



Canadian
Heritage

Patrimoine
canadien

Canada



Evaluation of the Canada Media Fund 2010-2011 to 2013-2014

Evaluation Services Directorate

July 9, 2015



Cette publication est également disponible en français.

This publication is available in accessible PDF format
on the Internet at <http://www.pch.gc.ca>

© Her Majesty the Queen in Right of Canada,
Catalogue No. CH7-27/2015E-PDF
ISBN: 978-0-660-02376-2

TABLE OF CONTENTS

EXECUTIVE SUMMARY	I
1. INTRODUCTION	1
1.1 Purpose.....	1
2. PROFILE OF THE CANADA MEDIA FUND	2
2.1 Background	2
2.2 Description of the CMF.....	3
2.3 CMF Objectives.....	3
2.4 CMF Funding Streams	5
2.5 CMF Resources, Governance and Key Players	6
3. EVALUATION METHODOLOGY	9
3.1 Evaluation Scope, Timing and Quality Control	9
3.2 Evaluation Questions by Issue Area.....	10
3.3 Evaluation Methods.....	11
3.4 Limitations.....	13
4. FINDINGS: RELEVANCE.....	15
4.1 Continued Need for the Program	15
4.2 Alignment with Government Priorities.....	21
4.3 Alignment with Federal Roles and Responsibilities.....	24
5. FINDINGS: PERFORMANCE - EFFECTIVENESS	29
5.1 Outputs: Creation of Canadian Digital Content and Applications.....	29
5.2 Immediate Outcomes: Availability of Canadian Digital Content and Applications	34
5.3 Intermediate Outcomes: Consumption of Canadian Digital Content	38
5.4 Ultimate Outcomes: Consumption of Canadian Digital Content at Home and Abroad and Integration of Applications into the Mainstream	47
5.5 Unintended Impacts.....	49
6. FINDINGS: PERFORMANCE - EFFICIENCY AND ECONOMY	55
6.1 Demonstration of Efficiency and Economy	55
6.2 Support of Canadian Convergent Television and Digital Content.....	57
6.3 Duplication.....	58
6.4 Governance	59
7. OTHER EVALUATION QUESTIONS	61
7.1 The Performance Measurement Framework.....	61
7.2 The Requirement for the Second Platform in the Convergent Stream.....	63
7.3 Two Streams of Funding.....	65
7.4 Underrepresented Genres	67
7.5 “Leveling the Playing Field”	69
7.6 Additional Funding Triggers.....	71
7.7 Minority French- and English-language Production.....	72
7.8 Contribution to Job Creation	74

8. CONCLUSIONS AND RECOMMENDATIONS	76
8.1 Conclusions	76
8.2 Recommendations.....	80
8.3 Management Response and Action Plan	83
9. LOOKING FORWARD	90
9.1 Consumer Habits.....	90
9.2 Recent Decisions of the CRTC	91
9.3 Consequent Impacts on the Broadcasting System	93
9.4 Consequent Impact on Canadian Producers.....	94
9.5 Online Television Services	95
9.6 Convergent Content.....	95
9.7 Consequent Impacts on the CMF	95
9.8 Conclusion.....	96
APPENDIX A: LOGIC MODEL	98
APPENDIX B: EVALUATION FRAMEWORK	99
APPENDIX C: LIST OF CMF PROGRAMS	107
APPENDIX D: BIBLIOGRAPHY	108

LIST OF TABLES AND FIGURES IN REPORT

TABLE 1: ACTUAL RESOURCES AND EXPENDITURES BY YEAR, 2010-2011 TO 2013-2014 IN THOUSANDS OF DOLLARS.....	6
TABLE 2: TOP TEN CMF-FUNDED PROGRAMS, ENGLISH-LANGUAGE MARKET, 2012-2013 ..	40
TABLE 3: TOP TEN CMF-FUNDED PROGRAMS, FRENCH-LANGUAGE MARKET, 2012-2013 ..	40
TABLE 4: TOP TEN CMF-FUNDED PROGRAMS, ENGLISH-LANGUAGE MARKET, 2010-2011 TO 2012-2013	41
TABLE 5: TOP TEN CMF-FUNDED PROGRAMS, FRENCH-LANGUAGE MARKET, 2010-2011 TO 2012-2013	42
TABLE 6: 2013-2014 PERFORMANCE ENVELOPE FACTOR WEIGHTS.....	51
TABLE 7: BREAKDOWN OF CMF ACTUAL REVENUES AND EXPENSES BY YEAR, 2010-2011 TO 2013-2014.....	56
FIGURE 1: THE GOVERNANCE STRUCTURE OF THE CANADA MEDIA FUND.....	8
FIGURE 2: TOTAL AMOUNT CONTRIBUTED, BY FUNDING STREAM, 2010-2011 TO 2013-2014 (\$M).....	30
FIGURE 3: TOTAL FUNDING ALLOCATION BY LANGUAGE, 2010-2011 TO 2013-2014 (\$M)...	31
FIGURE 4: FUNDING ALLOCATIONS BY PROVINCE, 2010-2011 TO 2013-2014 (\$M).....	31
FIGURE 5: NUMBER OF PROJECTS FUNDED THROUGH THE CONVERGENT STREAM, BY TYPE OF CONVERGENT CONTENT, 2010-2011 TO 2013-2014.....	32
FIGURE 6: DISTRIBUTION OF BROADCAST HOURS WITHIN UNDERREPRESENTED GENRES, PRIME TIME, ENGLISH-LANGUAGE MARKET, 2010-2011 TO 2012-2013	35

FIGURE 7: DISTRIBUTION OF BROADCAST HOURS WITHIN UNDERREPRESENTED GENRES, PRIME TIME, FRENCH-LANGUAGE MARKET, 2010-2011 TO 2012-2013..... 36

FIGURE 8: PROPORTION OF BROADCAST HOURS VS VIEWING HOURS WITHIN UNDERREPRESENTED GENRES, PRIME TIME, ENGLISH-LANGUAGE MARKET, 2010-2011 TO 2012-2013 43

FIGURE 9: PROPORTION OF BROADCAST HOURS VS VIEWING HOURS WITHIN UNDERREPRESENTED GENRES, PRIME TIME, FRENCH-LANGUAGE MARKET, 2010-2011 TO 2012-2013 44

LIST OF ACRONYMS AND ABBREVIATIONS

BDC	Broadcasting and Digital Communication Branch
BDU	Broadcasting Distribution Undertaking
CBC	Canadian Broadcasting Corporation
CCCE	Canadian Coalition for Cultural Expression
CMF	Canada Media Fund
CMPA	Canadian Media Production Association
CNMF	Canada New Media Fund
CRTC	Canadian Radio-television and Telecommunications Commission
ESD	Evaluation Services Directorate
FTE	Full time equivalent
PCH	Department of Canadian Heritage
POV	Point of view documentary
PRG	Policy Research Group
THT	Total Hours Tuned
VOD	Video-on-Demand

Executive Summary

Overview of the Program

The Canada Media Fund (CMF) provides funding for the creation of convergent television and digital content in both official languages as well as in Aboriginal and other minority languages and leading-edge non-linear content and applications designed for distribution on multiple platforms (e.g., television broadcast, the Internet, tablets, and/or mobile phones). Within the context of increasing convergence of media platforms in production and viewing, the CMF was launched as a new program in 2010-2011 that combined the former Canadian Television Fund (CTF) and the Canada New Media Fund (CNMF), creating one Fund with an overall goal to foster the development, distribution and consumption of Canadian content for all digital platforms.

The creation of the CMF was guided by four key principles:

- 1) getting governance and accountability right;
- 2) focus the investment on what Canadians want;
- 3) reward success and require innovation; and
- 4) level the playing field¹.

In establishing the CMF, the federal government also had a goal to improve the governance practices of the CTF.²

The not-for-profit Canada Media Fund corporation was created to manage the CMF. The corporation receives the majority of its funding from two sources: Canadian cable and satellite companies (broadcasting distribution undertakings, or BDUs) pursuant to regulatory obligations, and the Government of Canada through the annual contribution agreement with the Department of Canadian Heritage (PCH). The total resources of the CMF were \$386.4 million in 2013-2014, of which PCH provided \$134.1 million.

The Broadcasting and Digital Communications Branch (BDC) in the Cultural Affairs sector of PCH is responsible for the Fund, providing public policy direction under a Contribution Agreement between the Department and the CMF corporation. A third party, Telefilm Canada, is contracted by the CMF corporation to deliver the program across Canada.

The main stakeholders of the CMF are Canadian companies involved in the production of television programs and digital media content. Canadian viewers of television productions and users of leading-edge non-linear content represent the ultimate target group. Aboriginal

¹ Level the playing field implied broadening competition by removing the public broadcaster's guaranteed share and opening funding to in-house and broadcaster-affiliated production houses.

² *Evaluation of the Canada Media Fund Program, Terms of Reference*, Evaluation Services Directorate, PCH, June 17, 2014, page 9.

communities as well as Francophones and Anglophones in minority language communities and ethno-cultural communities in Canada are also target groups.

The Contribution Agreement defines three objectives³ for the CMF. These are to:

- Assist in the creation of convergent television and digital content in both official languages or in Aboriginal languages for distribution on at least two platforms, with one being television;
- Assist in the development and creation of leading-edge non-linear content and applications created exclusively for digital platforms other than television;
- Reach Canadian audiences and achieve success in building audiences.

As outlined in the Contribution Agreement, the CMF corporation is guided by the following principles:

- Sustainability;
- CMF Program as catalyst;
- Innovation;
- Ongoing recalibration;
- Adaptable;
- CMF Program is one piece of the puzzle; and
- Smart change management.

As defined in the Contribution Agreement between PCH and the CMF, eligible applicants to the CMF Program may apply for funding through one of two funding streams: the *Convergent Stream* or the *Experimental Stream*. The *Convergent Stream* provides support to four genres of television production eligible for funding from the CMF. These include drama (including comedy), children's and youth, documentary, and variety and performing arts. Funded projects consist of core television program content distributed on a primary platform coupled with "value-added" content distributed on at least one other digital platform. The "value-added" element is frequently "rich and substantial" digital media content. The *Experimental Stream* provides project-based funding for the development, production and marketing of leading edge, interactive and innovative content and applications created for the Internet, wireless and other digital platforms and/or devices.

Allocation of funds between the two streams is determined by the CMF. In allocating funds, the Contribution Agreement commits the CMF to ensure that approximately one-third of support in each stream is targeted to French-language productions or projects and to ensure a minimum funding envelope of 10 percent of all funding to French-language productions to support French-language minority productions.

In addition, the CMF is required to provide a dedicated funding envelope for Aboriginal languages convergent productions. The Fund may also introduce measures as appropriate to address the impact, if any, of the uncertainty in yearly funding levels on the vitality and

³ 2013-2014 Contribution Agreement.

development of English-language minority communities and provide support to convergent television and digital content in third languages where demand and funding are present.

Evaluation Approach and Methodology

This report presents the results of the evaluation of the CMF for the period from 2010-2011 to 2013-2014. The evaluation was conducted in accordance with the Treasury Board Secretariat *Evaluation Policy Suite* approved in April 2009 and in accordance with the *Federal Accountability Act* and the *Financial Administration Act*. It addressed the core issues of relevance and performance, including effectiveness, efficiency and economy.

The evaluation was led and implemented by the Evaluation Services Directorate (ESD), PCH, with some components conducted by the Department's Policy Research Group (PRG) and by an external consulting firm. The evaluation involved conducting the following methods:

- A literature review to conduct a scan of the broadcasting and digital media environments and comparative analysis with other similar programs;
- A document review (which included a review of administrative and audience data);
- Key informant interviews (59) with eight stakeholder groups;
- Case studies (11) focused primarily on the digital media component of the *Convergent* and *Experimental Streams*
- A value-for-money analysis;
- An expert panel, which validated the preliminary findings; and
- A "Looking Forward" analysis was conducted to contextualize the current evaluation within the rapidly evolving broadcasting and digital media industry, taking into account the March 2015 announcements of the CRTC's Let's Talk TV consultations.

The evaluation covered the activities and expected outcomes of the PCH program including the CMF corporation. Excluded from the scope of the evaluation were areas of activity which have an impact on the CMF, but in which BDC has no authority or limited influence.⁴

There were a number of limitations regarding data on the broadcast, consumption, and sales of television programming and digital content that was available for the evaluation.

⁴ These include the following: performance of Board members; performance of Canada Media Fund staff; CRTC regulations providing non-PCH funding to CMF; Canadian content eligibility requirement (construction of 10-point scale) created by the Canadian Audiovisual Certification Office; CRTC certification of Canadian content; performance indicators that replicate CRTC conditions of broadcast licence (if any); and policy decisions or judgments made by the CRTC or other Courts/tribunals.

Findings

Relevance

Responsiveness to the Needs of Canadians

As the single most important source of financing for Canadian digital content in underrepresented genres of drama, documentary, children and youth and variety and performing arts, the CMF responds directly to the long-standing challenge of the small size of the Canadian market, which is divided between two major language markets, each with their own characteristics and challenges. This challenges results in financial disincentives for making original programming in these genres as compared to simply acquiring less expensive foreign content and requiring support tailored to the specificities of each language market.

Between 2010-2011 and 2013-2014, the CMF contributed a total of \$1.42 billion to Canadian convergent television and leading-edge non-linear content and applications, leveraging \$3.40 dollars of activity for every dollar invested, for a total of \$4.8 billion in industry activity. This represents 10,560 hours of original television programming in the underrepresented genres, for which convergent digital content was developed for or distributed on a second platform, as well as over 300 digital media projects created for the Internet, mobile devices and other platforms.

A number of studies show that Canadians value Canadian content and are interested in greater access to it. The CMF responds to the needs of Canadians by ensuring that Canadian digital content is created and made available on multiple distribution platforms and encouraging its consumption by Canadians. The popularity of CMF-funded television content and digital content distributed on alternate platforms with Canadians is a significant indicator of the responsiveness of the CMF to the needs of Canadians. Evidence also shows that Canadians are engaging with CMF supported content and applications created exclusively for the Internet, wireless and other platforms and devices.

In the foreseeable future, television is expected to continue to be the primary platform by which Canadians are accessing Canadian content. As digital technology continues to expand the delivery methods by which content is made available, the Fund is seen to be vitally relevant to ensure that Canadians continue to have access to a wide range of content and cultural experiences on a variety of platforms.

Through its support for the production of content for French- and English-language minorities, and support for productions in Aboriginal and other diverse languages, the CMF supports the Government's objectives with respect to official language minority communities in Canada and strengthens the vitality of minority language communities and ultimately the cohesion of Canadian society.

Alignment with Government of Canada's Priorities

The CMF is very well aligned to federal Government priorities and departmental strategic outcomes. The Government has repeatedly underscored the importance of its support for cultural industries, and both the mandate and the objectives of the CMF support the Government's priority for the creation of "a vibrant Canadian culture and heritage".

The Fund is aligned to the PCH Program Alignment Architecture (PAA) and supports the strategic outcome that "Canadian artistic expressions are created and accessible at home and abroad". The CMF is also consistent with the departmental priority of "taking full advantage of digital technology". Through its support to the CMF, the federal government ensures access to a diverse range of Canadian content and is supportive of official-language minority and Aboriginal communities.

The CMF acts to strengthen Canada's capacity to become a leader in the digital economy with its support to Canadian digital content and applications. This is an important element of the Government's digital agenda and is specifically mentioned in its Digital Canada 150 strategy.⁵ The federal government's support for digital media is a vehicle by which the Government can promote the creativity, innovation and talent of Canadians.⁶

Alignment to Federal Roles and Responsibilities

The CMF is very well aligned to federal government roles and responsibilities. The CMF supports the role of PCH, which has a responsibility to ensure that the broadcasting and digital communications sectors contribute to the realization of the policy objectives set out in the *Broadcasting Act*. The CMF is an instrument by which the federal government can support Canadian broadcasting policy.

The role of the CMF in supporting the development of leading-edge digital content and applications is aligned to the federal government's development of a Canadian digital economy for Canadians. This role is evident in the *Digital Canada 150* strategy, which identifies the production of Canadian content, in particular, digital content as one of five pillars. Among the outcomes of the strategy are that Canadians are able to see themselves reflected in digital content; have a broad range of choices in the way they access that content; for creative industries to have greater capabilities to seize digital opportunities, promote Canadian content and play a more prominent role in the global marketplace. The CMF directly supports the vision and the intended outcomes of this strategy.

⁵ *Digital Canada 150*, Minister of Industry, Government of Canada, 2014, p. 23;

⁶ *Budget 2011*, Ministry of Finance, Government of Canada, June 6, 2011, p. 160; *Here for Canada: Low-tax plan for jobs and economic growth*, Conservative Platform, 2011, p. 15 & 42; *Departmental Performance Report 2011-2012*, Department of Canadian Heritage, p. 38.

Performance – Effectiveness

Outputs

The CMF has catalyzed the creation of high-quality convergent television content distributed on multiple platforms, interactive digital media content and software applications. The Fund contributed a total of \$1.42 billion to Canadian convergent television and leading-edge non-linear content and applications from 2010-2011 to 2013-2014. \$1.29 billion was contributed through the *Convergent Stream*, representing 91 percent of funding and \$130 million, representing 9 percent, was contributed through the *Experimental Stream*.

Over the evaluation period, 1,925 high-quality digital content projects were supported, leading to the production of 10,560 hours of television programming that had convergent content developed for or distributed on a second platform. Of these, about half had “value-added” original digital media content created for a second platform, while others made the television property available via video-on-demand or through digital distribution on unlicensed video streaming platforms. The Fund supported 335 projects to develop, produce or market leading-edge interactive digital products and software applications over the evaluation period. The most common content type of projects funded through the *Experimental Stream* was games, which comprised nearly half (46 percent) of all projects supported in production.

Immediate Outcomes

The Fund stimulated increased availability for Canadians of high-quality content on more than one platform. The number of program hours (including repeat broadcasts) funded by the CMF which were licensed and scheduled in peak viewing hours increased by 30 percent from 2010-2011 (12,287) to 2012-2013 (16,020) in the English-language market (for a total of 41,522 over the four years under evaluation). In the French-language market, the number of CMF-funded program hours broadcast increased by 12 percent from 2010-2011 (6,363) to 2012-2013 (7,101) (for a total of 19,963 from 2010-2011 to 2012-2013).

Of the 1,925 projects supported through the *Convergent Stream*, 48 percent (or 927 projects) were made available with value-added interactive digital media content developed for or distributed on a second platform. While value-added digital media content is seen to be of value to the industry for its promotional use, for extending viewer engagement with content which in turn supports viewer retention, the CMF’s requirement around “rich and substantial” digital media content may need to be revised.

Of the 335 projects supported through the *Experimental Stream*, 161 were supported in production, either for commercial exploitation or to be made available for free to the public. Games accounted for about half of all projects created with commercial intent. The evaluation revealed a tension between the commercial and innovation objectives of the *Experimental Stream*.

Intermediate Outcomes

The Fund contributed to the quality of Canadian digital content available to Canadians. As a result of the CMF, Canadians have increased their consumption of Canadian digital content distributed on at least two platforms and are engaging with Canadian interactive digital media content and applications. Canadians are watching more hours of funded Canadian television programming. The popularity of CMF-funded programming is evident by the fact that the “top ten” Canadian series in CMF-supported genres in the French-language market in 2012-2013 were funded by the CMF, while in the English-language market, all but one were CMF-funded. The “top ten” most popular CMF-funded programs in the French-language market garnered average minute audiences of over 1 million viewers, with the top 2 reaching average minute audiences of 2.5 million viewers. In the English-language market, all but 2 of the top ten most popular CMF-supported programs reached average minute audiences of over 1 million viewers.

The Fund stimulated increased viewing of Canadian programs in underrepresented genres. The number of hours of CMF-funded television viewed by Canadian increased by 14 percent in the English-language market and by 13 percent in the French-language market. The Fund successfully achieved its performance targets, with the proportion of prime-time viewing for CMF-supported programs in all genres increasing from 2010-2011 to 2012-13, with the exception of children and youth programming in the French-language market (over the whole day, this proportion has increased from 50 percent in 2010-2011 to 59 percent in 2012-2013 however).

Foreign programming continues to be very popular among viewers in the English-language market in prime time; the proportion of viewing surpassing the proportion of available foreign programming. As for Canadian content, the demand for CMF-funded programming garners the same proportion as supply, which is not the case for non-CMF funded programming. This suggests that the CMF funds quality programming that Canadians want to watch.

Although foreign programming makes up slightly more than half of the broadcast schedule in prime time (of underrepresented genres), it is Canadian programming that is most watched in the French-language market. The proportion of the broadcast schedule that is made up of non-CMF funded programming is consistent with the proportion of their viewing. CMF-funded programming proves to be very popular within the French-language market; while one quarter of the broadcast schedule is made up of CMF-funded programming, two-fifths of the viewing is dedicated to CMF supported programs.

Projects funded under the *Convergent Stream* captured a total of 861 awards, including 82 international awards over the evaluation period. Projects funded under the *Experimental Stream* are also being recognized by national and international awards.

Although not as easily measurable, there is evidence suggesting that, as a result of the Fund, Canadians are significantly engaging with and consuming convergent digital media content funded through the *Convergent Stream* as well as leading edge Canadian interactive digital media content and software applications funded through the *Experimental Stream*, and in

some cases achieving a high level of engagement. Online interactive projects funded through the *Convergent Stream* achieved a total of 22.4 million visits and 175.2 million page views in 2013-2014, achieving the Fund's performance target. Online interactive projects funded through the *Experimental Stream* significantly surpassed the performance target, attracting a total of 17.4 million visits and 47.6 million page views in 2013-2014.

There is some evidence that interactive digital media products and software applications funded through the Experimental Stream have been adopted by mainstream media stakeholders. A high rate of funded projects has been released on the market. With 88 projects having been released, the Fund has made progress towards its target for projects being released in the market within three years.

On the other hand, some projects for which case studies were conducted revealed a difficulty in measuring or meeting their usage targets. In some cases, this was attributed to the difficulty with measuring audiences, in other cases, projects were said to have been particularly high-risk due to their highly experimental nature, including use of unproven technologies that did not deliver as hoped for.

Ultimate Outcomes

The CMF has made significant strides towards achieving its ultimate expected outcome: high-quality Canadian convergent digital content is being created and consumed on multiple platforms in Canada and abroad, and Canadians are engaging with leading-edge interactive digital media products and software applications created with support from the Fund. Canadians are significantly consuming Canadian digital cultural content created with the support of the Fund. The number of hours that Canadians are tuning in and watching CMF-supported programs has increased and far exceeds the Fund's targets for the number of hours tuned annually in both the English- and French-language markets. Canadian digital content and applications are also being consumed abroad and integrated to the mainstream, as evidenced by international awards bestowed on funded productions and by the number of international markets in which sales of funded projects were made. It is estimated that at least 175 sales of funded productions were made on average each year to international buyers, though it is impossible to know exactly how many projects were sold abroad each year (the number of projects sold more than once into different territories is unknown).

Unintended Impacts

There have been unintended impacts, both positive and negative, as a result of the Canada Media Fund. Although it was always understood that the fusion of the CTF and the CNMF was likely going to build synergies between the two sectors, the evaluation revealed the CMF has had a positive impact on the fostering of collaboration between the television and digital media sectors and encouraging the development of an independent video games sector.

In terms of negative impacts, the increasing consolidation in the broadcasting industry has resulted in decision-making being concentrated in a small number of large corporate groups of broadcasters; while the use of the audience criterion of total hours tuned appears to

reward repeat airings of programming over original programming, this problem is somewhat mitigated by the CMF's second audience success factor, which rewards original first run. The *Convergent Stream*'s requirement for a second platform may have resulted in projects of minimal added value being made. There is a tension between the objectives of commercialization and innovation in the *Experimental Stream*. Stakeholders consulted by the CMF or interviewed for this evaluation point out that the requirement for "innovation" in projects funded through the *Experimental Stream* appears at times to be incompatible with the objective of having projects commercialized or used by Canadians. In particular, it is said to be difficult to reconcile innovation in digital media with profitability outside of established business models. Thus, when assessing innovative projects, the CMF has to weigh the inherent risks related to the possibility and capacity of commercialization.

Performance – Efficiency and Economy

Demonstration of Efficiency and Economy

Overall, the evidence indicates that the CMF is administered in an economical fashion, with its administrative expense ratio ranging from 4.3 percent to 4.8 percent between 2010-2011 and 2013-2014. This was well within the maximum ratio of 6 percent required by the Contribution Agreement. Taking into account PCH's administrative expenses, the CMF's total administrative expense ratio averaged 4.8 percent over the four years.

The popularity of CMF-funded programming shows that when given the choice, Canadians are interested in watching high quality Canadian programming. They value distinctive and high quality Canadian content that is culturally relevant, based on Canadian stories and issues.

The Support of Canadian Convergent Television and Digital Content

The CMF continues to be the best way for government to support Canadian television and digital content. The CMF receives its funding from the Government of Canada and broadcasting distribution undertakings (BDUs) through regulatory obligations. The CMF provides an effective framework that ensures that both public policy and industry objectives are met and no alternative program mechanisms or designs were discerned that would increase its effectiveness.

Duplication

Funding provided by the CMF is complementary to other programs being offered in Canada. The approach generally being taken in Canada, which relies on access to funding for television and digital media content via multiple sources, is consistent with approaches being taken internationally.

Governance

The right governance structure is in place to deliver the CMF program effectively. An internal audit of the Broadcasting and Digital Communication Branch (BDC) of PCH, responsible for administering the CMF's Contribution Agreement confirmed that the CMF is well managed by PCH. The changes to the Board of Directors in the transition from the CTF to the CMF were deemed to have been beneficial.

The current administration model and delivery processes are seen as being effective. Stakeholders praised the administration of the CMF (including Telefilm Canada), though some suggested that some improvements could be made to the process of delivering the program: improving file processing times should still be a priority for the CMF and capacity of the staff to resolve problems and find solutions could be improved. Regular consultations conducted by the CMF as required by the Contribution Agreement are identified as a success with stakeholders.

Other Evaluation Questions

The Performance Measurement Framework

The measurement of performance implemented by the CMF captures considerable and robust information on key performance indicators identified in the Performance Measurement, Evaluation and Risk Strategy (PMERS), particularly in regards to television audiences. There are, however, a number of limitations in the current measurement of performance: a lack of access to measurement of audiences for original broadcasts (as opposed to repeat airings); and a lack of reliable data on international sales. The evaluation also found a lack of reliable data with respect to audiences for digital media content projects funded through the *Convergent* and *Experimental Streams*, as well as other commercial and innovation outcomes of projects funded through the *Experimental Stream*. A *Digital Media Performance Measurement Framework* has been developed by the CMF in consultation with the industry, is said to be the first step in a critical need expressed by the industry, with the aim of adopting a standardized approach to measuring the performance of interactive digital media.

The Requirement for the Second Platform in the Convergent Stream

The requirements for second platform content have been successful in encouraging a greater volume of convergent content that is being consumed by Canadians.

Exceptions made for convergent projects distributed through VOD or linear streaming in the *Convergent Stream* are appropriate given the evolution of the industry and changing consumption habits of Canadians. There is evidence to suggest that in addition to value-added content, Canadians are interested in consuming linear television, licensed and unlicensed, across a range of screens and platforms over the Internet and via mobile apps.⁷

⁷ *Profile 2013: An Economic Report of the Screen-based Media Production Industry in Canada*, Op. Cit., page 14.

The requirement that many projects include “rich and substantial” digital media content, introduced by the CMF, may need to be revised

Two Streams of Funding

The CMF’s two streams of financing continue to be the optimal way of delivering the program. While there are crossovers and collaboration between the broadcasting and interactive digital media sectors, they are evolving within distinct contexts.

Evidence suggests that there is a need to review support to web series through both the *Convergent* and *Experimental* Streams to ensure that this form of content is not being disadvantaged.

Underrepresented Genres

Evidence supports the current role of the CMF in supporting the four underrepresented genres of programming: drama, documentary, children and youth and variety and performing arts. The unique financing challenges faced by these genres in both language-markets continue to be as relevant now as when the Fund was first established.

Leveling the Playing Field

The CMF has as one of its key principles to “level the playing field” between broadcasters by ensuring fair competition. The important consolidation that has taken place in the broadcasting industry since the Fund’s launch has required additional measures to achieve this goal. The measures introduced by the CMF are deemed to be effective. The CMF recognizes that fostering an equitable level of support to all broadcasters is important and has made a “diversity of voices” a key strategic objective.

Additional Funding Triggers

The rationale for extending funding triggers to unlicensed Canadian entities that exclude a majority role for licensed Canadian broadcasters is not sufficiently supported by the evidence at the present time. The Fund currently has the latitude to introduce pilot initiatives as it has done for the English POV Program. This initiative allows licence fees by foreign broadcasters to be considered eligible licence fees, on the condition that Canadian broadcasters provide the larger share of the eligible licence fee.

Minority French- and English-language Production

The CMF has met its requirements for the production of minority language programming, providing a minimum of 10 percent of French-language project support to minority-language projects each year. This support enabled the creation of a total of 459 hours of minority French-language Canadian convergent content between 2010-2011 and

2013-2014. In 2013-2014, \$9.9 million was allocated through the Francophone Minority Program, and \$0.4 million was attributed through performance envelopes.

A total of \$8.1 million was allocated to English-language minority production in 2013-2014, including 36 hours of production supported through the Anglophone Minority Initiative.

The CMF is seen as playing an important role in helping to strengthen the capacity of the minority language production sectors.

Contribution to Job Creation

A number of studies provide evidence of the important role played by the CMF in the creation of jobs. From 2010-2011 to 2013-2014, the CMF contributed to the creation of half of all the jobs in the Canadian television production sector and related industries, resulting in 26,150 jobs per year, on average.

The Fund also contributed to the creation of jobs in the fast growing video games and interactive digital media sectors. In 2012-2013, 1,010 direct and indirect jobs were attributed to the CMF for convergent digital media production sector and related industries.

Recommendations

#1. It is recommended that PCH encourage the CMF corporation to consider whether more can be done to reward audience success in a balanced way in light of consolidation in the industry since the launch of the Fund.

It is recommended that PCH encourage the CMF to review the weight given to audience success factors used in the calculation of performance envelopes to ensure that the Fund continues to meet one of its principles: rewarding success.

The issue of rewarding audience success continues to require attention to ensure the Fund is rewarding broadcasters for achieving audiences for Canadian content in a balanced way. The evaluation finds that increasing consolidation in the broadcasting sector since the launch of the Fund has led to unintended impacts in terms of increased concentration of funds allocated through the Performance Envelope system to a small number of large corporate groups. In this regard, the factor weight assigned to the total hours tuned to funded programs broadcast by a broadcaster with a performance envelope, which is used in the calculation of performance envelopes, has provided increased benefits to larger corporate groups.

#2: It is recommended that PCH encourage the CMF corporation to ensure that the industry has the necessary flexibility to determine which forms of value-added content are best suited to each individual project.

The CMF should review its requirement for “rich and substantial” value-added digital content for projects supported through the *Convergent Stream*.

This evaluation finds that the exception made for VOD and linear streaming in the eligibility requirements of the *Convergent Stream* have been appropriate. Since the launch of the Fund in 2010-2011, broadcast services have evolved such that audiences are accessing linear television content on a range of alternative platforms online and on mobile devices including TV Everywhere services, broadcaster portals and unlicensed video streaming services such as CraveTV (Bell), Shomi (Rogers/Shaw) and Club illico (Videotron).

Recent trends described in this report are rapidly reshaping the broadcasting industry. These include a growing trend in multi-screen use, second screen apps, social TV, experimentation in the distribution of linear television content on different platforms, including authenticated TV Everywhere services and unlicensed linear streaming platforms, which in turn are giving rise to new models for original online video content. These developments were of far less influence at the time that the criteria for the second platform of the *Convergent Stream* were developed.

#3: It is recommended that PCH and the CMF corporation work together to review the CMF’s support for web series.

The CMF should consider reviewing the level of funding that is being allocated to web series to ensure that current policies of both the *Convergent Stream* and the *Experimental Stream* do not unduly disadvantage this emerging form of digital content.

Web series are seen as an emerging opportunity and an award-winning sub-sector of the Canadian screen-based production sector. The evaluation finds a need to review support to web series through both the *Convergent* and *Experimental* Streams to ensure that this form of content is not being disadvantaged.

#4: It is recommended that PCH encourage the CMF corporation to clarify the objectives of the *Experimental Stream* as concerns “commercialization” and “innovation”.

PCH should encourage the CMF to examine its application of the objectives of commercialization and innovation as there was found to be a tension that exists between them.

The CMF may wish to consider creating separate sub-programs within the *Experimental Stream* with different emphases on innovation and commercialization as one way of clarifying how it treats these objectives. By considering sub-programs within the *Experimental Stream* with distinct objectives, the Canada Media Fund could more directly address the market realities of the different types of digital content it supports.

The evaluation found that it has been difficult at times for digital media projects funded through the *Experimental Stream* to reconcile the requirement for innovation with commercialization, particularly outside of established business models. Too high a focus on innovation has been seen to occasion significant risks for producers, sometimes with disappointing results.

The CMF may wish to examine the creation of a sub-program supporting the commercialization of innovative Canadian video games. Canada is recognized for its leadership in the video games sector, which every year produces award-winning content and applications. It is a driver of Canada’s digital economy. At the same time, numerous studies have pointed to the opportunity costs for Canadian companies in the sector due to insufficient financing. Almost half of the total number of projects supported through the *Experimental Streams* was innovative interactive video games. Access to funding is considered critical for smaller independent companies in the video games sector.

#5: It is recommended that PCH encourage the CMF corporation to consider ways to improve Canada’s television and digital content industry’s competitive position on the global stage.

The CMF could consider introducing incentives to reward Canadian companies that are successful on the global stage, aligned to the Fund’s ultimate outcome where funded content is consumed abroad.

One of the ultimate outcomes anticipated for the CMF is that Canadian-funded productions are consumed abroad. The evaluation finds that the CMF plays an important role in facilitating the industry’s access to global markets and that there exists worldwide interest in CMF-funded productions.

The evaluation also noted that significant change has taken place in the international environment in recent years due to technological advances and greater global competition for investment. Incentivizing international sales by Canadian companies could encourage

greater entrepreneurship and contribute to Canadian product being seen by international audiences.

#6: It is recommended that PCH undertake a review of the CMF's performance measurement, evaluation and risk strategy.

A timely review of the program's PMERS should be undertaken by PCH to ensure that performance indicators, targets and data collection methods continue to be appropriate in the context of a rapidly evolving digital media industry.

