

THINK TANK...
ON EUROPEAN FILM AND FILM POLICY

**THE
VIENNA
REPORT
2008**

INTRODUCTION

Film is a cultural product, but it has a long and growing economic value chain that needs to be much more focused. The aim of filmmaking is not only production, but achieving audiences and sales. This is where the real success comes from. Funding is necessary to support national cinema, especially in a small country with a small market, and, apart from the necessity of co-productions as a give and take process, it should foremost be used not to maximize the quantity but the quality of national films. The (rising) amount of films produced per year is not a proof of success per se, but at most a guarantee for the whole sector to secure a certain sustainability and continuity of production.

The Vienna ThinkTank was an attempt to refocus on a coherent strategy to break this vicious circle of stagnating subsidies; the gathering of funding and financing becoming more and more a steeplechase; too many productions with rather poor audience response and sales; and politicians using film merely just for symbolic actions. With the OSCAR for *Die Fälscher* behind us, we wanted to create a trigger for further and broader success and think of ways to improve our system. There is no ideal system, just as there is no ideal world, but every system can advance and adapt to changes in the industry. And times are not the same any more as they were when Film Funding was established in 1981. The framework of production is in a constant flow and Austria is not an island. We have great talent in Austria, we have experienced producers and renowned directors, so there is a real basis that earns and yearns to be developed. We do not have to reinvent the wheel, or copy paste from Denmark. The ThinkTank is not a copy shop. It's an attempt to question our system in good will. And maybe it's the assumed little and simple solutions, adjustments and steps that bring us essentially forward. And it's definitely not just a question of money. It's a question of consensus and will to reform. And then, maybe, the Austrian Film wonder will be more than just a flash in the pan!

Roland Teichmann

THE VIENNA REPORT

OVERVIEW

This report describes the organisation and proceedings of the Vienna ThinkTank, 16-18 April 2008. This event was instigated and funded by the Austrian Film Institute (OFI). It was designed by the European ThinkTank on Film and Film Policy, and took place in the New Film Studio of the Film Academy on the campus of the University for Music and Performing Arts in Vienna. Some 40 Austrian film professionals took part, along with representatives of the film funding bodies, Austrian television (ORF), government, Film Academy faculty and students, as well as invitees from Belgium, Denmark and the United States. The event was prepared by Henning Camre, assisted by advisors.

This report comprises four sections with appendices.

Section 1 (from page 3) presents the SWOT analysis prepared in the course of two preparatory meetings in Vienna attended by a small group of film industry professionals. The first preparatory meeting took place in January 2008, the second two months later.

The results of the SWOT analysis were translated into a work programme for the Vienna ThinkTank. This work programme is set out in **Section 2** (from page 5).

Section 3 (from page 10) summarises the presentations made at the ThinkTank. These presentations offered ideas to be explored in the Working Groups.

Section 4 (from page 17) sets out the conclusions that emerged from the Working Groups.

Annexed to the report (from page 20) are the **list of participants** and three **Information notes** – working papers prepared for the Vienna ThinkTank.

THE DESIGN OF THE VIENNA THINKTANK AND THE SWOT ANALYSIS

The Vienna ThinkTank was structured around having presentations by international experts, panel discussions, interrogation of witnesses and most importantly, intensive group work. At meetings in January and March 2008 with the ThinkTank, Austrian film industry representatives prepared a SWOT (Strengths – Weaknesses – Opportunities – Threats) analysis for Austrian cinema.

The issues identified in the SWOT analysis were grouped under three headings: Public Policy, Infrastructure and Film Environment, and Audience Relationship.

The themes that came up in the SWOT analysis discussion formed the basis of the programme of the Vienna ThinkTank: the questions to be addressed, the presenters and the witnesses. The concept of the witnesses was to have people intimately involved with the issues that had been identified provide the context for those issues. ThinkTank participants would go into working groups to discuss and develop ways of addressing the issues.

The witnesses contributed to panel discussions moderated by an “interrogator” who had been briefed to ask key questions – reflecting the SWOT issues: the questions asked to witnesses were there to further explore the thinking or rationale behind the policies and funding systems prevailing in Austria.

Furthermore the presenters were carefully chosen to address the problems identified during the SWOT analysis.

Thus the agenda of the event was structured around the SWOT and so entirely based on the observations of Austrian cinema stakeholders.

* Producers, Helmut Grosser, Danny Kraus and Erich Lackner; director of the producers' association, Werner Müller.; producer/director/writer Goetz Spielmann; head of Austrian film promotion, Martin Schweighofer; distributor, Michael Stejskal, and director of the Austrian Film Institute, Roland Teichmann.

| CATEGORY | STRENGTHS | WEAKNESSES | OPPORTUNITIES | THREATS |
|--|---|--|---|---|
| Public policy | Stable political support for production | No public support for promotion, prints and distribution | Rally political support for the cultural importance of film | Further drops in cinema audience lead to lack of political legitimacy |
| | | No formal agreement with broadcasters re their role | Attract additional public support to invest in the whole value chain | |
| | | No tax incentives or other finance sources | | |
| | | No earmarked support for new talent | | |
| | | Film, not a political priority compared to the arts in general | | |
| | | No overall film policy | | |
| | | Lack of film education - media literacy in schools | | |
| Infrastructure and film environment | Lots of talent | Few opportunities to produce – lack of continuity for all involved | Utilise digital production technologies | Disintegration of the audiovisual sector |
| | High-profile auteurs (often working abroad) | Fragmentation of production and distribution sectors | Invest in digital theatrical exhibition | Budget limitations suffocate ambitious initiatives |
| | Artistic self-awareness and radical storytelling | Fragile infrastructure, many small under-resourced production companies | New distribution windows, i.e. VoD | Decrease in number of cinemas |
| | Professional technicians | Lack of commitment on the part of producers | | Triviality and provinciality |
| | Low-cost interesting films | Lack of competition in distribution sector | | Competition from bigger German companies |
| | Spirit of passion and mutual support in the industry | No coordinated strategy for release dates | | |
| | High level of documentary production | No plans for the digital change-over | | |
| | | Insufficient investment in project development | | |
| | | Lack of self-confidence | | |
| | | Small number of qualified script writers | | |
| | | Too little diversity in genres and subjects | | |
| | The film school has a slim relationship with reality | | | |
| | Attitude of the public broadcaster to screen Austrian films | | | |
| Audience relationship | International recognition at festivals | Austrian audience indifferent to Austrian films – small market share | Increase market share by changing public perception of Austrian films | |
| | Good performance in some foreign markets | Low performance in Austria and Germany | Exploit German language market | |
| | | Poor communication with the public and the politicians – and within the industry | Use the “Oscar effect” | |

THE VIENNA THINK TANK WORK PROGRAMME

To develop and refine the ideas and assertions that emerged from the SWOT analysis process, the ThinkTank developed a work programme that included a detailed breakdown of the activities of the Vienna ThinkTank.

Aim for overall outcome: Strengthening of Austrian film and ways of winning back its audience

Over two-and-a-half days, the ThinkTank considered the future of film in Austria from a variety of viewpoints. Participants, organised in small working groups, prepared practical proposals which, taken together, were to constitute a blueprint for a comprehensive new policy for film in Austria. Central to the deliberations stood an agreement of all the key players working together to change the Austrian film / media scene – focusing on what they could achieve together within existing resources and without public/political intervention.

ORGANISATION OF THE VIENNA THINK TANK

At the heart of the Vienna ThinkTank were four group work sessions. Each was devoted to a topic of central relevance to a coherent film policy. The work sessions allowed for exploiting the expertise and experience represented by the participants.

The topics covered were:

- Film education and training – supply of fresh talent and initiative to the industry / continued investment in talent development
- Funding policy, prioritising of funding for development, production, promotion and distribution – and the volume and type of films to be made / decision making processes / how can public funds add value?
- Infrastructure and cohesion in the production, the national and the international distribution and the exhibition sectors; fragmentation and its impact on joint strategies; the frequency with which directors and producers are getting to make films.
- Audience development; getting films to audiences and audiences to films; the actual films part in the equation: “Could there be anything wrong with the films?” Relations between film and television and the broadcaster’s responsibility for film culture.

Two additional topics were to be presented in the plenary: the synergy between film and television in Denmark, and understanding the changing market and exploiting new distribution technologies.

The four interactive sessions each began with a short presentation by an international expert. For these sessions, this was followed by an interrogation of key witnesses. The witnesses were leading representatives of the Austrian film industry and from various public institutions.

The participants then broke out into working groups, each with its moderator and rapporteur. In each working group a range of people from industry and institutions would be represented. In the course of the following hour, the working groups were to produce a number of proposals relating to the topic in response to a number of clearly stated questions.

The working groups then came back together and presented in turn their proposals in plenary. For each topic, therefore, there were to be a considerable number of proposals.

The four interactive sessions and the information session were followed by a half-day in the course of which the proposals for all the topics were brought together and refined.

These sessions and the final half day were preceded by an introduction at which the challenges for a comprehensive Austrian film policy were set out.

THE PROGRAMME ITSELF

DAY 1 - 16 APRIL

PLENARY (10:00-12:00)

- Introduction – 'The time is right to unite forces to strengthen Austrian Film' (Roland Teichmann)
- The European THINKTANK on Film and Film Policy – 'Where do we come from and what will we aim at achieving' (Henning Camre)
- Presentation of SWOT analysis as the Austrian view of the situation (Danny Krausz and Götz Spielmann)
- Data analysis presentation (Jonathan Davis)
- Introduction to working sessions - structure and process (Mike Osgood and Henning Camre)

Lunch

WORKING GROUPS SESSION 1 (13:30 – 16:00) FILM POLICY AND FUNDING POLICY

Presentation:

- Central elements of a coherent film policy comprising volume and type of films to be made / decision making processes / how can public funds add value?
- Prioritising funding across the whole value chain: development, production, promotion, distribution, exhibition etc.

Henning Camre / Witnesses: Roland Teichmann, Director of the Austrian Film Institute; Peter Zawrel, Director of Vienna Film Fund; Barbara Fränzen, ORF

Group sessions

Assertion:

Too many films are being green-lighted for production support even though they suffer from insufficient development. Both the public bodies and the production companies must possess the qualifications that are needed to optimise the projects. A prolonged development process brings no money to the company, the production stage is where the money flow starts and it is tempting to reach that stage as early as possible in a film's creative process. And as the money is being earned by producing and not by selling the films, there is not sufficient incentive to make a marketing strategy from an early stage of development.

