

TELEFILM

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CHOICE

FORMAL
RECOMMENDATIONS –
PAN-CANADIAN
CONSULTATION

TELEFILM.CA



FORMAL RECOMMENDATIONS – SUCCESS INDEX

MEASURING THE SUCCESS OF THE PORTFOLIO OF TELEFILM-FUNDED FILMS

Launched in 2011, Telefilm’s Success Index is a comprehensive measure that takes into consideration three types of success: commercial, cultural and industrial. Using 2010 as the baseline year, this key performance indicator evaluates changes in the overall success of Telefilm-funded films from year to year.

One of the key initiatives of Telefilm’s 2020-2022 Strategic Plan is to update the Success Index, the cornerstone of our program architecture, and then align our investment approach with the Index.

INTENT AND OBJECTIVES

Since its implementation, the Success Index has not deepened our understanding of market developments or stimulated conversation with the industry. The variations observed from one year to the next are often due to the outstanding performance of a few films, rather than to a strong trend. As such, Telefilm recommends discontinuing the Success Index as a measure of the portfolio’s success.

In the goal of gaining more clarity in its objectives and results, Telefilm will adopt corporate performance measures to foster continuous improvement of its programs and communicate their results to the industry. These measures will enhance Telefilm’s management dashboard, which includes measures of parity as well as measures targeted at representation of Indigenous Peoples and of other underrepresented groups.

In proposing to no longer use a composite index, Telefilm wishes to adopt a far simpler approach that could evolve with the industry, the market and demographic changes. Indicators such as environmental sustainability or the success ratio through audience engagement by program stream or market may be introduced gradually. Telefilm will continue to strive for widely applicable and reliable measures that are likely to gain substantial support.

RECOMMENDATION 1 Discontinue the Success Index as a measure of the success of Telefilm’s portfolio.

RECOMMENDATION 2 Introduce new performance measures to foster continuous improvement of programs and accountability.

FORMAL RECOMMENDATIONS – SUCCESS INDEX

AUDIENCE ENGAGEMENT AND CULTURAL RESONANCE

We propose replacing the three components of the current Success Index – commercial, cultural, industrial – by two broad measures of success: audience engagement and cultural resonance.

The concept of audience engagement will take into account the success of a feature film with a wide audience as well as its ability to reflect a community or to address target audiences. This expanded concept of audience engagement includes commercial success, but not solely. For a documentary, wide distribution in schools may be an indicator of success. For a genre or animation film with outstanding artistic qualities, touring festivals may be the best way to reach the target audience. Telefilm supports a wide range of projects, creators and points of view. This diversity must also be reflected in the appreciation of various forms of engagement and audiences. Given the diversity of the Canadian public with communities that have different socio-demographic, ethno-cultural and linguistic composition, cultural resonance may be expressed in several forms, in terms of themes, cinematographic genres and styles.

The concept of cultural resonance refers to the film's impact, its contribution to our cultural enrichment and to our national film heritage. Cultural resonance may correspond to strong audience engagement and commercial success. Nominations and awards won at festivals, as well as peer recognition, are also good indicators.

TWO COMPONENTS

**CULTURAL
RESONANCE**

**AUDIENCE
ENGAGEMENT**

METRICS

Audience Engagement

- Broad outreach
- Community reflection
- Targeted audiences

Cultural Resonance

- National
- International

RECOMMENDATION 3

Adopt two broad measures of success: audience engagement and cultural resonance.

FORMAL RECOMMENDATIONS – SUCCESS INDEX

APPROACH WITH REGARD TO INVESTMENT

The Success Index is one of the foundations for allocating our funding in our two main programs. The scoring of production companies served to determine eligibility for the Production Program's Fast Track Stream and the Development Program's Automatic Stream.

We have come to the conclusion that the Success Index has not produced the expected benefits. In addition to being complex, opaque and difficult to implement, the Success Index has created a system of privileges that benefited a very limited number of production companies.

After several simulations and in-depth reflection, Telefilm believes that a transparent selection process is by far the best way to ensure equitable access and identify the projects with strong potential for audience engagement and cultural resonance.

We propose eliminating the Production Program's Fast Track Stream once all commitments made in fiscal year 2019-2020, before the pandemic, have been honoured. Subsequently, all projects will be evaluated through a selective process, which will be reinforced by the creation of advisory committees and by evaluation grids that will be made public. The track record of the members of the creative team will remain an important criterion.

