

Broadcaster

PERFORMANCE ENVELOPE

Guidelines

2007-2008



Canadian Television Fund
Fonds canadien de télévision

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Disclaimer:

These Guidelines are for the information and convenience of Applicants (as defined in Section 3.1) to the Canadian Television Fund (CTF). They provide an overview of the objectives of the Fund, the manner in which the Fund is administered, and information on typical administrative practices of the Fund. Compliance with these Guidelines is a prerequisite to eligibility for any CTF funding.

The CTF has full discretion in the administration of its programs and in the application of these Guidelines to ensure funding is provided to those projects that meet its Spirit and Intent. In all questions of interpretation of either these Guidelines or the Spirit and Intent of the CTF, the interpretation by the CTF shall prevail.

All Applicants and broadcasters (where relevant) must abide by the Accounting and Reporting Requirements (ARR) of the CTF and follow applicable business policies as created and amended from time to time. Business policies, including the ARR, may be found in Appendix B of these Guidelines and are also available from the CTF website at www.canadiantelevisionfund.ca. Information included in Appendices A and B is an integral part of these Guidelines.

Productions that receive CTF funding in a given year are subject to the Guidelines and the CTF policies that are in effect for that fiscal year. For greater clarity, changes to CTF Guidelines and/or policies made in a subsequent fiscal year will not be applied retroactively, unless specifically stated. The CTF fiscal year is April 1 to March 31.

Please note: These Guidelines may be changed or modified as required, without notice. Please consult the CTF website at www.canadiantelevisionfund.ca to receive the latest Guideline news and documentation.



1.1 ► History and General Information

The Canadian Television Fund was created in 1996 as a federal government/industry initiative. A private, not-for-profit corporation, the CTF is responsible for funding contributed by the Department of Canadian Heritage, the Canadian cable industry, and the direct-to-home satellite industry by way of broadcast distribution undertakings. The CTF is not an agent of the Department of Canadian Heritage nor of Her Majesty the Queen in right of Canada.

The Board of Directors of the CTF is composed of members representing the Canadian production and distribution communities, the Federal Government, Canadian broadcast distribution undertakings and Canadian broadcasters.

1.2 ► Spirit and Intent

The Spirit and Intent of the CTF is to support the production and broadcast of a specific type of culturally significant television production. These productions speak to Canadians about themselves, their culture, their issues, their concerns and their stories. The programs reflect the lives of Canadians across the country and reveal Canadians and their society to the viewer.

The CTF supports a high volume of distinctively and identifiably Canadian broadcast programming, reflecting Canadian culture, stories and themes. These productions are in English, French and Aboriginal languages, and include Documentary, Children's and Youth, Variety and Performing Arts, and particularly Dramatic programming in peak viewing hours.

The CTF focuses its support on currently-licensed projects intended primarily for Canadian audiences and seeks to encourage Canadian viewing of these productions. These projects must be initiated by Canadian companies, under Canadian ownership, that exercise creative and financial control from development through production to distribution and exhibition.

The CTF is a cultural programming fund. It does not support “industrial” or “foreign service” productions or those that cede control to foreign entities.

The CTF is dedicated to all of the public policy objectives associated with its mandate, including support for regional production, Aboriginal-language productions and French-language production across Canada.

The administrative direction of the CTF is based on four guiding principles:

- ▶ Drive audience success for Canadian programming in the CTF’s traditional genres of Drama, Children’s and Youth, Documentary and Variety and Performing Arts;
- ▶ Allow for language market-specific approaches to CTF funding;
- ▶ Leverage funding to increase private-sector funding of television programming;
- ▶ Deliver effective and efficient administration of our services to our clients.

The CTF interprets and applies these Guidelines in such a manner to ensure that its funding is provided to those projects meeting its Spirit and Intent.

2 ▶ How the Broadcaster Performance Envelope Stream Works

2.1 ▶ Introduction

The CTF contributes to Eligible Projects (see Section 3.2) in this Stream through Broadcaster Performance Envelopes (BPEs), which are allocations of CTF program funds made to Canadian broadcasters with a track record of supporting Canadian programming. Broadcasters select which Eligible Projects may receive funds from their Broadcaster Performance Envelope up to the limit of the funds allocated to them and subject to per-project Maximum Contribution amounts (see [Sections 2.3.1](#) and [2.4](#)) and other specified limitations.



Broadcasters are expected to use their Broadcaster Performance Envelopes in a manner consistent with their Historic Access to the CTF. In particular, their BPEs should be expended within similar genres. Each year the CTF recalculates the Broadcaster Performance Envelopes to reward broadcasters who satisfy the CTF's objectives and mandate, as expressed in specific weighting factors.

In order to be funded from a Broadcaster Performance Envelope, a project must meet all eligibility and genre requirements under the CTF Guidelines. In addition, the broadcaster must pay an Eligible Licence Fee (see [Section 3.2.5](#)) that meets the applicable Licence Fee Threshold amount (see [Sections 2.4](#) and [3.2.5.1](#)). Maximum Contribution and Licence Fee Threshold amounts are calculated based upon a project's Eligible Costs (see [Section 2.3.2](#)).

For 2007-2008, the CTF has two new project categories for English-language drama pilots. See [Section 2.4](#) under Drama Programming for more information.

2.1.1 ▶ **Broadcaster Genre Flexibility**

Broadcaster Performance Envelopes are allocated by genre. Broadcasters are allowed a flex amount on these genre allocations of 15% of their total BPE allocation for the fiscal year. Broadcasters must expend at least 85% of the genre allocation within those genres.

Broadcasters are permitted to transfer more than their 15% flex amount from other genre allocations to their Variety and Performing Arts allocation for the purposes of licencing big-budget Performing Arts programs (\$750,000 or more per hour).

