Analysis to Inform Potential National Media Creative Content Fund

Submitted to

Audiovisual Sectoral Group

Prepared by

Indecon International Economic Consultants

Indecon

www.indecon.ie

March 2021

Contents

Tables and figures

Page

Tables and figures

Page

Tables and figures

Page

Executive Summary

Introduction and Background

Indecon International Economic Consultants ('Indecon') is a leading firm of research economists. Indecon was appointed by RTÉ and TG4, on behalf of a sectoral group representing the audiovisual sector in Ireland, to undertake an independent analysis of the potential for a National Media Creative Content Fund. This report presents the findings from Indecon's analysis and assessment to inform any decisions on establishment of a new content fund. The background to this assessment is that there are a number of policy, legislative and regulatory developments that present the opportunity for consideration of the introduction of an Irish Media Creative Content Fund ('Content Fund'). The Revised EU Audiovisual Media Services Directive (AVMSD) will be transposed into national law. In line with this, a new Media Commission is to be established as set out in under the Online Safety and Media Regulation Bill. The New Media Commission can use its powers to establish a levy-based content fund. In parallel, in September 2020, the Department of An Taoiseach established a new Future of Media Commission which will, *inter alia*, consider how the aims of public service broadcasting should be delivered, including through sustainable funding structures and within the context of the requirements of the Revised AVMSD.

This report presents Indecon's independent views on whether a new audiovisual content fund would be of value and whether such a fund would deliver a net positive additional impact on the audiovisual sector and creative economy. It should be noted that this study is focussed only on the potential of an audiovisual creative content fund which would provide funding for film and other audiovisual providers to develop content for broadcasting for Irish audiences. Consideration of any wider content funding for news content for other sectors or any issues concerning digital taxes is outside the scope of this project. A creative content fund would be used to support the survival of the audiovisual sector in Ireland to ensure that cultural values are protected. This would complement existing funding for the sector and would address some of the decline in funding from Irish based broadcasters which has arisen from market developments in the broadcasting sector due to the increased share of the market sector by Subscription Video-on-Demand ('SVOD') and Pay TV.

Overview of Characteristics of Irish Audiovisual Market

In considering the merits or otherwise of developing a new national audiovisual creative content fund, it is important to understand its context in terms of the characteristics of and recent developments in the audiovisual sector. The Irish audiovisual sector is a significant economic sector with revenues of over €1.9 billion in 2019. However, the sector is estimated to have suffered a sharp decline in 2020 as a result of the impacts of the COVID-19 pandemic. Our analysis also indicates that advertising and Pay TV represent the largest segments, with net advertising market revenues (less discounts) reaching almost €1 billion and Pay TV revenues totalling over €500 million in 2019. These segments experienced revenue growth of 13% and 21% respectively, between 2010 and 2019.

Value of Irish Audiovisual Market – Market Revenues by Segment - € Million

	2010	2019	2020 (Estimates)
Subscription (pay TV)	431	524	517
Advertising (incl. online)	873	987	904
SVOD	0	45	66
Public income (TV + Radio)	229	231	223
Cinema (box office revenues)	119	120	30
Total	**1,652**	**1,906**	**1,740**

Source: Indecon analysis, based on EBU / Members' Data (public income) / TYNY (advertising) / Ampere (subscription and SVOD) / Industry estimates

Notes: Advertising revenues are net of discounts. Pay TV revenues are for TV services only and exclude elements of bundles such as phone and internet services. The analysis excludes music revenues.

Of note has been the very fast development of the SVOD market in Ireland over the last ten years, with market revenues in this segment expanding from zero in 2010 to €45 million in 2019, and an expected €66 million in 2020. The growth in market share of Pay TV and SVOD has resulted in a corresponding decline in the advertising share of traditional broadcasters. The main growth in advertising revenues has been in online advertising revenues, which expanded by a factor of five between 2010 and 2019. The growth in market share of online and subscriptions TV and SVOD has come at the expense of traditional TV and Radio advertising, which has seen their market share decline from 41.1% in 2010 to 30.9% in 2019.

The economic contribution of the audiovisual sector in Ireland is evidenced by the extent of Gross Value Added (GVA) contribution and employment supported in the sector. Recent research indicated that the sector directly or indirectly supported an estimated €1.05 billion in GVA and almost 17,000 jobs, highlighting that the Irish audiovisual sector is of major importance.[1]

Irish Audiovisual Market Dynamics

The overall principle of a National Media Creative Content Fund would be to support the survival and recovery of the audiovisual sector in Ireland to ensure that cultural values are protected. The introduction of a levy to finance such a fund would complement existing Irish Government funding for the sector. This would ensure that market players make an equitable contribution to support Government expenditures. This is aligned with the need to ensure that Ireland's audiovisual media landscape is fit for purpose in the digital age. This would help address current inequities in the responsibilities which market participants (like TV broadcasters and on-demand service providers) play in supporting cultural values and in promoting European audiovisual works. Providing access for Irish viewers to such work is critical. In this context it is useful to examine current and Irish audiovisual market dynamics. This analysis underpins the need for change to reflect market changes. Such a fund would support Irish storytelling of relevance to Irish audiences as well as other cultural objectives including Irish language content.

Analysis presented in Section 6 outlines the evidence that such a fund would have significant net benefits for the Irish audiovisual sector and demonstrates the additionality of such a fund. The role of supporting the audiovisual sector in terms of promoting cultural values was a driving consideration of the introduction of similar levies in other jurisdictions. The analysis of the Irish audiovisual market dynamics suggests that Ireland has particular vulnerabilities in supporting audiovisual sector because of the high level of penetration of overseas channels and the growth in subscription TV.

As context to consideration of any levy, it is useful to review Irish audiovisual content market dynamics. The average number of minutes of live TV viewed per day was 185 in 2012. However, this declined by more than a quarter to 137 minutes in 2019. The decrease in the amount of live TV viewed per day was even sharper at 59% among those aged 15 to 24, falling from 131 to just 54 minutes over the eight-year period.

At 52% and 76% respectively, the tablet and smartphone penetration rates are broadly similar for Ireland and a range of comparable European peers. The time spent on TV viewing per day is also similar across countries, with Ireland standing out in terms of radio consumption at 252 minutes per day compared to an average of 186 across all seven peer countries.

The Irish public service broadcasters, RTÉ and TG4, have traditionally played a very significant role in funding the sector via their spend on content. For example, in 2019, RTÉ and TG4's combined spend on commissioned programming was in excess of €62 million.

Film represents an important part of the Irish audiovisual sector. Based on the majority of film activity, which is supported under Section 481, there was an increase in the number of films availing of the S481 tax relief in 2019, with Irish expenditure on these films in Ireland reaching a total of €74 million. However, these figures are likely to fall substantially in 2020 due to the COVID-19 pandemic.

[1] Olsberg SPI, with Nordcity, 2018. Economic Analysis of the Audiovisual Sector in the Republic of Ireland. Available at: https://www.chg.gov.ie/app/uploads/2018/06/economic-analysis-of-the-audiovisual-sector-in-the-republic-of-ireland.pdf.

Legislative Context and Approaches to Content Fund Development in Other Countries

To inform this assessment, Indecon examined the international context for the establishment of levy-based national audiovisual content funds. The European legislative framework to support the audiovisual sector is set out in the Revised Audiovisual Media Services Directive. The directive contains a range of provisions aimed at strengthening the audiovisual industry in Europe and the regulation of the promotion and distribution of European audiovisual content/works.

Providers of on-demand audiovisual media services must ensure at least 30% of European works in their on-demand catalogues and an enhanced visibility for that content. Article 13 of the directive provides that to support the above requirement to ensure adequate levels of investment in European works, Member States may impose financial obligations on media service providers. Such obligations may take form of direct contributions to rights in European works, or via levies payable to a fund, on the basis of revenues generated by media services in, or targeted towards, a territory.

Indecon would however note that if Ireland or any other Member State wishes to impose a levy on VOD and linear service providers that are not within their jurisdiction, they need to ensure that such levies:

- are only charged on the revenues generated through the audience in the targeted Member State (principle of non-discrimination);
- are justified by public interest objectives, are suitable for and do not go beyond what is necessary to attain that objective (principle of proportionality);
- do not result in double imposition of contributions/levies on media service providers; and
- respect EU State Aid rules.

Indecon has also examined the evidence in relation to the application of levy-based financial obligations on audiovisual service providers in other European countries. There is widespread application of levies in Europe, and the last pan-European research undertaken by the European Audiovisual Observatory[2] indicated that levies were imposed on audiovisual media service providers in 11 out of 31 jurisdictions examined. These included levies imposed on broadcasters in 11 jurisdictions and on Video-on-Demand services in seven out of 31 countries. Where a levy is in place, the amount due by broadcasters is either a percentage of their turnover or based on a percentage of their advertising revenues, while levies on VOD services typically represent a percentage of the turnover/revenues from these services. Notably, levies are applicable to foreign VOD services targeting a domestic audience in Belgium (Flemish Community), Germany and France. Indecon notes, however, that this is a rapidly evolving area and other countries such as Ireland are also likely to consider such levies in the future.

Levy Options and Potential Scale of a Media Content Fund

In considering options for a National Media Creative Content Fund in Ireland, policymakers should consider if there is likely to be a net economic benefit arising from the implementation of any such proposal. In examining this issue, it is necessary to firstly identify how a levy could operate in terms of activities and associated revenue streams that could be levied.

An important issue concerns the need to decide on what audiovisual service income streams could be considered for any levy-based scheme to support a new media content fund. There is a wide range of potential revenue streams that could be levied. The feasibility and impacts of any proposals will require careful consideration, in addition to possible options in relation to the application of revenues collected from a system of levies.

[2] European Audiovisual Observatory, *Mapping of national rules for the promotion of European works in Europe*, 2019 - https://rm.coe.int/european-works-mapping/16809333a5.

It is also important to note the context of the impact of COVID-19 on advertising incomes in particular. The Irish economy is expected to experience a significant recession arising from COVID-19 and it is very unlikely to return to its pre-COVID-19 position until 2022. This will result in significant decline in advertising incomes, which will have implications for any estimates of potential revenue from a levy applied to that sector.

Indecon believes that from the perspective of an audiovisual content fund, any broadcaster or other audiovisual media services provider, including traditional broadcasters, independent producers, Pay TV or SVOD providers, should be able to benefit in a non-discriminatory way from support under any fund.

The consistency of any proposals with Article 13 of the Revised AVMSD (including principles of proportionality, non-discrimination, avoidance of double imposition, etc.), and with EU State Aid rules, is also important. Indecon would note that it is critical that there is equity in the treatment of all players in the market. For example, if a sector is not likely to be able to benefit from use of the resource of an audiovisual creative content fund, then that sector's income should not be levied.

Indicative Scenarios on Potential Levy Income for Content Fund

There are a range potential content fund levy income options, with different levels for levies for different segments, and Indecon believes that approaching this issue in an ambitious way is appropriate. However, while it would be straightforward to develop a scenario involving very high levels of potential income by including additional sectors or by modelling high percentage levies, the realism of any proposal needs to be considered.

Taking into consideration the experience in other jurisdictions that have developed levy-based frameworks in the audiovisual sector, Indecon has modelled the impact of six scenarios, as follows:

- Scenario 1: this assumes a 1% levy is applied to subscription revenues of Pay TV and SVOD providers, as well as on TV advertising revenues of all broadcasters operating in the Irish market.
- Scenario 2: under this scenario there would be a 2% levy applied to subscription revenues of Pay TV and SVOD providers, as well as on TV advertising revenues of all broadcasters.
- Scenario 3: which assumes a 3% levy is applied to subscription revenues of Pay TV and SVOD providers, and to TV advertising revenues of all broadcasters.
- Scenario 4: entailing the application of a levy at 0.5% of subscription revenues of each of Pay TV and SVOD services, and a 1% levy applied to TV advertising revenues of all broadcasters.
- Scenario 5: where a 1% levy is applied to subscription revenues of Pay TV and SVOD providers, and a 2% levy is applied to TV advertising revenue of all broadcasters.
- Scenario 6: which assumes that a 2% levy is applied to subscription revenues of Pay TV and SVOD services, and a 4% levy is applied to TV advertising of broadcasters.

The levy rates examined in the above scenarios are informed by the range of rates applied to the same revenue streams in the other European countries but, importantly, take into consideration the particular features of the Irish context, including what would be feasible in the establishment phase of a new content fund. We would also emphasise that it is not intended that the different levy rates modelled would necessarily represent the detailed design of any levies which the Irish Government might decide to introduce. The estimates presented are designed to simply highlight the potential impact of the levies and to inform policymakers as to the merits or otherwise of introducing a levy. Other countries have introduced differential rates of levies depending on the nature and sector to which the levies apply. A key issue is to ensure that any levies are implemented in a way which would not discriminate between sectors or market players, as issues around failure to ensure equity of treatment could give rise to EU State Aid and competition issues or increase the risk of legal challenge by individual entities. These are detailed design issues, which should be considered by the Irish Government in the event that a levy system is introduced.

The following table sets out Indecon's indicative scenario-based estimates of the potential funds that could be raised by a content fund levy in the first year following the introduction of the levy. Across the scenarios examined, it is estimated that a content fund could raise potential levy receipts of between €4.83m and €23.45m in Year 1, depending on the levy rate assumptions applied.

Scenarios for Funds Raised by Levy in Year 1						
	AV Revenue Segments	**Subscription (pay TV)**	**SVOD**	**TV Advertising**	**Total**
	2021 Revenue Estimate (€m)	514	83	184	**782**
Scenario 1	Assumed Levy Rate	1.00%	1.00%	1.00%	
	Funds Raised by Levy in Year 1 (€m)	5.14	0.83	1.84	**7.82**
Scenario 2	Assumed Levy Rate	2.00%	2.00%	2.00%	
	Funds Raised by Levy in Year 1 (€m)	10.29	1.67	3.68	**15.63**
Scenario 3	Assumed Levy Rate	3.00%	3.00%	3.00%	
	Funds Raised by Levy in Year 1 (€m)	15.43	2.50	5.52	**23.45**
Scenario 4	Assumed Levy Rate	0.50%	0.50%	1.00%	
	Funds Raised by Levy in Year 1 (€m)	2.57	0.42	1.84	**4.83**
Scenario 5	Assumed Levy Rate	1.00%	1.00%	2.00%	
	Funds Raised by Levy in Year 1 (€m)	5.14	0.83	3.68	**9.66**
Scenario 6	Assumed Levy Rate	2.00%	2.00%	4.00%	
	Funds Raised by Levy in Year 1 (€m)	10.29	1.67	7.36	**19.31**
Source: Indecon analysis based on industry data					

Treatment of Pay TV, SVOD and other Broadcasters

In designing the indicative levy options, Indecon has been conscious of the need for equity in the treatment of different categories of audiovisual media service providers. Careful consideration of this issue is needed.

Fund operating/administration costs

In our analysis we make provision for the costs of operating/administering a new content fund, as these costs will mean that the extent of funding available for distribution to applicants, and therefore what will drive the overall potential impacts and benefits of a fund, will be less than the level of receipts collected through levies. The form and level of administration costs that would apply if a levy-based creative media content fund is established in Ireland would depend on a number of factors, including whether some administrative supports could be accessed within an existing organisation. Given the uncertainties surrounding how a new fund would be operated, a precise estimation of administrative costs of implementing a levy-based fund was not feasible or within the scope of this initial assessment. However, for the purposes of setting out our scenarios on the potential scale and impact of a fund, Indecon has applied indicative assumptions across the scenarios in relation to the percentage of levy income that is spent on fund administration, ranging between 2% and 4% per annum, with the percentage declining for larger fund values. These administrative costs are deducted from levy receipts to obtain estimates of the value of the content fund available for distribution to eligible applicants.

Funding leverage

Throughout the indicative scenarios examined, Indecon estimates that each €1 of funding allocated via a new content fund will deliver additionality through the leverage of funding from other Irish and international sources. This leverage arises because of the way in which film, drama and other audiovisual productions are financed. In particular, funding from a new Irish content fund would have a key benefit in unlocking co-funding from broadcasters and international distributor advances. This implies that for every million in additional funding from an Irish content fund, a much higher level of overall expenditure could be supported. Importantly from the perspective of wider audiovisual sector development in Ireland, this funding leverage impact would also mean that indigenous Irish content production would have a much greater prospect of success, while the ownership of IP by Irish content producers could also be enhanced.

Indecon's survey of audiovisual production companies asked respondents to provide their estimates based on their operating experience as to the level of additional funding that could potentially be leveraged for every €10 million raised from a content fund, including through funding from co-production, other Irish and European funding sources, and international distribution and pre-sales. Analysis of the responses to this question suggested than an additional €10 million in initial funding from the content fund could be leveraged into an overall total of €43 million (based on a mean of responses) or €35 million (based on a median of responses). Based on this evidence, Indecon has assumed for the purposes of our indicative scenarios that every €1 generated from a Content Fund is leveraged into €4 of total funding. Of note is that the leverage impact may vary by genre and using the median results may underestimate the overall potential leverage impact, we would note that while Indecon's assumed funding leverage ratio is based on survey evidence and is aligned with industry norms. We also undertake a sensitivity based on a lower assumed level of funding leverage, which is examined in Section 6 of this report.

Market revenue growth assumptions

Under each of the indicative levy rate scenarios examined, Indecon applies assumptions in relation to how annual market revenues are likely to evolve over an initial, 5-year start-up phase for a new content fund. Assumptions are applied in relation to projected growth for each of the market segments to which a levy would apply. Indecon's modelling of future TV advertising revenues is based on projections developed by Group M, which suggest a recovery following a dramatic decline in 2020 of just under 11%. Following a post-COVID-19 market recovery in 2021 and 2022, growth of just over 2% per annua is projected out to 2025. In relation to Subscription Pay TV and SVOD, there is great uncertainty concerning the likely future changes in Irish market revenues in these segments. These developments will be determined in part by how providers and consumers of Pay TV and SVOD, and other broadcasters, respond to emerging market developments. Markets will also be influenced by the Irish population growth and by the number of new households and housing units. Given the exceptionally strong growth in SVOD revenues in recent years, and the expected underlying growth in the Irish population, in housing units and in the growth in economy, Indecon believes that a combined annual growth in subscription and SVOD revenues of approximately 5-6% per annum would be plausible. However, there is no certainty on the expected future growth rates. Indecon notes that somewhat less optimistic forecasts have been made available by the EBU, although these still suggest strong growth in overall combined revenues for Pay TV and SVOD, due to stronger growth assumptions for the latter segment. It is not clear if these forecasts are based on market developments alone or whether expected Irish demographic and housing growth have been fully taken into account. In the interests of prudence, we have, however, Indecon has applied these lower growth projections for Pay TV and SVOD in our scenario analysis.

Scenarios for levy income over initial five-year period

To illustrate the potential levy income/receipts of a new content fund, Indecon has integrated the above assumptions in relation to market growth, funding leverage and content fund administrative costs to develop six indicative scenarios for potential content fund impacts over an initial five-year period. The table overleaf summarises our first scenario and shows the potential overall impact of a levy-based content fund, taking account of Indecon's assumptions of growth in subscription TV and SVOD revenue, administrative costs and the estimated funding leverage ratio. Under the first scenario Indecon estimates that approximately €40 million would be available for distribution from the fund over a five-year period after administrative costs are taken into account. This €40 million could be leveraged into €160 million of direct economic output impact, based on the assumption of a 4:1 funding leverage ratio.

Potential Impact of Levy (€ Million) – Scenario 1 – 1% Levy on Pay TV, SVOD Revenues, and TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	7.82	8.11	8.35	8.60	8.85	41.72
Admin Costs at 4% of total	0.31	0.32	0.33	0.34	0.35	1.67
Est. Value of Content Fund available for Distribution	7.50	7.78	8.02	8.25	8.49	40.05
Economic Output Impact of Content Fund - Including Leverage Impacts	**30.02**	**31.13**	**32.07**	**33.01**	**33.97**	**160.21**
Source: Indecon analysis						

Under a scenario with a 2% levy on Pay TV subscription revenues, SVOD revenues and TV advertising revenues Indecon estimates there is a potential direct economic impact of almost €325 million over five years (see next table).

Potential Impact of Levy (€ Million) – Scenario 2 – 2% Levy on Pay TV, SVOD Revenues, and TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	15.63	16.22	16.70	17.19	17.69	83.44
Admin Costs at 3% of total (€m)	0.47	0.49	0.50	0.52	0.53	2.50
Est. Value of Content Fund available for Distribution	15.16	15.73	16.20	16.68	17.16	80.94
Economic Output Impact of Content Fund - Including Leverage Impacts	**60.66**	**62.92**	**64.81**	**66.71**	**68.65**	**323.75**
Source: Indecon analysis						

Indecon's Scenario 3 assumes a 3% levy on Pay TV subscription revenues, SVOD revenues and TV advertising is applied. Over the course of five years this would lead to an estimated value of the fund for distribution of over €120 million, which could be leveraged into a direct economic impact of over €490 million (see next table).

Potential Impact of Levy (€ Million) – Scenario 3 – 3% Levy on Pay TV, SVOD Revenues, and TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	23.45	24.32	25.06	25.79	26.54	125.16
Admin Costs at 2% of total (€m)	0.47	0.49	0.50	0.52	0.53	2.50
Est. Value of Content Fund available for Distribution	22.98	23.84	24.56	25.28	26.01	122.66
Economic Output Impact of Content Fund - Including Leverage Impacts	**91.93**	**95.35**	**98.22**	**101.10**	**104.03**	**490.63**
Source: Indecon analysis						

Scenario 4 suggests that, by complementing and leveraging other funding sources, a new content fund could potentially result in almost €100m of overall funding invested in new content production/economic output over an initial 5-year period.

Potential Impact of Levy (€ Million) – Scenario 4 – 0.5% Levy on Pay TV and SVOD Revenues, 1% Levy on TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	4.83	5.02	5.16	5.31	5.46	25.78
Admin Costs at 4% of total	0.19	0.20	0.21	0.21	0.22	1.03
Est. Value of Content Fund available for Distribution	4.64	4.82	4.96	5.10	5.24	24.75
Economic Output Impact of Content Fund - Including Leverage Impacts	**18.54**	**19.27**	**19.83**	**20.39**	**20.95**	**98.98**
Source: Indecon analysis						

Under our fifth scenario (summarised in the next table), Indecon estimates that over €200 million in content fund and additional leveraged funding could potentially be raised over the initial five-year period of operation of the fund. This higher figure is due to higher levies applied to the different segments.

Potential Impact of Levy (€ Million) – Scenario 5 – 1% Levy on Pay TV and SVOD Revenues, 2% Levy on TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	9.66	10.04	10.33	10.62	10.91	51.55
Admin Costs at 3% of total (€m)	0.29	0.30	0.31	0.32	0.33	1.55
Est. Value of Content Fund available for Distribution	9.37	9.74	10.02	10.30	10.59	50.01
Economic Output Impact of Content Fund - Including Leverage Impacts	**37.47**	**38.95**	**40.07**	**41.20**	**42.34**	**200.03**
Source: Indecon analysis						

The table below shows the potential impact of the levy under Scenario 6, whereby Pay TV and SVOD revenues would be subject to a 2% levy and TV advertising revenues would be subject to a 4% levy. This scenario is associated with an estimated potential sectoral production/economic output impact of over €400m over an initial five-year period.

Potential Impact of Levy (€ Million) – Scenario 6 – 2% Levy on Pay TV and SVOD Revenues, 4% Levy on TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	19.31	20.08	20.66	21.24	21.82	103.11
Admin Costs at 2% of total (€m)	0.39	0.40	0.41	0.42	0.44	2.06
Est. Value of Content Fund available for Distribution	18.93	19.67	20.24	20.81	21.39	101.05
Economic Output Impact of Content Fund - Including Leverage Impacts	**75.71**	**78.70**	**80.98**	**83.25**	**85.55**	**404.19**
Source: Indecon analysis						

Potential Benefits and Economic Impacts of a National Content Fund

A key issue concerns the potential strategic benefits of a new national creative media fund, as well as whether such a fund could deliver a positive net impact on the Irish audiovisual content production sector. As part of Indecon's research among audiovisual production companies in Ireland, the views of a diverse range of content producers were sought regarding the significance or otherwise of a range of potential benefits and impacts of a content fund. When asked about the potential impacts of a new national content fund, production companies were strongly positive with regard a fund's potential impact. In particular, all of the total of 27 producers that responded to Indecon's survey were in agreement that a new content fund would have a very significant or significant impact, both in terms of how it would assist in leveraging wider sources of funding for domestic content producers, as well as how a fund would enhance industry scale and productive capacity. The research also indicates that a new content fund in Ireland would have a very significant or significant impact in supporting the development of Irish talent, as shown in the next table. These views are aligned with Indecon's independent economic modelling presented separately.

Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Funding Leverage, Scale of Audiovisual Sector and Irish Talent Development			
	% of Respondents		
Potential Impact	**Very Significant / Significant Impact**	**Neither Significant nor Insignificant**	**Insignificant Impact / No Impact**
Assist in leveraging wider sources of funding for Irish content providers from co-productions and private investors incl. international/European investment funds	100%	0.0%	0.0%
Enhance scale and productive capacity of audiovisual sector in Ireland	100%	0.0%	0.0%
Support development of Irish talent, including writers, directors and content producers	96.3%	3.7%	0.0%
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland			

Indecon's research also found that almost all of the producers responding to Indecon's survey respondents further agreed that a National Media Creative Content Fund would have a very significant or significant impact in supporting sustainable employment generation in the domestic creative media sector. This sector is of importance from a cultural perspective and ensuring its success is an important public interest objective because of the role which the sector plays. The Irish audiovisual content providers are an important highly skilled labour-intensive sector and without additional sources of revenues the sector will be significantly hit by the COVID-19 and indirectly by emerging development in the advertising market in Ireland which will impact negatively on traditional broadcasting.

Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Supporting Sustainable Employment Generation			
Potential Impact	**% of Respondents**		
	Very Significant / Significant Impact	**Neither Significant nor Insignificant**	**Insignificant Impact / No Impact**
Support sustainable employment generation in Irish creative media sector	96.3%	3.7%	0.0%
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland			

Additionally, 92.6% of production companies were in agreement that a new national content fund would have a very significant or significant impact through supporting investment in Irish 'storytelling' content, while 81.5% of respondents indicated that a content fund would have a significant impact in supporting Irish language content development. There was also unanimous agreement that a content fund would have a very significant or significant impact on enhancing the overall viability of the Irish audiovisual sector. The majority of the audiovisual production companies in Ireland that responded to Indecon's survey research also expressed their belief that a new content fund would be likely to deliver a very significant or significant impact in relation to enhancing the marketability of Irish audiovisual content internationally; supporting investment in content which is not adequately supported by existing schemes; and supporting the sector at local and regional levels.

Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Supporting Investment in Content Development			
Potential Impact	**% of Respondents**		
	Very Significant / Significant Impact	**Neither Significant nor Insignificant**	**Insignificant Impact / No Impact**
Support investment in Irish 'storytelling' content	92.6%	7.4%	0.0%
Support Irish language content development	81.5%	14.8%	3.7%
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland			

Net Benefit of a Content Fund

A key issue which policymakers should consider in evaluating the merits or otherwise of an audiovisual content fund is whether it would have a net benefit for Irish content productions and thus enable them to provide content of relevance to Irish audiences and Irish culture. Overall, when asked if a content production levy would produce a net benefit for Irish content producers, 85.2% of respondents agreed that it would (see table overleaf). In addition, 95.8% of these producers indicated their judgment that a levy-based content fund would deliver a very significant or significant net benefit for producers of Irish audiovisual content. These views are consistent with evidence and economic modelling examined by Indecon of the net economic impact of such a potential fund. The resultant enhanced levels of production of Irish relevant audiovisual content would be critical in supporting the cultural objectives of such a fund.

Views of Production Companies on Whether a Content Production Levy under a New National Content Fund would result in a Net Benefit for Irish Content Producers	
	% of Respondents
Yes	85.2%
No	3.7%
Don't Know	11.1%
Total Responses	**100%**
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland	

Net Financial Impacts of a Content Fund

It is important to recognise that the beneficiaries of the proposed content fund will be the audiovisual production sector and the viewing public, rather than broadcasters. It is, however, instructive to consider some indicative scenarios with regard to the potential net financial impacts of a content fund on Irish Public Sector Broadcasters (PSB) and other TV broadcasters. On the basis of these scenarios, it is estimated that, depending on content funding success rates and what they pay in levies, there could be a potential small net financial benefit for the PSBs. However, it should be noted that the objective of the fund is not to provide a benefit for PSBs, but rather to support Irish content and underpin the success of the audiovisual sector providing Irish content. If Pay TV and VoD service providers are successful in gaining an increased share of the proposed fund, this would not undermine the value of the fund to the audiovisual sector and to the key cultural objectives of supporting Irish content.

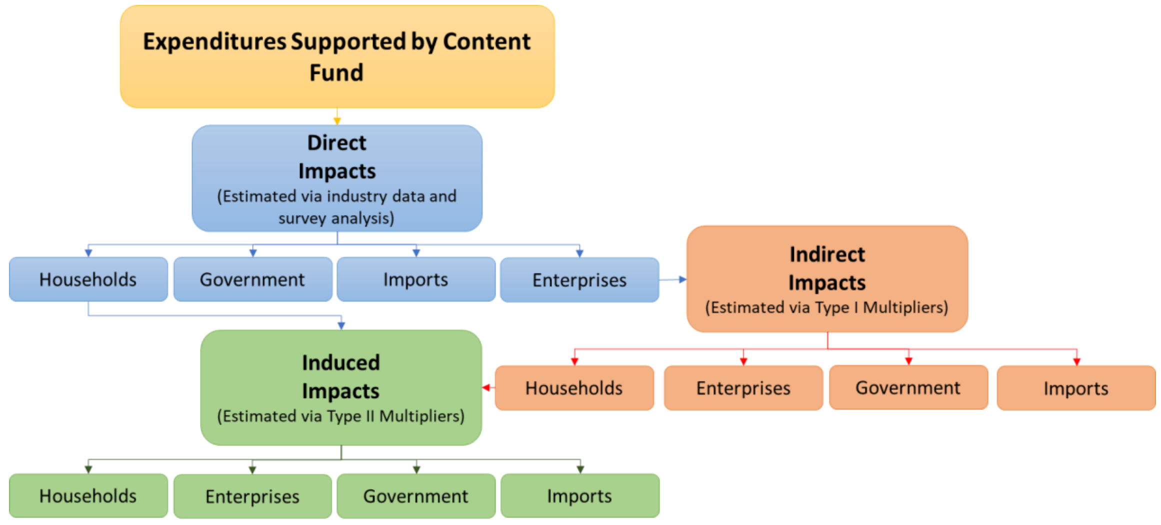
Potential Exchequer Impacts

Indecon also notes that, apart from the impact on broadcasters, there would also be some potential impacts on public finances, depending on the extent to which the Exchequer may decide to provide any matching funding. However, if no matching funding were provided, there would be no additional direct Exchequer costs related to the levy, other than administration costs which were examined in this report. The increased level of economic activity in the audiovisual sector would, however, result in wider exchequer costs and benefits. These would include direct and indirect tax revenues arising from the expansion in employment and economic activity in the audiovisual production sector, and any additional tax costs arising from Section 481 tax expenditures. Based on previous analysis undertaken by the Department of Finance, these would be likely to result in a net benefit to the Exchequer. We also note that there are other sources of funding for the broadcasting sector, including Screen Ireland funding and Licence Fee revenues. It is not envisaged that these would be impacted by the proposed content fund levy. If, however, the introduction of a levy-based content fund, and the resultant expansion in Irish content, assisted in an increase in audience numbers for public sector broadcasters, the requirement for increased Licence Fee revenues may be lower than would apply in a counterfactual scenario. In terms of risk of displacement of public funding, it is assumed that the proposed fund would not replace existing government funding for the audiovisual sector.

