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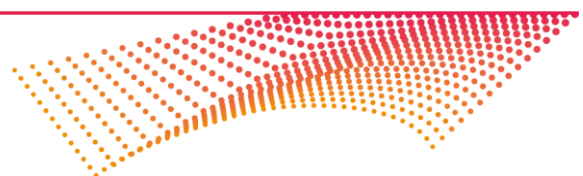
SCREENWEST (AUSTRALIA) LTD TERMS OF TRADE

as at 20 December 2017

Screenwest is supported by



Department of
Local Government, Sport
and Cultural Industries



Prologue

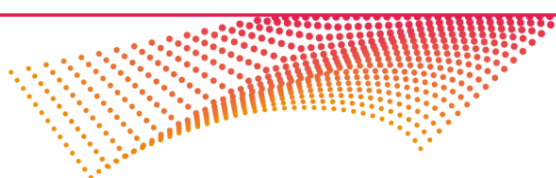
Terms of Trade Effective Date: 20 December 2017

The Screenwest (Australia) Ltd (“Screenwest”) Terms of Trade apply to all Screenwest funding and support programs, including special initiatives.

Applicants should read these Terms of Trade, in conjunction with the specific program guidelines (“Guidelines”) prior to submitting an application.

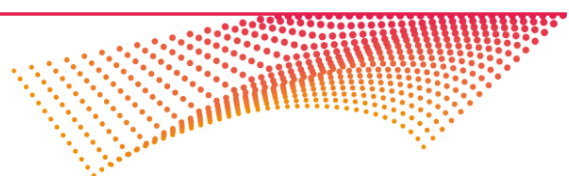
To the extent of any inconsistency between the Terms of Trade and Guidelines, the Guidelines shall prevail.

The Screenwest Board reserves the right to change or modify the terms outlined in the Guidelines and the Terms of Trade at its discretion on a case by case basis where it feels that such changes benefit or favour the Western Australian industry or Screenwest’s position.



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TERMS OF TRADE

1. Overview

Screenwest (Australia) Ltd is a not for profit company limited by guarantee which provides funding and screen sector support programs and initiatives to assist in the areas of Development, Production, Indigenous, Screen Culture and Production Company and Practitioner Support.

Screenwest's Terms of Trade, as set out in this document, broadly outline the core terms on which Screenwest will transact its business. They apply to Screenwest funding support.

The individual program Guidelines set out available funding, applicant and project eligibility, required application materials and how to apply, assessment criteria and process and any other information specific to each program.

2. Minimum Eligibility Requirements

Unless individual Guidelines state otherwise:

Production company's eligible for funding must be:

- A Western Australian Resident Company that is registered under the *Corporations Act 2001 (Cth)*; or
- In a Genuine Co-Production or Official Treaty Co-Production Partnership with a Western Australian Resident Company (which will be the applicant);
- an independent entity i.e. not a government agency, distributor, telecommunications company or any other organisation involved with a broadcast platform.

Individuals applying for funding:

- must be a Western Australian Resident
- must not be an employee of a broadcaster or a company owned or controlled by a broadcaster.

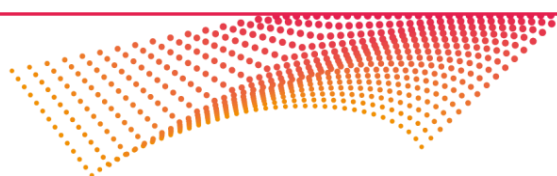
The applicant may not:

- Be in breach of any contractual obligations relating to any prior Screenwest funding agreement, unless an alternative arrangement is agreed with Screenwest prior to application;
- Have any key personnel with overdue acquittals from previous Screenwest funding. This applies to applicants and all key principals on a project, such as Key Creatives or executive producer.
- Be a fulltime secondary student or full-time student at a tertiary educational institution. Part-time and post-graduate students are eligible only where the project does not form part of the assessable material for the course and where the applicant holds all the Copyright. To substantiate their eligibility, the student must submit the following additional documents when submitting an application:
 - A one-page synopsis on the subject of the post-graduate studies
 - A signed letter from their academic coordinator confirming the following:
 - a) that the project will not contribute to their academic work, and
 - b) that the tertiary institution will not hold any copyright interest in the project.

