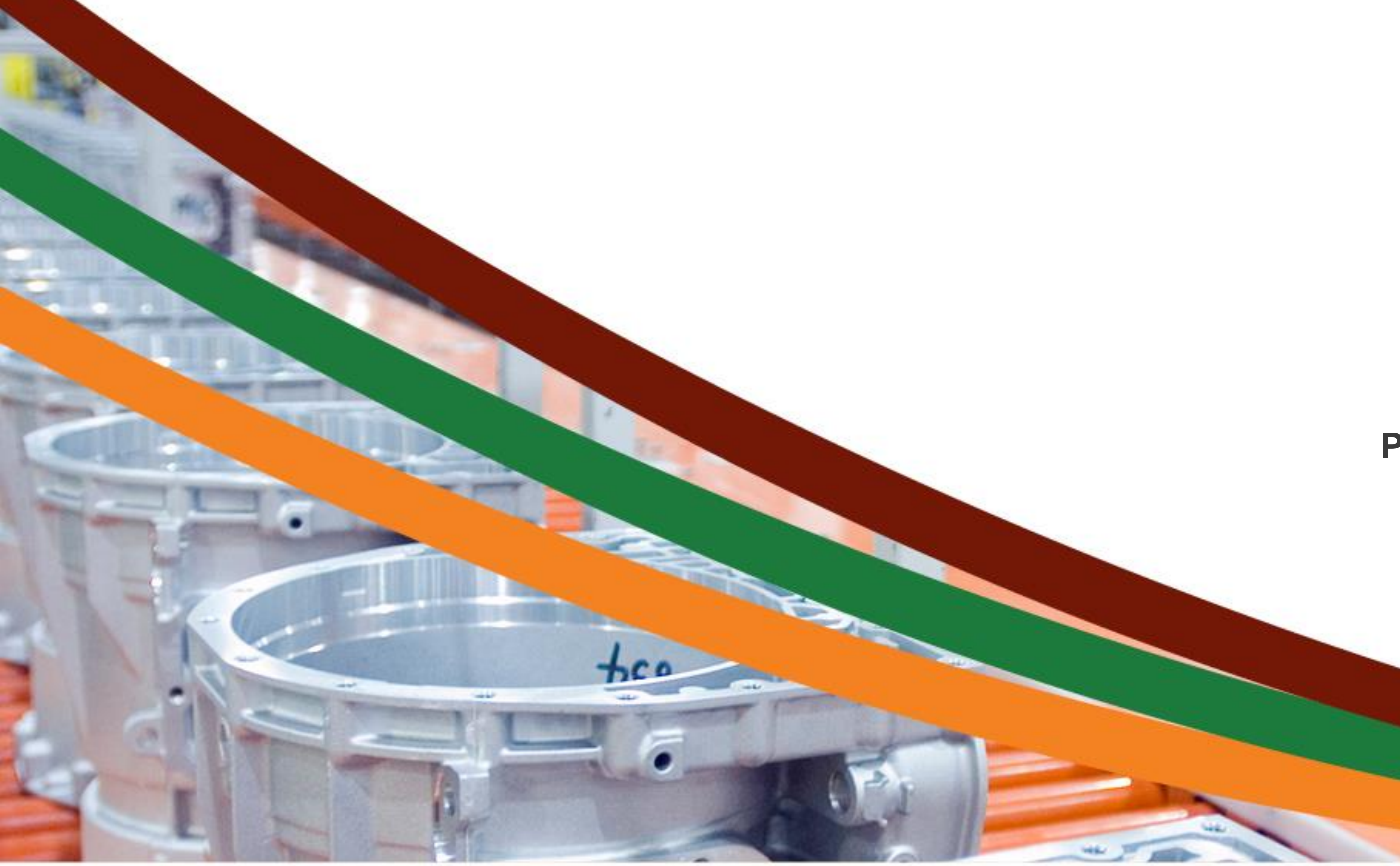
Status report on progress made regarding the resolution of challenges facing the film industry, particularly in relation to the Film and Television Production Incentive



PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

11 AUGUST 2026

the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

CONTENTS

INCENTIVES BRANCH

Purpose: To stimulate and facilitate the development of sustainable competitive enterprise, through the efficient provision of effective and accessible incentive measures that support national priorities.