Questions:

1. How could a changed distribution of funding means across a film's life, from development to exhibition, help secure quality and reaching an audience?
2. How could the funding principles best encourage producers to earn money on selling the films and not just on producing them? (Market orientation)
3. How could the funding bodies best become qualified partners for producers, writers and directors?
4. What methods and criteria should be employed to determine public support at the various stages of the value chain?

Feedback in plenary

Break

WORKING GROUPS SESSION 2 (16:30 – 19:00)

INFRASTRUCTURE AND COHESION IN THE FILM INDUSTRY

Presentation:

- Securing artistic integrity, diversity, continuity and impact in European film production.
Jørgen Ramskov, CEO, Nimbus Film, Denmark / **Witnesses:** Veit Heiduschka, producer; Andrea Dusl, director

Group sessions

Assertion:

Directors' and producers' production frequency is generally very low. Many directors even make their first and last film simultaneously. This fact suggests a huge potential loss of talent. Continued investment in proven talent is needed. The production frequency needs to be increased in order to accumulate a critical mass of professional expertise and experience in all key positions that in turn will result in films of high quality.

In Europe there is a serious lack of industry structures to support production continuity and distribution effectiveness. Even describing it as a 'cottage industry' is an exaggeration of the reality. An industry-inspired structure needs to be developed.

Questions:

1. What actions would be needed to create larger production units and how could they become attractive to creative film people?
2. How could the production frequency of directors be increased and the loss of the available mass of talent in all areas of expertise be avoided?
3. What is needed to secure that economy, finance, target groups and promotion are included in the development of each project at a very early stage?
4. And how could it be avoided that this demand hampers the creative development?

Feedback in plenary

Dinner

DAY 2 – 17 APRIL

WORKING GROUPS SESSION 3 (09:30 – 12:00)

EDUCATION, TRAINING AND TALENT DEVELOPMENT

Presentation:

- Driving innovation and new initiatives
Vinca Wiedemann, producer/scriptwriter; Senior Advisor, ThinkTank / **Witnesses:** Peter Mayer, Head of the Film Academy; Antonin Svoboda, producer

Group sessions

Assertion:

The Film Academy, the film industry and the public subvention bodies seem not to act in complete concert. A joint strategy for developing new talent and for creating opportunities for fresh ideas and initiative to flourish is needed to achieve progress and change.

Questions:

1. What, in terms of training strategy, should the Academy change to ensure that its graduates can both play a role in revitalising the Austrian film and become integrated in the industry?
2. What changes are required in the industry?
3. The SWOT analysis points to general weaknesses in screenwriting and producing capabilities. What is needed to change and improve the situation?
4. How can the industry, television and the funding bodies best ensure continued development of new talent coming from the Academy and elsewhere?

Feedback in plenary

Lunch

PLENARY (13:30 – 16:00)**Presentations:**

- Synergy between film and television in Denmark – the role of television in developing and exposing new talent
Sven Clausen, Senior Producer, Danish Broadcasting Corporation
- Understanding the changing market and exploiting new distribution technologies
Kelly DeVine, Consultant, Reframe, Tribeca Film Institute, N.Y.

Break

WORKING GROUPS SESSION 4 (16:30 – 19:00)**Audience development and getting films to audiences and audiences to films:**

Are the actual films parts of the equation – “Could there be anything wrong with the films?”

Panel discussion: Does public subsidy generate complacent films and filmmakers?

A critical view of European films and their difficult relationship with their potential audiences.

Peter Bouckaert, Producer, Eyeworks Belgium; **Kelly DeVine**, Reframe, Tribeca Film Institute; **Sven Clausen**, Danish Broadcasting Corporation

The purpose of this short panel is to evoke a keynote of the ThinkTank’s work: the idea that as well as making sure that there are the right structures, the right allocation of resources, the right decision-making processes, the right training, the right strategies for the changes in the technologies and the market place, we also have to have the right films.

In other words, if the purpose of any effective film policy is to ensure that film-makers get to make worthwhile films and audiences get to see them, to what extent do we think today in Europe we have the right films and that audiences are being given the right encouragement and the opportunities to see them?

The panel were to make short introductions (five minutes each) in which they would suggest

- What, for the audience, are the positive characteristics of European film (the reasons why audiences look forward to going to see a European film)?
- What are the negative characteristics (the reasons why audiences don’t go and see European films)?
- What could be done to accentuate the positive characteristics?
- What could be done to attenuate the negative characteristics?

Witnesses: Michael Stejskal, distributor/cinema operator, Heinrich Mis, ORF, Alexander Dumreicher-Ivanceanu, distributor

Working group sessions

Assertion:

Austrian fiction films have by and large lost their domestic theatrical audience and it is unlikely that this tendency can be reversed unless a number of new measures and initiatives are put into effect. The responsibility for this should be shared between the public funding bodies and all parts of the film industry.

Questions:

1. How could Austrian film and television better support each other and reach larger audiences?
2. What would be needed for Austrian cinema to win its audiences back?
3. How could Austrian Cinema change its public image?
4. How should the 'windows' for getting films to audiences be coordinated and exploited?

Feedback in plenary

Dinner

DAY 3 - 18 APRIL

PLENARY (11:30-15:30) CONCLUSIONS

The ThinkTank meeting was to be just a door opener to a broader community – then the real work starts:

- What needs changing – analysis of group replies and suggestions
 - Who have committed to participate in changing things after the ThinkTank event?
 - Who are needed to achieve change of the various identified problems?
 - Where are the limits for what can be achieved without changing the legislation and the level of public support?
 - Agreement on next stage.
-

PRESENTATIONS

HENNING CAMRE: THE EUROPEAN THINKTANK ON FILM AND FILM POLICY – WHERE DO WE COME FROM AND WHAT ARE WE AIMING TO ACHIEVE?

HENNING CAMRE is cinematographer by training, after a career in the Danish film industry he was appointed Director of Danish National Film School with the task of re-establishing the School after its demise in the early seventies.

He was Director of the School from 1975-1992. Then from 1992-1995 he became the Director of the UK National Film and Television School, from 1995-1998 also Chief Executive, the NFTS Group, comprising: National Film & Television School; NFTS Ealing Studios Limited; NFTS Distribution Company; CREATEC – Creative Arts and Technologies Centre and the NFTS Foundation.

In 1998 he returned to Denmark to become the Founding Director and CEO of the new Danish Film Institute, leaving in 2007 to establish the 'European ThinkTank on Film and Film Policy' of which he is now Executive Director.

“ Underpinning the work of the ThinkTank are two important perspectives: the value of intercultural exchange to increase our understanding of the objective conditions in which we operate, and what, in Europe, is one of the real big problems: the distinction between art and entertainment.

As we consider these two perspectives, we want to keep three propositions in mind:

- Film has importance to society
- Film can convey messages and intercultural understanding.
- Cinema is a popular art, it can speak and reach out to people

The context in which we engage with the issues is:

- 800 films per year are produced in Europe, dependent in the availability of public funds
- Only few films are able to win audiences and cover costs
- In Europe we don't see others films

Cultural importance and impact are not seen, and there lies the challenge.

The principles the ThinkTank seeks to apply are:

- Filmmakers are responsible for the artistic and commercial success of their films
- Film funds are here to help industry to fulfil its ambitions
- Without public funding there would be no European films

However, public funding should not be to finance survival but rather progress.

However, public funding should not be to finance survival but rather progress.

We need to consider how European film is at the point of massive change, and that this change needs to be seen as an opportunity.

To seize this opportunity, we need to understand the European market and the habits of people in the market. We have to accept that the consumers will decide. So we have to find our way to the consumer.

The ThinkTank wants to explore the future and the future possibilities for European film. To do this, we need to think outside the box of existing industry and funding structures. We need to confront the key problem: the lack of scale: producing films without an industrial framework will lead us into catastrophe once the whole film chain is digital. In order to avoid this catastrophe, we need to find ways to create a stronger framework that enable the cinema industry to be more efficient.

To this end, the ThinkTank insists on new debate, new research, new analyses, and new solutions. We need to continue to demonstrate the value of cinema to society. Public film policy needs to create the space in which films can work, and we need to involve all stakeholders in achieving change and progress.

JONATHAN DAVIS: **WHAT DO WE WANT TO KNOW ABOUT EUROPEAN - AND AUSTRIAN FILM?**

JONATHAN DAVIS has been an advisor to the ThinkTank since 2005, working on the preparation of the Copenhagen ThinkTank which took place in June 2006. He subsequently assisted Henning Camre in the establishment of the ThinkTank. He is also a strategy advisor to the UK Film Council, focusing on film policy at the European level and a director of the British Screen Advisory Council.

“ **In order to make policy decisions,** Jonathan began, we needed better coverage and accuracy of information about film markets and industry.

The challenges we faced regarding film in Europe were that much clearer when we focused on Austria, which is why the THINKTANK was very happy to start off in Austria. The tasks we faced, Jonathan continued, were to identify the obstacles faced by the industry as it sought to adapt to new factors, problems and opportunities. We also needed to look for ways of bringing to life the issues that affected all parts of the film industry, to do with business, politics and creativity.

In 2006, when the Copenhagen ThinkTank was being prepared, we had looked at how very few companies there were in Europe in a position to build and develop a sustainable business: there were 17 companies in the whole of Europe that produced 16 or more films over a four-year period; we had started out with the assumption that four films-a-year was the minimum. Another hypothesis with which we came up was that it was the sales agents that bound together the film business. Although France was dominant in most parts of the European film sector, the most successful film exporting countries (performances in foreign territories relative to their national market) were: Spain, Denmark, the UK and Austria.

Austria represented an opportunity for the ThinkTank to answer questions such as how we could deepen our understanding of how to effect change, what the critical success factors were for establishing an effective film policy, and what was the kind of analysis that best helped the industry and the policymakers to identify where and how to intervene.

Questions we needed to address also included: Is there something wrong with the structures? Is there anything wrong with the films (i.e. why audiences did not go to the cinema to watch them)?

