



Doing Business with Australia

Producer Offset and Co-productions



January 2016

Screen Australia

Screen Australia is Australia's primary screen agency. Screen Australia supports bold, enduring and culturally significant projects designed with audiences in mind and created by a skilled and entrepreneurial screen industry.

As part of this support, Screen Australia manages the International Co-production Program which encourages Australian and international producers to work together. It also administers the Producer Offset which contributes significantly to the financing of Australian films, which include official co-productions and can also include projects with international financial support.

For further enquiries

T +61 2 8113 1042

POCU@screenaustralia.gov.au

www.screenaustralia.gov.au/producer_offset

www.screenaustralia.gov.au/coproduction



**Making film and TV
with Australia**



Producer Offset and Co-productions

Part 1 – Overview

Australia is a great place to make film and television	6
Australian Government support	6
The Producer Offset cements Australia's appeal	7
Official co-productions can access the Producer Offset	7

Part 2 – The Producer Offset

Overview	12
What is the Producer Offset?	
What makes the Producer Offset attractive?	
What productions can claim the Producer Offset?	
Why are only Australian films and TV programs eligible?	
Testing for 'significant Australian content'	16
How flexible is the SAC test?	
Who is considered to be an Australian?	
What types of films would pass the SAC test, making them eligible for the Producer Offset?	
Why apply for a provisional certificate?	
Determining 'qualifying Australian production expenditure'	23
What counts as QAPE?	
Can costs incurred overseas while making an Australian film count as QAPE?	
How high does QAPE have to be for a project to be eligible for the Producer Offset?	

Making a claim under the Producer Offset 27

What is involved in making a claim?

How quickly are claims processed?

Statistics 28

Australian directors, producers and writers with top-grossing feature film credits 29

Part 3 – The Co-production Program

Australia has a variety of co-production partners 42

The enthusiasm for co-productions is growing 42

Creative contribution, financing and expenditure must all be in proportion 44

The required approvals provide certainty 46

Creative contribution is determined by a points test 47

Different points tests apply to different types of production 48

Erky Perky






Part 1

Overview

Australian producers, directors and writers have experience, expertise and extensive international contacts in some of the world's most significant markets, making them excellent production partners.



Part 1 – Overview

Australia is a great place to make film and television

Film and television made in Australia has been entertaining global audiences for 40 years. Edgy bold films, fish-out-of-water comedies, moving masterpieces, popular blockbusters. Long-running family series, clever live-action and animated children's programming, quality adult drama, intriguing documentary.

Australian producers, directors and writers have experience, expertise and extensive international contacts in some of the world's most significant markets, making them excellent production partners.

They also live in an environment that suits production: the country is economically and politically stable, the government supports the industry in a range of ways; the filmmaking services and facilities available are highly sophisticated; cast and crew are world class and have a good attitude; a big range of locations are accessible; and the weather is more often good than bad.

Australian Government support

The Australian Government provides financial support to the Australian production industry through:

- Direct support in development and production through Screen Australia
- Indirect support through the Australian Screen Production Incentive.

The Australian Screen Production Incentive is made up of three mutually exclusive, uncapped tax offsets (akin to rebates):

- The 16.5% Location Offset to attract large budget offshore film and TV production to work in Australia
- The 30% PDV Offset (Post, Digital and Visual effects production) to encourage production companies to work with Australia's world-class VFX, animation and post production sector
- The Producer Offset (40% for feature films and 20% for non-features) for Australian projects and official co-productions.

Screen Australia administers the Producer Offset. For information on the Location and PDV Offsets, please visit www.arts.gov.au/film-tv/australian-screen-production-incentive. For information on all aspects of producing in Australia, including locations and crews, contact ausfilm.com.au.

The Producer Offset cements Australia's appeal

The financing systems currently in place are adding to Australia's appeal as a production partner. This is particularly because of the Producer Offset, which has the effect of giving Australian producers a guaranteed source of finance.

The Producer Offset is a rebate on the production expenditure incurred in Australia when making Australian film and TV. Not all expenditure qualifies, but the Offset can be worth up to 20% of Australian spend in the case of television and documentary, and up to 40% in the case of film.


The Producer Offset is having a positive effect, in particular by assisting entrepreneurial film producers to attract bigger, broader audiences by making films with more mainstream appeal.

In addition to this form of subsidy, Screen Australia invests in Australian film, television drama and documentary.

Official co-productions can access the Producer Offset

The Producer Offset was put in place to deliver ongoing cultural, professional and economic gains to the Australian screen industry, and can only be claimed on Australian film, television and some other screen content. An eligibility test called the 'significant Australian content' (SAC) test is used to determine whether a project is 'Australian'.

However, Australia recognises that film and television is a global business and that the presence of international elements, the involvement of international partners and accessing offshore finance can considerably increase the country's competitiveness. This means that projects with



Part 1 – Overview

some non-Australian elements may still be able to meet the SAC test and, in the case of official co-productions, they will automatically bypass the SAC test allowing them access to the Producer Offset.

Australia's desire to partner with international producers means they can also share in the benefits and successes of the Producer Offset. One way is via co-productions. Film and television made under Australia's official co-production arrangements is automatically regarded as Australian (just as it is regarded as domestic production in the partner country), and is therefore eligible for the Producer Offset – providing it meets other criteria too. Projects must spend a certain amount in Australia, for example, and be finished before a claim is lodged.

Australia has official co-production treaty arrangements with Canada, China, Germany, Italy, Ireland, Israel, Korea, Singapore, South Africa and the United Kingdom, and memoranda of understanding (MOUs) with France and New Zealand.

There is no official co-production arrangement between Australia and the US, but Australia has a long history of making blockbusters with the support of the US studios. Certain projects with US support may be able to access the Producer Offset.

Many US footloose productions have also been made in Australia over several decades. Big-budget projects which are not Australian may be eligible for either the 16.5% Location Offset or the 30% PDV (post, digital and visual effects) Offset.

The SAC test is one of the key tests used to determine eligibility for the Producer Offset (40% for features and 20% for non-features).

A production does not have 'significant Australian content' just because all production and post-production occurs within Australia. To meet the SAC test, applicants must demonstrate that other aspects of their project are Australian. Perhaps the subject matter or setting is Australian, or the copyright is held by Australians, or any profits will flow to Australians, or

all the development occurred in Australia, or the key creative positions are held by Australians. Page 16 outlines the SAC test in detail.

A rigorous approach is taken to the determination of whether a project has significant Australian content. Whether Australians have been driving the project right through development and production is always a key issue.





