ANNEXURE E

FFC FUNDING GUIDELINES

1. Funding guidelines for Feature Films in 2006/07

In 2006/07, the FFC offers two doors of entry to producers seeking to finance feature films:

- Market Attachment
- Evaluation

Market Attachment

Projects applying through the Market Attachment door must demonstrate a high level of genuine market support to trigger FFC investment.

Level of market attachment

The FFC requires a minimum of 25 per cent of the production budget to be guaranteed by genuine market participants. This may take the form of:

- distribution advances/guarantees from distributors or sales agents with a track record in theatrical distribution
- pre-sales/equity from Australian free-to-air or pay television
- pre-sales/equity from foreign broadcasters in territories where a theatrical distributor is attached
- bank gap (in an amount discounted for the costs of securing the gap finance)

Type of market attachment

Market advances/guarantees must include:

- an Australian theatrical distributor
- an international sales agent
- a theatrical distributor in at least one major international territory or two minor international territories

Level of FFC investment

The FFC will generally not invest more than 45 per cent of the budget. The remainder may be a combination of genuine market attachments (as in 3.1.1 above) and other non-FFC finance (eg. tax funds, state agency funds, private investment).

Evaluation

Project evaluation is the other FFC option available to producers seeking to finance feature films.

Criteria for Evaluation

Projects applying via this door will be evaluated by the FFC (including specialist staff) to determine their merit in three key areas:

i. Creative Potential

- track record of creative team
- creative team's vision for the film
- distinctiveness of project
- quality of script and readiness for production
- proposed cast

ii. Market Potential

- potential to secure distribution in Australia
- potential to secure distribution overseas
- budget in relation to projected returns

iii. Audience Potential

- target audience/s
- potential to reach target audience/s
- potential to reach international audiences

Diversity of FFC slate

When evaluating individual projects the FFC will also be taking into account its overall objective of supporting a diverse feature film slate. Factors under consideration here include:

- the balance of experienced and emerging creative principals attached to projects in the slate;
- the desirability of financing some projects of artistic and critical merit that may have limited commercial potential;
- the desirability of having some diversity of genre within the annual slate.

2. Funding guidelines for Adult Television Drama in 2006/07

Eligible categories

The FFC will finance the following categories of adult drama:

- Mini-series up to 13 hours in length;
- Single telemovies (including telemovie pilots);
- Telemovie packages of up to three telemovies. Subsequent series of telemovie packages will only be financed if the previous series has secured acceptable international sales;
- Animated mini-series of up to 13 episodes, each not less than a half-hour in length.

FFC funding

Because of high demand on FFC funds, the FFC will consider applications in two groups. Projects seeking 35 per cent of budget or less will be considered first. If those projects do not use all available funds, then projects seeking up to 40 per cent of budget will be considered as a second group.

Marketplace Attachments

The FFC encourages producers to pre-sell their television projects in as many territories as possible.

(a) General

The FFC requires a local presale for Australian free-to-air or pay television rights for all adult drama programs. In regards to the presale:

- runs are not to exceed four over a seven-year period;
- the floor price licence fee (see below) may not include an equity component for the broadcaster;
- the FFC will not agree to the inclusion of pay television or exclusive satellite rights as part of the domestic free-to-air television licence fee;
- the FFC will not agree to the inclusion of New Zealand as part of the floor price licence fee.

In addition to the local presale, the FFC will require a sales agent for ROW to be attached on all projects.

(b) Mini-series

The FFC will expect a local free-to-air or pay television presale of not less than 30 per cent of the budget, with a floor price of not less than $400,000 per hour.

It will also expect a percentage of the budget, to be agreed upon, by way of a substantial presale/advance against ROW, and/or equity investment.

In the case of longer mini-series – nine to 13 hours – the FFC will only invest where the production budget is a minimum of $800,000 per hour. [Note that the minimum domestic licence fee of $400,000 per hour and the FFC investment cap of $4 million per project still apply.]

The terms for any sequels or spin-offs are detailed in clause 10.5.

