# AN ASSESSMENT OF PROGRESS MADE TO TRANSFORM THE KZN FILM SECTOR IN THE LAST SEVEN YEARS





Signe: V. Senna
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The KwaZulu-Natal Film Commission

# Executive Summary

## Introduction

This report presents the key findings on a study conducted to assess progress made to transform the KZN film industry in the last seven years. The KZNFilm was established in 2014 and has a mandate to be a catalyst for the development of an economically sustainable and transformed film industry in the region. Through the marketing and industry development programme, the KZNFilm has managed various initiatives such as the film fund which directly injects capital into the KZN industry providing funding to filmmakers. This includes film development funding, production funding, markets and festival attendance funding and film festival funding. The disbursement of funding support is accompanied by strategies to ensure that previously disadvantaged individuals (PDI's) or companies owned by PDI's are equipped and prioritised to participate in film production. Therefore, Industry Skills Development(ISD) initiatives were established with an aim to address the lack of relevant industry skills as well as business incubation programs. The research aims to assess the extent to which KZNFilm has made an impact in transforming the KwaZulu-Natal film sector and catalyst for progress.

Based on the objectives of the study it was decided that a mixed method approach will be utilized. The selected research methods were based on the understanding that the voices of the beneficiary target groups, and key informants of the different organizations must be given consideration. This study therefore included both quantitative and qualitative components. The research findings were however limited by the lack of responsiveness from interview stakeholders who at times did not provide information with depth.

Data collected for this research showed government stakeholders indicating that municipalities need in-depth film industry knowledge in order to respond to the industry development needs in their specific District Municipalities. Some stakeholders also mentioned that there are limitations in Municipal budgets and there is a need for funds that will be directed to meet the human capital and infrastructural development needs of film production closer to communities in rural areas that are far out from the city where most film services are based.

KZN based businesses highlighted the significant role of the film commission in providing business opportunities which contribute over 60% of their annual turnover. The business survey also showed that there is an agreement regarding fronting being a criminal act which must be prevented due to its impact in slowing down transformation by misrepresenting the extent to which businesses are B-BBEE compliant. All businesses indicated that they are transformed because they work with youth, placing them in key positions, some stated that they provide mentorship to youth, women and people living with disability. Majority of those who responded amongst filmmakers have experienced growth in their companies through being awarded funding for development and production in the past seven years. However, some expressed the negative impact of lengthy turnaround times from KZNFilm after application, while others expressed that obtaining funding from KZNFilm remains a challenge.

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## Abbreviations and Acronyms

B-BBEE- Broad Based Black Economic Empowerment

BET- Black Entertainment Television

CEO-Chief Executive Officer

CFO- Chief Financial Officer

COO- Chief Operations Officer

DFO- Durban Film Office

DTI- Department of Trade and Industry

EDTEA- Economic Development Tourism and Environmental Affairs

EME-Exempted Micro Enterprise

FTE- Full Time Equivalent

GDP- Gross Domestic Product

ISD- Industry Skills Development

KZNFilm- KwaZulu-Natal Film

NFVF- National Film and Video Foundation

PDI- Previously Disadvantaged Individual

QSE- Qualifying Small Enterprise

# Chapter 1: Introduction

## 1.1. Background

Transformation in the film industry is an important factor, due to the film industry's economic gains. Considering South Africa's racialised economy, the film industry has the potential to create a transformed economy, where employment opportunities are open to the previously marginalised. Furthermore, ownership and control of means of production remain among a selected few and the government has identified this area to be central within initiatives for transformation in the South African film industry. This study will provide an assessment of progress made to transform the KwaZulu-Natal (KZN) film sector in the last seven years. To provide socio-economic context within which the KwaZulu-Natal film industry is situated and interlinked, a brief overview on the history of the South African film industry inequalities is provided. Thereafter, a discussion on the government's rationale and agenda for transformation of South Africa's economy. Focus will then be placed on the KwaZulu-Natal film industry highlighting the transformation program established and implemented by the KwaZulu-Natal Film Commission in the regional industry. ***It must be noted that the following accronyms and words mean the same thing: [Human Capital Development (HCD), Industry Skills Developmeny (ISD)] / [KwaZulu Natal Film Comission (KZNFilm)]. This is a change that was approved in October 2022.***

The following are the overall aims of the research study:

1. To analyse the impact of KZNFilm programmes in changing and transforming the local film sector as contained in the KZNFilm transformation policy.
2. To analyse all KZN based companies previously reviewed to track the level of transformation and growth
3. To analyse transformation through multifaceted segments such as revenues generated, turnover, the volume of content, race, gender, age, industry culture etc.
4. To assess the local business posture towards fronting and its impact

5. To provide recommendations and advice on future programmes that could assist in the transformation of the local film sector (taking into consideration the findings of the National research undertaken).

## 1.2. Structure of Report

Following this introductory chapter, Chapter 2 of this report presents the findings from an extensive literature review. Chapter 3 of the report covers the methodological procedures employed to carry out the study, while Chapter 4 and 5 includes the key findings and discussion of results. Chapter 6 concludes the report with recommendations to consider moving forward.

# Chapter 2: Literature Review

## 2.1. History of inequality in the South African film Industry

The South African film industry has gone through shifting epochs, from monopoly by Isadore Schlesinger in its early stages, to the entrance of Hollywood studios (Coetzee, 2019 ; Gutshe, 1946), to division on racial grounds during apartheid characterised by the establishment of an exclusively white film industry (Botha, 2012 ; Paleker, 2014 ; Tomaselli, 2002). Furthermore, the transition went to the B-Scheme films and exiled anti-apartheid films (Botha, 2012 ; Paleker, 2010; Tomaselli, 1989) and, finally, the current emerging post-apartheid dispensation characterised by a distribution duopoly, state subsidy, and inadequate industry transformation. The apartheid industry was built on policies that excluded the black population of the nation. Therefore this created an industry value-chain (empowered by apartheid government censorship and subsidy control)that developed and economically benefited white owned film production companies. Local white-film production companies were positioned to participate in shaping and reaping from the economic and cultural context in which South African films were produced (Botha, 2012 ; Paleker, 2010 ; Tomaselli, 1989). The result was a mass production of English and Afrikaans language films which became South African mainstream cinema made for white audiences *only* (Tomaselli, 2002). The influx of American and European films meant that mainstream cinema was a collaboration of foreign films, South African English and Afrikaans films. Still, the majority black population was excluded and virtually invisible. In 1972 the government introduced a different subsidy scheme known as the B-scheme at the request of white filmmakers who saw an opportunity to make money by producing films for the natives (Paleker, 2010). This separatist development of the film industry remains one of the distinct legacies of colonial apartheid during the democratic era in South Africa.

The objectives to develop a transformed, inclusive, non-prejudicing and economically sustainable film industry were some of the key motivations behind the establishment of the National Film and Video Foundation in 1997, which is an agency of the Department of Arts and Culture. In South Africa, the film sector falls within the Department's Cultural branch and includes the audio-visual and interactive media sector which covers film, video and television

production, as well as video games" (KZNFilm Baseline study, 2021). This categorization is partly based on the understanding that these various industries intersect through the centrality and significance of audio-visual technology for their function. In this way, they service each other through production companies that function in television and film, audio-visual equipment suppliers, and a common pool of skilled human resources amongst other things. An understanding of this value-chain provides a better opportunity for the researcher to track the extent to which transformation programs reach. However, it is vital to note that the KZN Film Commission is strategically situated under the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) (KZNFilm Annual Report, 2018/2019). This allows the Commission to play a significant role in positioning KwaZulu-Natal as a destination of choice for filmmakers both local and international as well as attract investment into the KwaZulu-Natal film industry. The KwaZulu-Natal Film Commission has used a film service approach in developing and implementing the entity's transformation strategy, this means industry development and transformation is targeted at all stages of the value-chain.

## 2.2. Transformation in the South African context

South Africa still experiences high levels of unemployment amongst black people (Stats SA Report, 2021) and an economic structure designed to exclude their businesses from meaningfully participating and benefiting in the nation's economy (Acemoglu, Gelb &Robinson, 2007). The transformation imperative seeks to promote an economic structure that redresses the unjust practices of the past that still affect black South Africans today. Broad-Based Black Economic Empowerment (B-BBEE) is a measure that was introduced with the aim of overcoming the economic inequality legacy of colonialism and apartheid (Acemoglu, Gelb &Robinson, 2007). According to Angela Pike et al, (2018:1) "the strategy ensures that there is a significant increase in the quantity of black individuals who have ownership and control of new and existing enterprises. The objectives of the B-BBEE strategy also include increasing the number of black people in executive and senior positions as well as ensuring increased income levels of black individuals within qualifying B-BBEE companies". This means that the government's objective is to promote a business environment that enables previously marginalised individuals to participate in the South African economy as company owners, employers and employees at senior levels in business. Through a generic scorecard

process, a business entity's B-BBEE status is weighed against that entity's level of compliance on elements such as ownership, management control, skills development, enterprise and supplier development, and socio-economic development (DTI, 2013:11). The B-BBEE policy remains a controversial topic as some argue that it is corrupting the economy while others identify it as a beneficial measure for the economically excluded. An important point of contention is linked to the fronting practice. Fronting can be defined as a deliberate circumvention or attempted circumvention of the B-BBEE Act and the codes. The practice of fronting attempts to misrepresent facts in order for a business entity to be identified as compliant, thus qualified to participate in business activities and benefits targeting compliant businesses. The Department of Trade and Industry identified three ways by which fronting manifests, namely

> *"(a) Window-dressing. This includes cases in which black people are appointed or introduced to an enterprise on the basis of tokenism and may be discouraged or inhibited from substantially participating in the core activities of an enterprise;*
>
> *(b) Benefit Diversion. This includes initiatives implemented where the economic benefits received as a result of the B BBEE Status of an enterprise do not flow to black people in the ratio as specified in the relevant legal documentation;*
>
> *(c) Opportunistic Intermediaries. This includes enterprises that have concluded agreements with other enterprises with a view to leveraging the opportunistic intermediary's favourable B-BBEE status in circumstances where the agreement involves significant limitations or restrictions upon the identity of the opportunistic intermediary's suppliers, service providers, clients or customers"* [1] *(Sibanda, 2015:29).*

Although there aren't many studies on the practice of fronting, one can establish from a few studies that fronting is understood to be a practice negatively impacting the process and pace at which the economy is transforming. Sibanda states that fronting has a negative impact on South African "corporate governance, namely the exercise of the fiduciary duties of directors, stakeholder governance and ethical corporate leadership"(2015:40) .The recognition of

[1] http://www.thedtic.gov.za/financial-and-non-financial-support/b-bbee/fronting/

fronting as a punishable, criminal act is perceived as a positive amendment to the B-BBEE act and business entities are encouraged to monitor and deal with these practices punishable acts.

## 2.3. KZN Film Commission and the Transformation Agenda

KwaZulu-Natal Film Commission's transformation policy outlines five focal points (stated below in no particular order) for strategic intervention to achieve the transformation of the KZN film industry. The five points are:

- KZNFilm Employment Equity (management control) and skills development.
- KZNFilm Preferential Procurement and supplier development.
- KZNFilm Socioeconomic development programme.
- Industry development through skills and enterprise development.
- Funding production to increase accessibility, skills development and sustainable employment.

## 2.4. Brief Overview of the KZN Film Sector

The KwaZulu-Natal film industry is part of the top three large film sectors in South Africa with KZN being the third largest, second being Gauteng and the Western Cape having the largest film sector. The film sector in KZN has experienced growth that can be attributed to a number of factors including favourable climate conditions as KZN is known for its all-year-round tourist-friendly sunny days, scenic-picturesque landscapes and a diverse culture. Considering South Africa's currency, not only does this region offer film production-friendly weather conditions throughout the year, but it also provides local and international productions with multiple picturesque production locations with reasonable exchange rates. Furthermore, culture becomes a unique distinguishing factor for productions that promote cultural specificity. A baseline study of the KZN film industry conducted in 2015 provided insight into the landscape of the film sector in KZN during the inception year of the KwaZulu-Natal Film Commission. The KZN film and television industry recorded direct employment of 1481 people in full-time equivalent (FTE) jobs, 175 firms directly involved in the regional film industry and R327.46

million contribution to the GDP, 9.26% of the national figure by the KZN film production and distribution industry (Baseline Research Report, 2015:3). Although the industry remains significantly small compared to Gauteng and Western Cape, it has seen significant growth as indicated in the second KZN film industry baseline study *"in 2016 the KZN film industry contributed R327 million to GDP and employment in the industry was 4 274.11. Based on GDP and employment growth for KZN from 2016-2019, GDP is estimated at R340 million in 2019 and employment at 4,558"* (Baseline Research Report, 2021:2). . The inception of the KwaZulu-Natal Film Commission has resulted in the development of the KZN region as a film-friendly sector with increased film and television productions, increased workforce/talent pool, increase in skills and enterprise development opportunities as some of the key factors stimulating the positive growth.

Below is a film industry value-chain diagram which details the types of services whose inputs are necessary for developing a film-friendly industry.

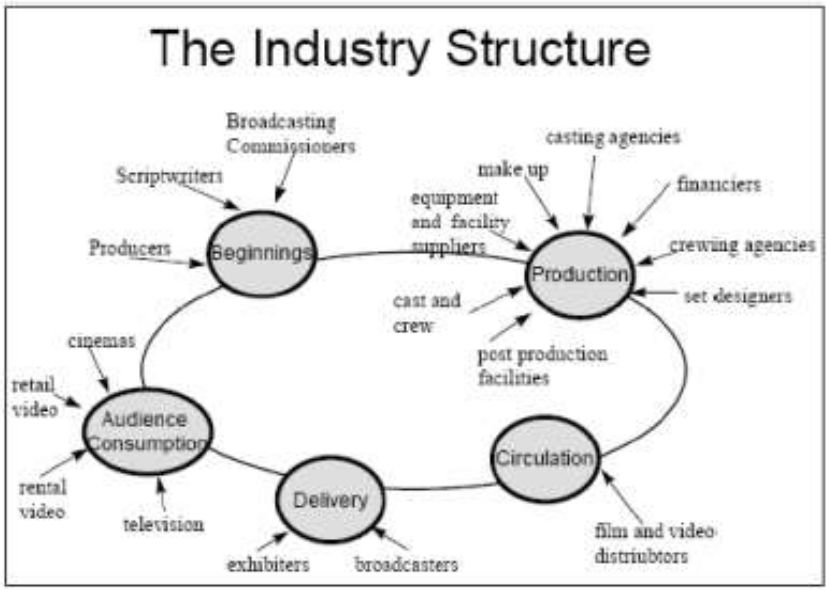

*Figure 1: Industry Analysis through Value Chain Approach (Cuff 2009:2b)*

In the standard film industry value-chain, the film commission can be categorised under financing. However, the KZNFilm 's key role is in overseeing and strategically co-ordinating relationships of film services in the production value-chain within the KwaZulu-Natal region for the purposes of developing the sector into a nationally and globally competitive production location of choice. In this way, KwaZulu-Natal Film Commission is positioned to become a catalyst in promoting the development of an economically sustainable and transformed film industry from development phase to exhibition.

Kwa-Zulu Natal Film commission derives its mandate from the KZN Film Act No. 3 of 2010, which established the KZNFilm. The objectives of the KwaZulu-Natal Film Commission are connected to the Commission's mission which is to be a catalyst for transformation, job creation and sustainability through funding, Industry Skills Development and the promotion of KwaZulu-Natal. The Kwa-Zulu Natal Film Commission provides clear objectives linked to its transformation agenda which are:

- To provide and encourage the provision of opportunities for persons, especially from disadvantaged communities,
- To enter and participate in the film industry in the province,
- To address historical imbalances in the infrastructure and in the distribution of skills and resources in the film industry in the province (KZNFilm).