The highlights of the Information Notes prepared for the Vienna ThinkTank, Jonathan suggested, related to Austrian film funding policy - why did 90 % of public funding for film go into production subsidies? Was the development funding effective? What were the benefits of the reference funding? In relation to production and distribution finance, were Austrian producers taking risks they could really afford? And were the distributors up to the task?

JØRGEN RAMSKOV: SECURING ARTISTIC INTEGRITY, DIVERSITY, CONTINUITY AND IMPACT IN EUROPEAN FILM PRODUCTION

JØRGEN RAMSKOV was born 1957 in Horsens, Denmark. He graduated from the Danish School of Journalism in 1988. He worked as a journalist in DR (Danish Broadcasting Corporation and TV2 Denmark, the two largest radio and TV-stations in Denmark from 1988-1995. From 1995 to 1998 he worked as Chief Editor of the foreign desk at DR, Radio News and Head of DR's TV-Documentary section where he produced several award winning TV-documentaries. In 1998, he was appointed Channel controller of DR 1, DR's main channel, with responsibility for programming and budgeting. In 2001 he was executive producer for the European Song Contest 2001 in Copenhagen. In December 2001, he was appointed CEO of DR TV and New media. In December 2004 he became head of Development and Production at the Danish Film Institute. In September 2006 he joined Nimbus Film, Denmark's third largest film company, as CEO.

Jørgen Rasmkov focused on two central themes:

- The need for a film company to achieve the "critical mass" necessary in order to be able to effectively develop projects and talent as well as to market networks and knowledge.
- That artistic and commercial objectives are complementary.

Jørgen was not offering the solution to all problems in the film industry but rather an approach that could work for a company making five or six feature films per year.

Jørgen began by asserting that size meant having the ability to produce, to have more projects in development and eventually to achieve greater quality. Most importantly that there was the possibility of stopping a poor project in time, which would be difficult for a small company developing single projects.

He highlighted Nimbus's approach of developing talent as the company produces three or four short films in the course of a year. These represented an investment in talent and they did not have any commercial purpose. The focus was on giving directors experience. So it was necessary to be selective in choosing directors with whom the company wanted to work and then focus on what kind of projects would best develop their talents.

As soon as a Nimbus director finished a project, they would be presented with a new project, unless they already had one of their own. In this way, the filmmakers did not fall into a black hole. For Austria, Jørgen had understood the tendency for a director was to make a film every four or five years. He warned against the potential loss of talent if it wasn't nurtured and promoted.

Nimbus's aim was to create a "golden cage": a good producer, a good director and a good writer. This meant putting effort into keeping the best talent together and forging intensive collaboration between the creative key players. I

Nimbus is build around eight producers that are required to collaborate with each other despite an element of competition. This has had two results, the producers are always working on a number of projects of their own and actively involved in other producers projects, and the forced sharing of experience and knowledge has made not only the producers but also the company stronger.

In conclusion, Jørgen stated that the guiding principles for Nimbus and for Danish Cinema in general were diversity of films, and the elimination of the false distinction between entertainment and art.

VINCA WIEDEMANN: DRIVING INNOVATION AND NEW INITIATIVES

Born in 1959, **VINCA WIEDEMANN** graduated in film editing from the National Film School of Denmark in 1987. Over the next 11 years, she gained comprehensive professional experience as producer, writer and script consultant. Between 1990 and 1995 she was a tutor at the National Film School. In 1999, Vinca was appointed Film Consultant (i.e. commissioning editor) at the Danish Film Institute, responsible for granting development and production support to feature films. Titles she developed and commissioned as Film Consultant included Lone Scherfig's *ITALIAN FOR BEGINNERS*, Roy Andersson's *SONGS FROM THE SECOND FLOOR*, Lukas Moodyson's *LILJA 4-EVER* and *A HOLE IN MY HEART*, Susanne Bier's *OPEN HEARTS*, Christoffer Boe's *RECONSTRUCTION*, Lars von Trier's *DOGVILLE*, Dagur Kári's *NOI ALBINOI*, Anette K. Olesen's *IN YOUR HANDS* and Jacob Thuesen's *ACCUSED*.

In 2007 Vinca became the first Artistic Director of the Danish Film Institute's new production scheme, "New Danish Screen", prioritising the unconventional and innovative with the aim of providing Danish cinema with fresh ideas and change. Titles developed and supported included Pernille Fischer Christensen's *A SOAP*, Anders Morgenthaler's *PRINCESS* and Christoffer Boe's *OFF SCREEN*.

Since 2007 she has worked as an independent development advisor and producer, in collaboration with Sisse Graum Jorgensen at Zentropa. She is Senior Adviser to the European ThinkTank on Film and Film Policy.

Vinca Wiedemann in her presentation was drawing on her experience in development in order to focus on two interlinked factors: the building around the scriptwriter of creative teams and the function of the film school in forging the bonds among prospective members of those teams.

Vinca proposed that innovation and talent development is inseparable and a joint responsibility of the film industry and the film schools, involving each individual - directors, producers, writers, etc. - having to be in touch with contemporary life; she gave the example of how mobile communications had initially been embraced by the business world and young people but now had spread to all age groups.

She urged film-makers to be open-minded: the film medium was under constant change, and there was a constant need to develop and redefine the roles of directors, producers and scriptwriters. One example was the concept of the auteur; in Denmark, the new generations of directors had redefined their role as auteurs. This could be seen for instance in the Dogma films. They all bore the very personal mark of the director, however many of the films were in fact written and developed in collaboration between the scriptwriter and the director. Also, the Danish directors involved the film crew in the development from a very early stage: the film editor, sound designer, production designer, cinematographer etc. were all asked to give their creative input to the director and scriptwriter during the development of the script.

This situation in Denmark, she said, was quite new. 20 years ago, there were hardly any scriptwriters for film and the job was considered as being of very low status. The establishment of script education at the National Film School did gradually change the minds of the directors - and of the industry as a whole - about the status of scriptwriters.

Film education was crucial, Vinca insisted. New generations could more easily pick up new orientations. However, she recommended that film schools offer education in all major specialisations (directing, writing, producing, cinematography, editing, sound design), where the students of these specialisations did their student films together working in stable teams. The film schools needed to reflect the fact that filmmaking is teamwork rather than encourage the kind of filmmaking where the auteur did everything on his or her own. The art of collaboration, she said, was the key to innovation of film language.

On the basis of what she understood to be the situation for film students at the Vienna Academy, she argued against the schools where the students had problems graduating and were kept for more than three or four years and she proposed that the pedagogical basis of a good film school consisted of tutors and teachers who came from the professional elite and who were still professionally active and fully abreast with the development and challenges facing the industry.

A film school had to be attractive to both the students and the film industry; this meant film students coming out of the film school had to be attractive because of the status of the film school. There needed to be close collaboration between the film industry and film school. But the film school also needed independence from the film industry in order to advance and allow freshness and innovations.

The producer's ability, Vinca concluded, should be focused on innovation. Development required producers who were comfortable with new ways and new technologies. They had to develop both market and artistic strategies. Marketing strategies were – and should be – also artistic strategies.

SVEN CLAUSEN: **TV DRAMA – SYNERGY BETWEEN FILM AND TELEVISION IN DENMARK – THE ROLE OF TELEVISION IN DEVELOPING AND EXPOSING NEW TALENT**

SVEN CLAUSEN is Executive Producer for Drama at DR-TV, the Danish Broadcasting Corp. He was formerly a theatre critic and assistant managing director of the Aalborg Theatre. In 1984 he joined the Drama Department of Danish Broadcasting Corporation as script editor and later as producer and member of the managing group.

Among his series are 'The Rebel King 1-13' (1992), 'The Village 1-44' (1991-96), 'Shadow of Freedom 1-4' (1994), 'Taxi 1-56' (1997-99), which won him the Golden Gate Award of Merits 1997 and Premios Ondas 1999, and 'Unit One 1-32' (2000-03), which won the International Emmy Award 2003 as Best Drama Series. Following this he produced the costume drama, 'Better Times 1-22' (2004-06), which was nominated for the International Emmy Award 2004, and his latest international co-production of a modern cop-show, 'The Eagle 1-24' (2004-06) won him his second International Emmy Award in 2005 as Best Drama Series. In 2004 Sven Clausen was nominated Best European Producer ('Better Times'), and in 2005 he was awarded Best International Producer at the Monte Carlo TV-Festival ('The Eagle').

Sven Clausen is member of the International Academy of Television Arts and Sciences. He received a special award at the Danish TV-Festival 2004 - and a knighthood in 2005 - both for outstanding achievements within the business.

Sven Clausen was asked to draw on his experience of devising and implementing Danmarks Radio Television's strategy for fiction; this involved recognising what would attract audiences and linking it to the creative potential of writers and film-makers. In order to turn that potential into practical strength he drew on ideas and practices that had proved to be both artistically and commercially viable: US network fiction.

Danish television is very strong today in comparison to 10 years ago when it was losing audience.

Sven began by suggesting that the basis of a sound strategy was to get to know ones' audience; then the most important scheduling slots have to be identified, for example, for the family Sunday night at 8; furthermore the visibility and volume of Danish television's output had to be increased with long-term planning and stable financing.

Sven's first five-year plan asked, "What? Which stories?", "How? Which way?" and considered how TV could develop its own identity in relation to film and theatre. To implement the plan key people were drawn from the film industry: Head of Drama (a film director), writers and directors and other creative key staff – from the freelance ranks. Film studios were built to reduce the cost of using television studios. The method he developed drew on the experience in the US where, unlike in Europe, drama works were based on a single vision rather than a single author. The goal was to build a bridge between the American and European traditions.

Sven acknowledged the role of luck in the strategy. The timing was right: Denmark had the drama schools as a source of well-trained actors and the film school, which had established itself as one of the best in the world thanks to its clear focus. And then there was Lars von Trier, who with the The Klngdom had established his reputation on TV. A whole gang of directors started to think about making television because of von Trier. Today, Clausen stated, four of the best directors in Denmark were working in TV drama.

The concept that had been developed involved using both experienced and inexperienced directors. Unknown directors could pursue their film careers thanks to television; having performed well in TV, they got money and opportunities in film and cinema. In this way, Clausen helped to create and empower a generation of Danish film-makers.

Clausen proposed that a project consisted of five steps. Project development might take four years with the writer(s) being paid throughout. Then the producer and writer would meet the head director who was then put under contract. Work proceeded on realising the concept with the additional early involvement of the editor, director of photography, line producer, production designer and others. Only once the total concept had been defined did a project move into pre-production, and then production.

