



# **SUMMARY OF CHANGES** 2016-2017

TABLE OF CONTENTS

1. EXPERIMENTAL STREAM..... 1

    Changes applicable to the Experimental Guidelines ..... 1

    Changes applicable to the Experimental Stream – Innovation Program Recoupment Policy ..... 1

    Changes applicable to the Accelerator Partnership Program (“A2P”) ..... 2

2. CONVERGENT STREAM ..... 3

    Changes applicable to all Convergent Production Programs ..... 3

    Changes made to all Convergent Selective Programs..... 4

    Changes made to Aboriginal Program and Diverse Languages Program..... 5

    Changes made to the Aboriginal Program ..... 5

    Changes made to the Anglophone Minority Incentive ..... 5

    Changes made to the Convergent Digital Media Incentive (“CDMI”) ..... 5

    Changes made to the Francophone Minority Program ..... 6

    Changes made to the Northern Incentive..... 7

    Changes made to the Development Program ..... 7

    Changes made to Appendix A ..... 8

    Changes made to Appendix B ..... 8

# 1. EXPERIMENTAL STREAM

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## Changes applicable to the Experimental Guidelines

### *Introduction of the Commercial Projects Pilot Program ("C3P")*

- Previously, the Experimental Stream provided development, production and marketing and promotion funding for Canadian interactive digital media content and software applications that are innovative and leading-edge.
- In Fall 2016-2017, the CMF will begin accepting applications for funding through a pilot initiative designed to support Canadian interactive, innovative and leading-edge digital media content and software applications which have an increased focus on potential commercial success. Eligible Projects in the C3P may apply for Production support, are assessed through a selective process and must comply with its own, separate Recoupment Policy.
  - See C3P Guidelines

### *Innovation Program – Change in eligibility for Marketing & Promotion support*

- Previously, projects could apply for Development, Production or Marketing & Promotion Support.
- Now, only projects which have received Production-stage CMF-support will be eligible to apply for Marketing & Promotion support.
  - See section 2.3.1

### *Innovation Program - Evaluation Grid changes*

- Previously, the Team section of the Evaluation Grid included assessment criteria related primarily to the experience, achievements, cohesion and complementarity of the production studio and staff in the evaluation of projects for development, production and marketing & promotion support.
- Now, the Team evaluation criteria will specifically relate to each respective funding stage (development, production or marketing and promotion, as applicable).
  - See section 2.4
- Previously, the Business Plan section (and associated assessment criteria) was not included in a project's evaluation for Development support and the Distribution Strategy section received a weight of 10%.
- Now, the Business Plan section and Distribution Strategy section – only for project's seeking Development support - have been combined. The weight of this amalgamated section is 10%.
  - See section 2.4

### *Innovation Program - Decrease in the Maximum Contribution for Production*

- Previously, the Maximum Contribution to a project at the Production stage was the lesser of 75% of the Project's Eligible Costs or \$1.2M.
- Now the Maximum Contribution is the lesser of 75% of the Project's Eligible Costs or \$1M.
  - See section 2.3.1

### *Innovation Program - Clarification of Ineligible Projects*

- Beginning in 2016-2017, "casino-type games" will be included as an example of an ineligible project.
  - See section 3.2.2.1

## Changes applicable to the Experimental Stream – Innovation Program Recoupment Policy

### *Innovation Program*

- Previously, before the CMF recoups its share of revenues, the Applicant was permitted to deduct commissions, fees and expenses related to the exploitation and/or enhancement costs of the project up to a maximum of 75% of the gross exploitation revenues.

- Now, Applicants will be allowed to make these deductions up to a maximum of 75% of the gross exploitation revenues in the project's first year of exploitation and up to a maximum of 50% of the gross exploitation revenues in all subsequent years.
  - See Appendix A to the Innovation Program Guidelines, section 3.3

## **Changes applicable to the Accelerator Partnership Program (“A2P”)**

### *Removal of the program’s “pilot” status*

- Previously, the Accelerator Partnership Program was offered as a pilot initiative.
- Now, the Accelerator Partnership Program will be offered as a regular CMF program.

