

AN ECONOMIC REPORT  
ON THE SCREEN-BASED PRODUCTION INDUSTRY IN CANADA

# PROFILE 2010

**CMPA**  
Canadian Media  
Production Association



**Canada**



ASSOCIATION DES  
PRODUCTEURS DE  
FILMS ET DE  
TÉLÉVISION DU  
QUÉBEC



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Produced by the CMPA and the APFTQ,  
in conjunction with the Department of Canadian Heritage.

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#### **Ottawa**

151 Slater Street, Suite 902  
Ottawa, ON K1P 5H3

Tel: 1-800-656-7440 (Canada only)/  
613-233-1444  
Fax: 613-233-0073  
Email: [ottawa@cmpa.ca](mailto:ottawa@cmpa.ca)  
[www.cmpa.ca](http://www.cmpa.ca)

#### **Toronto**

160 John Street, 5th Floor  
Toronto, ON M5V 2E5

Tel: 1-800-267-8208 (Canada only)/  
416-304-0280  
Fax: 416-304-0499  
Email: [toronto@cmpa.ca](mailto:toronto@cmpa.ca)

#### **Vancouver**

736 Granville Street, Suite 600  
Vancouver, BC V6Z 1G3

Tel: 1-866-390-7639 (Canada only)/  
604-682-8619  
Fax: 604-684-9294  
Email: [vancouver@cmpa.ca](mailto:vancouver@cmpa.ca)

#### **At the CMPA:**

##### **Susanne Vaas**

*Vice-president, Business Affairs &  
Recording Secretary*



ASSOCIATION DES  
PRODUCTEURS DE  
FILMS ET DE  
TÉLÉVISION DU  
QUÉBEC

#### **APFTQ**

1450 City Councillors, Suite 1030  
Montréal, QC H3A 2E6

Tel: 514-397-8600  
Fax: 514-392-0232  
Email: [info@apftq.qc.ca](mailto:info@apftq.qc.ca)  
[www.apftq.qc.ca](http://www.apftq.qc.ca)

#### **At the APFTQ:**

##### **Claire Samson**

*President and CEO*

##### **Patrick Boie**

*Director of Communications*



#### **Department of Canadian Heritage**

15 Eddy Street  
Gatineau, QC K1A 0M5

Tel: 1-866-811-0055/ 819-997-0055  
TTY/TDD: 819-997-3123  
Email: [info@pch.gc.ca](mailto:info@pch.gc.ca)  
[www.canadianheritage.gc.ca](http://www.canadianheritage.gc.ca)

#### **At the Department of Canadian Heritage:**

##### **Lynn Foran**

*Manager,  
Film and Video Policy and Programs*

##### **Vincent Fecteau**

*Senior Research Analyst  
Research and Analysis,  
Cultural Industries*



#### **Nordicity Group Ltd.**

Peter Lyman, Senior Partner  
Dustin Chodorowicz, Partner  
Kurt Eby, Manager

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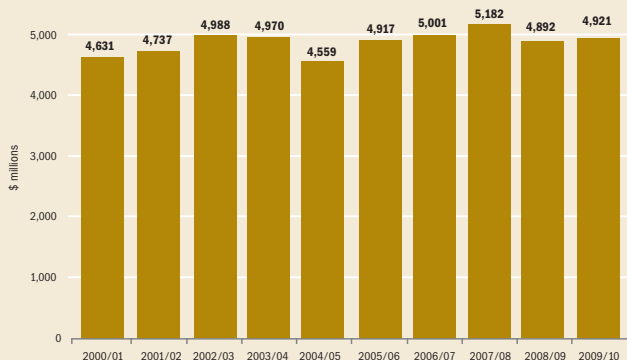
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## 1. AT A GLANCE: FILM AND TELEVISION PRODUCTION IN CANADA

The film and television production industry in Canada is a major source of economic activity and jobs for Canadians right across the country. The industry is comprised of three key sectors:

1. The **Canadian Production** sector is the largest of the three key sectors. It can be further subdivided into two sub-sectors: **Television Production** and **Theatrical Production**. Canadian Production is comprised of television programs and films made largely by independent production companies, although it also includes television programs made by production companies affiliated with Canadian broadcasters. All of the television programs and films in the Canadian Production sector are certified as Canadian content by the Canadian Audio-Visual Certification Office (CAVCO) or the Canadian Radio-television and Telecommunications Commission (CRTC).
2. The **Foreign Location and Service Production** sector is the second-largest segment and is largely comprised of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers on behalf of foreign producers. The majority of foreign location and service production is made by producers based in the United States; however, approximately 10% to 15% of the production activity in this sector is made by Canadian producers.
3. The **Broadcaster In-House Production** sector includes television programs made by Canadian television broadcasters in their own facilities, and is comprised primarily of news, sports and current affairs programming.

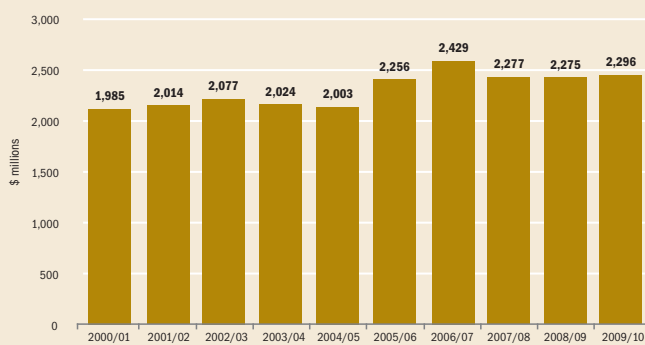
Film and Television Production in Canada



Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada and the Association of Provincial Funding Agencies.

- \$4.9 billion in production volume
- 1% increase in production volume
- \$1.7 billion in export value
- 117,200 jobs

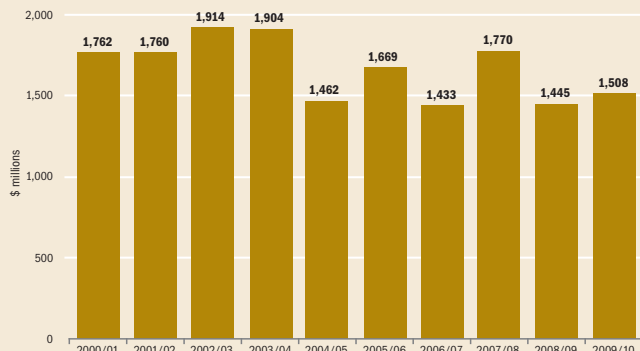
Canadian Production



Source: Estimates based on data collected from CAVCO and CRTC.

- \$2.3 billion in production volume
- 1% increase in volume
- \$2 billion in television production
- \$308 million in theatrical film production
- 523 television series
- 132 television movies (including movies-of-the-week [MOWs] and feature-length television programs)
- 41 mini-series
- 74 theatrical feature films produced
- 54,700 jobs

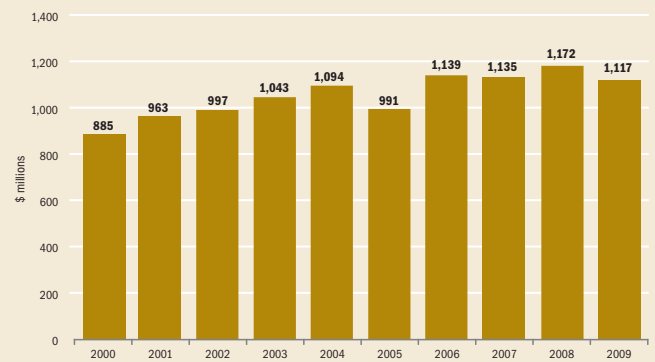
### Foreign Location and Service Production



Source: Association of Provincial Funding Agencies and the Department of Canadian Heritage.

- \$1.51 billion in production volume
- 4% increase in production volume
- 53 theatrical feature films
- 61 television series
- 67 MOWs, mini-series, pilots and other types of television programs
- 35,900 jobs

### Broadcaster In-house Production



Source: Estimates based on data from CRTC and CBC/Radio-Canada.

- \$1.13 billion in production volume
- 5% decrease in volume
- \$641 million in conventional television expenditures
- \$476 million in specialty and pay television expenditures
- 26,600 jobs

## CANADIAN FILM AND TELEVISION MARKET

- Population of Canada (2010): 34.1 million<sup>1</sup>
- Per-capita volume of film and television production in Canada (2009/10): \$144
- Number of private households (2006): 12.4 million<sup>1</sup>
- Number of movie-theatre screens in Canada (2008): 2,739<sup>1</sup>
- Number of paid theatre admissions in Canada (2008): 106.4 million<sup>1</sup>
- Number of television services available in Canada (December 2009): 704<sup>2</sup>
  - Canadian television services: 512<sup>2</sup>
  - Non-Canadian television services: 192<sup>2</sup>
- Percentage of households subscribing to multi-channel television programming services (2009): 90%<sup>2</sup>
- Number of subscribers to multi-channel television programming services (2009)\*: 11.3 million<sup>2</sup>
  - Cable-television and IPTV subscribers\*: 8.5 million<sup>2</sup>
  - Direct-to-home satellite (DTH) and multipoint distribution systems (MDS) subscribers: 2.8 million<sup>2</sup>
- Digital television subscribers (multi-channel services only) (September 2009): 7.6 million<sup>3</sup>
- Digital television penetration rate among multi-channel households (September 2009): 69%<sup>3</sup>

Sources: 1. Statistics Canada, 2. CRTC, 3. Mediastats.

\* Includes an estimate of subscribers to broadcasting distribution undertakings that did not report financial and operating data to the CRTC in 2009. This estimate is not included in the statistics for cable/IPTV and DTH.

## VOLUME OF PRODUCTION

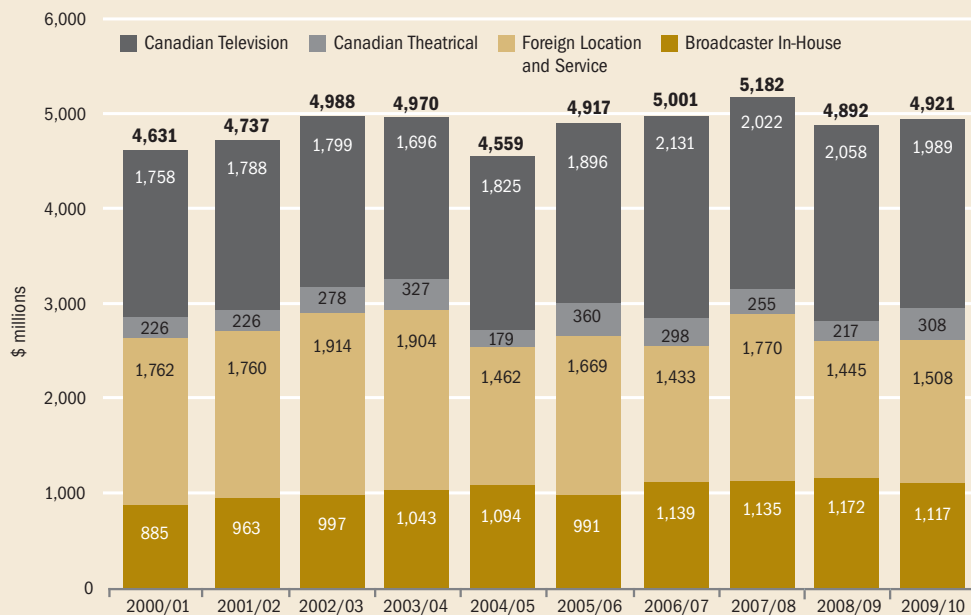
After climbing to an all-time high of almost \$5.2 billion in 2007/08, film and television production in Canada dropped in 2008/09 before rebounding slightly in 2009/10. In 2008/09, film and television production in Canada decreased to just under \$4.9 billion. In 2009/10, the total volume of production climbed back over \$4.9 billion – 5% below the peak reached in 2007/08.

Overall, the total volume of film and television production in Canada increased by \$29 million, or 0.6%, between 2008/09 and 2009/10. The increase in total production volume can be attributed back to the Canadian theatrical sub-sector and the Foreign Location and Service Production (FLS) sector. Production volume in the Canadian theatrical sub-sector was up by \$91 million due to a higher number of high-budget English-language feature films. A higher level of feature film production in British Columbia and more television series production in Ontario and Quebec allowed overall FLS production to edge up by \$63 million.

The increases in these two segments were offset by decreases in the Canadian television sub-sector and the broadcaster in-house sector. Canadian television production decreased \$69 million, largely because of reduced levels of English-language documentary programming. While broadcaster in-house production was down by \$55 million because of lower spending by private conventional broadcasters on news and sports programming.

### Exhibit 1-1 Total volume of film and television production in Canada

Canadian television production decreased 3.4% to \$2 billion. Canadian theatrical production rose by 41.8% to \$308 million. The volume of FLS production edged up 4.4% to just over \$1.5 billion. Broadcaster in-house production decreased 4.7% to \$1.1 billion.



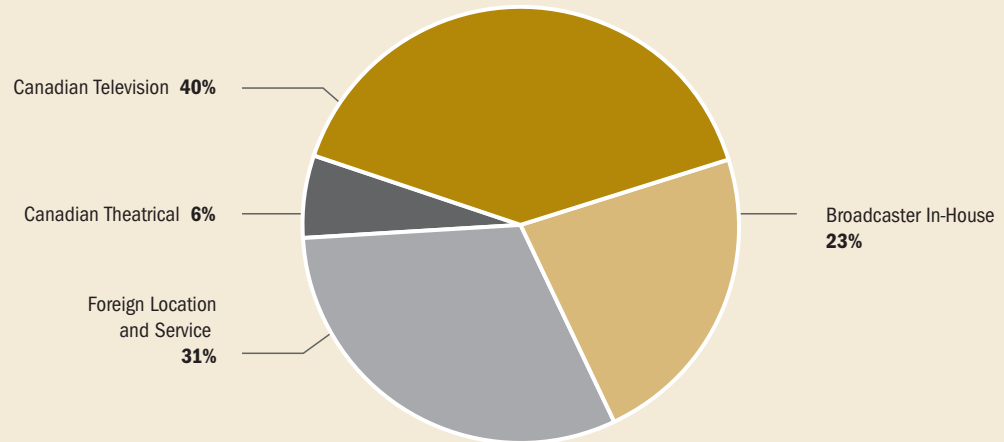
Source: Estimates based on data collected from Canadian Audio-Visual Certification Office-Department of Canadian Heritage (CAVCO), Canadian Radio-television and Telecommunications Commission (CRTC), CBC/Radio-Canada, and the Association of Provincial Funding Agencies.

Notes: Some totals may not add due to rounding. The figures for volume of production contain a variety of sources with different reporting periods. All data sources are reported on a 12-month basis for each fiscal year, but the reporting periods overlap. For example, in 2009/10 the bulk of data sources were for the government fiscal year (April 2009 to March 2010). However, some data sources that reported results on a fiscal-year period ending in August 2009 are included in the fiscal year.



**Exhibit 1-2 Total volume of film and television production in Canada, share by segment, 2009/10**

Despite experiencing a modest decrease in production, the Canadian television production sector remained the largest sector in Canada's film and television production industry in 2009/10, accounting for 40% of the total volume of production. It was followed in size and share by the FLS sector, 31%; the broadcaster in-house sector, 23%; and the Canadian theatrical sector, 6%.



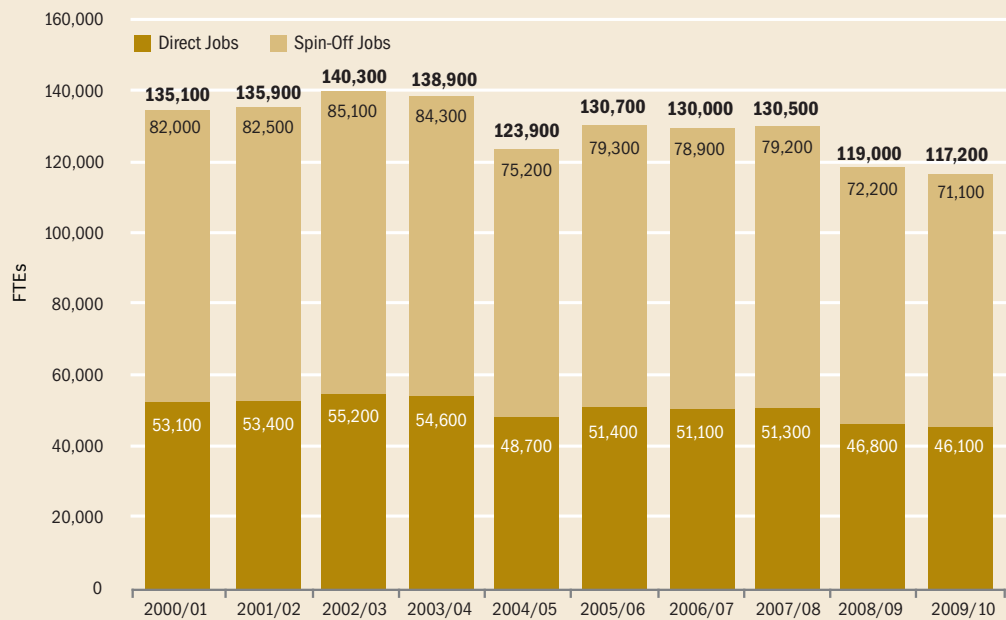
Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, and the Association of Provincial Funding Agencies.

## EMPLOYMENT AND GDP

Film and television production continued to be a major source of employment in Canada in 2009/10. In 2009/10, film and television production led to the employment of an estimated 117,200 individuals on a full-time basis (i.e., full-time equivalent jobs [FTEs]) across Canada, including 46,100 FTEs directly in film and television production, and a further 71,100 spin-off FTEs in other industries in the Canadian economy. These spin-off FTEs resulted from the film and television production industry's purchase of goods and services from other industries, and the economic activity generated by the re-spending of income and profits within the Canadian economy.

Between 2007/08 and 2009/10, the annual number of FTEs employed by film and television production fell by 5,200, or 10.1%. This drop was steeper than the 5% decrease in the overall volume of film and television production, since annual increases in the average FTE wage reduced the rate of employment for each dollar of film and television production expenditure.

Exhibit 1-3 Number of full-time equivalent jobs (FTEs) in film and television production in Canada



Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada, and Conference Board of Canada.  
Note: See the Notes on Methodology section for a description of the job-estimation methodology.

The economic impact of film and television production is easily understood when presented in terms of employment (FTEs). However the economic impact of any industry, including film and television production can also be expressed in terms of labour income (wages, employee benefits and other labour income) as well as gross domestic product (GDP), which is the common measure of an industry’s value added to the economy.

Direct production industry employment can be converted to a wage impact by multiplying total FTEs by the average production-industry FTE cost of \$53,404. In 2009/10, employment in film and television production in Canada generated nearly \$2.5 billion in labour income directly in the production industry and a further \$2.6 billion in spin-off labour income. The total labour income generated by film and television production in Canada in 2009/10 was \$5.1 billion.

The direct GDP generated by film and television production in Canada was \$2.8 billion in 2009/10. The spin-off GDP was an estimated \$4.0 billion. In total, film and television production in Canada generated just over \$6.8 billion in GDP in the Canadian economy in 2009/10.

Exhibit 1-4 Summary of the economic impact of film and television production in Canada, 2009/10

		Canadian production	FLS production	Broadcaster in-house production	Total
Direct	Employment (FTEs)	21,500	14,100	10,500	46,100
	Labour income (\$ millions)	1,148	754	558	2,460
	GDP (\$ millions)	1,297	874	631	2,803
Spin-off	Employment (FTEs)	33,200	21,800	16,100	71,100
	Labour income (\$ millions)	1,236	811	599	2,646
	GDP (\$ millions)	1,841	1,282	893	4,016
Total	Employment (FTEs)	54,700	35,900	26,600	117,200
	Labour income (\$ millions)	2,384	1,565	1,158	5,107
	GDP (\$ millions)	3,139	2,156	1,524	6,819

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, the Association of Provincial Funding Agencies, Statistics Canada, and Conference Board of Canada. Note: See the Notes on Methodology section for a description of the job-estimation methodology.

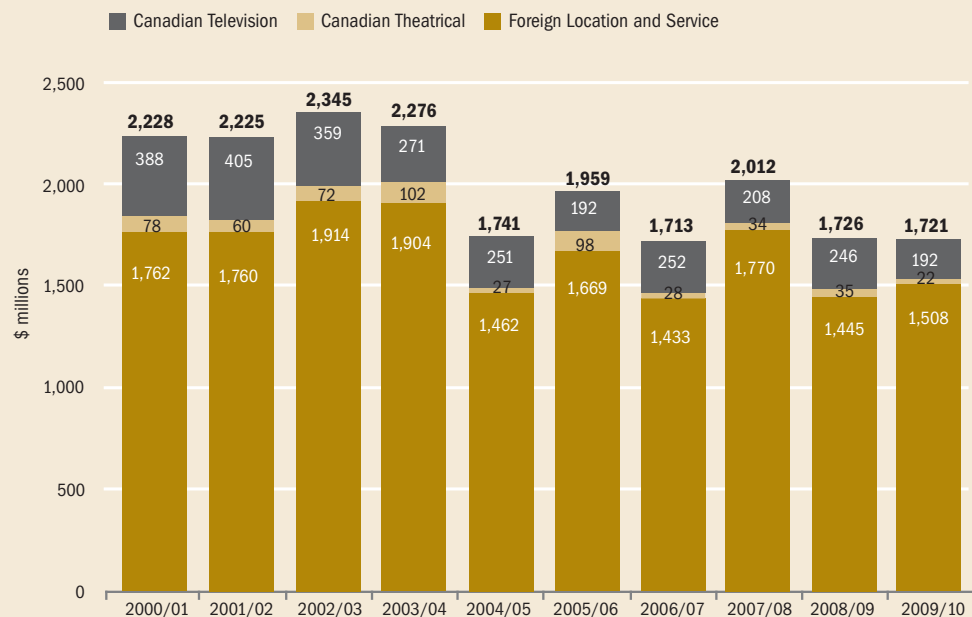
## EXPORT VALUE

Export value tracks the value of inward flows of foreign financing for film and television production in Canada. It includes the total volume of FLS production in Canada, as well as the value of foreign presales and distribution advances for Canadian production.

In 2009/10, the slight rebound in FLS production improved its contribution to the export value of film and television production in Canada. However, the increase in FLS production was offset by lower export values of Canadian television and Canadian theatrical production, thus leaving overall export value virtually unchanged at \$1.7 billion. Lower foreign presales of Canadian television production as well as lower advances from Canadian distributors led to the drop in export value of Canadian television and Canadian theatrical production.

### Exhibit 1-5 Export value of film and television production in Canada

The total export value of film and television production in Canada was virtually unchanged at \$1.7 billion in 2009/10. While the export value associated with FLS production increased by \$63 million to \$1.5 billion in 2009/10, the export value of Canadian television production decreased by \$54 million to \$192 million, and the export value of Canadian theatrical production decreased by \$13 million to \$22 million.



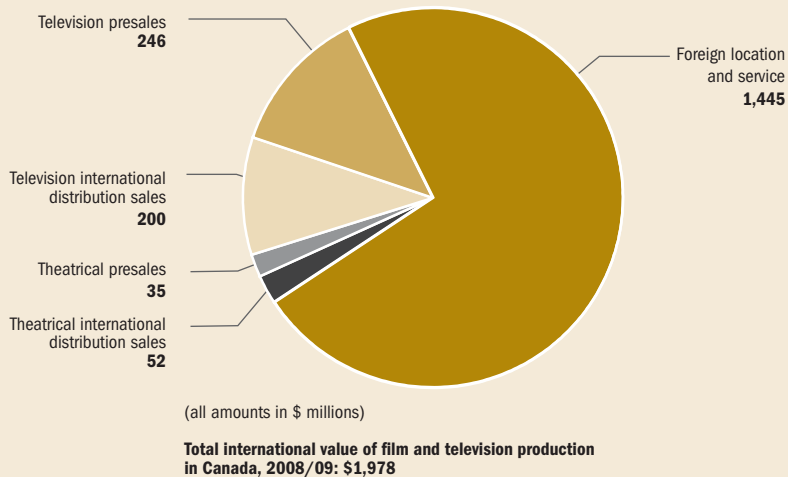
Source: Estimates based on data collected from CAVCO and the Association of Provincial Funding Agencies.  
Notes: Some totals may not add due to rounding. See Notes on Methodology for a definition of export value.

**Exhibit 1-6 International value of film and television production in Canada**

While export value tracks the value of inward flows of foreign financing for film and television production in Canada, it excludes the revenues earned by Canadian distributors from the international distribution of Canadian films and television programs after these films and television programs have been released in cinemas or aired on television. In this regard, it underestimates the full international value of Canadian film and television production.

While precise statistics on international distribution sales are not available, estimates can be derived from international distribution sales data collected by the Canadian Television Fund (CTF) and Telefilm Canada. On the basis of data from CTF and Telefilm Canada – and taking into account the share of film and television production supported by investments by these two agencies – the total international value of film and television production in Canada was an estimated \$2 billion in 2008/09,<sup>†</sup> compared to an export value of \$1.7 billion.

The international value of film and television production in Canada in 2008/09 included \$1.4 billion in FLS production, international distribution sales of Canadian television programs of \$200 million, presales of Canadian television programs of \$246 million, international distribution sales of theatrical films of \$52 million, and presales of theatrical films of \$35 million.

**International value of film and television production in Canada, 2008/09**

Source: Estimates based on data collected from CAVCO, CTF and Telefilm Canada.

<sup>†</sup> Due to the limited availability of international distribution sales data from CTF, an estimate can only be generated for 2008/09.

## PROVINCES AND TERRITORIES

Ontario maintained its position as the leading province for film and television production in Canada in 2009/10: it accounted for \$1.9 billion in production volume, or 39% of the national total. Production in Ontario edged higher by \$95 million, or 5.3%, in 2009/10. Lower levels of Canadian television and broadcaster in-house production were offset by higher levels of Canadian theatrical and FLS production to push overall production higher.

With over \$1.3 billion in total production volume, British Columbia<sup>1</sup> accounted for 27% of the national total. Higher levels of FLS production moved British Columbia's total production slightly higher, as the province saw its Canadian television, Canadian theatrical and broadcaster in-house production all fall in 2009/10.

British Columbia was followed by Quebec, where the volume of production decreased by \$11 million to \$1.2 billion.

### Exhibit 1-7 Volume of film and television production in Canada, by province and territory

Ontario, British Columbia, Newfoundland and Labrador, Manitoba and Prince Edward Island experienced increased production levels in 2009/10, while Quebec, Alberta, Nova Scotia, Saskatchewan, and New Brunswick experienced decreased production levels.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Ontario	1,826	1,944	1,915	1,805	1,951	1,951	1,792	1,889	1,805	1,900
British Columbia*	1,165	1,164	1,157	1,550	931	1,379	1,401	1,640	1,318	1,345
Quebec	1,179	1,198	1,381	1,185	1,240	1,130	1,247	1,161	1,261	1,250
Alberta	180	153	199	115	118	138	179	175	171	154
Nova Scotia	119	131	139	131	117	135	156	93	154	83
Manitoba	69	74	82	111	95	80	124	106	49	53
Saskatchewan	42	32	84	40	71	58	73	83	78	52
Newfoundland and Labrador	12	16	6	8	7	22	7	12	25	48
New Brunswick	31	17	16	16	27	18	19	21	28	21
Prince Edward Island	7	8	10	6	2	5	3	4	3	17
<b>Total</b>	<b>4,631</b>	<b>4,737</b>	<b>4,988</b>	<b>4,970</b>	<b>4,559</b>	<b>4,917</b>	<b>5,001</b>	<b>5,182</b>	<b>4,892</b>	<b>4,921</b>

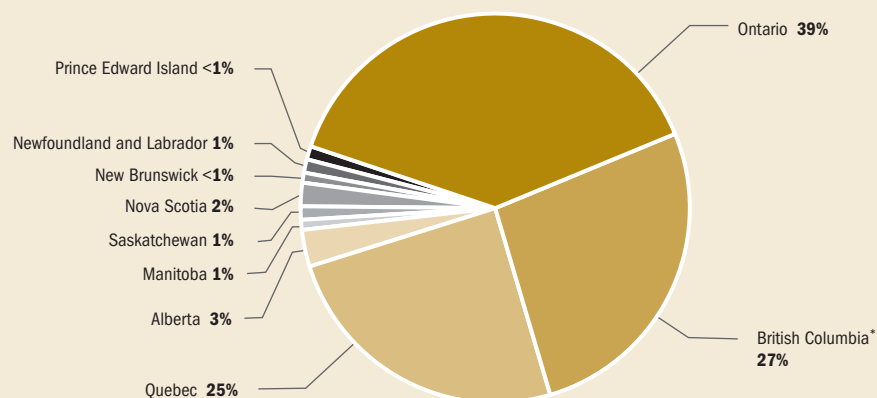
Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada and Association of Provincial Funding Agencies.

Note: Various provincial film agencies in Canada also publish statistics for film and television production activity using tax and marketing data in each province. Their statistics may differ from those in Profile 2010 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

Note: Some totals may not add due to rounding.

\* Includes the Territories.

<sup>1</sup> Figures for film and television production in the Territories (Nunavut, Yukon, Northwest Territories) have been combined with figures for British Columbia.

**Exhibit 1-8 Share of total volume of production in Canada, by province and territory, 2009/10**


Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada and the Association of Provincial Funding Agencies.

\* Includes the Territories.

**Exhibit 1-9 Total direct and spin-off full-time equivalent jobs (FTEs) generated by film and television production, by province and territory**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Ontario	44,800	47,000	45,000	42,400	44,800	44,400	39,700	41,100	38,000	40,000
British Columbia*	33,000	32,800	31,700	42,500	24,900	36,400	35,600	40,700	31,100	31,100
Quebec	43,400	43,300	48,100	42,200	42,800	38,100	41,000	37,100	38,600	36,300
Alberta	5,800	5,000	6,200	3,500	3,500	4,000	4,900	4,600	4,000	3,700
Nova Scotia	3,600	3,900	4,100	3,900	3,400	3,600	4,100	2,500	4,100	2,200
Saskatchewan	1,200	900	2,300	1,200	1,900	1,400	1,900	2,200	1,900	1,200
Manitoba	1,600	1,600	1,800	2,300	1,900	1,600	2,500	1,900	800	800
Prince Edward Island	400	400	400	400	0	400	0	0	0	900
Newfoundland and Labrador	100	400	100	100	100	400	100	100	400	800
New Brunswick	900	400	400	400	600	400	400	400	600	400
<b>Total</b>	<b>135,100</b>	<b>135,900</b>	<b>140,300</b>	<b>138,900</b>	<b>123,900</b>	<b>130,700</b>	<b>130,000</b>	<b>130,500</b>	<b>119,000</b>	<b>117,200</b>

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, Association of Provincial Funding Agencies and Statistics Canada.

Note: Some totals may not add due to rounding. See Notes on Methodology for a description of the job-estimation methodology.

\* Includes the Territories.

**Exhibit 1-10 Direct full-time equivalent jobs (FTEs) employed in film and television production, by province and territory**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Ontario	20,000	20,900	20,200	18,900	20,000	19,700	17,800	18,300	17,100	17,900
British Columbia*	13,100	13,000	12,700	16,900	9,900	14,400	14,200	16,100	12,500	12,400
Quebec	14,200	14,100	15,900	13,800	14,000	12,400	13,500	12,100	12,800	11,900
Alberta	2,000	1,700	2,200	1,200	1,200	1,400	1,700	1,600	1,400	1,300
Nova Scotia	1,500	1,600	1,700	1,600	1,400	1,500	1,700	1,000	1,700	900
Saskatchewan	500	400	1,000	500	800	600	800	900	800	500
Manitoba	900	900	1,000	1,300	1,100	900	1,400	1,100	500	500
Newfoundland and Labrador	100	200	100	100	100	200	100	100	200	500
New Brunswick	400	200	200	200	300	200	200	200	300	200
Prince Edward Island	100	100	100	100	0	100	0	0	0	200
<b>Total</b>	<b>53,100</b>	<b>53,400</b>	<b>55,200</b>	<b>54,600</b>	<b>48,700</b>	<b>51,400</b>	<b>51,100</b>	<b>51,300</b>	<b>46,800</b>	<b>46,100</b>

Source: Estimates based on data collected from CAVCO, CRTC, CBC/Radio-Canada, Association of Provincial Funding Agencies and Statistics Canada.

Note: Some totals may not add due to rounding. See Notes on Methodology for a description of the job-estimation methodology.

\* Includes the Territories.

## 2. CANADIAN

Canadian production includes all Canadian television and film production produced by Canadian production companies. Most Canadian production is made by independent production companies, although broadcaster-affiliated production companies also account for some production in this sector.

Canadian production includes television programs and films with certification from the Canadian Audio-Visual Certification Office (CAVCO); it also includes television programs certified by the Canadian Radio-television and Telecommunications Commission (CRTC) made by production companies. This sector excludes broadcaster in-house production – that is, news and sports and other genres normally produced by Canadian broadcasters.

### HIGHLIGHTS

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- The volume of Canadian production increased 0.9% to just under \$2.3 billion in 2009/10.
- Canadian production employed 54,700 FTEs in 2009/10, including 21,500 FTEs directly in the production of Canadian television programs and films.
- Canadian production generated GDP of \$3.1 billion for the Canadian economy in 2009/10, including \$1.3 billion in production-industry GDP and \$1.8 billion in spin-off GDP.
- The volume of English-language production was virtually unchanged at \$1.6 billion; French-language production increased 9.5% to \$659 million; production in bilingual format and other languages decreased from \$27 million to \$17 million.
- Canadian production in the fiction genre increased by 8.5% to \$1.3 billion.
- Children's and youth production increased 8.7% to \$335 million.
- Documentary production fell by 14.1% to a total of \$293 million.
- Production in the variety and performing arts genre decreased 5.4% to \$123 million.
- Production in the magazine programming genre decreased 4.4% to \$109 million.
- Canadian animation production increased by 10.6% to \$188 million.
- Ontario-based producers accounted for the largest share of production, with just under \$1 billion in production volume, or 43% of the national total.

