

CANADA MEDIA FUND

CMF Future Program Model - Linear

Dates: October 6th & 19th, 2022

Introduction

In 2021, the CMF heard from over 1,000 different stakeholders on the changing industry and the CMF's role. This was published in the [Spark Courage: What We Heard Report](#).

The industry agreed that the CMF plays and should continue to play a fundamental, unique role in the screen industries — to foster, finance and promote Canadian screen content and IP, made and owned by Canadians, and seen and experienced by Canadians — but that it should expand how it achieves this mandate to reflect the multi-platform, global nature of the industry.

The industry was also generally aligned on the need for change in the CMF's funding model. There was support across the consultation for the CMF to move towards a more flexible, content-centric, platform agnostic approach that will help Canadian producers, intellectual property (IP), creators and content succeed at home and in the global marketplace.

While some of the changes requested by the industry will only be possible with additional funding and less prescriptive requirements in the CMF's Contribution Agreement with Canadian Heritage, there are other elements the CMF has started to address in the immediate term and which will expand over time (e.g., growth and inclusion policies, slate funding).

With the industry collectively facing a post-COVID reality and anticipating looming changes to the *Broadcasting and Telecommunications Acts* through Bill C-11 (and the corresponding Cabinet policy direction to the CRTC, and the CRTC process on how it should implement its new regulatory powers), the CMF is cognizant that Canada's conventional broadcasting and production industry is at a turning point.

Based on the disruption taking place in the marketplace and the timeline for legislative reform, the CMF must therefore straddle between sustaining existing industry supports – stretching the existing model as much as possible – and still laying the foundation for a new, more innovative model of content funding to ensure the CMF remains future-ready, and the industry continues to grow.

These October Working Groups will focus on linear content. Experimental Stream and interactive content will be addressed in a different Working Group (planned for mid-November 2022).

Topics for Discussion:

October 6th

1. Simplification of Program Structure
2. Distinctiveness of the Language Markets
3. Market Test/Funding Triggers
4. Centering Growth and Inclusion
 - a. Accountability in Content Creation and Authorship
 - b. Programs and Initiatives
5. COVID-19 Flexibility Measures

October 19th

6. Environmental Responsibility and Sustainable Production
7. Building Capacity and Developing IP
8. International Approach
9. Transitional Elements towards a New Program Model
10. Definition of Canadian Content

1. Simplification of Program Structure

Over the past number of years, in addition to Sector Development Support, the CMF has annually offered approximately 35 different content-funding Programs and content partnerships that receive over 2000 applications in each fiscal year. These Programs support the industry through pre-development to production and export. While these Programs offer a variety of options for stakeholders, this volume of choice can both be overwhelming for Applicants and present issues with regard to Program administration.

The selection method of the Program is also a factor. For example, first-come, first-served Programs do not require a lengthy jury process and can be slightly more predictable, but can be easily oversubscribed and commonly result in proration of the funds awarded to eligible Applicants and frustration from Applicants to “get the application in the door”.

Alternatively, selective Programs can look meaningfully into the applications, but are usually largely oversubscribed and require unsuccessful Applicants to wait long periods of time to reapply, if at all. For reference, please see Appendix A for an overview of the different selection methods the CMF uses across its Convergent Stream Programs.

- **How can the current matrix of CMF Programs evolve and/or simplify in order to continue to serve the needs of the industry?**
- **Should selective programs with no or low oversubscription shift to a first-come, first-served model?**

- **Should similarly themed Programs be combined (e.g., Regional Programs, Development Programs)?**
- **Should different selection methods not previously used by the CMF be considered?**

2. Distinctiveness of the Language Markets

Under the Contribution Agreement, 1/3 of the CMF's overall Program Budget is required to support French-language content¹. The government has signaled through its election platform that the ratio of support for French-language projects should be increased to 40%.

In the past, the industry has recognized that there are differences between the English- and French-language markets. While the approach to audio-visual funding has been similar as production methods and financing are similar, there are practical differences in business and opportunity between the two markets. For example, the average budgets, licence fees, distribution advances, foreign financing, gross sales, and audience engagement of CMF-funded projects vary widely between the two language markets.

The CMF has tried to apply a fair and flexible approach to how to best support these different markets based on data and input from industry stakeholders.

