CANADA MEDIA FUND

Performance Envelopes Working Group

Date: October 11, 2016

1. Introduction

The Performance Envelope Working Group will discuss three major topics:

New Topic – New Funding Framework

In Fall 2015, the CMF conducted Focus Groups across Canada where it presented an outline of its proposed New Funding Framework (**"NFF"**). While those Focus Groups introduced a variety of new concepts to the industry, the CMF has listened to the feedback it received and now seeks stakeholder feedback on further tangible proposals and the potential timeline for implementation.

There are a number of proposals in the NFF document that are proposed, not determined. Some restrictions in the current Contribution Agreement continue to prohibit significant deviations from the CMF's current framework and programs. Nonetheless, the CMF is seeking the industry's views on these proposals for possible future implementation.

New Topic – Broadcaster Financial Viability

In order to continue to ensure that its processes remain relevant and reflective of the marketplace, the CMF proposes to build and expand upon its current "Broadcasters in Financial Difficulty" policy (which is reactive) and implement additional proactive policies.

Update - Genre Allocations, Flex, In-house and Broadcaster Affiliated Production

2. New Topics – New Funding Framework

In November 2015, the Department of Canadian Heritage (**"DCH"**) released its Performance Evaluation Report on the CMF (the **"Report"**). While the Report contained a number of recommendations – many of which the CMF recently implemented as part of its 2016-2017 Guidelines – the vast majority of the Report affirmed that the CMF was aligned with the priorities of both the federal government and the marketplace.

In light of such a positive review of its programs, the CMF recognizes that there may be stakeholders that question why the CMF should seek to change its current funding framework.

The reality is that while the Report commended the CMF's programs as being an effective tool for the Canadian marketplace from 2010 – 2014, the NFF seeks to realign and re-position the CMF's programs so that they remain equally or more relevant, flexible and effective for the next 5 years and beyond.

Accordingly, the NFF seeks to (a) re-organize current funding programs for television and digital media under these different verticals; (b) enact progressive change to these programs and (c) introduce new approaches to keep pace with where the industry is heading and allow the CMF to remain effective in the face of diminishing revenues.

In the Fall 2015 Consultation, the NFF was referred to as the "Continuum Model", as it sought to enable companies to move along three verticals identified as Emergence, Growth and Sustainability. In order to simplify the framework, the CMF has renamed each vertical to employ terminology that is more intuitive and clearly identifies its specific focus and objective.

The ***Innovation & Diversity*** vertical will aim to support the cultural mandate of the CMF, including providing funding to a diversity of voices and fostering new forms of storytelling in Canada's broadcast and DM industries.

The ***Audience-Driven*** vertical will concentrate on projects that could be premium franchises and which are market-oriented/focused. Projects under this vertical will have a high potential for domestic and/or international commercial success and either target broad audiences or highly engaged niche audiences.

Finally, the ***Sales & Export*** vertical will focus on ways to support the exploitation of content in domestic and international markets.

As mentioned above, the CMF's objective is to enact progressive change. This is motivated by a number of factors.

This will enable the CMF to ensure that any significant changes to its programs are aligned with other major industry consultations (e.g., the further effects of Let's Talk TV; DCH's "Canadian Content in a Digital World" Consultation; CAVCO's recent call for comments in connection with ineligible genres and online platforms).

While there are a number of proposals in the NFF, the CMF will be discussing the following five topics during this Working Group:

a. PE Factors: Historic Performance and Digital Media Investment
b. Regional Production
c. Documentary Production
d. Indigenous Production
e. Expansion of Eligible CMF Triggers

a. *PE Factors: Historic Performance and Digital Media Investment*

One of the primary objectives of the NFF "Audience-Driven" vertical is to support projects that are market-oriented/focused and target either broad audiences or highly engaged niche audiences. The CMF's PE Program is arguably the most market-reflective and audience-driven in the CMF's portfolio and is ideally suited for this new vertical.

Accordingly, the CMF proposes to gradually decrease (and ultimately, eliminate) the Historic Performance (**"HP"**) and Digital Media Investment (**"DM"**) Factors and redirect their respective weights into the Audience Success (**"AS"**) Factors. For context, currently the Audience Success Factors of Total Hours Tuned and Original First Run have a 55% weight in the PE system in both language markets.

The CMF is mindful that such a proposal could impact different stakeholders – and different markets – in unique ways. For example, some stakeholders in the French market assert that increasing Audience Success will not produce any significant impact as audiences are already being maximally reached.

However, audience data of the French-market indicates that, from 2006-2007 to 2013-2014, the share of viewing to foreign drama in prime time (i.e., the genre that receives the largest budget allocation in Performance Envelopes) grew from 44% to 51%.

Further, for all genres combined in prime time, the share of viewing to foreign programs increased from 30% in 2005-2006 to 35% in 2014-2015.

In light of all of the above, the CMF submits that there is still audience growth available in the French market for Canadian content if broadcasters are able to reclaim some of the ground lost to foreign programming over the past few years.

As such, the CMF holds that the transparency and audience-focused nature of the PE Program should be less filtered by additional Factors, other than Audience Success mentioned above and more reflective of the market under the CMF's new Audience-Driven vertical.

In addition to the unique effects on different markets, the CMF is aware that this reduction (and eventual elimination) of the HP and particularly the DM Factors could, proportionately speaking, exacerbate the imbalance between types of broadcasters. In light of this potential disparity, the CMF also plans to implement strategies to mitigate the impact on broadcasters that could be affected by the CMF's shift to the NFF.

Finally, the CMF has heard from a number of industry stakeholders on the importance of Development funding to a project's success. The CMF always seeks symmetry and harmonization in its programs and acknowledges that any changes in policy to its Performance Envelope Program should be reflected in its Development Envelope Program.

