

REGIONAL CREATIVE INDUSTRIES ALLIANCE -

From European Recommendations to better regional CCI
policies for a more competitive economy

Local Action Plan

Austria

Austria Wirtschaftsservice Gesellschaft mbH

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Part I – General Information

Project:	Regional Creative Industries Alliance (RCIA) – From European recommendations to better regional CCI policies for a more competitive economy
Partner organization:	Austria Wirtschaftsservice Gesellschaft mbH
Organizations involved:	<p>Austria Wirtschaftsservice Gesellschaft mbH – Lead Partner</p> <p>Public Service of Wallonia – Partner</p> <p>Creative Business Cup – Advisory Partner</p> <p>The North-West Regional Development Agency – Partner</p> <p>Region of Central Greece – Partner</p> <p>Joint Stock Company ‘Development Finance Institution Altum’ – Partner</p> <p>IDM Südtirol/Alto Adige – Partner</p> <p>City of Lublin - Partner</p> <p>Barcelona Official Chamber of Commerce, Industry, Services and Navigation – Partner</p>
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Part II – Policy Context

The Action Plan aims to impact:	<input checked="" type="checkbox"/> Investment for Growth and Jobs program
	<input type="checkbox"/> European Territorial Cooperation program
	<input checked="" type="checkbox"/> Other regional development policy instrument
<hr/>	
Name of the policy instrument addressed:	National Foundation for Research, Technology and Innovation (NFTE)
	FISA – Film Industry Support Austria (Film Location Act)
	Film Funding Act & regional film funding policies

This document represents an Action Plan developed by Austria Wirtschaftsservice Gesellschaft mbH in the framework of the Interreg Europe project Regional Creative Industries Alliance (RCIA) - From European recommendations to better regional CCI policies for a more competitive economy. Interreg Europe is a program financed by the European Commission that helps regional and local governments across Europe to develop and deliver better policy. Projects under the program are structured in two phases whereby the first phase is dedicated to exchanging experience in between partner countries ending with the provision of an action plan (present document), and the second phase focuses on the implementation and monitoring of the proposed actions.

Part III – Actions in Detail

In recent years, the creative industries have emerged from a dynamic niche phenomenon and have become a significant success factor for Austria as a business location, which is why the Federal Ministry of Science, Research and Economics has developed its own creative industries strategy in 2016.

A total of 153.000 people, i.e. about 5% of the total economy and about 42.300 companies, i.e. about 11% of all companies in Austria, already work in the creative industries sector in Austria. Every second, a creative industries company is responsible for innovations in other sectors. At EUR 9 million, gross value added represents 4% of the total economy.

According to the 8th Austrian Creative Industries Report, the creative industries have a strong leverage effect on the entire national economy and thus make an important contribution to the competitiveness of the domestic economy. It directly, indirectly and inductively causes a total economic production of EUR 38,9 billion in Austria, thus generating a total value added of EUR 19,6 billion and securing a total of about 306.300 jobs in the Austrian economy.

"Everyone benefits from working with creative people: consumers, the public sector and, in particular, local businesses."

Dr. Margarete Schramböck
Federal Minister for Digital and Economic Affairs

ACTION 1. Start the Creat(iv)e Solution Program to support competitiveness and growth of SME through the transformative power of creative service providers

aws and the creative industries

aws has been dealing with the topic of creative industries since 2004 and during this time, has processed around 10.000 applications in this area through specific funding programs (aws impulse XS/XL/LEAD, aws Kreativwirtschaftsscheck) and has supported over 2.300 projects. During this period, the share of the creative industries in the overall economy has increased from 4,5% to 10,8%.

In addition, the innovative projects funded have also enabled the creative industries to detach the hitherto established concept of innovation from a purely technological view of innovation and place it on a broader innovation basis. As a result, non-technological innovations (such as process, business model, but also social and service innovations) are now also addressed and promoted in a broader context.

Very good experiences have already been made both internationally and nationally with (incentive) systems and funding for the initiation of innovations based on creative industries (e.g. aws impulse XS and XL as good practice examples throughout Europe). While the existing funding instruments are increasingly geared towards strengthening the companies in the creative industries and focus on the

innovative character of creative industry input, no funding measures are currently offered that address the cross-sectoral impact (transformational power or cross-over effects) of creative industry input.

The role change of the creative industries as an immanent part of innovation processes and value chains is currently not supported, which is why this change hardly spreads beyond the borders of internationally operating large companies. Support programs such as the hereby presented pilot program aws Creat(iv)e Solutions (working title "aws Creative Catalyst") are essential to raise this impact to a strategic as systemic level and make it accessible to the entire ecosystem. This can make a significant contribution to strengthening Austria as a location for innovation.

Background

Using the transformative power of creative companies to support SME from the wider economy is one of the three main pillars of the Creative Industries Strategy for Austria¹. Already when writing the Application Form for RCIA in 2016, it was a clear goal for Austria to enhance cooperation between creative industries and the wider economy on a bigger scale. It was foreseen to start a pilot connecting those two businesses in the region of Styria (as they still had available ERDF funds at that time) and develop a program called "Old Economy Transformator", a grant scheme worth between EUR 100.000.- and EUR 200.000.- to use for SME from the old economy for a cooperation with CCI as well as for the optimization of their internal innovation structures.



