

TARGET PROGRAMME

FOR FINNISH FILM 2006–2010

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Foreword

The target programme for Finnish film published in April 2002

set the following main goals for domestic film to be reached by 2005:

IN 2002 THE GOALS WERE:

- To boost Finnish film production to a minimum of 15 feature-length films, 15 drama series or films for TV-distribution and a minimum of 10 documentary films and short films to be produced a year with The Finnish Film Foundation's support.

- To raise the audience share of Finnish films at domestic cinemas to a permanent 15–25% and substantially increase the export of Finnish films from the current level.

- To invest heavily in the introduction of digital technology, in the development of new business models in smaller communities and, in particular, in the digital distribution of Finnish films.

- To reach these goals the funds available to The Finnish Film Foundation for the support of film production and distribution must be raised from the current level of 10 million euros to 25 million euros.

REACHING THESE GOALS IN 2005:

- **An average of twelve feature-length films, six drama series and TV-films, and more than 20 short films and documentaries were made annually between 2003–2005.**

- **The audience share of Finnish film at domestic cinemas has been 17–22%. The export of Finnish films has increased.**

- **The definition of international standards is unresolved. The digitalisation of movie theatres did not proceed as expected. DVD has become a major distribution network for domestic films.**

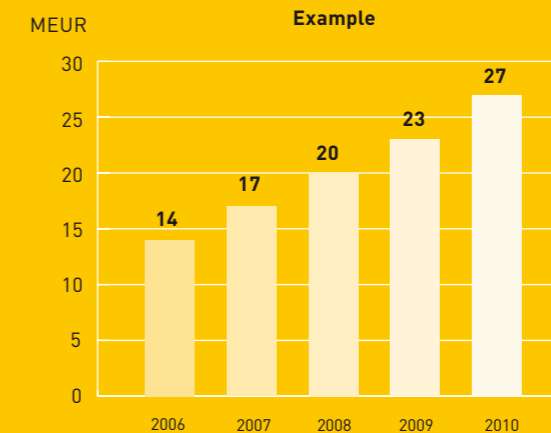
- **The funds available for the support of film production and distribution have risen from 10.7 million euros (2002) to 13.1 million euros (2005), i.e. 22.5%**

Target Programme for Finnish Film 2006–2010

The target programme for Finnish film 2006–2010 specifies and defines the Ministry of Education publication on the guidelines of audiovisual policy (2005:8) which corresponds to the same period of time. The target programme speaks out on issues which are central specifically to film in the next five years and presents crucial measures for the future of Finnish film.

The implementation of the target programme requires that funding be increased to Nordic standards. This will insure the basic requirements for a successful domestic film industry, increase the audience share of domestic films and aid in the distribution of Finnish films to international markets. Gradual transition to a digital age also requires extensive investments and support from The Finnish Film Foundation.

RAISING THE FUNDING OF FINNISH FILMS TO THE NORDIC LEVEL
WITHIN THE NEXT FIVE YEARS



GROWTH 17% / YEAR

The figures have been rounded up. The percentage increase was calculated based on original figures.



Changes in the Operating Environment

The target programme published in 2002 predicted changes in the operating environment caused by digitalisation. The use of digital technology in production has increased and will continue to do so. In particular, shooting digitally is becoming more common than shooting on film but film will still be used for a long time. The delay in defining the international standards of delivery and distribution has slowed down cinema digitalisation, but in the next few years Finnish cinemas will require considerable additional funds for digital exhibition equipment. The most significant change to materialise, outside theatrical distribution, has been the establishment of DVD as an important distribution channel. In the future, distribution will be diversified by digital television, the development of the Internet as a supplier of television programmes and broadband connections becoming more common, faster and cheaper.

A significant change in the operating environment is also connected to both funding and distribution becoming more international. Film projects with international potential should be

identified as early as possible in the production process and the internationalisation funds directed accordingly. It is also important to encourage filmmakers and producers to establish and maintain international contacts. The internationalisation of Finnish film depends on the internationalisation of filmmakers.

Other predictable changes in the operating environment are the establishment of regional film and media production funds, the strengthening status of European films with the help of EU's Media programme and other support measures, and the changes in audience as the population ages.

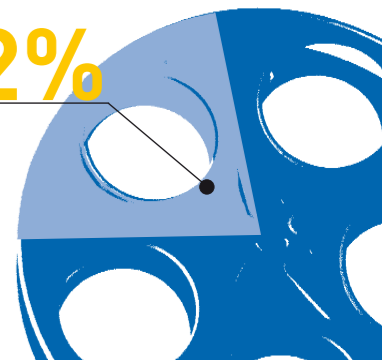
It is vital for the functionality and development of the film industry that a certain predictability and clarity can be secured irrespective of changes in the operating environment, making investment planning and the development of business strategies possible. Supporting film essentially means securing the requirements of the entrepreneurship of the industry.