Broadcasters who are members of the Association for Tele-Education in Canada (ATEC) and who have a total BPE allocation of greater than \$750,000 are allowed a flex amount on their genre allocations of 50% of their total BPE allocation for the fiscal year. Broadcasters who are members of ATEC and who have a total BPE allocation that is equal to or less than \$750,000 are allowed a flex amount on their genre allocations of 100% of their total BPE allocation for the fiscal year.



2.1.2 ▶ 2ER Documentaries

2ER Documentary projects are defined in Appendix A of these Guidelines. Documentary funding is governed by exceptional spending requirements not applicable to other genres. As such, broadcasters may commit a maximum of 40% of the initial Documentary allocation available to a broadcaster (i.e., prior to the use of any flex amounts) to support 2ER Documentary projects. Consequently, a minimum of 60% of a broadcaster's Documentary allocation must continue to be used to support Documentary projects meeting all four of the CTF Essential Requirements (see [Section 3.2.1](#)).

2.1.3 ▶ Affiliated Programming

Affiliated Programming are projects produced by a broadcaster-affiliated production company (see [Section 3.1.2](#)), which are licenced by its affiliated broadcaster(s). Broadcasters are limited in the amount of their Broadcaster Performance Envelope that they are permitted to commit on Affiliated Programming. The maximum amount of CTF funding available for Affiliated Programming in each Broadcaster Performance Envelope is based on the three-year Historic Access that the broadcaster's Affiliated Programming had to CTF funding.

2.1.4 ▶ Flexibility for Corporate Broadcast Groups

Broadcasters that belong to the same corporate group, as determined by the CTF, are permitted to transfer up to 100% of the funds from their Broadcaster Performance Envelopes to another broadcaster (that has a Broadcaster Performance Envelope) within the same corporate group, provided the funds remain in the same genre. Transfers cannot be made across languages.

Broadcasters are also permitted to transfer all or a portion of their allotted 15% flex amount to another broadcaster (that has a Broadcaster Performance Envelope) within the same corporate group. Broadcasters are permitted to transfer more than their 15% flex amount to another broadcaster (that has a Broadcaster Performance Envelope) within the same corporate group for the purposes of enabling the transferee broadcaster to licence big-budget Performing Arts programming (\$750,000 or more per hour).



Broadcasters may transfer all or a portion of their pre-approved Affiliated Programming spending capacity to a broadcaster in the same corporate group with an existing CTF-approved Affiliated Programming spending capacity.

Broadcasters may transfer all or a portion of their 2ER Documentary spending capacity to another broadcaster's Documentary Broadcaster Performance Envelope within the same corporate group.

All transfers made by broadcasters within a corporate group must be reported to the CTF through the submission of a Transfer of Funds Request Form, available at: www.canadiantelevisionfund.ca.

2.1.5 ▶ Definition of Regional Production

For the purposes of the Broadcaster Performance Envelope Stream “regions” are defined as any part of Canada outside of a 150 km radius from Montreal or Toronto. The CTF defines a Regional Production as follows:

- ▶ Principal photography occurs in the regions, with suitable exceptions for documentaries; and
- ▶ The Applicant is based in the regions (with its head office situated in the regions); and
 - ▶ Exercises full control of the creative, artistic, technical and financial aspects of the project, or, in the case of a regional/non-regional co-production, the regional Applicant has such control in proportion to its copyright ownership;
 - ▶ In the case of a regional/non-regional co-production, the regional Applicant owns at least 51% of the copyright in the production;
 - ▶ In the case of a regional/non-regional co-production, the regional Applicant shares equitably in fees payable to producers and corporate overhead;



- ▶ Initially owns and controls the distribution rights to the project and retains an on-going financial interest in the project or, in the case of a regional/non-regional co-production, the markets and potential revenues are shared equitably in proportion to the financial participation of each co-producer; and
- ▶ Has meaningfully participated in the production's development.

Where the control and central decision-makers in a project are located outside of the regions, the project is not considered to be a Regional Production.

2.1.6 ▶ **Applicable Language Category and Double Shoots**

In the Broadcaster Performance Envelope Stream, the CTF applies different Licence Fee Threshold amounts, Maximum Contribution amounts, Maximum Terms and other calculations depending upon the original language of production of the project.

Eligible Projects may receive contributions from both a French-language Broadcaster Performance Envelope and an English-language Broadcaster Performance Envelope. In such a case:

- ▶ Where a Drama project is simultaneously shot in English and French (a double shoot), the original language of production is considered both languages: English and French. As such, the Eligible Costs of the project will be divided so that two-thirds of the Eligible Costs represent the English-language portion and one-third the French-language portion. Each portion shall be subject to the Licence Fee Threshold and Maximum Contribution amounts of its respective language category. Consequently, the French and English-language broadcasters' licences shall each meet the Licence Fee Threshold requirements applicable to its respective portion of the Eligible Costs, and each broadcaster shall be subject to the Maximum Contribution amounts applicable to that portion. When recalculating Broadcaster Performance Envelopes for the following fiscal year, any future Above Average Licence will be based on the licences measured against the specific Eligible Costs portion to which they were related.



- In all other cases, the applicable language category is a single language determined by the original language of production of the project. Where a project is versioned into another language, the language into which the project was versioned is not the original language of production.

2.2 ► Nature of Funding Contribution

The Broadcaster Performance Envelope Stream may provide a mix of licence fee top-ups and equity investments according to a set formula.

A licence fee top-up supplements a successful Applicant's Canadian broadcaster cash licence fees. As such, this type of contribution forms part of the broadcaster's licence fee for the production and is non-recoupable. An equity investment is a cash investment in the production, which results in the CTF acquiring an undivided copyright ownership interest in all versions of the production. Equity investments are recoupable, and subject to a standard and non-negotiable recoupment schedule (as described and subject to any exceptions set out in the CTF Standard Recoupment Policy, see [Appendix B](#)).