After some ongoing consultations with the government of Styria, who at the beginning of the RCIA project had mentioned that there might be the possibility to run this pilot program in their region with their ERDF funds, they informed aws in 2018, that they already had other plans with their left-over ERDF budget in the end. Meanwhile aws had already started to try to find other financial solutions to get a program financed, that enhances the transformative power of CI and has applied for the funding of a new program named "Creat(iv)e Solutions" at the National Foundation Austria for Research, Technology and Innovation (NFTE) with a very similar thematic scope. aws received the positive feedback for that application in 2018.

Regional Creative Industries Alliance

Through the RCIA project, aws has had the opportunity for an intense exchange with its partner regions and learned from their experiences about enhancing intersectoral cooperation. Most fruitful was the exchange with the Belgian partner "Public Service of Wallonia". In May 2017 the RCIA study visit took place in Namur and Liège. Through the study visit, aws was very inspired by their program Creative Wallonia. Creative Wallonia is a framework program that puts creativity and innovation at the center of the project and its regional development. It is the first economic program in Wallonia that takes into account CCIs as a relevant sector; a sector that can really boost the economy because creativity is already its core business. Several bilateral communications have followed where aws has absorbed the experiences and knowledge of Wallonia. It was also Wallonia that has provided one of the experts for the RCIA Policy Round Table of Austria that took place on 1st October 2018 in Vienna, focusing on how to set up the Creat(iv)e Solutions Program.

¹ <https://www.interregeurope.eu/policylearning/good-practices/item/2053/creative-industries-strategy-for-austria/>

RCIA Policy Round Table Austria

A very important step was the RCIA Policy Round Table that took place on 1st October 2018 in Vienna with the main focus on the conception of the program aws Creat(iv)e Solutions. There, aws had the opportunity to interview international experts on the planned support program and was able to incorporate very valuable feedback into the implementation of Creat(iv)e Solutions.

Several possibilities were discussed about how to set up the program, how many projects should be financed, the maximum amount for each project, the co-financing rate, how to approach the best projects, what results aws expects and the best way to reach that goal etc. aws could highly benefit from the experience of the international experts attending. And even they mentioned, how much they have benefited from their participation at the Austrian Policy Round Table.

"Participating as an expert in the Austrian Policy Round Table in Vienna on October 1st 2018, was a very gratifying experience. Not only could I freely give my opinion in a very frank and constructive way, but I was also surprised about the seriousness of the aws/Austrian Government representatives team and the whole working session. aws was smart and generous enough to be able to share the Creat(iv)e Solutions program with all the experts, be open-minded and humble to listen to our comments and advice. Furthermore, we devoted over 5 intense hours to hold a really detailed discussion about the mentioned program, going from the more strategical approach down to very technical and tactical issues such as de minimis, or the eligible costs, just to mention a couple of them.

I was so grateful about the deep working session, that I just thought this methodology should be transferred and replicated within my institution whenever we have a new support scheme or program for the Catalan CCIs to be born. Sharing all the details and the vision of a new program (before having its final shape) with international experts, and learning from their experience and visions, can only be enriching if there is a true will behind, as it was the case in Vienna with aws."

Edgar Garcia Casellas, Institut Català de les Empreses Culturals - ICEC, Spain



Participants from left to right: Kathrin Schelbaum (project collaborator RCIA), Karin Emprechtinger (program manager Creat(iv)e Solutions), Regina Rizzi-Pavek (BMDW, Innovation and Transfer), Candice Rosenfeld (Start-Invest, Belgium), Michael Hofegger (former head of the project management team),

Michael Hofegger (former head of the program Creat(iv)e Solutions) Edgar Garcia Casellas (Institut Català de les Empreses Culturals - ICEC, Spain), Christina Koch (Lead Partner RCIA), Rasmus Wiinstedt Tscherning (CEO, Creative Business Cup, Moderation), not on the photo but also attending: Marlis Baurecht (Business Unit Manager ESS aws)

"The Policy Round Table Program gave me the opportunity to discuss and question the content and structure of my program in a guided workshop with international experts. This exchange has led to novel approaches and the funding program has taken an exciting new direction. At first skeptical, I now highly recommend this format"

Karin Emprechtinger, Manager Creat(iv)e Solutions Program

Even though financed through the National Foundation Austria for Research, Technology and Innovation (NFTE), Action 1, the Creat(iv)e Solutions program, will certainly have a positive effect on the policy instrument "ERDF Program Investments in Growth and Jobs Austria 2014-2020 - Operational Program for the use of ERDF funds, Priority axis2, Priority 3D, Measure 9" through supporting the growth in companies, particularly SMEs, by improving the quality of traditional SMEs through connecting them with Creative Service Providers in a big scale.

ACTION

General Description

aws Creati(v)e Solutions is a pilot program for lighthouse projects, which addresses and makes visible the increased use and integration of creative industry know-how along the entire value chain and across sector boundaries (=transformative effects or cross-over effects of the creative industry into other sectors).

The addressed projects act as catalysts that initiate or enable transformation mechanisms in other sectors of the economy. The creative industries make a special contribution here, as their know-how and working methods represent a significant enrichment for previous innovation processes. This can lead to newly conceived approaches to solutions as well as to quicker innovation cycles along the entire value-added chain and thus bring corresponding competitive advantages.

The projects to be funded are characterised by the fact that new innovation impulses can be achieved by integrating creative industry topics, methods and services into the value chain as early as possible – impulses, which are essential for other sectors but also for the creative industries themselves. Thematically, this can concern, among other things, manufacturing companies, tourism, science, education, digitalization, service innovation, social innovation, social challenges, climate change, energy and resource issues, mobility, urbanisation, alternative financing models or similar.

