

DÁIL ÉIREANN

AN COMHCHOISTE UM TURASÓIREACHT, CULTÚR, EALAÍONA, SPÓRT AGUS NA MEÁIN

JOINT COMMITTEE ON TOURISM, CULTURE, ARTS, SPORT AND MEDIA

Déardaoin, 27 Bealtaine 2021

Thursday, 27 May 2021

Tháinig an Comhchoiste le chéile ag 12.30 p.m.

The Joint Committee met at 12.30 p.m.

Comhaltaí a bhí i láthair/Members present:

Teachtaí Dála/Deputies	Seanadóirí/Senators
Ciarán Cannon,	Malcolm Byrne,
Peter Fitzpatrick,	Shane Cassells,
Imelda Munster,	Annie Hoey,
Johnny Mythen,	Fintan Warfield.
Christopher O'Sullivan.	

Teachta/Deputy Niamh Smyth sa Chathaoir/in the Chair.

General Scheme of the Online Safety and Media Regulation Bill 2020: Discussion (Resumed)

Chairman: I welcome our guests and my colleagues. It is great to have them all here again for what will be a very exciting and insightful presentation. I have a bit of housekeeping to go through and I would ask our guests to bear with me while we do that.

This meeting has been convened with representatives of Screen Producers Ireland and the Joint Creative Audiovisual Sectoral Group as our ninth public hearing to discuss the general scheme of the online safety and media regulation Bill. I welcome the following witnesses to the meeting who will be joining us remotely via Microsoft Teams. I welcome Ms Susan Kirby, CEO of Screen Producers Ireland. With Ms Kirby is Ms Mary Callery, head of international with ShinAwil productions. I also welcome, from the Joint Creative Audiovisual Sectoral Group, Ms Birch Hamilton, executive director, Screen Directors Guild of Ireland, Mr. Ronan McCabe, CEO, Animation Ireland, and Mr. James Hickey, producer-consultant and former CEO of Screen Ireland.

The format of the meeting is such that I will invite witnesses to make opening statements, which will be followed by questions from members of the committee. As the witnesses are probably aware, the committee may publish the opening statements on its website following the meeting. Before I invite them to deliver their opening statements, which are limited to three minutes for each organisation, I want to advise the witnesses of the following relating to parliamentary privilege.

Witnesses are reminded of the long-standing parliamentary practice that they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable or otherwise engage in speech that might be regarded as damaging to the good name of that person or entity. Therefore, if the statements of witnesses are potentially defamatory of any identifiable person or entity, they will be directed to discontinue their remarks and I would ask them to do so. As our witnesses are attending remotely from outside the Leinster House campus, they should note there are limitations to parliamentary privilege and, as such, they may not benefit from the same level of immunity from legal proceedings as a witness who is physically present.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable. I remind members of the constitutional requirement that they must be physically present within the confines of Leinster House or the convention centre to participate in our public meeting. I will not permit members to attend unless they are adhering to this constitutional requirement. Therefore, any member who attempts to attend from outside the precincts will be asked to leave the meeting. I ask that members identify themselves when contributing for the benefit of the debates office staff preparing the Official Report and to mute their microphones when not contributing to reduce background noise and feedback. I ask that members use the raise hand button when they want to contribute. I also ask everyone joining today's meeting to ensure all mobile phones are on silent mode or switched off.

I invite Ms Kirby to make her opening statement on behalf of Screen Producers Ireland.

Ms Susan Kirby: Go raibh míle maith agat, a Chathaoirligh. I thank the committee for the

invitation to appear here today to discuss the importance of the online safety and media regulation Bill to the Irish independent production sector, and wider creative sector.

With more than 130 company members, Screen Producers Ireland, SPI, is recognised as the voice of independent audiovisual production in Ireland. SPI members are creative entrepreneurs who produce globally celebrated film, animation and television, creating high-value, all-island and regionally spread employment, fostering Ireland's media education ecosystem along with preserving Ireland's artistic heritage.

The Olsberg report of 2018 estimated the gross value added, GVA, of film, television, TV, and animation production in Ireland in 2016 at €692 million, with full-time equivalent employment at in excess of 11,960 jobs. No doubt these numbers have grown since then.

In this statement we want to focus on the audiovisual media services, AVMS, directive content levy provisions. The AVMS directive now allows EU member states to place financial obligations on audiovisual media service providers such as pay TV services like Sky and streaming video on demand, SVOD, services like Netflix. These financial obligations include levies and investment obligations. We welcome head 76 of the proposed Bill, which introduces a levy, and head 77 of the proposed Bill, which provides for the setting up of schemes to administer the proceeds of the levy to fund film and television projects.

In 2019, the chair of the Broadcasting Authority of Ireland, BAI, said:

The existing regulatory structure and funding model require an overhaul. As part of that overhaul, ways need to be found to ensure providers who take revenue from the Irish market give something back in return, in terms of appropriate content or otherwise.

Last week in this committee, the major Irish broadcasters – RTÉ, Virgin Media and TG4 - all spoke in favour of bringing in the levy which we feel is important to recognise here today.

As we set out in our pre-legislative scrutiny submission, we believe these issues can be dealt with through the implementation of the AVMS directive without delay. Levies at a minimum of 3% to 4% should be applied to pay TV and video on demand, VOD, services turnover and to television advertising, including opt-out advertising, on services targeting Irish audiences. A commencement date for the levy's collection is set in the legislation. This date should be 1 January 2023. This should mean the revenue from the levy could be shared with Irish content makers from 2023. The BAI should hire a specialist staff member without delay to begin work on the levy as part of its transitional work from the BAI to the media commission and to work on the collection system for the levy and on the administration of the production fund.

Crucially, all applications to the fund should be done through an independent Irish production company to ensure the investment is spent on original Irish content and supports original content creation by Irish creatives. Intellectual property, IP, ownership should be retained with the Irish producer as a condition of the fund.

We would ask that the committee members strongly consider including these recommendations in their report to the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media on the legislation. Introducing the content levy without delay will create new funding possibilities for Irish producers to create original Irish content for Irish audiences and increase the amount of Irish stories online without any additional cost to the Exchequer.

Chairman: I thank Ms Kirby. She has given a very good insight. The numbers employed

in the sector are impressive and, as she said, are growing. They have gone from strength to strength, prior to the pandemic, of course. I am sure that will inspire a lot of questions from the members. I now invite Ms Hamilton to address the committee on behalf of the Joint Creative Audiovisual Sectoral Group and I understand that Mr. McCabe will be playing a video shortly afterwards for the members following that statement.

Ms Birch Hamilton: I thank the Chairman. The Joint Creative Audiovisual Sectoral Group welcomes the opportunity to talk with this joint committee with specific reference to the proposed levy scheme in the general scheme of the online safety and media regulation Bill. We believe this levy could seed a national media creative content fund that will stimulate the audiovisual creative industry, allowing the Irish production sector to compete internationally by bringing stories to a global audience and in so doing, creating and sustaining additional high quality jobs and cultural capital.

Audiences are consuming high-quality, high-budget content, with exponential growth in the subscription video on-demand sector with Netflix and Disney Plus the market leaders. The budgets required to compete with this content are impossible for the indigenous sector to fund on its own. A content fund can become an enabler of this quality programming, as Irish producers will be in a stronger position if they approach the international market with a greater proportion of the budget already in place. This would transform the industry here in Ireland and, combined with existing funds, for example, from broadcasters and section 481, would deliver the additional funding required to compete at the highest level.

The national media creative content fund would support Irish independent producers to develop and produce a range of high-end Irish programming aimed at both the domestic and the international markets. Recent examples would be Golden Globe and BAFTA-nominated “Normal People” and Golden Globe, BAFTA and Academy Award-nominated animated film “Wolfwalkers”. These projects used Irish production companies, directors, composers, crew, writers and post- production facilities. Such projects supported by this content fund would be authentic and relevant to Ireland, but with international appeal.

