

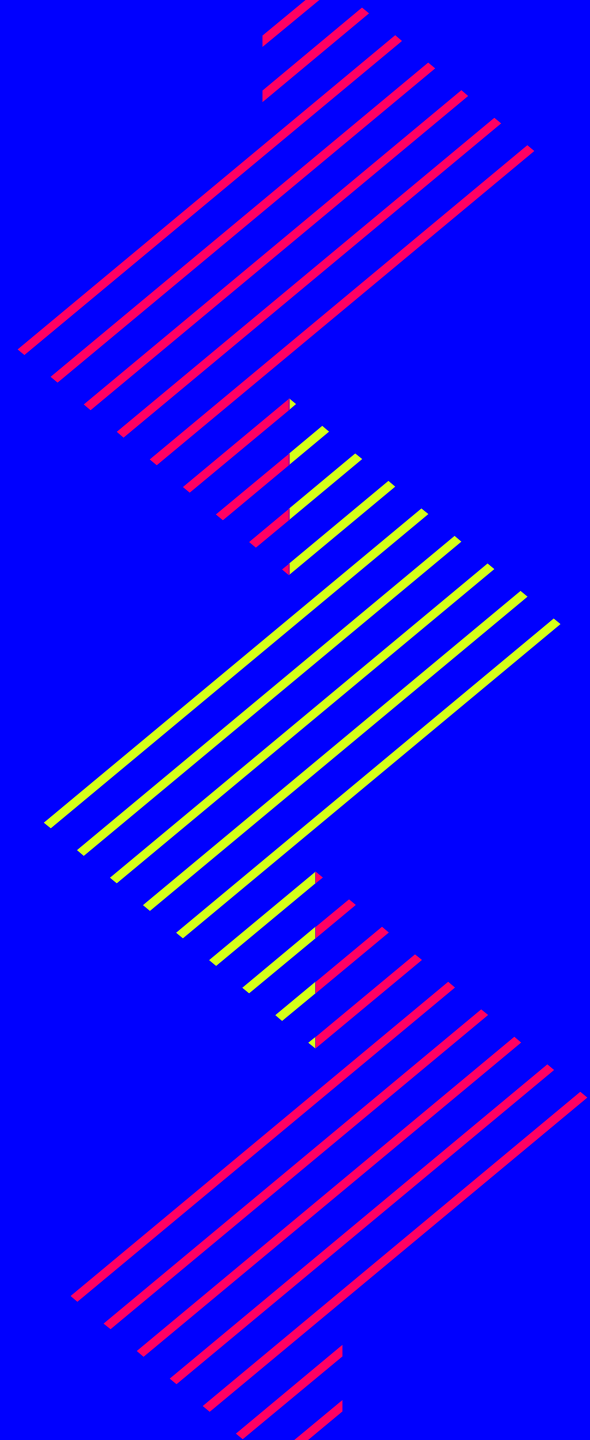
CANADA MEDIA FUND – ENGLISH AND FRENCH BROADCASTER ENVELOPE WORKING GROUP

October 2024



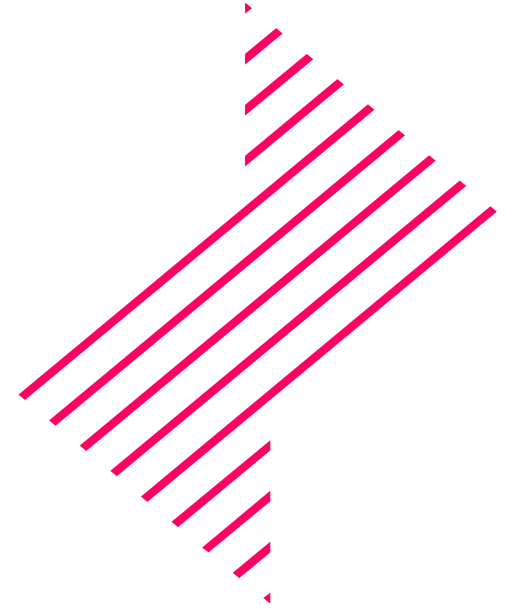
CANADA
MEDIA FUND

FONDS DES MÉDIAS
DU CANADA



AGENDA

- ▶ **INTRODUCTION**
- ▶ **LAND ACKNOWLEDGEMENT**
- ▶ **CURRENT CONTEXT**
- ▶ **BALANCE OF SUPPORT IN ENVELOPE SYSTEM**
- ▶ **ENVELOPE PROGRAM BUDGET**



