

BASELINE RESEARCH FOR THE KZN FILM COMMISSION

Final Report

July 2015

Prepared for the:



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* A more comprehensive list of references relating to international case studies is to be found in the accompanying report on international case studies

Executive Summary

Size of the industry - Figures from Statistics South Africa's Labour Force Survey indicate that 38 234 people are employed directly in the country's entertainment industry. Of those, 3 368 people (8.8%) are employed in KwaZulu-Natal (KZN). The Department of Trade and Industry has found that the South African film production and distribution industry contributes R3.5 billion annually to the country's GDP. Nielson (2013) estimate that in 2 137 192 KwaZulu-Natal households have television (TV) sets, representing 16.65% of 12 837 052 households with working TV sets in South Africa. There are 94 cinema screens in KwaZulu-Natal, or 8.3% of the national total of 780 screens.

Job creation and retention - There are approximately 175 KwaZulu-Natal firms involved in film and television (TV) production. Survey results show that 57.4% of these businesses provide training, including internships, on set training, and specific skills training. 55.3% of the businesses hire graduates from AFDA, DUT, UKZN, Vega and other institutions. A survey of recent KwaZulu-Natal film school graduates showed that almost half (49.2%) of graduates are employed in film or TV related work and 6.8% in other work. 28.8% continued their studies and 18.6% remain unemployed. Film and TV Firms in KwaZulu-Natal are a significant source of employment. On average, each of the 175 businesses provides 4.7 permanent jobs and 7.2 temporary jobs.

SA films track record - Audiences are increasingly accessing content on multiple platforms including TV, DVD or Blue Ray video, online video and cinema. Few people have access to cinemas in KwaZulu-Natal with 0.88 cinema screens per 100 000 people. This is reflected in the predominance of Afrikaans and English language films in the top grossing South African films at cinemas. In South Africa, TV has the largest audience. It is estimated that 42.9 million South Africans (ages 4+) have access to a working TV set (Nielson, 2013).

Film Industry successes - National and regional development authorities and entrepreneurs are increasingly endorsing and investing in the creation of media clusters. The clustering of project-based media companies can achieve individual and mutual benefit. Film and TV companies benefit from increased interaction with other businesses, allowing them to share resources such as labour, important information and knowledge. This is most effectively achieved in large cities. Successful firms interviewed in this study were well established businesses who provided consistent, high quality content. These businesses tended to focus on industry niches without spreading resources too thinly. A lack of funding and finance were the main challenges faced by firms.

Key Standard Economic Indicators for KZN Film Industry

- Direct employment by the film and TV industry and film exhibition industry: 1481 full-time equivalent (FTE) jobs*.
- Direct, indirect and induced employment by the film and TV industry and film exhibition industry: 4274 FTE jobs.
- There are 175 firms in KwaZulu-Natal involved directly in film and TV industry.
- The KwaZulu-Natal film and television production and distribution industry contributes R327.46 million to GDP, 9.26% of the national figure.

* On an annual basis, an FTE is considered to be someone who works 2,080 paid hours per year (including paid leave), which is calculated as: 8 hours per day x 5 work days per working week (including leave).

1. Introduction

The global film and TV industry has undergone rapid changes in recent years with the advancement of filmmaking and distribution technologies. Digital technologies and the internet have had profound implications for the structure of the industry. Many consumers can now easily access video-on-demand and streaming video. New technologies, formats and increased piracy are threatening many of the traditional industry structures. The production, distribution and exhibition model still retains many of its traditional aspects. However, restructuring of the value chain has created new possibilities for businesses and entrepreneurs. Lower barriers to entry and the transformation of business models provide opportunities for the KwaZulu-Natal (KZN) film and TV industry to grow.

The South African film and TV industry is a valuable contributor to sustainable jobs and economic value creation. There are two major industry hubs in South Africa, Gauteng (centred in Johannesburg) and the Western Cape (centred in Cape Town). The industry in Gauteng is focused predominantly on TV productions and low-to-medium budget films. The industry in the Western Cape is focused primarily on film and higher-end productions, including many international productions. KwaZulu-Natal has both long established film industry businesses and a number of new entrants. It is an emerging hub with a current focus on smaller scale TV and film productions.

1.1 Objective of this Study

The KwaZulu-Natal Film Commission (KZNFC) aims to make the province of KwaZulu-Natal a notable film production centre, to grow the sector in the province and to create opportunities in the film industry for individuals and businesses. A 2013 baseline study of the national film and TV sector (Deloitte 2013) reveals that the film industry plays a significant role in employment and gross domestic product (GDP) contribution in South Africa as a whole. KwaZulu-Natal already plays a significant role in the national film and TV sector with many established and emerging businesses active in the industry. This baseline study, specifically of the film industry in KwaZulu-Natal province, provides a better understanding of the opportunities, size, growth challenges, and other key characteristics of the provincial film industry. The report will allow the KZNFC to monitor the impact and outcomes of measures implemented in future. The report will also allow the commission to track changes and developments in the industry.

1.2 What is a Baseline Study?

A baseline study is a descriptive cross-sectional survey that mostly provides both quantitative and qualitative information and data on the current status of a targeted industry, in this case, the film and TV sector in KwaZulu-Natal. The study involves the systematic collection and presentation of data to give a clear picture of the target industry.

1.3 Rationale for the Baseline Study

Baseline study results will show the use and spread of film in the community. Results of a baseline study can galvanise authorities and the community to action. Positive findings can be used to reinforce good practices and negative findings can serve as a catalyst for discussions with the community on the most appropriate means of action. Results of baseline studies, because of their statistical nature, can often convince and provide justification to policy-makers for the necessity of mounting a programme for tackling a specific problem or project. In addition, baseline studies serve as a reference point or benchmark for future comparison and for impact studies to assess the extent to which original objectives have been achieved.

2. Film and TV Industry Outline

For the purposes of this study, the “film and television industry” shall mean and include all activity attendant on staging and / or shooting commercial motion pictures, television (TV) 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. The film industry is an economic development tool that can provide temporary and permanent jobs for local residents, generate local revenue, and bolster local businesses. It is an essential source of economic activity, tax revenue, jobs and tourism in South Africa and KwaZulu-Natal.

The film and television industry can be divided into five sub-sectors:

1. Production;
2. Distribution;
3. Exhibition;
4. Retail, rental, and online sales; and
5. Television.

These are described in fuller detail in the following section:

2.1 Production

The production sub-sector of the KwaZulu-Natal film and television industry produces content for both film and television viewing. It is the first link in the value added chain which makes up the industry. There are four main production stages, shown in Table 1* on the following page.

*Industry associations and government regulators are not included in Table 1

Table 1: The Main Film Industry Production Stages*

Development	Pre-production	Production	Post-production
Concept development and screenplay Writing, editing and finalising the script Rights acquisition Publicity plan Business plan Building a management production team Legal / auditing / insurance /other	Attract funders and investors Raise a production budget Location scouting Talent packaging (casting agents and crewing agents) Hire production staff Acquire permits Publicity Legal / auditing / insurance /other	Equipment hire Construction On set and shooting with: <ul style="list-style-type: none"> ● Actors ● Extras ● Director ● Producer ● Assistants ● Production staff ● Camera crew ● Grip crew ● Lighting crew ● Sound crew ● Art department crew ● Animal wranglers (and animals) ● Armourers (and weapons) ● Stuntmen ● Costumes crew (wardrobe specialists) ● Make-up and hair crew ● Set construction crew ● Prop specialists ● Prosthetics ● Special effects ● Second unit ● Stock footage ● Security Transport Client chaperones Accommodation Management of location and facilities Private and public property rental Studio facilities hire Stills photography Editing Transfers/deliverables/film lab Animation and programming Production offices Publicity Legal/auditing/insurance/other	Editing Video/digital post-production Visual effects Sound post-production Soundtrack/score Titles Studio facilities hire Film laboratory Transfers and deliverables Preparing distribution relationships Publicity Legal / auditing / insurance /other
→ Local and national government financing, support and incentives →			
→ Private financing →			

*Industry associations and government regulators are not included in Table 1

2.2 Distribution

The distribution sub-sector is the intermediary which provides an avenue between the producers of the viewing material and film exhibition, rental and retail. Distribution can be to theatres and festivals, or TV broadcasters, or to DVD, CD, and VOD (video on demand) outlets. Distribution can also involve licensed merchandising. The key distributors in the South African film sector are:

1. Times Media Films
2. Ster Kinekor Distribution
3. Nu Metro Distribution
4. United International Pictures (or UIP)
5. Indigenous Film Distribution
6. Black Sheep Films
7. Crystal Brook Distribution

2.3 Exhibition

The exhibition sub-sector comprises businesses involved in the display of films in cinemas. In KwaZulu-Natal the market is made up of three large theatre operators and a number of smaller private and government run theatres. (Refer to section 11 for more details)

2.4 Retail, Rental, and Online Sales

This subsection includes: Video On Demand (VOD), including TV VOD systems and internet TV; DVD and Blu-ray Disc rental and sales; video streaming; online DVD and Blu-ray Disc rental and sales; merchandise sales.

2.5 Television

The TV sub-sector is divided into free-to-air and subscription TV. The main difference between the two is the way in which revenue is earned, with free-to-air receiving income predominantly from advertising, while subscription TV raises its revenue from subscription fees.

3. Methodology

A combination of qualitative and quantitative methods was used to gather information about the KwaZulu-Natal film and TV industry. A representative sample of the industry was consulted including a wide variety of firms and data sources. Surveys (refer to Appendix A and B), interviews (refer to Appendix C), desktop research and statistical databases were used in the study. Primary data collection involved, building a database of firms (involved directly in film production) and a survey of 50 businesses in KwaZulu-Natal; a survey of 59 film school graduates in KwaZulu-Natal; and Interviews with 10 successful film/TV firms in SA. Desktop research included three international case studies and a review of statistics and literature. A database of South African feature films was also developed (refer to page 61).

3.1 Gross Domestic Product (GDP) Contribution

Gross domestic product (GDP) is a measure of the value added by an industry or activity to the economy. In this study the GDP contributions to the economy of the film and TV industry in KwaZulu-Natal province is equal to total revenue from the sale of goods or services produced by the industry less the cost of materials and purchased services consumed in the process of production. Total revenue, cost of materials, and purchased services were estimated using firm interviews and electronic surveys (see primary data collection in the following section).

3.2 Primary Data Collection

Primary data collection consisted of firm interviews and electronic surveys. Firm interviews took place in Gauteng, KwaZulu-Natal and the Western Cape covering film producers, TV programme producers, studios, and film exhibitors. A total of ten firms were interviewed face-to-face or telephonically. Two electronic surveys were designed, one for KwaZulu-Natal film graduates and another for firms involved directly in the KwaZulu-Natal film and TV industry with operations in KwaZulu-Natal. Firm survey data was collected in March, April and May (2015). The survey was e-mailed to a database of 131 local firms involved directly in film production, survey results were summarised once 50 responses were received. Graduate survey data was collected in May and June (2015). Film and TV schools in KwaZulu-Natal were asked to co-operate by sending out graduate surveys on behalf of the research team. 42 graduate survey responses were received. A database of firms was collected using secondary data sources. (see secondary data collection in the following section).

3.3 Secondary Data Collection

The baseline study considers the KwaZulu-Natal film and TV industry within a South African context. Previous literature and studies of the local industry were reviewed. Desktop research also includes best practices from international case studies. The primary online sources for local firm contact details were: durbanfilloffice.com, filmcontact.com, hotfrog.co.za, brabys.com.

4. Case Studies of Successful Film Companies

Case studies of successful film companies formed part of the study. Companies operating in KwaZulu-Natal, the Western Cape and Gauteng were interviewed and asked to give feedback on film friendliness of various locations in South Africa, the cost of shooting, and the benefits and problems experienced in the provinces in which they operate. Firms were also asked to share their success stories and challenges. Interviews were spread over Gauteng (4), the Western Cape (3), KwaZulu-Natal (2), and international (1, telephonically). The interviews were kept anonymous. The findings and information summarised in the following section were collected from respondents' answers, unless otherwise stated:

4.1 Film Friendliness

In a film-friendly region the authorities and public aim to provide a 'pro-film', low-risk production destination, where the needs of filmmakers are prioritised in order to make the experience of film-making as straightforward and problem-free as possible.

In the Western Cape permits are increasingly restricted for public roads, urban locations and especially the natural environments due to the Cape's distinctive and threatened biodiversity. The resulting red-tape procedures, and the length of time required to get through them, can make the Cape, as a film-making location, unfriendly. The Western Cape has more red-tape compared to KwaZulu-Natal and Gauteng. However, registered companies with public insurance liability require less red-tape to obtain permits. It takes approximately three weeks to get through the process of registering. It is costly to block off a road or public amenity in the Western Cape but it is still possible if you are willing to pay the high price. KwaZulu-Natal has less red tape regarding location permits, especially in non-urban areas.

4.2 Cost of Shooting

Crews in KwaZulu-Natal and Gauteng are generally less expensive than in the Western Cape, although the required crews are not always available in KwaZulu-Natal because of a limited skills supply. The Western Cape is an international service destination and demand pushes prices of crews and of desirable locations higher during the summer months. The Western Cape becomes more affordable during the off-season (winter).

The overall cost of shooting can, however, still be lowest in the Western Cape because the industry is well established and automatically meets international standards. Both Cape Town and Johannesburg are self-sufficient hubs in the film industry. There is a large extent of skills cross-pollination between these two cities. This cross-pollination does not seem to happen to the same extent in KwaZulu-Natal. Crew and equipment need to be flown for KwaZulu-Natal based production thereby pushing up overall production costs in KwaZulu-Natal up to levels that can be higher than is the case in Gauteng or the Western Cape (by 10 to 15% according to respondent estimates). However, casting is most expensive in Gauteng because there is more work in Gauteng for local actors than in other areas of the country, resulting in a competitive bidding up of fees for actors and actresses.

Accommodation costs are highest in the Western Cape, roughly 22% lower in KwaZulu-Natal and 23% lower in Gauteng. During the month of November 2014 it was calculated that private accommodation (based on an

average excluding prices in the highest and lowest 25% range) would cost R756 per person sharing in Cape Town, R592 in Durban and R584 in Johannesburg. These estimates are based on 60 quotes for similar accommodation.

From the perspective of logistics and locations, KwaZulu-Natal is the least expensive location. Bigger markets in Gauteng and the Western Cape push up the standard base rates. This said, it must be recognised that a comparison of costs is tricky because the various provinces specialise in different types of production. Gauteng has a large market for TV productions and low budget independent and Afrikaans films. The Western Cape has a large market for high-end commercials and feature films. KwaZulu-Natal may be cheaper in terms of logistics and locations but cannot, at this stage, provide advanced digital post-production services and sufficient technical expertise.

4.3 Cost Comparisons

Tax exemptions or rebates have been shown, globally, to be highly successful incentives. This provides producers with a guaranteed incentive without affecting content or the production process. Incentives need to not only be provincial but also city based. Internationally popular film destinations such as Croatia, Ireland, Seoul in South Korea, and Toronto in Canada offer generous tax breaks and rebates sometimes up to 25% of production expenditure.

Shooting in Gauteng is viewed to be 10 to 15% cheaper than shooting in KwaZulu-Natal because of the current unavoidable cost of bringing crew and equipment, unavailable locally, into KwaZulu-Natal from Gauteng or the Western Cape. Feature films can require 60 people working on a shoot for 5 to 6 weeks. The costs of importing crew are not as high for TV shoots because less than 10 people are usually required for a shoot. Additional accommodation and travel costs are mitigated by lower location costs and service costs in KwaZulu-Natal, shown in Table 2.

Table 2: A cost comparison of a typical TV shoot budget in Gauteng and the Western Cape Compared to typical costs in KwaZulu-Natal (more than or less than average KwaZulu-Natal costs)

Cost	Relative cost in Gauteng	Relative cost in the Western Cape
Makeup and hairdressing	10% more	15% more
Production crew	5% more	15%+ more
Accommodation	1% less	28% more
Catering	5% more	8% more
Location/set	20% more	25%+more
Security	25% more	5% more
Post-production editing	50%+ more	50%+ more

Sourced from a South African TV production company operating in all three provinces.

Crew and equipment hire charges often need to be paid for longer periods in KwaZulu-Natal because both crew and equipment need to be continuously available away from home base for long, but less productive periods,

when temporarily assigned to work in KwaZulu-Natal. It is more difficult to make cost comparisons with productions in the Western Cape. Cape Town film industry businesses charge international prices for most film services and the industry in that province is geared towards larger international productions.

There are significant differences between the budgets and costs of international productions. South Africa does not have a star-system. International productions often use 15% of their budget (or more) to pay for celebrity actors and actresses. Few celebrities have reached the level of fame in South Africa that can sell movies or raise large budgets. Internationally some film commissions will focus efforts and funds towards creating a star-system and creating local celebrities for film and TV. Hollywood feature films also spend a large proportion of their budgets on set-building. In South Africa productions primarily use existing locations and budgets do not normally cater for set-building.

4.4 The Niche or Unique Benefits of Local Filmmaking

Both local and international content has suffered from increased piracy. Some South African producers note that local content is often targeted towards smaller or niche audiences, making it less prone to widespread piracy. It is also easier to market directly to local audiences. For example, Afrikaans films can be marketed directly to niche audiences on Afrikaans TV channels.

4.4.1 Gauteng:

Gauteng is the most multicultural, cosmopolitan city in South Africa. Gauteng caters well for studio-based productions and TV shoots. They also cater well for productions requiring effects, animation, animal orientated shoots, period pieces, and westerns. The SABC is based in Johannesburg, making it the TV hub, but e-TV has now moved to Cape Town. Weather in Gauteng is fairly consistent and there is very little winter rainfall making winter shooting a practical possibility. Gauteng also has the most consistent flow of film and TV work in South Africa.

Gauteng has a complete production chain available for both film and TV. According to a film and TV producer in Gauteng, most writers are based in Johannesburg. This allows the producer to start and finish production in one location. Having the entire value chain in one location speeds up the delivery of services and equipment, and the production as a whole. Parts can be replaced and problems can be resolved rapidly. Producers work with tight margins and are more comfortable when they know they are able to quickly control problems should they arise.

4.4.2 Western Cape:

One of the main benefits to the film industry of the Western Cape as a production location is the presence in the region of international servicing standards - as good as it gets. The Western Cape also has extraordinarily scenic beaches, villages, and wine routes. It has a phenomenal array of appealing locations including urbanscapes, mountains, sea, deserts, and forests. Almost any landscape imaginable can be found within a 150-300 km radius of Cape Town. Urbanscapes in Western Cape towns are ideal for creating a European or American "feel" town. In consequence, the Western Cape regularly attracts large international film shoots.

4.4.3 KwaZulu-Natal:

KwaZulu-Natal has a temperate, sub-tropical environment. Few days of shooting are lost due to weather or rainfall and there are less temperature fluctuations, especially during winter. KwaZulu-Natal is particularly well suited to shoots involving time in the surf, ocean, water or underwater. KwaZulu-Natal also has excellent African landscapes, especially sub-tropical landscapes. The Indian and Zulu influence in Durban makes it ideal for filming involving Indian or African people or culture.

4.5 The Main Challenges Associated with Filmmaking in South Africa and KwaZulu-Natal

The core of many of South Africa's film industry problems is a lack of a large local market. Films are not well distributed and for most of the population access is limited. The local market is fragmented into numerous languages (11 official languages) which poses a problem for both production and marketing. Another challenge is that artists don't have international cache. Scripts and artists need to be built up to create a larger talent pool. There has been a slow decline in cinema-going culture countrywide. There are a complex number of factors driving this including piracy and increasingly affordable home entertainment systems.

