

CANADA MEDIA FUND**Working Group****Date: September 7, 2011****FOR INFORMATION****SUBJECT: Simplification**

BACKGROUND AND DISCUSSION:**Introduction**

In October 2010, the CMF's Board of Directors held a Planning Session to consider high level, long term strategic objectives and priorities for the CMF. The CMF Board settled on two specific strategic objectives to be pursued in the 2011-2012 and 2012-2013 CMF fiscal years: 1) Simplification; and 2) Rewarding Success. This memo discusses the former objective.

Simplification is a theme that will underlie many other program and policy issues considered by the CMF over the next two years. As such, simplification will also be discussed in other CMF Working Groups, and the ideas raised at this meeting may not be the only ones considered by the CMF in pursuit of simplification.

This Working Group builds on the discussions already held on June 22, 2011 pertaining to the CMF moving to a multi-year approach; consequently, the proposals discussed at that meeting will not be reiterated in this document.

Sources of Complexity and Objectives of Simplification

Simplification as a goal is born of the recognition that the CMF has become complex. There are a variety of causes of complexity at the CMF. Some are attributable to the CMF's due diligence requirements, to ensure transparency and accuracy of reporting to its funders and stakeholders. Others are attributable to specific policy directives and result in rules which seek to ensure that the CMF's mandate is carried out effectively. Others still—particularly various rules within the several funding programs in the Convergent Stream—result from calls for various sectors of the industry to address their particular challenges.

Complexity has been identified in a number of guises. For example:

- The Performance Envelope system consists of a number of calculation factors, each with their own calculation methodology. Performance Envelopes are divided by genre, can be transferred and/or exchanged in certain ways, and are subject to various deadlines. The CMF's Performance Envelope Manual describes these things and more over 32 pages of fairly dense material.
- The CMF currently has 9 funding programs or incentives within the Convergent Stream, many of which can be combined in funding a single project, with added complexity for Licence Fee Threshold, Maximum Contribution, and other calculations.
- The CMF application process requires a significant amount of material from applicants, from project synopses to corporate documentation, key creative personnel contracts to broadcast/distribution/publishing agreements, budgets, financing commitments, insurance policies, and cost reports.

- Certain CMF concepts could be qualified as vague and/or subjective by nature. Examples include what it means for a project to “speak to Canadians”, the definition of documentary, and the meaning of innovation. Trying to clarify, standardize, and apply these concepts often leads to a cycle of debate, explanation, expansive definition, and on occasion to greater complexity.

Some complexity is inevitable in a complex industry, and the CMF Board of Directors did not state that “simplification” should be pursued as a goal in itself or without regard to other priorities. There are two goals of simplification, namely to:

- 1) Provide better client service (e.g. better understanding of the Program Guidelines, streamlined application requirements, reduced processing times, increased consistency); and
- 2) Reduce the cost of program management.

Framework and Considerations

It has been noted at the CMF that simplification is not simple. The CMF’s mandate is wide ranging. The CMF continues to have objectives such as convergent content in the Convergent Stream, innovative content in the Experimental Stream, improved return on investment, funding for projects in various languages and across Canada. In other words, simplification must be balanced against other factors. The following describes some of the potential issues and tensions inherent in simplifying CMF programs.

Types of Simplification

It may be useful at the outset to break “simplification” down into types or categories as follows.

- **Operational Simplification**

Operational simplification involves adjusting *how* the CMF does what it does with the goal of greater simplicity. It involves simplifying or streamlining the processes by which CMF programs are delivered. This principally involves the work done by the CMF Program Administrator | Telefilm Canada. In implementing the CMF’s programs, Telefilm Canada accepts funding applications, analyses them for eligibility, interprets CMF Guidelines and policies, communicates with applicants, manages documents, issues financing agreements and disburses funding. Telefilm Canada employs over 60 staff members to carry out these activities in its Toronto, Montreal, Halifax and Vancouver offices, and has developed detailed processes to do so in an effective and efficient manner. Nevertheless, inefficiencies can and do occur, and administrative processes can sometimes become burdensome. Operational simplification would involve analyzing these processes and adjusting them to ensure that they are optimally simple and efficient for their intended purpose.

- **Substantive Policy Simplification**

Substantive policy simplification involves adjusting *what* the CMF does with the goal of greater simplicity. It involves changing eligibility criteria or other substantive policies or approaches with the goal of simplifying the CMF. These changes would also impact the nature of the CMF. As such, substantive policy simplification is inherently linked to strategic priority setting.

