

GUIDELINES

SA Revolving Loan Facility



South Australian **Film Corporation**

The South Australian Revolving Loan Facility is a South Australian Film Corporation (“SAFC”) administered loan facility which supports the financing of South Australian film and television productions.

What is the scheme?

Through the South Australian Revolving Loan Facility, the SAFC provides secured loans to finance long-form dramas and documentaries which are either stand-alone projects or series.

Generally, there are two types of loans available under this scheme:

- *Producer Offset* loans are available to cash flow the Producer Offset for eligible Australian productions; and
- *Distribution Guarantee / Licence Fee* loans are available to cash flow distribution guarantees or licence fees from reputable distributors or broadcasters.

Up to 90% of Qualifying Australian Production Expenditure (QAPE) can be provided as a loan, subject to eligibility and availability of funds.

Who is eligible?

- South Australian based production companies engaged in producing major production initiatives in South Australia.

What projects are eligible?

Projects that are eligible for funding under this program include:

- narrative driven, long-form drama and documentary projects, that are stand-alone or series and are intended for commercial release via theatrical, broadcast and /or digital platforms (both live action and animation are supported).
- The projects must be produced in South Australia, with at least 50% of the production’s below-the-line costs expended in the State. The crew must be predominantly South Australian.

Projects **must be** Australian projects or official co-productions.

Projects are expected to have:

- An independent, third-party QAPE Opinion
- A Provisional Certificate or evidence that an application has been made



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- Marketplace investment and production finance in place
- A plan for Australian domestic and international release
- A completion bond (in which case the SAFC will require a letter of intent from a recognised completion guarantor demonstrating their intent and the level of bondable QAPE).
- For television productions without a bond, the SAFC may waive the requirement for a completion bond where the broadcaster agrees to closely monitor the production spend across production and post-production. Applicants must provide this confirmation from the broadcaster in writing.

What is on offer?

Up to:

- \$850,000 per South Australian production company or project at any one time

What are the minimum requirements for application?

- When applying to cash flow the Producer Offset the contracting party must be a company that is incorporated or registered in Australia which:
 - has been established for the sole purpose of producing the project (SPV);
 - has no trading or tax history; and
 - for Producer Offset - holds a Provisional Certificate stating the level of offset approved
- The SAFC will accept an application citing the parent company if at the time of lodging the application the SPV has not been incorporated. The SPV will become the contracting party upon incorporation.
- The SAFC will require a letter of intent from a recognised completion guarantor demonstrating their intent to either (depending on the type of loan applied for):
 - bond the project and guarantee a minimum QAPE spend commensurate to the amount of the Producer Offset in the finance plan; or
 - or bond the project and the delivery requirements of the distributor or broadcaster for the project.
- When applying to cash flow the Producer Offset:



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- the applicant must also provide a written opinion from an independent third-party production accountant (not employed on the project), approved by the SAFC, confirming the estimated QAPE for the project.
- the SAFC will require QAPE to exceed the minimum qualifying threshold by 10%
- When applying to cash flow Distribution Guarantees and/or Licence Fees:
 - the contracting party must be a company that is incorporated or registered in Australia
 - the applicant must provide an executed, legally binding deal memo or agreement for the project in a form acceptable to the SAFC.

Additional conditions:

- the SAFC may at its sole discretion limit its exposure to any one distributor or broadcaster and
- all distribution guarantees must be payable within 12 months of delivery of the completed production, irrespective of commercial success.
- All applicants for SA Revolving Loan Facility funding must be able to evidence that they own or control all copyright and other intellectual property rights in the project by providing complete chain of title documents in a form approved by the SAFC, and/or demonstrate shared ownership or control of the same under a formal co-production agreement.
- All applicants must provide a finance plan, budget, production schedule and script in accordance with the SAFC's General Guidelines; it is anticipated that the finance plan and the planning of the production will be at the advanced stage with marketplace interest.
- In addition, the budget must include provision for the SAFC's interest and administration fees
- The SAFC will be entitled to its standard credit and logo requirements as a financier of the project, the details to be negotiated in good faith with other investors and financiers.
- All projects seeking SA Revolving Loan Facility funding must have a demonstrable net economic and cultural benefit to South Australia.
- The SAFC assesses applications in accordance with its prevailing risk assessment policies, giving regard to all the circumstances surrounding each application.
- Applications can only be assessed with due regard to the level of funds available in the SA Revolving Loan Facility fund at the time of application.

Eligibility for an SA Revolving Loan Facility Loan is not contingent on the project also receiving SAFC Screen Production Funding.

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Exclusions

- SAFC will not lend alongside another lender
- SAFC will not lend against the SA PDV Rebate in isolation from the Producer Offset.

