

## **Audiovisual Ireland Budget Submission 2024**

The following are the Budget 2024 recommendations of Audiovisual Ireland, the Ibec representative group for the screen industry (animation, film and television production, postproduction and VFX, television broadcasters, cable and other service providers, and screen content studios).

These proposals are practical measures to leverage the sector's extraordinary international success, as exemplified at this year's Academy Awards, thereby helping achieve the ambition of doubling employment in the sector as articulated by Government in its Audiovisual Action Plan.

Audiovisual Ireland acknowledges the progress made by the Department of Culture, Arts, Gaeltacht, Sport, Tourism and Media in implementing the recommendations of the Audiovisual Action Plan since its publication in 2018, including major increases in funding for Screen Ireland and the further extension of the Section 481 tax credit. The pandemic intervened, but significant progress has been made towards achieving the Audiovisual Action Plan's objectives.

There is, however, a great deal that remains to be done to capitalise both on this progress and the Irish screen sector's great success internationally. It is vital that this is coupled with a vision for the future of the audiovisual sector, so that both the cultural and economic wellbeing of Ireland is maximised and the works of Irish creative talent, and the entrepreneurs who produce and deliver those works, are seen by the largest possible audiences in Ireland and around the world.

### **Summary Recommendations**

Enhance the Section 481 tax credit as follows:

- Increase the cap on Section 481 eligible expenditure from €70 million to at least €150 million
- Replace the Section 481 Regional Uplift, due to expire on 31 December 2024, with a suitable alternative regional incentive

Conduct a study on the introduction of an elevated Section 481 tax credit for visual effects (VFX) digital production, modelled on the highly successful French TRIPS tax incentive.

Increase Screen Ireland's current and capital funding in view of its widened remit, and the proportionately greater resources available to competing agencies from other jurisdictions.

Increase Screen Ireland's Regional Support Fund to €10 million per annum to make up for the lag in regional production.

Invest more in regional skills development to complement and leverage the benefits of Screen Ireland's Regional Support Fund.

Léiriú d'ábhar as Gaeilge a chur chun cinn.

Promote the production and delivery of Irish language content.

Establish a dedicated digital piracy unit within An Garda Síochána's Intellectual Property Unit.

Resource Coimisiún na Meán adequately to enable it to fulfil its role as regulator, funder and media development agency.

Urgently address television licence fee reform because the current structure is not fit for purpose.

## Industry Overview

The screen sector generates approximately 12,000 jobs and annual production activity exceeds €700 million.

It is a key part of national cultural life, enhances Ireland's global reputation and 'soft' power, and makes a major contribution in several very important areas as follows.

- Economic impact - direct spend, indirect and induced spend in the economy, taxes, regional development, export earnings (FDI via inward production investment), and boosting tourism
- Cultural/social impact - audiences (local and international), community, debate, diversity, Gaeilge, identity, inclusion, representation, music and stories
- Industry development impact – high quality skilled employment, careers, skills development, and studio investment

Its success, as evidenced by 32 Academy Award nominations since 2010 and numerous other international awards, proves that it is a world class industry.

## Budget Recommendations

### Taxation

#### **Enhance Section 481 film tax incentive**

- Increase the cap on Section 481 eligible expenditure from €70 million to at least €150 million

The cap of €70 million on eligible expenditure has been in place since Budget 2016. In this period there has been an enormous increase in the scale of production and budgets for feature film and high-end long-running television drama series for global streamer platforms. The industry has witnessed several missed opportunities where major productions by-passed Ireland as a potential location due to the €70 million cap on eligible expenditure. The cap has consistently been an inhibiting factor to Ireland's ability to attract major productions to film here as evidenced by the current absence of such productions taking place in Ireland. These large-scale productions provide high quality employment and training opportunities for world class Irish cast and crew who wish to work in Ireland. They also generate expenditure on Irish goods, services and facilities and raise the profile of Ireland internationally. Many of these television drama shows have the potential to return for subsequent seasons over many years and thus providing longer-term jobs.

