

CANADA MEDIA FUND

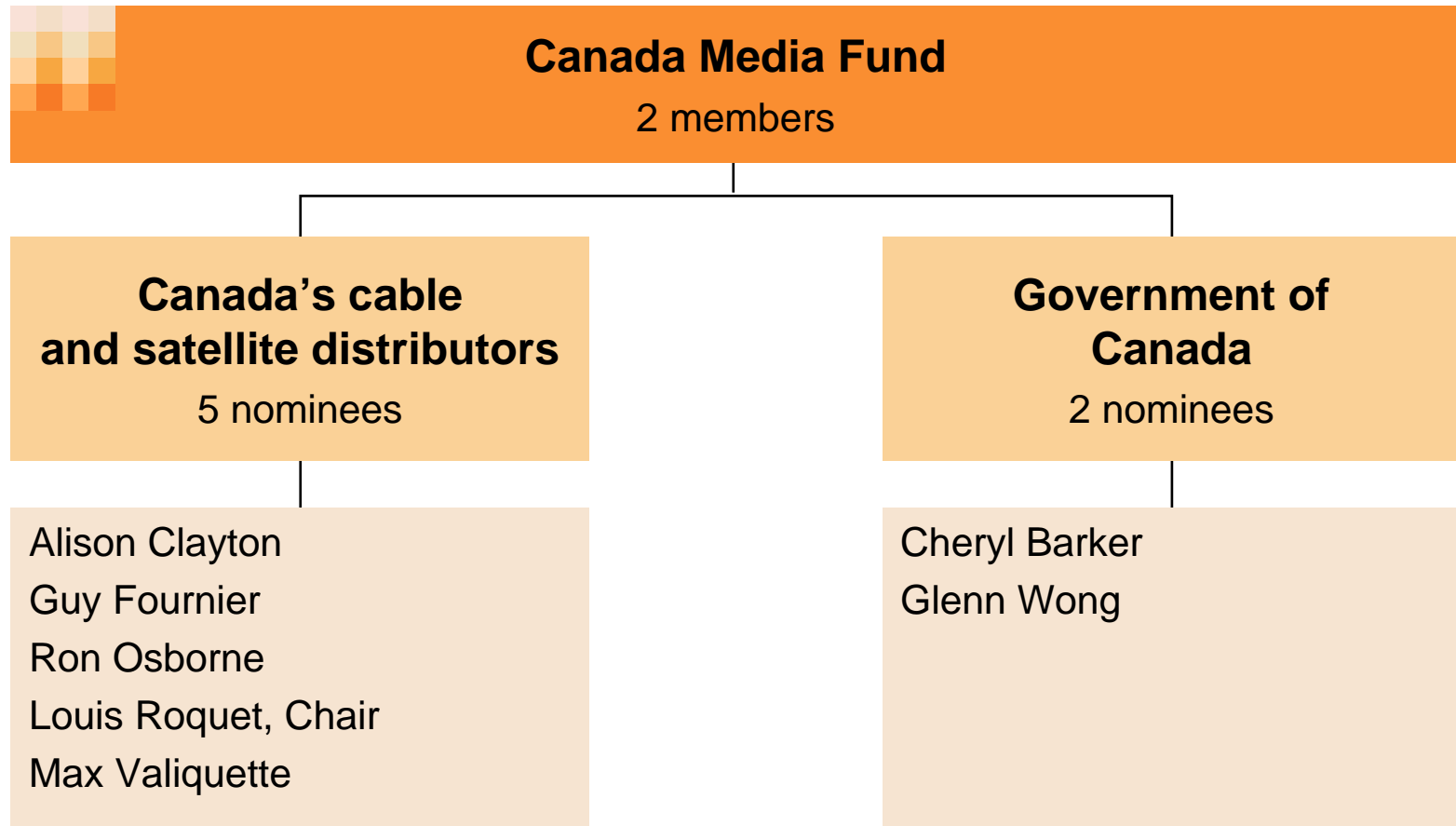
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VP, Industry and Public Affairs