Part 2

The Producer Offset

The Producer Offset is for Australian film and television, including official co-productions. Projects with US involvement may qualify for the Offset, if they pass a 'significant Australian content' test.

Overview

What is the Producer Offset?

The Producer Offset is a rebate on the qualifying costs of making Australian film and TV and covers almost all production services provided in Australia, not just labour. It is not a tax credit and does not need to be on-sold to a tax-payer. Claims are made by the Australian production company through the tax system and delivered to the Australian producer, following the end of the financial year in which the project was completed.

Qualifying spend broadly includes all goods and services provided in Australia, including non-Australian ATs working in Australia on the film.

For feature films the Offset is worth up to 40% of qualifying Australian production costs. For eligible TV and documentaries, it is worth up to 20% of qualifying costs.

There is no cap on the amount of the Offset payable, although there are some limits on specific types of production costs as a percentage of total production expenditure.

What makes the Producer Offset attractive?

For feature films the Offset is generous compared to other initiatives worldwide. Most territories with a rebate set at a similar level do not also have Australia's filmmaking attributes or experience.

The Offset has the certainty offered by legislation. Since it was introduced in 2007, over 900 successful claims have been made. The system of issuing provisional Offset certificates before the film is produced means the return to the producer is predictable and certain. No project which has been issued with a provisional certificate before production has had its application for a final certificate rejected.

Q. How does the Producer Offset work?

A. It works like this:

- An Australian producer applies to Screen Australia for a provisional certificate, which operates as an eligibility guide and assessment of how much money he or she can expect to claim back under the Producer Offset.
- A producer then borrows against the Offset and cashflows that loan into the budget as his or her own equity.
- When the film is completed, the producer applies to Screen Australia and receives a final certificate.
- The certificate is then submitted with the production company's tax return to the Australian Taxation Office, which then pays out the Offset less any pre-existing tax liabilities.

What productions can claim the Producer Offset?

Only productions that have passed a 'significant Australian content' test or those made under Australia's official international co-production arrangements are eligible to claim the Offset. (These are the films referred to in this booklet as 'Australian films'.) A certain amount has to be spent on production in Australia to claim the Offset.

Q. Can I apply without an Australian company?

A. No, the applicant must be an Australian company, or a foreign company that has Australian permanent residency and an Australian Business Number (ABN).

Why are only Australian films and TV programs eligible?

The Producer Offset was put in place to deliver ongoing cultural, professional and economic gains to the Australian screen industry.

The Producer Offset is one of a package of support measures, collectively called the Australian Screen Production Incentive.

What incentives can non-Australian producers access?

Non-Australian productions taking advantage of Australia as a filmmaking centre can access the Location Offset for overseas productions filmed in Australia, or the PDV Offset for productions that use Australia's post-production and visual effects talents, irrespective of where filming occurred.

For more information on the Producer Offset and official Co-production Program see www.screenaustralia.gov.au/Business_with_Australia

For information on the Location and PDV Offsets see www.arts.gov.au/film-tv/australian-screen-production-incentive

For information on Australia's financial incentives, locations, crews and studios see www.ausfilm.com.au

For services, locations and incentives offered by Australian state screen agencies see

www.screenaustralia.gov.au/filmmaking/state_agencies



Testing for ‘significant Australian content’

To qualify for the Producer Offset, a film or TV program must pass a ‘significant Australian content’ (SAC) test. An official co-production, made under one of the permanent arrangements Australia has with 12 other countries, is the exception to this requirement: it bypasses the SAC test.



How flexible is the SAC test?

While it is necessary to have many Australian elements to pass the SAC test, the test is applied case by case and in a holistic manner, rather than rigidly. This gives applicants flexibility and allows Screen Australia to take account of each project's unique aspect.

The many questions asked can be grouped under five key headings. They aren't 'criteria' so it is not necessary to 'meet' them all but the greater the level of 'Australianness' that can be demonstrated under each heading, the more likely it is that a project will be deemed Australian.

The subject matter of the film. Is the look and feel of the film sufficiently Australian? Is the film about Australia or Australians? Was the film developed in Australia or by Australians? Is the film based on an Australian story, novel or other underlying work?

The place where the film was made. To what extent did pre-production, production and post-production occur in Australia?

The nationalities and places of residence of the persons who took part in the making of the film. Are the producer, director and writer Australian? Are the lead cast members Australian? Are the heads of departments Australian? Are Australian post-production houses being used? Is the on-set crew Australian?

The details of the production expenditure incurred in respect of the film. To what extent did the expenditure contribute to the maintenance and development of the Australian film industry? What proportion of the budget was incurred in Australia and what proportion of the budget was incurred on Australians.

Any other matters that Screen Australia considers relevant.

Who has creative control? Who holds copyright in the film? Who profits from the film?



Part 2 – The Producer Offset

There need to be very compelling reasons for a film or TV program to be granted Australian status in cases where it is not set in Australia or about Australians, the early development happened outside Australia, or a large part of the principal photography occurred offshore.

Who is considered to be an Australian?

Anyone who is either an Australian citizen, regardless of where they live, or an Australian permanent resident, regardless of their citizenship.

What types of films would pass the SAC test, making them eligible for the Producer Offset?

As the administrator of the Producer Offset, Screen Australia cannot provide details of individual titles which have passed a SAC test or claimed the Producer Offset because of Australia's strict tax secrecy laws. However, some hypothetical scenarios may be useful.

Example 1: a film that does not need to pass

Any official co-production.

Example 2: a film that would be likely to pass

Synopsis A thriller set in a small Australian town, revolving around a man trying to live under the witness protection program.

Subject matter Australian

Setting Australia

Characters Australian

Pre Australia

Shoot Australia

Post Australia

Writer Screenplay by an Australian writer, based on a US novel

Producer Australian

Director Australian

Heads of department (HODs) Australian, with the exception of the composer

Cast Two US leads, one Australian lead

Example 3: a film that may not pass

Synopsis A drama, set in a remote mining colony on Titan, about three astronauts who uncover some alien artefacts after a visit from an Australian space adventurer.

Subject matter Sci-fi

Setting Titan, a moon of Saturn

Characters American accented characters, but one Australian astronaut visits the space station

Pre Australia

Shoot Australia

Post Australia

Writer Original screenplay by a US writer

Producer One Australian, one US

Director Australian

HODs All Australian

Cast One key US above the line talent; three Australian leads

Example 4: a film very unlikely to pass being more suited to the 16.5% Location Offset

Synopsis A drama set in New York City revolving around the relationships of three students attending art school.

