

CFTPA Position on Canada Media Fund

GENERAL KEY MESSAGES

- The CFTPA supports the government's stated goal that the CMF will promote innovation in Canadian content and distribution.
- The fund should also help provide Canadians with content they want to watch on the platforms they want to watch them on.
- We advise that the CMF should use a gradual approach in implementing the new guidelines to avoid destabilizing producers and broadcasters.
- The fund should level the playing field between independent producers and the few corporate broadcasting groups that now exist.
- We strongly urge the CMF to consider alternative approaches to allow producers to trigger funding in the absence of a pre-sale from a Canadian broadcaster—particularly when projects are almost fully financed.

KEY MESSAGES ON 13 SPECIFIC ISSUES:

1. PROGRAM ALLOCATIONS-CONVERGENT AND EXPERIMENTAL STREAMS

- The CFTPA proposes that \$327M (or, 95% of the total CMF resources) be allocated to the Convergent Stream, and that \$17.2M (or, 5% of the total CMF resources) be allocated to the Experimental Stream.
- The CFTPA proposes the elimination of the Digital Media Program (DMP) under the Convergent Stream since all projects going forward in that stream will need to be developed for a minimum of two platforms, one of which needs to be TV. \$5M of the DMP fund should be reallocated to the Development Financing Program, and the other \$5M should be earmarked to a new Non-convergent Production Assistance program under the Experimental Stream.
- We believe these allocations will need to be revisited in years to come.

2. CONVERGENT CONTENT

- We do not believe there is a one-size fits all approach to defining criteria under the CMF's convergent stream.
- Since the production, broadcast and distribution and accessibility of convergent content is an evolving process, we recommend general criteria be adopted to define "original, value-added content", similar to existing programs such as the CTF and the Bell Fund.
- The CFTPA believes the cost of developing the convergent component of a television program should become eligible costs in the global production budget.

- Broadcasters should also be required to contribute a minimum licence fee for a convergent project beginning at \$10K in the first year of the fund and increasing to \$12K in year two and \$15K in year three.
- We believe the licence fees for the convergent component should be a separate licence fee from licenses associated with television to ensure there are equitable sharing of Canadian rights between the producer and the broadcaster, and to preserve the independent producer's ability to exploit international rights for convergent content.

3. VIDEO ON DEMAND

- The CFTPA supports allowing VOD services to become eligible distribution platforms to the CMF, but only if they are required to play by the same rules now applied to linear broadcasters.
- If reliable audience data can be compiled from VOD services, we believe the VOD services should compete for performance envelopes on the same basis as linear broadcasters.
- The CFTPA is strongly of the view that as the CMF contemplates new models brought about by the emergence of alternative viewing platforms, such as VOD and SVOD, it must ensure that clear, meaningful and enforceable safeguards are in place to restore some measure of balance in negotiations between independent producers and broadcasters.

4. AUDIENCE SUCCESS AND RETURN ON INVESTMENT

- The CFTPA believes the BPE system that now exists under the CTF "favours projects that have achieved and demonstrated the most potential to achieve success, in terms of audience and investment." As such, we do not need to deviate from the current approach to defining audience success.
- The CFTPA does not believe the adoption of a strict financial definition to gauge ROI will be advantageous to the production community. Instead, we recommend introducing other kinds of ROI factors that are more in line with recognizing program excellence.
- One system worth looking at would be a similar one to Canada Feature Film fund where bonuses increase the value of performance envelopes based on the number of award nominations and wins a film achieves.
- The CMF might want to consider introducing a new stream of funding to increase the potential for ROI in international exports. Such a stream could be modelled on the Producer Revenue Sharing Program (PRSP) that existed years ago under the Canadian Broadcast Program Development Fund at Telefilm Canada.

5. MARKETING AND PROMOTION

- The CFTPA does not support allowing marketing and promotional costs to become eligible expenses. Broadcasters already have an incentive in the calculation of their CPEs to market and promote the CMF projects they trigger.