A feasibility study conducted in preparation for this evaluation concluded that the Department's PMERS for the CMF should be reviewed following the evaluation. This would ensure that the framework continues to be aligned with the realities of the rapidly evolving digital media industry and that indicators identified for the Fund are in fact measurable.

#7: It is recommended that PCH encourage the CMF corporation to continue its efforts to improve the measurement of the Fund's performance.

PCH should encourage the CMF in its ongoing work with the industry to develop reliable audience measurement for digital content (other than television) funded through the *Convergent* and *Experimental Streams*.

PCH should encourage the CMF to continue to enhance measurement of the total value of international sales of funded projects to better measure the Fund's ultimate outcome with respect to consumption abroad.

The *Digital Media Performance Measurement Framework* is said to be the critical first step addressing a need expressed by the industry to adopt a standardized approach to measuring the performance of interactive digital media on platforms other than television. It would be beneficial for this work to continue.

The evaluation finds that information on the ultimate outcomes of the Fund is currently limited, particularly as regards data on the value of international sales. Access to this information would allow the CMF and PCH to better understand the performance of the Fund.

Looking Forward

The Canadian media ecosystem is changing rapidly in ways that are difficult to predict but which could impact the CMF. The consumer adoption of online television is the primary driver, but this is only the first in a cascading series of changes, led by the CRTC's recent announcement of a significant series of new policies. These regulatory changes will in turn alter the relationships

among other CMF stakeholders – broadcasters, BDUs, and program producers – each of whom must react to the new regulations and to each other.

Many possible consequences of these moves have been suggested by industry observers, including but not limited to: reduced viewing of CMF-funded programs; a consequent loss of resources as the result of lower subscribership and less money in the traditional system; a greater strategic emphasis on foreign participation in programming made by Canadians; and consolidation in the production sector. In the face of these possible but unpredictable changes, it may be prudent for the CMF and PCH to continue to monitor the environment closely, in case policies require adjustment to ensure the continuance of the CMF's vital role.

1. Introduction

1.1 Purpose

This report presents the results of the evaluation of the Canada Media Fund (CMF) for the period from 2010-2011 to 2013-2014. The purpose of this evaluation is to provide the Department of Canadian Heritage (PCH) with comprehensive and reliable evidence to support departmental decision-making.

The evaluation report provides information on the CMF, the evaluation methodology and the findings for each evaluation question, as well as overall conclusions and recommendations. The evaluation was conducted as prescribed by the *2014-2019 Departmental Evaluation Plan*. The evaluation was led by the Evaluation Services Directorate (ESD) at PCH, with the assistance of the Department's Policy Research Group (PRG) and an external consulting firm.

The evaluation was designed and conducted in accordance with the *Treasury Board Secretariat (TBS) Policy on Evaluation (2009)* and other components of the TBS evaluation policy suite. In accordance with the *Directive on the Evaluation Function (2009)*, the evaluation addresses the core evaluation issues of relevance and performance, including effectiveness, efficiency and economy of the CMF. The evaluation study was conducted between June 2014 and March 2015.

The report is structured as follows:

- Section 2 presents the profile of the CMF;
- Section 3 presents the methodology employed for the evaluation and the associated limitations;
- Section 4 presents the findings related to the evaluation issue of relevance;
- Section 5 presents the findings related to the achievement of outcomes;
- Section 6 presents the findings related to efficiency/economy;
- Section 7 presents the findings related to other evaluation questions; and
- Section 8 presents the conclusions and recommendations.

2. Profile of the Canada Media Fund

The following section provides a background on the creation of the Canada Media Fund, its objectives, program resources and governance and program components.

2.1 Background

The Creation of the Canada Media Fund

The Department of Canadian Heritage and predecessors have supported the creation of Canadian content by competitive Canadian screen industries for many decades. The establishment of the Canada Media Fund in 2010 amalgamated the Canadian Television Fund (CTF) and the Canada New Media Fund (CNMF).

The CTF was created in 1996 to support the production of high-quality Canadian television production in four genres: drama (including comedy), children's and youth, documentary, and variety and performing arts. The rationale for creating the CTF was to increase the quantity and quality of Canadian television productions and to ensure access to programming that serves the interests of Canadians.

The CNMF was created in 1998 as the Multimedia Investment Fund in recognition of the rapid pace of technological change and entertainment consumption patterns. Its primary objective was to further the development, production, and marketing/distribution of high-quality, original, interactive or online Canadian cultural new media works, in both official languages.

In 2005, an audit conducted by the Office of the Auditor General (OAG) of the Department of Canadian Heritage's cultural industries initiatives reported that the CTF required "a simplified governance structure". In the same year, a summative evaluation of the CTF similarly recommended that changes made to the Fund's governance structure could enhance its efficiency.⁸ Furthermore, in the winter of 2007, two of the largest private sector partners, Shaw and Videotron, temporarily suspended their payments towards the CTF, citing, among other issues, dissatisfaction with the CTF governance and outcomes.

In December 2008, the Government of Canada decided to combine, reform and rebrand the CTF and the CNMF to create the CMF. Budget 2009 provided additional funding for this initiative.

The rationale for creating the CMF was to recognise the convergence of media platforms from both the production and viewing perspectives, while improving governance practices of the CTF⁹.

⁸ *Evaluation of the Canada Media Fund, Terms of Reference, Op. Cit., page 4.*

⁹ *Evaluation of the Canada Media Fund, Terms of Reference, Evaluation Services Directorate, PCH, June 17, 2014, page 9.*

The Government of Canada brought together the mandates of the CTF and the CNMF, creating one Fund with an overall goal to foster the development, distribution and consumption of Canadian content for all digital platforms.

The creation of the CMF was guided by four key principles¹⁰:

- 1) getting governance and accountability right;
- 2) focus the investment on what Canadians want;
- 3) reward success and require innovation; and
- 4) level the playing field.¹¹

2.2 Description of the CMF

The CMF provides funding for the creation of television convergent digital content in both official languages as well as in Aboriginal and other minority languages; and leading-edge non-linear content and applications designed for distribution on multiple platforms (e.g. television broadcast, the Internet, tablets, and/or mobile phones). The CMF focuses investments on the creation of content Canadians want and harnesses the opportunities provided by new technologies to deliver the content to Canadians where and when they want it.

The not-for-profit Canada Media Fund corporation was created to manage the CMF. The corporation receives the majority of its funding from two sources: Canadian cable and satellite companies (broadcasting distribution undertakings, or BDUs) pursuant to regulatory obligations, and the Government of Canada through the annual Contribution Agreement with PCH.

2.3 CMF Objectives

The Contribution Agreement defines three objectives¹² for the Canada Media Fund. These are to:

- Assist in the creation of convergent television and digital content in both official languages or in Aboriginal languages for distribution on at least two platforms, with one being television;
- Assist in the development and creation of leading-edge non-linear content and applications created exclusively for digital platforms other than television; and
- Reach Canadian audiences and achieve success in building audiences.

The Contribution Agreement assures that these objectives support the Department of Canadian Heritage's Program Alignment Architecture, designed to achieve the following strategic outcome: "Canadian artistic expressions and cultural content are created and accessed at home

¹⁰ <http://www.marketwired.com/press-release/minister-moore-announces-canada-media-fund-give-viewers-what-they-want-when-they-want-958797.htm>

¹¹ Level the playing field implied broadening competition by removing the public broadcaster's guaranteed share and opening funding to in-house and broadcaster-affiliated production houses.

¹² 2013-2014 Contribution Agreement.

and abroad.” The objectives of the CMF support the PCH program activity pertaining to cultural industries.

As outlined in the Contribution Agreement, the CMF corporation is guided by the following principles:

- Sustainability;
- CMF Program as catalyst;
- Innovation;
- Ongoing recalibration;
- Adaptable;
- CMF Program is one piece of the puzzle; and
- Smart change management.

The CMF’s expected immediate, intermediate and ultimate outcomes¹³ are aimed at fostering the development, production, broadcast, distribution and consumption of Canadian digital content, as follows:

Immediate Outcomes:

- Funded high-quality Canadian television programs are originally broadcast on Canadian television stations during peak viewing hours.¹⁴
- Value-added content related to funded programs is made available to Canadians on at least one other platform.
- Projects funded through the *Experimental Stream* are being developed for commercial potential or public use.

Intermediate Outcomes:

- Canadians consume Canadian content from funded projects distributed on at least two platforms.
- Projects funded through the *Experimental Stream* are subject to uptake by mainstream media stakeholders or Canadians.

Ultimate Outcome:

- Canadian digital programs and content are created and consumed at home and abroad, and leading-edge content and applications are created and integrated into the mainstream.

The CMF’s logic model can be found in Appendix A to this report.

¹³ *Performance Measurement, Risk and Evaluation Strategy*, PCH, January 2010.

¹⁴ This excludes pilot programs.

2.4 CMF Funding Streams

As defined in the Contribution Agreement between PCH and the CMF corporation, eligible applicants to the CMF may apply for funding through one of two funding streams: the *Convergent Stream* or the *Experimental Stream*.

The *Convergent Stream* provides support to four genres of television production eligible for funding from the CMF. These include drama (including comedy), children's and youth, documentary, and variety and performing arts. In addition to television programs, the Agreement requires a "value-added" component, which is sometimes exhibition of the program on a non-traditional platform, but frequently, under the CMF's guidelines, should be "rich and substantial" digital media content related to the production. Examples of value added content include: Web sites, on-demand content, webisodes, mobisodes, podcasts, interactive content or other digital audiovisual works. This stream of funding is delivered primarily via a Performance Envelope program allocated to Canadian broadcasters.

Currently, projects funded through the *Convergent Stream* are required to have a television component and any of the following digital components developed for or distributed on a second platform:

- One or more Digital Media Components;¹⁵
- The Television Component be made available to Canadians by one or more CRTC-licensed video-on-demand (VOD) services; and
- The Television Component be made available to Canadians by a Canadian entity via non-simulcast digital distribution (streaming).

In order to allow for a transition of traditional television production to the new digital environment, the Contribution Agreement has allowed the streaming of video over a digital platform with no additional content or interactivity (VOD and unlicensed video streaming) to be recognized as an eligible second platform since 2010-2011. Also, since 2012-2013, the CMF corporation has been required to make every effort to ensure that no fewer than 60 percent of all the convergent projects have value-added content created for and distributed on at least one other digital platform. In 2013-2014, the Department further required the CMF to make every effort to ensure that no fewer than 70 percent of projects receiving \$250,000 or more have value-added content created for and distributed on at least one other digital platform.

The CMF has implemented these guidelines through the Digital Media Incentive program, and through program guidelines that require, for example, that "Broadcasters must commit at least 60 percent of their Performance Envelope to Eligible Projects that include a rich and substantial Digital Media Component."

¹⁵ The 2013-2014 Contribution Agreement describes digital media components as "value-added content", which "can include elements such as contextual information or interactive and audio-visual content that takes advantage of the features of various digital platforms. This content can take the form of webisodes, on-demand content, mobisodes, podcasts and vidcasts".(vidcasts are video clips designed to be viewed in a portable device). In this regard, it is expected that the CMF will to strive to encourage and fund more richly interactive content.

The *Experimental Stream* provides project-based funding for the development, production and marketing of leading-edge, interactive and innovative content and applications created for the Internet, wireless and other digital platforms and/or devices. These projects are intended to nourish the CMF's mandate and strengthen Canada's capacity to become a leader in interactive content and applications. Examples can include innovative Web and mobile experiences, Web series, participative media projects, innovative entertainment products (games), applications which enhance content functionality, such as content search engines, ad-insertion software, etc.

Allocation of funds between the two streams is determined by the CMF. In allocating funds, the Contribution Agreement commits the CMF to ensure that approximately one-third of support in each stream is targeted to French-language productions or projects and to ensure a minimum funding envelope of 10 percent of all funding to French-language productions to support French-language minority productions.

In addition, the CMF is required to provide a dedicated funding envelope for Aboriginal languages convergent productions. The Fund may also introduce measures as appropriate to address the impact, if any, of the uncertainty in yearly funding levels on the vitality and development of English-language minority communities and provide support to convergent television and digital content in third languages where demand and funding are present.

Pursuant to a requirement of the Contribution Agreement, the CMF holds regular consultations with stakeholders. These consultations permit the CMF to take the pulse of the industry and to adapt to the latest trends and evolving industry needs, for example, the CMF may revise the programs they offer under each funding streams. For a complete list of programs offered by the CMF, please refer to Appendix C.

2.5 CMF Resources, Governance and Key Players

Table 1: Actual Resources and Expenditures by Year, 2010-2011 to 2013-2014 In thousands of dollars

		2010-2011	2011-2012	2012-2013	2013-2014
1	Revenue				
2	Contribution from BDUs	214,227	218,241	216,678	233,563
3	Contribution from Canadian Heritage	134,146	134,146	134,146	134,146
4	Recoveries on Production Investments	9,502	10,265	10,481	16,048
5	Interest Income	1,797	2,779	2,359	2,648
6	Total Revenue	\$359,672	\$365,431	\$363,664	\$386,405
7	Expenses				
8	Program Commitments, net	334,492	355,346	368,040	348,945
9	Industry Partnerships	756	1,074	1,155	1,127
10	CMF General & Administrative Expenses	6,138	5,278	6,498	6,911
11	Program Administration (Telefilm Canada Service Fee)	10,304	10,548	10,784	10,422
12	Amortization	60	58	46	47
13	Total Expenses	\$351,750	\$372,304	\$386,523	\$367,452

Source: Canada Media Fund corporation and the Department of Canadian Heritage.

As indicated in Table 1, the CMF receives the majority of its funding from two sources: Canadian cable and satellite companies (broadcasting distribution undertakings) pursuant to regulatory obligations, and the Government of Canada, through an annual contribution agreement administered by PCH. The exact amount transferred from the BDUs varies from year to year, according to their annual revenues. From 2010-2011 to 2013-14, PCH provided \$134 million annually to the CMF, an amount which Budget 2011 confirmed as permanent funding. Other CMF revenue is provided from interest, repayment of repayable advances and recoupment of equity investments and other recoupable contributions. The total of these amounts was \$18.7 million in 2013-2014.

The Broadcasting and Digital Communications Branch (BDC) in the Cultural Affairs sector of PCH is responsible for the Fund, providing public policy direction to the CMF under a Contribution Agreement between the Department and the CMF corporation.

The CMF corporation Board consists of seven directors, who are nominated by two member organizations: the Canadian Coalition for Cultural Expression (CCCE), representing Canada's cable and satellite distributors, which elects five directors; and the Government of Canada, through PCH, which elects two. The nomination process is directed by guidelines setting out a clear definition of independence to which all nominees must adhere.

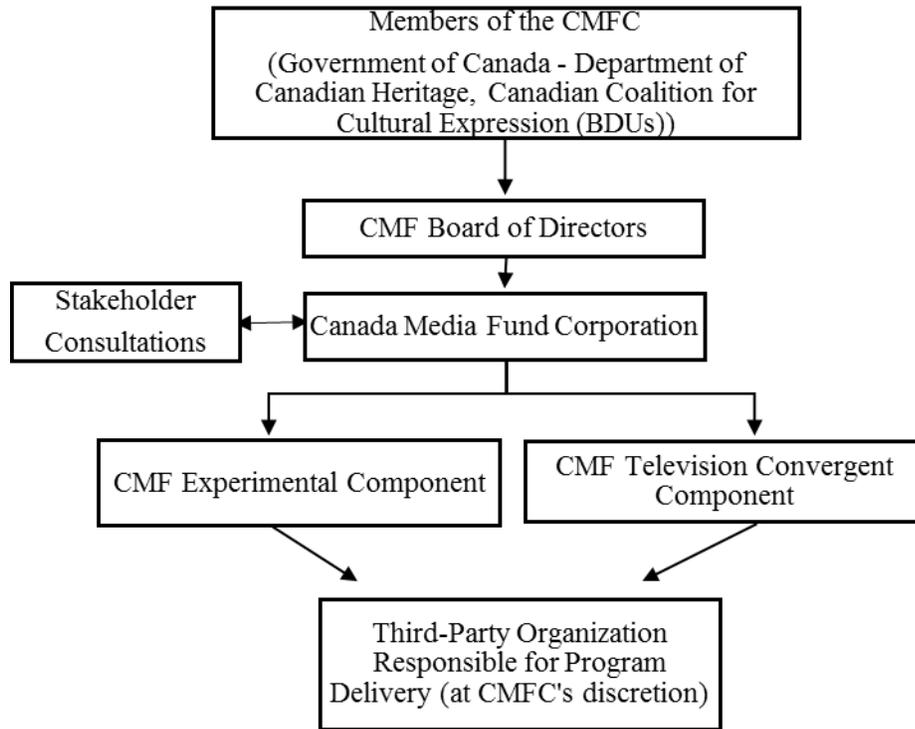
The governing Board of Directors of the CMF corporation has fiduciary responsibility ensuring that all activities conducted by the CMF are in full compliance with the terms of the Contribution Agreement with PCH and all applicable laws, rules, and regulations. The Board conducts business through regular meetings of the full Board, the Audit Committee, and the Governance and Human Resources Committee. The Chair is elected by the Board and is also a director. The governance structure of the CMF corporation is presented in Figure 1.

The Canadian Radio-television and Telecommunications Commission (CRTC) is an independent public authority responsible for the regulation and supervision of the Canadian broadcasting system, which includes jurisdiction over issues related to the CMF, notably BDUs' regulatory obligation to contribute to the CMF.

The day-to-day administration of the CMF is carried out through a service agreement with Telefilm Canada. The Board can select the service provider it deems the most efficient.

Organizations supported by the CMF include, but are not limited to, Canadian television and digital media production companies. Canadian viewers of television productions and users of leading-edge non-linear content represent the ultimate target group. Aboriginal communities as well as Francophones and Anglophones in minority language communities and ethno-cultural communities in Canada are also target groups.

Figure 1: The Governance Structure of the Canada Media Fund



Source: Department of Canadian Heritage

3. Evaluation Methodology

This section provides a description of the context and methodology used to undertake the evaluation of the CMF.

3.1 Evaluation Scope, Timing and Quality Control

The evaluation's objective is to provide credible and neutral information on the ongoing relevance and performance (effectiveness, economy and efficiency) of the CMF. The evaluation, which covered the first four years of the program, 2010-2011 to 2013-2014 was conducted in accordance with the Treasury Board Secretariat Directive on Evaluation Policy. This evaluation also responds to the requirement for full evaluation coverage of the Program Alignment Architecture (PAA), as per the *Federal Accountability Act* and the *Financial Administration Act*. It will also provide PCH management with analysis and recommendations to inform future program decisions.

The evaluation was led by the Evaluation Services Directorate (ESD) at PCH, with the assistance of the Department's Policy Research Group (PRG) and an external consulting firm. Data collection and reporting on the evaluation results was undertaken between June 2014 and March 2015.

In an effort to conduct a quality evaluation in a cost-effective manner, ESD conducted a calibration exercise. In particular, the evaluation of CMF was calibrated as follows: the evaluation relied primarily on existing data; an on-line survey was not conducted as it would duplicate the efforts of the CMF, which had already conducted customer satisfaction surveys; the evaluation drew from the results of an audit conducted of PCH's management practices for the CMF Program in 2013; and case study analysis was focused primarily on the digital media component of the convergent and experimental streams as performance data was available for the television component.

The evaluation did not seek to evaluate areas of activity that impact CMF but in which BDC has no authority or limited influence:

- performance of Board members;
- performance of Canada Media Fund staff;
- CRTC regulations providing non-PCH funding to CMF;
- Canadian content eligibility requirement (construction of 10-point scale) created by the Canadian Audiovisual Certification Office;
- CRTC certification of Canadian content;
- performance indicators that replicate CRTC conditions of broadcast licence (if any), and
- policy decisions or judgments made by the CRTC or other Courts/tribunals.

The quality of the evaluation was ensured through senior-level ESD conduct of the planning of the evaluation, including the approval of the Terms of Reference for the evaluation by PCH's Integrated Planning, Performance Measurement and Evaluation Committee (IPPMEC). During the

conduct of the evaluation, ESD reviewed and approved the evaluation data collection tools and deliverables. The draft report was reviewed by senior level ESD and program staff.

3.2 Evaluation Questions by Issue Area

The evaluation addresses the five core issues as per the TBS *Directive on the Evaluation Function* as well as other evaluation issues of interest. The evaluation questions were selected on the basis of the program logic model. The questions and indicators by core issue are set out in the Evaluation Matrix, found in Appendix B.

Issues	Questions
Relevance	
Issue #1 Continued need for the program	1. To what extent does the CMF program continue to address a demonstrable need and be responsive to the needs of Canadians?
Issue #2 Alignment with government priorities	2. To what extent do the CMF program objectives continue to be aligned with: (i) federal government priorities and (ii) departmental strategic outcomes?
Issue #3 Consistency with federal roles and responsibilities	3. Is the CMF program aligned with federal roles and responsibilities, in particular: <ul style="list-style-type: none"> a) supporting the production of Canadian television-convergent digital content b) supporting leading-edge non-linear digital content and applications designed for distribution on multiple platforms.
Performance - Effectiveness	
Issue #4: Achievement of expected outcomes	<ul style="list-style-type: none"> 4. To what extent is high-quality Canadian programming produced and distributed on at least two platforms, one being television, which is accompanied by related value-added digital content? 5. To what extent are leading-edge non-linear content and applications created? 6. To what extent have immediate outcomes been achieved? <ul style="list-style-type: none"> a) To what extent are funded high quality Canadian television programs originally broadcast on Canadian television stations during peak viewing hours? b) To what extent is value-added content related to CMF-funded programs made available to Canadians on at least one platform other than television? c) To what extent are projects funded through the Experimental stream being developed for commercial potential or public use? 7. To what extent have the intermediate outcomes of the CMF been met? <ul style="list-style-type: none"> a) To what extent do Canadians consume Canadian content from funded projects distributed on at least two platforms? b) To what extent are projects funded through the Experimental stream subject to uptake by the mainstream media stakeholders or Canadians? 8. To what extent has the ultimate outcome of the CMF been met? <ul style="list-style-type: none"> a) Are Canadian digital cultural programs and content being created and consumed at home and abroad, and are leading-edge

Issues	Questions
	<p>content and applications being created and integrated into the mainstream?</p> <p>9. What have been the unintended consequences of the CMF, both positive and negative?</p>
<i>Performance – Efficiency and Economy</i>	
Issue #5: Demonstration of efficiency and economy	<p>10. To what extent is the CMF the most cost-effective way to achieve the Government’s objectives to support the creation of television convergent digital content and experimental non-linear applications and content?</p> <p style="padding-left: 40px;">a) Were resources consumed reasonable for the outcomes achieved in light of context, priorities and/or alternatives</p> <p style="padding-left: 40px;">b) Does the PCH contribution funding to the CMF stimulate sufficient outputs to achieve expected results?</p> <p>11. Is the CMF the best way for the Government to support Canadian television convergent content? What are the alternatives?</p> <p>12. To what extent does the CMF complement, duplicate or overlap with other programs delivered through other organizations in the private, public or not-for-profit sectors?</p> <p>13. Is the right governance in place to deliver the CMF Program effectively?</p> <p style="padding-left: 40px;">a) Are the current administrative model and delivery mechanisms effective?</p>
Other Evaluation Issues	<p>14. Is the current performance measurement framework effective at capturing the results of the program?</p> <p>15. Are the criteria for the second platform of the Convergent Stream sufficiently flexible?</p> <p>16. Are the two current streams of financing the optimal way of delivering the program?</p> <p>17. Should the CMF continue to support the same four “under represented” genres?</p> <p>18. In light of technological evolutions and consolidations of the industry, are new ways needed to implement the objective of “levelling the playing field”?</p> <p>19. Should additional funding triggers be considered to assist in supporting productions (i.e. allow licence fees from foreign broadcasters and foreign digital media distributors)? If so, under what circumstances?</p> <p>20. To what extent are productions in English and French linguistic minority communities in Canada funded?</p> <p>21. To what extent are projects funded through both streams of the CMF contributing to the creation of jobs?</p>

3.3 Evaluation Methods

3.3.1 Preliminary Consultations

Before undertaking the evaluation, preliminary discussions were held with BDC and CMF staff. This led to the development of the Terms of Reference for the evaluation, which included a

description of the evaluation scope and issues, the methodological approach, and the detailed evaluation matrix. The Terms of Reference were approved by PCH's IPPMEC in June 2014.

3.3.2 Lines of Evidence

The evaluation featured important strengths including the mix of qualitative and quantitative lines of evidence, the mix of primary and secondary data sources, and multiple lines of evidence which enabled the triangulation of evaluation findings from different perspectives, thus increasing the robustness of evaluation findings, conclusions and recommendations.

The evaluation methodology incorporated the following seven lines of evidence:

Literature Review

A literature review was undertaken to gather input, information and documentation from recently published literature, reports, articles, websites and other sources, both at the national and international level (i.e. benchmark countries). The primary goal of the literature was to conduct a scan of the broadcasting and digital media environments and a comparative analysis of programs similar to the CMF. The literature review specifically addressed the evaluation issues linked to relevance and efficiency and economy.

Document Review

The document review provided input into identifying the causal linkages between program activities and expected results, and to help address questions of continued relevance and performance. Program-based documents and other sources of information reviewed as part of the document review included key Government documents (e.g. Throne Speeches and federal Budgets), departmental documents (e.g. Departmental Performance Reports, Reports on Plans and Priorities) and program-related documents (e.g. previous evaluation and audit reports; annual contribution agreements between PCH and CMF; CMF's Terms and Conditions, the Performance Measurement, Evaluation and Risk Strategy (PMERS), CMF reports as provided to PCH, and corporate reports available on their website, website content, presentation decks, press releases, etc.); CRTC regulatory policies, documents and studies. Appendix D provides a list of the documents consulted.

The document review also included the review of administrative and audience data analysis, including financial files, project files, databases, etc. This was used to acquire information for the assessment of program performance and to assist in determining the adequacy of these information sources in relation to decision-making.

Key Informant Interviews

Fifty-nine interviews were conducted by telephone or in person with individuals within eight separate stakeholder groups. These groups included the following: senior and operational managers at PCH; beneficiaries of performance envelopes and beneficiaries of funding from the *Convergent Stream* and *Experimental Stream*; past and present jury members of the

Experimental Stream; representatives of professional associations; provincial funders; and administrators of similar funds to the CMF. These interviews contributed to addressing the evaluation issues of program relevance, performance (effectiveness, efficiency and economy) and other evaluation questions identified in the evaluation framework in Appendix B.

Case Studies

Eleven case studies were conducted focusing on interactive digital media projects supported through the *Convergent* and *Experimental Streams*. One of the goals of the case study analysis was to provide evidence of industry uptake of innovations achieved by the funded projects. The case studies were drawn from both language markets, and were selected in consultation with program staff and management. Of the eleven case studies, seven were drawn from the *Convergent Stream* and four from the *Experimental Stream*. A range of genres and forms of interactive entertainment were included in the selection. The case studies contributed to addressing evaluation issues linked to program performance (effectiveness, efficiency and economy) as well as other evaluation questions identified in the evaluation framework.

Value-for-Money Analysis

A value-for-money analysis was undertaken to assess the value to Canadian audiences of accessing CMF-supported content. This analysis was used to demonstrate the Fund's operational economy and allocative efficiency."¹⁶

Expert Panel

An expert panel, which consisted of three independent experts drawn from the professional ranks of academia and the industry, was convened to gather points of view on the relevance, performance and design of the program as well as to validate preliminary findings of the evaluation.

Looking Forward Analysis

A "Looking Forward" analysis was conducted to contextualize the current evaluation within the rapidly evolving broadcasting and digital media industry, taking into account the March 2015 announcements of the CRTC's Let's Talk TV consultations. In particular, this involved the analysis of the possible implications of the recent CRTC decisions, which are expected to have a substantial impact on the production industry as well as the CMF.

3.4 Limitations

There were a number of limitations regarding data on the broadcast, consumption, and sales of television programming and digital content that was available for the evaluation.

¹⁶ As defined in *Directive on the Evaluation Function*, Op. Cit.

Data on the frequency of airings of CMF-funded programs that were available for the document review did not distinguish between original and repeat broadcasts. According to sources provided by the CMF, current measurement of original (versus repeat) airings is said to not be exhaustive for the time being such that it is impossible to report on original airings separately from repeat airings.

Due to the lag time regarding the availability of audience viewing data, information regarding television consumption for broadcast year 2013-2014 was not available for the evaluation. While television viewing data are typically available within a very short period of time, viewing data for CMF-funded programs must first be specially coded so that they may be analyzed, a process that accounts for the year-long delay in their availability.¹⁷

Data on the consumption of digital media content on platforms other than television that were made available for this evaluation were preliminary and referred only to fiscal year 2013-2014. This applies to projects funded through both funding *Streams*. Data on the level of VOD consumption by Canadians is commercial information that is not made public and was therefore not available for the evaluation. Specific international sales revenue data were not available for this evaluation.

¹⁷ 2012-2013 CMF Program Activity Report, page 39.

4. Findings: Relevance

The following section presents the key evaluation findings related to the issue of ongoing relevance of the CMF. The Fund is highly relevant in that (i) it continues to meet a compelling need; (ii) its objectives are in line with federal government priorities and departmental strategic outcomes; and, (iii) the Fund is in keeping with the federal government's roles and responsibilities.

4.1 Continued Need for the Program

Evaluation Question

To what extent does the CMF program continue to address a demonstrable need and be responsive to the needs of Canadians?

Key Findings

The CMF is the single most important source of financing for Canadian television and digital content in underrepresented genres of drama, documentary, children and youth and variety and performing arts. The CMF responds directly to the long-standing challenge of the small size of the Canadian market, which makes public funding a necessity.

Between 2010-2011 and 2013-2014, the CMF contributed a total of \$1.42 billion to the production of convergent television and leading-edge non-linear content and applications. This represents 10,560 hours of original television programming in the underrepresented genres, for which convergent digital content was developed for or distributed on a second platform, as well as over 300 digital media projects created for the Internet, mobile devices and other platforms.

The CMF makes a diversity of voices available to Canadians by ensuring that content is made by diverse communities. The CMF's support to the production of content for French- and English-language minorities support the Government's objectives with respect to official language minority communities in Canada, as outlined in Section 41 of *the Official Languages Act*. In addition, requirements that the CMF provide a dedicated funding envelope for Aboriginal languages productions and funding to third language productions in accordance with demand and funding strengthens the vitality of these communities and ultimately the cohesion of Canadian society.

Overall, from 2010-2011 to 2013-2014, the Fund leveraged \$3.40 dollars of activity for every dollar invested, for a total of \$4.8 billion in industry activity. Projects supported through the *Convergent Stream* leveraged \$3.56 on average in industry activity, while those funded through the *Experimental Stream* leveraged industry activity of \$1.67 on average.

A number of studies show that Canadians value Canadian content and are interested in greater access to it. The CMF responds to the needs of Canadians by ensuring that Canadian digital content is created and made available on multiple distribution platforms, and by encouraging its consumption by Canadians. The popularity of CMF-funded television content with Canadians is a significant indicator of the responsiveness of the CMF to the needs of Canadians. Evidence also shows that Canadians are engaging with content and applications supported by the CMF created for the Internet, mobile devices and other platforms.

In the foreseeable future, television is expected to continue to be the primary platform by which Canadians access Canadian content. As digital technology continues to expand the delivery methods by which content is made available, the Fund is seen to be vitally relevant to ensure that Canadians continue to have access to a wide range of content and cultural experiences on a variety of platforms.

4.1.1 Support for the Creation of Convergent Television and Digital Content

The first objective of the CMF is to assist in the creation of convergent television and digital content in both official languages or Aboriginal languages for distribution on at least two platforms with one being television. As noted above, the Fund may also support convergent productions in third languages where demand and funding are present. In creating the CMF and its predecessors (CTF, Canada Television and Cable Fund, Cable Production Fund), the Government recognized that there is a long-standing challenge with financing certain types of high-quality Canadian programming including drama, documentary, children’s programming and variety and performing arts programming.¹⁸ This challenge is largely due to the small size of the Canadian market, divided between two major language markets each with their own characteristics (see section 5.3) and challenges – resulting in financial disincentives for making original programming in these genres as compared to simply acquiring less expensive foreign content and requiring support tailored to the specificities of each language market.

As such, the CMF is an instrument of Canada’s *Broadcasting Act* policy objective to support the development of Canadian content in underrepresented genres of television programming. Support for Canadian content, its development and accessibility to Canadians is the underlying principle of Canada’s *Broadcasting Act* (the Act). Section 3(1) of the Act declares that the broadcasting policy objectives for Canada provide for the encouragement of Canadian expression through a wide range of programming and that programming should reflect linguistic, regional and cultural diversity.

Furthermore, with the establishment of the CMF in 2010, it was recognized that “digital technology has permanently and profoundly changed the way Canadians expect to be able to consume media... Canadians will be left behind unless content producers innovate to meet their needs.” The CMF has therefore also had a role to play in making Canadian content available on digital distribution platforms other than television that Canadians choose.

¹⁸ According to departmental documents, the “rationale for the creation of the Canadian Television Fund was to increase the quantity and quality of Canadian television productions and to ensure access to programming that serves the needs of Canadians.”

Today, the CMF is the single most important source of financing for Canadian digital content in underrepresented genres. Between 2010-2011 and 2013-2014, the CMF contributed a total of \$1.42 billion on the production of convergent television and leading-edge non-linear content and applications. This represents 10,560 hours of original television programming in the underrepresented genres of drama, documentary, children and youth and variety and performing arts, for which convergent digital content was developed for or distributed on a second platform.

In the period covered by this evaluation, from 2010-2011 to 2013-2014, the CMF met its performance target of triggering at least three dollars of production expenditures for every dollar invested by the Fund in convergent television projects. Funding provided through the *Convergent Stream* leveraged \$3.56 on average in industry activity, while support provided through the *Experimental Stream* leveraged \$1.67 of industry activity on average¹⁹.

The increased level of production resulting from the CMF investment helps Canadian companies to better meet market demand for Canadian digital content and non-linear content and software applications. For example, the CMF has been a catalyst in the production of high-quality drama series. These are expensive to produce, but are a powerful vehicle by which Canadian stories are communicated. As the Canadian Media Production Association (CMPA) notes: “The cost of production for high value dramas, in particular, shows no sign of dropping... To compete with the best, it must look like the best, leading to ever-increasing Canadian drama budgets, with \$2 million per hour now typical, and considerably higher budgets no longer rare.”²⁰ The expert panel and informant interviews conducted for this evaluation endorse the CMF’s continued support to the current four categories of programming. The financing of Canadian content in underrepresented genres will continue to require support by the CMF. Adding to the cost of producing television content, broadcasters and producers must now also consider the convergence of content and platforms and diversified viewing experiences.

