

## QPE GUIDELINES

**These guidelines are effective from 1 July 2019. These guidelines shall not operate retrospectively.**

**For projects contracted prior to 1 July 2019, the QPE definition shall be as set out in the contract or if a link is referenced in the contract (as [https://screenqueensland.com.au/app/uploads/2016/02/QPE\\_Defn.pdf](https://screenqueensland.com.au/app/uploads/2016/02/QPE_Defn.pdf)), please contact Screen Queensland for a copy of the previous QPE definition.**

Screen Queensland provides these guidelines to assist applicants in providing correct and reasonable estimates of Qualifying Production Expenditure (QPE) when applying for funding from Screen Queensland. These guidelines do not operate to set fees, payments or expenditure for the production which remain within the producer's control.

Screen Queensland requires that all applicants meet their expected level of QPE.

For production incentives which are not cash-flowed, Screen Queensland will not make any payment unless and until QPE milestones are met as set out in the funding agreement.

For production investment and cash-flowed incentives, producers are required to deliver to Screen Queensland, as part of their application documents, a statutory declaration confirming that their QPE estimate has been calculated on a reasonable and thorough basis (considering all circumstances of the Project and other known or likely production activity in Queensland throughout the production schedule for the project, including impact on the availability of crew). In case of any doubt, QPE estimates should be calculated on a conservative basis with the provided expenditure **guaranteed** to be delivered.

QPE commitments will be monitored throughout the production by Screen Queensland. With each production report provided to Screen Queensland under the relevant agreement, the Producer will be required to declare the QPE spend to date and the projected QPE spend to completion of production. For production investment and cash-flowed incentives, Screen Queensland reserves the right to reduce funding by the amount of the final instalment if the final QPE audit shows that the expected level of QPE has not been achieved, as set out in the contract.

Failure to achieve the expected level of QPE for any project or any contravention of these QPE guidelines will be a breach of contract and may prevent the Producer from being eligible to obtain further funding from Screen Queensland.

Screen Queensland reserves the right to change these guidelines from time to time.

In the event of any conflict between these guidelines and any funding agreement with Screen Queensland, the contract will prevail to the extent of such conflict.

Screen Queensland reserves the right to make exceptions to these guidelines on a case-by-case basis where Screen Queensland considers that it is fair and reasonable to do so. Any such exceptions shall be confirmed by Screen Queensland in advance and in writing.

If you have any questions about these guidelines, please contact Screen Queensland by phone 07 3248 0500 or email [reception@screenqld.com.au](mailto:reception@screenqld.com.au).

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## **PART 1: DEFINITION OF QUEENSLAND PRODUCTION EXPENDITURE (QPE)**

**QPE** means Queensland production expenditure resulting from the production of the Project by the Producer which the Auditor, following an audit of such expenditure, finds is reasonably attributable to:

- (a) salaries and other expenses paid to Bona Fide Queenslanders for services provided in Queensland in connection with the Project, including holiday pay, overtime, superannuation contributions and PAYG tax;
- (b) Salaries and other expenses paid to Bona Fide Queenslanders for services provided in connection with the Project outside of Queensland for a reasonable amount of time;
- (c) per diems (as that term is used and adopted by the Media Entertainment and Arts Alliance (MEAA)) and living and accommodation allowances paid to cast and crew on account of their living in Queensland during production of the Project;
- (d) Queensland workers' compensation insurance payments;
- (e) fringe benefits tax relating to benefits provided in Queensland paid by the Producer;
- (f) payments to Queensland Suppliers (which for the avoidance of doubt may include independent contractors who are not subject to Queensland payroll tax) for services provided in Queensland;
- (g) payments in respect of the supply of goods and services provided in Queensland where arranged through a Queensland Agent (for example, the booking of Queensland accommodation or Queensland car hire through a Queensland Agent who is a travel agent);
- (h) payments for post-production services provided in Queensland by a Queensland Supplier;
- (i) fees and charges relating to the use of land located in Queensland;
- (j) inbound international or interstate airfares to a Queensland destination or where a return fare is purchased 50% of the fare qualifies as QPE provided that the 'two (2) week rule' for non-cast members applicable to the QAPE definition (set out in the Income Tax Assessment Act) applies, that is, the person must spend a minimum of 2 consecutive weeks in Queensland for that person's airfare costs to qualify, provided airfares are booked through a Queensland Agent or Queensland Supplier;
- (k) expenditure for inbound and outbound freight to/from a Queensland destination provided by a Queensland Supplier or made through a Queensland Agent;
- (l) producer fees paid to Bona Fide Queenslanders which are fair and reasonable and which in any event shall be capped at 2.5% of below the line costs (for each producer); Screen Queensland reserves the right to adjust the cap if it considers that producer fees are not fair and reasonable;
- (m) overheads for a production company having its principal place of business in Queensland which are fair and reasonable and capped at: (i) \$500,000 (five hundred thousand dollars) for any production office which is not a home office and (ii) \$100,000 for any other production office; Screen Queensland reserves the right to adjust the cap if it considers that overheads are not fair and reasonable;
- (n) insurance supplied by a Queensland Agent;

- (o) Screen Queensland administration fees (including RFFF administration fees, where applicable);
- (p) in respect of development costs for the production:
  - (i) the total Screen Queensland development funds plus premium charges regardless of whether some of those costs were paid to non-Queensland residents, agents or suppliers; and
  - (ii) any other development costs provided such other costs were paid to a Bona Fide Queenslanders or Queensland Supplier;
- (q) stamp duty costs incurred on production of the project in Queensland;
- (r) Queensland payroll tax; and
- (s) such other expenses that, in the opinion of the Auditor, are properly included subject to the prior written consent of Screen Queensland and in respect of which Screen Queensland shall be entitled to request invoices,

but excluding the Excluded Items (defined below).

