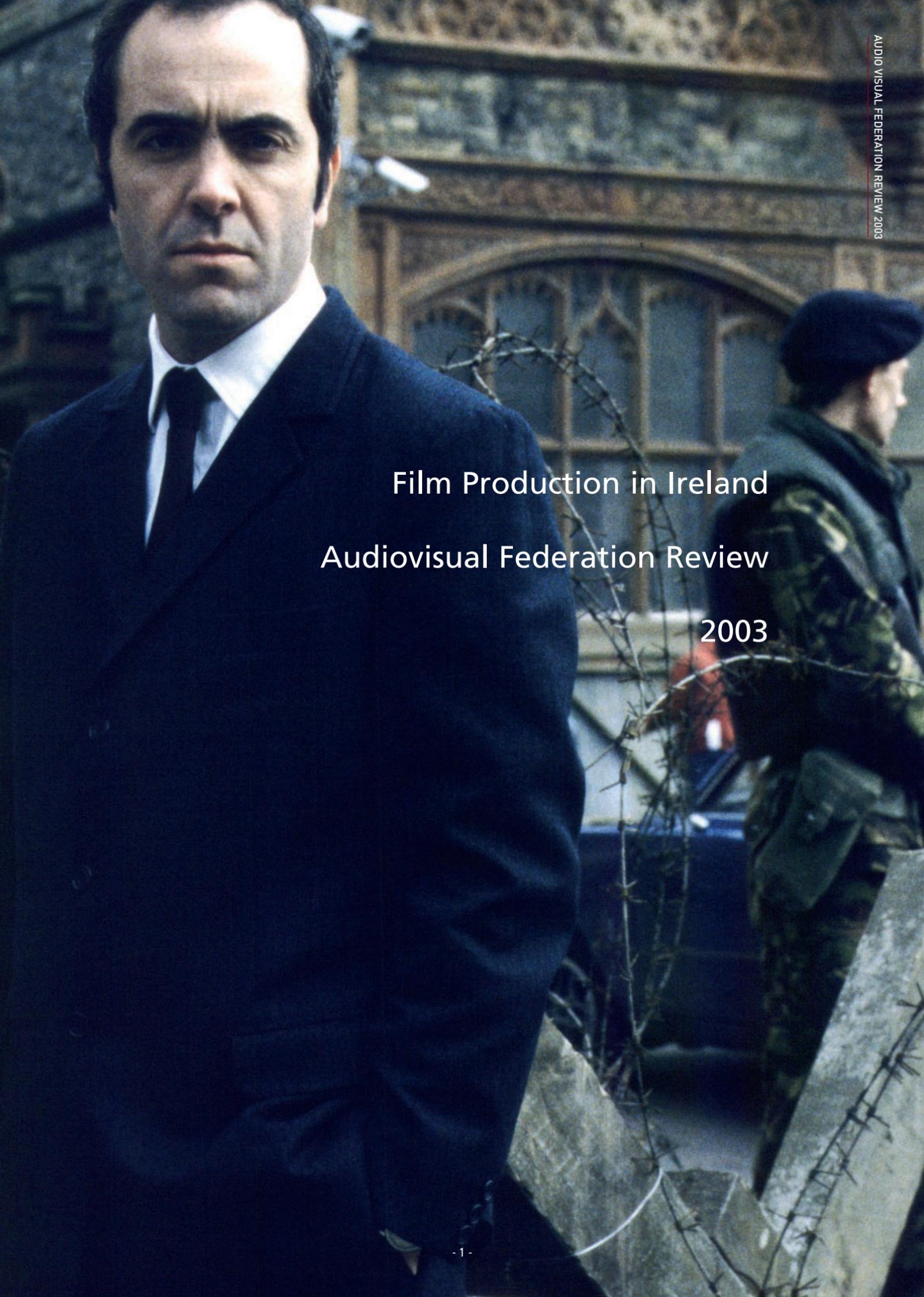


# Film Production in Ireland

Audiovisual Federation Review 2003







Film Production in Ireland  
Audiovisual Federation Review

2003

# IBEC Audiovisual Federation



The Audiovisual Federation is made by IBEC member companies involved in Ireland's audiovisual industry. These include broadcasters, producers, animation studios, facilities and other organisations supporting the sector.

The Federation has a number of objectives designed to support Ireland's audiovisual production and distribution industry. These include promotion of the sector, representing the views of members to relevant bodies, submitting the industry view on relevant policy.

The Audiovisual Federation maintains an economic database for the Irish audiovisual production sector and publishes the results in an annual report, with an economic analysis on the benefits of the audiovisual sector to the Irish economy. In order to sustain the growth and development within the sector during the last number of years, the Federation has sought internationally competitive financial incentives and international co-production treaties. Together with Enterprise Ireland, the Federation organises conferences, seminars, and workshops on relevant audiovisual issues.

**The Audiovisual Federation** is a member of the Irish Business Employers Confederation (IBEC) and is affiliated to ICT Ireland - The Voice of Technology within IBEC.

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# Ireland *in their words*

*"We were contacted by Mel Gibson's people, who said they had a wonderful time making Braveheart in Ireland, and gave us some contact numbers. So we made a few calls, the Irish army volunteered their services, and we were able to make our movie."*

*Stephen Spielberg, Director*

**Stephen Spielberg**

*"It comes down to efficiency.... the Irish Government opened up and said, here use our reserves...We had the co-operation of the Minister for the Arts, and he was able to influence the Minister for Defence, who allowed us not only to utilize the army as extras, but also the barracks to house them."*

*Mel Gibson, Director*

**Mel Gibson**

*"Angela's Ashes is set in Ireland, and I've been looking forward to working here again ever since I did The Commitments."*

*Alan Parker, Director*

**Alan Parker**

*"We have a fantastic Irish crew and a great Irish cast."*

*Joel Schumacher, Director*

**Joel Schumacher**

*"Spyglass is very aggressively interested in shooting in Ireland. We have done two movies there, The Count of Monte Cristo and Reign of Fire and we do want to go back there"*

*Jonathan Glickman,  
President of Production, Spyglass Entertainment*

**Jonathan Glickman**

*"We wanted to get an authentic feel while being fiscally prudent. Ireland gave us both of those elements in a location where we got great support from the local people."*

*(Gary Barber, Producer, Count of Monte Cristo)*

**Gary Barber**

# Audiovisual Federation Review 2003

The data in this report relates to **feature films, major TV dramas, independent TV productions and animation projects** where the majority of the work was carried out in 2002. It also gives an overview of productions to date in 2003.

This is the tenth report on the audiovisual sector, which was drawn up under the auspices of the following organisations – members of the Audiovisual Federation Database Steering Committee:

● Bord Scannán na hÉireann/Irish Film Board	Teresa McGrane Moira Horgan
● Radio Telefís Éireann	Michael Hyland Aoife Savage
● TG4	Pádraic Ó Ciardha Mary Uí Chadháin
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● Screen Producers Ireland	Joan Egan, Tyrone Productions Andrew Lowe, Element Films
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● Audiovisual Federation of IBEC	Tommy McCabe (Director) David Healy Pennie Falkiner Carolyn Doumeni Eoin Keogh, (IBEC Research and Information Services) Aebhric McGibney (IBEC Economist)

This data for this report was compiled by the Research and Information Services of IBEC.

## Acknowledgements:

The Audiovisual Federation is very much indebted to the members of the Steering Committee for their commitment and guidance in producing this report.

The Audiovisual Federation Review 2003

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Prepared by the Audiovisual Federation of IBEC

Affiliated to ICT Ireland

IBEC Audiovisual Federation  
Confederation House  
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# Foreword

In 1993, *The Crying Game* won an Oscar for Best Original Screenplay. Here was a film with Irish themes, written and directed by an Irishman, Neil Jordan, and the financing of the film did not involve any Irish sources. *The Crying Game* remains one of the most successful independent films of all time.

Within two months of this unprecedented success, Section 481 was extended to individuals and the Irish Film Board was reconstituted. An industry was revitalised and transformed.

Over the last ten years, we have seen this industry grow to a point where 4,300 people are employed; there is a 3:1 return to the Exchequer on the State's investment; an 18% annual growth in Irish spend estimated to reach €160million in 2003.

However these economic results form only part of the picture. During the 1990s over 30 first time-feature film directors have emerged and many have made an impact on an international scale. From a standing start, a number of these young talents are now working at the highest level for European broadcasters, studios and US independent distributors and these include Gerry Stembridge, Paddy Breathnach and Conor McPherson (Miramax), Damien O' Donnell (Miramax and Universal), John Carney (Universal), John Crowley (IFC), Ciaran J. Walsh (BBC Films and ITV network), Ciaran Donnelly (BBC and ITV) to name but a few.

Ireland's status as a small open economy and its membership of the European Co-Production Convention, which has been ratified by the Irish Government, has enabled Irish film-makers to work in partnership with their UK, German, French, Italian and other EU counterparts and, in this context, increased capital funds for the Irish Film Board and a long-term commitment to the extension and enhancement of Section 481 are essential in order to allow the Irish Film Industry to thrive.

Such a long-term commitment is crucial to the future of the Irish film Industry as a centre for excellence in three key areas;

- The strategic development and growth of the indigenous writing, producing, acting and directing talent.
- The maintenance and enhancement of Ireland as one of the six preferred locations world-wide for international film production.
- The emergence of the Irish film and television production sector as a major player in the European Co-Production market.

In conclusion, it should be noted that during 2003 alone, three key Irish-made films have made hugely significant contributions to the Irish and UK theatrical box-office with *Intermission* grossing (€2.7 million), *Veronica Guerin* (€4.4 million) and *Song For A Raggy Boy* on course for approximately €1 million. All of the above films had primarily Irish cast and crew and were originally written by Irish writers. The above three films ensured that profits were achieved for the Irish and UK exhibition sector, in Ireland alone, 7,000 people are directly employed in the exhibition sector.

We now have international class domestic crew, cast and talent - now is the time to build upon this by making a long-term commitment to fiscal incentives for the sector thereby continuing a positive contribution to the economy and making a major contribution to Irish culture and tourism on a world-wide basis.

**James Flynn**  
Chair

Audiovisual Federation Film Financing Committee  
November 2003

# Executive Summary

In 2003 the Irish audiovisual industry is set to have its most successful year. A decade has passed since three initiatives combined to make Ireland a competitive location for screen production. The reconstitution of the film board, the establishment of the RTE Independent Production Unit and the extension of the Section 35 (currently Section 481) film investment incentive all took place in 1993. The development of the industry will continue this year with €304 million worth of productions based in Ireland.

Audiovisual Output (€ million)	2001	2002	2003*
Feature film and major TV dramas	199.6	127.7	234
Independent TV production	45.9	44.2	43
Animation	13.5	19	27
<b>Total Overall Output</b>	<b>259.0</b>	<b>190.9</b>	<b>304</b>

The sector in 2003 is completing a wide range of productions, from the largest film project ever undertaken in Ireland *King Arthur*, produced by Gery Bruckheimer, to other productions including, *Laws of Attraction*, starring Pierce Brosnan and *Tristan and Isolde*, directed by Kevin Reynolds and produced by Ridley Scott. Irish productions completed in 2002/3 include *Intermission*, *Song For a Raggy Boy* and *Veronica Guerin* which between them have taken approximately €8 million at the UK/Irish box office. A successful year for the animation sector, 2002 saw productions such as *Derrick* and *The Oscar Wilde Trilogy*. Indigenous and TV productions included *Bachelor's Walk*, *On Home Ground* and *Ros Na Rún*. The increase in licence fee funding for RTE has seen significant new productions, such as *The Clinic*, being commissioned.

## The sector's contribution to Ireland's Economy

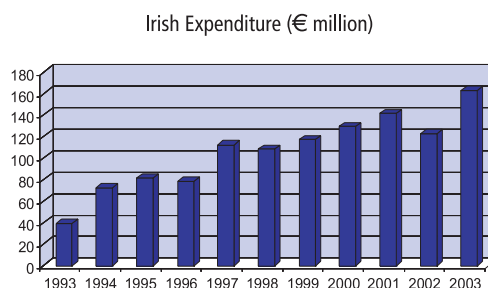
An economic analysis of the 148 audiovisual productions undertaken in Ireland during 2002 indicate a continuation, over the last decade, of the sector's contribution to our economy. This valuable contribution comes mainly in terms of spending on Irish goods and services, the level of employment supported by the sector, inward investment and the net tax return to the exchequer.

## Irish Expenditure

**Significant spending of €122.6 million in 2002**, on Irish goods and services during audiovisual productions, as depicted below, provides economic benefits to a number of other sectors within the economy. These range from post production and facility services to catering and accommodation. This spending by the sector directly supports jobs in

these supply and related sectors.

The decline in Irish spend from €139.4 million in 2001 to €122.6 million in 2002 reflects the lack of a major incoming blockbuster production as seen in 2001 and 2003. However in 2002, the indigenous sector began to show its true potential as a series of indigenous productions and Irish funding combined to ensure a successful year. However, the total Irish expenditure is estimated to rise to €160 in 2003.



## Employment

In addition to indirectly supported jobs, projects undertaken by the Irish audiovisual sector directly support employment in these productions. Further to those in full-time employment in the sector the number of project-based placements in 2002 remained steady at 16,424 furthering the level of experience and training gained by the sector during the last decade. This translates to a total of 1,198 equivalent full time jobs supported by projects in 2002. Projects undertaken by Ireland's audiovisual sector have provided significant additional employment during the lifetime of this report.

