

# CANADA FEATURE FILM FUND

## PRODUCTION PROGRAM

### FREQUENTLY ASKED QUESTIONS (FAQ)

AS OF FEBRUARY 7, 2019

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**1. What clients are eligible for the Production Program?**

Any production company that meets the basic criteria is eligible. Eligibility however, does not mean that an applicant will receive funding.

**2. What are the maximum budgets allowed in the Production Program?**

There is no restriction on the maximum size of budgets for film projects submitted to Telefilm. There is, however, a minimum budget level of \$250,000 for production funding.

**3. If an applicant is the minority coproducer of an audiovisual treaty coproduction is the project still eligible?**

Yes, projects that are recognized as audiovisual treaty coproductions are eligible to apply to the Program but are not guaranteed funding.

As before, projects must be under the financial, creative and distribution control of the eligible applicant(s); as well, all of the rights and options necessary for the full and complete exploitation of the project must be held by the eligible applicant(s). However, in the case of audiovisual treaty coproductions, the determination of eligible applicants and eligible projects will be adapted to reflect international treaties and to ensure that the spirit and intent of the production guidelines are respected.

Please note that applications for audiovisual recommendations must be done separately at the earliest of: 40% of the financing confirmed (exclusive of tax credits) or after an offer of financing from Telefilm has been received and in all cases, no later than 30 days before the start of principal photography.

**4. Why are broadcaster-affiliated production companies only eligible to apply with English-language projects? Is this criterion applicable to French-language market broadcasters as well?**

Historically, broadcaster-affiliated companies have not been eligible to apply for production funding in the French language market. This does not represent a change to current practice.

**5. The budget of my project is less than \$ 2.5 million, do I need to have an eligible Canadian distributor for theatrical release in Canada within one year of delivery in order for my project to be eligible?**

No. The theatrical release requirement applies only to projects with a budget of \$ 2.5 million or more.

**6. I received a firm written commitment from a Canadian distributor for the theatrical release of my project. However, the distributor is not considered an eligible Canadian distributor under the guiding principles. Is my project eligible?**

The answer depends on the project's budget:

- **Budget of less than \$ 2.5 million:** Yes. Telefilm does not require theatrical release for these projects. Therefore, if the Canadian distributor who wants to release it in theaters is not eligible under the program's guidelines, this does not affect the eligibility of the project.
- **Budget equal to or greater than \$ 2.5 million:** No. In order to be eligible, projects must have a firm written commitment from an eligible Canadian distribution company for theatrical release in Canada within one year of delivery. The criteria for an eligible distributor are outlined in the CFFF Marketing program [guidelines](#).

**Note:** on a case-by-case basis, for projects submitted under the Indigenous Stream, Telefilm reserves the right to accept a firm written commitment from a non-eligible Canadian distribution company;

**1. Is the program different for the English and French markets?**

Generally speaking, the program is the same for both markets with some allowances for the different needs of our clients in each language market. The Program's opening dates and deadlines are on the Program's [webpage](#).

**1. How will projects be evaluated once they are submitted?**

The projects will be evaluated based on the evaluation guiding principles outlined in the guidelines.

The main factors that Telefilm will consider in evaluating submitted projects are:

- i) The creative elements;
- ii) The promotion strategy and potential audience reach;
- iii) The level of Market Interest in the financial structure;
- iv) The track record of the production company;
- v) The track record of the creative team (i.e., primarily the producer, the director and the screenwriter);
- vi) The overall financial viability of the project.

**2. The guidelines state that, for projects of equal quality, Telefilm will prioritize projects whose key creatives reflect the diversity of the country. What does this mean?**

Telefilm has given itself the objective that, by 2020, it would have a representative and diversified feature film portfolio that better reflects gender, cultural diversity and Canada's Indigenous communities.

In order to meet this objective, Telefilm will collaborate and exchange information with the audiovisual industry to identify the areas where our collective efforts should be placed in priority. By 2020, we aim to have reached a portfolio that reflects gender parity in each of the key roles of director, screenwriter and producer.

