

MEAA submission to the Senate Economics Legislation Committee

Inquiry in relation to the Treasury Laws Amendment (Delivering Better
Financial Outcomes and Other Measures) Bill 2024



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Media Entertainment and Arts Alliance (MEAA) welcomes the opportunity to make a submission in relation to this legislation. MEAA is the largest union and most established industry advocate for workers in the creative and cultural industries, with a history going back more than 110 years.

We refer to the Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024 and the associated Explanatory Memorandum.

MEAA's submission is confined to the changes proposed in **Schedule 6 - Location offset and producer offset for films** of the Bill.

Schedule 6 of the Bill deals primarily with the long-anticipated increase to the location offset, which attracts large-scale international productions to shoot in Australia and includes provisions to ensure long-term benefits to the Australian industry flow from these productions.

The Bill increases the location offset from 16.5%, increases the qualifying Australian production expenditure threshold from \$15 million to \$20 million, and introduced training or infrastructure investment obligations as a condition of receiving the offset.

MEAA wholeheartedly supports each of these provisions.

MEAA is uniquely placed among Australian screen production industry organisations due to its role representing and drawing from the collective experience of the vast bulk of the workforce, both cast and crew, across the industry.

We have had a front-row seat to the ups and downs of the international sector's engagement with the Australian industry. Village Roadshow said in 2017: "Australia is considered by the major global film production studios as one of the four only 'full service' locations for film production, along with the United State, Canada and the United Kingdom. In spite of this, major Hollywood productions have steered clear of Australia ... because of the uncompetitive level of the location offset."

Work by other organisations such as Ausfilm and Screen Australia has documented the high level of privately funded international investment attracted to Australia by the location offset when it has been topped-up on an ad hoc basis or more systematically through the Location Incentive Fund.

We believe that the experience of the last 10 years has comprehensively demonstrated the necessity of increasing the location offset on a permanent basis if we want to see a continuous flow of international screen production in Australia.

The only point of debate has been the benefit to the local screen industry. Our members are uniquely placed to witness the broad benefits of international production, given their direct participation in both international and local productions. Our members include those who work as fulltime and casual freelance employees and those who also operate businesses supplying the screen production industry.

Based on our members' knowledge and experience of the industry, we believe that the benefits of international production to the industry are significant, and that both increasing the qualifying threshold and introducing the training requirements will further incentivise and formalise those benefits. When the industry's biggest players mount large scale productions in Australia, the benefits flow to local producers, creatives, technicians, performers, and ultimately Australian audiences.

Productivity benefit

It is important to understand that the structure of the Australian screen production industry is unusual compared to other industries. Production companies, as the employers in the industry, generally do not invest directly in infrastructure, plant, equipment, or professional development. Those investments are made by employees and suppliers.

This structure is one of the main reasons that the local screen industry benefits from international production. International production has generally come in the form of large-scale productions that need high production quality, and which bring the budget to achieve it. Those large budgets allow local crew and businesses to upgrade their plant, equipment, and skills (as well as hire and train more workers) to achieve the technical and creative demands of cutting-edge production quality.

Anyone who has had to use an old, overloaded computer, or interact with complicated software they have not been trained to use, can understand the impact that better gear and training can have on the productivity of an individual.

But skill development is not limited to on-the-job training. Larger budgets allow crew to undertake research and development of new technical solutions to creative demands, such as the special effects team who developed a new way of creating safe on-screen explosions closer to performers at a mid six-figure cost on a large international production. This know-how was then able to be used to produce the same high-level special effects in an Australian television war drama for a cost in the low five-figures.

By multiplying this effect across an entire industry with high technical, creative, and logistical demands, it follows that the productivity benefit for all stakeholders is significant, even if it is manifested in ways that may not be visible to some of the key players.

In this way, large-budget international production plays a vital role in keeping Australian content at the cutting edge in terms of production values at a more affordable cost, resulting in higher quality local stories for local audiences, and making it more competitive on the global market.

Sustainable income for screen workers

International production has helped sustain the Australian screen production workforce by offering large-scale longer-term employment to more workers and by acting to push pay rates up.

Before 2020, rates for freelance crew had largely stagnated for 15 years or more. It was not until MEAA's template crew agreement with international studios in 2018 that real rates were captured and subject to across-the-board increases. Due to the boom in streaming production from 2020, as well as the temporary effect of Australia becoming a 'safe haven' during the global pandemic response, local producers were unable to hold rates down, instead being forced to significantly increase rates in order to compete for crew with higher-paying international productions. While this naturally drew complaints from local producers, it was long overdue.

For Australian performers, international productions provide not just immediate employment, but a long tail of income through residual payments. As a result of local and international union agreements, residual payments arise when a production is released and licensed for use across a variety of media. MEAA receives a lump sum payment from producers and then distributes this income to individual performers according to their role on the production. In 2022/23, MEAA distributed over \$13 million to 3,253 performers – the bulk of which came from international productions shot in Australia. This income helps to sustain and maintain Australian performers, an

essential part of the screen industry workforce, in a profession that is notoriously difficult to navigate financially.

Long term investment

What we have not seen so far is significant long-term private investment in infrastructure enjoyed by competing jurisdictions such as New Zealand and the UK. Both of those industries have benefitted from a competitive, locked-in tax incentive for international production over the long term. It stands to reason that Australia has not been an attractive location for long-term investment due to the uncertainty of its incentives and production companies' consequent inability to plan a series of productions here over a number of years.

The production boom in 2020 saw our industry hit capacity constraints relatively quickly – primarily the number of large sound stages for large-scale productions, and the number of crew available for smaller-scale productions. It is likely that the certainty provided by the permanent increase to the location offset and the attached conditions will see investment that will increase our capacity in both infrastructure and training programs aimed at screen production crew.

Acknowledgement

We congratulate the government for taking this long-awaited step.

From MEAA's perspective, while there remains more work to do to raise the standard of the industry as an employer, a consistent stream of work is an important foundation upon which that work can be done. We commend the work of previous inquiries who have recommended this important change and acknowledge the many industry advocates who have worked with and alongside MEAA in pushing for this change.

We congratulate this government for its work in listening to and collaborating with the industry on how best to grow its capacity for telling Australian stories on screen. We also acknowledge the unfinished business of local content requirements for streaming and broadcast platforms, without which it is difficult to envisage a strong future for Australian stories. We look forward to continuing to work with all stakeholders to secure that future.