

RFFF Guidelines

Screen Queensland supports a creative, innovative and successful screen industry through development and investment; secures production to Queensland; and delivers an active screen culture across the state.

PURPOSE OF RFFF

The Revolving Film Finance Fund (RFFF) is a lending facility established to cashflow Queensland film and television productions and infrastructure projects by way of lending funds secured against Producer Offset, bank guarantees, letters of credit, distribution guarantees, pre-sales or other financial instruments.

The \$20m revolving fund is administered by Screen Queensland on behalf of the Queensland Government. All funds are drawn from the Queensland Treasury Corporation (QTC).

The general purpose of the RFFF is to:

- increase the amount of Queensland-based and domestic Australian film and television production in Queensland
- establish and maintain a commercially viable film and television industry in Queensland
- establish sufficient production and post-production infrastructure to maintain a commercially viable film and television industry in Queensland
- maximise employment opportunities and the continuity of employment in the film and television industry in Queensland.

The RFFF may only be used for full recourse loan funding or equivalent arrangements (i.e., the Applicant must repay the whole of the principal, interest and costs associated with the loan, regardless of the outcome of the project).

FILM AND TELEVISION PRODUCTIONS

HOW MUCH WILL SQ LOAN

The maximum amount of funding per Applicant for any single project is \$5 million or 50% of the production budget whichever is the lesser. Only 90% of total estimated Producer Offset will be loaned, and the estimated QAPE must be covered by a Completion Guarantee, from a reputable Completion bond entity. An Applicant may apply for funding of a number of different projects. However, the maximum amount of funding which may be outstanding to any Applicant with respect to a number of projects is \$6 million. Upon the repayment of a loan, the Applicant may borrow additional funds up to this limit. Priority will always be given to companies with an ongoing commitment to producing in Queensland and to companies using Queensland producers, directors, writers, cast and crew, and Queensland production facilities. The production must be a film, television or screen based media project intended to be produced wholly or principally for screening or broadcast in the form of a feature film, telemovie, documentary, television series, mini-series or multimedia project.

Projects that are not eligible include: projects which contain excessive violence, discrimination, sexual violence or sexual exploitation; advertising programs or commercials; panel, sports, variety, 'how to', cooking or quiz programs; a film of a public event; or a training film.

WHO IS ELIGIBLE

To be eligible to apply for loan funds under the RFFF, the applicant must:

- Be a company incorporated in Australia, with the sole purpose of producing the project;
- The company will need an ABN, have no outstanding tax obligations and a clean credit history;
- The production must be filmed in Queensland, or have significant post-production work being carried out in Queensland;
- Where possible, the production will engage bona fide Queensland residents for the production of the project in all key creative positions and all areas of production;
- The production must expend not less than 50% of its "below the line" budget in Queensland. Exceptions to this requirement may be made in the case of official international co-productions.
- The production must have substantial finance in place and must have a Provisional Certificate from Screen Australia for the project;
- The applicant must be the copyright holder or have clear chain of title in any and all works on which the project is based.

Screen Queensland will not approve an application, in any case, where the Applicant or another party to the project is in default under any other loan or arrangement with Screen Queensland – both financial and delivery based.

Individuals and companies who have failed to repay an RFFF loan to Screen Queensland are not eligible to apply.

THE APPLICATION PROCESS

Before you apply for loan funds please read these guidelines thoroughly, as well as Screen Queensland's Terms of Trade and seek independent professional financial and legal advice. All applications for RFFF funds must be made using the application form on the SQ website. The application form contains details of specific documentation to be delivered as part of the application. An application fee of \$330 (including GST) must accompany all RFFF loan applications, which will cover the required credit checks and ASIC searches. Payment can be made via EFT and details are available on Screen Queensland's website. All funding decisions are subject to the approval of the CEO and Board of the SQ, and are subject to contract. Applications are assessed at Screen Queensland board meetings and therefore must be received by board application deadlines listed on the SQ website.

ASSESSMENT OF LOAN APPLICATION

Screen Queensland will perform a full credit-worthiness assessment of the parties, based on credit searches, industry knowledge, other inquiries and external advice.

Screen Queensland will also assess the following criteria with regards to RFFF Loans:

- The adequacy of the production schedule and budget,
- Any risks associated with the project
- The experience of the production team

- The market attachments to the project
- The track record of the applicant and the key creatives attached to the project will also be assessed.

Projects applying for the RFFF are not creatively assessed.

Loan funding is always subject to approval by the Screen Queensland Board as well as contracting.