Based on the information that we will collect, we will re-evaluate each year what our priorities should be in order to reach our global diversity objective.

**3. How will the overall financial viability of the project be evaluated?**

When evaluating a proposal, Telefilm will take into consideration the viability of the project with respect to its budget and financing structure. While it is not necessary to provide commitment letters from all financial sources at the time of submission, a proposed financial structure must be realistic and attainable. As such, applicants must be able to demonstrate the capacity to close the financing within a realistic timeframe.

**4. What is the expectation in terms of the experience level and track record of the creative team? Are the expectations the same as for the Development Program?**

No, the expectations are different for the Production and Development programs. It is expected that the key members (producer, screenwriter and director) have the experience to carry out both the creative and business aspects of the project. The producer or producing team should have relevant experience delivering projects of a similar scope. At a minimum, the director should have directed a short film or other audiovisual works that reflect the level of skill necessary to deliver the vision of the proposed feature.

**5. How will Telefilm make sure that all its goals (i.e., regional, diversity, etc.) are supported?**

The Project Financing team at Telefilm will be accountable for achieving a diversified portfolio. This is part of Telefilm's mandate, and we will work with clients to ensure that we are made aware of their projects, and their slates, well in advance. This information will help us ensure that our regional goals, and our goals regarding diversity, new talent, and a balanced portfolio, are achieved. Telefilm will also work to ensure that that CFFF production funding maintains approximately one-third of funding for French-language projects.

**6. Will there be dedicated resources for each region and type of project?**

Regional Feature Film Executives will continue to play an important role in helping the organization achieve a balanced, diversified, and successful portfolio.

Supporting regional and emerging talent remains a Telefilm constant.

## **7. Who will make decisions on which projects Telefilm will support?**

The Project Financing team at Telefilm, led by Michel Pradier, will be accountable for these decisions. His team includes National and Regional Feature Film Executives located in Telefilm's offices across the country.

### **1. What do you mean by "Market Interest"?**

Market Interest is defined as arms-length monies used in the financing of the production of the film from the following entities:

- a. domestic and/or international distributors or sales agents recognized by Telefilm as having a track record in theatrical distribution;
- b. Canadian and/or international broadcasters providing license fees that are part of the financial structure;
- c. Recognized lenders providing gap financing;
- d. Private for-profit financiers; and/or
- e. Sponsors

For the purpose of calculating Market Interest, Telefilm will exclude producer investment, provincial agency financing, Canadian broadcaster investment (either directly or by way of an affiliated private fund), craft, service, or creative deferrals (whether or not by related parties), and any form of financial participation which is directly or indirectly supported by payments from the production budget (including to related parties), tax credits, or tax benefits.

Please refer to the Expected Market Interest Levels for productions in the English and the French markets on our [website](#). These documents provide the actual observed market interest levels for each language market.

### **2. Is it obligatory to have Market Interest in order to obtain any Telefilm funding? If so, is there a minimum level required?**

Lower budget projects (previously low budget or regional), defined as productions with budgets under \$2.5 million, will not be required to have Market Interest in the financial structure. Telefilm's financial participation in films without Market Interest and with budgets below \$2.5 million will be limited to a maximum of \$500,000.

### **3. With respect to audiovisual treaty coproductions, is the expectation of Market Interest based on the total global budget or the total Canadian budget?**

In the case of audiovisual treaty coproductions, the calculation will consider ALL Market Interest as it relates to the total global budget.

#### **4. Do the new guidelines include changes to recoupment requirements for production funding?**

Telefilm's recoupment policies are currently under review. Until such time as this review has been completed, the recoupment practices and policies set out in the 2012-2013 CFFF Production Guidelines will continue to apply.

#### **1. Telefilm has announced its commitment to increase the feature film production and marketing financing made available for creators from Canada's Indigenous communities. What is considered as an Indigenous project?**

For a project to be considered as coming from an Indigenous community, it must meet the following criteria:

- 2 out of 3 members of the key creative team (producer, director, screenwriter) must be Indigenous within the definition provided in the 2006 Statistics Canada census for Aboriginal Identity<sup>1</sup>;
- The main applicant must be an Indigenous production company, meaning:
  - o It must own at least 51% of the copyright of the project (or 100% if it is the sole applicant);
  - o The majority shareholder of the applicant company must be Indigenous.

