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Impact Evaluation & Scenario for the Future

The West Danish Film Fund

August 2012

Manto A/S
Knabrostræde 30, 1. sal
1210 Copenhagen K
Denmark

Phone: +45 3311 0111
CVR: 2867 2322
www.manto-as.dk

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1 Objectives and Background

The West Danish Film Fund was established in 2002 as a non-profit association for the purpose of funding film, television and multimedia production in the Western Region of Denmark.

The Film Fund mainly subsidises artistically interesting productions, which are relevant to the Western Region of Denmark, at the same time supporting the development of a film community, and creating employment in the Western Region of Denmark.

It is the goal of the West Danish Film Fund to play a key role in launching new film and media companies in the Western Region of Denmark. Therefore, the Film Fund tends to favour fiction, documentary and transmedia productions, which involve the consolidation of local production companies, either with their own productions or in co-productions with local, national and international collaborators. In all cases full consideration is given to a project's innovative, financial and artistic potential.

Presently the activities of the Film Fund are financed by the municipal councils of Aarhus, Viborg, Frederikshavn, Holstebro, Hjørring and Vejle. In the course of the next five years the Film Fund will attempt to raise extra funds, with the goal of ensuring continuous film production in the region.

On this basis Manto have evaluated the socio-economic effects of the Film Fund's activities in terms of critical mass, and formulated a comprehensive impact evaluation of the Fund's activities. This document, therefore, consists of two parts:

- A scenario for the future with an estimate of the economic impact on the region in terms of critical mass, in the light of continuous film production.
- An impact evaluation, which shows the overall quantitative and qualitative effects of the Film Fund's activities in the period 2008-2012.

An explanation of methodology and documentation are contained in the Appendix.

Happy reading!

2 Conclusion

The film community of West Denmark depends on subsidy from the West Danish Film Fund in order to operate in the region, and thus to sustain film and media production in its member municipal councils. At present the Film Fund has an annual budget of DKK 6.5 million, with which to subsidise both development and production. This is sufficient to fund between two and four major productions every year, along with the development of a wide range of scripts and projects.

During the period 2008-2012 the Film Fund invested a total of DKK 32 million in film and media productions, and film festival activities. This resulted in regional expenditure of DKK 124 million in West Denmark, and in turn created a gross effect in the region of DKK 101 million, as well as generating 149 man-years in the same period. The regional expenditure and the economic impact on the region are relatively high, when compared to the results of other Scandinavian film funds. This can be attributed to the region's existing film and media community, e.g. Filmbym ("Film City") Aarhus, with which the Film Fund enjoys a close working relationship.

If the annual level of investment in the West Danish Film Fund were raised to DKK 22 million (a level which, according to similar Scandinavian film funds, is necessary, if continuous film production is to be sustained), the economic effects would also increase. Depending on the capacity and level of professionalism in the West Danish film community, over a five-year period there would be a gross regional impact of DKK 352 - 406 million, and an employment impact of 515 - 594 man-years.

As well as contributing to economic growth in West Denmark, in terms of activity and jobs in the film community and related businesses (e.g. tourist, service and craft industries), the support of the Film Fund also serves to strengthen the film community, at the same time generating regional pride and contributing to the region's cultural profile.

The Film Fund's support of script and development has resulted in the business development of production companies, enabling them to gear their own activities and initiate a wide range of projects. Productions provide work for local film professionals and enhance the level of professionalism in the film and media community. The long-term effect would be the continued development of film projects in the region, which would hold on to its film professionals and safeguard their loyalty to West Denmark.

The extensive use of local residents and local suppliers in the region's film productions has served to strengthen their cultural self-understanding. While the Film Fund's support has assisted the development of the film community, the political support has also been enormous.

The West Danish Film Fund and the major productions created in West Denmark have enjoyed good press. In 2011 alone the press coverage amounted to DKK 10 million of publicity value. Press coverage of its film activities also contributes to the region's cultural profile.

