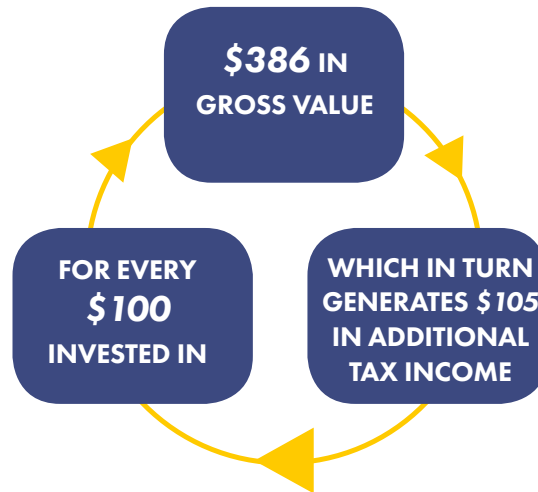


Australia's Film & TV Offset Scheme

Investing in a growth sector delivers jobs and export income

There is a **strong economic rationale** for Australia's **Film & TV Offset Scheme**



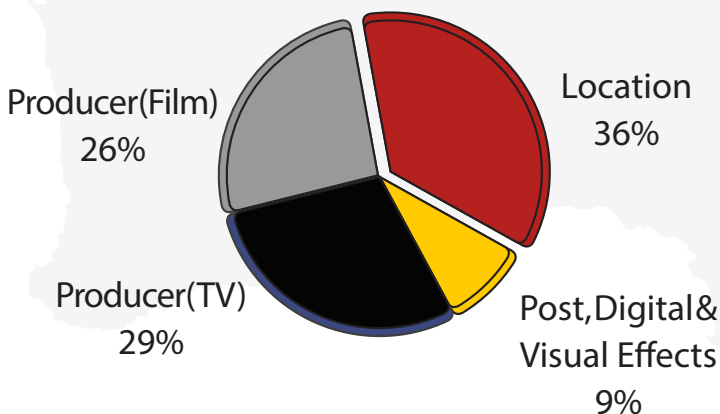
Over the past **10** years, the offsets have generated:

DIRECTLY	TOTAL
\$2.4 B in Gross Value Add	\$7.1 B in Gross Value Add
24,989 FTEs	94,265 FTEs
\$14.1 B in Income	\$46.6 B in Income

FTE, (full time equivalent jobs) represent highest year by employment (FY16/17)

What is the relative importance of each offset?

DIRECT GROSS VALUE ADD (%) FY16/17



Source: "Impact of Film and Television Incentives in Australia" - A Report for the Australian Screen Association by Olsberg SPI; 12 March 2018

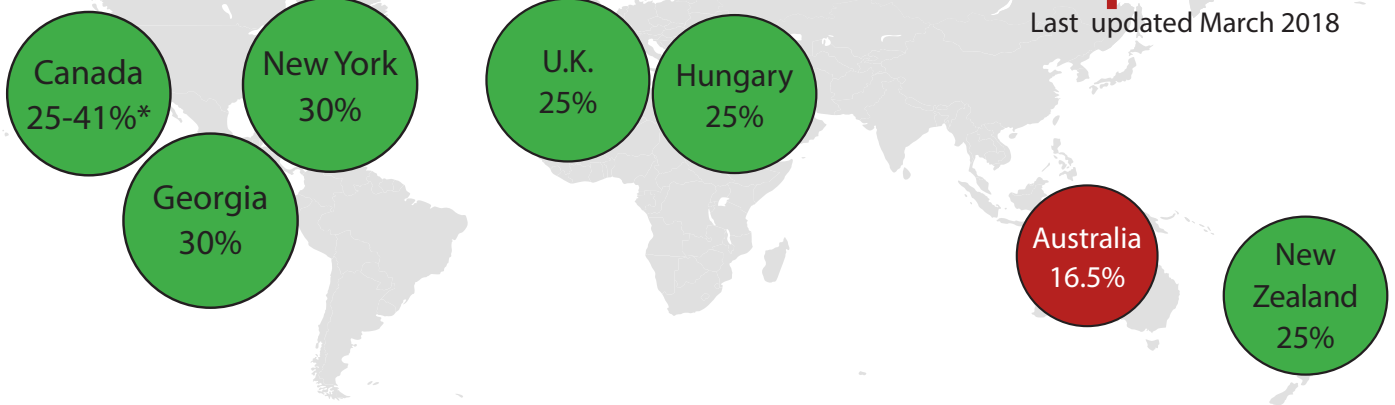
Last updated March 2018

Offsets are a catalyst for ECONOMIC GROWTH and are NOT subsidies for weak industry sectors

The Economic and Cultural power and VALUE the sector delivers is reflected in the importance many jurisdictions place on it. Australia's infrastructure and skilled labour are the envy of the world. We have a strong ecosystem in place that can deliver sustainable economic growth and jobs.

Australia's Location Offset is **uncompetitive**

Last updated March 2018



*British Columbia: 41% on labour refundable credit
Ontario: 21.5% of goods and services, and 35% of labour refundable credit

In recent years, discretionary top-ups have delivered an effective 30% rate for selected projects only



Industry disillusionment at the lack of clear consistent process and resultant commercial and reputational impact for all

- No clearly defined eligibility criteria
- No clearly defined assessment criteria
- No guarantee of response from Government

Studio queries are going down!



Local skilled employment declining



What overseas producers are looking for:

- ✓ Certainty
- ✓ Fast turn-around
- ✓ A system that suggests Australia is open for business



Upside for Government:

- ✓ A 30% location offset would not be open-ended. In the short to medium term, cost is naturally constrained by studio capacity
- ✓ A clear 30% competitive offset creates jobs, continues to build high level skills, digital expertise and infrastructure
- ✓ Continue to build and develop Brand Australia awareness platform to drive appeal and attraction of Australia globally; leverage industry ambassadors current and future across a range
- ✓ The pipeline of production that delivers the continuum of employment and industry activity that gives the sector vibrancy and fuels and nourishes Australia's world leading industry

PROJECTED TO ADD \$38.6M IN GROSS VALUE ADD

EXPECTED ADDITIONAL COST TO TREASURY = \$10M PER YEAR (\$70M ACTUAL SPEND PER YEAR)

WHICH WILL DELIVER \$10.5M IN ADDITIONAL TAX INCOME

Because tax credit is provided only on completion of projects (usually year 3), tax income is likely received before offset credit is paid out. Impact on forward estimates likely to be zero.