



CFTPA
*Representing television, film
and interactive production in Canada*

ACPFT
*Porte-parole de l'industrie de la production
cinématographique, télévisuelle et interactive au Canada*

July 25, 2003

Janet Yale
Chair, Canadian Television Fund
111 Queen Street East
5th Floor
Toronto, Ontario M5C 1S2

Dear Ms. Yale:

RE: CFTPA proposal on funding model for the Canadian Television Fund

The Canadian Film and Television Association appreciates the opportunity to submit its proposal for a new funding model for the Canadian Television Fund (attached). I trust that you, your Board, as well as CTF staff, will find it a useful contribution to your work in this area. We would be pleased to meet with you at a mutually convenient time discuss this proposal in further detail.

Yours sincerely,

Guy Mayson
Acting President & CEO

cc. Doug Barrett, Board Secretary, Canadian Television Fund
Sandra MacDonald, President & CEO, CTF
Laszlo Barna, Chair, CFTPA
CFTPA CTF Task Force
Richard Stursberg, Executive Director, Telefilm Canada
Claire Samson, President & CEO, APFTQ

APPENDIX

The CFTPA believes that any new Fund design must be based on the following basic principles:

1. One fund – Two funding streams: a) Licence-fee top-up (grant), and b) Equity/Licence Fee top-up
2. One board – Public/ Private Sector (current Board model or transformed Telefilm Board)
3. One administration
4. Single application (to eliminate disconnects between funding arms and encourage financing and programming predictability)
5. Single evaluation and grid
6. Linguistic split: 1/3 French – 2/3 English
7. A distinctly Canadian fund
8. Minimize or eliminate recoupment as an evaluation factor, standardize policy and improve producer position to encourage production capacity. Audience driven content emerges from strong, viable production companies. Fund policies on tax credits and recoupment need to reinforce this principle.
9. Encourage Audiences. Ratings should not be only factor in determining funding and need to be defined in relation to realities of conventional, specialty, and public broadcasting, and take into account target audiences, as well as differences in genres. Competitive licence fees and marketing commitments are also key factors.
10. Maintain genre allocation
11. Maintain a system of regional incentives
12. SME status should not be ranking criteria
13. Reward producer and broadcaster success
14. All production companies eligible, but no access for self-dealing (Broadcaster affiliated companies)
15. Ensure Broadcaster priorities for program, along with a corresponding level of competitive licence fees, are taken into consideration for project selection.

Proposed CTF Funding Model

Overall principle of Fund design is the fewer dollars requested from the Fund, the less scrutiny the project is put through and the more automatic and predictable the result will be. The more dollars requested, the greater the scrutiny by Fund staff and the more selective the process will be. The CFTPA proposes two funding arms: an Automatic Licence Fee Only component and a Selective Licence Fee/Equity component. Projects would go to one component or the other, but not both.

A. Automatic Fund: Licence Fee Top-Up Only

Total Fund Component made up of previous year's licence fee only draw down (approximately 1/4 of the total fund). Builds on primacy of producer/broadcaster relationship and provides financing certainty for Broadcaster priority projects.

1. Individual Broadcasters allotted percentage of total component, based on previous year's usage and performance (licence fees paid, audience measure and marketing). Minimum licence fee thresholds set for broadcasters to trigger their allotment.
2. No Genre Allocation- Broadcaster can trigger any type of production
3. Higher licence fees required to trigger top-up – minimum threshold to access the fund will be based on maximum licence fee levels over the last 3 years, by genre. Meeting this threshold will trigger a top up of 15% of budget. Incentives in place for additional top-up with increments in licence fee. Incentive for producers and broadcaster to finance projects without public equity and seek financing from pre-sales and other sources.
4. No grid evaluation – just eligible production
5. Safeguards in place to ensure standard contractual terms
6. Broadcaster affiliated companies eligible, but no self-dealing
7. Broadcaster allocation can be triggered at any time during the year.

B. Selective Fund: Equity/licence fee top-up

Balance of Fund (approximately 3/4 of the Fund) goes into selective side, made up of equity and licence fee top-up.

1. Single application submitted to administration
2. Decisions based on single selective grid ranking.
3. Competitive licence fees given heavy weighting on grid ranking.
4. Genre allocations maintained- also addresses govt's cultural policy objectives for Fund.
5. Commitments would be standardized: A single dollar commitment, but broken into 2/3 top-up / 1/3 equity. Recoupment terms standardized.
6. All production companies eligible, but no self-dealing for broadcaster affiliated.

Possible Evaluation Grid

Selective Component would require an evaluation grid, with rating points assigned to ranking factors. Factors could include such elements as Broadcaster priorities and licence fee levels, audience, creative, recoupment and specific cultural policy objectives.

The evaluation grid will clearly be a key component of the selective side and its design needs to be considered in greater detail. Further consultation with producer members and other stakeholders is necessary.