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## DOC Final Recommendations On CMF 2013 Policy Consultation

### **Preliminary comments**

The CMF has now been in existence for 3 years. It is a young fund that has been given an ambitious mandate and it has sought to aggressively meet its performance objectives. In the process, the cultural intentions at the heart of the fund's mandate have suffered.

At the time of the CMF announcement, Minister Moore explained that the fund was meant to support projects that would otherwise have a difficult time garnering market support. Although not explicitly said at the time, that reference was intended for documentaries. The statement required a lot of explaining by ministerial staff, but it appears that 3 years into the CMF's existence, some aspects of its mandate are not being actualized. The emphasis on audience success is driving broadcasters' programming offer and has decimated the production of one-off documentaries.

DOC would argue that since the launch of the CMF, diversity of voices has been eroded within the television landscape.

The other observation to emerge at the 3-year mark is that there is great imbalance in the system. Large, vertically integrated broadcasters are doing well while smaller independent broadcasters, including the edunets, are struggling.

The current system makes it possible to have one or two broadcasters dominate an entire format, as is the case with Shaw and Bell. As per our previous document, in 2012/13, Shaw and Bell combined garnered a 42% stake of the documentary envelope, of which more than **90%** was being directed to documentary series. In the 2013/14 BPE calculations, Bell and Shaw hold 67.5% of the English documentary allocations. In the French-language market in 2012/13, Astral garnered more than 50% of the **entire** French language documentary envelope with more than 85% of that being dedicated to documentary series, and this, before it was purchased by Bell. In 2013/14, Astral holds 54% of the French-language documentary BPE allocation.

What we see at play is that the entire system is vulnerable, as broadcasters "game the system" to score audience success points within the BPE calculation instead of focusing on programming to address the wide range of interests of Canadian audiences.

### **The "problem" with the documentary one-off**

As the analysis submitted by DOC in September demonstrates<sup>1</sup>, documentary series are more than adequately being funded through the CMF via the large broadcast groups, especially those documentary series that fall under the docusoap category.

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<sup>1</sup> [DOC Policy Analysis](#), submitted to CMF, September 2013

What is not being properly supported within the current CMF policy framework is the one-off documentary. As such, we are losing Canada's rich tradition of producing exceptional one-off documentaries that tell our stories at home and internationally. This is why DOC's position throughout these consultations has been to put forward incentives to encourage broadcasters to license programs in this format.

One-off documentaries comprise a vast range of projects that diversify the programming offer: nature docs, biographies, investigative docs, social justice docs, the list is long. And while POV docs are a subcategory of the one-off documentary, it must not be assumed that support to POV docs can stand in for support to the entire one-off format. It has become exceedingly difficult for documentary producers to access Canadian broadcast licences and the serious decline of one-off documentary production has been well documented<sup>2</sup>.

While large, vertically integrated broadcasting entities have turned their backs on the one-off documentary, the smaller broadcasters (indies and edunets) that **do** program documentaries are being disadvantaged within the current framework of envelope calculations. The emphasis on audience success and the limitations of the regional reach for some broadcasters are additional factors compounding the "one-off problem".

We see this quite clearly in the French-language market where both SRC and Télé-Québec have lost substantial amounts of their BPE. Traditionally, both broadcasters have been strong supporters of one-off documentary, yet they now find themselves being penalized for programming these types of production. A point that TVO has made several times.

With this as a backdrop to our final recommendations, DOC is submitting a two-pronged analysis:

- One that recommends changes under the current policy framework
- The other that envisages solutions beyond the current policy framework to deal with the one-off "problem".

#### **DOC's recommendations regarding the existing current policy framework**

The following are specific recommendations that seek to redress the current imbalance at play in the system. These recommendations are a companion piece to the policy analysis submitted by DOC in September 2013.