KELLY DEVINE: UNDERSTANDING THE CHANGING MARKET AND EXPLOITING NEW DISTRIBUTION TECHNOLOGIES

Currently consulting with Tribeca Film Institute, on its new web-based initiative Reframe, to support media makers and better connect audiences to independent media, **KELLY DEVINE** also works with clients ranging from distributors to cable nets to filmmakers. She is enjoying her second (now third) year as the Artistic Director of the Global Peace Film Festival, now in its fifth (now sixth) year. As a former member of the acquisitions team for the Independent Film Channel, Kelly was instrumental in negotiating deals with ThinkFilm, First Run Features and other noted distributors for documentaries such as *Born into Brothels* and *The Trials of Henry Kissinger* and also in the launch of VOOM's HD Cinema 10 Documentary service in 2005. She continues to serve on numerous panels and juries for film conferences and festivals.

If Sven Clausen addressed the challenge of devising an effective strategy for film from the standpoint of a programme maker, Kelly's task was to describe the terms of an effective strategy from the standpoint of the marketeer. In addition, she articulated the problems and opportunities represented by the new technologies in distribution and access.

In the US there is limited state and non-profit support for the arts, therefore, producers of film projects must carefully consider and cultivate audience reception even when producing a project that does not have obvious commercial appeal. The low cost of connecting and building audiences through web-based strategies has greatly improved the outcomes for specialty, socially-oriented and culturally-sensitive films for connecting with people – films are made to be seen, so audiences can never be taken for granted. Traditional distribution methods involve gatekeepers (festival programmers, TV/cable development executives, etc.) who create templates for films that may or may not accurately represent the potential audience for a film. The internet allows producers to reach and cultivate audiences directly with and without reliance upon traditional gatekeepers.

Kelly described how reaching audiences outside of traditional gatekeepers started to be addressed in the US long before the internet took hold. Back in 1989, more and more films were being made as the costs of production began to drop but we asked ourselves, were they being seen? Technology had offered a solution – the videocassette – and we asked, from a non-profit standpoint, how new formats could help the entire life of the film. How could film projects be supported beyond production? How could the use of new formats contribute to audience development?

Project Reframe, which Kelly has been taking forward, brings support for film productions beyond initial financing together with support in audience cultivation and constitutes a model for how strategies using the new media might evolve:

- **films** (none of which are big sellers): searching for audiences, making faster connections between such films, academics who use these films in their coursework and students who watch these films, as well as reaching special-interest groups concerned with specific topics.
 - **web-based hub:** i.e., amazon.com – to allow DVD on demand and digital delivery. Takes away obstacles for smaller productions.
 - **at the user end:** “curating the curators” – finding “trusted sources” for discovery of films.
 - **critics and scholars:** starting conversations about films. How is the work put in context?
 - **preservation issues:** using money not only to preserve access for both contemporary films and older films.
-

SUMMARY OF CONCLUSIONS

The product of the Vienna ThinkTank was to produce the below summary of conclusions. These conclusions were not considered to provide final solutions but to better define the set of problems facing the Austrian film industry and secondly to be used as an initial set of suggestions that will set the agenda for the future development of Austrian film policy.

The Working Groups were asked to answer the four questions set out in Section 2 above for each of the sessions. The answers and comments for each of the working groups were collated and, in the final session of the Vienna ThinkTank, they were presented by Henning Camre to the plenary.

In many cases, different Working Groups offered the same response to a given question. In some cases, very few responses were given to a question. The Conclusions set out below represent the outcomes of the Working Groups, organised according to the four session themes:

- **Film policy and funding policy**
- **Infrastructure and cohesion**
- **Education, training and talent development**
- **Audience development.**

The purpose of the working groups was not to achieve an immediate consensus but rather to explore debate and search for solutions to the various problems.

It will be seen that the answers given to a given question are mutually inconsistent (for example, 4.4, about the value of the Austrian film brand). It will often be recognised that such inconsistency is already flagged in the original SWOT analysis: in this case, the need was recognised to change the perception of Austrian film (see Audience relationship – Opportunities).

Thus the Conclusions demonstrate the progress – as well as the persistent obstacles – towards engaging with the challenges that emerged from the initial SWOT analysis.

1/ FILM POLICY AND FUNDING POLICY

1.1 How could a changed distribution of funding means across a film's life, from development to exhibition, help secure quality and reaching an audience?

- Move award money from production to development
- More money for distribution

1.2 How could the funding principles best encourage producers to earn money from selling the films and not just from producing them?

- Producers to be rewarded by being entitled to get OFI recoupment
- Encourage the early involvement of sales agents
- Reference finding should not be based on success from festivals – should only be based on commercial success

1.3 How could the funding bodies best become qualified partners for producers, writers and directors?

- The OFI to employ consultants (intendants) to be responsible for funding decisions.
 - The fund to attach a consultant to every project, either on a fixed term or as long as s/he achieves success; participates in the creative aspects.
 - Greater transparency and more dialogue between fund and applicants
 - Applicants to be able to pitch to the selection committee
 - Consolidation of guidelines and application dates between OFI and the Vienna Film Fund
 - Remove fixed disbursement dates – OFI has to give a certain amount of money on fixed dates regardless of the quality of the projects.
-

2/ INFRASTRUCTURE AND COHESION

2.1 What actions would be needed to create larger production units and how could they become attractive to creative film people?

- Encourage small companies to cluster and to use infrastructure of bigger companies
- ORF to publish strategy so that companies have a more predictable environment in which to operate
- Clear goals to be set for production: number of films to be with defined success criteria, audience and other (international sales, continuity)

2.2 How could the production frequency of directors be increased and the loss of the available mass of talent in all areas of expertise be avoided?

- Reference money to be tied to writers and directors as well as to producers
- Public bodies to prepare and publish long-term strategy
- Funding to be earmarked for young talent

2.3 What is needed to secure that economy, finance, target groups and promotion are included in the development of each project at a very early stage?

- Active involvement of all stakeholders from the development phase of projects; distributors to make binding commitment to invest in projects (p&a)

2.4 And how could it be avoided that this demand hampers the creative development?

- Creatives should be in dialogue with decision-makers
- Producers and funds must better understand the creative process

3/ EDUCATION, TRAINING AND TALENT DEVELOPMENT

3.1 What, in terms of training strategy, should the Academy change to ensure that its graduates can both play a role in revitalising the industry and become integrated into the industry?

- Increase number of screenwriters and production graduates
- Develop new criteria for deciding who is accepted to the Academy
- Bring in for whole semesters international professors and those who can discuss the whole of the project process
- Fixed-term contracts and rotation for teachers
- Reduce the length of the course
- Make it compulsory for students to do internships on real industry productions and at ORF
- Experienced outsiders to be attached as advisors on graduation projects – responsibility for quality
- Greater focus on teamwork, ban on writer-directors
- Discourage distinction between art and commerce
- Address problems around how the curriculum can be reconciled with university regulations

3.2 What changes are required in the industry?

- Paid (maybe by the film funds) and well-structured internships, industry to offer and participate in open-door events
 - Have students pitch their projects to companies early in development – not just with final drafts
-

3.3 The SWOT analysis points to general weaknesses in screenwriting and producing capabilities. What is needed to change and improve the situation?

- Possibility of producer-driven movies at the film academy
- Reduce the number of students who move into directing
- Devote more resources and time to development
- Give less importance at the Academy to the auteur

3.4 How can the industry, television and funding bodies best ensure continued development of new talent coming from the Academy and elsewhere?

- OFI to put into place different criteria for assessing funding applications from students than those use for application by professionals
- Structures established to provide personal support for new entrants to the industry (mentoring programme)

4/ AUDIENCE DEVELOPMENT, GETTING FILMS TO AUDIENCES AND AUDIENCES TO FILMS

4.1 How could Austrian film and television better support each other and reach larger audiences?

- Make film a stronger part of ORF's public service mandate, increased exposure and better time slots
- Fixed percentage of licence fee to be allocated to Austrian film or to stipulate a budget commitment (up to €12 million) from ORF
- More flexible windows between theatrical and TV
- ORF to be involved in development
- [Slot for children's movies on Sundays]

4.2 How could Austrian film and television better support each other and reach larger audiences?

- More poster advertising, industry to consolidate budgets for the whole year and collectively buy sites
- Develop a two-year marketing plan involving all distributors, producers and OFI with the objectives of increasing exposure, presence in the press and audiences.
- [Increase awareness in schools]

4.3 What would be needed for Austrian cinema to win back its audiences?

- Make better movies, ones the audience can understand
- More use of market research to help films reach aide audiences (to make 10 films per year with wide potential)

4.4 How could Austrian cinema change its public image?

- Build up an Austrian film brand
 - Stop thinking in terms of an Austrian film brand.
-

ANNEX 1

VIENNA THINK TANK PARTICIPANTS

| FIRST NAME | LAST NAME | COMPANY | TITLE |
|------------|---------------|-----------------------------------|------------------------------------|
| Danny | Krausz | DOR-Film | Producer |
| Erich | Lackner | Lotus-Film; pool | Producer |
| Vincent | Lucassen | DocuZone Austria | Distributor |
| Leopold | Lummerstorfer | | Director |
| Karin | Macher | Film Academy | Faculty |
| Kurt | Mayer | | Producer |
| Peter | Mayer | Film Academy | Faculty |
| Werner | Müller | FAFO | Director of producers' association |
| Franz | Novotny | | Producer, director |
| Claudia | Preschl | Film Academy | Faculty |
| Thomas | Pridnig | | Production manager |
| Rudolf | Scholten | Chairman of the supervising board | Chair of OFI Supervisory Board |
| Martin | Schweighofer | OFI | Head of promotion |
| Götz | Spielmann | Director's association | Director |
| Michael | Stejskal | Filmladen | Distributor |
| Antonin | Svoboda | | Producer, director |
| Martina | Taig | Ministry of Culture | Civil servant |
| Mark J. | Taylor | Universal Pictures | Distributor |
| Roland | Teichmann | OFI | Public funder |
| Vinca | Wiedemann | ThinkTank | Advisor |
| Ursula | Wolschlager | | Producer |
| Constantin | Wulff | | Director |
| Peter | Zawrel | Vienna Film fund | Public funder |

In addition, students of the Film Academy attended the ThinkTank and contributed significantly to the discussions.