3. What Screenwest does not fund

Unless individual Guidelines state otherwise, Screenwest does not provide funding for:

- Productions that do not have a national Market Attachment;



- Applications for retrospective funding;
- Documentaries that do not meet the definition under the Australian Communications and Media Authority (ACMA) [Documentary Guidelines](#);
- Productions primarily intended for corporate, educational, training or promotional purposes;
- Applications which include the purchase of equipment, hardware, software or platform developer's kits, capital works, publication costs of film journals, books or magazines;
- Television programming (other than drama and documentary) such as commercials, music videos, infotainment, Sketch comedy shows, reality television, game shows, quiz panels, corporate sponsored lifestyle, magazine style, sport, news or current affairs, variety and light entertainment, and general children's programming that does not meet the 'C' or 'P' definitions under the *Children's Television Standards Act 2005 (Cth)*;
- Applications for non-narrative games, computer games for entertainment purposes only, eBooks, non-narrative experimental, performance and video art;
- Short films and Interstitials. Variations may be considered in regard to animation and non-traditional forms where a genuine market interest can be shown;
- Applications that relate to the travel and marketing activities of actors; or
- Projects that could attract an X18+ or RC (Refused Classification) as described in the Guidelines for the *Classification of Film and Computer Games* available through the Office of Film and Literature Classification (www.oflc.gov.au).

4. Application, Assessment, Approval and Appeal Process

Applying

Applicants considering Screenwest funding should read program Guidelines available on the Screenwest website. Special attention should be paid to application materials required. It is strongly encouraged that applicants contact the nominated Screenwest representative to discuss their project prior to submitting.

Assessment

Screenwest will give preference to projects that align with the Screenwest Strategic Plan: Western Australian stories and content, bringing significant cultural and economic benefit to the State.

In determining its level of funding, Screenwest may require an independent assessment of the any element of the submission.

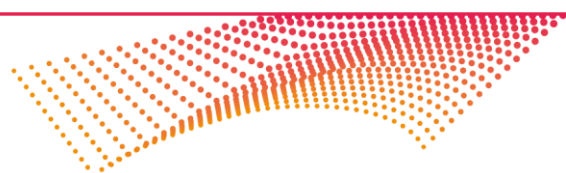
Applicants seeking funding of less than \$25,000 are assessed and approved by Screenwest Management and/or a combination of Screenwest Management and experienced external industry professionals.

Projects seeking over \$25,000 are assessed by a panel including Screenwest management and experienced external industry professionals. Funding recommendations from the panel will then be presented to the Screenwest Board for approval.

Approvals

Screenwest is unable to provide any feedback about funding decisions until all required approvals are in place. Unsuccessful applications will receive formal advice regarding the outcome of the application and may request feedback if desired.

Approval of funding does not imply an obligation of subsequent funding by Screenwest. For example, approval of development funding for a project does not automatically guarantee approval of production funding.



If an applicant is provided with an offer of funding, Screenwest's involvement and the level funding in the project is not to be publicised prior to Screenwest Management written approval.

Screenwest publishes all funding approvals on the website for all projects, unless requested otherwise in writing, and agreed upon by Screenwest Management.

Successful applicants will be required to enter into a formal agreement with Screenwest. The terms of the agreement will depend upon the funding program.

All Screenwest funding recipients must provide acquittal information and/or deliverables, by the delivery date/s, as specified within the funding agreement.

Failure to fulfill acquittal and/or meet deliverable requirements as specified within the funding agreement is a breach of contract. If contractual obligations are not met, Screenwest has the right to recover any funds paid out to the applicant to date and it may disqualify the recipient from being eligible for future Screenwest funding until outstanding funds are paid back and the matter has been resolved with Screenwest Management.

Appeals

Applicants can formally appeal a Screenwest decision, if the applicant believes there has been a breach in the assessment process.

