

TARGET PROGRAM FOR FINNISH FILM 2011–2015

A summary

The Finnish Film Foundation was set up in 1969 to support and develop the Finnish Film Industry. The Foundation grants support for film production, distribution and exhibition and is responsible for the cultural export of Finnish Film.

The Film Foundation operates under The Ministry of Education and Culture and receives its funding from lottery and pools funds. Its operation is guided by the Film Promotion Act and the Film Promotion Decree.

This is the third consecutive Target Program for Finnish Film in which The Finnish Film Foundation outlines the main development needs regarding the film industry's operational field for the next five years.

THE OBJECTIVES:

- Stories for Finns, jobs for film professionals and international investments into Finland
- An internationally competitive production incentive for the film industry
- A comprehensive digital cinema network
- Including Finnish film into the Act concerning public broadcasting company YLE
- Updating the Private Copying Levy to correspond with technological development
- Securing domestic copyrights
- Boosting the export of Finnish Film
- Cinema's role in European Union Cultural Policy

Stories for Finns, jobs for film professionals and international investments into Finland

The last few years have been a time of powerful growth for Finnish films both domestically and internationally. By increasing public support funds a growing number of film industry professionals can be employed in fiction, animation and documentary film. Investing in project development and increasing the number of filming and post-production days will create internationally reputed know-how and quality that in turn will attract foreign investment into Finland. A strong investment in domestic production will ensure that the profits from film rights remain in Finland even for larger productions.

Increasing the support funds will guarantee financing for a sufficiently wide variety of domestic films and help to maintain the strong audience interest in domestic films that has been built over the last ten years. An average of 25 to 30 fiction and documentary film releases annually will maintain the current audience and strengthen contacts to new audience groups. This will increase cinema admissions for domestic films and help them reach a permanent market share of over 25 percent of all cinema admissions.

The share of international funding has increased from 13 percent to nearly 20 percent of domestic film production budgets in the past few years. This shows a growing international interest in Finnish film. On the other hand advance financing from domestic television networks and distribution companies continues to diminish.

The 2011 support budget of The Finnish Film Foundation is around 22 million Euros. The Foundation's goal has been to increase support funds to the same level as in other Nordic countries and that gap has been closed a little even though political decisions in neighbouring countries have continued to increase funding for this labour intensive, highly visible and export revenue generating industry.

The public support for film production and distribution allocated through The Finnish Film Foundation will be increased to 33 million Euros, a comparable level with other Nordic countries.

An internationally competitive film production incentive

The production of a single film requires a crew of hundreds of workers. The film crew stays at the filming location for several days if not weeks and utilizes local services. The publicity surrounding the film can also bring significant revenue to the region through tourism. In addition to employing film industry professionals, film productions bring direct financial gains to the region or country they film in.

The choice of filming location is increasingly being made based on financial advantaged offered to the production by the region or country. The marketing and branding of a country as a desirable filming location is very often based on the existence of a tax incentive for productions, as in Iceland and Ireland.

The competition between different countries for attracting film and television productions with special production incentives has increased also within the European Union. Several countries have such incentive schemes already in place e.g. France, Italy, Belgium, Hungary and The Czech Republic. Finland has no such incentive to offer and can therefore no longer compete on the same level.

Depending on the country, the incentive schemes approved by the European Commission offer production companies a 20 to 28 percent refund of the money spent by the production. According to recent studies made in Italy and Austria, the minimum return for the region has been double the money invested into the scheme and at the most the investment return has been 20-fold.

An internationally competitive production incentive scheme will be created for foreign audiovisual productions filming in Finland.

A comprehensive digital cinema network

Maintaining and developing a comprehensive cinema network necessitates converting the cinemas to digital technology within a short time scale. The aim is to convert the entire cinema network by 2013 at the latest.

The advantages of digital screening technology have become apparent now that 30 percent of the country's cinema screens have been converted. From a regional policy perspective the most apparent advantage has been the fact that regional digital cinemas have been able to premiere films concurrently with the national release. Domestic films and especially domestic documentaries have benefited greatly from this wider release.

Another benefit for the audience has been the availability of so called alternative content such as live screenings from New York's Metropolitan opera and the London National Theatre. For regions without local cultural offering, digital cinemas provide the opportunity to enjoy new domestic and international content communally. Through these screenings cinemas have been able to widen their audience base and bring in new revenue sources.

The Finnish Film Foundation's support subsidies for digital conversion have been mainly aimed at cinemas operating in smaller and midsized communities. Converting to digital technology is a heavy investment especially for one screen cinemas in sparsely populated areas. With these cinemas the need for public support can be up to 70 or 80 percent of the conversion costs. Therefore the total digital conversion support budget needed is around 4 million Euros per year.

The entire cinema network will be converted to digital technology by the end of 2013 by increasing public support to 4 million Euros per year.

Including Finnish film in the Act concerning public broadcasting company YLE

The Finnish public broadcasting company YLE is the most significant distributor of cultural content and its role in film financing is part of national cultural policy. Domestic films draw tens of millions of viewers on television each year. The YLE network also offers a unique distribution channel for short and documentary films.