It would be mandatory that all qualifying projects be owned or co-owned by Irish independent producers. This will retain the intellectual property, IP, with the producers, allowing them to build a catalogue and a set of assets and thus to expand. The downstream benefits of retaining IP cannot be overstated and it is how the Scandinavians and the Israelis have transformed their creative industries.

There would be an emphasis on projects which will be carried on online platforms and players, as well as on more traditional broadcasting channels. This will allow this content to be consumed by younger audiences. A national media creative content fund would allow the Irish creative sector to develop its own distinctive brand based on what Ireland is best known for, namely, its people, its warmth and its scenery. There are huge downstream benefits to the Irish economy from an Irish audiovisual brand. Visiting the locations of “Game of Thrones” is the single biggest tourist attraction in Northern Ireland.

We recommend that thought be given to establishing the national media creative content fund on the west coast of Ireland. The benefits of the fund are as follows: it preserves Irish storytelling against huge international competition; it encourages Irish and international broadcasters and platforms to fund Irish productions; with Irish independent producers retaining IP, and it allows these companies and the industry to grow and prosper. Ireland has a unique position as an English-speaking country within the EU and can produce series in English that are far

more attractive internationally. In addition, high-end, high-budget programming employs large numbers of highly skilled people on both a full-time and contract basis; and there are also very significant downstream benefits in tourism from Irish-based series.

The national content creative sector believes that there is significant untapped potential within Ireland and we look forward to engaging with the committee to discuss these issues further.

As I have already said, we have a video which we have made especially for all members here today, which explains this far better by utilising the craft of our writers, directors, and composers. I thank the committee.

Mr. Ronan McCabe: I thank Ms Hamilton and I will play the video now. I am not a tech person and I will go through my checklist to ensure that we do this properly. I will now play our video, “The Power of a Levy”:

This is a story of a small island on the edge of Europe whose writers, directors, producers, animators and composers have claimed their place on the global stage with the calibre of their output, world-class content that stands beside any international offering but this powerhouse of creativity and output is under threat. The dominance of global streamers and pay TV services is putting our audiovisual sector in an extremely vulnerable position. The speed of the growth is jaw dropping.

The numbers make for uncomfortable reading. The stakes could not be higher. Our ability to tell our own stories is being eroded, download by download. The EU recognises the urgent need to address this situation and has responded with the audiovisual media services directive, which allows member states to introduce financial obligations on global media service providers. We are advocating a content levy on streamers and pay-TV services targeting Irish audiences to generate a fund ring-fenced to produce new Irish stories rooted in our culture. This is not a consumer tax. It is a give-back from global streamers and our European partners have already paved the way.

Even a small percentage of a levy could generate €20 million a year unlocking an additional €100 million in production funding per annum. That is €500 million over the next five years. That would mean more jobs, more tourism and more great Irish stories going out into the world but we must act now. Ireland needs to implement this content levy as a matter of urgency or the sequel to this story will not be written by us.

I trust that the video played okay.

Chairman: I thank Mr. McCabe, whose video was excellent. I am a great believer in a picture painting a thousand words and that has been achieved so eloquently and in such a sophisticated way in his video. I thank him for going to the trouble of making it for our committee and presenting it to us.

Without further ado I will move to our members, who will have a slightly longer time of five minutes for both questions and answers. I ask members to be mindful of that and to give our guests as much opportunity to respond to the questions as possible. I ask members therefore to keep their questions as precise as possible because this is an area of great importance for the industry. I call Senator Cassells first to speak and he has five minutes.

Senator Shane Cassells: I thank the witnesses for their presentations. A number of years

ago when I was a member of Meath County Council, in another life, a Labour Party councillor called Eoin Holmes, a very creative and eccentric man, was involved in television production. One day I asked him about the costs of producing a particular piece of drama. When he set out the costs, it blew my mind. Could Ms Kirby give us a synopsis of the costs involved in producing a piece of original Irish television drama?

Ms Susan Kirby: It is an excellent observation. The cost of production is key to the business model. It is a very competitive space. As a producer on the ground, my colleague Mary Callery might like to speak on this point. It is a bit difficult. It is a bit like asking what the cost of a car is. It depends on the car one wants to buy. It depends on the production one wants to do. Is it an episodic piece, a feature film or a short? Suffice to say that the funding requirement or model for funding the costs is essentially a patchwork sought by the producer as part of the production. One is essentially drawing funding from numerous sources. In Ireland, one is looking at the well-known sources of funding, which would include RTÉ, the major broadcasters, Screen Ireland, section 481, the Arts Council in some cases, the BAI and in some cases, the western region audiovisual producers, WRAP, fund for regional funding. Essentially, the role of the producer is to source all of that funding. The costs have grown exponentially in the past number of years based on inflation. In this period, we also have seen significant costs related to Covid. To maintain quality and fair remuneration as part of the overall equation, the costs are very significant when it comes to competing globally. The role of the producer involves drawing down the funding. Of relevance to the conversation today is the fact that we see the content levy as an additionality to that patchwork of funding. We see the content levy as an opportunity to introduce new funding to the sector. Ms Hamilton referred to “Normal People”. Obviously, we celebrate “Normal People”, the producers of which, Element Pictures, are members of Screen Producers Ireland. We are very proud of that but there are “Normal People”-type projects that did not get made and that all of our producers have sitting ready to go.

Deputy Shane Cassells: Could I jump in on that point? On the other pieces that did not get made, I was trying to ascertain how much in general a programme costs. Looking at the income streams since I had that conversation with Eoin Holmes over the past ten years or so, we have seen it fall from a high of €80 million in 2007, in terms of what RTÉ would have spent on independent production, to around €40 million. Looking at one of its last reports, it stated that approximately 732 pitches for television programmes from independent production companies were made to it, of which 121 were made. This equated to 428 hours of television. How many good-quality pieces do not make it to the screen?

Ms Susan Kirby: It is really significant. The Senator’s points illustrate clearly where the challenge is. The level of funding available to broadcasters in the sector has decreased from a high of €80 million to a €40 million investment in the sector through RTÉ and Circuit 24 from TG4. At the same time, their traditional advertising revenues are declining and streaming video on demand’s share of the market is increasing exponentially. What we require is increased funding in the sector overall. We see the content fund as part of the infrastructure of that funding. We estimate that on the basis of 3% of a content levy, which is not at the more ambitious scale that it could be, it could inject €23 million back into the sector and about €100 million in overall economic return. Obviously, that would grow over the course of the years, so we would advocate strongly for that.

Deputy Shane Cassells: Could I redirect the question about the levy to Ms Hamilton? Before I finish, I wish to give a shout out to the independent radio productions as well, because they receive significantly less than independent television productions and there have been

some significant ones such as Second Captains and items like that on Radio 1. Ms Kirby said that a minimum of 3% could yield €23 million. The video we just saw mentioned €20 million. In her submission, I think Ms Hamilton said that 2% could raise €10 million. What is the methodology behind this? Is there a firm amount that is agreed upon by the sector? If so, how did it come up with that particular figure because, as has been said, it is trying to introduce a new strand of funding?

Ms Birch Hamilton: I think my colleague Mr. Hickey could speak to that. We have done various amounts of levels that it could be, based on what they are doing in Europe, so it is a 2%, 3% or 4% levy. It depends on the percentage we pick. It is what Ms Kirby noted earlier, which is it would create a €20 million fund that would unlock a further €100 million in total. This could then create productions from there.

Deputy Shane Cassells: The point was made that it is not a consumer tax and I very much agree with that. Depending on the point at which the levy is set, these paid-for services may pass it on, as we can see. Every year, people get an email around Christmas telling them the cost of their subscription has increased. Have the witnesses seen examples of that in other countries where this levy has been introduced?