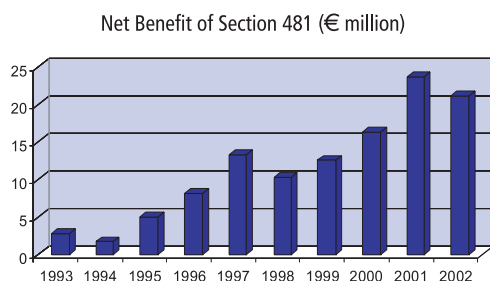
## Fiscal Contribution

When viewed on a purely cost-benefit basis the Irish audiovisual sector makes a significant contribution to Ireland's economy. An average of €136 million is invested from abroad in the sector each year. The return to the Exchequer in 2002 (derived from incomes and expenditure generated) again exceeded the tax foregone through Section 481.

**This continuing trend yielded a €21.2 million net gain to the Irish economy in 2002.**

Further to the fiscal and employment benefits flowing from its audiovisual industry Ireland also gains indirectly.

## Executive Summary continued



The opportunities afforded by content driven convergence in technology and entertainment will be supported by Ireland's evolving audiovisual skill base. Digital effects and computer graphics are being increasingly used in screen productions and the film industry is currently regarded as leading edge in this area. A critical mass of these skills will act as key enablers for the digital media sector based on the transfer of these skills and knowledge into their sectors. Other benefits, such as increased tourist awareness and strengthened national identity, add to the positive impact of the sector in Ireland.

### Conclusion

The Audiovisual Federation welcomes these positive indicators for the sector. However, the Federation maintains its position that the current incentives on offer in Ireland for TV and film production are the minimum required to maintain our status as a preferred location for film and TV production. Without incentives the increasing competition from other states e.g. Romania, will further undermine Ireland competitiveness as a location and severely damage the sector.

In the light of the Government decision to retain the Section 481 tax incentive scheme only until 31st December 2004, the Federation reiterates its view that Section 481 remains crucial to the viability of the sector beyond that date. The Audiovisual Federation has engaged with Government in recent months seeking the retention of this essential incentive and fully support the recommendations of the SPI report below:

- **a 10 year extension to film tax incentives, subject to a five year review;**
- **an increase in the cap on investment to €21m; and**

- **establishment of a Certification Standards Board to oversee the certification process.**

This review also looks back at the success of the sector over the last decade and outlines various perspectives on the economic contribution it has made to Ireland. But the contribution of the industry goes beyond monetary value. Our film industry is a window onto our country. For many people around the world, their impression of Ireland comes from what they see on a cinema screen. As a nation, we have an unprecedented opportunity to present ourselves as a vibrant, multi-cultural country facing the 21st century with confidence. This opportunity must not be squandered. We have shown to the world that we have the skilled workforce, that our creative talents are as bankable as any big Hollywood name, that our production companies have the credibility to make deals at the highest levels, that we have the infrastructure to support film projects and that we have a favourable tax regime that incentivises film production. We must build upon these strengths. We must retain and expand all of these building blocks that have made Ireland one of the top six favourite film locations in the world.

#### \*Background to Report:

This report and previous reports published on the years 1993-2001 have been compiled from statistics obtained by the IBEC Audiovisual Federation. At the time of writing, audited figures for most 2002 productions were available. As a result the main economic analysis refers to 2002. Figures for 2003 represent non-audited returns that were not sufficiently rigorous to allow detailed analysis.



## Achoimre Feidhme

Tá 2003 ar an mbliain is fearr dá raibh ag tionscal closamhairc na hÉireann riamh. Tá deich mbliana imithe ó tugadh 3 thionscnamh le chéile chun go mbeadh Éire i suíomh iomaíoch do léiriúcháin scáileáin. Atheagraíodh an bord scannán, bunaíodh IPU RTÉ agus cuireadh síneadh le dreasacht infheistíochta Alt 35 i 1993. Leanfar ag déanamh forbairt leanúnach ar an tionscal agus beidh luach €304 milliún de léiriúcháin ar siúl in Éirinn i mbliana.

Aschur Closamhairc (€ milliún)	2001	2002	2003*
Fadscannáin agus mórdhrámaí teilifíse	199.6	127.7	234
Léiriúcháin Neamhspleách Teilifíse	45.9	43.5	43
Beochan	13.5	19	27
<b>Aschur Foriomlán Iomlán</b>	<b>259.0</b>	<b>190.9</b>	<b>304</b>

\*measta

Tá an earnáil ag tabhairt réimse leathan léiriúcháin chun críche i 2003. Idir an tionscadal scannánaíochta is mó ar tugadh faoi riamh in Éirinn *King Arthur*, go léiriúcháin eile lena n-áirítear *Laws of Attraction* ina bhfuil Pierce Brosnan ag aisteoireacht ann agus *Tristan and Isolde*. I measc na léiriúcháin as Éirinn a tugadh chun críche i 2002 bhí *Intermission*, *Song For a Raggy Boy* agus *Veronica Guerin* a bhfuil suas le €8 milliún tugtha isteach acu idir iad in Éirinn agus sa Ríocht Aontaithe. Ba bhliain mhaith a bhí i 2002 freisin don earnáil beochana le léiriúcháin mar *Derrick* agus *The Oscar Wilde Trilogy*. I measc léiriúcháin baile agus léiriúcháin teilifíse bhí *Bachelor's Walk*, *On Home Ground* agus *Ros na Rún*. Leis an ardú ar mhaoiniú ó tháille ceadúnais RTÉ bhí léiriúcháin nua ag RTÉ mar *The Clinic*, ar éirigh go maith leo.

### Mar a chuireann an earnáil le hEacnamaíocht na hÉireann

Thug anailís eacnamaíochta ar 148 léiriúcháin closamhairc ar tugadh futhú in Éirinn le linn 2002 le fios gur chuir an earnáil lenár n-eacnamaíocht go leanúnach thar na deich mbliana atá caite. Is bhfoirm caiteachais ar earraí agus seirbhísí Éireannach, an leibhéal fostaíochta a dtacaíonn an earnáil leis, infheistíocht isteach agus aschur cánach glan chuig an státchiste a tharla sé sin.

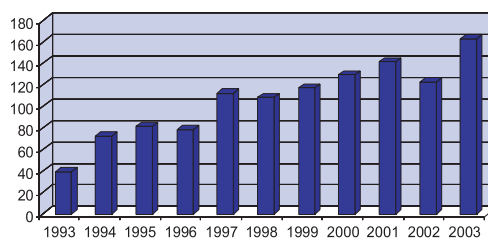
### Caiteachas in Éirinn

Chuir an caiteachas shuntasach de €122.6 milliún i 2002 ar earraí agus seirbhísí Éireannacha le linn léiriúcháin closamhairc, mar a léirítear thíos, buntáistí eacnamaíochta ar fáil do líon eile earnálacha laistigh den eacnamaíocht. Bhí idir seirbhísí agus saoráidí iarléiriúcháin i gceist leis in chomh maith le lónadóireacht agus lóistín

Tacaíonn caiteachas na hearnála sin go díreach le postanna sna hearnálacha soláthair seo agus earnálacha bainteacha.

Léiríonn an laghdú ar chaiteachas in Éirinn ó €139.3 milliún i 2001 go €122.6 milliún i 2002 nár léiríodh mórscannán ar bith mar a rinneadh i 2001 agus 2003. In 2002, áfach, thosaigh an earnáil bhaile ag léiriú a cumais agus léiríodh sraith léiriúcháin bhaile agus in éineacht le maoiniú Éireannach d'éirigh go maith leis an earnáil an bhliain sin. Meastar, áfach, go n-ardóidh caiteachas go €160 milliún i 2003.

Irish Expenditure (€ million)



### Fostaíocht

Chomh maith le tacú go hindíreach le postanna tacaíonn tionscadail a dtugann earnáil closamhairc na hÉireann futhú go díreach le fostaíocht sna léiriúcháin sin. Chomh maith leo sin a bhí i bhfostaíocht lán-aimseartha san earnáil d'fhan an líon socrúcháin tionscadail-bhunaithe i 2002 cothrom go maith ag 16,424 ag cur leis an leibhéal taithí agus oiliúna san earnáil. B'ionann sin agus 1,198 post lán-aimseartha ar thacaigh na tionscadail leo i 2002. Chuir tionscadail ar thug earnáil closamhairc na hÉireann futhú fostaíocht bhreise shuntasach ar fáil le linn shaol ré na tuarascála seo.

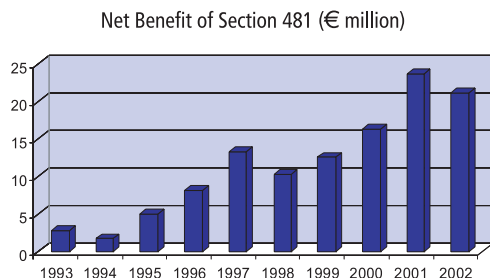
### Tairbhe Fiosceach

hÉireann go shuntasach le heacnamaíocht na hÉireann. Infheistítear ar an meán €136 milliún ó thar lear san earnáil gach bliain. Bhí an aschur don státchiste i 2002 (díoraithe ó ioncaim agus caiteachais a gineadh) os cionn na cánach a cailleadh trí Alt 481.

**Thug an treocht leanúnach seo isteach €21.2 milliún i ngnóthachan glan d'eacnamaíocht na hÉireann i 2002.**

Chomh maith le buntáistí fostaíochta agus fioscach a bheith leis an tionscal closamhairc baineann Éirinn tairbhe indíreach as freisin.

# Achoimre Feidhme



Tacóidh bonn scileanna closamhairc na hÉireann atá ag fás leis na deiseanna a chuireann comhchuibhiú ábharbhunaithe ar fáil. Táthar ag baint níos agus níos mó úsáide as éifeachtaí digiteacha agus grafaicí ríomhairí i léiriúcháin scáileáin agus féachtar ar thionscal na scannánaíochta mar cheannródaí sa réimse seo. Beidh mais chriticiúil de na sin mar chumasóirí príomha don earnáil meán digiteach bunaithe ar aistriú na scileanna sin agus ar eolas isteach ina gcuid earnálacha féin. Cuireann buntáistí eile mar ardú ar fheasacht turasóireachta agus céannacht náisiúnta níos láidre leis an tionchar dearfach atá ag an earnáil in Éirinn.

## Conclúid

Fáiltíonn An Chónaidhm Closamhairc roimh na tascairí dearfacha seo don earnáil. Deir an Chónaidhm, áfach, nach bhfuil sna dreasachtaí reatha atá á dtairiscint ag Éire do léiriúcháin teilifíse agus scannán ach an íosmhéid atá riachtanach chun ár stádas mar an suíomh roghnaithe do léiriúcháin teilifíse agus scannán a choinneáil. Mura gcuirfear leis na dreasachtaí bainfidh stáit eile, An Rómáin mar shampla, an bonn ó iomaíochas na hÉireann mar shuíomh agus déanfar dochar mór don earnáil.

De bharr chinneadh an Rialtais gan Alt 481 den scéim dreasachta cánach a choinneáil ach go dtí 31ú Nollaig 2004 amháin, tá an Chónaidhm ag lean go béime arís air go bhfuil Alt 481 den scéim dreasachta cánach rithabhachtach d'inhmarthanacht na hearnála i ndiaidh an dáta sin. Tá an Chónaidhm Closamhairc i mbun cainteanna leis an Rialtas le roinnt míonna anuas ag féachaint leis an dreasacht riachtanach sin a choinneáil agus tacaíonn sí go hiomlán le moltaí thuarascáil SPI thíos:

- **síneadh 10 mbliana ar dhreasachtaí cánach scannán, faoi réir athbhreithniú cúig bhliana;**
- **ardú ar tháirseach infheistíochta go €21m; agus**
- **bunú Bhord na gCaighdeán Teastasaithe chun maoirsiú a dhéanamh ar an bpróiseas teastasaithe.**

Féachann an t-athbhreithniú seo freisin siar ar mar ar d'éirigh leis an earnáil sna deich mbliana atá caite agus leagtar amach ann peirspeictíochtaí éagsúla ar conas mar a chuir sí go heacnamúil le hÉirinn. Ach ní luach airgid amháin atá ag an tionscal. Is súil ar ár dtír é tionscal na scannánaíochta. I gcás go leor daoine ar fud an domhain is ón scáileán sa phictiúrlann a fhaigheann siad a gcéad léargas ar Éirinn. Mar náisiún tá deis againn muid féin a chur i láthair mar thír il-chultúrtha, bheomhar atá ag dul go muiníneach i dtreo an 21ú aois. Níor cheart an deis sin a chur amú. Léirimis don domhan go bhfuil lucht oibre oilte againn, gur fiú ár dtalainn cruthaitheacha chomh mór le haon ainm as Hollywood, go bhfuil an chreidiúint ag ár gcuideachtaí léiriúcháin chun margai a dhéanamh ag na leibhéil is airde, go bhfuil an t-infrastruchtúr againn tacú le tionscadail scannánaíochta agus go bhfuil córas cánach fabhrach againn a bhfuil dreasachtaí ann do léiriú scannán. Ní mór dúinn cur leis na láidreachtaí sin. Ní mór dúinn cur le gach ceann de na gnéithe sin a chuir Éire ar cheann de na sé suíomh scannánaíochta is fearr ar an domhan.

