



SOUTH AFRICAN CULTURAL OBSERVATORY

**The Establishment of the Film Sector as a
Catalyst for Economic Growth in South
Africa: Toward a Sallywood – Framework**

Submitted to:

Department of Arts and Culture

Submitted by:

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In Partnership with:

Rhodes University, University of Fort Hare and University of KwaZulu-Natal

NELSON MANDELA
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South African Cultural Observatory

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as a Catalyst for Economic Growth in
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Executive Summary

Worldwide, the potential of the cultural and creative industries to contribute to economic growth and job creation is increasingly being recognized. An important part of the sector is the film and television industry, which also plays important roles in fostering national social cohesion, and international place-making. A few developing and emerging economies have been successful in growing their film and television sectors, most notably, in Nigeria (“Nollywood”) and India (“Bollywood”)¹.

Worldwide, the potential of the cultural and creative industries to contribute to economic growth and job creation is increasingly being recognized. An important part of the sector is the film and television industry, which also plays important roles in fostering national social cohesion, and international place-making.

This report analyses the potential of the South African film industry to be a driver of development and growth, including an analysis of existing strengths and challenges, with a view to the development of a business plan for the sector.

South Africa has a long history in film and television sector production that has resulted in a high level of technical skills and capacity on the supply side. However, very few South African feature films are produced for release in cinemas, and those that are tend not to do well at the box office. It is the rare exception that is successful internationally. The production of feature films thus tends to serve the international market, supported by the DTI film and television production and post-production incentives. This market, clustered mainly around Cape Town and Johannesburg, earns valuable foreign exchange, creates jobs for local film industry professionals, and plays an important role in skills transfer. Nevertheless, it does not contribute towards the telling of South African stories for South Africans, by South Africans, and Hollywood films tend to dominate the box office.

There are some initiatives in place that support the development of South African films, such as those run by the National Film and Video Foundation (NFVF) and the Emerging Black Filmmakers Incentives offered by the DTI. However, transformation in the industry has been slow, partly because the film industry (like many other sectors in the creative economy) can be difficult to break into, and results in short-term contract work, rather than full-time permanent positions. This characteristic also limits opportunities for on-the-job training, as internships are limited, and production companies rarely have the time or resources needed to train them. Skills audits show that, because of the lack of industry linkages and experience, film school graduates are often poorly prepared for the world of work and thus struggle to find jobs.

¹ The name “Sallywood” is used as a working name for this business plan,



The vast majority of South Africans watch television, and reported that they would like to see more quality South African content. The demand for movie tickets shown in cinemas is constrained by the distance that many South Africans must travel to

access them – most cinemas are located in town or city centres – and by the limited purchasing power of many poorer South African households. Feature film distribution in South Africa is highly concentrated, with the two main distributors (Ster Kinekor and Nu Metro) controlling most of the market. The television market is dominated by the SABC and Multichoice. While online streaming is still quite limited due mostly to high data costs, it does have potential for future growth. The success of Nollywood was originally founded on the “straight to DVD” market, rather than distribution through cinemas or television, which is something South Africa might consider. Television production can also provide an

The vast majority of South African watch television, and reported that they would like to see more “good” South African content.

important gateway for the development of new film professionals, as it offers a lower-cost training ground where actors, producers and directors can gain valuable experience.

It is important to realise that while many people only see and evaluate the end product, the sector is made up of an entire value chain that begins with the conceptualisation of the end product. This ideal is developed and refined until the end product is eventually enjoyed by audiences. This value chain is graphically depicted below:

Even though the value chain graphic is simplified, it does show how much effort goes into the final product. It is also important to realise that South Africa can capture value (employment, profit, growth etc.) along this value chain.



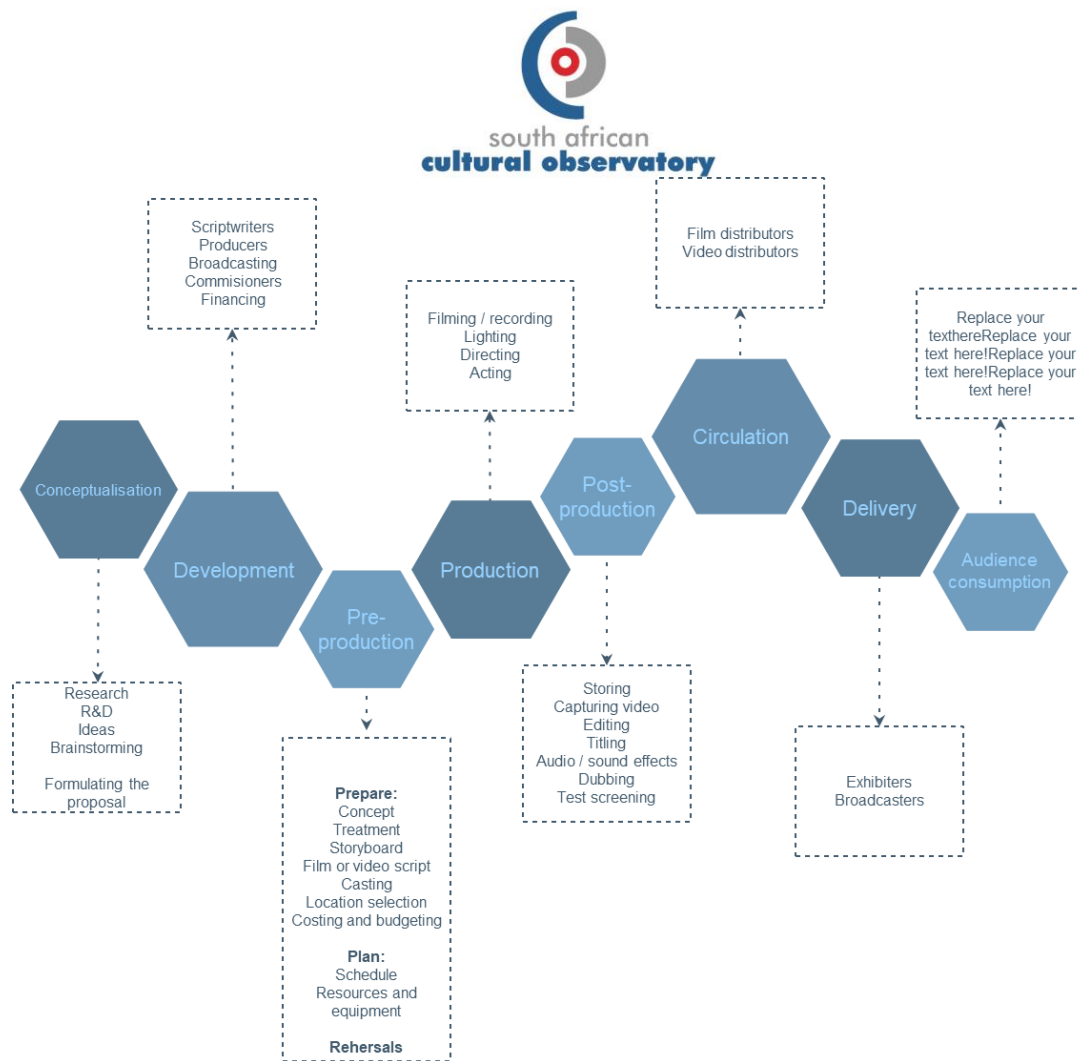


Figure 1: The film value chain, Adapted from South African Film and Television Industry Report, 2008: 48

The South African Film Industry Business Plan is the result of a wide-ranging and critical review of international and national data and research, as well as consultations with film industry practitioners and policy makers. It is based on “foundational layers”, “Pillars” and an apex or goals and impacts. These largely correspond to the value chain presented above (Figure 1).

The impact of a transformed and competitive sector will contribute to the NDP’s goals generally and will have a positive impact specifically on Economic Growth; Employment, Equity; Social Cohesion and Nation Building (Figure 2). Transformation of the industry through support for skills development and financing of emerging black filmmakers will be accomplished. A well structured and effectively implemented monitoring and evaluation system will ensure that the impact will be realised.

The foundational layers are conditions that are essential for the efficient and effective development of a South African film and television industry. These are:

- Human capital development



- Innovation and R&D (Research and Development). Ongoing industry research is necessary to insure that the South African film industry is well-placed to develop and distribute high quality products that meet the market demand
- Development of **Infrastructure** that takes advantage of existing capital and facilitates the transition to digital production and distribution;
- Development of an **Institutional Structure** at provincial and national level that takes into account existing clusters, develops new ones, and incorporates public and private sector stakeholders;

Five main pillars have been identified and grouped into supply-side and demand-side interventions. These are:

- **Supply-side interventions** that support producers at each stage of the value chain;
 1. Pre-production
 2. Production
 3. Post-production
- **Demand-side interventions**
 4. Develop audiences, facilitate their access,
 5. Market South African film and television locally and internationally as a distinctive and recognisable brand.

The apex objectives are:

- Transformation of the Sector
- A Competitive Sector

These must be monitored through a national Monitoring and Evaluation framework.

Ultimately, the impact of the development of the film and TV sector must contribute to:

- Economic growth
- Employment and management equity
- Ownership equity
- Social cohesion
- Nation building

These are diagrammatically presented in Figure 2:



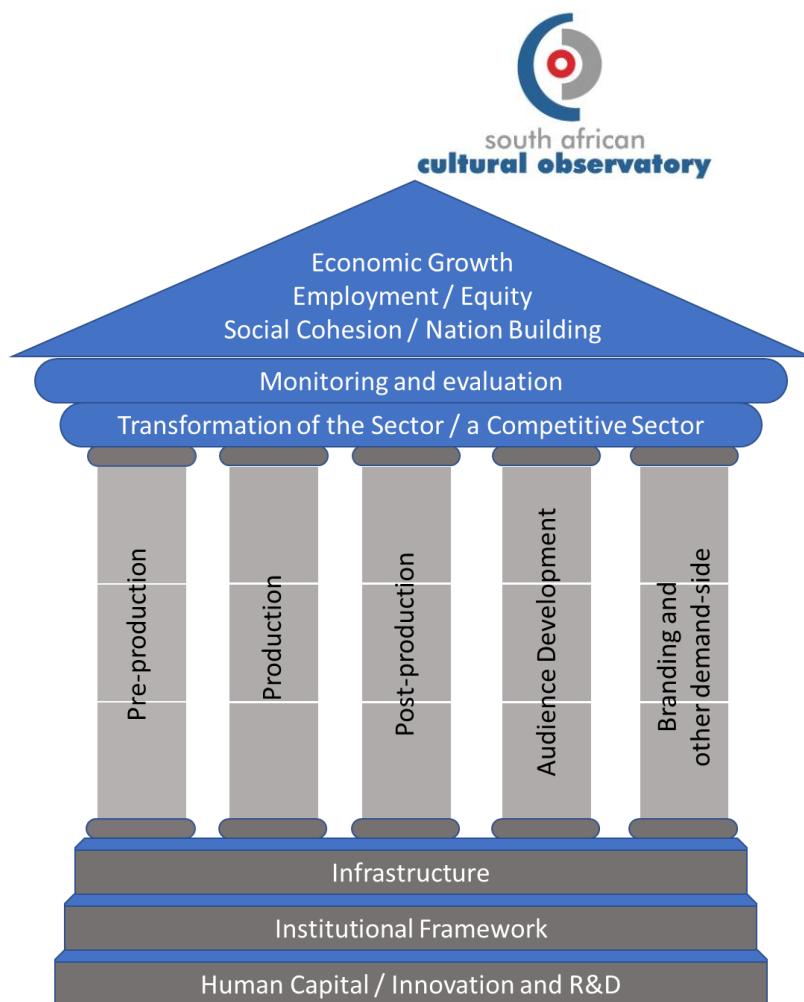


Figure 2: The South African Film and TV Strategy House

Each of the pillars considers all the parts of the film and television production value chain: Pre-production (including development and conceptualization); Production; Post-production; and Audience Consumption (including circulation and delivery).

The Business Plan also takes into account that film production companies need different kinds of support at each stage of their development:

- **Tier 1** - Experienced filmmakers who have a proven track record for developing and producing theatrically released feature films;
- **Tier 2** - Filmmakers with limited experience but who have developed and produced a theatrical feature films, television fiction, documentary, short films and/or commercials, now seeking to venture into feature film development and production; and
- **Tier 3** - New entrants into the industry, particularly recent film school graduates from historically disadvantaged backgrounds.

Unlike many other plans, this plan pays attention to the demand side and distribution channels of the industry. It is acknowledged that one of the critical success factors in the development of film industries in other countries has been the presence of a strong and stable local demand. A key success factor is thus the development of a unique and





recognisable brand for South African film, and the effective marketing of the brand, both locally and internationally.

The Plan also acknowledges the importance of spatial distribution of “film hubs” and film cities for the equitable development of an industry that draws on the cultural diversity of South Africa. The potential production of film and television in indigenous African languages for specific regional markets is also explored.



1 Introduction

Despite its relative establishment, excellent infrastructure, talent and technology, the South African film industry is fundamentally failing to attract large local cinema and other screen audiences, and develop content that is appealing both in and outside of the country. There are certainly niche audiences, especially in the Afrikaans-speaking community, and other select groups. An example is the film, *Keeping up with the Kandasamy's* (2017) which drew box office earnings of well over R16 million². Most popular films, primarily in Afrikaans, gross around R3 million on average³. Despite the success of some films, there are embedded, structural challenges for the South African film and television industry that have limited industry growth in the past and that of associated audiences. These barriers include, among others:

Sallywood is about a better integrated South African film and television industry that embraces smart specialisation, deepens backward and forward linkages, encourages excellent content development, trains across the wide gamut of skills required by the industry and reaches, primarily, paying local audiences, followed by other audiences.

- Access to screens;
- The socio-economic and relative poverty of most South Africans;
- Language obstacles;
- The high cost of equipment;
- Lack of training opportunities;
- High education requirements;
- The conditions of work in the industry; and
- Lack of learning/experience-building opportunities.

However, South Africa can and does produce high quality television and film, as well as related audio-visual work. It has a thriving audio-visual, advertising and corporate video sub-sector which keeps many people in the industry in regular work. Accessibility aside, South African films released in cinemas do not seem to appeal widely to broad South African audiences, which tend to prefer comedy over the larger volume of drama emerging from South African cinema-makers⁴. It is obvious that the adage, 'content is king' holds true. Thus, audience development is a key area which needs to be nurtured alongside creating an enabling

² <http://www.boxofficemojo.com/intl/southafrica/yearly/?yr=2017&p=.htm>

³ See Appendix 3 for Top 10 South African Films between 2013-2017

⁴ See addendum XX for why South Africans are not watching South African films:
<https://memeburn.com/2018/02/south-africa-movies-success/>



environment for better content development and story pipelines across formats, platforms and for different screens.

Challenges aside, the digital revolution is a fundamental opportunity to elevate the South African film and television industry.

Across the board with digital television, a proliferation of screens, democratisation of access, video-on-demand and digital cameras, editing and after-effects, the industry is now more accessible than it has ever

The digital revolution is a fundamental opportunity to elevate the South African film and television industry.

been. This is a strategic juncture from which to leverage off the existing industry base and amplify South African stories across all available screens, while also using the expansion of the film, television and online video industry to drive transformation, skills development and employment.

The motivation behind the establishment of 'Sallywood' as an umbrella term for a dynamic, viable South African film and television industry is its potential catalytic effect on economic growth in South Africa. Since the film and television production cycle also incorporates the full spectrum of the cultural and creative industries (CCIs) including: writers, actors, set designers, sound engineers, camera operators, graphic designers, costume designers, make-up artists, animators, editors, marketers, promoters, event organisers – a thriving film and television industry contributes to cross-industry and economic opportunities.

This document maps out the rationale for bringing together the South African film and television industry under the banner of 'Sallywood' to create a distinctly South African content pipeline supported primarily by South African audiences, but also ideally extending to audiences across Africa and internationally. Sallywood is about a better integrated South African film and television industry that embraces smart specialisation, deepens backward and forward linkages, encourages excellent content development, trains across the wide gamut of skills required by the industry and reaches, primarily, paying local audiences, followed by other audiences.

The concept of 'Sallywood' draws on existing and powerful narratives conjured by the existence of Hollywood, Nollywood and Bollywood – and more recently 'Hillywood' (Rwanda). In each case, the conditions which gave rise to the expression of the film and television industry were unique and dependent on a convergence of complex, interrelated factors. However, each has been characterised by access to wide audiences, consuming different types, and quality levels, of content. In addition, the emergence of the respective 'Woods' was driven primarily by bottom-up, industry-led factors, rather than government intervention – and it is important to see the individual trees that make up the woods. However, long-term government support has helped sustain the film and television industries in the USA, Nigeria and India. The Department of Arts and Culture is cognisant of this, and views the South African film and television industry as a catalyst for economic growth in South Africa. The below



document outlines a strategic approach to create the enabling environment which would stimulate and support the emergence of a 'Sallywood'.

2 The Current State and Future Aspirations for the South African Film and TV Sector

This section identifies the current position, both internally and externally, of the sector, and importantly where the sector should aim to achieve.

2.1 Problem Statement

South Africa's film and television industry is underperforming in terms of its potential. It needs to expand both the demand and supply side by nurturing new audiences, developing compelling content and leveraging off technological advances.

2.2 Proposed Solution

This document develops a strategic plan for the South African film and television sector. It also expounds the importance of developing a brand for the sector, a binding concept of 'Sallywood', the umbrella term for all government⁵ initiatives to support the growth of a distinctly South African film and television industry, as a catalyst for socio-economic growth in South Africa.

2.3 Anticipated Outcome(s)

A thriving and distinct South African film, television and online video industry that develops content consumed by South African audiences, and which generates revenues and thus industry growth, alongside higher exports of South African intellectual property to improve balance of trade.

2.4 Vision | Mission | Goals

The proposed vision, mission, goals and objectives associated with the strategic plan for the move toward a 'Sallywood' are discussed below. Vision statements encompass the desired end state and offer 'the why' or the reason. A mission statement provides the broad methodology or the path to realise the vision. The goals are a description of the 'Sallywood' destination, and objectives a measure of the progress that is needed to get to the destination.

⁵ All relevant government departments and agencies including: DAC, NFVF, DTI, DIRCO, Department of Tourism, Departments of Higher Education and Education, Department of Tourism, Department of Small Business, the IDC, BrandSA, FPB, and other spheres of government including film commissions. See Figure 3 below.



While the goals support the mission statement, the objectives outline SMART⁶ metrics against which success can be defined.

The vision and mission are aligned with the national arts and cultural vision and mission as expounded in the Department of Arts and Culture's vision, '*A creative and inclusive nation*', and its mission, '*Develop, preserve, protect and promote arts, culture and heritage*'. It also acknowledges the vision and mission of the National Film and Video Foundation, an agency of DAC, respectively: *A leader toward a sustainable and diverse audio-visual industry*; and, *to collaborate with all stakeholders to enable the development and promotion of a transformed and thriving audio-visual industry*.

2.5 Sallywood Vision

A prosperous and inclusive South African film and television industry.

2.6 Mission

To support, develop, transform, promote and stimulate a distinctly South African film and television industry across the production cycle.

2.7 Goals

The primary goal is to create the *enabling environment* for the emergence of a transformed 'Sallywood' that contributes to national socio-economic goals. It is the state where South African and international audiences consume South African developed and produced audio-visual content, which features mainly South African actors, has largely been scripted by South African authors, and generates revenue that stimulates South African economic growth, transformation, development and job creation. Sallywood should also contribute to nation building and effective social cohesion. Sallywood will build the skills and capacity of the sector to ensure its on-going development and responsiveness.

2.8 Strategic Objectives

The strategic objectives include:

1. A transformed film and television industry.
2. An effective and efficient institutional Sallywood framework.
3. A well-funded and resourced Sallywood.
4. A highly skilled Sallywood.
5. State-of-the-art-film and television infrastructure.
6. An equitable geographic spread of film and television.

⁶ SMART [Specific (simple, sensible, significant); Measurable (meaningful, motivating); Achievable (agreed, attainable); Relevant (reasonable, realistic and resourced, results-based); and Time bound (time-based, time limited, time/cost limited, timely, time-sensitive)].



7. Audience development to nurture local and international Sallywood fans.
8. Promotion and marketing of Sallywood products.

These strategic objectives are discussed in more detail in Appendix 1.

2.9 Approaches

This document gives the approach used in more detail but is presented in a high-level list below:

- Intergovernmental/ agency framework
- Policy
- Investment
- Funding
- Development
 - Training
 - Content Development
 - Audience Development
- Distribution support
- Infrastructure

2.10 What Does Success Look Like?

The film and television industry is in a state of flux and subject to ever-improving technology. Audiences also change their demand in terms of both content and how they access it. The sought after end state of the Sallywood broadly stated is:

- Emergence and recognition of a globally competitive, successful and distinctive South African film and television industry.
- Development of a South African film and television industry that is a catalyst for inclusive, equitable, sustainable growth.
- South African film and television industry supports and promotes South African creativity and intellectual property production and consumption.
- South African film and television industry that is attractive and accessible to local and international audiences.
- Well-funded South African film and television industry with functional public-private partnerships.
- Transformation of South African film and television industry ownership structures, employment profile and content outputs.
- Employment growth and labour absorptive capacity across the film, television and audio-visual industry.
- Well-trained and skilled South African film and television industry.



2.11 Institutional Considerations

The film and television industry in South Africa is recognised as a component of both national and regional economic development strategies. It is also a concurrent competency and includes various national and sub-national government departments and agencies. The primary role players however are:

- The Department of Arts & Culture, in relation to cultural industries and issues of social cohesion, identity, local language promotion and provincial/local sense of place & representation.
- The Department of Trade & Industry DTI, in relation to industrial development and incentives.
- The Department of Economic Development (DED), that supervises the Industrial Development Corporation (IDC) that provides loans to the sector.
- The Department of Communications (DoC) in relation to convergence of ICTs.
- The Department of Higher Education in relation to Higher Education Policy (National Film School) and skills development.

The success of the 'Sallywood' concept is based on a simultaneous collaboration and interplay between the above entities on an inter-departmental level. There are also many other critical departmental and agency players. Each contributes to specific areas of the South African film and television industry. A summary of the concurrent roles and overlap areas is outlined below.

- DAC
 - Oversight
 - Policy
 - Funding
 - Community centres
 - Access
 - Incubators
- National Film and Video Foundation (NFVF)
 - Cultural content development
 - Funding
 - Training & development
- DTI
 - Industrial development
 - Incentives
 - Funding
- DoC
 - Reporting Entities
 - Brand South Africa
 - Department: Government Communication and Information System (GCIS)



- Film and Publication Board (FPB)
- Independent Communications Authority of South Africa (ICASA)
- Media Development and Diversity Agency (MDDA)
- South African Broadcasting Corporation (SABC)
- Department of High Education and Training (DHET)
 - Training & development
 - Talent pipeline
 - Audience development
- Department of Basic Education (DBE)
 - Training
 - Development
 - Skills pipeline
 - Audience development
- Department of International Relations and Cooperation (DIRCO)
 - Destination marketing
 - International audience development
 - Festivals and distribution support
- Industrial Development Corporation (IDC)
 - Black Industrialists
 - Film studios
 - Big projects
 - Funding
- Tourism
 - Film destination promotion
 - Locations
- DST
 - Training & development
 - IP
 - New technologies
- DSBD
 - B-BBEE
 - Transformation
 - Ownership
 - Funding
 - Enterprise development
- Provincial & Municipal film offices
 - Film permits
 - Destination marketing etc.
 - Enabling local environment
 - Investment promotion



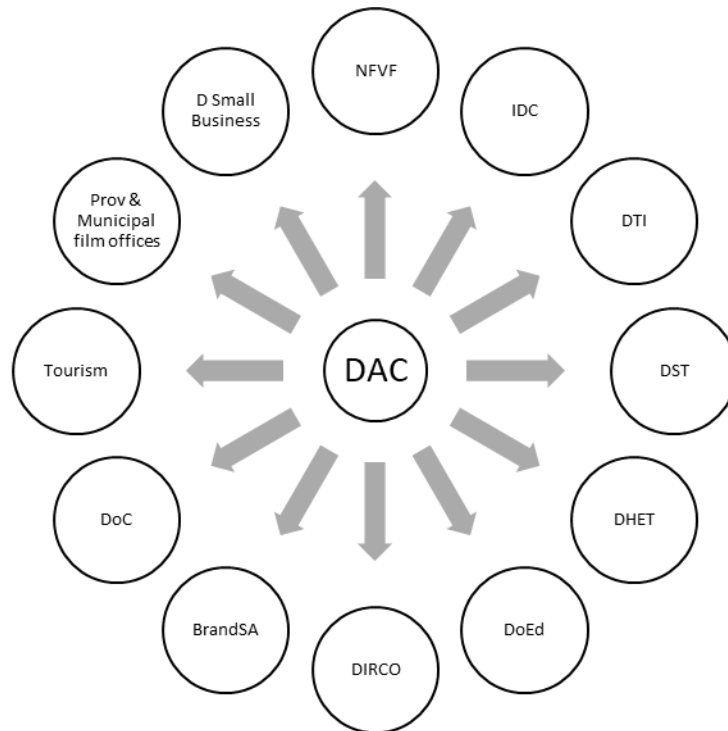


Figure 3 Relevant government departments and agencies necessary to implement the 'Sallywood' film strategy.

2.12 Transformation

The film industry is one of the most organized creative sectors in South Africa in terms of private sector organisations. They need to become more inclusive and representative, but industry practitioners are those most able to identify the practical challenges and opportunities for Sollywood, and have to be put at the center of effective Sollywood implementation.

For transformation of the industry, it needs to be acknowledged that there are different categories of experience amongst filmmakers, and that they will need different kinds of interventions, and will be able to play different roles in the development of Sollywood. The Sollywood business plan allows for this, and has used the NFVF terminology to divide filmmakers into three groups, and to design interventions (with the help of industry experts) for each group.

Tier 1: Experienced filmmakers who have a proven track record for developing and producing 3-5 theatrically released feature films.

Tier 2: Filmmakers with limited experience but who have developed and produced 1-2 theatrical feature films, television fiction, documentaries, 2-3 short films and/or commercials seeking to venture into feature film development and production.



Tier 3: New entrants into the industry, particularly recent film school graduates from historically disadvantaged backgrounds. This intervention is geared towards first time filmmakers having a “calling card” in the film industry.

2.13 SWOT Analysis

These parties, and other parties, are necessary partners in the realisation of the strategy and for funding independent elements of the film strategy. Their respective responsibilities and functions are briefly outlined in the figure below and more specifically elsewhere in this document. SWOT Analysis: South African Film and Television Industry

The SWOT analysis looks at the internal environment within the South African film and television industry.

Strengths	Weaknesses
- Established film and TV industry - Excellent, diverse locations and support - Quality content development - Production of content in English language - Good available infrastructure in some areas - African traction because of broadcasters such as DSTV 800+ cinema screens - Existing talent and experienced crew - Current economic impact on gross domestic product (GDP) significant and growing - Good incentive structure for foreign films - The variety of locations and cultures - Institutional support structures - Well organised industry associations - Purchasing power of foreign currencies in South Africa - Access to global markets - Co-production treaties	- Structural constraints i.e. high volatility, general unprofitability, and monopolised international distribution networks - Prohibitive film production costs and decreasing levels of private production financing - Lack of competitiveness relative to competitor countries - Large volumes of imported material - Increasing reliance on government funds to protect local content development - Limited access to funding, poor film insurance and gap funding - Limited commercial viability of films - Relative socio-economic poverty of the majority of South Africans - Lack of transformation of industry in terms of ownership, employment and skilled talent - High barriers to access to training institutions - Emulating western film standards and lack of development of South African style - Language barriers i.e. 11 official languages in South Africa means content in one language does not cross over to attract audiences speaking other languages - Saturation of some markets i.e. Afrikaans language films and television - Poor incentives for local films - Entrepreneurial and business skills of emerging filmmakers lacking



Strengths	Weaknesses
	• Uncoordinated support structure • Limited channels of distribution • Difficulty in accessing finance and investment
Opportunities	Threats
• Untapped talent • Untold stories and hunger for new stories • New international and African audiences • Technology advances • Democratisation of access • Developed industry • Growth of digital animation • Digitisation of film production, distribution and exhibition • New technology enabling higher quality content and both faster and cheaper distribution e.g. VOD, Netflix, Showmax, internet-based channels • Globalisation of entertainment • Fibre optic infrastructure role out • Unexploited locations for both local and international films • Better coordinated and structured funding models • Incentives • Transformation and inclusion • Emerging talented filmmakers • Training institutions • Alternative distribution platforms	• Oversupply of content • Globalised competition for screens and time • Declining box office attendance • Shrinking theatre-to-DVD windows • Production of high budget movies and changing financing models • Increased threat of piracy • Changing business models • Socio-economic challenges globally • Failure of implementation of DTT • Policy incoherence • Foreign competition • Retention of skills • Unequal infrastructure across provinces • Lack of protection of intellectual property • Lack of inter-governmental and inter-firm collaboration

The industry is complex - not only in terms of which types of businesses are involved, but also where they are located. Film production typically has long supply-lines, with a range of specialist skills needed. This has had an impact on the associated geographies of the filming industry – with much of it concentrated in the Western Cape, Gauteng and KwaZulu-Natal around larger cities where production expertise can be more easily accessed.

2.14 PESTEL Analysis

PESTEL analysis combines six segments of the external environment that impacts the South African film and television industry. Many of these factors are interdependent. Currently, this is an analysis of the PESTEL factors influencing the South African film and television industry:

1. Political



- a. Policy uncertainty
 - b. Political support for Sallywood
- 2. Economic
 - a. Rand exchange rate
 - b. Rating agencies
 - c. Poor funding of local film and television
 - d. Relative poverty of most South African audiences
 - e. Uncompetitive incentives and prioritisation of international productions
- 3. Socio-cultural
 - a. Social cohesion low
 - b. Visual literacy low
 - c. 11 languages
 - d. Access to screens
- 4. Technological
 - a. Access to internet
 - b. High data costs
 - c. DTT rollout
- 5. Ecological
 - a. Water scarcity in certain locations
 - b. Sensitivity of certain environments
- 6. Legal
 - a. Policy uncertainty coherence and application
 - b. Copyright and IP



2.15 Strengths and Challenges by Value Chain Stage

Aside from the summative SWOT analysis outlined above, in an established South African film and television industry there are a series of major strengths and challenges that emerge at each stage of the film production process in South Africa.

- a) **Development:** The first stage in which the ideas for the film are created, the screenplay is written and financing for the project is sought and obtained.
- b) **Pre-production:** Arrangements and preparations are made for the shoot, such as hiring cast and film crew, selecting locations and constructing sets.
- c) **Production:** The footage and other elements for the film are recorded during the film shoot.
- d) **Post-production:** The images, sound, and visual effects of the recorded film are edited and combined into a finished product.
- e) **Distribution:** The completed film is distributed, marketed, and screened in cinemas, broadcast via television or other methods such as DVD sales and online streaming

2.15.1 Value chain stage 1: Pre-production and development

Strengths	Challenges
Greater connectedness to the rest of the African continent after 1994 as well as ability to travel internationally – leads to cross-pollination of ideas, collaboration and sharing of knowledge as well as access to markets.	Weak access to seed funding and limited venture capitalists/ private funding for local films (perceived as a high-risk industry). Access to gap financing is very challenging
Many very experienced and talented producers who have the resilience and dedication to pursue projects over many years, who are often multi-skilled in various areas such as directing, scriptwriting and producing or within technical skills areas.	Can be a very protracted process e.g. feature script development can be average 5-7 years, coupled with insufficient recoupment of costs: for example, a feature scriptwriter may expect on average a R300k fee for those years of work
World-renowned facilitation of foreign projects: Well-developed production clusters in Gauteng and Western Cape, and emerging in KZN, coupled with diverse and cosmopolitan locations, accessible within short driving distance Favourable exchange rate for foreign service work with labour costs low due to exchange rate compared to many other territories.	Very few companies can dedicate full-time resources to development due to need to be producing to keep business going. For example, service companies have limited time available or experience in developing own projects
Availability of English-speaking creatives – eases communication of artistic and technical interactions on co-productions and international collaboration	Insufficient development of concepts and scripts, with many SA stories being told by foreign producer/director teams – no ownership of own IP



Strengths	Challenges
Greater familiarity with SA incentives in the global market since introduction in 2008 as led to more projects coming to South Africa for facilitation or coproduction.	Many development costs are carried at risk by producers and may not be eligible costs for the DTI rebate – especially discouraging to start ups and SMME's
Introduction of co-production treaties with countries that have agile, responsive film and television industries such as Brazil or historical ties with South Africa such as Netherlands and expansion of existing treaties such as introduction of TV series (UK, France) is leading to increased opportunity for collaboration	Lack of local financing means international partners or broadcasters are left with greater level of control of e.g. intellectual property
Training and skills transfer initiatives through the NFVF and other industry bodies have empowered creatives.	Low levels of funding for development stage (pre-production costs), e.g. mostly NFVF provide a maximum of R200 000 for development and they have limited funds available. Existing funding is mostly available further down the value chain during production and post-production Lack of exposure to funding instruments such as SARS section 12J and 12O, unless accessed by experienced producers, makes these inaccessible
Growth and diversity of channels as alternatives to the public broadcaster (especially for niche audiences) offers increased opportunities to sell projects locally	Limited market knowledge or slow response to trends can mean lost opportunities e.g., types of programming like reality or cooking very popular so more get developed – leads to oversupply; in animation there is easily a glut of shows in a particular age group
Language and Cultural Diversity – a wealth of local stories and strong tradition of storytelling as inspiration for own Intellectual Property.	Limited opportunities for access to collaboration with SABC during the period of financial challenge at SABC has slowed possibility for projects to move forward, especially where presale or acquisition rates are very low Commissioning rates can be very low and companies may have to place themselves at risk financially
Export support initiatives exist through the NFVF and the DTI but entry-level participants from Tier 3 and 2 may need intensive training and preparedness to be able to make the most of markets and outward-bound selling missions	Accessing markets and festivals to garner presales during development of a project is both an expensive and very long-term commitment before there is a return on investment. Many festivals require that films premier at the festival, disallowing some features from travelling to different festivals on the circuit in the same year of release





2.15.2 Value chain stage 2: Production and Post-production

Overall Structure and Optics	
Strengths	Challenges
Significant growth in in the industry since the end of apartheid - TV and commercials production business expertise that can also be extended to film production. Many processes for TV production infrastructure can be used for film production and vice versa, allowing for greater job opportunities for technicians, suppliers. Availability of infrastructure capacity e.g. studios, crews and support services	Lack of transformation and a lack of industry leadership to address this - the pace of transformation slow and must be incentivised more boldly. Perceived lack of transformation results in less government sector support. Skills exist, but at busy times capacity is stretched. Industry concentration in Gauteng and the Western Cape, emerging hub in KZN, with little in the rest of the country.
Increased profile following successful staging of international events such as the 2010 FIFA World Cup, largest TV market in Africa, and expected to grow by 4.6% annually in the next 5 years	Industry fragmentation; lack of institutional stability, policy coherence and operational certainty. Loss of skilled mid-career professionals to the global market due to unsustainable production volumes particularly in the local feature film industry.
Government-funded agencies such as NFVF, the DTI and IDC exist and have policies in place to prioritise investment within the film and TV sector as a focus area	Industry bodies are often under-resourced or run by volunteers.
Increased political support from Government, most especially in the lifting of the cap of the film and TV incentives, the extension of foreign rebate with the post-production rebate which has led to experience, jobs, stability, infrastructure development	Lack of coordination between national, provincial and local agencies: Some agencies such as the IDC have been historically very inaccessible and slow; Lack of confidence in NFVF due to alleged financial mismanagement; Regional film commissions outside Gauteng, Western Cape and KZN are very new with limited resources available in their ecosystem.
	Industry concentration: local large budget films generally produced by larger companies and so access for smaller companies may be limited.
	Lack of profit from SA films result in very little private investment.
	Cost and speed of internet, high electricity costs, water scarcity.

Facilitation/ service Industry of foreign-owned projects	
Strengths	Challenges
Well-established international facilitation industry and a solid international reputation for efficient and professional service levels.	Persistent negative perceptions internationally regarding safety and security.



Facilitation/ service Industry of foreign-owned projects	
Strengths	Challenges
	Lower-cost destinations in South America, Eastern Europe and the rest of Africa.
Favourable exchange rate for foreign service work with labour costs low due to exchange rate compared to many other territories	Erratic Rand exchange rate can lead to declining cost-competitiveness for serviced work. For co-productions it may be challenging to find an equitable work split due to currency imbalance.
Locational advantages: Wide range of diverse locations that can pass for many international sites within easy access of production hubs such as Johannesburg, Durban and Cape Town with commitment to making these areas film-friendly from bodies such as Gauteng Film Commission, KZN Film Commission, Wesgro and film permit offices. Good climate.	Location constraints: poor responsiveness from some public bodies, excessive film permit fees, speed and transparency of permitting processes and decisions, constrained access to some locations, poor support from local authorities. Locations 'fatigue' in prime locations with communities becoming hostile toward productions.
National film rebates in place and have a predictable administration process.	Challenge of late payments of the film rebates damaging to potential new projects and leads to financial stress on local companies – especially onerous for smaller companies with limited resources where the milestones payment method is being utilized.
Convenient time zone between West or Asian clients for daily production cycles such as in animation and gaming where departments in different territories.	SA labour are perceived as not as affordable or work ethic-driven as some territories e.g. Asia
Skills developed in service work can be extended to own IP work.	Seasonal nature of facilitation work (usually during summer) leads to job instability

Home-grown content for SA audiences	
Strengths	Challenges
Growth of new channels e.g. Mzansi Magic, 1Magic, eKasi, regional community stations such as Bay TV, Soweto TV.	An over-reliance on TV commissioning budgets has left many production companies and related service and facilities vulnerable and undiversified in their product offerings. The financial challenges at the SABC in reduction of volume of work and late payments has a significant impact on start-ups and SMMEs.
	Monopolised distribution and broadcast channels and disadvantageous commissioning practices. Financial difficulties at SABC are potentially damaging to the industry especially SMMEs which are essential training ground.



Low-budget, informal film industry valued at R200 million in 2013 growing rapidly.	Inability of production companies to move beyond the SMME level due to constraints of sustainable job creation and graduate absorption.
	In some areas industry standards and professionalism still lacking/ undeveloped – lack of general business acumen as most management skills are learned on-the-job in an ad hoc fashion as companies grow Challenges with business admin e.g. Cipro, SARS.
Access to technology has become easier for lower end of scale – great to get into the game – lots of “bedroom producers”.	High up-front production cost funding, including physical production equipment and infrastructure, especially with regards to swiftly changing technology is a barrier to entry for SMMEs and ensures that means of production are concentrated with monopolistic, larger companies.

Skills development and training Strengths	Challenges
There is a commitment to skills transfer and strengthening training initiatives as it is essential to the future growth of specialised industries such as animation and gaming	History of ineffectual and unstable Sector Education and Training Authorities (SETAs), an absence of sufficient coordinated industry programmes to retain and develop scarce skills.
Strong links exist between training institutions and industry in many sectors to ensure that training of future generations of filmmakers and creatives is relevant and emphasises job readiness.	Graduates are often not work-ready and there are few on-the-job learning opportunities (the - a non-profit Section 18(a) Public Benefit Organisation <i>Film Industry Learner Mentorship</i> within the features industry is a rare exception http://www.filmsa.co.za/default.htm).
	Small firms without steady income streams (like film) cannot contribute significantly to SETA funding and therefore no access to levies – either self-fund training or use a cluster approach, e.g. Animation SA applies as umbrella body and administers on behalf of companies within their sector.

2.15.3 Value Chain Stage 3: Marketing and Distribution

Strengths	Challenges
Local content quota in place for national public broadcasters (but not yet financially enabled or very well enforced through Icasa)	Under-developed IT infrastructure and high data prices are constraining the growth of new marketing, promotion and exhibition channels for SA content
Productions that have received international acclaim (<i>Tsotsi</i> , <i>District 9</i> , <i>White Wedding</i> , <i>The Wound</i> , Triggerfish animation projects such as <i>Adventures in Zambezia</i> and <i>Khumba</i>)	Small share of box office revenue earned by local productions. Producers are usually last in the recoupment waterfall.



Audience support of film festivals is good	Commercial cinemas have strong urban footprint leaving peri-urban and outlying township areas underserved. Low levels of cinema attendance in South Africa constrains effective distribution and revenue streams, especially due to affordability.
Independent cinemas and alternative mobile cinemas exist	Lack of independent distribution networks.
The DTI Export Marketing Assistance programme offers financial support to attend markets and festivals	Distance from major international markets. Lack of international sales agents for SA products. Limited market intelligence.
	Producers have insufficient rights management expertise. Merchandising and commercial exploitation across platforms. Uncompetitive intellectual property ownership regimes effectively restrict downstream sales and revenues.

2.16 Toward a Business Plan

Accepting that South Africa has a long history in film and television sector production and that this has resulted in a high level of technical skills and capacity on the supply side, much needs to be done. There are a number of sine qua non conditions that must be met before the industry can progress and achieve its potential. These are:

- Human capital
- Innovation and R&D (Research and development). Ongoing industry research is necessary to insure that the South African film industry is well-placed to develop and distribute high quality products that meet the market demand
- Support the development of **Infrastructure** that takes advantage of existing capital and facilitates the transition to digital production and distribution;
- Develop an **Institutional Structure** at provincial and national level that takes into account existing clusters, develops new ones, and incorporates public and private sector stakeholders;

Five main pillars have been identified and grouped into supply-side and demand-side interventions. These are:

Supply-side interventions that support producers at each stage of the value chain;

1. Pre-production
2. Production
3. Post-production



Demand-side interventions

4. Develop audiences, facilitate their access,
5. Market South African film and television locally and internationally as a distinctive and recognisable **brand**.

The apex objectives are:

- Transformation of the Sector
- A Competitive Sector

These must be monitored through a national Monitoring and Evaluation framework.

Ultimately, the impact of the development of the film and TV sector must contribute to:

- Economic growth
- Employment and management equity
- Ownership equity
- Social cohesion
- Nation building

These are diagrammatically presented below (Figure 4):

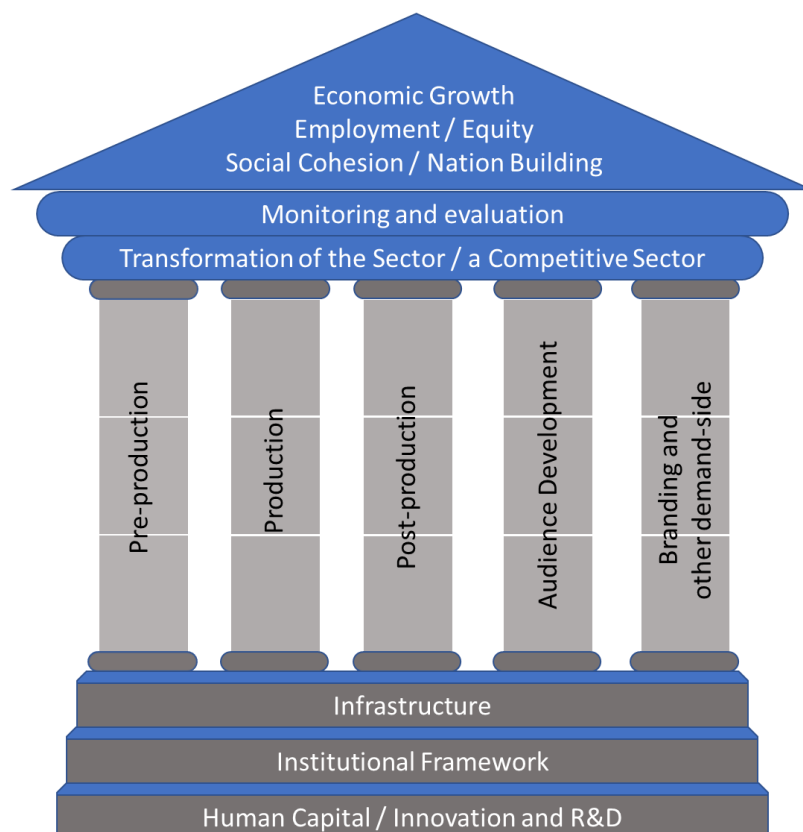


Figure 4: The South African Film and TV Strategy House

Each of the pillars considers all the parts of the film and television production value chain: Pre-production (including development and conceptualization); Production; Post-production; and Audience Consumption (including circulation and delivery).

The Business Plan also considers that film production companies need different kinds of support at each stage of their development:

Tier 1-Experienced filmmakers who have a proven track record for developing and producing theatrically released feature films;

Tier 2 - Filmmakers with limited experience but who have developed and produced a theatrical feature films, television fiction, documentary, short films and/or commercials, now seeking to venture into feature film development and production; and

Tier 3 - New entrants into the industry, particularly recent film school graduates from historically disadvantaged backgrounds.

Unlike many other plans, this plan pays attention to the demand side and distribution channels of the industry. It is acknowledged that one of the critical success factors in the development of film industries in other countries has been the presence of a strong and stable local demand. A key success factor is thus the development of a unique and recognisable brand for South African film, and the effective marketing of the brand, both locally and internationally.

The Plan also acknowledges the importance of spatial distribution of “film hubs” and film cities for the equitable development of an industry that draws on the cultural diversity of South Africa. The potential production of film and television in indigenous African languages for specific regional markets is also explored.

The South African Film Industry Business Plan is based on a wide-ranging and critical review of international and national data and research, as well as consultations with film industry practitioners and policy makers. It is based on “foundational layers”, “pillars” and an apex or goals and impacts. These largely correspond to the value chain presented above.

The impact of a transformed and competitive sector will contribute to the NDP’s goals generally and will have a positive impact specifically on Economic Growth; Employment, Equity; Social Cohesion and Nation Building. Transformation of the industry through support for skills development and financing of emerging black filmmakers will be accomplished. A well structured and effectively implemented monitoring and evaluation system will ensure that the impact will be realised.

This document provides background information to the business plan that will be implemented over 20 years (four periods of five years each). A draft of this business plan is set out in a separate document that relies on the information in this framework report.



3 Extension of South African Film and TV Industry as a Catalyst for Economic Growth

The film and television industry in South Africa is both well developed and in need of support. As an industry there are high barriers to entry, mainly around financing, infrastructure, equipment and skills. Yet the South African film and television industry is well regarded both locally and internationally. We are renowned for producing international recognised

features, are a popular location for international production, and have highly skilled talent across the production cycle including: pre-production, production and post-production.

The film and television audiences for locally produced content are either small, niche or non-existent.

South African film and television industry is well regarded both locally and internationally

However, the film and television audiences for locally produced content are either small, niche or non-existent. These audiences also have low purchasing power and as a result cannot choose their content, instead relying on access to what is publicly broadcast. In addition, there is a concentration of capacity in the industry and

many young filmmakers lack access to learning platforms to fine-tune their skills, because most major productions are high-end and cannot risk offering the platform; and lower end productions are not always sites of excellence.

The notion of a ‘Sallywood’ and its establishment as a virtual or an actual place – or a ‘state’ – is premised on a better integrated industry that embraces smart specialisation, deepens backward and forward linkages, encourages excellent content development, trains across the wide gamut of skills required by the industry and reaches local audiences. Embedded in the thinking toward a Sallywood are government objectives linked to the [National Development Plan](#) as well as transformation and skills development.

The below section aims to capture the context in which ‘Sallywood’ could be developed. It considers the international film landscape, the potential scope of Sallywood, and supply and demand-side factors influencing and informing the expansion of a film and TV sector as a catalyst for economic growth in South Africa. Important dynamics in government support and policy, digitisation, other industry trends, competition, clustering and skills development are considered alongside demand and international trade in the audio-visual sector.

The ultimate finding is that it is possible to develop an enabling environment in which a Sallywood could flourish, dependent on several controllable and uncontrollable factors. The South African government needs to make and take a series of strategic decisions. This concept note and proposed business plan form the backbone of research to inform that decision-making process. The emergence of Nollywood and Bollywood are good indicators of the pre-conditions that need to be in place for the evolution of a Sallywood. However, whether



the government supports an industry-led, bottom-up evolution or a policy-led, top-down approach, or a combination, pincer approach is a critical decision. Another is whether the focus is exclusively on film or television or both. The time, cost and complexity factors are also central to decision-making. The government's desire to see transformation of the sector is another consideration in terms of strategic intervention to support the emergence of Sallywood. These and others are covered below.

3.1 The Structure of the Sector

There are many arguments in favour of developing the film and television industry in South Africa as a catalyst for economic growth. An important motivator is that the film and television industries have strong forward and backward

The industry structure is thus fairly complex, with a large and diverse number of role players operating across the value chain.

supply chain linkages (Figure 1), thus stimulating job creation and economic impact, and arguably could contribute to transformation ends. In South Africa, a recent study by the National Film and Video Foundation (NFVF, 2017) showed that in the 2016/17 financial year, the film industry in South Africa had a direct impact of R4.4-billion, increasing to R12.2-billion when the multiplier effect (indirect and induced impact) was included. An indication of the supply chain linkages is outlined in Figure 5 below.

The film industry covers several interrelated activities and industries and is presented as a value chain. There are at least five categories, covering various genres; long or feature films, documentaries, commercials, short films, and photo shoots or stills. The starting point is the creative milieu in which the industry functions. Those ideas are then written as a script that is an essential input into the production process. Many films shot in South Africa are based on ideas that were developed from that local context, but are produced there drawing on ideas from other countries, often in Europe.



