

APPENDIX B4 - DENMARK

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1 OVERVIEW

The country

Denmark is small European country with 5.4 million inhabitants in 2003.

The industry

The Danish film industry has had a significant influence on world cinema, from the early silent films of Carl Dreyer to the rebelliousness of the low-budget Dogme movement.

Key characteristics of the industry include the significant support available for documentaries and short films, the emphasis placed on cultural outcomes, and an emphasis on direct funding through government agencies.

The Danish broadcasting industry comprises two main national broadcasters, one public (DR, Danmarks Radio) and one commercial (TV2 Danmark, privatised in 2003 but still subject to public service obligations). DR is financed almost exclusively by licence fees, while TV2 is financed by advertising revenue and other income. A number of private companies also broadcast nationwide through satellite or cable TV.¹

DR and TV2 are each responsible for two national television channels, one terrestrial and one satellite. Regional coverage consists of eight regional TV2 companies along with DR's nine regional radio stations. There are also around 50 local community TV stations generally financed by subscriptions.

Government support structures

Denmark provides a significant level of direct public funding to support the production of Danish film, but there are no tax incentive schemes in place specifically to encourage private investment in the audiovisual sector.

The national film agency, the Danish Film Institute (DFI), operates under the Ministry of Culture according to the Film Act (1997).² With most of its funding coming from the Ministry, the DFI discharges the majority of public film support. It funds feature films, screen culture activities, short films and documentaries, and is responsible for the Danish film archive.

In addition, the Nordic Film and Television Fund provides top-up financing to the production of film, television and multimedia projects across the five Nordic countries: Denmark, Finland, Iceland, Norway and Sweden. Denmark's two broadcasters also play a part.

Levels of production and sources of finance for domestic productions

24 Danish films were released in 2003, with an average production budget per film of €2.8m; of these, 22 were backed by the DFI, with public subsidies averaging 29 per cent of the budget.³ In 2005, 20 films were in production with DFI subsidy, with an average production budget of €2.5m and an average DFI subsidy of 40 per cent. Other sources of

¹ TBI Yearbook 2005, Denmark

² *Facts & Figures 2006*; Danish Film Institute; www.dff.dk

³ *Facts and Figures 2004*; Danish Film Institute; www.dfi.dk

finance include the broadcasters DR and TV2, the Nordic Film and Television Fund, and co-production activity with other countries, particularly within Scandinavia.

Audiences

Denmark boasts a high market share for Danish features in its home market, averaging 26 per cent between 1999 and 2005. There have been six Danish features in the top 20 every year since 1999.⁴

New media

The Danish Government supports digital culture and interactive media through Culture Net Denmark, which aims to promote to access digital materials and Danish culture on the web.⁵ There are no specific funding programs for new media.

⁴ *Facts and Figures 2006*; Danish Film Institute (www.dfi.dk)

⁵ www.kulturnet.dk

2 KEY STATISTICS

Demographics	source	units	2002	2003	2004
Population	BMI	in million	5.37	5.39	5.4
GDP per capita	BMI	in US\$	32,112	39,444	44,321
GDP growth	BMI	%	1.0	0.5	2.1
Unemployment	BMI	%	5.2	6.2	6.3
Audiovisual					
TV households	TBI	in million	n.a.	n.a.	n.a.
Television sets	WFB	in million	3.1 (2000)		
Digital TV homes	TBI	in million	n.a.	n.a.	n.a.
Pay TV subscribers	TBI	In million	n.a.	n.a.	n.a.
TV Advertising	TBI	In US\$ million		n.a.	
Film					
Cinema screens	SD		358	379	380
Cinema screens per million population	SD		66.6	70.3	70.4
Cinema admissions	SD	in million	12.91	12.92	12.79
Box office revenues	SD	in US\$ million	93.7	110.6	130.6
Film production investment	SD	in US\$ million	28.9	76	79.7
Average budget per film	SD	in US\$ million	1.52	3.17	3.1
Films produced nationally	SD		19	24	26
Total co productions	SD		8	12	n.a.
Feature films produced per million head of population	SD		3.56	4.45	4.82
Total films first-run released	SD		208	209	237
Number and share of domestic films in local releases	SD		19 9.1%	24 11%	19 8%
Number and share of US films in local releases	SD		108 52%	103 49%	134 56.5%
Domestic films' share of local market	SD				22.3%
New media					
Internet users	WFB	in million	2.7	n.a.	n.a.
Broadband internet subscribers	BMI	in million	n.a.	n.a.	n.a.
Mobile phone subscribers	WFB	in million	n.a.	4.8	n.a.
Internet hosts	WFB	In million			1.2
Internet Service Providers (ISP)	WFB	no	13 (2000)		