The following materials need to be provided with the SQ application:

- RFFF Application Form and Application fee
- Provisional Certificate and accompanying letter from Screen Australia which states their satisfaction that the producer has a bona fide intent to distribute the film, if a feature film project. (Please Note an RFFF application assessment is not possible unless Screen Australia has issued a Provisional Certificate)
- A-Z Production Budget & QAPE spreadsheet indicating the estimated QAPE and Producer Offset (Screen Australia format)
- Finance plan (including the source, terms and proposed drawdown schedule)
- QAPE opinion from an independent third party
- Production Investment Agreement for the project; or strong letters of commitment from all investment sources
- Details of all security for loan, including signed contracts and letters of interest
- Details of Completion Guarantor and letter of intent
- Sales estimates for all territories (low, medium, high) (ANZ and ROW)
- Marketing plan, audience plan and release plan (target audience, promotional activity)
- Production schedule (Key dates for: pre-production, production, post and delivery)
- Details of use of QLD elements (crew, locations and facilities)
- CV and Bios for key personnel
- Contact details for all key creative, key cast, and production companies
- Copy of Treatment, Synopses, Concept Document and Script
- Details of professional placements (QLD HOD's, production crew and attachments)
- Letter of intent from Insurer (Public liability and ENO)
- Certificate of Incorporation, ASIC Company Historical Search and ABN Search
- Co-Production documents (if applicable)

LOAN SECURITY

Each application to the RFFF should demonstrate that the loan would be able to be repaid from sources, which are not related to the marketplace performance of the project for which the loan is sought, namely Producer Offset, distribution guarantees or pre-sales.

In addition to security arising from the commercialisation of the project, Screen Queensland may also seek a mix of all or some of the following based upon an assessment of risk:

- Cut through contract clauses to enable recoupment in first position from exploitation of the project in all territories where the loan is unable to be fully paid out by the principal source nominated;
- Registered securities over assets not connected with the intellectual property arising from

- the project;
- Additional guarantees as circumstances may require.

Screen Queensland will require a security interest over the security provided, including the 'cinematograph film' as such term is defined in the Copyright Act 1968 (Cth), and will register that interest on the Personal Property Securities Register established by the Personal Property Securities Act 2009.

For loans to cashflow the producer offset, Screen Queensland will require a third party opinion as to the QAPE addressed to Screen Queensland from a reputable source and will seek access to revenues from exploitation of the project in all territories to repay any balance of the loan not recovered from the producer offset. Screen Queensland will not lend more than 90% of the anticipated level of QAPE, and reserve the right to reduce this lending value ratio to below 90%. The applicant is expected to provide information on the security as may be required by Screen Queensland (such as audited financial statements and historical financial records) to determine its value. A letter of credit or other similar level of security in a form acceptable to Screen Queensland from an Australian financial institution is preferred in the case of loans to or secured by international companies without significant assets in Australia and loans for substantial sums secured by Australian or international companies. A corporate guarantee may be accepted in the case of substantial public companies. The loan agreement (and related documents) will only be executed when Screen Queensland is satisfied with the form of security and documentation.

OTHER SECURITY MEASURES

In cases where the security is dependent upon completion and delivery of a project, such as a distribution guarantee, presale, insurance policy or other similar financial instrument, Screen Queensland will also require a completion guarantee and will assess the security based on each of the following:

- Credit-worthiness of the security offered by the applicant and other parties granting securities;
- Level of market attachments;
- Adequacy of the production schedule and budget and the experience and track record of the production team;
- Veracity of the sales estimates;
- Cost to Screen Queensland of having to exercise its rights to recover the loan from the security offered;
- The terms of the completion guarantee.

The SPV will need to establish a Bank Account for the sole purpose of receiving the Producer Offset refund. However SQ may also ask for a Tax Agent Directive to be put in place to transfer the outstanding loan amount, including outstanding interest, into SQ's own bank account, upon the release of the Producer Offset from the Australian Taxation Office.

Completion guarantees will be required for projects receiving loans where the security is the Producer Offset, and the amount of the loan must be less than the amount guaranteed.

INTEREST

Interest is calculated on the loan amount from the date of drawdown until repayment. The

repayment date is nominated by the borrower, and forms part of the loan agreement.

SQ will determine the interest rate applicable for each drawdown of funds, and this interest will be prepaid and withheld from the drawdown requested. Where loans are repaid early, the borrower will be entitled to a refund of the overpaid portion.

The applicable interest rate is half (0.5) the 90-day Bank Bill Swap Rate.

