

**SEMINARIO INTERNACIONAL  
POLITICAS PUBLICAS DE  
FINANCIAMENTO DO AUDIOVISUAL**

**Rio de Janeiro  
28 e 29 de novembro de 2011**



## **Introducing the CNC**

- I. About CNC**
- II. CNC Today**
- III. Resources**
- IV. Impact on film Funding**
- V. World Cinema Aid**
- VI. Cinémathèque on line**
- VII. Attendance & Digital Screens**
- VIII.« Le jour le plus Court »**

## Why should the government care?

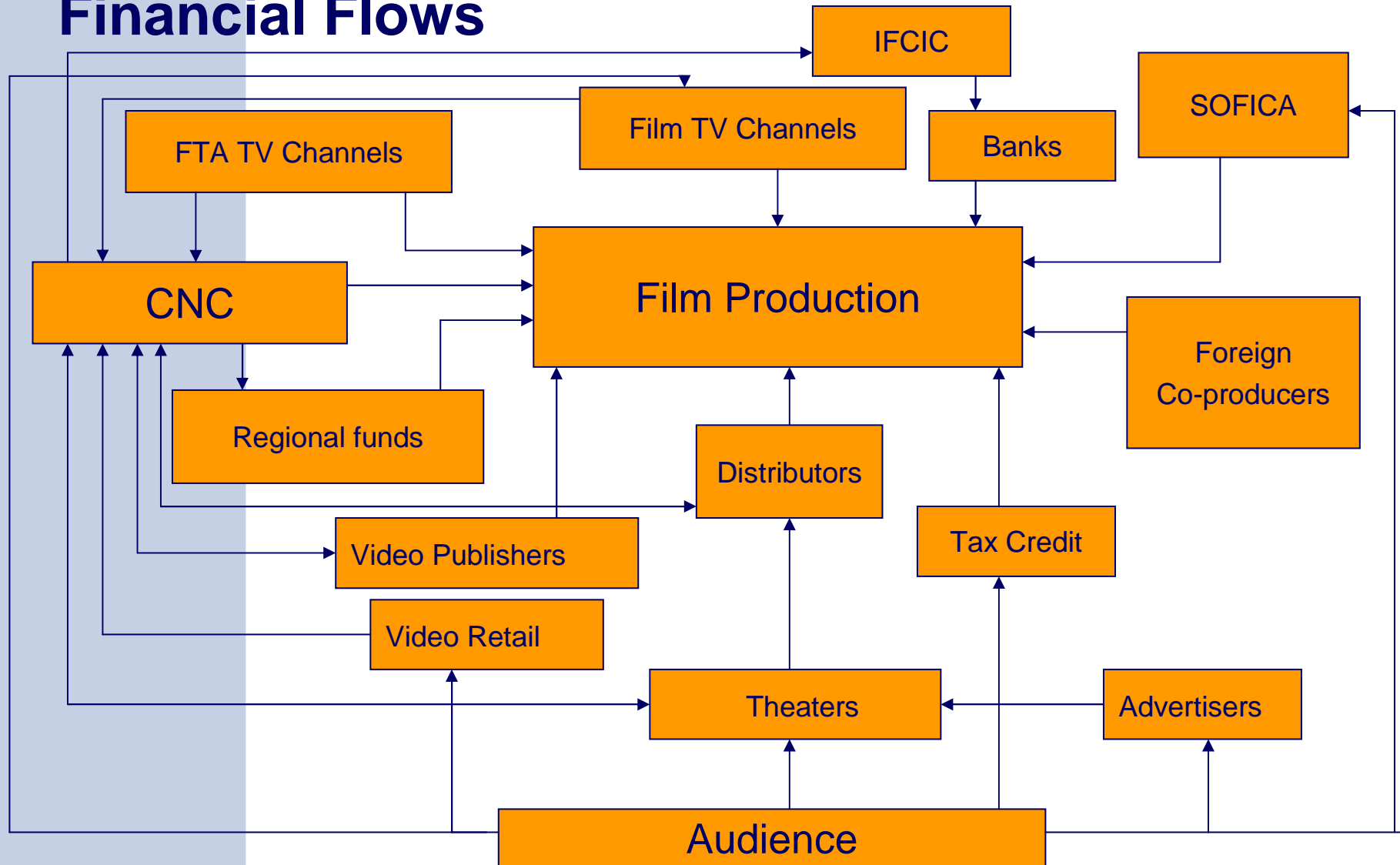
### Cinema: a specific industry, and much more

- **The cultural need to harbour a free & dynamic production industry...**
  - Cinema as a vector of cultural identity
  - WWII propaganda: State-controlled cinema at its worse
- **... confronted with a “casino economy”...**
  - Costly production
  - High risk entailed
  - Low average yield for producers
- **... and a national industry fraught with weaknesses..**
  - Fragmented production base
  - Narrow market, compared to the US
- **... entailing market failures & structural credit crunch**
  - Hard time for newcomers & daring creators

### 3 major assumptions, leading to the creation of CNC :

- **Need for rules and public support**
  - To compensate for market failures
- **Reallocating added-value is the key**
  - Imposing forced saving upon producers: the **supports account** mechanism (“*compte de soutien automatique*”)
  - Infusing solidarity among producers: **selective support** schemes
  - Ensuring adequate return for producers: solidarity across the value-chain through **regulated funding** (“*financements encadrés*”)
    - Taxes and/or compulsory production investments imposed on downstream sectors (exhibitors, video, TV..)
    - In return for exclusive exploitation of works within specific timeframes (“*chronologie des médias*”)
- **Legitimate decision-making is of the essence**
  - Providing the right forum for debate: fair representation of stakeholders
  - Committee-based decision-making / Public arbitration as a last resort

