



Public Review of Yukon Film Funding Programs

Recommendations for Change 2020

Yukon

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Public Review of the Yukon Film Funding Programs

Recommendations for Change

The Department of Economic Development is seeking public input on four recommendations for change to the Film and Sound Incentive Program. Feedback is requested to:

- Ensure the four recommended changes will achieve the program goals, and
- Mitigate the risk of unintended negative consequences arising from implementing the changes.

Please provide input in writing to reel.yukon@gov.yk.ca by October 2, 2020.

Background

The Minister of Economic Development directed the department to review the Film and Sound Incentive Program to modernize the film funds within the program and make them more responsive to contemporary content creation models. The Film and Sound Incentive Program includes the:

- Yukon Film Production Fund;
- Yukon Filmmakers Fund;
- Film Training Fund;
- Film Location Incentive Fund; and
- Yukon Film Development Fund.

The Department of Economic Development engaged with Yukoners in the review of the film funds to recommend changes that were feasible within the existing budget of approximately \$660,000 and aligned with the Film and Sound Incentive Program goals, which are to:

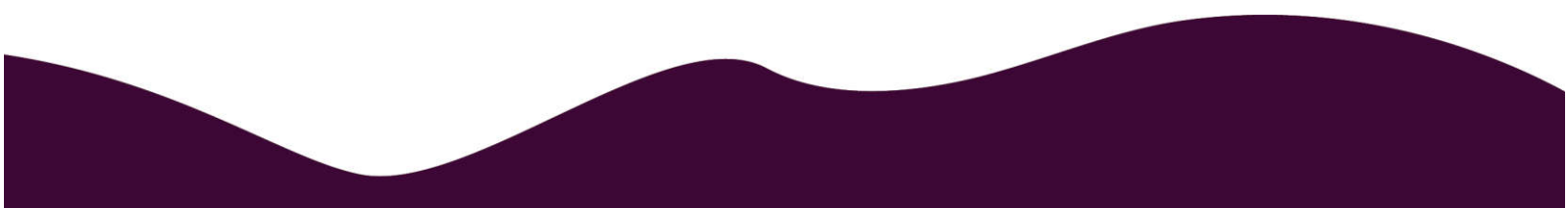
- Maintain and ultimately increase the level of total independent film production and expenditure in Yukon;
- Maximize Yukon employment opportunities resulting from film production in Yukon; and
- Encourage sustainable growth in the Yukon film production sector resulting in a stronger infrastructure of skills and services.

The department engaged with the film and media industry and interested members of the public between October 15 and December 14, 2018 using a variety of methods, including:

- a news release;
- direct communication with key stakeholders;
- mail-outs;
- media coverage; and
- frequent updates on the Department of Economic Development Facebook page and EngageYukon.

Findings from the engagement process were released in April 2019 in a “What We Heard” document. A copy of this report is available at: <https://yukon.ca/sites/yukon.ca/files/engage/engage-ec-dev-film-fund-review-wwwh.pdf>

During the engagement process the department also received valuable insight on industry needs which are beyond the goals of the Film and Sound Incentive Program. The department is working with the Departments of Tourism and Culture and Education to create a Creative and Cultural Industries Strategy to address the industry's needs.



Recommendations for Change for Film Funding Programs

Streamline production funding

The department recommends combining the existing Yukon Film Location Incentive and Yukon Film Production Fund into the **Yukon Media Production Fund**, with an annual budget allocation of \$420,000. The combined fund will improve client service by simplifying the program guidelines and streamlining application handling procedures.

