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Towards sustainable financing models for television production? Challenges for audiovisual policy support in small media markets

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Abstract

This paper sets out from a contextual perspective to describe and evaluate the mix or ‘policy toolkits’ available for policymakers to sustain the financing of tv drama production in small countries, and the mechanisms to support a viable television production sector. It questions how and to what extent existing TV production in small nations is affected by international and national shifts caused by multiplication of distribution platforms and shifts in media consumption, and to what extent these challenges affect existing ecosystems of TV production. Basing on an evaluation of existing financing and supporting mechanisms for media policymakers, the paper analyzes the sustainability of existing support and new instruments media policymakers have for future-proof regulation and support for domestic quality content. Evidence from this paper derives from a large-scale analysis of the Flemish audiovisual sector. The research is based on analysis of policy and sector documents (annual reports, press releases, policy documents, legislation), secondary data retrieved from TV producers and broadcasters and a series of semi-structured expert interviews and roundtable discussions with representatives of media organizations along the broadcasting value chain.

Introduction

Various developments have impacted on the financing and production of TV drama series. Online video and over-the-top (OTT) services shake up the audiovisual value chain and increase the potential for new revenues for TV fiction and investments in original production. Despite the arrival of more windows of exploitation, however, the financing of TV drama has become extremely fragmented, especially in smaller markets. The structural decline in advertisement investments puts pressures on private broadcasters’ ability to commission original TV drama. Moreover, cutbacks in public spending induce public service broadcasters to cut costs in programming. Since TV broadcasters remain by far the largest commissioner of original productions, these developments make it increasingly difficult to sustain the number and quality of local TV drama productions.

As media policymakers, especially in smaller media markets, are concerned by this fragmentation of revenue streams and financing modes, this paper questions which policy instruments can sustain the financing and production of quality TV drama in small countries. Traditionally, TV production in small countries strongly relied on direct subsidies, but recent decades have shown a gradual shift towards indirect and economically oriented support mechanisms such as credit loans and tax shelter systems. The question is whether the various existing support instruments, referred to as the ‘policy toolkit’ in this paper, are still suitable in the reconfigured TV drama landscape, and how ad hoc policy measures can be transformed into a durable, future-proof policy approach for sustainable TV drama ecosystems.

Evidence is based on an in-depth analysis of the TV production sector in Flanders (northern region of Belgium), which faces diseconomies of scale problems (e.g., structural financing issues, restricted number of players, etc.) due to its small market, but is also characterized by immense popularity of domestic content and a relatively strong production sector. The research is based on analysis of policy

and sector documents (annual reports, press releases, policy documents, legislation), secondary data retrieved from TV producers and broadcasters (including budget sheets between 2009 and 2014) and a series of semi-structured expert interviews and roundtable discussions with representatives of media organizations along the broadcasting value chain. In total, 29 experts were interviewed (producers = 6; broadcasters = 7; distributors = 4; policymakers = 5 and independent experts = 7). The data allow us to discuss the opportunities for policymakers to sustain the financing and production of domestic TV drama in a small media market.

The paper is structured as follows. First, drawing on a typology of incentives for policy to support audiovisual production, 5 types of instruments that are part of national ‘policy toolkits’ of media policymakers are identified, and the particular challenges and structural handicaps for smaller TV production markets are discussed. Second, building further on this conceptual framework, the policy mix for TV production in Flanders and its effectiveness is critically assessed. Third, based on this evaluation, a series of recommendations for a sustainable media policy and a viable domestic TV production sector are outlined in the conclusion section. The main argument in this paper is that small markets may benefit from a coherent policy approach that ensures the sustainability of the TV production sector in a structural manner.