### *Revised list of approved business accelerators*

- The list of business accelerators approved to provide acceleration services through this Program has been revised. Eligibility of other business accelerators will be evaluated on a case-by-case basis.
  - See paragraph 4

### *Change in eligibility criteria – removal of “previous development funding” and addition of “previous marketing funding”.*

- Previously, to be eligible for the A2P, projects must have already received either development and/or production support from the CMF’s Experimental Stream.
- Now, to be eligible for the A2P, projects must have already received either production and/or marketing support from the CMF’s Experimental Stream.
  - See paragraph 6

## 2. CONVERGENT STREAM

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### Changes applicable to all Convergent Production Programs

#### *Changes to the requirements for Digital Media Components*

- Previously, one of the options available to Applicants to meet the CMF convergence requirements was to create a Digital Media (“DM”) Component that met the minimum threshold of “rich and substantial”, as defined under section 3.2 DM of the Guidelines.
- Now, the minimum threshold for eligible DM Components has been lowered from “rich and substantial” to “value-added”. While the 3.2 DM Guideline definition for both tiers of content will remain the same, DM Components with a budget at or below \$100K (for the English-language market) or \$50K (for the French and Diverse languages markets) will be considered “value-added”, while DM Components with a budget over \$100K and \$50K (for each respective market) will be considered “rich and substantial”.
  - See section 3.2 DM
- Previously, broadcasters were required to spend 60% of their respective Performance Envelope allocations on projects with “rich and substantial” DM Components.
- Now, Broadcasters will have the option to either spend 60% of their respective PE allocations on projects with a “rich and substantial” DM Component, or alternatively, have a minimum of 60% of their projects include a DM Component which meets the CMF’s standard for “value-added” or “rich and substantial” content as defined under section 3.2 DM of the Guidelines.
  - See section C.2.6 of the Performance Envelope Manual
- Previously, DM Components were submitted to the CMF with a separate budget and application.
- Now, while “rich and substantial” DM Components will continue to be submitted separately, “value-added” DM Components will be submitted with the Television Component’s application and budget.
  - See section 2.3.2
- Previously, the nature of the CMF contribution for the DM Component was a non-repayable contribution.
- Now, while the nature of the CMF contribution for a “rich and substantial” DM Component will remain a non-repayable contribution, the Eligible Costs of “value-added” DM Components will now be combined, with those of the Television Component, and the ratio of the project’s licence fee top-up and equity investments will be calculated on the total amount of Eligible Costs.
  - See section 2.2

#### *Increase of the Marketing Expenses cap*

- Previously, the amount of allowable Television Component marketing expenses was 3% of categories B+C of the Television Component’s production budget.
- Now, the amount of allowable Television Component marketing expenses is the lesser of 5% of the categories B+C of the Television Component’s production budget, or \$300K. In the case of marketing expenses of \$10,000 or less, however, no cap will be imposed.
  - See section 2.3.2.TV.2

#### *Clarification on non-eligible Marketing Expenses*

- Previously, the Guidelines noted the following as examples of non-eligible marketing costs: “Costs already financed by another financier”, “Wrap party”, “Crew gifts”, “Gifts to the Public (e.g., t-shirts, mugs) and “Basic website”.

- Now, the Guidelines have added “Cast gifts” to this list, but removed “Basic Website” (which will now qualify as either a “value-added” DM Component, per section 3.2 DM of the Guidelines).
  - See section 2.3.2.TV.2

#### *Clarification on eligible Marketing Expenses*

- Previously, digital media/viral marketing expenses and expenses related to search engine optimization were allowed as eligible marketing expenses.
- Now, such activities will no longer be considered eligible marketing expenses, but will qualify as either a “value-added” or “rich and substantial” DM Component, per section 3.2 DM of the Guidelines.
  - See section 2.3.2.TV.2