In the long term, publicity and profiling enhance regional pride. The film universe involves locals from the member municipal councils, while attracting socioeconomically advantaged residents to communities, which embrace the promotion of contemporary culture and media.

3 A scenario for the future

The following section outlines the economic impact in the region of continuous regional film production in terms of work places and the gross regional product.

3.1 Continuous regional film production

Over the next five years the Film Fund will attempt to raise the extra funding necessary to generate continuous regional film and media production.¹

Based on existing key figures from similar Scandinavian film funds, it is essential to increase the annual level of investment in film productions to approx. DKK 22 million, in order to reach the required critical mass in the region. That amounts to about three times the present level of investment. This would significantly increase production activity in the member municipal councils. In concrete terms it would help realise between eight and ten major film productions every year (as opposed to the present two to four), thus ensuring all year round film production in studios and on location in the member municipal councils.

The increased production activity would substantially benefit, not only the regional film and media community, but also other businesses and industries: a large portion of investment would end up in the tourism and service industries (e.g. accommodation, food and transport) and various other businesses (e.g. film equipment, sets and location). For further clarification on this subject, see Paragraph 4.1. Industrial growth in the region.

3.2 Economic impact on the region

During the period 2008-2012 the West Danish Film Fund invested a total of DKK 32 million in film and media productions, along with film festival activities. This resulted in regional expenditure of DKK 124 million² in the member municipal councils. For every single krone invested in film production, an average of DKK 3.9 was spent throughout the region. This amount is relatively high, when compared to the results of other Scandinavian film funds, and can be explained by the already established film community in West Denmark, including the influential Filmby ("Film City") Aarhus, the foundation for the Film Fund's activities.

Our evaluation of the regional economic effects in relation to critical mass is based on the rAps³ regional economic demand model, which takes into account the statement of the Film Fund's investments and related expenditure in the region. The estimate of these effects is based solely on those investments, which are related to film and media production. The model does not take into account supply effects, such as the exposure value created by film productions: the attraction value of the region for residents, companies, tourists etc.

¹ For the measurement of value creation at a regional level, the contribution of the respective region is normally measured.

² The statement is based on all the film productions in which the Film Fund has invested in the period 2008-2012.

³ "rAps" is an abbreviation of Regional Analysis and Prognosis System. The model was developed by Inno Scandinavia AB.

Using the rAps model we have calculated the direct⁴ and indirect effects (indirect⁵ and derived⁶ effects) in terms of man-years, and the contribution to the region's gross regional product (GRP), which is an expression of the value of the goods and services produced in the region.

The total DKK 32 million, which the Film Fund gave to film and media production in the period 2008-2012 resulted in a total of 149 man-years and a contribution to GRP of DKK 102 million⁷. Every DKK 1 million given to film production has, therefore, created 4.7 man-years and a contribution to GRP of DKK 3.2 million.

Illustration 3.1: Economic impact on the region

	Period	WDF subsidy (DKK mlns.)	Regional expenditure (DKK mlns.)	Factor	Employment effect (man-hours)			GRP effect (DKK mlns.)		
					Direct	Indirect	Total	Direct	Indirect	Total
2008-2012	5 years	32	124	3,9	95	53	149	65	37	101
Conservative estimate	5 years	110	429	3,9	330	186	515	225	127	352
Optimistic estimate	5 years	110	495	4,5	380	214	594	260	146	406

We have further calculated the economic impact on the region based on an annual investment level of DKK 22 million over a five-year period (on the premise of critical mass).

The conservative estimate is based on the situation that exists today, in which the relationship between investment and regional expenditure is still 3.9. As is evident in the above table, 515 man-years would be created over a five-year period and the contribution to GRP would be DKK 352 million. Viewed in relation to the present level (2008-2012), one is looking at an increase in employment effect of 366 man-years, with an increase of DKK 251 million in GRP contribution.