Subject matter Non-Australian

Setting US

Characters US

Pre Australia

Shoot Australia

Post US



Part 2 – The Producer Offset

Writer Screenplay by a US writer, adapted from a US novel

Producer One Australian, two US

Director US

HODs Australian

Cast Three US leads, some Australian supporting cast

Why apply for a provisional certificate?

It is possible but not compulsory to apply for a provisional certificate before a film or TV project goes into production. At the very least, a script, budget, finance plan and a list of the nationalities of the key creatives, crew and cast, must be provided.

A provisional certificate doesn't guarantee that a final certificate will be issued but it provides guidance on whether a production is likely to qualify and also what the qualifying Australian production expenditure (QAPE) is likely to be.

Applications are accepted at any time and Screen Australia takes approximately (or about) six weeks to process them from receipt of a complete application form, unless they are referred to the Board of Screen Australia. Films and TV programs that do not clearly pass the SAC test are always referred to the Board.

For more information on the SAC test see

www.screenaustralia.gov.au/producer_offset/eligibility_SAC.aspx



Top of the Lake



Determining ‘qualifying Australian production expenditure’ (QAPE)

The amount of money that can be claimed under the Producer Offset is not a percentage of the entire budget of an Australian film or TV program, but a percentage of the qualifying Australian production expenditure (QAPE).

The Producer Offset represents 40% of QAPE on feature films and 20% of QAPE on all other eligible formats.

What counts as QAPE?

What counts as QAPE is very clear. It includes most of the major production costs incurred in Australia, including on goods and services, locations (but not gratuities) and the wages of all cast and crew (including those travelling to Australia from offshore, although crew must work on the film for two weeks for costs to qualify). Above the line costs (which in Australia includes only principal cast’s salaries and fringes, not other cast or travel and accommodation) are included in QAPE, subject to a limit of 20% of total budget. Non-feature documentaries are excluded from the above the line cap.

In the case of feature films developed and filmed wholly in Australia with Australian cast and crew, the only potentially significant costs not counted as QAPE are financing charges. For films such as this, the value of the Offset would generally be 37–38% of the total budget.

For detailed information on the treatment of particular expenses under the Producer Offset, see the QAPE resource guide *At a Glance*, available at www.screenaustralia.gov.au/producer_offset

Part 2 – The Producer Offset

Can costs incurred overseas while making an Australian film count as QAPE?

Yes, but not all the costs because, in essence, QAPE is money spent in Australia. Despite this, the wages and travel costs of Australian residents working overseas during principal photography can count as QAPE in limited circumstances. This is where the subject matter of an Australian story needs a particular offshore location. The money spent on non-Australians working outside of Australia at any time is always non-QAPE as is expenditure incurred on Australians working offshore outside the period of principal photography.

In general, when comparing Australian films made wholly within Australia to Australian films partly made overseas, the QAPE would be a smaller percentage of the budget.

In the case of official co-productions, only money spent by the Australian production partner can be claimed as QAPE and the rules referred to above regarding expenditure incurred outside Australia apply.

Charlie's Country



Q. Once a production receives its provisional certification, what happens if additional non-Australian elements are subsequently introduced – eg the lead Australian actor pulls out from a role due to a scheduling conflict and is replaced by a British actor?

A. The provisional certificate acts as a guide to eligibility. If something changes and the project has become more 'Australian' (eg a UK or foreign actor was replaced by an Australian actor) it is not significant and the applicant would not need to do anything, but if the project becomes 'less Australian', it becomes more significant and the SAC may be impacted. If there are significant changes, provisional certificate holders would seek confirmation that their SAC certification is not impacted by any changes by having their project reassessed.

How high does QAPE have to be for a project to be eligible for the Producer Offset?

For a feature film, including a documentary feature, or a telemovie, a direct-to-DVD feature, or other single-episode program, the QAPE has to be at least A\$500,000.

For television drama series, documentary and animation there are thresholds for both the total QAPE and the per hour QAPE.

The QAPE per hour is calculated by dividing the total QAPE by the duration of the series measured in hours. Calculations must be included when claiming the Producer Offset.



Part 2 – The Producer Offset

For documentaries that are not features, whether it is a single production or made up of multiple episodes, QAPE must be at least A\$500,000 and the QAPE per hour must be at least A\$250,000.

For a drama series (or season) the QAPE threshold is A\$1 million and the QAPE per hour must be at least A\$500,000.

For short-form animations the QAPE threshold is A\$250,000 and the QAPE per hour must be at least A\$1 million.

In the case of official co-productions, expenditure in Australia's partner country that would be regarded as QAPE if it was incurred in Australia, is QAPE for the purpose of meeting the expenditure thresholds above, but is not QAPE for the purpose of calculating the amount claimed back under the Producer Offset as a rebate.

For more information, and guidelines and tools for calculating QAPE, see www.screenaustralia.gov.au/producer_offset

Q. Can I apply for more than one incentive for the same project? For example, the Location Offset and the Producer Offset?

A. No, you can only apply for one of the Australian Screen Production Incentive programs per project.

Making a claim under the Producer Offset

Whereas Screen Australia administers the Producer Offset in accordance with the legislation and provides guidelines, application forms and general advice to producers, actual payments are made to the applicant company through the Australian company tax system.

The company must be either Australian or a foreign company with permanent Australian residency and an Australian Business Number (ABN).

What is involved in making a claim?

Once a production is completed, the Australian producer submits an application to the Producer Offset and Co-production Unit of Screen Australia, who ensures the eligibility requirements have been met and then determines which costs count as QAPE and issues a final certificate.

The Offset is then claimed by the Australian producer in their annual tax return to the Australian Tax Office for the financial year in which the film was completed. The Australian tax year runs from 1 July to 30 June.

How quickly are claims processed?

It is not possible to make a claim until a film is completed. Once completed, an application can be lodged with Screen Australia at any time.

Screen Australia generally takes 12 weeks to process final applications from receipt of a complete application. It may take longer for claims of A\$15 million or more as they are always considered by the Board of Screen Australia.

Statistics

Certificates issued in 2014/15

	Provisional	Number	Final Offset value (A\$m)
Features	53	40	\$57.26
Non-feature documentaries	48	69	\$23.39
TV drama and other (eg direct-dvd/online, short-form animation)	27	40	\$42.48
Total	128	149	\$123.13

Provisional Certificates to 30 June 2015*

	No. certificates
Features	395
Non-feature documentaries	464
TV drama and other (eg direct-dvd/online, short-form animation)	255
Total	1,114

Final Certificates to 30 June 2015*

	No. certificates	Total Offset (A\$m)
Features	195	\$676.14
Non-feature documentaries	464	\$105.31
TV drama and other (eg direct-dvd/online, short-form animation)	240	\$306.85
Total	899	\$1,088.30

*since commencement of the Producer Offset on 1 July 2007

Figures may not total exactly due to rounding.