## 2.5. The Film Fund

This section will place focus on the transformation and economic initiatives of the KZNFilm, implemented through the Marketing and Industry Development programme utilising the film fund. The film fund is a program of the KwaZulu-Natal Film Commission created to stimulate the growth of the film industry regionally, which the office of the COO oversees. Areas of focus include film production (development and production)which are the first two stages in the film production value-chain that receive the majority of the film fund budget. The review of literature

in this section will place focus on how and the extent to which the Commission integrates previously marginalised individuals and their companies into the production value-chain.

### 2.5.1. Transformation in Film Development and Production Value-Chain

In the first year of the establishment of the entity, strides were made toward developing the film sector in the KZN region. In the film production value-chain, the majority of production activity takes place within the production phase which involves services rendered from a myriad of film service providers (cast, crew, equipment companies, facilities, infrastructure etc.). Therefore, in South Africa, most of the production budget is utilized during this phase (Economic Impact of the South African Film Industry Report, 2021). Development phase is included as it informs the type of content outcome in the value-chain, film services and expertise that will become relevant for the type of production and post-production as well as the target audience for distribution purposes. During the Commission's first financial year notable focus was placed on previously excluded groups to become high-priority in the industry development process as highlighted below.

> *"The board approved the establishment of the KZN Film Fund with a budget of R12 million. The KZN Film Fund prioritises Women, Youth and Black Filmmakers. The fund also stipulates that recipients must spend 70% of their budget in KwaZulu-Natal. There was an overwhelming response to the establishment of this fund. The Commission received ninety-four applications of which thirty-eight were approved" (KZNFilm Annual Report, 2014-2015: 4).*

A total of 38 projects were approved (for development and production) and a breakdown of the allocation by demographic of the above-mentioned film fund sheds insight about the extent to which the funding reaches into various demographics within the priority groups. The fund was distributed to projects across the value-chain: development, production, marketing and distribution and it also extended to Markets and festivals as well as mentorship and training in development and production. Twenty-eight projects were approved under development and the successful applicants consisted of 17 women, 7 youth (of the youth 6 were black), 19 black people in total (13 Africans, 5 Indians, 1 coloured) and 14 of the twenty-eight successful applicants were based in KwaZulu-Natal. The entity also approved 10 production projects,

with female owned projects making up 6 of the 10. 4 projects were youth owned, 5 were black owned (3 African, 2 Indian) and 4 of the 10 production projects were KZN based. There were also 6 projects approved for the marketing and distribution sector, and of those 4 that were black owned ( 3 Africans, 1 Indian), there was only 1 female and 1 youth recipient in this cohort. However, 5 of the 6 projects were KZN based. The rest of the funding was used to support filmmakers to attend Markets and festivals and a total of 40 projects were also supported for mentorship (in development) and training (in development and production) but the mentorship aspects will be discussed under the entity's Industry Skills Development section. The allocation of funds to 38 projects (in development and production) shows that females were the majority in terms of gender. In terms of race, the black people were also the majority recipients, while the youth still needed more attention and KZN based projects made up 18 of the 38 approved projects, an area indicating a need to stimulate KZN based applicants. The entity's 70% (for production) and 50 % (for development) requirement to spend budget in KZN aims to trigger a multiplier effect. This means that through the 38 production and development projects, money is spent sourcing KZN based services. This is beneficial for the region as it creates work opportunities in the province and capital flows internally which potentially contributes to the development and sustainability of this sector.

The Department of Economic Development, Tourism and Environmental Affairs increased its grant to Kwa-Zulu Natal Film Commission to R63m during the 2015/16 financial year, the entity also managed to achieve better and more efficient execution of planned projects due to approved posts in the organogram being filled. The strategic goal of transforming the film industry remained central in terms of the management of the film fund, skills development and training and in the allocation of funding to successful applicants for the R12 million film fund during that financial cycle. In the 2015/16 the film fund support was allocated as detailed below:

> *"The 41 projects that were approved consisted of 30 development projects (15 feature films, 6 micro budget films, 3 short films, 3 documentaries and 1 TV reality series), 3 fund mentor documentary projects and 8 production projects (6 feature films, 1 micro budget film and 1 TV drama series). Out of the 41 development and production projects that were approved, 29 (70%)*

*of the projects were received from applicants who reside in the KwaZulu-Natal province. The youth and women were awarded 17 projects (42%) in each category whilst the previously disadvantaged individuals were awarded 90% of the funding" (KZNFilm Annual Report 2015/2016: 28).*

This means the film fund increased annual approved projects by three more from the previous year. The production fund approved 8 projects, which was a slight decrease from the previous year and the development projects remained on the rise. Out of the 41 approved projects, 36 projects were funded. The fund allocation strategy signals the development of a film production value-chain gradually bridging the gap (through economic empowerment) in industry participation between the privileged white minority and the masses of historically excluded groups (black women are multiply marginalized through their race, gender and class status). However, because women and youth are grouped together in the reporting, the extent of involvement by and support for these distinct groups remains unclear during this financial year while KZN based projects were the majority. The economic empowerment enables black owned businesses and individuals to develop their voice in the industry and start "gaining ground in decision making" (NFVF Transformation Report, 2022:5). A new performance indicator during the 2015/16 financial cycle was the amount of Investment leveraged through the film fund which was targeted at R36 Million but instead exceeded this amount by +R15.8 million. This growth in investment was "leveraged from three projects: uZalo, Code Green and Earth Beats with a larger production budget than estimated" (KZNFilm Annual Report, 2015-2016: 28). These KZN based television productions were identified for their direct impact in the KZN economy through employment opportunities (KZN Sector Baseline Study, 2021:31) for KZN talent, industry supplier businesses and other industries indirectly connected to film production such as property and tourism who service the film sector. It is vital to note that due to the film industry being project based, jobs (especially for individual freelancers) are for the most part on a project-by-project basis. However full time equivalent (FTE) jobs are usually determined through project time sheets which according to the KwaZulu-Natal Film Commission annual report (2018/2019) were not available. Therefore making it difficult to calculate the extent to which the KZN film industry provided FTE jobs during the 2018/19 annual reporting.

Another important point to consider, according to the entity, is that “the total number of temporary jobs created on production is proportional to the KZNFilm funding contribution as a percentage of the total production budget. Only where spending has taken place can the number of new temporary jobs be recognised for the reporting period” (KZNFilm Annual Report, 2019/2020:35). Therefore, even if a production created jobs, only those claimable to KwaZulu- Natal Film Commission are accounted for in the Commission's annual reports, however, the original number of jobs before proportioning is also disclosed(KZNFilm Annual Report, 2019/2020:35). In the 2016/2017 funding cycle, Kwa-Zulu Natal Film Commission received a grant of R71 million and the film fund was at R12.8 million. The KZNFilm entered into a three-year co-production agreement with e.tv (KZNFilm Annual Report, 2016-2017: 5) which increased the number of long running television series shot in the region. Below is a KwaZulu -Natal Film Commission chart that provides an overview and patterns of support provided to the film industry in the region by demographics between 2014 and 2021.

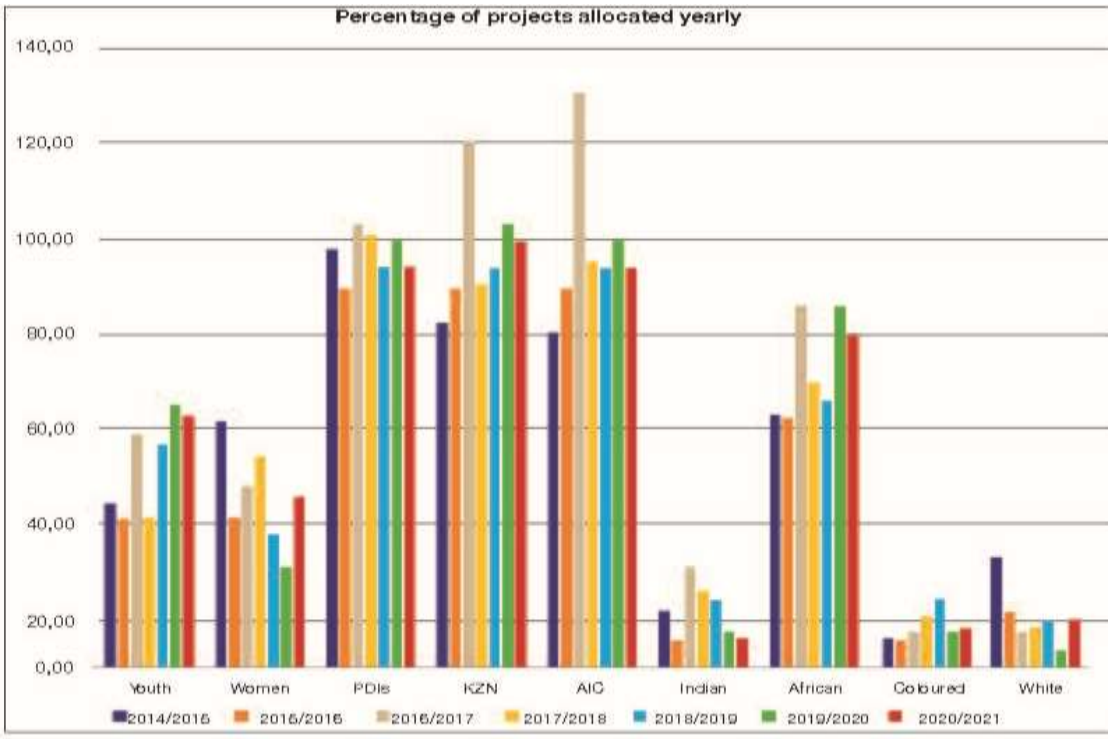

*Figure 2: Kwa-Zulu Natal Film Commission film fund distribution by demographics (KZNFilm Annual Report, 2020/2021: 26)*

The chart shows a slight growth in the involvement of youth, while the involvement of women declines significantly between 2014/15 and 2015/16. There was a positive response from in terms of participation from KZN based companies and individuals as well as people from the black population with the majority being African (previously identified as natives). It is not clear what caused the sharp decline in women's participation in the film industry specifically through the film fund, however, gender inequality is a longstanding socio-economically and culturally sustained phenomenon globally and South Africa, including KZN is no exception. Research argues that "there are various structural, institutional and cultural barriers preventing women from entering the film industry" (Gender Matters in South African Film Industry Report, 2018: 11). Some of these factors include societal perceptions about women's capabilities as less than their male counterparts, especially from investors (also known as gendered financial barrier). Furthermore, the industry networks are male dominated, there is also a lack of research on gender inequalities in the South African film industry, therefore, less is known about these forms of discrimination (their extent), making it difficult to address adequately (Gender Matters in South African Film Industry Report, 2018: 11).

However, in terms of economic growth, the entity generated R2.3 million through investment income and services rendered at the film cluster" (KZNFilm Annual Report, 2016-2017: 5). The growth in development and production projects (some long-term) between 2014 and 2017 indicated the impact of the film fund as a catalyst for the gradual rise in employment opportunities and the inclusion of marginalized communities. 12 approved and funded production projects were also completed during the 2016/2017 financial cycle. This number was higher by four more production projects compared to the previous year and this was significant for the entity and regional industry since a number of these projects formed part of Box Office's top 10 locally produced films. One of the productions titled *Keeping up with the Kandasamy's (2017)* earned R16m at the Box Office, a record for a South African film in cinema in the country (KZNFilm Annual Report, 2016-2017). Furthermore, this meant the number of job opportunities was high since in the production phase demands for inputs through interlinked and interdependent services in order to create the film. The entity caps

feature length production funding at R1 500 000 and 70 % of approved production funds must circulate in the region on relevant suppliers including equipment rental companies, editing services, cast, crew and locations. Through use of KZN locations in productions, tourism and hospitality industries benefit indirectly from local film activity in the region. The potential results of increased representation of KZN locations is increased tourism activity which means capital spent by tourists in the region. Script development funding is capped at R200 000 and 50% of the allocated funds must be spent using KZN based film services functioning in this stage of the value-chain.

In 2017/18 KZNFilm started with a total budget of R104 million which was made up of the R71 million operational grant for the year, R12 million for the women and youth incubation programmes from EDTEA. Then R21 million was rolled over from the previous financial year and the entity spent. More importantly, the entity generated a total of R2.7 million through rental equipment, recoupment from production funding, interest earned from investment bank account and rental of office space (KZNFilm Annual Report, 2017-2018). In terms of the film fund, during the year, 37 projects were funded for development, 11 projects received production funding, making it 48 projects, a rise by 8 more projects from the previous year. The increase in development and production projects in 2017/18 were a result of the KZNFilm film fund in partnership with the provincial department of Economic Development, Tourism and Environmental Affairs (EDTEA) and Viacom. Out of the 48 projects, 8 were heritage projects and one was in post-production. Furthermore, three productions that were in development the previous year moved into production during the year. A new and significant performance indicator recorded in KZNFilm annual report was the number of jobs created as a direct result of the film fund; the target was 150 jobs; however, 427 jobs were created but "only 123 jobs were recorded as claimable based on expenditure incurred that financial year"(KZNFilm Annual Report, 2017-2018: 27). However, a rise in job opportunities remains a significant indicator that production activity is a significant employment contributor, thus more investment needed. It is vital to also highlight that 98% of the film fund beneficiaries were from previously marginalised groups. This means black people, women, youth and people living with disabilities are positioned to participate and contribute to creative and economic-related industry matters concerning their productions. During 2018/19 *"KwaZulu-Natal Film*

*Commission funded 35 production and development projects at an investment of R16.5 million. Of these, there were 20 development projects where KZNFilm contributed R3.2 million and 15 production projects where KZNFilm contributed R13.3 million"* (KZNFilm Annual Report, 2018-2019: 39).

There were also 8 more productions as a result of the Made for TV partnership between KZNFilm, SABC and NFVF. An estimated 165 temporary jobs were created in the KZN film sector through production and development of projects supported by the film fund during the year. Furthermore, "projects allocated to youth beneficiaries were at 47.2% up from 32.1% of the fund in the previous year and there was a slight rise in KZN based projects" (KZNFilm Annual Report, 2018-2019: 40). The rise in KZN based projects indicates the positive impact of the entities skills development, business incubation and information sharing interventions targeting the previously marginalised.

In 2019/2020 the KZN film commission had a budget of R80 538 000 directed to effectively support the growth and development of the industry and an additional R10 million from EDTEA was received. As a result of an additional R10 million in funding received from EDTEA and savings from operations redirected to the film fund, the entity exceeded its planned target of funding 35 projects by an additional 26 more funded projects taking it to 61 projects (KZNFilm Annual Report, 2019/2020). Another significant strategy implemented in this financial year was the slate funding which sought *"to grow KZN film companies through a holistic approach that goes beyond funding a single project, the idea was to fund two companies, nurture them, and for three years guarantee that they will be funded with for a slate of films"* (KZNFilm Annual Report, 2019/2020: 35). This was the entity's approach to assisting film companies to start developing strategies for the sustainability of their businesses during the funding period**.** There was also an increase in the number of temporary jobs created in the film sector through production and development projects supported by the film fund from 150 jobs the previous year to 168 new jobs although the new planned target was 170 jobs. During this financial year, the entity recorded funding for 279 production and development projects since its inception in 2014 (KZNFilm Annual Report, 2019/2020: 35). The Commission did enter into a

Memorandum of Understanding (MOU) agreement with Black Entertainment Television (BET) as a way of stimulating productions by previously marginalised individuals or production companies while guided by renowned industry experts. During the 2019/20 financial cycle, the film industry (nationally) experienced restrictions as a result of the COVID-19 pandemic which limited the entity's ability to implement all its planned work. This is further explained by the former CEO of KZNFilm, *"there were significant delays in a number of projects due to the restrictions imposed by the lockdown which further impacted on the ability to deliver the services and therefore incur the expenses. The entity ended the year with a R13.9 million surplus whilst generating (2019: R4 million) own revenue"* (KZNFilm Annual Report, 2020/2021: 6).

