



Canadian Television Fund

2006-2007 Guidelines

Overview of Changes to the CTF Guidelines

It is important to note that these Guidelines are conditional on a continued federal government contribution to the Canadian Television Fund at existing levels.

The following document has been created to help applicants identify the major changes to the Canadian Television Fund's Guidelines for the upcoming fiscal year. Please note that this document is meant as a helpful companion piece to the Guidelines. It does not replace the need for applicants to familiarize themselves with the official Guidelines documents. For ease of reference, the major changes are itemized according to the Guidelines sections in which they are found.

Any changes to the Guidelines that were made in the previous fiscal year, which may have been published in separate documents, are now incorporated into the 2006-2007 Guidelines.

Please ensure you have all of the necessary Guidelines and accompanying documentation before beginning your application. All Guidelines, applications, tools and forms can be found at: <http://www.canadiantelevisionfund.ca>.

Nos Principes directeurs sont affichés en français sur notre site Internet à l'adresse suivante :
www.FondsCanadiendeTele.ca

Important Changes to the Guidelines for 2006-2007

1. English-Language Drama is now part of the Broadcaster Performance Envelope Stream (BPE). English Drama will no longer undergo a selective process. Broadcasters with BPE monies available for English Drama will be able to licence projects that meet all the CTF eligibility requirements. The opening calibration of the English-Language Drama envelopes shall be determined based on a four-year (including 2005-2006) average of historic access to CTF program funding.

2. CBC/SRC (including Newsworld and RDI) Allotment: CBC/SRC will receive an allocation of 37% of CTF monies, calculated after the deduction of administrative costs and Aboriginal-Language program monies.

The same rules (e.g., CTF contribution levels and minimum licence fee thresholds) will apply to the CBC/SRC envelopes as they apply to the other programs and initiatives, with the exception that rules related to Broadcaster Performance Envelope recalculation will not apply to the CBC/SRC.

3. As of 2006-2007 all project file administration will be done by Telefilm Canada on behalf of the CTF.

Main Document

2.1.2 Quebec Regional French-Language Production Incentive

The goal of this incentive, worth \$700,000, is to ensure that a minimum level of regional production occurs in the regions of Quebec with the hope of potentially generating an increase in the number of productions over time.

This incentive will be awarded to French-Language Productions meeting the definition of a Regional Production (see section 7.1) and produced by an applicant based in the province of Quebec.

The incentive will take the form of a CTF licence fee top-up contribution of 5% of the CTF-approved production budget up to a per-project maximum of \$75,000. This incentive will be awarded to projects on a first-come first-served basis. It will be awarded directly by the CTF separately and beyond what was awarded by the broadcaster via its CTF Broadcaster Performance Envelope. This incentive will be applied towards the licensing broadcaster's calculation of its Broadcaster Performance Envelope for the Historical Access Adjustment Factor.

37% of the \$700,000 will be reserved exclusively for the use of SRC/RDI.

3.2 Flexibility for Corporate Broadcast Groups

Broadcasters are permitted to transfer all or a portion of their allotted 15% flex amount to another broadcaster within the same corporate group that has a Performance Envelope. This 15% flex amount can be used in all genres of programming.

3.4 Transfers for 2ER Documentary Programming

Broadcasters may transfer all or a portion of their 2ER Documentary spending capacity to another broadcaster's Documentary Broadcaster Performance Envelope within the same corporate group. Corporate groups may spend up to 40% of their total initial Documentary allocations on 2ER documentaries (i.e., prior to the use of any flex amounts).

All transfers made by broadcasters within a corporate broadcast group must be reported to the CTF through the submission of a *Transfer of Funds Request Form* (available at: <http://www.canadiantelevisionfund.ca/>).

Transfers of 2ER allocations are made in absolute dollars, not percentages. For more information please refer to the Documentary Guidelines Module.

3.5 Recalculation of Broadcaster Performance Envelopes for 2007-2008

The CTF will recalibrate the 2007-2008 Broadcaster Performance Envelopes based on the following factors:

English-Language Envelope		French-Language Envelope	
Factor	Weight	Factor	Weight
Audience Success	40%	Historical Access	45%
Historical Access	30%	Audience Success	30%
Regional Production	20%	Above-Average Licences	15%
Above-Average Licences	10%	Regional Production	10%

3.6 Broadcaster Performance Envelope and CBC/SRC Application Deadlines

In All Languages	Open for Submissions	First Closing Date	Final Closing Date
Drama	March 1, 2006	August 31, 2006	October 13, 2006
Other Genres	March 1, 2006	October 13, 2006	December 15, 2006

Drama Envelopes – 75% of Drama envelopes of \$2,000,000 or greater, must be spent by the first closing date.

Variety and Performing Arts, Documentary, Children's and Youth Envelopes – 75% of these combined envelopes of \$2,000,000 or greater, must be spent by the first closing date.

In the case of broadcasters in a corporate group, the first closing date applies to all broadcasters that have starting envelopes in excess of \$2,000,000 (i.e., prior to any transfer of funds). Further, 75% of such envelopes must be spent regardless of whether any portion of that amount is transferred to an affiliated broadcaster (i.e., any such transferred dollars must be spent by the receiving broadcaster by the deadline regardless of whether the receiving broadcaster started with an envelope in excess of \$2,000,000).

