

**Presentation to  
Oireachtas Budgetary  
Oversight Committee**

**2019**

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## **Introduction**

Thank you to the Chairperson and members of the committee for the opportunity to contribute to the Committee's work on tax expenditures.

My name is Elaine Geraghty and I am CEO of Screen Producers Ireland. Here with me today are two of our member producers, Siobhan Ward of Crossing the Line Films who produced 'The Game', 'The Farthest', and 'A Wild Irish Winter'; and Stephen Rooke of Tile Films who produced 'Aerial Ireland', 'Sacred Sites', and 'A Terrible Beauty (Áille an Uafáis)'.

Before I begin to speak about Section 481 and its importance to the Irish screen industry, I want to provide an overview of Screen Producers Ireland and our members work.

## **About Screen Producers Ireland**

Screen Producers Ireland (SPI) is the national representative organisation of over 100 independent film, television and animation production companies.

The Irish independent production sector comprises a diverse range of companies, of different sizes, spread across the country, producing content for television, cinema release and online distribution. These companies, most of which are SMEs, produce high quality content (in English and Irish), which is culturally relevant, and loved by Irish and global audiences.

Irish independent productions have been lauded worldwide, including this year when SPI member, Element Pictures produced 'The Favourite', was a multi-nominated Oscar winning film.

Other film and TV Drama productions made by our members include Fastnet Films produced 'Black 47', Samson Films produced 'Float above the Butterfly', Ripple World Pictures produced 'Never Grow Old', Abu Media produced 'Finky', and Metropolitan Films produced 'Vikings'.

Television productions made by our members include Indie Pics produced 'Ear to the Ground', Coco Content produced 'First Dates Ireland', Crossing the Line Films produced 'The Game', Sea Fever produced 'Ireland's Deep Atlantic' and Tile Films produced 'Sacred Sites',

## **Role of the Producer**

The Irish film and TV sector is a vibrant industry with a sophisticated infrastructure of production companies, studios, service companies and expertise, all of which provide valuable employment in the Irish economy.

Irish producers are entrepreneurs who contribute significantly to the enterprise economy and bridge the divide between commerce and culture.

Producers are responsible for the creative, financial and statutory management of the individual projects in which they are involved. They are engaged in all elements of production from the earliest stages of commissioning of concept, rights acquisition, development, sourcing of finance, Pre-Production, Production, Post-Production to Delivery, Marketing, Distribution and Compliance.

Financing production is challenging, and funding opportunities can be limited.

Available funding for producing content includes a mixture of TV Licence Fee, Broadcasting Authority of Ireland Sound & Vision funding, Creative Europe Media funding, Irish Language Broadcasting Fund, S481 tax relief, and private financing.

In this funding mix, the importance of S481 cannot be underestimated.

## **Importance of S481**

Ireland has a long history of supporting the Irish TV and film industry through fiscal incentives, the most important of which was originally introduced in 1987, i.e, Section 481. While having experienced a number of iterations over the years, Section 481 remains a crucial component.

Section 481 is a crucial component to the sustainability and growth of the Irish independent production sector. It is necessary if Ireland's Film and TV industry is to continue to develop and thrive, because those countries with which Ireland competes have similar or comparable incentives; a point also made by the Irish Tax Institute when they appeared in front of this Committee two weeks ago.

The Government commissioned Olsberg -SPI/Nordicity Economic Analysis of the Irish AV Industry defined the importance of S481 to the screen industries as:

"... underpin(ing) the Irish film and TV industry. It provides vital finance to enable Irish producers to make local projects with local content in Ireland, ensures Irish producers remain attractive to international co-production partners, and makes

Ireland a globally competitive location for co-productions and high- budget inward investment productions.”

The analysis recommended the extension of S481 to 2024, as one of many recommendations to support the growth and sustainability of the Irish screen industry.

The last available full year total committed figures, for 2017, showed a spend of €292 million in the Irish economy as a direct result of S481 certified projects. This was spent on goods, services and labour across TV Drama, documentary, film, and animation.

There were 85 certified projects comprising, Animation 11, TV Drama 17, Film 17, Documentary 32.