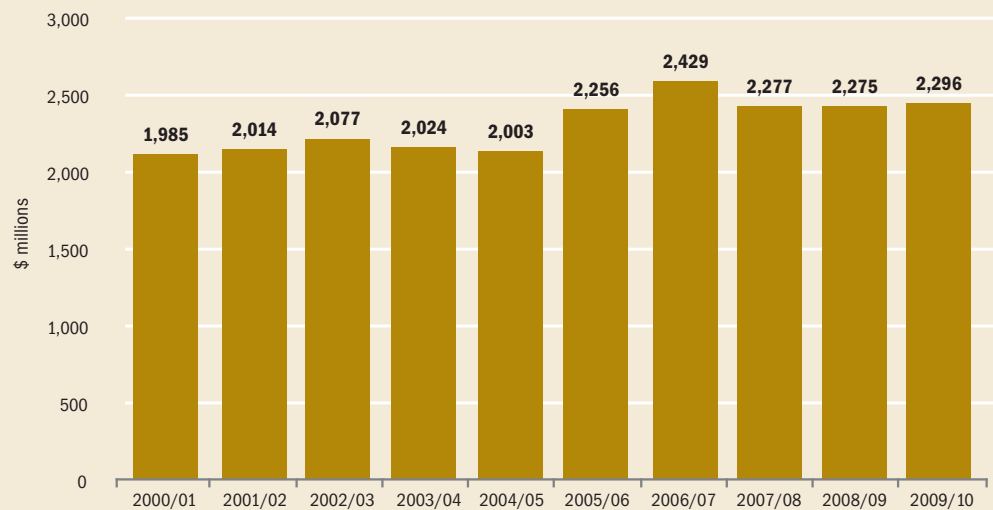


## TOTAL CANADIAN PRODUCTION

### VOLUME

After experiencing virtually no change in 2008/09, the volume of Canadian production experienced only a slight increase of 0.9% in 2009/10 to just under \$2.3 billion. Higher levels of production in the Canadian theatrical sub-sector were offset by a decrease in the Canadian television sub-sector, leaving overall Canadian production up by only \$21 million 2009/10.

**Exhibit 2-1 Total volume of Canadian production**



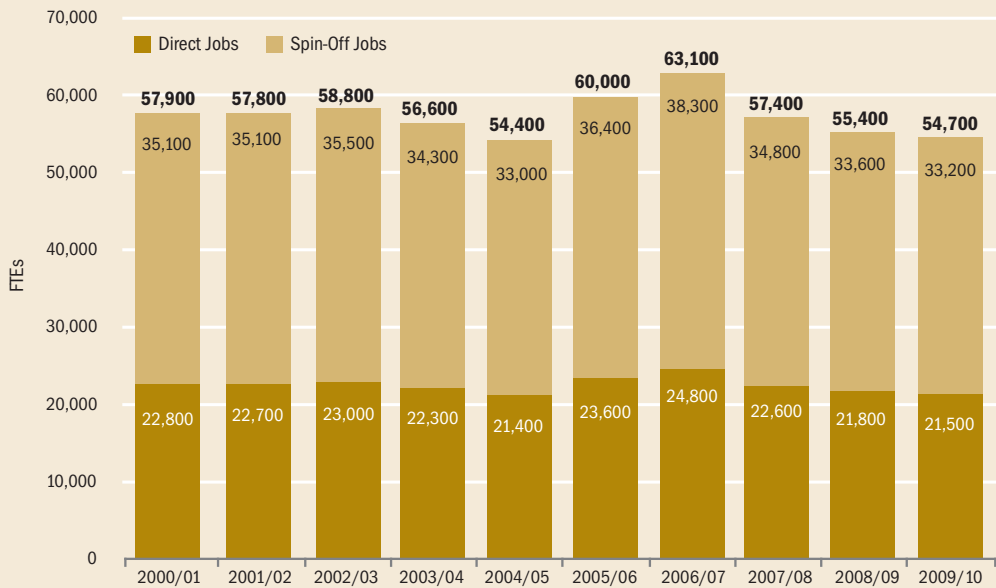
Source: Estimates based on data collected from CAVCO and CRTC.

Note: Canadian production includes CAVCO-certified television and film production, and an estimate for CRTC-certified television production.

EMPLOYMENT AND GDP

Canadian production employed an estimated 54,700 FTEs in 2009/10, including 21,500 FTEs directly in film and television production, and a further 33,200 spin-off FTEs in other industries in the Canadian economy.

Exhibit 2-2 Number of full-time equivalent jobs (FTEs) in Canadian production



Source: Estimates based on data from CAVCO, CRTC, Statistics Canada and Conference Board of Canada.  
Note: See the Notes on Methodology section for a description of the job-estimation methodology.

Exhibit 2-3 Summary of economic impact of Canadian production, 2009/10

The employment generated by Canadian production led to \$2.4 billion in labour income for Canadians, including just over \$1.1 billion in labour income for production industry workers and \$1.2 billion in labour income for workers in other industries. Canadian production also generated \$3.1 billion in GDP for the Canadian economy in 2009/10. This GDP impact included \$1.3 billion of GDP directly in the production industry and a \$1.8 billion GDP impact in other industries.

	Direct	Spin-off	Total
Employment (FTEs)	21,500	33,200	54,700
Labour income (\$ millions)	1,148	1,236	2,384
GDP (\$ millions)	1,297	1,841	3,139

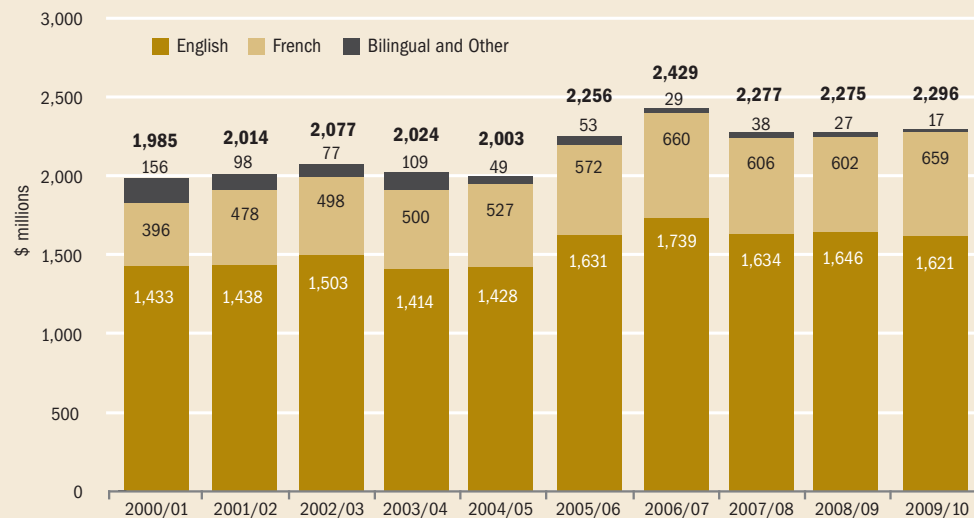
Source: Estimates based on data from CAVCO, CRTC, Statistics Canada and Conference Board of Canada.  
Note: See the Notes on Methodology section for a description of methodology.

## LANGUAGE

In the English-language segment, a \$116 million drop in production was largely offset by a \$91 million increase in English-language theatrical production. Within the English-language television segment, the largest decreases were in fiction MOWs, and documentary series and MOWs. Meanwhile, higher production levels in both the Canadian television and Canadian theatrical sub-sectors helped the French-language segment increase its overall level of production in 2009/10.

### Exhibit 2-4 Volume of Canadian production, by language

Canadian production in English was virtually unchanged at \$1.6 billion in 2009/10. Canadian production in French increased 9.5% to \$659 million. Canadian production in bilingual format and other languages fell by 37% to \$17 million.



Source: Estimates based on data collected from CAVCO and CRTC.  
Note: Some totals may not add due to rounding.

## GENRES

Canadian production includes both live-action and animated films and television productions across a wide array of genres. In this section, we profile production activity in the five largest genres – fiction, children's and youth, documentary, variety and performing arts, and magazine.

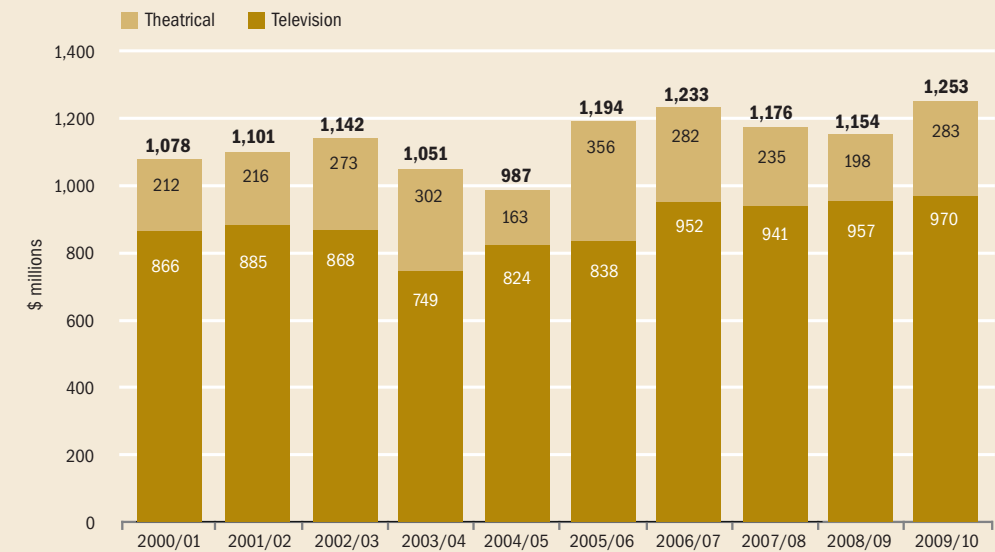
### Fiction

An \$85 million increase in theatrical production helped lift the fiction genre's overall level of production by 8.5% to \$1.3 billion in 2009/10. The increase reversed a trend of two consecutive annual declines in production volume and maintained production levels above the ten-year average of \$1.1 billion.

The total volume of Canadian fiction production continued to be comprised largely of production in the television sub-sector and for the English-language market. In the television sub-sector, the television series was the most prominent type of production, but was followed closely by the TV-movie format.

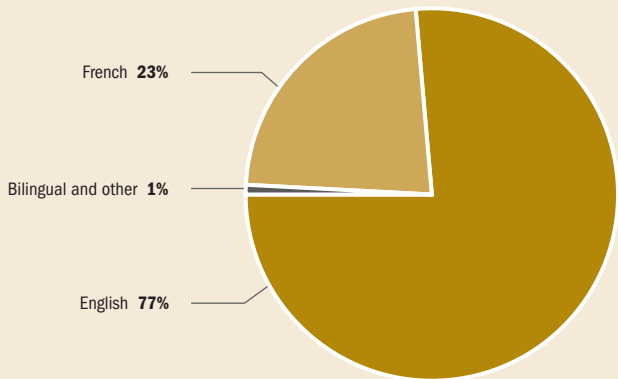
Exhibit 2-5 Total volume of fiction production

The volume of Canadian television production in the fiction genre increased 1.4% to \$970 million in 2009/10. The volume of Canadian theatrical production in this genre increased 42.9% to a total of \$283 million.

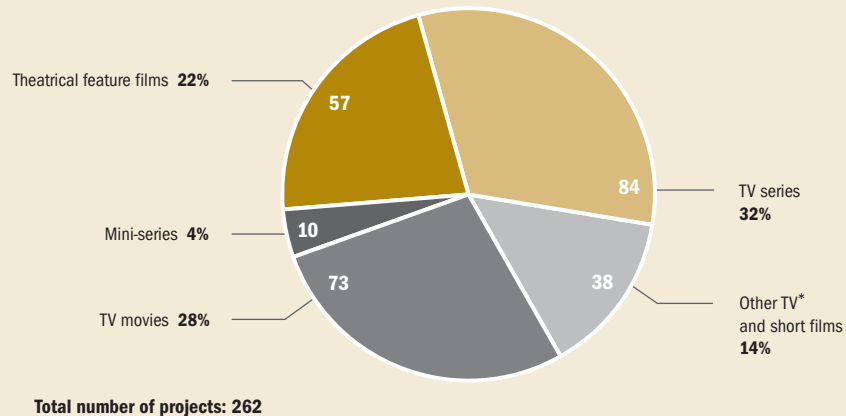


Source: Estimates based on data collected from CAVCO and CRTC.  
Note: Some totals may not add due to rounding.

Exhibit 2-6 Volume of fiction production, by language, 2009/10



Source: Estimates based on data collected from CAVCO and CRTC.  
Note: Some totals may not add due to rounding.

**Exhibit 2-7 Number and share of fiction projects, by type, 2009/10**

Source: Estimates based on data collected from CAVCO and CRTC.

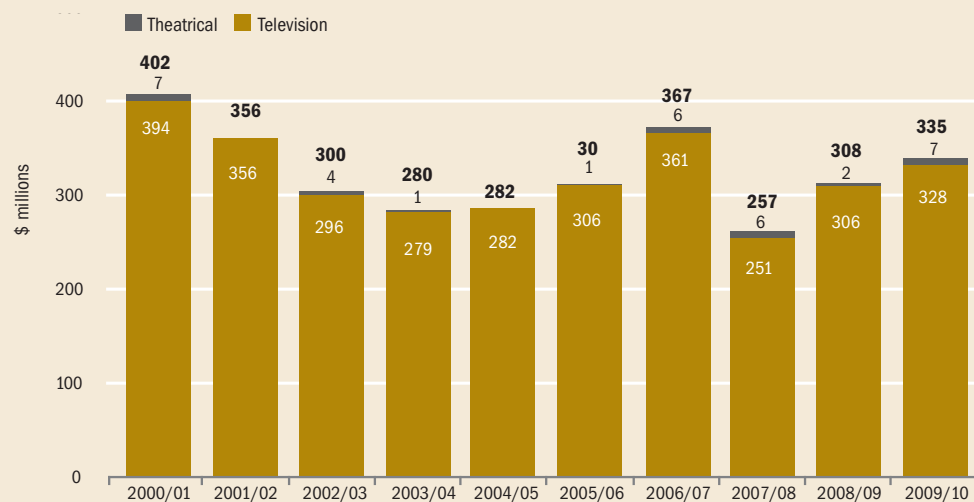
\* Other TV category includes single-episode television programming and television pilots.

## Children's and Youth

After dropping 30% in 2007/08, the volume of children's and youth production recovered in 2008/09 and rose further in 2009/10. The sharp drop in production in 2007/08 was caused by a drop in the number of television series, particularly large-budget animation series. The recovery in production volume was largely due to a small rebound in the number of children's and youth television series, and an increased number of feature-length productions. The number of television series increased from 73 in 2007/08 to 83 in 2008/09 before declining to 82 in 2009/10. The number of television movies increased to 11; and there were 3 theatrical films produced in 2009/10.

**Exhibit 2-8 Total volume of children's and youth production**

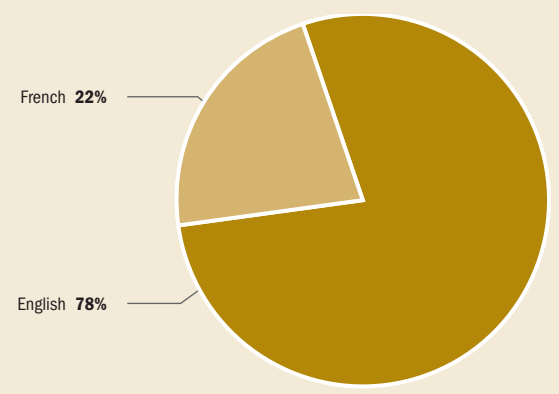
The production of Canadian films and television programs in the children's and youth genre was \$335 million in 2009/10 – an increase of 8.7% from 2008/09. Over the last nine years, however, this genre of programming has not yet reached the levels achieved in 2000/01.



Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not add due to rounding.

Exhibit 2-9 Volume of children’s and youth production, by language, 2009/10



Source: Estimates based on data collected from CAVCO and CRTC.

A more detailed look at the breakdown of children’s and youth production reveals that a large share of the genre’s production in the English-language market can be traced back to the fact that most animation production in the genre is originally produced in English.

The relatively low volume of animation production originally produced in French can, in part, be attributed to the fact that animation is a highly exportable commodity, and therefore, there is an incentive to make the original version in English for dubbing or subtitling into other languages. As well, the cost of producing an English version from an original French version has been, up to now, significantly higher than the reverse. And while recent new agreements between producers and French-speaking performers may change this cost differential in the future, the statistics show that the volume of French-language animation production in Canada was still very low in 2008/09.

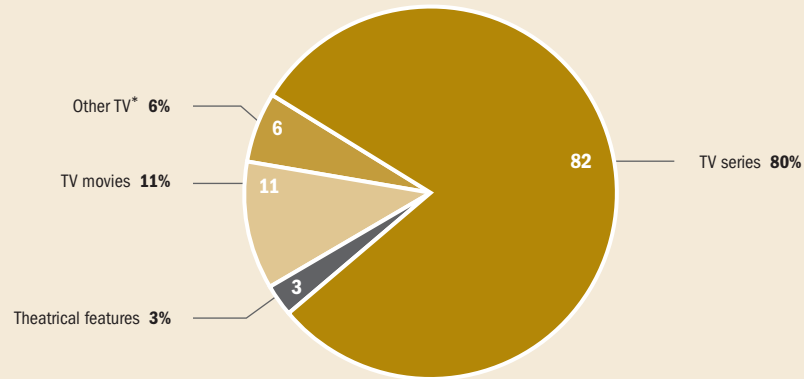
While the level of French-language children’s and youth animation production was very low in 2008/09, statistics for 2009/10 indicate that animation production in the French-language market may be expanding. Animation production originally produced in French increased from \$3 million in 2008/09 to \$24 million in 2009/10. This increase was due to, in large part, the production of two new high-budget (approximately \$10 million each) animation television series in the French-language market.

Exhibit 2-10 Volume of children’s and youth production, by language and category

In 2009/10, the vast majority (86%) of the \$171 million of children’s and youth animation production was originally made in English. While the vast majority of French-language production in the children’s and youth genre was in the live-action category in 2008/09, in 2009/10 animation production grew to account for 33%.

(\$ millions)	2008/09			2009/10		
	Live Action	Animation	Total	Live Action	Animation	Total
English	111	124	235	107	147	254
French	61	3	65	49	24	73
Bilingual and Other	0	8	8	0	0	0
Total	172	136	308	155	171	327

Source: Estimates based on data collected from CAVCO and CRTC.  
Note: Some totals do not add due to rounding.

**Exhibit 2-11 Number and share of children's and youth projects, by type, 2009/10**

**Total number of projects: 102**

Source: Estimates based on data collected from CAVCO and CRTC.

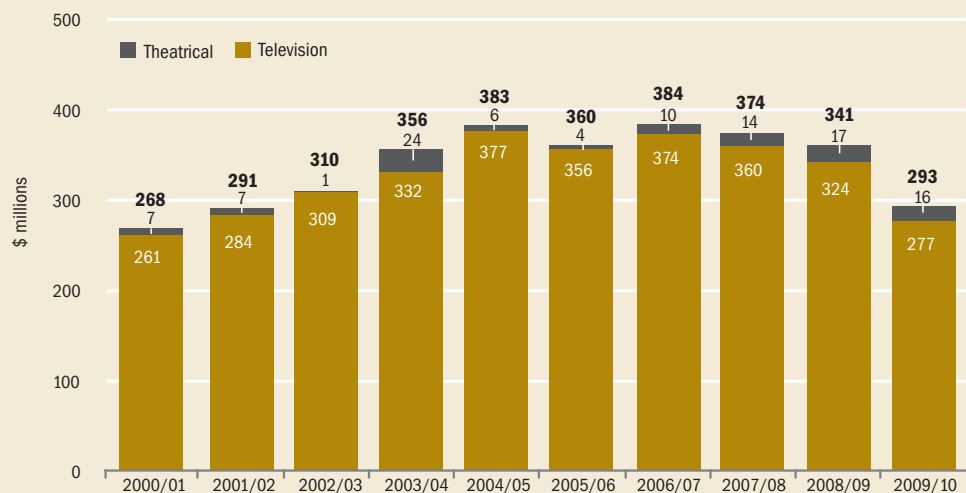
\* Other TV category includes single-episode television programming and television pilots.

## Documentary

Documentary production fell for the third consecutive year in 2009/10. While theatrical documentary production remained stable in 2009/10, television production dropped sharply as result of fewer television series and TV movies. The number of documentary television series fell from 190 to 147 in 2009/10, while the number of TV movies dropped from 45 to 35. Virtually all of the reductions in documentary television production were in the English-language market.

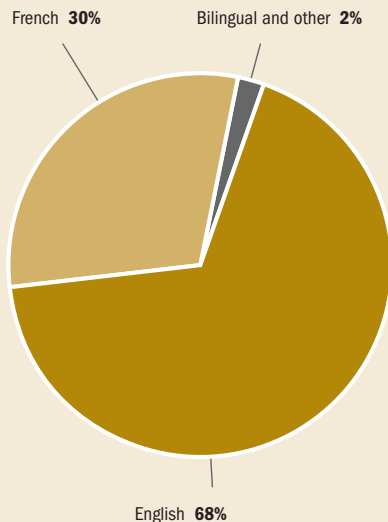
**Exhibit 2-12 Total volume of documentary production**

The total volume of Canadian documentary production dropped 14.1% to \$293 million in 2009/10. This decline was the third year in succession, and dropped documentary production levels to the lowest level since 2001/02.

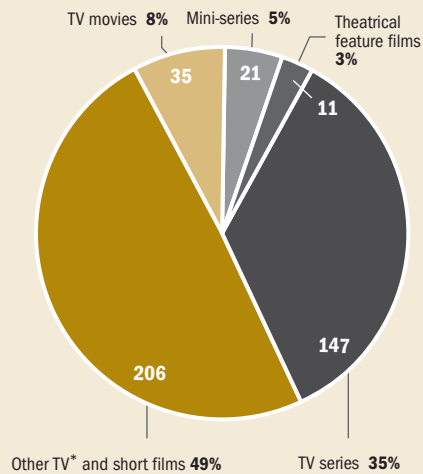


Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not add due to rounding.

**Exhibit 2-13 Volume of documentary production, by language, 2009/10**

Source: Estimates based on data collected from CAVCO and CRTC.

**Exhibit 2-14 Number and share of documentary projects, by type, 2009/10**

**Total number of projects: 420**

Source: Estimates based on data collected from CAVCO and CRTC.

\* Other TV category includes single-episode television programming and television pilots.

## Variety and Performing Arts

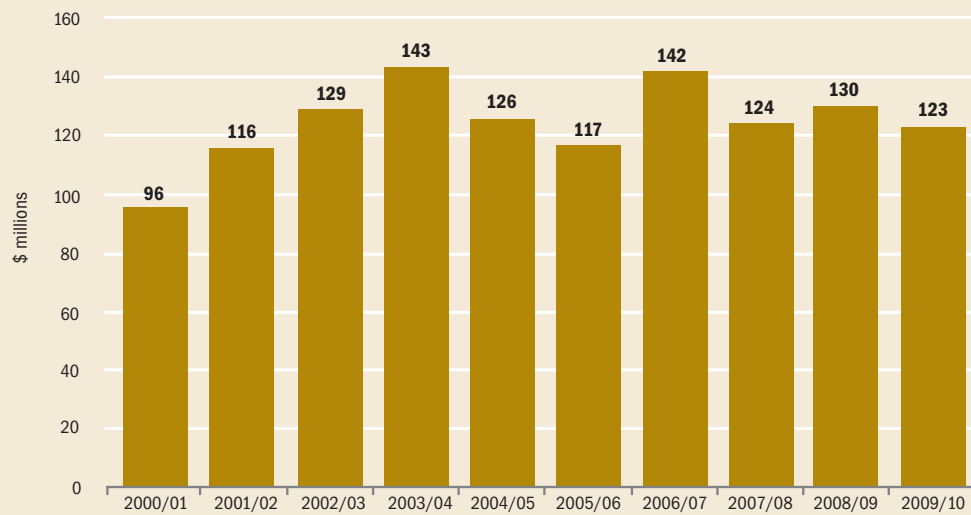
The volume of variety and performing arts programming contracted in 2009/10, following a small rise in 2008/09. The contraction in 2009/10 was largely due to production of fewer feature-length and single-episode television programs. The number of feature-length programs (including television specials) was decreased from 23 to 12 in 2009/10; while the number of single-episode programs (including television specials) decreased from 47 to 35. Most of the decreases were in the French-language market, which has historically accounted for the majority of Canadian variety and performing arts programming, although the share has been lower in recent years.

The high share of variety and performing arts production in the French-language market is largely due to its unique role in the star system in Quebec. In 2009/10, French-language variety and performing arts programming accounted for 66% of the total volume of Canadian variety and performing arts programming.

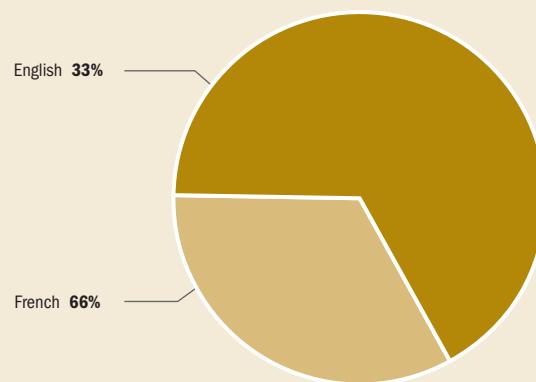


**Exhibit 2-15 Total volume of variety and performing arts production**

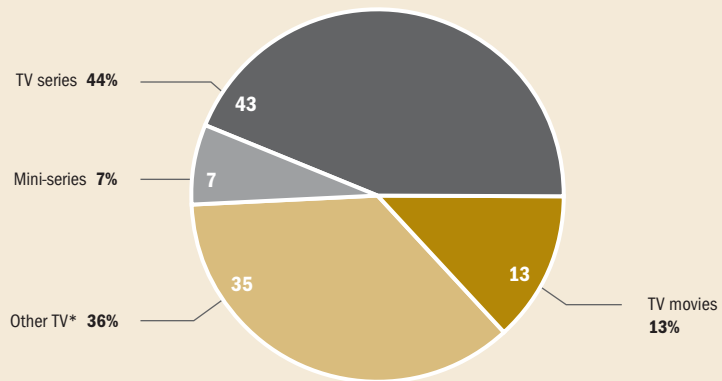
The volume of Canadian variety and performing arts production decreased 5.4% to \$123 million in 2009/10 and was comprised entirely of television production. Over the last seven to eight years, the volume of variety and performing arts production oscillated on a year-to-year basis.



Source: Estimates based on data collected from CAVCO and CRTC.

**Exhibit 2-16 Volume of variety and performing arts production, by language, 2009/10**

Source: Estimates based on data collected from CAVCO and CRTC.  
Note: Some totals may not add due to rounding.

**Exhibit 2-17 Number and share of variety and performing arts projects, by type, 2009/10**

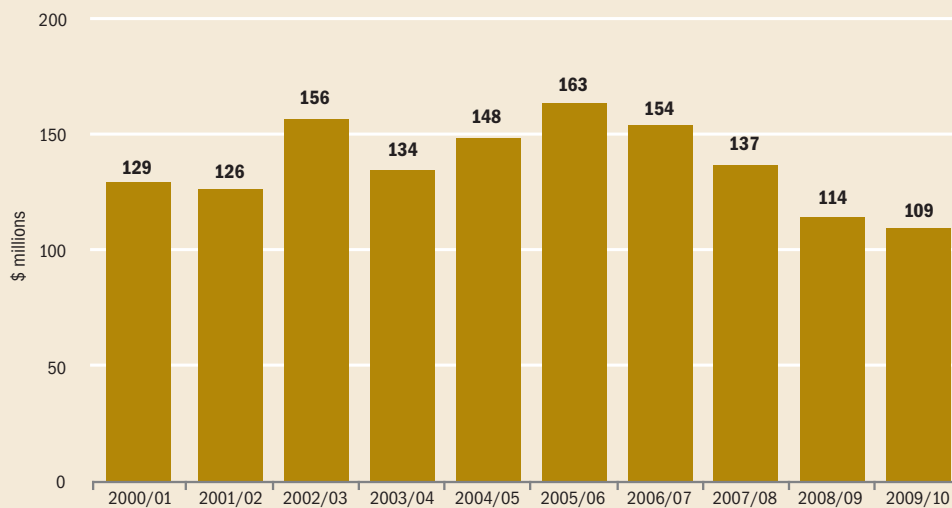
**Total number of projects: 98**

Source: Estimates based on data from CAVCO and CRTC.

\* Other TV category includes single-episode television programming and television pilots.

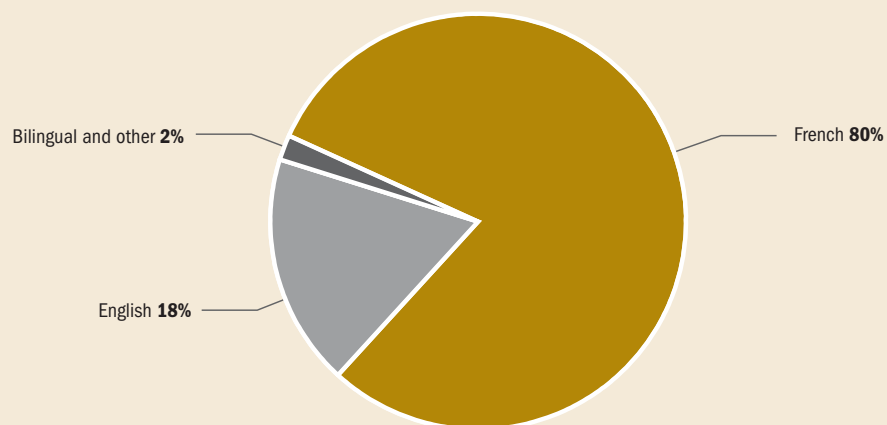
## Magazine

In 2009/10, the magazine genre<sup>2</sup> posted its fourth consecutive decline in production volume. The volume of production – entirely in the Canadian television sub-sector – was down by 4.4% to \$109 million. The drop in 2009/10 can be traced back to lower production levels in both language markets. Across both language markets, the number of series fell from 118 in 2008/09 to 77 in 2009/10.

**Exhibit 2-18 Total volume of magazine production**

Source: Estimates based on data collected from CAVCO and CRTC.

<sup>2</sup> The magazine genre encompasses a wide variety of different television-programming types, including talk shows, entertainment programs, current affairs programs, lifestyle programming, and reality programming.

**Exhibit 2-19 Volume of magazine programming production, by language, 2009/10**

Source: Estimates based on data collected from CAVCO and CRTC.

## ANIMATION

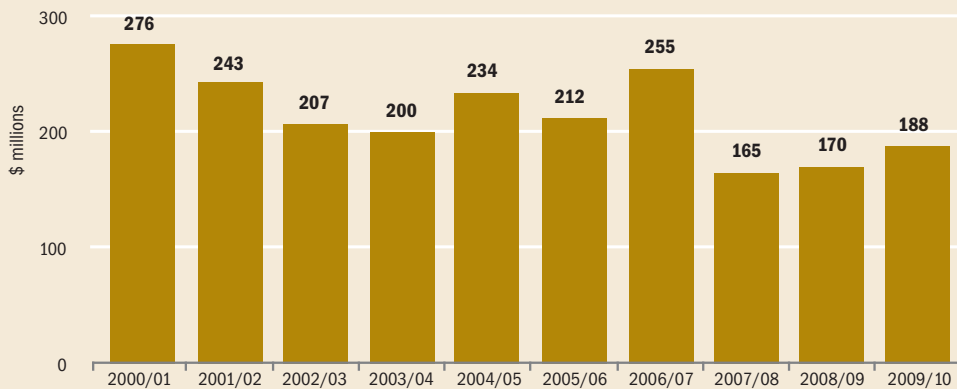
Film and television production can be grouped into two categories: live action and animation. In this section, we profile Canadian animation production produced for all age groups. The majority of Canadian animation programs fall within the children's and youth genre, although animation productions for older age groups fall within the fiction genre.

The Canadian production community has long been a global leader in animation production. Several successful independently produced Canadian animation programs such as *Jane and the Dragon*, *Pearlie*, *Atomic Betty*, *Babar and the Adventures of Badou*, *The Cat in the Hat*, and *League of Super Evil*, are televised by broadcasters around the world.

Canada's volume of animation production was in a fairly steady decline from 2000/01 to 2005/06. It experienced a 20% increase in 2006/07; Canadian animation production fell by 35% to \$165 million. It has remained under the \$200 million level since 2007/08.

### Exhibit 2-20 Total volume of Canadian animation production†

The volume of Canadian animation production – in the children's and youth genre, and other genres – rose by 10.6% to \$188 million in 2009/10. It appears to have stabilized at a lower level than in the early years of the decade.

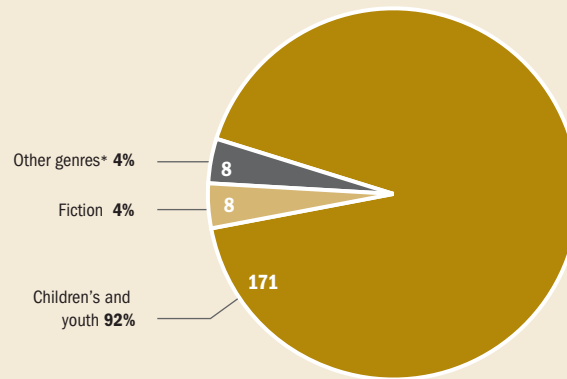


Source: Estimates based on data collected from CAVCO and CRTC.

† Includes television and theatrical production.

**Exhibit 2-21 Volume of Canadian animation production, by genre, 2009/10<sup>†</sup>**

The vast majority of Canadian animation production in 2009/10 was in the children's and youth genre.



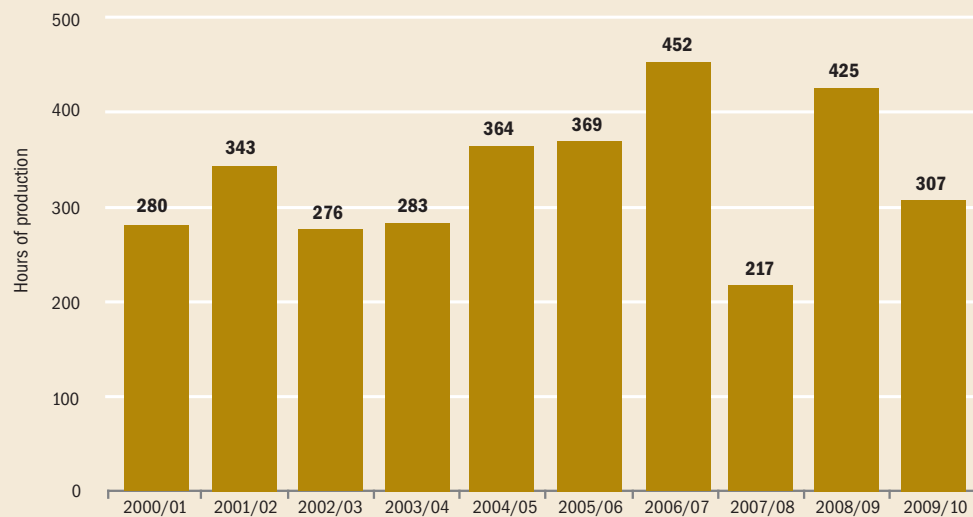
**Total animation production: \$188 million**

Source: Estimates based on data collected from CAVCO and CRTC.