I. Contextualizing policy support in small markets

Supporting audiovisual industries in small markets

When the quest for an integrated European audiovisual policy took off at the end of the eighties, existing fallacies and thresholds for supporting audiovisual industries in national member states were highlighted (Pauwels, 1995, 2000; Harcourt, 2005 ; Herold, 2010; Sarikakis, 2007). Especially for smaller member states, multiple drawbacks hampered the development of domestic markets and audiovisual industries. Partly these handicaps result from contextual circumstances, partly they show a lack of interventionist policies, and partly they are the result of specific characteristics of the audiovisual sector itself. For our analysis, we point to more or less four thresholds for small audiovisual markets:

- (1) A structural lack of financial means for production: a lack of scale in markets prevents audiovisual content to employ the same cost-intensive standards that high-quality domestic content requires. Broadcasters lack the budgets to commission these cost-intensive programmes. Audiovisual works in small countries are mostly low to very low budget productions. As such, this restricts the options for export and competition on an international scale. In comparison, the cost of high-quality series in Flanders for example averages about 4 million euro (Raats et al. 2014); the cost of a high-quality production as the Danish *Borgen* is estimated around 10 million euro, while US quality series as *House of Cards* employs budgets six times that amount.
- (2) A restricted market characterized by fragmentation: while independent television production companies traditionally portray the characteristics of what has been coined as ‘cottage industry’, independent production in small markets shows even larger fragmentation, with various production companies being dependent on a limited number of broadcasters commissioning content. In Flanders, recent years have seen various forms of consolidation, whereby various smaller production companies have either merged, either ceased their activities, or have been integrated partly or fully integrated in international production companies. Various of these smaller companies solely rely on commissions from the public broadcaster VRT.

- (3) Not only the size of markets and limited budgets hampers export of productions, but also language and the cultural specificity markedly manifests itself as a burden for circulation of domestic audiovisual content. While Scandinavian content and the 'Nordic Noir' has been enormously popular in recent years, and in its wake various countries have tried to follow suit, they have been exception rather than rule. Statistics indicates a huge lack of non-national domestic TV content in national market, with the exception of British content, and a continued dominance on US import (Jones and Schooneknaep, forthcoming).
- (4) Smaller audiovisual markets show themselves dependent on neighboring large countries. This has been particularly the case for Wallonia (i.e. French-speaking part of Belgium), which shows a strong presence of French players active, as well as a huge popularity of French television channels, thereby limiting popularity of national players and hampering development of domestic content production.

From a policy point of view, firstly, small member states portrayed a traditional lack of an integrated, inter-sector policy approach. Of particular importance is the compatibility of all existing mechanisms within a long-term and coherent strategy that sets out from vision. This also includes an inter-sector approach that supersedes traditional (often artificial) divisions between Ministerial departments, various policy levels, dialectics between culture, media, education, innovation, etc. and the coherence of all policies. Moreover, small nations were characterized by a lack of a coherent competition policy. This often resulted in the reflex that the optimal conditions for competition equaled allowing private players to operate in markets, hence leading to the marginalization of public broadcasters rather than effectively strengthen these broadcasters.

Secondly, small nations witnessed a lack of skilled technical and creative human resources and underdevelopment of training and education. This also has to do with the structure of the audiovisual sector itself, which is so output and project oriented, and work within the sector so cyclical, hence employers often overlook or do not find it lucrative to invest in training and talent management initiatives.

Thirdly, and most important for our analysis, small member states' media policies support mechanisms showed (i) a focus on sustaining production while completely overlooking distribution and circulation of audiovisual content, and (ii) an emphasis on subsidies as the key support mechanisms to safeguard domestic production (De Vinck, 2011; Elsaesser, 2005; Raats, 2014; Sparrow, 2007; Schooneknaep en Pauwels, 2014). Structural incentives ensuring the long-term viability of audiovisual industries, lacked. Such a focus on production and direct support instruments is characteristic for the traditional cultural and protectionist stance of small audiovisual markets aiming to protect domestic markets and players. The conclusion that small countries seem reluctant to apply indirect support instruments is actually surprising as one normally would expect that, when less resources are available, policymakers would explore all available options and possibilities within every node of the value chain in order to enlarge the pool of resources available. Large countries such as France also set out from a cultural protectionist perspective, but translated it in various direct and indirect measures. Small countries such as Belgium, and more specifically the Flemish region, but also Greece, Portugal (Guilard, 1990: 348a.f.), and Ireland have for years been lagging behind (Pauwels, 1995, 2000). And admittedly, small states that did adopt a multidimensional policy toolkits in the nineties, such as Denmark, have developed into flourishing domestic audiovisual markets today.

While much has changed since then, a lot of the thresholds that warranted a more structural and integrated audiovisual policy in the eighties, continue to exist today.