### \*Cúlra na Tuarascála:

Cuireadh an tuarascáil seo agus tuarascálacha roimhe a foilsíodh i 1993-2001 le chéile ó staitisticí a d'aimsigh An Chónaidhm Closamhairc IBEC. Le linn scríbhneoireachta bhí figiúirí iniúchta gach léiriúcháin i 2002 ar fáil. Mar thoradh air sin tagraíonn an phríomhanailís eacnamaíochta do 2002. Léiríonn figiúirí do 2003 tuairisceáin neamh-iniúchta nach raibh sách domhain chun anailís shonrach a dhéanamh orthu.

# Chapter one

## The Irish Audiovisual Sector – A Look Back

Ireland has always had a film industry. Every so often US or British film studios would come to this country and use it as a setting for a major production. Examples of this include *The Quiet Man*, *Ryan's Daughter*, *The Spy Who Came In From the Cold* and *The Mackintosh Man*.

The modern Irish film industry, however, can be traced to the movie *My Left Foot*, (1989) which became the first Irish film to win an Oscar. Not just was this an Oscar winner but it was a truly indigenous Irish film, produced by Noel Pearson and directed by Jim Sheridan. In addition, Shane Connaughton's script was based on Christy Brown's biography and was an unsentimental look at working class life in Ireland in the 1950s and 1960s.

This was soon followed by other 'real' Irish movies such as *The Field*, *Hear My Song* and *The Commitments*.

The true watershed year came in 1993, for many reasons. The first was the reconstitution of An Bord Scannán na hÉireann, the Irish Film Board. Originally created in 1980 the board had been disbanded during the 1980s but the legislation underpinning it was still in place. Upon its reconstitution, it was given a budget of €1.27 million and a brief to "ensure the continuity of production and availability of Irish films to home and international audiences."

The second event was the establishment of the RTE Independent Production Unit (IPU). Until then, all home-produced drama was created in-house by RTE with little or no opportunity for independent Irish companies to get access to the airwaves. The job of the IPU is to commission programming from independent producers. This has led to an explosive growth in the number of independent production companies operating in this country.

The third, and perhaps most important event of 1993 was the extension of tax incentives to individuals. Section 35 incentives had been around since 1987 but the terms associated with them were considered quite restrictive and benefited only corporate investments. However, by extending the benefits to individuals, the Minister for Finance made the scheme much more workable. The scheme was revised in 1997 when it became Section 481.

Under the terms of the scheme companies investing up to €444,000 in the production of qualifying films and investing up to €1.33 million into a single qualifying production company for the purposes of making a single film could qualify for tax relief. In addition, individuals could invest up to €31,743 per

year in film production and receive tax relief. There were, of course, conditions attached, most notably that 75% of production work must take place within the state.

The Audiovisual Federation produced its first report in early 1995 examining the impact of the industry on the Irish economy during 1993. During that year, the Federation, reported that 16 productions were made with a combined budget of €64.1 million. A total of 4191 people were employed in relation to those productions and this was equivalent to 480 direct full-time jobs on an annual basis.

By comparison, during 2002 there were 148 audio visual productions completed in Ireland with a total production value of €190.9 million. Employment in the sector also increased to 16,424 placements, the equivalent of 1198 full time jobs.

That first report also noted that in 1993, the exchequer contributed €8.1 million. This was made up of €1.1 million in financing disbursed by Bord Scannán na hÉireann and €6.9 million in Section 35 tax relief. However this was offset by an estimated tax take of €9.8 million made up of income tax, PRSI and VAT. By 2002, Section 481 tax relief grew to €21.6 million while it is estimated that the exchequer took in a total of €42.8 million in Income Tax, PRSI and VAT. Thus the net gain to the Exchequer was €21.2 million.

The attractive tax incentives, the pool of skilled labour and the abundance of creative talent have led to Ireland becoming one of the top six world-wide locations. The others being Canada, the UK, Australia, the Czech Republic and Romania. Surprisingly New Zealand, where the Lord of the Rings Trilogy was filmed is not on the list. It fell off after the elimination of tax incentives in 2002.



## The Irish Audiovisual Sector – A Look Back

Every major Hollywood studio has produced or co-produced at least one major project in this country in the last ten years. These include the following major productions, Neil Jordan's *Michael Collins* and *The Butcher Boy*, both from Warner Brothers, *In the Name of the Father*, from Universal, *The Van* and the recently released *In America* from 20th Century Fox, *The Tailor of Panama*, starring Navan's own Pierce Brosnan, from Colombia/Tri-Star, *Angela's Ashes* from Paramount, *Evelyn* from MGM – also starring Pierce Brosnan, *Saving Private Ryan* from Dreamworks and *King Arthur* from Disney.

We have also become a favoured location for many US and UK television productions. Some of the most notable UK productions produced here include *Ballykissangel* and *Father Ted*. US studios such as CBS, Disney Channel, NBC, Hallmark, Showtime, Fox TV and A&E have also located television productions here.

The growth of the industry here has meant that Irish post-production companies have also achieved a reputation for excellence. Windmill Lane, for instance was recently engaged to create computer generated animation for the hit science fiction TV series *Stargate SG-1*.

But it's not all foreign investment. When RTE began commissioning externally produced content it opened up opportunities for independent production companies. Hit series such as *Bachelors Walk*, *Paths to Freedom*, *Any Time Now* are examples of just how successful this has been.

In feature films, Irish production companies have also had success. Movies such as *About Adam*, *Mystics* and *Intermission* have been distributed worldwide while others have gone on to win recognition at the highest level. Following the success of

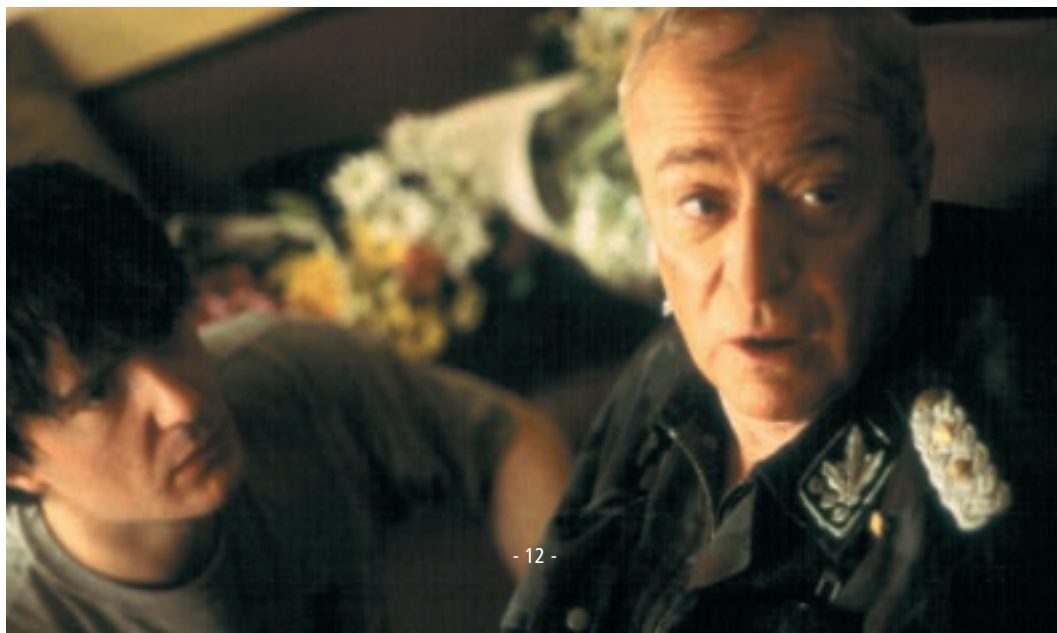
*My Left Foot* at the Oscars, Neil Jordan's *The Crying Game* garnered six Academy Award nominations, with Neil Jordan winning a statuette for his screenplay.

Irish films have also done well at Film Festivals around the World. *Michael Collins* and the more recent *Magdalene Sisters* both won the Golden Lion at the Venice Film Festival while *Bloody Sunday* took awards at Sundance, Sydney and Berlin festivals.

Indigenous talent has also had a chance to develop. In the past the number of world famous Irish film stars - like Peter O'Toole, Richard Harris and Siobhan McKenna – could be counted on the fingers of one hand. Now natural Irish accents grace cinema and TV screens. Names like Daniel Day Lewis, Colm Meany, Colin Farrell, Victoria Smurfit, Patrick Bergin, and of course Pierce "007" Brosnan appear on screen all over the world.

Those are just the big names of course, but figures reveal that the percentage of Irish employment in main cast has grown from 41% to a staggering 90% since 1997. That trend, although not so pronounced is reflected in other areas such as production management, sound, editing, makeup and hair-dressing and so on. In other words productions are relying less and less on imported talent and more on homegrown skills.

The Irish Film Industry has come a long way in ten years. It has contributed to the growth of Ireland's economy along side the IT, pharmaceutical and biotechnology industries. Irish film makes a further contribution by dispelling the outdated stereotype image of Ireland and replacing it with a more accurate picture of a country that has a sense of itself and its place in the world.



# A Decade in Perspective



## Department of Arts, Sport and Tourism - Minister John O'Donoghue

The Irish film sector has made notable strides in recent years. We are now at a stage where we can offer the personnel and specialist expertise that are needed to attract internationally mobile investment, which is quite an achievement given that international producers will not, and indeed cannot, settle for anything other than the very highest standards.

This has not happened by accident. Building from the bottom up, the Irish Film Board has worked to develop the seedbed levels of the business. The section 481 relief was the next essential layer, bringing in the finance that allowed everything from quite low budget films up to the biggest international productions to happen. The sector itself capitalised on what we could offer, and made the contacts, and the sales pitches, that have made us a significant production location. Ireland has benefited greatly as a result.

We know, of course, that the future of the section 481 scheme is under review. There is nothing surprising in this - all such reliefs can be expected to be kept under review by the Minister for Finance. It is my job as the Minister responsible for film to make sure that all of the facts about the impact of this scheme on the film industry in Ireland, and on the national economy, are fully factored into that review. The objective that we all share is to ensure a viable future for the Irish film sector, for the people who work in it, and for the vast majority of Irish people who want films to continue to be made in Ireland.



## IFB – Mark Woods, Chief Executive

Bord Scannan na hEireann/the Irish Film Board celebrated its 10th anniversary of reconstitution in 2003. It proved a landmark year for the Irish film industry with John Crowley's *Intermission* becoming the 7th biggest film of the year and the highest-ever grossing BSE/IFB-backed film at the Irish box office. In the same year, Ireland played host to *King Arthur*, the largest inward production in the history of the State with a budget of €100 million.

Other key milestones in 2003 included the launch of a second Company Development Initiative designed to support emerging production companies; the announcement of the Cultural Cinema Consortium funding recipients; and several BSE/IFB co-financed Irish films making sales to the challenging US market.

The Irish screen industry is reaching critical mass in terms of the number of annual local productions, the scale of inward productions, skill levels of crews, and international recognition of key talent in only the past few years. Maintaining present levels of production is crucial to continue meeting the industry's ongoing development objectives.

Going forward, BSE/IFB intends to sharpen its hunt for end-user co-financing partners and strengthen its focus on supporting both emerging and established production teams to create competitively costed, audience friendly and creatively engaging content for local and international audiences.

## A Decade in Perspective



### Radio Telefís Éireann (RTÉ) – Cathal Goan, Director General

RTÉ has developed and expanded its television schedules over the last decade and has achieved this in no small way thanks to the range and diversity of Irish independently made film and television programmes in addition to programmes produced within RTÉ.

As a result of legislative changes arising from the Broadcasting Authority (Amendment) Act, 1993, RTÉ set up the Independent Productions Unit, and from that period onwards, independent film and television production has played an important role in RTÉ achieving its programme schedule objectives.

RTÉ's ongoing commitment to this sector has allowed for significant development and innovation among the growing number of Irish independent film and television production companies. This has resulted in independent production having a very high profile in RTÉ's schedules and RTÉ has now become reliant, in large measure, on a strong and vibrant independent sector.

RTÉ's commitment to the sector has grown from €7 million in 1994 (producing 258 hours of commissioned programming) to €32 million in 2002 (producing 701 hours of programming). This has resulted in programmes being commissioned from independent production companies across all programme areas from features and documentaries, to entertainment, young people and drama.

The commissioning of independently produced programming by RTÉ, in keeping with a Europe-wide trend, has ultimately allowed for a significant growth in employment skills within the audio-visual sector in Ireland while providing the platform to encourage the creative expression of Irish Independent Producers.

It is appropriate also to reflect on the important contribution of Section 481 to the indigenous film and television production sector here in Ireland during this time. RTÉ acknowledges that the benefits achieved via this scheme has ensured an appropriate skills and talent base is available and that this is a key and valued resource from which RTÉ can draw from.



### Ó Neart go Neart – TG4 – Pol O Gallochoir, Ceannasaí

Is cinnte go bhfuil bunú agus forbairt TG4 ar cheann de na rudaí is mó a chuir borradh faoin earnáil neamhspleách léiriúcháin le deich mbliana anuas, go háirithe sna ceantair Ghaeltachta. Ó tháinig muid ar an aer faoi Shamhain 1996, tá borradh agus misneach nua faoi thionscal na teilifíse Gaeilge, ní amháin sa nGaeiltacht ach ar fud na tíre. Tá postanna cruthaithe, scileanna forbartha, cláracha agus sraitheanna den scoth coimisiúnaithe, léirithe agus craolta agus duaiseanna faighte ag féilte in Éirinn agus thar sáile. Is ábhar bróid seo dúinn ar fad.