Canada Media Fund (CMF)

- CMF is a new program
 - Opened for business April 1, 2010
 - CTF and CNMF expired March 31, 2010
- Overall objectives
 - Produce content for distribution to Canadians anywhere, anytime
 - Support cutting-edge, innovative ideas
 - Balance varied industry objectives and interests, while responding to call for change
- Over \$350 million for programs

Governance



Two Funding Streams

Experimental Stream

Support digital content and application software that is

- innovative
- leading-edge
- interactive

Selective process

Equity investments

Convergent Stream

Support projects with both television and digital media components

Majority of funding through envelopes allocated to Canadian broadcasters

Some selective programs

Licence fee top-ups, equity investments, recoupable advances and non repayable contributions

Programs

Experimental Stream	\$27M
Convergent Stream	\$324M

Convergent Stream Programs:

Development Program	\$13M
French Regional Development and Pre-development (sub-program)	\$250K
Performance Envelope Program	\$277M
Regional French Incentive (sub-program)	\$1M
Northern Production Incentive (sub-program)	\$500K
English Production Incentive	\$10M
English POV Program	\$3.5M
Francophone Minority Program	\$10.1M
Aboriginal Program	\$6M
Versioning	\$1.5M
Diverse Languages Program	\$1M
ROI Incentive	n/a

Experimental Stream

Objective

- Encourage the development of leading-edge, interactive, digital media content and software applications
 - Integrate funded projects into mainstream platforms
 - Develop projects for commercial potential within the Canadian and international media industry
 - Support innovation in content, technology and/or business model
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- Max contribution per project 75% of eligible costs or \$1 million, whichever is less
 - 75% of the costs being Canadian costs
 - Funding delivered as equity investments in projects
 - Decisions made through a selective process, according to an Evaluation Matrix
 - Projects must have a letter of intent from a market channel partner



\$27M

Experimental Stream

Examples of eligible projects:

- Web 2.0 or higher applications
- Mobile applications
- Software applications with a connection to the Canadian cultural sector
- Videogames, whether for PC, console, handheld console, mobile, or other platforms
- Projects that contain both linear audiovisual content and significant interactivity
- Social Media
- Virtual Worlds
- Alternate Reality Games

Experimental Stream – Eligible Applicants


- Canadian-controlled, taxable Canadian corporations with their head office in Canada
- or
- Canadian broadcasters (public or private)

Examples

Television, interactive and web-based production companies, private and public broadcasters, broadcaster-affiliated production companies, ISPs and WSPs, telcos, BDUs

Convergent Stream

Objective

- Support creation of television shows and related digital media content
 - Support creation of content in four underrepresented genres: drama, documentary, children's and youth, and variety and performing arts
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- \$324M**
- Projects must include
 - content for television and at least one digital media platform
 - high levels of Canadian elements, including Canadian creative talent
 - Depending on the program, funding will take the form of:
 - licence fee top-ups
 - equity investments
 - non-repayable contributions
 - recoupable advances
 - Threshold and Max contributions to TV and DM content (budgets being treated differently)

Convergent Stream – Eligible Applicants

- Canadian-controlled, taxable Canadian production corporations with their head office in Canada
- or
- Canadian broadcasters (public or private)