Australian directors with feature film credits earning >US\$20 million worldwide

Director	Title
Armstrong, Gillian	Little Women (1994, US)
Beattie, Stuart	I, Frankenstein (2014, US)
Beresford, Bruce	Mao's Last Dancer (2009, AUS)
	Double Jeopardy (1999, US)
	Driving Miss Daisy (1989, US)
	Crimes of the Heart (1986, US)
Blair, Wayne	The Sapphires (2012, AUS)
Blanks, Jamie	Valentine (2001, US)
	Urban Legend (1998, US)
Campion, Jane	In the Cut (2003, US)
	The Piano (1993, AUS)
Coleman, Warren (co-director)	Happy Feet (2006, AUS)
Cornell, John	Crocodile Dundee II (1988, AUS)
Cornwell, Peter	The Haunting in Connecticut (2009, US)
Crowe, Russell	The Water Diviner (2014, AUS)
Dominik, Andrew	Killing Them Softly (2012, US)
Donaldson, Roger	The Bank Job (2008, UK)
	The Recruit (2003, US)
	Thirteen Days (2000, US)
	Dante's Peak (1997, US)
	Species (1995, US)
	Cocktail (1988, US)
	No Way Out (1987, US)
Edgerton, Joel	The Gift (2015, US)
Elliott, Stephan	The Adventures of Priscilla, Queen of the Desert (1994, AUS)
Faiman, Peter	Crocodile Dundee (1986, AUS)

Gibson, Mel	Apocalypto (2006, US)
	The Passion of the Christ (2004, US)
	Braveheart (1995, US)
Gillespie, Craig	Fright Night (2011, US)
	Mr Woodcock (2007, US)
Grierson, Alister	Sanctum (2011, AUS)
Hicks, Scott	The Lucky One (2012, US)
	No Reservations (2007, US)
	Hearts in Atlantis (2001, US)
	Snow Falling on Cedars (1999, US)
	Shine (1996, AUS)
Hillcoat, John	Lawless (2012, US)
	The Road (2009, US)
Hogan, PJ	Confessions of a Shopaholic (2009, US)
	Peter Pan (2003, US)
	My Best Friend's Wedding (1997, US)
	Muriel's Wedding (1994, AUS)
Hughes, Patrick	The Expendables 3 (2014, US)
Hunt, Bruce	The Cave (2005, US)
Lawrence, Ray	Lantana (2001, AUS)
Luhrmann, Baz	The Great Gatsby (2013, AUS)
	Australia (2008, AUS)
	Moulin Rouge (2001, AUS)
	Romeo + Juliet (1996, US)
	Strictly Ballroom (1992, AUS)
Luketic, Robert	Killers (2010, US)
	The Ugly Truth (2009, US)
	21 (2008, US)
	Monster-in-Law (2005, US)
	Win a Date with Tad Hamilton! (2004, US)
	Legally Blonde (2001, US)

McLean, Greg	Wolf Creek (2005, AUS)
McTeigue, James	The Raven (2012, US) Ninja Assassin (2009, US) V for Vendetta (2005, US)
Miller, George	Happy Feet Two (2011, AUS) Happy Feet (2006, AUS) Babe: Pig in the City (1998, AUS) The Witches of Eastwick (1987, US) Mad Max: Beyond Thunderdome (1985, AUS) Twilight Zone: The Movie (segment 4) (1983, US)
Miller, George T	Andre (1994, US) The Man from Snowy River (1982, AUS)
Moorhouse, Jocelyn	How to Make an American Quilt (1995, US)
Morris, Judy (co-director)	Happy Feet (2006, AUS)
Mulcahy, Russell	Resident Evil: Extinction (2007, UK) The Shadow (1994, US) Ricochet (1991, US) A Nightmare on Elm Street: The Dream Child (1989, US)
Noonan, Chris	Babe (1995, AUS)
Noyce, Phillip	The Giver (2014, US) Salt (2010, US) The Quiet American (2002, US) The Bone Collector (1999, US) The Saint (1997, US) Clear and Present Danger (1994, US) Sliver (1993, US) Patriot Games (1992, US)
Polson, John	Hide and Seek (2005, US) Swimfan (2002, US)

Proyas, Alex	Knowing (2009, AUS)
	I, Robot (2004, US)
	Dark City (1998, AUS)
	The Crow (1994, US)
Rendall, Kimble	Bait 3D (2012, AUS)
Rymer, Michael	Queen of the Damned (2002, US)
Schepisi, Fred	I.Q. (1994, US)
	Mr Baseball (1992, US)
	The Russia House (1990, US)
	Roxanne (1987, US)
Serious, Yahoo	Young Einstein (1988, AUS)
Spierig, Michael	Daybreakers (2009, AUS)
Spierig, Peter	Daybreakers (2009, AUS)
Stadermann, Alexs	Maya the Bee Movie (2014, AUS)
Stainton, John	The Crocodile Hunter: Collision Course (2002, AUS)
Stenders, Kriv	Red Dog (2011, AUS)
Tass, Nadia	Pure Luck (1991, US)
Teplitzky, Jonathan	The Railway Man (2013, AUS)
Wan, James	Furious 7 (2015)
	The Conjuring (2013, US)
	Insidious: Chapter 2 (2013, US)
	Insidious (2010, US)
	Dead Silence (2007, US)
	Saw (2004, US)
	The Way Back (2011, US)
Weir, Peter	Master and Commander: The Far Side of the World (2003, US)
	The Truman Show (1998, US)
	Green Card (1990, AUS)
	Dead Poets Society (1989, US)
	Witness (1985, US)

Wincer, Simon	Crocodile Dundee in Los Angeles (2001, AUS)
	Operation Dumbo Drop (1995, US)
	Lightning Jack (1994, AUS)
	Free Willy (1993, US)
	Quigley Down Under (1990, US)