Funding is another major challenge for filmmakers in South Africa. It is difficult to acquire funding unless the film has already been made. This makes it almost impossible to fund big-budget productions. South African TV has experienced an exponential increase in content but there has not been a similar increase in funding. This has created cost-pressures and an environment of quantity over quality.

Local filmmakers often face businesses and communities that are not film-friendly or are intolerant of the film and TV industry. Locational noise and disruptions in Gauteng and the Western Cape are not well tolerated. KwaZulu-Natal does not experience the same volume of production and local communities and businesses are often more tolerant. There is a need to educate local communities and businesses about the economic and job-creation benefits of the industry.

One of the main challenges of filmmaking in KwaZulu-Natal is that the majority of companies are not based in KwaZulu-Natal. They often operate with a certain shooting style and pace of work. It is difficult to import that style of shooting and work to KwaZulu-Natal and it would take time to provide local talent with the necessary skills and experience. TV producers are often driven outside Gauteng because of the need for different content. KwaZulu-Natal provides completely different cultures and locations. However this alone does not provide enough incentive for the TV industry to move to KwaZulu-Natal. For example, the Zulu TV drama series *Isibaya* is produced in Gauteng. The Zulu culture and KwaZulu-Natal environment is recreated in Gauteng. This includes moving isiZulu speakers and actors to Gauteng for the shoots.

4.6 Success Factors

Key factors that have made the interviewed companies successful:

1. Owner driven, personalised approach.
2. Developed strong relationships over the years.
3. Dedicated to a project.

4. Don't spread resources too thinly.
5. Integrity is developed through a strong track record.
6. Experience.
7. The company was started at an opportune time.
8. Produce lifestyle shows with a rainbow nation identity.
9. Promote South Africa's best attributes.
10. The company provided consistent, high quality content for TV at a reasonable cost.
11. Built up a brand to the point where the company is a recognised brand in South Africa.
12. Produce relevant, topical content that speaks to the mass market.
13. South African characters are well-researched and representative of the South African milieu.
14. Consistent work.
15. Built up in-house capacity and facilities (studios, vehicles, editors etc.) to reduce costs and achieve economies of scale.
16. Good content.
17. Good ideas.
18. A professional online social media presence.
19. Film specific success factors:
 - Personal reputation is the most important factor. The moment one makes a second film this proves something and a reputation can start to be developed. People focus on what has been done previously.
 - Marketing plays a huge role in the success of films. There is also a snowball effect after a cinema release. If a film does well in cinemas there is a knock-on effect for video on demand, DVD hire, and TV rights.

4.7 Challenges

Key challenges faced by interviewed companies over the past few years:

1. A lack of development funding or finance.
2. Most incentives and funding channels focus on production but fail to assist during the marketing and exhibition phase.
3. Obtaining funding from the NFVF is a lengthy process.
4. The NFVF has an interfering and flat-footed approach.
5. Angel investors in intellectual property are needed.
6. Finding co-producers.
7. Financing.
8. Inflated prices during peak season.

9. More experienced mid-level managers are needed.
10. The lack of middle management creates a top down approach. It is difficult to retain production managers, they often start their own ventures.
11. Local skills development: Film schools in South Africa including KwaZulu-Natal need to attract local gurus who have extensive experience (25 or more years) to teach students and pass on industry knowledge. Students often lack budgeting, problem solving and other essential abilities. It is expensive to hire experienced people but students are not receiving the optimal tutoring without them.

4.8 Film Exhibition in KwaZulu-Natal

South Africa's cinemas are mostly concentrated into large complexes. Gateway (in KwaZulu-Natal) has higher revenues than any other cinema complex in South Africa, followed by Montecasino in Gauteng. According to a local cinema operator, South Africa has some of the cheapest cinema ticket and confectionery prices in the world. For example, South Africa's largest cinema operator charged R50 to R79 for movie tickets (3D cinemas being the highest price) in 2014, excluding discounts. The average price in the U.S. in 2014 was \$8.17 (R88.62) according to the Motion Picture Association of America. Local cinemas require a critical mass of footfall in order to operate sustainably. Smaller cinemas, with 1-4 screens, are not viable. Location is critical. Cinemas need to be located at entertainment and transport hubs in order to generate the required footfall at the right times of the day. It costs approximately R1,2 million per screen to set up the basic infrastructure and the major studios will not allow their movies to be aired at sub-standard cinemas. Viewers also demand the latest content where royalties paid to distributors are the highest. Complexes with many screens can move a large volume of content. Smaller cinemas are only viable if they use an outdoor/mobile model and screen less-recent films.

Challenges for the exhibition sub-sector are as follows:

1. Many cinemas operate seven days a week but employment is managed in shifts to account for changes in customer demand. Cinemas manage daily, weekly, monthly, holiday and seasonal peaks and troughs in demand.
2. A lack of a movie-going culture in South Africa¹.
3. Falling attendances.
4. Pirated downloads/ pirated DVDs.
5. Perception that content can be obtained cheaply or for free.
6. Attendance is mainly limited to 16-24 year olds and the over 60 age brackets.
7. Home entertainment systems have reduced dramatically in price.
8. Transport to cinemas is often difficult/costly.
9. Traditional movie time slots do not suit everyone.

¹ There were the equivalent of 1.44 cinema screens in South Africa per 100 000 people in 2014 (see section 9.7).

5. Film Industry Talent Pool

KwaZulu-Natal has a smaller talent pool of people qualified for the film industry compared to Gauteng and the Western Cape. The number of film students has recently been increased by the opening of AFDA, the South African School of Motion Picture Medium and Live Performance in 2013 in Durban. There are currently two public and three private film and TV schools in KwaZulu-Natal.

Film and TV schools in KwaZulu-Natal:

Public:

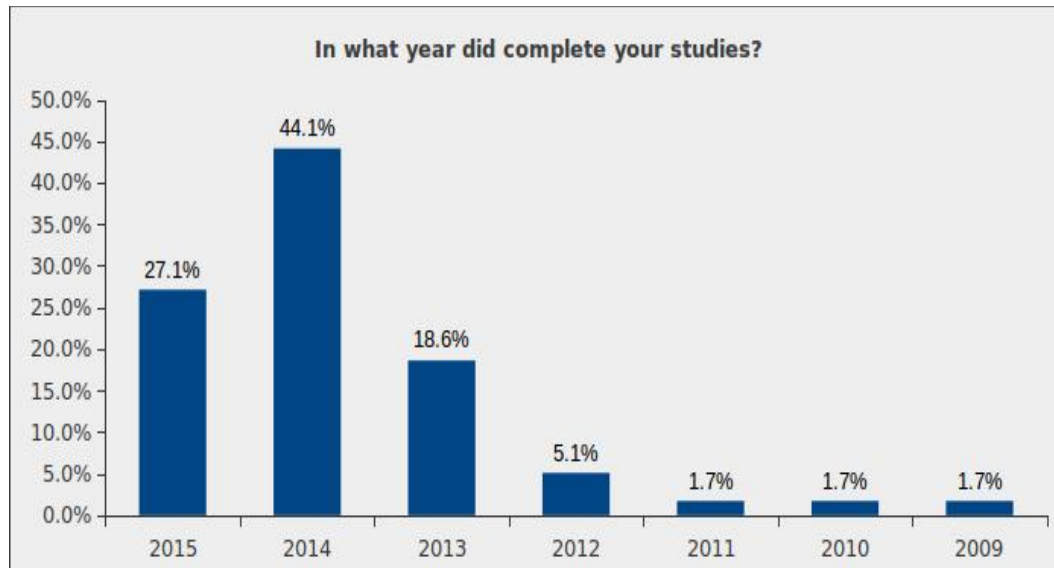
- Durban University of Technology (DUT)
- University of KwaZulu-Natal (UKZN)

Private:

- AFDA Durban
- Centre for Fine Art Animation and Design (CFAD)
- Creative Centre for Arts College

An electronic survey was sent to recent graduates (mostly graduating in last three years) see Figure 1 below.

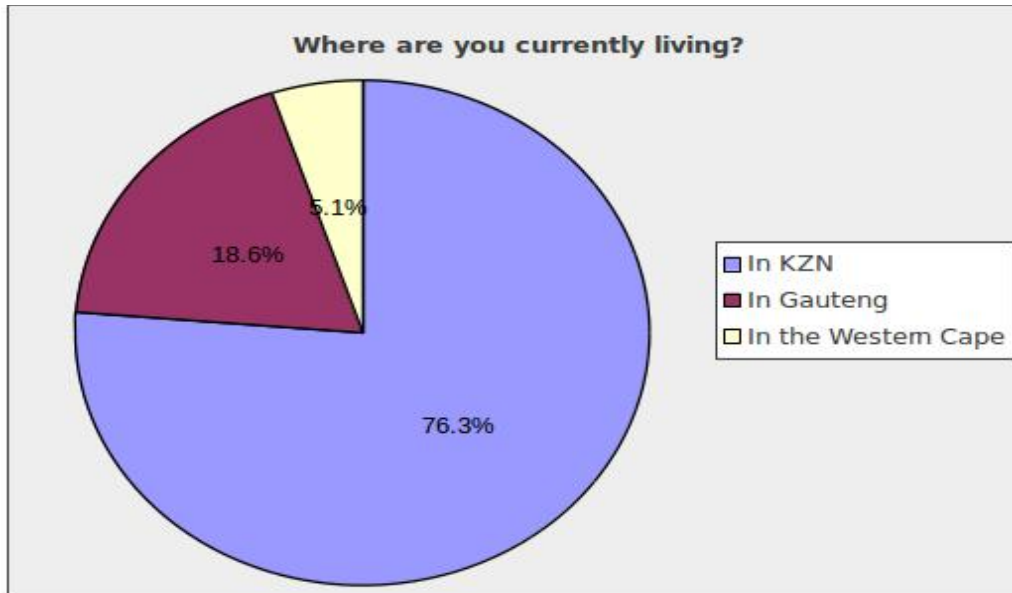
Figure 1: Year of graduation



The graduate survey included students from DUT, UKZN, the Creative Arts Centre, and the Centre for Fine Art Animation and Design. No students have yet graduated from AFDA in KwaZulu-Natal. The survey indicates that 76.3% of graduates remained in KwaZulu-Natal, 18.6% moved to Gauteng and 5.1% to the Western Cape. Almost half (49.2%) of the graduates are employed in film or TV related work and 6.8% in other work. 28.8% continued their studies and 18.6% remain unemployed; shown in Figures 2 and 3, overleaf.

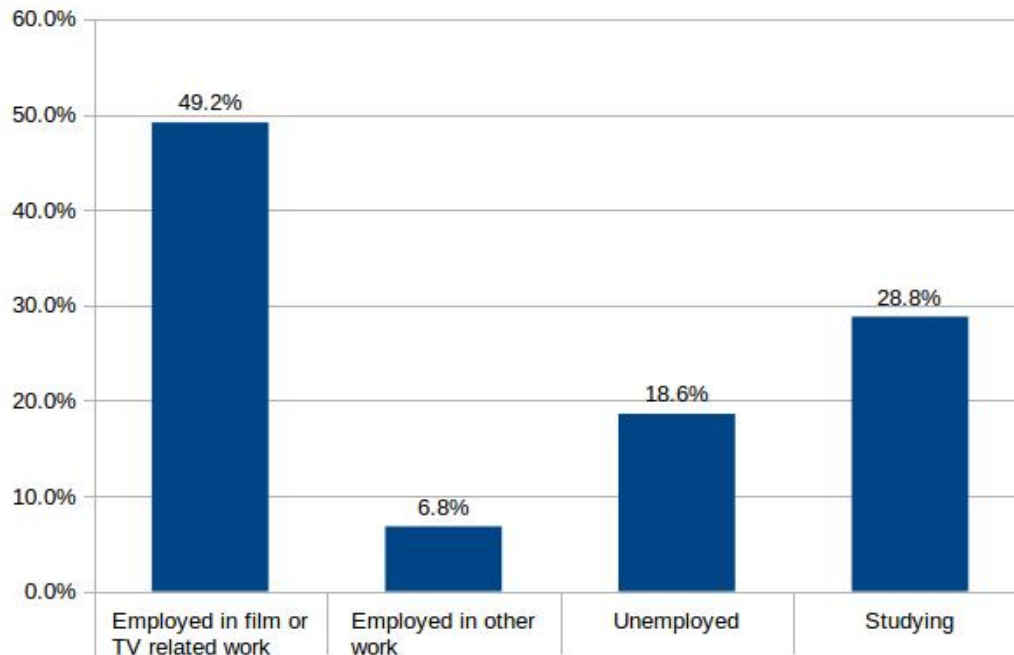
After graduating, 76 % of surveyed graduates remained in KwaZulu-Natal, see Figure 2 below.

Figure 2: Graduate student retention in KwaZulu-Natal



Source: Graham Muller Associates Graduate Survey.

Figure 3: Graduate occupations



Source: Graham Muller Associates Graduate Survey.

6. Film Friendliness

6.1 What is Film Friendliness?

In addition to the requisite talent pool of suitably qualified people, the depth of services, equipment and infrastructure, the film friendliness of a location or region is essential for sustained film and TV production. It is especially important for regions wishing to attract high-budget film and TV production. High-budget productions need the assurance that permissions for filming and access to resources and locations will be possible.

Film friendliness is implied in established media centres such as Los Angeles, New York, London, Toronto, Montreal, Hong Kong, Sydney and Rome. The people, companies and governments in these cities have a widely shared tacit understanding of the processes involved in high-budget film and TV production. The track record of these cities acts as an incentive for producers seeking a trouble-free shoot. Film friendliness is essential for regions wishing to break into the limited range of centres for high-budget film and TV production.

In KwaZulu-Natal the absence of a long history of production means that the risks associated with 'going on location' are higher. Less developed infrastructures and talent pools need to be outweighed by local advantages. A variety of forms of assistance can be provided to increase the 'film friendliness' of a location and make sure a project runs smoothly. Goldsmith et al. 2010 summarises the required coordination of local stakeholders for a film friendly location. A film commission usually provides core services including location scouting assistance, and liaison to and among the community, production companies and government.

"It requires the coordination of stakeholders, locations and resources in a place in pursuit of what we call the location interest, to build or develop local capability and capacity to host and service inbound production, to educate local communities about the benefits of filmmaking, and to market a place to filmmakers as 'pro-film', low-risk production destination. The process involves bringing together local, regional, and sometimes national government agencies, business associations, film-related businesses and organisations, infrastructure owners and operators, representatives of the local community, 'environment managers' (those responsible or with an interest in the use of places that filmmakers might want to shoot in), police and emergency services, transportation services and agencies, health and safety officials – indeed any person or body that may be affected by filmmaking in a place – to ensure that the needs of filmmakers are prioritised in order to make the experience of filmmaking in a place as straightforward as possible."

Goldsmith et al. (2010)

6.2 Film Friendliness, Administrative Principles

Film Friendliness can be enhanced in a region with flexible administrative principles. The following principals are adapted from the Californian Film Commission and the Victorian (in Australia) government. They aim to give commercial filmmakers a positive experience and receive a responsive, consistent, transparent and informed service.

- **Rapid permit issuance:** A public agency approves or refuses an application for a film permit in a timely manner, within 2-5 business days from permit application submission to permit issuance.
- **Established residential filmmaking hours:** There are established standard hours for film activities: typically 7:00 a.m. – 10:00 p.m. for residential zones.
- **Reasons for refusal:** A public agency that refuses to approve an application for a film permit gives reasons to the applicant for the refusal.
- **Point of contact for coordinating permits:** A public agency provides a single point of contact to deal with commercial filming on public land. The public agency also provides a back-up liaison.
- **Standard forms:** The application forms and other documents required by the public agency to consider an application for a film permit are consistent for all applicants.
- **Reasonable permit fees:** Fees charged by a public agency for applications for film permits and issuing film permits do not exceed cost recovery. Fees are comparable to fees charged by similar surrounding cities.
- **Established personnel fees:** Established and available cost recovery fees for the reimbursement of city or local personnel (e.g., police, fire, traffic).
- **Staff training:** A public agency ensures that staff responsible for considering and issuing film permits are given appropriate information regarding the film industry. Staff are aware of any previous film production within the community, and remain sensitive to local citizens' concerns.
- **Educate local communities:** A public agency educates local communities about the economic and social benefits of filmmaking.
- **Accessible information:** A centralized filming section is provided on a city website, clearly listing all film regulations, permit and insurance requirements, fee schedules and liaison contact information. Information about how a person may apply for a film permit and application forms are provided on a website by the public agency that has the power to issue film permits.

7. International Case Studies

Research was performed into the film industry in three international locations, namely, the United Kingdom (UK), Nigeria (Nollywood) and New Zealand. A separate report entitled “Three International Film Industry Case Studies” provides full detail of this research. The key findings for each of the three locations is summarised in the following section:

7.1 United Kingdom

7.1.1 Key Findings

1. Film is a sub-sector of the creative and entertainment industry. The film industry in the United Kingdom (UK) today is inextricably linked with other key sub-sectors of the creative and entertainment industry, in particular the music and video games industries.
2. In 2009, the core UK film industry directly contributed around £1.6 billion to UK gross domestic product (0.1% of GDP) and over £4.5 billion (0.3% of GDP) overall when taking into account other spillovers into the economy, such as increased tourism as a result of local films. It also contributed over £440 million in tax revenue to the Exchequer.
2. In 2009 the industry directly employed 36,000 people while it supported a total of 99,650 jobs when taking into account other jobs created by those employed in the film industry having more income to spend on goods and services.
3. Film tax relief, which is aimed directly at film production companies is vital to maintaining the competitiveness of the UK film production sector. Oxford Economics (2010) estimated that without this tax incentive in place, film production in the UK would be only be around 25 % of the current size (at the time of publication).
4. Indirect impacts are substantial. Oxford Economics (2010) found that multiplier for the core UK film industry to be 2.0 for gross output, for value added and for employment (jobs sustained). This means that for every job directly created by the core UK film industry, another job is supported indirectly either in the supply chain or from the increased spending of those directly or indirectly employed in the industry.

7.1.2 Policy

1. Policy intervention in itself in the creative industries is probably not very useful. The market might be better than policy makers in picking winners, whether it be winning firms or winning industries. A cultural argument, however, can be (and has been) made for intervention. These industries make cultural products, and a society may value that at least some share of these products is provided within its own cultural context. Many consumers probably would not wish for their children to only be able to see American films, hear American music or play American videogames. If a cultural argument is made, then tax breaks and other ‘blind’ policies are an effective way to support UK content. Other

mechanisms that have traditionally been used in the UK are award-by-committee, and one-person decision makers in non-profit organisations that have the freedom to make their own subjective judgements, such as currently happens in Film4 and BBC Films, with considerable success.

2. The Treasury's attitude towards new industries in the early 20th century hampered the growth of the UK sector. Entertainment tax was only abolished in 1960 when it almost killed the UK exhibitors. Future policy might refrain from industry-specific taxes and specifically avoid targeting new and growing industries. Today's equivalent to the Entertainment Tax would probably be a tax on video games, mobile phones or internet usage.
3. Incentives to encourage inward investment have been successful in attracting US film production to the UK. Since reliable data begun in the 1960s, the UK has always had a substantial trade surplus in film, a sharp difference with the 1940s, when it was running large deficit. US firms have bankrolled on average 60 % of UK production expenditure, and the UK film industry is competitive internationally.
4. Several general types of restrictive regulation and practices can hamper the growth of new industries. Sunday opening hours, for example, severely constrained the exhibition sector well into the 1970s, and restrictive union practices affected film production at least until the mid-1980s.
5. Competition policy needs to respond quickly. Until the 1980s, for example, it seemed rather inactive until the 1980s leaving a few companies to dominate exhibition. When it became active in the late 1980s, the MMC did find exhibition was not competitive, ironically new entrants had already opened the first multiplex cinemas in the UK.
6. Policies to develop existing agglomerations, in this case in and around London, can play an important role. Future policies might involve improving internal and external transport infrastructure, education but also making the London district as amenable as possible to top creative and technical inputs from around the world, creating a 'Planet London', a city attractive to live in, a microcosm, perhaps the Athens of a globalised world.
7. The 1930s quota policy provided protection for UK films and could be viewed as a 'rent switching' industrial policy. The policy succeeded in increasing the number of UK films and may have contributed to greater capacity in the UK film industry. However, the policy altered the incentives for the industry and had the unintended consequence of encouraging poor quality, low cost films.