Specifically, the funding is aimed at small and medium-sized enterprises in all sectors that develop innovative, new solutions to challenges together with a company from the creative industries.

The challenges addressed should be of broad relevance, so that the solutions developed can then also benefit other companies. Ultimately, the program aims to demonstrate that creative companies help to find new, innovative solutions → "Creat(iv)e Solutions".

Start of the funding measure

The grant agreement with the National Foundation was signed on 18th July 2018. The project start for Austria Wirtschaftsservice (aws) was in September 2018.

The application was submitted by aws together with the Federal Ministry for Digital and Economic Affairs (BMDW).

The requirements

In the context of the application, the following requirement profile was submitted to aws Creat(iv)e Solutions:

- The program supports innovation systems in which the creative industries make a significant contribution to initiating, improving and/or further developing innovative products, processes or services. The focus is thus on the promotion of interdisciplinary innovation systems and enabling structures, whereby new approaches and working methods are applied in innovation processes. The creative industries provide precisely this interdisciplinary approach and offer added value in the innovation process of other industries through newly developed approaches and working methods. (see Creative Industries Strategy for Austria, Measure 20 - Continue and expand innovation promotion in the creative industries, page 59)².

- The aim of aws Creat(iv)e Solutions is to create a deliberate incentive on the part of the public sector for cross-sector cooperation (creative industries, all sectors) in order to transform traditional (old, traditional) approaches into innovative, forward-looking "approaches" (processes, models, networks, structures, systems etc.). State-of-the-art methods and functionalities of Open Innovation shall/can be applied.

This also corresponds to the core objectives 1 and 3 of the Open Innovation Strategy³ (1: opening, expanding and further developing the innovation system, in particular tapping new sources of innovation and strengthening the networking capability of participating actors and organizations; 3: increasing the efficiency and results orientation of the innovation system, inter alia by means of novel forms of knowledge transfer and the increased integration of needs from society, business and the public sector into the research and education system).

- Due to the special significance of the creative industries in this pilot program, new impulses can be given in Austria and interdisciplinary working methods and approaches to solutions can be expanded.

A central economic question is how innovations arise - in most cases they are incremental innovations. Increasing digitalization and other global trends make it necessary to innovate faster and in large steps. Besides technical innovation, the greatest potential is seen here in adapting to trends, changing the product, the market, communication with the market, but also in changing the business model. The creative industries are very close to the product, design, communication, other business models and trends, which provides ideal starting points for crossover effects or transformative aspects of innovation.

² https://www.kreativwirtschaft.at/wp-content/uploads/2016/06/Kreativwirtschaftsstrategie_für_Österreich.pdf

³ <http://openinnovation.gv.at/wp-content/uploads/2016/08/Open-Innovation-barrierefrei.pdf>

This approach could be a unique selling proposition for Austria as a business location. Funding programs supporting this approach would be of great importance, especially for SMEs, and could contribute significantly to strengthening Austria as a location for innovation.

The framework conditions

The implementation of the pilot program was conceived as a call for two consecutive years.

The pilot program will support these projects with a maximum grant amount of EUR 200.000.- and a maximum project duration of one year. Personnel costs, material costs, third-party costs and other costs (e.g. material, travel costs) can be considered eligible for funding.

The inclusion/consideration of the creative industries as essential actors in the innovation process is at the heart of the funded projects. Innovation systems in the context of this pilot program refer to dynamic structures, processes, methods, etc. - the aim of which is to create an innovative capability. In other words, to create "possibility spaces" in which - topic-specific or regional - innovations can be thought of, initiated or supported.

In order to illustrate the diversity (topic-specific or regional) of the possible innovation systems across all sectors, measures to increase the impact are planned within Austria with the main actors.

The pilot program deliberately follows a broad approach in order not to prevent (new) innovation systems and enabling structures in advance. An accompanying evaluation will assess and evaluate this approach.

The projects funded under the concept act as catalysts that set in motion, enable and/or support the transformation mechanisms in other areas of the economy as well. Interdisciplinarity through openness to topics, exchange across sectors and subject areas is central to this project. Out-of-the-box thinking should be made possible.

Exchange of know-how

The exchange of know-how has the primary goal of supporting knowledge in the area of cooperation with creative industries.

To this end, concrete requirements are placed on the supported companies to implement digital measures to facilitate the exchange. Applicants for funding are encouraged to publish the experiences and results of the cooperation in order to give other companies with similar challenges the opportunity to benefit from the acquired knowledge. Thus, the funding indirectly benefits a much larger number of companies. This was a direct suggestion coming from the experts of the RCIA Policy Round Table.

Impact enhancing measures

Impact-enhancing measures are absolutely necessary due to the complexity and pilot character of the support program. In order to get suitable project ideas, the program was advertised in the context of several events, such as a roadshow with other awa programs on the subject of cooperation at the end of August 2019 in Klagenfurt, on Market Communication Day which took place also in August 2019 in Vienna, in the context of the Young Business Summit in Linz at the end of September 2019, in the context of the Vienna Design Week in October 2019 and in several (virtual) info hours.

For the second call round in 2020 a cooperation agreement has already been signed with the Forward Festival in Vienna (April 2019) and at least one additional event in spring 2020 is planned.

The matchmaking between two companies, where one must come from the creative industries, is central to this event. The focus is on building mutual understanding between the two companies. The aim is to build up a clearer picture, which on the one hand shows what challenges traditional companies face and what services creative industries companies can provide.

