

The Western Australia Screen Capital & Industrial Pilot (WASCIP): A Complementary Framework for Ecosystem Expansion

Executive Overview

The contemporary global screen industry is undergoing a profound structural evolution, transitioning rapidly from traditional broadcast commissioning models to deeply capitalised, digitally driven content economies. For jurisdictions seeking to establish a sustainable, globally competitive footprint within this multi-billion dollar sector, a mature and resilient screen industry requires a delicate, symbiotic equilibrium between cultural incubation and commercial scale. The Western Australia Screen Capital & Industrial Pilot (WASCIP) is a carefully calibrated policy framework designed specifically to facilitate this equilibrium, operating in absolute harmony with existing state and federal mechanisms - while retaining a competitive edge against recent capital rebates announced in Europe and [Saudi Arabia](#).

This annex outlines how the WASCIP mechanism functions not as an alternative to existing funding paradigms, but as a deeply complementary pilot program. It is architected to seamlessly integrate with the foundational work of the state screen agency, Screenwest, and the federal screen agency, Screen Australia. By establishing a clear distinction between the cultural and industrial tracks of sector support, this analysis demonstrates how WASCIP's uniquely 'stackable' design will mobilise private capital, unlock large-scale commercial production spend, and ultimately empower government agencies to fulfil their respective remits with greater focus and efficacy.

Designed as a strategic partner to the Australian Government's National Cultural Policy, *Revive*, and Screenwest's Strategic Plan 2025-2028, WASCIP introduces a dedicated capital-facilitation mechanism. It is structured to unlock private equity and transform the screen sector into a highly investable asset class, bringing confidence to institutional and high-net-worth investors. Concurrently, it ensures that the structural integrity of the federal Producer Offset is preserved, avoiding any unintended interaction effects that historically dilute the power of concurrent state and federal incentives.

By operating as an industrial accelerant, WASCIP supports the creation of a complementary dual-track screen ecosystem that secures the retention of intellectual property, activates Western Australia's recent infrastructure investments, and broadens the operational horizons for both Screenwest and Screen Australia. The global screen production sector is currently estimated to be almost ten times larger than the global recorded music sector, possessing a unique capability for rapid, high-volume expenditure delivery known within economic analyses as the "Speed of Spend". Capturing this economic velocity requires structures that instil confidence in private capital. WASCIP is designed to be that structure.

The Macroeconomic Context: The Scale of the Global Content Economy

To comprehend the strategic value of the WASCIP framework, it must be contextualised within the broader macroeconomic realities of the global content economy. Over the past decade, the proliferation of global streaming platforms has fundamentally altered the capital requirements of screen production. Audiences now expect cinematic quality across all formats, driving production budgets to unprecedented levels. Consequently, the reliance on purely public, grant-based financing presents a challenge in sustaining a globally competitive domestic sector - particularly in Western Australia - a state that is historically underrepresented in Australia's [national screen industry spend](#).

Economic analyses of the global screen industry demonstrate that screen production operates as a massive multiplier for local economies. The impact is measured across three distinct dimensions. First, the direct impact encompasses the **immediate employment and economic output** created by the physical production of film and television. Second, the indirect impact captures the output and employment arising from the vast business purchases the screen sector makes from external industries, including transport logistics, large-scale hospitality, real estate, and specialised equipment manufacturing. Finally, the induced impact measures the output arising from the spending of the thousands of highly skilled practitioners employed directly by the productions.

Australia's domestic screen economy has historically faced structural constraints that prevent it from fully capitalising on these economic multipliers. The sector frequently operates within a highly bifurcated paradigm. On one side, massive foreign studio productions frequently utilise Australian facilities, drawn by federal location incentives and currency advantages. While this generates immediate, short-term economic activity, it concurrently results in the exportation of all enduring intellectual property offshore. On the other side, domestic content production is characterised by significantly smaller budgets, reliance on government subsidies, and limited commercial outcomes.

This historical imbalance has severely limited Western Australia's ability to build sustained, enterprise-level capacity. Data from recent Drama Reports illustrates this historical challenge, showing Western Australia capturing a disproportionately small share of the national drama production expenditure.

Financial Year	National Drama Spend (\$bn)	WA Drama Spend (\$bn)	WA Market Share (%)
2020/21	\$1.90bn	\$0.08bn	~4.1%
2021/22	\$2.38bn	\$0.09bn	~3.7%
2022/23	\$2.33bn	\$0.06bn	~2.4%
2023/24	\$2.24bn	\$0.11bn	~4.7%
2024/25	\$2.69bn	\$0.09bn	~3.3%

This historical dynamic, where Western Australia's market share frequently hovers around the 3% to 4% mark, leaves local domestic producers trapped in a "fee-for-service constraint".