In the 2020/21 financial year the entity had an adjusted budget of R136 million (KZNFilm Annual Report, 2020/21: 6). During this financial year, a total of 44 projects were awarded funding for the year, with 43 projects being awarded to persons from the designated groups. An indication of the success of various interventions aimed at addressing gaps in access to funding, information, specialised education and mentorship annually.

## 2.6. Intangible Impact of KZNFilm-*Industry Skills Development*

This section provides a discussion about some of the intangible impacts of the transformation agenda implemented through the Industry Skills Development programs aimed at bridging inequalities in terms of access to film and television education, skills development opportunities, enterprise development and industry information sharing sessions. Thereafter, a discussion on the KwaZulu-Natal Commission's implementation of the Broad-Based Black Economic Empowerment preferential procurement process will shed insight into the entity's role in providing economic growth opportunities and business development opportunities to black-owned B-BBEE compliant film industry service providers. Then a conclusion which also carries recommendations will follow.

## 2.7. Funding Film Production Education & Training

Other non-economic benefits of increased film production activity in a region are skills development and the development of other forms of expertise (ability to utilize the latest advanced technological equipment during production and post-production) which contributes to the development of KZN's film-friendly status. Skills development programmes were initiated in 2014/15 through bursary disbursements to twenty-five students of the sixty-one applicants, the entity has disbursed bursaries to 156 tertiary students studying film and television production till 2019/20 before COVID-19 restrictions restricted Higher education institutions from conducting contact learning classes. There were establishments of strategic relationships with training institutions such as TVET colleges to provide training for previously marginalized youth and women in order to develop a pool of KZN-based industry workforce consisting of aspiring(directors, writers, sound operators, editors etc). In line with the vision to develop an inclusive and economically viable KZN film sector, KZNFilm increased the number of skills development programs to provide a wide and diverse skill set training opportunities for the previously marginalised who desired to have areas of specialization these were through programs such as the Directors Programme; SEDIBA and Technical Training '(KZNFilm Annual Report, 2016-2017: 5). During the 2015/16 financial year, 11 programmes were managed and implemented by the Industry Skills Development program with a total of 320 people throughout the province participating in the various programmes (KZNFilm Annual Report, 2015/2016). The entity prepared for the implementation of the film industry transformation initiative (FITI) which will run for three years, aimed at addressing the lack of transformation at senior levels of the industry and the scarce skills needed in the industry. The program targeted film and television graduates and employed a three-phase approach to provide advanced training from development, and production to the distribution phase. Furthermore, seventy people who were targeted to complete training through the value chain during the 2016/17 financial cycle did not complete the training during this year due to accreditation delays and completion was targeted for the 2017/18 financial cycle. During the 2017/18 financial cycle, hundred and forty-six people were trained throughout the value-chain exceeding the target of 75 trainees. The number of trainees continued to increase in 2018/19 from 146 the previous year to 253 new trainees. During the 2019/20 financial cycle *"KZNFilm introduced the Made for TV Quality Boost Programme as a special initiative. The programme is a mentorship programme that is aimed at upskilling emerging filmmakers in KZN, in order*

*for them to be able to deliver quality content to the national broadcaster"* (KZNFilm Annual Report, 2019/20: 38). Another important project in the transformation agenda led to a partnership between KZNFilm and NFVF, resulting in the introduction of The Female Filmmaker project whereby the aspirant female filmmakers from previously disadvantaged groups will be guided in the development and production of their stories in a 24-minute script.

### 2.7.1. Enterprise Development

During the 2015/2016 the Marketing and Industry Development programme supported through its sub-programme of Industry Skills Development (ISD) thirteen businesses through a partnership with SmartXChange, furthermore, hundred people were trained through the film value-chain in KZN in line with the transformation policy focal point aimed at industry development through skills and enterprise development. The number of new businesses supported through incubator programmes focusing on youth and women were targeted at 4 during the 2016/2017 financial cycle , however the target was not met as only one company is reported to have completed the program. Which is interesting to note as these two groups out of the high priority groups also had lower film fund recipients between the years 2015 and 2020. However, youth representation was slightly better than that of women. Two significant performance indicators for the marketing and industry development program performance in 2016/2017 were new businesses supported through the incubator focusing on small businesses which targeted five businesses but exceeded this target by another five small businesses that received support. The following year (2017/2018), nineteen small and micro businesses were supported through the small business incubator programs, another improvement from the previous year's achievement of 10 businesses. During the 2018/2019 financial year, unfortunately, the incubator program was not implemented due to challenges in the tender process (KZNFilm Annual Report, 2018-2019: 41).Thereafter, 10 companies were supported in the SMME Incubation Programme (KZNFilm Annual Report, 2019/2020:30)

## 2.8. Preferential Procurement Opportunities

This aspect of transforming the KZN film industry focuses on the procurement processes of the Commission and this is part of the Finance and Administration program. During the inception year of the Kwa-Zulu Film Commission, the percentage of procurement spent on

BEE Businesses was targeted at 60% and the target was not only achieved but exceeded by +32%. This meant that 92% of black owned and B-BBEE compliant businesses were connected to economic opportunities. Their participation in supplying industry services means they benefit economically and they are being exposed to a network of other businesses. In the 2015/2016 financial cycle, the target increased to 75% and the actual target was achieved and exceeded by +22% (KZNFilm Annual Report, 2015-2016) meaning that 97% of procurement funds were directed to these businesses, a 5% increase from the previous year. During the 2016/2017 funding cycle, the entity increased its planned target percentage of procurement spent on B-BBEE businesses to equate level 4 status to 100% and exceeded this target by 8% (KZNFilm Annual Report, 2016-2017) an achievement in line with the KZNFilm preferential procurement and supplier development strategic interventions outlined in the entity's transformation policy focal points. The entity managed to achieve and exceed the 100% planned target of procurement spent on B-BBEE businesses by 12% and the entity attributes this success to pro-actively contracting B-BBEE suppliers throughout the year. During the 2018/19 financial year "a total value of R35.9 million was spent on services providers on levels 1-3 B-BBEE with an overall B-BBEE spend of 112%" (KZNFilm Annual Report, 2018/2019:7). In 2019/20 financial year the planned target for the percentage of total procurement spent on B-BBEE service providers was equal to last year's achieved target of 110% but the entity managed to exceed this target by 4% (KZNFilm Annual Report, 2019/2020: 27).Focus was placed on sourcing goods and services from suppliers that have a B-BBEE status level 1-2, EME and QSE (KZNFilm Annual Report, 2019/2020:27).

## 2.9. Transformation and growth of KZN-based companies

According to the latest KZN film Industry baseline study only 126 companies responded to the survey. Out of those responses it was established that most of the respondents "(16%) had established their businesses in 2017, followed by almost 14% in 2018 and almost 13% in 2015. Approximately 10% of businesses from the sample are long-standing businesses in the sector as they had established their businesses over ten years ago" (KZN Film Sector Baseline Study, 2021:61). Majority of the companies (52%) operate or provide services in the production phase of the value-chain while 25 % render services in the development stage, followed by an 11% which operates within post-production stage and 8% in the distribution

phase of the film industry value-chain(KZN Film Sector Baseline Study, 2021:62). The survey also showed that " of the total respondents, 38% had an annual turnover of less than R20 000 in 2019, followed by 22% who had a turnover of between R20 000 and R50 000. These results indicate that most KZN film sector businesses are not performing well financially"(KZN Film Sector Baseline Study, 2021:69). Majority of the respondents indicate challenges with receiving funding support from KZNFilm and require more inclusive funding processes. Challenges regarding lack of skills development in rural KZN, access and affordability of production equipment, a need for other distribution platforms are still identified as some of the barriers to the growth of the sector but more importantly to the development of a truly transformed industry.

It must be noted that the cultural and creative industries were among the first sectors to shut their doors in response the COVID-19 pandemic. The impact of the pandemic was higher in the creative industries, where the physical presence and social interaction is integral to the cultural experience. For instance, it hit especially hard cultural activities like theatres, concerts, festivals and exhibitions. On the other hand, cultural experiences that can also be accessed digitally like movies, games, and music were affected less. However, there was a distinction between outdoor and indoor venues with different requirements to make the situation better. Additionally, another impact on the creative industry was the devastating floods in South Africa's KwaZulu-Natal province which claimed over 400 lives. There was damage to property and infrastructure could run into billions of rands. The floods had an impact on the creative industry as people were unable to attend hard cultural activities like theatres, concerts, festivals and exhibitions. This means that the creatives and business had to be paused and they were not earning an income during this period.

## 2.10. Conclusion

There have been shifts in transformation over the past 7 years in the KZN film industry which has been a result of the KwaZulu-Natal Film Commission's efforts to create opportunities for the marginalized to participate in the development of the industry in this region. Although the KwaZulu-Natal Film Commission's intervention target various aspects of the industry value-chain, focus was placed of film development and production as stages of the value-chain production is where majority of filmmaking activity takes place and the stage that utilises funds the most in a South African film context (Economic Impact of the South African Film Industry, 2021). Development stage in a KZN context is the area receiving most attention in terms of film fund due to its potential impact on the quality and quantity of films intended to be produced in the region.

The film find has been a catalyst for a transformed industry in a number of ways including job creation which benefited all population groups in the region. The film fund can arguably be defined as the initial amount injected by the KwaZulu-Natal Film Commission towards boosting film production in the KZN film industry. The fund generally stays at R12 million, however in 2017/18 the film fund production budget increased to approximately R25 million due to collaborations with VIACOM and EDTEA. The following financial year production budget was approximately R16.5 million due to the Made for TV collaboration with SABC and NFVF. The 2019/20 financial year saw an increased production budget at approximately R32.7 million. Increased film funds have led to increased development and productions projects in the region (amongst other projects supported through the fund such as marketing and distribution, mentorship, festival markets etc.). From the Commission's inception till 2019/20 there were 279 film development and production projects funded and in 2020/2021 an additional 38 development and production projects were funded. Majority of the development and production budget, specifically 98% (KZNFilm Annual Report, 2020/2021) is committed to the previously marginalized groups (companies) with quality applications.

The increase in film production activity in the last seven years resulted in increased employment opportunities, 1481 (FTE) jobs created since the inception of the Commission as indicated in the latest KwaZulu-Natal Film Commission baseline study (2021). The increase

in information sharing workshops targeting disadvantaged communities has been identified to have resulted in better quality and quantity of funding applications which received financial support. Furthermore, enterprise development initiatives have provided platforms for businesses owned by previously disadvantaged to receive relevant skills and knowledge in running small businesses and servicing the film industry. Preferential procurement has facilitated a strategy that fosters B-BBEE compliance as a major prerequisite prior to being listed as a vendor. In this way industry businesses and suppliers are required to ensure they adhere to transformation requirements which has encouraged an increased integration of previously marginalised individuals as employees within these businesses including participating at management levels. Furthermore, more black owned service providers are positioned to participate in the film industry, to render their services and become part of this network-based industry.

# Chapter 3: Methodology

## 3.1. Introduction

The section outlines the methodological approach used to conduct this study. Based on the objectives of the study it was decided that a mixed method approach will be utilized. The selected research methods were based on the understanding that the voices of the beneficiary target groups, and key informants of the different organizations must be given consideration. This study therefore included both quantitative and qualitative components.

## 3.2. Research Instruments and Data Collection

A framework was developed for the three research tools used in this study. This included the business survey; the filmmaker interview and the government stakeholder interviews. The analysis framework guided the development of each tool as it required that certain questions in the three tools address the five main objectives of the research. It also guided the process of reviewing literature during the writing of the literature in that the framework required that the researchers list the data sources most useful to address each of the five objectives of the study. Ultimately the research included secondary sources which are existing research and reports as well as primary data that was generated through data collection.

The research tools used for this study were created specifically for this research. Based on insights obtained through an extensive literature review as presented in Chapter 2, a survey tool and interview guides were developed. The tools were developed keeping the broad objectives of the study in mind.  Each of the tools are further discussed below.

### 3.2.1. KwaZulu-Natal Based Film Businesses Surveys

A survey was developed specifically for the KZN based film services or businesses as the target population sample. A number of secondary sources such as documents and literature was used in the development of the survey questions. The secondary sources utilized included the KwaZulu-Natal Film Commission (KZNFilm) annual reports, baseline studies, transformation policy, and various reports from the National Film and Video Foundation. This

was to ensure that between the literature and document review, as well as the survey questions, it would yield sufficient data that address the objectives of the study.

The thematic focus of the survey was on the economic growth and transformation of the businesses, the significance of their business relationship with KZNFilm, their exposure to KZNFilm enterprise development and training, their attitudes towards the 'fronting' practice, the efficiency and sustainability of KZNFilm programs. The survey questions, although quantitative, were also substantiated by strong qualitative supporting questions which was suitable for this target sample since the focus is on measuring economic growth and transformation as well as the impact of KZNFilm programs. The survey development process included a process of critical analysis by Mthente Consulting and KZNFilm representatives before it was finalised and handed over to field workers for data collection.

For the business survey, Mthente received a database from KZNFilm to be used for the research. The sample for the survey was drawn from the list of businesses registered as vendors within the KZNFilm supplier database. These companies function as service providers at various stages of the film industry value chain (pre-production, production and post-production). A random sampling approach was used. As a first step, Mthente sent out the link to the online survey to all individuals listed on the database, together with an introductory letter to the study. Following the links being sent out via email, Mthente selected and trained a team of fieldworkers on the survey. If a participant did not respond to the online link, they were contacted telephonically by an Mthente fieldworker to remind them to participate. Participants were also afforded the opportunity to complete the survey telephonically with the fieldworker if they wish. Following the survey closure, Mthente conducted quality control on the dataset to remove partially completed surveys, duplicates and any data which was inconsistent. Further, Mthente verified a portion of the responses on the dataset against the recordings to ensure accuracy during the capturing process. Table below indicates the fieldwork requirements and targets achieved for the surveys.

*Table 1: Survey targets and achievement*

| Required Surveys | Surveys completed | Survey Links send out | Survey Reminders send out | Incomplete Surveys |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 80-100 | 91 | 322 | 2 times per person | 26 |

### 3.2.2. Interviews with KZN Based Filmmakers

An interview guide was developed for the KZN based filmmakers as the target population sample. Filmmakers are the targeted recipients of the film fund for development and production projects in KZN. A number of secondary sources such as documents and literature were relevant in the development of the interview questions. The secondary sources included the KwaZulu-Natal Film Commission (KZNFilm) annual reports, baseline studies, transformation policy, and various reports from the National Film and Video Foundation. The thematic focus of the interview guide was also consistent with that of the survey as it addresses the economic growth and transformation of the filmmakers (production companies), the significance of their business relationship with KZNFilm, their exposure to and perceived relevance of the KZNFilm Industry Skills Development programs, film industry culture, the efficiency and sustainability of KZNFilm programs. The interview was developed to be in-depth and qualitative in nature, as it places focus on generating in depth knowledge from the target sample in relation to the research objectives. The development of the interview guide included a process of critical analysis by Mthente Consulting and KZNFilm representatives before it was finalised and handed over to field workers for data collection.