Australian producers with feature film credits earning >US\$20 million worldwide

Producer	Title
Barber, Peter	Bait 3D (2012, AUS)
Blight, Rosemary	The Sapphires (2012, AUS)
Boughen, Michael	Killer Elite (2011, AUS)
Brown, Chris	The Railway Man (2013, AUS)
	Daybreakers (2009, AUS)
Brown, Martin	Moulin Rouge (2001, AUS)
Chapman, Jan	Lantana (2001, AUS)
	The Piano (1993, AUS)
Clark, Al	The Adventures of Priscilla, Queen of the Desert (1994, AUS)
Collie, Ian	Saving Mr Banks (2013, US)
Cornell, John	Crocodile Dundee II (1988, AUS)
	Crocodile Dundee (1986, AUS)
du Fresne, Kylie	The Sapphires (2012, AUS)
Dubiecki, Dan	Up in the Air (2009, US)
	Jennifer's Body (2009, US)
Edgerton, Joel	The Gift (2015, US)
Fellman, Todd	Bait 3D (2012, AUS)
	Daybreakers (2009, AUS)
Gibson, Mel	Apocalypto (2006, US)
	The Passion of the Christ (2004, US)
	Braveheart (1995, US)

Grayson Bell, Ross	Fight Club (1999, US)
Hamilton, Gary	Bait 3D (2012, AUS)
Hill, Grant	Cloud Atlas (2012, US)
	The Tree of Life (2011, US)
	Ninja Assassin (2009, US)
	Speed Racer (2008, US)
	V for Vendetta (2005, US)
	The Thin Red Line (1998, US)
Hogan, Paul	Crocodile Dundee in Los Angeles (2001, AUS)
	Lightning Jack (1994, AUS)
	Crocodile Dundee II (1988, AUS)
	Crocodile Dundee (1986, AUS)
House, Lynda	Muriel's Wedding (1994, AUS)
Jackman, Hugh	X-Men Origins: Wolverine (2009, US)
Kidman, Nicole	Monte Carlo (2011, US)
	In the Cut (2003, US)
Knapman, Catherine	The Great Gatsby (2013, AUS)
	Australia (2008, AUS)
Lightfoot, David	Wolf Creek (2005, AUS)
Luhrmann, Baz	The Great Gatsby (2013, AUS)
	Australia (2008, AUS)
	Moulin Rouge (2001, AUS)
	Romeo + Juliet (1996, US)
Lum, Troy	The Water Diviner (2014, AUS)
Martin, Catherine	The Great Gatsby (2013, AUS)
Mason, Andrew	The Water Diviner (2014, AUS)
	I, Frankenstein (2014, AUS)
	The Cave (2005, US)
	Dark City (1998, AUS)

McLean, Greg	Wolf Creek (2005, AUS)
Miller, Bill	Happy Feet Two (2011, AUS) Happy Feet (2006, AUS) Babe: Pig in the City (1998, AUS) Babe (1995, AUS)
Miller, George	Happy Feet Two (2011, AUS) Happy Feet (2006, AUS) Babe: Pig in the City (1998, AUS) Mad Max: Beyond Thunderdome (1985, AUS) Twilight Zone: The Movie (segment 4) (1983, US)
Mitchell, Doug	Happy Feet Two (2011, AUS) Happy Feet (2006, AUS) Babe: Pig in the City (1998, AUS) Babe (1995, AUS)
Moorhouse, Jocelyn	Muriel's Wedding (1994, AUS)
Papandrea, Bruna	Wild (2014, US) Warm Bodies (2013, US) Swimfan (2002, US)
Proyas, Alex	Knowing (2009, AUS)
Sherman, Emile	The King's Speech (2010, UK)
Ross, Warwick	Young Einstein (1988, AUS)
Ryan, Julie	Red Dog (2011, AUS)
Scott, Jane	Mao's Last Dancer (2009, AUS) Shine (1996, AUS) Crocodile Dundee II (1988, AUS)
Serious, Yahoo	Young Einstein (1988, AUS)
Stephen, Barbara	Maya the Bee Movie (2014, AUS)

Stigwood, Robert	Evita (1996, US) Staying Alive (1983, US) The Fan (1981, US) Grease (1978, US) Sgt. Pepper's Lonely Hearts Club Band (1978, US) Saturday Night Fever (1977, US)
Weir, Peter	The Way Back (2011, US) Master and Commander: The Far Side of the World (2003, US) Green Card (1991, AUS)
Woss, Nelson J	Red Dog (2011, AUS)
Yeldham, Rebecca	The Gift (2015, US) The Kite Runner (2007, US) The Motorcycle Diaries (2004, US)

Australian writers with feature film credits earning >US\$20 million worldwide

Writer	Title
Anastasios, Andrew	The Water Diviner (2014, AUS)
Beattie, Stuart	I, Frankenstein (2014, AUS) Pirates of the Caribbean (2003–2011, US) G.I. Joe: Rise of the Cobra (2009, US) Australia (2008, AUS) 30 Days of Night (2007, US) Derailed (2005, US) Collateral (2004, US)
Bovell, Andrew	A Most Wanted Man (2014, US) Edge of Darkness (2010, UK) Lantana (2001, AUS)
Briggs, Tony	The Sapphires (2012, AUS)

Campion, Jane	In the Cut (2003, US) The Piano (1993, AUS)
Cave, Nick	Lawless (2012, US)
Coleman, Warren	Happy Feet Two (2011, AUS) Happy Feet (2006, AUS)
Collee, John	Walking with Dinosaurs (2013, US) Happy Feet (2006, AUS) Master and Commander (2003, US)
Cornell, John	Crocodile Dundee (1986, AUS)
Eck, Gary	The Gift (2015, US)
Edgerton, Joel	Happy Feet Two (2011, AUS)
Edquist, Fin	Maya the Bee Movie (2014, AUS)
Elliott, Stephan	The Adventures of Priscilla, Queen of the Desert (1994, AUS)
Flanagan, Richard	Australia (2008, AUS)
Garvin, John	Sanctum (2011, AUS)
Gibson, Mel	Apocalypto (2006, US) The Passion of the Christ (2004, US)
Hayes, Terry	From Hell (2001, US) Vertical Limit (2000, US) Payback (1999, US) Mad Max: Beyond Thunderdome (1985, AUS)
Hicks, Scott	Snow Falling on Cedars (1999, US) Shine (1996, AUS)
Hogan, PJ	Peter Pan (2003, US) Muriel's Wedding (1994, AUS)
Hogan, Paul	Crocodile Dundee in Los Angeles (2001, AUS) Lightning Jack (1994, AUS) Crocodile Dundee II (1988, AUS) Crocodile Dundee (1986, AUS)
Jones, Laura	Angela's Ashes (1999, US)
Kennedy, Duncan	Deep Blue Sea (1999, US)
Kim, John	Bait 3D (2012, AUS)
Knight, Andrew	The Water Diviner (2014, AUS)