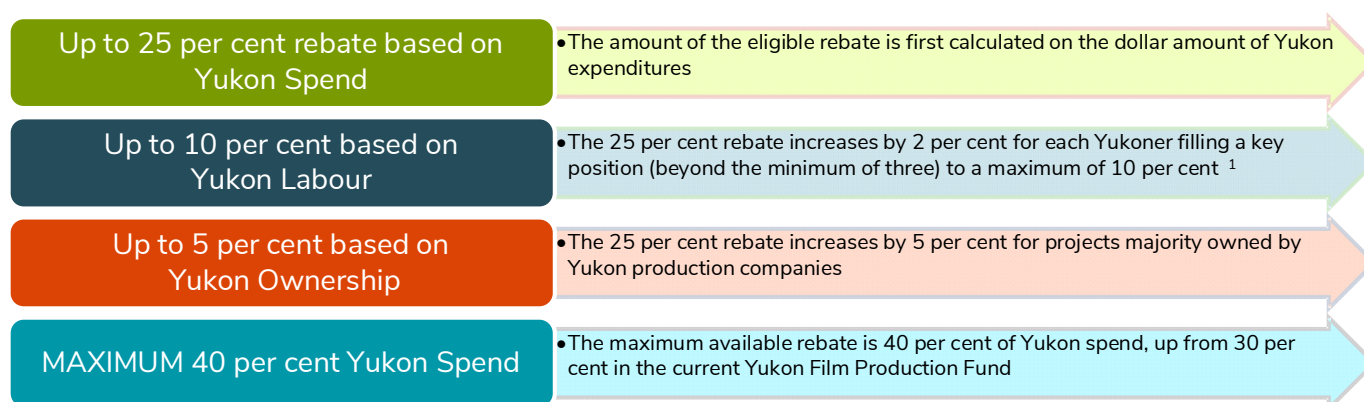
The **Yukon Media Production Fund** will continue to finance the creation of professional feature film, television and digital video programming. Applicants will receive an automatic rebate based on the level of economic benefit to Yukon until available funding is fully committed. The use of a rebate based on objective criteria will incentivize maximum Yukon participation and benefit across a variety of media content of varying budget levels. Calculating the rebate on the Yukon spend will promote the use of Yukon labour, equipment, goods and services. Prior requirements for minimum Yukon expenditure and shooting days in Yukon would be removed.

Eligibility Criteria

Incorporated production companies, registered to conduct business in Yukon and in good standing with Yukon Corporate Affairs, may apply for financing toward production of programming if they are able to:

1. Obtain a commitment to show the programming from a distribution company, a television network or station, or an online service recognized by the department. The department recommends that these commitments be at fair market value without a required minimum dollar amount or percentage threshold. The department will develop a list of recognized entities that is aligned with federal funding agencies such as the Canadian Audio-Visual Certification Office (CAVCO), Canada Media Fund and Telefilm Canada. The list will be regularly updated in consultation with the industry;
2. Fill a minimum of three key positions with Yukon residents. A list of key positions will be developed with the industry and updated on a regular basis. If no qualified Yukon labour is available, then the department will accept Yukon labour being trained in key positions as meeting this requirement; and
3. Demonstrate a viable financial plan and budget to make the programming.

The amount of the eligible rebate will be first calculated on the level of Yukon spend. The rebate will then increase based on the involvement of Yukoners in key positions and Yukon ownership of the production company and programming.



¹ A Yukoner filling multiple key positions will be considered once for purposes of either meeting the minimum of three key positions or for calculation of the Yukon Labour rebate.

Decision Making

The department will begin receiving applications to the Yukon Media Production Fund on an opening date which coincides with other major funders in Canada. If multiple submissions for production financing are received and the eligible rebates are greater than available funding, the applications will be assessed and prioritized based on the economic benefit to Yukon. The submission of greatest economic benefit to Yukon will receive the full eligible rebate, followed by the submission of second greatest economic benefit, and so on, until available funding is fully committed. The following criteria will be used to assess and prioritize multiple submissions for production financing:

Economic benefit to Yukon	Weighting
Dollar amount of Yukon spend net of deferred fees, investments and in-kind contributions from Yukoners	25
Number of Yukoners filling or being trained in key positions	25
Percentage of Yukon ownership	25
Dollar amount of arms-length financing originating from entities headquartered outside the Yukon	25

The table provided in **Schedule A** includes a sample of projects to demonstrate the change in level of funding between the current funds and the new **Yukon Media Production Fund**, as well as the application of the assessment criteria to prioritize submissions in the event that demand exceeds available funding. This analysis confirms the methodology for calculating the new eligible rebate includes important incentives for Yukon spend, ownership and employment in key positions.

Outside the Yukon Media Production Fund, the department may recommend the Yukon government consider participating in a project that will spend over \$1 million in Yukon and employ Yukoners in key positions. On a case by case basis, the Yukon government in its sole discretion, may participate in a project deemed to be of exceptional economic benefit to Yukon.

Returning Series

Returning series may apply once per year.

Returning series majority owned by Yukon production companies are not capped in the number of times they may apply to the Yukon Media Production Fund. Returning series majority owned by non-Yukoners may apply a maximum of five times after which the eligible rebate will be reduced by 5 per cent for each subsequent application.²

Increase development financing

The department recommends increasing available development funding. A minimum of \$60,000 will be earmarked for early stage development of media programming to the point where producers can attract market interest. An additional \$80,000 will be allocated to develop at least two market driven projects each year. Only Yukon based production companies will be eligible to apply for pre-development and development funding.

