



Evaluation of the Canada Media Fund Program

2014-15 to 2018-19

Evaluation Services Directorate
September 28, 2021

Cette publication est aussi disponible en français.

This publication is available in PDF and HTML formats on the Internet at
Canada.ca/canadian-heritage

©Her Majesty the Queen in Right of Canada, 2022
Catalogue Number: CH7-66/1-2022E-PDF
ISBN: 978-0-660-40605-3

Table of contents

List of tables	ii
List of figures	ii
List of acronyms and abbreviations	iii
Executive summary	iv
1. Introduction.....	1
2. Program profile	1
2.1. Overview	1
2.2. Program history.....	1
2.3. Program management and governance	2
2.4. Program resources	2
2.5. Fund activities	3
3. Approach and methodology	3
3.1. Evaluation questions.....	3
3.2. Data collection methods	4
3.3. Analysis approach	6
3.4. Constraints, limitations and mitigation strategies.....	6
4. Findings	7
4.1. How responsive has the Canada Media Fund been to changes within the industry and media funding ecosystem?	7
4.2. Has the Canada Media Fund supported the creation and consumption of high-quality Canadian cultural content?.....	15
4.3. What are the current and upcoming challenges and priorities facing the Canada Media Fund, and how can they be addressed?	25
5. Conclusions	29
6. Recommendations, management response and action plan	31
Annex A: Graphs supporting the findings	35
Annex B: Bibliography	37

List of tables

Table 1: Canada Media Fund financial resources, 2014-15 to 2018-19	2
Table 2: PCH's Canada Media Fund full-time equivalents, 2014-15 to 2018-19	3
Table 3: Evaluation questions and sub-questions	4
Table 4: CMF funding, by source (\$millions).....	9
Table 5: CMF projects by streams and funding amount, 2014-15 to 2018-19	15
Table 6: CMF international co-production and co-development incentives, 2014-15 to 2018-19	19
Table 7: Peak hours CMF-funded audience share targets and performance	22
Table 8: Awards received by CMF-funded programs, 2014-15 to 2018-19.....	24
Table 9: Recommendation 1 – action plan	32
Table 10: Recommendation 2 – action plan	33

List of figures

Figure 1: Funding Trends, PCH and BDUs	9
Figure 2: CMF funding leverage ratio, Convergent Stream	10
Figure 3: CMF funding contributions by language	16
Figure 4: CMF minority language production funding.....	17
Figure 5: Weekly per capita viewing of CMF-funded programs	21
Figure 6: CMF-funded programs with audiences of over 1 million viewers in Canada	24
Figure 7: Audience share (%) of CMF-funded TV productions by genre in Peak hours – English.....	35
Figure 8: Audience share (%) of CMF-funded TV productions by genre in Peak hours – French	36

List of acronyms and abbreviations

\$K	Thousands of dollars
\$M	Millions of dollars
AR	Augmented reality
APTN	Aboriginal Peoples Television Network
BCCM	Broadcasting, Copyright and Creative Marketplace
BDUs	Broadcast distribution undertakings
CBC	Canadian Broadcasting Corporation
CCCE	Canadian Coalition for Cultural Expression
CMF	Canada Media Fund
CMFC	Canada Media Fund Corporation (the Corporation)
CMPA	Canadian Media Producers Association
CNMF	Canada New Media Fund
CRTC	Canadian Radio-television and Telecommunications Commission
CTF	Canadian Television Fund
ESD	Evaluation Services Directorate of the Department of Canadian Heritage
FTE	Full-Time Equivalent
ISO	Indigenous Screen Office
IPTV	Internet Protocol television
LGBTQ2S	Lesbian, gay, bisexual, transgender, queer and two-spirit
OTT	Over-the-top
PCH	Department of Canadian Heritage
PRG	Policy Research Group of the Department of Canadian Heritage
SODEC	Société de développement des entreprises culturelles
VR	Virtual reality

Executive summary

This report presents findings of the evaluation of the of Canadian Heritage's Canada Media Fund Program for the five-year period from 2014-15 to 2018-19.

Program description

The goal of the Canada Media Fund (Fund) is to support the development, production, distribution and consumption of Canadian content and relevant applications across all audiovisual media platforms. The CMF emerged in 2010 as the Canadian Television Fund (CTF) and Canada New Media Fund (CNMF) were combined, reformed and rebranded.

The Fund is the largest of its kind for television and digital content production in Canada and includes contributions from the Canada Media Fund Program (the Program) at the Department of Canadian Heritage (PCH); broadcast distribution undertakings (BDU) contributions; self-generated revenues from interest, revenues and recoveries on production investments; and contributions resulting from regulatory commitments. PCH, through its contribution agreement also provides policy direction, general guidelines, objectives and metrics to the Corporation for the disbursement of the Fund.

The Fund is administered by the Canada Media Fund Corporation (the Corporation), an independent not-for-profit corporation headed by a board of directors. A dedicated team at Telefilm Canada carries out the day-to-day program delivery under a service agreement between Telefilm Canada and the Corporation.

Funding is distributed primarily through two different types of allocation: Convergent Stream funding for project-based applications that appear on at least two platforms (one of which must be television); and Experimental Stream funding for project-based applications for cutting-edge interactive digital content, software applications, and web series. While a third stream, the Sector Development Component, was added at the end of 2018-19 but was not included within the scope of this evaluation.

Evaluation approach and methodology

The evaluation of the CMF covers the fiscal years of 2014-15 to 2018-19.

A mixed-method approach was utilized for this evaluation including a document and file review, published literature review, key informant interviews, and an expert panel. Findings from all sources of evidence were triangulated to prepare a comprehensive evaluation of the CMF.

Summary of findings

Environment and context

The evaluation found that the Fund was responsive to changes within the media industry and funding eco-system over the 2014-15 to 2018-19 period. The evaluation revealed that PCH, as a reliable source contributor to the Fund, worked in conjunction with the Corporation to align the Fund with other federal departments, agencies and programs in supporting broader federal cultural programs for the creation, development of and access to diverse Canadian cultural content at home and abroad. Further, the Convergent Stream of the Fund, the largest portion of funding, contributed consistently towards the Canadian audiovisual industry.

Over the evaluation period, the program and the corporation faced challenges in keeping pace with this rapidly evolving industry. However, changes to the contribution agreements between PCH and the Corporation reflected a commitment in responding to technological developments and changing consumption patterns in the industry. Further, as issues of diversity and inclusion took on an increasing role in the audiovisual industry during this period, the Corporation, with direction from PCH, developed initiatives to better reflect diversity goals and encourage representation from various equity-deserving groups, most notably in the areas of Indigenous production and gender parity in key creative positions.

The design and governance model of the Corporation supported the Program and Fund's objectives. The Corporation met the operational expectations set out in the contribution agreements to maintain administrative expenses below a 6% threshold.

Raison d'être

The evaluation found that the Canada Media Fund supported the creation and consumption of high-quality Canadian and cultural content. The Fund met both Convergent and Experimental project targets in all years covered by the evaluation and was identified as a primary funder for Canadian audiovisual content.

The Corporation implemented several initiatives to increase funding towards diverse content and creators, particularly with respect to gender parity. Discoverability of content was identified as increasingly important with the rise of online distribution and two initiatives to highlight and promote Canadian audiovisual content online, the Eye on Canada website and the Encore+ YouTube channel, showed promise. At the end February 2019, the CMF also launched the MADE/NOUS campaign to highlight Canadian creative talent. With the rise of multiple virtual audiovisual platforms, challenges around measuring the success of discoverability and promotion efforts continue. The exploration of innovative means to further enhance discoverability and promote Canadian content remains an ongoing need.

The Fund's Convergent Stream projects, specifically the performance envelope program, met their targets for Canadian audience share during peak hours and digital visits the majority of the time. Funded television projects also met their targets for Canadian audiences of at least a million views most of the

time, particularly for French-language projects. Projects supported by the Fund received a substantial amount of awards recognition, both domestically and internationally.

The evaluation identified ongoing challenges in tracking and assessing the success of digital media consumption across both streams.

Looking forward

The Corporation has made several changes to its programs and funding criteria in response to changing technology and advances in digital media over the evaluation period. Given current and emerging challenges and priorities, the media industry is expected to continue to undergo enormous changes, as it did over the 5-year evaluation period. The key driver of these changes is the evolution of media consumption habits.

Canadian consumption habits are increasingly moving towards streaming audiovisual media with a parallel decrease in traditional television. In response to the internet and digital information impact on audiovisual media, the industry needs to identify new buyers and develop new business models to monetize their content over multiple platforms and in various forms of content usage. The growing popularity of global over-the-top (OTT) services poses challenges to the imposition of national domestic content requirements or to ensuring contribution towards domestic production.

Data sharing, ownership, security, and analysis have also emerged as the distribution of audiovisual media moves increasingly online and continues to be fractured across multiple platforms. The distinction between the different formats of linear audiovisual content (e.g., television, movies, web series) seems to be shrinking. The future may see an alignment of these formats under a single banner of linear content production.

Under the existing funding model, the Fund will face challenges given the changing nature of consumption from television to online and the impact of those changes on the BDU revenues and subsequent decreased contributions to the Fund.

The evaluation found that the CMF Program and the Fund relies on a model of television funding that is decreasing in relevance in a digital era. An increased trend in multiplatform and online consumption (e.g., games, social media, streaming services) and a parallel decrease in traditional television were among the global emerging trends noted in the different streams of evidence.

Recommendations

Given the continuing evolution of the media industry and increasing focus on diversity and inclusion in Canadian society, the Program will need to remain flexible and responsive.

Recommendation 1:

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs reviews and further improves the CMF policy and performance frameworks to reflect the shifts in the industry towards multi-platform and online media consumption and ensure that the data collected is relevant and useful in measuring the consumption, promotion, and success of the CMF funded projects in the digital era.

Recommendation 2:

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs pursues further opportunities to promote diversity and inclusion initiatives through the CMF by expanding these efforts with other key groups, such as Indigenous, racialized, and LGBTQ2S communities.

1. Introduction

This report presents the findings from the evaluation of the Department of Canadian Heritage's (PCH) Canada Media Fund Program (the Program). The evaluation was conducted to address evaluation requirements outlined in the Treasury Board Secretariat Policy on Results (2016) and the *Financial Administration Act* (FAA), as well as senior management information needs.

The evaluation covers the period from 2014-15 to 2018-19 while also considering current and upcoming challenges and priorities, both within the Canadian context and internationally. The Program is a core contributor to the Canada Media Fund (the Fund) which is managed by the Canada Media Fund Corporation (the Corporation). Given that it was not possible to isolate the impacts of the PCH's contribution from those of all contributors as a whole, the results from the Fund's activities were used to inform this evaluation and, to the extent possible, link results to the Program.

The report is divided into five sections, including the introduction. Section 2 provides the program profile. Section 3 describes the approach and methodology for the evaluation. Section 4 presents the evaluation findings and Section 5 presents the main conclusions based on these findings.

