



NATIONAL CULTURAL POLICY

Senate Environment and
Arts Committee Inquiry
Ausfilm Submission

March 2023

1. ABOUT AUSFILM

Ausfilm is a partnership between the Australian government and private industry and is responsible for promoting Australia as a leading film and television production destination to drive inward investment into Australia. We do this through marketing the Australian Government's Screen Production Incentives and connecting international filmmakers with the Australian screen industry. Our membership comprises Australia's federal, state and territory screen agencies and 58 leading private sector production services companies. Funding is also provided by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

2. NATIONAL CULTURAL POLICY

Ausfilm congratulates the Government on its National Cultural Policy and welcomes its ambition to make culture a consideration in all facets of government policy.

In particular, Ausfilm welcomes the Government's commitment in *Revive* to:

Continue support for investment in large scale screen productions in Australia through film tax offsets and location-based production offsets. (p.85)

In relation to this commitment, Ausfilm's submission pertains to the process by which this support could continue.

The Australian Government provides a suite of screen production incentives. The Producer Offset to support the development of Australian projects and the Location Offset and PDV (Post Digital and Visual Effects) Offsets to attract larger budget location shooting and PDV work to Australia. In addition, there is the Location Incentive, a grant that complements the Location Offset.

In 2021/22, a record year for Australian screen production, these incentives supported \$1.51 billion of Australian drama production, \$442 million in international drama production and \$335 million in PDV work for a total of \$2.29 billion.

Since 2018 the combination of the Location Offset at 16.5% and the Location Incentive at 13.5% has ensured that Australia is competitive with other jurisdictions such as Canada, the UK and the US state of Georgia. It has created a pipeline of production worth \$3.3 billion in inward investment and provided more than 24,100 job opportunities for Australians and work for more than 24,100 Australian businesses.

Australia has a compelling reputation as a production destination and is globally renowned for its talented cast and crew, world class studio infrastructure, post production facilities and diverse locations. To be a world-leading screen production destination, Australia must, in addition, have a long term, consistent and certain production incentive program.

While the combination of the Location Offset and the Location Incentive has demonstrated that 30% is the right level to attract productions to Australia, Ausfilm submits that the best option going forward is to have a Location Offset at 30%. The Location Offset on its own at 16.5% is not competitive and we have witnessed the dramatic decrease in activity when only the Location Offset is available (down to \$13m in 2017/18 from a current 5-year average of \$373m).

The current dual process of the Location Offset and the Location Incentive leads to uncertainty as productions need to apply to the latter. In addition, the Location Incentive is capped both in

terms of time and funding available. It is therefore difficult for international financiers to plan a future pipeline of investments.

This lack of certainty and ongoing availability then makes it harder for industry and government to make long term investments into training and infrastructure.

A permanent 30% Location Offset would provide global investors with the required certainty to make commercial business decisions now and well into the future.

3. Summary

The pipeline of production generated by the Location Offset and Location Incentive in the past 18 months, has ensured that Australian businesses and Australian crews have experienced sustainable and consistent work, have been able to grow their businesses, employ more FTE's and invest significantly back into their businesses and training programs. Additionally, it creates an environment in which private enterprise and government begin to consider investing in infrastructure.

This investment in Australia drives economic activity that also generates tax revenue for the government that partially offsets the revenue foregone, including the payment of significant amounts of Non-Resident tax. Ausfilm submits that the cost to revenue of the Location Offset is balanced by the tax revenue collected from the economic activity generated by the investment coming into Australia to support production.

The domestic and international sectors are interdependent and exist as an ecosystem of talent, facilities, infrastructure, and skills development with a balance between domestic and international film and television vital for a healthy and sustainable industry.

International production is integral to the infrastructure and skills enhancement of Australia's screen industry and the competitive global landscape necessitates government support in the form of a globally competitive incentive program in order to attract this type of work.

International productions add value to the Australian screen ecosystem. It is these large scale productions that support capacity growth and provide industry and government with the opportunity to address the constraints across the industry.

Successive Governments have provided short term solutions in recognition that alone the 16.5% Location Offset is not competitive. A 30% Location Offset would provide ongoing certainty for international investors, will ensure that Australia is able to capitalise on the global production boom and safeguard Australia's success and long-term growth for the film, television, and creative sectors.