Producers are forced to operate on narrow project management margins rather than building enduring, revenue-generating asset libraries. The industry thus functions as a sophisticated service economy rather than a compounding content asset economy. Rectifying this imbalance requires an industrial financing mechanism capable of mobilising private capital at scale, which is the precise rationale underpinning the design of the WASCIP framework.

The Complementary Ecosystem: Harmonising Culture and Commerce

An effective, mature screen sector requires two parallel forces operating in harmony: one that nurtures artistic identity and cultural voice, and another that aggressively scales production capacity and global commercial viability. WASCIP is designed to be the missing commercial engine in a holistic, dual-track ecosystem, working in synergy with the state's existing cultural architecture.

The Foundational Mandate of the Cultural Track

Western Australia currently benefits from a robust, highly effective cultural funding framework administered by Screenwest, the state's premier screen funding agency. Screenwest serves an indispensable role, acting as the primary incubator of Western Australian stories, talent, and professional capability. According to its Strategic Plan 2025-2028, Screenwest's overarching vision is to ensure that "Western Australian screen stories help define our culture," while retaining local talent and building long-lasting careers.

The agency provides vital grant finance, script development support, and production investment specifically tailored to champion diverse narratives and elevate emerging

practitioners. This is clearly evidenced by the agency's commitment to its First Nations Screen Strategy (2024-2028), aimed at amplifying First Nations storytelling, talent, and businesses across the entire screen ecosystem. Furthermore, Screenwest's extensive and highly responsive funding calendar, encompassing the Documentary Production Fund, Matched Scripted TV Production Fund, the Footloose Production Fund, and various Emergency and Concept Development Investment Funds - demonstrates a comprehensive approach to nurturing projects from their earliest inception through to delivery.

The impact of these highly targeted initiatives is substantial. Screenwest's activities generated and supported an estimated 500 Full-Time Equivalents (FTEs) in the 2024-25 period alone, directly employing 300 FTEs within the motion picture and sound recording sector. Supported by record allocations, such as the historic \$10.8 million commitment from Lotterywest for the 2025-26 fiscal year - which builds upon over \$171 million in Lotterywest grants delivered since 1995 - Screenwest is optimally positioned to execute its cultural and developmental mandate.

These funding mechanisms are carefully and appropriately tied to the social, artistic, and capability-building merit of proposed projects. Funding decisions are inherently focused on ensuring that a diverse pipeline of local talent is maintained and that the unique cultural tapestry of the state is authentically represented on screen.

Activating the Industrial Track

However, cultural development settings are intentionally calibrated for incubation and artistic merit, which operates on a different matrix than the strictly commercial, risk-adjusted parameters required by institutional and high-net-worth private investors. Cultural funds are necessarily finite, subject to highly competitive assessment rounds, and rightfully bound by thematic and diversity matrices that ensure equitable access to public funds. While culturally vital, these structures are not naturally aligned to unilaterally bear the massive, capital-intensive demands of high-budget commercial screen production.

WASCIP introduces a complementary "industrial track" to run in parallel with Screenwest's existing "cultural track". While Screenwest continues its vital mandate to nurture cultural expression, early-stage talent, and distinct Western Australian voices, WASCIP is designed purely as an industrial capital-facilitation mechanism.

The WASCIP certification framework explicitly operates outside of traditional cultural points tests. Instead, eligibility hinges on stringent commercial and macroeconomic criteria designed to provide absolute confidence to the private sector:

1. **Capital Formation:** Projects must secure 100% of their production finance prior to certification, with 70-80% originating from genuine private risk capital for flagship tiers.
2. **Geographic Footprint:** Projects must demonstrate a primary production and physical infrastructure footprint within Western Australia, ensuring the economic multiplier effect is captured locally.

3. **Intellectual Property Retention:** Projects must ensure that intellectual property ownership remains firmly and reasonably anchored to a Western Australian-domiciled Special Purpose Vehicle (SPV), securing the long-tail asset value for the state.