2. Program profile

2.1. Overview

PCH's Canada Media Fund Program is a major contributor (42% in 2018-19) to the Fund. The goal of the Fund is to support the development, production, distribution, and consumption of Canadian content and relevant applications across all audiovisual media platforms. The Fund guides Canadian content towards a competitive global environment through fostering industry innovation, rewarding success in building Canadian and international audiences, enabling a diversity of voices, and promoting access to content through industry and private sector partnerships.

The Fund is the largest of its kind for television and digital content production in Canada and is part of a complex funding system for Canadian content. Canadian production typically combines multiple sources of revenue, including from broadcasters, the Fund, tax credits, and provincial funding.

2.2. Program history

The Fund emerged in 2010 as the Canadian Television Fund (CTF) and Canada New Media Fund (CNMF) were combined, reformed, and rebranded. This merger aimed to increase the independence of the organization, increase focus on rewarding success and encouraging innovation, reflect an increasingly multi-platform industry approach to content, and increase access to funds for a broad range of producers.

2.3. Program management and governance

Accountability for the Program lies at PCH with the Senior Assistant Deputy Minister, Cultural Affairs Sector while the responsibility rests with the Director General, Broadcasting, Copyright and Creative Marketplace Branch (BCCM). The Branch is responsible for managing the federal government's contribution to the Fund, including the contribution agreement with the Corporation and its policy framework.

The Fund is administered by the CMF Corporation, an independent not-for-profit corporation headquartered in Toronto. The Corporation is headed by a board of directors composed of seven directors, five nominated by the Canadian Coalition for Cultural Expression (CCCE) [consisting of representatives of Canada's largest broadcast distribution undertakings (BDU)] and two nominated by PCH. Day-to-day program delivery is carried out by Telefilm Canada under a service agreement between Telefilm Canada and the Corporation, and in addition to Telefilm Canada's other activities.

The contribution agreement between the Corporation and PCH sets the parameters for the Fund spending, including linguistic representation (i.e. French, English, Francophone and Anglophone minority, Indigenous languages, and diverse languages), and approved genres (i.e. drama, children and youth, documentaries, variety, and performing arts).

2.4. Program resources

The CMF Program at Canadian Heritage had an annual budget just over \$135 million in each of the first four years under evaluation (see Table 1). The budget covers the Program's operating cost and the contribution to the Fund. Beginning in 2018-19, the Government secured new funding to top-up its contribution to stabilize the Fund's annual budget and offset the decline in contributions from BDUs.

Table 1: Canada Media Fund financial resources, 2014-15 to 2018-19

Resources	2014-15	2015-16	2016-17	2017-18	2018-19
Operating expenditures	\$1,567,450	\$1,573,006	\$1,580,889	\$936,942	\$998,678
Contribution to the Fund	\$134,146,077	\$134,146,077	\$134,146,077	\$134,146,077	\$151,106,077
Total	\$135,713,527	\$135,719,083	\$135,726,966	\$135,083,019	\$152,104,755

Source: PCH Financial Management Branch

Table 2 presents the actual full-time equivalents (FTE) working in CMF Program at Canadian Heritage. These FTE contribute to managing the contribution agreement as well as other responsibilities related to policy work in support of the program. The FTE resources are at times also utilized to further support policy responsibilities within the Broadcasting, Copyright and Creative Marketplace Branch.

Table 2: PCH's Canada Media Fund full-time equivalents, 2014-15 to 2018-19

2014-15	2015-16	2016-17	2017-18	2018-19
10.8	11.2	10.4	7.2	7.9

Source: PCH Financial Management Branch

In addition to PCH, the Fund includes funding from three other sources:

- BDU which are regulated by Canadian Radio-television and Telecommunications Commission (CRTC);
- Self-generated revenues from interest, revenues, and recoveries on production investments; and
- Contributions from regulatory commitments such as tangible benefits resulting from the mergers and acquisitions within the Canadian broadcasting system.

2.5. Fund activities

The CMF Corporation distributes the Fund primarily through two program streams:

1. Convergent Stream: Project-based applications for content that must appear on at least two platforms, one of which must be television.
2. Experimental Stream: Project-based applications for cutting-edge interactive digital content, software applications, and web series.

A third stream, the Sector Development Component was added to the Fund in 2018-19. This new component was designed to enable the Fund to take a more active role in the production sector, where its research has identified gaps such as mentorships and training to support gender parity and greater participation by members of racialized communities, Indigenous Peoples and religious minorities creative communities. This component was not included within the scope of this evaluation.

In addition to providing project funding, the Corporation also engages in industry research on emerging trends and developments, facilitates industry partnerships between Canadian and foreign producers, and showcases and celebrates Canadian audiovisual content.

3. Approach and methodology

This section outlines the evaluation approach and methodology, including evaluation questions, data collection methods, and analysis approach. The methodology included a combination of qualitative and quantitative data collection and analysis.

3.1. Evaluation questions

The following three major questions and supporting sub-questions guided the evaluation.

Table 3: Evaluation questions and sub-questions

Evaluation questions	Sub-questions
Environment and context: How responsive has the Canada Media Fund been to changes within the industry and media funding ecosystem?	<ul style="list-style-type: none">• How did the program align with other government funding programs of Canadian cultural content and the overall legislative framework?• What was the impact of the program on the Canadian audiovisual industry?• Has the program been responsive to changing needs and circumstances?• How has the design and governance model supported the objectives of the program?• How were diversity and inclusion considered and addressed in the development of the program and distribution of funds?
Raison d'être: Has the Canada Media Fund supported the creation and consumption of high-quality Canadian cultural content?	<ul style="list-style-type: none">• Has the program supported the creation of high-quality and diverse Canadian cultural content?• How effective is the program at promoting diverse Canadian content at home and abroad?• Are diverse funded Canadian projects consumed at home and abroad?• Are diverse funded Canadian projects successful at home and abroad?
Looking forward: What are the current and upcoming challenges and priorities facing the Canada Media Fund, and how could they be addressed?	<ul style="list-style-type: none">• What are the current and emerging trends in Canadian and global media production and consumption?• What are the current challenges facing and opportunities available to Canadian broadcasters, producers, and creators?• What legislative, governance, and business models are being adopted to manage changing global production and consumption patterns and emerging trends?

3.2. Data collection methods

A mixed-method approach was utilized for this evaluation including a document and file review, literature reviews, key informant interviews, and an expert panel. The following describes each of the data collection methods.

3.2.1. Review of program administrative data and documents

A review of the Program's and Corporation's administrative data, including performance data, databases, activity reports, and industry research was conducted. This was supplemented with a targeted review of select Government of Canada documents that more broadly addressed issues around the creation of Canadian cultural content, such as reports, budgets, Speeches from the Throne, directives and procedures, and policies and legislation.

3.2.2. Literature review

A review was conducted of published literature, reports, articles, websites, public opinion research, and other sources, both domestically and internationally, with an emphasis placed on Canadian sources published since 2014.

In addition, the evaluation team conducted a review of literature related to discoverability — or the degree to which a piece of content can be easily found. The review identified current and emerging methods for the promotion and export of Canadian content as well as potential measures to explore success in discoverability efforts.

3.2.3. Key informant interviews

Evaluators conducted interviews with PCH program personnel, Corporation representatives, BDU and broadcaster representatives, professional association representatives, members of other federal funders, and Convergent and Experimental Stream funding recipients. A total of 38 interviews were conducted across those stakeholder groups. Target populations were identified across different stakeholder groups in order to encourage diversity of experience and engagement. Interviews were conducted between August 2019 and January 2020.

3.2.4. Expert panel

An online expert panel discussion was conducted in January 2020, comprised of individuals familiar with and experienced in:

- The fields of media production, distribution, and consumption;
- The relationship between media and government, including funding models for media production; and
- The promotion of locally produced and culturally relevant audiovisual content.

A verification of the experts was conducted to ensure that participants were not recipients, and had no direct involvement with the Fund or CMF-funded projects.

3.3. Analysis approach

The evaluation included both quantitative and qualitative analysis. Quantitative analysis of available numeric administrative data, including financial spending and performance data, examined trends over the period of the evaluation.

Qualitative data, including documents, literature, interview transcripts, and expert panel transcripts were coded by stream of inquiry, first according to research question and sub-question, and subsequently by theme. For reporting the findings of the stakeholder interviews and expert panel data, the following scale was used: singular vocabulary (e.g. one; a key informant), some (less than half), most (more than half) and all participants. Where methodologically appropriate, findings are expressed with the use of fractions (e.g. two thirds). This approach provides a sense of the proportion of respondents expressing a view, while respecting the following caveats:

- Questions and the sampling approach were designed to collect and analyze the contributions of a broad range of diverse experiences and knowledge, not necessarily for quantification of group responses. Stakeholder groups included PCH staff, Corporation staff and board members, BDU representatives as well as Fund recipients of the Convergent and Experimental streams chosen to ensure diverse points of view.
- Theme 3 questions (Looking forward) specifically aimed to identify innovative approaches, tending to yield single responses.
- Not all questions were asked of all participants.

It follows that the number of respondents expressing a view must be interpreted within the context of the heterogeneity of the respondent sample, and structure of interviews and expert panel questions. Depending on the evaluation question, the voice of one person may be as significant a finding as a viewpoint expressed by many or all stakeholders.

3.4. Constraints, limitations and mitigation strategies

The following outlines the key constraints and limits of the evaluation process, and the mitigation strategies utilized to minimize the impact of these limitations:

- Data continuity issues were encountered as a result of changes in the metrics and tools used to measure audiences for non-linear digital content and across platforms. To mitigate, analysis using those metrics is limited and does not make direct year-over-year comparisons.
- More key informants were interviewed from traditional television production (e.g. Convergent Stream recipients, BDU, broadcasters) compared to those from experimental media production given the relative size of this stream. To mitigate, analysis and presentation of findings emphasize the diversity of stakeholders and refrains from making general statements unless findings resonated across stakeholder groups, or there is consistency of responses within a stakeholder group.

4. Findings

4.1. How responsive has the Canada Media Fund been to changes within the industry and media funding ecosystem?

This section provides the evaluation findings regarding the environment and context in which the Fund operates including its alignment with other federal funders and the overall legislative framework, its impact on the Canadian audiovisual industry, its responsiveness to changing needs and circumstances, its design and governance, and its consideration of diversity and inclusion. The key findings have been organized by evaluation sub-question, with supporting themes and evidence provided below each table.

4.1.1. Alignment with other funding programs

Evaluation sub-question:

How did the program align with other government funding programs of Canadian cultural content and the overall legislative framework?

Key findings:

- PCH and the Corporation collaborate with other federal departments, agencies and programs to support the creation, development and access to diverse Canadian cultural content at home and abroad.
- The Fund complemented other programs and frameworks within the Canadian media funding ecosystem.

Programming aligns with broader cultural policies

The Program is embedded within PCH's Cultural Industries program, which includes other funding mechanisms for Canadian cultural content such as the Canada Music Fund, Canada Book Fund, Canada Periodical Fund, and film or video production tax credits. The Fund's support of Canadian producers strengthens the Canadian audiovisual industry, both through explicit funding, and contributions to the audiovisual industry more broadly through research, promotion and engagement activities.

