



CANADA **MEDIA** FUND | FONDS DES **MÉDIAS** DU CANADA

NATIONAL FOCUS GROUP  
Industry Consultation  
November 21<sup>st</sup>, 2013

@CMF\_FMC

# CONSULTATION PROCESS

- Details were announced to stakeholders in August 2013;
- Updates were posted to the CMF website, including all documents presented and discussed during the consultation;
- The process comprised a cross-country series of focus groups (the first since 2010), industry working groups and advisory committees, and online consultation;
- Additional meetings were held at the request of stakeholder groups, to discuss specific issues, including:
  - Alliance des producteurs francophones du Canada (APFC)
  - Alliance Québec Animation
  - Association québécoise de la production médiatique (AQPM)'s Regional Producers
  - Quebec English Language Production Committee (QEPC)
  - Writers Guild of Canada

## WRITTEN SUBMISSIONS

- CMF received written submissions from the following stakeholders:
  - Alliance of Aboriginal Media Producers (AAMP)
  - Aboriginal Peoples Television Network (APTN)
  - AQPM
  - Canadian Media Production Association (CMPA)
  - CBC
  - Documentary Organization of Canada (DOC)
  - Film Ontario
  - Groupe TVA
  - Interactive Ontario
  - Manitoba Film and Music
  - Ontario Media Development Corporation (OMDC)
  - Radio-Canada
  - Writers Guild of Canada
  - As well as production companies and individuals (BattleGoat Studios, Big Day Video Productions, Connections Productions, Innovatebyday, Productions Phare-Est, reFrame Films, Ryan FitzGerald, Smokebomb Entertainment, Sticky Brain Studios and Stitch Media)
- Additional submissions are expected to be received from the APFC, TV5, as well as a group of broadcasters in the French market (APTN, Groupe Serdy, Télé-Québec, TV5 and V).

# CROSS COUNTRY FOCUS GROUPS

CMF held a total of 21 focus groups in 18 different cities. 535 stakeholders took part in the discussions. The focus groups sought to gather feedback from stakeholders on the following strategic, mandate-based issues:

## **Program architecture:**

- Discuss the relevance of two distinct funding streams with distinct policy objectives.

## **Objects of CMF funding (or eligible expenditures):**

- Discuss the types of activities CMF should support through its program budget - predevelopment, development, production, versioning, marketing and promotion, digitization, rights clearance, etc.

# CROSS COUNTRY FOCUS GROUPS

## Canadian content - eligible genres and essential requirements:

- Discuss the relevance of expanding eligible genres and/or reviewing essential requirements, to provide additional flexibility.

## New funding triggers:

- Discuss the relevance of introducing new triggers such as licenses from non-Canadian broadcasters, or digital distributors.

## Diversity of creative voices:

- Discuss the aggregate level of funding support currently provided to ensure diversity, as well as the mechanisms employed.

## PROGRAM ARCHITECTURE

- Stakeholders generally agreed that CMF had successfully delivered on the policy objectives defined by Canadian Heritage.
- Many stakeholders continued to disagree with some of the underlying policy objectives. Several arguments made at the time of the launch of the CMF were once again expressed.
- Most stakeholders agreed that the policy directive to CMF could be less prescriptive and that the Fund could have greater latitude in designing programs that will simply allow CMF to support the best content made in this country, linear or interactive, and for any type of screen.

# PROGRAM ARCHITECTURE CONVERGENT STREAM

## Questions

- Is the requirement for value-added content the best way to support convergence?
- Is the 60% envelope spending requirement on projects with DM components still appropriate?
- Should it be adapted by genre or by type of production, i.e. one-offs vs series?
- Should CMF consider other activities or expenditures for purposes of qualifying a project as convergent?

## PROGRAM ARCHITECTURE CONVERGENT STREAM

- Stakeholders generally agreed that there had been favorable impacts from the requirement for convergence – if only by assisting to bridge the gap between broadcasters and television producers, and digital media producers.
- Stakeholders recognized that Canada had gained a leadership position in the creation of convergent and transmedia content, and that several projects had been a success (particularly from a critical acclaim perspective).
- Stakeholders also generally agreed that current requirements had also resulted in several convergent DM projects being made primarily to meet project eligibility requirements, with very limited budgets, and very limited expectations of success.
- There was general consensus that CMF should adopt a more flexible approach to convergence, supporting it when it most makes sense for a project, and when it may actually contribute to increase audiences and viewer engagement.
- Many stakeholders considered that social media campaigns, second screen strategies and crowdfunding should qualify projects as convergent.



## Questions

- Should innovation remain the main evaluation criteria?
- Should interactivity be a requirement for all projects?
- Should projects related to television or film properties remain ineligible?
- Is the Experimental Stream too focused on games?
- Should additional eligibility criteria be introduced to reduce oversubscription?
- Has the jury process worked well?
- Should CMF continue to fund projects at 3 different stages?
- Are the maximum contributions per stage still appropriate?
- Is the funding allocation to the Experimental Stream still appropriate?