As digital technology continues to expand the delivery methods by which content is made available, the Fund continues to be vitally relevant to ensure that Canadians continue to have access to a wide range of creative content and cultural experiences on a variety of platforms. With the expansion of the viewing and engagement experience across platforms and devices, the development of content must take into account second screen experiences, multi-screen usage, the rise of social television and the shift from browsers to mobile for viewing video.

The review of literature describes a growing trend in multi-screen use, whereby Canadians are interacting with more than one screen while viewing television programming. Viewers are connecting with television programs on Web sites, Facebook pages, Twitter feeds or related Apps. Second screen apps are being developed to enable viewers to interact with their television programs to enhance the viewing experience. As viewers seek more personalized viewing experiences, “second screen” programming is providing them with real time content

¹⁹ Source: CMF

²⁰ *CMPA’s Answers to the Commission’s Questions: BNO CRTC 2014-190: Let’s Talk TV*, June 26, 2014.

enhancements on mobile and PC platforms, driving a higher level of engagement with the television property.

Experimentation is taking place in the distribution of linear television content on different platforms. TV Everywhere services allow authenticated cable subscribers to access walled gardens of content on different platforms through specially designed apps. Broadcaster portals and video streaming services provide additional opportunities for Canadians to access television content on alternative platforms. New models are emerging for original online video content. Unlicensed online viewing platforms such as Netflix, YouTube, Hulu and Yahoo! are increasingly turning to original content to enhance their brands, commissioning original programming from producers.

In announcing the group-based approach to the licensing of private television services²¹ in 2010, the CRTC captured the challenge of making Canadian content as follows: “The Canadian broadcasting system will succeed or fail to the degree that Canadian creative talent, producers, broadcasters and distributors provide a quality Canadian television experience for the viewer. At the heart of this experience is the ability of the system to continually create attractive new Canadian programs.”

As the Canadian broadcasting system becomes “discretionary, the lesson learned by discretionary service programmers about the role of compelling exclusive original content is apt. Quality Canadian programming is to the Canadian broadcasting system what an anchor show is to a cable network – a reason to “subscribe”, a reason to stay a while, and a reason to come back.”²²

4.1.2 Leading-Edge Content and Applications for Digital Platforms

A second objective of the CMF is to support the creation of leading-edge, non-linear content and applications created exclusively for digital platforms. Between 2010-2011 and 2013-2014, the Fund provided \$130 million in financing assistance through the *Experimental Stream* to support the development, production and marketing of original, leading edge Canadian digital media content. This represents over 300 digital media projects created for the Internet, mobile devices and other platforms.

The review of documents shows that the CMF achieved its performance target of triggering at least three dollars of production volume for every two dollars invested in experimental digital media projects. As noted above, on average, every dollar invested by the Fund through the *Experimental Stream* leveraged \$1.67 in industry activity.

It is important to note that demand for funding through the *Experimental Stream* experienced the highest rate of oversubscription²³, beginning with an oversubscription rate of 431.5 percent in 2010-2011. This rate fluctuated significantly from year to year but remained well above the

²¹ Broadcasting Regulatory Policy CRTC 2010-167

²² *CPA's Answers to the CRTC's Questions: Broadcasting Notice of Consultations CRTC 2014-190: Let's Talk TV*, June 26, 2014.

²³ i.e. “oversubscription” means that there were more applications than the program could fund.

oversubscription rates of other programs. In spite of increased funding to the *Experimental Stream*, which increased 28 percent, from \$27 million in 2010-2011 to \$34.5 million in 2013-2014, the oversubscription rate to this program was 417.1 percent in 2013-2014.

Of projects funded in production from 2010-2011 to 2013-2014, 46 percent of the projects were games, 33 percent were rich interactive media, 10 percent were applications, 9 percent were physical support projects and 2 percent were social media projects. This trend is consistent with the dominance of video games in the interactive digital media sector where 40 percent of interactive digital media completed by interactive digital media companies in 2011 were games according to one industry profile.²⁴ The video games industry in Canada is described “as a leading industry in Canada’s digital economy.”²⁵ A study conducted by the Entertainment Software Association of Canada found that 62 percent of Canadians believe the video game industry is an innovative sector which is helping to shape the Canadian economy of the future and 71 percent of Canadians believe that the Government has a role to play in choosing which industries will drive our economy in the future.

Going forward, the video game sector is seen as continuing to be an important pillar of the digital media sector. It is estimated that the amount of time consumers spend on video games has doubled as a result of the proliferation in the use of screens from television to the PC and smart phones and tablets. Online connectivity has allowed companies to launch games anywhere in the world, increasing opportunities for Canadian companies to become competitive in the global market place.

In addition to games, Canadian companies are active in developing experimental digital media content such as online learning and play environments and augmented reality applications. For example, new developments in immersive technologies and devices afford opportunities for designing engaging user experiences of interest to Canadians, such as the latest generation of virtual reality (VR) headsets.

Technology development continues to fuel innovation in other cultural industries as books, films, music and magazines move towards emerging digital distribution platforms as well as to new forms of content such as interactive books and rich media magazines. Members of the expert panel noted that it would be important to ensure that to the extent that these new cultural forms are being funded through other federal cultural industries programs, this funding should not be duplicated by the Canada Media Fund.

In general, the digital media sector continues to require access to public funding. The majority of digital media companies are small with a lack of access to early stage development financing, in particular risk capital, as well as a documented lack of business and marketing skills to

²⁴ 2012 *Canadian Interactive Industry Profile*, Canadian Interactive Alliance, 2013, page 32.

²⁵ *Essential Facts about the Canadian Video Game Industry*, Entertainment Software Association, 2014.

commercialize new ideas.²⁶ There is substantive research that points to the challenges faced by smaller and start-up companies in accessing capital with which to support growth.²⁷

4.1.3 The CMF's Response to the Needs of Canadians

The third objective of the CMF and the ultimate intended outcome of the Fund is to reach Canadian audiences and achieve success in building these audiences.

Industry reports show that television continues to be the primary platform by which Canadians are accessing Canadian audio-visual content,²⁸ with television viewing rates remaining relatively unchanged even as Canadians adopt other viewing platforms for television.²⁹

At the same time, as the CRTC points out in its report entitled *Let's Talk TV: A Conversation with Canadians about the Future of Television*, the way Canadians access and experience television is changing.³⁰ While the majority of Canadians are still receiving their programming through a cable or satellite provider, increasingly, Canadians watch television on a wide range of devices, from handheld smart phones and tablets to large home theatre television screens, and more and more are connecting their televisions to the Internet.³¹ Viewing experiences are as varied as are the audiences that are becoming more diverse and aging. The diversity of audiences' interests and concerns influence the ways in which media and programming is accessed.

CMF-funded television programming is reaching Canadians on linear television including pay, specialty and conventional, on video-on-demand and on the web. The popularity of CMF-funded television content by Canadians is a significant indicator of the responsiveness of the Fund to the needs of Canadians.

Evidence also shows that Canadians are engaging with CMF supported content and applications created exclusively for the Internet, wireless and other platforms and devices. According to the Entertainment Software Association of Canada, consumption of games continues to drive the majority of revenues for this sector. 58 percent of Canadians play interactive games including children, young people and older Canadians.³²

Informant interviews conducted for this evaluation consider the CMF as being responsive to the needs of Canadians in several ways. For example, it was said that the CMF supports the

²⁶ *Mobile Innovation: Ontario's Growing Mobile Content, Services, and Applications Industry 2012*, Mobile Experience Innovation Centre, 2012.

²⁷ *New Directions for the Financing of Interactive Digital Media in Canada*, Canadian Interactive Alliance, 2012. See also *Canada's Video Game Industry in 2013*, Final Report, Entertainment Software Association of Canada, July 2013, page 18.

²⁸ *CRTC Communications Monitoring Report*, CRTC, September 2013, page 188.

²⁹ IBID.

³⁰ *Broadcasting Notice of Invitation CRTC 2013-563*.

³¹ For example, one-third of Canadians were watching television programming via an Internet connection in 2012 and the number is said to be growing. *Profile 2013: Economic Report on the Screen-based Media Production Industry in Canada*, Op. Cit., page 14.

³² *Essential Facts about the Canadian Video Game Industry*, Op. Cit.

development of Canadian content that is of interest to Canadians and that many projects would not proceed without CMF funding. Interviewees also noted that the CMF is responsive to the evolution of consumer demand, for example, by supporting Canadian games and interactive components for youth. Others were of the view that the CMF enables Canadian culture to shine on the world stage.

A number of studies show that Canadians value Canadian content and are interested in greater access to it. A study conducted by the CRTC found that more than half of Canadians believe Canadian programming to be important. About half of Canadians are said to value local programming (53 percent), drama (51 percent), music (50 percent), and programs that portray Canadian diversity (48 percent).³³ A CBC commissioned survey found that Canadians are interested in Canadian stories and that it is important that they have access to programming in which they can see their country reflected. The survey also found that Canadians feel that there are many unique Canadian stories that should be told, that a strong Canadian television and film production industry will strengthen Canadian identity, and that production of unique Canadian programs is important to the development of Canadian culture.³⁴

The CMF makes a diversity of voices available to Canadians by ensuring that content is made by diverse communities on a variety of platforms. The requirements that the CMF provide assistance for the production of content for French- and English-language minorities support the Government's objectives with respect to official language minority communities in Canada, as outlined in Section 41 of the *Official Languages Act*. This section states that, "the Government of Canada is committed to (a) enhancing the vitality of the English and French linguistic minority communities in Canada and supporting and assisting their development; and (b) fostering the full recognition and use of both English and French in Canadian Society."³⁵ In addition, requirements that the CMF provide a dedicated funding envelope for Aboriginal languages productions and funding to third language productions in accordance with demand and funding strengthens the vitality of these communities and ultimately the cohesion of Canadian society.

4.2 Alignment with Government Priorities

Evaluation Question

To what extent do the CMF program objectives continue to be aligned with: (i) federal government priorities and (ii) departmental priorities and strategic outcomes?

Key Findings

The CMF is very well aligned with federal government priorities and departmental strategic outcomes. The Government has repeatedly underscored the importance of its support for cultural industries, and both the mandate and objectives of the CMF support the Government's priority for the creation of "a vibrant Canadian culture and heritage."

³³ *Let's Talk TV: Quantitative Research Report*, Harris/Decima, April 24, 2014.

³⁴ *How does CMF support programming that is exclusively focussed on Canadian audiences? Supplements to CBC's English Market Response to Questions 8 and 10*, CBC response to CMF industry consultation.

³⁵ *Official Languages Act*, Part VII, Section 41, (1).

The CMF is aligned with the PCH Program Alignment Architecture (PAA) and supports the strategic outcome that "Canadian artistic expressions are created and accessible at home and abroad". The CMF falls within the Department's program activity of *Cultural Industries*, which aims "to ensure that a range of Canadian cultural content is produced and is accessible to domestic and international audiences." The CMF contributes to this goal by financially supporting Canadian television and digital media industries.

Through its support to the CMF, the federal government ensures access to a diverse range of Canadian content and is supportive of official-language minority and Aboriginal communities.

Between 2010-2011 and 2013-2014, the CMF was responsible for the production of 850 original hours of minority language production through special initiatives aimed at minority language production. A total of 459 hours of minority French-language production were supported, as were 263 hours of productions in Aboriginal languages and 92 hours of productions in other diverse languages. The Anglophone Minority Initiative launched in 2013-2014 supported 36 hours of production in English-language minority communities.

The CMF acts to strengthen Canada's capacity to become a leader in the digital economy with its support to Canadian digital content and applications. This is an important element of the Government's digital agenda and is specifically mentioned in its Digital Canada 150 strategy.³⁶ The federal government's support for digital media is a vehicle by which the Government can promote the creativity, innovation and talent of Canadians.³⁷

4.2.1 Alignment with Government of Canada's Priorities

Within the *Whole of Government Framework*, one of four key spending areas for the federal government is Social Affairs, which includes the outcome area, "A vibrant Canadian culture and heritage."³⁸ The CMF's objectives and mandate, described above, fall within this outcome area.

The CMF's support to official-language minority productions strengthen the vitality of minority language communities in Canada while support for Aboriginal-languages productions and productions in other languages contributes to a diversity of voices being made available to Canadians in digital content.

Between 2010-2011 and 2013-2014, the CMF was responsible for the production of 850 original hours of minority language production through special initiatives aimed at minority language production. A total of 459 hours of minority French-language production were supported, as

³⁶ *Digital Canada 150*, Minister of Industry, Government of Canada, 2014, p. 23;

³⁷ *Budget 2011*, Ministry of Finance, Government of Canada, June 6, 2011, p. 160; *Here for Canada: Low-tax plan for jobs and economic growth*, Conservative Platform, 2011, p. 15 & 42; *Departmental Performance Report 2011-2012*, Department of Canadian Heritage, p. 38.

³⁸ *Whole of Government Framework*, Treasury Board Secretariat of Canada, September 2014. <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>.

were 263 hours of productions in Aboriginal languages and 92 hours of productions in other diverse languages. The Anglophone Minority Initiative launched in 2013-2014 supported 36 hours of production in English-language minority communities.

Programs serving French-minority language and Aboriginal language communities were oversubscribed in three of the four years under examination, while programs aimed at productions in diverse languages were oversubscribed in every year from 2010-2011 to 2013-2014, evidence of the vitality of the language communities served and of continued need for support that ensures that a diversity of voices are represented in Canadian digital content being made available to Canadians.

The Program's support of Canadian digital content and applications is an important element of the Government's digital agenda and is specifically mentioned in its Digital Canada 150 strategy.³⁹ As it has been recognized by the federal government, digital media is transforming all aspects of Canadian creative industries and Canadians are adopting it rapidly.⁴⁰ The federal government's support for digital media is a vehicle by which the Government can promote the creativity, innovation and talent of Canadians.⁴¹ On a larger scale, Canada's Economic Development Plan recognizes the cultural sector's major contributions to the growth and dynamism of the Canadian economy.⁴² In the 2011 federal Budget, the Government pointed to the importance of the creation of digital media as well as of the CMF.⁴³

4.2.2 Alignment with PCH Priorities and Strategic Outcomes

Within the PCH Program Alignment Architecture (PAA), the CMF falls within the strategic outcome: "Canadian artistic expressions are created and accessible at home and abroad".⁴⁴ Within this strategic outcome, the CMF falls within the department's program activity for *Cultural Industries*. This program activity aims "to ensure that a range of Canadian cultural content is produced and is accessible to domestic and international audiences."⁴⁵

By financially supporting Canadian television and digital media industries through two streams of funding (Experimental and Convergent),⁴⁶ the CMF aligns well with this strategic outcome, fostering the creation of Canadian content and applications in a wide variety of formats and for all audiovisual media platforms and making them available to Canadians and other audiences.⁴⁷

³⁹ *Digital Canada 150*, Minister of Industry, Government of Canada, 2014, p. 23;

⁴⁰ *ADM Deck: CMF Annual Meeting*, Feb 2013, p. 5.

⁴¹ *Budget 2011*, Ministry of Finance, Government of Canada, June 6, 2011, p. 160; *Here for Canada: Low-tax plan for jobs and economic growth*, Conservative Platform, 2011, p. 15 & 42; *Departmental Performance Report 2011-2012*, Department of Canadian Heritage, p. 38.

⁴² Discours du Ministre du Patrimoine canadien, *Congrès annuel de l'Association des producteurs de films et de télévision du Québec*, Gatineau, May 4, 2009.

⁴³ *Budget 2011*, Ministry of Finance, Government of Canada, June 6, 2011, p. 160, 167. *Canada's Economic Action Plan, Year 2: Built to Keep our Economy Growing*, Government of Canada, 2011, p. 127.

⁴⁴ *Program Alignment Architecture*, Department of Canadian Heritage, Departmental website: <http://www.pch.gc.ca/eng/1360165678628/1360165828908>.

⁴⁵ *Report on Plans and Priorities 2011-2012*, Department of Canadian Heritage, p. 17.

⁴⁶ *Funding Model*, CMF website: <http://www.cmf-fmc.ca/about-cmf/overview/>.

⁴⁷ *Mandate*, CMF website: <http://www.cmf-fmc.ca/about-cmf/overview/>.

Among PCH's plans and priorities in 2012-2013 is the following organizational priority: "taking full advantage of digital technology."⁴⁸ This priority is described as follows:

*The Department is modernizing its programs to ensure Canada's competitiveness in a digital world. The Canadian artistic and cultural environment has been transformed due to rapid economic changes, unprecedented technological advances and increased global connectivity that has created new opportunities in a global marketplace. Canada is ready to become a world leader on the digital stage by recognizing the advantages that the digital revolution offers to the cultural and community life of Canadians.*⁴⁹

The CMF's support for "the creation of content for dissemination on various digital platforms," is consistent with this priority.⁵⁰

As noted in the expert panel discussion, the international coproduction environment has seen some significant changes in recent years due to technological advances and greater global competition for investment. *Canada's Policy on Audiovisual Treaty Coproduction* seeks to ensure that Canadians and the audiovisual industry achieve maximum benefits from Government actions in support of treaty coproduction. The document review revealed a lack of data on the total value of international sales of CMF-supported productions thus limiting the ability to illustrate how the CMF aligns to the Department's priority to "foster the competitiveness and creative output of creators and cultural industries."⁵¹

4.3 Alignment with Federal Roles and Responsibilities

Evaluation Question

Is the CMF program aligned with federal roles and responsibilities, in particular:
a) supporting the production of Canadian convergent television and digital content
b) supporting leading-edge non-linear digital content and applications designed for distribution on multiple platforms.

Key Findings

The CMF is very well aligned with federal government roles and responsibilities.

The CMF supports the role of PCH, which has a responsibility to ensure that the broadcasting and digital communications sectors contribute to the realization of the policy objectives set out in the *Broadcasting Act*. These objectives include encouraging the development of Canadian expression and presentation of Canadian digital/screen-based content. As such, the

⁴⁸ *Report on Plans and Priorities* 2012-2013, Department of Canadian Heritage, p. 6

⁴⁹ *Report on Plans and Priorities* 2012-2013, Department of Canadian Heritage, p. 6

⁵⁰ *Report on Plans and Priorities* 2012-2013, Department of Canadian Heritage, p. 6

⁵¹ *Report on Plans and Priorities* 2012-2013, Department of Canadian Heritage, p. 6

Department has a role to play in designing and administering programs (the CMF) that encourage the development of Canadian content. The CMF is an instrument by which the federal government and PCH can support Canadian broadcasting policy.

The role of the CMF in supporting the development of leading-edge digital content and applications is aligned to the federal government's development of a Canadian digital economy for Canadians. This role is evident in the *Digital Canada 150* strategy, which identifies the production of Canadian content, in particular, digital content as one of five pillars. Among the outcomes of the strategy are that Canadians are able to see themselves reflected in digital content; have a broad range of choices in the way they access that content; for creative industries to have greater capabilities to seize digital opportunities, promote Canadian content and play a more prominent role in the global marketplace. The CMF directly supports the vision and the intended outcomes of this strategy.

4.3.1 The Federal Government's Roles and Responsibilities in Support of the CMF

a) The Department of Canadian Heritage's Oversight of the *Broadcasting Act*

The Department of Canadian Heritage has the responsibility to oversee that the Canadian broadcasting and digital communications sectors contribute to the realization of the objectives of the *Broadcasting Act* as follows: "The Department has a key role in ensuring that within the federal government... the Canadian broadcasting and digital communications sectors contribute to the realization of the policy objectives set out in the *Broadcasting Act*." These objectives include encouraging the development of Canadian expression and ensuring that each element of the Canadian broadcasting system contributes in an appropriate manner to the creation and presentation of Canadian programming.

As such, the Department has a role to play in designing and administering programs (the CMF) that encourage the development of Canadian content. The CMF is an instrument by which the federal government and the Department of Canadian Heritage can support Canadian broadcasting policy.

b) The CRTC's Role and Regulatory Developments

The CRTC, which reports to the Parliament of Canada through the Minister of Canadian Heritage is responsible for implementing the policy objectives of the *Broadcasting Act*. As such, Commission policies and regulations may impact on the CMF. The majority of CMF funding is provided through contributions from Canadian BDUs.⁵² These contributions are required under

⁵² Under Canadian broadcasting regulations set forth by the CRTC, the Commission requires all elements of the television system to contribute to the production and presentation of Canadian programming. Licensed BDUs are subject to requirements to make financial contributions to Canadian programming which include the Canada Media Fund (CMF). BDUs must contribute a minimum of 5 percent of their gross annual revenues derived from their broadcasting activities to these activities, of which, 80 percent is to be directed to the CMF. The goal of these

the provisions of the Commission's BDU Regulations in order to fulfil the objectives outlined in paragraph 3(1) of the *Broadcasting Act*.

c) The Federal Government's *Digital Canada 150* Strategy

The federal government's *Digital Canada 150* identifies the production of Canadian content, in particular, digital content as part of its strategy for the future.⁵³ The Government's vision is to have a thriving digital Canada, underscored by five key pillars: connecting Canadians, protecting Canadians, economic opportunities, digital government and Canadian content.

Among the intended outcomes of the strategy are that Canadians are able to see themselves reflected in digital content; have a broad range of choices in the way they access that content; for creative industries to have greater capabilities to seize digital opportunities, promote Canadian content and play a more prominent role in the global marketplace."⁵⁴ The CMF is aligned to the federal government's role in providing Canadians with digital content in which they will see themselves reflected. *Digital Canada 150* notes that the Fund was created to foster, develop, finance and promote the production of Canadian content and applications for all digital media platforms.⁵⁵

Following the release of *Digital Canada 150*, two key Government policy developments were announced in the fiscal year of 2011-2012 that support the growth of Canada's digital media sector. These are copyright modernization and federal support to research and development.⁵⁶

Informant interviews conducted for this evaluation support a role for the federal government to make funding available for interactive and internet-based content. Some of those interviewed applauded the CMF's support for interactive digital media, noting that the broadcast industry has embraced digital media. The view was expressed that the commercial success of this sector could provide a return on investment to Canadians.

d) Support for the Role of the Federal Government in Funding to the CMF

The review of documents and literature show support for the role played by the federal government in the interactive digital sector including interactive games and point to the CMF as a key instrument through which it does so.

In 2011, the Standing Committee on Canadian Heritage published a report entitled *Emerging and Digital Media: Opportunities and Challenges*, which recommended "that the Government of

requirements is said to be to assist in meeting the objective of the *Broadcasting Act* set out in paragraph 3(1). See Public Notice CRTC 1997-27 and Broadcasting Notice of Consultation CRTC 2014-190.

⁵³ *Digital Canada 150*, Government of Canada, 2014.

⁵⁴ *Digital Canada 150*, Government of Canada, 2014, page 24.

⁵⁵ *Digital Canada 150*, Government of Canada, 2014, page 24.

⁵⁶ Bill C-11 was introduced to amend the *Canadian Copyright Act* which implements "the rights and protections of the World Intellectual Property Organization Internet treaties and update Canada's copyright law for the digital age." As well, a series of recommendations were made by the Federal R&D Panel Report" calling for "a simplified and more focused approach to the... R&D funding provided by the federal government annually..." Many of the recommendations were adopted and others will be implemented later in 2012.

Canada increase funding to the Canada Media Fund.”⁵⁷ The report also recommended that, “the Canada Media Fund consider approaches to allow producers to access funding without having a pre-sale from a Canadian broadcaster.”⁵⁸

The federal government’s Response to the Standing Committee’s report *Emerging and Digital Media: Opportunities and Challenges*, states the following: “The Government recognizes the potential of this innovative Canadian industry and has been investing in its success through a number of federal interventions, including direct development support through the Canada Media Fund’s *Convergent* and *Experimental* funding streams. In addition, the Fund supports a number of sector development activities (conferences, markets and industry research) across Canada, which enables industry talent to learn best practices, exchange ideas with their peers and conduct new business. Additionally, the fund facilitates the industry’s access to global markets...The Government will continue to revise and update its efforts to promote the success of this industry both nationally and internationally.”⁵⁹

In 2013 a report of the Standing Committee on Canadian Heritage entitled *The Entertainment Software Industry in Canada* examined “what measures government might take to further promote growth, innovation and commercial success in this vital 21st Century industry.”⁶⁰ The report notes that the CMF is one of the measures used by the federal government to provide financial support for the development of digital content and interactive software applications through its *Convergent* and *Experimental* funding streams.⁶¹

The study recommended that the “Government of Canada continue to support the strength and success of the Canadian entertainment software industry, both at home and abroad.”⁶² A second recommendation is specifically linked to the role of the Canada Media Fund as follows: “That the Canada Media Fund continue to evaluate the allocation of resources between the *Convergent* and the *Experimental* funds to assess whether it meets the needs of the video games industry.”⁶³ The report states that access to funding is very important for smaller companies in the video game industry and that funding that can be accessed through the CMF, for example, is essential.⁶⁴ Also worth noting is that a second report, the *Report of the Standing Committee on Industry, Science and Technology*, includes a supplementary report that recommends that the Government examine whether the CMF could be expanded to boost innovation start-ups to

⁵⁷ *Emerging and Digital Media: Opportunities and Challenges*, Report of the Standing Committee on Canadian Heritage, Hon. Michael Chong, M.P. Chair, February, 2011.

⁵⁸ *Emerging and Digital Media: Opportunities and Challenges*, Op. Cit., page 44.

⁵⁹ Honourable Shelly Glover, P.C., M.P., *Government’s Response to the Standing Committee on Canadian Heritage’s Report on the Entertainment Software Industry*, 2013.

⁶⁰ *The Entertainment Software Industry in Canada*, Report of the Standing Committee on Canadian Heritage, Hon. Rob Moore, Chair, April, 2013, page 1.

⁶¹ *The Entertainment Software Industry in Canada*, Op. Cit., page 21.

⁶² David Sweet, Chair, *The Entertainment Software Industry in Canada*, Report of the Standing Committee on Industry, Science and Technology, May, 2014, page 17.

⁶³ *The Entertainment Software Industry in Canada*, Op. Cit., page 31.

⁶⁴ David Sweet, Chair, *The Entertainment Software Industry in Canada*, Op. Cit., page 11.

increase the eligible number of projects in the entertainment software industry and help smaller companies with marketing and development costs.⁶⁵

⁶⁵ “NDP Supplementary Report,” in David Sweet, Chair, *The Entertainment Software Industry in Canada*, Op. Cit., page 26.

5. Findings: Performance - Effectiveness

The following sections present the evaluation findings related to the performance of the CMF in terms of effectiveness. This is measured by the CMF's success in producing its intended outputs and in achieving its expected outcomes.

Between 2010-2011 and 2013-2014, the CMF made progress towards achieving its intended immediate, intermediate and ultimate outcomes, involving the creation of high quality Canadian digital content and applications made available to Canadians and distributed internationally on multiple and diverse platforms, and consumed in Canada and abroad. In doing so, the Fund surpassed many of its performance targets. These findings are discussed in detail in the section that follows.

5.1 Outputs: Creation of Canadian Digital Content and Applications

Evaluation Questions:

To what extent is high-quality Canadian programming produced and distributed on at least two platforms, one being television, which is accompanied by related value-added digital content?

To what extent are leading-edge non-linear content and software applications created?

KEY FINDINGS

The Canada Media Fund has catalyzed the creation of high-quality convergent television content distributed on multiple platforms, interactive digital media content and software applications.

The Fund contributed a total of \$1.42 billion to Canadian convergent television and leading-edge non-linear content and applications from 2010-2011 to 2013-2014. \$1.29 billion was contributed through the *Convergent Stream*, representing 91 percent of funding and \$130 million, representing 9 percent, was contributed through the *Experimental Stream*.

Over the evaluation period, 1925 high-quality digital content projects were supported, leading to the production of 10,560 hours of television programming that had convergent content developed for or distributed on a second platform.

The percentage of projects with value-added digital media content increased from 45 percent in 2010-2011 to 52 percent in 2013-2014, achieving progress towards the 60 percent goal that the CMF corporation was required to strive for (introduced in 2012-2013).

In 2013-2014, 75 percent of productions receiving contributions of \$250 million or more had value-added content, surpassing the goal of 70 percent established for that year. These findings suggest that it may be easier to produce value-added content with higher-budget productions.

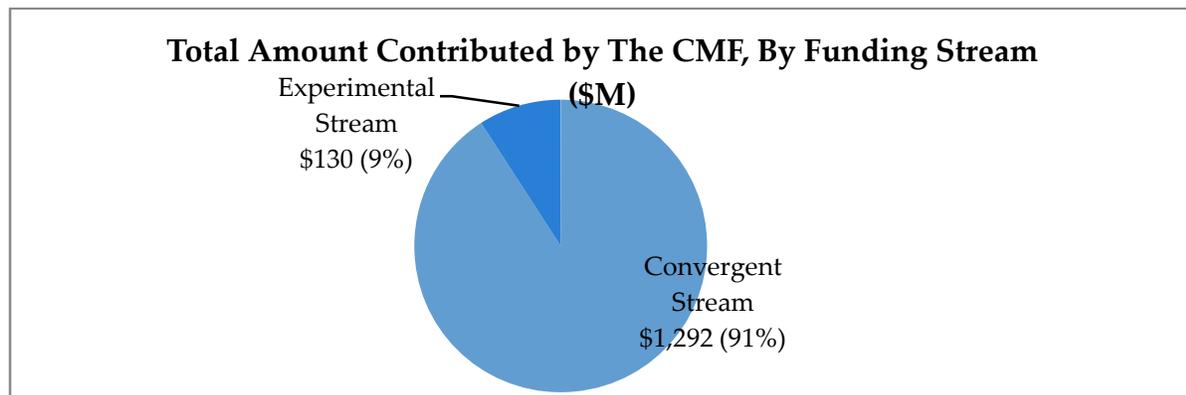
The Fund supported 335 leading-edge interactive digital products and software applications over the evaluation period and met its objective of supporting the production of at least 35 production

projects each year, with the number of projects supported ranging from 45 in 2011-2012 to 35 in 2013-2014. The most common content type of projects funded through the *Experimental Stream* has been in the form of games, which comprised nearly half (46 percent) of all projects supported in production from 2010-2011 to 2013-2014.

5.1.1 Distribution of Funding for the Creation of Canadian Digital Content and Applications

The Canada Media Fund contributed a total of \$1.42 billion to Canadian convergent television and leading-edge non-linear content and applications from 2010-2011 to 2013-2014. As shown in Figure 2, \$1.29 billion was contributed through the *Convergent Stream*, representing 91 percent of funding. \$130 million (9 percent) was contributed through the *Experimental Stream*.

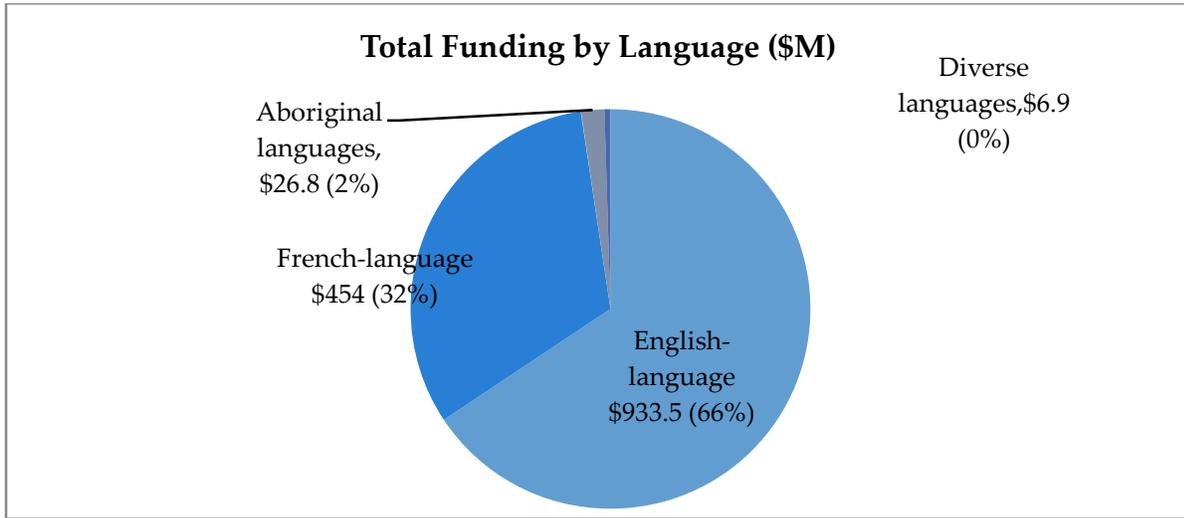
Figure 2: Total Amount Contributed, by Funding Stream, 2010-2011 to 2013-2014 (\$M)



Source: Canada Media Fund corporation.

As required by the Contribution Agreement, approximately two-thirds (66 percent) of resources were contributed to English-language projects while approximately one third (32 percent) of resources were allocated to French-language projects. Aboriginal language projects accounted for 1.9 percent of resources. Projects in diverse languages received between .3 percent and .6 percent of funds. (See Figure 3.)

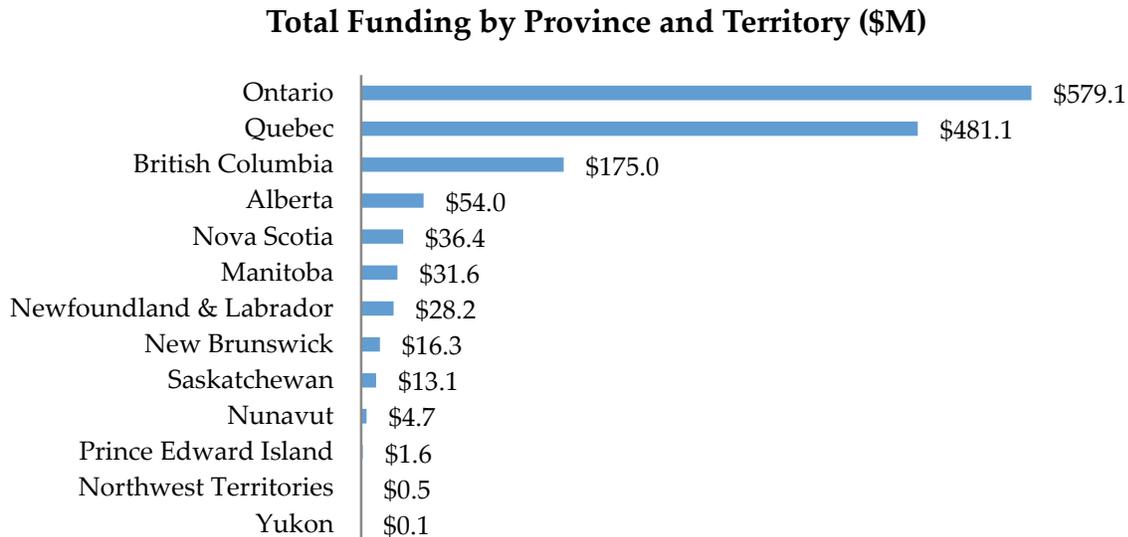
Figure 3: Total Funding Allocation by Language, 2010-2011 to 2013-2014 (\$M)



Source: Canada Media Fund corporation.