\*Other genres category includes production in the documentary, variety and performing arts, and educational/instructional genres.

<sup>†</sup> Includes television and theatrical production.

The number of hours of Canadian animation production increased steadily between 2002/03 and 2006/07, as Canadian producers made several successful animation series, such as *Arthur*, *Chilly Beach*, and *Caillou*. However, after four years of annual increases – including a 22% increase in 2006/07 – the number of hours plummeted by 52% in 2007/08. The number of hours of animation production bounced back in 2008/09 before contracting to a total of 307 hours in 2009/10.

**Exhibit 2-22 Total number of hours of Canadian animation television production**

Source: Estimates based on data collected from CAVCO and CRTC.

**Exhibit 2-23 Volume of Canadian animation television production, by language**

The vast majority of Canadian animation programming over the last ten years was originally shot in English. In 2009/10, English-language animation production for television totalled \$156 million, or 83% of the total volume of television animation production of \$188 million.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
English	147	168	177	152	215	183	223	140	150	156
French	8	20	6	17	11	15	23	16	11	32
Bilingual and Other	110	56	19	15	6	13	4	9	8	0
<b>Total</b>	<b>265</b>	<b>243</b>	<b>201</b>	<b>184</b>	<b>231</b>	<b>210</b>	<b>249</b>	<b>164</b>	<b>169</b>	<b>188</b>

Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not add due to rounding.

**PROVINCES AND TERRITORIES**

Ontario led all other provinces in Canadian production in 2009/10. Its volume of Canadian production increased 9.8% to \$997 million, or 43% of the national volume. Ontario was followed by Quebec with \$888 million in Canadian production in 2009/10, or 39% of total volume.

Significantly lower levels of Canadian television production dragged down British Columbia's total Canadian production to one-half its 2008/09 level. Its share of the national total fell from 14% to 7%.

Alberta, Newfoundland and Labrador, Saskatchewan, Nova Scotia and Manitoba comprised the middle tier of provinces, based on levels of Canadian production. These five provinces recorded between \$25 million and \$82 million in Canadian production in 2009/10. Among these middle-tier provinces, only Newfoundland and Labrador saw its volume of Canadian production increase in 2009/10. In fact, its volume of Canadian production doubled from \$19 million to \$38 million – lifting it into this middle-tier grouping. The other four provinces comprising this middle tier experienced decreases in production.

Producers based in New Brunswick, Prince Edward Island, and the territories (Nunavut, Yukon, and Northwest Territories) also generated between \$1 million and \$20 million of Canadian production in 2009/10.

**Exhibit 2-24 Volume of Canadian production, by province and territory**

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10 share of total
Ontario	797	855	797	875	782	934	824	866	908	997	43%
Quebec	626	743	762	759	733	821	882	785	779	888	39%
British Columbia	342	241	257	220	276	302	440	378	328	172	7%
Alberta	71	62	82	53	57	38	59	84	83	82	4%
Newfoundland and Labrador	7	3	1	3	2	15	2	6	19	38	2%
Saskatchewan	30	18	67	27	37	38	58	53	51	33	1%
Nova Scotia	63	60	65	57	68	58	75	50	60	28	1%
Manitoba	24	20	29	16	28	33	72	37	34	25	1%
New Brunswick	20	6	8	8	19	10	10	15	12	16	1%
Prince Edward Island	6	7	9	5	1	3	2	3	1	16	1%
Territories*	0	0	0	0	1	3	3	1	1	1	<1%
<b>Total</b>	<b>1,985</b>	<b>2,014</b>	<b>2,077</b>	<b>2,024</b>	<b>2,003</b>	<b>2,256</b>	<b>2,429</b>	<b>2,277</b>	<b>2,275</b>	<b>2,296</b>	<b>100%</b>

Source: Estimates based on data collected from CAVCO and CRTC.

Notes: Some totals may not add due to rounding. Various provincial film agencies in Canada also publish statistics for film and television production activity using tax and marketing data in each province. Their statistics may differ from those in Profile 2010 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

\* Territories include Yukon, Nunavut and Northwest Territories.

## FINANCING

The production of Canadian television programs and theatrical films relies on financing from a variety of private, public, and public-private sources – both within and outside of Canada.

The major private-sector financing sources for Canadian production include private broadcasters, Canadian distributors, production companies, independent production funds, and foreign sources (i.e., foreign broadcasters and distributors). In 2009/10, these private-sector financing sources accounted for nearly one-half of total production financing, with private Canadian broadcaster licence fees representing the largest single share of private-sector financing.

Financing from public broadcaster licence fees, federal and provincial tax credits, and the Canada Feature Film Fund (CFFF) all originate from public-sector organizations, including federal and provincial governments, CBC/Radio-Canada, provincial educational broadcasters, and Telefilm Canada. While many public-sector organizations draw most of their revenues from direct government funding, they have tapped other sources, e.g. CBC/Radio-Canada sells advertising; provincial educational broadcasters obtain some donations; and Telefilm Canada earns some distribution revenues from projects in which it invests.

Public-sector financing sources also played another critical part in the total financing for Canadian production in 2009/10. Federal and provincial tax credits, combined, accounted for 26% of total project financing.

Canadian productions also received financing from the Canadian Television Fund (CTF), a public-private organization, which derived its revenues from contributions made by broadcasting distribution undertakings (i.e., cable, satellite, IPTV, and wireless television service providers), and the federal government. In 2009/10, the CTF accounted for 13% of total financing for Canadian production.

Canadian production's share of financing from foreign sources decreased from 11% in 2008/09 to 9% in 2009/10, as the dollar amount of foreign financing fell by 10.7%. Financing from other (Canadian) private sources remained relatively flat in 2009/10: it rose by only \$3 million to a total of \$239 million, and maintained a 10% share of total financing. Private broadcaster licence fees dropped by six percentage points, from 22% to 16% over the last year.

### Exhibit 2-25 Financing for Canadian production

	2008/09		2009/10	
	%	\$ millions	%	\$ millions
Private broadcaster licence fees	22	499	16	378
Public broadcaster licence fees	9	204	11	242
Federal and provincial tax credits	24	542	26	601
Canadian distributor	8	178	8	177
Foreign	11	241	9	215
Canadian Television Fund	12	275	13	307
Canada Feature Film Fund	3	65	3	67
Other public*	2	35	3	71
Other private**	10	236	10	239
<b>Total</b>	<b>100</b>	<b>2,275</b>	<b>100</b>	<b>2,296</b>

Source: Estimates based on data obtained from CAVCO, Canadian Television Fund and Telefilm Canada.

Note: Totals do not add due to rounding.

\* Other public includes financing from provincial governments, Telefilm Canada and other government departments and agencies.

\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.

## FINANCING FROM CANADIAN PRODUCTION COMPANIES

Tax-credit financing represents part of a Canadian production company's equity in television and film projects. Canadian production companies receive tax credits based on their eligible labour expenditures; in almost all cases, in order to complete their financing, they invest their tax-credits directly into their television and film projects.

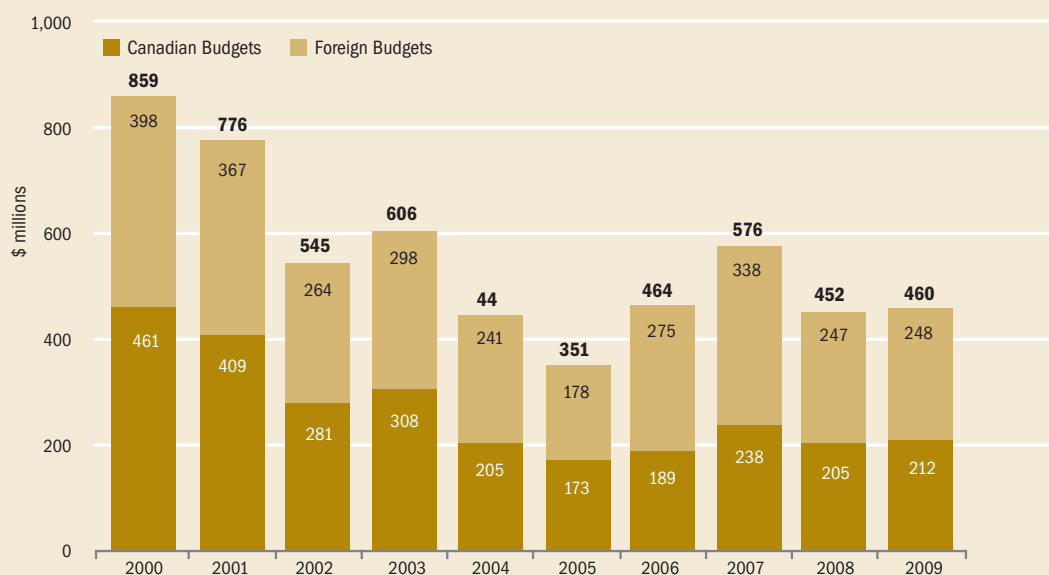
As well, producers often have to raise capital for development and project financing through corporate or personal lines of credit, mortgages on personal property and deferral of producer fees. After taking into account provincial and federal tax credits and production-company financing for Canadian production, the producers' contribution to production budgets is, at a minimum, between 25% and 35% of a project's budget in most instances. Producers also organize domestic and foreign distribution, as well as arrange bank financing.

## TREATY CO-PRODUCTION

International treaty co-production is another avenue through which Canadian producers can tap into international financing and talent to create films and television programs with international audience appeal. The Government of Canada currently has co-production agreements with 53 countries. These agreements permit Canadian and foreign producers to combine their creative, technical and financial resources to co-produce television programs and films, which benefit from national status in each co-producer's country.

Canada's total volume of treaty co-production was virtually unchanged in 2009, increasing by 1.7% to \$460 million. The Canadian share of treaty co-production budgets was also virtually unchanged in 2009. Canadian budgets accounted for \$212 million of the total volume of Canadian treaty co-production, or 46% of the total budgets. The international treaty co-production activity appears to have stabilized at a lower level than what was achieved in the earlier part of the decade.

Exhibit 2-26 Total volume of treaty co-production with Canada



Source: Telefilm Canada.

Note: Some totals may not add due to rounding. Statistics as of September 2010.



While the total volume of treaty co-production was unchanged in 2009, the composition of the total volume did shift. Television production dropped to a 60% share of the total volume of treaty co-production in 2009, from 74% in 2008; while theatrical feature film production rose to 40% of the total volume in 2009, from 26% in 2008.

Canada's largest bipartite treaty co-production partner country in 2009 was Germany. Canadian and German producers collaborated to produce four treaty co-production projects with a total production volume of \$126.5 million.

Canada's other leading bipartite treaty co-production partner countries with total volume over \$50 million included the United Kingdom (U.K.) with 13 projects and total volume of \$74.2 million and France with 14 projects and \$67.3 million in total volume.

**Exhibit 2-27 Total volume of treaty co-production with Canada, by partner country**

Country	Number of projects		Total volume (\$ millions)	
	2008	2009	2008	2009
Germany	1	4	x	126.5
United Kingdom	24	13	100.0	74.2
France	33	14	149.4	67.3
Ireland	5	2	50.2	x
Italy	–	2	–	x
South Africa	–	3	–	17.6
Brazil	1	2	x	x
Australia	9	2	57.9	x
Spain	1	1	x	x
Singapore	–	1	–	x
Slovenia	–	1	–	x
Israel	1	1	x	x
Sweden	–	1	–	x
Morocco	–	1	–	x
Mexico	1	1	x	x
China	–	1	–	x
South Korea	2	–	x	–
New Zealand	1	–	x	–
Romania	3	–	6.7	–
Switzerland	2	–	x	–
Luxembourg	1	–	x	–
Philippines	1	–	x	–
Belgium	1	–	x	–
Bulgaria	1	–	x	–
Multipartite	3	4	x	x
<b>Grand Total</b>	<b>91</b>	<b>54</b>	<b>452.1</b>	<b>459.7</b>

Source: Telefilm Canada.

Note: Statistics as of September 2010.

Total volume refers to the global budget rather than only the Canadian portion of the budget.

'x' - Data suppressed due to data confidentiality

## TELEVISION PRODUCTION

Canadian television production includes the production of television series, mini-series, TV movies (including movies-of-the-week [MOWs] and feature-length television programs), single-episode television programming and television pilots. Canadian television production consists of programming in various genres such as fiction, children's and youth, documentary, and variety and performing arts. It includes productions that are certified as Canadian content by either CAVCO or the CRTC. This sector excludes broadcaster in-house production – that is, news and sports and other genres normally produced by Canadian broadcasters. *Lance et compte: Le grand duel, Flashpoint, Les Parent, and Rookie Blue* are just some of the Canadian television series enjoyed by audiences in Canada and elsewhere.

### HIGHLIGHTS

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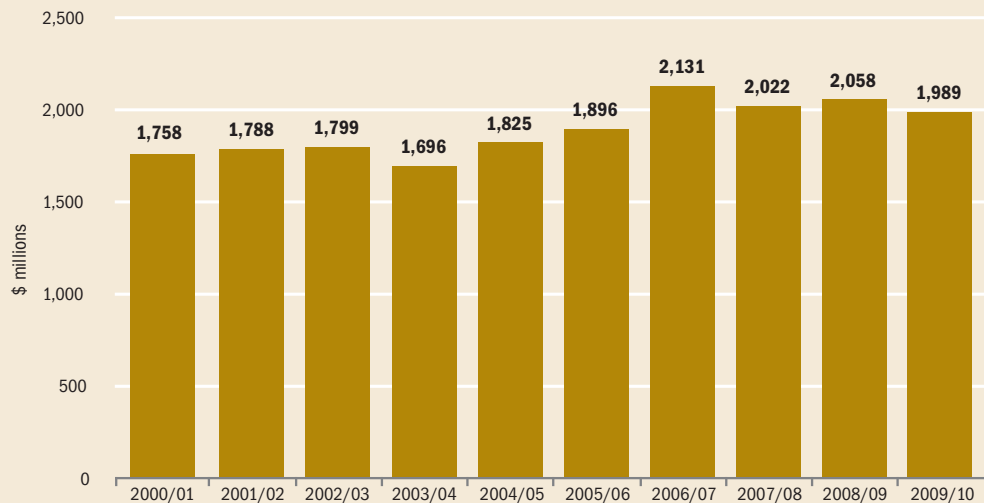
- Canadian television production decreased 3.4% to just under \$2 billion in 2009/10.
- Canadian television production generated 47,300 FTEs, including 18,600 FTEs directly in the production of Canadian television programs.
- The volume of television series production declined by 1.6% to just over \$1.5 billion, although the number of television series produced by Canadians dropped more substantially from 632 to 523.
- The decrease in Canadian television production was largely confined to the English-language market where the volume of production was down by 7.8%. Production in bilingual formats and other languages was also lower. The volume of French-language television production increased by 12.5%.
- All genres in the English-language market saw their average per-hour budget increase. The average budget for English-language television production in the fiction genre was practically unchanged at \$1.5 million per hour. The average budget for English-language documentaries reached a ten-year high of \$359,000 per hour. The children's and youth (\$946,000 per hour), and variety and performing arts (\$632,000 per hour) genres also posted ten-year highs in average budgets.
- Three of the five major genres in the French-language market saw their average budget increase. The average budget for French-language fiction production rose to a ten-year high of \$993,000 per hour. The documentary genre's average budget reached a ten-year high of \$253,000. The average budget in the children's and youth genre also reached a ten-year high of \$304,000 per hour.
- The average per-hour broadcast licence fee for English-language Canadian fiction productions was \$470,000; for French-language productions, the average was \$313,000 per hour – albeit on a much lower average budget.
- Canadian television production continued to rely heavily on financing from tax credits and Canadian broadcasters. Together, these two types of financing accounted for 57% of total financing for Canadian television production.
- The CTF made financial contributions of \$307 million to support \$1 billion in television production volume in 2009/10.
- Ontario-based producers generated \$897 million in Canadian television production in 2009/10, making the province the largest source of Canadian television production with a 45% share of the national volume.

## VOLUME

Despite the success of several Canadian police dramas, *Flashpoint*, *The Bridge*, and *Rookie Blue*, and the mystery program *Musée Eden*, the overall production level moved lower. The total volume of Canadian television production decreased 3.3% in 2009/10, following a small increase of 1.8% in 2008/09. Canadian television production moved down to just under \$2.0 billion in 2009/10; its lowest level in four years. The drop was caused by a sharp decrease in English-language production, particularly English-language fiction and documentary production. The decrease in English-language fiction and documentary production also led to significantly lower levels of television series and TV movie production.

### Exhibit 2-28 Total volume of Canadian television production

The total volume of Canadian television production dropped below \$2 billion for the first time since 2005/06. However, the last five years of the decade were at a slightly higher level than the first five years.



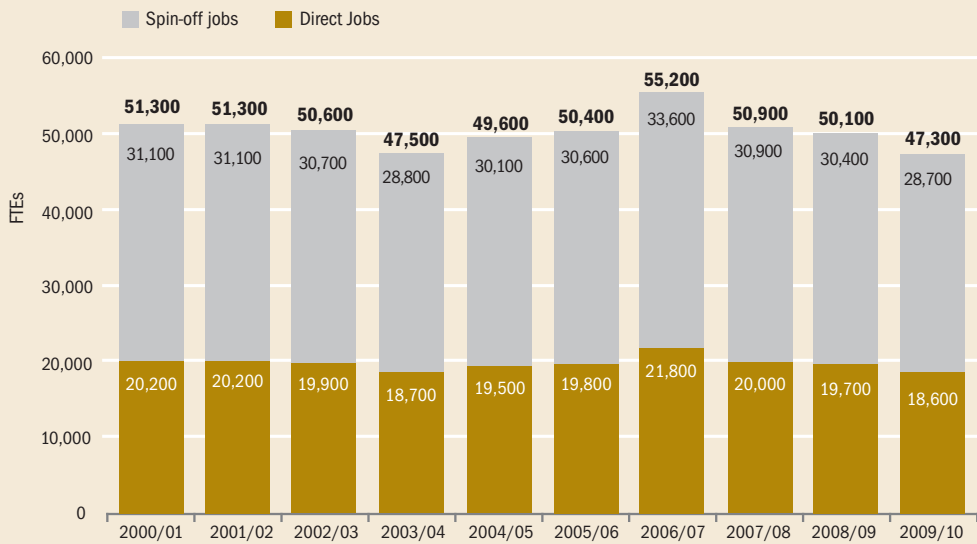
Source: Estimates based on data collected from CAVCO and CRTC.

Note: Canadian television production includes CAVCO-certified television production and an estimate for CRTC-certified production. Canadian television production also includes productions for non-theatrical release.

EMPLOYMENT

Canadian television production employed an estimated 47,300 FTEs in 2009/10, including 18,600 FTEs directly in television production, and a further 28,700 spin-off FTEs in other industries in the Canadian economy.

Exhibit 2-29 Number of full-time equivalent jobs (FTEs) in Canadian television production



Source: Estimates based on data from CAVCO, CRTC, Statistics Canada and Conference Board of Canada.  
Note: See the Notes on Methodology section for a description of the job-estimation methodology.

## TYPES

The overall decrease in Canadian television production in 2009/10 was distributed across the television series and TV movie formats as well as the other-TV category; only the mini-series category posted a higher level of production volume in 2009/10.

### Exhibit 2-30 Volume of television production, by type

In 2009/10, the volume of television series production decreased \$25 million to just over \$1.5 billion; the volume of TV movies decreased \$62 million to a total of \$241 million; the volume of mini-series production rose by \$55 million to \$121 million; while production in the other-TV category, including single-episode television programming and television pilots, decreased by \$38 million to a total of \$115 million.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Series	1,422	1,412	1,367	1,336	1,371	1,320	1,497	1,471	1,537	1,512
TV movies	194	145	179	159	221	362	346	329	303	241
Mini-series	58	85	145	64	78	62	103	96	66	121
Other TV*	84	146	109	138	154	152	186	126	153	115
<b>Total</b>	<b>1,758</b>	<b>1,788</b>	<b>1,799</b>	<b>1,696</b>	<b>1,825</b>	<b>1,896</b>	<b>2,131</b>	<b>2,022</b>	<b>2,058</b>	<b>1,989</b>

Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not add due to rounding.

\* Other TV category includes single-episode television programming and television pilots.

### Exhibit 2-31 Number of television projects, by type

There were 109 fewer Canadian television series produced in 2009/10, as the total dropped from 632 to 523. Canadian producers made 46 fewer TV movies in 2009/10. There were 13 more mini-series produced by Canadians in 2009/10, as the total increased to 41. The number of projects in the other-TV category dropped from 315 to 286.

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Series	591	613	683	645	683	715	710	680	632	523
TV movies	98	113	114	87	134	175	204	196	178	132
Mini-series	40	39	60	59	55	44	45	36	28	41
Other TV*	320	378	370	420	453	406	374	321	315	286
<b>Total</b>	<b>1,049</b>	<b>1,143</b>	<b>1,227</b>	<b>1,212</b>	<b>1,325</b>	<b>1,340</b>	<b>1,334</b>	<b>1,232</b>	<b>1,153</b>	<b>982</b>

Source: Estimates based on data collected from CAVCO and CRTC.

\* Other TV category includes single-episode television programming and television pilots.

## GENRES

The fiction and children's and youth genres increased in volume of production in 2009/10, while all other genres experienced reductions.

Fiction production rose for the second consecutive year to a ten-year high of \$970 million in 2009/10. The slight increase in fiction production was driven largely by higher levels of French-language fiction production, as English-language fiction production decreased. The production of English-language fiction MOWs, in particular, fell in 2009/10. Meanwhile, English-language fiction television series and French-language production posted small increases.

Canadian television production in the children's and youth genre rebounded to \$306 million in 2008/09 and then increased even further to \$328 million in 2009/10. The increase was shared by both the English-language and French-language segments; the bilingual and other languages segment saw its level of production in this genre drop to zero in 2009/10.

**Exhibit 2-32 Volume of television production, by genre**

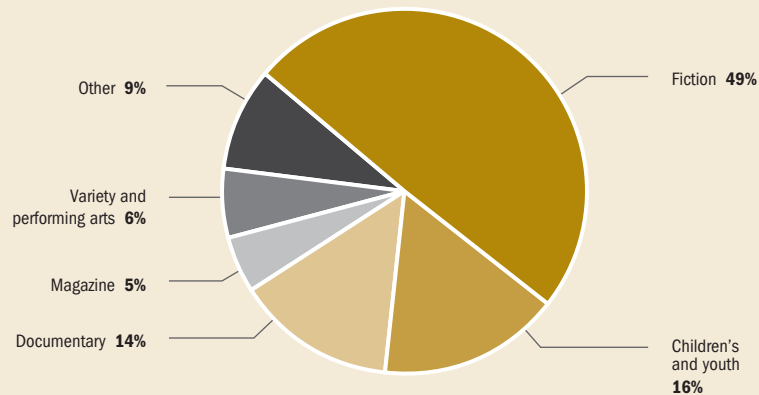
(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Fiction	866	885	868	749	824	838	952	941	957	970
Children's and youth	394	356	296	279	282	306	361	251	306	328
Documentary	261	284	309	332	377	356	374	360	324	277
Magazine	129	126	156	134	148	163	154	137	114	109
Variety and performing arts	96	113	129	143	126	117	142	124	130	123
Other	13	25	41	59	68	115	149	209	228	181
<b>Total</b>	<b>1,758</b>	<b>1,788</b>	<b>1,799</b>	<b>1,696</b>	<b>1,825</b>	<b>1,896</b>	<b>2,131</b>	<b>2,022</b>	<b>2,058</b>	<b>1,989</b>

Source: Estimates based on data collected from CAVCO and CRTC.  
 Note: Some totals may not add due to rounding.

The documentary genre experienced the largest annual decrease in production, \$47 million, or 14.5%, in 2009/10. The sharp retreat in production was concentrated in English-language production, where the volume of documentary television series declined sharply, as did the volume of MOW production.

The magazine genre posted its fourth consecutive annual decrease in volume and hit a ten-year low of \$109 million in 2009/10. In this case, the decrease was both the French-language and English-language markets. The variety and performing arts genre experienced its third annual decline, as production in the French-language market, and bilingual and other-languages segments dropped.

**Exhibit 2-33 Share of total volume of Canadian television production, by genre, 2009/10**



Source: Estimates based on data collected from CAVCO and CRTC.  
Note: Totals may not add due to rounding.

## BUDGETS

### English-Language Production

Average per-hour budgets increased in 2009/10 for every genre in the English-language market. Indeed, all genres except the fiction genre posted ten-year highs in terms of average per-hour budgets.

The average budget for the English-language fiction genre was practically unchanged at \$1.5 million per hour, and was still well below the average of \$1.84 million in 2007/08 and the ten-year high of \$1.89 million reached in 2001/02, when a higher proportion of Canadian television programs benefited from international sales and significant international financing.

**Exhibit 2-34 Budgets of English-language Canadian television production, by genre**

\$ 000s per hour	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Fiction</b>										
Average	1,577	1,885	1,597	1,404	1,315	1,348	1,515	1,840	1,483	1,485
Median	1,334	1,136	1,272	1,104	1,179	1,250	1,520	1,501	1,300	1,403
<b>Documentary</b>										
Average	275	276	257	288	302	310	322	298	347	359
Median	226	215	218	237	250	229	252	231	301	250
<b>Children's and youth</b>										
Average	726	764	664	611	722	556	611	579	607	946
Median	680	618	510	456	550	462	638	418	458	686
<b>Variety and performing arts</b>										
Average	182	285	431	366	343	439	478	387	448	632
Median	123	155	325	230	261	350	255	307	305	263
<b>Magazine</b>										
Average	61	89	65	70	82	115	75	69	65	n/a
Median	53	55	49	54	56	60	34	35	36	n/a

Source: Estimates based on data collected from CAVCO and CRTC.

n/a – Data not reported due the size of the sample of projects.

Note: Calculations exclude the foreign budgets of treaty co-productions.

Despite the sharp drop in production volume, the average budget for English-language documentary production increased 3.4% to \$359,000 per hour. In the children's and youth genre, the average budget jumped by 55.8% to a ten-year high of \$946,000 per hour. The average budget for English-language variety and performing arts programming jumped by 41.1% in 2009/10 to reach a ten-year high of \$632,000 per hour.



## French-Language Production

Average budgets were also higher in all genres in the French-language market in 2009/10, with the exception of the variety and performing arts genre.

In the fiction genre, the average budget nearly doubled to \$993,000 per hour in 2009/10; however, this average was lifted by a small group of high-budget feature-length television productions. The median budget – which mitigates the effect of these high-budget outliers – also rose by 50% to \$560,000 per hour.

In the documentary genre, the average budget climbed by 17.7% to a ten-year high of \$253,000 per hour. The average budget in the children's and youth genre also reached a ten-year high, after increasing by 49.0% to \$304,000. A small group of high-budget series also lifted the average budget in this genre, as the median budget actually fell by 12.9% in 2009/10.

**Exhibit 2-35 Budgets of French-language Canadian television production, by genre**

\$ 000s per hour	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Fiction</b>										
Average	370	414	495	458	456	526	501	520	531	993
Median	251	294	417	363	363	493	450	494	375	560
<b>Documentary</b>										
Average	212	210	203	220	207	239	209	217	215	253
Median	148	182	151	176	172	199	171	173	172	214
<b>Children's and youth</b>										
Average	158	255	215	281	238	189	213	257	204	304
Median	115	149	127	160	121	151	155	155	201	175
<b>Variety and performing arts</b>										
Average	141	187	158	192	197	174	192	274	288	284
Median	98	147	141	158	141	130	143	149	154	200
<b>Magazine</b>										
Average	45	42	39	41	55	48	58	59	63	77
Median	34	38	34	35	41	40	37	48	56	66

Source: Estimates based on data collected from CAVCO and CRTC.

Note: Calculations exclude the foreign budgets of treaty co-productions.

## LANGUAGE

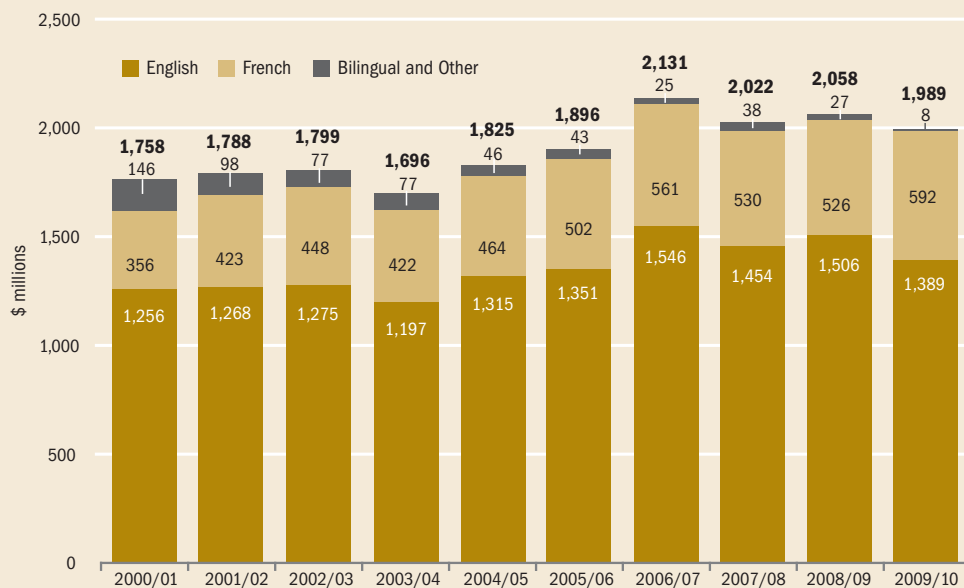
A decrease of \$117 million in English-language television production caused by reductions in documentary, and other-programming production led to the overall decline in Canadian television production.

While the retreat in English-language production dragged down the overall level of Canadian television production in 2009/10, French-language television production increased. Higher levels of fiction, children's and youth, and documentary programming, offset by lower levels of magazine and variety and performing arts programming, contributed to this increase in the French-language market in 2009/10.

The volume of production in bilingual format and other languages fell to a ten-year low of only \$8 million, as production in all genres except the magazine genre virtually disappeared.

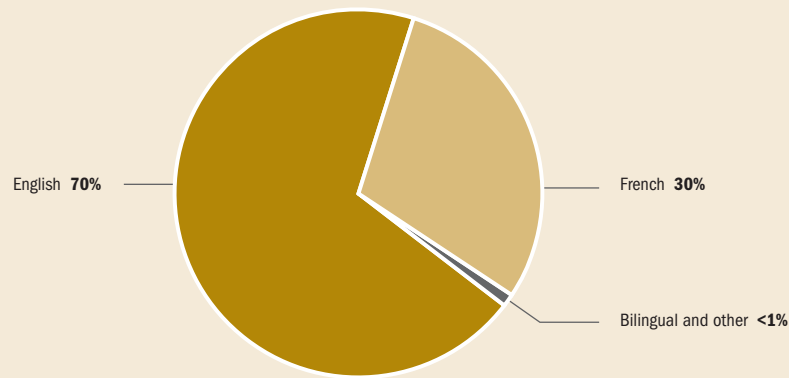
### Exhibit 2-36 Volume of Canadian television production, by language

The total volume of English-language television production dropped 7.8% to under \$1.4 billion. The volume of French-language television production increased 12.5% to \$592 million. Television production in bilingual format and other languages fell from \$27 million to \$8 million.



Source: Estimates based on data collected from CAVCO and CRTC.

Note: Some totals may not add due to rounding.

**Exhibit 2-37 Volume of Canadian television production, by language, 2009/10 share**

Source: Estimates based on data collected from CAVCO and CRTC.  
 Note: Some totals may not add due to rounding.

**Exhibit 2-38 Volume of Canadian television production, by genre and language**

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>Fiction</b>										
English	731	732	675	622	645	677	762	745	789	751
French	119	135	153	126	166	162	190	186	167	219
Other	16	18	40	0	12	0	0	10	1	0
<b>Total</b>	<b>866</b>	<b>885</b>	<b>868</b>	<b>749</b>	<b>824</b>	<b>838</b>	<b>952</b>	<b>941</b>	<b>957</b>	<b>970</b>
<b>Children's and youth</b>										
English	251	246	246	213	245	255	289	200	235	255
French	32	54	41	44	32	38	68	41	63	73
Other	112	55	9	22	5	13	4	9	8	0
<b>Total</b>	<b>394</b>	<b>356</b>	<b>296</b>	<b>279</b>	<b>282</b>	<b>306</b>	<b>361</b>	<b>251</b>	<b>306</b>	<b>328</b>
<b>Documentary</b>										
English	191	191	210	227	279	235	270	271	236	186
French	58	79	79	84	79	100	87	80	79	86
Other	12	14	20	21	19	21	16	10	9	5
<b>Total</b>	<b>261</b>	<b>284</b>	<b>309</b>	<b>332</b>	<b>377</b>	<b>356</b>	<b>374</b>	<b>360</b>	<b>324</b>	<b>277</b>
<b>Variety and performing arts</b>										
English	31	33	42	45	44	44	51	46	33	41
French	59	70	82	66	77	67	88	73	89	82
Other	5	10	6	32	5	6	3	6	8	1
<b>Total</b>	<b>96</b>	<b>113</b>	<b>129</b>	<b>143</b>	<b>126</b>	<b>117</b>	<b>142</b>	<b>124</b>	<b>130</b>	<b>123</b>
<b>Magazine</b>										
English	41	41	65	57	48	53	44	17	23	20
French	88	84	89	76	97	107	109	116	90	88
Other	1	1	2	2	3	3	1	3	1	2
<b>Total</b>	<b>129</b>	<b>126</b>	<b>156</b>	<b>134</b>	<b>148</b>	<b>163</b>	<b>154</b>	<b>137</b>	<b>114</b>	<b>109</b>

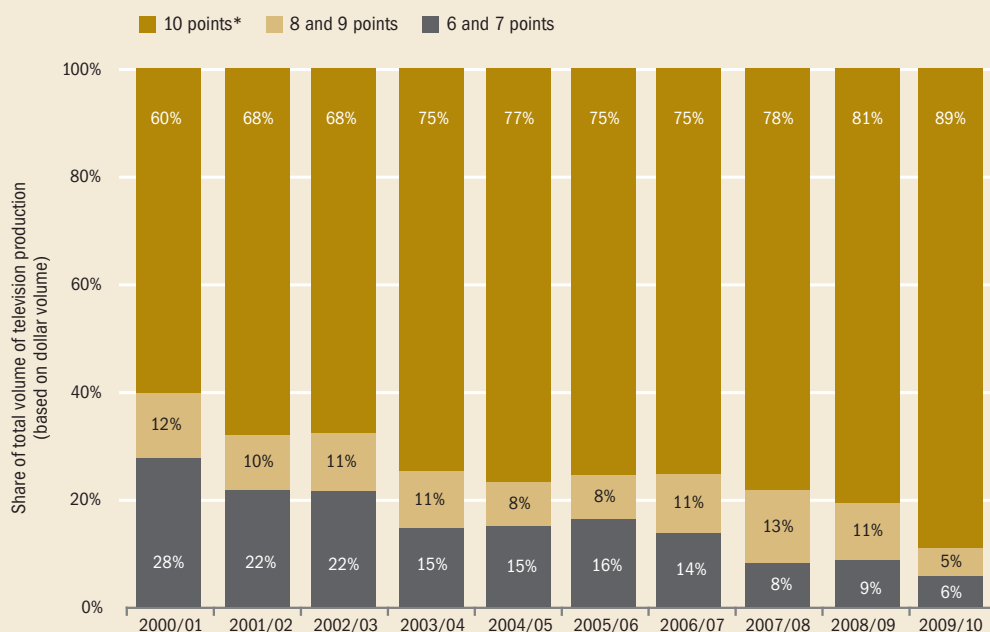
Source: Estimates based on data collected from CAVCO and CRTC.  
 Note: Some totals may not add due to rounding.