Functions:

1. Provide incentive schemes that broaden economic participation
2. Provide incentive schemes that increase the competitiveness of RSA product and services
3. Provide incentives schemes for investments in the services sector
4. Provide support for investment in infrastructure development
5. Manage incentive schemes for investments in the manufacturing sector
6. Monitor and evaluate of various incentives schemes and other related programmes meant to promote investment, job creation, equity and exports
7. Manage and maintain strategic partnership
8. Develop and improve the existing/ new incentives offerings/programme
9. To promote synergy between the economic development policies of government and the functioning of associated financial institutions.
10. Oversee the provision of an administration service

Competitiveness Incentives & Broadening Participation Incentives	Services Investment Incentives	Manufacturing & Investment Support	Strategic Partnership and Customer Care	Monitoring & Evaluation
Industrial Financing (Operations)	Competitiveness merged with BPI	Infrastructure Investment Support	Product Development	

BACKGROUND

the dtic has been a strong and stable propeller for the Industry for over 20-years, having focused on the provision of cash incentives to international, co-productions, emerging and local productions.

The strategic function of the incentive is to address the following market failures:

- Low production activity
- Limited job opportunities
- Inhibited local and foreign investment environment
- Lack of sector transformation
- Low compliance with statutory and regulatory requirements

Between FY2016/17 and FY2025/26, the dtic distributed more than R4.4 billion to over 200 companies, with qualified production spend of R19.7 billion.

Expected Impact: Increased Economic Activity → Job Security → Poverty Reduction → Inclusive Economic Growth

The next four slides provides an overview of the discussion held, industry demands and status updates. This is then followed by the more detailed discussion per meeting between the Industry and the Department. The presentation ends with providing an updated on the contingent liability, Form B progress and a way forward.

PORTFOLIO COMMITTEE MEETING, IMPLEMENTATION, ACTIONS TAKEN AND PROGRESS

PORTFOLIO COMMITTEE RECOMMENDATIONS	IMPLEMENTATION	STATUS UPDATE
the dtic and National Treasury to engage constructively to provide certainty and restore investor confidence.	Innovative funding mechanisms were explored and shared with the industry, which was requested to submit additional funding proposals for further consideration by the Department and its agencies.	The industry recommended that the current grant funding framework remain unchanged, while supporting the continued provision of the Tax Credit incentive for foreign productions. A cost-benefit analysis has been submitted to the National Treasury for consideration, and the Department is currently awaiting feedback.
	A meeting was held with the National Lottery Commission (NLC) to discuss proposed amendments to its mandate to enable support for non-NPO companies implementing social cohesion projects.	The mandate of the NLC has not yet been amended. Discussions between the Commissioner and **the dtic** Executive are still ongoing, and the outcome will be communicated once a decision has been reached and formally agreed upon.
	The Ministers of **the dtic** and National Treasury held engagements to explore additional financial support for the Services Sector, including a potential Tax Credit facility.	Discussions between the two departments are still ongoing.
To resolve outstanding issues, particularly those about the 2021 repudiations.	The 2021 incentive repudiations were resolved through the internal appeals process, with approved incentive payments subsequently made to compliant companies.	Resolved
To ensure that guidelines and eligibility criteria were developed in consultation with industry.	Meeting consultation on the 3rd and 18th June	Further engagements required with the Industry to resolve the guideline criteria and requirements.
Support for critical sectors should extend beyond financial assistance to include non-financial compliance support.	The National Empowerment Fund (NEF) will continue to provide non-financial support to production companies.	Resolved
The industry was urged to report specific cases of maladministration or wrongdoing responsibly, avoiding witch-hunts and enabling proper investigation.	The industry was encouraged to report any suspected maladministration through the available confidential reporting channels, which were shared during the Deputy Minister's engagement.	To date, no reports of wrongdoing by officials have been received from the Industry.

