

## I Guidelines - Production Investment I

Production investment finance is available for feature film, television drama series, telemovies, documentaries, animation and digital media projects.

### I Aim of the Program I

This program aims to support the growth and sustainability of the Tasmanian screen industry via co-investment with the marketplace and private sector in original, marketable and quality projects that can attract audiences in Australia and around the world.

### I About the Program I

One-off equity investment is available for productions that provisionally satisfy the Significant Australian Content requirements as set out in Division 376 of the *Income Tax Assessment Act (Cth) 1997 (ITAA 97)* and/or can demonstrate a significant cultural benefit to Tasmania. See Producer Offset guidelines on the Film Finance Corporation website ([www.ffc.gov.au/investment](http://www.ffc.gov.au/investment)).

Projects should have finance partners, marketplace commitment or demonstrated marketplace interest in place before seeking production investment from Screen Tasmania.

Tasmanian applicants may also apply for post production investment, where there is demonstrated marketplace commitment, and a rough cut of the production is available.

### I Amount I

Screen Tasmania may invest at the following levels:

- up to a maximum of \$400 000 or up to 20 per cent of the budget, whichever is the lesser for feature film, television drama and digital media projects
- up to a maximum of \$100 000 for one-off documentaries, with a minimum of one hour, from Tasmanian production companies
- up to a maximum pro-rata of \$50 000 per hour, with a cap of \$100 000, for documentary series from Tasmanian production companies
- up to a maximum of \$50 000 for one-off documentaries, with a minimum of one hour, from non-Tasmanian production companies
- up to a maximum pro-rata of \$50 000 per hour, with a cap of \$100 000, for documentary series from non-Tasmanian companies.

In exceptional circumstances, Screen Tasmania may consider investing at higher levels where there is a demonstrated significant benefit to the Tasmanian screen industry. In the case of documentaries Screen Tasmania may vary the percentage where the total budget and the amount requested is small. Similarly Screen Tasmania may offer investment below the maximum guideline level due to demand on its funds. Screen Tasmania is usually a minority investor.

For feature film, television drama and digital media productions, Screen Tasmania expects that its investment will generate local expenditure of at least 1:4.

For documentary productions, Screen Tasmania expects that 30% of the total budget will be expended in Tasmania.

### I Funding Type I

Screen Tasmania will provide its funding either as equity investment or in the form of distribution guarantee.

## I Deadlines I

Four funding rounds are held per year – approximately every 12 weeks.

Applications must be received by close of business on the advertised closing date if delivered by hand, or must be post marked no later than the advertised closing date sent by post. Applications received after this date will be deferred to the next board meeting.

## I Who can apply I

Both Tasmanian and Non-Tasmanian applicants may apply for production investment. All applicants and projects must meet the general eligibility criteria, in addition to all the following:

- the project must have Significant Australian Content in accordance with the requirements of Division 376 of the *Income Tax Assessment Act (Cth) 1997* (ITAA 97) or be an official co-production
- obtain a Provisional Certificate from the Film Authority pursuant to the Producer Offset Rules 2007 made in accordance with Division 376 of the ITAA 97
- the applicant must be the producer and hold appropriate rights to produce the project
- the applicant must have marketplace commitment or demonstrated marketplace interest in the project
- Non-Tasmanian applicants may apply for production investment provided that the production:
  - demonstrates a commitment to employing Tasmanian cast and crew
  - provides at least two attachments to key creative positions on drama productions, or at least one on documentary, animation and digital media productions (these attachments may be eligible for funding under the FIT Scheme and/or Practitioner Development program)
  - provides at least two attachments to other crew positions on drama productions (these attachments may be eligible for support under the Practitioner Development program).

## I How Applications are Assessed I

Screen Tasmania investment is competitive. Screen Tasmania uses the following criteria in priority order to assess applications for production investment:

### *Creative elements*

- the quality and originality of the project
- the talent and track record of the creative team
- the quality of the creative vision for the project

### *Finance elements*

- the viability of the production budget and schedule
- the finance plan, and level of commitment from financing partners
- the strength of market attachments
- the market potential of the project
- recoupment potential of the project based on sales estimates



*Economic benefits to Tasmania*

- percentage of Tasmanian spend relative to the total production budget
- ratio of proposed investment to proposed Tasmanian spend
- the career benefits to Tasmanian key creatives
- the number of employment opportunities for Tasmanian cast and crew
- the number of attachments provided to Tasmanian practitioners