In general, the first CTF contribution to an Eligible Project will be in the form of a licence fee top-up to a maximum of 20% of an Eligible Project's Eligible Costs (25% for one-hour big-budget Drama, defined as a one-hour dramatic series with budgets of \$800,000 or more per hour). Amounts in excess of 20% of an Eligible Project's Eligible Costs (25% for one-hour big-budget Drama), and more than \$10,000 will be in the form of an equity investment. The CTF considers any eligible equity investment request of less than \$10,000 to be too small for equity participation. Accordingly, any such requested amount shall be automatically converted into a licence fee top-up.

Access to CTF equity investment is additionally governed by the following criteria:

- 2ER Documentaries (see [Section 2.1.2](#)) and Affiliated Programming (see [Section 2.1.3](#)) are not eligible for an equity investment from the CTF;



- ▶ When an Applicant beneficially owns more than 10% of a broadcaster, on a fully diluted basis, either directly or indirectly, its productions are eligible for equity investment only if the licence fees payable by that broadcaster are clearly outside the financial structure of the production and do not contribute to fulfilling the CTF's licence fee requirements;
- ▶ An Applicant is ineligible for equity investment if it, or a corporate group* of which it is a member, receives less revenue from combined production and distribution operations than from CRTC-regulated operations (including, and without limitation, broadcasting, cable and satellite).

* For the purposes of this subsection, a “corporate group” is defined as two or more affiliated corporations.

CTF contributions may be combined in the financing of an Eligible Project from more than one Broadcaster Performance Envelope. In such cases, all the rules governing Broadcaster Performance Envelope use pertain to each broadcaster as if it were the sole contributor. The total combined CTF contribution committed from all broadcasters' envelopes must respect the licence fee top-up and equity investment split described above and any applicable Maximum Contribution amounts.

2.3 ▶ Amount of Funding Contribution

2.3.1 ▶ Broadcaster Performance Envelope Contribution

Broadcasters can decide what proportion of their Broadcaster Performance Envelope to allot to an Eligible Project, up to specified Maximum Contribution amounts (see the table at Section 2.4). Maximum Contribution amounts do not apply to BPE contributions from broadcasters who are members of the Association for Tele-Education in Canada (ATEC) and who have a total BPE allocation that is equal to or less than \$750,000.

For official treaty co-productions, the CTF Maximum Contribution will be calculated on the lesser of the Canadian portion of the production's global budget and the Canadian portion of the global final costs as certified by Telefilm Canada's International Co-productions Department.

Eligible Projects that are ineligible for equity investment from the CTF are thereby further limited to a Maximum Contribution of 20% of the project's Eligible Costs (or 25% for one-hour big-budget Drama).

2.3.1.1 ▶ Quebec Regional French-Language Production Incentive

French-language productions meeting the definition of a Regional Production (see [Section 2.1.5](#)) and produced by an Applicant with its head office in the province of Quebec are eligible for the Quebec Regional French-Language Production Incentive.

The incentive will take the form of a CTF licence fee top-up contribution of 5% of an Eligible Project's Eligible Costs up to a per-project maximum of \$75,000. This incentive will be awarded to Eligible Projects on a first-come, first-served basis. It will be awarded directly by the CTF separately and in addition to what was awarded by the broadcaster through its CTF Broadcaster Performance Envelope. This incentive will be applied toward the CTF's recalculation for the Historic Access factor of the licencing broadcaster's Broadcaster Performance Envelope.

2.3.2 ▶ Eligible Costs

"Eligible Costs" are the costs set out in the production budget for the project or the final cost report, as applicable (including both related-party and non-related party costs), plus any costs the CTF considers necessary, minus any costs that the CTF considers excessive, inflated or unreasonable. Assessment of a project's Eligible Costs shall be done at the CTF's sole discretion. The participation of the CTF is calculated based on an Eligible Project's Eligible Costs. The CTF estimates Eligible Costs at the time of application, based upon the production budget for the project.

Productions receiving financing from the CTF must have insurance and completion protection safeguards in a form and amount acceptable to the CTF. The insurance and completion protection requirements are defined in the CTF business policies (see [Appendix B](#)).

Additional CTF business policies relating to Eligible Costs are in [Appendix B](#) of this document.

2.3.2.1 ▶ **Related-Party Transactions**

All related-party fees, related-party allowances and any other related-party transactions must be:

- ▶ Disclosed to the CTF; and
- ▶ In accordance with the *CTF/Telefilm Canada Accounting and Reporting Requirements* of January 1, 2006, more specifically but not limited to Sections 3 and 4.

2.3.2.2 ▶ **Versioning**

For those projects that have been licenced or will be licenced for Canadian broadcast in the other official language (English or French, as applicable) prior to delivery of the project to the first window Canadian broadcaster, the CTF requires that all versioning (i.e., dubbing or subtitling) of the project be performed by a Canadian-owned and controlled company using Canadian artists, actors, employees and technicians (as applicable). Exceptions may be made in the case of official treaty co-productions.

The CTF requires that English and French versioning costs be included in the budget if it is required contractually by one of the Canadian financiers. The CTF will not support versioning costs normally incurred by distributors to assist in foreign market sales.



2.3.2.3 ▶ Multi-Platform Projects

Children’s and Youth Programming projects may receive support for the new media portion of the budget where the storytelling and/or narrative of the television and new media components are inextricably linked and interdependent.

The CTF will not support any new media component that focuses on promotion, marketing, administrative processing, or other aspects of the project unrelated to the storytelling and/or narrative element that enhances the experience for the viewer.

The CTF requires that Licence Fee Thresholds be met against the integrated budget.

2.4 ▶ Licence Fee Thresholds and Maximum Contributions

“Maximum Contribution (BPE Stream)” refers to contributions from all Broadcaster Performance Envelopes from the BPE Stream only, while “Maximum Contribution (CTF)” refers to the contributions from all CTF Streams (for example, combined contributions from French-Language Production Outside Quebec and BPE).



