

CANADA MEDIA FUND

Working Group

Date: October 3, 2013

Subject: Documentary

BACKGROUND AND DISCUSSION:

The Documentary Working Group provides an opportunity for stakeholders to consider current documentary funding mechanisms, the latest data on their results, and possible changes to the programs.

Documentary-related issues discussed in this memo are:

- Performance Envelopes: genre allocations, flex, format trends, licence fee thresholds, 2ERs vs. 4ERs, broadcaster in-house and affiliated programming
- Convergence requirements
- English POV program
- Funding triggers
- Genre definition

PERFORMANCE ENVELOPES

Genre allocations

The primary source of funding for documentaries is through the Performance Envelope Program, which allocates funding, in part, by genre.

The amount of funding budgeted for the Performance Envelope Program, divided by language and genre, is determined by the CMF Board of Directors each fiscal year.

Table: Current genre allocations

	ENGLISH ENVELOPES	FRENCH ENVELOPES
DRAMA	61.1%	55.0%
DOCUMENTARY	16.5%*	22.0%
CHILDREN'S & YOUTH	20.4%	17.0%
VARIETY & PERFORMING ARTS	2.0%	6.0%

* This % excludes the POV program allocation of \$3,360K for 2013-2014 (program allocation was at \$3.5M from 2010-2011 to 2012-2013)

Flex usage

The CMF provides 50% flex to broadcasters in how they can spend their genre-language allocations each year. In addition, broadcasters with allocations under \$2.5M were granted 100% genre flexibility in their allocations, starting in 2012-2013 (although the smaller broadcasters licence mostly documentaries).

Some stakeholders have raised concerns that this flexibility will result in the significant movement of envelope funds away from documentary production towards other genres.

Table: Impact of Flex use on documentary performance envelope allocations

	Genre Share Allocation	Genre Share Commitments	Share Point variance by Genre vs. Original Share
English			
2010-2011	16.5	15.6	-0.9
2011-2012	16.5	16.0	-0.5
2012-2013	16.5	13.6	-2.9
French			
2010-2011	22.0	20.3	-1.7
2011-2012	22.0	20.6	-1.4
2012-2013	22.0	20.9	-1.1

Format trends- Performance Envelopes

(Television)

The following table shows that performance envelope funding to one-off documentaries is declining in both language markets. POV documentaries funded by the performance envelope program have received stable shares of funding in this 3-year period, remaining at 6% for the English market and around 8% for the French market.

English		# of projects			CMF Commitment \$M			% of Commitments		
		10-11	11-12	12-13	10-11	11-12	12-13	10-11	11-12	12-13
One-offs	POV	13	8	15	1.7	0.6	1.4	6	6	6
	Other one-offs	57	66	59	10.4	9.3	7.0	37	27	29
Sub-total		70	74	74	12.1	9.9	8.4	43	33	35
Mini-series		8	10	18	1.9	7.0	4.4	7	23	18
Series		28	38	26	14.0	13.0	11.2	50	44	47
Total		106	122	118	28.0	29.9	24.0	100	100	100

French		# of projects			CMF Commitment \$M			% of Commitments		
		10-11	11-12	12-13	10-11	11-12	12-13	10-11	11-12	12-13
One-offs	POV	16	16	17	1.2	1.6	1.4	7	9	8
	Other one-offs	41	49	41	3.8	3.8	2.9	22	21	16
Sub-total		57	65	58	5.0	5.4	4.3	29	30	24
Mini-series		17	16	22	2.6	3.5	3.4	15	20	19
Series		31	33	27	10.0	8.9	10.2	57	50	57
Total		105	114	107	17.6	17.8	17.9	100	100	10

In the French market only, the documentary allocation is split between one-offs and series (1/3 – 2/3) for the purpose of audience success calculations. The documentary allocation is not split for PE calculations in the English market, due to the presence of the English POV program. To review the impact of these decisions, simulations were performed, whereby the English

market PE calculations were split between one-offs and series; while in the French market, the format split was removed (see Appendix A).

Questions for discussion:

- Are the current funding allocations to the documentary genre and flex provisions appropriate?
- Are the distinct methods for calculating Audience Success in each language market appropriate?

