COMMERCIAL PRODUCTION IN SOUTH AFRICA: UPDATE 2025

INDEX & KEY POINTS

'THE PERFECT STORM'

INTRODUCTION

It is almost 50 years since South Africa's first television commercial – for Big T Burgers – was broadcast in 1978. Since those early days, the advertising production industry has produced work that has reflected the country's changing realities. Television advertising has become an important and intrinsic part of South Africa's cultural life.

The industry achieved global recognition for its excellence in the 1980's and, following the political transition of the early 1990's, South African producers began to promote the country to foreign filmmakers, ad agencies and production companies as a viable and attractive destination in which to produce films. This gave rise to the 'service" industry which put Cape Town on the map as one of the world's most desirable production destinations.

As the 21st century arrived the service industry continued to boom. Ironically its growth was boosted by the on-going devaluation of South Africa's Rand which meant that increases could largely be absorbed without causing alarm. The local industry, however, started to come under more pressure as time went by.

25 years into the new century, change is now the only certainty.

WHAT'S CHANGED?

Following a period of stability lasting almost 3 decades, a number of significant developments have occurred in the industry in the last 15 years:

1. Change from 35mm film to digital formats

This has taken much of the mystery out of the filmmaking process and made everything more accessible. On the one hand this is a good thing, but on the other, there is no longer any barrier to entry which has led to a decline in standards and an acceptance of lower production values.

2. The client calls the shots

In the heyday of South African advertising, agencies and creatives called the shots and clients went along, eager to have their products advertised by the most well-known and in-demand agencies. Now, this dynamic has been turned on its head. The client is now king and agencies (and their supply chain, which includes production companies) must work hard to keep clients engaged and loyal.

3. Industry globalisation

A few huge multinational companies specializing in marketing, advertising and production have opened their doors and bought out South African owned and managed agencies. These companies are extremely influential and have significant control over the way in which the industry functions. In line with this development, campaigns are also created with global audiences in mind and can be produced anywhere.

4. In-house production

Many of these companies have bought production in-house. They no longer want to commission independent production houses and are well placed to influence client decision making. This practice is not unique to South Africa and has had a significant impact on the global production sector which has been attempting to hold on to its share of the market on an un-level playing field.

5. New production centres

Whereas South Africa, and Cape Town in particular, was once one of a very few desirable locations for foreign filmmakers, this is no longer the case. Other countries in the developing world have seen the opportunity and investment the industry brings and have made a huge effort to attract international clients. Many have gained growing attention as they have a lot to offer – fresh perspectives, interesting cultures and unexplored locations.

6. Perfection is now optional

In the early days of commercial production, the emphasis was on pushing boundaries, taking creative risks and creating exceptional work with high production values. Sadly, this is no longer the case. Aside from a handful of innovative and bold South African clients - who do invest in creating great work – most marketers simply want a commercial that moves their product. Retail price and product is becoming more used and can be very easily created, very often by using in-house production. Demand for high-end commercials is declining and advertising is no longer the art form it once was. Perfection is now perceived as an indulgence rather than a necessity.

7. The new media landscape

Today's media landscape is completely changed. The arrival of the internet, social media, streaming services and, most recently, AI has changed the way people watch and experience advertising. While there is still a high demand for content, this no longer only looks like the traditional television commercial and can be produced in a variety of ways by a widening number of service providers at considerably lower cost to the client.

8. Environmentalism and the quest for net zero curtails travel

A growing awareness of environmental issues (and the subsequent quest for Net Zero in Europe) has led to many companies opting not to travel by air – or to limit their air travel – whenever possible. Whereas European commercial clients once thought nothing of hopping on to a plane to come to South Africa to shoot their commercial, they are now assessing if shooting closer to home is not a better option? Many service destinations in Europe are taking advantage of this, especially during Spring & Autumn to attract work that might otherwise come to South Africa.

9. AI has arrived

What once seemed like science fiction is now a reality. Entire television commercials can be produced more quickly and at less cost using AI. The technology is moving at lightning speed and whereas it once anticipated that AI would simply be a helpful tool for filmmakers, it is already capable of completely replacing live action filming. The extent of its role in the future is unknown.

STATE OF THE INDUSTRY IN 2025

The industry has enjoyed high demand from two sub-sectors:

1. South African marketers and agencies (the local industry, primarily based in Johannesburg)

2. International marketers, agencies and production companies (the service sector, primarily based in Cape Town)

THE LOCAL INDUSTRY

1.

Increase in agencies owned by global marketing & advertising groups has led to an increase in in-house production. This means less work for independent production companies and South African owned agencies.

2.

Opportunities to develop talent have decreased as entry level work is taken on by agencies.

3.

Marketers' position has been strengthened and budgets for commercial production have decreased while delivery expectations remain the same.

4.

Marketers are looking for agile and cheap solutions. They want content to be produced quickly and are not concerned with quality as much of their marketing is on social media and lasts for only a short time.

5.

Many new entrants – promising more for less – have entered the market. Some are willing to work at a loss to try to establish themselves in the industry that is already over-saturated. The knock-on effect is passed back to the supply chain.

6.

Work has become increasingly erratic with many jobs postponed or cancelled. The consistency of jobs has decreased; and production companies, suppliers and the industry's freelance work force are battling to keep going.

THE SERVICE INDUSTRY

1.

International agencies and production companies are under exactly the same pressures as the local industry. Their work is declining, and they too are feeling the pressure of industry globalization, in-house production, budget constraints and AI.

2.

Competition is at an all-time high with several international production centres now actively competing with South Africa for business.

3.

With concerns around the environment, political uncertainty and threats of US tariffs on the film sector, international clients are currently less inclined to travel abroad and are looking to locations closer to home, such as Canada and Spain.

4.

The high cost of airfares and accommodation (combined with a lack of accommodation in Cape Town over the summer months) is becoming a deterrent to clients.

5.

Production costs in Cape Town have risen above inflation over the last 5 years. South Africa is at risk of no longer being the excellent “value for money” proposition it has always been.

6.

Cape Town’s summer season is becoming shorter. The season has traditionally run from October to April; however, the last 2 years have seen the bulk of the work condensed into a 3-month period from December to February. This, combined with the decline in long form production in the winter months over the last 2 years, is cause for grave concern.

In both sectors of the industry, the devastation of the Covid years resulted in many talented industry professionals leaving South Africa to find work abroad. The unpredictability that has followed Covid has many considering either finding work in other sectors or -where possible - moving to production centers that provide greater long-term security.

This loss of skilled and talented workers is a huge blow to the industry and will have repercussions in the future.

ARTIFICIAL INTELLIGENCE

Threat or Opportunity?

Over the last 18 months, there have been considerable advances in the technology required to produce television commercials using generative artificial intelligence.

With the launch of Google's Veo3, it is now possible to generate videos with perfectly synced audio, including sound effects, dialogue and ambient noise. This has the potential to make the entire process of live action filming – and the supply chain that currently facilitates it – completely obsolete.

This technology, as advanced as it is, is still in its infancy and the expectation is that it will very rapidly advance to eliminate all current limitations. There is little doubt that what if offers will be embraced by clients who will be attracted by its quick turnaround, low cost and the novelty it offers.

The long-term effects on the industry are still uncertain. AI could completely replace commercial production in the future, resulting in a substantial job loss. Alternatively, if it is well thought through and regulated, it may be implemented in such a way that humans and AI work collaboratively, saving some jobs, eliminating others and creating new ones. A third scenario could be that AI is rejected due to economic and ethical concerns as humans push back against AI's perceived threats

The eventual outcome could depend a lot on regulation & public opinion. The European Union (EU) recently implemented the EU AI Act which seeks to put controls in place. Creative rights-holders argue that the legislation does not go far enough to protect them.

South Africa currently has no legislation governing AI which leaves our industry, and those working in it, vulnerable and largely unprotected.