Ms Birch Hamilton: There are two points here. It is becoming a very competitive market for streamers and platforms because far more of them are appearing so becoming competitive and remaining competitive are very important. We do not believe it is possible for subscription video on-demand, SVOD, or transactional video on-demand, TVOD, services to increase their subscription models. They could try to pass it on to consumers but as it is a very competitive market at present, we do not believe that is viable.

Deputy Shane Cassells: Staying with that point about remaining viable and competitive-----

Chairman: I have given Senator Cassells as much latitude as possible. I have to move on. We might be get to bring him back in.

Deputy Johnny Mythen: Some of my questions have already been asked. How important is it to incorporate retention of IP into the proposed national creative content fund and the Bill? Do the witnesses think the promotion of indigenous media benefits the tourist industry? Could they give me an estimate of the amount of funding the proposed entity would involve? What would be the real benefit of this for Irish citizens? How important is it to have a regionally-based film-making focus outside of Dublin? How is this working at present?

Mr. Ronan McCabe: Is it okay if I answer that question?

Deputy Johnny Mythen: Certainly.

Mr. Ronan McCabe: Owning one's IP is the only way one can build a company of any substance. One generates one's own ideas and if one owns them, that translates into revenue. If one takes one's project abroad, one generates revenue from one's own IP, which is then reinvested in the development of the next idea and the next project. That secures jobs and creates new jobs. Animation alone employs more than 2,000 people. Those jobs tend to be long term and in many cases are permanent.

On the point regarding the regional side of things, animation is spread across the country. There are big animation hubs in Galway and Kilkenny, as well as in Dublin.

The retention of intellectual property, IP, creates a virtuous circle, rather than Irish companies becoming glorified outsourcing companies for international players. It also leaves a legacy of training, upskilling and career development. How it works in the context of the content levy is that the more finance an Irish studio can attach to a project before bringing it to the international market, the greater the amount of rights the Irish company can retain. It gives a bigger negotiating strength if one is bringing more funding to a project. This fund would help to achieve that.

As regards the tourism side, my colleagues in the live action sector can address it more than I can, but just as it relates to animation, we are currently considering devising an immersive experience for tourists to capitalise on the popularity of Irish animation. That would showcase animation and Ireland.

Deputy Johnny Mythen: Will the levy help to get the likes of Netflix, FuboTV and Disney to collaborate with production companies in Ireland on new productions? Is there room for smaller production companies to get noticed in this new endeavour?

Mr. Ronan McCabe: There is definitely room for smaller companies to get noticed because we envisage this fund will be a contestable one, so it will not be just for the big players, it will be for anybody who wants to invest in it. As regards Disney and the other players, it just means that if one gets one's ideas financed, one can pitch it to those companies. However, I do not know whether they would invest.

Ms Susan Kirby: I will jump in to respond to the further questions relating to tourism, the regions and Irish citizens. First, I fully endorse the point made by Mr. McCabe in respect of IP. It is the cornerstone of the development of a sustainable, globally competitive sector. I fully support his points in that regard.

From my point of view and that of Screen Producers Ireland, we have seen brought to life the real impact that place making and destination building can have in connection with productions such as "Game of Thrones" and "Star Wars" filmed in Ireland. Someone mentioned to me that one cannot get a booking in Lahinch on the back of "Smother" having recently been broadcast. I believe one cannot get a booking anywhere in Ireland and more power to them. I know the committee sits over some very challenged sectors in terms of tourism, the arts, culture, entertainment and hospitality. This absolutely has the ability to place-make for Ireland. It is being done all over the world and it is something in respect of which Ireland can really compete. There is already a lot of work happening between the tourism agencies and the kind of outward-facing agencies for Ireland Inc. We advocate very strongly that this has a wider impact than the immediate economic impact, but also what one sees on the ground when the big productions arrive. Members will have heard of the Disney production being filmed in Enniskerry. The film crew are buying coffee from the coffee shops there and staying in local hotels. There is an immediate impact on the ground. It is a very substantial tool for Ireland Inc. to promote itself.

In terms of the Irish citizen, it is so important that we see stories that represent ourselves and that we see ourselves on screen. We certainly have the artistic and creative talent to create those stories, direct them and compose the music to attach to the story. We strongly believe it is a part of our citizenship and nationhood to have the ability to tell those stories. The Deputy made a very good point regarding access. Key to this is that the independent Irish producer would be the one drawing down the funding or accessing the content levy. To bypass them would be inconceivable because that would mean there would be direct access to the fund and then the smaller producers and other producers would not benefit. Realistically, that is a protection for

the sector.

Mr. James Hickey: I will explain one thing relating to cost, which was asked about by the previous contributor. It is worth saying that indigenous television drama, even at the modest level, costs in the region of €1 million per episode to make. That gives a sense of the scale of money that is needed in terms of investment. That is why a fund of €23 million is really important in terms of what can be done. Television drama costs a minimum of €1 million per full episode. A modest feature film will cost between €1.5 million and €2 million. That is the scale of expenditure involved. These productions create significant jobs and significant numbers of people are employed on them. That is how it works.

On the question regarding calculating the levy and from where the figures are coming, Indecon produced a detailed report, which was commissioned by the committee on which I have the honour to serve and on behalf of which Ms Hamilton, Mr. McCabe and I are speaking. The report gives a detailed presentation of the alternatives and how much a levy would create. It provides alternatives based on, for example, a levy of 2%, 3% or 4%. The various figures are given in detail by Indecon and I hope all members of the committee have that report which shows exactly how much money can be raised.

Senator Annie Hoey: I only have one issue to raise. Obviously, the whole point of this is around the levy and so on. Last week, Sky Ireland told the committee the levy would be a tax on consumers. I think it is fairly obvious from what the witnesses have said today that it would simply claw back some of the revenue that leaves here for these international offices. I suppose the representatives of Sky Ireland were kind of implying that it is like double taxation. My understanding is that all three domestic broadcasters support the levy. Do any of the witnesses wish to comment on that? When language such as double taxation and so on starts being used, the narrative becomes very confusing and messy. I think I am correct in my understanding that the money is simply going somewhere else and, as the witnesses have clearly outlined, we are not availing of it. Do the witnesses wish to respond to those remarks that it is double taxation or that we do not need to tax them because they are already paying it elsewhere?

Ms Susan Kirby: I am happy to respond on that point. It is an excellent question. In my opening statement, I referred to the fact that we were obviously really pleased to see there is real commonality in the sector around the importance of the levy, its introduction being expedited and that it has ambition. I refer to some of the features we have mentioned around IP and the Irish producer having access to the fund. It is important to note that TG4, Virgin Media and RTÉ are of one mind on this. I appreciate the opportunity to say that in my opinion, the picture painted last week by Sky Ireland is plainly wrong. This is not a tax on either the service or the consumer; it is a give-back - I think that is the language used in the video - that may bring that to life. A 3% levy on the €600 million revenue gathered by Sky Ireland would deliver €18 million to the sector. It is really about Ireland aligning itself with what is happening in the EU. This is already in place in various territories in the EU. It is about significant revenues that are being generated leaving the country but which could support Irish creative talent and storytelling. What is currently happening is that creative talents and storytellers are leaving the country. It is important that we correct the point made by Sky Ireland that it is double taxation and I appreciate the opportunity to do so. It is not. It is a giveback for the very substantial business Sky is deriving from this market. Mr. Hickey referenced something which is also important, namely the Indecon report, which maybe pointed towards this being very complex to bring in, as a further barrier to its introduction. I make the point that the Indecon report actually gives a number of options for how this could be introduced. Essentially, we are looking for a roadmap to that

introduction from the Department. That might include what the percentage is, which body will introduce it and what the timeframe for its introduction is. To reiterate the point I made in my opening statement, we would like to see some urgency around its introduction and suggest it should happen on 1 January 2023.