Wider Economic Impacts

Indecon has also independently developed, modelled and estimated the potential economic impacts that arise as a result of the operation of a new National Media Creative Content Fund. In addition to the potential direct economic impacts of the Content Fund, there would also be wider economic impacts that arise as a result of the inter-sectoral multiplier impacts of industry expenditures and employment. Indecon has applied its sectoral input-output model of the Irish economy to quantify the potential wider impacts of the Content Fund on the Irish economy. Indecon's macroeconomic modelling takes into account the direct, indirect and induced impacts which arise through the expenditures supported by the Content Fund. The following figure outlines how these different effects are connected, and these components are described in the schematic overleaf.

Overview Description of Channels of Impact of Potential Wider Economic Impacts of Content Fund



These impacts can be described as follows:

- ***Direct* impacts** – the direct economic output generated by companies leveraging the Content Fund within the audiovisual sector in Ireland, through its purchases of goods and services (including labour) from the Irish economy in which it operates, and its contribution to GVA and employment.
- ***Indirect* impacts** – arise through purchases of goods and services inputs by companies in the audiovisual sector (who have leveraged the Content Fund) from other businesses/sectors in the economy to support their production activities in Ireland. These purchases generate income for the supplying enterprises, which in turn support spending on their own inputs.
- ***Induced* impacts** – arise through the re-spending on good and services from the employment incomes generated through the above direct and indirect impacts.

Output and GVA/GDP impacts

Indecon's modelling estimates that an additional impact of approximately €32m through indirect and induced impacts would be anticipated based on the €160m in leveraged funding over the five years, under Scenario 1 (involving a 1% levy on Pay TV and SVOD revenues and a 1% levy on TV advertising revenues). With higher levies applied to the different segments, such as under Scenarios 2 and 3, there would be a greater economy-wide output impact over the five-year period. Scenarios 4, 5 and 6 assume the application of differential levy rates to each market segment, giving rise to estimated economy-wide impacts ranging from €119 million to €485 million, depending on the scenario examined.

Scenarios on Wider Output Impacts of Content Fund (Cumulative Five-Year Impacts)				
	Direct output impact of funding for distribution (including leverage impacts) (€m)	**Indirect output impact (€m)**	**Induced output impact (€m)**	**Overall economy-wide output (€m)**
Scenario 1	160.2	22.1	9.9	**192.2**
Scenario 2	323.7	44.7	20.0	**388.4**
Scenario 3	490.6	67.7	30.3	**588.7**
Scenario 4	99.0	13.7	6.1	**118.8**
Scenario 5	200.0	27.6	12.4	**240.0**
Scenario 6	404.2	55.8	25.0	**484.9**
Source: Indecon analysis based on industry data				

The above output impacts which would translate into a direct GVA contribution to Irish economy GDP amounting to over €102m over a five-year period under Scenario 1, and €206m and €313m respectively under Scenarios 2 and 3. These cumulative 5-year impacts would increase to between €119m and €363m when economy-wide multiplier impacts are taken into consideration. The impacts in Scenarios 4-6 would range from €73 million to almost €300 million depending on the scenario. This highlights the net economic significance of a potential levy on the Irish economy. This highlights the net economic significance of a potential levy on the Irish economy.

Employment impacts

In relation to overall employment impacts, Indecon estimates that, under our Scenario 1, 454 FTEs would be directly supported by Year 5 of the Content Fund. Taking into account additional indirect and induced employment supported Indecon's new modelling has indicated this would bring the total additional employment/new jobs supported under Scenario 1 to 1,052 Full Time Equivalents (FTEs). Under Scenario 2, direct employment supported of 917 FTEs would rise to an estimated 2,126 FTEs when indirect and induced multiplier impacts are included, with economy-wide employment supported under Scenario 3 estimated to be 3,223 FTEs. Given the importance of retaining high skilled employment in the Irish audiovisual sector and the negative impact of COVID-19, these employment impacts are of importance. It is important to note that there may some degree of deadweight or displacement, but to minimise this, Indecon has based these employment estimates on the additional funding that would be leveraged from a new content fund.

Scenarios for Estimated Direct and Economy-wide Employment Impacts of Content Fund in Year 5				
	Direct employment supported (FTEs)	**Indirect employment supported (FTEs)**	**Induced employment supported (FTEs)**	**Overall economy-wide employment supported (FTEs)**
Scenario 1	454	337	261	**1,052**
Scenario 2	917	682	527	**2,126**
Scenario 3	1,390	1,034	799	**3,223**
Scenario 4	280	208	161	**649**
Scenario 5	566	421	325	**1,312**
Scenario 6	1,143	850	657	**2,650**
Source: Indecon analysis based on industry data				

Overall Conclusions

The Irish audiovisual sector is of major cultural and economic importance. This is evidenced by the fact that the sector is estimated to contribute €1.05 billion in Gross Value Added to Irish economy and support almost 17,000 jobs, across activities which include a diverse range of Irish content creators. The sector is also of critical cultural significance in ensuring that Irish broadcasting content is of relevance to Irish audiences. The sector has, however, experienced rapid change over the last decade, in terms of both the impact of technological developments and the role of international providers in altering the structure and competitive landscape of the Irish audiovisual market. This has included the acceleration in subscription-based Pay TV and Video-on-Demand services, as well as the rapid growth in online/digital advertising. These trends have adversely impacted the market position and have coincided with declining revenues among public service broadcasters. These developments in turn could undermine their important traditional role in relation to supporting investment in Irish audiovisual content.

Against this background, the proposed establishment of a new National Media Creative Content Fund would create a very significant opportunity to address the risk of persistent under-investment in Irish audiovisual content. Such a fund is permitted by the provisions of the EU's Audiovisual Media Services Directive, on the basis that it would constitute a form of financial obligation on specified audiovisual service providers to contribute part of their revenues to support investment in European – including Irish – audiovisual content. The significance of this should not be overlooked. For the first time at EU level, an exception to the 'country of origin' principle has been created thereby permitting a Member State to impose a financial obligation on a service provider located/established in another Member State which targets the audiences of that Member State. The proposed fund would be based on a levy mechanism, involving the application of a levy on specified audiovisual revenue streams, that would be allocated into a central fund and in turn be available for re-distribution towards supporting investment in Irish and European content.

A number of factors require consideration to ensure that such a mechanism would be feasible and would be operated in line with the requirements of the EU Directive, including in relation to ensuring proportionality and non-discrimination, and compliance with EU State Aid rules. It should be noted that throughout Europe, schemes to support the audiovisual sector via levies have been deemed to be compatible with state aid rules.

Indecon's independent assessment, which has been informed through new research among Irish content producers and detailed economic modelling, indicates that a new levy-based National Media Creative Content Fund would be likely to deliver additionality through leverage of funding, and a net benefit for the Irish content production sector. We have modelled three alternative scenarios for potential levy income, based on the application of different assumptions on levy rates that are realistic, while also been in line with approaches in other European countries that have introduced similar schemes. On this basis, Indecon's estimates suggest that a levy-based fund could generate income for potential distribution (after administration costs) of up to €100-490 million in total over an initial five-year period (taking into account leverage of other national and international funding sources), depending on the rates of levy assumed. If this funding were invested in new content production, Indecon's modelling suggests that, under the six scenarios examined, this could deliver a net economic impact, including supporting between 649 and 3,223 additional economy-wide jobs, and contributing an additional €15-77 million annually to Irish economy GDP by Year 5.

Critically, a content fund would also result in a number of important strategic benefits for the Irish audiovisual sector. These include enhancing the scale and productive capacity of the sector, supporting investment in genres including Irish 'storytelling' and Irish language content, supporting the development of Irish talent, and enhancing the overall viability of the sector.

Acknowledgements

Indecon would like to acknowledge the assistance and valuable inputs provided by a number of individuals and organisations during the course of this review. We would particularly like to express our gratitude to members of the audiovisual sectoral group established to oversee the review, including Dermot Horan, Rory Coveney, Vivienne Flood, Eleanor Bleahene and Jeanette Lafford (RTÉ); Alan Esslemont and Emer Ní Ghabhnáin (TG4); Elaine Geraghty, Anthony Muldoon and James Hickey (Screen Producers Ireland); Ronan McCabe, Moe Honan and John Phelan (Animation Ireland); Ruth Meehan and Birch Hamilton (Screen Directors Guild of Ireland); and Hugh Farley (Writers Guild of Ireland). In addition, we would like to thank Brian O'Loughlin, Tríona Quill, Kevin O'Brien, Doire Ó Cuinn and Hannah Graham (Department of Communications, Climate Action and Environment); Michael O'Keeffe, Celine Craig and Deborah Molloy (Broadcasting Authority of Ireland); Désirée Finnegan and Teresa McGrane (Screen Ireland); Anna Herold and Carla Osman (European Commission, Directorate-General for Communications Networks, Content & Technology); Jenny Weinand, Konstantina Bania and David Fernandez Quijada (European Broadcasting Union); and Bertrand Scirpo (France TV). Last but not least, we would particularly like to express our gratitude to the numerous audiovisual production companies that responded to our survey of producers. **The usual disclaimer applies, and responsibility for the analysis and findings in this independent report remains the sole responsibility of Indecon.**

1 Introduction and Background

1.1 Introduction and Background

Indecon International Economic Consultants ('Indecon') is a leading firm of research economists. Indecon was appointed by RTÉ, on behalf of a sectoral group representing the audiovisual sector in Ireland, to undertake an independent analysis of the potential for a National Media Creative Content Fund. This report presents the findings from Indecon's analysis and assessment to inform any decisions on establishment of a new content fund. The background to this assessment is that there are a number of policy, legislative and regulatory developments that present the opportunity for consideration of the introduction of an Irish Creative Media Content Fund ('Content Fund'). The Revised EU Audiovisual Media Services Directive (AVMSD) will be transposed into national law. In line with this, a new Media Commission is to be established as set out in under the Online Safety and Media Regulation Bill. The New Media Commission can use its powers to establish a levy-based Content Fund. In parallel, in September 2020, the Department of An Taoiseach established a new Future of Media Commission which will, inter alia, consider how the aims of public service broadcasting should be delivered, including through sustainable funding structures and within the context of the requirements of the Revised AVMSD. This report presents Indecon's independent views on whether a new content fund would be justified and whether such a fund would deliver a net positive additional impact on the audiovisual sector.

It should be noted that this study is focussed only on the potential of an audiovisual content fund which would provide funding for film and other audiovisual providers to develop content for broadcasting for Irish audiences. Consideration of any wider content funding for news content for other sectors is outside the scope of this project. A creative content fund would be used to support the survival of the audiovisual sector in Ireland, to ensure that cultural values are protected. This would complement existing funding for the sector and would address some of the decline in funding from Irish based broadcasters which has arisen from market developments in the broadcasting sector due to the increased share of the market sector by SVOD and Pay TV.

In this context, this study examines the potential to introduce a Content Fund, which would be funded through a levy mechanism. It examines the opportunity for the introduction of a Content Fund in Ireland and will be for consideration by national policy officials and legislators. This report addresses the following issues:

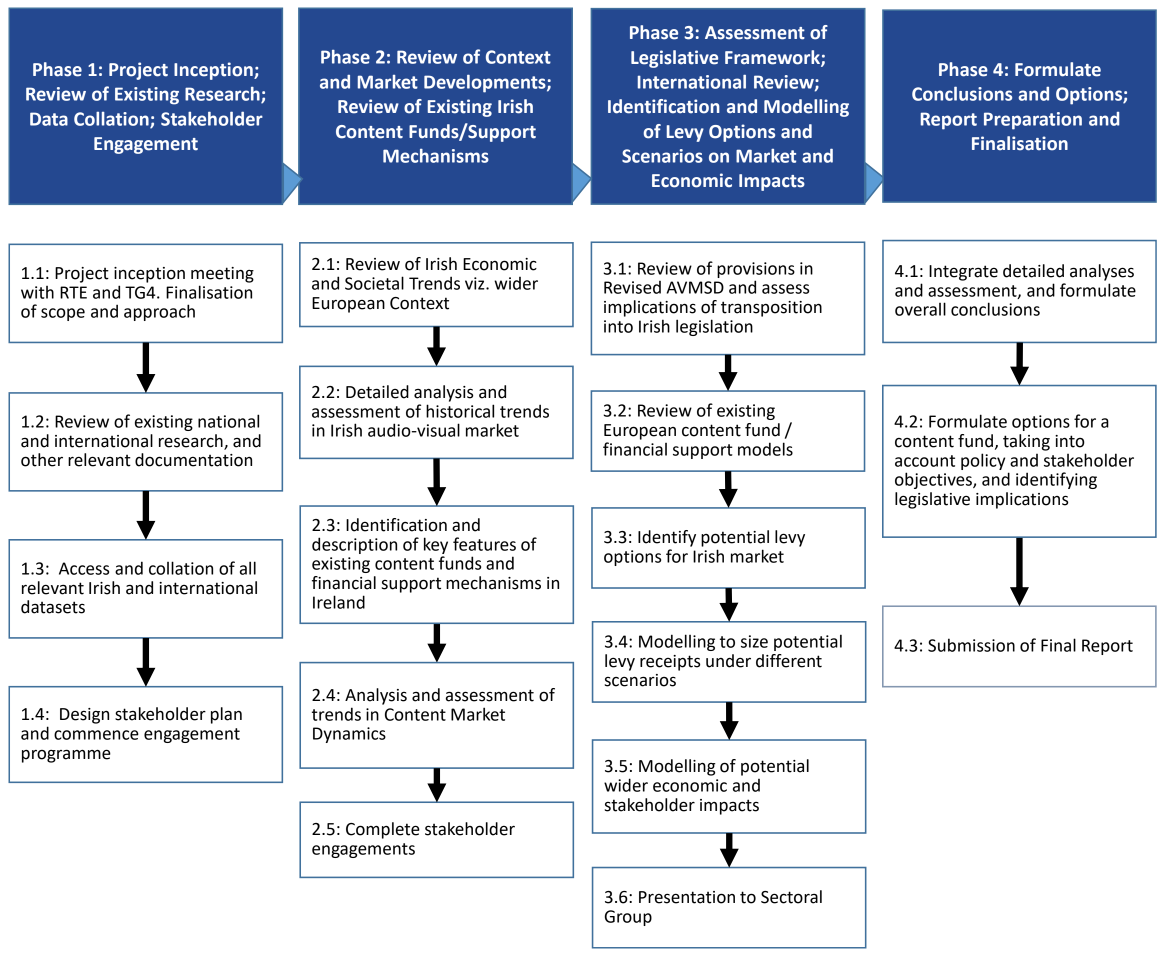
- ❑ Analysis of Ireland relative to the European market – national macroeconomic and societal trends in comparison to the wider European context;
- ❑ Examination of the Irish audiovisual market – macro media and audiovisual trends such as illustration of size of the overall market tracked over a 10-year period, including data on genre and sector spend where available;
- ❑ Content market dynamics: historical and emerging trends on big-budget productions made in Ireland, co-production funding trends, consumer and genre trends;
- ❑ Overview of the pre-existing funds and financial support mechanisms in Ireland such as S&V, WRAP, Screen Ireland, and S481;
- ❑ Existing content funds: overview of existing content funds in other EU states;
- ❑ Analysis of the existing legislative framework and the aims of Recital 36 of the AVMSD in relation to potential levies;
- ❑ In light of the above, outline potential levy options to best support the audiovisual sector in Ireland, sizing the potential income of different levies;

- Modelling of the potential impact of the content fund on the audiovisual sector in Ireland, demonstrating 'additionality' to existing audiovisual content supports and added value in the creation of public service content; and
- Evaluation of the merits of any audiovisual content fund and whether it would provide a net benefit to the Irish audiovisual sector.

1.2 Methodological Approach

This study has been completed based on a detailed methodological approach and work programme, which was designed to address the objectives and specific requirements of the evaluation, as presented in the following figure.

Figure 1.1: Overview of Methodological Approach and Work Programme



Source: Indecon

Primary Research

The evaluation was informed by a programme of engagement and primary research with a wide range of organisations and individuals in the audiovisual sector in Ireland. To inform the assessment of potential impacts and benefits of a creative media content fund in Ireland, new primary research was conducted among independent audiovisual production companies. A total of 36 indigenous companies were surveyed. These included companies engaged in production across a wide range of genres, including film, TV drama, documentaries, animation and young people's content. The sample included a number of Irish language producers. Individual responses were provided anonymously, but a full listing of the 36 companies contacted can be found in Annex 2. A very high level of response was achieved from across 27, or 75% of the organisations surveyed. The following table provides a size breakdown (by level of employment) of responding production companies. The majority (almost two-thirds) of companies were small independent producers employing up to 10 persons, while 20% of respondents employed between 11 and 50 persons and 16% employed over 50 staff.

Table 1.1: Indecon Survey of Audiovisual Production Companies in Ireland – % Breakdown of Respondents by Employment

No. of Employees	% of Responding Companies	No. of Responding Companies	Nos. Employed in Responding Companies	% of Employment in Responding Companies
1-10	64.0%	16	85.5	11.7%
11-20	8.0%	2	30	4.1%
21-50	12.0%	3	92	12.6%
51-100	12.0%	3	242	33.2%
Over 100	4.0%	1	280	38.4%
Total Responding Companies	**100.0%**	**25**	**729.5**	**100.0%**

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

The survey of production companies examined the following issues:

- The views of companies on the significance or otherwise of a range of potential impacts of a new National Media Creative Content Fund;
- Views on whether a content production levy would result in a net benefit for Irish content producers, and the level of potential significance of such a net benefit;
- View of companies on the estimated additional funding that could potentially be leveraged for Irish content providers arising from the resources generated from a content fund;
- Views of companies on the estimated potential additional impacts, in terms of number and value of productions, labour and non-labour spend and employment creation, that could arise through the deployment of direct and leveraged funding from a content fund, by production genre (TV Drama, Feature Films, Documentaries and Animation Productions);
- Views of companies on what genres should be prioritised under a new content fund to maximise additionality of funding; and
- Views on whether a content fund should be available to support production, distribution or both.

Data sources

Detailed analysis and statistical modelling of the empirical evidence were conducted using a range of official and other datasets. The following datasets were utilised:

- Audiovisual market revenue data for Ireland:
  - Subscription/Pay TV and Subscription Video-on-Demand (SVoD) revenues – Ampere Analytics historical data and projections provided via European Broadcasting Union (EBU) country profile for Ireland. Pay TV is for TV services only and excludes elements of bundles such as phone and internet;
  - Advertising revenues (incl. breakdown by sub-segment) – Global M data and projections for advertising revenues net of discounts, via TYNY report for Ireland (December 2020);[3]
  - Public income (TV & radio) – EBU member data for Irish Public Sector Broadcasters; and
  - Cinema box office receipts – data provided by Screen Ireland.
- Central Statistics Office (CSO) datasets, including Census of Population data for demographic analysis, Household Budget Survey for household expenditure analysis, and Information Society statistics for analysis of audiovisual access including internet and device usage.
- Nielsen/TAM Ireland data on household TV and VoD access, and data on household viewing trends.
- Eurostat data for comparative analysis of broadband access.
- Comparative EU data on SVOD subscribers - EBU and European Commission.
- RTE and TG4 data on their content spend.
- Screen Ireland data on number, value and Irish expenditure component of Section 481-supported film productions in Ireland.

Further details on sources of specific data are included throughout this report.

1.3 Structure of Report

The remainder of this report is structured as follows:

- Section 2 sets the context for our independent examination of the merits of and the rationale and potential to establish a new creative media content fund in Ireland. This describes the key features of, and factors shaping, the development of the Irish audiovisual market;
- Section 3 reviews the dynamics of the Irish audiovisual content market, including the developments in relation to viewership trends and spending on content creation;
- Section 4 presents an overview of specific features of the European legislative framework which impinge on the establishment of levy-based funds to support the audiovisual content production sector. It also presents an overview of the features of the levy-based audiovisual sector supports that currently operate in a number of other European countries;

[3] This Year Next Year (TYNY), Group M report for Ireland, Dec 2020. See: https://www.groupm.com/this-year-next-year-ireland-end-of-year-forecast/.

- Section 5 examines the key policy and other considerations relevant to considering the potential options for application of a levy-based content fund. It also outlines scenarios with regard to the potential scale of a fund;
- Section 6 presents the findings of new primary survey research among audiovisual producers in Ireland, particularly in relation to producers' judgments regarding the potential benefits of a new content fund and on the potential impacts that a fund could deliver in terms of funding leverage and net impacts on content production and on the financial position of broadcasters. In addition, we model the potential economic impacts of a new content fund based on alternative scenarios; and
- Section 7 summarises our overall conclusions from the assessment.

1.4 Acknowledgements

Indecon would like to acknowledge the assistance and valuable inputs provided by a number of individuals and organisations during the course of this review. We would particularly like to express our gratitude to members of the audiovisual sectoral group established to oversee the review, including Dermot Horan, Rory Coveney, Vivienne Flood, Eleanor Bleahene and Jeanette Lafford (RTÉ); Alan Esslemont and Emer Ní Ghabhnáin (TG4); Elaine Geraghty, Anthony Muldoon and James Hickey (Screen Producers Ireland); Ronan McCabe, Moe Honan and John Phelan (Animation Ireland); Ruth Meehan and Birch Hamilton (Screen Directors Guild of Ireland); and Hugh Farley (Writers Guild of Ireland). In addition, we would like to thank Brian O'Loughlin, Tríona Quill, Kevin O'Brien, Doire Ó Cuinn and Hannah Graham (Department of Communications, Climate Action and Environment); Michael O'Keeffe, Celine Craig and Deborah Molloy (Broadcasting Authority of Ireland); Désirée Finnegan and Teresa McGrane (Screen Ireland); Anna Herold and Carla Osman (European Commission, Directorate-General for Communications Networks, Content & Technology); Jenny Weinand, Konstantina Bania and David Fernandez Quijada (European Broadcasting Union); and Bertrand Scirpo (France TV). Last but not least, we would particularly like to express our gratitude to the numerous audiovisual production companies that responded to our survey of producers. **The usual disclaimer applies, and responsibility for the analysis and findings in this independent report remains the sole responsibility of Indecon.**

2 Overview of Characteristics of Irish Audiovisual Market

2.1 Scale and Economic Contribution of Audiovisual Market in Ireland

Table 2.1 presents data on the developments in Irish audiovisual revenues by market segment over the last ten years. Advertising and Pay TV represent the largest segments, with net advertising market revenues (less discounts) reaching almost €1 billion and Pay TV revenues totalling over €500 million in 2019, representing revenue growth of 34% and 9% respectively since 2010. Also, of note has been the very fast development of the Subscription Video-on-Demand (SVOD) market in Ireland over the last ten years, with market revenues in this segment expanding from zero in 2010 to €45 million in 2019 and an expected €66 million in 2020. It should be noted that the Pay TV segment is based solely on revenues from TV services, with non-TV services (e.g., phone and internet) stripped out of any bundles. Revenues for the SVOD segment also only include those revenues related to video services and exclude revenues from other elements such as delivery revenues.

Table 2.1: Irish Audiovisual Market Revenues by Segment

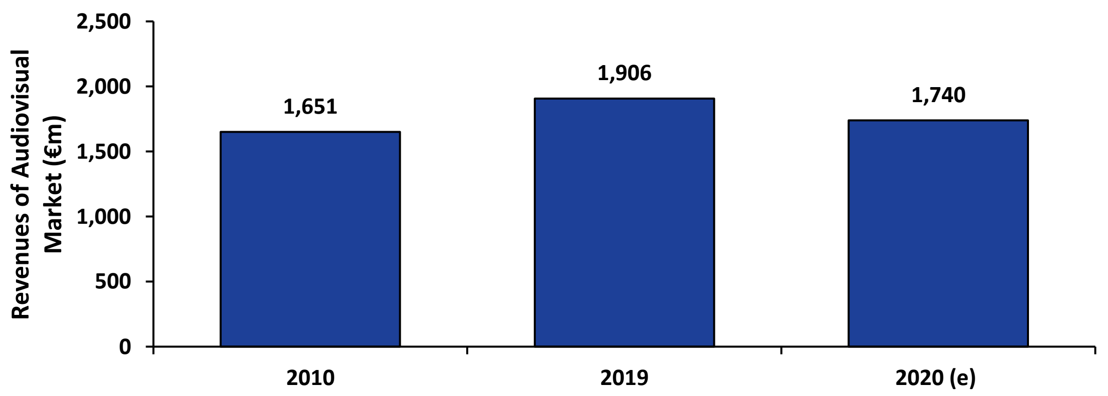
	2010	2019	2020 (Estimates)
Subscription (Pay-TV)	431	524	517
SVOD	0	45	66
Advertising (see Table 2.2)	873	987	904
Public income (TV + Radio)	229	231	223
Cinema (box office revenues)	119	120	30
Total	**1,652**	**1,906**	**1,740**

Source: EBU / Members' Data (public income) / TYNY (advertising) / Ampere (subscription and SVOD) / Industry estimates

Notes: The analysis excludes music revenues. Advertising revenues are net of discounts. Pay TV revenues are for TV services only and exclude elements of bundles such as phone and internet services.

Figure 2.1 highlights the overall trend in Irish audiovisual market revenues since 2010 of key importance is that the market is estimated to have suffered a sharp decline of approximately 9% in 2020 as a result of the impacts of the COVID-19 pandemic.

Figure 2.1: Overall Value of Revenues in Irish Audiovisual Market – 2010-2020



Source: EBU / Members' Data (public income) / TYNY (advertising) / Ampere (subscription and SVOD)

Note: Audiovisual markets do not include music revenues.

The main growth in the advertising market has been in online advertising revenues, which have expanded by a factor of five between 2010 and 2019. Importantly, the growth in market share of online (combined with the impact of the revenues of subscription TV and SVOD) has come at the expense of traditional TV and Radio advertising, which has seen its market share decline from 41% in 2010 to 30.9% in 2019. As a result of the impact of COVID-19 on advertising spend, most segments of the Irish advertising markets are forecast to record substantial falls in revenue in 2020, with the largest declines expected to be in TV and radio, newspapers and magazines, and cinema and outdoor advertising. Online advertising is expected to be relatively resilient, with modest growth of 3%.

Table 2.2: Irish Advertising Revenues by Segment (€ Million)

	2010	2019	2020 (Estimates)
TV	205	191	170
Radio	154	114	100
Online	99	475	489
Newspapers & magazines	330	121	95
Other (cinema & outdoor)	84	86	50
Total	**873**	**987**	**904**

Source: TYNY Ireland End of Year Report December 2020 (Group M)

Looking further at the development of Pay TV and SVOD, Table 2.3 below illustrates the number of subscribers in these market segments over the six years to 2019. Netflix and Sky experienced the strongest rates of growth.

Table 2.3: Pay TV and SVOD Subscribers (000s), 2014-2019

Ireland	Type	Owner	2014	2015	2016	2017	2018	2019
Sky	Sat.	Sky plc	703	725	740	779	813	782
Virgin Media	Cable	Liberty Global	404	366	305	293	271	280
Netflix	SVOD	Netflix	107	152	201	260	377	446
Other			32	45	70	116	134	347
Total			**1,246**	**1,288**	**1,316**	**1,448**	**1,595**	**1,855**

Source: EBU / Ampere Analysis

Economic contribution of Irish audiovisual sector

The economic contribution of the audiovisual sector in Ireland is evidenced by the extent of Gross Value Added contribution and employment supported in the sector. A summary of the key elements of economic impact from the SPI research is presented in the table below. These estimates suggest that the sector directly or indirectly supported an estimated €1.05 billion in GVA and almost 17,000 jobs, highlighting that the Irish audiovisual sector is of major importance, not only from a cultural perspective but also from a socio-economic standpoint.

Table 2.4: Economic Contribution of Audiovisual Sector in Ireland – Overall Indicators of GVA and Employment Contribution		
Impacts	**Gross Value Added - € Million***	**Employment – No. of Full-Time Equivalent Jobs***
Direct	523.3	10,560
Indirect	366.7	4,770
Induced	159.9	1,600
Total	**1,049.9**	**16,930**
Source: Olsberg-SPI (2017)[4] *Figures relate to position in 2016.*		

2.2 Irish Audiovisual Market in a European Context

It is also instructive to place the Irish audiovisual market in a wider European context. The percentage of advertising revenues that come from online advertising is similar for both Ireland and the EU (see table below). An important difference is that TV advertising accounts for a much smaller percentage of Irish advertising revenue (18%) than the EU as a whole (28%).

Table 2.5: Audiovisual Advertising Revenues by Market (Percentage of Total - 2019)		
	Ireland	**EU**
TV	17.9%	27.8%
Radio	11.0%	4.6%
Online	46.8%	46.2%
Newspapers & magazines	16.0%	14.7%
Other	8.3%	6.7%
Source: Indecon analysis of WARC data provided by EBU		

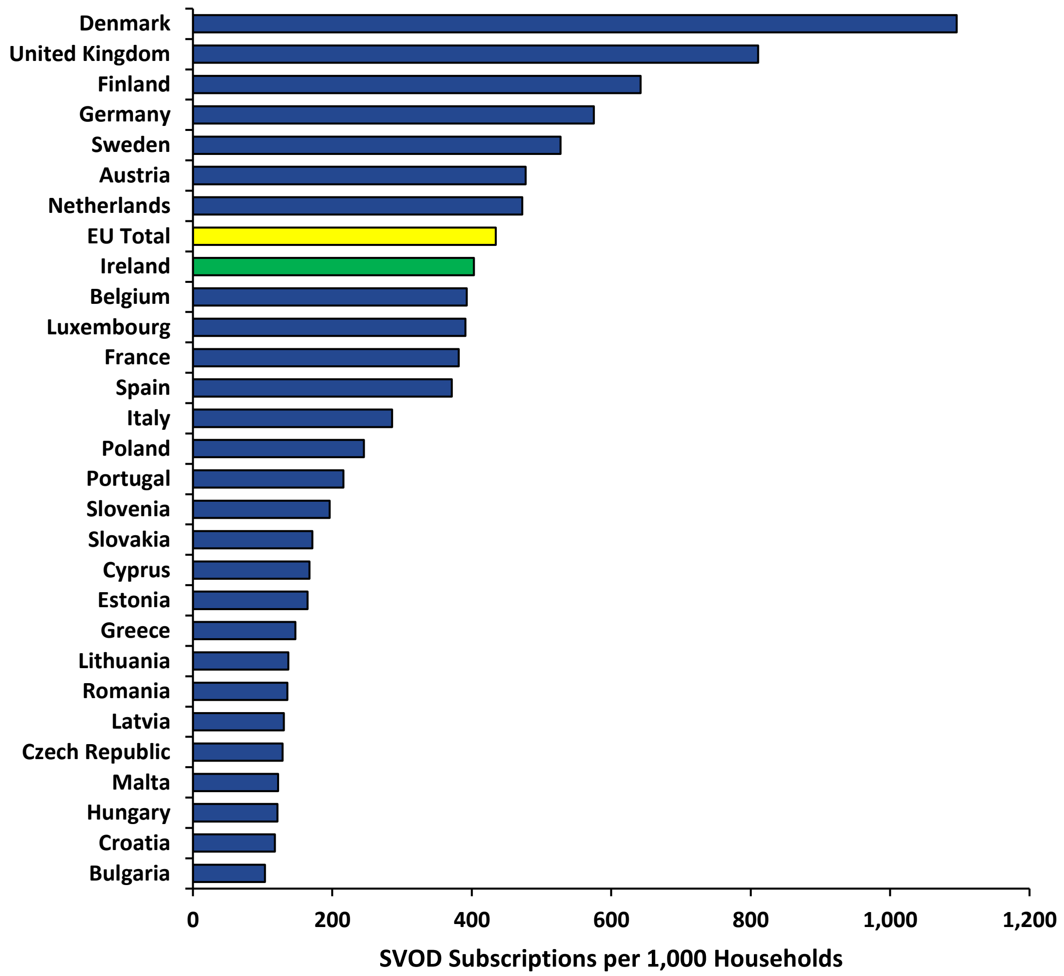
Looking at revenues by audiovisual market shows that subscription pay TV makes up a much larger share of revenue in Ireland at almost 40% compared to 31% for the EU.