- Communication of Policies and Processes

Simplification via communication involves how the CMF *communicates* what it does to stakeholders. This presumes that stakeholders would find certain policies or processes less complex if they were more effectively communicated. In this sense, “complexity” is seen as stemming from confusion, misunderstanding, or insufficient access to information. Simplification in this way would not involve changing a process or a policy, but better explaining how the process or policy works. For example, it could involve providing FAQs, annotated versions of Guidelines, or other communications measures.

Challenges and Considerations regarding Simplification

Operational simplification and simplification via communication may be deemed less impactful methods of simplification. Changing processes from more to less complex would likely benefit the CMF and its stakeholders, and have few or no downsides attached. Effective communication is always sought by any organization. However, with substantive policy simplification there is the challenge of balancing simplification against other priorities. Given the full range of simplification methods available, the following challenges and considerations must be borne in mind while approaching simplification.

- Compromising Due Diligence Requirements

Some CMF rules and guidelines require the collection of evidence or documentation to ensure that they are being effectively implemented. For example, the CMF typically requires that applicants are Canadian, and generally requests corporate and legal documentation showing the shareholders of the applicant corporation and their citizenship. Eliminating the requirement for this supporting documentation would simplify the application and analysis process, but could undermine the enforcement of the policy requirement. In trying to simplify administrative processes, the CMF will have to balance its obligations to ensure effective compliance with its own rules and guidelines.

- Undermining Core Mandate Principles

One of the methods of simplification under consideration is the simplification or elimination of substantive CMF policy rules. The CMF will have to balance the benefits of simplification against the potential to undermine some of its policy objectives should certain rules or programs be changed or eliminated.

Merely Shifting Complexity Elsewhere

Care must be taken that efforts to simplify one thing do not result in complexity merely being shifted someplace else. For example, the sheer bulk of the CMF’s guidelines and policies has been pointed to as undue complexity, and some have asked whether these documents can be reduced to basic, essential information. There is some merit to this suggestion, however in all cases shorter may not mean simpler. In its first year, the CMF’s Experimental Stream Guidelines were amongst the shortest of all the CMF’s documents, yet this brevity created debate and confusion over the meaning of certain words such as “innovative” and “interactive”. In this case, simplicity of documentation led to complexity of interpretation.

- Responding to Stakeholder Proposals

The first objective of simplification is to “provide better client service”. While many clients may not want an overly complex CMF, clients and stakeholders also often want the CMF to be sensitive to their particular needs. Serving the diverse interests of a varied stakeholder base is arguably one source of complexity at the CMF.

- **Balancing Simplicity vs. Flexibility**

Some methods of simplification could include standardization and/or other methods that expedite administrative efficiency, but could come at the cost of less flexibility. For example, the adjustment or amendments to the Financing Agreement between the CMF and producers could be prohibited. This would eliminate time consuming negotiations and administrative activity related to amendments, but could come at the cost of flexibility in adjusting to the needs of stakeholders.

- **Volume of Funding Applications**

Whatever simplification measures are chosen, they must take into account the administrative realities of the CMF, including the fact the CMF and the CMF Program Administrator | Telefilm Canada processed over 1,800 funding applications in 2010-2011 and expects similar numbers this year.

- **Factors beyond the CMF's Control**

Some factors that can complicate CMF policies or procedures are outside of the CMF's control. CRTC proceedings, CAVCO/CRA policies in respect of tax credits, Terms of Trade Agreements, and other developments impact the CMF and may contribute to complexity by requiring change and adjustment to CMF programs.

- **Impact on Other Stakeholders**

Any changes in substantive policy may have an impact on other parts of the television and digital media sectors, including other funding organizations. Substantive policy changes pursued primarily with simplification in mind could have a ripple down effect throughout the industry.

SIMPLIFICATION OPTIONS:

Given the above framework, the CMF has identified the following simplification initiatives as potential avenues to be considered for the 2012-2014 fiscal period. The following options are divided into substantive policy simplification and operational simplification, though some initiatives may involve a mix of both.¹

The feedback of the Working Group on these proposals is appreciated.

