



+612 8866 1349 (AU)

info@servo.com.au

servo.com.au

Submission to the Senate Economics Legislation Committee inquiry into provisions of the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024*

Dear Senators

We are writing to you to support the swift review and passage of reforms to the Location Offset. It is very important that this legislation is reviewed and passed as soon as possible. We are requesting that the Committee conduct its review during April and finalise its report in early May. This would build confidence in the reform and support Australian jobs and businesses that work across international productions.

We represent Servo Production Services Pty Ltd, a film/TV production services business that is based in NSW, Queensland, and Victoria. We provide production services to US studios and streamers such as Amazon and Paramount and we also work with independent companies such as Ron Howard's Imagine Entertainment. Over the past six months we have been successful in attracting international film projects that have generated around \$450m in foreign investment and around 1,500 local jobs. These projects all came to Australia on the presumption that the Location Offset would be increased from 16.5% to 30%. Our future slate is of a similar scale and is in jeopardy of not being green lite due to the uncertainty that currently surrounds the location offset.

As stated above the delay in passing the legislation to achieve the foregoing has (i) caused significant uncertainty and anxiety for these existing projects, and (ii) materially affected our ability to bring future projects to Australia. Simply put, many of our major clients have emphatically told us that until such time as the Location Offset is legislatively recalibrated to 30%, they will not be considering Australia for their current slate. Given the extremely high demand for production of content, coupled with the looming threat of further labor action within the US local industry, this is an extremely unfortunate development and will cause hundreds of millions of dollars to go to other filmmaking territories such as the UK, Canada and Eastern Europe. It will also erode our country's ability to expand upon the film infrastructure and the training of emerging crew.

This submission relates to provisions of the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024* that will reform the Location Offset, and not other provisions in the bill.



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The Location Offset is important for the local industry

Government support is critical for Australia's screen industry, and enables us to develop the capacity to tell world-class screen stories while growing our industry, crews and facilities. The Location Offset is a foundational part of Government's support. By attracting international film and TV projects to shoot in Australia, the Location Offset generates work and training opportunities for Australians in front and behind the camera, creates significant spend for Australian post-production and digital and visual effects companies, and triggers Australian investment into capabilities that are then used on local screen stories.

International production is crucial for our business and the screen industry as a whole. International work represents the life blood to the prosperity of the wider Australian industry and provides Australian crews with the opportunities to be trained at world class standards, as well as giving our crews the opportunity to work with some of the most renowned filmmakers in the world. Additionally, it provides many industry vendors the opportunity to invest in capital and bring cutting edge equipment and VFX services to our shores.

Without a competitive Location Offset, international producers will now seek other regions around the world to assist with telling their stories.

We support the reforms to the Location Offset

We were delighted when the Government announced it would increase the Location Offset rebate to 30 per cent. The peaks and troughs of international production have made it very difficult for us to properly plan and grow. A world leading 30 percent Location Offset will support a long-term pipeline of international production with the ability to reshape the longevity and output of the industry for many years to come.

Setting the Location Offset at 30% is a game changer and will make Australia one of the world's leading destinations for international feature film and tv production..

The reforms have been drafted by Government via a detailed consultation process throughout 2023 and early 2024, and we support the bill in its current form.

Swift review and passage would support the industry

It is very important that these reforms are reviewed and passed as soon as possible. Industrial disputes in Hollywood stopped international production for most of 2023. Because screen productions are complex and have a long lead time, the industry is still recovering. Many Australian workers and businesses lost several months of income. Our business experienced a material drop of studio requests and project work during this



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period with enquiries and consultation only reemerging since early 2024. There is now a threat of new labor actions taking place in America which would have resulted in many projects being rerouted to Australia, but sadly this is not viable given the delay in the passage of legislation for the new Offset.

These stoppages disrupted the entire industry, and reduced the risk tolerance of international studios, streamers, and independent filmmakers. Our studio contacts have been clear that international productions are resistant to commit work to Australia until this legislation is passed. This is creating a further gap of work for business and workers still recovering from the impact of earlier challenges. The impact of this gap will grow as uncertainty extends.

We are conscious that the Parliament has many issues to consider, but are requesting that the Committee conduct its inquiry as soon as possible. Specifically, we request that the inquiry report as soon as possible, potentially in early May, with a recommendation to pass the Location Offset reform. This would build confidence in the reform and support the workers and businesses that work across international productions.

We have seen that some members of the Committee have discussed the Location Offset reform in association with the Government's plans to introduce content obligations for streaming services. We appreciate that content obligations are a very important issue for the industry. However, content obligations are a separate issue to the Location Offset. We are also concerned that content obligations are complex and may require a long time for Parliament to resolve, while the Location Offset is a long-standing measure that has support across the Parliament. Any delays to Location Offset reform will impact local jobs and businesses now, and into the future.

This Location Offset reform has broad support from the industry, and has been through detailed consultation. It has been recommended by previous Parliamentary Inquiries in 2017 and 2019. It was announced in the 2023 Budget and we are hoping it can be passed as soon as possible, to provide a real boost to Australian workers and businesses. We appreciate the Parliament's history of collaborative support for the screen sector, and are encouraging this to continue through support for this bill.

As you know, Ausfilm is a unique partnership between private industry and government. I encourage you to contact Ausfilm and myself with any questions. Please contact us via Marvin@servo.com.au

Yours faithfully,

The Servo Partnership Team
Servo Production Services Pty Ltd