The Program works in conjunction with an extensive network of other federal cultural policy tools in supporting creative industries in Canada. These include financial supports (e.g. funds, tax credits), legislative frameworks (e.g. the *Broadcasting Act*, the *Telecommunications Act*, CRTC), policies and regulations (e.g. foreign investment policies), and national institutions (e.g. CBC/Radio-Canada, Telefilm Canada, National Film Board).

The evaluation identifies that the Program at PCH and the Corporation have engaged in multiple coordinated efforts with other federal government departments, agencies, and programs to support

broader PCH federal cultural programs for the creation, development of, and access to diverse Canadian cultural content at home and abroad. Over the period under evaluation, the Corporation prepared multiple submissions to the CRTC and worked with Global Affairs Canada on promoting the export of Canadian audiovisual content. It also prepared a submission to Canada 150 concerning the digitization of Canadian content; and was instrumental in the creation of the Indigenous Screen Office (ISO) in collaboration with the Aboriginal Peoples Television Network (APTN), Telefilm Canada, the National Film Board of Canada, Canadian Broadcasting Corporation (CBC) and the Canadian Media Producers Association.

Complementarity within funding landscape

A literature review and key informant data indicates strong complementarity of the Program with other funding and programming. Most key informants across stakeholder groups felt the Fund complemented other programs and frameworks within the Canadian media funding ecosystem. Additionally, just under half of key informants expressed that the parameters for different funding sources were clear, particularly for those who were well established in the industry (e.g. producers, BDUs). Some key informants indicated that the Fund met the particular need for the funding of experimental content and video games.

4.1.2. Impact on industry

Evaluation sub-question:

What was the impact of the program on the Canadian audiovisual industry?

Key findings:

- PCH represents a reliable source of funding to the Corporation for the Fund thus ensuring support for the industry as other funding sources, particularly BDU contributions, decline.
- The Convergent Stream contributed to a consistent amount of audiovisual industry activity.

PCH provides a reliable source of funding

PCH serves as a consistent source of funding to the Canadian audiovisual industry, as presented in Table 4 and in Figure 1. The CMF funding comes from two primary sources: regulated contributions from BDU (including cable, satellite, and internet Protocol Television [IPTV] distributors) and an annual contribution from PCH. Key informants noted that the funding was particularly important in the face of fluctuating amounts from other funding sources.

Table 4: CMF funding, by source (\$millions)

Funding Year	BDUs	PCH	Production Investment Recoveries	Repayment of Advances	Interest	Tangible Benefits	Total Revenue
2014-15	\$254.6*	\$134.1	\$7.3	\$5.2	\$2.4	\$0	\$403.6
2015-16	\$229.9	\$134.1	\$7.7	\$4.7	\$2.1	\$0.8	\$379.3
2016-17	\$216.5	\$134.1	\$7.6	\$6.2	\$2.3	\$2.5	\$369.3
2017-18	\$199.6	\$134.1	\$6.9	\$5.8	\$2.9	\$2.3	\$351.8
2018-19	\$193.0	\$151.1	\$5.2	\$4.9	\$4.9	\$2.1	\$361.3
Total**	\$1,093.7	\$687.7	\$34.8	\$26.8	\$14.6	\$7.7	\$1,865.3

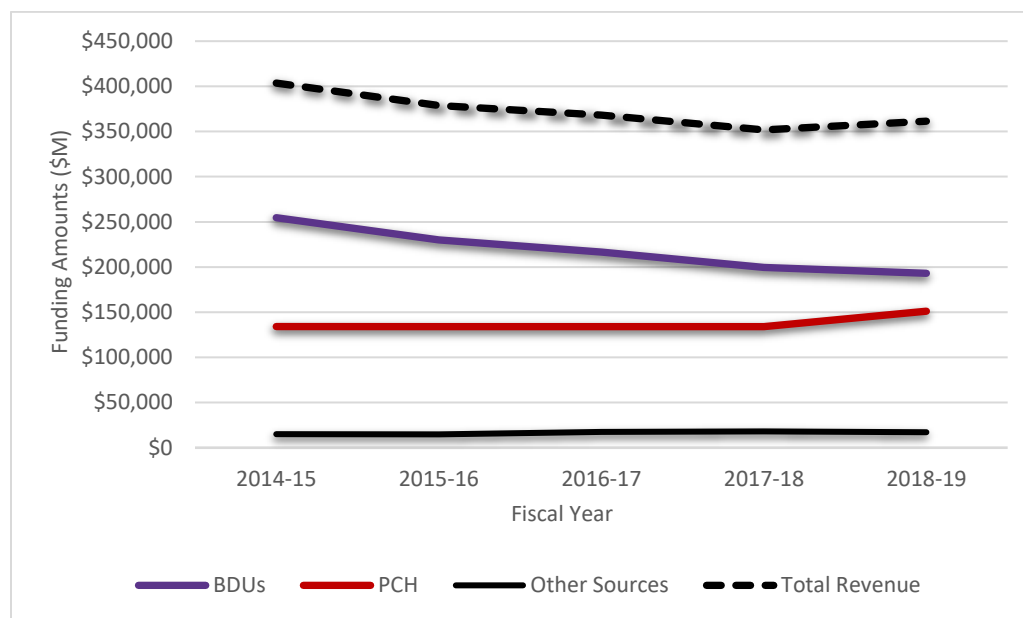
Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

*2014-15 includes \$26.6M in onetime adjustments from previous years.

**numbers may not add up due to rounding

Over the evaluation period, BDU contributions to the fund (% of revenue) have been steadily decreasing due to decreasing revenue from traditional television consumption. PCH contributions were relatively consistent, increasing in 2018-19 as the Government of Canada stepped in to stabilize the Fund's annual budget.

Figure 1: Funding Trends, PCH and BDUs

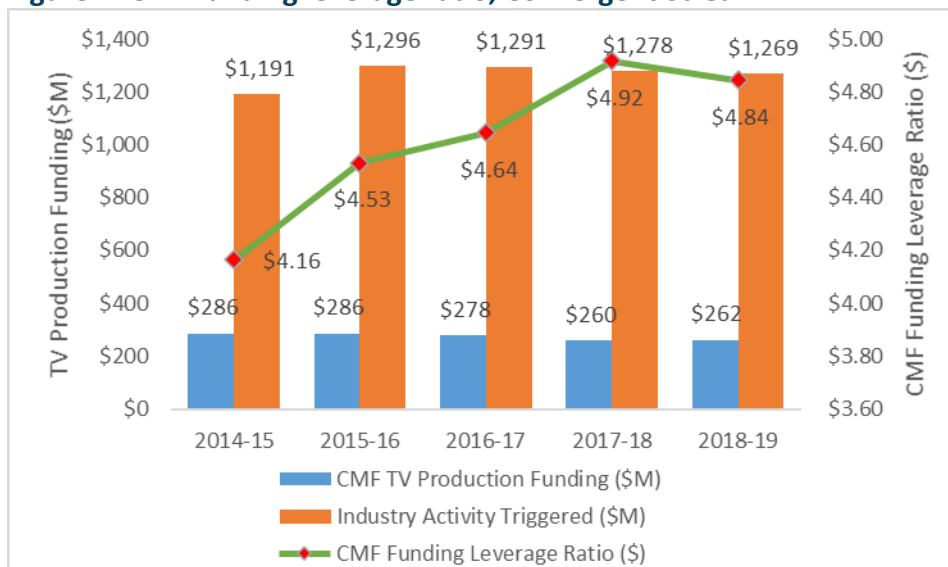


Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

The Convergent Stream contributes consistently to the Canadian audiovisual industry

Both administrative data and key informants provided evidence that the Convergent Stream of the programming supported the audiovisual industry. Administrative data showed a general upward trend in the ratio of industry activity to Convergent Stream funding, with every dollar of television production triggering approximately four dollars of industry activity. This industry activity represents only the activity triggered by the television production of the Convergent Stream, as the Experimental Stream reflects multiple industries with limited data availability.

Figure 2: CMF funding leverage ratio, Convergent Stream



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

In addition, over the observed period:

- Funding for the film and television portion of Convergent Stream projects represented between 8% (2016-17 and 2018-19) and 10% (2014-15 and 2015-16) of all Canadian film and television production¹; and
- An estimated 11,600 to 12,600 direct jobs and 13,000 to 14,300 indirect jobs were generated per year in the Convergent Stream, with jobs generated peaking in the 2015-16 fiscal year.²

The positive impact of CMF funding was noted by most key informants, who commented on the high quantity of funding available, the level of funding to recipients, and the essential role the Fund plays in financing Canadian audiovisual content. Some also referenced the importance of the Fund related to the genres it supports in general (children and youth, documentary, drama, etc.), as well as to Experimental Stream recipients specifically, who may have fewer sources of funding.

¹ CMPA, 2019; CMF, 2015b; CMF, 2016b; CMF, 2017a; CMF, 2018a; CMF, 2019a

² CMPA, 2019

4.1.3. Responsiveness to changing needs and circumstances

Evaluation sub-question:

Has the program been responsive to changing needs and circumstances?

Key findings:

- The Program and the Corporation were responsive to changes in the industry changes associated with technological developments, consumption patterns as well as questions of diversity and inclusion. Increases to the funding from PCH and adjustments to the contribution agreement between PCH and the Corporation led to the expansion of program requirements to include web series, modifying language to provide more flexibility towards emerging technology and allowing contributions to encourage more investment at the pre-development stage.

The Program and Corporation have adapted to ongoing changes in the industry

Over the evaluation period, PCH demonstrated an ability to adapt to changing needs within the industry. The Program recognized the growing incremental impact of declining BDU contributions on CMF revenues, and the Government provided stability to the Fund by creating an annual resource level top-up (to a maximum of \$42.5 million/year) to offset these declines. The goal of the new funding was to maintain CMF funding levels at 2016-17 levels, providing much needed stability for the production industry.

PCH also made changes to the contribution agreement with the Corporation to respond to various new and emerging needs of the industry, particularly related to technology and digital media. Key changes to the contribution agreement included:

- expansion of program requirements and qualifications to allow limited web series through the Experimental Stream and Convergent Stream projects with original runs on a digital service;
- modifying language to provide more flexibility towards emerging technology; in particular, the second platform requirement for the Convergent Stream changed from “rich and substantial” to “value added” and the definition of “interactivity” in digital media now emphasizes developing *meaningful* digital media and *emerging* immersive technologies (such as virtual reality); and
- allowing contributions to creators to encourage more investment at the pre-development stage or production, and removing the requirement of broadcaster involvement at that stage, allowing writers and groups of creators to develop their own pitches for new projects and increasing their stake in the creative process.

In addition to contribution agreement changes, key informants across the stakeholder groups identified a number of other examples of responsiveness to changing needs and priorities. Over half of key informants pointed to Fund’s commitment to community engagement, consultation, and learning as illustrating their responsiveness to a rapidly changing environment. Some highlighted the Fund’s

industry consultation process which resulted in an increasing commitment to diversity through better gender and language representation, and reconciliation by establishing the Indigenous Screen Office (ISO). Other key informants noted recent changes allowing Canadian-owned over-the-top (OTT) services to trigger³ funding, and cross-sector partnerships and relationship building.

Adapting to the pace of industry changes is challenging

While key informants commonly suggested that the Corporation was responsive to changing industry needs and circumstances, just under half indicated that the ability to quickly adapt may have been slowed by the political and bureaucratic environment under which the Fund was created.

