

# **Film Commissions as a Driver for Economic and Cultural Development**

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## Summary

Nowadays cultural activities are a crucial sector for the territorial development, and public institutions are more and more aware of it. One of the main example of this trend comes from the audiovisual sector. As a matter of fact, in the past two decades an increasing number of local and national institutions decided to invest public money to support the audiovisual field generating a wide range of economic and cultural benefits for their territories. In particular, in order to achieve these goals many local governments founded a Film Commission, that is a no-profit organization dedicated to bringing economic benefits to its jurisdiction through film, TV series, documentaries, commercials, etc. The Film Commission offers free services and supports to the troupes shooting on location so that productions can accomplish their work smoothly. In return, the hosting region gets a wide range of advantages: direct, indirect and induced effects on the local economy, re-proceeding and promotion of the image of the region, promotion of local public heritage, of local creativity, and of new local expertise related but not limited to the audiovisual field, increasing in tourist flows, renewed attention towards films and film culture, etc. In other words, the Film Commission is the promising result of a new economic and cultural policy for the audiovisual field, not devoted anymore only to support few occasional events (for instance, the local film festival) or particular projects (productions with a significant cultural impact for a given area), but the whole audiovisual sector and all the local industries related to it.

This paper discusses some of the results of a study carried out at the University of Lugano between 2010 and 2011 whose primary aim was to analyse the main models of Film Commissions which have gained ground in Europe in the last twenty years and the key role they can play in the economic and strategic development of a given region. The paper focuses on the situation in Italy where the first Film Commission has been set up in 1997. Nowadays the national and foreign film industry can count on about 30 Film Commissions and 25 film funds working in Italy. Moreover, in the two regions we selected as case studies (Apulia and Friuli Venezia Giulia), the analyses of the economic impact of film shooting on the hosting territories show a multiplier of 1.6 and 1.9.

In conclusion our paper demonstrates that in Italy, as in other European and foreign countries, a virtuous relationship of collaboration and competition between different cities and regions is flourishing; cities and regions that at one time would never have thought themselves able to successfully operate in film production, to generate economic benefits for the own territories, and which today appear mature enough as to compete with the historic cinema capitals.

**Keywords:** Film Commission, film fund, audio-visual industry, economic development, cultural development

## **Introduction**

This paper discusses some of the results of a study carried out at the Università della Svizzera italiana (USI) between 2010 and 2011 whose primary aim was to analyse the main models of Film Commissions which have gained ground in Europe in the last twenty years. The study was carried out in two distinct stages: desk research on the scientific literature existing about Film Commissions and related issues (mainly runaway production, impact of audiovisual production on territorial development and film-induced tourism), and a second field research stage during which in-depth interviews were conducted with the directors of two Film Commissions for each of the main West European countries: Italy, France, Spain, Germany and Great Britain.

The text below discusses some of the results obtained about Film Commissions in the Mediterranean area and the key role they can play in the economic and strategic development of a region. The paper focuses on the situation in Italy, analyzing the best practices adopted by the Apulia Film Commission and the Friuli Venezia Giulia Film Commission.

## **What is a Film Commission**

Within the context of the cultural activities which local authorities endeavour to promote, the audiovisual sector holds a place of honour as it is considered of strategic importance in increasing local productivity, attracting human and financial capital, creating new employment, and developing territorial marketing campaigns with positive repercussions on tourism. In many cases the action plans drawn up also envisage the creation of a Film Commission.

Film Commissions are non-profit organizations set up by local institutions to attract audiovisual productions (films, TV series, documentaries, music videos, advertisements, etc.) to a given region by offering them a series of free services. The aim behind the creation of a Film Commission is to generate economic impacts (direct, indirect and induced) for the region: growth of local firms, employment opportunities, development of local professional competencies needed by the audiovisual industry, promotion of the territory's image and consequently also of tourism, etc.

As can be inferred from the definition and the objectives pursued, a Film Commission is tasked with managing a whole range of situations and problems that do not generally fall within the remit of a single local government office/department. Indeed, the very word "commission" implies an idea of a "multi-sectoral working group" and presupposes the need

for diverse institutional subjects to work together, pooling their relative skills, interests and resources.

Film Commissions now represent a well-established form of public intervention, normally on a local scale, and are to be found throughout the world, albeit with differing dimension, resources and activities.

### **The advent of Film Commissions: a brief history**

The first Film Commissions sprung up in America in the 1940s when the studios began to favour on location filming over that in the studio. This preference gave rise to a series of organizational and bureaucratic problems: the numerous permits needed from different offices each with its own procedure, the blocking of traffic in the area of the shoot, the use of public spaces, the assistance of police offices and firemen, etc., and the ensuing random materialization of organizations offering to mediate between government agencies and motion picture production companies. The first cities to see the emergence of these enterprises were the film-making capitals: Los Angeles and New York.

Film Commissions were thus the response to the growing need for film companies to have a local government liaison able to provide and coordinate public and private services for film shoots and the local institutions fully understood the economic and image related advantages of hosting a film or television production. However, the creation of Film Commissions in the early 1940s was only the expression of single enlightened experiences and the initiative was not immediately or systematically espoused in other cities or states. One reason for this was that for decades most movies in the United States were shot solely in Los Angeles and New York, so the need for these commissions was not greatly felt in other American cities or abroad. This situation began to change in the 1970s.