² For example, if the eligible rebate in season 6 is 25% the returning series would receive 25% - 5% = 20%. In season 7 if the eligible rebate is 35% the returning series would receive 35% - 5% - 5% = 25%; and so on.

Yukon Pre-Development Fund

The **Pre-Development Fund** will replace the current Yukon Filmmakers Fund and provide seed capital critical to advance creative ideas. Applications for pre-development financing will be received at two deadlines per year. Examples of eligible activities include advancing the creative materials, screenwriting, creation of demo reels and packaging the programming to attract talent and financiers.

Selected applications will receive financing equal to 75 per cent of the cash expenditures in the pre-development budget to a maximum \$15,000. These amounts will be proportionately reduced for Yukon production companies that own less than 51 per cent of the programming in a coproduction with non-Yukoners.

Submissions at each deadline will be prioritized based on the following:

Criteria	Weighting
Quality of the creative idea and its potential to obtain a letter of interest or licence from a recognized platform, as determined by a jury of distinguished media professionals	25
Track-record of applicant in producing content that has previously received pre-development or development funding	25
Potential employment of Yukoners and spend in Yukon if the creative idea proceeds into production	25
Level of ownership by Yukon producer	25

Applicants are welcome to submit multiple creative ideas at each deadline but only one application can receive funding and be active at any given time. The applicant must satisfy delivery requirements for previously funded projects in the Yukon Pre-Development Fund prior to submitting new creative ideas. Applicants may only receive pre-development funding once per project.

Yukon Development Fund

The **Development Fund** will finance the development of market ready programming. Applicants that obtain a letter of interest for the programming from a distributor, broadcaster or online services recognized by the department will automatically receive a recoupable advance calculated on the total development budget.

Eligible applications will automatically receive 50 per cent of the cash expenditures in the development budget to a maximum of \$40,000. These amounts will be proportionately reduced for Yukon production companies that own less than 51 per cent of the programming in a coproduction with non-Yukoners.

Calculating the recoupable advance on the total budget will give new flexibility to Yukon producers to retain the best skills and services available worldwide to create market driven content. Yukon producers will also have greater leverage to retain rights to their projects while shopping for additional financing.

If pre-development and development funds are not allocated to programming by November of each year, the earmarked funds will be freed-up for reallocation to other funds. The recoupable advances provided in the Pre-Development and Development Funds will be repayable to the department if the project proceeds into production or the level of Yukon ownership changes. Changing from a grant to a recoupable advance will align departmental financing with federal funding agencies and eliminate the need for applicants to provide different reporting to the department and other funders.

Simplify access to training support

The department recommends consolidating training support currently spread across multiple funds into the Yukon Media Training Fund with an annual budget of \$100,000. The Yukon Media Training Fund will assist Yukon residents to receive high-quality, practical training in the production, post-production and marketing of film, television and digital video programming. This support is intended to build media sector careers and businesses able to develop and produce market driven programming of economic benefit to Yukon. The Yukon Media Training Fund will prioritize submissions within the available funding to practical training in the “above-the-line” key positions of actor, writer, director and producer for market-driven content.

Eligibility Criteria

Yukon residents may apply for funding toward the costs of participating in eligible training. Eligible training may include a course at a post-secondary institution, a training opportunity with a non-Yukoner filling a key position on a project, or a workplace internship with an experienced production company.

Registered Yukon non-profit organizations in good standing with Yukon Corporate Affairs and with a strong track record in delivering high-quality, practical training programs for Yukoners may apply for funding toward the costs of delivering an eligible training program.

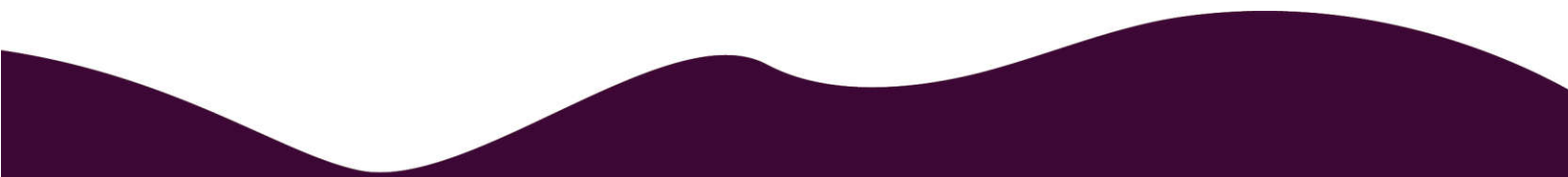
Contribution Levels

The department will begin receiving applications to the Yukon Media Training Fund on an opening date until available funds are fully committed. Individuals and organizations may submit a maximum of one application per fiscal year:

- Individuals may receive up to \$10,000 or a maximum of 75 per cent of total eligible costs which include the costs to travel and participate in training.
- Organizations may receive up to \$25,000 per program to a maximum of 75 per cent of total eligible costs. Eligible costs may include travel related expenditures for “above-the-line” experts to deliver practical training provided these expenses do not exceed 50 per cent of the program budget.