Licence Fee Threshold

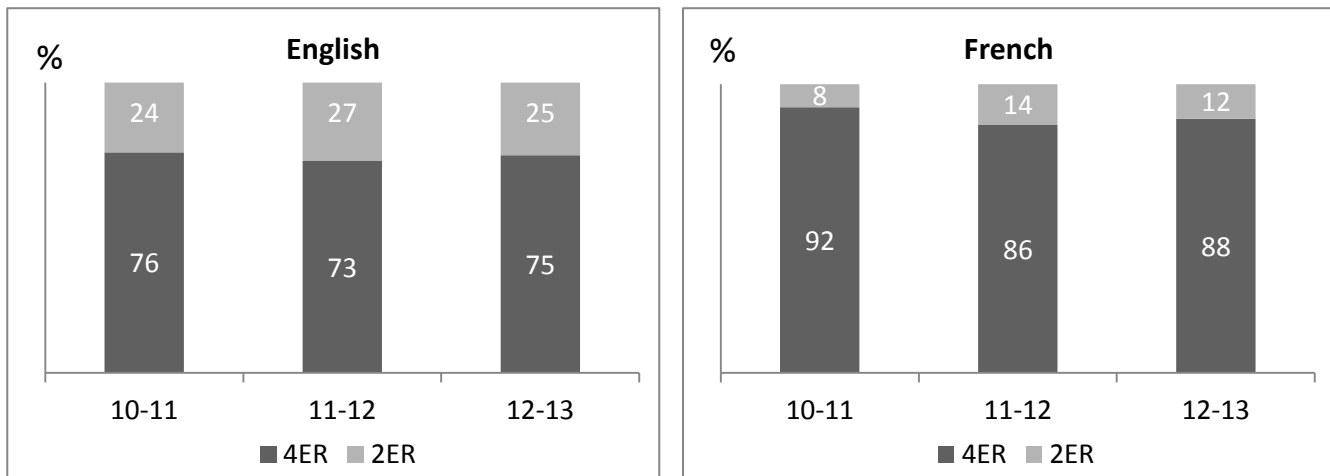
English and French language documentaries have different budget and "type" categories. The complete categories are provided at Appendix B to this memo.

Question for discussion:

Should the CMF attempt to further stimulate the production of one-off documentaries in the English Performance Envelopes by lowering the Licence Fee thresholds for one-off/POV and feature-length documentaries, similar to the French market approach?

2ERs vs. 4ERs (Essential Requirements)

Charts: 2ER documentary commitments as a share of total documentary Performance Envelope commitments (television)



Broadcasters with allocations over \$2.5M are limited to spend up to 70% of their documentary allocations on 2ER projects. Broadcasters with smaller allocations have no limitation on 2ER spending. Broadcasters as a whole are not spending up to the amount allowed for 2ER documentaries. In 2012-2013, only one broadcaster reached its 2ER cap. 2ER expenditures have stayed stable in English market performance envelope funding at around 25%. French market performance envelope funding to 2ER documentaries has remained below 15%.

Question for discussion:

Considering these results, and given that the CMF is seeking stakeholder feedback on the current four ERs, is it still relevant for the CMF to keep the distinction between 2ERs and 4ERs documentaries?

In-house and Broadcaster-Affiliated Production

The CMF allows a certain percentage of its funding in the Performance Envelope Program to go to productions made directly by broadcasters (in-house) and/or by production companies affiliated with broadcasters¹. For documentaries, the percentage is set at 7.5%. However, this rule does not apply to broadcasters with envelopes of less than \$2,5M. Some stakeholders have raised concerns that documentary programming would be particularly attractive to some broadcasters to be done in-house or by an affiliated production company.

¹ Similar rules apply to other Convergent Stream programs, with the exception of the Diverse Languages Program.

Tables: Affiliated and In-house Production in documentary performance envelope funding

English	2010-2011	2011-2012	2012-2013
Commitments \$M	0.1	0.4	1.5
% of Total Doc. Commitments	< 1	1	6
# of projects	2	9	18
% of Total # of projects	2	7	15

French	2010-2011	2011-2012	2012-2013
Commitments \$M	0.3	0.4	0.3
% of Total Doc. Commitments	2	2	2
# of projects	1	3	1
% of Total # of projects	1	3	1

The English market has seen an increase in broadcaster-produced projects in the last 2 years, to 18 projects in 2012-2013, mostly attributable to smaller, independent broadcasters. However, these projects receive a small amount of funding apiece (< \$100K).

