



SUMMARY OF CHANGES

IN THE
**2011-2012
GUIDELINES**

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Note: All references are to 2010-2011 Guidelines unless otherwise stated.

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1. CHANGES TO THE EXPERIMENTAL STREAM

CHANGES TO THE EXPERIMENTAL STREAM GUIDELINES

1. More detailed description of development, production, and marketing support
 - The Experimental Stream provides support for Development, Production, and Marketing & Promotion. The CMF has now included a more detailed description of what these activities entail, so applicants can better determine which type of support is most appropriate for their project.
> See [section 2.1](#)
2. Greater clarity on the types of funding support provided
 - Previously, the Experimental Stream Guidelines stated only that support for production would be in the form of an equity investment. Now, the Guidelines specify which type of activity—Production, Development, or Marketing & Promotion—receives which form of funding.
> See [section 2.2](#)
3. Changes to amounts of funding support provided
 - Previously, the Guidelines stated a single Maximum Contribution amount applicable to all Experimental funding. Now, the Guidelines provide new Maximum Contribution amounts for Development and Marketing & Promotion, namely, \$500,000. The Maximum Contribution applicable to Production funding remains unchanged.
> See [section 2.3.1](#)
4. Producer fees and corporate overhead (PFCO) information moved and enhanced
 - Previously, section 2.3.2 of the Guidelines contained rules related to PFCO. This information has now been removed from the main Guidelines document and is presented in more detail in Appendix “B”.
> See [Appendix “B”, PFCO Policy](#); and
> CMF standard budget templates
5. Evaluation Matrix adjusted
 - Previously, the Evaluation Matrix, which guides the CMF’s selective decision-making process in the Experimental Stream, contained only one set of “weightings”—i.e. the weight placed on each of four factors expressed as a percentage of the overall evaluation—applicable to all Experimental projects. Now, the CMF has split out different weightings for each of Production, Development, and Marketing & Promotion support. The factors themselves are unchanged.
> See [section 2.4](#)
6. Language of projects expanded
 - Previously, the Experimental Stream was limited to projects created in English or French. The CMF has now removed this limitation. As long as the project is otherwise eligible, the language of the project is irrelevant.
> See [section 3.2](#)
7. All projects must be connected to the Canadian cultural sector
 - Previously, the Guidelines stated that Eligible Projects had to be “intended for the general public and/or is connected to the Canadian cultural sector.” The CMF has now removed the word “or”. As such, all projects must be both intended for the general public and have a Canadian cultural sector connection.
> See [section 3.2.2](#)

8. Clarifications for film-convergent and TV-convergent projects
 - Previously, the CMF specified that “TV-Convergent” projects were not eligible in the Experimental Stream. This raised questions about film-convergent projects and the consistent treatment of such projects with TV-convergent ones. The CMF has now specified that film-convergent projects are also ineligible in the Experimental Stream.
 - In addition, the CMF has clarified what a film- or TV-convergent project is where a particular character or brand is involved. In some cases, a character or brand may exist in a variety of media, including TV or film, and an interactive project making use of that character or brand may wish to apply to the Experimental Stream. The CMF will consider whether or not the application is truly an integrated component of a film or TV project, and as such the transmedia nature of the character or brand will not, by itself, disqualify the project.
> See [section 3.2.2.1](#)
9. Expanded definition of “innovation”
 - The CMF has expanded its definition by outlining four separate degrees of innovation.
> See [section 3.2.2.2](#)
10. “Market channel partner” clarified, and additional flexibility added
 - The CMF has clarified that a market channel partner is only required for Production and Marketing & Promotion applications—no market channel partner is required for Development funding.
 - The CMF has clarified that it will waive the market channel partner requirement where the Applicant can demonstrate that it has the ability to effectively self-distribute the project.
> See [section 3.2.3](#)
11. First Closing Date information
 - The CMF has now specified that no more than 60% of this year’s allocation to the Experimental Stream will be provided to projects that apply to the First Closing date.