The establishment of Teilifís na Gaeilge, now TG4, in 1996 was undoubtedly one of the most important developments of the past decade, not just for the independent production sector but for the Irish television industry generally.

The channel was devised as a publisher-broadcaster from the outset, with an emphasis on high-technology and multi-skilled jobs at the core of the operation. Innovative fast-track training has incubated the enthusiasm of the Gaeltacht-based production sector. In tandem with the existing independent resource, this new talent was able to service the channel's Irish language programme needs across all strands – drama, sport, news, children's, entertainment etc.

The establishment phase of TnaG was one of great energy and activity. New programme formats were developed and tested. Sports broadcasting rights were acquired and developed. The channel's evolution into TG4 represents the second, consolidation phase. A slight increase in Exchequer funding allowed for greater scope in the commissioning of original programming in Irish and of acquired material that is reversioned into Irish. The gradual and steady increase in audience share and of critical plaudits and festival awards bear testimony to the success of this branding and programming strategy.

We have made a good beginning and, as the Irish proverb says, this is half the work. But it is only half the work and TG4 relishes the many challenges that lay ahead.

## A Decade in Perspective



### **Buena Vista – Brendan McCaul, Vice President/General Manager**

The Irish box-office has made huge progress over the last ten years. There were two significant factors driving admissions - namely the continuous investment in new cinema sites and the increased volume of product. During the period we have witnessed major developments, not just in the main urban areas but also in large provincial towns. The significance of this is borne out by admission trends with seven million admissions in the early nineties to 17 million admissions this year. There are still a number of large developments at various stages of delivery, which I expect will take us over the magic 20 million admissions in the not too distant future. Unlike other countries, we have not yet reached the point of site saturation and there are still some good business opportunities to be exploited, given the right set of circumstances.

The other element of our progression is product, both international and indigenous. We are screening between 200 and 300 movies per annum and the extent of success or otherwise, are determined by the paying public. Since the establishment of the Irish Film Board over ten years ago, Irish films have made a genuine contribution to the exhibition and distribution sectors - some having outperformed studio blockbusters. Irish people know and love their cinema - long may it continue.



### **FAS/Screen Training Ireland – Mary Lyons**

FÁS Screen Training Ireland is a state funded national training and development resource specifically created for Ireland's film and television industry. It was established in late 1995 to provide continuing training and career development opportunities for professionals in the independent film and television sector. Screen Training Ireland is co-funded by FÁS and Bord Scannán na hEireann/The Irish Film Board.

Over the last eight years FÁS Screen Training Ireland has forged strong relationships with a variety of industry representative organisations, employer and union groups and broadcast and sectoral agencies both at home and abroad. It also has significant links with a range of international organisations. For example FÁS Screen Training Ireland has an ongoing strategic relationship with UCLA Extension, the Continuing Education and Training division of the University of California, Los Angeles. These links have ensured that the training provided is relevant to changing industry needs and reflects international standards in this highly competitive global industry.

Since 1995, 3,545 professionals have participated in training programmes, which were delivered to address training needs identified in consultation with the industry. In addition, 470 Bursary Awards have been made to professionals to enable them to participate in training and work programmes abroad to enhance their expertise. Over this eight-year period FÁS Screen Training Ireland has made a significant contribution to enhancing the skills levels and improving the competitiveness of the Irish film and television industry.



### **Ardmore Studios – Kevin Moriarty, Chief Executive**

In the 45 years since it opened, Ardmore has been host to a large percentage of the films shot in Ireland. In so far as activity within Ardmore provides a barometer for the state of the industry, the period up to 1993 was one of fluctuation, with the industry regularly on the verge of collapse and little opportunity for indigenous growth.

By contrast, the ten years from 1993 to 2003 has seen sustained growth. The regular flow of production activity has enabled ongoing investment in the infrastructure. In Ardmore's case this has meant increased stage capacity and a virtual doubling of the square footage devoted to ancillary facilities. Lighting, camera and post-production companies within Ardmore have also made significant infrastructural investment during this period.

Ardmore is now regularly servicing big-budget films of a scale not possible a decade ago. The industry has grown and matured in that period. It is gratifying to see that the increased level of activity has provided greater opportunities for indigenous growth. It must be stressed, however, that the growth of the last decade would not have been possible without Government support, in the form of Section 481, and ongoing support is essential while similar supports exist elsewhere.

## A Decade in Perspective



### The Animation Sector - Gerry Shirren CEO Terraglyph

The animation sector has come through a long period of change over the past 10 years where the sector has moved from one dominated by a small number of large US studio operations which included Sullivan Bluth and Murakami Wolf to now being an indigenous dominated sector in which a number of medium sized permanent animation studio operations have established themselves. Alongside these studios, there continues to be a strong number of independently minded animators working on short films and working animation media other than film and television.

More recently, the animation sector has seen critical success internationally with numerous award winning productions in feature film, television series and in short film and these successes have been crowned by Ireland's first Academy Award nomination for animation with Give up yer auld sins and 50% Grey and the BAFTA win for Tim Fernee's Sir Gawain and the Green Knight last year.

While this critical success does not automatically lead to commercial success it is, however building the foundation for future growth and development. Ireland's animation sector is now highly regarded internationally and many of the local studios have been able to leverage up their limited Irish financial resources to fund some major international co-productions that are currently underway. This year's Cartoon Forum is a good example of how far the Irish animation has come. When the Cartoon Forum was held in Connemara nearly 10 years ago, Ireland would have struggled to have a single participant at the Forum each year. This year in Italy, there were 5 Irish participating studios with different projects and Cartoon Saloon's Skunk has the honour of being the leading project at the Forum.

The support of the Film Board along with the assistance provided by the Media Programme's various development initiatives, Screen Training Ireland's programmes specifically targeted at animation, Section 481 and the hard work of the animation producers and directors on the ground is clearly showing results and with continued support from all of these agencies, there is no doubt that the sector will continue to grow towards reaching its potential.

### Screen Producers Ireland - Tristen Orpen Lynch



Looking at the amount and varied genres of Irish films on our cinema screens this year is a striking reminder of how the industry has developed over the last decade. Ten years ago it was a cottage industry, Irish films that actually went into production were very rare and there were only one or two crews in the country to choose from.

Now the Irish film and TV industry directly employs 4,300 people (and a further 3,000 jobs through the influence of film on tourism). The number and calibre of Irish crew and actors working today is staggering and is testament not only to their talent but also to the number of opportunities that have become available to them to work on quality Irish feature films and TV drama productions in the past ten years.

The amount of people employed in the sector has risen with the frequency of production. There are more films of a consistently high standard being made and distributed at home and internationally than ever before. Furthermore, the enormous cultural significance of this is borne out in the growing box office success of Irish films within Ireland. This, coupled with healthy viewing figures for new Irish TV drama, clearly demonstrates that Irish audiences have developed a strong appetite and appreciation for quality home-grown productions. The last ten years have seen the emergence of an Irish film and TV industry which is now fundamentally important on many different levels to its country and its people.

## A Decade in Perspective



### **Hell's Kitchen - Arthur Lappin, Chief Executive**

Over the past decade there has been an exponential growth in the volume, value and quality of Irish film production. This growth derives largely from the ability of Irish producers to develop and sustain relationships with international film financiers based on an expert workforce in combination with financial investment by the State. The State's investment, be it through training investment, Irish Film Board loans and in particular, the availability of Section 481 incentives, is critical to maintaining what is in essence a service industry. Ownership of the films made in Ireland is substantially vested in foreign investors because the magnitude of indigenous investment is very limited in relative terms. The financial incentives available in Ireland allow producers to compete, to have films made in Ireland but not to have meaningful ownership of the product of their work. Ten years ago Section 481 was exceptional by comparison with incentives available in other countries. In the past few years many countries have offered similar, and in many cases more attractive financial incentives, with the result that competition for international production has become vastly more intense. Any diminution, or indeed lack of enhancement, in the Irish position will have an immediate and catastrophic impact on producers ability to make films in Ireland and the nurturing of the last ten years will have been wasted.

As a microcosm of the development of the industry over the past decade Hell's Kitchen's output reflects the overall trends. Ten feature films with aggregate budgets in excess of €170 million have been made using Irish cast, crews and facilities. All of these films have had cinema distribution throughout the world and in many cases have garnered the highest international accolades. Five of them were by first time feature film directors, thus developing the creative base of the local industry. In the early 1990's a few of them were not dependent on Section 481 investment but of the six films we have made since 1999 four of them would not have been made in Ireland without the availability of Section 481. This is the altered reality of the international marketplace and like many service oriented industries work will migrate to locations offering the most attractive and competitive economic environment. International film financiers have no investment in the Irish film production infrastructure. They will spend their money where value is maximized so a loss of Section 481 will have instant negative impact.

### **MEDIA Desk Ireland/MEDIA Antenna Galway**

MEDIA Desk Ireland and MEDIA Antenna Galway, the representative offices of the MEDIA programme in Ireland, were established in February 1992.

Since inception the MEDIA Programme of the European Union has supported the growth and expansion of the European Audiovisual Sector. In Ireland the industry has benefited to the level of €16.7 million. Parallel to the funding received the industry has also benefited from access to international markets and festivals and professional European training.

MEDIA has played a key role in the internationalisation of the Irish audiovisual sector.

# Chapter two

## Economic Analysis 2002/2003

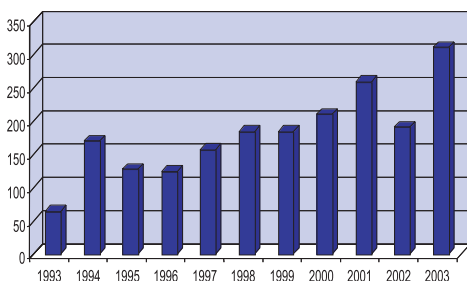
### Overview of 2003 productions

Indicative Audiovisual Output 2003	Million
Overall output	304
Feature film and major TV dramas	234
Independent TV production	43
Animation	27 <sup>1</sup>

The indicative figures above for 2003 have a total output value of €304 million surpassing the previous record output for the Irish industry (€259 million in 2001). Early indicative figures show that certified Section 481 funding in 2003 already had a value of over €50 million, representing a healthy flow of projects availing of the incentive. Productions for 2003 include *Laws of Attraction*, *King Arthur* the largest production ever to take place in Ireland (with a budget of €115 million) and *Intermission* which is currently enjoying great box-office success, both at home and abroad. The sector has also been boosted further by a number of new commissions from RTÉ such as *The Clinic*.

The chart below illustrates the steady growth of the sector in terms of output. This growth over the last decade has coincided with two initiatives designed to make Ireland a competitive location for screen production - the support of the Irish Film Board and the availability of the Section 481 incentive. These have combined to allow the development of an enviable base of talent in the Irish sector. This human resource, in tandem with the support of the Irish Film Board and appropriate tax based incentives, will ensure the continued growth of this important sector.

Output Level of the Irish Audiovisual Sector (€ million)



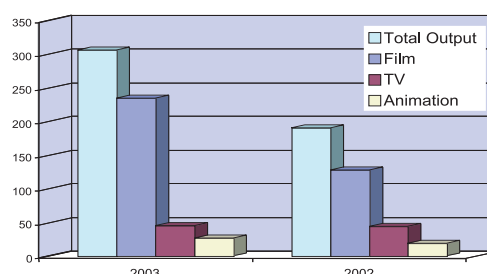
### Economic Analysis of 2002 productions

This section summarises economic analysis (appendices I-V) covering 148 audiovisual productions completed in Ireland in 2002. The projects examined represent a good spread both in scale and type of production and include a number of large budget film productions such as *In America*,

indigenous productions such as *Song for a Raggy Boy* and *Bachelors Walk*, and animated productions such as *The Oscar Wilde Trilogy*. These productions represented a total aggregate production value of €190.9 million. This output figure represents a decline on 2001 (€259 million) and will fall short of 2003 (€304 million).

The following chart compares the outputs for 2002 and 2003. The difference in overall output reflects the lack of a major blockbuster such as *King Arthur*. However, the underlying strong performance of the indigenous film, TV and animation sectors is maintained in both years. These stable elements of the sector represent the immense potential of the industry in years to come.

Output Comparison 2003/2002 (€ million)



### Benefits of Section 481 to the Exchequer (see appendix II & V)

The net gain to the audiovisual industry is estimated to have been €21.2 million in 2002. This includes direct benefits in terms of PAYE, PRSI, schedule D and corporation tax, and indirect benefits in other forms of tax, including VAT and excises. The indirect benefits are taken into account by the multiplier effect of investment in audiovisual production. The cost to the Exchequer of Section 481 is the tax foregone on the €68.9 million which was invested under the scheme and is estimated to have been €21.6 million. This results in a net benefit to the state of €21.2 million in 2002.

Calculation of Net Benefit (€ million)	2000	2001	2002
Tax Return to Exchequer	45.1	47.8	42.8
Tax Foregone to the Exchequer	28.8	24.2	21.6
Net Benefit to the Exchequer	16.3	23.6	21.2

### Funding

Total funding for the sector in 2002 amounted to €190.9 million (see appendix I for breakdown). In the absence of a major incoming production, inward investment in 2002 at €81.1 million is overshadowed by years with Ireland's two largest ever productions

<sup>1</sup> The figure for animation output includes a significant proportion of co-production based financing which will lead to expenditure both in Ireland and overseas.