Question for discussion:

Are the caps on broadcaster in-house and affiliated production appropriate?

CONVERGENCE REQUIREMENTS

Tables: Convergent digital media project shares of commitments and number of projects (all programs)

English All Documentary		10-11	11-12	12-13
\$ K	Funded DM components	638	723	5,529
	Total Convergent projects with DM (TV + DM)	9,433	13,185	19,277
	% of Convergent DM	7	5	29
	Total Convergent projects- all 2nd platforms	31,579	36,686	36,868
	DM % of Total Convergent	30	36	52
	#	Funded DM components	16	25
Total Convergent projects with DM (TV + DM)		33	44	61
% of Convergent DM		48	57	69
Total Convergent projects- all 2nd platforms		124	143	137
DM % of Total Convergent		27	31	45

French All Documentary		10-11	11-12	12-13
\$ K	Funded DM components	691	1,031	2,566
	Total Convergent projects with DM (TV + DM)	10,843	12,738	14,217
	% of Convergent DM	6	8	18
	Total Convergent projects- all 2nd platforms	22,715	24,448	26,213
	DM % of Total Convergent	48	52	54
	#	Funded DM components	26	35
Total Convergent projects with DM (TV + DM)		30	38	40
% of Convergent DM		87	92	95
Total Convergent projects- all 2nd platforms		117	127	114
DM % of Total Convergent		26	30	35

English One-off Documentary		10-11	11-12	12-13
\$K	Funded DM components	348	399	3,565
	Total Convergent projects with DM (TV + DM)	2,445	3,721	8,135
	% of Convergent DM	14	11	44
	Total Convergent projects- all 2nd platforms	15,553	13,823	15,481
	% of Total Convergent	16	27	53
	#	Funded DM components	11	14
Total Convergent projects with DM (TV + DM)		19	24	35
% of Convergent DM		58	58	69
Total Convergent projects- all 2nd platforms		88	90	85
DM % of Total Convergent		22	27	41

French One-off Documentary		10-11	11-12	12-13
\$K	Funded DM components	25	259	473
	Total Convergent projects with DM (TV + DM)	89	1,604	1,531
	% of Convergent DM	28	16	31
	Total Convergent projects- all 2nd platforms	5,975	6,785	6,560
	% of Total Convergent	1	24	23
	#	Funded DM components	1	9
Total Convergent projects with DM (TV + DM)		2	10	9
% of Convergent DM		50	90	100
Total Convergent projects- all 2nd platforms		61	71	59
DM % of Total Convergent		3	14	15

In 2012-2013, just over half of commitments to documentaries included projects with a funded or unfunded digital media component (DM % of Total Convergent). English documentaries showed a vast improvement, increasing from 36% of commitments going to projects with DM components in 2011-2012 to 52% in 2012-2013. The French market has shown more consistent support, with an average of 51% of commitments going to projects with DM components. The 2012-2013 Convergent Digital Media Incentive (CDMI) program was a positive measure, as evident in the \$5.5M committed to funded digital media components in English and \$2.6M committed to French². However, despite these improvements, the funding share of documentaries with DM components is lower than in other genres, with these shares of children's & youth and drama being in the 70% to 90% range.

Also with the help of the CDMI, the share of commitments to one-off projects with DM components has grown each year. Commitments to DM components for one-off documentaries totaled \$3.6M in the English market and 473K\$ in the French market. The share of funds going to one-off projects with convergent DM (funded and unfunded) however remains much higher in the English market (53%) than in the French market (23%).

Question for discussion:

Should documentaries, one-offs in particular, be excluded from the convergence requirements?

ENGLISH POV PROGRAM

The CMF introduced the English POV Program in 2010-2011. Demand is rising each year, culminating in over \$9M in requests in 2013-2014. However, each year, some selected projects cannot meet the required 15% broadcast licence fee and thus some program funds are left unspent. 13 TV projects were contracted in 2012-2013 out of 15 approved at decision time, an improvement from the 13 out of 17 the year before. It should also be noted that 9 out of the 15 projects approved for funding already had, at the time of application, the required broadcaster commitment in their financial structure in addition to the CMF contribution through the POV program (see Appendix C for results).