CURRENT CONTEXT

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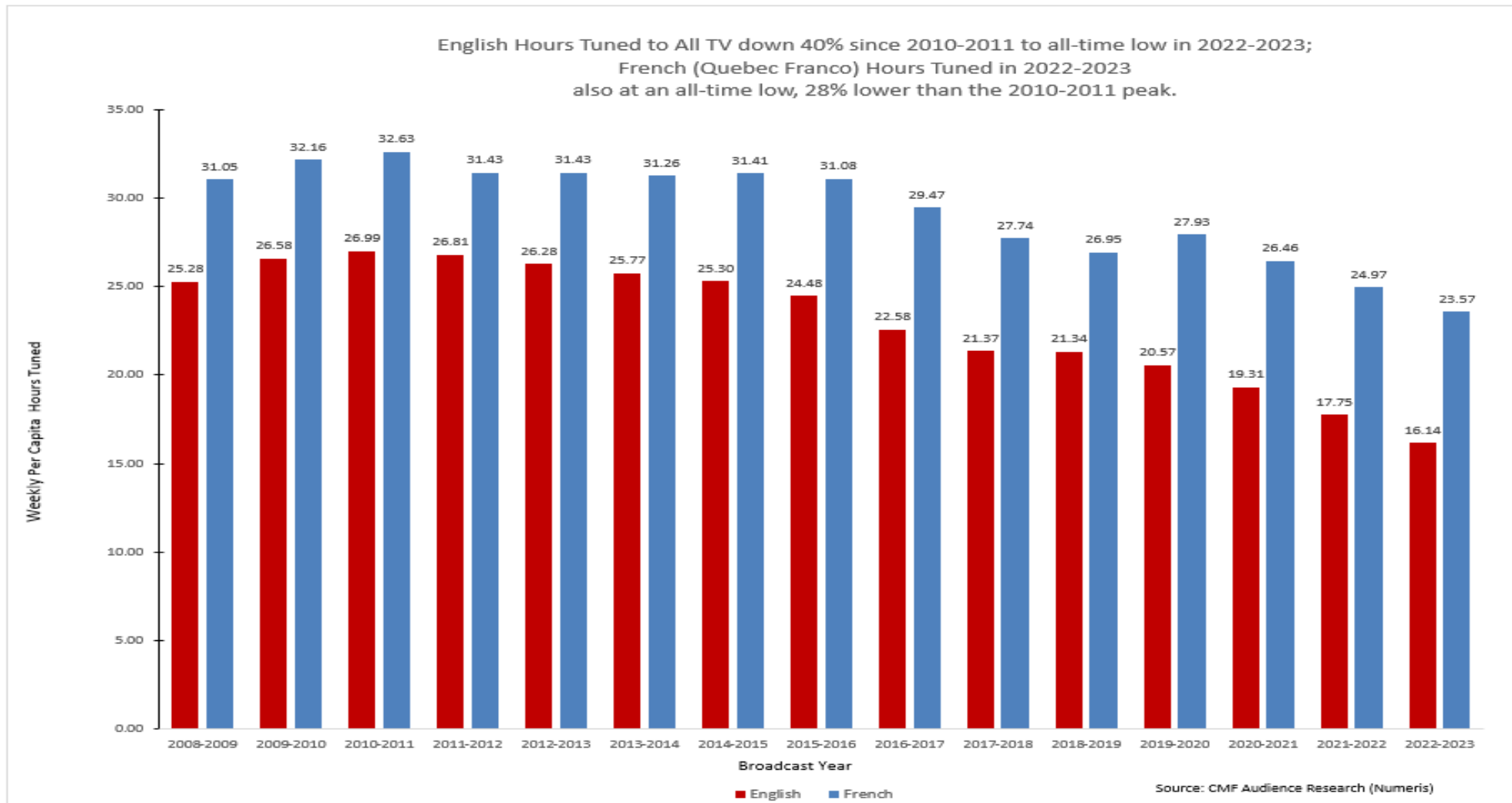
- CRTC
 - RELEASED DECISION ON INITIAL BASE CONTRIBUTIONS
 - UPCOMING DECISION ON INDIGENOUS CONTENT
 - UPCOMING CONSULTATION ON CANADIAN CONTENT
- DEPARTMENT OF CANADIAN HERITAGE CONTINUING TO MODERNIZE AUDIOVISUAL INDUSTRY
- CANADIAN ELECTION IN 2025 (OR SOONER...)
- ONGOING TECHNOLOGICAL AND COMPETITIVE DISRUPTION

CURRENT CONTEXT

- DECLINING BDU REVENUE
 - ESTIMATED AT 37% (\$133M) OF CMF FUNDING FOR THE 2024-2025
 - FOR CONTEXT, IT WAS 63.6% (\$231M) IN 2014-2015
- CMF HAS EXCEEDED GOVERNMENT OF CANADA STABILIZATION MONEY CAP (\$42.5M)
- ANTICIPATED REDUCED RESOURCES IN FUTURE YEARS
- SUNSETTING EDIA MONEY → LAST YEAR IS 2025-2026
- BASE CONTRIBUTIONS FROM FOREIGN STREAMERS LOWER THAN ANTICIPATED AND UNCERTAINTY WHEN/IF THE CMF WILL RECEIVE THESE ADDITIONAL FUNDS
- OVERSUBSCRIPTION IN ALL CMF PROGRAMS, DEMAND IS OUTSTRIPPING SUPPLY

