

10 August 2021

**Re Australian
Screen
Production
Incentive
Reforms**

For the attention
of the Treasury
Laws
Amendment
(2021) Measures
No5 Bill 2021
Inquiry.

My name is
Roger Savage
and I am the
founding owner
and CEO of
Soundfirm Pty
Ltd, an

Australian-owned film and TV post-production company that was established in 1983 and operates facilities in Melbourne, Sydney and Beijing.

Soundfirm has been responsible for the post-production work on six of the ten most successful Australian films of all time, and has won many local and international awards for our picture, sound and music services, including an Oscar for Best Sound in 2016 for 'Hacksaw Ridge', directed by Mel Gibson.

We are grateful for the continuing support that the Federal Government has given to our film and TV industry, particularly in retaining the 40 percent PDV offset for film and increasing the offset for TV to 30 percent, but we are concerned about the intention to increase the threshold from \$500,000 to \$1,000,000.

Our industry is basically divided into three areas: production, post-production and visual effects. Production has been benefiting from the many overseas film companies that have been choosing to shoot in Australia, which is good for local crews but there is no direct incentive for them to stay on and do their post-production here. It is also important to note that if those overseas companies use the location offset and uplift, they cannot then use the PDV offset as well (which is an oversight in the current legislation that needs to be corrected).

S O U N D F I R M

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The upshot is that Australian post-production houses, despite having the talent, facilities and quality output, have not been sharing in this bonanza and continue to depend almost entirely on locally produced Australian film and TV productions.

The PDV offset is mainly designed to attract post-production and VFX work from overseas film companies that don't shoot in Australia. Up until now, it has been successful for the VFX firms. The larger ones, which are generally foreign owned and work on large US or foreign productions, would not be concerned by the increase in the PDV threshold; however, for locally owned post-production companies the offset program has not been as successful.

Since the inception of the PDV offset, I would estimate that non-VFX work (such as post-production) would account for less than 10 percent of the total offshore revenue that is a PDV spend. If the threshold were to be raised to \$1m as intended, it will be nigh impossible for us to attract any of that work at all.

There are fundamental reasons why local post-production houses have been struggling to benefit from the PDV offset up to now. Unlike VFX, which can be done remotely, with post-production the director of the project has needed to be in attendance during key parts of the process, such as colour grading and sound mixing. On a project that is shot overseas this has often been difficult to organise, because directors are usually time poor and there are added costs in having to fly them in and accommodate them during the post-production period.

There's a possibility now for things to change for the better. In response to the global pandemic, developments in cloud technology have enabled various post-production processes to be conducted remotely. Further investment by the local industry in these developments is enabling remote post-production to be not only a safer way to work in Covid times, but also easier as well as cost-effective. This is the way post-production on local film and TV projects is typically being handled during the Covid lockdowns.

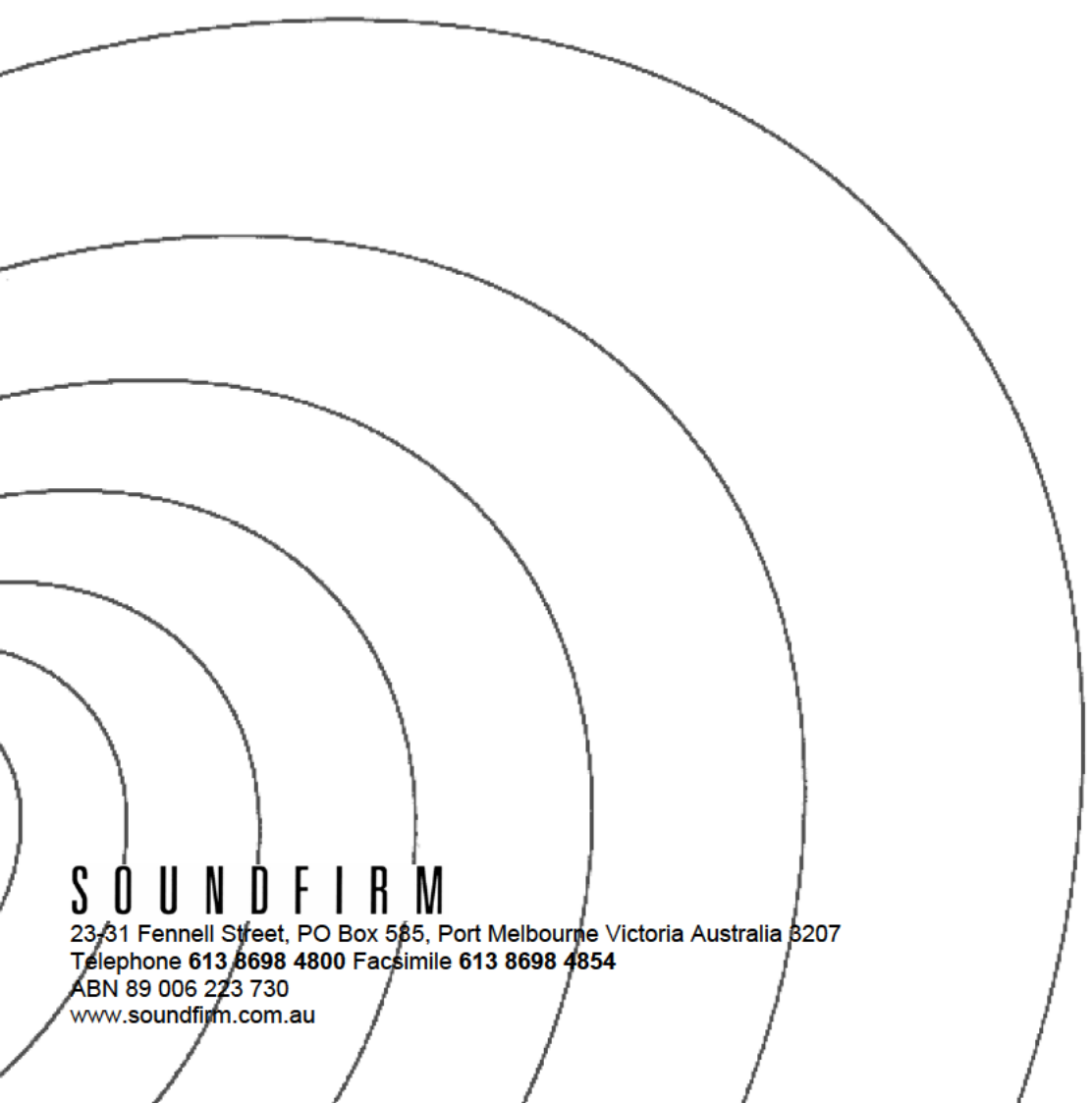
We are now in a position to offer remote post-production and its benefits to offshore film and TV projects.

Just as has been the case with VFX, the global post-production industry is now accepting and embracing remote reviews and processes, so this is a chance to grow our local industry. But we need government support that is viewed as an advantage, not a disincentive. At this crucial time, raising the PDV offset threshold to \$1m will crush the potential for many local firms to work with overseas production companies that are aware of the world-class quality of Australian post-production services but have been unable to access them. Such an opportunity is too important to lose.

Thank you for reading and considering this application.

With best regards,

Roger Savage
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