ADMINISTRATION & LEGAL FEE

The administration and legal fee will be charged on the whole loan and will be deducted from the first draw down. This fee will cover all of SQ's administration and legal costs for the whole term of the loan.

The Applicant will be required to pay its own legal and other costs, but not those of SQ.

Provision should be made in any relevant budget or finance plan for the payment of interest and administration fee.

The Administration & Legal fee is a flat 5.5% of the total principal loan amount and is payable in advance on the total loan on the date of the first drawdown. GST is payable on the fee.

DRAWDOWNS

The loan should be drawn down in accordance with the cashflow requirements of the project as approved by the SQ. Unless prior written approval is granted, any funds not drawn within one month of the contracted dates will be subject to interest penalties (as Screen Queensland incurs interest on these loan funds).

A pre-condition of any draw down is the receipt of an up-to-date QAPE cost report.

There should be a maximum of 3 drawdowns and these must be requested in the correct written format, as included in the loan contract.

It is suggested that prior to application submission, applicants should discuss their Drawdown and Repayment schedule with Screen Queensland to minimise the potential for loan extensions which incur additional and in some cases penalty interest.

REPAYMENT

The loan must be repaid by the due date as stated in the RFFF loan agreement, usually no longer than 18 months after the first draw down.

If the main security is the Producer Offset, then it must be used to repay all amounts outstanding, and cannot be used for any other purposes until the RFFF loan is repaid in full.

The SPV must apply for a Final Certificate from Screen Australia, as soon as possible, but no later than 3 months after the completion date, and take all steps necessary to obtain the Producer Offset.

The borrower will keep SQ informed of the progress and status of the application for the Final Certificate and the Producer Offset at least once every 2 weeks after application is made.

Applicants will be required to carefully consider the date they propose for repayment of the loan. If the loan is not made by the repayment date, you will be considered in default, and may not have access to any further funding from SQ.

Extensions to the repayment date must be formally requested in writing to the Financial and Corporate Services Controller before the due date. Additional interest will apply for the first three months' extension and penalty interest will apply thereafter.

Where repayment is dependent upon payment of a distribution guarantee, pre-sale or maturation of any other financial instrument, the dates of repayment should be discussed with the SQ before the submission of an application.

Non-repayment of RFFF loans will place the project, Production Company and associated producers in Default and will not allow them to apply for further funding from Screen Queensland in any program until total repayment of the loan.

YOUR REQUIREMENTS DURING THE LOAN PERIOD

You must do the following until repayment of the loan:

- Give written notice to SQ as soon as you borrower become aware of anything which may decrease the amount of QAPE or otherwise affect the issue of the Final Certificate;
- Not incur any financial indebtedness which may adversely affect your capacity to repay the loan;
- Produce and complete the Project in a professional manner and in accordance with the Project Documents, the QAPE Report and the Provisional Certificate;
- Prepare and keep all financial and accounting books and records for the Project;
- Provide SQ with a cost report of QAPE and QPE spent up to that date, prior to requesting a loan drawdown; and
- Provide SQ with a copy of every communication you have with the Producer Offset Unit in relation to the application for the Final Certificate.

INFRASTRUCTURE LOANS

The RFFF will also provide loans for production and post-production infrastructure that has the ability to maintain a commercially viable film and television industry in Queensland.

Infrastructure for the purpose of these guidelines will not include plant and equipment.

The financial instrument proposed as security must ensure the repayment of funds.

Applicants must demonstrate that:

- the infrastructure project has a focus toward market driven outcomes;
- the infrastructure project will be a viable and sustainable operation in the medium to longer term with no further need for Screen Queensland (SQ) or Queensland Government financial assistance beyond that provided at the outset of the project;
- the project will increase industry capabilities in Queensland; and
- the cost of the project would be a specific impediment to the construction or expansion other than with the assistance of the RFFF Infrastructure Fund.

Loans are not available for speculative ventures.

Applicants must own the freehold title to the property on which the proposed infrastructure is to be constructed, and all proposed construction must satisfy relevant regulatory and statutory requirements for construction.

The applicant must be a legal entity incorporated in Australia.

Priority is always given to companies with an ongoing commitment to Queensland, and to infrastructure improvements that will provide the largest economic and cultural impact in Queensland.

HOW MUCH WILL SQ LOAN

The nature of the project itself and the funds available determine the amount of funding per applicant for any single infrastructure loan.

RFFF infrastructure loans are subject to the availability of funds.

LOAN SECURITY

A principal factor in the assessment of applications is the value of the security.

The applicant is expected to provide information on the security as may be required by SQ to determine its value.