

Proposal to Enhance CMF Regional Development and Production Incentives

Presented by On Screen Manitoba

November 30, 2015

Background

The world is in a period of rapid technological change and as a result audiences have access to more and different digital technology than they did even five years ago. Audiences are no longer tied to appointment TV – they can and do seek content on a variety of digital platforms. At the same time Canadian broadcasters are now part of vertically integrated telecommunications undertakings centralized in Toronto for the English market and Montreal for the French market. Even the public broadcaster CBC/Radio-Canada has centralized decision-making to Toronto and Montreal. In terms of the English language market, with the CBC and just four private conventional broadcast groups centralized in Toronto, producers living outside of Ontario must work harder to establish and maintain relationships with the Broadcasters.

The geographic isolation of regional production communities and broadcast decision-makers is threatening the sustainability of smaller production markets, reducing the diversity of programming available to Canadians, and weakening the broadcast and production systems in Canada. Regionally-based independent producers play a vital role in the fulfillment the Broadcasting Act's core mandate to ensure that "all Canadians have access to a wide variety of high-quality Canadian programming as well as access to employment opportunities in the broadcasting system." And that "Programming in Canadian Broadcasting System reflects Canadian creativity and talent, our bilingual nature, our multicultural diversity and the special place of aboriginal peoples in our society."

The CMF's commitment to support the development and production of Canadian content from across the country has led to several measures to address the centralization of production. While the overall ratio of CMF's regional to non-regional investment is 60-40, the breakdown of total convergent funding tells a different story. It clearly demonstrates that just three Provinces: Ontario, Québec and B.C. command over 80% of the CMF's total convergent budget leaving less than 20% to be split among seven provinces and three territories. Despite a number of initiatives taken by the CMF to address this disparity and facilitate the opportunity production for all regions of Canada to create convergent content; the figures from 2010-2015 demonstrate that many provinces are not benefiting from CMF investments.

Producers who live and work outside of the three main broadcast centres of Toronto, Montreal and Vancouver share many of the same challenges as the small to medium sized companies based in those centres -- primarily the undercapitalization of production companies and a market that demands ever more elaborate pitch materials prior to taking projects into development; however, there is a higher concentration of small to medium-sized companies in Manitoba and other smaller production centres. These small companies then face the added challenge of defending unknown creative talents on the one hand; and geographic distance with ensuing travel costs just to engage with broadcasters and/or the recognized creative talent known to those broadcasters.

The Proposal

In general terms, recognizing the challenges of a changing environment, On Screen Manitoba¹ supports increased funding for development (including pre-development) and the introduction of new market triggers that reflect changing audience behaviour, to complement conventional broadcasters. New market triggers for development and production should include digital and conventional distribution platforms, crowd-funding, and foreign broadcasters; however, we strongly believe that CMF funds should support Canadian content development and production. Canadian broadcasters should continue to meet licence threshold requirements while new market triggers contribute to expand opportunities for content development and to enhance the overall financial structure of productions.

With a view to support and accelerate regional production, On Screen Manitoba proposes an agency-to-agency provincial-federal partnership that recognizes the significant investment in convergent and interactive content production industries made by the Province of Manitoba over the past 28 years. Indeed the Province remains committed to continue to invest, as evidenced by the early renewal of the film and video and interactive digital media tax credits through to December 31, 2019². A pilot CMF - MFM partnership would yield a wealth of opportunity and explore innovative best practice approaches to regional content creation industries.

The Province of Manitoba invests (and has done so for some 28 years) in all aspects of the content creation sector including business development, market access and training through a strong industry association, which has already used existing provincial support to leverage additional industry development support for both convergent and interactive media production sectors³. These ancillary investments enhance the provincial equity fund and the tax credits. Proof of the value of these multiple investments are seen in both the accomplished producers who work at a national and international level, and in the active community of emerging producers in Manitoba. On Screen Manitoba proposes that the CMF recognize the Province's investment by creating a specific pre-development and development fund for Manitoba that is leveraged through Manitoba Film and Music (MFM) investments in pre-development and development.

The MFM-CMF Pilot Development Fund would focus on series and recognize new market triggers. We would suggest a \$300,000 annual fund for the English language market comprised of a \$225,000 contribution from the CMF and a \$75,000 contribution from MFM. A more modest pre-development fund for the French language market that draws on CMF French language development funds (not the oversubscribed French language envelope for production outside of Québec) would again recognize the efforts of Manitoba to develop the media production industry in both official languages⁴. Drawing on the expertise of both agencies, specific details could be determined in time for an April 2016 launch.

¹ *On Screen Manitoba is a non-profit industry association that represents and develops world-class media production in Manitoba. OSM has over 1,500 professional members working in all genres and formats for both English and French language markets that have access to some of the best production incentives in Canada.*

² The Manitoba Film and Video Tax Credits (both the labour-based and cost-of-production based options) as well as the interactive digital media tax credit were renewed to December 31, 2016 in the spring of 2013 (just as Saskatchewan eliminated theirs) and renewed ahead of schedule in spring 2015 to December 31, 2019 with a view to create a four-year, rather than three-year review cycle – and this as Nova Scotia eliminated its tax credit program and other investments in the industry.

³ On Screen Manitoba, the provincial media production industry association secured \$3.89 M over three years from Western Economic Diversification to enhance market access and business development as well as to facilitate opportunity for interactive and convergent content producers to collaborate.

⁴ In the past five years Manitoba has gone from one company focused on the French language market, to three.

In addition, to the above pilot initiative, On Screen Manitoba would like to propose the following two changes to CMF development and production guidelines to take effect in 2016-2017:

- Increase the English Regional Production Bonus from 10% to 15%; and,
- Allow projects with eligible licence fees from community channels that do not have performance envelopes to trigger CMF funding. These projects would have no minimum licence fee threshold⁵.

If high quality, internationally competitive Canadian content is to be produced across the country by content creators who live and work in a variety of communities, then new flexible approaches are required. These new approaches must recognize new market triggers in tandem with emerging audience behaviours; and leverage investments by other agencies and levels of government. We believe that through the proposals put forward above, Canadian audiences will benefit from access to more diversified Canadian content that reflects their geographic, linguistic and cultural reality while increasing the capacity for Manitoba production companies to compete in a global context.

⁵ Allowing community channels to trigger production has been successful under the Northern Incentive and we propose to extend this practice to the region of Manitoba.