# Chapter two

## Economic Analysis 2002/2003

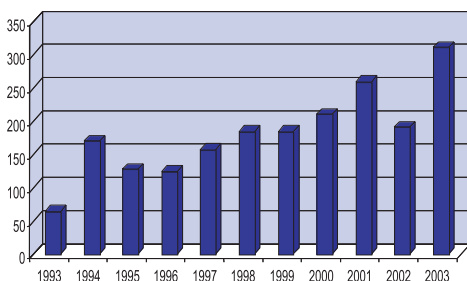
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Output Level of the Irish Audiovisual Sector (€ million)



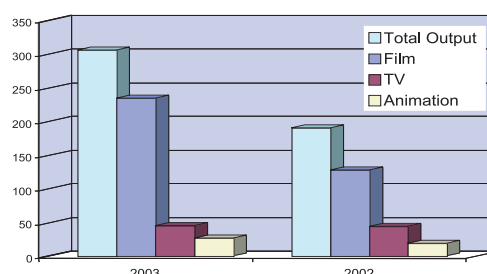
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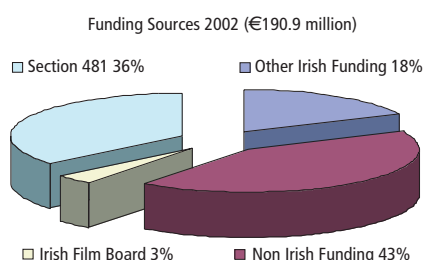
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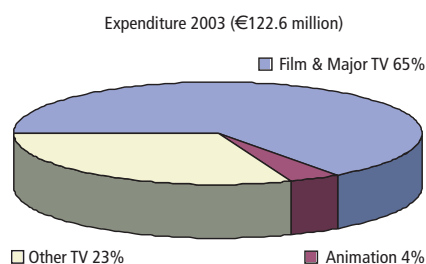
– *Reign of Fire* in 2001 and Disney's *King Arthur* in 2003. Estimates for 2003 indicate a return to prominence of inward investment (estimated at €186.6 million) due in the main to *King Arthur*



The decline in international funding placed an emphasis on Irish finance in 2002 and at €109.8 million it accounted for the majority (57%) of total funding. Of this, productions benefiting from Section 481 amounted to €69.2 million accounting for 36% of the total. Other sources of Irish funding including RTÉ (€21.4 million) and TG4 (€10.1 million) accounted for 18% while Irish Film Board support (€6.5 million) accounted for 3%.

### Expenditure (see appendix I)

Overall Irish expenditure in the economy, the key driver for domestic employment and income, amounted to €122.6 million in the 148 productions analysed. As part of this figure, expenditure on film and major TV drama stood at €79.6 million representing 65%, other TV productions not included as part of the major drama figures accounted for 23% of the total (€37.7 million) while animation contributed 4% (€5.2 million).



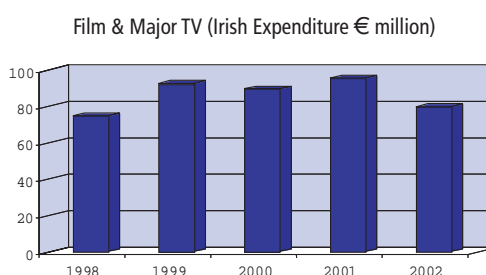
The analysis now examines the performance of the three main streams Film and Major TV drama, Independent TV Production and Animation over the last 5 years.

### Film & Major TV Drama

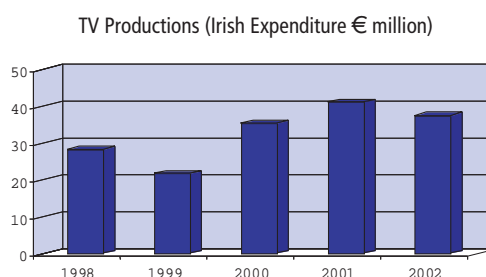
In 2002, as in recent years, Film and Major TV drama production continues to account for the majority of total activity with a spend of €79.6 million was spent on Irish goods and services. These productions generally draw on Irish and non-Irish funding (primarily from the US). Figures for 2002 indicate that Irish funding at 47% of the total played an

essential role in financing films such as *Veronica Guerin*. The main sources for Irish funding were section 481 (€55.3 million) and the Irish Film Board (€3.7 million).

### Independent TV Production

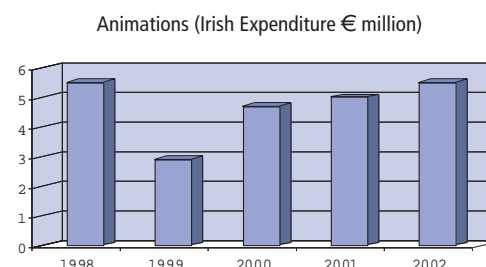


The output of independent TV production in 2002 at €44.2 million in 2002 included a figure of €37.7 million in Irish expenditure. The Irish expenditure in 2002 almost reached the record figure achieved in 2001 of (€38.8 million). The main sources of TV commissions are RTÉ and TG4.



### Animation

The growth in the Irish animation industry continued in 2002 with production output reaching €19 million. The growing maturity of the this sector was underlined by the BAFTA award for Tim Fernee's *Sir Gawain* and the *Green Night*.



### Employment

In line with the drop in Irish expenditure the number of job placements during 2002 dropped slightly to 16,424 from 17,435 in 2001. This equated to 1,198 full time equivalent jobs directly involved in productions in 2002. Although there was an decrease in total employment throughout the three sectors in 2002, equivalent jobs in Independent Television and Animation remained were stable. The main drop in activity was evident in Film and Major TV Drama productions.

# Chapter three

## The Irish Audiovisual Sector – A Look Forward

The last ten years have been good for the Irish film industry and there is good reason to believe that the next ten years can build on this. However, the level of growth will depend on a number of factors:

1. Film Financing Environment that enables production companies to continue to fund film projects.
2. The retention and development of a deep and broad pool of skills both below the line – hairdressers, set builders, cameramen etc. – and above the line – actors, producers and directors;
3. An expanding domestic TV market
4. Infrastructure to support the development of the industry.

### Film Financing Environment

Film-making is not just a creative act. It is a business, and a highly competitive one at that. It is essential therefore that Irish production companies are able to compete at a high level, developing relationships and putting together deals with key Hollywood, UK and European decision makers. As shown in the analysis of this report, for the years 2002 and 2003 and in the Audiovisual Federation reports on economic productions dating back to 1993, the crucial factor in raising finance for film production in Ireland is the film tax incentive Section 481. The retention of this incentive is vital if the film industry is to look forward with confidence.

A key goal of the Irish Film Board is to encourage the growth of mid-sized production companies. This is being achieved through the Company Development Initiative. Launched at the 2001 Cannes Film Festival in cooperation with Anglo Irish Bank, the initiative provides funding over a three-year cycle to selected production companies. Funds may be used to develop new projects, attract co-production deals and access funding from other sources. The ability to raise finance from both Section 481 and the Film board are key factors for the future growth of the sector.

### Retention and Development of Film Skill Base

As mentioned in chapter 1, the country has developed an enviable pool of talent in the sector and this skill base continues to develop. In 1993 there was only sufficient trained crew to support a single

production at any one time. Since then there have been a number of initiatives.

Screen Training Ireland, for instance, a part of FÁS, the Training and Employment Authority was established in 1995. Its mission is to develop core skills and since its founding has trained over 2000 people in areas as diverse as screenwriting and Health & Safety for Film Professionals and continues to do so. It also provides funds for individuals to attend training courses overseas.

Similarly, ten years ago you would be hard pressed to find any third level institution offering courses in film. There are now several industry-related courses provided by third level institutions around the country. Ballyfermot college, for instance offers six different film-related courses and its animation courses have an international reputation. All told, there are approximately 1000 students following these courses and as they graduate over the next few years they will provide much needed skills to support additional productions.

While it is desirable to maximise the number of Irish people working in the industry here, the contribution made by giving Irish crew the opportunity to learn on the job from some of the best people in the industry should not be understated. The skills learnt 'on the job' will enhance the value of our skills pool, providing further support for growth.

In terms of 'above the line' talent, mention has already been made of the international status of such stars as Colin Farrell, Pierce Brosnan and Gabriel Byrne. These and other actors, directors and producers should be encouraged to maintain their links with their homeland and support the native industry. Pierce Brosnan for instance has established a production company and produces on average one movie a year here and given the continuation of a supportive environment plans to continue doing so.

But these star individuals contribute in other ways. Having a big name attached to an indigenous project gives it instant international credibility. For instance, *Intermission* was able to secure international distribution and financing based by virtue of Colin Farrell's name being attached to it. Similarly, writer/director Damien O'Donnell is one of 30 directors to emerge from Ireland during the 1990s. He has earned a reputation in the UK, winning a BAFTA for *East is East* and he is at present directing his first Irish feature.

## The Irish Audiovisual Sector – A Look Forward

### An Expanding Domestic TV Market

Television is a hungry beast. It devours content and as such is the prime driving force behind the development of a sound domestic market. RTE, the national broadcaster, was awarded an increase in the licence fee during 2003 and in return has given a commitment to use the extra income to fund home-produced dramas and feature films and has set itself an ambitious target that by 2005, it will have increased production of such projects by 70 percent compared to 2000.

Just as Channel 4, through its subsidiary Film Four, played a major role in the UK industry during the 1980s and 1990s, RTE, and television in general, has the potential to invigorate the Irish industry. Already the increased level of activity has become evident.

The contribution of television to content production should not be underestimated particularly with the advent of digital television. If an Irish terrestrial digital TV sector is established it will create an unprecedented demand for content.

### Infrastructure

The ability of the Irish film industry to support elevated levels of production will also depend to a great extent on the availability or otherwise of studio and post-production facilities. While in the past we only had one world-class studio, Ardmore in Co. Wicklow, there are now an additional three studio facilities capable of hosting large scale productions. Two of these are in the West of Ireland while the other is near Dublin. In addition, the post production sector has expanded considerably and has the capacity to support all the post-production needs of the industry for the foreseeable future. The one exception is film processing, but this is not an issue as a) digital technologies replace film and b) the ability of the UK processing sector to process and return film from Irish productions overnight.

### Future Growth

The question now remains what kind of productions are we likely to see taking place in Ireland over the coming years.

Animation is considered to have a very strong potential in Ireland. While Sullivan Bluth Studios may have left some years ago, the skills it fostered remains and this country is becoming a centre of excellence for animation. With two Irish animation productions – Give Up Yer Aul Sins (Brown Bag) and 50 Percent Grey (Zanita Films) – nominated for Academy Awards in 2002, Ireland's reputation in this area has been greatly enhanced.

It is also worth noting that one other sector has a demand for the same talents as the animation industry - scripting, story boarding, animation, voice talent and so on. The sector in question is computer gaming. This is a multi-billion dollar industry worldwide – global game sales reached \$31bn in 2002 – that shares many of the features of the film industry. Modern computer games such as the Tombraider or Star Wars titles have a cinematic feel. The story is an integral part of the gameplay and in between levels, fully animated 'cut scenes' progress the story.

We already have a strong software industry and in its paper "A Strategy for the Digital Content Industry in Ireland," the government identified game developers as a sector it wants to attract. The film industry should not be shy in promoting Irish animation talent to the worldwide software community to encourage future investment.

Another area where strong activity is forecast is mid-budget indigenous productions based on the strong level of home grown talent in script writing, acting and directing and the presence of local production companies. There were six productions of this type in 2002 and SPI believes the country could accommodate as many as 15 by 2007.

At the low-budget end, considerable development is predicted thanks to the emergence of digital technologies. Cameras costing a few hundred euro are able to produce results indistinguishable from those of cameras costing thousands. Furthermore, editing suites that run on Windows or Macintosh computers put professional editing tools into the hands of film-makers at a reasonable cost. Recent productions such as Dead Bodies demonstrate that this sector has potential. According to SPI the number of these low budget productions could grow from seven in 2002 to 20 by 2007.

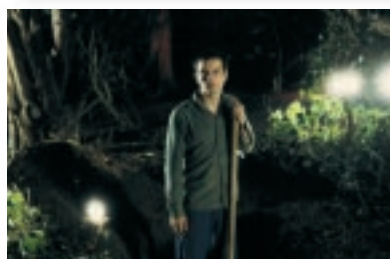
In all likelihood, however, it will be the big-budget Hollywood projects that will continue to account for the bulk of expenditure in this country and while Ireland has been successful in attracting these, there is still a lot of untapped potential.

## The Irish Audiovisual Sector – A Look Forward

### Conclusion

The Irish film industry has been one of the success stories of the last ten years. It has been a major attraction for foreign investment and has made a substantial contribution to our economy in terms of job creation and net returns to the exchequer. That success should continue for the foreseeable future. The Audiovisual Federation estimates that by 2013 the industry will be worth €400 million, €280 million of which will come from overseas investment and will employ up to 10,000 people. This does not include the boost to the hospitality industry as a result of film-based tourism.

The contribution of the industry goes beyond monetary value. Our film industry is a window onto our country. For many people around the world, their impression of Ireland comes from what they see on a cinema screen. As a nation, we have an unprecedented opportunity to present ourselves as a vibrant, multi-cultural country facing the 21st century with confidence. This opportunity must not be squandered. We have shown to the world that we have the skilled workforce, that our creative talents are as bankable as any big Hollywood name, that our production companies have the credibility to make deals at the highest levels, that we have the infrastructure to support film projects and that we have a favourable tax regime that incentivises film production. We must build upon these strengths. We must retain and expand all of these building blocks that have made Ireland one of the top six favourite film locations in the world.