- The request for a formal review must be received in writing by the Screenwest Chief Executive within 10 business days of receiving the funding decision notification. To be eligible for review, the request must state the ground(s) on which the applicant believes the assessment process was breached and give reasons for claiming that ground.
- Funding decision reviews are carried out by the Screenwest Board. The applicant will be notified of the decision to review the process and an outcome of the appeal process as soon as appropriate.
- Screenwest reserves the right to refer an appeal to an independent assessment if the appeal could compromise Screenwest Board or key staff.

5. Indigenous Content

Where there is Indigenous content or participation in any project, Screenwest requires that each applicant comply with Screen Australia's protocols, including those related to treatment of Indigenous Cultural and Intellectual Property Rights. For more information, see '*Indigenous Content and Participation*' in Screen Australia's program guidelines and *Pathways & Protocols: a filmmaker's guide to working with Indigenous people, culture and concepts*:

http://www.screenaustralia.gov.au/funding/business/Indigenous_Content.aspx

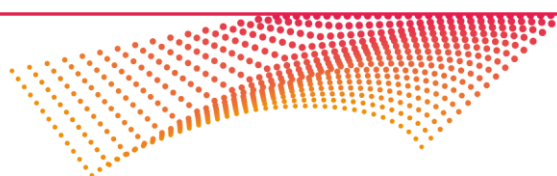
6. Funding, Fees and Caps

Funding is provided as follows, depending on the funding program:

Grants

Screenwest production funding of \$500,000 or below will be considered a grant.

The grant will form part of the Western Australia Producer's equity in the project.



Screenwest's contribution to a project in the form of a grant does not have to be repaid (other than in case of breach of contract or where not all of the grant is expended).

Equity

Screenwest production funding above \$500,000 will be provided by way of recoupable investment (equity). Screenwest will participate in gross receipts commensurate with its investment. Recoupment is calculated on a pro rata pari passu basis with other equity investors.

Where Screen Australia is co-funding and provides any additional corridor of recoupment to the applicant over and above the pro rata pari passu entitlements, Screenwest will mirror the corridor with Western Australian applicants.

For all projects where the Screenwest contribution exceeds \$500,000, Screenwest will grant the Western Australia Producer a recoupment corridor. The Western Australia Producer will be entitled to 50% of Screenwest's share of gross receipts until the Producer has received an amount equal to \$100,000 in total from gross receipts from sales and distribution of the project and materials associated with its production. (**Recoupment Corridor**). The operation of the Recoupment Corridor will be reflected in the Production Funding Agreement.

The Producer's entitlement is to be calculated taking into account the Producer's investment in the film which includes the Producer Offset.

Where there is a Genuine Co-Production or Official Treaty Co-Production Partnership with a Western Australian Resident Company, Screenwest will assign its proportion of production funding to the Western Australian Resident Company as their equity in the production when the reversion provisions take effect.

Screenwest prefers that the applicant have equity in the production. The nature and extent of the applicant's equity will depend on the extent of the applicant's investment.

That portion of the Producer Offset which becomes a contribution to the production budget will be deemed to be the producer's equity in the project (in addition to any other equity contributed by the producer).

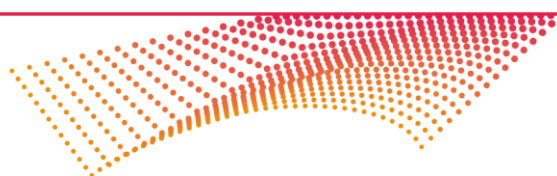
Screenwest will on a case-by-case basis consider funding a project where an applicant can show they have secured the balance of the production funding without Cashflowing the Producer Offset.

Where the applicant proposes to provide a cash investment, Screenwest requires an Accountant's Opinion as evidence of the applicant's ability to cashflow the investment. Screenwest expects the applicant to drawdown on its cash investment during production in the same proportions and on the same milestones as Screenwest.

Loans

Under the Scripted Fund Guidelines where Screenwest is providing equity, Western Australian Resident Applicants can choose to request that their funding is provided as a loan. Applicants may also choose to mix their funding as part loan, part grant (up to the allowable cap under each fund). Loans must be fully repaid at the end of the agreed period and must be secured by either the Producer Offset and/or Market Attachments.

At Screenwest's discretion, it may secure a registered charge over the assets of the project and the company until the loan is repaid.



