

## Committee on Budgetary Oversight

### Department of Tourism, Culture, Arts, Gaeltacht, Sport & Media

#### Opening Statement

Good evening Chair and members of the committee. On behalf of the Department of Tourism, Culture, Arts, Gaeltacht, Sport & Media, I thank the committee for this evening's invitation. I am Mary Nash, Principal Officer in the Arts, Film and Investment Unit of the Department. With me is my colleague, Anthony Donnelly of the Film Unit. We welcome the opportunity to discuss the certification of productions for Section 481 tax credit and provide assistance to the Committee.

Almost all member states of the European Union offer tax incentives for the development and promotion of their audiovisual industries. Australia, New Zealand, Canada, the United Kingdom as well as many individual States in the USA also offer incentives to internationally mobile film productions.

In Ireland, we have had a film tax relief since the 1980s. Over the years, the tax relief has been modified many times. 2019 witnessed the most significant changes in the relief in a generation, placing the emphasis firmly on individual and industry skills development.

The examination of the qualifying conditions for Section 481 is undertaken by the Film Unit of the Department. Before a Section 481 certificate can issue, officials carry out a range of tests including an industry development test, a culture test, a producer company and track record test, a check on dates of commencement, length of production, a category test, checks on the budget and a State Aid compliance test.

An application for Section 481 is only made after a project has spent a long time, often years, in preparation. All financing must be in place and provided to the Department along with an itemised budget, a full script, a person days schedule listing the individuals who will work on the project, the number of days, their payments, a detailed training plan agreed with Screen Ireland when eligible expenditure is over **€2m** and many other documents. As a result, it is to be expected that the failure rate would be low or non-existent. Over the past seven years, **27** projects were formally refused a certificate and of these **17** were deemed to have met the conditions at a later date and subsequently received a certificate. The Department provides advice to potential applicants in advance of application if requested and also expects applicants to address issues with applications.

In 2019, the industry development test was changed, inter alia, to place a specific targeted emphasis on creating a highly skilled audiovisual workforce. The old training system was replaced and the focus is now placed on upskilling, training and life-long learning with individual participants being upskilled at all levels. Our brightest and best are given opportunities to shadow internationally acclaimed film directors, producers and other lead creative roles. This is a pre-condition of receiving a Section 481 Certificate under Section 481 and it has been a game-changer over the past **3** years. Other EU countries having expressed

admiration for this model of structured skills training linked to the tax credit are seeking to emulate it.

In the period 2020 to 2022, **317** Certificates were issued to **124** different producer companies. The **317** Certificates included **85** for Animation Projects, **78** for films, **91** for TV drama and **63** for Creative Documentaries. **69** of the **124** producer companies received a Certificate for just one project, while **9** companies received certificates for **6** or more projects. Of note is the **29** Certificates issued in respect of VFX. In recent years, growth in post-production, VFX (visual effects) and SFX (special effects) has seen Ireland emerging as a leading hub, underpinned by a highly-skilled talent pool. Irish VFX work is now globally recognised, competing at the highest levels internationally and nominated for BAFTAs, Emmys and Visual Effects Society Awards.

To pass the Culture Test requires a project to meet at least 3 of 8 criteria. Over the past 3 years, **78** projects (25%) passed 3 criteria, **82** (26%) passed 4 criteria, **87** (27%) passed 5 criteria, **58** (18%) passed 6 criteria and **12** (4%) passed 7 criteria.

As a dignity at work programme, the Department is rolling out the 'Safe to Create' initiative that aims to eliminate damaging behaviours such as bullying, harassment, humiliation and victimisation from the audiovisual sector and indeed from all creative workplaces. We have developed three online courses - tackling Bullying & Harassment, Unconscious Bias and Bystander Intervention training. These are being incorporated into the Section 481 upskilling system with the intention that everyone in the industry will undertake all three courses.

The Department's approach is consultative and collaborative, engaging, in concert with Screen Ireland, with stakeholders across the audiovisual industry. This approach was intensified during the pandemic years where industry fora were held (via zoom) on various issues including sustainability in the industry and increasing equality, diversity and inclusion. A process of engagement on copyright is planned to be undertaken over the coming months with inputs invited from all relevant stakeholders.

In Ireland, these productions are made possible only because of funding from Section 481. There is a symbiotic relationship between incoming productions and the indigenous industry with inward investment providing the key to developing the indigenous industry. Large incoming productions provide not only employment and investment, but bring a level of expertise and opportunities for talented Irish cast and crew to work at a level that would not otherwise be available in Ireland. Our audiovisual industry crucially supports the dissemination of Irish culture and language creating opportunities to export Irish culture on screen.

This overview touches only briefly on Section 481. We are happy to engage with questions.