If the CTF does not receive applications representing at least 75% of the Broadcaster Performance Envelope by the first closing date, the unused portion of the 75% of the relevant Broadcaster Performance Envelope will be transferred into the CTF reserve fund.

For all broadcasters regardless of envelope size – The final closing date is the final deadline for submitting applications. Any amount remaining in a Broadcasters Performance Envelope for which the CTF has not received a complete application by the deadline will be transferred into the CTF's reserve fund.

6.5.2 Additional Rights

Additional Rights are currently under review by the CTF. This review may result in changes to the Guidelines in this section (6.5.2). Any amendments made to this section of the Guidelines will apply to all licence agreements, including licence agreements entered into before the amendments are announced. The CTF will not “grandfather” any licence agreements that do not comply with the Guidelines. **The CTF will provide notice of any changes to this section of the Guidelines as soon as possible.**

9. Business Policies

All applicants and broadcasters (where relevant) must abide by the CTF’s business policies, listed below.

All policies are available for viewing, printing and downloading from the CTF web site at:

<http://www.canadiantelevisionfund.ca>

- Accounting and Reporting Requirements
- CTF Chain of Title Assessment Policy
- Completion Protection Policy
- Default Policy
- Producer Fees and Corporate Overhead Policy
- Producer Fee Deferral Policy
- Treatment of Tax Credits
- Standard Recoupment Policy

Changes are currently being made to some of these policies (see below). The amended policies will be posted to the CTF web site.

Recoupment Policy

For equity or other “recoupable” investments made by the CTF after March 31, 2006, the standard recoupment schedule for English-Language projects will be the same as the standard recoupment schedule for French-Language projects.

Producer Fee Deferrals in English-Language Envelopes

The CTF requires that a project’s financing structure is viable. In addition, the CTF wants to ensure that deferrals included in the financing structure of a project are not excessive. The CTF will review the level of producer deferrals and/or production company investments included in the production financing for a project. Where the producer deferral and/or production company investment included in a production financing exceeds 25% of the amount of the producer fees and corporate overhead costs included in the production budget, the CTF will require the producer to provide additional information and documentation to justify the level of producer deferrals and/or production company investment. If the explanation is not satisfactory, the CTF will treat the project as not being fully financed.

The CTF will continue to actively monitor situations where producer deferrals and/or production company investments are included in production financing. If the overall level of producer deferrals and/or production company investments included in production financing increases, the CTF will consider amending its program Guidelines to implement additional safeguards.

In addition, if based on the CTF’s judgment, a broadcaster is found to be practicing unfair dealing with a producer by requiring significant deferrals (i.e., in excess of historic averages), the CTF may elect to freeze the use of the broadcaster’s envelope until the situation is remedied.

Producer Fee Deferrals – French-Language Documentary Envelope

Where there is a deferral of producer fees in a French-Language Documentary project and the relevant broadcaster(s) has not triggered the maximum CTF contribution (i.e., the maximum contribution from both the LFP and the EIP), then the amount of the broadcaster licence fee shall be reduced by the amount of the deferral for the following purposes:

- (a) Determining whether the licence fee thresholds for French-Language Documentary projects set out in the Program Guidelines have been met; and
- (b) Calculating the licence fees over average factor in the recalibration formula.

Treatment of Tax Credits

Federal and provincial tax credits are not required to be included in the financial structure for projects receiving funding from the CTF, whether funding is licence fee top-up alone or a combination of licence fee top-up and equity. In general, the elements of the financial structure, including the extent to which federal and provincial tax credits are included, will be determined by the market place.

Where tax credits are included in the financing structure of a project, the amount included should not exceed 90% of the estimated federal and provincial tax credits. The inclusion of more than 90% of the estimated federal and provincial tax credits in the production financing will be permitted, however, where a producer advises the CTF that (a) all alternative financing sources have been exhausted and that producer wishes to include the additional tax credit amounts in the financial structure for the project, or (b) a provincial tax credit regime effectively requires the inclusion of the full amount of the tax credits in the financial structure for the project.

The CTF will actively monitor the level of tax credits included in the financial structures of CTF funded projects. If the 90% threshold set out above is exceeded on a consistent basis, then the CTF will consider amending its program Guidelines to implement additional safeguards.

In addition, if based on the CTF's judgment, a broadcaster is found to be practicing unfair dealing with a producer by consistently requiring the inclusion of more than 90% of the estimated tax credits in the financial structure for projects, the CTF may elect to freeze the use of the broadcaster's envelope until the situation is remedied.

Producers Fees and Corporate Overhead

1. The CTF's current policy that permits:
 - (c) Fees paid to producers who do not have an Ownership Interest (defined as an ownership interest in the production company or its related entities) in a production to be outside the cap (20% or 30% for low budget productions of Sections B&C of the production budget); and
 - (d) Fees paid to producers who do not have an Ownership Interest in a production to be put in Section B or C of the production budget (i.e., only those producer fees that are included in the cap are placed in Section A of the production budget), shall be extended to apply to productions in the English and French-Language Drama genres.
2. The CTF's Policy on Producer's Fees and Corporate Overhead shall be amended to state that the CTF requires that the amount of producer's fees and corporate overhead included in production budgets be 20% or 30% for low budget productions (total production budget of less than \$500,000), of Sections B&C of the production budget, subject to a dollar cap of \$1.2 million per project (pro-rated up for series of more than 13 one-hour episodes).