

## **Explanatory statement to the Financial & Production Protocol - 8 January 2021**

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With the entry into force of the new policy plan for the period 2021-2024 and the resulting changes in the regulations, the Financial & Production Protocol has been updated. The changes in the Protocol are shaded. Below you will find notes on the main changes as regards content.

### ***Chapter 1 – Financial & Production Protocol***

The changes to the Fund's regulations require updates to a number of definitions in the Protocol. For example, in a radically changing film and media landscape, where there are more international co-productions, it is important to define what a majority Dutch film production is. The Dutch financing share of a production may sometimes be limited, but the composition of the team, that is director, scriptwriter and producer, may nonetheless make the film Dutch. This is in line with the way other funds, such as the Flemish Audiovisual Fund, work.

The grant award takes account of both the budgeted production costs among the self-employed and film companies, and the film professionals employed by the production company or a company affiliated to it, in so far as they use knowledge and experience to perform an operational or specialist role in the production process. The relevant definitions have been clarified from this point of view.

In principle the assessment of realisation applications and the decision-making on them take place in phases, that is, an intention to award a grant, followed by the actual decision and ultimately the conclusion of an implementation agreement. In this way the administrative burden in the initial phase is limited and the financial/business details and substantiation become more important as the realisation of the production proves feasible. An exception is made for film productions with a modest production budget that only have limited recourse to a Fund contribution. In 2021 a phased assessment and decision-making process will only be applied in the case of a production budget of €125,000 or more.

In the case of a limited Fund contribution up to €25,000, the grant will in principle be determined immediately and made payable subject to the submission of documents referred to in the decision. This may also be the case for a contribution just above this amount.

Nor will an implementation agreement be drawn up in future up to a grant amount of €50,000. Conditions and obligations will be included directly in the decision - the letter in which the grant is awarded. In this way the administrative burden will be further reduced and the grant recipient will have immediate clarity about what is expected of him or her. Passing for payment will take place in an 80-20% ratio.

A direct payment to an individual applicant will be construed as a gross amount from which no tax and/or national insurance contributions have been deducted. The applicant must enter this contribution as income on their own tax return. The Fund cannot be held responsible for the applicant's failure to correctly declare the contribution as income.

## **Chapter 2 - Guide amounts**

With the changes in the regulations, the ending of a number of collaboration projects with the Dutch public service broadcaster and the new ambitions in the Fund's 2021-2024 policy plan, the guide amounts in the various categories have been reviewed.

### *Development*

We give answers to a number of frequently asked questions, such as what costs are eligible for a grant in the development phase, how often an application can be submitted and whether the producer's margins also apply to individual elements such as a script coach.

Some items had already been substantially increased in the period 2019-2020, for example with regard to the contributions and the stages for the development of feature films and long animated films. The contribution for slate funding of feature films and animated films will also be increased so that it covers the entire process of script development and artistic development.

The collaboration project De Oversteek will continue for a further year unchanged. The Fund will then independently give it a direction of its own. The Fund will also look at how we can safeguard special children's films and films for young people that were previously developed under Cinema Junior within our regular feature film policy.

The special development project for feature films, long animated films and documentaries aimed at talent development on the basis of an international ambition (previously Talent Development in an International Context) will be strengthened, but will take place every two years. Further details will follow in the first quarter of 2021.

As with the limit referred to above at which no implementation agreement will be drawn up from now on, there will be a similar financial framework for applicants in the development and realisation of films in the short film and investigative & experimental categories. When the envisaged Fund contribution for realisation is less than 50,000 euros, the regulation that the applicant must be a production company can be waived, on condition that it is the opinion of the board that the applicant has sufficient production experience in that category. In this way greater scope will be provided for novice producers and experienced film makers.

### *Realisation*

The section on realisation is also preceded by a number of frequently asked questions to provide clarity for applicants. When is a film production eligible for a realisation contribution, for example; can a lower contribution be awarded than applied for and how can you apply for the same film production?

The biggest change in guide amounts can be found in the feature film category. The system of basic contributions and increases through supplements and matching contributions is making way for a number of maximum contributions incorporating the amounts earmarked for subtitling, audio description, sales deliveries and marketing. The Fund can award a lower amount, for example, to maintain a healthy relationship with the production budget, but opting in principle for a fixed amount provides the realisation of all feature films and long animated films with a solid basis.

Within the entirety of feature film contributions the Low Budget scheme is being maintained through a special call. A special call will also be possible for specific films that justify a higher contribution on the basis of ambition and production level. The details of this special call will follow later in the year.

