



Canada Media Fund  
Fonds des médias du Canada



New Funding Framework  
CMF Roundtables  
Fall 2016



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#eyeoncanada



# THE CMF'S NEW FUNDING FRAMEWORK

- **Fall 2015 Focus Groups:**
  - Presented outline of a New Funding Framework (“NFF”)
- **Fall 2016 Roundtables:**
  - Build on Fall 2015 NFF outline
  - Present proposed options and timeline for implementation
- **Caveat:**
  - Proposed options and timeline are for discussion and feedback
  - Several of the proposed options are also contingent on amendments to the Contribution Agreement between the CMF and the Department of Canadian Heritage (“DCH”)



## ■ WHY?

- **Audience content consumption has changed**
  - CRTC (*Let's Talk TV*)
  - DCH (Digital Consultation)
  - CAVCO (consultation on changes to eligible genres and platforms)
- **2 key effects on CMF**
  - Content is consumed in ways we don't support
    - Linear content on digital platforms
    - Dedicated marketing support for linear projects
    - Imbalance between innovative and commercially-driven digital projects
  - Content is consumed in unregulated system and there is less money in the regulated system
- **The New Funding Framework seeks to reposition the CMF so it remains relevant, flexible and effective for the future**



## **WHAT?**

- **Three-pronged strategy**
  - Realign current programs under three new verticals
  - Make progressive change to CMF programs over a three-year period
  - Introduce new approaches and set priorities to keep pace with industry and to remain effective in the face of diminishing revenues



## ■ 3 VERTICALS

- **INNOVATION & DIVERSITY**

Support for development and production of projects that:

- Reinforce the cultural mandate of the CMF
- Originate from a diversity of voices
- Foster new forms of storytelling in Canada's broadcast and DM industries

- **AUDIENCE-DRIVEN**

Support for the production and development of projects that are:

- Market oriented/focused
- High potential for domestic and/or international commercial success
- Targeting broad audiences or highly engaged niche audiences

- **SALES & EXPORT**

Support for:

- Exploitation of content in domestic and international markets

# WHEN? – TRANSITION TO NFF

YEAR	INNOVATION & DIVERSITY (“ID”)	AUDIENCE-DRIVEN (“AD”)	SALES & EXPORT (“SE”)
2017-2018	<ul style="list-style-type: none"> <li>Expand web series funding</li> <li>New approach to Indigenous funding</li> <li><b>Continue to decrease Experimental – Innovation budget</b></li> </ul>	<ul style="list-style-type: none"> <li>Increase PE Factor weight of AS (THT &amp; OFR):               <ul style="list-style-type: none"> <li>Eliminate Historical Performance (“HP”) Factor in Eng. Market</li> <li>Reduce HP Factor in Fr. Market</li> </ul> </li> <li>Advise of 2018-2019 reduction of DM Factor</li> <li>Announce 2<sup>nd</sup> strategy to phase out licence fee top-up financing</li> <li>Implement voluntary foreign OTT pilot initiative</li> <li><b>Continue to Increase Experimental – C3P budget</b></li> </ul>	<ul style="list-style-type: none"> <li>Expand Market Export Fund</li> <li>Merge the CMF’s Versioning Program into its Market Export Fund</li> <li><b>Launch initial 250 titles on MCN for “Canada 150”</b></li> </ul>
2018-2019	<ul style="list-style-type: none"> <li><b>Expand eligible triggers (digital)</b></li> <li><b>Continue decrease of Experimental – Innovative budget</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Expand eligible triggers (digital)</b></li> <li>Increase PE Factor weight of AS (THT &amp; OFR):               <ul style="list-style-type: none"> <li>Eliminate HP Factor in Fr. Market</li> <li>Reduce DM Factor</li> </ul> </li> <li>Begin 2<sup>nd</sup> strategy to phase out licence fee top-up financing</li> <li><b>Continue increase of Experimental – C3P budget</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Expand eligible triggers (digital)</b></li> <li><b>Continue digitization and release back catalogue</b></li> </ul>

## ■ WHEN? – TRANSITION TO NFF

YEAR	INNOVATION & DIVERSITY	AUDIENCE-DRIVEN	SALES & EXPORT
2019-2020	<ul style="list-style-type: none"> <li>• Continue decrease of Experimental – Innovative budget</li> </ul>	<ul style="list-style-type: none"> <li>• Continue 2<sup>nd</sup> strategy phase out of license fee top-up financing</li> <li>• Increase PE Factor weight of AS (THT &amp; OFR)               <ul style="list-style-type: none"> <li>○ Eliminate DM Factor</li> </ul> </li> <li>• DM audience measurement used in evaluation of project</li> <li>• Continue increase of Experimental – C3P budget</li> </ul>	<ul style="list-style-type: none"> <li>• Continue digitization and release back catalogue</li> </ul>

