

# CANADA FEATURE FILM FUND

PRODUCTION PROGRAM FOR  
FRENCH AND ENGLISH-LANGUAGE PRODUCTIONS

GUIDELINES 2013 - 2014



# 1. CANADA FEATURE FILM FUND

## 1.1. Program intent and objectives

These guidelines are for the Canada Feature Film Fund (CFFF) Production Program (the Program). The Program reflects Telefilm Canada's intent to maintain and strengthen its essential role as a funder of film production, with the overall objective to propel the Canadian audiovisual industry to new levels of success through effective and efficient financing and active promotion of Canadian content and talent, at home and abroad.

The CFFF seeks to improve the performance of a greater number of feature films, thereby ensuring the long-term viability and success of the Canadian audiovisual industry. The Program contributes to the achievement of this goal by prioritizing funding support to production companies with a track record of success at the commercial (box office results and other sales), cultural (nominations and awards), and industrial (private sector and international contribution) levels, as measured by Telefilm's Success Index<sup>1</sup>.

Telefilm will encourage a diversity of voices in feature film by supporting promising Canadian-content productions while ensuring the representation of a variety of genres, budget and company sizes, regions across the country, different viewpoints such as those of women and emerging talent, as well as projects showcasing the cultural diversity of the country through the presence of Aboriginal communities, linguistic and visible minorities, etc.. The Program is also designed to leverage opportunities offered by digital distribution and multiple viewing platforms, expanding the reach of Canadian productions both nationally and internationally.

Resources within the CFFF are allocated on a linguistic basis which maintains approximately one-third of funding for French-language projects.

# 2. ELIGIBLE APPLICANTS<sup>2</sup>

## 2.1. Basic eligibility criteria

An applicant must meet all of the following eligibility criteria:

- be a Canadian controlled corporation, as determined under sections 26 to 28 of the [Investment Canada Act](#);
- have its head office in Canada and carry out its activities in Canada;
- operate as a feature film production company; and,
- be financially stable (with appropriate exceptions for new production companies without established parent companies).

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<sup>1</sup> Telefilm's new Success Index measures changes in the commercial (box office and other sales), cultural (nominations and awards) and industrial (private sector and international contribution) success of our feature film portfolio from year to year, with 2010 as the reference year, holding a value of 100. A success score is attributed to each feature film in a client's portfolio, measuring the commercial and cultural success of a production, and is used to establish the quantitative part (score) of the track record of a production company or creative team. The sum of all these individual scores contributes to establishing Telefilm's annual Success Index.

<sup>2</sup> In the case of audiovisual treaty co-productions, the determination of eligible applicants and eligible projects will be adapted to reflect international treaties and to ensure that the spirit and intent of these production guidelines are respected.

Furthermore, individual producers and other key production personnel exercising creative and financial control over the project submitted to Telefilm must be Canadian citizens, within the definition of the [Citizenship Act](#), or permanent residents within the definition of the [Immigration and Refugee Protection Act](#).

Eligible production companies must demonstrate to Telefilm's satisfaction a commitment to producing Canadian feature films and must possess the experience and level of expertise necessary to complete the production. Telefilm's specific requirements will vary depending on the nature and scope of the project.

## 2.2. Broadcaster-affiliated companies<sup>3</sup>

Broadcaster-affiliated production companies that meet the basic eligibility criteria are eligible to apply with English-language projects only.

## 3. ELIGIBLE PROJECTS<sup>4</sup>

In administering the program, Telefilm seeks to support the production of feature films that are owned and controlled by eligible applicants and which contain significant Canadian creative elements. While Telefilm does not intend to restrict filmmakers in their choices of stories, or their natural settings, it will, wherever possible, give priority to projects that present a distinctly Canadian point of view.