Table 2.6: Irish and EU Audiovisual Market Revenues by Segment (Percentage of Total - 2019)		
	Ireland	**EU**
Subscription (Pay TV)	39.4%	31.1%
Advertising (TV + Radio)	31.0%	33.1%
SVOD	3.4%	6.6%
Public Income (TV + Radio)	17.4%	23.0%
Cinema	8.9%	6.1%
Source: Indecon analysis of EBU, WARC (advertising) and Ampere (subscription and SVOD) data Note: Cinema figure are gross revenues/box office whilst other sub-markets are net revenues.		

[4] Economic Analysis of the Audiovisual Sector in the Republic of Ireland – A Report from Olsberg SPI with Nordcity, December 2017.

Figure 2.2 illustrates the number of SVOD subscriptions per 1,000 households by country in Europe, with Denmark, Finland and the UK exhibiting the highest levels of take-up. Irish levels, while high compared to many other countries are, in Indecon's view, likely to increase further in the coming years as Ireland converges towards levels indicated in some other countries. This is also consistent with increased growth evident in recent years in the Irish market.

Figure 2.2: SVOD Subscriptions per 1,000 Households, 2019

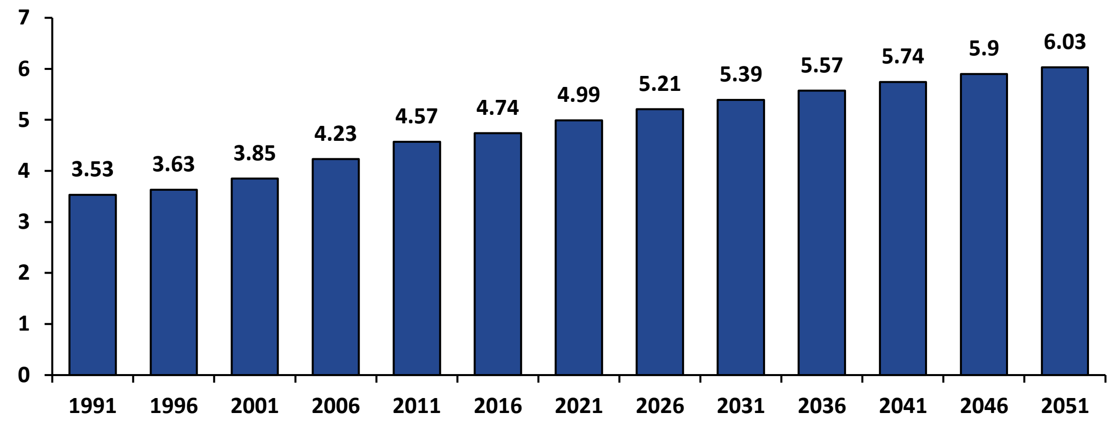


Source: Indecon analysis of Ampere Analytics data provided by the EBU and EC data

2.3 Demographic Context

The following figure shows that over the last two decades there has been growth of over one million in the population of Ireland, with the number expected to reach five million people in the coming years. Although the rate of population growth is expected to slow, it is anticipated that there will be six million people by midway through the century.

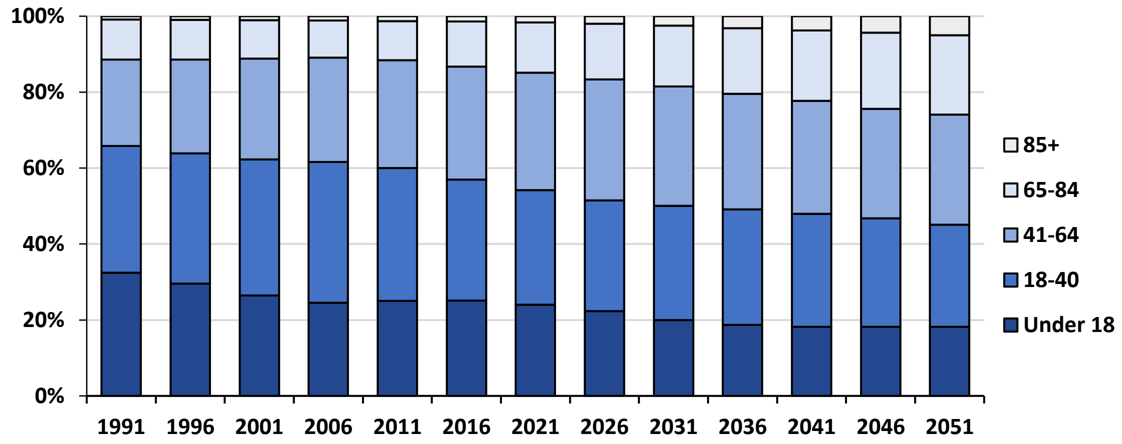
Figure 2.3: Projected Population of Ireland, Millions



Source: Indecon analysis of CSO

As the population grows it is expected that the percentage of persons aged over 65 will also increase, as per Figure 2.4 below. In 2016, over-65s accounted for approximately 13% of the population. However, they are expected to account for just over a quarter of the population by 2051. This trend towards an ageing population is compounded by an expected fall in the percentage of the population that is under the age of 18. Given the differences in viewing patterns by age, the demographic changes may have a significant impact on future trends in the audiovisual market.

Figure 2.4: Projected Age Profile of the Population by Year, %



Source: Indecon analysis of CSO

2.4 Access to Audiovisual Services

Trends in access to audiovisual services are of importance to understanding how the sector has developed over time and how it will evolve in the future. After analysing the last five CSO Household Budget Surveys, Indecon identified a slight downward trend in the number of households that own a TV. A significant development is the percentage of households with a home computer which has increased from 16% to 81% between 1994 and 2016, and this will have impacted viewing behaviours over the same period.

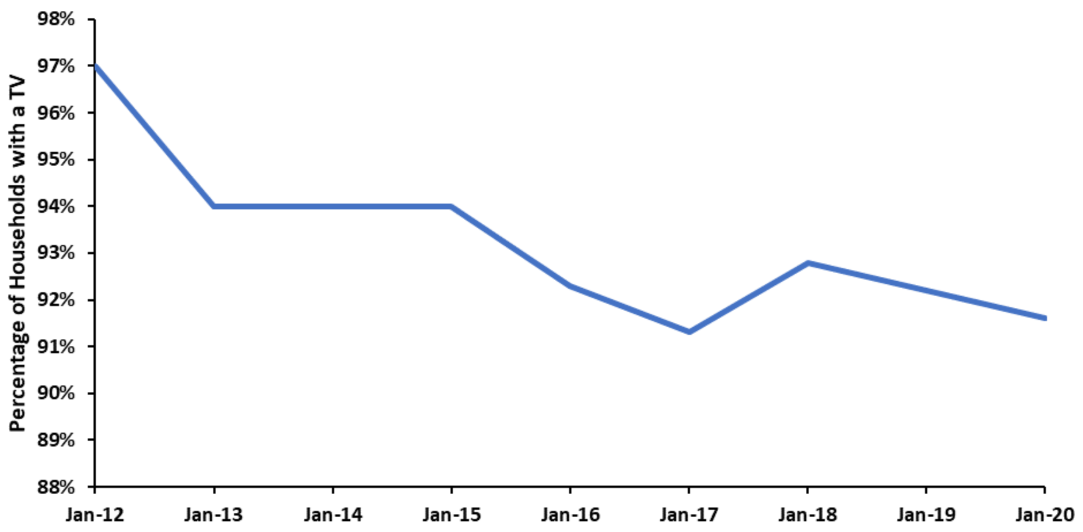
Table 2.7: Percentage of Households with Certain Media Appliances

	1994/95	1999/00	2004/05	2009/10	2015/16
At least one TV	97.9%	98.7%	99.2%	97.2%	95.5%
One TV set only	*69.5%*	*49.7%*	*50.5%*	*32.4%*	*41.0%*
Two or more TV sets	*28.4%*	*49.0%*	*48.7%*	*64.8%*	*54.5%*
Home Computer	16.0%	29.3%	56.2%	77.3%	80.8%
Games Console			29.2%	38.9%	38.1%

Source: CSO Household Budget Surveys

More timely data on TV ownership confirms the downward trend noted above, with the rate of ownership just below 92% at January 2020. While the share remains high, it has been steadily declining over the past nine years as illustrated in Figure 2.5 below.

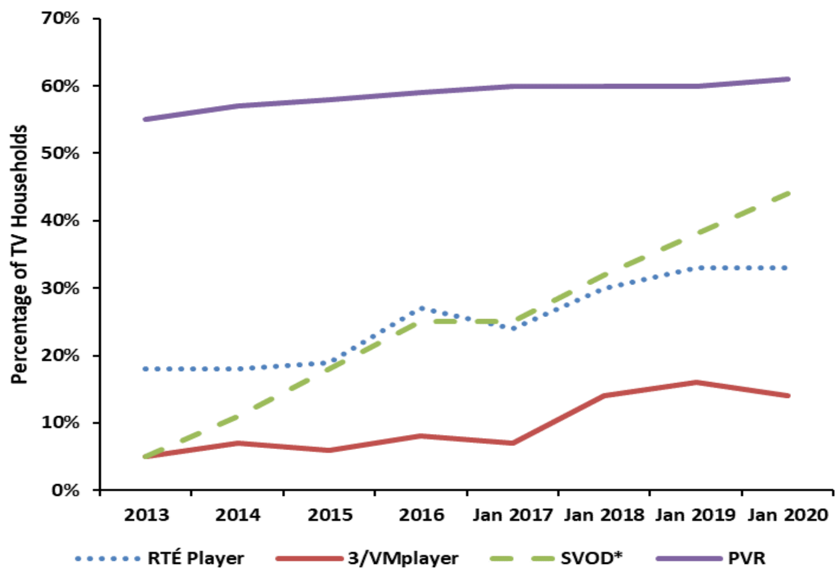
Figure 2.5: Percentage of Households with a TV, 2012-2020



Source: Indecon presentation of TAM Ireland/Nielsen TAM data

Despite the decline in the percentage of households with a TV, the share with SVOD access has been increasing. Indeed, over 40% of households had SVOD access at January 2020. This may be an underestimation as this refers to whether the household has a Netflix account, but a household may have access to another SVOD provider such as Amazon Prime Video or the recently released Disney+.

Figure 2.6: Percentage of TV Households with VOD Access, 2013-2020

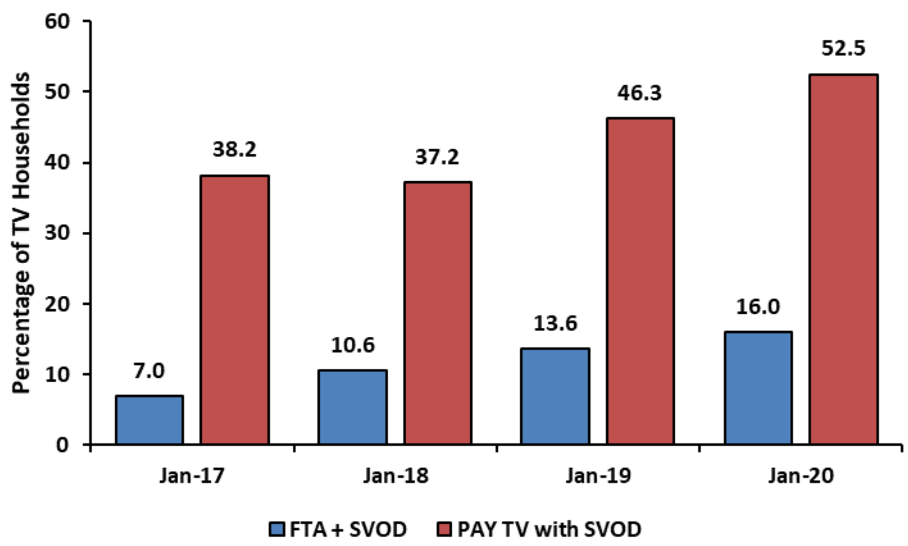


Source: Indecon presentation of TAM Ireland/Nielsen TAM data

**SVOD access means has a Netflix account from 2016 onwards. Note: PVR data not provided for July 2018.*

Notably, the share of households with free to air (FTA) television packages plus access to SVOD is far lower than those with Pay TV subscriptions and SVOD access. The respective shares were 16% and 53% at January 2020, which is up from 7% and 38% for the same month in 2017.

Figure 2.7: Percentage of TV Households with SVOD, 2017-2020



Source: Indecon presentation of TAM Ireland/Nielsen TAM data

Since SVOD access is linked to internet connectivity, it is further relevant to consider the change in usage of devices in recent years. Smartphones and mobile phones were the most common device used to access the internet, with laptops becoming slightly less used. There may be evidence of a shift in consumer patterns with 20% of individuals who recently used the Internet in 2018 doing so through a Smart TV, compared to 8% two years previously.

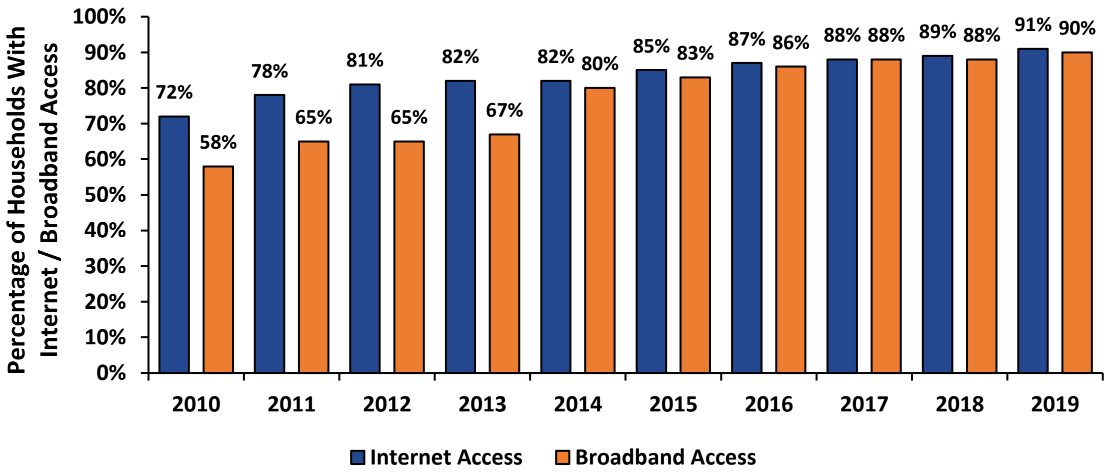
Table 2.8: Individuals Who Recently Used the Internet by Type of Device Used (2016 and 2018)

	2016	2018
Mobile phone or smartphone	84%	86%
Laptop	67%	56%
Tablet	37%	43%
Desktop Computer	25%	24%
Smart TV	8%	20%
Other mobile devices	5%	10%

Source: CSO Information Society Statistics

Broadband access is another important feature allowing for increased use of services such as VOD or video-sharing platforms. Between 2010 and 2019, broadband access increased from 58% to almost 90% of households. The percentage of households with any form of internet access also increased over this time, with households with broadband accounting for nearly all the households with internet access.

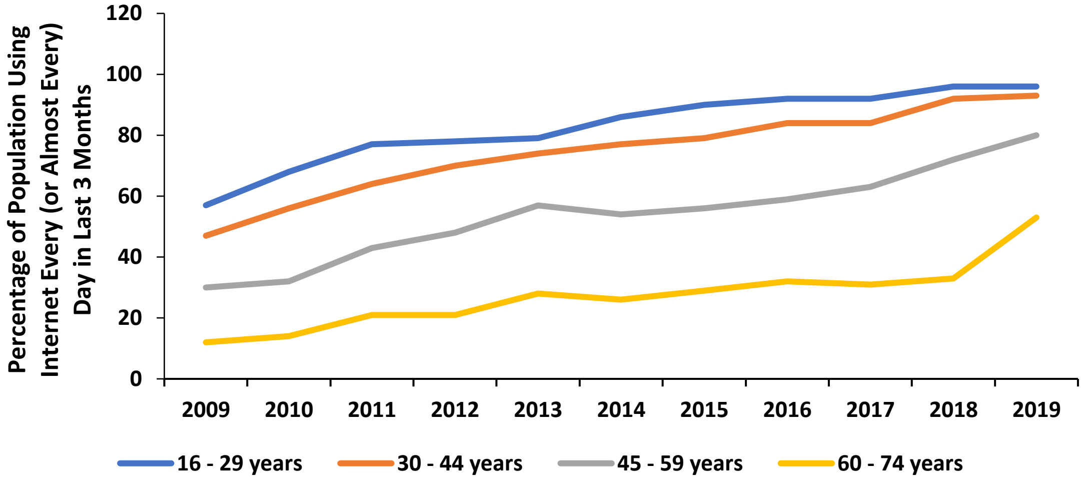
Figure 2.8: Broadband Internet Access by Private Households, 2010-2019



Source: Indecon analysis of Eurostat data

The following figure portrays the general increase in internet usage over time in Ireland. In 2009, just over 30% of people aged 45-59 used the internet every day (or almost every day) 'over the last three months.' By 2019, this percentage had reached 80% but was even higher for those aged between 16 and 44. There was also an increase in usage amongst those aged 60 and over although it remained far lower than for other age cohorts.

Figure 2.9: Internet Usage Over Time in Ireland, 2009-2019



Source: Indecon analysis of CSO data

Recent data on the activities of those who have recently used the internet shows that 55% of them had used the internet to watch streamed TV live or on catch-up services in March 2020. 57% had watched some form of video-on-demand service, with the younger age categories more likely to do so.

Table 2.9: Percentage Individuals Who Recently Used the Internet by Activity

	Age Group	January 2020	March 2020
Watching internet streamed TV live or catch up	16 - 44 years	76%	72%
	45 - 59 years	45%	39%
	60 – 74 years	29%	46%
	16 – 74 years	54%	55%
Watching video on demand	16 - 44 years	74%	75%
	45 - 59 years	51%	47%
	60 – 74 years	29%	37%
	16 – 74 years	55%	57%

Source: CSO Information Society Statistics

2.5 Household Expenditure Patterns

In the last Household Budget Survey in 2015/16, the CSO found that households spent an average of €17.14 a week on television, internet and bundle subscriptions, with the highest single item being satellite and cable TV subscriptions. Households in the Mid-East and Dublin had the highest average expenditures on television, internet and bundle subscriptions, whilst the rest of the regions were below the national average. Given the growth in internet usage and evidence on the growth in SVOD and Pay TV the overall spending on satellite and cable TV subscription is likely to have increased significantly.

Electronic retailing (or e-tailing) has become increasingly popular in recent years, with the percentage of persons who bought clothes or sports goods online in 2019 (51%) three times the percentage in 2011 (17%). Online purchases of telecommunications services have seen an even greater increase, rising from 4% in 2011 to 22% in 2019. There have also been increases in the percentage of people purchasing films and music online, as well as films and music downloaded or accessed from websites/apps and video games software and upgrades, as shown in Table 2.10.

Table 2.10: Percentage of Persons Who Made an Online Purchase of Each Category by Year

	2011	2013	2015	2017	2019
Clothes/sports goods	17%	23%	31%	44%	51%
Holiday Accommodation	28%	26%	27%	37%	47%
Other travel arrangements	30%	28%	29%	36%	45%
Tickets for events	27%	26%	29%	37%	45%
Household goods	8%	11%	14%	21%	27%
Electronic equipment (incl. cameras)	13%	13%	14%	17%	25%
Books/magazines/newspapers/e-learning material	14%	17%	18%	17%	24%
Telecommunication services e.g., TV, Internet, Phone	4%	8%	10%	19%	22%
Films/music	14%	23%	13%	15%	20%
Films/music downloaded or accessed from websites/apps	-	-	-	12%	16%
Video games software and upgrades	3%	7%	-	10%	13%
E-books	-	-	-	7%	11%
Food/groceries	4%	5%	4%	8%	9%
Other computer software and upgrades	6%	8%	-	5%	8%
E-learning material	-	3%	3%	3%	6%
Computer hardware	8%	4%	3%	4%	5%
E-magazines/e-newspapers	-	-	-	2%	5%
Medicine	2%	1%	1%	1%	4%
Other purchases	-	8%	7%	8%	2%
Share purchases/financial services/insurance	5%	6%	5%	-	-

Source: CSO Household Budget Survey

2.6 Overview of Audiovisual Sector

Over the ten years from 2009 to 2018, the number of active enterprises in the picture, video, television programmes, sound recording and music publishing activities, and programming and broadcasting activities sectors increased by 43% and 75% respectively. The following table shows that the number of persons engaged across the two sectors increased from 9,183 in 2009 to 10,273 in 2018 (approximately 0.6% of the labour force in the private busines economy), despite a slight decline in the number of persons engaged in the programming and broadcasting activities sector (8%).

Table 2.11: Enterprises and Employment in Audiovisual-Related Sectors

	Picture, video and television programmes, sound recording and music publishing activities (59)		Programming and broadcasting activities (60)	
	Active Enterprises	Persons Engaged	Active Enterprises	Persons Engaged
2009	1,849	4,935	143	4,248
2010	1,947	4,885	159	4,109
2011	2,002	4,656	159	4,143
2012	2,100	5,025	168	4,058
2013	2,169	5,253	182	3,944
2014	2,152	5,301	197	3,987
2015	2,230	5,736	222	4,128
2016	2,323	6,224	231	4,205
2017	2,751	6,559	261	4,093
2018	2,651	6,372	250	3,901

Source: CSO Business Demography Data

2.7 Summary of Key Findings

- In considering the merits or otherwise of developing a new National Media Creative Content Fund, it is important to understand the context, in terms of the characteristics of and recent developments in the audiovisual sector.
- The Irish audiovisual sector is a significant economic sector with revenues of over €1.9 billion in 2019. However, the sector is expected to suffer a sharp decline in 2020 as a result of the impacts of the COVID-19 pandemic. Our analysis also indicates that advertising and Pay TV represent the largest segments, with advertising market revenues reaching almost €1 billion and Pay TV revenues totalling over €500 million in 2019. These segments experienced revenue growth of 13% and 21% respectively between 2010 and 2019.
- Also of note is that there has been the very fast development of the Subscription Video-on-Demand (SVOD) market in Ireland over the last ten years, with market revenues in this segment expanding from zero in 2010 to €45 million in 2019 and an estimated €66 million in 2020. The growth in market share of Pay TV and SVOD has resulted in a corresponding decline in the advertising share of traditional broadcasters.

- The main growth in advertising revenues has been in online advertising revenues, which expanded by a factor of over six between 2010 and 2019. The growth in market share of online and subscriptions TV and SVOD has come at the expense of traditional TV and Radio advertising, which has seen their market share decline from 41.1% in 2010 to 30.9% in 2019.
- The economic contribution of the audiovisual sector in Ireland is evidenced by the extent of Gross Value Added (GVA) contribution and employment supported in the sector. Recent research indicated that the sector directly or indirectly supported an estimated €1.05 billion in GVA and almost 17,000 jobs, highlighting that the Irish audiovisual sector is of major importance.

3 Irish Audiovisual Market Dynamics

3.1 Principle of Additionality of Creative Content Fund

The overall principle of a national media creative content fund would be to support the survival and recovery of the audiovisual sector in Ireland to ensure that cultural values are protected. The introduction of a levy to finance such a fund would have the objective of complementing, rather than replacing, existing Irish Government funding for the sector. This would ensure that market players make an equitable contribution to support government expenditures. It is also aligned with the need to ensure that Ireland's audiovisual media landscape is fit-for-purpose in the digital age. In addition, the fund would help address current inequities in the responsibilities which market participants (like TV broadcasters and on demand service providers) play in supporting cultural values and in promoting European audiovisual works. Providing access for Irish viewers to such works is critical. In this context, it is useful to examine current and Irish audiovisual market dynamics. This analysis underpins the need for change to reflect market changes. Such a fund would support Irish storytelling of relevance to Irish audiences as well as other cultural objectives including Irish language content.

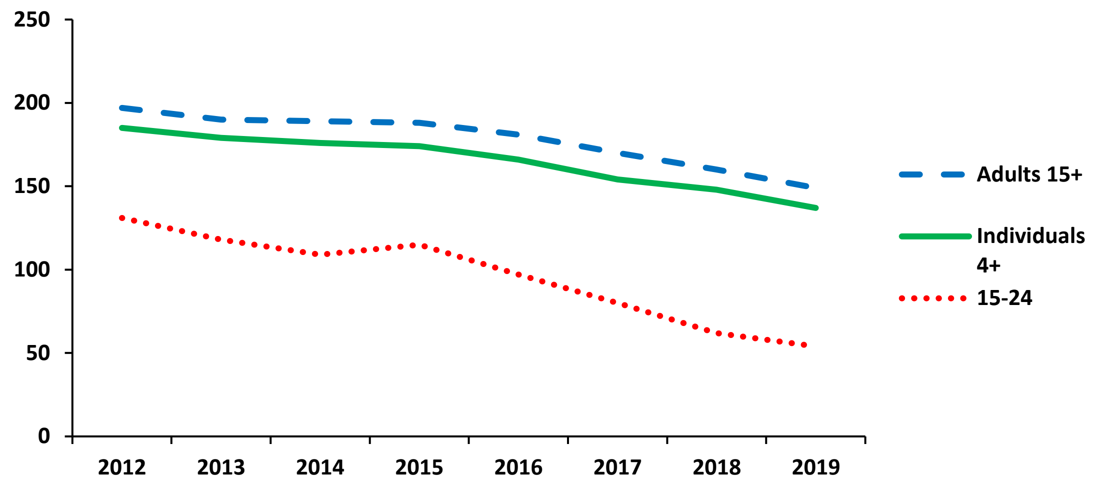
Analysis presented in Section 6 outlines the evidence that such a fund would have significant net benefits for the Irish audiovisual sector and demonstrates the additionality of such a fund. The role of supporting the audiovisual sector in terms of promoting cultural values was a driving consideration of the introduction of similar levies in other jurisdictions. The analysis of the Irish audiovisual market dynamics suggests that Ireland has particular vulnerabilities in supporting audiovisual sector because of the high levels of penetration of overseas channels and the growth in subscription TV.

3.2 Viewing Trends

As context to consideration of any levy, it is useful to review Irish audiovisual content market dynamics. The average number of minutes of live TV viewed per day was 185 in 2012. However, this declined by more than a quarter to 137 minutes in 2019. The decrease in the amount of live TV viewed per day was even sharper at 59% among those aged 15 to 24, falling from 131 to just 54 minutes over the eight-year period. Research conducted by TAM Ireland suggests an increase in TV viewing, both live and time-shift, since the beginning of the COVID-19 pandemic. Their research estimates an increase in the number of minutes of TV watched by adults between March and June 2020 to have increased by 6% on the same period in the previous year.[5]

[5] https://www.tamireland.ie/downloads/tam-ireland-tracker-study-reopening-ireland-phase-3/

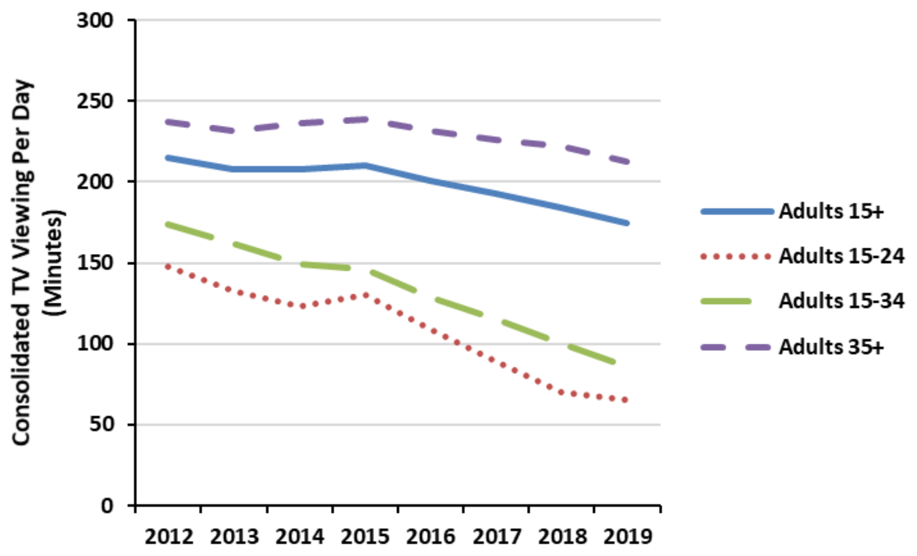
Figure 3.1: Average Minutes of Live TV Viewed Per Day by Age Cohort, 2012-2019



Source: TAM Nielsen

After factoring in time shifting viewing, the contraction in the average length of time spent watching TV was approximately 19% between 2012 and 2019. Analysing the consolidated viewing figures out by age cohort shows that the amount of time spent watching TV per day fell by 56% among those aged 15 to 24 or by 51% for those aged 15 to 34. However, the decrease is much smaller at 10% among those aged 35 and over as shown in Figure 3.2.