The Fund supported industry activity in all provinces and territories of the country. The majority of funding (\$579.1 million) went to Ontario, followed by Quebec, which received \$481.1 million), and then British Columbia (\$175 million). (See Figure 4.)

Figure 4: Funding Allocations by Province, 2010-2011 to 2013-2014 (\$M)



Source: Canada Media Fund corporation.

Funding was provided in the form of investments, repayable contributions and non-repayable contributions. Approximately two-thirds of the financing made available by the Fund was in the form of non-repayable contributions. This was largely the result of contributions made through the *Convergent Stream*, the majority of which was in the form of non-repayable licence fee top-up contributions (\$856.3 million over the four years). The majority of funding allocated through the *Experimental Stream* was in the form of recoupable investments (\$92 million).

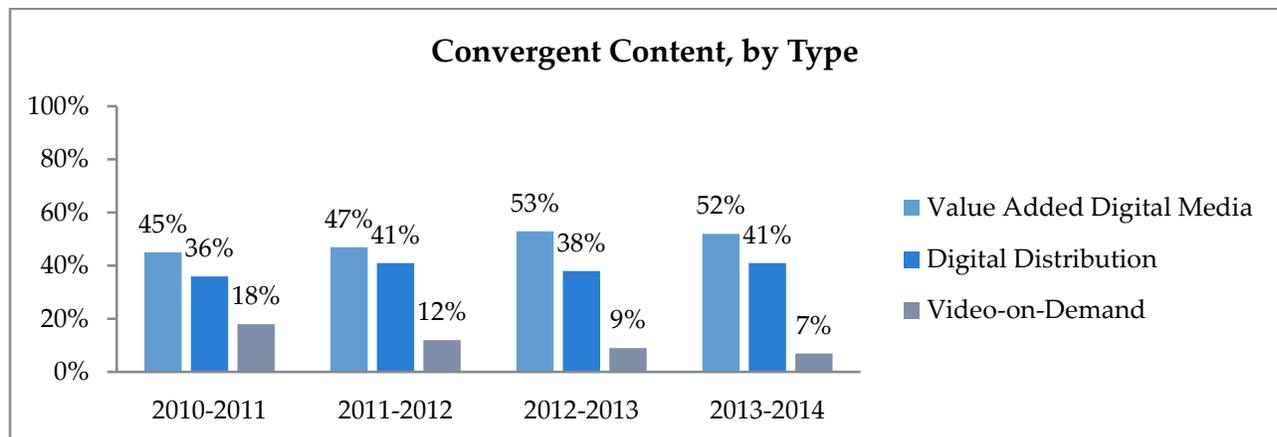
5.1.2 Creation of Convergent Television Content Distributed on Multiple Platforms

The Fund Contributed to 1925 Projects Created For and Distributed on at Least Two Platforms from 2010-2011 to 2013-2014.

Through the *Convergent Stream*, the Fund supported a total of 1925 projects that were intended as convergent digital cultural projects for multi-platform distribution, of which one platform was television.

Analysis of the types of second platform content associated with funded television programs shows that the measures introduced by the CMF to encourage greater integration of value-added content strategies in projects supported by the Fund have been successful. The percentage of projects with value-added digital media content increased from 45 percent in 2010-2011 to 52 percent in 2013-2014, achieving progress towards the 60 percent goal that the corporation was required to strive for (introduced in 2012-2013). The proportion of projects involving unlicensed video streaming (digital distribution) also increased, from 36 percent in 2010-2011 to 41 percent in 2013-2014. (See Figure 5.)

Figure 5: Number of Projects Funded Through the Convergent Stream, by Type of Convergent Content, 2010-2011 to 2013-2014



Source: Canada Media Fund corporation.

In 2013-2014, 75 percent of productions receiving contributions of \$250 million or more had value-added content, surpassing the goal of 70 percent established for that year. These findings suggest that it may be easier to produce value-added content with higher-budget productions.

The types of value-added digital media content supported by the *Convergent Stream* included websites, games, e-books and social media.⁶⁶

The Majority of Funding Contributed to Support Drama Programs

All projects supported through the *Convergent Stream* were in eligible, underrepresented genres. The majority of funding, 54 percent, contributed to support drama programs. 20 percent of funding supported documentary and children and youth programming, respectively, while 6 percent of funds supported programs in the variety and performing arts genre.

Proportionally, a greater number of variety and performing arts (VAPA) projects were supported in the French-language market. Funding to VAPA programs in the French-language market ranged from 10 percent of all French-language funding in 2010-2011 to 7 percent in 2013-2014. By comparison, funding to VAPA programs in the English-language market ranged from 2 percent to 5 percent over the same time period.

The Fund Enabled the Production of over 10,000 Hours of Original Television Programs

Between 2010-2011 and 2013-2014, the CMF supported the production of 10,560 hours of television programming, surpassing its performance target of ensuring the production of at least 1500 hours of Canadian television programming per year. This includes support for 3,086 hours of documentary programming, 2,904 hours of children's and youth programming, 2,550 hours of drama and 1,671 hours of variety and performing arts programming.

In general, a greater number of hours of television were produced in the French-language market (owing to lower average budgets). In terms of genres, a significantly higher number of hours of variety and performing arts production were supported in the French-language market.

5.1.3 Creation of Leading-Edge Interactive Digital Media Content and Software Applications

The Fund Supported 335 Projects for Leading-Edge Digital Media Content and Applications

A total of 335 projects were funded through the *Experimental Stream* from 2010-2011 to 2013-2014. Funding provided support for the development, production and marketing of leading-edge interactive digital content and software applications.

Seventy-one percent of funding provided through the *Experimental Stream* supported production, followed by development, which accounted for 21 percent of funding. Eight percent of funding was allocated to marketing over the four years. Between 2010-2011 and 2013-2014, the funding envelope for development increased from 3.2 million to 8.2 million.

⁶⁶ Note that although some e-books have been created as value added content to television programming, this does not constitute duplication with funding provided through the Canada Book Fund which supports Canadian-owned and -controlled, not-for-profit organizations and professional associations whose activities are primarily in the book publishing, distribution, marketing, wholesale or retail sectors or that represent Canadian authors.

The Fund met its objective of supporting the production of at least 35 production projects each year, with the number of production projects supported ranging from 45 in 2011-2012 to 35 in 2013-2014.

The Most Common Content Type Supported in Production was Games

The most common content type of projects funded through the *Experimental Stream* has been in the form of games. Of projects funded in production from 2010-2011 to 2013-2014, 46 percent of the projects were games, 33 percent were rich interactive media, 10 percent were applications, 9 percent were physical support projects and 2 percent were social media projects.

5.2 Immediate Outcomes: Availability of Canadian Digital Content and Applications

Evaluation Questions

To what extent have immediate outcomes been achieved?

- a) To what extent are funded high quality Canadian television programs originally broadcast on Canadian television stations during peak viewing hours?**
- b) To what extent is value-added content related to CMF-funded programs made available to Canadians on at least one platform other than television?**
- c) To what extent are projects funded through the *Experimental Stream* being developed for commercial potential or public use?**

KEY FINDINGS

The Fund stimulated increased availability to Canadians of high-quality content on more than one platform.

The number of program hours (including repeat broadcasts) funded by the CMF which were licensed and scheduled in peak viewing hours increased by 30 percent from 2010-2011 (12,287) to 2012-2013 (16,020) in the English-language market, while the number of CMF funded program hours increased by 12 percent from 2010-2011 (6,363) to 2012-2013 (7,101) in the French-language market.

Of the 1925 projects supported through the *Convergent Stream* between 2010-2011 and 2013-2014, 48 percent (or 927 projects) were made available with value-added digital media content developed for or distributed on a second platform. While value-added digital media content is seen to be of value to the industry for its promotional use, for extending viewer engagement with content which in turn supports viewer retention, the CMF's requirement around "rich and substantial" digital media content may need to be revised.

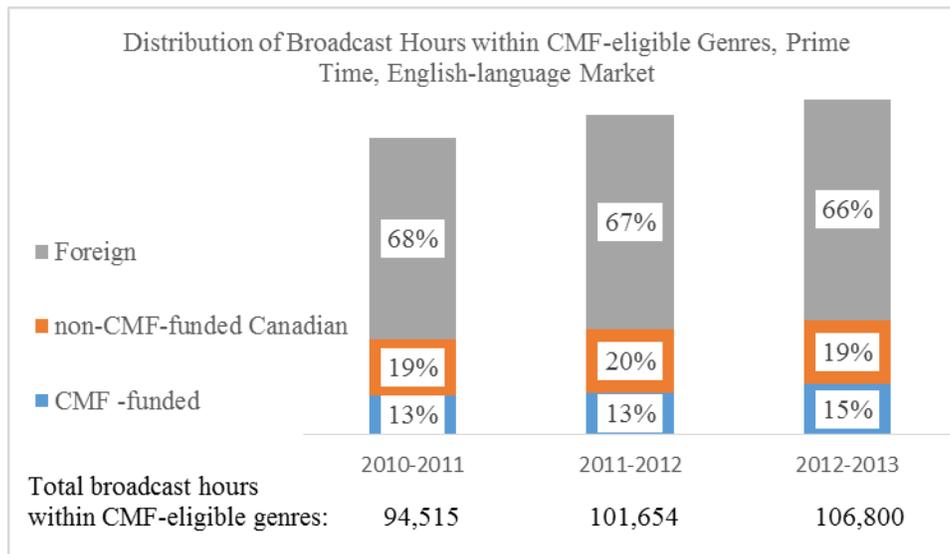
Of the 335 projects supported through the *Experimental Stream*, 161 were supported in production either for commercial exploitation or to be made available for free to the public. Games accounted for half (53 percent) of all projects developed with commercial intent. The evaluation revealed a tension between the commercial and innovation objectives of the Experimental Stream.

5.2.1 Availability of Funded Television Programs on Canadian Television

The Canada Media Fund contributed to the increased number of hours of Canadian programming aired during peak viewing hours in all four underrepresented genres.⁶⁷ In all, between 2010-2011 and 2012-2013, the last year for which data are available, a total of 61,485 program hours (including repeat broadcasts) funded by the CMF were licensed and scheduled in peak viewing hours. This represents considerable growth in broadcast hours in both linguistic markets in the three broadcast years from 2010-2011 through 2012-2013.

In the English-language market, 41,522 English-language CMF-funded program hours were broadcast during peak viewing hours between 2010-2011 and 2012-2013. The number of CMF-funded program hours increased by 30 percent from 2010-2011 (12,287) to 2012-2013 (16,020) in this market. When compared to all under-represented programming available on English TV in prime time, the proportion of CMF-supported programming increased from 13 percent in 2010-2011 to 15 percent in 2012-2013.

Figure 6: Distribution of Broadcast Hours within Underrepresented Genres, Prime Time, English-language Market, 2010-2011 to 2012-2013

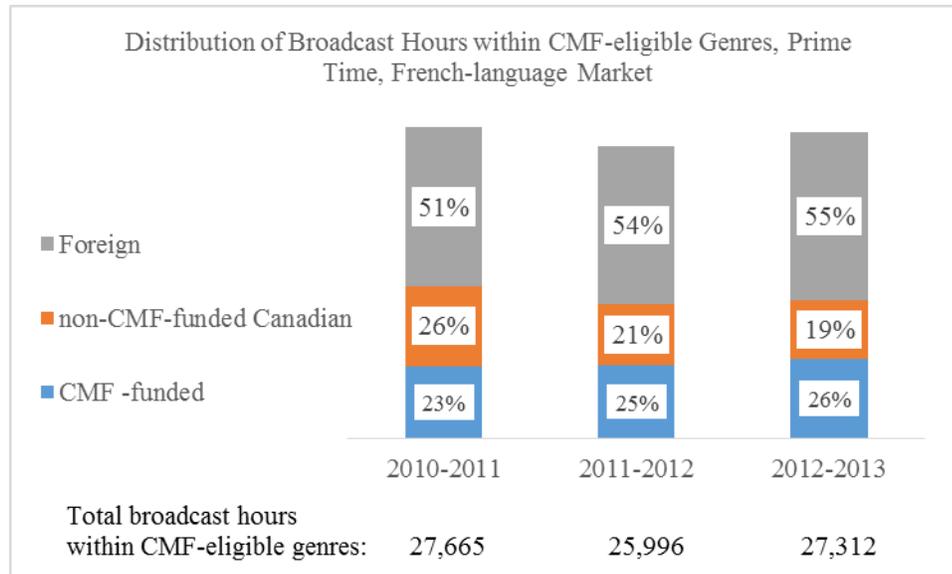


Source: Canada Media Fund corporation.

⁶⁷ Broadcast hours refers to the number of hours in which programs, including all aired episodes and repeats, were broadcast.

Nineteen thousand, nine hundred and sixty-three French-language CMF-funded program hours were broadcast during peak viewing hours between 2010-2011 and 2012-2013. The number of CMF-funded program hours increased by 12 percent from 2010-2011 (6,363) to 2012-2013 (7,101). When compared to all under-represented programming available in the French-language market in prime time, the proportion of CMF-supported programming increased from 23 percent in 2010-2011 to 26 percent in 2012-2013.

Figure 7: Distribution of Broadcast Hours within Underrepresented Genres, Prime Time, French-language Market, 2010-2011 to 2012-2013



Source: Canada Media Fund corporation.

5.2.2 Availability of Funded Convergent Digital Media Content

Projects funded through the *Convergent Stream* of the CMF include digital media content that is being made available to Canadians on at least one platform other than television. Content created for a second platform is categorized as either 1) “value-added” original interactive digital media content linked to the television property, or 2) the television property itself is made available via digital distribution (streaming over the Internet),⁶⁸ or video-on-demand (VOD).

Of the 1925 projects supported through the *Convergent Stream* between 2010-2011 and 2013-2014, 48 percent (or 927 projects) were made available with value-added interactive digital media content developed for or distributed on a second platform.⁶⁹ 40 percent (or 777) of

⁶⁸ Digital media distribution refers to a television component of a convergent production made available to Canadians by a Canadian entity through non-simulcast digital distribution. See *CMF Performance Envelope Program Guidelines, Convergent Stream*, www.cmf-fmc.ca.

⁶⁹ Digital media production refers to the production of a value-added content in the form of a digital media component of a convergent television production, which can be an audiovisual, multi-media or interactive project that is associated with the television component, and which is made available by way of a digital network, including internet and mobile, and is rich and substantial.

projects funded between 2010-2011 and 2013-2014 involved making the television property available on a second platform through digital distribution while 11 percent (or 220 projects) made the television property available through video-on-demand (VOD).

Stakeholders interviewed for the evaluation are in agreement that the CMF has contributed to the availability of high-quality Canadian convergent digital content. Value-added interactive digital media content that has been developed as a result of the Fund is seen to be of value to the industry for its promotional use and because it provides direct access to how audiences are responding to programs.

Case studies conducted for this evaluation confirm that interactive digital media produced in association with television productions provide added value in the form of promotion for the television property, and by extending viewer engagement with the content, which in turn supports viewer retention.

As some informants interviewed for the evaluation noted, viewers who access digital content on mobile and social platforms are seen to have a higher level of engagement with the television property. This has allowed some broadcasters to learn more about the core audience for second screen apps, while producers are gaining a better understanding of future creative opportunities. It was pointed out by some respondents that producing interactive digital media extensions is now a necessary part of doing business.

Multiple lines of evidence (including key informant interviews, case studies, expert panel and document review) suggest that the CMF's requirements around "rich and substantial" digital media content may need to be revised.⁷⁰ Key informants noted that viewers may be interested in accessing their favourite shows via VOD or digital distribution. The view was also put forward by key informants that original content of this kind is of limited commercial value.

5.2.3 Availability of Funded Non-Linear Products and Applications

The Fund exceeded its objective to support the production of 30 projects annually or 120 projects in total over the four years from 2010-2011 to 2013-2014 that were either commercialized or made available to the public for free. Of the 335 projects supported through the *Experimental Stream*, 161 were supported in production either for commercial exploitation or to be made available for free to the public. 58 percent of these projects, 93 in all, were created with commercial potential, while 42 percent or 68 projects, were developed and made available for free to the public. An analysis of how many projects have been launched is provided below in section 5.3.3.

Key informants interviewed for the evaluation were generally positive about the Fund's impact in helping to distribute a high number of interactive digital media properties including for commercial exploitation. It was pointed out that a number of games that are being distributed

⁷⁰ To ensure that the Fund supports innovation, the CMF incents "rich and substantial" digital media content and requires that broadcasters include such content in a percentage of projects funded through the *Convergent Stream*. See program guidelines for CMF *Convergent Stream*.

have done very well commercially. At the same time, the view was expressed that a tension currently exists between the commercial and innovation objectives of the *Experimental Stream*. As one informant noted, the Fund is being used to finance high-risk projects that may not always succeed commercially. Games accounted for half (53 percent) of all projects developed with commercial intent.

5.3 Intermediate Outcomes: Consumption of Canadian Digital Content

Evaluation Questions

To what extent have the intermediate outcomes of the CMF been met?

- a) To what extent do Canadians consume Canadian content from funded projects distributed on at least two platforms?
- b) To what extent are projects funded through the *Experimental Stream* subject to uptake by the mainstream media stakeholders or Canadians?

Key Findings

As a result of the Canada Media Fund, Canadians have increased their consumption of Canadian digital content distributed on at least two platforms and are engaging with Canadian interactive digital media content and applications.

Canadians are watching more hours of funded Canadian television programming. The popularity of CMF funded programming is evident by the fact that the “top ten” most watched Canadian series in underrepresented genres in the French-language market in 2012-2013 were funded by the CMF, while in the English-language market, all but one were CMF-funded.

Canadians viewed 971 million hours of funded programs in the English-language market and 896 million hours of funded programs in the French-language market in prime time in 2012-2013. This represents an increase of 14 percent since 2010-2011 in the English-language market and a 13 percent increase in the French-language market.

The Fund successfully achieved its performance targets, with the proportion of prime-time viewing for CMF-supported programs in all genres increasing from 2010-2011 to 2012-2013, with the exception of children and youth programming in the French-language market (over the whole day, this proportion has increased from 50 percent in 2010-2011 to 59 percent in 2012-2013 however).

Foreign programming continues to be very popular among viewers in the English-language market in prime time. The demand for CMF-funded programming garners the same proportion as supply, which is not the case for non-CMF funded programming, which suggests that the CMF funds quality programming that Canadians want to watch.

Canadian programming continues to be more popular than foreign programming in the French-language market. CMF-funded programming proves to be very popular within the French-language market. Although not as easily measurable, there is evidence suggesting

that, as a result of the Fund, Canadians are significantly engaging with and consuming convergent digital media content funded through the *Convergent Stream* as well as leading edge Canadian interactive digital media content and software applications funded through the *Experimental Stream*, and in some cases achieving a high level of engagement.

Convergent interactive digital media projects funded through the *Convergent Stream* achieved their target of at least 17 million visits and 60 million page views per year in 2013-2014, achieving a total of 22.4 million visits and 175.2 million page views, based on data reported by 409 projects.

Online interactive projects funded through the *Experimental Stream* significantly surpassed the performance target of attracting at least 1.7 million visits annually. Funded projects attracted a total of 17.4 million visits in 2013-2014. These projects also attracted 47.6 million page views, which was much higher than the targeted 6 million page views.

There is some evidence that interactive digital media products and software applications funded through the *Experimental Stream* have also been adopted by mainstream media stakeholders. A high rate of funded projects has been released on the market, 88 in all. Of projects funded in 2010-2011, 68 percent have been released in the market. This suggests that the Fund will meet its target of 75 percent of projects being released on the market within three years.

The Fund contributed to the quality of Canadian digital content available to Canadians. Projects funded under the *Convergent Stream* captured a total of 861 awards, including 82 international awards over the evaluation period. Projects funded under the *Experimental Stream* are also being recognized by national and international awards.

5.3.1 Consumption of High Quality Funded Television and Convergent Digital Content

Overall, the majority of stakeholders interviewed for the evaluation are in agreement that the CMF has contributed to the creation of high-quality Canadian convergent television and digital content. Interviewees referenced the high level of audiences achieved by CMF-funded programs and their numerous awards as evidence of their high quality.

a) Millions of Canadians Tuned in To Watch CMF-Funded Programs

CMF funded programs performed particularly well with Canadian audiences, with the top performing funded programs in each language market attracting a million or more viewers on average per minute. As can be seen in Tables 2 and 3, below, drama programs attracted the largest audiences in the English-language market. In the French-language market, the two top performing programs were in the variety and performing arts genre, and attracted an average minute audience of over two million viewers each.

Table 2: Top Ten CMF-funded programs, English-language Market, 2012-2013

PROGRAM TITLE	GENRE	EPISODES AIRED	AVERAGE MINUTE AUDIENCE
Flashpoint	Drama	13	1,824,000
Saving Hope	Drama	12	1,492,000
Rookie Blue	Drama	12	1,439,000
Air Farce New Year's Eve Special 2012	Variety & Performing Arts	1	1,264,000
Murdoch Mysteries	Drama	13	1,238,000
The Listener	Drama	15	1,189,000
Motive	Drama	8	1,055,000
Rick Mercer Report	Drama	20	1,038,000
Vikings	Drama	9	928,000
Bomb Girls	Drama	12	908,000

Source: Canada Media Fund corporation.

Table 3: Top Ten CMF-funded programs, French-language Market, 2012-2013

PROGRAM TITLE	GENRE	EPISODES AIRED	AVERAGE MINUTE AUDIENCE
La Voix	Variety & Performing Arts	8	2,626,000
Céline Dion : sans attendre	Variety & Performing Arts	1	2,461,000
Dérappages	Documentary	1	1,965,000
Unité 9	Drama	25	1,850,000
19-2	Drama	10	1,575,000
Yamaska	Drama	24	1,378,000
Toute la vérité	Drama	20	1,362,000
LOL ;-)	Drama	13	1,343,000
Les Parent	Drama	20	1,232,000
Un sur 2	Drama	10	1,201,000

Source: Canada Media Fund corporation.

When looked at in the larger context of all Canadian television programming, the review of literature revealed that CMF-funded television series in underrepresented genres outperformed non-funded Canadian series in the same genres. All of the top ten most popular Canadian television series in underrepresented genres in the French-language market in 2012-2013 were funded by the CMF, while in the English-language market, all but one (*Russell Peters*) were CMF –funded.⁷¹

** Profile 2013 : An Economic Report of the Screen Based Media Production Industry in Canada, Op. Cit., Exhibits 2-71 and 2-72.

As illustrated in Tables 4 and 5, the average minute audience of the top performing Canadian programs in CMF-supported genres in the English-language market has remained relatively stable over the three year period of 2010-2011 to 2012-2013. In the French-language market however, the average minute audience of the top ten performing programs have increased from 2010-2011 to 2012-2013, with the top two programs even garnering audiences of over a million more in 2012-2013 than in 2010-2011.

Table 4: Top Ten CMF-funded programs, English-language Market, 2010-2011 to 2012-2013

Top Ten English-language Programs					
2010-2011		2011-2012		2012-2013	
Title	Average Minute Audience	Title	Average Minute Audience	Title	Average Minute Audience
Combat Hospital I	1,768,000	Combat Hospital	1,705,000	Flashpoint	1,824,000
S: Battle of the Blades : Game ON	1,529,000	Saving Hope	1,683,000	Saving Hope	1,492,000
Flashpoint IV	1,514,000	Rookie Blue	1,506,000	Rookie Blue	1,439,000
Flashpoint III	1,498,000	Flashpoint	1,427,000	S: Air Force New Year's Eve Special 2012	1,264,000
S: Heartland Christmas (A)	1,372,000	S: Royal Canadian Air Force	1,256,000	Murdoch Mysteries	1,238,000
Rookie Blue II	1,307,000	Battle of the Blades	1,252,000	The Listener	1,189,000
The Rick Mercer Report VIII	1,197,000	Bomb Girls	1,252,000	Motive	1,055,000
S: Air Force New Year's Eve 2010	1,098,000	The Listener	1,114,000	Rick Mercer Report	1,038,000
Rookie Blue I	1,071,000	S: This Hour Has 22 Minutes	1,055,000	Vikings	928,000
The Listener II	1,005,000	Republic of Doyle	1,013,000	Bomb Girls	908,000

Source: Canada Media Fund corporation.

Table 5: Top Ten CMF-funded programs, French-language Market, 2010-2011 to 2012-2013

Top Ten French-language Programs					
2010-2011		2011-2012		2012-2013	
Title	Average Minute Audience	Title	Average Minute Audience	Title	Average Minute Audience
19-2	1,416,000	Star Académie 2012 – la variété	2,299,000	La Voix	2,626,000
Yamaska II	1,323,000	SP : Infoman	1,557,000	SP : Céline Dion : sans attendre	2,461,000
Les Parent	1,295,000	SP : Bye Bye 2011	1,503,000	SP : Dérapages	1,965,000
SP : Messmer : drôlement mystérieux	1,247,000	SP : Fidèles au poste! À Noël	1,499,000	Unité 9	1,850,000
Fidèles au poste! I	1,209,000	Yamaska	1,238,000	19-2	1,575,000
LOL :-) I	1,132,000	Toute la vérité	1,217,000	Yamaska	1,378,000
Dieu Merci V	1,113,000	La Promesse	1,148,000	Toute la vérité	1,362,000
La Promesse VI	1,104,000	O'	1,146,000	LOL :-)	1,343,000
SP : Les Parlementeries 2009	1,101,000	Les Parent	1,141,000	Les Parent	1,232,000
Trauma II	1,095,000	Destinées	1,122,000	Un sur 2	1,201,000

Source: Canada Media Fund corporation.

b) The Number of Hours of CMF-Funded Programs Being Viewed by Canadians Increased

Overall, the total number of hours of CMF-funded programs viewed in prime time and during the full day increased in both language markets during the period examined for the evaluation.

Canadians viewed 971 million hours of funded programs in the English-language market and 896 million hours of funded programs in the French-language market in prime time in 2012-2013. This represents an increase of 14 percent over 2010-2011 in the English-language market and a 13 percent increase in the French-language market.

CMF-funded programs saw an increased number of prime-time viewing hours in all under-represented genres in the English-language market. In the French-language market, the number of viewing hours increased for CMF-funded drama and VAPA but slightly decreased for CMF-funded children's and youth programming and documentaries.

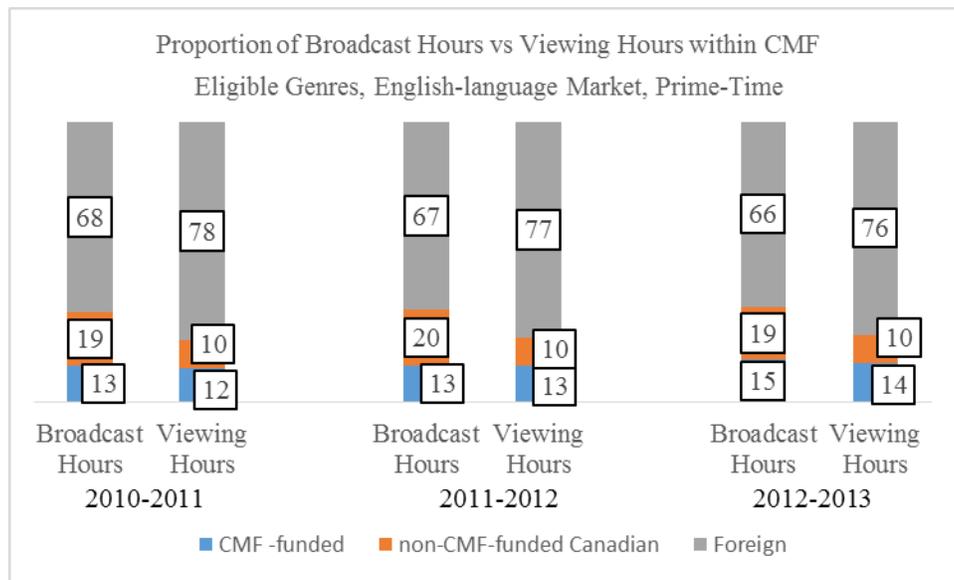
c) The Proportion of Viewing Audiences for CMF Funded Canadian Programs Increased

The CMF achieved its target of capturing a significant proportion of viewing audiences for all television drama programming in both language markets, including prime time viewing. In the French-language market, CMF funded dramas garnered a greater proportion of viewing to all drama programming in peak viewing hours, which increased from 34 percent in 2010-2011 to 37 percent in 2012-2013. In the English-language market, CMF-supported drama programs increased their proportion of viewing to all drama programming in prime-time from 8 percent in

2010-2011 to 10 percent in 2012-2013 during peak viewing hours. The Fund successfully achieved its performance targets in other supported genres as well in both markets. The proportion of prime-time viewing for CMF-supported programs in all genres increased from 2010-2011 to 2012-2013, with the exception of children and youth programming in the French-language market (over the whole day, this proportion has increased from 50 percent in 2010-2011 to 59 percent in 2012-2013 however).

d) Demand for CMF-funded Programs Against the Supply Made Available by Canadian Broadcasters

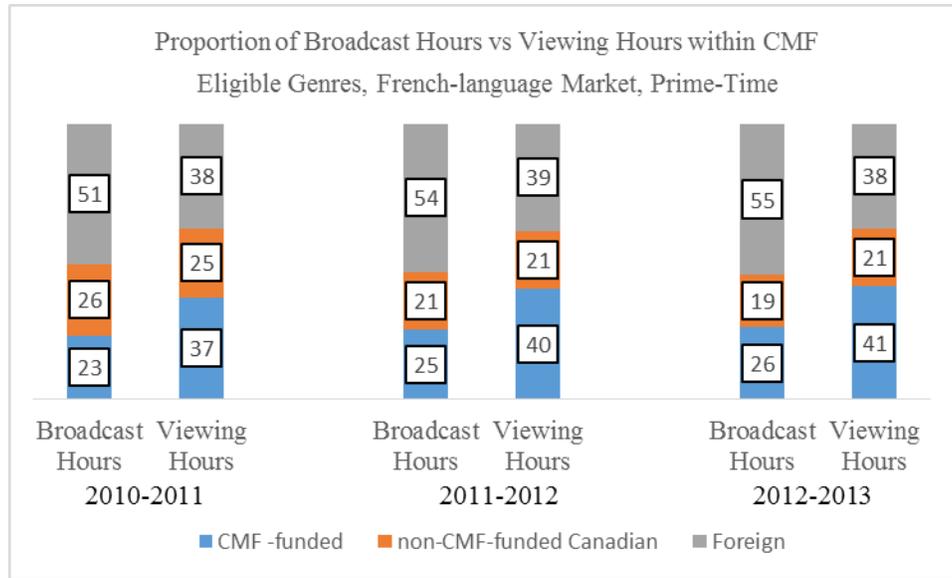
Figure 8: Proportion of Broadcast Hours vs Viewing Hours within Underrepresented Genres, Prime Time, English-language Market, 2010-2011 to 2012-2013



Source: Canada Media Fund corporation.

When one looks at the demand (viewing) for programming within underrepresented genres against the supply (broadcast hours) that is made available by Canadian broadcasters, it becomes very apparent that foreign programming continues to be very popular among viewers in the English-language market in prime time, with the proportion of viewing surpassing the proportion of available programming. As for Canadian content, the demand for CMF-funded programming garners the same proportion as supply, which is not the case for non-CMF funded programming. This suggests that the CMF funds quality programming that Canadians want to watch. An index of viewing, which measures the demand for CMF-funded programs against the supply that is being made available by Canadian broadcasters, reveals an increase in all four the supported genres.

Figure 9: Proportion of Broadcast Hours vs Viewing Hours within Underrepresented Genres, Prime Time, French-language Market, 2010-2011 to 2012-2013



Source: Canada Media Fund corporation.

Although foreign programming makes up slightly more than half of the broadcast schedule (of underrepresented genres), it is Canadian programming that is most watched in the French-language market. The proportion of the broadcast schedule that is made up of non-CMF funded programming is consistent with the proportion of their viewing. CMF-funded programming proves to be very popular within the French-language market; while one quarter of the broadcast schedule is made up of CMF-funded programming, two-fifths of the viewing is dedicated to CMF supported programs.

Between 2010-2011 and 2012-2013, the share of audiences captured by CMF-funded dramas and variety and performing arts (VAPA) in the French-language market was significantly higher than their share of total broadcast hours, indicative of the high value placed on these CMF-funded programs by Francophone Quebec audiences. However, over the period under evaluation, a trend was observed towards decreasing viewing indexes in the French-language market in all genres except documentaries. What this means is that increases in viewership did not keep pace with increases in program offerings.

e) Convergent Projects Captured a Total of 861 Awards, Including 82 International Awards.

Convergent digital cultural projects supported by the Fund were lauded with 779 national and 82 international awards. In total, 861 awards were bestowed on supported convergent productions of digital media content distributed on at least two platforms.

From 2012-2013 to 2013-2014, *Degrassi*, *Flashpoint* and *Blackstone* were the top award-winning programs in the English-language market, winning 10, 9 and 8 awards, respectively. In the French-

language market, *19-2*, *Vertige* and *Les Parent* garnered the highest number of awards from 2012-2013 to 2013-2014. *19-2* won 9 awards, while *Vertige* and *Les Parent* won 8 awards, respectively.

Stakeholders interviewed noted that Canada has gained a leadership position in the creation of convergent content, and that several projects have been a success particularly from a critical acclaim perspective.

5.3.2 Consumption of Funded Convergent Digital Content

a) Canadians are Consuming Convergent Digital Content Being Made Available on a Second Platform

As noted above, data on the consumption of digital media content included in this evaluation are preliminary and refer only to fiscal year 2013-2014. These data were supplemented by case studies. While it is not possible to draw any definitive conclusions based on the available data and case studies, a number of trends were nevertheless observed that are reported on here.