The optimistic estimate is based on the premise that the relationship between investment and regional expenditure in terms of critical mass would increase from the present factor of 3.9 to a factor of 4.5. This implies that every film production would, in the future, spend a much larger part of its overall budget in the member municipal councils, on the basis of a greater available range of film professionals with a higher level of expertise, and a better variety of available services. In the optimistic estimate the overall employment effect would

⁴ The direct employment effects consist partly of the labour required for the production of a film, and partly of the labour required for the production of everything else demanded in relation to the film (board and lodging, office running costs, staff transport etc.)

⁵ Indirect effects are the spread effects, which arise from an increased demand among subcontractors. E.g. restaurants use ingredients, transport uses fuel and requires service and repairs

⁶ Derived effects are the spread effects, which arise from increased income in the region (as a result of the employment effect), which local residents spend on goods and services, which are produced in the region, and which therefore entail additional demand for labour and production in the region.

⁷ When GRP effect is less than 100% of regional expenditure, it is therefore a part of the value, which the expenditure produces, created outside the region's borders, and which therefore does not contribute to GRP.

be 594 man-years, with a GRP effect of DKK 406 million. Viewed in relation to the present level, this would amount to 445 extra man-years over a five-year period, and an increase of DKK 306 million in GRP contribution.

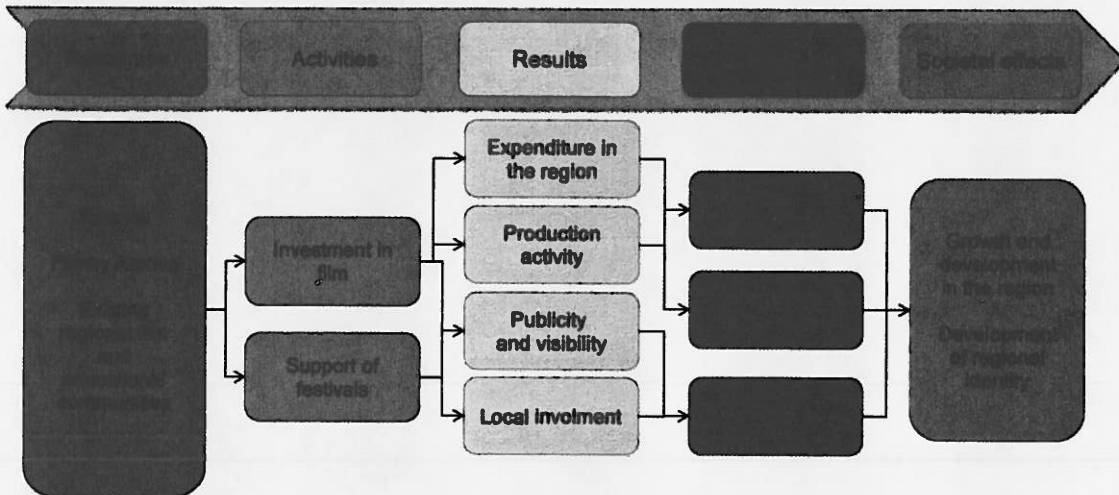
Accordingly, scenario calculations show that there would be a major economic impact on the region, if the investment level were increased, ensuring continuous film and media production in the region. In the next part of this document we will examine in further detail the qualitative and quantitative effects of the Film Fund's work during the period 2008-2012.

4 Impact evaluation

The impact evaluation is based on monitoring, using Manto's model for experience economic impact evaluation⁸, which is founded on extensive evaluation practice (for further clarification see Appendix: Methodology).

The model below illustrates how the resources and activities of the Fund create results, which contribute to the impact at both the consumer and the societal levels.

Illustration 4.1 Logistic model for the West Danish Film Fund



The activities of the Film Fund are based first and foremost on the funds, which they have at their disposal to subsidise the development and production of films, and film festival activities. The annual DKK 6.5 million (approx.) available to the Film Fund creates a basis for attracting productions to its six member municipal councils, and investing in them. The Film Fund is physically located in Filmby ("Film City") Aarhus, which gives the Fund direct access to a large and far-reaching film community. Filmby Aarhus consists of a modern business park, which houses 65 different media companies and two film studios. Profits from the business park and the rental of production facilities are channelled every year into film and media projects via the West Danish Film Fund. The Film Fund is also in charge of all of Filmby's facilities (e.g. studios, production offices, storage facilities and conference rooms) as part of the support, which it grants to film productions.