Other themes identified were:

- Questions regarding what constitutes Canadian content and reliance on broadcaster license as trigger (over one quarter of key informants); and
- Funding-associated challenges, including a lack of funding for early-stage projects, uncertainty for those accessing funds, and different fiscal years used by the Program (April to March), recipients (January to December) and broadcasters (September to August) - (over one quarter of key informants).

4.1.4. Design and governance

Evaluation sub-question:

How has the design and governance model supported the objectives of the program?

Key findings:

- Overall, the design and governance model of the Corporation, with close ties to industry and established collaborations, supported the program's objectives;
- The Corporation kept administrative expenses below the 6% cap indicated in the contribution agreement in all years under evaluation.

Design and Governance model of the Corporation is mostly positive

Key informant interviews, review of the program and financial data indicate that the program has strong design and governance. Some key informants pointed to the Corporation's clear mandate and

³ Starting 2019-20, CMF expanded its current "broadcast trigger" to include online platforms owned and controlled by CRTC-licensed broadcasters and broadcast distribution undertakings (e.g., CraveTV, Illico, tou.tv, cbc.ca, GEM, Telus Optik TV). Prior to this, CMF could only provide funding to expenditures of either a CRTC-licensed broadcaster or a Canadian (for-profit) corporation **with a license agreement** from a CRTC-licensed broadcaster.

objectives, high-quality and adequate number of staff, their connection to and positive relationship with PCH, and the importance of the Corporation and Board's independence.

The Corporation met administrative expense limitations

Under the terms of the contribution agreement between the Corporation and PCH, the Corporation's total administrative expenses are capped at 6% of total funding. The Corporation's administrative expenses fell below that cap in all five years examined during this evaluation, with a low of 4.1% in 2014-15 and a high of 5.0% from 2016-17 through 2018-19.

4.1.5. Diversity and inclusion

Evaluation sub-question:

How was diversity and inclusion considered and addressed in the development of the program and distribution of funds?

Key findings:

- Issues of diversity and inclusion have taken on an increasing role in the audiovisual industry during this evaluation period. In response, the Corporation has developed several initiatives to better reflect diversity goals and encourage representation from various equity-deserving groups, most notably in the areas of Indigenous production and gender parity in key creative positions. However, some challenges remain around diversity and inclusion, for equity-deserving groups such as lesbian, gay, bisexual, transgender, queer and two-spirit (LGBTQ2S) individuals.

Diversity and inclusion in the audiovisual industry

Research shows the importance of diversity and inclusion in the audiovisual industry. A 2016 study by the University of California, Los Angeles, established a direct link between casting diversity and the success of a film or television show in the US market; the authors concluded that the content that generates the best ticket sales and television ratings is the kind that reflects the diversity of American society. A 2017 study by Nielsen Media Research for Telefilm Canada found that roughly half of Canadians agreed there should be more diversity in general in television shows (50%) and in film (49 percent); 13 percent (film) and 14 percent (television) of respondents disagreed and the remainder (37 percent) were neutral on the subject.

Diversity and inclusion in the Canada Media Fund

Over the past five years, the Corporation has developed several programs and made changes to the distribution of funds to better reflect diversity goals and encourage inclusion of various demographic subgroups. Key informants were largely positive about the CMF's work on diversity and inclusion, with

over two thirds providing examples and over half specifically citing efforts related to gender parity and Indigenous inclusion. Key points included:

- **Indigenous production:** The Corporation partnered with APTN, Telefilm Canada, the National Film Board of Canada, CBC/Radio-Canada, and the Canadian Media Producers Association to create the ISO in 2017-18. Financial support was provided through CMF for fiscal years 2018-19 and 2019-20 as the ISO developed its mandate and business plan. The Minister of Canadian Heritage also directed the Fund in 2018 to invest more each year in new Indigenous production.
- **Support for gender parity:** As of 2017-18, the Corporation also introduced commitment targets for all funding allocations around the proportion of key creative positions held by women, in addition to gender parity among jury members for Convergent and Experimental Stream project selection, with a goal of achieving gender balance in all the Fund's programs by 2020. Application processes introduced a field for gender self-declaration. The Corporation proposed several initiatives to support gender-based sector development, such as an incentive to encourage the development of women directors through shadowing and internship opportunities, third-party gender balance initiatives, and partnerships with unions and guilds to encourage career paths for women.
- **Official language minority communities:** Increasing the amount of available funding through several programs, and expanding eligibility requirements to allow for greater access, particularly for newer producers.
- **Regional production:** While the introduction of regional bonuses was noted as a positive change, some noted that the majority of funding is still being claimed by producers in Toronto and Montreal, and that some communities, such as those in Northern Canada, face particularly distinct and complex realities.

However, many key informants (two thirds) articulated a number of ongoing challenges and gaps related to diversity and inclusion efforts by CMF and the audiovisual sector more broadly including:

- Ongoing gender disparity in the Experimental Stream, particularly in the male-dominated gaming industry;
- Potential financial challenges in maintaining funding for diversity and inclusion initiatives if the Fund's resources diminish or the budget is not increased;
- Concerns around self-identification when broadcasters/producers are reporting on behalf of their production teams;
- Barriers to accessing the funding system for diverse and newer producers who may lack prior experience with the Fund and navigating application processes;
- Continued marginalization of Indigenous production including challenges finding broadcasters and evaluating Indigenous content; and
- Other aspects of diversity and inclusion that remain overlooked, such as race and lesbian, gay, bisexual, transgender, queer and two-spirit (LGBTQ2S) identity.

4.2. Has the Canada Media Fund supported the creation and consumption of high-quality Canadian cultural content?

4.2.1. Creation of high-quality and diverse Canadian cultural content

Evaluation sub-question:

Has the program supported the creation of high-quality and diverse Canadian cultural content?

Key findings:

- The Corporation met both Convergent and Experimental project targets in all years covered by the evaluation. Moreover, key informants highlighted CMF's importance as a primary funder for Canadian audiovisual content.
- The Corporation has implemented several initiatives to increase funding towards diverse content and creators.

The Fund's contributions towards the creation of Canadian audiovisual content

Both program data and key informants support the importance of the CMF to the creation of Canadian audiovisual content. As shown in Table 5, the CMF exceeded all project targets defined in the contribution agreement over the evaluation period (175 Convergent projects/year and 35-40 Experimental projects/year). The Fund provided a total of \$1.9 billion in funding over the period, \$688 million of which originated from PCH, contributing to over 2,500 Convergent projects and over 500 Experimental projects.

Table 5: CMF projects by streams and funding amount, 2014-15 to 2018-19

Funding year	Total Applications received #	Convergent funded projects #	Convergent funding amount \$M	Experimental funded projects #	Experimental funding amount \$M
2014-15	1,981	505	\$311.3	108	\$38.6
2015-16	2,070	541	\$314.9	104	\$40.5
2016-17	1,976	530	\$306.0	96	\$40.4
2017-18	2,010	497	\$284.6	103	\$40.0
2018-19	1,810	493	\$285.3	116	\$42.0
Total*	9,847	2,566	\$1,502.1	527	\$201.5

Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

*This table does not include the Performance envelope allocation for broadcasters.

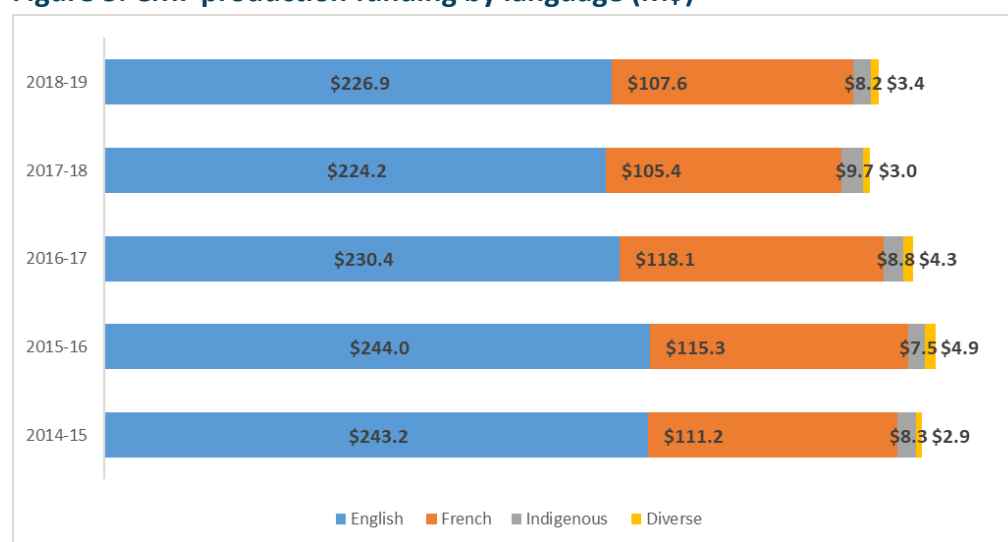
Many key informants emphasized the important role the Fund plays as a significant funder of audiovisual content in Canada, with some pointing to the Fund's reputation as an industry leader. Specifically, key informants referenced the importance of the Experimental Stream given that there are

few alternative funding sources and the Fund’s role as an early funder for many projects. However, one quarter of respondents identified some tension regarding the Convergent and Experimental streams, including their relative funding allocations and whether the distinction remains relevant.

More equitable and inclusive project funding

The proportion of CMF funding allocated to various languages appears to be relatively consistent over the five years pertinent to this evaluation. Year-over-year, English productions receive approximately two thirds of CMF funding, French projects just under a third, Indigenous language projects receive between 2 to 3%, and diverse language projects receive approximately 1% of CMF funding, as shown in Figure 3 below. This is in line with the conditions established in the contribution agreement.

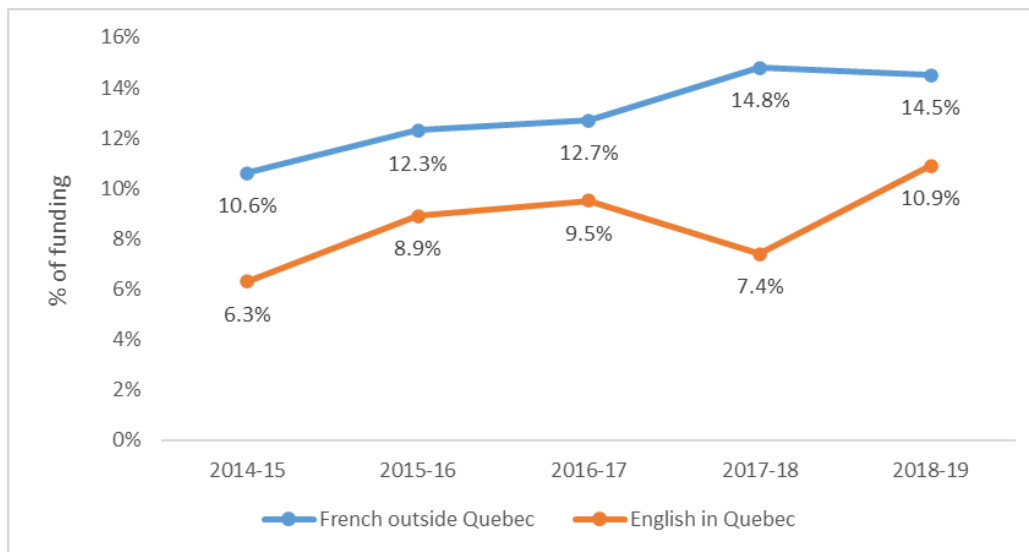
Figure 3: CMF production funding by language (M\$)



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

In addition to supporting production in French, English, Indigenous, and other diverse languages, the Fund was successful in encouraging official minority language production during the years under review. As shown in Figure 4, the proportion of funding dedicated to official language minority production increased every year, with the exception of English-language production in Quebec, which dropped between 2016-17 and 2017-18 before hitting a five-year high in 2018-19.

