

Advisory report

Audio visual

Summary and
recommendations from:
'Zicht op zo veel meer'

RAAD
VOOR
CULTUUR

Summary and recommendations

The audiovisual sector in the Netherlands is economically important and is crucial to the shaping of our culture and democracy. These values however are being jeopardized by changing market conditions. In this advisory report, the Netherlands Council for Culture investigates current media developments and formulates recommendations aimed at strengthening the audiovisual sector.

The Minister of Education, Culture and Science submitted the following request for advisory report to the Council:

- What is required to encourage pluralistic and high-quality Dutch cultural audiovisual content, in view of the changing media landscape?
- What is required to ensure that this content is accessible and reaches the public, also at the international level?^[1]

These requests for advisory report are based on the public values of the Dutch audiovisual sector. Productions originating from the Dutch cultural sector illustrate our stories and perspectives. They are often produced in our own Dutch language and represent our identity, in all its multi-layered and polyphonic qualities. The Dutch audiovisual sector contributes to our creative climate and it generates a highly diverse range of products and high-quality feature films, drama productions and documentaries. It plays a crucial role in independent news services and ensures that people come into contact with other artistic and cultural expressions. These functions are so valuable that the government has set them out in the Media Act and the Cultural Policy (Special Purpose Funding) Act, and ensures that they are maintained.

In the advisory report we have charted and analysed the developments in the audiovisual sector from the cultural, social and economic perspectives – not only to provide the reader with a status report but also to establish a solid foundation for the recommendations.

The described dramatic developments now causing upheaval in the sector are putting pressure on the public values that this sector represents. The production, distribution and consumption of media content is changing rapidly. In the space of a few years our use of media has increased spectacularly, above all through mobile devices with fast internet access. We are watching a lot, but we are doing this less and less via television, in a less linear way and more on an online and mobile basis. This online media consumption is strongly influenced by the distribution options of a handful of large American companies: paid-content platforms such as Netflix and ‘super platforms’ such as Google, Facebook, Apple and Amazon. Thanks to their huge economic power they distribute widely watched and often high-quality series, films and a wide range of other content, which to an increasing extent they are producing themselves.

1
[Adviesaanvraag cultureel audiovisueel product](#)
(Request for advice on cultural audiovisual product)
18 November 2016,
reference 1045562

The reach of Dutch programme providers – both commercial and public – is being strongly reduced by the growth of foreign paid-content and super platforms. A process of displacement can be seen: if you watch one, you exclude the other. This is leading to a winner-takes-all scenario in which a few players are growing ever bigger and many other, mostly national, players are having to accept less and less space. We can see the same development in the cinema sector: the largest part of the market is in the hands of three foreign companies and the market share of the Dutch product is falling. Access to and visibility of Dutch content is decreasing correspondingly. And when Dutch broadcasting companies or productions reach less people, their relevance decreases and thus their business perspectives as well. Recent forecasts on dramatically falling advertising income for the commercial and public broadcasters underline this all the more. Moreover, state funding for public broadcasting companies and the film sector has dropped strongly in recent years.^[2]

In this advisory report we investigate what steps the government and the sector can take to make the Dutch audiovisual system future-proof. The foundation for the system is laid in *education*: with media literacy and film education. Besides this, we have come to realise the importance of the *quality* of cultural audiovisual productions in the international arena. Without a high-quality product the sector will not be able to hold its own in the international product range. Our studies also once again underlined the importance of broad *accessibility* of Dutch audiovisual products. How can one ensure that one remains findable and recognisable amidst the overwhelming range on offer?

Money is needed to achieve these goals. We argue for extra investment in the audiovisual sector. But we believe that much of this investment should come from the sector itself. The revenues from audiovisual content shown in the Netherlands, such as films and series, are increasingly going to the end operators. These are mostly large foreign distribution platforms such as cinema chains and cable operators, as well as paid-content and super platforms, that contribute little or nothing to the funding of Dutch productions. This is jeopardising the vitality of the Dutch audiovisual sector and the related public values. Hence in this advisory report the Council has investigated ways of promoting the circular flow of funds within the sector.

We summarise our analysis below in the form of six recommendations. If one recommendation is intended for a specific recipient, we indicate this accordingly.

1. Create the framework conditions for a viable audiovisual sector.

In order to increase the circular *flow of funds* in the sector we recommend that national government take the following actions:

- Following the example of neighbouring countries, impose levies on all end operators for both paid and free offline and online services. The Council considers a levy of approximately 2 to 5 per cent to be reasonable.

We advise that this levy be imposed on:

1. The revenues from the sale/hire/subscriptions of audiovisual material.
2. The revenues from admission to cinematographic/audiovisual material (cinemas and film theatres).
3. The revenues from connections to telecom and cable distribution.
4. The advertising revenues from platforms that provide AV content.

When determining the percentage, take into account the vulnerability or cultural significance of some end operators, such as film theatres.

- Issue guidelines for the data transparency of end operators for the benefit of rights holders. By analogy with the cinema sector, digital platforms too should offer rights holders insight into, among other things, the size of the public reached by their production.
- Combat piracy and make anti-piracy part of media education.
- Ensure that long-term agreements are made on the role of production companies and broadcasting companies in the distribution of rights, thus enabling an optimum business environment. Maintain a level playing field between broadcasting companies and external producers.

