

**CANADA MEDIA FUND**

**Working Group**

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**Item: Performance Envelopes**

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**Introduction:**

The Performance Envelope (PE) Program is a major funding mechanism at the CMF. As it does every year; the CMF is reviewing the PE system to gauge if any adjustments are required to ensure its alignment with CMF's mandate. (The CMF policy direction and guiding principles are included in Appendix A.)

**I. Review of the Performance Envelope System**

At the PE Working Group session in August 25, 2011, the CMF shared its list of "intentions", outlined in its potential courses of action for 2012-2013. The four items on that list have been implemented, in addition to a few others, to address some of the issues raised by industry stakeholders and in alignment with CMF's strategic objectives.

Changes made to the PE system in 2012-2013 included:

- Audience Success
  - Elimination of CTF-ables resulting in only CMF-funded projects being eligible for total hours tuned (THT) credit.
  - The original first run factor being applied to all four CMF-supported genres
- The Digital Media investment factor has been increased by 5% to 10%, with a matching reduction in the Above threshold factor; this has resulted in the elimination of the Above threshold factor in English PE calculations.
- Independent broadcasters or corporate groups with less than \$2 million in combined allocations in English and French were granted 100% flexibility in genre spending, removal of their 2ER documentary cap, as well as removal of the in-house and affiliated programming spending cap.
- Independent broadcasters or corporate groups whose combined PE allocation from both languages was below \$50,000 have had their allocation topped up to \$50,000 to enable them to meaningfully contribute to projects.
- Each new entrant, defined as a single broadcaster or a corporate group consisting of several broadcasters, that has not earned an envelope allocation in the fiscal year, in English or French language, received a minimum envelope of \$50,000 to allow them to meaningfully contribute to projects.

- The minimum rich & substantial digital content commitment obligation rose from 50% to 60% of a broadcaster's PE.
- Broadcasters will no longer receive credit towards their minimum rich & substantial digital content commitment obligation for pre-existing content that has not been sufficiently modified.
- Beginning with 2013-2014 envelope calculations, licenses and funding toward Convergent Digital Media Incentive (CDMI) projects will count in the Digital Media Investment performance factor.

Items being discussed for the 2013-2014 PE include:

1. Increased emphasis on audience success through elimination of Above-threshold licence factor in French-language.
2. Reduced emphasis on historic performance in both languages.
3. Consider making acquisitions ineligible for audience success – total hours tuned calculations.
4. Separating one-off English documentaries from series for PE calculation purposes.
5. Integration of DM performance measurement into audience success PE factor.

The CMF committed to monitoring several changes that were made in the first year of the CMF Program: in-house/broadcaster-affiliated production cap at 15% and flex at 50%. The results of that monitoring are included in Appendix B.

The table below illustrates the PE factors and weights used in the 2012-2013 PE allocation; for PE factors and weights prior to 2012-2013, please refer to Appendix C.

**2012-2013 PE factors**

All Genres	English Envelopes (% weight)	French Envelopes (% weight)
Audience Success – Total Hours Tuned	40	35
Audience Success – Original First Run	15	15
Historic Performance	15	25
Regional Production Licences	20	10
Above-threshold Licences	0	5
Digital Media Investment	10	10
Total PE	100	100

Observations drawn from the numerous modeling exercises in this document should be used with caution.<sup>1</sup>

<sup>1</sup> All PE factors are part of a dynamic system and as such, changes made to any given factor are bound to have an effect on other performance factors, and how broadcasters choose to access them through their licensing and programming decisions.

Moreover, each factor is accessed at different levels by different types of broadcasters: for example, some factors may currently be more favourable to major broadcaster groups, while others may benefit independent broadcasters or ednets to a greater extent, etc. As changes are proposed, CMF considers that it is important to ensure that not all changes disproportionately benefit, or adversely impact, any given category of broadcaster, as this would not appear to be in the best interest of the overall viability of the sector.

As 2012-2013 is currently underway, the CMF has exercised prudence in citing prior year stats for simulation and modeling purposes. Whenever possible, the CMF attempts to model the impact of any proposed changes. However, a

## 1. Eliminating above-threshold licences from French-language PE calculations

Above-threshold Licencing (AT) essentially rewards broadcasters who are willing to take an “additional risk” on a project by providing additional licence fees above threshold. However, AT licencing is not inherently a measure of “success”. Other than potentially “fostering less reliance on subsidies”, this factor does not appear to specifically meet any of the CMF’s objectives or guiding principles. The AT factor has been eliminated from the 2012-2013 English-language PE allocation with its weight being shifted to the Digital Media Investment factor, thereby meeting the policy directive of furthering the production of convergent media projects.