Traditional information channels are often not sufficient for an effective application of a pilot program. Our experience has shown that in pilot programs it is vital to push content presentations to the key players.

In addition to the events, postcards were produced as information carriers, a homepage was created (www.aws.at/csc) and several videos were broadcast via social media.

Knowledge Transfer

The primary objective of knowledge transfer is to make the knowledge about the advantages of a cooperation with a creative economy enterprise accessible.

Experience has shown that such a cooperation is a hurdle and that there is a lot of "translation work" to be done in order to create a broader understanding between a traditional and a creative industries company.

In order to build a bridge, aws Creat(iv)e Solutions uses concrete examples - and the people behind them - to make this content available to a broad public, e.g. on a social media channel such as Facebook.

At first glance, creative industries companies are very much concentrated in the federal capital Vienna. Although strong centres around the topic have already formed in many federal provinces, initiatives such as events in the provinces will nevertheless point out the regional relevance of the topic of creative industries. Making the respective existing knowledge and also the experiences made available to other regions and companies is and will be an essential contribution to knowledge transfer.

PLAYERS INVOLVED

Administrative body: Austria Wirtschaftsservice (aws)

Contracting Authority: National Foundation for Research, Technology and Innovation (NFTE)

Stakeholders:

- Austrian Ministry of Digital and Economic Affairs
- Austrian Chamber of Commerce
- Kreativwirtschaft Austria

Beneficiaries: 10 to 15 chosen SMEs

TIMEFRAME

The time frame is based on the detailed conception, implementation as well as the application and execution of two call rounds.

Call 2019

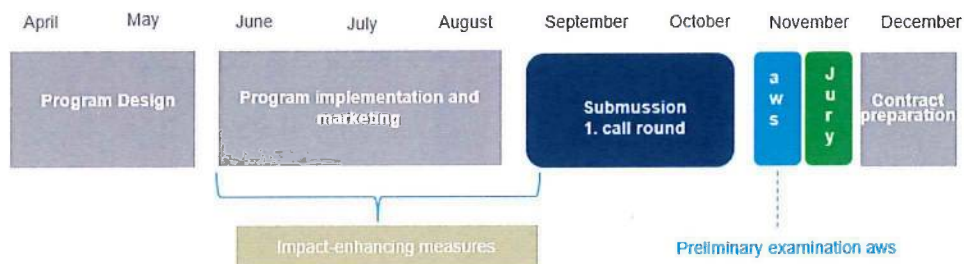
The first call round already took place in autumn 2019. The call was open for submission from 2nd September, 2019 to 28th October, 2019. There were 84 submissions from a wide range of industries and fields of activity. In an intensive process an internal jury selected 12 finalists who were invited to pitch before an external jury of experts. Of the final 12 projects, 7 received a positive commitment and thus a funding contract.

aws Creative Solutions 2019

Timetable

01.04.2019 – 31.12.2019

austria wirtschaftsservice



Call 2020

The second call round will take place in the first half of 2020. The call will be open for submission from 2nd March, 2020 to 8th May, 2020. After that, the same selection process as in the previous year will take place. Certainly, the experiences from the first call round are taken into account.

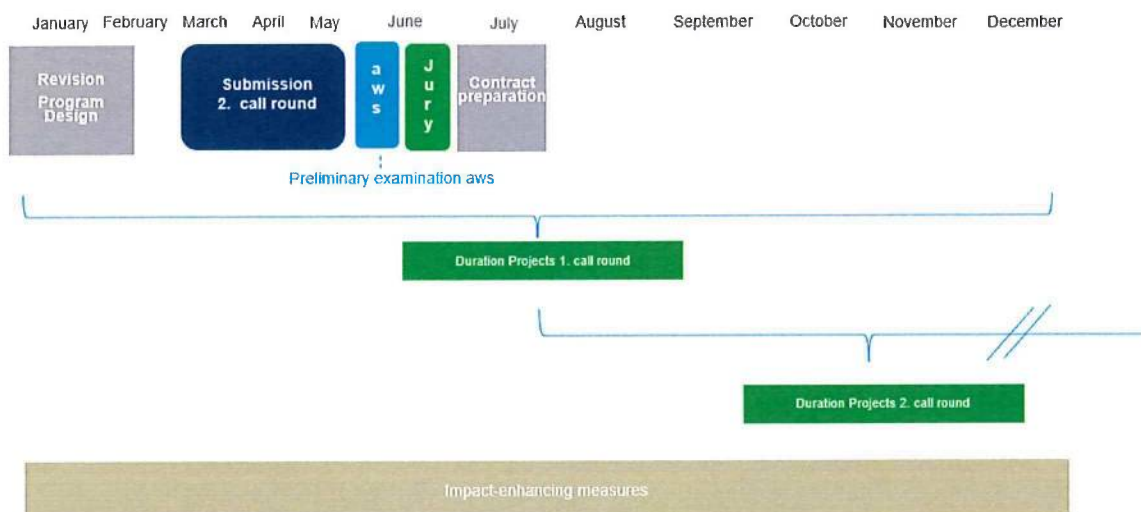
Parallel to this second submission and selection process, the contract management phase of the first call will take place, as well as a review of conditions and milestones, payments and the funding for the projects. At least one accompanying event and an evaluation are also planned for the period 2020.

aws Creative Solutions 2020

Timetable

01.01.2020 – 31.12.2020

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COSTS

aws has a budget of EUR 3,2 million, of which EUR 2,6 million are reserved for grants. This money will be used to finance two call rounds. The budget for this money comes from the National Foundation Austria for Research, Technology and Innovation (NFTE)⁴.