THE FINNISH FILM FOUNDATION'S SUPPORT

FORM OF SUPPORT	BUDGET 2005
Scriptwriting	430 000 €
Project Development	954 483 €
Production support	7 400 000 €
Marketing and distribution	770 200 €
Post-release (based on admissions)	1 930 000 €
Production support in total	11 484 683 €
Cultural export	332 249 €
Cinema modernisation and equipment	313 000 €
Operational support for cinemas	228 075 €
Additional release prints	150 000 €
Film import	190 000 €
Video and DVD distribution	175 000 €
Exhibition and distribution total	1 056 075 €
Film culture	400 000 €
IN TOTAL	13 273 006 €

In 2004 the share of VHS of the total rentals and sales has decreased to

21.2%



Vision: The Finnish Film Industry in 2010

The target programme for Finnish film lists the goals of the film industry to the year 2010.

Why, in particular, should the number of films produced be increased and budgets raised?

Let's look into the future, to 2010, when the target programme has hopefully been realised and the lottery funds allocated to film production have doubled from the current level. What kind of a film market will we have then?

In 2010, perhaps twenty feature-length films will be produced in Finland annually. One third will be made directly for DVD distribution. Digital effects will be used more which enables filmmakers to stray away from realism; young filmmakers will seize genre topics, such as fantasy and horror. 3D animations will also be produced more.

DVD distribution might become an alternative distribution channel alongside theatrical distribution and television. The market for international genre films and DVD distribution could be a good business for producers and distributors by then.

In 2010 most films will still be theatrically distributed in Finland but the premiere of a Finnish film will no longer be an event like it is now. Domestic films will no longer have a

special public status like they do today. The reason for this is internationalisation. It will be even harder for consumers to distinguish between foreign and domestic films.

Six of the films released in 2010 will be international co-productions. These films will be shot outside of Finland. They will feature foreign actors and some of the films may be in English, but they will still be domestic films. The market for these six films will be international, and more than half of their budgets will consist of foreign money. Nearly half of this money will remain abroad and half will be entered as income to the main producing country, Finland. One of these films will be a Finnish horror film shot in Taiwan and Turku. Horror movie fans all over the world will be the target audience and the film will generate most of its business on DVD.

As Finnish films enter the international market the number of foreign co-productions – where a Finnish co-producer is involved – will increase. Finnish labour and sub-contractors will be used in foreign films. Some filmmakers will start investing in a true international career. Sub-contractors will get foreign clients and the volume of business will grow.

However, production budgets will not grow significantly just by increasing the support of The Finnish Film Foundation. Budgets will increase when the financing base expands and foreign money is invested into productions. On the other hand, increasing the number of films requires a wider market than just domestic audiences. Films must be distributed abroad. In order to reach these goals, Finnish films require funding.

The above visions for 2010 have already been realised in the music industry. Sooner or later, they will be realised in the film industry as well. This requires an additional investment from the government so that the existing potential is not wasted.

When the target programme is implemented, the Foundation's support instruments can also be diversified, strengthening the film production structure and assisting Finnish films and filmmakers in accessing ever-expanding film markets.

For example, another method for allocating production support could be created in addition to the current provisional support method. If producers can show that they have accrued 50% of the production budget, the Founda-

tion would automatically furnish the rest. Because there are bound to be too many applicants, the Foundation's production consultants would have to use discretion in choosing the projects. However, this support method might speed the start of some productions and perhaps strengthen the producer's status in acquiring other funding.

When the target programme has been implemented, the funds for project development support should be increased. This would emphasise the role of the producer as the progenitor and organiser of projects in relation to the role of filmmakers.

The Finnish film industry requires additional investments from the government to widen its markets. The additional funds would enable the Foundation to diversify its support structure to correspond with the ever-changing film markets. Finnish film is in the middle of a transition towards internationalisation. Why wait? Now is the time to invest in domestic films.

Finnish Film in 2005

Over a million admissions a year

Finnish films have been very successful in recent years. Several feature-length films attract as large an audience as international blockbusters in domestic theatres every year. The number of admissions for Finnish films is, on average, about a million annually.

The ratings for domestic drama on various TV-channels show that domestic series, TV-movies and feature-length films also interest television audiences. Domestic DVD and VHS sales and rental figures indicate that Finns also purchase considerable amounts of domestic productions for home viewing. From time to time, Finland produces some feature-length films and documentaries which reach even larger audiences in international theatrical and television distribution. In particular, the high standard of Finnish documentaries is an internationally recognised fact. In addition to the success of fiction and documentaries, the production of animated films is booming.

