

Pact – Written evidence (PBS0044)

Introduction

- 1) Pact is the trade association which represents the commercial interests of the independent television, film and digital media production sector in the UK.
- 2) Pact works on behalf of its members to ensure the best legal, regulatory and economic environment for growth in the sector. Pact has over 500 member companies based across the UK and the majority of these are SMEs (small and medium sized enterprises) with a turnover of less than £50m a year.
- 3) Taken as a whole, the TV industry around the world is worth a staggering \$400 billion.¹ The UK independent television sector is one of the biggest in the world. UK independent television sector revenues have grown from £1.3 billion in 2005 to over £3 billion in 2018 largely driven by a growth in international sales.²
- 4) The British independent TV production sector is extremely successful internationally and is strong, along with the wider UK creative industries, at promoting the UK 'soft power' brand overseas. UK TV Export revenues were £1.4 billion in 2018/19. The UK is the second largest exporter of TV content in the world (after the USA)³ and the biggest international exporter of programme formats (the templates for ideas which make a TV programme).

Overview

1.1 The EU is an important market for the UK TV and film independent production sector, representing £470m in UK TV exports.⁴ While there are other territories, such as Latin America, that UK companies feel can offer more opportunities for expansion; the EU still represents substantial opportunity for UK producers and will continue to do so after the transition period is over. Producers benefit from the current EU broadcasting regime, and the European Works quota under the Audiovisual Media Services Directive.⁵ The UK Government have confirmed that they will be transposing the revised

¹ Analysis for Pact by Oliver & Ohlbaum, published in 'A New Age for UK TV content and a New Role for the BBC', August 2014

² Pact Census Independent Production Sector Financial Census and Survey 2019, by Oliver & Ohlbaum Associates Limited

³ Mediametrie Television Year in the World report (2013)

⁴ UK TV Exports Report 2018-19, Pact, October 2019

⁵ Article 17 of the Audiovisual Media Services Directive states that broadcasters must reserve a minimum proportion (at least 10%) of their transmission time to European works created by independent producers.

AVMSD into UK legislation once the transition period is over.

1.2 The main Public Service Broadcasters (BBC, ITV, Channel 4 and Channel 5) are the main commissioners of UK independent producers and the main source of the majority of our members revenue. In 2018, the four main PSB networks spent £1,271m on UK primary commissions. Which represents 80% of all UK commissioning spend.⁶ Pact is a strong supporter of the UK PSB system, and the legislative and regulatory interventions that exist within the PSB system should not be undermined by any future relationship with the EU.

1.3 As a services sector, the film and TV industry faces very little barriers to trade with the EU, and other territories. There is a possibility that a new EU trade deal could include non-tariff barriers which were not in place before the UK left the EU. For example, weak intellectual property enforcement and protection or immigration and visa restrictions. It's important that non-tariff barriers are minimised where possible to ensure that the sector continues to exploit all the opportunities the European market offers.

Inquiry Questions

2.1 Pact has answered the questions most relevant to the film and TV production sector.

Q1. How important are the different UK professional and business services sectors to the UK's economy and trade in services? Please include data where possible.

3.1 The UK independent film and TV production sector is one of the most successful in the world and play a key role in exporting the UK's soft power brand overseas. In 2018, total UK television production sector revenues increased to just over £3bn, largely fuelled by the growth in international revenue. International revenues grew by 20% in 2018 to £962m, which represents an increase of over 90% in the last five years.⁷ The sector is a key contributor UK GDP and is growing at twice the rate of the rest of the economy. In 2018, the creative industries contributed £111.7bn to the UK economy, an increase of over 40% since 2010.⁸

3.2 The creative industries are a strong source of UK job growth, with employment in the sector growing by 30.6% in 2011-2018, compared to a national average of 10.1%.⁹ Jobs in the creative industries are also low

⁶ Pact Census 2018, Pact, September 2019

⁷ Pact Census 2019, Pact, September 2019

⁸ DCMS Sectors Economic Estimates 2018: GVA, Department for Digital, Culture, Media and Sport, February 2020

⁹ DCMS Economics Estimates 2020, DCMS 2020

risk of being automated in the future. A NESTA report found that only 15% of UK creative industry jobs were at high risk of being automated, compared to 32% of non-creative industries which are deemed at risk of automation.¹⁰ While there is a risk of redundancies and company closures due to the COVID pandemic, creative industry related jobs are largely future proof and will likely continue to contribute to overall UK job growth in the future.