INDUSTRY DEMANDS, MEETING RECOMMENDATIONS AND STATUS UPDATE

INDUSTRY DEMANDS	KEY MEETING RECOMMENDATIONS	STATUS UPDATE
The immediate resumption of Adjudication Committee meetings	MEETING ON 18th JUNE Engage lagging producers on a weekly basis and setting firm individual deadlines to expedite submissions. Industry stakeholders proposed that the unit formalise strict cut-off dates for outstanding materials. It was argued that establishing a clear deadline would allow the Department to officially reject permanently stalled projects, thereby cleaning up the pipeline and accurately freeing up budget for active 2024 applications.	Lagging productions are being engaged on a weekly basis to speed up the payment of claims and reduce the Contingent Liability, which as at the end of June was reduced to approximately R255 million. Once this is cleared, the Adjudication Committee meeting will resume, subject to the agreement on the Revised Guidelines.
The processing of pending applications	The industry requested that pending applications be processed.	Pending applications have not yet processed due to capacity constraints as current officials are processing claims on hand.
Immediate Verification of Form B — Commencement of Principal Photography.	The industry requested that **the dtic** obtain and verify evidence of the commencement of principal photography and provide a status update on companies that elected to proceed with production at their own risk.	Resolved
The establishment of working groups	MEETING ON 9th MARCH Shareholder Consultation Model Presented	Awaiting Feedback from Industry
	MEETING ON 9th MARCH Two working Groups formed: • Administrative Challenges • Funding Model	Resolved
Short and medium term solutions	MEETING ON 26th MARCH The Industrial Development Corporation (IDC) presented a cost-benefit analysis model with a two-tier hybrid film incentive framework balancing fiscal sustainability, global competitiveness, and sector stabilization. MEETING ON 3rd and 18th JUNE The industry reinforced its complete rejection of the blended finance model, while **the dtic** noted that severe national fiscal constraints require moving away from pure grant reliance. In alignment with South Africa's possible participation at the Berlinale Film Festival, DSAC requested that, where feasible, the future rebate framework be finalised by September/October 2026.	The industry expressed strong reservations regarding the proposed soft loan model and indicated a preference for continuing the grant funding system for local and co-productions, citing concerns that the loan model may disadvantage smaller production companies. It was proposed that foreign productions with a qualifying spend of R30 million migrate to a Tax Credit model, to be implemented within the next two to three years. NEW FUNDING MODEL REJECTED BY INDUSTRY

INDUSTRY DEMANDS, ACTIONS TAKEN AND STATUS UPDATE

INDUSTRY DEMANDS	ACTIONS TAKEN	STATUS UPDATE
Regular guideline interpretation workshops	MEETING ON 18th JUNE In light of administrative capacity constraints**, the dtic** could not support the industry's proposed two-day workshop. As an alternative, **the dtic** committed to a one-day, in-person working session, co-hosted by the NEF or IDC, to systematically review and address barriers within the guidelines. **the dtic** invited industry attorneys to formally submit an alternative legal framework for *Clause 1.8*; the industry proposed changing "no right to payment" to a conditional right to payment subject to fulfilling all compliance criteria, which **the dtic** will review with the State Attorney.	Date still to be agreed on To date, no documentation or correspondence has been received by the Legal Unit.
Stronger accountability for the incentive's perceived shortcomings	MEETING ON 3rd JUNE Discussion of the 2023 Film Guidelines **the dtic** team to evaluate the active list of approvals to officially terminate contracts that sit outside the legal 24-month claiming period.	Claims relating to the approved projects have been submitted, and engagements with the beneficiaries are ongoing, particularly with first-time claimants, to facilitate the processing and finalization of their claims.
Reduced red tape and greater transparency	MEETING ON 3rd JUNE The industry coalition requested **the dtic** to halt the practice of conducting a 100% audit. Instead, the industry will bear the responsibility of submitting a 100% audit completed by their independent external auditors, and the unit to do a sampling of (50%/70%) testing to reduce turnaround times.	The Department agreed that sampling would be conducted on new claims, provided the industry could demonstrate that 100% of the claims had been audited by an independent auditor. While this approach was accepted, the Auditor-General advised the Department to continue exercising the necessary due diligence to ensure compliance and mitigate the risk of irregularities.
	The industry coalition agreed to draft and submit a strict "consequences framework". This framework will dictate the exact legal or administrative penalties to be handed down to any specific company or auditor if the unit spot-checks uncover catastrophic financial misrepresentations or errors. The industry coalition to submit a detailed written memorandum covering specific administrative proposals, legal sections relating to the Companies Act, and the proposed audit penalty framework.	Awaiting detailed Framework and memorandum from Industry.
	The coalition agreed to submit a memorandum and meeting representation reflect a unified industry position and clarify which bodies are represented to avoid confusion in future engagements.	Awaiting the memorandum that will indicate a unified Industry position and its bodies.