As such, to ensure that the CMF's Development funding is in step with the rest of the CMF's programs and policies, the CMF is examining the merits of adopting similar (or equally effective) strategies to its Development Envelope Program.

Reduction and Elimination of the HP Factor

The HP Factor is intended to provide a degree of funding stability and predictability for broadcasters as it is determined by the cumulative amount of CMF funds triggered by a broadcaster's eligible licenses over a three-year period. While effective in this regard, the HP Factor is not in complete alignment with the Audience-Driven vertical in the NFF.

As such, explained in greater detail below, the CMF's initial position would be to eliminate the HP Factor in the English market in 2017-2018 and reduce the HP factor in the French Market in 2017-2018 and then eliminate it in 2018-2019.

The CMF proposes to proportionately redistribute the respective HP Factor weights by language-market to Audience Success Total Hours Tuned (**"THT"**) and Original First Run (**"OFR"**).

Accordingly, in 2017-2018, if this proposal were implemented, the HP Factor weight would be 10% in the French market (instead of 25%), and would be eliminated in the English market. The THT/OFR in both markets would carry a respective weight of 50-20 (instead of the current 45-15).

For 2018-2019, the same principle would apply with the elimination of the HP in French market and the Digital Media Factor in both markets.

The CMF has looked at data in connection with the HP Factor in a number of PE Working Groups over the years, and its potential removal has significantly different impacts in both language markets, as noted in Appendix A, Figure 1.

In the English market, where the HP Factor has a 15% weight, its removal will predominantly impact larger broadcasters, but that impact is likely to be mitigated as these broadcasters generally fare well in the Audience Success factors. However, APTN would be significantly impacted. The opposite impact would occur in the French market (where HP has a 25% weight): smaller broadcasters would predominantly be affected, although Radio-Canada would also be marginally impacted.

Due to the fact that credit under this Factor is determined by the cumulative amount of CMF funds triggered by a respective broadcaster's eligible licenses over a three-year period, it is a Factor that does not influence broadcaster behavior and therefore, the reduction and elimination of this Factor could be implemented without the same advance notice required for other changes.

Additionally, to further mitigate the impact on smaller broadcasters, the CMF could reallocate some of its resources to current programs most utilized by these smaller broadcasters (e.g., the Aboriginal Program), and/or consider new strategies to ensure small broadcasters continue to receive meaningful access to CMF funding[1].

Reduction and Elimination of the DM Factor

The DM Factor is intended to provide an incentive for broadcasters to support "rich and substantial" DM projects to augment their television properties' audiences. While the Factor has been successful in impacting broadcast licensing behavior, the presence of this Factor in the PE system was always intended to be a temporary measure until audience success metrics of DM projects could be incorporated into the PE system.

Further, the recommendation in the Report to provide more flexibility for meeting convergence requirements signals a change in policy direction from DCH.

However, the CMF recognizes that the reduction and eventual elimination of the DM Factor could result in a significant change in the strategies of many broadcasters, and substantially impact convergent digital media producers.

As such, in order for stakeholders to have adequate time to adapt, the CMF proposes to announce in 2017-2018 that it will begin phasing the DM Factor out in 2018-2019 and eliminate it in 2019-2020.

As noted in Appendix A, Figure 3, in both language markets, the reduction and eventual elimination of the DM Factor weight would have a substantial impact for smaller broadcasters.

In the English market, four broadcasters would in fact be completely eliminated from the PE allocation without the DM factor (if future performance is similar to past), while others would see their allocations substantially reduced.

In the French market, four smaller broadcasters would lose from 18% to 35% of their PE allocation without the DM factor.

It is important to note that while the CMF proposes to reduce and eliminate the DM Factor, it still wants to encourage DM investment in situations and on projects where such investment makes sense. This is in line with the CMF's recent approach in 2016-2017 where the previous "rich and substantial" obligation for eligible DM content was reduced to the lesser "value-added" threshold to provide producers and broadcasters with increased flexibility, while simultaneously, the minimum amount of eligible costs required to access the CMF's Convergent Digital Media Incentive was raised from $100K to $350K for English-language productions and $150K for French-language productions.

Therefore, in line with this approach, the CMF proposes to maintain (and potentially increase) its Convergent Digital Media Incentive to continue to encourage larger budget DM content for broadcasters and producers who do more significantly sized projects that aim to drive audiences on all platforms.

This would likely entail moving away from the CDMI's current first come first served mechanism. As such, even though the CMF will finance DM projects through its Innovation & Diversity vertical, the CMF will continue to evaluate the relative merits, risks and costs of a variety of measurement solutions to select market-driven

[1]For an overview of the PE share split between large and small broadcasters, please see Appendix A, Figure 2.

DM projects aimed at large audiences with the objective of adopting such a system into its Audience-Driven vertical as soon as is feasibly possible.

b. *Regional Production*

One of the directives set out in the CMF's Contribution Agreement with DCH is that it "shall ensure funding support to regional television convergent productions".

The CMF's current policy objective is that 40% of its English production budget and 15% of its French production budget should support regional projects. As shown in Appendix B, Figure 1, these targets have mostly been met since the launch of the CMF. However, in 2015-2016, English regional production experienced its lowest share of funding (35.8%) since 2011-2012.

During the CMF's Fall 2015 cross-country Focus Groups, there were multiple suggestions for the CMF to fulfill its mandate to regional production, including: re-examine its current definition of "regional" (which is harmonized with the CRTC's) and consider additional approaches related to expanded genre eligibility, new broadcast triggers (e.g., community television) and potential partnerships with provincial or territorial agencies.

