

FAQ – TELEFILM’S FORMAL PROPOSALS TO REVISE THE SUCCESS INDEX, DEVELOPMENT PROGRAM, AND TALENT TO WATCH PROGRAM

SUCCESS INDEX

- 1. Will the Success Index be replaced by other performance measures and if so, which ones and how will they be measured?**

The Success Index that was used to calculate the score on a production company’s track record will be discontinued. It will no longer be used for the allocation of funding in the Production Program and the Development Program.

Regarding the Success Index of the portfolio of films supported by Telefilm, it will be replaced by separate performance measures that will reflect the achievement of Telefilm's objectives in the management of its programs. In addition to indicators of parity, diversity, indigenous representation, regional and linguistic balance, other performance measures may be implemented as data becomes available, such as environmental responsibility.

- 2. In the proposals, it is written: “For a genre or animation film of outstanding artistic quality...” Would you please explain what you mean by “outstanding artistic quality.” Does this mean an “auteur” film?**

Telefilm has no preconceived notion of the type of film that possesses outstanding artistic qualities. All films, regardless of budget, whether “auteur” or more commercial, have the potential to be artistically outstanding.

- 3. What do you mean when you say that “expressions of appreciation by peers are also fair indicators (of cultural resonance)”?**

Prizes awarded by peers, such as the Prix Iris in Quebec for best film, or the Canadian Screen Awards, are indicators of a film’s contribution to our national cinematography.

- 4. What is Telefilm’s editorial policy? How does it differ from SODEC?**

Telefilm has never had an editorial policy as Telefilm doesn’t operate as a studio, but rather as a public investor supporting the development of the feature film industry in Canada.

Telefilm will continue to seek a balanced portfolio of projects, both linguistically and regionally, while pursuing its goals of gender parity, representation of Indigenous peoples and those from underrepresented communities.

Telefilm will continue to promote rallying projects which in their own way make it possible to create this engagement with audiences and resonate culturally through an array of cinematographic genres.

5. Will commercial films for large audiences still have a place in the portfolio of Telefilm funded projects?

Yes. These films have often shown their ability to not only engage audiences but also to generate strong cultural resonance.

DEVELOPMENT PROGRAM

1. The proposal document states that access to the new Prequalified Stream will be based on “merit.” Could you please define “merit”?

Merit will be based on the audience engagement ratio that allows to evaluate and compare the performance of the filmography of production companies.

2. Why must you have produced a film in the last 3 years to be eligible and why do successes “expire” after 6 years?

The eligibility criteria are intended to identify active, dynamic companies that have experienced success in a market context very different from that which prevailed previously when theatres played a more prominent role. Telefilm is counting on this new, more dynamic model to enable more companies to benefit from it as their films get produced, released and are successful in reaching audiences on all platforms.

3. Why have you limited a feature film’s theatrical release to a three-year period for access to the Prequalified Stream? Many companies can release films to theatres for longer periods of time.

We think that a three-year (3) period is optimal to prequalify up to 125 of the better performing production companies. We’re waiting for feedback in writing from the industry in this regard.

4. What do you mean by: “Applicants are expected to assume responsibility for their development activities and will be evaluated on the success they achieve”?

In the Development program, producers will benefit from predictability, flexibility, and significant financial support to leverage their expertise. In the Production program, all projects will be evaluated under a Selective stream to which everyone will have equal access.

Telefilm will not set gender parity or requirements of representation of Indigenous Peoples and those from other underrepresented communities for producers who access this new Prequalified funding stream, but we do expect that projects submitted to the Production program will contribute toward these important objectives.

5. Success in theaters is not only due to the production company, but also to the distribution campaign and the talents of the creative team (writers, filmmakers, actors, key personnel, etc.). So why does Telefilm associate theatrical success with the production company only, which can then choose to develop the next project with a whole other creative team?

Telefilm has limited budgets. The organization has chosen to concentrate its resources on supporting companies with production experience.

6. Telefilm says that its goal is to increase the amount of its financial support for development, but some companies, in certain years, were eligible for quite a lot more than \$75,000 in the Automatic Stream. How can you reconcile this statement with reality?

This automatic funding was little known, possibly opaque for the entire industry and contributed to the perception that a small number of companies were enjoying a disproportionate privilege compared to other amounts of Telefilm’s financial participation in development and the Program’s budget.

With the elimination of the Fast Track Stream from the Production Program, a few companies will no longer automatically obtain the \$200,000 assistance they used to receive.

Overall, a vast majority of companies will be able to obtain an increased and predictable funding. 75 companies will receive \$50,000 to \$75,000 in Pre-qualified funding every year. All producers in the Selective and Prequalified streams will receive a minimum of \$25,000 in financial assistance from Telefilm, compared to \$15,000 in previous years.