ANNEX 2

INFORMATION NOTES

About the Information Notes

The three information notes presented here brought together the data on Austrian film compiled by the European ThinkTank with the assistance of the Austrian Film Institute. The three together present the “evidence base” for the discussion at the Vienna ThinkTank.

The first Information Note relates to the issues in the first session relating to funding policy and film policy. The second and third Information Notes present evidence in relation to the second session that addressed infrastructure and in particular the issues around talent recognition and development.

In practice, little use or reference was made to the Information Notes: the slot at which they were to have been introduced was lost in response to the request from participants to move more quickly into the Working Group sessions.

Nevertheless, the Information Notes set out basic but hard-to-access information about Austrian film, such as how much films cost to produce, how the finance sources in a film are combined, the arrangements made to distribute films, and how frequently producers and directors get to make their films. This information is lacking for many national cinematographies, along with information about the rest of the value chain, notably films on DVD and on television, access to film heritage, audience development and film education programmes etc. It was the intention to compile these data for Austria but this turned out to be impossible.

NOTE 1

FILM POLICY AND FUNDING POLICY

1/ ALLOCATION OF FUNDING TO THE VARIOUS STAGES OF FILM DEVELOPMENT AND PRODUCTION – AND OF PROMOTION AND DISTRIBUTION

Table 1 shows how the funding awarded by the Film Institute, including the reference (automatic) funding, is allocated between development, production, exploitation (i.e. distribution and promotion) and other. Support for exploitation is tending to increase year-on-year, but there is no clear trend for development and production support.

TABLE 1. BREAKDOWN OF ÖFI FUNDING, 2002 – 2007

€ millions

| | DEVELOPMENT | ALL PRODUCTION | EXPLOITATION | OTHER | TOTAL |
|------------------|-------------|----------------|--------------|-------------|--------------|
| 2007 | 0.64 | 10.32 | 1,33 | 0.30 | 12.60 |
| 2006 | 0.55 | 7.09 | 1.48 | 0.17 | 9.29 |
| 2005 | 0.77 | 7.22 | 1.38 | 0.36 | 9.72 |
| 2004 | 0.71 | 7.61 | 1.32 | 0.26 | 9.90 |
| 2003 | 0.68 | 8.22 | 1.13 | 0.37 | 10.40 |
| 2002 | 0.41 | 8.06 | 0.99 | 0.26 | 9.72 |
| 2002-2006 | 3.76 | 48.62 | 7.63 | 1.73 | 61.63 |

As a percentage of total funding

| | DEVELOPMENT | ALL PRODUCTION | EXPLOITATION | OTHER | TOTAL |
|------------------|-------------|----------------|--------------|-----------|-------------|
| 2007 | 5% | 82% | 11% | 2% | 100% |
| 2006 | 6% | 76% | 16% | 2% | 100% |
| 2005 | 8% | 74% | 14% | 4% | 100% |
| 2004 | 7% | 77% | 13% | 3% | 100% |
| 2003 | 7% | 79% | 11% | 4% | 100% |
| 2002 | 4% | 83% | 10% | 3% | 100% |
| 2002-2006 | 6% | 79% | 12% | 3% | 100% |

A. Development funding

The Institute distinguishes between “Stoffentwicklung” (Development) and Projektentwicklung (Project development). The amount of selective funding (and reference – automatic – funding) committed to development varies significantly from year-to-year.

TABLE 2: ÖFI: SELECTIVE AND REFERENCE SYSTEM FUNDING FOR DEVELOPMENT, 2002 – 2007

| € millions | | | | | | |
|------------------|-------------|---------------------|---|-------------------------|-----------------|--|
| | DEVELOPMENT | PROJECT DEVELOPMENT | PROJECT DEVELOPMENT (REFERENCE SYSTEM) | ALL PROJECT DEVELOPMENT | ALL DEVELOPMENT | |
| 2007 | 0.16 | 0.27 | 0.20 | 0.48 | 0.64 | |
| 2006 | 0.13 | 0.13 | 0.30 | 0.43 | 0.55 | |
| 2005 | 0.11 | 0.35 | 0.31 | 0.66 | 0.77 | |
| 2004 | 0.22 | 0.34 | 0.15 | 0.49 | 0.71 | |
| 2003 | 0.14 | 0.13 | 0.41 | 0.54 | 0.68 | |
| 2002 | 0.09 | 0.12 | 0.20 | 0.32 | 0.41 | |
| 2002-2006 | 0.84 | 1.34 | 1.57 | 2.91 | 3.76 | |

B. Production funding

Table 3 shows how the €7 – 10 million the ÖFI commits to production (again – note the variation) breaks down between selective and automatic and between support for different kinds of film.

TABLE 3

| € millions | | | | | | | |
|------------------|---------------|---------------|-------------|-------------|------------------------------|------------------------------|----------------|
| | FEATURE FILMS | DOCUMENTARIES | NEW TALENT | TV | ALL PRODUCTION, SELECTIVE | ALL PRODUCTION, REFERENCE | ALL PRODUCTION |
| 2007 | 6.43 | 1.32 | 0.38 | 0.00 | 8.12 | 2.19 | 10.32 |
| 2006 | 4.4 | 0.81 | 0.06 | 0.00 | 5.01 | 2.08 | 7.09 |
| 2005 | 3.02 | 0.89 | 0.24 | 1.50 | 5.65 | 1.57 | 7.22 |
| 2004 | 4.69 | 0.39 | 0.76 | 0.13 | 5.98 | 1.64 | 7.61 |
| 2003 | 4.32 | 0.59 | 0.09 | 1.37 | 6.37 | 1.85 | 8.22 |
| 2002 | 2.90 | 0.50 | 1.24 | 0.00 | 4.64 | 3.42 | 8.06 |
| 2002-2006 | 25,50 | 4.49 | 2.77 | 3.00 | 35.76 | 12.75 | 48.52 |

As a percentage of all production support

| | FEATURE FILMS | DOCUMENTARIES | NEW TALENT | TV | ALL PRODUCTION, SELECTIVE | ALL PRODUCTION, REFERENCE | ALL PRODUCTION |
|------------------|---------------|---------------|------------|-----------|------------------------------|------------------------------|----------------|
| 2007 | 62% | 13% | 4% | 0% | 79% | 21% | 100% |
| 2006 | 58% | 11% | 1% | 0% | 71% | 29% | 100% |
| 2005 | 42% | 12% | 3% | 21% | 78% | 22% | 100% |
| 2004 | 62% | 5% | 10% | 2% | 78% | 22% | 100% |
| 2003 | 53% | 7% | 1% | 17% | 77% | 23% | 100% |
| 2002 | 36% | 6% | 15% | 0% | 58% | 42% | 100% |
| 2002-2006 | 53% | 9% | 6% | 6% | 74% | 26% | 100% |

The level of support given to individual projects is considered below in the context of the finance patterns.

In 2006, the Vienna Film fund put €3 into feature films for every €4 put in by the ÖFI (in selective support, i.e. not including the reference funding which averages €2.4 million a year) and €1 into documentaries for every €2 contributed by the ÖFI. ORF's support for feature film production in 2006 was equal to the ÖFI and split similarly between feature films and documentaries. ORF does not support development.

The Niederösterreich Fund puts a small amount of funding (2006 = €164,500) into films; it puts €800,000 into TV fiction and documentaries. The other four regional funds officially only support TV, although some of the documentaries supported by Cinestyria have been released theatrically. In total, they contributed €2.8 million in production support in 2006. The Fernsehfonds Austria, to support independent production for television, was in 2006 worth €7.2 million.

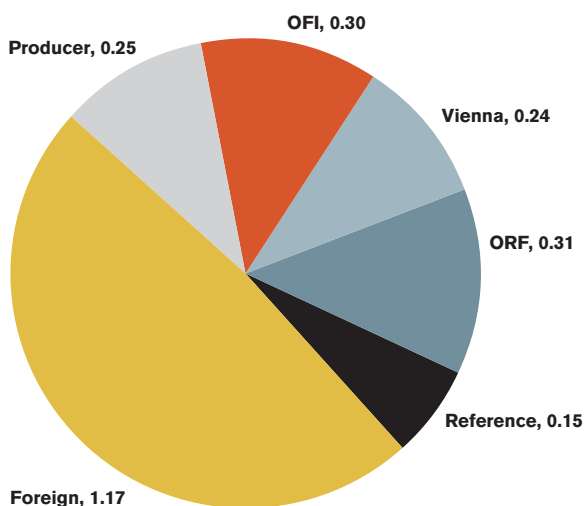
There is no indication that there is any recoupment by any of the funds. Taking all the funds into account (and including the reference money), the amount of public support totals annually around €25 million of which more than 90% is production subsidy.

2/ FINANCE PATTERNS FOR FILMS PRIMARILY AIMED AT THE AUSTRIAN MARKET

Based on a sample of 93 films (50 feature films and 29 documentaries) for which we have information about their production costs, we can estimate the finance patterns for films primarily aimed at the Austrian market as follows:

- The average (median) production budget is €2.5 million for feature films and €0.7 million for documentaries.
- The average breakdown of these budgets by finance source is shown in the two charts below, the first for feature films.

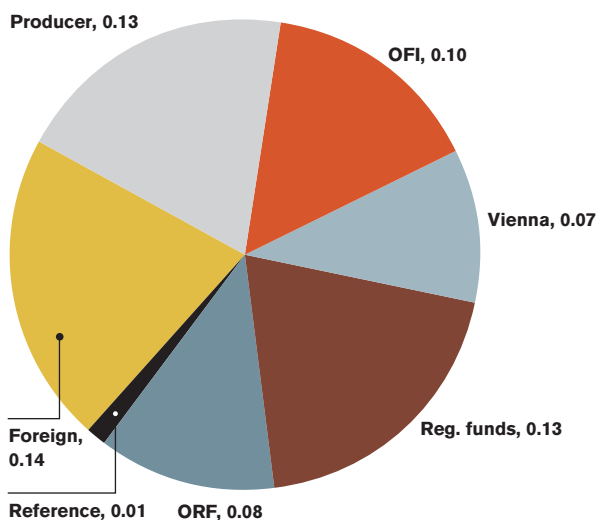
CHART 1: FEATURE FILMS – BREAKDOWN OF AVERAGE BUDGET BY SOURCE (€ MILLIONS)



Based on a sample, supplied by the ÖFI, of 50 feature films, we have prepared an estimate of the breakdown of the budget of the average Austrian feature film according to the source of funding.