Examples

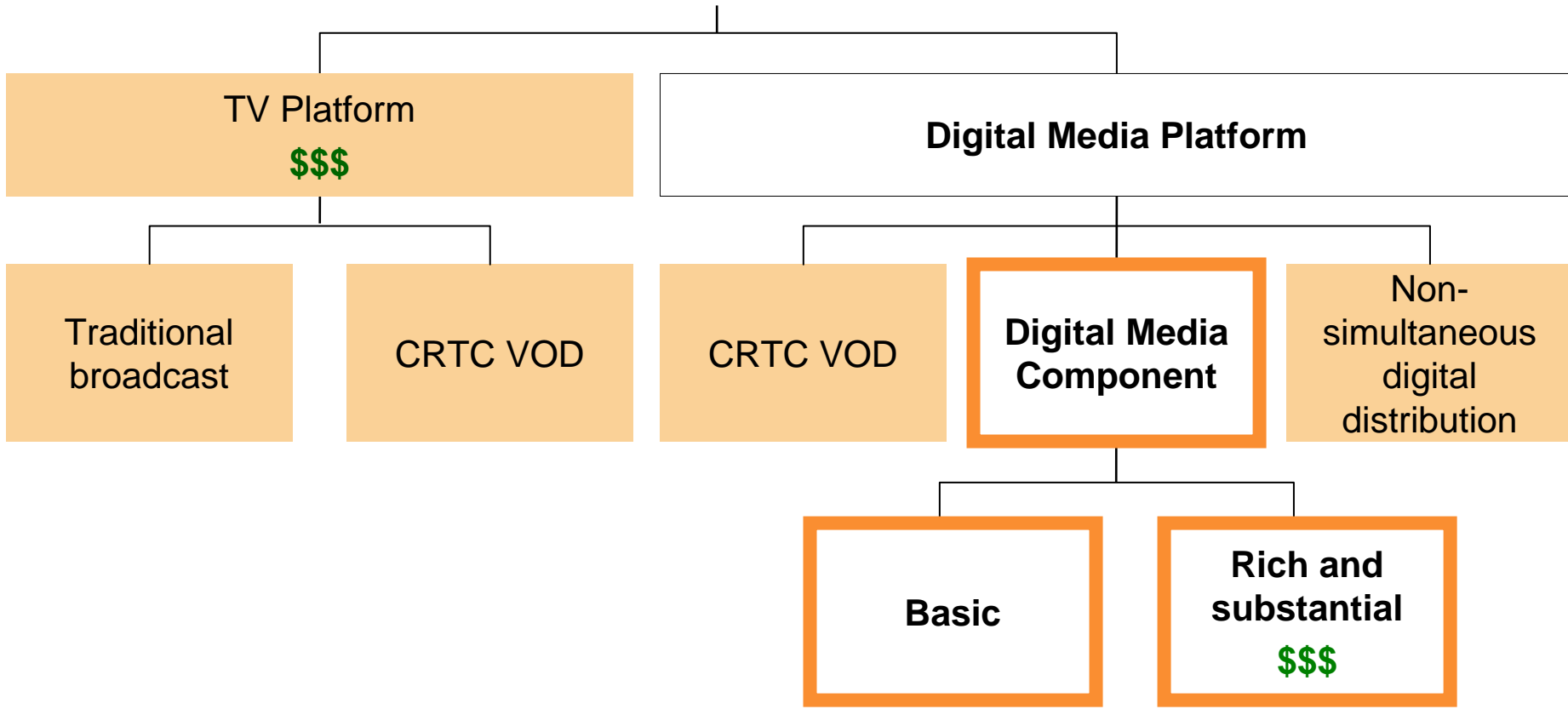
Television, interactive and web-based production companies, private and public broadcasters, broadcaster-affiliated production companies



Exception: Broadcaster-affiliated and in-house production companies are excluded from the English POV Program

Production

Convergent Project



Development

Convergent Project



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graph TD; A[Convergent Project] --- B[TV Platform $$$]; A --- C[Rich and substantial digital media component $$$];
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TV Platform
\$\$\$

**Rich and substantial
digital media component**
\$\$\$

Broadcaster-affiliated and in-house productions

Broadcaster-affiliated =

Affiliated with a Canadian broadcaster

Broadcaster in-house =

Produced and owned by a Canadian broadcaster

Broadcasters are limited in the amount of their performance envelope that they are permitted to commit on affiliated and in-house programming:

- 7.5% of their documentary performance envelope
- 15% of their performance envelopes in all other genres
- Similar approach for selective programs

Non-broadcast Rights

Objectives:

- promote transparency in the rights market
- maximize the CMF's return on investment when the CMF is an equity investor.