CHANGES TO THE EXPERIMENTAL STREAM RECOUPMENT POLICY

1. No IP ownership interest
 - Previously, the CMF took an undivided ownership interest in the intellectual property of the funded project as a way to secure its revenue recoupment position. The CMF will no longer do this. Subject to the following change, the CMF will continue to recoup and participate in profits in proportion to its financing in the project, but will do so by terms of contract and not as a part-owner of the project’s IP.
2. CMF profit participation reduced
 - Previously, the CMF participated in profits from the funded project at the same level as it recouped its original investment. Now, upon recouping its full investment, the CMF will forego 25% of its profit participation for the benefit of the applicant. In addition, where the CMF recoups 100% of its investment within the first 2 years, the CMF will forego 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.
> See [Recoupment Policy: Experimental Stream](#)

2. CHANGES TO THE CONVERGENT STREAM

CHANGES TO ALL PROGRAMS IN THE CONVERGENT STREAM

1. Definition of variety programming adjusted
 - The CMF's definition of variety programming makes reference to portions of the program that are "acts or performances", and portions that are non-performance content, with at least 50% of the program's running time being comprised of acts or performances. Starting in 2011-2012, material that is directly related to the acts or performances (such as interview segments with performers) will count towards the 50% performance component.
 - In addition, the presence of "ineligible elements" will no longer render the program ineligible. Previously, the CMF did not consider as eligible programs those that included ineligible elements, whether or not such elements were contained within the more-than-50% performance component. Such ineligible elements included contests, prize presentations, promotional activities or commentary, sponsored presentations, video clips, awards, tributes, special event celebrations, reality TV elements, etc. Now, such elements will no longer render the program ineligible. The program must still be comprised of at least 50% acts/performances or material directly related to the acts/performances. The program must still be a variety program—tributes, awards shows and other programming described at section 3.2.TV.2 remain ineligible.
> See [Appendix "A"](#)

CHANGES TO ALL PRODUCTION PROGRAMS¹

1. Certain marketing expenses are now eligible
 - Previously, marketing and promotion expenses (other than some unit publicity expenses) were not eligible costs for CMF-supported productions. Now, specified marketing costs—e.g. costs related to digital media marketing campaigns, attendance at markets, and search engine optimization—are Eligible Costs. Eligible marketing expenses cannot exceed 3% of Categories B+C of the television production budget and 15% of Categories B+C of the digital media production budget. In addition, Eligible marketing expenses in the production budget must be spent on marketing activities, and cannot be reallocated to other expenses.
> See [sections 2.3.2TV.2](#) and [2.3.2.DM.1](#)
2. Clarification on the treatment of VOD
 - VOD may be treated as a Television Component or a "2nd platform" depending on the circumstances. The CMF has now clarified that where fees for the Canadian VOD Right are included within the Eligible Licence Fees, the VOD exploitation associated with those fees is considered part of the Television Component, and therefore cannot be used to meet the "2nd platform" requirement.
> See [section 3.2](#)
3. VOD, streaming and 18 months
 - The CMF now requires that, when relied upon to meet the "2nd platform" requirement, CRTC-licensed VOD and non-simulcast digital distribution must be made available to Canadians within 18 months of completion and delivery to the broadcaster of the Television Component.
> See [section 3.2](#)
4. Other Rights: Clarification of "electronic sell-through" and "digital rental"
 - The CMF has clarified the definition of "electronic sell-through and/or digital rental" as being where an electronic copy of the Television Component is sold or rented, via digital distribution, for repeated private offline viewing on a local device(s) by an end user.
> See [section 3.2.TV.5.3](#)

¹ Performance Envelope Program, Francophone Minority Program, Aboriginal Program, English POV Program, and Diverse Languages Program.