In the CMF's 2016-2017 Guidelines, the CMF decided that the most effective vehicle to improve the balance of English-language funding across all regions of the country was an adjustment to the English Regional Production Bonus (**"ERBP"**). This adjustment included raising the budget for this Program, raising the maximum contribution (from 10% to 15% of the production budget) to provide a greater incentive, and limiting the amount of funding provided to provinces that had reached their allotted provincial cap. It is still too early in the fiscal year to determine whether these changes have had an impact, as English PE's are currently just over 50% spent.

In connection with its NFF, the CMF is exploring a variety of potential comprehensive and/or targeted proposals.

If the CMF were to seek a comprehensive solution, support of regional production would logically be provided through the Innovation and Diversity vertical, while the Audience-Driven vertical would support market-oriented projects, irrespective of the location of the applicant.

Comprehensive Solution - Reduction and Elimination of the Regional Investment Factor

The Regional Investment Factor[2] is based on the amount of licence fees paid by a broadcaster to regional projects and therefore, is intended to encourage broadcasters to license such projects. While it has been relatively effective in this regard (with the exception of 2015-2016), from a policy perspective, it cannot be said that this mechanism is in complete alignment with the Audience-Driven vertical in the NFF: while regional projects can be as successful as non-regional projects from an audience perspective, a Regional Factor is not *per se* a means of targeting audience success.

As shown in Appendix B, Figure 2, a mix of large and small English broadcasters have relied on the Regional Licensing Factor to grow their PE allocation, particularly APTN and CBC. In the French market, smaller broadcasters such as TFO and TV5 usually earn around 25% of their PE allocation from the Regional Factor (and recently, V Média also has benefitted from this Factor).

However, given the substantial sums at play (i.e., $34M in the English-language market and $8M in the French-language market in 2016-2017), the CMF will need to carefully consider potential options before shifting such a significant amount of regional funding out of the PE system and into one or several other mechanisms.

[2]20% in the English market, 10% in the French market.

Targeted Solution - Expansion of Eligible Genres for Regional Production

During the 2015 consultation, several stakeholders in the regions argued that if lifestyle programming were eligible in the smaller centres, it would help develop the skills of creative talent and producers to enable them to move into other genres, and would also allow for retention of crew year round.

It should be noted, however, that currently the CMF only supports content in the four underrepresented genres of drama, documentary, children's and youth, and variety and performing arts. Therefore, implementing this proposal would be dependent on changes to the Contribution Agreement with DCH.

Targeted Solution – Community TV

During the 2015 consultation, several stakeholders in the regions also argued that if community television in the smaller centres were eligible to trigger CMF funding, this would also help develop the skills of creative talent and producers to enable them to move onto projects with larger budgets.

It should be noted, however, that with the exception of the pilot initiative in the three Territories, community television is not an eligible trigger for CMF funding. Therefore, implementing this proposal would be dependent on changes to the Contribution Agreement with DCH.

Targeted Solution – Partnerships with provincial or territorial agencies

Some agencies have proposed to CMF to partner with them on specific initiatives. For example, Manitoba Film and Music and Creative BC recently suggested to launch a joint development fund. While such agencies bring a keen understanding of their production communities and their particular challenges, not all of them have similar budgets or capacity to partner with CMF. As such, this suggestion is being evaluated with regards to administration and reporting.

c. *Documentary Production*

The CMF currently supports documentary production through a number of selective programs (English POV, Francophone Minority, Aboriginal and Diverse Languages), as well as the PE Program. Each year, the amount of funding budgeted for the PE Program is divided based on language and genre targets. For 2016-2017, 16% of the English language envelopes and 21% of the French language envelopes were targeted for projects in the Documentary genre.

Appendix C, Figure 1 provides a comparison of the CMF's Documentary targets and commitment shares for both the English and French markets since 2011-2012. Results demonstrate that, with the exception of the last two years in the English market only, broadcasters have tended to use their flex allocations to flow funds away from Documentary towards other eligible genres.

The CMF's current support for documentary production varies by language market. In the English market, as stated above, the percentage allocation to the genre in the PE Program is 5% lower than in the French market, but additional support is provided through the English POV Program. And in English PE's, all documentaries (one-offs and series) compete together in Audience Success calculations.

In the French market, there is no equivalent of the POV program so that the vast majority of support to documentary production is through the PE Program. However, the French-language Documentary budget is split between one-offs (1/3) and series (2/3) for the purpose of Audience Success calculations.

As demonstrated by Appendix C, Figure 2, one-off documentaries tend to achieve comparatively lower audience results than documentary series. When broadcasters schedule a weekly series, they can build an audience over the course of several weeks and months. Further, because series provide more time to gain support and find traction with viewers, broadcasters are likely to be more willing to invest in promotion and marketing expenses to fuel this built-in advantage. For this reason, as noted in Appendix C, Figure 3A, broadcasters have generally tended to increasingly direct their PE allocations to documentary series.

Based on the foregoing, as the CMF continues to pivot towards its NFF, it could be argued that one-off documentaries should be supported exclusively under the Innovation & Diversity vertical and that only documentary series should be supported under the Audience-Driven vertical. By eliminating one-off documentaries from the CMF's PE system, the CMF would ensure that "like competes with like" and the Audience-Focused vertical would remain driven by audience success.

However, an equally fair argument is that television audiences for one-off documentaries represent only a fraction of overall viewing to such projects (as opposed to screenings in festivals, viewing on SVOD platforms, etc.) and as such, are not an appropriate measure of their audience success.

Further, as shown in Appendix C, Figure 3B, the number of one-off projects supported has grown steadily in the English market, and far surpasses the number of documentary series (while the split is closer to 50/50 in the French market). And as shown in Appendix C, Figure 4, the vast majority of one-off documentary projects are *not* POV documentaries.

