



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

I am writing to you to support the swift review and passage of reforms to the Location Offset. It is vital to our business 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 much needed confidence in the reform and crucially support Australian jobs and businesses that rely on work from international productions for ongoing sustainability.

I am Nerissa Kavanagh the MD of Blackbird VFX. Blackbird is an independently, family owned Australian Visual Effects company based in Surry Hills, on Gadigal land. We specialise in VFX for film and television content and are proud Ausfilm members. Today, our business marks its 11th anniversary. Since our establishment in 2013, we have grown our team of skilled creatives to 28 employees, recently scaling up to 35 during our busiest period to date. Our recent projects have included *La Brea S2 & S3*, *Apples Never Fall*, *Wolf Like Me S2 & The Equalizer 3*. These projects have accessed a range of incentives, including the Location Offset, Producer Offset & PDV Offset, testament to the fact that all incentives contribute significantly towards being able to maintain a consistent pipeline of work that enables us to offer stability of employment and ongoing investment in our infrastructure. As a small business, we believe we well and truly punch above our weight, largely because of the industry incentives that allow us to compete in a highly competitive global market.

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.

This submission provides specific information for how this reform impacts our business, and also discusses its broader importance for the industry.

The Location Offset is important for the local industry

We acknowledge the extensive support offered to our industry by way of the Australian Screen Production Incentive. A program that is intended to both support the creation of Australian content and attract international production to Australia to underwrite the continuing growth of the industry.

We are proud to be a part of such a diverse, creative and vibrant industry.

Government support is critical for Australia's screen industry, and enables us to develop the capacity to tell world-class screen stories and showcase our industry talent globally. 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 essential for our business. They have created a positive shift in the type, scale and number of projects we can secure. They contribute to much needed stability in an industry that is at the mercy of cyclical trends and ebbs and flows. International productions allow us to showcase both our work and by extension our employee's talent on a global stage. In recent years, they have enabled us to move staff from short term contractors to long term employees, offering them financial security and stability. Importantly, our work on international titles has directly impacted our ability to support Australian stories and the local sector. For example, we are currently close on securing work on a local production that will require a financial investment on our part to help the Producers and Director realise their vision for the film: our involvement and investment will add scale and a level of finish that will help this local production achieve international recognition. We can only do this by completing this work alongside larger budget international productions. We have worked on a range of Australian titles, including *Royal Flying Doctor Service* on Seven, *Operation Buffalo* on the ABC, *The Commons* on Stan and *Class of '07* on Amazon Prime. The overall aim is to maintain a healthy ecosystem so that we can continue to create engaging content that reaches local and international audiences. Foreign inbound work supports businesses and enables them to support local screen production. We don't believe one can exist without the other, and policies therefore must be well-balanced and effective.

We support the reforms to the Location Offset

We were ecstatic 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. We are hoping to increase our full-time employees to between 35 – 40 people in the next 2-4 years and relocate our business to a larger facility. We are looking to upskill junior employees within our business offering them longer term career growth and job security and we are looking to retrain more established employees to ensure we remain relevant with the rapidly changing technology impacting our sector.

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 imperative 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 take a long time to finance and prepare, the industry is still recovering. Many Australian workers and businesses lost several months of income. Our business experienced two full months with no work at all and had to cashflow salaries and overheads for almost four months before our next payment was received: this is significant for a small business with high overheads and has evaporated our financial gain achieved during the post-COVID production boom. Our clients have told us directly that ramping up production following the industrial disputes is still going to take some time so we anticipate further challenging months ahead. Our survival depends on maximising and leveraging any and all windows of opportunity to secure work. We are currently in discussions with three international productions looking to come to Australia in the coming months and have been told that at least two of these are now at risk with the uncertainty of the Location Incentive legislation being passed. It's absolutely crucial to our business that we not face further impact with the delay of this legislation being passed, put simply, it will mean immediate job losses and a very uncertain future for our business. This will be disastrous as the wider industry will continue to suffer and these people will not find new jobs easily or quickly. These are Australians with families and mortgages and those desperately trying to save for their first home. These people are our business, they are what makes us who we are, we have invested in them and them in us with a mutual commitment to produce world class work over previous years and into the future.



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 not just our business but all 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 absolutely support the introduction of these content obligations. We believe that Australians should see themselves and their communities reflected on their screens. However, content obligations are a separate issue to the Location Offset and we want to communicate that right now, big Hollywood productions employ a lot of Australians, and they contribute to overall industry and employment stability, business growth, export growth and showcase Australian talent, technology, creativity and innovation on a world stage. This is all of huge value to the local industry. 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. We have been Ausfilm members since 2018 and I encourage you to contact Ausfilm and myself with any questions. Please contact me via email on [REDACTED].

On behalf of our entire team here at Blackbird, we thank you for your time in considering our submission.

Yours faithfully,

Nerissa Kavanagh

4th April 2024