



Filed Electronically

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Re: APTN's comments and recommendations to the CMF's policies and programs

APTN appreciates this opportunity to submit comments and recommendations regarding the CMF's policies and programs. While APTN did participate in the recent working groups and voiced our specific concerns at that time, the intent of this document is to highlight items that were not discussed in the group setting.

Context

APTN is the first Aboriginal broadcaster in the world and Canada's only independent Aboriginal network. Some of our conditions of license (COL) are unique to APTN, for instance:

- *Provide a high-quality, general-interest television service offering a **broad range of programming** that reflects the diverse perspectives of Aboriginal peoples, their lives and their cultures. The service will provide a positive window on Aboriginal life for all Canadians, whether living in northern or southern Canada. The schedule will include **programming in English, French and various Aboriginal languages**.*
- *Broadcast a minimum of **35 hours of programming in Aboriginal languages** in each broadcast week.*
- *Broadcast a minimum of **20 hours of French language programming** in each broadcast week.*
(emphasis added in bold)

APTN depends heavily on CMF funding to allow it to meet the CRTC's expectations on the different genres of programming and languages of broadcast.

CMF Performance Envelopes

After experiencing a significant decline in 2013-14, APTN's performance envelope (PE) increased in 2014-15. For the CMF's 2015-16 fiscal year the network's English PE increased by 27%, however our French PE decreased by 10%.

As a small independent broadcaster, APTN faces many challenges each fiscal. We are constantly contending with the larger broadcasters for performance envelope funding. Overall, the formulas used to calculate the percentage of funding allocated by the CMF fund are gravely disproportionate against smaller broadcasters and extremely advantageous toward larger broadcasters, who are able to take advantage of the weights that the formulas give to ratings, regional licence fees and spending on digital media components.

We understand that the CMF is maintaining the status quo for both factors and weights in the 2016-2017 calculations. It is important to note that this approach will continue to benefit larger broadcasters that have greater market shares and whose audience is properly measured. Numeris does not measure Aboriginal audiences or rural or northern audiences (APTN'S target audience). As a result, our ratings are disproportionately lower and we suffer the consequences in our envelopes' calculations.

Despite the fact that APTN broadcasts in various languages, it is able to maintain an English and French PE. However, the network will have great challenges in meeting its COL pertaining to the French programming. Since April 2015, APTN's English PE and French PE are considered separate and we can now benefit from the 100% genre flexibility in our French PE. We are more than pleased with this decision and will strategize in increasing our French PE. Nevertheless, once again, our audience success factor numbers will significantly be lower as we broadcast only an average of 23.5 hours of French programming per week (our COL notes 20 hours per week). Despite our low French PE, we strive to commission original French programming in a variety of genre in order to meet our COL and our audience expectations. This means that our licence fees are extremely high in order to replace CMF dollars that, under the previous factor system, would have been available to the network. Is it feasible for the CMF to establish a minimum PE allocation for APTN due to the fact that we do not broadcast in one unique language and that this ultimately affects our PE's calculations? APTN has come to a point where it can no longer compete with other French broadcasters as we do not broadcast French programming 24/7. Our fear is that, if our French PE continues to diminish, our French original programming will suffer—and that the French Aboriginal community will lose their voice. APTN is willing to further discuss this, or other options, if the CMF is open to the idea.

CMF Aboriginal Program

APTN is the broadcaster that benefits the most from the CMF's support of independent Aboriginal production through its Aboriginal Program (AP). Each year, we trigger the vast majority of this fund with innovative and engaging Aboriginal productions. With the support of this fund, the Aboriginal production community has grown their skills and confidence.

We are very pleased that the CMF increased the maximum contribution for the Television Component and we look forward to supporting live action drama projects through this program in the near future.

APTN has one major concern with the license fee evaluation criteria used in the AP. According to the Evaluation Grid, up to 15 points may be awarded to projects for "Broadcaster commitment" which is defined as, but not limited to, "reflected by the level of license fees paid by broadcaster to the Television Component".

In the 2015-16 AP submissions, you must have noticed that our license fees varied from 12% up to 32.74% of eligible costs. This is not necessarily a reflection of our market interest in the program but a reaction to a lack of market interest in certain regions. As a national broadcaster, it is our mandate to commission programs from various regions across Canada, we are aware that some of these regions have little to no tax credits. In these cases, we will increase our commitment to close finance gaps. However, this triggers an assessment on ALL projects because we are then forced to increase our commitment towards other projects who have strong tax credits to insure they do not lose points in the CMF evaluation grid. As much as we agree with the overall evaluation grid, the market interest points for broadcaster commitment unfairly pins projects against each other in an already volatile market landscape. We do not understand how we can justify penalizing those who come from strong market regions and are in most cases, regional programs, against our commitment to support those in weak market regions. APTN has modest

commitment budgets and increasing a license fee so that the project may be more competitive is a great commitment on our behalf.

Also note that The Terms of Trade between APTN and AAMP state that the Producer may invest tax credits in a project to a maximum of 90%. This is why almost the totality of the applications from APTN applied with a maximum of 90%. However, this leads to our license contribution fluctuating from one proposal to the next.

We are well aware that choosing to also allocate from our PE would be very beneficial for us. However, by doing so, the projects that would “double dip” would be reflected as a higher level of commitment from APTN and would receive a higher rating. We decided not to do this so that all projects supported by APTN may be evaluated equally. This would not be a concern to us if we did not trigger the majority of the Aboriginal Program fund.

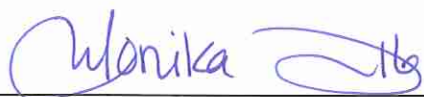
APTN’s interest in a program should not be evaluated on the percentage of its license fee. APTN has a rigorous proposal selection process and we believe equally in every project that has an APTN letter of commitment.

It is odd but APTN is actually competing with itself in the AP. In 2015-16, CMF AP supported 12 projects, 10 of which were supported by APTN. Three other APTN supported projects were declined AP funding. It is clear that the AP is oversubscribed. APTN is the main broadcaster triggering the funding. We are the only regulated broadcaster that has a specific COL to broadcast a minimum of 35 hours of Aboriginal-language programming each week. Should the AP remain a selective envelope? Can it transition to a Performance type Envelope? APTN is willing to further discuss if the CMF is willing to examine the issue.

APTN values its partnership with the CMF. We recognize that the CMF endeavors to develop and sustain the Aboriginal production community and Aboriginal language programming. APTN is a key player in the Aboriginal television and digital media industry not only in Canada but internationally. CMF is an essential contributor to our success. We look forward to pursuing this conversation with you in the near future.

Sincerely,

ABORIGINAL PEOPLES TELEVISION NETWORK INCORPORATED



Monika Ille – Executive Director of Programming and Scheduling

cc: Jean La Rose, CEO, APTN

cc: Laurie Christianson, Manager of Contracts and Documentation, APTN

cc: Nathalie Clermont, Director of Program Management, CMF