In the past, both English and French stakeholders have agreed that different approaches can be considered. While some questions were asked specifically as part of the [Performance Envelope Program Working Group](#) (held on September 22), the support for each market must be examined more broadly across all CMF linear funding.

- **In an effort to better serve the distinctiveness of the language markets, what additional measures should the CMF consider?**
- **How can the CMF better enable exportability and international opportunities specific to each language market? What can be done to stimulate sales and interest?**
- **In keeping with the CMF Equity and Inclusion Strategy, what considerations should be made to support the unique needs of equity and sovereignty seeking communities in the different markets?**
- **Do different language markets require different supports and interventions?**
- **Are there more immediate changes needed for different markets if there is no new funding available?**

¹It is important to note that this ratio applies to the CMF's *overall* Program Budget and the ratio does not apply to each CMF Program separately.

3. Market Test/Funding Triggers

While CMF-funded projects must serve Canadian audiences, as content production evolves to a more globalized model, a broader spectrum of market tests used to trigger funding need to be considered. Despite the fact that viewership of linear content on online undertakings continues to rise while traditional viewing decreases², the Convergent Stream currently requires all projects to be licensed by a Canadian Broadcaster (and their online platforms)³.

With other market players⁴ investing in the development, production and exploitation of Canadian stories and the CMF prioritizing broader opportunities for equity- and sovereignty- seeking communities, international engagement and markets, the CMF is aware that there are different models that could be utilized to ensure a more diverse and vibrant system. Other funds and government support have different funding triggers that can be examined.

- **What other market tests should the CMF consider when triggering funding?**
- **How can the CMF have a more inclusive approach to market tests and funding triggers? Should the CMF adopt different triggers for equity- and sovereignty-seeking groups?**
- **How could expanded triggers be integrated into CMF Programs? How much of a balance should the CMF strike between its existing Canadian Broadcaster trigger and new market tests?**
- **Are there different approaches needed for different markets? By language? By genre? By other factors? By Program?**
- **How would any change impact smaller broadcasters and players?**
- **How would expanding triggers impact the retention of Canadian IP?**

4. Centering Growth and Inclusion

With additional support from the Government of Canada, the CMF launched its [Equity and Inclusion Strategy](#) in early 2021. This additional funding of \$20M per year for three years (presently scheduled to conclude in 2023-2024) is intended to support equity- and sovereignty-seeking communities across the country. Since the launch of the strategy, the CMF has undertaken a number of initiatives including expanding and establishing funding Programs and incentives for targeted equity and sovereignty-seeking communities, updating its policies and

² <https://crtc.gc.ca/eng/publications/reports/policymonitoring/2022/rad.htm#a7.3.3>

³ This is a current requirement in the Contribution Agreement between the Department of Canadian Heritage and the CMF.

⁴ Please see Appendix B Figure 1 for a breakdown of television production financing over all Convergent Stream Programs in 2021-2022.

Program Guidelines, supporting sector development initiatives, increasing accessibility support for persons with disabilities and expanding its data collection efforts.

The CMF recognizes that creators from equity- and sovereignty- seeking communities have experienced and continue to experience barriers to access funding and that these barriers have led to (i) a significant lack of diversity in Canadian storytelling, (ii) a significant lack of meaningful and varied representation (including authentic storytelling/authorship) both on and off screen, and (iii) a lack of IP ownership and company development.

a. Accountability in Content Creation and Authorship⁵

It is the CMF's role to encourage greater accountability, transparency, and community engagement as it relates to positionality (the way one's context or identity influences their perspective on the world). The CMF's 2021-2023 Equity and Inclusion Strategy states that:

"The CMF's mandate to 'enable a diversity of voices' includes a responsibility to widen support to Canada's talent and creators from underrepresented communities in order to amplify their voices, stories, and perspectives through content creation and exploitation."⁶

Additionally, as the inclusion and participation of stakeholders from equity- and sovereignty-seeking communities grows across the industry, there are important questions concerning accountability and authorship as it relates to (i) content creation, (ii) responsible community engagement, and (iii) equitable access that need to be considered.