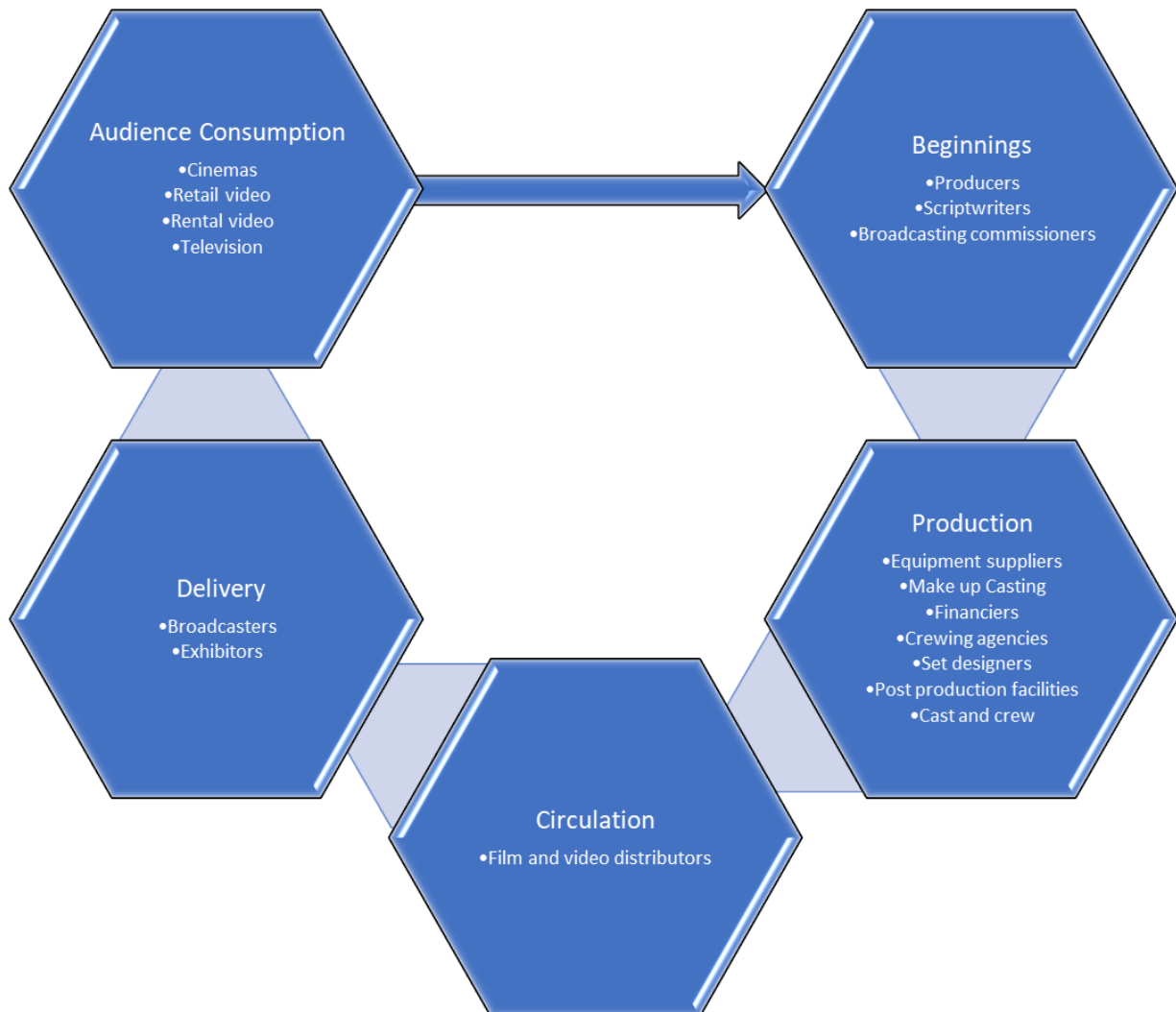


Figure 5 Film and television production linkages (Source: Adapted from Visser, 2013:17)

In the context of film making, production, refers to

- Preproduction,
- Production, and
- Post-production.

Pre-production involves the planning phase of a production and includes:

- Finding the location(s),
- Planning and scheduling the shoots,
- Budgeting, and
- Employing casting and crewing agents.



The actual production follows.

Post-production is the editing process where the production is creatively refined.

According to the National Film and Video Foundation (2011), the entire production process is affected by the availability of key inputs, including:

- Finance,
- Scripts,
- Location,
- Human resources, and
- Support facilities, such as set design and make-up artists.

Audience consumption refers to the response of the market to the product either through the public media or by other means. This response then feeds back into the beginnings.

3.2 The Audio-Visual Domain

Film and television are part of the audio-visual domain of the CCIs, according to the UNESCO Framework for Cultural Statistics – and one of the bigger contributors to global GDP and jobs, at almost a quarter of all CCI revenue generated globally. A recent international mapping study of the CCIs by EY showed that the CCIs worldwide generate \$2 250-billion of revenue per year and create 29.5 million jobs (EY, 2015). Films (movies) made up US\$77-billion of this (3% of total CCI revenue) and created 2.48 million jobs. Television was the top earner, generating US\$477-billion (21% of total CCI revenue) and created 3.53 million jobs. This demonstrates the size and potential of the film and television industry worldwide.



Table 1 Contribution of CCI sectors to Revenue and Employment Worldwide

CCI Sectors	Revenue 2013 (US\$ b)	Revenue (percentage)	Employment 2013 (number of jobs)	Employment (percentage)
Television	477	21%	3 527 000	11%
Visual Arts	391	17%	6 732 000	21%
Newspapers & Magazines	354	15%	2 865 000	9%
Advertising	285	12%	1 953 000	6%
Architecture	222	10%	1 668 000	5%
Books	143	6%	3 670 000	12%
Performing Arts	127	6%	3 538 000	11%
Gaming	99	4%	605 000	2%
Movies	77	3%	2 484 000	8%
Music	65	3%	3 979 000	13%
Radio	46	2%	502 000	2%

(Source: EY, 2015; Own percentage calculations)

Although the US and Hollywood continue to dominate the international feature film market, there is also evidence that developing countries are starting to compete. For example, Nollywood, the Nigerian film industry, is estimated to directly employ 300 000 people. India produces 3 000 films a year in 20 different languages, and by 2020, China is expected to become the world's largest film market. While the growth of box office earnings for films in the US and Canada has started to decline, box office earnings from other countries continues to rise (EY, 2015). This bodes well for a South African film and television industry.

Challenges of definition [TV AV Film etc.]

The term "audio-visual" is a broad one, covering, among others - film, documentaries, video, broadcasting (television and radio), commercials, stills photography, music and multimedia.

This content is delivered through numerous channels, such as cinema, television, radio, internet portals, video, DVD, hand-held devices (cellphones, PDA's) etc.

For the purposes of this project, we will primarily be focusing on film, television and commercials.

The audio-visual industry provides a platform for the provision of a wide range of specialist services and functions, ranging from script development and film direction to post-production, financing, deal making, distribution, exhibition and broadcasting.



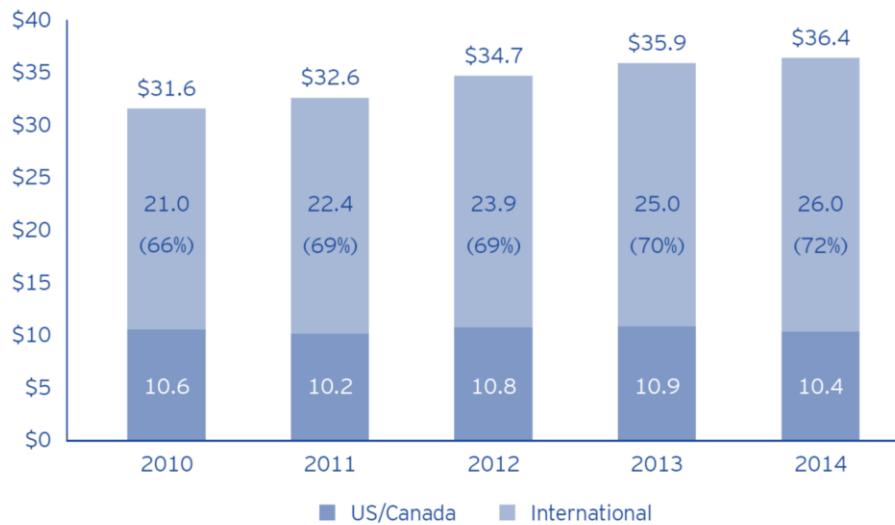


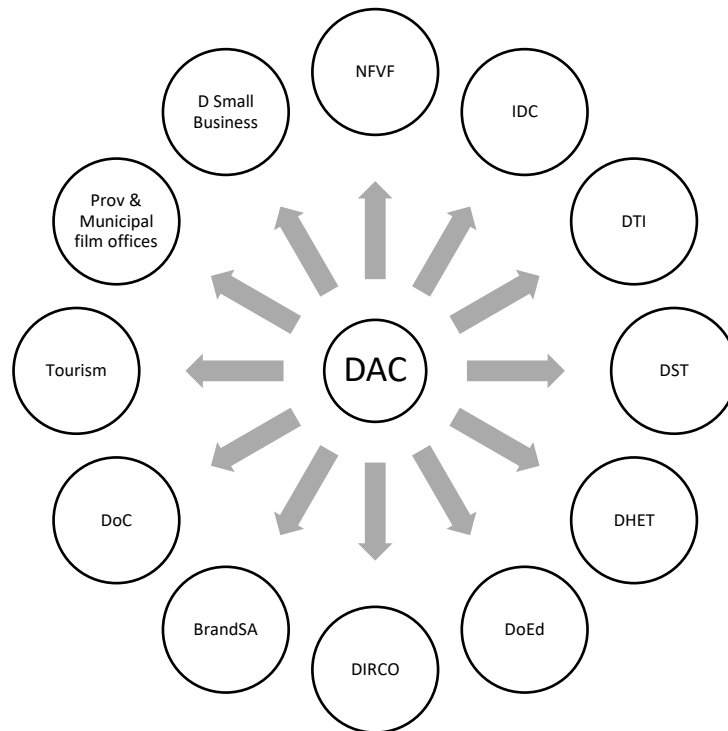
Figure 6 Global Box Office Growth 2010-2014 (US\$b) Source: EY 2015

However, the film and television industry is complex and planning for its development requires that we consider the different genres and forms of production, such as acknowledging the differences between serviced foreign projects and South African generated intellectual property; differing financing and level of maturity of, for example, features, broadcast television, animation, gaming, and digital content produced for the web. All these different areas have similar production value chains but may benefit from differing strategies. For example, a cluster approach of infrastructure building in animation is potentially more impactful on sustainable, long-term job creation than monopolistic film cities servicing feature films. A B-film industry is also more conducive as a platform for training and talent development than A-grade films. Television can absorb higher numbers of employees and keep them in employment than films which have much shorter production times. It is important to consider the impacts and potential levers and strategic gaps such as these in the drive toward a Sallywood. The next section outlines the scope of Sallywood as it is envisaged by the Department of Arts and Culture.

3.3 Institutional Organisation

For the Sallywood plan to work, there needs to be clear leadership, and buy-in from all stakeholders. This includes DAC, other national government departments (like the dti), the NFVF, provincial and regional departments, as well as, crucially, the industry itself. It is important that Sallywood should not be seen to compete with existing programmes and organisations, but should encompass them all. This will be challenging to achieve and will require time and resources, but is a key determinant of success.





Given the relatively limited funding available in the short to medium terms for the development of the South African film industry, it is crucial that there is an optimal use of the diverse resources available, including social and cultural capital and social networks, and an accompanying integration of current and emerging institutional structures.

International best practice suggests the centrality of smart partnerships involving state and private sector agencies primarily, but also incorporating third sector organizations and enterprises where appropriate. In this regard the current role and activities of the National Film and Video Association (NFVA) and its parent department, the national Department of Arts and Culture (DAC) are central as is the Department of Trade and Industry (dti) are central. However, there are a range of other state agencies at national level which currently have or could have a meaningful role in the process. These would include the Department of Small Business, parastatals such as the Development Bank of South Africa, the Department of Public Works, and even the Department of Defence and Military Veterans. Public Works could be a useful source of cost-effective infrastructure and film locations, and the DDMV, and its institutional predecessors, have historically provided personnel and equipment as well as film locations for film productions.

In addition to such state institutions, there is a need for some form of vertical integration of those state agencies in regard to constructing internal consensus and uniformity of purpose. Provincial departments of Arts, Culture and Sport, and the Economic Development and Tourism, are an obvious addition. There would also be opportunities for provincial and district-level development corporations. At local municipal level, all the national metros should have



representation with Cape Town, Johannesburg, Pretoria/Tshwane and Durban being the main players at present. There is scope though to include certain of the other large municipalities whether through direct or indirect representation.

This could be viewed as a state film industry task team or a consultative grouping. The related stage would be to establish a multi-agency task team involving these stakeholders (or representatives thereof) and relevant representation from the private and third sectors.

Such structures should be task oriented, with a strong emphasis on the delivery/implementation of identified interventions.

In addition to these structures it is important that we develop an understanding of the play of the broader social and cultural capital and social networks which help inform economic activities associated with the products and services of film, video and TV. An audit of relevant social and cultural capital resources and related social networks suggests itself. This could in turn provide policy-relevant information guiding future interventions to reinforce the functioning and expansion of such resources.

As part of the process there is a need to ensure that art education more generally is embedded in the school systems from primary through to secondary. Such interventions should include a substantive AV education component so that learners are exposed to the possibilities and entry-level techniques of film/video as an artistic/expressive medium. This allows the construction in time of a more extensive audience development base for films.

3.4 The Scope of Sallywood

While the focus of many audio-visual development strategies is often on feature films, it needs to be acknowledged that related genres and forms have crucial and valuable role to play in the industry development. Short films, public service announcements, music videos, documentaries and television series, and other programming for television can be the training ground for new film makers, and an important part of the skills and experiences pipe-line feeding the production of feature films. In an ideal scenario, it can take 10 to 15 years of work in the industry before a filmmaker will be given their first opportunity to make a feature film. Often this opportunity never arises. During that time, their portfolio of smaller works will need to be developed, so that they can demonstrate their skill. This is true of the entire production line and talent involved – including actors, directors, editors, make-up artists and other technical personnel. In addition, short films, documentaries, public service announcements, music videos, corporate videos, and television programmes are often the ‘bread and butter’ work of film production companies – while they may not be as glamorous or high

The success of Sallywood would not only be defined by the apex product, that is, the production of South African feature films, but also by a vibrant audio-visual industry, which will feed the feature film sector in terms of transformation, skills development and sustainable job creation.



profile as feature film production, they provide the continuity of work needed to keep the company financially solvent between the larger projects.

The industry is also changing alongside available screens and new formats. Marshall McLuhan said “the medium is the message” which means the form of a medium embeds itself in any message it would transmit or convey, creating a symbiotic relationship by which the medium influences how the message is perceived. Small screens are becoming a de facto way of viewing content, which is also changing the entire content development landscape and consumption pattern. There are a few implications and considerations then for the development of Sallywood:

Firstly, in an era when feature films are becoming increasingly expensive to produce and there is growing demand for television series, which also have the ancillary benefit of employing people for longer, does it make sense to focus on feature films?

Secondly, how does one approach film and television industry development?

Third, is there a market for film and television in South Africa and beyond?

Fourth, is there adequate infrastructure to support a bigger film and television industry?

Fifth, what level of skills development is needed to advance the industry?

Sixth, what policy and other government interventions would create an enabling environment for film and television to thrive?

Seventh, what opportunities are there to leapfrog past the old ways of doing things, and harness technology and innovation to develop the South African film and television industry?

Lastly, what level of audience development is required?

3.4.1 Toward a Sallywood

Given the status quo, the scope of Sallywood needs to be defined broadly, and the connections between various genres and production types acknowledged. Much of the current discussion of South Africa’s CCIs, in terms of classification, is based on the 2009 UNESCO Framework for Cultural Statistics. The cultural domain that includes film is “Audio-Visual and Interactive Media”, which covers film, video and television production, as well as video games.



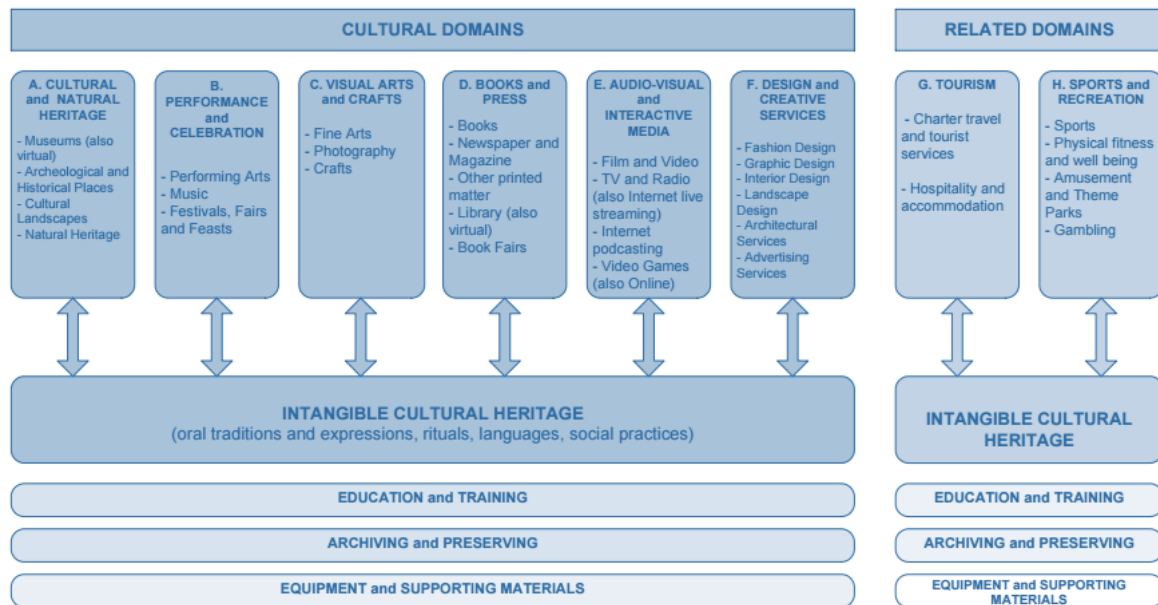


Figure 7 Framework for Cultural Statistics Domains (UNESCO, 2009: 24)

To date, various South African film strategies have all included film and television, but sometimes also commercials and animation, and also documentaries and new media (online) formats (National Film Strategy, 2014; Gauteng Film Strategy, 2011; Project Gaullywood, 2007). The latest version of the Revised White Paper on Arts, Culture and Heritage discussion document (2017) defines the audio-visual sector as including film, television, photography, video and broadcasting.

Sallywood is the description of state where South African and international audiences consume South African developed and produced motion pictures and television which feature South African actors, and have largely been scripted by South African authors.

Table 2 Definitions of the film and television industry influencing the scope of Sallywood.

Industry Scope.	Source
Audio-visual: Film, Television, Photography, Video and Broadcasting.	Revised White Paper ACH (2017)
Film, Television, Online Content, Animation.	National Film Strategy (NFVF, 2014)
Film, Commercials, Television, Animation, New Media, Documentaries, Stills Photography.	Gauteng Film Strategy (2011)
Film, Television, Commercials.	Project Gaullywood (2007)



Industry Scope.	Source
Audio-visual And Interactive Media: Film And Video, Television And Radio, Broadcasting, Internet Distribution (Live Streaming And Podcasting), Video Games.	UNESCO Framework for Cultural Statistics (2009)

However, this is too broad for Sallywood which we argue should focus exclusively on film and television production to be effective. A thriving Sallywood would have a knock-on effect on other broadcast mediums such as radio and on television. Therefore, Sallywood is the description of state where South African and international audiences consume South African developed and produced motion pictures and television which feature mainly South African actors, and have largely been scripted by South African authors.

Indicators of success for Sallywood include:

- Financial indicators (such as box office revenues, online sales, distribution deals, the size of the industry and its contribution to GDP, export earnings);
- Development indicators (audience diversity and numbers, transformation of the industry, job creation);
- Market indicators (audience numbers, number of downloads, distribution deals in other territories, shareability, trending on social media) and
- Quality indicators (critical acclaim, local reach, international reach, awards).

The next sections consider the supply and demand factors in stimulating a film and television industry, drawing widely on previous research. This analysis, along with a critical examination of selected case studies, is used to identify challenges and opportunities for the South African film and television industry going forward.

3.5 Supply Side: Film and TV Production

The South African film and television industry, based mostly in the cities of Cape Town and Johannesburg, has grown significantly since the end of apartheid (Creative Industries Report 2008). Recent NFVF (2017) research on the economic impact of feature films, documentaries, TV series, TV films, animation series, short films, documentaries and animation, used a social accounting matrix to track direct, indirect and induced economic impact. The study showed that some components of the industry grew between 2013/14 and 2015/16 (Table 1 Table 3), most notably employment (30% increase) and production expenditure (10% increase). However, the overall impact of the sector on GDP remained roughly the same, and taxes generated by the industry fell 10%. Part of this can be explained by the slow economic growth in this period. A growth plan for the industry is needed if the South African film and television industry is to be a catalyst for CCI development and growth in the future and should consider three main factors: Production value, Employment and Tax.



Table 3: Economic Impact of the South African Film and TV sector 2013/14 to 2016/17

	2013/14	2016/17	% Change
Production (R Million)	11 139,46	12 219,80	10%
GDP (R Million)	5 560,03	5 484,29	-1%
Employment (Number)	16 615	21 656	30%
Income (R Million)	2 209,04	2 416,51	9%
Tax (R Million)	280,03	252,00	-10%

Source: NFVF (2017); Own percentage calculations.

Existing skills and knowledge, advanced technical capacity, a great variety of locations, and competitive prices have all encouraged the production of foreign film and television series in South Africa (Tuomi, 2007). Not only can such projects provide valuable foreign exchange inflow, but they are also an opportunity for skills transfer, further developing the capacity and competitiveness of South African labour in the industry.

In terms of the number films produced in South Africa, the NFVF (2017) reported that South Africa releases about 25 feature films a year at cinemas, but that if films that go straight to DVD, or those produced for television are included, the number is much higher. According to a recent PWC report, South Africa is the largest TV market in Africa, with revenue of R40.9 billion in 2016. The PWC Outlook expects this to continue to grow, with a compound annual growth rate of 4.6% over the next five years. However, the financial difficulties experienced by the SABC are flagged as potentially damaging to industry infrastructure. Without a platform, especially a free-to-air, public platform, much content for the South African market does not have a screen to reach audiences, notwithstanding the inability of the state broadcaster to commission content. This has a ripple effect across the industry. All attempts to develop and support the emergence of a Sallywood have to align with efforts to ensure the sustainability and viability of the SABC.

In general, the supply side is fairly well developed and robust. The numbers demonstrate real growth and growth potential, but there are areas of concern such as the lack of technical skills and access to development finance.

There is also an argument that what film and television makers are creating is not aligned with audience demand. Some proponents however argue that the South African audience is too small and cannot support a viable film and television industry.

3.5.1 Government Policy & Support

The Revised White Paper on Arts, Culture and Heritage (2017) is currently under development by the Department of Arts and Culture. The latest version of the White Paper suggests several strategies for the development of the “Audio-Visual Media” sector, which includes film, television, photography, video and broadcasting. Many of the aims of the discussion version of the White Paper relate to promoting this supply side of the industry such as:



- “Develop and support pre-production, production, post-production and marketing of South African films;
- Support education and training for talent and skills in the various areas of the film industry;
- Secure continuous resources, facilities and funding for the South African film industry;
- Allocate funding to emerging and established practitioners and projects in the South African film industry;
- Promote participation and cooperation in the South African film industry;
- Support co-productions between South African film producers and producers from other countries”.

These strategies are critical for the development of an enabling environment for the emergence of Sallywood and align with the strategic pillars for the business plan attached to this document. Fundamental in these aims is the issue of funding, incentives and other resources. Internationally, there are many forms of film subsidy including direct subsidy, tax rebates, tax credits (that is, deductions from tax payable), and business services support (for example, administrative offices that provide information and help process subsidy applications). Some of these subsidies are intended to attract foreign films or co-productions, while others are more focused on encouraging local film production to mitigate the dominance of the US film industry (Tosics, 2013; Wilson, 2015). In order to successfully attract foreign film companies, Tosics (2013) argues that three things are needed: High quality infrastructure; financial incentives; and an “intensive promotion strategy”.

For example, the Singapore *Infocomm Media Development Authority* (IMDA) provides a combination of supporting projects and infrastructure with the aim of developing a globally competitive media industry. IMDA was formed in 2003 by the merger of the Singapore Broadcasting Authority, the Films and Publications Department and the Singapore Film Commission. The IMDA’s strategy is designed to improve the country’s performance across all types of media content. It has supported the development of a state-of-the-art media hub called “Mediapolis” and backed specific areas such as animation, digital media, gaming, 3D – as well as film and television. Its total investment runs to hundreds of millions of US dollars. IMDA supports all parts of the value chain: Production, Development, Marketing, Talent, Enterprise Assistance (Productivity), the New Talent Feature Grant, and the Film Mentorship Initiative. Singapore’s IMDA includes co-productions that help develop skills within the country, and Singapore has co-production treaties with countries such as China, Australia, Canada and New Zealand⁷. IMDA also provides comprehensive and up-to-date industry data on the

⁷ <https://www.imda.gov.sg/>



economic climate, consumer patterns, the size and number of projects supported, telecommunication statistics and a live online question and answer service⁸.

Recently, in the northern Chinese port city of Qingdao, a real-estate, retail and entertainment conglomerate, Dalian Wanda Group Co., opened its doors to a \$7.9 billion world-class film production hub, called the Oriental Movie Metropolis, or Dong Fang Ying Du. The project boasts the world's largest studios, a commercial complex and a reclaimed island full of hotels, condos, two theatres and a yacht club. The Qingdao studios are offering a competitive edge: A US\$78-million incentive programme jointly funded by Wanda and the Qingdao government. This initiative aims to rival Hollywood.

By attracting foreign films shooting on location, co-production with a local company, or completing post-production work, the film industry can generate valuable foreign direct investment (FDI) inflows as well as technology and skills transfer. While local film makers benefit from public support, much of the interest in subsidies internationally has focused on this inward investment aspect, which is argued to lead to economic growth, job creation and economic diversification (Thom and An, 2017).

Yet, one of the main arguments against film subsidies are that they are costly to governments and do not result in enough economic impact to offset this (Bjorvatn & Eckel, 2006; Christopherson and Righthor, 2010). There have been several studies that have attempted to calculate the costs and benefits of public support to the film industry, asking the question: Do the benefits (economic growth, job creation) of film subsidy policy exceed the costs (foregone tax revenue, or direct payments)? Wilson (2015) points out that these studies are difficult to do because alternative uses (opportunity cost) of the foregone tax revenue are unobservable: "It is very difficult to estimate what economic activity and tax revenue would have been had government adopted different tax policies" (Wilson, 2015:3).

One attempt at such a study in South Africa (Collins and Snowball, 2014), showed that film and television productions subsidised by the DTI between 2009 and 2011 had very high qualifying South African production expenditure (QSAPE) levels for each unit of subsidy (Table 4) varying from every R1 of the DTI subsidy resulting in R3.98 of QSAPE (for co-productions) to a ratio of 1:6.65 for foreign productions.

⁸ <https://www.imda.gov.sg/industry-development/facts-and-figures>



Table 4 Incentive payments, Qualifying SA Expenditure (QSAPE) a and GDP impact from 2009 – 2011 (in millions of South African Rands)

Production Type	2009	2010	2011	Incentive payments: 3 year average	QSAPE: year average	Ratio of subsidy to QSAPE	Ave. increase in real ^d GDP p/a
South African Production	34.10	52.13	58.14	48.12	257.74	1:5.36	605.68
Co-Production	63.14	88.95	99.28	83.79	333.44	1:3.98	783.59
Foreign Production	75.66	33.26	51.96	53.63	356.73	1:6.65	838.31
Total	172.91	174.35	209.38	185.54	947.90	1:5.11	2227.59

(Source: Collins and Snowball, 2014:50)

Tosics (2013) tracks the international establishment of film and television subsidies, which began in Europe in the 1980s, and quickly spread to Canada and the US, which “became the starting point of a global competition” (Tosics, 2013:218). Much has been written about the “subsidy wars” or “race to the bottom” that ensued between countries hoping to attract big budget foreign, or co-produced films. Indeed, Mitkus and Nedzinskaite-Mitke (2015) agree that globalisation has resulted in the increasing interconnectedness of the “global network of creativity, entertainment, culture and business. This is why one cannot legitimately analyse the national context of the film industry today without evaluating the global context in parallel” (Mitkus and Nedzinskaite-Mitke, 2015:65).

However, subsidy competition seems to be mainly a problem in areas that are geographically close to each other, such as in Europe and various US states. More targeted incentives may have more potential for success in this case. For example, the labour-based Production Services Tax Credit in Canada, which is easier to manage because it is administered through existing tax systems (such as PAYE in South Africa), and could be linked to transformation objections and training. Canada also has specific regional incentives at provincial or territorial level, as well as genre-specific incentives, for example, a focus on animation⁹.

South Africa has some experience in using specific incentives to grow particular parts of the industry. For example, the extension of the DTI film and television rebate allows companies to supplement the basic 15% upwards toward 25% of eligible spend if they keep post-production in South Africa as well – this has been very useful in growing South African digital visual effects companies. However, Collins and Snowball (2014) showed that, between 2009 and 2011,

⁹ www.pwc.com/ca/en/industries/entertainment-media/publications/film-video-tax-incentives-canada.html



nearly three-quarters (73%) of the DTI film and television rebates were paid to just ten production firms, pointing to a high level of industry concentration. Funding for smaller projects, and for emerging black film makers, was much more difficult to source, and processing of payments takes longer. These smaller projects are most likely to generate own intellectual property, ensuring that in the longer term these producers are empowered to develop a catalogue that can continue to provide income in the future. South Africa is already making some progress in this area: The Emerging Black Filmmakers Fund of R90 million was launched by the DTI in 2014 in conjunction with the Industrial Development Corporation and the NFVF. The Fund aims to support six qualifying feature films per year, with a budget of R5 million (R4.5 million for development and production and R500 000 for the marketing). The first project to use the new incentive was *Noem my Skollie* which has performed well both at the box office and internationally. In general, the South African incentives scheme needs to be revised and more specifically tailored to support new and emerging filmmakers alongside bigger, and international, productions. There also needs to be a deeper integration at inter-governmental level to ensure more equitable distribution of funding. In the business plan we recommend the establishment of a special business development unit that manages a fund for South African content.

The draft Revised White Paper (RWP) on Arts, Culture and Heritage (2018) recognises the importance of providing funding for SMMEs in the CCIs and, in addition to the DTI incentives, suggests several financing options, including public-private investment, that could be explored. While still advocating grant funding from organisations such as the NFVF, the RWP also suggests debt funding instruments (such as low interest or interest free loans) and equity finance (including crowd funding, private investment and venture capital), which could benefit the film industry. Other suggestions include: A catalyst fund to provide seed funding for the expansion of SMMEs; and an investment fund, in partnership with the private sector, “to enable equity investments in small- and medium-sized creative enterprises across the CCIs” (RWP, 2017:75). Other proposals relating to tax rebates for private donors to the CCIs may also have a positive impact on the film sector.

For example, Film France uses private film and television finance companies (called *Soficas* in French), which are equity funds financed by private investments that earn tax credits. They are accredited on an annual basis, and last for a maximum of five years. *Soficas* are allowed to invest in both films and TV productions, but most only focus on feature films. They fill a specific market niche, as they tend to offer mostly gap funding, a critical need in the film industry, which generally draws from different sources to make up an entire film budget and there is often a gap. In 2016, the *Soficas* invested €31,7-million in 97 movies, only seven of which were majority foreign co-productions. A similar system could perhaps be an alternative to the currently expensive loans available from the IDC in South Africa, and would not require government funds.

Also like South Africa, France incentivises local and foreign productions, but also has a specific subsidy related to the number of people who actually see the film, which provides a



valuable link to the demand side, and could be applicable to South African feature films in the mid-budget range that have a strong niche audience (e.g. *Keeping up with the Kandasamys*; *Happiness is a Four Letter Word*; *Johnny is nie dood nie*). This is an automatic subsidy, referred to in French as “Compte de Soutien” or “Soutien Automatique” - each qualified producer or distributor receives automatic subsidies in proportion to the film’s success at the French box office, and also in video stores (a percentage of DVD Blu-ray sales revenue) and in TV sales (a percentage of broadcasting rights sales). It is linked to a ‘cultural test’, the BSF figure, the “Frenchness factor”. South Africa already has cultural test which the NFVF administers for official co-productions: the Certificate of Nationality¹⁰. Therefore there is a gap in incentivising local film performance, which could enhance marketing efforts, with a view to improving box office and other associated sales.

3.5.2 Digitisation and Trends in Film Production

Film data researcher Stephen Follows recently identified ‘48 Trends Reshaping the Film Industry’, divided into four key parts: Development and finance; Cast, crew and production; Distribution and exhibition; and Industry changes. The trends, some of which have bearing on the future of Sallywood, are summarised below:

1. An increasing number of movies are being based on real-life events
2. Faith-based movies have become hugely profitable, despite lacking mainstream appeal
3. Documentaries are making up a higher percentage of movie releases
4. Hollywood is making fewer remakes and reboots, but more prequels, sequels and spin-offs
5. Hollywood films are becoming less original
6. We’re in a horror movie boom
7. Horror movies are becoming less gory and disturbing
8. Digital revenues are now higher than revenue from physical formats
9. Hollywood avoided a predicted tentpole “implosion”
10. Crowdfunding has become a major source of independent film finance
11. The biggest source of income for filmmakers is now television
12. Budgets for some genres have shrunk dramatically
13. Movie production worldwide is booming
14. Movies are predominantly shot digitally, but film remains in use
15. Movies are getting longer
16. Crews on Hollywood movies are getting bigger
17. Hollywood movies are getting wider

¹⁰

<http://www.nfvf.co.za/home/22/files/Application%20forms/Certificate%20of%20Nationality%20Application%20Form.pdf>



18. The UK has overtaken Canada as Hollywood's favourite foreign location
19. UK micro-budget production continues to nose-dive
20. Leading actors are getting older
21. Producers, writers and directors are also getting older
22. The number of post-production jobs has ballooned
23. The prevalence of writer-directors is increasing
24. Little improvement in gender equality
25. Cinemas are showing far more than just traditional movie screenings
26. Teenage audiences are losing interest in the cinema
27. The oldest cinema-going demographic is rising
28. The most profitable independent movies often appeal to older audiences
29. More movies are being released theatrically than ever before
30. Movies make it around the world quicker than ever before
31. Increasing international revenues are driving Hollywood decisions
32. Digital releases happen before physical releases
33. Movies transfer faster from cinemas to homes
34. Interest in 3D movies is declining
35. Exhibition is now almost entirely digital
36. Cinema ticket prices continue to rise – sometimes in sneaky ways
37. Cannes festival and market are getting bigger
38. Drama films have taken over Cannes
39. Films do better in Cannes if they're in English
40. Asian buyers are becoming more frequent at film markets
41. The Chinese market is growing at a ridiculously fast pace
42. Netflix's production arm is growing in scale and speed
43. Amazon Studios is a new force in art-house production
44. Movie production is booming in India, South Korea and Italy
45. The UK film economy is booming, thanks to American "British" productions
46. Submissions to major film festivals have boomed
47. The industry is feeling the effects of increased access to knowledge and technology
48. Emerging filmmakers can earn money outside of the traditional model¹¹.

In working to define the direction of Sallywood, it is critical to note the aforementioned trends. In general the tension between film and television, accessing global audiences and new distribution methods, are central to the emergence of Sallywood. In addition, two fundamental trends – digital and digitisation – are also influential to the Sallywood project. Each represents a different but interrelated pillar and have high impact on the current and future directions of the South African film industry.

¹¹ <https://stephenfollows.com/trends-reshaping-film-industry-development-finance/>



A 2014 [Accenture report](#), *Bringing TV Back to Life*, notes that the “speed and magnitude of the disruptive change of digital video is forcing companies to evolve business models rapidly and at scale”. This is relevant to the Sallywood strategy, in that it too needs to be dynamic and flexible in the face of rapid technological change. Accenture recommends that broadcasters, telecommunications companies and cable companies need digital-based business strategies and associated capabilities. To this end, it is important to consider the impact of both digitisation and general digital trends

Digitisation

The impact of digitisation can be felt across the production cycle from hardware to software. Though most films are now shot on digital cameras and most cinemas use digital projectors, the impact of digital on the film business has been less disruptive than many anticipated in the early days of the internet. Films and television are still – for the most part – developed, produced and distributed in the same way they were in the last century. There have been, however, a few adjustments and opportunities from digital technology that bring possibilities not available to previous generations of filmmakers.

For example, the production process has changed in several subtle ways. Though the crew mostly have the same positions and titles they have always had, computer-based software has taken over the budgeting, scheduling and reporting functions. Moreover, digital cameras make possible instant play-back of just-shot ‘takes’ (the shot recorded) but also near instant editing of scenes, on site, if that is required. Exposed film need not be sent away to the lab for developing and printing so that there is a two to three day lag before the director can see the footage. Digital footage can go straight to an on-set editor who can assemble the footage into a rough edit to give a better idea of how the scene is working. Similarly, the ‘rough assembly’ of the whole film is now available much sooner after the end of principal photography than what was the case before. Shooting digital has significantly driven down costs and allowed for better quality, in high definition, for broadcast. Although many filmmakers prefer film, the price point of digital makes filmmaking more accessible than it’s ever been before.

In addition, shooting digital has a number of post-production and distribution benefits. Without the digital revolution, the costs of post-production and specifically certain after-effects would have been prohibitive without a big budget. Now, however, after-effects can be applied at relatively low cost. There is scope to take advantage of the rising percentage of all film jobs and budget that are related to post-production activities and the increasing use and technical quality of visual effects (VFX). For a ‘VFX-heavy film,’ VFX can easily amount for half the budget or more. In addition, most films – even if not of the ‘super-hero’ genre require a certain amount of ‘cleaning up’ after-effects and post-production work. Perhaps surprisingly, the increased use of VFX has not reduced the demand for large stage space for shooting. One might have supposed that the increased sophistication of VFX would have limited the construction of large physical sets on studio stages. However, the worldwide demand for stage



space continues to increase with large Hollywood productions requiring 125,000 square feet or more.

As Follows (2017) points out, this creates an opportunity for developing countries who can offer technical and special effects expertise at competitive prices, since post-production work (unlike filming) is not dependent on location. Follows (2017) further comments that, for countries with high levels of VFX employment, even a small change in international incentives, such as tax relief schemes, could potentially cause big changes in employment. For South Africa, which already has post-production incentives in place, as well as studio space and technical expertise, this may offer a significant growth opportunity.

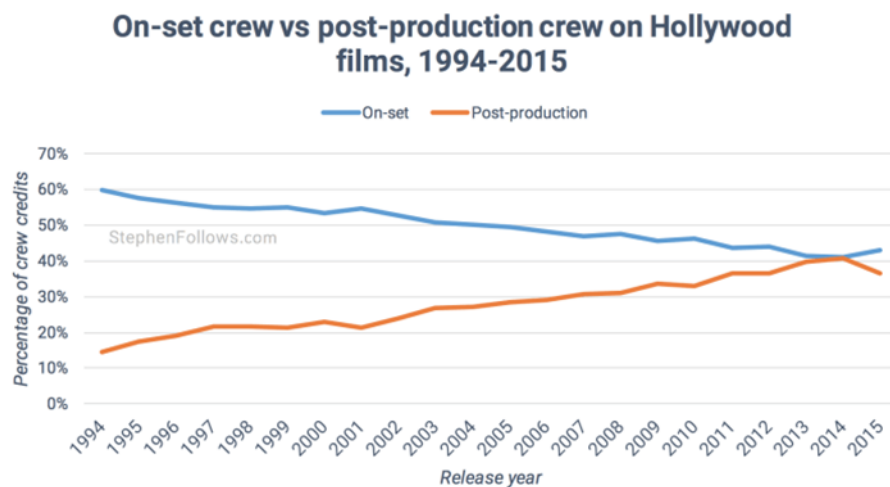


Figure 8 On-set versus post-production crew employment on Hollywood films (Source: Follows, 2017)

In terms of the impact of digitisation on *distribution*, with very few exceptions, the dream of a direct relationship between filmmakers and audiences, with the ‘disintermediation’ of the conventional structures of the film business, has failed to materialise. In fact, the abundance of available content – film and the new high-grade television series competition – has increased the importance of star quality and savvy marketing. Facebook, Twitter, Instagram, YouTube and other digital platforms are, of course, essential elements of many marketing plans, but the fundamental question of attracting audiences has not changed markedly – whether they are ‘buying’ the product on a big screen or a small screen.

Digital Trends

From the broader digital point of view there are several trends shaping the direction of the film and television industry. Mostly it is pertinent to look to advanced economies to understand what the future could bring for a Sallywood – an approach which, with strategic planning, could allow South Africa to leapfrog and establish its own unique niche in the global film industry, depending on what kind of enabling environment South Africa provides. Options include



focusing on post-production, setting up render farms, becoming a gateway to the African film location, or focusing on high quality TV series production.

In terms of development, internet connectivity has levelled the playing field and opened up immense opportunities. The internet has also provided access to information on a wide range of different topics and therefore different potential stories. It has made the job of research and story generation quicker and easier. Moreover, it is possible not just to find a new story, but to get a sense of how popular and interesting it might be to a potential audience.

Other major digital trends and their resultant consumption patterns are notable for Sallywood. Multichannel viewing, for instance, means that people are often watching content on one screen, reading about it another, and then posting their thoughts about it to other channels such as Twitter, Facebook and review sites. This means that marketing and consumption patterns need to become integrated and move from a linear production line to an integrated, multi-media ecosystem. Artificial Intelligence (AI) will also move to close gaps in the production cycle, and could for example shoot on-set, piece together edits ahead the final cutting room and automate other functions across the industry. Despite the labour risks, there is scope to incorporate AI into the vision for Sallywood alongside training and development in new technologies. Virtual and mixed reality will also change the way consumers view and choose content – and there will be a greater demand for blended experiences. It is thus critical that Sallywood incorporate these elements into the production, post-production and distribution stages of the film and television production cycle.

The rise of big data and analytics and better curated content, based on personalised preferences means that video-on-demand services can cater for and curate for audiences. Therefore, if an audience member enjoys South African film, data-led tracking of these preferences could mean that they are directed toward South African content rather than simply channel or content surfing. Sallywood could take advantage of trends in big data and analytics to reach new local and global audiences with an appetite for South African stories. This also has implications for the marketing machine, and online advertising in tandem with data analytics means that advertising is getting smarter and can be more targeted and effective. Marketing hype for South African content could again reach ideally paying-for audiences interested in consuming South African stories. Lastly, the increased penetration of both cellphone hardware and coverage is opening access to new audiences on the African continent, who are a potential market for South African generated content. Sallywood filmmakers should be incentivised to generate content that is appealing to African audiences. In conjunction with growing demand for satellite TV such as DSTV on the continent, new content will be needed to fill airtime, and Sallywood could easily move to fill this gap while developing African audiences.

In addition, there have been two substantial changes in distribution as a result of digital technology. One is that digital platforms have provided new distribution windows – subscription and transactional video-on-demand and digital , among others. These have largely replaced physical media, usually DVDs. This situation has put pressure on the traditional delayed



release pattern or so-called windows: where a film would start in a cinema, then move to DVD, then pay-per-view, then television. These releases patterns can now almost be considered as parallel processes, a scenarios that has accelerated in many countries. A less positive outcome has been the threat of piracy, which in certain markets, such as China, is the most prevalent form of distribution.

The second is that a radical change in cinema exhibition has been made possible by the introduction of digital prints. In the last century, physical prints needed to be made and physically delivered to cinemas. Nowadays, digital 'prints' can be made at practically no marginal cost. Moreover, where bandwidth allows, they do not need to be physically shipped; the cinema can download a digital print online. This has reduced distribution costs¹² and made possible more flexible exhibition schedules. It is – certainly in theory – possible for a cinema to download a digital print for a single screening during the week, when it would never have been economical to ship a physical print for that screening.

This kind of flexibility has also made possible different kinds of launch strategies and 'event cinema.' It is now possible to launch a specialist film in a high profile way through engagement tools such as arranging a Q&A with a film director that is broadcast by satellite to a small number of cinemas on opening night. Audiences have demonstrated that they are willing to book in advance and pay increased ticket-prices for access to such event screenings¹³. One of the items discussed below is audience development strategies.

Though there is much attention being paid to new digital methods of raising money such as crowd funding, international feature films are still financed in the same way that they have always been – by the Hollywood majors in the case of large international productions, and by distributors, sales agents, broadcasters, investors and public bodies, in the case of the independent sector. While production of mainstream big budget films may not have changed much, Follows (2017) identifies an increase in "micro-budget" film making as a result of new technologies that bring down production costs and make smaller budget films more financially viable.

South African media sociologists, Tomaselli and Mboti (2013) in their study of micro-budget films in eThekweni, define micro-budget films as those that are completed in a short time span (a few days or a few weeks), have low budgets, and are distributed immediately via DVD in informal street markets. Micro-budget films in Durban have a production budget of R60 000-

¹² The exhibition sector – the cinema owners – had to make the investment in new digital projectors while the cost savings went to the distributors. Thus, the introduction of digital prints was accompanied by intense negotiations between the two sectors and measures to share the costs and benefits of the new technology.

¹³ See <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/BFI-insight-report-the-perverts-guide-to-ideology-2014-09.pdf> for an example.



R150 000 (in 2013 prices). They argue that the growth of this industry in Nigeria and Ghana can be seen as an important part of Indigenous Knowledge Production because:

“Although often technically challenged, Nollywood-type movies draw African audiences because they are *meaningful* to them. That is, the cultural modes and codes utilised in the films always ring the right bell, so to speak. Indeed, Nigerian and Ghanaian video films are a form of indigenous expression, a response to the local and global world through creativities and innovations” (Tomaselli and Mboti, 2013:15).

In terms of distribution, Tomaselli and Mboti point out that since the advent of DSTV’s African cinema channels, micro-budget films have also had better distribution options and have become “more culturally and economically important”. They point out that, in the South African context, micro-budget films offer many advantages:

- Low production costs reduce financing problems and risks;
- Their content is related to South African histories and stories, linked to indigenous knowledge systems;
- They are produced in local African languages, using South African actors, producers, directors and other talent filling a currently unoccupied niche;
- The intellectual property resides with the South African writers and producers.

However, their study also finds that current stage subsidy institutions may not be well suited to the needs of such micro-budget films. They argue that initiatives like the [ReaGile](#) development in Durban (part of the development of film cities) offer small cinema complexes in local communities that can help to build local audiences for such micro-budget films, and become nodes for other CCI business development.

Tomaselli and Mboti (2013) apply a value chain analysis to the production of a micro-budget film, *Knife Edge*. Their findings show that, while some areas of the value chain for the film are very strong (Development), or strong (Production and Audience Consumption), Distribution and Post-Production are weak. This provides an interesting contrast to other South African studies of mainstream film and TV production (discussed later in this report), which find that the weakest phases of the value chain are Development and Audience Consumption. This may be a gap that micro-budget films could help to fill if they were better supported in the post-production and distribution phases.



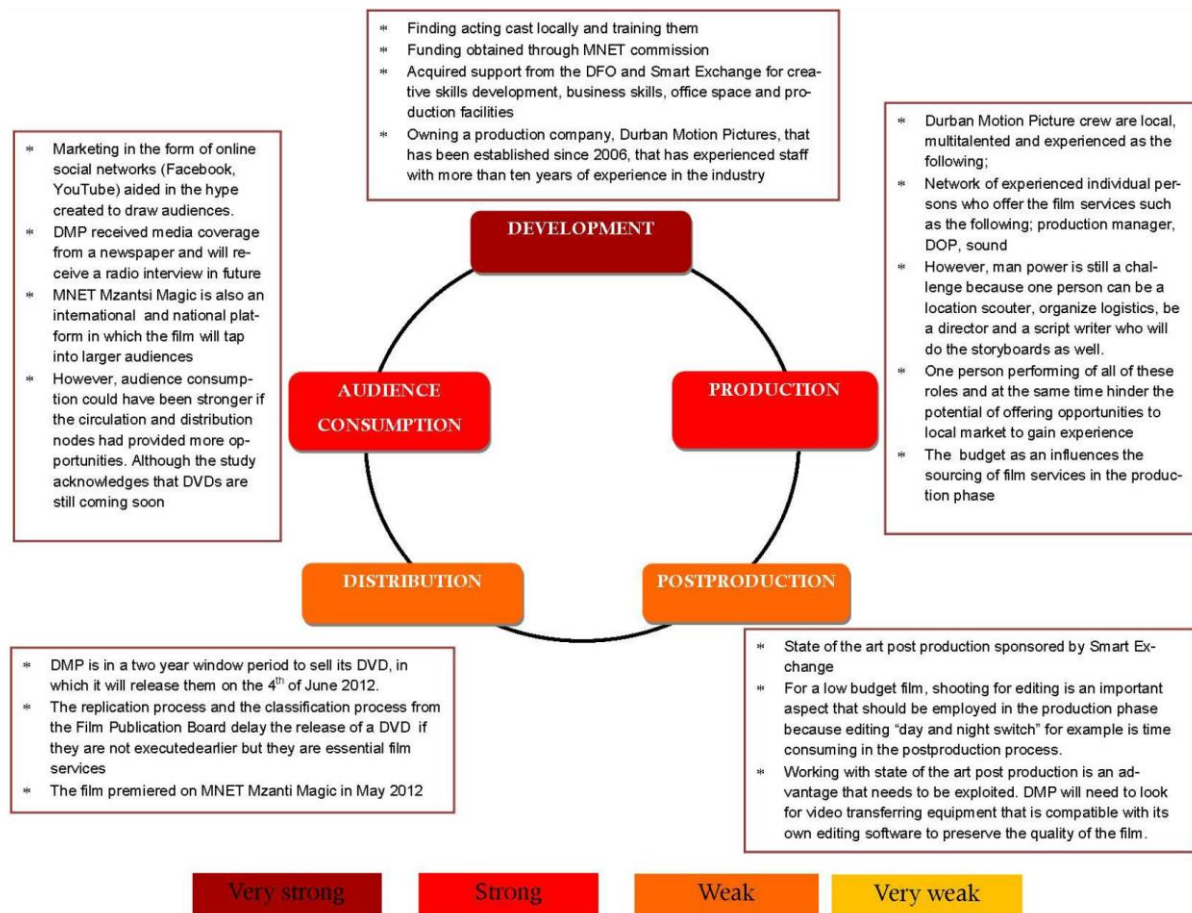


Figure 9 Value Chain Diagram for "Knife Edge": A Micro-budget film produced in South Africa (Source: Tomaselli and Mboti, 2013:29)

New methods in user experience and engagement as a result of digital technology together with advances in the hardware and software elements of film and television are creating significant opportunities. In creating an enabling environment in which Sallywood can emerge and thrive, the South African government must give deep consideration to technological advances, and prepare to not only move alongside them, but to keep step and stimulate its usage across the production cycle, leveraging it to capture new audiences with truly South African content. This demands certain policy flexibility and a willingness to experiment.