#### **BPE's**

- There must be a differentiated approach between large, vertically integrated broadcasters and smaller indie broadcasters. Furthermore, the function and reality of edunets should also be acknowledged and they should be treated distinctly from the other groups.
- BPE calculation: DOC recommends that the overall audience factor weight be reduced. Barring the implementation of that recommendation, DOC calls on the CMF to reduce the audience success factor for the documentary genre specifically.
- As per DOC's September submission, the reduction from 55% to 40% in AS in the documentary genre should be compensated by re-introducing a factor weight for licence fee above threshold and increasing points allotted to the regional production factor weight. As noted in *Getting Real 5* there has been a downward trend in documentary budgets in both linguistic markets, with the exception of documentary series. DOC would argue that this trend is partly being driven by the loss of the licence fee above threshold factor.

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<sup>2</sup> [Getting Real 5: An Economic Profile of the Canadian Documentary Production Industry](#), published June 2013

- The weighting of the BPE calculations drives broadcaster behaviour and those venturing in harder to market programming should be rewarded. DOC recommends that the audience factor weight for one-offs be multiplied by a factor of 2 (at minimum).
- The French market approach for licence fee thresholds should be implemented in the English-language market. As it stands, English-language projects with larger budgets are unable to attract broadcasters who argue that they can't commit the sizable licence fee that is required to meet threshold.
- Currently, the French market genre allocations for documentaries split one-offs and series for factor weighting. This should be applied to the English language market. DOC believes this approach should be further improved. If none of the alternatives outlined here are implemented, then the CMF needs to implement a one-off/series spending delineation within BPE for documentaries. This would be achieved by implementing a one-third/two-thirds split in spending between one-offs and series within each of the broadcasters' documentary allocation, and this, in both linguistic markets. At this point, it is fair to say that market cannot be trusted to support the documentary one-off. Therefore, it is only by building permanent safeguards that the one-off "problem" will be solved. And, although we note that Shaw launched a new strand in the fall of 2013 (which has been criticized for being poorly marketed) they are doing so because of the benefits "bulge" currently at play in the system. The CMF's policy framework must be designed for a time where there is no such "bulge".

### **Selective programs**

- Many documentary stakeholders have expressed their frustration at how the system currently operates: regional producers are struggling, producers seeking development funding are struggling, and, overall, documentary producers are struggling. One Working Group participant wondered out loud whether the limitations of the BPE system were the root cause for the multiplication of selective programs. DOC agrees with that assessment: selective programs have multiplied because the BPE cannot deal with the system's complex needs, not the least of which is meeting the cultural objectives as set out by the Department of Canadian Heritage. This is why we recommend to have money shifted from the BPE into the selective programs or be allocated to the alternatives put forward below.

### **POV**

The POV program is just one piece of the puzzle to solve the one-off "problem". As stated above, one-off documentaries diversify a broadcaster's programming, and while POV docs are a subcategory of the one-off documentary, it cannot be assumed that support to POV docs can stand in for support to the entire one-off format. That being said, the POV Fund is critically important to the documentary sector and needs to be improved in the following manner.

- In addition to the existing series/one-offs splits in the BPE in the French market, producers are demanding that a French language POV Fund be implemented, as have Aboriginal producers. This strongly encourages the CMF to realize this recommendation.
- In the English-language market, the POV program has been oversubscribed and should see its budget increase, with more tranches to match the production cycle of one-off documentaries.
- For the POV fund, we propose that there be a cap of 15% or \$50,000/per hour for features over \$400,000.
- As presented in DOC's September policy paper, alternative funding partners must be considered to trigger CMF funding. Alternative sources include: crowdfunding, international broadcasters, OTT services and other digital distribution services.
- DOC is requesting that the CMF streamline its approach when it comes to documentary projects that have both BPE money and POV funding.

- The assessment matrix for POV projects must be reviewed as per DOC's September 2013 recommendations, with more emphasis being placed on the creative elements and the production team, and less on digital media and market support.