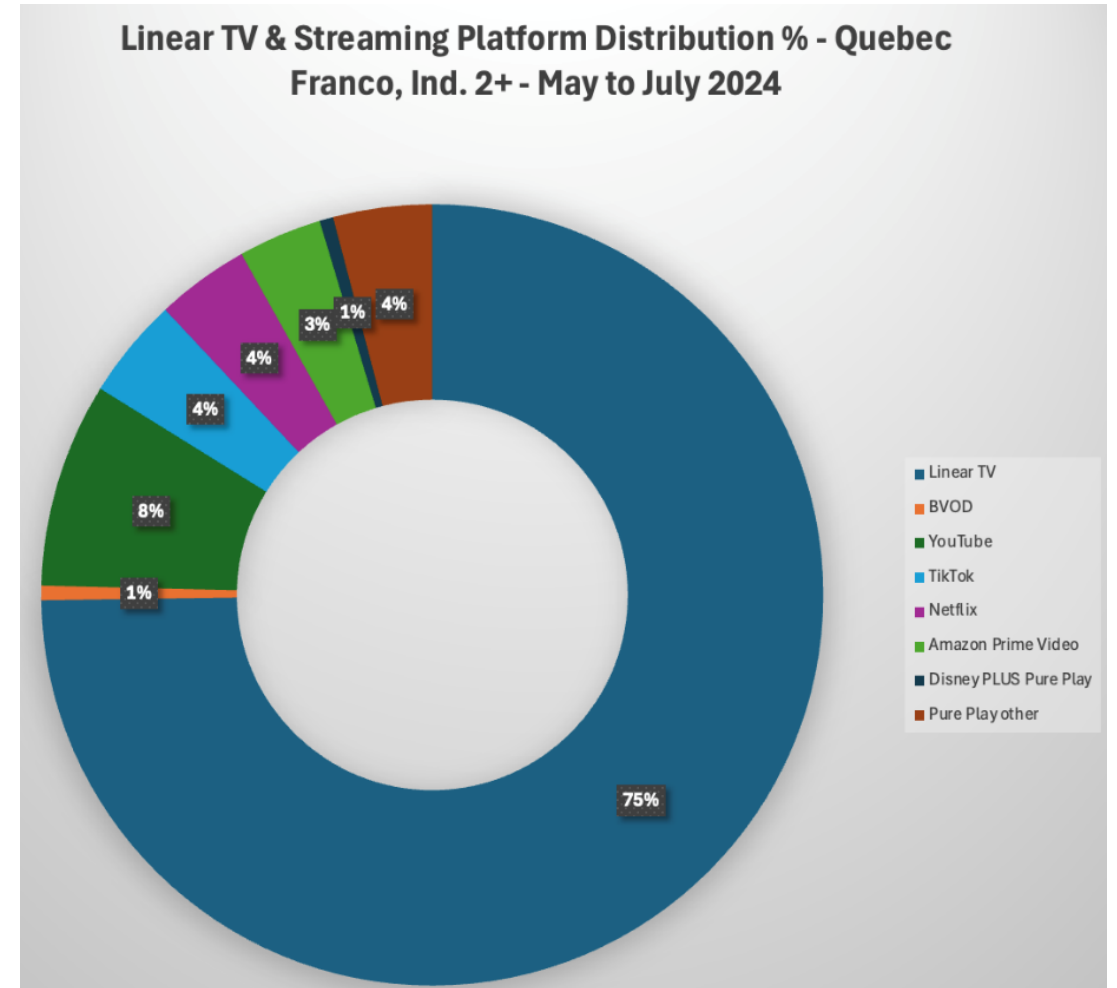
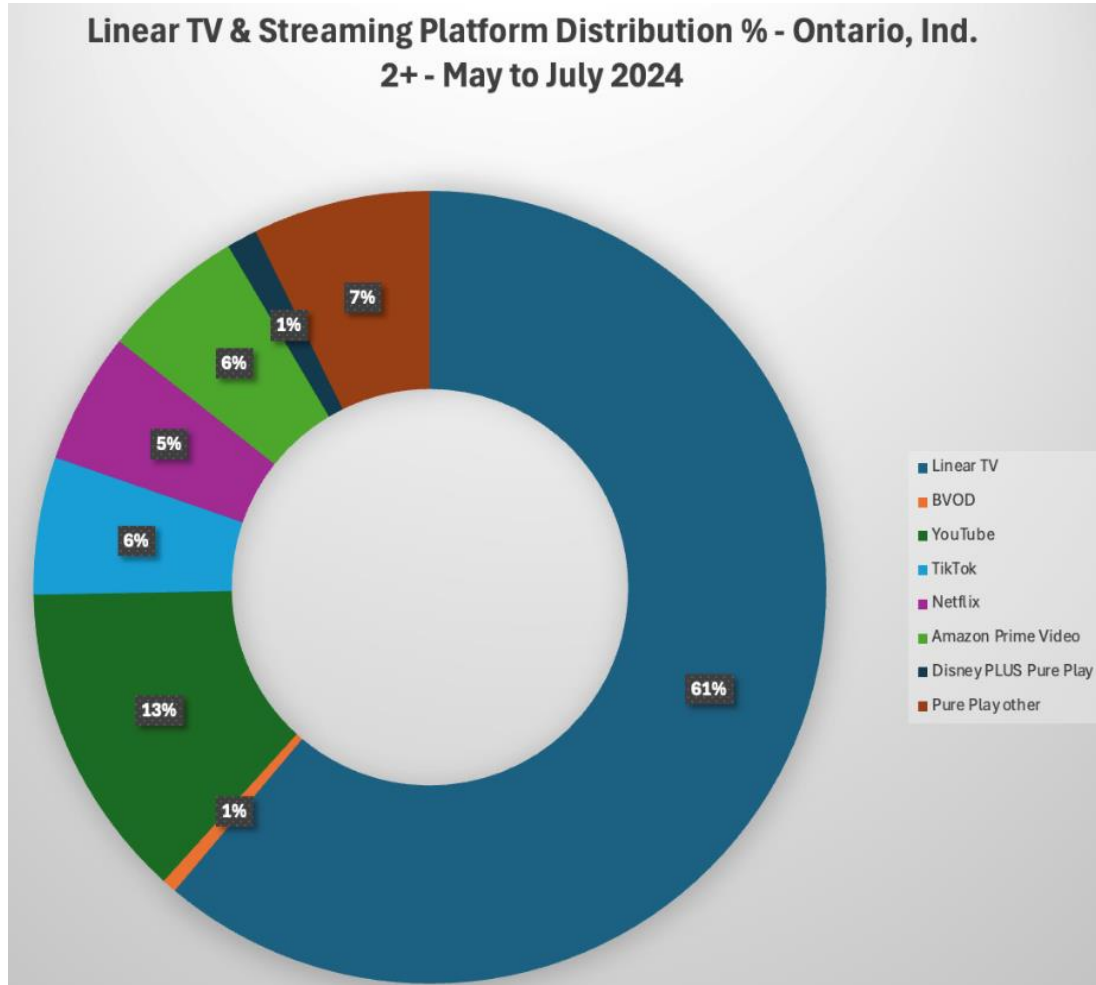
CURRENT CONTEXT

