



# Bord Scannán na hÉireann The Irish Film Board

## Discussion Paper Broadcasting Commission of Ireland - Innovation Fund March 2004

### Introduction

The Broadcasting Commission of Ireland (BCI) - Innovation Fund was introduced via the enactment of the Broadcasting (Funding) Act 2003. The BCI - Innovation Fund represents 5% of annual television licence fee revenue. The fund will be managed by the Broadcasting Commission of Ireland, which is under the aegis of the Department of Communications, Marine and Natural Resources.

From the Broadcasting (Funding) Act 2003, the schemes for the granting of funds are to support all or any of the following:

- (a) new television or radio programmes on Irish culture, heritage and experience including –
  - (i) history
  - (ii) historical buildings
  - (iii) the natural environment
  - (iv) folk, rural and vernacular heritage
  - (v) traditional and contemporary arts
  - (vi) the Irish language and the Irish experience in European and international contexts
- (b) new television and radio programmes to improve adult literacy
- (c) programmes under (a) and (b) in the Irish language
- (d) the development of archiving of programme material produced in the State.

The scheme(s) may only fund television programmes which are broadcast on free-to-air television or on a cable or MMD as part of a community context contract and which are broadcast during peak viewing times (except for children's or educational programmes). Separate provisions are made in the Act for the broadcast of funded radio programmes.

### Background

With an annual allocation of approximately €8 million, the Innovation Fund is a very significant addition to the Irish film and television industry. Presently, Bord Scannán na hÉireann/ the Irish Film Board (BSE/IFB) annual capital funding for 2004 is €10 million. Traditionally, the Board has not had the resources to support a wide range of television projects and has largely concentrated on the development of the industry via short films and the

development and production of feature films. Of the 16 feature films shot in Ireland in 2003, 11 received funding from Bord Scannán na hÉireann/ the Irish Film Board.

Film is inherently an international enterprise. The vast majority of Irish feature films are financed from multiple sources including finance from overseas from: broadcasters, production companies, sale agents/distributors, government agencies and or tax funds. Independent films are generally reliant on overseas sales to return their budgets and go into profit.

While Ireland has a strong history of attracting overseas production such as *Braveheart* and *King Arthur*; competition to attract such films is growing with New Zealand, Australia and Eastern Europe offering packages of attractive incentives to attract offshore production to their countries.

Because of the global competition for the limited funds available for feature films and the competitive nature of offshore production, a vibrant professional domestic television industry should provide the backbone to support the Irish film and television industry. Continual domestic television production provides stable cultural, export, employment, training and professional development outcomes. A buoyant Irish television sector can support the more inconstant feature film sector.

The Irish television sector is complex given that the majority of homes receive stations from outside the State. However, current ratings indicate that Irish viewers are interested in seeing Irish content on their screens.

In order to foster a vibrant and popular domestic television sector, the Innovation Funds for television should be applied across a diverse range of programming including drama – series, telemovies and feature film, comedy, children’s drama and documentaries.

The advent of the Innovation Fund is a unique opportunity to stimulate diverse, innovative, quality Irish television content on a permanent basis. There should be significant employment, professional development and export benefits.

These benefits can only be achieved via careful structuring of the funding programmes in the coming months. Drawing on the experience of similar funds overseas, while having regard to the framework of the Irish legislation, BSE/IFB believes the Irish production and broadcasting sectors should strive to ensure that the fund is structured to enable access by independent productions with Broadcaster commitment/funding attached that demonstrate innovation, national significance and, perhaps, some degree of market failure in terms of closing a financing gap.

## **Discussion Points**

### ***Additionality***

Measured against the Australian, New Zealand, Western European or Canadian context (where there are either television content quotas and or broadcasting commissions that finance local content), the gaps in the Irish independent production co-financing sector are wide and BSE/IFB believes the TV portion of the Innovation Fund would be most effectively used in addressing those gaps, while still meeting the spirit of the legislation.

However, it is understood that there will be a criteria of 'additionality' to trigger BCI funding, meaning applicants must demonstrate that without BCI funds the programme would not be made. This means, in practical terms, if the industry would like to work with the BCI as a gap financier, the challenge during the consultation process is for the industry to demonstrate that without the BCI filling a financing gap on, say, an Irish language documentary already part funded by TG4 and BSE/IFB, it will not proceed to production. Likewise, the industry shall have to demonstrate clearly to the BCI the challenges in financing children's TV drama and, perhaps most of all, the severe challenges of financing feature films on very Irish topics without the benefit of significant TV investment that is common in Canada, Australia and continental Europe.

### ***Disbursement of Funds***

Presently, there is no provision in the legislation regarding whether the money is distributed directly to broadcasters or the independent sector. BSE/IFB believes there should be bias for the funds for television (including educational programming) being distributed to independent producers with TV presales attached to their projects. Having the Fund mandated to deal with independent producers might help keep a level playing field between broadcasters with in house production capabilities and those which are commissioning broadcasters.

Should the Fund *only* provide funding directly to the Broadcasters, it could have a distorting effect on the market in terms of producers selling scripts directly to one broadcaster (with an internal production capacity which could then handle all BCI applications) over the others and may mitigate against content diversity.

### ***Genre***

At present, BCI has no firm views on how the Funds should be split between content genres. BSE/IFB believes the BCI could consider devising expenditure targets between genres, including: documentary, children's drama, drama series/mini-series, pilots, telemovies/feature films and educational programming.

