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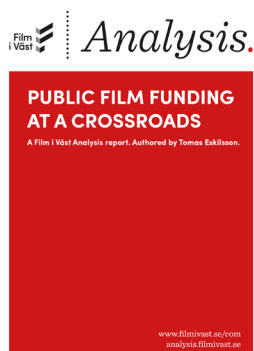
Analysis.

PUBLIC FILM FUNDING AT A CROSSROADS

Appendix: Flanders
and the Netherlands

Authored by Ilse Schooneknaep, Finders Keepers.

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ABOUT PUBLIC FILM FUNDING AT A CROSSROADS

Public Film Funding at A Crossroads was launched in Brussels in March 2022. 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 in *Public Film Funding at A Crossroads*. There you also find **Michael Gubbin's** report *Streaming Giants and Public Film Funding*. In May, during the Cannes Film Festival, Wendy Mitchell's study *Creative Overload*, will be published at the same web site.

Appendixes:

- Eastern Europe (Assistant Professor **Petar Mitric**)
- Flanders/Netherlands (Producer Ilse Schooneknaep)
- French speaking Europe (Senior consultant **Philippe Reynaert** in collaboration with Xanadu) - also in French
- German speaking Europe (Senior consultant **Manfred Schmidt**)
- Greece/Cyprus (Associate Professor **Lydia Papadimitriou**)
- Ireland (Dr **Mark Rainey** et al in collaboration with the WRAP Fund)
- Italy (Senior consultant **Rickard Olsson**)
- Spain/Portugal (**Belén Álvarez** et al in collaboration with Gabeiras& Asociados)
- The Nordics (**Tomas Eskilsson, Katarina Krave, Bengt Toll**)
- UK (MD **Leon Forde** et al in collaboration with OSPI)

FLANDERS AND THE NETHERLANDS

We can witness a consensus among the respondents in Flanders and The Netherlands that the traditional film industry is experiencing a dramatic paradigm shift, indeed caused by the digitalisation of the entire value chain. The ecosystem is undergoing massive changes, from a shift in the financing models, to changes in release windows. However, some of the changes already occurring in similar regions such as the Nordics have appeared to be delayed or just started developing in this region. The growing levels of production output have been under constant pressure from possible budget cuts. Respondents state a possible oversaturation of the market.

A forecast of the outcome of this paradigm shift differs amongst the respondents in both regions. It depends heavily on their profession. The paradigm shift is not only caused by digitalisation and globalisation but is also mostly caused by a shift in political structures where the focus on local identity in culture is presented as a key element in financing.

Although Flanders and The Netherlands share the same language, the audiovisual industry in both nations differs significantly. Content created in one nation almost never travels across borders, even if there is a co-production between two nations. A discrepancy mainly appears in how they are brought to the market. The investment made by The Netherlands in distribution resulted in a chain of arthouse cinemas acting as cultural hubs, whereas Flanders is limited in the amount of smaller cinemas with a market mainly dominated by one multiplex chain of cinemas. Through the rise of platforms, a shift is starting to appear. Both nations are not only co-producing content, but the content also combines actors and creatives from both sides. Many respondents believe these changes offer new pathways for the future.

On the question of what role film policy and public film funders



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.

might have in the future, there is only a partial consensus among the respondents. While most of them believe, as the Nordics do, in the continued protection of language, territorial profile/identity, cultural heritage, artistic level, audience impact and film heritage, not all of them agree upon what the future investment focus of the funds should be. The need to focus on young talent and investment in distribution appears to be of great importance for the Flemish respondents, while the respondents in The Netherlands strongly believe in the need for more investment in arthouse content that can't be financed through the commercial side of the market. A consensus can also be found in the belief that film funds absolutely need to stay a vital part of the audiovisual industry as they provide the opportunities for creative freedom and development of young talent. The fear for a decrease in public funds is shared by our respondents in Flanders and The Netherlands. In both regions there is a shared faith that in the upcoming years an investment requirement for streamers in the local market will be a vital part in the continuation of high-end production. It can change the whole business model and help restore the investments that used to come from DVD sales.