Studios began to focus their attention and efforts on large productions, the so-called blockbusters, which more than any other film require both huge investments and the film-making skills gained in Hollywood over the decades which no-one else in the world possessed. To counterbalance the costs of producing blockbusters the studios began to decentralize the production of low and medium budget films and television programmes. These products began to be filmed outside Los Angeles; that is, where there was no strong trade union network (and so labour was cheaper) and where the local administrations were able to offer special conditions which could help save both money and time (Elemer-Grasher, 2005; Wasko-Erickson, 2008; Elmer et. al., 2010). This is when (1970s) a group - albeit small - of Film Commissions emerged which then formed a network in 1975 (Association of Film

Commissioners International, hereinafter AFCI) to share information and learn from one another's experiences. The AFCI organized its first educational event in 1976 and since then it has continued to regularly organize annual meetings and workshops as well as standardized training events. Today, the AFCI has a network of 300 Film Commissions from 60 countries. Besides training, it supports the growth of the member Film Commissions and acquaints production companies with possible locations for their films and any special conditions offered by the Film Commissions operating in the area<sup>1</sup>.

The historical reconstruction of the rise of Film Commissions is still incomplete. What is certain is that they were born and they developed in the United States and only some years later did they appear in Europe. Great Britain was the first country in Europe to set up a Film Commission at the end of the 1980s, followed by France at the start of the 1990s and then the other countries. The European Film Commissions Network (EUFCN) was formed more recently, in 2005, and now has a membership of 80 Film Commissions from 24 countries. Like its counterpart on a global scale, the EUFCN offers training, promotes the sharing of experiences, coordinates some common activities (e.g. at a promotional and representational level) and encourages the setting up of new Film Commissions. Similar functions are carried out by the Asian Film Commission Network (AFCNet), incorporated at the end of the 1990s and which now has 42 members from 16 countries.

Despite the intense development in the last few decades, the world of the Film Commissions is still rather chaotic and poorly organized. It is still difficult to know exactly how many Film Commissions operate throughout the world for a couple of reasons. First: Film Commissions can be the result of either public or private initiative and can operate at different levels of territorial coverage. The wide range of different forms makes mapping and monitoring their presence complicated. Second: some countries (for example France, Germany and Italy) have set up national networks which gather together most of the Film Commissions present in their territory. However, this practice is still not widespread and, even in those countries where this network exists, the commissions are not obliged to become members. Consequently, the data provided by the national networks and those made available by the EUFCN and the AFCI cannot be considered reliable for the purpose of mapping the Film Commissions phenomenon. Third: the situation in the various countries cannot be easily compared. This lack of structural uniformity makes any attempt at calculation extremely difficult.

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<sup>1</sup> Nowadays only 22 out 300 Film Commission belonging to the AFC come from the Mediterranean area. More in details: 10 come from Spain, 5 from Italy, 3 from France, and 1 from Marocco, Serbia, Greece and Malta.

Bearing in mind the above points, which suggest that any data related to the mapping of the Film Commissions be taken with a pinch of salt, di Cesare and Rech (2007) calculate that there were 167 Film Commissions in Europe in 2007: 38 in France, 30 in Great Britain, 30 in Italy, 20 in Spain and 14 in Germany. According to the same source, there are 213 Film Commissions in North America (183 in USA and 30 in Canada), 35 in Asia, 13 in Central and South America, 11 in Oceania and 5 in Africa, which, added to the 167 in Europe, means that there should be a total of around 444 Film Commissions throughout the world. Considering the growing interest shown by local institutions in Film Commissions, this number has surely risen in the last three years.

### **Effects on the local economy**

It is still extremely difficult to economically quantify the benefits that film productions can offer the host region. While the amount of the investments in goods and services can be calculated thanks to the invoices presented by the production companies, it is harder to estimate the indirect and induced effects on the region and the multiplier effect that the presence of an audiovisual production can have on the local economy (funds allocated vs. direct, indirect, induced impacts). At present the positive effects on the local industry are therefore only perceived and/or assumed and cannot be demonstrated. Indeed, very few studies have been carried out on this aspect (in many cases there are no data available about the local economy and interaction among its main sectors), and those that exist have often given conflicting results (Cucco-Richeri, 2011).

A common feature emerging from the studies conducted is the territorial relativity of the multiplier, that is, the fact that, investments being equal, the impact created by a production varies depending on the reference economic context. Indeed, the multiplier effect increases directly proportionately to the socio-economic dimensions of the region considered, to the level of the growth of the local economy (in particular of its audiovisual industry), to the level of the professional know-how present in the region and to the quality and quantity of previously hosted audiovisual productions. This explains why the estimated multiplier is generally higher in the United States and Great Britain than in other European countries.

The effect that a production can have on tourism is also important. Setting an audiovisual product at a given location can attract visitors that would otherwise not have visited the area, encourage one-time tourists to return for a second visit, promote word of mouth phenomena, prompt longer stays and help overcome the widespread problem of the seasonal nature of tourism (di Cesare-Rech 2007). Studies carried out in 2006 on film tourism in Italy by the

Centro Studi Luoghi & Locations on a sample of 300 foreign tourists in Italy and by Risposte Turismo through an on-line questionnaire involving 905 subjects, clearly confirm the influence (determining, conditioning or incidental) of audiovisual products on the travel choices of its spectators. Even although film-induced tourism is usually a fortuitous phenomenon and the interest spectators may have in the locations they see on the screen is unpredictable, Film Commissions can in any case work so that directors valorise the local setting, participating, when possible, in the development and pre-production stages, fully aware that audiovisual products can represent an extraordinary communication medium for the region.

On one hand the potential impact on the local economy has encouraged many local governments to set up Film Commissions, and on the other the number of producers and directors who investigate and assess the services a given region is able to offer through its Film Commission is growing. What is happening in Los Angeles, the heart of the world's audiovisual industry, is a case in point. An increasing number of US financed audiovisual productions are choosing to film abroad or in other States of the country (a phenomenon known as runaway production). In a limited number of cases there is no alternative to this for reasons of geographic realism: that is, it is decided to shoot certain scenes at a "real" location because its reconstruction in a studio would be complex, expensive and ineffective. This is the case of scenes set near monuments or inside museums. In most cases, instead, a production decides to runaway for economic reasons: presence of cheap labour and services, tax incentives and economic support programmes. It is estimated that the percentage of movies shot in Hollywood dropped from 66% of US production in 2003 to 31% in 2008 and that in terms of location Los Angeles is no longer the city of choice of producers: the number of movies shot there fell from 71 in 1996, to 21 in 2008 and to just 8 in 2009 (Fondazione Ente dello Spettacolo 2010).

Faced with these figures, the Californian government decided to introduce incentives to attract new productions to its state, a measure which could be interpreted as further confirmation of a process underway to decentralize audiovisual production to the detriment of Hollywood and to the benefit of new audiovisual districts and locations which had not considered the idea of developing its audiovisual industry vocation (e.g. Louisiana in the USA, Canada, Mexico, Australia and the Eastern European countries). However, it should be noted that the runaway production option does not regard Hollywood alone but all the audiovisual capitals. Rome, for instance, has yielded its national leadership as a film set in

favour of a more uniform distribution of film production which has recently seen the cities of Turin and Naples greatly rewarded (Fagiani 2004).

### **What does a Film Commission do?**

As mentioned above, the two main goals of a Film Commission are to:

- attract all types of audiovisual productions (movies, television programmes, documentaries, short films, music videos, advertisements, etc.) by promoting the environmental characteristics of its region;
- provide a series of free services aimed at facilitating audiovisual production in its region.

To achieve these two macro-aims a Film Commission must be able to manage a varied and complex series of activities. Some of these have to have been carried out before the Film Commission becomes fully operational (e.g. mapping the territory and the professional know-how and skills it can offer). This is not a one-off activity; it requires continuous updating and refinement. Other activities, such as assistance during filming or the supply of services are, instead, carried by the Film Commission when the production company that has asked for its help is on location.

The main functions that a Film Commission carries out can be summed up as follows.

#### *Mapping of professional know-how and skills present in the region*

A production company will find a location attractive to the extent to which it is able to provide good services at convenient prices. These services are not only of an administrative-bureaucratic nature; on the contrary, local professional skills may also be useful for production.

One of the main cost items for a film production are the so-called “below-the-line” expenses; for example, costs of the personnel responsible for non-artistic or non-creative duties such as electricians, carpenters, prop handlers, the cost of logistics and accommodation for the troupe, daily travel to and from the set, etc. The possibility of using locals is therefore a real attraction for the production company as it allows a significant reduction in costs.

For this reason a Film Commission has to know exactly what professionals and skills the region can offer so that they can promote them with the production companies; to this end it maps all the professions in the territory that could be useful to the audiovisual industry either directly or indirectly and draws up lists of local resources that a production can draw on,

gathering data from institutional channels (first and foremost the chambers of commerce), trade associations, guidebooks, catalogues and personal contacts. All these data will then be entered in a database, in which each subject can publish his profile and make periodical updates, that can be consulted on the Film Commission's website.

This mapping activity requires a significant organizational investment in the initial stages of the Film Commission's life and the information obtained must be continuously revised and updated. However, the cases studied show that, when the Film Commission manages to produce the expected results for the local economy, much of the information needed to update and extend this database flows in unsolicited.

#### *Development of professional know-how*

If the mapping operation described above shows that there is a lack of specific skills useful for audiovisual production, the Film Commission can promote training and upskilling initiatives to fill the gaps.

To this end there are two main lines of action. The first envisages forms of collaboration with the local universities and professional schools to solve the problem through courses, seminars and workshops.

The second is to offer scholarships to people who want to follow training and upskilling courses at specialized centres in other regions or abroad.

Training is strategically important as it can set in motion a virtuous circle: productions choose the territory because it can supply specialized professionals that in turn grow in number and know-how proportionately to the specific demand. Instead, if the territory cannot offer professional know-how it will be less attractive than others. As mentioned above, the range of professional skills to include in the database must be wide because audiovisual productions do not only need professionals strictly linked to the industry (make-up artists, costume designers, set designers, etc.) but also basic services (e.g. electricians, carpenters, etc.). Moreover, in the cases analyzed, the professions registered by Film Commissions in their databases are not limited only to those strictly related to the shooting stage. They also cover know-how needed in other stages such as pre- and post- production as this prolongs the time the whole troupe or part of it stays on location.

#### *Location scouting and photographic archives*

The Film Commission must get out and about to see what the region has to offer: places of unique cultural, historical, artistic and naturalistic interest, town centres, suburbs, small

villages and towns, rural areas, industrial zones, mountain landscapes, etc. The range must be sufficiently wide to satisfy the requests of production companies that are often difficult to predict.

The concept of versatility is particularly important if one considers the tendency to “tout” one city for another on the screen (so-called *license plating*, expression used in the United States to indicate the change of vehicle registration plates) (Elmer, 2002). The use of “stand-in cities” is common in the United States and is becoming increasingly frequent in Europe too.

Photographs of the territory are included in an archive that can be accessed from the Film Commission’s website. The quality of this archive depends on the variety and wealth of its images, how it is organized and how user-friendly it is. An assortment of photos which are most representative of the landscape is usually published in the brochure used to promote and support the Film Commission’s activities.

#### *Granting of permits*

Numerous permits have to be obtained from local institutions before a film, television series or any other kind of audiovisual production can be shot. The production also usually requires the assistance of the local authorities because, for example, they may need to block the traffic, shut off rooms in museums where scenes are to be filmed, etc. The production staff often don't know which office to contact to obtain these permits and services, especially if they come from another country, and the Film Commission can help simplify the procedures which could otherwise result in a great deal of wasted time. In many cases it was to fulfil this function that Film Commissions were initially set up in the 1940s: to mediate between the audiovisual productions (at that time only feature films) and the local administrations.

