

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

On behalf of Rising Sun Pictures' (RSP) I am 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. I am 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.

Rising Sun Pictures is headquartered in Adelaide, South Australia and an office in Brisbane, Queensland. RSP was established in 1996 and currently employs over 310 people. Our recent work includes The Fall Guy, Monarch: Legacy of Monsters, Loki season 2 and The Acolyte and Mortal Kombat 2, Sonic the Hedgehog 3 and Furiosa currently in production.

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.

### **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. 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 local post-production and digital and visual effects companies, and triggers business investment into capabilities that are then used on local screen stories.

International productions are very important for our business and represent over 80% of our business. Without international productions our business would not be viable. Importantly, our work on international titles has directly benefitted Australian stories and the local sector in both capability and cost, such as our recent investment in applied Machine Learning technology which is now available to local productions. Additionally, the ongoing nature of international productions has allowed RSP to invest in its training programs for the next generation of VFX artists through its affiliation with the University of South Australia; having successfully trained hundreds of artists which have been employed domestically.

### **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 30 percent Location Offset will support a long-term pipeline of international production. RSP is hoping to scale to 500 staff over the next few years and to continue its focus on applied research and development.

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 reduction of its labour force by 20%.

These stoppages disrupted the entire industry, and reduced the risk tolerance of international studios, streamers, and independent filmmakers. Our contacts have told us that international productions are reluctant to commit work to Australia until the 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 and RSP is a founding member of Ausfilm. I encourage you to contact Ausfilm and myself with any questions. Please contact me via email.

Yours faithfully,

Jennie Zeiher

2<sup>nd</sup> April, 2024