To that end, the CMF is considering the inclusion of a new policy and process which may require all Applicants to outline their motivation and interest in their subject matter, as well as their relationship to the content and how they will responsibly engage with the related community(ies).

- **Should the Producer's Statement⁷, currently used in PPRC and Indigenous Programs, be expanded to collect more information on authorship and positionality for Applicants and creative teams in all CMF Programs?**
 - **Will this approach provide greater accountability in content creation?**
 - **What other mechanisms might serve our purpose in increasing transparency and accountability?**
- **Considering the urgent need to ensure that all communities and vulnerable groups in Canada are depicted responsibly and respectfully, what mechanisms should the CMF consider for its stakeholders to ensure the highest standards in representation**

⁵The CMF recognizes that 'authorship' has a separate meaning within copyright law and will remain flexible as the terminology connected with this subject evolves.

⁶Please find CMF's Equity and Inclusion Strategy on the [CMF's website](#).

⁷In 2021-2022, the CMF introduced its Producer Statement as one of the evaluation criteria for the Indigenous Program and Pilot Program for Racialized Communities. Applicants are asked to disclose the Creative and Production Teams' specific connection to the material and how well suited they are to tell the story or explore the subject matter of the project.

and care through all phases of content creation (from development through distribution)?

- How can we encourage adoption of greater accountability practices within the CMF and the larger industry (i.e. Broadcasters, Guilds, Unions, etc)?
- How can we effectively measure adherence to accountability practices?

b. Programs and Initiatives

Through its new voluntary self-identification system, Persona-ID, the CMF is working to measure the demographic representation and participation of Applicants and their related key creatives. At the same time, the CMF, primarily through the work of the Growth and Inclusion team, is increasing collaborations and partnerships and supporting research to better understand the needs of many equity- and sovereignty-seeking communities. Through ongoing consultations, the CMF continues to engage with all industry stakeholders to actively inform the CMF's future programming and policies.

By increasing access which supports equity- and sovereignty- seeking communities to create content and share their own stories, audiences here and abroad will also have a chance to appreciate, celebrate and embrace Canada's rich diversity and creativity.

The CMF will continue to propose measures to create points of access and trajectories of success within the industry for all creators. The CMF will also establish measures and goals in all Programs to ensure more accountability and transparency in access to funding, content creation and representation and impact of the Programs. The CMF will continue to find solutions to grow collaborations between different parts of the industry and create partnerships and shared solutions to encourage growth and inclusion in the audio-visual industry.

- **Beyond the Indigenous Program and the PPRC – and other measures such as evaluation criteria and the Diverse Community Factor Weight – what additional measures should the CMF consider to foster increased access and long-term stability for creators from equity- and sovereignty-seeking communities?**
- **With its self-identification system Persona-ID, the CMF has committed to a data-collection effort in order to represent all of Canada and ensure its policies, Programs and strategies – including its Equity and Inclusion Strategy – are data-driven. Moving forward, how can the CMF support stakeholders in their data-collection initiatives for improving representation and funding access in the industry?**
- **In 2021-22, the CMF launched its [Accessibility Support](#) initiative which offers financial assistance for individuals who identify as Persons with disabilities in overcoming possible barriers during the application process to the CMF's funding Programs. What other measures should the CMF consider in order to increase support for persons with disabilities in content creation and the industry?**

5. COVID-19 Flexibility Measures

In May 2020, the CMF introduced a number of flexibility measures to support the industry through the disruption of the COVID-19 pandemic.

These flexibility measures were extended in 2021-22 and 2022-2023⁸ in order to continue to support the industry as the pandemic continues to have impact on society and content production.

- **As the world shifts into an endemic phase of COVID, what measures need to remain in place?**
- **COVID exposed some of the more fragile elements in our system. What did we learn from COVID through temporary measures that will support industry stability and growth?**
- **Are there flexibility measures that should be considered for permanent changes to CMF Programs? (for example: genre flexibility, slate financing, increased maximum PE allocations, decreased licence-fee thresholds for certain genres, etc.)**

6. Environmental Responsibility and Sustainable Production

Canada and 195 other parties signed the Paris Accord in December of 2015. This forms part of Canada's commitment to reducing GHG emissions and supporting an urgent global need to combat climate change. The audio-visual industry must also do its part.