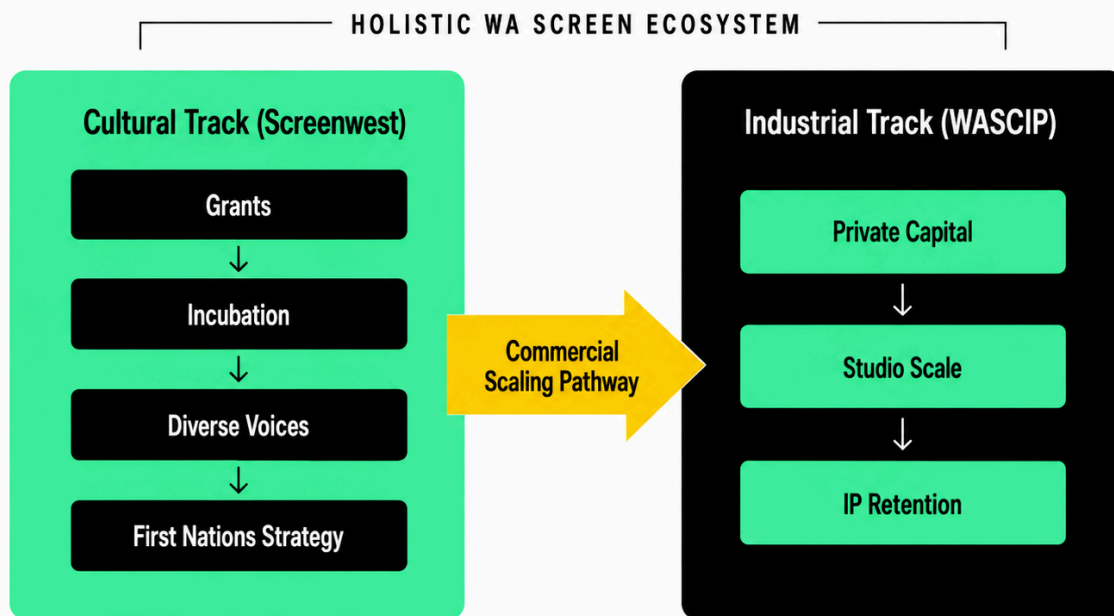
Achieving Ecosystem Synchronisation

This dual-track structure makes the state screen agency exponentially stronger and more effective. By providing a dedicated industrial avenue for highly commercial, studio-tier projects, WASCIP fundamentally relieves the capital pressure on Screenwest's finite resources.

The symbiotic life-cycle functions through a process of continuous escalation. Screenwest builds the local workforce, uncovers unique diverse voices, funds foundational content, and hosts vital professional development initiatives such as the Screen Careers' Freelancer Leadership & Management Workshop and the Feature Navigator initiative, which connects WA teams with leading industry creatives. Once those creators, producers, and production companies achieve a level of commercial maturity where they are ready to scale their operations, secure international distribution minimum guarantees (MGs), and raise multi-million dollar private equity tranches, they transition seamlessly from the state's cultural track to the WASCIP industrial track.

This upward migration allows Screenwest to continually reinvest its crucial Lotterywest backing into the next generation of emerging creatives, rather than being forced to concentrate its limited funds into a single, high-budget commercial production out of necessity. It establishes Western Australia as a holistic, end-to-end jurisdiction that supports both cultural vitality at the grassroots level and enduring commercial value at the global enterprise level.

The Dual-Track Western Australian Screen Ecosystem



The symbiotic relationship between Screenwest's cultural incubation and WASCIP's industrial acceleration, enabling a seamless transition for local intellectual property to scale globally.

Strategic Alignment with State and Federal Objectives

A critical measure of WASCIP's value is its alignment with the strategic objectives currently guiding the national and state screen sectors. Rather than operating in isolation, the pilot program is designed to be the physical manifestation of several key policy goals articulated by both Screenwest and Screen Australia.

Amplifying Screenwest's 2025-2028 Strategic Priorities

Screenwest's recently launched Strategic Plan 2025-2028 outlines several core priorities that are directly accelerated by the introduction of WASCIP. Among its primary goals, Screenwest aims to "grow levels of Western Australian-generated intellectual property, for cultural and economic impact" and to "build thriving Western Australian production companies".

WASCIP systematically addresses the historical constraint that forces local producers into fee-for-service models. By heavily incentivising private equity through its rebate mechanism, WASCIP empowers local production companies to close financing gaps without surrendering global IP rights or backend revenue participation to major offshore studios. This transition from a service-oriented model to an IP-retention model perfectly executes Screenwest's mandate for enterprise-level growth, ensuring local talent is retained and can build long-lasting,

profitable careers within the state.

Furthermore, Screenwest's Strategic Plan identifies the critical need to "create complementary sources of funding, focusing on philanthropy, corporate sponsorship, and securing new government support". WASCIP answers this directive by providing the precise financial toolkit required to unlock previously inaccessible pools of institutional and private capital. It transforms the screen sector into a conventional, risk-adjusted investment class, thereby fulfilling Screenwest's goal of establishing a diverse, multi-tiered funding environment that does not rely exclusively on public grants.