7.1.3 Lessons from the UK Music Industry

1. The music industry appears to have done well in the long-term, without much direct policy intervention.
2. Indirectly the music industry was supported by a very long-run UK supply side 'policy' of supporting music education, music institutions and importing top musical talent from around the globe. A substantial part of this support was given by charities and non-Government public sector organisations.
3. The UK's strength in music links to the country's other distinctive capabilities in project-based industries, such as finance, lawyers, broadcasting, film production and video games. To some extent,

EMI was disciplined by entry threats in its product market, such as the successful entry of Decca Records in the 1930s (entry threats that had become largely absent for the Hollywood studios since 1927). The BBC, by its very nature, faced no such threats.

4. Competition policy could probably have been more proactive. At the time of Decca's US and other international divestments, EMI's market share was approaching 70 percent, declining substantially only during the 1960s. The question remains whether a more active competition policy in the 1940s and 1950s, or a Decca that kept its international assets, might have led to an even stronger UK music industry later on.
5. Synergy with the UK entertainment industry and tourism is weak in relation to film, but much stronger in relation to music, theatre and other forms of live entertainment. The advent of very affordable travel by jet aircraft has opened the UK and especially London to fly-in tourism to enjoy live entertainment as the prime purpose of the tourist visit. This contrasts with a long-haul destination such as New Zealand, where the links between film and tourism are found to be negligible and almost never the prime purpose of the tourist visit.

7.1.4 Lessons from the UK Videogame Industry

1. There a number of lessons in terms of Government policy from the short history of the videogames industry that may be of importance in developing entertainment sector strategies, in general. In particular, direct, targeted subsidies appear to have played a very limited role in the industry's development. But there has been an important role for both sector level regulatory policies and horizontal Government support in skills and innovation.
2. While competition authorities have been active in this sector, their impact has arguably been limited by the speed of technological and market developments. For example, when, in 1995, the Monopoly & Mergers Commission published its report, the facts were already catching up with it. The Sony PlayStation had just been launched and only four years later would hold a larger market share than the Nintendo/Sega 'duopoly' in 1995 (Figure 13). Competition authority analysis in such fast-moving industries may be best served by focusing on dynamic rather than static efficiency.²¹
3. The Government's open regulatory stance, resisting regulation censoring content of the industry may have contributed to growth.
4. The industry has benefitted from economy wide R&D tax credits. The industry has been characterised by significant international tax 'competition'. Given overseas subsidies, notably from Canada and France, Government is arguably faced with a difficult choice in either allowing the industry to compete on an equal footing with overseas investors, or giving the sector special treatment compared to domestic counterparts.
5. Skills policies have played an important role. Businesses have benefitted from graduates of part-funded Government courses in both specialist videogames fields and broader STEM and Arts degrees.
6. The sector continues to benefit from, and contribute to, both other creative industries, and other project-based industries such as finance, law and business services.

7.1.5 Comparison of the UK Film, Music and Videogame Industries

8. British firms are successful in all three industries, film, music and videogames, but that policy intervention differs substantially between them. It is large in film and far smaller in music and video games. the UK's comparative advantage in these industries is at least partially due to their project-based nature, and their fit with the creative industries cluster as a whole as well as with the many other project-based industries in which the UK excels and which largely cluster in the London industrial district, such as finance, law and business services.
9. A factor that may help to attract investment, is the EU content quotas in some countries. In films, for example, US productions in the UK undergo an EU-approved cultural test to qualify for tax breaks. If the film passes the test, it is culturally British and presumably can be used in any EU country to fulfil EU content quota. The French firm CanalPlus, for example, invests in British films of Working Title Productions in order to fulfil its French EU-content quota obligations. A similar situation helped the UK attract several Japanese car factories in the 1980s. Situations like this might, for example, entice Hollywood to found London animation studios turning out US-financed animation films that pass the British Cultural Test and thus presumably become EU content.
10. If the cultural route is not pursued, or to prevent escalation of the worldwide cultural exceptions, international trade negotiations are important. British diplomats have already questioned the Canadian approach to R&D and video game tax breaks, and it is not inconceivable that within existing treaties and WTO conventions, or by drawing up new ones, something could be done about tax competition from abroad. However, if the cultural argument is not considered important, tax competition from abroad may lead to cheaper products and services for UK consumers, depending on the terms of trade. Small-scale policy intervention.
11. Smaller-scale, specific policy interventions could involve making existing schemes more available to the creative industries. Film production companies have asked to make the Export Credit Guarantee Scheme available for foreign pre-sales of film productions. This could have a major effect on the financing of independent British films, with UK financiers being more willing to extend credit. In this way it could grow the part of the industry (non-US backed productions) where there are the most growth opportunities, and where potential is most constrained by financing challenges. Foreign pre-sales are exports just as tangible goods are and it is difficult to see why they do not qualify for the ECGS. As early as 1978 a House of Commons report asked for this anomaly to be remedied, but little has been done in the intervening thirty years. The scheme could also be extended to videogame developers.
12. Likewise the regulation on Venture Capital Trusts could be made more inclusive for investments in films and videogames. Possibly some other regulations could be made less biased towards old industries. Supply-side policy
13. Given that creative industries are project-based industries with substantial agglomeration economies, and that especially in film and music, they are concentrated in London, infrastructure policy may focus on improving transport within the London industrial district and increasing its scope. Extending high-speed rail links throughout the country, for example, making half of the UK within an hour's ride from London, could have significant spillover effects for the creative industries by making it faster and easier for specialised services and creatives to reach the London market, facilitating coordination, informal

contacts and flexible specialisation, especially in industries such as film-production that are time-sensitive.

14. Education and skills are incredibly important, and regulation could focus on designing new initiating, governance and funding structures for educational institutions. In film and music, the UK already seems to do reasonably well, although post-production experiences significant skill shortages. In video games the top schools are in Germany and France, not the UK. One might think about regulation that would allow people to found new training courses or institutes and ways to ensure their governance would be aligned with industry interests (rather than a top-down foundation of new institutes/courses). A recent House of Lords report (2010) noted that it needs to be made clearer to secondary school pupils that 'studying science subjects like mathematics and physics, can lead to a career in the animation, computer games and post-production sectors.' Better measurement
15. An effort could be made to measure the output of British creative industries more effectively. This would include the standard figures on employment, gross output, capital, productivity, as well as better import/export data and possibly a consistent methodology to measure the welfare impact of these industries in the UK. Openness to new opportunities and technologies
16. Jet travel gave a boost to British live entertainment in the 20th century, and probably many new technologies and developments will follow that can affect the competitive position of British creative industries. To make sure the UK takes up these opportunities, light-touch regulation and an excellent education and training system are important. 47 The aforementioned bulletin of DCMS, Creative Industries Economic Estimates Statistical Bulletin, does include estimates, but in some cases (necessarily, given data availability) these are made at high levels of aggregation that may not always be that useful for policy. Video games, for example, are included with all other computer software, a sector that is about eight times as large, and music is also included in a larger sector with non-recorded music, which is about three times as large as the recorded music industry.

7.1.6 Strengths of the UK Industry

1. Several of the successful new industries, such as videogames and biotech, have not experienced much direct Government intervention, although indirect measures might have been important. This might point to focusing on a policy that creates the conditions in which new industries can emerge.
2. Industrial policy could focus on keeping good, and further improving, the British business environment for project-based industries. This could be done, for example, through maintaining and improving infrastructure within, and going out from, the London/Southeast industrial district, changing planning laws so that new business and millions of new homes can be built in London, Oxford, Cambridge and the rest of the Southeast, just as they once were built in Lancashire. A skills regulatory framework could be developed that creates initiation, governance and management mechanisms for stakeholders to (decentrally) address education, skills and training, without the need for a top-down approach.
3. Because project-based industries involve high sunk costs and because often intra- and inter-industry externalities are perceived, Governments sometimes give tax breaks to these industries. These are often cultural and R&D-focused tax breaks. International trade policy, through the UK's membership of the EU and WTO, could attempt to limit these tax breaks to create a level playing field.

4. Policy could also focus on creating a business environment that allows for the reinforcement of project-based parts of other industries. Most industries have project based parts in it, and a British approach focused on loose regulation, the south-east district, informal networks, elite education, and creating a conducive business environment without singling out specific industries, could attract more of those parts to the UK (Figure 17). In many industries this is already happening. Although the UK has lost most of its textile fabric manufacturing, for example, it has top global fashion designers that capture a substantial part of the industry's value. Desirability of this policy depends on whether the UK can capture value in the project-based part, and on how it can work with large global multinationals dominating those industries.
5. It appears that Canada, and specifically its provinces Quebec and to a lesser extent Ontario, have been following this strategy for some time, offering massive R&D investment tax breaks and R&D salary cost subsidies, with the idea that this fosters the formation of an industrial district that once established will stay there for the rest of the industry's history. The strategy is dependent, of course, on the willingness of taxpayers to bankroll this. Given that Quebec experienced the reverse of this strategy when it dabbled with independence in the 1980s and 1990s – a mass exodus of firms and human capital – taxpayers may be more willing to fund this type of industrial policy now.

7.2. Nigeria

Nollywood has made its impact in the global film business. Serving as Africa's most prevalent movie activity in the number of productions as well as value of returns. Although the film industry in Nigeria dates back to the late 1960s the advancements to date have by far exceeded many expectations. Nigeria has seen great progress in the quality of films produced and turnover is increasing annually.

7.2.1 Overall trends

In 2013, the peak year to date for the Nigerian film industry, it was rated as the third most valuable film industry in the world, generating a total revenue of NGN1.72 trillion (US\$10 billion) in 2013 alone, placing it behind India and the United States. In 2014 the industry generated a turnover of NGN853.9 billion (US\$5.1 billion) in 2014.

Although only five films were reviewed in detail by Elizabeth Giwa (Giwa 2014), these were the five highest grossing Nollywood films at the time and therefore represent a significant part of Nollywood success. Reviewing the five films produced insight into Nollywood films and the structure of producing content that the viewers demand. The films had an even appearance of men and women with a minimal appearance of children. The majority of Nollywood films are based on drama. The genres of the films varied within each film. Each movie created holds significance in the storyline for people to relate to. It is hoped that as the years go on they continue to improve content, production, and distribution of movies.

In general more than half of the respondents watch films often or very often. Over half of the respondents were familiar with Nollywood and most attested to watching them once or more a month. Based on the level of satisfaction when it comes to the content of Nollywood films, more than half of the respondents felt the content to be simply 'good'. Mostly all the respondents feel that Nollywood films help them to connect to their country in one way or another to keep up with the development of the country or to hear the native language. The survey was taken by people in the USA, the UK, and Nigeria ranging between the ages of 18-

56+. The majority of respondents were women and the overall highest level of education was a bachelor level tertiary degree. For the most part, all of the films were in English, but for the ones that were in Yoruba there were always subtitles displayed clearly on the screen for the audience. In the films women were either portrayed as very weak or very strong in their roles.

Through the content analysis of the films and the survey it is clear that the content of the surveyed Nollywood movies is intense. The strong plots hold a realm of genres including high drama, romance, and traditional/historical rituals and traditions. The characters in the films analyzed prove to have strong western influences by the style of dress many of the characters wore modern and westernized clothing, by the character portrayals, many of the characters carried personas that aren't typical African portrayals, language was also another western influence noted in the analysis.

The choice of language varied in the films, some of the characters showed signs that there is a significant amount of westernization in the Nollywood industry. The settings and locations stayed in urban and rural villages in Nigeria, with the exception of a film that was partially shot in the US. With the growing diaspora and feedback from the survey respondents it seems as though Nollywood is making an impression around the world. Closely following larger film industries like Hollywood and Bollywood, Nollywood has made an impressive statement in the film business. Nigerians have moved from Africa to different parts of the world, with that comes the need of having access to films wherever they relocate to. Through online platforms like IrokoTV and YouTube the viewership patterns of Nollywood is constantly growing.

7.2.2 Innovation

In common with the global industry, funding for innovation is a constraint for quality film production, especially for movies with special effects, however, to improve the quality of Nigerian film productions, the country's previous president, Goodluck Jonathan, pledged in 2010 to create a \$200 million loan fund to help finance more ambitious film projects.

The focus of the rising film business, character portrayals, and the production process all play a significant role in the expansion and the growing popularity of the Nigerian film industry. The Nollywood industry gives filmmakers, actors, and actresses the opportunity to showcase their talents to a mass audience. It's quite easy to draw similarities and knowledge from the valuable storylines in Nollywood films, where the content is always rich in its message. Some of the popular locations to shoot these films are in cities like Abuja and Lagos. Filming often takes place at hotels, homes and offices that are often rented out by their owners who appear in the movie credits.

The content produced, style of shooting the film, choice of characters, and distribution outlets are a few of the things that contribute to the success of Nollywood. Nigerian filmmakers have invested into Nollywood, though it did bring in great criticism, it allowed them a chance to build an empire that has received some great accomplishments. Some of the benefits include the government investing in film production and the exposure to not only other African countries, but to the world on a broader scale. This research has shown that there are other aspects of the Nollywood film business that many are not aware of. The rise of recognition and improvements noticed by the Nollywood audience will continue to help promote the positives the business has to offer.

Nollywood film is gaining recognition on an international scale. With Nigerians migrating to places like the UK and US the importance here is just as significant as it is in Nigeria. Nigerians have access to the Nollywood films they know and love. Nollywood film distribution varies from place to place. Viewers can find them in the

market on Lagos Island, YouTube, IrokoTV, and local African video shops to name a few. With the growing age of technology there have been more avenues that have allowed audiences to view Nollywood movies through new media platforms.

As found in the content analysis, filmmakers are developing themes and plots as well as language that will meet the needs of the local and overseas Nigerians. Some of these films like *Last Flight to Abuja* reflect the changing themes with local and foreign locales. Films like *Ije* have also used both English and Yoruba in films. Seeing these movies connect overseas Nigerians to their home is amazing, it's like having a little piece of home. A respondent stated, *"Nollywood films are entertaining and can help Africans living in the US as well as people outside of our Nigeria better understand our culture and diversity."* This simply sums the advantages and positives of Nollywood.

The detailed storylines and plots make for rich content in Nigerian films. Culture is what defines people. It represents where communities and individuals have come from. It is beliefs and values that shape who people are. Nollywood films are an expression of the Nigerian culture. Most of the respondents in the survey stated that they can see the improvements in the films and that the films reminded them of their culture and encouraged them to learn more about their culture through the films. As stated by one of the respondents, 'it represents Nigeria to the world.' It's quite easy to draw similarities and knowledge from the valuable storylines in Nollywood films. The representation of the Nigerian culture is rich in these films. With the rising recognition of Nollywood, filmmakers are taking advantage of telling stories from an African perspective rather than the stories being told to Africans by someone else. This holds great significance in that these films embrace true traditions authentic local culture through the visuals, content and production.

7.3 New Zealand

The New Zealand screen industry comprises five different sectors; production, post-production, TV broadcasting, film and video distribution and film exhibition.

This report primarily focuses on the production and post-production sectors. This is an internationally tradable sector with the potential for increasing economic and other benefits for New Zealand. Statistics New Zealand has run an annual *Screen Industry Survey* since 2005, which offers a robust source of data on the size and nature of the New Zealand screen industry.

Data and information from other sources is also examined, both from Statistics New Zealand and industry sources, in order to test the robustness of the core data. Some of this provides additional insights, for example on employment and innovation, and this is also presented. Screen industry data investigated includes gross revenue, total expenditure, business counts, employment, and value added.

The focus of this study is on economic activities within the production and post- production sectors and we only briefly comment on how this activity may affect other sectors. The sector is rapidly changing; driven by new digital technology, increased globalisation and other factors. Digital technology is also enabling businesses involved in screen production to engage in other areas, such as interactive entertainment. As most official information sources cannot identify such new trends, we are reliant on case study examples to illustrate them.

7.3.1 Overall trends

Table 3 sets out the key quantitative estimates of economic impact emerging from this study.

Table 3: Direct economic impact in New Zealand of production and post-production sectors for 2005-2011 financial years

Year	Gross Revenue (NZ\$m)	Business Counts	Expenditure* (NZ\$m)	Adjusted Rolling Mean Employment**	Value Added (NZ\$m)	Contribution to GDP %
2005	1311	1941	1005	-	313	0.25%
2006	1305	1962	881	5200	437	0.33%
2007	1076	2028	674	5400	419	0.32%
2008	1258	2106	827	5500	464	0.34%
2009	1347	2544	861	6000	496	0.37%
2010	1366	2949	874	5900	459	0.34%
2011	1403	2616	715	6100	638	0.47%

Source: Statistics New Zealand Screen Industry Survey — 2011 and 2007 National Tables

* Screen production companies only. Expenditure figures are unavailable for contractors.

** Employment count figure for both salary/wage earners and self-employed contractors

The following list comprises a summary of the main qualitative trends that have emerged from the New Zealand study:

1. Gross revenue in the New Zealand film industry has grown since 2005, with the exception of a fall in 2007.
2. Businesses in the production and post-production sector generally generate more revenue than businesses in the other three sectors. The production and post- production sector accounts for around 95 per cent of all businesses in the screen industry.
3. Gross revenue from production of feature films has been far larger than from other areas, although gross revenue from production of TV programmes has been substantially increasing in recent years. Expenditure on TV programmes has been larger than that of feature films since 2006, perhaps due to there being more productions of this type annually.
4. Value added is the contribution of the production and post-production sector to gross domestic product (GDP) and is a key indicator of the sectors economic benefit. The value added has grown since 2007, reflecting increased skills and innovation.
5. Due to the nature of this industry, employment figures are difficult to measure accurately. This is because there are many contractors (sole traders / owner operators) who do not pay themselves a wage or salary and are therefore not shown in employment statistics produced by the Screen Industry Survey. Adjusted employment figures used in this study for the production and post-production sector

go some way to take the impact of contractors into account. These show that employment has risen gradually since 2006.

7.3.2 Innovation

Innovation has become an important aspect of the screen industry's development in New Zealand. Many firms in the industry try to innovate and develop cutting edge technology that will make them attractive to film and TV producers. The number of businesses that undertake research and development (R&D) (16%, 2010) and the average research and development expenditure (\$106,000, 2010) in the wider 'motion picture' industry has increased in recent years. However, R&D is concentrated in a few businesses and average research and development expenditure lower than in comparable industries (such as the computer systems design).

7.3.3 Effects on other industries

While there is a great deal of comment about the impact of the screen industry on tourism the available evidence indicates that the economic impact on tourism is comparatively modest. A survey of international visitors identifying factors contributing to the decision to visit, indicate that the number of overseas visitors to New Zealand rose by less than 1% as a result of The Lord of the Rings film trilogy. Such effects, from one industry for another, are described as 'spillovers'. The reputational effect of 'Peter Jackson' has enhanced the global reputation and 'branding' of the New Zealand screen industry, and other businesses benefit from this.