### 3.1. Basic project eligibility criteria

To be eligible, a project<sup>5</sup> must:

- be a feature length (at least 75 minutes long) fictional film to be produced or completed in French, English or an Aboriginal language;
- be aimed primarily at the Canadian theatrical market while maximizing distribution on alternate platforms;
- be under the ownership of the Canadian applicant(s);
- have its copyright owned by Canadians;
- 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);
- with respect to Canadian content certification, upon completion be **either**:
  - certified by the Canadian Audio-visual Certification Office (CAVCO) as a "Canadian film or video production" with a minimum of 8 out of 10 points under the provisions of the [Income Tax Act](#) (Canada); **or**

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<sup>3</sup> A company is considered to be broadcaster-affiliated if it, or a corporate group of which it is a member, receives more revenue from CRTC-regulated operations (including without limitation, broadcasting, cable, satellite) than from combined production and distribution operations. For the purposes of the above, corporate group means two or more affiliated corporations. Telefilm will use the definition of affiliate set out in the [Canada Business Corporations Act](#).

<sup>4</sup> In the case of audiovisual treaty co-productions, the determination of eligible applicants and eligible projects will be adapted to reflect international treaties and to ensure that the spirit and intent of these production guidelines are respected.

<sup>5</sup> The term **eligible project** is used interchangeably with **film** or **project** throughout the guidelines.

- certified as a treaty coproduction by the Minister of Canadian Heritage (refer to Telefilm’s guidelines entitled [International Coproductions](#));
- be written by a Canadian screenwriter. Exceptions to the requirement that the screenwriter be Canadian may be made in co-writing situations, upon Telefilm’s consideration of indicators including the degree of involvement of the Canadian screenwriter (which must be meaningful and collaborative), whether the underlying property and story are Canadian, and the degree to which the story is told from a distinctly Canadian point of view<sup>6</sup>;
- be directed by a Canadian director;
- have a Canadian performer in the lead role. Telefilm will continue to allow for flexibility in assessment of the Canadian performer in a lead role in co-protagonist and ensemble situations, as well as where the non-Canadian actor is integral to the market potential of the film (that is, marquee cast)<sup>7</sup>;
- be budgeted at no less than \$250,000;
- if budgeted at more than \$2.5 million, have a hard<sup>8</sup> commitment from an eligible Canadian distribution company<sup>9</sup> for theatrical release in Canada within one year of delivery;
- conform to the Canadian Association of Broadcasters (CAB) Code of Ethics and to all other programming standards endorsed by the CAB or the CRTC, and not contain any element that is an offence under the [Criminal Code](#), is libellous or in any other way unlawful.

The following non-exhaustive list provides examples of the types of projects that are not eligible:

- projects done on contract for, or produced by, a government agency;
- projects produced primarily for industrial, corporate or institutional purposes;
- advertising;
- student projects ;
- projects using film as a tool to record or document existing artworks;
- documentary or non-drama projects;
- conventional forms of television entertainment, such as pilots, movies-of-the-week, news reports; and,
- projects deemed to be direct-to-video movies.

### 3.2. Additional criteria for audiovisual treaty coproductions

Advance ruling or certification as a treaty coproduction does not render an applicant or project automatically eligible for program funding.

<sup>6</sup> Applicants should be aware that in the event that Telefilm approves of a non-Canadian co-screenwriter, the project may in such cases lose both CAVCO points for the position of screenwriter.

<sup>7</sup> Telefilm will continue to consider exceptions to these criteria on a case by case basis, particularly where the level of financial request to the CFFF is low, and there are significant Canadian creative elements (including a distinctly Canadian point of view).

<sup>8</sup> A hard commitment is a written agreement describing the financial resources the distributor will commit to the project, and includes the assurance that the proposed P&A budget will not be revised downward without the producer’s and Telefilm’s approval.

<sup>9</sup> The criteria for an eligible distributor are outlined in the CFFF Marketing program [guidelines](#).

In the case of audiovisual treaty coproductions applying for financing through a production performance envelope, applicants must ensure that at least the writer or director is Canadian.

