

MEDIA RELEASE

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Producer Offset can't work alone, Screen Australia funding is needed to value add

Friday 9 July 2010: Screen Australia last night released its submission to the 2010 Review of the Australian Independent Screen Production Sector at a seminar in Sydney.

"For feature film, television drama and documentary the Producer Offset accompanied by Screen Australia investment is generally working well," said **Ruth Harley**, Screen Australia's Chief Executive Officer. "However, our consultation with industry and our administration of the Producer Offset reveals that the Producer Offset cannot work alone. Screen Australia plays a vital role in enabling Government to target scarce funds to meet specific objectives such as the production of quality, innovative content that resonates culturally with Australian and international audiences. For the Producer Offset to reach its potential, Screen Australia requires more direct funding to allow increased support for medium-budget films and authored documentaries."

"There is a strong argument for the games sector to access a modified Producer Offset in order to retain intellectual property and grow sustainable Australian businesses. Furthermore, Australian content in a digital environment remains the greatest unknown and Screen Australia has a vital role in supporting compelling content," Dr Harley said.

Ruth Harley and **Fiona Cameron**, Executive Director of Strategy and Operations identified 10 key issues during their presentation. They include:

- **Medium-budget films**
The Producer Offset does not yet assist to generate enough revenue to fund medium-budget feature films without Screen Australia's assistance. This is due to the more complex financing structures of these films and the timing of the introduction of the Producer Offset, which coincided with the global credit crunch and a reduction in Screen Australia's appropriation. Additional funding is required to enable Screen Australia to lift its current funding cap from \$2.5 million and invest in medium-budget films.
- **Low-budget, one-off documentaries**
While working for documentary series, the Producer Offset is more problematic for low-budget, one-off documentary productions, which may not have sufficient marketplace support to be made without additional funding from Screen Australia. For these productions, the Producer Offset is often not worth enough to producers to justify compliance costs, and Screen Australia incurs significant administrative costs. A direct payment in the form of a grant could substitute for the Producer Offset payment for one-off documentaries with an overall budget of \$500,000 or less.
- **Innovative screen projects**
Innovative and entrepreneurial projects, which have low budgets or alternative distribution models are currently missing out on the support provided to more expensive projects or those with more traditional release strategies. Lowering the \$1 million Qualifying Australian Production Expenditure (QAPE) threshold for feature films to \$500,000 is one means to support innovative and entrepreneurial screen practitioners to bring films to market. Additionally, single-episode program (non-theatrical drama) QAPE thresholds are too high and stymie innovation. Reducing these thresholds will result in more lower-budget, innovative projects being eligible for the relevant Producer Offset. If this were to be combined with increased direct funding support for Australian content on emerging media platforms, this

could assist to address the relatively small amounts of Australian content available on these platforms.

- **Games sector**

Without greater assistance from Government, Australia will struggle to build a sustainable games industry given the sector's current market structure, inability to retain intellectual property and high levels of international subsidy. A hybrid Location/Producer Offset governed by a modified Significant Australian Content (SAC) test which focuses on the manufacturing criteria as opposed to the subject matter of the content.

Screen Australia's presentation also included the release of original research providing a snapshot of independent documentary and drama screen production businesses in Australia.

The research along with more information about the key issues identified by Screen Australia can be downloaded from the Screen Australia [website](#). An extract from Screen Australia's 2010 submission is available along with the full document.

A webcast of the seminar will be available on the Screen Australia site mid-July.

Ruth Harley, Fiona Cameron and the Screen Australia Board invite practitioners in Melbourne to learn more about Screen Australia's response to the 2010 Review of the Australian Independent Screen Production Sector at a seminar in August. For further details visit the [Events](#) page on the Screen Australia website.