DRAMA PROGRAMMING

Language	Project Type	Project's Eligible Costs	Licence Fee Threshold	Maximum Contribution (BPE Stream)	Maximum Contribution (Licence Fee Top-up)	Maximum Contribution (Equity Investment)	Maximum Contribution (CTF)	
English	½ Hour Series or One-Offs	Less than \$800,000 per hour	45% of Eligible Costs or \$315,000 per hour, whichever is less	n/a	20% of Eligible Costs per project or \$2.25 million, whichever is less	49% of Eligible Costs per project or \$153,846 per episode or \$2 million, whichever is less	\$4.25 million per project	
		\$800,000 per hour or more	\$315,000 per hour	n/a				
	One Hour Series or One-Offs (including MOWs and mini-series)	Less than \$800,000 per hour	45% of Eligible Costs or \$315,000, whichever is less	n/a	25% of Eligible Costs per project or \$4.2 million, whichever is less	49% of Eligible Costs per project or \$230,769 per episode or \$3 million, whichever is less	\$5.25 million per project	
	One Hour Series or One-Offs (excluding MOWs and mini-series)	\$800,000 per hour or more	\$315,000 per hour	n/a		49% of Eligible Costs per project	\$507692 per hour or \$6.6 million per project, whichever is less	
	MOWs	\$800,000 per hour to \$1,857,143 per hour	\$315,000 per hour	n/a			20% of Eligible Costs per project or \$750,000, whichever is less	\$1.75 million per project
		More than \$1,857,143 per hour	175% of Eligible Costs	n/a				
	Mini-series	\$800,000 per hour to \$1,857,143 per hour	\$325,000 per hour	n/a			20% of Eligible Costs per project or \$2 million, whichever is less	\$4.0 million per project
		More than \$1,857,143 per hour	175% of Eligible Costs	n/a				
	½ Hour Pilots	More than \$700,000	\$205,000	n/a	20% of Eligible Costs per project	\$350,000		
	1 Hour Pilots	More than \$1,750,000	\$525,000	n/a		\$850,000		



DRAMA PROGRAMMING

Language	Project Type	Project's Eligible Costs	Licence Fee Threshold	Maximum Contribution (BPE Stream)	Maximum Contribution (Licence Fee Top-up)	Maximum Contribution (Equity Investment)	Maximum Contribution (CTF)
French	Drama projects excluding MOWs and mini-series	Less than \$250,000 per hour	50% of Eligible Costs	20% of Eligible Costs per project	n/a	n/a	\$1.3 million per project
	Drama projects excluding MOWs and mini-series	\$250,000 per hour or more but less than \$800,000 per hour	23% of Eligible Costs	52% of Eligible Costs per project	20% of Eligible Costs per project	n/a	\$5.5 million per project
	One hour Drama series	\$800,000 per hour or more	20% of Eligible Costs	53% of Eligible Costs per project	25% of Eligible Costs per project	n/a	\$545,000 per hour or \$6.5 million per project, whichever is less
	Mini-series	All	18% of Eligible Costs	55% of Eligible Costs per project	20% of Eligible Costs per project	n/a	\$4.0 million per project
	MOWs	All	\$150,000 per project	55% of Eligible Costs per project	20% of Eligible Costs per project	n/a	\$1.75 million

VARIETY & PERFORMING ARTS PROGRAMMING

Language	Project Type	Project's Eligible Costs	Licence Fee Threshold	Maximum Contribution (BPE Stream)	Maximum Contribution (CTF)
English	Variety and Performing Arts	Less than \$750,000 per hour	40% of Eligible Costs or \$240,000 per hour, whichever is less	n/a	\$0.75 for every \$1.00 of licence fee per BPE
		\$750,000 or more per hour	\$240,000 per hour	n/a	\$1.25 for every \$1.00 of licence fee per BPE
French	Variety	Less than \$750,000 per hour	50% of Eligible Costs	25% of Eligible Costs per project	\$1.1 million per project
		\$750,000 or more per hour	25% of Eligible Costs	35% of Eligible Costs per project	\$1.1 million per project
	Performing Arts	All	20% of Eligible Costs	43% of Eligible Costs per project	\$500,000



DOCUMENTARY PROGRAMMING

Language	Project Type	Licence Fee Threshold	Maximum Contribution (BPE Stream)	Maximum Contribution (CTF)
English	Projects of six episodes or less, and with Eligible Costs of less than \$400,000 per hour	30% of Eligible Costs or \$100,000 per hour, whichever is less	n/a	\$1.25 for every \$1.00 of Eligible Licence Fees per BPE
	Projects of seven episodes or more, and with Eligible Costs of less than \$400,000 per hour	40% of Eligible Costs or \$100,000 per hour, whichever is less	n/a	\$1.00 for every \$1.00 of Eligible Licence Fees per BPE
	Projects with Eligible Costs of \$400,000 per hour or more	\$100,000 per hour	n/a	\$1.50 for every \$1.00 of Eligible Licence Fees per BPE
French	Projects with Eligible Costs of less than \$100,000 per hour	35% of Eligible Costs	35% of Eligible Costs per project	\$700,000 per project
	Projects with Eligible Costs of \$100,000 per hour to \$400,000 per hour	20% of Eligible Costs	47% of Eligible Costs per project	\$700,000 per project
	Projects with Eligible Costs of more than \$400,000 per hour to \$750,000 per hour	15% of Eligible Costs	47% of Eligible Costs per project	\$700,000 per project
	Projects with Eligible Costs of more than \$750,000 per hour	10% of Eligible Costs	50% of Eligible Costs per project	\$700,000 per project
	Feature-length Documentary projects with Eligible Costs of \$100,000 to \$750,000	12% of Eligible Costs	50% of Eligible Costs per project	\$375,000 per project
	Feature-length Documentary projects with Eligible Costs of more than \$750,000	10% of Eligible Costs	50% of Eligible Costs per project	\$500,000 per project