## **4. EVALUATION CRITERIA**

Telefilm's decision-making will be based on quantitative and qualitative information in order to select the projects with the best potential for success. The following criteria will serve as a guide, and no specific weighting will be attributed to each of the components. The importance of each criterion will vary depending on the size of the budget and the amount requested from Telefilm. In addition, decision making will take into account Telefilm's objective to foster diversity of voices in the industry, ensuring Telefilm funds a balanced portfolio of productions reflecting a variety of genres, budget and company sizes, regions across the country, different viewpoints such as those of women and emerging talent, as well as projects showcasing the cultural diversity of the country through the presence of Aboriginal communities, linguistic and visible minorities, etc..

### **4.1. Track record of the production company**

Telefilm will evaluate the production company's track record based on past and current successes at the commercial (box office results and other sales) and cultural (nominations and awards) levels.

### **4.2. Track record of the creative team**

Telefilm will evaluate the feature film track record of the creative team, primarily the producer, director, screenwriter. In addition, Telefilm will also consider any relevant complementary expertise of the creative team.

### **4.3. Market Interest**

Telefilm will consider the level of Market Interest\* shown in connection with the projects submitted as one of the criteria in its decision-making process. The importance of this criterion will vary depending on the size of the budget and the amount requested from Telefilm.

Projects with lower budgets (under \$2.5 million) are generally not expected to have Market Interest. Therefore, these projects qualify for up to \$500,000 in Telefilm financing.

To qualify for Telefilm financing greater than \$500,000, projects are expected to have greater Market Interest. For information purposes only, Telefilm makes available on its [website](#) recent past Telefilm financing amounts\*\* based on different budget sizes and levels of Market Interest.

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

- domestic and/or international distributors or sales agents recognized by Telefilm as having a track record in theatrical distribution;

- Canadian and/or international broadcasters providing broadcast license fees;
- recognized lenders providing gap financing; and
- private for-profit financiers.

For the purpose of this calculation, Market Interest does not include 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, tax credits, or tax benefits.

\*\*In all cases, Telefilm's financing must not exceed 49% of the eligible Canadian production costs. Further, for English language projects, Telefilm's production financing is capped at \$4 million per project (including performance envelope money), or a maximum of 49% of the eligible Canadian production costs, whichever is less. For French-language projects, Telefilm's production financing is capped at \$3.5 million per project (including performance envelope money), or a maximum of 49% of the eligible Canadian production costs, whichever is less.

#### **4.4. Promotion strategy and audience reach potential**

The applicant must provide Telefilm with the global promotion strategy that it intends to implement in order to make its film available to its target audience and to maximize audience reach. This strategy must include the following elements:

- The positioning statement for the film in different markets;
- The marketability of different elements of the film (e.g. renowned director and/or screenwriter, established movie franchise, confirmed performers, potential for success in a particular niche market, etc.);
- The target audience for each potential distribution platform and the expected results for each platform;
- The main elements of the national and international marketing strategy on traditional and other platforms, if applicable; and,
- The steps that will be taken towards selection in national and international festivals, if applicable.

This global promotion strategy will be evaluated on the following elements:

- The coherence of the proposed strategy with regards to the movie and its target audience;
- The efforts shown to maximize the potential of the promotion and audience reach strategies;
- The innovative character of one or more elements of the promotion strategy.

#### **4.5. Creative elements**

For production applications, Telefilm will evaluate all of the creative elements including the originality, quality and production-readiness of the script, and the director's vision for the film.

For post-production applications, the quality of the footage submitted will be evaluated, which must be submitted prior to picture lock<sup>10</sup>.

## **5. TERMS OF FUNDING**

### **5.1. Amount of Telefilm financing**

Telefilm will use the criteria set out in section 4 as a guide in determining the amount of Telefilm's financial participation (subject to the overall availability of funds).

