



Animation Ireland's opening statement to the Select Committee on Budgetary Oversight

12/10/2022

Chairperson and members of the Committee, on behalf of Animation Ireland we thank you for the invitation to appear before you this evening to discuss the Film and TV Tax Credit, S481.

Animation Ireland welcomes the recent announcement of the extension of S481 to 31st December 2028. Animation is a global business and is expensive to produce. Animation projects are in planning many years in advance of production and distribution, during which time decisions are made with regard to locating productions. Irish producers attend markets and festivals all over the world to pitch their projects and to raise finance. This announcement will give certainty to our members in the financing and production of animation projects.

Animation Ireland is the representative body for the animation industry on the island of Ireland, with forty two member studios, employing over 2,500 people full time. The sector is well spread geographically with members operating in all parts of the island.

There are established creative hubs in Belfast, Galway and Kilkenny and other members are located in the counties of Clare, Cork, Derry, Offaly, Louth and Roscommon. Members are producing 2D and 3D animation for television and feature films and Immersive content for the domestic and international market. The mix of our inherent national creativity and business acumen, coupled with our S.481 Tax rebate, has created a fertile ground in which the animation sector is growing exponentially.

Animation Ireland members produce award winning, globally celebrated animation that is viewed in over 180 countries and territories worldwide, building companies of scale, creating high-value, all-island and regionally spread investment and employment, embracing new technologies and nurturing Ireland's culture on screen.

Animation Ireland comprises a range of companies, from one or two person operations running “ideas factories” to large scale studios employing hundreds of animators, working in both the Irish and English language. The unique regional spread of companies was aided by the regional uplift and Animation Ireland would like to express its disappointment that this incentive has not been extended as our members were poised to bring even more jobs to more areas of Ireland.

Animation Ireland operates at the centre of a very sophisticated ecosystem and has regular engagement with broadcasters, state funding agencies, Revenue, European funding and state investment agencies. Animation Ireland has also, working in tandem with the industry, developed and implemented training programmes that are opening the doors to many young people whose addition to the workforce will sustain the growth of the industry in the coming years.

Section 481 plays a critical and essential role in the animation sector in Ireland. Animation is a global and competitive business, it is labour intensive and expensive to produce. Other jurisdictions offer a variety of regional and national tax credits often exceeding our own S.481 and if Ireland is to remain competitive it is essential that our tax credit is retained.

The animation industry in Ireland comprises two major components: service work, producing animation for international partners by way of foreign direct investment, and own through our own IP story development. Most Irish animation studios attempt to find the balance between service work, which affords companies the ability to build their studios and gain expertise, by working with the major animation financiers and broadcasters and through reinvesting that expertise and capital into developing our own stories. The animation industry in Ireland has proven itself to be remarkably successful in both endeavours.

Over the last number of years, Ireland has been home to some major productions such as The Bob’s Burgers Movie; The Cuphead Show; Vampirina and Zog & The Flying Doctors. These productions alone saw investments in Ireland of tens of millions of euros and served to showcase Irish creative talent.

It is not only international stories that are told by Irish studios. Section 481 also supports "indigenous production". Recent examples include *WolfWalkers*; *Two by Two: Overboard!*; *Jessy and Nussy*; *Kiva Can Do!* and *Pins and Nettie*.

There is a strong competitive environment for "inward production" or Foreign Direct Investment in the locating of animation TV series and Film productions in EU Member States. Ireland has and continues to punch well above its weight and many studios get their start by taking on service work therefore gaining the experience to develop, pitch and produce their own projects.

The growth of major SVOD (subscription video on demand) streaming services including Apple+, Amazon Prime Video and Netflix over the last ten years has meant that the demand for content has never been greater. This has provided both opportunities and threats for our industry. On the plus side there are well resourced customers seeking content but on the downside many SVODs insist on retaining 100% of the Intellectual Property (IP) in the content.

The ability of Irish producers to bring Irish financing to a project in the form of our S.481 Tax Credit and broadcaster and screen agency investments, is absolutely critical to the Irish studios' ability to retain IP. The funds generated from IP are then invested in the development of future projects, securing jobs, building companies of scale and creating a virtuous circle of investment for companies. S.481 is an essential element that balances our inherent small domestic market and affords Irish companies the ability to operate at a level that secures long term, sustainable investment and growth in the industry, right across the island of Ireland.

Screen content plays a vital role in how Ireland is perceived abroad and is an essential element of our cultural exports and the projection of Ireland's "soft power" abroad. Without indigenous content Irish audiences would not see their stories reflected back at them on screen and our diverse storytelling voices would simply not be heard. Without S.481 our domestic market simply would not have the resources to bring our stories to the world.

Any review of Section 481 must of course include a demonstratable financial analysis for the tax payer but it must also include a full recognition of the cultural dividend of screen content production, made in Ireland for Irish and global audiences.

Thank you.