For equity investments by the CMF, other rights must:

- be exploited in accordance with CMF's Standard Recoupment Policy or be paid for at a reasonable, fair-market value and subject to a "use it or lose it" provision, where other rights are **acquired** by a Canadian broadcaster or Canadian VOD service
- where other rights are **not acquired** by a Canadian broadcaster or Canadian VOD service, they can not be restricted for more than 12 months

Non-broadcast Rights

Other rights = all rights other than Canadian broadcast and VOD rights
(must be separately identified and valued in a broadcast licence agreement containing Eligible Licence Fees)

Types of other rights

- Free Internet broadcast/distribution
- Paid Internet broadcast/distribution
- Mobile/wireless distribution
- Original digital content rights
- Electronic sell-through and/or digital rental
- DVD, Blu-ray, or other compact video device distribution of the television component
- Theatrical distribution of the television component
- Non-theatrical distribution of the television component, such as to educational institutions and airlines
- Merchandising and ancillary rights

Essential Requirements

(Television component of the Convergent stream only)

- 1 The project speaks to Canadians and is primarily intended for a Canadian audience*.
- 2 The project will be certified by the Canadian Audio-Visual Certification Office (CAVCO) and has achieved 10/10 points (or the maximum number of points appropriate to the project), as determined by the CMF using the CAVCO scale.
- 3 Underlying rights are owned, and significantly and meaningfully developed by Canadians.
- 4 The project is shot and set primarily in Canada.

* changed from “themes and subject matter” in CTF guidelines

Development Program

Objective

- Support productions at the development stage

\$13M

- In the English market, funding envelopes allocated to Canadian broadcasters
- In the French market, funding allocated through a selective process
- All projects required to be convergent and the digital media component under development must be rich and substantial
- English broadcaster-affiliated and in-house development projects eligible up to max 15% of broadcast corporate group's development envelope
- French broadcaster-affiliated and in-house development projects eligible up to max 15% of available funds

French Regional Development and Pre-development (sub-program)

Objective

- Support the growth of French development by Quebec producers who are located outside the Montréal production centre
- First come, first served

\$250,000

Performance Envelope Program

Objective

- Encourage partnerships between broadcasters, television producers and digital media producers to create convergent content that Canadian audiences want to consume anytime, anywhere



\$277M

- Funding envelopes allocated to Canadian broadcasters but funds paid directly to producer (exception: broadcaster in-house productions)
- Every project must be convergent (i.e. television and 1 or more digital media components)
- Envelopes can fund both platforms
- 2nd platform eligibility for funding: rich and substantial digital media content
- 50% of envelope must be allocated to convergent projects with rich and substantial digital media content
- Broadcaster-affiliated and in-house: limited % of envelope
- CBC: no more set 37% envelope, now compete equally with all broadcasters
- Docs: increased max contribution amount for English one-offs and mini-series

Performance Envelope Program (cont.)

Regional French Incentive (sub-program)

Objective

- Support the growth of French production by Quebec producers who are located outside the Montreal production centre
- First come, first served



\$1M

Northern Production Incentive (sub-program)

Objective

- Provide additional support to producers in Canada's territories
- First come, first served



\$500K

English Production Incentive

Objective

- Support the growth of production in areas of Canada where English production volumes have declined more than 20% below their five-year historical average

\$10M

- Areas are defined as:
 - Atlantic Canada (includes New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island)
 - Quebec
 - Ontario and Nunavut
 - The Prairies (includes Manitoba, Saskatchewan and Alberta)
 - British Columbia, the Yukon and Northwest Territories
- Based on 2009-2010 results, Quebec (-54.3%) and British Columbia, Yukon and Northwest Territories (-26.3%) will participate in this program with allocations of 54% and 46% respectively
- First come, first served