Ms Birch Hamilton: As Senator Hoey mentioned Sky specifically, just to give an example we estimate Sky's contribution would be very minimal because it would cost the equivalent of what it pays for two Premier League games. Thus it is really a small amount. On the words "giveback" or "tax", a levy may be a very abstract concept to the people in this group but it is a very real thing for our directors. I want to get across to the committee today that this actually a loss because we have given members scenarios of what could be gained here, that is to say, €100 million, but every day, every week and every month that goes by, that is a loss to our industry. It is jobs on which our directors, writer and composers cannot work.

It is disappointing, as someone who works with directors, to get on Zoom calls lately and see everybody in Los Angeles, Vancouver and London. I am happy for them because they are working on really substantial projects, like Marvel films, Disney films and BBC dramas, but I would really love to see Irish talent being able to work in their own country and to harness the raw talent of our creative industry to work in Ireland. One particular director I can think of is doing huge global shows with budgets of €6 million per episode. He has four children. It would be wonderful if he could tuck his children into bed at night because he has been working all over the world for the last five years. We are not being smart about investing in our own talent. We have the talent and we have the capacity to really build this industry, so it is just very disappointing to be on the front line and see the talent leaving. What happens when we invest in our writers and directors? We have "Normal People". Applications to Trinity go up for the first time. There is a boom in applications to Trinity. Sales of the chain worn by Connell, the lead character in "Normal People", exploded. There is a renewal of interest in Ireland again. Kim Kardashian is watching "Normal People". That is what happens when we invest in the talent. We are not doing that right now so there is a real tangible loss every day that goes by, which we feel on the front line. We need significant investment.

We were talking about costs there. Everybody was talking a couple of years ago about "Game of Thrones" being \$15 million for one episode and that broke the barrier. Now Disney Plus is averaging \$25 million per episode of the "The Mandalorian". That \$25 million is approximately more than the entire budget for Screen Ireland. Thus, we are not investing in any meaningful way. We are not at the table in any meaningful way to be able to compete globally and to be able to engage and co-produce.

Deputy Imelda Munster: I apologise for being late, and apologise if I ask any questions that have already been answered. I turn first to the Joint Creative Audiovisual Sectoral Group. How do the representatives envision the creative content fund operating? Would it do so in much the same way as the sound and vision fund, or what would be the main difference between it and the fund the group is putting forward?

The importance of producers retaining intellectual property rights over their work was discussed. Can the group comment on what the current norms are in the industry and how it would like to see them change?

Mr. Ronan McCabe: I can reply to the Deputy about the intellectual property side of things. It is very simple. The amount of investment an Irish producer brings to the international market dictates the extent to which such rights can be retained. It tends to be correlated - if a person

brings 10% of the funding, he or she ends up owning 10% of the rights. As Ms Hamilton was saying, we are not at the table financially because we do not have the amounts of money some of the international players have. The more money we bring as producers, the greater our bargaining power and leverage and the more money we can then attach to our projects and the greater the rights we can retain. Again, if we bring 20% or 30% from Ireland, we can retain 20% or 30% of the intellectual property. As I have said, that becomes a virtuous circle and flows back into the next development and the next production, retains jobs, creates new ones and brings new people into the industry so it is a win-win. At the moment there obviously is investment from Ireland into projects but it is at a fairly modest level so any additional funding we can attract makes our job easier, as producers. Irish producers have a great track record in going overseas. Those in animation are actually particularly good at it because it is impossible to fund an animation solely from Ireland because they are so expensive. It was asked earlier how much an animation costs. Animation costs, at the bare minimum, around €8,000 per minute. That would be the floor for a basic 2D animation for television. As Ms Kirby said, after that it is like asking how long is a piece of string: the sky is the limit. This is a creative industry but unfortunately, a lot of the time it comes down to finance. I hope that answers Deputy Munster's question.

Deputy Imelda Munster: I thank Mr. McCabe, that is interesting. On the creative content fund, how would it operate in comparison to the sound and vision fund? Does anyone have any ideas on that? What would be the main differences between it and the creative content fund the Joint Creative Audiovisual Sectoral Group is proposing?

Mr. James Hickey: First of all, what is very important and what we would like to see the fund doing in the future is something the sound and vision fund does not do, namely, fund the development of projects. The research and development investment into creative projects is a hugely important part of what will help the independent production sector in Ireland to develop projects. It must be a new, separate and different fund. The sound and vision fund is very much linked to broadcasters and to the television licence fee because it is a percentage of that fee. This new fund should reflect where the contributions are coming from, which would largely be from the pay TV and subscription services like Sky and Netflix. We want an ambitious fund for higher-end, high quality projects which require the kind of investment that needs to be made. We would also like to see the fund providing development funding for these projects because it is the most difficult money to find. This creates a degree of equality and participation for everybody because it gives independent producers access to money to develop their projects so they can then bring them to the market in a condition which is much more responsive to the way in which international and national funding can provide them with money.

Mention has also been made of making this fund a regional one, a fund based in the regions, as a way of recognising the importance of keeping investment in the regions as a way of moving this forward as well. They are two suggestions in which I think this group is interested in stating should be part of a new high-quality, highly content-focused fund for the future of Irish creative talent.

Deputy Imelda Munster: The primary thing is that it would include funding for the development of projects. Is that what Mr. Hickey is primarily hoping for?

Mr. James Hickey: Absolutely. That is greatly important. As the Deputy can imagine, money for research and development is very important to the development of high-quality creative projects. We know it is also very important in the pharmaceutical sector. To provide development funding to Irish independent producers to enable them to develop projects for both

Irish and international consumption, is the way in which we can grow the industry. We can provide the creative talent – writers, directors, cast, crew – all the people working on projects the opportunity to work on a consistent and regular basis. If we can get the investment, the work and investment can take place in Ireland. Therefore, it would be Irish people working and telling their own stories. I hope that is what we can achieve with this new fund.

Deputy Imelda Munster: I have a question for Screen Producers Ireland. Its submission called for an amendment to the Broadcasting Act 2009. They are seeking the statutory spend of RTÉ and the independent production sector to be increased from €40 million to €80 million. Can its representatives talk me through that figure, how they came to it and why they think it is necessary?

Ms Susan Kirby: I fully endorse Mr. Hickey’s comments, and I will make one addition to them. Screen Producers Ireland also supports a number of our producers. We have a regional base of producers all over Ireland. We have Irish language producing companies and we understand that circa 20% of the fund will be allocated to Irish language production. I wanted to add that additional point to Mr. Hickey’s previous point.

We have advocated for the increase in investment into the Irish independent production sector through RTÉ. Our producer members are the largest creative partner to RTÉ. I refer to my colleague who is present, Ms Callery, from Shinawill. Some of the top shows which are seen in people’s homes are produced by Screen Producers Ireland members. We have come from the level, which one of the members who spoke previously mentioned, of €80 million in 2008, down to €40 million now. We are advocating to have that reinstated.

TG4 is a publisher-broadcaster. What that means is that, barring news and current affairs, its entire catalogue of content is produced from the Irish independent production sector. We are advocating that there should be an increase of funding for TG4. That funding is part of the ecology. It supports regional based producers, creating content and telling Irish stories, in this case, *trí mheán na Gaeilge* in the Irish language. In the case of RTÉ, we are advocating that the independent producing sector can produce significant content of quality at a more cost-competitive price point than can RTÉ. We are advocating that as its main creative partner, as RTÉ itself calls us, an increased investment in this sector is just course-correcting us. It would bring us back to the previous levels.

It may speak to the point I made earlier about the concept of how one creates a project and a production and the costs attached to that. It is a patchwork and a portfolio of funding. At the moment, the domestic market does not have the bandwidth to invest adequately to allow producers to create. Not necessarily “Normal People”, of which we obviously are very proud, but what about the projects like “Normal People” that are sitting on the desks of independent producers in Ireland currently and are not being made? We cannot compete. Ms Hamilton made the point very well earlier that we cannot compete globally because domestically, the funding is nowhere near where it should be.