#### *Stipulation of conventions*

One factor that can influence a production company’s choice is the cost of the services it needs on location: transport, accommodation, the rental of spaces and catering. In many cases Film Commissions enter into agreements with local suppliers which envisage extremely favourable conditions and prices for production companies that choose their region. The Commissions are often assisted by the local tourist offices in this activity.

#### *Promotion of services offered*

Film Commissions usually organize promotional campaigns on a national level and, in a more targeted way, on an international level, to promote their activities, the professional know-how

they can offer, the landscape of the territory and any local economic and tax related benefits. The main targets of these promotional activities are production companies, television companies, advertising agencies and subjects that can directly or indirectly influence the choice of location. Three promotional tools are generally used. The main one nowadays is the web site where information about activities and reference locations can be found. This site is a producer or director's first contact with the Film Commission so it needs to be replete with easily consultable information and be designed around the needs of audiovisual production.

The second tool used for promotional purposes is the brochure which is handed out during the main events organized by the sector (festivals, markets, conventions) and which contains the main information about the territory, a selection of photographs of its most representative locations, a list of the activities carried out by the Film Commission and an indication of any economic support available to audiovisual productions. The third tool is a mailing-list containing the addresses of economic and artistic operators in the audiovisual sector to which news about events and regular updates on the services offered are sent.

The target of promotional activities are not just production companies and operators in the national and foreign audiovisual sector but also the local population. Filming on location can sometimes inconvenience the locals, or cause discontent and impatience. The Film Commission therefore has to inform the local population of the imminent arrival of the crew and of how long filming will last, in the meantime stressing the benefits (in terms of economic repercussions and image) that can be gained locally from these activities. Effective communication with the local population also helps, if necessary, to legitimize the existence of the Film Commission and its costs, to guarantee that the troupe receives a warm welcome, and to raise its own visibility so that it becomes a reference point for anyone interested in the audiovisual world (e.g. professionals who want to be included in its database, suppliers of services who want to enter into agreements, students or graduates interested in work placements, etc.). To facilitate this work with the local population it is essential to cultivate a systematic relationship with the local media.

### *Promotion of the Film Fund*

Film Commissions are not generally entrusted with the management of any regional Fund set up to support audiovisual production. Local administrations usually appoint special committees with specific skills for this. However, the director of the Film Commission is often a member of this committee or offers advice when requests for financing are being evaluated. Moreover, the Film Commission promotes the Fund with the production

companies and informs them of the conditions offered and procedures to follow to obtain funding.

#### *Advisory services to institutions on the promotion of audiovisual policies*

In many countries audiovisual policies are defined by local administrations (e.g. in Germany, Italy and Spain) which are empowered to enact laws regulating the sector and its development. In this context the Film Commission's know-how is exploited to identify and assess problems or develop proposals. In some cases the decision to create a Fund or to adopt de-taxing policies for audiovisual production is the result of dialogue between the Film Commission and the local administration.

#### *Network affiliation*

In many cases, besides representing a guarantee of quality, becoming a member of one or more networks is considered important in promoting and developing a Film Commission. As mentioned above, there are national, continental and global networks.

There are numerous reasons for joining networks: first of all they offer occasions to benchmark and share experiences and best practices. The networks usually organize annual meetings to which all the Film Commissions are invited and which are excellent occasions for debate and for learning. The condition that any Film Commission must meet to become a member of the AFCI is that at least one of its members follows a training course organized by the network or takes part in a work placement at another member Film Commission. A second reason for joining a network is the possibility of sharing promotion and participation costs at important events in the cinematographic and audiovisual world; the most emblematic example of these are the international festivals. It is not economically feasible for a Film Commission to take part in all the big events in the audiovisual world, starting with the festivals (e.g. Cannes, Venice, Berlin, Locarno), while the networks are always present and can provide information and material about each of their members. Being a member of the AFCI also represents a guarantee of professionalism for a production company looking for a Film Commission. Finally, the AFCI represents its member Film Commissions in Los Angeles, the beating heart of the audiovisual industry.

#### *Assistance during filming*

Usually a Film Commission assists the production during filming, meeting needs that require local solutions. It also provides translation and interpreting services when the personnel of a foreign production need to talk with local suppliers of services and know-how.

#### *Logistic support*

Some Film Commissions offer logistic support to production companies such as offices, meeting rooms, storerooms, parking areas. This service is usually greatly appreciated as it saves the production company time and money and allows it to work in good conditions (productions, above all low budget ones, sometimes have to adapt to makeshift and less than comfortable conditions).

#### *Valorization and promotion of the region*

A Film Commission's task is to valorize and promote its region, help the production to recognize and appreciate the local artistic and architectonic heritage and landscape so that it is represented in the audiovisual work being produced. In exchange for the operative, and above all financial, support it provides, a Film Commission may sometimes ask to see and change the screenplay so that the region is given high visibility both in terms of the number of scenes and of image/reputation. The result depends on how open the production company is to this request but mainly on the negotiating power the Film Commission manages to wield.

If the production company allows this "interference" then the Film Commission must be able to provide competent professionals able to intervene in a professional way.

#### *Valorization and promotion of tourism*

A Film Commission often also undertakes the task of valorizing and promoting the region in liaison with local tourist offices, publicizing the presence of the production company during filming and, subsequently, the locations represented. For example, in some cases a Film Commission and the local tourist offices have prepared a movie trail map indicating the locations at which films have been made. Or, more simply, they have indicated locations, buildings or homes where scenes of films were shot with plaques and signs.