The fear for quantification of audiences that will eventually determine the amount of support is strong for many of the arthouse producers. It seems to become a key element in the near future for political players to determine the amount of funding. Their fears seem to result in a belief that all films need to be aimed at a big audience, respondents believe that this will have an impact on the risks taken by producers to try new creative narratives.

While the efforts towards more inclusion were lacking in comparison to the Nordics, numerous initiatives have been launched recently to create more inclusion. The Netherlands started earlier than Flanders and on a larger scale through a sector wide cooperation between the fund, broadcasters, national and international platforms. In Flanders the fight for more inclusion started from within the sector and influenced the current initiatives taken by the fund. The funds in both regions were also applauded by the respondents for their investments in new audiovisual media such as VR and games however some of the respondents question if this is part of the pathway for a film fund. The following section outlines the parties' views on developments up to 2025 in more detail.

Producers

We can find similarities within the size of production companies in both nations. The market is mainly comprised 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. They also share a strong hope that the presence of platforms can provide new pathways for financing. All of them believe that the quality of content will keep on improving, resulting in more international awareness and perhaps even new financing pathways.

Contrary to the Nordics the producers don't speak of a golden age. The smaller and medium size companies express their concerns that the amount of talent will not be able to match what can be funded. Respondents suggest the need to investigate new ways of production and new partnerships to maintain the development of new talent.

We witness a similar trend as in the Nordics in the consolidation in the production stage. The production companies provided us with some remarkable business developments. First, one can see the rise of joint ventures between smaller production companies within the nations and across the borders between Flanders and The Netherlands, that share the risk and finances on bigger productions while remaining the sole producer on smaller projects. Second, they witness the investment of local platforms and local media conglomerates in larger production companies.

However, the belief that the aim is to increase the production of domestic content primarily directly to streaming giants is not shared completely as many questions remain. At this point only a limited amount of original streaming content was produced, co-production and acquisition remain the norm. There is a belief among the respondents that the investments by the broadcasters and other local partners including public fund will need to remain to keep most of the productions viable. Many questions around ownership and rights also emerge as there is no consensus yet to what the role of a streaming giant can be in the financing of a project and the market as a whole.

As both nations provide a limited market for international players, respondents question if the countries will be able to gain the same possibilities as bigger nations to produce for the streaming market.

Most of the respondents express their hopes for a continuation of cinema as it remains both a big part of financing and the start of marketing for all other release windows. Although many believe that the pandemic had a lasting impact on the windows, they believe that cinema will exist in a similar form as it is today, however with shorter windows and different forms of release such as event screenings. Some of the respondents believe in the return (for Flanders) and continuation/

expansion (The Netherlands) of local cinemas, smaller venues with limited seating but varied programming and linked cultural events.

A smaller amount of the respondents question if all films should be released in cinemas, it remains food for thought for the upcoming months and years. Respondents in Flanders feel the need to investigate a possible return of telefilms, but it is unclear whether the broadcasters are open for this form, where The Netherlands still has this type of the productions broadcasted on television. It has proven to be very valuable for the development of young talent, a form that has now even been copied by local and international platforms through pitching programs and labs.

Many respondents in Flanders also refer to the need for technological development and digitalization of the cinemas, as not all venues are up to speed. There is a strong belief that the film fund needs to continue to play a role in this process. This issue does not appear to be mentioned as much by the respondents in the Netherlands as the shift towards digitalization happened much earlier.

