



**The Independent Producers Organisation**  
administrator@ipo.org.za

Registered Non-Profit Organisation  
151-760 NPO

*The IPO represents, protects and promotes the interests of independent film, television and digital content producers in South Africa.*

## **IPO Fringing Proposal**

### **'Towards professionalising the industry and its main representative body'**

#### **Background**

The South African independent production sector has immense potential to contribute to the economy, job creation and attracting much-needed FDI.

#### **PRECOVID-19**

60 000 fulltime and freelance workers  
120 000 + induced employment figure  
R8 - 10 billion production value - of which R3.8 billion foreign direct investment  
67% workers are youth - key contributor to NDP 2030 goals

#### **POST COVID-19**

Jobs have shrunk to only 12 775  
South African industry has shrivelled by a massive 59% -- not only due to COVID  
Government support for the sector declined from R1,289 billion to only R493 million coupled with DTIC rebate uncertainty  
Key and scarce industry skills flocking to other countries where rebate certainty exists  
38 % of production companies had closed with more facing liquidation

Work has been ongoing to help the industry navigate through the COVID pandemic

The challenges around the DTIC Rebate Incentive Scheme are affecting the entire value chain of the sector, from broadcasters and international studios, to producers, all freelancers and suppliers to the industry.

Over the same period, the industry has been inundated with legislative, policy and regulatory changes and proposed amendments which profoundly affect the viability of the sector:

Copyright & Performers' Protection Amendment Bills  
Film & Publications Amendment Act  
Audiovisual & Interactive Media White Paper  
SABC Amendment ACT  
Proposed ending of the Section 12 O of the Income Tax Act (the Film Tax Incentive)  
ICASA regulations including local content amendments  
AFP, Advertising & Sponsored Content Regulation Amendment  
Must-Carry proposal  
Firearms Control Amendment Bill  
NFVF Co-Production Treaties with Nigeria, Algeria, Kenya and India  
POPIA Act  
B-BBEE Industry Scorecard

#### **IPO Executive Committee 2020/2021**

Thandi Davids (Co-Chairperson), Quinton Fredericks (Co-Chairperson), Wandile Molebatsi (Vice Chairperson), Sanjeev Singh (Vice Chairperson), Khosie Dali (Secretary), Leanne Kumalo (Treasurer), Basiami Segola, Beverley Mitchell, Cait Pansegrouw, Layla Swart, Luke Rous, Michael Auret, Marvin Saven, Nobuntu Dubazana, Rehad Desai, Thierry Cassuto.



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These policy changes have required that the industry make well-researched, comprehensive and compelling submissions and representations in order to safeguard and secure as conducive an operating environment for the industry as possible.

**Meanwhile the global content production sector is experiencing unprecedented growth, from \$177 billion in March 2020 to \$220 billion in March 2021, despite an initial lockdown-related slump.**

In South Africa our industry is dying and we are losing out on the global growth opportunities at a time when South African content is increasingly attractive to global audiences, broadcasters and streaming platforms.

Our industry should be soaring.

### **How the IPO contributes to powering independent film and TV production**

The Independent Producers Organisation (IPO) is a national organisation which represents, protects and promotes interests and needs of independent South African film, television and new media producers.

It strives towards creating an empowered, transformed and representative industry, by partnering with key stakeholders towards the advancement of a sustainable and enabling environment for producers and, recognizing their role and responsibilities as the engine drivers of work throughout the industry value chain, to creating opportunities for the full spectrum of workers across and suppliers to the sector.

The IPO aims to maximize the industry's potential to contribute to the country's economy, and to preserve and promote South Africa's national identity and stories.

**Producers are the engine drivers of work for all in the industry and the IPO is crucial to the wellbeing and sustainability of the industry.**

At the start of the pandemic, the IPO made a short-term appointment of a Covid-19 Crisis Manager but, due to the multitude of issues we were facing, extended the contract and reframed the position as Executive Director. This full-time resource has proved invaluable and elevated the professionalism and responsiveness of the organisation to better meet the industry's needs.

But it has become clear that one person is just not enough.