BMI = Business Monitor International accessed December 2004, TBI = TBI Yearbook 2005, SD = Screen Digest June 2004, WFB = CIA Worldfactbook

n.a. = non available

STRUCTURE OF PUBLIC SUPPORT

Denmark's public support for the audiovisual sector operates through the Ministry of Culture according to the Film Act (1997).⁶ Since 1999 the financial framework and political objectives behind Danish film policy have been laid down in four-year Film Policy Accords by the Danish Parliament.

The cultural element of the Danish support policies is strongly emphasised in Article 1 of the Film Act, which states the objective of the Act is to 'promote film art, film, and cinema culture in Denmark'.

Public support is mainly centralised through the Det Danske Filminstitut/ Danish Film Institute (DFI), with a small amount from some regional funds, and the Nordic Film and Television Fund providing top-up financing to the production of film, television and multimedia projects across the five Nordic countries: Denmark, Finland, Iceland, Norway and Sweden.

Another plank in financing is the requirement that the two national Danish broadcasters (one public, one privatised in 2003) contribute to feature film production through the DFI, as well as to individual projects through a combination of licence fees and equity.

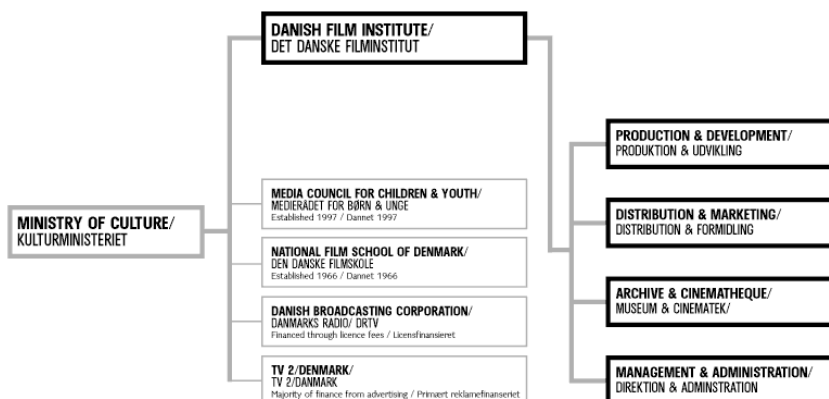
Agency (year created)	No. funding programs	Budget €m			
		2002	2003	2004	2005
National agencies					
Danish Film Institute (DFI) (1997-)	11	32.56	31.71	32.71	35.0
Short Film Denmark (Dansk Novelle Film) (1994-2002); now part of DFI	2	3.05	-	-	-
Baltic-Russian Development Fund for Documentaries (inc. Estonia, Lithuania, Latvia, Russian Federation) (2001-2005)	1	0.04	-	-	-
Regional agencies					
West Denmark Film Pool (Den Vestdanske Filmpuqe) (2002)	1	0.40	0.53	1.83	-
Film Fyn (2003)	1	-	0.45	1.3	-
Total Danish		36.05	32.69	35.84	
Supranational agencies					
Nordic Film & TV Fund	5	7.82	8.16	8.56	-
Baltic Film Fund (2005)	3	0.07	0.06	-	-

Dansk Novelle Film became part of the DFI in 2003
Source: Korda database as at 1 August, 2006

⁶ *Facts & Figures 2006*; Danish Film Institute; www.dff.dk

3.1 National and regional agencies

With a budget of €32.7m in 2004, the **Danish Film Institute** accounted for 91 per cent of public funding in 2004. Its operations extend from participation in the development and production of feature films, short and documentary films, over distribution and marketing, to managing the national film archive and the cinematheque.