No interest will be charged on the loan, however Screenwest's legal costs will be covered by the applicant, with a cap on legal fees of \$5,000, in addition to the Screenwest administration fee.

Fees

Screenwest does not charge funding application fees.

Production:

For successful production or WA Regional Film Fund (WARFF) funding applications Administration and/or Legal fees will apply to as follows:

- 2% of the total Screenwest Production Funding Amount or WARFF Funding Amount, capped at \$5,000.

In instances where a project receives both Screenwest Production and WARFF Investment Funding, the above fee will be calculated on the overall sum of total funding, up to a maximum of \$5,000.

Development:

Development funding for projects is provided as an investment. A project in receipt of Screenwest development funding that then proceeds to production, will repay all of the development funds plus a 10% premium fee back to Screenwest, on commencement of principal photography.

Should the applicant not comply with the terms of the Development Investment Agreement (DIA) in relation to the agreed level of production to be undertaken in Western Australia, an additional amount of one hundred percent (100%) of the Screenwest investment will be charged.

It is a requirement that production funding applications include the above fees in the A-Z budget.

Caps

The funding amount Screenwest will provide depends on available funding, terms of the funding program, the number of applicants satisfying the program's requirements, and the assessment of the application against the outlined criteria and the following Production Company and Project Caps:

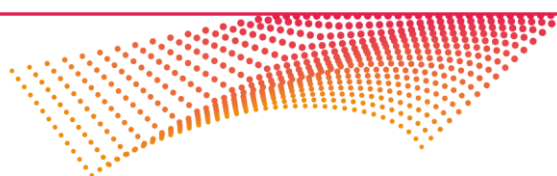
Development Funding Caps

- Production Companies can access a maximum total of \$50,000 per financial year through Screenwest development programs, (including *Emergency, Feature Track and TV and Documentary rounds*)
- In addition, Production Companies can access unlimited *Matched Development funding* for Scripted TV Series, however each individual project will not be eligible for more than \$75,000 in perpetuity.
- Individual projects can only access one tranche of *Emergency Development funding* in perpetuity.
- Special initiatives development funding (including funds attributed to West Coast Visions) do not apply towards caps outlined above.

Production Funding Caps

Producers and/or Production Companies can access:

- A maximum of \$1.2million per financial year across all Screenwest Production funding programs (including *Scripted, Footloose, Documentary and On Demand Content* funding).
- A maximum of \$1.2million per financial year from Screenwest *Scripted Production* funding.
- A maximum of \$1.2million per financial year from Screenwest *Footloose Production* funding.



- A maximum of \$800 000 per financial year from Screenwest *Documentary Production* funding. If you have reached this maximum cap, you are still eligible to access further funding from *Scripted, Footloose* and *On Demand Content* funding to total the \$1.2million financial year cap.
- Production companies can access additional production funding through the *WA Regional Film Fund (WARFF)*. Funding through this program will not apply towards caps outlined above.
- Special initiative funding does not apply towards caps outlined above (unless otherwise stated in the guidelines).

7. Business Terms

Acting in Good Faith, including Payment of Cast and Crew

Screenwest acts in the public interest and must exhibit the highest levels of propriety in its dealing with applicants. Screenwest requires applicants to act in the same way in their dealings with Screenwest. Applicants must be honest and open in all dealings with Screenwest. They must not mislead or deceive Screenwest by act or omission.

Screenwest also expects all successful applicants to act fairly and reasonably to any third parties involved in their project. Fairness and reasonableness includes but is not limited to:

- a) Complying with all applicable laws relating to the production of the project including all those relevant to the employment or engagement of personnel, including paying at least award minimum rates or, where applicable, any minimum agreed between the relevant guilds, for all work performed by third parties on their project, including key creatives, cast and crew.
- b) meeting legislative occupational health and safety requirements;
- c) all contracted insurance requirements;
- d) respecting the rights of all relevant persons, whether those rights be Copyright or other intellectual property rights, moral rights or Indigenous Cultural and Intellectual Property Rights.

Audit Rights and Final Cost Statement

All successful applicants will be required to provide some form of reporting and acquittal. Individual funding agreements set out specific audit and reporting requirements for each funding program.