## Financial Flows



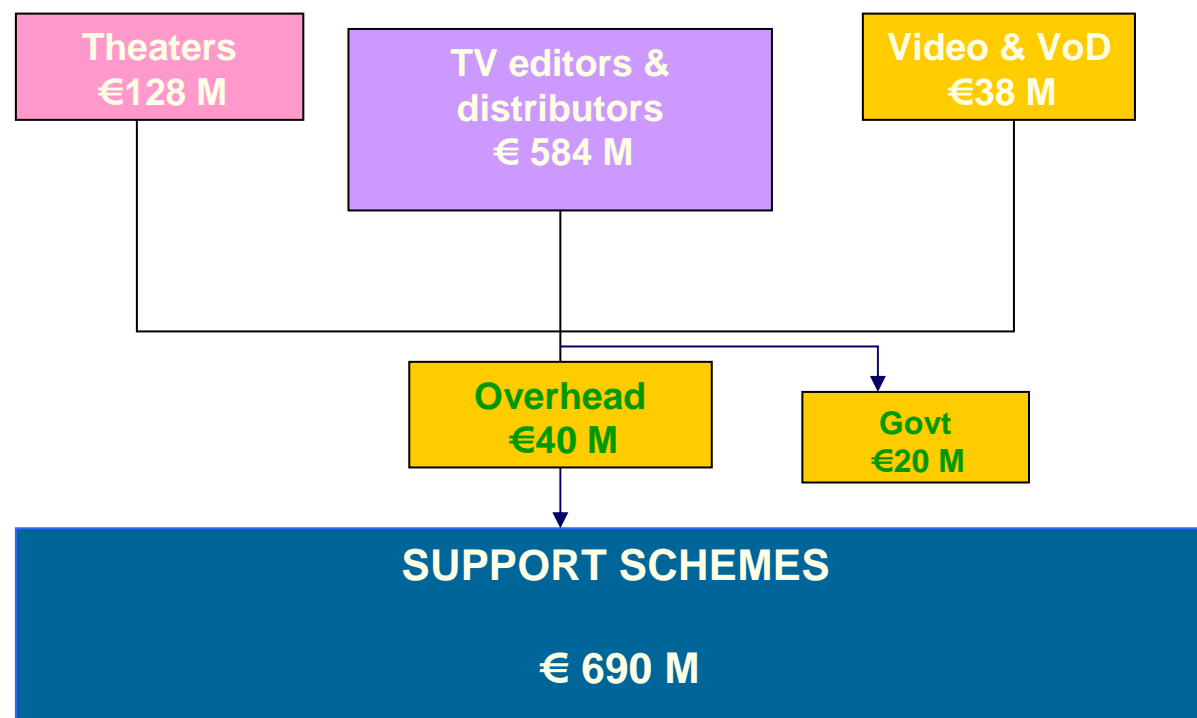
- Created 1946, last streamlined July 2009
- A fully-fledged agency: autonomous public body (both legally & financially) exercising the full spectrum of public policies on behalf of the Government
- Competent within the full scope of animated image (cinema, audiovisual works, cross-media, video-games)
- Exclusively funded through taxes directly levied on the revenues derided by private operators from the exploitation of audiovisual works  
Exception : tax breaks
- Committee-based decision making

## Missions:

1. Regulation (design, implementation & control)
2. Financial support (creation & circulation of works)
3. Film heritage policy
4. Supervision of professional training
5. Education of the younger audiences
6. International negotiations & co-operation

## Resources (2011 estimates):

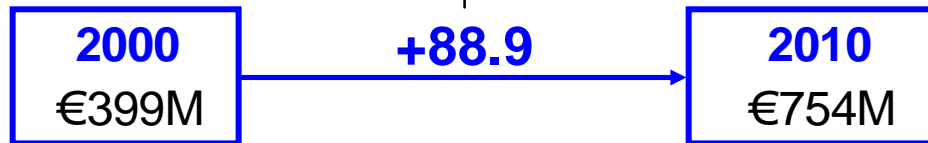
- Levies: € 750 M (gross) / € 710 M (net)



## Film & Television Expenditure by French Households (theaters, video, VoD & share of television services in triple play subscriptions)