Figure 3.2: Consolidated TV Viewing Per Day by Age Cohort, 2012-2019

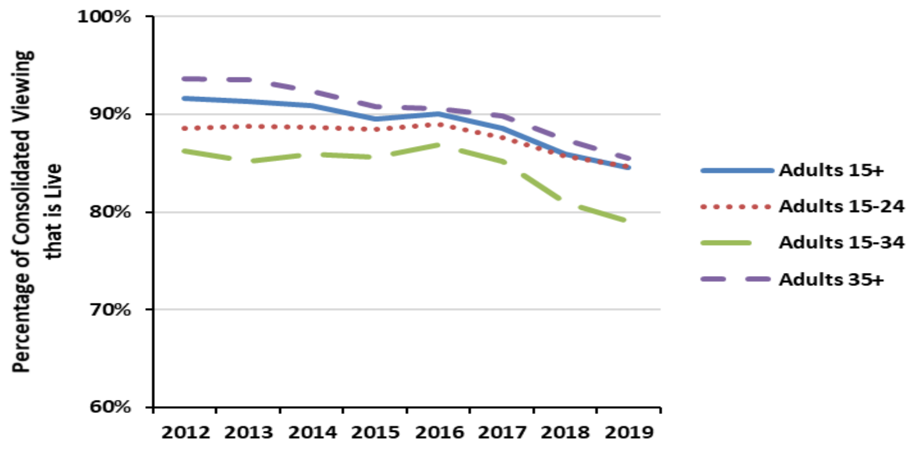


Source: Indecon presentation of TAM Ireland/Nielsen TAM data

Note: Consolidated viewing is the sum of average minutes spent on time shifting and live TV.

With the time spent on live TV declining against a rise in the number of minutes spent on time shifting viewing, the share of viewing attributable to time shifting increased from 8% in 2012 to 15% in 2019. The percentage of consolidated viewing accounted for by live TV declined from 92% to 85% over the period, with the decrease steepest among audiences aged 35 and over. Nevertheless, live TV accounts for the smallest share of consolidated viewing among those aged 15 to 34 as described in Figure 3.3 below.

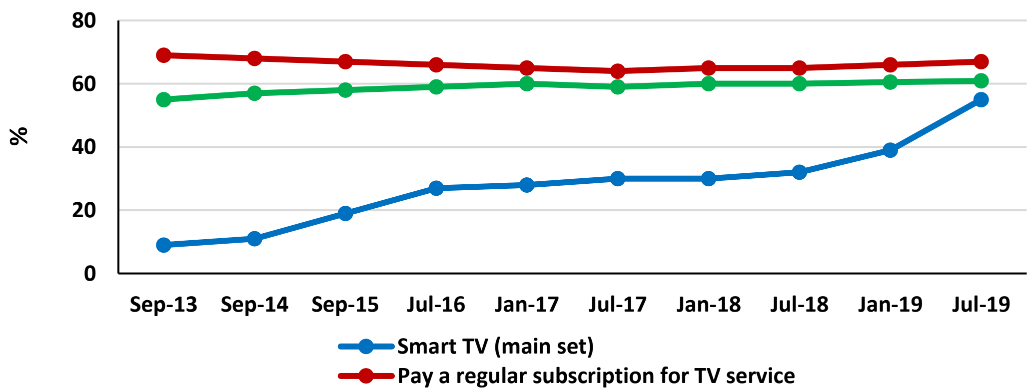
Figure 3.3: Live Viewing as % of Consolidated TV Viewing Per Day by Age Cohort, 2012-2019



Source: Indecon presentation of TAM Ireland/Nielsen TAM data

Figure 3.4 below describes the type of TV viewership in Ireland by service. Since 2013, there has been a significant increase in Smart TV take-up, with the rate of Pay TV subscriptions and TV homes with PVR remaining comparatively stable into 2019.

Figure 3.4: TV Viewership in Ireland by Service, 2013-2019



Source: Indecon presentation of TAM Ireland/Nielsen TAM data

Note: Smart TV figures from Sept 13 – Sept 15 the question was based on Main Set. From July 2016 the question changed to 'Are any of your sets a Smart TV'.[6]

[6] TAM Ireland Establishment Survey

Table 3.1 below illustrates media consumption trends across a number of European countries. At 52% and 76% respectively, the tablet and smartphone penetration rates are broadly similar for Ireland and a range of comparable European peers. The time spent on TV viewing per day is also similar across countries, with Ireland standing out in terms of radio consumption at 252 minutes per day compared to an average of 186 across all seven countries.

Table 3.1: Media Consumption Trends by Selected European Country

	Ireland	Austria	France	Germany	Italy	Norway	Switzerland	UK
Tablet Penetration***	52%	56%	50%	49%	63%	48%	47%	60%
Smartphone Penetration***	76%	78%	77%	78%	89%	78%	72%	72%
TV Viewing Per Day (Minutes)	235	196	224	222	254	167	120	216
Radio Listening Per Day (Minutes)	252	120	171	180	214	78	120	164

Source: BAI Analysis
*Figures pertain to position in 2016 or latest year available
*** % of total population

Table 3.2 shows that the most common form of TV reception in Ireland is Sky. Reception in the form of FTA satellite/Web TV and Cable is the next in importance and has increased over the past three years.

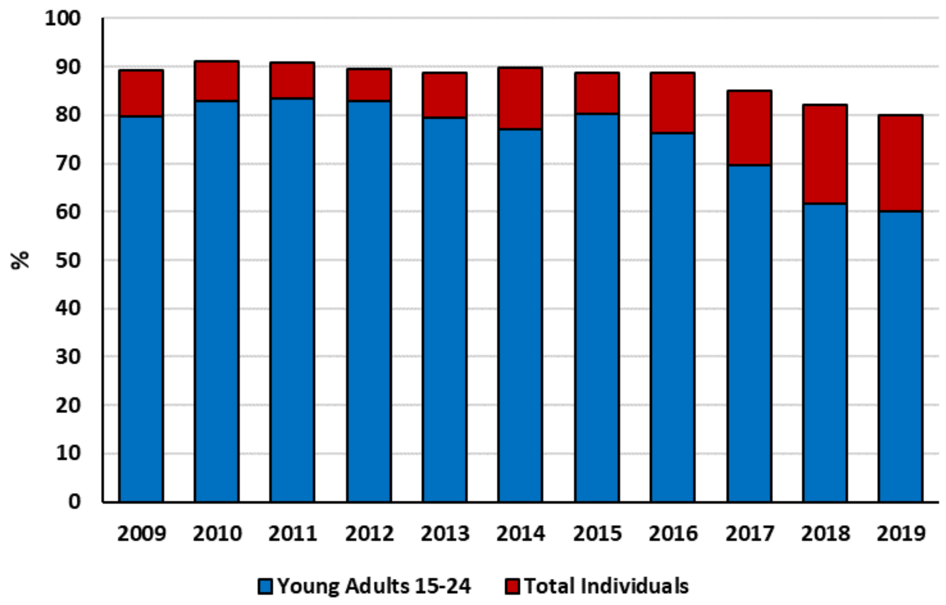
Table 3.2: TV Households in Ireland by Reception Type (000s), 2018-2020

	Jan-18	Jan-19	Jan-20
Irish DTT	188	190	197
UK DTT	86	97	100
FTA Satellite/Web-TV	326	365	342
Total Cable	339	335	372
Sky	640	666	655
Total TV households	**1,579**	**1,653**	**1,666**

Source: Nielsen

Figure 3.5 overleaf describes the percentage of the population that watched at least 15 consecutive minutes of TV in an average week between 2009 and 2019. Notably, the share has fallen from a high of 91% in 2010 to only 80% in 2019. The decline was much sharper among viewers aged 15 to 24 however, decreasing from 83% to 60% over the same period.

Figure 3.5: Weekly Reach of TV in Ireland (%, based on 15 mins consecutive viewing), 2009-2019



Source: EBU and Nielsen data

3.3 Content Spend

Public Service Broadcasting

The overall rationale of a possible new national audiovisual content fund would be to deliver additionality of impact for the audiovisual sector, through leveraging funding which is then applied to support new audiovisual content creation. To understand the context in which a new content work would operate, it is important to note the role which existing audiovisual sector participants play in relation to spending on content. The Irish public service broadcasters, RTÉ and TG4, have traditionally played a very significant role in funding the sector via their spend on content. For example, in 2019, RTÉ spent a total of €39.3 million on commissioned television programming (see table below).

Table 3.3: Direct Expenditure on Commissioned Television Programming by RTE (2015-2019)

Year	Spend (€ 000)
2015	38,574
2016	38,610
2017	38,982
2018	39,090
2019	39,355

Source: RTÉ Independent Productions Annual Reports

As can be seen in the following table, TG4's overall content spend totalled €24.6 million in 2019. The majority of TG4's programming spend is undertaken via commissioning, acquisitions and versioning.

Table 3.4: TG4 Spending by Type of Programming (€000)					
	2015	**2016**	**2017**	**2018**	**2019**
In House / Licensed Spend	461	501	1,726	1,587	1,580
Percentage of Total	*2.0%*	*2.1%*	*7.4%*	*6.2%*	*6.4%*
Commissioning / Acquisition / Versioned Spend	22,169	23,385	21,563	24,028	23,017
Percentage of Total	*98.0%*	*97.9%*	*92.6%*	*93.8%*	*93.6%*
Total	**22,630**	**23,886**	**23,289**	**25,615**	**24,597**
Source: TG4					

Film production

Films represent an important part of the Irish audiovisual sector. Based on the majority of film activity which is supported under Section 481, there was an increase in the number of films availing of the S481 tax relief in 2019, with Irish expenditure on these films in Ireland reaching a total of €74 million. However, these figures are likely to fall substantially in 2020 due to the COVID-19 pandemic.

Table 3.5: Number of Films Availing of S481 Tax Relief (2015-2019)					
	2015	**2016**	**2017**	**2018**	**2019**
Number of S481 Films	22	17	17	26	38
Value of S481 Films (€m)	74.2	228.1	112.6	93.6	151.1
Irish Expenditure on S481 Films (€m)	34.0	35.2	54.3	37.1	74.0
Source: Screen Ireland data					

3.4 Summary of Key Findings

- As context to consideration of any levy, it is useful to review Irish audiovisual content market dynamics. The average number of minutes of live TV viewed per day was 185 in 2012. However, this declined by more than a quarter to 137 minutes in 2019. The decrease in the amount of live TV viewed per day was even sharper at 59% among those aged 15 to 24, falling from 131 to just 54 minutes over the eight-year period.
- At 52% and 76% respectively, the tablet and smartphone penetration rates are broadly similar for Ireland and a range of comparable European peers. The time spent on TV viewing per day is also similar across countries, with Ireland standing out in terms of radio consumption at 252 minutes per day compared to an average of 186 across all seven peer countries.
- The Irish public service broadcasters, RTÉ and TG4, have traditionally played a very significant role in funding the sector via their spend on content. For example, in 2019, RTÉ and TG4's combined spend on commissioned programming was in excess of €62 million.
- Films represents an important part of the Irish audiovisual sector. Based on the majority of film activity which is supported under Section 481, there was an increase in the number of films availing of the S481 tax relief in 2019, with Irish expenditure on these films in Ireland reaching a total of €74 million. However, these figures are likely to fall substantially in 2020 due to the COVID-19 pandemic.

4 Legislative Context and Approaches in Other Countries

4.1 Overview of Relevant Legislative and Policy Direction

The possibility of establishing a new National Media Creative Content Fund, as well as the factors that should govern the design and operation of a levy-based fund, must take account of the policy and legislative context. Also relevant is existing precedent in relation to application of similar approaches in other countries. The key legislative reference points of relevance to the consideration of the introduction of a levy-based national content fund include the following: The EU Audiovisual Media Services Directive (AVMSD), including the Revised AVMSD; and Treaties of European Union rules re State Aid and related EU Cinema Communication 2013.

The European Union's Audiovisual Media Services Directive (AVMSD)[7] represents the foundation of the EU's audiovisual and media policies. The AVMS directive, which originally entered into force in December 2007 and codified in 2010, expanded the scope of the original Television Without Frontiers directive. Its aim is to set in place a modernised legal framework with EU-wide coordination of national legislation on all audiovisual media, both traditional TV broadcasts and on-demand services. The latest review of the AVMSD was completed in November 2018 and Member States were allowed a period of up to 21 months to transpose the directive into national legislation.

The Revised AVMSD covers all audiovisual media services, including television broadcasts, audiovisual advertising, video on-demand services and video sharing platforms amongst other services. The revision of the AVMSD was required as a result of the evolving media landscape which has seen an increase in internet traffic and in watching content online. Thus, the revisions were made to ensure that the AVMSD was fit for purpose in an increasingly digital environment. Specifically, in the context of the growth in global digital platforms and cross-border Video-on-Demand (VoD) services, an important goal of the directive is to create a regulatory level playing field between established and emerging AV service providers and at the same time preserve cultural diversity.

The AVMS directive contains a wide range of provisions aimed at strengthening the audiovisual industry in Europe and the regulation of the promotion and distribution of European audiovisual content/works. However, the key provisions of relevance to the possibility for Member States to impose financial obligations on AV service providers are set out in Article 13 of the Directive.

The revised Article 13 provisions under the new AVMSD are set out in the table overleaf.

[7] Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018, amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities. See: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32018L1808&from=EN#d1e1669-69-1.

Figure 4.1: EU Audiovisual Media Services Directive – Revised Article 13 Provisions (2018)
1. Member States shall ensure that media service providers of on-demand audiovisual media services under their jurisdiction secure at least a 30 % share of European works in their catalogues and ensure prominence of those works.
2. Where Member States require media service providers under their jurisdiction to contribute financially to the production of European works, including via direct investment in content and contribution to national funds, they may also require media service providers targeting audiences in their territories, but established in other Member States to make such financial contributions, which shall be proportionate and non-discriminatory.
3. In the case referred to in paragraph 2, the financial contribution shall be based only on the revenues earned in the targeted Member States. If the Member State where the provider is established imposes such a financial contribution, it shall take into account any financial contributions imposed by targeted Member States. Any financial contribution shall comply with European Union law, in particular with State Aid rules.
4. Member States shall report to the Commission by 19 December 2021 and every two years thereafter on the implementation of paragraphs 1 and 2.
5. The Commission shall, on the basis of the information provided by Member States and of an independent study, report to the European Parliament and to the Council on the application of paragraphs 1 and 2, taking into account the market and technological developments and the objective of cultural diversity.
6. The obligation imposed pursuant to paragraph 1 and the requirement on media service providers targeting audiences in other Member States set out in paragraph 2 shall not apply to media service providers with a low turnover or a low audience. Member States may also waive such obligations or requirements where they would be impracticable or unjustified by reason of the nature or theme of the audiovisual media services.
7. The Commission shall issue guidelines regarding the calculation of the share of European works referred to in paragraph 1 and regarding the definition of low audience and low turnover referred to in paragraph 6, after consulting the Contact Committee.
Source: EU Revised Audiovisual Media Services Directive, 2018.

These provisions include a requirement that providers of on-demand audiovisual media services must ensure at least 30% of European works in their on-demand catalogues and an enhanced visibility for that content. Article 13 of the directive provides that to support the above requirement and to ensure adequate levels of investment in European works, Member States may impose financial obligations on media service providers. Such obligations may take the form of direct contributions to rights in European works, or via levies payable to a fund, on the basis of revenues generated by media services in, or targeted towards, a territory. Indecon would however note that if Ireland or any other Member States wishes to impose a levy on VODs and linear service providers that are not within their jurisdiction, they need to ensure that such levies:

- are only charged on the revenues generated through the audience in the targeted Member State (principle of non-discrimination);
- are justified by public interest objectives, are suitable for and do not go beyond what is necessary to attain that objective (principle of proportionality);
- do not result in double imposition of contributions/levies on media service providers; and
- respect EU State Aid rules.

The aim of Article 13 is to recognise that the existence or setting up of such schemes at national level in line with Member States' cultural policy is not prohibited under the Directive. The decision of whether to institute financial contribution obligations rests with the Member States. However, where a Member State exercises its national competence to impose financial contributions/levies, including on cross border providers, for the promotion of European works, this must be undertaken in accordance with EU law, and in particular comply with the principles of non-discrimination and proportionality, as well as with state aid rules.

In relation to the principle of non-discrimination, Recital 36 of the Directive states that if a Member State funding scheme is opened to media service providers, and levies are imposed on media service providers, then these providers should be able to benefit from film funding, even in the absence of an establishment in that Member State (this principle was originally established by the German film funding scheme Decision of September 2016). The only limitation is that the revenues need to be produced in the targeted country and must be related to the provision of the audiovisual services to the audience in that Member State. Recital 36 of the Directive states that:

> *"In order to ensure adequate levels of investment in European works, Member States should be able to impose financial obligations on media service providers established on their territory. Those obligations can take the form of direct contributions to the production of and acquisition of rights in European works. The Member States could also impose levies payable to a fund, on the basis of the revenues generated by audiovisual media services that are provided in and targeted towards their territory. This Directive clarifies that, given the direct link between financial obligations and Member States' different cultural policies, a Member State is also allowed to impose such financial obligations on media service providers established in another Member State that target its territory. In that case, financial obligations should only be charged on the revenues generated through the audience in the targeted Member State. Media service providers that are required to contribute to film funding schemes in a targeted Member State should be able to benefit in a non-discriminatory way, even in the absence of an establishment in that Member State, from the aid available under respective film funding schemes to media service providers."*

Regarding the principle of proportionality, Recital 37 states as follows:

> *"Broadcasters currently invest more in European audiovisual works than providers of on-demand audiovisual media services. Therefore, if a targeted Member State chooses to impose a financial obligation on a broadcaster that is under the jurisdiction of another Member State, the direct contributions to the production and acquisition of rights in European works, in particular co-productions, made by that broadcaster, should be taken into account, with due consideration for the principle of proportionality. This is without prejudice to the Member States' competence to establish, in accordance with their cultural policy and subject to compatibility with State Aid rules, the level of financial contributions payable by media service providers under their jurisdiction."*

In relation to the principle of avoidance of double imposition of contributions/levies on media service providers, Recital 29 indicates the following:

> *"Where a Member State imposes financial contributions on media service providers, such contributions should strive for an adequate promotion of European works while avoiding the risk of double imposition for media service providers. In this way, if the Member State where the media service provider is established imposes such a financial contribution, it should take into account any financial contributions imposed by targeted Member States."*

Separately, Recital 40 sets out direction in relation to facilitation of market development and facilitation of new entry into the AV media services market:

> *"In order to ensure that obligations relating to the promotion of European works do not undermine market development and in order to allow for the entry of new players in the market, providers with no significant presence on the market should not be subject to such requirements. This is particularly the case for providers with a low turnover or low audience. A low audience can be determined, for example, on the basis of a viewing time or sales, depending on the nature of the service, while the determination of low turnover should take into account the different sizes of audiovisual markets in Member States. It might also be inappropriate to impose such requirements in cases where, given the nature or theme of the audiovisual media services, they would be impracticable or unjustified."*

Commission guidelines

In July 2020 the European Commission issued guidance on how to calculate the share of European works, and how to define the low audience and low turnover concepts based on which providers may benefit from exemptions under Article 13.6 of AVMSD.[8] These guidelines also set out criteria for exempting media service providers from the cross-border financial contribution obligations (i.e., direct investment or levies payable to a fund) under Article 13.6 of the directive. The following provisions in the Commission's guidelines should be noted in the latter context:

> *"The Commission considers that, when determining the appropriate thresholds [for example, turnover or audience share thresholds], the different impacts of these types of obligations on cross-border providers should be taken into account."*
>
> *"The Commission understands that in some Member States, depending in particular on the size and structure of the audiovisual market, it may be considered important to apply financial contribution obligations also to on-demand services with a turnover lower than 2 million EUR or with an audience share of less than 1% as well as cross-border linear services with an audience share below 2%, in particular pay TV services, as their presence on the national markets may still be deemed important. In order to cater for such situations, Member States may, decide to apply lower thresholds, in duly justified cases and in line with their cultural policy objectives, including the objective to ensure the sustainability of national audiovisual and film funding systems."*
>
> *"These thresholds and the financial contributions imposed should take into account the financial capacity of the service, respect the principles of non-discrimination and proportionality, should not undermine market development and should allow for the entry of new players on the market."*

State Aid compliance

A key issue requiring consideration in the context of introduction of a system of levy-based financial obligations on audiovisual service providers as facilitated under the Revised AVMS Directive concerns the need, as set out under Article 13.3, to ensure that "any financial contribution shall comply with Union law, in particular with State Aid rules." The EU's State Aid rules are set out under Article 107 of the Treaty for the Functioning of the EU (TFEU). In addition, Article 108 obliges the European Commission "to assess the compatibility of aid to the audiovisual sector with the internal market, as it does with State Aid measures in other sectors," while Article 110 addresses the issue of application of taxes/levies which impact on cross-border trade or competition between markets in different Member States. It should be noted that throughout Europe schemes to support the audiovisual sector via levies have been deemed to be compatible with state aid rules.

An important supporting document in relation to State Aid is the EU's Cinema Communication 2013, which is the communication from the European Commission on State Aid for films and other audiovisual works.[9] The 2013 Communication, which revised the previous 2001 Communication, allows aid for a wider scope of activities, highlights Member States' discretion in defining cultural activities worthy of support, introduces the possibility to give more aid to cross-border productions and promotes film heritage. Article 107 (3)(d) of the TFEU states that "*aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest"* may be compatible with the internal market.[10]

[8] European Commission, Guidelines on European Works, July 2020. See: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0707(03)&from=EN.
[9] European Commission, 2013/C 332/01, Communication from the Commission on State Aid for films and other audiovisual works See: https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:332:0001:0011:EN:PDF.
[10] Ibid.

The Cinema Communication is important not in relation to the operation of a levy-based financial obligation, but rather with regard to how funds gathered through the collection of such levies are disbursed in the form of support to audiovisual content creation, production, promotion and distribution.

In understanding the factors that enter into the assessment of compliance with State Aid rules of a levy-based financial obligation scheme, it is instructive to review the experience of countries that have introduced such mechanisms. One of the countries to introduce a levy-based approach to generation of funding to support the audiovisual sector is Germany. Among the main objectives of the German Federal Film Funding Act is to strengthen the value of German film production in economic and cultural terms, and to enhance the diversity of film production. This involves the application of state supports via a series of regional, national and European funding schemes. In Germany levying companies that exploit film, entails a levy collected by the German Federal Film Board (FFA), with the resulting funding being redirected to support German film production. AV service providers that are subject to levies include cinemas, broadcasters, the video industry and, since 2016, non-domestic (S)VOD services who sell services into the German market (the so-called 'Netflix tax' on foreign VOD services). (In an Irish context and given the impact of the COVID-19 pandemic Indecon believes that cinema providers should not be levied as we believe they would not be in a position to benefit from the proposed fund.) Introduction of the amended scheme including the levy on foreign (S)VOD providers required State Aid clearance in 2016. A summary of the key details of the state aid case are set out in the table below. The German Film Institute 2016 case provides an important precedent in determining that a levy on AV service revenues generated in a target market (in this case Germany) by foreign entities established in another EU Member State could be compatible with State Aid rules if it is carefully designed to meet specific requirements.

Table 4.1: German Film Institute Fund EU State Aid Case 2016 – Key Features
• The German Film Fund Support Scheme 2014-2016 approved by the EC in 2013
• Provided funding to film production, distribution & exhibition companies with registered or branch office in Germany
• Funded by compulsory tax on cinema operators, video suppliers & VOD providers
• Amendment to the scheme sought in 2016 against background of rapid technological changes, i.e., online access, with growth in private viewing
• No registered or branch office is required to deliver on-demand services to consumers in a targeted MS
• Article 107(3)(d) TFEU: State Aid analysis
o Amendment would allow VOD suppliers without establishment or agency in Germany to benefit from the scheme for "their offers via internet in German language addressed at customers in Germany"
o In exchange for their entitlement to aid, video on demand distributors which are located outside Germany will be subject to a tax
• Possible infringement of other provisions of EU Law must be examined
• Article 110 of TFEU: Parafiscal tax measure must be assessed for compliance
o Tax must not discriminate against imported product
o Scheme must not benefit national service providers to a higher extent than it does for competitors in other MS
o Scheme must benefit service providers in other MS, subject to same tax, in the same way as domestic service providers
• Directive 2010/13/EU: Jurisdictional requirements
o MS must ensure VOD services in their jurisdiction promote production of & access to European works
• The Commission concluded that the proposed amendment is compatible with articles 107(3)(d) and 110 of the TFEU and does not infringe Directive 2010/13/EU
Source: Indecon analysis of Commission Decision of 1.9.2016 on the Aid Scheme SA.38418 - 2014/C (ex 2014/N)

4.2 Overview of Levy-based Supports in Other European Countries

In informing consideration of possible scenarios for the establishment of a levy-based audiovisual content fund in Ireland, Indecon, as part of this assessment, conducted a review of research on similar approaches applied in other European countries. The most recent comprehensive assessment was undertaken by the European Audiovisual Observatory (EAO), which entailed a mapping of national rules for the promotion of European works across a total of 31 countries (EU28 plus Iceland, Norway and Switzerland).[11] In the remainder of this section we present an overview description of levy-based mechanisms applied across these countries, based on the EAO research. The table below presents a summary of the key features of levy-based mechanisms and supports in operation in Austria and Belgium (Flemish and French-speaking regions).

Table 4.2: Overview of Levy-based AV Supports in Other European Countries – Austria and Belgium

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Austria	Linear AVMS Providers (broadcasters)	5% of advertising revenues	Mandatory	The State	No
Belgium (Flemish speaking communities)	Non-linear AVMS Providers (VOD Services)	To be determined	Optional	Flanders Audiovisual Fund	Yes
Belgium (Flemish speaking communities)	Distributors	Either €1.30 per subscriber or a lump sum of €3,000,000	Optional	Flanders Audiovisual Fund	
Belgium (French speaking communities)	Linear AVMS Providers (broadcasters)	The amount of the private broadcasters' yearly contribution depends on their turnover for the previous year (between 0% and 2.2% of the turnover)	Optional**	CCA – Centre du cinéma et de l'audiovisuel	No
Belgium (French speaking communities)	Non-linear AVMS Providers (VOD Services)	The amount of the private broadcasters' yearly contribution depends on their turnover for the previous year (between 0% and 2.2% of the turnover)	Optional	CCA – Centre du cinéma et de l'audiovisuel	No
Belgium (French speaking communities)	Distributors	Either €2.57 (amount for 2018) per subscriber in the previous year or 2.5% of the gross receipts for the previous year (without VAT and copyright fees) related to the users' payment for the AVMS offered by the distributor	Optional	CCA – Centre du cinéma et de l'audiovisuel	

Source: European Audiovisual Observatory

Notes: *The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

**Local public broadcasters are exempt, as well as private broadcasters under a certain threshold in terms of turnover

[11] European Audiovisual Observatory, *Mapping of national rules for the promotion of European works in Europe*, 2019 - https://rm.coe.int/european-works-mapping/16809333a5.

The following tables presents a summary overview of the key features of levy-based schemes in operation in Croatia and the Czech Republic.

Table 4.3: Overview of Levy-based AV Supports in Other European Countries – Croatia and Czech Republic

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Croatia	Linear AVMS Providers (broadcasters)	Between 0.5% and 2% of the turnover depending on the status of the broadcaster	Mandatory	Croatian Audiovisual Centre	No
Croatia	Non-linear AVMS Providers (VOD Services)	2% of the revenues raised by the service	Mandatory	Croatian Audiovisual Centre	No
Croatia	Theatres (cinema tickets)	0.5% of the revenues		Croatian Audiovisual Centre	
Czech Republic	Linear AVMS Providers (broadcasters)	2% of advertising revenues	Mandatory	State Cinematography Fund	No
Czech Republic	Non-linear AVMS Providers (VOD Services)	0.5% of the revenues raised by the service	Mandatory	State Cinematography Fund	No
Czech Republic	Distributors	1% of the revenues raised from the subscribers	Mandatory	State Cinematography Fund	
Czech Republic	Theatres (cinema tickets)	1% of the price of cinema tickets		State Cinematography Fund	

Source: European Audiovisual Observatory
Note:
*The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

The next table describes the main characteristics of levy-based AV mechanisms applied in France.

Table 4.4: Overview of Levy-based AV Supports in Other European Countries – France

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
France	Linear AVMS Providers (broadcasters)	5.65% of the yearly turnover	Mandatory	Centre national du cinéma et de l'image animée (CNC)	No
France	Non-linear AVMS Providers (VOD Services)	2% of the yearly turnover	Mandatory	Centre national du cinéma et de l'image animée (CNC)	No
France	Distributors	Between 0.5% and 3.5% of the turnover	Mandatory	Centre national du cinéma et de l'image animée (CNC)	
France	Theatres (cinema tickets)	10.72% of the price of tickets including VAT. 0.232% of the price of tickets excluding VAT and the 10.72% levy		Centre national du cinéma et de l'image animée (CNC)	
France	Video Industry (video retailers)	2% of the yearly turnover		Centre national du cinéma et de l'image animée (CNC)	

Source: European Audiovisual Observatory
Note:
*The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

The table below presents a summary of the main features of the German Film Institute's levy-based mechanisms to support the German AV sector.

Table 4.5: Overview of Levy-based AV Supports in Other European Countries – Germany

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Germany	Linear AVMS Providers (broadcasters)	Private broadcasters: between 0.15% and 0.95% of their turnover. Pay TV broadcasters: 0.25% of their net subscription revenues. Public broadcasters: 3% of the costs of transmitting feature films	Mandatory	German Federal Film Board	No
Germany	Non-linear AVMS Providers (VOD Services)	Between 1.8% and 2.5% of the turnover	Mandatory	German Federal Film Board	Yes
Germany	Distributors	0.25% of the net subscription revenues	Mandatory	German Federal Film Board	
Germany	Theatres (cinema tickets)	Between 1.8% and 3% of the turnover		German Federal Film Board	
Germany	Video Industry (video retailers)	Between 1.8% and 2.5% of the turnover		German Federal Film Board	

Source: European Audiovisual Observatory
Note: *The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

There are also levy-based content support schemes in operation in the Netherlands, Hungary, Norway, Poland and Portugal. These are described in the table below.

Table 4.6: Overview of Levy-based AV Supports in Other European Countries – Netherlands, Hungary, Poland, Norway and Portugal

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Netherlands	Theatres (cinema tickets)	€0.15 per cinema ticket (60% due on the Association of Cinemas and Film Theatres (NVBF) and 40% due on the Association of Film Distributors (FDN). Levy applied on cinema tickets apart from 6% of the total amount, which is used by the FDN and NVBF for other purposes)		Abraham Tuschinski Foundation	
Hungary	Linear AVMS Providers (broadcasters)	2.5% of the advertising revenues	Optional	Media Service Support and Asset Management Fund	No
Norway	Theatres (cinema tickets)	2.5% of the turnover		Ministry of Culture	
Norway	Video Industry (video retailers)	NOK 3.5 per videogram sold or rented		Ministry of Culture	
Poland	Linear AVMS Providers (broadcasters)	1.5% of the revenues from commercial communications	Mandatory	Polish Film Institute	No
Poland	Distributors	1.5% of the revenues from subscribers	Mandatory	Polish Film Institute	
Poland	Theatres (cinema tickets)	1.5% of the admission ticket excluding VAT		Polish Film Institute	
Portugal	Distributors	€2 per subscriber in the previous year	Mandatory	Portuguese Cinema Institute (ICA)	

Source: European Audiovisual Observatory
Note: *The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

The features of the Romanian levy mechanisms are set out in the table below.

