WHAT MAKES FILMING IN AUSTRALIA SO ATTRACTIVE?

Australian Production Incentives

Discussion Presentation | Jon Kuyper, Producer

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Australian Film & TV Industry

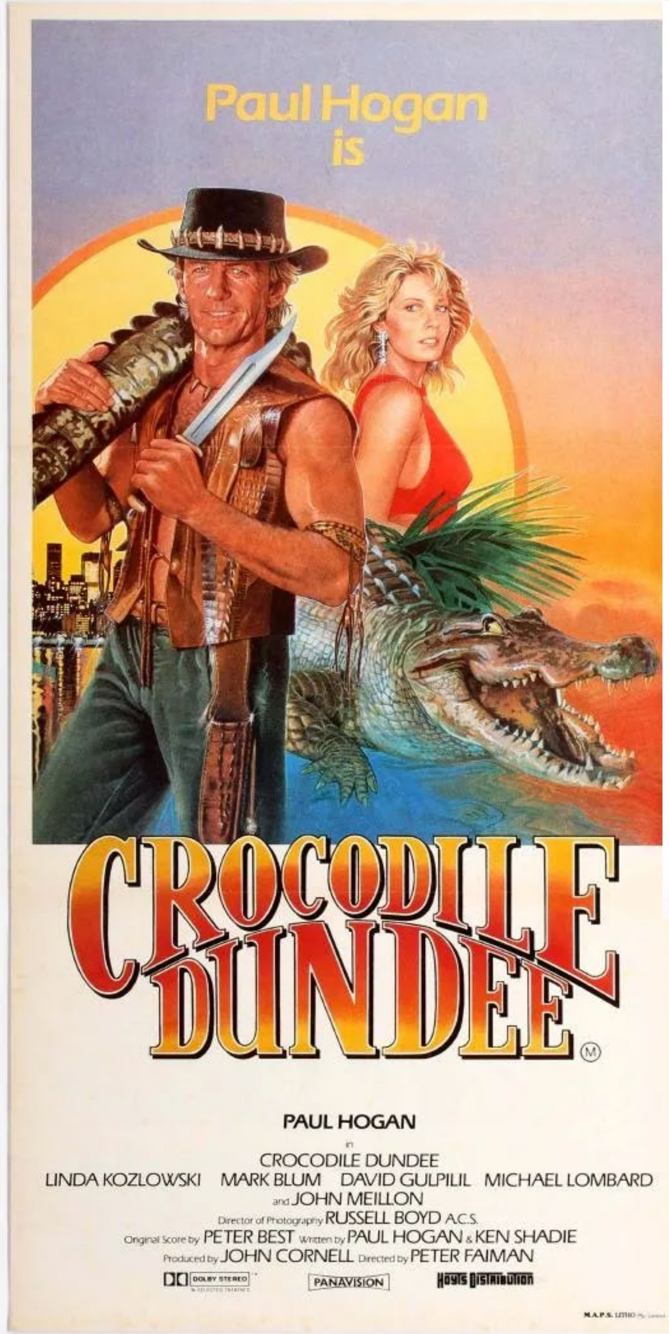
Production incentives have played a key role in attracting offshore productions to Australia for more than thirty years.

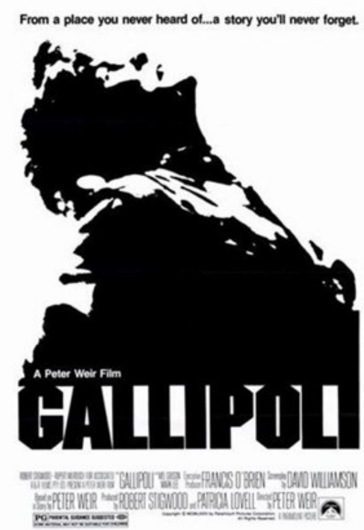
- ***Crocodile Dundee*** showcased Australia to the world in ’88 and established their tourism industry which is now worth $152b

Besides the economic benefits, this gives Australian filmmakers hands on experience and transfers skills.