economical link



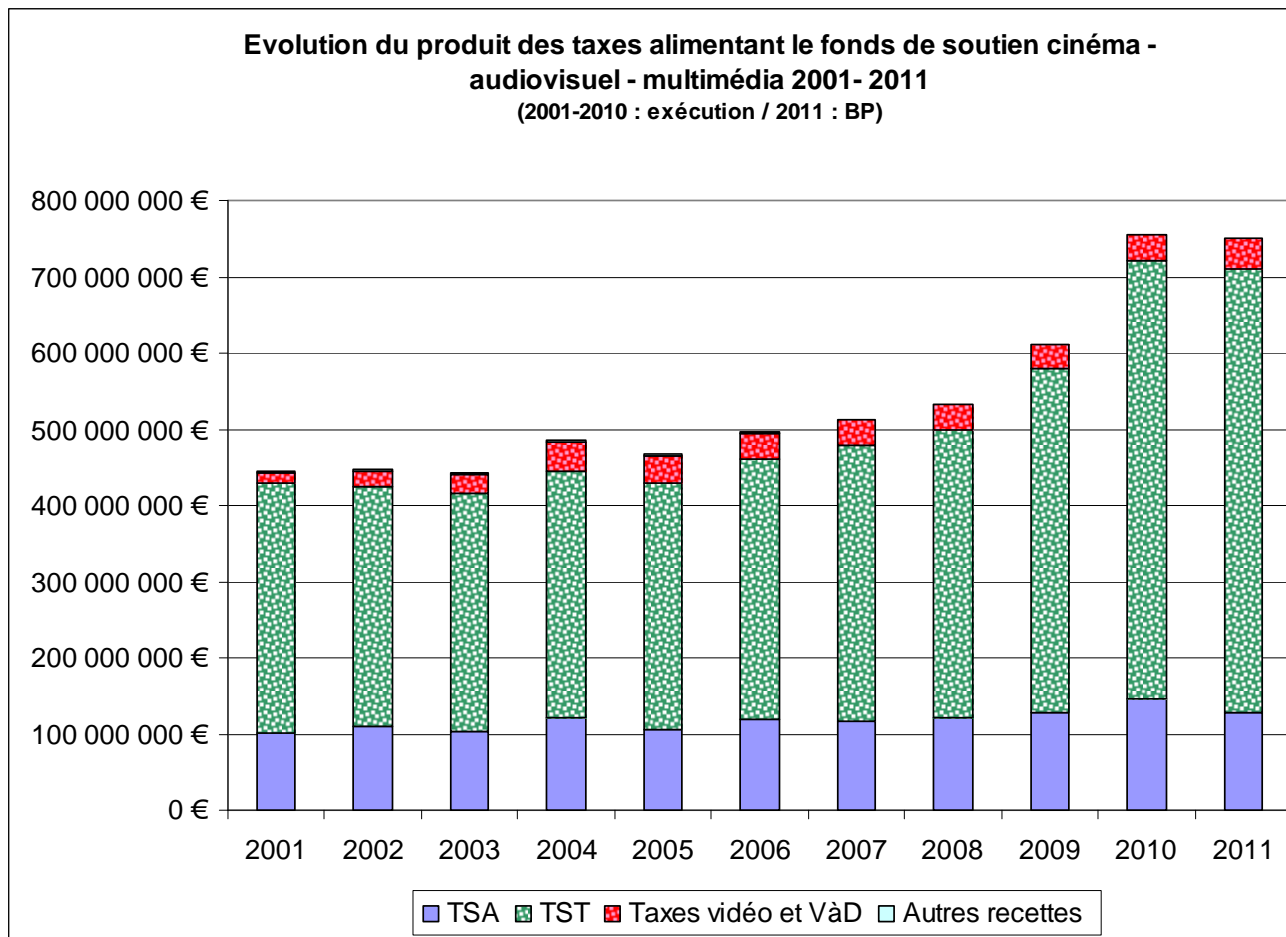
**CNC Support Schemes**

### New financial need:

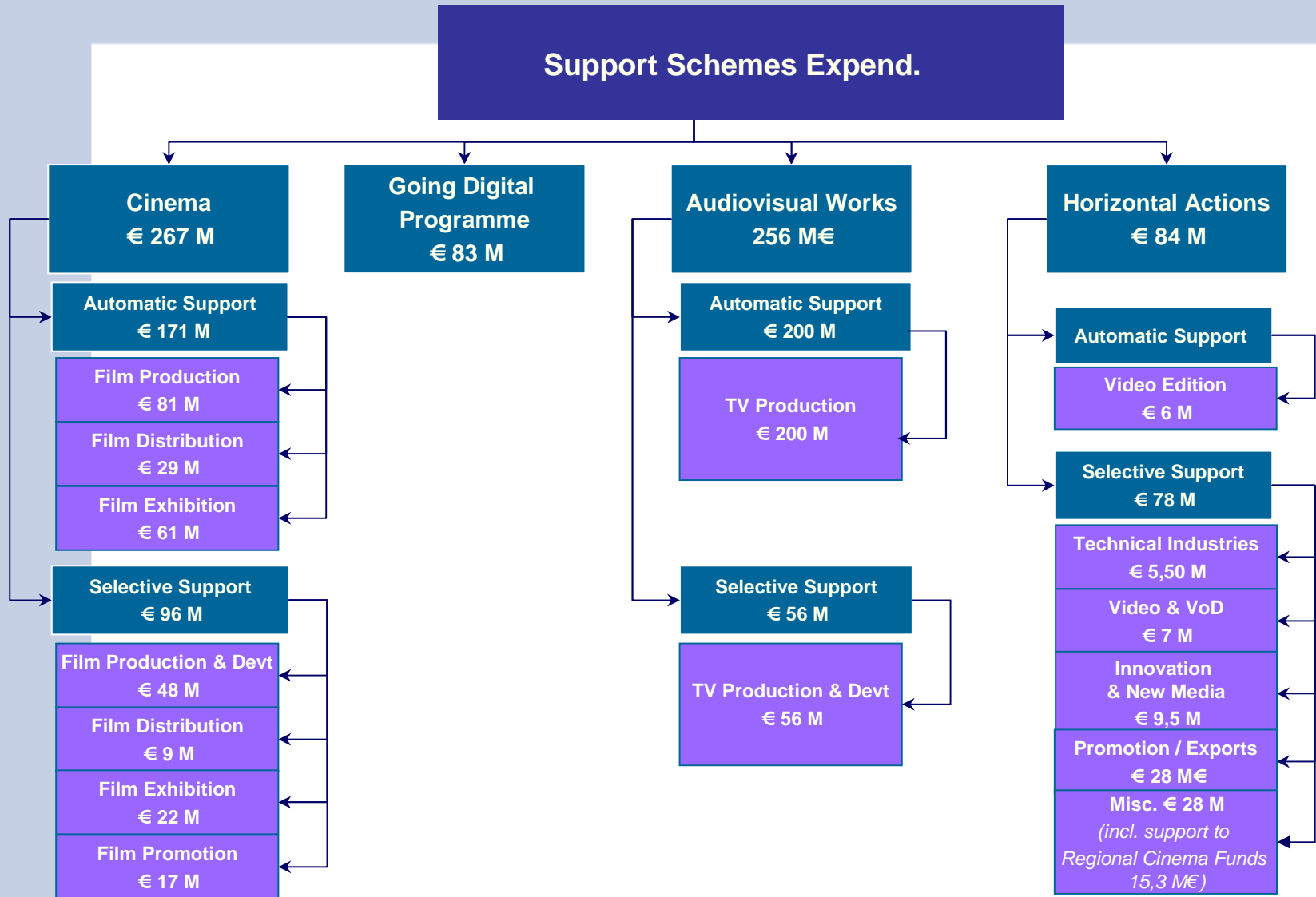
- digitalization of theater screens
- digitalization of films

**The CNC Support Schemes must be growing**

### III. Ressources & Funding



# III. Resources & Funding



**From certification (« agrément ») to automatic support:****Why go through the certification process?**

- So that you may invest pending rights to automatic support, if any, into your new film
- AND/OR so that your current work may generate rights to automatic support in the future

**Who should apply for certification?**

- Only the executive producer (« *producteur délégué* »)

**What are the eligibility criteria?**

- Production company set up in France and run by European nationals (*or European residents*)
- Work made with the help of European studios or labs (*non applicable in case of official co-production; some derogations*)
- Work qualifies as European on a specific rating-scale, with a minimum of 14 points out of 18 (*i.e. entails a majority of European creators, cast, technicians and/or technical means ; not applicable in case of official co-production*)
- Work qualifies as French on a specific rating-scale, with a minimum of 25 points out 80 (*including 10 points for the production company ; some derogations ; not applicable in case of trilateral production within the framework of the European Convention on Co-production*)

**Automatic support: how rights are generated**

- Through the revenues derived from the film
  - Box-office
  - Video & VoD sales
  - TV purchases
- Coefficients & bonuses
- Respective retributions of rights-holders
- Lifespan of generated rights: 5 years

**Automatic support: how to invest rights**

- Development and production (€ 81 M)  
Writing & re-writing, preparatory works, production & post-production costs
- Distribution (€ 29 M)  
Purchase of distribution rights, publishing costs
- Exhibition (€ 61 M)  
Modernisation works, new theatres..
- Video Edition (€ 6M)  
Purchase of rights, marketing

**Total: over € 175 M per year**

## Selective support schemes

- **Development & production (€ 48 M)**
  - Writing, re-writing expenditures
  - Purchase of rights
  - Cash advance for French-speaking films, before/after shooting (« *avance sur recettes* ») (€ 30 M)
  - Special grant for films shot in foreign languages (« *aide aux films en langues étrangères* ») (€ 1 M)
  - Special grant for projects originating from developing countries (« *Fonds Sud* ») (2,4 M€)

### **Selective support schemes (continued)**

- **Distribution support (€ 9 M)**
  - Unreleased movies
  - Film heritage
  - Foreign movies with limited access to market
- **Exhibition support (€ 22 M)**
  - Creation/modernisation of theatres
  - Art house theatres
  - Additional prints (destined to small towns)
- **Export activities (€ 5 M)**
  - Prospecting
  - Dubbing & subtitling

**Grand total: € 85 M€ per year**

## Indirect public support to cinema production

- **Tax breaks (€ 150 M)**
  - SOFICA (capped spending: € 65 M)
  - Domestic tax rebate -- « *crédit d'impôt cinéma* » (2004) (capped spending: € 60 M)
  - TRIP / Tax rebate on international productions -- « *crédit d'impôt international* » (Dec. 2009)(cost: € 25 M)
  