DECREASING AUDIENCES



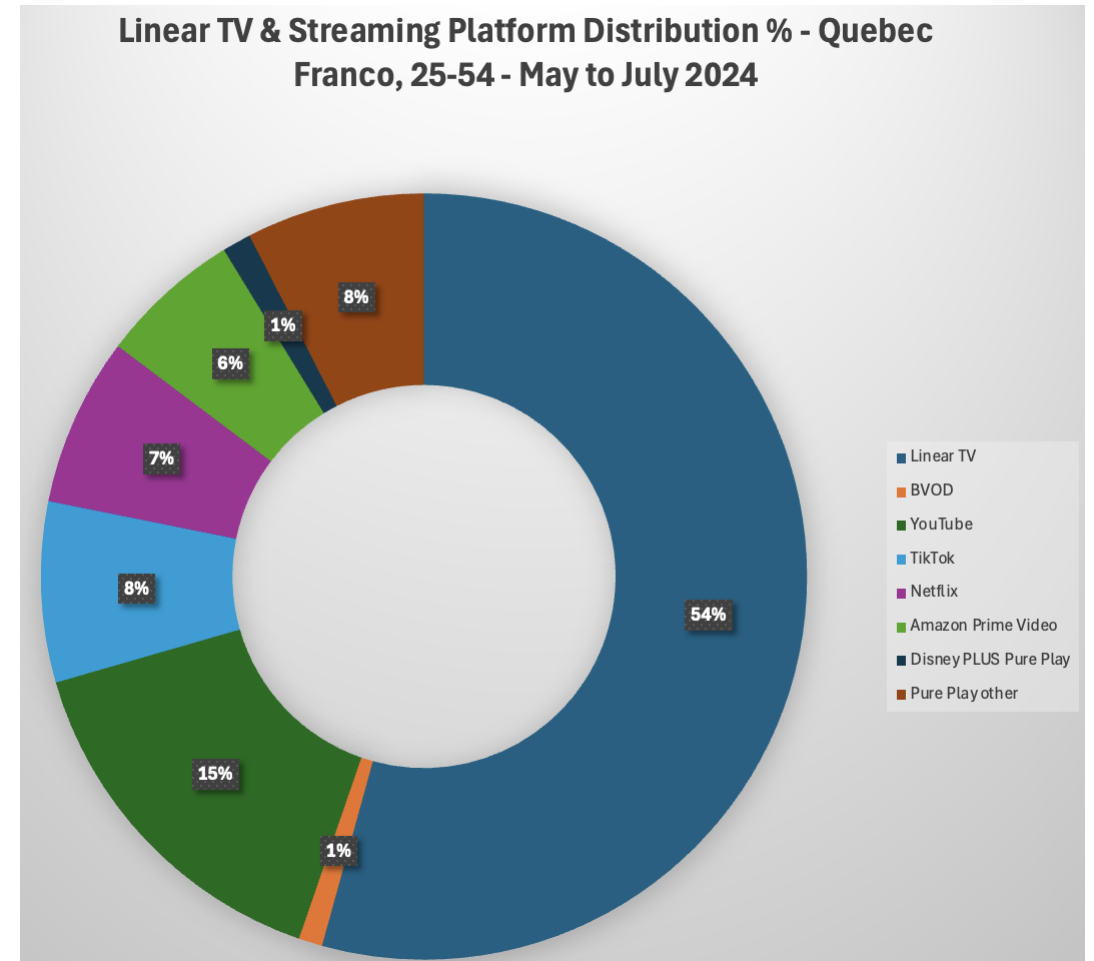
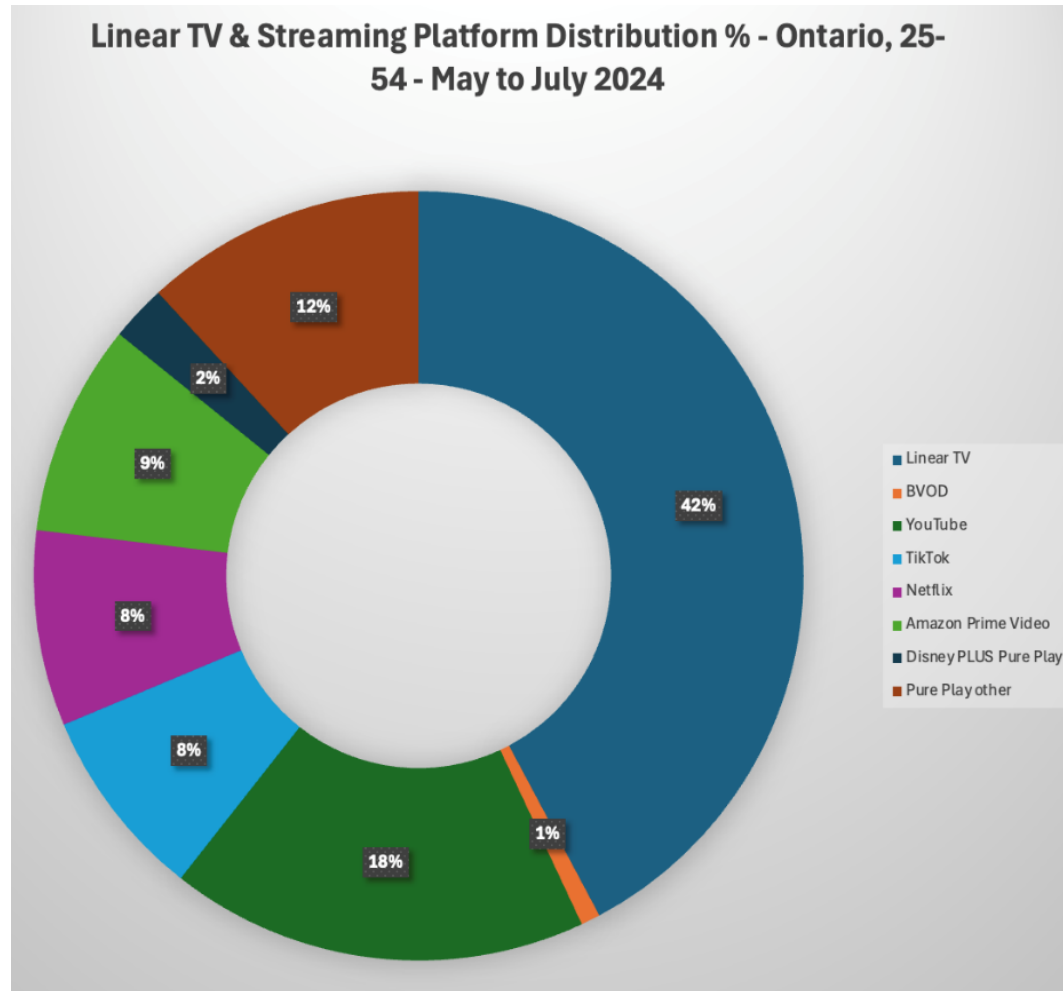
CURRENT CONTEXT

DECREASING AUDIENCES – ALL AGE GROUPS



CURRENT CONTEXT

DECREASING AUDIENCES – AGES 25-54



CURRENT CONTEXT

DECREASING AUDIENCES

- *96% OF STREAMING VIEWERSHIP IN CANADA IS ON INTERNATIONAL PLATFORMS**

*Content Canada, September 2024

CURRENT CONTEXT

CMF'S REALITY

- REFLECT PUBLIC POLICY GOALS OF GOVERNMENT WHILE SERVING INDUSTRY
- CONTINUE TO SUPPORT A DIVERSITY OF CANADIAN CREATORS WITH LESS FUNDING SUPPORT AND DECLINING REVENUES RESULTING IN DECLINING BUDGETS
- EVOLVE FUNDING MODEL WHILE NOT DESTABILIZING SECTOR

CURRENT CONTEXT

IN LIGHT OF THIS REALITY...