The primary purpose of the Film Fund is to invest funds in film and media activities, including development and script support, production and (to a lesser degree) film festivals. The largest portion of the Fund's resources (and therefore of its activities) is geared to film production. Thus, attracting and supporting film productions is also the activity that creates the most central results and effects for the Western Region of Denmark, in terms of production activity and subsequent regional expenditure. In recent years the Film Fund has been involved in the realisation of such films as *En kongelig affære* (A Royal Affair) (Nicolaj Arcel), *Nymphomaniac* (Lars von Trier), the *Max Pinlig* films, and *Alle for én* (All for One) and

⁸ Manto & Aalborg Universitet (2011): *Oplevelsesøkonomisk effektivitet. Model og eksempler.*

Alle for 2 (All for 2) (Mick Øgendahl), along with television programmes such as Ludvig & Julemanden (Ludvig & Father Christmas) and the forthcoming TV2 series Dicte. Pinlig filmene og Alle for en og Alle for 2 (Mick Øgendahl) og på tv-fronten Ludvig & Julemanden og den kommende TV 2-serie Dicte.

The result of support for development, research and scripts is the attraction and retention of talents and projects, while the film festival activities reach out to both the public and the film industry, creating results in terms of visibility for the film community and film culture in the region.

The following section looks more closely at results, together with the consumer and societal effects of the Film Fund's activities, basing its survey on the following three themes:

- Growth of business in the region.
- Strengthening of the film community.
- Regional pride and cultural exposure.

Vurderingen er baseret på en økonomisk analyse af regnskabstal fra filmpuljen, en survey blandt producenterne og interviews med en række interessenter (for en uddybning, se Bilag: Metode).

4.1 Growth of business in the region

The Film Fund creates a wide range of results and effects for the regional film and media community, but not least for the business community, which thrives as a result of the productions created in the Western Region of Denmark.

The results of the Film Fund's activities are:

- **Increased revenue and regional expenditure:** Each year the Film Fund's subsidy generates DKK 25 million in regional revenue. Of the producers' overall turnover 24% is directly related to projects, which have received support from the Film Fund.
- **Establishment of film and media companies and their growth:** For 50% of production companies the support they receive from the West Danish Film Fund plays a major role in their ability to initiate new film projects and to develop their businesses.
- **Investments in the film community and new jobs:** For 73% of production companies the support they receive from the West Danish Film Fund is significant in terms of running their businesses and the creation of new jobs.

Viewed in terms of expectations, results would lead to the following effects:

- **Economic growth in the region with the establishment of new businesses and new jobs in the film and media community.**
- **Increased economic activity in the region for associated businesses.**

During the period 2008-2012 the West Danish Film Fund subsidised film and media productions to the overall tune of DKK 32 million, thus generating regional expenditure of DKK 124 million.

An important product of the Film Fund's activities is the establishment and successful operation of a number of companies, who expand as a result of the projects the Film Fund supports. For 73% of production companies the support they receive from the West Danish