*Cultural benefits to Tasmania*

- the opportunities to showcase Tasmanian locations
- the uniqueness or relevance of story to Tasmania
- the publicity opportunities profiling Tasmania to the world

**I What to Submit I**

Applicants must submit a form and **three (3)** unbound copies of the following:

- completed application
- one sentence and one page synopsis
- final draft script (industry standard format) or treatment (for documentary)
- director's vision statement
- producer's statement including creative vision, target audience, market strategy and sales projections for feature films and for documentary, where available
- if the producer offset is intended to be included in the finance plan applicants must submit a Division 376 Provisional Certificate and Qualifying Australian Production Expenditure (QAPE) spread sheet
- a summary of chain of title documents
- signed participant clearances, (for documentary)
- CVs of principal cast and crew (deal memos, if available)
- production schedule
- production budget and narrative
- full breakdown of anticipated expenditure in Tasmania
- list itemised Tasmanian cast, crew and attachments
- detailed finance plan and recoupment schedule (deal memos or letters of offer where available)
- completion guarantor letter of intent
- company certificate of incorporation
- supporting audio visual material (if available)

Applicants with **digital media projects** must **also** submit **three (3)** unbound copies of the following:

- technical document - software and hardware requirements
- style document - intended art quality; FX; animation; sound and style details
- game design document (where applicable)
- prototype of the project (where applicable)
- proposed development details - including any manufacturer approvals/negotiations



Applicants for **post production investment** must **also** submit **three (3)** unbound copies of the following:

- detailed post production budget and narrative, including any deferrals to date
- detailed account of expenditure to date, including itemised report of Tasmanian expenditure
- DVD of rough cut (three copies)

### I Assessment Process I

Due to funding limits, no applicant can be guaranteed to receive funding. Applicants **must** contact Screen Tasmania to discuss their application prior to submission.

Once submitted, applications will be assigned to an internal project manager and an external assessor will be commissioned to provide a written report on the project.

External reports inform the decision-making process but do not determine the outcome. They are intended to provide the board with an independent professional analysis of the material.

The Project Manager prepares a board paper, which considers the project in relation to the selection criteria, and makes a recommendation to the Screen Tasmania Board.

The Screen Tasmania Board is an advisory board with a limited financial delegation. Depending on the level of investment being considered, the Screen Tasmania Board makes recommendations directly to the Minister for Economic Development and Tourism or to the Tasmania Development Board. The Minister has final sign off on all funding decisions.

If the applicant is successful a ministerial letter will confirm the offer. A letter of offer outlining the terms of the offer will follow from Screen Tasmania.

Applicants should note that decisions by the Tasmanian Government are final and irrevocable. Projects that have been rejected for production investment will not be reconsidered unless specifically invited to resubmit by Screen Tasmania.

One copy of submitted materials will be kept on file at Screen Tasmania to satisfy our reporting requirements, regardless of whether the application was successful or not.

### I Investment Information and Conditions I

If your application for production investment is successful, you will be required to enter into a Production and Investment Agreement (PIA) with Screen Tasmania. Please note the following terms and conditions, which form part of the agreement.

### I Approvals I

Screen Tasmania will require copies of all transaction documents for approval, including distribution and licence agreements, investor agreements, completion guarantees and chain of title documents.

Screen Tasmania will have the following approval rights for all film and television projects:

- approval of changes to the script, key personnel or the budget
- consultation on rough cut, fine cut and final mix
- receive advice whenever the producer provides information to or seeks approval from the major investor

Screen Tasmania will have the following approval rights for all digital media projects:

- approval of any changes to the budget, project specification documents including creative and technical, and key personnel
- approval of milestones
- receive advice whenever the producer provides information to or seeks approval from other investor/s or distributors.

### I Copyright I

Screen Tasmania will be entitled to a percentage of copyright in accordance with normal industry practice.

### I Repayment of Investment I

If finance is provided by way of an equity investment, Screen Tasmania expects to recoup pro rata pari passu (at the same time and at a proportionate rate) with other equity investors.

If finance is provided by way of a distribution guarantee Screen Tasmania expects to recoup this advance in first position against the agreed nominated territories. In some cases interest may be charged on this amount.

### I Profit Share I

If finance is provided by way of equity investment, Screen Tasmania expects to receive a percentage of net profits pro rata pari passu with other equity investors.