Data collected to date by the CMF and examined as part of the document review reveals that Canadians are engaging with value-added interactive digital media projects developed for or distributed on a second platform. Convergent interactive digital media projects achieved their target of at least 17 million visits and 60 million page views per year in 2013-2014, achieving a total of 22,440,958 visits and 175,240,087 page views, based on data reported by 409 projects. The average duration of interaction with the content for English-language projects was of almost 5 minutes, and almost 4 minutes in the French-language market.

The case studies of funded projects conducted for the evaluation provide further evidence of user engagement with convergent interactive digital media productions. For example, the convergent documentary web site, *1000 jours pour la planète*, an environmental documentary featuring a ship's travels around the world to discover the planet's biodiversity, was reportedly used by over 1000 schools or school groups registered on the site, where they had access to educational materials and the chance to be in direct contact with the crew of the ship. The site's success was attributed to the richness of the content.

In the case of the *AUX Polaris Music Prize*, the digital project related to the variety show, took on a life of its own. The show and the website featured Canadian music artists and were used to promote emerging new music, leveraging social strategies to drive greater engagement. New content was added to the website during an entire year in response to global interest. The digital audience was said to be greater than that attracted to the television broadcast, counting over 5 million views and over 10 million minutes of video viewing through the site.

5.3.3 Uptake of Non-Linear Projects and Applications

a) **Canadians are Consuming Canadian Interactive Content and Software Applications Funded through the *Experimental Stream***

Data available to the evaluation on the consumption of digital media content funded through the *Experimental Stream* were preliminary and complemented by case studies. These allow us to make a number of observations.

Evidence from the review of documents points to a high rate of projects being released on the market. Of the production projects funded between 2010-2011 and 2012-2013, over half (57 percent) have been released on the market (88 projects in all). The percentage is higher (68 percent) for older projects, funded in 2010-2011.⁷² This suggests that the Fund will meet its target of 75 percent of projects being released on the market within three years.

According to the usage data gathered for the evaluation, online interactive projects significantly surpassed the performance target of 1.7 million visits annually, attracting a total of 17.4 million visits in 2013-2014. These projects also attracted 47.6 million page views, far surpassing the targeted 6 million page views.

It should be noted that one of the limitations on audience usage data that was identified through the case studies is the lack of evidence as to the number of Canadians using these productions (as opposed to international audiences). One project included in the case studies reported two million users and considers that 90 percent of these are non-Canadians. One French-language funded project estimates that over 40 percent of its audience is Canadian, primarily from Quebec. A convergent documentary one-off identified half its online audience as Canadian.

On the other hand, some projects for which case studies were conducted revealed a difficulty in measuring or meeting their usage targets. In some cases, this was attributed to the difficulty with measuring audiences, in other cases, projects were said to have been particularly high-risk due to their highly experimental nature, including use of unproven technologies that did not deliver as hoped for.

b) **Innovations supported by the Experimental Stream are Subject to Uptake by the Mainstream Industry**

The case studies conducted for the evaluation provide preliminary evidence of uptake of the innovations resulting from funded projects. Innovations include new creative approaches to content, such as the project *Fort McMoney*, which combines the documentary form with the interactive game play of a serious game, to produce a web-based interactive documentary. The critically acclaimed production has attracted an impressive number of national and international awards and nominations, and was invited to prestigious festivals around the world. Press coverage associated with these distinctions has provided the production company, Toxa, with

⁷² Information provided by the Canada Media Fund.

increased international visibility. The company continues to exploit the property, having recently released an application for iPad as well as a feature-length documentary.

Anecdotal evidence on the acquisition of funded companies identified three companies funded through the *Experimental Stream* have been acquired by other companies, for which it is reasonable to assume that these acquisitions are indicative of the mainstream media's interest in their innovations. The companies in question are Atatomic Inc, developer of the app *Pilot*, which was acquired by Shopify in 2013, Bight Interactive Inc., developer of the game *Scallywags*, which was acquired by Electronic Arts in 2011, and Tribal Nova Inc., developer of the apps *I Learn With, I Read With* and the web environment, *Projet Champions*, was acquired by Houghton Mifflin Harcourt in 2013.⁷³

c) Projects Funded Under the Experimental Stream are Being Recognized by National and International Awards

The number of international and national awards earned by funded projects provides evidence of their quality and level of innovation. Twenty-nine national and 19 international awards were bestowed on leading edge interactive products and software applications supported through the *Experimental Stream*, for a total of 48 awards.

The projects *Totally Random* and *Papo & Yo* were the top award-winning programs based on the number of awards won in the 2012-2013 and 2013-2014 fiscal years, achieving 5 and 2 awards, respectively.

5.4 Ultimate Outcomes: Consumption of Canadian Digital Content at Home and Abroad and Integration of Applications into the Mainstream

Evaluation Question

To what extent has the ultimate outcome of the CMF been met?

a) Are Canadian digital programs and content being created and consumed at home and abroad, and are leading-edge content and software applications being created and integrated into the mainstream?

Key Findings

The CMF has made significant strides towards achieving its ultimate expected outcome: high-quality Canadian convergent television and digital content is being created and consumed on multiple platforms in Canada and abroad, and Canadians are engaging with leading-edge interactive digital media products and software applications created with support from the Fund. These are also being integrated into the mainstream media.

⁷³ Darrell Etherington, "Shopify Acquires Toronto-Based Design Firm Jet Cooper To Help It Remake Ecommerce" *TechCrunch*, Aug 1, 2013; Barry Cottle, "EA Acquires Bight Games," EA Blog, *The Beat*, August 15, 2011; "Houghton Mifflin Harcourt Acquires Canadian Educational Game Developer," *Ed Surge*, April 13, 2013.

Canadians are significantly consuming Canadian digital content created with the support of the Fund. The number of hours that Canadians are tuning in and watching CMF-supported programs has increased and far exceeds the Fund's targets of 450 million hours tuned annually in the English-language market and 550 million hours tuned in the French-language market.

Canadian digital content and applications are also being consumed abroad and integrated to the mainstream, as evidenced by international awards bestowed on funded productions as well as by international sales. It is estimated that at least 175 sales of funded productions were made on average each year to international buyers, though it is impossible to know exactly how many projects were sold abroad each year (the number of projects sold more than once into different territories is unknown).

The Fund made progress towards its expected ultimate outcomes, surpassing its performance targets for the period evaluated. Canadians are significantly consuming Canadian digital cultural content created with the support of the Fund. The number of hours that Canadians are tuning in and watching CMF-supported programs has increased substantially and far exceeds the Fund's targets of 450 million hours tuned annually in the English-language market and 550 million hours tuned annually in the French-language market. Annual total hours tuned refers to the total number of hours that Canadians watched (tuned in to) CMF-supported programs in a given year.

Consumption of funded television programs has increased significantly during prime time hours as well as during the rest of the day. In the English-language market, the total hours tuned increased by 7 percent, from 1.9 billion hours of viewing in broadcast year 2010-2011 to 2.1 billion hours in 2012-2013. In the French-language market, the total number of hours Canadians tuned in to watch CMF-funded television programs increased from 1.1 billion hours of funded programming watched in broadcast year 2010-2011 to 1.3 billion hours in 2012-2013.

Canadian convergent productions are also being consumed abroad, as evidenced by 82 international awards and the high number of productions sold to international territories between 2010-2011 and 2013-2014. It is estimated that at least 175 sales of funded productions were made on average each year to international buyers, though it is impossible to know exactly how many projects were sold abroad each year (the number of projects sold more than once into different territories is unknown).

There is worldwide interest in Canadian productions as evidenced by the number of territories in which Canadian projects were sold, which ranged from 44 in 2010-2011 to 67 in 2011-2012. Stakeholders interviewed for the evaluation support this view, noting that many innovative projects have been created as a result of the Fund, which are being sold around the world and attracting critical acclaim.

International awards provide additional evidence of recognition abroad. Canadian digital content supported through the *Convergent Stream* garnered a total of 82 international awards between 2010-2011 and 2013-2014, while projects supported through the *Experimental Stream* were lauded with a total of 19 international awards.

Preliminary evidence regarding the commercial exploitation of projects funded through the *Experimental Stream* provides further evidence of their consumption at home and abroad. A

study prepared by the CMF reported that as of November 2013, 46 projects released on the market had generated gross sales of approximately \$16.2 million. Five of these were reported to have generated sales of over \$1 million each.⁷⁴

The acquisition of funded companies provides preliminary evidence of uptake by the mainstream media. As discussed above, in section 5.3.3, three companies funded through the *Experimental Stream* have been acquired by other companies.

5.5 Unintended Impacts

Evaluation Question

9. What have been the unintended impacts of the CMF, both positive and negative?

Key Findings

There have been unintended impacts as a result of the Canada Media Fund. Although it was always understood that the fusion of the CTF and the CNMF was likely going to build synergies between the two sectors, the evaluation revealed the CMF has had a positive impact on the fostering of collaboration between the television and digital media sectors and encouraging the development of an independent video games sector.

In terms of the negative impacts, the increasing consolidation in the broadcasting industry has resulted in decision-making being concentrated in a small number of large corporate groups of broadcasters; while the use of the audience criterion of total hours tuned appears to reward repeat airings of programming over original programming, this problem is somewhat mitigated by the CMF's second audience success factor, which rewards original first run.

The *Convergent Stream*'s requirement for a second platform may have resulted in projects of minimal added value being made.

There is a tension between the objectives of commercialization and innovation in the *Experimental Stream*. Stakeholders consulted by the CMF or interviewed for this evaluation point out that the requirement for "innovation" in projects funded through the *Experimental Stream* appears at times to be incompatible with the objective of having projects commercialized or used by Canadians. In particular, it is said to be difficult to reconcile innovation in digital media with profitability outside of established business models. Thus, when assessing innovative projects, the CMF has to weigh the inherent risks related to the possibility and capacity of commercialization.

5.5.1 The Television and the Digital Media Sectors

⁷⁴ *Experimental Stream Exploitation Results*, CMF Briefing Note, October 23, 2014.

The evaluation found that the Canada Media Fund by virtue of its funding support for convergent digital content and applications has encouraged collaboration between the television industry and the interactive digital media sector that serves it well for the future. Evidence gathered through interviews and case studies suggests that both successful projects and unsuccessful ones provide companies with significant learning opportunities and improved production processes and that key informants consider these developments as a favourable impact of the Fund.

5.5.2 The Independent Video Games Industry

One of the expected outcomes of funding provided through the *Experimental Stream* is that the innovations supported would be taken up by the mainstream media. While some evidence for this exists, what is also evident is that the *Experimental Stream* has contributed to the development of an independent games industry in Canada that is developing original Canadian intellectual property. According to stakeholders interviewed for the evaluation, the *Experimental Stream* helped to develop new companies in digital media and the juries convened to make funding decisions contributed to relationship building.

Almost half of all production projects supported through the *Experimental Stream* were to create new video games. The review of literature showed that some of the more successful projects are characterized by a high degree of innovation as support from the CMF enabled small, independent companies to take on a degree of risk taking that encouraged corporate learning and in some cases furthered Canadian companies' reputation for excellence in game design. Commercial successes include Minority Media's award-winning *Papo & Yo*, and the critically acclaimed *Outlast*, by Red Barrels Games. These companies developed innovative content, while relying on established business models and distribution channels to achieve commercial success.⁷⁵

The Fund also supported companies who experiment with new business and monetization models, and supported companies' efforts to develop alternative means of breaking through a crowded market, and to experiment with new technologies. However, there is a lack of evidence regarding the commercial success of these types of innovations.

5.5.3 The Performance Envelope System

The performance envelope system has succeeded in providing the industry with a more predictable and transparent source of financing, embraced by broadcasters and producers. It has also however led to a number of unintended impacts.

As presented in a report by the Standing Committee on Canadian Heritage in 2011, there is concern on the part of independent producers that the application of the envelope system in the context of increased industry consolidation has provided broadcasters, particularly larger ownership groups, with the power to impose unreasonable terms, which is said to be undermining other investment and content innovation. The report notes the concentration of

⁷⁵ Additional information on funded projects can be found in *Aboriginal Screen-Based Production in Review, Trends, Success Stories and the Way Forward*, APTN, 2013 and *Monetizing Digital Media: Trends, Key Insights and Strategies that Work*, Canadian Interactive Alliance, 2014.

program resources of the *Convergent Stream* in performance envelopes. As the industry consolidated over these years, funding tended to concentrate in the schedules of fewer, larger broadcasters who are part of vertically integrated groups who also control Internet access and mobile telephony.

The review of data showed that performance envelopes accounted for 80.4 percent of all funding in 2010-2011 and 73 percent in 2013-2014.

In its submission to the Standing Committee, the CMPA described this situation as follows: “[one must] recognize the imbalance that currently exists between independent producers and television broadcasters in the negotiation of rights and the detrimental effect this has on diversity and innovation in the system.”⁷⁶ For its part, the APFTQ submission to the Standing Committee noted “the abusive practices of certain broadcasters when they negotiate commercial rights with producers... forcing [them] to agree not to negotiate contracts with other broadcasters for a set period of time.” The report leaves open the possibility of re-examining terms of trade between independent producers and vertically integrated broadcasters.⁷⁷

An unintended impact of the Fund is the advantage provided to the large vertically integrated broadcaster groups with respect to the factor weight for total hours tuned (THT) in the allocation of performance envelopes. The performance envelope factors and their weights have evolved over the years to address the CMF’s mandate and strategic objectives and shown in Table 4.

Table 6: 2013-2014 Performance Envelope Factor Weights

2013-2014 PE factors All Genres	English Envelopes (% weight)	French Envelopes (% weight)
Audience Success – Total Hours Tuned	40	40
Audience Success – Original First Run	15	15
Historic Performance	15	25
Regional Production Licences	20	10
Digital Media Investment	10	10
Total PE	100	100

Source: *Canada Media Fund: Performance Envelopes Working Group*, Briefing Document, Canada Media Fund, October 2, 2013.

The view has been put forward that the advantage to larger corporate groups to gather more total hours tuned by repeating content on their various broadcast channels is unfair to some broadcasters.⁷⁸ This problem is somewhat mitigated by the CMF’s second audience success factor, which rewards original first run. The review of documents shows that smaller broadcasters have called on the CMF to develop a distinct system for them. Proposals have been

⁷⁶ Honourable Michael Chong, M.P., Chair, *Impacts of Private Television Ownership Changes and the Move Towards New Viewing Platforms*, Report of the Standing Committee on Canadian Heritage, March 2011, Page 9.

⁷⁷ Op. Cit, pp. 9-10.

⁷⁸ *Data and Feedback from CBC/Radio-Canada for Heritage’s Review of CMF 2013/2014: CMF Factor Weights – Supplements Responses to Questions 10, 14 and 15*, CBC/Radio-Canada response to CMF program consultation, 2014.

made to the CMF by the CBC/Radio Canada, independent and educational broadcasters for alternate means of calculating performance envelopes, though a solution has not been found. As the CMF notes, “The small broadcaster category is far from uniform, with some broadcasters benefitting from substantial access to other CMF incentives and selective programs, and others gaining limited or no such access.”

Enabling a diversity of creative voices is one of the CMF’s strategic objectives, and as noted below in Section 7.5, the CMF has introduced other measures to ensure fairness towards smaller broadcasters.

The panel is of the view that measures introduced by the CMF to level the playing field between larger and smaller broadcasters have been fair.

The use of audience factor weights in the calculation of performance envelopes has tended to favour some genres of documentary programming over others. The document and literature review found that while documentaries have long enjoyed CMF support and continue to benefit from measures aimed at ensuring their ongoing support, the recent proliferation of docu-series has favoured the CMF allocation rewards to documentary series as opposed to documentary one-offs.

Stakeholder consultations conducted by the CMF found that, because of a lack of a comprehensive measurement system for Aboriginal audiences, it is a challenge to determine the audience success of programming, for example, produced by APTN. This makes it difficult for APTN to compete with other broadcasters in accessing performance envelopes which is an issue particularly as it pertains to accessing funding for Aboriginal productions in non-Aboriginal languages (English and French). However, productions in Aboriginal languages have access to a dedicated funding envelope, enabled by the Contribution Agreement.

5.5.4 The Convergent Stream and the Requirement for a Second Platform

Some stakeholders consulted for this evaluation expressed the view that requiring digital extensions had been at the forefront of emerging trends and was a “bold” and “positive” decision of the Government. While the *Convergent Stream* had been ahead of its time, some are of the view that it could still be improved by allowing broadcasters and producers greater flexibility to determine which projects should have value-added content, and what type of value-added content should be created. Other stakeholders recognized that the CMF does have the necessary flexibility to adjust the definition of value-added content and expressed the wish that they continue to exercise this flexibility.

These views were also expressed in consultations held by the CMF in 2013, where stakeholders generally agreed that current requirements (which oblige broadcasters to allocate a minimum of 60 percent of their envelopes to projects for which a value-added digital content component is planned or exists), resulted in some convergent digital media projects being made primarily to

meet project eligibility requirements, with very limited budgets, and very limited expectations of success.⁷⁹

The view was also expressed that the emphasis put on “rich and substantial” content by the CMF was restrictive and not necessarily a benefit in all cases. The current definition of value-added content provided by the Contribution Agreement is very broad. However the CMF has interpreted this as a requirement for “rich and substantial” digital media content which supports innovation.⁸⁰

Some respondents interviewed for the evaluation put forward the view that applicants should be allowed to decide if producing “rich and substantial” content is appropriate for distribution on a second platform, for example, based on the genre of programming. Others put forward the point that that some Canadians in remote areas lack access to rich online media due to network infrastructure constraints. Others noted that due to the rapidly evolving environment, allowing greater flexibility on this point could ensure that the Fund is better aligned to market realities. The time lag in recognizing social media content was cited as one example.

The expert panel was also of the view that the requirement to create “rich and substantial” value-added content was onerous for producers. The expert panel noted that web content has its uses to market television content and that this should be the first consideration in developing added value content to ensure wise use of resources. In this regard, a number of stakeholders applauded the CMF’s decision to extend its definition of “rich and substantial” digital content to include social media products, as these reflect market demand.

5.5.5 Commercial and Innovation Objectives

Stakeholders consulted by the CMF or interviewed for this evaluation point out that the requirement for “innovation” in projects funded through the *Experimental Stream* appears at times to be incompatible with the objective of having projects commercialized or used by Canadians. In particular, it is said to be difficult to reconcile innovation in digital media with profitability outside of established business models. Thus, when assessing innovative projects, the CMF has to weigh the inherent risks related to the possibility and capacity of commercialization.

Case study analysis of projects funded reveals that in certain cases, excellent and engaging content could not be commercialized because of needing to meet innovation criteria applied to technology and game design, making the project unnecessarily complex. Other projects that aimed to be cutting edge encountered difficulties when the technological platforms they were created for did not materialize or were of limited commercial uptake. While highly innovative content extensions can add value to the promotion of television content on other platforms, too high a focus on innovation has been seen to occasion significant risks for producers.

Interviewees noted that too high an emphasis on innovation can lead to undesirable results as too much technological complexity or interaction can make some projects too difficult to use

⁷⁹ *Industry Consultation 2013*, CMF, 2013.

⁸⁰ *Briefing Note: Canada Media Fund Working Group*, CMF, October 12, 2011.

resulting in the public's loss of interest. However, as demonstrated by the case studies, innovations regarding new business models and the integration of new technologies appear to have played a role in helping companies to learn more about the market.

Stakeholders interviewed for this evaluation were of the view that that web series may not be considered innovative by the CMF and as a result may not be receiving adequate support through the *Experimental Stream*. Key informant interviews as well as an *Industry Profile of the Independent Web Series Creators of Ontario* point to the entire format of web series as innovative, for which business models have yet to be proven, and an area of business experimentation engaged in by Canadian producers and broadcasters. The web series industry is said to be an award-winning sub-sector of the Canadian screen-based production sector. The study suggests that web series produced by Ontario producers generated a total production volume of \$7.5 million and that opportunities afforded by web series are being missed due to a lack of funding⁸¹.

⁸¹ *Industry Profile of the Independent Web Series Creators of Ontario*, IWCC, May 30, 2014.

6. Findings: Performance - Efficiency and Economy

6.1 Demonstration of Efficiency and Economy

Evaluation Questions

To what extent is the CMF the most cost-effective way to achieve the Government's objectives to support the creation of convergent television and digital content and experimental non-linear applications and content?

- a) Were resources consumed reasonable for the outcomes achieved in light of context, priorities and or alternatives?
- b) Does the PCH funding contribution to the CMF stimulate sufficient outputs to achieve expected results?

KEY FINDINGS

Overall, the evidence indicates that the CMF is administered in an economical fashion with its administrative expense ratio ranging from 4.3 percent to 4.8 percent from 2010-2011 to 2013-2014. This was well within the maximum ratio of 6 percent required by the Contribution Agreement. In addition, a sampling of eight other programs administered by the Department of Canadian Heritage showed that by comparison, the CMF has the lowest administrative expense ratio.

The popularity of CMF funded programming shows that when given the choice, Canadians are interested in watching high quality Canadian programming. They value distinctive and high quality Canadian content that is culturally relevant, based on Canadian stories and issues.

6.1.1 Operational Economy of the CMF

The principal source of evidence used to evaluate the operational economy of the CMF was program administrative data, which are presented in Table 7. These data incorporate two categories of administrative expenses: the CMF corporation's general and administrative expenses, including the service fee paid to Telefilm Canada; and, the costs incurred by the Department of Canadian Heritage (PCH) in overseeing the Fund.

Under the terms of the Contribution Agreement with PCH, the CMF corporation's total administrative expenses are capped at 6 percent of total revenue. As is shown in Table 7, the actual administrative expense ratio for the CMF corporation ranged from 4.3 percent to

4.8 percent over the four -year period from 2010-2011 to 2013-2014 – well within the required ratio.

Taking into account PCH’s administrative expenses, the CMF’s total administrative expense ratio averaged 4.8 percent over the four years. It is noteworthy that there is very little year-to-year variability in the ratio.

Table 7: Breakdown of CMF Actual Revenues and Expenses by Year, 2010-2011 to 2013-2014

In thousands of dollars		2010-2011	2011-2012	2012-2013	2013-2014
1	Revenue				
2	Contribution from BDUs	214,227	218,241	216,678	233,563
3	Contribution from Canadian Heritage	134,146	134,146	134,146	134,146
4	Recoveries on Production Investments	9,502	10,265	10,481	16,048
5	Interest Income	1,797	2,779	2,359	2,648
6	Total Revenue	\$359,672	\$365,431	\$363,664	\$386,405
7	Expenses				
8	Program Commitments, net	334,492	355,346	368,040	348,945
9	Industry Partnerships	756	1,074	1,155	1,127
10	CMF General & Administrative Expenses	6,138	5,278	6,498	6,911
11	Program Administration (Telefilm Canada Service Fee)	10,304	10,548	10,784	10,422
12	Amortization	60	58	46	47
13	Total Expenses	\$351,750	\$372,304	\$386,523	\$367,452
14	Calculation of Administrative Cost Ratios				
15	Total CMF Administrative Expenses (10+11+12)	16,502	15,884	17,328	17,380
16	CMF Administrative Expenses as a % of Revenue (15/6)	4.6%	4.3%	4.8%	4.5%
17	PCH Administrative Expenses	905	1064	818	814
18	CMF+PCH Expenses as % of Revenue (15+17)/6)	4.8%	4.6%	5.0%	4.7%

Notes:

Total CMF administrative expenses include: general and administrative, amortization and program administration (Telefilm Canada Service Fee).

Program administration (Telefilm Canada Service Fee) includes: program delivery salaries and labour, management fees, administration and labour, shared services salaries and labour, and insignificant other direct costs.

PCH expenses are direct program-related costs and internal services.

Source: CMF corporation and the Department of Canadian Heritage.

Although it is difficult to make comparisons, a sampling of eight other programs administered by the Department of Canadian Heritage showed that by comparison, the CMF has the lowest administrative expense ratio.

Most key informants interviewed for the evaluation stated that the CMF used resources efficiently. When asked about the administrative model/delivery mechanisms for the CMF, a majority of key informants were of the view that the CMF's cost-effectiveness is related to the current administration and governance structure. In particular, references were made to the positive role of Telefilm Canada, which was the most frequently cited reason for why the administrative model/delivery mechanism was appropriate. By outsourcing much of the work to Telefilm, CMF staff and managers can focus on results. Similarly, the expert panel agreed that the CMF is generally a cost-effective program.

In summary, all of the evidence points to the conclusion that the CMF is operated in an economical fashion.

6.1.2 Allocative Efficiency of the CMF

The goal of the allocative efficiency analysis of the CMF was to demonstrate whether the resources consumed in the achievement of the outcomes of the Fund were reasonable.

The administrative and audience data demonstrate that the amount of resources used to achieve the CMF's outcomes were reasonable. The popularity of CMF-funded programming shows that when given the choice, Canadians are interested in watching high quality Canadian programming. They value distinctive and high quality Canadian content that is culturally relevant, based on Canadian stories, issues or personalities, on platforms of their choosing.

The CMF's success in meeting many of its targets for the production of outputs and progress towards its outcomes further demonstrates that the amount of resources being used by the CMF to achieve its outcomes is reasonable. This finding is supported by the views of key informants.

6.2 Support of Canadian Convergent Television and Digital Content

Evaluation Questions

Is the CMF the best way for the Government to support Canadian convergent television and digital content? What are the alternatives?

KEY FINDINGS

The CMF continues to be the best way for government to support Canadian content. The CMF receives its funding from the Government of Canada and broadcasting distribution undertakings (BDUs) through regulatory obligations. The CMF provides an effective framework that ensures that both public policy and industry objectives are met and no alternative program mechanisms or designs were discerned that would increase its effectiveness.

6.2.1 Public Policy Objectives and Industry Needs

The CMF continues to be the best way for government to support Canadian television and digital content. The CMF is funded by the Government of Canada and broadcasting distribution undertakings (BDUs).

As noted above, the Canada Media Fund is effective at leveraging significant industry investment, with every dollar invested by the CMF resulting in \$3.40 of industry activity on average, from 2010-2011 to 2013-2014.

The CMF provides a framework that ensures that both public policy and industry objectives are met. As discussed below (in Section 7.4) the Fund supports public policy objectives with respect to encouraging the production of Canadian content for broadcast television in genres that are important to Canadian culture but more difficult to finance without public support. Through a variety of selective programs, the Fund has ensured that Canadians have access to a diversity of voices within the Canadian broadcasting system, supporting the production and availability of minority French- and English -language programming as well as programming in Aboriginal languages. By supporting production in all regions of the country, the Fund stimulates economic opportunities from coast to coast.

For the industry, the performance envelope system provides predictable financing. As discussed in section 5, funding through the CMF has stimulated a significant amount of Canadian digital production that was made available to Canadians on at least two platforms, one of which was television.

The literature review and expert panel found that that the CMF is a unique funding model and that no alternative program mechanisms or designs were discerned that would increase its effectiveness. This confirms that the CMF is the best way for the Government to support Canadian television and digital content.

6.3 Duplication

Evaluation Questions

To what extent does the CMF complement, duplicate or overlap with other programs delivered through other organizations in the private, public or not-for-profit sectors?

KEY FINDINGS

Funding provided by the Canada Media Fund is complementary to other programs being offered in Canada.

The approach generally being taken in Canada, which relies on access to funding for television and digital media content via multiple sources, is consistent with approaches being taken internationally.

A comparison of the Canada Media Fund with eleven Canadian funding programs shows that the CMF does not duplicate existing programs. Rather, these other programs complement funding provided by the CMF as typically Canadian productions need access to funding from multiple sources. A review of four selected international programs demonstrates that foreign television and digital media productions also access multiple sources of funding.⁸²

The document review found that there are other important sources of funding that complement the funding being provided by the CMF. Typical financial structures examined as part of the review show that a range of financial partners are necessary. In addition to the CMF, funded projects rely on financing from broadcasters, provincial and federal government tax credits, distributors, and producers.

Respondents interviewed for the evaluation noted that there are related sources of funding but that these were necessary to achieve production goals and did not represent overlap or duplication. The roles were described as complementary.

6.4 Governance

Evaluation Questions

Is the right governance in place to deliver the CMF Program effectively?

a) Is the current administrative model and delivery mechanism effective?

KEY FINDINGS

The right governance structure is in place to deliver the CMF program effectively. An internal audit of the Broadcasting and Digital Communication Branch (BDC) of PCH, responsible for administering the CMF's Contribution Agreement confirmed that the CMF is well managed by PCH. The changes to the Board of Directors in the transition from the CTF to the CMF were deemed to have been beneficial.

The current administration model and delivery processes are seen as being effective. Stakeholders praised the administration of the CMF (including Telefilm Canada), though some suggested that some improvements could be made to the process of delivering the

⁸² For this comparison fifteen organizations or programs were analysed. Eleven were Canadian programs, reviewed as per the Terms of Reference for the evaluation of the Canada Media Fund: one other program offered by the Department of Canadian Heritage (Northern Aboriginal Broadcasting – Aboriginal Peoples' Program); five Provincial Government Agencies (Creative BC, Creative Saskatchewan, Ontario Media Development Corporation (OMDC), La Société de développement des entreprises culturelles (SODEC) and Media Fund Atlantic Ltd.); four CRTC-approved independent production funds (the Bell Fund, Fonds Québecor, the Rogers Group of Funds and the Shaw Rocket Fund); and one other Federal Government program (Communications Technologies Research and Innovation Sub-Program). The remaining four are International agencies and were added to help frame the overall comparison: Broadcasting Authority of Ireland; Centre National du Cinema et de L'image Animee (France); Creative Europe; and Screen Australia. It is important to note that the Evaluation Services Directorate will undertake an evaluation of the Aboriginal Peoples' Program in 2015-16, which includes the Northern Aboriginal Broadcasting (NAB) component. The complementarity between the NAB and the CMF will be examined further at that time.

program: improving file processing times should still be a priority for the CMF and capacity of the staff to resolve problems and find solutions could be improved.

Regular consultations conducted by the CMF as required by the Contribution Agreement are identified as a success with stakeholders.

An assessment conducted by an independent consulting firm of the Services Agreement between Telefilm Canada and the CMF found that the current administration model and delivery mechanisms are effective.

Alternative structures are not needed as the overall satisfaction with the CMF model is excellent. The file administration process allows the CMF to successfully achieve its mandate while satisfying the needs of stakeholders. The relationship between the CMF and Telefilm is strong, dynamic, and strategically important to both parties and to all stakeholders involved.

Stakeholders interviewed for the evaluation praised the administration of the CMF (including Telefilm Canada), though some suggested that some improvements could be made to the process of delivering the program: improving file processing times should still be a priority for the CMF and capacity of the staff to resolve problems and find solutions could be improved.

In 2013, an internal audit of the Broadcasting and Digital Communication Branch (BDC) of PCH, responsible for administering the CMF's Contribution Agreement found that the CMF is well managed by PCH in the area of governance. The study noted several examples of how PCH's governance structures and internal controls are properly designed and applied effectively. These include the following:

- Governance mechanisms have been put in place to help ensure independence, freedom from conflicts of interest, and transparency of CMF activities;
- Roles and responsibilities for the CMF appear to be well understood;
- Cost-effectiveness of the Program is encouraged through a specific clause in the Contribution Agreement requiring the CMF corporation to limit administrative costs under 6 percent.

With respect to the changes to the Board of Directors in the transition from the CTF to the CMF, some stakeholders interviewed felt that the changes have been beneficial. The most common reasons for why this new governance structure is appropriate were the independence of the board, that the board effectively consults with others as required by the Contribution Agreement, the small size of the board and that the board is composed of individuals with industry and other relevant expertise.

Regular stakeholder consultation is required by the Contribution Agreement, which is a success, as reflected in the views of stakeholders who generally appreciate the Fund's transparency.

7. Other Evaluation Questions

7.1 The Performance Measurement Framework

Evaluation Question

Is the current performance measurement framework effective at capturing the results of the program?

KEY FINDINGS

The Performance Measurement, Evaluation and Risk Strategy (PMERS) for the CMF identifies a large number of performance indicators and evaluation questions to direct the CMF in the measurement of the Fund's performance, for which it is responsible. The measurement of performance implemented by the CMF captures considerable and robust information on key performance indicators of program results, particularly as regards television audiences.

At the same time, the evaluation identified a number of limitations in the current measurement of performance: a lack of access to discrete measurement of audiences for original broadcasts (as opposed to repeat airings); and a lack of reliable data on international sales. The evaluation noted that preliminary data on international sales is being collected by the CMF, with refinements in data collection ongoing.

The evaluation also found a lack of reliable data with respect to audiences for digital media content projects funded through the *Convergent* and *Experimental Streams*, as well as other commercial and innovation outcomes of projects funded through the *Experimental Stream*. The *Digital Media Performance Measurement Framework*, developed by the CMF in consultation with the industry, is said to be the first step in a critical need expressed by the industry, to adopt a standardized approach to measuring the performance of interactive digital media.

A feasibility study conducted in preparation for this evaluation concluded that the Department's PMERS for the CMF should be reviewed. This would ensure that the framework continues to be aligned with the realities of the rapidly evolving digital media industry and that indicators identified for the Fund are measurable. These include platforms for digital media content other than television, and outcomes with respect to mainstream uptake of innovations for projects supported by the *Experimental Stream*.

The current Performance Measurement Evaluation and Risk Strategy developed by BDC at PCH is effective and has led to the capture of significant data on audience results of funded television programs. Overall, appropriate systems are in place by the CMF to capture performance information and the indicators identified for the television component continue to be meaningful.

The systems developed provide access to a critical mass of data for measuring the various indicators related to the television sector to support the objectives of the Fund. This measurement is considered reliable and robust and is being used to support management decisions by the CMF, including the allocation of performance envelopes. As required by the Contribution Agreement, the CMF also regularly consults with their stakeholders to gather qualitative information, particularly as regards potential changes to programs.

One limitation in data available for measuring the performance of the CMF is that it is not currently possible to isolate the measurement of audiences for original airings of programs (as opposed to repeat airings). One of the Fund's objectives is to encourage prime time viewing of Canadian programs, expressed in the performance target to support at least 1500 hours of original airings of CMF-funded programs during peak viewing hours on Canadian television each year. This objective is relevant, as can be seen by the second screen strategies being used by some broadcasters to ensure the success of original broadcasts, pointing to their continued importance.⁸³ However, measurement of audiences for original broadcasts of programs on Canadian television is currently not considered exhaustive, with the result that the Fund is limited in its ability to develop incentives to reward broadcasters for building audiences for original airings in primetime. Broadcasters who air programs originally in prime time are rewarded in the calculation of their performance envelopes based on the quantity of programs aired.