CHILDREN'S AND YOUTH PROGRAMMING

Language	Project Type	Licence Fee Threshold	Maximum Contribution (BPE Stream)	Maximum Contribution (CTF)
English	Projects with Eligible Costs of less than \$750,000 per hour	25% of Eligible Costs or \$160,000 per hour, whichever is less	n/a	\$1.50 for every \$1.00 of Eligible Licence Fees per BPE
	Projects with Eligible Costs of \$750,000 or more per hour	\$160,000 per hour	n/a	\$2.00 for every \$1.00 of Eligible Licence Fees per BPE
French	Live-action projects with Eligible Costs of less than \$750,000 per hour	35% of Eligible Costs	37% of Eligible Costs per project	\$2,500,000 per project
	Live-action projects with Eligible Costs of \$750,000 or more per hour	15% of Eligible Costs	47% of Eligible Costs per project	\$545,000 per hour or \$2,500,000 per series
	Animation	15% of Eligible Costs	30% of Eligible Costs per project	\$2,000,000 per project



3.1 ► Eligible Applicants

3.1.1 ► Independent Production Companies

An eligible Applicant* to the CTF must be a corporation that is Canadian-controlled, as determined for the purposes of sections 26 to 28 of the *Investment Canada Act*, with its head office based in Canada. In addition, when assessing an Applicant's eligibility, the CTF may choose to look at factors, including:

- If the Applicant's activities take place in Canada;
- The financial stability of the Applicant (with appropriate exceptions for new production companies without established parent companies); and
- Whether or not the Applicant operates principally as a television or film production entity.

* For the purposes of these Guidelines, the term "Applicant" is deemed to mean and include all co-applicants and/or parent companies as applicable.

3.1.2 ► Broadcaster-Affiliated Production Companies

The CTF uses the definition of "Affiliate" set out in the *Canada Business Corporations Act*. An Applicant affiliated with a Canadian broadcaster is only eligible for CTF funding if it is:

- A separately incorporated entity and is distinct from the operations of its affiliated Canadian broadcaster; and
- Not affiliated with a publicly-funded Canadian broadcaster.

3.2 ▶ Eligible Projects

An “Eligible Project” in this Stream is a project that meets all of the criteria of Section 3.2 and all its subsections.

3.2.1 ▶ Essential Requirements

Given the Spirit and Intent of the CTF, a production must meet all of the Essential Requirements listed below. In the case of a series, the Essential Requirements are applicable to every episode. The CTF has full discretion to decide whether or not a project meets the Essential Requirements; the interpretation of the CTF shall prevail.

1. The project speaks to Canadians about, and reflects, Canadian themes and subject matter.
2. The project will be certified by the Canadian Audio-Visual Certification Office (CAVCO) and has achieved 10/10 points (or the maximum number of points appropriate to the project), as determined by the CTF using the CAVCO scale.
3. Underlying rights are owned, and significantly and meaningfully developed by Canadians.
4. The project is shot and set primarily in Canada.

Further details on these Essential Requirements and permissible genre-specific exceptions are provided in [Appendix A](#) to these Guidelines. This Appendix includes additional important information and is an integral part of these Guidelines.

3.2.1.1 ▶ Official Treaty Co-Productions

With respect to the eligibility of official treaty co-productions to access the CTF, these Essential Requirements shall be interpreted so as to treat the treaty co-production partner as “Canadian.”



Accordingly, the terms “Canadian” and “Canadians” in Essential Requirements 1 and 3, and the term “Canada” in Essential Requirement 4 will be deemed to include the co-production country. The 10/10 points referenced in Essential Requirement 2 must be attained by citizens of Canada or the co-producing country.

For Essential Requirement 2: in the case of a co-production between Canada and a European country that is part of the European Union, the CAVCO points positions may be filled by a citizen of Canada, or any country of the European Union.

If a production submitted to the CTF as an official treaty co-production is unable to obtain final approval as an official treaty co-production from the competent authorities, the final production must meet all Essential Requirements under Section 3.2.1 above (and under the applicable genre of programming, see [Appendix A](#)) and all other eligibility requirements applicable to projects that are not official treaty co-productions in order to remain eligible for CTF funding.

3.2.2 ▶ Genres of Programming

The CTF supports the following programming genres: Drama, Documentary, Children’s and Youth programming, and Variety and Performing Arts programming. The CTF’s definition of each of these genres is contained in [Appendix A](#) to these Guidelines.

The following is a non-exhaustive list of genres and programming formats that are **not** eligible to apply to the CTF: sponsored productions, sports, news, game shows, current affairs, public affairs, lifestyle productions, “how-to” productions, reality television, instructional television, infomercials, music videos, formal or curriculum-based educational programming, format buys, magazine productions, talk shows, “talkshows culturels”, award shows, special event celebrations, galas, reporting and current events, religious programming, fundraising productions, benefits, tributes, promotional productions, pep-rallies, travelogues and interstitials.

Projects comprised mainly of stock footage are eligible, provided they satisfy the CTF’s genre and category definitions and are new productions (i.e., not repackaged or adapted versions of previously-produced productions).



The CTF defines “stock footage” as footage that was:

- Originally shot for purposes other than the production submitted for funding; and
- Edited for use in the production and not simply repackaged in whole or in large segments for the production.

