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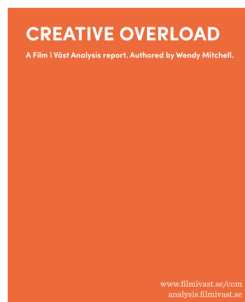
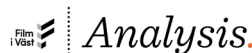
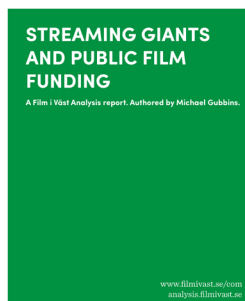
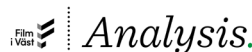
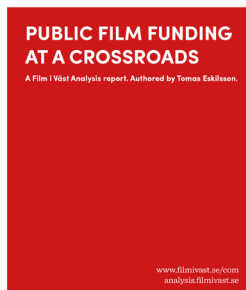
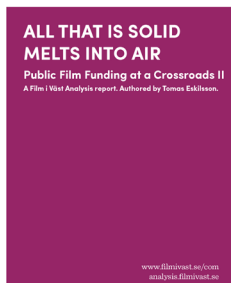
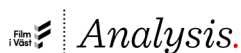
Analysis.

PUBLIC FILM FUNDING AT A CROSSROADS II

Close-up: Flanders

Authored by Ilse Schooneknaep

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ABOUT PUBLIC FILM FUNDING AT A CROSSROADS

All that is solid melts into air – *Public Film Funding at A Crossroads II* was launched in Venice in August 2022. Along with the first report *Public Film Funding at A Crossroads* it can be downloaded at www.analysis.filmivast.se. Here you also find the ten territorial reports, executive summaries, with strong links to the main topics. There you also find **Michael Gubbin's** report *Streaming Giants and Public Film Funding* and **Wendy Mitchell's** study *Creative Overload*.

Appendix 1	Topics for the interviews
Appendix 2	Survey to filmagencies
Appendix 3	Status of Article 13's transformation across Europe
Appendix 4	Presentation of the experts

Focus group

Eastern Europe (Assistant Professor **Petar Mitric**, Producer Joanna Szymanska)

French speaking Europe (Senior Consultant **Vincent Leclercq**, Senior Consultant Philippe Reynaert)

German speaking Europe (Senior Consultant **Manfred Schmidt**)

The Nordics (**Katarina Krave**)

UK (**Bengt Toll**, Associate Professor **Lydia Papadimitriou**)

Close-up

Flanders (Producer **Ilse Schooneknaep**)

Italy (Senior Consultant **Rickard Olsson**)

Netherlands (Senior Consultant **Doreen Boonekamp**)

Portugal (Visiting Professor **Nuno Fonseca**)

Spain (Journalist **Irene Jiménez**)

French speaking Belgium (Senior Consultant **Philippe Reynaert**)

FLANDERS

Streamers context

International streamers have been present in Flanders since the early 2010's. Netflix was the first to be launched in Belgium (Flanders) in 2014, Amazon Prime and Apple+ were made available in 2018 and 2019. Disney+ only recently joined this list in 2020. Unlike many other European countries HBO, AMC, Sky have never been present in the region. Deals were made with local streamers, who are granted the right to all the series of for instance HBO for a period of time. These local streamers pay a large sum for these films and series however they seem to be the pathway to more viewers given the fact that they would otherwise have a very limited catalog of their own originals. Also the local broadcasters still buy content from these platforms to put on their own catch up series. Most famous example here is the programming of *The Handmaid's Tale* on VRT.

And although many citizens are active consumers of the streamers, there have only a handful of Originals being made. The streamers opt to coproduce with the local broadcasters who help provide the necessary funding and open the gateway to additional tax credits. Famous examples here are *the Undercover Series* and more recently *Rough Diamonds* and *Knokke Off*. Decision making about the region is being done by the offices in The Netherlands where decisions are being made based on the compatibility of our region with the Netherlands. The region is considered too small to have its own strategy and own originals. However what we do witness is that the streamers often buy local programming, after it has been screened on linear television which grants the audiovisual content a longer availability and access across its own borders. Prime Video has a place in the market but is rather limited, same for Apple+. They buy a small amount of local content for streaming but are not involved in coproduction. Disney+ holds a bigger



Producer **Ilse Schooneknaep**, Finders Keepers. After a master in Communication Science (University of Brussels), a Master in Film Studies (University of Kent) and a Fulbright Scholarship in the US, Ilse Schooneknaep started her research career at the VUB with the Mecetes project. She's currently finishing her Phd on the digitalization of film distribution and European audiovisual support mechanisms designed to boost distribution. She currently puts her academic research into practice as a creative producer while teaching film and copyright law at the RITCS film school.

portion of the market but also doesn't invest in coproduction.