In 2021, the CMF began encouraging all Applicants to implement more environmentally-sustainable practices and cleaner technologies – and reduce the use of unsustainable resources – in the development, production and exploitation of their Projects.

- **How can the CMF support the activities of stakeholders in advancing more environmentally sustainable practices?**
- **What costs should be considered and included as an eligible cost in a project's budget in order to help to shift audio-visual content to more sustainable practices?**
- **How can the CMF support collaboration and industry transformation to lower carbon footprints, reduce GHGs and shift to more sustainable models?**

⁸Please find the CMF's 2022-2023 Flexibility Measures on the [CMF's website](#) and see Appendix C for a breakdown of Flexibility Measures.

7. Building Capacity and Developing IP

The CMF provides a variety of IP-development programs and partnerships to advance the creation of Canadian IP. Pre-Development, Early-Stage Development, Development Envelopes, and Predevelopment and Development portions of Program budgets for a variety of targeted CMF Programs offer direct support for IP in advance of securing a production-stage market commitment from a platform or broadcaster. Additionally, over the last few years, the CMF has piloted alternative IP-development programs in order to support more flexible early-stage IP development including a Slate Development Pilot Program.

As content production is increasingly globalized and developed for larger markets, new partners and opportunities are emerging. Additionally, producers and creators are told that projects must be more fully developed prior to pitching, even within the Canadian market.

- **How can the CMF better support early-stage development?**
- **Should the CMF shift more of its resources to development funding?**
- **Should the CMF shift more of its resources to slate-based models?**
- **What other ways can the CMF support IP development and capacity building for Canadian IP?**
- **Development is a very risky stage of content support, how can the CMF measure success of these initiatives? Should a review of all development programs be considered to meet the needs of the industry to result in greater impact?**

8. International Approach

The CMF promotes excellent Canadian content and creators in Canada and around the world. Through support for events and initiatives and a number of strategic partnerships and Programs, the CMF support taking Canadian stories and IP to global markets and foster international opportunities. Many of these initiatives have been established with countries with existing treaties and agreements with Canada and with established local audiovisual industries and funds.

As content production is increasingly globalized and opportunities to reach new markets increases, the CMF is considering how to enable access to global markets, attract new sources of investment to Canadian audiovisual projects, and be more inclusive in the opportunities that the CMF cultivates.

- **What are key markets that the CMF should be targeting in the next few years?**
- **How should the CMF incentivize international sales and opportunities? (for example: Incentives? Matching funds? By target markets?)**
- **How can the CMF help to attract investment in Canadian projects?**

- **Are there more inclusive ways that the CMF can support access to global markets?**
- **At what stage does the industry need most support to access international opportunities? How do these opportunities differ?**
- **How can international opportunities serve to demonstrate market interest?**
- **How can the CMF balance international opportunities with serving Canadians and the Canadian industry?**

9. Transitional Elements towards a New Program Model

In the Spark Courage Report, linked above, CMF has heard and signaled a future shift to a more platform-agnostic and content-centric model. This reflects the work of the industry when developing IP for multiple platforms, and for audiences who are increasingly consuming content in different ways on different platforms.

- **As the CMF transitions to a new platform-agnostic and content-centric approach, what needs to be considered?**
- **What is a realistic timeline for a shift in Programs and model so that the industry can adapt and embrace new opportunities?**
- **Are there specific issues to consider for currently-supported genres and formats?**

10. Definition of Canadian Content

Starting in September 2022⁹, the CMF opened a discourse for the industry on what should be considered in the future definition of Canadian Content. In addition to panels and opinion pieces, the CMF would like to hear from the industry regarding themes, questions and other issues that should be considered.

This feedback will help to inform an industry survey planned in early 2023.

- **What different elements should form part of a new definition:**
 - **Key personnel involved in the project and how that key personnel is calculated?**
 - **Ownership and control of IP?**
 - **Should content made available to Canadians only by a Canadian-owned broadcaster/platform/service be considered Canadian?**
 - **Or should 'broadcasts' to Canadian audiences by foreign-owned broadcasters/platforms/services also be considered Canadian?**
- **What can we learn from international local content definition models?¹⁰**

⁹ <https://cmf-fmc.ca/news/the-cmf-sparks-an-industry-wide-conversation-about-canadian-content/>

¹⁰For reference, an International Comparative Study can be found [here](#) and background on the definition of Canadian Content can be found [here \(part 1\)](#) and [here \(part 2\)](#).