Of an average budget of €2.45 million, 41% comes from Austrian public funding sources, 48% from foreign sources and 11% from the producer him or herself. (Figures on the pie-chart are the contributions from the different sources, in € millions.)

CHART 2: DOCUMENTARIES – BREAKDOWN OF AVERAGE BUDGET BY SOURCE (€ MILLIONS)



The budget of an average feature-length Austrian documentary is €660,000. 58% of the budget is covered by Austrian public funds (including ORF), 20% by foreign sources and 22% by the producer him or herself. (Estimates based on a sample, supplied by the ÖFI, of 29 documentaries. Figures on the pie-chart are the contributions from the different sources, in € millions.)

3/ CO-PRODUCTION PARTNERS AND THE RELATIVE PERFORMANCE OF CO-PRODUCED FILMS COMPARED WITH NATIONALLY FINANCED FILMS

31 of the 50 feature films and 12 of the 29 documentaries in the sample used for the budget analysis show contributions from outside of Austria to the funding of the production. But the proportion of Austrian films which have co-producers is likely to be higher since for several films in the sample (e.g. Crash Test Dummies, Falco, Import/Export and Unser Täglichs Brot) that do have co-producers, no contribution from the co-producer is shown.

In common with films from all around Europe, co-production takes two forms:

- Effectively a pre-sale of rights to a film whose monetary value is clear, for example, because it will be shown in German television or the film-maker has an international reputation on the basis of which the film will be acquired for foreign territories
- The combination of public funding from two countries.

In the case of the first form, the co-production arises out of the decision to exploit the film in a foreign territory. In the case of the second form, which involves producers in two countries teaming up to access public funding in their respective countries, co-production is instead of exploitation in foreign territories. However, a decision by public funds in two countries to collaborate to support a film may lead to a collaboration to promote and sell the film, increasing the likelihood of the film being selected for a major festival and of a sales agent taking on the film. Unfortunately, it is becoming increasingly difficult for a film that has not been pre-sold – that is, included in a distributor's slate or a broadcaster's schedule – to access the market place. And for a co-production that comes into existence through two or more public funds agreeing to work together, the need to sell the film is diminished: the success of this film is more likely to be judged on whether it was selected for a festival or won a prize than on how much money it earned (and the financiers re-couped).

Of the 31 feature films in the sample that are co-productions, roughly one-third enjoyed a good performance in foreign territories that is to say that they were distributed. But this ratio (one-third of co-productions being successful abroad) is the same for films that are not shown as co-productions.

This analysis is tentative because the data are incomplete. In the course of the research, one insight that was offered was that Austrian producers may be disincentivised from pre-selling rights, especially German television rights: if these rights are pre-sold, they become part of the basic financing of the film rather than profit that can be made by the producer (who will have financed the film, in Austria and, say, from a German public fund, without the pre-sale).

4/ ROLE OF DISTRIBUTORS IN FUNDING (INVESTMENT AND MINIMUM GUARANTEES) AND IN PROMOTING THE FILMS IN AUSTRIA AND ABROAD

Minimum guarantees (MG) do not exist in Austria. Occasionally a distributor will offer a small MG – of say €5.000 – in a small film. Because Pool film was founded by production companies (Amour Fou and Lotus Film), they “indirectly support” their own films. On very rare occasions, Constantin has put up an MG the latest example was for Midsummer Madness, for €50,000. Filmladen hardly ever puts up an MG.

Contributions by distributors in terms of P&A expenditure

If a film is funded by the ÖFI, the distributor gets a maximum of €40.000 in “automatic” funding (non-repayable) and additional funding (not automatic) of up to €40.000 which the distributor has to match from its own resources. This extra support (on top of the €40.000) is repayable if the film is successful.

The Viennese Film Fund (FFW) gives money for cinema releases and festival participation as follows: in the case of a project the FFW has supported, it automatically adds up to €100.000 to the budget which the producer can use how and if he or she likes. So these two sources, ÖFI and FFW are the basis on which the costs of a cinema release are covered, without any risk to the distributor.

The typical costs associated with a theatrical release:

- The cost of a print in Austria is ca. €1.200 (films open with 4, 16, 30 or 50 and more copies)
- The release (budget) of a typical Austrian film, such as Götz Spielmann’s REVANCHE, involves:
 - 45 trailers (at a total cost of about €10.000)
 - 16 prints, at a cost of €18.000
 - flyers, poster, photos, merchandising - €3.500
 - Advertising, incl. internet and posters - €50.000
 - Premiere - €10.000
 - Etc.

So the total cost is around €120,000. This is financed out of the following sources:

- FFW (automatic amount as part of the project funding) - €43,000
- ÖFI, €40,000 automatic and €43,000 repayable
- Support from the region of Niederösterreich, €20,000
- Producer’s own investment, €13,000.

(This comes to €159,000.).

NOTE 2 PRODUCTION AND DISTRIBUTION FINANCE

THE SURPRISING RISKINESS OF AUSTRIAN PRODUCTION

In common with all European film, Austrian films depend on public finance. But for every €8 of Austrian public money invested in Austrian productions, there are €7 of foreign investment and €2 from the Austrian producers themselves.

Austrian producers are taking big risks on some films – one film in four involves the Austrian producer taking responsibility for 20% or more of the production cost. Given the limited opportunities for Austrian films to recoup – little access to foreign markets, limited prospects for ancillary rights (since ORF owns Austrian broadcasting rights) and increasing difficulty to attract the audience to the cinema at home- this level of risk must act as a powerful break on building up the resources and assets needed for healthy production companies.

These are the headlines from the analysis carried out by the ThinkTank of data provided by the ÖFI for 89 titles, representing total production costs of €170 million. These are a sample of films made since 2002, mainly from 2005 to 2007.

The following five pie-charts show the differences in average budget size and the way the finance is made up for majority- and minority co-produced feature films and documentaries, and “pure Austrian” productions, that is productions for which foreign finance was not part of the financing package approved by the ÖFI.

CHART 3 + 4

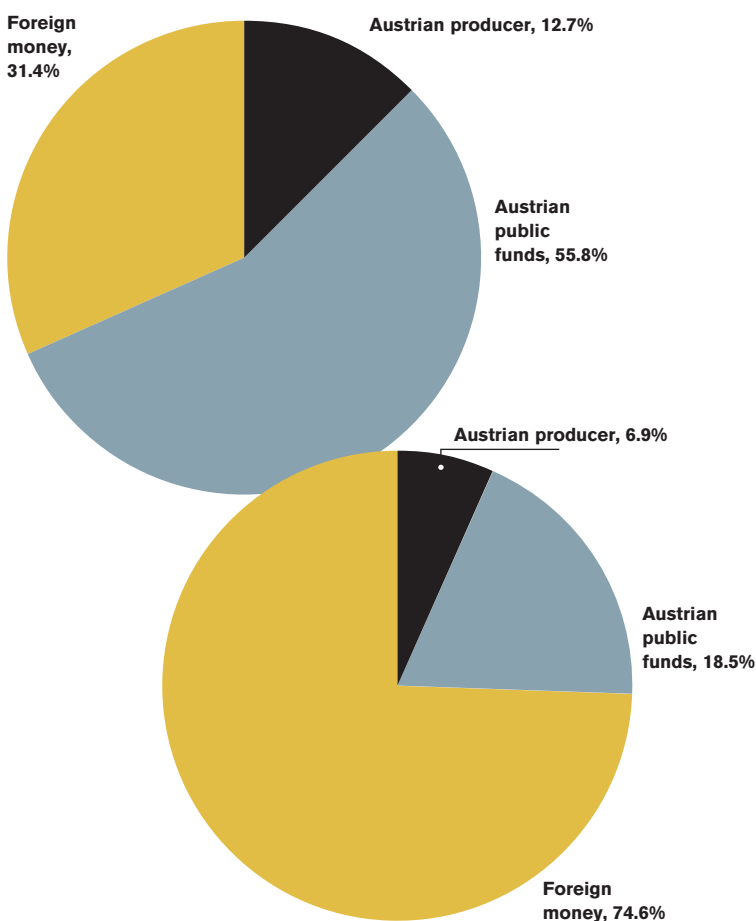


Chart 3 shows that, on average, a majority co-produced Austrian feature film (e.g. Böse Zellen or Slumming) has a budget of €2.6 million. 56% of this budget is covered by Austrian public funds (ÖFI, the Vienna Film Fund, ORF and the regional funds), 31% is raised from foreign sources, and the producer is responsible for 13%.

Chart 4 shows the breakdown for minority co-produced Austrian feature films – that is films for which less than half the budget comes from Austria. This includes films relatively large-budget films like Caché, medium-sized productions like Free Rainer and low budget films such as Grbavica. The average budget for these films is €3.3 million of which three-quarters (75%) comes from the foreign financiers. The Austrian public funds contribution is only a third in percentage terms of the commitment to majority co-productions. The Austrian producer is typically putting up half as much, in percentage terms, as he or she does in the case of a majority co-production.