Table 4.7: Overview of Levy-based AV Supports in Other European Countries – Romania

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Romania	Linear AVMS Providers (broadcasters)	Private broadcasters: 4% of advertising revenues AND Public broadcaster TVR: 15% of advertising sales	Optional	Romanian Film Centre (CNC)	No
Romania	Non-linear AVMS Providers (VOD Services)	3% of the revenues raised by film download activities	Optional	Romanian Film Centre (CNC)	No
Romania	Distributors	3% of the price of the advertising minutes aired in their own services, sold by cable television companies that have a TV licence. 1% of the income generated monthly by the economic operators for retransmission through cable, satellite and the digital retransmission of TV programmes	Optional	Romanian Film Centre (CNC)	
Romania	Theatres (cinema tickets)	4% of the total income generated through the exploitation of films		Romanian Film Centre (CNC)	
Romania	Video Industry (video retailers)	3% of the sales and/or rental price of recorded video cassettes, DVDs or any recorded material		Romanian Film Centre (CNC)	

Source: European Audiovisual Observatory
Note: *The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

Finally, in the following table we present an overview of the levy-based audiovisual sector mechanisms operating Slovakia and in Switzerland.

Table 4.8: Overview of Levy-based AV Supports in Other European Countries – Slovakia and Switzerland

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Slovakia	Linear AVMS Providers (broadcasters)	Private broadcasters whose programming consists of more than 15% of audiovisual works with nationwide or multi-regional coverage and whose programming is not dedicated exclusively to self-promotion are subject to a levy of 2% (5% for RTVS) of the revenues generated by advertising and teleshopping in the previous calendar year	Mandatory	Slovak Audiovisual Fund	No
Slovakia	Non-linear AVMS Providers (VOD Services)	0.5% of the revenues generated by the service	Mandatory	Slovak Audiovisual Fund	No
Slovakia	Distributors	1% of the revenues raised from subscribers	Mandatory	Slovak Audiovisual Fund	
Slovakia	Theatres (cinema tickets)	1% of the price of a cinema ticket		Slovak Audiovisual Fund	
Switzerland	Linear AVMS Providers (broadcasters)	Private broadcasters showing films shall invest 4% of their gross income or pay a levy	Optional	Federal Office of Culture	In theory yes, in practice no

Source: European Audiovisual Observatory
Note: *The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

4.3 Summary of Key Findings

- To inform this assessment, Indecon examined the international context for the establishment of levy-based national audiovisual content funds. The European legislative framework to support the audiovisual sector is set out in the Revised Audiovisual Media Services Directive. The directive contains a range of provisions aimed at strengthening the audiovisual industry in Europe and the regulation of the promotion and distribution of European audiovisual content/works.

- Providers of on-demand audiovisual media services must ensure at least 30% of European works in their on-demand catalogues and an enhanced visibility for that content. Article 13 of the Directive provides that to support the above requirement to ensure adequate levels of investment in European works, Member States may impose financial obligations on media service providers. Such obligations may take form of direct contributions to rights in European works, or via levies payable to a fund, on basis of revenues generated by media services in, or targeted towards, a territory.

- Indecon would however note that if Ireland or any other member state wishes to impose a levy on VODs and linear service providers that are not within their jurisdiction, they need to ensure that such levies:
  - are only charged on the revenues generated through the audience in the targeted Member State (principle of non-discrimination);
  - are justified by public interest objectives, are suitable for and do not go beyond what is necessary to attain that objective (principle of proportionality);
  - do not result in double imposition of contributions/levies on media service providers; and
  - respect EU State Aid rules.

- Indecon has also examined the evidence in relation to the application of levy-based financial obligations on audiovisual service providers in other European countries. The last pan-European research undertaken by the European Audiovisual Observatory indicated that levies were imposed on audiovisual media service providers in 11 out of 31 jurisdictions examined. These included levies imposed on broadcasters in 11 jurisdictions and on Video-on-Demand services in seven out of 31 countries. Where a levy is in place, the amount due by broadcasters is either a percentage of their turnover or based on a percentage of their advertising revenues, while levies on VOD services typically represent a percentage of the turnover/revenues from these services. Notably, levies are applicable to foreign VOD services targeting a domestic audience in Belgium (Flemish Community), Germany and France. Indecon notes, however, that this is a rapidly evolving area and other countries such as Ireland are also likely to consider such levies in the future.

5 Levy Options and Potential Scale of a Media Content Fund

5.1 Key Policy and Other Considerations in Establishing a Fund

In considering options for a National Media Creative Content Fund, the challenge of securing agreement by policymakers should not be underestimated. The Government will need to be convinced that there is a net economic benefit from any proposals. There is a policy resistance to introducing any new levies/new taxation measures. In addition, there is a resistance to restricting the use of any levies on taxation revenues for particular purposes, and it is also important to recognise that there are competing demands for any new forms of taxation levies. If a National Media Creative Content Fund were established, revenues would be likely to grow over time and there may be potential to expand coverage of sectors over time. Specific issues/aspects that require consideration in this context are discussed below and overleaf.

An important issue concerns the need to decide on what audiovisual service income streams could be considered for any levy-based scheme to support a new media content fund. There is a wide range of potential revenue streams that could be levied, and a summary is presented below. However, of importance is the necessity to consider the feasibility and impacts of any proposals which the sectoral group might propose.

Table 5.1: Potential Sectors Which Could be Included in a Levy-based Content Scheme

Sector	Issues
Subscription (Pay TV)	If this sector is included, it would be necessary to decide whether to apply a levy to advertising or to levy all Pay TV turnover in the Irish market. If advertising is used, the issue is how to deal with cases where advertising is not set on a market-by-market basis. If overall Pay TV turnover is used, a question arises concerning what exemptions would be applicable and how turnover is defined. Assuming a levy applied to Pay TV, it would be important to ensure that these broadcasters were not discriminated in being able to benefit from any new fund.
SVOD	Similar issues are relevant to this sector.
Cinema	An issue would be whether this would apply to turnover and how this is defined (e.g., ticket sales/all turnover) or to advertisements. Also, of note is that small cinemas are exempt in Germany and many Irish cinemas may fall into this category. Also of note is that COVID-19 has devastated the sector and whether it is feasible from a policy perspective to consider including cinemas is questionable.
TV	The two main options for a levy on TV broadcasters would be either on advertising or on the cost of airing feature films. These approaches have different implications.
Radio	From a state aid perspective, if radio advertising was included, it would require that radio sector would be eligible to benefit from any such fund.
Online Non-Broadcasters	The main online companies are major employers and investors in the Irish economy. The issue of some sharing of advertising income from this sector with other content providers may merit consideration but this is not relevant to the concept of levy which would be used to fund creative media sector.

Source: Indecon analysis

It is also important to consider different possible options in relation to the application of revenues from a system of levies. Indecon believes that from the perspective of an audiovisual content fund any broadcaster or other audiovisual media services provider, including traditional broadcasters, independent producers, Pay TV or SVOD providers, should be able to benefit in a non-discriminatory way from support under any fund.

The consistency of any proposals with Article 13 of the Revised AVMSD (including principles of proportionality, non-discrimination, avoidance of double imposition etc.), and with EU State Aid rules is also important. Indecon would note that it is critical that there is equity in the treatment of all players in the market. For example, if a sector is not likely to be able to benefit from use of the resource of an audiovisual content fund the sectors income should not be levied.

5.2 Indicative Scenarios on Potential Levy Income for a Content Fund

There is a range of potential content fund levy income options, with different levels for levies for different audiovisual media service providers. Indecon believes that approaching this issue in an ambitious way is appropriate. However, while it would be straightforward to develop a scenario involving very high levels of potential income, by including additional sectors or by modelling high percentage levies, the realism of any proposal including the need to achieve broad support and collectability of any levies in the earlier phases of a new fund, must be considered.

Taking into consideration the experience in other jurisdictions that have developed levy-based frameworks in the audiovisual sector, Indecon has modelled the impact of six scenarios, as follows:

- Scenario 1: this assumes a 1% levy is applied to subscription revenues of Pay TV and SVOD providers, as well as on TV advertising revenues of all broadcasters operating in the Irish market.
- Scenario 2: under this scenario there would be a 2% levy applied to subscription revenues of Pay TV and SVOD providers, as well as on TV advertising revenues of all broadcasters.
- Scenario 3: which assumes a 3% levy is applied to subscription revenues of Pay TV and SVOD providers, and to TV advertising revenues of all broadcasters.
- Scenario 4: entailing the application of a levy at 0.5% of subscription revenues of each of Pay TV and SVOD services, and a 1% levy applied to TV advertising revenues of all broadcasters.
- Scenario 5: where a 1% levy is applied to subscription revenues of Pay TV and SVOD providers, and a 2% levy is applied to TV advertising revenue of all broadcasters.
- Scenario 6: which assumes that a 2% levy is applied to subscription revenues of Pay TV and SVOD services, and a 4% levy is applied to TV advertising of broadcasters.

The levy rates examined in the above scenarios are informed by the range of rates applied to the same revenue streams in the other European countries but, importantly, take into consideration the particular features of the Irish context, including what would be feasible in the establishment phase of a new content fund.

We would also emphasise that it is not intended that the different levy rates modelled would necessarily represent the detailed design of any levies which the Irish Government might decide to introduce. The estimates presented are designed to simply highlight the potential impact of the levies and to inform policymakers as to the merits or otherwise of introducing a levy. Other countries have introduced differential rates of levies depending on the nature and sector to which the levies apply. A key issue is to ensure that any levies are implemented in a way which would not discriminate between sectors or market players, as issues around failure to ensure equity of treatment could give rise to EU State Aid and competition issues or increase the risk of legal challenge by individual entities. These are detailed design issues, which should be considered by the Irish Government in the event that a levy system is introduced.

Scenarios for Year 1 levy income

The following table sets out Indecon's indicative estimates of the potential funds that could be raised by a content fund levy in the first year following the introduction of the levy. The various scenarios see funds raised of between €4.83m and €23.45m, depending on the levy rates assumed.

Table 5.2: Scenarios for Funds Raised by Levy in Year 1

	AV Revenue Segments	Subscription (pay TV)	SVOD	TV Advertising	Total
	2021 Revenue Estimate (€m)	514	83	184	**782**
Scenario 1	Assumed Levy Rate	1.00%	1.00%	1.00%	
	Funds Raised by Levy in Year 1 (€m)	5.14	0.83	1.84	**7.82**
Scenario 2	Assumed Levy Rate	2.00%	2.00%	2.00%	
	Funds Raised by Levy in Year 1 (€m)	10.29	1.67	3.68	**15.63**
Scenario 3	Assumed Levy Rate	3.00%	3.00%	3.00%	
	Funds Raised by Levy in Year 1 (€m)	15.43	2.50	5.52	**23.45**
Scenario 4	Assumed Levy Rate	0.50%	0.50%	1.00%	
	Funds Raised by Levy in Year 1 (€m)	2.57	0.42	1.84	**4.83**
Scenario 5	Assumed Levy Rate	1.00%	1.00%	2.00%	
	Funds Raised by Levy in Year 1 (€m)	5.14	0.83	3.68	**9.66**
Scenario 6	Assumed Levy Rate	2.00%	2.00%	4.00%	
	Funds Raised by Levy in Year 1 (€m)	10.29	1.67	7.36	**19.31**

Source: Indecon analysis based on industry data

Treatment of Pay TV, SVOD and other Broadcasters

In designing the indicative levy options, Indecon has been conscious of the need for equity in the treatment of different categories of audiovisual media service providers. Careful consideration of this issue is needed.

Market revenue growth assumptions

Under each of the indicative levy rate scenarios examined, Indecon applies assumptions in relation to how annual market revenues are likely to evolve over an initial, five-year start-up phase for a new content fund. Different assumptions are applied in relation to projected growth for each of the above market segments to which a levy would apply.

In relation to Subscription Pay TV and SVOD, there is great uncertainty concerning the likely future changes in Irish market revenues in these segments. These developments will be determined in part by how providers and consumers of Pay TV and SVOD, and other broadcasters, respond to emerging market developments. Markets will also be influenced by the Irish population growth and by the number of new households and housing units. Both of these factors are likely to increase overall demand for these Pay TV and SVOD, on top of any underlying market changes. For example, CSO population forecasts under the M1F2 population scenario anticipates an increase in population from 4.9 million in 2019 to over 5.26 million in 2025. Under CSO high population forecasts (M1F1), the population is predicted to grow to 5.28 million by 2025, as per the table below. In addition, the revenues for subscription Pay TV and SVOD will be influenced by the underlying growth in GDP and incomes in the Irish economy. Indecon believes there is potential for a strong growth in the Irish economy in the period post COVID-19. However, we stress the uncertainty re any forecasts.

Table 5.3: CSO Population Projections for Ireland

Year	M1F2 Scenario	M1F1 Scenario
2019	4,921.5	4,921.5
2020	4,977.4	4,977.4
2021	5,044.4	5,047.5
2022	5,101.1	5,106.3
2023	5,156.7	5,164.3
2024	5,211.0	5,221.7
2025	5,264.3	5,278.5

Source: CSO Population Estimates and Projections.
Note - 2019 and 2020 are based on CSO Population Estimates, 2021 onwards are based on Method M1F2 Population Projections.

In addition to population changes, the number of households and housing units are also likely to increase. The figures in the table below are based on existing number of housing units increased by ESRI baseline scenario forecasts for estimated structural housing demand. This suggests a strong growth in overall housing stock from approximately 2 million in 2019 to nearly 2.3 million in 2025, should supply match demand for new housing.

Table 5.4: Scenarios for Projected Number of Housing Units in Ireland to 2025 Should Supply Meet Demand	
Year	**Number of Housing Units**
2019	2,096.2
2020	2,127.7
2021	2,158.6
2022	2,188.3
2023	2,217.8
2024	2,246.2
2025	2,273.5
Source: CSO Census 2016 and Bergin and García-Rodríguez (2020) - Regional Demographics and Structural Housing Demand at a County Level. ESRI Research Series Number 111, December 2020.	

In addition to demographic, housing and economic developments, the future growth in Pay TV and SVOD will be determined by the market shares achieved by each of these areas. Over the past few years, there has been a dramatic growth in demand for OTT SVOD services, as indicated by the figures below, albeit from a low base. While subscription Pay TV revenues remained broadly static over period 2018 to 2021 (0.1%, -0.7%, -0.9%), we believe there is potential for subscription Pay TV to grow depending on how providers respond to the competitive challenge which they face from SVOD.

Table 5.5: Recent Changes in Estimated Growth in SVOD Revenues		
2017	**2018**	**2019**
36.2%	52.2%	53.7%
Source: EBU based on Ampere Analytics data		

Given the exceptionally strong growth in SVOD revenues in recent years, and the expected underlying growth in the Irish population, in housing units and in the growth in economy, Indecon believes that a combined annual growth in subscription and SVOD revenues of approximately 5-6% per annum would be plausible. However, there is no certainty on the expected future growth rate.

Indecon notes that somewhat less optimistic forecasts have been made available by the EBU, although these still suggest strong growth in overall combined revenues for Pay TV and SVOD, due to stronger growth assumptions for the latter segment. These projections were developed for the EBU by Ampere Analytics using its own model which we understand incorporates package pricing and uptake, subscriber numbers, sales tax and other drivers, although it is not clear if these forecasts are based on market developments alone or whether expected Irish demographic and housing growth have been fully taken into account. In the interests of prudence, we have, however, used these lower growth projections for Pay TV and SVOD in our scenario analysis.

Table 5.6: Forecasts utilised in Modelling of Subscription Pay TV and SVOD Market Segment Revenues							
Total Ireland Market Revenues	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Subscription (Pay TV) €m	522.3	517.3	514.3	517.7	522.6	529.0	537.2
SVOD (Subscription OTT) €m	46.4	66.4	83.4	100.1	115.0	128.6	140.7
Total of above segments	**568.7**	**583.8**	**597.7**	**617.8**	**637.6**	**657.5**	**678.0**
Subscription (Pay TV) % Growth	-0.7%	-0.9%	-0.6%	0.7%	0.9%	1.2%	1.6%
SVOD (Subscription OTT) % Growth	53.7%	43.1%	25.6%	20.0%	14.9%	11.8%	9.5%
Total of above segments	**2.3%**	**2.6%**	**2.4%**	**3.4%**	**3.2%**	**3.1%**	**3.1%**
Source: Ampere Analytics data and projections provided by EBU							

TV Advertising

Indecon's modelling of TV advertising revenues is based on projections developed by Group M, which suggest a recovery following a fall in 2020 of just under 11%. Following a post-COVID-19 market recovery in 2021 and 2022, it is estimated that there is slight growth (just over 2%) for the remaining years included in the modelling period. These latest estimates are more optimistic than previous figures, which had expected a bigger fall in 2020.

Table 5.7: Forecasts utilised in Modelling of TV Advertising Market Segment Revenues							
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
TV Advertising revenues (€m)	190.9	170.2	184	193	197.5	202.1	206.5
Growth rate	-0.3%	-10.8%	8.1%	4.9%	2.3%	2.3%	2.2%
Source: Group M, 'This Year Next Year' End of Year Ireland Forecast 2020							

Fund operating/administration costs

In our analysis we also factor in the costs of operating/administering a new content fund, as these costs will mean that the extent of funding available for distribution to applicants, and therefore what will drive the overall potential impacts and benefits of a fund, will be less than the level of receipts collected through levies. The form and level of administration costs that would apply if a levy-based creative media content fund is established in Ireland would depend on a number of factors, including whether some administrative supports could be accessed within an existing organisation. Given the uncertainties surrounding how a new fund would be operated, a precise estimation of administrative costs of implementing a levy-based fund was not feasible or within the scope of this initial assessment. However, for the purposes of setting out our scenarios on the potential scale and impact of a fund, Indecon has applied indicative assumptions across the scenarios in relation to the percentage of levy income that is spent on fund administration, ranging between 2% and 4% per annum, with the percentage declining for larger fund values. These administrative costs are deducted from levy receipts to obtain estimates of the value of the content fund available for distribution to eligible applicants.

Funding leverage assumptions

Indecon also assumes that each €1 of funding allocated via a new content fund will deliver additionality through the leverage of funding from other Irish and international sources. In order for premium content like (e.g. drama) to be produced in Ireland, relevant to Irish viewers and attractive to international audiences, a majority of the budget needs to come from Irish sources. Generating over 50% of a drama budget from Irish funding becomes the key enabler to unlocking international sources of funding. Throughout the indicative scenarios examined, Indecon estimates that each €1 of funding allocated via a new content fund will deliver additionality through the leverage of funding from other Irish and international sources. This leverage arises because of the way in which film, drama and other audiovisual productions are financed. In particular, funding from a new Irish content fund would have a key benefit in unlocking co-funding from broadcasters and international distributor advances. This implies that for every million in additional funding from an Irish content fund, a much higher level of overall expenditure could be supported. This is illustrated by considering a hypothetical example of a potential additional TV Drama series with a budget cost per hour of €1 million (see table overleaf). In this example, a content fund, by bringing an estimated additional 20% funding contribution, would build on funding via Irish broadcasters, Section 481 and Screen Ireland and bring domestic funding to a level of approximately 60-70% of overall cost. At this level, it is much more likely that an international distributor or other international funding source could be attracted to provide the balance of funding required to deliver a new production that would otherwise face a much greater funding challenge. Importantly from the perspective of wider audiovisual sector development in Ireland, this funding leverage impact would mean that indigenous Irish content production would have a much greater prospect of success, while the ownership of IP by Irish content producers could also be enhanced.

Table 5.8: Illustrative Impact of Leverage Impact – Example of TV Drama Production

	Details
Budget Cost per Hour/Episode	
TV Drama series	€1.0 million
Sources of Funding and Indicative Contributions	
Irish broadcaster/platform – approx. 15-20%	€150,000 - €200,000
Private Investors via Section 481 – net contribution @ 25%	€250,000
Screen Ireland – 4-5%	€40,000 - € 50,000
New Creative Media Content Fund – circa 20%	€200,000
Balance – 30-36% of funding: International Distributor	€300,000-€360,000
Total of Irish Sources of Funding – 66-70%	**€640,000-€700,000**
Balance – 30-36% of funding: International Distributor	**€300,000-€360,000**

Source: Indecon based on inputs from audiovisual sector

Indecon's survey of audiovisual production companies asked respondents to provide their estimates based on their operating experience as to the level of additional funding that could potentially be leveraged for every €10 million raised from a content fund, including through funding from co-production, other Irish and European funding sources, and international distribution and pre-sales. Analysis of the responses to this question suggested than an additional €10 million in initial funding from the content fund could be leveraged into an overall total of €43 million (based on a mean of responses) or €35 million (based on a median of responses). Based on this evidence, Indecon has assumed for the purposes of our indicative scenarios that every €1 generated from a Content Fund is leveraged into €4 of total funding. Of note is that the leverage impact may vary by genre and using the median results may underestimate the overall leverage impact. We would note that while Indecon's assumed funding leverage ratio is based on survey evidence, it is, however, important to assess the potential impacts of a lower leverage ratio on the modelling, given potential displacement of other funding sources. A sensitivity based on a lower assumed level of funding leverage is presented in Section 6.

Table 5.9: Views of Production Companies on Additional Funding that could Potentially be Leveraged for Irish Content Providers arising from the Resources Generated from a Content Fund - For Every €10 million in Funding Raised from a Content Fund

Statistics on Reported Responses - € Millions	Mean	Median
Estimated Additional Funding for Irish Content Producers from Other Sources (€ million)	€33	€25
Implied Total Funding Resulting from Content Levy (€ million) assuming €10 million in initial funding from Content Fund	€43	€35

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

Scenarios for levy income over initial five-year period

To illustrate the potential levy income/receipts of a new content fund, Indecon has integrated the above assumptions in relation to market growth, funding leverage and content fund administrative costs to develop six indicative scenarios for potential content fund impacts over an initial five-year period. The table overleaf summarises our first scenario and shows the potential overall impact of a levy-based content fund, taking account of Indecon's assumptions of growth in subscription TV and SVOD revenue, administrative costs and the estimated funding leverage ratio. Under the first scenario Indecon estimates that approximately €40 million would be available for distribution from the fund over a five-year period after administrative costs are taken into account. This €40 million could be leveraged into €160 million of direct economic output impact, based on the assumption of a 4:1 leverage ratio.

Table 5.10: Potential Impact of Levy (€ Million) – Scenario 1 – 1% Levy on Pay TV, SVOD Revenues, and TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	7.82	8.11	8.35	8.60	8.85	41.72
Admin Costs at 4% of total	0.31	0.32	0.33	0.34	0.35	1.67
Est. Value of Content Fund available for Distribution	7.50	7.78	8.02	8.25	8.49	40.05
Economic Output Impact of Content Fund - Including Leverage Impacts	**30.02**	**31.13**	**32.07**	**33.01**	**33.97**	**160.21**
Source: Indecon analysis						

Under a scenario with a 2% levy on Pay TV subscription revenues, SVOD revenues and TV advertising revenues Indecon estimates there is a potential direct economic impact of almost €325 million over five years.

Table 5.11: Potential Impact of Levy (€ Million) – Scenario 2 – 2% Levy on Pay TV, SVOD Revenues, and TV Advertising Revenues						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	15.63	16.22	16.70	17.19	17.69	83.44
Admin Costs at 3% of total (€m)	0.47	0.49	0.50	0.52	0.53	2.50
Est. Value of Content Fund available for Distribution	15.16	15.73	16.20	16.68	17.16	80.94
Economic Output Impact of Content Fund - Including Leverage Impacts	**60.66**	**62.92**	**64.81**	**66.71**	**68.65**	**323.75**
Source: Indecon analysis						

Indecon's Scenario 3 assumes a 3% levy on Pay TV subscription revenues, SVOD revenues and TV advertising is applied. Over the course of five years this would lead to an estimated value of the fund for distribution of over €120 million, which could be leveraged into a direct economic impact of over €490 million.

Table 5.12: Potential Impact of Levy (€ Million) – Scenario 3 – 3% Levy on Pay TV, SVOD Revenues, and TV Advertising Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Direct Income from Levy	23.45	24.32	25.06	25.79	26.54	125.16
Admin Costs at 2% of total (€m)	0.47	0.49	0.50	0.52	0.53	2.50
Est. Value of Content Fund available for Distribution	22.98	23.84	24.56	25.28	26.01	122.66
Economic Output Impact of Content Fund - Including Leverage Impacts	**91.93**	**95.35**	**98.22**	**101.10**	**104.03**	**490.63**

Source: Indecon analysis

The estimated €4.8m raised from levy receipts in Year 1, as outlined previously for Scenario 4, is estimated to translate into a fund available for distribution (after administration costs) of €4.6m and this in turn is assumed to be leveraged into total overall funding for distribution of €18.5m in Year 1, through accessing funding from other sources including international investment. Projecting over an initial five-year period, this scenario suggests that, by complementing and leveraging other funding sources, a new content fund could potentially result in almost €100m of overall funding being invested in new content production/economic output.

Table 5.13: Potential Impact of Content Fund Levy (€ Million) – Scenario 4 – 0.5% Levy on Pay TV and SVOD Revenues, 1% Levy on TV Advertising Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Direct Income from Levy	4.83	5.02	5.16	5.31	5.46	25.78
Admin Costs at 4% of total	0.19	0.20	0.21	0.21	0.22	1.03
Est. Value of Content Fund available for Distribution	4.64	4.82	4.96	5.10	5.24	24.75
Economic Output Impact of Content Fund - Including Leverage Impacts	**18.54**	**19.27**	**19.83**	**20.39**	**20.95**	**98.98**

Source: Indecon analysis

Under our fifth scenario, Indecon estimates that over €200 million in content fund and additional leveraged funding could potentially be raised over the initial five-year period of operation of the fund. This higher figure is due to higher levies applied to the different segments.

Table 5.14: Potential Impact of Levy (€ Million) – Scenario 5 – 1% Levy on Pay TV and SVOD Revenues, 2% Levy on TV Advertising Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Direct Income from Levy	9.66	10.04	10.33	10.62	10.91	51.55
Admin Costs at 3% of total (€m)	0.29	0.30	0.31	0.32	0.33	1.55
Est. Value of Content Fund available for Distribution	9.37	9.74	10.02	10.30	10.59	50.01
Economic Output Impact of Content Fund - Including Leverage Impacts	**37.47**	**38.95**	**40.07**	**41.20**	**42.34**	**200.03**

Source: Indecon analysis

The next table shows the potential impact of the levy under Scenario 6, whereby Pay TV and SVOD revenues would be subject to a 2% levy and TV advertising revenues would be subject to a 4% levy. This scenario is associated with an estimated potential sectoral production/economic output impact of over €400m over the five years.

Table 5.15: Potential Impact of Levy (€ Million) – Scenario 6 – 2% Levy on Pay TV and SVOD Revenues, 4% Levy on TV Advertising Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Direct Income from Levy	19.31	20.08	20.66	21.24	21.82	103.11
Admin Costs at 2% of total (€m)	0.39	0.40	0.41	0.42	0.44	2.06
Est. Value of Content Fund available for Distribution	18.93	19.67	20.24	20.81	21.39	101.05
Economic Output Impact of Content Fund - Including Leverage Impacts	**75.71**	**78.70**	**80.98**	**83.25**	**85.55**	**404.19**

Source: Indecon analysis

5.3 Potential Recipients of Funding from Content Fund

It is also important to consider who might be able to avail of such a fund, with options relating to the type of companies able to apply for funding, as well as the different genres. Indecon primary research investigated what respondents though in relation to the availability of funding. If a levy was introduced, 96.3% of respondents believed any resulting fund should be available to support both development and production, with the remainder saying it should be used for production only.

Table 5.16: Views of Production Companies on Whether, if a Levy was Introduced, a New Content Fund should be Available to Support Development, Production or Both

	% of Respondents Indicating 'Yes'
Development Only	0.0%
Production Only	3.7%
Both	96.3%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

The majority of production companies agreed TV drama, feature films, documentaries, animation and gaming could all be supported under a new fund, with all respondents saying animation content would benefit. However, less than a third of respondents thought factual, entertainment, docudrama and radio content could be supported, as shown in Table 5.17 below.

Table 5.17: Views of Production Companies on Which of the Following Specific Production Genres could be Supported under a New National Media Creative Content Fund

Genre	% of Respondents Indicating 'Yes'
TV Drama	96.0%
Feature Film	87.0%
Documentaries	96.2%
Animation	100.0%
Young people's content	88.0%
Gaming	52.6%
Other, incl. factual, entertainment, docudrama and radio	29.6%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

5.4 Summary of Findings

- In considering options for a National Media Creative Content Fund, policymakers should consider if there is a net economic benefit from any proposals. In considering this issue it is necessary to identify how a levy could operate in terms of activities which could be levied. It is also important to note the context of the impact of COVID-19 on advertising incomes.
- The Irish economy is expected to experience a significant recession arising from COVID-19 and it is very unlikely to return to pre-COVID-19 position until 2022. This will result in significant decline in advertising incomes, which will have implications for any estimates of potential revenue from a levy applied to that sector.
- An important issue concerns the need to decide on what audiovisual service income streams could be considered for any levy-based scheme to support a new media content fund. There is a wide range of potential revenue streams that could be levied. However, of importance is the necessity to consider the feasibility and impacts of any proposals.
- It is also important to consider different possible options in relation to the application of revenues from a system of levies. Indecon believes that from the perspective of an audiovisual content fund any broadcaster or provider whether traditional broadcasters or Pay TV or SVOD should be able to benefit in a non-discriminatory way from support under any fund.
- The consistency of any proposals with Article 13 of the Revised AVMSD (including principles of proportionality, non-discrimination, avoidance of double imposition, etc.), and with EU State Aid rules is also important. It should be noted that throughout Europe schemes to support the audiovisual sector via levies have been deemed to be compatible with state aid rules. Indecon would also note that it is critical that there is equity in the treatment of all players in the market. For example, if a sector is not likely to be able to benefit from use of the resource of an audiovisual content fund the sectors income should not be levied.

6 Potential Benefits, Financial and Economic Impacts

6.1 Potential Strategic Benefits

A key issue concerns the potential strategic benefits of a new national creative media fund, as well as whether such a fund could deliver a positive net impact on the Irish audiovisual content production sector. As part of Indecon's research among audiovisual production companies in Ireland, the views of a diverse range of content producers were sought regarding the significance or otherwise of a range of potential benefits and impacts of a content fund. When asked about the potential impacts of a new national content fund, production companies were strongly positive with regard a fund's potential impact. In particular, all of the total of 27 producers that responded to Indecon's survey were in agreement that a new content fund would have a very significant or significant impact, both in terms of how it would assist in leveraging wider sources of funding for domestic content producers, as well as how a fund would enhance industry scale and productive capacity. The research also indicates that a new content fund in Ireland would have a very significant or significant impact in supporting the development of Irish talent, as shown in the table below. These views are aligned with Indecon's independent economic modelling presented separately. The higher levels of additional audiovisual production with content of relevance to Irish audiences would have a major impact on cultural values, which represents a key objective of any fund.

