

House of Representatives Standing Committee on Communications and the Arts

Inquiry into the Australian film and television industry

Answers to Questions on Notice

Hearing: Canberra, 16 June 2017

Department of Communications and the Arts

Hansard Ref: page 6

Topic: China Film Co-production Agreement

Mr Luke Howarth MP, Chair asked:

CHAIR: Mr Watts talked a moment ago about China, and I think you are saying we have had that relationship for 10 years and we are basically doing one film every two years. That is an interesting question, but what other countries does China deal with that are comparable to Australia—Canada, the US? Do you know?

Ms Fulton: Yes, China would have agreements with Canada.

CHAIR: With Canada, do you know if they are doing more than five over 10 years?

Ms Fulton: Off the top of my head, I would not be able to tell you, sorry.

CHAIR: That would be interesting to know.

Ms Fulton: We can certainly look into that.

CHAIR: We want to know if we are competing and how we are going.

Answer:

The Film Co-production Agreement between the Government of Australia and the Government of the People's Republic of China was signed in 2006 and came into force in 19 December 2008. Five features have been finalised under this agreement with budgets totaling \$87 million.

At the Australia China Film Industry Exchange in April 2017, Screen Australia announced the feature film *At Last* had received approval, making it the eighth co-production to be made under the Agreement. *At Last* will film in Queensland.

<https://www.screenaustralia.gov.au/sa/media-centre/news/2017/mr-170420-australian-chinese-copro>

In addition, a slate of 14 upcoming co-productions was also announced which will be backed by \$400 million worth of investment.

<http://www.sbs.com.au/news/article/2017/04/21/bringing-stories-together-14-china-australia-film-co-productions-announced>

The Film Coproduction Treaty between the Government of Canada and the Government of the People's Republic of China came into force in 23 February 1987. A new treaty was negotiated and came into force on 1 May 2017. Telefilm Canada reports that since 2008, three features films have been made under the agreement.

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Topic: International Incentives

Ms Susan Templeman MP asked:

Ms Allan: Not usually on its own, to be honest. The sorts of incentives that states can provide—there is a range of things; each state has their own way of doing it. They also consider it sometimes on a case-by-case basis as well as having some standard things they offer. It might be something like payroll tax or that type of thing.

In terms of what other jurisdictions are offering, in New Zealand they have a base tax credit or rebate rate of 20 per cent with a five per cent uplift for demonstrated significant economic impact, which is calculated in different ways. In Canada they offer 16 per cent for official co-productions but it can be combined with provincial credits—and their provincial credits are more significant than Australia is in a position to offer. For example, British Columbia has 33 per cent for qualifying labour costs, 17.5 per cent PDV bonus, 6 per cent bonus for filming outside Vancouver—quite a significant range of other incentives. Ontario—

Ms TEMPLEMAN: Chair, would we be able to ask for a copy of those details?

CHAIR: Sure.

Ms Allan: Yes, you can have a copy of the list. We would be happy to provide that.

Answer:

Countries that are regularly considered by international productions as filming destinations include New Zealand, United Kingdom, some Canadian provinces, Hungary, South Africa and some US states. Below is a summary of location based incentives offered by those countries.

Jurisdiction	Tax credit/rebate rate	Additional benefits available
Australia	16.5%	Can be combined with state incentives
New Zealand	20% 5% up lift for demonstrated significant economic impact	
Canada	16% for official co-production	Can be combined with provincial credits
British Columbia	33% for qualifying labour costs 17.5% PDV bonus 6.6% bonus for filming outside Vancouver	Can be combined with Federal credit
Ontario	21.5% on all spending in Ontario 18% PDV bonus on labour spend	Can be combined with Federal credit
Quebec	20% on all spending in Quebec 16% PDV bonus on labour spend	Can be combined with Federal credit

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Louisiana	30% 5% for first million of resident's payroll (capped at \$180m per year)	
Georgia	30% 10% up lift if Georgia promotion included in the film	
New Mexico	30%	
New York	30% (for below the line costs only) 35% for locations in upstate NY	
United Kingdom	25% for all expenditure, UK spend must be at least 10% of spend.	
Ireland	32%	
France	30%	
Hungary	25-30% (must pass European culture test)	
South Africa	20% plus up to a further 5% for post production spend	

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Topic: Children's content on SVOD

Mr Luke Howarth MP, Chair asked:

CHAIR: Just getting back to SVOD, subscription video on demand. If quotas were to be applied to that, how do other countries do it at the moment? Apparently Europe has quotas for local content with subscription video.

Dr Patteson: It is something, as I understand it, that has been introduced fairly recently. We are looking at what other jurisdictions are doing, and my sense is that there is not necessarily a long history of it being applied in other countries. But, certainly, we are absolutely aware of Europe moving down this path, so we are going to look at what they are doing. I think it does come back to there being a challenge here in that we absolutely want it to be across all platforms and the way people consume these days. We have easier levers in some respects, because, obviously, there are quotas and things that we can apply through the Broadcasting Services Act, and it is a discovery journey as we look to translate it in the online environment and think about what might be applicable and how we could put that into practical effect. But we are very much looking at what other jurisdictions are doing.

Mr LITTLEPROUD: I want to just ask a supplementary question. I presume that that will extend to children's TV content is well. Do you have a percentage of what, if anything, is on in the SVOD's local content at the moment? I think there is some children's content that they are streaming without a quota. Is that right?

Dr Patteson: I believe so. I do not have figures to hand, and I do not know whether we have them. I am happy to take that on notice and see what we have. But, again, this goes to some of the work that we are doing. You are absolutely right, for some of the streaming video on demand there is Australian production.

Answer:

While we are aware that many SVODs operating in Australia such as Stan and Netflix offer some level of both local and children's content, precise details or figures on their available content are subject to change and are not generally available. The review into Australian and children's content will look into issues relating to the SVOD sector and is consulting with all relevant stakeholders in the Australian screen industry as well as conducting research into overseas policies and regulatory settings.