Figure 4: CMF minority language production funding



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

The Corporation has also demonstrated a commitment to providing funding to regional producers outside of Toronto and Montreal, where most activity in the Canadian audiovisual industry takes place. While the proportion of funding to English regional production varied over the evaluation period, dropping between 2015-16 and 2017-18 before increasing in 2018-19, French regional production, as a proportion of total production funding, increased every year.

In addition to the initiatives introduced in 2017-18 to increase gender parity described in section 4.1.5, internally, the Corporation set a target of increasing the gender parity in its juries. Two out of three juries ranking applications and making funding determinations in the Convergent and Experimental Streams met gender parity in their members in 2017-18. All juries met gender parity targets in 2018-19.

4.2.2. Promotion of diverse Canadian content at home and abroad

Evaluation sub-question:

How effective is the program at promoting diverse Canadian content at home and abroad?

Key findings:

- Discoverability of content has become increasingly important with the rise of online distribution. Two initiatives to showcase and promote Canadian audiovisual content online, the Eye on Canada website and the Encore+ YouTube channel, have shown some promise.
- With the rise of multiple audiovisual streaming platforms, there are challenges around measuring the success of discoverability and promotion efforts.
- There is a need for continued exploration of innovative means to further enhance discoverability and the promotion of Canadian content.

Discoverability in the age of online content distribution

Both the literature review and some key informants identified the important role that discoverability — or the degree to which a piece of content can be easily found — plays and will continue to play in the success of audiovisual products, particularly as online content becomes more and more dominant.⁴ The challenge lies in the promotion and consumption of Canadian content amid the abundance of international audiovisual content available across different virtual platforms. A related challenge is how to measure consumption as an indicator of success, especially across multiple virtual audiovisual platforms.⁵ The limited data available likely underestimate actual consumption. Some key informants pointed out the persistent difficulty of effectively branding Canadian content, and an ongoing perception that broadcasters and producers work in silos rather than in strategic partnership with one another.

The literature review also pointed to the central role of social media, such as Facebook, Twitter, and YouTube, and of social influencers in the promotion and discovery of content.⁶ Transmedia was also identified as another emerging promotional strategy, which could contribute to Canadian content promotion. It consists of introducing content elements from one media form on other external

⁴ Sommet de la découvrabilité. « Une nouvelle stratégie de distribution de contenu est requise pour le contenu médiatique ». Consulté le 22 juillet 2019

⁵ Proa Comunicación. 19 Mars 2019. « [10 Keys to Understanding Audiovisual Content Consumption in Spain](#) »..

⁶ Fonds des médias du Canada. 2016. « Découvrabilité – Vers un cadre de référence commun Volet 1 ». <https://trends.cmf-fmc.ca/wp-content/uploads/FMC-Decouvrabilite-Vers-un-cadre-de-reference-commun.pdf> : 43-45

platforms or in conjunction with other forms (e.g. pairing a program clip during real life event broadcast).⁷

Multiple avenues of content promotion

Over the past five years, the Corporation has launched two initiatives to showcase and promote Canadian audiovisual content online:

- Eye on Canada website with Telefilm Canada and the Canada Media Producers Association (CMPA). As of 2017-18, the Eye on Canada website featured almost 2,000 pieces of Canadian audiovisual content.
- Encore+ YouTube channel with the Bell Fund, Deluxe Toronto, Google Canada and Telefilm Canada. Between November 2017 and November 2018, the Fund acquired 1,647 videos covering 429 different titles. Encore+ usage has garnered, as of November 2018, 6.2 million views (46% of which originated from outside of Canada), 30 thousand subscribers, and 1.6 million hours watched.

Increased focus on international co-production and co-development was another method of promoting Canadian producers and content internationally during the period of the evaluation. The number of incentives, projects, and budgets in this area grew annually from 2014-15 to 2018-19, with the exception of 2016-17. Performance measurement targets set out in the contribution agreement for annual international co-productions (20 per year starting in 2016-17) were exceeded in 2017-18 and 2018-19, as demonstrated in Table 6.

Table 6: CMF international co-production and co-development incentives, 2014-15 to 2018-19

Funding year	Incentives	Projects	CMF funding (\$K)	Foreign funding (\$K)
2014-15	3	10	\$972	\$654
2015-16	5	19	\$1,545	\$1,530
2016-17	5	12	\$814	\$862
2017-18	7	27	\$1,376	\$1,336
2018-19	9	29	\$1,738	\$1,823

Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

The Corporation also regularly engaged in industry events, both domestically and internationally, collaborating on 52 to 70 industry events per year over the observed period, and contributing to an additional 19 to 44 events per year.

⁷ This document used as an example the airing of a clip from season 4 of the political drama House of Cards, during an American election debate in 2016.

Just over one third of key informants stated that the Corporation’s discoverability efforts had been successful, highlighting examples including Encore+, Eye on Canada, and MADE/NOUS, celebrating the works of Canadian Creators. They noted that this success was attributed to a number of factors including:

- The Fund’s role in generating and renewing a sense of pride in Canadian content;
- Overall dedicated funding available for discoverability and marketing, both for funding recipients and broadcasters;
- International discoverability activities, including the opportunity for funded projects to promote themselves abroad, additional support for international co-productions, and Fund’s participation at both international and domestic events and festivals; and
- Fostering of partnerships and collaboration, including coordination among producers, broadcasters, the Corporation, and Telefilm Canada.

Conversely, just under one third of key informants pointed to challenges with the Program and Corporation’s discoverability efforts. In particular, there was a perception that these efforts were less than what was needed to make a more substantial difference in the visibility of Canadian content, and that a greater promotion and marketing budget for projects was necessary for a greater impact. While some suggested that the Fund had played a positive role in developing a distinct and recognizable Canadian audiovisual brand, others disagreed, suggesting that the “Canadian-ness” of content served as a barrier. Some also identified confusion over who was and should be responsible for discoverability (e.g. the Fund, broadcasters, or producers).

Additionally, measuring the success of discoverability efforts was identified as a challenge in an environment where, for example, OTT services increasingly do not share their viewership data. Social media analytics are playing an increasing role in identifying content that is being shared and discussed.

4.2.3. Consumption of diverse Canadian content at home and abroad

Evaluation sub-question:

Are diverse funded Canadian projects consumed at home and abroad?

Key findings:

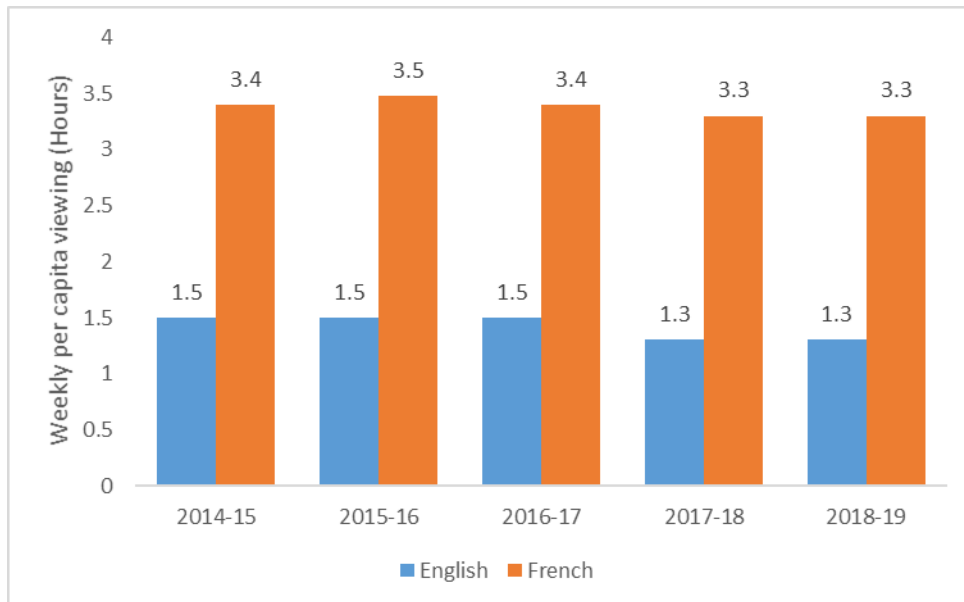
- The Fund’s Convergent Stream projects, specifically the performance envelope program, met their targets for Canadian audience share during peak hours and digital visits the majority of the time.
- There are key differences in Anglophone and Francophone audiovisual media consumption.
- Challenges encountered to track digital media consumption over time across both funding streams result in limited capacity to properly establish consumption of Canadian content.

Consumption targets met the majority of the time

Trends in consumption data for CMF-funded projects show that targets are largely met. Consumption data includes weekly per capita viewing, audience share of funded television projects, and visits and unique visitors for online digital media.

The weekly per capita viewing data for CMF-funded television programs shows a slight trend towards decreased viewing since 2015-16. However, Canadians are, per capita, still consuming an average of 1.3 hours of English CMF-funded programs and 3.3 hours of French CMF-funded programs per week.

Figure 5: Weekly per capita viewing of CMF-funded programs



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

The Canadian audience share of CMF-funded productions varies considerably depending on the language of production, the genre, and whether full-day or only peak evening television viewing hours are being considered (see Annex A). Several key findings include:

- CMF-funded French programming generally attained a much larger share of Canadian television viewership than English content;
- CMF-funded children and youth programming in both languages showed a large degree of volatility in audience-share; and
- Almost all French Variety and Performing Arts programming in Canada is CMF-funded (82% to 90%, depending on fiscal year and viewing hours).

In 2016-17 onwards, the performance measurement strategy laid out in the contribution agreement between PCH and the CMF Corporation set specific targets related to Canadian audience share of CMF-funded projects during peak hours, based on genre and language. CMF-funded projects met their

peak-hour Canadian audience share targets the majority of the time, with few exceptions, as shown in Table 7. The downward trend in English children and youth programming as well as the relatively strong interest French drama, variety and performing arts and documentary programming is also of note.