- **Loan guarantees (€ 2 M)**
  - IFCIC
  
- **Regulated funding (over € 300 M)**
  - Compulsory TV pre-purchases

(FIF = French-initiated films)

**Direct support** (automatic & selective):

- 10%-15% of production budget
- Usually acting as early supporters

**Indirect support** (regulated funding, loan guarantees & tax breaks):

- 35 % of production budget

**Capping of overall public aid:**

- Usually 50% of final cost (*of French share, in case of international co-production*)
- Up to 60% (« *films difficiles ou à très petit budget* »)

## FIF - Average funding sources

In decreasing order

Bold: direct support / Underlined: indirect support / Italic: gap financing

- TV pre-purchases: 30 %
- French producers: 25 to 30 %
- ..... More than 1/2 of budget
- MG / French distribution: 10 %
- Foreign co-producers: 8 to 10 %
- **Automatic public support: 5 to 10 %**
- MG / foreign distribution: 3 to 5 %
- ..... More than 80%
- SOFICA : 4%
- TV co-producers: 4 %
- **Selective public support (CNC): 3 %**
- **Additional selective public support (local authorities): 2 %**
- *MG / video sales*: 1 %
- .....

**Small budget**

- Producer: 50% and over
- Selective support (CNC & local): 15% and over
- No free-to-air TV

**Mainstream productions (« *Films du milieu* »)**

- FTA-TV pre-purchase
- SOFICA involved

**Big-budget productions**

- Pay-TV pre-purchase and/or coproduction
- Foreign co-producer
- MGs (France & abroad, theatres & video) up to 25 %

## Context

- Founded in 1984, the Fonds Sud, managed conjointly by the French Ministry of Culture and the French Ministry of Foreign Affairs, has quickly come to the forefront of world cinema. In just over 25 years, the fund has contributed to over 500 projects originating in over 70 countries, granting a total of €55 million in aid.
- The CNC have decided to create an expanded system for providing aid to cinema around the world which shall include, among other funds, Aid to Foreign Language Films, a fund created in 1999 which, in its 13 years of existence, has provided over €14 million in aid for the financing of nearly 120 films.
- As of January 1, 2012, the aid shall replace the current procedures of the Fonds Sud and Aid to Foreign Language Films.

## Objectives

- Offer a unique entry point, accessible to artists worldwide, that is adapted to the needs of each filmmaker, while substantially increasing the financial means available to them in order to enable coproduction projects.
- Create possibilities of collaboration between foreign filmmakers worldwide and professionals in the French industry, and to facilitate and encourage such associations, in order to coproduce works that promote cultural diversity.
- Contribute to the ratification of the Convention of Unesco dated October 20, 2005, which an increasingly large number of countries support, concerning the protection and promotion of the diversity of cultural expression.

## Criteria for Grants

- This new aid is selective and shall be granted as a subsidy to foreign projects seeking support from French coproducers.
- The projects shall be selected by a committee of professionals, according to the degree of artistic excellence, the ability to present French and international audiences with a different viewpoint and raise awareness of new issues, as well as the level of fragility of the professional base to which the projects belong.
- Particular attention shall thus be paid to the works of first-time filmmakers, For this reason, the committee shall be made up of two colleges, chaired by two vice-presidents, one that is dedicated to first and second films and the other to projects driven by confirmed film directors.
- Priority aid shall be granted to films from Sub-Saharan Africa, least developed countries and countries included in the “priority solidarity zone”.
- Priority aid shall also be granted to coproductions from countries whose governments have ratified the Convention of Unesco or which have signed a film coproduction agreement with France.
- The aid may not exceed a certain portion of the financing provided by the French coproducer. The aid shall also be limited to a maximum absolute amount, ranging between 200,000 and 250,000 Euros. Finally, for projects whose production estimation exceeds a set amount (approximately €2.5 million), the production partners shall be requested to seek the approval of the CNC.

## Management

- Aid shall be managed conjointly by the *Institut français* and the CNC,
- The total budget of the fund shall reach €6 million in 2012 – nearly twice the amount previously reserved for Fonds Sud (€2.1 million) and the Aid to Foreign Language Films (AFLE) (€1.1 million).
- Aid applications must be filed by the partner production company established in France rather than directly by the foreign coproducer for which a coproduction contract with a French company shall only be required at the time aid is granted.
- To launch its very first year of operation, the Committee shall meet for the first time during March or April 2012, followed by meetings every two months or so.

## The digital revolution and cinematographic heritage

- The restoration and digitalization of heritage films is part of this revolution. Financial aid is being set up: the CNC's subsidies will in priority be granted for the most fragile films. The subsidies from the 'Great Loan' will go to the most financially viable films.
- The works will, at minimum, be digitalized in 2K format, to ensure that they can be shown in cinemas and on all mediums.
- This revolution will enable a whole host of forgotten works to be screened, screened again and given new life.

[A Journey of Discovery Bucking Broadway - Restoration](#)

## A platform of references

- This offer must be organised as reference points are becoming necessary for the general public. The transmission of this heritage must be accompanied by the transmission of technical and cultural knowledge, and contextual keys.

### A Journey of Discovery The Lumiere Project - Identification

- The project for a 'platform of references' for heritage cinema which the CNC has undertaken with the Cinémathèque française is part of this action. This project also involves several film libraries in the regions and is open to institutions which may be interested.

### **The digital revolution and cinematographic heritage**

- 1) A a professional tool for managing film, and non film collections**
- 2) A collaborative tool for each institution with its own partners**

**[www.cnc-aff.fr](http://www.cnc-aff.fr) : Films yet to be identified**

## The digital revolution and cinematographic heritage

### 3) A general public interface enabling :

- **The enhancement of collections**

- Documentary data : [A Journey of Discovery Cléopâtre](#)
- editorialisation (journey, body...) : [A Journey of Discovery A Look at Pierre Coulibeuf](#)
- Online exhibitions : [www.cinematheque.fr](http://www.cinematheque.fr) : [Exposition virtuelle Albatros](#)