5. Other Rights: 12-month “use it or lose it” and limitation on restriction rules extended to licence fee top-up-only projects
 - Previously, the CMF applied the following two rules only when it had an equity investment in the project: 1) Other Rights acquired by a Canadian broadcaster or Canadian VOD service must be subject to a “use it or lose it” provision that requires the broadcaster/VOD service to exploit the right(s) within 12 months; and 2) For Other Rights not acquired by a Canadian broadcaster or Canadian VOD service, the broadcast licence agreement cannot restrict the Applicant’s ability to exploit the Other Rights for longer than 12 months. Now, these two rules apply to all CMF-funded convergent production projects, not just those in which the CMF has an equity investment.
> See [section 3.2.TV.5.3](#)
6. Other Rights: New CMF objective added
 - Previously, the CMF had two stated objectives guiding its approach to Other Rights: promoting transparency in the rights market and maximizing the CMF’s return on investment when the CMF is an equity investor. The CMF has now added a third objective: maximizing the availability of CMF-funded content on multiple platforms for the benefit of Canadian audiences.
> See [section 3.2.TV.5.3](#)
7. All Digital Media Components must be rich and substantial
 - In 2010-2011, the CMF recognized two types of digital media content: 1) Basic content (e.g. Rudimentary “Web 1.0” applications, simple “pamphlet” websites, and analogous content/applications); and 2) Rich and substantial content (e.g. “Web 2.0” and higher applications; highly immersive or highly interactive websites, mobile applications/content, or videogames; content or applications that meet or exceed current market standards for richness; or analogous content/applications). An Eligible Project could have a “basic” Digital Media Component to satisfy the “2nd platform” requirement (though the CMF would not fund that basic content). Now, to be considered an eligible Digital Media Component, the content must be rich and substantial. “Basic” content will not qualify. Eligible Projects can still meet the “2nd platform” requirement with VOD or non-simulcast digital distribution, as per section 3.2.
> See [section 3.2.DM](#)
8. Projects containing preexisting rich and substantial Digital Media Components will count at 50% for minimum spending requirement purposes
 - Currently, broadcasters with performance envelopes are required to direct a minimum of 50% of their envelope to projects whose non-television component under 3.2(2) meets the CMF’s standard for rich and substantial digital media content. Now, if a convergent project includes a preexisting rich and substantial component, contributing broadcasters will only receive credit towards this commitment obligation at a rate of 50% of the value of their performance envelope contribution. Only projects that include new rich & substantial components or preexisting ones that are sufficiently modified (post-application) will be given 100% credit.
> See [section G.6 of the Performance Envelope Manual](#)
9. Digital Media Components need not be 100% fully financed at application
 - The CMF has clarified that Digital Media Components need not be 100% fully financed at application. 100% of the financing of all components must be confirmed, however, by the Final Closing Date.
> See [section 5](#)

CHANGES TO SELECTIVE PRODUCTION PROGRAMS²

1. Treatment of tax credits clarified when provincial tax credits increase after application
 - Currently, the CMF has a rule for selective programs requiring the inclusion of 90% of the estimated federal and provincial tax credits in their financial structures. The CMF has now clarified what happens if the provincial tax credit rate increases between the entering into of a CMF Financing Agreement between the CMF and the Applicant, and the final “Phase 2” payment of the CMF to the project: namely, the CMF will not require the tax credit entitlement that has increased by virtue of the rate increase to be reflected in the 90% calculation.
 - > See [Appendix “B”, Treatment of Tax Credits Policy](#)

CHANGES TO THE PERFORMANCE ENVELOPE PROGRAM

1. Maximum Contributions simplified
 - Previously, a variety of Maximum Contribution amounts applied to the Television Component of a project depending on its genre and budget level. Now, many of those amounts—and all amounts for French-language projects— have been removed, and an overall Maximum Contribution amount of 49% of the Eligible Costs of the Television Component implemented.
 - > See [sections 2.2](#) and [2.4](#)
2. Digital Media Component caps raised
 - Previously, the Maximum Contribution for a Digital Media Component was 50% of a component’s Eligible Costs or \$200,000, whichever was less. Now the dollar cap has been increased from \$200,000 to \$500,000. The 50% cap remains unchanged.
 - > See [section 2.3.1](#)
3. Treatment of Tax Credits Policy no longer applies to French-language Performance Envelope Program projects
 - Previously, all projects funded through the Performance Envelope Program were subject to a rule limiting the inclusion of federal and provincial tax credits to 90%, except where the producer advised the CMF that it was necessary to exceed 90%. Now, this rule applies only to English-language projects—French-language projects are not limited to 90% and need not advise the CMF when exceeding 90%.
 - > See [Appendix “B”, Treatment of Tax Credits Policy](#)