Table 7: Peak hours CMF-funded audience share targets and performance

Genre	Language	Audience share target (%)	2014-15 performance (%)	2015-16 performance (%)	2016-17 performance (%)	2017-18 performance (%)	2018-19 performance (%)
Children and Youth	English	42%	46%	51%	44%	31%	22%
Children and Youth	French	50%	60%	59%	49%	61%	51%
Documentary	English	11%	22%	20%	25%	21%	24%
Documentary	French	11%	16%	19%	21%	24%	32%
Drama	English	7%	9%	8%	8%	7%	6%
Drama	French	26%	41%	39%	42%	41%	47%
Variety and Performing Arts	English	10%	17%	16%	21%	7%	13%
Variety and Performing Arts	French	74%	89%	87%	90%	82%	89%

Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

From 2016-17 onwards, the Corporation has had a specific target of 14 million visits annually to support the consumption of funded projects distributed on at least two platforms. Even given reporting challenges, Convergent Stream digital projects met those targets in each of the five years reviewed.

Differences in Anglophone and Francophone audiovisual media consumption

The literature review identified several key differences between Anglophone and Francophone audiovisual media consumption in Canada, including:

- The percentage of Canadians who have a TV service subscription is higher among Francophones (at 81 percent) than Anglophones (74 percent). While nearly half of Francophones subscribe to cable television (49 percent), just over a third of Anglophones do (34 percent). Satellite TV is the

only option for subscription services in some areas of Canada, and is used by a higher percentage of Anglophone households (18 percent) than Francophone households (11 percent).

- Three in five (60 percent) Anglophone Canadians connect their TV sets to the internet, whereas among Francophones the percentage is markedly lower (43 percent).
- In the English-language market, Netflix is still the dominant over-the-top TV service, with 61 percent of Anglophone households as subscribers. The penetration in the French-language market, while growing, remains significantly lower, with 37 percent of Francophone households subscribing.⁸

Challenges in tracking digital media consumption

The diversity in the types of projects funded through the Experimental Stream means they are all consumed in different ways and thus one metric does not work for all, making it difficult to compare and establish standardized metrics. Digital media consumption is not possible to assess over the full evaluation period as digital analytic data varied year-over-year due to changes in data collection methodologies and tools.

4.2.4. Success of diverse Canadian content at home and abroad

Evaluation sub-question:

Are diverse funded Canadian projects successful at home and abroad?

Key findings:

- CMF-funded television projects met targets of Canadian audiences of at least a million views most of the time, particularly for French-language projects.
- CMF-funded projects received a substantial amount of awards recognition, both domestically and internationally.
- While metrics are limited for accessing the success of digital media projects, there is evidence that the funding leads to positive outcomes.

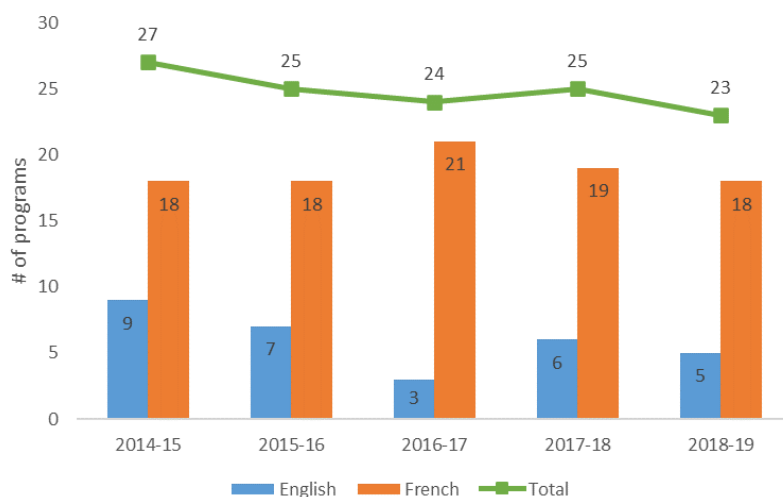
Projects with audiences of at least 1 million viewers

Over the period under evaluation, the total number of CMF-funded programs that had average audiences of over 1 million views in Canada peaked in 2014-15 at 27 programs, and hit a five-year low in 2018-19, with 23 programs (Figure 6). The Performance Measurement Strategy targets laid out in the contribution agreement for 2016-17 onwards aimed for audiences of at least 1 million Canadian viewers for 7 English-language shows and 15 French-language shows per year. The English-language target was

⁸ Media Technology Monitor, 2019a; 2019b

met in the first two years of the evaluation period (2014-15 and 2015-16), and the French-language target was met in all years.

Figure 6: CMF-funded programs with audiences of over 1 million viewers in Canada, 2014-15 to 2018-19



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

Awards recognition among CMF-funded projects

Over the evaluation period, CMF-funded projects received over 1,000 awards in Canada and internationally as presented in Table 8. Most award recognition was in Canada, through national or provincial industry and association awards.

Table 8: Awards received by CMF-funded programs, 2014-15 to 2018-19

Funding year	Canadian awards: Projects awarded	Canadian awards: Awards	Canadian awards: Ceremonies	International awards: Projects nominated	International awards: Projects awarded	International awards: Ceremonies
2014-15	113	220	29	51	27	18
2015-16	94	201	20	29	11	8
2016-17	110	213	22	36	15	11
2017-18	111	201	21	20	9	7
2018-19 ⁹	-	230	24	39	14	14
Total	428	1,065	116	175	76	58

Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

⁹ The 2018-19 Program Activity Report does not specify the number of projects awarded, as in previous years.

4.3. What are the current and upcoming challenges and priorities facing the Canada Media Fund, and how can they be addressed?

4.3.1. Current and emerging trends, challenges, and opportunities

Evaluation sub-questions:

What are the current and emerging trends in Canadian and global media production and consumption?

What are the current challenges facing and opportunities available to Canadian broadcasters, producers, and creators?

What legislative, governance, and business models are being adopted to manage changing global production, consumption patterns and emerging trends?

Key findings:

- Canadian consumption habits are changing towards audiovisual streaming media with a parallel decrease in traditional television.
- In response to the Internet's impact on audiovisual media, the industry needs to identify new buyers and develop new business models to monetize their content over multiple platforms and in various forms of content usage.
- The growing popularity of global OTT services poses challenges to imposing national domestic content requirements or to require regulatory contributions towards domestic production.
- Issues of data sharing, ownership, security, and analysis have emerged with increased distribution of audiovisual media online and fracturing across multiple platforms.

Changing consumption habits among Canadians

Modern viewers have seen an increase in the options available for how and where they consume audiovisual media. In 2017, almost 80% percent of Canadians reported having a smartphone; this increased to 90% among Anglophone and 85 percent of Francophone Canadians in 2020. The use of tablets among Canadians was 54 percent in 2017, increasing to just over 63% for both Francophone and Anglophone in 2020. Internet connected televisions increased in use among Canadians from 40 percent in 2017 to 63% of Anglophone and 47% of Francophone in 2020¹⁰.

The evaluation also shows a decrease over the period in the consumption of traditional television in Canada and a subsequent decline in revenue for broadcasters, as well as a corresponding increase in the consumption of online content, including OTT services such as Netflix. The literature points to a

¹⁰ Media Technology Monitor – Adoption Report: COVID-19 Edition, May 2020

perceived decrease in online attention spans, and the idea of approaching a screen-time plateau, or a limit to how much growth is possible in viewing time.¹¹ Key informants validated these changing consumption findings with some noting ‘cord-cutting’, on-demand viewing, the popularity of shorter content, new ways consumers discover content (e.g. social media and algorithm-based recommendations), an increase of content available, and a decrease in the importance of geographic borders.

Opportunities emerging through advances in technology

Members of the expert panel highlighted new opportunities for Canadian media production that are available through technological advances. For example, the increasing quality of video footage filmed using smartphones offers minimal-cost ways for creators to produce content, potentially reducing barriers to entry for new producers. Also, new storytelling techniques are now possible with instant engagement through advances in technology like social media, artificial intelligence, and immersive technologies such as augmented and virtual reality. This creates disruption in traditional creative and production processes.

Implications of emerging distribution methods

The increasing prevalence of online distribution has highlighted a need to develop new strategies that reflect the way the Internet and digital information impact audiovisual media. Distributors and aggregators¹² are diversifying their content offerings and platforms to increase revenues and help offset the risk of eroding their traditional business lines which has been mostly cable networks. Broadcast networks face increasing content costs coupled with decreasing television-advertising revenues. Content creators and rights holders can rely less on traditional television buyers for revenues and distribution. As a result, they need new buyers and new business models to monetize their content over multiple platforms and in various forms of content usage.¹³

The expert panel highlighted that with technological advances and changing consumption patterns, the distinction between different formats of audiovisual content (e.g. television, movies, web series) may no longer be useful or relevant and may be brought together under a single banner of linear content production in the future.

National regulatory systems face new challenges as audiovisual media are increasingly distributed through online systems without firm national borders, such as global OTT services like Netflix. Some key informants (over one quarter) highlighted regulation as an issue. Currently online streaming services are

¹¹ Canada Media Fund. (2018). Future Shock is Now: Trends Report 2018

¹² A film aggregator is a third-party service that can help the content (i.e. movie, short, or series) get posted on platforms including Google Play, Sony PlayStation Network, Amazon, and iTunes. Customers can then purchase the content on these platforms.

¹³ Boston Consulting, 2016

not subject to regulatory requirements as are Canadian broadcasters. This makes it difficult to impose national domestic content requirements or to ensure contribution towards domestic production.

Other government decisions, in Canada and beyond, in response to OTT services include:

- In 2017, Netflix agreed to invest \$500 million over five years in Canada under the *Investment Canada Act*—with an additional \$25 million for French language, Indigenous, and women-focused content.¹⁴
- Two provinces, Saskatchewan and Quebec, have recently begun requiring that streaming services collect and remit provincial sales tax, which other subnational governments in Canada may emulate.¹⁵
- Internationally, Brazil and Argentina have imposed additional consumer taxes on international streaming services, sometimes adjusted based on the amount of domestic cultural material available on that service.¹⁶ Other countries, such as France, attempted but were unable to enforce proposed domestic tax and royalty requirements on Netflix that would contribute to local production and content.¹⁷

There has also been some movement towards more open digital borders, with the European Union considering a digital single market that would improve access to digital goods and services across member countries.¹⁸ This would include removing the practice of geo-blocking content based on consumers' internet service providers. However, borders that are more open also have implications on the ways in which national content is defined for the purposes of public sector support, with different jurisdictions adopting various approaches to promoting national content while acknowledging an increasingly international sector.¹⁹

The issues of data sharing, ownership, security, and analysis has also emerged as the distribution of audiovisual media moves increasingly online and is increasingly fractured across multiple platforms. Some studies indicate that even though Canadians may have low levels of trust in the way that businesses collect and use their personal information, they generally continue providing it in order to use online services.²⁰ The European Union has recently introduced legislative changes in response to online data consent concerns to require more explicit consumer consent for the collection of personal data.²¹

¹⁴ Hall, 2019

¹⁵ Ibid.

¹⁶ CMF, 2014e

¹⁷ Ibid.

