

**Building UK Film Companies – UK Film Council
Information on Selected Schemes**

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1. Film Support Systems

1.1 Country Support Summary

The table below provides a summary of the direct and indirect ways in which elements of public support systems can help build stronger production-led businesses. Whilst direct options are focused specifically on corporate development, indirect options arise from financial advantages conferred by project-based support. Overall, there is only one dedicated national scheme targeted specifically at corporate development (Enterprise Australia).

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Direct options									
Specific corporate development support	Enterprise								Enhanced deduction tax credit; EIS
General focus on corporate growth as a driver of successful activity		Articles 1,3; Funcines					Investment Funds		
Indirect options									
Reward success that connects to audiences			Envelope Scheme	Soutien automatique	FFA reference scheme	Spanish automatic/complementary points system		PRS Scheme	
Variable/soft recoupment terms on selective schemes									
Automatic spend schemes treated as producer equity	Producer Offset								New change: 30%
Risk reduction: spend-related rebates	Locations Offset		Labour Credit	TRIP	DFFF				Tax Credit
Slate funding	Regional		National	Regional	Regional			National	National

1.2 Notable Mechanisms – Further Details

The following tables provide a summary of notable examples of support *directed* at building *company sustainability*:

Mechanism	Enterprise - Australia
Description	<ul style="list-style-type: none"> • Funding of up to €247,000 per year for a three-year period • Part recoupable, part working capital • Based on selection and strong business plan
Strengths	<ul style="list-style-type: none"> • Rewards company development and expansion • Qualification criteria encourages business discipline and strategic planning • First dedicated scheme of its kind

Mechanism	Film I Vast Business audit – Sweden
Description	<ul style="list-style-type: none"> • Meets four times a year to review strategies and structures of companies it supports • Discussion of strategy and support for international expansion
Strengths	<ul style="list-style-type: none"> • Shown commitment to company growth with consistent backing through business meetings • Hands on business support • Creates long-term business partnership between fund and producer

The following are notable examples of project-based support that *indirectly* contribute to *company growth*:

Mechanism	National automatic production funding scheme rewards success – France, Germany, Spain
Description	<ul style="list-style-type: none"> • Automatic support triggered by box office success • Historical automatic schemes in France and Germany: • New automatic scheme introduced in Spain – includes VOD sales for calculating performance

Strengths	<ul style="list-style-type: none"> • Enables producers to “bank” funds and spend them on future productions allowing producer to move onto next project • Encourages commercially-focused film-making likely to increase national film market share • Focuses funding on fewer companies, concentrating resources on businesses with growth potential
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Mechanism	Producer Envelope - Canada
Description	<ul style="list-style-type: none"> • Producers access envelopes based on box office returns • Driven by Canadian policy to achieve 5% at the domestic box office
Strengths	<ul style="list-style-type: none"> • Applicable to both production and development • Greater predictability of financial support- producers with an envelope may commit resources from the envelope to one project and at the same time apply for partial or full financing for another project from the selective component • Envelope support combined with access to national labour tax credit allows for significant support

Mechanism	Complementary support - Spain
Description	<ul style="list-style-type: none"> • Part of new automatic production support scheme introduced in 2010 • Value calculated on points system awarding points for festival success, balance of male and female crew or technical aspects such as being shot or projected in 3D • Available to those films which have a production budget of over €600,000 and which have not received any discretionary support • Films with budgets between €600,000 and €2m must fulfil certain additional criteria such as being invited to the official selection of a prestigious international film festival and receiving other awards or honours • Aid cannot exceed €1.2m overall
Strengths	<ul style="list-style-type: none"> • Automatic scheme that rewards festival success and audience viewings • Encourages international focus and emphasis on audiences • Points system designed to reward more than ‘commercial’ aspects of box office success

Mechanism	Mandating broadcaster involvement (France, Spain)
Description	<p>Mandating broadcaster to spend on film production:</p> <ul style="list-style-type: none"> • Cable channels, terrestrial channels and France Television mandated to invest directly in film • New Audiovisual Law in Spain mandates private broadcasters to invest 3% of revenues in film (public broadcaster RTVE to invest 6%) <p>Mandating broadcaster to contribute to funds of central body:</p> <ul style="list-style-type: none"> • Legislation pending to make broadcaster contributions to the FFA in Germany mandatory • Film Agreement in Sweden mandates contributions by TV broadcasters and SVT and TV4 to SFI
Strengths	<ul style="list-style-type: none"> • Leverages additional funding • In case of mandating spend on film production directly – encouraging vertical integration • Creates stable and sustainable funding for film • Cements place of film as essential part of media ecosystem

