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Background Document on the proposed Canada Media Fund

Context

In the last two years, the CTF has come under tremendous pressure from Canada's cable companies when both Shaw and Quebecor unilaterally announced they would pull out of the fund in early 2007. The CRTC underwent a thorough review of the beleaguered fund only to have the consultation process stopped dead in its tracks when the Conservative Heritage Minister Josée Verner announced last February that the Government would be taking over the CTF file from the CRTC. More than a year later, and after non-existent consultation with the production community, the government revealed a plan that will radically re-shape the existing funds.

Getting Governance and Accountability Wrong

The first item on the Conservative government "key principle" reform laundry list is tackling the issue of accountability. Cableco's have long derided the CTF for supposed "lack of accountability" and it's unwieldy and large board of directors. Their major issue of concern was the fact that the beneficiaries of the fund - broadcasters, producers and talent (as represented by various unions) - outnumbered those who contributed to the fund (namely, cableco's themselves). While it might look like a legitimate complaint, at face value, the solution offered by the Conservative Government creates a board that not only seems less accountable but also completely fails to represent the stakeholders. According to the announcement, the new board will consist solely of funder representatives - cableco's and the Canadian government - while "broadcasters, producers, and creators will be consulted through a mechanism to be established by the board." Effectively, this means that every other stakeholder has been shut out of having a meaningful voice in the governance of the proposed fund. This also raises the question a having a fair hearing in case of a dispute.

This new proposal puts unprecedented power in the hands of cableco's. Not only will they act as a gatekeeper for Canadian channels, but now they will also have a direct say in the type of programming those channels can carry. This creates an incredibly inequitable power shift, completely in favour of Canada's cable companies.

A further problem lies in the complicated and entangled nature of the Canadian broadcasting business. While it may not be readily apparent, cableco's are also broadcasters, by virtue of either owning in full, or in part, various Canadian conventional and cable specialty channels. The proposed governance would create an atmosphere in which it would be very easy for channels owned by cable companies to receive preferential treatment from the new fund.

Whose money is it anyway?

The new governance change is based on the premise that cable companies have been putting their own private money into the fund, but the real story is much different. The fund came into being as a result of the efforts by the cableco's in the early 90's for increased deregulation of their industry. At the time of CRTC hearings in 1993, they were invoking the doom and gloom of an impending 'death star' that was about to start pouring unregulated programming into Canadian homes.

It was, they claimed, a threat they just couldn't compete with, unless the CRTC allowed them to increase the amount of foreign programming they could carry and allow to deregulate basic cable rates in order to pay for new infrastructure. The rates rose (as did their profits) and in return the cable companies offered to contribute a portion of their revenues to Canadian programming. This initially led to the creation of the Cable Production Fund in 1995 and, in 1996, the Canadian government invested additional funds to create a public-private partnership, which would eventually, be known as the Canadian Television Fund in 1998. Essentially, the money Rogers, Shaw, Cogeco and other cable and satellite companies contributed is a small token for which they received deregulation and protection from foreign competition. The cable companies were able to use their increased revenues to propel them into increasingly profitable internet and telephony services. Meanwhile the 'death star' on the horizon never materialized, and Canadians are still paying higher rates for their cable services than ever before. Funds originally designed to foster and generate an industry employing thousands of Canadians and adding millions of dollars of income and financial benefits to all provinces in Canada are now at risk of disappearing in a time when we can ill afford such a possible contraction.

'Rewarding Success' or leveling producers into the ground?

The new approach is also intended to "reward success" and "level the playing field". As part of that process, broadcasters, for the first time, will be allowed to gain access to the fund for their own in-house. This would mean that independent producers would have to compete with their own clients for a shrinking piece of the funds. Add to that the previously mentioned fact that a large number of broadcasters are affiliated with cable companies and the field gets to be anything but level. The power shift might very well ensure the probable demise of independent production companies that have made up the backbone of Canadian Film and Television production in Canada for nearly thirty years.

The previous CTF system was designed to create incentives for broadcasters to increase their investment in Canadian programming - broadcasters who invested more would be given a set amount for the subsequent fiscal year to augment the licence fees they paid to independent producers (they could not spend it on their own productions). With the broadcasters increasing their investment in foreign programming to record numbers and posting losses instead of profits, the new fund will only serve to further decrease broadcaster spending on home grown productions.

The new fund will also require projects to have "achieved success". While the sentiment may be laudable, the effects on independent production could be disastrous. Independent producers create successful shows - think Degrassi, Flashpoint, This is Daniel Cook, The Corporation - but because there is

potential for broadcasters to "stack the deck" in their own favour - by giving advantageous time slots and additional promotion to their internal productions in order to increase ratings and make them eligible for the fund.

Documentaries not wanted?

Another strange move in the announcement was the new status afforded documentaries. Under the CTF, documentaries were one of the most successful areas, delivering more programming hours per invested dollar than any other genre (over the lifespan of the CTF, documentaries received about 20% of the funds translating into 40% of all programming hours produced with CTF assistance). Under the new regime, documentaries (as well as variety and performing arts programming) will be treated differently than drama, comedy and children's programming. In order to receive funding, a documentary project will have to "pass a test demonstrating that the market alone would not support its creation." As the requirement is poorly defined, the documentaries could be arbitrarily denied funding on the basis of an excuse that 'money is out there in the market - if you try hard enough'.

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The DOCUMENTARY ORGANIZATION OF CANADA | l'association des DOCUMENTARISTES DU CANADA (DOC) is the collective voice of independent documentary filmmakers across Canada. DOC is a national non-profit arts service association representing over 850 directors, producers and craftspeople in the documentary community, from all provinces and regions of our nation. DOC advocates on behalf of its members to foster an environment conducive to documentary production and strives to strengthen the sector within the broader film production industry.

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