Screenwest also aims to achieve significant macroeconomic outcomes, specifically targeting an economic return of over \$150 million per annum in Western Australian production expenditure and strategically growing the state's national share of production expenditure from its historical average of approximately 3% up to 5%. Achieving this ambitious 5% target requires a powerful new catalyst. The targeted \$100 million in private-equity-driven production spend modelled under the WASCIP framework will act as the exact mechanism necessary to secure and surpass this market share target, driving total economy-wide gross value added (GVA).

Harmonisation with Screen Australia and the 'Revive' National Cultural Policy

At the federal level, WASCIP is strategically aligned to complement Screen Australia's Corporate Plan 2024-2029 and the Australian Government's landmark National Cultural Policy, *Revive*. Screen Australia's strategic framework is mapped directly to the five interconnected policy pillars of *Revive*: First Nations First, A Place for Every Story, Centrality of the Artist, Strong Cultural Infrastructure, and Engaging the Audience. The agency, which provides policy advice and oversight through the Office for the Arts, is the government's primary mechanism for supporting Australian film, television, documentary, and digital media makers.

Screen Australia has evolved its strategic direction to focus on data-driven, outcome-focused decision making that emphasises enterprise sustainability. The agency is committed to backing screen businesses and creative talent at the corporate level, not just funding individual projects in isolation. To support its purpose of building a vibrant, viable screen industry, Screen Australia has established five core strategic pillars: Empower, Enrich, Enable, Engage, and Elevate.

WASCIP's architecture seamlessly integrates into and amplifies Screen Australia's **Enrich** and **Enable** pillars in several profound ways.

- Under the **Enrich** pillar, Screen Australia has explicitly identified the need to "foster screen businesses with financial sustainability programs... and a Private Investment toolkit to help access alternative financing". WASCIP is the ultimate manifestation of a state-level Private Investment toolkit. By providing a structurally sound mechanism that mitigates downside exposure for private investors, WASCIP actively facilitates the flow of

alternative financing into the sector, directly supporting Screen Australia's vision of enterprise sustainability and reduced reliance on public equity.

- Under the **Enable** pillar, Screen Australia is focused on bringing more Australian stories to screen through "innovation in production, distribution, financing models and more streamlined funding programs". WASCIP's novel approach - rebating the formation of capital rather than subsidising line-item expenditure - represents the exact type of innovative financing model Screen Australia seeks to encourage.

By de-risking private capital at the state level, WASCIP increases the overall pool of funds available within the Australian screen ecosystem. This structural enhancement means that federal agencies can partner with highly capitalised Western Australian productions, amplifying the reach and production value of Australian content on the global stage. This directly supports the **Elevate** pillar's goal of fostering "Stories that Travel" and securing post-project international acquisition and global investment.

Architecting Stackability: Harmonisation with the Producer Offset

The most critical technical requirement for any state-level incentive is its ability to operate alongside federal mechanisms without causing regulatory friction or financial inefficiency. The core structural innovation of the WASCIP policy design lies in its absolute complementarity and "stackability" with the Australian Government's primary support mechanism, the Producer Offset, administered by Screen Australia.

To appreciate WASCIP's design, one must deeply understand the highly technical mechanics of Australian production financing and the interplay of tax offsets governed by Division 376 of the Income Tax Assessment Act 1997 (ITAA 1997).

Resolving the Challenge of QAPE Interaction Effects

The Producer Offset provides a vital refundable tax rebate of 40% of an applicant's Qualifying Australian Production Expenditure (QAPE) for theatrical feature films, and 30% of QAPE for eligible television or streaming formats. QAPE is the foundational metric of the Australian screen financing system; it is strictly defined as production expenditure that is legitimately "incurred" for goods, services, and land usage physically within Australia.

A known vulnerability in screen financing architecture occurs when traditional state-level expenditure grants interact with the federal Producer Offset. According to federal guidelines and administrative rulings, if a state government provides a direct grant, subsidy, or rebate to offset a specific production expense, that specific expenditure is legally deemed to have been reduced. Consequently, this reduces the overall QAPE base upon which the federal 40% Producer Offset is calculated.

This creates a highly inefficient scenario often termed "offset cannibalisation," where state and federal incentives inadvertently dilute one another. For producers attempting to close complex finance plans, this base reduction means that a dollar invested by the state does not yield a full

dollar of benefit to the production, generating systemic friction and requiring complex accounting workarounds.