CMF staff has asked for proof of success of POV productions on secondary markets. It takes at least 2 years for the impact of a POV doc to be realized and for it to reach its audience through diverse platforms. The projects that were first greenlit in 2010 are just starting to exploit those markets now and so, it is still too early to gather the data. Carbon Rush has recently announced that it has been sold to numerous international broadcasters and has been shown in over 55 festivals while Waking the Green Tiger, produced prior to the CTF morphing into the CMF has recently announced that in two years of release since October 2011, it has won more than 10 international prizes (including the Ifeng Green China Award, the Grantham Prize 2012 Special Award of Merit for Environmental Journalism, Planet in Focus), has been sold to numerous international broadcasters, exhibited at over 40 international festivals and been invited to screen at universities around the globe. It is currently available in 5 languages and is being translated into 10 additional SE Asian languages. The rollout for the film will continue with screenings booked in China and elsewhere into mid-2014.

### **Recoupment**

The CMF is currently considering a more aggressive recoupment framework. For documentary production, particularly one-off documentaries, this would only add to the difficulties of financing this sub-genre and DOC would oppose any such recommendation. Although we understand and are sympathetic to the sustainability issues confronting the CMF, the point has to be made again that the CMF's objectives are primarily cultural, as such, recoupment, as important as it is, cannot be allowed to trump the cultural objective. DOC would rather work with the CMF and other stakeholders to **expand** the funding sources supporting the cultural objectives of the CMF

- If the CMF moves ahead in implementing a more stringent recoupment policy, it is DOC's position that there ought to be a differentiated approach on 2ER and 4ER recoupment policy.

### **Regional production**

Regional production must be supported and must flourish. DOC is not convinced, however, that the EPI is the best tool to support/foster regional production. Other avenues to support a sustainable and robust regional production must be developed which might include a system of regional bonuses. We would see the regional bonus system being implemented to replace EPI and would work alongside the regional factor weight within the BPE.

Although dramatic series will spike a region's production activity, it remains that documentary is the backbone of regional production and the development of new talent and diverse voices. Currently, although documentary projects overwhelmingly represent the projects supported by the pre-development initiative, documentary accounts for less than 10% of the development spending in the BPE. This is inconsistent with overall CMF objectives.

- To remedy this imbalance, DOC recommends that development spending targets align with stated genre production targets.
- DOC is also of the view that unspent EPI should not go to CMF reserve until it has been opened up to all of the other regions.

### **DM component**

There was a clear consensus among Working Group participants that the rich and substantial DM component does not apply equally well to all projects and does not always make sense when it comes to one-off documentaries. Producers and broadcasters alike called on the CMF for increased flexibility on this.

- In addition, DOC seeks to have the eligible activity comprised within the DM component be expanded. When it comes to documentaries, filmmakers and producers are engaging

with their audience on social media at the moment of the project's inception and we urge the CMF to consider this an allowable DM activity. This is how filmmakers and producers are building their audience, which meets the CMF's objective of having projects reach a wide audience. The audience engagement strategies employed by filmmakers and producers directly impact the ability of the project to reach the market once it is completed. Social media presence and audience engagement campaigns builds awareness for a project, creates buzz and expands the audience **before** the project is completed and enhances distribution activities **after** the project is completed. This is an asset to both the filmmaker/producer and the broadcaster.

### **Flex**

At the time of the BPE Working Group, only a brief mention was given to flex to note that it wasn't the problem that some stakeholders - including DOC - had anticipated. The wild fluctuations between genres that some had feared have not occurred. And while this is true, we would like to draw the CMF's attention to two facts:

- The point fluctuation has been negative in the documentary genre both in the English and French language markets
- The current application of flex has resulted in a loss of \$ 5,4 M less in independent documentary production in the English language market only: the equivalent of the POV fund and then some! So although the point fluctuation is not significant, it shouldn't be downplayed. Flex is having a real impact, in both linguistic markets!

### **Solutions beyond the current policy framework**

In *Getting Real 5*<sup>3</sup>, DOC outlined four case studies of documentary productions: three one-offs and one limited series. The stated purpose of the case studies was to demonstrate the breadth of the documentary market and how a documentary can be repurposed to tap into multiple markets. In every case, these projects included a feature-length version that was presented at film festivals and distributed around the world. In each case, producers struggled to garner a broadcast licence to access CMF funding and generate tax credits.

