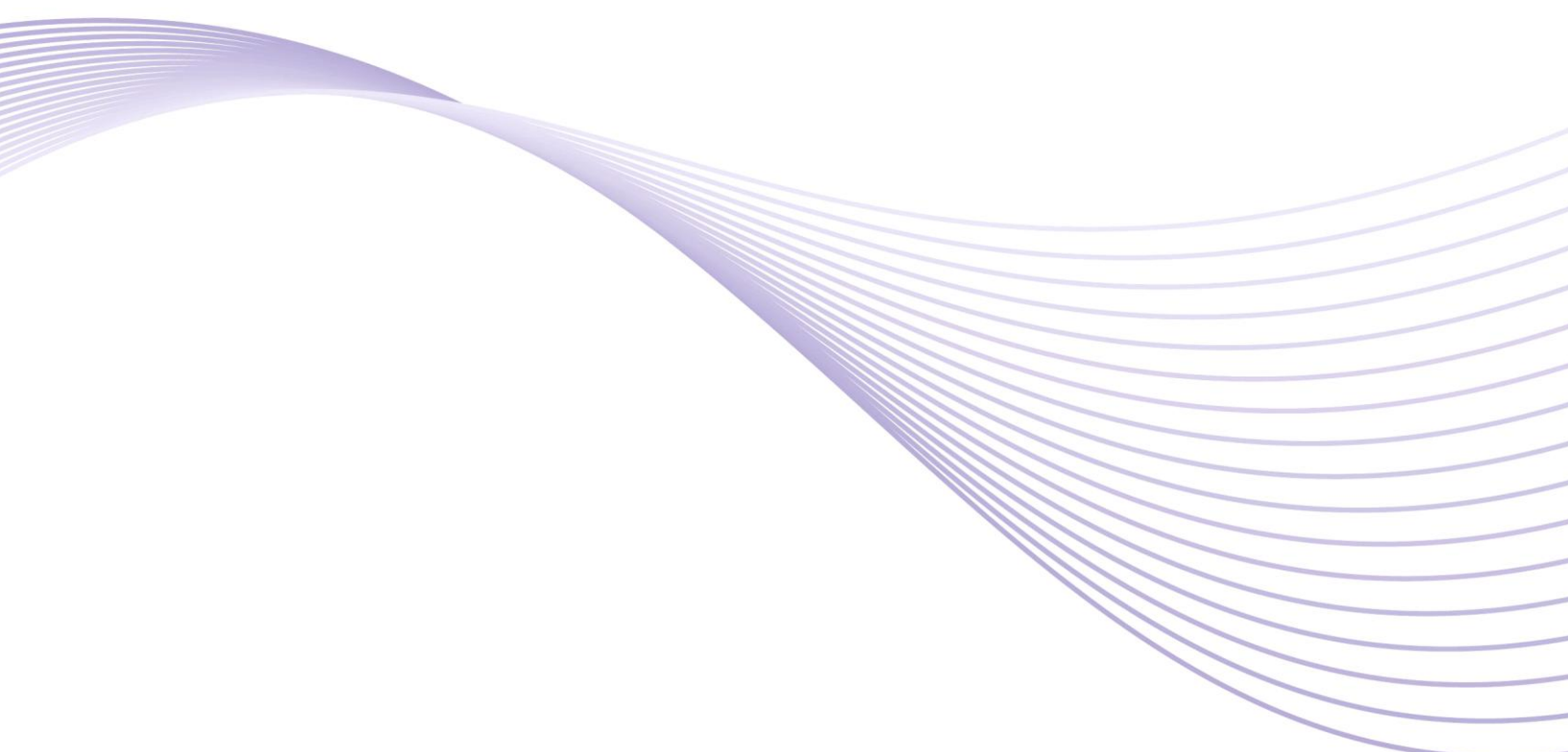




Canada Media Fund Industry Consultation Reply Comments



September 18, 2009

CAB Vision: The goal of the CAB is to represent and advance the interests of Canada's private broadcasters in the social, cultural and economic fabric of the country.

Introduction

The Canadian Association of Broadcasters (CAB) welcomes the opportunity to provide the following comments in response to submissions filed on September 4 for the CMF industry consultation.

At the outset, we note that many other stakeholders echo the view that the broadcaster performance envelope (BPE) method of fund allocation is effective and should be retained. While some parties have suggested slight changes to definitions and envelope calculation factors, in general, there is consensus that the BPEs work.

2010-11: Managing Change

Key stakeholders from the broadcasting, production, creative and BDU sectors are in agreement on the need for the CMF to ‘manage change; without disrupting the production cycle or risking loss of audience. As the CFTPA notes, for example, if too many significant changes are introduced in too short a time, “the potential for taking on more than the industry and Fund administrators can handle, and the destabilizing effect this would have for both producers and broadcasters, is very real.” The APFTQ further notes, “le contexte d’incertitude et d’inconnu lié aux changements dans l’industrie audiovisuelle nous incite fortement à recommander au FMC une approche prudente et progressive dans toute modification des critères de l’actuel FCT.” In ACTRA’s words, “we do not feel that there is any need for a major re-think or re-writing of the rules”, while SARTEC/UdA “tiennent à rappeler leur désaccord maintes fois réitéré avec cette refonte importante du Fonds canadien de télévision.”

