



11 August 2021

Committee Secretary
Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Dear Committee

Treasury Laws Amendment (2021 Measures No. 5) Bill 2021

We write in relation to the Treasury Laws Amendment (2021 Measures No. 5) Bill 2021 (the Bill) which was referred to the Environment and Communications Legislation committee on 5 August 2021 for inquiry and report by 20 August 2021.

Free TV Australia is the peak industry body for Australia's commercial free-to-air broadcasters.

Schedule 1 of the Bill is of central and critical importance to the Free TV industry and failing to incorporate the proposed changes will substantially undermine and negatively affect the sustainability of the industry. The Free to air industry remains committed to delivering the Government's public policy objectives (Australian stories available on Australian screens – free and accessible to all, sustainable local and national Australian news and Australian sport) but the industry needs the changes outlined in Schedule 1 to allow these objectives to continue to be met in a sustainable and long-term way.

Commercial free-to-air broadcasters are the largest investors in the Australian screen production sector. We invest over \$1.5 billion in Australian content every year and have invested over \$7.8 billion over the last 5 years. Australian content represented over 84 per cent of commercial free-to-air networks' total content spend in 2019/20.

It has been well documented that the impact of COVID-19, increased local Australian production, and the competition faced by international streaming services; are all severely impacting Free TV broadcasters' ability to secure local production facilities, crew and other associated jobs and infrastructure, and that the costs of producing Australian drama are steadily increasing. The changes outlined in Schedule 1 of the Bill are critical and essential to the ongoing provision of Australian stories on Australian screens – available and free for all Australians to access.

1. Free TV supports proposed changes to the Producer Offset

Schedule 1 to the Bill, amongst other things, proposes to:



- Increase the producer offset for films that are not feature films released in cinemas to 30 per cent of total qualifying Australian production expenditure.
- Remove the 65 commercial hour cap on claiming qualifying Australian production expenditure for a drama series and seasons of a drama series.

Free TV strongly supports these measures in the Bill. They are critical to ensuring the success of our industry in an increasingly global market.

2. Raising the Producer Offset to 30% for non-feature films is critical and overdue

Free TV strongly supports increasing the Producer Offset for films that are not feature films. This measure proposes to reform the Producer Offset in response to audience and marketplace changes since its introduction in 2007.

Raising the offset level for non-feature films will encourage investment in the Australian production industry and provide an additional incentive for investment in Australian content.

These measures are critical at this time when the costs of producing Australian content are continuing to increase and broadcasters' revenues continue to be challenged.

Critically, this will also bring Australia's Producer Offset rate for non-feature films in line with other countries globally,¹ ensuring the Australian regulatory framework provides globally competitive incentives.

3. Abolishing 65-hour cap will support successful Australian titles

Removing the 65-hour cap is a reform of central importance which will encourage successful drama titles to continue being created for longer.

Currently it is rare for Australian drama series to continue beyond 65 episodes as there are a range of challenges to overcome to fund a drama series in Australia and these challenges do not ease after 65 hours. Even some of the most successful Australian drama titles such as *Offspring* (Ten) were made at a heavy loss despite being produced with assistance from the offset for the first few seasons.

This reform will recognise Australian industry success stories and ensure that where series are particularly popular with audiences and continue beyond the 65-hour cap, their continuation is encouraged and supported.

4. Recommendation

For the reasons outlined, Free TV supports the proposed measures in the Bill regarding the Producer Offset and recommends they be passed as soon as possible. The sustainability of Australian stories being available on Australian screens – accessible and free for all Australians – is very much dependant on measures such as these.

Please do not hesitate to contact me on [REDACTED] if you wish to discuss any matter raised in this letter or require further information.

¹ For example, see: <https://www.o-spi.com/projects/blog-global-incentives-index>



Yours sincerely

Bridget Fair
Chief Executive Officer