Many tools have been developed to enhance local tourism, highlighting the link between a certain location and the cinema or television world. An emblematic example of this is Salzburg, which more than fifty years later still benefits from the tourism generated from having hosted the filming of the movie *The Sound of Music*. For this to happen it is important to know how to exploit and enhance the relationship between film production and territory,

planning a specific territorial marketing campaign. In the case of *The Sound of Music*, the Salzburg tourist office's website has a section dedicated specifically to the film where thematic tours and tourist packages are offered that take in the Austrian locations present in the famous movie.

There are many cases in which a successful film has been followed by projects aimed at favouring tourism in the area of the filming. Some of the most recent cases include *Sideway* in California, the *Harry Potter* saga in Great Britain, *The Da Vinci Code* in Great Britain and France, and the television series *Inspector Montalbano* in Sicily.

### **Regional funds**

In the last two decades some regions have set up a film fund to support the production of audiovisual products. A film fund is an amount of money set aside for one or more stages of the audiovisual production which can be obtained from the administration that set it up. Regional support is generally granted in the form of co-financing, repayable loans and direct grants. Only in a few cases do the funds ask to be co-producers.

In recent decades regional public financing has become an ever-larger slice of the funds available to the cinema and audiovisual sector in Europe. While in 2002 the distribution of European public funds at a regional level saw national financing in the lead (71%) followed by sub-national financing (20%) and supranational financing (9%), in 2010 the situation was completely different. Sub-national financing now leads with 56%, followed by national financing (35%) and supranational financing (unchanged) (ANICA 2011)<sup>2</sup>.

There are generally two reasons behind the decision to set up a fund. On one hand there is the desire to support local cultural production and the creative talent present in the region which would otherwise have no way of emerging while on the other there are two purely economic considerations. Firstly, the possibility of receiving financing makes the region more interesting to producers; even although the amount of the financing is usually fairly small, a region which contributes in part to the product's budget is still always preferable to one that doesn't. It is important to note that cinema and television productions require very high investments and that the economic risks involved are also very high so any resource, however small, which is able to reduce this exposure is appreciated. Secondly, it is a well-known fact that producers are reluctant to share economic information about their production with other

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<sup>2</sup>European and national/regional financing should not be considered interchangeable. Indeed, European funds are generally aimed at supporting training, development and distribution, leaving the member states and regional funds to support the production stage when they consider this opportune.

parties. In other words, in most cases a Film Commission does not know exactly how much a production has spent in the host region. The only way to get this information is to grant a loan, generally under the condition that a percentage (usually 120-150%) must be spent in the region. The production company must obviously demonstrate that it has met this condition, presenting the relative invoices to the Fund which is thus able to ensure both a minimum economic impact on the territory as well as its control and quantification.

The amount of the Fund varies from region to region depending on size, wealth and acknowledged strategic importance for the audiovisual sector in terms of economic and cultural policy. The criteria for the granting of loans also vary: they can be artistic and/or commercial, or can be aimed at supporting local talent, regional languages and dialects or its historical and cultural heritage and landscape. The allocation of loans can also be proportionate to the number of days of shooting in the region, or be linked to a minimum number of scenes set outdoors (thus where the location is more recognizable).

In general, it can be said that the funds were initially set up in federal states with good know-how and breadth of action in the audiovisual sector (like Germany which set up the first European fund in 1989) and that in the 1990s loans from the few active funds in Europe were granted on the basis of the cultural value of the films (culture driven funds), above all in France and in the Mediterranean area (Latin model). Only from 2000 did the granting of loans begin to follow economic logics and aims (economy driven funds), following the example of Germany and other northern European countries (continental model), and no longer regarded films alone but also other audiovisual productions. With few exceptions, in Italy, France and Spain the funds are now usually a combination of the above.

There are now 150 active funds in 36 countries throughout Europe. France has the largest number of funds while Germany is the leader in the amount of regional economic resources available (Euro 104.7 mil, followed by Great Britain with 48 mil, Spain with 41.7 mil and France with 39.1 mil)<sup>3</sup>. In Europe there is also a network (Cine Regio), which gathers together 35 funds from 15 different countries, whose aim is to share best practices and promote cooperation projects among its members. Cine Regio also plays an important lobbying role with the European Union and with the Culture Commission.

### **Focus: Italy**

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<sup>3</sup>Data processed by the Fondazione Ente dello Spettacolo (2010) based on a research paper entitled “Study on the Role of Banks in the European Film Industry” carried out by the company Peacefulfish

In a highly ambiguous regulatory context as regards who is entitled to legislate in the film-making sector (Versace et al. 2008), starting from the end of the 1990s the regions, provinces and towns/cities in Italy began to intensify their initiatives in this sector, adopting new strategies. While at one time their activities focussed solely on occasional cinematographic events linked mainly to the exhibition stage (festivals, cineforums etc.), from the end of the last century local institutions began to get involved in training, development, pre- and post-production, shooting and distribution. In a small number of cases specific laws were enacted for the cinema (for instance in the Friuli Venezia Giulia region) while in others more generic framework laws were adopted for the entertainment sector as a whole. In under a little less than 15 years cinema has therefore become, in a rather muted way, one of the sectors in which Italian federalism (today at the heart of a wider political debate) has developed most. The forms of intervention vary in terms of strategic aims, financial dimension, territorial importance and administration but there is a clear interest in, and great enthusiasm for, the audiovisual sector which has no precedent in the history of Italy.

This renewed attention to the audiovisual sector has led to many local institutions setting up their own Film Commission, at times they have also been set up by individuals who have managed to attract the interest of their administrations. The first region in Italy to set up a Film Commission was Emilia Romagna in 1997. In the fourteen years that have passed since then Italian Film Commissions have grown significantly both in number and in strategic importance for the film-making sector (local and national); many side industries have also developed.