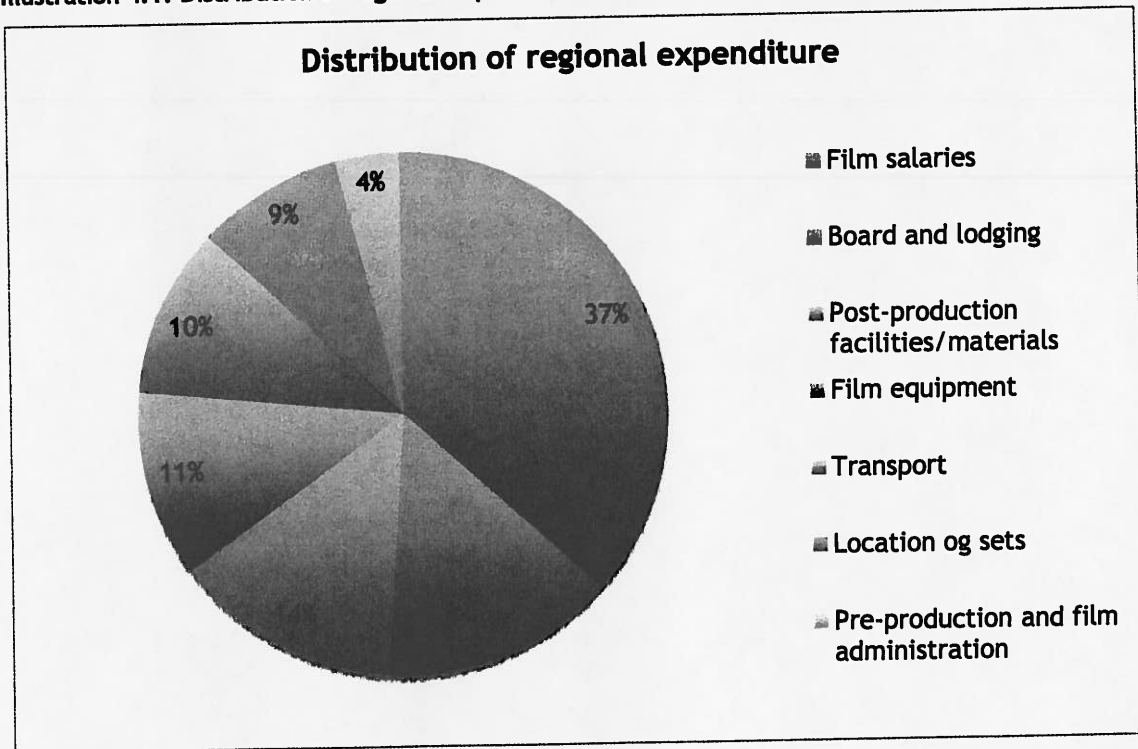
Film Fund has been, in varying degrees, essential to their establishment and continued operation in the region. Without the support of the West Danish Film Fund, a large majority of these production companies could not continue to operate in the Western Region of Denmark.

“Without WDFE we would not have got anything at all off the ground, and none of us would have been able to live or survive as producers.” (A producer)

One result of the West Danish Film Fund’s assistance in the establishment and continued operation of production companies in West Denmark is that these companies regularly make investments, which benefit the region. Two out of three production companies make investments. In the course of the last five years each of these production companies has invested approximately DKK 400,000: e.g. in equipment, office space and the construction of locations.

However, the existence of the Film Fund does not only serve to strengthen the region’s film and media community, but also benefits a wide range of other businesses.

Illustration 4.1: Distribution of regional expenditure in terms of film productions⁹



A large portion of the investment is destined for the region’s tourism and service businesses. Transport, board and lodging account for 24% of the region’s expenditure. This is primarily a result of those productions, for which the executive producer comes from outside the region, accompanied by their own film professionals. In addition, 20% of regional expenditure goes to local industry and businesses (film equipment, locations and sets).

⁹ The distribution is calculated on the basis of 10 representative film productions, which have received support from the Film Fund.

The effect of the subsidy given by the West Danish Film Fund to the development and production of film is increased economic activity in the region, and growth within the film and media community. The Film Fund's support contributes to growth in the region, primarily on account of turnover in the production companies, and regional expenditure in relation to film production, which spreads to associated businesses.

4.2 Strengthening of the film and media community

The activities of the Film Fund contribute to a strengthening of the region's film and media community by stimulating business development in production companies, and promoting professional development for local filmmakers.