Q2. What provisions should the Government seek to negotiate to minimise potential barriers to trade, particularly for smaller professional and business services providers? What steps should the Government take to preserve the competitiveness and innovation capacity of the UK's different professional and business services sectors?

4.1 There are very few traditional barriers to trade for the film and TV production sector as a highly globalised sector, producers are able to export their IP and content internationally easily. However, non-tariff barriers can make markets less attractive to work in or cause practical problems for producers abroad. Difficulty securing visas, IP and copyright laws can all cause problems for producers and make markets less attractive to trade in. Because of the UK's membership with the EU, there are very little, if any, non-tariff barriers in place. However, there is a possibility that substantial divergence in copyright law and IP enforcement and protection in a future EU trade deal could cause problems for UK producers. IP is vital for the industry and anything which weakens protection of it, and hinders producers being able to fully exploit and export IP will have an impact on the attractiveness of the European market and potentially the production sectors international revenues.

4.2 The UK has a number of co-production treaties in place which help to facilitate international collaboration between film and TV producers from both countries. These are highly valuable and often easier to negotiate than trade deals. For films made through co-productions one way to ensure the smooth continuation of filming both within the UK and in the EEA would be to create a creative industries exemption for workers being brought in under any co-production treaty including the European Convention on Cinematographic Co-Production (this would be most relevant for smaller film production companies). This is a treaty that has been set up under the Council of Europe of which the UK will be able to re-join as a non-EU member given that there are non-EU member states already signatory to the convention. Currently under freedom of movement the ability to quickly benefit from co-productions is relatively easy and there is a reciprocal arrangements between bringing staff from one country to another. Some Pact film members have expressed

¹⁰ Creativity vs Robots: the Creative Economy and Future of Employment, NESTA, April 2015

the need to maintain flexibility in freedom of movement as smaller producers would consider not proceeding with a film production if freedom of movement guarantees were missing. Often smaller producers will stitch together financing from a range of tax credits across Europe to produce films and this relies on freedom of movement.

- 4.3 Minimising all non-tariff barriers may not be feasible in some areas such as visas and immigration especially when the UK Government has made clear its intentions for the UK's post-Brexit immigration system and ending the current freedom of movement. Pact is pleased that those in the film and TV industry will be able to apply for the new Global Talent visa, which will replace the current Tier 1 (exceptional talent) visa route. However, it is currently not clear if there will be any changes to the Temporary Worker – Creative and Sporting visa (Tier 5), which the sector relies on. As a globalised business, independent producers often need quick access to countries for last minute filming, meetings, or attending international markets. The Tier 5 visa route should remain as flexible as possible. The sector needs a pragmatic migration and visa regime that allows production to hire short-term non-UK talent, and that minimises the bureaucracy involved. And likewise, we need to ensure that our European partners can continue to access UK talent, crew and services, as they currently do due to our EU/EEA status.
- 4.4 After the end of the implementation period, it is less clear how easy it will be to temporarily export goods, namely filming equipment, from the UK to the EU and vice versa. Currently producers filming outside the EU use carnets to transport their filming equipment. These carnets can often be expensive to obtain, which can act as a barrier to many SMEs, and the application process can be complex, especially for production companies who may be unfamiliar. Simplification of the carnet system would be of great use to the TV and film production sector, especially SMEs who may not have the same resources as larger, more established companies.
- 4.5 Pact is a strong supporter of the UK Public Service Broadcasting (PSB) system and believe it delivers a highly valuable public asset. The delicate balance of legislative and regulatory interventions has led to the creation of a broadcasting ecology in the UK which is internationally recognised as one of the most dynamic and creative in the world; the PSBs at the heart of this ecology and account for the majority of all content origination spend in the UK.
- 4.6 The UK Government should ensure that the PSB system, and the existing legislative and regulatory interventions are protected in any future trade deal. Any weakening of the current provisions runs the risk of undermining or weakening the system, and the independent TV and film production sector. Given the success of the sector and its contribution to the UK economy and

job growth, the Government should seek to ensure the PSB system is protected as a priority.

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