The contextual and structural handicaps are not necessarily decisive for a strong and competitive home market in small media markets. Countries as Denmark have shown that country size and language restrictions is no *conditio sine qua non* at all for failure of film distribution (Bondebjerg & Novrup Redvall, 2011). The success of Danish film and TV production on international markets is an example of this, nor is the size of the market detrimental for a lack of well thought out audiovisual policy. Also Luxembourg as one of the smallest European member states has at least in audiovisual market showed itself an exception in terms of market size, partly explained by its overarching fiscal regulation, partly by its language advantage.

A media policy toolkit: support mechanisms for TV production

When discussing the full portfolio or mix of policy incentives to support audiovisual markets and the production and circulation of audiovisual works, we refer to the concept of the ‘audiovisual policy toolkit’. A similar term, ‘cultural policy toolkit’, was coined by Grant and Wood (2008) and taken aboard in other scholarly work (see for example Humphreys and Gibbons, 2012; Donders & Raats, forthcoming) to discuss Public Service Broadcasting, quota and other mechanisms as part of a broader set of policy instruments that help sustaining cultural diversity and the development of cultural industries in Europe. Generally, we identified 5 types of support within the audiovisual policy toolkit to support TV production industries. They target production, as well as distribution and further exploitation of TV (based on Pauwels, 1995).

- **Supporting direct (commercial) revenues:** This comprises every type of revenue generated from the sales of TV rights. For media policy, mechanisms to enhance commercial revenues in the market, can be giving grants in return for distribution guarantees to effectively distribute programmes. The rules Media Fund support in Flanders for example, require that only projects are eligible when there is already a broadcaster connected to the project. Moreover, only independent producers can apply for funding, which is partly imposed as a safeguard that primary and secondary rights will be valorized. Next to these kinds of guarantees, policymakers can also invest in mechanisms to enlarge export, for example by supporting attendance at international sales, or investing in a common ‘label’ or structural promotion cell. Other mechanisms, and of particular importance with the advent of new platforms such as Netflix, are control of the chronology of media and release windows. A correct valorization of the value of every window seems to become an increasing priority of all actors involved in the audiovisual ecosystem. While policy refrains from involving directly in windows and commercial deals between various players, they can however invest in imposing terms of trade between broadcasters and independent producers and ensure correct valorization by allowing as much players to compete for windows. Particularly in small markets, characterized by vertical integration of production and broadcasting within larger telecom conglomerates, this increases the importance of a competition (Evens & Donders, 2015). Yet another mechanism is a quota system for TV exploitation to support European and national markets against foreign competition, as can be found in European and national quota for domestic production, investments in independent production, etc.
- **Subsidies:** A distinction has to be made between selective (cultural) and automatic (economic) subsidy instruments. Selective subsidies are often restricted to content that enhances ‘difficult genres’, highlights specific themes, favors independent production or stimulates young and new talent. Automatic subsidies are subsidies not connected to specific productions, but granted to companies as a whole for a select period of time (often connected to specific requirements for eligible players). Examples are EU distribution support given to distributors or exhibitors as part of the Creative Europe (former MEDIA) support programme (Jones and Schooneknaep,

forthcoming; Commission, 2014). In practice, subsidies are the most established part of policy portfolios, and are especially in smaller markets, a prerequisite for every production if it wants to be made.

- **Participatory financing:** Auto-financing or participatory financing entails the stimulation of financial contributions of all stakeholders involved in audiovisual production. With participatory financing, audiovisual policy aims to share burdens as well as opportunities for various players in the ecosystem, from cinema exhibitors, distribution majors, retail distributors, broadcasters, cable and telecom players, advertisers and advertising brokers, hardware manufacturers, etc. The result is specific players become less dependent on direct subsidies and other forms of government support. Most often, auto-financing comes in the form of an independent fund which collects and oversees financial contributions, for example the CoboFonds in Belgium and the Netherlands. For film, auto-financing in Europe resulted in levies on the sale of hardware, often redistributed to authors rights associations, or other forms of taxations on hardware, such as the private copy system for blanco dvd's.
- **Investments stimuli, credit loans and fiscal measures:** These include among others the tax shelter regimes, credit loans and other fiscal incentives (Olsberg SPI, 2015). France can serve as an example of pioneer, with its IFCIC system giving guarantees to banks and other credit institutions that provide loans to companies in the audiovisual sector, and its system of Sofica's that allows private enterprises since 1985 fiscal benefits when they invest in the audiovisual sector.
- **Other general economic incentives:** Included in this category are general policy instruments amended by governments to stimulate expansion with specific sectors, branches or types of companies (for example SME's) and/or the formation of public private partnerships in the audiovisual sector. Particularly challenging here is to adapt measures in such a way they become amendable and transparent for audiovisual entrepreneurs to make use of them. Other various systems that can be included partly in this category are general support mechanisms for training and education, and various allowances for employers and self-employed media professionals, which also serve as structural support mechanisms for the audiovisual sector.