Broadcasting – Digital Terrestrial Television

The digital revolution across software and hardware means that a career in and opportunity to make film and television is more accessible and affordable than it has been in history.

Digital Terrestrial Television (DTT) refers to the use of a network of TV transmission towers on earth as opposed to satellites in space to broadcast digital as opposed to analogue signals. An analogue signal can have any number of values. A digital signal can have only the values



zero or one. A digital signal can be more easily corrected of errors caused by unwanted electronic noise than can an analogue signal. The benefits of digital TV broadcasting include:

- Excellent picture quality
- Clearer sound
- More channels
- A digital TV guide which can be easily updated for more accurate schedules.
- Interactive services like games or the Weather channel.
- Picture quality which does not deteriorate with a weaker TV aerial signal. Your TV picture will either be perfect or you will have no picture at all. No more snowy pictures.
- Allows transmission of high definition (HD 1080) TV pictures

The International Telecommunications Union (ITU) has set June 2019 as a deadline for countries to have implemented digital migration.

There is a debate whether the DTT platform should be encrypted or not. E.tv feels it is necessary to secure better programming. MultiChoice, on the other hand, was strongly opposed, arguing that including “conditional access” (a method of

Without encryption, there would not be an incentive for firms to produce content and this will make it difficult for emerging firms to get a foothold in a market.

controlling set-top boxes, which is typically employed by pay TV operators) in the five million boxes that would be subsidised by government for poorer households, would allow prospective competitors an unfair entry into the market. Without encryption, there would not be an incentive for firms to produce content and only rely on advertising revenue. This will make it difficult for emerging firms to get a foothold in a market dominated by MultiChoice.

Technological Advances

However, Sallywood could emerge quicker because of technological advances that provide new platforms to reach larger audiences. However, the South African government would need to focus efforts on training to keep up with technological advances, and could set up specific training schools to focus on the post-production elements, which offer high labour absorptive and creative potential.



3.6 Animation and Gaming

3.6.1 Animation

A recently released report on the global animation industry (Research and Markets, 2018¹⁴) estimated that the industry was worth US\$254b in 2017 and growing quickly. The report pointed to the links between films (that are increasingly using animated visual effects), video games and animation:

“Moviegoers are demanding high quality productions with engaging visual effects and realistic animation and studios are including more animation and VFX shots into films. Consumers are consuming more immersive content across channels such as ultra-high-definition TVs, tablets and smartphones to head mounted devices. Animation, VFX and games content is being consumed not only on Netflix, Amazon, Hulu and Twitch, but also on YouTube, Twitter and Facebook.”

Increasingly, the sector is about an ecosystem of digital assets that links the film, gaming and merchandising opportunities to spread the income stream and mitigate risks. South Africa lacks experience in management and leveraging of such opportunities in the sales and distribution part of the value chain, that focuses on the brand rather than product.

South African animation industry, based mostly in The Cape Town, is also showing signs of growth. The table below identifies opportunities and challenges for the animation sector:

Table 5: Challenges and opportunities for the animation sector in South Africa¹⁵

Opportunities	Challenges
Healthy competition and co-operation within the sector, with existing institutional structure	Continuity of work to enable industry sustainability
Price advantage in servicing international productions in certain areas of the work split (production pipeline)	Maintenance and retention of key talent (who are offered better opportunities in other countries)
Talent sharing between animation companies	Comparatively small in a global context
Networking and recruitment at events, such as the Cape Town International Animation Festival	Developing “authentic African stories” and retaining own IP

¹⁴ https://www.researchandmarkets.com/research/7qrks8/global_animation?w=5

¹⁵ Sources include: <https://www.iol.co.za/capetimes/arts-portal/leap-forward-for-sa-animation-industry-15882588>; <http://themediainline.co.za/2018/04/south-africas-booming-animation-industry/>



Opportunities	Challenges
Growing international recognition and quality, especially in particular niche areas	Relatively high labour costs compared to other international partners (such as in India and other parts of Asia, like Singapore)
Growing business and management expertise	Incentives (DTI) smaller ¹⁶ , and take longer to process, than in competing countries.

Evidence of the growing quality of the sector can be found in recent international awards and contracts such as:

- Eye Creative has produced for Netflix and was involved with an Amazon nominated for three Daytime Emmys;
- Triggerfish Studios animated the short film, Revolting Rhymes, which was nominated for an Oscar in the Best Animated Short Film category;
- Locally produced Mind's film Belly Flop was screened at the Annecy International Animated Film Festival in France (funded by the NFVF);
- Isaac Mogajane's film Junk Pilots was awarded the Disney Channel Prize for a New Series.

The industry is also marketed by being represented at international festivals, such as the Mifa Pitches event, held in conjunction with the Annecy festival in 2018, where South Africa was represented by Animation South Africa, supported by the DAC, NFVF, DTI, Wesgro and the KZN Film Commission.

The animation sector in South Africa has strong existing institutional structures, like Animation South Africa (A.S.A), which was founded in 2006 and is a non-profit organisation mandated by industry "to develop, promote and represent South African animation and VFX."

"Our vision is to nurture a vibrant, sustainable and transformed Animation and VFX industry for South Africa, offering a diverse range of content and services that is unique and globally competitive" (Animation SA, 2018¹⁷).

The sector is also increasingly reliant on international partnerships, to take advantage of cost difference within particular parts of the production process, and as a way of overcoming skills shortages in South Africa. Transformation is a major challenge in the animation sector because the training is more expensive and of longer duration than in other parts of the film

¹⁶ Unlike other Canada and France, South Africa does not currently have a specific animation incentive. In addition, the DTI incentives do not include labour rebates and "geographic remoteness" incentives offered to companies producing outside of large cities (as in France, for example).

¹⁷ <https://animationsa.org/>



industry. The instability of the sector in terms of being able to generate continuous employment results in many mid-level professionals moving out of animation.

3.6.2 Gaming

The Gaming Industry can be broken down into three main segments: Mobile, PC and the Console. Globally, gaming on Mobile devices, including cellular phones, is the fastest growing part of the market and currently accounts for 51% of global gaming sales¹⁸. For this sector to grow, access to fast, reasonably priced data is a prerequisite.

According to Hall, Watson and Kitching¹⁹, the South African Gaming Industry is quite immature: Most of the respondents to their study indicated that they had been in operation for five years or less, compared to gaming companies in the US, UK and Japan who have been running since the 1980s. South African game developers mostly work for advertising companies and produce animations as well.

Nevertheless, there have been five notable contributions from South African game developers namely: Freelives, the Brotherhood, Thoopid, Runestorm and QCF Design²⁰. There has also been fast growth in terms of revenue generated by the sector: in 2014, the income derived by South African Gaming Industry was R29,7 million which increased to R100 million in 2016. The rise was due to the international releases of Stasis and Broforce, as well as 45 other South African games (Interactive Entertainment South Africa).

The Gaming Industry is highly competitive, which could pose difficulties for first time-developers²¹. To illustrate just how competitive the Gaming Industry is, one could look at the online gaming platform, Steam²². According to Steam, of the 800 million registered games on their platform, 37% (296 million) have not been downloaded even once.

One way of competing is to offer games that are available to download for free, known as “Free to Play” (F2P), as compared to games that require an initial payment before the consumer may download the game. F2P games make their money through in-game purchases, or more developed versions. A first-time developer would thus have to forgo short term income for long term income by making the game F2P. From a policy point of view (as

¹⁸ <https://newzoo.com/insights/articles/global-games-market-reaches-137-9-billion-in-2018-mobile-games-take-half/>

¹⁹ N. Hall, M.J. Watson and A. Kitching (2016), “Serious About Gaming” with the assistance of IESA (Interactive Entertainment South Africa) and MGSA (Make Games South Africa)

²⁰ <http://www.mweb.co.za/games/view/tabid/4210/Article/19058/Five-video-game-studios-making-South-Africa-proud.aspx>

²¹ https://www.gamemarketinggenie.com/blog/how-seriously-competitive-is-the-gaming-industry?gclid=CjwKCAjw7vraBRBbEiwA4WBO4Dzk5Y_Q7vCX0hvdVDICCaVxPaonZDHjRiDe_dP8ivAAsm_0uWdKR0Cy5UQAvD_BwE

²² <https://store.steampowered.com/about/>



with traditional film and video production) funding to the development phase of the work is thus essential.

International gaming competitions, most played by teams, are big business. For example, the game with the largest tournament prize in 2017, DotA 2, had a prize pool of nearly \$25 million. A game by a new developer would thus be more likely to be successful if it was multiplayer, to promote the social aspect of gaming and allow participation in tournaments. Again, wireless connectivity, available at a reasonable price, will be key to the growing demand.

The PWC Media and Entertainment Outlook (2017) also makes the point that, in the past, participation in games was restricted to audiences who could afford to buy expensive PC or gaming equipment. Even in this segment, research reported on by Hall et al. (2017) showed that there were more than 11 million gamers in South Africa: 78% black; 8% coloured; 3% Indian/Asian and 11% white. However, the rise of mobile gaming via smartphones has meant that many more South Africans can afford to play. PWC (2017) estimate that mobile internet penetration via smartphones will grow from 52.3% in 2016 to 77.8% by 2021, opening up the market even further.

A potentially profitable approach by SAG²³ (Serious About Gaming) bridges two industries in South Africa by producing what is known as 'Serious Games'. These Serious Games are informative and entertaining as they aim to educate whilst also treating the consumer to an enjoyable experiencing. In the short term, this education focus may be a good way forward, as it will allow the industry to grow and develop the skills and experience needed to contribute to the highly competitive international gaming market.

Policy Implications

Although both the animation and gaming sectors in South Africa are under-researched, the above sector snapshots show that they have significant growth potential, perhaps even more than the traditional film and video sectors of the industry.

Although the size of the South African animation and gaming sector is comparatively small, the international rise in demand for their content, and the growing quality and recognition of South African products, shows that the sector is maturing.

Challenges faced by the sector (and thus policy interventions) are very similar to those faced by the film and television industry as a whole:

- Skills development and training with a view to greater sector transformation;
- Keeping key skills in South Africa;
- Providing continuous work so that a career in the sector is more attractive;

²³ <http://seriousaboutgames.co.za/>



- Development (and maintaining control) of own Intellectual Property, while also attracting and developing profitable international co-production and servicing work; and
- The importance of development (pre-production) finance.

An additional challenges specific to the animation and gaming industry are:

- Access to the (mostly) internationally developed software is needed to compete in the sector. Purchase, and regular updates, are very much affected by exchange rate volatility.
- For both animation and gaming, access to “render farms” (part of the production process to produce the final digital asset) is highly dependent on the access to, and reliability of, equipment and electricity. In terms of policy, access to base infrastructure, such as internet, fiber and electricity are thus key determinants to develop new (and maintain existing) hubs. This will become a limiting factor to creating regional hubs.
- On the demand side, (as in the traditional film and television industry) reaching audiences is key, but access via the internet is even more important in this sector than for the film and television industry as a whole, especially where gaming is concerned. Like films, audiences and gamers in South Africa are likely to be resource constrained, so access at a reasonable price is important.

3.6.3 Competition and Market Share

While South African film producers may be able to produce films with smaller budgets due to changing technology, international data shows that they will increasingly have to compete with blockbuster, big budget films globally, but specifically from countries such as the US, the UK and China. Table 5 (based on the newly released UNESCO film dataset) clearly shows that for many developing and developed countries, the percentage of box office earnings from local films, already low, is likely to come under increasing pressure.

Table 6 Percentage of Gross Box Office Revenue earned by locally produced films.

Country	2013	2014
Australia	2.5	7.2
Brazil	11.3	11.8
Canada	3.0	1.9
Chile	2.5	3.3
China, Hong Kong Special Administrative Region	21.7	19.4
India	91.5	85.0
Russian Federation	18.7	17.4
South Africa	6.3	5.8
United Kingdom	26.8	44.3
United States of America	95	88.8



Source: UNESCO Film Dataset (2017)

The downward trend in South African film production is verified by the NFVF Box Office Report (2017), which showed that, of the 106 films released in South African cinemas in the first half of 2017, only ten were South African. The NFVF report also showed that the share of box office earnings from South African produced films has fallen from 11% in June 2012 to 5% in June 2017.

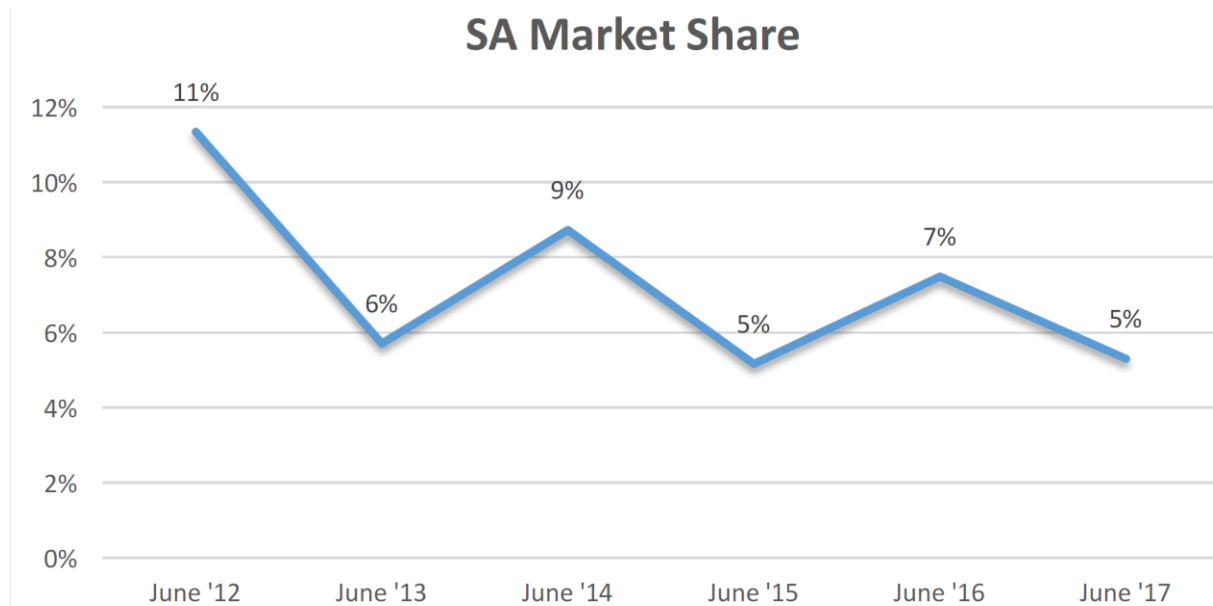


Figure 10 Share of box office earnings for South African Films (NFVF Box Office Report, 2017)

In April 2017, UNESCO released international data on the film industry. The UNESCO film dataset allows one to compare the country of origin of all feature films exhibited with the number of admissions, and thus the market share (percentage of total admissions) for films from each country. What the data shows is the absolute dominance of the US film industry in almost any country examined (for which data are available), including South Africa, where more than 80% of admissions were to films produced in the US. While European countries are still dominated by US movies, this is to a lesser extent, with just over 50% of film admissions in the Germany, the UK and France, for example, being to European films. An exception is Morocco, where US films still make up the largest market share (43%), but less than half of total admissions. Of course this data is primarily for cinema screens and does not take into account other platforms, which are re-shaping the way film is consumed.

While there is global interest in South African films, especially bigger budget films such as *Kumba*, *Tsotsi* and *District9*, there is also pressure to conform to international quality standards. While this is good in general for South African film and television, it does create a scenario where the gap between award-winning or block buster material and other local content widens and a concentration of capacity and skills in the industry occurs. Internationally



awarded, renowned and showcased work is a fundamental part of the Sallywood strategy. Film festivals are an important part of realising the strategy; and certainly there must be local support for such submissions – but this needs to happen in tandem with the overall lifting of the industry. In addition, the indicators of success need to be balanced: quality (and global recognition) versus commercial success. A filmmaker can produce high quality, internationally recognised work and not make a profit on the film. Conversely, a filmmaker can make a film which has appealing content and is thus a commercial success, but may not conform to the highest quality or production standards. Although these two are not mutually exclusive. However, a functional Sallywood would be producing a range of films and television productions. It would have a bedrock of lesser acclaimed, but nevertheless South African produced and distributed content and a smaller echelon of high quality, festival appropriate content. In this way, the industry grows from both the bottom-up and the top down. The Sallywood strategy therefore needs a pincer approach to grow the industry from both sides.

The objective in establishing a Sallywood is not to overthrow the US or other leading countries' domination in terms of film outputs. Indeed South Africa can lobby, as it does, for location and post-production opportunities which would create value chain and economic benefits to the country's film and television industry. The goal, on the one hand, is to support content development for all screen types in South Africa, and on the other, to grow local, regional and international audiences that consume this content. In this way, a wide range of broadcast content can contribute toward ensuring South African content features more prominently on box office rankings, but also on new platforms. In the case where top film and TV producing countries use South Africa as a location or conduct post-production in-country, there is scope to promote this content with South Africa as an example of destination marketing and post-production potential. Sallywood is ultimately about uplifting the entire industry across the production cycle, seizing beneficial opportunities and ensuring there are the skills and talent to deliver when the projects come – whether local or international.

3.6.4 Industry Geographic Clustering

There is a tendency within the cultural industries to 'cluster' in larger cities (Grodach and Seman, 2013). Based on a re-analysis of DAC (2013) CCI interview data (SACO, 2016), the clustering of various types of CCIs was examined. Findings showed that 71% of film and video CCIs were based in either Gauteng or the Western Cape, the two wealthiest South African provinces, and home of the cities of Johannesburg and Cape Town, respectively.

Visser (2013:14) found very similar results in his spatial analysis of the South African film industry and its role in fostering 'creative cities'²⁴ which he notes "is highly clustered in the

²⁴ See also <http://www.gautengfilm.org.za/news/news-archive/2016/june-2016/1434-new-filmmaking-hub-launches-in-johannesburg>; Anant Singh's film complex in Durban - <http://www.destinyconnect.com/2017/11/28/ethekweni-world-class-film-city-develop-industry-durban/> An



metropolitan areas”. In terms of fostering balanced regional development, subsidies to the film and television sector are thus much more likely to benefit provinces with large cities than rural areas. However, clustering also lends itself toward targeted interventions, for example, the establishment of creative special economic zones. This is something which is under-explored as a policy tool and to some extent is already happening organically, which means government support could bolster existing industry momentum. Clusters can also generate spillovers for firms working in the location that can drive new opportunities, innovation and growth.

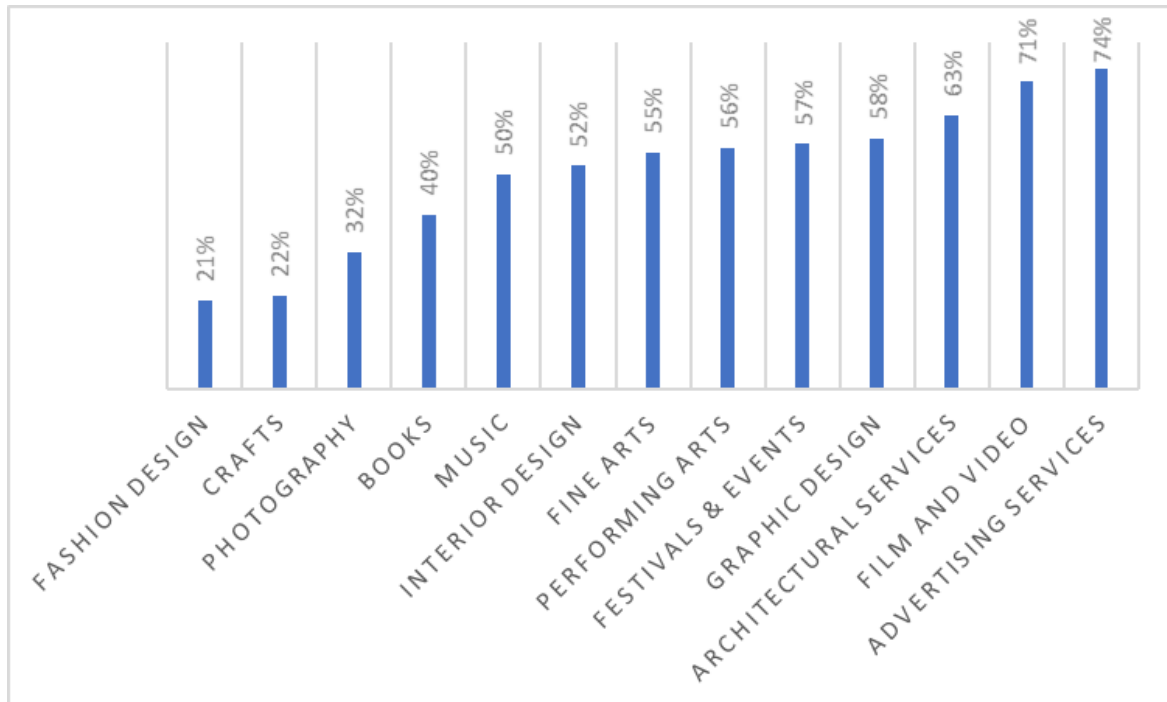


Figure 11 Percentage of firms in DAC sample in each sector that are based in Gauteng or the Western Cape Provinces

Strategic Sallywood interventions should consider geographic clustering and its associated benefits, such as resource sharing, economies of scale, access to skills and networks. In turn this could support efforts toward transforming and developing the industry.

interesting article looking at Morocco as growing film hub – incentives introduced 2016
<http://www.thecallsheet.co.za/morocco-becoming-hollywood-of-africa/> and also
<http://variety.com/2016/film/news/hollywood-studio-executives-flock-to-morocco-the-arab-worlds-favored-filming-destination-1201935940/> and Dubai Media City - <http://www.dubaifilmcommission.ae/locations/studios-stage>



3.6.5 Skills Development, Human Capital and Transformation

In 2015, the NFVF released a report on the [State of Skills in the South African Film Industry](#). The research was based on a wide range of interviews with industry employers along the film value chain and training institutions, as well as discussion workshops with stakeholders. Findings showed what appeared to be a paradox: On the one hand, new film graduates from higher education institutions were being produced at a faster rate than the industry was creating jobs; on the other, film sector employers reported a shortage of well-qualified and experienced people to employ. The report (NFVF, 2015) explained the contradiction by linking it to the type of short-term, contract production that is typical in the CCIs, and the generally small size of film production companies in South Africa. Most of this work is in servicing projects where the copyright is owned by someone else, which is another argument for the need to development sustainable own IP work.

On the one hand, new film graduates from higher education institutions were being produced at a faster rate than the industry was creating jobs; on the other, film sector employers reported a shortage of well-qualified and experienced people to employ.

In the film sector, teams of people with the specific skills required for a particular project, are assembled over fairly short time-frames. When the project is over, the team disbands. Caves (2000) argues that this method of production is an important way to offset the risk associated with creative ventures, where demand is volatile and uncertain. In this situation, firms that employed people on full-time, permanent contracts would go bankrupt if too few projects came in, and would not have the necessary flexibility needed to source people with the specific skills required for particular projects. An expansion of the television series industry in many regards mitigates this, as crews and other creative talent have work over a longer timeframe. Indeed, this is also why many production houses are required to do corporate and other non-core work to mitigate financial stress, associated with project work. Also, with the proliferation of online video content, there is growing scope for shorter-form content associated with brands that helps support production houses.

Short-term contracts also mean that on-the-job training is limited, since there is seldom time or incentive for such interventions. In some CCI sectors, one can enter the industry by working as an unpaid volunteer to build up the social capital and experience needed. However, this is only possible if the resources are available to support the person during this time giving those from more affluent backgrounds the advantage (Siebert and Wilson, 2013).

The NFVF report (2015) showed that the average size of South African film production companies, in terms of full-time employees, was seven people. However, this average was skewed upwards by a few very large firms. About half of film production companies had between one and two full-time employees. Companies expanded dramatically for different



projects, depending on the project size: 35 to 50 people more for minor projects; and 50 to 200 more people for major projects. These small companies, relying on contract work, do not have the capacity to take on paid interns or trainees. As a result, work integrated learning is extremely limited. Even graduates from good institutions recognised by the industry found it difficult to find employment because they did not have the skills and industry experience needed to be immediately productive in their new job. This is what was creating the skills shortage in the industry, despite the relatively high number of graduates. In essence, there is a concentration of capacity, especially in skilled positions across the industry. This is only exacerbated by the project nature of the work, centralising work among a few highly skilled creatives. A more expansive content pipeline, coupled with support for smaller productions and advanced audience development tactics could help offset this challenge – and this is an important prerogative of the Sallywood enabling environment.

The report notes that proposed solutions to the problem include education and training courses that have stronger links with the industry and include more practical learning. It was also suggested that government might support skills development by paying the wages of interns, much like the Youth Wage Subsidy/ Employment Incentive Act (EIA), or through special bursaries for a defined period so that more companies would be able to employ graduates. This would allow new entrants to gain valuable work experience, but also give them opportunities to network, which is also very important in procuring future freelance or gig work in the industry.

The Revised White Paper on Arts, Culture and Heritage (2017) recognises that the funding of SETAs within the CCIs using strategic levers such as the [Skills Levy](#) may be a challenge for certain sectors such as the film industry. Small firms without steady income streams cannot contribute significantly to SETA funding, constraining what the SETA can achieve. The suggested strategy is that SETAs have more specific mandates and change from a sector-specific funding model to a centralised cross-sectoral funding model managed by the National Skills Fund. This would allow for cross-subsidisation within the CCIs where needed.

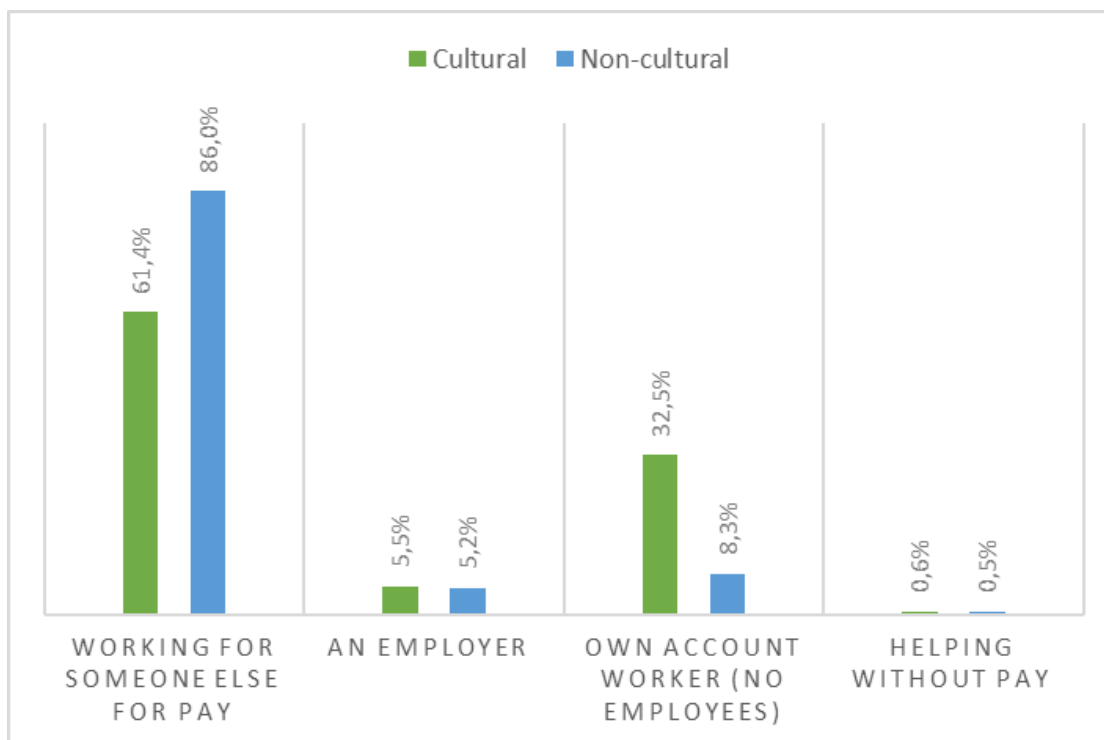
There is already movement toward providing hands-on training in the South African film sector from the private sector. For example, the Film Industry Learner Mentorship (F.I.L.M) is a non-profit company that focuses on providing especially black South Africans with, “hands-on experiential learning opportunities under mentorship, on local and international feature and commercial productions”. The company also developed entrepreneurial skills production and content generation in

The Film Industry Learner Mentorship (F.I.L.M) is a non-profit company that focuses on providing especially black South Africans with, “hands-on experiential learning opportunities under mentorship, on local and international feature and commercial productions”.



film, television and digital media²⁵. The Sallywood strategy elevates skills development and on-the-job training as primary to creating the enabling environment in which film and television can thrive in South Africa.

A recent study of cultural occupations in South Africa (Hadisi and Snowball, 2017) using national-level data from the Labour Market Dynamics Survey, backs up the statement of the prevalence of short-term contract work in the CCIs. The vast majority of those working in non-cultural jobs are “working for someone else for pay” (86%) – that is, they are employees. In cultural occupations, only 61.4% of people are employees, while nearly a third (32.5%) are “own account workers” with no employees, that is, freelancers. Only 8.3% of non-cultural occupations fall into this category. This finding provides support for the theory that freelance contract work is much more common in cultural than in non-cultural occupations. There are several policy levers that can support freelancers, but also, in general a productive industry would keep people in employment for longer. Also a focus on longer form and television content production is strategic from multiple perspectives, including skills development, employment and indeed audience reception.



²⁵ <http://www.filmsa.co.za/default.htm>



Figure 12 Types of employment in cultural and non-cultural occupations (Hadisi & Snowball, 2017)

Short-term contracts, or freelance work, also has implications for the transformation of the industry. Some international research (Oakley, 2006, 2013; Eikhof and Warhurst, 2013; Siebert and Wilson, 2013; O'Brien et al., 2016) has noted that, although the CCIs were originally seen as open to all, with successful participation based on talent, this has not, in fact, been found in most research.

This is also the case in South Africa: As shown in figure 13 above, those working in cultural occupations are somewhat less racially diverse than those in non-cultural occupations. In non-cultural occupations, 73.9% of workers are African, 10.5% are coloured, 3.1% are Indian or Asian, and 12.5% are white. In cultural occupations, the proportions of African (66.5%), coloured (8.9%) and Indian/Asian (4%) workers are mostly lower, while the percentage of white workers (20.6%) is higher.

Some of the UNESCO Domains are less transformed than others, however, especially those requiring higher levels of education or formal qualifications. For example, Domain E (Audio-Visual and Interactive Media), which includes the film and TV industry, is 41% white (54.9% have tertiary education) and Domain F (Design & Creative Services) is 43% white (66% have tertiary education). This demonstrates that access to tertiary education, and the ability to break into the industry through networks, may be one of the factors constraining transformation in the film and television sector in South Africa.

While the South African Emerging Black Filmmakers Incentives focuses on higher level positions, such as director and producers, until recently there were limited mechanisms in the DTI rebates that address transformation, which has been an area for policy intervention. The updated guidelines that will be implemented from September 2018 are anticipated to focus greater attention and effort in the areas of ownership, management and equity control as well as procurement and supplier development. Producers will need to reach minimum transformation-related benchmarks in order to apply for the incentives and, by meeting specified targets related to crew and procurement, may even increase their rebate pay out.

High barriers to entry in the film industry, such as expensive equipment costs and access, and the need for highly skilled and educated talent, limit transformation. The South African Emerging Black Filmmakers Incentive's cost sharing mechanism to support equipment purchase will be one tool to address this challenge at a SMME level.

Since Sallywood's vision is a prosperous and inclusive South African film and television industry, core to this mandate is efforts to focus on enterprise development, skills development and transformation. The application and mandates of the B-BBEE Codes of Good Practice and the Based Black Economic Empowerment Amendment Act, 2013 and the Preferential Procurement Policy Framework Act, together with support for their application, possibly through incentives, are existing levers for the potential industry transformation.



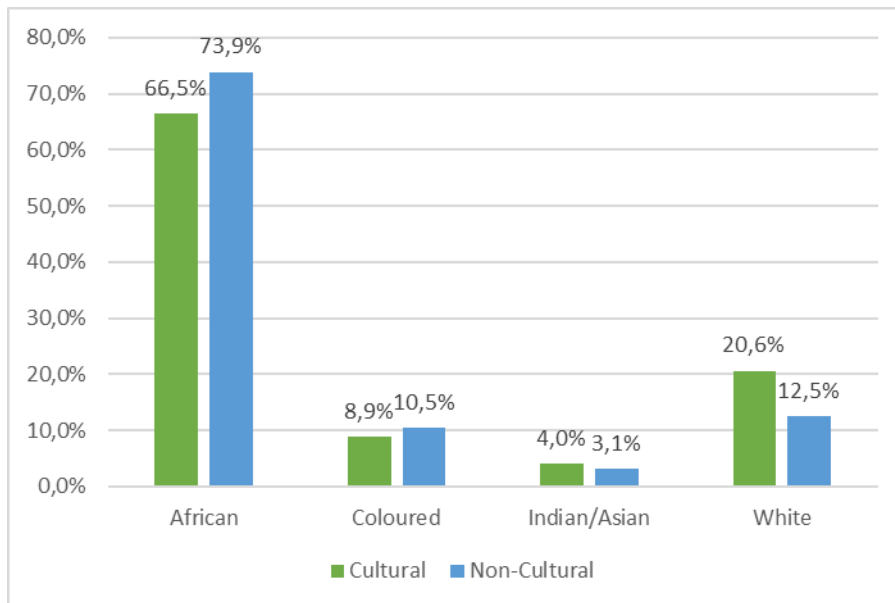


Figure 13 A comparison of race groups employed in cultural and non-cultural occupations (Hadisi & Snowball, 2017)

The NFVF (2017) [Economic Impact Assessment](#) study also highlighted skills shortages in the film and television industry as one of the factor potentially constraining industry development:

“There are skills gaps and shortages across the sector, particularly in camera and photography skills, as well as in visual special effects, post-production and editing. Providing those in the industry with the opportunities to learn their trade is a key component to creating a sustainable film and video industry. In fact, for the industry to thrive, it needs to be able to attract and retain talented people by creating sustainable and successful businesses, which is why it is important that the youth talent are integrated into the industry through dedicated skills development programmes that are holistic in nature, not only to assist young talent to understand the artistry behind filmmaking but also on the business and financial side” (NFVF, 2017: 48).

Part of creating sustainable career paths for film industry professionals is to stimulate both local and international demand for South African film and television. Evidence from Nollywood suggests that a vibrant local demand may be a key factor in developing a local film industry. The next section of this report thus considers the determinants of demand, consumption types and distribution channels.

3.6.6 Women in the South African Film and Television Industry

A report on women in the South African film industry by the NFVF (2016) found that, between 2000 and 2007, of the 55 films produced in South Africa, 6 were produced by women; 9 were based on stories written by women, and 6 had female directors.



Sisters Working in Film and Television (SWIFT) is an industry advocacy group for women in the sector in South Africa. It was founded in 2016 and works towards “engaging, developing and advocating women” through providing “support, empowerment and inspiration”. In 2017, SWIFT published a research report on sexual harassment in the workplace (Ntoele and Atougua, 2017). The report was based on an online survey of 81 women working in the SA film and television industry. Although the sample of respondents was relatively small, the survey uncovered high levels of low-level work-place harassment (66.7% of respondents felt uncomfortable in the workplace due to unwanted advances by co-workers), and a lack of support in reporting or dealing with such incidents. Ntoele and Atougua (2017:10) comment that,

“While seemingly harmless and rarely addressed or taken seriously as harassment these common patriarchal, microaggressions enforce informal gendered power dynamics and control”.

More than three-quarters (78%) of respondents felt that they had been discriminated against based on their gender, and 68% reported having to work harder than male counterparts to prove their worth.

In 2018, the NFVF, in partnership with SWIFT, produced a report entitled “Gender Matters in the South African Film Industry” (NFVF, 2018). Based on a much larger number of responses (512), the survey found that, because of the short-term contract nature of the industry, the majority of women worked on a per project basis (58%), making networking a very important part of securing work. The currently male-dominated networks in the industry thus act to perpetuate the challenges faced by women.

As found in international research, the long and erratic working hours for those employed in the CCIs, which also sometimes involves travel, can be particularly difficult for women, who are often the primary care-givers in family life (Eikhof and Warhurst, 2013). This difficulty also emerged in the NFVF (2018) report, where respondents noted that working long hours, or freelance, meant that balancing work and family responsibilities could be difficult: “The industry does not take into account that we have families and are usually the ones family members depend upon. The industry is not kind to pregnant women”.

In terms of the roles of women in the industry, most felt that women were more fairly represented “in front of the screen” (as actors) than “behind the scene” (in leadership and technical positions). This led to challenges such as women earning lower salaries than their male counterparts, having slower career progression, and not being represented in key decision-making positions. The vast majority (88%) felt that women were not given the same career growth opportunities as men.

Respondents make some recommendations on how to overcome the gender bias against women in the film and television industry in South Africa. These include:



- Education for women in the industry on their rights, and the introduction of “a safe and easy way” for women to report workplace sexual harassment;
- The introduction of a code of conduct for the industry, that could be included in contracts, that would help to protect women from workplace sexual harassment and discrimination;
- Film festivals and training workshops specifically for women film makers that would showcase their work, but also help to build networks and increase knowledge and skills;
- Financial support specifically targeting women (an “emerging female incentive”), or as another respondent suggested, “blind” review of funding applications (names are removed from the application) so that “talent and merit can speak for themselves”.

The NFVF (2018) report added other recommendations aimed at improving networking and communications, such as: developing a national database of female film makers, the establishment of an intergovernmental working committee, and improving information dissemination about support that does exist for female film makers. Other recommendations were aimed at making it easier for women to balance their work and family commitments, such as by establishing aftercare facilities on set for children.

However, as the SWIFT (2017:12) report notes, “The industry itself is highly unregulated with no labour board, standardised pay, legally recognised unions of support structures”. A combination of action from funders and from the industry itself is thus required to overcome the imbalance.

3.7 Demand Side

Demand for film and television depends on the overall economic climate of a country, which include key aspects such as employment, disposable income and changes in spending patterns.

The demand side is most often overlooked, as is the development of commercial film companies and policy development.

3.7.1 Demand for Films in South Africa

The commercial success of individual films internationally is difficult to predict. A study by Collins *et al.* (2002) concluded that while some factors, such as having a star in the cast, and gaining positive reviews, increased the probability of box office success, they were far from certain predictors. The share of box office revenue earned by globally released films from developing countries is growing, although Africa and the Middle East make up only a tiny proportion of this (Follows 2017).



Global Event Cinema revenues (\$m)

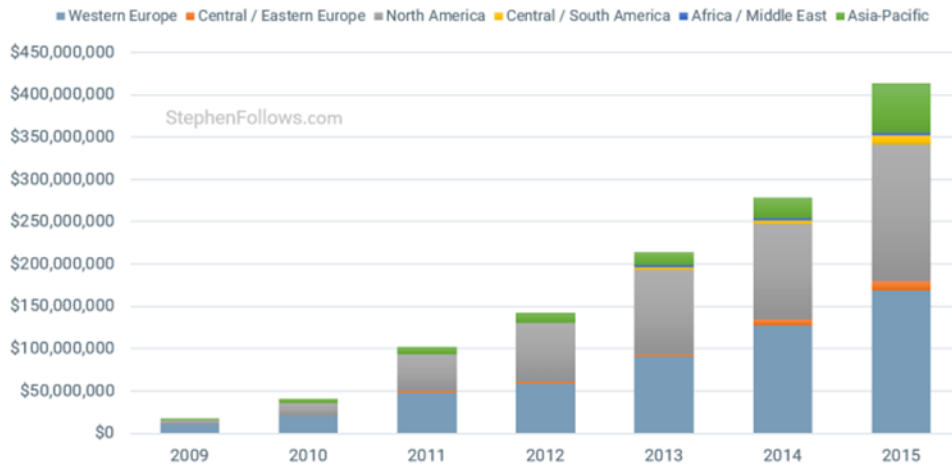


Figure 14 Revenue from Globally Released Films by Region (Follows, 2017)

In this international landscape, developing and growing the South African film industry is thus both a challenging and potentially highly rewarding strategy. The film and television sectors represent one of the largest segments of the CCIs worldwide, and audience numbers in developing countries are growing. However, the industry also faces fierce international competition for audiences from developed countries, particularly the US. Exposure to good quality productions has given South African audiences a taste for technically sophisticated international films and television productions, with which many local producers find it difficult to compete (Creative Industries Report 2008). Unlike the Nigerian film industry, South African films made by South Africans, about South Africans, have seldom managed even to cover their costs at the box office. (Barnard and Tuomi, 2008; NFVF 2008; NFVF Box Office Report, 2017).

While the film and television industry has been very successful in building technical capacity and attracting large budget international productions, local productions are struggling to source financing and attract audiences. There have been some notable exceptions, such as *Tsotsi*, and *Otello Burning* and more recently, *Inxeba: The Wound*, which were successful both in South Africa and internationally, as evidenced by their Academy Award nominations. However, these have tended to be rare. In addition, this does not mean commercial success. For example, the budget for *Tsotsi* was \$3-million and it only grossed just over that in the combined box office earnings²⁶. The Creative Industries Report said of the South African film sector: “With more than 90% of all film releases in South Africa consisting of imported material there is no doubt that local talent and local content remains a priority [for development]”

²⁶ <http://www.imdb.com/title/tt0468565/>



(2007:19). The report attributes the lack of local content to poor distribution and marketing channels, both locally and internationally, but also to the small size of the domestic market, and lack of audience development programmes. Flanery (2009) also points out that the lack of exhibition venues in townships mean that even films intended primarily for black audiences often fail to reach them. While some exhibition stages do exist, such as the Bertha Movie House in the Isivivana Centre, Khayelitsha²⁷, there are entrenched access issues on the demand side of the industry, coupled with real socio-economic challenges around affordability, reaching target markets and other developmental factors. Government has the resources and partnerships to mitigate some of these challenges and the Sallywood strategy focuses on the demand-side factors as one of the key areas for attention, especially audience development and promotion and marketing.

There are also non-market arguments for development of the South African film and TV industry. Some authors argue that, as cultural goods, film and television productions have positive externalities (that is, positive impacts on society not captured in market price), such as education, building and preserving cultural heritage, encouraging social cohesion, and international destination marketing (Begella and Becchetti 1999; Mitkus and Nedzinskaite-Mitke, 2015). But, “cultural capital is only created in films that are viewed, not those that nobody watches” (Mitkus and Nedzinskaite-Mitke, 2015:66). In 2016 in South Africa, foreign films had gross box office earnings of R775,5-million compared to the 28 South African films, which earned only R69-million at the box office. Of the South African films, the top five in terms of gross box office earnings had takings of R10.16-million (nearly 15% of the total), with the majority performing poorly, and quite a few were unable to reach the R100 000 mark (NFVF, 2016). However, a UNESCO report (2017) indicates a growing demand for film in South Africa (despite the increase in online film and television watching), judging by the general growth in box office receipts between 2005 and 2014 (Figure 11).

²⁷ <https://isivivanacentre.org.za/bertha-movie-house>



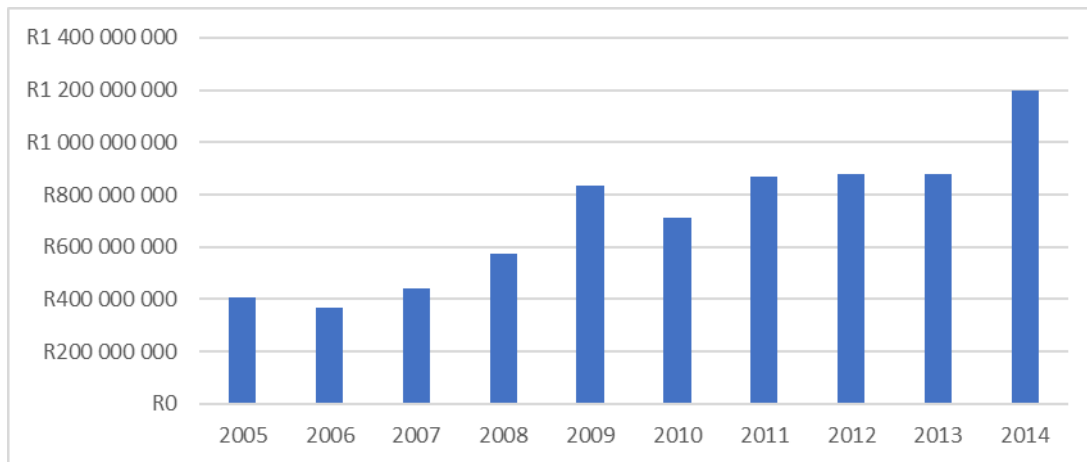


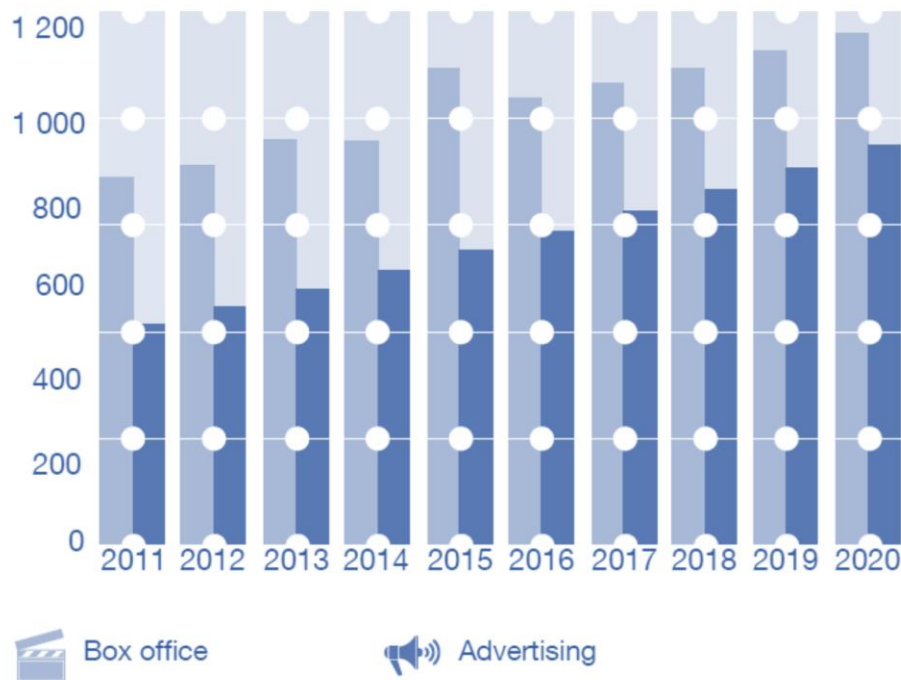
Figure 15 Gross Box Office Receipts in Rands (Source: UNESCO Film Database, 2017)

The 2017 [PWC Entertainment and Media Outlook](#) for South Africa has also predicted that cinema and box office revenues will continue to rise. A challenge is that most of this revenue increase is as a result of audience consumption of foreign-made films, rather than locally produced work. However, it does indicate that the box office can be a site of commercial success, with the right factors considered, such as quality content, production, and post-production, and excellent marketing and promotion. This is not achievable without viable budgets and support.



Strong year for box office in 2015

Cinema revenues (R millions), 2011–2020



Sources: *Entertainment and media outlook: 2016 – 2020* •
South Africa – Nigeria – Kenya, PwC, Ovum

Figure 16 PwC Entertainment and Media Outlook 2017

Appendix 2 shows the country of origin of feature films shown in a sample of countries, ranked by the number of admissions and box office earnings. Key differences between, for example, how the Indian film market operates compared to South Africa when considering box office earning for the best performing films emerge. While none of the top ten films by box office in South Africa were locally produced, six of the top ten Indian productions were local, accounting for 69% of the box office takings of the top ten films. Another striking difference is that the locally produced Indian films were in Hindi, while all the top ten South African films were in English. According to the UNESCO (2016) Cultural Trade Report, India has also experienced rapid growth in cultural exports generally, and by 2013, it had a positive cultural trade balance (the value of exports was more than the value of imports). It must however be noted that both the Indian and Nigerian global diasporas are significant and contribute to consumption patterns outside of both countries.



Many of the film industry reports and strategies (see below) that have been developed for South Africa have recognised the importance of stimulating demand and improving access. This is also reflected in the draft Revised White Paper (2017) for the audio-visual sector, which aims to

- “Promote diversity and uphold freedom of expression;
- Promote awareness of and appreciation for South African films;
- Enhance access to South African cinema;
- Enhance the branding of South African films;
- Liaise with national, provincial and local public departments and agencies in the promotion of South African films; and
- Advise on national policies and projects for the development of films in South Africa” (Draft White Paper, 2017).

In general, there is both a cultural and commercial argument for the further development of a film and television sector in South Africa. Depending on the focus, cultural or commercial, certain demand-side factors would need to be induced, stimulated or supported.

3.7.2 South African Content Case Studies

Suzelle DIY is a great example of an independent South African success story, but this was only possible because the output of the initial web-series was of extremely high production quality (i.e. with the resources to be able to make a high quality, low-budget product and, perhaps most significantly, the ability to afford the self-incurred cost in time, which is an extremely rare resource for an industry). It also targeted a very specific South African audience, with decent internet access that did not require the formal distribution channels to access the market. The producers built a strong brand, supported by an ecosystem of influencer marketing and additional products and services, to generate additional income and awareness. This resulted in them receiving support to create a (different) series for distribution via Showmax, for a larger audience.

The locally produced television drama series *Harvest*, targeted upwardly mobile black South Africans, and was released on free TV channel eTV. It has been described as “the first of its kind” (City Press, 2017) and as the channel’s “most critically acclaimed television show in a decade”, and as having “reinvigorated the channel’s local content”. Viewers and television critics agreed that “the show delivers on all aspects of a great television show; the compelling storylines, stellar performances and visual splendour!” (Mphela, 2017). However, according to the producer, the show has not garnered particularly notable ratings for the channel (it failed to make the top 20 of the channels’ programming in May), but has grown the viewership of its timeslot by 31% (Mphela, 2017).