The Finnish Film Foundation supports the production, distribution, exhibition and marketing of films and also aims to make sure that Finn-

TOP 20 FILMS IN FINLAND IN 2004

	FILM	Admissions
1	Harry Potter and the Prisoner of Azkaban	343 073
2	Lord of the Rings: Return of the King	328 240
3	Brother Bear	269 243
4	Spiderman 2	229 207
5	The Day After Tomorrow	228 465
6	Shrek 2	207 206
7	Vares - Private Eye	200 991
8	Dog Nail Clipper	194 746
9	Troy	179 897
10	Home on the Range	160 582
11	Bridget Jones: the Edge of Reason	145 335
12	Uuno Turhapuro - This is My Life	145 092
13	The Incredibles	142 663
14	Addiction	133 767
15	Garfield	124 090
16	Kill Bill 2	112 907
17	Lost in Translation	104 181
18	King Arthur	100 023
19	Freaky Friday	99 559
20	Trench Road	99 467

* Domestic films highlighted

DOMESTIC FICTION ON TELEVISION JUNE-AUGUST 2005

	PROGRAMMES	CHANNEL	BROADCASTING TIME	VIEWERS*
1.	Kotikatsomo: Katsastus	TV1	22.8.2005 21:25	842 000
2.	Salatut elämät	MTV3	30.8.2005 19:29	815 000
3.	Kotikatsomo: Siivoton juttu	TV1	1.8.2005 21:25	699 000
4.	Kotikatsomo: Laina-aika	TV1	29.8.2005 21:20	683 000
5.	Kotikatsomo: Solveigin laulu	TV1	13.6.2005 21:26	679 000
6.	Kotikatsomo: Viisi tytärtäni	TV1	15.8.2005 21:27	622 000
7.	Philosophy for sale!	MTV3	30.8.2005 20:00	604 000
8.	Kotikatsomo: Pesärikko	TV1	4.7.2005 21:26	590 000
9.	Kotikatsomo: Sujut	TV1	20.6.2005 21:25	576 000
10.	Abandoned Houses (2.u)	MTV3	29.8.2005 20:02	528 000

Source: Finnpanel Oy / TV viewer research
* Over ten-year-old Finns
(2.R = Second rerun)

DOMESTIC DVD SALES IN 2004

	FILMS	UNITS SOLD
1	Pearls and Pigs	23 400
2	Kummeli: Kyllä lähtee	16 500
3	Addiction	15 800
4	Dog Nail Clipper	15 500
5	Land of Love	13 750
6	Sibelius	13 700
7	Young Gods	9 200
8	The Unknown Soldier / Winter War	7 100
9	Bad Boys - A True Story	6 350
10	Kummelistories	5 100

Finnish Film in 2006–2010

ish films have a living connection with different audiences across the country through the best distribution methods possible.

Financing and distribution has become more global

Every year, Finnish films are screened several hundred times in hundreds of film events all over the world. Finnish producers participate actively in the pivotal international financing and sales events of the industry. They are vitally important to the visibility of finished films and the financing of future productions. The courses provided by EU's Media programme have established themselves among Finnish filmmakers and producers. Contacts made during them are essential, for example, for the advance financing or after-sales of productions.

The share of international financing in Finnish productions is increasing steadily in both fiction and documentary features. Distinct individual success stories, determined efforts and an increase in the producers' know-how have brought foreign colleagues, TV networks making advance purchases and international distribution companies a lot closer. Global visibility and its capitalisation call for interesting films that stand out and also require long-term co-operation and entrepreneurship.

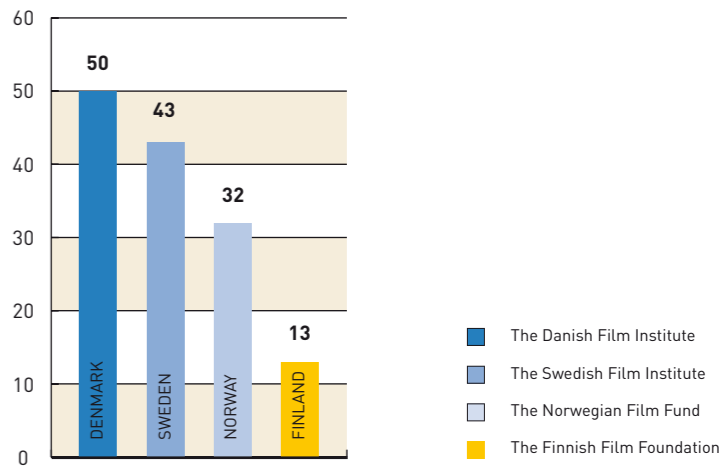
The Finnish Film Foundation is active in its international efforts for feature-length films as well as short and documentary films. The Foundation promotes new Finnish film production and creates opportunities for the internationalisation of productions, among other things.



