



June 7, 2020

RE: Australian Stories Screen Options Paper

To whom it may concern,

As the General Manager of Method Studios, one of the country's leading VFX houses, and with over 25 years' experience in the role, I feel I'm well placed to make some observations around relevant areas of this paper.

Whilst Method Studios is a foreign owned business, its commitment and dependency on the local industry continues to be pivotal to its success. Whilst we appreciate that few tentpole films with significant VFX requirements are made locally, the ability to develop this type of work would significantly enhance our opportunities for growth and development. The development and acceleration of the local industry must be considered to run in unison with the capture of international (primarily US based) feature work in order for the industry to thrive.

As a member of Ausfilm, we are extremely encouraged by the work the organization does and the partnership between government and industry is globally seen as a successful model. This is reinforced through consistent messaging from clients who appreciate the role Ausfilm plays in bringing information and opportunity to a highly competitive market.

From our perspective, there are a number of key issues that, if resolved, will ultimately drive the success of our industry. These include, but are not limited to:

- A strong vision for the future with Ausfilm and the Australian screen production sector creating a continuous pipeline of inward investment. This not only has economic benefits but also provides significant training and education for those in our field.
- A competitive location offset. The Location Offset at 16.5% does not work and will not attract international clients. However the operation of the Location Incentive shows that 30% is competitive but it must come with certainty and not with the complexity of the grant program. We have spoken to many clients in the US who feel the application process is onerous and the results unpredictable. Until we get to 30%, with certainty, we will continue to struggle to compete with many other jurisdictions. Indeed, the success of the PDV Offset at 30% is indicative of a successful program and one that works for both client and local industry. Additionally, the ease of application for the PDV has also contributed to its success. As such we'd be advocating that all offsets are administered at 30% and in the same way as the PDV with an allowance for a possible cultural uplift through the Producer Offset program.
- The states also need to play a role in supporting the industry and many have significantly increased their production attraction funds over the last 12-18 months.

- The administration of the Location and PDV Offsets has been successful and should remain with the Department of Office for the Arts, Department of Infrastructure, Transport, Regional Development and Communications.

This is a critical time in the industry as we recover from the massive production slow down due to the virus. Jurisdictions around the world are hungry and need to attract work. We have many advantages here in Australia to both create and attract work however it is, as mentioned, a highly competitive field with many countries providing incredibly generous incentives to attract production. As part of a global entity, we are often exposed to work being placed within our own group in higher rebate/offset regions. If we do not take this opportunity, our industry will stagnate and get left behind.

Sincerely,

A handwritten signature in black ink, appearing to read 'Simon Rosenthal'.

Simon Rosenthal
Head of VFX