In all cases, Screenwest reserves the right to audit any funding provided to a project or practitioner to ensure recipient compliance with contractual obligations, including QWAE requirements, at Screenwest's cost.

In the specific case of production funding, an independent audit is required of all production expenditure at project completion, including final QWAE for projects with a total budget of \$250,000 and over.

Chain of Title

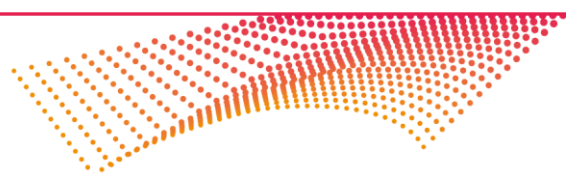
The Applicant must:

- Have the right to carry out the project that is the subject of the application (including having control of Copyright and any appropriate clearances from all significant participants). If the application is based on an underlying work (e.g. novel, stage play), Screenwest will expect, at the least, that the applicant has an appropriate option to the work.
- Have meaningful creative involvement in the project that is the subject of the application.
- Enter into all relevant Chain of Title for options, Key Creatives, script developers and editors etc.

Completion Guarantee

Generally, Screenwest requires the appointment of a completion guarantor for film and television projects that receive production funding with a budget over \$250,000.

Applicants may submit a request for a waiver of this requirement. Requests must be made in writing at the time of application and will be considered on a case-by-case basis.



In considering a waiver of a completion guarantee Screenwest will take into consideration:

- a) the level of Screenwest finance;
- b) the experience and delivery history of the producer;
- c) whether other agencies or broadcasters co-financing the project have agreed to waive the requirement for a completion guarantee for the project;
- d) the production format and methodology
- e) the rigour of the production budget

In circumstances where a waiver request is approved Screenwest will generally require:

- f) a minimum contingency of 10% below-the-line costs;
- g) budgeted insurances appropriate to the proposed project;
- h) demonstrated capacity of the producer or production company (or nominated party) to cover any overages and meet delivery requirements;
- i) adequate budget provision for delivery items to all overseas entities; and
- j) agreement to provide additional cost reports as required by Screenwest

Before making a final determination Screenwest will seek an independent assessment of a project and its need for a completion guarantor to inform its decision making.

Irrespective of the above, Screenwest retains the right to require a Completion Guarantor if it identifies any risk it believes will be alleviated by having a Completion Guarantor.

Copyright Interest

Screenwest requires a 1% copyright interest in all projects for which it provides development investment or a production investment.

Copyright Duration:

- Where the Applicant is a Western Australian Resident Company, Screenwest retains its copyright interest for 5 years after delivery of the project, after which the copyright will revert to the Applicant.
- Where the Applicant is a non-Western Australian Resident Company, Screenwest retains its copyright interest for the duration of the project's copyright.
- Where the project is a co-production between a non-Western Australian Resident Company and a Western Australian Resident Company, the copyright will revert to the Western Australian Resident Company only. Western Australian Producers may apportion their copyright as they see fit.

Screenwest does not take a copyright interest when it provides production funding by way of a grant.

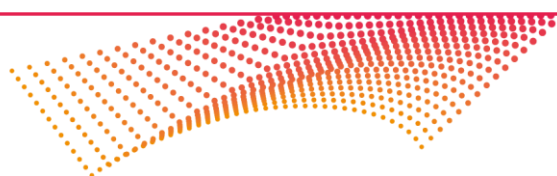
Co-productions

In a Genuine Co-production or Official Treaty Co-Production Partnership with a Western Australian Resident Company Screenwest requires the Credited non-WA Resident Company to share reasonable and material share of ownership of copyright and profit entitlements with the Western Australian Resident Company unless exceptional circumstances arise.

Crediting Screenwest

Screenwest requires acknowledgement of its support, in the form of a credit on the project and its publicity materials. **Credit requirements vary according to the nature of the support** and are reflected in the respective funding agreements.

Delivery Materials and Completion Materials



As a condition of Screenwest grant and/or investment funding, the applicant must forward to Screenwest the delivery materials as set out in the individual executed funding agreement on the scheduled, contracted delivery date/s.