In light of this growing phenomenon, in 1999 the Agency for the Promotion of Italian Cinema (Italia Cinema), the Ministry for Culture (Mibac), the Ministry for Foreign Trade, the Ministry for Foreign Affairs and the National Institute for Foreign Trade (ICE) organized a meeting with the existing Film Commissions and those in the pipeline with the aim of defining the principles and guidelines which these new institutions would have to comply with. The outcome of the meeting, with the signing of a memorandum of understanding, was the National Coordination of Film Commissions. This entity assists in the growth and consolidation of new Film Commissions, promotes a common image, both nationally and internationally, for all the signatory Film Commissions to the memorandum, encourages partnerships to reinforce the national film-making industry and has a representative role with Mibac (Provenzano 2007). The Coordination is financed by the membership fees of the Film Commissions and by loans from Mibac, highlighting the importance of both horizontal (Region-Region) and vertical (State-Regions) coordination in the good functioning of the

national system of Film Commissions and which many believe should be further strengthened. The member Film Commissions can also count on offices opened by the ICE in Los Angeles which will allow them to forge direct relationships with the Hollywood producers. Indeed, the ICE is active in promoting Italian locations, the tax incentives recently adopted in Italy to favour the cinema and in mediating between the North American producers and the Italian Film Commissions. Until just a few years ago the ICE organized fam tours; that is, visits to Italy offered free to American producers and directors aimed at promoting Italian locations.

Today there are 22 Film Commissions in the Coordination. To become a member, a Film Commission must respect three conditions (required also to become a member of the international networks mentioned above): a) be a non-profit organization that offers free services to productions; b) have been set up or recognized by a local government at a regional, municipal or provincial level; c) not be part of the film production or distribution industry so as to avoid conflicts of interest. Besides these 22 commissions, there are others that are not members of the Coordination but it is impossible to calculate their number accurately because there is no role or register with which the Film Commissions are obliged to enrol. Some estimates talk of around 30 Italian Commissions but a search on Internet gave a result of more than 50 Film Commissions, presumably active in Italy with their own website, and news continues to arrive of feasibility studies underway to assess the creation of new ones.

The world of Italian Film Commissions is highly heterogeneous as regards territorial representativeness, set up, internal mechanisms, history, volume of activity and resources available. In general, Italian Film Commissions are an offshoot of local authority/offices for tourism, culture and production activities or, in other cases, they are connected non-profit entities. The legal statuses most commonly found are that of a foundation (Calabria, Genoa Liguria, Lombardy, Puglia, Rome Lazio, Turin Piedmont), an association (Abruzzo, Friuli Venezia Giulia, Sardinia) or a department within a public office (Emilia Romagna, Marche, Veneto, Sicily). Annual operating costs are estimated to be around 180-200 thousand Euro for the smaller structures and 400-500 thousand Euro for the larger ones with a staff which varies from between 2 and 8. Alongside these structures there are others, often set up by professionals because there is no Film Commission in their region or because the existing one is not considered efficient (di Cesare-Rech 2007, Versace et al. 2008, Fondazione Ente dello Spettacolo 2010).

Over time some Film Commissions have grown and reached a good level of maturity; delegated by the local administrations, they now manage important structures (e.g. mediateques and archives), have given life to projects linked to the audiovisual world supported also by European funds, and have earned an authoritativeness which makes them the first entities to which producers propose projects and with whom financing is searched for before contacting Mibac or the television networks. Other Film Commissions, instead, after the initial enthusiasm, are in the doldrums and do not appear capable of further growth.

Like in other European countries, many local governments in Italy have supported Film Commissions by setting up a fund for the audiovisual sector. However, while in the main European countries the first funds appeared between the late 1980s and early 1990s, in Italy the first region to introduce this tool was Friuli Venezia Giulia in 2003. Since then the number of regions that have adopted this tool has risen. According to data from a recent study conducted by ANICA (2011), between 2003 and 2010 the Italian regions allocated around 116 million euro to the cinema and audiovisual sector. In just four years (2006-2009) resources quintuplicated to reach a total of 29.6 million Euro in 2009, of which around 40% spent on the cinema. Data regarding the expenditure of the regional entities appear even more interesting if compared to national figures: between 2007 and 2009 national funds for the cinema dropped by 12.1 million, offset by an increase of 13 million allocated by the regional funds in the same period. And again: in 2010 there were 25 active funds in 14 regions for an average contribution of 146 thousand Euro per project (irrespective of type). The projects promoted and the criteria of intervention remain highly heterogeneous throughout Italy but it is clear that the process underway has now progressed from the embryonic and phenomenological stage to become an increasingly sound reality.

### **First case study: Friuli Venezia Giulia Film Commission**

Friuli Venezia Giulia was one of the first Italian regions to set up a Film Commission. The original idea behind the initiative was to create a Film Commission for the city of Trieste alone but, in light of the main European experiences of the time, in 1999 it was decided to set up a regional commission, at the department for production activities; the project was included in the budget the following year and the commission went into operation in 2000.

The Friuli Venezia Giulia Film Commission was set up as an association so that it would have a certain degree of decision-taking and management independence from the founding entity and greater administrative flexibility (from the creation of the Film Commission to the decision-taking processes, payment of taxes and collection of loans). After the first year,

during which its services were set up with the support of a one-off loan from the Region, the Film Commission has received three-year loans based on its three-year plan.