Therefore, redirecting support to all one-off documentaries to the Innovation & Diversity vertical would, in theory, affect independent producers that predominantly produce such content, as well as broadcasters that trigger the larger share of one-off documentaries funded annually (most notably, CBC and Radio-Canada as seen in Appendix C, Figure 5).

However, the impact would depend entirely upon what other measures the CMF chooses to put in place to continue to support one-off documentaries, in terms of both program design and budget allocation.

In this regard, the CMF could explore a number of potential solutions (or a combination thereof), including:

- Increasing the program budget allocation to the English POV Program;
- Extending the POV Program to French-language projects; and/or
- Creating a new support program for one-off documentaries that would seek to leverage the efficiencies of the PE Program while not being predominantly based on Audience Success.

d. *Aboriginal Production*

Unlike some other proposals set out in the NFF, the CMF's strategy in connection with a potential new approach to funding Indigenous content is still being developed and the CMF has undertaken this consultation through a different approach.

In April 2016, the CMF engaged a consultant to conduct an environmental scan of current and previous screen-based programs, both mainstream and those targeted to Aboriginal writers, directors and producers in an effort to develop new strategies and options to support the Aboriginal screen-based industry in Canada.

The environmental scan includes a literature review of all previous studies and reports on the Aboriginal screen-based industry (dating back to 2004), a number of interviews with key members of the Aboriginal production community and a variety of focus groups with both Indigenous content makers, industry representatives, broadcasters, private funds, provincial and national training institutions and funders.

In June and July 2016, the CMF and its consultant conducted its Indigenous Program Review Focus Groups where different Indigenous creators, broadcasters, national and provincial funders and industry stakeholders gathered to provide their notes and feedback on the literature review and the gaps in the existing support framework for Indigenous production.

Once all the feedback has been compiled and evaluated, a strategy will be designed that may impact the CMF's approach to supporting Aboriginal production. The strategy document will be discussed with stakeholders at a meeting in Toronto on October 21 during the ImagineNATIVE festival and in November in Vancouver.

e. *Expansion of Eligible CMF Triggers*

Currently, in the CMF's Convergent Stream, only CRTC-licensed broadcasters or CRTC-licensed video-on-demand services are able to trigger CMF funding. In line with the proposed NFF and its content-centric, platform-agnostic approach, the CMF proposes to expand the types of Canadian-owned digital platforms that could trigger CMF funding by providing market validation for projects.

While potential additional triggers could, for example, include contracts with third parties for branded content and licences from exempt Canadian VOD services that fall under the CRTC's "Hybrid VOD" category, the CMF will be looking to ensure its funding triggers are congruent with and complement other financing mechanisms in the marketplace, including, but not limited to CAVCO's eventual definition of "online video services" and the CRTC's new policy in connection with certified independent production funds.

This proposal would increase the diversity in CMF-funded content and allow access to a wider range of CMF applicants. Further, by expanding the pool of available funding triggers, the CMF would better reflect the manner in which Canadians currently consume audio-visual content and provide applicants with a broader range of funding options in an increasingly consolidated media industry.

Before this proposal could be implemented, however, there would need to be a change to the Contribution Agreement between the CMF and DCH. Further, it would not be beneficial to implement this change without taking into consideration the other major industry consultations currently underway (e.g., the further effects of Let's Talk TV, DCH's "Canadian Content in a Digital World" Consultation, and CAVCO's recent call for comments in connection with online platforms).

If and once DCH provided approval to allow the expansion of triggers for CMF funding, the CMF would announce this change one year prior to changing the CMF Guidelines. This one year notice would allow producers and broadcasters time to adjust, potentially alter their business plans and strategies and adapt to the more flexible system. Further, the proposal is initially focused on the expansion of Canadian-owned digital platforms.

Additionally, the CMF could introduce expanded triggers on a gradual and progressive basis both within and outside of the CMF's PE Program.

In the PE Program, due to the fact that many VOD services use a subscription model and consider keeping their audience analytics private to be a strategic marketplace advantage, some new triggers would not be able to earn an envelope (due to the Program's reliance on verifiable, third-party audience data). However, in the same way the CMF allows for foreign broadcasters to contribute to a production's licence fee threshold ("LFT") in the English POV Program, the CMF could, as a first step, allow for new triggers to contribute to the LFT of a project, provided that a CRTC-licensed broadcaster provided the larger share of the Eligible Licence Fee.

Outside the PE system, the CMF could initially limit the initial expansion of triggers to services that fall under the CRTC's "Hybrid VOD" category (e.g., Crave, Club Illico) or other established platforms operated by broadcasters or third parties (e.g., tou.tv, cbc.ca, nfb.ca). Further, the CMF could then delineate a distinct pool of funds – outside the PE Program – in which these "Hybrid VOD" services could compete for funding. Until a standard digital measurement tool emerged, the CMF could use a variety of evaluation tools (e.g., Google Analytics, sales data) to effectively select projects in this distinct funding pool.

3. New Topics – Broadcaster Financial Viability

Currently, Appendix C of the Performance Envelope Manual outlines the CMF's policy in connection with Broadcasters who are awarded PE Envelope allocations and subsequently experience financial difficulty.

While the objective of this policy is to minimize any adverse impact on the applicant due to the Broadcaster's financial difficulty and ensure the integrity of the CMF's eligibility criteria is not unduly compromised, it is reactionary in its application.

In order to mitigate the risk that CMF funding is directed to projects that would in the end not be aired as a result of a broadcaster's financial difficulty, the CMF is examining the merits of implementing pre-emptive and proactive measures.