While it is generally agreed that there are spillover benefits into other areas resulting from technological advancements and innovation in the screen industry, there is limited evidence of this occurring to date, not least because they can take time to fully materialise. However, they may also be greater than reported here, as spillovers are notoriously difficult to identify and to measure in economic terms.

7.4 Project-Based Media Clusters

In the past, media companies instinctively created clusters to achieve individual and mutual benefit. However, today national and regional development authorities and entrepreneurs are increasingly endorsing and investing in the creation of media clusters. This is done to improve productive efficiency, drive economic development, and generate financial gain. Media companies prefer locations that support the mediation, iteration and heuristic action that is important to production in media industries. These locations are essentially large cities.

Media clusters promote and advance production of entertainment and content by connecting producers through private and public partnerships, networks and projects. Media clusters stimulate innovation as colocation increases interaction, allowing firms to share resources such as labour, important information and knowledge. Clusters can influence economic growth in different ways, i.e. increasing the productivity of the firms situated in clusters through internal and external economies of scale, increasing the rate of innovation through rapid knowledge exchange, and stimulating the formation of new firms. Projects in the media sector, such as filmmaking, tend to run for a limited period of time. A large number of different specialists are usually employed on a temporary basis. Only a large media cluster would offer a diversified supply of specialists to make the project-based sector economically efficient (Doeringer et al. 2012).

Project-based production often benefits from cluster economies. In a media cluster, labour pools are shared and the value is increased by the efficiencies in training and job matching. In these pools structured by project networks, professionals preserve long-term relationships with other key project partners. For example film directors commonly work with the same camera crew, as this lowers transaction costs and allows them to develop specific styles and methods of movie-making. Media companies will also have the advantage of access to regionally bound archives of knowledge. Implicit knowledge is kept up to date as workers get experience with a variety of project-based products, and as their employment moves between other local companies. In a case study done on Massachusetts it was found that it is highly unlikely that this state will ever be as successful as Los Angeles and New York. However, it has the makings to become one of a few additional production clusters that can compete for an increasing share of the market in film and TV based work:

“It has ample capacity and what appear to be wage advantages in its labor pools to compete for low and medium-budget motion picture and TV production and post-production work. There are signs of a growing core of experienced production crews and vendors with sufficient reputation to be substituted for “imported labor and suppliers” and it has a first class cultural and academic infrastructure that can provide expertise, part-time talent, and a flow of talented students to act, write, and support a variety of TV products, independent films, and commercial videos. In addition, its union management relations are relatively free of conflict and it has sufficient tax incentives to level the financial playing field among other states aspiring to compete for “satellite” cluster status” (Barnes and Coe 2011).

7.5 Comparison of Film and TV Incentives

Country	International Film and TV Incentives
South Korea	<p>30% rebate : Shoot no less than 10 days Spend no less than 2 billion KRW (2 million USD)</p> <p>25% rebate : Shoot no less than 7 days Spend between 500 million KRW (US\$500,000) & 2 billion KRW (US\$2 million)</p> <p>20% rebate : Shoot no less than 3 days Spend between 100 million KRW (US\$100,000) & 500 million KRW (US\$500,000)</p>
South Korea – Seoul	A 25% cash rebate on production costs for film & TV productions shot in Seoul. The Cap at 100,000,000 KRW (approx. 85,000 USD) can be lifted for projects with extraordinary high marketing value.
United Kingdom	<ul style="list-style-type: none"> For films with a total core expenditure of £20m or less, the Film Production Company (FPC) can claim a payable cash rebate of up to 25% of UK qualifying film production expenditure. For films with a core expenditure of more than £20m, the FPC can claim a payable cash rebate of up to 25% of the first £20m of qualifying UK expenditure, with the remaining qualifying UK expenditure receiving a 20% tax rebate. For scripted TV projects with a minimum core expenditure of £1 million per broadcast hour, the TV Production Company (TPC) can claim a rebate of up to 25% of qualifying UK expenditure.

Poland	<ul style="list-style-type: none"> The maximum subsidy for a contemporary full-length feature film is set at 4 million PLN (approx. 1 million euro) or no more than 50% of the budget.
New Zealand	The NZSPG offers a baseline cash grant equivalent to 20% of Qualifying New Zealand Production Expenditure (QNZPE). In addition to the new baseline grant, some projects may also be eligible for an additional <u>5% uplift</u> if they can demonstrate significant economic benefits to New Zealand.
Nigeria	The Nigerian movie industry currently lacks a formal structure, and most of the productions are funded by private individuals and very few corporate bodies. There are plans for government-assisted funding.
Australia	<p>Australia has three Federal Government Incentives. Eligible formats include feature films, telemovies, miniseries, and television series (including documentary, reality, animation and live action):</p> <ol style="list-style-type: none"> 1. A 16.5% Location Offset (Location Incentive) for productions with expenditures of at least A\$1 million per hour of final product or over A\$15 million 2. 30% Post, Digital and Visual Effects Offset (PDV Incentive). Productions do not have to be filmed in Australia to qualify for the incentive. 3. A Producer Offset provides a rebate on Qualifying Australian Production Expenditure (QAPE) of: <ul style="list-style-type: none"> • 40% for theatrically released feature film productions, including documentary, animation and IMAX; • 20% for single episode dramas and documentary (including features released only on DVD or on-line), television drama or documentary series/seasons and short film animation
Canada	Canada's Federal Tax Incentive is 16% of qualifying Canadian labour expenditures. This incentive is stackable with a number of other provincial incentives for production companies permanently established in Canada.

Sources: <http://www.koreanfilm.or.kr>, <http://www.britishfilmcommission.org.uk>, <http://en.pisf.pl/>, www.filmnz.com, <http://www.ausfilm.com.au/>, <http://www.canadafilmcapital.com/>

8. Survey of KwaZulu-Natal Film and TV Industry Firms

8.1 KwaZulu-Natal Film and TV Industry Survey

A survey of the KwaZulu-Natal Film and TV Industry was undertaken anonymously. A list of 131 firms participating directly in the KwaZulu-Natal film and TV industry was compiled. Firms were sent an electronic version of the survey (between late March and mid-May 2015) and encouraged to participate. A cover letter from the KwaZulu-Natal Film Commission was attached with further information. 50 responses were received. 32% of the surveyed firms participate in the development stage of production, and 10% in distribution. pre-production, production and post-production services were the most commonly offered by firms. The survey takes approximately ten minutes to complete, is anonymous and consists of the following 16 questions:

1. What locations do you operate in?
2. What are the main services offered by you/your company?
3. In what year was the business established?
4. What stages of production do you/does the company participate in?
5. How many people did the business employ in 2014? 'Skilled' includes Manager, Professional and Technician occupations; 'Semi-skilled' includes Clerk, Craft and related trade and Plant and machine operator occupations; 'Low-skilled' includes Elementary occupations.
6. Do you / does the company do any skills development, take on interns, offer bursary programmes, or learnership programmes?
7. If yes, please specify the type of training
8. Do you/does the company hire graduates?
9. If yes, from which institutions? (AFDA, DUT, UKZN etc.)
10. Has the company had support from any other organisations/institutions? (NFVF, IDC, DTI etc.)
11. If yes, please specify what support was received
12. What is needed to further stimulate growth in the KwaZulu-Natal film industry?
13. What has been your/the firm's estimated annual turnover (in Rands) for the last 5 years?
14. What share of total turnover goes to:
 - a. Services, equipment, goods from foreign countries
 - b. Services, equipment, goods from South African provinces other than KwaZulu-Natal
15. What your / your firm's busiest months of the year?
16. What your / your firm's quietest months of the year?

8.2 Survey Results

The following figure summarises the answers to the question: “What locations do you operate in?”

Figure 4: Operational locations of KwaZulu-Natal film industry businesses

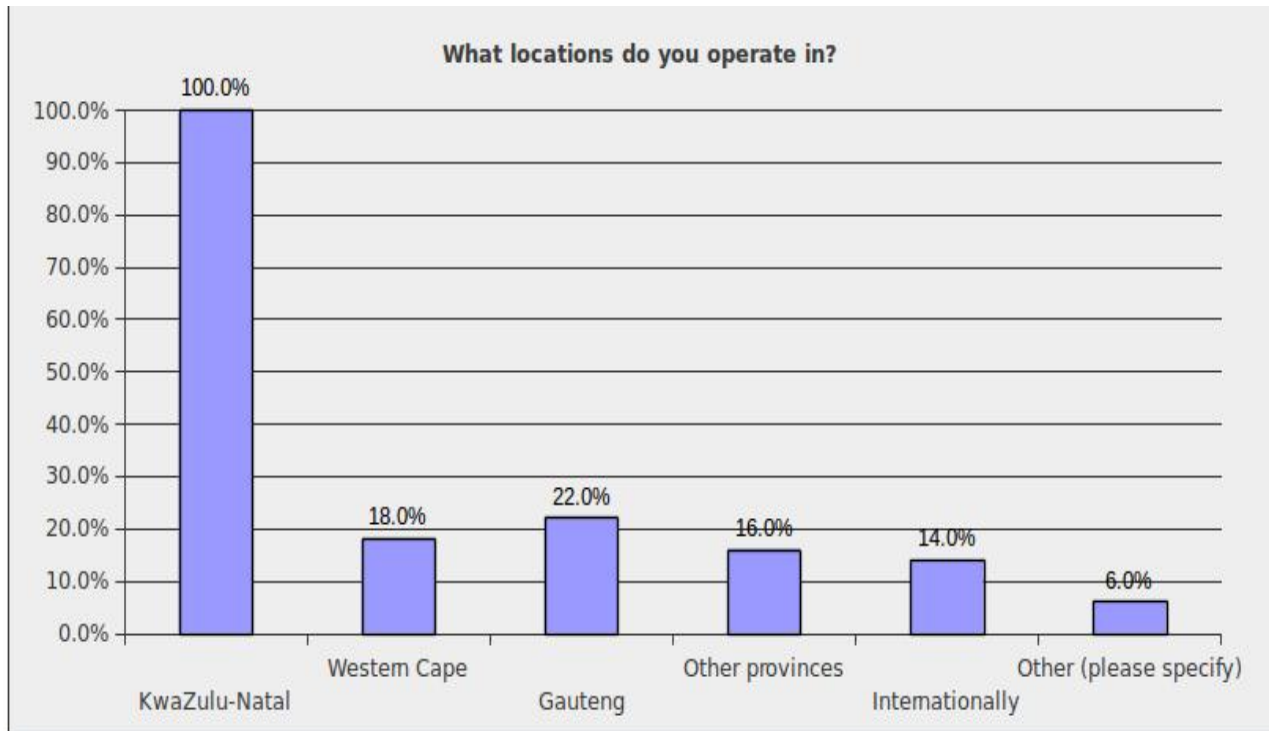


Table 4: Main services offered by KwaZulu-Natal film industry businesses

No. of firms:	Services offered:
18	Film and/or TV production
4	Photography and video production
3	Did not specify
2	Video Production and Post Production
2	Script development, production and post-production
1	Photography, film, lighting, gear hire
1	Unit, Locations, Production Services
1	High-End Travel/ Lodge /Hospitality and Conservation Sector promotional Media

No. of firms:	Services offered:
1	Director of photography
1	Equipment hire Cameraman
1	Writing/Production Management
1	Post Production
1	Online content
1	Drama stories
1	Casting and specialised locations
1	Video production for brands and companies, motion graphics and animation.
1	Publicity and Marketing
1	Location Scouts, Location Management, Safety Officer, Unit Equipment, Security, Training and Development
1	Casting Agency/ Casting Director
1	Scripting & Producing
1	Scout location and cinematography(director of photography)
1	Supply of trained animals
1	Lighting
1	Audio
1	Marine Coordination and Location Scouting
1	TV programming. Mainly documentaries

Table 5: Year of establishment of KwaZulu-Natal film industry businesses

In what year was your business established*?

1. Mean (the sum of a set of data divided by the number of data, or average):	2004
2. Median (the middle value, when the data is arranged in numerical order):	2009
3. Mode (the number that appears the most):	2013
4. Range (the difference between the first and last businesses' year of establishment)	1979 to 2014 (35 years)

*All businesses were still operating in 2015

Figure 5: Business participation in the production value chain

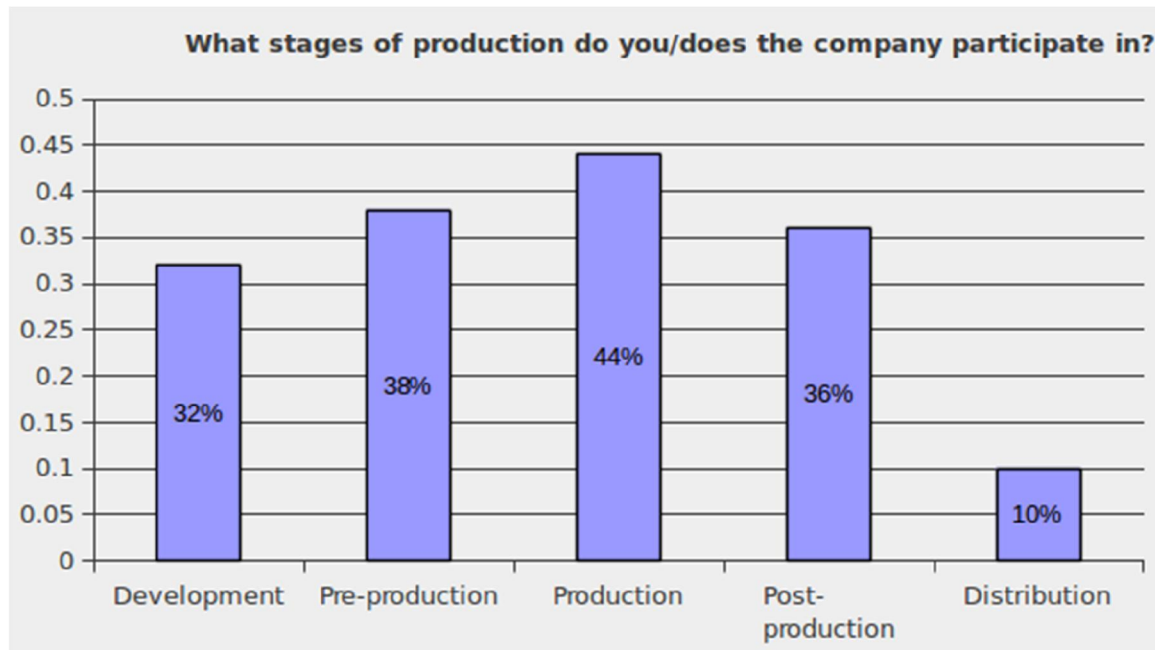


Table 6: KwaZulu-Natal film industry business employment numbers

How many people did each business employ in 2014?

Average number of employees per business:

Permanent staff (12 months per year)	
Highly skilled*	2.78
Semi-skilled*	1.21
Low skilled*	0.71
Total	4.69

Table 6 (continued): KwaZulu-Natal film industry business employment numbers

Temporary staff (at least 4 months per year)	
Highly skilled*	2.44
Semi-skilled*	2.81
Low skilled*	1.90
Total	7.15

* 'Highly Skilled' includes managers, professional and technician occupations; 'Semi-skilled' includes clerks, craft and related trade and plant and machine operator occupations; 'Low skilled' includes elementary occupations.

Average number of full-time equivalents (FTEs) per business: **7.07**

Figure 6: Skills development by KwaZulu-Natal film industry businesses

Do you / does your business do any skills development, take on interns, offer bursary programmes, or learnership programmes?

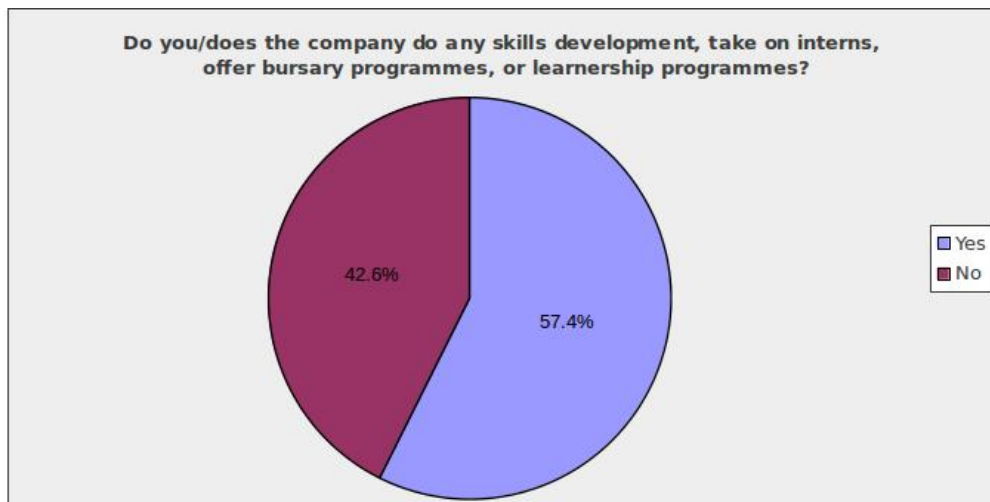


Table 7: Type of training offered by KwaZulu-Natal film industry businesses

No. of firms:	Type of training offered:
7	Internships
4	On the job training
2	Video production and Editing
1	We use students for live multi-cam productions
1	We give them on the job experience and teach them how we work.
1	Various operator skills
1	Screenplay Writing
1	Video editing software training
1	Film and photography classes
1	Graduates from DUT trained on Adobe Premiere & workshops conducted on aspects of the film Industry
1	We are currently doing a training on script writing and editing

1	Skills development for the underprivileged
1	Training production staff and shadow mentoring
1	Shadowing
1	Location Scouts, Location Management, Unit Management, Safety Officers
1	On site practical experience
1	Production and online media