² In 2012-2013, \$4.5M of CDMI was committed to English documentaries and \$1.4M to French documentaries. In 2013-2014, \$3.3M (33% of English CDMI) has been committed to English documentaries and \$831K (17% of French CDMI) to French documentaries.

Questions for discussion:

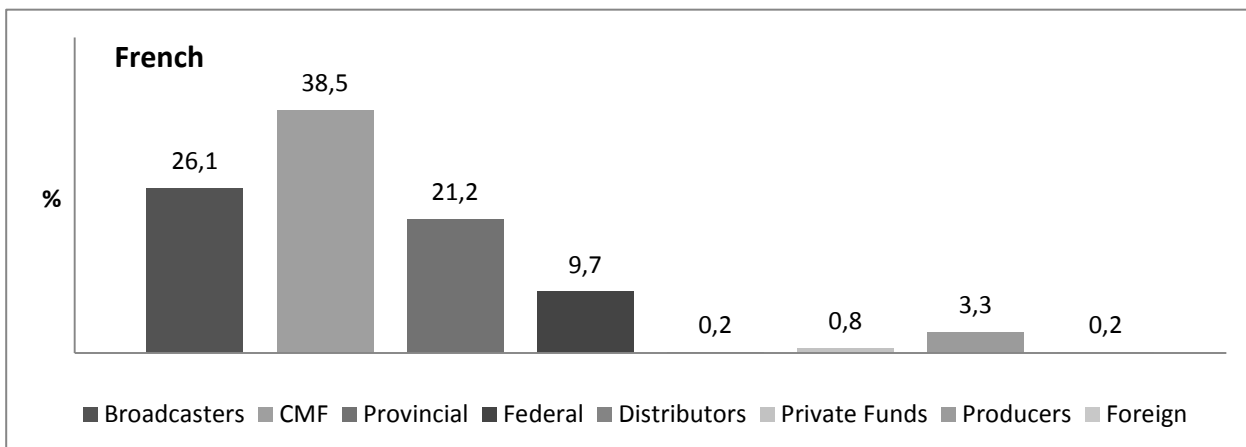
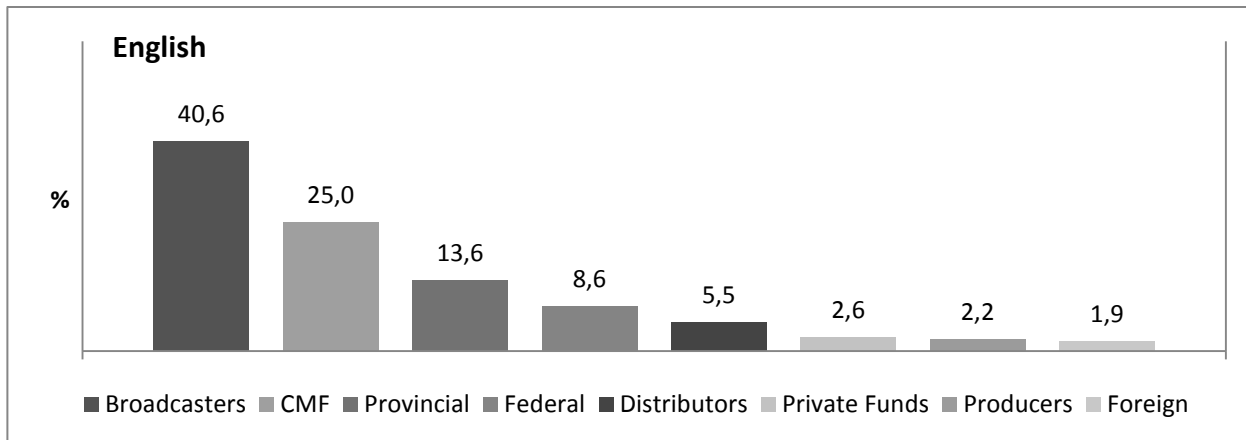
- Has the POV program met its original objectives? Is it still the right mechanism to support POV documentary? Or would it be better to adopt the French market approach?
- If the POV program is to be maintained, are the current assessment criteria and weights to evaluate projects still appropriate?
- In the French market, would POV documentary be better supported with a dedicated program, rather than the mechanisms currently in place (envelope calculation methodology, lower thresholds)?