We are fully advocating that we want to see a reinstatement of RTÉ funding. I might ask Ms Callery from Shinawill to speak on that from a practical point of view from her experience in producing and with the RTÉ fund.

Ms Mary Callery: It is very interesting and is a case in point that the Deputy raised the issue of increasing the RTÉ amount being spent on the independent sector. At a previous point in my career, ten or 15 years ago, I was a commissioning editor for drama in RTÉ. In that time,

we commissioned projects like “The Clinic”, “Love is the Drug”, “Bachelors Walk”, “Paths to Freedom” and shortly thereafter, series like “Love/Hate”, all of which have become household names. The reality of the funding model of those projects at that time was that the domestic market was able to provide up 40% or 50% of the funding required. Therefore, one was able to rely on that small amount of tax incentive and some overseas sales to make the projects. Over those ten to 15 years, as the sector has developed its skill set and more creative voices have come in through working on domestically produced and incoming projects, we have seen the independent sector grow in terms of its skill space and the quality of work it produces. We are very proud of that but at the same time, there has been a decrease in the amount of moneys available from the domestic market.

We are at a point where there is a significant demand for content. Irish content travels very well. International distributors and international broadcasters want to see Irish content because we have a reputation as a nation of storytellers and producers of high-quality content. However, because of the failure of the domestic market part of our funding patchwork, the patchwork to which Ms Kirby has referred, we are inevitably left with a gap of about 20%, having raised the maximum amount of funding available on the international market. That 20% deficit is made up of shrinking investment from the broadcasters and the lack of other supports available. Although we are appreciative and cognisant of the essential component of funding from Screen Ireland and the BAI provide us, as well as the access to section 481. On that point I would say that there is a tax incentive available in every territory, in every part of the world. It is a component of every financing plan, whether that is an Irish, English, American or a French production, so that has to be discounted. We just do not have enough money in the market.

This levy, along with the restoration of the level of independent production investment from broadcasters in Ireland, will result in more Irish content for Irish audiences. That is the bottom line. We make projects that travel globally. We are very lucky as an island nation we have always been outward looking. Irish storytelling has always been a local story for a global audience. That is very true now. Unless we can secure the portion of the financing we need from our domestic market, as Mr. McCabe referred to earlier, we end up selling off bits of the idea in order to raise the money to make it. It is like selling off the family silver. The Irish creators who come up with the idea, who have the imagination and creativity to pull it all together, basically end up owning very little of it because they have to sell it off to get the money in to make it. That is the dysfunction of the market here. That is why restoring RTÉ and the broadcaster investment in independent production, and introducing this levy, will go a significant way in filling that deficit. The net result will be more Irish production for Irish audiences, which is what we as the independent sector in Ireland want. That is our mission: to have more Irish content for Irish audiences.

Deputy Christopher O’Sullivan: I apologise for missing the opening statements. I have read them. I was in the Dáil Chamber, so I was not able to hear them. I have enjoyed the conversation very much.

I want to go on to quite a broad question. I would like to hear a contribution from all of the witnesses in regard to potential economic benefits, given the Screen Producers Ireland opening statement refers to 11,960 jobs. I want to hear about the potential for growth. Let us say the content fund goes towards industry. Has any work been carried out or published showing the economic benefits in terms of direct employment and indirect employment? For example, to come back to the favourite example of the moment, we see what “Normal People” has done for the north west in terms of creating tourism. I am here in west Cork and, locally, I can think of

“Star Wars”, which was shot here and which gave a huge tourism boost. I would like to hear about this aspect. If we want buy-in, not everybody is interested in the direct creative work that the Irish industry produces, although it is incredible, but some people will get behind this if they can see overall economic benefits.

I agree 100% with the contribution of Ms Callery in terms of our reputation for the quality of work we produce. We need only think of the writers, the screenwriters, the directors and even the composers we have, and some of our composers are internationally renowned for composing scores. Considering the size of the nation, we are batting way above the average and it is something we can all be very proud of. Some of the content put together by independent artists is mind-blowing in terms of the style, the imagery and the story art, so I fully agree with Ms Callery on that. It is something we need to convince everybody about, and it is easy enough to do that.

Overall, my question pertains to the direct and indirect economic benefits of this industry to Ireland. That should convince the rest of the nation we need to make sure the industry gets a fair share of that content fund.

Mr. Ronan McCabe: I will respond on the economic side. In regard to the content levy, we have suggested that a levy of €20 million could free up the sum of around €100 million. We published a PwC report on section 481 earlier this year and it refers to a multiplier of about four to one, so for every €1 spent, the Government got that back four times. That follows on from the Olsberg-SPI report from four or five years ago. There is definitely a multiplier effect. While I cannot give the Deputy specific figures with regard to jobs, I know the economic modelling shows a very positive benefit to Ireland Inc. when we spend money on the creative industries.

Ms Susan Kirby: I think Mr. McCabe is referring to the Indecon report in which we outlined in quite a bit of detail the potential economic benefits in terms of direct and indirect benefits and wider induced benefits. We would all be familiar with the direct benefits. In speaking to the indirect benefits, we have mentioned the idea of screen tourism. We are looking at cast and crew and the very substantial direct investment in high-quality employment the Deputy would have seen in west Cork. We are then looking at the spend those companies make so that, down the line, there is a continued investment. I worked on bringing Mark Hamill here with the “Star Wars” project. Something which struck me at the time was that it was incalculable, if that is the word, for Tourism Ireland to measure the impact online of the engagement and amplification of that. In fact, I will change the word and say the potential benefit we could be looking at from screen tourism is immeasurable. Across the whole life cycle of benefit, it is an economic benefit, it is a social benefit because we see ourselves on screen, and it is a cultural benefit because our entire creative ecosystem is supported by this.

While I agree with the Deputy that not everybody will respond to the cultural creative argument, there is a rock solid economic argument which, in the simplest form and at the least ambitious end of this, is that a 3% levy would deliver in the region of €20 million, which would then have a net economic benefit of €100 million. In our minds, this is something we need to get moving on to realise the benefit.

Deputy Christopher O’Sullivan: On that point, obviously, in “Star Wars: The Force Awakens”, which is the example we are talking about, everybody recognises the Skelligs. The bit that was shot in west Cork was shot at a place called Brow Head. No one can identify for sure whether or not it actually appears in the movie, yet Mark Hamill drank in the local pub and it is now an absolutely thriving tourist destination for that reason alone. That is a perfect

example. I thank the witnesses for the responses.

Deputy Peter Fitzpatrick: The presentation was excellent and was a good education for me. Looking through the submissions, there seems to be an awful lot of money involved. I see these levies have already been implemented in countries like France, Germany, Spain, Croatia, Romania and Bulgaria. Will the witnesses explain the difference between the levies in those countries and the levies the witnesses are talking about being introduced here? With regard to the joint creative audiovisual group, I see the witnesses are looking for speedy introduction of the levies. I welcome this because the more we can get Irish television and film producers and creators involved, the better, given the number of jobs involved. Will the witnesses provide information on the way they calculate the proposed levies and funding? Where do they get their figures and percentages? Will they explain exactly what they mean by that?

The witnesses also mentioned tourism opportunities. This is creating more jobs and I am sure it is about more than just a cup of tea. I and my family are big fans of “Normal People”, and when we watch it, we always talk about Sligo and Trinity College. Will the witnesses elaborate on the opportunities for tourism?

How would Screen Producers Ireland like to see the funding structure operate? There are two different types of levy here at the moment. I would like to know what kind of evidence and information they can give me. Where did Screen Producers Ireland get the percentages? People want to know. The submissions refer to millions of euro. It is important we follow suit with other European countries, and it is very important the money is well spent. I am a big fan of Irish productions and of keeping it local. Those are my questions.