CHANGES TO THE FRANCOPHONE MINORITY PROGRAM

1. All shareholders of the applicant company must have resided outside Quebec for 3 years
 - Previously, the CMF required that, for a production company to be an eligible applicant to the Francophone Minority Program, its “major shareholder” must have resided outside Quebec for at least three years. Now all shareholders must reside outside Quebec for three years prior to the date the CMF funding application is submitted.
 - > See [section 3.1\(a\)](#)

² Francophone Minority Program, Aboriginal Program, English POV Program, and Diverse Languages Program.

CHANGES TO THE ABORIGINAL PROGRAM

1. Television Components must be broadcast in peak viewing hours
 - Previously, the CMF did not expressly state that Television Components funded through the Aboriginal Program must be broadcast during peak viewing hours. The CMF has now clearly stated this requirement.
> See [section 3.2.TV.5\(d\)](#)
2. Digital Media Components must be presented in an Aboriginal language
 - Previously, the CMF did not expressly state that a Digital Media Component must, like the Television Component, be made available in an Aboriginal-Canadian language. The CMF has now stated this requirement.
> See [section 3.2.DM](#)

CHANGES TO THE ENGLISH POV PROGRAM

1. Combining funds from the English POV Program and the Performance Envelope Program
 - When the English POV Program launched in 2010-2011, it did not permit projects to receive funding from both the POV Program and the Performance Envelope Program. The CMF reversed this approach during the 2010-2011 fiscal year. Now, projects can combine funds from the two programs; this fact and how it is done is now described in the Guidelines.
> See [section 2.3.1.1](#)
2. Licence Fee Threshold reduced
 - Previously, the Licence Fee Threshold in the English POV Program was 20% of the Television Component's Eligible Costs. This year, the threshold has been reduced to 15%.
> See [section 3.2.TV.5.1](#)

CHANGES TO THE DIVERSE LANGUAGES PROGRAM

1. Licence fee top-up calculation clarified
 - Previously, the Guidelines stated that the licence fee top-up amount was calculated on CMF contribution to the project. This is now been corrected—the licence fee top-up is calculated based on the Television Component's Eligible Costs.
2. Evaluation Matrix adjusted
 - The weighting of the factors used to evaluate projects in the selective decision-making process has been adjusted. Previously, "Broadcaster Interest" as reflected in the level of licence fees in the project was worth 40% of the evaluation; it has now been decreased to 30%. Previously, the "Creative Elements" factor was worth 20%; it has now been increased to 30%.
3. The Television Component must be broadcast in the original language of production
 - Previously, the CMF required that a Television Component funded through the Diverse Languages Program must be produced in a language other than English, French, or a Canadian Aboriginal language, but it was not expressly stated that the program must also be broadcast in one of these languages. Now the CMF has clarified that the Television Component must also be aired in its original language of production—i.e. other than English, French, or a Canadian Aboriginal language.
> See [section 3.2.TV.5\(e\)\(i\)](#)

4. Digital Media Components must be presented in the original language of production
 - Previously, the CMF did not expressly state that a Digital Media Component must, like the Television Component, be made available in a language other than English, French, or a Canadian Aboriginal language. The CMF has now stated the requirement that the Digital Media Component must be made available in the original language of production of the Television Component.
 - > See [section 3.2.DM](#)