### **5.2. Method of financial participation**

Telefilm's financial support will be provided in one of two ways, depending upon the choice of the producer. The producer may choose that Telefilm's financing be provided in the form of an equity investment of up to 49% of the eligible Canadian production costs to a maximum of the cap described in section 4.3. In such case, Telefilm will acquire a proportionate share of the copyright in the production. Alternatively, the producer may choose to receive Telefilm's financing in the form of a recoupable advance of up to 49% of the eligible Canadian production costs to a maximum of the cap described in section 4.3. The producer's choice of the method of financing may affect the amount of federal or provincial tax credits that the producer is eligible to receive in connection with the production. Consequently, the producer must determine, in consultation with the producer's professional tax advisors, which form of Telefilm financing is optimal for the production project. However, the choice of equity or advance must be clearly indicated at the time of application.

### **5.3. Greenlight Financing**

#### **5.3.1. Greenlight pre-production advances**

A greenlight advance is only available at Telefilm's discretion for higher budget projects that have already received a commitment letter from Telefilm for production financing of at least \$2 million. Eligible costs for a Greenlight advance include those associated with the final polish of the screenplay, closing agreements with financial participants, attaching cast and early pre-production; in other words, generally those costs associated with fulfilling the conditions outlined in the production commitment letter. Applications for a greenlight advance must have an eligible distributor<sup>11</sup> attached.

Telefilm's financial participation will be a maximum of 80% of eligible costs to a maximum of \$150,000<sup>12</sup>.

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<sup>10</sup> Any point in the post-production process that still involves picture cutting and/or editing. Once all picture editing is complete, the film's visual elements are considered locked (picture lock) and post production can move to the next phase, the sound edit and mix.

<sup>11</sup> The criteria for an eligible distributor are outlined in the [guidelines of the Marketing program for English- and French-language productions](#).

<sup>12</sup> To assist producers who wish to secure certain pay or play arrangements, and in certain instances where casting will assure the project/film marketplace access, Telefilm will consider participating beyond the greenlight maximum amount.

Applicants should be aware that greenlight advance financing is not in addition to Telefilm's offer of production financing. If an applicant receives a greenlight advance, the amount will be included as part of Telefilm's total financial commitment to a production, as outlined in a commitment letter from Telefilm.

### **5.3.2. Greenlight financial participation and repayment**

Telefilm's financial participation is in the form of an advance against Telefilm's production financing.

In the event that the project proceeds into production with financial support from Telefilm, this greenlight advance will be converted either into an equity investment or a recoupable advance (at the option of the producer) as part of the total Telefilm financing of the production.

In the event that the project proceeds into production without financial support from Telefilm, or does not proceed into production by a defined date, the greenlight advance will be treated as a non-equity repayable advance similar to a development advance. In this case, the advance will be repayable according to the contract that Telefilm and the producer enter into, generally on the earlier of: the first day of principal photography (or any other use of the script) or the sale, assignment or other disposition of the rights to the project.

### **5.3.3. Exceptions for Greenlight financing from performance envelope funds**

A commitment letter for production financing from Telefilm is not required. To be eligible for greenlight financing, the producer must submit a complete application for production financing, and demonstrate that the producer has sufficient resources within the producer's envelope to complete the production financing of an otherwise eligible project to which an eligible distributor is attached.

Telefilm's financing will be the lesser of: the amount requested by the applicant, the uncommitted balance of the performance envelope, 80% of eligible costs, and, the maximum of \$150,000.

## **5.4. Enhancements & Breakage**

Telefilm's financing may provide support for enhancements for projects already supported by the CFFF during the production stage. Enhancements are not overages to the production, but rather are considered to be extraordinary costs outside the production budget directly related to increasing the potential for the project (that is, soundtrack, special effects, and additional shooting).

In assessing applications for financing support for enhancements, Telefilm will evaluate the following:

- the expected increase in the market potential of the project, as evidenced by the distributor's revised box office projections and the projections for increased exploitation on alternate platforms;
- the revised marketing plan; and,
- the revised P&A commitment.

Telefilm will favour those requests for enhancements where the project has been subjected to a market test screening.