FUNDING SOURCES

This pilot is paid by the National Foundation for Research, Technology and Innovation (NFTE). The task of the foundation is to promote research, technology and development in Austria, especially interdisciplinary research measures that can be used over the long term. The Foundation's grants are to be distributed to federal funding agencies in accordance with the resolutions of the Board of Trustees.

Expected impacts

Past experiences have shown that if SME from the wider economy were willing to cooperate with a creative service provider, this happened mainly at the end of an innovation process, when the product development was already almost finished. At this stage creative service providers have only limited possibilities to improve the product. The Creat(iv)e Solutions Program shall raise the awareness of cooperating with creative service providers already from the beginning of an innovation process, also in big scale projects.

Through the Creat(iv)e Solutions Program it is expected to have 10 to 15 flagship projects that clearly show the benefit of cooperating with a creative service provider also on a bigger scale already from the beginning of an innovation process. Those flagship projects shall then be used to promote the immense transformative power of creative industries for the wider economy and shall enhance the intersectoral cooperation in the future.

⁴ <http://www.stiftung-fte.at/> The financial endowment of the National Foundation Austria for Research, Technology and Innovation is composed by contributions of the National Bank of Austria, the National ERP-Funds and the Austria-Funds.

Actions 2 & 3: Film

The two Actions based on film aim to have an impact on

- FISA – Film Industry Support Austria
- the Austrian film funding policy

FISA – Film Industry Support Austria is a financial incentive program by **Austria's Federal Ministry for Digital and Economic Affairs (BMDW)** which aims to strengthen the Austrian film industry by providing support to the production of cinema films only. The program is based on guidelines pursuant to the Film Location Act (so-called Filmstandortgesetz), Federal Law Gazette I no. 40/2014.

The **Austria Wirtschaftsservice GmbH (aws)** together with **Location Austria – The National Film Commission** is responsible for the administration of the program with an annual budget of **EUR 7,5 million**. Moreover, it is responsible for developing further strategic developments for the Austrian film industry.

The objective of FISA is to escalate the quality, the attractiveness, and therefore the distribution of supported films. In doing so, the program affects its international competitiveness. FISA has a special emphasis on raising the number of co-productions with Austria and on promoting Austria as a film location for international projects. The economy is being triggered by a flourishing domestic film industry. Film-related tourism is an achievable side effect.

The non-repayable grant amounts up to 25% of the eligible production costs ("Austrian Spend"). Applications can be filed throughout the year following a "first come, first served" principle. Each project seeking support must pass the Cultural Test. The cultural test is to ensure that the project is of cultural value and therefore eligible for support. Films must meet certain criteria and a minimum number of points in order to be eligible for funding. Eligible for support are national productions, Austrian-foreign co-productions or service productions for international projects. Beneficiaries are established film producers from the EEA with a registered headquarter or branch office in Austria.

Context

FISA – Film Industry Support Austria has been operating since 2010, with some adaptations made over the past years; for example the threshold for minimum production costs to ensure the quality of the projects and the possibility to apply through the whole year.

The program was evaluated in 2017. The outcome stated that the objectives had been achieved so far. For every single EUR 1 granted EUR 5,65 were additionally triggered in the Austrian film industry. The program helps to rise the annual production budget of the Austrian film industry in total, which results in a higher amount of Austrian films realized in cinemas, a slightly increasing number of co-productions and significantly more shooting days of international productions happening in Austria.

During the last decade the film industry was undergoing disruptive developments and therefore there is a need to further develop the incentive programs already in place or to implement new programs.

Within the Austria Wirtschaftsservice GmbH the administration of FISA is embedded in the creative industries and entrepreneurship department supporting SMEs, start-ups and young talent to facilitate innovation.

The learning phase of the RCIA project was crucial for developing the envisaged actions as the aws/FISA-team benefited from the insights of good practices from the RCIA partner regions. Participating in the working groups, especially on film funding policy, and mainly the staff exchanges at IDM and at SE Wallonia, had a positive impact on the process of refinement of the action plan.

Fields of Action

The current FISA guidelines are effective from 1.1.2020 until 31.12.2022. Within the FISA framework there is limited space to foster (green) innovation on smaller scale as there is no possibility to support projects outside the traditional filmmaking process due to the Film Location Act, which is the legal basis for the guidelines. FISA is supporting the production of cinema films only. However, as the audio-visual landscape is changing, there is a need to adopt the instruments to allow finding creative solutions for the challenges ahead. The review of the Film Location Act will be a necessary task before the next guidelines will come into effect from 2023 on. Improvements in the Film Location Act and therefore in the FISA guidelines along with accompanying measures shall be developed in the upcoming three years.

One action envisaged leads to the **implementation of a new tax-based incentive** for international projects consolidated with the existing FISA program. In a further step it is conceivable to integrate measures in the field of Green Producing as a requirement for the incentive. This leads to the second action.

This action envisaged deals with the lack of support for young talent on a sustainable basis and only few possibilities for supporting innovative formats like short film in the combination of climate change as one of the biggest challenges for society and how this could lead to innovation in the audio-visual industry. Green Producing, the way of shooting a film in an eco-friendly manner, is not yet “a big thing” in the Austrian film industry compared to other European countries.