Substantive Policy Simplification Options

1. *Eliminate certain CMF programs in the Convergent Stream.* The CMF is generally required to provide funding support to television-convergent content, and does this primarily through the Performance Envelope Program. The Contribution Agreement between the CMF and the Department of Canadian Heritage requires the CMF to “meet the Government’s policy objective of supporting French-language minority productions by ensuring a minimum 10% funding envelope”, to “support Aboriginal languages convergent television productions by a dedicated envelope”, and to “support television convergent productions in third languages where demand and funding are present”. The CMF implements these requirements through the Francophone Minority, Aboriginal, and Diverse Languages Programs, respectively. All other programs and

¹ Simplification by way of communication initiatives is generally considered an issue best dealt with internally at the CMF and/or Telefilm Canada. However, any feedback from the Working Group in this regard would be welcome.

incentives in the Convergent Stream² are “discretionary”, in the sense that the CMF is not required by the Contribution Agreement to have them. Multiple programs add to CMF complexity, since they require separate documentation, additional administrative procedures, and raise questions on how, if at all, they can be combined with each other in funding the same project. The CMF could eliminate some or all of these “discretionary” programs.

Note: the English Production Incentive will be discussed at the English Regional Projects Working Group on October 19.

2. *Change some or all of the selective programs to envelope-type programs or first-come-first-served programs in the Convergent Stream.* Currently the Aboriginal, Development³, Diverse Languages, English POV, and Francophone Minority Programs use a selective funding mechanism whereby successful projects are chosen by the CMF Program Administrator | Telefilm Canada staff using an evaluation matrix. Each project submitted to the CMF is assessed according to this matrix⁴, and the eligible projects receiving the highest scores are generally selected for funding. This mechanism seeks to choose the best projects for support, but is more administratively burdensome to operate, since it involves close scrutiny of every application and assessment based on sometimes subjective criteria. As shown in Appendix “A”, some CMF programs using the selective funding mechanism are not significantly oversubscribed—in other words, all or nearly all applications to the program ultimately are successful. In such cases, it may be simpler and more efficient to replace the selective mechanism with an envelope-based program or a first-come-first-served mechanism, in which eligible applications are funded unless and until the allocation to that program is exhausted.
3. *Eliminate equity investment funding.* Currently, the CMF provides production funding support in the form of licence fee top-ups and equity investments in the Convergent Stream, and equity investments in the Experimental Stream. Equity investments are recoupable, with a portion of revenues generated from the exploitation of the project being remitted to the CMF. Recoupment of equity investments—or any form of recoupable investment—involves the creation and enforcement of equitable revenue sharing structures, accounting and reporting of revenues, auditing, and other administrative functions. These activities add complexity for both clients and the CMF in terms of rules and procedures (e.g. the Standard Recoupment Policy⁵) and administration. The CMF could cease providing investments, and instead provide funding only in either recoupable advances (with no profit participation) or non-recoupable forms. Clearly, the benefits of such a radical measure in terms of simplification would have to be balanced against policy directives contained within the CMF’s mandate, particularly the call for an increased focus on ROI. Statistics related to recoupment of equity investments in the Convergent Stream are appended to this memo as Appendix “B”.

Note: CMF policies and rules pertaining to Investments and Recoupment will be more fully discussed at the Investments and Recoupment Working Group on October 7.

4. *Eliminate certain Essential Requirements in the Convergent Stream.* Eligibility requirements in the Convergent Stream include four “Essential Requirements”, or “ERs”.⁶ Some of these requirements—particularly ERs 1 and 4—have been criticized as being overly vague and/or unnecessary. ER#1 requires that a television show “speak to Canadians and is primarily intended for a Canadian audience”. What “speaks to Canadians” is subjective, and has sometimes been challenged in its implementation. ER#4 requires that a television show be “shot and set primarily in Canada”. This requirement has been challenged as unnecessary, since a

² Namely, the Development, Versioning, and English POV Programs, and the English Production and Convergent Digital Media Incentives.

³ French-language development only.

⁴ See section 2.4 of the applicable program Guidelines.

⁵ Equity investments and the CMF’s Standard Recoupment Policy will also be discussed in further detail in the Investments and Recoupment Working Group to be held on October 7, 2011.

⁶ See section 3.2.TV.1 of the applicable program Guidelines.

“Canadian story” can arguably take place anywhere.⁷ These requirements could be considered unduly complex, and/or the time and effort required to resolve issues related to certain projects that challenge CMF’s interpretation of these rules could be said to add to administrative complexity. The CMF could change or eliminate some or all of the Essential Requirements for some or all genres (for example, the CMF could consider eliminating some or all of the restrictions currently placed on 2ER documentaries). Of course, the simplicity gained thereby would need to be balanced against the CMF’s mandate to support “Canadian” content.