Table 6.1: Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Funding Leverage, Scale of Audiovisual Sector and Irish Talent Development

Potential Impact	% of Respondents		
	Very Significant / Significant Impact	Neither Significant nor Insignificant	Insignificant Impact / No Impact
Assist in leveraging wider sources of funding for Irish content providers from co-productions and private investors incl. international/European investment funds	100%	0.0%	0.0%
Enhance scale and productive capacity of audiovisual sector in Ireland	100%	0.0%	0.0%
Support development of Irish talent, including writers, directors and content producers	96.3%	3.7%	0.0%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

Almost all of the producers responding to Indecon's survey respondents further agreed that a National Media Creative Content Fund would have a very significant or significant impact in supporting sustainable employment generation in the domestic creative media sector. The underpinning of such skilled employment is of critical importance to ensuring the ability of the audiovisual sector in Ireland to achieve its cultural objectives.

Table 6.2: Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Supporting Sustainable Employment Generation

Potential Impact	% of Respondents		
	Very Significant / Significant Impact	Neither Significant nor Insignificant	Insignificant Impact / No Impact
Support sustainable employment generation in Irish creative media sector	96.3%	3.7%	0.0%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

Additionally, 92.6% of production companies were in agreement that a new national content fund would have a very significant or significant impact through supporting investment in Irish 'storytelling' content, while 81.5% of respondents indicated that a content fund would have a significant impact in supporting Irish language content development.

Table 6.3: Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Supporting Investment in Content Development

Potential Impact	% of Respondents		
	Very Significant / Significant Impact	Neither Significant nor Insignificant	Insignificant Impact / No Impact
Support investment in Irish 'storytelling' content	92.6%	7.4%	0.0%
Support Irish language content development	81.5%	14.8%	3.7%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

There was also unanimous agreement that a fund would have a very significant or significant impact on enhancing the overall viability of the Irish audiovisual sector, as shown in the table below.

Table 6.4: Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Enhancing Viability of Irish Audiovisual Sector

Potential Impact	% of Respondents		
	Very Significant / Significant Impact	Neither Significant nor Insignificant	Insignificant Impact / No Impact
Enhance overall viability of Irish audiovisual sector	100.0%	0.0%	0.0%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

The majority of respondents were also confident the fund would have a very significant or significant impact on: enhancing the marketability of Irish audiovisual content internationally; supporting investment in content which is not adequately supported by existing schemes; and, supporting the sector at local and regional levels.

Table 6.5: Views of Production Companies on Significance or Otherwise of Potential Impacts of a new National Media Creative Content Fund – Enhancing Marketability of Sector, Supporting Investment in Content, and Supporting Irish Audiovisual Sector at Local and Regional Levels

Potential Impact	% of Respondents		
	Very Significant / Significant Impact	Neither Significant nor Insignificant	Insignificant Impact / No Impact
Enhance marketability of Irish audiovisual content internationally	96.3%	3.7%	0.0%
Support investment in content which is not adequately supported by existing funding schemes	88.9%	11.1%	0.0%
Support Irish audiovisual sector at local and regional levels	96.3%	3.7%	0.0%

Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland

Net benefits of a content fund

Overall, when asked if a content production levy would produce a net benefit for Irish content producers, 85.2% of respondents agreed that it would. Some 11.1% were unsure, with less than 4% saying it would not (see table overleaf).

Table 6.6: Views of Production Companies on Whether a Content Production Levy under a New National Content Fund would result in a Net Benefit for Irish Content Producers	
	% of Respondents
Yes	85.2%
No	3.7%
Don't Know	11.1%
Total Responses	**100%**
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland	

It is also notable that, of those production companies that indicated that a new content fund would result in a net benefit for Irish content production, 95.8% of these producers that this impact would be either very significant or significant.

Table 6.7: Views of Production Companies on Potential Significance of Net Benefit for Irish Content Producers arising from a Levy under a New National Content Fund for Ireland	
	% of Responses
Very Significant Net Benefit	70.8%
Significant Net Benefit	25.0%
Neither Significant nor Insignificant	0.0%
Insignificant Net Benefit	4.2%
Total Responses	**100%**
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland	

6.2 Potential Net Financial Impacts of a Content Fund

It is important to recognise that the beneficiaries of the proposed content fund will be the audio-visual production sector and the viewing public rather than broadcasters. It is however interesting to consider some indicative scenarios with regard to the potential net financial impacts of a content fund on Irish Public Sector Broadcasters (PSB) and other TV broadcasters. The next table presents three indicative scenarios. These are based on the scenarios for potential overall content funding available for distribution to applicants (i.e., total levy income less estimated fund administration costs) in Year 5, from the assessment presented in Section 5. We then set out some indicative assumptions with regard to possible proportions of available funding that could be allocated to Irish PSBs and other TV broadcasters. This is subject to considerable uncertainty, as in practice this would be dependent on eligibility criteria as well as the extent of the quality of applications by eligible entities. Indecon has informed the indicative assumptions on fund allocation by reference to the recent experience in relation to allocation of TV funding under the BAI Sound and Vision Fund, but we have adjusted these proportions down to allow for content fund supports that would also be allocated to audiovisual media service entities other than the Irish PSBs and other TV broadcasters, including VoD providers etc. We then set out scenarios with regard to the levies that Irish PSBs and other TV broadcasters would pay on their advertising revenues under alternative levy rates (which are consistent with the levy rate scenarios we presented in Section 5). The difference between funding allocated to broadcasters from the content fund and what they pay into the fund through levies represents the estimated net financial impacts on these entities. On the basis of the indicative scenarios examined, it is estimated that Irish PSBs could, depending on content funding success rates and what they pay in levies, result in a potential small net financial benefit for the PSBs.

Table 6.8: Indicative Scenarios re Net Financial Impacts/Benefits of Proposed Content Fund - Net Impacts/Benefits for Irish Public Service and Other TV Broadcasters (Year 5)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Scenarios on Drawdown from Content Fund						
Projected Content Funding available for distribution to applicants (net of admin costs) - Year 5 - € Million	8.5	17.2	26.0	5.2	10.6	21.4
Est. % of Content Fund allocated to:						
Irish PSBs*	50%	50%	50%	50%	50%	50%
Other TV broadcasters*	25%	25%	25%	25%	25%	25%
Est. Content Fund allocated to:						
Irish PSBs - € Million	4.25	8.58	13.00	2.62	5.29	10.69
Other TV broadcasters - € Million	2.12	4.29	6.50	1.31	2.65	5.35
Scenarios on Levy Payments into Content Fund						
Assumed levy rate on TV advertising revenues - %	1%	2%	3%	1%	2%	4%
Estimated Levy Receipts on TV Advertising Revenues:						
Irish PSBs - € Million	0.89	1.78	2.66	0.89	1.78	3.55
Other TV broadcasters - € Million	1.18	2.35	3.53	1.18	2.35	4.71
***Net Financial Benefit** (Drawdown from Fund less Levy Payments into Fund)*						
Irish PSBs - € Million	3.36	6.80	10.34	1.73	3.52	7.14
Other TV broadcasters - € Million	0.95	1.94	2.97	0.13	0.29	0.64

Source: Indecon analysis

Note: * The scenarios presented take into consideration the content fund levies that would be payable by broadcasters in respect of TV advertising revenues only. In addition, the indicative percentages of Content Fund allocated to TV broadcasters does not sum to 100% as this analysis focuses on the impacts on TV broadcasters only and the balance of funding is assumed to be allocated to other entities, including Pay TV, VoD and other platforms that could be eligible for funding under the Content Fund.

To stress-test the above scenarios, Indecon has also tested a sensitivity, involving a lower allocation of content funding to the PSBs. This assumes that the PSBs would be allocated funding at 25% or half the level assumed under the above in the preceding scenarios, while the proportion of funding allocated to other broadcaster would increase to 40% of the value of the content fund that would be available for distribution. The results of this sensitivity are presented in the next table.

Table 6.9: Indicative Scenarios re Net Financial Impacts/Benefits of Proposed Content Fund - Net Impacts/Benefits for Irish Public Service and Other TV Broadcasters - Sensitivity based on Irish PSBs receiving 25% of Content Fund (Year 5)						
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Scenarios on Drawdown from Content Fund						
Projected Content Funding available for distribution to applicants (net of admin costs) - Year 5 - € Million	8.5	17.2	26.0	5.2	10.6	21.4
Est. % of Content Fund allocated to:						
Irish PSBs*	25%	25%	25%	25%	25%	25%
Other TV broadcasters*	40%	40%	40%	40%	40%	40%
Est. Content Fund allocated to:						
Irish PSBs - € Million	2.12	4.29	6.50	1.31	2.65	5.35
Other TV broadcasters - € Million	3.40	6.86	10.40	2.10	4.23	8.56
Scenarios on Levy Payments into Content Fund						
Assumed levy rate on TV advertising revenues - %	1%	2%	3%	1%	2%	4%
Estimated Levy Receipts on TV Advertising Revenues:						
Irish PSBs - € Million	0.89	1.78	2.66	0.89	1.78	3.55
Other TV broadcasters - € Million	1.18	2.35	3.53	1.18	2.35	4.71
***Net Financial Benefit** (Drawdown from Fund less Levy Payments into Fund)*						
Irish PSBs - € Million	1.23	2.51	3.84	0.42	0.87	1.79
Other TV broadcasters - € Million	2.22	4.51	6.87	0.92	1.88	3.85

Source: Indecon analysis
Note: * The scenarios presented take into consideration the content fund levies that would be payable by broadcasters in respect of TV advertising revenues only. In addition, the indicative percentages of Content Fund allocated to TV broadcasters does not sum to 100% as this analysis focuses on the impacts on TV broadcasters only and the balance of funding is assumed to be allocated to other entities, including Pay TV, VoD and other platforms that could be eligible for funding under the Content Fund.

However, it should be noted in relation to the above scenarios that the objective of the fund is not to provide a benefit for PSBs, but rather to support Irish content and underpin the success of the audiovisual sector providing Irish content. If Pay TV and VoD service providers are successful in gaining an increased share of the proposed fund, this would not undermine the value of the fund to the audiovisual sector and to the key cultural objectives of supporting Irish content.

Potential Exchequer Impacts

Indecon also notes that, apart from the impact on broadcasters, there would also be some potential impacts on public finances, depending on the extent to which the Exchequer may decide to provide any matching funding. However, if no matching funding were provided, there would be no additional direct Exchequer costs related to the levy, other than administration costs which were examined in Section 5.2 of this report. The increased level of economic activity in the audiovisual sector would, however, result in wider exchequer costs and benefits. These would include direct and indirect tax revenues arising from the expansion in employment and economic activity in the audiovisual production sector, and any additional tax costs arising from Section 481 tax expenditures. Based on previous analysis undertaken by the Department of Finance, these would be likely to result in a net benefit to the Exchequer.

We also note that there are other sources of funding for the broadcasting sector, including Screen Ireland funding and Licence Fee revenues. It is not envisaged that these would be impacted by the proposed content fund levy. If, however, the introduction of a levy-based content fund, and the resultant expansion in Irish content, assisted in an increase in audience numbers for public sector broadcasters, the requirement for increased Licence Fee revenues may be lower than would apply in a counterfactual scenario. In terms of risk of displacement of public funding, it is assumed that the proposed fund would not replace existing government funding for the audiovisual sector.

6.3 Potential Economic Impacts of a Content Fund

Indecon has also independently developed modelled and estimated the potential economic impacts that arise as a result of the operation of a new National Media Creative Content Fund. These economic impacts are not the objective of any fund but we are illustrative of the scale of increased activity which could arise. The following key impacts were examined:

- Industry output;
- Gross Value Added (GVA); and,
- Employment Supported.

The following table shows the estimated direct output impact of a Content Fund, based on the value of the fund available for distribution, under Scenario 1, is estimated to be almost €100 million over an initial five-year period.

Indecon's modelling estimates that an additional impact of approximately €32m through indirect and induced impacts would be anticipated based on the €160m in leveraged funding over the five years, under Scenario 1 (a 1% levy on Pay TV and SVOD revenues and a 1% levy on TV advertising revenues). With higher levies applied to the different segments such as Scenarios 2 and 3 there would be a greater economy-wide output impact over the five-year period. Scenarios 4, 5 and 6 assume different levy rates to the different segments with an estimated economy-wide impact ranging from €119 million to €485 million depending on the scenario.

Table 6.10: Scenarios Wider Output Impact of Content Fund (Cumulative Five-Year Impact)				
	Direct output impact of funding for distribution (including leverage impacts) (€m)	**Indirect output impact (€m)**	**Induced output impact (€m)**	**Overall economy-wide output (€m)**
Scenario 1	160.2	22.1	9.9	**192.2**
Scenario 2	323.7	44.7	20.0	**388.4**
Scenario 3	490.6	67.7	30.3	**588.7**
Scenario 4	99.0	13.7	6.1	**118.8**
Scenario 5	200.0	27.6	12.4	**240.0**
Scenario 6	404.2	55.8	25.0	**484.9**
Source: Indecon analysis based on industry data				

Gross Value Added

Indecon estimates a direct impact of the Content Fund of over €160m over a five-year period, which translates to direct GVA of over €100m under Scenario 1. This rises to over €310 million under Scenario 3 which applied higher levies. Gross Value Added (GVA) is similar conceptually to Gross Domestic Product (GDP), as it measures the added value generated in an economy by the production of goods and services. GVA is the value of output less the value of goods and services used in producing these outputs (or output minus intermediate consumption).[12] This highlights the net economic significance of a potential levy on the Irish economy.

Table 6.11: Scenarios for Cumulative Five-Year GVA Impact of Content Fund		
	Direct economic output impact (€m)	**Direct GVA impact (€m)**
Scenario 1	160.2	102.2
Scenario 2	323.7	206.5
Scenario 3	490.6	312.9
Scenario 4	99.0	63.1
Scenario 5	200.0	127.6
Scenario 6	404.2	257.8
Source: Indecon analysis based on industry data		

[12] https://www.cso.ie/en/releasesandpublications/ep/p-naova/outputandvalueaddedbyactivity2017/backgroundnotes/

Employment Supported

Indecon's estimate of the employment impact of a Content Fund is informed by our research among audiovisual production companies. The findings of this research in relation to producers' views regarding the potential labour expenditure and employment impacts are summarised in the table below.

Table 6.12: Views of Production Companies on Estimated Potential Additional Annual New Production/Co-Productions Supported in Ireland arising from every €10 million per annum from Content Fund + Additional Funding Leveraged from Other Sources - Median Impacts across Production Genres	
Value of additional annual productions (€ Million)	35.0
Est. additional annual Labour Spend in Ireland (€ Million)	18.8
Percentage of value which is labour spend (%)	53.8%
Est. Number of additional Full-Time Equivalent Jobs Supported in Ireland	467.6
Source: Indecon Confidential Survey of Audiovisual Production Companies in Ireland	

The next table shows the calculations used to derive the direct employment impact of the potential Content Fund in Year 5 across Indecon's six levy rate scenarios. The direct output impact of just under €34m in Scenario 1 is estimated to have associated labour spend of over €18m. Using the estimated average wage of over €40,000, Indecon estimates that 454 FTEs would be directly supported in Year 5 of the Content Fund. 917 FTEs are estimated to be directly supported by a Content Fund under Scenario 2, with an estimated 1,390 directly supported under Scenario 3. Between 280 and 1,143 FTEs would be supported under Scenarios 4-6. Given the importance of retaining high skilled employment in the Irish audiovisual sector and the negative impact of COVID-19 these employment impacts are important.

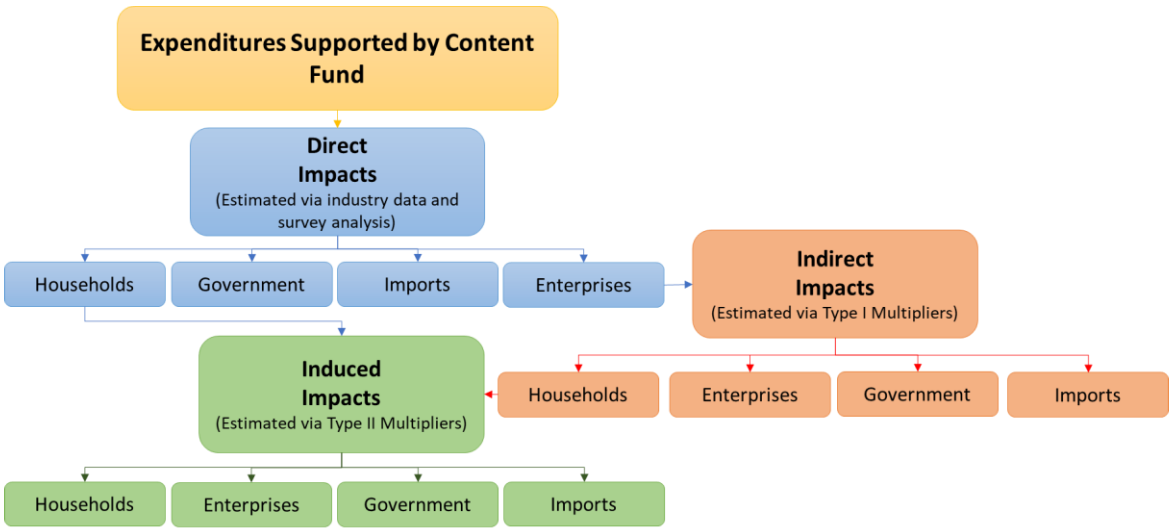
Table 6.13: Employment Impact of Content Fund in Year 5

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Direct output impact of funding (including leverage impacts) (€m) (A)	33.97	68.65	104.03	20.95	42.34	85.55
Labour spend as a percentage of annual production value (B)	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%
Income impact of funding (including leverage impacts) (€m) (C = A*B)	18.26	36.90	55.93	11.26	22.76	45.99
Average annual earnings of an individual based on survey evidence (€) (D)	40,237	40,237	40,237	40,237	40,237	40,237
Direct employment supported (FTEs) (E = C/D)	454	917	1,390	280	566	1,143
Source: Indecon analysis based on industry data and new primary research						

6.4 Wider Economic Impacts of a Content Fund

In addition to the potential direct economic impacts of the Content Fund, there would also be wider economic impacts that arise as a result of the inter-sectoral multiplier impacts of industry expenditures and employment. Indecon has applied its sectoral input-output model of the Irish economy to quantify the potential wider impacts of the Content Fund on the Irish economy. This macro-economic model takes into account the direct, indirect and induced impacts which arise through the expenditures supported by the Content Fund. The following figure outlines how these different effects are connected, and these components are described further below.

Figure 6.1: Overview Description of Channels of Impact of Potential Wider Economic Impacts of Content Fund



Source: Indecon

It should be noted that all economic sectors have an indirect and induced impact on other parts of the economy, and this also applies to the audiovisual sector. The components of the potential wider impacts of a Content Fund on the Irish include direct, indirect and induced impacts.

***Direct* impacts** – the direct economic output generated by companies leveraging the Content Fund within the audiovisual sector in Ireland, through its purchases of goods and services (including labour) from the Irish economy in which it operates, and its contribution to GVA and exchequer (tax payments). Direct impacts are estimated via industry estimates of the size of the segments levied, Indecon estimates for the future of the sector and survey evidence on the leverage ratio for funding.

***Indirect* impacts** – arise through purchases of goods and services inputs by companies in the audiovisual sector (who have leveraged the Content Fund) from other businesses/sectors in the economy to support their production activities in Ireland. These purchases generate income for the supplying enterprises, which in turn support spending on their own inputs. Indirect impacts are estimated by applying Type I multipliers from Indecon's sectoral model to the direct revenue, employment and GVA impacts.

***Induced* impacts** – arise through the roles of companies in the audiovisual sector (who have leveraged the Content Fund) in Ireland as employers. Wages and salaries paid to employees to provide incomes used to purchase consumer goods and services within the economy. This in turn generates wage income for employees within the industries producing these goods and services, who in turn spend their income on other goods and services. Induced impacts are estimated by applying Type II multipliers from Indecon's sectoral model to the direct impacts and then subtracting the indirect impacts.

The Indecon model, *inter alia*, includes sectoral Type I and Type II multipliers that enable modelling of indirect and induced multiplier impacts on a sectoral basis, and for metrics including expenditure, output, employment, GVA and incomes. These multipliers are obtained by Indecon using matrix algebra to isolate the Leontief coefficients. The formula presented in Figure 6.2 outlines this process algebraically.

Figure 6.2: Derivation of Leontief Inverse Coefficients – Matrix Algebra

$$X = AX + Y$$

$$(I - A)X = Y$$

$$(I - A)^{-1}(I - A)X = (I - A)^{-1}Y$$

$$X = (I - A)^{-1}Y$$

Where *X* is a vector of total production per product grouping and *Y* is a vector of final consumption per product.

Source: Indecon Modelling

The first equation above states that the total product of goods equals the sum of their final consumption (*Y*) and their productive use in other products (*AX*). Solving for *X* allows us to measure the implications of changes in demand for a single good for other sectors in the economy. The Leontief inverse coefficients are represented by the $(I - A)^{-1}$ matrix. These coefficients are the multipliers to be estimated and will provide a value for the knock-on effects of changes in demand for a good on other sectors in the economy.

Table 6.14 below indicates the Type I and Type II output, income, employment and Gross Value Added (GVA) multipliers used by Indecon for the estimation of the potential wider economic impacts arising from the direct impacts of a Content Fund for the audiovisual sector in Ireland.

Table 6.14: Multipliers Used in Indecon's Analysis

Sector	Multiplier Type	Output Multiplier	Income Multiplier	Employment Multiplier	GVA Multiplier
Publishing, film and broadcasting services	Type I	1.14	1.55	1.74	1.10
	Type II	1.20	1.86	2.32	1.16

Source: Indecon

Industry Output

Indecon estimates that an additional impact of €32m through indirect and induced impacts would be anticipated based on the €160m in leveraged funding over the five years, under Scenario 1. The table below shows the estimated overall economy-wide impact over five years of the Content Fund (under Scenario 1) to be over €192m. Under the higher levy rates of Scenarios 2 and 3, the economy-wide output impact would be almost €390m and €590m respectively. The scenarios based on differential rates applied to different audiovisual revenue segments (Scenarios 4, 5 and 6) would have an estimated economy-wide impact of between approximately €120m and €485m on an annual basis.

Table 6.15: Scenarios Wider Output Impact of Content Fund (Cumulative Five-Year Impact)

	Direct output impact of funding for distribution (including leverage impacts) (€m)	Indirect output impact (€m)	Induced output impact (€m)	Overall economy-wide output (€m)
Scenario 1	160.2	22.1	9.9	**192.2**
Scenario 2	323.7	44.7	20.0	**388.4**
Scenario 3	490.6	67.7	30.3	**588.7**
Scenario 4	99.0	13.7	6.1	**118.8**
Scenario 5	200.0	27.6	12.4	**240.0**
Scenario 6	404.2	55.8	25.0	**484.9**

Source: Indecon analysis based on industry data

As outlined previously, Indecon estimates a direct GVA impact of a Content Fund under Scenario 1 of over €102m cumulatively over an initial five-year period. When indirect and induced impacts are taken into accounts overall GVA is estimated to be just over €118m for Scenario 1 over the five-year period. This would rise to €239m and over €360m under Scenarios 2 and 3.

Table 6.16: Scenarios Wider GVA Impact of Content Fund (Cumulative Five-Year Impact)

	Direct output impact of funding for distribution (including leverage impacts) (€m)	Direct GVA of funding (€m)	Indirect GVA of funding (€m)	Induced GVA of funding (€m)	Overall economy-wide GVA (€m)
Scenario 1	160.2	102.2	10.4	5.8	**118.4**
Scenario 2	323.7	206.5	21.0	11.7	**239.2**
Scenario 3	490.6	312.9	31.8	17.8	**362.5**
Scenario 4	99.0	63.1	6.4	3.6	**73.1**
Scenario 5	200.0	127.6	13.0	7.3	**147.8**
Scenario 6	404.2	257.8	26.2	14.7	**298.6**

Source: Indecon analysis based on industry data

Employment Impact

Indecon estimates that 454 FTEs would be directly supported in Year 5 of the Content Fund, under Scenario 1. Indirect and induced employment supported would bring the total employment supported under Scenario 1 to 1,052 FTEs. Estimates for Scenarios 2 and 3 of the economy-wide impact are also shown in the following table, with 2,126 and 3,223 FTEs estimated to be supported respectively. The figures for Scenarios 4-6 are also included in the following table, with estimated employment higher amongst those scenarios with higher rates of levy applied. It is important to note that there may some degree of deadweight or displacement. Indecon has based these figures for employment supported on additional funding that would be leveraged from a new Content Fund to minimise the effects of deadweight or displacement.[13]

Table 6.17: Scenarios for Estimated Direct and Economy-wide Employment Impacts of Content Fund in Year 5

	Direct employment supported (FTEs)	Indirect employment supported (FTEs)	Induced employment supported (FTEs)	Overall economy-wide employment supported (FTEs)
Scenario 1	454	337	261	**1,052**
Scenario 2	917	682	527	**2,126**
Scenario 3	1,390	1,034	799	**3,223**
Scenario 4	280	208	161	**649**
Scenario 5	566	421	325	**1,312**
Scenario 6	1,143	850	657	**2,650**

Source: Indecon analysis based on industry data

The following table shows Indecon's estimates for the income tax intake from direct and indirect employment supported by the potential Content Fund. Under Scenario 1, Indecon estimates tax intake of approximately €6.7m, with this increasing to €13.6m under Scenario 2 and over €20m under Scenario 3. The estimated tax intake across Scenarios 4, 5 and 6 would be €4.1m, €8.4m and €16.9m respectively on an annual basis in Year 5.

[13] Deadweight refers to the likelihood that an outcome would have occurred without the intervention. Displacement refers to negative side effects on the areas of economic activity. See Gray. A. W. A Guide to Evaluation Methods, Published by Gill and MacMillan (1995)

Table 6.18: Employment Taxation Impact of Content Fund in Year 5						
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Direct and indirect employment supported	791	1,599	2,423	488	986	1,993
Average annual earnings of an individual based on survey evidence (€)	40,237	40,237	40,237	40,237	40,237	40,237
Estimate of tax paid by an individual	8,478	8,478	8,478	8,478	8,478	8,478
Estimated tax intake across direct and indirect employment supported (€m)	**6.7**	**13.6**	**20.5**	**4.1**	**8.4**	**16.9**
Source: Indecon analysis based on industry data						

6.5 Sensitivity Analysis

Indecon has also modelled a number of sensitivities around the base case assumptions in the modelling of the potential scale of content fund levy receipts and their impacts. These sensitivities, which are presented below, include examination of alternative assumptions on funding leverage as well as the application of alternative levy rates based on the approaches in different countries.

Funding Leverage Ratio

In order to allow for the potential displacement of funding resources, Indecon has modelled the wider impact of utilising a leverage ratio of 3:1. This is lower than the findings of Indecon's primary research. The following table shows the cumulative impact of a content fund using a 3:1 leverage ratio and shows that whilst overall economy-wide output would be slightly lower than in the baseline case there would still be significant impacts of €144.2m, €291.3m and €441.5m across the first three scenarios. Economy-wide impacts would range between €89m and €364m under Scenarios 4 to 6.

Table 6.19: Scenarios Wider Output Impact of Content Fund (Cumulative Five-Year Impact) - 3:1 Leverage Ratio Sensitivity				
	Direct output impact of funding for distribution (including leverage impacts) (€m)	**Indirect output impact (€m)**	**Induced output impact (€m)**	**Overall economy-wide output (€m)**
Scenario 1	120.2	16.6	7.4	**144.2**
Scenario 2	242.8	33.5	15.0	**291.3**
Scenario 3	368.0	50.8	22.7	**441.5**
Scenario 4	74.2	10.2	4.6	**89.1**
Scenario 5	150.0	20.7	9.3	**180.0**
Scenario 6	303.1	41.8	18.7	**363.7**
Source: Indecon analysis based on industry data				

The lower output impact from this sensitivity has the consequence of a lower GVA impact. Despite this lower GVA impact, the estimates for the cumulative GVA impact range from €55m-€272m across the scenarios.

Table 6.20: Scenarios Wider GVA Impact of Content Fund (Cumulative Five-Year Impact) - 3:1 Leverage Ratio Sensitivity					
	Direct output impact of funding for distribution (including leverage impacts) (€m)	**Direct GVA of funding (€m)**	**Indirect GVA of funding (€m)**	**Induced GVA of funding (€m)**	**Overall economy-wide GVA (€m)**
Scenario 1	120.2	76.6	7.8	4.4	**88.8**
Scenario 2	242.8	154.9	15.7	8.8	**179.4**
Scenario 3	368.0	234.7	23.8	13.3	**271.8**
Scenario 4	74.2	47.3	4.8	2.7	**54.8**
Scenario 5	150.0	95.7	9.7	5.4	**110.8**
Scenario 6	303.1	193.3	19.6	11.0	**224.0**
Source: Indecon analysis based on industry data					

In the case of a lower leverage ratio, Indecon estimates economy-wide employment of just under 800 FTEs supported under Scenario 1, and over 2,400 FTEs under Scenario 3 with the higher levy rates.

Table 6.21: Scenarios for Estimated Direct and Economy-wide Employment Impacts of Content Fund in Year 5 - 3:1 Leverage Ratio Sensitivity				
	Direct employment supported (FTEs)	**Indirect employment supported (FTEs)**	**Induced employment supported (FTEs)**	**Overall economy-wide employment supported (FTEs)**
Scenario 1	340	253	196	**789**
Scenario 2	688	511	395	**1,595**
Scenario 3	1,042	775	599	**2,417**
Scenario 4	210	156	121	**487**
Scenario 5	424	315	244	**984**
Scenario 6	857	637	493	**1,988**
Source: Indecon analysis based on industry data				

Application of alternative scope and levy rates based on approaches in other European countries

As discussed previously, different countries place different levies on the different audiovisual market segments. The table below outlines some of the main features of levies applied in the examples of some other European countries.

Table 6.22: Overview of Levy-based AV Financial Obligations in Selected Other European Countries – Austria, Hungary and France

Country	Levy by Segment	Criteria Used to Determine Levy	Mandatory or Optional*	Authority Benefitting from the Amount Due	Levy Applicable to Foreign Firms
Austria	Linear AVMS Providers (broadcasters)	5% of advertising revenues	Mandatory	The State	No
France	Linear AVMS Providers (broadcasters)	5.65% of the yearly turnover	Mandatory	Centre national du cinéma et de l'image animée (CNC)	No
France	Non-linear AVMS Providers (VOD Services)	2% of the yearly turnover	Mandatory	Centre national du cinéma et de l'image animée (CNC)	No
France	Distributors	Between 0.5% and 3.5% of the turnover	Mandatory	Centre national du cinéma et de l'image animée (CNC)	
France	Theatres (cinema tickets)	10.72% of the price of tickets including VAT. 0.232% of the price of tickets excluding VAT and the 10.72% levy		Centre national du cinéma et de l'image animée (CNC)	
France	Video Industry (video retailers)	2% of the yearly turnover		Centre national du cinéma et de l'image animée (CNC)	
Hungary	Linear AVMS Providers (broadcasters)	2.5% of the advertising revenues	Optional	Media Service Support and Asset Management Fund	No

Source: European Audiovisual Observatory
Notes: *The obligation to pay a levy may be optional in cases where the provider can choose between a financial investment (direct contribution) to the relevant film/audiovisual fund instead

Indecon has tested two different sensitivities with the objective of illustrating how the type of approaches in selected other countries could result in different outcomes if applied in the context of an Irish creative media content fund. The table overleaf profiles an indicative outcome based on the scope of levies applied in Austria and Hungary which place levies on advertising revenues. Based on a 5% levy of TV advertising revenue, such as that in Austria, Indecon estimates almost €50m in levy receipts could be generated for an Irish content fund over the initial five-year period, with approximately €1.5m of this used to cover administrative costs. The remaining €47.5m could be leveraged into a fund for potential distribution to applicants amounting to an estimated €190 million over a five-year period.