#### **2. How will Indigenous projects be evaluated?**

Indigenous projects will be assessed by a jury comprised of Indigenous creators and experts from the community and the industry who will make their recommendations to Telefilm. In its assessment, the jury will consider the overall portfolio of projects to ensure there is a diversity of voices reflected in the choices. This takes into account: gender parity, a balance of Indigenous nations to be reflected, official languages, Indigenous languages, and budget levels. All projects will be evaluated based on the evaluation criteria set out in Telefilm's production program's guidelines.

#### **3. What is considered a remote location?**

A remote location is generally defined as a location 350km or more from a city with an active film industry, or any region where production expenses are expected to be higher as a result of a location's remoteness.

#### **4. How do I qualify for remote location additional funding?**

The jury may choose to dispense additional funding for indigenous projects being shot in a remote location when the production expenses are higher due to the remoteness of the region and the additional funding is considered essential to the success of the project.

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<sup>1</sup> Persons who reported identifying with at least one Aboriginal group, that is, North American Indian, Métis or Inuit, and/or those who reported being a Treaty Indian or a Registered Indian, as defined by the Indian Act of Canada, and/or those who reported they were members of an Indian band or First Nation).

## 5. What is meant by Capacity building?

Telefilm recognizes the need to support Indigenous filmmakers in the growth of new Indigenous talent. To this end, applicants may submit proposals for projects that will train, mentor, and otherwise develop Indigenous production talent.

## 6. What does it take to qualify for an additional funding for capacity building?

Only projects submitted under the Indigenous Stream are eligible for this additional funding. The applicants submitting a request for additional funding for capacity building must be able to demonstrate the training/mentoring efforts put in place on the project, the additional costs incurred for the capacity building efforts and the measurable outcomes.

## 7. It is possible to request additional funding for remote location and for capacity building for the same project?

Yes. However, the cumulative additional funding cannot exceed 100 000\$ and the total financial participation of Telefilm shall not exceed 49% of the eligible Canadian production costs.

The track record model seeks to measure a film's score, which in turn generates a company's score along with an individual's filmography cumulative score (producer, director, screenwriter). A benefit of the Program is that it will recognize success at all budget levels and include non-commercial success measures. It is taken into account in the evaluation of the potential of success of the project along with, amongst other, the Market Interest, the financial viability and the promotion strategy and audience reach potential of the project.

The track record variables that are currently taken into account, for film scoring purposes, are:

- Box Office in Canada for all Canadian theatrical films; (maximum 40 points)
- Other sales, both domestic (maximum 10 points) and international (maximum 10 points), for Telefilm-supported films;
- For all Canadian theatrical films, selections at Telefilm-recognized film festivals and the awards won at those festivals (58 at this time), as well as nominations and wins at recognized Awards competitions (e.g., the Genies, the Oscars, etc.) (maximum 30 points).

The track record refers to a company's track record that is based on the films released theatrically in the last 5 years. It does not refer to the cumulative career score attributed to the filmography of key creative individuals, i.e. producer, director, screenwriter.

### **Company Score:**

Is the average of all scores from eligible<sup>2</sup> films; it is calculated on an ongoing basis as the data becomes available; each film score in a company portfolio is weighted according to the score sharing determined by all Canadian coproducers in the form *Designation of Main Applicant and Sharing of Project Score* (for

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<sup>2</sup> An eligible film is fictional feature film that has achieved at least 6/10 CAVCO points and whose initial Canadian theatrical release (as evidenced by the Motion Picture Theatrical Association of Canada [MPTAC] has occurred no earlier than July 1, 2014.

projects already produced that are still in the reference period but where no score sharing was determined by the coproducers, the score will be weighted according to the level of the Canadian share of copyright owned by each company);

**Film Score:**

A film score is the sum of all component points – as per above.