We face a period of rapid change and uncertainty that will forever change the way commercials are produced.

WHAT ARE WE GETTING RIGHT IN 2025?

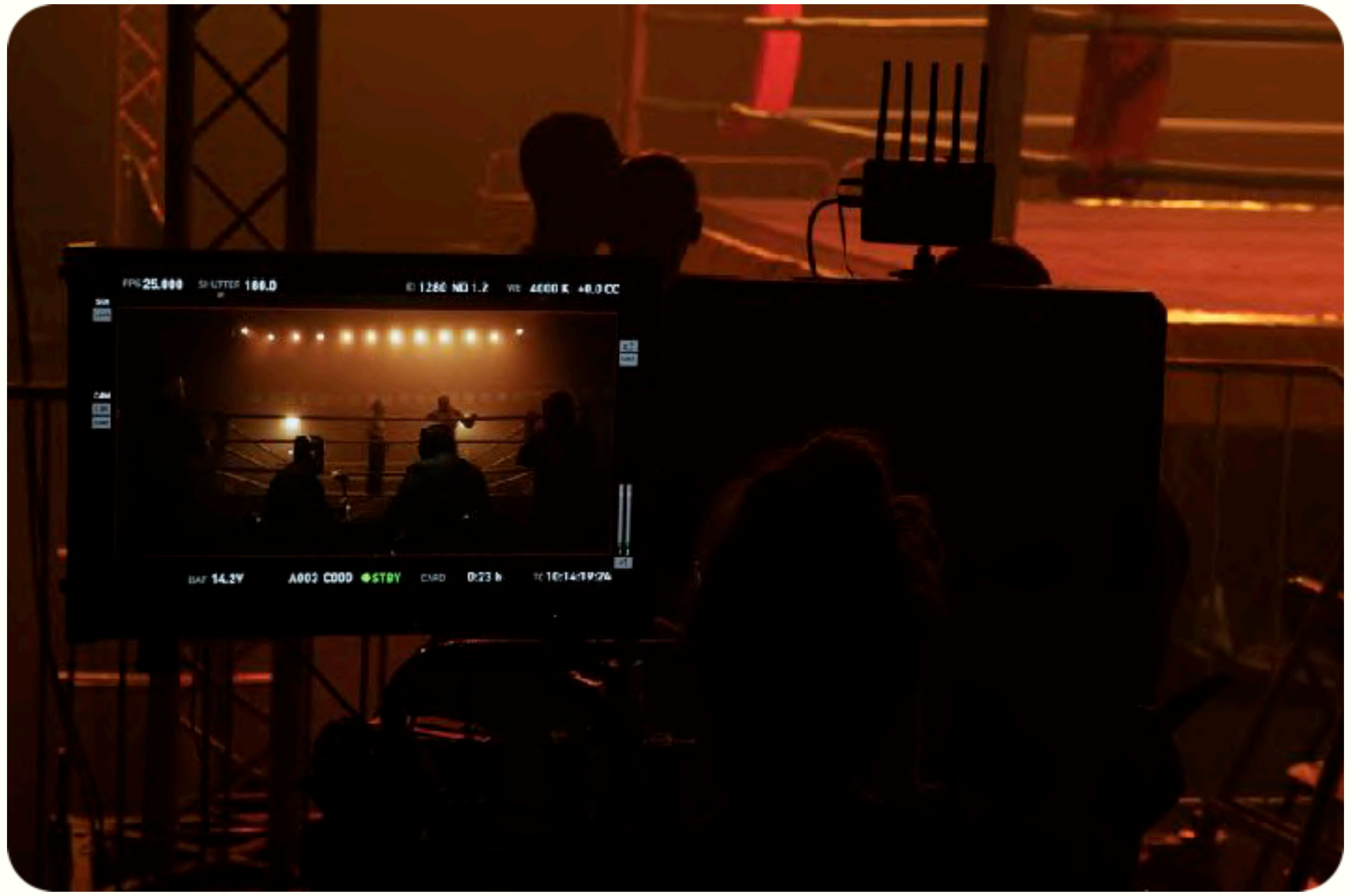
Most of the elements that originally made South Africa an excellent proposition for filmmaking are still very much in place.

1. A highly developed film and business infrastructure with English spoken widely as the language in which business is conducted.

2. Value for money - although South Africa has become non-competitive in certain line items in commercial budgets, it remains competitive when weighed against comparable global destinations,

3. Our favourable exchange rate has helped South Africa’s film industry historically, but it is not a given in the future.

4. Our world class crew who are highly skilled and internationally respected.



5. A diverse and talented pool of performers.

6. Varied, attractive and accessible locations (although some 'location fatigue' has set in, especially with long term clients.

7. Top end gear and post production readily available.

8. Similar time-zones to Europe, which make South Africa a more appealing location for European production.

9. Our good weather and long hours of light.

10. South Africa has a strong, established reputation for service and delivery. International producers and directors trust us to deliver on complex commercial projects.

WHAT ARE WE GETTING WRONG IN 2025?

1. Increasing Costs

Production costs across the industry have increased by over 50% over the last 7 years. This is above inflation and simply not sustainable. The situation is compounded by opportunism & greed; some production companies, freelancers, agents and suppliers are unfortunately prioritizing short term gain, and this is causing costs to rise too rapidly. This does not go unnoticed by international clients and risks creating a negative impression of South Africa. South Africa's long standing reputation for value for money and excellence remains one of its key strengths and is currently at risk.

2. Too Much of Everything

Over the years, the size of departments has grown with multiple assistants added to do the job once performed by one or two key people. New positions have been created and the industry has grown to incorporate new suppliers. There is too much gear, too many extra conveniences, too much food, too many additional processes and too much excess that is making production too expensive.

Currently there are too many people working in an industry that simply does not have enough work to support them all.

3. Lack of Negotiability & Flexibility

Some suppliers are unwilling to negotiate or offer greater flexibility. This makes it harder for South African producers to land work. Without the ability to negotiate, jobs are lost, and this impacts the entire supply chain. As a result, there is less work available which puts everyone under greater pressure and undermines confidence.

4. Unfriendly Government Policy

While almost every other country that has been identified as a desirable filming location by filmmakers and clients has prioritized making the process easier, South Africa has done the opposite. South Africa's rebate – which is not available for commercial projects – has become completely non-functional. There are currently no other national or regional incentives available. This actively disincentivizes long-form filmmakers and clients from shooting in South Africa and has a knock-on effect on the short form supply chain.

5. Legislation That Scares Off Foreign & Local Production

In addition to their film-unfriendly policy, Government is actively pushing legislation which will harm the film sector. The advertising industry has recently had to challenge the Copyright & Performers Protection Amendment Bills in the Constitutional Court after they were pushed through by the Department of Trade, Industry & Competition, despite an outcry from the industry and the Department's failure to conduct an impact assessment study to better understand the impact of this legislation. This has led to a growing lack of confidence by foreign investors in South Africa's legislative approach to filmmaking.

Other detrimental concessions such as the recent waiver of competition regulations granted by the Competition Commission to some industry groups will potentially constrain the ability of producers to negotiate and win work, while some advocacy groups -who naively believe unionization is the answer to the industry's current challenges - are actively pushing for labour legislation which could render the industry unworkable. A lot of time and energy will need to be used to counteract this which takes the focus off dealing with other pressing matters.

6. Decreasing Competitiveness

As a result of increasing costs, on-going resistance to negotiation and negative developments in government, South Africa is quickly becoming less competitive than the countries which it is regularly asked to pitch against. South Africa was once in top spot but its failure to move with the times has seen it forgo this position. Up-and-coming commercial locations have prioritized Government rebates for commercials as they have noted that these are not offered by many of the more established locations. They recognize that this is the best way to incentivize clients to take greater risk and shoot outside their established comfort zones.

