

April 20, 2021

Via e-mail: 2021consultations@cmf-fmc.ca

Canada Media Fund
50 Wellington Street East, 4th Floor
Toronto, Ontario
M5E 1C8

Attention: Valerie Creighton, President and CEO

Re: Canada Media Fund – 2021 Industry Consultation

Ontario Creates is pleased to submit the attached in response to ***Spark Courage: CMF 2021 Industry Consultations***, as you shape your programming for 2021-22 and the years ahead. Thank you for the invitation to the funders' roundtable and town hall sessions, and for being open to receiving additional comments from us in this format.

We appreciate this opportunity to engage with the CMF and provide input. As you finalize your programming decisions, we would be pleased to continue the dialogue around ways to ensure our programs remain complementary and best positioned to benefit the screen-based industry in Ontario and Canada.

Sincerely,

Karen Thorne-Stone
President and Chief Executive Officer
Ontario Creates



Canada Media Fund – Spark Courage: 2021 Industry Consultation

Preamble

Ontario Creates is pleased to share the following comments with the Canada Media Fund (CMF), in response to its 2021 Consultation process. As part of the funding ecosystem for screen-based content in Canada, we value opportunities to connect with our partners in the system in order to promote greater program relevance and coordination for Canada’s talented content creators.

Ontario Creates is an agency of the Ontario Ministry of Heritage, Tourism, Sport and Culture Industries (MHTSCI). Our mandate is to be a catalyst for economic development, investment and collaboration in Ontario’s creative industries including the music, book, magazine, film, television and interactive digital media sectors, both domestically and internationally. These sectors represent a significant proportion of the national total, contributing over \$6.8 billion to Ontario’s GDP.

We provide a suite of targeted direct investment programs as well as tax credits designed to support the screen-based industry in Ontario:

- **The Interactive Digital Media Fund (IDM Fund)** is the area with which we have the greatest overlap with the CMF in terms of projects funded and companies supported. As of 2021-22, IDM Fund programs include Production, Concept Definition, Global Market Development, Discoverability & Commercialization, Futures, and the Industry Development Program. In 2019-20, the IDM Fund supported 138 interactive digital media projects with a total investment of \$9 million.
- **The Film Fund** increases domestic feature film production in Ontario, providing support to Ontario producers for feature film projects in the final stages of development and production financing. In 2019-20, Ontario Creates invested \$5.5 million, supporting 30 production applications and 38 development applications. In addition, we currently offer a Marketing and Distribution Initiative (MDI) designed to assist producers of Film Fund-supported films with their domestic marketing and distribution efforts leading up to and during their releases. The MDI awarded \$253,000 to 11 films that have had theatrical releases in 2019-20.
- The Government of Ontario’s suite of **cultural media tax credits**, administered by Ontario Creates, are an important source of financing for many kinds of content creation. In fiscal 2019-20, Ontario Creates certified over 2,500 book, film, television and interactive digital media products, with support valued at over \$620 million.
- The **Business Intelligence Program** provides funding to not-for-profit industry organizations undertaking research and other strategic business initiatives aimed at gathering, formulating and disseminating market intelligence relevant to the growth of one or more content creating sectors in Ontario. In 2019-20, Ontario Creates awarded \$116,250 to 5 projects.

Ontario Creates provides the following comments from our perspective as an existing partner and fellow funder, to inform the CMF’s present exercise, including highlighting opportunities to increase our mutual coordination and collaboration.

Introduction

Ontario Creates President and CEO, Karen Thorne-Stone, and Manager of Industry Initiatives Erin Creasey participated in the CMF's Roundtable Session with other screen funding agencies earlier this Spring. The following comments are intended to supplement our responses in that forum, and have been organized primarily in response to the key questions posed there, namely:

- **IP Fund:** Should the CMF become an IP fund? How do we get there?
- **Company support:** Should the CMF provide both project and company support?
- **Working together:** What kinds of partnerships, existing or new, would you like to be in with the CMF?

We are also sharing information in response to the questions posed in the Discussion Paper around **ways to foster greater equity and inclusion** and areas for collaboration.

Ontario Creates would like to commend the CMF on its development of key principles as set out in the Discussion Paper—IP centric, Equity and Inclusion, Ideas and Talent, Reward Canadian, Global View, and Evidence-based Innovation and Results. We believe that these are strong and appropriate principles to underpin program design and community support to drive success for our screen-based industries. Many of these same principles are embedded in our own business and strategic plans, and we have particularly focused on diversity and on measurement of results in recent years.

These comments are provided from our perspective as a provincial funder of creative content, drawing upon the expertise of Industry Development program staff, and the views of stakeholders as recorded in previous program evaluation and industry advisory exercises. In preparing this submission, we did not seek additional input from stakeholders and we do not present the below as reflecting the specific views of any clients, nor as a replacement for stakeholders' individual responses submitted to the CMF.