**Creative Score:**

Is derived from the project points allocated to the filmography of (up to) three key creative positions: producer, director, and screenwriter. The scores are added to a *cumulative career score* (as per available data).

This approach provides a more comprehensive definition of track record. The track record is subject to the availability of data, especially for films not supported by Telefilm. Telefilm aims to improve its measurement tools; however the data needs to be easily accessible, reliable and verifiable. In addition, the cost of acquiring and maintaining the data needs to be reasonable.

**1. How are the track record variables being calculated and the weightings applied?**

Points are allocated to each film according to a set of [conversion tables](#) for commercial and cultural results. The values in the conversion tables are based on actual results observed over the last ten years. The elements of the Success Index are used to measure the project's score (commercial, cultural and industrial).

A company's score is the average score of all its films scores attained during a rolling 5-year period weighted by the score sharing determined by all Canadian coproducers in the form *Designation of Main Applicant and Sharing of Project Score* (or by the company's Canadian share of copyright for previously produced projects that are still in the reference period). This is updated regularly.

**2. Why is the time period for calculating the track record limited to five (5) years?**

To clarify: the reference period for production companies is 5 years; the reference period for individuals (e.g. producers, directors, and screenwriters) will cover their career achievements (cumulative), dependent upon data availability.

Our goal is to measure performance over a period of time that is significant enough to be meaningful, yet also strikes a balance between established companies and new/emerging players. This helps us to better identify and address the needs of our clients.

The reference period is a balance between recognizing past successes and facilitating the emergence of new successful companies. The shorter the period, the better a new company can increase its chances of accessing financing by demonstrating a solid track record. Conversely, the longer the reference period, the more difficult it is for new entrants to establish a competitive track record. The 5 year reference achieves a balance.



**3. What is the reference period for determining which production companies are eligible to the fast track stream?**

In order to ensure a transition from the performance envelope system, the reference period for determining which production companies are eligible to the fast track stream spans over a period of 5 years, from July 1 to June 30. The reference period for fiscal year 2019-2020 will therefore be from July 1, 2013 to June 30, 2018. The data regarding the films included in the reference period will be computed as of October 10 in order to allow these films to have a sufficient exploitation period. A film released after June 30, 2018 may be added to a company's track record if the film raises the company's score. Note however that a film cannot be considered in a company's track record for a period longer than 5 years.

**4. How does the calculation of who is included in Fast Track stream differ from the previous Performance Envelope calculations?**

Performance Envelope calculations were based on Canadian films released in Canadian theatres over the span of 3 years (the calculation period of a year ran from July 1st, and ended June 30th). The film had to have achieved at least 8/10 on the CAVCO scale or be an audiovisual treaty coproduction. Additionally, the calculation of the envelope was based on Canadian box office and incorporated a children's film adjustment, a Canadian content weighting, and a festivals and awards bonus. Furthermore, Performance Envelopes were driven by individual films' performance whereas the Fast Track stream encompasses the entire portfolio of a production company.

The Fast Track stream takes into consideration Canadian films released in Canadian theatres over the span of 5 years, and the films must have achieved at least 6/10 on the CAVCO scale or be an audiovisual treaty coproduction. Additionally, the calculation takes into consideration all of the track record variables outlined above, and does not include a Canadian content weighting.

**5. How many production companies are considered "fast tracked"?**

Telefilm will determine the number of production companies that are fast tracked based on funding sources for each language market. For the 2019-2020 fiscal year, Telefilm intends to give access to 4 companies for the French language market and to 7 companies for the English language market.

**6. How will films produced by now defunct companies be treated in the track record calculation?**

The films of the defunct company have no relevance for the company, since it will not apply for new funding. However, the three creatives attached to the project – i.e. producer, director and screenwriter - will benefit from the score attributed to their filmography. A filmography score is cumulative.

