

**Canada Media Fund  
National Focus Group  
January 19, 2012**

Proposed changes to 2012-2013 Guidelines and Performance Envelopes

<b>Working Group Topics</b>	<b>Proposals</b>
Performance Envelopes	<ul style="list-style-type: none"> <li>• eliminate CTF-ables as a method of obtaining credit in Audience Success</li> <li>• apply the Original First Run factor across all genres in order to provide an additional incentive for the production of original first-run programs</li> <li>• maintain the Digital Media Investment factor and increase its weight from 5% to 10% in order to reward broadcasters who provide their funding support for the production of digital media projects, with a corresponding decrease in the weight of the Above-Threshold Licensing Factor.</li> <li>• for smaller broadcasters, allow greater flexibility in performance envelope usage (flex and broadcaster-affiliated/in-house production) in order to enable them to better leverage their performance envelopes</li> <li>• give "new entrants" into the system a minimum envelope or "kick-start" amount in order to allow them to meaningfully contribute to the licensing of projects</li> </ul>
Simplification	<ul style="list-style-type: none"> <li>• implement multi-year guidelines (2012-13 and 2013-14)</li> <li>• change French-language development from selective to envelope-based funding</li> <li>• harmonize evaluation grids in all selective programs in the Convergent Stream to the extent possible</li> <li>• in the Performance Envelope Program, harmonize CMF maximum contribution amounts to 49% of the budget</li> <li>• review the 4 essential requirements applicable to television programs in order to provide greater flexibility from a creative perspective</li> <li>• in the Aboriginal Program, introduce a Licence Fee Threshold of 10%</li> <li>• in Convergent Development, adjust the rule that producers need to close a previous phase before applying for a subsequent phase</li> </ul>

	<ul style="list-style-type: none"> <li>• in Convergent Development, create a “first closing date” by which a minimum amount of broadcaster Development Envelopes must be spent.</li> <li>• in the Versioning Program, harmonize Maximum Contribution amounts to 75% for all projects</li> <li>• in the Versioning Program, eliminate the statement that the CMF “reserves the right to request that the Applicant obtain multiple quotes from service providers and to assess the reasonableness of proposed versioning costs.”</li> <li>• other operational and administrative means of simplification are currently being undertaken by the CMF and the CMF Program Administrator Telefilm Canada in order to streamline and facilitate the administration of the programs, both for the applicants and the CMF.</li> </ul>
Investments and Recoupment	<ul style="list-style-type: none"> <li>• require all projects in the Convergent stream to report on sales and introduce a measure to reward success in terms of sales in order to complement the incentives currently in effect to reward success in terms of audiences</li> <li>• in the Convergent stream, limit the time frame for reporting on recoupment to 7 years</li> <li>• create distinct recoupment models in the Experimental stream for "live exploitation products" vs. "finished products" in order to better align with current industry practices</li> <li>• in the Experimental stream, change the form of financing of marketing support from a loan to another mechanism</li> </ul>
Convergence	<ul style="list-style-type: none"> <li>• seek continued flexibility from DCH on convergence requirements in order to maintain the eligibility of VOD and streaming</li> <li>• increase the minimum percentage of performance envelope that must be spent on projects that have a rich and substantial digital media (DM) component from 50% to 60%</li> <li>• eliminate the credit for pre-existing DM content in order to encourage the creation of new DM projects</li> <li>• increase the CMF contribution to DM components from 50% to 75% in order to reduce the current financing gap in the production of DM projects and encourage the production of more substantial DM projects</li> </ul>

	<ul style="list-style-type: none"> <li>• improve the Convergent Digital Media Incentive by removing the current “barrier to entry” and increasing the maximum funding contribution from 50% of the digital media project’s budget to 75% to provide a better opportunity for producers to have their DM projects funded</li> <li>• decrease the percentage of development projects that must have a R&amp;S DM component from 100% to 60%</li> </ul>
English Regional Convergent Production	<ul style="list-style-type: none"> <li>• maintain the English Production Incentive and increase its funding allocation in order to stem significant declines in production activity when they occur in given provinces or territories</li> <li>• change the definition of regional production in order to take into consideration official minority language status</li> <li>• expand eligible pre-development costs in order to assist regional producers in funding the development of their projects</li> <li>• review the approach to supporting the development of regional projects in order to achieve the targeted balance of production activity (40:60) between the regions and the centres</li> </ul>
Documentary	<p>Except for the proposed changes in the factors and their weights, the documentary envelope calculation methodology will remain the same where one-episode programs are separate from multi-episode programs in the French Market, and the English Market documentary allocation will have a portion dedicated to the POV program.</p> <p>No other changes are proposed.</p>