III. Supporting TV drama in Flanders

TV financing in Flanders

Flanders portrays the characteristics of a small market, but with specific peculiarities such as an enormous popularity of homemade content. It is a market of about 2.5 million TV households. More than 80% of the television market share is reached by three main broadcasters (the public broadcaster VRT and its commercial counterparts Medialaan and SBS) while the distribution market is dominated by cable operator Telenet (over 80% market share). The production market itself is scattered over more than 50 external producers, which corresponds the market structure in countries where independent TV production characterizes itself as 'cottage industry' (Doyle & Paterson, 2008; Sydow; Lee, 2011; Lundin and Norbäck, 2009; Lutz et al. 2003).

The production of TV drama has increased significantly over the last decade and remains at a high level (with 15 to 20 new quality series produced each year). The supply of quality TV drama follows the preferences of Flemish TV viewers: domestic series are among the most popular TV programmes in terms of viewing ratings (Raats et al. 2014; VAF, 2014). The expansion and further professionalization of the independent production sector is, in large part, the result of an interventionist policy approach that

emerged since the mid-2000s. Our analysis of TV drama financing indicates a high dependence on public support instruments, of which the tax shelter incentive and the Media Fund seem crucial to the success of domestic TV drama. The results suggest that the cost of quality TV drama cannot be covered by (declining) advertising revenues so that production would not be possible without any form of public support (Raats et al. 2014).

The incorporation of the Flemish Film Fund into the Flemish Audiovisual Fund (VAF) in 2002, paved the way for a more economic focus, centering around a series of additional instruments. The emphasis shifted from direct subsidies to more indirect support instruments. In 2003, the tax shelter was introduced, allowing fiscal advantages for companies investing in film and TV productions. In 2010, the Media Fund was launched as part of the VAF, specifically targeting TV production and responding a direct call of producers and broadcasters for structural financing. In 2012, Screen Flanders, an economic fund attracting national and foreign investments in film and TV, was introduced and centered on economic return. Lastly, in 2014, the so-called ‘Stimulation Decree’ was passed, enforcing distributors to invest in audiovisual productions.

Analyzing the Flemish policy mix as a means of sustaining TV drama production

(a) Commercial revenue from primary and secondary rights

From a media policy perspective, a combination of measures have been included to stimulate the sale of rights and increase production and revenue. First, the public broadcaster VRT is obliged to invest specific percentages in independent production, thereby indirectly – given the popularity of the genre – also reserving large budgets for TV drama production. Second, the Media Fund (see further) has been launched as a catalyst for drama production: the system only funds as much as the broadcaster is willing to invest, thereby stimulating broadcasters to invest high proportions so production budgets increase and productions generate more success. Third: government enforced discussions on terms of trade however without enforcing a real set of rules or covenant between sector and broadcasters.

Much of the discussions in recent years regarding TV drama production revolved around the negotiated terms between broadcasters and independent producers. Independent producers argued broadcasters retain too much rights, thereby not allowing producers to build up a portfolio of rights and exploit secondary rights, which is as argued by producers necessary to develop new TV productions. While ongoing debates resulted in more formal and transparent agreements between producers and broadcasters, new polemics revolve around the required ‘correct valorization of windows’, i.e. getting a fair revenue from each window in the chronology of the audiovisual product. However, what is considered fair is mostly depends on which party can claim most rights.