Specifically, in order to ensure that its PE allocations are only being used by financially viable Broadcasters, the CMF is considering implementing a "Financial Viability Assessment" as a condition to Broadcasters' access to and disbursement of their respective PE allocations.

This initial screening will help both mitigate future potential financial shortfalls and foster confidence in the production community that their broadcasting partners are financially stable and their projects are safe.

The CMF is currently examining the most effective way of conducting such an assessment and its strategy will be informed by legal, financial and administrative considerations.

4. Update - Genre Allocations, Flex, In-house and Broadcaster Affiliated Production

Genre Allocations and Flex

For its 2016-2017 year, the CMF opted to maintain its Genre allocations (as seen in Table 1 below).

Table 1

	ENGLISH ENVELOPES	FRENCH ENVELOPES
DRAMA	60%	54%
DOCUMENTARY	16%	21%
CHILDREN'S & YOUTH	21%	17%
VARIETY & PERFORMING ARTS	3%	8%

Further to the data presented in Appendix D, Figure 1, due to the relatively minor impact of Flex use within Performance Envelope allocations by Language and Genre, the CMF proposes to maintain both the current genre allocation levels and the current flex level for its 2017-2018 fiscal.

In-House and Broadcaster Affiliated Production

Further to the data presented in Appendix D, Figure 2, due to the relatively low amount of Broadcasters reaching the In-house and Broadcaster affiliated caps, the CMF proposes to maintain the current cap levels for its 2017-2018 fiscal.

APPENDIX A

Figure 1 - Historic Performance as a share of total allocation - % Share of PE $ earned by broadcaster

(*Note: 15 or over in English and 25 or over in French shows the broadcaster earns more in HP than in other factors)*

English (factor weight 15%)	*12-13*	*13-14*	*14-15*	*15-16*	*16-17*
Stornoway (ceased business as a broadcaster)	10.2	13.5	9.5	18.2	85.9
APTN	8.3	21.3	31.3	24.4	23.4
Corus	14.9	14.0	15.2	16.0	18.4
Bell Media	16.1	13	15.1	17.5	17.1
Rogers Media	9.2	6.1	7.0	11.0	17.1
Shaw Media	15.5	15.9	16.5	14.9	16.3
ZoomerMedia	27.2	53.4	19.6	22.4	15.7
Allarco (under creditor protection)	2.4	5.8	5.4	8.0	14.6
CBC	15.9	15.5	16.5	16.7	14.3
Blue Ant Media	1.2	1.0	3.9	8.7	10.4
Knowledge	6.2	10.3	16.5	8.2	10.2
DHX	23.2	21.8	14.0	8.7	9.8
TVO	11.1	10.0	14.3	9.1	8.7
OUTtv	N/A	N/A	N/A	1.2	6.7
Gusto (now part of Bell)	N/A	N/A	N/A	0.0	2.8
AMI	N/A	N/A	N/A	0.0	0.7
New Tang Dynasty TV	N/A	N/A	0.0	0.0	0.5
Hollywood Suite	N/A	N/A	N/A	0.1	0.5
WIN HD	N/A	N/A	N/A	0.0	0.5
Anthem Media Group	N/A	N/A	N/A	0.0	0.1

French (factor weight 25%)	*12-13*	*13-14*	*14-15*	*15-16*	*16-17*
APTN	47.3	67.6	47.8	49.1	48.0
V Média	46.7	57.3	44.0	39.7	36.4
Corus Média	23.2	20.5	18.7	20.6	28.2
TFO	20.7	48.7	37.2	31.6	27.8
Radio-Canada	24.0	25.7	29.6	27.9	27.2
TV5	19.7	19.4	14.2	13.6	24.8
Télé-Québec	24.7	24.6	27.5	27.2	24.7
TVA	27.5	22.4	19.2	22.8	22.6
Bell Média	22.6	23.3	22.2	21.3	20.2