We also recommend eliminating the scoring of production companies to determine eligibility for the Production Program's Fast Track Stream and the Development Program's Automatic Stream. The Development Program's Automatic Stream and Selective Stream will be replaced by a new merit-based Prequalified Funding Stream. The calculation method that will serve to determine eligibility for the new stream will be simplified.

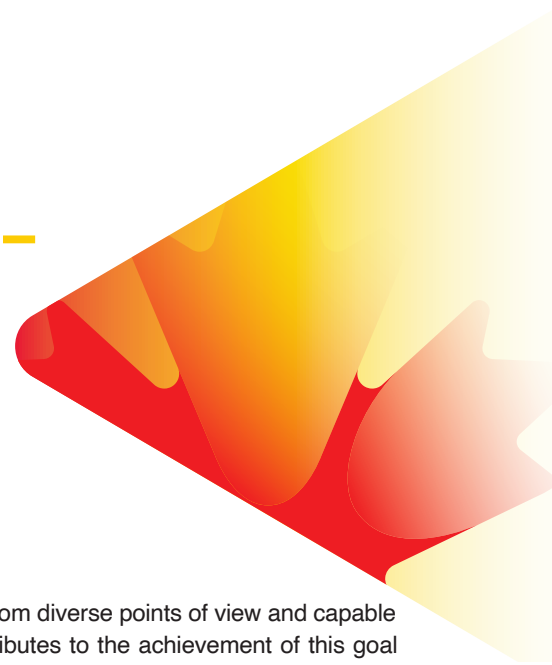
RECOMMENDATION 4

Eliminate the Production Program's Fast Track Stream. New projects will be evaluated through a selective process.

RECOMMENDATION 5

Discontinue the scoring of production companies, which served to determine eligibility for the Production Program's Fast Track Stream and the Development Program's Automatic Stream.

FORMAL RECOMMENDATIONS – DEVELOPMENT PROGRAM



PROGRAM INTENT AND OBJECTIVES

The Development Program allows Telefilm to support the development of strong projects from diverse points of view and capable teams which will proceed to production and succeed with audiences. The Program contributes to the achievement of this goal by providing financial support to companies that have successfully produced feature films. The Program aims to provide eligible applicants the flexibility they need. As such, applicants are expected to take responsibility for their development activities, and be measured on the basis of their success.

Telefilm will make the following improvements to the Development Program:

- ▶ Increase the amount of its financial participation
- ▶ Introduce a Prequalified Funding Stream in order to reach a wider pool of producers
- ▶ Provide access to this Prequalified Funding Stream for up to 125 production companies of all sizes and from all regions of the country

The Stream for Racialized Persons and the Indigenous Stream of the Development Program will be maintained, and Telefilm’s contribution will be revised upwards in keeping with other streams. Better access to the Program will be provided to Official Language Minority Communities. A new Project Packaging Assistance Stream will be created and open to all.

NEW PREQUALIFIED STREAM

Numerous stakeholders pointed out during the consultations that a predictable funding mechanism is critical to ensure a solid foundation for project development. Therefore, Telefilm has decided to simplify the calculation method. The current method of scoring production companies will be discontinued. Access to the Prequalified Funding Stream will be determined based on audience engagement success (evaluated by the gross revenue / production budget ratio). All companies will be treated on equal footing.

Telefilm will not set parity or diversity requirements for producers accessing this new Prequalified Funding Stream. The Production Program has diversity objectives and therefore Telefilm expects that the applicants to this stream will be developing projects that are intended to be successful under the Production Program.

RECOMMENDATION 1 Introduce a new Prequalified Funding Stream in order to increase access to predictable funding.

FORMAL RECOMMENDATIONS – DEVELOPMENT PROGRAM

ELIGIBILITY CRITERIA

To be eligible for the new Prequalified Funding Stream, the producer must have at least one fiction or documentary feature film supported in production by Telefilm released during the last three calendar years (January 1 to December 31).

RECOMMENDATION 2 Release of at least one feature film supported in production by Telefilm in the last three years to be eligible for the Prequalified Funding Stream.

EVALUATION CRITERIA

Access to the Prequalified Funding Stream for eligible production companies will be based on the audience engagement success ratio of Telefilm-supported films released in the last six calendar years (January 1 to December 31). The success of each film will be determined by the total gross revenues / total production budget ratio, prorated to the level of participation agreed upon between co-producers.

The final performance of each production company will be calculated by adding the weighted success ratio of all its released films over the last six years. This result will be used to determine the ranking among all producers eligible for the Prequalified Funding Stream.