5. *Reduce or eliminate Maximum Terms in Convergent Stream Programs.* In production funding programs of the Convergent Stream, the CMF sets Maximum Term amounts, which are the maximum allowable time periods for all broadcast windows granted to a broadcaster in consideration for Eligible Licence Fees. The CMF has different Maximum Terms for different genres and languages. The CMF could set a single Maximum Term for all production projects, or eliminate this rule altogether.⁸
6. *Simplify the Licence Fee Threshold and Maximum Contribution grid in the Performance Envelope Program.* Section 2.4 of the Performance Envelope Program Guidelines contains a grid showing the applicable Licence Fee Threshold and Maximum Contribution amounts for a Television Component, as determined by genre and budget. This grid currently contains 37 different categories of projects by language, genre, and budget. The grid contains 42 different Licence Fee Thresholds and 59 different Maximum Contributions. The CMF could reduce the number of these calculations and standardize them across language markets. In particular, the CMF could implement a Maximum Contribution for all projects at 49% of the project’s budget, and/or eliminate the formula currently used in many genres in the English market which is based on the amount of Eligible Licence Fees. Standardization of the Maximum Contribution at 49% was implemented in the French market in 2011-2012. In 2010-2011, for Television Components in the French Market, only 13 projects received a CMF contribution which exceeded 49%.
7. *Harmonize formulas across CMF Convergent Stream programs.* Different CMF funding programs currently have different formulas for calculating Licence Fee Threshold, minimum DM financing, Maximum Contribution, and Maximum Term amounts. Similarly to the simplification described above for section 2.4 of the Performance Envelope Program contribution grid, the CMF could harmonize/standardize these calculations across Convergent programs. For example, the Aboriginal Program currently has a maximum licence fee top-up contribution of 70% of the total CMF contribution, while other programs cap this at 20% of the project budget. The funding of a Digital Media Component in most programs requires a minimum cash financing commitment from a broadcaster of 10%, but there is no such requirement for the Aboriginal and Diverse Languages Programs. The Francophone Minority Program has an overall Maximum Contribution amount of 84%, compared to 49% for many other programs.
8. *Harmonize selective project assessment across CMF Convergent Stream programs.* For those Convergent programs that use a selective process to determine funding⁹, different criteria with different weighting applies in each evaluation grid¹⁰. The CMF could have the same criteria with the same weighting across all selective programs.
9. *Harmonize approaches across linguistic markets in the Performance Envelope Program.* Currently, some CMF rules differ between the English and French markets. For example, different Licence Fee Threshold and Maximum Contribution amounts apply to projects funded through the Performance Envelope Program in each of the two markets.¹¹ The CMF could eliminate these differences and apply the same rules in both markets.

⁷ The CMF has exceptions to this requirement for each of its four eligible genres.

⁸ See section 3.2.TV.5.2 of the applicable program Guidelines.

⁹ Currently, the Aboriginal, Francophone Minority, Diverse Languages Programs, and parts of the Development Program.

¹⁰ See section 2.4 of the applicable program Guidelines.

¹¹ See section 2.4 of the Performance Envelope Program Guidelines.

10. *For successful applicants in Convergent Stream production programs, convert any CMF development advances into production investments rather than requiring the advance to be reimbursed before issuing the production contract.* Currently, in the Convergent Stream, development advances must be repaid before production funding can be released. In the Experimental Stream, however, development advances simply convert to production funding. This practice could be implemented in the Convergent Stream also.
11. *In the Development Program, consolidate “sub-programs” and/or simplify Development Fee Threshold and Maximum Contribution amounts.* Currently, the Development Program has three “sub-programs”: English development, French development, and French regional development. Each of these “sub-programs” has different Development Fee Thresholds (i.e. the minimum amount a project must receive in financing from a broadcaster) and Maximum Contribution amounts. The CMF could consolidate each of these programs into a single development program. Alternatively, the CMF could keep these sub-programs, but standardize the Threshold and Maximum Contribution amounts so that they are the same across all sub-programs.
12. *In the Development Program, sign a single contract for several projects from the same applicant and triggered by the same broadcaster.* A single financing contract for a “slate” of development programs could reduce paperwork and increase efficiency.
13. *In the Development Program, eliminate the rule on broadcasters combining funds towards Development Fee Threshold.* Currently, as described at section 2.A.3, up to two broadcasters may provide Development Fees which combined, meet the Development Fee Threshold. The CMF could simplify by eliminating this rule.
14. *In the Development Program, eliminate the requirement that, for projects intended to be Canadian official treaty co-productions, the active contribution of a Canadian scriptwriter is required.*
15. *In the Development Program, eliminate the requirement that projects must have completed all previous phases of development before applying for a new phase.*
16. *In the Development program, do not require a separate Digital Media Component associated with the project if the broadcaster plans to render the project eligible for production funding by way of VOD or non-simulcast digital distribution.*