The aim of the **Green Short Film Funding** is to trigger the innovative power of the Austrian film industry, especially young talent and the cross-collaboration between artists, film producers and other companies of the creative industries and beyond and therefore supporting the transfer of knowledge and technology when it comes to Green Producing. The pilot call is planned for the years 2020/21 and shall then be transferred into a funding scheme within the FISA framework from 2023 on.

Objectives

The two Actions on Film should lead to the improvement of existing and the development of new policy instruments for the audio-visual industry and therefore the creative industries:

- Introduce a tax-based incentive
- Foster innovation in the field of Green Producing

Details of the actions envisaged

ACTION 2: Introduction of a tax-based incentive for the audio-visual industry

Background

Within the RICA project the aws/FISA-team had the possibility to be part of a working group on film funding and film location development, which took place during the 6th meeting and study visit in Riga in June 2018. The objectives of this working group were to identify and share the different measures set up in the partner regions on film funding policy. There was the chance to receive insights in how the IDM film fund works and how the attractiveness of the region is increased by the combination of support from IDM as a regional fund and the Italian tax credit on a national level. The detailed presentation of the Italian funding system and the deepening discussions during that working group provide major assistance in outlining the first drafts of a possible tax-based incentive program for Austria.

During the staff exchange of the aws/FISA-team at IDM Film & Creative Industries Alto Adige in November 2018, there was the possibility to go into further detail concerning the scope and impact of the incentives of region and the country and the combination of both. Both Italian incentives are not limited to feature films as support is also possible for TV films and series. In comparison to the funding amounts which can be allocated by the Italian tax credit for bigger international projects, FISA is very limited with EUR 1.5 million per year for this kind of productions. These insights were crucial to elaborate further the concept of the Austrian tax-based incentive.

During the year 2019 the aws/FISA-team and IDM had regular exchange, for example at film conference organized by IDM in March. In the following months IDM has also been dealing with how to introduce green filming measures.

The new Austrian government was formed up at the beginning of January 2020 and consists of a coalition between the conservative party (ÖVP) and the Green party. The introduction of a tax-based funding model for the film industry is part of the government program for the years 2020-2024.

Action

The aim is to develop and introduce a tax-based incentive program for the audio-visual industry in Austria within the next two years.

In contrast to FISA the new incentive should be available for international projects of different formats, especially high-end series and different distribution channels, linear and nonlinear. As there are no incentives for VOD (Video on Demand) productions in Austria available at the moment, the region is not yet benefiting like other European countries / regions already do from the platforms' growing demand of local content. The extend or transfer of this kind of incentive model for the gaming industry in Austria is conceivable.

The incentive should work in form of a tax relief at 30 % of the eligible film production costs ("Austria spend"), regardless of the total budget of a project. To qualify, a project would have to pass a Cultural Test. The tax relief would be available on eligible Austrian production costs, on the lower of either: 80% of the total production budget or the actual Austrian expenditure incurred. Ideally there would be no cap on the amount which can be claimed. Eligible film production costs are defined as expenditure incurred on filming activities (from pre-production to post production), which take place within Austria. As mentioned already above, the current government consists of a coalition between the Conservative Party and the Green Party. This political reality is also endorsing the possibility to build up the first ever "Green Tax Incentive" for film productions in Austria. A higher tax relief of 35% especially for productions operating as Green Production could be foreseen in order to encourage film productions companies coming to shoot in Austria to „go green“. More precisely companies fostering sustainable film productions will have access to that higher tax relief by for example using renewable energy sources to produce their film project.

Steps already done:

- Evaluation of the current situation and of the potential of a tax-based incentive in Austria.

Steps to be done:

- Lobbying stakeholders and decision makers
- Secure financing for the measurement
- Set-up and effective implementation

Players involved

- **Administrative body:** Austria Wirtschaftsservice (aws)
- **Consultation:** ABA – Austrian Business Agency / Location Austria – co-partner of FISA
- **Decision makers:** Ministry of Digital and Economic Affairs (BMDW), Ministry of Finance (BMF), Austrian Ministry of Arts, Culture, Civil Service and Sport
- **Stakeholders:** Film Producers Alliances, other film funding institutions, other players of the Austrian film industry

Timeframe

- Until the beginning of summer 2020: lobbying / decision-making
- During summer / autumn 2020: set-up of the program
- Starting with the beginning of 2021: effective implementation

Costs

RCIA Local Action Plan Austria

The annual budget for the tax incentive should ideally be unlimited, however at least EUR 5 million for the first year with possible enhancement with growing demand.

The budget for the set-up will be around EUR 200.000.-

Funding sources

National Sources:

- Ministry of Finance (BMF)
- Ministry of Digital and Economic Affairs (BMDW)
- Ministry of Arts, Culture, Civil Service and Sport (BMOEDS)

Expected impacts

The developments in other regions and countries in Europe demonstrate that the tax-based incentive has a significant impact on attracting international projects and therefore boosts the growth of the local audio-visual industry.

Action 3: *Green Short Film Funding*

Background

According to the IPCC's report⁵ which was published in 2019, it is still possible to restrict the earth to warming up by 1,5 degrees "only". This can, however, only be achieved if the industry and its important stakeholders are taking up crucial measures within the production of all kind of industrially produced goods. Moreover, the audio-visual industry must take responsibility and should use sustainable, resource-saving and ecological measures when producing its movies and series.

The new Austrian government was formed up at the beginning of January 2020 and consists of a coalition between the conservative party (ÖVP) and the Green party. The government program for the years 2020-2024 has a strong focus on environmental and green topics, so new programs shall be financed in this fields of action.