3.2.3 ‣ **Canadian Ownership and Control**

An Eligible Project must meet the following criteria:

- It is under Canadian ownership and Canadian executive and creative control;
- It is under the financial control of Canadian citizens or permanent residents;
- It is, and has been, controlled creatively and financially by a Canadian production company during all phases of production, from development through post-production, and all distribution and exploitation rights are owned and initially controlled by a Canadian production company;
- A project formerly produced in-house by a broadcaster is eligible as long as the Applicant is an independent production company and has full control of the proposed project;
- Generally, no more than 49% of the production financing/final cost is provided by a single non-Canadian entity, person or related entity (via licence fees, distribution advances, goods and services and/or equity investment). Interim lending of more than 49%, however, may be provided by a non-Canadian arm’s-length entity in the business of lending money and taking security;



- ▶ The Applicant retains and exercises all effective controls or approvals consistent with those of a producer. This includes control and final approval of creative decisions and production financing, distribution and exploitation, and preparation and final approval of budget, subject to reasonable and standard approval rights customarily required by arm's-length financial participants, including Canadian broadcasters and distributors;
- ▶ The Applicant owns all rights (including copyright) and options necessary for the production and its distribution in Canada and abroad, and retains an ongoing financial interest in the project.

3.2.4 ▶ **Technical Requirements**

An Eligible Project must meet the following criteria:

- ▶ It conforms to the Canadian Association of Broadcasters' Code of Ethics and to all programming standards endorsed by the Canadian Radio-television and Telecommunications Commission (CRTC), including those related to sex-role portrayal and violence.
- ▶ It has a broadcast length of at least 30 minutes (including commercial breaks), although a package of children's programming "shorts" may be eligible if the package equals or exceeds a broadcast length of 30 minutes. This is not applicable for youth programming;
- ▶ It is closed-captioned if it contains narrative, dialogue or lyrics. Exceptions may be permitted for projects targeted to children under the age of five, projects in Aboriginal languages that do not use the Roman alphabet, and live-to-air productions;



- ▶ If a television series, it includes all episodes of the cycle and may not include episodes from any other cycle. It may not be a split cycle. The CTF assesses split cycles and multiple cycles by examining numerous factors such as production scheduling and broadcast airing patterns. In particular, multiple cycles will not be accepted if they do not air continuously. The CTF may allow a partial cycle if there are insufficient funds remaining in a Broadcaster Performance Envelope to support all the episodes in a cycle;
- ▶ Only one application for a given television series may be made per CTF fiscal year;
- ▶ Generally, the CTF expects a production to begin principal photography/key animation within three months after the end of the fiscal year in which it is funded. Special considerations may be made for documentaries that need to capture a time-sensitive event.

3.2.5 ▶ Eligible Licence Fee Requirements and Conditions

An Eligible Project must have a current licence agreement(s) with a Canadian broadcaster(s) licensing the right to broadcast the production in Canada that meets all the requirements of Section 3.2.5 and all its subsections and which entitles the Applicant to cash fees in exchange for the licenced rights (Eligible Licence Fees). Such licences must be genuine, industry standard, fair market value and non-recoupable. Canadian broadcasters include all private, public and educational broadcasters and all specialty, pay and pay-per-view undertakings.

Eligible Licence Fees must be paid in cash, and may not include facilities, goods or services, equity, a producer time-buy, donations or corporate sponsorship monies negotiated and obtained by the Applicant, tax credits or any arrangement which, in the CTF's assessment, does not constitute a genuine cash licence fee.

In cases where provision of a licence is wholly or partially dependent on a buyback of services from the broadcast licence provider, the CTF may elect to deduct the value of the services or facilities from the total value of the licence, for the purposes of determining Eligible Licence Fee amounts for Licence Fee Threshold assessment (see [Section 3.2.5.1](#)). This determination will be made on a case-by-case basis.



The foregoing does not preclude a Canadian broadcaster from contributing as financing an equity investment, services, or facilities to an eligible production, in addition to a cash Eligible Licence Fee.

The acquisition of French-language rights by an English-language broadcaster and of English-language rights by a French-language broadcaster will not be accepted in licences containing Eligible Licence Fees, with the exception of licences from dual-language broadcast channels. In such cases, the dual-language broadcaster must specify to the CTF the licence fee paid for each language right acquired. No single-language licence shall prevent the exploitation of the other language rights by the producer.

A broadcast licence agreement containing an Eligible Licence Fee must include an unqualified commitment by the broadcaster to broadcast the production closed captioned, in peak viewing hours, within 18 months of completion and delivery of the production. Should the broadcaster fail to comply with these broadcast requirements the licence fee will be deemed not to be an Eligible Licence Fee. The CTF will consider requests for extension to this period on a case-by-case basis. “Peak viewing hours” are defined by the CTF as 7 p.m. to 11 p.m., with an exception for some Children’s and Youth programming as described in [Appendix A](#). For second and subsequent window broadcasters, the commitment to air the production in peak viewing hours within 18 months will start at the beginning of those broadcasters’ licence periods.

3.2.5.1 ▶ Licence Fee Thresholds

A “Licence Fee Threshold” is the minimum amount of Eligible Licence Fees that a project must receive from a broadcaster to be eligible for CTF funding. The Licence Fee Threshold amounts applicable to each genre are provided in the tables in [Section 2.4](#).

For official treaty co-productions, CTF Licence Fee Threshold amounts will be calculated on the greater of the Canadian portion of the production’s global budget and the level of Canadian participation as certified by Telefilm Canada’s International Co-productions Department.

The entirety of the Eligible Licence Fees contributing to meeting the Licence Fee Threshold must be used in the production financing.

3.2.5.2 ▶ Additional Rights

An Eligible Licence Fee cannot confer upon a Canadian broadcaster any of the following rights:

- ▶ An ownership, profit, repayment or recoupment position in the production;
- ▶ Broadcast rights for non-Canadian territories or restrictions on the Applicant's ability to exploit these rights, with the exception of traditional broadcast spill-over protections and exclusive world premiere rights. Where exclusive world premiere rights are taken by a broadcaster, licence agreements must provide for waiver of the world premiere rights if a bona fide sale to a foreign entity is made provided the foreign entity agrees not to broadcast the program within six months of delivery to the Canadian broadcaster. For greater clarity, under no circumstances shall a broadcaster hold world premiere rights longer than six months from delivery where a bona fide sale has been made to a foreign broadcaster; or
- ▶ Other Rights (including, but not limited to home video, merchandising, new media, non-theatrical, on-line distribution, on-line broadcast/streaming or any form of video on demand) for Canadian or non-Canadian territories.