## PROGRAM ARCHITECTURE EXPERIMENTAL STREAM

- Diverging views continued to be expressed by DM stakeholders and television stakeholders with respect to the appropriate funding allocation for the program.
- DM stakeholders strongly supported the program and agreed that it had succeeded in driving the innovation agenda, contributed to Canada's leadership in the digital space, and assisted in supporting the growth of Canada's independent gaming sector.
- Given the diversity of the DM stakeholder group, different views were voiced on the requirement for interactivity, the focus on innovation, the proportion of funding provided to games, and the maximum contribution per project.

# OBJECTS OF CMF FUNDING

## Questions

- Are there additional activities or expenses that the CMF should be funding (either by creating new programs or incentives, or by rendering expenses eligible under existing programs or incentives)?
- Conversely, are there programs or incentives for which the CMF should be reducing the current funding allocation?

## OBJECTS OF CMF FUNDING

- In the Convergent Stream, areas of consensus included increased funding to pre-development (for both regional and non-regional producers), and increased funding for social media campaigns and other content marketing and promotion initiatives.
- In the Experimental Stream, many stakeholders argued that linear web series should be made eligible.

# GENRES AND ESSENTIAL REQUIREMENTS

## Questions

### GENRES

- Is it still relevant for the CMF to focus its support solely on "underrepresented genres" in the context of a competitive global environment?
- Do the CRTC's group licensing framework and PNI policy (programs of national interest) make it unnecessary for the CMF to set envelope spending requirements by genre?

### ESSENTIAL REQUIREMENTS

- Do all essential requirements remain equally relevant in the context of a global competitive environment?
- Should additional exceptions to the current ER's be considered?
- What are the primary risks associated with providing additional flexibility?

# GENRES AND ESSENTIAL REQUIREMENTS

## GENRES

- The vast majority of stakeholders considered that CMF should not expand eligible genres, and that CMF should continue to set spending requirements by genre.
- Some stakeholders argued that CMF should continue to fund only four genres in production, but create a Format Development Fund.

## ESSENTIAL REQUIREMENTS

- The majority of stakeholders agreed that ER#1 could be eliminated, but that the others should be maintained with the currently allowable exceptions or with certain additional exceptions.

## Question

- Given pressures on current content funding sources, should additional triggers be contemplated to assist in maintaining Canadian production levels?

## FUNDING TRIGGERS

- With the exception of broadcasters, stakeholders were generally favorable to the eventual introduction of non-broadcast triggers (particularly, stakeholders from the documentary sector). Many also believed that such entities should be required to contribute towards the creation of Canadian content.
- With respect to foreign broadcast triggers, many stakeholders, including some broadcasters, agreed that the CMF should allow foreign licence fees to contribute to threshold, but only a minority agreed that foreign licences alone should be able to trigger CMF funding. The strongest support for these proposals came from the documentary and animation sectors.
- Many stakeholders proposed that crowdfunding be recognized as a funding trigger.



## Questions

- Are all programs and incentives currently in place to support regional projects equally effective?
- Should new approaches be considered?

## DIVERSITY OF CREATIVE VOICES \_ REGIONAL

- Stakeholders generally agreed that in the aggregate, CMF had met its regional target (35-40% of English-language production in the regions).
- Concerns remained about the spread of production activity across the different regions of the country.

### Pre-development and development

- Stakeholders generally agreed that the English Regional Pre-Development Program answered a real need. Stakeholders proposed that the program's budget allocation be increased. Concerns were raised about the FCFS allocation mechanism: it was suggested that additional deadlines be added throughout the year.

## Production

- The majority of stakeholders stated that the regional factor weight should be retained, but that the EPI should be reviewed. No consensus was reached as to how this should be done.
- Focus groups held in the three territories generated consistent feedback: given the particular challenges associated with producing in the North, stakeholders considered that CMF needs to alter its approach if it wishes to meaningfully develop and support production. A number of proposals were made.
- In Prince Edward Island, stakeholders called for the CMF to adopt an approach similar to the one proposed by stakeholders from the territories, for what was coined “non-industry” jurisdictions.

# DIVERSITY OF CREATIVE VOICES

## Questions

- Are the current programs to support a diversity of creative voices effective?
- Should all of these programs continue to use a selective funding model?

## DIVERSITY OF CREATIVE VOICES

- Several proposals were provided by stakeholders in the context of the focus groups or individual meetings including:
  - AAMP and APTN for the Aboriginal Program
  - APFC, Radio-Canada and individual production companies for the Francophone Minority Program
  - AQPM and QEPC for the Anglophone Minority Incentive
  - DOC and CMPA for the English POV Program
  - New Tang Dynasty for the Diverse Languages Program

## WORKING GROUPS AND ADVISORY COMMITTEE

- Working groups and advisory committee were employed to delve more deeply into issue-based, program-related topics. CMF identified the following topics for discussion and review:
  - Performance envelopes
  - Support for documentary projects
  - Funding mechanisms
  - Support for regional projects
  - Digital media measurement framework