¹⁸ CMF, 2015g

¹⁹ De Rosa & Burgess, 2015

²⁰ Jackson, 2019; Chin, 2018; CMF, 2019b

²¹ CMF, 2019b

Sharing of usage data is a concern. Without consistent access to a broad range of data, it can be challenging for production companies and broadcasters to make data-driven decisions regarding investment. An expert panellist provided the example of this unintended negative consequences related to museums offering their data to Google Arts & Culture in exchange for increased online visibility. Unfortunately, many museums have not developed critical data skills and have lost access to their own usage data. Netflix, as well as other distribution platforms, have been criticized for refusing to share their audience data.²²

Existing funding structure under pressure

Currently, there are no requirements for OTT service providers, such as Netflix, to contribute to the production and distribution of Canadian audiovisual content. A review of literature and various documents identified considerations relative to OTT platforms and funding structure changes:

- Whether, and under what circumstances, the content produced by these platforms would qualify as Canadian content and/or would be eligible for CMF funding;
- How Canadian content is promoted on these platforms, both for Canadians and for international audiences (e.g. dedicated category, algorithmic recommendation considerations); and
- How the legal rights of Canadian creators and producers are protected when they sell/license their content to these OTT providers (e.g. copyright, international licensing).

As mentioned previously, the existing Fund is in part based on the CRTC requiring BDU contributions towards the production of Canadian content. BDU contributions are decreasing for the production of Canadian content and the trend is expected to continue with the introduction of OTT service providers. Given BDU contributions are distributed to producers as project-based funding through broadcaster performance envelopes, the majority of projects, particularly those related to the Convergent Stream, ultimately aim for distribution through Canadian broadcasters. The availability of OTT services owned by a Canadian broadcaster or a Canadian BDU means that producers now have more options for distributing their audiovisual products, and BDUs are increasingly competing with OTT service providers which do not contribute to the Fund. The decreasing contributions of BDUs may place additional pressures on the Federal government to support the Fund if it is to remain at current levels in the face of decreasing BDU contributions.

It is worth noting some of the findings from the 2020 Broadcasting and Telecommunications Legislative Review²³ lend additional weight to the findings of this evaluation related to funding structures.

²² Doyle, 2018

²³ ISED, 2020

5. Conclusions

Environment and Context: Responsiveness to change

The evaluation concludes that the Fund was largely responsive to changes within the media industry and funding eco-system over the five-year period. PCH, as a reliable source of funding to the Canada Media Fund, worked in conjunction with the Corporation to align the Fund with other federal departments, agencies and programs in supporting broader federal cultural programs for the creation, development of and access to diverse Canadian cultural content at home and abroad.

Over the evaluation period, the Program and the Corporation demonstrated a commitment to respond to technological developments and changing consumption patterns as evidenced by changes to contribution agreements.

The design and governance model of the Corporation supported the Program and Fund's objectives and allowed the programming to adapt to changing priorities and needs. Further, as issues of diversity and inclusion took on an increasing role in the audiovisual industry during this period, the Corporation developed initiatives to better reflect diversity goals and encourage representation from various equity-deserving groups, most notably in the areas of Indigenous production and gender parity in key creative positions.

Raison d'être: Support to the creation and consumption of high-quality Canadian cultural content

The evaluation concludes that the Canada Media Fund supported the creation and consumption of high-quality Canadian and cultural content. Reports indicated that the Fund met both Convergent and Experimental project targets in all years covered by the evaluation with importance of the Fund identified as primary funder for Canadian audiovisual content.

The Corporation implemented several initiatives to increase funding towards diverse content and creators, particularly with respect to gender parity. Discoverability of content was identified as increasingly important with the rise of online distribution and two initiatives to highlight and promote Canadian audiovisual content online, the Eye on Canada website and the Encore+ YouTube channel, showed promise. With the rise of multiple audiovisual streaming platforms, challenges around measuring the success of discoverability and promotion efforts continue. The exploration of innovative means to further enhance discoverability and promotion of Canadian content will continue.

The Fund's Performance Envelope and Convergent Stream projects met their targets for Canadian audience share during peak hours and digital visits the majority of the time. Funded television projects met targets for Canadian audiences of at least a million views most of the time, particularly for French-language projects. Projects supported by the Fund received a substantial amount of awards recognition, both domestically and internationally. Furthermore, the funding, especially through the Convergent Stream, contributed consistently towards the Canadian audiovisual industry.

Looking Forward

Given current and emerging challenges and priorities, the media industry is expected to continue to undergo enormous changes, as it did over the 5 year evaluation period.

In response to the Internet and digital information impacts on audiovisual media, the evaluation supports broadly held understanding that the industry needs to identify new buyers and develop new business models to monetize their content over multiple platforms and in various forms of content usage. The growing popularity of global OTT services poses challenges to the imposition of national domestic content requirements and ensuring contribution towards domestic production. Data sharing, ownership security, and analysis have also emerged as challenges as the distribution of audiovisual media moves increasingly online and continues to be fractured across multiple platforms.

Under the existing funding model, the Fund will face challenges given the changing nature of consumption, the impact of those changes on the BDU revenues and subsequent decreased contributions to the Fund.

6. Recommendations, management response and action plan

The evaluation found that the Canada media Fund was responsive to change and supported the creation and consumption of quality Canadian and cultural content. Given the continuing evolution of the media industry and increasing focus on diversity and inclusion in Canadian society, the Program will need to remain flexible and responsive.

Recommendation 1

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs reviews and further improves the CMF policy and performance frameworks to reflect the shifts in the industry towards multi-platform and online media consumption and ensure that the data collected is relevant and useful in measuring the consumption, promotion, and success of the CMF funded projects in the digital era.

Management response

The Cultural Affairs Sector accepts this recommendation. The Sector is currently revising the Contribution Agreement and the Terms and Conditions of the Canada Media Fund (CMF) Program in recognition of the need for the program to adapt more fully to the realities of an online context for the audiovisual sector, and in preparation for potential changes to the regulatory framework governing the audiovisual production sector in Canada. As the Terms and Conditions are revised, success indicators will be adapted to the extent possible to improve the accuracy and representativeness of the data collected, while ensuring better accountability. In the same vein, the Sector recognizes the data gap in the digital era and is taking steps to address this as part of its larger efforts to modernize the *Broadcasting Act* and related policy framework. While this work is outside the scope of the CMF program, it is expected to enable the Canadian Radio-television and Telecommunications Commission (CRTC) to collect data more efficiently, which will have downstream positive impacts on the relevance of the performance data available to the CMF program.

Table 9: Recommendation 1 – action plan

Action Plan Item	Deliverable	Timeline	Responsible
1.1. Update the Contribution Agreement and the Terms and Conditions of the CMF Program, with specific consideration given to enabling data collection and improve completeness of the measurement of consumption, promotion and success of the CMF funded projects.	1.1.1. Updated terms and conditions	April 1, 2022	Director General, BCCM
1.2. Review and revise the overarching policy framework for the CMF program to ensure the program's foundation is, to the extent possible, flexible, technology-neutral, future-focused and reflects the evolving regulatory environment. As part of this work, establish a performance framework for the program that can adapt to the evolving needs of the sector it serves.	1.2.1. Revised Policy Direction for the CMF Program	April 1, 2023	Director General, BCCM
1.3. Conduct a pilot project using Parrot Analytics to ascertain the accuracy and representativeness of the data collected, while ensuring better accountability with optimized indicators.	1.3.1. Feasibility Assessment of transitioning from a pilot project to a program within the CMF	June 15, 2022	Director, Content Policy, in consultation with the Canada Media Fund Corporation
Full implementation date: April 1, 2023			

Recommendation 2

The evaluation recommends that the Senior Assistant Deputy Minister, Cultural Affairs pursues further opportunities to promote diversity and inclusion initiatives through the CMF by expanding these efforts with other key groups, such as Indigenous, racialized, and LGBTQ2S communities.

Management response

The Cultural Affairs Sector accepts this recommendation. We are pleased to say that the Canada Media Fund (CMF) and the Department have already taken action on this recommendation, prior to publication of the evaluation. Specifically, the CMF established an Equity and Inclusion Strategy, the first set of results of which were published on May 5, 2021, as well as a terminology guide for data collection on racialized and Indigenous communities on May 4, 2021. Following a revision of the CMF program guidelines, the CMF also launched a pilot program for racialized communities to support the growth of English- and French-language audiovisual production from production companies owned and controlled by Black people and people of colour.

Furthermore, Budget 2021 included \$60 million over three years for the CMF to increase support for productions led by creators from equity-deserving groups working in the Canadian audiovisual industry and to support sector development initiatives targeting equity-deserving communities. This new funding will enable the CMF to move forward with their equity and inclusion strategy over the next three years to create permanent change in the sector.

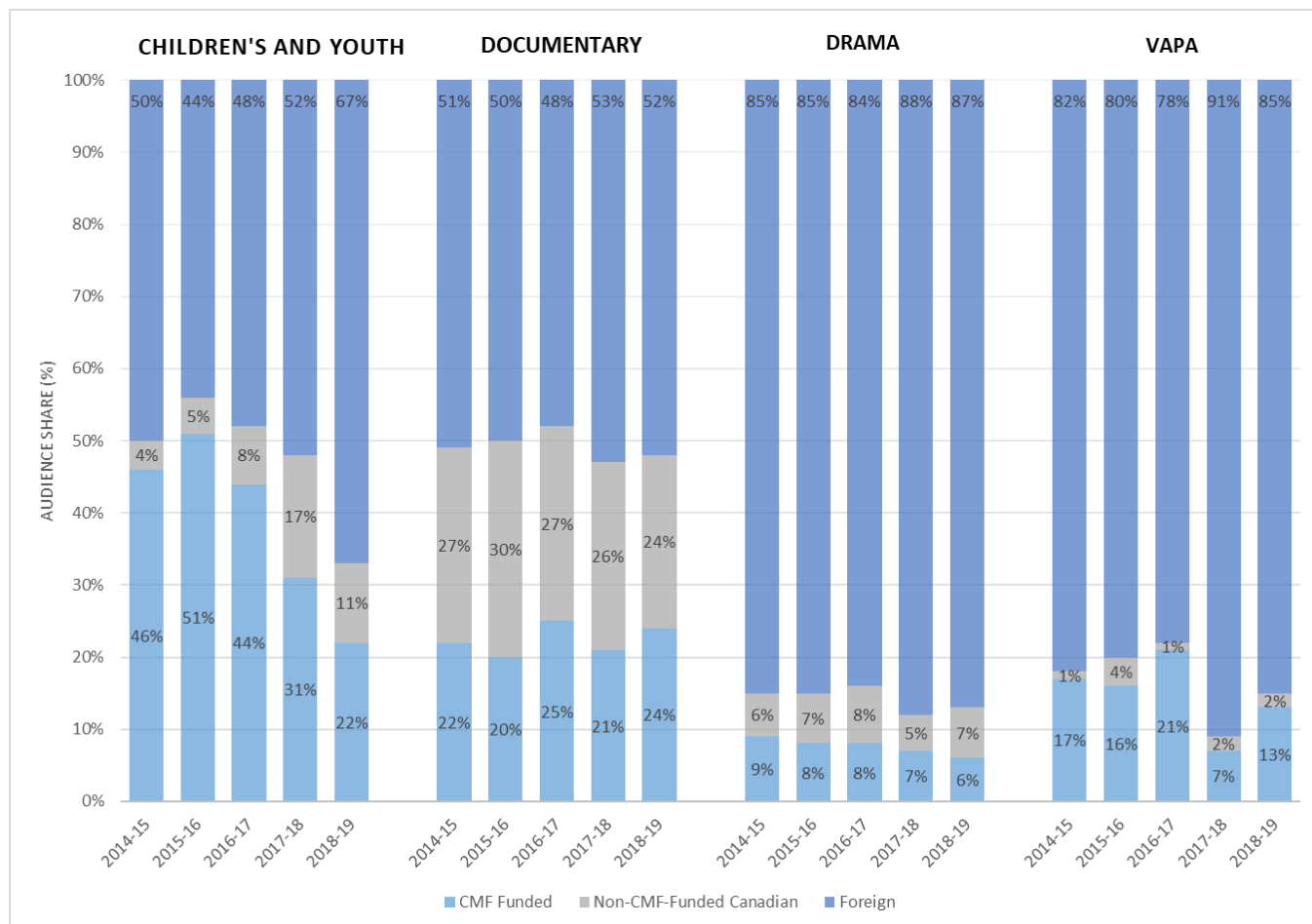
Table 10: Recommendation 2 – action plan