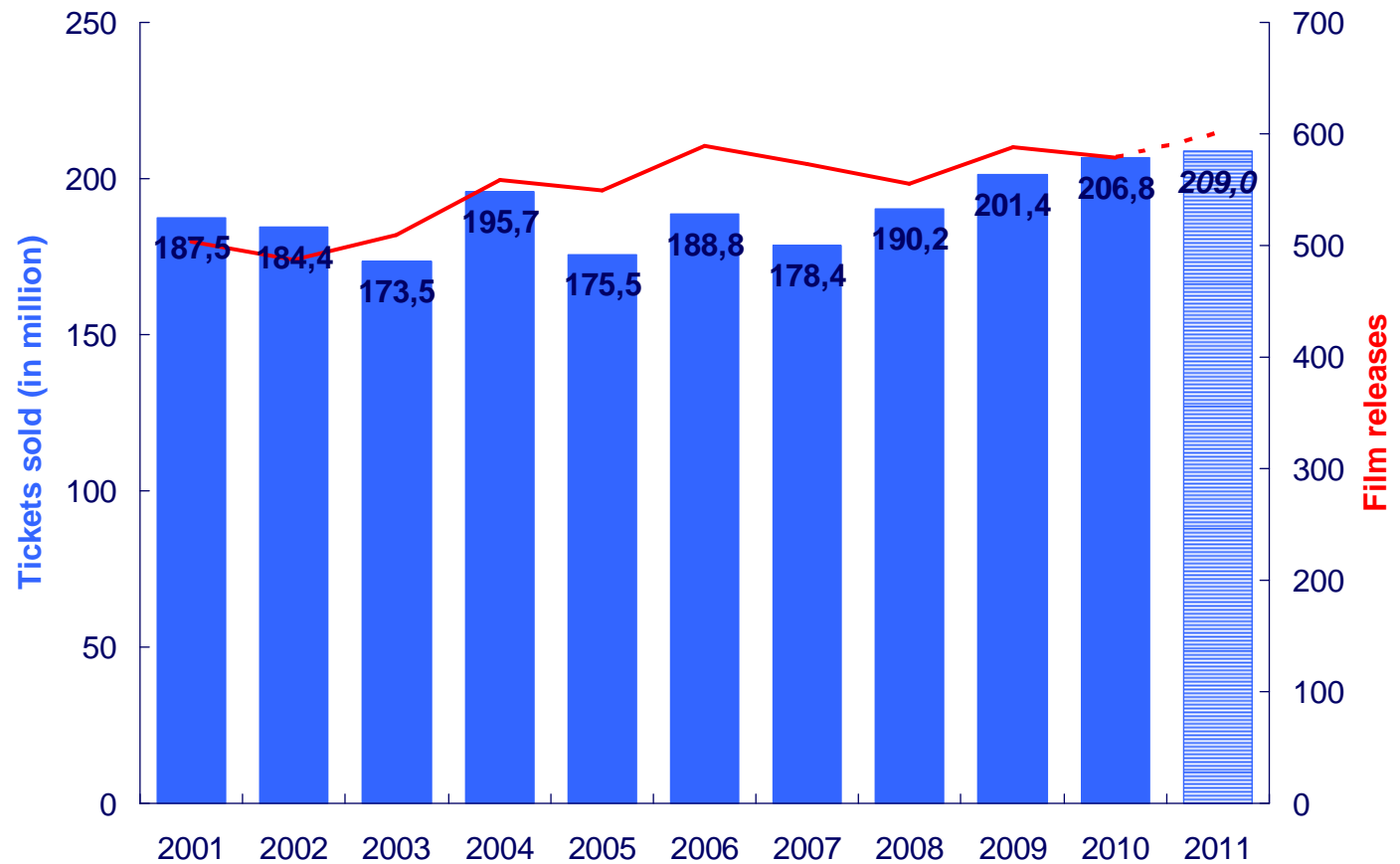
- **The visualisation of films or extracts in the public domain**

[A Journey of Discovery Tourisme](#)



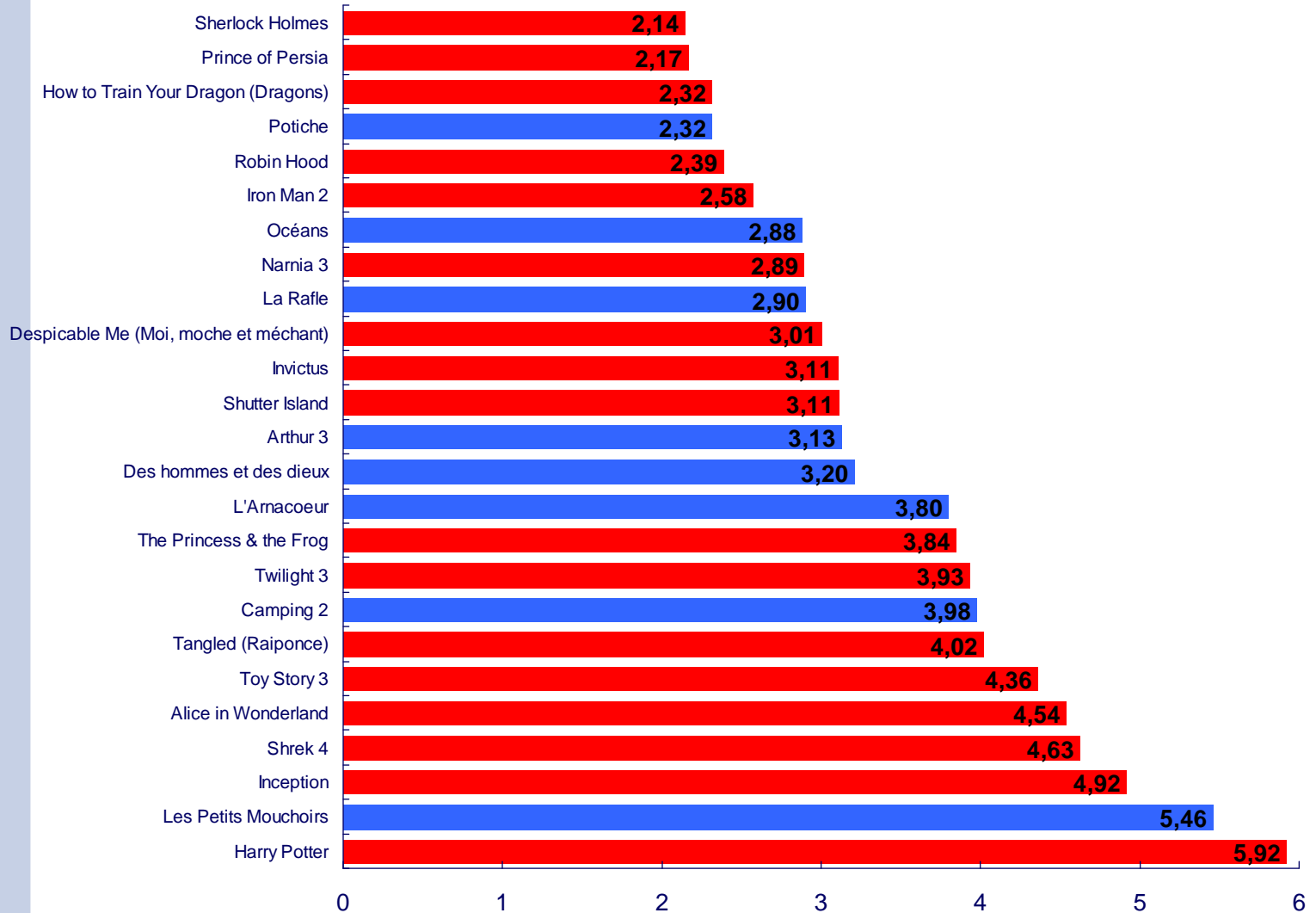
## VII. Attendance & Digital Screens

- 579 film releases in 2010
- Attendance: 206.8 million tickets sold in 2010 (+2.7%)
- The highest level since 1967



