



10th August 2021

To: Senate Environment & Communications Legislation Committee

Re: Treasury Laws Amendment (2021 Measures No.5) Bill 2021

My name is Libby Villa, and I am the co-owner and manager of Big Bang Sound Design. We are a small family run business dedicated entirely to sound post production for feature films and television series. When we are at capacity we employ around 20 freelance staff.

We are immensely proud of the cultural value our Arts and Screen sector bring to our nation through the telling of our stories, using our voices. We believe the screen sector enables us to remain strong and globally relevant as a smart, technology and creative focused export industry.

We are very grateful to the Australian Government for the support shown to the film industry, particularly in recent times, with the changes made to the incentives given to promote local filming, and we acknowledge that the Government has been cognisant of the advantages brought to the wider business community through these incentives.

We would however, like to make an objection the proposed increase in the threshold for the Post, Digital and Visual Effects (PDV) Offset from \$500,000 to \$1 million. We strongly believe it will limit opportunities for Australian owned PDV companies to attract mid budget international work, and to grow their businesses.

The Government has stated that the rationale for the change in the threshold is as follows:

- This change will better target Government support to attract post, digital and visual effects activity that is technically ambitious and assists in the growth of our PDV sector.
- Attracting larger packages of work and investment to Australia is essential to assist our industry to recover from the impacts of the COVID-19 pandemic.
- This change is in line with the PDV Offset objective of encouraging offshore productions to contract Australia's world-class PDV houses to undertake significant post-production and visual effects work.

Big Bang Sound Design and its peers are incredibly appreciative of the support provided to the sector through the Australian Screen Production Scheme and recognise the significant investment the Government makes in the industry. However, Big Bang Sound Design submits that rather than assisting the growth of the PDV sector, this change will help only those companies that are already successful on a large scale, and make it almost impossible

for smaller PDV companies to grow, attract inward investment and capitalise on current opportunities.

As I am sure you are aware, the Arts sector was the most affected sector behind Hospitality and Travel throughout and after the COVID-19 pandemic. Our business has been heavily affected by the ongoing travel ban, as much of our work requires international travel for the completion of particular aspects of our work.

I must stress we are not asking for anything new, just to leave the threshold as it is, to keep the level playing field we currently enjoy.

As a key representative for Big Bang Sound Design, I object to the following proposed change in the strongest terms. This change of Federal Legislature will affect the Australian Post Production sector forever, even though it may seem insignificant.

The proposed amendment is:

Paragraph 376-45(5)(a)

Omit "\$500,000", substitute "\$1 million".

We would ask that this substitution be omitted from the proposed changes.

Australian picture, sound and music companies will lose out on potential new foreign inward investment. It will directly impact their export growth strategies and their ability to create new Australian jobs, improve skill levels and offer further training opportunities. The current large budget international productions that are shooting in Australia rarely access the PDV Offset. They are attracted to Australia by the Location Offset and the Location Incentive. The PDV Offset was designed to attract post-production, and visual effects work on projects that do not shoot in Australia. Currently, the PDV Offset is mostly utilised only for remote Visual Effects work with the Offset being instrumental in growing this sector of the Australian screen industry.

Traditionally, international studios have always retained post-production work in Hollywood due to the need to have the many stakeholders involved in a project within easy reach of bricks and mortar facilities. No matter how hard we engaged and what incentives we enticed them with, the hometown advantage almost always won.

COVID has changed all that.

The growth in sharing technology has advanced many times faster than usual due to the constraints brought about through Covid. It is now the norm to conduct meetings via Zoom link up, and the globe in general has become accustomed to differing time zones, and being spread across large geographical areas, while still having a sense of team work and "togetherness". Coupled with technology that allows us to present globally, and work concurrently in multiple studios, in multiple countries in real time, the Australian post-production community can finally stand shoulder to shoulder with any global vendor. We feel there is a once in a lifetime opportunity to find the silver lining on the grey cloud of COVID.

COVID-19 has created an environment where we could take advantage of the rapid expansion of streaming services. We fear if these impending changes proceed, we stand to lose all of the inroads and advancements the post-production sector has made in this area. Unfortunately, just as this new opportunity arrived, so did the federal review and the decision to increase the threshold. For perspective, very rarely, and only on films with the

highest of budgets would sound post-production packages ever exceed \$1 million, and this would never happen on a television or streaming series. This seemingly insignificant change to the threshold will forever shut the door on New South Wales to be a relevant global player.

Big Bang Sound Design sees the potential opportunities for our business to grow in the upcoming years if the playing field is left level, and no changes to the federal offset are enacted. Prior to the introduction of the PDV offset, we had little opportunity for training, or new employment opportunities. More projects allow us an opportunity to reinvest in our own business with both building and equipment upgrades, creating a self-perpetuating cycle of growth and employment.

If the threshold of the PDV is raised, I can foresee an immediate and devastating effect on the number of productions being made here, and our ability to continue to employ our world class stable of freelance sound artists.

These changes will disadvantage smaller domestic companies and give a free pass to the few large, multi-national VFX studios in Australia. The dozens of Australian- owned studios and facilities that employ hundreds of skilled people need investment and support right now to grow into world-class studios and take advantage of the once in a generation opportunity post-pandemic.

To provide this once-in-a-lifetime opportunity to grow our industry with increased footloose international revenue from overseas projects in our post- digital and visual effects sector. With the content landscape scoping out global opportunities like never before, let's not have Australia lose its ability to remain globally relevant both fiscally and creatively on the world stage.

On behalf of my entire team Big Bang Sound Design, and the film community at large, I thank you for your assistance and time.

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