Public sector support for film in Finland is considerably smaller than in other Nordic countries. The amount of support allocated by the Foundation is clearly less, whether compared with overall support, the number of films produced or their average production budgets. The scant support affects both the quality and quantity of films produced in Finland.

In Sweden, public-sector support is still set to grow. A deal between the government and the film industry approved in 2005 increases the government's annual support to approximately 34 million euros. The average budget of a Finnish film is roughly 65% of the equivalent in Sweden, Denmark or Norway. In other Nordic countries, and especially in Denmark, the 1990s and 2000s have shown

NORDIC FILM INSTITUTE BUDGETS IN 2005 (MEUR)



The Danish and Swedish institutes are also in charge of film archives

GOVERNMENT SHARE OF THE SWEDISH FILM INSTITUTE AND THE FINNISH FILM FOUNDATION BUDGETS

COUNTRY	2000	2005	2010	INCREASE 00-10
Sweden*	21 000 000 €	24 000 000 €	34 000 000 €	62%
Finland	10 800 000 €	13 300 000 €	?	

*] Source: SFI and Svenska Filmavtalet 2006-2010

IMPACT OF INCREASED SUPPORT ON DOMESTIC FILMS

	1994	2004	GROWTH
Film support (Foundation)	8 637 159 €	12 793 581 €	48%
Domestic releases	11	13	2
Domestic admissions	225 350	1 153 086	412%
Domestic box-office	1 352 100 €	8 576 294 €	534%
Domestic market share	4%	17%	13 points
Average price of a ticket	6,00 €	7,30 €	22%

DOMESTIC RELEASES AND PRODUCTION BUDGETS IN 2004

COUNTRY	DOMESTIC RELEASES*	AVERAGE PRODUCTION BUDGET (MEUR)
Sweden	25	1,8
Denmark	19	2,2
Norway	18	2
Finland	13	1,3

* Feature-length films

that increasing public-sector support has made films a more attractive investment opportunity for other investors. Growing public-sector support has bolstered the production companies and, in part, allowed them to increase their own risk in productions.

In Finland, the low production budgets affect everything from pre-production to shooting, all the way to marketing. For example, the number of shooting days in Finnish productions is crucially smaller than in other Nordic productions. This creates a difficult situation for talented filmmakers, professional producers and film investors. In current film-making conditions, professionals simply do not have the time to put their know-how to the best possible use. However, The Finnish Film Foundation cannot intervene in



the unhealthy situation without substantially decreasing the number of films produced per year.

The number of films receiving support is so small that the basic tenet of public support, the diversity of productions, doesn't meet the demands of audiences and the developing industry. The needs of specialty audiences cannot be adequately met. Young filmmakers, artistically ambitious productions or bold genre films are in particularly great danger due to the limited number of productions.

Increasing public-sector support, even incrementally, has affected Finnish film production greatly. The industry has accepted the challenge. Increasing support has been an important sign of government recognising film as a part of the national culture and creative economy. However, the current success has been built on borrowed time. There has been an underlying anticipation that, as a result of success, public funding would more explicitly reflect the potential that domestic film clearly possesses but has not been able to fully exploit.

The amount of public-sector support is the deciding factor for the future of Finnish film. Annual successes domestically and globally, the diversity and artistic attractiveness of Finnish film production, and long-term development of the industry require increasing public-sector funding to Nordic levels. In 2006 this would mean raising the funding to at least 25 million euros.

The majority of increased funds will be earmarked for the various stages of film production: screenwriting, development and actual production. Part of the additional funds will be directed to distribution and marketing, digitalisation of movie theatres and internationalisation. The following is a brief presentation of the measures from the point of view of production, distribution, marketing, cultural export and internationalisation that can be secured with funding at the Nordic level.

PRODUCTION EXAMPLE

PRODUCING ADULTS (2004)

Production company: Blind Spot Pictures
Director: Aleksii Salmenperä

Production budget:

The Finnish Film Foundation	700 000 €
The Finnish Broadcasting Company (YLE) TV1	300 000 €
FS Film	100 000 €
Media Dev	50 000 €
Sonet / Film i Väst	75 000 €
Canal Plus	50 000 €
Celluloid Dreams	75 000 €
Blind Spot Pictures	50 000 €
in total:	1 400 000 €

Festivals:

Haugesund IFF 2004
Toronto IFF 2004 – Discovery
Filmfest Hamburg 2004
Warsaw IFF 2004
Seoul European FF 2004
Mostra de São Paulo 2004
Los Angeles AFI 2004
Camerimage 2004
Tallinn Black Nights FF 2004
Bangkok 2005
Melbourne Queer 2005
London Gay&Lesbian 2005
Hong Kong 2005
Vienna Identities Queer FF 2005
Marrakech International Film Festival

Awards:

Fipresci award, Stockholm 2004
Best film / audience award, Barcelona 2004
Rosebud 2004 – award for best feature, Verzaubert International Queer Film Festival
Finland's nominee for the Best Foreign Language Film Oscar category in 2004

International theatrical distribution

Belgium, Canada, Israel, Latvia, Luxemburg, Mexico, The Netherlands, Poland, Portugal, Sweden, Switzerland, The United States.

