



Funding Israeli Cinema – Analysis and Policy Proposal

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This paper examines Israeli cinema's public funding, focusing on narrative feature films. The content of Israeli films is deliberately avoided, concentrating instead on the industry through the lens of public policy: what is the proper way to publically fund film production and best achieve the public interest and the purposes of the law enacted on this matter. In a thorough examination of the law and the funding mechanism, this paper finds several deficiencies, chief amongst them the unchecked power of unelected and unrepresentative individuals over the distribution of public funds.

The **first chapter** is an introduction, presenting the justification for public funding of cinema; describing the structure of Israel's film industry; and outlining the research conducted for the paper.

The **second chapter** details the Israeli film industry's history; explains the process of creating a film; describes the investment in films by the film funds; lists financial data and shows the distribution of funding sources for filmmaking in Israel.

The **third chapter** compares Israeli cinema to the film industries in other states, looking at the type, objectives and structure of government support.

The **fourth chapter** explores the Israeli Film Law's history and objectives, as well as some components of the law: the composition of the Israel Film Council, the funding sources and the distribution of budgets.

The **fifth chapter** details the criteria set by the Ministry to qualify and operate as a film fund, and **the sixth** reviews film funds' activity.

The **seventh chapter** lays out recommendations for both general policy and for amending the criteria for eligibility to receive government support of cinema funding.

Summary:

Israel subsidizes its film industry at the sum of nearly 80 million shekels annually; close to 45 million of which are designated to narrative feature films. This funding is governed by the New Film Law 5759-1999, which states its objective in the public funding of Israeli cinema to be providing Israeli society, in all its diverse groups and values, the opportunity of expression through film. The law established a film council and defined the funding mechanism to be the transfer of State budgets to film funds operating as independent non-profits, which have the exclusive authority to allocate grants to filmmakers. The criteria to qualify as a film fund are determined by the Ministry of Culture and Sports, guided by the recommendations of the Israel Film Council. The threshold requirements for such are so high as to bar new funds from entering the market. Since the application of the Film Law in 2000, only two funds support narrative feature films. In addition, the criteria are weighted toward success in international festivals, something that does not align with the stated objectives of the Israeli Film Law.

Another problem is the current composition of the Film Council, which gives undue weight to the professional aspect, without sufficient consideration for the broader purpose for which the law was intended. Professional filmmakers have cinematic expertise but no special expertise or familiarity with Israeli society – certainly not to such an extent as to ensure that government support of films does indeed express its culture, values, and diverse views.

The Ministry's regulation directs the funds' activities only up to a point; in practice, the funds are the arbiters of which films get produced. These funds employ lectors, who choose script submissions according to their personal judgment. This leads to a situation where independent parties, guided by their own conceptions of artistic (or other) considerations and with little regard for the public as either funders or viewers, are given exclusive discretion to allocate government funds. The State has only a tenuous influence on this allocation. This too, does not align with the Film Law.

Comparative analysis with states similar to Israel in several ways (Iceland, France, Croatia, The Czech Republic, Denmark and the Netherlands) demonstrates that all states aside from Israel operate an incentive-based funding avenue for films, apart from the professional assessment one – in other words, government support is also granted according to the commercial success of a film (such as in tax benefits or the subsidy of ticket sales). Such was actually the case in Israel until 1979.

Also, in contrast to the six other states reviewed, the lectors in Israel are not employed by the Ministry of Culture but by the film funds themselves.

In practical terms, receiving a government grant is a prerequisite to creating a film in Israel. In the past decade, only two out of approximately three hundred feature films produced in Israel received no government support at all. Given that, it is even more important that public funding be allocated in the way lawmakers intended.

Recommendations:

- 1) Add an additional avenue for the public funding of narrative feature films based on incentives and ticket sales subsidies.
- 2) Lectors should be hired by the Ministry of Culture and not by the film funds; alternatively, lectors should be guided by detailed criteria set down by the Israel Film Council.
- 3) Amend the Film Law in regard to the composition of the Israel Film Council to better fit the law's objective. Realizing a public purpose should be entrusted to persons of expertise in the field of that public purpose and in a manner that reflects the public's position.
- 4) Establish an ordered appeal process of the funding decisions.
- 5) Amend the Ministry's criteria for funding grants:
 - 5.1 Give Israeli viewers preference over the approval of foreign festivals.
 - 5.2 Film funds should be compensated for collecting their share of income rather than profit. As of now, the funds collect only on profit, making investment in independent films much riskier than funded ones.
 - 5.3 Cancel the objective, added into the criteria, to "develop an original Israeli cultural character", which is a deviation from the law's original purpose in merely expressing the variety of Israeli culture.
 - 5.4 Amend and reduce the threshold requirements for films funds, to allow for competition.
 - 5.5 Reduce the proportion of subjective measures in the determination of film grants.
 - 5.6 Amend the condition promoting large scale investments, which leads to lack of funding for low-budget films and the inflation of film budgets.
 - 5.7 Amend the requirement that submissions have no political affiliation to include only ties to political parties. The requirement as it stands is too open to personal interpretations of what constitutes an "affiliation". Moreover, group affiliation is actually a likely incentive to express said group in film, which is exactly in line with the Film Law's objective.

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