Once the research was completed, what struck the research team most was that none of these documentaries could be made today. All of the projects accessed funding programs that no longer exist. More importantly, none of these funding programs required broadcaster participation. These funding programs were designed to support non-theatrical/non-broadcast productions, as was the case with the CIFVF, and other programs that did not have media production as their mandate acted as a critical funding source among many investors within the financing structure, as was the case with CIDA.

Also noteworthy is the fact that although projects funded via the CIFVF or with the participation of CIDA were not primarily intended for broadcast audiences, many projects that received funding from these sources ended up before a broadcast audience. Broadcasters either acquired the program or came on board in the course of the project's financing, simply not as the first investor.

The current funding system has dwindled to two financing modes: one artistic - supported by art councils, provincial and federal - and the other industrial, with the CMF and other cultural industry funds. The elimination of funding mechanisms such as those noted above has impacted the documentary sector far beyond the loss of the modest funding these programs received. Their disappearance has forced virtually all documentary financing to be tethered to broadcaster

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<sup>3</sup> [Getting Real 5: An Economic Profile of the Canadian Documentary Production Industry](#), published June 2013

participation with the exception of those projects supported by art councils and alternative means of financing such as crowdfunding. Yet, the largest broadcasters are simply not interested in programming one-offs. Without one-offs on main channels, the diversity and quality of in-depth journalism and public affairs is being lost - a net loss to public information.

Under the current system, broadcasters have become the gatekeepers of documentary production and are choking one of Canada's best cultural exports. Producers are demanding that the financing system be re-engineered and that funding sources that trigger CMF funding be multiplied.

To do so, DOC proposes two possible approaches:

### **Small Broadcaster-Small Production Company Fund**

One of the main threads of discussion during the 2013 Working Group meetings was the notion of separating the allocation of the broadcaster performance envelopes between the large broadcast ownership groups and the smaller broadcasters, including the educational/regional broadcasters and new/independent specialty channels.

DOC would like to see this option further explored. This approach would redress the current imbalance within CMF - where large vertically integrated broadcasters have the upper hand by virtue of size and reach - and would facilitate the natural alignment of smaller broadcasters and documentary producers whose one-off and limited series speak to those broadcasters' niche audiences.

This could be accomplished within the current BPE structure or, alternately, could be done by implementing a separate fund altogether, such as a Small Broadcaster/Small Production Company Fund. As DOC envisions this approach, small producers would be able to trigger funding with the commitment of smaller broadcasters, or, alternatively, VOD, or community channel offering, provided that the format and genre are eligible under CMF guidelines.

The Small Broadcaster/Small Production Company Fund would be dedicated to documentary one-offs (or limited series) that, by virtue of their niche audiences (or limited geographical reach in the case of edunets), generate smaller audience numbers, but dovetail more closely with the broadcaster's defined market.

Criteria for this fund would place less emphasis on audience success and more on licence fees over threshold, bonuses for one-off documentaries and regional production. In order to reach broader audiences via the festival market in Canada and elsewhere, and make projects more readily available for international distribution, we further propose that financing for re-packaging one-offs and limited series into feature length versions be admissible within this fund.

### **Alternative Financing Fund**

The range of investors in documentary financing is broader than what is typical for dramatic production. Because of the content of various documentaries and their use in civic engagement via entertainment, education and advocacy, documentary producers have, at times, been able to attract investment from alternative financing sources. In response to the difficulties documentary producers are experiencing in financing their projects via the Canadian broadcast system, DOC has undertaken a research project to capture the various modes of alternative financing producers are employing.

Under the current system, one-off documentaries that are looking for theatrical distribution, or are reaching for the festival circuit or international distribution are particularly impacted, as funds for these types of projects have virtually disappeared. Even Telefilm's Theatrical Documentary Fund is limited by the requirement for a broadcast licence for projects wanting to access Roger's contribution to this small fund and, also noteworthy, the distribution of these funds is far from regionally diversified.

Under this proposal, the Alternative Financing Fund would allow other sources of financing to act as triggers, including foundation funding, private investment, fiscal sponsorship, crowdfunding, NGO contributions, donations, etc.

Through the Alternative Financing Fund, documentary producers would be able to access CMF funding based on a pre-set level of the budget being financed by any combination of money from these types of alternative sources.