- HOW CAN THE CMF AND INDUSTRY CARVE A NEW PATH FOR A MODERNIZED FUNDING MODEL?
- AS THE LARGEST PROGRAM AT THE CMF, HOW CAN THE ENVELOPE PROGRAM EVOLVE?
 - REVISED FACTORS/WEIGHTS?
 - NEW WAYS TO SUPPORT CMF GENRES (E.G., CHILDREN & YOUTH)?
 - DISTINCT APPROACHES FOR ENGLISH AND FRENCH LANGUAGE MARKETS?
 - DIFFERENT APPROACHES FOR DIFFERENT TYPES OF BROADCASTERS

CURRENT CONTEXT

ENVELOPE EVOLUTION CONSIDERATIONS:

- PREDICTABILITY VS. AGILITY
- RESPONDING TO DIVERSE NEEDS OF INDUSTRY VS. COMPLEXITY OF SYSTEM
- EVOLVING AUDIENCE METRICS

BALANCE OF SUPPORT IN ENVELOPE SYSTEM

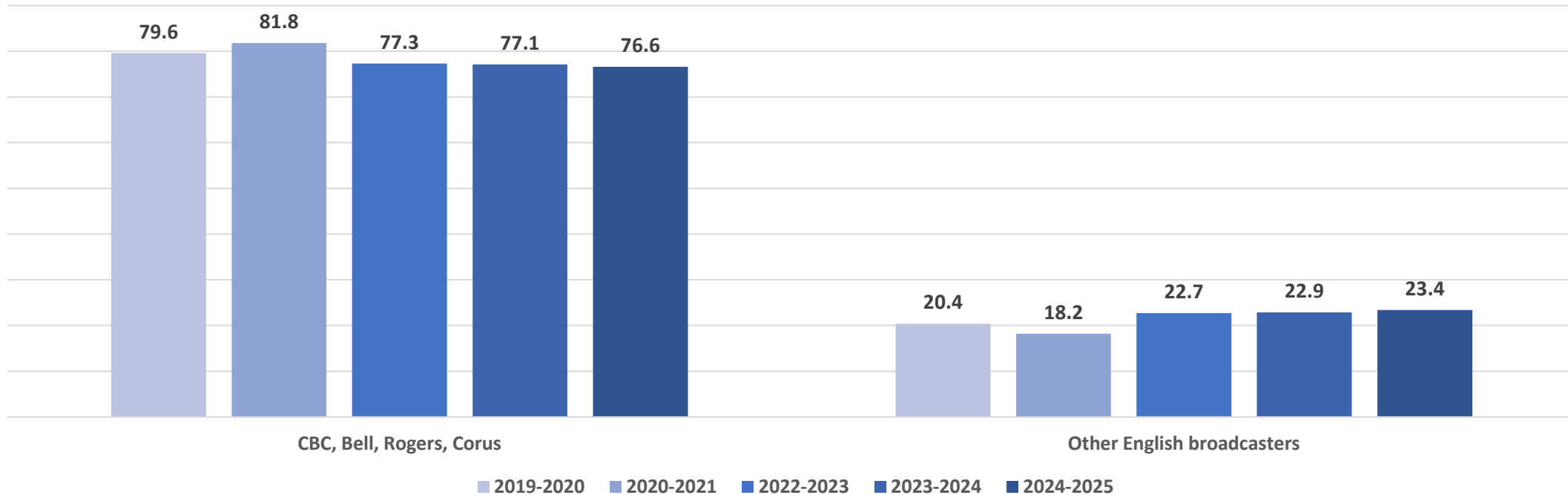
BALANCE OF SUPPORT IN ENVELOPE SYSTEM

DIFFERENT MEASURES HAVE BEEN IMPLEMENTED OVER THE YEARS TO HELP BROADCASTERS WITH SMALLER REACH AND DIFFERENT MANDATES:

- **2012-2013:** ENVELOPE NEW ENTRANT AND MINIMUM PERFORMANCE ENVELOPE ALLOCATION POLICY.
- **2014-2015:**
 - BROADCASTERS WITH PE ALLOCATIONS UNDER \$5M AND EDUCATIONAL BROADCASTERS:
 - 100% FLEX
 - EXEMPTION FROM AFFILIATED AND IN-HOUSE PRODUCTION CAPS
 - PE CREDIT IN SOME PE FACTORS COULD BE EARNED THROUGH LICENSING PROJECTS IN CMF SELECTIVE PROGRAMS (I.E., PROGRAMS WHERE SMALLER BROADCASTERS ARE VERY ACTIVE).
- **2019-2020:** ALTERNATIVE ACCESS TO THE PE SYSTEM (I.E., BROADCASTERS WITHOUT A PE ALLOCATION CAN ACCESS FUNDS ON A FIRST-COME/FIRST-SERVED BASIS).

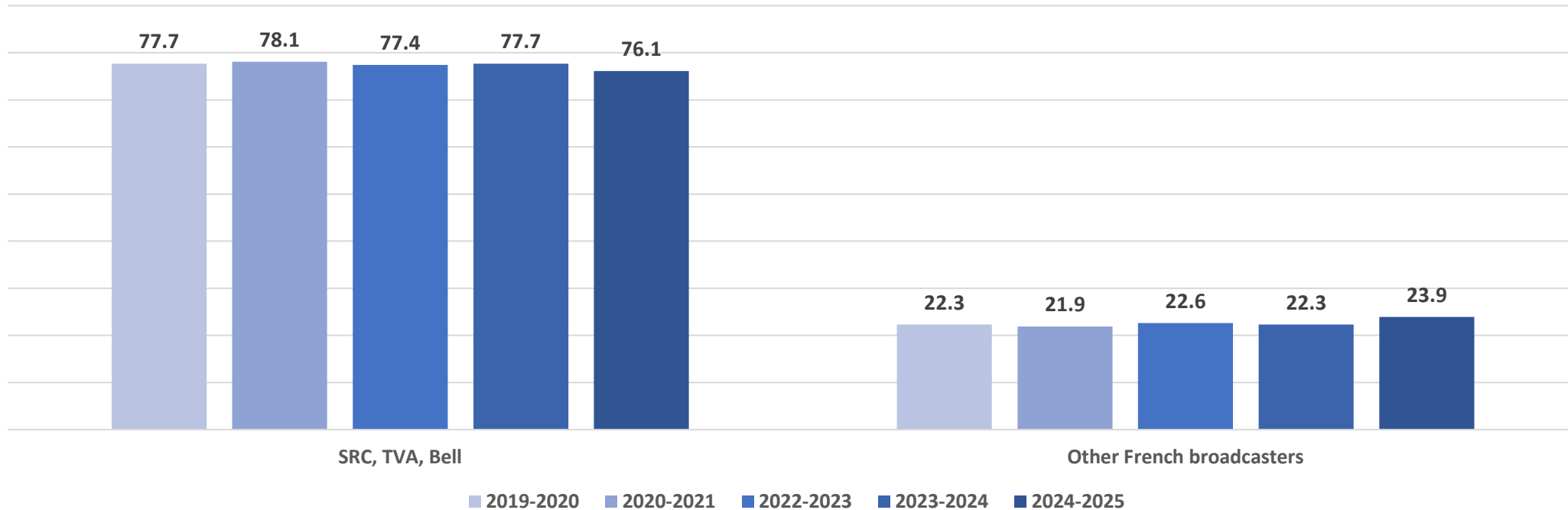
BALANCE OF SUPPORT IN ENVELOPE SYSTEM

English Market - Percentage share of Envelope allocations



BALANCE OF SUPPORT IN ENVELOPE SYSTEM

French Market - Percentage share of Envelope allocations



BALANCE OF SUPPORT IN ENVELOPE SYSTEM

HOW TO DETERMINE A MORE BALANCED APPROACH:

- SIZE OF ENVELOPE ALLOCATION?
- OVERALL AUDIENCE REACH?
- SPECIFIC CHARACTERISTICS/MANDATE?
- DIFFERENT APPROACHES PER MARKET?

BALANCE OF SUPPORT IN ENVELOPE SYSTEM

OPTIONS

- **LEAVE IT ALONE**
- **CREATE A SEPARATE POOL OF COMPETITION (PER LANGUAGE MARKET) FOR DIFFERENT TYPES OF BROADCASTERS**
- **GIVE MORE WEIGHT TO LICENCE FEES FOR CERTAIN BROADCASTERS**
- **GIVE MORE WEIGHT TO ALL ENVELOPE FACTORS FOR CERTAIN BROADCASTERS**
- **REDUCE LICENCE FEE THRESHOLD FOR CERTAIN BROADCASTERS**

BALANCE OF SUPPORT IN ENVELOPE SYSTEM

English market
2024-2025 Envelope Credit shares
compared to various models
using last year's factors

Multiplier used: 1.5

	2024-2025 Actual	Licence fee factors multiplier model	All factors multiplier model	Set pool 70%/30% model
	% Share	% Share	% Share	% Share
CBC	34.5%	33.2%	32.7%	31.5%
Bell	19.8%	19.1%	18.7%	18.1%
Corus	12.4%	12.2%	11.5%	11.4%
Rogers	9.9%	9.8%	9.7%	9.0%
CBC, Bell, Corus, Rogers group sub- total	76.6%	74.3%	72.6%	70.0%
New Tang	5.2%	5.9%	5.9%	6.6%
APTN	4.0%	4.4%	4.6%	5.1%
TVO	3.4%	3.4%	4.0%	4.3%
Anthem Media	2.7%	2.7%	2.7%	3.4%
Blue Ant	1.5%	1.6%	1.8%	1.9%
TLN	1.3%	1.6%	1.6%	1.7%
WildBrain	1.3%	1.3%	1.6%	1.6%
Knowledge	1.2%	1.3%	1.4%	1.5%
AMI	0.9%	1.0%	1.1%	1.1%
Nunavut ITV	0.4%	0.5%	0.5%	0.5%
Hollywood Suite	0.3%	0.3%	0.3%	0.3%
YES TV	0.2%	0.2%	0.2%	0.2%
Allarco	0.1%	0.2%	0.2%	0.2%
Afroglobal TV	0.1%	0.2%	0.2%	0.2%
Channel Zero	0.1%	0.1%	0.1%	0.2%
OUTtv	0.1%	0.2%	0.2%	0.2%
TELUS	0.1%	0.1%	0.1%	0.1%
Alternative Access broadcasters	0.6%	0.7%	0.8%	0.8%
Other broadcaster group sub-total	23.4%	25.7%	27.4%	30.0%
Total	100%	100%	100%	100%

