



# Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo leNtshona Koloni

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Report of the Standing Committee on Finance, Economic Opportunities and Tourism on its briefing on matters related to Delta Air Lines, film permits and Remote Working Visas, and the oversight visit to the Cape Town Film Studios on 25 February 2022, as follows:

## **Delegation**

### **Members**

Baartman, D (Chairperson)  
Bosman, G (Alternate)  
Makamba-Botya, N (EFF)  
Maseko, M (DA)  
Nkondlo, N (ANC)  
Van der Westhuizen, AP (DA)

### **Staff Members**

Adams, Z (Procedural Officer)  
Cloete, L (Senior Procedural Officer)  
Motsapi-Mrubata, M (Committee Assistant)  
Barends, A (Logistical Officer)

## **1. Introduction**

The Standing Committee on Finance, Economic Opportunities and Tourism (the Committee) embarked on an oversight visit to the Cape Town Film Studios (CTFS) on 25 February 2022. Prior to the tour of the CTFS, the Committee received a briefing from the Department of Economic Development and Tourism and its Entity; Wesgro, on the matter of Delta Air Lines not being able to fly directly to Cape Town, as well as on film permits in the Western Cape's film industry and Remote Working Visas. The Minister was afforded the opportunity to make opening remarks ahead of the presentation.

The tour was led by Mr Mackie Slamang, the Acting Chief Executive Officer for the CTFS. The Committee was also accompanied on the tour by Ms Wrenelle Stander, CEO of Wesgro, and Ms Monica Rorvik, the Head of Film and Media at Wesgro.

This report highlights the Committee's findings and recommendations stemming from the briefing and visit.

## **2. Briefing by the Department of Economic Development and Tourism on Delta Air Lines, Film Permits and Remote Working Visas**

### **2.1 Overview**

The day commenced with a briefing from the Department of Economic Development and Tourism (the Department) and Wesgro on Delta Air Lines, who are unable to fly to Cape Town, film permits in the Western Cape and remote working visas.

The briefing was held virtually via MS Teams. The briefing was led by Mr Rashid Toefy, Deputy Director-General at the Department, Ms Ilse van Schalkwyk (Chief Director: Economic Sector Support), Mr Paul van den Brink (Aviation Liaison), Mr David King (Project Manager for Cape Town Air Access at Wesgro), Ms Anzel Venter (Deputy Director: Finance and Business Services) and Mr Jacques Stoltz (Director: Tourism). Ms Wrenelle Stander (Chief Executive Officer of Wesgro) and Ms Monica Rorvik (Head of Film and Media Promotion at Wesgro) were also in attendance and would accompany the Committee on the tour of the CTFS.

### **2.2 Briefing on Delta Air Lines: observations**

2.2.1 The Western Cape Government, the City of Cape Town, Airports Company South Africa (ACSA), South African Tourism and Cape Town Tourism established the Cape Town Air Access Programme in 2015, to attract a United States-based carrier to Cape Town as there was no direct flight route between the US and Cape Town. There was no direct flight route between Cape Town and the US until 2019 when United Airlines started operating between Cape Town and Newark. Unfortunately, this flight route was halted in March 2020, because of the COVID-19 pandemic but has resumed operation since December 2021.

2.2.2 The November 2021 statistics for flight numbers indicated a 40% recovery in respect of international travelers to Cape Town since 2019, however, this number dropped significantly in December 2021 with the surge of the Omicron variant. However, the January 2022 numbers indicated a 35% recovery in respect of international travelers from 2019. The international flight numbers for February 2022 have shown a 50% recovery rate from 2019. Flight numbers and bookings until the Easter period were looking very positive and the Department was optimistic that more people would return to Cape Town over time.