Lamprell, Mark	Babe: Pig in the City (1998, AUS)
Luhrmann, Baz	The Great Gatsby (2013, AUS) Australia (2008, AUS) Moulin Rouge (2001, AUS) Romeo + Juliet (1996, US) Strictly Ballroom (1992, AUS)
McLean, Greg	Wolf Creek (2005, AUS)
Miller, George	Happy Feet Two (2011, AUS) Happy Feet (2006, AUS) Babe: Pig in the City (1998, AUS) Babe (1995, AUS) Mad Max: Beyond Thunderdome (1985, AUS)
Morris, Judy	Happy Feet (2006, AUS) Babe: Pig in the City (1998, AUS)
Mulcahy, Russell	Bait 3D (2012, AUS)
Noonan, Chris	Babe (1995, AUS)
Nowra, Louis	K-19: The Widowmaker (2002, UK)
Pearce, Craig	The Great Gatsby (2013, AUS) Charlie St Cloud (2010, US) Moulin Rouge (2001, AUS) Romeo + Juliet (1996, US) Strictly Ballroom (1992, AUS)
Petroni, Michael	The Book Thief (2013, US) The Rite (2011, US) The Chronicles of Narnia: The Voyage of the Dawn Treader (2010, US) Queen of the Damned (2002, US)
Proyas, Alex	Dark City (1998, AUS)
Roach, David	Young Einstein (1988, AUS)
Rosenberg, Craig	The Uninvited (2009, US) After the Sunset (2004, US)

Sardi, Jan	Mao's Last Dancer (2009, AUS) The Notebook (2004, US) Shine (1996, AUS)
Serious, Yahoo	Young Einstein (1988, AUS)
Shadie, Ken	Crocodile Dundee (1986, AUS)
Sherring, Matt	Killer Elite (2011, AUS)
Smith, Sue	Saving Mr Banks (2013, US)
Spierig, Michael	Daybreakers (2009, AUS)
Spierig, Peter	Daybreakers (2009, AUS)
Stainton, John	The Crocodile Hunter: Collision Course (2002, AUS)
Stern, Emil	Legend of the Guardians: The Owls of Ga'hoole (2010, AUS)
Thompson, Keith	The Sapphires (2012, AUS)
Wan, James	Insidious: Chapter 2 (2013, US) Dead Silence (2007, US) Saw III (2006, US) Saw (2004, US)
Weir, Peter	The Way Back (2011, US) Master and Commander (2003, US) Green Card (1990, AUS)
Whannell, Leigh	Insidious: Chapter 2 (2013, US) Insidious (2010, US) Dead Silence (2007, US) Saw III (2006, US) Saw II (2005, US) Saw (2004, US)

For further information please see

www.screenaustralia.gov.au/business_with_australia.

Screen Australia has made all reasonable efforts to ensure accuracy of data. To report any inaccuracies or omissions, please email research@screenaustralia.gov.au.



Part 3

The Co-production Program

Film and television made under Australia's official co-production arrangements can automatically bypass the SAC test and apply for the Producer Offset. All other productions must pass a 'significant Australian content' test in order to claim the Producer Offset.



Part 3 – The Co-production Program

Australia has a variety of co-production partners

The word 'co-production' usually means official co-production in Australia. Official co-productions are made under the formal arrangements (treaties or memoranda of understanding) that exist between the Australian Government and the governments of other countries.

These arrangements foster cultural and creative exchange, allow the risk and cost of filmmaking to be shared, and drive up quality and output.

Australia has arrangements with Canada, China, Germany, Italy, Ireland, Israel, Korea, Singapore, South Africa and the United Kingdom (treaties), and also with France and New Zealand (memoranda of understanding).

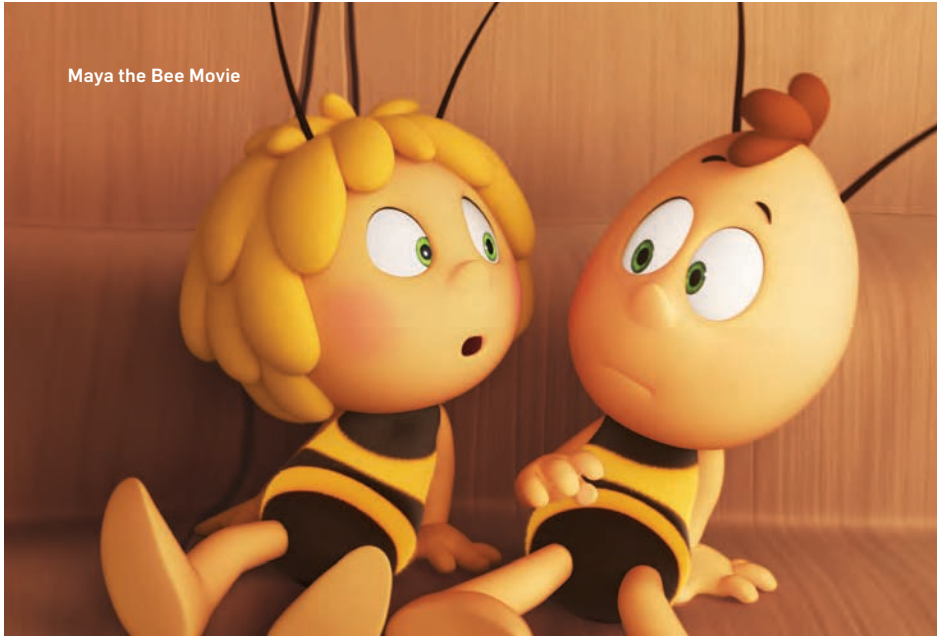
Negotiations are underway with the governments of Denmark, India and Malaysia. Cast and crew from the member states of the European Union can be involved in co-productions between Australia and its official European partners. Each co-production arrangement is negotiated separately and they are not uniform although there are commonalities between the arrangements.

The enthusiasm for co-productions is growing

Official co-productions are regarded as domestic productions in each partner country and can therefore take advantage of more than one set of support systems. In Australia that means a film or television program is eligible to apply for investment from Screen Australia, for example.

More importantly, because Australia's Producer Offset equates to a guaranteed slice of the budget, Australian co-producers can access the Producer Offset without the project having to pass the 'significant Australian content' test. This means that Australian co-producers can commence co-productions with up to 40% of their finance plan already banked.

Australia is keen to increase its participation in the global film and television industry via co-productions and Screen Australia regularly hosts



Maya the Bee Movie

networking events outside Australia to facilitate and create opportunities for producers to explore co-production partnerships.