## CANADIAN CONTENT POINTS

In 2009/10, Canadian television production continued a long-term trend towards higher levels of Canadian content, as a larger share of production volume attained ten Canadian-content points or maximum points. This trend towards a greater share of maximum-point production has been largely due to weaker demand from international markets for Canadian television production and Canadian producers' increased focus of producing maximum-point television programs, which are eligible to receive financial assistance from the CTF.

### Exhibit 2-39 Television production, by Canadian content points (excludes international treaty co-production)

Ten-point or maximum-point television productions accounted for 89% of the total volume of Canadian television production in 2009/10; up from 81% in 2008/09 and 78% in 2007/08. Television productions with between six and nine points accounted for the other 11% of production volume.



Source: Estimates based on data collected from CAVCO.

\* Includes productions that received the maximum number of eligible points. For example, productions that scored 7 out of 7 points are included in data covering 10 out of 10 points.

Note: Some totals may not add due to rounding.

### CANADIAN CONTENT POINTS

CAVCO uses the Canadian content points scale to certify films and television productions. A certified Canadian production qualifies as Canadian content; broadcasters can use it to meet their Canadian television exhibition requirements. It also allows the production to access the *Canadian Film or Video Production Tax Credit*. To be certified as Canadian content, the production must obtain six or more points on a ten-point scale. There are two separate point scales – one for live-action productions and the other for animation productions. For both scales, points are awarded for various key creative positions. In the case of animation, points are also awarded based on the location of certain animation functions. For more information on the Canadian content points scale, please visit: [www.canadianheritage.gc.ca/cavco](http://www.canadianheritage.gc.ca/cavco).

## PROVINCES AND TERRITORIES

Ontario maintained its position as the province with highest volume of Canadian television production in 2009/10, with a 45% share of national volume. Ontario's volume of Canadian television production increased 2.2% over the previous year.

Quebec also experienced an increase in Canadian television production volume in 2009/10. Production by Quebec-based producers was up by 7.2% to \$716 million.

Meanwhile, Canadian television production by producers based in British Columbia fell by 48.2% to a ten-year low of \$147 million. Statistics from CAVCO indicate that the sharp drop in British Columbia's Canadian television production was concentrated in the fiction genre. Fiction production by producers based in British Columbia was down by two-thirds in 2009/10.

Alberta, Saskatchewan, Nova Scotia and Manitoba also experienced decreases in Canadian television production in 2009/10; while the volume of production rose in Newfoundland and Labrador, New Brunswick, and Prince Edward Island.

### Exhibit 2-40 Volume of Canadian television production, by province and territory

Ontario-based producers generated \$897 million in Canadian television production in 2009/10, or 45% of the national total. Quebec-based producers generated \$716 million, or 36%; while producers based in British Columbia generated \$147 million, or 7% of the national total. Producers in all other provinces combined to account for \$229 million in Canadian television production volume, or 11% of the national total.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10 share of total
Ontario	727	767	710	758	714	734	731	785	878	897	45%
Quebec	557	640	658	575	642	721	758	685	668	716	36%
British Columbia	282	212	208	206	265	258	398	334	284	147	7%
Alberta	63	62	59	51	56	37	54	75	82	77	4%
Newfoundland and Labrador	2	3	1	3	2	15	2	5	12	38	2%
Saskatchewan	21	18	63	27	37	38	58	42	36	30	2%
Nova Scotia	63	56	61	49	62	48	54	46	53	27	1%
Manitoba	19	17	23	15	26	32	63	33	34	25	1%
Prince Edward Island	6	7	9	5	1	3	2	3	1	16	1%
New Brunswick	19	6	8	8	19	10	10	15	8	15	1%
Territories*	0	0	0	0	1	0	0	1	1	1	<1%
<b>Total</b>	<b>1,758</b>	<b>1,788</b>	<b>1,799</b>	<b>1,696</b>	<b>1,825</b>	<b>1,896</b>	<b>2,131</b>	<b>2,022</b>	<b>2,058</b>	<b>1,989</b>	<b>100%</b>

Source: Estimates based on data collected from CAVCO and CRTC.

Notes: some totals may not add due to rounding. Various provincial film agencies in Canada also publish statistics for film and television production activity using tax and marketing data in each province. Their statistics may differ from those in Profile 2010 due to such differences as data collection periods (fiscal vs. calendar year) and production activity reported on the basis of location of spend.

\* Territories include Yukon, Nunavut and Northwest Territories.

## FINANCING

Canadian television production continued to rely heavily on financing from Canadian broadcasters and tax credits, as financing from foreign and other private sources remained limited in 2009/10.

Canadian broadcasters' licence fees contributed 30% of total financing for Canadian television in 2009/10, although this share was down from 34% in the previous four years. Tax credits followed Canadian broadcaster licence fees as the second largest source of financing in 2009/10, accounting for a combined 27%. The share of financing from the CTF increased to 15% in 2009/10, from 13% in 2008/09.

Financing from foreign sources declined to 8% in 2009/10, from 10% in 2008/09; this continued a long-term trend in reduced foreign presale financing for Canadian production. Indeed, between 2006/07 and 2009/10, the total amount of foreign presale financing for Canadian television production dropped by nearly one-quarter, from \$218 million to \$165 million.

Financing from Canadian distributors and other private sources was also lower in 2009/10. Distributor financing was down 4.7% and accounted for 7% of total financing; while financing from other private sources was down by 14.3% to a five-year low of \$180 million.

### Exhibit 2-41 Financing of Canadian television production

	2005/06		2006/07		2007/08		2008/09		2009/10	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	24	458	23	492	22	445	24	495	18	364
Public broadcaster licence fees	10	195	11	227	12	252	10	204	12	238
Federal and provincial tax credits	26	480	26	562	25	514	24	493	27	531
Canadian distributor	4	74	7	140	7	142	7	148	7	141
Foreign	9	178	10	218	9	177	10	216	8	165
Canadian Television Fund	13	249	12	252	12	242	13	275	15	307
Other public*	1	13	0	2	2	37	1	18	3	61
Other private**	13	248	11	240	11	214	10	210	9	180
<b>Total</b>	<b>100</b>	<b>1,896</b>	<b>100</b>	<b>2,131</b>	<b>100</b>	<b>2,022</b>	<b>100</b>	<b>2,058</b>	<b>100</b>	<b>1,989</b>

Source: Estimates based on data obtained from CAVCO and Canadian Television Fund.

Note: Some totals may not add due to rounding.

\* Other public includes financing from provincial governments, and other government departments and agencies.

\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.

Sources of production financing can vary considerably across the television genres. Producers often look to different sources of financing, depending on the genre of the content. Producers in certain genres can cover a large portion of their production budgets with licence fees from Canadian broadcasters. Producers in other genres must count more on tax credits, funding from the CTF, or international presales to cover any financing shortfalls caused by a lower percentage of licence fees from Canadian broadcasters.

In the fiction genre, tax credits accounted for a slightly larger share (25%) of total financing than broadcaster licence fees (24%, split evenly for private and public broadcasters); foreign sources supplied 11%. Children's and youth programming also drew a large portion of its financing from tax credits (29%), broadcast licence fees (23%), and the CTF (17%). The documentary genre relied largely on financing from Canadian broadcaster licence fees (24%) and the CTF (19%). The variety and performing arts genre drew most of its financing from broadcaster licence fees (49%), as did the magazine genre (56%).

**Exhibit 2-42 Financing of Canadian television production, by genre, 2009/10**

	<b>Fiction</b>		<b>Children's and Youth</b>		<b>Documentary</b>		<b>Variety and Performing Arts</b>		<b>Magazine</b>		<b>All Genres<sup>†</sup></b>	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	12	114	15	50	20	54	19	23	33	36	18	364
Public broadcaster licence fees	12	116	8	27	8	23	30	37	33	36	12	238
Federal and provincial tax credits	25	246	29	96	20	56	25	31	25	28	27	531
Canadian distributor	6	62	9	28	5	14	1	1	2	2	7	141
Foreign	11	107	8	25	10	28	<1	<1	1	1	8	165
Canadian Television Fund	18	178	17	55	20	55	11	13	0	0	15	307
Other public*	4	42	1	2	1	2	4	5	1	1	3	61
Other private**	11	105	14	45	16	45	9	12	5	5	9	180
<b>Total</b>	<b>100</b>	<b>970</b>	<b>100</b>	<b>328</b>	<b>100</b>	<b>277</b>	<b>100</b>	<b>123</b>	<b>100</b>	<b>109</b>	<b>100</b>	<b>1,989</b>

Source: Estimates based on data obtained from CAVCO and Canadian Television Fund.

Note: Some totals may not add due to rounding.

\* Other public includes financing from provincial governments, and other government departments and agencies.

\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.

<sup>†</sup> Includes certain genres not listed in the table; therefore, row amounts do not sum.

The financing models for Canadian television production also vary between Canada's two language markets. The lower average budgets for French-language Canadian television programming permit producers to cover a larger share of their production budgets with broadcaster licence fees and tax credits. Many English-language television projects, in contrast, are still able to attract presale financing from foreign distributors or broadcasters, as well as private sources within Canada.

In the English-language market, the largest financing contributions came from tax credits (27%) and Canadian broadcasters (26%). The CTF contributed 15%, and foreign broadcasters and distributors contributed 11%. And while the share of total financing from foreign sources dropped from 14% in 2008/09 to 11% in 2009/10, this decrease may have overstated the drop in international demand for Canadian television programming because it does not take into account the value of post-premiere licensing sales.

**Exhibit 2-43 Financing of English-language Canadian television production**

	2005/06		2006/07		2007/08		2008/09		2009/10	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	23	311	23	352	22	322	24	355	18	257
Public broadcaster licence fees	7	89	6	99	8	118	6	86	8	107
Federal and provincial tax credits	25	350	27	417	26	374	24	366	27	376
Canadian distributor	5	66	8	126	9	128	9	140	9	127
Foreign	13	170	12	187	12	173	14	205	11	148
Canadian Television Fund	12	165	11	165	11	157	12	183	15	203
Other public*	1	16	1	17	2	24	1	14	3	42
Other private**	14	185	12	183	11	158	10	155	9	129
<b>Total</b>	<b>100</b>	<b>1,351</b>	<b>100</b>	<b>1,546</b>	<b>100</b>	<b>1,454</b>	<b>100</b>	<b>1,506</b>	<b>100</b>	<b>1,389</b>

Source: Estimates based on data obtained from CAVCO and Canadian Television Fund.

Note: Some totals may not add due to rounding.

\* Other public includes financing from provincial governments, and other government departments and agencies.

\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.

French-language television production was even more reliant on broadcaster licence fees than English-language production in 2009/10. Canadian broadcasters accounted for a combined 41% of financing. Federal and provincial tax credits accounted for 26%, and the CTF contributed 17%. Presale financing from foreign sources provided 2% of total financing; at \$12 million, foreign financing was at a five-year high and probably reflected French-language producers' ability to make inroads in format sales for international markets.

**Exhibit 2-44 Financing of French-language Canadian television production**

	2005/06		2006/07		2007/08		2008/09		2009/10	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	27	133	24	136	22	115	25	133	17	103
Public broadcaster licence fees	20	102	23	130	25	133	22	117	24	141
Federal and provincial tax credits	24	120	24	137	24	129	23	120	26	152
Canadian distributor	2	8	2	11	1	7	1	5	2	9
Foreign	1	3	1	4	<1	1	1	6	2	12
Canadian Television Fund	16	81	15	84	16	83	17	90	17	100
Other public*	1	7	1	4	2	12	1	3	4	21
Other private**	10	48	10	54	9	50	10	51	9	54
<b>Total</b>	<b>100</b>	<b>502</b>	<b>100</b>	<b>561</b>	<b>100</b>	<b>530</b>	<b>100</b>	<b>526</b>	<b>100</b>	<b>592</b>

Source: Estimates based on data obtained from CAVCO and Canadian Television Fund.

Note: Some totals may not add due to rounding.

\* Other public includes financing from provincial governments, and other government departments and agencies.

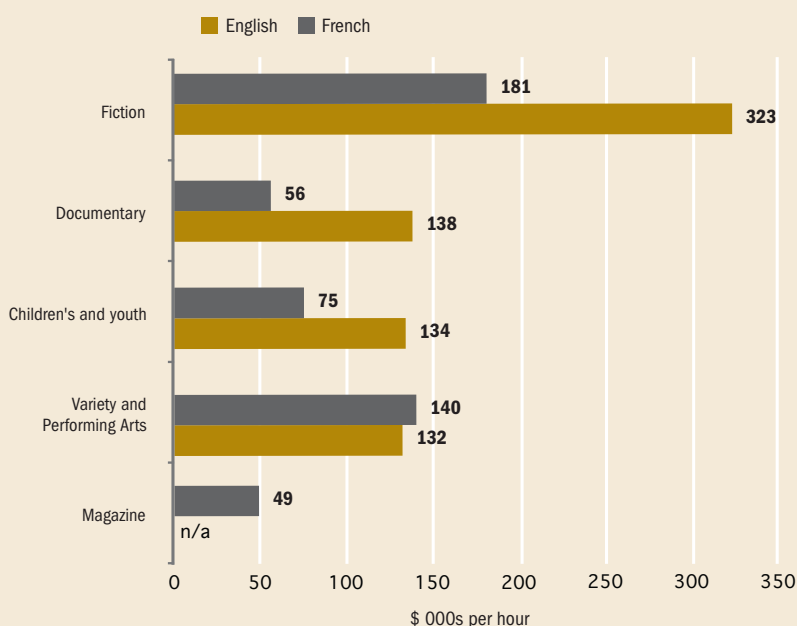
\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.



## BROADCASTER LICENCE FEES

Most financing from Canadian broadcasters is in the form of a broadcaster licence fee. On a per-hour basis, broadcaster licence fees vary significantly across genres and Canada's two language markets. The highest broadcaster licence fees are found in the fiction genre.

**Exhibit 2-45 Average licence fees paid by Canadian broadcasters for Canadian television programming, 2009/10**



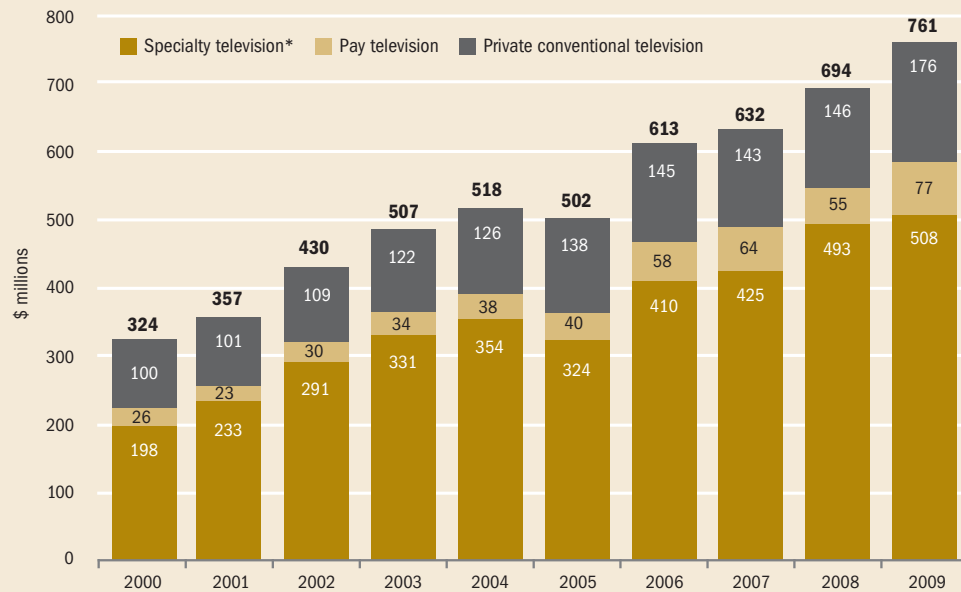
Source: Estimates based on data obtained from CAVCO for a sample of 2009/10 projects.  
n/a – Data not reported due to the size of the sample of projects.

## BROADCASTER SPENDING

Canadian broadcasters license original and repeat programming from both independent Canadian production companies as well as broadcaster-affiliated production companies (production companies in which broadcasters own or control at least 30% of the equity<sup>3</sup>).

During the 2009 broadcasting year (September 2008 to August 2009) private Canadian broadcasters' reported spending on independent Canadian production (original and repeat programming) increased 10% to a total of \$761 million. All three segments of the private television industry contributed to the increase. Private conventional broadcasters made the largest contribution to the increase: their annual spending on independent production rose by \$30 million, or 20.5%.

<sup>3</sup> CRTC, "Guide to the Canadian Program Certification Application Process," CRTC, downloaded at <http://www.crtc.gc.ca/canrec/eng/guide1.htm#s9b> in November 2010.

**Exhibit 2-46 Expenditures on Canadian independent production by private Canadian broadcasters**

Source: Data obtained from the CRTC.

\* includes CBC/Radio-Canada's specialty television services.

Notes: Some totals may not add due to rounding. Spending on Canadian independent production programming refers to programming and production expenses of conventional television licensees, and Canadian program amortization of specialty and pay television licensees.

**Exhibit 2-47 Expenditures by private Canadian broadcasters on broadcaster-affiliated production**

In 2009, private Canadian broadcasters spent a total of \$79 million on the licensing of television programs produced by broadcaster-affiliated production companies, out of total spending of \$840 million (\$761 million + \$79 million) on the licensing of independent and broadcaster-affiliated production. Private conventional broadcasters accounted for \$39 million; specialty and pay television services accounted for \$40 million.

(\$ millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Private conventional broadcasters	47	37	37	28	44	49	55	50	49	39
Specialty* and pay television services	n.a.	n.a.	n.a.	n.a.	n.a.	43	36	40	37	40
<b>Total</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>92</b>	<b>92</b>	<b>90</b>	<b>86</b>	<b>79</b>

Source: CRTC.

\* includes CBC/Radio-Canada's specialty television services.

n.a. – data not available.

Note: Some totals may not add due to rounding.

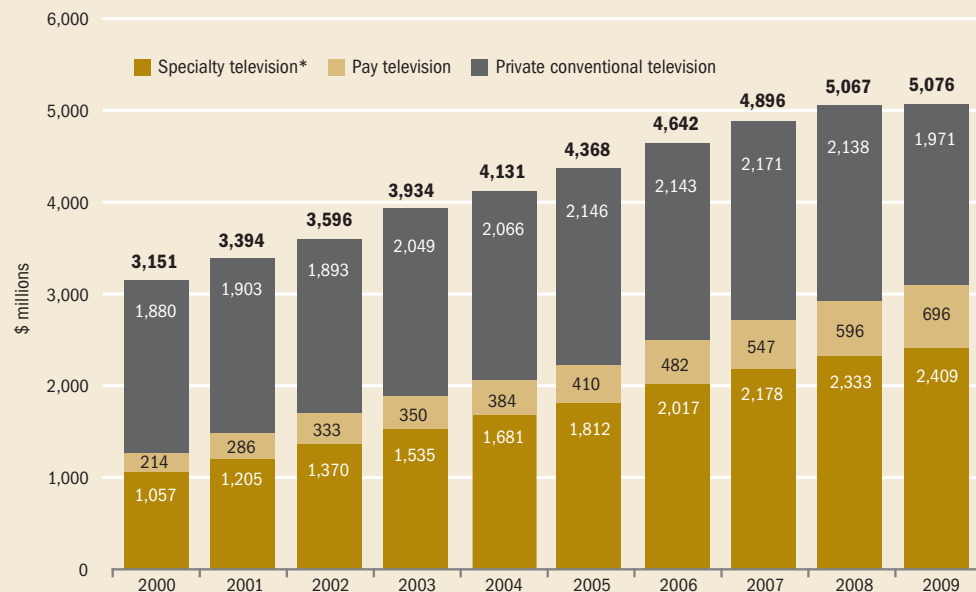
## Private Television Broadcasting Revenues

After growing at a compound annual rate of 6.5% between 2000 and 2007, revenue growth slowed to 3.5% in 2008, as private conventional broadcasters experienced a 1.5% decrease in their revenues. Growth in private Canadian broadcasters' revenue further slowed to only 1.8% in 2009, as private conventional broadcasters experienced a 7.9% contraction in revenues.

The conventional television segment's share of Canadian audiences dropped by 15.2% between 2006 and 2009: from a 34.8% share to a 29.5% share.<sup>4</sup> In 2009, alone, the conventional television segment's share of Canadian audiences dropped by 7.5%: from a 31.9% share to a 29.5% share.<sup>5</sup>

### Exhibit 2-48 Total revenue of private Canadian broadcasters

The total revenues of Canadian television broadcasters increased 1.8% in 2009 to just under \$5.1 billion. Specialty television services' revenues increased 3.3% to \$2.4 billion; conventional broadcasters' revenues decreased 7.9% to just under \$2 billion; and pay television services' revenues increased 16.7% to \$696 million.



Source: Data obtained from the CRTC.

\* includes CBC/Radio-Canada's specialty television services.

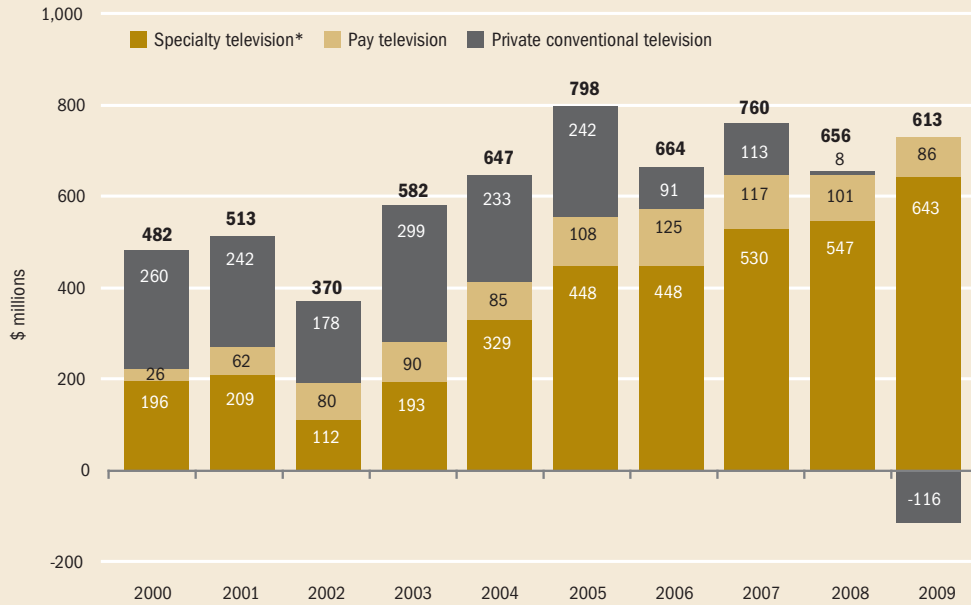
Private Canadian broadcasters' profits before interest and taxes (PBIT) dropped in 2009 for the second consecutive year, as a PBIT loss recorded by private conventional broadcasters and lower PBIT at pay television services offset PBIT growth in the specialty television segment.

<sup>4</sup> CRTC, Communications Monitoring Report 2010, p. 55.

<sup>5</sup> Ibid.

**Exhibit 2-49 Total profit before interest and taxes (PBIT) of private Canadian broadcasters**

Private Canadian broadcasters' PBIT decreased 6.6% to \$613 million in 2009. PBIT in the specialty television segment increased 17.5% to an all-time high of \$643 million in 2009. In the pay television segment, PBIT fell by 14.9% to \$86 million. Private conventional broadcasters posted a PBIT loss of \$116 million in 2009; the first PBIT loss recorded by any segment of the Canadian broadcasting industry since 1992.



Source: Data obtained from the CRTC.

\* includes CBC/Radio-Canada's specialty television services.

## CANADIAN TELEVISION FUND

The Canadian Television Fund (CTF) was a public-private partnership with the objective of funding the production of high-quality, distinctly-Canadian television programs in genres such as drama (fiction), children's and youth programming, documentary, and variety and performing arts programming, which are traditionally under-represented in the Canadian broadcasting system.

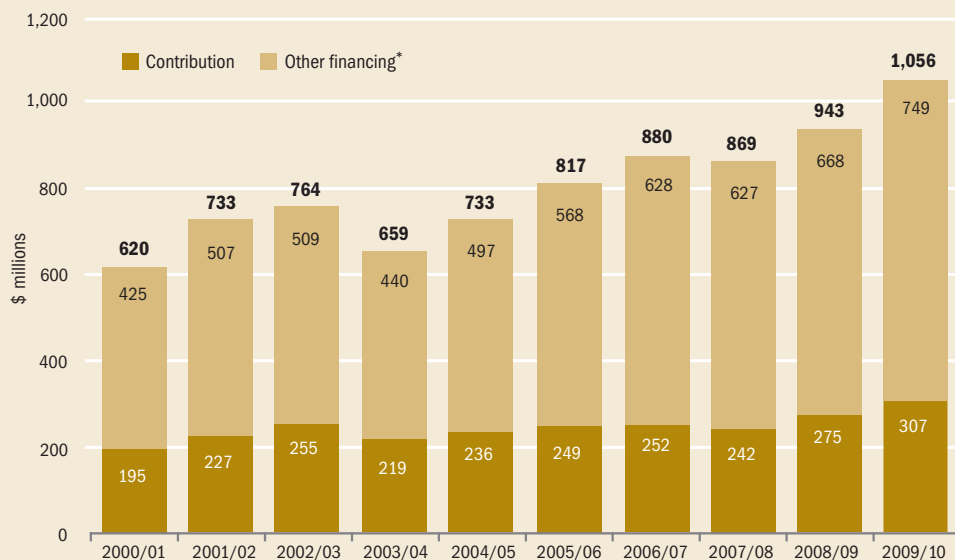
The CTF had grown to be one of the major sources of financing in the Canadian television production industry. The 2009/10 fiscal year was the last year of operations of the CTF.

The new Canada Media Fund (CMF) program, launched at the end of March 2010, succeeded the CTF. The CMF's objective is to assist in the creation of convergent television and digital content in both official languages or Aboriginal languages for distribution on at least two platforms with one being television and in the development and creation of leading-edge non-linear content and applications created exclusively for digital platforms other than television.

### Volume

#### Exhibit 2-50 Total volume of Canadian screen-based production with CTF contributions

The CTF's contribution to the production of Canadian television programming increased 11.9% to \$307 million in 2009/10. Other financing – comprised largely of contributions from production companies, broadcasters, tax credits, and other government sources – contributed an additional \$749 million to CTF-supported productions. Overall, the total volume of television production supported by the CTF increased to over \$1 billion for the first time ever.



Source: Canadian Television Fund.

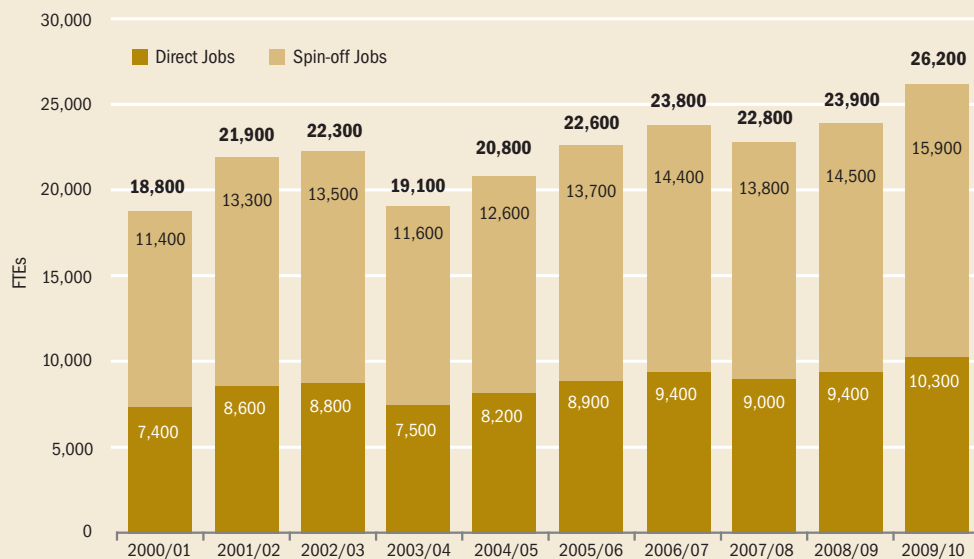
Note: Some totals may not add due to rounding.

\* Other financing includes contributions from production companies, broadcasters, other government sources and distributors.

## Jobs Supported by CTF Production

### Exhibit 2-51 Number of full-time equivalent jobs (FTEs) generated by CTF-supported production

Television production supported by the CTF led to the employment of an estimated 26,200 FTEs across Canada in 2009/10, including 10,300 FTEs directly in film and television production, and a further 15,900 spin-off FTEs in other industries in the Canadian economy.



Source: Estimates based on data from the Canadian Television Fund, Statistics Canada, and Conference Board of Canada.

Note: See the Notes on Methodology section for a description of the job-estimation methodology.

## Hours of Television Production

### Exhibit 2-52 Number of CTF-supported hours of television production, by genre

In 2009/10, the CTF supported approximately 2,422 hours of production, up 9.6% from 2008/09. All genres, except children's and youth programming, experienced an increase in the number of hours of CTF-supported production. The largest increase was in the variety and performing arts (VAPA) genre, where the hours of production increased by 129 or 57.8%.

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Documentary	968.0	1,120.8	1,000.2	738.5	809.8	836.5	798.2	806.1	761.0	821.0
Children's and youth	513.0	681.5	749.6	595.8	781.8	717.2	680.7	692.5	646.0	639.0
Drama (i.e., fiction)	631.0	624.0	532.0	441.0	471.5	525.0	548.5	479.5	580.0	610.0
Variety and performing arts	275.0	364.2	273.0	366.5	312.5	197.0	270.0	216.7	223.0	352.0
<b>Total</b>	<b>2,387.0</b>	<b>2,790.5</b>	<b>2,554.8</b>	<b>2,141.8</b>	<b>2,375.6</b>	<b>2,275.7</b>	<b>2,297.3</b>	<b>2,194.8</b>	<b>2,210.0</b>	<b>2,422.0</b>

Source: Canadian Television Fund.

Note: Some totals may not add due to rounding.

**Exhibit 2-53 CTF contributions to television production, by genre**

All genres received higher contributions from the CTF in 2009/10; while each genre's share of total contributions remained relatively unchanged. The documentary and drama genres experienced slight decreases in their respective shares of total contributions, while the children's and youth, and VAPA genres experienced slight increases.

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>(\$ millions)</b>										
Documentary	44.0	55.7	50.0	44.6	46.5	48.3	51.6	53.4	55.0	61.0
Children's and youth	31.1	48.8	58.1	40.5	45.0	46.3	46.3	49.2	49.0	55.0
Drama (i.e., fiction)	113.1	111.8	135.8	126.1	133.8	146.3	143.6	130.7	162.0	178.0
Variety and performing arts	6.2	10.6	10.4	7.7	10.2	8.0	10.2	9.1	10.0	13.0
<b>Total</b>	<b>194.4</b>	<b>226.9</b>	<b>254.3</b>	<b>218.9</b>	<b>235.5</b>	<b>248.9</b>	<b>251.7</b>	<b>242.4</b>	<b>275.0</b>	<b>307.0</b>
<b>Percent of total</b>										
Documentary	22.6%	24.5%	19.7%	20.4%	19.7%	19.4%	20.5%	22.0%	20.0%	19.9%
Children's and youth	16.0%	21.5%	22.8%	18.5%	19.1%	18.6%	18.4%	20.3%	17.8%	17.9%
Drama (i.e., fiction)	58.2%	49.3%	53.4%	57.6%	56.8%	58.8%	57.0%	53.9%	58.9%	58.0%
Variety and performing arts	3.2%	4.7%	4.1%	3.5%	4.3%	3.2%	4.1%	3.8%	3.6%	4.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Canadian Television Fund.

Note: Some totals may not add due to rounding.

**TREATY CO-PRODUCTION**

Canada's total volume of treaty co-production in the television sub-sector decreased in 2009, following a significant increase in 2008. The rise and ensuing drop in production volume was due to fluctuations in the children's and youth, and documentary genres.

**Exhibit 2-54 Treaty co-production with Canada in the television sub-sector**

Canada's total volume of treaty co-production in the television sub-sector increased 30.2% in 2008, before dropping 17.6% to a total of \$277 million in 2009. The number of Canadian treaty co-production television projects also dropped from 66 in 2008 to 37 in 2009. The average budget for television projects, however, increased from \$5.1 million in 2008 to \$7.5 million in 2009.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Foreign budgets (\$M)	272	274	183	132	126	109	155	145	185	173
Canadian budgets (\$M)	358	313	185	122	99	94	113	113	151	104
<b>Total volume</b>	<b>630</b>	<b>587</b>	<b>368</b>	<b>254</b>	<b>225</b>	<b>203</b>	<b>268</b>	<b>258</b>	<b>336</b>	<b>277</b>
Number of projects	70	82	78	54	54	50	45	48	66	37
Average project budget (\$M)	9.0	7.2	4.7	4.7	4.2	4.1	6.0	5.4	5.1	7.5

Source: Telefilm Canada.