2.2.3 The Department and Wesgro has engaged with Delta Air Lines who used to have a flight route between the US and Cape Town until 2009. Delta Air Lines has since operated via Johannesburg to and from Atlanta. However, in March 2020, Delta Air Lines indicated that they wanted to optimise their fleet, which meant phasing out their older aircrafts and introducing the Airbus A350-900 aircraft into their fleet. The challenge was that Johannesburg is on a higher altitude, which meant that taking off from that point resulted in higher fuel burn. Warmer weather also affected the performance of the Airbus A350-900. Delta Air Line's proposed solution was the introduction of a triangular flight route from Atlanta to Johannesburg and Cape Town, and back to Atlanta. In 2020, Delta Air Lines applied to amend the Foreign Operators Permit to operate the triangular route. This request was necessitated by the fact that the new generation Airbus A350-900 aircraft would not be able to operate a non-stop flight from Johannesburg to Atlanta without severe load penalties due to the take-off altitude and the occurrence of headwinds. The

engines in the Airbus A350-900 are less powerful and with headwinds and warmer weather, it meant that 30% of their passengers needed to be offloaded i.e. only 70% of the aircraft can be filled. This was not profitable in the long run, hence the request to operate a triangular route.

2.2.4 According to the Bilateral Air Service Agreement between the US and South Africa, it should be possible for Delta to operate this service, but the National Department of Transport disagrees with the US government on the interpretation of the wording of that agreement. Legal opinions have been requested and the debate is ongoing. Delta's application has not yet been approved and it is the Department's understanding that Singapore Airlines and Etihad Airways submitted a similar application in 2021 without success as well.

2.2.5 Minister Maynier and the Wesgro Board Chairperson sent letters to the Minister of Transport supporting the approval of the Cape Town route, however, they have not received responses from the Transport Ministry yet, leading to the initiation of an intergovernmental dispute. If the application for a triangular route is not approved, Delta might discontinue its flight route completely. Delta has also submitted an application to the US authority to fly a direct route from Atlanta to Cape Town from November 2022.

### **2.3 Briefing on Remote Work Visas: observations**

2.3.1 In respect of work done for the Remote Work Visa Campaign, and in response to the damage caused to the international tourism market by the COVID-19 pandemic, the Department looked at ways in which they could attract tourists from different countries that were able to work remotely to the Western Cape. The Department looked at various visa requirements and benchmarking exercises from other countries, which resulted in amendments to immigration legislation in those countries that enabled remote working.

2.3.2 The Department's tourism recovery initiatives focused on (a) a remote working visa submission to the Ministers of Home Affairs and Tourism focusing on policy amendment and the introduction of a remote working visa, (b) the launch of a Remote Work Portal, which assists potential tourists with all logistical requirements for remote working and (c) the launch of a Digital Nomad Campaign, which promotes remote working.

2.3.3 There did not seem to be much interest from the National Departments of Tourism and Home Affairs to institute a remote work visa. Minister Maynier has also raised this matter on numerous occasions with little response from the respective National Ministers. However, the President's State of the Nation Address noted the importance of remote working visas, which was a positive sign for the Province. The Department continues to engage with the National Departments of Tourism and Home Affairs on the remote working visa proposal.

2.3.4 The E-Visa pilot will be extended to 15 markets, however, since the Western Cape's core international markets are visa-exempt, the roll out of the E-Visa system is not a major determinant in driving tourism recovery. The Department of Home Affairs has been working with the State Security Agency to increase the number of visa-exempt countries.

### **2.4 Film Permits in the Western Cape: observations**

2.4.1 The film and media sector in the Western Cape was identified as one of the main industries with the potential to contribute to economic growth in the Province. The sector has grown rapidly

over the last few years and has flourished into a vibrant and internationally competitive industry.

2.4.2 Film permits are regulated and issued by various departments at local, provincial and national levels of government, depending on each shoot's particular requirements. However, the permitting method for industry to gain access to "shoot permits" is uneven around the Province and the result is that some regions within the Western Cape are "less ready" for these film-related activities. The Department and Wesgro, as part of an inclusive film action plan with the districts, have been developing the film permit process in the various districts.

2.4.3 The Department and Wesgro have provided further assistance in the film and media sector by providing ongoing visa and locations assistance for new reality shows and television series from Netherlands, Belgium, Germany, France, Australia, India, Russia, the United Kingdom and the US. The Department and Wesgro has also lobbied for the removal of barriers to access such as the removal of South Africa from Red Lists, the removal of Omicron travel restrictions and has offered investment advice to new and possibly expanding large film studios and other investor projects in the film and media value chain.