The DM investment factor in the 2012-2013 French-language PE allocation rose from 5% to 10%, with a corresponding reduction in the AT factor. The CMF proposes to eliminate the AT factor in French-language PE allocations in 2013-2014 with its 5% weight being shifted to the Audience Success-Total Hours Tuned (AS-THT) factor, thereby harmonizing with the English-language PE weight in this factor, to address the policy directive of “rewarding success”.

Simulation of the impact of AT removal in the 2012-2013 French-language PE allocation suggests that of the 10 broadcaster groups, the highest favourable impact would be just over \$800K or 5%, followed by two other groups at roughly \$100K or 6% each whereas the most negative impact would be \$900K or -3%, followed by 1 group at close to \$100K or -7% (Appendix D).

CMF proposes to eliminate the AT factor and shift the 5% weight to add to the AS-THT factor in French-language PE allocation for 2013-2014.

## 2. Impact of Historic Performance in PE calculations

Historic Performance (HP) is a reflection of Fund usage triggered by threshold contributing licence fees to projects, rather than envelope allocation, capturing each broadcaster’s envelope performance in the previous 3 years (calculated through credits earned in all factors). When first created, HP was intended to act primarily as a stabilizer to prevent wild fluctuations in allocations, by having a measure that was based on 3 consecutive years of credit, rather than the potential volatility of year-to-year swings that can occur in the other factors. In this regard, HP could be deemed to meet the policy direction of not unduly disrupting the system, while its reduction to a smaller factor weight would address the policy direction for “smart change management” and “ongoing re-calibration”.

To reflect the CMF’s mandate and policy directive, two new PE factors were introduced into the 2011-2012 PE allocation, namely, Audience Success-Original First Run (AS-OFR) and Digital Media Investment (DM) factors.<sup>2</sup> The need for an increased emphasis on audience success and digital media, which rank highest on CMF’s strategic objectives, became the catalyst which led to the reduction in the HP factor weight, instituted in the 2011-2012 PE allocation. The HP factor in English PE was decreased from 30% to 15% while in French PE, the HP factor weight was reduced from 45% to 25%.

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change to any one part of the PE calculation system will impact calculations of any subsequent year’s envelopes and therefore it is often impossible to gauge implications beyond one year. Models often use data from the latest round of calculations whereby the introduction of a new factor or the shifting of weight between two factors involved more than one variable, hence interpretation of the results observed may not be translatable into the upcoming year. Furthermore, variations between the actual and the model do not necessarily represent variations/swings that might be seen year over year; they may be one-off variations and simply lead to a new balance of funds between broadcasters.

<sup>2</sup> The AS-OFR factor addresses the policy directive to place an emphasis on the support of original, first-run television programming in prime time. The DM Investment factor is intended to provide an incentive for broadcasters to support “rich and substantial” (as defined in the Guidelines) digital media components to augment their television properties, thereby meeting the policy directive of furthering the production of convergent media projects. This factor has been created as an interim measure to be replaced by one or a set of DM performance metrics for measurement of DM audience success.

There is no evidence to indicate that the weight reduction in the HP factor in the 2011-2012 and 2012-2013 PE allocations has resulted in undue disruption or volatility in the system. With this observation, and in compliance with the principles of “smart change management” and “ongoing re-calibration”, the CMF is examining the level at which HP continues to be effective as a stabilizer.

As almost all broadcasters participate in the HP factor credit, with the exception of new entrants that earned their PE allocation through AS-THT, regional or the DM Investment factor, the CMF tested the impact of HP reduction in French-language from 25% to 15% to mirror the factor’s weight in English-language as well as a simulation of 2012-2013 PE allocation results minus HP with the corresponding weight shifted to AS-THT.

Should the 15% HP factor weight be shifted to AS-THT, in English-language, the most favourable impact is \$1.9M or 7%, followed by \$1.1M or 4%, then \$0.5M or 10%, and \$0.4M or 2%; the highest negative impact would be over \$2M or -3%, followed by \$1M or -16%, then \$0.6M or -7%, and \$0.2M or -21%.

Should HP factor weight be reduced to 15% from the 25% weight in 2012-2013 PE in French-language, the most favourable impact is \$1.9M or 11% for one corporate group, followed by \$0.2M or 9% to another corporate group; More broadcaster groups will be negatively impacted, the highest negative impact being one group at \$1.3M or -3%, a second group impacted by \$0.4M or -9%, the third group at \$0.2M or -3%, a fourth by \$0.2M or -22% and a fifth group at \$0.1M or -10%. Should the 25% HP factor weight used in the 2012-2013 PE allocation be shifted to AS-THT, the most favourable impact is \$2.7M or 16% to one corporate group followed by \$0.2M or 1% to the second corporate group; the most significant negative impact is \$0.9M or -2%, followed by \$0.8M or -19% then \$0.6M or 7%, \$0.4M or -46% and \$0.3M or -17% (Appendix E).

