

SCREEN
PRODUCERS
IRELAND

CULTURE 2025- THE INDIGENOUS PRODUCERS PERSPECTIVE

*Submission to the Joint Oireachtas Committee on Regional Development,
Rural Affairs, Arts and the Gaeltacht.*

August 2016

Introduction

Screen Producers Ireland is the national representative organisation of independent film, television and animation production companies. SPI promotes the growth and sustainability of a working environment conducive to a strong independent production sector for its 130 members and the industry as a whole. We address the needs of the sector and, using our knowledge and expertise, we aim to deliver a strong and sustainable position for Irish production companies. We are focused on shaping an independent production sector that is comparable to best international standards. We encourage state organisations charged with developing the industry to put in place development plans and policies for the sector that will maximise it's potential.

Screen Producers Ireland (SPI) welcomes the *Culture 2025- Éire Ildánach* framework policy and was pleased to have had the opportunity to contribute to the consultation process. We believe that the aim of this report, to put 'culture at the heart of our lives', is a laudable ambition and we are committed to continuing to positively engage with the process.

SPI is also pleased to have been invited to discuss the document with the Oireachtas Joint Committee on Regional Development, Rural Affairs, Arts and the Gaeltacht and welcomes the opportunity to discuss opportunities for growth in the indigenous production sector.

The Importance of Independent Film, Television and Animation Productions

The indigenous film and TV production sector, is a creative industry and an important strand of Irish 'arts'. It makes a significant and positive cultural and economic impact on Ireland. It allows us to create and preserve our cultural heritage in a format that has mass appeal and is viewed by large audiences both at home and abroad. Indigenous productions capture and promote our national identity and chronicle what it means to be Irish. Irish films reinforce our reputation as a creative nation of storytellers and market 'brand Ireland' abroad.

Furthermore, film and television productions take a snapshot of contemporary culture as well as preserving our cultural heritage. Indigenous productions embrace the potential to engage young people in the expression and dissemination of Irish culture. The *Remembering 1916* celebrations benefitted from many high-quality indigenous productions which helped frame the national mood and generate public interest and discourse on the events being remembered. Recent Oscar successes of films created by strong Irish talent increase awareness of the creative talent available in Ireland and bring Ireland to life on screen for international audiences.

Indigenous productions are also economically beneficial to the state. Independent producers and production companies employ several thousand people and are an intrinsic part of an ecosystem that nurtures the type of creative talent that attracts big-budget productions. TV drama has spent an average S481 expenditure of €100m per annum in the past three years. Film productions also made a substantial contribution to the economy in 2014 and 2015 with €41m per annum of S481 expenditure. Animation averaged €30m per annum in the same period.

In 2010, an exit survey of tourists leaving the country found that 20% of tourists indicated that films influenced their choice of Ireland as a destination. This shows that Irish films also have a significant positive impact on tourism levels.

A full assessment of the economic impact of the audiovisual sector has now been jointly commissioned by the Department of Arts, and the Department of Communications and SPI believes that the findings will further highlight the economic significance of the sector.

How can Culture 2025 Support Growth in the Audiovisual Sector?

The indigenous production sector has grown in recent years but there is considerable potential for further growth. The sector is currently fragmented in its approach to tackling the obstacles it faces. We believe it requires a comprehensive vision to ensure it realises its potential as we move from a period of recession to one of economic growth. The culture 2025 engagement process represents an opportunity to create this vision using the framework.

The Culture 2025 plan needs to be more specific in order to have a tangible impact. The next stage of this process for the AV sector must be to act as a catalyst for the creation of a vision for the industry. An all-industry approach to developing a strategy to foster sustainable growth and assist indigenous companies to scale up to a level where they can compete internationally is necessary. It is a chance for all stakeholders in the audiovisual sector to come together to produce a collaborative plan for growth.

Much more could be achieved by working together to maximize resources and foster a more collaborative set of relationships to the benefit of the sector as a whole.