# Appendices

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- Appendix II: Production Details – Summary 1993 - 2002 Comparison
- Appendix III: Production Details – By Type of Production – 2002
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# Appendix I

## Economic Analysis 2002

### Appendix I: Economic Analysis 2002

#### FUNDING

In 2002, the 148 productions had a combined budget of €190.9 million. Funding from Irish sources amounted to €109.8 million or 58% of total funding. The largest single source of Irish funding was Section 481 at €69.2 million (36% of total funding). The US was the largest source of non-Irish funding at €58.4 million or 31% of total funding.

#### Funding by Type of Production

In terms of funding for the different types of productions, details are as follows:

	Feature Films & Major TV Dramas €m			Independent TV Productions €m			Animation €m			Total €m		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
Irish Funding <i>of which:</i>	74	62.1	60.3	37.8	44.0	42.9	4.6	5.3	6.6	116.4	111.4	109.8
• Section 481	68.6	54.8	55.3	8.9	9.6	9.5	4.3	4.7	4.4	81.8	69.2	69.2
• Irish Film Board	2.5	2.8	3.7	1.7	1.0	1.6	0.3	0.5	1.3	4.5	4.3	6.5
• RTE	1.1	2.5	.07	13.6	18.6	21.2	-	-	0.1	14.6	21.1	21.4
• TG4	-	-	-	11.4	13.2	10.1	-	-	-	11.4	13.2	10.1
• Other	1.8	2.0	1.3	2.2	1.6	0.5	-	0.1	0.8	4.0	3.6	2.6
Non-Irish Funding	86.5	137.5	67.9	2.0	1.9	0.8	4.6	8.2	12.4	93.1	147.6	81.1
TOTAL	160.5	199.6	128.2	39.8	45.9	43.7	9.2	13.5	19.0	209.5	259.0	190.9

# Appendix I: Economic Analysis 2002

## Appendix I: Economic Analysis 2002

### EXPENDITURE

Of the €259 million combined budget, €141.6 million (55%) was spent in the Irish economy. This €141.6 million can be further broken down into expenditure on Irish Labour, at €67.9 million (26%) of total expenditure, and expenditure on Irish Goods and Services, at €73.7 million (29%) of total expenditure.

### Expenditure by Type of Production

Details of Expenditure by project are as follows:

Type of Production	Total Expenditure €m (See (1) Below)			Of Which Irish Expenditure €m		
	2000	2001	2002	2000	2001	2002
Feature Films	160.5	199.6	127.8	89.2	95.5	79.6
Independent Television Productions	39.8	45.8	44.2	35.4	38.8	37.7
• RTE	18.8	28.0	29.7	16.7	25.4	25.2
• TG4	19.6	17.7	13.6	17.6	15.5	11.9
• Other TV Productions	1.4	0.1	0.9	1.2	0.1	0.6
Animation	9.2	13.5	18.9	4.6	5.0	5.2
<b>TOTAL</b>	<b>209.5</b>	<b>259.0</b>	<b>190.9</b>	<b>129.3</b>	<b>139.4</b>	<b>122.6</b>

1 These Independent TV productions are classified by the organisation which was primarily involved with the various productions. Therefore, although for example TG4 are shown to have a total expenditure of 17.6m, some of this expenditure arose from other sources of funding for TG4 productions e.g. private finance. Similarly for RTE – other sources of funding i.e. other than the 28.0m provided by RTE – contributed to this expenditure.

## Appendix I: Economic Analysis 2002

### Appendix I: Economic Analysis 2002

#### EMPLOYMENT

A total of 16,424 people were directly employed in relation to these 148 productions, of which 67% were Irish. This figure excludes direct employment generated through the expenditure of €63.1 million on Irish Goods and Services and indirect employment generated through the multiplier effects of the total Irish expenditure €122.6m in the economy. A total of 2,111,560 work hours were generated, which translates into 1,198 full-time jobs (see (2) below).

#### Employment by Type of Production - Direct Employment - Irish/Non Irish

Type of Production	Total Employment	Of which: Irish Employment	Non-Irish Employment
Feature Films & Major TV Dramas	11,557	6,305	5,243
Independent TV Productions	4,687	4,492	194
• RTE	3,316	3,173	143
• TG4	1,114	1,087	27
• Other TV Productions	257	233	24
Animation	180	180	0
<b>TOTAL</b>	<b>16,424</b>	<b>10,978</b>	<b>5,446</b>

#### Employment by Type of Production - Equivalent Full-time Jobs

Type of Production	Total Irish Work Hours	Full Time Equivalent Jobs
Feature Films & Major TV Dramas	1,076,373	610
Independent TV Productions	912,986	522
• RTE	470,270	266
• TG4	420,883	239
• Other TV Productions	21,833	12
Animation	122,201	69
<b>TOTAL</b>	<b>2,111,560</b>	<b>1,198</b>

2 Based on a 38 hour week and a working year of 232 days. The 38 hour average is taken from a 39 hour week average for manual workers and a 37 hour week for clerical, professional and technical workers. The 232 day working year is derived as follows: 365 minus 104 days weekends minus 9 public holidays average annual leave days = 232.

### Appendix I: Economic Analysis 2002

#### Exchequer Returns and Receipts from the Audiovisual Sector

The cost to the Exchequer of Section 481 is the tax foregone on Section 481 investments. The derivation of tax foregone on Section 481 is discussed in Appendix V. For 2002 Section 481 finance was €68.9 million and the tax foregone on this was €21.6 million.

As mentioned above, returns to the Exchequer are derived from incomes and expenditure generated directly and indirectly by the audiovisual industry. In 2002 direct tax receipts were €18.0 million, comprising of €8.5 million from PAYE/PRSI, €8.6 million from schedule D and €0.9 million from VAT and Corporation Tax (see Appendix III). Indirect tax receipts are estimated to have amounted to €24.8 million, giving a total of €42.8 million in receipts.

Thus the net benefit to the Exchequer in 2002 was receipts of €42.8 million less the tax forgone of €21.6 million yielding a net gain of €21.2 million.

<sup>1</sup> The effect of 'Government' on the multiplier may be added if it is assumed that Government spends fully all income received, with full interaction between Government current outgoings and all economic activities. If this assumption is invalid and the Government decides its expenditure before its revenue is clearly known, the additional Government effect on the multiplier becomes less certain. As a result, the 'Government effect on the multiplier has been omitted with the result that the multiplier effects shown are, if anything, understated

# Appendix II

## Production Details - Summary 1998 - 2002 comparison

Appendix II: Production Details – Summary 1993 - 2002 Comparison

Production Details	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total Funding €m	64.12	169.00	127.10	123.55	156.69	183.99	183.60	209.5	259.0	190.9
Irish Funding €m	17.40	64.50	69.84	79.23	96.75	107.17	114.02	116.4	111.4	109.8
Non-Irish Funding €m	46.60	104.50	57.27	44.31	59.93	76.82	69.58	93.1	147.6	81.1
Total Expenditure €m	64.12	169.00	127.10	123.55	156.69	183.99	183.99	209.5	259.0	190.9
Irish Expenditure €m	38.73	72.38	81.39	78.47	112.37	108.44	117.07	129.3	141.6	122.6
Non-Irish Expenditure €m	25.27	96.63	45.71	45.08	44.31	75.55	66.53	80.2	117.4	68.3
Total Numbers Employed	4,191	13,858	17,890	11,938	19,279	22,258	17,176	18,328	17,435	16,424
Total Irish Employment	3,772	10,845	16,031	11,251	17,899	21,299	16,224	15,750	17,079	10,978
Total Non-Irish Employment	419	3,013	1,859	687	1,380	959	937	2,578	356	5,446
Total Irish Work Hours	845,498	2,276,146	2,232,255	2,093,522	2,556,708	2,979,178	2,739,831	3,071,108	2,646,714	2,111,560
Equivalent Full-time jobs	480	1,291	1,266	1,187	1,450	1,690	1,554	1,742	1,501	1,198
Total Irish Labour Costs €m	17.14	29.58	36.19	33.90	56.12	50.15	58.53	67.3	67.9	59.6
Irish Labour Costs – Subject to PAYE €m	7.62	12.95	13.46	12.70	18.67	23.87	23.36	23.7	23.4	21.2
Irish Labour Costs – Other (Schedule D) €m	9.40	16.63	22.73	21.08	37.46	26.28	35.17	43.6	44.5	38.4
Tax Foregone to the Exchequer through Section 481 €m	6.86	24.89	23.87	19.17	26.28	27.93	28.32	28.8	24.2	21.6
Return to the Exchequer €m	9.78	26.66	28.95	27.30	39.62	38.22	40.89	45.1	47.8	42.8

# Appendix III

## Production Details - By Type of Production – 2002

Appendix III: Production Details – By Type of Production – 2002

Production Details	Feature Films & Major TV Drama €m	Independent TV Productions €m	Animation €m	All Productions €m
Total Funding €m	127.8	43.5	19.1	190.9
Irish Funding €m	60.4	42.7	6.8	109.8
Non-Irish Funding €m	67.4	0.8	12.4	81.1
Total Expenditure €m	127.8	44.0	19.1	190.9
Irish Expenditure €m	79.6	37.5	5.5	122.6
Non-Irish Expenditure €m	48.1	6.5	13.7	68.3
Direct Returns to the Exchequer - Net Vat €m	0.5	0.2	-	0.7
Direct Returns to the Exchequer – PAYE €m	3.6	1.3	0.2	5.1
Direct Returns to the Exchequer – PRSI €m	1.8	1.5	0.1	3.4
Direct Returns to the Exchequer – Corp Tax €m	-	0.2	-	0.2
Direct Returns to the Exchequer – Schedule D €m	6.1	2.2	0.3	8.6
Direct Returns to the Exchequer – Total Tax €m	12.0	5.4	0.6	18.0
Total Irish Labour Costs €m	39.5	17.9	2.1	59.5
Irish Labour Costs – Subject to PAYE €m	12.1	8.2	0.9	21.2
Irish Labour Costs – Other (Schedule D) €m	27.4	9.7	1.2	38.3
Total Numbers Employed	11,577	4,659	208	16,444
Total Irish Employment	6,305	4,465	208	10,978
Total Irish Work Hours	1,076,373	912,986	122,201	2,111,560
Equivalent Full-time jobs	611	518	69	1,198

# Appendix IV

## Funding Details – By Type of Production - 2002

Appendix IV: Funding Details – By Type of Production - 2002

Source of Funding	Feature Films & Major TV Drama €m	Independent TV Productions €m	Animation €m	All Productions €m
<b>IRISH</b>				
- Bord Scamán na hÉireann/Irish Film Board	3.7	1.6	1.3	6.6
- Radio Telefís Éireann	0.07	21.2	0.1	21.3
- Telefís na Gaeilge (TG4)	-	10.1	-	10.1
- Section 481 (total amount raised)	55.3	9.2	4.4	68.9
- An Chomhairle Ealaíon/The Arts Council	-	-	-	-
- Deferrals	0.3	-	-	0.3
- Other (including Private Equity, Sponsorship etc.)	1.0	0.5	0.8	2.3
<b>Sub Total Irish</b>	<b>60.4</b>	<b>42.7</b>	<b>6.6</b>	<b>109.9</b>
<b>NON IRISH</b>				
- Broadcasters	3.2	-	0.7	3.9
- Eurimages	0.3	-	-	0.3
- MEDIA Programme	-	-	-	-
- Other UK Sources	1.3	0.3	-	1.6
- Other EU Sources	3.6	-	11.7	15.3
- US	58.4	-	-	58.4
- Other	0.9	0.4	-	1.1
<b>Sub Total Non-Irish</b>	<b>67.5</b>	<b>0.7</b>	<b>12.4</b>	<b>81.1</b>
<b>Total</b>	<b>127.9</b>	<b>43.5</b>	<b>19.0</b>	<b>190.9</b>

# Appendix V

## Contribution of the Irish Film Sector to the Irish Economy - 2002

This section of the report sets about measuring the contribution of the film production sector to the economy. This contribution is measured both in terms of tax revenue generated and the impact on GNP and employment.

### Returns to the Exchequer

The total tax revenue directly attributable to productions is €18.0 million; the bulk of this revenue is in the form of payroll taxes. This amount somewhat understates the tax return from productions, as it excludes both the tax revenue generated by the contracting out of goods and services €63.1 million and the tax revenue generated through the expenditure of the net income (€59.5 million - €17.1 million) of Irish employees in the film industry. Using a tax multiplier of 25% and applying it to the amount spent on goods and services, IBEC calculates the direct and indirect tax revenue generated from this activity to be  $(0.25 * €63.1 \text{ million}) = €15.8 \text{ million}$ . Using a tax multiplier of 25% and allowing for 15% of an employee's net income to be saved (a marginal propensity to consume of 0.85), IBEC calculates the tax contribution of the spending of Irish employees in the film industry to be  $(€59.5\text{m} - €17.1\text{m}) * 0.85 * 0.25 = €9 \text{ million}$ . Thus the total indirect tax revenue attributable to productions is €24.8 million, giving a total tax revenue, direct and indirect, of €42.8 million.

It is important to weigh these Exchequer benefits from audiovisual production activity against the cost to the Exchequer, in terms of tax revenue foregone through Section 481 relief.

Under Section 481, individuals and companies may write off a portion of their tax liability by investing in a production up to specified limits. Companies discount their investment against a 26% (in tax year 2001/2002) rate of corporation tax and individuals against the 44% rate of income taxation. According to the latest figures from the Revenue Commissioners, the average tax rate foregone on investments availing of Section 481 went from 34.66% in the tax year 2000/01 to 31.35% in the tax year 2001/02.