ENGAGEMENT WITH PORTFOLIO COMMITTEE ON 17 FEBRUARY 2026

The Portfolio Committee Chairperson reiterated that the oversight role of the Committee was to facilitate engagement between **the dtic** and industry stakeholders to ensure that existing jobs were retained, new jobs were created, and inclusive economic development was advanced. While the Committee could not directly resolve administrative matters due to the principle of separation of powers, it had a duty to ensure that the Department and industry worked together to address the challenges.

He welcomed the Minister’s commitment to ongoing engagement and requested that the Committee be updated regularly, whether through monthly or quarterly reports, particularly when key developments occurred in the sector. He stressed that the film and television industry created both direct and indirect employment, especially within the SMME sector, and that its economic value should not be underestimated.

The Chairperson noted the importance of exploring creative funding mechanisms within the bounds of the law, including possible recapitalisation options such as the lottery fund and other alternative sources, while recognising the country’s fiscal constraints. He emphasised the need for **the dtic** and National Treasury to engage constructively to provide certainty and restore investor confidence.

He further highlighted the need to strengthen communication between the Department and stakeholders, to resolve outstanding issues, particularly those about the 2021 repudiations, and to ensure that guidelines and eligibility criteria were developed in consultation with industry. He reiterated the Committee’s previous position that support for critical sectors should extend beyond financial assistance to include non-financial compliance support.

The Chairperson urged both the Department and the industry to prioritise areas of common ground and to approach negotiations constructively so that the sector would not deteriorate further. He encouraged the industry to guide specific instances of maladministration or wrongdoing, without engaging in “witch-hunts,” and to raise concerns responsibly to enable proper investigation. He agreed, however, that where specific concerns existed, these should be raised during engagements between the Department and the Industry so that the Minister could follow due process. He emphasised that allegations should be handled fairly and investigated properly rather than aired irresponsibly.

RESPONSE TO THE PORTFOLIO COMMITTEE

Engagements were resumed with the industry from 9 March 2026, whilst the Deputy Minister held engagements with officials, the NEF, and the IDC in preparation for engagement with industry.

Creative funding mechanisms were explored and shared with the industry for further deliberation, and the industry was requested to present their options for further deliberations with the Department and its agencies.

A meeting was held with the National Lotteries Commission (NLC) to discuss proposed amendments to its mandate, to support non-NPO companies working on social cohesion projects.

The Ministers from **the dtic** and National Treasury held several discussions on how to further support the Services Sector with additional funds, including a possible Tax Credit facility.

The 2021 repudiations were resolved through the internal appeal process with incentives paid to companies.

The National Empowerment Fund will continue to offer non-financial support to production companies.

During the meeting with the Deputy Minister, the industry was informed that any instances of maladministration should be reported for investigation through various available channels, and that information will be treated with the utmost confidentiality. The reporting channels were shared with the industry. To date, the Industry has not shared any information on maladministration or wrongdoing by officials.

STAKEHOLDER MEETING 9 MARCH 2026 WITH THE DEPUTY MINISTER

- Government remains committed to supporting the Industry as a key contributor to economic growth, job creation, and international investment.
- The need to resolve Administrative and Operational Challenges affecting the processing of incentives.
- Improving coordination between Government departments involved in the creative economy.
- Ensuring the current incentive framework remains competitive compared to other international markets.
- The Department is engaging National Treasury and other stakeholders to explore reforms that could strengthen the long-term sustainability of the programme.

- Discuss the two response letters previously issued by the Department in February 2025 and January 2026.
- Clearing the backlog on current claims and reducing liability, without raising further liability, to sustain the programme.

An incentives and Funding Model is to be developed

- A stakeholder consultation model was presented — Industry to provide inputs.
- Two working groups formed: Administrative Challenges and Funding Model.
- The importance of maintaining ethical standards and concerns regarding reporting of irregularities.
- Verification of Form B — Commencement of Principal Photography.

