

Environment And Communications
Environment and Communications Legislation Committee
ANSWERS TO WRITTEN QUESTIONS ON NOTICE
Infrastructure, Transport, Regional Development and Communications

IQ21-000068

Division/Agency: Office for the Arts and Treasury
Topic: Costing breakdown of Schedule 1 of the bill
Proof Hansard Page: Written (24 August 2021)

Senator Nita Green asked:

Please provide a detailed costing breakdown of each part of Schedule 1 of the bill for each year of the forward estimates and in total across the forward estimates:

- a. Producer Offset rate: increase in the rate of the Producer Offset to 30 per cent;
- b. Minimum qualifying threshold—Producer Offset: increase in the qualifying Australian production expenditure (QAPE) threshold from \$500 000 to \$1 million;
- c. Minimum qualifying threshold—PDV Offset: increase in the QAPE threshold from \$500 000 to \$1 million;
- d. Commercial hour cap: removal of the 65 hour cap on claiming QAPE for a drama series and seasons of a drama series;
- e. General business overheads: expenditure on general business overheads can no longer be counted as QAPE toward any offset;
- f. Expenditure occurred overseas: expenditure on goods and services provided by Australian residents outside Australia can no longer be counted toward a company's QAPE;
- g. Copyright expenditure cap: expenditure in relation to a film incurred in acquiring Australian copyright or licensing Australian copyright in a pre-existing work for use in the film can be counted as QAPE up to a cap equal to 30 per cent of the film's total production expenditure;
- h. Development expenditure cap: for a documentary, development expenditure and remuneration provided to the director, producers and principal cast ('above the line' expenditure) up to 20 per cent of the total production expenditure on a film can be counted as QAPE; and
- i. Re-versioning limits: a company may only claim expenditure as qualifying Australian production expenditure on the first version of a film, and one-re-version.

Answer:

1. Financial implications for measures are ordinarily costed and published as the overall impact of the measure. The package of reforms was costed as an overall net benefit to the sector of \$75 million over the forward estimates.

The modelling for the measure in Schedule 1 focused on the overall impact of the measure. The modelling for measures considers interactions between components of measures, and behavioural responses or other effects, that form part of costings and that may not be directly attributed to or available for particular components separately.