Over the last 4 years there have been some significant big budget TV Drama projects that have received Section 481 funding including, ‘Ripper Street’, ‘Nightflyers’, ‘Vikings’ and ‘Into The Badlands’.

However, it is interesting to note that the majority of productions in Ireland are in the €1 Million and under budget range.

For example, in the years 2016, 2017 and 2018 the percentage of productions whose S481 eligible expenditure budgets were €1 Million or less was 79%, 85% and 83%. respectively.

This reflects the fact that the majority of Irish production companies are SMEs.

### **Extension of Section 481**

In the run up to Budget 2019, SPI engaged with the Department of Finance and Revenue on the possibility of extending Section 481 beyond 2020. This engagement has led to better understanding between all stakeholders on the operation of the incentive, and to ongoing engagement, which has been very helpful.

In October 2018, the Minister for Finance and Public Expenditure, Paschal Donohoe TD, announced the extension of S481 to run until December 2024, advising that the extension of the incentive was “to support the continued growth of the film industry in Ireland”.

The Minister also announced a new, time-limited regional uplift of up to an additional 5% that will taper out over four years.

The uplift will support the development of new, local pools of talent in areas outside the current main production hubs. This will help to increase the geographic spread of the screen sector in Ireland and support the overall cultural objective of having an established and sustainable screen industry in Ireland.

Significantly the tax incentive moved to a self-assessment model which became effective in March of this year. We believe this move will make the application process more efficient in the long term and in the meantime we look forward to the publication of a new set of guidelines by Revenue related to eligible expenditure.

The announcement of the extension was welcome and very important, as the lead-in time for film, TV and animation projects from initiation, development to financing and production can span several years.

Certainty around the long-term availability of S481 is crucial to provide confidence and security to both the indigenous industry and to ensure we can continue to attract direct inward investment by international studios and producers.

Speaking about S481 in May 2019, The Minister for Culture, Heritage and the Gaeltacht, Josepha Madigan TD, has said that, “Section 481 is a key and central component to the Irish screen sector.”

SPI firmly supports this statement by the Minister for Culture which shows the Government’s commitment to supporting a strong, vibrant Irish indigenous film industry.

### **Employment creation**

Delivering quality employment is an obligation of S481.

The Irish producer company itself usually employs a core full time staff who work in the areas of Production, Development, Administration, Sales, Marketing. The core staff are involved at all stages of delivering a production, in a process that often takes up to 3 or 4 years.

Crew are then hired when a project moves to the production stage and for the duration of that project. Crew comprise a mix of P.A.Y.E. and self-employed individuals.

The independent production industry provides significant employment opportunities for crew. The Department of Culture commissioned the Olsberg/SPI-Nordicity report into economic activity in the AV sector in Ireland in 2016 and it stated that there are over 7,070 FTEs of employment in the live action film, TV and animation sectors. These sectors of the industry contribute €692 million in GVA and generate €184 million in export earnings.

### **Skills Development**

Our crew are some of the best in the industry and act as a strong attractor for projects, this is in part because skills development has always been core to the production industry in Ireland, but also because Ireland has been able to attract a diverse range of projects, enabled by S481.

The introduction of new skills development requirements as part of the S481 application criteria means that we can continue to build upon this, while capturing data and information with regard to skills development, and track career pathways in the industry, as well as identifying and addressing skills gaps.

### **Conclusion:**

- Section 481 has a positive impact on the creation of indigenously produced content.
- It attracts incoming production and has a positive impact on the creation of quality employment.
- It contributes to Ireland's reputation as a global hub for high-tech digital and creative content and it has a direct impact on attracting tourism to our country.
- The result is that Ireland has become an attractive location for incoming film and television production while also supporting indigenous production.
- The expenditure in the Irish economy as a result of Section 481 clearly illustrates the need for Ireland to maintain and continue to improve its fiscal incentive, as required.

SCREEN  
PRODUCERS  
IRELAND

REPRESENTING INDEPENDENT FILM, TELEVISION,  
ANIMATION AND DIGITAL PRODUCTION COMPANIES

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