Note: Convergence Requirements for all Convergent Stream programs will be discussed at the Convergence Requirements Working Group on October 12.

17. *In the Aboriginal Program, Development – cap the amount that can be requested for pre-development and identify that this phase is really to create a pitch document for broadcasters.*
18. *In the Aboriginal Program, Development – look at encouraging or allowing 3rd party investment.*
19. *In the Aboriginal Program, Production – add broadcaster threshold levels as in other Convergent Stream programs.*
20. *In the Francophone Minority Program, harmonize the Development Fee Thresholds.* Currently, the CMF provides development funding where the project receives a minimum amount of financing from a broadcaster—a Development Fee Threshold. This amount is different for Drama and pilots of all genres, and all other genres—25% and 15% respectively. The CMF could harmonize these thresholds by setting them at a single amount for all genres.

21. *In the Versioning Program, harmonize the Maximum Contribution amounts.* Currently, the Versioning Program imposes three Maximum Contribution amounts depending on whether the Television Component to be versioned is a series or mini-series, a pilot, or a “project distributed in specialized markets”—namely, 75%, 80%, and 80% respectively. The CMF could harmonize these amounts by creating a single Maximum Contribution amount for all cases.
22. *In the Versioning Program, eliminate or clarify the funding of “secondary activities”.* The Versioning Program Guidelines state that the CMF “may finance secondary activities (i.e. minimal re-editing, adaptation of songs, etc.) that are indirectly related to the versioning of an Eligible Project but are essential to the making of the production. The CMF will evaluate such requests on a case-by-case basis.” This rule could be clarified or eliminated.
23. *In the Versioning Program, eliminate or clarify that the CMF “reserves the right to request that the Applicant obtain multiple quotes from service providers and to assess the reasonableness of proposed versioning costs”.*
24. *In the Producer Fees and Corporate Overhead Policy, simplify the calculation of the PFCO “cap” and/or eliminate the rule that “the portion of fees for other production roles...which exceed industry standards will be placed within the Cap”.*
25. *In the Producer Fees and Corporate Overhead Policy, harmonize the cap for production and development and/or the Convergent and Experimental streams.* Currently, the production PFCO cap is 20% of section B+C of the production budget. In development, PFCO must be at 20% of Direct Costs for producer’s fees and 20% of Direct Costs for corporate overhead. The CMF could provide the same calculation for both. Similarly, the CMF provides different cap amounts for television production/development and interactive digital media production/development. The CMF could apply the same rules for both types of production/development.
26. *In the Completion Protection Policy, clarify or eliminate the rule which states that for productions over \$250,000, the CMF requires a minimum contingency of at least 6% of the B+C portions of the budget.* Few projects currently require a completion guarantee and the CMF could review its approach.
27. *In the Convergent Stream’s Standard Recoupment Policy, with regard to profit participation, consider standardizing the CMF’s 50% forbearance from profit between the Convergent and Experimental Streams.* Currently, under the Convergent Stream’s Standard Recoupment Policy, the CMF states that it will “forego 50% of its profit participation for the benefit of the Producer.” Under the Recoupment Policy for the Experimental Stream, the CMF “will forego, in perpetuity, 25% of its profit participation for the benefit of the applicant; and where the CMF recoups 100% of its investment within the first 2 years of exploitation of the project, the CMF will forego, in perpetuity, an additional 25% of its profit participation for the benefit of the applicant, for a total of 50% of the CMF’s initial recoupment position in the project.” The CMF could have identical approaches in both Streams.
28. *In the Convergent Stream’s Standard Recoupment Policy, provide a list of “Eligible Distributors” under that Policy.*
29. *In the Convergent Stream’s Standard Recoupment Policy, the CMF could eliminate the requirement that, “International distribution rights must be offered to appropriately qualified Canadian international sales companies, which must be given the right and opportunity of first offer.”*