In our roundtable discussions and interviews, independent producers argue that broadcasters increasingly put pressure on existing budgets, thereby wanting to “*make more for less money*” (interview with independent producer, translated citation). Indies argue that broadcasters’ investments in TV drama has decreased over the years. Our analysis (see Raats et al. 2013) has showed that broadcasters overall investment in TV drama production remains relatively stable, however, investments were allocated to more productions. In terms of percentage of investments, figures indeed show a lower percentage of broadcasters’ spending in TV drama production, but this can be largely explained by the success of other financial means such as the Media Fund and tax shelter making up their portion of the budget. Flemish broadcasters (interview with broadcasting representative, interview with media policy

expert) from their side argue that, with new windows on the rise (preview rights for distributors, on-demand sales and subscription on-demand such as Netflix), their content becomes less exclusive and rights therefore less valuable, and so decreased investments from their side would be self-explanatory. At the same time however, the same broadcasters have tried to retain as much rights as possible, thereby also exploring deals with players as Netflix. Independent producers, fearing decreased spending from broadcasters, also favor additional quota for private players to invest in TV drama (interview with independent producer, interview with policymaker). A correct valorization of windows in the Flemish market remains difficult (i) given the restricted number of players, so true competition for each window remains limited, (ii) because broadcasters still retain most rights and because of (iii) very limited revenue from secondary rights (export, DVD sales, on-demand, etc.). At this point only large production companies succeed in negotiating to keep the rights for further exploitation. A split on revenue from on-demand is often agreed as well, but given the limited popularity, it is by no means structural financial revenue.

Export remains restricted. Government support for audiovisual promotion is mostly restricted to film (through 'Flanders Image' within the Flemish Audiovisual Fund). As a financial stream, export is still very much restricted, but given the success of a few recent film and TV productions, the Flemish TV drama series are increasingly picked up for airing or remakes. This also gradually makes producers and broadcasters to look for more appealing international productions, both in themes and quality as in the search for ambitious co-productions.

(b) **Subsidies**

Our analysis confirms that the Media Fund, enacted in 2011, serves as a big catalyst for TV drama in Flanders. The Media Fund provides financial support for scenario, development and production of TV drama, and multiplies the investments made by TV broadcasters in drama projects. Each €1 granted by the Media Fund has to be complemented by at least €1 investment by a broadcaster, either public or private (with a maximum support of €1,1 million per series). The Fund has a yearly budget of €4 million and supported 38 TV drama series between 2011 and 2013. In addition to the Media Fund, local governments (cities and regions) often choose to support TV drama productions that promote the city or region. Despite relatively low amounts of support, some 40% of all TV drama productions benefited from city or region-marketing expenses. In some cases, this support is logistic, in most cases there is also a financial contribution from the municipal government. Just like the Media Fund, which budget is pressure by public savings, city-marketing expenses are going down due to public debts and budget cuts at the local level. This might have an impact on the financing of TV drama series, since city marketing, on average, accounts for about 6% of total budgets (Raats et al. 2014).

While most players welcome the Media Fund and see its continued existence as key for the survival of Flemish TV drama, a series of drawbacks are signaled.

Firstly, given the rising costs for TV drama series, several experts that were interviewed hailed the operations of the Media Fund, but also insisted that the annual budget needs to be increased in order to catch up the fragmentation of revenue streams and financing modes for TV drama.

'Public financing from the Media Fund is in most cases highly necessary for the production of quality TV drama. Since advertising revenues go down, we are losing money on TV drama productions. Still, we choose to invest in series as they deliver high ratings on which we hope to capitalize later. Without

the Media Fund, we would just buy cheaper international series that has proven their popularity in other markets' (representative of a broadcaster, translated citation).

'The Media Fund is fantastic, but its budget is actually not high enough. The costs for TV drama has increased rapidly over the years whereas it has become increasingly difficult to make profit with it. Instead of supporting ten series a year, we could also finance less series so that commercial risk is reduced and quality can go up. Better-quality series will also allow us to go abroad and earn additional revenues from international sales' (representative of an independent producer, translated citation)

Secondly, while the Media Fund operates as an independent fund selecting the best proposals, in practice, a balance is often sought between the various broadcasters and various independent producers. Hence, the already limited budgets are distributed over a variety of projects, thereby fragmenting already limited budgets, and restricting the amount of high-quality high budget productions.