CHART 5

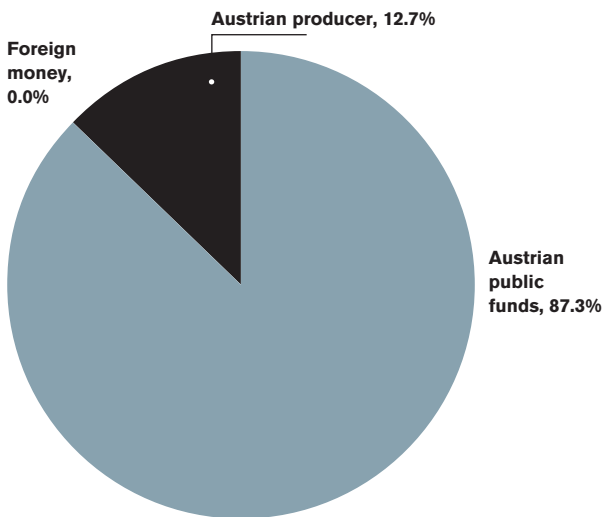
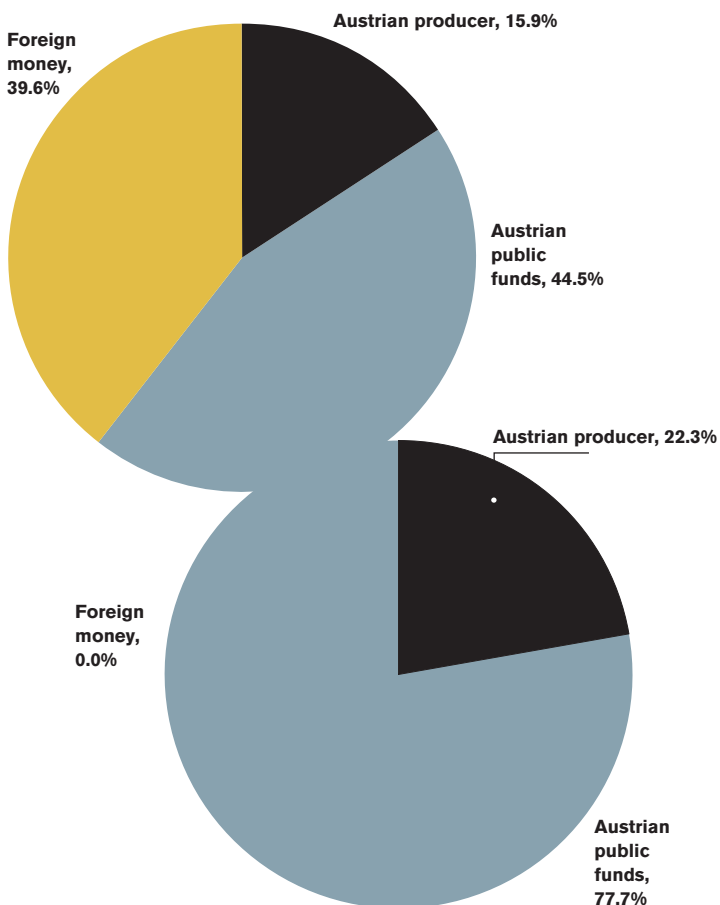


Chart 5 shows the average “pure Austrian” feature film production: no foreign finance and the Austrian public funds cover 87% of the cost. However, at an average budget of €1.6 million, we are in what the European Commission would call “difficult and low budget” film. The producer is on average responsible for 13%. This category of film includes such as titles as *Nacktschnecken* and *Antares*.

Chart 6 (the last two charts) set out the picture for Austrian documentaries. The sample of documentaries was smaller than that for the feature films (29 versus 60 titles) and so it was only possible to distinguish between all co-productions – majority and minority – on the one hand, and “pure Austrian” production on the other.

CHART 6



The documentary co-productions have a big range of budgets but most come in at around €1.0 million. The Austrian public funds are contributing a little less than half of the budget; foreign contributions represent 40% and the Austrian producer is taking on 16% of the costs. If it is difficult to see how the investment can be recouped in the case of the feature films, the prospects of recouping with the documentaries are even bleaker. Two possible explanations for this level of commitment are: first, some Austrian documentaries have been very successful internationally indeed – *Darwin's Nightmare*, *We Feed the World* – so these films enjoy a strong “brand identity” and the producers are very confident that the films can be sold. The second explanation is that the decision to invest at this level in a documentary is not really business as much as passion.

This second explanation gains force when one looks at the “pure Austrian” documentaries. On average, the producer is committing 22% of the budget; the average budget is €0.5 million. To re-coup the €100,000 he or she is typically investing, a film would need to sell 30,000 cinema tickets in Austria. On average, these documentaries are selling around 8,000 tickets. Of course, the market for these films is not limited to Austrian cinemas – foreign markets may be receptive and there are DVD and – in the long-term – video-on-demand revenues to contemplate. These films can have a long shelf-life.

CO-PRODUCTION PARTNERS AND THE RELATIVE PERFORMANCE OF CO-PRODUCED FILMS COMPARED WITH NATIONALLY FINANCED FILMS

In common with films from all around Europe, co-production takes two forms:

- **Effectively a pre-sale of rights to a film whose monetary value is clear, for example, because it will be shown in German television or the film-maker has an international reputation on the basis of which the film will be acquired for foreign territories**
- **Combining public funding from two or more countries.**

In the case of the first form, the co-production arises out of the decision to exploit the film in a foreign territory. In the case of the second form, which involves producers in at least two countries teaming up to access public funding in their respective countries, co-production is instead of exploitation in foreign territories. However, a decision by public funds in two countries to collaborate to support a film may lead to a collaboration to promote and sell the film, increasing the likelihood of the film being selected for a major festival and of a sales agent taking on the film. Unfortunately, it is becoming increasingly difficult for a film that has not been pre-sold – that is, included in a distributor’s slate or a broadcaster’s schedule – to access the market place. And for a co-production that comes into existence through two or more public funds agreeing to work together, the need to sell the film is diminished: the success of this film is more likely to be judged on whether it was selected for a festival or won a prize than on how much money it earned (and the financiers re-couped).

Of the 39 feature films in the sample that are co-productions, roughly one-third enjoyed a good performance in foreign territories, that is to say, they were distributed. But this ratio (one-third of co-productions being successful abroad) is similar for films that are “pure Austrian” productions. The conclusions of this analysis are very tentative because the data are incomplete especially regarding TV sales and home entertainment: this problem is shared by every producer and every funding body in Europe.

DISTRIBUTION IN AUSTRIA: NO MARKET FOR OLD MEN

The traditional model of the market place in Europe for films is fast breaking down. Indeed, it may have broken down some years ago. Distributors in each territory would offer a minimum price and, if the film performed as expected, they would pay additional sums – so-called “overages.” But for some time now, the “minimum guarantee” (MG) has been the maximum the rights holder will receive, often the payment being made some considerable time after the film has been released. The distributors face increasing uncertainties and higher release costs. They are prepared to take some risk – perhaps in relation to their overheads – but the willingness and ability of independent “art house” distributors (the kind of distributors likely to handle a foreign film) to advance money to the rights holder is really now only a function of the distributor being able to access public support – in some countries (like Denmark, the UK and France), there are national support schemes to help distributors take foreign films and, in others, the only sources will be the MEDIA Programme, Eurimages or film export schemes such as the €2 million-a-year fund operated by Spain’s Ministry of Commerce through ICEX.

So the reluctance of Austrian distributors to offer MGs is not surprising, The alternative is for the producer to get involved directly in the distribution of his or her films, although this may have the

effect of magnifying the risks the producer runs (if the film fails at the box office, the producer loses twice).

By refusing to advance money to a production, European independent distributors are emulating the Hollywood studios who historically never made such payments on films they picked up. Of course, this changed when bidding wars broke out between the studios' specialised divisions (Sony Classics, Focus, Miramax etc.) at Sundance and Toronto in particular. And many films that in the past would have been offered to European independent distributors may now be not just distributed but financed by a studio specialised division.

Against this background, and consistent with the approach to funding production, the approach taken by Austrian distributors and funding bodies to paying the costs of distribution is unsurprising.

We have been advised by the ÖFI that, if a film has been funded by the ÖFI, the distributor receives a maximum of €40.000 in "automatic" funding (non-repayable) and additional funding (not automatic) of up to €40.000 which the distributor is meant to match from his or her own resources. This extra support (on top of the €40.000) is repayable if the film is successful. The Viennese Film Fund (FFW) gives money for cinema releases and festival participation as follows: in the case of a project the FFW has supported, it automatically adds up to €100.000 to the budget which the producer can use how and if he or she likes. So these two sources, ÖFI and FFW, are the basis on which the costs of a cinema release are covered, without any risk falling to the distributor.

A typical release campaign for a film will cost around €150,000. This cost is made up from the prints, trailers, posters, press advertising, internet, merchandising and the premiere. All but 10% of this amount would come from the public funds. The balance would be paid by the producer. This is not the climate in which innovative approaches to marketing films are developed, although the responsiveness of Austrian audiences to the Oscar success of *Die Fälscher*, for example, might indicate that there is a demand for films that is becoming more and more difficult to unlock. To unlock that demand is likely to require extraordinary efforts, for example, using television airtime and finding other ways of increasing film's visibility, none of which will be cheap.

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NOTE 3 INFRASTRUCTURE

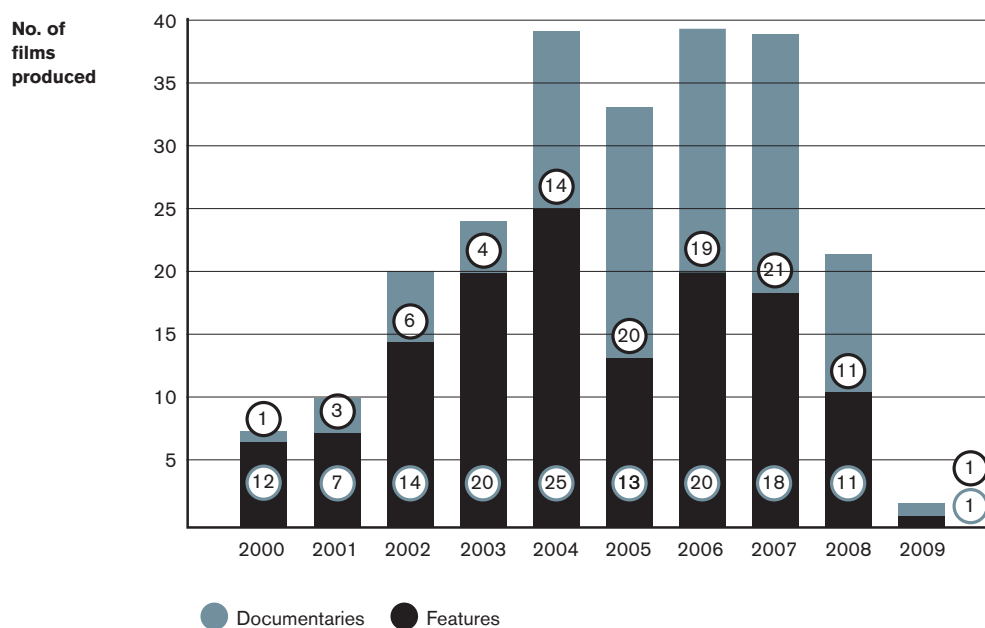
WHERE IS THE CONTINUITY AND THE CONSISTENCY?