CMF seeks stakeholder input on the HP factor.

### **3. Acquisitions included in the audience success – total hours tuned calculations**

The issue of whether acquisitions should continue to be counted in the Audience Success-Total Hours Tuned (AS-THT) factor has been raised. A review of the AS-THT and AS-OFR definition follows:

Audience Success (THT): Rewarding the success of funded programming was a key objective from the beginning. While various permutations involving “hits” and bonuses were considered, in the end it was determined that credit should be based on the total hours tuned (THT) to funded programming. THT is an attempt to balance the differences in reach and business model between the various types of broadcasters. That is, offset the wider reach of a conventional broadcaster with that of a specialty broadcaster with less reach and a more frequent repeat cycle.

Audience Success (OFR): this factor was instituted within audience success calculations to address the policy directive to place an emphasis on the support of original, first-run television programming in prime time.

“Original first-run” is defined as follows:

- a. For conventional stations: the first airing of a project (or series of episodes that make up that project) by an eligible broadcaster.
- b. For independent stations, specialty and pay stations: three airings of a project (or a series of episodes that make up that project) by an eligible broadcaster, within a period of 7 days

beginning from the first date of the first original telecast; only one airing can be outside of prime time.

A broadcaster must participate in the original financing structure in order to earn credit for a given project in OFR. This, in essence, allows participation in this factor by second and third window broadcasters who license the project, but excludes acquisitions. Credit is based on the THT numbers to OFR airings.

As content creation counts among one of the top priorities within CMF's list of key strategic objectives, a number of changes were made to the AS factor calculation beginning with the 2011-2012 PE allocation.<sup>3</sup>

AS-THT includes programs triggered by one or more broadcasters that have participated in the initial financing structure as well as acquisitions. The AS-OFR factor rewards exclusively programs aired on broadcasters that had contributed to the project's initial financing. The OFR viewing audience earns PE credit in two factors, first, in the broadly participated AS-THT pool (English at 40% and French at 35% weight), followed by participation in the exclusive OFR credit pool (15% weight in both linguistic markets) to earn PE allocation from the two AS factors.

Total Hours Tuned (THT) generated through acquisitions accounted for a fraction of the AS-THT pool in the 2012-2013 PE allocation (Appendix F.1)

2012-2013 English-language PE Allocation	Acquisitions as a % of AS-THT
Drama	11.5
Documentary	16.8
C & Y	4.6
VAPA	7.9
Total	10.1

2012-2013 French-language PE Allocation	Acquisitions as a % of AS-THT
Drama	10.7
Documentary (one-off)	16.6
Documentary (series)	6.8
C & Y	10.4
VAPA	10.0
Total	10.1

Of the 53 English-language broadcasters participating in AS-THT, only 15 broadcasters or 28% had not included acquisitions in their submissions, Of the 23 French-language broadcasters participating in AS-THT, 7 broadcasters or 30% had not included acquisitions in their submissions. Small broadcaster groups<sup>4</sup> captured a marginal share of AS-THT. In English-language, the small broadcaster groups accounted for 1.4% of AS-THT while the share is 4.7 in French-language. Acquisitions<sup>5</sup> comprised one-tenth of the AS-THT in English and French-language PEs, although the small broadcaster groups accounted for 2.7 share of acquisitions in English-language, while in French-language, small broadcaster groups accounted for 5.4 share of acquisitions. Twenty

<sup>3</sup> For the 2011-2012 PE allocation AS factor, the period of eligibility for CMF-financed programs was narrowed to the last 5 years from 7 years, CTF-able projects was into its final year, while the period of eligibility was narrowed to 3 years from 5 years, also from a maximum of 10 titles previously to 3 titles only in CTF-ables' final year of inclusion; the OFR factor was introduced and was applicable to the drama and VAPA genres only.

<sup>4</sup> Refers to corporate groups whose combined 2012-2013 PE allocation from both English and French languages were <\$2M.

<sup>5</sup> Despite being part of the same corporate group, the AS-THT generated from CMF-funded programs which aired on broadcasters that had not participated in the original financing structure, are being considered as acquisitions in this analysis.

percent of English-language small broadcaster groups' AS-THT were generated through acquisitions while in French-language, acquisitions accounted for 12% of their AS-THT.

2012-2013 PE	% of AS-THT	% of Acquisition	Acquisitions as a % of AS-THT
Small broadcasters – English-language	1.4	2.7	20.0
Small broadcasters – French-language	4.7	5.4	11.7

Acquisitions provide the opportunity for small broadcaster groups and new entrants to participate in the PE allocation process through the AS-THT factor, while the five-year window encourages investment in fresh content and AS-OFR participation.