Distributors

This group consists of pure distributors but also respondents that work within this part of the value chain through their role as sales agents and respondents that combine production, distribution and an online platform. Many of their views are similar to what has been said by the respondents from production companies in the Nordics, however there are differences to be mentioned. Hereby an overview of their beliefs and prospectus:

- Cinema venues will become cultural hubs, a space for film and other art forms that can intertwine. Or a space where new media can be discovered such as VR and games in the case of multiplexes.
- Venues will continue to screen smaller, arthouse films but possibly through shorter windows, different formats e.g. screening once a month, film clubs, discussion groups
- Multiplex cinemas will remain for event cinema and mainly Hollywood films
- Distributors believe in the need for cinema as a marketing tool for the long tail of a film
- Not all films need to be distributed in cinemas, it will depend on events that can be linked to them and what the value can be for an audience
- Distributors believe in the role of film festivals to have films seen by a worldwide audience
- More production companies will start to focus on series if the bro-

adcasters and streamers don't invest in film slots

- Distributors believe that their markets will continue to exist next to the streamers with more room for local films in cinemas, as the main focus of streamers are series.
- The importance of viewing numbers will increase, especially to determine the life span of a film. An element for producers that creates massive stress, see above
- Distributors express the need for support by governments for the part of the value chain and to not only focus on the support of production and allow risk taking with new narratives

In line with what has been expressed by respondents in the Nordics, many of the respondents see the continuation of their role and business models, with the improvement/addition of new elements mentioned above. However, one of the respondents also sees a shift where distribution and production will merge into new businesses or joint ventures. Either by distributors becoming actual co-producers from the start or producers managing their own rights and contacts with exhibitors. Or even specific companies that are being set up to combine several elements of the value chain either a horizontal integration from production to distribution and cinema or distribution with online release and marketing. Another respondent believes that distributors and sales agents will become actual content curators, quality labels for global players to choose from.

Cinemas/Screening parties

As pointed out above with the distributors, many of the respondents see (and hope to see) an evolution of the role of cinemas towards becoming central hubs. A venue where one can eat, enjoy culture and enjoy other forms of entertainment such as VR and games

- Some of the respondents pointed out that cinemas can have more than one function, they can also screen theatre, operas, hosts speaking events. New business models to maintain a necessary cash flow but also ways to remain top of mind with your audiences.
- Some of the respondents believe that smaller cinemas will remain and even increase however they will still struggle to maintain a stable income, some of them will perhaps even be volunteer based as is the case in some Dutch cinemas already.
- There is debate as to whether the power of cinema will remain the same. We witnessed a strong belief within our respondents that the power of cinema will remain as the indicator of a film's impact. Perhaps in combination with multiple windows, but mainly as the start of

a film's career.

- Day and Date is currently not that common but will continue to grow in the coming years. However, it is unclear as what the terms will be. Many depends on who will be in charge of the other release windows and who holds the IP.

- Blockbusters will be using more day and date, and this will perhaps leave more room for local commercial films to gain a bigger audiences and smaller films to reach their potential audiences;

- There will be no one size fits all anymore, respondents express that this might not be a bad thing as some films need more time to grow in cinemas, while others will reach more audiences through a platform or television release.

- Similar questions around whether all films should be released in cinemas returns here.

Broadcasters

Broadcasters will experience one of the biggest shifts in the coming years. Partly caused by the rise in competition by OTT players but also because of a shifting viewing model. Many of the respondents question the continuation of linear viewing by audiences and this puts pressure on the traditional role of broadcasters and what their focus should be and invest in. Many of the respondents believe that they will shift towards a local platform that equals the identity they had as broadcasters. Linear broadcasting will be reserved for news, sports and entertainment. Perhaps this shift can imply more room for feature length work on their non-linear outlet, but this remains an open question. Respondents state that in current times there is only a limited amount of room for feature length projects in regular programming. Respondents in the Netherlands hope for a return of the investments by the public broadcaster since the original collaborations were stopped earlier.

In addition, if broadcasters wish to maintain a qualitative output of high end series, they will have to expand their international collaborations with other broadcasters, and perhaps even international platforms. An element that has been set into motion these past few years in both regions.