STAKEHOLDER MEETING 26 MARCH

A presentation on the status of the contingent liability by the Department was made.

The Industrial Development Corporation (IDC) presented a cost-benefit analysis model with a two-tier hybrid film incentive framework balancing fiscal sustainability, global competitiveness, and sector stabilisation.

Tier	Purpose	Strength	Effective Incentive Rate
Tier 1: Tax Credit (QSAPE > R30m) — International	Compete for global film spending	Predictable, bankable, fiscally lighter	30–40% QSAPE Tax Credit
Tier 2: Soft Loan (QSAPE < R30m) — Domestic	Build a sustainable domestic Industry	Strong fiscal ROI, capital recycling	30% QSAPE. No interest for 24 months, then 6% on approved amount thereafter

BENEFITS OF THE TWO TIERS

Benefits of Film Tax Incentives

- Job Creation — boosts local employment (crew, actors, extras, vendors).
- Economic Impact — productions spend on hotels, restaurants, equipment rentals.
- Tourism Boost — popular filming locations attract visitors.
- Industry Growth — encourages long-term infrastructure (studios, post-production facilities).

- The facility will impact productions where QSAPE < R30 million. From a risk perspective, the concessional loan model significantly reduces fiscal risk exposure relative to grant-based instruments, shifting Government participation from transfer-based support to structured, managed financing.

Soft loan benefits include

- Stretching public resources through recoverable financing.
- Supporting employment and economic activity while minimizing long-term fiscal exposure.
- Encouraging IP ownership/retention through a shared-risk instrument.

Industry stakeholders were requested to consider and discuss the two proposed models among themselves and provide feedback at the next meeting.

STAKEHOLDER MEETING 13 APRIL

Following their assessment of the presentations made by **the dtic** and the IDC, both the Independent Black Filmmakers Collective (IBFC) and the SAVE SA Film and TV Jobs Coalition presented their respective proposals.

The industry expressed strong reservations regarding the proposed soft loan model and indicated a preference for continuing the grant funding system for local and co-productions, citing concerns that the loan model may disadvantage smaller production companies.

It was proposed that foreign productions with a qualifying spend of R30 million migrate to a Tax Credit model, to be implemented within the next two to three years.

There was consensus on the urgent need to capacitate the Film Unit to enable efficient processing of applications and claims currently on hand.

the dtic and industry are to present a compelling case to National Treasury to secure additional funding.

Industry requested feedback on meetings held with National Treasury and Canal+ on the MultiChoice matter.

The Industry requested that the adjudication committee resume operations to commit R236,3 million for claims to be submitted during the current financial year.

Industry stakeholders proposed that a formal statement reaffirming continuation of the film incentive programme be issued, to restore and strengthen investor confidence in the sector.

STAKEHOLDER MEETING 8 MAY

Industry stakeholders proposed that a formal statement reaffirming continuation of the film incentive programme be issued, to restore and strengthen investor confidence in the sector.

Following their assessment of the presentations made by **the dtic** and the IDC, both the IBFC and the SAVE SA Film and TV Jobs Coalition presented their respective proposals.

SAVE SA Film Coalition expressed strong reservations regarding the proposed soft loan model and indicated a preference for continuing the grant funding system for local and co-productions, citing concerns that the loan model may disadvantage smaller production companies.

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STAKEHOLDER MEETING 3 JUNE

The primary objective of the meeting was to discuss the 2023 Film Guidelines. The SAVE SA Film Jobs Coalition changed the agenda and presented a document titled "DTIC Meeting Memorandum.docx", with the following focus areas:

a) Administrative Challenges — focus on cutting down excessive paperwork, clarifying the legal basis for administrative requirements, and reducing turnaround times; addressing immediate administrative bottlenecks, as the current 2023 guidelines are deemed unworkable.

b) Audit Requirements and the Factual Findings Report (FFR) — the dtic requested 100% (as opposed to 70%/50%) testing on Qualifying South African Production Expenditure. It was proposed that Industry perform a reimbursable 100% audit, while the Department conducts a 50–70% audit.