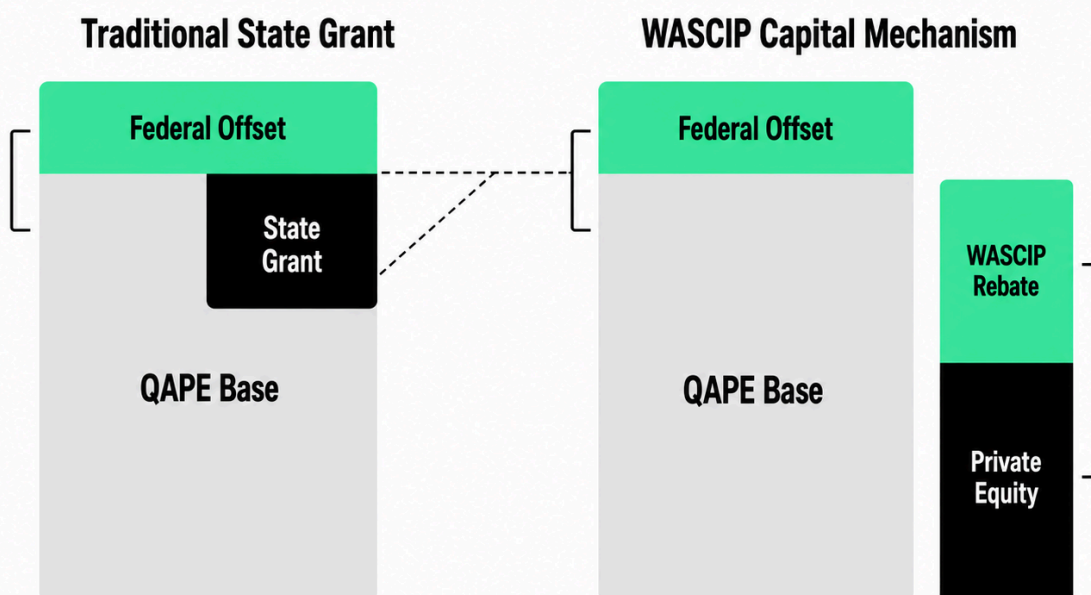
WASCIP's Structural Innovation: The Capital Incentive Mechanism

WASCIP completely circumvents this QAPE reduction through a precise and highly effective structural innovation: it is calculated as a percentage of qualifying private risk capital, not as a percentage of production expenditure.

Under the WASCIP Capital Incentive Mechanism (CIM), the 40% state rebate is applied strictly to equity investments originating from high-net-worth individuals, private equity, structured investment funds, and genuine at-risk international co-production equity. Because WASCIP operates as a rebate on the *formation of capital* rather than a subsidy on a *line-item production expenditure*, it sits structurally and legally outside the QAPE calculation. The production company (which must be a WA-domiciled SPV) still technically incurs the full production cost, meaning the Producer Offset base remains entirely intact and uncompromised.

This structural separation allows producers to fully and efficiently leverage both state and federal incentives, establishing Western Australia as one of the most financially efficient and sophisticated jurisdictions in the global market.

Dual-Engine Stackability: Preserving the Federal Producer Offset



WASCIP applies exclusively to at-risk private equity rather than offsetting line-item production costs, ensuring a project's Qualifying Australian Production Expenditure (QAPE) remains entirely intact.

Redefining the Finance Plan Application

To illustrate the transformative power of this stackability, consider the financing mechanics of a hypothetical flagship feature film with a total production budget of \$30 million operating out of Western Australia.

Under standard financing parameters without the WASCIP mechanism, a producer might secure \$12 million from the 40% federal Producer Offset, a \$5 million streamer licence fee, and a \$3 million distributor minimum guarantee. This leaves a massive \$10 million financing deficit. Historically, this gap could only be closed by surrendering global IP rights to a major offshore studio or through piecemeal, highly fragmented international presales that drastically reduce backend revenue potential.

With the introduction of WASCIP, the producer can approach high-net-worth individuals, family offices, or private equity funds to invest the remaining \$10 million as genuine risk capital.

WASCIP then triggers a 40% post-audit rebate on that specific private capital pool, delivering \$4 million back to the capital structure upon verified delivery of the project. This radically alters the risk-return profile for the private investor. The private capital assumes the first-loss

position, insulating the public purse from execution risk, while WASCIP structurally mitigates the downside exposure for the financier.