A further factor is that since the Budget announcement almost 8 years ago, production costs have increased exponentially, both in terms of actual costs and in terms of the scale of the film and television drama projects now being produced. Ireland has become significantly less competitive at the higher budget production levels, to a point where it is mostly no longer being actively considered as a potential location for such projects. Equally, there is no cap on the eligible expenditure level for projects in the UK, including Northern Ireland, resulting in projects being lost to that jurisdiction. To remain competitive Ireland needs to increase the cap to at least €150 million in Budget 2024.

- Replace the Section 481 Regional Uplift, due to expire on 31 December 2024, with a suitable alternative regional incentive

Replace the Section 481 Regional Uplift, due to expire on 31 December 2024, with a suitable alternative incentive that will provide the time, certainty and investment required to promote the long-term development of production in the regions (defined as outside the Dublin/ Wicklow area). Such an uplift is required to offset the additional costs associated with regional production. It will also complement and leverage the State's investment in regional skills development through initiatives such as the Screen Ireland National Talent Academies and the Western Region Audiovisual Producers Fund (WRAP Fund).

The Section 481 Regional Uplift, introduced in 2019, was for the short period of its existence a catalyst for significantly increased production activity in the regions. However, its rapid tapering off has led to

reducing levels of regional production and an increase again in the concentration of activity in the Dublin/Wicklow area, which the original measure was designed to reverse. It has become clear that only a longer-term measure (at least 10 years) would address the additional costs of production due to the limited regional availability of full casts and crews and achieve the policy of increased levels of production in the regions. This would, in turn, lead to the development of regional production hubs/centres of excellence to counterbalance the centripetal forces pushing production into the Dublin/Wicklow area.

### **Conduct a study on the introduction of an elevated Section 481 tax credit for VFX digital production**

Conduct a study on the introduction of an elevated Section 481 tax credit for visual effects (VFX) digital production, modelled on the successful French TRIPS tax incentive, where there is an uplift to 40%, based on a significant level of VFX digital included in a production's budget and undertaken in Ireland.

The strength of the post-production and VFX digital production sector in Ireland has been growing over the last number of years and the skills pool in this area has significantly deepened. However, there is significant competition from other jurisdictions, including other EU Member States, where enhanced incentives for VFX digital production are provided. The significant potential offered by the VFX digital production sector should be explored through the proposed study.

### Screen Ireland funding

#### **Increase Screen Ireland's current and capital funding**

Increase Screen Ireland's current and capital funding in view of its widened remit and the proportionately greater resources available to competing agencies from other jurisdictions.

Screen Ireland competes for internationally mobile inward production investment, which is vitally important in providing work and experience for casts and crews in Ireland and in supporting the infrastructure, facilities and services which enable high-quality productions. That inward production investment is also necessary to support and facilitate the industry to produce works of Irish creative talent developed by Irish producers for Irish and international audiences. Screen Ireland also plays an essential role in supporting the development of indigenous Irish production companies working with Irish creative talent. It needs current and capital funding of similar scale to that available to competing agencies from other jurisdictions so that it can carry out these activities adequately.

It is also vital that Screen Ireland's current budget, which pays for staff and other operational costs, is increased to catch up with the widened remit of the agency, which include not only animation, feature film, and TV drama, but also Irish language content, regional development and computer games. Authorisation needs to be given to an increase in staff numbers so that Screen Ireland can fully achieve its remit as a development agency, supporting Irish story makers and the entrepreneurs who produce and deliver their work to Irish and international audiences.