Indeed, the creation of the “convergent” and “experimental” streams is, in itself, a major change for the industry to absorb. The direction of CMF resources toward second-platform exhibition and “leading-edge” digital media content will inevitably cause a reduction in resources for television production. And this reduction will in turn cause instability for broadcasters seeking to fill their programming grids, producers planning their production slates, creators, and other stakeholders.

The BPEs Work, and Work Well

Submissions filed in the first phase of these consultations contained different, often conflicting, proposals for change to the mechanics of the BPEs. For example:

- Various different definitions of “prime time” (from the CFTPA, DOC, WGC, ACTRA and the DGC, for example), for the purposes of calculating audience success (different hours and days of the week considered “prime”, different months of the year, different prime times for different genres, etc.). The current definition of “peak viewing hours” used by the CTF/CMF provides consistency for all types of broadcasters, while providing reasonable exceptions for children’s and youth programming. No further adjustments are required.

- Additional financial and non-financial indicators have been proposed that would add complexity and administrative effort to BPE administration, such as spending on converged projects (the Canadian Interactive Alliance proposal), first-window vs. repeat programming (DOC's, WGC's, Rogers' and CBC/Radio-Canada's proposals), various definitions of "return on investment" (SARTEC/UdA, Shaw, CBC/Radio-Canada and other proposals), awards (CFTPA's proposal) etc.
- Changes have been proposed regarding the exclusion of audiences to certain kinds of programming in the BPE calculations (for example, CBC/Radio-Canada's proposal to exclude programs funded with significant benefits monies; or various proposals to discount "repeat" or second window programming). Ways of calculating "audience success" have been the subject of much discussion and analysis by many stakeholders in the past, and the current method is a balanced solution that these stakeholders devised.
- A few stakeholders (DOC, Observatoire du documentaire, WGC, TFO, ATEC) urge the CMF to adopt narrower definitions of documentary, one which would detract from the Minister's objective of providing Canadians with programming they want to watch.

The CAB urges the CMF to focus its efforts for 2010-11 on establishing an effective, realistic convergent stream. Now is not the time to introduce adjustments – which would need to be modelled and discussed with the industry – to the BPE mechanism. For 2010-11, policy changes to the BPEs must be kept to a strict minimum and, ideally, only to the areas specifically identified by the Minister of Canadian Heritage in his March 9 announcement.

Focus Resources and Efforts on the Convergent Stream

Further, the CAB is concerned with the number of competing demands on the CMF's already strained resources. The Minister's announcement referred to support for programs in third languages, and, consistent with the Minister's statement, the CAB supports the creation of a \$2 million to \$4 million special initiative for third language programming. Numerous other special initiatives, however, are proposed by various stakeholders. These include, for example:

- An undefined amount for export development (CFTPA)
- Funding for POV documentaries (CFTPA)
- An undefined amount for social experiment documentaries (CBC)
- \$2 million for sectoral assistance (CFTPA)
- \$0.2 million for sectoral development (CFTPA)
- \$3 million for digital media development (Bell Fund)
- \$5 million for theatrical documentaries (DOC)

- \$2 million for experimental documentaries (DOC)
- \$5 million in additional development funding (CFTPA)

At least \$17 million could therefore go to additional special initiatives that the Minister did not identify as priorities. This would be in addition to possibly 5% of the Fund (the amount proposed by the CAB), or about \$15 million, for the experimental stream and nearly \$37 million to already existing special initiatives (excluding the digital media program).

In addition to drawing funding away from the BPEs, the creation of new special initiatives requires thorough modelling and impact analysis, and consultation with the industry. The design of a special initiative, whatever its size, is akin to designing another funding program. Considerable effort and analysis will be required to create a workable, efficient convergent stream. It is not advisable to draw CMF efforts and funding, at this time, toward new initiatives.

Meaningful Policies for Broadcaster-Affiliated and In-House Production

Finally, the Minister's announcement clearly indicated that funding for broadcaster-affiliated production would be expanded and broadcaster in-house production would be allowed. Numerous stakeholders are open to gradually increasing the caps on broadcaster-affiliated and in-house production. The APFTQ, DOC, CFTPA, and IATSE, however, have proposed caps – in the order of 2% to 5% - so low that they would in effect be meaningless. CBC/Radio-Canada's proposal to allow in-house production but not broadcaster-affiliated production would be completely contrary to past CTF policy and to the Minister's policy principles. If limits on broadcaster-affiliated and in-house production are to be lifted, any possible cap should allow for meaningful levels of this kind of production, while balancing the concerns of independent producers. The CAB's proposal of 33% achieves this balance.