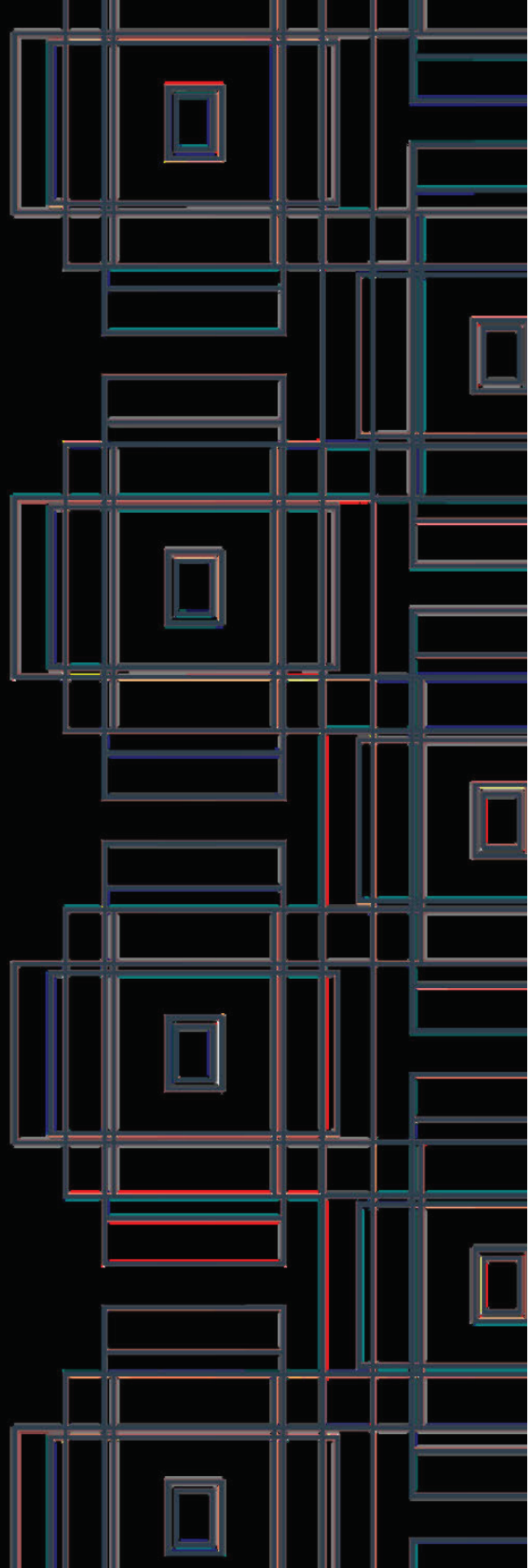




ausfilm

# National Cultural Policy Submission

22 August 2022



Ausfilm is a unique partnership between private industry and government. Its purpose is to maximise international production spend in Australia to enable industry growth. Ausfilm markets Australia's Screen Production Incentive Scheme, which comprises the Location Offset; the Location Incentive; the PDV (post, digital and visual effects) Offset and Producer Offset as well as the state government screen incentives. Ausfilm also promotes Australia's locations; sound stages; post-production and visual effects companies; screen service companies and award-winning filmmaking talent, in front of and behind the scenes.

Ausfilm's membership is comprised of Australia's federal, state and territory screen agencies, the major studio complexes, production service providers and leading post, visual effects, animation and sound/music studios. Ausfilm's post production and visual effects businesses alone employ over 2,700 Australian creative workers, including animators, digital artists, sound and picture editors and musicians and who worked on 97 international productions over the 2021/22 financial year.

On behalf of our members, we thank the Albanese Government and the Minister for the Arts for developing a new Cultural Policy and appreciate the opportunity to make this submission.

Ausfilm's submission focusses on *Pillar 3 - The centrality of the artist: supporting the artist as worker and celebrating their role as the creators of culture* as screen production relies on hundreds of workers across a wide range of creative and technical roles to deliver a film or television production to audiences.

### **The role of international production**

Over the past two decades international production has become an essential element of the ecology of the Australian screen sector. Without it, the sector would be less robust and its value to the Australian economy would shrink leading to many talented crew across production and post production having to leave Australia for work opportunities elsewhere.

The interconnectivity between domestic and international productions has become even more apparent in recent years with a strong flow of benefits to the Australian industry as a direct result of increased international production activity.

In 2013 Creative Australia established the Location Incentive with a \$20 million fund "...as a precursor to an increase in the Location Offset..." (p.94) stating that:

*The Australian Screen Production Incentive – the Australian Producer Offset, the Location Offset, together with the Post, Digital and Visual Effects (PDV) Offset, have been successful in encouraging greater private sector investment in the screen industry and in improving the market responsiveness of the industry. The Location and PDV incentives encourage large-scale film and TV production to locate to Australia providing great economic, employment and skill development opportunities and is key to sustainable high skill jobs development in this rapidly growing area of the global economy.*

In 2018 the Location Incentive was renewed with the addition of \$140 million and renewed again in 2020 with a further \$400 million and extended to 2026/27.