We will apply market rules and platform neutrality in calculating gross revenues. Through an approximation rule, we will deduct the equivalent of sales taxes and the exhibitor's share from box-office receipts compiled by MTAC to make them comparable to gross revenues. Unlike the former method of calculating company score, there will be no conversion table and no weighting. All revenues will have equal value and will be expressed as a proportion of the production budget.

Film	Participation (A)	Box-office	Other gross national revenues	Gross international revenues	Total revenues (B)	Production budget (C)	Weighted A x (B/C)	
Film X	100%	\$ 150 000	\$ 50 000	\$ 100 000	\$ 300 000	\$ 1 800 000	16,7%	
Film Y	100%	\$ 900 000	\$ 800 000	\$ 2 300 000	\$ 4 000 000	\$ 6 000 000	66,7%	
Film Z	50%	\$ 900 000	\$ 1 500 000	\$ 4 600 000	\$ 7 000 000	\$ 14 000 000	25,0%	
$100\% \times 16,7 + 100\% \times 66,7 + 50\% \times 25 = 108,4$							TOTAL	108,4%

FORMAL RECOMMENDATIONS – DEVELOPMENT PROGRAM

Company	Province	Sum of weighted ratios
Company #1	Ontario	295,6%
Company #2	Québec	247,5%
Company #3	British Columbia	182,1%
Company #4	Manitoba	147,9%
Company #5	Québec	108,4%
Company #6	Ontario	105,7%
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RECOMMENDATION 3

Rank the companies eligible for the Prequalified Funding Stream by comparing the sum of the audience engagement success ratio from their releases over the past six years.

RECOMMENDATION 4

Apply a market and platform neutrality rule in calculating gross revenues.

OTHER PROGRAM IMPROVEMENTS

In an effort to help advanced projects reach the production stage, we propose the creation of a Project Packaging Assistance Stream. This new funding assistance will be available to all on a first come, first served basis, until funds are used up.

At the same time, we will review the eligible expenses, in consultation with our industry partners before making any changes.

RECOMMENDATION 5

Create a Project Packaging Assistance Stream.

RECOMMENDATION 6

Review eligible expenses in consultation with the industry.

FORMAL RECOMMENDATIONS – DEVELOPMENT PROGRAM

FUNDING TERMS AND CONDITIONS

The Prequalified Funding Stream will comprise three levels of funding, to which access will be determined by ranking production companies based on their audience engagement success:

- Tier A The top 25 companies will receive \$75,000
- Tier B The next 50 companies will receive \$50,000
- Tier C And up to 50 companies will receive \$25,000

The language distribution of 1/3 French and 2/3 English will apply to the Prequalified Funding Stream.

In total, up to 125 production companies will benefit from the Prequalified Funding Stream each year.

Telefilm’s financial participation will increase to \$25,000 for the Indigenous Stream and the Stream for Racialized Persons. We are confident that, by being accessible to a large number of companies from all regions, such funding will foster the development of a diversity of strong projects likely to reach the production stage.

REVISED AMOUNTS OF TELEFILM’S FINANCIAL PARTICIPATION

		FINANCING BY COMPANY	
		Recommended	Current
PREQUALIFIED STREAM	Tier A: 25 companies	\$75,000	\$15,000 - \$200,000
	Tier B: 50 companies	\$50,000	
	Tier C: up to 50 companies	\$25,000	
SELECTIVE STREAM	Indigenous	\$25,000	\$15,000
	Racialized Persons	\$25,000	\$15,000
	Packaging	TBD	-

- RECOMMENDATION 7** The top 25 companies in the Prequalified Funding Stream will receive \$75,000. The next 50 companies in this ranking will receive \$50,000, and up to 50 of the next companies in the ranking will receive \$25,000.
- RECOMMENDATION 8** The language distribution of 1/3 French and 2/3 English will apply to the Prequalified Funding Stream.
- RECOMMENDATION 9** Regional thresholds will apply to Tiers B and C.
- RECOMMENDATION 10** Telefilm’s participation in the Indigenous Stream and the Stream for Racialized Persons will be \$25,000.