30. *In the Convergent Stream's Standard Recoupment Policy, the CMF could eliminate the statement that the CMF will monitor the impact on its publicly-funded distributors policy.* Currently, the Standard Recoupment Policy states the following: "An agency, Crown corporation, broadcaster, or other entity which is financed primarily through provincial or federal public funding may be recognized by the CMF as an Eligible Distributor (such as the National Film Board of Canada) or a gap financier. Such a publicly funded Eligible Distributor may recoup its distribution advance and receive fees/commissions and expenses in accordance with those outlined herein for Eligible Distributors. The CMF will monitor this policy to ensure that private sector distributors are not compromised." The CMF could eliminate the last sentence of this excerpt.
31. *In the Experimental Stream, have two deadlines per year for production and two deadlines for development and marketing per year, so that in total the number of deadlines for the Experimental Stream would be four.* This could assist will spreading the workload of the CMF Program Administrator | Telefilm Canada out over the year, resulting in fewer bottlenecks and faster, more efficient file administration.
32. *In the Experimental Stream, adjust the standard budget template to make it more reflective of the digital media industry.*
33. *In the Experimental Stream, the CMF could be more precise in its description of projects ineligible due to their eligibility for the Federal Scientific Research and Experimental Development Tax Incentive Program.*

Operational Simplification Options

34. *Encourage greater use of eTelefilm.* The CMF Program Administrator | Telefilm Canada currently uses an optional electronic application filing process called eTelefilm. This process makes the administration of funding applications significantly quicker and more efficient. Clients can access and monitor information relating to their applications as well as its status (all CMF Programs are available). eTelefilm allows applicants to electronically file and sign their funding applications, follow their contractual obligations such as disbursement conditions, and operating reports. eTelefilm is available outside of business hours, and allows files to be processed through coordination in half the normal time, with a quicker start to analysis. The CMF can encourage greater use of eTelefilm, or make it mandatory for all applicants. Appendix C provides statistics pertaining to the current usage of eTelefilm.
35. *Streamline and/or eliminate certain documentation requirements.* The CMF currently requires certain documentation as evidence that the applicant/application meets certain CMF eligibility criteria. For example, the CMF typically requires that applicants are Canadian, and generally requests corporate and legal documentation showing the shareholders of the applicant corporation and their citizenship. The CMF could reduce or eliminate some of these requirements. The simplicity gains thereby would have to be balanced against the CMF's due diligence obligations.
36. *Simplify the process for confirming the Canadian status of the applicant.* Currently, the CMF requires an affidavit regarding the status of the Canadian production company from each applicant. The management of these affidavits requires regular monitoring with producers. The CMF could simplify this process by either : 1) eliminating the affidavit requirement, and instead validate eligibility by verifying with the Registre des Entreprises du Québec (CIDREQ) or other available provincial or federal registries only; 2) having this information provided voluntarily on the application form; or 3) relying on previously submitted affidavits from the same applicant, and requiring a new affidavit only when there is a change in ownership of the corporation.

37. *Simplify chain of title assessment.* The CMF generally requires that an applicant owns the rights necessary to produce and exploit the project, and enforcement of this requirement is currently done via analysis of chain of title—the chain of documents conveying intellectual property rights from their source to the applicant. The CMF could accept, in lieu of these documents, a legal opinion from the applicant’s legal counsel confirming that they have the necessary rights to produce and exploit the project. An alternative could also be to eliminate or simplify this requirement when the project is a returning series.
38. *Simplify the contract amendment process.* If there is a material change to the project that is reflected in the Financing Agreement between the CMF and the applicant (and where the CMF accepts the change), an amendment to the Financing Agreement is made. Currently, the process for managing amendments is somewhat complex. The CMF could streamline this process internally by setting out certain pre-approved amendments that would be quicker to process.
39. *Discontinue the requirement to open a separate bank account if the producer’s accounting system clearly identifies revenues and expenses attributable to each project.* Currently the CMF requires a separate bank account be created for all CMF-funded projects. The CMF could waive this requirement where there is an acceptable alternative and expenses and revenues are clearly attributable.
40. *For projects with CMF investments, review, update and simplify the Exploitation Report Template that producers need to fill out twice a year.*
41. *For projects with CMF investments, reduce the number of years that an applicant must submit exploitation reports.* Currently, where the CMF is an equity investor, the CMF requires applicants to submit exploitation reports showing the revenues earned by the CMF-funded project. Applicants must submit these reports for 10 years, whether or not the project is actually generating revenue. The CMF could reduce the number of years these reports must be submitted and/or not require them where there is no revenue related to the project.
42. *In the Convergent Stream programs, reduce the level of analysis for Digital Media Components when they are only used to make a project eligible but are not financed.* Currently, all DM components must be analyzed for eligibility, regardless of whether or not the CMF is providing funding to that DM component. The CMF must ensure that DM components are eligible in order to render the project “convergent”, but it could consider a simpler analysis process to determine this when the DM component itself is not funded.
43. *In the Convergent Stream programs, simplify the documentation required for the “Beta Version Payment” in relation to the Digital Media Component.* Currently, information requested at the rough cut stage, in order for the CMF to release its “rough cut drawdown” payment, is merely a duplicate of previously obtained information. The CMF could, in relation to this requirement, either: 1) eliminate it; 2) simplify it; or 3) create a certificate of eligibility only for the DM component.
44. *In the Convergent Stream programs, reduce the number of drawdown payments for the Digital Media Component from three to two.*
45. *In the Convergent Stream’s Development Program, reduce the number of drawdowns.* Currently, drawdown payments in the Development Program of the Convergent Stream are made in two drawdowns based on certain milestones. The CMF could eliminate one of these drawdowns, paying out its entire funding commitment at the earlier stage.