Note: Some totals may not add due to rounding. Statistics as of September 2010.

Although Canada's treaty co-production activity with the U.K. dropped sharply in 2009, it remained Canada's leading partner country. The number of Canada-U.K. treaty co-production projects dropped by over one-half, from 23 in 2008 to 11 in 2009. The volume of Canada-U.K. treaty co-production was down by 26%. France, which has historically been one of Canada's leading treaty co-production partner countries in the television sub-sector saw its bipartite treaty co-production with Canada drop by 73%.

**Exhibit 2-55 Treaty co-production with Canada in the television sub-sector, by partner country, 2008 and 2009**

Country	Number of projects		Total volume (\$ millions)	
	2008	2009	2008	2009
United Kingdom	23	11	92.9	68.7
Germany	–	2	–	x
Ireland	2	2	39.1	x
Spain	1	1	x	x
France	21	10	80.3	21.7
South Africa	–	2	–	x
Brazil	1	2	x	x
Australia	7	1	50.1	x
Singapore	–	1	–	x
Morocco	–	1	–	x
Mexico	1	1	x	x
Israel	1	–	x	–
New Zealand	1	–	x	–
Philippines	1	–	x	–
Romania	2	–	x	–
South Korea	2	–	x	–
Switzerland	1	–	x	–
Multipartite	2	3	x	x
<b>Grand Total</b>	<b>66</b>	<b>37</b>	<b>335.9</b>	<b>276.9</b>

Source: Telefilm Canada.

Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics as of September 2010. Some totals may not add due to rounding.

'x' - Data suppressed due to data confidentiality.



The volume of treaty co-production in the drama genre increased in 2009; however both the children's and youth genre, and documentary genre experienced significant decreases. Treaty co-production in the drama genre increased 60% to \$158 million, although the number of projects dropped from a total of nine to five.

The production volume in the children's and the youth genre fell by 54.7% in 2009, from \$168 million to \$76 million. This marked the first time during the last ten years that the annual volume of children's and youth treaty co-production dropped below \$100 million. In the documentary genre, the volume of production was down by 35.8% in 2009, dropping from \$67 million to \$43 million.

**Exhibit 2-56 International treaty co-production in the television sub-sector, by genre**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Total volume of production (\$ millions)</b>										
Drama (fiction)	324	267	171	30	51	7	105	100	99	158
Documentary	25	39	57	27	41	59	31	48	67	43
Children's and youth	280	280	138	196	131	135	132	111	168	76
Other	1	0	2	0	3	2	0	0	2	1
<b>Total</b>	<b>630</b>	<b>587</b>	<b>368</b>	<b>254</b>	<b>225</b>	<b>203</b>	<b>268</b>	<b>258</b>	<b>336</b>	<b>277</b>
<b>Number of projects</b>										
Drama (fiction)	17	14	12	5	4	1	7	7	9	5
Documentary	19	32	47	27	31	29	21	23	32	20
Children's and youth	33	36	18	22	17	19	17	18	24	11
Other	1	0	1	0	2	1	0	0	1	1
<b>Total</b>	<b>70</b>	<b>82</b>	<b>78</b>	<b>54</b>	<b>54</b>	<b>50</b>	<b>45</b>	<b>48</b>	<b>66</b>	<b>37</b>
<b>Average project budgets (\$ millions)</b>										
Drama (fiction)	19.1	19.1	14.3	6.0	12.7	7.4	15.0	14.2	11.0	31.5
Documentary	1.3	1.2	1.2	1.0	1.3	2.0	1.5	2.1	2.1	2.2
Children's and youth	8.5	7.8	7.7	8.9	7.7	7.1	7.7	6.2	7.0	6.9
Other	1.0	–	2.2	–	1.4	1.8	–	–	2.2	0.6
<b>Total</b>	<b>9.0</b>	<b>7.2</b>	<b>4.7</b>	<b>4.7</b>	<b>4.2</b>	<b>4.1</b>	<b>6.0</b>	<b>5.4</b>	<b>5.1</b>	<b>7.5</b>

Source: Telefilm Canada.

Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics as of September 2010.

AUDIENCES

Top-Rated Television Programs

Canadian-produced television programs lost ground to American-produced programs among Canada’s top-watched television programs between September and May 2009: Canadian-produced television series failed to capture a single spot among the ten top-rated television series in Canada during the first 39 weeks of the 2009 broadcasting year (September 2009 to May 2010). Canadian television programs dropped in terms of their overall share of peak-period viewing in both the English-and French-language markets.

Between September 2009 and May 2010, *Grey’s Anatomy* was the highest-rated television series in Canada, with an average minute audience (AMA) of 2.913 million. The highest-rated Canadian produced television series was the French-language téléromans, *Lance et compte: Le grand duel*, with an AMA of 1.586 million. It was followed by the English-language police drama, *Flashpoint*, with an AMA of 1.490 million.

Exhibit 2-57 Top ten television series in Canada, September 2009 to May 2010

Program (country of origin)	Average Minute Audience* (000s)
1. Grey’s Anatomy (U.S.)	2,913
2. Criminal Minds (U.S.)	2,594
3. House (U.S.)	2,350
4. CSI: NY (U.S.)	2,245
5. Big Bang Theory (U.S.)	2,187
6. The Mentalist (U.S.)	2,178
7. NCIS (U.S.)	2,172
8. CSI (U.S.)	2,088
9. Two and a Half Men (U.S.)	2,048
10. CSI: Miami (U.S.)	2,024

Source: CTF Research (BBM Canada).  
\* Average Minute Audience (Aged 2+) – the number of viewers, aged two and over, tuned to the average minute of a program.  
Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children’s and youth, documentary, and variety and performing arts).

Exhibit 2-58 Top ten Canadian-produced television series, September 2009 to May 2010

Program (country of origin)	Average Minute Audience* (000s)
1. Lance et compte: Le grand duel	1,586
2. Flashpoint	1,490
3. Dieu merci!	1,289
4. Les Parent	1,259
5. Trauma	1,189
6. Yamaska	1,188
7. La Série Montréal-Québec (Le Match)	1,149
8. Peut contenir des Rachid	1,143
9. Toute la vérité	1,142
10. Le Gentleman	1,129

Source: CTF Research (BBM Canada).  
\* Average Minute Audience (Aged 2+) – the number of viewers, aged two and over, tuned to the average minute of a program.  
Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children’s and youth, documentary, and variety and performing arts).

## French-Language Market

Canadian programming continued to hold a strong share of audiences in Canada's French-language market in 2008/09. All Canadian television programming accounted for 67% of total peak-period viewing in the French-language market. The top-ten Canadian-produced television series in the French-language market all earned AMAs in excess of one million.

### Exhibit 2-59 Television audience share to Canadian programming, French-language market, peak viewing period

In the French-language market, Canadian drama programs captured 55% of the peak-period viewing of all drama programming on Canadian television; in the children's and youth genre, the share was 75%; in the documentary genre, 77%; and in the variety and performing arts genre, the audience share for Canadian programs was 84%.

(share of total viewing)	2005/06	2006/07	2007/08	2008/09
Drama (fiction)	61%	56%	52%	55%
Documentary	77%	71%	74%	77%
Children's and youth	66%	72%	63%	75%
Variety and performing arts	93%	93%	79%	84%
<b>All TV genres</b>	<b>65%</b>	<b>68%</b>	<b>66%</b>	<b>67%</b>

Source: CTF Research (BBM Canada).

### Exhibit 2-60 Top ten Canadian television series in the French-language market, September 2009 to May 2010

Between September 2009 and May 2010, the top-rated Canadian-produced French-language television series was *Lance et compte: Le grand duel*. It was followed by the sketch program, *Dieu merci!*, and the drama series, *Les Parent*.

Program	Average Minute Audience* (000s)
1. Lance et compte : Le grand duel	1,586
2. Dieu merci!	1,289
3. Les Parent	1,259
4. Trauma	1,189
5. Yamaska	1,188
6. La Série Montréal-Québec (Le Match)	1,149
7. Peut contenir des Rachid	1,143
8. Toute la vérité	1,142
9. Le Gentleman	1,129
10. Destinées	1,110

Source: CTF Research (BBM Canada).

\* Average Minute Audience (Aged 2+) – the number of viewers, aged two and over, tuned to the average minute of a program.

Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children's and youth, documentary, and variety and performing arts).

English-Language Market

Canadian television programming in the English-language market increased its overall share of peak-period viewing by three percentage points in 2008/09, from 31% to 34%. Accompanying this overall rise, Canadian television programming in the drama and children’s and youth genres improved their audience shares, while the documentary genre maintained its audience share.

On a long-term basis, all of the CTF-supported genres have experienced decreases in their audience shares between 2005/06 and 2008/09. The children’s and youth genre lost seven percentage points of audience share (52% to 45%) between 2005/06 and 2008/09; the documentary genre lost six percentage points (55% to 49%); the variety and performing arts genre lost three percentage points (32% to 29%); and the drama genre lost two percentage points (15% to 13%).

Exhibit 2-61 Television audience share to Canadian programming, English-language market, peak viewing period

In the English-language market, Canadian drama programs captured 13% of the peak-period viewing to all drama programming on Canadian television; in the documentary genre, the share was 49%; in the children’s and youth genre, 45%; and in the variety and performing arts genre, the audience share for Canadian programs was 29%.

(share of total viewing)	2005/06	2006/07	2007/08	2008/09
Drama (fiction)	15%	13%	12%	13%
Documentary	55%	48%	49%	49%
Children's and youth	52%	30%	43%	45%
Variety and performing arts	32%	25%	31%	29%
All TV genres	34%	29%	31%	34%

Source: CTF Research (BBM Canada).

Exhibit 2-62 Top ten Canadian television series in the English-language market, September 2009 to May 2010

Between September 2009 and May 2010, the top-rated Canadian-produced English-language television series was *Flashpoint*. It was followed by the drama, *The Bridge*, and the comedy series, *Hiccups*.

Program	Average Minute Audience* (000s)
1. Flashpoint	1,490
2. The Bridge	1,005
3. Hiccups	972
4. Dan for Mayor	913
5. Rick Mercer Report	882
6. Heartland	858
7. Republic of Doyle	761
8. Ron James	727
9. Defying Gravity	697
10. The Tudors	647

Source: CTF Research (BBM Canada).

\* Average Minute Audience (Aged 2+) – the number of viewers, aged two and over, tuned to the average minute of a program.  
Note: The list of top television programs is based only on television programs in the CTF-supported genres (drama, children’s and youth, documentary, and variety and performing arts).

## THEATRICAL PRODUCTION

Canadian theatrical production (or theatrical-release production) includes feature films and short films<sup>6</sup> made with movie theatres as the primary venue for initial release to the public. In recent years, many Canadian theatrical films such as *De père en flic*, *Trailer Park Boys: Countdown to Liquor Day*, *One Week* and *J'ai tué ma mère* have earned both strong box office runs and critical acclaim.

### HIGHLIGHTS

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- Canadian theatrical production totalled \$308 million, an increase of 41.8% over the previous year.
- Canadian producers made 74 feature-length theatrical films and 2 short-length theatrical films.
- The total number of theatrical films made by Canadian producers dropped from 87 to 76.
- Canadian theatrical production generated an estimated 7,300 FTEs, including 2,900 FTEs employed directly in production.
- English-language production increased to \$232 million and accounted for 76% of total production volume; the number of English-language films fell from 56 to 47 in 2009/10.
- The number of French-language films decreased from 30 to 26, but total production volume increased to \$83 million.
- There were 59 Canadian theatrical films made in the fiction genre, accounting for 92% of the total volume of production.
- The average budget of English-language films more than doubled to \$6.1 million, from \$2.7 million the year before. The average budget of French-language films held steady at \$3.3 million.
- The share of the number of films with budgets over \$10 million increased from 1% to 8%; the share of the number of films with budgets under \$1 million dropped from 25% to 13%.
- Quebec-based producers accounted for 56% of the total volume of Canadian theatrical production.
- Public sources accounted for approximately one-half of total financing of Canadian theatrical-release films. The Canada Feature Film Fund, itself, accounted for 22% of all financing.
- Higher levels of foreign financing and private financing flowing into English-language Canadian theatrical production helped to underpin the recovery in the overall volume of production in 2009/10.

<sup>6</sup> For this report, the feature film category includes all films over 75 minutes in length; the short film category includes films under 75 minutes.

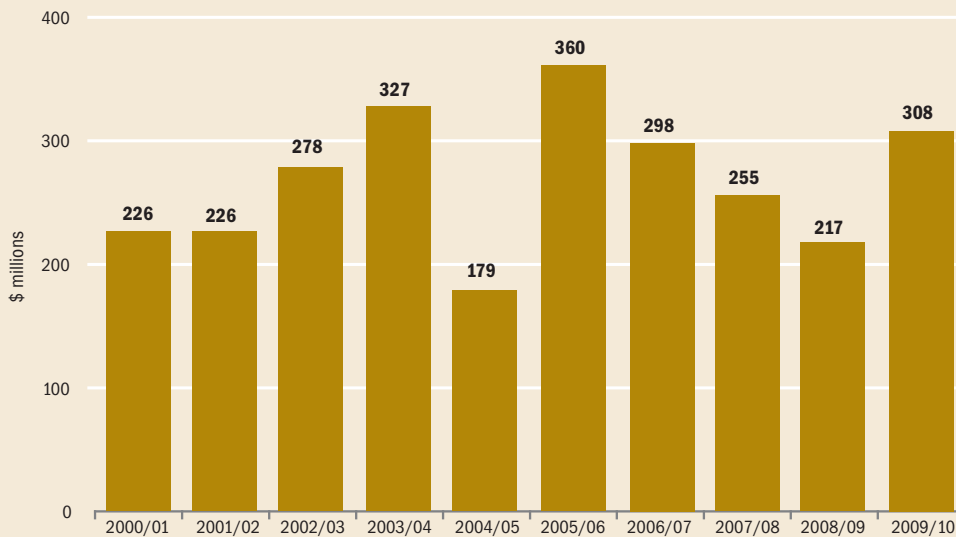
## VOLUME

After three consecutive years of annual decreases, Canadian theatrical production jumped in 2009/10, as a result of an increase in the number of high-budget English-language feature films. The volume of theatrical production rose in 2009/10, even as the annual number of theatrical projects continued to drop.

The profile of English-language productions in 2009/10 may reflect a new trend among Canadian producers to make more films with international talent and appeal to international audiences. While Canadian producers still generate considerable Canadian stories such as *Polytechnique*, or *Trailer Park Boys: Countdown to Liquor Day*, they are also engaging leading foreign actors for films such as *Barney's Version* and *Casino Jack*, which are Canadian stories but are developed for international audiences.<sup>7</sup> In view of the diminished amounts of private financing for independent films in the U.S., Canada stands out as a more compelling place for independent film artists to work.<sup>8</sup> Telefilm Canada offers financing and other support; and Canada's co-production treaties provide additional access to funding in Europe, Asia and South America.

### Exhibit 2-63 Total volume of Canadian theatrical production

The total volume of Canadian theatrical production increased 41.8% to \$308 million.



Source: Estimates based on data collected from CAVCO.

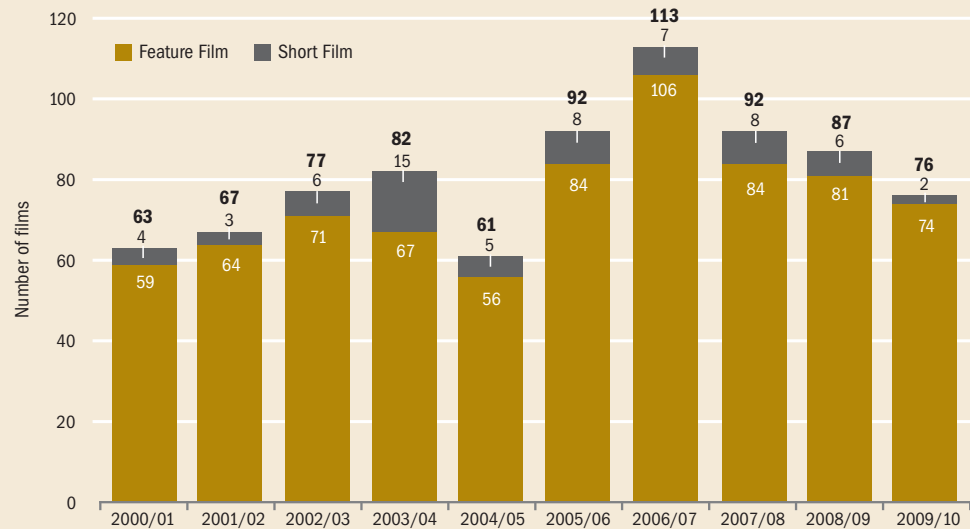
Note: Feature film category includes films over 75 minutes in length; short film category includes films under 75 minutes in length.

<sup>7</sup> Liam Lacey, "Canadian films, American talent," *The Globe & Mail*, September 8, 2010.

<sup>8</sup> *Ibid.*

**Exhibit 2-64 Number of Canadian theatrical films produced in Canada on an annual basis**

The number of feature-length Canadian films produced for theatrical release dropped from 81 in 2008/09 to 74 in 2009/10; the number of short films also dropped from six to two. The overall number of Canadian theatrical productions declined from 87 to 76.

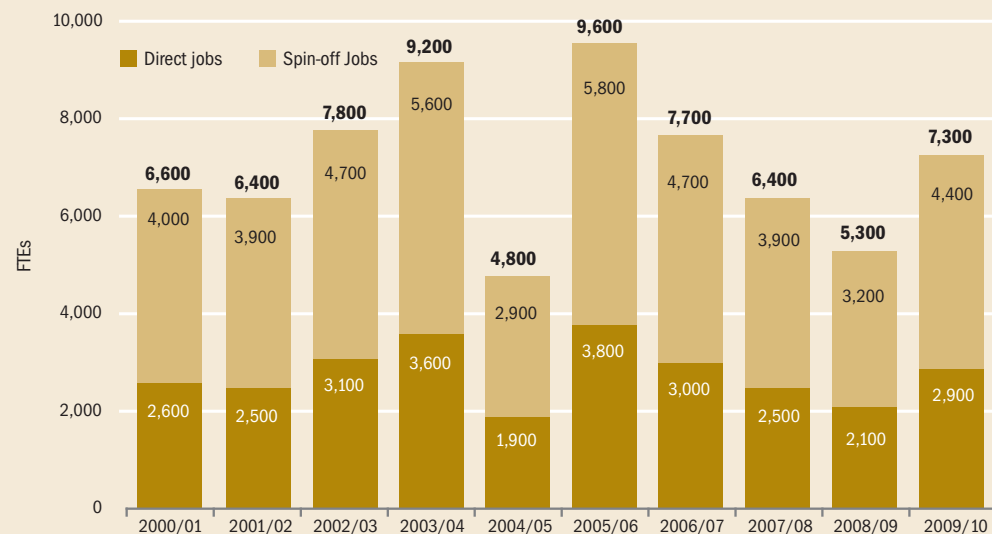


Source: Estimates based on data collected from CAVCO.

Note: Feature film category includes films over 74 minutes in length; short film category includes films under 75 minutes in length.

**EMPLOYMENT****Exhibit 2-65 Number of full-time equivalent jobs (FTEs) in Canadian theatrical production**

Canadian theatrical production employed an estimated 7,300 FTEs in 2009/10, including 2,900 FTEs directly in theatrical film production, and a further 4,400 spin-off FTEs in other industries in the Canadian economy.



Source: Estimates based on data from CAVCO, Statistics Canada and Conference Board of Canada.

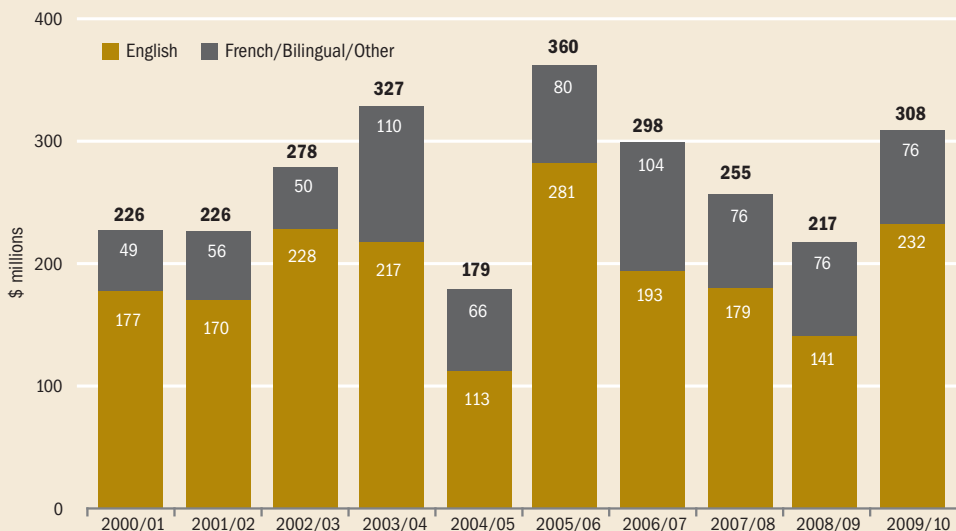
Note: See the Notes on Methodology section for a description of the job-estimation methodology.

## LANGUAGE

After dropping to a four-year low of \$141 million in 2008/09, the total volume of Canadian theatrical production originally shot in English jumped to \$232 million in 2009/10. This increase was driven by an increase in the number of high-budget English-language feature films in 2009/10. The level of theatrical production in other languages – including French, bilingual format, and other languages – remained steady at the same level, \$76 million, for the third year in a row.

### Exhibit 2-66 Volume of Canadian theatrical production, by language

The volume of Canadian theatrical production originally shot in English increased 64.5% to \$232 million in 2009/10. Canadian theatrical production originally shot in French, bilingual format or other languages was unchanged at \$76 million in 2009/10.



Source: Estimates based on data collected from CAVCO.  
Note: Some totals may not add due to rounding.

### Exhibit 2-67 Number of theatrical films, by language

The number of Canadian theatrical films originally shot in English dropped from 56 to 47 in 2009/10; while the number of Canadian theatrical films originally shot in French dropped from 30 to 26. There were three Canadian theatrical films shot in bilingual format or another language.

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>English</b>										
Feature film	42	39	51	39	36	57	69	53	52	45
Short film	2	2	5	9	4	2	3	3	4	2
<b>Total</b>	<b>44</b>	<b>41</b>	<b>56</b>	<b>48</b>	<b>40</b>	<b>59</b>	<b>72</b>	<b>56</b>	<b>56</b>	<b>47</b>
<b>French</b>										
Feature film	16	24	20	26	18	24	35	31	29	26
Short film	1	1	1	5	1	6	3	5	1	0
<b>Total</b>	<b>17</b>	<b>25</b>	<b>21</b>	<b>31</b>	<b>19</b>	<b>30</b>	<b>38</b>	<b>36</b>	<b>30</b>	<b>26</b>



(continued)

**Bilingual and other**

Feature film	1	1	0	2	2	3	2	0	0	3
Short film	1	0	0	1	0	0	1	0	1	0
<b>Total</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>3</b>
<b>Grand Total</b>	<b>63</b>	<b>67</b>	<b>77</b>	<b>82</b>	<b>61</b>	<b>92</b>	<b>113</b>	<b>92</b>	<b>87</b>	<b>76</b>

Source: Estimates based on data collected from CAVCO.

Note: Feature film category includes films over 75 minutes in length; short film category includes films under 75 minutes in length.

**GENRES**

Canadian theatrical production is typically concentrated in the fiction genre; however there is a significant amount of theatrical production in the documentary genre, and smaller amounts of production in other genres, such as children's and youth, and occasionally in variety and performing arts.

The number of fiction features produced for the theatrical market dropped from 71 to 59 in 2009/10, even while the production volume jumped 43% to \$283 million – which clearly indicates a sharp rise in the average budget size of fiction projects. The volume of theatrical production in other genres – including documentary, children's and youth, and variety and performing arts – rose by \$5 million to a total of \$24 million, as the number of projects increased from 16 to 17.

**Exhibit 2-68 Volume of Canadian theatrical production, by genre**

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Fiction	212	216	273	302	163	356	282	235	198	283
Other genres	15	10	5	26	15	4	16	21	19	24
<b>Total</b>	<b>226</b>	<b>226</b>	<b>278</b>	<b>327</b>	<b>179</b>	<b>360</b>	<b>298</b>	<b>255</b>	<b>217</b>	<b>308</b>

Source: Estimates based on data from CAVCO.

Note: Some totals may not add due to rounding.

**Exhibit 2-69 Number of Canadian theatrical films, by genre**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Fiction	59	63	73	68	51	83	98	74	71	59
Other genres	4	4	4	14	10	9	15	18	16	17
<b>Total</b>	<b>63</b>	<b>67</b>	<b>77</b>	<b>82</b>	<b>61</b>	<b>92</b>	<b>113</b>	<b>92</b>	<b>87</b>	<b>76</b>

Source: Estimates based on data from CAVCO.

The documentary genre accounted for the majority of theatrical production in other genres in 2009/10; however, theatrical documentary production was down slightly. The number of theatrical documentaries decreased from 13 to 12 in 2009/10 and the total budgets of these films decreased from \$17 million to \$16 million.

**Exhibit 2-70 Theatrical documentary films**

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Volume (\$ millions)	24	6	4	10	14	17	16
Number of films	12	6	8	14	16	13	12

Source: Estimates based on data from CAVCO.

Note: Data for documentary films is included in the 'Other genres' category in the overall breakdown of theatrical production by genre.

The production of Canadian theatrical documentaries is supported, in part, by Telefilm Canada's Theatrical Documentary Program. With financial resources from Telefilm Canada and the Rogers Group of Funds, the Theatrical Documentary Program provides \$1.5 million in financial support exclusively to the production of documentary feature films. And while, the introduction of the Theatrical Documentary Program in 2005 appears to have been followed by higher levels of theatrical documentary production, the level of available financial support is equal to less than 10% of total production volume in 2009/10.

**BUDGETS**

Industry-wide statistics on the budgets for Canadian theatrical feature films in the fiction genre indicate that the average budget moved sharply higher in 2009/10 for English-language films after dropping to a ten-year low in 2008/09. The average budget for French-language fiction films was unchanged in 2009/10.

The year-to-year fluctuations in both the industry-wide and the average budgets for CFFF-supported films can be greatly affected by the number and size of treaty co-productions made each year. Treaty co-production projects often have budgets that are much higher than domestically-financed films.

In the English-language market, a small number of high-budget films drove the average budget to a ten-year high of \$6.1 million, but left the median budget relatively unchanged. In the French-language market, the average budget was unchanged at \$3.3 million; the median budget increased to \$3.9 million.

**Exhibit 2-71 Budgets of theatrical feature films (fiction genre only)**

On an overall basis, the average budget for a Canadian feature-length film in the fiction genre increased from \$2.9 million in 2008/09 to \$4.9 million in 2009/10.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>English</b>										
Average	4.0	4.3	4.4	4.8	3.1	4.4	2.9	3.7	2.7	6.1
Median	2.6	2.9	3.5	2.2	1.5	2.1	2.0	2.1	1.8	1.7
<b>French</b>										
Average	2.4	2.3	2.7	3.2	3.6	3.3	3.1	2.8	3.3	3.3
Median	1.9	1.7	2.4	3.0	4.1	3.5	3.2	1.3	3.6	3.9
<b>Total*</b>										
Average	3.5	3.5	3.9	4.5	3.2	4.2	3.0	3.3	2.9	4.9
Median	2.3	2.2	3.0	2.8	1.9	2.7	2.1	2.1	2.9	2.3

Source: Estimates based on data from CAVCO.

Notes: Calculations exclude the foreign budgets of treaty co-productions.

\* including other languages

**Exhibit 2-72 Average budgets of CFFF-supported theatrical feature films (fiction genre only)**

The average budget for English-language feature films supported by the CFFF decreased to \$4.1 million in 2009/10, and was below the industry-wide average of \$6.1 million. In contrast, the average budget of French-language CFFF films increased to \$4.2 million in 2009/10 and was above the industry-wide average of \$3.3 million.

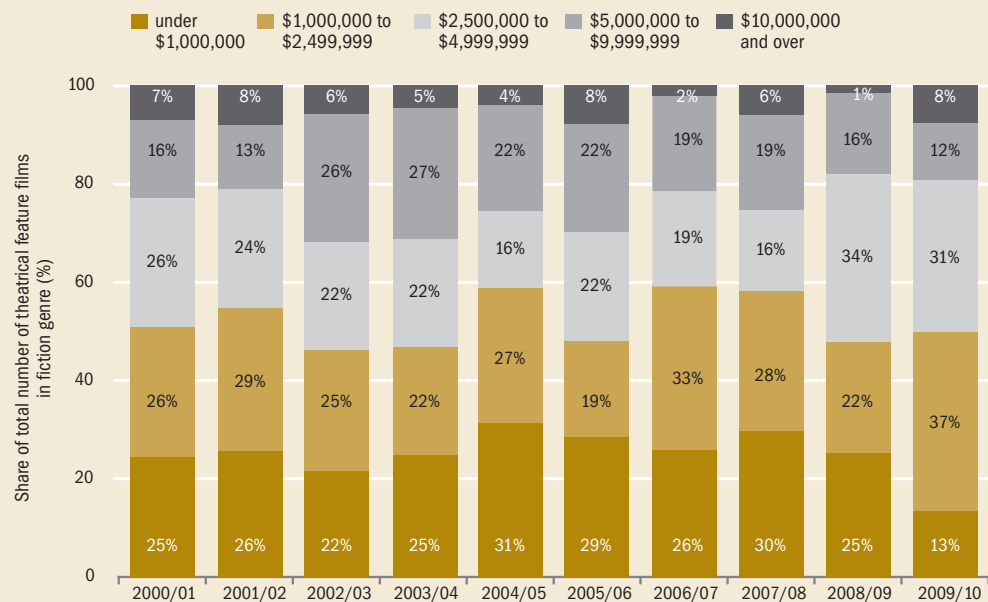
(\$ millions)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
English	5.8	3.9	6.8	6.3	5.4	3.8	5.9	4.6	4.1
French	2.7	3.0	4.8	4.9	3.8	3.6	4.0	4.0	4.2
All languages	4.6	3.6	5.9	5.8	4.7	3.7	5.1	4.3	4.2

Source: Telefilm Canada.

Notes: Calculations exclude the foreign share of treaty co-production budgets in which Canada was a minority partner.

**Exhibit 2-73 Theatrical feature film projects, by budget size (fiction genre only)**

There was a sharp drop in 2009/10 in the proportion of Canadian fiction features with budgets under \$1 million. Meanwhile the proportion of fiction features with budgets of \$10 million or higher jumped from 1% in 2008/09 to 8% in 2009/10 – matching the ten-year high. The combination of fewer low-budget films (under \$1 million) and more very-high budget films (\$10 million or higher) contributed to the sharp increase in the average budget for Canadian fiction features in 2009/10.



Source: Estimates based on data collected from CAVCO.

Note: Budget calculations exclude the foreign budgets of treaty co-productions.

## PROVINCES AND TERRITORIES

Quebec maintained its position as the leading province for Canadian theatrical production in 2009/10, with 56% of the total national volume. Ontario-based producers accounted for 32% of the total national volume; while producers based in British Columbia accounted for 8%. Montreal's long tradition as a centre for both French-language and English-language producers in Canada, combined with significant financial support for feature film production from the Société de développement des entreprises culturelles (SODEC) continue to underpin Quebec's high-volume position within Canada.

Other provinces, however, are also increasing their commitment to feature film production. The Ontario Media Development Corporation (OMDC) Film Fund provides \$2.5 million in financial support for the development and production of feature films.<sup>9</sup> Manitoba, Saskatchewan, Nova Scotia, and Newfoundland and Labrador also have equity investment funds available for feature film; however feature films must compete with television projects for these funds.

The strong increase in Canadian theatrical production in 2009/10 – particularly in the English-language segment – was shared between producers in Ontario and Quebec. Canadian theatrical production by Ontario-based producers bounced back by \$70 million in 2009/10; while Canadian theatrical production by Quebec-based producers was \$62 million higher. The strong increases in production volume in these two provinces were partially offset by decreases in Canadian theatrical production in British Columbia, Alberta, Saskatchewan, Nova Scotia, New Brunswick, and the lack of theatrical productions in Manitoba, and Newfoundland and Labrador.

### Exhibit 2-74 Volume of Canadian theatrical production, by province and territory

Quebec-based producers generated \$172 million in Canadian theatrical production. They were followed by producers based in Ontario with \$100 million. Producers based in British Columbia generated \$25 million of Canadian theatrical production. Producers based in Alberta, Saskatchewan, Nova Scotia and New Brunswick also made Canadian theatrical productions in 2009/10.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10 share of total
Quebec	68	103	104	185	92	100	124	101	111	172	56%
Ontario	70	87	87	117	68	200	93	82	30	100	32%
British Columbia	59	29	49	14	11	44	43	44	43	25	8%
Alberta	8	0	24	1	1	1	5	10	0	6	2%
Saskatchewan	9	0	4	0	0	0	0	11	15	3	1%
Nova Scotia	0	3	4	8	5	10	21	3	7	1	<1%
New Brunswick	1	0	0	0	0	0	0	0	3	1	<1%
Newfoundland and Labrador	5	1	0	0	0	0	0	1	7	0	0%
Manitoba	5	3	6	1	2	2	8	4	0	0	0%
Territories*	0	0	0	0	0	3	3	0	0	0	0%
Prince Edward Island	0	0	0	0	0	0	0	0	0	0	0%
<b>Total</b>	<b>226</b>	<b>226</b>	<b>278</b>	<b>327</b>	<b>179</b>	<b>360</b>	<b>298</b>	<b>255</b>	<b>217</b>	<b>308</b>	<b>100%</b>

Source: Estimates based on data collected from CAVCO.

Note: Some totals may not add due to rounding.

\* Territories include Yukon, Nunavut and Northwest Territories.

<sup>9</sup> Ontario Media Development Corporation, "OMDC Supports Domestic Film Industry: Film Fund Invests \$2.5 million in 16 Projects," news release, September 9, 2010.

## FINANCING

Canadian theatrical production continued to rely heavily on financing from federal and provincial governments in 2009/10; however, the increase in Canadian theatrical production appears to have been underpinned by higher levels of foreign financing and private investment, mainly in the Canadian portion of international co-production budgets.

In 2009/10, tax credits and direct public financing from federal and provincial governments accounted for just under one-half of total financing of Canadian theatrical films. In fact, the CFFF was the largest single source of financing for Canadian theatrical production; it contributed \$67 million to production, or 22% of total financing.