CHANGES TO THE ENGLISH PRODUCTION INCENTIVE

1. The incentive is calculated by province/territory
 - Previously, the English Production Incentive was based on five “areas” of Canada: Atlantic Canada, Ontario and Nunavut, Quebec, the Prairies, and British Columbia, the Yukon, and Northwest Territories. Now, the incentive relates to each province and territory of Canada.
2. The CMF has discretion for which province(s)/territory(ies) qualify(ies)
 - Previously, an English Production Incentive was available where production activity fell more than 20% below a 5-year average in any area. Drops of 19% or less did not qualify. Now the CMF will maintain the same 20% benchmark, but will retain discretion to implement an incentive for provinces or territories whose production activity drops less than 20% provided that the drop is meaningful in the view of the CMF.
3. Provinces and territories with less than 1% of overall production volume will get a minimum English Production Incentive allocation
 - The English Production Incentive formula requires a drop in production activity of 20% or more. However, some provinces and territories with historically low production volumes cannot fall 20% lower than where they are now. As such, these provinces and territories will be allocated a minimum amount.
4. Provinces/territories that qualify will get 50% of the previous year’s allocation if they do not again qualify for the incentive
 - In order to help modulate the impact of a province/territory no longer qualifying for the English Production Incentive, once a province or territory becomes eligible for the incentive in one year, it will receive 50% of that incentive in the following year if the province/territory does not qualify for the incentive in that following year.
5. Returning series are not eligible
 - Previously, the CMF did not restrict eligibility for the English Production Incentive by programming type. Now, no returning series—i.e. a series in its second or subsequent cycle/season—can apply for English Production Incentive funding.
6. Two closing dates
 - Previously, the English Production Incentive was awarded to eligible projects on a first-come, first-served basis until the earlier of: 1) resources for the incentive being depleted; or 2) a single application deadline towards the end of the CMF fiscal year. Now, the English Production Incentive will have two closing dates, with funding uncommitted by the first closing date being made available to projects from other incentive-eligible provinces/territories until the final closing date. The English Production Incentive remains a first-come, first-served program.

CHANGES TO THE DEVELOPMENT PROGRAM

1. Pre-development costs are eligible
 - Previously, pre-development costs (such as very early-stage development costs and costs incurred to pitch projects to broadcasters) were only supported by the CMF in the French Regional Project Pre-Development sub-program. Now, these costs are eligible in all CMF-supported development projects.
> See [section 2.3.2.TV.1](#)
2. Concurrent funding for Television and Digital Media Components clarified
 - In the Development Program the CMF requires that all projects have both a Television Component and a rich and substantial Digital Media Component. The CMF has clarified that work on, and/or CMF funding of, both components is not necessary for every phase of development, as long as the two components exist and are meaningfully integrated with each other.
> See [section 3.2.DM](#)
3. Canadian costs clarified
 - Previously, there was an apparent contradiction in the Guidelines between a statement at section 2.3 that “only Canadian costs are Eligible Costs”, and a statement at section 3.2.DM.1(b) that an Eligible Project is “produced in Canada with at least 75% of its Eligible Costs being Canadian costs.” In fact, this was not a contradiction because the two sections referred to different things. Section 2.3 refers to the development costs that the CMF will support in the Development Program, while section 3.2.DM.1(b) refers to the project that the CMF expects will ultimately be produced as the end goal of the development process. Nevertheless, to minimize confusion, the reference to the 75% at section 3.2.DM.1(b) has been removed. Nevertheless, Digital Media Components that are produced and funded through the CMF’s production programs must still meet the 75% Canadian costs requirement.
> See [sections 2.3](#) and [3.2.DM.1\(b\)](#)

CHANGES TO THE VERSIONING PROGRAM

1. Cap on administrative expenses in the versioning budget increased
 - Previously, the CMF allowed reasonable administrative expenses incurred by the versioning company, up to a maximum of 5% of the versioning budget. This has now been increased from 5% to 10%.
> See [section 2.3.2](#)
2. Digital Media Components are eligible for versioning support
 - Previously, only television projects were eligible for CMF funding to be versioned into other languages in the Versioning Program. Now, Digital Media Components may also receive funding in the Versioning Program.
> See [section 3.2.1](#)