### Sustainable regional development

#### **Increase Screen Ireland's Regional Support Fund to €10 million**

Increase Screen Ireland's Regional Support Fund to €10 million per annum to make up the lag in production in the regions (defined as outside the Dublin/Wicklow area). Screen Ireland managed a Regional Support Fund of €3.5m in 2023. In light of the diminishing level of regional production with the tapering off of the previous Section 481 Regional Uplift, due to expire on 31 December 2024, and pending its replacement with a suitable alternative incentive, the Regional Support Fund needs to be increased to €10 million for 2024. This fund also needs to be resourced with staff based in the regions, along with staff whose focus is on Irish language content.

#### **Invest more in regional skills development**

Invest more in regional skills development through the Screen Ireland National Talent Academies, the Western Region Audiovisual Producers Fund (WRAP Fund) and similar initiatives. This would complement and leverage the benefits of Screen Ireland's Regional Support Fund and of the former Section 481 Regional Uplift and of the replacement proposed in this submission.

## Ábhar as Gaeilge/Irish language content

### **Léiriú d'ábhar as Gaeilge a chur chun cinn**

Léiriú d'ábhar as Gaeilge a chur chun cinn trí tionscnaíochtaí a mhaoiniú trí Coimisiún na Meán agus Fís Éireann. Árdaigh an maoiniú a thugtar do TG4 ionas go mbeidh sé ar chomhchéim leis an maoiniú a fhaigheann stáisiún teilifíse mionteanga eile. Mar shampla, faigheann S4C, an cainéal Breatnach, dhá oiread an méad maoiniú a fhaigheann TG4.

### **Promote the production and delivery of Irish language content**

Promote the production and delivery of Irish language content by funding the development of initiatives through Coimisiún na Meán and Screen Ireland. Increase the funding provided to TG4 so that it is on par with that provided to similar minority language television stations in other jurisdictions. For instance, S4C, the Welsh language television channel, receives twice the funding given to TG4.

## Digital piracy

### **Establish a digital piracy unit within An Garda Síochána**

Audiovisual Ireland supports the establishment of a digital piracy section within An Garda Síochána's Intellectual Property Unit resourced with at least two detectives to target resellers of pirated content. Digital piracy is a real threat to employment in the screen industry in Ireland and to Exchequer tax revenue. Resellers of pirated content sell access devices that are also used surreptitiously to gather purchasers' personal data for sale to cyber criminals.

According to a study by Parks Associates ('Video Piracy: Ecosystem, Risks and Impact 2020'), the value of pirated video services accessed by pay-TV and non-pay-TV consumers could exceed \$67 billion globally by 2023, while other estimates suggest that sports piracy alone costs the industry \$28 billion. Studies also conclude that approximately a third of the EU population is engaged in digital piracy in one form or another, suggesting a corresponding potential loss to the sector and an erosion of its economic contribution in terms of employment and taxation. The industry perception is that the situation is proportionately at least as bad in Ireland if not worse.

## Coimisiún na Meán

### **Resource Coimisiún na Meán adequately**

Resource Coimisiún na Meán adequately to support its expansion to a scale, both in employment and facilities, to enable it to fulfil its role as regulator, funder and media development agency. Audiovisual Ireland believes that Coimisiún na Meán needs to be fully resourced for the year 2024 and pending the full implementation of the longer-term funding model provided for in the Online Safety and Media Regulation Act 2022. This is to enable it to fulfil its role as the regulator of screen content across public and private sector broadcasting, video on demand services and user generated content services, as well as under the Digital Services Act, so that Ireland fully achieves effective and well-balanced digital regulation. Coimisiún na Meán also needs to be adequately resourced to fulfil its role regarding media funding and development, including in relation to the Sound and Vision Fund, the promotion of Irish language content and the other media development responsibilities allocated to it by legislation.

## Television licence fee reform

### **Urgently address television licence fee reform**

Urgently address television licence fee reform because the current structure is not fit for purpose. Many of the recommendations in the Report of the Future of Media Commission, as included in Coimisiún na Meán's work programme, are contingent on licence fee reform and unless this happens, their implementation is difficult to envisage.

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