FUNDING TRIGGERS

A typical English documentary in 2012-2013 obtained around 10% of financing from sources other than broadcasters, CMF, government, and producer investment. French documentaries financed less than 2% of budgets from other sources.

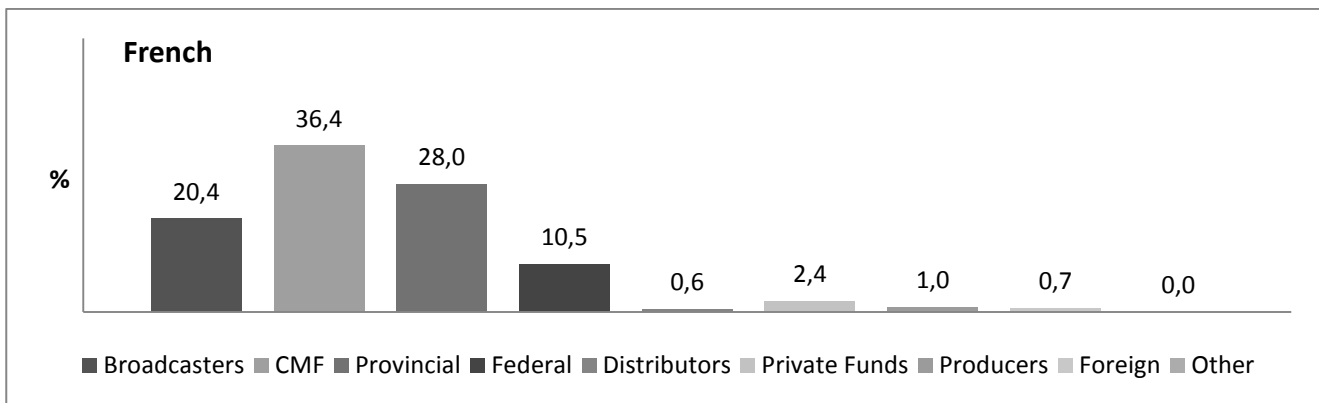
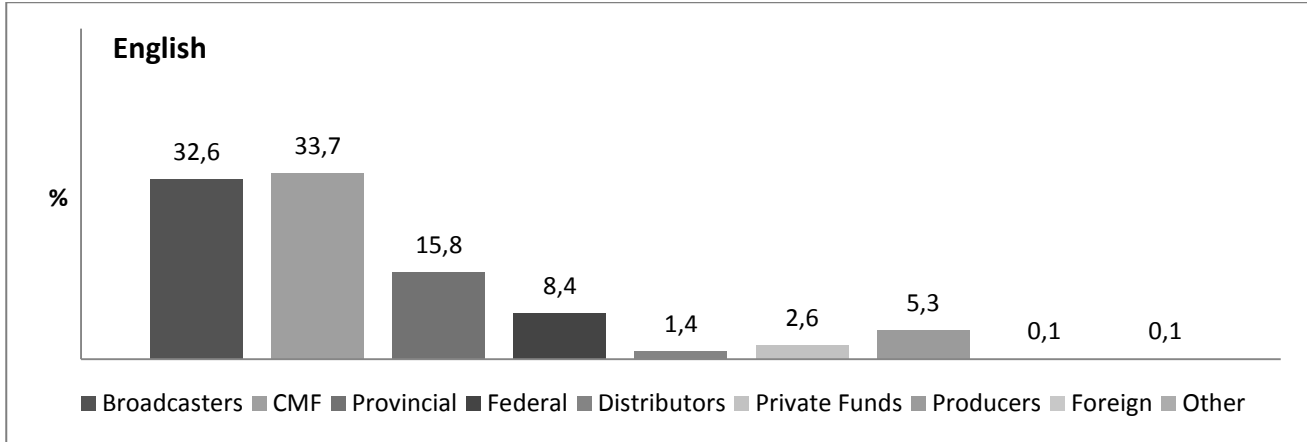
The majority of other financing was sourced from traditional distribution companies and Canadian independent private funds. Foreign broadcasters such as Arte, National Geographic International, ZDF, and BBC provided over \$2M in licence fees.