3.7.3 International Trade in the Audio-Visual Sector

Early discussions on trade and culture in the context of international trade negotiations leading up to the General Agreement on Tariffs and Trade (GATT) (1947/ 1994) noted that “cultural specificity” meant that some cultural goods did not have much demand outside of their domestic market, often because of language differences. However, it was soon determined that some products, especially in the audio-visual sectors, were highly tradeable, and the danger of US dominance was noted. For example, a study by Marvasti (1994) showed that, particularly for books and films, the direction of trade is from the rich to the poor countries. There was also evidence of the dominance of English-speaking countries in these sectors, and that the size of the domestic market mattered. Ultimately, in the case of cinematographic film, “screen quotas” were included in the 1947 GATT (Marvasti, 1994). According to Neuwirth (2002), Article IV of the GATT, which allows screen-time quotas for films, was “designed to recognise the importance of the media for the Contracting Parties’ sovereignty, cultural cohesion and identity, as well as their economic force in the stimulation of domestic production”.

However, there are also arguments relating to what is often referred to as the “cultural exception”, that is, that cultural goods and services are different from other goods and services in that they have some public good value related to the protection and promotion of national cultural heritage and identity (Mas-Colell, 1999). If consumer demand for national cultural products is weak, there may be arguments for stimulating this demand (via education, for example). Mas-Collel explains that “there might well be public good and network externalities, issues that might create a failure in the transmission to the market of a demand that really exists” (1999:89).

Shin (2015) argues that trade in cultural goods and services can also have implications for cultural diversity. While economists have tended to focus on the variety of choice as a measure of cultural diversity, scholars from the humanities have also included “fair” distribution or representation of different cultures in cultural diversity measures. For example, cultural diversity should not only include the number of films available to South African consumers to choose from, but also the presence of diverse, local South African films in, for example, different indigenous languages. If one accepts this latter description of cultural diversity, Shin (2015) argues that protection of local cultural production could be justified in terms of its impact on current and future cultural diversity. An interesting example of the impact of multilingual films is the animation, *Khumba*, the 3D, computer-animated South African adventure comedy, which was released on DVD in English, isiZulu and Afrikaans in 2014. The film was the top box office earner in South Africa, has been translated into more than 20 languages. The dubbing of both the Afrikaans and isiZulu versions was done at Presto Post-Production.



Globally it grossed \$27,187,375 meaning a \$7-million dollar profit on a \$20-million budget²⁸. The size of the budget is an indication of the necessary expenditure required for a film to be good enough quality to make a return. Shin (2015), also finds evidence of a 'hub effect', that is, that countries that are cultural hubs produce cultural goods that are more attractive to their trading partners than the products of the trading partner are to the hub country. As shown in a 2016 NFVF report for South Africa, this means South Africans prefer US films more than US audiences choose South African films. In this case, the hub country becomes the dominant trading partner (a net exporter).

South Africa's CCI's were prioritised in the country's rolling Industrial Policy Action Plans (IPAPs) between 2007 and 2014, primarily focusing on film. The early IPAPs focused on key action programmes for the Film and Television and Crafts sectors. The 2010 IPAP explains the designation of Film and Television as a strategic sector with reference to its employment, investment and export generating potential, as well as prospects for beneficial spillover effects into the domestic economy (DTI, 2010: 77). More recent IPAPs (2015-2017) have continued to focus on the Film and Television sector, although the Creative Industries Unit at the DTI moved to the Department of Small Business Development in 2014.

A recent South African Cultural Observatory report on [CCI International Trade](#) (Cattaneo and Snowball, 2018) shows that the film and television sector, as part of the Audio-visual and Interactive Media Domain, does not yet appear have a significant export profile. This may be partly because the longstanding DTI Film and Television Incentive programme provides incentives to mostly foreign companies, meaning the final production would not show up as a South African export. As the Emerging Black Filmmakers' Initiative takes effect, this may change in the future, as black filmmakers develop in the industry in five to ten years' time.

²⁸ <http://www.imdb.com/title/tt1487931/>



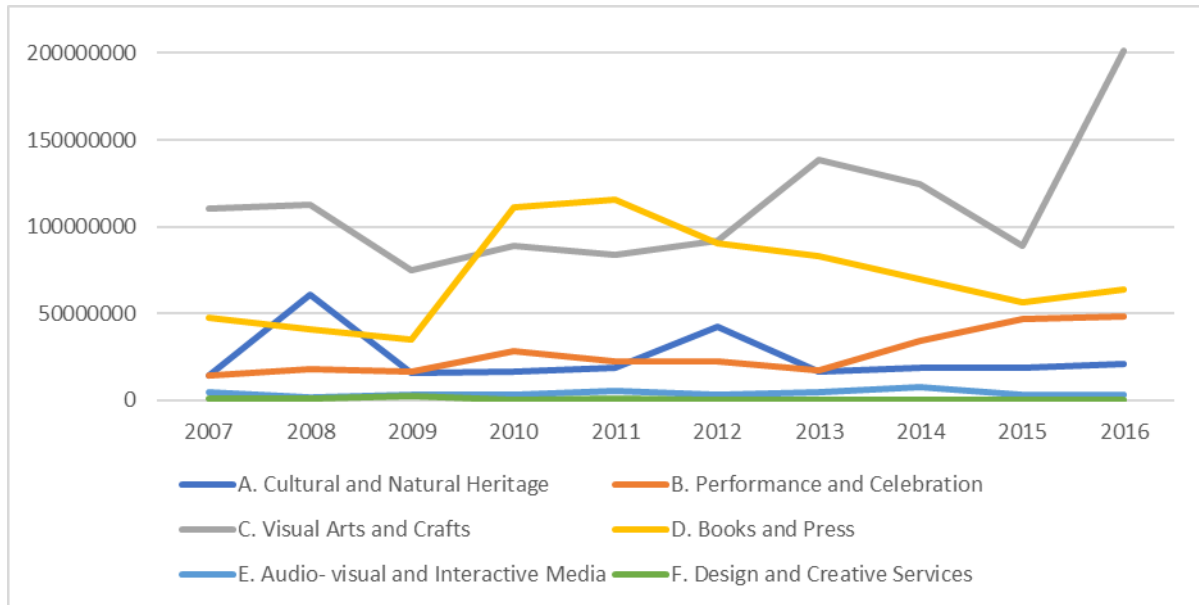


Figure 17 South Africa's total cultural exports by domain (US\$) (Source: Cattaneo and Snowball, 2018, based on UN Comtrade data, 2017)

In the period 2014-2016, the South African trade balance was positive only for Domain A (Cultural and Natural Heritage). The trade imbalance was most significant in Books and Press and Performance and Celebration and least in Visual Arts and Crafts and Audio-Visual and Interactive Media. Cattaneo and Snowball (2018) point out that, if the distorting effect of the Video Games sub-sector is removed from Audio-Visual and Interactive Media, the trade imbalance improves significantly in this domain. This points to a more encouraging export performance for the film sector than might otherwise appear to be the case, and suggests that government policies to develop the sector can have a positive impact.

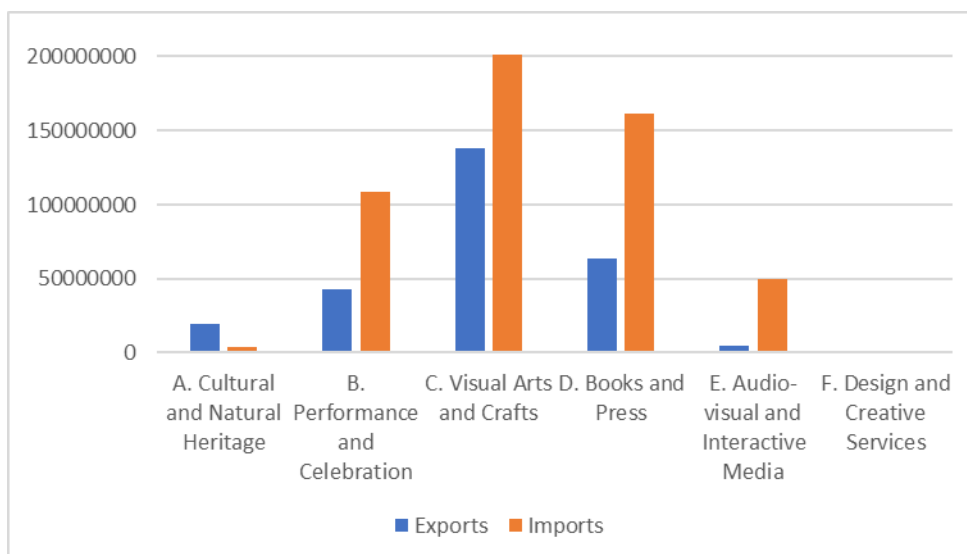


Figure 18 South Africa's total cultural trade by domain: 2014-2016 averages (US\$) (Source: Cattaneo and Snowball, 2018)

While it remains unlikely that Sallywood would resolve any trade deficit in the Audio-Visual and Interactive Media, there is scope to improve locally generated content pipelines, that could influence the overall volume of exports and move toward more balanced trade. Also if South Africa can find a niche audience regionally, on the continent or internationally, there is scope for content to travel as an export to new markets and audiences. Reaching African audiences is a necessity in expanding the reach of the South African film and television industry.

3.7.4 Audience Trends Research in South Africa

There have been two recent reports on film and television audiences in South Africa: A national [NFVF study](#) in 2015; and a provincial-level study by the [KwaZulu-Natal Film Commission](#) in 2017. The NFVF study focused specially on films, while the KZN study focused on both film and television. Despite their differences, however, the two studies had remarkably similar findings.



Table 7 South African film and television audiences

Indicator	NFVF Study (2015)	KZN Film Commission Study (2017)
Study focus	Specifically on films	Film and TV produced in South Africa
Study area & responses	South Africa 2911 Responses Representative of South African population	KZN Province 1237 Responses Representative of population of the province
Age of cinema goers	53% adult (>17 years old) 39% youth (5 – 16 years) 8% children (< 4 years)	n/a
Economic status of cinema goers	45% adults were employed 10% employed & students 25% students 49% higher education completed 48% high school completed 70% single	n/a
Preferred film genres	Most preferred (choose one): Action (23%) Comedy (20%) Drama (11%) Romance (7.5%) Musicals (6.2%) Cartoons/animations (5.9) Horror/thriller (5%)	Responded favourably (could choose >1) Action (49%) Comedy (37%) Drama (33%) <u>Responded unfavourably to:</u> Horror (30%) Sci-Fi (27%) Historical (20%)
Preferred language (other than English)	isiZulu (27%) Afrikaans (18.9%) isiXhosa (14.5%) Sepedi (8%), Setswana (7%), Sesotho (5%)	n/a
Viewing platform for SA films	DVD (24%) Free TV (23%) Pay TV (21%) Cinema (15%) Online streaming (9.5%)	DVD (46%) Satellite TV (28%) Free TV (22%) Online/cinema (4%)
SA film preference	55% No preference 19% SA films 18% Foreign films	79% watch SA film/TV content 65% had watched within the last year or more recently
Ticket Price (willingness to pay)	12%: Not willing to pay 44%: <R50 24%: R50 – R100	15%: Not willing to pay 16%: up to R20 36%: R20 – R60



Indicator	NFVF Study (2015)	KZN Film Commission Study (2017)
		32%: >R60
Perceptions of SA films	75% actors good/v Good 72% entertainment value good/v good 71% SA content & language good/v good <u>Likeable attributes:</u> - actors (19%), cultural content (18%), characters they can relate to (17%), landscape (11%) social commentary (7%), images &, content in general (7%); <u>Unlikeable attributes</u> -general production (14%); can't relate to characters (11%); content (10%); social commentary (8%); images & landscape (8%)	<u>Likeable attributes:</u> -Original/unique (26%); informative & educational (26%); can relate to it (25%); makes me appreciate my country/town (24%); In my own language (22%); good actors (15%). <u>Reasons for not watching SA content</u> -bad quality & unprofessional; boring, not original content; bad/predictable storylines; can't relate to characters or understand the language.
Access to cinemas	68% located within 10 – 30 minutes driving distance Not available in rural areas (19% have cinema in walking distance) Not easily accessible to 50% in urban areas Limiting factors: Low household incomes result in small audiences.	n/a



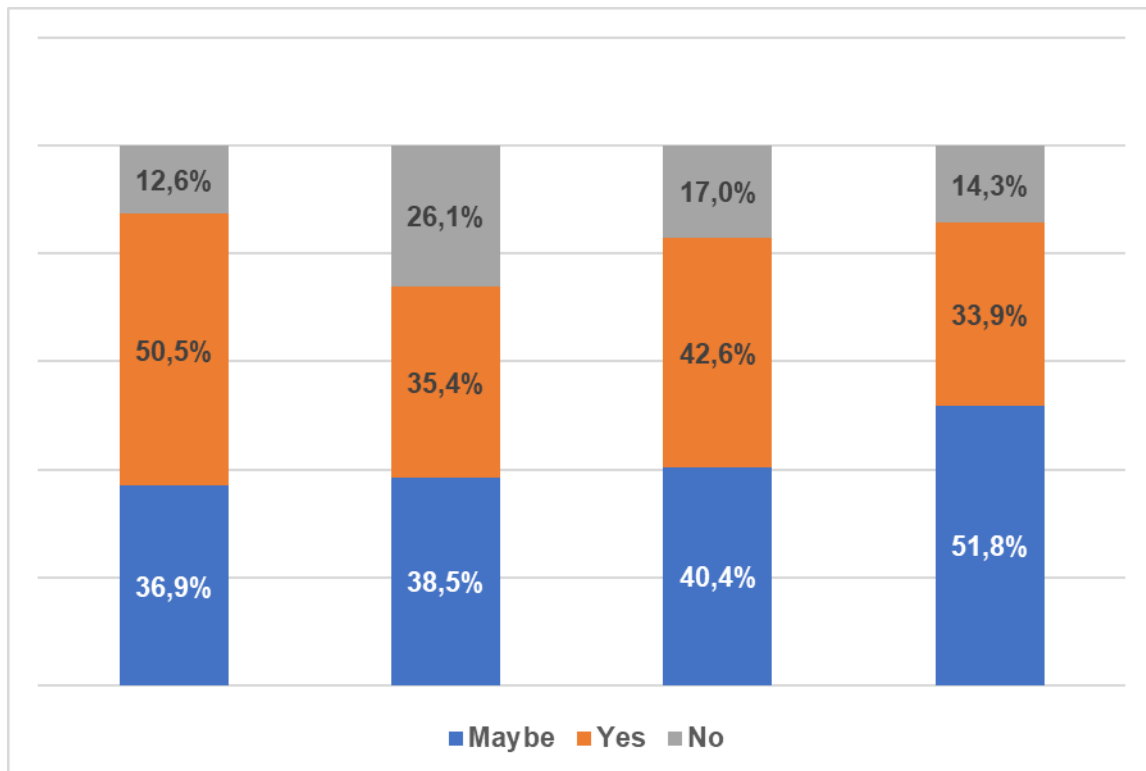


Figure 19 Likely to watch SA film in the future (Data: NFVF, 2015; Own diagrammatic representation)

Both the NFVF report (2015) and the KZN report (2017) recognised that stimulating demand for South African films was an important determinant of industry success. The national study findings showed that the majority (55%) of South Africans do not prefer foreign or South African films, but decide to watch a film based on variables such as the genre of the film, and its reputation. A total of 63% were heavily or significantly influenced by adverts and previews; 86% of adults said that if they watched a good film, they would tell others about it, making word of mouth another important demand determinant. A further 19% of respondents said that they actually preferred South African films. The willingness to pay for a cinema ticket for a foreign or a South African film was almost the same. Across all population groups, only a minority of respondents said that they were unlikely to go out of their way to watch a South African film in the future. Similarly, the KZN study (2017) found that the majority of people (79%) watch SA content. In terms of South African films, 65% had watched a South African film within the last year or more recently. Further discussions on audience development and its implications for Sallywood are discussed below. But these figure attest to the presence of an existing local audience which could consume more South African generated content, provided other factors influencing their consumption choice are improved.



3.7.5 Modes of Consumption and Ticket Prices

Both reports highlight the lack of access to cinemas as a constraint to growing audience demand. Cinemas tend to be found in shopping malls in larger cities, making them inaccessible to more rural populations, and even to city populations living far from such malls. The NFVF report (2015) recommendations highlight the importance of growing audience demand through improving distribution. Data from UNESCO shows that, in 2013, South Africa had around 800 cinema screens, compared to more than 2 000 in Brazil and more than 3 000 in Russia. While this might indicate that increasing the number of screens could be a way of increasing demand, this may not, in fact, be the case. Data for Nigeria is somewhat unreliable, but shows an estimate of only 100 screens, despite the huge size of Nollywood. The populations of Russia (144,3 million) and Brazil (207,7 million) are also significantly more than in South Africa (55,9 million). Nevertheless, the neighbouring Southern African nations and the English speaking countries in East, West and Central Africa offer significant opportunity to reach new audiences and could be amplified with the dominance of South African broadcasters such as DSTV-MNET and others on the continent.

Table 8 Total number of Screens (UNESCO database, 2017)

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Brazil	2045	2095	2160	2278	2120	2206	2352	2517	2678	2833	3005
Nigeria	..	..	100	100	100	100	100	..	..	..	..
Russian Federation	1079	1333	1576	1910	2133	2424	2726	3100	3479	3829	4021
South Africa	799	815	831	836	846	857	..	750	800	..	..

The NFVF (2015) report also suggests that, given the financial constraints of most households, television distribution (currently the most widely used format for watching films, followed by DVDs) is also important. The study notes that, given the low income of many South Africans, simply increasing the number of cinemas may not be sustainable. Cinemas typically have high fixed costs – meaning that their operating costs, such as purchasing film distribution rights, venue and staff, are fixed, regardless of how many tickets they sell. Small audiences thus mean less income, but not lower costs, which means that cinemas need consistently good audiences to remain financially viable. The most commonly mentioned reason for not going to the cinema was expense (28%) followed by distance (25%).



The KZN Film Commission study (2017) has similar findings, showing that television is by far

This research showed that most people indicated that they're prepared to watch a SA movie 'as long as it is a good one' in terms of visuals/cinematography, storyline, actors/actresses performance...entertainment value and so on" (NFVF, 2015:38).

the most used viewing platform in the province: 70% of people watch free-to-view TV daily, followed by satellite TV (60% watch daily). On the other hand, 69% of people had never been to a cinema, with a further 16% attending only once or twice a year.

Respondents to the NFVF (2015) study said that they preferred viewing films on television screens because it was cheaper and more convenient (in terms of deciding what to watch

and when), and that it was habitual and familiar ("just used to it"). Only 28% of adult respondents said that they were "extremely likely" to go to the cinema in the next 6 months. On the other hand, 89% of adults said that they watched films on TV, and 69% said that watched films on TV "as often as there is something interesting to watch (46%) or between 1 and 4 times per week (23%). Analysis of the responses by income group showed that, for lower household income groups, free-to-air TV is a popular way to watch films, but DVDs are actually more popular. Similarly, the KZN (2017) study found that 68% of people watched movies on DVD, and of those who did, 44% watch once or twice a month, with a further 28% watching at least once or twice a month. In the national study (NFVF, 2015) across all income groups, the majority of respondents (between 61% and 70%) preferred to watch films "in the comfort of my home". The KZN (2017) report also found that the most frequently cited viewing platforms for films was DVD (46%), satellite TV (28%) or free-to-view TV (22%). Less than 4% had watched a South African film at a cinema.

As a result of financial constraints, South African cinema audiences are thus price sensitive. A comparison of South African cinema prices with those charged in other countries using data from the UNESCO international database shows that South African cinema tickets are at the lower end of the scale (Figure 20).



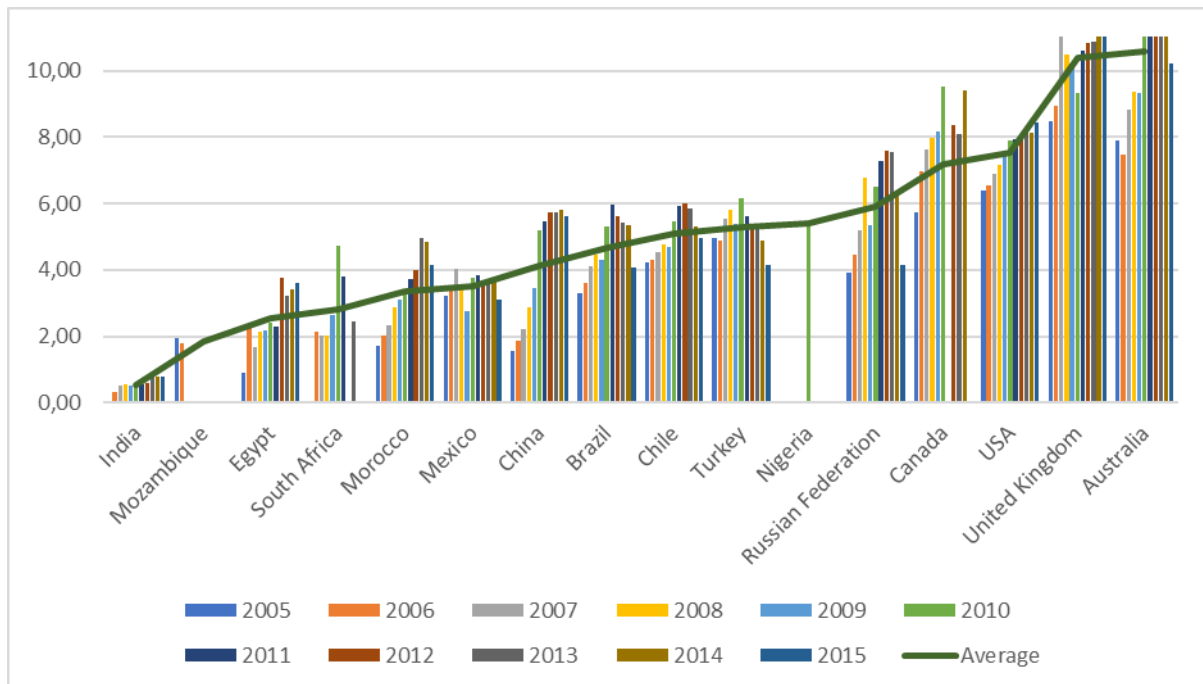


Figure 20 Average Ticket Price in US\$ (Data: UIS, 2017)

As expected, the prices in countries with higher average household incomes (USA, UK and Australia) have the highest average price. However, compared to India, South African cinema ticket prices are considerably higher. In 2013 (the most recent data for South Africa in the UIS database), a cinema ticket in India cost an average of \$0.81, compared to \$2.43 in South Africa. A revised or subsidised ticket price incentive could improve box office performance and offer a viable avenue for audience development.

Table 9 International cinema ticket prices (in US\$)

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
India		0.34	0.53	0.57	0.51	0.50	0.56	0.60	0.81	0.79	0.78	0.54
Mozambique	1.95	1.78										1.87
Egypt	0.92	2.32	1.70	2.14	2.17	2.41	2.31	3.75	3.22	3.42	3.62	2.54
South Africa		2.13	2.01	2.04	2.63	4.74	3.81		2.43			2.83
Morocco	1.72	2.03	2.33	2.88	3.11	3.40	3.74	3.99	4.97	4.83	4.14	3.38
Mexico	3.22	3.39	4.04	3.59	2.77	3.77	3.83	3.53	3.74	3.75	3.09	3.52
China	1.55	1.86	2.22	2.89	3.45	5.18	5.49	5.75	5.74	5.81	5.62	4.14
Brazil	3.29	3.60	4.10	4.45	4.30	5.31	5.97	5.64	5.44	5.34	4.08	4.68
Chile	4.21	4.31	4.52	4.76	4.70	5.48	5.95	6.02	5.87	5.30	4.97	5.10
Turkey	4.98	4.88	5.56	5.83	5.39	6.16	5.62	5.35	5.27	4.88	4.14	5.28
Nigeria						5.40						5.40



Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
Russian Federation	3.91	4.45	5.21	6.77	5.35	6.50	7.27	7.59	7.55	6.41	4.16	5.93
Canada	5.72	6.96	7.64	7.98	8.16	9.52		8.36	8.10	9.40		7.18
USA	6.41	6.55	6.88	7.18	7.50	7.89	7.93	7.96	8.13	8.13	8.43	7.55
United Kingdom	8.50	8.96	11.6	10.5	10.2	9.35	10.6	10.8	10.9	11.3	11.6	10.39
Australia	7.92	7.49	8.85	9.37	9.35	11.2	13.3	13.6	13.0	12.3	10.2	10.59

Compared to other BRICS countries other than India, South African cinema prices over the 10 year period (for years in which there is data), are lower than the average price in China (\$4.14), Brazil (\$4.68) and Russia (\$5.93).

3.7.6 Stimulating Demand for South African Films

The NFVF report (NFVF, 2015) concludes that there is great potential to stimulate demand for South African films. Policies such as introducing film education in schools, and better marketing and promotion, including branding, of South African films will be crucial, as will increasing the number and variety of the South African films produced.

The KZN (2017) report suggests that the film industry should consider the “straight-to-DVD” model used in Nigeria, given the very small proportion of South Africans who go to cinemas. However, also as in Nigeria, 51% of the KZN population reported buying DVDs from street vendors or markets, which are likely

In order to build a culture for local film, people need to have affordable access to local content. Technology provides an opportunity, as it becomes cheaper and easier to bring content into communities...” (KZN Film Commission Report, 2017).

to be characterised by high levels of piracy, although this can be combated through the “same day release” of the DVD. The appropriate intellectual property rights regime for developing countries may not be the same as for the developed world. However, if film producers are going to receive fair remuneration for their work and have a business model that is sustainable, some thought needs to be given to how to deal with copyright issues in the DVD film distribution sector. Currently, South Africa pays far more for the use of foreign IP than it earns, as shown in Figure 21 (Cattaneo and Snowball, 2018).



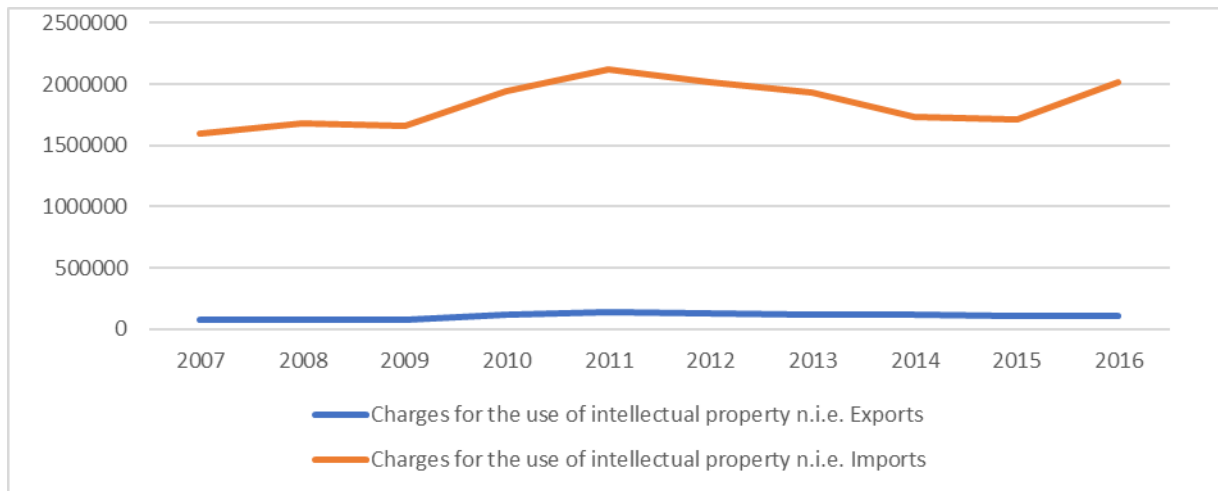


Figure 21 South Africa: Charges for the use of intellectual property

In addition to better marketing and support for film makers, the report also suggested “community screenings” in libraries, church and community halls, parks and other public places to develop an interest in, and taste for, South African films.

An interesting South African case study is [Sunshine Cinema](http://sunshinecinema.org/), which provides mobile, solar-powered cinema screenings to township and rural communities²⁹. Their work has focused mostly on education interventions to date, such as environmental education and HIV and AIDS education, but there is no reason that the technology could not also be used for screening of locally produced film at low costs as a means of grassroots audience development.

4 Financial Support and Incentives to Support the Film Industry

4.1 The Financial Support Debate

The first question to ask is why incentives are needed to develop the film industry. On the one hand, there are indisputable economic benefits to having a thriving film industry in the country. This is especially true if there are strong backward and forward linkages and if the film industry has the potential to export. On the other hand, films can be, but are not always, a cultural asset. In this case, these films cannot successfully compete with international films especially Hollywood films. In other words, there is no business case for entrepreneurs to produce films. Nevertheless, both commercial and cultural content can be viably produced alongside one another, and both contribute to the overall development of the industry.

²⁹ <http://sunshinecinema.org/>



Incentives in general and film subsidies specifically, will contribute to strengthening artistic talent and creativity and, in the long term, deepen and expand the South African film and television talent pool. Incentives will also contribute to establishing a critical mass that generates external economies of scale which in turn will contribute to global competitiveness.

Film subsidies, especially where they support the development as film and television as a cultural asset, or contribute to safeguarding South Africa's cultural diversity, fostering cultural integration, impacting on social cohesion and promoting nation building, are a critical government tool for industry development. From an economic perspective, financial assistance to develop a globally competitive film industry is frowned upon by the World Trade Organisation (WTO), which could impose countervailing duties or other sanctions. However, promoting films as a cultural asset is seen as a legitimate exercise. The line between these two objectives can become blurred and lead to government support being used commercially rather than culturally.

4.2 Common Forms of Government Support

There are many potential types of support for the sector:

- Direct support using public film funds:
 - Cash grants
 - Automatic grants
 - Selective support covering various stages of the value chain
 - Indirect support to technical industries
 - Research and development
 - Development incentive
 - Performance incentive
- Fiscal incentives:
 - Tax credits for production, distribution et cetera
 - Exemption from business tax
 - Special VAT rules
 - Special amortisation and depreciation rules
 - Measures aimed at investors
 - Transferable tax credits
- Tax rebate
 - Cash rebate
 - Payroll credits
- Guarantee facilities (promoting access to more affordable finance and loan guarantees)
- Investment obligations into film by the public broadcaster, other TV broadcasters and other stakeholders
 - Production centres and infrastructure provision



- Multiple incentives

4.3 Problems Encountered

Murchcetz et al. (2018) reported that research into film subsidies can lead to the regulation of media markets which causes built-in failure. Often subsidies unintentionally endanger artistic freedom and expression. Unless the subsidies are directed at a fundamental problem or a specific market failure they do not address the core cause of the challenge and the problem remains.

Incentives are often considered a waste of public funds. Often the costs exceed the benefits and incentives do not always create long-term sustainability, but rather a culture of dependency on state handouts. The allocation of incentives may be driven by a strong lobby and these forces can hamper impartial selection processes.

It has also been argued that the incentives do not improve the working conditions of producers, filmmakers, actors, creative staff and others involved in the sector. Although it is very difficult to scientifically ascertain it has been suggested that subsidies do not improve the “satisfaction” of audiences.

Incentive schemes are sometimes “perceived as being erratic, contradictory, overworked, and obtuse” (Murschetz, Teichmann, and Karmasin 2018, 3). In South Africa, this situation is aggravated by the fact that there are many agencies that provide financial support, sometimes in competition and often without collaboration. The demand for funding always exceeds the supply. Therefore, choices have to be made about which projects to support. It can therefore be argued that many worthy projects have often been denied support. Large enterprises that understand the system, and can afford to pay for expert advice, submit applications that are generally successful. Given the multiplicity of agencies that provide financial support, there is often “double dipping” to the detriment of smaller, less resourced firms.

It is accepted internationally that many schemes require a systematic overhaul. Clear selection criteria of critical especially in the South African context given that both cultural and commercial objectives are being pursued. The administrative burdens that are imposed on applications for financial assistance may result in applications not being submitted. A simpler funding application process will facilitate more applications by emerging filmmakers.

The application process and the assessment criteria also need to be more transparent. Although this will not remove all the real and perceived obstacles, it will result in a more efficient and effective allocation of scarce resources.

Policies need to be “evidence-based”. This means there is a thorough understanding of the challenges that the industry faces and that those challenges are recognised and catered for in policy, where possible. Policy makers need to understand changing environments. This is especially true with changing technologies and digitisation – and policy needs to be broad



enough to accommodate changes, or associated plans of action, need to be dynamic to move with change.

Lastly, clearer monitoring and evaluation frameworks need to be established to allow for a feedback loop into the evidence-based policy, especially when there is more than one agency involved.

4.4 Race to the Bottom

The phrase “race to the bottom” is used to describe government intervention in the business environment, including, for example, reductions in tax rates or better financial support to targeted industries, to attract or retain economic activity in their jurisdictions. As one country offers a specific incentive, film producers and other industry lobbyists push for equal or better incentives in their regions. If these are successful, inevitably other countries will follow suit and the process starts again.

Many cities, regions and countries are starting to offer film incentives to attract filmmakers to shoot in their areas. In some cases, this has caused a race to the bottom, in attracting films. Even within countries, there is competition. For example, in America, different states offer incentives between 10 and 35% rebates and other layered incentives³⁰. Competition between countries is also increasing, meaning that no matter where one shoots, one is able to secure a rebate or incentive. For example, Colombia offer a 60% cash rebate, Fiji a 47% cash rebate and Canada between 30% and 70% in tax credits. Australia offers a 40% rebate. South Africa offers a 20% tax credit (production), and a 25% tax credit (post-production)³¹.

4.5 Current Organisations Developing the Potential of the South African Film Industry

4.5.1 The Department of Trade and Industry

The DTI offers rebates to encourage local content generation and production as well as to attract international productions and co-productions. There are three main incentives offered by the DTI:

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

³⁰ <https://www.hollywoodreporter.com/news/film-tv-tax-incentives-a-885699>

³¹ <https://nofilmschool.com/2016/07/film-production-incentives-tax-incentives-movie-rebates>



4.5.2 The National Film and Video Foundation

The National Film and Video Foundation (NFVF) supports South African-owned production companies, helps the industry access funds, promotes the development of South African film and television audiences, develops talent and skills in the country – with a special emphasis on previously disadvantaged groups – and helps filmmakers represent and market their work internationally.

It focuses on four main areas funding:

- Development Funding
- Production Funding
- Education and Training
- Marketing and Distribution

4.5.3 The Industrial Development Corporation

The IDC aims to develop a sustainable motion picture value chain in South Africa by supporting the development of digital cinemas in townships and rural areas. It invests in commercially-viable projects and provides funding in the form of equity investment, commercial loans and venture capital loans but it will not fund more than 49% of a project.

4.6 Film Commissions

Film commissions are government, quasi-governmental, non-profit, public-private partnerships, or other public organisations that inter alia:

- attract motion media production crews (including movies, television, and commercials) to shoot on location in their respective localities, and
- offer support so that productions can accomplish their work smoothly.

Film commissions benefit from investment by the production company at the choice of location, such as subliminal destination marketing. Other benefits include hiring cheaper, shooting on location as opposed to building a set in a studio, spending in the local economy, and depending on the incentives, keeping post-production in-country or city.

4.6.1 The South African Film Commission³²

The South African Film Commission (SAFC) is a Not for Profit Company registered in 2013. The Commission was created on behalf of industry representatives to allow a more integrated approach to the promotion of South Africa as a film making destination. The Commission will also promote and support training and developmental relating to the film industry of South

³² <http://www.shootawayproduction.com/associations-resources/178-safc-the-south-african-film-commission>



Africa whereby the offer will be matched by the service provider and will satisfy transformation objectives. Based in Cape Town, the South African Film Commission will support and complement the work of the following:

- South African Department of Trade and Industry (DTI);
- MICT SETA;
- National Lotteries Board;
- National Film and Video Foundation;
- KZN Film Commission;
- Durban Film Office;
- Cape Town Film Commission;
- Zulu Coast Film Office;
- Other bodies integral to the film industry in South Africa.

The South African Film Commission is registered with the South African Chamber of Commerce and is a Member of the Association of Film Commissioners International, which establishes international best practice for commissions and guides their structure and mandates. The Commission is now one of 350 Commissions throughout the world and one of only three registered in South Africa. Organisations with their logo or presence on the SAFC website will thus be part of an international network, which means they will be the first port of call for international productions looking to partner with local companies.

4.6.2 Gauteng Film Commission

The Gauteng Film Commission markets Gauteng internationally and locally as choice location destinations and to create enabling environments for film makers.

4.6.3 KwaZulu-Natal Film Commission

The KwaZulu-Natal Film Commission is responsible for marketing KwaZulu-Natal internationally and locally. Its objective is to position KwaZulu-Natal as the choice location destinations. It also aims to create enabling environments for film makers.

4.6.4 Wesgro

Wesgro is responsible for location and destination marketing the Western Cape.

4.7 South African Revenue Service

The South African Revenue Service allows a film owner three special deductions relating to production and post-production costs, marketing expenditure incurred on a South African Export Film (SAEF marketing deduction), and print costs.



4.8 Co-production Treaties

South Africa has entered into a number of audio-visual co-production treaties that make provision for collaboration on film, television, video and multi-media distribution platforms with several countries.

4.9 Smart Partnerships

Given the relatively limited funding available in the short to medium terms for the development of the South African film industry, it is crucial that there is an optimal use of the diverse resources available, including social and cultural capital and social networks, and an accompanying integration of current and emerging institutional structures.

International best practice suggests the centrality of smart partnerships involving state and private sector agencies primarily, but also incorporating third sector organizations and enterprises where appropriate. In this regard the current role and activities of the National Film and Video Association (NFVA) and its parent department, the national Department of Arts and Culture (DAC) are central as is the Department of Trade and Industry (dti) are central. However, there are a range of other state agencies at national level which currently have or could have a meaningful role in the process. These would include the Department of Small Business, parastatals such as the Development Bank of South Africa, the Department of Public Works, and even the Department of Defence and Military Veterans. Public Works could be a useful source of cost-effective infrastructure and film locations, and the DDMV, and its institutional predecessors, have historically provided personnel and equipment as well as film locations for film productions.

In addition to such state institutions, there is a need for some form of vertical integration of those state agencies in regard to constructing internal consensus and uniformity of purpose. Provincial departments of Arts, Culture and Sport, and the Economic Development and Tourism, are an obvious addition. There would also be opportunities for provincial and district-level development corporations. At local municipal level, all the national metros should have representation with Cape Town, Johannesburg, Pretoria/Tshwane and Durban being the main players at present. There is scope though to include certain of the other large municipalities whether through direct or indirect representation.

This could be viewed as a state film industry task team or a consultative grouping. The related stage would be to establish a multi-agency task team involving these stakeholders (or representatives thereof) and relevant representation from the private and third sectors.

Such structures should be task oriented, with a strong emphasis on the delivery/implementation of identified interventions.

4.10 Risk

Making film and television is risky. Even large Hollywood studios who have been in the industry for many years cannot accurately predict in advance which films will be a success.



Research has shown that there is a demand for “good” South African film and television from local audiences, and that some genres are more likely to succeed than others.

Even if it is perfectly implemented, Sallywood will produce both successes and failures (in terms of popularity and critical acclaim), and this needs to be acknowledged at the start. Those projects that are not successful however, still provide valuable training and experiences to the growing and transforming SA film industry participants (producers, actors, financiers, directors etc.). Audience development and building the Sallywood brand will take time.

4.11 Conclusion

Currently, South Africa does not exploit its potential fully. Further, there is a lack of transformation in the sector. Funding needs to be coordinated and increased to ensure that the sector can play its potential and rightful role. A key success factor for Sallywood will be adequate funding and resourcing (in terms of human capital – skills, experience and knowledge). Currently, the dti film and television rebate scheme is the largest source of public funding for film in South Africa, and is thus hugely influential in what is produced and how. The Sallywood strategy also needs to take into account the changing private sector demand, such as the rise of digital post-production, which is increasingly blurring the lines between film, animation and gaming.

Sallywood is a long-term project and needs to be recognized as such so that failure to achieve the goals over the short term is not seen as a failure of the project overall, but as experiences that can be used going forward to produce a vibrant and transformed South African film industry.

Monitoring and evaluation criteria need to be established across all spheres of government and the relevant agencies to ensure that there is value for money.

5 Audience Development: The Key to SA’s Film & TV Market Growth?

The history of the South African film industry’s uneven development is well documented – and the impacts still deeply entrenched and pervasive today (Botha 2004; Moyer-Duncan 2011; Mboti & Tomaselli 2015). Nowhere is this situation more prominent than in the consumption of South African content. Apartheid did much damage to the development of a wider film appreciating audience in South Africa (Botha, 2004). By way of accident, after the demise of apartheid, and the influx of new cultural content from across the world, deprived audiences developed a taste for Hollywood-type content, without having the chance to appreciate, produce and consume good South African content. With the launch of the public broadcaster, the SABC, television moved to fill the gap, concurrently using the medium as a nation-building tool (for e.g. SABC’s Simunye We Are One campaign launched in 1996, see Teer-Tomaselli,



2001). But even with this platform, the local content industry could not initially compete with bigger blockbusters or better produced content.

Simply put, the South African audience is still very small and remains fractured. Much needs to be done in the way of audience development to grow the South African content-consuming audience significantly enough to make an economic impact on the industry. In addition, acknowledgement of the rapidly changing industry dynamics, such as video-on-demand, streaming, DDT, small screen viewing; and the challenges, for example, access to screens, cost of cinema experiences, and the relative poverty of most South Africans – means that specialised strategies need to be conceptualised to develop and expand audiences. With a relatively small audience – less than 10% of the South African population, or 5-6 million people – a successful Sallywood, would either need to develop the remainder of the 49 million South Africans into cinema-goers, look elsewhere for audiences, or do both.

The rationale for such an approach is both intuitive and counter-intuitive in terms of market economics. Why develop an audience for a product that consumers should *choose* to buy? Given that film and television are both commercial products and cultural artefacts, and due to the unfair competitive advantage of Hollywood-type produced films, there is a strong enough motivation to support the development and consumption of South African content. In addition, the South African context is unique due to the apartheid history, wide-ranging cultural diversity and persistent audience segmentation. Audience development is a route to managing some of the challenges of the industry, but it can also help support and strengthen an industry that has high labour absorptive capacity, play a significant role in education, expand cultural understanding, while also contributing to GDP, growth and a distinctly South African film and television visual vernacular.

Cognisant of the audience development discussion in Section 4, including the NFVF (2015) and the KZN Film Commission (2017) reports, the below section considers a short history of why South African audiences are fragmented, it describes the status quo, looks to best practices in audience development, and finally maps out strategic interventions and considerations for the development of South African audiences and audiences who consume South African content. It also tackles the question of whether it is prudent to create cinema goers when television and DVD are main distribution channels in South Africa; and the moving image content development industry needs to adapt to new technological horizons or be relegated to the empty cinema.

5.1 South African Audiences – a Story of Fragmentation

South Africa has a long and fascinating film and television history, but one that focused on dividing not nurturing wide audiences. Indeed, film and television played a major role in both propaganda and censorship, and helped entrench the apartheid system. As with apartheid, film and television audiences were developed separately. Martin Botha (2004) has outlined the ‘struggle for a South African film audience’ noting how political and moral censorship meant that both South African audiences and filmmakers were not exposed to developments



in world cinema. At the same time local filmmaking was manipulated in favour of white people and predominately Afrikaners, and linked to promoting the Afrikaans language and culture (Botha, 2004). The white Afrikaans audience for the local cinema was relatively large and very stable, guaranteeing nearly every Afrikaans film a long enough run to break even as long as it provided light entertainment, basically escapism, and dealt in an idealist way with Afrikaner reality and beliefs (Botha & Van Aswegen 1992). Cinema for black audiences was actually orchestrated by white people with white capital. Botha (2004) notes that black and white audiences were treated differently, separated by their own set of rules, operations, structure, story-telling, and ultimately films – meaning that a true national film industry could not emerge. A wave of critical cinema arose in the 1970s and 1980s, and while considered excellent film, none were box office successes as a result of censorship and a grossly skewed incentive structure. Most of these films, which criticized the socio-political environment in South Africa, however did make it on to the international circuit, where they had an audience. Few South Africans, however, saw them – again limiting the wider South African audience's knowledge and appreciation for South African generated content. By the end of apartheid and the dawn of a new South Africa, the industry was fragmented, as were the audiences. Even today this situation persists. For many years after its demise, black filmmakers and indeed the entire industry has struggled to emerge and achieve commercial success (Moyer-Duncan 2011). Certain genres of Afrikaans film, especially comedy based on escapism, are still more likely to succeed because of an established audience with the means to support the film at the box office.

5.2 South African Film and Television Audiences Today

The reality is clear and simple: 'a film industry or in more ambitious terms, a national cinema, is ultimately dependent on the number of people who are willing to pay for it. Without a paying audience, whether it is cinema, television, video or new media exhibition, there can be no industry to speak of' (Botha, 2004: XX). This holds true for South African audiences today. The end of apartheid saw a number of strategic moves, including policy and subsidies/funding, to help support the South African film and television industry, including expanding its audiences. These recognised the role of the film industry in 'forging of social cohesion and the process of democratisation and development in South Africa' (Botha, 2004: XX). Initial strategizing ultimately led to the formation of the National Film and Video Foundation (NFVF) under the Department of Arts & Culture, tasked with: facilitating the commercial viability of the South African film industry; establishing its international competitiveness; and promoting it as a film destination. It was also tasked with enabling South African audiences to see *their own stories and interpretations of experience reflected on local screens* (Botha, 2004).

This is by no means an easy or inexpensive task. Also, the hegemonic power of Hollywood films and limitations in existing distribution and exhibition structures have continued to hinder audience access and reception (Moyer-Duncan, 2011). There is also immense pressure on black filmmakers to both speak to African audiences, many of whom don't have the purchasing power needed to support filmmakers even if they wanted to, while competing with Hollywood



productions. Additionally, according to Moyer-Duncan, post-apartheid South Africa has largely operated as a service industry catering to international productions, and needs a reorientation toward producing local products. Since the establishment of the NFVF there have been many attempts and significant funding attached to audience development, but not many effective or high impact programmes. Moyer-Duncan (2011) argues that ad hoc initiatives such as township film festivals, while valuable, are neither sustainable nor impactful.

The cinema-going audience also remains small at about 5 to 6-million people. Indeed the audience-side challenges identified early on by the NFVF in the late 1990s, such as: an insufficient number of distributors in the global arena; general low levels of box office success of South African films; limited international marketing strategies; the fact that local producers focus on making and not selling films; and general wider market access challenges, remain (Botha, 2004). But, as indicated in the above sections, consumption patterns are changing. While cinema access is a perennial challenge, especially for poor or more rural people, television and DVD access are not (NFVF, 2015; KZN Film Commission, 2017; Mboti & Tomaselli, 2016). Therein lies the opportunity, but the DVD market has been neglected, despite being the preferred model for the majority of South Africans to access local movies (Mboti & Tomaselli, 2015). In addition, technology, the internet and social media have changed marketing for film and television content, allowing more targeted access to audiences; and the impact of big data means that audiences can have a more curated experience of content. In South Africa, these technologies are only available to a small audience, but with better fibre and coming digital migration (if it proceeds), mean that South Africa can easily project how audiences will be consuming in the future based on what has happened already in Europe, Asia and the USA. Mboti & Tomaselli (2016: XX) note that ‘cost and poverty are crucial impediments to the development of alternative digital-driven media platforms using smaller, mobile, screens. Government’s control of telecommunications, under-investment and state caused delays to digital migration all contribute to lack of access to films by means other than cinemas and DVD rental shops.

The situation is also dense – and there is a complex marriage between distribution, education, marketing, sales and audience development, made more intricate by fast-paced digital innovation and a changing industry. In general, film distribution and exhibition in South Africa is concentrated in the hands of a duopoly: the two companies, Ster Kinekor and Nu Metro, but also include United International Pictures (Universal) and Next Entertainment (20th Century Fox), and local distributors such as the SABC, Mzansi, and DStv (Mboti & Tomaselli, 2016). According to Mboti & Tomaselli (2016) there seems to have been little will, from both the public and private sectors, for *growing* a local film industry on the basis of low budgets, even with the positive impacts of job creation and audience development, with the NFVF largely supporting



the ‘*already* capitalised’. They argue that existing audience development tactics³³ have been top down, too focused on the international market, including festivals, and not enough on local market development (ibid.). The lesson of the bottom-up organic success of the Nigerian film industry, for instance, is a lost lesson in South Africa (see Brown and Mboti 2014).

Despite these intricacies, the reality is that there *is* a local audience – and while not big, it could be expanded alongside growing new audiences out of neighbours, the continent and further afield. The tactics with which this is achieved however need to be well-planned, delivered, monitored and funded. There is a space and support for both stimulated demand and organic growth. In deciphering a way forward for a Sallywood audience, it makes sense to consider some international best practices and some examples.

5.3 Best Practices in Audience Development

Audience development must meet the needs and desires of the audiences it targets. This means that what works for one audience, does not always work for other audiences. Like all communities, there are layers to audiences starting with environmental factors, and socio-cultural and economic grounding and proceeding down to personal preference. In between these two are the many points at which governments, educators, filmmakers, content developers, story tellers, marketers, distributors, and others with a vested interest in the development of the film market must activate and sustain the interest of audiences. [Cinema For All](#) (UK) notes, that ‘within any given audience, each individual is engaged in a journey of discovery in relation to film, and film societies/ community cinemas are unique in creating the formal circumstances for this process of audience development’. While various tactics can be used, market research and understanding the audience is always the first step in creating and selling content that is appealing to audiences. The below section looks at audience development tactics and attempts to highlight their potential relevance to the execution of a broader Sallywood strategy.

5.3.1 Why Audience Development?

Definition is important for obvious reasons. An audience is a group of potential viewers. They are at once a customer or consumer in purely economic terms, but also a potential cohort for success, as an engaged and enthusiastic audience can become a film or television's biggest proponent and stimulate other viewers to consume the product. As indicated above, audiences fall on the demand side, and from an economic perspective any stimulation that leads to an audience increase will lead to the enhanced quantity of films viewed and possibly the price going

³³ NFVF's (2013: 36) list of “initiatives” to address audience development includes: i) cinemas with lower ticket prices, e.g. Ster Kinekor Junctions, where the price was lowered on certain days; ii) mobile broadcasting units that take the cinema to townships, e.g. Ekasi Movie Nights; iii) informal screenings in community halls and other township buildings; and iv) developing digital cinemas within townships (NFVF initiative). None of these “initiatives” seek to empower the communities into which they are parachuted (Mboti & Tomaselli, 2015).



up (if supply remains constant). Audience development extends past the film and television industry across the arts. In fact, the Arts Council of England recently developed an official definition for audience development: 'The term describes activity which is undertaken specifically to meet the needs of existing and potential audiences and to help arts [and cultural] organisations to develop on-going relationships with audiences. It can include aspects of marketing, commissioning, programming, education, customer care and distribution'.