Production and Marketing



Increasing production budgets

The most expensive stage of production is shooting. The key elements to a successful finished product are careful pre-production, an adequate number of shooting days and sufficient time for post-production for each film. All of which help a committed artistic and technical production crew to make a good film. A production budget and financing corresponding to the actual costs of professional film production indicate that the basic elements of the production are solid. It makes the production more attractive for international financing and sponsors, for example. The amount of domestic financing also indirectly affects the chances of Finnish productions in taking advantage of international financing, such as certain subsidies of the EU's Media programme, Eurimages and Nordic Film & TV Fund. For example, the Media programme only grants development subsidies up to 50% of the budget, i.e. the same amount the production has already garnered. In practice, this means that the amount of the Media programme's development subsidy depends on the amount of development support granted by The Finnish Film Foundation.

Producing More Films

The function of public-sector financing is to strengthen the diversity of stories, filmmakers, genres and artistically interesting films domestically. It also has to correspond to the needs of different and completely new audiences.

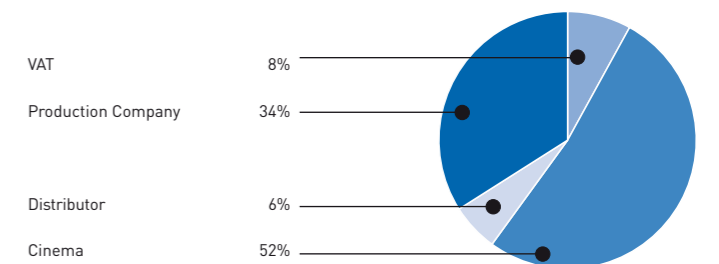
THE MEDIA PLUS SUBSIDIES FOR FINLAND IN 2001-2004

	1000 €			
	2001	2002	2003	2004
Support for Project Development	270	290	535	485
Selective support for theatrical distributors	87	346	159	99
Automatic support for theatrical distributors	215	236	331	242
TV distribution support	306	271		201
Festival support	80	70	53	93
Support for Cinema networks	107	78	78	78
Video/DVD support				621
In total	1 065	1 291	1 155	1 818

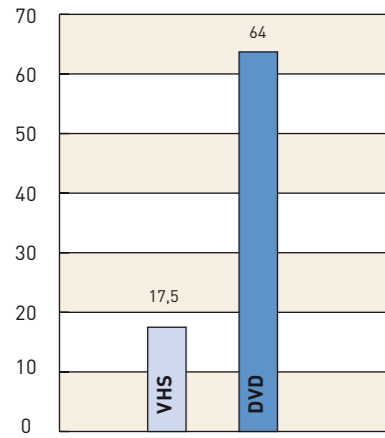
NORDIC FILM & TV FUND SUPPORT FOR FINLAND 2001-2003

	1000 €		
	2001	2002	2003
Production subsidy	911	571	681
Project development	37	53	63
Distribution of Nordic films in Finland	43	136	66
Other subsidies	9	20	42
In total	999	780	852

BOX OFFICE SHARES



TOTAL SALES AND RENTALS 2004 (MEUR)



CINEMA ATTENDANCE 2004

AGE	HAS VISITED THE CINEMA IN THE LAST SIX MONTHS
12-24	74%
25-44	57%
45-59	34%
60-	23%
Women	55%
Men	43%

Source: TNS Gallup Oy

PRODUCTION EXAMPLE:

BAD BOYS – A TRUE STORY (2003)

Production company: Solar Films Inc

Director: Aleksi Mäkelä

Costs:

Production 1 830 000 €

Marketing and distribution: 445 000 €

In total: 2 275 000 €

of which the Foundation's support was 770 000 €

Income:

Ticket sales 614 000 admissions / 4 400 000 €

VHS/DVD sales 96 087 units and the sale of TV rights: 1 400 000 €

The production company's profit: 885 000 €

A globalising world still needs distinctive national productions of children's films and youth films and changes in the population structure presents new challenges for filmmakers in reaching the ageing population group. In order to stand out internationally, interesting Finnish films need a strong and individual artistic vision reflected both in their subject matter and realisation. A versatility requirement taking into account various genres and audiences cannot be implemented with the current level of public-sector funding without jeopardising the established domestic audience share of 17–22% in recent years.