How will I know if my application has been successful?

If an application is successful, the SAFC will issue a letter of commitment detailing the conditions precedent and other salient terms of the loan as soon as practicable after the date of approval. The applicant is required to sign and return a copy of this letter to acknowledge acceptance of the terms. Thereafter the applicant will enter into a Loan Agreement and related security documents with the SAFC.

The SAFC will endeavour to issue the Loan Agreement and security documents within 21 business days from the date the signed copy of the Letter of Commitment is received.

Loan Agreement: the contract between the SAFC as lender and the applicant as borrower details the terms of the loan.

Security Interests: there are different security requirements for Producer Offset and Distribution Guarantee / Licence Fee loans which provide the SAFC with security for the repayment of the loans.

However, as a guide the SAFC will usually require the following minimum securities:

Producer Offset	Distribution Guarantee / Licence Fee Loans
A first ranking registered Security Interest over the SPV's entitlement to payment of the Producer Offset refund and a general Security Interest over all other assets of the SPV.	A first ranking registered Security Interest over the producer's entitlement to payment of the distribution guarantee or licence fee as applicable and a general Security Interest over all other assets of the producer.

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<p>A registered Security Interest over all of the SPV and/or the parent company's entitlement to gross receipts from the project.</p>	<p>An irrevocable direction (Notice of Assignment) to the distributor or broadcaster (as the case may be) directing them to pay the distribution guarantee/licence fee to the SAFC on a specified date, and an agreement with the distributor, broadcaster or sales agent requiring that party to pay the SAFC on delivery of bonded materials and other terms to be agreed.</p>
<p>A Deed of Guarantee and Indemnity from the parent company guaranteeing the SPV's performance of its obligations under the loan agreement.</p>	<p>The SAFC to receive gross receipts in payment of the loan in priority to all other parties under the relevant PIA and Disbursement and Collections Agreement.</p>
<p>An irrevocable direction to the SPV's bank, enabling the SAFC to appoint signatories to the Producer Offset refund account.</p>	
<p>The SAFC to receive gross receipts in payment of the loan in priority to all other parties under the relevant PIA and Disbursement and Collections Agreement.</p>	

Administration Fee: a legal and administration fee of 2% of the total value of the loan (plus GST), which will be deducted from the first drawdown of funds paid by the SAFC under the Loan Agreement. Once the Loan Agreement is executed, this fee is payable even if the loan facility is not used by the applicant.

Interest: the interest rate on all loans provided under the SA Revolving Loan Facility is charged at the 90- day Bank Bill rate, calculated by the SAFC at the time of receipt of the application plus a margin of 2%. Applicants must pre-pay interest in advance, which will be deducted from the first drawdown of funds paid by the SAFC under the Loan Agreement.

Overdue Interest: the interest payable on all overdue amounts is calculated at twice the above interest rate.

Repayment Term: the repayment term for SA Revolving Loan Facility loans is usually no more than 12 months when secured against distribution guarantees or licence fees and/or bank guarantees, and up to 18 months when secured against the Producer Offset.

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Production Grant Agreement (PGA) or Production Investment Agreement (PIA)(or similar): provides for grant or investment funds in the project, transfer of ownership in the project to named investors and the production and marketing of the project. The SAFC's rights as a lender of funds that are recoupable will be acknowledged in the PIA, together with its right to a screen credit and delivery materials. The SAFC will require approval over the PIA even if it is not a party to that agreement.

How do I apply?

Application forms are available online at <https://safilm.smartygrants.com.au/>

After reading the [SAFC Terms of Trade](#), applicants are required to discuss their applications with the SAFC prior to submitting a completed application.

When can I apply?

Applications for the SA Revolving Loan Facility are open all year round and are considered by the Board at the subsequent Board meeting after the application has been received. Applications must be received in full no later than 30 business days prior to a Board meeting.

Please note that SAFC Board dates may be subject to change at the SAFC's discretion. While the SAFC will use reasonable endeavours to notify its clients of any changes to Board dates, applicants should check with the SAFC for updates.

Where can I find out more?

- Read the [SAFC Terms of Trade](#)
- Visit www.safilm.com.au
- Contact the SAFC on 08 8394 2000

The fine print

As with all South Australian Film Corporation programs, these guidelines take precedence but must also be read in conjunction with the South Australian Film Corporation Terms of Trade and relevant application form. At its sole discretion the SAFC may vary its Guidelines and Terms of Trade, including variations to percentages and levels of contribution. Please check our website for any updated guidelines. Applicants are required to discuss their applications with the South Australian Film Corporation prior to submitting an application. SAFC Terms of Trade and the relevant application form can be found at www.safilm.com.au