Foreign financing experienced a moderate recovery in 2009/10. The total amount of foreign financing for Canadian theatrical production doubled from \$25 million to \$50 million. As a share of total financing, foreign financing increased from 12% to 16% - its highest level since 2005/06.

Other private financing – including investments by production companies, advances from private investors and equity investments by Canadian broadcasters – also experienced a recovery in 2009/10. After dropping to \$25 million in 2008/09, it more than doubled to \$59 million. This financing category also raised its share of total financing from 12% to 19%. Financing from Canadian distributors increased to \$36 million, but its share decreased slightly to 12%.

**Exhibit 2-75 Financing of Canadian theatrical production**

	2005/06		2006/07		2007/08		2008/09		2009/10	
	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions	%	\$ millions
Private broadcaster licence fees	3	10	2	5	2	6	2	4	4	14
Public broadcaster licence fees	1	2	<1	1	1	2	<1	1	1	4
Federal and provincial tax credits	24	86	22	67	21	54	22	49	22	69
Canadian distributor	10	34	12	35	17	44	14	31	12	36
Foreign	25	89	6	17	12	31	12	25	16	50
Canada Feature Film Fund	13	48	21	64	27	68	30	65	22	67
Other public*	11	41	14	41	2	6	8	16	3	10
Other private**	14	50	23	69	18	45	12	25	19	59
<b>Total</b>	<b>100</b>	<b>360</b>	<b>100</b>	<b>298</b>	<b>100</b>	<b>255</b>	<b>100</b>	<b>217</b>	<b>100</b>	<b>308</b>

Source: Estimates based on data obtained from CAVCO and Telefilm Canada.

Note: Some totals may not add due to rounding.

\* Other public includes financing from provincial governments, Telefilm Canada, and other government departments and agencies.

\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.

English- and French-language Canadian theatrical production had very different financing profiles in 2009/10. French-language production had a much higher reliance on public funding: tax credits, CFFF and other public sources accounted for 78% of its total financing in 2009/10. For English-language production, the share was 40%. English-language production was much more dependent on private financing sources in 2009/10. Indeed the increase in foreign financing and private financing of Canadian theatrical production 2009/10 was concentrated almost exclusively in English-language production.

#### Exhibit 2-76 Financing of Canadian theatrical production, by language, 2009/10

	English		French	
	%	\$ millions	%	\$ millions
Private broadcaster licence fees	5	12	1	1
Public broadcaster licence fees	1	3	<1	<1
Federal and provincial tax credits	20	47	28	18
Canadian distributor	12	28	8	5
Foreign	29	44	2	1
Canada Feature Film Fund	19	45	30	22
Other public*	<1	1	20	12
Other private**	22	51	11	7
<b>Total</b>	<b>100</b>	<b>232</b>	<b>100</b>	<b>67</b>

Source: Estimates based on data obtained from CAVCO and Telefilm Canada.

Note: Some totals may not add due to rounding.

\* Other public includes financing from provincial governments, Telefilm Canada, and other government departments and agencies.

\*\* Other private includes financing from production companies, independent production funds, broadcaster equity, and other Canadian private investors.

## CANADA FEATURE FILM FUND

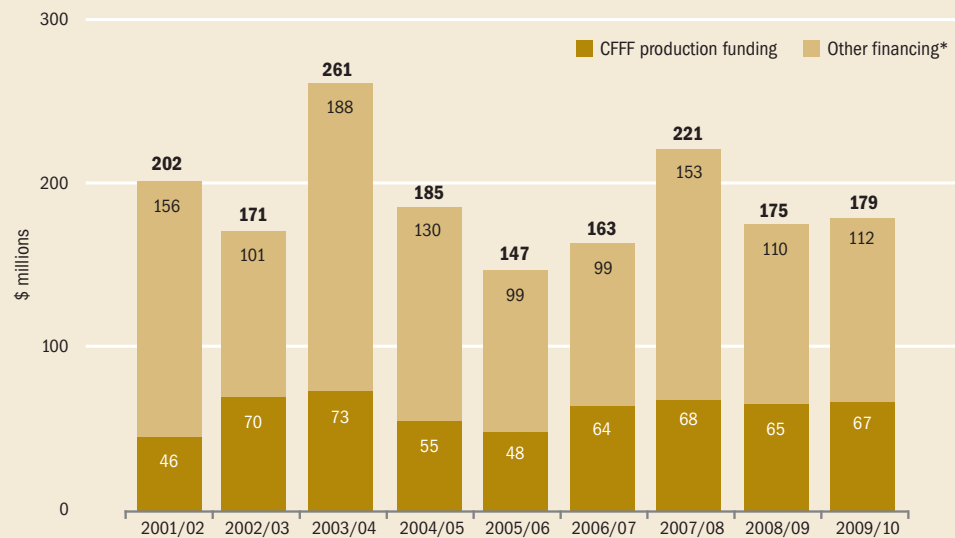
The Canada Feature Film Fund (CFFF), established in 2000 and administered by Telefilm Canada, is the federal government's main program for the support of the Canadian theatrical feature film industry and the single largest source of financing for Canadian theatrical production.

In 2009/10, the CFFF provided approximately \$90 million in financial support to the development, production, distribution and marketing of Canadian feature films.<sup>10</sup> Out of this \$90 million total, Telefilm Canada provided \$67 million in production financing to 43 feature films. This funding from the CFFF triggered an additional \$112 million in feature film financing from other public- and private-sector sources.

<sup>10</sup> Source: Telefilm Canada. In addition to the funding provided for the development, production, and marketing of Canadian feature films, this amount includes funding for complementary activities such as film festivals.

**Exhibit 2-77 Total Canadian feature film production volume with CFFF contributions**

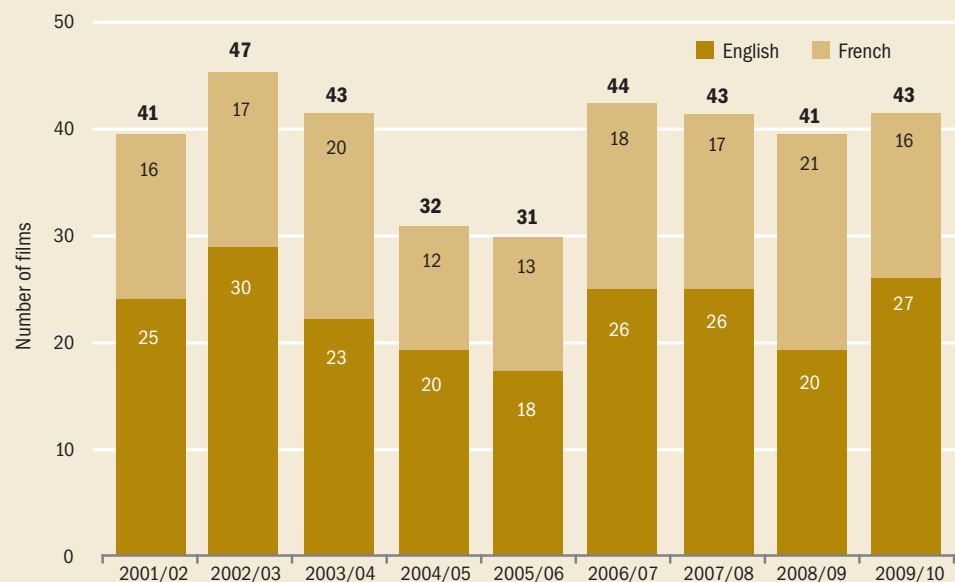
With feature film financing from other sources totalling \$112 million in 2009/10, the CFFF's financing-leverage ratio (i.e., the ratio of CFFF financing to other financing) was \$1.67. This financing-leverage ratio was in line with the 2008 ratio of \$1.69, but 26% lower than the ratio of \$2.25 in 2007/08.



Source: Telefilm Canada.

\* Other financing includes contributions from production companies, broadcasters, other government sources and distributors.

Note: Total budgets exclude the foreign portion of co-production budgets for which Canada is a minority partner.

**Exhibit 2-78 Number of Canadian theatrical-release feature films that received financial support from the CFFF**

Source: Telefilm Canada.

## TREATY CO-PRODUCTION

Canadian producers have a long history of joining forces with foreign producers to create international treaty co-productions in the theatrical sub-sector. International treaty co-productions often have considerably higher budgets than Canadian domestic productions.

Canadian treaty co-production in the theatrical sub-sector recovered in 2009, after experiencing a sharp fall in 2008. After climbing to \$318 million in 2007, this sub-sector plummeted to an 11-year low of \$116 million in 2008. There was a moderate bounce-back in production in 2009, however. Even though the number of projects dropped from 25 in 2008 to 17 in 2009, the average project budget more than doubled to \$10.8 million, raising the volume of production by 58% to \$183 million.

### Exhibit 2-79 Treaty co-production with Canada in the theatrical sub-sector

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Foreign budgets (\$M)	127	94	81	166	115	69	121	193	61	75
Canadian budgets (\$M)	102	95	96	186	106	79	76	125	56	108
<b>Total volume (\$M)</b>	<b>229</b>	<b>189</b>	<b>177</b>	<b>352</b>	<b>221</b>	<b>148</b>	<b>197</b>	<b>318</b>	<b>116</b>	<b>183</b>
Number of projects	21	20	21	30	17	16	19	25	25	17
Average project budget (\$M)	10.9	9.5	8.4	11.7	13.0	9.3	10.4	12.7	4.6	10.8

Source: Telefilm Canada.

Note: Some totals may not add due to rounding. Statistics as of September 2010.

The large part of the moderate bounce-back in 2009 can, in all likelihood, be attributed to a small group of films, including co-productions such as *Resident Evil: Afterlife* (Canada-Germany), *Barney's Version* (Canada-Italy), and *Incendies* (Canada-France).

International treaty co-production is likely to continue to be vital to Canada's theatrical sub-sector, as it permits Canadian producers to access global talent and financing, while also utilizing Canadian tax credits, enhancing domestic labour force skills and creating thousands of production jobs for Canadians.

### Exhibit 2-80 Treaty co-production with Canada in the theatrical sub-sector, by partner country, 2008 and 2009

Country	Number of projects		Total volume (\$ millions)	
	2008	2009	2008	2009
Germany	1	2	x	x
France	12	4	69.0	45.5
Italy	–	2	–	x
United Kingdom	1	2	x	x
South Africa	–	1	–	x
Slovenia	–	1	–	x
Israel	–	1	–	x
Australia	2	1	x	x
Sweden	–	1	–	x
China	–	1	–	x
Ireland	3	–	11.1	–
Romania	1	–	x	–
Belgium	1	–	x	–
Bulgaria	1	–	x	–



(continued)

Luxembourg	1	—	x	—
Switzerland	1	—	x	—
Multipartite	1	1	x	x
<b>Grand Total</b>	<b>25</b>	<b>17</b>	<b>116.2</b>	<b>182.8</b>

Source: Telefilm Canada.

Some totals may not add due to rounding.

Note: Total volume refers to the global budget rather than only the Canadian portion of the budget. Statistics as of September 2010.

'x' - Data suppressed due to data confidentiality.

## NATIONAL BOX OFFICE TRENDS

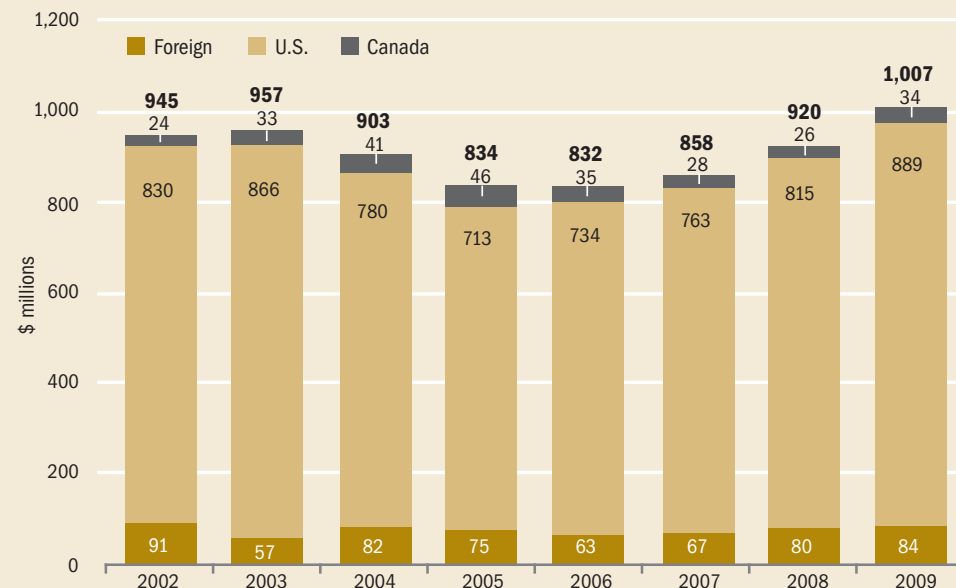
Canada's total theatrical box office surpassed the \$1 billion threshold for the first time ever, as it rose for the third consecutive year.

Canadian, American and other foreign films all experienced increased box office earnings in 2009. Canadian films experienced the largest percentage increase, 31%; while American films experienced the largest dollar increase, \$74 million.

The statistics support the widely held view that movie-theatre attendance and box office spending remains strong during economic recessions and can even be counter-cyclical. The statistics also suggest that theatre attendance has not yet been negatively impacted by other distribution platforms, including DVD sale and rental, VOD, iTunes, and other Internet downloading and streaming services.

### Exhibit 2-81 Box office revenues in Canada, by origin of production

Following a three-year erosion in market share, Canadian films expanded their share of the box office in Canada in 2009. This expanded market share was largely driven by strong performance of Canadian films in Canada's French-language market.



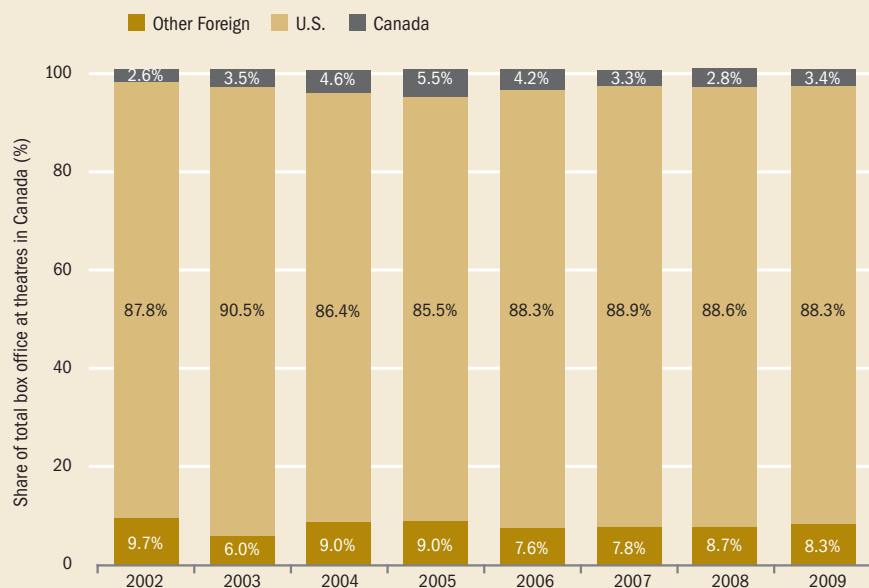
Source: Motion Picture Theatre Associations of Canada (MPTAC).

Note: Some totals may not add due to rounding.

Further detailed Canadian box office statistics are available from the Motion Picture Theatre Associations of Canada (MPTAC) which offers a subscription service. For more information call Adina Lebo, Executive Director, MPTAC, at 416-969-7057.

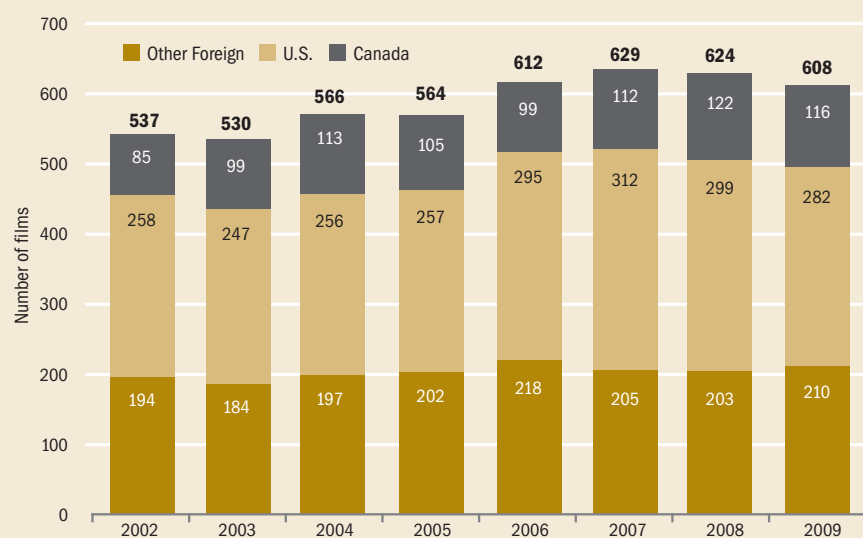
**Exhibit 2-82 Share of total box office revenues in Canada, by origin of production**

Canadian films saw their share of the box office in Canada increase to 3.4% in 2009, from 2.8% in 2008. American films' share was down slightly to 88.3%, from 88.6% in 2008. Films from other foreign countries captured 8.3%, down slightly from 8.7% in 2008.



Source: Motion Picture Theatre Associations of Canada (MPTAC).

Note: Some totals may not add due to rounding.

**Exhibit 2-83 Number of films playing in theatres in Canada, by origin of production**

Source: Motion Picture Theatre Associations of Canada (MPTAC).

## BOX OFFICE BY LINGUISTIC MARKET

When examined on the basis of Canada's two major language markets<sup>11</sup> for feature films, the box office performance of Canadian films varied considerably in 2009. Canadian films' share of the box office in Canada's French-language market increased to 18.5%, but was still lower than in previous years. In the English-language market, Canadian films' share dropped below one per cent for the first time since 2003.

Canadian films exhibited in the French-language market earned \$26.7 million at theatres in Canada in 2009, and saw their market share increase by one-third, following three consecutive annual decreases. Canadian films in the English-language market earned \$6.8 million at theatres in Canada in 2009 – the lowest level since 2003 – and experienced a market share decrease to 0.8%.

**Exhibit 2-84 Box office revenues and market share at theatres in Canada, by linguistic market**

	2002	2003	2004	2005	2006	2007	2008	2009
<b>French-language market</b>								
<i>(\$ millions)</i>								
Box office of Canadian films	15.2	26.5	30.0	37.4	22.3	20.8	17.4	26.7
Box office of foreign films	107.0	118.0	106.7	101.1	108.1	107.6	108.5	117.9
Total box office of films	122.2	144.5	136.7	138.5	130.4	128.5	125.9	144.7
Canadian films' share	12.5%	18.3%	21.2%	27.0%	17.1%	16.2%	13.8%	18.5%
<i>(Number of films playing in theatres in Canada)</i>								
Canadian films	52	68	86	80	79	84	79	78
Foreign films	262	289	298	302	344	328	293	316
All films	314	357	384	382	423	412	372	394
Ratio of foreign to Canadian films	5.0	4.3	3.5	3.8	4.4	3.9	3.7	4.1
<b>English-language market</b>								
<i>(\$ millions)</i>								
Box office of Canadian films	8.9	6.8	12.1	8.1	12.5	6.9	8.5	6.8
Box office of foreign films	814.0	805.4	754.1	687.4	703.2	722.2	786.0	855.4
Total box office of films	822.9	812.2	766.2	695.5	715.7	729.1	794.5	862.2
Canadian films' share	1.1%	0.8%	1.6%	1.2%	1.7%	1.0%	1.1%	0.8%
<i>(Number of films playing in theatres in Canada)</i>								
Canadian films	60	56	67	62	57	63	72	71
Foreign films	395	362	377	388	413	438	436	422
All films	455	418	444	450	470	501	508	493
Ratio of foreign to Canadian films	6.6	6.5	5.6	6.3	7.2	7.0	6.1	5.9

Source: Motion Picture Theatre Associations of Canada (MPTAC).

Note: Some totals may not add due to rounding.

<sup>11</sup> In Canada, the French-language market refers to all films presented in French. This includes films for which the original language of production was French, as well as other films dubbed into French, or presented with French subtitles. The English-language market refers to all films presented in English (original language, dubbed or subtitled).

## TOP FILMS BY LANGUAGE OF PRESENTATION

**Exhibit 2-85 Top ten films presented in the English-language market, 2009**

The ten highest-grossing films in Canada's English-language market in 2009 were either American or British.

Title	Box office receipts* (\$ millions)	Country of origin
1. Transformers: Revenge of the Fallen	30.7	U.S.
2. Harry Potter Half-Blood Prince	26.4	U.K.
3. Avatar	24.0	U.S.
4. The Hangover	23.4	U.S.
5. Star Trek	23.2	U.S.
6. The Twilight Saga: New Moon	22.9	U.S.
7. Up	22.9	U.S.
8. Monsters vs. Aliens	16.5	U.S.
9. Ice Age: Dawn of the Dinosaurs	15.7	U.S.
10. Inglourious Basterds	14.6	U.S.

Source: Motion Picture Theatre Associations of Canada (MPTAC).

\* Box office receipts earned during between January 1 and December 31, 2009. This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

**Exhibit 2-86 Top ten films presented in the French-language market, 2009**

In Canada's French-language market, the Canadian comedy film, *De père en flic*, led the way with a total of \$10.7 million in box office receipts in the French-language market. This box office result made it the highest grossing Canadian French-language film in history. While a Canadian film did occupy the top box-office position in the French-language market in 2009, American and British films occupied the other nine positions in the top ten.

Title	Box office receipts* (\$ millions)	Country of origin
1. De père en flic	10.7	Canada
2. Ice Age: Dawn Of The Dinosaurs	5.1	U.S.
3. Harry Potter Half-Blood Prince	5.1	U.K.
4. The Twilight Saga: New Moon	5.0	U.S.
5. Transformers: Revenge Of The Fallen	3.7	U.S.
6. Angels & Demons	3.6	U.S.
7. 2012	3.2	U.S.
8. Avatar	3.2	U.S.
9. Fast And Furious	2.9	U.S.
10. Up	2.3	U.S.

Source: Motion Picture Theatre Associations of Canada (MPTAC).

\* Box office receipts earned during between January 1 and December 31, 2009. This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

**Exhibit 2-87 Top ten Canadian-produced films presented in the English-language market, 2009**

*Trailer Park Boys: Countdown to Liquor Day* was the top-grossing Canadian film in Canada's English-language market in 2009; it earned just under \$3 million in box office receipts at theatres in Canada in the English-language market. *One Week* was the only other Canadian film to earn more than one million dollars in box office receipts in Canada's English-language market in 2009.

Title	Box office receipts* (\$ millions)	Original language of production
1. Trailer Park Boys: Countdown to Liquor Day	2.95	English
2. One Week	1.24	English
3. Cairo Time	0.51	English
4. Stone Of Destiny	0.41	English
5. Imaginarium of Dr. Parnassus	0.39	English
6. Fifty Dead Men Walking	0.20	English
7. Adoration	0.09	English
8. The Necessities Of Life (Ce qu'il faut pour vivre)	0.09	French
9. Pontypool	0.07	English
10. Love and Savagery	0.06	English

Source: Motion Picture Theatre Associations of Canada (MPTAC).

Note: Some figures may differ from statistics published by MPTAC, due to differences in the classification of revenues from the French- and English-language markets.

**Exhibit 2-88 Top ten Canadian-produced films presented in the French-language market, 2009**

Seven Canadian films earned more than one million dollars at theatres in Canada in the French-language market in 2009. This was an improvement over 2008, when only four Canadian films surpassed this box-office earnings threshold.

Title	Box office receipts* (\$ millions)	Original language of production
1. De père en flic	10.69	French
2. Les doigts croches	1.77	French
3. Dédé à travers les brumes	1.73	French
4. Polytechnique	1.62	French/English
5. À vos marques... party! 2	1.44	French
6. Les pieds dans le vide	1.16	French
7. 5150, rue des Ormes	1.10	French
8. J'ai tué ma mère	0.92	French
9. 1981	0.89	French
10. Les grandes chaleurs	0.81	French

Source: Motion Picture Theatre Associations of Canada (MPTAC).

\* Box office receipts earned during between January 1 and December 31, 2009. This amount may under-represent a particular films' total box office receipts, if the film played in Canadian cinemas across two calendar years.

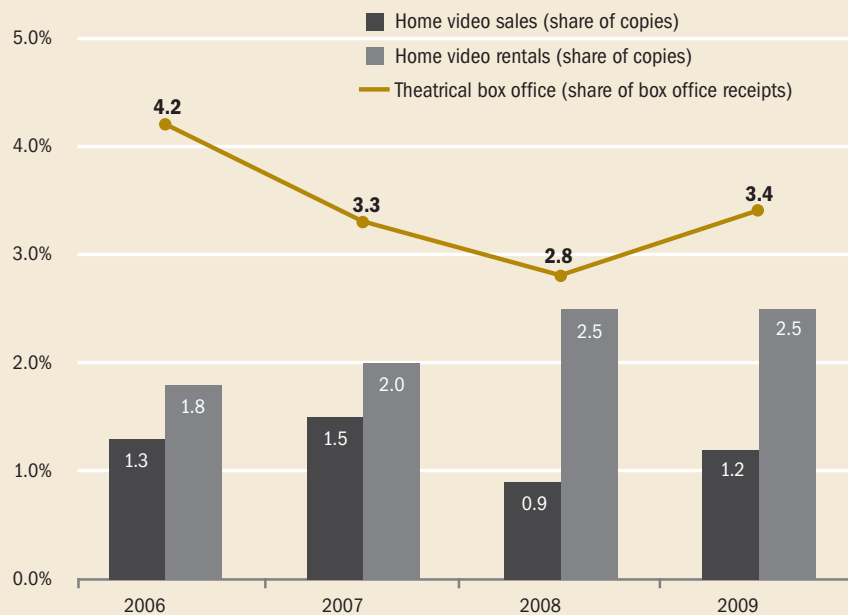
## HOME VIDEO AND TELEVISION MARKET SHARE

While the movie-theatre window represents a key platform for the distribution of feature films, other platforms such as home video rental and sales (i.e., Blu-ray Disc, DVD and videocassettes), and various television-release windows (i.e., VOD, pay-per-view, pay television, and conventional television) also account for a large share of the overall audience to any given feature film. In fact, these post-cinema platforms often account for the majority of the revenues earned by a feature film. Statistics for the market share of Canadian feature films on home video and television platforms present a more complete picture of their market share within Canada.

A comparison of market share statistics for home video windows and the Canadian theatrical box office indicates that Canadian feature films' box office market share was higher than its share of the home video segment in Canada. Between 2006 and 2009, the market share of Canadian feature films, as measured by copies sold or rented, was lower than the overall share of box office revenues in Canada captured by Canadian feature films.

### Exhibit 2-89 Market share of Canadian feature films in Canada, home video vs. theatrical box office

In 2009, Canadian feature films accounted for 1.2% of all feature film home videos sales in Canada and 2.5% of all feature film home video rentals.



Source: Department of Canadian Heritage analysis of data from Nielsen VideoScan (sales) and Rentrak Corporation (rentals).

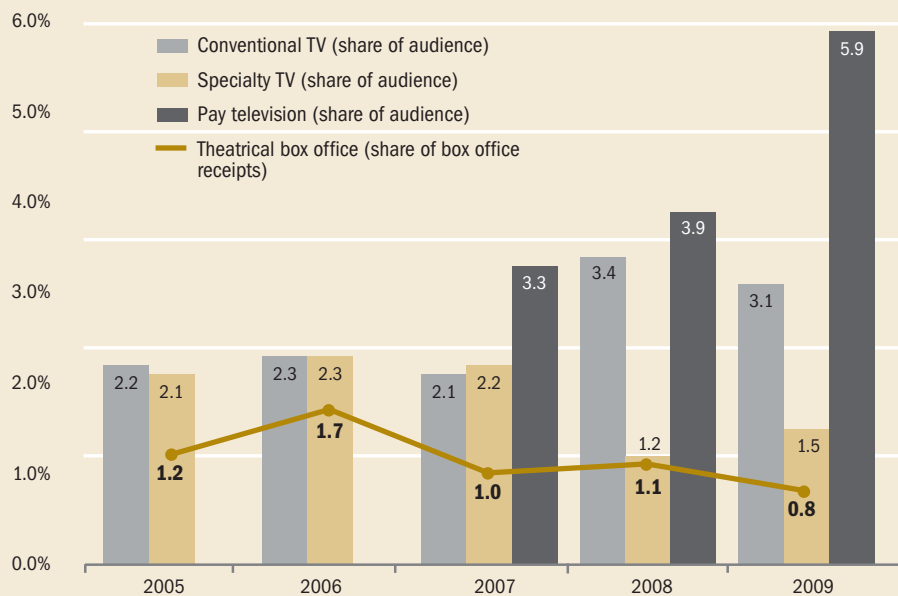
Note: Home video sales market share based on share of top 3,000 feature film titles that had theatrical release; home video rentals market share based on share of top 400 feature film titles that had theatrical release.

Between 2006 and 2009, Canadian feature films exhibited in English attracted audience shares on conventional, specialty and pay television platforms that exceeded the theatrical box office share for Canadian feature films in Canada. In particular, Canadian feature films captured very high audience shares on the pay television platform. In 2009, for example, Canadian feature films exhibited in English on pay television captured a 5.9% audience share; this audience share was more than seven times the 0.8% market share of Canadian feature films exhibited in English at theatres in Canada.

The comparison of audience shares in the theatrical and television platforms suggests that Canada's exhibition regulations in the pay, specialty and conventional television segments may contribute to building audiences for Canadian feature films. In the theatrical segment, where cinema owners face no exhibition requirements for Canadian films, market share has consistently been lower than in the television windows where there are exhibition requirements.

#### Exhibit 2-90 Market share of Canadian feature films exhibited in English in Canada, television windows vs. theatrical box office

In 2009, Canadian feature films exhibited in English accounted for 3.1% of audiences on conventional television in Canada, 1.5% of specialty television audiences and 5.9% of pay television audiences.



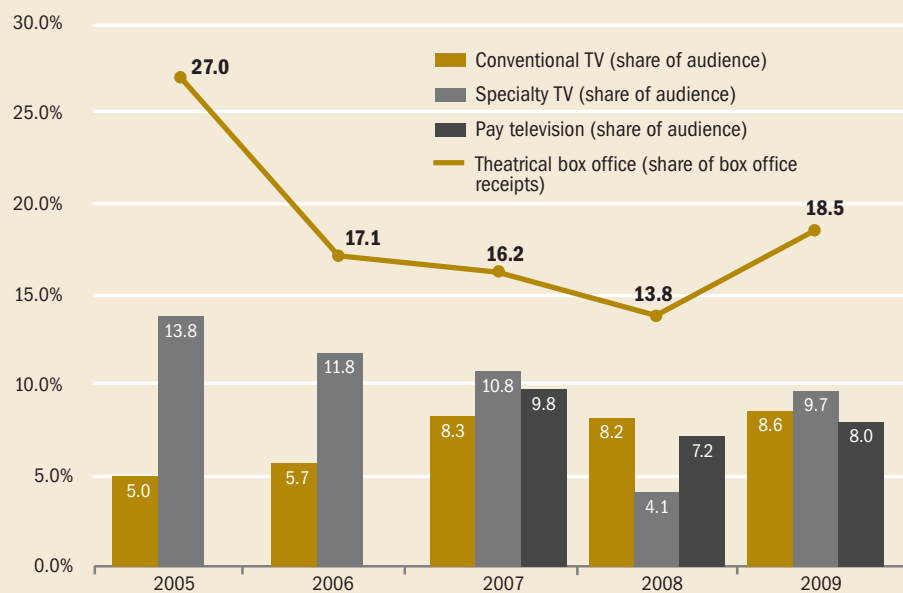
Source: Department of Canadian Heritage analysis of data from BBM Canada.

Note: Conventional TV market share based on share of audience to top 500 feature film titles that had theatrical release; specialty TV market share based on share of audience to top 600 feature film titles that had theatrical release; pay TV market share based on share of audience to top 500 feature film titles that had theatrical release.

Although Canadian feature films exhibited in French on Canadian television captured higher audience shares than Canadian feature films exhibited in English, their audience shares on television platforms were lower than the box office share earned by Canadian feature films exhibited in French in Canada.

#### Exhibit 2-91 Market share of Canadian feature films exhibited in French in Canada, television windows vs. theatrical box office

In 2009, Canadian feature films exhibited in French accounted for 8.6% of audiences on conventional television in Canada, 9.7% of specialty television audiences and 8% of pay television audiences.



Source: Department of Canadian Heritage analysis of data from BBM Canada.

Note: Conventional TV market share based on share of audience to top 500 feature film titles that had theatrical release; specialty TV market share based on share of audience to top 600 feature film titles that had theatrical release; pay TV market share based on share of audience to top 500 feature film titles that had theatrical release.

## CANADIAN

### 3. FOREIGN LOCATION AND

The foreign location and service (FLS) production sector is largely comprised of feature films and television programs filmed in Canada by foreign producers or by Canadian service producers on behalf of foreign producers. The majority of FLS production is made by producers based in the United States (U.S.); however, approximately 10% to 15% of the production activity in this sector is made by Canadian producers.

During the past five years, Canada's FLS production sector has generated numerous successful Oscar-winning films, including *Juno*. In recent years Canada has hosted the production of many popular feature films, including *The Twilight Saga: New Moon*, and *The A-Team*. Several long-running American television series, including *Smallville*, *Psych*, and *Eureka* have also been shot in Canada.

#### HIGHLIGHTS

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- The total volume of FLS production in Canada in 2009/10 was \$1.5 billion – an increase of 4.4% from \$1.4 billion in 2008/09.
- There were a total of 181 FLS production projects in Canada – a 16.6% drop from 217 in 2008/09.
- FLS production employed an estimated 35,900 FTEs, including 14,100 FTEs directly in film and television production.
- FLS production generated GDP of \$2.2 billion for the Canadian economy in 2009/10, including \$874 million in production-industry GDP and \$1.3 billion in spin-off GDP.
- British Columbia accounted for 72% of all FLS production volume in Canada in 2009/10 and increased its share from 62% in 2008/09.
- British Columbia and Ontario experienced increases in FLS production volume, while FLS volume in Quebec, Nova Scotia, and New Brunswick declined.
- U.S.-based producers accounted for 77% of all FLS projects in 2009/10.