(c) Telemovies

- *One-off telemovies (including pilots) and telemovie packages*

The FFC will expect a local free-to-air or pay television presale of not less than 35 per cent of the budget, with a floor price of $400,000 per hour, or part thereof.

It will also expect a percentage of the budget, to be agreed upon, by way of a substantial presale/advance against ROW, and/or equity investment.

3. Funding guidelines for Children's Television Drama in 2006/07

The FFC will invest in:

- mini-series of 13 half-hours or 26 half-hours;
- animated mini-series of up to 26 episodes, each not less than one-quarter commercial television hour;
- telemovies.

FFC Funding Criteria

Because of high demand on FFC funds, the FFC will consider applications in two groups. Projects seeking 38 per cent of budget or less will be considered first. If those projects do not use all available

funds, then projects seeking up to 43 per cent of budget will be considered as a second group.
The percentage share of recoupment from first dollar will be as follows:

Marketplace Attachments

- For mini-series, the FFC will expect a presale from a broadcaster for free-to-air or pay television Australian rights of not less than $95,000 per half-hour. Pay TV or exclusive satellite rights cannot be included as part of the domestic free-to-air television licence fee.

- The FFC will also require a presale in a major overseas territory, or at least two substantial pre-sales in other territories, for children's drama. The budget level will determine the level of other presales or guarantees required.

- The level of marketplace attachment required for a telemovie will be considered on a case-by-case basis.

- The FFC will require a sales agent for ROW to be attached on all projects.

Distinctively Australian Children's Drama Fund

The FFC will apply up to $1.5 million of its children's drama funds for 2006/07 to support the production of a lower-budget children's drama project with no requirement for an international pre-sale. Eligible projects will include 13 x half-hour live action mini-series, 26 x 15-minute animated mini-series, and children's telemovies.

The following conditions will apply:

- Projects must have a domestic free-to-air television pre-sale of not less than $90,000 per half hour;
- Program budgets should be no higher than $225,000 per half hour;
- Applications must be received by 18 August 2006 and will be considered by the FFC Board at its September meeting.

4. Funding guidelines for Documentary in 2006/07

The FFC invests in documentaries with an Australian free-to-air or pay television presale. It does not invest in other actuality programs, such as reality television, infotainment, current affairs, cooking, 'how to' or sports programs.

[Note: the FFC takes its definition of 'documentary' from the guidelines compiled by the Australian Communications and Media Authority (ACMA). These guidelines are available on the ACMA website.]

The FFC invests in both one-off documentaries and series. Before it will invest in a subsequent documentary series, the first series must have been launched at a major television market and secured acceptable international sales.

The FFC finances documentaries through three main strands:

- the domestic door (requiring a local television presale only);
- the international door (requiring a local television presale as well as international presales/guarantees);
- the Special Documentary Fund.

Domestic Door

The minimum requirement to trigger FFC investment is:

- a licence fee of 40 per cent from a domestic free-to-air broadcaster

Caps on FFC investment:

- $200,000 for a one-off program
- $600,000 for a documentary series

International Door

Level One

The FFC will invest up to 50 per cent of the budget in projects which meet the following co-financing requirements:

- a pre-sale of at least $110,000 per hour from a domestic network
- an international sales agent
- an international territory pre-sale and/or an advance from an international sales agent, with a combined value of at least 10 per cent of the budget

Level Two

The FFC will invest up to 40 per cent of the budget in projects which meet the following co-finance requirements:

- an appropriate pre-sale from a domestic network
- a pre-sale to at least one major international territory or three minor international territories
- an advance from an international sales agent

Special Documentary Fund

The FFC will apply up to $750,000 of its annual documentary funds for 2006/07 for the production of up to five documentary programs with no requirement for market attachments.

The aim of the scheme is to provide the opportunity for filmmakers to make more innovative and exciting programs by stepping outside the potential limitations of broadcaster commissioning and FFC market requirements.

Projects will be selected by the FFC (including specialist consultants) according to the following criteria:

- track record of creative team
- creative team's vision for the project
- distinctiveness of project
- quality of project
- outcomes proposed by filmmaker
- potential to achieve proposed outcomes