The aws/FISA-team got inspired during the staff exchange at IDM Film & Creative Industries Alto Adige in November 2018, which had the aim to elaborate possible measures that could contribute to support young talent and/or innovative formats within the Austrian film industry.

In Austria so far, on national level only one funding program exists, which supports short films, but it is not even dedicated in particular to short films; the aim is to support first of all art. Regional funds

⁵ https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_Low_Res.pdf (An IPCC Special Report on the impacts of climate warming of 1.5°C)

sometimes do support short films also, however, the main requirements are the origin of the applicant (has to be born or have a residence in that particular region) and / or tourism related aspects (positioning of the region in the films). Unfortunately, due to budget constraints, there is also a very limited number of calls for innovation at national or regional level.

The outlined strategy of IDM with its ecosystems to promote cooperation and to facilitate the transfer of knowledge and technology seems transferable to Austria as this is only happening to a certain extent at an uncoordinated level within the Austrian audio-visual industry. During the staff exchange there was a focus on learning more about the accompanying measures IDM has set up in order to boost the growth of the regional film and creative industry. The aws/FISA team got the chance to learn more about the motivation behind and the goals of these initiatives organized by IDM itself or as a partner among others.

IDM plans to introduce a funding program for short film with the beginning of 2020 and is already in the final stage of their preparation for the launch of the funding program. With this new production funding, IDM supports short film productions shooting at least partly in South Tyrol with up to 70% of the total production budget with a cap per project of EUR 30.000.- max. Among the funding criteria one is very crucial: the involvement of talents and suppliers from South Tyrol, especially in the creative core team of production, script writing, directing, acting, cinematography, editing, production design and score. That is how IDM tries to boost the growth of the regional film industry. Since then the aws/FISA-team has been in intense exchange with IDM and plans to copy their program to a great extent. For aws/FISA the aim is to transfer IDM's idea of supporting innovative formats along with fostering creative growth based on the requirement of local spend and the involvement of local talent by making adaptations to meet the needs of the Austrian film industry.

In addition to the staff exchange, aws/FISA was invited to participate in the film conference organized by IDM, the so-called INCONTRI in March 2019, for the first time. IDM designed INCONTRI as an annual think tank conference focusing on the challenges the audio-visual industry is facing and the developments in the upcoming years. For aws/FISA it was very inspiring to see how fruitful such a gathering of interregional players is for IDM's own positioning and enhancement. IDM has also been dealing with how to introduce green filming measures, which they have already shared with the aws/FISA-team. As one of the first steps, they organized an event for green filming to create awareness for that topic within the film industry in South Tyrol.

The latest initiative by IDM, called MATCH, which is designed to unlock the transformative power of the creative industries in South Tyrol, is therefore inspiring, as in Austria there is apparently a need to support the interaction between the different players in the audio-visual sector, the creative industries and beyond to foster innovation and growth. With our pilot action focusing on green measures in the production process of short films we try to transfer that idea by fostering interaction and knowledge transfer between filmmakers and other players to find innovative solutions.

Action

The idea behind the concrete action of **Green Short Film Funding** is to test the efficiency of film funding in motivating filmmakers to choose sustainable and eco-friendly means when realizing their short film projects. The pilot action is therefore dedicated to boost the innovative power and the attractiveness

of green producing measures within the film industry. The aim is to foster a sustainable short film production especially with the use of innovative solutions regarding green measures. Furthermore, the narrative should contain Green Storytelling.

The total budget of the pilot action is estimated with EUR 80.000.-. The funding budget disbursed to individuals and SMEs shall be a total of EUR 50.000.- and the remaining EUR 30.000.- are dedicated for set up and administration of the program as well as accompanying measures creating awareness for Green Filming and Green Storytelling.

Green Producing, the way of shooting a film in an eco-friendly manner, is in the centre of the action. Second, it should enable filmmakers (individuals and independent SMEs), especially young talent, to have access to develop new ideas and find innovative solutions to realise these goals when shooting their short film. In addition, by means of finding a solution for green measures in film producing, an innovative potential to use new technology, hence collaboration within different branches of the audio-visual industry and on a bigger scale, within the creative industry, is triggered.

The action focuses on young talents, mainly because short films are often the form for young filmmakers to start their career in movie production. In Austria funding possibilities for young talent within the film industry are rare, so is funding for short film. Short film also enables to focus on specific measures like Green Producing/Green Storytelling, generally-speaking on integrating and exploring innovative solutions and technologies, due to its less complex structure and handling time compared to feature films. It can act as a lab to experiment with the given requirements, finding ways of a sustainable production process. For example, during a green production Co2 emissions within following positions, office, IT, catering, transport, energy, light, set construction are subject to documentation. Certain measures should be applied along the production chain in order to cut back on emissions.

A short film funding process will be set up, addressed to individuals and independent SMEs, especially to young talent, who will be offered a grant in the amount of EUR 5.000.- to realize a short film up to 5 minutes long in the scope of Green Producing and containing elements of Green Storytelling in its narrative. The script and a production plan to achieve this goal by integrating certain green measures will be the main funding criteria. The best 10 projects will be chosen in close cooperation with green consultants, who act as experts in sustainable film production.

During the set-up, guidelines for Green Producing will be elaborated together with experts in the field of Green Producing and from the Federal Ministry of **Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK)**. The Ministry has developed a guideline concerning Green Producing for film production already. Our green production guide for short film funding will be based on this guideline, however, with respect to the features of short film production and with a focus on using innovative solutions.