APPENDIX A

Figure 2

Total Allocations 2012-2013 to 2016-2017, All Genres combined

English											Share Point Variance year-over-year					
	12-13	13-14	14-15	15-16	16-17	12-13	13-14	14-15	15-16	16-17	13-14	14-15	15-16	16-17	Allocation Trendline	Variance Trendline
CBC	62,177	58,141	52,957	51,720	57,975	34.2	33.5	30.4	29.7	34.6	-0.7	-3.1	-0.7	4.9		
Bell Media	33,335	33,510	35,695	30,291	29,102	18.4	19.3	20.5	17.4	17.3	0.9	1.2	-3.1	-0.1		
Shaw Media	29,456	27,340	24,777	26,802	22,186	16.2	15.8	14.2	15.4	13.2	-0.4	-1.6	1.2	-2.2		
Corus	28,729	27,702	26,683	26,178	21,706	15.8	16.0	15.3	15.0	12.9	0.2	-0.7	-0.3	-2.1		
Rogers Media	5,902	9,712	9,883	9,301	7,023	3.2	5.6	5.7	5.3	4.2	2.4	0.1	-0.4	-1.1		
Large group sub-total	159,599	156,405	149,995	144,292	137,992	87.8	90.2	86.1	82.8	82.2	2.4	-4.1	-3.3	-0.6		
New Tang Dynasty Tv	0	50	3,338	5,055	6,238	0.0	0.0	1.9	2.9	3.7	0.0	1.9	1.0	0.8		
APTN	8,828	4,050	4,516	5,719	5,561	4.9	2.3	2.6	3.3	3.3	-2.6	0.3	0.7	0.0		
DHX	4,690	4,679	4,905	6,135	5,398	2.6	2.7	2.8	3.5	3.2	0.1	0.1	0.7	-0.3		
TVO	2,428	2,482	2,390	3,784	3,887	1.3	1.4	1.4	2.2	2.3	0.1	0.0	0.8	0.1		
Allarco	677	607	3,405	2,688	2,407	0.4	0.4	1.9	1.5	1.4	0.0	1.5	-0.4	-0.1		
Blue Ant Media	1,683	2,264	2,405	1,899	2,277	0.9	1.3	1.4	1.1	1.4	0.4	0.1	-0.3	0.3		
Knowledge	1,431	970	655	1,212	882	0.8	0.6	0.4	0.7	0.5	-0.2	-0.2	0.3	-0.2		
Fantasy Sports	0	0	50	438	716	0.0	0.0	0.0	0.2	0.4	0.0	0.0	0.2	0.2		
WIN HD	0	0	50	262	484	0.0	0.0	0.0	0.1	0.3	0.0	0.0	0.1	0.2		
ZoomerMedia	1,005	415	603	499	475	0.6	0.3	0.3	0.3	0.3	-0.3	0.0	0.0	0.0		
AMI	0	0	50	302	353	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.2	0.0		
Gusto	0	0	50	558	273	0.0	0.0	0.0	0.3	0.2	0.0	0.0	0.3	-0.1		
Hollywood Suite	0	0	50	328	231	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.2	0.0		
Channel Zero	50	50	50	50	146	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1		
OUTtv	50	50	50	226	139	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.0		
Stornoway	1,136	1,130	1,346	747	108	0.6	0.7	0.8	0.4	0.1	0.1	0.1	-0.4	-0.3		
YES TV	102	50	50	50	63	0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0		
Minimum Envelopes [1]	N/A	130	230	265	215	N/A	0.1	0.2	0.2	0.1	N/A	0.1	0.0	-0.1		
Small group sub-total	22,080	16,927	24,193	30,217	29,853	12.2	9.8	13.9	17.2	17.8	-2.4	4.1	3.3	0.6		
Total	181,679	173,332	174,188	174,509	167,845	100	100	100	100	100						
Value of 1 Share Point ($K)						1,817	1,733	1,742	1,745	1,678						

French											Share Point Variance year-over-year					
	12-13	13-14	14-15	15-16	16-17	12-13	13-14	14-15	15-16	16-17	13-14	14-15	15-16	16-17	Allocation Trendline	
Radio-Canada	36,305	32,715	30,525	32,894	31,779	40.6	38.2	35.4	38.1	37.9	-2.4	-2.8	2.7	-0.2		
TVA	17,959	22,067	24,103	21,773	22,268	20.1	25.7	27.9	25.2	26.5	5.6	2.2	-2.7	1.3		
Bell Média	12,987	12,728	12,071	12,233	12,430	14.6	14.9	14	14.2	14.8	0.3	-0.9	0.2	0.6		
Corus Média	5,409	5,769	5,844	5,282	4,097	6.1	6.7	6.8	6.1	4.9	0.6	0.1	-0.7	-1.2		
Large group sub-total	72,660	73,279	72,543	72,182	70,574	81.4	85.5	84.1	83.6	84.1	4.1	-1.4	-0.5	0.5		
Télé-Québec	8,410	7,992	6,343	6,089	6,140	9.4	9.3	7.4	7.0	7.3	-0.1	-1.9	-0.4	0.3		
TV5	1,364	1,312	2,159	3,238	2,778	1.5	1.5	2.5	3.7	3.3	0.0	1.0	1.2	-0.4		
TFO	3,965	1,426	3,174	2,958	2,692	4.5	1.7	3.7	3.4	3.2	-2.8	2.0	-0.3	-0.2		
V Média	1,874	963	1,104	1,123	1,034	2.1	1.1	1.3	1.3	1.2	-1.0	0.2	0.0	-0.1		
APTN	875	517	611	552	552	1.0	0.6	0.7	0.6	0.7	-0.4	0.1	-0.1	0.1		
DHX	16	79	177	234	0	0.0	0.1	0.2	0.3	0.0	0.1	0.1	0.1	-0.3		
Minimum Envelopes	100	126	120	135	135	0.1	0.2	0.1	0.1	0.2	0.1	-0.1	0.0	0.1		
Small group sub-total	16,604	12,415	13,688	14,329	13,331	18.6	14.5	15.9	16.4	15.9	-4.1	1.4	0.5	-0.5		
Total	89,264	85,694	86,231	86,511	83,905	100	100	100	100	100						
Value of 1 Share Point ($K)						893	857	862	865	839						

APPENDIX A

Figure 3 - Digital Media Investment as a share of total allocation - % Share of PE $ earned by broadcaster

(Note: 10 or over shows the broadcaster earns more in DM than in other factors)

English	*12-13*	*13-14*	*14-15*	*15-16*	*16-17*
Anthem Media Group	N/A	N/A	N/A	100.0	99.9
New Tang Dynasty TV	N/A	N/A	98.8	99.0	99.5
WIN HD	N/A	N/A	N/A	100.0	99.5
Hollywood Suite	N/A	N/A	N/A	99.9	99.5
Allarco (under creditor protection)	25.8	64.2	90.3	74.3	72.7
Gusto (now part of Bell)	N/A	N/A	N/A	84.9	57.1
Blue Ant Media	79.2	80.8	71.0	42.2	40.0
ZoomerMedia	10.1	0.0	13.8	32.8	39.6
APTN	44.4	14.0	12.4	16.0	19.3
OUTtv	N/A	N/A	N/A	19.9	17.3
Stornoway (ceased business as a broadcaster)	7.1	86.4	89.9	81.7	6.4
Rogers Media	24.1	12.2	3.9	2.6	6.3
Shaw Media	0.0	3.6	4.3	2.1	4.9
Corus	9.7	5.5	5.6	3.3	3.6
DHX	16.0	14.7	8.4	9.5	3.5
CBC	6.5	14.5	7.0	6.3	3.3
Knowledge	40.8	18.9	5.0	24.8	2.8
Bell Media	7.8	1.0	0.9	1.3	1.8
TVO	6.9	8.6	0.3	5.1	0.7