Action Plan Item	Deliverable	Timeline	Responsible
2.1. Work with the CMF Corporation to implement an Equity and Inclusion Strategy, with core strategic elements concerning the corporation's operations, management and governance, as well as its communications, programs, research and data.	2.1.1. Publication of the Equity and Inclusion Strategy on the Canada Media Fund Corporation Website (complete)	May 5, 2021 (complete)	Director, Content Policy, in consultation with the Canada Media Fund Corporation

Action Plan Item	Deliverable	Timeline	Responsible
2.2. The Department will carry out a review of its programs to identify and help remove systemic barriers to accessing programming for equity-deserving communities and support sectors in developing their own approaches to improve equity, diversity and inclusion. The Canada Media Fund Program will be included as part of this review to ensure identification of opportunities to improve access at the program and policy level.	2.2.1. Completed Review for the CMF	April 1, 2023	Director, Content Policy
2.3. Implement the Budget 2021 commitment to provide \$60 million to the CMF over three years to encourage diverse voices in Canadian TV and digital media.	2.3.1. Revised contribution agreement providing additional \$20 million per year for three years in place for 2021-22	December 1, 2021	Director General, BCCM
Full implementation date: April 1, 2023			

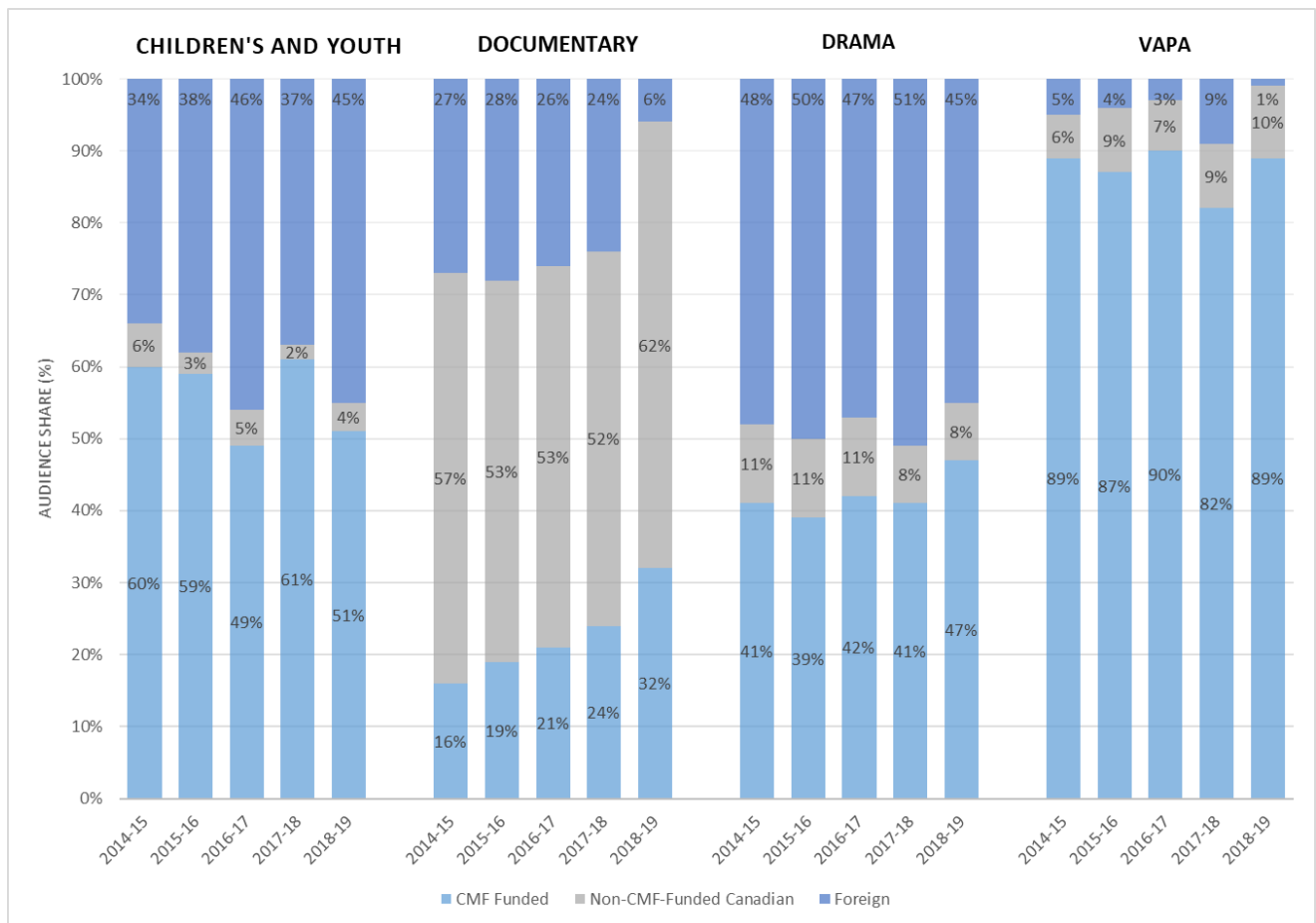
Annex A: Graphs supporting the findings

Figure 7: Audience share (%) of CMF-funded TV productions by genre in Peak hours – English



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

Figure 8: Audience share (%) of CMF-funded TV productions by genre in Peak hours – French



Source: Canada Media Fund, Program Activity Reports, 2014-15 through 2018-19

Annex B: Bibliography

Boston Consulting. (2016). The Value of Content. <https://www.libertyglobal.com/pdf/public-policy/The-Value-of-Content-Digital.pdf>. Accessed July 10, 2019.

Canada Media Fund. (2014e). Trends Report: The Big Blur Challenge.

Canada Media Fund. (2015b). 2014-2015 Program Activity Report. <https://ar-ra14-15.cmf-fmc.ca/>. Accessed July 3, 2019.

Canada Media Fund. (2015g, June). Trends Report: 2015 Mid-Year Update.

Canada Media Fund. (2016b). 2015-2016 Program Activity Report. <https://ar-ra15-16.cmf-fmc.ca/>. Accessed July 3, 2019.

Canada Media Fund. (2017a). 2016-2017 Program Activity Report. <https://ar-ra16-17.cmf-fmc.ca/>. Accessed July 3, 2019.

Canada Media Fund. (2018g). Future Shock is Now: Trends Report 2018.

Canada Media Fund. (2018a). 2017-2018 Program Activity Report. <https://ar-ra17-18.cmf-fmc.ca/>. Accessed July 3, 2019.

Canada Media Fund. (2019a). 2018-2019 Program Activity Report. <https://ar-ra18-19.cmf-fmc.ca/>. Accessed July 3, 2019.

Canada Media Fund. (2019b). Hold My Hand: Annual Trends Report in the Audiovisual Industry. <https://trends.cmf-fmc.ca/research-reports/trends-report-2019-hold-my-hand/>. Accessed June 28, 2019.

Chin, Jessica. (2018). Canadians' Trust in Social Media Dips Lower than "Traditionally Detested" Industries: Report." https://www.huffingtonpost.ca/2018/04/10/canadians-trust-in-facebook_a_23407913/. Accessed July 8, 2019.

CMPA. (2019). Profile 2018: Economic report on the screen-based media production industry in Canada. https://cmpa.ca/wp-content/uploads/2019/04/CMPA_2018_ENG_J20_ONLINE.pdf. Accessed July 3, 2019.

De Rosa, Maria and Marilyn Burgess. (2015). How National Content is Defined in Canada and Selected Countries for the Purpose of Providing Access to Public Support. https://trends.cmf-fmc.ca/wp-content/uploads/National_Content_Definition_ENG.pdf. Accessed June 28, 2019.

Doyle, Gillian. (2018). Television and the Development of the Data Economy: Data Analysis, Power and the Public Interest. *International Journal of Digital Television* 9, no 1: 61.

Fonds des médias du Canada. (2016). Découvrabilité – Vers un cadre de référence commun Volet 1. [En ligne], récupéré dans <https://trends.cmf-fmc.ca/wp-content/uploads/FMC-Decouvrabilite-Vers-un-cadre-de-reference-commun.pdf>.

Hall, Chris. (2019). Why are politicians still terrified of taxing Netflix? CBC.ca. <https://www.cbc.ca/news/politics/netflix-tax-ecommerce-harper-trudeau-1.5136991>. Accessed July 15, 2019.

Innovation, Science and Economic Development Canada (ISED). (2020). Canada's communication future: Time to act. Retrieved from <https://www.ic.gc.ca/eic/site/110.nsf/eng/00012.html>.

Jackson, Brian. (2019). Canadians lose trust in Facebook as it battles privacy watchdogs. <https://www.itworldcanada.com/article/privacy-commissioner-of-canada-finds-facebook-broke-the-law-asks-for-more-power-to-hold-it-accountable/417287>. Accessed July 8, 2019.

Media Technology Monitor. (2019). Adoption Report. Anglophone Market.

Media Technology Monitor. (2019). Adoption Report. Francophone Market.

Media Technology Monitor. (2019). Smart Speakers: Analysis of the Canadian Market. Executive Summary.

Media Technology Monitor. (2019). Sneak Peak Spring 2019.

Media Technology Monitor. (2019). Watching TV in a Language other than English or French: Analysis of the Canadian Market.

Media Technology Monitor. (2020). Adoption Report: COVID-19 Edition.

Proa Communication. (19 Mars 2019). 10 Keys to Understanding Audiovisual Content Consumption in Spain. [En ligne], récupéré dans <https://proacomunicacion.es/en/sin-categoria-en/10-keys-to-understanding-audiovisual-content-consumption-in-spain/>. Consulté le 26 août 2019.

Sommet de la découvrabilité. (Sans date). Le Sommet de la découvrabilité fait passer le contenu de la découvrabilité à la découverte. [En ligne], récupéré dans <http://decouvrabilite.ca/>. Consulté le 22 juillet 2019.

Sommet de la découvrabilité. (Sans date). Une nouvelle stratégie de distribution de contenu est requise pour le contenu médiatique. [En ligne], récupéré dans <http://decouvrabilite.ca/videos/contenu-strategie-distribution-pour-decouverte/>. Consulté le 22 juillet 2019.