2. Draw up an investment agenda that facilitates the future of the Dutch AV sector and strengthens the cultural audiovisual product.

- Fund the investment agenda from the above-mentioned levies. Since the introduction of levies and remittances requires a legal framework and will thus take some time to realise, we advise the government to support the sector with a bridging loan of 50 million euros per year. This loan should be repaid to central government from the time that the remittances come into effect. Under Points 3, 4 and 5 we advise on the building blocks of this investment agenda.

3. Promote media literacy and film education for all Dutch citizens.

- Make media literacy a structural part of the curriculum of both primary and secondary education.
- In each urban region, assign support for media literacy and film education to film education hubs, thus enabling the provision of tailor-made solutions in the regions, and in the process ensure national coordination. Finance these hubs through matching funds from the central government and the regions.
- Provide VAT exemption to film screenings that take place in an educational context.

4. Strengthen the cultural audiovisual product.

We call on government bodies, funds and the sector to give priority to the following points:

- Invest in talent development and here take into account the diversity of Dutch society. Put the focus on directing, scriptwriting and new technologies. Better coordination is needed in order to create cohesion between current initiatives in the field of talent development. This requires ongoing consultation between education programmes, funds, festivals and the broadcasting companies.
- Encourage the development and production of high-quality films, series, documentaries and animation – including productions aimed specifically at children. Promote the international competitive position of the Dutch film industry by structurally increasing and broadening the Film Production Incentive to include quality series and other types of cultural productions such as games and other immersive media. ^[3]
- Strengthen the platform function of film festivals in the basic infrastructure which focus, wholly or in part, on increasing and broadening the public reach, talent development, education and promotion of Dutch AV content.

5. Ensure that Dutch audiovisual material funded by public money is as far as possible accessible to viewers from all layers of society, irrespective of age, cultural background, income or level of education. Disseminate this material through all relevant forms of distribution, both linear and online.

- *Dutch public broadcasting agency*
Create a platform-independent policy, here embracing collaboration with other relevant commercial or non-commercial, (international) online distribution platforms. Focus on distinctive public content, reward collaboration, encourage innovation.

- *Dutch public and commercial broadcasting organisations*
It can be expected that consumers will only be prepared to pay for a limited number of on-demand channels. Hence we advise that joint work be continued on developing a single high-quality on-demand channel based on NLZIET, and as far as possible to involve Dutch content providers in this platform.
- *EYE Filmmuseum and Beeld en Geluid (Institute for Sound and Vision)*
Make audiovisual (archive) material better accessible online to the public and collaborate in this process.
- *National government*
If necessary adjust legislation and regulations that form an obstacle to dissemination of publicly funded material through private parties.
- Institute a quota for the screening of Dutch films, series, documentaries and animations for: ^[4]
 1. On-demand platforms that are active in the Netherlands.
 2. Cinemas and film theatres.

6. Increase the level and effectiveness of organisation in the audiovisual sector.

- Support and supervise the transformation of the current Netherlands Film Fund into a broad audiovisual fund. Give the AV Fund the task of using funds obtained through the levies – and initially through the prefinancing loans from national government – to address the quality, production, accessibility and international promotion of Dutch AV content. Equip the fund with a culture, organisation and governance that fit its tasks. Make the schemes initiated by the fund accessible to public and commercial media parties, but prevent individual parties from gaining an unreasonably large share of the available funding.
- Give the Dutch public broadcasting sector the space and strength to realise its pioneering role in the media sector and thus to utilise the creativity and social links of the broadcasting companies and content creators. Create space by removing possible limitations to collaboration between public and private parties as far as possible. Create strength by not making any further cuts to the public broadcasting sector.
- Following the Danish example, appoint a common representative, a tech-ambassador, who as representative of the Dutch government on behalf of all sectors acts as a dialogue partner for large foreign media and technology organisations. This includes the super platforms. The tech-ambassador forges relationships and partnerships with the super platforms, exerts influence on policy, identifies the major trends and movements in the market and translates these into the political arena, thus helping to create effective government policy.

⁴
For 'Dutch': see the corresponding criteria applied by the Netherlands Film Fund.

If we want to provide an unshakeable foundation for the recommendations in this report, then we need only two words: work together! That's because it is only through a joint effort that the audiovisual sector can respond effectively to the rapid technologically and internationally driven developments in the media domain. And only in this way can we ensure a long and bright future for this sector.

Audiovisual

Summary and recommendations from: 'Zicht op zo veel meer' is a publication of Raad voor Cultuur/ Council for Culture.

The Council for Culture is a body established by law to advise the Dutch Government and Parliament on the arts, culture and media.

Members

Marijke van Hees (*chairman*)
Brigitte Bloksma
Lennart Booij
Özkan Gölpinar
Erwin van Lambaart
Cees Langeveld
Thomas Steffens
Liesbet van Zoonen
Jeroen Bartelse (*director*)

Council for Culture
Prins Willem Alexanderhof 20
2595 BE Den Haag
Postbus 61243
2506 AE Den Haag
070 – 3106686
info@cultuur.nl
www.cultuur.nl

The information in this publication may be reproduced, in part or in whole and by any means, without charge or further permission from the Council for Culture, provided that due diligence is exercised in ensuring the accuracy of the information reproduced and that the Council for Culture and this publication are identified as sources. No rights may be derived from this publication.

February 22nd 2018, The Hague
cultuur.nl/english