

## **CMF Policy Proposal - REVISED**

While our industry has celebrated many wins over the last several years, we have also faced many challenges. In order to take control of our destiny and to ensure Canadian stories are seen and heard for many years to come, a strong Canadian content ecosystem, from creative origination to deficit financing and worldwide exploitation, is needed.

At a time when we are seeing more and more foreign players working within our borders, eOne believes it's more important than ever to institute ways for Canadian sales companies to remain healthy and continue to play a vital role in our industry. As such, we propose that an incentive be offered to Canadian producers to secure Canadian distributors.

As the CMF once again prepares their annual guidelines, we are putting forth the following:

### **Rationale:**

Government policy that supports Canadian distribution companies is necessary for the Canadian television industry to continue in its growth and be competitive in a crowded international marketplace:

- Control in a production is largely dictated by the financing;
- Therefore, Canadian risk capital equates to a greater level of Canadian control;
- From a long-term value chain point of view, distribution rights are more valuable than copyright;
- Thus, in this time of change where audiences are moving on masse to digital platforms to view content on their own terms, it is more important than ever for the Canadian production and distribution ecosystem to be symbiotic and supported;
- The value chain of a production can only be fully realized through exploitation i.e. distribution/international sales;
- We firmly believe that the value of content created in Canada should stay in the hands of Canadian companies to reinvest in the ecosystem.

### **Proposal for discussion:**

Our focus is on building a mutually-beneficial relationship between the production and distribution sectors to optimally serve the industry overall on a long-term basis.

### **The following is our multi-step approach:**

1. The policy mandating producers to offer the international distribution rights to a Canadian distribution company first be reinstated in the CMF Guidelines for drama productions only, with immediate effect. The Canadian distributor will agree to provide a written offer within 15 business days of receiving a producer's creative and financial project package for their evaluation.
2. The CMF lobby for and work with Canadian Heritage to effect changes to the Contribution Agreement for the following scenario be implemented in order to encourage innovation and add creative flexibility to the 10/10 scale model: CMF-qualifying productions receive two "points" for securing a Canadian distribution company to sell international rights. In exchange, the Canadian distributor will commit and cover a certain level of the budget for marketing and promotion, with a global focus.