#### *Qualification for Audiovisual Treaty Coproductions*

- Previously, audiovisual treaty coproductions were required to meet the CMF’s Essential Requirements even if they were certified by CAVCO.
- Now, provided a production receives a preliminary recommendation from the Telefilm Canada coproduction office to be certified by CAVCO as an official audiovisual treaty coproduction – and ultimately receives such certification – the project will be considered eligible for CMF financing.
  - See section 3.2.TV.1.1

#### *Introduction of the English-language, Dramatic, Theatrically-released Feature Film Licence Fee Threshold*

- Beginning in 2016-2017, the CMF will introduce a separate Licence Fee Threshold for English-language, theatrically-released dramatic feature films. The Licence Fee Threshold shall be the lesser of \$230K or 5% of Eligible Costs and Applicants will be required to provide a distribution agreement for the Canadian theatrical release of their project as part of their application.
  - See section 3.2.TV.5.1

#### *Qualification for “Regional Production”*

- Previously, to meet the definition of a Regional Production, principal photography of the Television Component was required to occur in the regions.
- Now, this requirement has been amended to “the overwhelming majority of principal photography for the Television Component occurs in the regions”.
- Previously, to meet the definition of a Regional Production, principal photography of the Television Component was required to occur in the regions.
- Now, in the case of animated productions, this requirement has been qualified to be interpreted to mean key animation activities of the Television Component occurs in the regions.
  - See Section 2.1.1

## **Changes made to all Convergent Selective Programs**

#### *Evaluation Grid*

- Previously, 15 points were designated to the DM Component assessment criterion in the evaluation grid.
- Now, projects with a “rich and substantial” DM Component will be awarded up to 10 points for this category and projects with a “value-added” DM Component will be awarded up to 5 points.
- Previously, 35 points were designated to the Creative Elements assessment criterion in the evaluation grid with originality and creativity worth 15 points.
- Now, the weight of Creative Elements has been increased to 40 points, with originality and creativity worth 20 points.
  - See section 2.4

## Changes made to Aboriginal Program and Diverse Languages Program

### *Evaluation Grid*

- Previously, 25 points were designated to the Market Interest assessment criterion, with the broadcaster commitment worth 15 points.
- Now, the weight of Market Interest has been reduced to 20 points, with the broadcaster commitment worth 10 points.
- Previously, 15 points were designated to the Program Objectives assessment criterion in the evaluation grid.
- Now, the weight of Program Objectives has been increased to 20 points.
  - See section 2.4

## Changes made to the Aboriginal Program

### *Qualification to the 20% Aboriginal language requirement*

- Previously, it was required that, on average, at least 20% of the original Aboriginal version of the Television Component's on-screen dialogue and/or narration must have been originally shot in an Aboriginal language.
- Now, this requirement has been amended to "Applicants shall make best efforts to ensure that, on average, at least 20% of the original Aboriginal version of the Television Component's on-screen dialogue and/or narration must have been originally shot in an Aboriginal language. Exceptions to this requirement will be made by the CMF on a case-by-case basis."
  - See section 3.2.TV.4.f

## Changes made to the Anglophone Minority Incentive

### *Increase in the Maximum Contribution for the Television Component*

- Previously, the Incentive took the form of a licence fee top-up of 15% of a TV Component's Eligible Costs up to a per-project maximum of \$800K.
- Now, the Incentive is still a licence fee top-up of 15% of a TV Component's Eligible Costs, but up to a per-project maximum of \$900 K.
  - See paragraph 2

### *Clarification of the Eligible Licence Fee*

- Beginning in 2016-2017, the CMF has clarified that while a licence fee from a French-language Canadian broadcaster may be considered an Eligible Licence Fee for the purposes of meeting the Eligible Project's Licence Fee Threshold, a licence fee from an eligible English-language Canadian broadcaster must represent the larger share of that Eligible Licence Fee.
  - See paragraph 7

## Changes made to the Convergent Digital Media Incentive ("CDMI")

### *Changes to eligibility requirements*

- Previously, eligibility to the CDMI required a Digital Media ("DM") Component with Eligible Costs of at least \$100K.
- Now, the minimum threshold for eligible DM Components has been increased to those that meet the activities listed in 3.2 DM with Eligible Costs of at least \$350K for English-language productions and \$150K for French-language productions.
  - See paragraph 8