Mthente received a database of filmmakers from KZNFilm to be used for the research from which the sample was drawn. As a first step, Mthente sent out an introductory letter for the study to all potential participants. Based on this response, Mthente identified suitable participants and scheduled interviews. Similar to the processes described above, Mthente selected and trained a fieldworker on the interview guide. The fieldworker was trained on the aim and purpose of the research, and the questions in the interview guide and was given an opportunity to ask any questions for clarification. Following the training, a mock interview was held to ensure that the interviewer was adequately prepared. The interviewer then scheduled the interviews at a date and time convenient for the participant. The interviews were all conducted in accordance with the standard ethical principles of research and were recorded with the prior consent of the participant. Following the interview, the interviewer compiled a

set of detailed notes. These notes were quality controlled and checked against the recording to ensure that they were accurate. Table below indicates the fieldwork requirements and targets achieved for the filmmaker interviews.

*Table 2: Filmmaker interview targets and achievement*

| Interviews | Target | Completed | Email send | Refusal |
|---|---|---|---|---|
| Expert Filmmakers interviews | 8-10 | 10 | 19 | 1 |

### 3.2.3. Interviews with Government Stakeholders

An interview guide was developed for the relevant government stakeholders as the target population sample. A number of secondary sources such as documents and literature relevant in the development of the interview questions. This included the KwaZulu-Natal Film Commission (KZNFilm) annual reports, baseline studies, transformation policy, and various reports from the National Film and Video Foundation. The thematic focus of the interview was on the economic growth and transformation of the KZN film industry, the significance of KZNFilm's programs, the efficiency and sustainability of KZNFilm programs. The interview is qualitative in nature, it places focus on generating in depth knowledge from the target sample in relation to the research objectives. The development of the interview guide included a process of critical analysis by Mthente Consulting and KZNFilm representatives before it was finalised and handed over to field workers for data collection.

For the government stakeholder interviews, Mthente compiled a list of names which emerged from the literature review as potential participants. The selection criteria included government departments that played a role in the development of the film industry in South Africa and more specifically KwaZulu-Natal industry. These are strategic partners of the KZNFilm who partner through film funding and Industry Skills Development projects. Furthermore, these stakeholders have an in-depth knowledge of economic development and transformation agenda in the KZN film industry both at policy and practical levels. The data collection procedures followed the same process as with the filmmaker interviews. Table below indicates the fieldwork requirements and targets achieved for the filmmaker interviews.

*Table 3: Government stakeholder interview targets and achievement*

| Interviews | Target | Completed | Email send | Refusal |
|---|---|---|---|---|
| Government Interviews | 10-15 | 9 | 59 | 9 |

## 3.3. Data Analysis

Following the collection and quality control of data, the data was then analysed based on the key objectives of the research. Quantitative data collected through the survey was analysed using a combination of Excel and SPSS. Furthermore, qualitative responses on the survey as well as data collected through the various interviews were analysed using thematic analysis. The qualitative analysis ensured the use of quotes and supporting text from the data to help provide an overall picture of the themes relevant to this study.

## 3.4. Ethical Considerations

This research study was conducted in accordance with standard research ethical protocol. Participation in this research was completely voluntary. No participant was coerced into participating against their wishes. Written or verbal consent was received from each participant completing a survey or participating in an interview. In the case of a telephonic or virtual interview, the fieldworker requested permission from the participant to record the interview before commencing. Furthermore, all interview discussions and surveys completed were done so confidentially. All names and identifying information not relevant to the analysis of the data was removed from the dataset before being shared by the fieldwork manager. No participant names or any identifying information was used in the write-up of the report in order to safeguard their identity.

## 3.5. Limitations

The following limitations to this study should be noted:

1) The response rate on the initial business survey sent out achieved a very low response rate. This was flagged early on during the data collection phase. It was then decided that the survey length was too long, causing participants to start the survey and then

stop halfway through. A decision was then made to reduce the length of the survey by merging questions and introducing response options which made completing the survey easier. The adaptations made on the survey resulted in the targets being reached.

2) The interviews and survey data collected are non-representative data, which means that the information is not generalizable. To address this concern, the study used triangulation-cross referencing from different perspectives to synthesize findings. The points raised by various participants and through the multiple data collection methods were triangulated.

# Chapter 4: Research Findings

The purpose of this report was to assess the progress made to transform the KZN film sector in the last seven years. Themes were generated in accordance with the following research objectives:

1. To analyse the impact of KZNFilm programmes in changing and transforming the local film sector as contained in the KZNFilm transformation policy.
2. To analyse all KZN based companies previously reviewed to track the level of transformation and growth
3. To analyse transformation through multifaceted segments such as revenues generated, turnover, the volume of content, race, gender, age, industry culture etc.
4. To assess the local business posture towards fronting and its impact
5. To provide recommendations and advice on future programmes that could assist in the transformation of the local film sector (taking into consideration the findings of the National research undertaken).

Findings from the participants will be presented in the following order:

1) Filmmaker interviews

2) Government stakeholder interviews

3) The KZN business survey

## 4.1. Filmmaker Interviews

### 4.1.1. The impact of KZNFilm programmes in changing and transforming the local film sector as contained in the KZNFilm transformation policy.

From the data, it is evident that the diverse companies that were interviewed specialise in the following services: film and tv productions as producers, writers, directors, while some provide film production training. The filmmakers interviewed are producers who specialise in putting the production together from development to exhibition. This means they, among other things;

coordinate the relevant experts in key creative roles such as director, service providers, crew, talent, funders and distribution. In this way, they become involved in the creative and business aspects of the production from development until exhibition. It is also important to note that the KZNFilm uses different approaches to target and align the various film industry services and filmmakers with relevant business opportunities. Therefore film fund targets the creators, the filmmakers or production companies, while film servicing companies which at times includes production companies may experience the tender approach from KZNFilm as better aligned with the business and offerings.

### 4.1.2. Impact of KZNFilm Communication and Marketing Channels- Connecting Industry to Opportunities

The funding call and reception of submissions is a crucial vetting process to ensure compliance before the selection of the KZNFilm film fund approved projects. Key findings from the filmmakers on the role of KZNFilm's marketing and communication strategy before, during or after the funding process. Participants commented on the accessibility of important regional and national industry related information via KZNFilm's various platforms of communication. Majority of the participants mention various industry opportunities that they have discovered through KZNFilm online platforms such as social media, emails and websites. According to these participants they *"look at the website to look for commission opportunities"*. Participants added that *"it is a tremendous support to know that the film commission has a website they publish on so we know when to apply"*. Furthermore, other participants expressed the significant role of seminars as vital because it is " where we get to interact as industry people, so you also get to be exposed to some of the opportunities available" , "we do go to workshops with them to sort of explain on what they need in the next submission, you don't just submit something that you don't know".

Majority of the filmmakers also indicate that KZNFilm communication before and during funding application process gives them insight and a better understanding of the criteria for each call as expressed in the statements *"they really do help in terms of assisting you to package your application but of course, you have to do that in advance you can't do that when it's close to the deadline", "I have been applying for funding for my films. They were assisting*

*me from A-Z on the documents that are needed. They also assisted me in applying for awards until I got good results".*

Participants who took part in the study outlined the effectiveness of the KZNFilm film fund processes by highlighting both advantages and challenges experienced by production companies based in KZN. Some of the participants commented on the effectiveness and filmmaker-friendly funding process for KZN-based production companies as expressed below.

**Understandable application process-**, as expressed by the following participant "*in terms of the process itself I think it's the process that is understandable any person can learn on how to do it and do it".*

**Availability of feedback-**, as described by the participant "*The positive highlight is that they give you feedback on the application whether it's successful or not in detail on why they are funding it and why they are not funding it and they also give you feedback on where to improve it".*

**Opportunities for various funding-** and this is echoed in the following statement "*Yes, I have received a development funding for 2 projects and we also received a marketing budget from KZNFilm for another project"*

Despite the advantages associated with production companies being in KZN, there exists some challenges which hinders the progress of these production companies. Some of the challenges include lengthy turnaround time, persistent lack of funding opportunities, lack of accessibility, inadequate seminars and workshops, lack of job creation and networking as expressed below.

**Lengthy turnaround time-** "*Also responding on time, if I am applying for something, they say it takes 3 months and I never experienced where I got it exactly in those 3 months. So, they are not responding whether you have been funded or not"*

**Lack of Information exchange-** *"Another issue is that there are not much of seminars, workshops and conferences that can bring creatives together, like offering them networking opportunity and be able to bounce ideas, it's only when we have Durban international film festival in the province now you see minor seminars happening but if that thing can be constant*

*and happen throughout the year, I feel like we can get more information on how the province is developing and if the is a benefit in staying in the province"*

Ultimately, a significant number of participants indicated that the entity's communication is efficient and filmmaker friendly. However, other filmmakers are of the opinion that there are still some challenges of inefficiency in communication indicating that the KZNFilm needs to be time conscious.

It is worth noting that marketing and communication is one of the KZNFilm's strategic interventions in the transformation policy focal points aimed at creating awareness about the role and opportunities provided by the entity to the provincial, national and international industry.

### 4.2. Access to the Film Fund-Types of projects supported by KZNFilm

As part of the key focal points of the KZNFilm transformation policy, providing funding for productions is aimed towards increasing accessibility, skills development and sustainable employment. Findings show that there have been a number of filmmakers that have successfully received funding support from the KZNFilm for predominantly development and production projects. The funding support is divided according to the different stages of film production in order to assist filmmakers to meet the distinct needs of each phase as indicated in the following statements

**Development Funding**- "*They have supported me in development for my production project", "It was a development which was fully developed by KZNFilm which was completed in development and now we have applied for production we are just waiting. The status of it is now in pre-production"*

**Production Funding**- other filmmakers indicated that they successfully attained funding for "*Both productions"* or *"production and now the project is in post-production and pending".*

The phased approach means that the completion of each project depends on timeous access to funding. Which affects the timeline for project completion. A few participants expressed that KZNFilm has not funded their projects while another has not applied for funding yet.

**No funding**- '*there is no project they have funded because most of the time I shoot by myself from my own pocket. Then if I submit, I only submit for awards to them", "We haven't asked for funding".*

### 4.2.1. The Economic Impact Attached to Feature Films and the Value of Short Films in the Region

Filmmakers shared insights with regard to the economic value attached to making feature or short films in the region. This question was incorporated due to the understanding that filmmakers in the region create shorts and feature length films which directly affect the funding amounts or budget needed which has to correspond with the scope of the project. Participants explained why there is a greater economic value attached to feature films as compared to documentaries or short films and the following statement sums up the shared view.

**Big budget, big opportunities**-The "*Feature length is just a bigger budget obviously people are going to earn more, it's the same thing but on a larger scale. So economically it's going to be better for everyone".*

**Audience Development-**They also explained the value of short films for a filmmaker's career as reinforced in the statement "*there are a lot of online platforms that are promoting, commissioning and licensing short films. So, it's a very good way to build an audience, a very good length in building an audience"*. Importantly, there is a shared understanding that film production is vital in the province *"there is tremendous economic value of KZN film as it gets a lot of opportunities across the board whether for talent, for service providers. We need to do more because a lot of our crew and talent leave because we don't give them enough opportunities here".* Furthermore, a significant amount of capital is injected into the local economy during production. That capital has a significant economic impact in terms of job creation in the region and in creating opportunities for the transfer of capital within the industry.

### 4.2.2. Film productions to date

One of the methods through which the viability and dynamism of an industry is indicated is through the number of annual film outputs. The data provided by four of the ten participants

with regards to the number of film productions they have produced to completion thus far also indicates the level and diversity of experiences within the KZN filmmaker pool which to an extent inform the filmmakers responses. Findings show that three of these filmmakers have produced more than one film each, including short films. The filmmakers combined have produced 12 films consisting of 10 feature films and 2 short films. Notably, one of the filmmakers has produced 7 feature films within the time frame under study. Out of the 10 filmmakers interviewed, 4 of them have been funded for development and await the outcome for their applications for production funding while 1 has received production funding. However, one participant indicated that his company was still new and is yet to produce either a feature film, short film or even a documentary. Ultimately, between 2014 and 2020 there were 279 film development and production projects funded by KZNFilm and in the 2020/2021 an additional 38 development and production projects were funded (KZNFilm Annual Report, 2020/2021) with majority completed and some nearing completion.

In terms of production expenditure, participants shared total costs for each production they worked on. However, other participants chose not to share the information. For some filmmakers, the costs range from as little as R6000 (six thousand rand) while others indicated costs amounting to about R12 000 000 (twelve million rand). *"There was one that was funded for production I would say the total cost was half a million rand", "For the other one it was R300 thousand the short one and for this one it was R700 thousand". "Our budget for one production was R9 million and the other one was R11 million".* Financing plays a significant role in film production companies and determines the frequency with which films are made. Data shows that film makers interviewed demonstrated different avenues where their funds come from. The participants mentioned that they have secured funds through contributions, donations and self-funding. However, some received KZNFilm film funding and NFVF funding which increased their budgets for the project. Other filmmakers mentioned receiving funds from M-net as they gave their licensing rights. While other filmmakers receive some of their funds by partnering with broadcasters and streaming platforms.

There is economic significance to production budgets because they indicate amongst other things the size of the project and this includes the number of employment opportunities to come from the project. This is the initial and direct impact of a film budget. Budget size also

indicates the amount and types of film servicing companies that may get business through the production regionally. Since the KZNFilm's funding criteria expects 70% of the production budget allocated by them to be used sourcing goods from KZN based businesses, there is a significant economic boost for the regional industry. This includes employment opportunities, which means an increase in the number of people earning salaries in the province, therefore potential increase in the number of people able to spend into the local economy. According to the multiplier impact, this results is an indirect impact on servicing companies that belong to other sectors as well such as hospitality, tourism and transport because their service is crucial during filming (local and international productions) whether its in the use of various locations (public or private owned), transporting cast,crew, equipment in some cases as well as those working in businesses indirectly impacted.

### 4.2.3. The Initial Economic Impact of Film Production

Findings show that when filmmakers go into production, in sourcing film services, they use local service providers and their approach is based on seeking relevant expertise and resources for various production phases. They either utilize freelancers who specialize in providing a specific service such as editing or small production companies who own filming gear. What is evident is that filmmakers provide business to KZN-based companies that they know and potentially have a business relationship with. This practice directly speaks to one of the strategic areas of intervention by KZNFilm which is to ensure the promotion of KZN film crew, to create an environment which ensures that production services are available and attained in the province. Some filmmakers have ownership of relevant resources needed for production or post-production and these views are best expressed below.

**Expert & Network based Approach-** *"We normally look for people that specialise in that. There are quite a lot of freelancers that we know, who give post-production. We normally go to them. We pay them to do post-production and also, we normally use DT hire which is the film gear to rent out the equipment or we actually identify a small production as ours that actually owns their own gear, we pay them and use their equipment. "Usually we hire people, it's usually through a network of people we worked with prior on previous shows. But there is a crew list that is provided by KZNFilm if you need it".*

***Ownership of resources-*** *"our office is quite fortunate because we have few edit suits , basically the edit sweets are actually in the only room and we are using iMac and I7 machines. I have 3 subscriptions currently so we adequately provide post production", "I thought of buying my equipment. For example, I bought a Sony camera that has a good quality to shoot something, I bought a good lens and I also have lights".*

Employment is an important economic growth indicator for the film industry and the majority of the filmmakers expressed that they employ project-based staff and these include administration, editing, production crew, photographers. One filmmaker indicated having mostly full time employed camera operators, sound operators and editors.