The CMF as an Intellectual Property Fund

As part of the present Consultation, the CMF has asked whether it should become an IP Fund, and if so, how to get there. Our understanding is that, behind this proposed shift from a content fund to an intellectual property fund, is a concern with how to best support Canadian companies and creators to retain more of their rights when putting together project financing, as the landscape changes and companies/projects must become less dependent on traditional broadcast triggers.

Ontario Creates has been observing this trend, and has noted that, in a bid to access attractive opportunities with streaming companies, domestic firms are often unable to retain as much of their IP as they would like and therefore lose the ability to extend and monetize that content optimally. This creates a risk to the future of the Canadian content ecosystem; if a company in its early stages is unable to hold on to its IP, as funders we are effectively investing in short-term content rather than investing in what could ultimately be a high-earning, high-potential Canadian company. The opportunity to leverage our investments for future company growth is lost.

Ontario Creates would support the CMF moving to an IP-oriented approach, particularly if applying an evaluative lens. If going in this direction, we would recommend that the CMF pursue higher-value projects owned by Canadians and modernize its program. In many ways, the CMF is already an IP fund in that its support can help producers to retain more of their Canadian rights. Moving away from the broadcast trigger as the sole indicator of market interest, will give content creators the ability to determine the distribution channels that best suit each product to reach its unique audience.

Ontario Creates' approach in the IDM Fund is centred around IP. In a recent program evaluation, 78% of respondents strongly agreed that the IDM Fund contributed to their company's capacity to undertake the conception and production of new intellectual property. In the IDM Fund suite of programs, Ontario Creates does not require a distribution channel to commit funding, and interestingly, particularly when it comes to games, our investments often act as leverage to allow companies to retain and control their IP. We believe that giving the power to creators to determine the target audience and best channel for its content is an effective strategy, provided that the creator can make reasonable assurances that there is market demand for the content. Some of the indicators we rely upon to demonstrate strong market potential include past performance; research demonstrating an audience that the company can reach; and data for existing properties that can help us to gauge a new project's potential for success. We also look closely at private investments from publishers and distributors, and in some cases support from other funders.

Within the current structure of CMF programs, it is our view that the primary division between Convergent and Experimental programs is becoming outdated, both in terminology and in structure. Moving to an intellectual property based approach as an organizing principle could assist in overcoming the categorizations that may have become less meaningful over time. Content that is not screened on a broadcast platform is no longer "experimental," but instead legitimate content with significant earning potential.

As of 2021-22, Ontario Creates has two streams in the Concept Definition and Production programs of the IDM Fund: "interactive content – non-linear" and "video – linear". Feedback received in a recent IDM Program evaluation highlighted that web series are increasingly in a category of their own and are in need of flexible opportunities for support. Web series have grown from 10% of approved applications in 2015-16 to 32% in 2019-20. This was one of the drivers behind the creation of the two streams, which is allowing us to ensure that eligibility criteria reflect industry experience; that the same projects are being adjudicated together; and that the language used is meaningful to different client groups. Another change we introduced for the current fiscal year was the replacement of our Marketing Support Program with "Discoverability and Commercialization," to better reflect the unique needs of different types of interactive products to reach and maintain an audience and to earn revenue.

In addition, we suggest that the large number of CMF programs at present, each with distinct eligibility criteria, can be complicated for prospective new applicants and may themselves present a barrier to access. This is a particular concern with respect to ensuring programs are available to a wide range of diverse clients, aligning with the CMF's principle of equity and inclusion. Fewer programs and a more streamlined offering would help clarify the distinct objectives of each program.

Company Support

Further to the CMF's foray into company support through COVID relief funds, we see that the organization is asking for feedback on whether it should provide both project and company support going forward. Company financing (for example, in a slate-based model), is attractive to organizations in that it increases predictability and they are better able to conduct long-term planning. However, it is important to protect against entitlements in such a model and ensure that funding is truly accessible to all potential applicants equally.

Ontario Creates has experience administering company financing, primarily in the music, book and magazine sectors. While we do not provide operational funds, we support marketing and business development activities at the company level. We would be pleased to share learnings and best practices and invite the CMF to contact us for further information if desired.

Ontario Creates has two key recommendations should the CMF decide to pursue a company-based funding route:

- 1) **Ensure support for smaller companies:** In the design of company support programs, ensure that funding is available to bolster firms that are at an earlier stage of development.
- 2) **Consult with an advisory committee of funders:** It will be important to ensure that other funding programs that remain project-based can relate to any new company-level support models that the CMF may create. We would recommend that the CMF consult with other funding agencies at the program design stage in order to ensure continued alignment and ability to co-fund. Ontario Creates would be pleased to participate and provide specific feedback on proposed plans as they are developed.