Profit participation is a matter for negotiation between the producer and Screen Tasmania but is usually 50 per cent to the investors and 50 per cent to the producer. Third party creative participations in profit shall be met from the producer's share.

### I Sequels and Spin-offs I

Screen Tasmania prefers producers to retain sequel, remake, series and spin-off rights and ancillary rights for Screen Tasmania funded projects, and expects to participate in revenues from the exploitation of those rights.

Screen Tasmania would expect terms consistent with other state and commonwealth agencies.

### I Credits I

Screen Tasmania will require an appropriate head and/or end credit in line with other equity investors. The credit will also be required on all publicity and delivery materials.

### I Completion Guarantee, Insurance I

Screen Tasmania requires a completion guarantee on each project (in exceptional circumstances Screen Tasmania may vary this requirement). If the producer negotiates a rebate, the rebate may be applied to budget.

Screen Tasmania requires producers to take out and budget for the following insurances:

- public liability of at least \$10 million
- workers compensation insurance
- negative all risks insurance
- multi-risk insurance
- film production insurance (as necessary)
- errors and omissions insurance (as necessary)
- any other insurance that may be deemed necessary

### I Other Requirements I

Producers must lodge master materials as required with:

- National Film & Sound Archive (NFSA)
- Archives Office of Tasmania

Producers must register master materials as required with:

- International Standard Audiovisual Number (ISAN)
- Screenrights

### I Administration Fee I

Screen Tasmania does not charge an administration fee.

### I Reporting I

Producers will be required to provide:

- regular cost and progress reports during pre-production, production and post production
- final audit report
- regular marketing reports after completion – until Screen Tasmania has recouped.

### I Deliverables I

The following Screen Tasmania delivery items must be included in the production budget:

- four DVD copies of the project (or for Digital Media Projects, one copy of the project on its development platform)
- media kit (includes electronic press kit)
- Ten professional standard production stills (minimum size 350 pixel wide x 300 pixel) to be supplied on CD-ROM
- one copy of each poster for Australia and overseas (where available)
- one soundtrack on CD (where available)
- other marketing materials.



## I General I

Each application will be considered on its own merits. Screen Tasmania will not consider treatment of past applications to be precedent for present applications.

These general guidelines apply to all funding schemes; however, specific exceptions and variations may apply for some schemes. They are published to assist applicants to address the relevant issues. They do not bind Screen Tasmania or the Tasmanian Government, nor do they create any rights in respect of any prospective applications.

Screen Tasmania reserves the right to vary any of the terms or conditions without notice; therefore applicants should always confirm the currency of guidelines before lodging applications.

All funding schemes will be in accordance with Treasury guidelines, the government *Financial Management and Audit Act (1990)* and the *Tasmanian Development Act 1983*.

## I Application of GST to Investment and Withholding Tax I

Screen Tasmania advises all applicants to consult the Australian Taxation Office and/or their accountant regarding changes to the Australian Taxation System.

If GST applies to a grant, it will be the applicant's responsibility to account to the Australian Taxation Office for an amount equal to 1/11th of the grant funds received that are ultimately taxable.

No GST payment shall be made by the Department of Economic Development and Tourism unless the department receives a tax invoice from the applicant.

Under a New Tax System, *Goods and Services Tax Act 1999 (Cth)* the Department of Economic Development and Tourism is required to deduct 48.5 per cent withholding tax from the grant and remit this to the Australian Taxation Office where an applicant fails to advise one of the following:

- an Australian Business Number
- purpose of grant is hobby or private
- the entity is exempt from income tax.

## I General Eligibility Criteria I

All applicants and projects must comply with Screen Tasmania's general eligibility guidelines as follows:

- applicants must be an Australian citizen or permanent resident
- applicants must be over 18 years of age
- applicants must have an Australian Business Number (ABN)
- fulltime students are not eligible to apply
- applicants must be the originator of the script, the copyright holder, or have an option to the rights in any and all works on which the project is based.
- projects originating from outside the state are welcome, provided they are filmed predominantly in Tasmania and will generate substantial employment and/or attachment opportunities for the local industry
- applications from recipients of past grants, loans or investments from Screen Tasmania will not be considered if any outstanding funds or progress reports have not been acquitted satisfactorily. This will not prevent applicants from receiving more than one grant, loan or investment concurrently
- Screen Tasmania does not fund retrospectively
- funds are not available for projects of the following nature: purely educational; advertising projects; infotainment; lifestyle; travel; magazine; sports; education; game shows; current affairs; news programs; community television programs.