- ***Mad Max*** changed action films and debuted Mel Gibson

- ***Gallipoli*** put director Peter Weir on the world stage

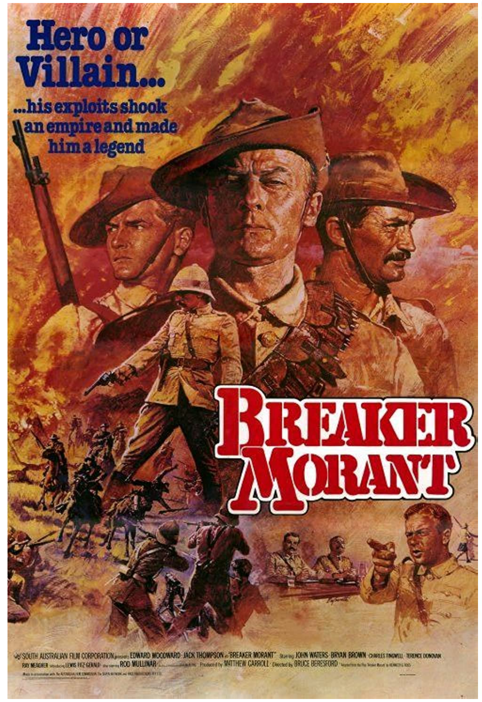


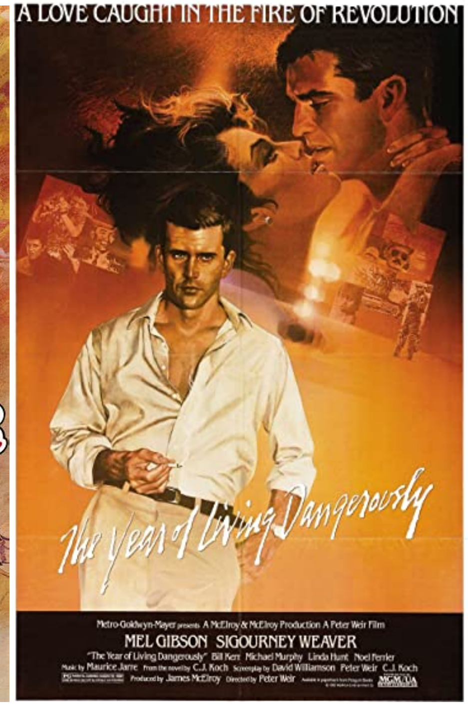


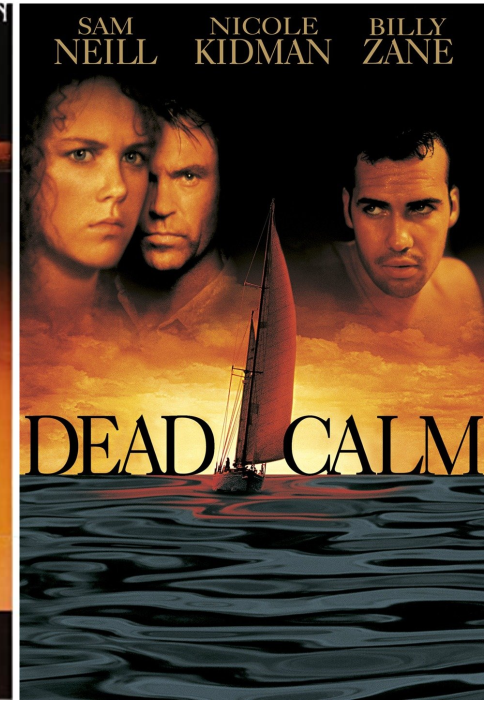
Source: Australian Government Dept. of Foreign Affairs and Trade – July 2022

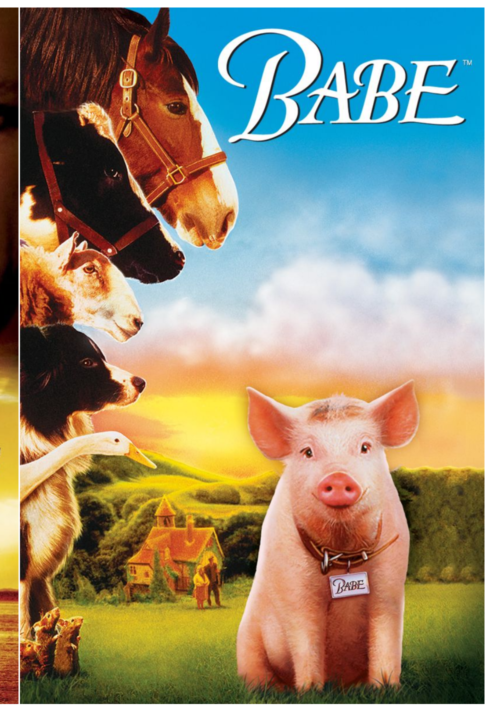
Reasons for incentives:

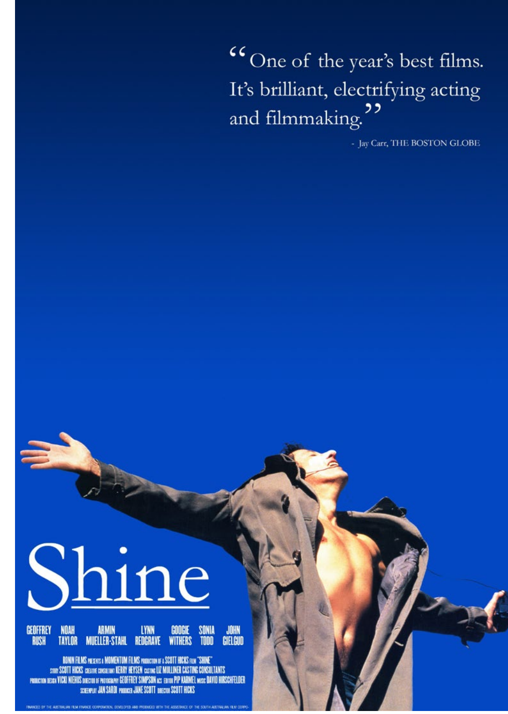
- Offshore investment and positive economic impact of production labour and spending
- Increased tax revenue from increased labour, goods and services
- Grows a dynamic and "clean" industry with skills exchange and opportunity for advancement
- Film production drives many other creative industries: design, fashion, publishing, music, performing arts, advertising, marketing, and digital
- National identity benefits from telling your stories on the world stage, engaging with history, expressing your culture











Economic Impact

- Feature films and TV drama series are globally recognized as a unique and powerful driver of economic development, and production incentives play a key role in stimulating this success
- Film and television generate substantial amounts of economic expenditure which is distributed across the industry's labour force, locations, service and rentals companies, and a wide variety of other suppliers and businesses such as restaurants, hotels and rental cars… and tax is collected on all these expenses

What are incentives and what does the international market offer?

- Australia's Federal Government offers three very competitive screen incentives: Producer Offset, Location Offset and PDV. Most states in Australia also offer additional incentives.
- The purpose of screen incentives is to encourage production activity and to attract international 'footloose' productions which generate significant economic and cultural benefits including increased GDP, job creation, industry development, and increased tourism.
- Here are a few of the incentives that other countries offer:

COUNTRY	INCENTIVE	TYPE
Australia	**Up to 40% total (including state)**	**Tax credit/Rebate**
New Zealand	20-25%	Rebate
United Kingdom	25%	Tax credit
Canada	Up to ~40% total (including state)	Tax credit/Rebate
United States (California)	20-25%	Tax credit
United States (Other)	Up to ~30%	Tax credit/Rebate
France	30%	Rebate
Croatia	25%	Rebate
Germany	20-25%	Rebate
Ireland	32%	Tax credit
Taiwan	30%	Rebate
Malaysia	30%	Rebate
South Africa	25%	Rebate

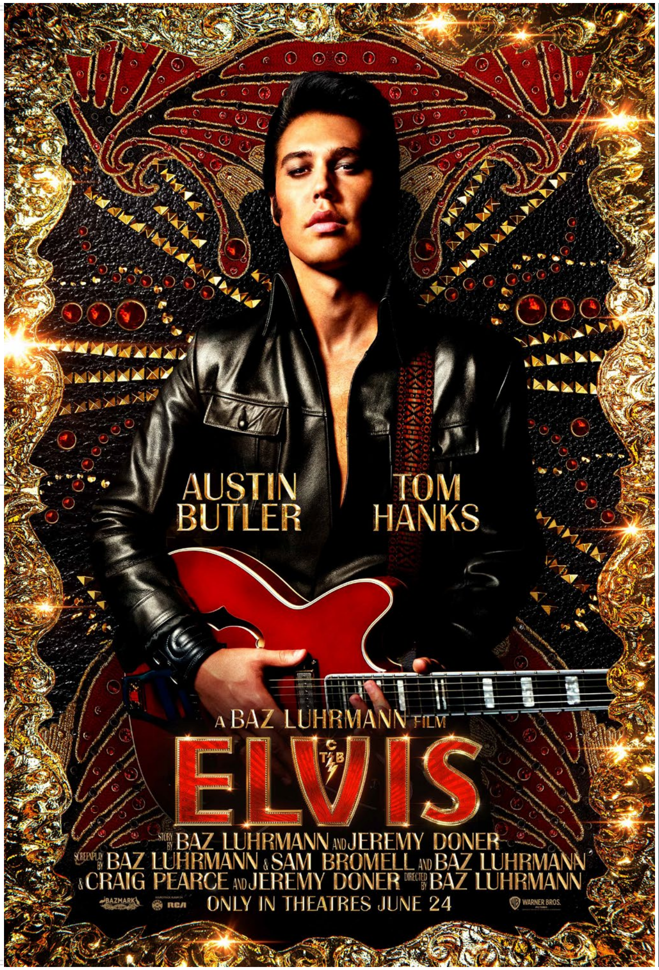
- Incentive investment creates jobs in the screen industry, and screen production jobs are of high strategic value to governments because they are mobile, highly skilled and require great creativity, making them resilient to automation trends