# PERFORMANCE ENVELOPES

- The WG examined the evolution of the PE system over time (particularly, the increased focus on audience success) in a context of increased consolidation in the broadcasting sector.
- Statistics were provided pertaining to the share of overall PE allocations garnered by large corporate groups versus that of smaller, independent broadcasters. Potential options to provide these broadcasters with increased access were discussed, such as additional flexibility, distinct factor weights or separate funding allocations.
- Other topics discussed included a proposal to move towards multi-year envelopes, current factor weights (particularly, the treatment of original first-run programs versus repeats in PE calculations), flex, and convergence requirements.
- Areas of consensus included the industry's request that changes to PE factors be announced well in advance by CMF (ideally, one full year) so that stakeholders can adapt their behavior accordingly, the relevance of setting envelope spending requirements by genre and the appropriateness of the current levels of flex.

# PERFORMANCE ENVELOPES

- There was general consensus that CMF should adopt a more flexible approach to convergence, and that social media campaigns and second screen strategies should qualify projects as convergent.
- Many producer representatives as well as some broadcasters, called for the re-introduction of the Above-Threshold Licence factor in PE calculations.
- Some broadcasters supported the proposal to move to multi-year envelopes, understanding that this would provide greater predictability with respect to their shares of PE funding, although the aggregate amount of funding available through the PEs would vary year over year.
- Written submissions were tabled by several stakeholders, including APTN, AQPM, CBC, CMPA, DOC and Radio-Canada.



## DOCUMENTARY

- Discussions at the WG touched on the % of CMF funding provided to documentaries, the split between one-offs and series, the English POV program, new funding triggers, convergence requirements, the definition of documentary, and the potential expansion of eligible genres to include lifestyle and reality programs.
- A comprehensive proposal was tabled by DOC, with touched on all the topics raised above.
- The majority of stakeholders considered that CMF should not seek to expand eligible genres to lifestyle and reality programs.
- There was general consensus that CMF should adopt a more flexible approach to convergence. However, stakeholders did not necessarily agree on how greater flexibility should be expressed.

## DOCUMENTARY

- Many believed that one-offs should be exempt from convergence requirements. Others stated concerns that current rules make it difficult for one-offs to access funding for their DM components when they wish to do so (as broadcasters concentrate their DM funding on drama series and kids programming).
- The majority of stakeholders (including some broadcasters) agreed that CMF should allow foreign licence fees to contribute to threshold in the documentary genre. Only a minority of stakeholders agreed that foreign licence fees alone, and digital distributors, should be able to trigger CMF funding.
- Documentary producers and broadcasters often did not agree on several of the issues identified above, including the importance of supporting one-off docs, the relevance of the POV program, and the definition of documentary.

# FUNDING MECHANISMS

## Funding formula

- A majority of stakeholders argued that CMF should not amend its funding formula because of the “grind” effect of CMF equity investment on tax credits. CMF was advised to investigate with CRA whether recoupable advances (or similar mechanisms) would be subject to the grind.

## Standard recoupment policy

- Limited feedback was provided, and most stakeholders seemed to argue for the preservation of the status quo.
- One representative of the independent production funds spoke to a preliminary proposal tabled during the meeting, and one broadcaster (Groupe TVA) submitted a proposal that argued for broadcasters to be entitled to share in recoupment revenues in exchange for the licence fees they provide.
- No comments were made with respect to eligible fees, commissions or distribution expenses.

## Thresholds

- Proposals were made in the WG (and at several focus groups) for the Aboriginal, Francophone Minority, PE and POV programs.
- Producer representatives and some broadcasters, called for the re-introduction of the Above-Threshold Licence factor in PE calculations.

# FUNDING MECHANISMS

## Envelopes

- Stakeholders generally appreciate the greater predictability of this mechanism but several raised concerns about the level of concentration of funds in a limited number of large corporate groups. Many smaller broadcasters called on CMF to develop a distinct system.

## Selective

- Discussions at the WG provided feedback similar to that received at the focus groups as outlined at slide 21.

## FCFS

- Stakeholders recognize the administrative efficiency of this approach but recommended it be used for programs with limited budget allocations.
- For those with larger budget allocations (e.g. the CDMI and EPI), it was proposed that either the mechanism be changed (although no consensus was reached as to what it should be changed to) or that more than one deadline be used throughout the year.

## ENGLISH REGIONAL DEVELOPMENT AND PRODUCTION

Discussions at this working group provided similar feedback similar to that received at the focus groups as outlined at slides 18 and 19.

## DIGITAL MEDIA MEASUREMENT ADVISORY COMMITTEE

While the DM measurement framework was launched as recently as the first quarter of 2012, many committee members considered that significant changes to the framework were already required to reflect industry developments.

Two opposite point of views were put forward:

- CMF should focus on the objective of providing basic aggregate reporting and accordingly, adopt a unified approach using a minimal number of baseline metrics applicable to all content types and platforms.
- Given the range of content types and platforms and the diversity of reporting tools currently on the market, CMF should focus on the objective of providing targeted reporting by developing a series of specific metrics, in line with those currently used by the industry.

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