Simulation of 2012-2013 AS-THT calculation excluding acquisitions suggests a high degree of volatility between two English corporate groups, the positive impact being an increase of \$1.8M or 3% while the other English corporate group sustains a negative impact of -\$2.2M or -7% from its 2012-2013 PE allocation. Beyond this level, the positive and negative impacts among other English corporate groups are more muted, between \$0.5M or 2% and \$0.1M or 5%.

Among French corporate groups, one group shows a positive impact of \$0.7M or 2%, followed by another group with \$0.6M or 4% favourable impact, a third group shows \$0.2M or 3% favourable impact while a fourth group shows \$0.1M or 6% favourable impact. The highest negative impact is a \$1.5M decrease or -9% negative impact to one corporate group, followed by a second group at -\$0.2M or -9%. (Appendix F.2)

CMF proposes to maintain the current methodology for the calculation of the AS-THT factor, which includes acquisitions.

#### **4. Separating one-off English documentaries from series for PE calculation purposes**

Presently, all English-language documentaries compete against each other for credit within the documentary PE calculations. In addition, there is an English-language POV stream outside of the PE system for documentaries of that style. In French envelope calculations, however, one-off documentaries and series are separated so that “like competes with like”. This could be relevant in the Audience Success factor where the viewing hours to a one-off project has to compete with the viewing hours to a series with multiple episodes and more hours of scheduling, thereby impacting total hours tuned credit. In the end, the earned funds are combined and the broadcaster is awarded one allocation for documentaries. Despite the calculation methodology, which separates series from one-offs, the broadcaster is under no obligation to spend its documentary PE to the same ratio from which its documentary allocation has been earned. The CMF is examining whether English documentaries ought to be similarly divided for calculation purposes.

Using the 5-year average (2006-2007 through 2010-2011) of CMF commitments to English documentaries one-off vs. series, a 44:56 ratio has been established as a guide to split the 2012-2013 PE English documentary budget for the simulation exercise. Results indicate the following impact to the total PE allocation by individual corporate group:

Of the 17 English corporate groups, the most significant positive impact would be \$1.4 M or 2%, followed by \$200K or 13%, with two other corporate groups gaining around \$100K each or +15% and +12%, respectively. The most significant negative impact would be just under \$1.2 million or 4%, followed by 4 other groups with negative impacts that ranged from just over \$300K to \$100K or around 3%, the 4<sup>th</sup> group being negatively impacted by 13%. (Appendix G)

CMF seeks stakeholder input on whether it should:

- Split English-language documentary calculation into one-offs vs. series using the 44:56 ratio of budget allocation
- Monitor the one-offs vs. series for the remainder of 2012-2013 and re-visit for the 2014-2015 PE allocation

#### **5. Integration of DM performance measure and VOD into audience success PE factor**

Since the launch of CMF in 2010-2011 and our convergence mandate, the CMF has targeted the integration of digital media performance measurement as well as VOD audience into the audience success factor within the PE allocation process as a key priority. Unlike television performance measurement whereby the industry relies on a single currency delivered by BBM Canada, the digital media universe is broad and expansive with a plethora of performance metrics and measurement providers across multiple platforms and devices.

The CMF has launched the Digital Media Performance Measurement Framework in May 2012 and has selected a measurement partner and its DM measurement interface to implement a tagging procedure with the objective of capturing DM performance measurement. This implementation will be rolled out beginning fall 2012. The CMF will examine the data captured throughout 2013-2014, with a goal of establishing the key metrics for the calculation of DM audience success beginning with the 2014-2015 PE allocation.

Over the past 2 years, the CMF has explored opportunities to examine VOD statistics through Rentrak (Appendix H). Unfortunately, Rentrak has been unable to procure permissions from their contracted partners to make the viewing data available to the CMF. In July 2012, BBM Canada issued a media release, articulating a roadmap towards the capture and reporting of viewing on linear and non-linear platforms. BBM is targeting to begin reporting on this viewing behaviour beginning fall 2014. The CMF will continue to monitor these ongoing developments and work toward integrating these audiences into PE calculations as soon as possible.

# APPENDIX A

## CMF Policy Direction and Guiding Principles

The reform that resulted in the creation of the CMF was based on four key principles:

- get governance and accountability right;
- reward success and require innovation;
- focus the investment on what Canadians want; and
- level the playing field.

Further refinement of the policy direction included the following:

- the convergent stream will require projects to be made available across a minimum of two platforms including television;
- within the broadcaster performance envelope system used for the convergent stream, all broadcasters including CBC/Radio-Canada will compete on the same basis;
- emphasis will be placed on the support of original, first-run television programming in prime time and prime time for each genre will be defined;
- support production from all regions across Canada;
- a commitment to marketing and promotion will be required;
- programming that is produced in high definition will be favoured;
- the eligibility for funding for broadcaster-affiliated projects will be expanded, and broadcaster in-house projects will be allowed (this change will be phased in gradually and over time);
- support will be provided for programming in third languages where demand and funding support are present.