FORMAL RECOMMENDATIONS – TALENT TO WATCH PROGRAM

PROGRAM INTENT AND OBJECTIVES

The Talent to Watch Program, funding the first feature films from emerging filmmakers, aims to support a diverse array of emerging talents and accelerate their career development by giving them the opportunity, and autonomy, to create their first feature film. The intended outcome of the Program is to discover and nurture the next generation of Canadian filmmakers, and to allow them to establish their voice and sensibility through a first feature. Ultimately, the goal for these projects will be to gain an audience and critical attention, primarily via digital platforms, but also through film festivals, theatrical releases, and television broadcasting.

The objective of Talent to Watch is not to fund projects that would normally be supported through our Production Program. To give the teams more flexibility, we recommend eliminating the \$250,000 production budget limit. However, we still expect the project estimates to be in the range of \$150,000 to \$500,000. The feasibility of the proposals will be one of the criteria in the evaluation process that we propose to strengthen.

RECOMMENDATION 1 Keep the Program objectives.

RECOMMENDATION 2 Eliminate the production budget limit of \$250,000.

SUBMITTING AN APPLICATION TO TELEFILM

We recommend reviewing the process of recommendation by the designated partners and the methods of submitting applications in order to improve access for underrepresented groups in the Program. We propose setting up a new Direct Access Stream for underrepresented groups (Racialized Persons, LGBTQ2+, persons with disabilities).

We recommend eliminating the Fast Track Stream, which gave financing to projects by an emerging director whose short film has won a prize at a recognized film festival. They will now have to submit a project through the Festival Stream to be evaluated by the Program's advisory committees, without having to first obtain the recommendation of a designated partner.

We propose expanding, starting this year, the list of festivals eligible for the Festival Stream in order to reach a wider pool of potential applicants in all regions of the country. The experience acquired in Web production, television, advertising, videos or other equivalent experience in the audiovisual industry will now be recognized in order to submit a funding application.

RECOMMENDATION 3 Set up a new Direct Access Stream for underrepresented groups.

RECOMMENDATION 4 Eliminate the Fast Track Stream.

RECOMMENDATION 5 Expand the list of eligible festivals and the experience criteria.

FORMAL RECOMMENDATIONS – TALENT TO WATCH PROGRAM

RECOMMENDATION PROCESS

The role of the designated partners will be evaluated, since they may present a barrier to entry. The opening of a new Direct Access Stream for underrepresented groups will serve as a pilot phase, which will allow us to judge if it is feasible to open it up to everyone. This change would ensure that all applicants are on equal footing.

RECOMMENDATION 6 Evaluate the role of the designated partners.

RECOMMENDATION 7 Assess expanding the new Direct Access Stream to include everyone.

EVALUATION PROCESS

The evaluation of applications will continue to be carried out by advisory committees made up of peers, former participants in the Program, and other industry experts. We propose setting up a more rigorous evaluation process that will also take into account the quality of scripts and feasibility of projects. Applications coming from the same region will be evaluated together. Projects may only be submitted once, but the advisory committee may recommend that promising projects which are not selected be allowed to apply a second time.

RECOMMENDATION 8 Implement a more rigorous evaluation process that will take into account the quality of scripts and the feasibility of projects.

RECOMMENDATION 9 Evaluate applications from the same region together.

RECOMMENDATION 10 The advisory committee may recommend that some promising projects be eligible to apply for a second time.

FORMAL RECOMMENDATIONS – TALENT TO WATCH PROGRAM

CONTRIBUTION AMOUNT

We propose reducing the number of projects supported in order to better fund those selected. The maximum assistance for a feature film will increase to \$250,000, and \$150,000 for documentaries. Applicants may ask for and/or receive less if that better corresponds to the scope and intent of the project. Telefilm expects to cover 50% to 100% of the production budget. The number of projects supported may vary from one year to the next depending on the available budget. However, we will strive to balance the portfolio with regards to regions, underrepresented groups, Indigenous peoples, gender parity, and Official Language Minority Communities.

In order to maximize the investment in the production, we recommend eliminating the obligation to allocate 8% of Telefilm's financial contribution to promoting the project. We propose giving Talent to Watch productions better access to our Marketing Program.

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| RECOMMENDATION 11 | Reduce the number of projects to better finance the projects selected. The maximum assistance for a feature film will increase to \$250,000, and for documentaries to \$150,000. |
| RECOMMENDATION 12 | Eliminate the obligation to allocate 8% of Telefilm's financial contribution to promoting the project. |
| RECOMMENDATION 13 | Give productions better access to the Marketing Program. |

SUPPORT

In order to help the teams succeed in entering the Canadian film industry, the participation of a mentor will be required. The mentor will be paid by Telefilm and must become actively involved in the entire project cycle, from preproduction to distribution. The choice of mentor will be at the discretion of the teams. Telefilm has mandated two of the program's major partners, the Institut national de l'image et du son (INIS) and the National Screen Institute (NSI), to submit proposals in order to help structure this mentorship. Telefilm will create networking opportunities with established industry players through forums and pitch sessions.