A broadcaster may acquire an ownership, profit, repayment or recoupment position in the production, as long as these additional rights do not form part of the Eligible Licence Fee. All such rights must be valued and paid for separately.

A broadcaster or an Eligible Distributor (as defined in the CTF Standard Recoupment Policy, see [Appendix B](#)) associated with the broadcaster may acquire Other Rights or broadcast rights for non-Canadian territories as long as these additional rights are not part of the rights being acquired in exchange for the Eligible Licence Fee. All such rights must be valued and paid for separately. Notwithstanding the foregoing, [Section 2.3.2.3](#) remains in effect.



Safeguards for Negotiations of Other Rights

The CTF recognizes that significant technological changes are occurring in the broadcast landscape that affect rights negotiations between broadcasters, producers and creators. To help ensure proper governance of negotiations pertaining to Other Rights, the CTF has created these temporary Safeguards. They are meant to be reviewed periodically as the industry progresses in settling guild agreements, and determining the impact of the technological changes on the value of different platform rights, etc.

The CTF requirements regarding the negotiation and acquisition of Other Rights (as described in [bullet point #3 of Section 3.2.5.2](#)) differ according to the geographic location of the producing company.

1. Productions produced by a company based outside the province of Quebec

The following requirements apply to all production companies based outside of Quebec regardless of the language of production, the language of the producer, or the province of the licensing broadcaster(s):

Negotiation for Other Rights may commence no earlier than two weeks after the execution of a long-form licence agreement for broadcast rights in Canada. Such negotiation must, therefore, be separate and distinct from the broadcast rights negotiation. The producer and broadcaster may negotiate any exploitation arrangement for Other Rights if the arrangement is mutually agreed upon. If no mutual agreement is reached, the exploitation of Other Rights by either party is forbidden for one year from the earlier of the exploitation of rights date and the first telecast, and the licence agreement for broadcast rights in Canada must remain in force. In regard to the foregoing negotiation for Other Rights, if both the producer and broadcaster agree that the negotiation for Other Rights be concurrent with the licence agreement negotiation, a letter addressed to the President of the CTF, signed by both parties, may be used as the basis to waive the two-week delay in the negotiation for Other Rights.



2. Productions produced by, or co-produced with, a company based in the province of Quebec

For productions produced by, or co-produced with, a company based in the province of Quebec, the governance of negotiations for Other Rights differs from the previous section.

The requirements that follow apply to all production companies based in the province of Quebec regardless of the language of production, the language of the producer, or the province of the licencing broadcaster(s):

- ▶ Licence agreements may not unreasonably restrict the producer's exploitation of "Other Rights-Traditional Distribution" defined as merchandising, home video, DVD, or any other method of distribution analogous to these.
- ▶ For Drama, the maximum allowable time restriction on exploitation of Other Rights-Traditional Distribution is two broadcasts or one year from delivery, whichever occurs first. In the case of a series, this refers to two broadcasts of the first episode or one year from delivery of the first episode, whichever occurs first. For all other genres, the maximum time restriction is three months after the first broadcast of the project or the first episode.
- ▶ For "Other Rights-New Platform" defined as new media, on-line distribution, on-line broadcasting/streaming, any form of video on demand, or any other method of distribution analogous to these, a producer may not assign or sell Other Rights-New Platform to a third party for the same territory and term for which a broadcaster(s) has acquired the exclusive broadcast right (by providing an Eligible Licence Fee) without first having obtained the assent of the aforementioned broadcaster(s).



3.2.5.3 ▶ Licence Terms

The CTF shall assess the maximum allowable time period of all broadcast windows granted in consideration for Eligible Licence Fees (Maximum Term). The Maximum Term, in the aggregate and including both exclusive and non-exclusive terms is:

- ▶ Children's & Youth, Documentary, and Variety & Performing Arts projects: 6 years.
- ▶ English-language Drama projects: 7 years.
- ▶ French-language Drama projects: 5 years.

The start of the licence term shall begin at the contractually agreed-upon term commencement date, as negotiated between the Applicant and the broadcaster. The term is the period of time in which a broadcaster has the right to exploit a program. In the case of a series, the term is measured from the commencement date of the first episode and not the commencement dates of each episode.

For clarity, the start of the term and the first air date may not always coincide. By way of example, a broadcaster's term may be from September 1, 2007 to September 1, 2011, but the broadcaster may choose to make the first broadcast date November 15, 2007. For eligibility purposes, the licence term begins on September 1, 2007.

Applicants continue to have the flexibility to incorporate licences in excess of the Maximum Term within the financial structure. Only that portion of the licences, however, within the Maximum Term will be used for the purposes of all CTF calculations, including Licence Fee Threshold assessment, allowable Broadcaster Performance Envelope contributions and the calculation of licence fees above Historic Access. Those licences that commence within the Maximum Term but extend beyond it will be pro-rated to match the Maximum Term set for each genre.



Broadcasters may acquire, in addition to the Maximum Term, the right of first negotiation and last refusal for additional broadcast windows for the currently licenced project/cycle. The right of first negotiation may not be exercised prior to delivery of the program for the first broadcast window. Broadcasters may not acquire the right of last refusal for any other rights, including broadcast windows for future cycles or versions of the project (including currently licenced projects/cycle).

For the purposes of series television, licences containing Eligible Licence Fees may not include co-terminus rights clauses. Co-terminus clauses (i.e., clauses that extend the terms of existing licences to the end of the term of the renewal licence with no additional payment) are prohibited in eligible licences for renewed series, but these licences may include rights of first negotiation and/or last refusal for extension of licences for existing episodes of the series.