7. Villainization of Producers & The Industry

Unfortunately, some advocacy groups within the industry have adopted a narrative that portrays production companies and producers in a negative light. This ongoing criticism risks undermining confidence in the sector at a time when unity and collaboration are most needed. Continued negativity could also discourage government support and damage the reputation of the wider industry — ultimately affecting everyone in the supply chain.

8. Failure to Move with the Times

Given its early success and strong reputation, South Africa has become somewhat complacent in recent years. Many people assume South Africa will continue to be successful and that no effort, or compromise, is required to maintain the industry. At the same time, many competitive countries have been working hard to catch up to and overtake South Africa. They have learned from South Africa's mistakes and taken initiatives that South Africa did not think were necessary. South Africa is not alone. Hollywood is currently suffering huge setbacks as it grapples with losing production not only internationally but to other US states that have seized the opportunity to become more competitive.

9. Apathy and a Lack of Interest and Knowledge Regarding Industry Challenges Leading to Inaction

The industry has lost the interest it once had in the opportunities shaping its success and the challenges putting it at risk. As people focus more exclusively on their specific businesses, the big picture view has become obscured. People in the industry are now far less inclined to read or educate themselves, preferring to assume South Africa will always be the destination of choice. Often the issues are complex, and the resulting lack of understanding sees challenges compounding to become serious problems. The industry is reactive where it should be proactive. Problem solving is seen as the job of producers with many in the supply chain not willing to get involved or assist. There is an urgent need for everyone whose income is dependent on the industry to get involved to find solutions. The future depends on it.

CREW GEAR & SUSTAINABILITY

Around a decade ago, crew members began requesting to use their own gear on set - equipment such as monitors, focusing systems, and other tools they trusted to get the right shot under pressure. These became known as "tools of the trade," and production companies and gear houses were happy to accommodate.

However, over time two parallel shifts occurred:

1. Crew Compensation & Gear Billing

Crew members, responding to real or perceived wage stagnation and scope creep, saw their colleagues billing for "tools of the trade" and followed suit - ultimately purchasing equipment not just for performance, but as a way to supplement income. What began as essential tools evolved into full-blown "crew gear" rentals, with crew members purchasing larger volumes of gear and higher-ticket items. This personal gear then became a non-negotiable part of their service offering, leaving production companies with little choice but to comply.

2. Gear Investment & Agility

Gear houses, by contrast, are large, cautious organizations. Their investments are guided by global data, manufacturer relationships, safety standards, and serviceability. While these checks and balances help ensure gear is safe and shoot-ready, they cannot pivot or invest as quickly as individual crew members - especially during major technological shifts such as the switch from film to digital cameras, or HMI to LED lights. Meanwhile, producers, directors and other production staff lost their technical knowledge, and outsourced technical decisions to crew - fully ceding the demand, selection and supply of gear to crew who have become both incentivised and reliant on this dynamic.

THE RESULT

These shifts have created an existential threat to South Africa's film industry. Gear houses are receiving smaller and smaller portions of the gear allocation, with large portions of their prior revenue now going to crew members who have become de facto competitors.

Gear houses have not pushed back, fearing loss of reputation in an industry that espouses loyalty and camaraderie over sound business practices. Production companies have also not pushed back, fearing disruption, loss of key skills and risking long-term relationships.

QUESTIONS WE NEED TO ASK

Insurance and servicing of gear?

High-end equipment like cinema cameras, LED lights, power distribution and specialist lenses require full-time teams of electrical, mechanical and electronics engineers, employed exclusively by the gear houses. Yet, the crew share of gear allocation continues to grow and "gear sharing" among crew members is on the rise.

There are real concerns regarding insurance, where cover is increasingly being denied to crew-owned gear. For insurance companies, the requirements are entirely reasonable: equipment must have verifiable service histories and be maintained to professional standards. Therefore crew must be willing to provide production and insurance companies with a full service record for their gear if they want to continue providing their own gear.

What happens if gear houses can't sustain us?

We've seen it elsewhere: when crew gear replaces gear houses, the service industry is at risk. If gear houses scale back, Cape Town and Johannesburg may no longer support the specialists and investments needed for in-demand, Hollywood-grade gear. Should the service industry fold, the local segment follows shortly thereafter, and our industry will be left with a mix of incomplete crew gear kits and smaller alternatives. At that stage, South Africa risks becoming a "just shoot it on an iPhone" market - cheap, cheerful, and uncompetitive.

THE BOTTOM LINE

It matters greatly where gear is sourced from. Like the crew themselves, gear houses are the backbone of a sustainable, internationally respected production ecosystem. Without them, we lose not just gear - but the infrastructure, expertise, marketability and reputation that sustains our industry. Keeping crew happy by encouraging a parallel, competitive income stream to the gear houses has taken priority over bolstering a world-class gear supply, and we cannot afford to trade short-term appeasement for long-term uncertainty.

We need a thriving market where a compromise on this issue is reached: one where crew are well compensated and valued, production companies have a wide talent pool to select from without the acceptance of unfavourable demands, and where gear houses are sustainable businesses in South Africa.

COSTS BUDGETS AND INCREASES

The cost of producing commercials varies widely in South Africa. At the low end, a commercial could cost around R1 million to product while, at the high end, R20 million + .

Domestic Budgets

In our domestic market, budgets have tightened considerably since the end of COVID. This development has put tremendous pressure on companies producing for the local market. Clients want to spend less than ever before when making commercials but want the same level of service and production value. This is not realistic. At the same time, suppliers want to increase their costs, arguing that they cannot keep pace with the ever-increasing cost of living. This dynamic is proving to be untenable; and our local industry has experienced a period of great instability over the last 18 months as a result.

Service Budgets

Budgets in the service sector are healthier but here too there is a noticeable divide. Most service companies produce commercials that can be best described as "bread & butter". These are 2/3 day shoots without huge stunts, SFX, set builds, complex requirements etc. Their budgets are not that big - after all foreign production companies are under the very same pressures as South African ones. They can, however, afford more than their South African counterparts, thanks mainly to the favourable exchange rate and lower cost of production than in their home countries. These commercials form the stable base of the service industry but unfortunately their numbers are in decline as clients look elsewhere for solutions. This is cause for alarm!

Big Budgets

The third category is the job every production company dreams of. Usually American, but sometimes British or European, these jobs have substantial budgets that can afford all the bells and whistles. Naturally suppliers love these jobs too. Unfortunately, these jobs are not the norm and are not capable of sustaining the industry (and everyone in it) in the long term.

Some suppliers do not differentiate between budgets, possibly because this information is not shared with them. There is a tendency in the industry to view all jobs as equal and expect that spend on a R15 million foreign commercial should be the same as that on a R1 million commercial produced for local broadcast or a smaller service shoot.

Aside from being completely unrealistic, this expectation is pushing costs up and creating growing instability. Local commercials are the first casualty and smaller service commercials are now also in the line of fire. This valuable work is being lost while the supply chain waits eagerly for the next big job to land. It's a recipe for disaster which is unfortunately pushing dozens of people out of the industry due to declining work opportunities.

WHAT ABOUT RATE INCREASES?

In South Africa there is an expectation that every year rates must increase in line with the cost of living. No one objects to this; however, the reality is that increases are not a given if they are not affordable and costs in the industry are increasing at a level well above inflation. This is particularly true for the service industry, whereas the local market has had little choice but to keep things as tight as possible.

Many suppliers have done their utmost to contain costs in support of the industry which is greatly appreciated. In some cases, supplies have lowered their rates to secure work – their logic is that it is better to have some income than none – a very real possibility under current conditions. There are, however, still many suppliers who are insistent that their costs must increase regardless of the state of the industry or the challenges it faces. This is often prompted by annoyance that a competitor or peer has increased their rate.