Streaming services/VOD players

The market in both nations is very similar. There are local players linked to the telecom operators that have their own platforms with acquired and original content. Next to that the broadcasters in Flanders

jointed together in one platform, in addition they also have their own streaming services. Next to that there are also smaller niche streamers for the Belgian market. The situation in The Netherlands is very similar, with the exception that there are even more niche streaming services acting as curators for the market. Many of the streamers are investors in local content either through early coproduction or MG for acquisition. Almost all films released in cinemas have streamers as financial backers, meaning the films appear as early as 3 months after cinema release on these platforms, specifically the local platforms. There is a shared belief and hope that the investment of streamers will expand in the coming years. However similar question rises as to who holds the IP.

Many of the respondents express the need for structural collaboration between the streamers, the local industries, (the broadcasters) and the funds. This would also have to include the sharing of data.

Public film funders

The respondents in this group share similar views as the other groups, however they express and emphasize the importance and relevance of a film fund for the continuation and development of talent. They express talent development as a vital organ for the future of the audiovisual industry. An element that was shared by many of the other respondents as to what the relevance of a public fund needs to be in the future.

They will have to act as aggregators of change, those who set a lobby in motion such as for instance the importance of inclusion and the need for the political agenda to set up an investment obligation for streamers.

Similar to what has been said in the Nordics, there is a belief that public funding will not increase and a hope that it will not decrease. The regions are heavily dependent on the funds for the continuation of high-end qualitative cinema and series. They will be able stay relevant in the future if they act complementary to the business models in the ecosystem.

Views on the role and remit of the public sector

Similar to the conclusions in the Nordics the respondents hardly see any difference in how the basic motives are considered in the past, present and future. However, some of them do refer to the impact of the political environment on what the focus of film funds is now and will be in the future. American dominance is present but is also compared to the dominance of the online market for a younger audience.

There is no consensus amongst the respondents as to what should be the focus of the funds. Some suggest focussing on less types of content while other express the need to focus on new media forms or even a larger focus on distribution and audience design. What they share is the need for film funds to continue to invest in narratives and content that normally could not be produced solely through commercial means.

A fund needs to be there to take the risks and allow experiment, especially by young talent. Through experiment one can create the films/content that can travel across borders and win awards. As said above talent development must remain a vital element of a fund. But there is also need to create a relevant film culture where audiences can be exposed to new forms of art and society can be challenged. For our respondents this is also a key element for film funds in the future. Next to talent development and risk-taking projects, there is also a belief that film funds can shape or create pathways for new media, however this should not be the central focus of a fund.

There is no consensus as to whether more films should be awarded less money, or less films should be awarded more money by the funds. One can only see a consensus in the need to fund films that cannot be produced through market dynamics alone, even if there are political voices that state otherwise. There is a fear that film makers and producers will otherwise limit themselves towards safer options to gain certainty of investment by public and commercial funders.

The main criticism on public funding is that they are pressured by politics to create specific types of films that will certainly work with an audience. One cannot predict the success of a film solely based on audience design parameters that are set out in the application form, though they are important and can have an impact and open doorways towards unexpected successes. Public funds should thus not forget the reasons as to why they were set up in the first place.

Central positions and questions – public sector bodies

In conclusions, these questions were expressed by the respondents. Many is still unclear especially since the global pandemic caused a whirlwind of changes in distribution that perhaps would have come at a much later time. A number of concrete questions:

- How can we assure that young creatives can express their creativity and develop their skills? Will they have room for failure?
- How can we expand our budgets without a rise/or a decrease in public film funding?
- What can be done to include global streamers in a local market

where the market dynamics are very different from the international market?

- What will be possible for these new joint ventures and business models since there dynamics differ. Can they still apply for local funding? Are they still independent producers when they are linked to broadcasters and streamers?
- What is the role of a public film fund towards global players? What needs to be done on a political level?
- What can we do to grasp the younger target groups who are now not always on the radar by public funding and broadcasters? Will we lose them to the OTT platforms forever?
- How do we maintain the quality of content that put our small regions on the international agenda?
- What is the role of smaller territories for global platforms? Will they be able to have the same opportunities for production and distribution collaboration as their European neighbors?