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## **PART 2: DEFINITIONS**

**Auditor** means a person who is not an officer, employee or shareholder of the Producer or the Production Company and who is a duly registered company auditor with ASIC, and whose identity is notified to Screen Queensland in writing on appointment by the Production Company.

**Bona Fide Queenslanders** means individuals who are domiciled in Queensland and who can establish proof of residency in Queensland for at least 6 (six) months prior to their engagement on the Project, either by:

- (a) confirmation that they are enrolled on the Queensland electoral roll and have been for a minimum of six (6) months prior to their engagement on the Project, such details to be confirmed in their contract of engagement, or
- (b) by signing a statutory declaration confirming their residency at an address/addresses in Queensland for a minimum of six (6) months prior to their engagement on the Project.

Screen Queensland reserves the right to request proof of Queensland residency which is available from the Australian Electoral Commission and/or by providing copies of utility bills for the relevant period.

**Excluded Items** means those items expressly excluded as set out in Part 3 below.

**Queensland Agent** means a service supplier who makes the arrangements for the supply of goods and services where the service supplier's principal place of business is in Queensland or who has a registered or permanent office or a branch in Queensland and that office or branch is the service provider.

**Queensland Supplier** means either:

- (a) a supplier of goods whose principal place of business is in Queensland or who has a registered or permanent office or a branch in Queensland and that office or branch is supplying the goods; or

- (b) a supplier of services whose principal place of business is in Queensland or who has a registered or permanent office or a branch in Queensland **and that office or branch is supplying the services in Queensland.**

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### **PART 3: EXCLUDED ITEMS**

The following goods and services shall be excluded from the definition of QPE:

- (a) **goods** that are sourced from outside Queensland from a non-Queensland supplier, even though they are used on the production of the Project in Queensland;
- (b) where **goods** are supplied by a Queensland Supplier or Queensland Agent for use outside of Queensland or internationally, any costs attributable to use of the goods outside of Queensland shall be excluded from the definition of QPE (by way of example only, if equipment is supplied by a Queensland Supplier and the equipment is shipped overseas then those costs shall be QPE; if, however, the Queensland Supplier make arrangements for the supply the equipment outside of Queensland then those costs shall not be QPE and only the Queensland Supplier's commission shall be QPE);
- (c) **services** that are supplied by a non-Queensland supplier even though they are used on the production of the Project in Queensland (including without limitation, legal and business costs), and/or
- (d) **services** except for airfares and freight contracted through a Queensland Supplier but supplied outside of Queensland even though such services are used on production of the Project in any other state/territory of Australia or internationally,

**Contingency** shall be excluded from the definition of QPE except to the extent that it is actually spent on items specified in the QPE definition. Contingency may only be included in a QPE estimate at application stage as a prorated percentage of QPE spend to the total production budget. Exchange rate fluctuation contingency is excluded from QPE;

**GST** shall be excluded from the definition of QPE. **GST** means the Goods and Services Tax under A New Tax System (Goods and Services Tax) Act 1999 (Cth) and any associated legislation and regulations.

**Interest and bank fees** are excluded from QPE unless payments are made to a Queensland Supplier or Queensland Agent.

**Rebate application costs** are excluded from QPE.

**SPA and ADG levy** are excluded from QPE.

Any amounts specified as '**other amounts**' in the budget shall be excluded from the definition of QPE except to the extent that such amounts are actually spent on items specified in the QPE definition.

Any costs, expenses or other amounts included in any successful funding application submitted to any other agency, organisation, council or body in another Australian state/territory (i.e., **any 'double-dipping'**) **must be excluded** from the calculation of QPE.

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**PART 4: NOTES**

In determining the status of a supplier, the Producer may rely on the tax invoice of the supplier such that the supplier shall be a Queensland Supplier or Queensland Agent where the supplier issues a tax invoice which shows the supplier's address as being in Queensland, unless the Producer has knowledge that such address information is incorrect.

For the purposes of determining the amount of QPE where production expenditure is incurred in foreign currencies, the exchange rate will be the 4pm RBA rate averaged across the period in which QPE is incurred.

Screen Queensland reserves the right to:

- (a) independently assess production spend in Queensland at any time,
- (b) request copies of any invoice(s) relating to QPE, and/or
- (c) contact the Auditor directly with respect to the QPE audit report and in the event of conflict or dispute, request an independent assessment of QPE by any other Auditor as Screen Queensland shall determine. Screen Queensland's decision shall be final.