While producers would like to see rates remaining the same in the year ahead, they know this expectation is not realistic. There will always be some suppliers who will insist on putting up their rates and this is not something that can be curtailed in the free market. Instead, the focus must be to try to inform people about why this is counter-productive to the sustainability of the industry and impacts negatively not only clients and production companies but also other suppliers and freelancers working in the industry.

The key may be to not focus on rates but rather look at trying to reduce spend on all the additional services and goods that are either unnecessary or opportunistic. The saving of these costs alone could make a significant difference to the bottom line.

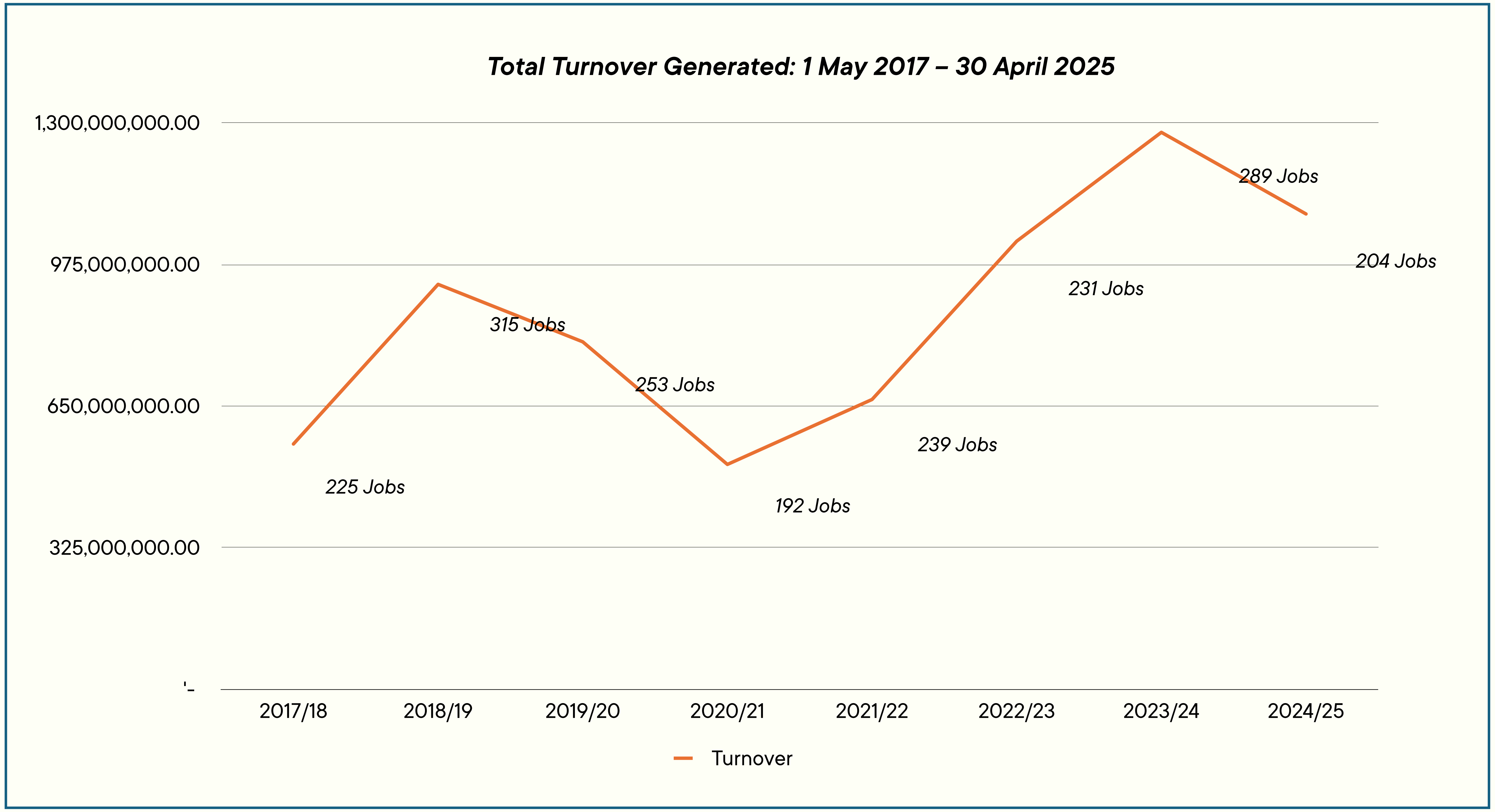
WHAT DOES THE RESEARCH CONCLUDE?

Costs are increasing (above inflation) for fewer productions

Cost increases in the industry have been significant over the past few years.

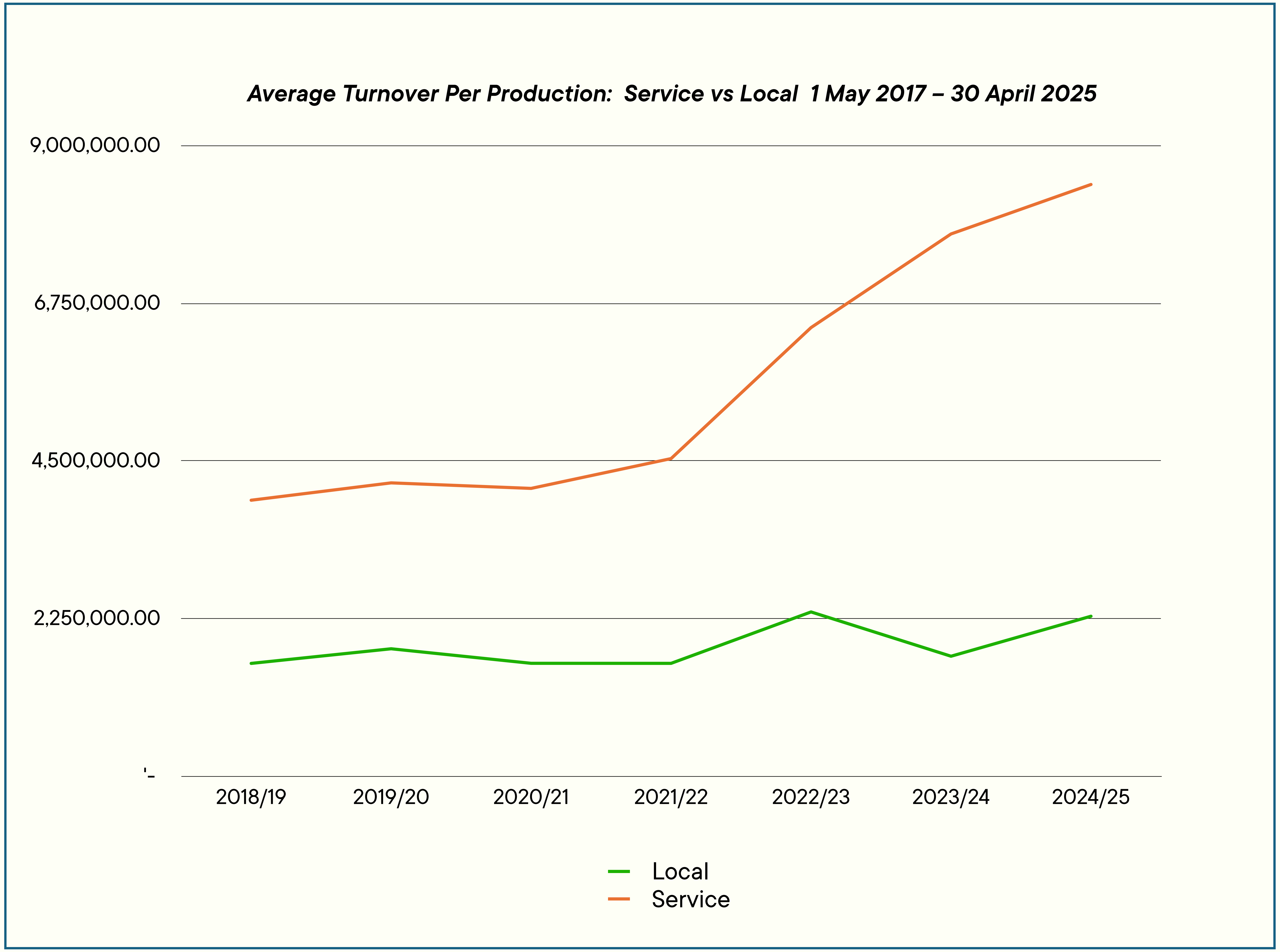
Twenty well established production companies were surveyed by the Commercial Producers Association of South Africa, "the CPA" over a period of 7 years. This graph tracks the total turnover of these companies, and the number of jobs they have produced, between 2017 and 2025. The drought in Cape Town in 2017 resulted in a marked decrease in work and was followed soon afterwards by COVID which negatively impacted the industry from 2020 to 2022.