Table 6.23: Potential Impact of Levy (€ Million) – Country Sensitivity A - 5% Levy on TV Advertising						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	9.20	9.65	9.88	10.11	10.33	49.17
Admin Costs at 3% of total	0.28	0.29	0.30	0.30	0.31	1.48
Est. Value of Content Fund available for Distribution	8.92	9.36	9.59	9.81	10.02	47.70
Economic Output Impact of Content Fund - Including Leverage Impacts	**35.69**	**37.44**	**38.34**	**39.22**	**40.09**	**190.78**
Source: Indecon analysis						

Indecon has also undertaken a sensitivity which would not include a levy on TV advertising but would have a higher levy on Pay TV revenues than in Indecon's baseline scenarios. This would be more in line with the levy model used in France but would not include some of the other element levied in France such as cinemas and distributors. Instead, it is an indicative approach of the results should an approach similar to that used in France be applied to the Irish case.

Table 6.24: Potential Impact of Levy (€ Million) – Country Sensitivity B - (5% Levy on Pay TV Revenues and 2% Levy on SVOD)						
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Direct Income from Levy	27.38	27.89	28.43	29.02	29.68	142.40
Admin Costs at 2% of total	0.55	0.56	0.57	0.58	0.59	2.85
Est. Value of Content Fund available for Distribution	26.84	27.33	27.86	28.44	29.08	139.55
Economic Output Impact of Content Fund - Including Leverage Impacts	**107.34**	**109.32**	**111.44**	**113.76**	**116.34**	**558.20**
Source: Indecon analysis						

The following table shows the wider economic output impacts of the potential funds based on the levies used in the two sensitivities, but applied to Irish segments. Sensitivity A is based on a levy of TV advertising of 5% which leads to the highest economy-wide output impact of over €266 million over five years, compared to the model similar to France's approach with levies on TV revenue and SVOD revenue which would generate an estimated €670m in economy-wide output over five years.

Table 6.25: Cumulative Output Impact of Content Fund - Country Sensitivities		
	Sensitivity A - Levy on TV Advertising	**Sensitivity B - Levies on Pay TV and SVOD Revenue**
Direct impact of funding (including leverage impacts) (€m)	190.8	558.2
Indirect output impact (€m)	26.3	77.0
Induced output impact (€m)	11.8	34.5
Overall economy-wide output (€m)	**228.9**	**669.7**
Source: Indecon analysis based on industry data		

The higher output impact of Sensitivity B translates to a higher economy-wide GVA impact of over €410m, compared to that of Sensitivity A (€141m), as shown in the following table.

Table 6.26: Cumulative GVA Impact of Content Fund - Country Sensitivities		
	Sensitivity A - Levy on TV Advertising	**Sensitivity B - Levies on Pay TV and SVOD Revenue**
Direct output Impact of funding (including leverage impacts) (€m)	190.8	558.2
Direct GVA of funding (€m)	121.7	356.0
Indirect GVA of funding (€m)	*12.4*	*36.2*
Induced GVA of funding (€m)	*6.9*	*20.2*
Overall economy-wide GVA (€m)	**140.9**	**412.4**
Source: Indecon analysis based on industry data		

Given the larger scale of the fund under which Sensitivity B-type levies are applied to the Irish market it is estimated that it would have the largest employment impact (over 3,600 FTEs) out of the two scenarios in year five.

Table 6.27: Employment Impact of Content Fund in Year 5 - Country Sensitivities		
	Sensitivity A - Levy on TV Advertising	**Sensitivity B - Levies on Pay TV and SVOD Revenue**
Direct employment supported (FTEs)	536	1,554
Indirect employment supported (FTEs)	*398*	*1,156*
Induced employment supported (FTEs)	*308*	*894*
Overall economy-wide employment supported (FTEs)	**1,242**	**3,604**
Source: Indecon analysis based on industry data		

6.6 Summary of Key Findings

- Indecon's research also found that almost all of the producers responding to Indecon's survey respondents further agreed that a National Media Creative Content Fund would have a very significant or significant impact in supporting sustainable employment generation in the domestic creative media sector. This sector is of importance from a cultural perspective and ensuring its success is an important public interest objective because of the role which the sector plays. The Irish audiovisual content providers are an important highly skilled labour-intensive sector and without additional sources of revenues the sector will be significantly hit by the COVID-19 and indirectly by emerging development in the advertising market in Ireland which will impact negatively on traditional broadcasting.
- Additionally, 92.6% of production companies were in agreement that a new national content fund would have a very significant or significant impact through supporting investment in Irish 'storytelling' content, while 81.5% of respondents indicated that a content fund would have a significant impact in supporting Irish language content development.

- The majority of the audiovisual production companies in Ireland that responded to Indecon's survey research also expressed their belief that a new content fund would be likely to deliver a very significant or significant impact in relation to enhancing the marketability of Irish audiovisual content internationally; supporting investment in content which is not adequately supported by existing schemes; and, supporting the sector at local and regional levels.
- A key issue which policymakers should consider in evaluating the merits or otherwise of an audiovisual content fund is whether it would have a net benefit for Irish content productions and thus enable them to provide content of relevance to Irish audiences and Irish culture.
- Overall, when asked if a content production levy would produce a net benefit for Irish content producers, 85.2% of respondents agreed that it would. In addition, 95.8% of these producers indicated their judgment that a levy-based content fund would deliver a very significant or significant net benefit for producers of Irish audiovisual content. These views are consistent with evidence examined by Indecon of the net economic impact of such a potential fund. In addition, 95.8% of these producers indicated.
- Indecon has also assessed the possible net financial impacts of a content fund on Public Service Broadcasters (PSBs). Indecon's scenarios and sensitivities suggest that, depending on content funding success rates and what they pay in levies, there could be a potential small net financial benefit for the PSBs.
- Indecon has also independently developed modelled and estimated the potential economic impacts that arise as a result of the operation of a new National Media Creative Content Fund. The following key impacts were examined:
    - Industry output;
    - Gross Value Added (GVA); and,
    - Employment Supported.

- Indecon estimates a potential direct impact of the Content Fund of €160m over an initial five-year period under Scenario 1, which would translate into a direct GVA contribution to Irish economy GDP amounting to over €100m over a five-year period. Scenarios 2 and 3 are estimated to contribute €206m and €313m in direct GVA respectively over a five-year period. These cumulative 5-year impacts would increase to between €118m and €362m when economy-wide multiplier impacts are taken into consideration. The economy-wide GVA contribution of Scenarios 4-6, with varied levies across the different segments would be between €73m and €299m over five years. This highlights the net economic significance of a potential levy on the Irish economy.

7 Overall Conclusions

The Irish audiovisual sector is of major cultural and economic importance. This is evidenced by the fact that the sector is estimated to contribute €1.05 billion in Gross Value Added to Irish economy and support almost 17,000 jobs, across activities which include a diverse range of Irish content creators. This sector is also of critical significance in ensuring that Irish broadcasting content is of relevance to Irish audience. The sector has, however, experienced rapid change over the last decade, in terms of both the impact of technological developments and the role of international providers in altering the structure and competitive landscape of the Irish audiovisual market. This has included the acceleration in subscription-based Pay TV and Video-on-Demand services, as well as the rapid growth in online/digital advertising. These trends have at the same time adversely impacted the market position and coincided with declining revenues among public service broadcasters. This in turn could undermine their important traditional role in supporting investment in Irish audiovisual content.

Against this background, the proposed establishment of a new National Media Creative Content Fund would create a very significant opportunity to address the risk of persistent under-investment in Irish audiovisual content. Such a fund would be consistent under the EU's Audiovisual Media Services Directive, on the basis that it would constitute a form of financial obligation on specified audiovisual service providers to contribute part of their revenues to support investment in European – including Irish – audiovisual content. The proposed fund would be based on a levy mechanism, involving the application of a levy on specified audiovisual revenue streams, that would be allocated into a central fund and in turn be available for re-distribution towards supporting investment in Irish and European content.

A number of factors require consideration to ensure that such a mechanism would be feasible and would be operated in line with the requirements of the EU Directive, including in relation to ensuring proportionality and non-discrimination, and compliance with EU State Aid rules.

Indecon's independent assessment, which has been informed through new research among Irish content producers and detailed economic modelling, indicates that a new levy-based National Media Creative Content Fund would be likely to deliver additionality through leverage of funding, and a net benefit for the Irish content production sector. We have modelled three alternative scenarios for potential levy income, based on the application of different assumptions on levy rates that are realistic, while also been in line with approaches in other European countries that have introduced similar schemes. On this basis, Indecon's estimates suggest that a levy-based fund could generate income for potential distribution (after administration costs) of up to €100-490 million in total over an initial five-year period (taking into account leverage of other national and international funding sources), depending on the rates of levy assumed. If this funding were invested in new content production, Indecon's modelling suggests that, under the six scenarios examined, this could deliver a net economic impact, including supporting between 649 and 3,223 additional economy-wide jobs, and contributing an additional €15-77 million annually to Irish economy GDP by Year 5.

Critically, a content fund would also result in a number of important strategic benefits for the Irish audiovisual sector. These include enhancing the scale and productive capacity of the sector, supporting investment in genres including Irish 'storytelling' and Irish language content, supporting the development of Irish talent, and enhancing the overall viability of the sector.

Annex 1 Overview of Existing Supports in Ireland

Introduction

Overview of Existing Audiovisual Sector Supports in Ireland	
Supporting Authority	**Description**
Screen Ireland	• Ireland's national film, television and animations development agency • Aims to bring Irish film culture to audiences at home and abroad
Department of Culture, Heritage and the Gaeltacht, Revenue	• These bodies administer the S481, a 32% tax credit on all eligible production expenditures • Available for film, television, animation and creative documentary productions
Broadcasting Authority of Ireland (BAI)	• Delivers the Sound and Vision funding scheme, via the Broadcast Fund • Targeted at television and radio programmes with an emphasis on Irish culture, heritage and experience
Western Development Commission, Galway Film Centre	• Established the Western Regional Audiovisual Producers Fund (WRAP), which: ➢ Supports the audiovisual industry of the West of Ireland ➢ Contributes to the language and culture of the region
The Arts Council	• Ireland's national agency for developing the arts • Established a set of awards and initiatives to support Irish film
Creative Media Europe	• The European Commission's framework programme for supporting the culture and audiovisual sectors • Promotes film, televisions and games, and cross-border networking
Eurimages	• A cultural support fund of the Council of Europe • Dedicated to independent feature filmmaking, animation and documentaries • Promotes cross-border cooperation
Source: Indecon analysis	

Screen Ireland Funding Programmes

Screen Ireland is the country's national film, television and animations industry development agency, also known as Fís Éireann. The organization, previously known as the Irish Film Board/Bord Scannán na hÉireann, aims to ''*promote Irish film, television and animation through fostering Irish artistic vision and our diverse creative and production talent, growing audiences, and attracting filmmakers and investment into the country*.''[14] The organisation, while acting under its previous name and following extensive consultation with stakeholders across industry, launched a strategy entitled ''Building on Success: IFB Five Year Strategy Plan 2015-2020.'

This strategy details the organisations ambitions with regards the Irish film, television and animation and is designed around three key pillars- vision for 2020, building on core strengths and strong foundations. Activities under each pillar include:

Vision for 2020:

- Providing industry leadership;
- Collaborating with Government and wider industry to allow for coherent development of the sector;

[14] https://www.screenireland.ie/about

- Reducing inequality by ensuring 50/50 gender parity in creative talent working in screen content; and
- Placing audiences at the centre of all work undertaken.

Building on Core Strengths:

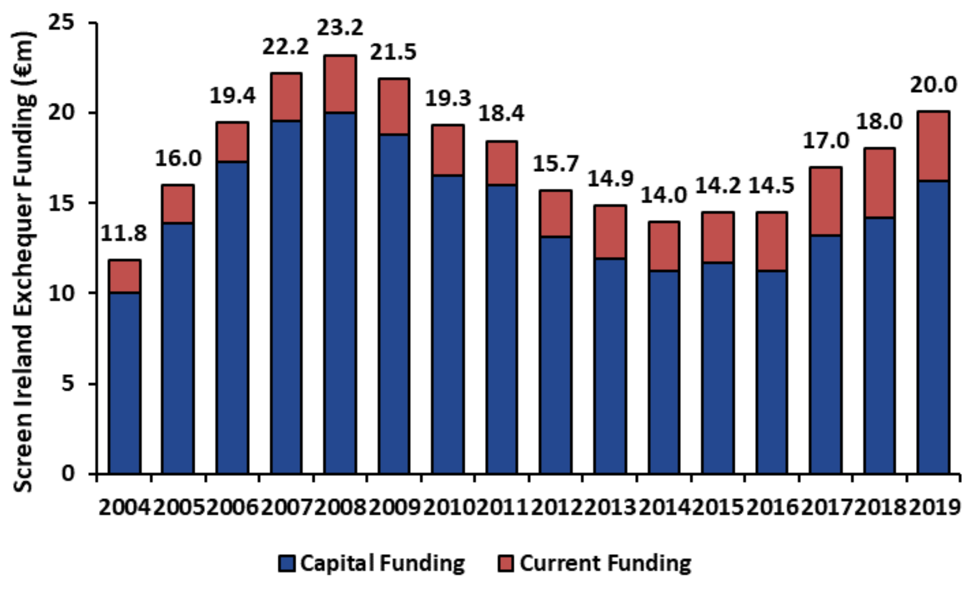
- Creating the position: Head of Creative Production and Talent Development, which will provide artistic and creative leadership to screen production activities;
- Maximising opportunities for the improved Section 481 tax incentive; and
- Providing training initiatives designed to develop talent and skills and thus meet the emerging needs of the sector.

Strong Foundations.

- Exploring all avenues of potential funding; and
- Creating and developing partnerships with organisations such as the IDA, Enterprise Ireland and private sector funders.

In order to successfully develop these pillars, Screen Ireland intends to be open, professional and creative; focusing on talent and skills, creativity and innovation, diversity and enterprise.

Screen Ireland Funding (€m), 2004-2019



Source: Screen Ireland Data

Screen Ireland Investment and Spend (2006-2018) - €m					
Year	**Total SI Funding (€m)**	**Total Irish Eligible Spend (€m)**	**SI Funding as % of Irish Eligible Spend**	**Total SI Projects Production Budgets (€m)**	**SI Funding as % of Production Budgets**
2006	15.29	78.85	19.4%	120.98	12.6%
2007	10.82	52.24	20.7%	82.96	13.0%
2008	19.52	80.50	24.2%	129.36	15.1%
2009	11.94	19.76	60.5%	41.42	28.8%
2010	12.14	32.64	37.2%	94.88	12.8%
2011	11.46	44.13	26.0%	81.20	14.1%
2012	12.39	93.35	13.3%	152.58	8.1%
2013	7.56	59.47	12.7%	95.34	7.9%
2014	9.82	41.85	23.5%	84.75	11.6%
2015	9.49	28.79	33.0%	71.61	13.3%
2016	10.46	56.69	18.5%	103.91	10.1%
2017	11.17	84.22	13.3%	156.86	7.1%
2018	13.75	39.95	34.4%	78.92	17.4%
2019	12.70	49.73	25.5%	92.02	13.8%
Source: Indecon analysis of Screen Ireland data					

Total Commitments, Screen Ireland (2013-2017)					
	2013	**2014**	**2015**	**2016**	**2017**
Production					
Production Loan Features	*3.52*	*6.50*	*5.52*	*7.36*	*8.23*
Co-Production Loans	*0.55*	*1.96*	*1.35*	*1.08*	*1.14*
International Production Fund	*0.50*	*0.25*	*0.00*	*0.00*	*0.00*
Animation Production	*1.12*	*0.72*	*0.60*	*0.48*	*1.06*
Documentary Production	*1.05*	*0.73*	*1.10*	*0.71*	*0.67*
Sub Total (Production)	***6.74***	***10.15***	***8.57***	***9.62***	***11.10***
Short Films Scheme	0.43	0.38	0.89	0.47	0.62
Distribution	0.36	0.56	0.45	0.62	0.46
Development					
Development Loans Features	*1.09*	*1.68*	*1.40*	*1.08*	*1.87*
International Development Fund	*0.03*				
Animation Development Fund	*0.26*	*0.23*	*0.29*	*0.47*	*0.27*
Documentary Development Funding		*0.27*	*0.26*	*0.13*	*0.22*
Sub Total (Development)	***1.37***	***2.18***	***1.95***	***1.68***	***2.36***
Other			0.18	0.11	0.17
Total Commitments	**8.90**	**13.27**	**12.04**	**12.50**	**14.71**
Source: Screen Ireland Annual Reports					

Production Funding 2017 and 2018					
2017			2018		
Type of Production/Development	Total Application Received	Successful Projects	Type of Production/ Development	Total Applications Received	Successful Projects
Fiction Irish Production	34	20	Irish Production Funding	26	11
Animation Television Production	10	8	Animation Television Production	11	11
Documentary Production	32	22	Documentary Production	24	19
			Creative Co Production	18	10
Source: Indecon analysis of Gender Statistics- Screen Ireland					

Development Funding 2017 and 2018					
Type of Production/Development	Total Applications Received	Successful Projects	Type of Production/ Development	Total Applications Received	Successful Projects
Project Development	122	76	Project Development	134	86
Screenplay Development	119	15	Screenplay Development	38	3
Animation Development	27	14	Animation Development	16	12
Documentary Development	46	19	Documentary Development	38	21
International Development (Features and Television Drama)	15	9	International Development (Features and Television Drama)	23	11
Source: Indecon analysis of Gender Statistics- Screen Ireland					

S481 Tax Credit

S481, i.e., Section 481 investment in film, is Ireland's Tax Credit for Film, Television and Animation, and is administered by Ireland's Department of Culture and the Revenue Commissioners. The aim of this tax credit is to incentivise film and TV, animation and creative documentary production in Ireland.[15]

The rate of tax credit is worth up to 32% of eligible Irish expenditure but may increase by 5% if projects are substantially produced outside Dublin/Wicklow and Cork City and County.[16] Eligible expenditure refers to payments made for all eligible individuals, i.e., cast and crew; and all goods, services and the use of facilities in Ireland by a qualifying company.[17] To avail of this tax credit, a producer company must first apply for a qualifying film certification from the Department of Culture, Heritage and the Gaeltacht. From there, an application for payment from Revenue can be made.[18]

In order to avail of S481, the production/project must pass a cultural test and an industry development test, undertaken by the Department of Culture, Heritage and the Gaeltacht.[19]

[15] https://www.screenireland.ie/filming/section-481

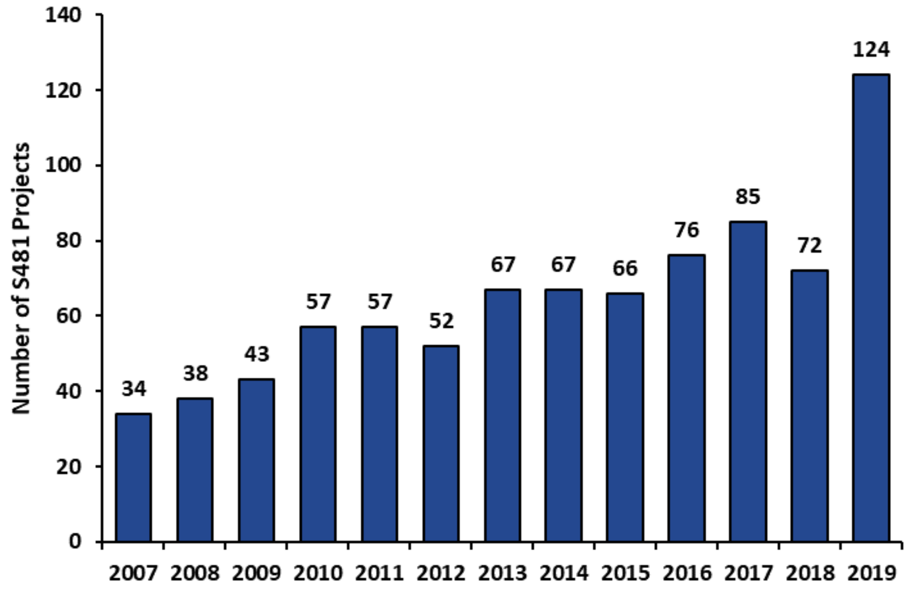
[16] https://www.screenireland.ie/filming/section-481

[17] https://www.revenue.ie/en/companies-and-charities/reliefs-and-exemptions/film-relief/eligible-expenditure.aspx

[18] https://www.screenireland.ie/filming/section-481

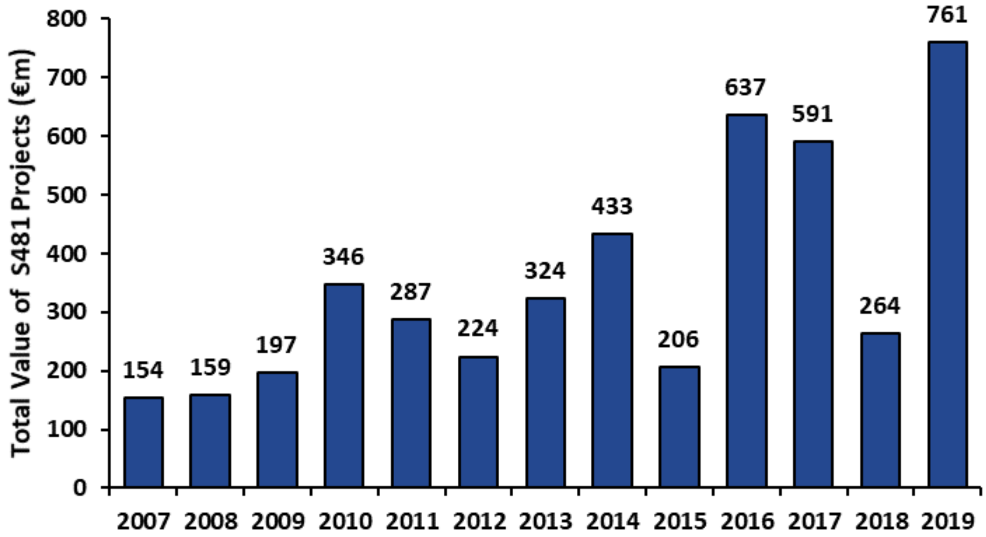
[19] https://www.screenireland.ie/filming/section-481

Total Number of S481 Projects Certified 2007-2019



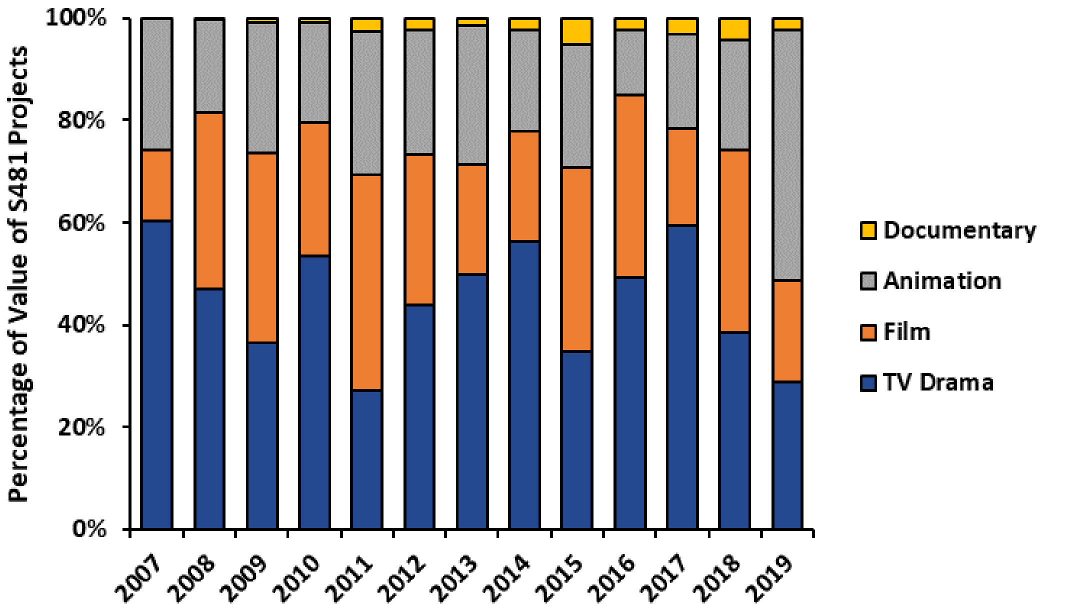
Source: Screen Ireland data

Total Value of S481 Projects 2007-2019



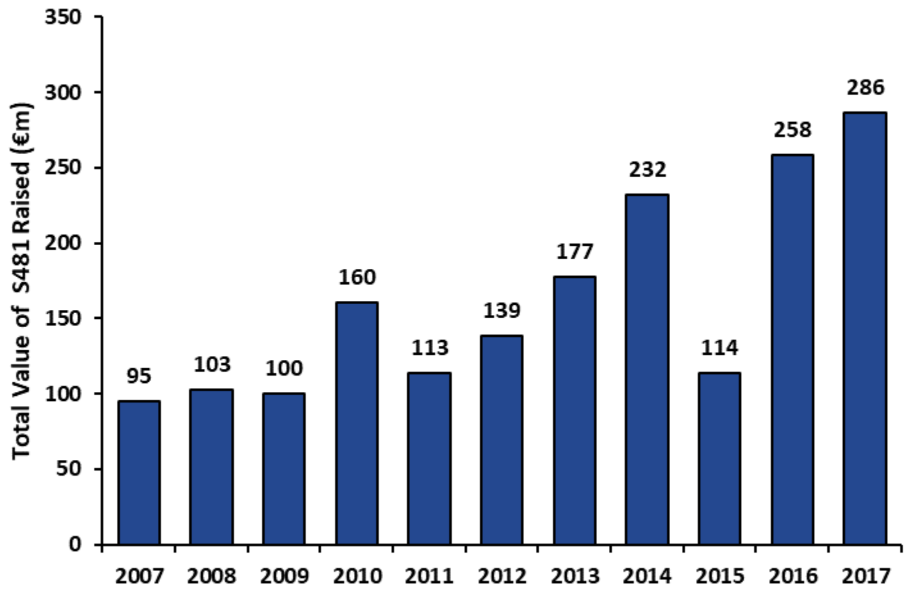
Source: Screen Ireland data

Breakdown of Total Value of S481 Projects 2007-2019



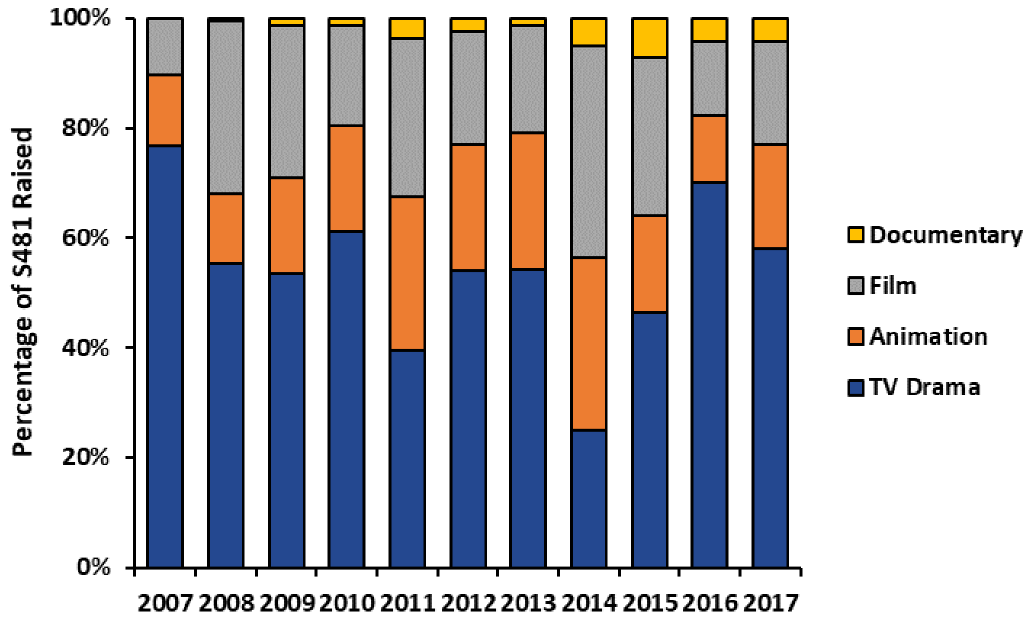
Source: Indecon analysis of Screen Ireland data

Total Amount of S481 Raised 2007-2017



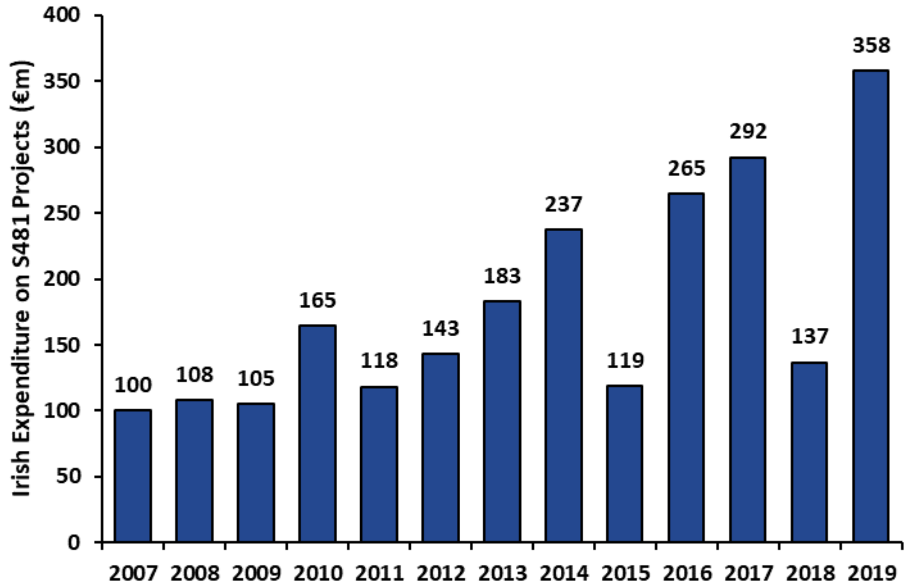
Source: Screen Ireland data

Breakdown of S481 Raised 2007-2017



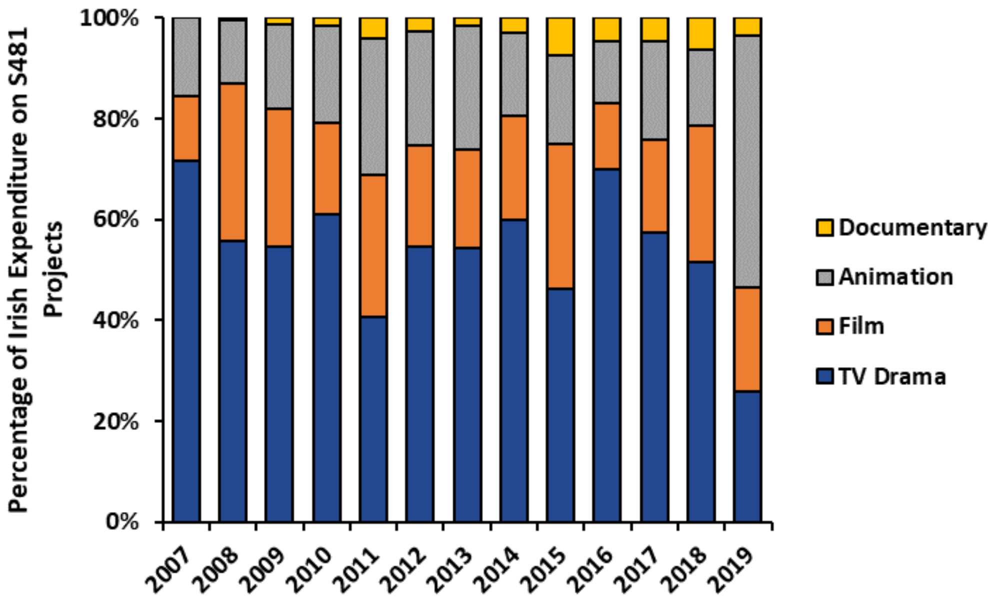
Source: Indecon analysis of Screen Ireland data

Irish Expenditure on S481 Projects 2007-2019



Source: Screen Ireland data

Breakdown of Irish Expenditure on S481 Projects 2007-2019



Source: Indecon analysis of Screen Ireland data

Projects Availing of S481 by Type of Content

	2007		2012		2017	
	No. of Projects	**% of Projects**	**No. of Projects**	**% of Projects**	**No. of Projects**	**% of Projects**
Animation - Local	2	5.9%	3	5.5%	7	8.2%
Animation - Incoming	5	14.7%	9	16.4%	12	14.1%
Animation - Total	**7**	**20.6%**	**12**	**21.8%**	**19**	**22.4%**
Film - Local	6	17.6%	8	14.5%	11	12.9%
Film - Incoming	3	8.8%	10	18.2%	6	7.1%
Film - Total	**9**	**26.5%**	**18**	**32.7%**	**17**	**20.0%**
TV Drama - Local	10	29.4%	9	16.4%	8	9.4%
TV drama - Incoming	8	23.5%	8	14.5%	9	10.6%
TV Drama - Total	**18**	**52.9%**	**17**	**30.9%**	**17**	**20.0%**
Documentary	0	0.0%	8	14.5%	32	37.6%
Total	**34**		**55**		**85**	

Source: Indecon analysis of Screen Ireland data

Beneficiaries of Film Relief, 2016-2019	
Year	**No. of productions**
2016	74
2017	75
2018	86
2019	102

Source: Indecon analysis of Revenue data

Total Number of Beneficiaries Supported by Level of Support Given, 2016-2019				
Support €	**2016**	**2017**	**2018**	**2019**
<€500k	50	52	61	65
€500k - €1m	9	12	11	20
€1m - €2m	13	6	7	11
€2m - €5m	1	1	4	5
€5m - €10m	0	2	0	1
€10m - €30m	1	2	3	0
Total Projects Supported	**74**	**75**	**86**	**102**

Source: Indecon Analysis of Revenue data

Total Number of Beneficiaries Supported by Enterprise Type, 2016-2019				
Enterprise Type	**2016**	**2017**	**2018**	**2019**
Micro	52	37	53	73
Small	6	12	11	8
SME	1	1	0	2
Medium	12	18	13	17
Other	3	7	9	2
Total	**74**	**75**	**86**	**102**

Source: Indecon Analysis of Revenue data

Total Number of Projects Supported by Region, 2016-2019				
Region	**2016**	**2017**	**2018**	**2019**
Dublin Region	48	55	58	76
BMW	9	11	13	15
ESE	0	0	0	2
South West	2	0	0	0
Southern and Eastern	15	9	14	9
Total	**74**	**75**	**85**	**102**

Source: Indecon analysis of Revenue data

Broadcasting Authority of Ireland Supports

The Broadcasting Authority of Ireland was established to support and regulate the Irish broadcasting sector. Public service broadcasters and broadcasting contractors are required to pay a levy to allow the BAI to carry out its functions.[20] Sound and Vision 3 is a funding scheme provided by the BAI and funded through the Broadcast Fund, and is available to television and radio programmes.