Mr. James Hickey: A very successful example in the regions is the Western Region Audio-visual Producers, WRAP, fund, which is a fund that operates in Galway and the surrounding nine counties in that regional area. Based on a relatively modest level of expenditure, something like €24 million in value was created in the region with 1,100 full-time equivalent jobs created. The WRAP fund is operating in the west of the Shannon region. It had total funding of €2.5 million, so €24 million of production activity in the area is a great contribution back to that region and shows how successfully regional investment can work.

I will come back to the Deputy on what other European Union countries are doing in this regard. France is always mentioned as the first example. It has a 5.14% levy. These levies are all imposed on the turnover of the service providers in the country concerned. Therefore, in France, that 5.14% levy is imposed on all those services delivering content to French audiences and it is based on what those audiences pay in subscriptions to the companies providing those services. Germany has a levy of 1.8% to 2.5%, Poland has a 1.5% levy, and other countries are considering such levies now because much of this activity in the implementation of the AVMS directive is ongoing.

It is also important to mention that countries are introducing not only levies but also investment obligations. It is not a case of a contribution being made to a fund which is then administered but where companies are required to invest in particular types of production. Those investment obligations are applied throughout Europe. France, for example, has an investment obligation associated with subscription services such as Netflix of 20% to 35% of turnover in France. Everybody can see the figures involved are substantial. France is undoubtedly a leader in this area and it is undertaking these measures in an extraordinarily effective way. Investment obligations in other countries, though, include a 12.5% investment obligation in Italy and a 5% investment obligation in Spain, while Portugal has opted for a levy of 1% and an investment

obligation of 4%. An investment obligation rate of 6% is being discussed in the Netherlands.

Complications accompanying investment obligations include the necessity to define the kind of programming in which people will invest money. The challenge, of course, in Ireland, because we speak English, is that the investment obligation is harder to define. Hence, an effort is being made now to suggest that a levy is the best Irish approach in respect of the mutual options allowed in the AVMS directive. We are allowed to do two things under the provisions of the directive, namely, impose levies and specify investment obligations, and each member state is working out the best way to do that. It is hoped, with what we are proposing, that we are at the beginning of ensuring we at least introduce a levy based on turnover. To answer the question posed by Deputy Fitzpatrick, there are examples to be found throughout Europe of how this is being done and the Indecon report commissioned by this group gives a very detailed and exact explanation of how much is to be levied, what is being levied and how the whole process should be operated.

Ms Birch Hamilton: Returning to the point the Deputy made about urgency, never before in the history of the audiovisual industry have we had so much change and disruption. The committee members will be aware of this themselves. New platforms, such as Disney Plus, are popping up and the box office is changing radically as a result. Things are progressing and now is the time for this levy to be introduced, and not in one, two or five years. Silos and structures are being formed now, and we will miss out if we do not get into this area during this pivotal moment in the transformation of the digital landscape. Companies will invest instead in infrastructure in other places in Europe, as they are doing already. Ireland will miss out as a result. We must, therefore, be at the table in this regard and be able to offer something to draw in the extra investment required for us to have a robust future. If we do not do that, I fear we could miss out on the developments under way in this area and the future of our entire broadcasting and audiovisual industry could be at risk. That is why we are recommending the implementation of this levy immediately.

Senator Malcolm Byrne: I have several direct questions regarding some of the comments made already and I will then talk about this subject in more general terms. I will put a blunt question to Ms Kirby concerning the model for RTÉ. Is it her view that RTÉ should become a publisher-broadcaster in the same format as TG4? If that is her view, does she believe that would result in a greater number of independent productions and help to enhance the sector?

Turning to Mr. Hickey, that last discussion was interesting regarding the question of a content levy versus direct investment. An interesting paper published by researchers from the Free University of Brussels, or Vrije Universiteit Brussel, in December 2018 compared the models in different countries. It found that using the content levy was a more direct way of ensuring the funding was provided. Putting it bluntly, is there a specific territory we should look at in the European Union as a general model, whether in respect of a content levy or direct investment?

More generally, I support the content levy. It will be essential and we as a committee have an obligation to help support and develop the sector in Ireland. We must have a vibrant content creation sector for all the reasons we have been talking about, including economically and helping with tourism. It is going to be essential. We must ensure Irish stories are told and we must also look at this sector as an export industry with international distribution potential. Any of the witnesses might address my next point, which concerns how and in what way we use the content levy. There has been, rightly, talk of using such a levy for development funding. Should some of the levy be used for specific requirements in training and upskilling people in the industry? Should we use some of the resources gained from the levy to attract some large

international productions and the associated inward investment? If we are going to go after productions like “Game of Thrones” and “Star Wars”, for example, should we use some of the levy to allow us to be able to attract them?

I was conscious of some of the discussion regarding a contestable fund. Should we be dividing the levy in two ways? One strand could be concerned with those big international productions that may be able to operate on the international stage, while the other strand could be aimed at those smaller productions which may not necessarily travel. When the money starts to come in, how will we see the content levy be divided? I will start with those questions and points.

Ms Susan Kirby: I thank the Senator Byrne. He posed a question to me directly, so I will kick off. I reiterate that RTÉ itself would acknowledge the Irish independent production sector is its largest creative partner. Our position regarding advocating for an increase in its ability to invest in the sector recognises that fact. Screen Producers Ireland has also made submissions to the Future of Media Commission, and we were clear we would support RTÉ moving towards a publisher-broadcaster model, which is, effectively, the model in place for TG4, as this committee is aware. Adopting a publisher-broadcaster model will mean everything outside of news, sports and current affairs would be created in the independent sector. We see such a situation as being mutually beneficial, although it is not without its challenges. Something similar can be achieved by RTÉ increasing its fundamental investment in the sector from €40 million to €80 million. As I have said before, and I think Ms Callery also pointed out, it would essentially just be reinstating the previous funding level. RTÉ was sitting at the same table here as well. RTÉ is part of the group. It also realises that it has decreased funding available. It supports the idea that this fund would add additionality in any sense; whatever its design, it will complement existing funding. It would be additional to the existing infrastructure and complementary to it. It would essentially address in some small way the declining broadcasters’ funding. We would advocate for an increase in funding to RTÉ. We have previously stated that there is an option for it to explore a move towards the publisher-broadcaster model. We would advocate that the fund would have additionality.

To speak to Senator Malcolm Byrne’s later points, it is important that this is a contestable fund. Key to this is that applications for the fund can be made only by independent producers. That would be Mr. McCabe and Irish Screen Editors, ISE, members being able to apply for the fund. As I understand it, the fund has to support genres that are eligible under the EU cinema communication of 2013, which would point us towards TV drama, film, animation and documentaries. Within that, there will naturally be projects that are successful and which will support inbound and smaller indigenous productions. We would support that.

Another important element, which every witness has spoken about, is that I understand it will be brought in via the media commission. In our submission, we also pointed towards the fact that there needs to be a focus in the BAI on how this will be delivered and there needs to be significant industry consultation on the final design or mechanism of delivery of the fund.

There is also a couple of wider points around the AVMS directive, which would speak to prominence and the idea of the percentage of European work. In both of those cases we would also advocate that whatever the system is, there needs to be real transparency that the work that we produce, that is made by the creative talent here, is essentially visible and accessible on the platforms because it is written into the content levy that they must benefit from it. If they benefit from it, we then want them to give us fair prominence for the work. Those are the types of elements that need to be considered in designing how the fund would be used and how it would

be delivered into the market.

Mr. James Hickey: In reply to Senator Malcolm Byrne's question about levies versus investment obligations, which are the two methods that are authorised under the AVMS directive, the preference at this stage in Ireland would be for a levy. First, because that allows for the opportunity of investment and development, which we think is really important in relation to the future fund.