Source: CPA Survey 2025



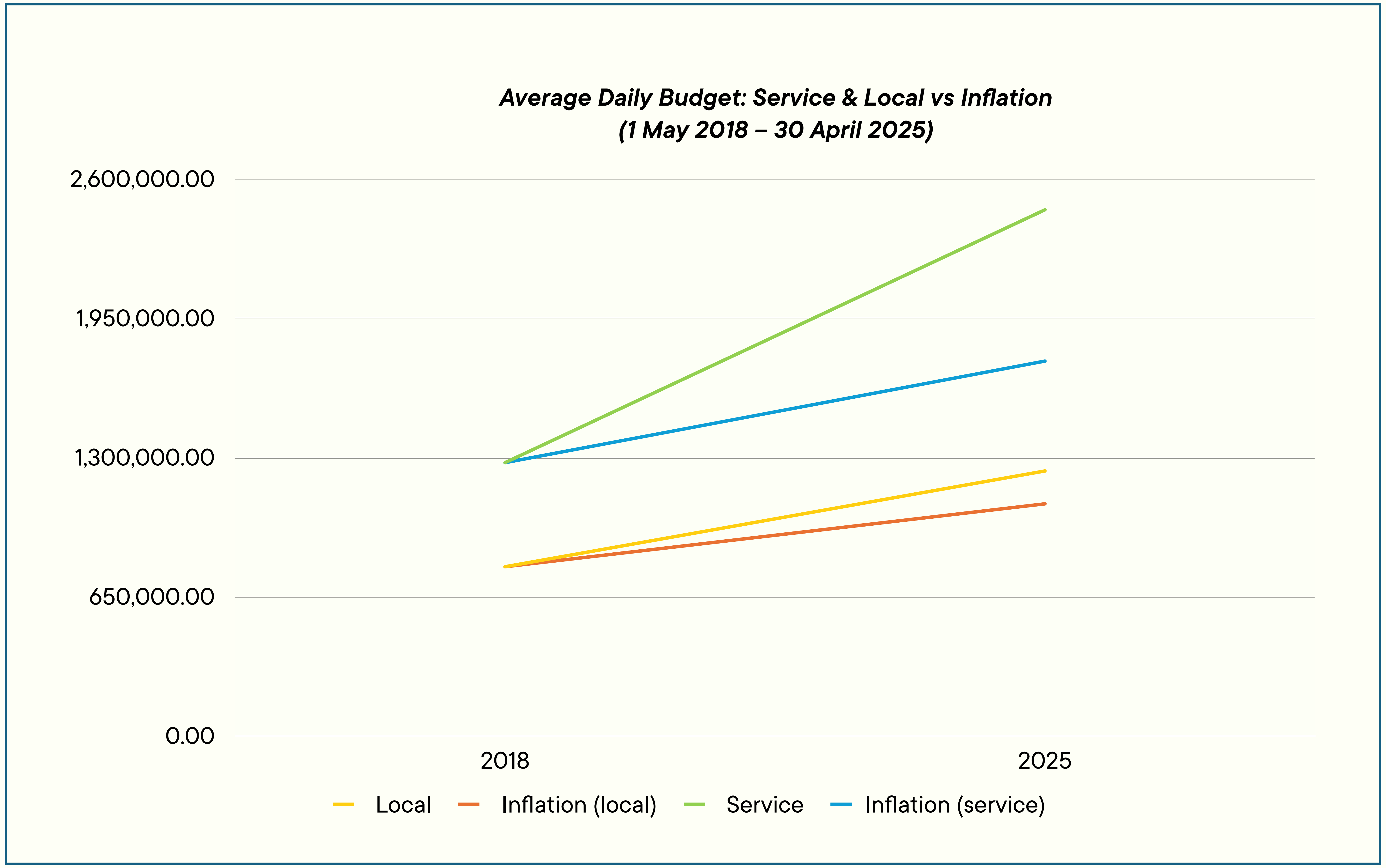
The graph on the previous page indicates that well established companies, are producing fewer commercials for considerably higher budgets. There is less work which is much more expensive to produce.

The pre-Covid high of R1 Billion in turnover (in 2018/2019, during which 343 commercials were produced) increased to almost R1.4 billion in 2023/2024. This 35+% increase covered the cost of 46 fewer productions. In the last year, the number of jobs decreased again to 204 commercials, produced at a cost of just under R1.1 billion. The sample group of 20 companies reported the lowest number of jobs – aside from 2020/21, the year in which Covid lockdowns arrived - when only 12 fewer commercials were produced.



This graph depicts the average turnover **per production** in the local and service industry. Cost increases have been far more dramatic in the service industry, which could be because generally we are no longer seeing the smaller and simpler bread & butter type of jobs, but predominantly larger more complex shoots with more shoot days. This alone is cause for concern and has resulted in the proven lower number of international commercials coming to shoot in SA. The cost of local commercials has remained relatively steady.

Source: CPA Survey 2025



The high cost of service commercials is highlighted again by this graph which depicts the difference between the average daily budget between service and local. An average service shoot day is just under double the cost of a local shoot day.

In most instances, these higher costs may be justified by more complex and expensive requirements - as per the director's treatment and the job's technical specifications - however, in others, opportunistic and/or avoidable charges may drive up the cost of production. Suppliers often defend annual rate increases with arguments with the ever increasing cost of living in South Africa which is undoubtably a reality. However, this graph indicates that the rate at which costs are increasing is well above inflation.