STAKEHOLDER MEETING 18 JUNE

The meeting discussed the 2023 Film and TV Guidelines.

The challenges raised by Industry in relation to the 2023 guidelines were unpacked and discussed, based on letters submitted to the Department.

Further capacity constraints were highlighted as a key challenge affecting application processing and the resumption of Adjudication Committee meetings.

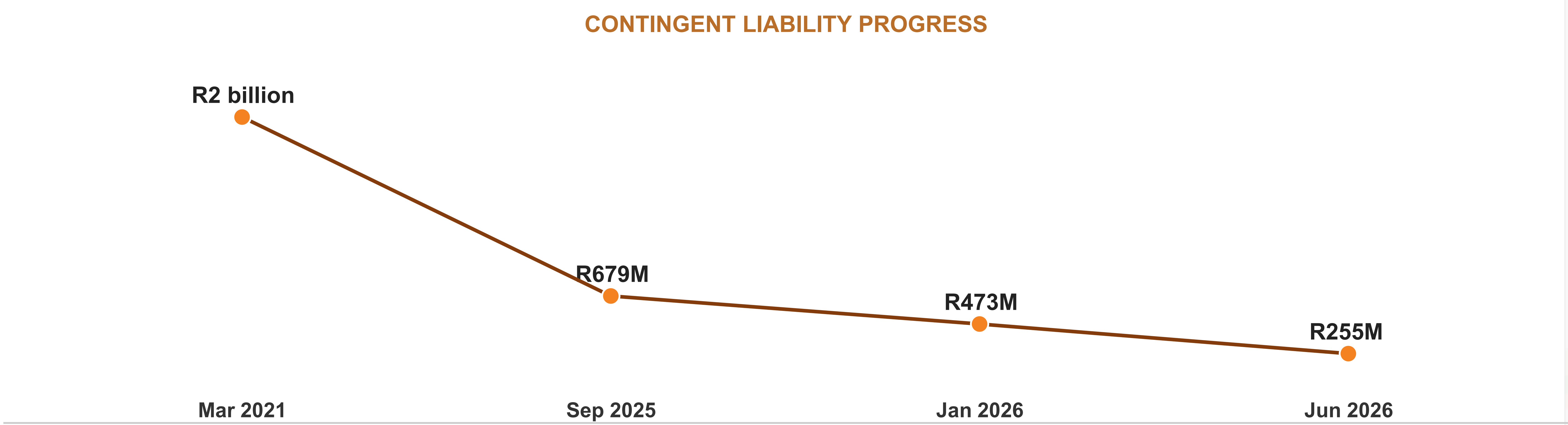
An update on the online application portal and the proposed implementation timeline was discussed.

CONTINGENT LIABILITY

Following the suspension of adjudication meetings, the business unit continued to settle valid claims with the objective of reducing the contingent liability.