Figure 7: Extent of graduate hire by KwaZulu-Natal film industry businesses

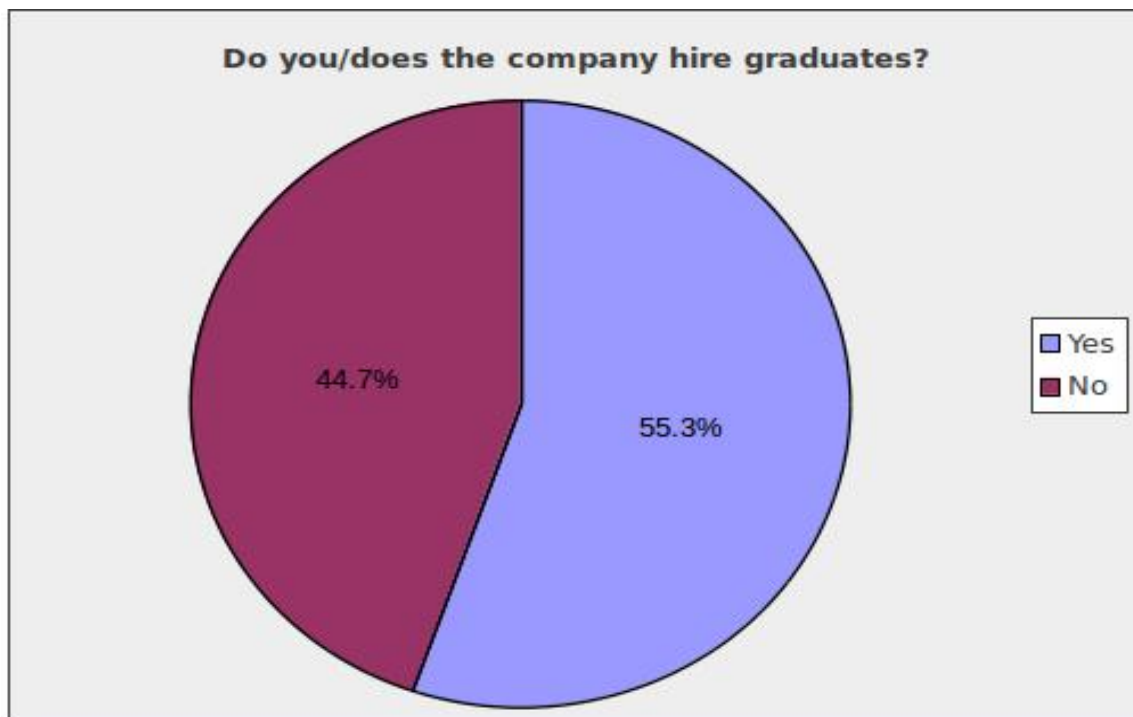


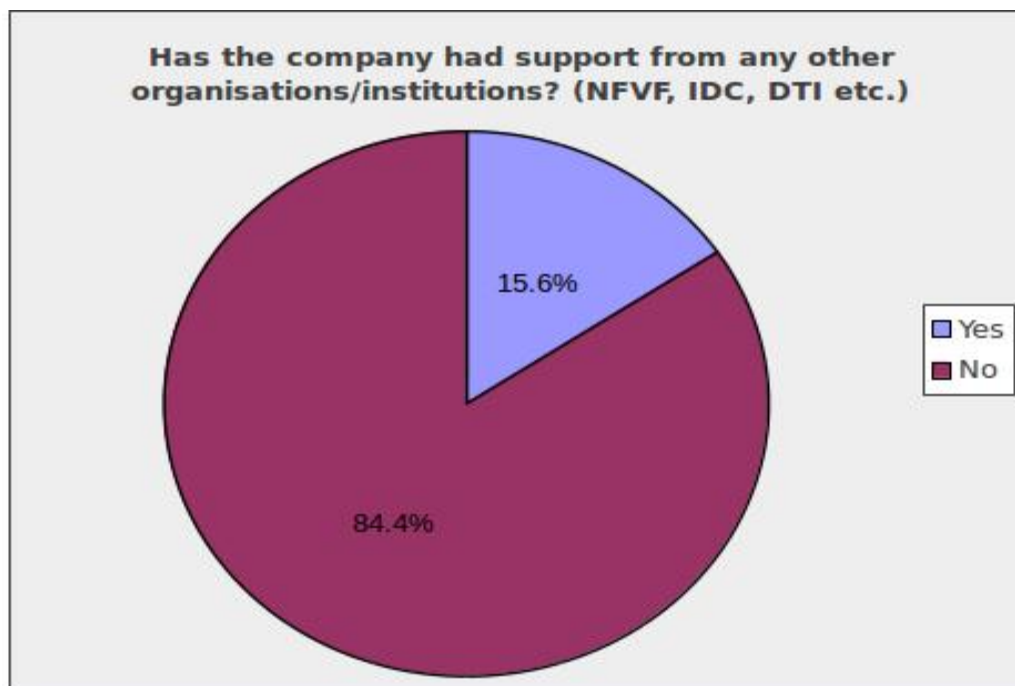
Table 8: Source of graduates employed in KwaZulu-Natal film industry businesses

If your firm hires graduates, from which institutions are graduates sourced? (AFDA, DUT, UKZN etc.)

AFDA
DUT
We have used students on a freelance basis from Vega as well as UKZN and Eden College.

From Paris I.C.
Any film or TV related institution / course
Freelance
UKZN
Rhodes

Figure 8: Sources of support for KwaZulu-Natal film industry businesses from any other organisations / institutions? (NFVF, IDC, DTI etc.)



If yes, please specify what support was received:

Answers: NFVF, KZNFC, and TIKZN financial assistance, DTI rebate

Table 9: Suggestions for the stimulation of growth in the KwaZulu-Natal Film Industry

What is needed to further stimulate growth in the KwaZulu-Natal film industry?

A studio
Business growth

Open doors for all stakeholders with or without matriculation certificates.
We need to generate business so that we can attract the skilled crew members and industry related companies (lighting, camera hire, etc) back to KwaZulu-Natal. At the moment if we get any business we have to bring in a lot of the crew and gear from JHB. This makes it expensive and a logistical nightmare!
Big productions to be shot and crewed here.
Professionalism and honesty
Funding
Highly skilled artists and facilities
Local production
Themed workshops with project as final product.
More assistance with funding. Promote us internationally. Also build studios.
Change negative perceptions of KwaZulu-Natal. KwaZulu-Natal also needs a proper studio.
Better leadership, with extensive knowledge of Film Industry and ability to promote KZN better and support Production companies that have stuck to KZN even through the drought periods.
I think KwaZulu-Natal needs to promote itself more in terms of showing that it can be on a par as a filming location with the likes of Cape Town. Cape Town injects money into advertising itself as a great location for filming, which in turn brings in revenue to their economy. If KwaZulu-Natal does the same it could also reap the benefits of having more international film crews using them as a location.
Assistance from Government
Having co-productions between established and upcoming film producers/companies will ensure growth of the industry in the KwaZulu-Natal region.
Empower the youth with skills to tell local stories.
Go out to the rural areas and unearth the new talents, because the talent in there is amazing.
Training, facilities and SMME support
Create enough work in order to attract and maintain an industry in KwaZulu-Natal. Experienced industry players should remain in KwaZulu-Natal in order to grow the industry.
The programmes that the KZNFC and the DFO already have just need tightening.
Education. If you speak to every student and graduate at AFDA, DUT, UKZN and Damelin, all agree

that what is taught is only theory. Not only that, but the lessons do not keep up with the times. They do not learn what a DSLR is, or how the Canon 5D revolution changed the industry. How can kids learn about the solar system if the books only mention 3 planets? This is essentially what's going on with film and I end up hiring only those who have figured out these questions on their own.
A film studio and more investment in the Durban International Film Festival
Skills and Development
More requests for proposals. A fully equipped accessible studio.
Trainings, supports, Finance, Distribution facility.
Consideration of all members of society (The blacks who are not black enough) meaning under legislature blacks are considered anyone who is not white, however, under these programmes offered we are not black enough...meaning, Chinese, Indian, Coloured etc.
Production funding for films
More communication that might foster a stronger bond amongst the relevant role-players. Often, the filmmakers don't always know what is happening out there in the industry.
Experienced crew and a bigger pool of talent
Flexible Ts & Cs that allow first-time aspiring filmmakers the opportunity to produce their debut films without the necessary prior industry experience.
Finance
I think the KwaZulu-Natal Film Commission is offering some hope ! They have started empowerment programmes etc. As always though, more funding opportunities and more need for local content
Structures and set rates and a union
Film Infrastructure - Crew/Equipment/Film Studio
More cohesiveness between the relevant players sharing expertise, facilities and ideas. The Durban Filmmakers Guild could do this but it is limping along because of a lack of funding to fulfil its mandate.
More films being filmed in the area
Funding for independent filmmakers
More crew based in KwaZulu-Natal, more film-friendly animal legislation
Larger and Smaller production required based on the specific needs of the client.

Aggregated answers to the question “What has been your/the firm's estimated annual turnover (in Rands) for the last 5 years? (optional and confidential; answers will be aggregated)” were used to generate gross domestic product (GDP) contribution estimates.

Figure 9: Financial leakages out of the province from KwaZulu-Natal film industry businesses

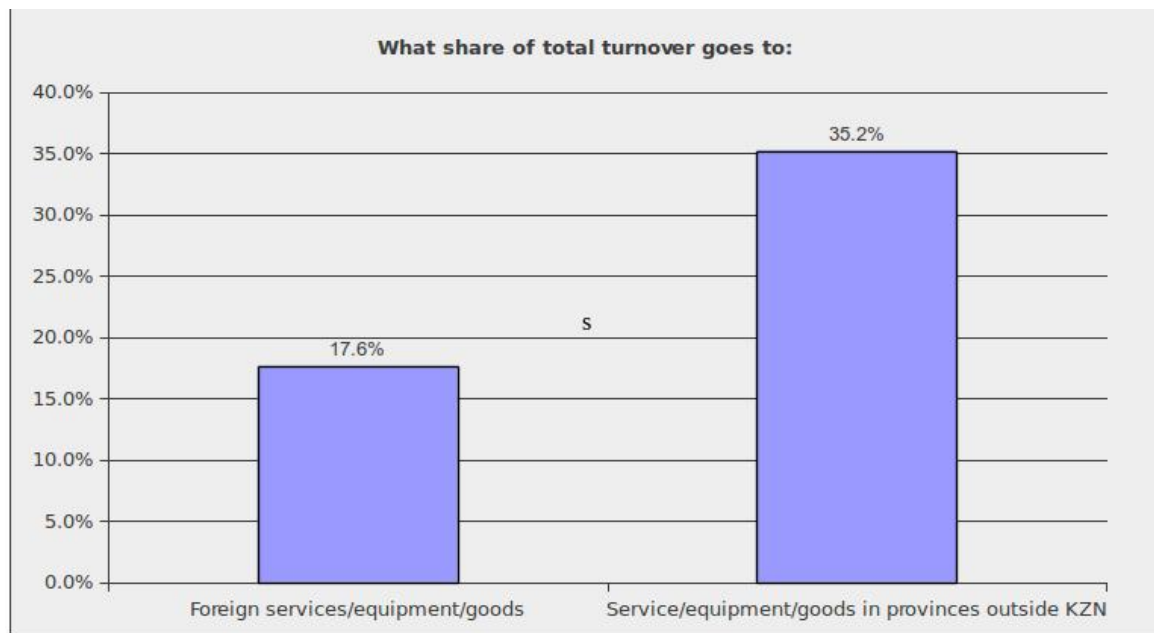
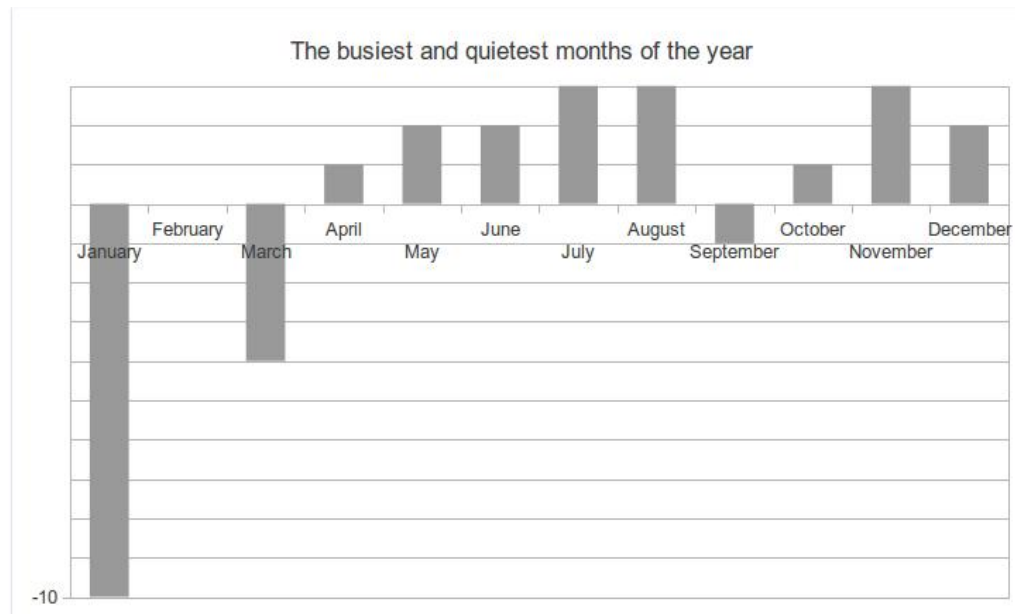


Figure 10: The busiest and quietest months of the year for film industry businesses in KwaZulu-Natal



9. Economic Impact of the Film and TV Industry

9.1 Introduction

The film and TV industry can generate significant levels of clean and sustainable economic growth by attracting hundreds of millions of rands worth of local and foreign spending on "on-location" production. Feature films and large national or international TV shoots can generate millions of Rands in local spending every week. The economic impact generated by productions will not only benefit production companies. The positive impact is felt by a host of other local businesses including local hotels and other accommodation establishments, car and truck rental, catering, barricade rentals, and locally recruited cast and crew. Finally, film production can advertise a region and help to generate tourism when a region or community is featured in a successful film.

Direct Economic Impact: The direct economic impact refers to the employment, labour income and GDP generated within the film and TV sector itself. This direct economic impact is largely in the form of wages and salaries paid to the sector's workers (i.e. employees, freelancers and contractors). It also includes operating surplus (i.e. operating profits [return to shareholders] and sole proprietors' income) earned by companies and the value of depreciation of capital assets.

Indirect Economic Impact: The indirect impact refers to the increase in employment, labour income, and GDP in the industries that supply inputs to the film and TV sector (e.g. truck rentals, food and beverage, advertising services). These suppliers may be located within KwaZulu-Natal or in other provinces or countries; and therefore, there can be some economic leakages out of the KwaZulu-Natal economy, which reduce the potential indirect economic impact for KwaZulu-Natal. In many cases, one film and TV value chain industry is a supplier to another industry; so these intra-sector flows were also taken into account.

Induced Economic Impact: The induced economic impact refers to the increase in employment, labour income and GDP that can be attributed to the re-spending of income by KwaZulu-Natal households that earned income at both the direct and indirect stages of the economic impact.

Total Economic Impact: The total economic impact is equal to the sum of the direct, indirect and induced economic impacts.

9.2 South African Film Industry Economic Baseline Study

The National Film and Video Foundation commissioned an Economic Baseline study in 2013 to research and determine the economic benefits and the value chain profile of the South African Film Industry (SAFI). The scope of the study was a full value-chain analysis of the SAFI development (pre-production, production, post-production and distribution) and an estimation of the annual economic output of the SAFI in terms of the following economic indicators:

- Size (i.e. GDP contribution) of the SAFI;
- Number of companies that are doing business in the SAFI;
- Number of individuals employed in the SAFI (permanent employees and freelancers);

- Direct and indirect taxes that the SAFI pays; and
- The economic multiplier effect of the SAFI.

The value chain breakdown was as follows:

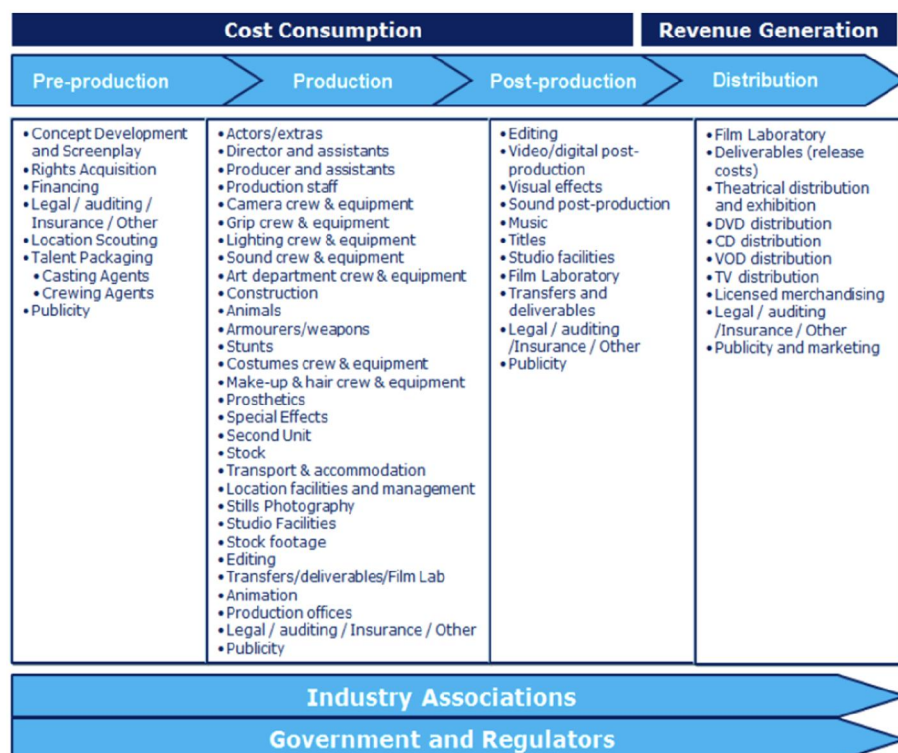
Table 10: Stages of the film industry value chain

Value Stage	Chain	Definition
Pre-production		The cost of development, funding and shoot preparations for the film.
Production		The costs incurred to shoot the film, including stock footage. In the case of animation, the actual animation and programming costs incurred to complete the film.
Post-production		The costs incurred to transform the footage (digital or film stock) into the finished film.
Distribution		The costs incurred to release and promote the finished film across cinema, DVD, CD, video-on-demand ("VOD"), mobile, online and TV platforms.

Source: Deloitte 2013

The costs of the value chain were broken down as follows:

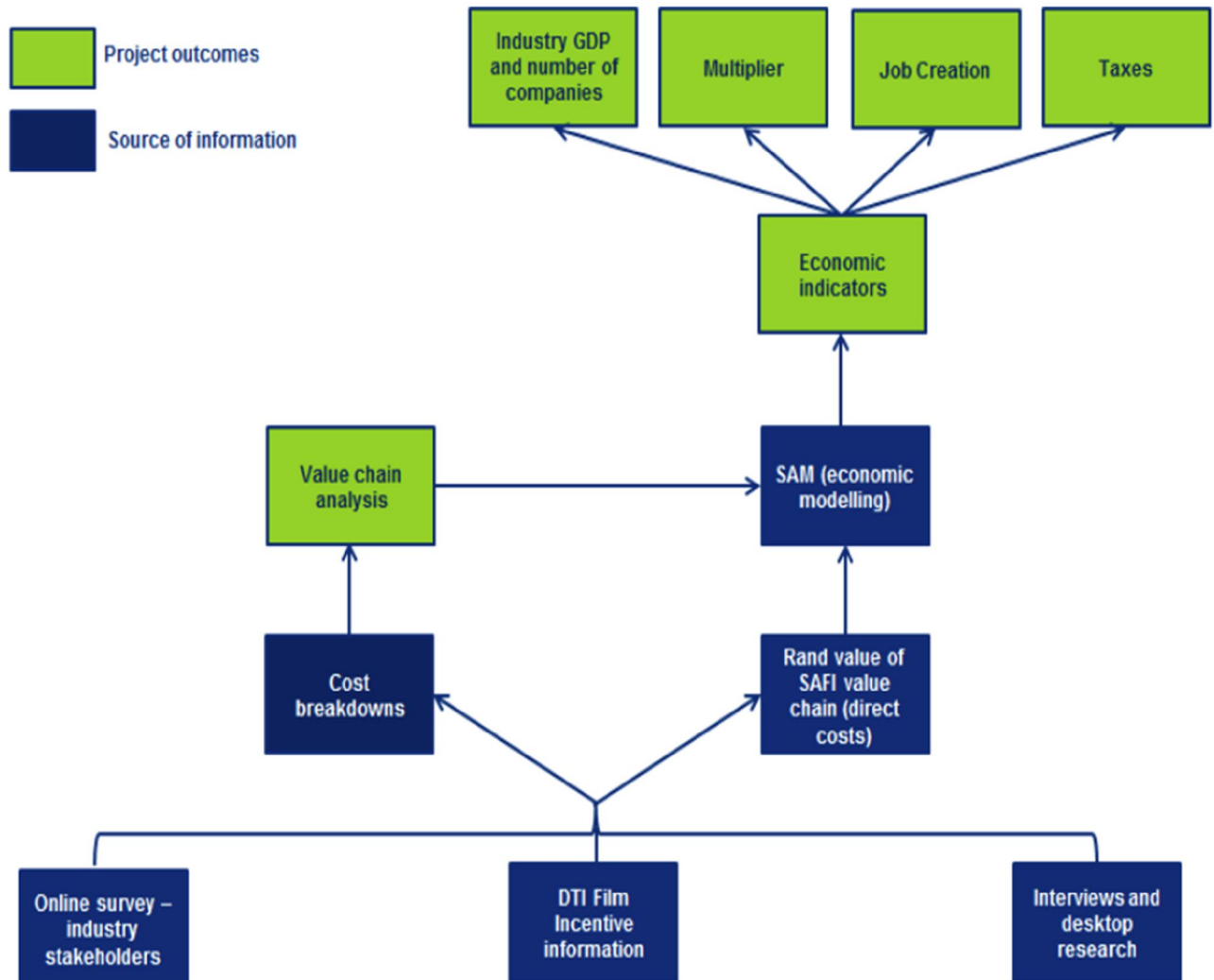
Diagram 1: The film industry value chain