APPENDIX "A"

Under- and over-subscription in selective programs

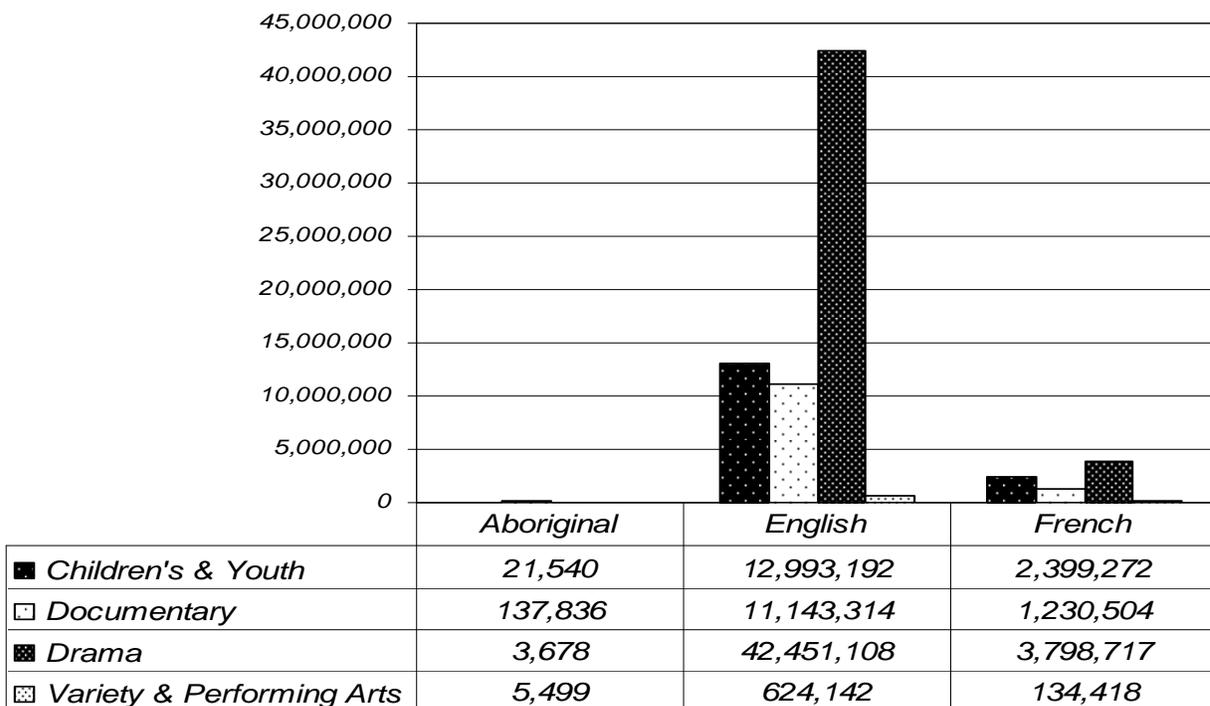
Under- and over-subscription in selective programs