The current public broadcasting act does not sufficiently protect Finnish film as a part of national culture, which was proven when YLE's financing decisions were frozen during its budgetary crisis. The Act on YLE should be specified in order to secure the status of domestic films and sufficient film funding. The Act should specifically mention YLE's obligation to further national cinema.

The percentage of independent productions in YLE's programming should also be secured. The current system of assigning a share of broadcasting minutes to independent productions does not reveal how much of the budget is actually used for buying domestic content. YLE's production funding in the form of purchased broadcasting rights makes up a large portion of the cultural industry's revenue. Therefore the share of these purchases should be made transparent by specifying them in YLE's resources directly.

YLE's obligation to further Finnish cinema will be written into the public broadcasting Act on YLE.

Updating the Private Copying Levy to correspond with technological development

The Finnish Copyright Law gives consumers the right to copy cultural content such as music and films for private use. An EU directive requires a compensation to be paid to copyright holders as remuneration for this copying. This is done by collecting a private copying levy from equipment used for the copying such as blank DVDs and MP3 players. In Finland a portion of the levy is allocated through The Promotion Centre for Audiovisual Culture AVEK to the development and cultural export of films and training for film makers. In addition to The Finnish Film Foundation and public broadcasting company YLE, AVEK is the most important financier of short and documentary films.

The Finnish private copying levy system has fallen behind the development of both technology and consumer behaviour. Private copying of cultural content will only increase as fast broadband connections and mobile phones with large memory cards become more and more common. However the proceeds from the copying levy have fallen by nearly 50 percent because the appliances increasingly used for the storing of content are not covered by the levy. Old-fashioned VHS tapes are covered but mobile phones with storing capabilities are not.

In a situation where most of the world's cultural products are in digital form and easily available for downloading, the private copying levy should be expanded to correspond with the reality of technological development and consumer behaviour. That way the levy would really act as a reasonable compensation for the private copying of cultural content as the EU directive intends.

The Private Copying Levy will be expanded to include mobile phones with memory cards, USB sticks and broadband internet connections.

Securing domestic copyrights

The key to strengthening domestic independent production companies is securing copyrights on all levels. For the production companies, bolstering up the copyright industry means a better ability to manage distribution rights both domestically and abroad.

Strong domestic public funding guarantees that exploitable rights remain in the hands of domestic producers even for productions that due to their size and objectives seek out large international funding. This will lead to an increase in copyright revenue that in turn will strengthen the industry.

Due to the continuing changes facing the distribution of audiovisual content, it is imperative to ensure that acquired rights are also exploited to the fullest. In several other countries, industry wide contracts have been struck with television companies that limit the types of distribution rights and how long they can be held by the television companies. This provides the production companies the opportunity to take full advantage of the long tail and the earnings logic of other distribution methods. This will reinforce the

financial stability of production companies which will ultimately benefit also individual industry professionals.

The full exploitation of audiovisual content copyrights will be ensured by sufficient production funding and an industry wide contract defining television distribution rights.

Boosting the export of Finnish Film

The impact of cultural export has increased in the 21st century. Cultural export is about making Finnish cultural works, artists and stories known internationally but it is also about the revenue generated by the foreign sales of cultural products. The opportunities for cultural product sales are created in part by the image, reputation and contacts established through traditional cultural export. In expanding this operation it is vital to strengthen the cooperation between different ministries and between the art and business worlds. Generating revenue from cultural products is necessary in order to maintain productive jobs in a country going through an industrial transition.

The peculiarities of the industry must be taken into account in exporting films; most of the sales opportunities are created already at the development and production stages. The effective export of Finnish films requires a comprehensive strategy that recognizes the value of both cultural and commercial distribution and increases their opportunities by creating better operational synergy.

Together with The Finnish Film Foundation, the Ministries of Education & Culture, Foreign Affairs and Employment & Economy will create a common strategy for the export of Finnish Film covering both cultural and commercial distribution.

Cinema's role in European Union Cultural Policy

The competition legislation of the European Union allows state aid for cultural industries. The European Commission's Cinema Communication regulates how this national film support can and should be allocated. The support system of each country has to be approved separately by the Commission. The Finnish Film Support Scheme has been approved until the end of 2013 but the current Cinema Communication will end at the close of 2012. The new Communication will include new criteria for assessing the national support schemes. Discussions about the content of the new Communication have begun so the preparations for negotiations on the national level should be started as early as possible.

The EU funds the film industry of its member countries through the Media 2007 program. The program aims for a more competitive European audiovisual industry and also means to ensure the continuation of production even in smaller countries and language regions. The current Media program will end its seven year run at the end of 2013 and it is imperative for Finland as well as the whole European audiovisual industry that the program will continue in its current scope. This is not a given in a time of economic recession.

Finland will highlight the special characteristics of small language regions and a sparsely populated country when submitting its national film support scheme for EC approval and support the continuation of the EU Media Program in its current scope.