DFI – Agency aims and tasks	Including
Aid management	Aid for development, creativity and screenplay writing Aid for production Aid for experimental and non-commercial films Aid for documentaries and non-commercial films
Promotion	Ensure promotion and distribution of films in the country Promotion abroad
Research – Statistics – Information	Carrying out research and study and / or producing statistics
Archiving	Conserving and archiving the cinematographic and or audiovisual heritage
Organising activities for the general public	

Of the regional funds, **FilmFyn** on the island of Fyn was created in 2003 with a budget of US\$2.7m to be allocated to 3–4 feature films per year. FilmFyn has been modelled on the successful Swedish regional fund, Film I Väst, which has transformed the production environment in Sweden, attracting a number of the highest profile pan-Nordic productions in recent years including Lars von Trier’s *Dancer in the Dark* and *Dogville*.

West Denmark Film Pool (Den Vestdanske Filmpujsje), was established in 2001 to support the development of the local film industry through subsidy and investment in primarily fiction film. It had a budget of €1.83m in 2004, from the regional authority Århus Kommune (DK).

3.2 Supranational agencies

The **Nordic Film & TV Fund** provides top-up financing to the production of film, TV and multimedia projects in the five Nordic countries – Denmark, Finland, Iceland, Norway, Sweden.

It offers support for the production of film, TV and multimedia projects. Projects must have the potential to reach a wide audience within the Nordic countries. The fund also promotes audiovisual productions by supporting project development, distribution and promotion, and Nordic language versions.

Project evaluations are based on the whole project on the basis of content and artistic, production and marketing criteria, as well as the production's feasibility. There are no pan-Nordic thematic requirements, national quotas, or requirements in regards to creative or technical staff. Productions aimed at youth and children receive special attention.

Projects are expected to have a significant a degree of support – for instance, for films, distribution agreements in a minimum of two Nordic countries and a pre-sale agreement with at least one of the fund's TV partners are requested.

3.3 Sources of funding

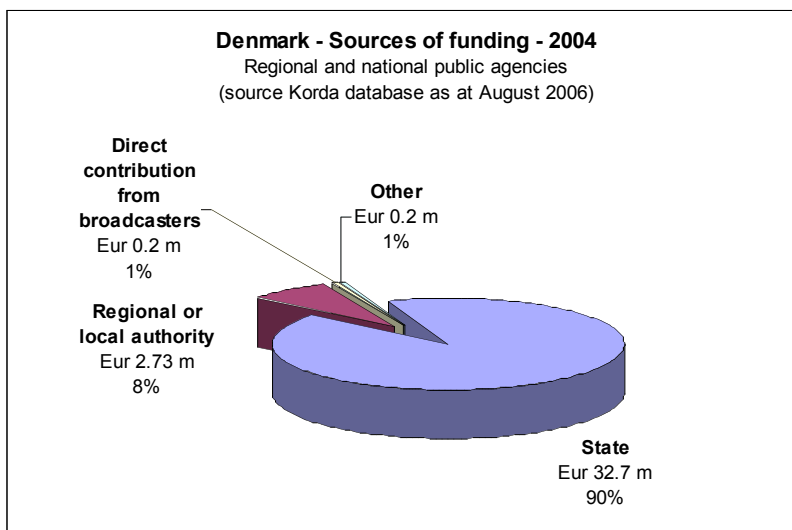
The **Danish Government Budget** is the main source of funding for public film agencies in Denmark, followed by **regional or local authorities**.

Direct voluntary contributions from broadcasters⁷ to the public funding bodies are another source of funding. The two national public service broadcasters Danmarks Radio (DR) and TV2/Denmark are required to engage in feature film production by contributing to the Danish funding bodies, or directly as investment in individual productions (see section 3.4)

In 2002, TV2/Denmark and DR both contributed €551,075 to the former short fiction film fund, Dansk Novelle Film, now part of the DFI. TV2/Denmark contributed €50,471 to the newly created regional fund Film Fyn in 2003 and €200,000 in 2004.

In addition, TV2/Denmark and DR both contribute to the supranational public funding agency Nordic Film and TV Fund. They each contributed €325,000 in 2004 (€323,000 in 2003 and € 320,000 in 2002).

FilmFyn is funded 60 per cent funded by the municipalities in the region, and the rest by the Danish Producers' Association, the local bank Amstsparekassen Fyn's, and the national broadcasters TV2 and DR.