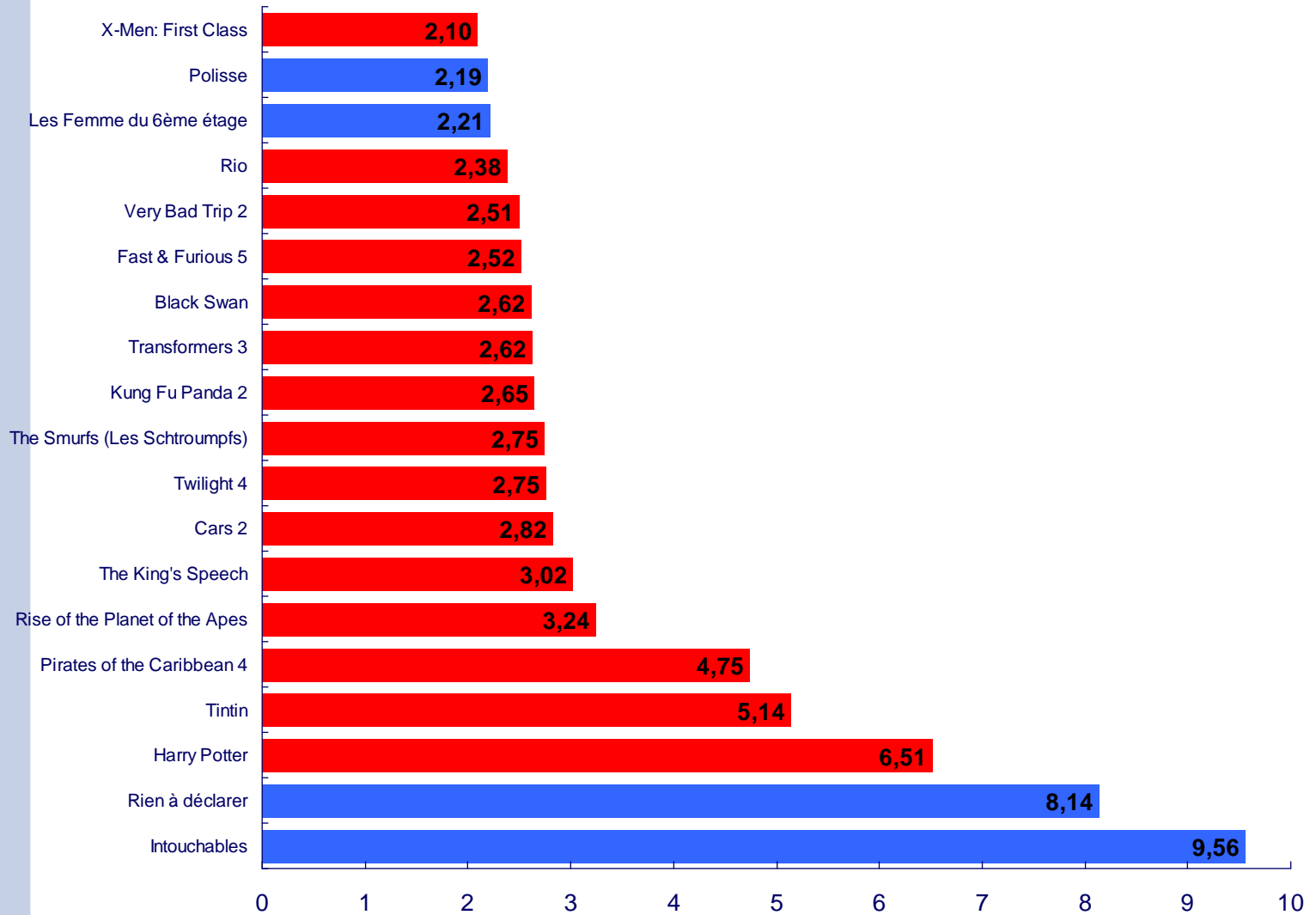
# VII. Attendance & Digital Screens

Films over 2 million tickets sold in 2010 (in million)