More than half of Austrian production companies produced but a single film in the course of a five-year period – and probably ever. This phenomenon is encountered throughout Europe: in several countries there are at least ten film producers belonging to the trade association for every one who is in production.

To see how we can quantify and describe this tendency towards a lack of continuity and consistency in the working life of film professionals, we have prepared an analysis of the frequency with which production companies make films (and the frequency with which directors work – see below) With the help of the ÖFI, we have compiled a dataset comprising 241 films (141 feature films and 100 documentaries) produced since 2000. These are films released theatrically or intended for theatrical release.

As shown in Table 1, the dataset is likely to be complete only for the years 2004 to 2007.

CHART 7: AUSTRIAN FILMS DATASET, BY YEAR OF PRODUCTION. SOURCE: ÖFI



83 production companies were responsible for the 241 films. 13 companies produced 5 or more films in the dataset. 57 produced only one film. This analysis is shown in Table 4.

16 production companies made two or more feature films in the dataset. The most active were Dor Film (20 titles), Wega (13), Allegro (10), Amour Fou (10), Coop 99 (10) and Lotus Film (9). 17 production companies made two or more documentaries in the dataset: Lotus (9), Amour Fou (7), Geyrhalter (7), Fischer (5) and Navigator (5) were the most active. In IMDB, we see that Dor was involved in 23 projects for the cinema since 2000. Lotus, on the other hand, shows fewer entries in IMDB (13 features and feature documentaries) than are included in the dataset.

TABLE 4: AUSTRIAN FILMS DATASET, BROKEN DOWN BY PRODUCTION COMPANY

| NO. OF FILMS PRODUCED | NO. OF COMPANIES | NAME OF COMPANY |
|------------------------------|-------------------------|--|
| 21 | 1 | Dor Film |
| 18 | 1 | Lotus Film |
| 17 | 1 | Amour Fou Film |
| 16 | 1 | Wega Film |
| 13 | 1 | Allegro Film |
| 12 | 1 | Coop 99 Film |
| 9 | 2 | Epo Film, Fischer Film |
| 9 | 2 | Prisma Film, Geyrhalter Film |
| 7 | 1 | Novotny & Novotny Film |
| 6 | 1 | Josef Aichholzer Film |
| 5 | 1 | Navigator Film |
| 4 | 4 | Extra Film, Kurt Mayer Film, Mischief Films, SK Film |
| 3 | 1 | Cult Film |
| 2 | 9 | |
| 1 | 56 | |
| Total | 83 | |

THE INFREQUENCY WITH WHICH DIRECTORS WORK

Approximately 200 directors were involved in the 241 films; around 15 films had two co-directors. 13 directors have three or more films in the dataset. 136 have a single film.

If we assume that the dataset is reasonably complete for the five years, 2003 – 2007, this implies that there are unlikely to be in Austria more than 20 directors making a project more often than once every four years.

The most active directors, based on our data set, are shown in Table 5.

TABLE 5: AUSTRIAN FILMS DATASET, DIRECTORS WHO HAVE MADE THREE OR MORE FILMS

| DIRECTOR | NO. OF FEATURES IN DATA SET | NO. OF DOCUMENTARIES IN DATA SET |
|---------------------------------------|-----------------------------|----------------------------------|
| Michael Glawogger | 3 | 2 |
| Michael Haneke | 4 | 0 |
| Kurt Mayer | 1 | 3 |
| Sabine Derflinger | 2 | 1 |
| Nikolaus Geyrhalter | 0 | 3 |
| Wolfgang Murnberger | 3 | 0 |
| Kurt Palm | 1 | 2 |
| Peter Payer | 2 | 1 |
| Arash T. Riahi | 1 | 2 |
| Elisabeth Scharang | 0 | 3 |
| Ulrich Seidl | 2 | 1 |
| Harald Sicheritz | 2 | 1 |
| Number of directors with two projects | | 23 |
| Number of directors with one project | | 136 |
| Total number of directors* | | 171 |

*Note: does not include co-directors
Source: OFI

In this list the directors – Murnberger and Sicheritz – are responsible for four of the five films in the data set to have achieved more than 200,000 admissions in Austria (the fifth film to do so was Erwin Wagenhofer). Michael Haneke and Ulrich Seidl are both prominent figures of international art cinema and Michael Haneke has achieved significant especially in his adopted France, Glawogger and Geyrhalter are each responsible for documentaries that have performed well with audiences in several countries.

DISTRIBUTION COMPANIES IN AUSTRIA

We have information about the distributor in the case of about half (91) of the 185 Austrian films released in Austria since 2000 as shown in our data set. Mostly this information relates to films released in 2005 to 2007 (73 of the films). A summary of this information is shown in Table 6.

The sample corresponds to around two thirds of all films released in the period. The feature films are very representative; the documentaries less so (the average admissions for all documentaries released was 8,200 whereas for the sample here it is 12,000).

Filmladen is responsible for half of all the releases covered in the dataset. No other company is responsible for more than nine releases. Luna Films seems to be the most effective in terms of average admissions per release, but this disguises the fact that it had one successful film (Silentium) that accounted for 205,000 admissions.

TABLE 6: SUMMARY OF SAMPLE OF FILMS USED FOR THE ANALYSIS OF DISTRIBUTION

| | NO. OF RELEASES | | | ADMISSIONS | | |
|------------------|-----------------|---------------|-----------|------------------|----------------|------------------|
| | FEATURES | DOCUMENTARIES | ALL FILMS | FEATURES | DOCUMENTARIES | ALL FILMS |
| 2003 | 5 | 1 | 6 | 62.387 | 6.716 | 69.103 |
| 2004 | 8 | 1 | 9 | 349.475 | 2.431 | 351.906 |
| 2005 | 8 | 9 | 17 | 129.993 | 311.385 | 441.378 |
| 2006 | 16 | 9 | 25 | 310.382 | 50.325 | 360.707 |
| 2007 | 13 | 18 | 31 | 151.483 | 92.940 | 244.423 |
| 2008 | 2 | 1 | 3 | 2.514 | 5.989 | 8.503 |
| All years | 52 | 39 | 91 | 1.006.234 | 469.786 | 1.476.020 |

TABLE 7: AUSTRIAN FILMS DATASET, BREAKDOWN OF 91 RELEASES, 2002 - 2008

| DISTRIBUTOR | NO. OF RELEASES | % OF ALL RELEASES | ADMISSIONS IN AUSTRIA | % OF ALL ADMISSIONS | AVERAGE ADMISSIONS PER RELEASE |
|----------------------------|-----------------|-------------------|-----------------------|---------------------|--------------------------------|
| Adrialpe Media Filmverleih | 1 | 1% | 444 | 0,03% | 444 |
| Buena Vista Int. | 1 | 1% | 1.389 | 0,09% | 1.389 |
| Centfox | 1 | 1% | 12.906 | 0,87% | 12.906 |
| Constantin | 1 | 1% | 8.989 | 0,61% | 8.989 |
| Docuzone | 2 | 2% | 1.070 | 0,07% | 535 |
| Eigenverleih | 1 | 1% | 2.984 | 0,20% | 2.984 |
| Einhorn Film | 3 | 3% | 24.349 | 1,65% | 8.116 |
| Filmcasino & Polyfilm | 7 | 8% | 57.809 | 3,92% | 8.258 |
| Filmladen | 45 | 49% | 996.240 | 67,50% | 22.139 |
| First Choice Films | 1 | 1% | 6.936 | 0,47% | 6.936 |
| Geyrhalter Film | 1 | 1% | 933 | 0,06% | 933 |
| Luna Film | 2 | 2% | 207.061 | 14,03% | 103.531 |
| Parallel Universe | 1 | 1% | 462 | 0,03% | 462 |
| Polyfilm | 4 | 4% | 28.263 | 1,91% | 7.066 |
| Poool Film | 9 | 10% | 60.953 | 4,13% | 6.773 |
| Sixpack | 4 | 4% | 8.894 | 0,60% | 2.224 |
| Stadtkino | 3 | 3% | 36.286 | 2,46% | 12.095 |
| Walt Disney Studios | 4 | 4% | 20.052 | 1,36% | 5.013 |
| Total | 91 | 100% | 1.476.020 | 100,00% | 16.220 |

SALES COMPANIES: IS IT POSSIBLE TO HAVE A NATIONAL FILM INDUSTRY WITHOUT THEM?

In Austria there are only two sales companies: Outlook Film Sales, created by Amour Fou Film, Nikolaus Geyrhalter Film and Navigator Film, and East/West Filmdistribution. Outlook is specialising in documentaries for theatrical release. The Austrian Film Commission (AFC) also works (by request) as a “sort of” sales agent for Austrian films. Films in AUTLOOK's catalogue include Vienna's *Lost Daughters*, *Zeit Zu Gehen*, *Zorros Bar Mizwa*, *Crash Test Dummies* and *Volver la Vista*, generally very small and mostly documentary films. East/West was responsible for *Midsummer Madness*. As its name suggests, it is oriented towards co-productions with Central and Eastern Europe. The AFC has been involved in films like *Immer nie am Meer*, *Vollgas*, *Heimkehr der Jäger*, i.e. films for which there is only a limited market.

Austrian producers, therefore, tend to rely on sales agents outside of Austria, notably in Germany and France. Veit Heiduschka's Wega Films has a long-term relationship with Les Films de Losange with which it has co-produced several Michael Haneke films. Foreign sales agents handling Austrian films companies (names of sales companies, number of titles in catalogue, total number of films licensed, total number of territories licensed, other measures of performance). The last two Ulrich Seidl films were sold by the Co-Production office. Celluloid Dreams has handled a number of the more commercial Austrian titles, including *In 3 Tagen bist du tot*, *Die fetten Jahre sind vorbei*, *Darwins Nightmare* and *Böse Zellen*. Luxembourg-based Paul Thiltges Distributions has had some notable successes with documentaries, including *Workingman's Death*.

Amongst the Germany-based sales companies, the ones that figure in the list are Sola Media, Bavaria Film International, Media Luna Entertainment, The Match Factory and Beta Films. ■