The work the Film Commission had to do was tough. Friuli Venezia Giulia does not have a particular tradition or vocation in audiovisual production and is not well-known abroad. At least, not as much as other Italian regions chosen for films and television series because of the prestige of certain landscapes and monuments, irrespective of the presence of a Film Commission in the region or the quality of the services it offers. The Friuli Venezia Giulia Film Commission thus set up a series of initiatives to promote its services and locations, taking part in major events in the world of cinema (festivals, fairs, etc.), creating a mailing list with 5000 addressees in Europe alone and optimally valorizing its uniqueness<sup>4</sup>. In 2003 the region also set up its first film fund, the only one that existed in Italy for the following three years<sup>5</sup>. The film fund is a traditional type of fund which offers grants to all audiovisual productions (local, national and foreign) filmed in Friuli. These grants vary depending on how long the production remains in the region and envisage: a) a minimum percentage of the total grant received to be spent in the region; b) a minimum percentage of outdoor filming in the region compared to the entire number of outdoor shoots of the edited product; c) a minimum percentage of shoots made in the region compared to the total shoots of the edited product. The table below summarizes the criteria for accessing the fund and the possible contributions in the various cases.

Contributions up to a maximum of Euro	Weeks shooting in the territory	Min. % of reported expenditure requested	Min. % of outdoor shoots	Min. % of total shoots
140000	> 7	150.00%	70.00%	50.00%
60000	> 5	150.00%	70.00%	50.00%
20000	> 3	150.00%	not requested	not requested
5000	> 1	150.00%	not requested	not requested

<sup>4</sup>The Film Commission has worked a great deal on the offer of Alpine landscapes and seascapes within a radius of just 150 km. Today at least 20-25% of the productions hosted each year come from Germany and Austria because Friuli is their first outlet to the sea. The coasts of Friuli have been touted on the screen for the Amalfi coast and for the Cote d’Azzure.

<sup>5</sup>Chronologically Campania preceded Friuli with regional law no. 15 of 2002 which set up an economic fund for the co-production of films, television programmes, theatrical and musical events but resources only began to be allocated in 2006.

As can be seen from the table, the assignment criteria have nothing to do with the artistic or cultural value of the product but are based on parameters linked to the cash flow which can be diverted to the territory and the visibility it is guaranteed.

The creation of the film fund was a strategically incisive choice, corroborated today also by the numbers. Indeed, until 2003 very few audiovisual productions were filmed in Friuli. The rare exceptions (for example *Vajont*) fall within the above-mentioned cases of geographic realism and the irreplaceability of the location. According to the estimates of the Friuli Venezia Giulia Film Commission, two years following the set up of the film fund the number of days of filming per year in the region quadrupled. While before the set up of the film fund Friuli hosted between 3 and 4 audiovisual productions for a total of around 100 days of filming per year, two years after the advent of the fund the number of days has never been less than 300 (304 in 2006, 369 in 2007, 434 in 2008)<sup>6</sup>.

Alongside the film fund, in 2006 the Region set up the so-called Regional Fund for the Audiovisual Sector whose task is to promote the growth of local companies operating in the audiovisual production sector and the qualification of the professional resources. The ultimate aim is the creation of a production centre with specialized professionals and full valorization of the region's heritage (for example, measures to support productions that make use of local idioms). Friuli has therefore taken an opposite direction to that traditionally followed by the regions of the Latin area, introducing the granting of funds based on cultural criteria only at a later stage, when it had become mature (Versace et al., 2008).

The Regional Fund for the Audiovisual sector was designed also to cut the so-called "indiscriminate loans" which the various local government departments of culture allocated to small local productions without ever adopting standard criteria. The allocation of financing from the Regional Fund for the Audiovisual sector by the regional government office for culture, instead, follows extremely clear and rigorous guidelines, inspired by the regulations of other European funds. In detail, several tenders are called every year on the basis of which the regional administration grants contributions to production companies and associations with headquarters in Friuli Venezia Giulia up to a maximum amount of 50% of the expenditure necessary for three strategic sectors: a) ongoing professional training for sector experts; b) development of individual fiction, short film, documentary and animation projects for the national and international market; c) distribution of audiovisual products on the

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<sup>6</sup>Source of 2006-08 three year data: ANICA 2011.

regional, national and international market. The beneficiary must guarantee coverage of the rest of the loan. For scholarships the loan can reach 100%.

As can be seen from the above, the Regional Fund does not finance the shooting stage and is aimed at companies and citizens of Friuli. In numbers, the Region allocates Euro 180,000 every year to the activities of the Film Commission, Euro 42,000 to the film fund and Euro 300,000 to the Regional Fund for the Audiovisual sector which in 2010 were assigned to 12 training projects, 10 distribution projects and 5 development projects.

Other data beside those indicated above confirm the success of the initiatives of the Friuli Venezia Giulia Region. Indeed, Friuli is one of the few regions where an attempt has been made to estimate the induced income generated in the region from the loans granted by its film fund. The basic elements on which this estimate was made are:

	2006	2007	2008
Number of productions	20	25	26
Days of work	-	488	643
Days of shooting	304	369	434
Hotel reservations	10,908	11,958	14,993
Local professionals used	146	170	230
Actors	107	104	88
Extras	2,544	2,201	3,644

On the basis of these elements direct expenditure in the region was calculated to be Euro 4,446,270 in 2006, 5,994,749 in 2007 and 7,510,975 in 2009. A multiplier of 1.9 was then applied to these numbers to obtain a total induced income of Euro 8,003,286 in 2006, 10,790,548 in 2007 and 13,519,755 in 2008<sup>7</sup>.

### **Second case study: Apulia Film Commission**

The creation of the Apulia Film Commission was envisaged by article 7 of regional law no. 6 of 2004 but it was actually only officially set up three years later, in February 2007 and went into full operation in July of the same year. The Apulia Film Commission is a foundation controlled by the Puglia region and its legal status is that of a company under private law of which the province of Lecce and the towns of Bari, Brindisi and Lecce are founding partners and more than 16 other towns are ordinary members (today it has a total of 23 members).