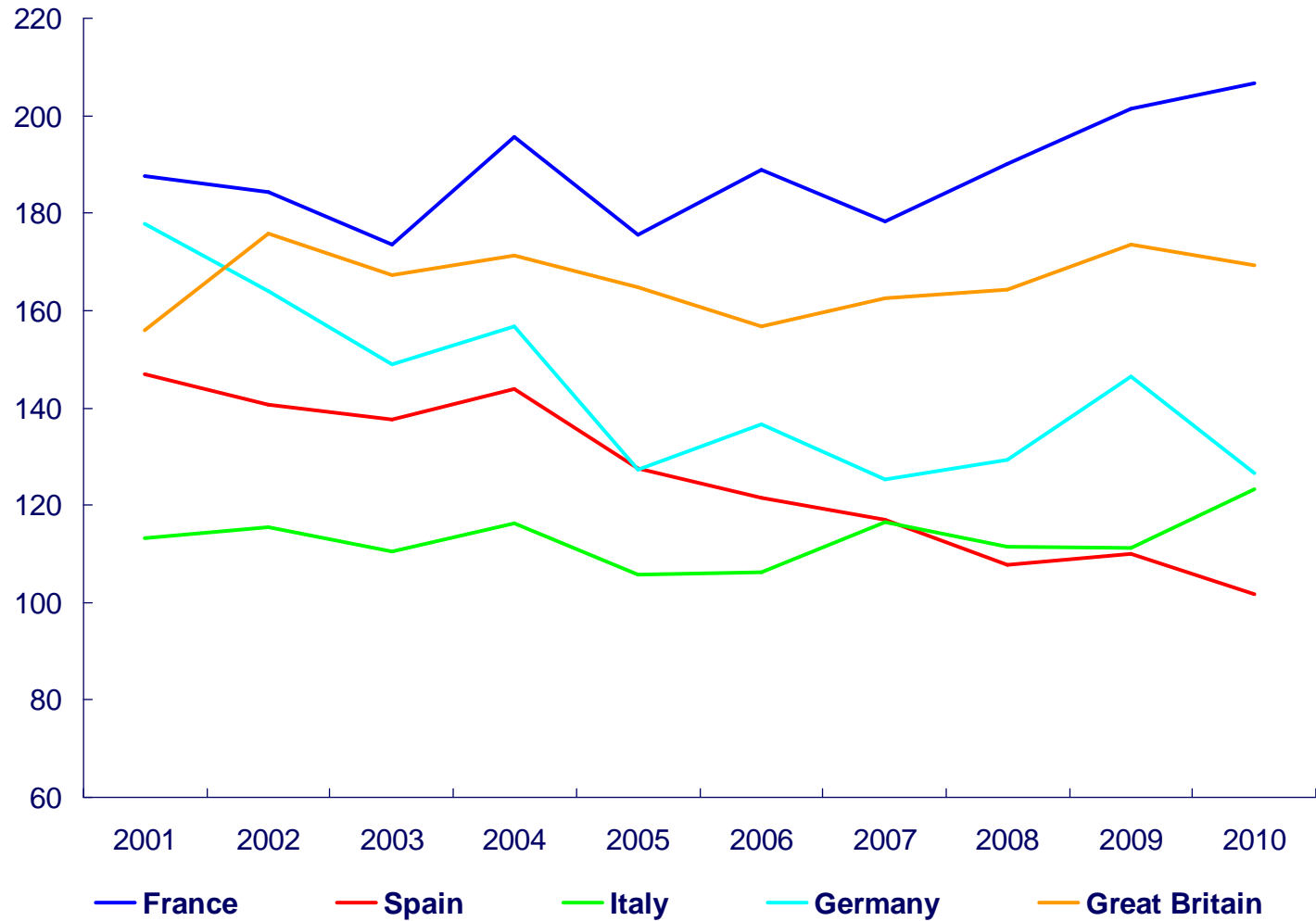
# VII. Attendance & Digital Screens

Films over 2 million tickets sold in 2011 (up to date in million)