	2011-2012		
	Original allocation	Total Demand	Over/under-subscription %
English POV	3.50	8.43	141%
	2010-2011		
	Original allocation	Total Demand	Over/under-subscription %
Francophone Minority	10.09	11.87	18%
Aboriginal	6.00	8.60	43%
French Development	4.00	3.15	-21%
English POV	3.50	3.50	0%
Diverse Languages	1.00	2.07	107%
	2009-2010		
	Original allocation	Total Demand	Over/under-subscription %
Francophone Minority	10.23	10.21	-0.2%
Aboriginal	4.00	4.79	20%
French Development	3.00	2.56	-15%
	2008-2009		
	Original allocation	Total Demand	Over/under-subscription %
Francophone Minority	9.27	9.18	-1%
Aboriginal	3.02	3.52	17%
French Development	3.00	2.80	-7%

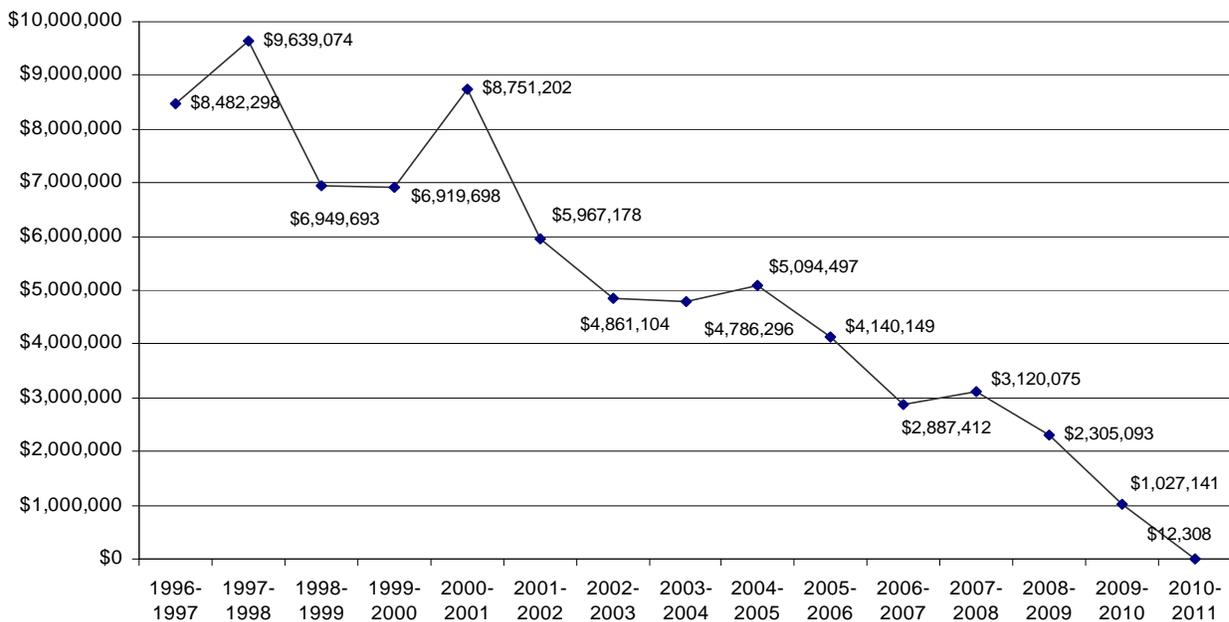
APPENDIX "B"

Information related to Recoupment Revenue in the Convergent Stream

Total Revenues by Language and Genre (1996-1997 to 2010-2011)



Total Revenues by Contract Year



APPENDIX "C"

eTelefilm usage and direct deposit

In 2010-2011, the CMF received 1910 applications in total, including all programs and all streams of funding.

463 or 24% applications used eTelefilm.

- By program:
 - Francophone Minority: 73% (53 out of 73)
 - Diverse Languages: 32%
 - Development: 24%
 - Performance Envelope: 22%
 - English 25%
 - French 18%
 - Experimental 23%
 - English POV 18%
 - Aboriginal:
 - Development: 14%
 - Production: 0%
 - Versioning 6% (1 out of 18)

In addition, the following is information related to usage of direct deposit stats for the period from February 17, 2010 to August 31, 2011

Payment Type	\$ Amount	%	# of Payments	%
Cheque	381,985,365	75%	3689	89%
EFT	127,208,661	25%	475	11%
Total	509,194,025	100%	4164	100%