**7. How will non audiovisual treaty coproductions between two or more Canadian companies be treated (in the track record calculation)?**

With regard to coproductions between two, or more, eligible Canadian producers (e.g. Inter-provincial coproduction): in terms of the evaluation of new projects, the track record of both companies will be assessed and considered. In terms of the calculation of the track record score for past performance, these will be prorated based on the score sharing determined by all Canadian coproducers in the form *Designation of Main Applicant and Sharing of Project Score* (or based on the split of copyright between the coproducers for past projects where no such score sharing was determined).

**8. How will audiovisual treaty coproductions be treated in the calculation?**

They will be treated the same as any other Canadian film. We will focus on the track record of the Canadian production companies.

**9. Why will only festivals and awards recognized by Telefilm count?**

The list of festivals and awards used to measure cultural results is a balance of nationally and internationally renowned events, and they factor in diversity and audience reach. Festivals are a means to obtain critical acclaim, and are an indicator of cultural impact.

Our goal is to compile a representative list of festivals that cover genre, linguistic market and other key components of the diversity we are seeking to achieve. With this in mind, we have also weighted the relative impact of certain festivals by targeting performance measured by prizes or selections/prizes.

It is impractical from a resource perspective for Telefilm to track and validate the performance of films at each and every national and international festival. As a starting point however, Telefilm has expanded the list to include 58 national and international festivals and 7 award ceremonies.

Having said this, the list will be open to modification over time, as Telefilm continuously monitors the most representative events.

**10. How will Telefilm go about validating the accuracy and completeness of the track record variables it has for each producer?**

Historically, box office information has been provided by a third party supplier (MPTAC), which has proven to be a reliable source. Sales revenue information for Telefilm supported projects is supplied to Telefilm directly by producers/distributors (and is subject to the verification provided for in our contracts).

### **11. Can certain films be excluded from a company's track record?**

Yes, under certain circumstances, a film can be excluded from the track record of a company.

A film may be excluded from the filmography of a company if Telefilm did not participate in the financing of the production (at the production or post-production stage).

This film will also then be excluded from the determination of whether or not the company qualifies for the Fast Track stream.

Furthermore, production companies whose eligible track record includes more than 3 films as a lead production company in the past five years may see film(s) excluded from their filmography in the following circumstances:

- The film is a minority audiovisual treaty coproduction wherein Canada was the minority coproducer and held less than a 20% stake in the coproduction and the financial participation from Telefilm was no more than \$500,000,
- The film had a total production budget less than \$2.5M and financial participation from Telefilm (in production) of no more than \$500,000; or
- If Telefilm did not invest in the production of the film.

In order to qualify for eligibility to the Fast Track stream, a production company may not have less than 3 films within their track record as the lead production company (net of any excluded films).

### **12. Will I have an opportunity to verify my track record and make any appropriate adjustments?**

Telefilm is currently going through a transition of its IT systems. Therefore, it is unfortunately not possible to verify your track record online.

### **13. How do you identify the lead production company?**

The lead production company has to be clearly identified at the time of application for production financing (see the form *Designation of Main Applicant and Sharing of Project Score*). In cases where there is more than one production company involved, Telefilm will not make any assumptions in that regard and will rely on the coproducers' joint declaration of intentions provided at time of application. Once this designation is confirmed to Telefilm, it cannot be modified.

For those films that have already been produced but are still in the reference period, Telefilm will accept an agreement between all coproducers that identifies the lead production company. If the coproducers cannot agree, Telefilm will designate who the lead production company is based on criteria that include:

- Which company applied to Telefilm
- Which company developed the project
- Each Production company's copyright share

Telefilm can accept an arrangement wherein two partners share the lead production company designation equally.

## Next steps

### 1. I have received an offer of financing, what happens next?

The Business Affairs team is going to work with you in order to translate this offer into a firm contractual commitment. It is your responsibility when you get your offer of financing to review all the conditions to commitment. We strongly suggest you review each one of them with the investment analyst assigned to your file to make sure you understand all of the requirements. Pay special attention to the expiry date: if all conditions to commitment are not met by that date, the money that had been conditionally reserved to your project could be reallocated without further notice.