# ■ Eliminate/Reduce HP and DM Investment Factor Weights

-First Year: 2017-2018

-Vertical: AD

- **Objective:** To further align the Performance Envelope system, the most audience-driven CMF program, under the NFF's "Audience-Driven" vertical
- **Approach:** progressive and unique to each Factor and language market
  - 2017-2018: eliminate Historic Performance ("HP") in Eng. Market, Reduce HP in Fr. Market
  - 2018-2019: eliminate HP in Fr. Market, Reduce Digital Media ("DM") in both Markets
  - 2019-2020: eliminate DM
  - Introduce Small Broadcaster Fund possibly in the Innovation & Diversity vertical to offset unintended consequences for small broadcasters
  - Increase Convergent Digital Media Incentive
- **HP Rationale:**
  - Not aligned with Audience-Driven vertical
  - Credit is based on past licensing, therefore does not influence go-forward broadcaster behaviour
- **DM Rationale:**
  - Always intended to be a temporary measure
  - Aligned with DCH Evaluation Report's recommendation to provide more flexibility for meeting CMF convergence requirements



## ■ Experimental Stream: Increase C3P/ Decrease Innovation Program

-First Year: 2017-2018

-Vertical: ID and AD

- **Objective:** To address the Experimental Stream's innovative and commercial tension (noted in DCH's Evaluation Report) by providing a targeted strategy where projects compete for equal funding, but on a more level playing field
- **Approach:** Progressive reallocation of resources to allow adjustment and adaptation in the industry
- **Rationale:** Positions the CMF to improve its ROI as the Commercial Projects Pilot Program ("C3P") has a more aggressive recoupment structure
- Results from the Fall 2016 rounds of Experimental Innovation and Experimental C3P will enable a more detailed analysis

## ■ Expand Market Export Fund

-First Year: 2017-2018

-Vertical: SE

- **Objective:** to expand the program as the importance of exporting Canadian content grows (note: Pilot program to be launched late 2016/early 2017)
  
- **Approach:**
  - The CMF intends for this program to complement existing support and investment that already exist in the marketplace and not displace private sector financing
  - While expanding this program would mean reallocating resources, the CMF will seek to leverage natural symmetries with existing programs (e.g., Versioning Program) to mitigate negative impacts
  
- Influenced by CRTC's *Let's Talk TV* and DCH's Digital Consultation and Cultural Export Strategy

# ■ New Approach to Indigenous Funding

-First Year: 2017-2018

-Vertical: ID

## ■ Objective:

- examine the barriers and develop recommendations for the success of the Indigenous screen-based industry in Canada
- ensure the availability of Indigenous screen-based content for Aboriginal and mainstream audiences in Canada and abroad.

## ■ Approach:

- Spring 2016: Environmental scan (studies, reports, interviews)
- Summer and Fall 2016: Focus Groups
- Draft strategy by October 2016

## ■ Increase Equity Investment/Decrease Licence Fee Top-up

-First Year: 2018-2019

-Vertical: AD

### ■ **Objective:**

- To build upon policy introduced for Convergent Stream series in 2014-2015
- position the CMF to improve its ROI
- harmonize its support of projects across all platforms

### ■ **Approach:** progressive and due to differences in each market, a distinct approach may be implemented for English and French projects

### ■ “Tax credit grind” issue: CMF proposal

## ■ Expand Eligible Triggers – Digital

-First Year: 2018-2019

-Verticals: ID, AD, SE

### ■ Objectives:

- To increase the diversity of CMF-funded content
- Allow access to a wider range of applicants
- Better reflect the way Canadians consume content and increase funding options for applicants

### ■ Approach:

- Align with other consultations (e.g., effects of *Let's Talk TV*, DCH Digital Consultation, new CIPF framework)
- To reflect NFF's content-centric, platform-agnostic approach, proposal would expand the types of *Canadian-owned* platforms that could trigger CMF funding
- Explore voluntary foreign OTT pilot initiative in AD Vertical
- Contingent on changes to the Contribution Agreement with DCH which currently requires a licence fee from a Canadian broadcaster

## ■ Other Key Considerations: Documentary

- Current support to Documentary is through a number of selective programs (English POV, Francophone Minority, Aboriginal, Diverse Languages) and the PE system
- Current support to Documentary production varies by language market
- As CMF pivots toward the NFF, CMF is evaluating best way to support Documentary programs:
  - One-off Documentaries in Innovation & Diversity vertical and Documentary Series in Audience-Driven vertical
  - Increase program budget allocation to the English POV Program
  - Extend the English POV Program to French-language projects
  - Create a new support program for one-off Documentaries that would leverage the efficiencies of the PE Program, while not being (predominantly) based on Audience Success



## ■ Other Key Considerations: Regional Production

- As the CMF pivots toward the NFF, CMF is evaluating best ways to support regional production:
  - Reduction/elimination of the Regional Investment Factor as not in complete alignment with the Audience-Driven vertical and introduction of an alternative support mechanism
  - Expansion of eligible genres for regional production
  - Community television trigger for regional production
  - Partnerships with provincial/territorial agencies



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