

Silver screens: Government support boosts film sector

By Tom Miller

Government support and demand from foreign producers has supported Australia's film sector.

Government support has boosted Australia's film production industries over the past five years

Australia's motion picture and video production, and post-production services sectors have performed well over the past five years. Australia's world-class studios, comparatively low production costs, and state and federal government incentives have attracted numerous international filming projects over the period, including *Pirates of the Caribbean: Dead Men Tell No Tales*, *Thor: Ragnarok*, *Aquaman* and *Pacific Rim: Uprising*. The Video Post-Production Services industry has performed particularly well, with revenue expected to increase at an annualised 6.2% over the five years through 2018-19, to \$530.7 million. Combined, the Motion Picture and Video Production industry and the Video Post-Production Services industry are anticipated to generate revenue of over \$3.1 billion in the current year.

Government support has been critical in driving demand for local film producers over the past five years. The Australian Government's Producer Offset provides a 40.0% rebate on domestic film production costs, while the Location Offset offers a 16.5% rebate for foreign films. In May 2018, the Federal Government announced an additional \$140.0 million over four years to attract large-budget international productions to film in Australia. Combined with Australia's world-class reputation and

comparatively weak dollar, this incentive is anticipated to drive investment from foreign film producers over the next five years.

Post-production companies have also received significant government support over the past five years. The Federal Government offers post-production companies a 30.0% rebate on expenditure made within Australia for Post, Digital and Visual Effects (PDV) production services for big-budget films. Many state governments have also moved to support local film production and post-production companies. In December 2017, the South Australian Film Corporation announced it would introduce a new uncapped 10.0% rebate for companies undertaking PDV work in South Australia, which stacks with the Federal Government's 30.0% rebate. Shortly afterwards, South Australia-based Rising Sun Pictures announced its intentions for a major expansion, including plans to increase staff numbers by almost one-third. The number of Australian post-production companies has increased strongly over the past five years, as government incentives and strong revenue growth have attracted new entrants. In February 2018, major international firm Technicolor announced plans to open a new \$26.0 million visual effects studio in Adelaide named Mill

Silver screens: Government support boosts film sector

Subscribe and become an industry expert

Subscription packages can be tailored to meet your individual or company's needs. Benefits of subscription include substantial discounts on report prices, exclusive data access and rates on customised research to help you move quicker than the competition.

Including key statistics, analysis, historical data and future forecasts, IBISWorld Industry reports provide the information you need to make sound business decisions – now and into the future.

For more information, please call us today on (03) 9655 3881

Film. The studio will focus on visual effects work for major film studios and streaming services, and intends to employ approximately 500 people as it ramps up work over the next five years.

The weak Australian dollar, combined with significant state and federal funding incentives, has the potential to propel a foreign investment boom in the Australian film sector. However, the sector still faces significant threats. Subscription video on demand (SVOD) services, such as Netflix, have boomed in popularity over the past five years. SVOD operators currently have no quotas for minimum local content, and have negatively affected key markets for production and post-production operators, such as free-to-air broadcasters. SVOD services have flooded Australian screens with foreign films and

TV programs, limiting demand for local content. In August 2018, Australian content accounted for just 1.6 % of Netflix's Australian catalogue, while local free-to-air television broadcasters are required to screen locally produced content for at least 55.0 % of their annual transmission between 6.00 am and midnight. Any moves by the Federal Government to introduce quotas for SVOD operators similar to those applying to Australian free-to-air or pay-tv operators would have a significant effect on Australia's film sector over the next five years.

Related industries:

[Motion Picture and Video Production in Australia](#)

[Video Post-Production Services in Australia](#)