making	-	-	-	-	7	-	1	-	8
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
TOTAL PERMANENT	6	-	-	-	14	-	1	1	22
Temporary employees	-	-	-	-	1	-	0	-	1
GRAND TOTAL	6	0	0	0	15	0	1	1	23
EQUITY %	28%				72%				100%

Employment and vacancies

Programme	2013/2014 No. of Employees	2014/2015 Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	% of vacancies
Office of CEO	2	4	3	1	25%
Marketing & Industry Development	1	14	9	5	36%
Finance & Administration	1	13	12	1	8%

Programme/activity/objective	2013/2014 No. of Employees	2014/2015 Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	% of vacancies
Top Management	3	3	3	0	0%
Senior Management	0	6	5	1	17%
Professional qualified	0	9	6	3	33%
Skilled	1	13	8	3	23%
TOTAL	4	31	22	7	23%

As per the approved organogram 31 positions exist in this structure but due to financial constraints and capacity, key positions were prioritised to be filled in the 2014/2015 financial year and hence 16% vacancy existed at the year end. This was further compounded by the fact that there is a scarcity of skills in the Province relating to the film industry. It has been a challenge to fill some vacancies in the Marketing & Industry Development Unit, however attempts have been made to accelerate the recruitment drive through headhunting once traditional methods had proved unsuccessful. The intentions are to have all positions filled before the end of June 2015.

There were no resignations nor disciplinary hearings during the year under review.

Equity Target and Employment Equity Status

The KZNFC was able to meet its targets set in the Employment Equity Plan in most areas except for in the male gender across the various categories. As a result the African females exceeded the set targets in most levels within the organisation.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top/ Senior Management (Executives)	33.0%	33%	0%	0%	0%	0%	0%	0%
Professional qualified (Managers)	28.57%	42.8%	0%	14.28%	0%	0%	0%	0%
Skilled & Semi skilled (Specialist & Clerical)	14.29%	42%	0%	0%	0%	4.7%	0%	0%

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top/ Senior Management (Executives)	33%	33%	0%	0%	0%	0%	33%	33%
Professional qualified (Managers)	42.86%	28.6%	0%	0%	0%	14.28%	0%	0%
Skilled & Semi skilled (Specialists & clerical)	14.29%	38%	0%	3.2%	3.2%	3.2%	0%	3.2%

The entity's EE Policy groups the levels of Skilled & Clerical employees together. As a result the percentage at this level is higher than the target. Furthermore, the majority of the employees at this level are females.

No disabled staff were recruited as at 31 March 2015. The KZNFC did however employ one disabled intern for a period of 6 months.

Summary Target					
MALES			FEMALES		
	Target	Actual		Target	Actuals
African Male	41.9%	27.3%	African Female	38%	60.4%
Coloured Male	3.3%	0%	Coloured Female	3.3%	0%
Indian Male	3.3%	0%	Indian Female	3.3%	3.3%
White Male	0%	0%	White Female	6.5%	6.5%
Overall Summary	48.5%	27.3%		51.6%	72.7%

"Take Me Out Production" sponsored by EDTEA provided training experience for our bursary students and interns