We need a well-capacitated and properly resourced industry organisation. We need a small but dynamic full-time team, budget for overheads, legal, research, PR/marketing and consultancy services such as may be required, for training and transformation initiatives, memberships of relevant local and international organisations to ensure that we and our members are kept abreast of developments, opportunities and international best practice.

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We need to professionalise the organisation so that we, and the industry, are taken seriously by government and other key stakeholders, ensuring continuity and institutional memory which has been sorely lacking with an EXCO that changes annually and had no full-time secretariat.

To adequately capacitate the organisation our AGM in November 2020 agreed that we should implement a system of fringing, as is commonplace in other territories, to supplement membership fees income.

### **The Fringing Proposal: two funding streams:**

#### **Membership fees as usual**

Ranging between R350 (individuals) and R20 000 (leading companies) p.a. *This fee is for members - individuals or companies.* Please note: as individuals and production companies have struggled during the pandemic, many have either defaulted on payment or changed from company to individual membership status.

#### **Fringing – this is a levy on productions**

1% of payroll capped at R400k per productions for international production  
0.3% of on production budgets for local productions (features and broadcast), capped at R100K p.a. for co-productions, either 1% of payroll or 0.3% of production budget depending on where the lead producer is based

#### **How it will work**

- Fringing will only apply to IPO member companies
- The IPO will establish a database of companies going into production, including demographic information to assist our engagements with and lobbying of government.
- Producer/production information will remain confidential and the IPO Secretariat will sign NDAs/Confidentiality Agreements
- The IPO Secretariat will make regular contact with production companies to agree financial arrangements, monitor progress and new developments
- For international work and copros, payments may be made directly by the payroll company
- Other productions will be required to provide their Production Accountant's details to the IPO. Payments are to be made by the first day of principal photography
- Payments will be made into a ring-fenced account; quarterly reports will be presented to eEXCO and audited financial statements will be presented at the IPO AGM
- This will be done on an honour system but we ask that broadcasters/platforms let us know if terms are being upheld.
- Fringing will not add meaningfully to production budgets but will be paid directly by the producer.

We believe this will not only benefit the independent production sector but also the broadcasters and platforms on issues of mutual concern. These could include, to mention just a few:

1. **Standardization and professionalization of industry** so that productions run more smoothly. These include the development of standardized contracts and discussions around royalties that actors are now demanding. We think that a reasonable solution can be found and prevent any unfair

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aspersions being cast against producers, broadcasters or platforms. This would also include appointing lawyers to draft standard contracts to protect all parties.

2. **Support for gender equality and safe sets**, establishment of protocols and enforcement mechanisms. IPO will have more capacity to work with SWIFT, NFVF and other partners to eliminate the scourge of sexual harassment in the production process.
3. **Industry Ombuds**: establishing and sourcing funding for this vital service to be offered to all workers and employers in the screen sector, to rapidly and effectively resolve disputes and address concerns raised by the Department of Employment & Labour
4. **Development and training**: the IPO would implement a range of mentorship, capacity-building and training initiatives to upskill the industry with a particular focus on new entrants to the industry while running masterclasses for the more advanced members as well as aligning with SACIA for the professional registration of industry workers.
5. **Transformation**: developing more robust policies on transforming the industry by training more black creatives, monitoring progress in share of the industry which is being transformed, engaging with government on the best tools in this regard, developing databases of verified BEE suppliers and industry professionals (especially females and HODs) and facilitating structured mentorship programmes between emerging and established producers.
6. **Growth**: marketing South Africa as a destination for international service work but also for co-productions and promoting the local sector through our affiliations with international organisations and studios.
7. **Development funding**: lobbying for mechanisms to increase development funding in the country, which is a long-standing issue holding back the industry.
8. **Terms of trade**: negotiating with broadcasters and platforms on equitable terms of trade
9. **Submissions to and lobbying of government**: developing compelling submissions to government and its agencies on draft amendments, regulations and policies affecting our sectors.

We sincerely hope that you will support this important initiative – for the betterment of all in and working with the sector.

Thanking you in advance.

Yours faithfully

**Thandi Davids**  
IPO co-Chairs

**Quinton Fredericks**

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