

FORBES LIFE

CAPE TOWN FILM STUDIOS

Picture This

The mountain. The sea. In between, Africa's first state-of-the-art high-tech film studio. What's more, it's making money, it's creating jobs and it's stimulating imagination.

BY KRISTIN PALITZA



In a golf-cart-type vehicle, Nico Dekker zooms between stages, cheerfully greeting staff as he drives past. “Hello!” he greets to the left. “Howzit?” he shouts to the right in South African slang for “How are you?”. The cart zigzags over a short patch of sandy gravel road, climbs a small hill and comes abruptly to a halt next to an ancient water well.

Dekker, CEO of Cape Town Film Studios, sportily jumps out of the

vehicle and starts walking in long, determined strides through what is southern Africa's first permanent backlot (an area outside a film studio used for outdoor filming).

It's like time travel. A couple of minutes ago, Dekker, casual in jeans and a dark-blue shirt, stood in the middle of one of the studios' enormous four stages, pointing out its ultra-modern, high-tech features. Now he strolls through 13th-century Carcassonne, a medieval village of

thatched stone houses, arches and narrow lanes in the south of France. The \$2 million outdoor set was built for a TV production by English film director Ridley Scott, based on Kate Mosse's bestselling thriller, *Labyrinth*. Now it is used as a backdrop for any movie set in ancient times.

“Impressed?” Dekker asks while running his hands through his strawberry-blond hair. It's the effect he secretly hopes for. “I rather undersell the studios and surprise

people, than make a big announcement and struggle to live up to it,” he says, his grey-blue eyes twinkling. Since the Cape Town Film Studios became operational in November 2010, Dekker has sought little media attention, letting the films produced here speak for themselves.

Since opening, the studios have attracted Hollywood productions like *Blood Diamond* with Leonardo DiCaprio, 3D action film *Dredd*, superhero movie *Chronicle*, and *Safe House*, starring Denzel Washington and Ryan Reynolds. Presently, South African director Anant Singh, whose company Videovision Entertainment is a major stakeholder in the studios, is turning Nelson Mandela's autobiography, *Long Walk to Freedom*, into a movie here.

The feedback from Hollywood has been positive. Jim Dodson, executive producer of the 20th Century Fox film *Chronicle*, said Dekker and his team did “an amazing job in laying out and designing the [Cape Town] studios”. Because production costs are much lower in South Africa than in the US, the movie cost \$12 million to produce but made more than 10 times that amount at the box office. The Cape Town studios had produced a film that “looks like \$100 million for less than half that figure”, said *Dredd* producer Andrew Macdonald. “Now that's value for money,” Dekker beams. “We give life to film projects that were seen as unaffordable in the US or Europe.”

South Africa—particularly the region around Cape Town with its beaches, mountains and winelands—has been a prime location for the advertising and film industry since the dismantling of apartheid in 1994, which led to the lifting of sanctions.

“It offers beautiful locations and an incredible variety of landscapes, all within a three-hour radius,” says Dekker. Cape Town's palm-lined Camps Bay beach often serves as a tropical backdrop. Only two hours outside the city, the barren scenery of the Cederberg or the arid Karoo make for desolate desert settings, while the green hills around Grabouw, an hour's drive from Cape Town, give an impression of the Swiss Alps.

But until the studios opened, material shot in and around Cape Town was taken overseas for studio work, post-production and visual effects—and that's where the real value-add is taking place.

This has now changed. Cape Town has become a destination for both location shoots and high-end studio production. Producers go home with a finished product. That's a tremendous economic opportunity for the country, according to a 2010 Deloitte Touche study, which found that every dollar spent on studio-based film production leads to \$2.50 in GDP. At full capacity, the Cape Town Film Studios can add about \$180 million to South Africa's GDP, says Dekker.

With a \$750 million annual turnover, the film and television industry contributes a big chunk to South Africa's economy, creating employment for 30,000 people,



Nico Dekker

and jobs in related industries such as transport, hospitality and catering. Although the Cape Town Film Studios only employ 16 permanent staff, large productions provide an average of 400 jobs over a six-month period, Dekker says. That includes not only highly skilled technical personnel but also work for carpenters, builders and garment workers who build props and make costumes—this means jobs in a country where almost a quarter of the population is unemployed.

The decision to go ahead with the film studios was nonetheless a gutsy and expensive structural investment. It cost \$41 million to build the 17,000m² complex of four stages with support rooms, production offices, green screens, workshops and a cinema on 200 hectares of land a 40-minute drive from central Cape Town and 10 minutes from the airport.

The South African government made it clear that it was not prepared to take on the financial risk. Instead it called for public tender in 2003, which was met with skepticism. “The initial feedback was negative,” admits Dekker. “Most industry experts were extremely skeptical about an African

studio handling high-tech shoots.”

It took five long years to find the money. In 2008, the bulk of the budget was put up by a consortium of Sabido Investments, which owns South Africa’s free-to-air television station e.tv, and Singh’s Videovision Entertainment, which has received international praise for movies like *Sarafina!* with Whoopi Goldberg and *Red Dust* with Hilary Swank. “It was not a safe investment. It had its risks. But I felt they were reasonable given the exponential growth of the local film industry in the past decade,” says Singh.

Wesgro, the investment and trade promotion agency in the Western Cape, contributed 10% to the budget, while a group of local business investors hold a 5% share. South

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Africa’s Department of Trade and Industry and the City of Cape Town spent \$6 million on road infrastructure to access the studios.

Months of research followed. Dekker visited major studios to learn from their experience. “I asked everyone from Fox to Disney, Universal and Warner to share what they would do differently if they were building today,” he says. The result: *The Hollywood Reporter* ranked the Cape Town studios among the world’s top 10 last year.

Although Dekker admits that studios are generally the industry’s “loss leaders” because their high overheads cut sharply into profits, he believes it will take a mere five to 10 years to see a return on investment in Cape Town. “Even if not all of the stages are always occupied, there hasn’t been a day the studios have stood without production,” Dekker

says. They have already started to write black numbers before tax and interest.

“The studios start looking like a really good investment,” agrees Singh.” More and more international productions are coming in. The successes of films like *Safe House* and *Chronicle* prove us right. Now even the skeptics say building the studios was a smart thing to do.”

Dekker has ensured that there will be various additional sources of income: the land, on which the studios stand, has been zoned into residential, retail, commercial and light industrial areas, including rights for a hotel. Twenty film-related companies will move onto the site within the next couple of years.

The South African government has, meanwhile, recognized the studio’s economic potential. To make the country more competitive internationally, it is considering scrapping the cap on tax rebates. Currently, foreign producers who spend more than \$1.5 million on a South African production and film half of it locally over at least four weeks qualify for a 15% rebate. This is small compared to other countries like Belgium, Brazil, Spain or Hungary, which offer incentives of 40% or more. In contrast to South Africa, their governments also provide free resources such as access to police, army, navy and government institutions and co-financed marketing.

That means South Africa faces some stiff global competition, especially from other cheap locations like Romania, Hungary, the Czech Republic, Mexico and Chile, which offer low rates, highly skilled technicians and are geographically much closer to the US or Western Europe. It needs to “offer the best overall package”, as Dekker calls it. “Some of the world’s most sought-after locations at affordable rates, together with a film studio on par with Hollywood in an English-speaking environment,” says Dekker. “There is huge potential to unlock.”

13th-century Carcassonne, a medieval village reconstructed in Cape Town