Charts: 2012-2013 Documentary television financial structures (all programs)

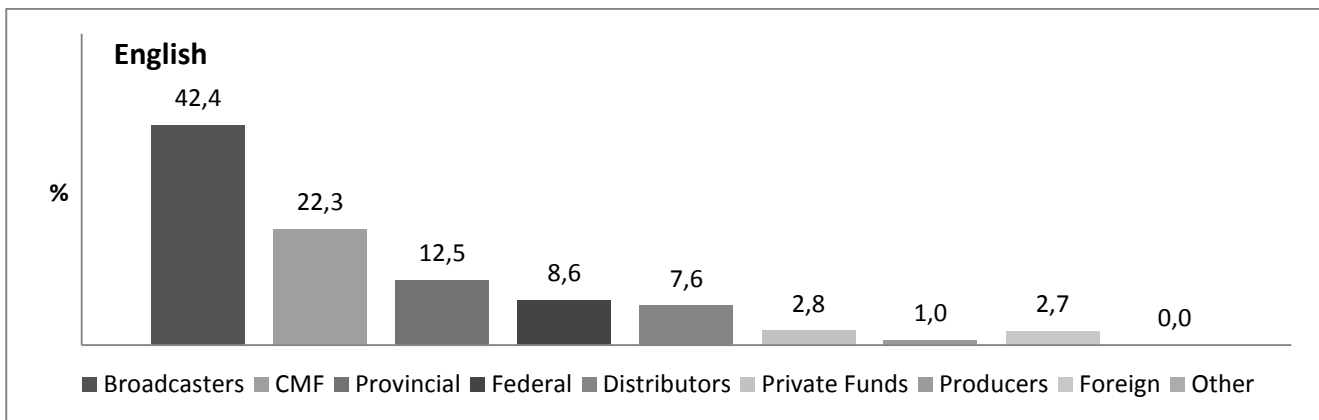


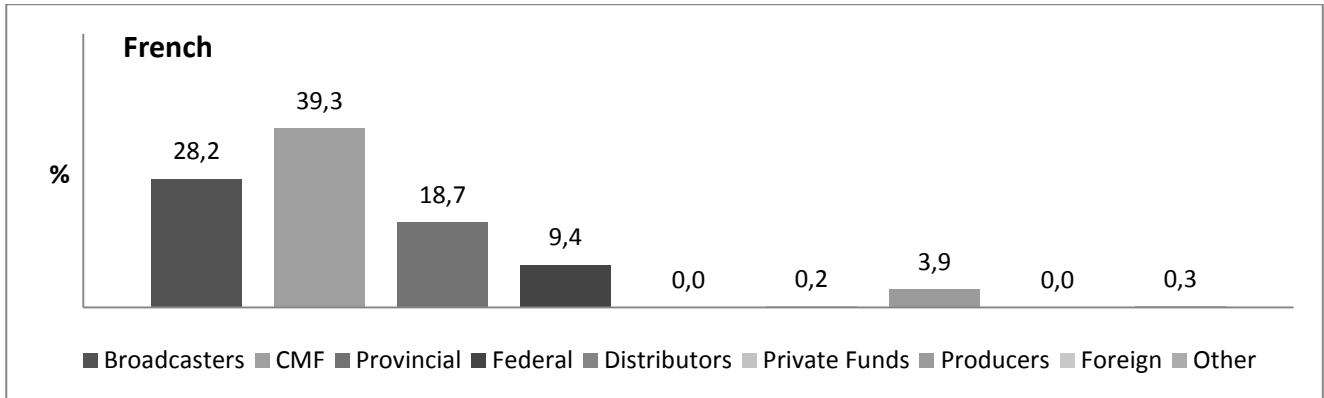
One-off documentaries are more reliant on CMF funding and show lower broadcaster licences as a percentage of budget. In the French market, much of the difference is made up through provincial tax credits.

Charts: 2012-2013 One-off documentary television financial structures (all programs)



Charts: 2012-2013 Series documentary television financial structures (all programs)