The Netherlands could be considered as the almost opposite of Flanders, housing the local offices of almost all streamers. Both Netflix and Amazon have their offices there and employ a local acquisition manager to oversee the content in the Benelux. They produce many more originals than in Flanders, however not as much as in other regions such as Spain. Many of the originals have Dutch and Flemish actors to make it appealing for both regions.

On a local level for Flanders Streamz is the only stand-alone streamer, owned by Telenet which is the country's biggest telecom operator. Telenet is then again owned by the American holding Liberty Media in combination with both commercial broadcasters who have a share in the streamer. Streamz produces around 10 originals per year, both fiction and documentary series and a small amount of feature films. They have announced plans to expand their number of originals to a much higher level. On occasion their originals are coproduced with one of the commercial broadcasters. Recently they were awarded the status of broadcaster by the Flemish government to allow application for national funding for their productions.

Streamz has strong competition from the VOD platforms linked to both the public broadcaster (called VRT MAX) and the commercial broadcasters (called VTM GO and GOPlay). Next to their linear content that is made available as catch up the broadcasters also produce originals that are only available online. They are mostly short form content but has recently shifted for VRT to longer formats with the VRT MAX and Netflix coproduction called *Knokke off*. The broadcast streamers set out to launch one series a month. Both Flanders and The Netherlands have super small streamers that curate films to a niche audience. They take up a very small piece of the market and often offer those arthouse films that none of the streamers wants to buy (e.g. Sooner in Flanders and Picl in The Netherlands)

The independent producer

The market consists mainly of smaller production companies that produce one or two films a year, with only a few larger production companies that create more output for both film and television. Almost all the producers are dependent on public funding for the financing of their content, hence the shared concern between them that the competition in the future will become fiercer.

The Flemish producers unite in a union that consists of 36 members, they are more or the amount of production companies in the region. There are some additional very small players but they are non-frequent producers and often combine their productions with commercial work.

Since the earlier report the market has started to shift. In Flanders many small companies have been either bought by international corporations or have merged with others. For instance local producer A-Team (known for their work with Adil & Bilal) has sold a majority share to Freemantle, Johnny the Pony (known for high end fiction series) sold a majority share to Banijay and Sputnik was bought by Caviar was partly bought by Telenet that also owned Streamz. Others have merged with companies in The Netherlands such as A Private View that is now part of the Lemming group. Other bigger production companies have been part of international holdings for a longer amount of time (e.g Eyeworks is owned by Warner and De Mensen by TF1).

The question whether these production companies are still independent resulted in a very big debate in the region, a debate where politics is being pulled into the discussion. The many mergers result in a weaker position for many of the smaller players who for instance can't offer the same financial guarantees to broadcasters. Many open letters have been published by the unions of producers, screenwriters and directors addressing the issue to the Minister of Media and Culture to urgently make adjustments to the law to make sure these dependent producers have no access to certain funding that is reserved for independent producers. Many have found loopholes by creating companies that are linked to these producers but seem to operate within a different financial structure.

A group of directors, producers and script writers wrote this statement to express their dislike to this approach and demand a change to be made by the government.

<https://www.tijd.be/opinie/algemeen/open-brief-van-scenaristen-regisseurs-en-producenten-beste-vlaamse-regering-de-kijker-verdient-beter/10480132.html>

In comparison with Spain where the Law has been adjusted we are still awaiting the decision in Flanders as to what will be the plan for independent producers.