Thirdly, the strong support of Media Fund and additional public funding for TV drama in Flanders, has made investments in TV drama very attractive for producers. In the last decade, various smaller production companies, often lacking the financial stability required and having limited experience in TV drama production have applied for funding. Given their restricted financial leeway, they have become very dependent on funding mechanisms and so, ironically, found themselves in the very financial insecurity that the Media Fund set out to remedy.

(c) Participatory financing

In recent years, the Flemish government has introduced auto-financing as a tool for stimulating domestic TV drama production. Traditionally, broadcasters were the main commissioner of original drama series, but they increasingly report difficulties to finance TV drama (between 2009 and 2013, broadcasters' share of total budget declined from 65% to 51%). As TV distribution platforms, notably the cable operator Telenet, started playing a more central role in the Flemish audiovisual ecosystem, the government urged distributors to take up responsibility to invest in domestic TV drama and sustain the development of the independent TV production industry. Hence, the 'Stimulation Decree' was passed in 2014, obliging all distributors (cable, IPTV, satellite etc.) to invest either €1,3 per subscriber or a flat fee of €3 million in the Media Fund. Additionally, Telenet established its STAP Fund (€5 million/year) enabling the cable operator to increase investments in quality domestic content.

'The establishment of STAP will put extra money in the system, but there needs to be a fair balance between the level of investments and the amount of rights one wants to claim. Independent producers welcome this move, but for broadcasters this is a tricky issue. We still pay more than the half of the budget whereas Telenet walks away with the attractive pay-TV and on-demand rights it can further monetize through subscriptions' (representative of a broadcaster, translated citation)

The financial commitment of distributors in the financing of TV drama may lead to additional resources to invest in quality drama, but it is highly uncertain whether the participation of distribution platforms in the financing of TV drama is here to stay, or whether the investments will fall once the competition with other platforms, most notably OTT services, is settled. Since Telenet, owned by the American cable giant Liberty Global, launched STAP while it was in the process of acquiring free-to-air broadcast group SBS, it could be that the announcement to invest in domestic content was just window dressing in order to clear the foreseen acquisition. Hence, it is difficult to evaluate participatory financing as a structural means to sustain domestic TV drama production.

For policy, auto-financing promises to become increasingly important with the rise of new OTT platforms, competing with cable distributors and telecom-operators who already have to contribute to national markets; however at the same time, it becomes increasingly difficult for policy to harmonize existing measures, as most of these players active in domestic markets operate internationally.

(d) Investments stimuli, credit loans and fiscal measures

In Belgium, government in the mid-2000s launched the federal tax shelter initiative as a way of stimulating audiovisual production (both for TV drama and film). In short, investors are given a fiscal advantage when investing amounts in audiovisual production. It not only envisages Belgian productions, but also attracts foreign investments, which lead to an increasing number of co-productions in Belgium. Today, the tax shelter is considered pivotal for the viability of the audiovisual sector, with TV-drama productions consisting of an average of 26% of tax shelter investment (Raats et al. 2014). However at the same time, in recent years, the measure has proven to be not fully sound and very not transparent. And as such, while officially legally sound, it gave rise to obscure financial constructions, which often worked counterproductive for the production sector. In 2014 therefore, existing tax shelter regulation has been put under scrutiny and changed to improve transparency and avoid misuse. In Europe however, while various forms of tax measures have increased their relevance for the audiovisual sector, tax shelter mechanisms similar to the Belgian one have been increasingly criticized. A recent report commissioned by the Audiovisual Observatory recommended the use of other tax credit measures rather than tax shelters (Olsberg, 2014).

(e) Other general (economic) incentives

Lastly, while TV drama producers benefit from few other economic incentives, a series of other initiatives taken by Flemish policymakers that favored a more stable audiovisual production sector and sustainability of TV drama, merit attention. As part of a larger ‘ecosystem approach’ towards media policy (Donders and Raats, 2012), based on partnerships, dialogue and consensus among all stakeholders involved, the previous Minister for Media enforced discussions on the Social Charter with broadcasters and audiovisual players, highlighting the rights of employees, self-employed and freelancers in the audiovisual sector (see for example Raats et al. 2013). The Flemish government also invested in the installment of a Flemish Media Academy providing training for audiovisual professionals. However at this point, commitments within the Social charter remain ambiguous and the success of Media Academy training relatively modest. Despite the intentions of the social charter and Media Academy, the flexibility required for media professionals and the cyclic and output-oriented work of media professionals, makes working in the Flemish audiovisual sector characterized by a high degree of uncertainty and competitiveness, and employers allowing employees the time for training and investment relatively limited.