Examples of recent features that were made as co-productions include director Anne Fontaine's *Adoration* starring Naomi Watts and Robin Wright, *The Railway Man* starring Colin Firth and Nicole Kidman, and *Life*, starring Robert Pattinson.

Official co-productions recently made for television include *Sally Bollywood*, *Vicky the Viking* and mini-series *Serangoon Road*. Other projects include *Maya the Bee Movie*, *The Day My Butt Went Psycho*, *Lah Lah's Adventures* and *JFK: The Smoking Gun*. A significant amount of children's programming is made as co-production.



Part 3 – The Co-production Program

Creative contribution, financing and expenditure must all be in proportion

There must always be a producer on board from each country, referred to in this booklet as 'co-producers'.

Subject to some specific exceptions, *all* personnel involved in making official co-productions must be from the co-producing countries and the film must be made in the co-producing countries. That said, most arrangements allow for use of non-party nationals where:

- the film is undertaking a location shoot in a third country (approval for which is at the discretion of the competent authorities), or
- exceptional circumstances require the use of an actor from a third country.

All of Australia's co-production arrangements require each co-producer to make a creative contribution to the project that is roughly in proportion to the finance raised by that co-producer. In addition, the percentage of the budget raised by each co-producer must be roughly in proportion to the amount of the budget spent on each country's elements.

Each partner country has a 'competent authority' that assesses the requirements of the relevant co-production arrangement in accordance with its own guidelines. It is the responsibility of each co-producer to liaise with the competent authority in his or her country to ensure that the film meets its requirements.

Q. Who negotiates the treaties and who administers the Co-pro Program?

A. The Australian Government negotiates treaties with the governments of other countries. Screen Australia administers the international Co-production Program.



Part 3 – The Co-production Program

The required approvals provide certainty

To qualify as an official co-production under any of the co-production arrangements, a co-producer must apply to Screen Australia for provisional approval before production commences.

At this stage, the Australian co-producer will need to satisfy Screen Australia that:

- there is a producer from each country;
- a co-producers' agreement is in place between the co-producers that outlines the responsibilities and rights of each co-producer and fulfils all the requirements of the relevant co-production arrangement;
- the financial contribution of each co-producer can be substantiated by at least a letter of interest from each financier;
- the Australian co-producer's financial contribution is reasonably in proportion to the Australian creative contribution ('Australian points' are used to assess the Australian creative contribution – see below);
- the Australian co-producer's financial contribution is reasonably in proportion to the spend on Australian elements; and
- the project meets the terms of the relevant co-production arrangement.



Provisional co-production approval is jointly given by the relevant competent authorities.

Once a film or television program is completed, an application for final approval must be made to Screen Australia in order to secure official co-production status. At this point, in addition to providing all of the executed financing agreements, the Australian co-producer must provide a DVD copy of the finished film, the final budget, a full cast and crew list, and other documents as required.

Similarly to provisional approval, Screen Australia will not be in a position to give final approval until the relevant overseas competent authority has confirmed its approval.

Creative contribution is determined by a points test

The points test is a way of Screen Australia assessing the Australian creative contribution to a project. The proportion of Australian points must be reasonably equivalent to the proportion of the finance provided by the Australian co-producer.

The proportion of Australian points must also reach at least the minimum contribution level prescribed by the relevant co-production arrangement. (There is a different arrangement in place with each of Australia's co-production partners, but the minimum is usually either 20% or 30%.)

If the Australian co-producer contributes half the finance, then half the points should be Australian, for example. Subject to the minimum contribution allowed in the relevant co-production arrangement, a 5% margin is allowed. So, if the Australian co-producer's financial contribution is 60%, the Australian points must be at least 55%, for example.

For the points test, key creative roles are allocated a points value. If the person filling that role is an Australian national or permanent resident, a point (two points for the writer and director) is scored for that role.



Part 3 – The Co-production Program

Bear in mind that:

- producers do not attract points because there must be, by definition, one from each of the co-producing countries;
- an individual cannot be treated as two nationalities in one application;
- the splitting of points may be approved on a case-by-case basis, for example, where each co-producing country has one writer each engaged on a television series;
- re-voicing or narrating in the language of each co-production country will result in the points being split. For an animated project, voice cast is allocated three points, so if one voice track is undertaken in Australia and one track in the partner country, then the project scores 1.5 Australian points, for example; and
- for features and television drama, if the film is a majority Australian co-production, that is, if the Australian financial contribution is greater than 50%, at least one of the four lead roles must be filled by an Australian national or permanent resident. In other words, there must be at least one point for key cast.

Different points tests apply to different types of production

The same points test applies to (live action) feature films and television drama but there is a different test for documentary and for animation (including feature documentaries and animations).

Each test aims to provide a degree of flexibility by allowing some of the roles considered in the points test to be selected from a shortlist.

Each test has a set number of roles that are always counted in the points test (top-line key creative roles) in Section A. Then, the Australian co-producer may select roles in Section B of the test (from a shortlist).

Each test also includes a potential point for 'other creative role' in Section B. If an Australian co-producer wishes to claim this point, he or she must convince Screen Australia that the role in question is

particularly important for the film. For example, if the film is a martial arts feature, it may be possible to allocate a point to the fight choreographer or, if it is a musical, to the musical director or choreographer.

The aim of the test is not to maximise the number of Australian points, but to balance the proportion of Australian creative with the proportion of finance contributed by the Australian co-producer. The percentage of points 'scored' as Australian must be no more than 5% under the Australian financial contribution.

The feature films and television drama test – 15 points

Section A (always counted)

Writer 2

Director 2

DoP 1

Editor/Picture Editor 1

Cast (four principal roles). Note that if the project is a majority Australian co-production, at least one role must be filled by an Australian actor

Section B (select five of the below)

Composer 1

Costume Designer 1

Production Designer 1

Script Editor 1

Sound Designer 1

Underlying work 1

VFX Supervisor 1

Other senior key role specific to the film such as a Choreographer or Special Make-up Designer 1



Part 3 – The Co-production Program

The documentary test (including feature animation) – 10 points

Section A (always counted)

Writer 2

Director 2

DoP 1

Editor/Picture Editor 1

Section B (select four of the below)

Composer 1

Researcher 1

Narrator 1

Sound Designer, Recordist, Sound Editor or Mixer 1

Underlying work/subject matter 1

Other senior key role specific to the film such as underwater Director of Photography, Art Director or Visual Effects Supervisor 1

The animation test (both 3D and 2D, including feature animation) – 13 points

Section A (always counted)