If the project goes into production, the applicant must produce and preserve any completion materials in accordance with the conditions as set out in Individual funding agreement.

Screenwest delivery materials must be included in the project budget.

National Film and Sound Archive Delivery Items

The appropriate National Film and Sound Archive (NFSA) delivery items must also be included in the production project budget. These items are for preservation purposes and are to be supplied directly to the NFSA at the best quality available and at the completed resolution. For a detailed list of NFSA requirements and for further details refer to the NFSA website at: <http://nfsa.gov.au/>

Exploitation, Sequels and Spin-Offs

Screenwest requires the right to participate in revenues generated by further exploitation of the production including sequels, spin-offs and remakes, with license fees expected to be included in the budget of further production (to be shared amongst investors in the original production) as follows:

- 1.5% for feature films uncapped; and

subject to a cap of \$125,000:

- 1.5% for adult television or documentary series of less than six (6) episodes which includes, for the avoidance of doubt, single episode programs;
- 1.25% for adult television or documentary series of six (6) or more episodes; and
- 1.25% for children's television programs.

Financing Sources

As Screenwest's funding is limited, applicants are encouraged to seek additional funding sources in the financing of projects and activities. It is important to note that the outcome of such applications will not determine Screenwest's decision but may be a pre-requisite to a funding consideration.

If applying for Screenwest funding, applicants must disclose the following:

- applications for funding from any other sources;
- additional funding already secured at the time of application; and
- any conditions that attach to either of these sources of funding.

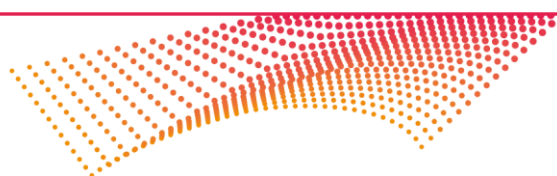
Screenwest reserves the right to contact and discuss a project with all parties associated with the application – including but not limited to the broadcasters, distributors, completion guarantors, offset lenders, sales agents, crew and/or funding bodies approached by the applicant.

GST

Generally, GST is payable on Screenwest's funding and fees. Screenwest requires the applicant to have an Australian Business Number (ABN) and register for GST, if required by law. Screenwest requires the applicant to issue an invoice (or tax invoice if registered for GST) as a precondition to drawdown/payment of Screenwest funds.

Producer Offset

Projects eligible for the Producer Offset are required to:



- incorporate the Producer Offset in their financing plans by way of producer's equity in the project, unless the applicant can demonstrate that the costs of including the Producer Offset are greater than the projected value of the Producer Offset.

For TV drama or documentary projects, if the Producer Offset rate increases above 20% of Qualifying Australian Production Expenditure (QAPE), or where a project does not include the Producer Offset in its financing, but the Producer Offset is subsequently applied for and received, then the applicant and Screenwest will agree in good faith how any such additional funds should be utilised in connection with the production and exploitation of the project

Where an applicant proposes to Cashflow the Producer Offset, Screenwest reserves the right to request an Accountant's Opinion or a form of security, depending upon the particular circumstances of the project.

Promotional Material

Screenwest requires the right to use the project and promotional materials (in whole or part) for its corporate, publicity and promotional purposes as specified in the relevant agreement. The Producer will ensure the appropriate rights clearances for such use are obtained.

Recoupment

The Producer is ultimately responsible for the collection and disbursement of all gross receipts. Screenwest requires the appointment of a Collection Account Manager (CAM) on projects funded through its production funding programs.

Screenwest has no financial interest in any 'Export Market Development Grant' (EMDG) that the Applicant may be entitled to as a result of the production.

Sexual Harassment and Bullying

Until such time as Screenwest has finalized its own Screen Industry Code of Conduct, it has adopted the current draft Screen Producers Association (SPA) policy; *Australian Screen Industry Code of Conduct, Sexual Harassment and Bullying*.