Working in Partnership

The funders' roundtable provided an opportunity to discuss the kinds of partnerships that could be valuable to both the CMF and other funders. Partnerships generally are a high priority for Ontario Creates. Ontario Creates is keen to collaborate with other Funds to better leverage our investments and help Ontario grow and succeed, including co-delivering programs. We are interested in deepening our program partnership with the CMF and are open to new opportunities modelled on partnerships the CMF has established with other provincial agencies.

While Ontario Creates and the CMF fund many of the same clients, our current communication processes do not facilitate a complementary approach. There is an opportunity to increase our engagement with one another to find ways to harmonize or coordinate our programs to achieve strategic co-funding solutions.

We have three recommendations for improving coordination between our agencies:

- 1) **Regular check-ins:** We would welcome holding regular check-ins between our program staff teams regarding updates to fund parameters, and would benefit from advance notice on program changes.

- 2) **Increased harmonization of budget templates:** The CMF has the opportunity to take a leadership position in advocating for industry standards in budget templates across the country. Due to differing program requirements, it may not be possible to achieve alignment in every area, but increased harmonization of templates where possible would reduce administrative burden for our clients.
- 3) **Collaboration on international initiatives:** Increased alignment around international business opportunities and coproduction funding incentives would be beneficial for the many companies we mutually support.

Equity and Inclusion

In its Discussion Paper, the CMF asked what support organizations in the screen sector are currently doing to foster greater equity and inclusion, and what initiatives they would like to commit to and collaborate on.

Ontario Creates shares the CMF's objective of fostering greater equity and inclusion. Ontario Creates values and supports diversity and gender parity at all levels and in all business roles within creative industries and companies. We acknowledge that many communities continue to face systemic barriers, preventing them from meaningful participation in these industries. Some of the strategies Ontario Creates has been using to address these historic barriers include:

- **Diversity Enhancement funding:** Starting in Fiscal 2017-18, Ontario Creates' Diversity Enhancement has provided an additional \$1.5M a year to feature films and industry development initiatives meeting the provincial definition of diversity, encompassing: ancestry, culture, ethnicity, gender identity and expression, language, physical and intellectual ability, race, religion, sex, sexual orientation and socio-economic status. Non-traditional coproduction partners and jurisdictions are also considered.
- **Diversity scoring:** Ontario Creates applies a lens of diversity, equity, and inclusion to the evaluation criteria for all of our funding programs; these expectations are transparent in our program guidelines.
- **Demographic data collection:** Demographic data collection for companies was implemented in Fiscal 2020-21, and work is underway to extend this collection to include demographic data on program applicants in key business and creative roles.
- **Supporting research:** Through the Business Intelligence Program, Ontario Creates has supported studies such as Reelworld's *Changing the Narrative: 2020 Status of Canadian Black, Indigenous and People of Colour in Canada's Screen-based Production Sector*, and imagineNATIVE's *Pathways to the International Market for Indigenous Screen Content*. Very often these reports are funded partnership with the CMF.
- **Direct support of not-for-profit organizations representing equity-seeking groups:** Ontario Creates has directly supported the Indigenous Screen Office on a training and mentorship activity, and we are continuing to explore avenues to complement federal funding for organizations like the ISO and the Black Screen Office.
- **Discussions with our stakeholders:** Ontario Creates held a special screen industry advisory committee in June 2020 which identified a number of systemic issues affecting access by BIPOC

creators, in particular, Black creators to funding programs. Recommendations coming out of the discussion (which were deemed applicable to Ontario Creates and similar organizations) included: making improvements to data collection, additional mentorship programs, visible BIPOC leadership, ensuring BIPOC representation on juries, paid advisory group to provide guidance on changes needed, dedicated funding streams for BIPOC individuals and BIPOC-led companies (without discontinuing access to regular funding streams), reviewing eligibility criteria to specifically support BIPOC creators, and explicitly stating organizational goals around equity and representation.

Ontario Creates is open to collaborating on research studies, either through continuing our joint support of industry-led initiatives, or through new joint agency-led efforts. Coordination would also be valuable with regard to the above-mentioned direct support initiatives for organizations representing equity-seeking groups.

Conclusion

Ontario Creates thanks the CMF for the opportunity to participate in the 2021 Consultations. We are keen to increase our collaboration in some of the ways outlined in this letter, including more regular communication between our program staff and through special projects and research pieces, to advance our shared goal of supporting the screen-based sector in Ontario and Canada. We look forward to working with you on initiatives of common interest and invite you to reach out to us at any time.