Since the renewal of the program in 2018, more than AU\$3 billion in private investment from 35 international productions has been generated for the Australian economy. This is a solid pipeline and its impact in Australia has been profound - bringing direct economic benefit, building vital infrastructure and attracting additional new investment. It provides continuity of employment for crews, skills development on advanced projects and underpins the development of post-production, visual effects and digital animation sectors in Australia.

It has allowed Australian companies that service international production to invest in research and development, infrastructure and talent. Investments across Australia in virtual production have

increased in recent years, and alongside the country's post production and VFX capabilities, is a source of continual innovation and technical excellence. These skills and investments are then available to the domestic sector.

The successes of the past few years have considerably raised the profile of Australia's screen capabilities globally.

In 2020/21 international production represented approximately 50% of the value of all film and television drama production in Australia. This included both physical production and visual effects and digital animation.

Whilst large scale international feature films remain a vital part of the Australian screen ecosystem, there has been a marked increase in international 'footloose' television activity across Australia bringing new opportunities. Approximately 50% of the 35 international productions that have been secured for Australia since 2018 have involved Australian producers or directors (predominantly in television). This is in addition to the thousands of "below the line" crew roles across production, post production and VFX, that has historically been associated with international productions.

### **Challenges and Opportunities**

**The Opportunity - To capitalise on the global increase in content production and grow Australia's production industry.**

The increase in demand for content, driven in part by the rise of SVOD platforms globally, is showing no signs of abating. Australia has benefitted from this increase which can be seen in the upturn in production and PDV activity and inward investment in recent years. However, Australia must remain globally competitive to ensure there is a consistent pipeline of activity into the future.

Canada and the UK are examples of what this opportunity looks like. Between 2015/16 and 2019/20 Canada increased the amount international production by 98% to \$5.2 billion, while the UK increased by 71% to GBP4.7 billion as a result of internationally competitive film tax incentive programs.

Now is the time to transition from the current Location Incentive Program to a permanent 30% Location Offset to capitalise on the significant opportunity to grow Australia's screen production sector and to build on the current momentum of production activity in Australia. Increased production activity for Australia will also result in more activity across Australia's regions, providing greater opportunities for a remote and diverse workforce.

**The Challenge – Workforce Capacity and Skills Shortages**

Along with its locations, infrastructure and incentives, Australia is well regarded for the skills of its talent – both behind the camera and in front of the camera. Over the decades, international productions have actively sought out experienced Australian crew and have made significant contributions to high-end skills development on projects with budgets substantially more than the average Australian project.

The scale and scope of large budget international (and Australian) productions provide the optimal training and skills development opportunities. Larger budgets allow for larger departments (such as production design and camera departments) that have the resources to employ assistants, attachments and trainees. The industry's workforce is comprised of over 240 discrete crew roles across many departments requiring a range of craft and trade skills. The scope of the work ensures Australians are gaining highly innovative, technically advanced and in demand skills to maintain Australia's competitive edge globally, which in turn elevates skills and standards for local productions.

In recent years there have been partnerships between US studios and Australian education providers such as Australian Film, Television and Radio School (AFTRS), National Institute of Dramatic Arts (NIDA), and Victorian College of the Arts to provide targeted opportunities on international productions to address the skills shortages.

Ausfilm is looking to capitalise on the current pipeline of production activity by working with industry and government to develop an inclusive national screen capacity building framework to support Below the Line workforce growth.

In 2020, Ausfilm commissioned a Production Infrastructure and Capacity Audit which identified several areas of the screen sector that are reaching capacity. Following this audit, Ausfilm established a National Workforce Capacity Working Group comprising the Office for the Arts, state and federal screen agencies, AFTRS and NIDA to address the outcomes of the Audit and identify short-medium and long-term goals and actions to address workforce capacity constraints in the sector. Ausfilm is liaising with broader industry, screen guilds, MEAA, industry organisations, education institutions, First Nations, Diversity Equity and Inclusion and other NFP organisations as part of an evidence-based approach to developing a national workforce capacity building framework.

The visual effects and digital animation sectors are also facing considerable skills shortages. Australian businesses and facilities collaborate with the education sector to train entry level creatives however they also rely on Australia's skilled migration program. Ausfilm recommends that a review of this program is undertaken to ensure it is fit for purpose and recognises the acute skills shortages facing this sector and the significant contribution the sector makes to the creative economy.

Having a consistent pipeline of production activity provides an unquestionable opportunity for the screen industry and government to work collaboratively to address these skills shortages and create career pathways for Australians in the highly creative, innovative and well-paid creative economy.

On the back of the leadership role Ausfilm is currently playing in workforce capacity along with the organisation's deep connections with the international production sector and Australian members, and the strength of its reputation, there is ongoing role for the organisation in developing Australia's below the line workforce capacity going forward.

## Conclusion

Australia has a world class reputation as a production destination and the current momentum is driving further interest and opportunity from international investors. Australia needs to seize this opportunity to further grow the sector. In order for this to be achieved, Ausfilm recommends the following:

- Transitioning to a 30% Location Offset will provide certainty and consistency and encourage direct investment from international partners.
- Consideration be given to future outcomes from the current work being undertaken to develop workforce capacity.
- A review of the Skilled Migration program to address skills shortages in the post production, animation and visual effects sector.

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