Guiding principles comprised in the Contribution Agreement between the CMF and the Department of Canadian Heritage (the Department) was:

- sustainability – not create new dependencies and foster, to the extent possible, lessened reliance on subsidies over time,
- CMF as a catalyst – rely on market forces to the extent possible,
- innovation – adopt new approaches and only carry forward practices of the CTF when required to meet the objectives of the CMF,
- Ongoing recalibration – evaluate impacts and implement consequential changes to ensure a dynamic marketplace framework, without creating undue disruption to the production system as a whole,
- adaptable – adjust to changing market conditions over time,
- CMF is one piece of the puzzle – system-wide issues are dealt with by the regulatory system and CMF cannot fix everything, and
- Smart change management – not overly cautious and not protecting the status quo.



## APPENDIX B

### In-house and Broadcaster Affiliated Production

Included in DCH's policy direction is the expansion of the eligibility for funding of broadcaster affiliated projects as well as the allowance of in-house projects, beginning in 2010-2011, to be phased in gradually and over time.

Results for the two years since the implementation of this policy have shown that in-house and broadcaster-affiliated production activities continue to remain modest, suggesting that the current 15% IH/BA cap should be maintained for 2013-2014 PE.

In-house and broadcaster-affiliates production funding – PE-funded projects by language of broadcaster

	2010-2011	2011-2012
English-language		
% of In-house	0.7	0.6
% of broadcaster-affiliated	1.7	2.4
Total	2.4	3.0
Total \$M	4.2	6.2
French-language		
% of In-house	0.9	2.3
% of broadcaster-affiliated	1.7	1.9
Total	2.6	4.2
Total \$M	2.3	4.2

### Broadcasters' Use of Flex by Language Market

Beginning with the 2010-2011 PE calculations, broadcasters had 50% flex, an increase for most broadcasters from the previous level of 15%. The results for the two fiscal years since the increase in flex is summarized in the following two tables.

### **2011-2012 Performance Envelope Allocation**

<b>2011-2012</b>	<i>Budget by Genre \$M</i>	<i>Genre % Share Allocation</i>	<i>Commitments by Genre \$M</i>	<i>Genre % Share Commitment</i>	<i>Share Point variance vs. Target Share</i>
Drama	115.5	61.1	109.3	57.9	-3.2
Documentary	31.2	16.5	30.2	16.0	-0.5
Children's & Youth	38.5	20.4	37.7	20.0	-0.4
VAPA	3.8	2.0	11.5	6.1	4.1
<b>Total English PEs</b>	<b>189.0</b>	<b>100.0</b>	<b>188.7</b>	<b>100.0</b>	
Drama	49.5	55.0	44.1	49.0	-6.0

Documentary	19.8	22.0	18.5	20.6	-1.4
Children's & Youth	15.3	17.0	17.6	19.6	2.6
VAPA	5.4	6.0	9.7	10.8	4.8
<b>Total French PEs</b>	<b>90.0</b>	<b>100.0</b>	<b>89.9</b>	<b>100.0</b>	

#### 2010-2011 Performance Envelope Allocation

<b>2010-2011</b>	<i>Budget by Genre \$M</i>	<i>Genre % Share Allocation</i>	<i>Commitments by Genre \$M</i>	<i>Genre % Share Commitment</i>	<i>Share Point variance vs. Target Share</i>
Drama	114.5	61.1	113.1	62.3	1.2
Documentary	30.9	16.5	28.4	15.6	-0.9
Children's & Youth	38.2	20.4	36.5	20.1	-0.3
VAPA	3.7	2.0	3.6	2.0	0.0
<b>Total English PEs</b>	<b>187.3</b>	<b>100.0</b>	<b>181.6</b>	<b>100.0</b>	
Drama	49.4	55.0	46.8	52.1	-2.9
Documentary	19.7	22.0	18.2	20.3	-1.7
Children's & Youth	15.3	17.0	16.5	18.4	1.4
VAPA	5.4	6.0	8.3	9.2	3.2
<b>Total French PEs</b>	<b>89.8</b>	<b>100.0</b>	<b>89.8</b>	<b>100.0</b>	

Genre allocation in the two linguistic markets has remained stable until the launch of the CMF in 2010-2011. Prior to 2010-2011, genre allocation in the French market has remained the same since the implementation of the PE (BPE) system in 2004-2005. In the English market, genre allocation has not changed since drama was added to the PE (BPE) system beginning 2006-2007. Increasing flex from 15% for the majority of broadcasters to 50% beginning in 2010-2011 has not impacted PE genre % share commitment to any discernible degree until 2011-2012 funding results became available. In 2011-2012, the CMF broadened the VAPA genre definition in alignment with its policy directive. This has likely impacted the 2011-2012 results which showed VAPA climbing to a 6 share in CMF English-language commitments, from a previous 5-year average of a 2 share, while rising to a 10.8 share in French-language, up from an average 8 share in the previous 5 years. Results observed from the two years since flex was increased from 15% to 50% suggest that the actual genre % share was fairly close to CMF's genre targets, that there were no adverse impacts on the documentary or Children's & Youth genres, as was previously anticipated. The CMF will continue to monitor the impact of flex at 50% in 2012-2013.