Last year the Fund and CoBO were able to absorb the loss of Telescoop financing. The Fund and CoBO have joined forces and set aside an amount for 2021 too. The public financing gap however is too large. A joint budget of 1.3 million euros per film has therefore been chosen to be able to organise the collaboration project once again in modified form. From 2022 the feature film policy will have to be put into effect again within the resources available at the time.

The contributions for minority co-productions in the feature film category and in collaboration with the HBF have increased slightly, as have the contributions for long documentaries.

A solid basis of financing from the Fund also remains in place for the investigative & experimental and short film categories and in some cases there is additional financial scope available. The Fund cannot absorb the loss of co-financing for the short film category through the ending of KORT! and De Straat alone. It will therefore have to make choices in this regard. The Fund is continuing the Ultrakort project independently and in the first half of 2021 will further implement the policy for short films, including the Film Fund Shorts.

### *Distribution*

The Fund is continuing to intensify distribution support in full, both in the form of special distribution support and through project grants. Distribution support in the form of project grants is aimed at all films that have benefited from realisation support and wish to reach their audience in the Netherlands to optimum effect. Minority co-productions selected for a specific programme at one of the A festivals can apply for an increased contribution. For this see [\*Chapter 7\*](#), which now includes a specific festival list.

Slate funding for distribution is ending, but the Fund is continuing to award project grants on the basis of selection to a selection of foreign arthouse films, including children's films and films for young people. As a result a balanced supply of high-quality foreign arthouse films will remain in place in film theatres.

The visibility of film productions will receive extra attention from the Fund, not just in times of COVID-19 but also in the years to come.

### *Film activities*

The contributions for film festivals remain unchanged and it will also remain possible to submit applications for national and international film conventions, assuming that other parties are also making financial contributions to them. The same goes for international festival selection, training, and film education, where the frameworks for financial support have been updated.

## ***Support measures (COVID 19)***

With the outbreak of the coronavirus crisis the Fund has launched a package of measures to ease the consequences of COVID-19 for films and film activities and also across the full extent of the film sector. With the situation persisting into 2021, there is scope within the second support package to continue and work out the support measures in more detail.

With effect from 2021 there will be an updated scheme for Production to replace the previous schemes and the Fund is strengthening the existing Pandemic Guarantee Scheme. The Distribution Scheme for Dutch film productions will also be extended to 1 July.

Production Support Measure 2021: Under the second support package for the cultural and creative sector the additional costs of productions whose realisation has been supported by the Fund can still largely be absorbed and the working conditions on the film set can be implemented to optimum effect under supervision, within the scope of the COVID-19 Protocol for the AV Sector. Depending on the production and the phase it has reached, the additional (pre-/post-)production costs will vary enormously. The Fund will therefore assess each production to see to what extent an additional Fund contribution can be made within available resources. The Fund will also take account of the extent and complexity of the production and the degree to which it is being internationally co-produced.

Pandemic Guarantee Scheme 2021: The Pandemic Guarantee Scheme is designed to cover the uninsurable costs that may arise directly and demonstrably during the production phase from interventions by central government or the absence of director, essential cast members or main characters, as a result of any pandemic (transmissible epidemic) during the production process. If a film production or high-end series is to make a claim under the Pandemic Guarantee Scheme, a payment to the special-purpose reserve is required before the (re)start of production. Productions realised with Fund support that make no payment must be insured for pandemic risk or be financially covered in some other way. The guarantee scheme applies to all majority Dutch film productions and high-end series and international (co-)productions for the Dutch cost share that are realised with realisation support from the Fund.

Distribution of Dutch Film production in the Netherlands: Under the Distribution Support Measures (COVID-19) an increase in the distribution contribution previously awarded for a release is possible on a matching basis. In the case of a budget of €50,000 or more for prints & advertising, the film distributor - on the basis of matching its own investment in P&A - can apply for an additional distribution contribution up to €100,000 for a Dutch majority feature film, long animated film or documentary that has been made with a regular realisation contribution from the Fund. The Distribution Support Measures apply to film productions due for release in the period March 2020 to June 2021.

The above regulations form the basis of the Fund's support measures in 2021, along with the strengthening of the Film Production Incentive which allows the pilot for high-end series to be continued, temporarily at least. Additional support measures will follow however for which the regulations will be worked out in more detail in the first quarter. Further information about this will follow shortly.