Subordination

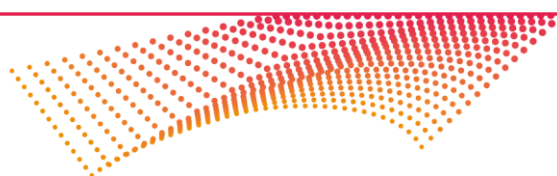
Generally, Screenwest will not subordinate its recoupment right to other equity investors. However, where a genuine arms-length Private Investor is secured and subject to the Applicant's negotiations with the Private Investor, Screenwest will consider subordinating its recoupment right until the Private Investors have fully recouped their investment.

After the Private Investor has recouped their investment, Screenwest will allow a 20% corridor to the Private Investor, with the balance split pro rata pari passu between the other investors until Screenwest has fully recouped its investment. Once all equity investment is repaid, Screenwest prefers that further profit entitlement from Private Investment be shared between the Applicant and investors on a 50/50 basis.

In relation to Offset projects, the recoupment entitlement will be calculated as if the value of the Producer Offset is contributed towards the production budget and the Applicant has equity in the production equal to the value of the Producer Offset in the finance plan.

Underage

The Producer is entitled to share Underage with Screenwest proportionate with the Producer's equity contribution to the project's finance plan.



8. Glossary of Terms

Accountant's Opinion

Where an applicant proposes to provide an investment or Cashflow the Producer Offset, Screenwest reserves the right to require an opinion from an accountant, being an independent third party and not the accountant engaged by the applicant in relation to its business, verifying that the applicant is able to meet its obligation to Cashflow the relevant contribution.

Cashflow

Funds provided by an investor, the producer, a distributor or broadcaster or lender during production to meet the day-to-day costs of production.

Chain of Title

The set of documentation that establishes the applicant's ownership of the Underlying Rights in the script (and any underlying work such as a novel or stage play, if relevant), which entitles the applicant to produce and exploit the film or other funded project.

Collection Account Manager (CAM)

The organisation (usually overseas) appointed to collect licence fees, distribution advances, etc directly from a sales agent's sub-licensees, administer the collections account, pay the sales agent's commissions and expenses and distribute the remaining gross receipts in accordance with the recoupment/disbursement schedule in the Production Funding Agreement for the film.

Completion Guarantor

For either a flat fee (in the case of most documentaries) or a percentage of the below the line budget of a film, a completion guarantor will guarantee or "bond" a project. This means that they will meet budget overages to ensure that the film is completed and delivered.

Co-Production

A co-production is any production undertaken involving more than one producer, from different states or different countries. Co-productions can take many forms, and involve different levels of creative and financial control between the co-producing partners.

Copyright

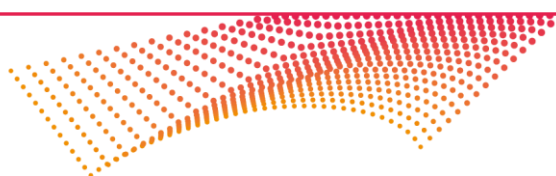
The exclusive right to copy, broadcast, perform, exhibit and otherwise commercially deal with and exploit works such as novels, stage plays, scripts, music, film and sound recordings as defined in the *Copyright Act 1968 (Cth)*. Copyright is personal property and can only be transferred in writing. Copyright assignments and licenses relating to the script form part of the Chain of Title.

Genuine Co-Production or Official Treaty Co-Production Partnership with a Western Australian Resident Company

A genuine co-production relationship with a Western Australian Resident Company must be evidenced by both co-producers sharing reasonable and material share of creative involvement, copyright and profit entitlements and sharing credit entitlements. Variations may be considered in exceptional circumstances.

Gross Receipts

All revenue from sales of a project and all receipts from exploitation of ancillary and other underlying rights, any claims relating to the project and its underlying rights, statutory licenses under the *Copyright Act 1968 (Cth)* and interest on the collections account.



Key Creative

Screenwest defines a key creative as a Writer, Director or Producer.

Limited Recourse Loan

A loan repayable only from a defined source of revenue or on the occurrence of a particular event.