Source: CPA Survey 2025

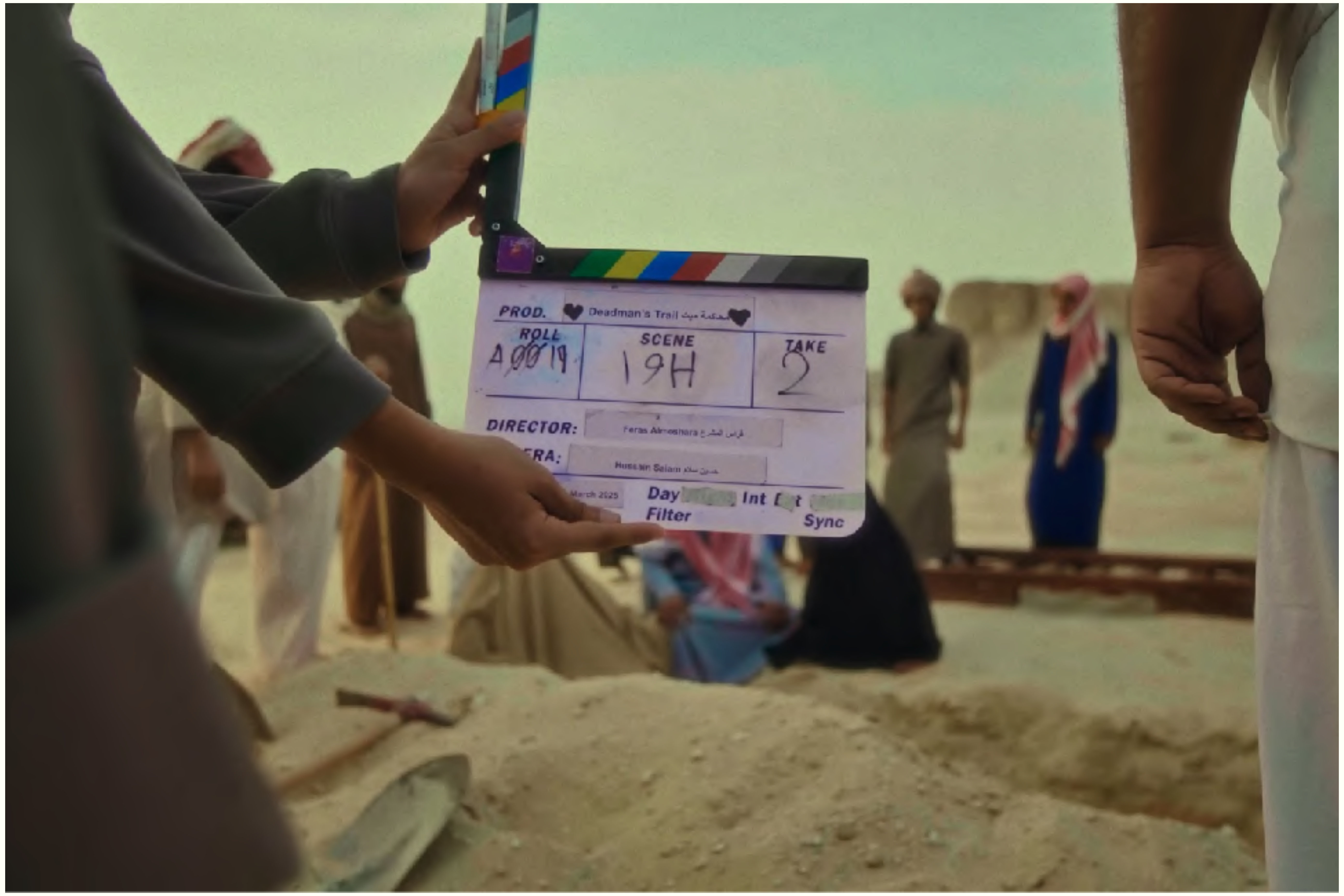
- ## Local Industry

In the local industry, the average daily budget for commercial production increased by 56.6% (7.76% annualized over 6 years). The inflation adjusted total would have increased by 37.1% (5.41% annualized) to R1,084,478. **The actual increase in daily budget is 2.35% above inflation**.

- ## Service Industry

In the service industry, the average daily budget for commercial production increased by 92.5% (11.53% annualized over 6 years). The inflation adjusted total would have increased by 37.1% (5.41% annualized) to R1,751,069. **The actual increase in daily budget is 6.13% above inflation.**

**This information is not definitive, it shows the trend of the 20 companies that have been consistently surveyed .*



WHAT DO OUR COMPETITORS OFFER

To be able to compete more effectively, it is important to assess where South Africa is currently either too expensive or failing to compete. South Africa should not be compared to developed nations (i.e. the UK, US, Europe etc.) but rather to territories that it currently competes with for business.

The following table demonstrates how Sundays, night shoots, meals, overtime and wardrobe calls are budgeted for in the 9 countries that are currently our biggest competitors.

	Sunday Shoots		Night Shoots		Meals		PD & Wardrobe		Overtime
Country	**Sunday Premium**	**No Premium Sunday**	**Premium Night Shoot**	**No Premium Night Shoot**	**Meals off the Clock**	**Meals on the Clock**	**PD & Wardrobe Change per Project**	**PD & Wardrobe Changes per Day**	**Crew Changes OT After 10 Hours**
Canada		X		X	X			X	X
Chile		X		X	X			X	X
Estonia		X	X			X	X		X
Mexico		X		X		X	X		X
Poland	X			X		X	X		
Hungary	X		X			X		X	
Spain	X		X			X		X	
Morocco		X		X		X		X	
Thailand		X	X			X		X	
South Africa	X		X			X		X	X

It is often factors such as these that will determine which location is selected for the production.
Greater negotiability in these areas may be crucial to securing work for South Africa in the forthcoming season.

REBATES AND INCENTIVES FOR COMMERCIALS

Commercial production is specifically excluded from South Africa's film rebate scheme. This is a mixed blessing: on one hand there is no doubt that an effective rebate scheme for commercials would put South Africa back on top but, on the other, a rebate for commercials would have to be designed in such a way that it worked seamlessly and on short timelines. (A rebate that is non-functional is arguably worse than no rebate at all).

Because rebates for commercials are relatively difficult to implement and run effectively, there is only one country – Thailand - in the comparison group that currently offers a rebate for commercials and the bar is high and would currently work only for big budget productions.

For commercials spending more than $1.4 Million in Thailand, a rebate of up to 30% (in cash) is on offer.

While South Africa and most of its current competitors have yet to implement successful rebates for commercials, there are newer emerging territories that have identified this as an excellent way to attract a greater share of production in this highly competitive market. The following service destinations are now offering cash and/or tax rebates for commercials:

- *Columbia*
- *Costa Rica*
- *Georgia*
- *Jordan*
- *Uruguay*
- *Kosovo*
- *Panama*
- *Puerto Rico*
- *Serbia*
- *United States*
- *Thailand*
- *Trinidad & Tobago*
- *United Arab Emirates*
- *US Virgin Islands*

These newer destinations are in close geographical proximity to established production centres with developed infrastructure and access. These established markets can easily and quickly move into the new rebate offering territories which create greater access. By comparison, South Africa does not have any such neighbouring rebates to access, placing our industry at a disadvantage.

The Middle East

Production companies are drawing the attention of agencies and clients to these new territories and the incentives they offer. In the UAE, for example, clients can save 35% if they shoot in Abu Dhabi rather than Dubai (which is a one-and-a-half-hour drive by car). Jordan has also recently enjoyed a boost to its film incentive which now includes a cash rebate for commercials starting at 25% if the project spends more than $250K in Jordan.

South America

In South America, Uruguay has seen the gap. Its new rebate is boosted by its proximity to the more established industry in Argentina, which can supply resources it currently lacks. Further north a grouping of newcomers - Columbia, Panama & Costa-Rica – are near Mexico and, in addition to their rebate offer up a whole host of unexposed exotic locations. Columbia has the lowest qualifying spend of $134K (a figure it has twice reduced) while Panama & Costa Rica require spend of $500K to activate their rebates.