Investing into project development

Properly targeted development support is an excellent way of ensuring that filmmakers have adequate time to hone their artistic vision and secure international financing thus making the film ready for production. The development support facilitates acquiring financing from Scandinavia and other European countries because it can cover costs deriving from setting up that financing such as travel, translations and screen tests etc. Adequate development support enhances the operational stability of production companies and thus promotes the entrepreneurship of a creative industry. Increasing the amount and number of scriptwriting subsidies also guarantees the filmmakers adequate time for scriptwriting which precedes the actual development stage. Increasing the funding allocated for development support would also enable the Foundation to diversify its support structure to correspond with the changing movie markets.



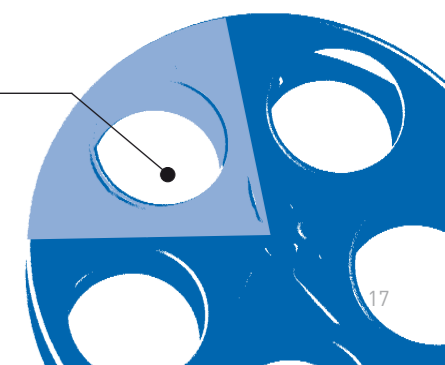
Enhancing the marketing of domestic feature-length films

The marketing of Finnish films has improved considerably in recent years. A positive attitude and investments in marketing, test marketing and successful film-specific campaigns and growing marketing budgets have increased admissions. The common task of producers, distributors, cinemas and The Finnish Film Foundation is to market different films to different audiences effectively, economically and productively. This requires investments in audience and distribution marketing research, as well as the actual marketing campaign. The marketing campaigns for domestic films have to be raised to the same level as the marketing campaigns for similar foreign films.

Quality should be emphasised in addition to quantity. The international marketing and distribution training programmes of the Media Plus programme have turned out to be effective. The Film Foundation should encourage film distribution professionals to participate in additional training. The need for training continues to grow as the importance of digital distribution increases

Domestic market share 2004

17%



Exhibition and Distribution

The Finnish Film Foundation supports the exhibition and distribution of films in Finland. It promotes exhibition, availability and distribution through various distribution channels, and advances the versatility of programming. Support is granted for importing films which diversify programming, for equipment purchases and the modernisation of cinemas, for improving cinema services and for additional release prints of successful films for theatres outside the major population areas. The Foundation also supports DVD and video distribution.

Finnish film distributors also receive either provisional or automatic distribution subsidies to distribute European films from EU's Media Plus programme. The programme also supports the DVD and video distribution of European productions. In 2004 Finnish distribution companies received 960 000 euros of these subsidies in total. The Film Foundation provided 500 000 euros of support for these purposes in the same year.

Promoting the distribution of Finnish films and guaranteeing a market share of 15–20% for domestic films are key issues for the Foundation. The share of exhibition and distribution support for new Finnish films is about 8% of all the funds granted.

Promoting digital distribution opportunities

Films haven't been the exclusive property of cinemas for decades. Television is the primary distribution channel of films in terms of the number of viewers. However, the status of the theatrical premiere is still strong. The experience of watching films in a theatre is unique and its social importance will not diminish in the future. Films are usually required to perform well theatrically in order to succeed in other distribution channels.

The expected growth of digital television, DVD and Video-on-demand (VoD) will increase a film's chances to be chosen from all the other available leisure activities. The illegal downloading of films from the Internet is a serious threat in

Finland also as broadband connections become more common. Piracy can be curbed by improving legal VoD services. With digitalisation, Finnish films have an excellent opportunity to be distributed abroad cheaper, faster and more inventively than traditional distribution channels allow.

The Finnish Film Foundation encourages digitalisation development by providing funds for making digital copies for exhibition in Finland and supporting the VoD distribution of domestic films. The funding of DVD distribution will be increased so that a wide range of classic Finnish films can also be released on DVD.

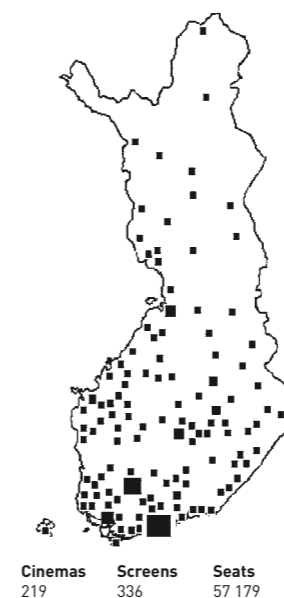
Improving digital theatrical distribution

In July 2005 digital film distribution made history when Digital Cinema Initiatives, a consortium of Hollywood's biggest film studios, came to an agreement over the standards for the various stages of digital distribution.

It is reasonable to assume that by 2010–2015 at the latest, most films will be distributed digitally but that 35 mm exhibition will still continue alongside it. The upgrading of exhibition equipment will be a major investment for cinemas. The estimated cost is 50 000 euros per screen. Only the largest theatre chains in Finland can afford to finance the digital technology purchases themselves.