Market Attachment

Some schemes require the applicant to include market attachments. These include:

- license fees
- pre-sales
- distribution guarantees or advances provided by reputable distribution companies

Official Treaty Co-Production

A production between two or more countries that is certified as made under a treaty, or another form of government or quasi-government arrangement (typically, a Memorandum of Understanding (MOU)). In addition to meeting the requirements of the treaty or MOU, in order to be certified as an Official Co-Production, the project must comply with Screen Australia's official International Co-Production Guidelines.

Offset and Non-Offset Projects

The Producer Offset is a refundable tax offset (rebate) for producers of Australian feature films, television and other projects, based on expenditure on goods and services provided in Australia. It is available to feature films at 40% of Qualifying Australian Production Expenditure (QAPE) and for non-feature films at 20% of QAPE, as set out in the *Income Tax Assessment Act 1997 (Cth)*.

Offset Projects refers to projects which would be eligible for the Producer Offset in terms of qualifying expenditure and format. **Non-Offset** describes projects where the producer cannot claim the Producer Offset, being generally projects which do not meet the Producer Offset's eligibility requirements in terms of qualifying expenditure and/or format.

Please refer to the [Producer Offset](#) section of the Screen Australia website for detailed information about eligibility and qualifying expenditure.

Private Investment

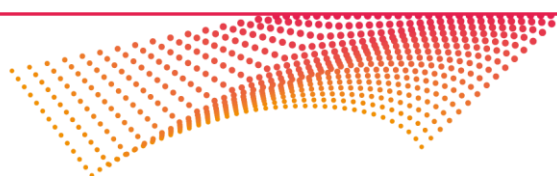
Describes the equity investment paid towards the cost of production by a genuine arm's length third party (not being the Producer or other production team members reinvestment, or a state or federal funding agency) whose recoupment is solely by way of Gross Receipts from the project and not from a share of Producer Offset funds.

Pro Rata and Pari Passu

The expression relating to contributions to a budget and to recoupment of investments, that refers to the percentage of contribution or recoupment. A *pro rata* contribution or recoupment is one that is provided or received at the same rate or in the same proportion as the contribution or recoupment of another party. *Pari passu* contributions or recoupment are made or received at the same time as contributions or recoupment of another party.

Production Investment Entitlements

- a) a share in copyright;
- b) a recoupment and profit share entitlement to participate in gross receipts commensurate with Screenwest's contribution. Recoupment is calculated on a pro rata pari passu basis with any other equity investors;
- c) a share in underages proportionate with its contribution; and
- d) a share in the Exploitation of Series, Sequels and Remakes.



Reversion

For all approved Production Investment Agreements, Screenwest will revert its entitlement to gross receipts in favour of the Western Australian producer five (5) years after the delivery date stated in the agreement.

Screen rights

Is the Audio-Visual copyright society that administers provisions in the Australian Copyright Act that allow educational institutions to copy from television and radio, provided payment is made to the Copyright owners.

Subordination

A subordinated investment is one in which the investor recoups on less favourable terms than other investors; e.g. an investor invests 40% of the budget with another who invests 60%, but on terms that the 40% investor recoups all its money first. In this case, the 60% investor would be 'fully subordinated' to the 40% investor.

Underlying Rights

The bundle of rights that must be acquired in order to be able to produce and commercially exploit the project.

Western Australian Resident

A Western Australian Resident is defined as a person who is domiciled in Western Australia, and who has actually been in Western Australia during more than one half of the year immediately preceding the application, and who is registered on the Western Australian electoral role. In extenuating circumstances where a person is a Western Australian resident but is unable to be registered on the Western Australian electoral role, proof of residency in Western Australia for more than one half of the year must be provided.

Resident Western Australians are defined as individuals who meet all of the following:

- have their principal place of abode in Western Australia;
- are professionally based in and carry on their business in Western Australia; and
- have been registered on the state electoral role for at least six months prior to submitting their application.

Western Australian Resident Company

A Western Australian Resident Company must be registered under the *Corporations Act 2001 (Cth)* and have:

- a) Its principal place of business in Western Australia; and
- b) At least 50% beneficial ownership by a Western Australian resident(s).

Exemptions may apply where the company can demonstrate a strong track record and commitment to the Western Australian industry over a minimum two-year period. The Screenwest board also reserves the right to make further exemptions in cases where there are exceptional benefits for the local industry.