### 4.3 Film maker's Attitudes towards fronting

Under this sub-heading imperative themes were created which speak to the diverse questions asked under Filmmaker's attitude towards fronting. The tables below will illustrate the generated information through quotations extracted from the interviews. Fronting is regarded as a barrier for most black owned media production companies and its repercussions affect transformation in the film industry of these companies. All the participants agreed that fronting causes transformation to be slowed as captured through this statement

**Fronting Maintains Inequality-** "*Yes because it will slow down the transformation. When we have fronting by non-black companies, we will remain in the lower position even not growing because we are not owning companies".*

**Fronting is Prevalent** - "*it is prevalent because people look out for each other in terms of colour, people need to be trained".*

**Fronting can be Curbed-** ***"****it can be curbed. Funding agencies should be strict to the companies, they should be more transparent in terms of ownership and need to know who really owns the company and how many black people they have in the company".*

Most of the participants indicated verification of the applicant to be done at the onset of any development or production project and also purported that funding agencies be extra strict in their processes by ensuring that the work experience of the applicants in connection to their company is verified.

### 4.3.1. Sustainability of Interventions for the Marginalised

Participants were also asked about the transformation interventions that are being conducted by KZNFilm for previously marginalised communities and to explain in detail if they are sufficient and sustainable. This question was not answered satisfactorily by the participants. However, information provided by some of these participants indicated that KZNFilm is indeed doing some transformation interventions such as employment creation, provision of more projects, and carrying out training initiative programmes. While some of the participants mentioned that they were not sure if they knew of any of these initiatives or inventions.

**KZNFilm Prioritises PDI's-** *"KZNFilm is doing a lot in terms of transformation and its sustainability by having a lot of projects that focus on people from marginalized communities and try to transform the industry by supporting young black people and people living with disability and putting them as one of their targets they want to empower".*

***KZNFilm Training in Marginalised Area-*** *"there is a training programme that should be happening in one of the rural areas of KZN., they are only allowing the people from that specific area and I think that will assist the beneficials a lot. But they will have to ensure they see through the programme from the beginning to the end".*

## 4.4. Recommendation

Findings show some of the recommendations and advice on future programmes that could assist in the transformation of the local film sector that will help grow the local production companies where they are starter ups or they have been in the business for long.

a) Participants indicated that the KZNFilm should change their turnaround time so that production companies are able to plan ahead whether they do get the funds or not.
b) Participants pointed out that the paper-based application process is tiring and confusing at times hence there are lots of mistakes committed. Some of the participants are of the opinion that a move to online application platforms will benefit the industry in the future for better outcomes.
c) Significantly, some of the participants are of the opinion that the film industry is male-dominated and women and the disabled are on the periphery. They are calling for

empowerment of the two groups in the film industry so that there is balance for greater representations of these groups.

d) Lastly, participants are calling for transparency in order to fight against fronting within the sector so that future production companies will not encounter more challenges. Dominant responses from some of the participants are summed up in the statements below.

**Revise certain turnaround times:** *"in such areas such as festivals and market attendance they need to try and relook that because of how they structured and designed that. They need to find an urgent plan if something urgent might empower local filmmakers especially in the international space because waiting for 10 weeks is too long".*

**Online Funding Application System- "***I think they should move to an online instant of using emails for application so that it can be easy to track. One of the funders they are using an online system and you can't submit if there is a document that is missing. I think that's why a lot of people are missing documents because there is no one tracking or there is no system tracking our documents. Maybe if the system can track everything".*

**Empower women and those with disability-** *"we need to empower a lot of women, youth and people coming from previously disadvantaged backgrounds so it really does because people like myself still need to be given opportunity equals to established white production companies that have been getting those opportunities in the past". "if you look at me you will see someone with a disability, I have that and I would have appreciated more support".*

## 4.5. Government Stakeholder Interviews

The table below highlights various participant responses which shed insight into the nature and extent to which regional government support for the film industry is spread out. Government stakeholders are strategic partners of the KZNFilm in developing a film-friendly province where production services and opportunities increase their footprint across various localities under various municipalities. In terms of the extent or reach of film development initiatives, most participants identify that communities in rural settings remain marginalised, and various municipalities experience financial limitations and insufficient industry knowledge in order to implement relevant and effective development measures within respective municipal regions in KZN. The nature of the challenges outlined have a direct impact on levels

of transformation in those areas. However, certain municipalities are developing a response to industry needs. While Durban appears as the area where most film industry services and production activity are centralised with KZNFilm and Durban Film Office (DFO) exercising oversight over this region.

**Lack of Film Industry Funding-** "*The support needed is currently not available". "There isn't any funding specific for the film industry yet". "The other challenge is the lack of funding, because through discussions with KZNFilm it was discovered that the average training would cost R 700 000, and that is something that the municipality cannot yet justify as putting towards the industry even though there is an increase".*

**In Development and Consultation-***"Unfortunately, with film it requires a budget, which is why we have been meeting with various stakeholders from the KZNFilm to gain more information and knowledge regarding training and other things. It has been only 6 months and there isn't enough data to quantify the extent of support".*

**Existing Government Support-** *"Grants; are there to address such challenges. Emerging filmmaker Programs". "Strategic collaborations with funding bodies and film festivals, broadcasters and distributors".*

Participants were asked to speak on the effectiveness of the government procurement interventions aimed at attracting the film servicing companies, especially those owned by PDIs (if at all). Based on some responses, the awarding of financial support was dependent on an application's respective merits. While other participants recognised that there is a gap in levels of inclusion of application from individuals identified as belonging to previously disadvantaged groups as few of them apply, and the funding application process is competitive and standardized. Another participant raised a point about a need for governments to conduct stakeholder engagements when planning to roll out programs. In reflecting about the current state of transformation in the KZN film industry, participants provided responses that resulted in the following themes generated. The highlights included the KZNFilm successfully implementing the preferential procurement intervention, the establishment of partnerships between government departments and industry funding organizations (national and regional) and entering into formal written agreements. However, areas for intervention included lack of adequate budgets to establish meaningful financial and industry training support, limited

access to industry-related information and research in certain areas, limited specialised knowledge of the film industry within certain government departments and persistent in the resistance against transformation. Unfortunately, the participants did not provide examples to illustrate their points.

**Lack of Film Industry Knowledge in municipal roles**- *"there are people that do not have the background in the filming, this puts us at a disadvantage in terms of the technical knowledge of the film industry itself".*

***Support for PDI owned SMME's***- *"In 2019/2020, the KZNFilm indicated that it had achieved a B-BBEE spending of 114% for the year against a target of 110%"*

Findings also showed participant's lack of a unified understanding of areas that generate the most revenue in the film industry within the region. The responses could be argued to indicate that industry revenue in the region consists of contributions from multiple areas in the value-chain. Research has indicated that the South African film industry generates the majority of its revenue as a service sector and not through box office production returns.

## 4.6. KZN Based Companies level of Transformation and Growth

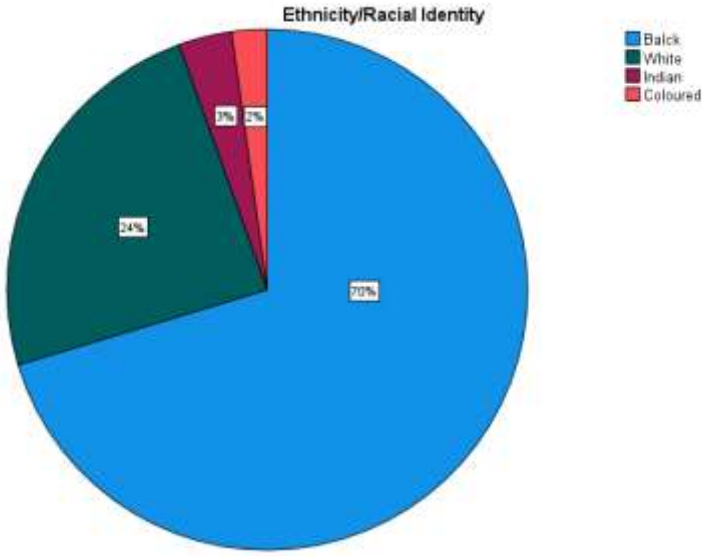


*Figure 3: Ethnicity of participants*

Majority of the participants identified as black (70%), white participants at (24%), Indians at (3%) and coloured at (2%). The distribution on figure 1 is consistent with South African population trends, where the majority of the national population is predominantly black (49,1 million). The latest statistics show coloured population of (5, 340 million) followed by white population at (4,639 million) and individuals with an Indian or Asian background constitute the smallest group counting approximately (1. 55 million) (Statista, 2022).

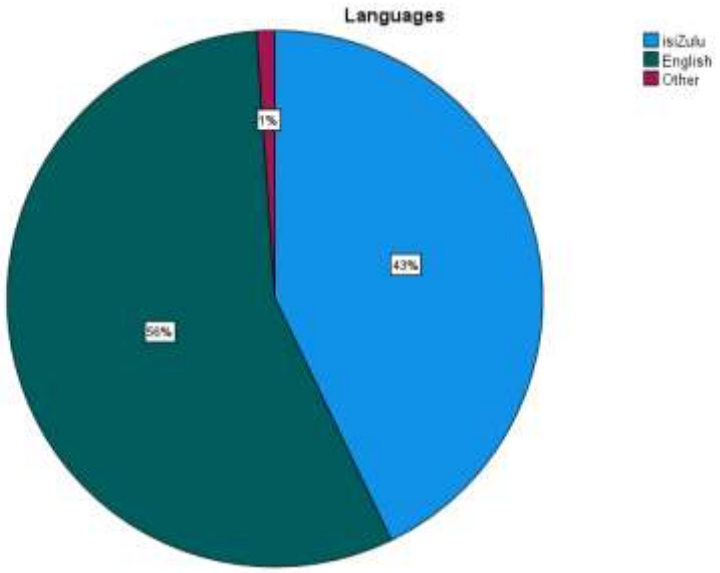


*Figure 4: Language spoken by participants*

Figure 4 shows that the majority of the participants are English language speakers, 56%, and the rest of the participants speak isiZulu, and make up 43%. Although the majority of KZN population's home language is isiZulu, the figure shows that most participants speak English. A few participants at 1% indicated to speak another language. South Africa has a significant number of languages, which include isiZulu, Afrikaans, English, isiXhosa, isiNdebele, Sesotho, Sesotho sa Leboa, Setswana, Tshivenda, siSwati, Xitsonga.

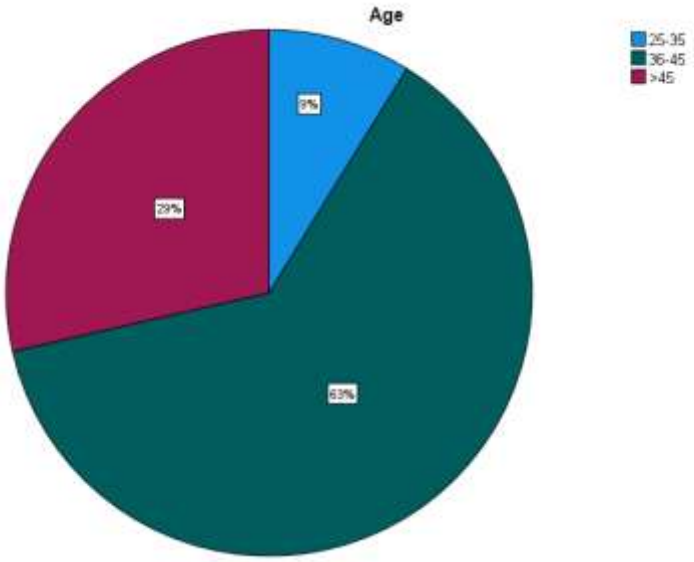


*Figure 5: Age group of participants*

The bar chart below shows the varying responses from the responses to a question about the annual turnover of each business. Majority of the participants indicated that it is around R100 000 and above, followed by another significantly big group that preferred not to share. There were also 18 % of the businesses who indicated an increase in annual turnover between the years 2014-2021, while 68% expressed that there has not been an increase in turnover.

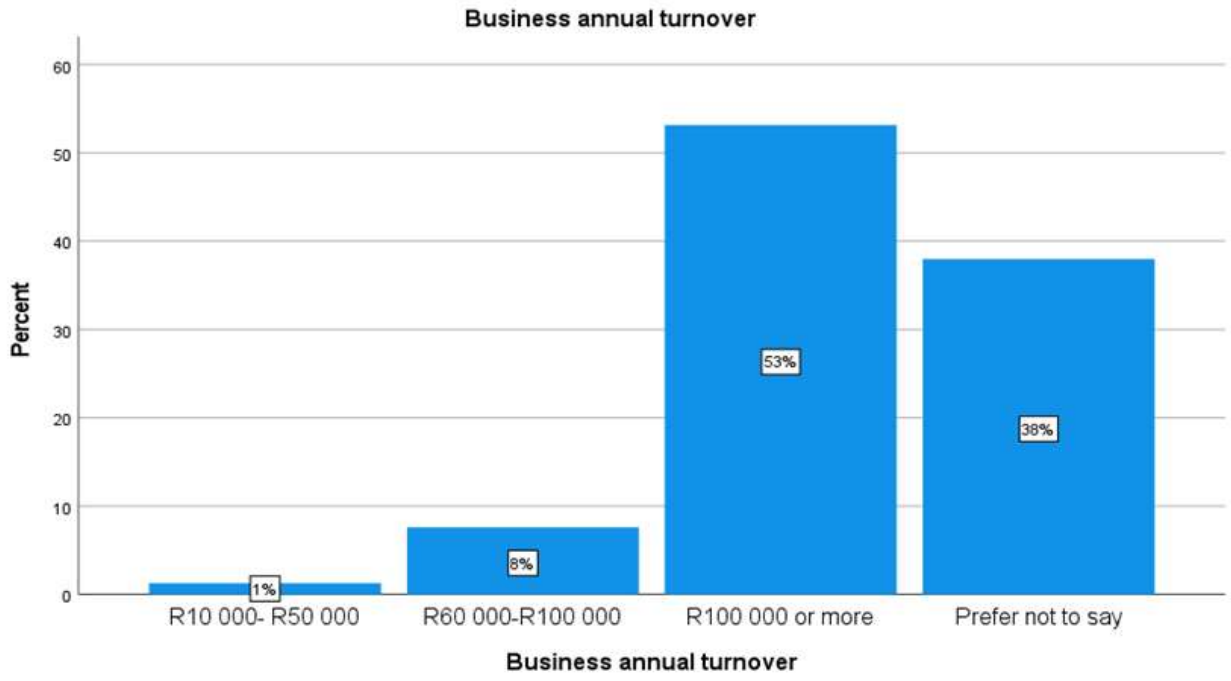


*Figure 6: Business Turnover*

The bar chart below shows the participants' responses regarding what their business gross asset value is. The data shows that 54% of the participant's gross asset value is around R100 000 and above, 3% indicated that it is between R60 000-100 000 and 5 % expressed that it is around R10 000-R50 000. Then 38 % preferred to not share those details.