Source: based on origin of funding detailed in Korda database for 2004 as at August 2006

Note: covers only national and regional public funding agencies (DFI, FilmFyn, West Denmark Film Pool, Baltic Russian Development Fund for Documentaries). It does not include supranational public agencies (Nordic Film and TV Fund, Baltic Film Fund) or pan-European funding programs. 'Other' refers to Fionia Bank contribution for FilmFyn.

⁷ Voluntary contributions differ from mandatory direct investment in production or taxation of broadcaster revenues. They result from an agreement with film professional associations or the State.

3.4 Regulation

The Radio and Television Board is the independent authority which administers broadcasters' licence funds, government grants, and advises on media related matters. The Media Secretariat is an independent institution under the Danish Ministry of Culture.⁸

There are two broadcasters subject to public service obligations under the Danish Broadcasting Act, DR and TV2/Denmark. The broadcasters are required to invest specific amounts in film production. For the contract period 2003–2006, the minimum for each station is DKK 60 mill annually (for each station). Of the DKK 60 mill. at least DKK 35 mill. must be spent on feature films (including telemovies), DKK 7 mill. on short and documentary films and DKK 4 mill. on 'talent development'.⁹

Quotas also apply under the European 'Without Frontiers Directive' as reflected in the Broadcasting Act. Free to air TV broadcasters are required to reserve more than 50 per cent of 'qualifying' transmission time for European works. Broadcasters are also required to allocate at least 10 per cent of qualifying transmission time to European works created by independent producers. The public service broadcasters (DR and TV2) are required to pay special attention to Danish and other Nordic languages.¹⁰

TV2 was recently privatised, but the station must still meet its public service obligations with respect to news and current events, and its economic commitment to Danish film.

The Media Council for Children and Young People is in charge of evaluating films in accordance with the official ratings system promulgated by law.¹¹

⁸ <http://www.mediesekretariatet.dk>

⁹ Broadcasters' Obligations to Invest in Cinematographic Production, European Audiovisual Observatory 2006, p 46

¹⁰ Impact Study of Measures (Community and National), Concerning the Promotion of Distribution and Production of TV Programmes Provided for Under Article 25(a) of the TV Without Frontiers Directive, Final Report. Audiovisual, Media and Internet Unit, Directorate-General Information Society and Media, European Commission. 24 May 2005

¹¹ www.medieraadet.dk

4 DIRECT PUBLIC FUNDING

4.1 Value of support – summary

With a total of €35.8 million (A\$60.4 million) in 2004, Denmark spends the equivalent of A\$11.2 per capita for the direct public funding of audiovisual industries. An additional €8.56m of public funding is also available through the Nordic Film and TV Fund.

Value of all direct support 2004	€m	A\$million	A\$per capita
Danish Film Institute (DFI)	32.7	55.2	10.2
Other	3.1	5.2	0.96
Total	35.8	60.4	11.2

Source: Korda database

Exchange rate for 2004: €1=A\$1.6878; Calculation based on population for Denmark in 2004: 5.4 million (TBI).

4.2 Breakdown of support

A breakdown of support is provided for the main public agency, DFI, which accounted for 91 per cent of direct public funding in 2004.

By activities

The DFI subsidies go to scriptwriting, development/pre-production, production, distribution, exhibition and national promotion. In additions, its operations support the national audiovisual archive and cinematheque screening program. At least 25 per cent of DFI development and production funding must be earmarked for children and youth.¹²

DFI – activities supported 2004	Value of support €million	% of budget
Project development and scriptwriting	2.8	9%
Production – selective	21.3	65%
Distribution	0.23	<1%
Promotion and marketing	5.1	15%
Film culture	0.48	1,5%
Exhibition	0.3	<1%
Uncategorised	2.5	8%
Total subsidies	30.2	
Operations (including archive, museum, cinematheque)	14.5*	

Source: Korda database, budget and activity for funding programs as indicated for year 2004 as at August 2006, except general film culture programme (2001 figure), % calculated based on a total of €32.7 m

* Figure from DFI , Facts & Figures 2004; www.dfi.dk/forside.htm

¹² The Film Act 1997; Danish Ministry of Culture. <http://www.kum.dk/sw4496.asp>; accessed 4 August 2006.

By types of production

The DFI mainly supports feature-length films, short fiction and documentaries.