Another area where measurement is currently limited is with respect to international sales. The CMF's Logic Model anticipates an ultimate outcome where funded content is consumed at home and abroad. The volume of international sales (total value of international sales) is a key indicator of the performance of funded programs abroad, for projects funded through both the *Convergent* and *Experimental Streams*. Having access to robust data on this indicator would allow the CMF and PCH to better understand performance trends abroad and to develop appropriate performance targets, for example, for each language market or according to other relevant commercial considerations. The evaluation noted that preliminary data on international sales is being collected by the CMF, with refinements in data collection ongoing.

The CMF has provided leadership to the industry in the development of a common audience measurement strategy, launching the *Digital Media Performance Measurement Framework* in May 2012 with the objective of capturing digital media performance data on audiences, usage, and revenues for CMF-supported digital content on platforms other than television (funded through both the *Convergent* and *Experimental Streams*). This framework is said to be the first step in a critical need expressed by the industry, to adopt a standardized approach to measuring the performance of interactive digital media.

One of the principal objectives of the framework is to establish the basis for measuring audiences of digital media projects, which would ultimately form part of the calculation of performance envelopes. In consultation with the industry, the document identifies standard metrics: unique individuals, new individuals, sessions, downloads/streams/video starts/user actions/page views,

⁸³ *The Second Screen and Television 3*, CMF, August 2013, page 18.

and time spent. Producers of funded online projects are currently required to digitally “tag” their content so that audiences can be automatically tracked.

The CMF is also considering options with respect to measuring audiences for VOD and streamed video (outside of regulated VOD services). This includes consideration for the audience measurement company (Numeris, previously BBM), which is developing the necessary infrastructure and other services for streamed video.

This work is complex and ongoing. Preliminary data were made available for the evaluation, based on fiscal year 2013-2014.

A feasibility study conducted in preparation for this evaluation concluded that the Department’s PMERS for the CMF should be reviewed following the evaluation. There are a number of reasons for doing so, including a need to ensure that the PMERS continues to be aligned with the realities of the rapidly evolving digital media industry and that indicators identified for the Fund, such as audiences for digital media content other than television, and outcomes with respect to mainstream uptake of innovations for projects supported by the *Experimental Stream*, are measurable.

It was noted during the course of interviews conducted for the case studies supporting this evaluation that, while important, audience measurement for digital products is complex, particularly where content is being hosted on a range of platforms or by third parties. Case studies indicated that the current requirements with respect to automated systems are sometimes difficult to implement. The lack of data on other indicators such as the outcomes relating to the uptake of innovations supported through the *Experimental Stream* by the mainstream media, appear to indicate a difficulty of measurement.

7.2 The Requirement for the Second Platform in the Convergent Stream

Evaluation Question

Are the criteria for the second platform of the Convergent Stream sufficiently flexible?

KEY FINDINGS

The evaluation finds that requirements for second platform content have been successful in encouraging a greater volume of convergent content that is being consumed by Canadians. Exceptions made for convergent projects distributed through VOD or linear streaming in the *Convergent Stream* are appropriate given the evolution of the industry and changing consumption habits of Canadians. There is evidence to suggest that in addition to value-added content, Canadians are interested in consuming linear television, licensed and unlicensed, across a range of screens and platforms over the Internet and via mobile apps.⁸⁴

⁸⁴ *Profile 2013: An Economic Report of the Screen-based Media Production Industry in Canada*, Op. Cit., page 14.

The requirement that many projects include “rich and substantial” digital media content, introduced by the CMF, may need to be revised.

The requirement of the *Convergent Stream* of the Fund that value-added Canadian digital content be made available to Canadians on a second distribution platform has been successful, even prescient. There is no doubt that support for value-added content has been a success in many cases, either by driving deeper engagement with Canadian digital content, or by furthering the capacity of the Canadian media industry to develop and deliver rich media content.

Stakeholder perspectives and industry intelligence gathered for this evaluation indicate that the changing broadcasting and digital media sectors are evolving at a rapid pace. Trends in the delivery and consumption of digital content show that Canadians are consuming and engaging with digital content, linear and non-linear, on many devices and platforms. This point was noted in interviews conducted for this report, as well as in a number of studies reviewed, including reports by the Standing Committee on Canadian Heritage. These developments, which are rapidly reshaping the broadcasting industry, were of far less influence at the time that the criteria for the second platform of the *Convergent Stream* were developed.

More programming is being made available on-demand to Canadians, who have access to an increasing number of exempt Internet video service providers, both and non-Canadian, which may be affiliated or unaffiliated with licensed programming services and BDUs. Licensed BDUs and programmers are also launching services that allow viewers to access on-demand content on alternative platforms exempt from licensing. The proliferation of set-top boxes, game consoles and other connected devices that allow delivery of online content to television sets, and associated revenue growth of video streaming services, is expected to accelerate in coming years.⁸⁵

The trend to targeted and customizable viewing experiences will continue as Canadians’ consumption of video content moves more and more from: scheduled and packaged programming services to on-demand and tailored programs; passive to active viewers that want greater control over the programs they receive; and viewing programs on television sets to also viewing programs on other screens, such as mobile devices.⁸⁶

Given these trends, the evaluation finds it appropriate that, in addition to requiring value-added digital components for a majority of projects (60 percent), the Contribution Agreement has allowed projects that have a VOD or linear streaming component to also be eligible for funding from the CMF.

Flexibility is being sought by the industry regarding the requirement introduced by the CMF that digital media content be “rich and substantial.” There is some question as to the appropriateness of producing such content for all programs and in all eligible genres. Whereas the Contribution

⁸⁵ *Profile 2013: An Economic Report of the Screen-based Media Production Industry in Canada*, Op. Cit., pages 13-14.

⁸⁶ *Canada Digital Future in Focus*, Op. Cit., pages 21 and 22. The proliferation of set-top boxes, game consoles and other connected devices that allow delivery of online content to television sets, and associated revenue growth of video streaming services, is expected to accelerate in coming years. Approximately 40 percent of Canadians used a PVR in 2012; while one in five Canadians in the English-language market used Netflix.⁸⁶

Agreement defines value-added content broadly and inclusively, the requirement for this content to be “rich and substantial” was introduced by the CMF in order to further the innovation objectives of the Fund.⁸⁷ 60 percent of funds committed through broadcasters’ performance envelopes must be directed to projects with a “rich and substantial” value-added digital media component.

Some stakeholders interviewed for this evaluation as well as others consulted by the CMF⁸⁸ question the appropriateness of such digital media content for all genres and all types of projects. The nature of second platform content popular with Canadians continues to evolve and it may be counterproductive to try to limit the types of second platform content associated with projects supported through the *Convergent Stream*. In particular, the value assigned to rich and substantial content may be inadvertently impeding innovation. It was pointed out by stakeholders that social media campaigns were a good addition to the types of content considered to be “value-added”.⁸⁹

The findings of the expert panel were similar in that panelists felt that the criterion to create “rich and substantial” content was a burden on creators to an extent. While the panel noted that one of the benefits of convergent content has been to support the marketing of associated television properties, the view was expressed that creators were best placed to determine the utility of web and mobile content beyond a webpage. Given the evolving nature of second platform content that is popular with Canadians, it may be counterproductive to try to be overly prescriptive about the types of content eligible as second platform digital content.

7.3 Two Streams of Funding

Evaluation Question

Are the two current streams of financing the optimal way of delivering the program?

KEY FINDINGS

The Canada Media Fund’s two streams of financing continue to be the optimal way of delivering the program. While there are crossovers and collaboration between the broadcasting and interactive digital media sectors, they are evolving within distinct contexts.

Evidence suggests that there is a need to review support to web series through both the *Convergent* and *Experimental* Streams to ensure that this form of content is not being disadvantaged.

⁸⁷ *Canada Media Fund - Industry Consultation: Briefing Note on Key Issues*, Canadian Television Fund, 2009.

⁸⁸ *Industry Consultation 2013*, CMF, 2013. There was general agreement on this point arising from the CMF’s consultations in 2013, specifically that CMF should adopt a more flexible approach to value-added content, supporting it when it most makes sense for a project, and when it may actually contribute to increase audiences and viewer engagement.

⁸⁹ “Social TV” refers to content that encourages conversations about TV shows over social networks.

7.3.1 Two Sectors

The Canada Media Fund's two streams of financing continue to be the optimal way of delivering the program. While there are crossovers and collaboration between the broadcasting and interactive digital media sector, they are different industries as shown by the review of literature and key informant interviews and each industry is evolving within the context of distinct trends, as discussed above.

7.3.2 Two Streams of Funding

Generally, stakeholders interviewed for this evaluation are of the view that the two streams should continue to be targeted at meeting the needs of two very distinct sectors. The *Experimental Stream* is targeted at the digital media sector and is aligned with the evolution of this sector. The *Convergent Stream* supports linear television, which will continue to be an essential staple of the Canadian broadcasting system for years to come (even as it evolves towards new digital delivery platforms).

The majority of stakeholders interviewed for this evaluation expressed the view that evolving market realities are not always reflected in the policies of each of the two streams of funding. This view was echoed by the expert panelists, some of whom remarked that the CMF and its instruments will need to evolve as the overall television industry changes.

The expert panel expressed the perspective that the current design of the performance envelope system, which was referred to as a 'one size fits all' approach, is not effective in taking into account the differences between the French- and English-language markets. For example, the French-language market was said to require a greater diversity of voices than is currently being supported.

While there was support from the expert panel that the CMF should foster innovation, as noted above in Section 5.5.5, it was questioned whether the specific innovation requirements of the *Experimental Stream* have caused a tension with the objective of commercialization. For example, the interviews conducted identified web series as a lost opportunity due to a current lack of funding opportunities. Expert panelists agreed that it is important for the CMF to provide greater funding to web series so as to support innovation.

There is also the issue of whether enough support is being provided for the marketing of digital media projects funded through the *Experimental Stream*. In addition, interviewees pointed to the efficiency gains that could be realized by streamlining the funding process with suggestions to merge the administration of development and production funding or that of production and marketing. For their part, expert panelists agreed that the CMF could modify its funding approach in this regard, which would align with private investment practices that support successful projects through all phases of development and production.

7.4 Underrepresented Genres

Evaluation Question

Should the CMF continue to support the same four “under represented” genres?

Key Findings

Evidence supports the current role of the Canada Media Fund in supporting the four underrepresented genres of programming, which include drama, documentary, children and youth and variety and performing arts. The unique financing challenges faced by these genres in both language-markets continue to be as relevant now as when the Fund was first established.

7.4.1 The Funding of Canadian Content

The rationale for the very establishment of the Canada Media Fund has been to provide economic support to television programming that would otherwise not be made and be underrepresented on Canadian screens. These underrepresented genres include drama, documentary, children’s and youth, and variety and performing arts.

The CRTC has long sought to support certain types of programming through a variety of policies. In its 1994 “Cable Production Fund decision”, the Commission stated:

The financial disincentives broadcasters face in acquiring Canadian drama, documentaries and children's programs have resulted in a situation in which such programs are particularly under-represented on Canadian television screens. As a general rule, Canadian programs are not more costly to produce than non-Canadian programs. They are, however, more costly for Canadian broadcasters to acquire...The Commission has concluded that the main focus of the production fund should be on facilitating the broadcasting of high quality Canadian programs in under-represented categories in peak viewing periods. To do so, the production fund must support productions, which meet these criteria.⁹⁰

The unique challenges of the Canadian market have been very well documented in numerous studies and recognized in cultural policies. Canada's two official languages and small size of television market make it very difficult to recover the cost of producing home-grown programs in underrepresented genres. The risky and high cost of making this programming available on the Canadian broadcasting system continues to provide compelling rationale for the CMF’s role in this regard.

Following the CMF National Industry Focus Group in 2013, the vast majority of stakeholders considered that the CMF should not expand eligible genres, and that it should continue to set

⁹⁰ Public Notice CRTC 1994-10.

spending requirements by genre. In addition, the majority of stakeholders considered that CMF should not seek to expand eligible genres to include lifestyle and reality programs.⁹¹

In the context of these consultations, stakeholders expressed that the four genres should continue to be the main purpose of the CMF. The small size of the Canadian market continues to be a factor that will not enable Canadian programs on these genres to be funded without public support. This view was supported by the expert panel, where all panelists agreed that the four genres supported by the CMF (drama, documentary, children's and youth, and variety and performing arts) are the most difficult to finance privately, due to either expense or small audiences. Key informant interviews conducted for the evaluation show most stakeholder groups support the status quo with respect to the underrepresented genres supported by the fund.

7.4.2 Drama

Of all the four genres, drama continues to be the most popular and most watched form of television content. Canadian drama programming in the French-language has long been popular with Canadian audiences, and drama series broadcast in prime time regularly attract audiences of over one million viewers. Audiences for English-language television dramas have also grown in recent years.⁹²

There are compelling reasons for the CMF to continue to allocate the greatest resources to drama programming. By maintaining relatively stable shares of funding to drama, the CMF has enabled predictability and facilitated planning by broadcasters and producers. The need to maintain a critical mass, the cost of this genre of programming and the powerful vehicle by which Canadian stories are told make drama a priority. Canadian drama appeals to Canadian audiences as evidenced by their consumption of it and their desire to have greater access to it. From 2010-2011 to 2013-2014, CMF-funded dramas in both language markets increased their market share, attesting to the popularity of CMF funded drama with Canadians.

Trends show that scripted content will continue to hold sway over consumers for some time to come. As audiences become more sophisticated in their choices, Canadian content has to continue to innovate, particularly in the context of the "golden age of television" characterized by the availability of high quality choices of drama programming. The CMF supports high quality Canadian content in the drama genre that has been successful at home and around the world.

7.4.3 POV Documentaries

Like drama, Canadians are consuming Canadian-made documentaries and are interested in having access to them on all platforms. Literature reviewed for this study points to strong interest for this genre by Canadians and supports the many special initiatives and policies that the Canada Media Fund has implemented in support of documentaries which continue to be fragile because of the lack of support by the Canadian broadcasting system. This is in part attributed to a

⁹¹ *National Focus Group, Industry Consultation*, Canada Media Fund, Nov. 21, 2013.

⁹² Profile 2013, *Economic Report on the Screen-based Media Production Industry in Canada*, Op. Cit., page 39.

shift towards documentary series over single episode, auteur, or point-of-view (POV) documentaries.

The expert panel noted that documentaries often have a difficult time accessing financing due to declining investment. The review of literature shows a trend showing a significant decline in the volume of documentary production in the English- and French language markets, funded and non-funded, between 2009-2010 and 2012-2013 (the last year for which data were available to the evaluation).⁹³ Average budgets for documentaries in both language markets that were funded by the CMF also declined between 2010-2011 and 2013-2014, by 9.6 percent for English-language documentary productions, and by 9.1 percent for French-language documentary productions.

The CMF took steps in fiscal 2014-2015 to address the issue of reduced financing for English-language documentaries by introducing greater latitude in the eligibility requirements of documentaries in the English POV program to allow projects to take advantage of alternate financing opportunities. In a pilot initiative, a proportion of licence fees paid by foreign broadcasters may contribute to establishing minimum financing thresholds required to access the CMF.

7.5 “Leveling the Playing Field”

Evaluation Question

In light of technological evolutions and consolidations of the industry, are new ways needed to implement the objective of “leveling the playing field”?

KEY FINDINGS

The Canada Media Fund has as one of key principles to “level the playing field” between broadcasters by ensuring fair competition. The important consolidation that has taken place in the broadcasting industry since the Fund’s launch has required additional measures. These measures introduced by the CMF are deemed to be effective.

The CMF recognizes that fostering an equitable level of support to all broadcasters is important and has made a “diversity of voices” a key strategic objective.

⁹³ *Profile 2013: Economic Report on the Screen-based Media Production Industry in Canada*, Op. Cit., shows a drop of 5 percent in documentary production volume between 2009-2010 and 2012-13. The total volume of documentary production has declined from \$363 million in 2009-2010 to \$344 million in 2012-2013 across the Canadian audiovisual industry sector. Other industry reports note a similar trend for Canadian documentary production. *Profile 2013: An economic report of the screen-based media production industry in Canada*, CMPA, February 2014, page 43. See also *Getting Real: An Economic Profile of the Canadian Documentary Production Industry, Volume 5*, Documentary Organization of Canada, June, 2013. This study notes that between 2008 and 2010-2011 documentary production volumes fell by more than 21 percent. For its part, the *2013 Communications Monitoring Report* published by the CRTC (September 2013) notes that the volume of production for long-form documentary declined by 12.5 percent between 2011 and 2012.

“Leveling the playing field” was one of the key principles which guided the creation of the CMF. This principle implied broadening competition by removing the national public broadcaster’s guaranteed share of the performance envelope and opening funding to in-house and broadcaster-affiliated production houses.

For the industry, the performance envelope system provides predictable financing. Numerous consultations with stakeholders show that broadcasters and producers alike have embraced the transparency and predictability afforded by the system of funding envelopes based on performance.

At the same time, several key informants consulted for the evaluation raised concerns about the level of concentration of funds in large corporate groups. The consolidation of the Canadian broadcasting system in the years since the launch of the CMF has seen the rise of vertically integrated broadcasters with holdings in conventional television, pay television, video-on-demand and specialty services. They undertake production activities either in-house or via broadcaster affiliated companies and act as BDUs with responsibility for the distribution of television services. In 2013-2014, 90.2 percent of total resources in the English-language performance envelope program were allocated to large corporate broadcaster groups. In the French-language 85.6 percent of total performance envelope program resources were allocated to large corporate groups of broadcasters.

With the exception of the national public broadcaster, broadcasters that are not vertically integrated with a cable or DTH distributor, that do not have a variety of channels, or lack national distribution, participate on a limited scale in the CMF’s two audience success factors. The amount and percent share of performance envelope allocations by broadcaster group for the 4 years 2010-2011 to 2013-2014 shows that English independents have received an average of 7.3 percent of performance envelope allocations; their share range in the 4 years was between 5.6 percent and 9.6 percent. In the French market, independents including Télé-Québec have received an average of 18.1 percent; their share range in the 4 year period was between 14.4 percent and 22.0 percent. Given their comparatively smaller financial resources, independent broadcasters have often depended on factors other than audience success to maintain and/or grow their performance envelope allocations.

Some stakeholders interviewed for the evaluation said they did not support the CMF’s policy to provide access to performance envelopes by broadcaster-affiliated production companies and in-house production. It should be noted that the CMF limits the amount of funding that can be allocated to broadcaster-affiliated production companies and in-house production⁹⁴ and that this limit has not been reached since the creation of the Fund.

The Canada Media Fund recognizes that fostering an equitable level of support to independent broadcasters is important and has made “diversity of voices” a key strategic objective.⁹⁵ To this end, the CMF has introduced initiatives aimed at “levelling the playing field” in the last few years. The important consolidation that has taken place in the broadcasting industry since the Fund’s launch has required additional measures introduced by the CMF, which are deemed to be

⁹⁴ *Performance Envelope Program Guidelines*, Canada Media Fund.

⁹⁵ *2014-2015 Annual Business Plan*, Canada Media Fund, 2014.

effective. These include a minimum envelope of \$50 million, additional flexibility on spending requirements and a broader, more inclusive, definition of “small broadcasters” eligible to exercise this flexibility. The expert panel was of the view that since new applicants entering the CMF funding system are given extra support, it is a fair system.

In the last few years, a number of government reports have identified the important role that CBC/Radio-Canada plays in the creation and presentation of Canadian digital cultural content. CBC/Radio-Canada is seen as directly serving the primary objective of the CMF, which is to support the production and broadcast of high-quality Canadian television programs during peak viewing hours.

7.6 Additional Funding Triggers

Evaluation Question

Should additional funding triggers be considered to assist in supporting productions (i.e. allow licence fees from foreign broadcasters and foreign digital media distributors)? If so, under what circumstances?

KEY FINDINGS

This evaluation finds a range of views on whether or not the Canada Media Fund should, as a policy, be expanded to include foreign broadcasters or foreign media distributors as funding triggers. The Fund currently has the latitude to introduce pilot initiatives as it has done for the English POV Program. This initiative allows licence fees by foreign broadcasters to be considered eligible licence fees, on the condition that Canadian broadcasters provide the larger share of the eligible licence fee.

The rationale for extending funding triggers to unlicensed Canadian entities that exclude a majority role for licensed Canadian broadcasters is not sufficiently supported by the evidence at the present time.

This evaluation finds that there is a lack of evidence to support expanding funding triggers for the CMF to foreign broadcasters or foreign digital media distributors as a general policy. Interviews conducted for this study show that stakeholders do not support giving access to foreign broadcasters who do not contribute to the Canadian broadcasting system. Stakeholders support the CMF’s pilot initiative launched in 2013-2014 for the English POV Program, which allows licence fees from foreign broadcasters (as opposed to digital distributors or broadcasters offering on-demand content) to be considered for the purposes of meeting the licence fee threshold. Eligibility is contingent on having a Canadian broadcaster that provides the larger share of the eligible licence fees and the CMF is determining the eligibility of foreign broadcasters on a case-by-case basis.

Stakeholders support this pilot initiative because it is aimed at addressing a particular challenge facing documentary production, which has experienced a declining volume of production, particularly in the English-language market. In its consultations with stakeholders, the CMF found that one industry association supports the initiative as a good test case “to evaluate the potential benefits and/or possible drawbacks of expanding broadcaster triggers in other funds/envelopes.”

There is also some support from stakeholders interviewed for the evaluation for digital non-broadcast triggers as long as these come from entities such as Canadian broadcasters who are contributing to the system. One example of this that was mentioned was an unlicensed video streaming service owned by a vertically integrated Canadian broadcasting entity. The expert panel expressed the view that such services could trigger funding if they contributed to the CMF but cautioned against implementing such a procedure in the near future as it would hasten the destabilization of the regulatory structure.⁹⁶ However, there is a lack of evidence that would support a compelling rationale for extending funding triggers to unlicensed Canadian entities that exclude a majority role for licensed Canadian broadcasters at the present time.

7.7 Minority French- and English-language Production

Evaluation Question

To what extent are productions in English and French linguistic minority communities in Canada funded?

KEY FINDINGS

The CMF has successfully met its funding targets for the French and English minority communities to support the production of digital content.

The CMF achieves its mandate with respect to minority language production through a number of programs. In the French-language market, the majority of funding is allocated through the Francophone Minority Program, with the balance provided by the performance envelopes. This support enabled the creation of a total of 459 hours of minority French-language Canadian convergent content between 2010-2011 and 2013-2014. In 2013-2014, \$9.9 million was allocated through the Francophone Minority Program, and \$.4 million was attributed through performance envelopes.

The Canada Media Fund has met its requirements for the production of minority language programming, providing a minimum of 10 percent of French-language project support to minority-language projects each year.

⁹⁶ The concern was expressed that the revenues from video streaming services would not be sufficient to make up for the inevitable loss of revenues from BDUs. It was argued that this might impact the ability of the television industry to create high quality and high cost shows, which in turn would affect the television industry’s ability to compete at a global level.

A total of \$8.1 million was allocated to English-language minority production in 2013-2014, including 36 hours of production supported through the Anglophone Minority Initiative. For 2014-2015, the CMF has increased the funding envelope for English-language Minority production from \$3 million to \$3.5 million.

The CMF is seen as playing an important role in helping to strengthen the capacity of the minority language production sectors.

The CMF achieves its mandate with respect to minority language production through a number of programs. In the French-language market, the majority of funding is allocated through the Francophone Minority Program, with the balance provided by the performance envelopes. This support enabled the creation of a total of 459 hours of minority French-language Canadian convergent content between 2010-2011 and 2013-2014. In 2013-2014, \$9.9 million was allocated through the Francophone Minority Program, and \$.4 million was attributed through the performance envelopes.

While the Canada Media Fund has met its requirements for the production of minority language programming, providing a minimum of 10 percent of French-language project support to minority-language projects each year, this percentage decreased from 12.4 percent in 2010-2011 to 10.1 percent in 2013-2014. For 2014-2015, the Fund has relaxed the eligibility rules for accessing the French-language Minority funding envelope, reducing the producer track record requirement so as to encourage a greater pool of applicants.

From 2010-2011 to 2013-2014, funding for English-language production allocated to minority-language production, ranged from 7.1 percent of all English-language production funding in 2010-2011 to 4.1 percent in 2013-2014.

Following a complaint to the Office of the Commissioner for Official Languages the Fund launched the Anglophone Minority Incentive (AMI) in 2013-2014, which provided a total of \$3 million in targeted support for the production of English-language productions in official language minority contexts. Minority English-language production is also supported through the performance envelopes and other programs of the *Convergent Stream*. A total of \$8.1 million was allocated to English-language minority production in 2013-2014, as compared to \$13.2 million in 2010-2011, including 36 hours of production supported through the AMI. For 2014-2015, the CMF has increased the funding envelope for English-language Minority production from \$3 million to \$3.5 million.

Stakeholders interviewed for the evaluation are generally of the view that the funding being provided to minority official language production has led to successful projects and is helping to strengthen this production sector.

7.8 Contribution to Job Creation

Evaluation Question

To what extent are projects funded through both streams of the CMF contributing to the creation of jobs?

KEY FINDINGS

A number of studies provide evidence of the important role played by the CMF in the creation of jobs. From 2010-2011 to 2013-2014, the CMF contributed to the creation of half of all the jobs in the Canadian television production sector and related industries, resulting in 26,150 jobs per year, on average.

In 2012-2013, 1,010 direct and indirect jobs were attributed to the CMF for convergent digital media production sector and related industries.

The Fund also contributes to the creation of jobs in the fast growing video games and interactive digital media sectors.

The Canada Media Fund contributes significantly to the creation of jobs. Industry data indicates that from 2010-2011 to 2013-2014, the CMF contributed to the creation of 50.4 percent of the jobs generated in the Canadian television production sector. Of the jobs created with support from the CMF, 39.4 percent were full-time direct jobs in the television production sector. 60.6 percent of jobs resulting from CMF support were in other industries in the Canadian economy (indirect jobs). The same ratio is observed in the Canadian television production industry.

According to a profile of the screen-based sector published by the Canadian Media Producers Association⁹⁷ the Canada Media Fund is said to be “largely responsible” for convergent digital media production in Canada. The report notes that Canadian audio-visual producers and broadcasters are commissioning an increasing amount of convergent digital media projects as a result of the Fund. This study showed that in 2012-2013, convergent digital media production in Canada generated 490 jobs, and an additional 520 spin off jobs in other industries providing goods or services to the sector, based on an estimated total production volume of \$43.4 million.

While the number of jobs created by the *Experimental Stream* of the CMF is not currently tracked, a number of studies provide evidence of the important role played by the production of leading-edge non-linear content and applications in Canada for the creation of jobs.

According to the Entertainment Software Association of Canada,⁹⁸ the Canadian video game production sector employed a total of 16,500 full-time equivalent jobs in 2012. Combined with the indirect creation of 4,600 FTEs in other industries that supply Canada’s video game industry (indirect job impacts) and 5,900 FTEs created by the spending of video game industry employees

⁹⁷ CMPA Profile 2013, pp. 12 – 13.

⁹⁸ *Canada’s Video Game Industry in 2013*, Op. Cit.

in 2012 (induced job impacts), the study estimates that the video game production sector in Canada was responsible for the creation of 27,000 jobs in 2012. A study published by the Canadian Interactive Alliance,⁹⁹ which considered the wider sector of interactive digital media companies producing entertainment content estimated that the interactive digital media industry in Canada employed 26,700 full-time equivalent jobs in 2011. According to this study, almost all of these jobs (97 percent) were actual full-time positions.

⁹⁹ 2012 *Canadian Interactive Industry Profile*, Op. Cit.

8. Conclusions and Recommendations

8.1 Conclusions

8.1.1 Relevance

The CMF is highly relevant in that (i) it continues to meet a compelling need; (ii) its objectives are in line with federal government priorities and departmental strategic outcomes; (iii) and the Fund is in keeping with the implementation of the federal government's roles and responsibilities

The CMF responds to the needs of Canadians by ensuring that Canadian digital content is created, made available on multiple distribution platforms and consumed. The popularity of CMF-funded television content with Canadians is a significant indicator of the responsiveness of the CMF to the needs of Canadians. Evidence also shows that Canadians are engaging with content and applications supported by the Program created for the Internet, mobile devices and other platforms.

In the foreseeable future, television is expected to continue to be the primary platform by which Canadians are accessing Canadian content. As digital technology continues to expand the delivery methods by which content is made available, the Fund is seen to be vitally relevant to ensure that Canadians continue to have access to a wide range of content and cultural experiences on a variety of platforms.

The Canada Media Fund is well aligned to the Department of Canadian Heritage's Program Alignment Architecture (PAA) and supports the Department's strategic outcome to ensure that "Canadian artistic expressions are created and accessible at home and abroad". The CMF directly supports this strategic outcome by fostering, developing, financing and promoting the production of Canadian content and applications for all audio-visual media platforms.

Through its support to the CMF, the federal government ensures access to a diverse range of Canadian content and is supportive of official-language minority and Aboriginal communities.

The CMF is very well aligned to federal government roles and responsibilities. The CMF's support for television is seen as an important vehicle by which the objectives of the *Broadcasting Act* are met. The Department of Canadian Heritage has a responsibility to ensure that the broadcasting and digital communications sectors contribute to the realization of the policy objectives set out in the *Broadcasting Act*. These objectives include encouraging the development of Canadian expression and presentation of Canadian digital/screen-based content.

The CMF's support to leading-edge digital content and applications aligns to the federal government's *Digital Canada 150* strategy for the digital economy.

8.1.2 Performance – Achievement of Expected Outcomes

The evaluation has demonstrated that the Canada Media Fund has made progress towards achieving its intended outcomes: Canadian digital cultural content is being created and consumed at home and abroad and leading edge non-linear content and applications are being created and integrated to the mainstream.

Through its policies and programs, the Fund has been responsible for the development, production and promotion of over 10,000 hours of television programming and convergent content distributed on multiple platforms. The Fund also contributed to the development, production and marketing of 335 leading-edge non-linear content and applications.

This content was of a high quality and popular with Canadians, as shown by the significant increases in viewership of CMF-funded Canadian content. With few exceptions, the top ten Canadian programs funded by the CMF in English and French achieved Canadian average minute audiences of over 1 million viewers. A number of French-language programs achieved audiences in excess of 2 million viewers.

Canadians are engaging with leading-edge non-linear content and software applications. A high rate of funded projects has been released on the market. There is evidence to suggest that innovations supported by the Fund are being integrated to the mainstream. The evaluation noted that a number of highly innovative projects have been very successful with Canadian users.

Overall, projects supported by the CMF have attracted national and international acclaim, garnering over 900 awards, and are being sold to international markets.

The evaluation finds that both positive and negative unintended impacts resulted from the Fund. Among the positive impacts are the fostering of greater collaboration between the television and digital media sectors and the development of an independent video games sector.

In terms of negative impacts, the prominence of the performance envelopes has concentrated decision-making in a smaller number of large corporate groups of broadcasters due to recent industry consolidation; while the use of the audience criterion of total hours tuned appears to reward repeat airings of programming over original programming, this problem is somewhat mitigated by the CMF's second audience success factor, which rewards original first run. Minimum thresholds regarding requirements for value-added content projects supported through broadcasters' performance envelopes may have resulted in the production of second-platform projects of minimal added value. A tension was found to exist between the commercialization and innovation objectives of the *Experimental Stream*. Stakeholders consulted by the CMF or interviewed for this evaluation point out that the requirement for "innovation" in projects funded through the *Experimental Stream* appears at times to be incompatible with the objective of having projects commercialized or used by Canadians. In particular, it is said to be difficult to reconcile innovation in digital media with profitability outside of established business models. Thus, when assessing innovative projects, the CMF has to weigh the inherent risks related to the possibility and capacity of commercialization.

8.1.3 Performance – Efficiency and Economy

The CMF is administered in an economical fashion, with an administrative expense ratio that ranged from 4.3 percent to 4.8 percent over the four years, well within the maximum ratio of 6 percent required by the Contribution Agreement.

The CMF continues to be the best way for government to support Canadian digital content. The CMF receives its funding from the Government of Canada and broadcasting distribution undertakings (BDUs) through regulatory obligations. The CMF provides an effective framework that ensures that both public policy and industry objectives are met.

Funding provided by the Canada Media Fund is complementary to other programs offered in Canada and the approach taken, which relies on access to funding from multiple sources, is consistent with approaches being taken in other Canadian jurisdictions and internationally.

The right governance structure is in place to deliver the CMF program effectively. An internal audit of the Broadcasting and Digital Communication Branch (BDC) of PCH, responsible for administering the CMF's Contribution Agreement confirmed that the CMF is well managed by PCH. The changes to the Board of Directors in the transition from the CTF to the CMF were deemed to have been beneficial.

The current administration model and delivery processes are seen as being effective. Stakeholders praised the administration of the CMF (including Telefilm Canada), though some suggested that some improvements could be made to the process of delivering the program: improving file processing times should still be a priority for the CMF and capacity of the staff to resolve problems and find solutions could be improved.

Regular consultations conducted by the CMF as required by the Contribution Agreement are identified as a success with stakeholders.

8.1.4 Other Evaluation Questions

The study finds that the current performance measurement framework is effective at capturing the results of the program but could be improved. The CMF captures considerable and robust information on key performance indicators of program results. However, measuring audiences for digital media content on platforms other than television is a challenge, and the CMF is leading a project to identify solutions in consultation with the industry. Other areas where performance information is limited include a lack of ability to reliably measure audiences for original broadcasts as opposed to repeat airing, and a lack of data on the value of international sales. There was also a lack of data on the uptake of funded innovations by the mainstream media, particularly as regards the commercialization of innovative content or enabling technologies, and the acquisition of funded companies.

The evidence shows that in addition to value-added content, Canadians are interested in consuming linear television, licensed and unlicensed, across a range of screens and platforms over the Internet and via mobile apps, and that in this regard, exceptions made for projects distributed through VOD and linear streaming are appropriate.

The requirement imposed by the CMF that a percentage of projects include “rich and substantial” digital media content to support innovation may need to be revised.

This evaluation finds that the two streams of financing provided by the Canada Media Fund, the *Convergent* and *Experimental Streams* continue to be the optimal way to deliver the Fund. The two streams meet the needs of the broadcasting and interactive digital media sectors, which are evolving distinctly, though some collaboration between the two sectors has been stimulated by the Fund.

There is evidence to suggest that web series may not be accessing support from the Fund and that opportunities may be lost as a result.