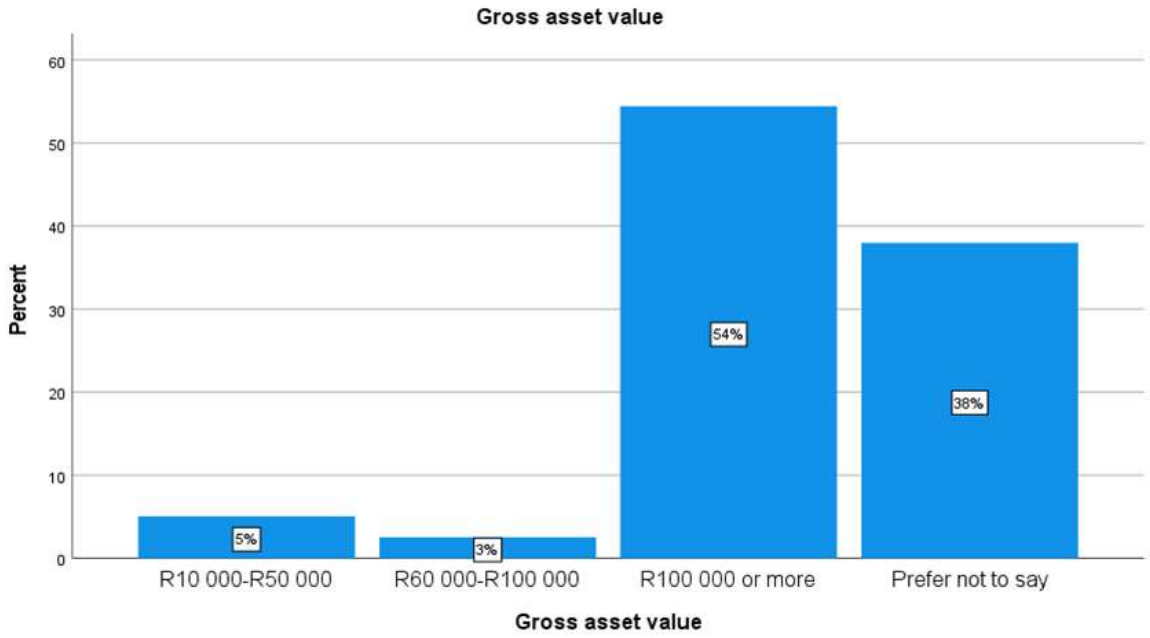


*Figure 7: Gross Asset Value*

The figure below shows the various responses from participants when asked to indicate the monetary value of KZNFilm's contribution towards the business annual turnover (if it contributes at all).

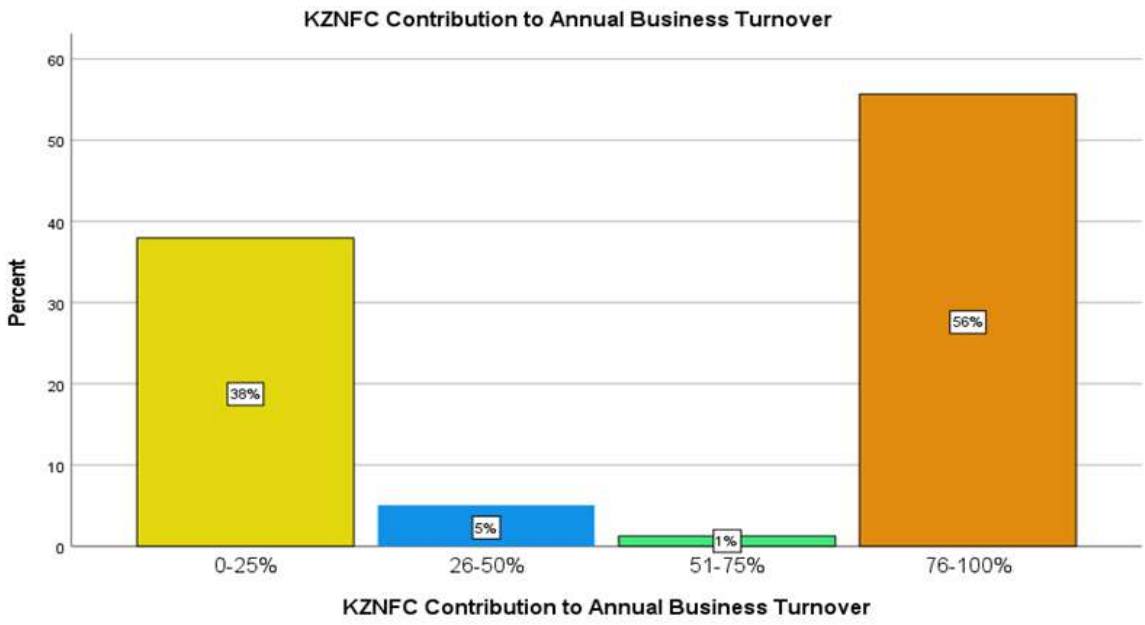


*Figure 8: KZNFilm contribution to turnover*

The graph below shows participant responses when asked to comment on how much their businesses spend in the KwaZulu-Natal film industry. There were 79 responses and majority at 53% indicated they spend R100 000 and above, followed by 38% who preferred not to disclose, then 5% indicated the spend between R10 000-R50 000, and lastly 4% expressed they spend between R60 000-R100 000 in the region.

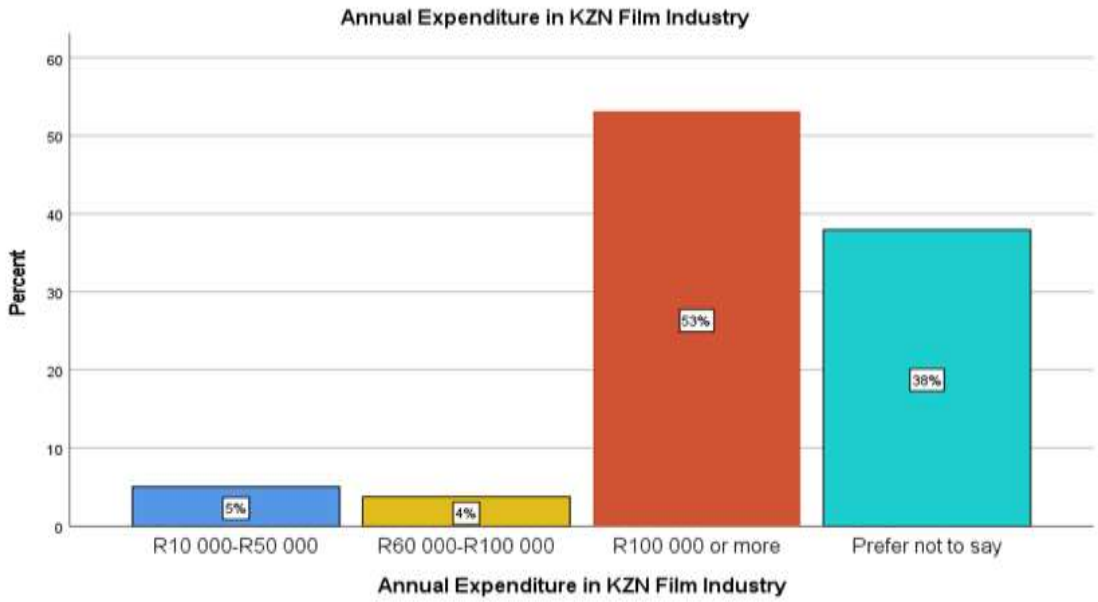


*Figure 9:Annual Expenditure on KZN Film Industry*

When asked to reflect on the total value of the funding/financial support they received through KZNFilm, 56% of the participants indicated it was over R100 000 with the highest being R2 million. While 41% preferred not to share, there was also 3% who expressed it was between R60 000-R100 00 and lastly 1% indicated it was between R10 000-50 000 as indicated in the graph below.

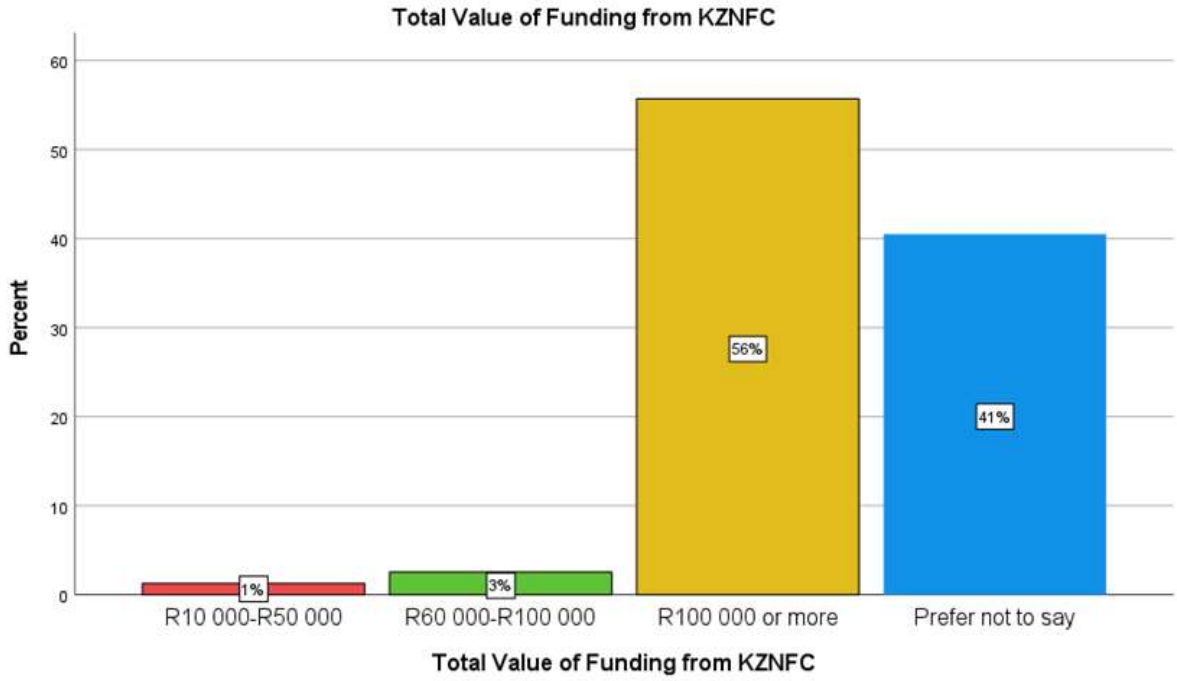


*Figure 10: Total Value of Funding from KZNFilm*

The figure below shows that the majority of the businesses provide services solely for the film industry. Therefore, industry opportunities (or lack of) can arguably affect the sustainability and growth levels of these businesses. While the small portion of the participants indicate that they also conduct business outside of the film industry. Out of the 79 participants who responded, 47 provide services in film production and the remaining 32 participants are in digital marketing, advertising, theatre, and development programs.

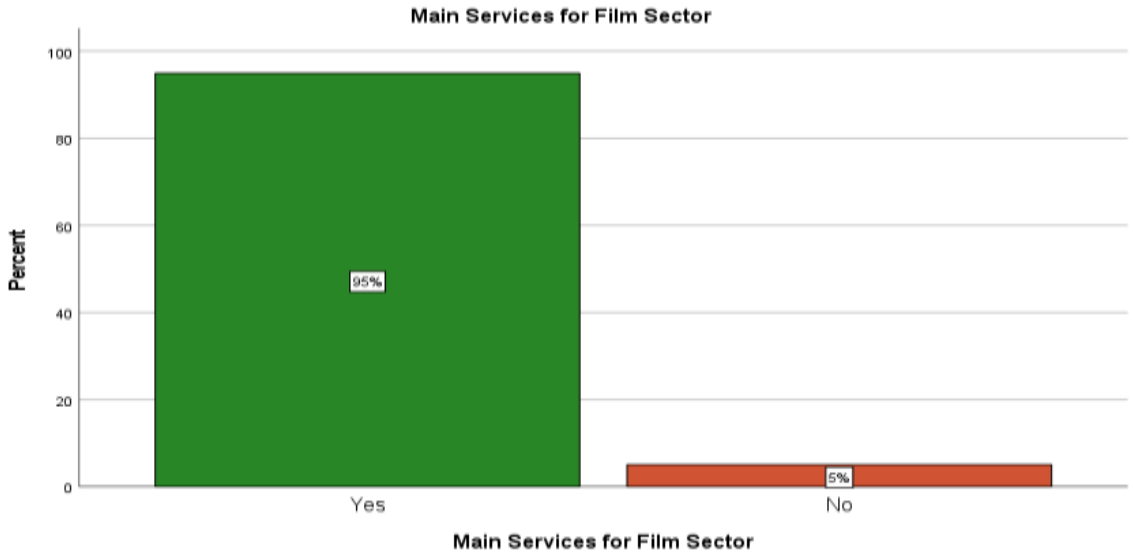


*Figure 11: Film Industry Main Service*

The figure below shows participant responses when asked to reflect on whether the business opportunities they receive through KZNFilm have positively impacted their businesses, enabling them to increase their capacity to provide more offerings or services over the years. 67% said no and 33% said yes. Out of the 33% (which was made up of 26 of the 79 responses), the majority of them were above 35 years and black. They cited that they have seen growth through funding (financial) support, networking opportunities with successful industry professionals, increase in gigs, they have received more recognition and others experience growth through servicing big companies. However, the majority of the participants (56 responses) did not provide reasons for answering no but a few participants expressed that it is because they are growing privately, on their own, they came already experienced, while some expressed no access to funding or depending on private funds.

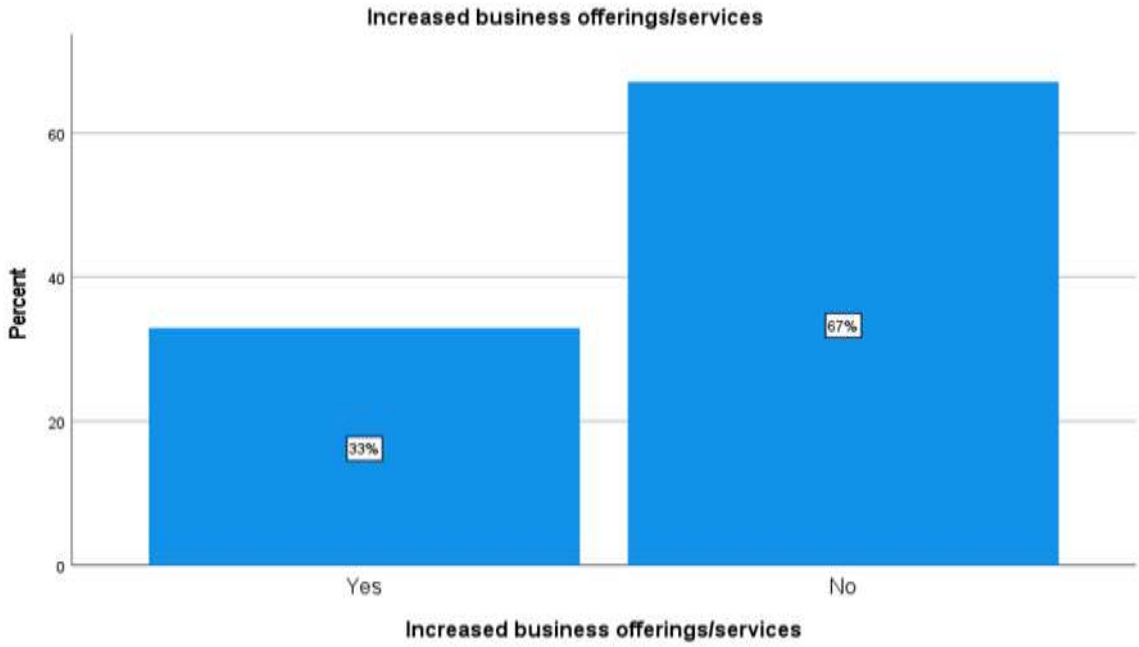


*Figure 12: Increase in Business Services*

The figure below shows participants' responses when asked whether their businesses have employees and whether the jobs are full or part-time employment. There were 79 responses and a significantly large portion 91% (72 participants) of the responses indicated that their businesses currently have employment capacity for full time jobs and a small portion 9% (6 participants) indicated they have part-time employment opportunities. Black owned businesses were the majority sitting on 50, followed by the 19 white and 3 Indian owned businesses. Out of the 91% of businesses with full time employees, only three businesses were owned by youth (35 years and younger), the rest are owned by respondents within the 36 to 45 years and above age group.