The digitalisation development requires The Finnish Film Foundation's help in co-financing the digital equipment purchases. There will be a transition period of several years when the funding allocated for equipment pur-

CINEMA NETWORK IN FINLAND 2004



EXAMPLES OF AUDIENCE FIGURES OF DOMESTIC FILMS: THEATRE vs. TELEVISION

FILM	RELEASED	ADMISSIONS	TV BROADCAST	TV VIEWERS*	CHANNEL
The Life of Aleksis Kivi	18.1.2002	48 729	13.10.2003	525 000	TV1
Hayflower and Quiltshoe	18.10.2002	309 615	26.12.2004	570 000	TV1
The Year of the Hare (R)	23.12.1977	362 644	1.1.2005	743 000	MTV3
Lovers & Leavers	1.2.2002	215 417	8.11.2004	905 000	MTV3
The Man Without a Past	1.3.2002	176 229	20.12.2004	914 000	TV1

* Over ten-year-old Finns

(R)= rerun





chases has to be substantially higher than the current 200 000 euros. If the goal is to digitalise 40 screens annually, and the cinema owners are expected to come up with at least 50% of the financing, the support funds will have to be a million euros per year. This should be implemented no later than 2007.

Creating opportunities for maintaining a vital regional cinema network

Support is given to small cinemas, or those in small communities, for operating costs, modernisation and the upgrading of exhibition technology, provided that there are sufficient grounds for operating a cinema in that area considering location, programming and possible other use. The recommendation document signed by The Finnish Film Foundation and the Association of Finnish Local and Regional Authorities for the co-operation of municipalities and cinemas is still topical.

The competition between cinemas, other leisure activities and various other film distribution channels has become more intense and the old operating models are not enough to reach, for example, the Internet generation. Improving cinema technology and additional services brings in new audiences. Also, the ageing population presents new challenges for theatres. Cinemas have to invest in the marketing of their own services even more. Film distribution professionals will also have to be provided with an opportunity for additional training.

The Finnish Film Foundation's funds for the operational support of cinemas will be increased to the level required by the new demands. The basis for all support must be the applicant's active modernisation measures concerning the operation of the cinema.

ADMISSIONS IN KAJAANI AFTER CINEMA RENOVATION

YEAR	ADMISSIONS	BOX OFFICE	VISITS/RESIDENT
2003	28 000	191 000 €	0,78
2004	45 000	342 000 €	1,25
Increase:	61%	79%	60%

Kajaani's BIO REX, 3 screens, 464 seats was opened on 2.9.2004

Cultural Export and Internationalisation



The Finnish Film Foundation is responsible for the cultural export of Finnish films. It promotes Finnish film art and culture and international sales. One of the goals is to exhibit domestic films at as many internationally significant film festivals and other events abroad as possible. This also aims to create opportunities for commercial success. The Film Foundation and the Promotion Centre for Audiovisual Culture (AVEK) together finance the cultural export of short and documentary films.

The rationale for the measures presented below is to recognise all internationally interesting projects, filmmakers and producers as early as possible in the production process, and target internationalisation support accordingly. There is no need to direct internationalisation funds to films with an exclusively Finnish audience potential.

Supporting the internationalisation of films starting at the development stage

The preparations for a film's international strategy should be started during the development stage. Finding a suitable sales company, timing the international premiere, and planning a film-specific distribution have to be undertaken well in advance of the completion of the film.

Internationalisation grants for filmmakers and producers

Internationalisation requires that Finnish filmmakers and producers are internationally known. The previous works

PRODUCTION EXAMPLE

FATHER TO SON (2004)

Production company: Guerilla Films Oy
Director: Visa Koiso-Kanttila

Production budget: 195 570 €
of which the Foundation's support was 58 500 €

Festivals:

Hot Docs 2004, Toronto
Gothenburg International Film Festival 2004
DocPoint 2004, Helsinki
Tampere International Short Film Festival 2004
Midnight Sun Film Festival 2004
Nordisk Panorama 2004, Reykjavik
IDFA 2004, Amsterdam
"Sights of the Turn of the Century: bordering conflicts" -seminar 2004, Mexico City
Kettupäivät 2004, Helsinki
Blue Sea Film Festival 2005, Rauma
Tempo 2004, Stockholm
Adelaide Film Festival 2005, Australia
Rennes Travelling Film Festival 2004, France
Docaviv 2005, Tel Aviv 2005
Input 2005, San Francisco, USA
The Norwegian Documentary Film Festival 2005
Kamierz 2005, Poland
The Art Film Festival 2005, Slovakia

Awards:

Risto Jarva -award, Tampere International Short Film Festival 2004
State Quality Award 2004
Best Nordic Documentary Film, Nordisk Panorama 2004, Reykjavik

of individual directors and the contacts made by producers during previous productions boost the global recognisability of Finnish films. Internationalisation grants would allow filmmakers and producers to create new contacts and maintain established ones by providing them with opportunities to participate, for example, in various training and financing events.