- 7. What if a racialized and/or Indigenous company's development scoring is equal or more than the main stream's qualifying score for the \$50k or \$75 tier - what compensations will be given for these companies? If they only get \$25K in their streams but qualify for the main stream's higher levels, then being in the Racialized and/or Indigenous steam could be considered a penalty.**

Racialized and/or Indigenous companies that will qualify for the Prequalified Funding Stream will be funded in that stream based on their qualifying score. They will not be eligible to apply to their respective selective stream. With time, accessibility and eligibility to funding under the Prequalified Stream should benefit a large number of underrepresented communities.

- 8. Have you measured the impact of significantly reduced funding on a company's development activities and on creators?**

Telefilm is a major source of development funding, but not the only one.

The better performing production companies should normally reinvest part of the profits in research and development and recoup their reinvestment in development when closing their projects financial structure before going into production.

During our consultations, many stakeholders said they wished that development funding could be more predictable and more accurately calibrated. Telefilm is submitting this as a formal recommendation, and we hope that it reflects industry expectations.

Telefilm believes that these funding levels should make more money available in the script development stage for more companies in every region.

- 9. Please explain how Telefilm defines a “region.”**

Generally speaking, Telefilm uses the word “region” to refer to provinces and territories.

- 10. Please explain how you define “regional thresholds” in tiers B and C. Will the linguistic breakdown 1/3 French – 2/3 English apply to the regional thresholds? Why are there no regional thresholds applied to Tier A?**

Tier A aims to recognize the best performing companies, while ensuring a balance between companies in the English and French markets.

The linguistic breakdown 1/3 French – 2/3 English will apply to tiers B and C. Regional thresholds will apply to companies that mostly produce in English.

The regional thresholds could be the same as those employed for allocation of Telefilm's investment in low-budget productions. These take into account demographic data, the production volume and the lack of historical access for some of the communities.

11. How will the breakdown between French- and English-language markets be determined? What will happen with companies that work in both languages?

It will be based on the number of companies, according to the principal language of the films released in the past six years when considering the sum of the prorated Canadian production budgets for these films.

12. Will the TV sales, distribution MGs and international advances listed as part of feature films' financial structure be counted as gross revenue for these productions?

TV sales, distribution MGs, and international advances that are included in the financing structure will not be counted as gross revenues.

The suggestion to include presales in gross revenues was already made to us during the consultations. Since there's no uniform financial structure from one project to another, and given that international advances sometimes take the form of intra-company financing or from a parent company, which is hard to identify, we came to the conclusion that validating this data would require audits which in turn would conflict with the velocity in decision making and simplified approach we're looking for in the new Prequalified Stream.

13. How will Telefilm measure revenues which amount to reimbursing deferred payments and which are not considered gross revenues? How will Telefilm calculate gross receipts considering that the marketing expenses of some international distributors and sales agents are highly variable?

Telefilm will continue to use the same gross revenue data provided by MTAC for box office receipts and by distributors for other platforms. It expects reports to provide the most comprehensive data as possible. It assumes that all producers can be facing the same difficulties in accounting for gross receipts.

14. The method of calculating qualification is intended to be predictable, but a company can't really predict its own tier in any given year unless other companies' performance can be evaluated. How will you determine this predictability?

We're counting on this simplified calculation method to enable us to announce decisions sooner.

Companies should be able to determine their eligibility and their films' overall performance ratio. As the new Prequalified Stream is being rolled out and data becomes available, we haven't excluded the possibility of indicating the performance ratio of the last entry.

15. This calculation method, which expresses the ratio of total gross revenue to the total production budget, prorated to the levels of investment agreed upon by the co-producers, will certainly not favour big-budget films. Instead, it promotes the idea that "less is more" and will encourage producers to get involved in minority co-productions. It could also be unfavourable to "auteur" films that earn little but do well at festivals. What are you trying to achieve? Why have you chosen only accounting criteria to determine eligibility?

The audience engagement ratio will be based on producers' entire output of films supported by Telefilm over a six-year period. The proposed calculation method adds up the returns for each film, and this provides a better overall view of the producer's success.

Majority ownership will benefit producers of films that have generated high gross revenue as a proportion of the production budget. They'll receive a larger share of the returns than minority co-producers for the same film.

The gross revenue criterion applies to all revenues on all platforms, from domestic or international sources. The audience engagement ratio is specifically designed to make the performance comparable between films with different production budgets and commercial potential. This audience engagement ratio is an objective measurement that isn't open to interpretation.

We do not share the view that a serious production company would choose to engage in minority coproductions to better qualify in the Development Program.

We are confident that the Prequalified Stream will include performing production companies in all genres.

16. Could you please define the notion of “platform neutrality?”

Gross revenue data that is to be used when calculating the audience engagement ratio is the same as previously used, with the only difference that all gross revenues will be given the same value. Sales taxes and the exhibitor’s share will be subtracted from box office receipts to make them comparable to gross revenues from other sources (television sales, platforms, international, etc.). No conversion table and weighting will alter the value of gross revenues generated.