Evidence supports the current role of the Canada Media Fund in supporting the four under-represented genres of programming, which include drama, documentary, children and youth and variety and performing arts. The unique financing challenges faced by these genres continue to be as relevant now as when the Fund was first established. On a going forward basis, maintaining a critical mass, particularly of drama series, is a key priority for the further development of the industry. The evaluation also notes the need for funding to produce POV documentaries.

The evaluation finds that the CMF has introduced initiatives aimed at “levelling the playing field” are deemed to be effective.

This evaluation finds a range of views on whether or not the Canada Media Fund should, as a policy, be expanded to include foreign broadcasters or foreign media distributors as funding triggers. The Fund currently has the latitude to introduce pilot initiatives as it has done for the English POV Program. This initiative allows licence fees by foreign broadcasters to be considered eligible licence fees but on the condition that Canadian broadcasters provide the larger share of the eligible licence fee. The rationale for extending funding triggers to unlicensed Canadian entities that exclude a majority role for licensed Canadian broadcasters is not sufficiently supported by the evidence at the present time.

The CMF has successfully met its requirement with respect to support for the production of digital content in French-language minority communities. Funding to both English- and French-language production in minority communities as a percentage of overall funding has decreased since 2010-2011 and the CMF continues to introduce measures to stimulate greater production in official language minority communities. Stakeholders interviewed for the evaluation are of the view that the CMF is playing an important role in helping to strengthen the capacity of the minority language production sectors.

From 2010-2011 to 2013-2014, the CMF contributed to the creation of half of all the jobs in the Canadian television production sector and related industries, resulting in 26,150 jobs per year, on average. In 2012-2013, the Fund was found to be responsible for the creation of 1,010 direct and indirect jobs in the convergent digital media production sector and related industries. The Fund also contributes to the creation of jobs in the fast growing video games and interactive digital media sectors.

8.2 Recommendations

#1. It is recommended that PCH encourage the CMF corporation to consider whether more can be done to reward audience success in a balanced way in light of consolidation in the industry since the launch of the Fund.

It is recommended that PCH encourage the CMF to review the weight given to audience success factors used in the calculation of performance envelopes to ensure that the Fund continues to meet one of the principles of the Fund – rewarding success.

The issue of rewarding audience success continues to require attention to ensure the Fund is rewarding broadcasters for achieving audiences for Canadian content in a balanced way. The evaluation finds that increasing consolidation in the broadcasting sector since the launch of the Fund has led to unintended impacts in terms of increased concentration of funds allocated through the Performance Envelope system to a small number of large corporate groups. In this regard, the factor weight assigned to the total hours tuned to funded programs broadcast by a broadcaster with a performance envelope, which is used in the calculation of performance envelopes, has provided increased benefits to larger corporate groups.

#2: It is recommended that PCH encourage the CMF corporation to ensure that the industry has the necessary flexibility to determine which forms of value-added content are best suited to each individual project.

The CMF should review its requirement for “rich and substantial” value-added digital content for projects supported through the *Convergent Stream*.

This evaluation finds that the exception made for VOD and linear streaming in the eligibility requirements of the *Convergent Stream* have been appropriate. Since the launch of the Fund in 2010-2011, broadcast services have evolved such that audiences are accessing linear television content on a range of alternative platforms online and on mobile devices including TV Everywhere services, broadcaster portals and video streaming services such as CraveTV (Bell), Shomi (Rogers/Shaw) and Club illico (Videotron).

Recent trends described in this report are rapidly reshaping the broadcasting industry. These include a growing trend in multi-screen use, second screen apps, social TV, experimentation in the distribution of linear television content on different platforms, including authenticated TV Everywhere services and unlicensed linear streaming platforms, which in turn are giving rise to new models for original online video content. These developments were of far less influence at the time that the criteria for the second platform of the *Convergent Stream* were developed.

#3: It is recommended that PCH and the CMF corporation work together to review the CMF’s support for web series.

The CMF should consider reviewing the level of funding that is being allocated to web series to ensure that current policies of both the *Convergent Stream* and the *Experimental Stream* do not unduly disadvantage this emerging form of digital content.

Web series are seen as an emerging opportunity and an award-winning sub-sector of the Canadian screen-based production sector. The evaluation finds a need to review support to web series through both the *Convergent* and *Experimental* Streams to ensure that this form of content is not being disadvantaged.

#4: It is recommended that PCH encourage the CMF corporation to clarify the objectives of the *Experimental Stream* as concerns “commercialization” and “innovation”.

PCH should encourage the CMF to examine its application of the objectives of commercialization and innovation as there was found to be a tension that exists between them.

The CMF may wish to consider creating separate sub-programs within the *Experimental Stream* with different emphases on innovation and commercialization as one way of clarifying how it treats these objectives. By considering sub-programs within the *Experimental Stream* with distinct objectives, the Canada Media Fund could more directly address the market realities of the different types of digital content it supports.

The evaluation found that it has been difficult at times for digital media projects funded through the *Experimental Stream* to reconcile the requirement for innovation with commercialization, particularly outside of established business models. Too high a focus on innovation has been seen to occasion significant risks for producers, sometimes with disappointing results.

The CMF may wish to examine the creation of a sub-program supporting the commercialization of innovative Canadian video games. Canada is recognized for its leadership in the video games sector, which every year produces award-winning content and applications. It is a driver of Canada’s digital economy. At the same time, numerous studies have pointed to the opportunity costs for Canadian companies in the sector due to insufficient financing. Almost half of the total number of projects supported through the *Experimental Streams* was innovative interactive video games. Access to funding is considered critical for smaller independent companies in the video games sector.

#5: It is recommended that PCH encourage the CMF corporation to consider ways to improve Canada's digital content industry's competitive position on the global stage.

The CMF could consider introducing incentives to reward Canadian companies who are successful on the global stage, aligned to the Fund's ultimate outcome where funded content is consumed abroad.

One of the ultimate outcomes anticipated for the CMF is that Canadian funded productions are consumed abroad. The evaluation finds that the CMF plays an important role in facilitating the industry's access to global markets and that there exists worldwide interest in CMF-funded productions.

The evaluation also noted that significant change has taken place in the international environment in recent years due to technological advances and greater global competition for investment. Incentivizing international sales by Canadian companies could encourage greater entrepreneurship and contribute to Canadian product being seen by international audiences.

#6: It is recommended that PCH undertake a review of the CMF's performance measurement, evaluation and risk strategy.

A timely review of the program's PMERS should be undertaken by PCH to ensure that performance indicators, targets and data collection methods continue to be appropriate in the context of a rapidly evolving digital media industry.

A feasibility study conducted in preparation for this evaluation concluded that the Department's PMERS for the CMF should be reviewed following the evaluation. This would ensure that the framework continues to be aligned with the realities of the rapidly evolving digital media industry and that indicators identified for the Fund are in fact measurable.

#7: It is recommended that PCH encourage the CMF corporation to continue its efforts to improve the measurement of the Fund's performance.

PCH should encourage the CMF in its ongoing work with the industry to develop reliable audience measurement for digital content (other than television) funded through the *Convergent* and *Experimental Streams*.

PCH should encourage the CMF to continue to enhance measurement of the total value of international sales of funded projects to better measure the Fund's ultimate outcome with respect to consumption abroad.

The *Digital Media Performance Measurement Framework* is said to be the critical first step addressing a need expressed by the industry to adopt a standardized approach to measuring

the performance of interactive digital media on platforms other than television. It would be beneficial for this work to continue.

The evaluation finds that information on the ultimate outcomes of the Fund is currently limited, particularly as regards data on the value of international sales. Access to this information would allow the CMF and PCH to better understand the performance of the Fund.

8.3 Management Response and Action Plan

Recommendations 1, 2, 5 and 7

Recommendation #1

It is recommended that PCH encourage the CMF corporation to consider whether more can be done to reward audience success in a balanced way in light of consolidation in the industry since the launch of the Fund.

Recommendation #2

It is recommended that PCH encourage the CMF corporation to ensure that the industry has the necessary flexibility to determine which forms of value-added content are best suited to each individual project.

Recommendation #5

It is recommended that PCH encourage the CMF corporation to consider ways to improve Canada's digital content industry's competitive position on the global stage.

Recommendation #7

It is recommended that PCH encourage the CMF corporation to continue its efforts to improve the measurement of the Fund's performance.

Statement of Agreement /Disagreement

Accepted

Context

The Canada Media Fund is an independent, not-for-profit corporation, which operates under the parameters of a contribution agreement (c.a.) with the Department of Canadian Heritage. This c.a. requires the CMF corporation to hold formal, ongoing and meaningful consultations with the industry. Given the CMF corporation's level of engagement with the industry and the flexibility already provided by the c.a., the CMF program has continued to evolve beyond the time period covered by the evaluation.

The proposed responses take into consideration ways in which the CMF corporation is already moving in the directions suggested by the recommendations and respect the independence of the CMF corporation in the day-to-day operations of the program.

Management Response

Recommendation #1

Policy Rationale

In creating the CMF, a key policy rationale was to reward success with Canadian audiences, and to support content that Canadians want to watch.

Current Contribution Agreement

The current contribution agreement requires that the CMF conduct ongoing and meaningful consultations with the industry. One of the most significant consultations held by the CMF each year is on the factor weights used to calculate Performance Envelopes. As part of its day-to-day management of the fund, the CMF corporation reviews the factor weights each year in light of its consultations and industry trends.

Next Steps

BDC will work with the CMF corporation to ensure that, in light of the significant industry consolidation that has occurred since the creation of the Fund, audience success is rewarded in a balanced way. These discussions will be informed by this evaluation, the evolving business environment, the CMF corporation's internal modelling analysis, as well as by the consultations the CMF corporation conducts with the industry every year on the Performance Envelope factor weights.

Recommendation #2

Policy Rationale

In creating the CMF, a key policy rationale was to foster innovation and collaboration between producers, broadcasters and the new media sector. A requirement was therefore established to ensure that second-platform convergent content was not only created, but that it added value to the accompanying television production, resulting in the term "value-added."

Current Contribution Agreement

The definition of "value-added" content in the existing contribution agreement provides flexibility for the CMF corporation to further specify second platform requirements. The CMF defines such content in its guidelines as "rich and substantial."

In 2014-2015, the CMF guidelines re-defined a "rich and substantial" convergent project as "a coherent and added-value digital or social media experience to the audience before, during or after the broadcast of the television component." This provided producers with the opportunity to leverage social media and with additional options to meet the significant requirements of "rich and substantial." In 2015-2016 the notion of "immersive" was added to the definition of "interactivity" in the Experimental Stream guidelines, responding to emerging and highly innovative forms of content creation.

Next Steps

BDC will encourage the CMF corporation to continue its work to ensure that the industry has the necessary flexibility to determine which forms of value-added content are best suited to each individual project.

Recommendation #5

Policy Rationale

One of the ultimate results of the CMF is in keeping with the Department's strategic outcome of ensuring Canadian digital content is consumed at home and abroad. Reaching international audiences will help support the industry's ability to remain competitive, viable and sustainable in the global marketplace.

Current Contribution Agreement

The c.a. with the CMF corporation allows it to continue to develop ways to improve Canada's digital content industry's competitive position on the global stage. The CMF corporation's work in this area in the past two years responds to this recommendation.

The CMF corporation has introduced new incentives to support the International Coproduction and Co-development. Examples include, a million-dollar matching fund between New Zealand and Canada; a co-development incentive with SP Cine (São Paulo, Brazil) and a Co-development/Coproduction incentive for interactive digital media with Belgium; and an agreement between Canada-Italy for incentives to develop documentaries between producers in both countries.

Next Steps

BDC will continue to support the CMF corporation's work in this area so it can continue promoting the Canadian digital content industry's competitive position internationally.

Recommendation #7

Policy Rationale

Measuring program results is key to determining whether a program is fulfilling its public policy *raison d'être*, and is being accountable to Canadians.

Current Contribution Agreement

The indicators in the c.a. are reviewed on an annual basis. Indicators for digital media have proven difficult to establish, given that this sector is so new and that benchmarks have yet to be set.

The CMF corporation leads a working group to develop the *Digital Media Measurement Strategy*, given the challenges of measuring audiences and/or usage of digital media projects. This group has made significant progress, and issued a first *Digital Media Performance Framework* in 2012-2013, designed to establish an initial set of standard

performance metrics. These were defined as: unique individuals, new individuals, sessions, downloads/streams/video starts/user actions/page views, and time spent.

After 2015-2016, the CMF corporation expects to set benchmarks for the digital media components of convergent stream projects and for experimental stream projects. It should also be noted that the CRTC is spearheading initiatives in metrics, with the creation in the spring of 2015 of a working group on set-top boxes. The results coming out of this working group have the potential to provide the CMF corporation with a richer set of data upon which to base its analyses and calculate PEs.

Next Steps

BDC will continue to work with the CMF corporation to support its efforts to improve the measurement of the Fund’s performance, most specifically in the area of digital media measurement (both for the digital media component of Convergent Stream projects, and for all Experimental Stream projects).

Deliverable(s)	Timelines	OPI
Recommendation #1: Review of the audience success factor with the CMF corporation.	July to December, 2015	Director General BDC
Recommendation #2: Encourage the CMF corporation to continue its work to ensure that the industry has the necessary flexibility to determine which forms of value-added content are best suited to each individual project.	Ongoing	Director General BDC
Recommendation #5: Support the CMF corporation’s work in promoting the Canadian digital content industry’s competitive position internationally.	Ongoing	Director General BDC
Recommendation #7: Request more detailed information on progress made by the CMF on its <i>Digital Media Measurement Strategy</i> via the quarterly Funders meetings.	Quarterly, beginning fall 2015 (at the next Funders Meeting)	Director General BDC

Recommendations #3 and #4

Recommendation #3

It is recommended that PCH and the CMF corporation work together to review the CMF's support for web series.

Recommendation #4

It is recommended that PCH encourage the CMF corporation to clarify the objectives of the Experimental Stream as concerns "commercialization" and "innovation".

Statement of Agreement /Disagreement

Accepted

Management Response

Policy Rationale

In the creation of the CMF, the Experimental Stream was established to support the creation of innovative, leading-edge digital media content and applications, created exclusively for digital media platforms or devices.

Like the Convergent Stream, the Experimental Stream has a policy objective of requiring innovation and rewarding audience success. Its commercialization focus targets projects with the most potential for audience success and return on investment, while the focus on innovation seeks to support experimentation with new and emerging technologies.

Current Contribution Agreement

BDC acknowledges that a gap currently exists in the funding of web series. This outcome was unintentional, since web series were identified as an eligible activity when the Stream was originally conceived.

At issue is the balance of the Experimental Stream's policy objectives: commercialization and innovation. All projects are assessed equally by means of an evaluation grid, in which innovation and commercialization (project viability) are assessed at the highest factor weights. Funding is limited and extremely competitive – only 16.6 percent of the 500 applications in 2013-2014 were supported. Therefore, support for web series are currently not successful when competing with more innovative projects such as interactive video games.

Next Steps

BDC will assess the best way to clarify the competing objectives of the Experimental Stream and to support, as originally intended, web series.

Given its independence, it will be the responsibility of the CMF to determine how to implement these changes to its program operationally.

Deliverable(s)	Timelines	OPI
Recommendation #3: Assess the best way to clarify the competing objectives of the Experimental Stream.	March 2016	Director General BDC
Recommendation #4: Assess the best way the CMF can support, as originally intended, web series.	March 2016	Director General BDC

Recommendation #6

It is recommended that PCH undertake a review of the CMF's performance measurement, evaluation and risk strategy.

Statement of Agreement /Disagreement

Accepted

Management Response

The CRTC's recent *Let's Talk TV* decisions related to the future of television, and the upcoming Discoverability Summit it will host, are some initiatives that may provide insight into the challenges and opportunities that may influence changes to the CMF program's PMERS.

Next Steps

BDC will review the CMF's performance measurement, evaluation and risk strategy (PMERS) and continue to work with the CMF to align efforts to improve the measurement of the Fund's performance, including setting new targets in the CMF's Performance Measurement Framework for the Convergent Stream, and setting benchmarks (which will be compiled by the CMF in 2016-2017, resulting from the work of its *Digital Media Measurement Strategy*).

Deliverable(s)	Timelines	OPI
Review the CMF program's PMERS	December 2015 to March 2016	Director General BDC

Changes to the CMF program's PMERS	April 2016	Director General BDC
General Conclusion		
<p>As the policy centre responsible for setting broad directions for the Fund, BDC will continue to monitor the technological, structural and regulatory changes taking place in the Canadian broadcasting landscape.</p> <p>BDC will examine the CMF Program's parameters to ensure that they are responsive to the evaluation and the changing environment. BDC will provide advice and make recommendations based on its examinations.</p>		

9. Looking Forward

The CMF works within a complex Canadian media ecosystem, in which elements that support its current success are changing rapidly. Since the exact nature of the changes will be difficult to anticipate, it will need to monitor its environment closely if it is to continue to succeed.

Changes in the way consumers access audio-visual media are the primary driver of change, but naturally, many players are acting simultaneously to accommodate this primary change, and the result is a cascading system of reactions whose future shape is difficult to predict.

Specifically, alternate delivery methods will continue to grow and may eventually rival television for consumers' viewing, though they do not at present. The CRTC, anticipating further growth in online viewing, has recently announced new regulatory policies to adjust the relationship of consumers, BDUs, broadcasters, and producers; they, in response, will adopt strategies to deal with the new policies and these will create further changes.

In the face of this shifting environment, it may be prudent for the CMF and PCH to continue to monitor those cascading changes that have the potential to affect its operations. It is possible that the policies and practices of the CMF will require adjustment if it is to continue to perform its vital role of ensuring the creation and offering of Canadian content.

The comments below describe some of the anticipated changes. Most of these changes are expected to have impact in both English and French markets, though, as has happened in the past, the impact in the French market may be reduced and delayed due to the lower influence of foreign programming.

9.1 Consumer Habits

Consumer content consumption habits are changing with the spread of technologies that can receive on-demand television, notably tablets, smart TVs, and mobile devices. In the CRTC Monitoring Report for 2014,

- almost all Canadians reported watching television on their TV sets in the last month (93 percent of Francophones and 96 percent of Anglophones);
- but 41 percent (39 percent and 42 percent) reported watching “Internet TV”; and
- three quarters (70 percent and 76 percent) watched some form of Internet video.

Usage of Internet TV is still not comparable to the time spent watching television on TV sets. The same report noted that television viewing fell only slightly from 2010-11 to 2012-13 – from 29.8 hours a week to 29.3. Meanwhile the average use of Internet TV in the whole population grew from 0.7 hours to 1.9, while that of regular users of Internet TV grew from 2.8 hours a week to 5.1. Clearly, viewing is still firmly rooted in the regulated television system, but the upward trend in Internet TV is remarkable.

This trend is primarily driven by the increasing attractiveness of major video streaming Internet-delivered services such as Netflix. The CRTC report showed that 24 percent of Canadians subscribe to this service, but the number reaches as high as 35 percent in predominantly English

provinces, while Quebec shows only 9 percent. There are, of course, Canadian sources of Internet TV, including the “app” and website-delivered on-demand services of licensed broadcasters, as well as the new Shomi (Rogers/Shaw), CraveTV (Bell) and Club illico (Videotron).

In the United States, the recent move of HBO to establish its own video streaming service, duplicating on the Internet what it offers through the television platform, is an indication that providers of attractive programming are reacting to these trends and will accelerate the movement of viewing and revenue to online platforms.

While the current numbers are not cause for alarm, it would clearly be prudent for the CMF to closely observe these trends as they develop, with particular attention to:

- Possible declines in the subscription revenues of BDUs and BDU-carried services as viewing grows online, which would affect the resources available to CMF-supported programming; and
- Continuing movement in television advertising revenues¹⁰⁰, which has already affected Canadian conventional television, a keystone supporter of CMF programming.

9.2 Recent Decisions of the CRTC

The CRTC conducted extensive hearings into the future of the television system in 2014. Beginning with an extensive consultation in 2013 (which received over 13,000 public comments) the Commission progressed into months of studies and written submissions and weeks of oral public hearings in 2014, covering every area of Canadian television regulation. These proceedings culminated in a recent series of decisions containing detailed new policies, some of which will have impact on the CMF.

9.2.1 Broadcaster-based Policies

The Commission, perceiving that Canadian consumers wanted more flexibility in television services purchased through BDUs, announced in March 2015 that, by December 2016, BDUs must provide a small basic service at a maximum price of \$25¹⁰¹ and must offer programming services in ways that allow consumers to choose all services beyond “basic” individually (“pick and pay”) or in small packages.

¹⁰⁰ Consultant Peter Miller’s “Environmental Scan”, submitted by several parties in the Let’s Talk TV hearings, notes, “Conventional television’s advertising decline ... would appear to be both ongoing and irreversible. Conventional now joins print, and it would appear radio, as the first traditional media victims of the massive growth of Internet advertising. While not necessary for conventional TV’s losses to continue, the growth in Internet video advertising would seem to have particular impact.” <http://www.friends.ca/files/PDF/fcb.2014-190.appendix3-.pdf>

¹⁰¹ Before terminal equipment costs and taxes.

Canadian broadcast services will not be able to refuse this packaging, as the access privileges that required BDUs to carry certain services will be withdrawn at their next licence renewal (2018)¹⁰². Also, while previously it has been a requirement that each BDU customer receive a preponderance of Canadian services, under the new rules it is only necessary that the BDU offer more Canadian than foreign services.

The CRTC also announced changes to the exhibition requirements for Canadian program services, reducing quotas for the overall amount of Canadian programs that conventional services must broadcast during the day (outside of prime viewing hours which remains at 50 percent) from 55 percent to zero, and adjusting the Canadian content quota on specialty services to 35 percent. It also removed the requirements that kept some specialty services focused on certain genres of programming.

The Commission also created a new kind of VOD category, a “hybrid” service that could operate within BDU infrastructure without regulatory obligations as long as it was also offered on the Internet without being restricted to BDU subscribers.

While recognizing the increasing importance of online viewing, the CRTC made clear that it has no intention at this time of revising its current policy, and requiring a contribution to Canadian production from video streaming services. The consequence of this position is that the transfer of viewing and revenue from the broadcast system to the Internet may result in somewhat lower resources for Canadian production.

9.2.2 Production-based Policies

In Broadcasting Regulatory Policy 2015-86, the Commission proposed “Rethinking the funding models for Canadian programming”. Calling the current situation, “no longer tenable”, it proposed measures to “move towards building sustainable, better capitalized production companies capable of monetizing the exploitation of their content over a longer period, in partnership with broadcasting services that have incentives to invest in content promotion.”

To accomplish this:

- The Commission will no longer require that broadcasters sign “terms of trade” deals with producers, allowing broadcaster to participate in the profits of international sales and therefore encouraging more risk-taking.
- Believing that “the future television environment may require new approaches to what constitutes Canadian programming”, it proposed two pilot projects for TV productions based on Canadian novels or projects costing over \$2 million per episode would be

¹⁰² Most Canadian specialty services are classified as “Category B”, that is, they must negotiate carriage - they have no access privileges that force BDUs to offer them to customers. Consequently, many have been authorized by the Commission but few have able to obtain carriage. Some specialty services licensed in the 1990s have “must-carry” status (“Category A” services) and are carried on all BDUs, but they will lose this privilege at their next licence renewal. Networks that broadcast “over-the-air”, i.e. over ground-based transmitters, must still be carried in their local areas, as will a few services the CRTC has designated “must-carry” under section 9(1)(h) of the *Act*.

considered Canadian in spite of a lower points score on Canadian participation in “key creative functions”¹⁰³.

- It also recommended removing the requirement for a producer to have a broadcast licence agreement with a traditional Canadian broadcaster in order to obtain funding for Canadian productions.

In all of these measures, the CRTC hopes to incent more commercial success, both through more emphasis on online platforms and through greater international financing and revenue participation in Canadian production, at the cost of less Canadian participation.

Clearly the CMF, working with PCH, will be called upon to respond to the initiatives of the Commission in the short term, and will need to make its own assessments of the goals and the strategies designed to achieve them.

9.3 Consequent Impacts on the Broadcasting System

Consumers, BDUs and program services will need to alter their business strategies to deal with these complex new rules.

9.3.1 Overall Revenue

Analysts are divided on the consequences. Some feel that BDUs will succeed in retaining subscribers to current packages, or extracting more revenue from pick-and pay services, while others believe that vertically integrated companies will make up their BDU losses on the ISP side.

Many analysts, however, are predicting a substantial decline in BDU revenues – anywhere from \$5 to \$21 per subscriber per month¹⁰⁴. Consumer reaction will depend on pricing: some may see little cost advantage in changing their packages. However, the Commission’s clear intention is to allow Canadians to spend less on BDU services, and if a number take advantage of the new circumstances, lower revenue will be the result.

This would add to current pressures on BDUs from the loss of revenue when subscribers cancel or reduce their subscriptions, replacing them with Internet TV – though it is the Commission’s hope that less expensive BDU service will keep Canadians inside the regulated broadcasting system. For the CMF, however, the possible consequence is a decline in resources as less money flows through BDUs to the Fund.

¹⁰³ The Canadian Audio-Visual Certification office (CAVCO) assigns points to a production when “key creative functions” are performed by Canadians: 2 points each for director and screenwriter, and 1 point for each of the lead and second lead performers, director of photography, art director, music composer and picture editor. A CMF-supported TV production must currently have 10/10 points, a Telefilm-supported feature film 8/10. Only 6/10 points are required to access tax credits.

¹⁰⁴ <http://alphabeatic.com/pick-and-pay-tv/>

9.3.2 Demand for CMF-Funded Programming

The CRTC chair said in a press interview, “There may indeed be services that don't survive and there will be job losses.” It is widely expected in the industry that some Canadian broadcast services will not be able to survive outside of the popular packages in which they are currently carried. In the negotiation of affiliation agreements between BDUs and program services, the bargaining power will be with the BDUs, who will themselves be striving to maintain high average revenues per unit (ARPU), so, at a minimum, one would expect profit margins to be tighter for specialty services.

The possible consequences for the CMF include lower demand from broadcasters, who will have less need for Canadian programming. There could be pressure on licence fees – though since expenditure requirements remain in place, overall Canadian programming expenditures would be reduced only as the result of generally lower revenue flowing to broadcasters.

Indeed, the CRTC's stated aim is, “we want creators and distributors to choose quality over quantity¹⁰⁵”. That is, to have higher-quality Canadian programming, though there may be a lower volume of Canadian broadcast hours, since exhibition requirements have been reduced.

Since the percentage of broadcasters' revenue that must be spent on programming (the Canadian Programming Expenditure requirement) is being maintained, it is unlikely that costs-per-hour will decline, though it may move if overall broadcaster revenue declines.

The consequence of removing genre protection from specialty services will also depend on the reaction of players. There is value in “branding” beyond the regulatory requirement, so there may not be the “rush to the middle” that some have predicted. However, it would be prudent for the CMF to be aware that the demand for diversity of programming may vary, particularly since other changes – like not including children's specialty channels in the basic package (pending CRTC public process) – could have consequences.

9.4 Consequent Impact on Canadian Producers

In considering the impact on producers and on the CMF one must recognize that the chain of reactions to change is even less predictable than it is for BDUs and broadcasters, but raises concerns that CMF should track, going forward.

For example, the CRTC's moving away from insisting on Terms of Trade between broadcasters and producers puts more bargaining power in the hands of broadcasters. If the overall trend is indeed toward spending more money on fewer programs, the new freedom of broadcasters to participate in foreign revenue when Terms of Trade expire may encourage them to greater involvement in co-financed drama aimed at foreign sales.

¹⁰⁵ Speech by CRTC Chair J. P. Blais to the Canadian Club, March 12th, 2015.

The demand for some genres of programming (children’s and documentary) may change. Small and medium sized producers with brand specialties may find their markets challenged. This could result in significant consolidation among Canadian production firms.

9.5 Online Television Services

The Commission does appear to have a strategy that hopes to draw viewers away from foreign services into Canadian video streaming services that are affiliated with licensed entities, such as Shomi, CraveTV and Club illico. However, the success of Canadian online video streaming services depends on their ability to acquire attractive programming. At the current time, while the regulated system still enjoys a massive preponderance of viewership, they are well situated to acquire rights.

Going forward, it is difficult to say. Rights holders in foreign programming always have the option of bypassing Canadian aggregators, and may choose to. US services are strongly opposed to being offered in their domestic market on a pick-and-pay basis. Their argument against U.S. pick-and-pay would be weaker if they accepted a pick-and-pay deal in Canada. Consequently, some might simply choose to make themselves available online in Canada and avoid BDU carriage, in which case less of their programming would be available to Canadian services, both regulated and exempt.¹⁰⁶

9.6 Convergent Content

A significant, but separate, concern has to do with “substantive and rich” digital media content, which accompanies television productions as a result of Convergent stream funding requirements. The issues for CMF on this front are not affected by regulation but have to do with the debate over the appropriateness of the requirement to marry such applications with linear content.

If the CRTC’s proposal to move in the direction of enriching the online element of the system gains traction – even to the point of no longer requiring broadcast licensors of linear content - then one can expect a more intense debate on the Convergent strategy.

9.7 Consequent Impacts on the CMF

Several trends are highlighted above that the CMF must track as the broadcasting system undergoes significant change in the medium term due to consumer behavior, the response of the regulator with new rules, and the response of players to those new rules.

Again, all of these observations are subject to two caveats:

¹⁰⁶ Etan Vlessing: “That cable-unraveling scenario will see popular U.S. channels like FX and AMC become available for purchase on their own, leaving American suppliers of popular U.S. primetime series to lose Canadian bundling arrangements first introduced in the 1970s.”

- The greatest impact of these trends will be felt in the English market. The biggest changes will happen there as the French market is better insulated from foreign programming.
- The trends are not truly predictable in magnitude or even direction. There are many moving parts in the system. The reactions of consumers and players in the system are still being debated.

In light of the changing environment, it may be appropriate for the CMF to pay close attention to the following general possibilities:

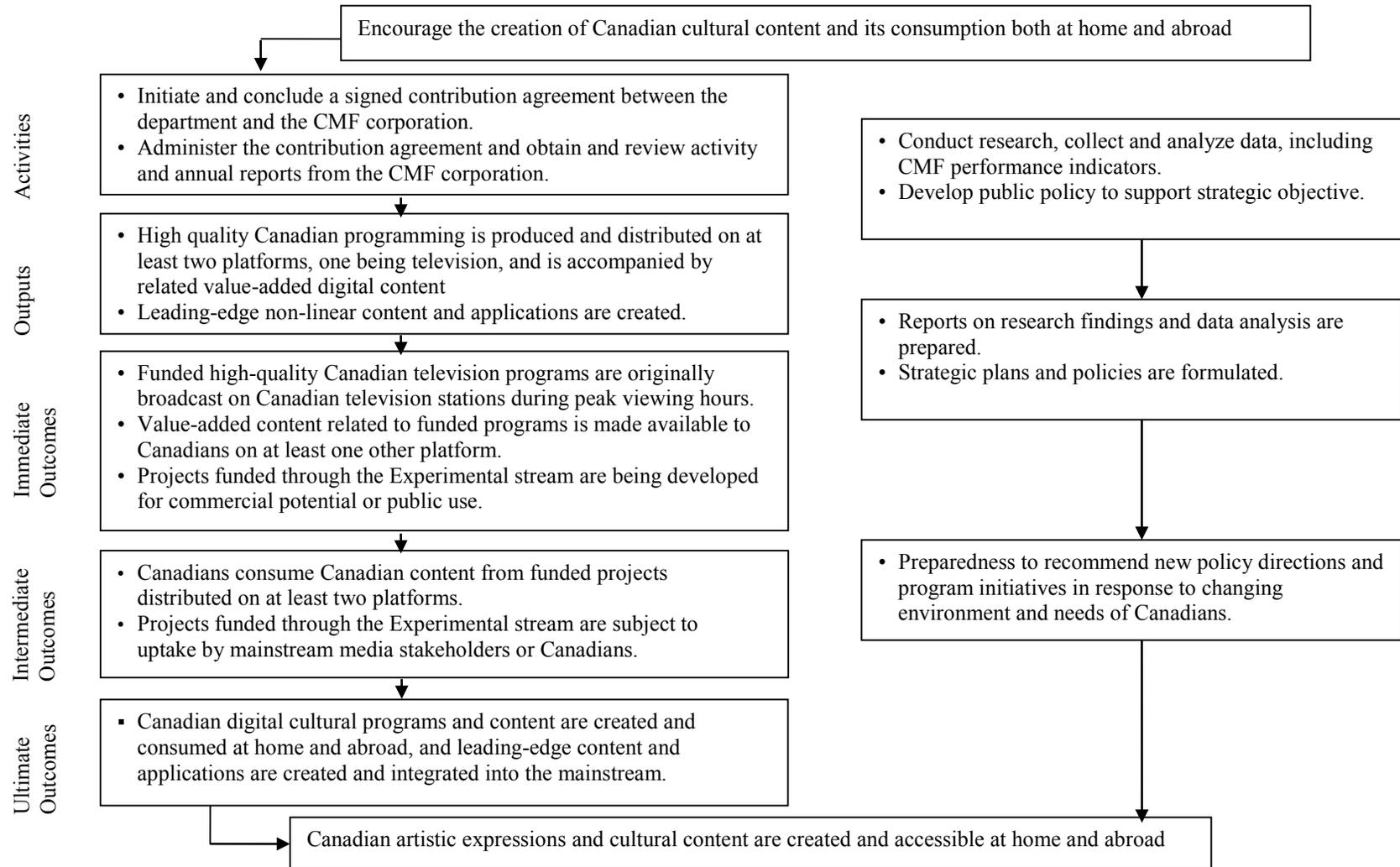
- Less viewing of Canadian and CMF-funded programs;
All of the trends above suggest this as a strong possibility.
- Losses of funding to Canadian programs as a result of lower viewing, lower subscribership, and generally, less money in the system;
- A countervailing trend to increase the cost of CMF-funded programming, suggesting that lower volumes can be produced;
- A reconsideration of the meaning of “Canadian” in the system,
 - accompanied by a greater strategic emphasis on foreign participation and sales in programming made by Canadians; and
 - possibly, greater foreign and broadcaster investment, which may counteract declining CMF resources;
- Programs that are less “Canadian” as currently defined;
- Consolidation in the production sector – fewer, larger entities.

9.8 Conclusion

This evaluation has established that the CMF has made substantial progress towards achieving its stated objectives in the period under review. However, the Canadian media ecosystem is changing rapidly, and the CRTC’s recent decisions may accelerate these changes. The quantum of change will be significant and may have an impact on the CMF and its achievement of its goals. Therefore it is vital that the CMF and PCH continue to monitor changes in the system so that it can adjust appropriately and continue its success.