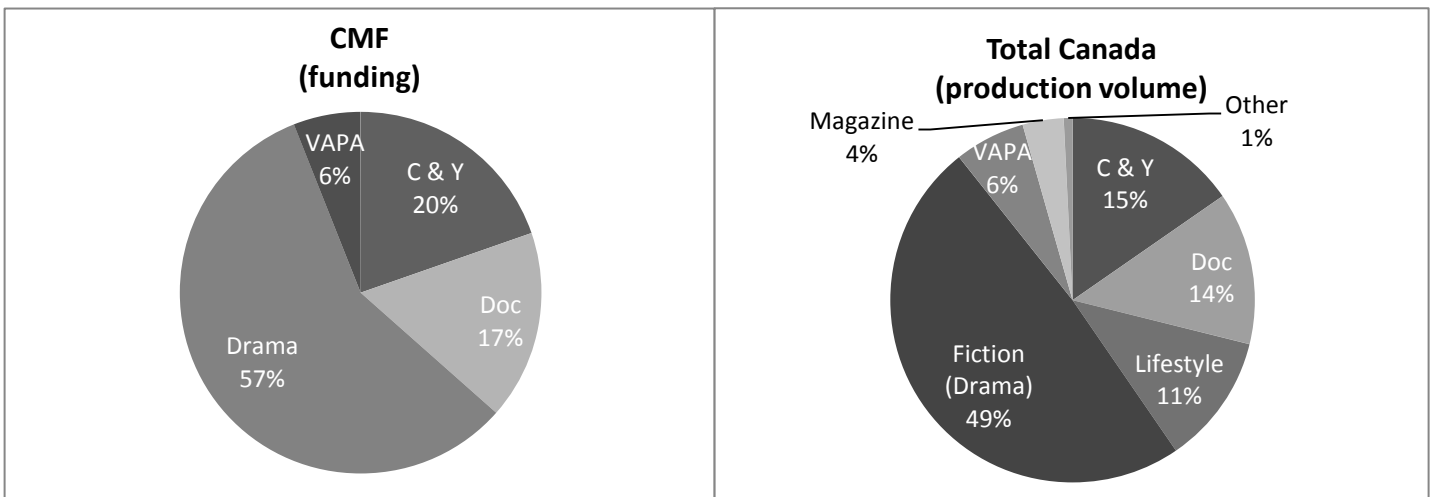


Question for discussion:

Should additional triggers be contemplated to assist in maintaining documentary production levels?

GENRE DEFINITION

Charts: Shares of CMF Commitments³ vs. Independent Production Volume



Source: CMPA Profile 2012

Question for discussion:

Should the CMF expand its genre definition to allow for lifestyle/reality programming to become eligible? Or conversely, should CMF harmonize its documentary definition with that of the CRTC (thus excluding or restraining docu-soaps)?

³ English and French, 2010-2011 to 2012-2013

APPENDIX A

French market simulation: removing the split between one-offs and series. Performance Envelope allocations are shown before the flex amount is removed.

	2013-2014 Documentary Allocation		Simulated Allocation w/out split		Difference between Simulation and 2013-2014 amounts		
	\$M	%	\$M	%	Variance in Allocation (\$M)	Variance in Allocation (%)	Variance in Share of Funding Available (% points)
Bell Media	7.4	39	7.8	41	0.4	5	2
Radio-Canada	5.8	31	4.8	26	-0.9	-16	-5
Corus	1.5	8	1.8	9	0.3	20	2
TV5	1.3	7	1.4	7	0.1	8	1
Télé-Québec	1.1	6	1.1	6	0.0	1	0
Groupe TVA	0.9	5	0.9	5	0.0	3	0
TFO	0.5	2	0.5	3	0.1	13	0
Trustee	0.3	1	0.3	2	0.1	20	1
APTN (français)	0.1	1	0.1	1	0.0	3	0
Canal Savoir	0.1	0	0.1	0	0.0	26	0
V Interactions (<100K)	0.0	0	0.0	0	0.0	-10	0

Note: Assets that are being divested in the sale of Astral are shown under Trustee: MusiMax; assets included in Bell Media: Canal D, Canal Vie, Super Écran, Ztélé; assets included in Corus: Historia.

English market simulation: adding a split between one-offs and series. The budget was split 40% for one-offs and 60% for series arising from the historic average commitments to the formats. Performance Envelope allocations are shown before the flex amount is removed.