Europe

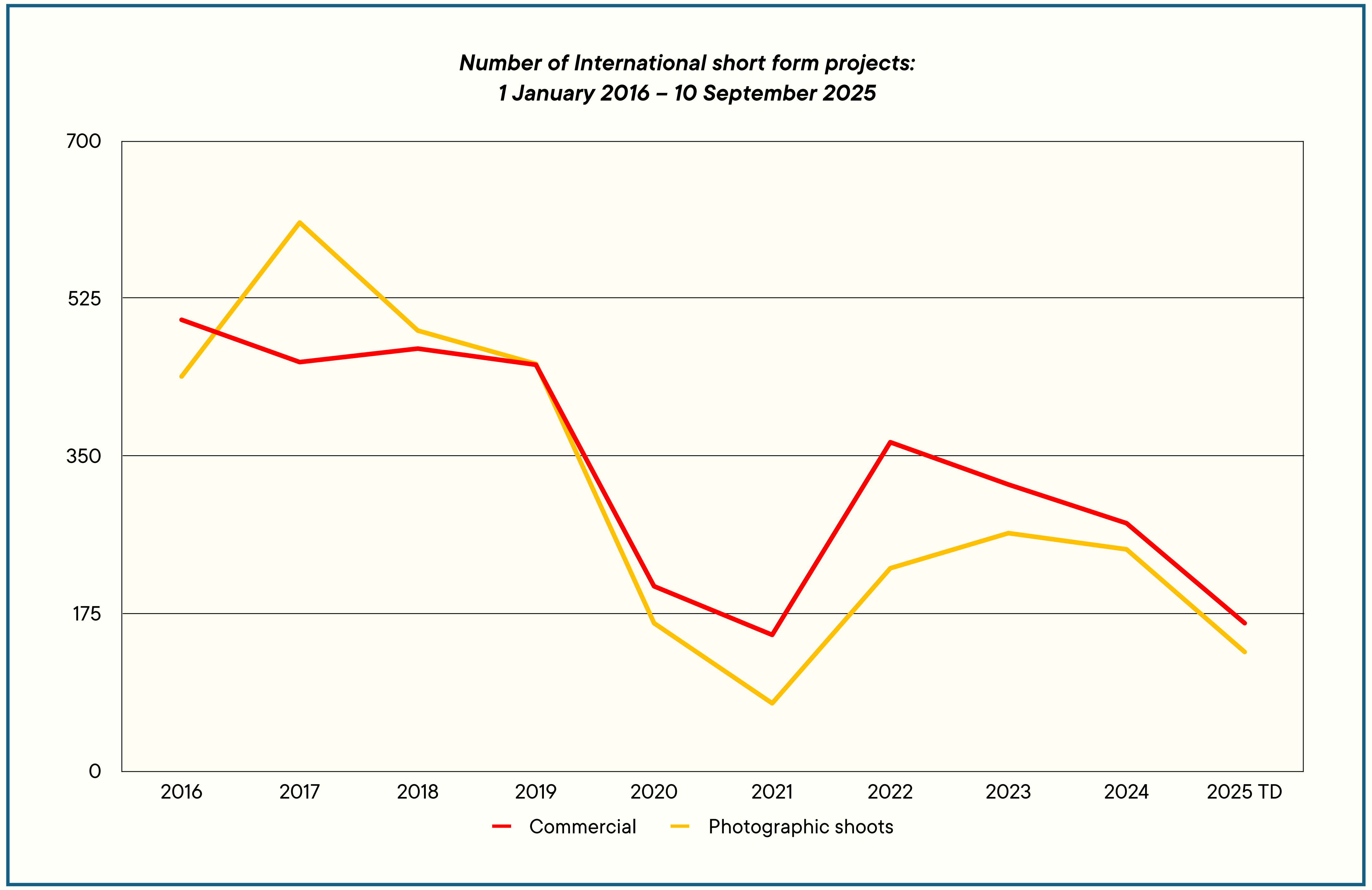
Countries in the Balkans are working together to improve their offering with attractive commercial incentives. Leading the pack is Serbia, where clients can get back 20% if they spend a minimum of €150K. Serbia's introduction of a successful film rebate 10 years ago to service the scripted television boom has grown a skilled work force. Serbia's northern neighbour, Hungary, has a developed infrastructure (but no rebate yet for commercials) while newcomer, Kosovo - to the south - has recently followed Serbia's lead and introduced a cash rebate of 30% on productions spending over €100K.

A MISSED OPPORTUNITY?

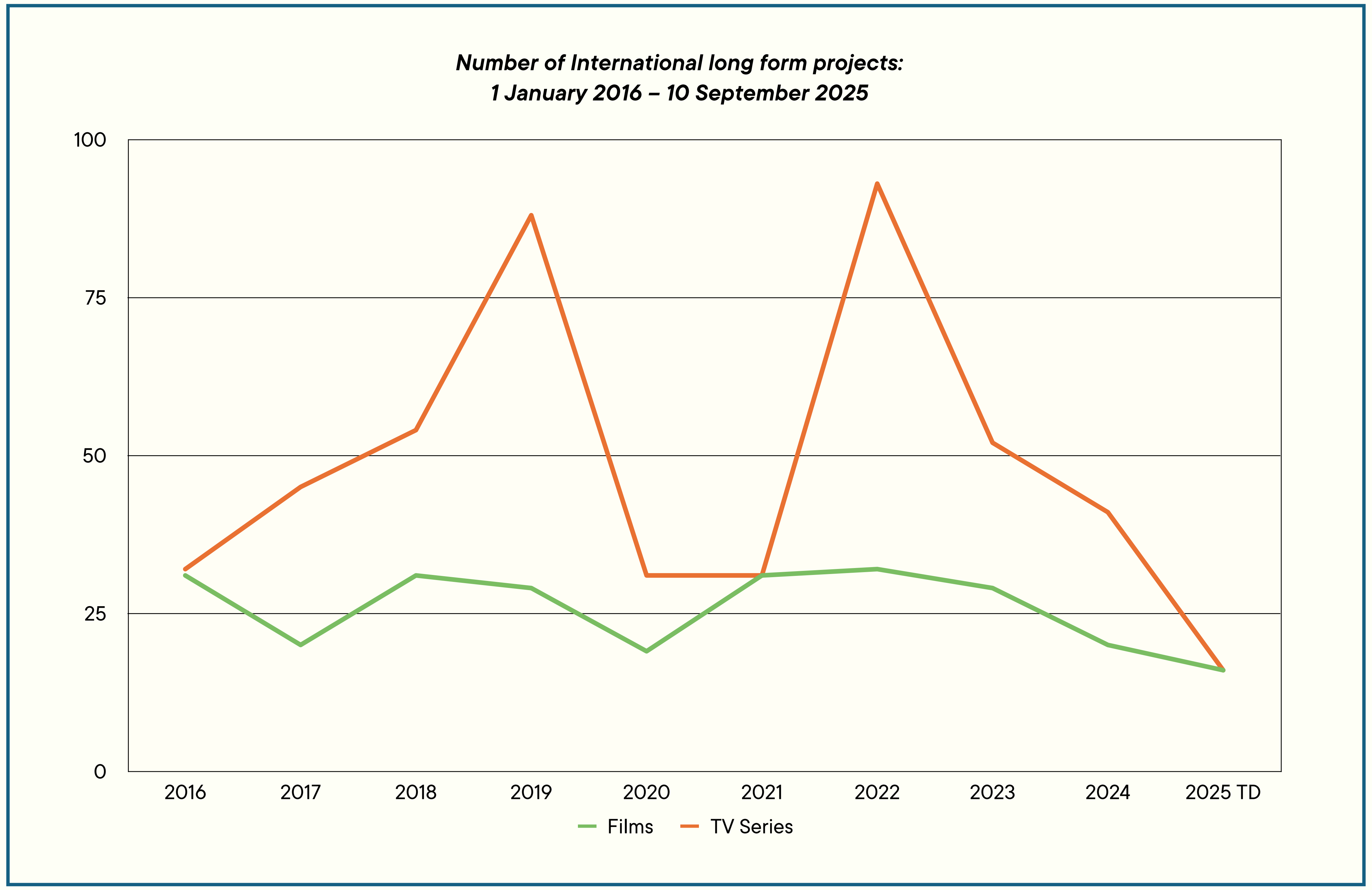
It is notable that over 50 countries (and 35+ US States) offer incentives to the producers of film and television. It raises the question: why do so few make rebates available to commercial productions? The answer is that elected politicians don't want voters to see them diverting public money to brands despite research showing that **every dollar paid out as an incentive returns anywhere from four to nine dollars back into the local economy**. South Africa (and its current competitors) are missing out on huge opportunities and opening the door for new territories, which have a far more pragmatic approach, to win the work.