APPENDICES

APPENDIX A: LOGIC MODEL



APPENDIX B: EVALUATION FRAMEWORK

Issues and Questions	Indicators	Line of Evidence
Relevance		
Issue #1: Continued need for the Canada Media Fund (CMF)		
1. To what extent does the CMF program continue to address a demonstrable need and be responsive to the needs of Canadians?	<ul style="list-style-type: none"> • Current status of need that gave rise to the CMF • New conditions that affect the need for the program moving forward • Demand for CMF funded programs/projects and the outputs from the programs (incl. #% of oversubscribed) • Annual television production viewing hours (total and Canadian content) by year by genre and language. • Trends and estimated future penetration rate of various digital platforms 	<ul style="list-style-type: none"> • Literature review • Document review (incl. administrative and audience data review)
	<ul style="list-style-type: none"> • Views of key informants and experts regarding whether the CMF is responsive to the needs of Canadians • Views of key informants and experts on future trends in the cultural broadcasting and digital communications sector 	<ul style="list-style-type: none"> • Key informant interviews • Expert panel
Issue #2: Alignment with Government Priorities		
2. To what extent do the CMF program objectives continue to be aligned with: (i) federal government priorities and (ii) departmental strategic outcomes?	<ul style="list-style-type: none"> • The level of consistency between the CMF's objectives and: <ol style="list-style-type: none"> 1) Federal government priorities 2) PCH strategic outcomes 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review)
Issue #3: Alignment with Federal Roles and Responsibilities		
	<ul style="list-style-type: none"> • Evidence of relevance and legitimacy of the Canadian government in this Program area or activity 	<ul style="list-style-type: none"> • Literature review

Issues and Questions	Indicators	Line of Evidence
<p>3. Is the CMF program aligned with federal roles and responsibilities, in particular:</p> <p>a) supporting the production of Canadian -convergent television and digital content</p> <p>b) supporting leading-edge non-linear digital content and applications designed for distribution on multiple platforms.</p>	<ul style="list-style-type: none"> • Relevance to the legislative and regulatory frameworks and impact of any changes to either since the creation of the CMF 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review)
	<ul style="list-style-type: none"> • Views of key informants and experts regarding the legitimacy and necessity of the federal government’s role in this Program area or activity 	<ul style="list-style-type: none"> • Key informant interviews • Expert panel
<p>Performance (effectiveness, efficiency and economy)</p>		
<p>Issue #4 : Achievement of Expected Outcomes</p>		
<p>4. To what extent is high-quality Canadian programming produced and distributed on at least two platforms, one being television, which is accompanied by related value-added digital content?</p>	<ul style="list-style-type: none"> • Number of hours of CMF-funded Canadian programming supported annually by genre and language • Average per hour production cost of CMF-funded programs vs non funded CMF-able programming by genre and language • Amount of funding to Convergent stream projects by type of support • Number and types of CMF-funded digital convergent content projects created • Number of awards received by funded projects 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review)
	<ul style="list-style-type: none"> • View of key informants and experts regarding the quality of television programming produced by funded recipients 	<ul style="list-style-type: none"> • Key informant interviews • Expert panel
<p>5. To what extent are leading-edge non-linear content and applications created?</p>	<ul style="list-style-type: none"> • Number of leading-edge non-linear content and applications projects supported through Experimental stream of CMF • Annual number of nominations and prizes received by CMF-supported projects, other than television, by genre and language 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review)
	<ul style="list-style-type: none"> • Views of key informants and experts on the extent to which funded projects are in line with the CMF objectives 	<ul style="list-style-type: none"> • Key informant interviews • Expert panel

Issues and Questions	Indicators	Line of Evidence
<p>6. To what extent have immediate outcomes been achieved?</p> <p>a) To what extent are funded high quality Canadian television programs originally broadcast on Canadian television stations during peak viewing hours?</p>	<ul style="list-style-type: none"> • Number of CMF-funded programs licensed and scheduled in peak viewing hours (compared to all programming), with breakdowns by genre/language. (i.e. Number of hours and percentage of CMF-supported programs in comparison with non-CMF-supported programs in CMF-eligible genres; 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review)
<p>b) To what extent is value-added content related to CMF-funded programs made available to Canadians on at least one platform other than television?</p>	<ul style="list-style-type: none"> • Annual number of CMF-supported programs for which related digital content was made available on a second platform, third platform, etc. by genre and language (value-added content vs same television content streaming) • Views of key informants and experts regarding the quantity and quality of digital content produced by funded recipients and its added value to the television program 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Key informant interviews • Expert panel • Case studies
<p>c) To what extent are projects funded through the Experimental stream being developed for commercial potential or public use?</p>	<ul style="list-style-type: none"> • Annual number and percentage of Experimental Stream-supported projects developed with commercial potential by genre and language. • Annual number and percentage of Experimental Stream-supported projects developed and made available to the public by genre and language. • Evidence and percentage share of projects supported by the Experimental stream which is considered a success. • Views of key informants and experts regarding the types of projects funded under the Experimental Stream, their relative success and commercial potential. 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Case studies • Key informant interviews • Expert panel

Issues and Questions	Indicators	Line of Evidence
<p>7. To what extent have the intermediate outcomes of the CMF been met?</p> <p>a) To what extent do Canadians consume Canadian content from funded projects distributed on at least two platforms?</p>	<ul style="list-style-type: none"> • Annual viewing hours, audience share and reach of CMF-supported television productions, by genre and language (daily and during peak viewing hours, original vs. re-broadcasts?) • Audience data for CMF-supported television productions and non-CMF-supported television productions in CMF-eligible genres • Number and percentage of successful funded projects (i.e. in terms of audience, etc.). • Audience and usage data of digital content (total as well as CMF-supported) on platforms other than television by platform, by genre and language 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Case studies
<p>b) To what extent are projects funded through the Experimental stream subject to uptake by the mainstream media stakeholders or Canadians?</p>	<ul style="list-style-type: none"> • Annual number and percentage of projects funded through the Experimental stream that are adopted by other Canadian industry stakeholders or the Canadian public, by genre and language. • Audience and usage data of projects funded through the Experimental stream, by genre and language. • Evidence of use of innovations achieved through funded projects by mainstream media stakeholders or Canadians 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Case studies
	<ul style="list-style-type: none"> • Views of key informants and experts on the use of innovations achieved through funded projects by other industry stakeholders or Canadians 	<ul style="list-style-type: none"> • Key informant interviews • Expert panel
<p>8. To what extent has the ultimate outcome of the CMF been met?</p> <p>a) Are Canadian digital programs and content being created and consumed at home and abroad, and are leading-edge content and applications being created and integrated into the mainstream?</p>	<ul style="list-style-type: none"> • Evidence that Canadian digital programs and content are available and being consumed abroad. 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Case studies
	<ul style="list-style-type: none"> • Views of key informants and experts on the availability and usage of Canadian digital programs and content abroad 	<ul style="list-style-type: none"> • Key informant interviews • Expert panel

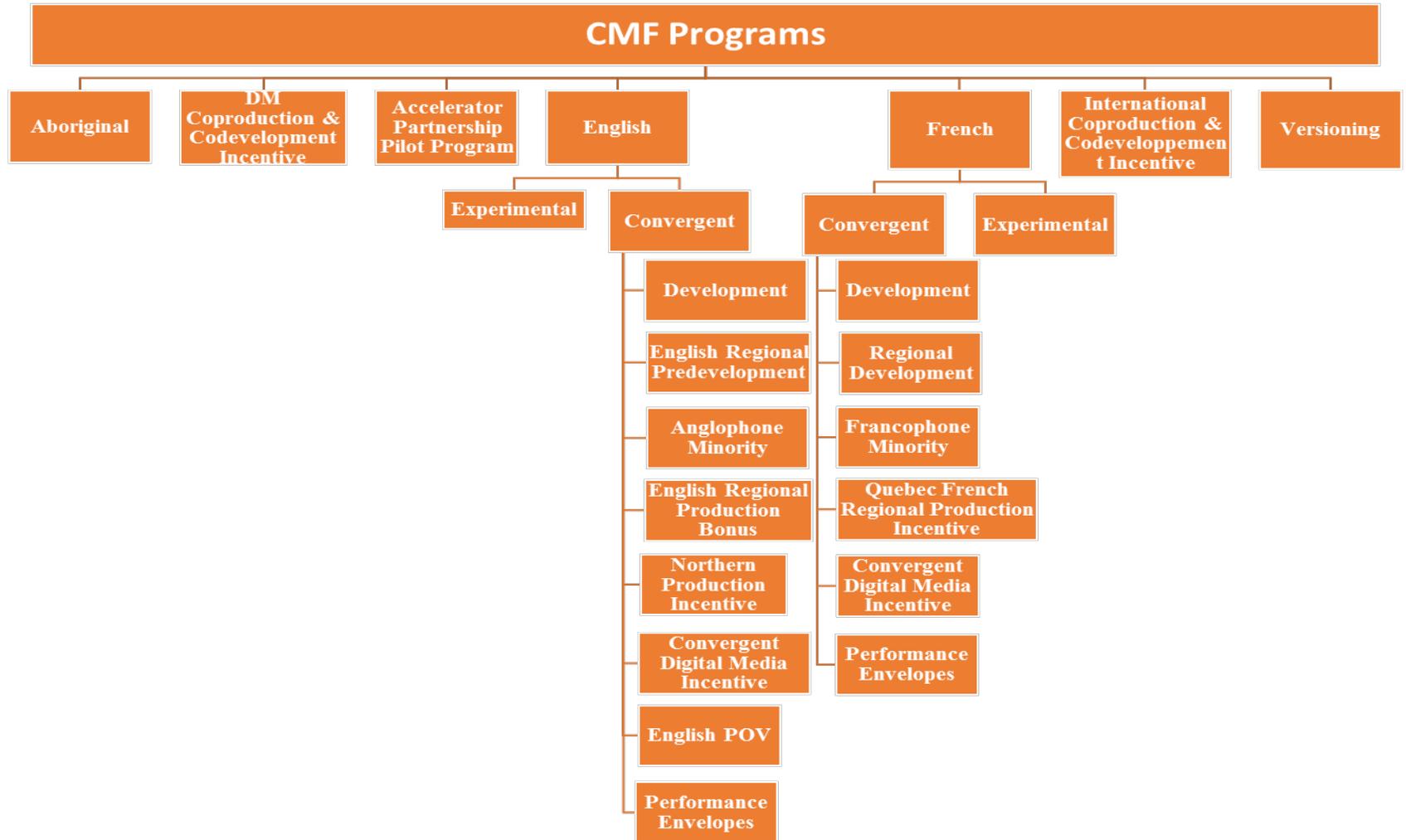
Issues and Questions	Indicators	Line of Evidence
<p>9. What have been the unintended consequences of the CMF, both positive and negative?</p>	<ul style="list-style-type: none"> • Perceptions/evidence of unintended impacts of the CMF (both positive and negative) • Evidence and views of key informants regarding the extent to which conditions have changed and how the CMF kept abreast. 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Key informant interviews • Expert panel
<p>Issue #5 : Demonstration of Efficiency and Economy</p>		
<p>10. To what extent is the CMF the most cost-effective way to achieve the Government’s objectives to support the creation of convergent television and digital content and experimental non-linear applications and content?</p> <p>a) Were resources consumed reasonable for the outcomes achieved in light of context, priorities and/or alternatives</p> <p>b) Does the PCH contribution funding to the CMF stimulate sufficient outputs to achieve expected results?</p>	<ul style="list-style-type: none"> • Evidence and view of key informants and experts regarding the efficiency of CMF in achieving its outcomes in comparison to other government programs or similar delivery mechanisms. <p>Year over year trends in:</p> <ul style="list-style-type: none"> • Total annual revenues of the Canada Media Fund • Administrative costs • Ratio of administrative costs to total annual resources • Number of FTE • Salary costs • Level of discrepancy between planned and utilized financial resources <ul style="list-style-type: none"> • Relationship between resources consumed and outcomes • View of key informants and experts on amount of PCH contribution funding provided to the CMF 	<ul style="list-style-type: none"> • Document review (incl. administrative and audience data review) • Key informant interviews • Expert panel
<p>11. Is the CMF the best way for the Government to support Canadian convergent television and digital content? What are the alternatives?</p>	<ul style="list-style-type: none"> • Feasibility and relative value of alternate means of achieving the same objectives as the CMF • Leverage ratio for the federal government investment • Percentage breakdown of CMF partner contributions 	<ul style="list-style-type: none"> • Literature review • Document review (incl. administrative and audience data review)

Issues and Questions	Indicators	Line of Evidence
	<ul style="list-style-type: none"> View of key informants and experts on the feasibility and relative value of alternate means of achieving the same objectives as the CMF View of key informants and experts on leveraging effect of the federal government investment 	<ul style="list-style-type: none"> Key informant interviews Expert panel
<p>12. To what extent does the CMF complement, duplicate or overlap with other programs delivered through other organizations in the private, public or not-for-profit sectors?</p>	<ul style="list-style-type: none"> Evidence and views of key informants and experts on the existence and importance of other diverse sources of funding for CMF-funded projects (including other federal/provincial or municipal funds/programs/initiatives, private funds, etc.) Similarity of other funds/programs/initiatives' objectives and conditions 	<ul style="list-style-type: none"> Literature review Document review (incl. administrative and audience data review) Key informant interviews Expert panel
<p>13. Is the right governance in place to deliver the CMF Program effectively?</p> <p>a) Are the current administrative model and delivery mechanisms effective?</p>	<ul style="list-style-type: none"> Views of key informants regarding the effectiveness of the current arrangements. Evidence and views of key informants regarding potential opportunities to improve the current arrangements Evidence and views of key informants and experts regarding the feasibility and relative value of alternate models 	<ul style="list-style-type: none"> Literature review Document review (incl. administrative and audience data review) Key informant interviews Expert panel
Other		
<p>14. Is the current performance measurement framework effective at capturing the results of the program?</p>	<ul style="list-style-type: none"> Evidence and views of key informants on the extent to which performance monitoring and measurement activities were sufficient and supported result reporting and evaluation Evidence and views of key informants on possible improvements to the performance monitoring and measurement activities 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review) Key informant interviews
<p>15. Are the criteria for the second platform of the Convergent Stream sufficiently flexible?</p>	<ul style="list-style-type: none"> Evidence and views of key informants and experts on the pros and cons of adding increased flexibility to the definition of the second platform (value-added/rich and substantial), given the evolving 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review)

Issues and Questions	Indicators	Line of Evidence
	<p>technological environment and yet unproven business models on digital platforms.</p> <ul style="list-style-type: none"> Evidence and views of key informants and experts on the activities and expenses currently funded by the CMF (Should new programs or incentives be created? Are there programs or incentives that should be eliminated?) 	<ul style="list-style-type: none"> Key informant interviews Expert panel
<p>16. Are the two current streams of financing the optimal way of delivering the program?</p>	<ul style="list-style-type: none"> Evidence and views of key informants and experts on whether a greater degree of flexibility could be attained (and if so how) Evidence and views of key informants on the current definitions of: <ul style="list-style-type: none"> a) Eligibility b) Community channels and broadcasters c) Participation of foreign broadcasters d) Equity financing e) Eligible expenses Calculation of French/English ratio 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review) Key informant interviews Expert panel
<p>17. Should the CMF continue to support the same four “under-represented” genres?</p>	<ul style="list-style-type: none"> Evidence and views of key informants and experts on relevance of focusing on these four genres considering industry evolution, and the objectives of both the program and of the <i>Broadcasting Act</i>. 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review) Key informant interviews Expert panel
<p>18. In light of technological evolutions and consolidations of the industry, are new ways needed to implement the objective of “leveling the playing field”?</p>	<ul style="list-style-type: none"> Evidence and views of key informants and experts on whether/how non-vertically integrated broadcasters are treated differently than the integrated ones to protect diversity of voices in Canada. 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review) Key informant interviews Expert panel
<p>19. Should additional funding triggers be considered to assist in supporting productions (ie allow licence fees from foreign broadcasters and foreign digital</p>	<ul style="list-style-type: none"> Evidence and views of key informants and experts on the need to consider additional funding triggers to assist in maintaining production levels. 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review) Key informant interviews Expert panel

Issues and Questions	Indicators	Line of Evidence
media distributors)? If so, under what circumstances?		
20. To what extent are productions in English and French linguistic minority communities in Canada funded?	<ul style="list-style-type: none"> Evidence and views of key informants on the extent to which productions in English and French linguistic minority communities in Canada are funded. 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review) Key informant interviews
21. To what extent are projects funded through both streams of the CMF contributing to the creation of jobs?	<ul style="list-style-type: none"> Number of jobs created through funded projects. 	<ul style="list-style-type: none"> Document review (incl. administrative and audience data review)

APPENDIX C: LIST OF CMF PROGRAMS



APPENDIX D: BIBLIOGRAPHY

Adams, C., *The Creative Industry Growth and Sustainability (CIGS) Program: A Program Evaluation Final Report*, Prepared for the Saskatchewan Ministry of Tourism, Parks, Culture and Sport (TPCS), Probe Research, March 30, 2012.

APTN et al, *Aboriginal Screen-Based Production in Review, Trends, Success Stories and the Way Forward*, 2013.

AQPM written intervention to the CRTC's Let's Talk TV.

Arts, Culture & Delivering Results for Canada Speech by the Hon. James Moore, PC, MP

Barbuio, F., *Performance Measurement: A Practical Guide to KPIs and Benchmarking in Public Broadcasters*, Commonwealth Broadcasting Association, 2012.

Blomkamp, E. (2011). Measuring 'Success' in Film Policy: Evaluating the New Zealand Film Commission's Short Film Fund, *International Journal of Cultural Policy* 17(3), 341-355.

Broadcasting Act, S.C. 1991, c.11.

Canadian Radio-television and Telecommunications Commission, *Broadcasting Notice of Consultation CRTC 2014-190 – Let's talk TV*, Ottawa, 24 April 2014.

Canadian Radio-television and Telecommunications Commission, *Broadcasting Notice of Invitation CRTC 2013-563 – Let's Talk TV: A conversation with Canadians about the future of television*, Ottawa, 24 Octobre 2013

Canada Media Fund, *2010-2011 Annual Report*.

Canada Media Fund, *2010-2011 CMF Program Activity Report*

Canada Media Fund, *2010-2011 Contribution Agreement*

Canada Media Fund, *2012-2013 Annual Business Plan*, 2013.

Canada Media Fund, *2011-2012 Annual Report*.

Canada Media Fund, *2011-2012 CMF Program Activity Report*

Canada Media Fund, *2011-2012 Contribution Agreement*.

Canada Media Fund, *2012-2013 Annual Report*.

Canada Media Fund, *2012-2013 CMF Program Activity Report*.

Canada Media Fund, *2012-2013 Contribution Agreement*.

Canada Media Fund, *2013-2014 Annual Report*.

Canada Media Fund, *2013-2014 CMF Program Activity Report*

Canada Media Fund, *2013-2014 Annual Business Plan*, 2014.

Canada Media Fund, *2013-2014 Contribution Agreement*.

Canada Media Fund *2013 Industry Consultation – Super Channel Submission*, December 5, 2013

Canada Media Fund, *2014-2015 Annual Business Plan*, 2015.

Canada Media Fund, *Branded Entertainment: A New Production Financing Paradigm*, January 2014.

Canada Media Fund, *Briefing note to the Digital Media Advisory Committee*, October 29, 2013. Updated March 26, 2014.

Canada Media Fund, *CMF Data File* (Excel file), 2014.

Canada Media Fund, *CMF Digital Media Performance Framework 2012-2013*, May 2013.

Canada Media Fund, *CMF Digital Media Performance Measurement Framework: Advisory Committee Report Executive Summary*, 2012.

Canada Media Fund, *Crowdfunding in a Canadian Context*, 2012.

Canada Media Fund, *Industry Consultation 2013*, 2013.

Canada Media Fund: Performance Envelopes Working Group, *Briefing Document*, October 2, 2013.

Canada Media Fund, *Performance Measurement, Evaluation and Risk Strategy*, January 2010.

Canada Media Fund, *National Focus Group Consultations*, November 21, 2013.

Canada Media Fund National Focus Group Industry Consultation, *Presentation Deck*, November 21st, 2013, Canada Media Fund

Canada Media Fund, *Second Screen and Television*, Volumes 1 and 2, 2012 to 2013

Canada Media Fund, *Trends Report - Towards Increased Accessibility*, December, 2013

Canadian Broadcasting Corporation, *Canadian Programming, A Survey of Canadians*, September, 2013.

Canadian Broadcasting Corporation, *Crowdfunding: Why easy money doesn't always add up to a hit*. July 20 2014. <http://www.cbc.ca/news/arts/crowdfunding-why-easy-money-doesn-t-always-add-up-to-a-hit-1.2711487>.

Canadian Broadcasting Corporation, *Transforming CBC/Radio-Canada for the Future: Public Conversation Results*, 2014.

Canadian Interactive Alliance, *2012 Canadian Interactive Industry Profile*, October, 2013.

Canadian Interactive Alliance, *New Directions for the Financing of Interactive Digital Media in Canada*, 2012.

Canadian Interactive Alliance, *Monetizing Digital Media: Trends, Key Insights and Strategies that Work*, 2014.

Canadian Media Producers Association, *Content Everywhere*, 2012.

Canadian Media Producers Association, *Discoverability Strategies for Canadian Content Producers in a Global Online Marketplace*, February, 2013.

Canadian Media Producers Association, *Profile 2013: Economic Report on the Screen-based Media Production Industry in Canada*, February, 2014.

Canadian Media Producers Association, *Broadcasting Notice of Consultation 2014-190: Let's Talk TV CMPA's Answers to the Commission's Questions*, June 26, 2014

Canadian Radio-television and Telecommunications Commission, *Broadcasting Regulatory Policy CRTC 2010-167 – A group-based approach to the licensing of private television services*

Canadian Radio-television and Telecommunications Commission, *Public Notice CRTC 1994-10 – The Production Fund*.

CBC Intervention to Broadcasting Notice of Consultation 2014-190.

CBC/Radio-Canada, *Data and Feedback from CBC/Radio-Canada for Heritage's Review of CMF 2013/2014: CMF Factor Weights – Supplements Responses to Questions 10, 14 and 15, CBC/Radio-Canada response to CMF program consultation*, 2014.

CMF Consultation Tour 2013: Interactive Ontario Feedback, November 19, 2013.

CMF Guideline Change Request, Blue Ant Media, 2013.

CMF Industry Consultation 2013, Smokebomb Entertainment, 2013.

CMF Industry Consultation 2013 – Stitch Media Public Response, 2013.

CMF Performance Envelopes in the English market - Is it time to reduce the CMF funds earned by limitless repeats?, CBC, 2013.

CMF Stakeholder Consultations 2013, Sticky Brain Studios, November 19, 2013.

Consultation de l'industrie du Fonds des médias du Canada 2013 - Réponses de Radio-Canada (marché francophone), 2013.

CMPA's Answers to the Commission's Questions: Broadcasting Notice Of Consultation CRTC 2014-190: Let's Talk TV, June 26, 2014.

Collin & Associates, *Future Directions for Non-Theatrical Documentary Support*, Canadian Non-Theatrical Film and Video Corporation, August 2011.

Comscore, *Canada Digital Future in Focus*, 2014.

Conference Board of Canada, *Valuing Culture: Measuring and Understanding Canada's Creative Economy*, Ottawa, 2008.

Creative BC, *British Columbia Film + Media Annual Activity Report: 2012-2013*, 2013.

CRTC Press Release, *CRTC unveils a new group-based television regulatory policy*, Ottawa-Gatineau, March 22, 2010.

CRTC, *Communications Monitoring Report*, September 2013.

Department of Canadian Heritage, *2013-2014 Program Alignment Architecture*.

Department of Canadian Heritage, *Canada's Digital Media Environment*, February 5, 2013.

Department of Canadian Heritage, *Departmental Performance Reports*, 2009-2010

Department of Canadian Heritage, *Departmental Performance Reports*, 2010-2011

Department of Canadian Heritage, *Departmental Performance Reports*, 2011-2012

Department of Canadian Heritage, *Departmental Performance Reports*, 2012-2013

Department of Canadian Heritage, *Departmental Performance Reports*, 2013-2014

Department of Canadian Heritage, *Looking Ahead: Viewing Canadian Feature Films on Multiple Platforms*, July 2013.

Department of Canadian Heritage, *Presentation by the Department of Canadian Heritage to CMF Annual Planning Meeting*, December 11, 2013.

Department of Canadian Heritage, *Report on Plans and Priorities*, 2009-2010

Department of Canadian Heritage, *Report on Plans and Priorities*, 2010-2011

Department of Canadian Heritage, *Report on Plans and Priorities*, 2011-2012

Department of Canadian Heritage, *Report on Plans and Priorities*, 2012-2013

Department of Canadian Heritage, *Report on Plans and Priorities*, 2013-2014

Department of Canadian Heritage, Press Release, *Minister Moore announces Canada Media Fund to give viewers what they want, when they want it*, March 9, 2009.

Documentary Organization of Canada, *Getting Real: An Economic Profile of the Canadian Documentary Production Industry*, Volume 5, June, 2013.

Documentary Organization of Canada, *Growing the Pie: Alternative Financing and Canadian Documentary*, April, 2014.

EKOS Limited, *Evaluation of Interactive Scotland*, for Scottish Enterprise, 2012.

EKOS Limited, *Market Assessment of the Broadcast and Television Production Sector in Scotland 2010/11*, for Scottish Enterprise January 2012.

Entertainment Software Association of Canada, *Canada's Video Game Industry in 2013*, Final Report, July 2013.

Entertainment Software Association of Canada, *Essential Facts about the Canadian Video Game Industry*, 2013.

Finn, A., S. McFadyen and C. Hoskins, (2003). Valuing the Canadian Broadcasting Corporation. *Journal of Cultural Economics*, 27(3-4), 177-192.

FGS Consulting, *A Review of the Employment Needs and the Economic Development Potential of the Islands*, Department of Community, Equality and Gaeltacht Affairs, Ireland, August, 2010.

Fonds Bell, Toast, Fonds des médias du Canada et Regroupement des producteurs multimédia du Québec, *Le transmédia en 2014: Constats et réflexions sur l'industrie*, Edition of Le Forum Blanc, 2014.

Fournier, L., *Impact Study on the Group Licence Policy 2.5 Years Later, A Report from the Canadian Media Production Association*, March 2014.

French Embassy in Canada and the Information and Communications Technology Council, *The Future of Digital Content – A France-Canada Summit*, C. 2013.

Gouvernement du Canada, Finances Canada, *Le plan d'action économique du Canada – le budget de 2009 – renforcer un bilan d'allègements fiscaux éloquent*, 27 janvier 2009

Gouvernement du Canada, Finances Canada, *Le Plan d'action économique du Canada – 2^e année, Le budget de 2010 – Tracer la voie de la croissance et de l'emploi*, 4 mars 2010

Gouvernement du Canada, Finances Canada, *La prochaine phase du plan d'action économique du Canada – Des impôts bas pour stimuler la croissance et l'emploi*, 22 mars 2011

Gouvernement du Canada, Finances Canada, *La prochaine phase du plan d'action économique du Canada – Des impôts bas pour stimuler la croissance et l'emploi*, 6 juin 2011

Gouvernement du Canada, Finances Canada, *Le plan d'action économique de 2012 – Emplois, croissance et prospérité à long terme*, 29 mars 2012

Gouvernement du Canada, Finances Canada, *Le plan d'action économique de 2013 – Emplois, croissance et prospérité à long terme*, 21 mars 2013

Gouvernement du Canada, Finances Canada, *Sur la voie de l'équilibre : créer des emplois et des opportunités*, 11 février 2014

Government of Canada, Ministry of Industry, *Digital Canada 150*, 2014.

Government of Canada, *Innovation Canada: A Call to Action, Review of Federal Support to Research and Development – Expert Panel Report*, 2011.

Government of Canada, *Transcript of a Speech by the Honourable Shelly Glover, Minister of Canadian Heritage and Official Languages on the occasion of the 2014 Banff World Media Festival*, Banff, Alberta, June 8, 2014.

Harris/Decima, *Let's Talk TV: Quantitative Research Report*, April 24, 2014.

Hill and Knowlton, *Let's Talk TV: Choicebook*, Ottawa, Research Conducted for the CRTC, 2014.

Holden Pearmain Research, *Assessing the Value of Public Service Programming on ITV! Channel 4 and 5*, prepared for U.K. Office of Communications, 2008.

Hon. Michael Chong, M.P. Chair, *Emerging and Digital Media: Opportunities and Challenges*, Report of the Standing Committee on Canadian Heritage, February, 2011.

Hon. Rob Moore, Chair, *The Entertainment Software Industry in Canada*, Report of the Standing Committee on Canadian Heritage, April, 2013.

Hon. Shelley Glover, P.C., M.P. Government's Response to the Standing Committee on Canadian Heritage's Report on the Entertainment Software Industry, 2013.

Independent Web Series Creators of Ontario, *Industry Profile of the Independent Web Series Creators of Ontario*, June 2013.

Information and Communications Technology Council, *Mobile Apps: Generating Economic Gains for Creative Media Industries in Ontario*, 2014

Jackson, P. and D. Court, *Review of the New Zealand Film Commission: A Report to the Hon. Chris Finlayson, M.P., Minister for Arts, Culture and Heritage*, June, 2010.

Kiefl, B., Canadian Media Research Inc., *Here's How we Can Pay for the CBC, Mediatrends-Research.Blogspot.ca*, November 17, 2014.

Kickstarter, *Space Janitors Webseries – Season 3*, December 2013.
<https://www.kickstarter.com/projects/635272374/space-janitors-webseries-season-3/posts?page=6>

Koo, R., *One Million in Just a Number: A Brief Analysis of CMF TV Program Audiences*, CMF, 2013.

McQueen, Trina, *Dramatic Choices: A Report on Canadian English-language drama*, CRTC and Telefilm Canada, May 2003.

Miller, Peter, *The State of the Canadian Rights Market 2014: A Report Prepared for Submission to the CRTC in its formal "Let's Talk TV" Process*, CMPA, June 26, 2014

Minister of Canadian Heritage & Official Languages at the Canadian Media Production Association "Prime Time Conference", August 19, 2009.

Mobile Experience Innovation Centre, *Mobile Innovation: Ontario's Growing Mobile Content, Services, and Applications Industry 2012*, 2012.

MoneySense, *The 2013 Charity 100 Grades*, 2013.

NationMaster, "Countries Compared by Media > Households with television. International Statistics at NationMaster.com", 2003. World Development Indicators Database. Aggregates compiled by NationMaster. Retrieved from <http://www.nationmaster.com/country-info/stats/Media/Households-with-television>

Newman, D., "Regions and Runaways: Film Assistance in New Zealand and British Columbia, 1999–2005" in M. Griffiths and G. Lealand, eds. *A Clever Little Country? Cultural Change and Identity in New Zealand. Media International Australia*, 2005.

Nordicity, *Crowdfunding in a Canadian Context: Exploring the Potential of Crowdfunding in the Creative Content Industries*, August 2012.

Nordicity, *The Economic Contribution of the Film and Television Sector in Canada*, 2013.

Observatoire de la culture et des communications du Québec, *État des lieux du cinéma et de la télévision au Québec: Cahier 1, Flux financiers et organisation industrielle*, February 2014.

Observatoire de la culture et des communications du Québec, *État des lieux du cinéma et de la télévision au Québec, Cahiers 2, Encadrement législatif et organisation associative*, February, 2014.

Office of the Chief Audit and Evaluation Executive, *Cultural Industries Cluster Evaluation; Canada Music Fund and Canada Book Fund -2007-08 to 2011-2012*, Evaluation Services Directorate, Canadian Heritage, 2013.

Office of the Chief Audit and Evaluation Executive, *Evaluation of the Canadian Arts and Heritage Sustainability Program*, Evaluation Services Directorate, Canadian Heritage, 2009.

Office of the Chief Audit and Evaluation Executive, *Evaluation of the Canadian Studies Program*, Evaluation Services Directorate, Canadian Heritage, 2010.

Office of the Chief Audit and Evaluation Executive, *Evaluation of the Building Communities through Arts and Heritage Program*, Evaluation Services Directorate, Canadian Heritage, 2011.

Ontario Media Development Corporation, *Interactive Digital Media Industry Profile*, April 30, 2014.

Quorus Consulting Group, *Canadian Books, Film, Periodicals and Music Opinion Survey*, Prepared for The Department of Canadian Heritage, September 4, 2012.

Recommandations au Fonds des médias du Canada dans le cadre des consultations 2013, Association québécoise de la production médiatique, 12 Novembre 2013

Recommandations de changements aux principes directeurs du FMC, TV5, 2013.

Response of the APTN to the CMF Policy Guidelines Review, APTN, November 19, 2013.

Revue des lignes directrices du programme d'enveloppes de rendement du FMC et impact sur les télédifuseurs indépendants, V Interactions Inc., February 4, 2014

Ruiz, J., *A Literature Review of the Evidence Base for Culture, the Arts and Sport Policy*, Scottish Executive Education Department, 2004.

Seevibes, *Evolution of Social TV Audience in Canada*, 2014.

Sereda, P. (2007), *Culture Employment in a North American Context*, Statistics Canada.

Société de développement des entreprises culturelles, *Porte grande ouverte sur le numérique : rapport sur la consultation option culture, virage numérique*, October, 2011.

Sweet, David, Chair, *Report of the Standing Committee on Industry, Science and Technology, The Entertainment Software Industry in Canada*, May, 2014.

Television Bureau of Canada, *TV Basics*, 2013-2014, 2014.

Throsby, David, *The Economics of Cultural Policy*, Cambridge University Press, Cambridge, 2010.

Toronto Arts Council, *Annual Report 2012*, Toronto, 2012.

Treasury Board of Canada Secretariat, *Directive on the Evaluation Function*, 2012.

Treasury Board of Canada Secretariat, *Policy on Evaluation*, April 1, 2009.

Treasury Board Secretariat of Canada, *Whole of Government Framework*, <http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx>, Accessed September 2014

United Nations Educational, Scientific and Cultural Organization Institute for Statistics, *Measuring the Economic Contribution of Cultural Industries: A Review and Assessment of Current Methodological Approaches*, 2012.

Selected speeches by the Minister of Canadian Heritage 2009 to 2014;

Parliamentary documents;

CRTC reports, policies and regulations;

Departmental correspondence and briefing notes; and

Departmental Audit Reports, including the Canada Media Fund Audit, 2013.

CMF reports and documents, including program guidelines, minutes of meetings, performance measurement frameworks, consultation documents and interventions, and program statistics.