Interestingly, but not surprisingly, the concept is not without contention. Stuart Forrest, CEO of Triggerfish Animation Studios says he finds the concept of audience development 'quite weird': 'In any other industry, if customers don't want to buy your product, you make a better/different product. You don't talk about training your audience to buy your product'. While this may be true, since film is at once both a cultural and a commercial product there is an argument for developing visual literacy and understanding of the products to enhance their cultural reception; which will have a concurrent impact on the commercial side.

There is also a distinction between audience development and engagement although they are used interchangeably. Audience development is what is done to find an audience, audience engagement is how one interacts once an audience is found. The trick in both is finding the right audience, keeping them entertained and learning their preferences, wants and habits. As with all things, this requires good research. There are three interesting examples of attempts to do just this.

5.3.2 Best Practices: Three Case Studies

THE UNITED KINGDOM

An [independent report](#) commissioned by the United Kingdom's Department for Culture, Media and Sport in 2014 to consider developments following the 2012 Film Policy Review, essentially found that 'it's still about the audience'. Their findings indicate that 'developing an overall audience for film across all platforms can benefit film of every genre'. Their insights were based on good research, which highlighted a number of influential factors:

- The internet was the primary revenue stream for filmmakers, with projections of media and entertainment spending devoted to digital to rise year-on-year;
- While piracy is an issue, people do want to pay (be ethical), but at the right price and convenience;
- Video-on-demand grew by 105% (in 2014); and
- There is a convergence between film and high-end television.

However, regardless of the environmental trends, good stories, compellingly told, still draw cinema-goers and audiences. The DCMS argues that when considering audience development, it is important to put audiences at the centre and ask:

- What is best for audiences?
- What provides the best choices and access for audiences?
- What benefits audiences most?

There are a number of functioning and early initiatives to build a stronger UK film audience, including:

- the Film Audience Network which allows film and events experts to work together to boost film audiences;



- the British Film Institute Neighbourhood Cinema Fund (R34-million) is a scheme to support communities who find it challenging to go to the cinema due to geographic, economic and social circumstances;
- a youth programme to build an appreciation and improved understanding of value of different films and to focus on 5-19 year-olds, getting them to watch, understand and make films;
- Film Nation UK is a network which creates connections with over 100 industry partners, including NGOs, schools, teacher which positions film as a peer of literature, drama and music and something which has both entertainment and educational value. There is a lesson for South Africa here to focus on strong relations with the Department of Education. The UK also established a Cultural Education Ministerial Board (DCMS, 2014).

These initiatives, to varying degrees have been relatively successful and are building cohesion in the UK film and television industry. The DCMS is also deeply cognisant of digital and technological developments, something South Africa also needs to consider at both a policy and practical level. Firstly, the UK is the first major film territory to take advantage of new technology and produce a fully digitised sector – 300 independent cinemas were digitised (2014: 12). It has also managed to encourage broadcasters to embrace technological change and audience's changing behaviour by diversifying away from a linear broadcasting mode toward a supply of audio-visual content across a range of on-demand platforms (2014:17). It has also developed a blueprint for engagement with key territories on the international front. One of the biggest challenges it notes, and this is a similar challenge in South Africa, is the critical role of sales agents, who are a fundamental link in the value chain, but are often missing or under-developed. In this regard, South Africa needs to develop a strong international sales sector.

Generally there is a sense that collaboration with all the stakeholders involved in the industry is key, especially when the audience is small, and it is important to avoid duplication, centralise efforts and dispel a sense of competition for audience – the industry overall is lifted when audience development initiatives work.

One of the big takeout's of the DCMS report for Sallywood, is that South Africa would benefit from strong, evidence-based and robust data inputs, especially to keep up with changes in the industry, for incorporation into film policy.

AUSTRALIA

Also in 2014, Screen Australia conducted a [study](#) into online and on-demand trends in Australian online video use, the first major profile of Australia's audience for video-on-demand. The report found that Australian audiences are 'leaning in' and taking charge. 'We haven't yet dropped our old habits entirely – we are simply seeking more convenient ways to watch our preferred shows and movies. And we haven't radically shifted the kinds of content we are seeking – online platforms just enable our personal interests to come to the fore as watching becomes less collective and concurrent than when we share the remote or the popcorn' (2014: 1).

Some key take-outs and observations found that:

- Online viewing is for everyone;
- On-demand facilitates individual choice: you can watch solo or with others;
- Friends and family remain the most potent content discovery tool;
- Local series shine on catch-up television services;
- Niche content can find bigger audiences online;



- Internet speed influences our viewing choices;
- People don't expect to pay much;
- Potential for growth as VOD business models establish themselves;

"There is a tension between the interests of producers in monetising their content and the interests of platforms in creating a compelling and commercial offer at the right price point..."

A later report, updated in 2017, examined major changes since 2014, including the Australian launch of subscription platforms such as Netflix and Stan, the evolution of TV broadcaster online services, and the growth of YouTube, Facebook and other social services. According to the report, the findings are extensive. Australian video on demand users still watch via traditional platforms, and they are watching more video – using broadcaster, subscription and advertising-driven options. They are pirating less. They choose what to watch based on old and new factors. And with the world's content at their fingertips, Australian VOD users are seeking out Australian content, and want new Australian screen stories (see Screen Australia, 2017).

The interesting point for Sallywood is that, if we focus on leapfrogging into catering for a digital screen diet, there is immense opportunity to showcase South African content both on South African screens and internationally. Again, good data and research has informed the Australian film and television industries' understanding of itself; and thus of new audience development strategies based on exactly what audiences are doing and want. South Africa must follow suit and could also become a leader in audience development research in Southern Africa and on the rest of the continent.

EUROPEAN UNION

A recent [profile](#) (2014) of the current and future European audio-visual audience again used data to inform their goal of understanding the European film audience better; and then to use that knowledge to help circulate films more widely within Europe. According to the survey, people watch films: to 'entertain oneself and have fun' (96%), to 'spend some nice time with family or friends' (96%), 'to discover and learn about people and cultures' (90%) and to 'experience strong moments and emotions' (91%) (European Commission Media, 2014: 6). Marketing – and new waves and opportunities in digital marketing – are an important element, along with word of mouth and personal recommendations. 'A majority of social network users pay more attention to a film when a friend 'likes' it on Facebook,' the report says. Young adults 16-25 are the most 'connected' to digital sources for obtaining information about films. 92% of them watch trailers online (vs. 81% on average)' (European Commission Media, 2014:6).

Their insights showed that:

- Children are most aware of animated films, comedies, adventure films and franchises. They are most aware of productions with budgets over 15M€ and like them more.
- Young adults naturally show higher awareness for teen movies and know most about films shot in English. They enjoy action, crime, fantasy and adventure.
- Adults know more about (and enjoy more) films shot in their national language and dramas. They value genres like war, history and biography and know more about films with a budget below 15M€ (2014: 7).

Interestingly, they also applied a process called 'behavioural segmentation to create pan-European profiles of particular types of film viewer', something we could do for the South and Southern African audience and marketplace. The segments included:

- Hyper-connected movie addicts



- Rushed independent movie selectives
- Mainstream blockbuster lovers
- Occasional hit grazers
- Movie indifferents

Secondary profiles were also outlined and included: Free-downloaders, Europhiles, Film influencers, Film-literates, and Cinema-enabled.

The report notes that general awareness and viewing tend to have a positive correlation: 'The greater the awareness, the more likely the film is to have been seen. There is also a strong correlation between the budget of the movie and the level of awareness. There is a similar correlation with the number of countries where the movie is released: that is, the "bigger" the movie is in terms of budget, the more aware people across Europe are, and the more people watch it. The percentage of screenings when released is a weaker indicator of the awareness of the movie. Presence in festivals and prizes usually have no correlation with the general awareness of a movie' (European Commission Media, 2014: 10). This highlights the critical element of marketing in attracting and retaining audiences.

The 2014 profile was followed by a 2017 [study](#) on Audience Development and how to place audiences at the centre of cultural organisations. This study notes that audience development is a collective challenge that can only become systemic if all players are committed to make it happen: creating frameworks and conditions on the policy side, and tackling and managing change on the cultural professionals' side. South Africa has much to learn from this and needs to take a systemic approach to developing audiences for Sallywood.

The 2017 study notes that organisations need to be aware of and adapt to 'wide social transformations and pervasive digital ecosystems and their impact on the way people produce and participate in culture, on their claims for more personalised and authentic experiences, on the need for collaborative spaces' (2017: 49). In this new context, which includes diminishing public funds, there is a need to 'rethink the role [of cultural organisations], to find new relevance, to meet the challenge' (2017: 49). South Africa has a similar challenge – but also an opportunity to break down traditional models and re-establish new systems suited to the context and audience. Once again, good data, research and audience information – that is widely shared – is one of the best methods for achieving this.

The study also suggests that audience-centric approaches require change touching different dimensions: institutional and organisational, relationships with artists, and decidedly with citizens/users directly. But some case studies demonstrate proactive organisational behaviours, anticipating and interpreting emerging phenomena (e.g. migration flows, digital ecosystems, civic activism, social innovation) are also critical attributes in knowing and developing/ engaging audiences (2017:49).

Other key factors include:

- Good organisational leadership;
- Embracing digital challenges and opportunities which offered new channels for communication and advertising (social media, websites, ticket sales) but also tools for audience analysis (big data, social data, ticketing profiling, behavioural tracking).
- Offering ways of connecting physical and digital experiences, creating advanced dialogues between the artists, the content and the audiences (2017: 50).

The crux of the study is that platforms and resource centres, networks and projects; digital development; impact measurements and policy are the stepping stones for effective audience



development and engagement. It is important for South African to consider these too as we attempt to establish both domestic and international audiences for Sallywood.

5.4 Select Audience Development Strategies for Sallywood

The South African audience is fragmented. It also has deep language and cultural differences and varying levels of visual literacy and exposure. Audience development and engagement is therefore complex and multi-dimensional. Outside of South Africa, there is not a well-developed sense of the nuances of South Africa, and thus some South African content would not be appropriate for international audiences. Although, that said, there is a small South African diaspora which could be an immediate and easy target. In addition, there is proven appetite for certain South African stories, and the success of *District 9*, *Tsotsi*, *Yesterday* and other films are indicative of a firm level of audience interest outside the country. The question remains, which audiences does South Africa target and how does it reach them. Lastly, but no less important, is the fact African audiences, especially Southern African and English-speaking African countries, are an obvious target audience with an African frame of reference and increasing purchasing power.

For example, the Nigerian entertainment and media (E&M) market rose year-on-year to US\$3.6 billion in 2016, and will increase at a 12.2% compound annual growth rate reaching US\$6.4 billion by 2021, according to a recent [PWC report](#) (2017). The same report says the Kenyan E&M market was worth US\$2.1 billion in 2016, up 13.6% on 2015. Revenue will grow at an 8.5% compound annual growth rate over the next five years, hitting the US\$3.0 billion mark in 2020, and totalling US\$3.2 billion in 2021. With these insights and the likely order of magnitude growth anticipated in the technology and digital markets, audience development and engagement for African audiences is particularly important for Sallywood. Overall, a functional Sallywood needs to consider a three-pronged audience development and engagement strategy centred on:

- Domestic engagements and market stimulation;
- Targeting of select African markets;
- Hand-picked international reach focusing on areas where:
 - the diaspora is strong;
 - there is an existing appreciation and appetite for South African content; and
 - the target territory has the ability to set international audience trends and thus organic access into secondary markets.

However, it is crucial that sound audience research underpins all audience development and engagement strategies on the domestic, regional and international fronts. This should be the base off which all activities and programmes are launched.



5.4.1 Domestic Audience Development

South Africa achieved something unusual in 2010, it earmarked locations around the country and collaborated with them to screen the 2010 FIFA World Cup around the country – from deep rural areas to thriving metropolises, South African audiences who were soccer fans, could access screens at FanParks or in local bars. What if South Africa did this for every one of our Oscar / Cannes / Toronto nominated films? Political will for real audience development will be the guiding force. True audience development needs to happen under the guidance of a credible political champion – and, as was shown during the 2010 FIFA World Cup, getting screens to the people is possible. So how do we replicate or build on the success of the World Cup?

- **RESEARCH:** Research is the starting point for understanding the domestic audiences. The NFVF conducted audience research in 2017, but the sample size was too small for a full understanding of the diversity and experiences of the South African audiences and to develop effective audience development programmes. A wider sample is required. That said, the results are interesting and applicable – with real initial insights into how South Africans choose to and can afford to consume media. For example, the high consumption of content via DVD and television. In general, all research needs to understand audiences': access to content, tastes, genre preferences, access habits and preferences, how people are convinced to choose some content over other content, marketing exposure, language preferences. The opportunity offered by big data sets is significant and will play a role in understanding South African audiences more deeply. A functional Sallywood would have a dedicated audience development research unit that works closely with the NFVF and broadcasters.
- **STOCK TAKE:** A full 'stock take' or audit of the current South African film and television industry is required. Such an initiative would analyse the full spectrum of the production cycle, but specifically focus on, inter alia, available infrastructure [studios, screens, community centres, and so on], skills audits, content pipelines, training institutions, number and turnover of production houses and the content of their work, relative success factors associated with screened content, and the role and scope of support industries. An analysis of the industry will also identify specific gaps which are hampering the emergence of a thriving Sallywood and enable the development of policy and programmes to close these gaps – especially around what content is being well received and why; and which content is not adequately attractive to South African audiences. A functional Sallywood is always aware of the gaps and is working with all public and private sector stakeholders invested in the industry to co-develop audience development programmes to manage shortfalls and maximize on successes/ working formulas.
- **ROLES & RESPONSIBILITIES:** A critical decision on whose role audience development should be is needed at a government level. Key roles and responsibilities of the champion organisation, and support organisations, should be mapped out. We recommend the following division of responsibility with regard to audience development:



- **Commercial content:** Department of Trade & Industry (Exports) – Africa & International.
- **Cultural content:** National Film and Video Foundation (Arts & Local Industry Development) – Domestic in collaboration with the Department of Education.
- **Oversight & Guidance:** Department of Arts & Culture.

This approach makes sense in terms of the core role and mandate of each of these departments and the potential areas of benefit to the economy. It also creates focus areas, and helps avoid duplication and sets clear lines and mandates, allowing departments to focus on their specific mandate. ***A functional Sallywood has inter- and intra-governmental coordination, collaboration and clear boundaries that are separate but integrate audience development roles and responsibilities.***

- **AUDIENCE FIRST APPROACH:** This approach puts audiences at the centre. What does this mean? The audience is the consumer. They choose to ‘buy’ and consume the audio-visual content of their choice. This means that once we understand the audience through research, we can cater to their needs, and put their preference at the forefront of programming and access initiatives. In this big data can lead the way for some audiences; but for others, less connected, we need to have more research mapping out what ‘audience first’ means to them and apply/ experiment with programming and access initiatives that match their identified needs as closely as possible. Audiences should thus be segmented by factors that bind them. The ensuring programmes should focus on the specific needs of each segmented audience – this is an approach for domestic, regional and international audience development. ***A functional Sallywood considers audiences as the primary consumers of its content. It prioritises content that appeals to wide audiences and responds to audience needs and wants.***
- **LEVERAGE TECHNOLOGY TO LEAPFROG:** The cases above outline the fundamental role technology is and will continue to play in the way moving image content and screen diets are consumed. South Africa is in a unique position in that it need not invest heavily in traditional models – for example, building the physical infrastructure so ubiquitous with Hollywood, or expanding cinema complexes, is simply not necessary to support Sallywood. However, focusing on ensuring that South Africa invests on being on the digital cutting-edge, offering high-tech solutions and investments, and finding technological niches that we can focus on, are important. Animation and post-production are already expanding areas in which South Africa can excel. Building an audience that receives digital messages about Sallywood content, and is nurtured to continue supporting Sallywood content through constant digital engagement is critical. Also critical is a message echo-chamber and information that is aligned with audience content preferences – and allows for constant engagement – is a future fundamental. In addition, technology can allow for small-scale, affordable interventions at community level that expose more audiences to film content (whether at community centres, libraries, or churches). It can also create the environment where audiences can engage with filmmakers online, and create a digital



bond. All these activities promote feelings of connection and can turn audiences into ambassadors. ***A functional Sallywood is high-tech, digitally active and technological advanced and uses these advantages to access different cohorts of South African audiences.***

- **FAST DISTRIBUTION:** Fast distribution circumvents the standard, cumbersome and long-winded routes to market; and makes getting content to consumers a priority. This also helps manage piracy and enables audiences to become fans and be part of the ‘hype’ and marketing efforts. The indications from Nigeria and other African markets are that this is the route to pursue. The NFVF’s own research shows that most South African audiences access their content via television and DVD. Therefore the quicker content can feature on these channels, the quicker South African audiences can access them and support an emerging Sallywood. ***A functional Sallywood creates the enabling policy environment for fast distribution and works with partners to ensure that Sallywood content moves quickly onto screens where audiences can access it. It also integrates with digital and technological platforms.***
- **THE REINVENTION OF THE FILM SOCIETY:** DAC and local and district municipalities build and operate a number of community centres, libraries and other resource centres. These can be taken into the digital film age and used to host programmatic interventions that re-build, for want of a better description, ‘film societies’, or perhaps more aptly for South Africa, film ‘stokvels’. These could be the organisations through which DVDs are traded and exchanged, cinema experiences are cultivated, educational interventions happen, film discussions, Sallywood content previews and other audience first programmes can be hosted/managed. ***A functional Sallywood makes considered use of existing infrastructures, ensures it is digitally connected and supports community-up/bottom-up initiatives that promote film.***
- **PARTNER POWER:** No audience’s development and engagement activities will be able to take place without powerful and active partnerships in place. This needs to happen at inter- and intra-government levels; as well as with community groups, organisations, non-governmental organisations, and many across the third sector. This alone is a significant job and requires the interaction and coordination of a range of actions. The DAC should take the lead on this and create an environment and structure for support, including investing in technology, structuring agreements and providing certain organisations, such as NGOs, with the mandate to use this infrastructure. An agreement also needs to be reached with DALRO and film companies, which allows for community screenings without the associated requisite copyright costs in the interests of educational audience development. The UK example above shows how different funds, partnerships and networks can help support audience development. These could be replicated in South Africa, but with a focus on the less digitally connected and access challenged audiences. ***A functional Sallywood has strong and active partnerships that focus on building and supporting audience development programming efforts.***



- **TRAINING:** South African film and television production companies need specific marketing training. This could also be used as the site for the exploration of better business models for the consumption of South African content. ***A functional Sallywood has developed SETA-certified training on how to reach audiences and market content; including audience research tactics.***

Some of these tactics are already being employed, as the case of the Gauteng Film Commission demonstrates:

CASE STUDY: [GAUTENG FILM COMMISSION](#) AUDIENCE DEVELOPMENT TACTICS

There are a number of initiatives currently underway to expand the market for locally made film within South Africa. These include film viewing and debates in non-traditional venues, film clubs at tertiary institutions, screenings in townships, training initiatives, and projects with a specific focus on gender, the youth and people with disabilities.

Monthly Film Viewing and Debates

- Screening films at non-traditional viewing venues that provide highly refined experience of cutting-edge cultural innovations in art and entertainment within an imaginative atmosphere.
- Creating a platform for filmmakers in the area to interact with audiences

Township Bioscope Screenings

- Create a platform for filmmakers to showcase their work
- Foster the appreciation of local content among cinema goers
- Facilitate the growth of a cinema appreciation culture
- Increase investor confidence in local content
- Empower individuals to become active economic participants in the film industry

Gender, Youth and Disability Projects

Gender Projects

- Promote gender equality through screenings
- Invite experts on gender issues
- Partnership with gender organisation

Youth

- Film as a career
- Higher learning institution film clubs
- Film exhibitions
- Partnership with youth development institutions

Disability

- Identify disability schools and organisations
- Screen content that will not only entertain but also empower them
- Road shows with disabled filmmaker and professional disabled persons to inspire learners.

Another case is that of Sunshine Cinema

Impact: Sunshine Cinema



From January to April 2018 Sunshine Cinema - a mobile cinema - hosted six free community screenings at the arts venue GugaSthebe in Langa, thanks to support from Movies That Matter. The screenings were really well attended and we had a full house every time. The speakers we managed to attract were very well known, dynamic and engaging and often the post screening discussions went on almost as long as the film screening itself. Based on the follow-ups we did with community members and speakers there was almost always a positive response for what we are doing. Our social media engagement was very positive, and many key local community activists supported the programme. We had many audience members who became regulars, coming to almost all of the screenings. Another really positive outcome was that the venue (managed by The City of Cape Town) loved what we were doing and asked us to continue hosting regular film screenings at the space. Cape Town, and South Africa is the most unequal society in the world with 1% of the population owning 70% of the country's wealth. At every screening we had a racially and economically diverse audience and that was a real positive thing to see, as we believe in bringing people together in rooms to debate and engage with one another and that is what the screenings achieved.

Overview film programme

January - Inxeba: The Wound

Feb - Strike A Rock

March - I am Not Your Negro

March - Winnie Documentary

April - Five Fingers for Marseille

April - Kalushi

Number and kind of screenings and debates

6 screenings, five debates.

1. **Inxeba:** Speakers - LGBTQI Activist Lebo Mcanyi, Queer Traditional Leader Phari Sefali, Embo Cultural Committee Member for Langa Initiation Camp - Facilitated by Arts Activist Fatima Dike.

2. **Strike A Rock** - Speakers - Phd Candidate in Women Mining Rights, Camalita Naicker and Sociology Professor at UCT - Asanda Benya facilitated by performance artist and feminist activist Vuyokazi Ngemntu

3. **I am Not Your Negro** - Speakers - Mandy Sanger of District Six Museum, Siviwe Mbanda of Langa Tourism Platform and Judy Sikuza of Mandela Rhodes Foundation - facilitated by performance artist and feminist activist Vuyokazi Ngemntu

4. **Winnie Mandela Documentary** - Speakers - Phd Candidate in Black Feminism Studies, Wanelisa Xaba and Poet & Writer Sindiwe Magona facilitated by Sunshine Cinema Project Manager Khosi Dali.

5. **Five Fingers for Marseille** - Speakers - Sean Drummond - writer/producer of film, and Sandz Tshwefu - assistant editor on the film, facilitated by Sunshine Cinema Project Manager Khosi Dali.

6. Kalushi.

Number of visitors to the event - 200 audience members per event, total of 1200 direct audience members

Background and estimated gender balance of the visitors - diverse audience, 50 per cent local Langa township audience, and 50 per cent middle class audience from City and Suburb areas of Cape Town - mix of black and white, and mix of genders.

Reactions of visitors about the festival - very positive responses to the films as well as the post screening discussions; well attended, most audience members almost always stayed till the end of



the discussions section. One concern for Langa residents was the timing, due to safety concerns and transport. So some people were not able to stay past 9 pm at night.

Attention and reactions of the media (both qualitative and quantitative). Positive response to social media engagements of media clips put out within 24 hours after the event, shared by local film industry platforms, tourism platforms and the filmmakers.

Effects of the event (medium or long-term effects e.g. in terms of networking, legislation, strengthening NGOs, school curriculum or sparking public debate) - Venue (owned by the City of Cape Town) has requested that we continue to host regular screenings at the space because of the positive reaction that has occurred within the community of Langa that does not have access to new African films.

What went very well? What went moderately? What went wrong? It was a brilliant four months, and our team worked really well together. We did not have any major issues at any of the screenings, and people were really supportive. The only suggestion would be next time we would include fundraising efforts to provide transport so more people from different townships could access the screenings. Another issue was the water restrictions in Cape Town, and the water crisis meant that the venue did not want us to host too many people so we were not able to mobilise as much as we would have liked to in Langa in terms of advertising the free events as we had to make sure no more than 200 people attended as then the City would have made us provide chemical toilets which we did not have the budget for.

Lessons learned from the event - Always make sure that key local community activists are invited to attend the event. Provide catering and speaker fees for the speakers. Brief facilitators adequately and make sure they have seen the films beforehand. Provide transport options for community members to ensure their safety.

Plans for a follow-up of the event - We have received funding from the Bertha Foundation to launch our mini mobile cinema in a box programme - the Sunbox Ambassadorship programme so we can focus on training youth entrepreneurs to host their own screenings. We are negotiating distribution licences with filmmakers to ensure we can show their films for free to the audiences, but that they get something in return as they do not just want social media content from the events. We are also applying for funding from Movies That Matter to take the cinema on a mobile tour from Cape Town to Kampala celebrating African cinema and local social justice organisations.

Published material, photos and videos of the event - all available on our Facebook page that has gained 1000 new likes since the start of this screening period.
<https://www.facebook.com/sunshinecinema.org/?ref=bookmarks>

Currently we have two Sunbox Ambassadors for six months for Western Cape in Nyanga and Imizamo Yethu (working with a Grant in Aid - Department of Arts and Culture)

Reporting process to follow at the end of the six month period.

Costings - Sunboxes (depending on the exchange rate - R20 -22k for the kit, and between 2500 - 3500 per month for the Ambassador (doing 1-2 screenings a week)

- The unfair competition and massive marketing budgets of Hollywood studio-backed film releases reduce the chances of South African box office success at the cinema level. The introduction of incentivised screen quotas for domestic and African film theatric releases thus becomes a necessary intervention. There is a need for



aggressive marketing of South African films in people's home communities and the generation of local media enthusiasm around promotion of local product. Local film journalists and critics are to be encouraged to support local product.

- All provincial film commissions should include distribution, promotion and exhibition initiatives in their overall development strategies, encouraging South African film festivals and retrospectives country wide and internationally. It is critical that such festivals are marketed to the people to create a high level of awareness. A festival such as Apollo plays a significant part in this regard.
- Government subsidies and lottery funds to increase mobile film units with screenings in community halls, churches and school halls, as well as opening cinemas in townships, should be considered.

The above examples offer some initial insights into strategic steps that can be taken to both understand and reach different South African audiences in support of audience development. Many of these can be replicated at a regional and international level too. However, specialised campaigns are also needed for regional and international interventions; as they are at a domestic (national, provincial and municipal) level.

5.4.2 Accessing the Region: Reaching African Neighbours and New African Audiences

South Africa would ignore the strong emerging African market at its peril, in particular the Southern African and English-speaking markets on the continent. This is a clear growth market, and is both easily accessible and hungry for content. With South Africa's existing infrastructure and well-established broadcasters, along with strong business interests expanding on the continent, (MTN and DSTV are leading examples) the opportunity to tap an African audience is more than significant, it is a logical next step. That is not to say however that the audience is easy to understand and/or please – or that past and current South African film and television content is appealing to these audiences. The cultural diversity and wide frames of reference do make it a complex endeavour, but as with the domestic market, good data and research will inform audience development and engagement tactics and is the starting point for reaching this market.

In this context, we recommend South Africa:

- Take a regional approach to targeting audiences and focus on its immediate neighbours in Southern Africa and the growth markets of Kenya, Nigeria and Ethiopia, which are also English speaking.
- Invest in sub-titling and/ or dubbing Sallywood content for the African target market.
- Negotiate and enter into deals with African broadcasters to screen Sallywood content.
- Work with the DTI in finding support mechanisms for the export of South African content into the targeted African markets.



- Establish a fund dedicated to marketing South African content to targeted African markets.

Lastly the tactics outlined above under the domestic market section can be duplicated for the African market, within reason and budget.

5.4.3 Maintaining an International Profile

The strange reality is that it has never been as easy to access an international audience as it is today, nor has there ever been so much competition and so many interests competing for screen time. While there are certain marketing and international distribution activities that filmmakers and production houses can pursue independently, there is much support that the South African government can offer through a structured approach to promoting Sallywood content. Essentially then, this final section offers some quick approaches for the creation of an enabling environment for international audience development.

The essence of this is to continue doing what we do well – such as focusing on international film festivals, but to also realise that these festivals and film markets do not necessarily reach wide audiences or guarantee commercial success. Global audiences are increasingly using video-on-demand and there is an emerging body of data on these audiences' consumption patterns and preferences. We recommend South Africa invest in buying information from the likes of Netflix or YouTube to better understand these audiences. Broadcasters are adjusting their approach to reaching these audiences because of technology-led behavioural changes; in this they are diversifying away from linear broadcasting toward supply of content that is available on multiple channels and platforms. South African content needs to be available on these channels and there needs to be an echo-chamber of content in the target territories internationally. South Africa also needs to focus on a couple of key markets and territories – based on audience segmentation data and resulting strategies. These targets must also be influential in setting film and television-watching trends; and have an established or potential interest in Sallywood content. It is vital that the international distribution pipeline is further developed and the export of Sallywood content promoted. This requires that South Africa nurtures and works with established and influential international sales agents. South Africa should establish a special fund and a support system for filmmakers trying to reach international audiences – an expansion of the current [NFVF](#) support, and perhaps lower the benchmark to under R2.5-million budget films and expand to include television content, given the increasing demand for such content from audiences. It should also make its international audience research freely available.

In addition, similar approaches to the domestic and African approaches listed above, should be taken to ensure certain international audiences can become Sallywood cinephiles who then support and strengthen emerging networks around them for South African content. The commercial considerations are particularly important when targeting the international audience – and in this, South Africa should expand out from its high art approach to promoting



South African content and embrace varying levels of content suitable for various differentiated, but importantly, paying audiences.

5.5 Conclusion

Finding ways to reach SA audiences, who are mostly far from cinemas, do not have high levels of disposable income, and lack access to cheap data, will be one of the key determinants of success. Suggestions on strategies that could be used to reach local markets are made in the report, but without a dedicated and enthusiastic South African audience, Sallywood, however good the products, will not be a success. A key determinant of success will thus be dedicated, and well-resourced, people and structures whose focus is on growing distribution and access.

6 Implications of the Copyright Amendment Bill and the Performers Protection Amendment Bill

Copyright and Intellectual Property Laws are essential to the cultural and creative industries. By protecting the rights of creators of cultural goods and services, they enable cultural workers to sell their outputs and thus to make a sustainable livelihood from the sector. However, IP laws can also hinder CCI production where the use of copyrighted material to create new works is associated with large royalty payments. For example, documentary film makers who wish to use past footage to help tell their story may not be free to do so without identifying the rights owner and payment of, sometimes significant, amounts. On the other hand, film makers whose work is used for free and without permission may find it difficult to raise funds to produce new works, and to make a living in the industry. There is thus the need to balance the incentives and protection that IP legislation provides with the public interest (SACO, 2018).

South Africa has been going through a process of copyright reform to update the Copyright Act of 1978. The film and television industry are broadly supportive of the Copyright Amendment Bill and the Performers Projection Amendment Bill, acknowledging the need to update IP legislation in the digital age and bring South African IP law into line with international best practice. However, a review of industry submissions to the Portfolio Committee on Trade and Industry highlighted areas of concern, some of which are briefly reviewed here.

6.1 Funding and Ownership

There are two main areas of comment on the relationship between funding and copyright ownership:

The first is the ownership of commissioned work. Under the previous Copyright Act, the copyright of a work commissions by, for example, the SABC, would automatically belong to



the commissioner, thus preventing the original creator from selling or distributing the work elsewhere. The South African Documentary Filmmakers Association (DFA, 2017) was particularly supportive of a change to this rule, which the CAB proposed should be updated so that the copyright ownership of commissioned works should be governed by a contract, and not automatically belong to the commissioning party. This would enable filmmakers (who retained the copyright of their commissioned work) to continue to derive income from future sales and distribution of commissioned works. Indeed, the DFA as well as the SA Screen Federation argue that the provision does not go far enough, and that copyright of commissioned works should automatically belong to the producer, unless stated otherwise in a contract.

The second proposed change caused more widespread concern. The 2017 version of the CAB provided that, for films that had received funding from state or local organisations, the copyright would automatically belong to the funder. The International Federation of Film Producer Associations (IFFPA, 2017) state that, “This provision runs counter to the policies pursued for some years by South Africa, which has been trying to attract filmmakers to South Africa with various incentive schemes”. As the SA Screen Federation (2017) and Documentary Filmmakers Association (2017) also pointed out, almost all films made in South Africa receive some form of funding from the DTI film and television rebate scheme, the NFVF, the SABC or the DAC. “Enacting the proposed change to Section 5 would thus deprive most filmmakers to the right to own their copyright” (DFA, 2017).

Clause 3 of the CAB (2018) states that “Copyright shall be conferred by this section on every work which is eligible for copyright and which is made by or under the direction or control of the state or such international or local organization as may be prescribed.” However, Clause 21 was amended in the 2018 CAB to read: the ownership of any copyright subsisting in the work shall, subject to subsection (3), be governed by written agreement between the parties.”

6.2 Fair Use

Arguably the most contentious part of the CAB is the inclusion of a copyright exception for “fair use”, which allows the use of some copyrighted without payment or permission. Note that the moral right of the creator to be recognised still remains – that is, their right to be acknowledged as the creator, even if no royalties are payable. Many CCI producers object to this provision (similar to copyright legislation in the US) on the grounds that “fair use” is vaguely defined and will have to be tested in the law courts through costly litigation.

The CAB (2018, Clause 12A) defines fair use as being determined by:

“(i) the nature of the work in question; (ii) the amount and substantiality of the part of the work affected by the act in relation to the whole of the work; (iii) the purpose and character of the use, including whether— (aa) such use serves a purpose different from that of the work affected; and (bb) it is of a commercial nature or for non-profit research, library or educational purposes; and (iv) the substitution effect of the act upon the potential market for the work in question”.



The DFA advocated for the addition of “transformative uses of works” (where the new work serves a different audience for a different purpose from the original) and “non-expressive uses of works”, which would include such things as data mining, search, storage and transmission.

It may be the case that the “fair use” provision will have to be tested in the law courts, but it does seem to be used in a sustainable way in other countries.

6.3 Royalties and the Performers Protection Amendment Bill

The PPAB is scheduled to be discussed after the Copyright Amendment Bill is passed. From the introduction to the PPAB itself, and from Portfolio Committee discussions (PMG, 2018), it is clear that the main intention of the amendment was to provide more individual IP support and protection for SA artists, giving them rights to ongoing royalties related to their work.

The Performers’ Protection Amendment Bill (PPAB) intends to address and resolve the following but not limited to:

- The non-payment of royalties for audio-visual performers;
- The lack of formalisation of the creative industry and the related abuse;
- To address digitisation;
- The incidence of piracy; and
- The moral and economic rights of performers related to audio-visual fixations.

(Source: DTI presentation to Parliament, PMG, 2018)

The amendment protects the right of the user, performer, owner, producer or author of a film [and other types of work] “to claim an equal portion of the royalty payable for use of the copyright film or fixation”, even if copyrights had been transferred already.

Setting aside the practical difficulties in identifying and paying all the hundreds of people often involved in each film production, industry submissions also pointed out that film production (like much other creative work) is risky. This is because there are large costs incurred in producing a film, and returns (the critical and box-office success of the film) are uncertain, and only come after production is complete. People who work on the film carry little of this risk, since they are remunerated for their work regardless of the success for the film. Individually negotiated contracts allowed for lower remuneration and a share of royalties (higher risks, with potentially higher rewards), or higher remuneration, but transfer of copyright (lower risks, with potentially lower rewards).

The PPAB effectively enforces a “blanket override” on contracts, where even if copyright has been assigned to the producers, royalties have to be paid. The international Federation of Film Producers Association (IFFPA) is particularly concerned about this “lack of contractual freedom”, which they argue will “undermine the producer’s ability to recoup investment costs ... and would thus become a disincentive to local and other film producers” (IFFPA, 2017). In their submission, the South African Screen Federation argues that the blanket override of



contacts, “Goes too far, and will prevents rights holders and user of content to come to different terms through legitimate – and mutually agreed – licensing agreements”.

6.4 Other issues of concern

Other issues of concern raised by the film industry were:

- the limit of the copyright period to 25 years, and
- a number of complicated exceptions to copyright (including fair use), such as the personal copy exception (Clause 11), and the ability to made temporary reproductions for use on different devices that may allow people to “circumvent” Technological Protection Measures (TPM)
- the lack of exclusive rights to distribution.

Depending on the terms of the Bill that is finally adopted, the changes in South African copyright laws may have quite significant impacts on the film industry and the business plan developed by SACO would need to be updated to take these into account.

7 Overview of Case Studies: Understanding the Film Industry in Nigeria, India, Brazil, China, Kenya

The film industries of developing countries represent a fascinating cross-section of potentialities and approaches for the emergence of a Sallywood. In large part, the socio-cultural and economic impacts are in the foreground, specifically in the cases of Nigeria, India, Kenya, China and Brazil. Generally, the focus of creative industries engagement has largely been concerned with urban, service-industry economies in the first world; but a body of research emerging in the last decade acknowledges that informal economies have their own logics and potential, and suggests that in order to integrate into global economic networks (and thus access new sources of revenue, employment and growth), developing nations and regions need to leverage their cultural assets (Lobato, 2010). This is especially true for the film and television industry, which has the value chains with which to activate many sub-sectors and stimulate economic growth and employment. The film industry also lends itself well toward clustering. According to Porter’s (1990) cluster framework, the competitive advantage of nations results from four interlinked factors³⁴, and activities in and between companies in clusters, which can be influenced positively by government. In Porter’s Model ,

³⁴ Firm Strategy, Structure and Rivalry (where direct competition compels firms to work for increases in productivity and innovation, but in a world which is dominated by dynamic conditions; and the complexity of an industry that is partly private, partly state-owned, and public); Demand Conditions (which increase expectations of quality, innovation etc); Related Supporting Industries (which facilitates the exchange of information, ideas and innovation, and correlates to spatial proximity of upstream and/or downstream industries); and ‘Specialised Factors’ (such as skilled labour, capital and infrastructure).



the role of government is to act as a catalyst and challenger; to stimulate early demand for advanced products, to encourage (or push) increased performance, and to focus on specialised factor creation (Tomaselli and Mboti, 2015).

General factors (such as unskilled labour and raw materials) do not generate sustained competitive advantage. However, specialised factors involve significant and sustained investment, which is more complex to replicate and thus does offer competitive advantage. In this vein, Tomaselli and Mboti (2015) argue Porter's Four Factors need to be supplemented with a fifth: that of human/ intellectual/ creative/ cultural and symbolic capital. Thus, the economics of film and media are no longer subject to conventional economic theory, as they need also draw on cultural, social and creative/symbolic capital (Tomaselli and Mboti, 2015), which have parallels in digital economies. For example, Nigerian film and video has ushered in a new and innovative film culture, based on cheap and accessible non-theatrical distribution rather than theatrical release; offering a solution to many of the distribution problems that plague filmmakers across the globe (Lobato, 2010). It can therefore be useful to pay attention to informal economies of distribution (such as those upon which Nigerian video has been built, and the alternative frameworks for intellectual property and commodity exchange underpinning them) (Lobato, 2010). This is true of the other case studies too. The section below outlines and compares the film industries in key film-producing developing nations, to establish the primary factors that contribute to building and sustaining these industries.

7.1 Box Office Comparisons

According to information released in April 2013 ([FilmContact](#) website), Brazil is considered to have the most accessible film industry among the so-called 'high-growth' emerging BRIC nations (Brazil, Russia, India, and China); and places tenth (with \$800-million) on their list of top 10 film countries, ranked by box office takings. India comes in at fifth (with \$1.4-billion), mainly because, on average, their home market has the among the lowest ticket prices in the world. So, although they make the largest number of films in the world, buy the highest number of tickets and have the second largest screen count, their box office revenues do not necessarily reflect this. As with the country's increasing dominance in many other arenas, China has become the world's second-biggest movie market, placing second (with \$2.7bn in box office takings). The United States of America is predictably top of the list and (currently) remains far ahead of any other country, with North America bringing in \$10.8-billion at the box office. South Africa and Nigeria are two countries that could feature in the Top Ten in terms of revenue, in the future. Nigeria is the world's second largest film industry by virtue of films produced, but featuring on this list is a challenge for Nigeria until the quality of the films being produced improves and more screens are made available for its nearly 170-million people (Film Contact, 2013).



Table 10: Top 10 Box Office figures by country, with North America in the lead, 2013 (Source: FilmContact.com)

	Country	Box Office Earnings
1.	North America	\$10 800 000 000
2.	China	\$2 700 000 000
3.	Japan	\$2 400 000 000
4.	France & UK	\$1 700 000 000
5.	Germany	\$1 350 000 000
6.	Russia	\$1 200 000 000
7.	India	\$1 400 000 000
8.	Italy	\$1 010 000 000
9.	Spain	\$900 000 000
10.	Brazil	\$800 000 000

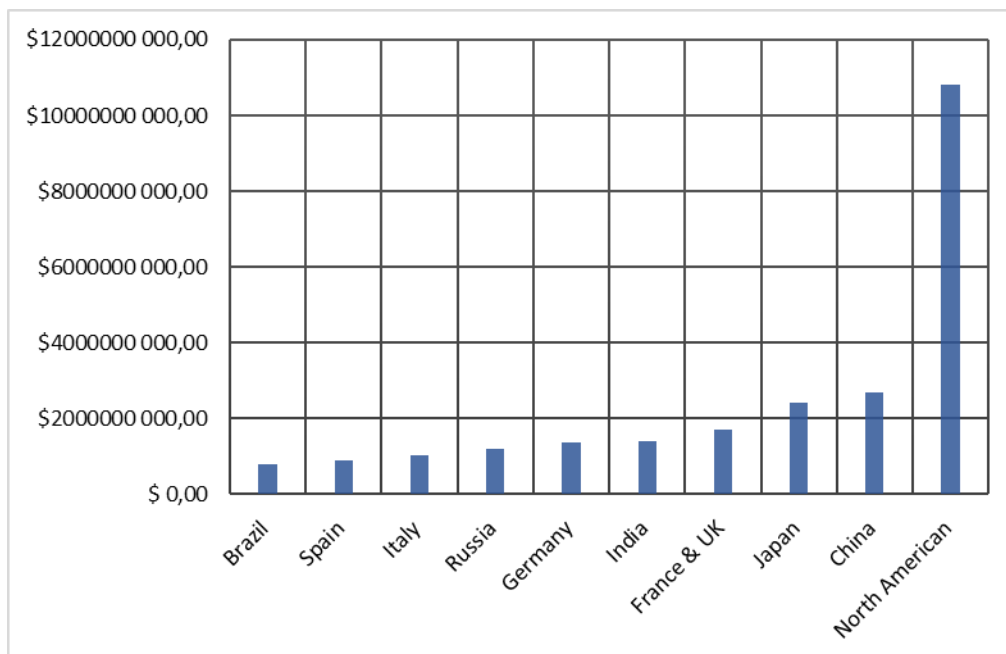


Figure 22: Top 10 Box Office figures by country, with North America in the lead, 2013 (Source: FilmContact.com)

The next two sections consider the historical and contemporary manifestations of the film industries across key geographies to allow for comparison with the South African industry and draw both learning and inspiration in support of a move toward 'Sallywood'.

7.2 Historical Overview of Film Industries in Selected Case Study Nations

Nigeria and India each have a local film industry that is about 100 years old, relatively established, and with significant local markets. The industries in Brazil, China and Kenya are significantly younger, and deal with different challenges in each context. Importantly,



economic stability and government investment (or lack thereof) appears to have been significant in supporting the growth of industry in these three countries.

Country	Snapshots: Film industry trajectories
Nigeria	Nigeria's first contact with cinema was in 1903. Decades later, in 1979, the Nigerian Film Corporation was established to provide structural backbone for the development of the industry in terms of manpower, training, marketing assistance and infrastructure; and years later a National Film Policy was also put in motion. But neither intervention was able to sufficiently aid the ailing industry, and by the mid-1980s it was nearly impossible for films to be made on celluloid (Adenugba, 2007). The result was that by the mid-1990s, African films accounted for less than 0.1 per cent of titles screened on the continent (Kabore, 1995 in Lobato, 2010), and cinema-going had largely disappeared as a social practice in Nigeria, due to the closure of theatres and the deteriorating security situation in urban areas. This changed in the 1990s, when video production emerged as a homegrown alternative to celluloid cinema. Shot quickly and cheaply on Video Home System (VHS), with minimal scripting and post-production, video films resembled home movies and eschewed established norms of cinematography in favour of a cheap, televisual aesthetic. In the wake of Kenneth Nnebue's breakthrough low-budget video film <i>Living in Bondage</i> (1992) – an engaging moral tale of greed and retribution set in the fast lane of middle class Lagos, which was also the first Igbo video film in Nigeria – locally made tapes began to appear in street markets across Nigeria (Adenugba, 2007 and Lobato, 2010). Alex Eyengho defines Nollywood as “the totality of activities taking place in the Nigerian film industry, be it in English, Yoruba, Hausa, Igbo, Itsekiri, Edo, Efik, Ijaw, Urhobo or any other of the over 300 Nigerian languages”. “The historical trajectory of Nollywood started since the pre- and post-independent Nigeria, with the theatrical (stage) and cinematic (celluloid) efforts of the likes of Chief Hubert Ogunde, Chief Amata, Baba Sala, Ade Love, Eddie Ugboma and a few others” (Ayengho, 2012). There has been disagreement over the term ‘Nollywood’; because the term was coined by a foreigner, and could be seen as representing another form of Imperialism; and also because it is an imitation of what was already in existence (Hollywood and Bollywood) rather than an identity in itself, that is, original and uniquely African (Nigeria Village Square, 2005).
India	The release of the black and white silent movie, <i>Raja Harishchandra</i> in May 1913 marked the beginning of India's indigenous film industry. Since then, India has become the world's largest producer of feature films, with over 1 200 releases a year in more than 25 languages (WIPO, 2013). In 2012, WIPO hosted a Festival of Indian Film in celebration of 100 years of Indian filmmaking. The five films screened during the Festival - <i>Raja Harishchandra</i>, <i>Barfi!</i>, <i>Zindagi Na Milegi Dobara</i>, <i>36 Chowringhee Lane</i> and <i>3 Idiots</i> - offer a glimpse of the diversity, depth and distinctiveness of Indian cinema (WIPO, 2013). The late 1940s to 1960s is considered the Golden Age of Indian Cinema, with films attracting recognition at international film festivals and the Academy Awards. In 1957, the Copyright Act (Act No. 14 of 1957) consolidated and amended Indian copyright law and provided for the setting up of a copyright office, under the control of the Registrar



Country	Snapshots: Film industry trajectories
	of Copyright and the Copyright Board, to deal with copyright-related disputes. The Film Institute of India was established in 1960, the Indian Motion Picture Export Corporation (IMPEC) in 1963 to promote the expansion of Indian cinema, and in 1964, the National Film Archive of India was established (WIPO, 2013). The 1970s saw the rise of commercial cinema. Fourteen distinct cinema cultures emerged in India, of which Bollywood (Hindi) is only one. Indian cinema's popularity grew internationally thanks largely to a wide diaspora, and its international influence and recognition continues to grow. In 1998, the critically acclaimed art-house film <i>Satya</i> written by Anurag Kashyap and directed by Ram Gopal Varma marked the emergence of 'Mumbai noir', a genre of urban films reflecting on social problems in Mumbai (WIPO, 2013). Growth in the global popularity of Bollywood films took Indian cinema to new heights in terms of quality, cinematography, innovative story lines and technical advances in special effects and animation. In 2001, the government of India gave the motion picture sector industry status, making it easier for film producers to obtain institutional financing. The Copyright (Amendment) Act 2012 extended copyright protection to performers, songwriters, composers and musicians (WIPO, 2013).
Brazil	When the Brazilian Republic was established in 1889, Brazil was in a classic dependence situation, and in addition to goods, Brazil imported a European way of life and culture. The capital city was the target of a new urbanisation and modernisation through government policy, thus creating a favourable environment for the introduction of the cinema in Brazil in 1886, with the first film exhibition in Rio de Janeiro. The 1930s were characterised by Hollywood domination, as representations of local culture tried to make their place in this context. Brazilian film came to prominence in the 1960s, with young filmmakers producing social-themed films, such as <i>God and the Devil in the Land of the Sun</i> (1964) and <i>The Dragon of Evil Against the Holy Warrior</i> (1968). During the Brazilian Dictatorship, President Ernesto Geisel created the Embrafilme: a government cinema studio. The company played an important role in Brazil, but was censored after producing controversial productions against the Brazilian military regime, causing the Brazilian film industry fall into decline. <i>Pornochanchada</i> was a style of soft-core erotic movies that emerged in São Paulo early in the 1970s, and gave rise to a common genre of Brazilian cinema produced in the 1970s. This was a very large production business which allowed directors who had the skill to 'conquer' a vast public, and make films of great aesthetic value. The implementation of the Plano Real in 1994 saw the beginning of a phase of economic stability in Brazil, based on their economic growth, which has permitted a recovery of the film industry sector as well as government investments in the area. Today it is the country that produces the most films in Latin America (Duran, 2013).
China	The China Film Coproduction Corporation was founded in 1979. It was a state company that handled joint venture films between Chinese studios and other countries and regions (most commonly with Hong Kong during the early years), and which was became the third biggest global producer of films during the 1980s, after Hollywood and Bollywood (Cheung and Marchetti 2015 in Aranburu, 2017). In the 1980s the film industry fell on hard times, faced with the dual problems of competition from other



Country	Snapshots: Film industry trajectories
	forms of entertainment and concern on the part of the authorities that many of the popular thriller and martial arts films were socially unacceptable (Hays, 2012). In January 1986, the film industry was transferred from the Ministry of Culture to the newly formed Ministry of Radio, Cinema, and Television to bring it under “stricter control and management” and to “strengthen supervision over production” [Library of Congress] (Hays, 2012). Yet only in the 1990s did the state seriously start addressing foreign film production – most likely because, before the structural overhaul, Chinese studios were too unproductive to compete with the big Hollywood studios. The first film that was imported to China from the United States of America under the objective of opening the market was <i>The Fugitive</i> in 1993. It grossed \$3-million in China alone, which alarmed the Chinese authorities in terms of the appeal of foreign movies to local spectators (Tempest 1994 in Aranburu, 2017). In 1995, between 70 and 80 per cent of box office profits came from imported pictures – although this did not just mean gains from foreign pictures, since the big domestic pictures were also boosted (for example, the Chinese film <i>Red Cherry</i> was placed on the box office ratings, topping other international films), and the total returns increased by 15 per cent. (Aranburu, 2017)
Kenya	The first Kenyan film featured wildlife and the Savannah while the next, <i>Africa Speaks</i>, shot in 1920s, featured a safari expedition. The biggest early challenge for the Kenyan film industry was funding, especially while shooting with the 35mm and 16mm celluloid. This changed in 2002 with the shooting of <i>Dangerous Affairs</i> by Njeri Karago and Judy Kibinge marking the advent of digital format in Kenya. Around that time, a production company called Riverwood entered the market, producing low quality vernacular productions, and generating notable income. As Kenyans demanded quality, the second generation of Riverwood films hastened to fill the gap, with producers premiering films, including Mburu Kimani’s <i>Munge’ngano</i> (<i>The Race</i>), Simiyu Barasa’s <i>Toto Millionaire</i> (2006) and <i>Mr Love Doctor</i> (2009) (Standard Media, 2017).