	2013-2014 Documentary Allocation		Simulated Allocation with split		Difference between Simulation and 2013-2014 amounts		
	\$M	%	\$M	%	Variance in Allocation (\$M)	Variance in Allocation (%)	Variance in Share of Funding Available (% points)
Shaw Media	11.0	39	10.2	36	-0.8	-8	-3
Bell Media	6.0	21	5.6	19	-0.5	-8	-2
CBC	4.9	17	6.7	23	1.8	37	6
Corus	1.7	6	1.6	6	-0.1	-3	0
Rogers	1.2	4	0.9	3	-0.3	-22	-1
Stornoway	1.0	3	0.8	3	-0.2	-20	-1
Blue Ant Media	0.8	3	0.6	2	-0.2	-27	-1
TVO	0.5	2	0.7	2	0.1	22	0
Knowledge	0.4	2	0.5	2	0.1	13	0
Allarco (Super Channel)	0.4	1	0.5	2	0.1	18	0
APTN (English)	0.3	1	0.3	1	0.0	-4	0
ZoomerMedia	0.3	1	0.3	1	0.0	-3	0

Assets included in Bell Media: The Movie Network

APPENDIX B

DOCUMENTARY PROGRAMMING

LANGUAGE	PROJECT	
	TYPE	LICENCE FEE THRESHOLD
ENGLISH	Projects of six episodes or less, and with Eligible Costs of less than \$400K per hour*	30% of Eligible Costs or \$100K per hour, whichever is less
	Projects of seven episodes or more, and with Eligible Costs of less than \$400K per hour	40% of Eligible Costs or \$100K per hour, whichever is less
	Projects with Eligible Costs of \$400K per hour or more*	\$100K per hour
FRENCH	Projects with Eligible Costs of less than \$100K per hour	35% of Eligible Costs
	Projects with Eligible Costs of \$100K per hour to \$400K per hour	20% of Eligible Costs
	Projects with Eligible Costs of more than \$400K per hour to \$750K per hour	15% of Eligible Costs
	Projects with Eligible Costs of more than \$750K per hour	10% of Eligible Costs
	Feature-length Documentary projects with Eligible Costs of \$100K to \$750K	12% of Eligible Costs
	Feature-length Documentary projects with Eligible Costs of more than \$750K	10% of Eligible Costs

**For English-language feature-length documentaries, the project's running time will be rounded up to the nearest half-hour for the purposes of the CMF per-hour-based calculations in this section.*

APPENDIX C

English POV Program results

	2010-2011		2011-2012		2012-2013		2013-2014 to date	
	TV	DM	TV	DM	TV	DM	TV	DM
Program allocation \$K	3,500		3,500		3,500		3,360	
Total demand \$K	2,844	838	8,000	697	6,761	1,154	7,628	1,745
Total # of applications	21	12	43	29	34	17	39	29
Total # of projects approved at decision	20	11	17	11	15	10	11	10
Total commitments \$K	2,353	264	2,187	284	2,554	475		
Total # contracted	17	6	13	8	13	8		
Average commitment per project \$K	138	44	168	35	196	59		
Average budget per project \$K	376	88	549	72	568	86		
Approved TV projects with 15% licence at application	8		4		9		6	
Participating provinces	BC, SK, NU, ON, QC, NS		BC, ON, QC, NS		BC, AB, MB, ON, QC		BC, AB, ON, QC	
Participating broadcasters	Super Channel (10), TVO (6), CBC (4), Knowledge (1), ZoomerMedia (1), Stornoway (1), CTS (1), Radio-Canada (2), TFO (1), Télé-Québec (1), Canal D (1)		Super Channel (5), TVO (3), TMN (3), Movie Central (2), CBC (1), CTS (1), Zoomer (1), Canal D (1)		Super Channel (7), CBC (5), TVO (5), Knowledge (3), Stornoway (1), Canal D (1), Télé-Québec (1)		Super Channel (6), Zoomer (1), Movie Central (1), CBC (1)	
3rd party triggers	BC Film, Bell Fund, Canada Council, CALQ, distributors, Emploi Québec, foreign broadcaster, Hot Docs Fund, NFB, Nunavut Film Commission, OMDC, private investors, Rogers Funds, SODEC		BC Film, Bell Fund, CIFVF, CALQ, distributors, Hot Docs Fund, OMDC, NFB, Rogers Doc Fund, SODEC, Telefilm		BC Film, distributors, foreign award, Hot Docs Fund, Indie Go Go, Manitoba F & M, NFB, Rogers Doc Fund, SODEC, Telefilm		Alberta Fund, BC Film, distributors, foreign broadcasters, Hot Docs Fund, NFB, OMDC, private investors, Rogers Funds, SODEC, sponsors	