17. Is it true that the “Project Packaging Assistance Stream” is an alternative to the former script development finalization component in the Harold Greenberg Fund programs? How much funding will be available and how will the program work?

The new “project lock-in” component is intended to cover expenses incurred by the producer, for example in finalizing financing structure for the project, confirming commitments by a distributor, leading actors, key members of the production crew, and so forth.

Telefilm will consult with the industry before establishing a list of eligible costs. These consultations will be succinct and take place in the spring as part of our ongoing exchanges.

Funds will be allocated until they are used up. Details have yet to be worked out in terms of funding amounts.

Eligibility criteria will be announced in the revised guidelines to be published before the next opening of the Program. The stream will be open to all.

18. In the “Project Packaging Assistance Stream”, if the goal is to invest in the most promising projects, why select applications on a first come first serve basis instead of assessing the quality of projects through a comparative review?

From experience, projects do not mature at the same time. The proposal aims to be flexible and empower industry to proceed when conditions are favorable while limiting the turnover period for decisions to be announced.

19. What specific mechanisms will be implemented to ensure an improved access to the Development program for Official Language Minority Communities (OLMC)? Why is it that OLMCs are not served by a targeted stream in development?

The objective is to continue to ensure equitable access to the Development program for OLMC producers. Modalities have not yet been determined within the Program’s new framework but

will need to consider the very different circumstances of OLMC francophone and anglophone producers in their potential to access to the Prequalified stream. A new targeted stream that would require setting up an advisory committee may not be the most efficient mean to allocate funding.

20. If a production company does not qualify to the Prequalified stream due to the fact that it has not produced films supported by Telefilm, neither to the Indigenous stream, nor to the Racialized persons stream, how could it receive development funding from Telefilm? Will it be possible to apply to a selective stream? Otherwise, how does Telefilm intend to ensure the development of emerging companies which have not yet produced a film or that produce more independent films with less box office success and a more cultural reach?

A company that has never produced films is not targeted by the national development program as is. Our aim is to focus our efforts on companies with some experience. However, to compensate for the lack of historical access of certain underrepresented groups, we offer two components dedicated to Indigenous filmmakers and production companies controlled by Racialized Persons (Black, Afro-descendant and colored people).

Telefilm is committed to achieve a balanced portfolio in its Production program in terms of official languages and regional representation, while pursuing its objectives of gender parity, representation of Indigenous peoples and those from underrepresented communities. Gradually, this should be reflected in the access to the Prequalified funding stream in the Development program.

Although we are aware that not all will be eligible to the Prequalified Stream, we expect to find a greater number of production companies controlled by underrepresented communities in this stream.

With not intent of minimizing the importance of cultural outreach, audience engagement remains an important indicator of the ability of films to reach audiences in Canada and abroad. The audience engagement ratio takes all platforms into consideration, not just box office success.

TALENT TO WATCH PROGRAM

1. Has Telefilm considered investing in formats other than feature films to ensure the emergence of talent?

Stakeholders pointed out that there were few funding sources for fiction or documentary feature films in Canada, and hoped that the Program would continue to play this role. They argued that if a short film component were to be introduced this should be done with additional funding without compromising the budget for funding feature films.

2. Why are the budgets for the Talent to Watch program below industry minimum thresholds, forcing first films to often fail to meet the unions' and guilds' minimum compensation schedules?

The amount of Telefilm's contribution is increased considerably for a feature film. A reinforced selection process would pay more attention to the scenario and the feasibility of projects. A mentor would support the team from start to finish. These new measures should contribute to better planning of the conditions under which the project will be carried out.

3. Are first time producers only eligible to the Talent to Watch program, regardless of production experience?

No. Telefilm's Production Program is open to all producers.

4. Why are the first films of emerging filmmakers at such a low budgets, preventing them to achieve their creative ambitions?

Telefilm recommends removing the \$250,000 production budget ceiling. This would give teams more flexibility in finding financial partners as long as this remains realistic.

5. Apart from the new "direct access" stream, what are the other Program's streams? Have the OLMC and Indigenous streams been discontinued? How do you plan to support the projects from OLMCs and Indigenous filmmakers, respectively?

There are no changes to the CLSOM and Indigenous streams. As in previous years, Telefilm will seek to achieve a balanced portfolio of funded projects, by maintaining the level of representation of filmmakers from OLMCs in particular.

- 6. The evaluation process indicates that applications from the same region will be evaluated together. Is a comparative evaluation by language being planned?**

Yes.

- 7. What indicators will be used to measure the achievement of portfolio balance in terms of regions, under-represented groups, Aboriginal peoples, gender parity and Official Language Minority Communities?**

Balancing the portfolio of funded projects remains the responsibility of Telefilm's Feature Film Executives, as in the past. The balance sought must take into account the available budget, merit and number of projects submitted, and the recommendations of the advisory committees.

- 8. Does Telefilm intend to apply the rules of 1/3 francophone, 2/3 anglophone, parity, diversity and regional thresholds to this program?**

Yes.