The results of the Film Fund's activities are:

- *Business development in established companies:* The productions, which the Film Fund supports, amount to 25% of the producers' turnover. In addition, the support given by the Film Fund to script and project development makes a significant impact on producers' business development.
- *Gearing of projects:* The development support and guidance given to producers by the Film Fund help them to gear their projects in terms of economy and quality, thus guaranteeing continued activity in the region's film community.
- *A strengthening of the skills of young film professionals:* Production activities provide work for local film professionals. Particularly when the executive producer comes from the region, there is an automatic focus on professional development.

Viewed in terms of expectations, results would lead to the following effects:

- *Promotion of a continuous film and media environment through continued support of professional development in the community and the creation of new projects.*
- *Retention of young film professionals in the region by guaranteeing them work and encouraging their loyalty to the region.*

The Film Fund's investments enable producers in West Denmark to get film and media productions off the ground, thus providing work for members of the region's film community. Without the support of the Film Fund most projects would either not get off the ground or would happen outside of West Denmark. For 33% of producers the support of the Film Fund has been of major significance in their initiation of new projects. On average, 25% of these producers' turnover is directly linked to the projects, which received support from the West Danish Film Fund.¹⁰

¹⁰ A large part of most production companies' output comprises commercial films (advertisements). These have no significant impact on the development of the film community, because they generally used different types of film professionals, and have much shorter production periods.

An average of 60% of film professionals involved in production activities in West Denmark are local. The film professionals brought in from outside are usually directors, line producers etc. When the executive producer is from West Denmark, far more local film professionals are employed (including directors, line producers etc.), because he or she will have a better local network and a focus on professional development within the local film community.

“What is significantly different, when a local executive producer is in charge, is that we in Aarhus feel driven to develop Aarhus’ film professionals.” (A producer)

Young film professionals feel more and more like a team and want to remain in the region. They contribute to the retention of production activity, improving the level of professionalism and creating an enduring film and media community, with a supply of highly qualified manpower in every area of film production.

Producers welcome the opportunities for script and development support for the creation of projects and the development of concepts, for which otherwise they would not have the funding. Of the Film Fund’s overall investments 18% goes to script and development support. As many as 94 of the 191 grants given during the period 2008-2012 were for script and development support. This large number of grants enables producers to create and develop a vast range of projects. In this way the Film Fund stimulates business growth and guarantees the continued development of new productions in West Denmark.

“The Film Fund is enormously important. They are willing to risk capital investment in ideas and new talents. They don’t have a vast amount of money, but it’s enough to entice a writer to take a month off from work and give it a go. They supplement the money and the time we ourselves put in.” (A producer)

The Film Fund’s support for new projects enables producers to develop their businesses and to get productions off the ground, thus reinforcing the professional skills of members of the region’s film and media community. In the longer term the Film Fund contributes to the promotion of an enduring film community by enhancing the skills of local film professionals, who can then provide the necessary skills and capacity to develop film productions and attract them to the region.

Activity in the film and media community helps attract and hold on to young film professionals, who otherwise would leave West Denmark to find work in the film industry. The focus of producers on offering work to young film professionals to develop their skills, and the Film Fund’s support for development courses for young people (e.g. Super 8) enforce the loyalty of these young film professionals to the region, and in the longer term strengthen the solidarity of the region’s film community.

4.3 Regional pride and cultural profiling

The Film Fund makes a major contribution to regional pride in the people of West Denmark, helping to profile the region as a progressive place with a strong interest in the promotion of contemporary culture.

The Film Fund's activities have led to many results, which have great significance for the region's citizens:

- *Local involvement of citizens and businesses:* 51% of film producers make substantial use of locals as extras, when shooting on location. Only 17% of film producers never use locals as extras. Meanwhile, local businesses are involved as suppliers for film productions. forbindelse med optagelser on location.
- *Support of producers and film professionals:* Thanks to the Film Fund's subsidy, producers receive a great deal of other support for their work. The Film Fund's pool of politicians and councillors helps to consolidate support for the development of film culture in the region.
- *Publicity and exposure:* In concrete terms, in 2011 Infomedia calculated the Fund's media exposure to be worth DKK 10 million. Both productions and film festivals create great visibility for the film community in the eyes of the municipal councils and their residents.

In the long term, on the basis of the Film Fund's activities and results, one can also look forward to:

- *Regional pride amongst the residents of the member municipal councils. They will learn that the film production universe involves them, and makes the region culturally exciting.*
- *Retention and attraction of desirable residents in a culturally interesting region, which is also home to an active film universe and seeks to promote contemporary culture and media.*

The Film Fund's subsidy for productions gets productions off the ground in municipalities, who then receive a great deal of attention on a local level, and who actively involve their residents. Involving local residents as extras is a widespread practice in the productions, which the Film Fund subsidises. In fact, 69% of producers, in varying degrees, involve local residents.

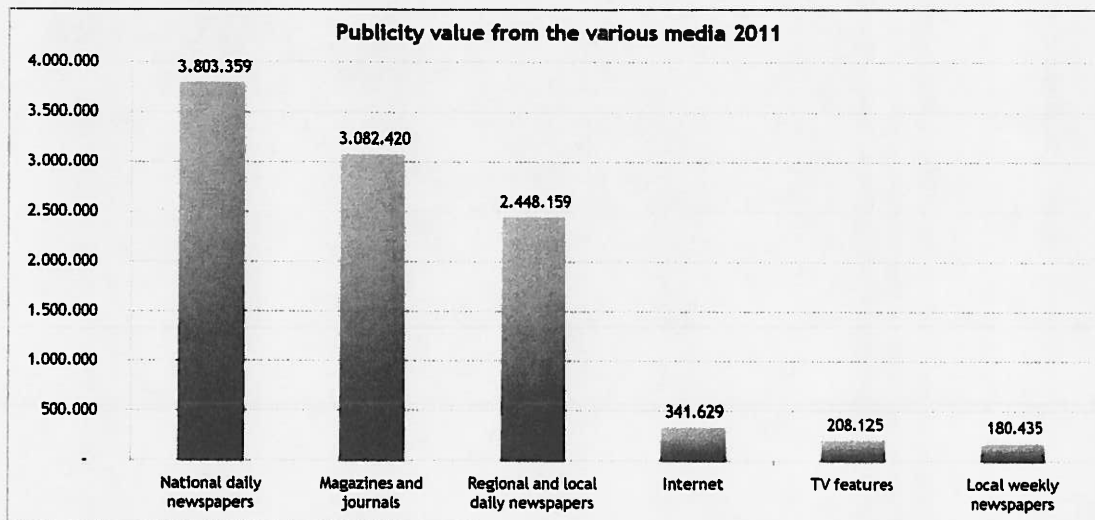
The municipal councils are of great assistance in organising special events, film premieres etc. as a means of involving local residents in the productions created in their municipalities. The secretariat of the Film Fund is also involved in a whole range of collaborations with existing cultural operators: e.g. Aarhus Festival, the Animation Workshop in Viborg and the Scandinavian Film Festival in Frederikshavn. This interaction reinforces people's encounter with film culture, offering concrete examples of what film culture, as an experience economy, can contribute at a local level. Inviting local people into the film universe is significant in terms of regional identity. Their involvement makes them proud to be part of the Western Region of Denmark.

Producers take the support of the film and media community very seriously. The Film Fund's investments give film producers a sense of approval for their industry, assuring them that

there is interest in the development of the region's film community. Subsidy from the Film Fund, together with the attention paid by politicians to the film community, serves to consolidate the producers' loyalty to West Denmark and their sense of responsibility for the cultural development of the region.

The Film Fund and the major film productions created in West Denmark make for good press. Both local and national media frequently cover the Fund and the films being made. In 2011 Infomedia calculated that the Fund's press exposure was worth DKK 10 million of publicity¹¹.

