

Appendix E - International Automatic Support Schemes

While the majority of direct public support mechanisms in place in the film industry internationally are selective in their approach, there is a range of automatic support schemes in operation. These automatic schemes provide financial support to a producer based on the past commercial success of a film, measured by box office receipts or admission numbers.

The advantage of automatic funding schemes is that they create a strong relationship between a production company and its market. Automatic funding schemes recognise commercially successful films and fund producers and productions companies to create further works. Some automatic funding schemes also include artistic or critical success as criteria for determining eligibility for funding.

Automatic funding schemes vary considerably in their operation. Although Germany, Austria and France require financial support to be reinvested in production, this requirement is not necessarily the case elsewhere. Certain countries extend their support beyond production, to distribution and exhibition.

In Scandinavia, a range of support is offered to producers based on a film's performance. The Finnish Film Foundation provides 'post-release support for production' to films with "sufficient domestic content" (as determined by the Foundation) and that can account for a minimum of 45,000 viewers who bought a "regular priced ticket" at domestic theatres in the first year of release. The producer is eligible for EUR 3.50 per viewer (capped at the lesser of EUR 350,000 or 50 per cent of the production costs). If the film has received advanced support from the Foundation, the amount of post release support is capped at EUR 700,000 and a maximum of 70 per cent of production costs.

In Norway, the Norsk Filmfond awards a 'Box-Office Bonus' to any film that is distributed theatrically in Norway. The bonus currently stands at 55 per cent of ticket revenue (100 per cent for children's films) until a ceiling amount is reached. The ceiling on Box-Office Bonuses is calculated in relation to the producer's investment and risk.

In Sweden, 75 million kroner are set aside each year to be provided to producers based on box office takings and the level of private investment in a film. Support for a film is capped at 50 per cent of gross box office for a film financed with 'advance support' from the Swedish Film Institute, 75 per cent of gross box office for a film that has not received 'advance support' and 100 per cent of gross box office in relation to children's films. The automatic support is subject to repayment once a film begins to generate profit.

Automatic support is also provided elsewhere in Europe. In Germany automatic funding is provided in three streams: production, distribution and exhibition. Funding is provided in accordance with the 'reference' principle, which apportions points to films based on the commercial success of a film,

success at internationally significant festivals and awards, as well as minimum a number of admissions. Production companies that receive funding are required to direct the funding toward the production or distribution of new films.

A similar scheme operates in Austria, where a 'reference film' must achieve a degree of artistic success (determined by participation in film festivals or the award of a prize) or a minimum level of admissions. Lesser requirements apply to children's film, documentaries and films by directors who have made two films or less. Funds awarded may be spent on script development, project development, film production of Austrian film as well as and vocational training of professionals working in the area of film.

In France, automatic funding is provided to support film production, film distribution and exhibition. A points system applies to determine whether the producer of that film qualifies for automatic funding for film production. The points system takes into account box office takings, television screening and video sales of a film. Automatic funding for film distribution is provided in direct proportion to box office receipts, whereas exhibitors receive a portion of cinema ticket sales to fund new equipment, refurbishment and construction of new cinemas. The system is geared towards smaller and medium sized exhibitors.

In Spain producers may be eligible for automatic support, split into two streams: 'General aid' and 'Complementary aid'. The quantum of 'General aid' is the equivalent of 15 per cent of the gross revenue obtained for each film during the first year of commercial exploitation, capped at the lesser of one million Euros, 50 per cent of the cost of the film or 75 per cent of the investment in the film. 'Complimentary aid' is equivalent to 33 per cent of the investment by the producer in the film, capped at EUR 700,000, to producers who have received a minimum level of revenue for the film during its first year of release and have not previously received aid. The scheme is directed toward minority Spanish language (i.e., Basque, Catalan etc) filmmakers and documentary makers.

The 'Performance Component' of the Canada Feature Film Fund sets aside resources to successful production and distribution companies, based on box office performance of past films produced. Funds are provided to assist the production and development of films, marketing activities as well as breakages (engagements of high profile, marquee performers) and enhancements (extraordinary costs outside of production budget).

Other countries also provide automatic public support mechanisms include Switzerland, Poland, Brazil, Belgium, Italy, Portugal.

The following table details a sample of automatic support measures in place internationally: