

# Northern Territory Production Expenditure (NTPE) Guidelines

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<b>Acronyms</b>	<b>Full form</b>
NT	Northern Territory
NTPE	Northern Territory Production Expenditure
MEAA	Media Entertainment Arts Alliance
RBA	Reserve Bank of Australia
GST	Goods and Services Tax
SPA	Screen Producers Australia
ADG	Australian Directors Guild

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# 1. Northern Territory Production Expenditure Guideline Purpose

Screen Territory provides these guidelines to help applicants provide accurate and reasonable estimates of Northern Territory Production Expenditure (NTPE) when seeking funding from Screen Territory. They serve as a resource for producers to ensure their budget aligns with the requirements of Screen Territory's funding program. Screen Territory reserves the right to change these guidelines from time to time.

Ultimately, producers retain control over the financial decisions related to their production and are required to meet their contractual NTPE obligations.

**For Production Finance applications**, producers must budget for and engage early to mid-career professional attachment placements as stipulated below. Attachments should be engaged for a minimum of six (6) weeks for either a 40 or 50 hours week and be compensated at a minimum of Level 2 MEAA rates.

- **Projects applying for under \$200,000** must budget for at least 1 attachment
- **Projects applying for between \$200,000 up to \$249,999** must budget for at least 2 attachments
- **Projects applying for \$250,000 or more** must budget for at least 3 attachments

Producers who are accessing Screen Territory Production Funding can apply for further funding to support attachments through the Career Development grants funding stream, however, this can only be in addition to their obligations as noted above.

**Successful Production Funding applicants** will be required to conduct at least one casting session in the Northern Territory at their cost for Northern Territory actors to audition for a level of roles no less than that of minor speaking roles

**Screen Territory requires that all applicants meet their expected level of NTPE.** Therefore, NTPE estimates should be calculated on a conservative basis with the provided expenditure guaranteed to be delivered.

Screen Territory will monitor NTPE commitments during the production process. The Producer must declare the NTPE spend to date and the projected NTPE spend for the remainder of production in each production report submitted to Screen Territory as outlined in the agreement. If the final NTPE audit reveals that the expected level of NTPE has not been achieved as stated in the contract, Screen Territory reserves the right to reduce funding by the amount of the final instalment for production investment and cash-flowed incentives.

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

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

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

If you have any questions about these guidelines, please contact the Screen Territory office on 08 8999 6302 or email [screen.territory@nt.gov.au](mailto:screen.territory@nt.gov.au)

## 2. Definition of the Northern Territory Production Expenditure (NTPE)

Northern Territory Production Expenditure means production expenditure that is incurred for, or is reasonably attributable to goods and services provided in the Northern Territory directly by Territory Enterprises in relation to the goods and services described in the budget submitted to Screen Territory.

As such, **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:**

- Salaries and other expenses paid to Bona Fide Northern Territorians for services provided in The Northern Territory in connection with the Project, including holiday pay, overtime, superannuation contributions and PAYG tax;
- Salaries and other expenses paid to Bona Fide Northern Territorians (as defined in the Screen Territory Terms of Trade) for services provided in connection with the Project outside of the Northern Territory for a reasonable amount of time;
- Per diems (as the term that 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 the Northern Territory during production of the Project;
- Northern Territory workers' compensation insurance payments;
- Fringe benefits tax relating to benefits provided in the Northern Territory paid by the Producer;
- Payments to Northern Territory Suppliers (which for the avoidance of doubt may include independent contractors who are not subject to Northern Territory payroll tax) for services provided in the Northern Territory;
- Payments in respect of the supply of goods and services provided in the Northern Territory where arranged through a Northern Territory Agent (for example, the booking of Northern Territory accommodation or Northern Territory car hire through a Northern Territory Agent who is a travel agent with a physical presence in the Territory);
- Payments for post-production services provided in the Northern Territory by a Northern Territory Supplier;
- Fees and charges relating to the use of land located in the Northern Territory;
- Inbound international or interstate airfares to the Northern Territory or where a return fare is purchased 50% of the fare qualifies as NTPE 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 the Northern Territory for that person's airfare costs to qualify, provided airfares are booked through a Northern Territory Agent or Northern Territory Supplier;
- Expenditure for inbound and outbound freight to/from a Northern Territory destination provided by a Northern Territory Supplier or made through a Northern Territory Agent;
- Producer fees paid to Bona Fide Northern Territorians 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 Territory

reserves the right to adjust the cap if it considers that producer fees are not fair and reasonable;