Source: Deloitte 2013

As in this current study, the film industry is lacking a lot of data and research into the various aspects of the industry and its value chain, and so the usual methods used in assessing impact and deriving indicators are difficult, and in some applications, currently impossible. This means a multi-pronged approach is needed, collecting primary survey research, collecting all available statistics and data from entities currently collecting them (such as SARS and the DTI, and triangulating this with other research that could be accessed. The following diagram (Diagram 2) shows the economic indicator process:

Diagram 2: The economic indicator process



Source: Deloitte 2013

The results from the Economic Baseline Study show the various sizes of the film industry value chain components based on stage:

The study was able to draw some indication of employment within the industry:

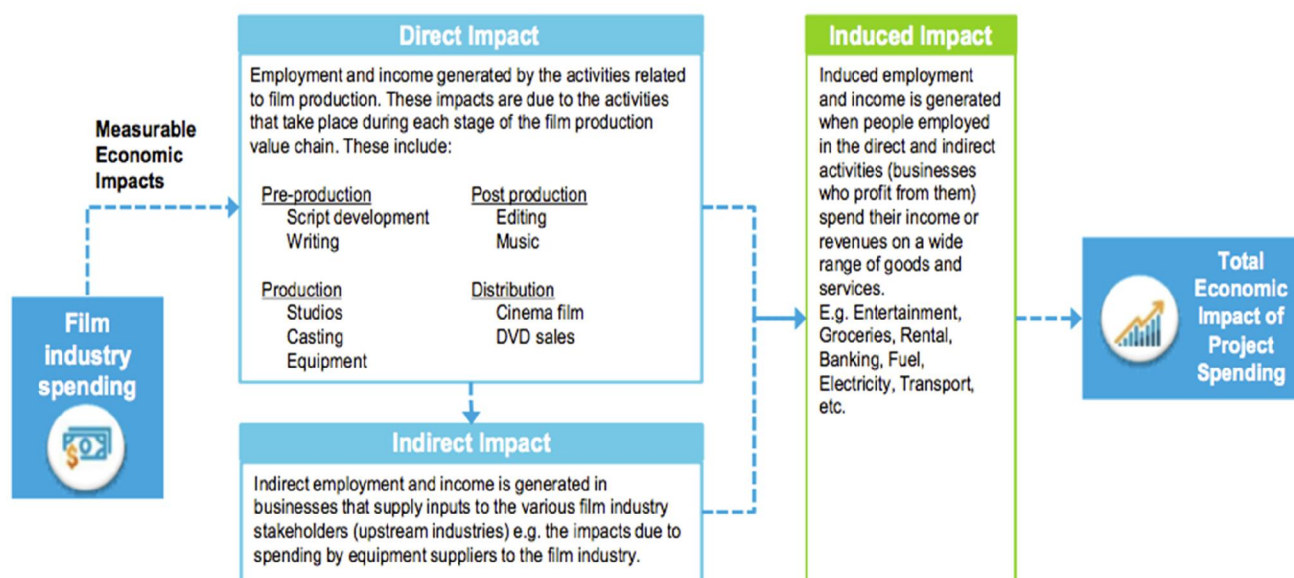
Table 11: Employment in the film industry value chain in South Africa (Direct Employment)

Description	Permanent	Temporary
Total number employed	263	5 769
Skill Level:		
Highly skilled	120	1 807
Skilled	90	1 806
Un-skilled	53	2 156
Full time equivalent conversion		
Average months employed	12	4
Full time equivalent (FTE)	263	1 923

Source: Deloitte 2013

In order to derive economic indicators such as the size and nature of the industry, taxes generated and multiplier effects, the study employed social accounting matrix (SAM) analysis to build a model to which the gathered and collated inputs could be applied. The following diagram explains the output of such a model with regard to the film industry within the framework of SAM analysis:

Diagram 3: Impact of the Film Industry from a social accounting matrix (SAM) perspective



Source: Deloitte 2013

From the collated research, the study found the total SAFI Value Chain Market Size was R1.26 billion, with the production stage accounting for roughly 89% of the entire industry. This is summarised in Table 12:

Table 12: South African film industry value chain spend on goods and services within the South African economy

Value Chain Stage	Estimated Size – Incl. Tax	% of total
Pre-production	R 32 490 088	3%
Production	R 1 111 459 780	89%
Post-production	R 48 420 962	3%
Distribution	R 63 190 000	5%
Total Market Size	R 1 255 560 830	100%

Source: Deloitte 2013

The study gives a very useful tool to relate the film industry to the broader South African industry classifications, breaking down each phase of the value chain into its SIC codes cost and percentages as displayed in the following table:

Table 13: Pre-production cost breakdown

SIC Code	% of total costs
Recreation, cultural, sport activities¹	100%
Total	100%

Source: Deloitte 2013

Table 14: Production cost breakdown

SIC Code	% of total costs
Recreation, cultural, sport activities	34%
Air transport	12%
Building of complete constructions	9%
Paints, varnishes, printing ink, mastics	9%
Accommodation	8%
Real estate activities	8%
Financial, insurance, pension funding	4%
Legal, accounting, bookkeeping, audited activities	4%
Television, radio transmitters, apparatus	4%
Wearing apparel	4%
Electric lamps, lighting equipment	2%
Jewellery and related articles	2%
Central Government	1%
Television, radio receivers, recording	1%
Total	100%

Source: Deloitte 2013

Table 15: Post-production cost breakdown

SIC Code	% of total costs
Recreation, cultural, sport activities	99%
Advertising	1%
Total	100%

Source: Deloitte 2013

Table 16: Post production cost breakdown

SIC Code	% of total costs
Recreation, cultural, sport activities	64%
Advertising	18%
Reproduction of recorded media	9%
Other publishing	3%
Restaurants	2%
Tax	2%
Financial, insurance, pension funding	1%
Office, accounting, computing machinery	1%
Other	<1%
Total	100%

Source: Deloitte 2013

From the results of the SAM analysis, the study derived that the total direct investment on South African films is approximately R1.26 billion. Total value added (GDP at factor cost) is approximately equal to the total expenditure on wages and salaries plus any capital investment, including operating profits before depreciation.

This is substantially lower than some other studies such as the one commissioned by the Cape Film Commission which estimated the total turnover in the Western Cape film industry in 2007 to be R2.65 billion, however this figure includes feature film (R934.3 million), video, commercials and stills photography production. The Gauteng film cluster indicated that the total film cluster contributes in excess of R2 billion *per annum* (including short form film and TV productions, as well as commissioned productions) in 2007.

The SAM analysis derived total indirect impact of the film industry at R495 million, which implies an indirect multiplier of 1.41 for SAFI. This multiplier relates to direct investment expenditure, such as costs related to purchasing intermediate goods and wages, and indirect expenditures, such as material and labour costs incurred by suppliers of intermediate goods. This value, however, does not take into account the expenditures related to individuals that receive income from activities directly or indirectly related to the SAFI. The induced impact, based on the consumption of goods and services by households, was given by the analysis as R1.77 billion for SAFI.

The study derived a total film industry GDP multiplier of 2.89, which implies that for every R1 spent in South Africa on activities related to the production and distribution of films made or partly made in South Africa the economy generates an additional R1.89 in terms of value added benefits. This is summarised in table 17, on the next page:

Table 17: Value added impacts of film industry economic activity in South Africa

Impact	GDP (R millions)	Multiplier
Direct (a)	1 199	1
Indirect (b)	497*	1.41
Induced (c)	1 827**	-
Total Impact	3 537	2.89

Source: Deloitte 2013

Notes: * (b)=[1.41-1]x(a)

** (c)=2.89x(a)-[(a)+(b)]

The study gives a comparison of this multiplier to other industries calculated using the same SAM:

Table 18: Comparison with GDP multipliers generated by other industries

	Impact	GDP Multiplier (excl. induced effects)	Rank (out of X)
Top 5 industries	Financial services	3.71	1
	Public administration	3.65	2
	Electricity distribution	3.55	3
	Insurance, pension	3.54	4
	Coal and lignite	3.52	5
SAFI		2.89	50
Bottom 5 industries	Non-structural ceramic	1.42	95
	Radio, television	1.17	96
	Office machinery	1.10	97
	Aircrafts	1.00	98
	Engines, turbines	0.99	99

Source: Deloitte 2013

The film industry is said to spend a vast amount of its financial capital on local industries on the economy, such as real estate, financial and construction services, which results in a relatively large multiplier as most of the money continues to circulate in the economy. As a sector it does also have a large expenditure on sectors with high intermediate imports, such as special machinery, audio and video recording equipment, textiles and basic chemicals. As the industry matures and as (or when) these supporting industries start to produce more locally, the GDP multiplier of the film industry will increase.

In terms of employment impact, the study, using its own survey, data reported to the Department of Trade and Industry, and the SAM analysis, to estimate the employment generated by the film sector. The results are summarised in Table 19, on the next page:

Table 19: Employment impact of the film industry (FTE*) – applying the multiplier effect

Job impacts	Highly-skilled	Skilled	Semi & un-skilled	Total
Direct	9 75	2 394	1 916	5 284
Indirect & Induced	1 838	4 514	3 513	9 965
Total	2 813	6 908	5 528	15 249

Source: Deloitte 2013

Note: * On an annual basis, an FTE is considered to be someone who works 2,080 paid hours per year (including paid leave), which is calculated as: 8 hours per day x 5 work days per working week (including leave).

The table above represents the results of the SAM analysis which were closely aligned to the survey results. However the DTI data indicated a direct employment number of 15 210 FTEs*. To avoid double counting the study added this figure to the indirect and induced numbers from the model/survey (9 965 FTEs – from the total column in Table 19), and arrived at a total employment figure of 25 175 FTEs per year.

9.3 Price Waterhouse Cooper Entertainment and Media Outlook

The South African entertainment and media outlook: 2013-2017 (Outlook) examines how shifts in consumer and advertising spending are shaping trends in the entertainment and media industry at macro and individual segment levels and how consumers, advertisers, content creators and digital distributors are responding and gearing up to face both the opportunities and the challenges ahead. The following table (Table 20) gives the sizes of the filmed entertainment market in South Africa, as well as the TV market in South Africa.

Table 20: Filmed entertainment and TV revenues, 2009 - 2018 (forecast from 2014)

Filmed Entertainment Market South Africa (South African Rand millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2014-2018 CAGR
Box office spend in South Africa	424	439	559	589	634	684	736	793	853	881	6.8
Cinema advertising in South Africa	308	363	522	563	607	652	699	747	797	851	7
Electronic home video in South Africa (South African Rand millions)											
Electronic home video - over-the-top / streaming in South Africa	-	-	-	-	8	14	27	53	101	193	87.7
Electronic home video - through TV subscription in South Africa	-	-	175	245	317	389	463	542	623	717	17.7
Total Electronic home video in South Africa	-	-	175	245	325	403	490	595	724	910	22.9
Physical home video in South Africa (South African Rand millions)											
Physical home video - sell through in South Africa	963	993	846	842	838	826	806	789	773	758	-2
Physical home video - rentals in South Africa	20	23	24	24	24	24	24	25	25	25	0.8
Total Physical home video in South Africa	1,003.00	1,016.00	870	866	862	850	830	814	798	783	-1.9
Total Filmed entertainment in South Africa	1,735.00	1,818.00	2,126.00	2,263.00	2,428.00	2,589.00	2,755.00	2,949.00	3,172.00	3,425.00	7.1
Television in South Africa (South African Rand millions)											
Television advertising in South Africa (South African Rand millions)											
Broadcast TV advertising in South Africa	8,078.00	10,341.00	11,168.00	12,296.00	13,218.00	14,408.00	15,200.00	16,264.00	17,158.00	18,360.00	6.8
Online TV advertising in South Africa	-	-	-	-	1	2	3	4	6	8	56.2
Total Television advertising in South Africa	8,078.00	10,341.00	11,168.00	12,296.00	13,219.00	14,410.00	15,203.00	16,268.00	17,164.00	18,368.00	6.8
Public license fees in South Africa	883	887	891	912	956	1,011.00	1,013.00	1,039.00	1,067.00	1,095.00	2.7
Subscription spend in South Africa	11,276.00	12,959.00	14,447.00	15,486.00	16,571.00	17,326.00	17,992.00	18,704.00	19,363.00	20,125.00	4
Total Television in South Africa	20,237.00	24,187.00	26,506.00	28,694.00	30,746.00	32,747.00	34,208.00	36,011.00	37,594.00	39,588.00	5.2

Sources: PwC 2014

In terms of the film numbers, the box office spend in South Africa in 2013 was R634 million, with Cinema Advertising accounting for another R607 million. Home video revenues were R1.19 billion in 2013, which is split into physical home video (physical rentals and sell-through) and electronic home video (OTT and TV subscription, for example DSTV Box Office and Apple TV). The market for filmed entertainment in South Africa therefore generated revenues of R2.4 billion in 2013.

According to the report, the Department of Trade and Industry has found that the South African film industry contributes R3.5 billion annually to the country's GDP, while providing employment for more than 25 000 people, which is likely to be drawn from the baseline study above.

In terms of the TV market in South Africa, the main threat identified by the outlook is OTT (included under filmed entertainment), however there is still strong growth in subscription based TV services. Pay TV revenues were R16.58 billion in 2013, with TV advertising at R13.22 billion and public license fees at R956 million. This results in the total South African TV market revenues being R30.75 billion in 2013.

Two key factors in the TV market at the moment are the digital terrestrial TV migration (DTT) and the rise of OTT in the South African market. DTT-services will result in an additional 2 million subscribers being added to the pay TV market by 2018, and whilst broadband penetration remains relatively low, OTT will continue to experience slow growth.

These both should result in the paid TV market experiencing continued growth over the next five years.

According to the Nielsen TV Audience Measurement service (2013) there are 12 837 052 households with working TV sets in South Africa, and 2 137 192 households with working TV sets in KwaZulu-Natal (16.65% of the national total). If this is applied as a general indicator of market size to the TV revenues from the PwC Outlook 2014, the total revenues generated in the KwaZulu-Natal TV market in 2013 is R5.1 billion, as seen in the following table (Table 21):

Table 21: TV revenues in KwaZulu-Natal, 2013

Television in KZN (South African Rand millions)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Television advertising in KZN (South African Rand millions)										
Broadcast TV advertising in KZN	1 344.99	1 721.78	1 859.47	2 047.28	2 200.80	2 396.93	2 530.80	2 707.96	2 856.81	3 056.94
Online TV advertising in KZN	-	-	-	-	0.17	0.33	0.50	0.67	1.00	1.33
Total Television advertising in KZN	1 344.99	1 721.78	1 859.47	2 047.28	2 200.96	2 399.27	2 531.30	2 708.62	2 857.81	3 058.27
Public license fees in KZN	147.02	147.69	148.35	151.85	159.17	168.33	168.66	172.99	177.66	182.32
Subscription spend in KZN	1 877.45	2 157.67	2 405.43	2 578.42	2 759.07	2 884.78	2 995.67	3 114.22	3 223.94	3 350.81
Total Television in KZN	3 369.46	4 027.14	4 413.25	4 777.55	5 119.21	5 452.38	5 695.63	5 995.83	6 259.40	6 591.40

Source: Adapted from PwC 2014

This is broken down into the LSM groups (using data from AMPS 2014) in the following table (Table 22):

Table 22: TV revenues in KwaZulu-Natal by LSM* group, 2013

	LSM 1	LSM 2	LSM 3	LSM 4	LSM 5	LSM 6	LSM 7	LSM 8	LSM 9	LSM 10
Total Television Market Per LSM Group, Rand millions, 2013	109.39	447.45	422.69	850.08	793.44	918.06	527.77	347.97	363.06	339.30
KZN TV Households per LSM Grouping	45 670	186 805	176 467	354 895	331 248	383 275	220 336	145 273	151 571	141 652

Source: Adapted from PwC 2014

Note: *The LSM (living standard measure) is a multi-attribute segmentation tool developed by the South African Advertising Research Foundation (<http://www.saarf.co.za/>). It is based on 29 weighted variables that describe access to services and durables and geographic indicators, as determinants of standard of living. There are 10 LSM groups, 1 being the lowest standard of living and 10 being the highest.

9.4 Western Cape Microeconomic Development Strategy for the South African Film Sector

The Western Cape Department of Economic Development and Tourism commissioned a strategy for the Western Cape Film Industry. The study used a film industry multiplier of 2.5, but it is unclear where this multiplier is derived from. The study analyses the film industry generally up to 2004/5, and at this point in time the study estimated that KwaZulu-Natal based production amounted to 1 feature film and 12 commercials annually, with a turnover of at least R10 million *per annum*.

What may be applicable to this study is that the average annual income per production company in the Western Cape in 2001 was R9.34 million (unstated, but most likely in 2001 Rands), which is substantially higher than the results from the following survey section. The study states that for each feature film shot in the country approximately 75 to 100 people are employed behind the camera, with filming typically lasting 5 months (31 - 41 FTEs per feature film). The survey was not limited to production companies and included firms directly involved in the film and TV production.

The Independent Producers Organisation survey (conducted in 1997) showed that the majority of production companies employ 2-3, with some employing 4-10 people, and only 3 employing more than 10 people. This would suggest the survey employment results are in the correct approximate range. However, understanding the mix between temporary and permanent employment in the film industry is both vital and very difficult, due to lack of data and research.

9.5 KwaZulu-Natal Film Industry Survey Results

The current study into the KwaZulu-Natal film industry includes a comprehensive survey on the film value chain within the province. Firms that reported 2014 turnover and jobs had on average:

- An annual turnover of R1 370 607.90 - the average turnover of all firms that replied to this question in the survey
- Average FTE employees – 7.07 - the average for all firms that replied to this question in the survey

Average turnover per employee is therefore R193 863 per FTE. Using an estimate of 175 firms involved directly in the KwaZulu-Natal film and TV (development, pre-production, production, post-production and distribution) sector, the market totals can be estimated as:

- Employment: 1,237 FTEs (7.07 x 175)
- Average turnover per FTE employee: R193 863 (R1 370 607.90 / 7.07)
- Total annual turnover for the KwaZulu-Natal industry: R239 856 383 (R1 370 607.90 x 175)

The share of turnover that goes to services, equipment and goods in foreign countries and in other provinces is 17.58% and 35.18% respectively whilst 47.24% remains in KwaZulu-Natal. This indicates that the direct market (GDP) impact of the KwaZulu-Natal film industry is R113 308 154.

Employment Figures

Statistics South Africa's quarterly labour force survey provides provincial statistics on employment in the entertainment industry. However, the statistics (shown in Table 23 for 2012-2014) are not available for the specific film and TV industry subsectors.

Table 23: Average number of people working in the entertainment industry (motion picture, radio, TV and other entertainment activities) 2012-2014.