Steps already done:

- Design of the pilot action
- Application of pilot resources

Steps to be done:

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Semester 1:

- Involvement of stakeholders
- Elaborating of guidelines: together with experts in the field of Green Producing and from the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK).
- Set-up of selection criteria: short films up to 5 minutes containing elements of Green Storytelling in its narrative, individuals and SMEs as eligible applicants. The script and a production plan containing green measures will be the main funding criteria.
- Announcement of the call: promotion within the audio-visual industry in Austria and consulting of potential applicants (as soon as final decision of the JS has been made).

Semester 2:

- Launch of the public call: open from July until the end of October 2020
- Launching measures to create awareness: information event(s) about Green Producing/Storytelling in cooperation with a Green Consultants (beginning of September 2020).
- Award session and disbursement of the grants: the funding decisions will be made within December 2020.

Semester 3:

- Monitoring of the awarded projects: the production of the awarded projects has to take place during the 3rd semester. Within a period of up to 5 months the shooting and postproduction of the short films must be completed.
- Presentation of the completed works: one possibility would be a cooperation with the VIS – Vienna Shorts Festival in June 2021 to have screenings of the funded projects there along with an event for Green Storytelling / Producing.

Semester 4:

- Evaluation of the call and its funded projects: the core aim of these activities will be to secure the sustainability of the green short film funding by delivering reports of the achieved outcomes and address the stakeholders to allocate resources for the next call starting from Spring 2022.
- Project closure: evaluation / reports for RCIA project.

Players involved

Administrative body: Austria Wirtschaftsservice (aws)

External expertise / operator: Green Consultants

Stakeholders:

- Austrian Ministry of Digital and Economic Affairs (responsible for FISA – Film Industry Support Austria – film funding in scope of economic factors)
- Austrian Ministry of Arts, Culture, Civil Service and Sport (film funding in scope of cultural and artistic factors)
- Austrian Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) (ecolabel for sustainable film productions)

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- Austrian film festivals, like VIS - Vienna Shorts Festival or Diagonale - Festival of Austrian Film, where the completed short films can be presented, and the outcomes of the call can be made accessible to the public.

Beneficiaries:

The beneficiaries of the grants (10 x EUR 5.000.-) will be the chosen short film producers, especially young talent.

The funding will be considered under the de minimis regulation. The pilot call will be open to all interested individuals and SMEs. The selection process follows pre-defined and transparent criteria. The disbursed money is dedicated only to produce a short film corresponding to that criteria.

Through integrating and exploring innovative solutions and technologies within the process of Green Producing other players of the audio-visual / creative industries like suppliers and start-ups will be involved.

Timeframe

Until June 2020:

- Involvement of stakeholders and possible partners
- Elaborating of guidelines
- Set-up of selection criteria
- Announcement of the call

Until December 2020:

- Launch of the public call
- Launching measures to create awareness
- Award session and disbursement of the grants

Until June 2021:

- Monitoring of the awarded projects
- Presentation of the completed works

Until December 2021:

- Evaluation of the call and its funded projects
- Project closure: evaluation / reports for RCIA project.

Costs

The pilot action is budgeted with EUR 80.000.- The funding budget disbursed to individuals and SMEs shall be a total of EUR 50.000.- and the remaining EUR 30.000.- are dedicated for set-up and administration of the program as well as accompanying measures creating awareness for green storytelling / filming.

Update April 2020: since the Pilot Action has not been approved for funding by the Joint Secretary, awa is looking for other possible national funds to get this pilot tested in the upcoming years.

Funding Sources

To be investigated

Expected impacts

During the 4th semester it is planned to evaluate the pilot call itself as well as the funded projects together with the stakeholders.

The aim of the evaluation is to transfer the pilot call into a **funding scheme within the FISA framework**. In case of success the stakeholders responsible for FISA, the Ministry of Digital and Economic Affairs will be directly addressed in order how to integrate (green) short film funding with the aim of supporting young talent and innovation in the film making process in the scope of Green Producing or with a different topic in the following years in the Film Location Act / the FISA guidelines effective from 2023 on.

Furthermore, the focus of Green Producing could be extended to the funding of feature films. A working group consisting of members of the film funding institutions in Austria starting with the beginning of 2020 will explore possible measures to be taken by funding institutions concerning Green Producing. The pilot call and its funded projects can deliver useful outcomes on how green solutions can be integrated in the production process of short films and as the narrative of the funded projects should contain Green Storytelling the short films can contribute to create awareness for environmental issues.

List of Abbreviations

aws	– Austria Wirtschaftsservice Gesellschaft mbH
BMDW	– Ministry for Digital and Economic Affairs
BMWFW	– Ministry of Education, Science and Research
BMF	– Ministry of Finance
BMK	– Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology
CCI	– Creative and Cultural Industries
CI	– Creative Industries
CSP	– Creative Services Providers
ERDF	– European Regional Development Fund
ECIS	– European Creative Industries Summit
EEA	– European Enterprise Network
ESS	– Entrepreneurship, Schutzrechte und Seed Financing
ECBN	– European Creative Business Network
FISA	– Film Industry Support Austria
ICEC	– Catalan Institute for Cultural Companies
IDM	– Innovation Development Marketing
KAT	– Kreativwirtschaft Austria
NFTE	– National Foundation Austria for Research, Technology and Innovation
RCIA	– Regional Creative Industry Alliance
SME	– Small and Medium Enterprises
VOD	– Video on demand

Signatures

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