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| RECOMMENDATION 14 | A person acting as a mentor, paid by Telefilm, will be selected by the team, and must be actively involved in the entire project. |
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IMPLEMENTATION

The pandemic has halted a significant number of projects approved last year and the previous year. The teams will benefit from the proposed changes to help them get through this difficult period. They will receive additional funding and be encouraged to seek the services of a mentor. Given this upgrade of projects that are waiting to start filming, we will open the Program later this year for decisions by the next fiscal year (2022-2023).

RECOMMENDATIONS RECAP

SUCCESS INDEX

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|-------------------------|---|
| RECOMMENDATION 1 | Discontinue the Success Index as the measure of the success of Telefilm's portfolio. |
| RECOMMENDATION 2 | Introduce new performance measures to foster continuous improvement of programs and accountability. |
| RECOMMENDATION 3 | Adopt two broad measures of success: audience engagement and cultural resonance. |
| RECOMMENDATION 4 | Eliminate the Production Program's Fast Track Stream. The new projects will be evaluated through a selective process. |
| RECOMMENDATION 5 | Discontinue the scoring of production companies, which served to determine eligibility for the Production Program's Fast Track Stream and the Development Program's Automatic Stream. |

RECOMMENDATIONS RECAP

DEVELOPMENT PROGRAM

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| RECOMMENDATION 1 | Introduce a new Prequalified Funding Stream in order to increase access to predictable funding. |
| RECOMMENDATION 2 | Release of at least one feature film supported in production by Telefilm in the last three years to be eligible for the Prequalified Funding Stream. |
| RECOMMENDATION 3 | Rank the companies eligible for the Prequalified Funding Stream by comparing the sum of the audience engagement success ratio from their releases over the past six years. |
| RECOMMENDATION 4 | Apply the market and platform neutrality rule in calculating the gross revenues. |
| RECOMMENDATION 5 | Create a Project Packaging Assistance Stream. |
| RECOMMENDATION 6 | Review eligible expenses, after consultation with the industry. |
| RECOMMENDATION 7 | The top 25 companies in the Prequalified Funding Stream will receive \$75,000. The next 50 companies in this ranking will receive \$50,000, and up to 50 of the following companies will receive \$25,000. |
| RECOMMENDATION 8 | The language distribution of 1/3 French and 2/3 English will apply to the Prequalified Funding Stream. |
| RECOMMENDATION 9 | Regional thresholds will apply to Tiers B and C. |
| RECOMMENDATION 10 | Telefilm's participation in the Indigenous Stream and the Stream for Racialized Persons will be \$25,000. |

RECOMMENDATIONS RECAP

TALENT TO WATCH PROGRAM

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| RECOMMENDATION 1 | Keep the Program objectives. |
| RECOMMENDATION 2 | Eliminate the production budget limit of \$250,000. |
| RECOMMENDATION 3 | Set up a new Direct Access Stream for underrepresented groups. |
| RECOMMENDATION 4 | Eliminate the Fast Track Stream. |
| RECOMMENDATION 5 | Expand the list of eligible festivals and the experience criteria. |
| RECOMMENDATION 6 | Evaluate the role of designated partners. |
| RECOMMENDATION 7 | Contemplate expanding the new Direct Access Stream to include everyone. |
| RECOMMENDATION 8 | Implement a more rigorous evaluation process that will take into account the quality of scripts and the reality of production conditions. |
| RECOMMENDATION 9 | Evaluate applications from the same region together. |
| RECOMMENDATION 10 | The advisory committee may recommend that some promising projects be eligible to apply for a second time. |
| RECOMMENDATION 11 | Reduce the number of projects to better finance the projects selected. The maximum assistance for a feature film will go up to \$250,000, and for documentaries to \$150,000. |
| RECOMMENDATION 12 | Eliminate the obligation to allocate 8% of Telefilm's financial contribution to promoting the project. |
| RECOMMENDATION 13 | Give productions better access to the Marketing Program. |
| RECOMMENDATION 14 | A person acting as a mentor, paid by Telefilm, will be selected by the team, and must be actively involved in the entire project. |