French	*12-13*	*13-14*	*14-15*	*15-16*	*16-17*
APTN	38.1	21.5	33.8	30.2	35.0
TFO	11.6	31.1	29.2	29.2	30.5
TV5	11.9	8.7	19.3	13.8	22.1
V Média	0.0	0.0	5.6	16.6	18.0
TVA	8.3	14.0	10.8	11.0	10.8
Radio-Canada	12.9	8.4	10.0	8.5	8.5
Télé-Québec	9.8	7.2	7.7	7.2	7.4
Bell Média	6.8	9.6	6.0	9.2	6.8
Corus Média	2.2	4.3	2.3	4.2	3.8

APPENDIX B

Figure 1 – Regional Shares of Convergent Funding

% of commitments	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
English	35.5	43.5	41.6	41.3	35.8
French	16.4	16.0	14.5	16.9	18.6

Figure 2 – Regional Licensing Factor as a share of total PE allocation

All Genres combined
% Share of PE $ earned by broadcaster

Factor Weight is 20% in the English market, 10% in French
(20 or 10 (as applicable) or over shows the broadcaster earns more in Regional than in other factors)

English (20% factor weight)	*12-13*	*13-14*	*14-15*	*15-16*	*16-17*
OUTtv	N/A	N/A	N/A	78.9	75.9
APTN	43.6	58.3	50.1	49.7	43.7
Gusto (now part of Bell)	N/A	N/A	N/A	15.1	40.1
CBC	29.4	27.7	28.3	24.6	28.2
TVO	30.2	16.4	32.3	14.0	22.0
Corus	18.0	21.6	20.6	25.3	21.4
Bell Media	13.6	11.1	16.2	16.5	20.4
AMI-tv	N/A	N/A	N/A	1.7	19.8
Knowledge	19.2	25.0	17.7	13.3	19.2
Blue Ant Media	12.5	6.8	10.2	23.4	18.0
DHX	0.0	0.0	0.0	16.7	14.3
Allarco (under creditor protection)	71.9	29.6	4.3	17.7	12.8
Stornoway (ceased business as a broadcaster)	82.7	0.1	0.6	0.1	7.7
ZoomerMedia	43.0	7.5	0.0	0.0	5.6
Rogers Media	12.2	40.7	32.0	24.7	4.5
Shaw Media	2.4	5.3	6.9	8.9	3.9
Anthem Media Group	N/A	N/A	N/A	0.0	0.0
Hollywood Suite	N/A	N/A	N/A	0.0	0.0
New Tang Dynasty TV	N/A	N/A	1.2	1.0	0.0
WIN HD	N/A	N/A	N/A	0.0	0.0

French (10% factor weight)	*12-13*	*13-14*	*14-15*	*15-16*	*16-17*
TFO	63.6	6.9	28.5	24.5	26.3
TV5	24.2	22.6	27.5	49.1	24.9
APTN	8.6	9.5	16.7	18.3	14.0
Radio-Canada	10.9	17.2	6.4	10.3	12.0
V Média	0.0	0.0	0.0	0.0	11.0
TVA	0.0	0.0	16.3	7.1	8.9
Télé-Québec	22.4	23.9	7.0	7.5	7.8
Bell Média	0.8	2.3	2.2	4.7	4.2
Corus Média	0.7	4.9	7.2	4.5	0.0

APPENDIX C

Figure 1 – PE Documentary Genre Targets vs. Results

	ENGLISH		FRENCH	
	Target (% of PE budget)	Result (% of PE commitments)	Target (% of PE budget)	Result (% of PE commitments)
2011-2012	16.5	16.0	22.0	20.6
2012-2013	16.5	13.6	22.0	20.9
2013-2014	16.5	15.2	22.0	19.6
2014-2015	16.5	16.8	22.0	19.5
2015-2016	16.0	20.1	21.0	20.8

Figure 2 - Documentary One-off vs. Series Audiences

English	**Audience Success - THT**				**Audience Success - OFR**			
Broadcast Year	THT Series	THT One-Off	% Series	% One-Off	THT Series	THT One-Off	% Series	% One-Off
2012-2013	292313.3	70455.5	80.6%	19.4%	53460.0	20069.6	72.7%	27.3%
2013-2014	385953.2	77750.2	83.2%	16.8%	53546.0	26132.6	67.2%	32.8%
2014-2015	446198.2	66224.0	87.1%	12.9%	68894.0	23868.5	74.3%	25.7%

French	**Audience Success - THT**				**Audience Success - OFR**			
Broadcast Year	THT Series	THT One-Off	% Series	% One-Off	THT Series	THT One-Off	% Series	% One-Off
2012-2013	114340.2	32289.0	78.0%	22.0%	40990.0	16705.2	71.0%	29.0%
2013-2014	142366.3	31284.7	82.0%	18.0%	48292.6	14233.1	77.2%	22.8%
2014-2015	158927.8	29468.3	84.4%	15.6%	50615.5	12064.5	80.8%	19.2%

APPENDIX C

Figure 3 – One-off share of funded documentaries (all programs)

A: % of commitments

English	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	Average
1-offs	33.1%	34.8%	32.8%	25.4%	30.3%	31.2%
Series	66.9%	65.2%	67.2%	74.6%	69.7%	68.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
French						
1-offs	30.1%	23.8%	22.8%	22.1%	24.1%	24.6%
Series	69.9%	76.2%	77.2%	77.9%	75.9%	75.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