- Overheads for a production company having its principal place of business in the Northern Territory 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 Territory reserves the right to adjust the cap if it considers that overheads are not fair and reasonable;
- Insurance supplied by a Northern Territory Agent;

**In respect of development costs for the production:**

- The total Screen Territory development funds plus any applicable premium charges regardless of whether some of those costs were paid to non-Territory residents or suppliers; and
- Any other development costs provided such other costs were paid to a Bona Fide Northern Territorians or a Northern Territorian Supplier;
- Stamp duty costs incurred on production of the project in the Northern Territory;
- The Northern Territory payroll tax; and
- Such other expenses that, in the opinion of the Auditor, are properly included subject to the prior written consent of Screen Territory and in respect of which Screen Territory shall be entitled to request invoices, but excluding the Excluded Items (defined below).

### 3. 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 Territory in writing on appointment by the Production Company.

**“Bona Fide Northern Territorians”** means a person who is lawfully domiciled in the Northern Territory, and who has actually been in the Northern Territory, continuously or intermittently, during more than one half of the year immediately preceding the application, and is registered on the Northern Territory electoral roll. Exemptions may apply where an individual can demonstrate a strong Northern Territory background or ongoing relationship to the Northern Territory.

This can be demonstrated either by:

- confirmation that they are enrolled on the Northern Territory 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;
- by signing a statutory declaration confirming their residency at an address/addresses in the Northern Territory for a minimum of six (6) months prior to their engagement on the Project.

Screen Territory reserves the right to request proof of the Northern Territory 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 4 below.

**“Northern Territory 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 the Northern Territory or who has a registered or permanent office or a branch in the Northern Territory and that office or branch is the service provider.

**“Northern Territory Supplier”** means either:

- a supplier of goods whose principal place of business is in the Northern Territory or who has a registered or permanent office or a branch in the Northern Territory and that office or branch is supplying the goods; or
- a supplier of services whose principal place of business is in the Northern Territory or who has a registered or permanent office or a branch in the Northern Territory and that office or branch is supplying the services in The Northern Territory.

## 4. Excluded Items

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

- Goods that are sourced from outside the Northern Territory from a non-Territory supplier, even though they are used on the production of the Project in the Northern Territory;
- Services that are supplied by a non-Northern Territory supplier even though they are used on the production of the Project in the Northern Territory (including without limitation, legal and business costs);
- Contingency shall be excluded from the definition of NTPE except to the extent that it is actually spent on items specified in the NTPE definitions above. Contingency may only be included in a NTPE estimate at application stage as a prorated percentage of NTPE spend to the total production budget;
- Exchange rate fluctuation contingency is excluded from NTPE;
- GST shall be excluded from the definition of NTPE. 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 NTPE unless payments are made to a Northern

Territory Supplier or a Northern Territory Agent;

- Rebate application costs are excluded from NTPE;
- SPA and ADG levy are excluded from NTPE;
- Any amounts specified as 'other amounts' in the budget shall be excluded from the definition of NTPE except to the extent that such amounts are actually spent on items specified in the NTPE 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 NTPE.

## 5. 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 Northern Territory Supplier or a Northern Territory Agent where the supplier issues a tax invoice which shows the supplier's address as being in the Northern Territory, unless the Producer has knowledge that such address information is incorrect.

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

### **Screen Territory reserves the right to:**

- Independently assess production spend in the Northern Territory at any time;
- Request copies of any invoice(s) relating to NTPE, and/or;
- Contact the Auditor directly with respect to the NTPE audit report and in the event of conflict or dispute, request an independent assessment of NTPE by any other Auditor as Screen Territory shall determine. Screen Territory's decision shall be final.