Illustration 4.2: The exposure value of the Film Fund in terms of the various media



Productions and film-related festivals create even greater visibility in the eyes of a town or city, not only for those directly involved, but also for local residents. These activities create the image of a progressive region, which embraces a contemporary cultural environment.

The involvement of local people in film productions and the support given by politicians serve to build up and propagate recognition of the film and media community as a cultural alternative to the capital city. This then engenders regional pride. Municipal involvement in the development of the Film Fund has helped to develop and sustain the promotion of contemporary culture in West Denmark. Municipal involvement in the Film Fund has also led to a broader and more progressive industrial and cultural policy.

“By making films in West Denmark, on a West Danish cultural foundation, we are helping to maintain a cultural foundation in West Denmark, not least as a foil to American culture in films and in Denmark.” (A cultural representative)

Based as it is on a West Danish cultural foundation, the Film Fund's support of film production contributes to the promotion of cultural value and a strengthening of the region's cultural

¹¹ Estimated advertisement value is calculated according to the length of an article/duration of a feature multiplied by the price of an advertisement in the respective medium. Thus advertisement value is an expression of the publicity's visibility.

profile, so that West Denmark comes across as an independent region with its own wide range of cultural offerings for local residents and businesses.

“This has been extremely important for our settlement strategy. We can tell people that something exciting is going on, and that there is also work all year round. And that they can come really close to the film universe, especially if they get involved. That has major long-term significance.” (A cultural representative)

So, in the long term, the cultural profile will help to retain and attract socioeconomically advantaged citizens, who are seeking cultural diversity.

Appendix: Methodology

This evaluation of effects is based on Manto's model for experience economic impact evaluation, which we have refined and customised for regional film funds.¹² This impact evaluation was undertaken on the basis of monitoring based on a logical model, which provides a systematic way of presenting an understanding of the relationship between various central factors. On the basis of substantiated notions concerning these concrete relationships, the logical model makes possible the formulation of a cause-and-effect chain for objectives, results, activities and resources. Everything is aimed at showing the overall effects of the Film Fund's activities.

The measurement, consisting of both quantitative and qualitative data, shows what changes the Film Fund has made for its target group, and what value these changes have provided. On this basis we have carried out an overall analysis, and an evaluation of both consumer and societal effects.

Based on the accounts for the Fund's allocations and related regional expenditure, we have undertaken an analysis of the Fund's contribution to economic growth and employment. Using scenario modelling we have also estimated the potential gains that would result from an increased level of investment.

We have also undertaken a further analysis of the producers who received subsidy from the Fund during the period 2008-2011. 35 out of a possible 62 completed the questionnaire, which amounts to a 56% response rate. Given that the population is limited, the precise percentage rates should be regarded as approximate.

In addition we have conducted 15 qualitative telephone and personal interviews with relevant producers, film professionals, municipal councillors and a media researcher. The interviewees answered only the questions they are qualified to answer, in order to guarantee valid data material. The following people were interviewed:

- Ellen Riis. Director. Basmati Film.
- Henrik Underbjerg. Director. Radiator Film.
- Morten Rasmussen. Director. Deluca Film.
- Henrik Leier. Director. Picturewise.
- Peter Bose. Partner. Miso Film.
- Thomas Heinesen. Creative Director. Nordisk Film.
- Karen Rais-Nordentoft. Artistic Director. Aarhus Film Festival.
- Anders Søndergaard. Producer. Aarhus Festival.
- Rasmus Frøkjær. Freelance film professional.
- Mia Kronborg. Freelance film professional & trainee at Radiator Film.
- Peter Dollerup. Freelance film professional.
- Ib Christensen. Head of Culture. Aarhus.
- Frank Mikkelsen. Former Chief of Staff. Viborg.

¹² Cine-Region Focus Report 2012.

- Dorthe Reinholdt. Development and Communications Consultant. Hjørring.
- Anne Marit Waade. Researcher. Aarhus University.

A triangulation of quantitative and qualitative methods has created a solid, well-founded basis for this impact evaluation of the Film Fund's activities.