

South Africa's film industry grows, supported by specialist underwriting

South Africa's growing TV and film industry is adding to employment and the GDP. There is broad consensus the industry could grow phenomenally over the next few years.



The Deloitte baseline study conducted in 2012 shows that the industry delivered an economic multiplier of 2.89, ie for every Rand spent another R1.89 was generated within the economy. The City of Cape Town, a metropolis for local and foreign film makers, estimates that film and television production added R5bn and 35,000 new jobs to the province over the three years ending 2014.

“Film audiences, who find themselves lost in the magic of the finished product, have little idea of the blood, sweat and tears that goes into creating a 30-minute documentary, let alone a two-hour-long feature film. Aside from finalising the script, auditioning and contracting with actors and securing locations, the average production team must secure enough financing to deliver a finished product. Insurers provide invaluable assistance in getting the job done,” says Paul Raleigh, head of Hollard Film Guarantors, a specialist underwriter focused on the entertainment sector.

International film producers are coming to South Africa to take advantage of ideal filming locations, breath-taking scenery, world-class film crews and the favourable exchange rate, among other pluses. As more crews arrive to shoot commercials, television shows and feature films, they create an environment that encourages local talent to get in on the act.

Government departments such as Home Affairs and the dti are making it easier for foreign investors to make movies in South Africa. Home Affairs has relaxed certain of its visa requirements to assist production houses in securing the necessary paperwork for foreign staff, while the dti has offered a range of rebates and incentives to foreign productions shot on location in South Africa, films that are also post-produced locally and local filmmakers alike. However, there needs to be a public/private partnership that will help alleviate some of the administration and financial challenges faced by the department. Hollard is working with the government to assist in restoring confidence in what was an excellent administration.

There is broad consensus the local film industry can grow exponentially over the next few years. In 2013, it produced 25 films for theatre release, generating 11% of the industry-wide box-office take, or R98m of R879m. In the six months to end-June 2014, a dozen local films accounted for R33m of the R382m box office gross for the period.

“The company has a deep passion and understanding of the creative economy. This passion started with our founders and the belief that art, in all its wonderful and varied forms, is a meaningful avenue for positive and enduring change in society,” explains Heidi Brauer, chief marketing officer at Hollard. “Our involvement in this sector extends beyond sponsorship and CSI initiatives. We are in the business of insuring the creative sector and have specialist expertise.”

The division insures movie investors against non-delivery of South African feature films or co-productions with international production houses. It makes sure that films, television series and documentaries are completed and delivered on time and within budget, without calling on the investors to provide additional funding. In addition, it assists producers in managing their cash flows against secured funding.

“In the worst case, film guarantors will provide finishing funding, in the event the film runs into budget problems, but for the most part the outfit’s ‘prevention-is-better-than-cure’ approach ensures that potential problems are swiftly remedied. The production process, from script to screen, is managed to reduce both the chance and quantum of claims,” says Raleigh.

This insurance differs significantly from typical customer insurance in that it protects investors against process risks rather than loss due to accident or damage. Cover for sets, props, wardrobe, equipment, illness of nominated crew or cast is covered under the producer’s indemnity insurance that must be taken out with an insurer that specialises in this type of business.

Hollard has been a main sponsor of the Jozi Film Festival for more than three years. It is also the headline sponsor of the Annual Business Day BASA awards, which celebrates the partnership between Business and the Arts, awarding companies that have made the biggest contribution towards the development of the South African art environment.

The Film Guarantee division sponsors the Production Merit Award and the Durban International Film Festival.

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