Screen Australia has recently updated its finance plan templates to improve efficiency, streamline workflows, and capture data regarding sources and types of alternative finance. WASCIP's clear distinction of capital types aligns perfectly with this administrative clarity. To ensure integrity and prevent arbitrage within these finance plans, the WASCIP framework maintains a strict waterfall, explicitly defining what constitutes qualifying private risk capital:

Financing Layer	Counts Toward Private Capital Threshold	Policy Rationale
Private Equity Investment	YES	Represents genuine at-risk capital exposed to performance.
International Co-production Equity	YES	Fosters global partnerships and international risk-sharing.
Distributor Minimum Guarantee	NO	Commercial presale; fundamentally lacks equity execution risk.
Broadcaster Licence Fee	NO	Commissioning payment; classified as a fee for service, not a capital investment.
Offset Cashflow Lending	NO	Debt secured strictly against a guaranteed government rebate.
State Production Grant	NO	Public subsidy; explicitly excluded to avoid incentive arbitrage and double-dipping.
Producer Deferrals	NO	Sweat equity lacking demonstrable, verifiable cash risk exposure.

By operating in absolute harmony with the federal Producer Offset and clearly defining risk

capital, WASCIP acts as the definitive catalyst that closes the financing gap, keeping the production - and its highly valuable intellectual property - firmly domiciled in Western Australia under a strict **escrow-protected audit qualifier**.

Catalysing Infrastructure and Private Capital Integration

The necessity of the WASCIP industrial track becomes highly apparent when viewing the recent scale of state-backed infrastructure development. The Australian Government's *Revive* policy identifies "Strong Cultural Infrastructure" as a central pillar, recognising that world-class physical facilities are absolutely necessary to support a thriving, globally competitive artistic community.

Aligning with this national priority, over the past five years, the Government of Western Australia has initiated one of the most ambitious public investments in screen infrastructure in the nation's history, committing approximately **\$391 million to the sector**. The absolute centrepiece of this commitment is the \$233.5 million construction of the Perth Film Studios in Malaga, designed to rival the best facilities in the southern hemisphere and establish the physical foundation required to host large-scale, continuous production.

However, physical infrastructure requires highly calibrated financial infrastructure to activate it. The Perth Film Studios will only yield its highest economic, cultural, and employment dividend if it is consistently occupied by well-capitalised productions. Without an industrial financing mechanism capable of mobilising private capital at scale, the State risks underutilising the massive Malaga facility. WASCIP operates precisely within this policy opportunity. It is designed to directly tie capital incentives to studio occupancy, establishing a direct link between private investment and public infrastructure utilisation.

Importantly, WASCIP is designed to restore capital confidence in the screen sector to unlock the significant private sector investment capabilities.

Engineering the Macroeconomic Multiplier Effect

The fiscal architecture of WASCIP is rigorously contained by design, yet it is modelled to be economically expansive in its application. The program is governed by a proposed strict, legislated government funding cap of \$40 million allocated over a three-year pilot period. Rather than deploying these funds as traditional upfront cultural grants - which carry execution risk for the state - the pilot utilises the rebate mechanism to engineer a powerful macroeconomic multiplier effect.

At full utilisation of the \$40 million capped envelope, the program will directly mobilise approximately **\$100 million in verified private equity**. However, because private equity forms only a portion of the total blended financing pool - operating alongside federal tax offsets, international distribution guarantees, and streaming presales - the total production expenditure catalysed by the pilot within the state is mathematically modelled to substantially exceed \$100

million in direct, verified WA spend.

This influx of sustained production activity serves two strategic purposes for Western Australia:

1. **Immediate Studio Activation:** It guarantees the commercial activation of the Perth Film Studios. WASCIP explicitly mandates strict studio utilisation requirements to support an optimal return on the public's infrastructure investment. To achieve certification eligibility, flagship productions must demonstrate a minimum of four consecutive weeks of production activity within WA sound stage facilities, ensuring immediate, market-validated occupancy that supports the ongoing viability of the Malaga site.
2. **Industrial Workforce Continuity:** This massive expenditure initiates an enduring industrial workforce pipeline. Screenwest is deeply committed to helping pave clear career pathways for key roles, fostering talent at every level. WASCIP supports this by requiring productions to demonstrate best efforts to utilise local WA crew (measured by both headcount and total expenditure). The policy acknowledges the current capacity limitations of the WA talent pool during the initial pilot phase, but mandates an incremental skills acceleration. Crucially, as the local talent pool deepens through exposure to large-scale productions, these thresholds act as a growth pathway, expanding from a baseline of 30-50% up to an anticipated 65-75% local crew composition. This elevates the local workforce from a fragmented gig-economy model into a continuous, highly skilled, year-round industrial workforce.