# APPENDIX C

## CMF Performance Envelope factors

The following charts illustrate the different factors and their respective weights used since the launch of the CMF in 2010-2011.

English PE	Audience Success (THT) %	Audience Success (OFR) %	Historic Performance %	Regional Production Licences %	Above Threshold Licences %	DM Investment %	Total %
All Genres							
2010-2011	40	-	30	20	10	-	100
2011-2012 VDr	40	15	15	20	5	5	100
2011-2012 CDo	55	-	15	20	5	5	100
2012-2013	40	15	15	20	-	10	100

Legend: VDr = VAPA and Drama; CDo = C&Y and Documentary

French PE	Audience Success (THT) %	Audience Success (OFR) %	Historic Performance %	Regional Production Licences %	Above Threshold Licences %	DM Investment %	Total %
All Genres							
2010-2011	30	-	45	10	15	-	100
2011-2012 VDr	35	15	25	10	10	5	100
2011-2012 CDo	50	-	25	10	10	5	100
2012-2013	35	15	25	10	5	10	100

Legend: VDr = VAPA and Drama; CDo = C&Y and Documentary

## APPENDIX D

### Elimination of AT factor in French-language PE and weight shifted to AS-THT

Corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated:

French-language corporate Group	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance
A	0.8	5
B	0.1	6
C	0.1	6
D	(0.9)	(3)
E	(0.1)	(7)

Corporate groups by size of 2012-2013 PE allocation - variance and % change against their 2012-2013 PE allocation

French-language corporate Group 2012-2013 PE	# of Groups	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance Increase/(Decrease)
>\$10M	4	0	0
>\$2M to <\$10M	2	(0.1)	(1)
<\$2M	4	0.1	1

## APPENDIX E

### French-language HP weight decrease from 25% to 15% and shifted to AS-THT

French-language corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated:

French-language Corporate Group	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance
A	1.9	11
B	0.2	9
C	0.1	1
D	(1.3)	(3)
E	(0.4)	(9)
F	(0.2)	(3)
G	(0.2)	(22)
H	(0.1)	(10)

Corporate groups by size of 2012-2013 PE allocation - variance and % change against their 2012-2013 PE allocation

French-language Corporate Group 2012-2013 PE	# of Groups	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance - Increase/(Decrease)
>\$10M	4	0.8	1
>\$2M to <\$10M	2	(0.6)	(5)
<\$2M	4	(0.2)	(3)

HP weight shift in both language markets to AS-THT

English-language corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated:

English-language Corporate Group	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance
A	1.9	7
B	1.1	4
C	0.5	10
D	0.4	2
E	(2.1)	(3)
F	(1.0)	(16)
G	(0.6)	(7)
H	(0.2)	(21)
I	(0.1)	(10)

Corporate groups by size of 2012-2013 PE allocation - variance and % change against their 2012-2013 PE allocation

English-language Corporate Group 2012-2013 PE	# of Groups	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance Increase/(Decrease)
>\$10M	4	1.4	1
>\$2M to <\$10M	5	(1.0)	(4)
<\$2M	8	(0.4)	(5)

French-language corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated:

<b>French-language Corporate Group</b>	<b>Impact \$M Increase/(Decrease)</b>	<b>% Change in Total PE \$ Variance</b>
A	2.7	16
B	0.2	1
C	0.1	8
D	(0.9)	(2)
E	(0.8)	(19)
F	(0.6)	(7)
G	(0.4)	(46)
H	(0.3)	(17)

Corporate groups by size of 2012-2013 PE allocation - variance and % change against their 2012-2013 PE allocation

<b>French-language Corporate Group 2012-2013 PE</b>	<b># of Groups</b>	<b>Impact \$M Increase/(Decrease)</b>	<b>% Change in Total PE \$ Variance Increase/(Decrease)</b>
>\$10M	4	2.0	3
>\$2M to <\$10M	2	(1.4)	(11)
<\$2M	4	(0.6)	(11)

# APPENDIX F.1

## Making acquisitions ineligible for AS-THT PE calculations

English corporate groups by size of 2012-2013 PE Allocation – Acquisition as a % of aggregate AS-THT also acquisition as a % share of the group's AS-THT

English corporate group 2012-2013 PE	% of Aggregate AS-THT	Acquisition - % Share of AS-THT
>\$10M	64.4	9.4
>\$2M-<\$10M	34.2	11.0
<\$2M	1.4	20.0