IV. Conclusions and discussion: sustaining TV production in small markets: a catch-22?

In recent years, the modest success of Flemish TV drama series on international markets (potential remakes in the US of *Crimi Clowns*, *Cordon* and *Clan*; the Flemish series *Salamander* broadcast on BBC Four, the participation of Flanders in the upcoming big-budget pan-European TV series *The Team*, etc.) hint at an increasing interest of Flemish producers for foreign markets and a potential breakthrough of Flemish TV drama on a global scale. The success of Danish TV drama has often been referred to as an example for Flemish productions, with broadcasters, producers and policymakers thereby seemingly

prepared to emulate the same success. At the same time, independent producers point to the increased pressure on budgets, structural lack of financing and precarious policy measures for sustaining viability.

Interestingly, the Flemish policy instruments to support TV drama and Flemish audiovisual production portray the same ambiguity. On the one hand, various initiatives in recent years have supported Flemish audiovisual industries and government measures attribute a large part of the success and popularity of Flemish TV drama. There is a lot of goodwill, with various initiatives in recent years, with a clear shift of a traditional protectionist, cultural logic, towards more cultural-economic logic whereby public support is also translated into commitments superseding traditional subsidies. On the other hand however, as the analysis of a recent study of TV drama financing shows (Raats et al. 2014), the audiovisual sector in Flanders has grown heavily dependent on these forms of direct and indirect government support. While the number of TV drama productions has risen over the years, current and upcoming developments (further fragmentation of TV financing, the increased footprint of OTT players in the Flemish market, increased non-linear viewing, cut-backs in public spending on the level of public broadcasting and subsidies, etc.) pose a serious risk on the sustainability of existing mechanisms.

Firstly, a set of more durable forms of financing lacks. Flemish production is still mostly oriented towards linear broadcasting and exploitation of secondary rights that improve circulation in domestic as well as international markets are still often overlooked. Where attempts have been made for more consistent support, (such as in auto-financing, the renewed tax shelter and the Screen Flanders fund), the future of these mechanisms is highly unclear, and the amount of grants made available remains relatively low to provide the high-quality productions and competitiveness of most Danish TV drama. The problem is that the budgets of policy mechanisms represent the same fragmentation of the financing they set out to remedy. Moreover, because most forms directly rely on government support, the viability of the audiovisual sector and more particularly the sustainability of TV drama depends directly on the short-term of commitments of governments, and how pivotal they consider a flourishing audiovisual sector. Especially with the advent of all kinds of new platforms and services, the search for more viable forms of financing lie in the ways these new players can be involved in the production of quality domestic content, and the ways in which national and EU regulations can involve players that are situated beyond the borders of existing regulation.

Secondly, the sector itself is also up for some sort of rationalization. This might also entail looking at ‘fewer, bigger, better’ strategies with an eye on quality for export and to generate a longer lifecycle of TV drama productions. For broadcasters, ensuring a correct valorisation of windows also requires to allow the leeway for all players involved to negotiate deals for secondary rights.

Thirdly, much has been said about Danish model and the success of *Nordic noir*. But what it has strikingly showed is that the success not only lies in financing, nor in good narratives or attractive themes, but in the importance of a coherent overarching policy that sets out from a clear long-term vision, that is supported by all stakeholders involved and that sees the media policy toolkit in its coherence and not just individual support measures. A toolkit that entails a combination of strong direct government support, a clear broadcasting vision on what content should look like and how content should be financed and how production should be organized.

Admittedly, most of the challenges the audiovisual industries struggled with in the eighties and nineties for small markets, still continue to exist today. And more importantly, most of the policymakers today

still struggle with developing coherent and long-term policy toolkits that enable culturally and economically sustainable film and television.

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