Anchoring Intellectual Property: The Global Content Economy Precedent

While the immediate influx of over \$100 million in production spend presents compelling short-term economic arguments, the real long-term value of the WASCIP framework lies in its uncompromising mandate to anchor intellectual property (IP) ownership within Western Australia. Understanding the distinction between a transient "production services economy" and a compounding "content ownership economy" is the fundamental premise of contemporary, globally competitive screen policy.

Screenwest's Western Australian Screen Industry Strategy 2024-2034 explicitly highlights the primary goal of supporting "intellectual property created and owned in WA" to achieve significant industry expansion, employment, and lasting cultural returns. WASCIP operationalises this strategic goal by making IP retention a condition of capital investment.

When a breakout success occurs in the modern global streaming era, the enduring economic value generated by the underlying IP exponentially dwarfs the initial production expenditure. An internationally recognised precedent for this multiplier dynamic is the New Zealand screen sector's experience following the production of Peter Jackson's *The Lord of the Rings* franchise.

The original trilogy was produced with a combined budget of approximately \$430–\$450 million

(AUD) and grossed over \$4.5 billion at the global theatrical box office. Because the intellectual property, technical expertise, and post-production pipelines were heavily managed and retained within New Zealand, the franchise catalysed the long-term, structural growth of the domestic screen sector. It triggered the massive expansion of Weta Digital, a visual effects powerhouse that grew directly out of the franchise's demands and was ultimately acquired in a transaction valuing the enterprise at roughly \$2.3 billion (AUD). Furthermore, the franchise generated a sustained macroeconomic uplift via screen tourism. Following the films' release, international arrivals rose by approximately 40%, and by 2019, nearly two decades later, the franchise still generated an estimated \$630 million (NZD) in tourism revenue that year alone.

If a foreign studio had simply executed a fee-for-service production in New Zealand, shot the film, and exported all the rights, the compounding value of multi-billion dollar enterprise acquisitions and decades of tourism impacts would have accrued entirely offshore. To prevent this phenomenon of "creative extraction" in Australia, WASCIP incorporates a strict "WA Economic Command Test." To receive Final Certification and the subsequent rebate, the underlying rights of the project must be **meaningfully owned or controlled** by a WA-domiciled entity, and the franchise or format exploitation rights must be substantially administered from Western Australia. By mathematically guaranteeing that the long-tail revenues compound within the local WA economy, WASCIP builds highly resilient corporate balance sheets, ensuring that local companies achieve the enterprise sustainability championed by Screen Australia's modern corporate mandate.

Evolving Screen Finance: Implementing Ironclad Treasury Safeguards

The ambition to inject private capital into the Australian screen sector is built upon an understanding of historical finance models, refined and secured for modern economic environments. During the 1980s, the Australian Federal Government enacted Division 10BA of the Income Tax Assessment Act 1936, providing aggressive tax deductions for capital invested in qualifying Australian films.

The 10BA era conclusively demonstrated the immense appetite of private capital for the screen sector when provided with a mitigated risk profile. It permanently altered the cultural landscape, producing globally recognised properties, and at its zenith in 1986, it drove Australian films to capture a record **23.5% of the domestic box office**. However, the initial 10BA mechanism was structurally imperfect for modern application. It operated as an upfront tax deduction rather than a performance-linked rebate, meaning returns were secured via tax minimisation before cameras even rolled. Consequently, the capital was not genuinely "at-risk," leading to artificially inflated budgets and the eventual dismantling of the scheme as it lacked the necessary delivery-contingent safeguards.

Recognising these historical learnings, the WASCIP framework explicitly mirrors the capital-unlocking power of the 10BA era but is entirely re-engineered with modern Treasury safeguards. It is designed to be a highly transparent, accountable, and fiscally disciplined

mechanism from the perspective of public expenditure.

WASCIP effectively transitions screen financing from an opaque process into a disciplined, investable asset class by implementing strict safeguards across four critical dimensions:

1. **Post-Audit Payment and Delivery Risk Mitigation:** Unlike earlier historical models, absolutely no public funds are deployed upfront. WASCIP is strictly an entitlement-based, post-audit refundable credit. The rebate is issued only after the production is complete, successfully delivered, and a certified independent audit report verifies all eligible expenditure and the genuine formation of private capital. This entirely insulates the state from non-delivery or execution risk.
2. **Private Capital First-Loss Position:** Under the WASCIP Certification Framework, 100% of the production finance must be secured and contractually committed prior to rebate eligibility. Private investors absorb all production execution and completion risk, ensuring the public purse is never exposed to budget overruns or production abandonment.
3. **Exclusion of Non-Arm's Length and Related-Party Abuse:** To aggressively prevent the budget inflation issues that plagued earlier schemes, WASCIP requires strict, auditable adherence to arm's length transactions. Producer deferrals or related-party equity that lack demonstrable, verified cash risk exposure are explicitly excluded from the "qualifying private risk capital" calculation, ensuring the integrity of the capital base.
4. **Legislated Macroeconomic Capping:** To provide absolute fiscal certainty to Treasury and prevent systemic overexposure, WASCIP mitigates macroeconomic risk by operating under a hard, legislated funding cap of \$40 million over its three-year pilot duration. This prevents the open-ended liabilities that characterised earlier iterations of national tax policies.
5. **Escrow-enforced Production Integrity:** The integrity of the production spend against premature investor withdrawal is secured by mandating an institutional-grade escrow pre-certification process as part of the WASCIP framework. Before a production can achieve formal certification, private financiers must deposit 100% of their committed capital into a secure, third-party escrow account. This capital remains entirely locked and inaccessible to the producers until a strict set of Conditions Precedent (CPs) are met, such as securing a Completion Bond, which serves as an outsourced due-diligence mechanism. This structural safeguard guarantees that the production is fully capitalized and commercially viable before funds are released for shooting, insulating the state's infrastructure and local vendors from logistical failures or the collapse of under-capitalized, phantom productions. This ensures the capital is genuinely "at-risk" and committed to verified, localized economic activity.

Modern Safeguards vs. Historical Models

Policy Feature	Historical 10BA Model (1981-1988)	Proposed WASCIP Mechanism (2026)
Timing of Public Support	Upfront Tax Deduction	Post-Delivery, Audited Rebate
Public Risk Exposure	Taxpayer bears upfront execution risk	Private capital bears first-loss execution risk
Investor Risk Profile	Frequently utilised for risk-free tax arbitrage	Demands genuine, at-risk equity exposure
Total Financial Exposure	Uncapped & Open-ended	Hard \$40M Legislative Cap

Preliminary industry consultations indicate strong market appetite from investment firms and family offices, noting that WASCIP’s capacity to structurally mitigate downside exposure allows screen projects to be evaluated on a conventional risk-adjusted basis. This provides the private sector with the confidence required to view the screen sector not as a high-risk creative venture, but as a disciplined alternative asset class. This directly and powerfully aligns with Screen Australia’s mandate to facilitate alternative financing pathways and build a globally viable industry.

Conclusion

The Western Australian screen economy stands at a pivotal juncture, possessing the raw materials required for explosive, sustainable growth. While the historic \$391 million state investment in world-class infrastructure - most notably the \$233.5 million Perth Film Studios - provides the physical capacity for a thriving industry, physical hardware requires highly calibrated financial software to achieve optimal operational velocity and consistent occupancy.

The Western Australia Screen Capital & Industrial Pilot (WASCIP) serves as that precise financial mechanism. It is fundamentally designed to act as a complementary force multiplier for existing agencies. By establishing a cohesive dual-track ecosystem, WASCIP respects and protects the vital cultural mandate championed by Screenwest, allowing the state agency to dedicate its record funding and strategic focus to incubating First Nations voices, regional storytelling, and emerging talent without the burden of unilaterally financing massive commercial ventures. Simultaneously, WASCIP provides the robust industrial track necessary to absorb the massive capital requirements of scaling commercial productions.

Its unparalleled structural stackability with the federal Producer Offset - circumventing

traditional expenditure base reduction - ensures that producers can confidently and efficiently leverage both state and federal resources. Through ironclad Treasury safeguards that enforce post-audit, delivery-contingent payments, WASCIP **unlocks over \$100 million in private capital** from a strictly capped \$40 million state allocation. Furthermore, by demanding strict intellectual property domiciliation through the WA Economic Command Test, WASCIP ensures that the lucrative long-tail revenues of global content creation compound within the local economy, preventing creative extraction and driving long-term enterprise sustainability.

Ultimately, the enactment of the WASCIP framework will firmly establish Western Australia as a premier, globally competitive destination for screen investment. It does not replace or disrupt the critical work of existing agencies; rather, it provides the commercial architecture that empowers Screenwest and Screen Australia to achieve their respective cultural and industrial mandates with unprecedented efficacy, confidence, and scale.

This report was primarily constructed by Shea Walsh of Wondership Entertainment Pty Ltd. It has been developed in collaboration with multiple industry stakeholders and private capital individuals, family offices and businesses - both Australian and international. Additional guidance has been sought from screen industry bodies, professionals and WA State stakeholders. Reports, graphs, and statistics were researched using Google Deep Research and were manually verified by download and analysis of original documentation to avoid incongruent results.

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