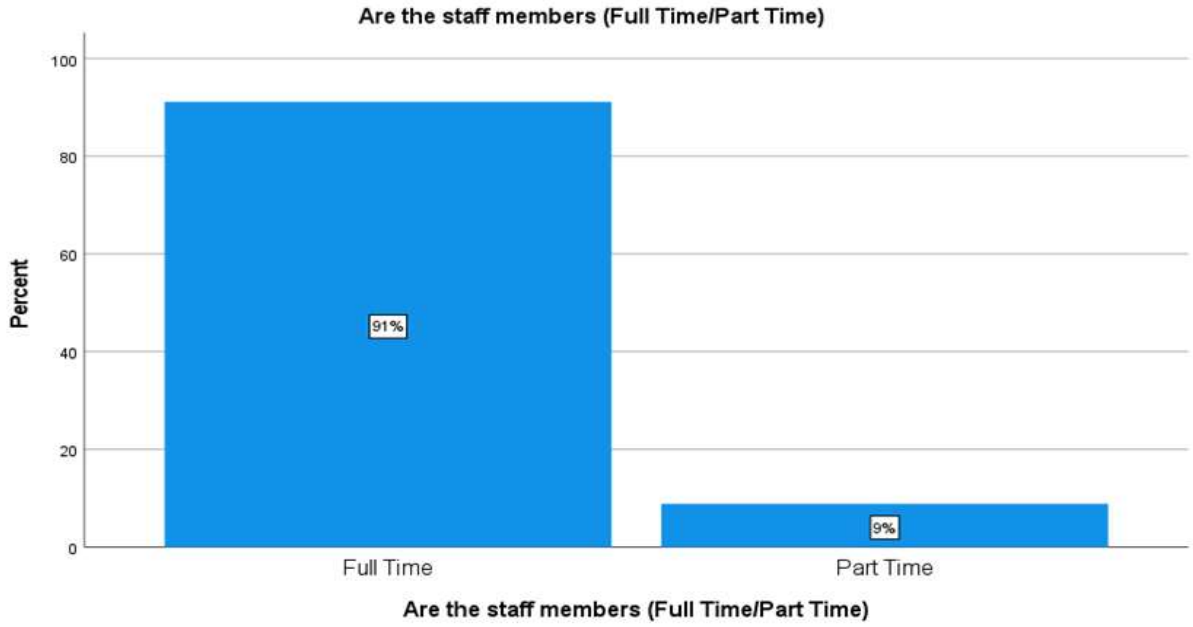


*Figure 13: Staff (Full/Part Time)*

The bar chart indicates that the majority of the business employ the youth population, specifically the 25-35 years of age group.

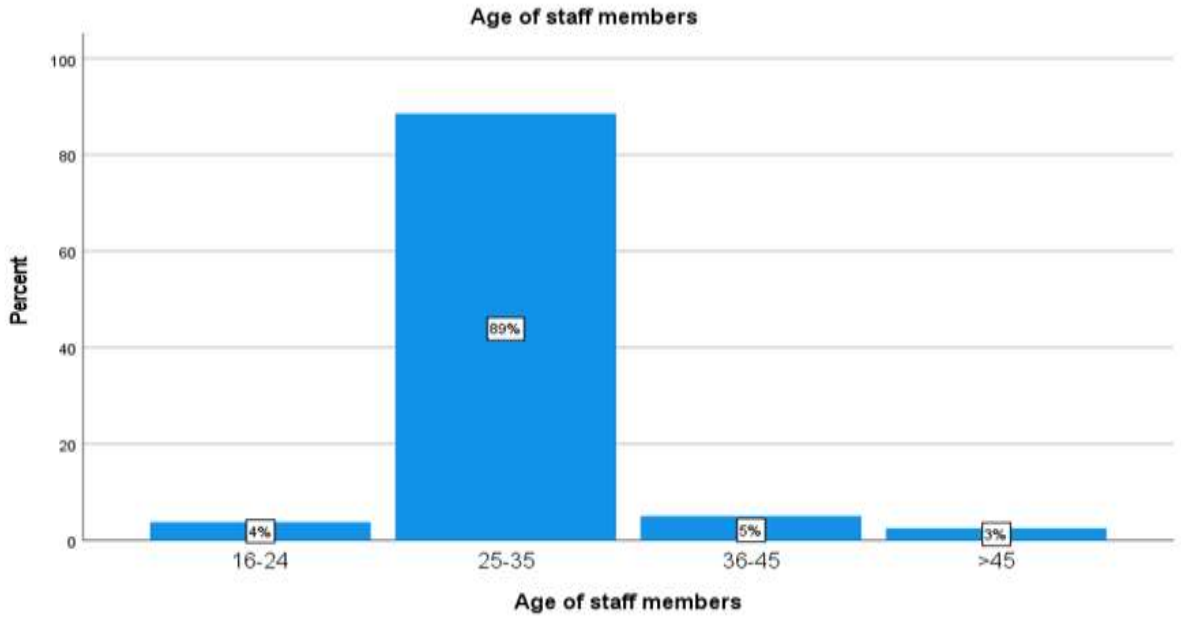


*Figure 14: Age of Staff Members*

### 4.3.1. Local Business Posture Towards Fronting and its Impact

The bar chart below shows responses from participants when asked whether or not the KZNFilm B-BBEE compliance requirement prompted them to ensure this was in place. Majority indicated that the requirement did prompt them to ensure that they had all the paperwork ready, however most were already compliant before enlisting as a vendor. Only one participant disagreed stating that the company is growing privately.

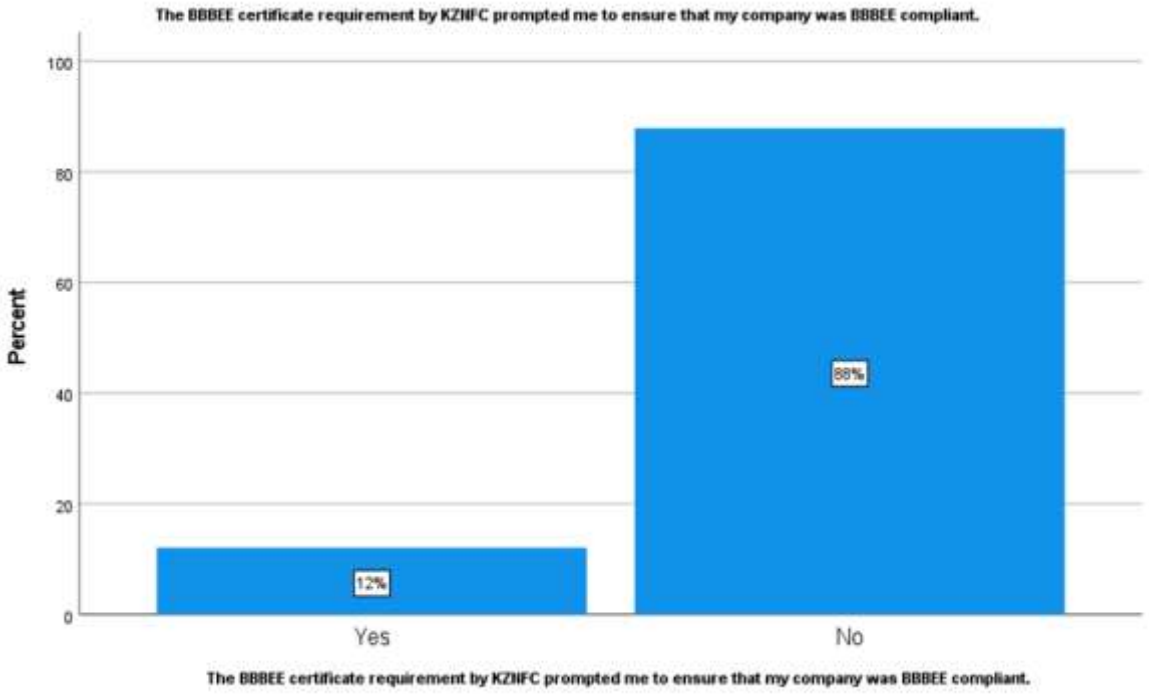


*Figure 15: Impact of B-BBEE Compliance Requirement*

The figure below shows participant's responses when asked about the impact of fronting in the transformation process. Out of the 48 participants that responded, 96% were of the view that the practice of fronting slows down the process and impact of transformation in the film industry. The remaining 6% did not perceive fronting as a contributing factor to transformation.

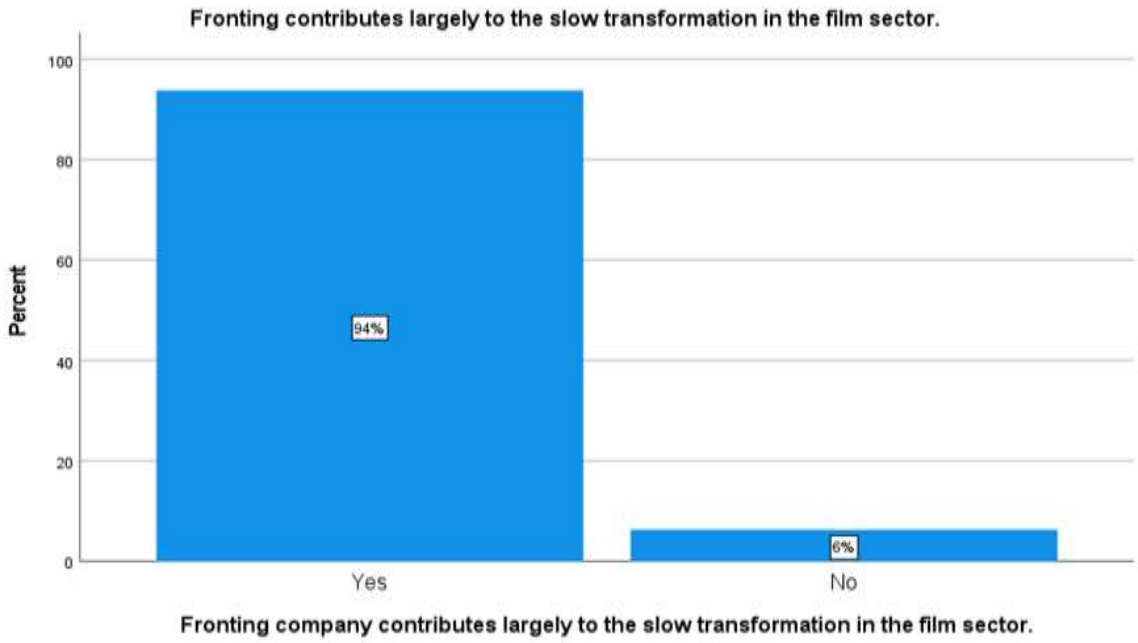


*Figure 16: Posture towards Fronting*

The table below depicts the varying responses participants had when asked about government funding agency capabilities to curb fronting. Out of the 79 responses, 94% believe the government is capable and can employ intervention strategies to curb the practice of fronting in the film industry while the remaining 6% did not share the same view.

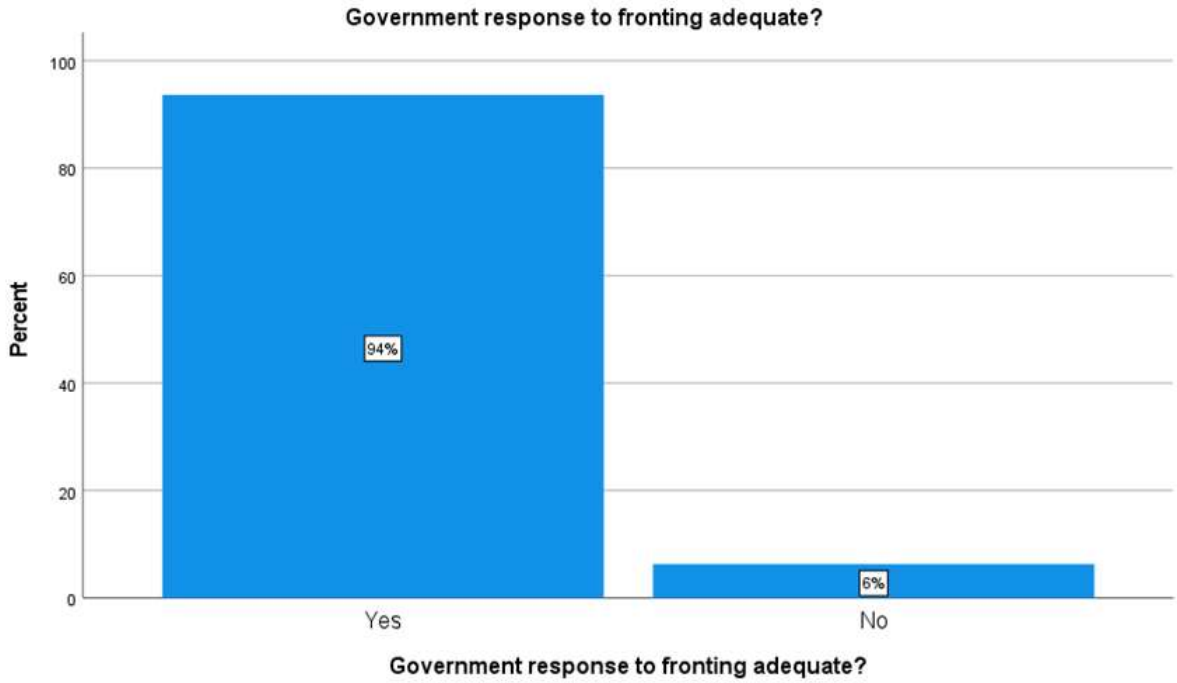


*Figure 17: Perceptions on Government Response to Fronting*

# Chapter 5: Discussion

## 5.1. The impact of KZNFilm programmes

This chapter provides a discussion of the findings in attempt to address the key objectives of the study. The discussion has drawn on perspectives from the three different data sets which consist of filmmakers' interviews, government stakeholder interviews and KZN business surveys. It must be noted that the interview responses provide insight into the individual experiences and perceptions of each participant, therefore the discussion highlights multiple perspectives which are aimed at providing a proper representation of lived realities. As discussed extensively in the review of literature, the KZNFilm provides industry development and transformation initiatives through its marketing and industry development programme led by the Chief Operations Officer of the entity. Then inder the Finance administration programme, preferential procurement for film servicing businesses owned by PDI's is

implemented. Therefore this discussion will reflect on the impact of the programs in light of the data generated through primary sources.

## 5.2. The Film Fund

An initiative of the KZNFilm contributing to changing and transforming the local industry is the film fund which as detailed in the review of literature is central to financially supporting filmmakers who successfully meet the requirements of the fund. According to the data generated from the filmmaker interviews, a significant (majority) portion of the participants have experienced a positive impact of the developmental and transformation initiatives that have created inclusive filmmaking conditions in the region. While other filmmakers noted that their experience of the work done by the commission has not helped them or contributed to their growth and these experiences are unpacked under the following themes.