Province	No. of People	% of Country Total
KwaZulu-Natal	3,368	8.8%
Western Cape	8,359	21.9%
Gauteng	20,203	52.8%
South Africa	38,234	100.00%

Source: Stats SA Labour Force Survey 2012-2014

The film and TV subsectors include:

1. The development, pre-production, production and post-production of film
2. Distribution
3. Exhibition
4. Free to air TV
5. Subscription TV
6. Retail, rental, and online sales

The average number of FTEs working for the surveyed firms (in the development, pre-production, production and post-production of film) was 7.07, shown in table 24, on the following page.

Table 24: Average number of employees per skill level* per business:

Skill level	Permanent staff (12 months per year)
Highly-skilled	2.78
Semi-skilled	1.21
Low-skilled	0.71
Total	4.69

Skill level	Temporary staff (at least 4 months per year)
Highly-skilled	2.44
Semi-skilled	2.81
Low-skilled	1.90
Total	7.15

*'Highly-skilled' includes managers, professional and technician occupations;

'Semi-skilled' includes clerks, craft and related trade and plant and machine operator occupations; 'Low-skilled' includes elementary occupations.

Average number of FTEs* per business: 7.07

A database of firms in KwaZulu-Natal indicates that there are approximately 175 businesses in KwaZulu-Natal directly involved in the commercial development, pre-production, production, post-production in the film and TV industry. This estimate was arrived by building a database of 131 businesses from online sources. It was then assumed that 25% of businesses (44 out of the 175) were not captured in the database. This assumption is based on the expected number of firms without an accessible online presence or contact details online.

There are approximately 1237 FTE employees at the 175 firms. Survey results show that 57.4% of these businesses provide training, including internships, on set training, and specific skills training. Half of the businesses hire graduates from AFDA, DUT, UKZN, Vega and other institutions.

In total the KwaZulu-Natal development, pre-production, production and post-production sub-sector directly provides 1237 FTE jobs.

* On an annual basis, an FTE is considered to be someone who works 2,080 paid hours per year (including paid leave), which is calculated as: 8 hours per day x 5 work days per working week (including leave).

9.6 KwaZulu-Natal Film Industry Economic Indicators

9.6.1 South African Market Size

The SA national film industry spend on goods and services in 2012 was R1.256 billion, and the total final consumption of filmed entertainment in South Africa was R2.428 billion, as reflected in the following table:

Table 25: South African national film industry annual spend on goods and services and market size (2012)

Industry Stage	Spend (Rm)	% of Spend	Entertainment Market Total Final Consumption	Market Size (Rm) (earnings)	% of Market
Pre-production	32	3%	Box office spend in South Africa	634	26%
Production	1 111	89%	Cinema advertising in South Africa	607	25%
Post Production	48	3%	Total Home Video	1 187	49%
Distribution	63	5%			
Total	1 256	100%	Total Filmed entertainment in South Africa	2 428	100%

Source: Deloitte 2013

The broader impact of the industry (GDP or value-added and employment) is as follows:

Table 26: Impact on gross domestic product (GDP)

Impact	GDP (R millions)	Multiplier
Direct (a)	1 199	1
Indirect (b)	497*	1.41
Induced (c)	1 827**	-
Total Impact	3 537	2.89

Source: Deloitte 2013

Notes: * (b)=[1.41-1]x(a)

** (c)=2.89x(a)-[(a)+(b)]

Table 27: Impact on employment (FTEs)- based on value added

Job impacts	Highly-skilled	Skilled	Semi & unskilled	Total
Direct	9 75	2 394	1 916	5 284
Indirect & Induced	1 838	4 514	3 513	9 965
Total	2 813	6 908	5 528	15 249

Source: Deloitte 2013

If the data from the survey of KwaZulu-Natal film industry businesses are applied to these same multipliers the following results are generated for the KwaZulu-Natal film industry:

Table 28: KwaZulu-Natal film industry impact on SA GDP

Impact	GDP (R millions)	Multiplier
Direct (a)	113.30	-
Indirect (b)	46.46*	1.41
Induced (c)	167.70**	-
Total Impact	327.46	2.89

Notes: * (b)=[1.41-1]x(a)
 **(c)=2.89x(a)-[(a)+(b)]

Using the figure for the total national impact of the sector on GDP of R3 537 million (see Table 26) the KwaZulu-Natal Film Industry makes up 9.26% (R327.46 million) of the (pre-production, production, post-production and distribution) industry's contribution to GDP. In similar fashion, the impact of the provincial industry on employment generation is reflected in Table 29:

Table 29: KwaZulu-Natal film and TV industry impact on employment (FTEs)

Job impacts	Highly skilled	Skilled	Semi and unskilled	Production and distribution	Exhibition	Total
Direct	228	560	449	1 237	244	1481
Indirect & Induced	430	1 057	822	2 333	460	2793
Total	659	1 617	1 294	3 570	704	4274

9.6.2 Discussion of Multiplier Analysis

The roadmap to KwaZulu-Natal Film Industry multipliers is to follow the SAM-based methodology as seen in the NFVF (Deloitte) 2013 Economic Baseline Study. The main difference and major difficulty with this is that input-output analysis is based on the system of national accounts and requires a large and diverse set of data in order to be completed. Currently verified data of this nature is only collected at a national level consistently, with most sub-national data being disaggregated. This means that attempts at regional SAMs are often fraught with problems that result from assumptions made in order to apply the data to the region. Should an accurate regional SAM be created, then the breakdown of costs of each stage of production (in terms of imports versus domestic, and category and sector the cost applies to) would need to be researched or surveyed. This would then allow for the creation of a SAM-based model from which film industry multipliers would be able to be derived.

The attempt to derive a regional multiplier must also be weighed up against the accuracy of the national model. Since national data is more likely to be accurate given the current statistics environment in the country, and since the methods used allow for historical data comparison, the models built off this data may be more

accurate for a regional context than a regional model built off inaccurate or thin data, which by nature would also lack historical data for testing appropriateness. To summarise, even with a full regional model and regional multipliers, these may not accurately reflect the interrelationships within the regional industry as well as the national model, even if this is more non-specific.

If one follows the same methodology used in the 2013 NFVF Baseline Study with current, 2011 multipliers for South Africa and KwaZulu-Natal (included despite the above statement), the following results:

Table 30: South African and KwaZulu-Natal economic impact multipliers for various economic sectors

Top 10 Sectors	SA Sector	SA	KZN Sector	KZN Multiplier
	Leather and leather products	12.01380	Leather & leather products	7.67867
	Furniture	7.81988	Motor vehicles, parts & accessories	4.35291
	Textiles	7.07266	Furniture	4.00375
	Motor vehicles, parts and accessories	6.76197	Electrical machinery	3.66139
	Basic iron and steel	6.17999	Professional & scientific equipment	3.22924
	Paper and paper products	6.02090	Beverages & Tobacco	3.12480
	Tobacco	5.87104	Glass & glass products	2.92369
	Food	5.53640	Basic iron & steel	2.90630
	Electrical machinery and apparatus	5.35527	TV, radio & communication equipment	2.80424
	Footwear	5.26791	Food	2.78027
	AVERAGE FOR ALL SECTORS	4.21814	AVERAGE FOR ALL SECTORS	2.47307
Bottom 10 Sectors	Catering and accommodation services	2.80401	Wholesale & retail trade	1.84593
	Social excluding medical, dental and	2.79655	Wearing apparel	1.83388
	Wholesale and retail trade	2.71961	Catering & accommodation services	1.76426
	Gold and uranium ore mining	2.52479	Footwear	1.61702
	Electricity, gas and steam	2.51737	Coke & refined petroleum products	1.59296
	Other producers	2.51453	Electricity, gas & steam	1.58728
	Transport and storage	2.51211	Agriculture, forestry & fishing	1.53676
	Finance and insurance	2.49620	Transport & storage	1.35756
	Other mining	2.31415	Basic non-ferrous metals	1.34723
	Coal mining	2.19855	Other industries	1.32202

Source: Quantec 2011

The reason KwaZulu-Natal industrial sector multipliers across all sectors are lower than the SA national multipliers is because as a regional economy within a national economy KwaZulu-Natal is subject to greater levels of spending leakage to other provinces. Unlike the case with a provincial economy, leakage from a national economy is constrained by customs barriers at the national borders and reduced mobility of factors of production across national borders.

Within these models, the average for all South African industrial sector multipliers is 4.21814 (which differ from the 2013 Baseline study's average of 2.77) and for all KwaZulu-Natal industrial sector multipliers the average is 2.47307. These can be read in the context of the 2013 Baseline study establishing that the film industry's multiplier as 2.89 which was just over the average within the SAM model employed in that study. The total KwaZulu-Natal economy multiplier within the 2011 model is 2.0801 (impact on the country of spend that originates in KwaZulu-Natal), and the total South African economy multiplier (weighted by output) is 3.05124. Given the size and status of the KwaZulu-Natal Film Industry, the ratio of these total region multipliers could be applied to the Baseline Study multiplier to arrive at a KwaZulu-Natal film Industry multiplier of 1.97. Alternatively the national multiplier of 2.89 could be directly applied to the KwaZulu-Natal industry without necessarily being less accurate than the derived figure mentioned previously. This is especially true given the non-regional nature of the Film Industry (with over 50% of the KwaZulu-Natal spend occurring outside the province). Ultimately any derived multiplier should be used with caution and not for any statistical/modelling application, and should be replaced with a properly modelled multiplier before being used in any reporting. This study will use the national multiplier of 2.89 for the KwaZulu-Natal production and distribution sectors, allowing direct comparisons to the national industry figures. This can be compared to other national multiplier figures:

Taiwan:	Film production – 2.90; Film exhibition – 2.46
Indonesia:	Film production and distribution – 2.38
South Africa:	Film production and distribution – 2.89
Australia:	Film production and distribution – 3.05
UK:	Film production – 1.97

Sources: Oxford Economics (2015a), Oxford Economics (2015b), NFVF (2013), Australian Bureau of Statistics (2015), OlsbergSPI and Nordicity (2015)

9.7 Diversity

Diversity remains a major challenge with cinema exhibition in South Africa. With 780 screens in the country and a population of 54 million, this translates to the equivalent of 1.44 screens per 100 000 people. In KwaZulu-Natal there are 10.7 million people and 94 screens, equivalent to 0.88 per 100 000 people. The majority of these screens are located in entertainment hubs only easily accessible to the middle and upper classes. This is reflected in table 31, showing the predominance of Afrikaans and English language films in the top 75 South African films at cinemas between 2010 and 2014. 65 of the top 75 films are in English and/or Afrikaans.

The high financial outlay, sunk costs and capital requirements, required for movie or TV series production creates large barriers to market entry. However, the evolution of internet film distribution channels has lowered the barriers to entry for small-scale producers for alternative media platforms. Internet and mobile distribution has also increased accessibility to many media platforms and TV remains accessible to the majority of South Africans.

In 2014, 50% of applicants for funding from the KZNFC had a level 4 B-BBEE status and 26% had level 3 status. No applicants had a higher than level 3 status. Many graduates from KwaZulu-Natal film and TV schools are from previously disadvantaged backgrounds, giving firms the opportunity to increase diversity in the industry through graduate hiring and training.

Sources: Statistics South Africa, (2014b), Abercrombie et al., (2011), England, (2014)

10. South African Films Track Record

Table 31: Largest grossing South African films at cinemas, 2010 – 2014, in descending order

Top Films 2010 - 2014	Public Awareness (0-10)	Title (year)	Director	Genres	Language(s)	Production company /companies	Budget (IMDB.com)	Box Office Gross (Inflation Adjusted 2014 Rands)
1	10	Mandela: Long Walk to Freedom (2013)	Justin Chadwick	Biography Drama History	English Afrikaans	Videovision Entertainment, Distant Horizon, Film Afrika Worldwide Industrial Development Corporation of SA, Long Walk to Freedom, National Empowerment Fund, Origin Pictures, Pathé	\$35,000,000 (estimated)	R 109,341,032
2	4	Schuks Tshabalala's Survival Guide to South Africa (2010)	Gray Hofmeyr	Comedy	English Afrikaans	Out of Africa Entertainment		R 47,369,118
3	5	Mad Buddies (2012)	Gray Hofmeyr	Comedy	English	Keynote Films	ZAR 20,000,000 (estimated)	R 29,058,194
4	3	Schuks! Your Country Needs You (2013)	Gray Hofmeyr	Comedy	English Afrikaans	André Scholtz Productions		R 28,448,376
5	7	Spud (2010)	Donovan Marsh	Comedy Drama	English	Rogue Star Films, BLM Productions	\$4,000,000 (estimated)	R 20,817,481
6	3	Liefing die Movie (2010)	Brian Webber	Musical	Afrikaans English	Hartiwood Films		R 16,579,191
7	4	Pad na jou hart (2014)	Jaco Smit Aner Alexander James Alexander Joshua Rous Sandra Vaughn	Adventure Romance	Afrikaans	Film Factory, The		R 11,597,209
8	5	Semi-Soet (2012)	Sandra Vaughn	Romance	Afrikaans	Scramble Productions	ZAR 5,000,000 (estimated)	R 10,788,875
9	4	Platteland (2011)	Sean Else	Action Drama Music	Afrikaans	Philo Films (Pty) Ltd., Mozi Films, Breakwood Trading 26	ZAR 8,000,000 (estimated)	R 9,602,389
10	8	Zambezia (2012)	Wayne Thornley	Animation Adventure Comedy Family	English	The Department of Trade and Industry of SA, The National Film and Video Foundation of SA, Industrial Development Corporation of SA, Wonderful Works, 120dB Films, Triggerfish Animation	\$20,000,000 (estimated)	R 9,192,643
11	8	Khumba (2013)	Anthony Silverston	Animation Adventure Family	English	Triggerfish Animation	\$20,000,000 (estimated)	R 9,101,243
12	6	Material (2012)	Craig Freimond	Comedy Drama	English	TOM Pictures	\$2,000,000 (estimated)	R 8,687,735
13	4	Leading Lady (2014)	Henk Pretorius	Comedy Drama Romance	English			R 7,567,630
14	6	Spud 2: The Madness Continues (2013)	Donovan Marsh	Comedy	English	Rogue Star Films		R 7,230,016
15	4	Faan se trein (2014)	Pieter Fourie Koos Roets	Drama	Afrikaans English	Faan Films	ZAR 3,000,000 (estimated)	R 7,158,787

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Top Films 2010 – 2014	Public Awareness (0-10)	Title (year)	Director	Genres	Language(s)	Production company /companies	Budget (IMDB.com)	Box Office Gross (Inflation Adjusted 2014 Rands)
16	3	As Jy Sing (2013)	Andre Odendaal	Musical	Afrikaans	Fix Post Production, Green Chair Brown Chair		R 6,960,753
17	3	Bakgat! II (2010)	Henk Pretorius	Comedy	Afrikaans	Film Factory, The	\$1,600,000 (estimated)	R 6,731,401
18	3	Die Wonderwerker (2012)	Katinka Heyns	Drama	Afrikaans English			R 5,953,237
19	3	Klein Karoo (2013)	Regardt van den Bergh	Romance	Afrikaans English	Kaapland Films		R 5,339,112
20	3	Hoofmeisie (2011)	Morné du Toit	Family	Afrikaans English	Film Factory, The	\$1,200,000 (estimated)	R 4,895,257
21	1	Knysna (2014)	Andre Velts	Comedy	Afrikaans	West Five Films	ZAR 5,400,000 (estimated)	R 4,893,911
22	3	Wolwedans in die Skemer (2012)	Jozua Malherbe	Thriller	Afrikaans	Dark Matter Studios, Film Factory, The	\$1,750,000 (estimated)	R 4,589,093
23	1	Pretville (2012)	Linda Korsten	Musical	Afrikaans	Hartiwood Films		R 4,123,168
24	4	Fanie Fourie's Lobola (2013)	Henk Pretorius	Comedy Romance	Zulu English Afrikaans	Out of Africa Entertainment	\$1,000,000 (estimated)	R 3,947,594
25	2	Jakhalsdans (2010)	Darrell Roodt	Drama	Afrikaans	Makadi Entertainment Ventures	ZAR 3,500,000 (estimated)	R 3,914,315
26	5	Spud 3: Learning to Fly (2014)	John Barker	Comedy	English	Rogue Star Films		R 3,788,281
27	4	Verraaiers (2013)	Paul Eilers	Drama	Afrikaans English Dutch	Bosbok Ses Films, Film Factory, The Spier Films, White Heron Pictures	\$1,000,000 (estimated)	R 2,866,700
28	1	Paradise Stop (2011)	Jann Turner	Comedy	English	Stepping Stone Pictures	\$1,000,000 (estimated)	R 2,726,248
29	3	Nothing for Mahala (2013)	Rolie Nikiwe	Comedy	English Afrikaans	Quizzical Pictures	ZAR 10,000,000 (estimated)	R 2,572,668
30	2	Konfetti (2014)	Zaheer Bhyat (as Zaheer Goodman-Bhyat)	Comedy Drama Romance	Afrikaans English	Light and Dark Films	\$2,000,000 (estimated)	R 2,558,221

BASELINE RESEARCH ON THE KWAZULU-NATAL FILM INDUSTRY

Top Films 2010 – 2014	Public Awareness (0-10)	Title (year)	Director	Genres	Language(s)	Production company /companies	Budget (IMDB.com)	Box Office Gross (Inflation Adjusted 2014 Rands)
31	2	Lien se Lankstaanskoene (2013)	Andre Odendaal	Drama	Afrikaans			R 2,327,056
32	3	Bakgat! tot die mag 3 (2013)	Stefan Nieuwoudt	Comedy	Afrikaans English	Dark Matter Studios, Film Factory The		R 2,281,808
33	5	Jock the Hero Dog (2011)	Duncan MacNeillie	Animation Adventure Comedy Family	English	Jock Animation, Motion Sound & Picture		R 2,229,629
34	3	How to Steal 2 Million (2011)	Charlie Vundla	Action Drama	Zulu	DV8 Films, Morula Pictures		R 1,937,096
35	1	Getroud met Rugby: Die Onvertelde Storie (2011)	Cobus Rossouw	Drama Sport	Afrikaans			R 1,871,925
36	2	Stoute Boudjies (2010)	Willie Esterhuizen	Comedy	Afrikaans English	Aardbol Films		R 1,657,919
37	9	The Bang Bang Club (2010)	Steven Silver	Drama	English Zulu Xhosa Afrikaans	Foundry Films, Harold Greenberg Fund, The, Instinctive Film, Out of Africa Entertainment		R 1,638,569
38	1	Susanna van Biljon (2010)	Bromley Cawood	Drama Music	Afrikaans English	Brigadiers Franz Marx Films		R 1,620,522
39	1	Ek Joke Net (2011)	Stefan Nieuwoudt	Comedy	Afrikaans English Tswana	Film Factory, The	\$1,000,000 (estimated)	R 1,529,920
40	2	Blitzpatrolie (2013)	Andrew Wessels	Action Comedy Crime	English	Diprente Films	ZAR 8,400,000 (estimated)	R 1,511,621
41	3	Die Ongelooflike Avonture van Hanna Hoekom (2010)	Regardt van den Bergh	Animation Drama Family	Afrikaans			R 1,408,608
42	2	Die Laaste Tango (2013)	Deon Meyer	Drama	Afrikaans	Welela Studios	ZAR 1,300,000 (estimated)	R 1,402,460
43	2	Stilte (2012)	Darrell Roodt	Drama	Afrikaans	Azari Media		R 1,279,652
44	1	I Now Pronounce You Black and White (2010)	Oliver Rodger	Comedy Romance	English Xhosa Afrikaans	Oollywood Productions	\$90,000 (estimated)	R 1,269,880
45	1	Molly & Wors (2013)	Willie Esterhuizen	Comedy	Afrikaans English	Aardbol Films		R 1,251,370