### ***Development and Overheads***

It is understood the BCI Fund shall not be applied to development or overheads. Available funding for development and overheads for independent producers is limited. Therefore, there is an important role for BSE/IFB as the

agency developing the talent behind much of the content that will look to the BCI Fund for co-financing.

### **Key issues:**

BSE/IFB believe the following are areas of special significance for the Fund going forward:

#### ***Children's Drama and Animation***

There is currently no minimum requirement for Irish broadcasters to commission locally produced children's drama, which has considerable cultural ramifications - Irish children grow up watching US and UK shows which do not necessarily reflect their own culture.

This is a key area where the BCI funds could be applied. Children's drama also provides professional development opportunities, especially for writers and directors, as well as being full-scale additional productions for crew and cast. In addition to the cultural and industrial merits of stimulating local children's drama series, this is an area with a large base of overseas co-financing partners and international slots for the content.

#### ***National Interest Documentary***

Funds could be allocated for documentary projects of national interest – cultural, historical, social, history or arts projects that may not ordinarily be fully funded by the broadcasters.

These could be in the form of accord projects – a specific number of projects per annum per broadcaster, at set budget levels (including licence fees) produced by independent producers on behalf of the broadcasters. BSE/IFB could potentially be involved as a small gap financier.

There is little doubt that there is an appetite on the part of the industry to produce a large number of documentaries and demand for BSE/IFB funds in this area far outstrips available funds for this important genre. Having the BCI Fund working as outlined above, will allow BSE/IFB to focus more fully on larger scale and theatrical documentaries while co-financing in a smaller way the national interest documentaries, should there be a small gap.

#### ***Market Failure***

The Innovation Fund could be used to address areas of the industry which are currently considered areas of market failure. Market failure could be defined as those programmes of high quality or national importance (or both) that have difficulty raising 100% of their budgets from existing financing mechanisms.

At various times, this definition could be applied to quality (and very locally focused) Irish documentaries, telemovies, feature films, mini-series and children's programmes. Should these projects (in content terms) meet the cultural criteria of the fund they could then be part financed by the Innovation Fund. Careful criteria regarding Irish elements would be required.

When the present level of licence fees and the necessity for large wage deferrals are taken into account, it could be argued that many programmes mentioned above (including low budget feature films) fall into the area of market failure, thus meaning there is a very important role for the BCI Innovation Fund to play in this regard.

### ***Innovation***

Drawing on the experiences of the Australian Commercial TV Production Fund and NZ On Air, BSE/IFB believes innovation should be a key criteria for at least part of the Fund's expenditure. The Fund's existence should allow for a type of riskier, innovative and/or experimental programmes to find their way on air that the broadcasters might not otherwise consider taking the risk of financing from script stage.

This could be in the form of pilot programmes such as drama and comedy half hours, hours, telemovies and feature films. Should these pilots go on to be commissioned as series, they could perhaps be financed without the support of the Innovation Fund.

### ***Minimum Licence Fees***

BSE/IFB understands that the Fund shall require projects to have a broadcaster commitment to transmission in order to be eligible for funding.

BSE/IFB believes this commitment should clearly be in the form of a presale or investment by the broadcasters. It will be for the BCI to consider various mechanisms to determine the appropriateness of the broadcaster licence fee level.

### ***Levels of funding***

The Fund will be approximately €8 million per annum. A portion of funding must be applied to community radio, a portion to archiving and the balance applied to television - prime time, except for educational and children's programmes.

BSE/IFB believes the amounts for non-TV content should be spelt out clearly at the start of the operation of the Fund.

Overall, BSE/IFB would favour the Fund taking a co-financier approach (rather than a near full financier) to enable these funds to be stretched over the widest amount of content possible, while also providing producers with the opportunity to continue to raise other sources of finance. It is highly desirable

that programmes funded by the Innovation Fund are able to be exploited in overseas markets i.e. cast and music rights are bought out in full as part of the budget of the programme. This would allow producers to potentially make a profit via export and have positive cultural benefits.

### **Criteria**

BSE/IFB believes the fund should aim to:

- support high quality Irish content in a way that will increase the amount, diversity and quality of Irish drama, documentaries and children's drama programmes;
- provide a boost for domestic production and provide professional development opportunities for practitioners;
- encourage a representative portrayal of Irish cultural diversity;
- encourage programmes with export potential, although the projects should be primarily aimed at an Irish audience; and
- support the development of libraries of Irish controlled copyright.

### **Assessment Process**

BSE/IFB believes that clear funding guidelines should be written in relation to each area of funding available from the Innovation Fund. These should set out what materials are required of applicants, level of funding available, application process, selection criteria and legal requirements together with the cycle of decision-making.

BSE/IFB believes applications should be assessed by a small panel of various practising industry professionals (excluding employees of broadcasters) together with representatives of the BCI Board. This would provide a current, well rounded view of the Irish industry. Clear guidelines for addressing conflict of interest issues for the assessment panel should be introduced. A small executive could manage the day-to-day operation of the Fund. Expertise in the areas of script and budget assessments could be drawn on as required ie outsourced. Broadcast expertise from overseas could be brought-in as required.

### **BSE/IFB involvement**

As the Innovation Fund can only support production, it will be vital that projects are well developed before seeking support from the fund. Generally, the documentary development process takes at least 4 to 12 months and drama projects at least 6 months to 2 or more years. BSE/IFB has a key developmental role as one of the agencies developing projects and talent.

In the event that the combination of support from broadcasters (licence fees and equity) together with the Innovation Fund leaves a financing gap, BSE/IFB should be able to co-finance some projects provided that they meet funding criteria for both funders.