The second reason is that for an investment obligation, the kind of work that must be produced has to be defined. For most European countries that is a very straightforward thing to be able to do. In other words, in France one says the works must be in French. In Portugal one says they must be in Portuguese. In Spain one says it must be in Castilian, Catalan or Basque. In Italy it must be Italian. For us, that presents a challenge. I know we have Irish language projects and I very much support that some of this fund at least would go to Irish language films. There are wonderful films like "Arracht" which competed at the highest level at the Oscars. It was shot in Connemara in the west. All of these things point to a levy being the better option in Ireland because it is so difficult to define what projects qualify under an investment obligation.

The other difficulty with investment obligations is that under an investment obligation an organisation can simply invest in one big project and that is it. For example, if a company had an investment obligation of, let us say, €10 million or €15 million it could spend it on one large TV drama, and that does not give the broad spectrum of independent producers an opportunity in a contestable fund to be able to get funding for a multiplicity of projects. In answer to Senator Byrne's question, at this stage from an-----

Chairman: We seem to have lost Mr. Hickey.

Mr. James Hickey: My apologies. Am I still there? Can you hear me, Chair?

Chairman: Yes, we can.

Mr. James Hickey: In many European countries there is a discussion on investment obligations versus levies. Taking into account the specificities of Ireland, at this stage a levy is a better approach.

Chairman: The case is very well made. I thank Senator Byrne for his questions. As Senator Warfield is not available I will make a contribution. I thank the witnesses so much for covering this entire sector, up, down, inside and round about again. We very much appreciate that. From my knowledge of my colleagues, the witnesses are speaking to the converted. Many of us have been watching TV over the past year or so. We watched "Normal People" and "Smother". It creates great excitement in any household to see Irish films and drama appearing on our screens. The witnesses are correct: people are really hungry for that. The Irish population, including all the new Irish living in this country, are really enthusiastic about it. It is a storytelling exercise, as well as everything else.

Many of the questions I wanted to ask have been asked but I am curious about screen tourism, which Ms Kirby referred to. It is an aspect of tourism I had not considered as a category. She is correct: we know that Lahinch has been swamped with visitors and people have been going to Sligo after "Normal People". Enniskerry has seen a surge in visitors since "Disenchanted" started filming. People have been calling for coffee or a newspaper just to see the village who might not have had a reason to visit there before. Has Fáilte Ireland interacted with the witnesses about screen tourism? Has there been any formal mapping out of the island in

that regard? I see it as something that has great potential. It identifies hidden gems around this island that people would not ordinarily visit. Perhaps Ms Kirby could comment a little further on that.

Mr. Hickey covered the investment obligations extensively. For the witnesses, the levy is the key and that is what will bring the investments here. It is disappointing that domestic funding has decreased over the years. Mr. Hickey made the point very well that this is about correcting it rather than any big source of investment. It is realigning what should always have been there in terms of domestic funding. The witnesses are speaking to the converted.

I would like to hear a bit more from Ms Callery. She made some very interesting comments on the dysfunction of the market and she also made a point about the levy.

I will go to Ms Kirby first to talk about screen tourism and if there has been any engagement with Fáilte Ireland on it.

Ms Susan Kirby: I would be delighted to speak on it. In terms of screen tourism, a huge amount of work is happening in the space of what I consider Ireland's outward-facing agencies. They are collaborating together not just on screen tourism but across the whole gamut. There is a huge amount of collaboration and work happening between Tourism Ireland, Screen Ireland, the IDA and Creative Ireland looking at how we create a sense of destination and place and leverage screen tourism. Ireland is familiar with screen tourism from "The Quiet Man" to more contemporary expressions of Ireland, but there is still a significant potential. We are keenly aware of the fact that this committee covers some of the most challenging briefs in terms of the areas most impacted by Covid, for example, tourism. There is considerable potential to create and leverage tourism, including screen tourism. We are open to collaborating. I have had initial conversations with Tourism Ireland about how to achieve that and how Screen Producers Ireland might feed into it. Tourism Ireland has released some funding for producing content. While it has not been able to go out into the market and promote, it can promote Ireland through storytelling and documentaries-as a means of placeholding so that, when people can travel again, Ireland is on their bucket lists for the following reasons: the beautiful scenery, the wonderful people, the urban and the rural. Tourism Ireland has done a super job of that despite the challenges of Covid over the past year.

That notwithstanding, I maintain that there is a large untapped potential. I am keen to see not just large inward-bound productions being the expression of Ireland. Instead, this fund could support Irish storytelling in the creative sector that is meaningful and attracts domestic and international tourists to the country. It is as much about saying that we must put Lahinch or Sligo on the list for ourselves as for international travellers, although I recognise that the return of international travel will be far more significant for the economy.

Considerable work has been done, but as the saying goes, "Lots done, more to do". That is my analysis of where we stand with screen tourism. The committee could consider how to leverage screen tourism further to the benefit of our indigenous sector, as well as of the wider economy. Does that answer the Chair's question?

Chairman: It brought me back to many moons ago and a famous producer and director, Shane Connaughton, putting the village of Redhills, County Cavan, firmly on the map globally. The impact of that on such a tiny village was phenomenal. We would like to see more of the same. There is no reason a screen tourism mapping of the island could not continue for many years after such an event. Perhaps that is another trick we are missing out on where tourism is

concerned.

Does Ms Callery wish to comment on the dysfunction of the market and the domestic funding?

Ms Mary Callery: I thank the Chairman for the opportunity. As Mr. Hickey mentioned, asking how much it costs to produce an hour of television drama is like asking how long a piece of string is because many different factors influence the answer, for example, whether the drama is period, genre or whatever. It is safe to say that we in the independent sector are mostly working in the budgetary space of €1 million to €2.5 million per hour.

Let us forget about the exact figure, though. As a rule of thumb, when one is looking for finance for one's series from the patchwork of funding sources, as Ms Kirby called it - it is like trying to put together a large jigsaw puzzle - one typically expects to raise 30% to 35% on the international market through pre-sales or distribution advances against future sales. One would also access 20% to 25% of the funding through tax incentives, wherever they were. On top of that, one would need to bring to the table approximately 40% from the domestic territory. Ten or 15 years ago, Irish broadcasters were making commissioning decisions that involved investments of 30% to 40%, or even more, into a project. Today, one is lucky if one gets 10% to 15%, or 20% at a maximum. As Irish producers, we are always left with a 20% gap. This is after one has maximised the value of one's product on the international market. I reiterate there is considerable demand for Irish products internationally. We are out there every day trying to sell those products. There is that level of demand because we are recognised as a nation of storytellers and producers of high-quality content, whatever the genre or medium.

This situation is frustrating. Perhaps members can sense the frustration in my voice. Day after day, people manage to raise their 80%, but the Irish market, which should ideally be providing 40%, is typically providing just 20%. Where do people get the extra 20%? Returning to the point that Mr. McCabe made about the importance of intellectual property, people sell off a bit of their projects to try to get money from some other source or they end up trying to close a small gap through bank deficit financing, which adds more cost to the budget, or deferring fees, meaning that they will not get paid for their work. There is considerable frustration.

The net effect of all of this is that we have very good projects for which we know there is demand domestically and internationally, yet we cannot get over the final hurdle and get them made. The Irish projects do not get made and Irish audiences do not get to see stories that reflect them back to themselves in the way they should. Thankfully, there are projects that get made. "Normal People" was mentioned, but we could also include "Smother", "Dead Still", "The South Westerlies" and "The Young Offenders". There are many projects for which we know there is a demand, and when they get made, they are always hits, but there are many more shows like "Smother", "Normal People" and "The Young Offenders" that are waiting to be made. I could pull a few out of my bottom drawer if the committee likes. Shows are ready to go but we cannot get them made, and that is a shame.