BASELINE RESEARCH ON THE KWAZULU-NATAL FILM INDUSTRY

Top Films 2010 – 2014	Public Awareness (0-10)	Title (year)	Director	Genres	Language(s)	Production company /companies	Budget (IMDB.com)	Box Office Gross (Inflation Adjusted 2014 Rands)
46	7	Life, Above All (2010)	Oliver Schmitz	Drama	Southern Sotho	Dreamer Joint Venture Filmproduction, Enigma Pictures, Niama Film, Senator Film Produktion		R 1,211,160
47	1	Agent 2000: Die Laksman (2014)	Stefan Nieuwoudt	Adventure	Afrikaans	Film Factory, The		R 1,206,764
48	6	The Perfect Wave (2014)	Bruce Macdonald	Adventure Biography Drama Romance	English	Divine Inspiration Trading 679, Fabulous Boomtown Boys	\$4,000,000 (estimated)	R 1,175,776
49	1	100 Meter Leeuloop (2013)	Diony Kempen, Hamilton Wessels	Comedy	Afrikaans English	Robbie Wessels Productions		R 1,159,632
50	1	Stuur groete aan Mannetjies Roux (2013)	Paul Eilers	Drama	Afrikaans	Bosbok Ses Films	\$650,000 (estimated)	R 1,141,179
51	2	31 Million Reasons (2011)	John Barker	Crime	English	Rogue Star Films		R 1,038,275
52	2	Jozi (2010)	Craig Freimond	Comedy	English	Videovision Entertainment		R 1,010,237
53	6	White Lion (2010)	Michael Swan	Drama Family	English	Peru Productions	ZAR 40,000,000 (estimated)	R 990,857
54	1	Between Friends: Ithala (2014)	Zuko Nodada	Comedy Drama Romance	English			R 899,382
55	1	Superhelde (2011)	Stefan Nieuwoudt	Comedy	Afrikaans	Film Factory, The	\$1,200,000 (estimated)	R 799,036
56	3	Die Windpomp (2014)	Etienne Fourie	Drama Fantasy Romance	Afrikaans	ZenHQ Films, ZenHQ	ZAR 8,000,000 (estimated)	R 715,964
57	1	Ek Joke Net 2 (2014)	Stefan Nieuwoudt	Comedy	English Afrikaans Zulu	Film Factory, The		R 695,897
58	3	Skeem (2011)	Tim Greene	Comedy Crime	English Afrikaans	Light and Dark Films	\$1,200,000 (estimated)	R 641,880
59	1	Ek Lief Jou (2011)	Ate de Jong	Drama Music Romance	Afrikaans English Flemish			R 619,151
60	1	Egoli: Afrikaners is Plesierig (2010)	Bromley Cawood	Drama	English Afrikaans	Brigadiers Franz Marx Films		R 580,156

BASELINE RESEARCH ON THE KWAZULU-NATAL FILM INDUSTRY

Top Films 2010 – 2014	Public Awareness (0-10)	Title (year)	Director	Genres	Language(s)	Production company /companies	Budget (IMDB.com)	Box Office Gross (Inflation Adjusted 2014 Rands)
61	4	A Million Colours (2011)	Peter Bishai	Drama	English Zulu	Clover Leaf Films, Equinox Films, Ma-Afrika Films, Philo Films	\$6,000,000 (estimated)	R 512,865
62	7	Black Butterflies (2011)	Paula van der Oest	Drama	English	IDTV Film, Cool Beans, Comet Film Produktion GmbH, Spier Films, Riba Film International, NTR, Nederlands Fonds voor de Film, CoBo Fonds		R 481,511
63	1	Babalas (2013)	F.C. Hamman, Peter Scott	Comedy	Afrikaans English	FC Hamman Films International	ZAR 4,500 (estimated)	R 451,113
64	1	Musiek vir die Agtergrond (2013)	Salmon de Jager (as Sallas de Jager)	Drama Music Romance	Afrikaans English	Bosbok Ses Films, D Street Pictures, Film Factory, The	\$1,500,000 (estimated)	R 437,305
65	4	Eternity (2010)	Christopher-Lee dos Santos	Horror Thriller	English	DS Films Entertainment, Makadi Entertainment Ventures		R 436,295
66	2	Copposites (2012)	Oliver Rodger	Comedy Family Sci-Fi	English	OC Productions, Ollywood Productions	ZAR 4,000,000 (estimated)	R 432,356
67	4	Four Corners (2013)	Ian Gabriel	Crime Thriller	Afrikaans English	Giant Films, Moonlighting Films		R 383,615
68	2	The Race-ist (2010)	Andrew Wilmot	Comedy	English	The Race-ist Production Company	ZAR 4,000,000 (estimated)	R 378,337
69	1	Alles Wat Mal Is (2014)	Darrell Roodt	Comedy Drama	Afrikaans	Karoo Film Company		R 363,333
70	1	Suurlemoen! (2014)	Vickus Strijdom	Drama	Afrikaans			R 362,705
71	3	Felix (2013)	Roberta Durrant	Comedy Drama Family Music	English	Penguin Films		R 338,211
72	1	For Better for Worse (2010)	Naresh Veeran	Comedy	English	Video Vision Entertainment		R 328,763
73	1	Elelwani (2012)	Ntshaveni Wa Luruli	Drama Family History Romance	Venda	Shadowy Meadows Productions, Blackboard Trust		R 326,543
74	1	n Saak van Geloof (2011)	Diony Kempen	Drama	Afrikaans	Welela Studios, Aristocept Produksies		R 321,277
75	2	Jimmy in Pienk (2013)	Hanneke Schutte	Comedy Romance	Afrikaans English	Light and Dark Films	ZAR 5,500,000 (estimated)	R 284,485

10.1 Non-Cinema Platforms

Table 31 ranks the top South African films between 2010 and 2014, according to box office sales. Film performance in cinemas is an indication of a film's overall success but is often not the main source of revenues for filmmakers. In past decades, the breakdown of revenues for a Hollywood filmmaker was typically 26% from the box office, 28% from TV, and 48% from traditional home video/DVD (ABN Amro, 2000). This is changing as present-day audiences are increasingly gaining access to content on multiple platforms. An Australian study (Screen Australia 2011) found that the four main types of screens used by audiences were TV, DVD or Blue Ray video, online video and cinema. Only 5% consumed content on all four screen types, but 27% consumed content on three screens or more, and 67% consumed content on two screens or more.

Box office sales may not account for a large portion of overall revenues in South Africa where TV has (by far) the largest audiences. An online survey by the NFVF (2013) showed that TV sales are the biggest sources of revenue for films, generating more than half (55%) of revenues. Cinema generated less than 14% of revenues. In South Africa Nielson (2013) estimate that 42.9 million people (ages 4+) have access to a working TV set. In KwaZulu-Natal there were 2 137 192 households with TV sets but only 0.88 cinema screens per 100 000 people, shown in the following section on exhibition.

Another platform that cannot be ignored is mobile video. South Africans have increasing access to mobile video every year. Smartphone and tablet users are able to view video on their mobile devices. In 2013 there were 19.9 million smartphone connections in South Africa (28% of all mobile subscriptions) and 1.7 million active tablet devices. At the end of 2018 this number is forecast to rise to 48.4 million (58% of all mobile subscriptions) and 5.1 million active tablet devices (PwC, 2014).

11. Exhibition of films in KwaZulu-Natal

There are 94 screens in KwaZulu-Natal. Cinema operators employ approximately 244 people in 13 cinema complexes. Ster Kinekor's cinema complex at Gateway Shopping Centre is the most successful (highest revenue earning) cinema complex in South Africa (Screen Africa, 2014).

Table 32: KwaZulu-Natal film exhibition screens 2015

Cinema Operator	Complex	No. of Screens	Region
Ster Kinekor	Gateway	18 + 5 (Nouveau)	Umhlanga
NuMetro	The Pavilion	12	Westville
NuMetro	Galleria	11	Amanzimtoti
Cine Centre	Suncoast	8	Central Durban
Cine Centre	Midlands Mall	7	Pietermaritzburg
Ster Kinekor	Musgrave	7	Central Durban
Ster Kinekor	Shelly Beach	6	Shelly Beach
Ster Kinekor	Watercrest Mall	6	Waterfall
Ster Kinekor	The Boardwalk	5	Richards Bay
Private	Victorian Theatres	4	Newcastle
Private	Ilanga Cinema	3	Pinetown
Government	Ekhaya Multi Arts Centre	1	KwaMashu
Government	Umlazi W Cinema Hall	1	Umlazi
Total	All	94	KwaZulu-Natal

12. Conclusions

KwaZulu-Natal is an attractive location for film and TV industry activities. July and August represent the busiest months of the year for KwaZulu-Natal firms, while January is the quietest month. The project-based and consumptive natures of these activities impose constraints on the development of industry activities. Considerable positive impacts will result from government assistance aimed at easing these constraints. This assistance will be helpful at both the production end and at the consumption end of the industry. A number of KwaZulu-Natal firms find that the province offers the strengths of having less red tape for location permits and low location and logistics costs. Key weaknesses are a limited supply of crew and equipment, and the lack of a large local market in KwaZulu-Natal and South Africa as a whole. Many firms believe that these weaknesses can be overcome by city-based and provincial tax breaks and rebates.

As is borne out in the international case studies of the United Kingdom, Nigerian and New Zealand film and TV industries, the biggest challenge at the project end of the industry value chain is the upfront funding required for quality film and TV programme production. There were a number of other findings from the international case studies. Film tax relief is vital to maintaining the UK industry and the UK film industry is inextricably linked to other sub-sectors of the creative and entertainment industry. There is strong evidence that clustering with other project-based industries strengthened the UK film sector. In New Zealand it was also found that technological advancements and innovation in the film industry creates spillover benefits for other industries. In Nigeria Nollywood filmmakers develop themes, plots and language that meet the needs of local and overseas Nigerians. Nollywood tells stories from an African perspective and expresses Nigerian culture.

Tertiary education institutions are currently producing graduates skilled for work in the film and TV industry, but some of these graduates take up employment and business opportunities outside of KwaZulu-Natal due to a dearth of sustainable opportunities within the province. Graduates also often lack on-the-job experience and greater cooperation between film schools and the industry is required. 57.4% of firms provide skills development. The most common forms of skills development are internships and on-the-job training. Graduate survey results show that 76.3% of graduates remain in the province, 18.6% moved to Gauteng, and 5.1% to the Western Cape. The survey of KwaZulu-Natal firms shows that 55.3% of firms hire graduates. This indicates there is room to incentivise graduate hiring or internships. Almost half (49.2%) of the graduates are employed in film or TV related work and 6.8% in other work. 28.8% continued their studies and 18.6% remain unemployed.

It is estimated that the 175 Film and TV Firms in KwaZulu-Natal employ on average 4.7 permanent staff and 7.2 temporary staff. Businesses spend 17.6% of their total turnover on foreign goods, services and equipment, and 35.2% of turnover on goods, services and equipment from other provinces. The industry is seasonal in KwaZulu-Natal, The first quarter of the year January to March is the quietest period. July, August and November are the busiest months. The jobs are generated with relatively low gains in revenue (compared to other sectors) with an average of one FTE job created for every R193 863 in revenue. The film and TV sector is a significant employment provider in KwaZulu-Natal. The production stages, distribution, and exhibition sub-sectors provide 1481 direct jobs, and sustain 4274 jobs in KwaZulu-Natal in total. The KwaZulu-Natal sector (excluding cinema and TV exhibition) contributed R327.46 million to GDP in 2014, approximately 9.26% of the national value added. There is also significant potential for the industry to grow further in future.

13. Recommendations

The film and TV production industry in KwaZulu-Natal represents 9.26% of the national sector, with the dominant industry hubs being located in Gauteng and the Western Cape. KwaZulu-Natal attracts a wide variety of film productions but has not yet reached a critical mass of productions required to be a self-sustaining hub. Incentives can be used to attract more productions and provide a continuous flow of work for film and TV businesses in KwaZulu-Natal.

There is a need to attract more large productions to generate jobs, provide experience, market the province and produce a technological spillover effects. Aside from incentives, attracting work from regions outside of KwaZulu-Natal requires creating a film-friendly and easily accessible talent pool. Finding the correct services, locations and equipment must be made as straightforward as possible.

The main cost drivers in KwaZulu-Natal are skilled personnel and the associated equipment. If suitable skills and equipment are not available this pushes up the cost of productions as skills and equipment are transported from other provinces and the personnel are temporarily accommodated locally at additional cost to the production firm. This increases production costs in KwaZulu-Natal by between 10 and 15% (according to firms interviewed in this study) compared to the costs in Gauteng and the Western Cape. Incentives can mitigate the added transport, logistics and accommodation costs.

Film and TV school graduates usually lack work-experience. Experience and acquiring tacit knowledge are essential for skills growth in the film industry. Improving relationships between local film schools and businesses can increase on-the-job learning, learnerships and internship opportunities.

KwaZulu-Natal must play on its strengths as a province including unique cultures, unique locations, relatively low location and accommodation costs, sub-tropical, reliable, all-year-round suitable weather and a film-friendly environment. Incentives that lower costs must be promoted whilst building up experienced crew and a bigger pool of permanent local talent and attracting more film industry related companies to offer services on an on-going basis in KwaZulu-Natal.

At the consumption end of the industry value chain the main challenge is to expand audiences through investment in screening facilities and funding support for film festivals. In KwaZulu-Natal, thanks to a benign all-year-round climate, the possibility of using mobile screening facilities is practical and relatively affordable.

Encourage firms to build a professional online social media presence. Using products such as LinkedIn, Facebook, Instagram, twitter, and blogs boosts international and local marketing, creates trust, offers transparency, and allows for greater customer feedback and communication.

Film graduates often lack fundamental business knowledge when they leave schools. Business basics, such as managing funds, minimising costs, time management, and record keeping need to be taught both at film schools and during on-the-job training.

KwaZulu-Natal businesses need to pool resources to lower the gaps in infrastructure and equipment. This will enable freelance workers, small businesses, interns and students to access or hire equipment and infrastructure. This will also lower the need to hire equipment from other regions.

Firms and freelancers in the industry require a strong online presence to attract international business and work from other provinces. The industry is also project based and seasonal by nature. A large proportion of industry employees are freelancers and contract workers. Online networking can strengthen the local industry. An online local industry hub should be supported.

Businesses and education institutions should be encouraged to work together. Relationships should be fostered with companies that are willing to take on interns and have the capacity to train them. Grants for internships and on-the-job learning could increase skills transfers and the skills base of graduates. Better industry relationships with film schools could also increase graduate retention numbers in KwaZulu-Natal.

Applicants for permits need to be given generic options through a simple online process and online forms. The process must be simple, especially for less substantial productions, to encourage compliance.

Major events such as the MTV music awards and Top Gear do not bring sustainable workflows to the city. KwaZulu-Natal municipalities should focus on attracting international filmmakers. For example, 'The Avengers: Age of Ultron' shot in the Johannesburg central business district (CBD) provided revenue, marketing, and economic activity for the municipality. The film also advertises the city's ability to accommodate major productions.

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* A more comprehensive list of references relating to international case studies is to be found in the accompanying report on international case studies

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15. Appendices

A. Electronic Survey 1: Firms

Welcome

Thank you for participating in our survey. Graham Muller Associates has been appointed by the KwaZulu-Natal Film Commission to determine the size, growth and nature of the local film and television industry. The information you provide will be critical for an overview of the KZN industry and ongoing support. The four page survey should take approximately 10 minutes.

* 1. What locations do you operate in?

- ☐ KwaZulu-Natal
- ☐ Western Cape
- ☐ Gauteng
- ☐ Other provinces
- ☐ Internationally
- ☐ Other (please specify)

Basic information

* 2. What are the main services offered by you/your company?

3. In what year was the business established?

* 4. What stages of production do you/does the company participate in?

Development ☐

Pre-production ☐

Production ☐

Post-production ☐

Distribution ☐

Other (please specify)

5. How many people did the business employ in 2014?

Skilled includes Manager, Professional and Technician occupations;

Semi-skilled includes Clerk, Craft and related trade and Plant and machine operator occupations;

Low-skilled includes Elementary occupations.

	Permanent (12 months per year)	Temporary (at least 4 months per year)
Highly-skilled	<input type="text"/>	<input type="text"/>
semi-skilled	<input type="text"/>	<input type="text"/>
low-skilled	<input type="text"/>	<input type="text"/>

Training and support

* 6. Do you/does the company do any skills development, take on interns, offer bursary programmes, or learnership programmes?

- ☐ Yes
☐ No

7. If yes, please specify the type of training

* 8. Do you/does the company hire graduates?

- ☐ Yes
☐ No

9. If yes, from which institutions? (AFDA, DUT, UKZN etc.)

Industry links

* 10. Has the company had support from any other organisations/institutions? (NFVF, IDC, DTI etc.)

- ☐ Yes
☐ No

11. If yes, please specify what support was received

12. What is needed to further stimulate growth in the KZN film industry?

Growth

13. What has been your/the firm's estimated annual turnover (in Rands) for the last 5 years? (optional and confidential, answers will be aggregated)

2014	<input type="text"/>
2013	<input type="text"/>
2012	<input type="text"/>
2011	<input type="text"/>
2010	<input type="text"/>

14. What share of total turnover goes to:

Foreign services/equipment/goods (% of total)	<input type="text"/>
Service/equipment/goods in provinces outside KZN (% of total)	<input type="text"/>

* 15. What is the busiest month of the year?

* 16. What is the quietest month of the year?

17. General comments (optional)

Thank you. If you know of other firms or suppliers in KwaZulu-Natal who could fill in this survey please send them the following link:

<https://www.surveymonkey.com/s/KZNFILM>

B. Electronic Survey 2: Graduates

Five short questions for KZN film and television school graduates.

* 1. Have you attended any of the following film schools in KZN?

- ☐ Durban University of Technology (DUT)
- ☐ University of KwaZulu-Natal (UKZN)
- ☐ AFDA
- ☐ Creative Centre for Arts College
- ☐ Centre for Fine Art Animation and Design (CFAD)
- ☐ Other (please specify)

* 2. In what year did complete your studies?

* 3. Where are you currently living?

- ☐ In KZN
- ☐ In Gauteng
- ☐ In the Western Cape
- ☐ Other (please specify)

* 4. What is your occupation this year?

- ☐ Employed in film or TV related work
- ☐ Employed in other work
- ☐ Unemployed
- ☐ Studying
- ☐ Other (please specify)

5. Optional comments about the KZN film industry.

C. Format for Film Industry Business Interviews

Successful Film Companies Case Study

May 2015

The following interview is for a study by the KwaZulu-Natal Film Commission. Case studies of successful film companies form part of the study. All answers will be kept anonymous. Please complete the following questions. Your participation will be highly appreciated.

1. Film friendliness

A film-friendly region the authorities and public aim to provide a 'pro-film', low-risk production destination, where the needs of filmmakers are prioritised in order to make the experience of filmmaking as straightforward as possible. How would you rate film friendliness in the following provinces and why?

Gauteng: _____

Western Cape: _____

KwaZulu-Natal: _____

2. Cost of shooting

In general, how would you compare the cost of shooting in the Western Cape, KwaZulu-Natal and Gauteng? What are the main reasons behind cost differences, if any?

3. Benefits and costs

3.1 What are the niche or unique benefits of filmmaking in the following provinces?

Gauteng: _____

The Western Cape: _____

KwaZulu-Natal: _____

3.2 What are the main problems or costs of filmmaking in the following provinces?

Gauteng: _____

The Western Cape: _____

KwaZulu-Natal: _____

Success factors

What are some of the key factors that have made your company successful?

Challenges

What has been the biggest challenge to your company in the past few years?

Other comments (optional): _____

Thank you.