

CASH FLOW FACILITY – GUIDELINES FOR PRODUCER OFFSET FOR DISTRIBUTION GUARANTEES AND LICENCE FEES

About the program:

Through the Cash Flow Facility, Film Victoria provides secured loans to finance productions. There are two types of loans in this program:

- / [Producer Offset](#) loans are available to screen producers to finance the Producer Offset for eligible Australian projects
- / [Distribution Guarantee](#) / [Licence Fee](#) loans are available to screen producers to finance distribution guarantees or licence fees from distributors, broadcasters, sales agents and game publishers.

Before applying:

- / Read these guidelines which set out the core terms on which Film Victoria conducts its business. Terms [underlined in green](#) appear in the [website glossary](#)
- / Check your eligibility and what you'll need to deliver if you're successful
- / Contact the program manager [Michelle Rubin](#), Legal Manager +61 03 9660 3242
- / Check the deadline dates
- / Seek professional financial and legal advice
- / For Producer Offset loans, Film Victoria recommends that applicants also refer to [Screen Australia's website](#) for detail of the scheme
- / Ensure you have letters of offer from the parties contributing to the finance plan, to demonstrate that the production budget for the project is secured.

Film Victoria may accept applications where the producer has applied for production investment from Screen Australia and the application is yet to be decided. In this instance applicants must provide details of the date of the Screen Australia meeting at which their application will be decided.

Please note that while applications for both the Producer Offset and Distribution Guarantee/Licence Fee loans should be submitted to Film Victoria as one submission, the loans and related documentation will be contracted separately.

Available funding:

The maximum total amount that a production company (including related entities) may borrow for one or more projects is capped at \$3 million at any one time.

- / Film Victoria may finance an amount up to 90% of the total estimated Producer Offset for an eligible project. The commensurate [QAPE](#) spend must be guaranteed by a [Completion Guarantor](#)
- / For distribution guarantees or licence fees from an overseas distributor, broadcaster, sales agent or game publisher, we will only consider financing the distribution guarantee or licence fee if a

minimum of 50% of the distribution guarantee or licence fee is being advanced into the production budget by the distributor, broadcaster, sales agent or game publisher.

This program is a loan facility. You will be legally obliged to repay the loan and interest, fees and any costs according to the loan agreement.

Eligibility:

To apply for a Cash Flow Facility loan all applicants must be a company that:

- / Is incorporated or registered in Australia
- / Has an ABN
- / Is operating through a permanent place of business in Australia
- / Has at least one company director that is an Australian citizen or permanent resident
- / Owns or controls all copyright in the project, or can demonstrate shared ownership or control of all copyright in the project under an official co-production arrangement
- / Can demonstrate cultural and economic benefits for Victoria and the Victorian screen industry arising from the project.

Additional eligibility for Producer Offset loans:

Applicants must also be a company which:

- / Has been established for the sole purpose of producing the project (an SPV). We will accept an application from the parent production company or Rights Holding Company if, at the time of lodging an application, the SPV has not been incorporated. The SPV will become the applicant upon incorporation
- / Has no trading or tax history
- / Is not part of any tax consolidated group
- / Is applying with a project that is eligible for the Producer Offset
- / Can demonstrate control of all copyright in the project through the Rights Holding Company (i.e. not the SPV), or demonstrate that the Rights Holding Company has shared ownership or control of all copyright in the project under an official co-production arrangement
- / Can demonstrate evidence that the project is being produced for release to the public in Australia, sufficient to qualify for the Producer Offset
- / Has a Provisional Certificate and accompanying letter from Screen Australia for the project.

Additional eligibility for Distribution Guarantee/Licence Fee loans:

Applicants must also:

- / Demonstrate control of all copyright in the project, or demonstrate shared ownership or control of all copyright in the project under an official co-production arrangement
- / Have an executed, legally binding deal memo or distribution, broadcast or publishing agreement for the project.

Exclusions:

Film Victoria is unable to accept applications that are:

- / Late or incomplete
- / For funding that is retrospective or for capital expenditure

- / From Federal or State departments or entities or from a broadcaster, a holding company or subsidiary of a broadcaster, or a company that is jointly owned by any of these companies
- / For projects that will be developed as part of a course of study or for projects and/or from applicants that will contribute to credits for a course of study
- / For projects that are reality television, infotainment, magazine shows, variety, light entertainment, how to, sports telecasts, news, current affairs, corporate or promotional media, training videos or community television shows
- / For projects that have previously been through the assessment process for a Cash Flow Facility loan and were rejected for funding, unless the application is substantially reworked (at Film Victoria's determination).

Film Victoria may consider providing loans for non-narrative children's programs in exceptional circumstances where significant benefits to Victoria and the Victorian Screen Industry can be demonstrated.

Assessment process and timelines:

Applications are presented to the Audit and Risk Committee (ARC) and their recommendations are presented to the Film Victoria Board for approval. The ARC will make a credit assessment of the application, taking into account factors including:

- / The risks associated with the project
- / The experience of the production team for the project
- / The financial standing of the producer, distributor, broadcaster, sales agent or publisher
- / The economic, cultural or other benefits to Victoria arising from the project.

For Distribution Guarantee and Licence Fee loan applications the ARC will also assess:

- / The payment terms of the Distribution Guarantee or Licence Fee
- / The proportion of the Distribution Guarantee or Licence Fee which is sought to be cash-flowed via a Cash Flow Facility Loan.

Preference is given to Victorian based companies and projects.

Applicants will be notified of the Board's decision within approximately ten weeks' of the deadline.

Successful applicants:

- / Will be provided with a Letter of Offer outlining the conditions of approval of the Cash Flow Facility loan
- / Will enter into a loan agreement and security documents with Film Victoria that specify the terms of your loan including what conditions must be satisfied in order to make drawdowns from the loan
- / Will only receive funding if the applicant and all related entities have complied with all outstanding obligations to Film Victoria, including repayment, reporting and delivery obligations under any other contracts with us
- / Must allow at least 8 to 12 weeks from the date of decision to contract the loan agreement and security documents.

Contacts:

Program Manager:

Michelle Rubin, Legal Manager +61 03 9660 3242.