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<sup>7</sup> Ibidem

The decision to set up as a foundation is due to the aim of involving as many regional entities as possible and of being able to count on their support and economic and decision-taking participation, as can be seen from the financing system and from the by-laws of the decision-taking boards. The Region finances the Apulia Film Commission Foundation with an initial one-off loan of Euro 500,000 (imprest fund) and the payment of a contribution set year by year (in 2010 the Region allocated Euro 1,500,00, tripling the sum granted three years earlier when the Film Commission was created). On top of this there are the contributions of provinces, towns and local entities. The provinces pay an annual amount of Euro 0.20 per inhabitant up to a maximum amount of Euro 200,000 each while for the towns the respective amounts are Euro 0.20 and 100,000.

As regards representation of the members in the decision-taking boards, article 8 of the by-laws states that "the board of directors comprises a maximum of eleven members one of which is appointed by the Puglia Region as chairman, three by the provinces, three by the capital cities of each province and one by the shareholders, representing the other ordinary members".

The financing the Apulia Film Commission receives is used in three ways: internal management of the Film Commission, the supply of services to productions and the film fund. The Puglia film fund has existed since 2007; that is, since the Film Commission became operative. The loans are allocated on the basis of tenders called three times a year and granted as follows: 20% at the start of shooting and 80% at the end of the production on the basis of statements that demonstrate expenditure in the region of at least 150% of the contribution received and the recruitment of local personnel for at least 30% of the total number of people involved (technicians, actors, extras, post-production operators, etc.). The audiovisual productions must also use the services supplied by companies with registered office in Puglia and, in the case of filming which straddles the border with neighbouring regions, accommodation and supplies must be procured from structures in Puglia. In 2007, the film fund allocated loans to 11 films whose total budget was Euro 25.9 million, 3.8 of which were spent in Puglia. In 2008, 30 works were financed for a global budget of 13.8 million, 4.8 of which were spent in the region (Fondazione Ente dello Spettacolo 2010). The annual budget of the Puglia film fund now stands at around Euro 1.600.00.

The Apulia Film Commission does not operate only in audiovisual production but also in the management, training, conservation of the audiovisual heritage and cultural promotion (the fact that the Film Commission reports to the local government department for culture and

tourism but not to that for production activities is indicative)<sup>8</sup>. The choice made was that of working on the development and support of the entire audiovisual chain, of its specialists and its public. Thanks to the use of the European Funds for Regional Development (around Euro 7 million in the 2009-2011 period), the Apulia Film Commission has set up numerous projects on which around thirty collaborators work. These include the “Progetto Memoria” whose aim is to make audiovisual products about people, events and places that have contributed to defining the identity of Puglia in the 20<sup>th</sup> century; the “Progetto Experience” which envisages a creative writing workshop for cinema and television scriptwriters, directors and producers; and the management of a circuit of quality cinema theatres throughout the region. Since autumn 2009 cineports - multipurpose structures with production offices, sets, warehouses, make-up rooms, casting rooms, wardrobes and multimedia screening theatres, etc. - have been built in Bari and Lecce. These structures aim to become a permanent reference point for sector professionals and represent a tangible sign of the desire to capitalize the resources invested in terms of professionalism, youth employment and training.

After barely four years of activities all the elements needed to draw up a complete picture of the Puglia experience is still not available. Anyway at the beginning of fall 2011 a study commissioned by the Apulia Film Commission about the economic impact of its Film Fund on the region has been published. In four years of activities the Film Fund sustained 76 audiovisual productions (31 feature films, 22 documentaries, 13 short films, 5 TV series, 2 video clips, 2 film TV and 1 videogame) and it has been estimated that for each euro gave by the fund, 6.3 euros have been spent by the production within the region. Moreover, other positive signs are clearly emerging. In recent years the Salento area has seen a marked growth in the number of tourists which tourist operators put down to the image that has been conveyed by the cinema, thanks for example to the works of the local director Edoardo Winspeare or the film *Loose Cannons* by Ferzan Ozpetek filmed in Lecce. The film took Euro 8.5 million in Italy, was sold to 40 countries and won the jury’s prize at the Tribeca Film Festival with the motivation “[...] for having made us laugh, cry and decide to go straight out and book a trip to the South of Italy [...]”. As regards the promotion of film tourism, the Apulia Film Commission has also made contacts in China while collaboration projects are already underway with India, strategic country because it is the leading producer of films in the world.

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<sup>8</sup>The AFC has been assigned the task of coordinating the regional audiovisual system comprising the regional mediateque in Bari, the Unesco Mediateque in Specchia, the digital training centre in Mola di Bari and the Cinema Abc cinematographic culture centre in Bari.

## Conclusions

As in the rest of world, Film Commissions are gaining ground in Italy as a strategic tool which is functional to the systemic development of individual regional realities where the economic growth of the territory is interrelated with the cultural and professional growth of its inhabitants. Film Commissions are now able to trigger this process, at the same time playing a delicate and valuable role of negotiation between the parties. Nationally, instead, a relationship of complementarity is being established between the support of the government for the cinematographic sector and that offered by the regions, provinces and towns as is a virtuous relationship of collaboration and competition between different cities and regions which at one time would never have thought themselves able to successfully operate in film production and which today appear mature enough as to compete with the historic cinema capitals (Rome in Italy and Paris in France, etc.). The experience of Friuli Venezia Giulia and Puglia are a clear example of how the cinema (national and foreign) in Italy now has a growing number of possible partners which count on internationally acknowledged professionals. France and Spain are experiencing the same phenomenon and the same benefits we found in Italy. The Mediterranean area is by long time an area used and exploited for film shooting by national and foreign film productions. Today that praxes could became the heart of a new and organized business able to guarantee economic and cultural development.

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