## Modeling of 2012-2013 PE - Acquisitions as a % of AS-THT

English Broadcasters	Children's & Youth	Documentary Total	Drama	VAPA	TOTAL
	%	%	%	%	%
Animal Planet		15.4			15.4
APTN – English	52.6	18.4	31.1	83.7	35.2
Biography		0.0			0.0
BiteTV			0.0		0.0
Bold		100.0	100.0		100.0
Book Television		12.0		100.0	35.6
Bravo!		18.4	100.0	9.6	58.1
CBC	9.1	2.4	0.0	1.1	1.9
CBC News Network		98.8			98.8
CityTV (Rogers)			0.0		0.0
CMT		0.0	0.0	7.1	1.3
Comedy			68.8	0.0	44.3
CTS					
CTV Conventional	0.0	46.8	16.9	9.9	18.1
CTV Two	100.0	91.8	100.0	100.0	98.9
CTV Two Alberta (was ACCESS)	14.8	21.5	100.0		19.9
Discovery		1.5			1.5
Discovery Science		79.4			79.4
Discovery World HD		71.4			71.4
DIY		100.0			100.0
Documentary		41.4			41.4
Eqhd		72.8			72.8
Disney Junior	0.0				100.0
Family	0.0				0.0
<i>Family &amp; Disney Junior combined</i>	16.3				16.3

Food Network		0.0			0.0
HGTV		0.0			0.0
HiFi		54.7			54.7
History		4.5			4.5
IChannel					
Investigation Discovery		74.0			74.0
JoyTV		100.0	100.0		100.0
Knowledge	23.4	21.7		100.0	23.3
Movie Central		0.0	0.0		0.0
Moviepix					
MuchMusic	100.0				100.0
Mystery		100.0	100.0		100.0
National Geographic		88.8			88.8
Oasis HD		0.0			0.0
OLN		0.0			0.0
One		100.0	100.0		100.0
OWN		9.3			9.3
RadX		0.0		-	0.0
SCN	29.2	6.5	0.0	0.0	14.5
Shaw Conventional (Global)	0.0	76.0	7.9		17.0
Showcase			22.2		22.2
Slice		0.0			0.0
Space		0.0	2.8		2.4
SuperChannel					
Teletoon English	0.0		0.0		0.0
TMN (The Movie Network)		3.9	0.0		1.3
The Pet Network					
Travel+Escape					
Treehouse	0.0				0.0
TSN		0.0			0.0
TVO	1.3	0.0			1.2
Tvtropolis				0.0	0.0
Twist TV		91.3			91.3
Vision TV		0.0	0.0	0.0	0.0
W Network		13.1			13.1
YTV	0.1				0.1
<b>TOTALS %</b>	<b>4.6</b>	<b>16.8</b>	<b>11.5</b>	<b>7.9</b>	<b>10.1</b>



French corporate groups by size of 2012-2013 PE Allocation – Acquisition as a % of aggregate AS-THT also acquisition as a % share of the group's AS-THT

French corporate group 2012-2013 PE	% of Aggregate AS-THT	Acquisition - % Share of AS-THT
>\$10M	82.7	11.5
>\$2M-<\$10M	12.6	0.5
<\$2M	4.7	11.7

#### Modeling of 2012-2013 PE - Acquisitions as a % of AS-THT

French Broadcasters	Children's & Youth	Documentary Series	Documentary One-Off	Drama	VAPA	TOTAL
	%	%	%	%	%	%
addikTV				0.0		0.0
APTN - French	14.6	9.5	22.2	16.5	0.0	11.8
ARTV		4.1	0.0	75.5	0.9	22.5
Canal D		7.1	25.0		0.0	6.9
Canal Savoir						
Canal Vie		0.0	0.0			0.0
Disney Junior (French)	0.0					0.0
Historia		4.7	0.0			4.7
Mlle (TVA Mode)		96.0				97.3
MusiMax		0.0			0.0	0.0
MusiquePlus					0.0	0.0
Prise 2						
Radio-Canada	14.3	0.0	1.4	2.3	1.1	2.9
RDI		5.4	19.3			61.1
RDS						
Séries+				89.9		89.9
Super Écran				0.0	0.0	0.0
Télé-Québec	0.0	0.0	0.0	0.0	2.1	0.3
Teletoon - French	0.0			0.0		0.0
TFO	16.9	10.7	0.0	0.0	0.0	12.7
TV5		0.0	0.0		2.5	0.6
TVA		0.0		0.0	15.1	5.3
V	0.0			39.3	0.0	13.9
VRAC	18.7					18.7
YOOPA	41.4					41.4
Z Télé		34.7	100.0	13.9		30.3
<b>TOTALS %</b>	<b>10.4</b>	<b>6.8</b>	<b>16.6</b>	<b>10.7</b>	<b>10.0</b>	<b>10.4</b>