Mechanism	Terms of trade
Description	<ul style="list-style-type: none"> • Various across countries e.g. Australian Offset as producer equity or German flexibility on recoupment at regional or national level
Strengths	<ul style="list-style-type: none"> • Financial advantages conferred to producer on one project eases move from one project to the next • Multiple possibilities available for flexing terms of trade to confer advantages

Mechanism	Combine strong regions with strong national support – Germany
Description	<ul style="list-style-type: none"> • German film funds strong because of state’s federal structure • Six regional funds responsible for around half of German film spending • Federal fund was specifically constructed to allow regional and national cooperation
Strengths	<ul style="list-style-type: none"> • Possible to bundle federal and regional funding support • Combination of regional and national funds have attracted international productions • Transparent rules

Mechanism	Publicly supported credit lines – France IFCIC, Spain ICO
Description	<ul style="list-style-type: none"> • IFCIC (Institut pour le Financement du Cinéma et des Industries Culturelles) is a specialised government supported lending institution • IFCIC typically guarantees 50% of the loans obtained • IFCIC guarantees close to two-thirds of the independent films produced each year in France • ICAA enters into agreement with ICO (Instituto de Credito Oficial) to offer low interest loans (e.g. 2% below the base rate) for film production, distribution and exhibition. • Of the total budget of €7 million for this support, €4.5 million is used to subsidise film production loans • ICO provides 75% of loans at start of filming.
Strengths	<ul style="list-style-type: none"> • Added layer of important public support providing easy access to credit • IFCIC support available beyond film • Spanish ICO provides inexpensive credit to bridge gap before box office returns on automatic support

Mechanism	Recycling distribution revenues from overseas films - Brazil
Description	<ul style="list-style-type: none"> • Article 3 of the Audiovisual Law entitles foreign film distributors to a 70% reduction in the 25% withholding tax due on remittances or credits sent overseas to their headquarters • This write-off is conditional upon their investment in an audiovisual project of a Brazilian Producer
Strengths	<ul style="list-style-type: none"> • Ensures that local producers benefit from strong Hollywood presence in Brazil • Encourages international relationships and coproduction

Mechanism	Recycling spend on domestic and non-domestic film /box office levy – France, Sweden
Description	<ul style="list-style-type: none"> • The Swedish Film Agreement, renewed every five years, includes a cinema levy raised from box office takings • France's levy is historical and has been in place since 1953. It is not restricted to box office but also extends to video, DVD and VOD
Strengths	<ul style="list-style-type: none"> • Box office levies provide a method diverting significant funds into the sector • Reporting on levy requires complete transparency of system

Mechanism	Permanency and stability of support – France, Sweden
Description	<ul style="list-style-type: none">• CNC's existence legislated for, annual budget voted for by parliament• Sweden Film agreement long-standing and forces all of sector to cooperate
Strengths	<ul style="list-style-type: none">• The system operate along whole value chain, creating a stable industrial structure• The basic system is transparent• Cinema has a cultural importance which makes it politically strong• Both systems are less impacted by changes in national politics

2. International Comparison

2.1 Key Indicators

In order to give context to our findings, we provide here a number of key indicators of each country's performance. We have taken 2008 as our baseline – the year for which the most complete set of data is available.

	Countries								
Country indicators:	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
OUTPUT									
Production volume 2008 (€m) ¹	89	139 ²	187	1,259	n/a	n/a	230	tbd ³	269
Number of films 2008	34	90	75	196	128	173	113	21	86
Average budget 2008 (€m)	2.6	1.5	2.5	6.4	n/a	2.6	2	2.2	3.1
Domestic film share (%)	3.8	9.8	2.8	45.7	26.6	13.3	42.1	20.2	31
POPULATION									
Population (m)	21.9	183.9	33.2	65	82.2	46.1	48.4	9.3	61
FUNDING									
Estimated public funding at national level for film production 2008 (€ m)	44.8	55	48.5	160.6	132.7 ⁴	67.8	65.5	35	67
Estimated broadcaster contributions 2008 (€m)	3	n/a	1.4	39.8	n/a	106	n/a	5.4	25
Estimated public funding at regional level for film production 2008 (€m)	14.5	n/a	31.3 ⁵	23	72.2	30.6	n/a	12	23.1
Total public funding best estimate 2008 (€m)	62.3	55	81.2	223.4	204.9	204.4	65.5	52.4	115.1
Total funding per capita 2008 (€m)	2.8	0.3	2.5	3.4	2.5	4.4	1.4	5.6	1.89