#### *Reduction in the number of trigger-able projects cap*

- Previously, broadcasters in the English-language market could trigger a maximum of 5 projects per year.
- Now, broadcasters in the English-language market can trigger a maximum of 3 projects per year.
  - See paragraph 9

### **Changes made to the Diverse Languages Program**

#### *Qualification to the original language of production requirement*

- Previously, it was required that the original language of production of the Television Component be a language other than English, French, or a Canadian Aboriginal language.
- Now, if an Applicant wants any English or French language to be used in a project applying for funding through this Program, provided that the applicable broadcaster also contributes a portion of their Performance Envelope allocation in the production financing of the project, the CMF shall determine exceptions on a case-by-case basis and qualify that the original language of production must *predominantly* be a language other than English, French or a Canadian Aboriginal language.
  - See section 3.2.TV

### **Changes made to the English Regional Production Bonus (“ERP”)B**

#### *Increase in the Maximum Contribution for the Television Component*

- Previously, the ERPB took the form of a licence fee top-up of 10% of a TV Component’s Eligible Costs up to a per-project maximum of \$1M.
- Now, the ERPB is a licence fee top-up of 15% of a TV Component’s Eligible Costs up to a per-project maximum of \$1M.
  - See paragraph 6

#### *Increase in the provincial cap*

- Previously, no province could access more than 30% of the ERPB.
- Now, no province can access more than 35% of the ERPB.
  - See paragraph 6

#### *Qualification on the distribution of unspent funds*

- Previously, any money left unspent after the ERPB’s first closing date would be made available to all eligible provinces, including those that had previously reached the 30% cap.
- Now, any money left unspent after the first closing date will only be made available to eligible provinces who have not yet reached their 35% cap.
  - See paragraph 6

### **Changes made to the Francophone Minority Program**

#### *Removal of pre-development financing*

- Previously, the CMF provided a distinct allocation of up to \$500,000 for predevelopment and development support in the Francophone Minority Program.
- Now, this distinct allocation will only be available to projects seeking development support. Predevelopment projects will no longer be eligible to this program.
  - See section 2.1.2



## Changes made to the Northern Incentive

### *Increase in Maximum Contribution for the Television Component*

- Previously, the Maximum Contribution for Production Financing of the Digital Media Component was the lesser of 75% of the DM Component's Eligible Costs or \$50K.
- Now, the Maximum Contribution for Production Financing of the Digital Media Component shall be the lesser of 75% of the DM Component's Eligible Costs or \$100K.
  - See paragraph 5

### *Expansion of the Incentive to include Development financing*

- Previously, the former "Northern Production Incentive" provided production support for Eligible Projects from Applicants in Nunavut, the Yukon Territory or the Northwest Territories.
- Now, the renamed "Northern Incentive" will provide production and development support for Eligible Projects from Applicants in Nunavut, the Yukon Territory or the Northwest Territories. Specific provisions of the Development Financing portion of the Incentive include:

#### Television Component

- The Maximum Contribution for the Television Component shall be the lesser of 75% of Eligible Costs or \$50K.
- The Development Fee Threshold shall be 15% of Eligible Costs, except for projects with Development Fees solely from community channels operating in Nunavut, the Yukon Territory or the Northwest Territories ("**Community Channels**") where there is no minimum Development Fee amount.