## APPENDIX F.2

### Making acquisitions ineligible for AS-THT PE calculations

English-language corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated:

English Corporate Group	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance
A	1.8	3
B	0.5	2
C	0.3	7
D	0.2	4
E	(2.2)	(7)
F	(0.5)	(2)
G	(0.2)	(3)
H	(0.1)	(5)

English corporate groups by size of 2012-2013 PE Allocation - variance and % change against their 2012-2013 PE allocation:

English Corporate Group 2012-2013 PE	# of Groups	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance Increase/(Decrease)
>\$10M	4	(0.3)	(0.2)
>\$2M to <\$10M	5	0.4	1
<\$2M	8	(0.1)	(1)

French corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated:

French Corporate Group	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance
A	0.7	2
B	0.6	4
C	0.2	3
D	0.1	6
E	(1.5)	(9)
F	(0.2)	(9)

French corporate groups by size of 2012-2013 PE Allocation - variance and % change against their 2012-2013 PE allocation:

French corporate Group 2012-2013 PE	# of Groups	Impact \$K Increase/(Decrease)	% Change in Total PE \$ Variance Increase/(Decrease)
>\$10M	4	(0.2)	(0.3)
>\$2M to <\$10M	2	0.2	2
<\$2M	4	0	0

## APPENDIX G

### English Documentary One-off vs. Series

CMF \$M	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	5-year average	2011-2012
One-offs	13.5	12.0	12.2	14.2	16.1	13.6	13.6
Series	14.9	16.5	18.2	16.9	18.6	17.0	22.4
Total	28.4	28.5	30.4	31.1	34.7	30.6	36.0
One-offs %	47	42	40	46	46	44	38
Series %	53	58	60	54	54	56	62

Note: Stats include POV program beginning in 2010-2011

### French Documentary One-off vs. Series

CMF \$M	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	5-year average
One-offs	8.6	7.2	7.9	6.2	7.4	7.5
Series	14.5	15.0	18.0	15.9	16.9	16.1
Total	23.1	22.2	25.9	22.1	24.3	23.6
One-offs %	37	32	31	28	31	32
Series %	63	68	69	72	69	68

Note: television funding for all Convergent Stream programs

### English Documentary - Simulation using 44:56 ratio of one-off:series on 2012-2013 PE calculation

English corporate groups showing variance of either >\$100K or >10% against their 2012-2013 PE allocations are illustrated

# of one-off English documentaries commissioned through the 2011-2012 PE	English-language Corporate Group	Impact \$M Increase/(Decrease)	% Change in Total PE \$ Variance - Increase/(Decrease)	% Change in Docs PE allocation Variance - Increase/(Decrease)
36	A	1.4	2	25
5	B	0.2	13	19
4	C	0.1	12	22
4	D	(1.2)	(4)	(10)
5	E	(0.3)	(1)	(14)
1	F	(0.3)	(3)	(20)
4	G	(0.1)	(3)	(27)
5	H	(0.1)	(13)	(13)

Note: The number of documentaries triggered by individual broadcaster reflects sole licences and co-licensed projects as projects could not be split into fractions.

English corporate groups by size of 2012-2013 PE Allocation - variance and % change against their 2012-2013 PE allocation:

<b>English-language Corporate Group 2012-2013 PE</b>	<b># of Groups</b>	<b>Impact \$M Increase/(Decrease)</b>	<b>% Change in Total PE \$ Variance Increase/(Decrease)</b>	<b>% Change in Docs PE allocation Variance – Increase/(Decrease)</b>
>\$10M	4	0	0	0
>\$2M to <\$10M	5	(0.3)	(1)	(13)
\$2M	8	0.3	4	8

# APPENDIX H

## VOD Measurement - Rentrak

The U.S. company Rentrak, via their proprietary “OnDemand Essentials” software package, is currently the main supplier of 3<sup>rd</sup> party measurement of VOD audiences. It is the accepted “currency” for VOD, box-office and movie rental information in the USA, and has signed agreements with major content providers in Canada (CTV, Alliance Films, E1, Stingray Digital – Galaxie Music Channel) to provide VOD audience measurement services.

Rentrak uses data derived directly from BDUs to monitor VOD activity. Utilizing orders tracked by set-top boxes used by consumers to access VOD services, the company is able to determine number of orders placed and time spent viewing those respective purchases down to the program level. The data is then aggregated so as to protect the privacy of the individual consumer.

Unlike BBM, where individual viewing is based on an extrapolation of behavior using a controlled panel, this type of viewer information (i.e. demographics) is not available through Rentrak’s methodology. Instead, measurement is based simply on the number of orders, or “units” placed.