On balance then, 31.35% of Section 481 funding for audiovisual production activity is tax foregone by the state. This amounts to €21.6 million in the period covered by the report.

### GNP and Employment Multipliers

The data collected is largely based on the production accounts of a 'standard' TV, film or animation production. This provides information of numbers directly employed on a production, but not the numbers employed due to the purchase of goods and services. Thus, for example, the numbers employed in Catering are known only if provided internally by a production and not if contracted out. In order to capture this additional direct employment, and indeed to capture the wider output and employment activity generated by film production, the concept of the multiplier is utilised.

The multiplier captures the overall impact of what might be termed the ripple effects of an economic activity. For example, a film distributes its budget amongst various suppliers of Irish goods, services and labour. Each of these individuals will, in turn, spend a proportion of this additional income on suppliers of Irish goods, services and labour in a ripple effect expanding throughout the economic system, far beyond that of the film industry. A GNP and Employment multiplier captures the sum of all successive ripples, in terms of both output and employment, respectively. The concept of the multiplier is used by amongst others, IDA Ireland, Teagasc and Bord Fáilte.

The multipliers used in the analysis are based on the work carried out by Professor Eamon Henry at the ESRI, applying Input-Output analysis to a 41 NACE sector model of the economy. The multipliers relate specifically to the Other Market Services sector of the Irish economy in 1993.

Henry divides the multiplier effect of a given level of expenditure into a direct, an indirect and an induced effect - see following table.1 An indirect effect results from the purchase of 'upstream' inputs of goods and services. These are goods and services that are not directly purchased by an audiovisual production. The induced effect arises out of the increase in personal incomes through an injection from outside the economy (foreign investment). Expenditure, which is domestically financed, does not have an induced effect as the money has already been circulating within the economy. As a result the multiplier for foreign-funded expenditure in Ireland is greater than for domestically funded expenditure. Finally, it is important to note that by applying the multiplier solely to expenditure on Irish goods, services and labour, the estimate of the activity generated by film production in Ireland is understated by the amount spent by overseas employees whilst in Ireland.

## Contribution of the Irish Film Sector to the Irish Economy

In order to allow for the impact of both domestically funded and foreign-funded expenditure, a composite multiplier is generated comprising the Direct + Indirect multiplier and the Direct + Indirect + Induced multiplier weighted by the proportion of domestic and foreign-funded expenditures respectively. For example, the GNP multiplier is calculated as follows:

$$(0.7354 * 0.43) + (0.9284 * 0.57) = 0.8454$$

### Methodology

The multiplier estimates are taken from a report for Bord Fáilte by Professor Eamon Henry "Estimated Irish 1993 GNP and Employment Multipliers by Input-Output Modelling", tables 6 and 8. The multiplier impact of audiovisual production activity on the economy was calculated, using the Henry multiplier for the NACE sector Other Market Services and allowing for the proportion of domestic and foreign-funded expenditure. The multiplier data for this sector are shown in the table below.

Multiplier	Direct	Direct + Indirect	Direct + Indirect + Induced	Direct + Indirect + Induced + Government
GNP	0.5064	0.7354	0.9284	1.2558
Employment	24.01	35.60	41.96	56.91

Source ESRI/Bord Fáilte

*1 The effect of 'Government' on the multiplier may be added if it is assumed that Government responds fully all income received, with full interaction between Government current outgoings and all economic activities. If this assumption is invalid and the Government decides its expenditure before its revenue is clearly known, the additional Government effect on the multiplier becomes less certain. As a result, the 'Government effect on the multiplier has been omitted with the result that the multiplier effects shown are, if anything, understated*



# Appendix VI

## Cinema in Ireland

Cinema's popularity has greatly increased in the nineties. The new millennium saw further increases of 18% in 2000, 6.8% in 2001 and 8.8% in 2002. This has been fuelled by massive investment and the development of more state of the art cinemas and multiplexes opening across the country, as well as refurbishment of existing cinemas. The number of screens in Ireland continues to increase, with the growth of the multiplex concept in Europe also significant in Ireland. In 2000 there were 309 screens in Ireland.

	1995	1996	1997	1998
Cinema Admissions (millions)	9.8	11.5	11.5	12.39
Cinema Attendance Revenues	IR£27.6m	IR£40.25m	IR£40.25m	IR£44.6
Cinema Screens	197	215	261	262

	1999	2000	2001	2002
Cinema Admissions (millions)	16.38	19.5	15.9	17.3
Cinema Attendance Revenues	IR£40.8m €32.1m	IR£47.6m €60.4m	Not available	Not available
Cinema Screens	277	309	Not available	Not available



# Appendix VII

## Clarification Notes

### N1 CERTIFICATION

Almost all of the feature films and major television dramas in this report were subject to terms of Section 481 (previously Section 35) Certification (introduced under section 20 of the Finance Act, 1994). Certification ensures that each proposed qualifying film project is analysed by the Department of Arts, Heritage, Gaeltacht & the Islands for specific contributions in three key areas; creation of employment, return to the Exchequer in terms of value added and the enhancement of the national culture through the medium of film and television. (Functions transferred to Department of Arts, Sport and Tourism in June 2002)

### N2 BORD SCANNÁN na hÉIREANN/IRISH FILM BOARD

The Board's budget is voted annually by Dáil Éireann and in 2002 the Board received Capital Grant-in-Aid of €10,665,000, of which €1,330,000 was allocated to FÁS/ Screen Training Ireland. Expenditure in 2002 includes commitments brought forward from 2001.

### N3 RADIO TEILIFÍS ÉIREANN

A total of 75 Independent Television Productions are analysed in this report, with a total value of €44.1 million. RTÉ contributed in excess of €29.7 million or 67% of the total spend. RTÉ also participated in six productions categorised as Feature Films and Major TV Drama and provided funding amounting to €10 million. As pointed out in previous reports, RTÉ expenditure is confined to productions for which Economic Database Input Forms were provided by independent producers. However, RTÉ's Independent Productions Unit committed €32 million to independent productions in 2002 and a further €1.73 million to non-IPU related independent production activity.

### N3 TG4

A further €1.1m spent by TG4 in 2002 on programme and sports rights etc falls outside the criteria of this Report.

### N5 EXCHEQUER COSTS

It should be noted that in addition to tax foregone, Exchequer support flows to the audiovisual industry through a number of structures including the Irish Film Board, TG4 and Screen Training Ireland. The Irish Film Board and TG4 have extensive public service as well as commercial objectives. Outlays by Screen Training Ireland, which receives some Exchequer support, are specifically aimed at the industry, but all other industries also benefit from Exchequer support for training programmes (e.g. through FÁS), so that the audiovisual industry is not uniquely favoured in this respect. In the light of these considerations, it was decided to continue the practice of confining the comparison to taxes foregone on Section 481 (previously Section 35) investments and taxes generated by film industry activity

# Appendix VIII

## Section 481 Investment

### Introduction

The scheme of tax relief was introduced in 1987 (Section 35), to promote the Irish film industry, by encouraging investment in Irish made films, which make a significant contribution to the national economy and Exchequer and / or act as an effective stimulus to the creation of an indigenous film industry in the State. The scheme was broadened in 1993 to include individual investors. The details of the scheme are contained in Section 481 of the Taxes Consolidation Act, 1997. In 2000, the scheme was extended for five years through to April 2005, but following the budget of 4 December 2002 this was brought back to 31 December 2004.

### Summary of the Scheme

- The scheme provides tax relief towards the cost of production of certain films. The maximum amounts which can be raised under the scheme are:
  - a) up to 66% of the total cost of a film with a budget of €5,080,000 or less;
  - b) up to 55% of the total cost of a film with a budget of between €6,350,000 and €19,050,000, with a sliding scale for films with a budget between €5,080,000 and €6,350,000;
  - c) up to €10,480,000 maximum for films with a budget over €19,050,000.
- Tax relief on 80% of their investments is available to individual investors and to corporate investors on amounts invested.
- Individual investors can invest up to €31,750 under the scheme in any year of assessment. An investor who cannot obtain relief on all his /her investment in a year of assessment, either because his/her investment exceeds the maximum of €31,750 or his/her income in that year is insufficient to absorb all of it, can carry forward the unrelieved amount to following years up to 31 December 2004, subject to the normal limit of €31,750 on the amount of investment that can be relieved in any one year.
- A corporate investor and any connected companies can invest up to €10,160,000 in any 12 month period. The total amount which can be invested in any one film cannot exceed €3,810,000.

- Investment may be made by an individual company or a corporate group. Where the total investment exceeds €3,810,000, the excess can only be invested in productions with a budget of €5,080,000 or less.
- The investment must be used within two years, for the purpose of enabling the qualifying company to produce a qualifying film.
- Tax relief on amounts invested is not allowed until principal photography of the film project has commenced.
- The production company must be established solely for the purpose of the production of one and only one qualifying film.

### Qualifying Film

A qualifying film is a film in respect of which the Minister for Arts, Sport and Tourism has given a certificate. (From June 2002)

### Qualifying Company

A qualifying company for the purposes of the scheme, is an Irish incorporated and resident company or a company, which is carrying on a trade in the State through a branch or agency. The company must exist solely for the production and distribution of one and only one qualifying film.

Under Revenue Rules, to qualify for the tax relief, a risk requirement must attach to the investment, i.e. a return cannot be guaranteed to the investor.

# Appendix IX

## Agencies Involved with the Film Production Industry in Ireland

### (a) Steering Committee Organisations

#### Audiovisual Federation (AF)

The Audiovisual Federation was established in September 1992 to promote the development of Ireland's audiovisual production and distribution industry. Its membership comprises firms ranging from broadcasters RTÉ, TG4, UTV and independent producers to corporate video producers, animation studios, facilities, legal and financial firms involved in the audio-visual sector and video rental companies. Affiliated member organisations include Screen Producers Ireland, Bord Scannán na hÉireann, Film Base, and the Film Institute of Ireland.

#### Bord Scannán na hÉireann/Irish Film Board

Bord Scannán na hÉireann/the Irish Film Board was reconstituted in April 1993 by the Department of Arts, Heritage, Gaeltacht and the Islands under the Film Board Act, 1980. It aims to ensure the continuity of production and availability of Irish films to home and international audiences.

Bord Scannán na hÉireann provides loans and equity investment to independent Irish film-makers to assist in the development and production of Irish films. The Board also acts in co-operation with other Irish semi-State agencies to improve the marketing, sales and distribution of Irish films and to promote training and development in all areas of film-making. Employment of Irish crew and the use of ancillary Irish services is a vital factor in the Board's consideration of applications.

#### Radio Telefís Éireann (RTÉ)

Arising from the 1993 Broadcasting Authority (Amendment) Act and the establishment of RTÉ's Independent Productions Unit, a total of €32 million was committed in 2002.

Programmes are commissioned from independent production companies across all programme areas, including documentary, features, entertainment, young people's and drama. A total of 701 hours of programming was commissioned in 2002 and formed a significant element of RTÉ's schedules across both RTÉ 1 and Network 2.

The IPU supports emerging talent in the sector via a number of awards and schemes for new programme makers. Commissioning policy prioritises intrinsically Irish material, which satisfies viewers' expectations, supports RTÉ's programming policy as the National Public Service Broadcaster and encourages the creative expression of Irish independent producers. The

ongoing increase in IPU funding has resulted in increased employment, economic activity and creative vibrancy in the Irish independent television production sector in recent years.

#### TG4

TG4 is Ireland's Irish language television service and broadcasts on its own channel, available nationally on terrestrial analogue and cable platforms. Its core remit is to broadcast a comprehensive range of quality, relevant Irish language programming to the national audience. The channel is funded by the Exchequer. During 2002, TG4 received €218 million grant-in-aid from the Department of Arts, Heritage, Gaeltacht and the Islands towards its running costs.

TG4 functions primarily as a publisher/broadcaster and currently operates under the statutory aegis of the RTÉ Authority. The Broadcasting Act 2001 contains a provision that would enable the service to be given statutory independence. This provision has not yet been activated. Exchequer funding is adequate to fund one hour per day of Irish language programming on TG4 and is also in receipt of the equivalent of one hour a day of programming from RTÉ at no cost to TG4. The channel currently broadcasts for an average of 16 hours per day, with an average of six hours a day of Irish language programming.



## Appendix IX: Agencies Involved with the Film Production Industry in Ireland

### An Roinn Ealaíon, Spóirt agus Turasóireachta/Department of Arts, Sport and Tourism

Established in 1993 as the Department of Arts, Culture and the Gaeltacht, the Department of Arts, Sport and Tourism (since June 2002) has overall Government policy responsibility for the future development of both the film and television production industry in the State. Since the Finance Act of 1994, the Department has had an active role in the Section 35 (now S481 of the Taxes Consolidation Act 1997) investment incentive scheme, through the certification process. The Minister is the certifying authority in certifying qualifying films and the process has enabled the Department to ensure that the main aim of the Section 481 relief remains focused on promoting the growth of the indigenous film industry. In 2000, the Section 481 investment scheme was extended for five years, through to April 2005. (In 2002 the expiry date for the scheme was brought forward to 31 December 2004).

Arising from the recommendations in the 1999 Report of the Film Industry Strategic Review Group, the Department completed the restructuring plans for the Irish Film Board, whereby the staffing complement was increased to 16 officers within a newly developed corporate arrangement, thus facilitating the Board in meeting the on-going challenges facing the industry.