Telefilm may also provide support for breakage for projects for which marquee cast is a key condition of Telefilm's commitment.

Telefilm requires that any additional financial participation for enhancements and breakage recoup preferentially.

## 5.5. Test screenings

Higher budget projects supported during the production stage may be required to participate in a test screening prior to picture lock the cost of which must be incorporated in the production budget. This test screening must be executed by a Telefilm approved entity. There continues to be the expectation of a test screening upon delivery of the film to the distributor under the [CFFF](#) marketing program.

## 6. PERFORMANCE ENVELOPES

Companies will be considered for a 2013-2014<sup>13</sup> performance envelope using the same rules, criteria and calculation methods specified in the 2012-2013 CFFF production guidelines<sup>14</sup>. However, beginning in 2014-2015, Telefilm will change the way that performance envelopes are managed. These changes will be announced in the spring of 2013, and detailed in the CFFF production guidelines for 2014-2015.

Those companies that qualify for a 2013-2014 performance envelope must nevertheless meet the funding requirements under these guidelines.

## 7. REPAYMENT

Telefilm's recoupment policies are under review. However, until changes are announced, the recoupment practices and policies set out in the CFFF production guidelines for 2012-2013 will continue to apply.

## 8. APPLICATION PROCESS

### 8.1. How to apply

**All applicants must apply on-line using the services of [eTelefilm](#).** Applicants must submit the appropriate application form, duly completed and signed, together with the Telefilm standard budget and all required documentation, via [eTelefilm](#). Further, all subsequent documentation must be submitted on-line through

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<sup>13</sup> Telefilm's fiscal year runs from April 1<sup>st</sup> – March 31<sup>st</sup>.

<sup>14</sup> In the case of any conflict between the terms concerning performance envelopes set out in the 2012-2013 CFFF production guidelines, and these guidelines, the terms of these guidelines will prevail.

[eTelefilm](#) including drawdown deliverable documentation and exploitation reports. [Application forms](#) and the [Client Service Charter](#) are available on Telefilm's [website](#).

## 8.2. When to apply

### 8.2.1. All applications

Please refer to Telefilm's [website](#) for the opening date for applications. Telefilm recommends that applications for production financing be submitted well in advance of the commencement of principal photography. Applications for completion funding must be submitted prior to picture lock.

### 8.2.2. Performance envelope holders

Performance envelopes must be fully committed, contracted and no less than 90% drawn down (disbursed) by March 31, 2014. For Telefilm's cash management purposes, those companies that have not fully committed their performance envelope by early October 2013 will be required to submit formal applications for funding of projects that will fully draw down any remaining envelope amount by March 31, 2014 (save for an amount representing no more than 10% of the total envelope, which is not required to be drawn down).

In order to satisfy Telefilm's cash management requirements, that portion of a performance envelope that is not contracted by the required date will no longer be available to the company. Furthermore, that portion of the performance envelope that is not expected to be drawn down (save for the amount representing no more than 10% of the total envelope, which is not required to be drawn) by March 31, 2014 **will no longer be available to the company**. That portion of a performance envelope that will not be contracted and drawn down<sup>15</sup> by March 31, 2014 will be reallocated to the main program.

## 9. GENERAL INFORMATION

While compliance with the guidelines is a prerequisite to eligibility for funding, compliance does not guarantee entitlement to Telefilm funds. Telefilm may make adjustments to its guidelines and application forms from time to time as required. Telefilm has full discretion in the application of, or exception to, these guidelines to ensure that its funding is provided to those projects that meet its spirit and intent. In all questions of interpretation of either these guidelines, or the spirit and intent of this program, Telefilm's interpretation shall prevail.

Any information, in any form, provided, obtained, created, or communicated in connection with an application or project is subject to the [Access to Information Act](#) and the [Privacy Act](#).

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<sup>15</sup> Save for a maximum of 10% of the total performance envelope that need not be drawn down.