DFI – types of production supported 2004	Value of support €million	% of budget
Feature length films, including promotion	25.05	76.6%
Short and documentaries films	4.74	14.5%
General – cultural activities	0.48	1.5%
Uncategorised	2.43	7%

Source EAO / Korda, proportions calculated out of a budget of €32.7 million.

In 2004, the DFI allocated a total of €25m (77 per cent of its program budget) to **feature films**, including:

- €5.5 million for production through the **60/40 program**, which supports feature-length fiction films based on evaluation of the artistic merits of projects.
- €11.8 million for production through the **Konsulent (Consultant) program**, which provides gap funding to Danish producers once they have acquired 60 per cent of the financing needed for their production.
- €1.97m for development, including €0.67 million for scriptwriting. and
- over €5.6 million for the support of distribution and exhibition (€5.1 million for the marketing of feature films, €234,000 for the support for import and promotion of foreign feature films, €335,000 for support to art cinemas).

The same year, the DFI allocated 15 per cent of its support to shorts and documentaries. Denmark is renowned for the significant amount of funding attributed to **shorts and documentaries**. In 2004, €4.7 million was allocated to short and documentaries

- €0.8 million for development, including €0.67 million for scriptwriting, and
- €3.9 million for production.

The DFI also supports general **cultural activities** (€480,000 in 2004).

4.3 Type of funding

Support through the DFI's **Consultant program** is **selective** based on artistic merit.

Under the **60/40 scheme** the artistic merits of the project are not evaluated, but the project needs to demonstrate the capability of achieving some box office success. In the 2003-2006 Accord, the ceiling for the 60/40 scheme was removed to provide greater scope for variations in the amount of support given to individual films.

The DFI also provides funding for **international projects** with a Danish producer as a minority partner (approximately six films annually).

The finance provided by the DFI takes the form of **repayable advances** on takings which the producers must repay when the films are screened – with the exception of the support to culture-related activities, and art cinemas. The advances for foreign feature films have to be repaid in half where the number of ticket sold exceeds 30,000 and in full when they exceeds 60,000.

Support for the promotion and marketing of feature film takes the form of **non-reimbursable advances**.

5 INDIRECT FORMS OF SUPPORT

Denmark has no film specific tax incentive scheme in place.¹³

However, some initiatives have been recently developed by the Ministry of Economic and Business Affairs and the Ministry of Culture to 'promote the interplay between culture and business'.¹⁴ Some examples of initiatives relevant to the film and audiovisual industries are:

Venture capital for the film and media industry: A film and media investment fund to promote investments in new Danish films. Its purpose is to make it easier for the private sector to invest in Danish films by granting matching public capital and by spreading the risk of the investment in the film and media industry.

Business incubator resource : A business incubator resource – Louiz – was created in Copenhagen to assist small independent cultural entrepreneurs in Denmark. It operates as a meeting place and as a place where entrepreneurs can receive advice and guidance in the development of their business ideas, gain access to capital and receive assistance on how to run a business.¹⁵

Learning Lab Denmark: This research institution is connected to the Danish University of Education, its objective is to document and research national and international trends regarding the interplay between culture and business.¹⁶

Network NyX: Network NyX is a forum for business leaders, artists and cultural institutions to meet and exchange ideas and manpower, develop new products or modes of cooperation.¹⁷

6 SUPPORT TO NEW MEDIA

Although the DFI does not provide specific funding schemes for new media, the Danish Government is active in promoting digital culture and interactive media. The Ministry of Culture supports **Culture Net Denmark** to enable the public to access digital materials and Danish culture on the web.¹⁸ It is also involved in digitisation of cultural heritage.

Danish producers also have access to European-wide programs for supporting e-content and digital media, such as eContent, MEDIA, and MEDIA plus. See separate discussion.

¹³ The possibilities for establishing new forms of support and funding to back up private investment in film production based on experience from other European countries, such as the Netherlands, the UK and Ireland have been recently reviewed.

¹⁴ *Danish Cultural Policy*, July 2002. Published by the Danish Ministry of Culture, www.kum.dk The two ministries have worked together to implement some of the recommendations on how business and culture should work together included in Denmark's Creative Potential, 2000. A previous report also published by the Danish Ministry of Culture.

¹⁵ www.louiz.dk

¹⁶ www.lld.dk

¹⁷ www.nyxforum.dk

¹⁸ www.kulturnet.dk