7.3 Number of Screens vs Films Produced

Country	Number of Screens vs Films Produced
Nigeria	Nigeria: Screens – 130 Estimates of total films produced in Nigeria on an annual basis range from 1000 to 2500, the great majority of which are released straight to DVD (Oxford Business Group, 2015).
India	India: Screens – 13 000 1 200 movies released every year. Bollywood produces over 200 films annually. The rest are produced in 25 different regional languages. In addition to Bollywood, India is home to Kollywood (Tamil/Tamil Nadu), Tollywood (Telugu/Andhra Pradesh) and Mollywood (Malayalam/Kerala).
Brazil	Screens – 3 005 No of films produced each year - >20



China	Screens – 44,179 (2016) No of films produced each year - >150
Kenya	Screens – 22 364 licensed informal cinema halls are operational in the country.

By way of comparison, the United States of America has 39,356 screens and produces about 600 films per year. South Africa has 857 screens and produces about 25 films per year. These figures are obviously relative based on local population and country/ geographic size.



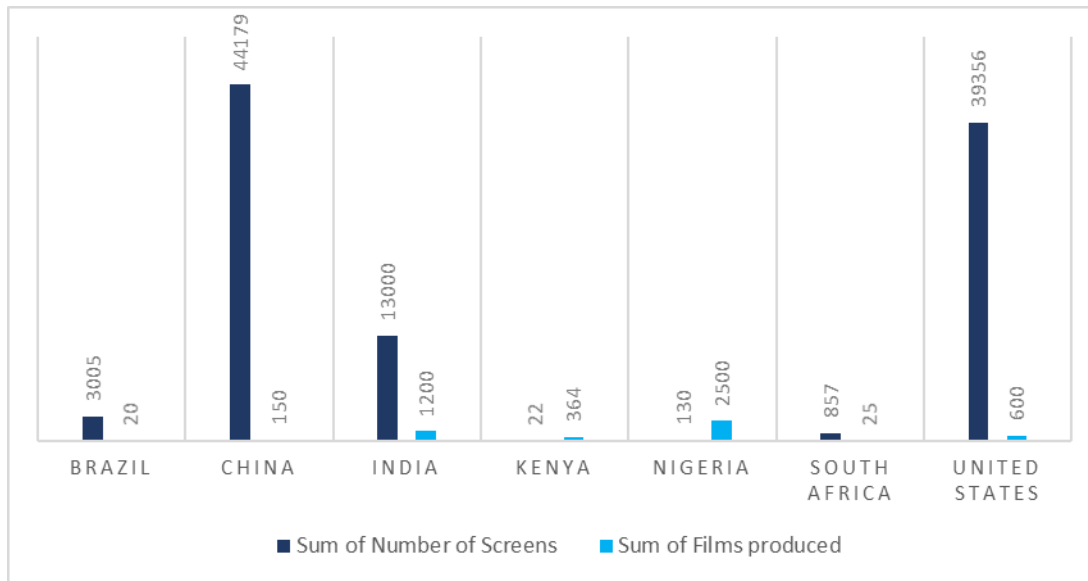


Figure 22 Number of screens versus films produced per country.

7.4 The Current State of the Film Industry in Case Study Nations

Both directly and indirectly, the film industry makes a significant contribution to the economies of Nigeria, India, Brazil, China and Kenya – both in terms of employment and income generation. The film industry is supported by their governments in different forms, many of which drive the success of local industries. Brazil offers incentives for the promotion, growth and distribution of the industry and its products; including a large number of Brazilian film festivals and events organised by their National Agency of Cinema, and an increasing number of national hubs for film exposition. The state-owned Kenya Film Commission was established to support the industry's needs, particularly from a funding perspective. In China, where government support/controls are significant, Huayi Brothers has launched a "de-cinematic" strategy that integrates the traditional film business, Internet entertainment, and location-based entertainment, and expands into upstream and downstream industry chains to alleviate dependence on the film industry, in a bid to move beyond government distribution structures.

Country	Current state of film industry
Nigeria: Positive - economic and employment impacts	Nollywood is, in a sense, bigger than Nigeria, in that it is a film industry of global significance, both in terms of its output (with thousands of films produced and released annually) and the size of its audience (which reaches well into the hundreds of millions) (Lobato, 2010). Nollywood is not a creative industry in the conventional sense of the term, defined by Hartley (2005: 5) as "the conceptual and practical convergence of the creative arts (individual talent) with cultural industries (mass scale), in the context of new media technologies (ICTs) within a new knowledge economy, for the use of newly interactive citizen consumers" (Lobato, 2010). Nollywood is an organised and increasingly professionalized ecology of technicians, thespians and tradespeople. It is focused on, and quite good at, making



Country	Current state of film industry
	money for its participants. Despite the legacies of the industry's under-capitalised and over-extended production base, technical standards have risen dramatically over the last decade; and Nollywood has in many senses blossomed precisely because of (rather than in spite of) its disconnection from formal circuits of international film trade. Nollywood's success hinges on its status as a popular film culture. The video-based film is by definition a mass medium; it represents a relatively cheap leisure activity, and linguistic and generic diversity (Lobato, 2010). According to Roberts Orya, former-CEO of the Nigerian Export-Import Bank (a development bank owned by the federal government), Nollywood generates at least \$590-million annually. Given the scale of Nigeria's economy and its population, that figure is small; but nonetheless significant. The Nigerian Film Industry accounts for 1.42% of Nigeria's GDP. It employs more than a million people directly or indirectly, and is touted as the country's second-biggest source of jobs after agriculture. Based on the sheer quantity and quality of films being made, economic observers consider Nollywood one of the major bases off which to diversify the Nigerian economy (Omanufeme, 2016).
India: Positive – sustainable industry growth anticipated	Filmmaker Anurag Basu explains that, despite being a flourishing industry, making a film in India is tough. Every 200 kilometres the language and culture changes, "so you have to make a film for different cultures inside your own country" (WIPO, 2013). He says that piracy is the biggest challenge, because most Indians don't understand that it is a crime. The day after a film is released in theatres, pirated copies are available on the market, and the industry loses around INR18,000 crores (approx. \$3.34-billion) and some 60,000 jobs every year because of it (WIPO, 2013). Changing access and technology is also a factor, with many Indians now preferring to consume their entertainment on streaming platforms such as Netflix, Amazon Prime and Hotstar, whose combined subscriber base has grown 160 per cent in the past year (Chatterjee, 2017). PwC's Global Entertainment & Media (E&M) Outlook has forecast the global entertainment & media (E&M) sector to grow at a rate of 4.2% over the next five years (2017–2021), whereas India's sector is expected to grow at a compound annual growth rate (CAGR) of 10.6% during the same period. More importantly, the contribution of the global E&M sector to the global GDP is expected to decline in the foreseeable future, whereas in India's case, the sector's contribution to the GDP is expected to increase. Thus, there is clear divergence between the trends for the global and Indian E&M sectors. Yet despite this divergence, CEOs in the E&M sector (both those in India and around the world) face common challenges (though perhaps to a varying degree) in relation to changing consumer behaviour, availability of key skills, uncertain economic growth in light of the changing geopolitical landscape and speed of technological change. India, however, appears to be somewhat buffered from the impact of these challenges in terms of the overall monetisation of this sector (D'Souza, 2016).
Brazil: Positive impact of policy	The Brazilian film industry is characterised by small production companies seeking funds to produce feature length and short films. The state plays a crucial role in this industry, and Brazilian cinema is growing as a result of public policies for the sector. Film is important for the Brazilian Government, which drives incentives to promote



Country	Current state of film industry
government support	and grow the industry locally as well as to promote the national production of films and their distribution not only domestically, but also abroad. The industry's recovery can be measured by the number of Brazilian films festivals and events organised by ANCINE (the National Agency of Cinema) and the increasing number of national hubs for the film exhibition (Duran, 2013).
China: Positive – enormous growth due to cultural focus and different business models	China's film industry is made up of three parts: film consumption, film and theatre investment, and film export (Deloitte, 2017). According to <i>The Economist</i>, tickets to Chinese cinemas are costly - about 80 yuan at weekends – but the lack of copyright protection means that almost all revenue must come from the box office rather than from DVDs or television. However, audiences seem prepared to pay for the experience of an afternoon away from their cramped apartments, rather than simply to see the film (illegal versions of which are widely available). Cinemas are clean and air conditioned, many have state-of-the-art screens and sound systems, and the snacks are quite good (Hays, 2012). Government statistics show Chinese revenues surged from 920 million yuan in 2003 to 4.3 billion yuan in 2008 (\$703 million). Mainland China made about 330 films in 2006, up from 212 films in 2004, which is an increase of 50% from 2003, and a figure exceeded only by Hollywood and Bollywood. In 2006, the United States produced 699 feature films. Film revenues in China reached 1.5 billion yuan, a 58 per cent increase from 2003. The year 2004 was also significant in that the top 10 Chinese films outgrossed the top 20 foreign films in China – an enormously significant difference in the landscape from only a decade prior. The market grew by almost 44 per cent in 2009, and about 30 per cent in 2008. In 2009, it was worth US\$908 million - about a tenth of the \$9.79 billion of US revenues in the previous year. At the current rate, the Chinese film market will outgrow the American market in five to 10 years and therefore within that timeframe, the Chinese film market could well become the largest in the world. Francesco Sisci wrote in <i>Asian Times</i> that two primary elements in the growth of Chinese film are “an increase in the importance of the Chinese domestic film market and a global appeal of certain ‘China issues’”. These two things will increase the impact of Chinese culture in homes around the world, resulting in Chinese cultural domination long before China becomes a first world economy, which could happen in 20 to 30 years (Hays, 2012). The United States is at the point where the need to enter the Chinese film market is so essential that American screenwriters alter scripts, scenes or castings taking the Chinese censors and the 34 foreign film limit into account. Big blockbusters such as X-men have been adapted to please the Chinese. The film even added scenes in Hong Kong and a cameo of a famous Chinese boy-band for it to be liked. This worked – the film grossed \$116 million in China alone (Aranburu, 2017). In 2014, co-productions accounted for 6 per cent of total productions screened in China, but contributed around 50 per cent of total box office revenue (Deloitte, 2017). Co-productions are arranged through the China Film Coproduction Corporation and take up to 43 per cent of ticket sales (Peng 2015). This corporation is state-owned, and like other film production enterprises, is supervised by the SAPRFT. Co-productions have been increasingly common. From 2002 to 2012 a total of 37 films were produced via co-productions, while in 2013 alone five films



Country	Current state of film industry
	were made this way (O'Connor and Armstrong 2015). However, in order to be accepted as a co-production, the film has to follow certain minimum requirements and guidelines. The film must have at least one scene shot in China, cast one Chinese actor, have a minimum of one-third of the investment from Chinese companies and has to illustrate "positive Chinese elements" (Aranburu, 2017). The 2013-2015 period saw exponential box office growth, although this trajectory did not continue at the same rate, in 2016 (Frater, 2017). China's film industry continued to achieve rapid growth in 2017, with both novice and veteran directors producing works catering to increasingly diverse demands (Bo, 2018). By 2020, China's box office is expected to reach RMB200 billion (Chinese Yuan) and will exceed North America as the world's largest market in box office revenue and audience numbers (Deloitte, 2017). Further, in recent years, revenue generated from non-box office, film copyright and advertising (theatres, TV, and Internet) has grown rapidly, providing important support for the continuous expansion of China's film consumption (Deloitte, 2017).
Kenya: Finance a challenge, considering incentives, unpredictable revenues	State-owned Kenya Film Commission (KFC) Chairman Chris Foot told an international film forum in Nairobi that one of the key challenges facing the film sector is lack of finance, and that financial incentives such as tax credits and rebates are being considered to spur the development of the film industry. KFC has hired consultants to develop draft incentives which will be validated by stakeholders. Foot said commercial banks are reluctant to finance film projects because the industry's revenue streams are unpredictable. He said, to unlock finance for the film sector, the KFC would need to implement a guarantee system that will provide mechanisms to repay loans, should the film companies default. The level of local content needs to be increased to 60 per cent to create more job opportunities for the film sector. In Kenya, it has been projected that the revenue output of the media and entertainment sector will hit USD3.3 billion in the next five years, according to a 2017 PwC report (Standard Media, 2017).

The above comparisons demonstrate some opportunities, guidelines and the variety of approaches and trajectories at play in certain key emerging economy markets. By comparison, the South African film industry generates over R5.5 billion in economic activity annually, is an employment creator, directly affecting companies involved in production, post-production, casting, crewing, equipment-hire, set design and property supply.

7.5 Financing Films

Finance and production quality tend to go hand-in-hand, and there appears to be a strong link between ease of access to finance (at whatever level is required to meet the audience expectation of output quality), and the state of the film industry in that country at a particular time.

Country	Financing Models
Nigeria	Traditional Nollywood movies (i.e. with low budgets, short production schedules, and even shorter shelf lives) have been, and continue to be, relatively cheap to produce



Country	Financing Models
	and market thereby minimising the risk to the producers (Mustapha, 2017). Yet, despite the low average cost of producing a film in Nigeria – around US\$40,000 as of August 2013, according to data from Iroko Partners – many filmmakers have trouble sourcing financing (Oxford Business Group. 2015).
India	An increasing number of banks are entering the Indian film finance arena, but for film financing to reach its full potential, Bollywood needs to better understand the powers of collateral and business organisation, and legislators need to adopt a more modern and comprehensive law of secured transactions (Workman, 2009).
Brazil	Co-productions allow for the exhibition of Brazilian films in other countries, and conversely, their films' distribution in Brazil - in the last eight years, Brazil participated in more international co-productions than in the past 30 years (De La Fuente, 2017). In Brazil, backing from the Fundo Setorial do Audiovisual (FSA), an investment fund at the ANCINE state film-TV agency, crucially sky-rocketed from \$52.5 million to \$75.4 million by 2016, nearly in line – given Brazil's GDP - with advanced economies in Western Europe (De La Fuente, 2018).
China	"Hollywood looks for [opportunities to make] money and China looks for influence and soft power" (Zhang in Wharton, 2016). However, a Chinese studio's priority is the box office, with almost all the outbound investment by China's entertainment industry made by very successful private sector entrepreneurs (Wharton, 2016). The process of shooting and development is much faster than it is in Hollywood; and because there aren't any unions protecting those working in China's entertainment industry, production teams can push for longer hours and quicker turnarounds, yet it is much harder keeping talent thanks to the range of lucrative opportunities available in the Chinese film industry (Bao, 2017).
Kenya	The KFC develops and promotes the equitable growth of the Kenyan film industry. Kenya boasts sophisticated post-production facilities and offers a pool of skilled technicians and crew that attracts both local and international filmmaking talent (Kenya Film Commission, 2018). Access to funding is one of the challenges that has been highlighted by film industry stakeholders as needing both long and short-term solutions. The KFC negotiates to have broadcasters help fund the projects to a certain percentage. The production house figures out a funding solution for the balance. In Kenya, there is no funding policy for production entities, a factor that is solely responsible for stifling most of the producers because it is very difficult to produce without funds. The Commission facilitates funding opportunities for the development, production and marketing of Kenyan film content, as well as for the development of Kenyan talent and production businesses. The Commission has the mandate to facilitate funding of film projects and would like to explore the establishment and implementation of a film fund (Odengo, 2016).

Completion guarantee is a relatively mature film financing and production supervision model in the United States. As a third party (neither investor nor producer), the completion guarantee company is responsible for supervising the whole process from film production to film distribution, including comprehensive reviews and comments on various aspects such as script, capital, creative control, production, and distribution, among others, and for ensuring



that film production and distribution are on budget and on schedule. If the film cannot be delivered on schedule, the completion guarantee company will take over film production and compensate the investor with a guaranteed amount (Deloitte, 2017). This model is operational in Nigeria (Mustapha, 2017), but the concept of a film bond does not exist in China (Bao, 2017). This might be a useful model to explore in the context of stimulating the local South African production industry.

7.6 Regulatory Environment

In Nigeria, film has been prioritised in the government's planning. In India, government-led initiatives such as lower interest rates led to the injection of significant financial support for the industry for a period, but was not lasting. Brazilian legislation has facilitated ease of foreign investment and partnerships, which has stimulated cash flow, and allowed for re-investment in their industry, as well as facilitating the promotion of local product. The levels of import (and export) control implemented by the Chinese government have a significant effect on the local industry – sometimes with immensely positive results (for example, in terms of distribution and quota controls), and sometimes to its detriment (for example, capital controls). The Kenyan government is taking big steps to support local productions, so as to stimulate their industry, and incentivise local alternatives to the otherwise dominant South African market.

Country	Regulatory environment
Nigeria	Film is one of the priority sectors identified in the Economic Recovery and Growth plan of the Federal Government of Nigeria with a planned \$1-billion in export revenue by 2020 (D'Souza, 2016).
India	From 1998, the Indian government took initiatives to boost the film industry and make avenues available for institutionalised funding; with IDBI and EXIM Bank as forerunners in providing institutional funding for production of films for the following decade. Measures such as lower interest rates allowed IDBI to be quite aggressive in financing films during this period. Yes Bank led the film financing business from among the private sector banks. But when IDBI, EXIM Bank and Yes Bank decided to pull back their support for this sector, the rest followed and institutional funding for films dried up gradually. This was attributable largely to: • A global recessionary trend between 2008-10, which impacted the film industry; • Failure of some big budget films where major banks had exposure; and • Change in the manner of film distribution (e.g. Minimum guarantee arrangements replaced by revenue sharing arrangements – repayment was now dependent on the success of films, increasing the risk) (PWC, 2017).
Brazil	Under Brazilian law, United States studios can invest 70% of taxes on profits in Brazil into local films, but Brazilian DVD markets have plunged. Increasingly struck in Los Angeles, Brazilian TV deals no longer generate so many local tax credits, so their studios' tax coin has decreased (Hopewell, 2013). Foreign ownership of media services was prohibited until 2002, when the Federal Constitution was amended to allow foreign investment in a media service provider, which was limited to 30% of shareholding interest. With regard to film or video productions, Brazilian legislation now does not impose legal impediments on foreign investors. Nevertheless, the



Country	Regulatory environment
	Brazilian Film Agency ANCINE requires that a Brazilian producer must be hired by foreign producers to develop foreign audio-visual projects in Brazil (except for journalistic productions). In this case, the local producer will act as a representative to ANCINE. In addition to the tax benefits available, some Federal Development Banks also support Brazilian independent motion pictures with financial investments. (KPMG, 2012).
China	Film making activities within China are subject to laws that restrict foreign entities from setting up their own companies or joint ventures with Chinese partners, and content is subject to approval and censorship. Sometimes foreign programmes are taken off the air or the web if they become too popular and pose a potential 'threat', in the form of competition, to domestically produced content. Quotas limit the amount of foreign programming that can be made available. The limit on imported films has served its purpose, allowing room in the evolving market for Chinese films to try to adapt to changing tastes without too much competition (China Film Insider, 2016). The State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China (SAPPRFT) is an executive branch under the State Council of the People's Republic of China. It directly controls state-owned enterprises at the national level such as China Central Television (CCTV), China National Radio, China Radio International, as well as other film and television studios and non-business organisations (The State Council, The People's Republic Of China, 2014). A subsidiary body of the Film Bureau, referred to as China Film Special Funds, is responsible for box office statistics in China. It collects 5% from every film's theatrical gross as special funds for supporting local film production and theatre construction – this 5% levy is not counted as part of theatres' business tax (Cain and Firedeep, 2012a). The rapid pace of the industry's development has increased the need for comprehensive legislation to provide a framework for regulating the movie business with the aim of establishing broad guidelines for film production, distribution, screening, and financing, and simplifying some of the approval processes required for filmmakers. The draft law also points toward the establishment of a film ratings system, which currently does not exist in China; in theory, all films released should be suitable for all audiences (China Film Insider, 2016). The capital controls introduced by the Chinese government in November 2016 were about protecting the Chinese currency, and have acted as a 'time-out' for the entertainment industry, introducing a partial slowing effect, rather than more onshore deal making as was the expectation (Bao, 2017 and Frater, 2017). Generally, the Hollywood studios pay the marketing and advertising costs for their films that are released in Chinese theatres. However, studios are only allowed to do limited advertising on the internet and in outdoor venues to protect local films from foreign competition. Direct advertising on TV (which is the most effective way to market a movie in China) is not allowed for Hollywood films, and since TV advertisements are too expensive for local films, they are rarely seen. The most common means of



Country	Regulatory environment
	marketing a movie in China is via internet advertisements (cheap, easy and sometimes very effective) and in cinemas (traditional and effective) (Cain and Firedeep, 2012b).
Kenya	The KFC says they have been losing out to South Africa, certainly in terms of feature films. This is primarily because of South Africa's tax rebate incentive system. Kenya is fighting back, with the government giving initial approval for a 30% tax rebate on film productions, agreeing to drop duties on film equipment imports, and setting up a liaison office to assist crews through Kenyan bureaucracy (including the potential of a special visa for film crews) (Honan, 2015). Effective 12 June 2009, amendments were made to the National Budget to accommodate: • The removal of the current Import Duty of 25% and VAT of 16% on Television Cameras, Digital Cameras and Video Camera Recorders • Zero-rating for VAT and taxable goods and services offered to film producers • Granting a one hundred per cent (100%) investment deduction on capital expenditure incurred by a film producer or purchase of any filming equipment (Kenya Film Commission, 2013).

7.7 Content and Production Process

The production and distribution of local content is key in every market, although the detail of what that constitutes is different in each country (in Nigeria, it means films featuring black African actors; in India, it means diversity in local languages) – but it's clear throughout that audiences want to see and hear 'themselves' on screen. However, the timeframes and costs associated with creating quality local productions is often prohibitive, which is where government support becomes crucial for the survival of the industry (in the case of China, their regulatory environment and labour laws that allow for faster production, constitute this 'support').

Country	Content & Production Process
Nigeria	Jyoti Mistry and Jordache Ellapen illustrate in their essay 'Nollywood's Transportability: The Politics and Economics of Video Films as Cultural Products', that video filmmaking democratises exclusivist traditional institutions of filmmaking (Makhubu, 2015). Further, through representations of the paradoxes and complexities of contemporary African life, as well as forms of globalism versus localism, Nollywood gains what Adejunmobi (2010) refers to as 'phenomenological proximity' – many can identify with the unique narratives resulting from voluntary/resourceful or forced/circumstantial migration (Makhubu, 2015). Nigerian writer Patrick Ebewo attributes the popularity of Nigerian movies not only to their low production costs and relative ease of distribution, but also to their 'indigenous content of issues relevant to a mass audience', which, through their combination of African story lines and Western technology, documents and recreates socio-political and cultural events (Omanufeme, 2016).
India	Bollywood films are a 'mish-mash' genre, a mix of everything, offering wholesome entertainment with its own distinctive character. It's thus important to note the intrinsic value of film in the Indian context. Indian cinema has become an integral part of Indian culture and binds people together: "when you watch a film at the cinema, the religion,



	cast and/or culture of the person beside you does not matter, people sit together and laugh, cry and enjoy” (WIPO, 2013). Yet, the very nature of Bollywood films is changing: although big budget films are by no means extinct, such productions are increasingly viewed as financial gambles that must compete with the wider range of high quality options available to viewers (Chatterjee, 2017).
Brazil	The Brazilian film industry deals with a long production process: films take an average period of three years from the beginning of production until distribution to cinemas or commercialisation in stores. The large costs and long time frames are part of what makes the film industry so dependent on government involvement and support (Duran, 2013). Co-productions allow for the exhibition of Brazilian films in other countries, and conversely, their films’ distribution in Brazil - in the past eight years, Brazil participated in more international co-productions than in the past 30 years (De La Fuente, 2017).
China	China produces three main kinds of movies: commercial films, propaganda films and art films. They sometimes go through a similar screening process but are produced with different goals in mind and different relations with the government. Chinese art films are popular with the Western art-house crowd but are often hard to find in China even on pirated DVDs. In the 1990s and early 2000s, Chinese filmmakers needed to sell films to Europe and the US to make a profit. This is no longer the case, with China’s robust box office (Hays, 2012). “Compared with their predecessors, the new filmmakers pay closer attention to the balance between commercial appeal and artistic expression, thus promoting the overall competence of China’s film industry,” said Chen Xuguang, a professor at the school of arts at Peking University (Bo, 2018). Chinese films do well at international festivals (Hays, 2012).
Kenya	Like South Africa, Kenya has a long tradition as a location for Hollywood productions and is a worldwide centre for wild life documentaries. Local professionals, favourable climate and a relaxed friendly atmosphere have helped Kenya host an impressive array of international film makers who chose its remarkable locations for epics like: <i>Mogambo</i> , <i>Out of Africa</i> , <i>Gorillas in the Mist</i> , <i>Mountains of the Moon</i> , <i>To Walk with Lions</i> , <i>Nowhere in Africa</i> , <i>Survivor III</i> series, and <i>Tomb Raider II</i> , together with countless other television films and series. The KFC is working in support of local and international filmmakers to make financing and bureaucracy less of a hindrance (Kenya Film Commission, 2013).

The South African environment is conducive to supporting high quality/lower budget productions for foreign films, and because of this, South African filmmakers have the expectation and experience of high quality production, but not necessarily the resources to engage at that level when self-producing, which means that they tend not to. This results in limited locally developed content being produced for the local market, and/or not enough marketing support for the products that are created. The difficulty in raising funds to produce local work is also prohibitive.

Countries where there is a successful film industry rely on a supportive ecosystem which extend the brand and experience of the film far beyond screening time and income – although the specifics of this are different in different contexts. Studios are categorized according to the “extent and type of production work they do and for the degree to which they enable



concentration of this work in a single place” (Goldsmith & O’Regan 2003, p.31). The three models are:

1. The production precinct: which services production, but lacks extensive post-production facilities and services (Durban).
2. The cinema city complex: which is orientated toward film and television drama work and contains the full range of production and postproduction services (such as those found in Johannesburg and Cape Town).
3. The media city: which includes all of the features of the cinema city but additionally recognises a broader range of broadcasting production facilities and new media services (Ibid., p.31; see also Goldsmith and O’Regan 2005).
4. Studio complexes: which provide a ‘one-stop-shop’ for local and international filmmakers (such as in Cape Town) (Tomaselli and Mboti, 2015).

7.8 The Impact of Global North on the Film Industries of Case Study Nations

In Nigeria, India and China, local content dominates the industry. In Kenya distribution channels for local content are almost non-existent, and this has an enormous, negative impact on the production and consumption of local content.

Country	International Impact/ Domestic Exhibition
Nigeria	Because Hollywood has historically largely ignored black people, the movies that get shown in Nigeria, and that people buy, tend to be those with black actors (whether those are African American, Nigerian or South African). Nigerians saw an opportunity to create content that has black people in it, instead of perpetuating ‘white’ content, and colonialist narratives. Nigeria has a strong sense of cultural pride. Nigerians prefer Nigerian things over those from other places (true for fashion, music, language, etc. as well). Further, there’s a strong tradition of theatre and storytelling in Nigeria and this manifests in the kinds of content produced and consumed in this context (Witt in Flock, 2017).
India	Given the size of the market, the Indian cinema industry has always been a point of interest for global producers. However, this interest did not result in films being produced in India, on account of the range of approvals required by foreign producers to shoot films in India. In order to promote India as a destination for foreign production houses, a ‘film facilitation office’ was set up by the government to facilitate single window clearance for film makers, and thereby promote India as a destination for filming and film tourism. To promote joint productions, co-production agreements have been signed with several countries like Italy, Germany, Brazil, UK, France, New Zealand, Poland, Spain, Canada, China and Korea while agreements with countries like Australia are in the pipeline (PWC, 2018). Hollywood and international films account for less than 10% of total box office revenues, with the market dominated by local films which don’t have to follow DCI standards (Bhushan, 2008).
Brazil	A total of 102 national titles were released in Brazil in 2016, while 231 foreign films were released in the same year, accounting for 69,5% of the releases (Motion Picture



Country	International Impact/ Domestic Exhibition
	Association America Latina, 2018). As shown in Appendix 2, only 13% of box office revenue in Brazil comes from locally produced films.
China	Only state-owned conglomerate China Film Group Corporation (CFG) may import foreign movies to China. The CFG is also the biggest producer of local and co-production films, and the biggest distributor of local and foreign movies in the country. Revenue-shared movies are films imported from abroad under terms that allow the foreign supplier to receive a defined share of the film's Chinese theatrical gross. In 2002, this annual quota was raised to 20 revenue-shared movies. In 2012, the quota expanded to 34, 14 of which must be 3D or IMAX films (Cain and Firedeep. 2012a).
Kenya	The main theatres show mainly the latest Hollywood and Bollywood films. For the foreign films, the theatres buy the rights to screen the film for as much as \$50,000, while sharing the ticket sales equally with the distributors. On the very rare occasions that a locally produced film is screened, local producers have complained that the theatres have very stringent demands for local productions and often charge very high rental fees as well as 60% of the ticket collections. As a result, theatre screenings for local productions is an unattractive option (Kenya Film Commission, 2013).

China's position as a home for international cinema can be seen in the size of the film festivals that it has hosted in recent years. In 2016, the Beijing International Film Festival had 2,329 exhibitions from 105 countries, while the Shanghai International Film Festival hosted 2,403 exhibitions from 114 countries. This presence makes China a key location for the promotion of international films from a wide range of countries, creating opportunities for the domestic film market to develop further and relationships to be built. Furthermore, they help boost the appreciation of international films within China, potentially supporting the appreciation of different productions within the country. Typically cinema-going peaks across the nation during major cultural festivals such as Chinese New Year (in February) and during the summer break period (July and/or August) in line with the major international release schedule (Tinsley, 2017).

7.9 Distribution

The politics and control of access is of global importance – whether that manifests in the form of revenue or screen-time lost through piracy (China, Nigeria, Kenya), or editorial controls, or trade quotas (China, Brazil, Kenya). Cinema screenings are key revenue generators in China, but not in Nigeria. In Nigeria, DVD sales have historically been the primary form of income generation, but the move to distribution via streaming platforms is increasingly something to be taken into account. Multiplexes are making a positive impact on distribution in India and Brazil.

Country	Distribution context
Nigeria	"Nollywood's popularity across Africa and the diaspora certainly demonstrates the capacity of the films to travel," says Nigerian film producer and financier Yewande Sadiku. However, she notes that the industry is "in desperate need of a financial



Country	Distribution context
	makeover” with pirating of Nollywood productions being a big problem, both in Nigeria and throughout Africa. Nigeria’s National Bureau of Statistics also highlights this as Nollywood’s greatest shortcoming: severe revenue bleed. Of the industry’s \$3 billion valuation less than 1 per cent was tracked from official ticket sales and royalties. The rest came from pirated reproductions sold by unauthorized vendors for roughly \$2 each. As a result, producers and financiers see only a fraction of the movie industry’s economic value. Nigeria’s film regulatory agency now posts existing laws, enforcement actions, and arrest details for film copyright infringement online, but members of the industry are pressing for stronger copyright laws and led a campaign to expose violators, including posting photos and films of alleged pirating operations (Bright, 2015). Distribution is also a major hurdle to the long-term development of the industry. Nigeria is currently home to only a handful of cinemas, and digital distribution is still in its infancy in the country. Estimates of total films produced in Nigeria on an annual basis range from 1000 to 2500, the great majority of which are released straight to DVD. Nollywood films are distributed throughout Africa, where many Nigerian actors and directors have a large fan base. According to estimates from Iroko Partners, an average Nollywood film sells around 50,000 DVD copies throughout Africa (Oxford Business Group, 2015).
India	A combination of factors is changing the face of Indian film distribution and production, according to industry observers. A major development is the steady growth of multiplexes (at about 700 screens per year out of India’s estimated total screen count of about 13,000), which is challenging traditional models of distribution, while inspiring a new mind set in film production. Indian film distribution is still fragmented, with the market divided across nine major territories which have local distributors with whom producers negotiate regional deals (Film Journal, 2008). The thousands of single-screen cinemas that have traditionally dominated the Indian market are beginning to disappear as a result of the multiplex boom. Even then, in terms of multiplexes, given the population of the country and the appetite for cinema-going, the market remains under-served, and thus with enormous scope for investment in film exhibition infrastructure. In terms of content, Bollywood dominates the sector, whereas international movies struggle to make an impression. Local content is also produced in other regional languages which contributes to the market (PWC, 2018). Many Indians now prefer to consume their entertainment on streaming platforms such as Netflix, Amazon Prime, and Hotstar, whose combined subscriber base has grown 160 per cent in the past year (Bhattacharyya, 2017).
Brazil	Brazil’s economy decelerated in 2012, growing less than 1% - but thanks to multiplexing, Brazil’s movie market has grown seven years in a row, reaching \$784 million in 2012, according to trade publication, Filme B. There’s also the RioFilme factor: a kind of local major production powerhouse with long-term projections, which has given them the power to compete against the Hollywood studios for the best projects (Hopewell, 2013). Hollywood films still dominate at the box office and are performing increasingly well in Brazil, compensating for the decline of local production. According to industry executives and analysts, Hollywood delivers a steady influx of films of all genres and



Country	Distribution context
	sizes, and for all demographic targets, but the primary reason for its strong performance is the lack of good local films available to meet the demands of an expanding market. Analysis believe that the root of the problem with local picture production lies in the country's financial model. The issue is not lack of finance, since the federal incentives for film production have steadily grown in recent years and are expected to continue to increase. However, the distribution of the grants is decentralised and disorganised, with distribution by different government organisations and government-controlled companies compounding an already slow, bureaucratic and unreliable process, and preventing central and strategic planning based on market needs (Cajueiro, 2012). Distribution of funds is concentrated in certain states - São Paulo and Rio de Janeiro account for almost 90% of total production. Besides being concentrated in two states, the Brazilian production of films also has an industrial structure concentrated in the hands of a few companies (Duran, 2013).
China	CFG is the biggest producer of local and co-produced films and the biggest distributor of local and foreign movies in the country. Launched in March 2003, Huaxia Film Distribution Co.,Ltd (Huaxia) is the second and only other distributor of foreign movies aside from CFG. Huaxia Film cannot import movies, and its distribution strength is not as great as CFG's. A revenue-shared movie is a film imported from abroad (by CFG and distributed by CFG or Huaxia or both) under terms that allow the foreign supplier to receive a defined share of the film's Chinese theatrical gross. In 2002, this annual quota was raised to 20 revenue-shared movies. In 2012, the quota expanded to 34, of which 14 must be 3D or IMAX films. A buyout is a foreign movie acquired by a Chinese local distributor at a fixed price to be released in China. The buyout prices usually range from tens of thousands to hundreds of thousands of dollars (Cainand Firedeep, 2012a). Distribution of content is also severely limited. All imported films must be pre-approved by the state (SAPPRFT) and are subject to censorship. Similar restrictions apply to the distribution of content through other channels. In order to release film or television content for broadcast or online streaming, it is necessary to license the content through an authorized Chinese company and obtain the appropriate approvals. Distribution revenue in China comes predominantly from the box office (90 per cent). There's a very small ancillary market in the country, though that is changing with more official merchandising outlets and subscription-based streaming sites becoming widely accepted by the burgeoning middle class. Online ticketing plays a huge role in the Chinese box office, with 75 per cent of tickets sold online in 2016. Every major release will partner with one of the big apps for access to their big data since that data can help launch targeted marketing campaigns. Subsidised tickets –some as low as \$1.50 – flood the market on opening weekend for major films (China Film Insider, 2016). A subsidiary body of SARFT made up of over 3,000 local distributors and exhibitors, is in charge of overseeing the entire run of all films. Disney, Paramount, Sony, Twentieth Century Fox, and Universal all have branches in Mainland China, while Warner Bros does business through its Hong Kong based branch. Among the major studios, Universal is the weakest in China. With Disney as its model, Huayi Brothers has launched a "de-cinematic" strategy that integrates the traditional film business,



Country	Distribution context
	Internet entertainment, and location-based entertainment, and expands into upstream and downstream industry chains to alleviate dependence on the film industry (Deloitte, 2017).
Kenya	Options of distribution to the public are limited and there aren't that many people who watch movies in a cinema (Odengo, 2016). Marketing is a big challenge in the country, made harder by the fact that most filmmakers don't have a budget to run a properly organised campaign. Hollywood and Nollywood content is flooding the local market, and Kenyan filmmakers are having difficulty competing, and are not able to recoup their investment. While it may appear that Kenyans are not as interested in local content, it is distribution challenges that threaten to stifle the Kenyan film industry. Pirated Hollywood and Nollywood films that are sold cheaply are popular with locals. Hollywood movies debut on the big screen and later go on DVD, while Kenyan films are rarely screened in the four cinemas available in the capital city. Platforms like Buni TV try to bridge the gap between the filmmakers and viewers by offering African movies, documentaries, animation, web series, TV shows and more online and on mobile phones for a fee. However, editors still curate the content which means audiences are still not exposed to the wide range of films (good or bad) that are locally produced. The hope is that the KFC will increase support for the local industry, but filmmakers will have to keep exploring different business models to help them recoup their money while producing films to entertain audiences (Opar, 2014). In the interim, it has been observed that "Piracy is distribution in Kenya" (Odengo, 2016).

The distribution model in South Africa requires success either via the formal network of SterKinekor/NuMetro, or via International Film Festivals. Neither of these platforms promote large-scale interaction with the product nor generate enough revenue to recoup the costs of production. Screening agreements are based almost entirely on numbers and competition to stay on screen is difficult. Most are lucky if they get more than a week on the circuit. In addition, access to data and bandwidth, and access and the value set around piracy, are barriers to more 'rogue' distribution which has been the cornerstone of success in other markets, like Nigeria and Kenya.

7.10 Take Outs for South Africa

The primary factors influencing consumption patterns across different markets seem to be the content, quality and distribution models. With storytelling as a skill intrinsic to the culture(s) of the African continent, and production infrastructure geared toward servicing production values of international standards; the creation of appealing and high quality content in the South African context is almost guaranteed. Piracy remains an issue globally, although the industry is now firming up to fight against piracy in collaboration with government structures (PWC, 2018) and South Africa would do well to take the lead at this level. The world over, industry challenges are likely to present in the form of changing consumer behaviour, availability of key skills, uncertain economic growth in light of the changing geopolitical landscape and the speed of technological change (D'Souza, 2016).



The challenges for the South African film industry specifically, could be addressed through interventions in the following arenas, which could help shift the local landscape:

- **ONLINE ACCESS:** Addressing bandwidth and prohibitively high cost of data would make the biggest difference to consumption and dissemination of (local) creative content. Marketing and social media trends suggest that 2018 is 'the year of the video', and the government acknowledges the significance of SMMEs for the economy. In this context, the market for high quality low-budget short-form output should be ripe, but it's a market that's currently not adequately serviced, because the barriers to entry are too high for all concerned. Even relatively rudimentary cell phones are able to record and share live video content, but the quality of that content, and adequate access to bandwidth and/or data to facilitate sharing thereof remains expensive and not easily accessible. Production of higher quality content requires a sliding scale of increasingly expensive hardware, software, skills and bandwidth or data or both to produce, to share and to consume film. It is thus no surprise that the Afrikaans market is currently producing and consuming content at this level, but with arguably the smallest audience in the country it is also no surprise that this segment of the industry is operating at capacity. The opportunities for the local industry lie in facilitating an environment supportive of the creation and dissemination of high quality (local) content across a much broader audience spectrum, and indeed beyond the social consumption of media for entertainment, and feed effectively into ancillary industries such as advertising. This could most proactively and productively be facilitated through the provision of low cost high speed data and bandwidth, in addition to addressing some of the other interventions listed here.
- **LANGUAGE & CULTURE:** Language and culture needs to be high on the strategic agenda, in order to create an environment supportive of the CCIs. This will feed into and support the development and consumption of local content. Other government intervention in terms of quotas in support of local content and producers could make a difference here – if the production of high quality content is supported.
- **CURATION & ACCESS:** Content curation is largely capitalist – distribution networks in particular are controlled by people who have the purchasing power, and buy products that will generate the most income. Support for production of locally produced content (in every aspect of the value chain) is key. South African 'exports' are regularly acknowledged abroad for their quality, but fundamentally, South Africans are not motivated to consume products of the South African market – which is the game-changer in other contexts. This is starting to shift in other creative industries with the recognition of black excellence, and the Africa Rising narrative and black consciousness. With time and adequate support, this could extend into the film space. As in other countries where this industry is significant, it needs to be acknowledged that local content is key. It also needs to be recognised that there is no single 'South African' audience, and the specifics and nuances of culture, language and comedy play a significant role in terms of appeal and consumption. Furthermore, culture is high on the government agendas of most of these key nations, which creates



an enabling policy and regulatory environment, and thus facilitates the creation and consumption of local subject matter, and engagement across creative and artistic disciplines. In the South African context there are still significant silos and barriers to access in terms of funding, content creation, intergovernmental cooperation, expanded policy and real pathways for industry development.

- **TRAINING:** As already discussed in Section 3.4 on the supply side of the industry, more accessible and industry-focused (particularly technical) training programmes that produce work-ready graduates, are critical.
- **FINANCE MODELS:** Film finance models need to be reassessed in terms of addressing changes in technology and the value chain, as well as changing generational value systems. The completion bonds system in operation in some of the key nations could stimulate local content output. High-level systems around intellectual property, regulation and tax could take into account the promotion of a facilitative environment for the creative industries, specifically encouraging of cross-border cooperation.
- **DISTRIBUTION ORIENTATION:** As discussed in section 3.5, support for varied distribution of locally produced content needs to be improved
- **REACH:** Marketing is of growing importance (and cost) in order to get noticed in a media-saturated environment, which requires additional skills and budgetary allocation.

The biggest opportunities in the international arena lie in a focus on 'sharing' and sustainability: with the most obvious mechanisms being through a sharing of skills and resources with the facilitation of co-production opportunities, and the exchange that occurs in the context of Film Festivals. Given South Africa's reputation as a popular tourism and events destination, creating and supporting alternative Festival platforms could offer helpful positioning opportunities – particularly since the kind of African cinema favoured by film festival programmers in the West has virtually no audience in Africa itself (Lobato, 2010).

Furthermore, one of the areas where China is making the biggest inroads is in the use of technology for both marketing and distribution, and through these mechanisms, the promotion of systems which support ongoing collection and use of big data.

8 Conclusion

8.1 Toward a business for Sallywood

The proposed business plan is comprehensive and flexible so that priorities can be evaluated and various interventions can be delayed or accelerated. Sequencing is important, and the business plan ensures that interventions are sequenced in a logical, organised way. The South African Film Industry Business Plan is based on a wide-ranging and critical review of international and national data and research, as well as consultations with film industry



practitioners and policy makers. It is based on “foundational layers”, “Pillars” and an apex or goals and impacts. These largely correspond to the value chain.

8.2 Broad goals of a business for Sallywood

The impact of a transformed and competitive sector will contribute to the NDP’s goals generally and will have a positive impact specifically on Economic Growth; Employment, Equity; Social Cohesion and Nation Building. Transformation of the industry through support for skills development and financing of emerging black filmmakers will be accomplished. A well-structured and effectively implemented monitoring and evaluation system will ensure that the impact will be realised. Ultimately, the impact of the development of the film and TV sector must contribute to:

- Economic growth
- Employment and management equity
- Ownership equity
- Social cohesion
- Nation building

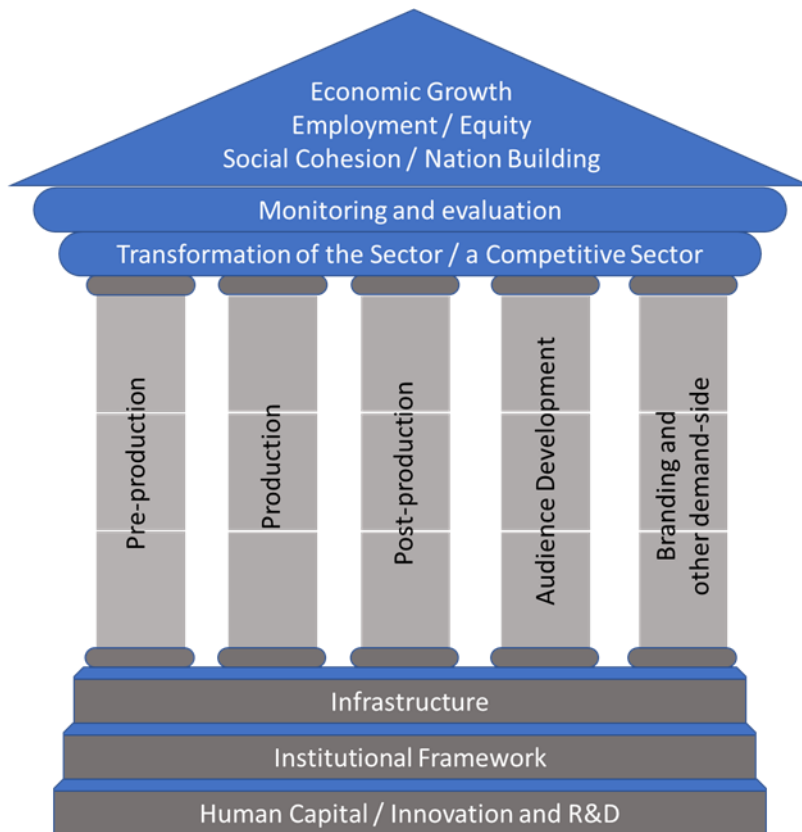
The Business Plan also takes into account that film production companies need different kinds of support at each stage of their development:

- **Tier 1** - Experienced filmmakers who have a proven track record for developing and producing theatrically released feature films;
- **Tier 2** - Filmmakers with limited experience but who have developed and produced a theatrical feature films, television fiction, documentary, short films and/or commercials, now seeking to venture into feature film development and production; and
- **Tier 3** - New entrants into the industry, particularly recent film school graduates from historically disadvantaged backgrounds.

The foundational layers are conditions that are essential for the efficient and effective development of a South African film and television industry. These are:

- Human capital.
- Innovation and R&D (Research and Development). Ongoing industry research is necessary to insure that the South African film industry is well placed to develop and distribute high quality products that meet the market demand.
- Support for the development of Infrastructure that takes advantage of existing capital and facilitates the transition to digital production and distribution.
- Development of an Institutional Structure at provincial and national level that takes into account existing clusters, develops new ones, and incorporates public and private sector stakeholders;





Five main pillars have been identified and grouped into supply-side and demand-side interventions. These are:

- Supply-side interventions that support producers at each stage of the value chain:
 1. Pre-production
 2. Production
 3. Post-production
- Demand-side interventions that ensure a market for South African film and television:
 4. Develop audiences, facilitate their access,
 5. Market South African film and television locally and internationally as a distinctive and recognisable brand.

The apex objectives are:

- Transformation of the Sector
- A Competitive Sector

These must be monitored through a national Monitoring and Evaluation framework.

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- Human capital development
- Innovation and R&D (Research and Development). Ongoing industry research is necessary to insure that the South African film industry is well-placed to develop and distribute high quality products that meet the market demand
- Development of **Infrastructure** that takes advantage of existing capital and facilitates the transition to digital production and distribution;
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 2. Market South African film and television locally and internationally as a distinctive and recognisable brand.

The apex objectives are:

- Transformation of the Sector
- A Competitive Sector

These must be monitored through a national Monitoring and Evaluation framework.

Each of the pillars considers all the parts of the film and television production value chain: Pre-production (including development and conceptualization); Production; Post-production; and Audience Consumption (including circulation and delivery).

Unlike many other plans, this plan pays attention to the demand side and distribution channels of the industry. It is acknowledged that one of the critical success factors in the development of film industries in other countries has been the presence of a strong and stable local demand. A key success factor is thus the development of a unique and recognisable brand for South African film, and the effective marketing of the brand, both locally and internationally.

The Plan also acknowledges the importance of spatial distribution of “film hubs” and film cities for the equitable development of an industry that draws on the cultural diversity of South Africa. The potential production of film and television in indigenous African languages for specific regional markets is also explored.

The film and television sector great potential and can contribute to economic growth and development. It can also contribute to nation building and social cohesion. Even with an



established film and television industry, South Africa is not reaching its full potential. A national business plan for the film and television industry to develop is necessary.

Worldwide, the potential of the cultural and creative industries to contribute to economic growth and job creation is increasingly being recognized. An important part of the sector is the film and television industry, which also fosters national social cohesion, and international place-making.

The film and television industry is diverse. There are not only various genres (that cater for specific audiences), but the value chain is also long and complex. The options for industry development will also be diverse, with specific genre being targeted as well as certain parts of the value chain.

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10 Appendices

1) Strategic Objectives

1. A transformed film and television industry
 - Demographically representative ownership structures.
 - Demographically representative management structures.
 - Demographically representative employment structures.
 - Demographically representative audiences.
 - Support for black filmmakers across the production cycle.
2. An effective and efficient institutional Sallywood framework
 - Conduct audit of municipal and provincial support structures for film and television development.
 - Contribute to the prominence of the South African film and television industry in strategic policy documents.
 - Establishment of a specialised inter-departmental/agency business development unit to market Sallywood and manage a fund for South African film & television content.
 - Enhance inter-governmental initiatives for the development of the South African audio-visual industry.
3. A well-funded and resourced Sallywood
 - Conduct a funding source audit.
 - Offer better incentives for film and television production which match – or better – the incentives of other African territories and are competitive with other countries.
 - Support a pipeline of diverse, profitable content developed for a range of screens by offering content development incentives.
 - Support for, and investment across, the distribution and exhibition sector creating better links from production through to distribution and exhibition together with a focus on audience development.
 - Identifying and supporting diverse funding streams for small, medium and large productions, especially those focused on profitable film and television formats.
4. A highly skilled Sallywood
 - Conduct industry-wide skills audit.
 - Offer greater support for writers and script development.
 - Initiation of talent and skills development programmes across the entire film value chain addressing skills gaps through specific targeted programmes.
 - Greater emphasis on film and moving image education with clearer, more coordinated routes from school to further education and on into industry.
 - Support for the development of real professional opportunities and sustainable careers across the film and television industry.
 - Support industry training and internship programmes.