The Maximum Term does not apply to licences acquired by broadcasters for Affiliated Programming given the limited access to CTF funds by broadcaster-affiliated production companies. The Maximum Term, however, does apply to projects produced by broadcaster-affiliated production companies that are licenced by unaffiliated broadcasters (where the financial structure does not contain a licence from an affiliated broadcaster).

4 ▶ **Compliance and Representations**

4.1 ▶ **Provision of Documentation**

It is the responsibility of the Applicant to ensure that the CTF is in receipt of all documentation relevant to their application, and to update such documentation and information after a material change. The CTF may request other documentation and information, as required, in order to conduct an assessment and evaluation of the project and, once assessed, to complete CTF file reviews. For the purposes of project assessment and evaluation, the CTF reserves the right to rely solely on the written and audiovisual materials initially submitted by the Applicant.

4.2 ▶ **Failure to Comply**

If an Applicant fails to comply with these Guidelines, as determined by the CTF, then the CTF may refuse the application, revoke the eligibility status of the Applicant's project and may demand repayment of any sums advanced to the Applicant.

4.3 ▶ **Misrepresentation**

If, at any time, an Applicant, as required by the Guidelines or as requested by the CTF, provides false information or omits material information in connection with an application, the Applicant may suffer serious consequences. These may include, among others:

- ▶ Loss of eligibility for funding of the current project;
- ▶ Loss of eligibility for funding of future productions;
- ▶ Repayment of any funds already advanced, with interest;
- ▶ Criminal prosecution, in the case of fraud.

These measures may be imposed not only on the Applicant but also on related, associated and affiliated companies and individuals (as determined by the CTF at its sole discretion). Any Applicant receiving approval for funding will be required to sign a legally enforceable agreement, which includes further provisions concerning misrepresentations, defaults, and related matters.



5 ▶ Application Submissions

APPLICATION DEADLINES

In All Languages	Open for Submissions	First Closing Date	Final Closing Date
In all languages	March 1, 2007	October 12, 2007	December 7, 2007

Deadline Definitions:

Open for Submissions

All Applicants to this Stream may submit applications beginning on the date indicated above.

First Closing Date

For broadcasters with Broadcaster Performance Envelopes which total \$2,000,000 or more, complete, eligible applications representing 75% of the value of this/these envelope(s), including flex amounts, must be received by the first closing date.

In the case of broadcasters in a corporate group, as determined by the CTF, the first closing date applies to all broadcasters that have initial envelopes in excess of \$2,000,000 (i.e., prior to any transfer of funds). Furthermore, 75% of such envelopes must be spent regardless if any portion of that amount is transferred to an affiliated broadcaster (i.e., any such transferred dollars must be spent by the receiving broadcaster by the deadline regardless if the receiving broadcaster started with an envelope in excess of \$2,000,000).

If the CTF does not receive applications representing at least 75% of the Broadcaster Performance Envelope from broadcasters which are required to do so by the first closing date, the unused portion of the 75% of the relevant Broadcaster Performance Envelope will be transferred into the CTF's reserve fund.



Final Closing Date

The final closing date is the final deadline for submitting applications for the fiscal year. Any amount remaining in a Broadcasters Performance Envelope for which the CTF has not received a complete, eligible application by the final closing date will be transferred into the CTF's reserve fund.

Projects Not Fully Financed at Application

Applications will be accepted without the 100% confirmed financing prior to the Final Closing Date. If the entirety of an application's financing is not confirmed prior to the date of application, at a minimum, signed agreements must be submitted with the application to show proof of the following:

- ▶ BPE contributions and all licence fees contributing to the Licence Fee Threshold;
- ▶ 60% of total Canadian financing (accompanied by a viable financing plan for the remainder of the project financing).

The Applicant, however, must confirm 100% of the financing of the project by way of signed agreements, no later than the Final Closing Date.



Application Offices

As of the 2006-2007 fiscal year, the Television Business Unit at Telefilm Canada administers Broadcaster Performance Envelope applications on behalf of the Canadian Television Fund.

Applicants may submit their CTF funding application through **eTelefilm** at www.telefilm.gc.ca.

Applicants may also submit their CTF funding application to any of the following Television Business Unit offices:

Montreal
Telefilm Canada
360 Saint-Jacques Street, Suite 700
Montreal, Quebec H2Y 4A9
Toll Free: 1 800 567 0890
T: (514) 283 6363
F: (514) 283 8212

Halifax
Telefilm Canada
1717 Barrington Street, Suite 300
Halifax, Nova Scotia B3J 2A4
Toll Free: 1 800 565 1773
T: (902) 426 8425
F: (902) 426 4445

Toronto
Telefilm Canada
474 Bathurst Street, Suite 100
Toronto, Ontario M5T 2S6
Toll Free: 1 800 463 4607
T: (416) 973 6436
F: (416) 973 8606

Vancouver
Telefilm Canada
609 Granville Street, Suite 410
Vancouver, British Columbia V7Y 1G5
Toll Free: 1 800 663 7771
T: (604) 666 1566
F: (604) 666 7754



For inquiries on the status of your CTF funding application, please contact the Television Business Unit at Telefilm Canada at 1 800 463 4607.

For inquiries regarding CTF policies, please contact the Canadian Television Fund at 1 877 975 0766 or at bpe@canadiantelevisionfund.ca.

To Contact the Canadian Television Fund:

Canadian Television Fund

111 Queen Street East, 5th Floor
Toronto, Ontario M5C 1S2
Toll Free: 1 877 975-0766
T: (416) 214-4400
F: (416) 214-4420
bpe@canadiantelevisionfund.ca

(as of April 1, 2007)

Canadian Television Fund

50 Wellington Street East, 4th Floor
Toronto, Ontario M5E 1C7
Toll Free: 1 877 975 0766
T: (416) 214 4400
F: (416) 214 4420
bpe@canadiantelevisionfund.ca

For additional information, updates and to learn more about CTF policies, please visit www.canadiantelevisionfund.ca.