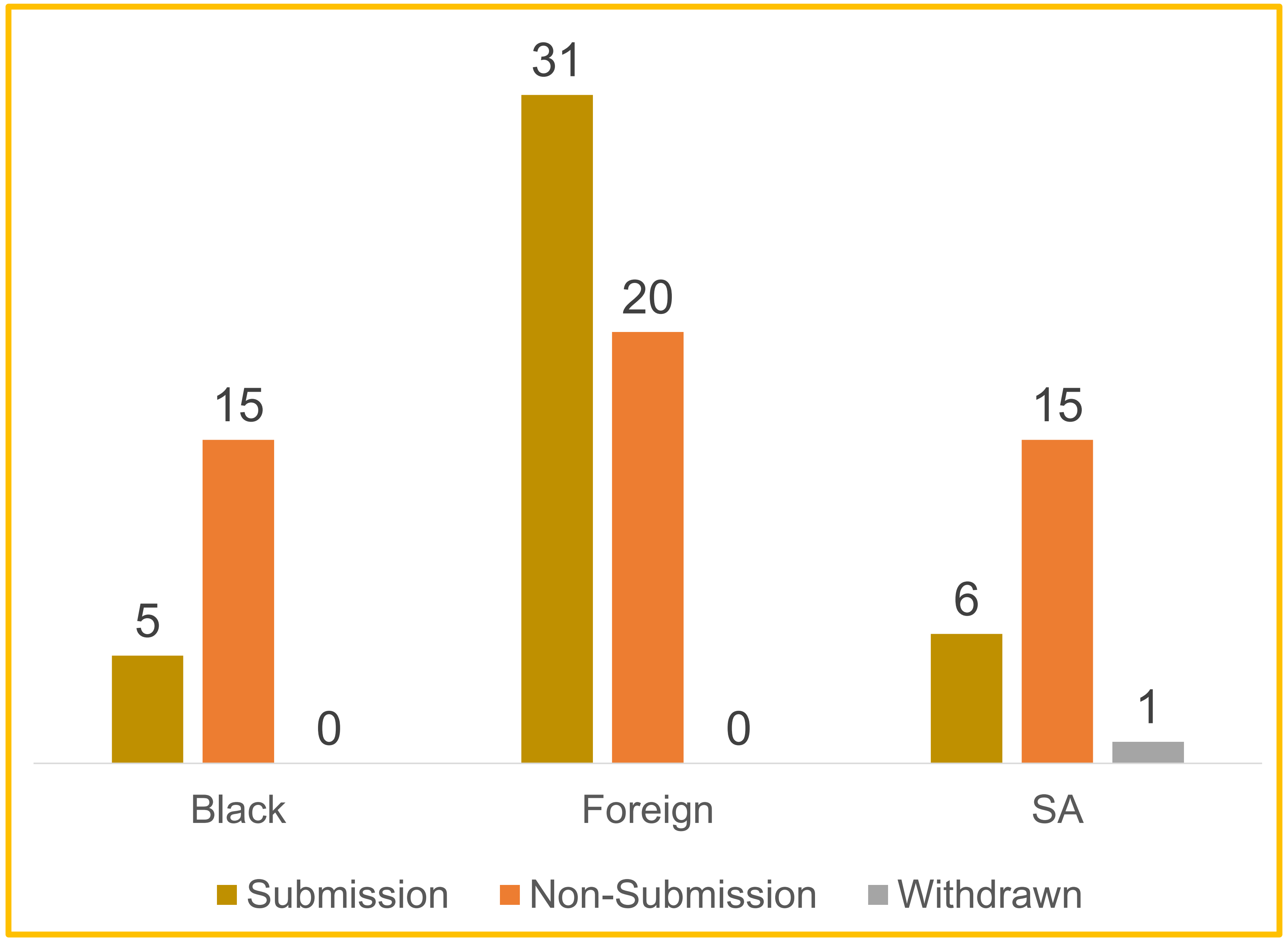
The contingent liability stood at approximately **R2 billion**, as disclosed in the Annual Financial Statements (AFS) for the year ended March 2021.

From September 2025 to date, the contingent liability has shown a consistent downward trend, from **R679 million** to **R473 million** — with a further decline to **R255 million** by June 2026.