Industry stakeholders require an impetus to agree a collective vision for the sector and decide action points. Issues affecting indigenous producers fall within the remit of a number of Government departments; Arts, Communications, Jobs and Finance. This forum should incorporate representatives of each Department as well as representation from the various stakeholders in the sector. This would allow all sides to discuss issues and solutions collectively and to gain a more comprehensive understanding of the needs of each stakeholder grouping and the synergies and opportunities that exist.

Culture 2025 should provide this forum to bring the stakeholders in the audio-visual sector together to produce this vision, something for the industry as a whole to work towards.

SPI would like to see this incorporated into the Culture 2025 Framework.

Other relevant issues for the sector

Irish Film Board Funding

During times of difficult economic circumstances the value of the Arts can often be overlooked. This was particularly evident in the funding cuts to the Irish Film Board.

Between 2008 and 2014 capital funding for the Irish Film Board has been reduced year on year. The percentage decrease in the period amounts to over 40%. The current IFB Oireachtas grant is €11.7M. This compares unfavourably with Northern Ireland Screen's annual investment in production which is budgeted at €16.3M (STG€11.7M) covering a much smaller territory.

The negative effect of these budget cuts on the film and television production sector has been significant. It is particularly so for the indigenous film makers who provide much needed work and opportunities for Irish creative talent. It is crucial that Irish Film Board funding is reinstated so that Irish producers can compete on a level playing field with their international counter-parts.

There is a strong economic argument for increasing IFB funding. In 2014 the Irish Film Board invested just under €10 million in production activity. This permitted Irish producers to leverage this funding thereby generating production expenditure of over €42 million in relation to IFB funded projects in that year. The reinstatement of the Irish Film Board Oireachtas grant to €20 million p/a would permit Irish producers to leverage funding and increase production expenditure to €84 million, thereby increasing the number of jobs in the film and television production sector.

The Significance of our PSBs

It is imperative that policymakers understand the importance of our Public Service Broadcasters to the independent production sector.

RTÉ and TG4 through their cultural programming, bring the arts into every home in the country. Cultural and historical programmes make the arts accessible to every citizen. RTÉ is synonymous for its contribution to current affairs and public discourse but its contribution to Irish culture is just as significant. This was particularly evident in the Remembering 1916 celebrations where cultural expression and Irish story-telling were at the heart of the RTÉ and TG4 commemorations programming.

An adequately funded PSB system is essential for a healthy indigenous production sector. Security of funding allows RTÉ to commission independent productions. This, combined with IFB funding, ensures an active independent production sector which allows Irish creative talent and producers to gain experience and skills. RTÉ and TG4 act as an incubators for Irish producers and production talent. Independently produced programming funded by RTÉ and TG4 are an essential component in the development of the sector.

The audiovisual sector is currently experiencing many disruptive challenges in the form of new technologies and changes in consumption patterns. Viewing patterns are increasingly favouring on-demand content via internet streaming over traditional cable viewing. Ireland's public service broadcasters needs to be adequately resourced to adapt to this new environment. They are competing on a global scale with well funded channels that can offer a constant stream of new programming to their audience. RTÉ and TG4 will not be able to compete with these new challenges without adequate funding. Indigenous producers must also adjust to meet the rapidly changing demands and opportunities being created in the industry. It is vital that they benefit from the incubation assistance of a strong PSB so that they can scale up to level where it is possible for them to compete internationally.

Government must act now to provide security of funding to RTÉ. The current TV licence fee is no longer fit for purpose. Consumers are moving from traditional television viewing to streaming content from digital platforms. In 2009, 2.5% of Irish households did not have a TV. That figure has now increased to 8%. As this trend continues, the funding pot available to our public service broadcasters will continue to decrease.

In addition to the 8% of households now without a television and therefore not obligated to purchase a TV Licence, Ireland has one of the highest TV Licence Fee evasion rates in Western Europe. It is currently estimated to be 13.7%, amounting to €40 million per annum.

