



# Fact Sheet: Budget package for television and film production sector

As part of the 2020-21 Federal Budget, the Australian Government has announced a package of funding and regulatory reforms to deliver Australian jobs and support the production of Australian screen content. These measures have been developed following extensive consultation following the release of the *Supporting Australian Stories on our Screen* options paper in early 2020.

This package of measures is the Australian Government's response to the Options paper and consultation. It is an important milestone along the Government's reform road map as set out in its response to the Digital Platforms Inquiry, announced in December 2019. The road map provides for a staged process of reform to media regulation towards an end state of a platform neutral regulatory framework.

## New funding to support Australian content

The Australian Government has announced \$53 million in new funding to support the development of Australian content:

- an additional \$30 million to Screen Australia over two years from 2021-22 for funding for Australian drama, documentary and children's screen content across film and television;
- \$20 million over two years from 2021-22 to the Australia Children's Television Foundation (ACTF) to invest in the development, production and distribution of Australian children's content; and
- an additional \$3 million to Screen Australia over three years from 2020-21 to support a Screen Writing and Script Development Fund.

Further detail on these measures is set out in the Fact Sheet: Funding and Incentive Reform

## Australian Screen Production Incentive

Following consultation on the Options paper, the Australian Government is making a range of changes to the Australian Screen Production Incentive to provide long-term, stable settings for the production sector, encouraging it to target expenditure towards onscreen quality and encourage the creation of original Australian stories.

### Current ASPI settings and new ASPI settings

Current setting	New setting
Producer Offset rate for television content is 20 per cent	Increase the Producer Offset rate to 30 per cent
Producer Offset rate for feature film (released in the cinema) is 40 per cent	Decrease the Producer Offset rate to 30 per cent
Producer Offset minimum qualifying Australian production expenditure (QAPE) threshold for feature length content is \$500,000	Increase the minimum QAPE threshold for feature length content to \$1 million

Current setting	New setting
Producer Offset 'Gallipoli Clause' permits some costs incurred outside of Australia to be claimed as QAPE	Remove the Gallipoli Clause from the Producer Offset
Producer Offset only enables a series to claim QAPE incurred up to 65 commercial hours	Remove the 65 commercial hour cap for drama productions
Producer Offset caps Above the line (ATL) QAPE at 20 per cent of total film expenditure for all content except non-feature documentary	Extend the ATL cap to non-feature documentary
PDV Offset minimum PDV-QAPE threshold is \$500,000	Increase the minimum PDV-QAPE threshold to \$1 million
Under all three tax offsets productions are permitted to claim a certain percentage of their production spend as overheads not directly related to the making of the film to cover company expenses	Remove overheads as eligible expenditure for all three tax offsets
Under all three tax offsets productions are able to claim uncapped expenditure incurred on Australian held copyright	Cap the level of copyright expenditure that can be claimed at 30 per cent of total production expenditure under all three offsets

These changes will be implemented through amendments to the *Income Tax Assessment Act 1997* and will come into effect for productions that commence principal photography or post, digital and visual effects activity on, or after, 1 July 2021.

Further detail on these measures is set out in the Fact Sheet: Funding and Incentive Reform

## Modernising Australian content regulation

Commercial free-to-air television broadcasters will continue to be subject to obligations to broadcast Australian drama, children's and documentary content, but will have more flexibility around how they meet these obligations.

- From 1 January 2021, commercial television broadcasters will be subject to a modified quota that will be able to be met with any mix of Australian drama, film, children's and documentary content, with the exception of a cap on the number of hours of documentary content.
- This will allow broadcasters to better target their content to suit their audiences, while still protecting and promoting Australian stories and perspectives.

Children's content will be regulated through the new modified quota. Any 'P' (pre-school) or 'C' (children's) content broadcast by commercial television broadcasters will continue to be required to meet the existing safeguards which apply to such content (for example, restrictions on advertising). Broadcasters will be able to meet their modified quota obligations on their primary or multichannels.

Commercial broadcasters will continue to be required to provide 55 per cent overall Australian content on their primary channels between 6:00 am and midnight, and to provide 1,460 hours of Australian content per year on their multichannels.

The changes will be implemented through a Ministerial direction to the Australian Communications and Media Authority (ACMA) to revoke and remake the Australian Content Standard and Children's Television Standards.

Further details on how the modified content quotas will work are provided in the Fact Sheet: Modernising Australian content regulation.

## Reporting requirement for video streaming services

Commencing 1 January 2021, streaming services will be asked to report to ACMA on their Australian content expenditure. This will provide more consistent and transparent information on the level of investment in Australian content by streaming services such as Netflix, Amazon Prime, Disney+ and Stan.

## Subscription television

Subscription television broadcasters (such as Foxtel) will continue to be required to spend a proportion of their drama program expenditure on Australian drama programming. The Government will move to reduce this obligation from 10 per cent of program expenditure for each drama channel to 5 per cent from 1 July 2021. The changes will be implemented through amendment to the *Broadcasting Services Act 1992*.