B: # of projects

# of projects	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
English					
One-offs	91	81	76	91	103
% of total One-offs	64%	63%	62%	66%	70%
Series	52	47	47	46	44
Total Documentaries	143	128	123	137	147
French					
One-offs	71	58	58	63	71
% of total One-offs	56%	52%	46%	46%	46%
Series	56	54	67	74	85
Total Documentaries	127	112	125	137	156

Figure 4 – POV share of Funded One-off documentaries (all programs)

# of projects	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
English					
POV One-offs	20	24	19	32	43
% of total One-offs	22%	30%	25%	35%	42%
Factual One-offs	71	57	57	59	60
Total One-offs	91	81	76	91	103
French					
POV One-offs	18	17	10	14	21
% of total One-offs	25%	29%	17%	22%	30%
Factual One-offs	53	41	48	49	50

APPENDIX C

Figure 5 – Percentage of Annual Funded One-off Documentaries by Broadcaster

English	**2013-2014**	**2014-2015**	**2015-2016**	**3-year aggregate**
CBC	41%	38%	38%	39%
Allarco Entertainment Inc. (*under creditor protection*)	11%	16%	21%	16%
Stornoway Communications Inc. (*ceased business as a broadcaster*)	17%	13%	0%	9%
Blue Ant Media	12%	9%	5%	8%
Fight Media	0%	5%	8%	5%
TVO	3%	4%	5%	4%
Bell Media	3%	4%	3%	3%
ZoomerMedia Inc.	3%	2%	4%	3%
Shaw Media Inc.	4%	2%	0%	2%
Rogers Broadcasting Limited	1%	1%	3%	2%
New Tang Dynasty Television	0%	2%	2%	2%
Hollywood suite	0%	0%	3%	1%
Gusto TV	0%	2%	2%	1%
Knowledge	2%	0%	1%	1%
Corus Entertainment Inc.	2%	1%	0%	1%
APTN - English	0%	1%	1%	1%
outTV	0%	0%	1%	1%
Salt and Light Catholic Media	0%	0%	0%	0%
CTS	0%	0%	0%	0%
Ethnic Channels Group	0%	0%	0%	0%
IDNR-TV (English)	0%	0%	0%	0%
	100%	100%	100%	100%
French	**2013-2014**	**2014-2015**	**2015-2016**	**3-year aggregate**
SRC	41%	32%	36%	37%
Bell Media (français)	24%	44%	39%	35%
TV5	15%	9%	13%	13%
Télé-Québec	8%	5%	8%	7%
Groupe TVA inc.	5%	4%	2%	4%
TFO	5%	5%	0%	3%
Corus (Français)	1%	2%	0%	1%
APTN - Français	1%	0%	1%	1%
IDNR-TV (Français)	0%	0%	0%	0%
Canal Savoir	0%	0%	0%	0%
Groupe Serdy	0%	0%	0%	0%
	100%	100%	100%	100%

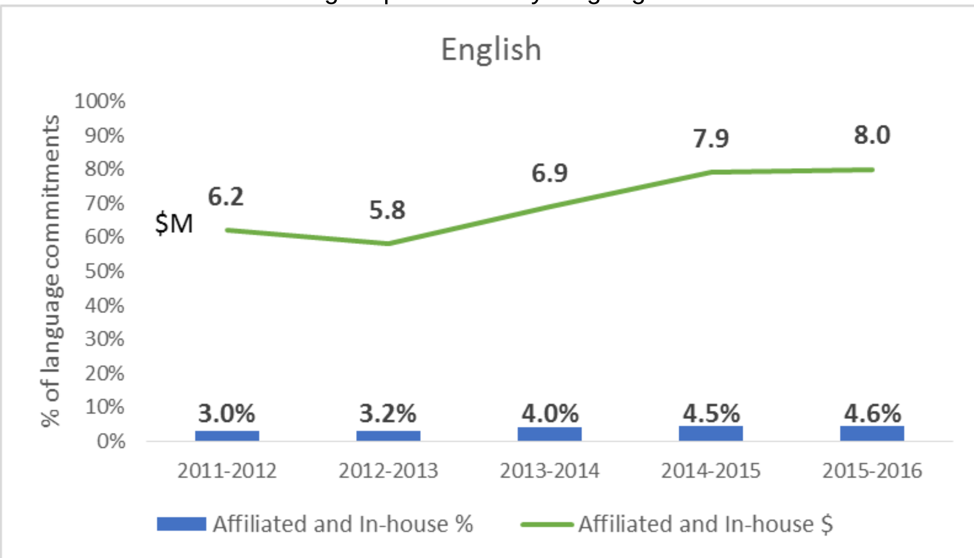
APPENDIX D

Figure 1 - Impact of Flex use within Performance Envelope allocations by Language and Genre (in thousands of $'s) - 2015-2016

	Genre % Share Allocation	**Genre % Share Commitments**	**Share Point variance by Genre vs. Original Share**
Drama	60.0	57.7	-2.3
Children's & Youth	21.0	19.7	-1.3
Documentary	16.0	20.1	4.1
Variety & Performing Arts	3.0	2.5	-0.5
Total English PEs	100.0	100.0	
Drama	54.0	52.8	-1.2
Children's & Youth	17.0	17.9	0.9
Documentary	21.0	20.8	-0.2
Variety & Performing Arts	8.0	8.5	0.5
Total French PEs	100.0	100.0	

Figure 2 – Broadcaster-affiliated and In-house commitment trends by applicant type

PE commitments to Convergent production by language of broadcaster



Only DHX hit the cap in 2015-2016, Corus was just under the cap.