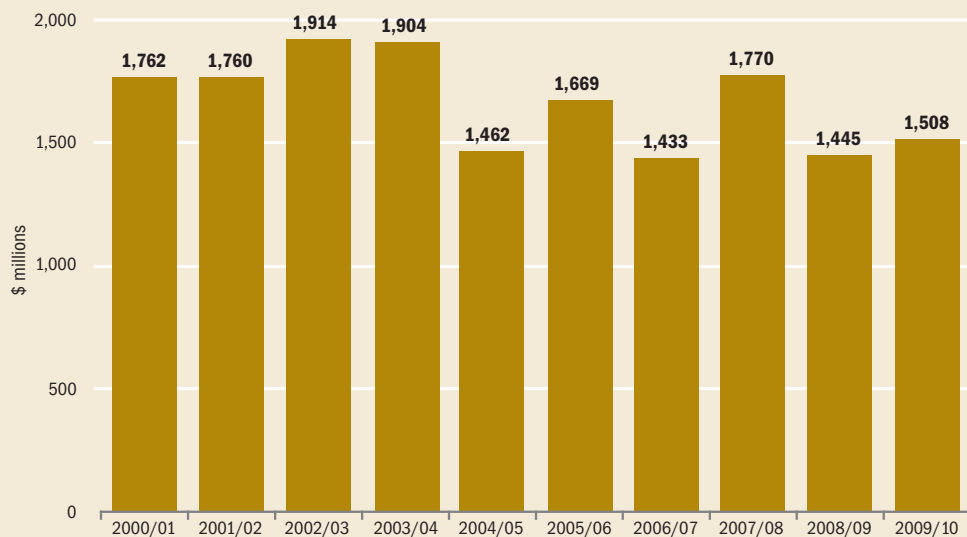


## VOLUME

Although the Canadian dollar remained high by historical standards in 2008/09 and 2009/10, and other jurisdictions – particularly American states with their own tax incentives – continued to provide competition to Canadian provinces and territories, the volume of FLS production in Canada recovered slightly from the previous year. FLS production fell by 18.4% to \$1.4 billion in 2008/09, but recovered by 4.4% in 2009/10 to reach a total of \$1.5 billion.

The moderate recovery in FLS production was largely concentrated in British Columbia, where FLS production rose by \$192 million. Ontario also recorded a small increase in FLS production; however, Quebec experienced a significant retreat in production in 2009/10. The recovery in FLS production in British Columbia was fuelled by a rebound in feature film production. Feature film production in the province plummeted from \$662 million in 2007/08 to \$245 million in 2008/09, before nearly doubling to \$485 million in 2009/10, as several American films began production.

**Exhibit 3-1 Total volume of foreign location and service production**



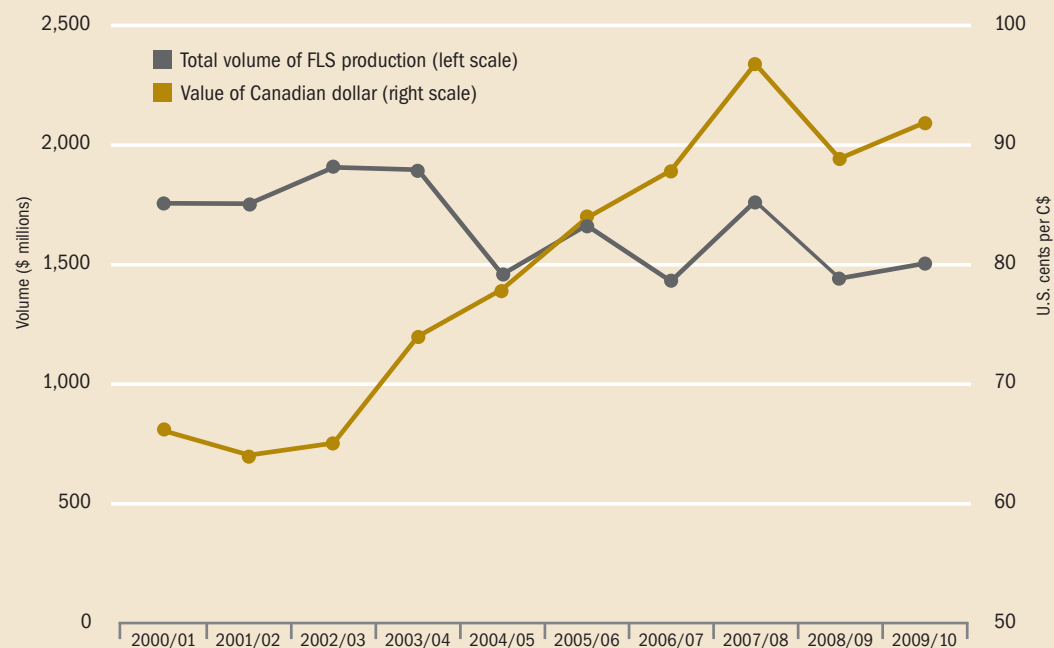
Source: Association of Provincial Funding Agencies and the Department of Canadian Heritage.

Note: The Association of Provincial Funding Agencies collects data for foreign location production from provincial film commissions and film development corporations.

Over the longer-term, the FLS production sector has been quite a success story for Canada, and an important driver of higher overall production volume. In the span of five years, the volume of FLS production rose by 75% from \$1.1 billion in 1998/99 to \$1.9 billion in 2002/03.

Canada's overall level of FLS production has been relatively stable in recent years even as the Canadian dollar moved higher in value. The Canadian dollar climbed steadily in value beginning in 2002/03. And although it dropped from a peak in 2007/08, it is still near or even over 90 U.S. cents. Canada's annual level of FLS production did initially drop in 2004/05. However, since that time, it has remained at or above \$1.4 billion.

**Exhibit 3-2 Total volume of foreign location and service production vs. Canadian dollar**



Source: Bank of Canada, Association of Provincial Funding Agencies and the Department of Canadian Heritage.

Note: The Association of Provincial Funding Agencies collects data for foreign location production from provincial film commissions and film development corporations.

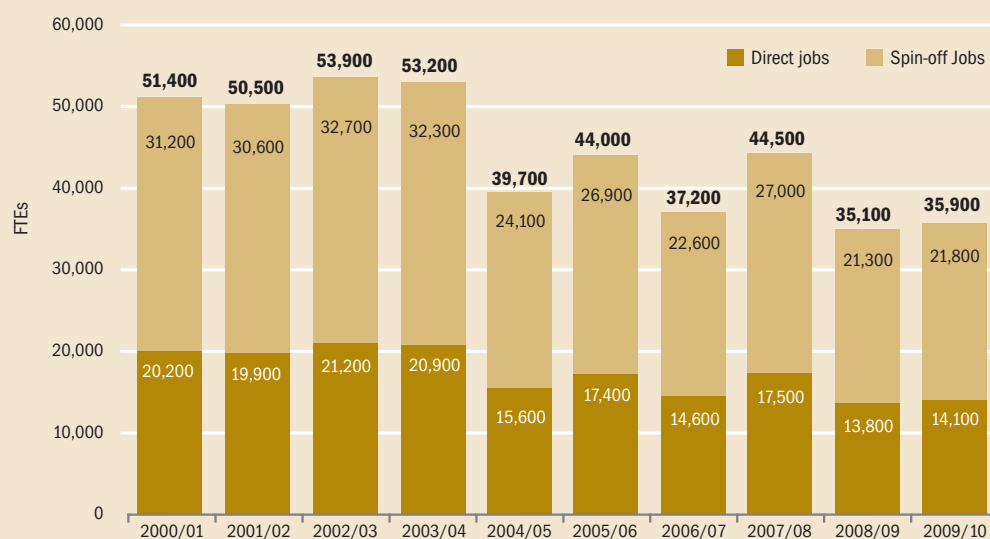
Many Canadian provinces offer very competitive tax credits, which are attractive to price-sensitive producers. In 2009/10, Quebec and Ontario enhanced their tax credits for FLS production even further by expanding them to include *all* Canadian expenditures, not just Canadian labour expenditures. British Columbia also increased its tax credit for FLS production from 25% to 33%.

So long as the high Canadian dollar is here to stay, in order to stay competitive in future years, Canada must continue to ensure that its tax credits are competitive, its crews are highly trained and its production facilities are state-of-the-art. Attention to all three aspects of attracting FLS production should help stabilize and build FLS production volume in future years.

## EMPLOYMENT AND GDP

FLS production employed an estimated 35,900 FTEs in 2009/10, including 14,100 FTEs directly in film and television production, and a further 21,800 spin-off FTEs in other industries in the Canadian economy. The increase in FLS production in 2009/10 led to an increase in employment of 300 new FTEs directly in film and television production in Canada.

**Exhibit 3-3 Number of full-time equivalent jobs (FTEs) in foreign location and service production**



Source: Estimates based on data from the Association of Provincial Funding Agencies, the Department of Canadian Heritage, Statistics Canada and Conference Board of Canada.

Note: See the Notes on Methodology section for a description of the job-estimation methodology.

**Exhibit 3-4 Summary of the economic impact of foreign location and service production, 2009/10**

Workers in the FLS industry earned an estimated \$754 million in labour income in 2009/10. The spin-off impact of FLS production created an additional \$811 million in labour income in other industries in the Canadian economy, for a total labour-income impact of just under \$1.6 billion. FLS production also generated close to \$2.2 billion in GDP for the Canadian economy in 2009/10. This GDP impact included \$874 million of GDP directly in the production industry and an additional \$1.3 billion in spin-off GDP in other industries.

	Direct	Spin-off	Total
Employment (FTEs)	14,100	21,800	<b>35,900</b>
Labour income (\$ millions)	754	811	<b>1,565</b>
GDP (\$ millions)	874	1,282	<b>2,156</b>

Source: Estimates based on data from the Association of Provincial Funding Agencies, the Department of Canadian Heritage, Statistics Canada and Conference Board of Canada.

Note: See the Notes on Methodology section for a description of methodology.

## PROVINCES AND TERRITORIES

Canada's leading province for FLS production, British Columbia, enjoyed a strong rebound in production in 2009/10, which fuelled the overall rise in national volume. Ontario's FLS production volume also grew in 2009/10; however, it was still well below levels reached in 2005/06 and the earlier part of the decade. In Quebec, FLS production recovered strongly in 2008/09, but dropped once again in 2009/10. On the basis of available data, all other provinces and territories experienced declines in FLS production in 2009/10.

In British Columbia, FLS production increased by \$192 million, or 21.3%, to \$1.1 billion. The rise in FLS production in British Columbia was driven entirely by a doubling of feature film production; it rose from \$245 million in 2008/09 to \$485 million in 2009/10. British Columbia's level of television series production remained relatively stable at \$462 million in 2009/10, down slightly from \$473 million in 2008/09. Indeed, the province has established itself as the location for many American television series, including *Smallville* and *Psych*.

In Ontario, FLS production was up by 9.8% to \$225 million. Ontario has historically relied on feature film production and smaller amounts of MOW production to drive its overall FLS production, since it had very little television series production in the FLS sector. However, in 2009/10, feature film production actually declined by about a quarter, and it was a \$52 million jump in television series production that fuelled the increase in overall FLS volume.

### Exhibit 3-5 Volume of foreign location and service production, by province and territory

British Columbia and Ontario increased FLS production in 2009/10. Quebec, Nova Scotia, and New Brunswick all experienced lower levels of FLS production.

(\$ millions)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2009/10 share of total
British Columbia	760	857	830	1,236	567	973	861	1,174	900	1,092	72%
Ontario	543	561	549	340	521	455	288	350	206	225	15%
Quebec	337	215	399	193	261	99	337	120	211	122	8%
Nova Scotia	35	48	52	51	36	61	63	29	80	43	3%
Manitoba	25	33	34	79	54	34	38	56	n/a	15	1%
Alberta	57	34	50	0	n/a	37	54	24	20	n/a	n/a
Saskatchewan	0	0	0	0	23	n/a	n/a	13	9	n/a	n/a
Prince Edward Island	0	0	0	n/a	0	0	0	n/a	n/a	n/a	n/a
Northwest Territories	1	0	0	0	0	0	0	0	n/a	n/a	n/a
Yukon	2	1	0	2	<1	<1	n/a	n/a	n/a	0	0%
New Brunswick	3	3	0	0	0	0	0	0	10	0	0%
Newfoundland and Labrador	0	8	0	0	0	0	0	0	0	0	0%
Nunavut	0	0	0	0	0	4	3	5	6	0	0%
<b>Total</b>	<b>1,762</b>	<b>1,760</b>	<b>1,914</b>	<b>1,901</b>	<b>1,462</b>	<b>1,670</b>	<b>1,433</b>	<b>1,770</b>	<b>1,445</b>	<b>1,508</b>	<b>100%</b>

Source: Association of Provincial Funding Agencies and the Department of Canadian Heritage.

Note: Some totals may not add due to rounding.

n/a – Data not available or suppressed for confidentiality.

FLS production in Quebec dropped by 42.2% to \$122 million in 2009/10. In response to a weak year, the province enhanced its tax credit by expanding it to include non-labour expenditures. All indications are that Quebec is experiencing a strong rebound in 2010/11 on the back of its enhanced tax credit, as it attracted several large-budget films, including *Dawn of War*, *Upside Down*, and *Source Code*.<sup>12</sup>

<sup>12</sup> Patricia Bailey, "Montreal bounces back," Playback, April 9, 2010.

Nova Scotia hosted the production of several foreign television movies, including *Innocents Lost* and *Darwin's Darkest Hour* in 2009/10; however, the province's FLS production fell by 46.3% to \$43 million.<sup>13</sup> FLS production in Manitoba was \$15 million in 2009/10, as the province hosted the production of films such as *Faces in the Crowd* and *Mother's Day*.<sup>14</sup>

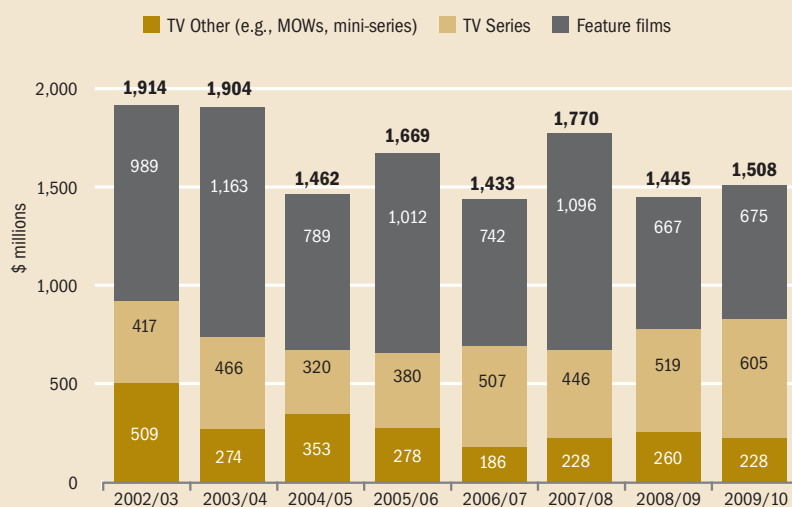
## TYPES

The higher volume of FLS production in 2009/10 was due to an increase in television series production in Canada, as production of feature films was up only moderately and production of other television formats (e.g., MOWs, mini-series) dropped.

Although the increase in FLS production in Canada's leading FLS province, British Columbia, was due to a strong rebound in its feature film production, the national story was one of higher television series production. Television series production was relatively stable in British Columbia where many long-running American series are shot. It was in Ontario and Quebec where television series increased dramatically.

### Exhibit 3-6 Total volume of foreign location and service production, by type

The volume of feature film production in FLS edged up 1.2% to \$675 million. Production of FLS television series jumped 16.6% to \$605 million. The production of other types of television programs (e.g., MOWs, mini-series and television pilots) decreased by 12.3% to \$228 million.



Source: Association of Provincial Funding Agencies (data are not available for years prior to 2002/03).  
Note: Some totals may not add due to rounding.

The number of television series shot in Ontario increased from six to eight. But these eight series came with substantially higher budgets, bringing the total volume of television series from \$23 million in 2008/09 to \$76 million in 2009/10.

<sup>13</sup> FilmNS, *Film Nova Scotia 2009/2010*, p. 19.

<sup>14</sup> *Manitoba Film and Music, Annual Report 2009/2010*, p. 10.

American television series are also considering Quebec as an attractive location. The American cable television series, *Blue Mountain State* was shot in Quebec in 2009, and returned to shoot a second season in summer 2010.<sup>15</sup>

### Exhibit 3-7 Annual number of foreign location and service projects, by type

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Feature films	n/a	61	52	87	74	103	89	53
TV series	n/a	30	37	28	32	62	57	61
TV other	n/a	75	66	92	56	63	71	67
<b>Total</b>	<b>211</b>	<b>166</b>	<b>155</b>	<b>207</b>	<b>162</b>	<b>228</b>	<b>217</b>	<b>181</b>

Source: Association of Provincial Funding Agencies (data are not available for years prior to 2002/03).

Note: Totals are based on available data and make no allowance for unavailable data.

n/a - Data not available or reported.

## COUNTRY

The vast majority of Canada's FLS production originated from U.S.-based producers in 2009/10. They accounted for 139 FLS projects or 77% of the total number of FLS projects in 2009/10. Germany, the U.K, and France combined for a total of nine projects in 2009/10 or 5% of the total number of projects. All other countries accounted for 18 FLS projects in 2009/10, or 10% of the total number of projects. FLS production in 2009/10 also included 15 projects in which Canadian producers held the copyright; these 15 projects accounted for 8% of the total number of FLS projects in 2009/10.<sup>16</sup>

### Exhibit 3-8 Number of foreign location and service projects, by country of copyright

	2007/08	2008/09	2009/10
<b>Number of projects</b>			
United States	165	158	139
Germany	4	4	4
United Kingdom	2	4	4
France	6	1	1
Other	14	14	18
Canada	37	36	15
<b>Total</b>	<b>228</b>	<b>217</b>	<b>181</b>
<b>Percentage of total</b>			
United States	72%	73%	77%
Germany	2%	2%	2%
United Kingdom	1%	2%	2%
France	3%	0%	1%
Other	6%	6%	10%
Canada	16%	17%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Association of Provincial Funding Agencies.

<sup>15</sup> Patricia Bailey, "Montreal bounces back," Playback, April 9, 2010.

<sup>16</sup> Canadian projects in the FLS sector include projects made by Canadian producers primarily for foreign audiences, or as part of international co-ventures. International co-venture production includes films and television programs made as international co-production, but outside of the auspices of a co-production treaty.

## 4. BROADCASTER

Broadcaster in-house production (“in-house production”) refers to television programs made internally by private conventional television broadcasters, CBC/Radio-Canada, and specialty and pay television services. In-house production is largely comprised of news and sports programming, but can also include production in other genres.

### HIGHLIGHTS

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- In-house production decreased by 4.7% from the previous year to just over \$1.1 billion in the 2009 broadcasting year (September 1, 2008 to August 31, 2009).
- The decrease in this sector’s production volume was due entirely to decreases in in-house production at conventional broadcasters, since in-house production at pay and specialty television services actually increased.
- Conventional broadcasters reduced their in-house production by 10.6%; most of the decrease was concentrated in news programming.
- Pay and specialty television services increased their in-house production by \$20 million, or 4.4%; most of the increase was in the sports and news programming categories.
- In-house production employed an estimated 26,600 FTEs in Canada in 2009, including 10,500 FTEs employed by Canadian broadcasters directly in in-house production.
- The sector generated an estimated \$1.5 billion in GDP in the Canadian economy in 2009/10, including \$631 million of GDP directly in the production industry.
- Ontario experienced a decrease of 1.9% in its volume of in-house production in 2009, but still accounted for the largest share (61%) of total in-house production among Canada’s provinces and territories.
- In-house production decreased in Quebec and all other provinces and territories, except Newfoundland and Labrador, and New Brunswick: they both experienced small increases in production volume.

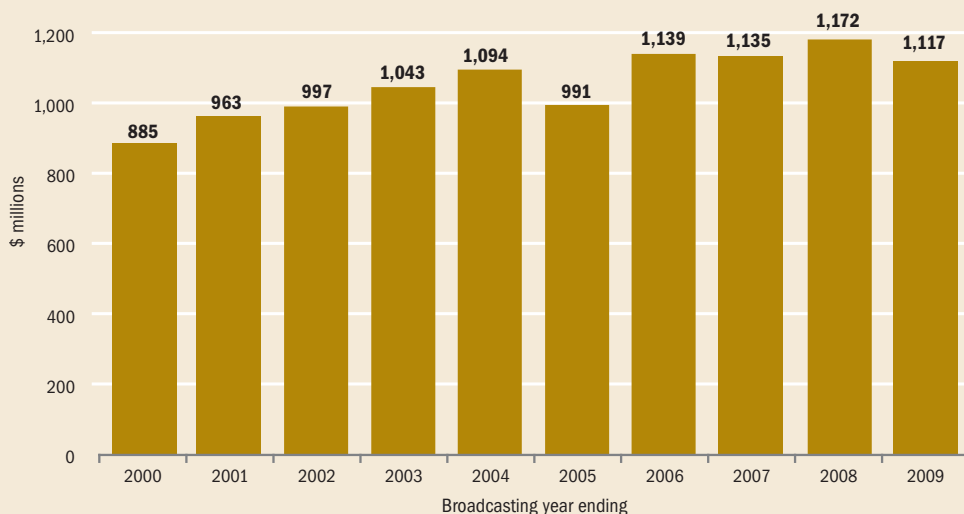
## VOLUME

After increasing to an all-time high of \$1.17 billion during the 2008 broadcasting year – largely on account of significantly higher spending on sports programming by specialty television services<sup>17</sup> – the total volume of in-house production dropped slightly to \$1.1 billion in the 2009 broadcasting year (September 1, 2008 – August 31, 2009).

The overall decrease in production volume in 2009, however, hid an underlying shift in in-house production. Even while the overall level of in-house production was being pulled down by decreases in conventional broadcasters' in-house spending, spending in the pay and specialty television segment continued to grow.

### Exhibit 4-1 Total volume of broadcaster in-house production

In-house production, which reached an all-time high of just under \$1.2 billion during the 2008 broadcasting year, decreased 4.7% to above \$1.1 billion during the 2009 broadcasting year.



Source: Estimates based on data from CRTC and CBC/Radio-Canada.

<sup>17</sup> CRTC, *Pay television, pay-per-view, video-on-demand and specialty and pay television: statistical and financial summaries, 2005-2009 and 2003-2007*, p. 10.

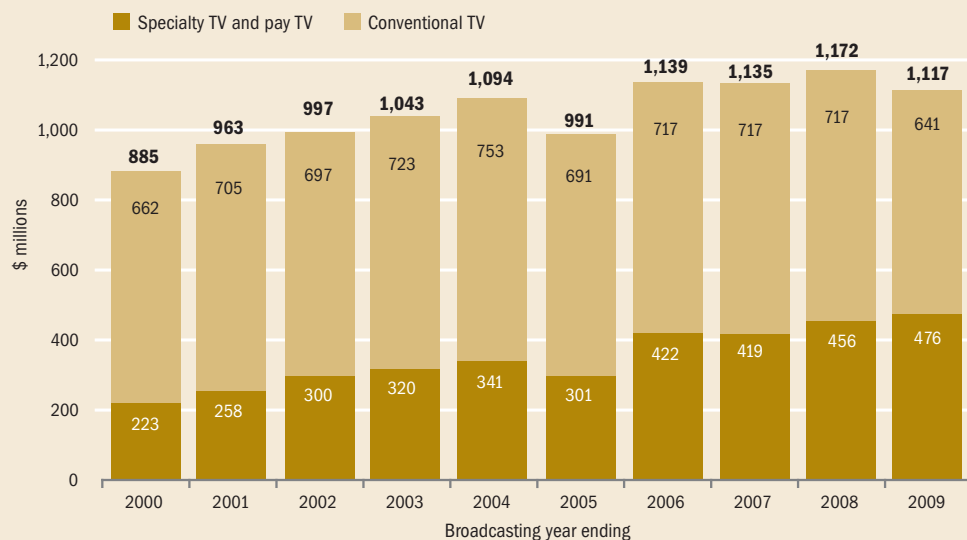


## SEGMENTS

Conventional broadcasters' in-house production spending dropped by \$76 million, or 10.6%, as both private conventional broadcasters and CBC/Radio-Canada reduced their in-house spending. Private conventional broadcasters reduced their in-house spending in all categories of television programming, with the largest decreases occurring in the news and other-information programming categories. According to statistics published by CRTC, private conventional broadcasters reduced their spending on in-house news production by \$14.8 million in 2009; they reduced their spending on other-information programming by \$10.8 million in 2009.<sup>18</sup>

### Exhibit 4-2 Volume of broadcaster in-house production, by segment

In-house production by conventional broadcasters fell by 10.6% to \$641 million in 2009. In the specialty and pay television segment, in-house production increased 4.5% to \$476 million.



Source: Estimates based on data from CRTC and CBC/Radio-Canada.  
Note: Some totals may not add due to rounding.

As noted earlier, private conventional broadcasters' revenues declined by 1.5% in 2008; and as the recession took hold during the 2009 broadcasting year, private conventional broadcasters' revenues fell by 7.9%.<sup>19</sup> CBC/Radio-Canada's advertising revenues fell by 19% in 2009.<sup>20</sup> Overall, conventional television advertising revenues in Canada – including private conventional broadcasters and CBC/Radio-Canada were down by 9.5% in 2009. This decrease was nearly identical to the drop in in-house production spending.

In-house expenditures in the specialty and pay television segment, in contrast, increased by 4.5% in 2009, from \$456 million to \$476 million. This increase was driven largely by growth in in-house production of sports and news programming by specialty television services.<sup>21</sup> Unlike the conventional broadcasting segment, revenues in the specialty and television segment continued to increase in 2009, even in the midst of the recession. Revenues in the pay and specialty television segment increased 6% in 2009.

<sup>18</sup> CRTC, Conventional television: statistical and financial summaries, 2005-2009, p. 7; and CRTC, Conventional television: statistical and financial summaries, 2004-2008, p. 7.

<sup>19</sup> CRTC, Conventional television: statistical and financial summaries, 2005-2009, p. 1.

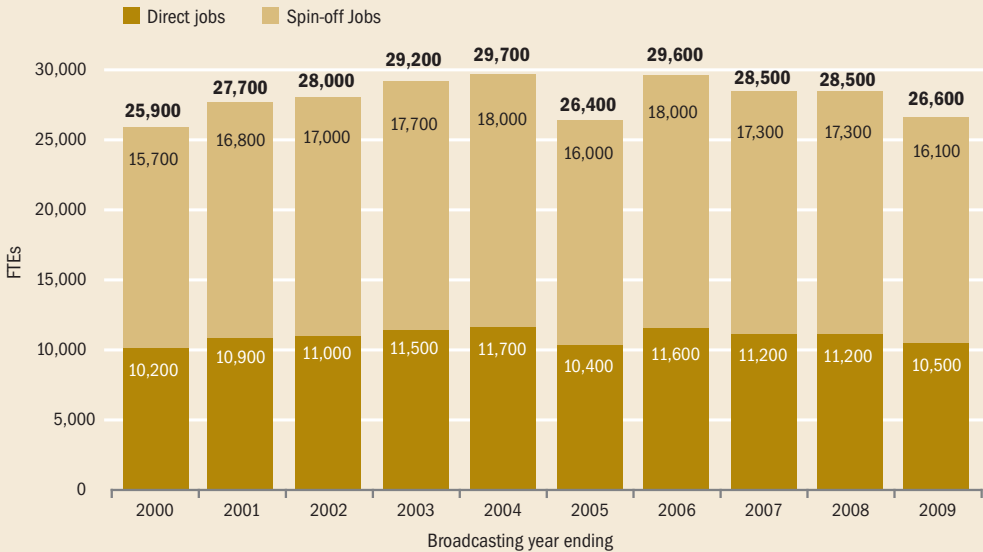
<sup>20</sup> CRTC, Communications Monitoring Report 2010, p. 65.

<sup>21</sup> CRTC, Pay television, pay-per-view, video-on-demand and specialty and pay television: statistical and financial summaries, 2005-2009, p. 10.

EMPLOYMENT AND GDP

Exhibit 4-3 Number of full-time equivalent jobs (FTEs) in broadcaster in-house production

In-house production employed an estimated 26,600 FTEs in 2009, including 10,500 FTEs directly in in-house production at Canadian broadcasters, and a further 16,100 spin-off FTEs in other industries in the Canadian economy.



Source: Estimates based on data from CRTC, CBC/Radio-Canada, Statistics Canada and Conference Board of Canada.  
Note: See the Notes on Methodology section for a description of the job-estimation methodology.

Exhibit 4-4 Summary of the economic impact of broadcaster in-house production, 2009/10

Workers employed in in-house production earned an estimated \$558 million in labour income in 2009/10. The spin-off impact of in-house production created an additional \$599 million in labour income for workers in other industries in the Canadian economy, for a total labour-income impact of just under \$1.2 billion. In-house production also generated over \$1.5 billion in GDP for the Canadian economy in 2009/10. This GDP impact included \$631 million of GDP directly in the production industry and an additional \$893 million in spin-off GDP in other industries in the Canadian economy.

	Direct	Spin-off	Total
Employment (FTEs)	10,500	16,100	26,600
Labour income (\$ millions)	558	599	1,158
GDP (\$ millions)	631	893	1,524

Source: Estimates based on data from CRTC, CBC/Radio-Canada, Statistics Canada and Conference Board of Canada.  
Note: See the Notes on Methodology section for a description of methodology.

## PROVINCES AND TERRITORIES

The majority of Canada's in-house production activity takes place in Ontario, where many of Canada's English-language conventional broadcasters and specialty and pay television services are based. After climbing to an all-time high of \$691 million in 2008, in-house production in Ontario decreased by 1.9% to \$678 million in 2009, and accounted for 61% of Canada's total in-house production activity. Ontario's \$13 million drop in in-house production was due to lower spending by conventional broadcasters, particularly private conventional broadcasters, which reduced their spending on news programming by \$6 million in 2009 and their spending on other-information programming by just over \$3 million.<sup>22</sup>

As the home for most of Canada's French-language conventional broadcasters, and pay and specialty television services, Quebec accounted for 21% of total in-house production in Canada in 2009. Quebec experienced the largest drop in in-house production among the provinces, as its total volume of in-house production fell by \$32 million, or 11.9%, from \$271 million to \$239 million. The significant decrease in in-house production in Quebec was also due to lower spending by conventional broadcasters. In particular, private conventional broadcasters in Quebec reduced their spending on news programming by just under \$14 million in 2009.

The restructuring of Quebec's V network (formerly TQS) contributed to a reduction in in-house news production in Quebec in 2009. Beginning in 2008, V scaled back its network-wide and local news programming in order for it to stabilize its financial situation.<sup>23</sup>

**Exhibit 4-5 Broadcaster in-house production, by province and territory**

(\$ millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 share of total
Ontario	486	528	569	589	648	563	680	673	691	678	61%
Quebec	216	240	220	233	246	210	239	256	271	239	21%
British Columbia*	62	64	69	92	87	96	93	82	83	80	7%
Alberta	52	57	67	63	61	63	65	67	68	64	6%
Saskatchewan	12	14	16	13	12	13	16	18	18	16	1%
Nova Scotia	22	23	22	23	14	16	17	15	14	12	1%
Manitoba	20	22	19	15	13	13	14	13	13	12	1%
Newfoundland and Labrador	5	4	5	6	5	8	5	6	6	9	1%
New Brunswick	8	8	8	8	8	8	8	7	7	5	<1%
Prince Edward Island	1	1	1	1	1	1	1	1	1	1	<1%
<b>Total</b>	<b>885</b>	<b>962</b>	<b>997</b>	<b>1,043</b>	<b>1,094</b>	<b>991</b>	<b>1,139</b>	<b>1,136</b>	<b>1,172</b>	<b>1,117</b>	<b>100%</b>

Source: Estimates based on data collected from CRTC, CBC/Radio-Canada, and Statistics Canada.

Note: Some totals may not add due to rounding.

\* Includes the Territories.

Note: A complete set of provincial statistics were not available for private broadcaster in-house production in the Prairie Provinces and Atlantic Canada. For the Prairie Provinces, Nordicity developed estimates based on the historical shares observed in the CRTC statistics prior to 2001 – before the CRTC began to suppress the provincial statistics. The breakdown of private broadcaster in-house production among the provinces in Atlantic Canada was also based on the development of estimates. Because no historical data existed, each province's share of Atlantic Canada's total GDP was used as the proxy variable for the estimate. CBC/Radio-Canada data was available on a provincial basis for 2002 to 2007. The average share across these five years was used to extrapolate provincial data back to 1998.

In British Columbia, the volume of in-house production dropped by 3.4% to \$80 million in 2009 – keeping the volume well below the peak level of \$96 million reached in 2005. Only one province, Newfoundland and Labrador, experienced an increase in in-house production in 2009. Its level of in-house production increased from \$6 million to \$9 million.

<sup>22</sup> CRTC, Conventional television: statistical and financial summaries, 2005-2009, p. 10; and CRTC, Conventional television: statistical and financial summaries, 2004-2008, p. 10.

<sup>23</sup> CRTC, Broadcasting Decision CRTC 2008-129, June 26, 2008.

## 5. DIGITAL MEDIA

This new section presents statistics on Digital Media (DM) production in Canada. Some of these statistics are based on a survey of DM producers in Canada conducted as part of the production of *2008 Canadian Interactive Industry Profile (2008 CIIP)* for the Canadian Interactive Alliance/L'Alliance interactive canadienne (CIAIC).<sup>24</sup> While that report covered the whole DM industry in Canada, including both enabler and creator companies, the statistics in *Profile* focus on economic activity of companies that derive the majority of their revenues from DM creator activities. These statistics measure the size of the DM production sector in terms of revenues rather than production volume, as in other sections of *Profile*.

This section also includes statistics on the distribution of Canadian television programming over digital media platforms and Canadians adoption of certain digital media platforms as means for enjoying video content. These statistics are based on data from CTF or the results of the Media Technology Monitor (MTM) survey (as reported in the CRTC *Communications Monitoring Report 2010*).

The DM production sector consists of Canadian and non-Canadian individuals and companies that create digital content and environments; some of this digital content allows users to actively participate. The individuals and companies in the DM sector also facilitate collaborative participation among multiple users for the purposes of entertainment, information or education. DM content is commonly delivered via the Internet, mobile networks, gaming consoles or media storage devices. As audiences expand their use of interactive devices to find, access and enjoy screen-based content, DM production will become increasingly important to the audiovisual experience.