- If promotion costs were to be made eligible, broadcasters could simply shift to the CMF those promotion costs they are currently incurring. This would directly translate to increasing broadcasters' bottom line and would effectively decrease the level of resources available to support production.
- In order to penetrate foreign markets, the CFTPA believes the CMF should consider the idea of introducing an export development program to assist producers to attend international festivals and trade events to foster increased exports.

6. CONTENT IN THE CONVERGENT STREAM-ALLOCATIONS BY GENRE

- The CMF should allocate its program budget by genre and continue to allocate individual broadcasters' BPE's by genre in order to ensure a minimum level of production occurs in all categories.
- CMF should also continue to use the same four factors and associated weights in calculating BPEs for all genres.

7. DOCUMENTARY PRODUCTION

- We believe existing BPE guidelines are sufficient in defining what constitutes a "documentary."
- Incentives to support more feature-length and POV documentaries would help in preventing "slippage" towards "reality" or "lifestyle programming".
- Documentaries should not be measured by audience alone since the societal and educational importance of the genre is significant. We recommend a holistic approach to the evaluation of success.
- The CFTPA is concerned in-house production and broadcasters-affiliated production threatens the number of independent POV documentaries that will be produced in Canada.

8. CANADIAN ELEMENTS OF CMF PROJECTS

- The CFTPA believes the current four Essential Requirements and genre-specific exceptions are still appropriate and have been working well to achieve the Fund's mandate and are equally relevant to television projects and digital media/interactive ones.

9. THIRD-LANGUAGE PRODUCTION

- The CFTPA supports a pilot project under the Special Initiative Stream to support third-language production in Canada not to exceed \$2 million in the 2010-11 fiscal year.

10. BROADCASTER AFFILIATED AND IN-HOUSE BROADCASTER PRODUCTION

- Strong safeguards need to be put in place to prevent further imbalances between independent producers and broadcasters. Consolidation and excessive licence term demands by broadcasters frequently put independent producers at a disadvantage.
- We are also very concerned that with in-house production, broadcasters will take additional advantage of the dominant position they hold in the Canadian broadcasting system, to the detriment of independent producers.

- We do not believe there is a need at this time to modify the maximum allowable access by broadcaster-affiliated programming in light of the fact that broadcaster-affiliated production companies have not fully accessed the maximum allowable resources available to them.
- With regard to in-house production, we recommend an absolute usage cap be placed on each broadcaster's BPE, beginning at 2% for the fiscal year 2010-11. This would be monitored closely by the CMF with a detailed public report issued at the end of the year on such activity.

11. PERFORMANCE ENVELOPES- ELIGIBLE ENTITIES

- We urge the CMF to consider looking at alternative approaches to allow producers to trigger CMF funding in absence of a pre-sale from a Canadian broadcaster, particularly when projects are almost fully financed.
- The CFTPA sees no need to deviate from the current criteria or methodology for awarding envelopes.
- Criteria should be identical for all entities in the convergent stream to ensure a level playing field.

12. AUDIENCE SUCCESS AND THE CMF- EMPHASIS ON ORIGINAL, FIRST-RUN PRIME TIME PROGRAMMING

- The CTF, since its inception, has always only had an emphasis on supporting original, first-run programs that were aired in a prime time schedule appropriate to the genre.
- We support maintaining the current approach as it relates to the audience success factor in calculating the PBEs.
- We also believe there is a need to update the definition of prime time to ensure maximum audience exposure. We recommend the new definition from 8am to 11pm, Monday to Friday, and from 7pm to 11pm on Saturday and Sunday.

13. ENGLISH REGIONAL PRODUCTION

- The CFTPA does not believe there is a need to review or modify the definition of "region" or "regional" in the Convergent Stream at this time.
- The Production Incentive (the budget for which this year was doubled to \$10M), which is not directly linked to the BPE system, is nimble enough to be able to quickly adapt to shifts in the market, thus helping to redress production declines of more than 20% based on the five-year production average.

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