English POV Program

Objective

- Support the growth of English POV documentaries



\$3.5M

- All projects must be convergent
- Broadcaster-affiliated and in-house productions are not eligible
- Support only one-off docs, including feature-length documentaries
- A broadcast licence is not required at the application stage
- 3rd-party triggers eligibility with a 15% commitment
- Licence-fee threshold: 20% - up to 6 months to find a broadcaster
- Selective process
- \$300K or 49 %, whichever is less for the tv component

Francophone Minority Program

Objective

- Ensure that Canadians have access to French production reflecting francophone cultures outside the province of Quebec

\$10.1M

- All projects must be convergent
- Broadcaster-affiliated and in-house productions are eligible

Aboriginal Program

Objective

- Support the growth of Aboriginal production



\$6M

- All projects must be convergent
- Broadcaster-affiliated and in-house productions are eligible
- Each project must be broadcast during peak viewing hours
- Pre-project cap is \$400,000 (more if drama)
- As a pilot initiative, digital distributors of audiovisual content that are based in Canada's territories may be eligible licensors of projects from the territories

Diverse Languages Program

Objective

- Ensure that Canadians have access to content that reflects the variety of languages they speak

\$1M

- Details will be made available mid-year

Versioning Program

Objective

- Increase the reach of existing programming to Canadians through language versioning

\$1.5M

- The versioning of CMF-funded programs into diverse languages will be allowed in 2010-2011; versioning assistance will be limited to television programming in 2010-2011
- Program will be reviewed during the year

ROI Incentive

Objective

- Reward producers whose projects have demonstrated a return on investment

n/a

- Details will be made available mid-year

Program Calendar

Program	Activity	Date
Experimental Stream	First closing date	21.06.2010
	Final closing date	04.10.2010
Development	Opening date (envelope)	01.04.2010
	First closing date (selective)	04.06.2010
	Final closing date (selective)	05.11.2010
	Final closing date (envelope, Aboriginal and French Minority)	19.11.2010
Performance Envelope	Opening date	01.04.2010
	First closing date	15.10.2010
	Final closing date	06.12.2010
English Incentive	Opening date	01.04.2010
	Final closing date	06.12.2010
Francophone Minority	First closing date	17.05.2010
Aboriginal	Final closing date	07.05.2010
Diverse Languages	Final closing date	07.09.2010
Versioning	Opening date	01.04.2010
	Final closing date	17.01.2011

Outreach Calendar

April/May

- Outreach sessions
- One-on-one meetings

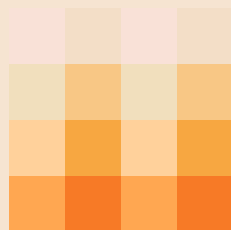
June

- CMF Townhall at Banff (CMF updates, CTF 2009-2010 results)

Spring

- Industry consultation (focus groups, working groups)

December › Release 2011-2012 guidelines



Funding Contributors

The CMF was created by Canada's cable and satellite distributors and the Government of Canada.



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CTF Commitments – 2009-2010

As of March 2010

	Commitment								
	2009-2010			2008-2009			2007-2008		
	\$	# Projects By Stream	# Unique Projects	\$	# Projects By Stream	# Unique Projects	\$	# Projects By Stream	# Unique Projects
BPE Production	283,002,249	438	403	257,859,329	435	411	231,348,539	431	416
Production Incentive	9,656,954	42	27	4,995,620	31	24	-	-	-
Selective Production	13,495,960	47	44	11,693,113	44	40	10,974,959	51	50
Automatic Development	800,000	20	0	699,999	25	0	511,850	31	0
Selective Development	7,363,903	256	256	6,898,784	225	225	6,688,136	230	230
Versioning	2,413,794	110	110	2,399,162	101	101	2,219,880	98	98
Digital Media	1,374,058	26	26	549,971	10	10	1,132,280	10	10
Totals	9,640,284	77	77	1,998,822	30	30	-	-	-