Similar to many other European nations Belgium (and by that Flanders) have implemented the recently updated AVMS. A recent publication by the Minister of Culture states: "The Flemish government decides to greatly expand the so-called incentive scheme, which requires an investment in Flemish productions from all media players earning from audiovisual content. Contributions from distributors, such as Telenet and Proximus, and streaming platforms will be increased. Moreover, major video platform services such as TikTok, Instagram and YouTube will have to contribute to Flemish content for the first time. The scheme should lead to at least a doubling of invest-

ments in Flemish films and series. In the recently approved extension of the scheme, the contribution from both distributors and streaming platforms has gone up. Starting in 2024, distributors will pay 3 euros per subscriber. Until now it was 1.6 euro. For the streaming platforms, such as Netflix, Disney+ and Streamz, they are looking at a percentage of revenue. Their contribution increases from 2 to 4 percent, through a tiered system. Another adjustment is that large video platform services are covered by the incentive system for the first time. Think of Facebook, Instagram, YouTube and TikTok. They too will pay a percentage on their revenue, ranging from 2 percent to a maximum of 4 percent. Another innovation is that they do not have to invest only in series. From now on, they can also choose to support Flemish films. The investment can be made through the Flemish Audiovisual Fund, or distributors and platforms can also invest directly in self-selected Flemish productions.”

<https://www.benjamindalle.be/post/meer-investeringen-in-vlaamse-producties-dankzij-nieuwe-stimuleringsregeling>

The measurement is applauded by the industry however there is debate on what will happen with these investments given the fact that the international players can just invest back into the companies where they hold a share in.

<https://www.tijd.be/opinie/algemeen/vestzak-broekzakoperatie-dreigt-in-vlaamse-film-en-tv-wereld/10457200.html>

National funding mechanisms

There have been no major changes in the national funding bodies over this past year. The slight budget rise because of Covid measures has been cut and now we are back to the lower amounts. Competition is very high in Flanders resulting in application processes where only 10% of projects submitted gain funding. As a specific example: within the funding scheme for children films where only 1 film is granted support per year there is a waiting line of films awaiting production support. Projects are being halted at the end of the process because there is just no funding available.

The film market and the audiences

During and shortly after the pandemic the cinemas had an extremely hard time. However this past year a wide variety of Flemish films have been released in theaters with big success. Partly because of a very successful Cannes where 3 Flemish films were selected for the festival. In the months after the festival these films were released (*Close*, *Rebel*, *The Eight Mountains*). Each of the films reached more than 100.000

visitors. In addition several commercial films were also released in cinemas with the absolute box office hit *Zillion* that reached more than 600.000 visitors. The audience returned to our cinemas and just kept on coming.

The national fund has been assisting these films in release, creating its own campaigns and offering local audiences a 1+1 deal when they buy a ticket.

<https://www.hln.be/film/2022-was-historisch-jaar-voor-vlaamse-film-met-dank-aan-succes-van-zillion-a91f0511/>

The local cinema chain Kinepolis has made a remarkable shift in their programming, they are offering arthouse cinema in certain venues for a shorter amount of time. A direct competition for the already small amount of arthouse cinemas in the region who are still struggling to survive. A new player called Lumière (linked to a production company) is building a strong brand of crossover cinemas that offer a modern outlook with high quality films.

Tax Incentives and budgets

Tax Shelter is still present in Belgium and hasn't changed since our last report. However the competition is increasing since theater and games can now also apply for the same funding.

The same competition exists for the budgets that are made available by broadcasters and streamers. Although the cost of living has risen, resulting in higher fees for crew and cast, the budgets of the commissioners has remained the same, meaning that local producers are producing content with a lower budget in fact.

In addition the budget for online content remains extremely low while the viewers have only risen. Early on some producers agreed to produce for these budgets resulting in these budgets becoming the standard for the industry. It will result in production companies no longer wanting to invest in this content or crew being asked to work for less hours.

Capacity development

Flanders has 5 official film schools, in comparison with many other nations that is often seen as very shocking. It results in an extremely high number of graduated film directors every year who enter an already overcrowded market given the fact that the region only produced 7-9 films a year. Technical crew on the other hand only has two official schools where these classes are being taught, resulting in a shortage of technical crew in both production and post production. Many of our crew are also used for international coproductions which results in

very skilled but at the same time very expensive crews.

The audiovisual fund has made big investments to help the young creatives find their way in the market, ranging from Summer schools, to internship programs and ateliers for documentary, film and series. But because of the limited budget there is only a small number of those graduated that eventually end up in the industry.

To create a more diverse and inclusive industry the fund also invested in a diversity charter and several workshops.