## 5.3. KZNFilm Funding-accessible yet  a contested resource

Filmmakers expressed that the positive impact of the film fund is in its accessibility stating that *“the positive thing is that they give filmmakers opportunities to access funding to go international, to market and a lot of opportunity for you to grow as a filmmaker”.* Furthermore, some of the participants highlighted the funding application process as a well organised process and very helpful in that whether the application is successful or not, they received feedback informing them of the reasons for the outcome of the application. However, some participants have indicated that they still experience barriers to accessing the funding, *“In KZN the challenges I have experienced is that it's not easy to get funding, regardless of that people from the community of KZN they are supportive because most of the films that I am doing from my own pocket,P4. Funding still remains a contested resource for PDI as reflected in the latest transformation study where 73% of their respondents cited extreme difficulty in accessing film production funding” (NFVF Transformation, 2022:71)*. Furthermore, a number of filmmaker interviewees in this study expressed the negative impact of lengthy turnaround times which at times impacts their work because it results in certain missed opportunities. Participants' negative experiences are captured in these statements, *“you find that the festival is going to invite you 4 weeks before the festival. Even if you have an invite, you still stand no chance of being approved because turnaround time it's too long”. “Also responding on time, if I am*

*applying for something, they say it takes 3 months and I never experienced where I got it exactly in those 3 months. So, they are not responding whether you have been funded or not".* What the participants are highlighting is not solely the inaccessibility of funds but also the delay in KZNFilm meeting reasonable turnaround times in terms of the funding application outcome.

## 5.4. Film Financing Structure and the role of KZNFilm Funding

Various filmmakers who provided responses when asked about the type of film projects that KZNFilm has funded them for and the status of those projects today expressed the positive impact the funds have in assisting with the development of their films to enter pre-production. They access the funds according to stages of the production value-chain, development, production, market and industry attendance as expressed below.

***"I received financial support for my development project and also support to go to the film market" , "It was a development which was fully developed by KZNFilm which was completed in development and now we have applied for production we are just waiting. The status of it is now in pre-production"***

Furthermore, the filmmakers indicated that the KZNFilm provides them with a list of service providers they can reach out to in their endeavour to access production resources and services. Filmmakers when indicating what their production costs/expenditure generally amounts to provide various estimates. The production budgets ranged from as low as R6000 to as high as R12 million. The differences in the budget can be an indication of the financial limitations that exist for certain filmmakers who up until this point have self-funded their films, while others may have access to reasonable production amounts from private or government funding agencies. In fact the responses from participants when asked about the funding structure of their film productions, there was an indication that it can come from KZNFilm or other sources such as NFVF, M-Net, Private funding or self- funding. Participant 5's response alludes to the typical multiple funding structure of South African films when he expressed that *'the total cost was 3.3 million, they did not fund all of it, it was funded by KZNFilm and Video foundation".*

## 5.5. Completed Film Projects

Out of the four responses when asked to indicate the number of completed projects, participant one indicated that they have two short films production, participant three indicated that they have three feature films while participant four has seven completed films thus far. Then participant seven emphasized that most films he has created were short student films, he identifies himself as an emerging filmmaker since he recently graduated and has not yet produced films apart from the student shorts. There are a number of ways to measure growth in a film industry and of filmmakers but one of the most generally used is the number of completed film outputs.

## 5.6. Revenue Generated

The findings also indicate that KZN based filmmakers are generating income, although at significantly varying levels. Some mentioned that they do generate an income between half a million to a million. Others indicate that they generate between a hundred thousand and five hundred thousand rands annually while others depend on funding and are indicated to have received R150 000 this year. The KZNFilm annual reports and NFVF box office reports provide extensive insight into the performance of South African produced films and some of them are partly funded by KZNFilm. In the financial year 2014/2015 the KZNFilm partly funded long-running television productions that are shot in KZN. *Uzalo* was awarded R 800 000,00, *Durban Beach Rescue* was awarded R 200 000,00 and *Code Green* was awarded R 539 657,53 towards production. As indicated in the report, KZNFilm leveraged R51.8million from the three television productions(KZNFilm Annual Report, 2015/2016). Out of the production projects awarded the film fund in the 2015/2016 financial year *My Zulu Wedding* was awarded R1 200 000,00 and *Beyond the River* R 200 000,00 and the funds formed part of the film's finance plan. *Beyond the River* made R2.6million in cinema(NFVF Box Office Report, 2018) and *My Zulu Wedding* made R4.3million (NFVF Box Office Report, 2019). Out of the production projects awarded the film fund in the 2016/2017 financial year *3 Days to Go was awarded* R1,500,000 + R500 000 from EDTEA (R2 000 000) by KZNFilm as part of the film's finance plan which amounted to R6million in total. In 2019 the film made over R3million in box office revenue (KZNFilm Annual Report, 2018/2019). The *Deep End* which was also awarded production funding of R1.5million by KZFC during the 2016/2017 financial year,it was ultimately produced with a R4million budget. The budget was raised through DTI and

investment by producers and over 60% of the budget was spent in KZN (KZNFilm Annual Report, 2018/2019). Out of the production projects awarded the film fund in the 2017/2018 financial year *Love Lives Here* and *Kings of Mulberry Street* were each awarded R1.5million which formed part of ther overall budgets and they both made over 2million in box office revenue. Over 50% of the *Love Lives Here*'s R7million budget was spent sourcing goods in KZN (KZNFilm Annual Report, 2018/2019). In the 2018/2019 financial year, the film fund awarded *Keeping Up with the Kandasamies-The Wedding* along with other production projects. The funding amounted to R1.2 million and the total production budget was valued at R9.2 million of which over 70% was spent sourcing goods in KZN and the entire cast is Durban based. KZNFilm saw othis production recouping R19,2 million from box office revenue (NFVF Annual Box Office Report, 2019). A success greater significantly higher from the *Keeping Up with the Kandasamies'* R16 million box office revenues made in 2017 (NFVF,2018/2019). Majority of the KZNFilm film fund productions that do not get released on cinema screens have performed well in capturing various, large audience numbers through the many platforms they were screened. These include subscription based streaming services like Netflix, Showmax, they are also broadcasted on SABC, MNET channels, BET Africa, MTV Base and Film Festivals (local and international).

The KZNFilm is the first point of contact for funding opportunities for KZN based filmmakers who are both emerging and established. The accessibility of information for some has resulted in the pursuit of opportunities that would otherwise be unknown to some filmmakers. Funding for different phases of production has assisted the majority of the participants develop and produce films, however, for others, issues around turnaround times to receive results of the funding application remains a point of contention. Majority of the production projects that have received funding support through the film fund since 2014

## 5.7. KZNFilm Communication Channels- Connecting Industry to Opportunities

The participants have highlighted the significance of access to information as central in connecting industry to relevant, timeous information and opportunities. Significant to the agenda of bridging the inequality gap in the industry is the democratization of access to information. Therefore KZNFilm has created systems of communication that disseminate information regarding the entity's initiatives, opportunities for KZN filmmakers as well as latest

national and international news. Therefore, online platforms such as the entity's website, social media accounts, regular seminars/workshops and information sharing sessions have, according to the responses, provided accessibility to current and upcoming opportunities. The physical or contact seminars and information sharing sessions provide instant interaction between filmmakers and the entity representatives, while online and social media platforms can be argued to reach the wider community of KZN filmmakers and also serve as a repository of important industry announcements and information. This is further echoed by the participant *"We also look at the website to look for commission opportunities. The biggest advantage is that we have a film commission right here on our doorstep and that is a tremendous support to know that as a film commission as a website they publish on their website so we know when to apply".* This is in line with the NFVF's urge to filmmakers "to take advantage of local and international opportunities" by ensuring that they position themselves through accessing information to further develop their skills according to the latest industry trends on distribution, social media, marketing etc. (NFVF National Strategy, 2014). According to the NFVF transformation report, there was a general sense amongst participants that "to access funding, awareness of open calls and knowledge of existing financing schemes is required" (NFVF Transformation, 2022).

## 5.8. KZN based companies previously reviewed to track the level of transformation and growth

KZN based companies are an important servicing sector within the industry which determine the type and quality of services available for film production. The service sector consists of all the companies that provide relevant film production services through specialised skills, resources and infrastructure which can be used at the different stages of production. Majority of the businesses are film production. The total sample of 91 businesses provided insight into the current economic and transformation conditions of the selected companies. However, in answering the survey, the research limited the business owners to provide reflections that span the period 2014-2021 and more specifically from the time that each business enlisted as KZNFilm.

### 5.8.1. Annual TurnOver

The data shows that most of the participants have an annual turnover of R100 000 and above and these are 33 black, 5 white , 2 coloured and 2 Indian-owned businesses. Followed by another significantly big group that preferred not to share. One black-owned business indicated to have a turnover between R10 000-R50 000 and 6 black-owned businesses indicated R60 000-R100 000. Importantly, only 5 of these businesses are owned by youth, the remaining 44 businesses are owned by the 36-45 and above age group. Furthermore, 18 % of the businesses indicated an increase in annual turnover since registering as a KZNFilm vendor. The 18 % businesses consisted of 15 black, 2 white and 1 Indian business with 3 of those businesses owned by the youth age group. While the majority of businesses (68%) expressed that there has not been an increase in annual turnover as a result of KZNFilm job opportunities, 10% of them stated that they had not received funding from KZNFilm. While others indicated no but have seen an increase in the annual turnover. It was also noted that 56 % of the participants identified the contribution of KZNFilm business opportunities to the annual turnover at 76%-100%, a significantly large portion. 38% of the participants indicated that the contribution was between 0-25%, the remaining 6% of the participants was made up of two groups who expressed the entity's contribution to varies between 26%-50% and 51%-75% of their annual turnover.

### 5.8.2. Gross Asset Value

When asked about the business gross asset value, the participants expressed that 54% of their gross asset value is approximately R100 000 and above. 3% indicated that it is between R60 000-100 000 and 5 % expressed that it is approximately R10 000-R50 000. 38% of the participants preferred to not share the details.

### 5.8.3. Expenditure-servicing KZN film productions

In terms of the business expenditure in servicing KZN film industry, 53% of the participants indicated that they spend R100 000 and above, followed by 38% who preferred not to disclose, then 5% indicated they spend between R10 000-R50 000 and only 4% expressed they spend between R60 000-R100 000 in the region. This economic injection into the region by the film industry service sector sheds insight into the varying degrees to which businesses contribute

to the economic well-being of the region through employment and arguably, transference of capital to other industries.

There was a 33% indication from participants of an increase in business offerings over the time period under study as a result of the business opportunities received from KZNFilm. The participants cited that they have received more recognition in the industry. While some are getting more private jobs, others indicated that they were getting more gigs or managing a significantly higher number of people in their line of work. However, the majority (67%) of the responses indicated that this is not the case for them and the majority did not provide further comments. However, a few had accompanying comments such as "*My company is growing privately without any help from KZNFilm", "I'm growing on my own"* or *"I don't get anything from them".*

## 5.9. Employment Opportunities

Majority (91%) of the businesses provide full-time employment to their staff while the remaining 9% of participants indicated they provide part-time employment. Furthermore, the majority (89%) of the business indicated that they provide employment to youth (25-35 years). All the 79 responses by business owners indicated that their companies contribute to calls for transformation as they have black people in senior positions and provide skills training opportunities to PDI's in the company that is B-BBEE compliant. This is in line with transformation strategic interventions that encourage the inclusion of youth in industry opportunities and contributes to the nationwide challenges of high unemployment amongst young people.

## 5.10. To assess the local business posture towards fronting and its impact

Ninety-six percent of the participants were of the view that the practice of fronting slows down the process and impact of transformation in the film industry. This according to the participants is because there is a misdirection of funds to companies that do not meet the B-BBEE criteria

using *"other black people"*. This consequently results in funds that could potentially assist filmmakers that are from disadvantaged backgrounds. Majority of the businesses expressed that fronting is a serious criminal act. The remaining 6% did not perceive fronting as a contributing factor to transformation. In fact, there was a view that it is not a crime if practiced correctly while another indicated *"we should be given a chance for funds"*. The filmmakers also reflected the same posture on the practice of fronting arguing that it is stagnating the transformation process. Non-black owned companies receive funding while black people increasingly agree to the front instead of having true ownership rights.

Out of the 79 responses in the business survey, 94% believe the government is capable and can employ intervention strategies to curb the practice of fronting in the film industry while the remaining 6% did not share the same view. There was also a general view amongst the filmmakers that the government needs to put strict verification measures to ensure true ownership. Others proposed for the government to become more transparent about ownership and this exact sentiment was echoed by some of the filmmakers, *"Let's not have black people being at the forefront, applying, getting the funds but we go to set the total difference if we have white people occupying key creative roles"*. It is also worth noting that 88% of the selected businesses indicated to have attended the KZNFilm incubation programme for SMME's and 78% of them expressed that they received information and assistance on becoming B-BBEE compliant. These responses indicate the effectiveness of the Industry development through skills and enterprise development goals of KZNFilm.

# Chapter 6: Conclusion and Recommendations

## 6.1 Conclusion

The KZNFilm Funding has had an impact on transformation and driving progress in the provincial film industry. This can be identified in the increase in a number of black owned production companies since the inception of the entity. Furthermore, the survey shows the majority of film production businesses have received funding from the entity. The KZNFilm was also identified as a major contributor to the annual turnover of the businesses. Filmmaker interviews showed that funding is a contested resource, others continue to find financing of

films difficult. However, the film fund has enabled increased development of projects and forms part of the finance plan of productions in the region.

The B-BBEE compliance requirement as part of the entity's preferential procurement process has over the years created an environment that necessitates the inclusion of people from previously disadvantaged backgrounds in an industry that is highly network based, where word of mouth, relationships, referrals play a significant role in connecting filmmakers to countless opportunities. The survey indicates that the majority of the KZN businesses owned by black people depend on the KZNFilm business opportunities and the work of the commission in creating opportunities for their inclusion has meant that it contributes a significant value towards turnover. However, a few black owned businesses expressed that there has been an increase in turnover but that growth is not directly connected to KZNFilm business opportunities. Therefore, an exploration of their business models may shed insight into potential contextually relevant best practices. To understand the contributing factors towards private or independent growth.

## 6.2. Recommendations

The following section provides recommendations and advice on future programmes that could assist in the transformation of the local film sector. Taking into consideration the findings of this research, the following recommendations can be made:

1. There is a need to decentralise filmmaking opportunities, services, infrastructure and funding opportunities to aid in ensuring that the development of filmmaking capacity is spread across KZN.
2. Focus areas should be in marginalised areas. There needs to be an establishment of partnerships with local training institutions (at municipal level) to provide film production training with distinct areas of specialization for those in geographically, socio-economically marginalized environments. In districts where this has started, more research evaluating the effectiveness of the intervention may assist in ensuring that planned targets are being met and shortcomings are addressed.

3. KZNFilm in partnership with district municipalities to consider special funding calls for development and production of films aimed at stimulating municipal level filmmaking.
4. Municipalities develop in -depth understanding of the film industry and establish positions internally dedicated to supporting/overseeing film production, development of human and financial resources in the district.
5. More access to training on filmmaking as a business (from accessing resources to sustaining a business)- priority groups (blacks, youth, women and people with disability).
6. Slate funding for short-films targeting emerging filmmakers in order for them to grow in experience and develop niche audiences for their work. Short films sometimes serve as proof of concept to potential funders when filmmakers seek to venture into feature length production.

Majority of businesses and filmmakers are chronically dependent on government subsidies such as the film fund. These funds are not able to meet the level of demand in its entirety which results in extended film production periods and limited annual production outputs and more. Furthermore, the majority of the KZN based businesses (58%) indicated having poor cash flow in terms of managing funds, an area to be considered for intervention.

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