- **How could a new definition contribute to a more inclusive industry and a greater diversity of content?**
- **How would the definition apply to digital-first creators or production?**
- **How would the definition impact online services?**
- **How would the definition impact foreign location service production?**
- **How would the definition impact international coproductions?**

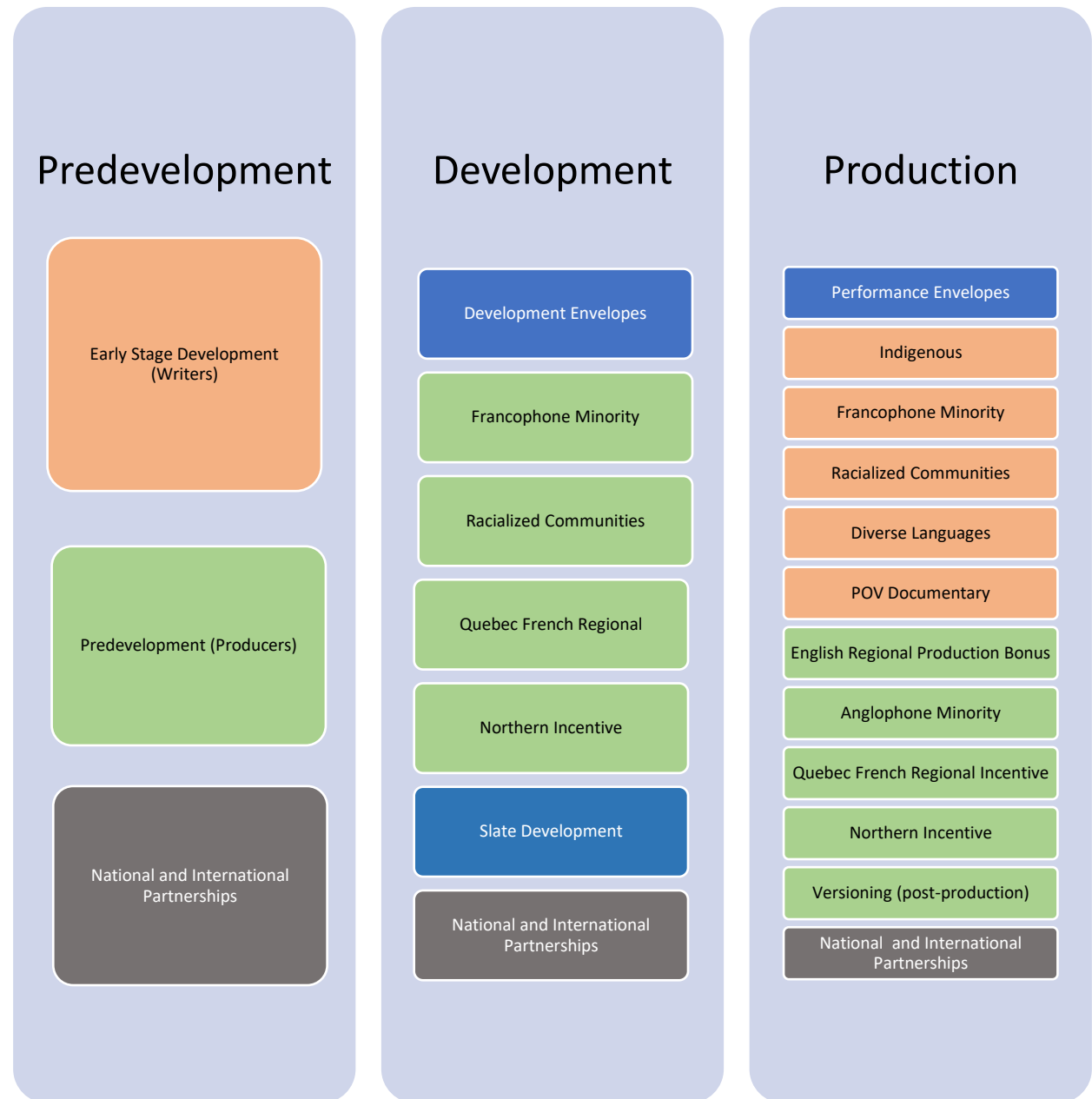
APPENDIX A

Legend:

Selective

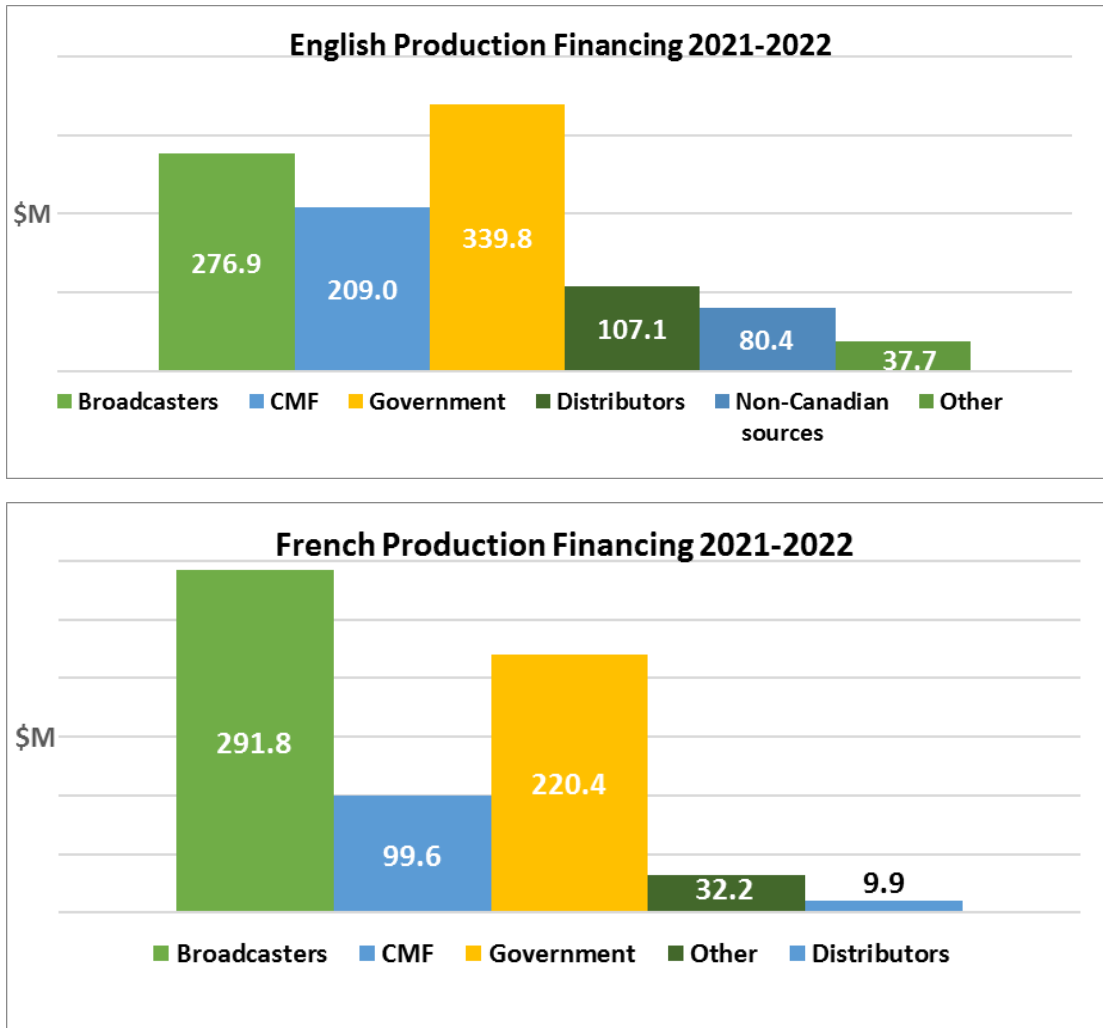
First-come, First-served

Envelope (automatic funding if eligible)



APPENDIX B

Figure 1 - Financing of Television Productions over all Convergent Stream Programs



APPENDIX C

RESULTS FROM COVID-19 FLEX MEASURES

1. PERFORMANCE AND DEVELOPMENT ENVELOPE PROGRAMS

a. Reduction of the 1st deadline Envelope allocation commitment

i. The requirement for Broadcasters with a Performance Envelope (PE) allocation greater than \$2.5M to commit 75% of their PE allocation by October 13th is reduced to a requirement to commit 50% by that deadline.