WHATS HAPPENING IN THE WIDER FILM PRODUCTION INDUSTRY?

The graphs below illustrate the number of international productions that were produced in South Africa between 2017 and 2025. The trend is relatively consistent across the industry sectors and indicates a clear drop-off in work:



Source: Film Industry Visa Assistance - FIVA



Source: Film Industry Visa Assistance - FIVA

WHAT ARE THE SOLUTIONS?

The solution is for the industry to get serious about making changes that will secure its future.

The following 9 steps are required:

1. Win as many jobs as possible to keep the industry working. To do this, greater negotiability from suppliers, agents, crew and performers is needed.
2. Together we need to bring down costs wherever possible and across all departments.
3. Lobby government for a user-friendly rebate for commercials.
4. Make everything a lot simpler and more user friendly.
5. Focus on working together to bring in more work.
6. Get the attention of the government and push for the necessary legislative changes.
7. Market South Africa and commercial production more effectively to clients, and at regional and national government level.
8. Stop speaking negatively about the industry be it on set, on social media or in the media. Prioritise a positive narrative.
9. Highlight South Africa's standing and reputation in the eyes of clients and the international community.
10. Work with cities and authorities to unlock new locations and reduce restrictions around their use.
11. Engage with the public to get their buy in and garner their support.
12. Put aside divisions and suspicions and collaborate to find solutions within the industry.

TO ACHIEVE THIS, THE FOLLOWING SUGGESTIONS HAVE BEEN PROPOSED:

Production Companies

The focus of production companies must be to do whatever is necessary to bring in the work. This is essential for the survival of the industry supply chain.

Please consider:

- Reducing mark ups to secure jobs
- Reducing operating expenses
- Cutting back on excess on set & eliminate all non-essentials (yes, that includes the Barista)
- Prioritising marketing & the exploration of new business opportunities
- Conducting business in a transparent & ethical manner; don't expect suppliers to take a cut if you won't do this and acknowledge savings passed on by suppliers to clients.

Crew

Crew are essential to any shoot. Their cost makes up approximately 35% of a commercial's budget. Savings in this area can make a considerable difference to the bottom line.

Please consider:

- Being open to negotiating rates and gear costs
- Making Sundays and night shoots (first night) standard days
- Agreeing to breakfast (or even all meals) off the clock
- Waiving travel time where popular locations (Atlantis Dunes, Lourensford etc.) fall just outside of the 40km radius. (This should not apply to any location more than 60km away from base).
- Not increasing the price of labour, gear, vehicles etc. this year and eliminating all opportunistic costs
- Bringing in smaller teams with fewer assistants (where the job allows for it)

Talent

Our Performers shine on screen but talent remains one of South Africa's least competitive cost areas. Some clients find it less expensive to import talent which is a great pity.

Please consider:

- Being open to negotiation with respect to both rates and contractual terms
- Allowing clients to use more stills images and other small and affordable concessions as part of a package
- Extending the free wardrobe call from 2 hours to 4 hours
- Not engaging the services of unregistered debt collectors (they damage the industry's reputation)

Locations

Beautiful Cape Town is experiencing location fatigue. Clients feel like they have seen it all - and the cost of private locations is rising too rapidly.

Please consider:

- Embracing transparency (location agents are the only suppliers in the industry who currently will not divulge their mark ups)
- Reducing the cost of private locations, which are seen to be comparatively high by international clients
- Reducing the cost of overtime / prep & strike days
- Hiring fewer personnel in the Unit Department (where possible)
- Discounting unit equipment and perhaps create packages for small, medium and large shoots
- Actively sourcing and scouting new locations

Art Department

Considerable trust is required between production and art department as costs here tend to run away unless tightly monitored and controlled.

Please consider:

- Making sure all invoices submitted are authentic and credible
- Discounting props (especially those purchased from production companies) that have been fully paid off
- Charging the recommended meal allowance for pre-production rather than submitting restaurant slips to petty cash
- Limiting expensive snacks, drinks and meals during pre-production - the current practice of charging for 3 meals a day is unacceptable
- Cutting down on all unnecessary extras and eliminating charges for wardrobe, props and supplies that are not used or selected. Bring a couple of vases to set rather than 5

General Suppliers

There would be no industry without the hundreds of companies that supply us with goods and services. Times are tough – we hope we can continue to rely on their support.

Please consider:

- Being open to negotiations
- Bringing down costs where possible
- Eliminating all unnecessary or unwarranted costs
- Being efficient with smaller budgets.
- Please acknowledge that different jobs have different needs and scales of budget. Please cost accordingly

THE WAY FORWARD: 2025 AND BEYOND

The commercial production sector in South Africa finds itself facing a perfect storm in 2025. Several challenges are coalescing which threaten the future of an industry which has thrived for almost 50 years.

These challenges are not specific to South Africa; commercial production throughout the world is in a state of flux. Agility, combined with a change in perception and attitude, is required for reinvention and reinvigoration – and even that may not be enough!

All production companies and suppliers must come together to do everything they possibly can to make sure that the flow of work in and to South Africa increases in the years ahead.

THE CPA

The Commercial Producers Association of South Africa, “the CPA” is a trade association representing 55 companies that specialise in the production of commercials and advertising content for the domestic and international markets. CPA members are based in both Johannesburg & Cape Town.

The CPA endeavours to look after and protect the interests of its members and – by extension – the commercial production sector.

For more information about the CPA, please visit www.cpasa.tv

COMMERCIAL PRODUCERS ASSOCIATION SOUTH AFRICA

WHY WORK WITH CPA MEMBERS

The CPA strongly recommend that clients, agencies and foreign production companies work with reputable CPA members to ensure peace of mind and the best possible results. As in any industry there are some very inexperienced and unscrupulous operators who choose not to follow the sector's well established norms & standards and don't believe they should be held accountable for their actions.

To avoid potential disappointment, frustration and financial loss we urge all clients to perform due diligence by checking the credentials and references of production companies they plan to work with.

Suppliers should do the same. Not all production companies are CPA members and the norms and standards that many suppliers take for granted may not apply when working with them. Payment terms may differ, the company may not adhere to recognized working guidelines or best practice, they may break laws that increase risk to the industry, they may choose not to insure crew and performers working on set or act in a way that places suppliers at considerable risk. The CPA can only intervene and/or take recourse against its own members should they contravene the Association's Code of Conduct.

For more information on CPA members, please follow the link: https://cpasa.tv/members/

CPA MEMBERS

The CPA is proud to confirm that the following production companies are members of the association:

*Please note: this list may change from time to time, please refer to to the membership page on the CPA's website for an up-to-date list - https://cpasa.tv/members

0307	Egg Films	Mahboula	Patriot Films	Spitfire Films
1974 Films	Fam Film Productions	Masters & Savant	Plate Films	Stillking
360 Films	Farm Film	Mercy Moving Image(s) Co.	Pretty Neat	Team Best
7 Films	First Pencil	Migrate Films	Red Petal Productions	The Big Picture Company
AFS Productions	Gatehouse	Monkey Films	Robot	The Network
Atomik Pictures	Gentlemen Films	Moonlighting	Rocket Films	The Shooting Gallery
Bioscope Films	Giant Films	Mother Pictures	Romance Films	The Star Film Company
Bravo Zulu	Grinder Films	MR Film	Sailor Films	They
Cake	Groundglass	North South Productions	Simpleman	TinToy
Carbon Films	Her Films	Ola Films	Simply Stellar Films	Your Girlfriend
Darling Films	Insider Films	Orange Films	Sparky Films	

CONTACT DETAILS

The For more information, please contact Bobby Amm,
Executive Officer on +27 82 683 0575 or at bobby@cpasa.tv

If you would like us to add you to our mailing list to receive correspondence from the CPA, please follow the link to enter your details: https://www.surveymonkey.com/r/LQ298YP

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