The support for cultural export in 2005 was 330 000 euros, or 2.5% of the The Finnish Film Foundation's production and distribution support funds. Compared with the esteem garnered by Finnish films and the internationalisation needs of filmmakers and producers, the funds require a substantial increase.

PRODUCTION EXAMPLE

THE 3 ROOMS OF MELANCHOLIA (2004)

Production company: Oy Millennium Film Ltd.
Director: Pirjo Honkasalo

Funding:

The Finnish Film Foundation	143 479 €
The Finnish Broadcasting company (YLE) TV2	67 280 €
Promotion Centre for Audiovisual Culture	122 777 €
ZDF Arte	124 866 €
Nordic Film & TV Fund	50 125 €
Swedish Television, Swedish Film Institute	43 266 €
Danish Film Institute	67 161 €

Production budget: 661 657 €

Marketing budget: 352 044 €
of which the Foundation's support was 30 000 €

During the first year of release

Festivals: 32

Awards: 18

Sold: to twelve countries

Afterword



Film is a fascinating mix of art and technology, and also culture and business. Without artistic content there would not be any interesting films. On the other hand, it is practically impossible to make as expensive productions as most films are nowadays without a professional film production system. The professionalism of the Finnish film industry is also reflected in the growing number of film students and workers in Finland. Most public-sector funding directed to film production is returned to the state through direct and indirect taxes. The film business also generates audiovisual

EMPLOYMENT IN THE FILM INDUSTRY

1993	2002	
1 600	2 700	increase: 69%

Source: Statistics Finland

know-how; investing in it bears fruit in many other areas of industry and enterprise.

Supporting film means not just promoting culture and entrepreneurship but also export.

Internationalisation and cultural export have provided a new dimension for Finnish films. The effects of EU membership and globalisation have significantly increased the financing and sales opportunities of Finnish films in Europe and the rest of the world.

Finnish film is a part of our national identity and cultural capital which is not easily quantifiable. Film generates social discussion and challenges us to ponder questions that the changing media environment raises. It makes visible the time we live in.

Raising the public-sector funding of film to the Nordic level is necessary for the continued success of Finnish films. The versatility of film content and the sufficiency of production budgets is the basis needed to increase domestic and international distribution. Domestic and

international recognition and the pre- and after-sales of several dozen Finnish films in recent years indicate that Finnish films and filmmakers have a lot more to offer.

FILM PRODUCTION AND ACCRUED TAXES

ONE-WAY TICKET TO MOMBASA (2002)

Production company: Cinemaker Oy
Director: Hannu Tuomainen

Production budget	1 280 000 €
Marketing budget	230 000 €
Foundation's support:	
Production and post-release support	677 000 €
Marketing and distribution support	70 000 €
Test marketing	5 000 €
Admissions	150 000
Rentals / VHS and DVD	3 600 units
Sales / VHS and DVD	29 000 (one third DVD) units
The film employed	
in production	62 people
in post-production	33 people
in marketing	10 people
and also	45 actors
	9 music artists
	54 musicians
	150 assistants and also hundreds of extras

Accrued value-added taxes in production, marketing, exhibition and distribution 360 000 €. Value-added taxes are generated from production and marketing costs, such as purchases and subcontracting services (VAT 8%, 17%, 22%), theatrical box-office (VAT 8%) and also the sales and rentals of VHS and DVD (VAT 22%).

Income taxes:	120 000 €
Pension costs:	42 000 €
Additional personnel costs:	24 000 €

64% of the Foundation's 752 000 € support, nearly 480 000 €, was returned back to society.

FILM PRODUCTION AND ACCRUED TAXES

UPSWING (2003)

Production company: Kinotar Oy
Director: Johanna Vuoksenmaa

Production budget	1 040 000 €
Marketing budget	191 000 €
Foundation's support:	
Production and post-release support	623 000 €
Marketing and distribution support	70 000 €
Test marketing	5 000 €
Admissions	165 000
Rentals / VHS and DVD	3 000 units
Sales / VHS and DVD	54 000 (two thirds DVD) units

The film employed 111 people and 36 subcontractors.

Accrued value-added taxes in production, marketing, exhibition and distribution 440 000 €. Value-added taxes are generated from production and marketing costs, such as purchases and subcontracting services (VAT 8%, 17%, 22%), theatrical box-office (VAT 8%) and also the sales and rentals of VHS and DVD (VAT 22%).

Income taxes: 127 000 €

81% of the Foundation's 707 000 € support, nearly 570 000 €, was returned back to society.