#### DM Component

- The Maximum Contribution for the DM Component shall be the lesser of 75% of Eligible Costs or \$10K.
- The Development Fee Threshold shall be 10% of Eligible Costs, except for projects with Development Fees solely from Community Channels where there is no minimum Development Fee amount.
- DM Components with Eligible Costs under 10K will be submitted through the TV Component's application budget and required to meet the Development Fee Threshold based on the combined Eligible Costs of the TV and DM Components and according to the TV Component's Licence Fee Threshold.
- See page 4

## Changes made to the Development Program

### *Changes made to Eligible Costs*

- The CMF has qualified and amended its list of Eligible Costs related to Television Predevelopment and Television and Digital Media Development.
  - See sections 2.3.2 TV.1, 2.3.2 TV.2 and 2.3.2 DM.1

### *Changes to the requirements for Digital Media Components*

- Previously, one of the options available to Applicants to meet the CMF convergence requirements was to create a Digital Media ("DM") Component that met the minimum threshold of "rich and substantial", as defined under section 3.2 DM of the Development Guidelines.
- Now, the minimum threshold for eligible DM Components has been lowered from "rich and substantial" to "value-added". While the 3.2 DM Guideline definition for both tiers of content will remain the same, DM Components with a budget below \$10K will be considered "value added", while DM Components with a budget of \$10K or above will be considered "rich and substantial".
  - See section 3.2 DM

- Previously, broadcasters were required to spend 60% of their respective Development Envelope allocations on projects with “rich and substantial” DM Components.
- Now, Broadcasters will have the option to either spend 60% of their respective Development Envelope allocations on projects with a “rich and substantial” DM Component, or alternatively, have a minimum of 60% of their projects include a DM Component which meets the CMF’s standard for “value-added” or “rich and substantial” content as defined under section 3.2 DM of the Guidelines.
  - *See section C.4 of the Development Manual*
- Previously, DM Components were submitted to the CMF in a separate application unless their budget was less than \$5K, in which case the DM Component was submitted through the TV Component’s application and budget.
- Now, while “rich and substantial” DM Components will continue to be submitted separately, “value-added” DM Components (i.e., with budget under \$10K) will be submitted with the Television Component’s application and budget.
  - *See section 3.2 DM*
- Previously, for DM Components with Eligible Costs under \$5K, the Development Fee Threshold was calculated on the combined Eligible Costs of the TV and DM Components and according to the TV Component’s Licence Fee Threshold.
- Now, “value added” DM Components with Eligible Costs under 10K will be required to meet the Development Fee Threshold based on the combined Eligible Costs of the TV and DM Components and according to the TV Component’s Licence Fee Threshold.
  - *See section 2.A.3*

## Changes made to Appendix A

### *Definition of Mini-Series*

- Previously, a mini-series was defined as a project with six or less episodes, that handled a subject in its entirety that resulted in a conclusion, and with the intention that it would not be renewed for subsequent seasons.
- Now, a mini-series will be defined as six or less episodes.
  - *See page 9*

## Changes made to Appendix B

### *Chapter 4 – Completion Protection Policy*

- Previously, the CMF did not require completion protection for productions where the CMF contribution amount was less than \$250K.
- Now, the CMF will not require completion protection for productions where the CMF contribution is less than \$500K.
  - *See page 4-1*

### *Chapter 6, Standard Recoupment Policy (“SRP”) – Convergent Stream*

- Previously, cross-collateralization of revenues and expenses was not permitted between both Canada and other territories and between other titles carried by the distributor.
- Now, the restriction on cross-collateralization of revenues and expenses also applies between other media and/or platforms carried by the distributor.
  - *See Appendix A, section 4*

- Currently, the SRP has two recoupment models that are differentiated based on whether an Eligible Distributor is attached to a project (Model B) or not (Model A).
- As announced in 2015-2016, beginning in 2016-2017, the CMF will abandon the two-model recoupment approach and adopt the former Model B as the uniform recoupment model, whether or not there is an Eligible Distributor attached to a project. As such, the federal tax credit will be recoupable after the other investors (including the CMF and the producer [both investment and provincial tax credits or grants, as applicable]) have recouped their initial investment, but before investors participate in profits.
  - *See page 6-2*
- Previously, provincial tax credits received preferential recoupment position on Tier 2 of the CMF's Standard Recoupment Policy.
- Now, a designated list of specific provincial and territorial screen-based incentives will be treated similarly to provincial tax credits for the purposes of Tier 2 calculations in the CMF's Standard Recoupment Policy.
  - *See page 6-2*