BALANCE OF SUPPORT IN ENVELOPE SYSTEM

**French Market
2024-2025 Envelope Credit shares
compared to various models
using last year's factors**

Multiplier used: 1.5

	<i>2024-2025 Actual</i>	<i>Licence fee factors multiplier model</i>	<i>All factors multiplier model</i>	<i>Set pool 70%/30% model</i>
	<i>% Share</i>	<i>% Share</i>	<i>% Share</i>	<i>% Share</i>
Radio-Canada	35.4%	34.4%	33.5%	32.6%
TVA	23.4%	23.1%	22.9%	21.6%
Bell	17.2%	16.7%	16.4%	15.8%
SRC, TVA, Bell group sub-total	76.1%	74.2%	72.8%	70.0%
Télé-Québec	9.7%	10.1%	11.3%	12.4%
TV5	5.1%	5.8%	6.1%	6.5%
TFO	4.1%	4.4%	4.5%	5.2%
Corus	2.8%	2.7%	2.6%	2.8%
APTN	1.0%	1.1%	1.1%	1.2%
AMI-télé	0.7%	0.8%	0.8%	1.0%
Natyf	0.5%	0.5%	0.5%	0.6%
Savoir Média	0.2%	0.3%	0.3%	0.3%
Alternative Access broadcasters	0.03%	0.1%	0.030%	0.03%
Other broadcaster group sub-total	23.9%	25.9%	27.2%	30.0%
Total	100%	100%	100%	100%

BALANCE OF SUPPORT IN ENVELOPE SYSTEM

CONSIDERATIONS

- THE TOTAL BUDGET DIFFERENCE BETWEEN BROADCASTER GROUPS, FROM LEAVING IT ALONE AND THE MOST SIGNIFICANT CHANGE (SEPARATE POOL OPTION) IS:
 - ENGLISH MARKET: **\$9.5M**
 - FRENCH MARKET: **\$4.6M**
- BROADCASTERS WITH SMALLER ENVELOPE ALLOCATIONS IN ENGLISH MARKET ARE ALREADY GAINING ENVELOPE SHARE
- POTENTIALLY EVEN MORE SUCCESS FOR THESE BROADCASTERS WITH THE RECENTLY INTRODUCED CHANGES TO FACTORS AND WEIGHTS
- LOWERING LICENCE FEES – EASIER TO TRIGGER, BUT HARDER TO GROW ENVELOPE

ENVELOPE PROGRAM BUDGET

ENVELOPE PROGRAM BUDGET

- ADDITIONAL RESOURCES ARE REQUIRED FOR FUTURE MODERNIZATION
- FURTHER CONSIDERATIONS IN THE MODERNIZATION OF THE PROGRAM MODEL, INCLUDE:
 - SLATE PROGRAM
 - DISTRIBUTOR PROGRAM
 - EDIA INITIATIVES
 - CHILDREN & YOUTH
 - DIGITAL CREATOR AND INTERACTIVE DIGITAL MEDIA

ENVELOPE PROGRAM BUDGET

ENGLISH AND FRENCH BROADCASTERS:

- **ACCESS TO OVERALL CONTENT PROGRAMS**
 - ENGLISH AND FRENCH BROADCASTERS CURRENTLY HAVE ACCESS TO ROUGHLY **85%** OF THE CMF'S OVERALL CONTENT BUDGET
- **CONTROL OVER JUST LINEAR CONTENT PROGRAMS**
 - THE ENGLISH AND FRENCH ENVELOPES CURRENTLY REPRESENT ROUGHLY **70%** OF THE CMF'S LINEAR CONTENT BUDGET
- **CONTROL OVER OVERALL CONTENT PROGRAMS**
 - THE ENGLISH AND FRENCH ENVELOPES CURRENTLY REPRESENT ROUGHLY **62%** OF THE CMF'S OVERALL CONTENT BUDGET

ENVELOPE PROGRAM BUDGET

CANADIAN HERITAGE DIRECTIVE: THE ENVELOPE BUDGET CANNOT BE LESS THAN THE AMOUNT THE CMF RECEIVES FROM REGULATED CONTRIBUTIONS TO THE CMF.

- FOR 2024-2025, THAT WOULD BE **\$132.9M (37% OF PROGRAM BUDGET)**
- FOR CONTEXT, ENGLISH AND FRENCH ENVELOPES ARE CURRENTLY **\$219.6M (62% OF PROGRAM BUDGET)**

FEEDBACK:

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