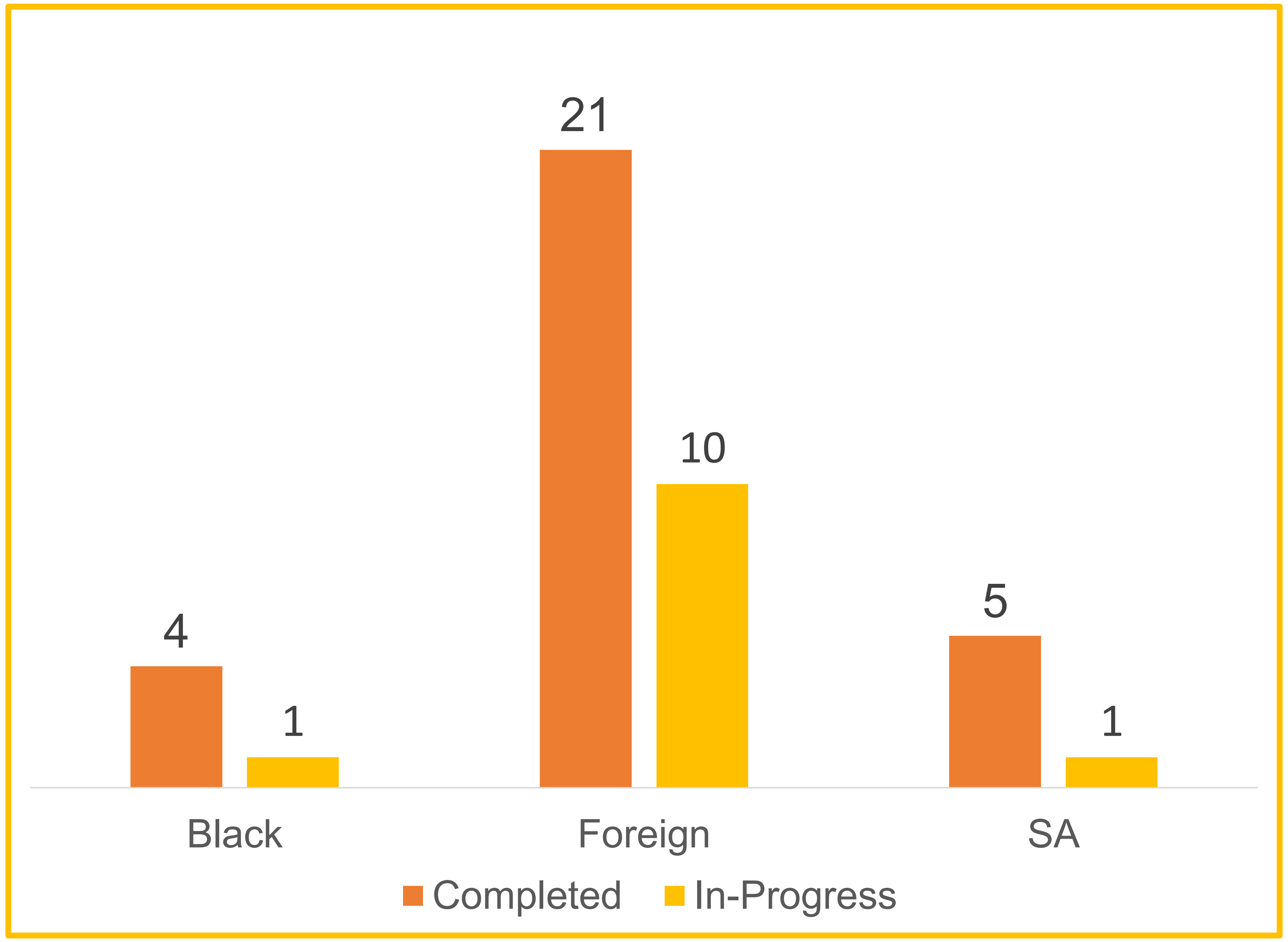


PROGRESS WITH FORM B

COMMENCEMENT OF PRINCIPAL PHOTOGRAPHY: FORM B



COMPLETION OF PRODUCTION



INCENTIVE	SUBMISSION	NON-SUBMISSION	WITHDRAWN	ESTIMATED INCENTIVE AMOUNT
Black	5	15	0	R 54 801 118
Foreign	31	20	0	R501 715 326
SA	6	15	1	R6 859 266
TOTAL	42	50	1	R 563 375 710

SCHEME	COMPLETED	IN-PROGRESS	ESTIMATED INCENTIVE AMOUNT
Black	4	1	R50 503 618
Foreign	21	10	R40 716 438
SA	5	1	R323 292 170
TOTAL	30	12	R414 512 226

THE WAY FORWARD

The Department will appoint an independent strategic facilitator to work collaboratively with the Film and Audiovisual Industry collectively in the development of the new guidelines. This intervention follows concerns raised by SAVE SA Film Jobs regarding an impasse in its engagements with the Film Incentive Director.

The strategic facilitator will establish and facilitate the various workstream groups to support structured stakeholder engagement to support the ongoing engagements.

The workstream groups will comprise of representatives from the Department, DSAC, DCDT, NFVF, IDC, NEF and all industry associations to ensure an inclusive, transparent, and consultative process.

The Facilitator will develop a detailed implementation plan, including clear milestones and timelines, to guide the review and finalisation of the revised incentive framework.

Regular progress reports will be provided to the Portfolio Committee on Trade, Industry and Competition, including updates on stakeholder consultations, key outcomes, and the implementation of agreed actions.

Thank you