It is not just about providing work and an outlet for the Irish creative voice in this moment, or about feeding current audience demand. There is a large development process. I am beginning to sound like the elder lemon here, but I will hark back to my past. The first season of "The Clinic", which I believe was made in 2005, was the first screen role for a young aspiring teenage actor by the name of Saoirse Ronan. Amy Huberman went through "The Clinic", as did Chris O'Dowd, Domhnall Gleeson and Robert Sheehan. They all had early parts in it. We have world class directors directing big international and high-budget series, for example, Neasa Hardi-

man, Dearbhla Walsh and Ciaran Donnelly. They all started out on domestic Irish productions. There is a future that is at risk in this regard. We are not providing the outlet or platform for young creative talent to get a start. This additional funding in the domestic marketplace would make a significant difference. We would have more projects, outlets and potential to bring on the next generation of directors, performers and writers.

As Ms Hamilton mentioned, this train has already left the station. The demand is out there now, as is the opportunity. We need to address the deficit now, and this levy would be a significant step towards doing so. That is why we are so passionate about it.

Chairman: Ms Callery makes a very compelling argument. We can all hear that in her voice. Speaking as someone who worked in the arts, it is frustrating to think of the creatives who have to go through the tedious job of putting applications together for the patchwork of funding and convincing people to give them money. That happens even before they enter the real creative process of making a production. It must be frustrating. Ms Callery has made the case well.

Senator Malcolm Byrne: Regarding some of the issues I raised earlier and following on from Ms Callery's point, it is important for us to get clarity on whether the witnesses believe that the content levy should be used to attract large international productions and how that might operate. A lot of the focus in this discussion has been on drama. One of the big success stories for Ireland has been animation. I refer to the success of Cartoon Saloon with "Wolfwalkers", "The Secret of Kells" and "Song of the Sea". There are many other companies in this space as well. Will Mr. McCabe outline how the funding model might be able to help the animation sector? People listening in today might recall there was some criticism in the Dáil of the film industry without an opportunity for it to respond. It is important to stress this is a good sector in which to work and a good career path, particularly in light of the new film agreements that SPI has negotiated. I would like to give Ms Kirby an opportunity to respond to some of the criticisms.

In regard to drama, Ms Callery spoke about "The Clinic". Many of us here today would love to see a good political drama created at some stage, although perhaps as politicians we create enough drama here. An Irish political drama is much needed.

Ms Mary Callery: We could, perhaps, have a chat later and try to cook up something.

Ms Susan Kirby: I thank Senator Byrne for his question. I am aware of some of the commentary to which he referred. The Senator will understand it is not within my gift to comment on individual cases. SPI members are committed to quality employment provision. SPI advocated for a Workplace Relations Commission audit, which was conducted in 2019 and found overall a very clean bill of health in the sector. It is a buoyant sector. One of the great pleasures of my job is meeting with and speaking to SPI producer members and noting their pride in the work they produce, the importance they place on their employment and how they give back.

In regard to the audit, it is important to note four key areas were highlighted that we as a sector are addressing with the support of the key agencies responsible, those are, Screen Ireland, Screen Skills Ireland and the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media. One of the four areas alluded to is good industrial relations. As Senator Byrne mentioned, SPI recently signed a shooting crew agreement and work on a number of other agreements is under way. We are committed to having industry stability through these agreements. Sectoral development was also pointed to. Senator Byrne mentioned a commitment to training and

sectoral development. I do not think anyone would argue with that. We see that as core to our strategic development, both as SPI and as the sector. We are working with Screen Ireland and other partners on competency frameworks and skills traineeships as part of section 481 compliance. These are independently adjudicated upon by the Department. The producer companies are compliant.

The guild structures were identified as an important part of the sector. Again, we have detailed engagement with the guild structures. They were part of the consultation process for the agreement with the shooting crew and they are involved in some of the upcoming agreements. The final area pointed to was HR practice. As SPI and as industry partners, we work closely. Mr. McCabe will, I am sure, say similar in terms of development of the animation sector and reporting on how we can continue to develop the sectors in all areas of the life cycle in terms of entry and access, which includes everything from diversity and inclusion to encouraging people such that they see the sector as an attractive career path within which there is career progression, while also future-proofing the sector because this is a sector that has enormous potential and ambition to grow. We want to be future-proofed by way of the skill set that is there.

The fantastic talent and quality that comes from partnership is testament to the inward investment that happens in the sector. For clarity, there is no agreement currently between Irish Equity and Screen Producers Ireland for film. There was an agreement which was negotiated in good faith and signed by us, but due to internal governance issues for Irish Equity, the agreement was deemed by it to be invalid. We understand Irish Equity has taken steps to address the issues and we would welcome and are committed to re-engagement. Our members operate all of the agreements with ICTU-affiliated unions. As I said in my first point, this is a sector with enormous potential, quality and talent. It is strategically important and business critical to us as SPI and to our members that sectoral development is at the forefront of our future. I hope I have answered the Senator's question.

Senator Malcolm Byrne: I thank Ms Kirby.

Chairman: I thank all of our witnesses-----

Senator Malcolm Byrne: Sorry, Chairman, I would not like the animation sector to be overlooked. It is an important sector. I would like to hear from Mr. McCabe how, especially with the content levy, we might be able to help the animation sector.

Mr. Ronan McCabe: I thank Senator Byrne. Earlier, he and the Chairperson mentioned screen tourism. I would not like Ms Callery to feel like the elder lemon. I am very proud of my baby photograph on the set of "Ryan's Daughter" with Robert Mitchum and Sarah Miles, which has pride of place on our mantelpiece.

On animation, it is an expensive business, a time-consuming business and an international business that is reliant on co-production. In terms of this fund, if it is contestable, Animation Ireland is confident its projects would apply and be successful. Any additional funding is welcome. We have not asked for the funding to be specific in terms of any particular genre relating to animation because, as I said, it is an expensive business, whether it is television animation or animation feature films. We are pretty much all on the same page. When it comes to the fund, the live and animation sectors are on the same page. I do not think there is any fear of us being overlooked, but I appreciate the Senator's concern.

Senator Malcolm Byrne: I have a final question. Should the content levy be used to attract

international productions? If not, what mechanisms could best be used in that regard?

Mr. Ronan McCabe: On attracting international funding, it comes back again to the IP question. If Irish producers are taking a budget to market and, in terms of the finance, we have a greater percentage of the finance already raised in Ireland, that strengthens our position from a negotiating point of view and it strengthens us in terms of the rights we hold. The amounts available are quite modest. Anything that helps increase funding and brings us to market with greater funding will be positive for Irish producers in animation and live action.

Mr. James Hickey: I agree with Mr. McCabe. On Senator Byrne's question, this fund should be devoted to indigenous production. Development funding can be provided to Irish independent producers and we can hold on to the intellectual property rights. There would not normally be any involvement with inward production in terms of intellectual property rights being assigned to the local producer. Section 481 has been very successful in terms of attracting inward production. It is important the fund is used to encourage indigenous production, which would include feature films, television drama and animation and documentaries, all of which would tell Irish stories for Irish and international audiences.

Chairman: That brings the meeting to a natural conclusion. I thank Ms Kirby, Ms Hamilton, Ms Callery, Mr. McCabe and Mr. Hickey for their insightful, helpful and enthusiastic presentations to the committee. We really appreciate it and it will be very helpful to us as we continue our pre-legislative scrutiny. I also thank my colleagues for their insightful engagement with our guests.

We will adjourn until 11.30 a.m. Wednesday, 2 June, for a private meeting on MS Teams followed by a meeting in public session, to take place virtually at 12.30 p.m. in committee room 1, with representatives from the Irish Heart Foundation, the Advertising Standards Authority of Ireland, Epilepsy Ireland and Dr. Norah Campbell, associate professor in marketing at Trinity Business School, to continue the committee's pre-legislative scrutiny of the online safety and media regulation Bill.

The joint committee adjourned at 2.21 p.m. until 12.30 p.m. on Wednesday, 2 June 2021.