¹ Excludes inward investment

² Production volume, number of films and average budget for Brazilian films relate to 2005 as 2008 figures are unavailable

³ SFI does not currently calculate this amount

⁴ FFA Budget+ DFFF Budget (estimated)

⁵ Value of provincial tax credits

n/a: Data not publicly or readily available

2.2 Availability of Schemes

The following table summarises the availability of both automatic and selective schemes in each of the selected territories.

The subsequent sets of tables (2.3 and 2.4) describe each of these national schemes in greater detail.

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Availability of national automatic or semi-automatic funds which reward success?	No	No	Yes (envelope)	Yes	Yes	Yes	No	Yes (semi)	No
Availability of national automatic or semi-automatic funds which reward spend?	Yes	No	Yes	Yes	Yes	No	No	No	Yes
Availability of selective funding at national and regional level	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

2.3 Details of National Automatic Schemes for Project Support

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Automatic schemes that reward spend (national)									
Name of scheme	(1) Producer Offset Scheme (domestic) (2) Locations Offset (international)		Canadian Film or Video Production Services Tax Credit (PSTC)	(1) Credit D'Impot (CDI – domestic films) (2) TRIP (international)	Federal Tax Incentive (DFFF)				UK Tax Credit
Form	Tax rebate		Labour credit	Tax rebate	Rebate				Tax rebate

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	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Conditions of spend-related automatic schemes	(1) Min. spend > €700,000; Qualifying Australian Production Expenditure (QAPE); (2) €11m and 70% of shoot in country if spend < €35m QAPE = Provided & used, including imported		No min spend Eligible production corporations must have permanent establishment in Canada Good spend = Canadian labour	(1) Min spend > €5000/min (film and TV); French language films (2) Minimum spend > €1m; minimum 5 days shoot (live action); culture test	25% budget; 20% if budget > €20m; no min if Ger spend > €15m German qualifying production costs and cultural test Definition of spend = Services provided in country including imported				Min spend 25% of budget Qualifying spend 'used or Consumed' including imported Theatrical release and cultural test
Maximum aid of spend-related automatic schemes	(1) 40% of Australian QAPE (2) 15% Offset on QAPE no other cap		16% of qualifying spend on Canadian labour no other cap	(1) 20% of eligible costs; capped at €1m (2) 20% of qualifying local spend capped at €4m	20% of qualifying production spend up to €4m; €10m with Committee approval Available on max 80% of budget				Value = 20% film budget > £20m 25% film budget < £20m Available on max 80% of budget

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	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Other	(1) Targets domestic feature films (2) Large budget non Australian films		Can be easily bundled with provincial tax credits Includes spend on post	(1) Applies to both film and TV (2) Fairly new (2008). Applies to film and TV	Discretionary award of up to €10m possible				Enhanced tax deduction available

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Automatic schemes that reward success (national)									
Name of scheme			Performance Envelope System	Soutien automatique à la production	Automatic Reference Scheme	Automatic production support schemes (General and Complementary Support)		(1) Audience Related Support Scheme (PRS) (2) Market-Oriented Production Support	
Eligibility			Top 15% of Canadian films which reach at least €380,000 in box office returns may access the envelopes	Projects must qualify as French under points based system (25 points out of 100). Essentially a test of degree of nationality	Films commercially released in German cinemas with >30 prints (15 for production budgets < €20 million); length must exceed	General eligibility requirements: Only independent producers are eligible; Cultural Test applicable		(1) Awarded to producers based on box office takings and the level of private investment in a film (2) Projects with a budget	

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	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Automatic schemes that reward success (national)									
					79 minutes; Producer minimum equity investment 5%			>€1.5m; 60% of its financing must be confirmed	
Conditions of success- related automatic schemes			Funds available in a performance envelope must be used in the fiscal year in which the envelope is obtained	Subsidy gets put into the CNC account of the French producer, to be used for their next film	Film must obtain at least 150,000 “reference points” based on audience and festival success.	General Support: Aid is proportional to the number of paying viewers in first 12 months of film’s release. Ratio then applied to calculate aid Complementary support: Production budget>€600,0 00; projects without discretionary support; projects with festival success and audience numbers			
Maximum aid			The minimum	Subsidy granted	€2m	General		(1) 50% of gross	