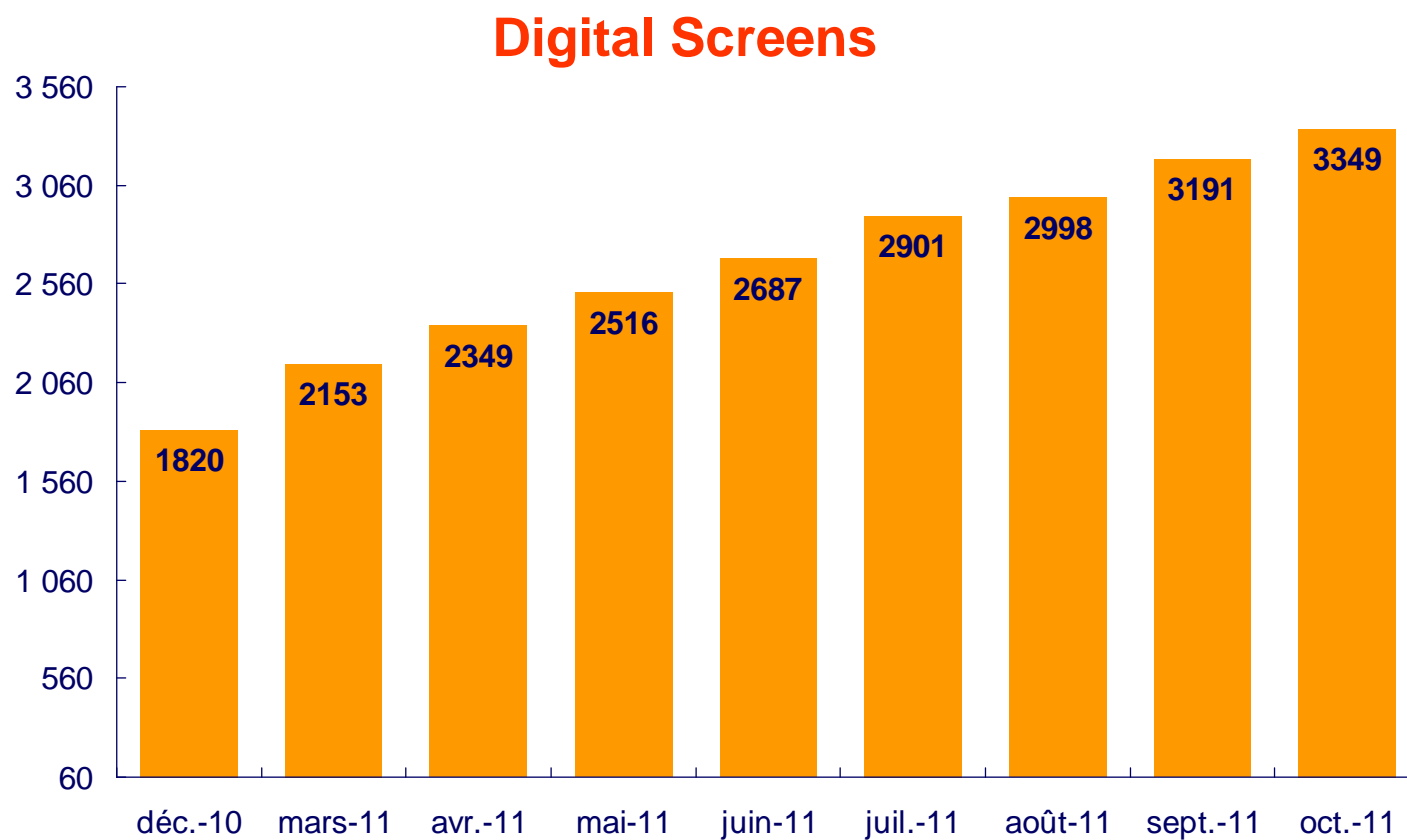
# VII. Attendance & Digital Screens

## Tickets Sold (in million)



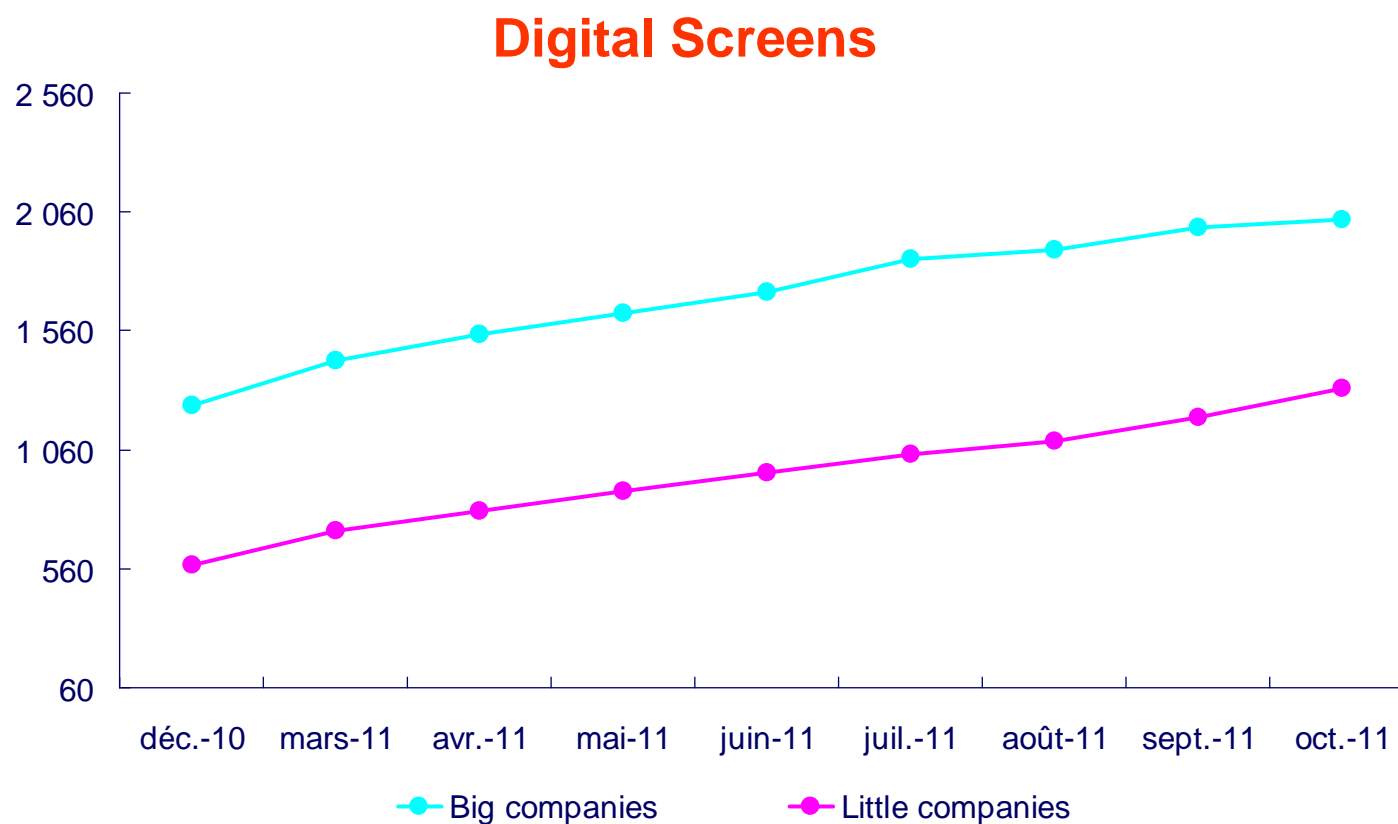
## VII. Attendance & Digital Screens

- 60.8% of screens are digitalized in october 2011
- 3349 screens in 888 cinemas (43.2%)

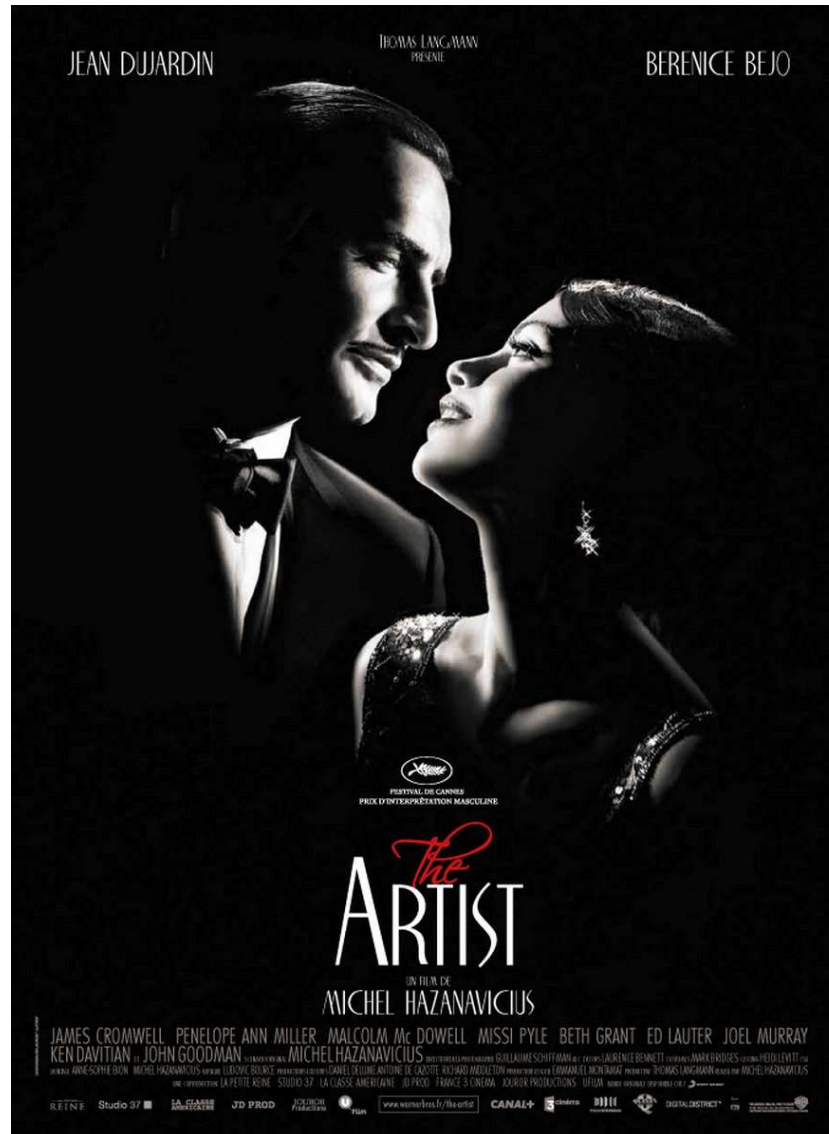


## VII. Attendance & Digital Screens

- 42% of screens digitalized in October 2011 in little companies (+130% vs December 2010)
- 86% of screens digitalized in October 2011 in big companies (+63% vs December 2010)



# VII. Attendance & Digital Screens





# VIII. « Le jour le plus Court »



A participatory film festival initiated by the CNC.  
Over the whole of French territory and Internationally

On all screens

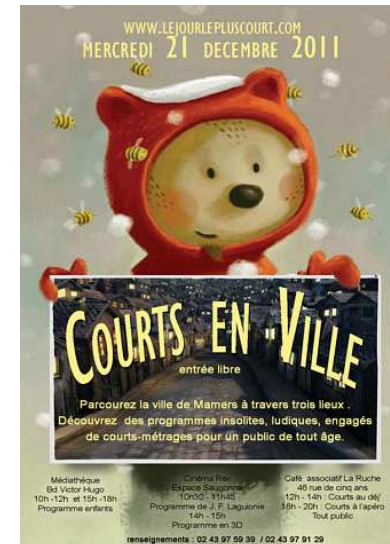
A Tribute to Short Films

On this, the shortest day of the year

## A participatory festival

1200 events organised

Cinemas, media libraries, cultural associations, theatres, music venues, prisons, leisure centres, cafés, railway stations, public amenities....



### **An important festival**

Short films are the talent pool of French cinema, an area of exceptional creativity, but are screened far too rarely :

Only 1% of cinema programmes are short film programmes

The festival's goal is therefore to durably increase the visibility of short films, whilst ensuring that this first festival is a success