- Intergovernmental/ agency collaboration for education initiatives.
 - Support industry employees through initiatives and artist protections for example associations, funds, social support, pensions and other initiatives that keep talent working in the industry.
5. State-of-the-art-film and television infrastructure
 - Conduct industry-wide infrastructure audit.
 - Initiate public-private partnerships that support incubator systems for select film, television and audio-visual industry projects.
 - Support existing studios.
 - Establish cultural and creative industry clusters, especially in the film, television and audio-visual sub-sectors, under the SEZ Act No. 16 of 2014.
 6. An equitable geographic spread of film and television
 - Analyse existing and film & television sites and explore potentialities.
 - Develop and back existing and emerging film clusters across cities and regions.
 - Establish cultural and creative industry clusters, especially in the film, television and audio-visual sub-sectors, under the SEZ Act No. 16 of 2014.
 - Support access to different screens types especially in under-served areas.
 7. Audience development to nurture local and international Sallywood fans
 - Leverage existing platforms and create new sites to showcase Sallywood content to existing and new audiences.
 - Create platforms to expose under-resourced communities and audiences to watch and engage with South African film, television and audio-visual content.
 - Use public broadcaster and community television to develop audiences.
 - Use school and higher education.
 - Support efforts to grow audiences across Africa and internationally and expose audiences to South African generated film and television content.
 - Collaborate with channels operating across Africa and internationally, for example DSTV.
 8. Promotion and marketing of Sallywood products
 - Promote select 'Sallywood' content on film festival circuits and support local, regional and international distribution efforts.
 - Support location and destination marketing initiatives.
 - Collaborate with DIRCO and DoT to showcase the best of South African film and television.
 - Support the development of a Sallywood brand.

Approaches

- Intergovernmental/ agency framework
- Policy
- Investment
- Funding



- Development
 - Training
 - Content Development
 - Audience Development
- Distribution support
- Infrastructure



Appendix 1: Origin of feature films ranked by admissions (2015)

Country	Rank	Country of origin of feature films exhibited	Number admissions	of	Market share (%)
Australia					
	1	United States of America	1,009,691,432		82%
	2	Australia	88,049,416		7%
	3	United Kingdom of Great Britain and Northern Ireland	75,746,878		6%
	4	France	19,886,599		2%
	5	India	14,230,178		1%
	6	All other countries	21,495,497		2%
	7	Total	1,229,100,000		
Brazil					
	1	United States of America	135,731,751		78%
	2	Brazil	22,303,530		13%
	3	United Kingdom of Great Britain and Northern Ireland	2,877,004		2%
	4	France	2,399,587		1%
	5	Russian Federation	446,025		0%
	6	All other countries	9,185,345		5%
	7	Total	172,943,242		
Canada					
	1	United States of America	795,178,477		81%
	2	United Kingdom of Great Britain and Northern Ireland	97,388,332		10%
	3	Australia	22,417,702		2%
	4	Canada	18,758,643		2%
	5	India	15,173,662		2%
	6	All other countries	37,181,812		4%
	7	Total	986,098,628		
Chile					
	1	United States of America	21,964,980		89%
	2	Chile	1,014,824		4%
	3	United Kingdom of Great Britain and Northern Ireland	698,483		3%
	4	Japan	320,577		1%
	5	France	243,499		1%
	6	All other countries	387,455		2%
	7	Total	24,629,818		



Country	Rank	Country of origin of feature films exhibited	Number admissions	of	Market share (%)
France					
	1	United States of America	105,195,317		52%
	2	France	71,868,980		36%
	3	United Kingdom of Great Britain and Northern Ireland	12,851,202		6%
	4	Germany	2,866,577		1%
	5	Australia	2,521,099		1%
	6	All other countries	6,961,822		3%
	7	Total	202,264,997		
Germany					
	1	United States of America	73,571,533		54%
	2	Germany	37,118,544		27%
	3	United Kingdom of Great Britain and Northern Ireland	14,987,481		11%
	4	France	5,388,206		4%
	6	All other countries	3,969,286		3%
	7	Total	135,035,050		
Mexico					
	1	United States of America	240,675,710		84%
	2	Mexico	17,536,494		6%
	3	United Kingdom of Great Britain and Northern Ireland	11,763,673		4%
	4	France	8,264,856		3%
	5	Spain	917,969		0%
	6	All other countries	7,181,570		3%
	7	Total	286,340,272		
Morocco					
	1	United States of America	796,352		43%
	2	Morocco	529,711		29%
	3	India	117,155		6%
	4	Egypt	90,599		5%
	5	France	75,606		4%
	6	All other countries	232,925		13%
	7	Total	1,842,348		
Singapore					
	1	United States of America	164,994,907		77%
	2	United Kingdom	12,840,932		6%
	3	Singapore	8,255,147		4%



Country	Rank	Country of origin of feature films exhibited	Number admissions	of	Market share (%)
	4	China, Hong Kong Special Administrative Region	8,244,238		4%
	5	China	5,412,828		3%
	6	All other countries	14,560,295		7%
	7	Total	214,308,347		
South Africa					
	1	United States of America	815,676,465		86%
	2	South Africa	69,256,769		7%
	3	United Kingdom	30,122,728		3%
	4	France	24,703,010		3%
	5	Canada	5,198,786		1%
	6	All other countries	Data not available		
	7	Total (based on available data)	944,957,758		
Spain					
	1	United States of America	59,564,586		62%
	2	Spain	18,572,136		19%
	3	United Kingdom of Great Britain and Northern Ireland	10,402,368		11%
	4	France	3,614,819		4%
	5	Australia	1,310,509		1%
	6	All other countries	2,672,864		3%
	7	Total	96,137,282		
United Kingdom					
	1	United States of America	663,500,000		51%
	2	United Kingdom	579,800,000		44%
	3	France	23,500,000		2%
	4	India	17,200,000		1%
	5	Germany	4,100,000		0%
	6	All other countries	20,300,000		2%
	7	Total	1,308,400,000		



Appendix 2: Comparison of Top 10 films in 2015 for India and South Africa (UIS, 2017)

INDIA				
	Title	Origin	Language	Box Office in USD
1	Bajrangi Bhaijaan	India	Hindi Urdu Panjabi	48,610,000
2	Prem Ratan Dhan Payo	India	Hindi Tamil English French	31,470,000
3	Bajirao Mastani	India	Hindi	27,390,000
4	Furious 7	USA Japan China	English	23,520,000
5	Tanu Weds Manu Returns	India	Hindi	23,070,000
6	Dilwale	India	Hindi	22,360,000
7	Jurassic World	USA	English	22,090,000
8	Avengers: Age of Ultron	USA	English	16,460,000
9	Any Body Can Dance 2	India	Hindi	16,050,000
10	Welcome Back	India United Arab Emirates	Hindi	14,720,000
SOUTH AFRICA				
	Title	Origin	Language	Box Office
1	Furious 7	USA Japan China	English	89,781,503
2	Star Wars: Episode VII - The Force Awakens	USA	English	51,541,139
3	Minions	USA	English Spanish	49,991,165
4	Avengers: Age of Ultron	USA	English	47,181,912
5	Jurassic World	USA	English	46,867,371
6	Fifty Shades of Grey	USA	English	46,632,499
7	Spectre	United Kingdom USA	English Spanish Italian German French	40,724,046
8	Pitch Perfect 2	USA	English	30,946,411
9	Taken 3	France	English Russian	24,703,010



10	Inside Out	USA	English	23,580,460
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Appendix 3: Top 10 SA films 2013-2017

1) Top 10 South African Films in 2017

In 2017, the highest grossing and best performing movie produced in South Africa was *Keeping up with the Kandasamy's*, a comedy, which was shown over a period of 12 weeks, with 26 screenings. During its first weekend, it was sold out, with box office revenue just short of R1.6 million. At its close, it had raked in well over R16 million in box office revenue.

Vuil Wasgoed came in second, earning R 816 thousand at its release, and running for 6 weeks, with 51 screenings. Its total box office revenue was R3.8 million, and it won five awards at the KykNET Silwerskerm Festival.

Vaselinetjie was screened 38 times over 7 weeks, and at its opening weekend, made R700 thousand. Its overall box office revenue was R3.7 million.

Kulushi came in fourth, bringing in R3 million rand in box office revenue, being screened 32 times over 9 weeks.

In fifth and sixth place were *Beyond the River* and *Krotoa*, whose box office earnings were R2.7 million and R2.5 million respectively. Interestingly, *Beyond the River* was screened 54 times, while *Krotoa* had less than half of those screenings, 25.

Kampterrein and *Jagveld* were ranked seventh and eighth, with box office earnings of R2.1 million and R1.9 million respectively, while ninth and tenth ranking went to *Nul is Nie Niks Nie* and *Love by Chance*, who earned R1.4 million and R1.3 million respectively.

2) Top 10 South African Films in 2016

The highest grossing South African produced film in 2016 was *Vir Altyd*, an Action/Crime film released in February of 2016, and grossed well over R15 million in box office earnings. Following which was *Happiness is a Four Letter Word*, also released in February, and raking in R13 million in box office earnings.

Third and fourth rankings went to *Vir Die Voels* and *Mrs Right Guy*, respectively, whose cumulative box office earnings were R8.5 million and R4.4 million.

'n Paw Paw vir my Darling, an action and Comedy film came in fifth, with box office earnings of R4 million, while Dramas, *Noem my Skolle* and *Dis Koue Kos Skat* had revenues of R3.5 million and R3.1 million respectively, ranking them sixth and seventh overall. Another Drama-genre film, *Sy Klink Soos Lente*, had box office revenue of R2.3 million, therefore ranking it ninth, because *Jou Romeo*, an Afrikaans romantic comedy, had box office sales of R2.8 million, making it eighth. Finally, the tenth-ranked South African produced film was *Modder 'n Bloed (Blood and Glory)*, also a romantic comedy, with sales amounting to R2 million.



3) Top 10 South African Films in 2015

In 2015, *Schuks! Pay Back the Money* performed the best at box office, and had the highest gross earnings of R17.6 million. Another Leon Schuster film, what was particularly interesting to note was that, in comparison to the most recent film prior to this, *Schuks! Your Country Needs You*, box office sales were significantly lower for the former, as the latter grossed R26 million, and was the fifth best performing film internationally in 2013.

Moreover, another interesting observation was, as with 2013, the difference between Leon Schuster earnings and the next film ranking, is significantly high. In this instance, the second best performing film was *Balde vir 'n Enkeling*, which brought in almost R10 million, which is quite significantly lower than the R17.6 million grossed by *Schuks! Pay Back the Money*.

Moorivier, *Strikdas* and *Hollywood in my Huis* were ranked third, fourth and fifth, respectively, with box office sales of R7.7 million, R5.3 million, and R5 million, all respectively as well. Sixth to tenth rankings were *Dis Ek Anna*, *Treurgrond*, *Tell Me Sweet Something*, *French Toast*, and *Somer Son*, whose box office earnings were R4.3 million, R2.86 million, R2.82 million, R2.4 million, and R1.8 million, respectively.

4) Top 10 South African Films in 2014

Pad na Jou Hart, which earned R3 million in its opening weekend, and an astounding R11.6 million overall in box office sales was the best performing and highest ranking South African film in 2014. In second to fifth position, according to gross earnings, were *Leading Lady*, *Faan se Trein*, *Vrou Soek Boer*, and *Knysna*, whose cumulative gross box office earnings were R7.5 million, R7.1 million, R5.4 million, and R4.8 million, respectively.

In sixth and seventh ranking were films, *Spud 3: Learning to Fly*, and *Konfetti*, whose earnings were R3.8 million and R2.5 million. Eighth, ninth and tenth rankings went to *iNumber Number*, *Hard to Get*, and *Die Spook Van Uniondale*, whose cumulative earnings were R1.9 million, R1.7 million, and R1.4 million.

5) Top 10 South African Films in 2013

2013 indeed proved to be a very interesting year for the film industry in South Africa, as two locally produced films made it to top 10 performing films at box office internationally.

Schuks! Your Country Needs You, whose famous main cast and crew member, Leon Schuster, is needs no introduction, was the highest grossing film in the South African box office in 2013, grossing in a whooping R26 million. This was followed very closely, in number 2, by the hailed and celebrated icon, Nelson Mandela's biography in *Mandela: Long Walk to Freedom*, which was incidentally co-produced in the UK, and raked in almost R23 million in box office sales in South Africa.

Internationally, these two films occupied position five and six respectively, in terms of box office earnings. It must also be noted that the only films that ranked above these were



produced in the USA, whose film industry dominates internationally. Interestingly and of further note is that the box office sales between South Africa's top grossing film and that of the USA was less than R15 million!

There was, moreover, a significant difference between the top two performing films, and the rest; the third highest performing film was *Khumba*, which brought in R8 million, which, while significant in its own accord, is somewhat less significant when compared to the R26 million and R23 million of the top two.

Spud 2: The Madness Continues, *As Jy Sing* and *Klein Karoo* were fourth to sixth, with box office earnings of R6.8 million, R6.5 million, and R5 million. Seventh to tenth on South Africa's top box office earners in 2013 were *Fanie Fourie's Lobola*, *Verraaiers*, *Nothing For Mahala*, and *Lien se Lankstaanskoene*, whose box office grossed earnings were R3.7million, R2.7 million, R2.4 million, and R2.1 million respectively.

6) Top 10 South African Films in Period 2013-2017

In the last ten years (2013-2017), the South African box office has seen a huge fluctuation in box earnings and ticket sales, with some years performing have more variations and fluctuations than others. Overall, there is, however, a downward trend and a decrease in earnings and revenue over the period.

In the period stated, three of the top ten best performing films were released in 2013, with two of them, which occupy not only the top two spots for the 2013 and the entire five-year period under consideration, also being in the top 10 best performing films at box office internationally for that year.

Furthermore, two of the films, occupying position one and three of the top films produced in South Africa, are by, and feature, the renowned Leon Schuster-Schuks.

The top performing film was *Schuks! Your Country Needs You*, a South African comedy featuring some popular South African comedy extra ordinaires, where the main actor, Leon Schuster, pranks ordinary and unsuspecting folk. The film grossed in R26 million (R27 million in 2017 prices)³⁵ in box office earnings, and received international acclaim. In fact, this film ranked fifth internationally in terms of box office earnings, meaning that it was accepted and received better than several Hollywood productions. As has been mentioned earlier, the only films that performed better than it (position 1-4 in ranking) in box office sales were produced in USA.

Following *Schuks! Your Country Needs You*, was *Mandela: Long Walk to Freedom*, a biography of the world-famous former president of the Republic of South Africa, Nelson Mandela. Unsurprisingly, the statesman's biography earned R23 million (R24 million) in box

³⁵ Figures in brackets are in the prices of December 2017 (adjusted for inflation using the CPI) so that comparisons are possible across years.



office sales, and also ranked sixth internationally in box office earnings. Again, this film performed better than many American-produced films that dominate the international sphere and box office sales.

Schuks! Pay Back the Money, another Leon Schuster comedy production, and released in 2015, came in third, raking in R17.6 million (R18 million) over its 8 weeks on the screens. As has been mentioned, it was not received as well as his other film in the period under consideration, which earned R26 million (R27 million).

Fourth, and the only film from 2017 to make it to the list of the top 10 best performing films in the period, was *Keeping up with the Kandasamy's*, a comedy, which was shown over a period of 12 weeks, with 26 screenings. During its first weekend, it was sold out, with box office revenue just short of R1.6 million. At its close, it had raked in well over R16 million (R17 million in the prices of December 2017) in box office revenue.

2016 also saw three productions making it to the list, with rankings five, six and nine. In fifth and sixth ranking were *Vir Altyd*, an Action/Crime film released in February of 2016, and grossed well over R15 million (R16 million in 2017 prices) in box office earnings; and *Happiness is a Four Letter Word*, a drama, also released in February, and raking in R13 million (R14 million) in box office earnings.

Pad na Jou Hart, a romantic comedy in Afrikaans, which earned R3 million in its opening weekend, and an astounding R11.6 million (12 million) overall in box office sales was the best performing and highest ranking South African film in 2014, and also ranked seventh in box office earnings in the period.

Performing eight best overall was also a 2015 Mystery hit, *Ballde vir 'n Enkeling*, that brought in R2 million in the weekend of its release, and an astounding R10million (R11 million) in overall box office sales.

As has been mentioned, ninth position was occupied by a 2016 Afrikaans romance, *Vir Die Voels*, loosely translated to mean "For the Birds", whose cumulative box office earnings were R8.5 million (R8.9million).

Finally, in tenth position was, yet another 2013 film, *Khumba*, an animated comedy that brought in R8 million (R9million) in box office earnings.

While the general trend among the top performing films in each of the years has been that they have been largely dominated by Afrikaans films, the five-year period under consideration however indicated that films in other languages are also on the rise.



Table 11: Top 10 South African Films 2013-2017

Film Title	Genre	Box Office Earnings (ZAR million) (nominal)	Box Office Earnings (ZAR million) (real at Dec 2017)
Schuks! Your Country Needs You	Comedy	26	27
Mandela: Long Walk to Freedom	Biography	23	24
Schuks! Pay Back the Money	Comedy	17.6	18
Keeping up with the Kandasamy's	Comedy	16.3	17
Vir Altyd	Action/Crime	15	16
Happiness is a Four Letter Word	Drama	13	14
Pad na Jou Hart	Comedy (Romantic)	11.6	12
Balde vir 'n Enkeling	Mystery	10	11
Vir Die Voels	Romance	8.5	8.9
Khumba	Comedy (Animated)	8	9

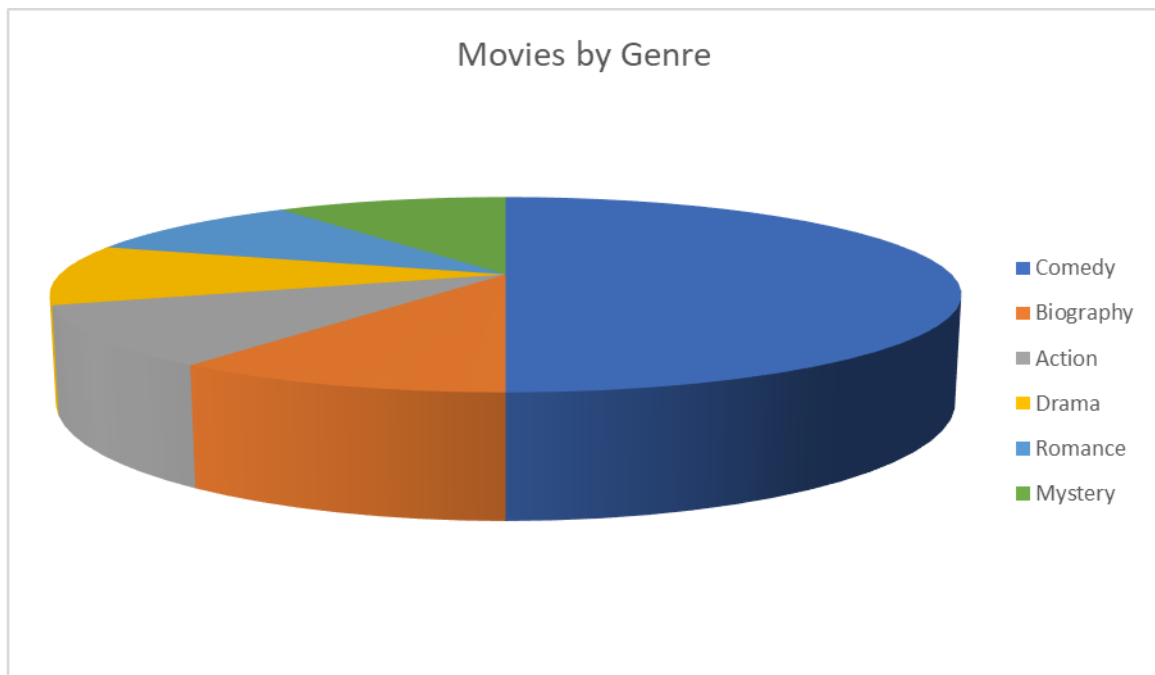


Figure 23: Top 10 South African Films 2013-2017 by Genre



Appendix 4: Film studios in South Africa

1) Cape Town

Cape Town Film Studios is the first custom-built Hollywood-style film studio complex of its kind in Africa, with state-of-the-art support services. Backed by national, provincial and local governments and with private shareholdings, it's envisioned as the dedicated hub for media, new media, entertainment, film and related industries in South Africa and Africa. (<http://www.wesgro.co.za/filmarticle?FilmArticleID=Z1Ej6dkII->)

- Cape Town Film Studios
- Atlantic Studios, Cape Town
- Almost Famous Studio, Woodstock, Cape Town
- Bellovista Productions, Woodstock, Cape Town
- Buchanan Studios, Cape Town
- Cape Island Studios, Milnerton, Cape Town
- Cape Town Film Studios, Film City Boulevard, Cape Town
- Daylight Studio (Wavebreak Media), Cape Town
- Grinder Films, Observatory, Cape Town
- MagnaTude Studios and Post (Okuhle), Mowbray, Cape Town
- Media Film Service, Durbanville, Cape Town
- Photo Hire (Cine Photo Tools), Zonnebloem, Cape Town
- Roodebloem Studios, Roodebloem, Cape Town
- Salt River Film Studios, Salt River, Cape Town
- The Media Hive (Visual Impact Studio), Gardens, Cape Town
- Waterfront Film Studios, V&A Waterfront, Cape Town.

2) KZN

Durban Film City, is to be built on the Natal Command site on Durban's Golden Mile.



Appendix 5: Key Industry Definitions

Animation	The process of photographing drawings or objects a frame at a time; by changing a drawing or moving an object slightly before each frame is taken, the illusion of motion is realised.
Cinematographer (camera man or director of photography)	The person who supervises all aspects of photography from the operation of cameras to lighting.
Cut	An individual strip of film consisting of a single shot; the separation of two pieces of action as a "transition" (used when one says "cut from the shot of the boy to the shot of the girl"); a verb meaning to join shots together in the editing process; or an order to end a take ("cut!").
Director	The person responsible for overseeing all aspects of the making of a film.
Editing (continuity editing, narrative montage)	The process of splicing individual shots together into a complete film. Editing (as opposed to Montage) puts shots together to create a smoothly flowing narrative in an order making obvious sense in terms of time and place.
Editor (cutter)	The person responsible for assembling the various visual and audial components of a film into a coherent and effective whole.
Location	A place outside the studio where shooting occurs.
Producer	The person who is responsible for all of the business aspects of making and releasing a film.
Rushes	(dailies) The lengths of footage taken during the course of filming and processed as the shooting of a film proceeds.
Scenario (See Script)	Scene A series of Shots taken at one basic time and place. A scene is one of the basic structural units of film, with each scene contributing to the next largest unit of film, the sequence.
Script (scenario, shooting script)	A written description of the action, dialogue, and camera placements for a film.
Sequence	A structural unit of a film using time, location, or some pattern to link together a number of scenes.
Shooting	Ratio The ratio in a finished film of the amount of film shot to the length of the final footage. Shot A single uninterrupted action of a camera as seen by a viewer (see Take). Shots are labelled according to the apparent distance of the subject from the camera: extreme long-shot (ELS) also called an establishing shot; long-shot (LS); medium long-shot (MLS); medium or mid-shot (MS); medium close-up (MCU); close-up (CU); and extreme close-up (ECU). Although distinctions among shots must be defined in terms of the subject, the human body furnishes the usual standard of definition: ELS, a person is visible but setting dominates; LS, person fills vertical line of the frame; MLS, knees to head; MS, waist up; MCU, shoulders up; CU, head only; ECU, an eye.
Storyboard (continuity sketches)	A series of sketches (resembling a cartoon strip) showing potential ways various shots might be filmed.



Take	A single uninterrupted action of a camera as seen by a filmmaker. A take is unedited footage as taken from the camera, while a shot is the uninterrupted action left after editing.
Voice-Over	Any spoken language not seeming to come from images on the screen.
above the line	usually refers to that part of a film's budget that covers the costs associated with major creative talent: the stars, the director, the producer(s) and the writer(s), although films with expensive special effects (and few stars) have more 'above the line' budget costs for technical aspects; the term's opposite is below the line.
Academy Awards	the name given to the prestigious film awards presented each year by AMPAS (the Academy of Motion Picture Arts and Sciences, or simply 'The Academy'), a professional honorary organisation within the industry, since 1927. The annual awards show, in slang, is sometimes referred to as a kudo-cast, see also Oscars.
actor	refers either to a male performer, or to any male or female who plays a character role in an on-screen film; alternate gender-neutral terms: player, artist, or performer.
actress	refers to any female who portrays a role in a film.
adaptation	the presentation of one art form through another medium; a film based upon, derived from (or adapted from) a stage play (or from another medium such as a short story, book, article, history, novel, video game, comic strip/book, etc.) which basically preserves both the setting and dialogue of the original; can be in the form of a script (screenplay) or a proposal treatment.
angle	refers to the perspective from which a camera depicts its subject; see camera angle, and other specific shots (high, low, oblique, etc.); angle on refers to directing the camera to move and focus onto a specific subject.
animation (and animator, animated films)	a form or process of filmmaking in which inanimate, static objects or individual drawings (hand-drawn or CGI) are filmed "frame by frame" or one frame at a time (opposed to being shot "live"), each one differing slightly from the previous frame, to create the illusion of motion in a sequence, as opposed to filming naturally-occurring action or live objects at a regular frame rate. Often used as a synonym for cartoons (or toons for short), although animation includes other media such as claymation, computer animation; see also CGI, claymation, stop-motion, time lapse.
art director	refers to the individual (a member of the film's art department) responsible for the design, construction, look, and feel of a film's set, including the number and type of props (furniture, windows, floors, ceilings dressings, and all other set materials) and their placement.
art-house	a niche motion picture theatre that shows foreign, low-budget, or non-mainstream independent films, often refers to films that are considered high-brow or 'art' films (see below).
art-house film	films, often low-budget or 'art' films, that are acknowledged as having artistic merit or aesthetic pretensions, and are shown in an art-house theatre; films shown usually include foreign language films, independent films, non-mainstream (sometimes anti-Hollywood) films, shorts, documentaries, explicitly-erotic films, and other under-appreciated cinema of low mass



	appeal; began to appear in the 1950s and provided a distinct contrast to commercial films.
audience	refers to spectators, viewers, participants - those who serve as a measure of a film's success; although usually audiences are viewed in universal terms, they can also be segmented or categorized (e.g., 'art-film' audiences, 'chick film' audiences, etc.).
audio	refers to the sound portion of a film.
B-Film (or B-Movie, B-Picture)	an off-beat, low-budget, second-tier film, usually from an independent producer; they were predominant from the 1920s to the late 1940s; they were shot quickly with little-known, second rate actors, short run times, and low production values; often the second film (or the 'lower half') of a double-feature, and paired with an A-feature; the vintage B-movie began to decrease in the 1950s, or morphed into inferior TV series; sometimes B-films were exclusively shown in a grindhouse, especially in the 1950s and 1960s; as code restrictions waned in the late 60s, B-films often became exploitation films, which added sensational and catchy titles, campy acting, cheesy special effects, and gratuitous violence and sexuality (nudity); contrast to A-pictures (first-class, big budget films with high-level production values and star-power); not to be confused with cult films, although some B-films attained cult status.
background artist	the individual who designs the visual background of a film scene, either traditionally painted or using digital technology; aka matte artist.
behind the scenes	the off-camera events or circumstances during filmmaking.
below the line	includes production expenses that are <u>not</u> above the line, such as costs of material, music rights, publicity, the trailer; opposite of above the line.
beta	1/2 inch videotape that was originally called <i>Betamax</i> .
blockbuster	originally referred to a large bomb that would destroy an entire city block during World War II; now in common usage, an impactful movie that is a huge financial success - usually with box office of more than \$200 million (the new benchmark by the early 2000s, after the original mark was \$100 million) upon release in North America; ticket lines for blockbusters literally go around the 'block'; also known as box office hit; the term may also refer to a costly film that must be exceptionally popular in order to recoup its expenses and make a profit; the opposite of a blockbuster is a bomb, flop, or turkey. See All-Time Box Office Bombs/Flops .
Bollywood	refers to the burgeoning film industry of India, the world's biggest film industry, centred in Bombay (now Mumbai); the etymology of the word: from Bo(mbay) + (Ho)llywood; unlike Hollywood, however, Bollywood is a non-existent place.
box office	the measure of the total amount of money or box office receipts paid by movie-goers to view a movie; also referred to as B. O. or gross; usually divided into domestic grosses (unadjusted and adjusted for inflation), and worldwide grosses; films with great box office results or a strong and outstanding performance are often termed 'boff', 'boffo', 'boffola', 'whammo', 'hotsy', or 'socko'.



call sheet	a type of schedule given out periodically during a film's production to let every department know when they are supposed to arrive and where they are to report; usually refers to a listing of actors necessary for scenes.
camera	the basic machine involved in film making, from a hand-held version to portables, to heavy studio cameras; some of the parts of a camera include the aperture, lens, film magazine (for storage), viewfinder, etc.; the positioning of the camera by the camera operator is known as the setup.
camera angle	the point of view (POV) or perspective (including relative height or direction) chosen from which to photograph a subject. Various camera angles, compositions, or positions include: front, behind, side, top, high (looking down), low (looking up), straight-on or eye-level (standard or neutral angle), tilted (canted or oblique), or subjective, etc.; see also framing.
camera movement	the use of the camera to obtain various camera angles and perspectives. (See motion picture camera shots below, including the pan, tilt, track, and zoom; also boom/crane shots, Steadicam, or hand-held).
camera operator	the individual who is responsible for operating the camera, under the direction of the film's director and director of photography (or cinematography).
cast	a collective term for all of the actors/performers (or talent) appearing in a particular film: usually broken down into two parts: the leads with speaking roles, and the seconds or supporting characters, background players or extras, and bit players.
casting	the process of selecting and hiring actors to play the roles and characters in a film production, and be brought under contract; the lead roles are typically cast or selected by the director or a producer, and the minor or supporting roles and bit parts by a casting director; type-casting refers to an actor playing only roles similar to those he/she has played before.
character	the fictitious or real individual in a story, performed by an actor; also called players.
choreographer (and choreography)	a person who plans, designs, organises, sequences, and directs dancing, fighting, or other physical actions or movements in a film or stage production; a dancer is known as a hoofer.
cinematic	relating to or suggestive of motion pictures; having the qualities of a film.
cinematography (also cinematographer)	specifically refers to the art and technique of film photography, the capture of images, and lighting effects, or to the person expert in and responsible for capturing or recording-photographing images for a film, through the selection of visual recording devices, camera angles, film stock, lenses, framing, and arrangement of lighting; the chief cinematographer responsible for a movie is called the director of photography (or D.P.), or first cameraman; one of the earliest movie-picture machines, patented by the Lumiere brothers in 1895, was termed a <i>Cinematographe</i> .
costume (or wardrobe) and costume design	refers to the garments or clothing worn by actors/performers in a film; a costume (or wardrobe) designer researches, designs, and selects the costumes to be appropriate to the film's time period, the characters, their location, and their occupations, whereas the costumer (or stylist) is responsible for acquiring, selecting, manufacturing, and/or handling the



	clothing and accessories; a costume drama is a film set in a particular historical time period, often with elaborate costuming.
crew	refers to those involved in the technical production of a film who are not actual performers.
deadpan	a specific type of comedic device in which the performer assumes an expressionless (deadpan) quality to her/his face demonstrating absolutely no emotion or feeling.
decoupage	a French term referring to the design of a film - the arrangement of its shots.
deep-focus shot	a style or technique of cinematography and staging with great depth of field, preferred by realists, that uses lighting, relatively wide angle lenses and small lens apertures to simultaneously render in sharp focus <u>both</u> close and distant planes (including the three levels of foreground, middle-ground, and extreme background objects) in the same shot; contrast to shallow focus (in which only one plane is in sharp focus).
director (and directing)	the creative artist responsible for complete artistic control of all phases of a film's production (such as making day-to-day determinations about sound, lighting, action, casting, even editing), for translating/interpreting a script into a film, for guiding the performances of the actors in a particular role and/or scene, and for supervising the cinematography and film crew. The director is usually the single person most responsible for the finished product, although he/she couldn't make a film without support from many other artists and technicians; often the director is called a helmer (at-the-helm); the assistant director is known as the a.d. ; the director of photography (or cinematographer), responsible for the mechanics of camera placement, movements, and lighting, is known as the d.p.
director's cut	a rough cut (the first completely-edited version) of a film without studio interference as the director would like it to be viewed, before the final cut (the last version of the film that is released) is made by the studio.
documentary	a non-fiction (factual), narrative film with real people (not performers or actors); typically, a documentary is a low-budget, journalistic record of an event, person, or place; a documentary film-maker should be an unobtrusive observer - like a fly-on-the-wall, capturing reality as it happens; aka doc or docu; also called direct cinema; one type is termed docudrama; contrast with cinema verite and mockumentary.
editing (editor)	the process (performed by a film editor) of selecting, assembling, arranging, collating, trimming, structuring, and splicing-joining together many separate camera takes (includes sound also) of exposed footage (or daily rushes) into a complete, determined sequence or order of shots (or film) - that follows the script; digital editing refers to changing film frames by digitising them and modifying them electronically; relational editing refers to editing shots to suggest a conceptual link between them; an editor works in a cutting room; the choice of shots has a tremendous influence upon the film's final appearance.
end (or closing) credits	credits appearing at the end of a film; aka end titles.
exec or exex	abbreviations for 'executive' or 'executives'.



executive producer	the person who is responsible for overseeing a film's financing, or for arranging the film's production elements (stars, screenwriter, budgeting/financing, etc.)
exhibitor	term meaning 'movie theatre owner'; aka known as exhib (shortened term).
feature (film)	a "full-length" motion picture, one greater than 60 minutes in length - but usually about 90-120 minutes on one particular topic; also known as a theatrical; contrast to shorts.
festival	an event at which films can often be premiered, exhibited, awarded, and engaged in distribution deals, such as Cannes, Toronto, Sundance, etc.; also known as fest.
film	(1) as a <i>verb</i> , to record a scene or make (or lense) a motion picture; (2) as a <i>noun</i> , refers to a motion picture, or (3) the thin strip of material on the film negative (with a base and light-sensitive coating of emulsion) that is used to create images - through light exposure.
film clip	a short section of film removed from a movie and often exhibited; a part of a film, and sometimes a complete scene or sequence, taken from a film; similar to an excerpt.
filmmaker(s)	a collective term used to refer to a person(s) who have a significant degree of control over the creation of a film: directors, producers, screenwriters, and editors.
film review	an evaluative oral or written judgment about the quality of a movie, based upon various assumptions, facts, biases, etc.; professional film reviewers are known as critics; a film review usually includes a brief synopsis (avoiding spoilers, usually), a balanced notation of both the film's plusses and minuses, quotable wording, and some judgments; more extensive, in-depth film evaluations are called analytical essays.
final cut	the last edited version of a film as it will be released; see also rough cut.
format	the size or aspect ratio of a film frame.
hype	the abbreviation for hyperbole; refers to manufactured promotional buzz and excessive advertising/marketing for a film or project, including celebrity appearances, radio and TV spots or interviews, and other ploys; a similar word - hypo - means to increase or boost.
IMAX	a specialised, big screen film format about ten times larger than the traditional cinema format (35mm) and three times larger than the standard 70 mm widescreen format; debuted in Osaka Japan at the 1970 Exposition; IMAX films, often short documentaries, 'educational,' travelogue or nature films, are shot and projected on 15 perforation/70mm gauge film - "15/70", the largest film format in existence, which produces incredible high definition sharpness in films projected on up to eight-story high screens in theatres equipped with advanced digital surround-sound systems; IMAX projection onto a domed screen is called Omnimax.
jump-cut	an abrupt, disorienting transitional device in the middle of a continuous shot in which the action is noticeably advanced in time and/or cut between two <i>similar</i> scenes, either done accidentally (a technical flaw or the result of bad editing) or purposefully (to create discontinuity for artistic effect); also contrast with an ellipsis and match cut.



lead role	refers to the most important, main character in a film, often distinguished by gender; usually there is at least one male and female lead role; also usually known as protagonist; contrasted to supporting roles or characters.
lighting	refers to the illumination of a scene, and the manipulation of light and shadows by the cinematographer.
line producer	refers to the film producer who works on location and is responsible for daily operations and budget of a particular film shoot - to manage the day-to-day aspects involving all of the people and expenses.
location (or on location)	the properties or places (interior or exterior) used for filming away from the studio, set, or (back)lot, often to increase the authenticity and realism of the film's appearance; exteriors are abbreviated as ext., and interiors as int.
mix (mixing)	the electrical combination of different sounds, dialogue, music, and sound effects from microphones, tape, and other sources onto the film's master soundtrack during post-production; dubbing (or re-recording) refers to the mixing of all soundtracks into a single composite track; the soundtrack is blended by a mixer (chief sound recording technician).
mockumentary	a fictional, farcical film that has the style, 'look and feel' of a documentary, with irreverent humour, parody, or slapstick, that is deliberately designed to 'mock' the documentary or subject that it features; related to docudrama (a film that depicts real people and actual events in their lives).
monologue	a scene or a portion of a script in which an actor gives a lengthy, unbroken speech without interruption by another character; see also soliloquy.
motion pictures (movies, pic(s), pix, or "moving pictures")	a length of film (with or without sound) with a sequence of images that create an illusion of movement when projected; originally referred to the motion or movement (due to the principle of persistence of vision) perceived when a string of celluloid-recorded images were projected at a rate of 16 or more frames per second; an art form, and one of the most popular forms of entertainment, known archaically as a photoplay during the silent era.
narrative film	a structured series of events, linked by cause and effect, that provide the plot of a film; a film that tells a chronological or linear story (with a beginning, middle, and end), as opposed to non-narrative films, such as poetic or abstract films.
network TV	originally referred to the "Big Three" (ABC, NBC and CBS), but now with additional competitors, including Fox Channel, often known as 'free TV'.
NTSC	an abbreviation, refers specifically to National Television System Committee that sets TV and video standards; also refers to the US, Canada and Japanese video display systems that have 525 horizontal scan lines of resolution, 16 million different colours, at 30 frames per second (or 60 half-frames (interlaced) per second); competing systems in Europe and worldwide are PAL (Phase Alternating Line) and SECAM (Sequential Colour with Memory).
Oscar(s)	the name given to the awards of AMPAS (the Academy of Motion Picture Arts and Sciences) given each year to various performers and others in the film industry; officially known as the "Academy Award of Merit."
Oscar bait	Often used in a derogatory way to describe studio-invented pre-release PR buzz that a film (usually an epic or serious biopic released late in the year)



		is worthy, meaningful, and deserving of Oscar awards; the term was reportedly first used by Hedda Hopper in a "Looking at Hollywood" column on June 1, 1948; the term either refers to (1) a self-proclaimed, "important", often over-produced film, undercut by its attempt to appeal to all demographics, or (2) a showy acting performance designed to draw attention to itself; these kinds of films and performances were the sort that used to guarantee an Oscar from Academy voters during the film industry's adolescent years of the 1950's and early 1960's, but are now considered either pretentious and/or cheesy in the modern age, and ironically often hurt the film's or actor's chances at winning an Oscar, though some films still succeed; aka Oscarbation.
plot plot point	and	refers to a series of dramatic events or actions that make up a film's narrative; a plot point is a key turning point or moment in a film's story that significantly advances the action; plot points either set the story further into motion, or disrupt and complicate the plot; also known as beat or A story; contrast to a subplot (aka B story or C story) - a secondary plot in a film; a plot plant is the technique of 'planting' an apparently trivial piece of information early in a story - that becomes more important later on.
post-credits sequence		either a throwaway scene or an epilogue that happens during or after the end credits; sometimes used as a bonus for theatregoers who remain to watch the credits, and partly to generate 'buzz' about the extra scene.
post-modern		refers to a return to tradition, in reaction to more 'modernist' styles.
post-production		the final stage in a film's production <i>after</i> principal photography or shooting, involving picture editing, the addition of sound/visual effects, musical scoring, mixing, dubbing, distribution, etc.; in digital post-production, can also include changing facial expressions, removing flaws or obtrusive objects (microphone, boom, etc.), enhancing the visual image, etc.; aka post; contrast to pre-production.
post-synchronization (aka <i>Automatic Dialogue Replacement</i> , or ADR, or post synching)		refers to the post-production process of recording the sound after the film has been shot, often adding dialogue spoken by actors as they watch the projected film.
premiere		the first official <i>public</i> screening of a movie, marking the kick-off, opening or opening night; a 'red carpet' premiere is one with greater publicity and hoopla (sensational promotion), ballyhoo, or hype; aka a bow, debut, or preem.
pre-production		the planning stage in a film's production after the project is finally greenlighted, and <i>before</i> principal photography or actual shooting commences, involving script treatment and editing/rewriting, scheduling, set design and construction, casting, budgeting and financial planning, and scouting/selection of locations; contrast to post-production.
preview		a short film, usually with excerpts from a future film, intended as an advertisement; a sneak preview refers to an unadvertised, often surprise showing of an entire film before its general release or announced premiere, often to gauge audience reaction; aka trailer.



principal photography	refers to the filming of major and significant portions of a film production that involves the main/lead actors/actresses; contrast to second-unit photography.
principals	refers to the main characters in a play or film (usually those that have dialogue); contrasted to protagonists or antagonists, or extras.
producer (film)	one or more of the chiefs of a movie production, involved in various logistical matters (i.e., scheduling, financing, budgeting); raises funding and financing, acquires or develops a story, finalizes the script, hires key personnel for cast, crew, and director, and arranges for distributors of the film to theatres; serves as the liaison between the financiers and the film makers, while managing the production from start to finish (post-production).
production	the general process of putting a film together, including casting, set construction, costuming, rehearsals, and shooting; also refers to the <i>middle</i> stage of production which is preceded by pre-production and followed by post-production.
production design	refers to a film's <u>overall</u> design, continuity, visual look and composition (colours, sets, costumes, scenery, props, locations, etc.) that are the responsibility of the production designer; the art department refers to the people in various roles (e.g., matte painters, set designers and decorators, illustrators, title designers, scenic artists, and storyboard artists) who work under the production designer's supervision; the art director is responsible for the film's physical settings (specifically refers to the interiors, landscapes, buildings, etc.)
production (value)	production refers to an entire movie project; pre-production refers to the stage at which a film is prepared to go into production; post-production refers to the stage at which editing, scoring and effects are executed on a motion picture; production value refers to the overall quality of a film, based not on the script, acting, or director, but on criteria such as costumes, sets, design, etc.
release (or released)	refers to the <i>first</i> distribution and general public exhibition of a film to theatre audiences for viewing.
rentals	refers to that portion of film grosses that goes to film distributors; also refers to videocassette (or DVD) rentals.
re-release	the revival or rebroadcast of a work by the original distributor, studio, releaser, or broadcaster.
(film) score	the musical component of a movie's soundtrack, usually composed specifically for the film by a film composer; the background music in a film, usually specially composed for the film; may be orchestral, synthesized, or performed by a small group of musicians; also refers to the act of writing music for a film.
screen direction	refers to the direction that characters or objects are moving in a film's scene or visual frame; common screen directions include "camera left" (movement to the left) or "camera right" (movement to the right); a neutral shot is a head-on shot of a subject with no evident screen direction; a jump-cut often indicates a change in screen direction.



screen test	refers to a filmed audition in which an actor performs a particular role for a film production; casting often depends upon the photogenic (the projection of an attractive camera image) quality of the star.
screener	the term for a promotional DVD (or video) version of a film that is sent to voters (and film critics) by the movie studios for their convenience during the awards season, before the movie is officially available to the public through video rental chains.
screening	the exhibition or display of a movie, typically at a cinema house/theatre; to screen (or unspool) a film means to show or project a film; types of screenings include a critical screening (a pre-release viewing for film critics), a pre-screening, or a focus-group screening (to test audience reactions to a film's rough cut); cinema is another term for a movie theatre.
screenplay	a script or text for a film production written by a scripter or screenwriter(s) (or scribe), written (scribbled, scripted, or penned) in the prescribed form as a series of master scenes, with all the dialogue provided and the essential actions and character movements described; a script is written to be made into a movie; screenplays are often adaptations of other works; known archaically as a photoplay during the silent era.
screenwriter	the scripter who writes an original film screenplay or adapts another work into a film.
script (also shooting script)	refers to the written text of a film - a blueprint for producing a film detailing the story, setting, dialogue, movements and gestures of actors, and the shape and sequence of all events in the film; in various forms, such as a screenplay, shooting script, breakdown script (a very detailed, day-to-day listing of all requirements for shooting, used mostly by crew), lined script, continuity script, or a spec script (written to studio specifications); a screenplay writer is known as a screenwriter, scripter, scribbler, scribe or penner; a last-minute script re-writer is known as a script doctor; a scenario is a script that includes camera and set direction as well as dialogue and cast direction; a shooting script is a detailed final version of the screenplay with the separate scenes arranged in proper sequence, and used by the cast during actual film making.
second-unit photography	in larger film productions, this refers to the less important scenes (large crowd scenes, scenery, foreign location backgrounds, various inserts, etc.) that are filmed by a smaller, secondary or subordinate crew, usually headed by a second-unit director; contrast to principal photography.
sequel	a cinematic work that presents the continuation of characters, settings, and/or events of a story in a previously-made or preceding movie; contrast to a prequel, follow-up, serial, series, spin-off or remake.
serial	a multi-part, 'short subject' film that was usually screened a chapter/episode per week at a film theatre; the predominant style of the serial was melodrama; often, each chapter or episode, continually presented in instalments over several weeks, would conclude with an unresolved cliffhanger to ensure that audience would return the following week to discover the resolution; popular until the early 1950s; contrast with series and sequels.



series	a string or sequence of films with shared situations, characters or themes and related titles, but with little other inter-dependence, especially with respect to plot or significant character development. Usually presented <i>without</i> cliffhangers; the term also applies to feature films with more than one sequel; contrast with serials and sequels.
set	the environment (an exterior or interior locale) where the action takes place in a film; when used in contrast to location, it refers to an artificially-constructed time/place (a backdrop painting or a dusty Western street with a facade of storefronts); supervised by the film's art director; strike refers to the act of taking apart a set once filming has ended.
shoot	the process of filming or photographing any aspect of a motion picture with a camera; the plan for a shoot is termed a shooting schedule.
short (shorts or short films)	subject or a film that is shorter than around 30 or 45 minutes; in the silent film era, most films were shorts, such as those shown in nickelodeons; then, during the early film era, the price of a movie ticket included not only the weekly feature but also "selected short subjects," as they were usually billed; contrast to features.
shot	the basic building block or unit of film narrative; refers to a single, constant take made by a motion picture camera uninterrupted by editing, interruptions or cuts, in which a length of film is exposed by turning the camera on, recording, and then turning the camera off; it can also refer to a single film frame (such as a still image); a follow-shot is when the camera moves to follow the action; a pull back shot refers to a tracking shot or zoom that moves back from the subject to reveal the context of the scene; see also scene and sequence; shot analysis refers to the examination of individual shots; a one-shot, a two-shot, and a three-shot refers to common names for shooting just one, two, or three people in a shot.
shot, scene, and sequence	a shot, scene, and sequence together make up the larger dramatic narrative of film; scenes are composed of shots, sequences are composed of scenes, and films are composed of sequences.
shot list	the list distributed and used by a film crew of all the shots to be filmed during the day.
snub	during nominations or awards proceedings, when a prominent, leading, or favoured performer/director/crew member or film is inexplicably excluded or denied an award or nomination.
soft-focus	a cinematographic effect in which a filter, vaseline or gauze-like substance placed over the camera lens reduces the clarity or sharpness of focus, blurs the image, and produces a diffused, hazy light; the visual effect can also be created by simply shooting out-of-focus; it is often used to enhance romantic or dreamy scenes, or to remove wrinkle lines from an actor's face.
sound	the audio portion of a film including dialogue, music, and effects; sound effects refers to all created sounds except dialogue or music.
soundtrack	technically, this term refers to the audio component of a movie, including the dialogue, musical score, narration, and sound effects, that accompany the visual components. Popularly, it refers to a collection of songs heard during the movie, and often sold as an album.



special effects (or F/X, SFX, SPFX, or EFX)	a broad, wide-ranging term used by the film industry meaning to create fantastic visual and audio illusions that cannot be accomplished by normal means, such as travel into space. Many visual (photographic) or mechanical (physical) filmic techniques or processes are used to produce special illusionary effects, such as optical and digital effects, CGI, in-camera effects, the use of miniatures/models, mattes, rear-camera projections, stop-motion animation, bluescreens, full-scale mockups, pyrotechnics (squibs (miniature explosions, i.e. a gunshot)), stunt men, animatronics (electronic puppets), rain/snow/wind machines, etc.; F/X are coordinated by the visual effects and the special effects supervisors; known negatively as trick photography; see also visual effects - a sub-category of special effects.
star	the name given to famous, talented, and popular actors or celebrities, often in lead character roles, who can draw an audience to a film with their photogenic appearance, inspirational acting, or some other quality. Historically, a starlet (or ingenue) was an attractive actress promoted by a film studio in a small role as an up-and-coming star during the 1940s and the 1950s; also used in the term star quality and star system.
stock footage (or stock/library shot)	refers to previously-shot or recorded footage or film of common elements or scenes, such as canyons or deserts in the American West, or travelogue shots (e.g., skylines, airplane takeoffs/landings, famous places, etc.), or historical events footage, that are kept in a film archive or library and used by editors to fill in portions of a movie in different film productions, thereby saving the time of reshooting similar scenes over and over; a stock shot refers to an unimaginative or commonplace shot that looks like it could be stock footage.
stop-motion (animation)	a special-effects animation technique where objects, such as solid 3-D puppets, figures, or models are shot one frame at a time and moved or repositioned slightly between each frame, giving the illusion of lifelike motion. Stop-motion was one of the earliest special-effects techniques for science-fiction films, now replaced by CGI and animatronics; aka stop-frame motion.
story	the events that appear in a film and what we can infer from these events; aka narrative or plot.
storyboard	a sequential series of illustrations, stills, rough sketches and/or captions (sometimes resembling a comic or cartoon strip) of events, as seen through the camera lens, that outline the various shots, indicate camera angles, blocking of actors, and the size of the frame; they provide a synopsis for a proposed film story (or for a complex scene) with its action and characters; the storyboards are displayed in sequence for the purpose of visually mapping out and crafting the various shot divisions and indicating camera movements in an animated or live-action film; a blank storyboard is a piece of paper with rectangles drawn on it to represent the camera frame (for each successive shot); a sophisticated type of preview-storyboard (often shot and edited on video, with a soundtrack) is termed an animatic.
studio(s)	(1) the for profit companies that specialise in developing, financing and distributing most American commercial films; (2) also refers to the actual site



	for a film production, with physical sets, stages, offices, backlots (located on the outdoor grounds of a film studio and used for filming exteriors), etc.; see also majors and independents, and mogul.
studio chief	the head or chairperson of a film studio who has the final authority for each film project (gives the <i>green light</i> - or authorization go-ahead), and oversees the many departments (financial, legal, marketing, advertising, distribution, etc.); also called the topper; in Hollywood's Golden Age, the chief was called a mogul.
subplot	a secondary, subordinate, or auxiliary plotline, often complementary but independent from the main plot (the A story), and often involving supporting characters; <u>not</u> the same as multiple plotlines; aka the B story or C story.
subtext	the deeper and usually unexpressed "real" meanings of a character's spoken lines or actions - if the viewer can 'read between the lines'.
subtitles	refers to the printed line(s) of text superimposed and displayed at the bottom of the screen frame, often used to translate a foreign language phrase, or to describe a time/place; also the text translating an entire foreign language film (that hasn't been dubbed); often termed caption.
Sundance	short for the influential Sundance Film Festival, known for the exhibition and screening of the best of independent films each year in Utah; also see (film) festival.
supporting role(s) (or players, characters)	characters seen less frequently than the lead role characters, but still in important, secondary roles; often termed a featured player or feature player; well-known guest stars often play brief supporting roles in a film; character actors are usually in supporting roles.
take	a single continuously-recorded performance, shot or version of a scene with a particular camera setup; often, multiple takes are made of the same shot during filming, before the director approves the shot; in box office terms, take also refers to the money a film's release has made.
talent	a term applied to the actors, as a group, on a film set.
theatre - theater (film)	the place for screening, presenting, or viewing a film or motion picture; aka cinema.
theatrical	a slang term referring to a feature-length motion picture.
3-D	a film that has a three-dimensional, stereoscopic form or appearance, giving the life-like illusion of depth; often achieved by viewers donning special red/blue (or red/green) polarized lens glasses; when 3-D images are made interactive so that users feel involved with the scene, the experience is called virtual reality; 3-D experienced a heyday in the early 1950s; aka 3D, three-D, Stereoscopic 3D, Natural Vision 3D, or three-dimensional.
trademark	refers to a personal touch or embellishment of an actor, director, writer or producer within a film; aka signature, calling card.
trailer	a short publicity film, preview, or advertisement composed of short excerpts and scenes from a forthcoming film or coming attraction, usually two-three minutes in length; often presented at the showing of another film. Historically, these advertisements were placed at the end of a newsreel or supporting feature and so "trailed" them, hence the name; also commonly known as preview(s); also, another name for the tail - a length of blank leader



	(strip of film) at the end of a reel; a teaser is basically a very short trailer (of 15-30 seconds in length) that only provides a few hints about the film (a Web address, a few bars of music, a quick sequence of images, specially-shot footage, etc.).
treatment	a <i>detailed</i> literary summary or presentation of a film's story (and each major scene), with action and characters described in <i>prose</i> form, and sometimes including bits of dialogue; often used to market and/or sell a film project or script; usually it is an abridged script longer than a synopsis (a brief summation of a film); a completed treatment is a late stage in the development of a screenplay after several story conferences have incorporated changes into the script
Variety	a respected, oft-quoted show-biz periodical or trade paper (or one of the trades) that reports and provides coverage on the entertainment industry (including the film industry), and best known for its goofy, shorthand 'Varietyese' headlines, using made up words, e.g. 'dee jay' (disc jockey), or 'B.O.' (box office or boffo).
VCR	literally, 'Video-Cassette Recorder'; aka VTR (video tape recorder); a consumer-level machine for home entertainment that plays-back and records images and sounds from TV on magnetized tape in a videotape cassette; VHS stands for 'Video Home System' or the 1/2 inch video cassette tape format; see also U-matic or beta.
video	literally, "to see," in other words, the visual or pictured image (either projected, taped, etc.), as opposed to the audio aspect of film; also refers to the visual component of television; digital video refers to a video signal represented by a series of binary numbers that are readable by computer - compare with analogue video; aka vid (for short).
visual effects	considered a sub-category of special effects; refers to anything added to the final picture that was not in the original shot; visual effects can be accomplished in-camera (like stop motion, double exposures and rear/front projection) or via several different optical or digital post-production processes (CGI, for example), usually with a computer.
voice-over (or v.o.)	refers to recorded dialogue, usually narration, that comes from an unseen, off-screen voice, character or narrator (abbreviated as o.s. meaning beyond camera range), that can be heard by the audience but not by the film characters themselves; narration is a type of voice-over; v.o. often conveys the character's thoughts, either as a 'voice' heard within one's head, or as other narrative information and commentary to explain the action or plot; often a technique in film noirs; the abbreviation is used as an annotation in a script.
widescreen	refers to projection systems in which the aspect ratio is wider than the 1.33:1 ratio that dominated sound film before the 1950s; in the 1950s, many widescreen processes were introduced (to combat the growing popularity of television), such as CinemaScope (an anamorphic system), VistaVision (a non-anamorphic production technique in which the film is run horizontally through the camera instead of vertically), and Todd-AO and Super Panavision (that both used wider-gauge film); also known as letterboxing.



writer	refers to the individual who authors the content of the piece from pre-existing material or uses an entirely new idea; usually there are many writers involved with re-writes, adaptations, character development, etc.; aka screenwriter.
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Appendix 6: Media Coverage

1) How Nollywood Became the Second Largest Film Industry

<https://www.britishcouncil.org/voices-magazine/nollywood-second-largest-film-industry>

Nigeria's film industry is huge, both in productivity and reach. But how did it get to this stage and what are its origins? Charles Igwe, CEO of Nollywood Global Media Group, explains.