The Department provides Bord Scannán na hÉireann /the Irish Film Board with grants-in-aid for its current and capital operations. From 2000, the Board's capital operations are being funded by the Exchequer, under the National Development Plan 2000-2006.

### Screen Producers Ireland (SPI)

Screen Producers Ireland (SPI) is the representative body for over 225 independent film, television, and animation production companies in Ireland.

On behalf of its members the organisation seeks to create an improved environment for producers, which will assist growth in the industry. SPI reflects members' concerns on a variety of issues affecting the current and future working environment of the independent film, television and animation sector. It represents these views to the appropriate state, semi-state and international bodies.

### Animation sector

The Animation Sector continued its steady growth experienced over the past 4 years and we already know that this has continued further in 2003. The BAFTA win by Tim Ferree further enhanced the standing of the sector abroad following on the Oscar nominations of the previous year.

Animation production for the year was again dominated by major international co-productions and those working in the sector continue to press for the extension of Ireland's co-production network as a priority matter to increase the attractiveness of Ireland as a co-production location.

Local animation studios are in development on a number of ambitious projects for both cinema and television and these projects should show continued growth in the sector for 2004. More importantly, many of the projects planned for production next year were developed here and these have attracted substantial international co-production interest.



## Appendix IX: Agencies Involved with the Film Production Industry in Ireland

### (b) Other Agencies

#### Údarás na Gaeltachta

An tÚdarás, as the State agency charged with the development of the Gaeltacht, has supported the development of the audiovisual industry in its region through investment in training, production and post production facilities and the independent production sector. Future strategy will concentrate on consolidation and promoting linkages with converging technologies, in order to establish the Gaeltacht as a centre of excellence in the new media.

An tÚdarás also recognises that further growth in the Audiovisual Sector must be driven by companies becoming less dependent on the home market of TG4 and RTÉ. There is a nucleus of companies which must be resourced and encouraged to produce content for international markets if the sector is to continue to grow. To-date this is proving to be a challenging task.

An tÚdarás supports the establishment of the Strategic Development Forum for the Western Region which has brought together all the relevant players in the region with a view to producing a strategic blueprint for the development of the sector over its next five years.

In the context of the debate on Section 481 it is the view of an tÚdarás that there needs to be more emphasis on the development of regional balance in the film and television production sector.

#### MEDIA Desk Ireland and MEDIA Antenna Galway

MEDIA Desk Ireland (supported by the European Commission's MEDIA Programme, the Film Institute of Ireland, Film Makers Ireland, Dublin City University, Film Base, Bord Scannán na hÉireann and RTÉ) and MEDIA Antenna Galway (supported by the European Commission's MEDIA Programme, Údarás na Gaeltachta, Bord Scannán na hÉireann, TG4 and the Galway Film Centre) are information offices for the MEDIA Programme of the European Union. The MEDIA Desk and Antenna provide advice, technical assistance and consultancy for audiovisual professionals in international and national markets and festivals, as well as facilitating the integration of the Irish audiovisual industry within Europe. Along with providing information on the MEDIA Programme, the MEDIA Desk and Antenna also provide information on Eurimages and Eureka Audiovisual.

The third edition of MEDIA Programme – MEDIA Plus – commenced in January 2001 and will operate until the end of 2005. In 2002 it is estimated that the Irish audiovisual industry benefited to the level of €2.23 million.

#### Eurimages

Eurimages, founded by the Council of Europe, provides production finance for European co-productions. The Irish Government has participated in the scheme since 1992. In 2002, Irish productions received €1,212,000 in production finance.

#### FÁS / Screen Training Ireland

In 2002 FÁS Screen Training Ireland provided 40 training programmes to 474 professionals from the film, television, animation and digital media screen sectors and also supported programmes run in conjunction with Moonstone International Screen Labs, North by Northwest and the European Film Academy. There were 57 Bursary Awards made in the period Jan - Dec 2002 to assist industry professionals participate in relevant industry training programmes abroad.

2002 also marked the re-commencement of the Film Scoring Programme which was previously delivered from 1996-1999. Training in the mechanics of Film Scoring was provided for composers from classical, rock and commercial backgrounds. A Supervising Sound Editors course enabled experienced film sound editors to upgrade to the position of supervisor. FÁS Screen Training Ireland continued to provide Health & Safety Training for producers and production personnel and Safepass Health & Safety Awareness Training for electricians, riggers, stagehands, prop masters, painters and plasterers. FÁS Screen Training Ireland also supported a Directing Masterclass with Mira Nair and a Declan Quinn Cinematography Masterclass.

# Appendix X

## List of Productions included in the Report 2003 and 2002

### 2003

Type of Project Title

#### Animation

Moby Dick  
Norman Normal II  
The Island of Inis Cool

#### Film

Asylum  
Bachelors Walk 3 (RTÉ Commission)  
Bite  
Blind Flight  
Inside I'm Dancing  
Intermission  
King Arthur  
Laws Of Attraction  
Man About Dog  
Proof  
Straight To Video  
The Big Bow Wow (RTÉ Commission)  
The Blackwater Lightship  
The Clinic  
(RTÉ Commission)  
The Halo Effect  
The Return  
Timbuktu  
Tristan & Isolde

#### TV

RTÉ (not available at time of printing)  
TG4 (not available at time of printing)

### 2002

Productions marked with an \* have also been supported with Irish Film Board funding

#### Animation

Ape \*  
Derrick \*  
Pullin The Devil \*  
The Fairytaler \*  
The Oscar Wilde Trilogy \*  
Why? (2nd series - RTÉ Commission) \*

#### Film

Bad Karma  
Benedict Arnold  
Bloom \*  
Cowboys & Angels \*  
Dead Bodies \*  
Ella Enchanted  
Goldfish Memory \*  
In America  
Mystics \*  
Prince William  
Song for a Raggy Boy \*  
The Actors \*  
The Roman Spring of Mrs Stone  
Veronica Guerin  
Watermelon \*

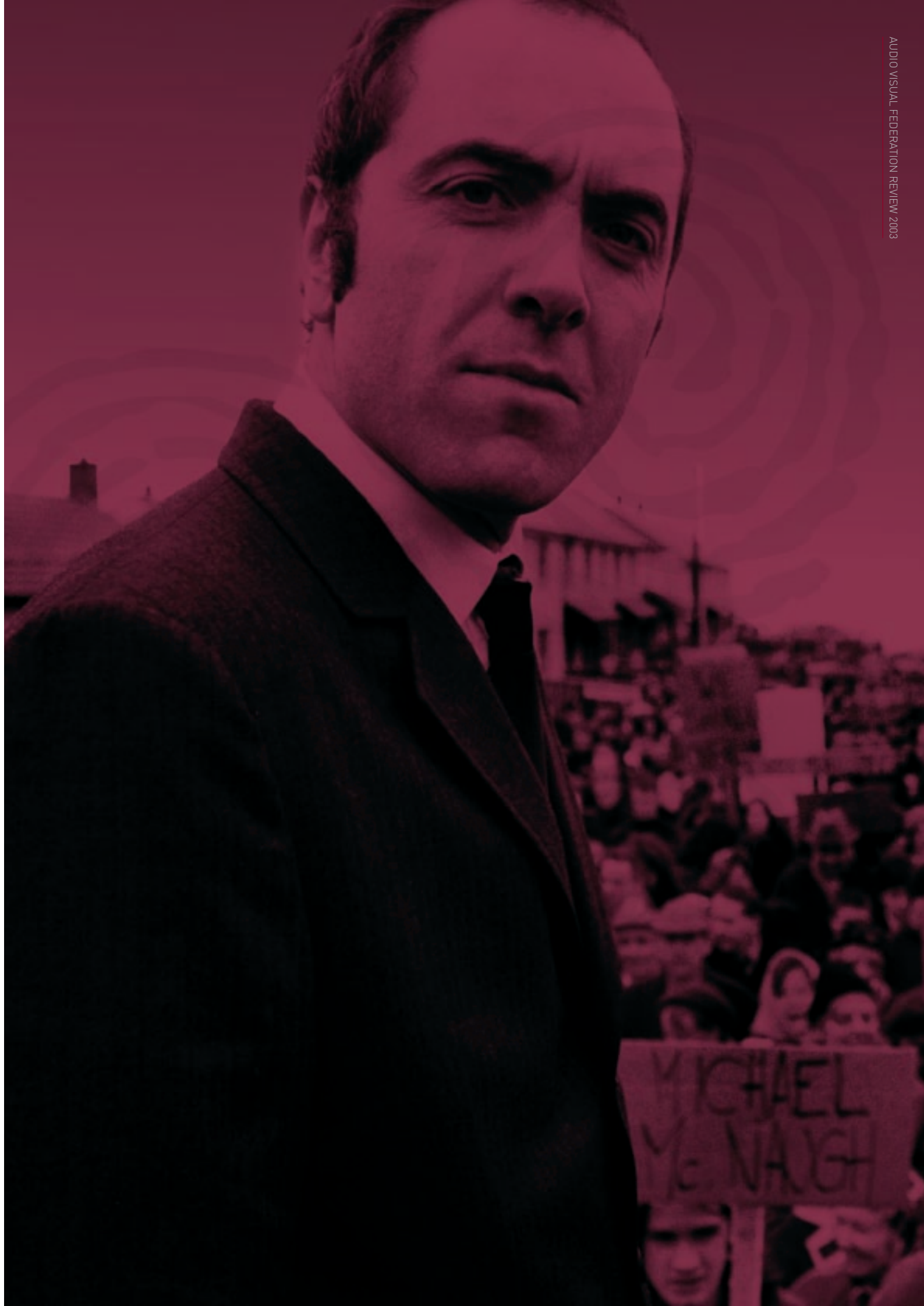
#### RTE

A History of Give up Yer Aul Sins  
A Scare at Bedtime  
All The Queen's Men \*  
And Here are Your Hosts  
At The Cutting Edge  
At the End of the Day, Series 1  
Bachelors Walk Series 2 \*  
Bang! You're Dead \*  
Boy Who Had No Story \*  
Breaking Ball, Christmas Special, 2002  
Breaking Ball, Series 4  
Christmas Log  
Countdown to Christmas  
Crash  
Dracula Bram \*  
Eamonn  
Ear To The Ground  
Elvis Burning Love  
Emmet  
Erighs Way  
Eurovision Hit List  
Fine Gael: A Family at War  
Fleadh Ceoil 2002  
For One Night Only  
From Croke Park to Cuba  
Gerry Ryan's Christmas Hitlist  
Gone Dancing  
Hawks Well Theatre  
Home For Christmas  
House Hunters  
House Hunters in the Sun  
I asked Anna  
Into The Valley  
Islandman \*  
John B Keane In His Own Words  
Lyrics Board  
Meeting Che Guevara and the  
Man From Maybury Hill \*  
Mono  
Munster Mob  
No Frontiers - Japan Special  
On Home Ground Series 1  
Only Fools Buy Horses  
Open House – Series 4  
Open House – Series 5  
Other Voices - Songs from a Room  
Our Lady's  
RTE Racing 2002  
Ryan Confidential  
Spin the Bottle \*  
The Angelus \*  
The Blizzard of Odd  
The Fame Game  
The Health Squad  
The Last Time \*  
The Lyrics Board 2 Christmas Special  
The Making of a Prodigy \*  
The Piano - King of Instruments

## Appendix X: Agencies Involved with the Film Production Industry in Ireland

### 2002 continued

Type of Project	Title		
	Top 30 Hits 2002		Ros na Run 7
	Treasure Island		Rosg Fíor Sceal
	Up The Country *		Se Mo Laoch (Srath 2)
	Various Townlands Projects		Seamrog & Swastika *
	Well of Dreams		Spleachadh
	Who Wants to Be Millionaire		Stair CLG - Dun na nGall
	Who Was Elvis Presley		Teaghlaigh le Gaeilge
	You're A Star		Tomas na nAmran *
TG 4	Ag Caomhnu na Scealta	TV Other	Hunted *
	Aisteoir Ghaotu Dobhair		Night Out *
	An Bothar Fada *		No, No, No *
	An Ceis Fhada		Nobody Home *
	An Decay *		Sunday Munch *
	An Oige a Treigeadh		The Phantom Cnut *
	An Sealtai Deireanach *		What Miro Saw *
	Athghiniunt		When Bridie Called Gerry *
	Athghuthu		Wolfhound
	Ceol Tíre - Rogha, Togha		
	Ceol Tíre 2002		
	Cleamhnas		
	Do Mhargadh Deanta		
	Docthuir na nDaoine		
	Dubail		
	Duiche		
	Eagsuil		
	Eir Fothoinn 2		
	Fear an Phoist		
	Flosc		
	Fotheidealú		
	Fr. Ted		
	GAA 2002		
	Galtymore - Damhsa an deorai		
	Geantraí 7		
	Gliogair na Nollaig		
	Gliogar II parts 1 & 2		
	Gratlam Ceoil 2002		
	Harry Clarke *		
	Henry O'Donnell		
	Inis Meain		
	Iomaduil / Athghithu		
	Is Glasiad na cnoic		
	Manchar sa tSin/		
	Global Nomad - China		
	Martin O Dirteain *		
	Mo Cheol Thu - Ciaran		
	No Ruthless Colonists *		
	Nua Bhia Gaelach arís		
	Oileann Thorai *		
	Ollsolathar		
	Output Deal 2002		
	Pop TV 2001 - 2002		
	Rianta		





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