Result for 2022-2023 to date: 14 broadcasters are required to spend 50% of the PE allocation by October 13th. 8 out of the 14 broadcasters have already spent over 75%.

ii. The requirement for English Broadcasters with a Development Envelope (DE) allocation greater than \$1M and French Broadcasters with a Development Envelope allocation greater than \$500K to commit at least 75% of that DE Allocation by October 27th, is reduced to a requirement to commit 50% by that deadline.

Result for 2022-2023 to date: 5 broadcasters are required to spend 50% of the DE allocation by October 27th. None of the 5 broadcasters have already spent over 75%.

b. Move Funds Between Performance and Development Envelope Allocations

i. Broadcasters with allocations in both the Performance and Development Envelopes are permitted to move funding from one allocation to another.

Result for 2021-2022: \$551,000 was transferred from DE to PE in 2021-2022.

2. PERFORMANCE ENVELOPE PROGRAM

a. Variety – Licence Fee Threshold – French Market

i. The CMF's Licence Fee Thresholds for Variety projects in the French Market are changed as follows:

- The 50% Licence Fee Threshold for projects with a budget less than \$750K/hr is changed to a 35% Licence Fee Threshold for projects with a budget less than \$250K/hr; and
- The 25% Licence Fee Threshold for projects with a budget of \$750K or more/hr is changed to a 25% Licence Fee Threshold for projects with a budget of \$250K or more/hr.

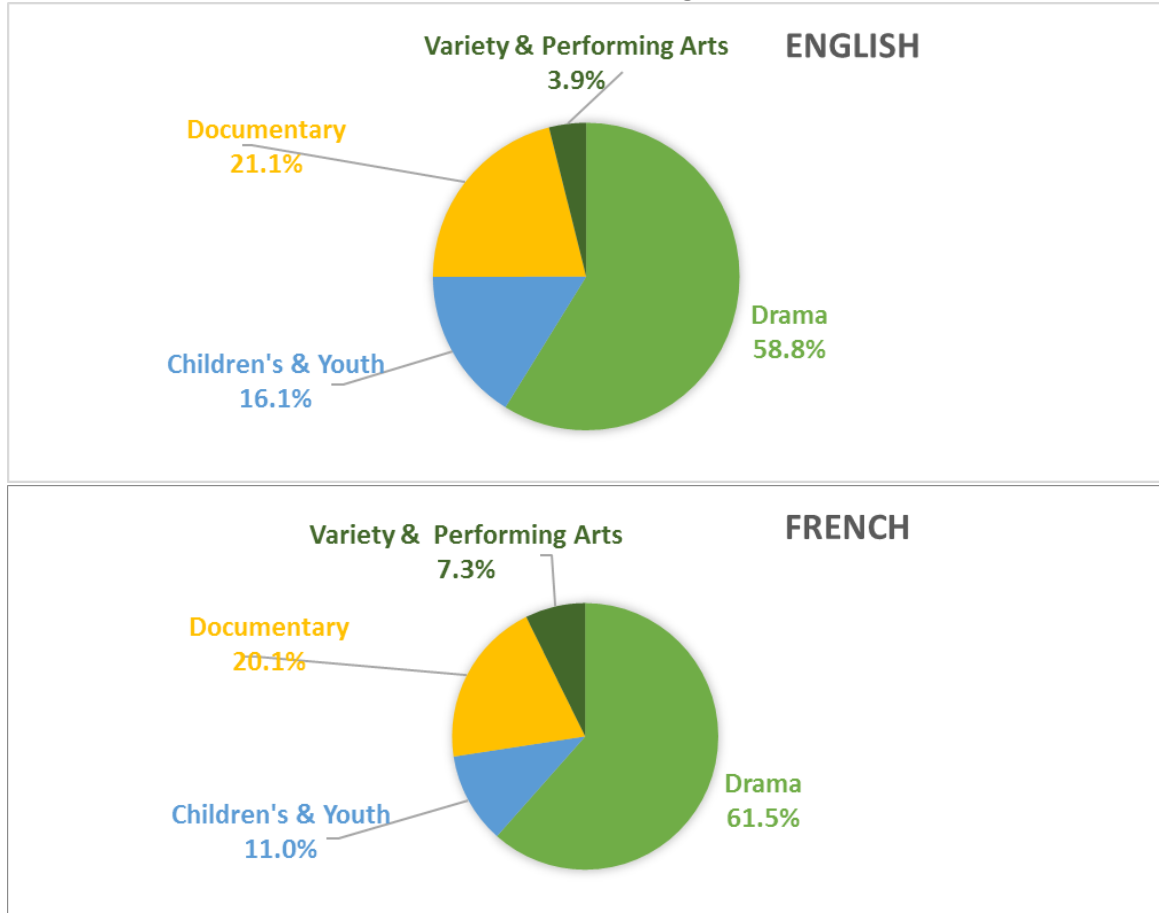
Result for 2021-2022:

	# at threshold	Maximum Licence Fee % of financing	Average Licence Fee % of financing	# above 50%	Total #	% above 50%
< \$250 / hour	1	73%	52%	16	28	57%
	# at threshold	Maximum Licence Fee % of financing	Average Licence Fee % of financing	# above 25%	Total #	% above 25%
> = \$250 / hour	0	98%	58%	18	18	100%

b. 100% Flex

i. The 100% flex allowance which allows Canadian Broadcasters to licence projects in any of the CMF’s 4 genres – currently only applicable to “Small Broadcasters” in the CMF’s Performance Envelope Manual – is extended to all Broadcasters with Performance Envelope Allocations.

Result for 2021-2022: Genre shares of PE funding



c. Increase Maximum Contribution

i. The CMF’s Maximum Contribution is increased from 49% (20% licence fee top-up and 29% equity) to 60% (20% licence fee top-up and 40% equity).

Result for 2021-2022:

Total # of applications	# with contribution > 49%	% with contribution > 49%
474	27	6%

3. DEVELOPMENT PROGRAMS

a. Development Envelope Program

i. Revised Minimum Development Fee

- The following Development Fees are revised:
 - o For English Projects:
 - The minimum Development Fee is reduced from 50% to 25% of the Project's Eligible Costs;
 - The minimum Development Fee is reduced from 25% to 20% of a Regional Project's Eligible Costs.
 - o For French Projects:
 - The minimum Development Fee is reduced from 25% to 15% of a Drama or Pilot Projects' Eligible Costs.

ii. Revised Maximum Contribution Amounts

- The Maximum Contribution amount by the CMF – for English and French Projects for all genres – is the lesser of \$200,000 or:
 - o 75% (increased from 50%) of a Project's Eligible Costs in development; or
 - o 80% (increased from 75%) of a regional Project's Eligible Costs in development.

Results from 2021-2022:

Average % of financing	CMF Advance	Broadcaster Development Fee	Producers
English Non-Regional	60%	39%	1%
English Regional	66%	30%	4%
French Drama	42%	41%	17%
French Other genres	39%	44%	14%

b. Francophone Minority Program

i. Revised Minimum Development Fee

- The minimum Development Fee is reduced from 25% to 15% of a Drama Project's Eligible Costs.

Results from 2021-2022:

Average % of financing	CMF Advance	Broadcaster Development Fee	Producers
French Drama	60%	27%	12%
French Other genres	74%	24%	2%

c. Indigenous Program

i. Revised Maximum Contribution Amount

- The Maximum Contribution Amount by the CMF for all genres is the lesser of \$200,000 or 80% of a Project’s Eligible Costs.

Results from 2021-2022:

Average % of financing	CMF Advance	Broadcaster Development Fee	Producers
	70%	10%	19%

d. Pilot Program for Racialized Communities

i. Revised Maximum Contribution Amount

- The Maximum Contribution Amount by the CMF for all genres is the lesser of \$200,000 or 80% of a Project’s Eligible Costs.

Results from 2021-2022:

Average % of financing	CMF Advance	Broadcaster Development Fee	Producers
	59%	27%	12%