What is Nollywood?

The term 'Nollywood' was coined by the New York Times journalist Norimitsu Onishi in 2002 when he observed film making activity in Lagos, Nigeria. The term mirrors two of the most famous areas of film production: Hollywood in the US, and Bollywood in India's Bombay. For some, Nollywood encapsulates the array of actors and actresses emerging from the film making activity in Nigeria; for others, it refers to the collection of the thousands of movies that have been made there.

However, Nollywood is best understood as referring to the process of film making in Nigeria, where the films are produced using any and all tools available, adequate or otherwise. This can mean creating movies in volatile and uncertain conditions, often with incredibly short turnaround times. Observing this seemingly impossible production environment is what inspired Norimitsu to coin the term 'Nollywood', which really refers to 'nothing wood', i.e., creating something out of nothing. To explain this a little further, a medical doctor friend of mine, in describing his experience of our film making activities, likens it to performing open-heart surgery with forks and knives, but the genius of it all, he continues, is that the patient survives. We have come from 'nothing' to all that the world acknowledges today.

What are the main ingredients of a Nollywood movie that make it unique?

The first operators in Nollywood created stories and scripts that fitted into what was being produced at the time, while supporting a business model that guaranteed profit. The early stories were united by popular themes such as love, marriage and conflicts with mothers-in-law. Film makers produced clusters of movies based on those themes until the trend tapped out and a new one took its place. But the themes of love, betrayal, conflict, deception and triumph unite most of the stories.

Early Nollywood movies reflect the colourful culture, architecture and, in many cases, the relative affluence in our Nigerian societies, while remaining true to authentic, believable storytelling. Stories had to resonate with target audiences and be supported by a strong cast, usually with at least one popular figure. The films were often shot in residences and offices over the course of a few days, and in iconic vehicles, such as BMWs and Mercedes, which were hired for short-term use.

More recently, however, global recognition has brought about bigger budgets, with interest from institutional finance, and more mainstream productions. The producers of *Half of a Yellow Sun*, for example, raised most of their [estimated](#) GBP 4.2 million budget from local



investors in Nigeria. This development has somewhat diluted the inventive, cutting-edge instincts of the early film makers in Nollywood.

In the early days, movies like *Living in Bondage*, *Rattlesnake*, *Violated Glamour Girls*, and *Nneka the Pretty Serpent* were financially very successful. In more recent times, movies like *30 Days in Atlanta*, *October 1*, *Ije*, and *The Meeting* have also earned awards and critical acclaim. The jury is still out on the business success of these movies, as there are cries of rampant piracy. Though piracy was present in the early days of Nollywood, it was better handled then. Our main objective then was to be profitable, so we factored piracy into our profit calculations, as we didn't have the resources to deal with piracy according to US or UK models.

Can you name one film for each ingredient, a film that exemplifies that ingredient really well?

Living in Bondage provided imagery to a widely believed urban legend: human sacrifice for riches. *Rattlesnake* identified the strenuous path to success for a young man bearing great responsibilities early in his life, brought on by the loss of a parent and the oppression of extended family. *Violated* brought on the glamour of high society and the discrimination against the less fortunate, the hook being the triumph of love over these barriers. *Glamour Girls* had the benefit of iconic actors and elegant locations, telling a story of widely believed deception. *30 Days in Atlanta* typified the increasing desire among film makers to film abroad and alongside Hollywood talent.

How did Nollywood come about and how has it evolved?

Nollywood was unplanned – it sprang from the interplay of a few unique coincidences and circumstances.

Initially, it shared its audiences with the Nigerian Television Authority (NTA), equivalent to the British Broadcasting Corporation (BBC) in the UK. Between 1970 and 1990, the NTA created and broadcast a rich slate of compelling television shows, including *The Village Headmaster*, *Cock Crow at Dawn*, *Mirror in the Sun*, *Behind the Clouds*, *Supple Blues*, *Checkmate* and *Ripples*.

The NTA was the sole broadcaster of media content back then. When NTA made a decision in 1990 to stop producing media content, it released its in-house talent – and, most importantly, its audiences to other operators. Nollywood's talent came from actors, writers, directors and producers who cut their teeth in the NTA environment, and who had benefited from state-sponsored training, albeit for television production.

The role of technology is crucial to the story of Nollywood's evolution. Video cassettes and video cassette recorders had gained wide popularity in Nigeria on the back of a high-spending civilian government.

Nigeria has long known about conventional film making; however, a visionary young trader (Kenneth Nnebue) with a passion for films thought that combining the talent from the NTA with VHS technology to meet the demand of Nigerians hungry for new entertainment was a good



idea. The result was the straight-to-video release of *Living in Bondage*, a film whose commercial success effectively launched a whole film industry.

Alongside these events, digital technology was rapidly replacing audio- and videotape in both music and film industries around the world. This resulted in huge stockpiles of discarded VHS cassettes in vast warehouses all over Lagos and the south-east of Nigeria (Onitsha and Aba).



Figure 24: 'VHS cassettes were an inexpensive way to distribute straight-to-video movie releases.' Photo ©, Rob Pearce, licensed under CC BY 2.0 and adapted from the original.

The rapid sales of *Living in Bondage* revealed a way to capitalise on the large numbers of unused VHS cassettes in storage, namely by using them as an inexpensive way to distribute straight-to-video movie releases. This business model became the primary way to finance the making of more movies.

Another critical development in Nollywood came as its films started to reach new audiences abroad. Prior to the mass production of movies in Nigeria, Africans and people of African descent had only been served by film or video produced by either Europeans or Americans.

Nollywood made it possible for Africans to view films made by fellow Africans on a huge scale for the first time. The movies dissolved a lot of the mutual suspicion and mistrust, and [encouraged intra-African tourism](#), trade and engagement, as the films cast light on common traditions, habits and cultures across the continent. They cultivated a massive African audience as a result. To date, this has not changed and has led to several other African countries, e.g., Ghana, Kenya, Tanzania, Uganda, and South Africa, getting involved in this kind of film production.

There is, however, a concern that many new film makers are seeking validation and acceptance too eagerly from the mainstream global film industry. This raises questions about whether, by trying to emulate mainstream film production, they are sacrificing the advantages that have made Nollywood [the second largest film industry](#) in the world in the first place.

2) SA Film Sector Creates 21 000 Jobs, Contributes R5.4bn to GDP

<https://m.fin24.com/Economy/sa-film-sector-creates-21-000-jobs-contributes-r54bn-to-gdp-20170616>



07:52 16/06/2017

Johannesburg – South Africa's local film industry is becoming a serious economic player, having contributed R5.4bn to the GDP during the 2016/17 financial year.

This is according to an Economic Impact Assessment study commissioned by the National Film and Video Foundation (NFVF). The findings were released on Wednesday, at the Nelson Mandela Foundation.

“We are not just here to entertain and influence society. We are here to contribute to economic growth in this country... We do not always want to be a sector begging for soft money,” said Zama Mkosi, chief executive of the NFVF.

The research was commissioned by the NFVF to create an understanding of the business of film and to ultimately help shape policy direction and strategy for the sector, explained Mkosi. “We want to show the film industry is a significant contributor to the economy of this country.”

The current study follows on from the baseline study conducted in 2013, which shows the film industry contributed R3.5bn to GDP. During the 2016/17 financial year, the film industry generated production worth R12.2bn.

For every R1 invested, it resulted in a multiplier effect of 4.9 jobs created. Over 21 000 jobs were created, the study showed.

“We want the film sector to be taken seriously, with investors clamouring over us to fund the projects we want to make,” said Mkosi.

Government remains the primary funder of projects through the Industrial Development Corporation and the Department of Trade and Industry. However, there is increasing interest and investment by the private sector.

For the industry to grow and be sustainable, we can't have the majority of the funding be from government, said Mkosi.

Chika Chitambala, senior development economist at Urban Econ, which conducted the study, explained that government funding has been slightly declining and private funding has been increasing. “The government sector still remains the biggest funder,” she said.

Private sector funding increased at a 52% compounded annual growth rate, while the government funding increased 11% on a compounded annual growth rate.

The study showed that feature films and documentaries are the largest segments of the sector (27.3%). Animation is the smallest sector (3%) mainly because there is a lack of technology and skills to produce this content, explained Chitambala. The remainder of the sector is dominated by TV series and TV films.



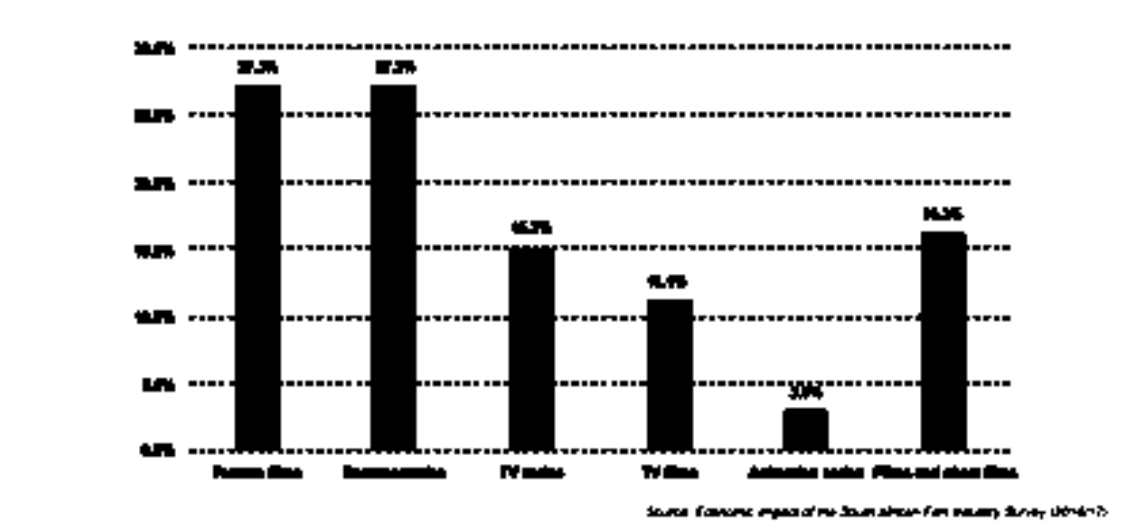


Figure 25: Film industry segments

Film operations have been concentrated in the Gauteng province at over 55%. This is followed by the Western Cape with almost 25% of activity and KwaZulu-Natal, just under 10%. Filming activity is picking up in Limpopo, also just under 10%.

The remaining provinces, including North West, the Free State and Mpumalanga, have film activity taking place, however this activity is not income-generating, explained Chitambala.

Film activity across provinces in South Africa

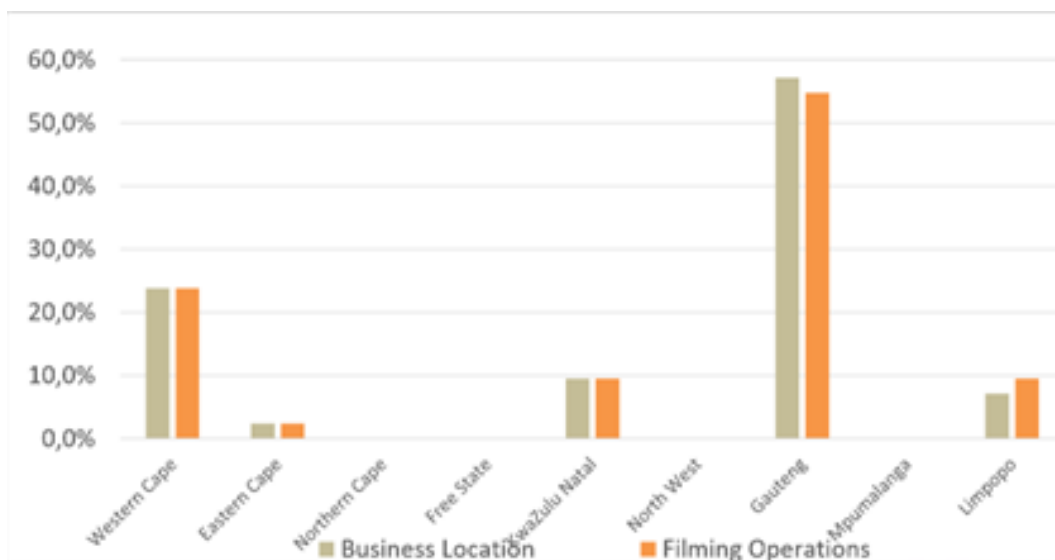


Figure 26: Infrastructure development

Mkosi explained that there should be more investment, by government and the private sector to develop infrastructure in other provinces to shoot films. Once there is existing infrastructure, then the industry won't have to "parachute" from the dominant provinces to shoot films.



“Most films which account for economic development in Gauteng are shot in those other provinces,” she said.

The study recommended that the film sector must focus on transformation as well as skills development among black film makers.

Mkosi explained that there were opportunities for entrepreneurs within the industry, not necessarily as directors or producers, but to provide other services such as accommodation and food for film makers. “There are gaps that can be tapped into.”

Actress Florence Masebe, who was part of a panel discussion, explained that another problem in the industry is that there aren’t enough exhibition platforms to make film accessible to South Africans. “We need to create different spaces to display South African film,” she said.

These audiovisual centres could be similar to the Fan Parks created during the 2010 FIFA World Cup where games were screened. Further, viewings could be hosted in community halls.

Masebe recalled a time where mobile screens were trucked into communities and were sponsored by businesses like Unilever. “We can go back to those models and see if they still work for South Africa.”

3) Why Is South Africa not Watching South African Movies?

<https://memeburn.com/2018/02/south-africa-movies-success/>

By Julia Breakey on 27 February, 2018

You hear it all the time (at least in the hipster parts of Cape Town): support local. Wear locally made clothes, buy fruit and veg from your local vendors. Whether these efforts are helping is unclear, but one area it isn’t? Local film.

Hollywood struggled last year with its worst summer season in over a decade. But it’s not just US films that are failing to reach an audience — South African ones are too.

Last year, the 24 South African films released in cinemas accumulated R44.5-million altogether. To put that into perspective, *Despicable Me three* made R46-million by itself. *Fast and Furious 8* made R72-million.

So why aren’t people watching? For one: the films aren’t showing in as many cinemas. On average, the top 50 films of last year had around 96 prints. South African films averaged 30. What’s worse is that it seems like the industry is struggling to predict which films are going to do well.

These were the biggest movies in Southern Africa in 2017

Hollywood did not have a great 2017. During the US summer blockbuster season, South Africa took a 17% drop in revenue from 2016. The US didn’t fare that much better, and pundits began worrying the year would be disastrous for Hollywood.



The highest grossing film of the year, family comedy *Keeping Up with the Kandasamys*, was shown in a below-average 26 cinemas and still managed to pull in R16.4-million. Afrikaans comedy *Van der Merwe* opened in 50 and barely mustered R618 000.

The number of screens showing a film is decided by two entities, the distributors and the buyers. When a film is completed, the producers either sell or lease it to distributors who then work with buyers like Ster-Kinekor and NuMetro to decide how many prints to sell of the film. (Prints used to refer to actual film rolls, but now it's mostly used to refer to screens.)

The discrepancy between South African films' prints and their subsequent earnings point to a disconnect somewhere in this process.



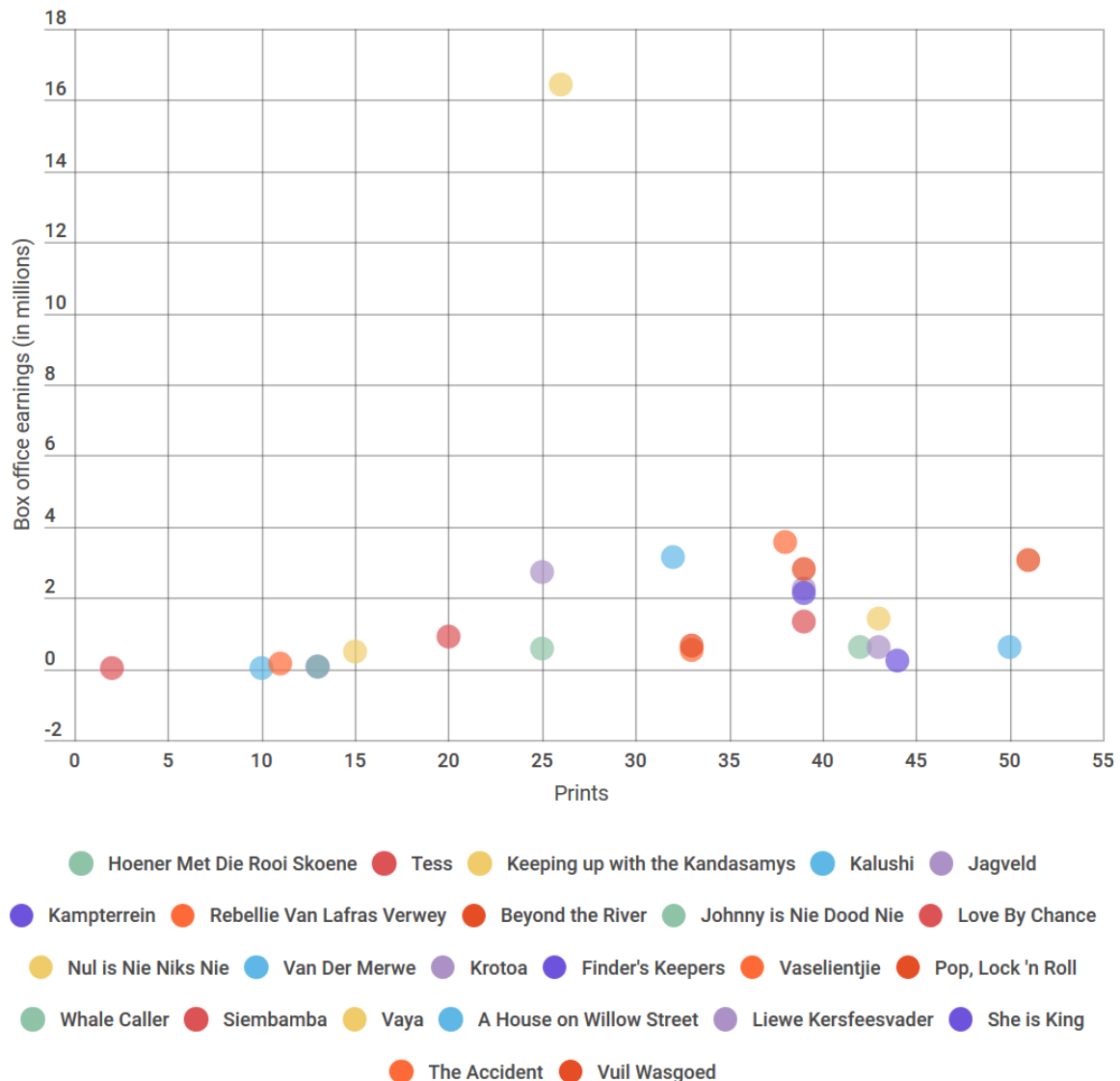


Figure 27: Prints v Earnings (excl. KuwtK) Infogram

The graph above shows prints vs box office earnings. (You can click on *Keeping up with the Kandasamys* in the legend to hide it from the graph.) While it would make sense to be a straight line correlation (the wider the potential audience, the higher the revenue), it is instead a jumbled mess where films with around 32 prints could earn anywhere from R500 000 to R3.1-million.

Can distributors and buyers not predict which films will sell? Are they still banking on Leon Schuster-like comedies to perform well rather than the likes of the South African Indian *Kandasamys*?



Of course, a film's performance has to do with multiple factors, but things like content or marketing come second to whether audiences have access to a film in the first place. It's worrying that a) South African films are being screened at a staggeringly low rate and b) the industry can't predict which films will do well, potentially quelling the extent of their success.

Accessibility aside, it seems that most South African films released in cinemas just aren't appealing to South African audiences. Last year, runaway hit *Keeping Up with the Kandasamys* smashed the box office, making over four times more than the local film in second place — and ten times more than the others' average of R1.2-million.

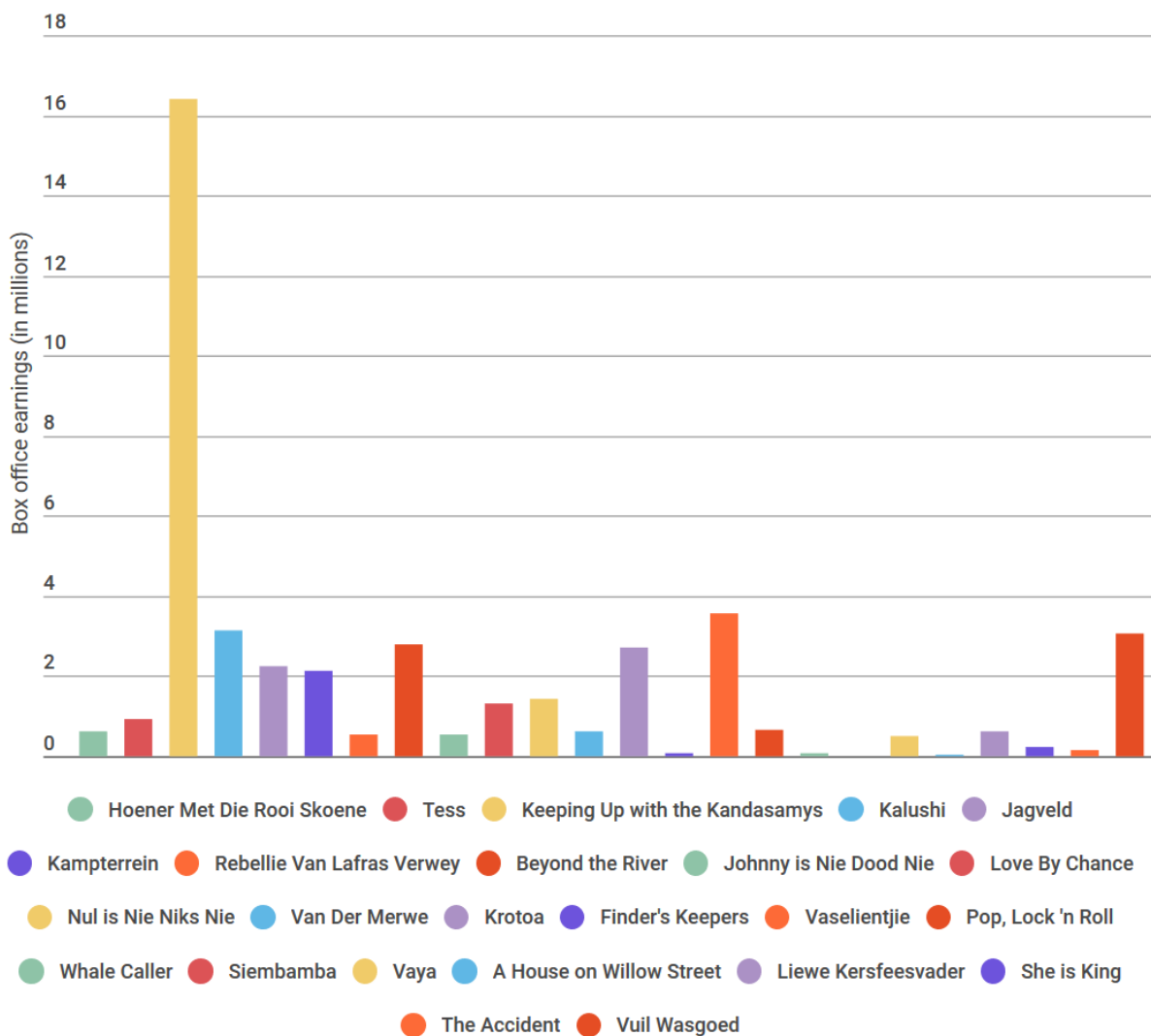


Figure 28: South African films 2017 Box Office Infogram



Afrikaans drama *Vaselinetjie*, with 38 prints, was the second-highest grosser with R3.6-million. In third spot was the film with the most prints (51), dark comedy *Vuil Wasgoed* (Dirty Laundry). The film made R3-million.

When you look at *Kandasamys* alongside the other South African films, it seems simple how it stands out: the film offers a celebratory glimpse at the underrepresented South African Indian community. And when the majority of the films released last year were either Afrikaans comedies or dark dramas, South Africans chose the lighthearted Indian family flick.

Here's a clearer look at the genres sold to South Africans last year, and which they bought into:

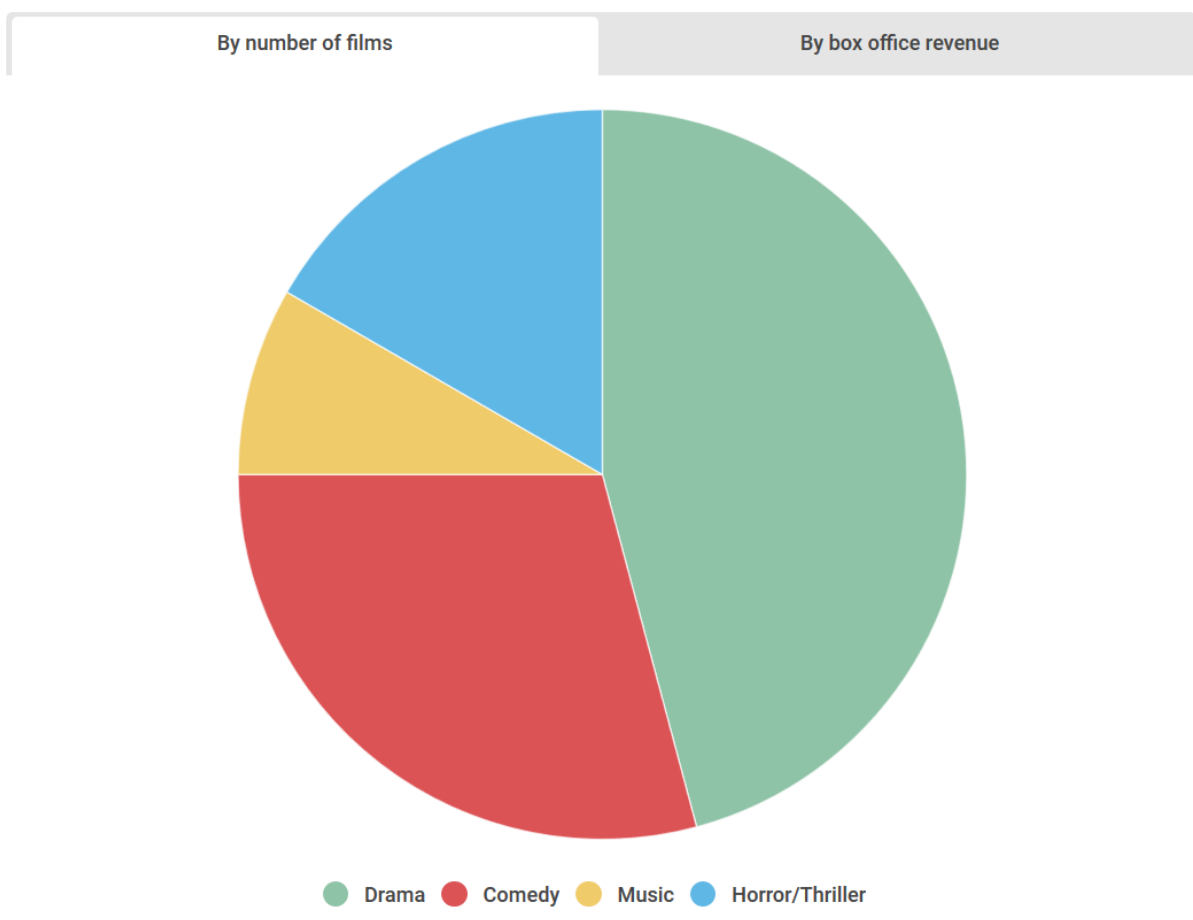


Figure 29: Genres in SA film 2017 Infogram

Our audiences respond well to optimistic representation (*Black Panther* is another example) — but they also pay for escapism. Of the top 20 films of 2017 overall, 12 were high budget action flicks like *xXx: The Return of Xander Cage* and *Star Wars: The Last Jedi*.



The homegrown films released last year were hardly escapist. *Vaselinetjie* is about a young woman ripped from her family and into an orphanage, *Kalushi* about the tragedy of freedom fighter Solomon Mahlangu, *Nul is Nie Niks Nie* (Zero Isn't Nothing) about a young boy with Hodgkin's lymphoma.

And worse: most of the films portrayed Afrikaans culture, and the ones that ventured out focused on tragedy. These choices dramatically limit the potential local audience.

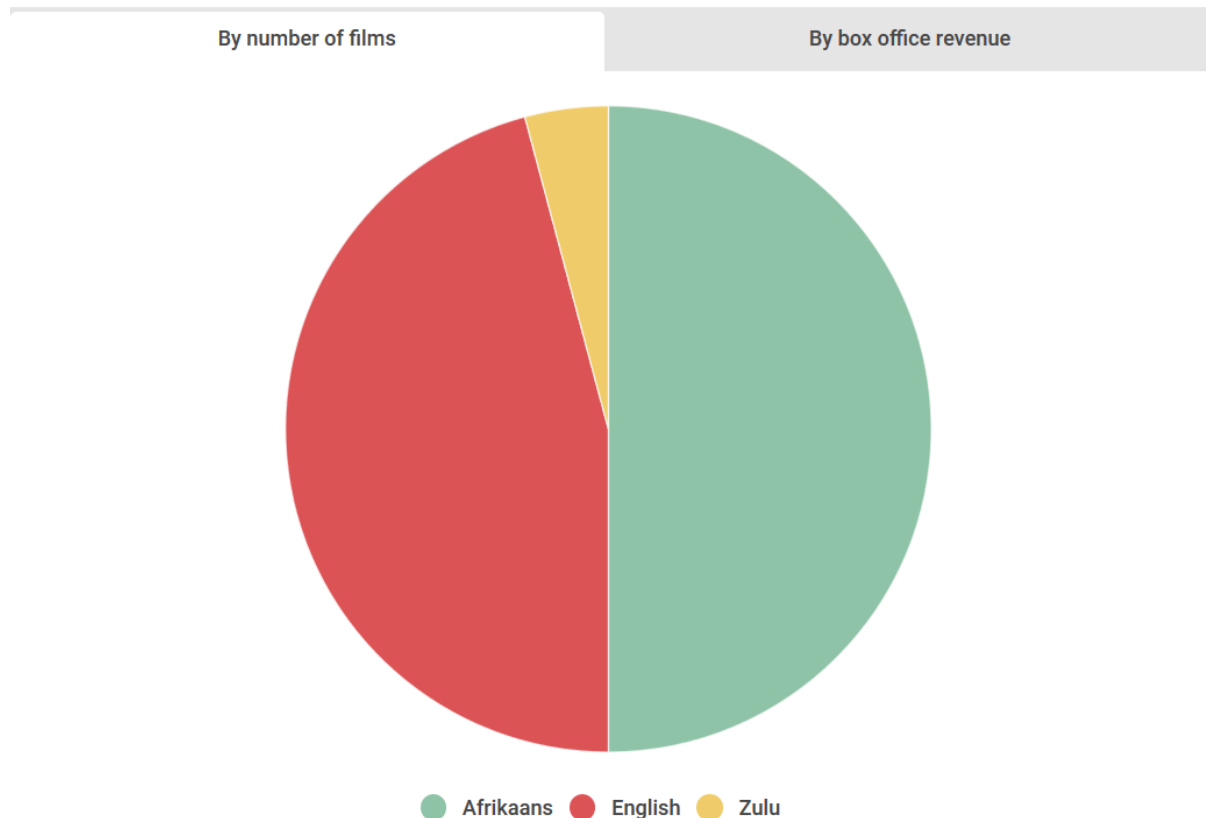


Figure 30: Language in SA films 2017 Infogram

The issue is, most of our films are heavy, pulled down by a stark realism that South Africans reject even in international films — and the variety of colourful South African experiences are left off the screen.

South African realism is often linked to a limited budget — fantasy and sci-fi are expensive to make — but limiting ourselves to slapstick comedy and serious dramas only inhibits us further.

Because, yes, South African filmmakers hardly have the budget to make *Black Panther* — but the energy and playful fantasy is something they can hone. *Keeping with the Kandasmys* already kind of did — and it thrived.



South Africans are ready to see themselves celebrated on screen — so why isn't the industry?

4) Biggest Movies in Southern Africa in 2017

<https://memeburn.com/2018/01/south-africa-2017-movies-numbers/>

By Julia Breakey on 16 January, 2018 breakeypls

Hollywood did not have a great 2017.

During the US summer blockbuster season, South Africa took a [17% drop in revenue](#) from 2016. The US didn't fare that much better, and pundits began worrying the year would be disastrous for Hollywood.

So how did we come out in the end? And which films won over locals' hearts? Grab some popcorn, because this is how South Africans (and Zimbabweans) were spending their money at the cinemas last year.

Fast and Furious 8 was the highest grossing film in South Africa last year

The most prolific film of the year was *Fast and Furious 8*, which pulled in a whopping R72.9-million. Compare that to the runner-up *Despicable Me 3*, which was sitting pretty on only R46.3-million; *Fast 8* beat the film by over R20-million, which is more than *Wonder Woman*, in eleventh place, made in its entire run.

Fast 8's success can be attributed to good timing — it opened on Easter weekend with a week of school holidays left — and the fact that Southern Africa is a sucker for action. In the top 10 films of the year, six were action films: *Fast 8*, *Justice League*, *Spider-Man: Homecoming*, *Thor: Ragnarok*, *Star Wars: The Last Jedi*, and *xXx: The Return of Xander Cage* (Southern Africa also clearly loves Vin Diesel).

The rest were all family or children's films: *Despicable Me 3*, *Beauty and the Beast*, and *Boss Baby*. The only outlier? *Fifty Shades Darker* in fourth, because we're also suckers for smut.



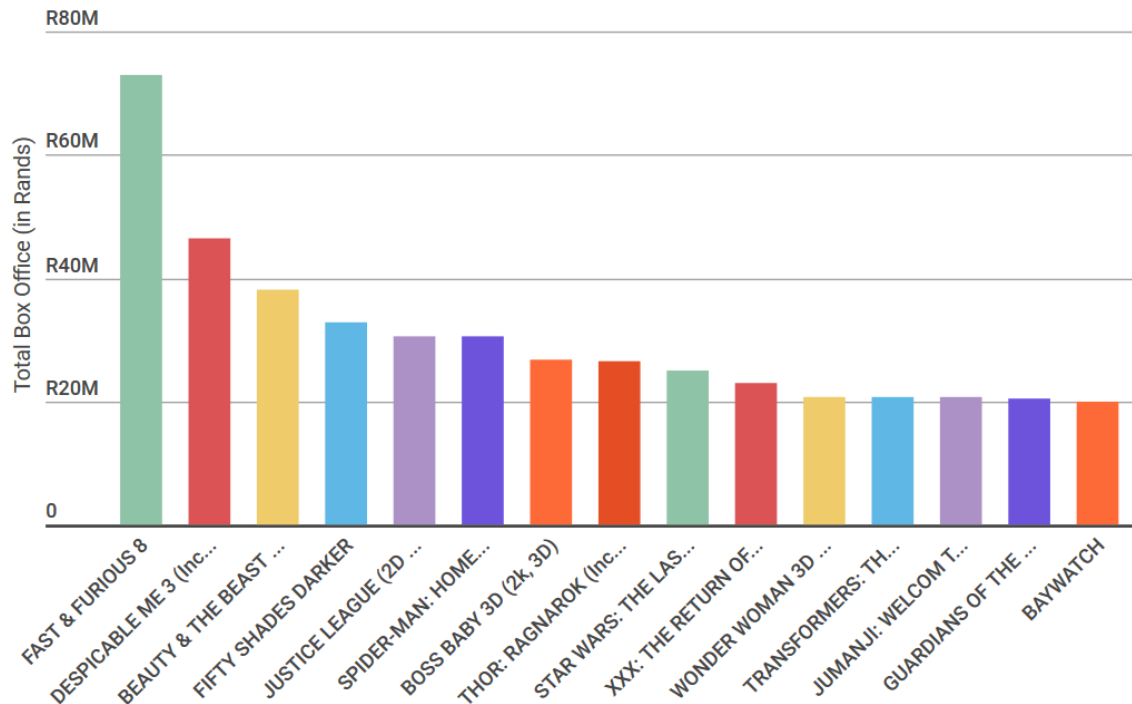


Figure 31: 2017's Top Grossing movies at the Box Office

Fast 8 isn't the only impressive film on the list, though: *Jumanji: Welcome to the Jungle*, which premiered on 29 December, was the 13th highest grossing film of the year come 4 January. In just five days, the sequel beat out the likes of *Guardians of the Galaxy Vol. 2*, *Kong: Skull Island*, and *Logan*.

Another outstanding achiever was South Africa's own *Keeping Up with the Kandasamys*, which managed to chart in 21st and earn a massive R16.4-million. Not only was the family comedy the only local film to crack the top 50 at all, it was also on the weekly top 10 chart for eight weeks. Local films are usually lucky if they stay on for two.

Family comedy *Keeping up with the Kandasamys* was the highest grossing local film of the year

What was equally exciting about the film's success is that *Keeping Up with the Kandasamys* opened in only 26 theatres, the lowest of any other film in the top 50. In fact, if the year proved anything, it's that opening in tons of theatres doesn't necessarily mean success.

Ferdinand, the animated film about a fighting bull, opened in 140 theatres — the most of any last year — and only managed 28th place (though, in fairness, the film is still running and has room yet to grow).



The scatterplot below shows how films fared in relation to their number of prints. In general, films struggled to earn enough to place them above the trendline — even when removing the *Fast 8* outlier.

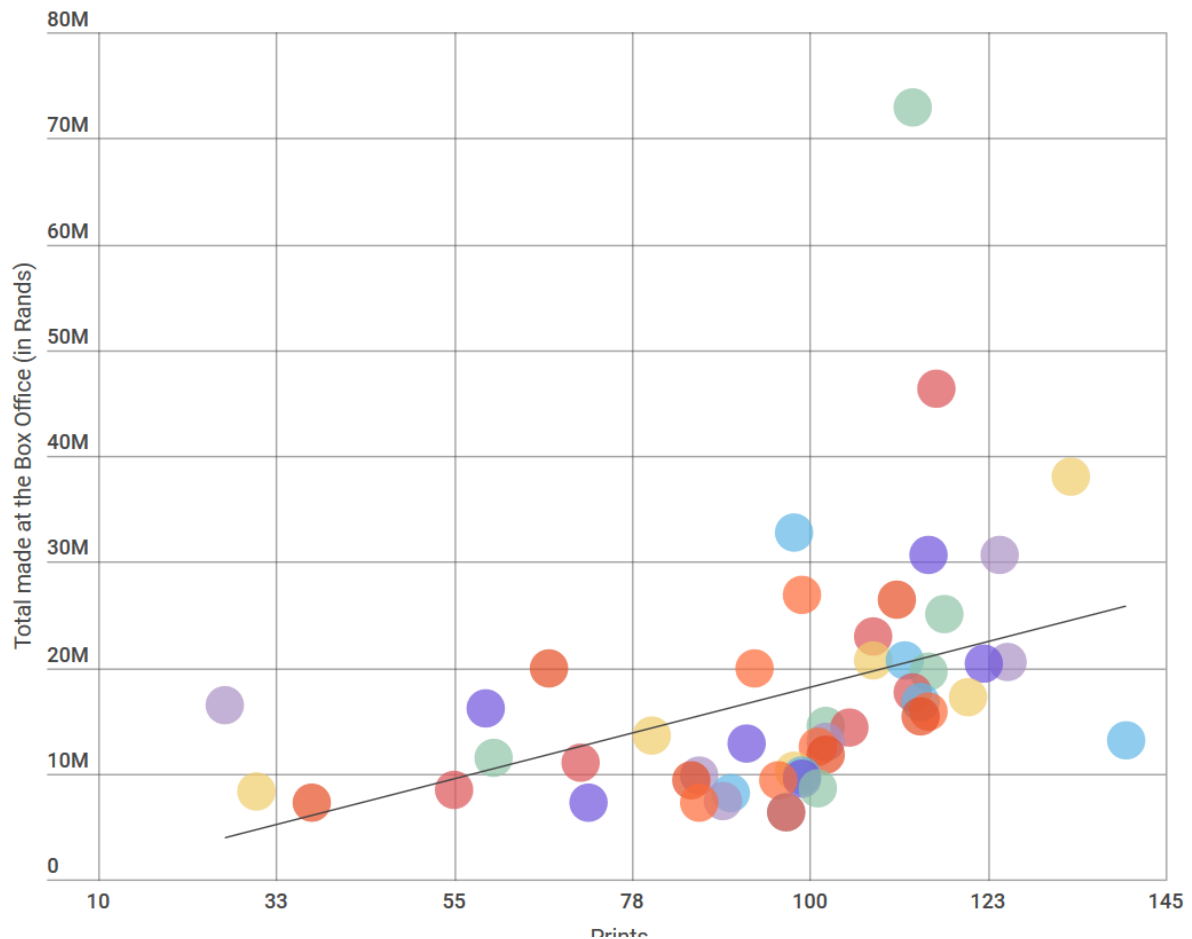
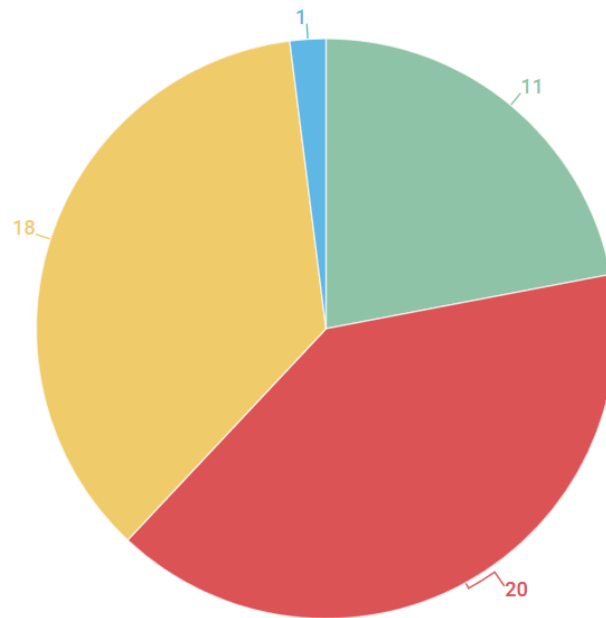


Figure 32: 2017's Top 50 movies at the Box Office vs. Prints



No. of Films in Top 50

Total Box Office from Top 50 (in Rand)



● United International Pictures (UIP)
 ● Ster-Kinekor
 ● Times Media Films (TMF)
 ● M-Net



The major South African distributors had a fairly even 2017. United International Pictures (UIP) only had 11 films in the top 50, but because those films included *Fast 8*, *Despicable Me 3*, and *Fifty Shades Darker*, the company still pulled in R276.3-million from its films in the top 50.

Ster-Kinekor took a different approach, releasing 20 of the films on the chart, and pulling in R332-million from standard hits like *Spider-Man: Homecoming* and *Thor: Ragnarok*, as opposed to the likes of UIP's breakaway hits.

1 84% of the revenue earned by 2017's top 50 films in Southern Africa came from franchises. Times Media Films fared relatively similarly, releasing 18 of the top 50 films and bringing in over R254.7-million. Its best performing release was *Justice League* (in fifth), and its only other film in the top 10 was *Boss Baby*.

The only other distributor on the list was M-Net for *La La Land* in 43rd position.

5) Movie Distributors in 2017

In terms of a greater industry, Southern Africa's 2017 box office proves the area's unwillingness to indulge original films. Every single film in the top 17 is part of a larger franchise. In the top 50? Only 15 of the films are completely original — not a sequel, not a reboot, not an adaptation — and that number is being generous and including *King Arthur*.

This means that, of the box office revenue earned from the 50 highest grossing films, a whopping 84% of the revenue came from franchises. While production companies will likely read that as proof that franchises sell — and there's no denying they do — it's upsetting that consumers were given little choice this year.

In fact, the average number of prints for original films in the top 50 was 83. Franchises received a massive boost, and those in the top 50 averaged out at 104 prints per film. Cinemagoers can only watch what is available to them — and it seems that, for now, that's franchises.

And so SA's tastes are left largely unclear. All we know for certain is that Vin Diesel has a place in the region's heart. I don't understand it, but I can respect it.

You can find the full top 50 list courtesy of Times Media Films [here](#). The films listed in bold are the original films.

Note: Not all of the films mentioned have completed their runs, and their positions are subject to change.