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Automatic schemes that reward success (national)									
			value of the production envelop is set at €561,000, and the development envelope offers € 112,000	in proportion to film’s success but the amount is calculated by applying a rate to the product of the special tax on the price of cinema tickets. Rate is currently: 105% up to 500,000 entries; 90% of 500,000 – 5m entries and 40% in excess of 5 million entries		Support: €800,000 per film, subject to 50% cumulative aid limit and 75% of producer investment Complementary Support: €1.2m per film, subject to 50% cumulative aid limit and 75% of producer investment		box office for films with discretionary funding; 75% for films without discretionary funding (2) €936,000 or 40% of the film’s budget	

2.4 Details of National Selective Schemes for Project Support

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Name of selective scheme	Feature Film Production Programme	FSA Fund	Canadian Feature Film Fund	Avance sur Recettes	Project Film Funding	Support for feature film production projects	Independent Film Production Support Programme	A range of selective schemes	£15m Film Fund
Description of selective scheme	Funds films of any budget range	Funds activity across the value chain;	Support targeted at both English	Interest-free repayable loan administered	Conditionally repayable, interest free	Funds production, development	Pre-production and post-production	Various	New scheme for development

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	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
		recently initiated	and French language markets	either (a)Prior to the actual filming and (b)post completion of production	loans	and distribution; new scheme	support offered also		and production
Nature of films supported	Cultural and commercial	Films with strong potential for commercial success	Cultural, although a degree of emphasis is placed on box office potential	Cultural films	Films that are likely to “improve the quality and efficiency the German film	Specialised films	Experimental and dramatic films	Cinema features	Focuses on works of first, second time and world-class film makers
Maximum aid	€2m (€1.74m from July 2010)	No cap	French language films: \$3.5m per project (including any performance envelope money) English language films: \$4m per project (including any performance envelope money)	(a) €76,300 €152,000 (first time director) (b) €75,000 €150,000 (first films)	€1m (though generally do not exceed € 250,000)	€1m	Up to 50% of project budget up to a limit determined by its length (feature films > 60 mins can receive up to approx. €28,000	n/a	
Eligibility	QAPE<€698,000	Funds investments in	French language films:	Production companies of	Producer must be able to bring	Aid is only available to	Feature films, short films and	Features, but set criteria	All applications must be made

	Countries								
	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
		production, distribution and exhibition	Projects budgeted between €925,000 and €1.85m English language films: Budgets should typically be over €3.5m	feature-length films holding a license issued by the CNC are eligible	15% of the production budget to the table before being eligible for the scheme	films that meet the Spanish nationality requirement; scheme to come into effect from October 2010	documentaries for theatrical release that are produced on film and/or vide; animation films are not eligible	aimed at ensuring diversity of output, to include children’s films and a proportion of films involving women principals (directors, producers)	by a registered EU company with a screenwriter already attached
Other observations	Films of any budget range are eligible						Anyone producing an independent film can apply, but not if they are registered professional producers		Production investments must have a director and producer attached to the project

2.5 National or Regional Company Development Support

This table summarises the availability of public support specifically targeted at corporate development. Only one such scheme exists nationally: Enterprise Australia.

	Aus	Bzl	Can	Frn	Ger	Spn	SKr	Swe	UK
Name of scheme	Enterprise Programme								
Description of scheme	Company development support								

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Maximum aid	For the 2010 funding round, a total amount of €2.1m is available over a three-year funded period, i.e. €700,000 each year across the successful applicants								
Eligibility	Companies must create a strategic development plan for growth and demonstrate that they have the appropriate capacity, track record and achievements to develop and implement their proposal								
Recoupment details	Negotiable								
Other details	Applicants may apply for any amount up to €247,000 per year for a three-year period								

Report prepared by creative industries consultancy Olsberg|SPI. If you have any further questions on the report, please contact us at info@o-spi.com or via telephone as below.

Olsberg|SPI
4 Junction Mews
London W2 1PN
T: + 44 20 7402 1300
F: + 44 20 7402 6111
info@o-spi.com
www.o-spi.com