The Broadcast Fund, which comprises 7% of the annual net receipts from television license fee, is allocated through a funding rounds system, in which the BAI decides the type of applications which can be submitted and the total amount of funding available in that round.[21] The objectives of the Sound and Vision Scheme include: developing programmes which showcase Irish culture, heritage and experience; which are developed in the Irish language; increasing the number of these programmes available to the nations audience; representing the diversity of Irish culture and heritage and ensuring that heritage under threat, is recorded; and lastly, developing local and community broadcasting across the country.[22]

In order to achieve the above stated objectives, grant funding is offered under the following themes:[23]

- *Irish culture, heritage and experience;*
- *Improving adult or media literacy;*
- *Raising public awareness and understanding of global issues impacting on the State and countries other than the State; and/or*
- *Any of the above in the Irish language.*

Projects funded under the most recent six funding rounds, rounds 29-34, are outlined in the following analysis.

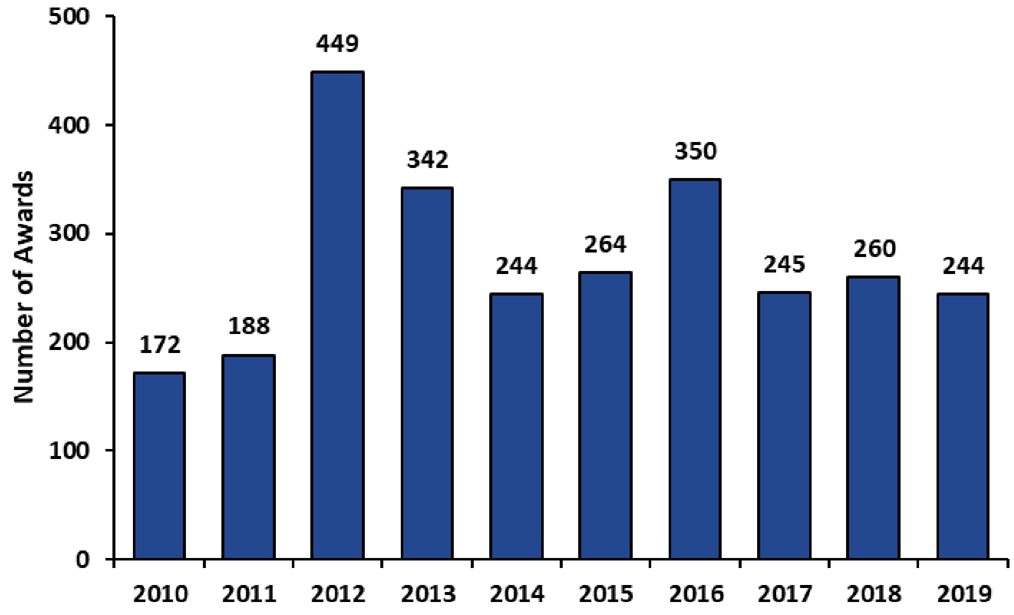
[20] https://www.bai.ie/en/about-us/#al-block-1

[21] https://www.bai.ie/en/broadcasting/funding-development-3/sound-vision-3/#al-block-5

[22] https://www.bai.ie/en/broadcasting/funding-development-3/sound-vision-3/#al-block-5

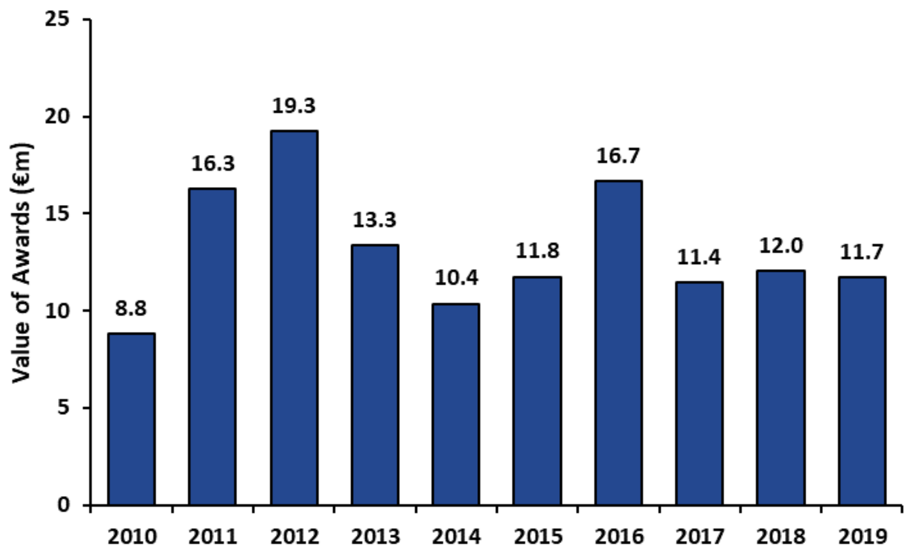
[23] https://www.bai.ie/en/broadcasting/funding-development-3/sound-vision-3/#al-block-5

BAI Sound and Vision Awards 2010-2019



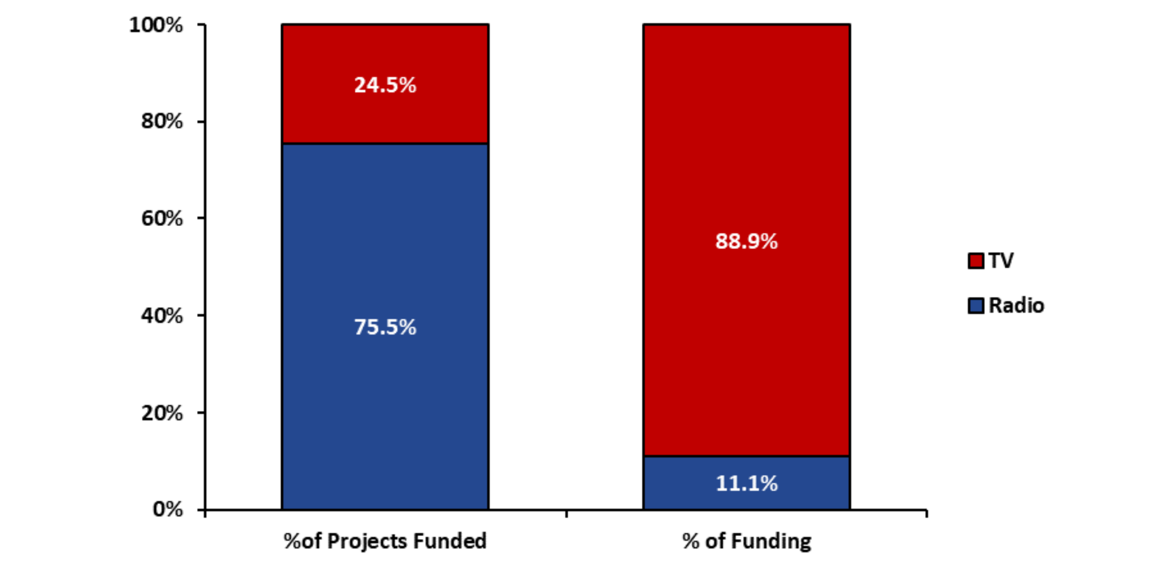
Source: Indecon analysis of BAI data

BAI Sound and Vision Awards 2010-2019



Source: Indecon analysis of BAI data

Funding Recommended Through BAI Sound and Vision (2010 – Q1 2020)



Source: Indecon analysis of BAI data

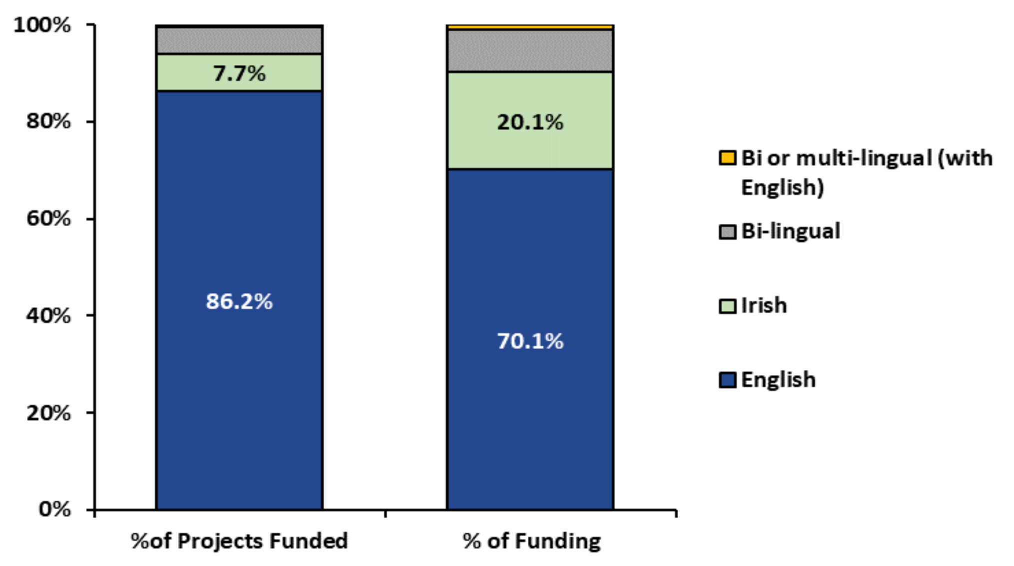
Sound & Vision Projects Supported by Genre (2010 – Q1 2020)				
	No. of Projects	% of Projects	Total Funding	% of Funding
History / Heritage	949	32.9%	34.6	24.9%
Contemporary society	910	31.6%	50.3	36.3%
Arts / Culture	627	21.7%	20.1	14.5%
Children's	183	6.3%	17.4	12.5%
Science / Nature / Environment	177	6.1%	13.4	9.7%
Adult / Media literacy	38	1.3%	2.9	2.1%
Total	**2,884**		**138.7**	

Source: Indecon analysis of BAI data

Sound & Vision Projects Supported by Format (2010 – Q1 2020)				
	No. of Projects	% of Projects	Total Funding	% of Funding
Documentary	1,952	67.7%	58.5	42.2%
Drama	417	14.5%	41.5	29.9%
Entertainment	266	9.2%	17.1	12.4%
Education	199	6.9%	10.6	7.6%
Animation	50	1.7%	11.0	7.9%
Total	**2,884**		**138.7**	

Source: Indecon analysis of BAI data

Funding Recommended Through BAI Sound and Vision 3 (2010 – Q1 2020)



Source: Indecon analysis of BAI data

Sound & Vision Projects Supported by Format (2010 – Q1 2020)

Level of Funding Recommended	No. of Projects	% of Projects	Total Funding	% of Funding
Less than 10,000	1,762	61.1%	8.6	6.2%
€10,000 - €24,999	404	14.0%	5.7	4.1%
€25,000 - €49,999	96	3.3%	3.4	2.5%
€50,000 - €99,999	156	5.4%	11.8	8.5%
€100,000 - €199,999	231	8.0%	33.3	24.0%
€200,000 and above	235	8.1%	75.9	54.7%
Total	**2,884**		**138.7**	

Source: Indecon analysis of BAI data

Number of Awards by Format and Level of Award (2010 – Q1 2020)

	Less than 10,000	€10,000 - €24,999	€25,000 - €49,999	€50,000 - €99,999	€100,000 - €199,999	€200,000 and above	Total
Documentary	68.6%	11.5%	3.0%	6.0%	7.5%	3.4%	**100%**
Drama	53.5%	16.8%	1.4%	1.4%	5.0%	21.8%	**100%**
Entertainment	39.5%	22.9%	7.5%	6.0%	12.4%	11.7%	**100%**
Education	46.7%	24.1%	4.0%	6.5%	9.5%	9.0%	**100%**
Animation	4.0%	2.0%	6.0%	8.0%	22.0%	58.0%	**100%**
Total	**68.6%**	**11.5%**	**3.0%**	**6.0%**	**7.5%**	**3.4%**	**100%**

Source: Indecon analysis of BAI data

Value of BAI Sound and Vision Awards by Format and Year of Award					
	Documentary	Drama	Entertainment	Education	Animation
2010	58.4%	19.7%	9.2%	4.0%	8.7%
2011	54.2%	32.5%	8.6%	0.5%	4.2%
2012	41.4%	28.8%	16.0%	5.8%	7.9%
2013	35.8%	31.9%	15.3%	10.3%	6.8%
2014	39.0%	38.1%	12.3%	8.1%	2.6%
2015	28.0%	30.6%	12.4%	16.5%	12.6%
2016	38.7%	32.5%	14.3%	7.9%	6.6%
2017	32.8%	29.3%	14.8%	8.1%	14.9%
2018	45.4%	31.9%	5.5%	10.3%	6.8%
2019	49.7%	24.4%	8.7%	9.0%	8.3%
2020	41.7%	24.3%	18.4%	4.6%	11.0%
Total	**42.2%**	**29.9%**	**12.4%**	**7.6%**	**7.9%**
Source: Indecon analysis of BAI data					

Value of BAI Sound and Vision Awards by Genre and Year of Award						
	History / Heritage	Contemporary society	Arts / Culture	Children's	Science / Nature / Environment	Adult / Media literacy
2010	25.6%	31.0%	22.9%	8.3%	8.3%	3.9%
2011	30.1%	40.5%	17.3%	6.2%	4.8%	1.2%
2012	27.8%	33.2%	21.9%	10.8%	4.5%	1.7%
2013	31.3%	37.0%	8.8%	5.6%	13.4%	3.9%
2014	24.1%	38.5%	15.6%	10.7%	7.6%	3.5%
2015	23.5%	27.6%	10.3%	16.8%	17.1%	4.7%
2016	34.5%	33.5%	9.1%	10.8%	12.1%	0.0%
2017	16.1%	34.1%	8.2%	27.0%	11.7%	2.9%
2018	20.6%	48.3%	9.5%	13.3%	7.9%	0.3%
2019	14.9%	38.4%	18.6%	15.1%	10.9%	2.0%
2020	12.0%	37.0%	18.5%	20.6%	11.9%	0.0%
Total	**24.9%**	**36.3%**	**14.5%**	**12.5%**	**9.7%**	**2.1%**
Source: Indecon analysis of BAI data						

Award Rates for BAI Funding by Format (Sept 2011 – 2020 Q1)			
	Number of Applications	Number of Awards	Award Rate
Animation	97	47	48.5%
Drama	791	381	48.2%
Documentary	3,749	1,703	45.4%
Entertainment	543	245	45.1%
Education	498	191	38.4%
Total	**5,678**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by Format (Sept 2011 – 2020 Q1)			
	Number of Applications	Number of Awards	Award Rate
Children's	344	167	48.5%
Science / Nature / Environment	348	167	48.0%
Arts / Culture	1,115	531	47.6%
History / Heritage	1,877	846	45.1%
Contemporary society	1,900	821	43.2%
Adult / Media literacy	94	35	37.2%
Total	**5,678**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by Programming Language (Sept 2011 – 2020 Q1)			
	Number of Applications	Number of Awards	Award Rate
English	4,846	2,222	45.9%
Irish	451	193	42.8%
Bi-lingual	328	135	41.2%
Bi or multi-lingual (with English)	53	17	32.1%
Total	**5,678**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding (Sept 2011 – 2020 Q1)			
	Number of Applications	Percentage of Applications	Cumulative Percentage
Rejected - Preliminary	347	6.1%	6.1%
Rejected - Stage I	2,347	41.3%	47.4%
Rejected - Stage II	417	7.3%	54.8%
Successful	2,567	45.2%	100.0%
Total	**5,678**		
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by Service Type (Sept 2011 – 2020 Q1)			
	Number of Applications	**Number of Awards**	**Award Rate**
Community	1,862	894	48.0%
Commercial	2,134	986	46.2%
Public	1,587	665	41.9%
Not Applicable	53	13	24.5%
Unknown	42	9	21.4%
Total	**5,678**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by TV/Radio (Sept 2011 – 2020 Q1)			
	Number of Applications	**Number of Awards**	**Award Rate**
Radio	3,775	1,948	51.6%
TV	1,901	619	32.6%
Total	**5,676**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by Year (Sept 2011 – 2020 Q1)			
	Number of Applications	**Number of Awards**	**Award Rate**
Sep-Dec 2011	98	43	43.9%
2012	1,095	449	41.0%
2013	896	342	38.2%
2014	587	244	41.6%
2015	677	264	39.0%
2016	728	350	48.1%
2017	444	245	55.2%
2018	462	260	56.3%
2019	462	244	52.8%
2020 Q1	229	126	55.0%
Total	**5,678**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by Amount Requested (Sept 2011 – 2020 Q1)			
	Number of Applications	**Number of Awards**	**Award Rate**
Less than 10,000	2,807	1,554	55.4%
€10,000 - €24,999	897	380	42.4%
€25,000 - €49,999	243	88	36.2%
€50,000 - €99,999	385	122	31.7%
€100,000 - €199,999	588	172	29.3%
€200,000 and above	758	251	33.1%
Total	**5,678**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

Award Rates for BAI Funding by Amount Requested (Sept 2011 – 2020 Q1)			
	Number of Applications	**Number of Awards**	**Award Rate**
Less than 25%	223	94	42.2%
25-49.9%	251	99	39.4%
50-74.9%	346	127	36.7%
75% and above	4,857	2,247	46.3%
Total	**5,677**	**2,567**	**45.2%**
Source: Indecon analysis of BAI data			

BAI Awards Since September 2011 by Format						
	Sound & Vision II*			**Sound & Vision 3**		
	Number of Applicants	**No. of Awards**	**Award Rate**	**Number of Applicants**	**No. of Awards**	**Award Rate**
Documentary	1,895	757	39.9%	1,854	946	51.0%
Drama	268	136	50.7%	523	245	46.8%
Entertainment	274	103	37.6%	269	142	52.8%
Education	300	90	30.0%	198	101	51.0%
Animation	29	17	58.6%	68	30	44.1%
Total	**2,766**	**1,103**	**39.9%**	**2,912**	**1,464**	**50.3%**
Source: Indecon analysis of BAI data						

BAI Awards Since September 2011 by Genre						
	Sound & Vision II*			Sound & Vision 3		
	Number of Applicants	No. of Awards	Award Rate	Number of Applicants	No. of Awards	Award Rate
Contemporary society	917	358	39.0%	983	463	47.1%
History / Heritage	932	362	38.8%	945	484	51.2%
Arts / Culture	530	228	43.0%	585	303	51.8%
Children's	150	59	39.3%	194	108	55.7%
Science / Nature / Environment	181	75	41.4%	167	92	55.1%
Adult / Media literacy	56	21	37.5%	38	14	36.8%
Total	**2,766**	**1,103**	**39.9%**	**2,912**	**1,464**	**50.3%**
Source: Indecon analysis of BAI data						

BAI Awards Since September 2011 by Programming Language						
	Sound & Vision II*			Sound & Vision 3		
	Number of Applicants	No. of Awards	Award Rate	Number of Applicants	No. of Awards	Award Rate
English	2,340	939	40.1%	2,506	1,283	51.2%
Irish	239	93	38.9%	212	100	47.2%
Bi-lingual	155	59	38.1%	173	76	43.9%
Bi or multi-lingual (with English)	32	12	37.5%	21	5	23.8%
Total	**2,766**	**1,103**	**39.9%**	**2,912**	**1,464**	**50.3%**
Source: Indecon analysis of BAI data						

Other Funding Sources

WRAP Fund

The Western Region Audiovisual Producers Fund (WRAP) is a regional fund established by the Western Development Commission and Galway Film Centre in association with the local authorities of Clare, Donegal, Galway City, Galway County, Mayo, Roscommon, Sligo and Údarás na Gaeltachta, that aims to support film, television, animation and games by strategically investing in commercial projects designed to generate economic impact, support local talent, create sustainable employment, build the audiovisual infrastructure and contribute to the culture and language of the West of Ireland.[24]

Two types of financial supports are offered under this fund: 1) funding for projects in which significant production is undertaken in the region; and 2) loans to support the development of projects such as the development of a feature film, television drama, animation or game at any stage of the production process. Projects availing of production support can be offered funding of up to €200,000, as long as a sizeable amount of finance for the production is already in place. Projects must

[24] http://wrapfund.ie/

demonstrate that this additional funding will generate a financial return on investment; and production undertaken in either Donegal or Roscommon is of particular interest to WRAP.[25]

Development loans of up to €15,000 are also available. In order to avail of a loan, at least one Producer/Developer must have a company located/established in the Region (Clare, Donegal, Galway, Mayo, Roscommon, Sligo).[26]

The Arts Council

The Arts Council's role in relation to film is to support film artists and cultural cinema. It further provides support to the Irish Film Board, working to develop the Irish film industry; and complements work made in the area of television production by RTÉ, TG4 and the Broadcasting Authority of Ireland.[27]

The Council has established a set of awards and initiatives designed to support films and film artists pursuing 'work of a highly creative and experimental nature'[28] Awards include: film bursary awards, film project awards, reel art awards, authored work awards and ilDÁNA.[29]

- Film Bursary Award: a maximum of €10,000 can be awarded to professional artists to provide them with time and resources to reflect and engage with their arts practice; to provide them with time to develop ideas and practice in the area of experimental or non-narrative film-making.
- Film Project Award: a maximum of €70,000 can be awarded for films that are considered experimental or creatively ambitious; and are created to engage and challenge viewers. These productions should me of a filmic nature and should be exhibited in a cinema setting.
- Reel Art Award: a maximum of €90,000 can be awarded for documentaries which are creative and based on an artistic theme. These documentaries should demonstrate the film artist's passion for the topic and should be made available for exhibition at film festivals and in cultural cinemas. Documentaries which are imaginative, aesthetically appealing or experimental in their approach to research will be considered.
- Authored Work Awards: a maximum of €185,000 can be awarded to artists looking to create a cultural film from a strong artistic point of view. This new award provides the artist with the time and freedom to allow the production to be artist led, so long as the project is made within the budget.
- ilDÁNA: a maximum of €120,000 can be awarded under this joint initiative offered by TG4 and the BAI to support the creation of documentaries which focus on the arts in Irish. The purpose of this scheme is to provide TG4 with a cinematic documentary, and therefore enhance the TG4 schedule.

Additionally, in 2019, the Arts Council launched its first phase of a project designed to collect box office data from organisations receiving strategic funding and funding for venues with the aim of reporting on attendance patterns across the country in order to gain insight and intelligence on audience behaviour which will be used to support the work of these organisations in the future.

[25] http://wrapfund.ie/wrap-funding/production/

[26] http://wrapfund.ie/wrap-funding/development/

[27] http://www.artscouncil.ie/Arts-in-Ireland/Film/

[28] http://www.artscouncil.ie/Arts-in-Ireland/Film/Awards-and-Initiatives/

[29] http://www.artscouncil.ie/Arts-in-Ireland/Film/Awards-and-Initiatives/

Creative Europe Media

'Creative Europe is the European Commission's framework programme for support to the culture and audiovisual sectors.'[30] It has an overall budget of €1.46 billion and is designed to support initiatives which promote cross-border networking relating to culture and literary translation; initiatives which promote access to, or the development of audiovisual works; and lastly to guarantee transnational policy cooperation. The Irish Desk has two specialist MEDIA information offices located in Dublin and Galway. These offices provide information and support relating to funding available under Creative Europe to film, television and games organisations.

Supports include:[31]

- Support for Development of Audiovisual Content- Single Projects: under this scheme, financial support is offered to production companies across Europe wishing to develop a production for film, television, or digital platform in the form of lump sums.
    - €60,000 for Animation projects
    - €25,000 for Creative Documentary Projects
    - €30,000 for Drama if the estimated production budget is less than €1.5m
    - €50,000 for Drama if the estimated production budget is equal or more than €1.5m
- Slate Funding Support Scheme: to avail of this fund, applications must contain at least three and at most five projects which can receive support of between €10,000 and €60,000 per project. Additionally, 'A Short Film (max 20 mins) providing support to emerging talent can be included in the Slate as an additional project – i.e., a Slate of three to five projects plus one short film. If a short film project is included in the Slate the maximum contribution per Slate is €210,000 or €160,000 in the case of a Creative Documentary slate.''[32]

- Television programming: under this scheme, financial support of up to 12.5% of production budgets of fiction or animation projects and 20% of production budgets of creative documentaries can be awarded. Additionally, co-produced drama series with a minimum of €10 million can apply for a €1 million grant.

- Support for the Development of Video Games: a grant of €10,000-€150,000 can be awarded, but must be matched with 50% funding. The 2020 budget is estimated at €3.78 million.

A number of other schemes such as the Cinema Distribution Selective Scheme, the Distribution and Sales Agents Automatic Scheme, Support to Market Access and Film Festivals 2020 are also provided for under Creative Europe.

[30] https://www.screenskillsireland.ie/resources/industry-stakeholders/creative-europe/

[31] https://www.creativeeuropeireland.eu/media

[32] https://www.creativeeuropeireland.eu/media/funding/production/slate

Eurimages

Eurimages is a cultural support fund that was established in 1989 by the European Council. The purpose of this fund is to provide financial support to films with the hope of encouraging co-operation between established professionals in different countries.[33] With an annual budget of €26 million, this fund supports five schemes that qualify under: film co-production, theatrical distribution, exhibition, promotion, and gender equality.[34]

- Co-production supports: four calls per year, support in the form of soft loans and subsidies. Projects are required to have at least two producers from different Member States.
- The Distribution Support Fund is only available to member states who do not have access to EU Creative Europe Media.
- The Exhibition Support: this support is provided as a support to cinemas to increase the programming of films in cinemas, to support efforts to enhance the promotion of films and to develop a large network of cinemas.
- Promotion: this includes the provision of development award.
- Gender equality: under this theme, a Gender Equality Working Group was established to study the presence of women in the cinema sector both at a national and international level, to analyse gender equality in terms of the selection of projects and to collect information regarding the ''gender of the project'' of applications submitted.

[33] https://www.coe.int/en/web/eurimages/about

[34] https://www.coe.int/en/web/eurimages/what-we-do-

Annex 2 Survey of Audiovisual Production Companies – List of Companies Contacted

Audiovisual Production Company Name
Treasure
Subotica
Element Pictures
Samson Films
Blinder Films
Deadpan Pictures
Octagon Films
Fíbín Media
Macalla
Danú Media
MagaMedia
Abú Media
Telegael
Animation Ireland
Daily Madness Productions
Brown Bag Films
Pink Kong Studios
Moetion Films
Kavaleer
Cartoon Saloon
Tile Films
Eras
Curious Dog Films
Crossing the Line
Mind the Gap
Coco Content
Indie Pics
Wild Atlantic Pictures
Shinawil
Kite Entertainment
Loosehorse
Tyrone Productions
Waddell Media
Animo TV
Vision Independent Productions
Waca TV