

**Budget Oversight Committee, 24 January 2024**  
**Opening Statement, Deirdre Donaghy, Department of Finance**

My name is Deirdre Donaghy, I am a Principal Officer in the Department of Finance with responsibility for business tax, which includes the film tax credit. I am also joined by my colleague Ian Kavanagh who has responsibility for the film tax credit in his role as Assistant Principal in the division.

On behalf of the Department of Finance, I would like to thank the Committee for your invitation to discuss the Committee's Report on the section 481 Film tax credit, published in May last year. As the Committee will be aware, we appeared before it on two occasions during its examination of the tax credit, and we also followed with interest the Committee's hearings with a range of representative bodies in the sector.

The 14 recommendations contained within the report cover a number of themes and policy areas for which responsibility lies across a number of Departments that are present today, and indeed, recommendations for action by the Committee itself.

I will refer now to the main recommendations addressed to the Department of Finance, and will be happy also to engage in more detail with Committee members through the course of this meeting.

Recommendation 10 proposed an extension of, and amendments to, the regional uplift. The uplift was available in the 5-year period from 2019 to 2023. It was introduced as a short-term, tapered measure for productions being made in areas designated under the State aid regional guidelines, and its purpose was

to support the development of new, local pools of talent in areas outside the current main production hubs.

As discussed with the Committee in last year's meetings, there were impediments to the extension of the uplift in its existing form. The relief operated by reference to the Regional Aid map applicable at the time it was introduced. A new Regional Aid map has since been agreed, covering a significantly smaller geographic area, so this would no longer be an effective mechanism to target the additional support at areas outside the existing production hubs. An alternative, objective geographic indicator has not since been identified, therefore a policy decision was taken to focus on supporting and enhancing the standard film credit, which it is important to note provides a significant 32% support for qualifying productions in all locations nationwide.

Therefore, and having regard to the Committee's Recommendation 13, in Budget 2024, Minister McGrath announced an increase of the cap on eligible expenditure from €70 million to €125 million. This increase is of course subject to European Commission approval. This process is already underway as the amendment was notified to European Commission in December.

Discussions before the Committee last year included consideration of the Department of Finance's 2022 cost:benefit analysis of the Film Tax credit, including the information provided therein on the number of employments in productions supported by the credit, and the translation of this data to an estimate of Full Time Equivalent (FTE) employments. In Recommendation 12, the Committee proposed that, in future similar analyses, the Department should

provide data regarding the number of individuals employed on certified projects, and to provide data on FTEs excluding extras. We have engaged with colleagues in the Department of Tourism, Culture, Arts, Gaeltacht, Sports and Media in this regard, with a view to ensuring that robust data is collected from productions on these metrics, for analysis as part of future reviews.

I will turn now to the Committee's recommendations on issues relating to compliance with qualifying criteria, employment law and copyright law. Recommendation 1 proposed to reduce the proportion of the tax credit that can be claimed up-front in order to encourage compliance with the qualifying criteria. This would be a significant change to the long-standing policy approach to supporting audio-visual productions, and could have a disproportionate negative impact on productions with more limited funding options, including small indigenous productions. There are substantial, independent mechanisms in place to deal with issues such as breaches of employment rights or workplace health and safety concerns more directly and efficiently.

Although policy in these areas is not directly within the Department of Finance's remit, the film tax credit is a key support to the sector. Its objectives are to act as a stimulus to the creation of an indigenous film industry in the State, creating quality employment opportunities and supporting the expression of the Irish and European culture. I and my colleagues therefore meet with individuals from representative bodies across the full spectrum of the sector, with a view to understanding the issues arising and to assist in finding pathways forward.

This has been an ongoing process over recent years and has led to a wide range of actions, including the introduction of the undertaking on quality employment

and the requirement to provide a skills development plan for each project at the application stage.

There has been significant progress in relation to the terms and conditions provided to film workers over the last number of years through various union agreements, including modernised Crew Agreements for film and construction crew, and it is my understanding from engagement with worker-representative bodies in the sector that many of the current issues could be addressed through similar agreements.

Recommendation 14 relates to the setting up of a stakeholder forum for the sector. The Department of Tourism, Culture, Arts, Gaeltacht, Sports and Media, also represented here today, is in the process of setting up this forum, and officials from the Department of Finance will be taking part in the process.

It is important that parties on all sides of the issues being raised have the opportunity to enter discussions for the benefit of the Irish film industry, and it is my hope that this will be a constructive process.

I would like to thank the Committee again for their invitation to appear today, and I would be happy to engage with any further questions.