## **2.5 Tour of the Cape Town Film Studios: observations**

Prior to the tour of the Cape Town Film Studios (the CTFS), the attending Committee Members and accompanying officials were required to present with clear COVID-19 PCR test results (24 hours before the tour), and had to sign Non-Disclosure Agreements, as the information given during the tour regarding the production of Project Panda was considered highly confidential. However, following the tour by the Committee on 25 February 2022, President Cyril Ramaphosa also visited the CTFS on 17 March 2022. The President's media statement noted a number of facts that are now deemed public information.

CTFS is the first world-class, custom built "Hollywood style" film studio complex in Africa, and has been rated the best of its kind in the developing world by international production executives. The CTFS is supported by all spheres of government in a public-private partnership. The CTFS' shareholders – Videovision Entertainment, eMedia Investments and Wesgro – are leaders in their respective fields of media, film, entertainment, marketing and business.

The tour of the CTFS was led by the Acting Chief Executive Officer, Mr Makkie Slamong, and the Committee was also accompanied by Ms Wrenelle Stander (CEO of Wesgro) and Ms Monica Rorvik (Head of Film and Media Promotion at Wesgro). The Committee also engaged briefly with the Showrunner/Line Producer of Project Panda, Mr Chris Symes.

The observations were as follows:

2.5.1 The CTFS has been in operation for almost 12 years. The CTFS' initial focus was on location-based filming but they have since evolved into production and manufacturing of film-related effects. The CTFS has generated an estimated R7 billion a year and approximately R100 billion to the Western Cape during its period of operation.

2.5.2 The CTFS complex includes five sound stages (four out of the five stages include artist support facilities), production offices, three workshop venues, six backlot sets (African Town Set, Prison

Set, African 1950's Motel Set, Multi-themed World Set, Eighteenth Century American Town Set and Satellite Platform), five ships, three water tanks, a hazardous waste facility, an exterior green wall, a backup energy centre, a data centre, studio garden and environmental management facilities.

- 2.5.3 Project Panda is the working title for Netflix's live action anime series, One Piece, which is being filmed at the CTFS.
- 2.5.4 One Piece is Netflix's biggest production project in Africa to date in terms of scale and budget. Production of this live action series includes 50 South African cast members, more than 1 000 crew member jobs consisting of 67% previously disadvantaged individuals and 46% youth employees, and an Academy of Creative Excellence mentorship programme for more than 30 young creatives and technicians in collaboration with the SA Film Academy.
- 2.5.5 The CTFS expressed that the challenges they have experienced, which affected production, was due to load shedding and in previous years, the drought.
- 2.5.6 In 2010, the CTFS brought in international film industry workers with various skills and these skills were transferred to local workers. Currently, the Western Cape has some of the best scenic artists and creatives. This was evident when the Committee toured the site and were witness to expert boat building and carpentry skills.
- 2.5.7 The CTFS indicated that the skills needed in the film industry included carpentry, scenic artists, stage hands, welders, mechanics, painters, sanders, costume designers, hair and makeup artists, and prosthetics experts.
- 2.5.8 For the production of the Black Sails series, which was also filmed at the CTFS, there were only 30 to 35 international crew members, which was quite low for a big production. Many local crew members were employed as the Province has extremely skilled workers and a large pool of talented actors. For Project Panda, the number of international crew members is even lower. Approximately 95% of the crew is South African because the producers were able to employ local talent.
- 2.5.9 The CTFS indicated that it did not measure its success by the number of new film projects it booked, but by the number of film projects and productions that returned to the studio.

### **3. Acknowledgements**

The Chairperson thanked the Minister, the Department of Economic Development and Tourism, Wesgro and the Cape Town Film Studios for their willingness to meet with the Committee and to share information with the Committee and each other.



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**MR G BOSMAN, MPP**

**CHAIRPERSON: STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM**

**DATE: 6 July 2022**