The current structure of imposing a fee for public service broadcasting based on TV ownership is outdated and must be changed to reflect the impact of new technology on consumption patterns. A Household Media Charge would eliminate the TV Licence Fee evasion issue and ensure our Public Service Broadcasters have a stable funding base.

SPI supports the introduction of a Household-based Media Charge. Without it the State is incubating a far bigger problem which will ultimately result in a diluting of the strength of our national public service broadcasters. In this era of Globalisation, we have never been more in need of a strong public service broadcaster.

We were disappointed when plans to introduce the Household Media Charge were dropped from the Government agenda. SPI believes that this will have a progressively adverse impact on the amount of funding available to public service broadcasters and, consequently, to indigenous producers.

SPI is calling on Government to reconsider this issue and to replace the TV Licence Fee with a Household-based Media Charge.

Furthermore, in recognition of the positive cultural impact of Irish films, we are calling on government to introduce a film policy in RTÉ. In contrast to most European countries, Ireland has no legislative or regulated commitment from its' national broadcaster to spend a minimum amount on locally produced films. This places Irish producers at a competitive disadvantage and results in fewer Irish films being made. SPI proposes that 1.5% of RTÉ revenue allocated to the Television Integrated Business Division in the preceding financial year, and in any case no less than €2.5m per annum, be allocated to spend on Irish feature films and feature documentaries.

Section 481

The Section 481 tax credit is absolutely essential for indigenous producers to be able to compete internationally. Ireland has a long history of supporting its film and television sector through fiscal incentives, dating back to 1980. Budget 2016 improved the current film and TV tax credit, Section 481, by increasing the cap from €50m per project to €70m per project. This was a very welcome development and a positive indication of the Government's support for the industry.

Section 481 is crucial to attracting incoming productions and has a constructive impact on the creation of high value jobs. This activity contributes to Ireland's reputation as a global hub for high-tech digital and creative content. The result is that Ireland has become an attractive location for incoming film and television production whilst also supporting indigenous production. It is imperative for the Irish film and television industry that a fiscal incentive is maintained and modified as required to keep pace of international market conditions.

SPI is calling on Government to extend Section 481 beyond 2020 to take account of the long lead time required in the production sector.

Conclusion

There is no doubt that, despite the funding cuts and difficult economic circumstances which the indigenous production sector has experienced, it has evolved into a vibrant industry with a sophisticated infrastructure of production companies, studios, service companies and personnel. All of this provides valuable employment in the Irish economy.

Culture 2025 now provides an opportunity for the sector to take it to the next level by creating a vision for how we see it growing and to decide on an all-industry approach to allowing the sector to achieve its full potential.

In order to provide the type of environment necessary for production activity to increase it is essential that key stakeholders such as RTÉ, TG4, the Irish Film Board and the Broadcasting Authority of Ireland embrace a collective vision and work in tandem to achieve its goals.

Audiences want high quality programming available on demand and they expect to access global content from their living rooms. Ireland's public service broadcasters, the Irish Film Board, the BAI and other stakeholders must meet the challenge to grow the industry and the audience. This is the only way that we will build a dynamic and sustainable industry that is capable of making its mark on the world stage.

Screen Producers Ireland looks forward to continuing our participation in the Culture 2025 process. We believe that in order to 'put culture at the heart of our lives' Government must create an environment in which the producers of cultural and artistic content can flourish. In relation to the indigenous production sector, the key to creating this environment lies in protecting our PSBs, increasing IFB funding, extending the Section 481 tax credit and insisting on stakeholder collaboration to grow the industry.

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REPRESENTING INDEPENDENT FILM, TELEVISION,
ANIMATION AND DIGITAL PRODUCTION COMPANIES

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Perspective

77 Merrion Square, Dublin 2, Ireland
Tel: + 353 (0)1 662 1114
Web: www.screenproducersireland.com