
PRODUCER OFFSET AND OFFICIAL CO-PRODUCTION

Significant Australian Content (SAC)

- A film automatically meets the SAC test if it is approved as an official co-production; that is, if it has been made under an arrangement entered into between the Commonwealth or an authority of the Commonwealth and a foreign country or an authority of a foreign country. Such an agreement may be either a co-production treaty or a memorandum of understanding (MOU).
- For both Producer Offset Provisional and Final certificate applications Screen Australia requires a signed copy of the agreement between the co-producers of the film and evidence from the Australian Commonwealth agency and from the relevant foreign country that the film is an official co-production.

Qualifying Australian Production Expenditure (QAPE)

- For the purposes of meeting the QAPE expenditure thresholds, official co-productions may include expenditure that is incurred in the other co-producing country provided that such expenditure would have been QAPE if it had been incurred in Australia.
This means that although the money is not spent in Australia, the level of QAPE across the co-producing countries assists in meeting the threshold and per hour eligibility.
Effectively, the co-producing country is treated as ‘Australia’ for the purposes only of qualifying for the Offset.
- Whether or not your project is an official co-production, if you are shooting outside Australia*, **and the subject matter of the film reasonably requires you to use that location**, expenditure associated with Australian residents during the period of principal photography (ie: wages, per diems, accommodation, transport) will count as QAPE.
Any other expenditure incurred by the Australian partner offshore is non-QAPE (eg expenditure on foreign residents, development expenditure offshore, expenditure associated with Australian residents during pre-production or post production).
The fact that a project is an official co-production does not mean that an overseas location will be accepted as reasonably required by the film’s subject matter. In many instances the offshore expenditure for co-productions will not be eligible for QAPE. For example if a Chinese-Australian co-production which is an animated children’s television series choses to undertake some of the animation work in China, expenditure on that work by the Australian producer would not be eligible for QAPE.
- All co-production budgets must be submitted in Australian dollars and must include all expenditure, regardless of which co-producing partner spent the money and regardless of which country it is being spent in.

- Your QAPE spreadsheet must include all expenditure, including expenditure by the foreign co-producing partner in another country. The expenditure that does not meet the QAPE test should then be listed as exclusions.

Some Examples

1. In the case of expenditure (by the Australian applicant company) on an Australian resident who works on a co-production:

- All expenditure incurred for work done by the Australian resident in the co-production partner country during principal photography is considered QAPE **if** the subject matter of the film reasonably requires the use of the location for the shoot (or that part of the shoot).
- All expenditure incurred for work by the Australian resident that in the co-production partner country outside the period of principal photography is non-QAPE.
- If an Australian crew member is paid a total fee for the production and part of their work takes place overseas during pre-production or post production, you must calculate what portion of the fee is properly attributable to the overseas work and exclude that portion from QAPE.

2. In the case of expenditure (by the Australian applicant company) on a non-Australian resident who works on a co-production:

- Any expenditure on a non-Australian crew member who works outside Australia is non-QAPE
- Any expenditure on non-Australian cast and crew for work done in Australia is QAPE subject to any relevant exceptions or exclusions which would apply if the expenditure were incurred on Australians (NB: 2 week rule for non-cast applies)
- If a non-Australian crew or cast member is paid a total fee for the production and the filming takes place in both Australia and overseas, you must calculate what portion of this fee is properly attributable to the overseas shoot and exclude it from QAPE.

In order to claim an item as QAPE, the Australian co-producing partner needs to actually incur the cost (ie: expend the money). For example if the Australian co-producing partner did not actually pay the Australian resident's wages during offshore principal photography, they cannot claim it as QAPE.

Please speak to an assessor at the Producer Offset Unit (POU) on 02-8113 1042 before submitting a Producer Offset application for a co-production.

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