Writer 2

Director/Animation Director 2

Cast 3

Key Animator 1

Storyboard Artist 1

Section B (select four of the below)

Editor/Picture Editor 1

Key Background Artist 1

Composer 1

Sound Designer 1

Underlying work 1

Key Model Designer 1

Voice/Actors Director 1

Other senior key role specific to the film such as 3D Modeller, Digital
Compositor or Previs Animator 1

**Further information on co-productions, including the guidelines, is
available at www.screenaustralia.gov.au/coproduction**



Part 3 – The Co-production Program

Statistics as at 31 December 2015

Co-production partners

Country	Nature of agreement	Date signed	Entry into force date	No. co-productions ¹	Total budgets (A\$m)
France ²	MOU	15 May 1986	15 May 1986	32	\$266.20
United Kingdom ³	Treaty	12 Jun 1990	27 Aug 1990	43	\$499.91
Canada ⁴	Treaty	23 Jul 1990	26 Sep 1990	56	\$514.88
Italy ⁵	Treaty	28 Jun 1993	12 Dec 1996	2	\$5.80
New Zealand ²	MOU	23 Dec 1994	23 Dec 1994	11	\$57.81
Israel	Treaty	25 Jun 1997	13 Jan 1998	1	nfp
Ireland	Treaty	4 Feb 1998	7 Sep 1998	4	\$23.37
Germany ⁶	Treaty	17 Jan 2001	12 Sep 2001	10	\$85.54
China ⁶	Treaty	7 Jun 2006	19 Dec 2008	4	\$167.97
Singapore ⁷	Treaty	7 Sep 2007	16 Oct 2008	5	\$51.81
South Africa	Treaty	18 Jun 2010	22 Aug 2011	-	-
Korea	Treaty	8 Apr 2014	12 Dec 2014	-	-

Partners by type of production

Country	No. co-productions ¹	Features	TV Drama	Animation	Documentaries
France ²	32	11	2	11	8
United Kingdom ³	43	23	13	1	6
Canada ⁴	56	10	17	21	8
Italy ⁵	2	2	0	0	0
New Zealand ²	11	4	5	1	1
Israel	1	1	0	0	0
Ireland	4	0	2	0	2
Germany ⁶	10	8	1	0	1
China ⁶	4	4	0	0	0
Singapore ⁷	5	1	1	2	1

Total budgeted cost by type of production

Type	No. co-productions ¹	Total budgeted cost (A\$m)
Documentaries	27	\$42.94
Feature films	59	\$695.54
TV Drama	40	\$459.20
Animation	35	\$299.05
Total	161	\$1,496.73



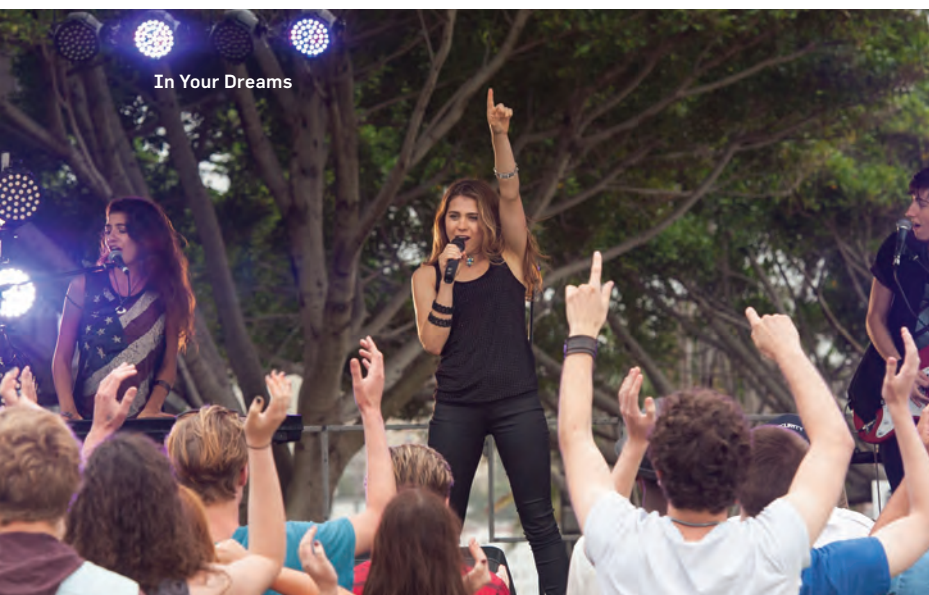
Oscar Wilde's *The Nightingale and the Rose*

Part 3 – The Co-production Program

Budget ranges

Features

Budget range (A\$m) ⁸	Official co-productions to date 1990/91–2015/16		All features ⁹ (Australian and co-productions) 1990/91–2014/15	
	No.	Share of co-pros (%)	No.	Share of all features (%)
Less than 1	0	0%	139	19%
1 to 3	4	8%	203	28%
3 to 6	10	19%	156	21%
6 to 10	12	23%	140	19%
10 to 20	17	32%	55	8%
20 +	10	19%	40	5%
Total	53	100%	733	100%



Mini-series

Budget range (A\$m) ⁸	Official co-productions to date 1995/96–2015/16		All mini-series ⁹ (Australian and co-productions) 1995/96–2014/15	
	No.	Share of co-pros (%)	No.	Share of all mini-series (%)
Less than 1	0	0%	0	0%
1 to 3	0	0%	3	1%
3 to 6	0	0%	30	13%
6 to 10	3	17%	85	37%
10 to 20	14	78%	110	47%
20 +	1	6%	4	2%
Total	18	100%	232	100%

nfp: not available for publication

- 1 Three-way co-productions are counted against each country involved. Therefore the total by country exceeds the total number of titles produced.
- 2 Includes three-way co-production (Australia/France/New Zealand).
- 3 Includes three-way co-production (Australia/Canada/United Kingdom, Australia/Germany/UK).
- 4 Includes three three-way co-productions (Australia/Canada/United Kingdom, Australia/Canada/Italy, Australia/Canada/Singapore, Australia/Germany/Canada).
- 5 Includes three-way co-production (Australia/Canada/Italy).
- 6 Includes three-way co-production (Australia/China/Germany, Australia/Germany/UK, Australia/Germany/Canada).
- 7 Includes three-way co-production (Australia/Canada/Singapore).
- 8 Adjusted using the 'non-farm GDP-implicit price deflator'; base year 2014/15
- 9 Productions under Australian creative control, including domestic productions, official co-productions and other productions involving shared creative control, i.e. with a mix of Australians in key creative positions.





www.screenaustralia.gov.au