Australian Federal Government Incentives

INCENTIVE	MINIMUM SPEND	COMMENTS
PRODUCER OFFSET 40% (for features) 30% (for TV / non features)	$500,000 (QAPE)	Only available to ***Australian producers*** with significant Australian content and official co-productions
Location Offset + Location Incentive 16.5% + 13.5% grant (30% total)	$15m (features) Or $1m per hour (TV)	Available to ***international productions***, up to 30% total rebate with discretionary grant component
Post, Digital & VFX Offset 30% (federal) + 10-15% (state) = 40-45% of PDV spend only	$500,000 (Qualifying Australian PDV spend)	Available to international VFX clients, does not require production to have been in Australia

Source: Ausfilm Australian Screen Incentives Factsheet – December 2021

- The Federal Incentives are mutually exclusive with each other, but can be added to State incentives in a cumulative manner



- Incentives can encourage screen projects to shoot in countries that double for where the story takes place.

Australian State Government Incentives – different offers for different results

STATE	INCENTIVE	COMMENTS
New South Wales (Sydney)	▪ **Discretionary 'Made in NSW' fund of $175 million over 5 years** ▪ 10% of NSW PDV spend	▪ Applies to all Qualifying NSW Production Expenditure, project must be footloose, features or TV series, or co-productions ▪ PDV incentive not mutually exclusive with 'Made in NSW', however PDV component cannot access both
Queensland (Brisbane)	▪ **Production Attraction Incentive (discretionary %)** ▪ PDV Incentive (15% of PDV) ▪ State Payroll Tax Rebate, Regional Incentive Grants, Gold Coast Screen Attraction grants	▪ Applies to all Qualifying Queensland Production Expenditure for genuinely footloose productions ▪ PDV incentive for footloose productions only ▪ Various benefits, payroll tax rebate of 4.75% tax
Victoria (Melbourne)	▪ **Victorian Screen Incentive (up to 10% 'QVE')** ▪ 10% of VIC PDV spend	▪ Up to 10% of Qualifying Victorian Expenditure
South Australia (Adelaide)	▪ **Screen Production Grant (up to 10% 'SAS')** ▪ PDV Incentive (10% of PDV spend)	▪ Applies to all Qualifying South Australia Spend ▪ PDV incentives mirrors requirement for Federal Incentive

Source: Ausfilm Australian Screen Incentives Factsheet – December 2021

Cinematic Tourism / Economic uplift:

- **IRELAND**: one in six out-of-state visitors to Northern Ireland went there because of the influence of *Game of Thrones*, these visitors contributed more than US$61 million to Northern Ireland's economy in 2018

- **NEW ZEALAND:** *The Lord of the Rings* trilogy has been attributed as a major factor for tourism, with a 40% increase in tourists from 2000 – 2006, and 6% of international tourists citing the films as the reason for their trip

These benefits are on top of the quantitative economic benefits known as Gross Value Added:

- Olsberg SPI estimates that each public (incentive) investment in a foreign-financed screen production leverages three or four times the amount invested in private sector inward currency flows for the same project

- In the case of New Zealand, Olsberg SPI estimates their economy gets NZ$6.15 back for every NZ$1 spent on screen grant from direct, indirect and induced economic benefits and job creation

Source: Economic Impact of the New Zealand Screen Production Sector - Olsberg SPI – 6 July, 2022

Questions and Discussion