Standardize business policies

The department recommends standardizing the business policies in the Film and Sound Incentive Program with other federal agencies providing funding to media programming including CAVCO, the Canada Media Fund and Telefilm Canada. The department will update current business policies related to:

- Producer ownership and commensurate controls;
 - Maximum producer investments and deferrals;
 - Development expenses incurred prior to the date of application;
 - Related party transactions and fees payable to individuals filling multiple roles;
 - Eligible activities and costs within development and production budgets;
 - Recognition of funding from the department in programming and promotion elements; and
 - Departmental use of the promotional elements of funded projects.
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Budget comparison

Current Program	Existing Budget	Proposed Program	Proposed Budget
Yukon Film Location Incentive	\$140,000	Yukon Media Production Fund	\$420,000
Yukon Film Production Fund	\$380,000		
Yukon Filmmakers Fund	\$40,000	Yukon Pre-Development Fund	\$60,000
Yukon Film Development Fund	\$50,000	Yukon Development Fund	\$80,000
Yukon Film Training Initiative	\$50,000	Yukon Media Training Fund	\$100,000
Total Annual Budget	\$660,000		\$660,000

Other Recommendation

Funding for music videos

While outside the scope of the film funding review, the music industries have been asking for financial support for the production of music videos and electronic press kits (EPK). Based on this feedback, the department recommends making production of music videos and EPKs an eligible activity under the Yukon Sound Recording Fund. This opportunity will allow Yukon musicians to create digital media products that promote Yukon talent while providing Yukon producers with a chance to stretch their skills, take creative risks and experiment in the digital media space.

Eligibility Criteria

Yukon residents or business who can demonstrate a history of live performance and whose music is available for sale online can apply for production of a music video.

Contribution Level

All applications would be adjudicated through the Yukon Sound Recording Program jury process. Selected applications will receive 50 per cent of cash production expenditures to a maximum of \$5,000.



Schedule A: Program Scenario Modeling

Project Type	Digital Series	Documentary	Feature Film	Documentary Series	Movie of the Week	Returning Series #7	Returning Series #10
Yukon Spend	50,000	200,000	600,000	750,000	1,250,000	2,000,000	3,000,000
Unique Yukoners in Key Positions							
Min. of 3	3	3	3	3 in training	2	1 filled 2 in training	3
More than 3 key positions	5	4	3	0	0	0	1
Yukon Ownership	100%	74%	51%	49%	35%	10%	0%
Prior Rebate %	30%	30%	30%	25%	25%	25%	25%
Prior Rebate \$	15,000	60,000	180,000	187,500	312,500	500,000	750,000
New Rebate %							
Yukon Spend	25%	25%	25%	25%	NOT ELIGIBLE	25%	25%
PLUS Additional Yukoners	10%	8%	6%	0%		0%	2%
PLUS Yukon Ownership	5%	5%	5%	2%		1%	0%
LESS Returning Series more than 5 seasons						-10%	-25%
Eligible Rebate %	40%	38%	36%	27%		16%	2%
Eligible Rebate \$	20,000	76,000	216,000	205,875		310,000	60,000
Difference between prior and new rebate	5,000	16,000	36,000	18,375	-312,500	-190,000	-690,000
Assessment Criteria for Economic Impact to Yukon							
Yukon Spend (25%)	50,000	200,000	600,000	750,000		2,000,000	3,000,000
Weighting out of 25	0	2	5	6		17	25
# of Yukoners filling key positions (25%)	5	4	3	0		0	1
Weighting out of 25	25	20	15	-		-	5
% of Yukon ownership (25%)	100%	74%	51%	49%		10%	0%
Weighting out of 25	25	19	13	12		3	-
\$ amount of arms-length financing originating from entries headquartered outside of Yukon (25%)	-	50,000	200,000	400,000		1,500,000	2,500,000
Weighting out of 25	-	1	2	4		15	25
Total Score	50	41	35	23		34	55
Priorities in the event demand > available funds	2	3	4	6		5	1