A number of DM companies in Canada are at the forefront of digital media production, particularly in the development of video games and the creation of interactive applications that complement the multi-platform distribution of Canadian film and television content. The Edmonton-based video game developer, BioWare, was behind the development of the top-selling 2010 title, *Mass Effect 2*. The firm marblemedia is well known for incorporating DM elements into its children's and youth television productions such as *Taste Buds* and *The Adrenaline Project*. Xenophile Media won an International Interactive Emmy Award in 2007 for its creation of DM content for *ReGenesis* and *Zimmer Twins*.

### HIGHLIGHTS

- There were an estimated 1,300 DM creators in Canada in 2008.
- DM creators employed 26,000 to 28,000 individuals in 2008.
- In 2008 Canada's DM creators generated \$2.24 billion in gross revenue, \$1.97 billion in DM-specific revenue and \$1.75 billion in revenue related to DM content creation.
- DM creators' arts and entertainment activities accounted for 74.7% of their content creation revenues in 2008; video game design and development comprised approximately 87% of these arts and entertainment revenues.
- The Internet was the primary platform for the distribution of DM content for 66% of DM creators.
- 61% of DM projects were created with internally developed or acquired intellectual property; 39% of projects were created with externally held intellectual property.
- DM publishers represented the largest sales channel in 2008, accounting for 42% of DM creators' revenues. Direct sales accounted for 36% of DM creators' revenues.
- The consumer market generated 59% of DM creators' revenues in 2008; the business market generated 26% of revenues.
- 49% of DM creators reported export sales in 2008.
- 41% of CTF-supported drama projects had some type of alternative broadcast distribution in 2009/10. In the children's and youth genre, the share was 39%.
- In 2009, 25% of Anglophone Canadians reported watching a TV program or program clip on the Internet. Among Francophone Canadians, the rate was 20%.

<sup>24</sup> Statistics reproduced with permission from CIAIC.

## REVENUES

The DM industry is comprised of two key parts: Creators and Enablers. Creators are companies that create an end-user experience. The term “Enablers” is used to describe those companies that design the applications that facilitate the creation or distribution of the content and environments to the user. This profile of the DM sector focuses on the economic activity associated with DM creators – defined as companies that derive more than 50% of their DM revenues from creator activities.

Creators comprise a substantial portion of Canada’s DM industry. It is estimated that slightly less than half of all DM companies (44%) in Canada, or roughly 1,300 firms, derive at least 50% of their DM revenue from creator activities, and therefore, can be classified as creators. These firms employ an estimated 26,000 to 28,000 FTEs in their DM activities, the vast majority of which are dedicated to work centered around content creation.

**Exhibit 5-1 Summary statistics for DM creators, 2008**

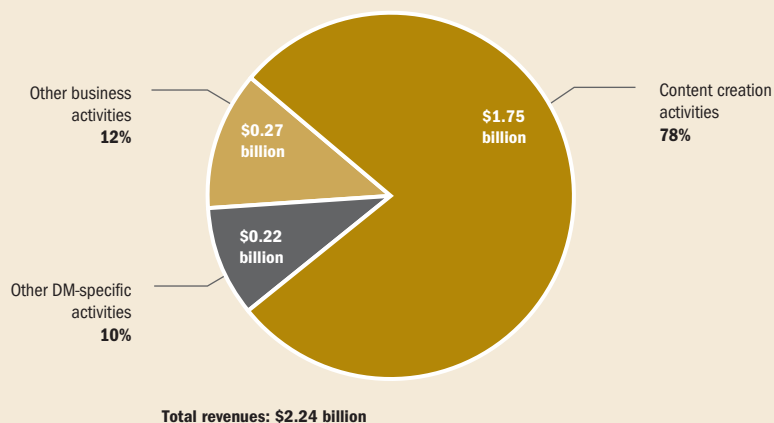
Economic indicator	DM creators' amount
Number of DM creators	1,300
Employment (FTEs)	26,000 to 28,000
Gross annual revenues (all lines of business)	\$2.24 billion
Revenues from DM-specific activities	\$1.97 billion
DM content creation revenue	\$1.75 billion

Source: Estimates based on Nordicity survey for CIAIC

Indeed, although DM creators, on the whole, still generate some of their DM revenue from non-creator activities (i.e., enabler activities), it is a very minimal amount. Creators derive 88% of their gross revenue (revenue from all business lines) from DM activities. Further, they generate 89% of their DM-specific revenue from creator-focused activities. In other words, 78% of their total gross annual revenue was generated by DM content creation.

**Exhibit 5-2 DM creators' revenues, 2008**

In 2008 Canada’s DM creators generated \$2.24 billion in gross revenue, \$1.97 billion in DM-specific revenue and \$1.75 billion in revenue related to DM content creation.



Source: Estimates based on Nordicity survey for CIAIC.

## DIGITAL MEDIA ACTIVITIES

There is no doubt that the majority of industry revenues generated by Canada's DM content creation industry is game design and development. Game design and development activities accounted for more than \$1.1 billion in revenue in 2008 and 64.7% of creators' content creation revenue. An even greater majority (74.7%) of content creation revenue was generated from entertainment and arts activities, which includes cross-platform entertainment (\$125 million) along with game design and development.

Beyond game design and development and cross-platform entertainment, simulations and interactive training (7.7% of content creation revenue), advertising and promotional content (6.5%), social networking (2.8%) and interactive information services (2.2%) stand out as the most significant sources of DM-specific revenue for DM creators.

**Exhibit 5-3 Creators' content creation revenues, by activity, 2008**

Activity	Revenues (\$ 000s)	Share of content creation revenues
<b>Entertainment and Arts</b>		
Game design and development	1,129,367	64.7%
Interactive narrative	20,007	1.1%
Original art-based interactive	28,522	1.6%
Cross-platform entertainment	125,239	7.2%
<b>Sub-total Entertainment and Arts</b>	<b>1,303,135</b>	<b>74.7%</b>
<b>Education and Training</b>		
Simulations and interactive training	150,929	8.7%
Curriculum-based interactive education	9,772	0.6%
<b>Sub-total Education and Training</b>	<b>160,701</b>	<b>9.2 %</b>
<b>Marketing</b>		
Advertising and promotional content	127,128	7.3%
Branded entertainment	24,779	1.4%
Product extensions	10,510	0.6%
<b>Sub-total Marketing</b>	<b>162,417</b>	<b>9.3%</b>
<b>Information and Social</b>		
Social networking	54,384	3.1%
Mash-up engines	2,996	0.2%
Interactive social services	17,221	1.0%
Interactive information services	43,594	2.5%
<b>Sub-total Information and Social</b>	<b>118,195</b>	<b>6.8%</b>
<b>Total</b>	<b>1,744,448</b>	<b>100%</b>

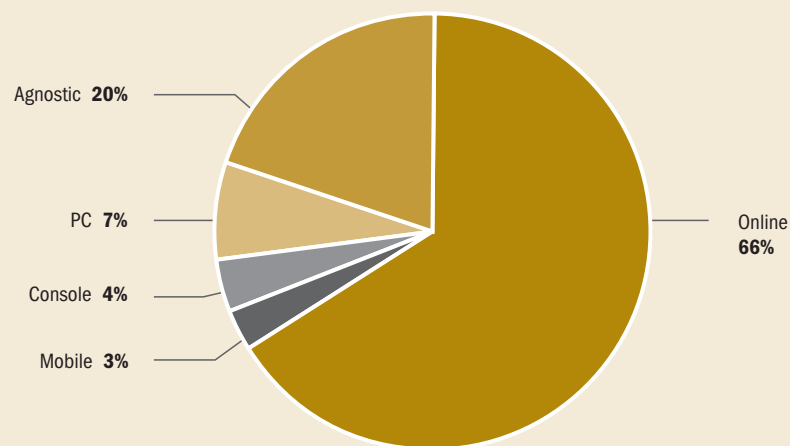
Source: Estimates based on Nordicity survey for CIAIC.

Note: Some totals may not add due to rounding.

## PRIMARY DISTRIBUTION PLATFORMS

For 66% of DM creators, the Internet is the primary platform for the distribution of DM content. This prominence of the Internet as a primary distribution platform response far exceeds that of all other platforms, including personal computers (7%), game consoles (4%) and mobile devices (3%). In fact, 20% of DM creators reported that a platform-agnostic approach was the second most prominent distribution approach for their content. The prominence of the platform-agnostic approach indicates a substantial frequency of pure content creation, or that for which the distribution method is secondary. It will be interesting to monitor this trend going forward as one indicator of the increased shift towards multi-platform content decisions being made during the content creation and development phase.

**Exhibit 5-4 Primary platform for distribution of DM content, 2008**



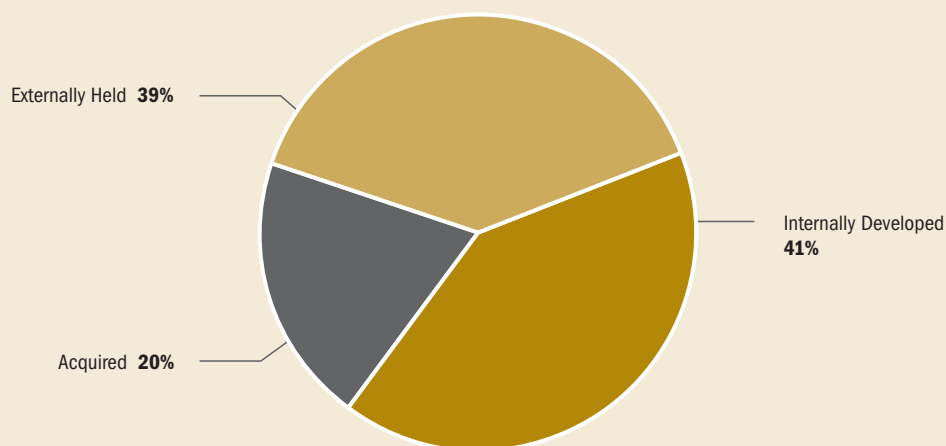
Source: Estimates based on Nordicity survey for CIAIC

## INTELLECTUAL PROPERTY OWNERSHIP

The rate of intellectual property (IP) ownership provides an indicator of the creative composition of an industry and its potential for long term development through IP exploitation. Firms controlling their own IP – either by developing it themselves or acquiring it outright from another entity – have greater opportunity to generate profit through multiple distribution rights arrangements and other licensing agreements.

### Exhibit 5-5 Percent of DM projects by types of intellectual property ownership, 2008

Approximately 39% of DM projects were created with externally held IP. The majority of projects (61%), however, were completed on the basis of IP that was either internally developed or acquired from other parties. Approximately 41% of projects involved IP that was developed by the creators themselves and 20% of projects involved IP acquired from another party.

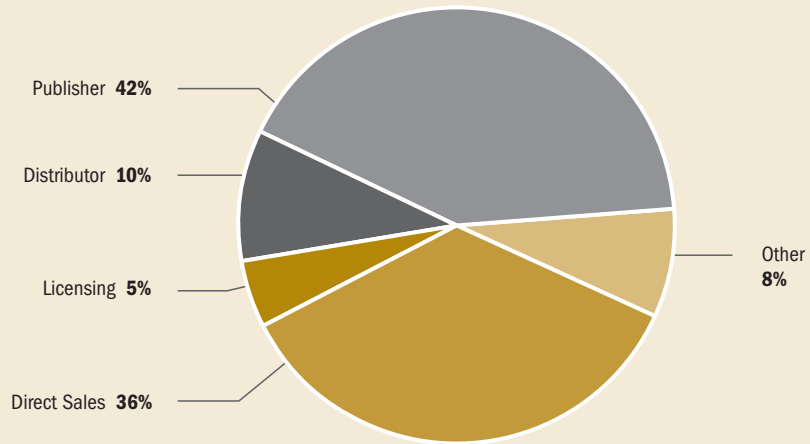


Source: Estimates based on Nordicity survey for CIAIC.

## SALES CHANNELS AND MARKETS

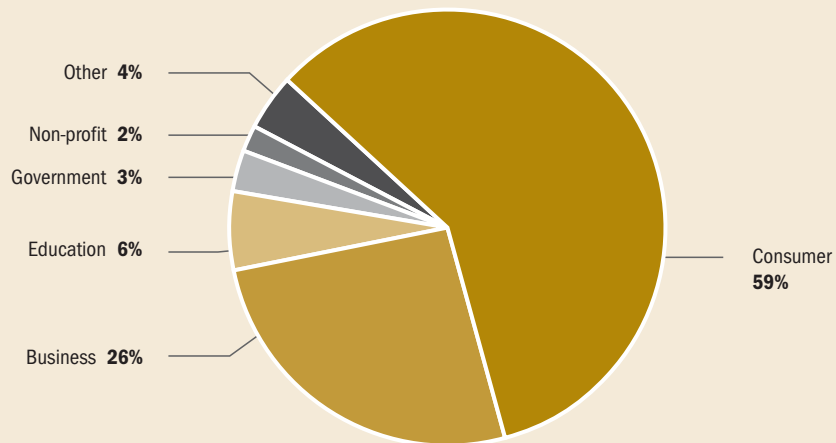
Statistics for sales channels and end users provide context on how DM creators are distributing their content and to which markets. In terms of sales channels, 42% of revenue in 2008 was derived via distribution through a publisher. Publishers that commission works from independent games developers represent a very common practice in the video games sector. Direct sales are another important sales channel (36%). Use of a distributor accounted for 10% of revenue, followed by other distribution means (8%) and licensing (5%).



**Exhibit 5-6 Percent of revenues by sales channel, 2008**

Source: Estimates based on Nordicity survey for CIAIC.  
Some totals may not add due to rounding.

Principal end user markets tend to be similarly concentrated for DM creators. More than 85% of content creators identified the consumer market (59%) or business market (26%) as the principal end user market for their content. This result is not surprising, as the extremely diverse consumer and business markets provide myriad appetites and functions that creators can target with their content.

**Exhibit 5-7 Percent of revenues by principal user, 2008**

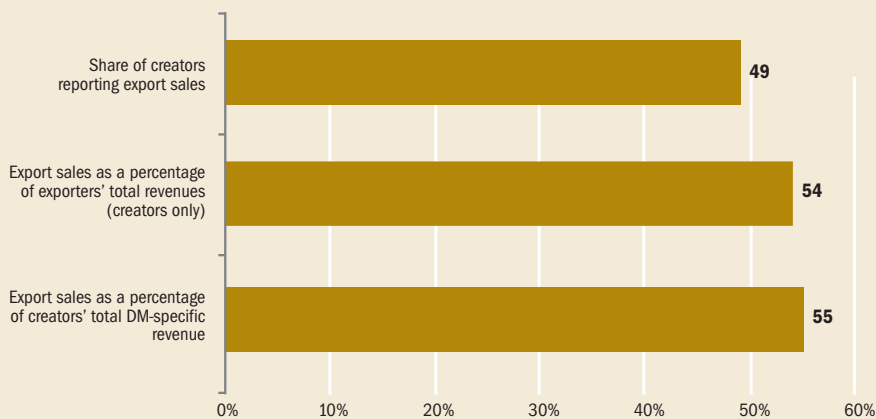
Source: Estimates based on Nordicity survey for CIAIC.

EXPORTS

In the DM sector, the incidence of export sales tended to increase with company size in 2008. Approximately 30% of small-sized companies (revenues of less than \$250,000) reported export sales, versus 43% of mid-sized companies (revenues between \$250,000 and \$1 million) and 58% of large-sized companies (revenues over \$1 million). The trend is true among creators, as well. As a result, more than half of all DM revenue generated by creators comes from export sales, even though fewer than half of all creators actually export.

Exhibit 5-8 Export activity, 2008

Approximately 49% of creators reported export sales in 2008. Those exporting companies, on average, derived 54% of their revenue from their export sales; and this total export revenue accounted for 55% of all DM-specific revenue generated by creators. When converted to actual dollar amounts, it is estimated that DM creators generated more than \$1 billion in revenue in 2008 from export sales.



Source: Estimates based on Nordicity survey for CIAIC.

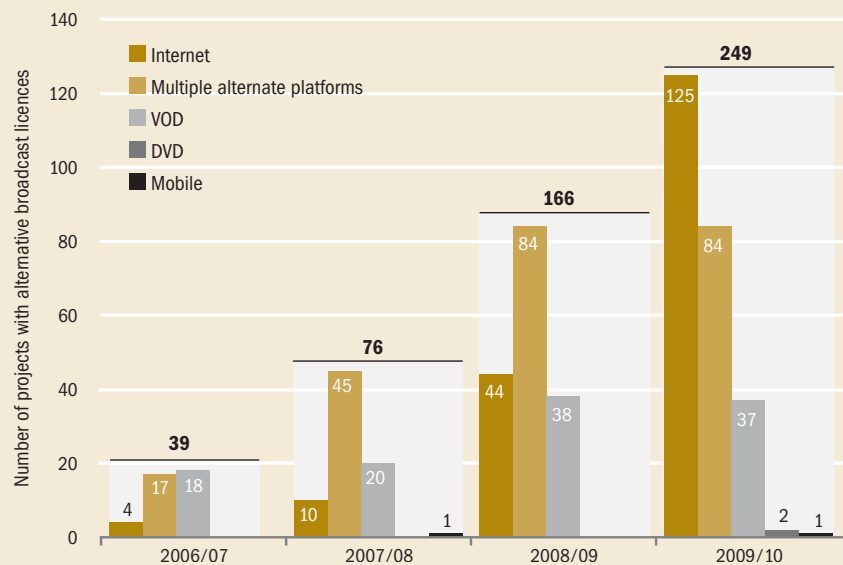
MULTI-PLATFORM DISTRIBUTION

Statistics from the CTF provide an additional look into how Canadian producers are making increasing use of alternative distribution platforms and multi-platform distribution strategies. In 2009/10, the CTF accounted for 58% of total Canadian television production; so its statistics provide very good coverage of the industry.

Alternative broadcast rights for CTF-supported production provide one barometer of the alternative distribution of Canadian programming. The annual number of alternative broadcast rights identified as part of CTF-supported projects has grown substantially in recent years and offers an indication of the preferred platforms for distribution.

Between 2006/07 and 2009/10, the number of alternative broadcast rights sought by Canadian distributors of CTF-supported programming increased from 39 to 249. Most of the growth in alternative broadcast rights was for Internet distribution. In 2009/10, Internet distribution rights accounted for approximately one-half of all identified distribution rights. Multiple platform distribution was also very common: about one-third of alternative broadcast licences granted covered multiple-platform distribution for screen-based content. Exclusive mobile distribution – outside of a multi-platform distribution – accounted for a very small share of alternative broadcast licences.

**Exhibit 5-9 Number of projects with alternative broadcast rights, by type of platform**

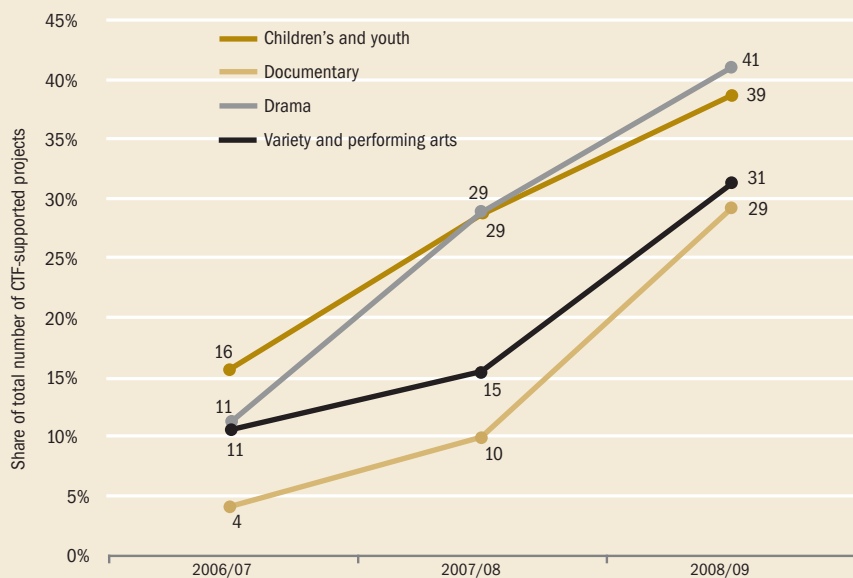


Source: Canadian Television Fund.

Note: Alternative platform licensing and rights data were reported on a voluntary basis and therefore may under-report actual alternative-platform activity among CTF-supported projects.

Even more telling are CTF statistics for the proportion of projects with an alternative broadcast licence. In the drama genre, the proportion of projects with at least one alternative broadcast licence – whether Internet, multiple platform, VOD, etc. – rose from 11% in 2006/07 to 41% in 2008/09. Producers, broadcasters and distributors of children's and youth programming have also been fast adopters of alternative platforms. Between 2006/07 and 2008/09, the share of projects with an alternative platform broadcast licence jumped from 16% to 29%.

The adoption of alternative platform broadcast rights was slightly slower in the documentary, and variety and performing arts genres, but still strong. In the documentary genre, the share of CTF projects with an alternative broadcast licence reached 31% in 2008/09; in the variety and performing arts genre it reached 29%.

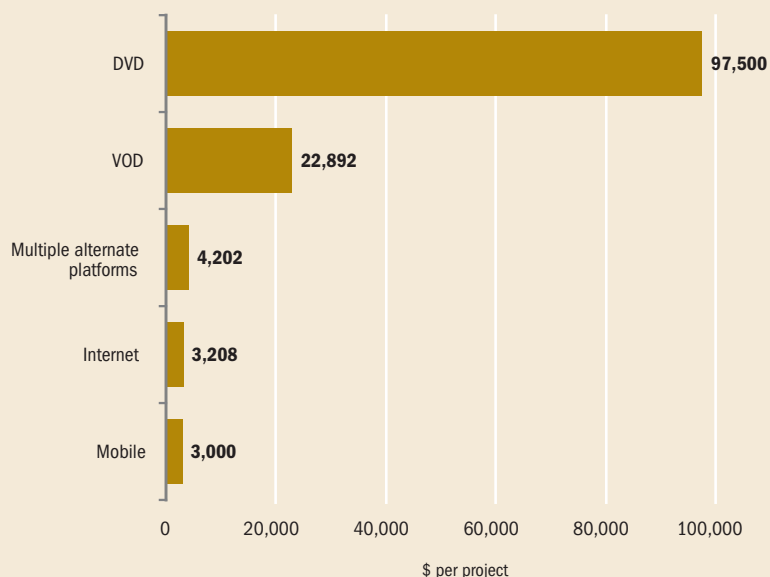
**Exhibit 5-10 Share of CTF-supported projects with an alternative platform broadcast licence**

Source: Canadian Television Fund.

Note: Alternative platform licensing and rights data were reported on a voluntary basis and therefore may under-report actual alternative-platform activity among CTF-supported projects.

## Licence Fees

While the licence fees for alternative platforms can vary widely, CTF statistics point to very low averages for digital platforms, including the Internet and mobile. In 2009/10, the average alternative platform licence fee for Internet distribution was \$3,208; for mobile distribution, it was \$3,000 (one observation). The CTF statistics also point to very little premium for a multiple-platform licence. The average licence fee was only \$4,202 in 2009/10 or approximately \$1,000 more than the Internet-only licence.

**Exhibit 5-11 Average licence fees for alternative broadcast rights, 2009/10**

Source: Canadian Television Fund.

Note: These amounts only account for explicit upfront licence fees paid to producers; they exclude the value of revenue-sharing arrangements or other forms of rights compensation. Alternative platform licensing and rights data were reported on a voluntary basis and therefore may under-report actual alternative-platform activity among CTF-supported projects.

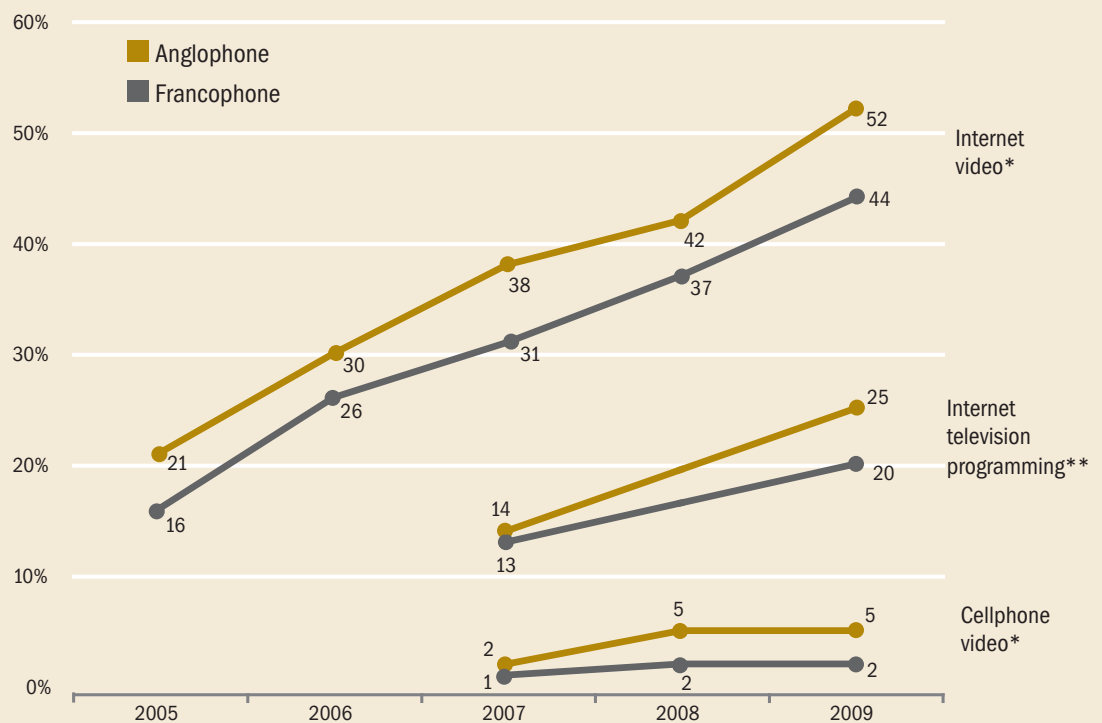
## CANADIANS' USE OF ALTERNATIVE DIGITAL PLATFORMS

Over the decades, Canadians have embraced new platforms for the distribution of screen-based content, alongside the traditional television and cinema distribution platforms. Canadians' adoption of cable television, VCRs, and DVDs has been on par or faster than in other industrialized economies.

Canadians are now displaying fast rates of adoption for alternative digital platforms, namely the Internet. The proportion of Canadians watching video over the Internet has grown quickly since 2005. Between 2005 and 2009, the percentage of Anglophone Canadians that reported watching video on the Internet during the past month grew from 21% to 52%. Among Francophone Canadians, the percentage that reported watching video on the Internet increased from 16% to 44%.

More and more Canadians are also turning to the Internet to watch television programming. Most Canadian broadcasters and cable companies now offer Canadians the option to watch scheduled television programming on the Internet at the same time as it airs on television or as part of a catch-up service. In 2009, 25% of Anglophone Canadians reported watching a TV program or program clip on the Internet. Among Francophone Canadians, the rate was 20%.

**Exhibit 5-12 Adoption rates for Internet video, Internet television and cellphone video**



Source: Media Technology Monitor 2009.

\*Used in the past month.

\*\* Watched a TV program or clip from a TV program available on the Internet.

The incidence of Canadians watching video on their mobile devices is considerably lower than the incidence of Internet-based viewing. However, the introduction of the iPhone, iPad and other next-generation mobile devices should encourage Canadians to increase their use of this digital platform in the future, provided that they can obtain fast and affordable data-downloading rates.

# NOTES ON METHODOLOGY

## **Estimates of Canadian Production**

The estimates of Canadian production are based on data from CAVCO. For Profile 2010, Nordicity applied two adjustments to the raw CAVCO data to derive estimates of Canadian production for 2009/10. As in previous editions of *Profile*, Nordicity applies an adjustment to the raw CAVCO data, in order to account for the CAVCO application lag (“application-lag adjustment”). For *Profile 2010*, Nordicity also applied a second adjustment to account for a temporary delay in the availability of data in CAVCO’s online application system (“online-application adjustment”). Nordicity applied an overall adjustment of 20% to the volume of Canadian television production: that overall adjustment included a 10% application-lag adjustment and a 10% online-application adjustment. Nordicity did not apply the online-application adjustment to the Canadian theatrical production sub-sector.

## **Estimates of CRTC-Certified Canadian Television Production**

The estimates of Canadian television production include an estimate of CRTC-certified television production. Research conducted by Nordicity and the Department of Canadian Heritage indicate that CRTC-certified television production accounts for an estimated 13.5% of total Canadian television production; this rate is used in *Profile 2010* to estimate the total volume of CRTC-certified production.

## **Export Value**

Export value tracks the value of international financial participation in the film and television production industry in Canada. Export value includes foreign presales and distribution advances for all projects certified by CAVCO; estimates of presales and distribution advances for non-CAVCO-certified productions; and the total value of foreign location production in Canada. *Export value* as opposed to just *exports* better reflects the nature of film and television production in Canada. It acknowledges that film and television productions are intangible products and portions of the copyright can be exported to foreign countries. It also accounts for the budgets of productions shot in Canada, even when the copyright is held by a foreign entity.

## **International Value**

*International value* extends the concept of *export value* to include the value of post-production distribution sales outside of Canada. International value is equal to the sum of five components: (i) total volume of FLS production, (ii) value of presales and distributor advances for Canadian television programs, (iii) value of presales and distributor advances for Canadian theatrical films, (iv) estimated value of international distribution sales (post-production) for Canadian television programs, and (v) estimated value of international distribution sales (post-production) for Canadian theatrical films.

## **Direct Jobs Multiplier**

Nordicity calculated the number of direct jobs by estimating the share of total production volume that was paid as salary and wages and then dividing this estimate by an estimate of the average salary of an FTE in the film and television production industry.

Nordicity multiplied total production volume by 50%, to estimate the portion of production budgets which was paid as salary and wages. This assumption of 50% is based on data provided by CAVCO on the average portion of production budgets comprised of Canadian labour expenditures.

The average FTE salary assumption for 2009/10 was \$53,404. Nordicity developed the average FTE salary assumption based on data from Statistics Canada’s *2006 Census*. Nordicity makes annual adjustments to the average FTE assumptions based on data from Statistics Canada’s *Survey of Employment, Payroll and Hours* for annual changes in the average hourly wage of employees paid by the hour in Canada (see Statistics Canada, CANSIM Table 281-0030).

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Average FTE salary	\$43,576	\$44,316	\$45,203	\$45,474	\$46,793	\$47,869	\$48,922	\$50,488	\$52,305	\$53,404

Source: Nordicity calculations based on data from Statistics Canada, *Census 2006*, and Statistics Canada, *Survey of Employment, Payroll and Hours*, CANSIM Table 281-0030.

**Spin-off Jobs**

The number of spin-off FTEs is equal to the sum of indirect and induced FTEs.

**Indirect Jobs Multiplier**

Nordicity used a multiplier of 1.17 to estimate the number of indirect jobs. That is, for every direct FTE in the film and television production industry, 1.17 additional FTEs were employed in other industries supplying goods and services to film and television production.

Nordicity obtained this multiplier from Statistics Canada's 2004 multiplier tables. The multiplier is based on the ratio of indirect and direct jobs generated per \$1 million dollars of output in the industry group, *Motion Picture and Video Production, Distribution, Post-Production and Other Motion Picture and Video Industries*, which is the closest industry grouping to film and TV production (and excludes exhibition).

**Induced Jobs Multiplier**

Nordicity applied multiplier of 0.17 to estimate the number of induced FTEs attributable to film and television production. That is, for every direct and indirect FTE generated by film and television production, an additional 0.17 FTE was employed in other industries in the Canadian economy because of the re-spending of income by the direct and indirect workers.

Nordicity derived the induced-jobs multiplier by using the ratio of the total-GDP multiplier (1.87) and indirect-GDP multiplier (1.54) derived by the Conference Board of Canada and applied to its analysis of the economic impact of the Canadian cultural industries in *Valuing Culture: Measuring and Understanding Canada's Creative Economy (2008)*. To adopt this approach Nordicity assumed that the GDP-to-FTE ratio for induced jobs was equal to that for indirect jobs.

**Provincial Jobs Estimates**

To estimate the number of direct FTEs in each province, Nordicity used a similar approach to that used to derive the national estimates of direct FTEs. However, Nordicity adjusted the average FTE salary in each province to reflect general differences in economy-wide wages across the provinces.

Thus, for provinces where the average wage in the provincial economy across all industries was higher than the national average, Nordicity used a higher average FTE salary to estimate the number of direct jobs. The adjustment was equivalent to the province's overall wage premium or discount compared to the national average. The provincial wage adjustment factors are presented in the table below. An adjustment factor of greater than one indicates that average wages in the provincial economy are higher than the national average.

To estimate the number of indirect jobs, Nordicity used the provincial-level indirect-job multipliers available from Statistics Canada. These multipliers are based on the ratio of indirect and direct jobs generated per \$1 million dollars of output in each province in the industry group, *Motion Picture and Video Production, Distribution, Post-Production and Other Motion Picture and Video Industries*.

Nordicity then summed the estimated number of indirect FTEs and compared this total to the national estimate of total spin-off FTEs employed by the film and television production industry in Canada. Nordicity calculated the differential between these two numbers and then allocated the difference across the provinces in proportion to each province's share of the national total of indirect FTEs.

**Provincial adjustment factor for average FTE salary**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Alberta	1.019	1.020	1.015	1.028	1.037	1.057	1.073	1.091	1.134	1.122
British Columbia and Territories	1.024	1.007	1.005	1.008	1.003	0.998	1.011	1.008	1.005	1.013
Manitoba	0.904	0.897	0.903	0.901	0.916	0.924	0.922	0.920	0.934	0.939
New Brunswick	0.895	0.892	0.903	0.921	0.917	0.926	0.931	0.925	0.907	0.908
Newfoundland and Labrador	0.918	0.919	0.929	0.944	0.959	0.972	0.980	0.988	0.969	0.955
Nova Scotia	0.914	0.908	0.908	0.917	0.926	0.934	0.927	0.925	0.884	0.868
Ontario	1.046	1.050	1.049	1.051	1.045	1.036	1.028	1.020	1.010	0.992
Prince Edward Island	0.778	0.782	0.807	0.807	0.829	0.832	0.823	0.835	0.825	0.864
Quebec	0.951	0.957	0.960	0.947	0.948	0.951	0.945	0.948	0.945	0.984
Saskatchewan	0.921	0.915	0.909	0.915	0.926	0.942	0.950	0.958	0.996	1.019

Source: Nordicity calculations based on data from Statistics Canada, CANSIM, table 281-0030.

**Economic Impact of Production****Labour Income**

Direct production industry labour income was derived by multiplying the number of direct FTEs by the average production-industry FTE cost of \$53,404. The estimate of spin-off labour income was derived by multiplying the number of spin-off FTEs by an economy-wide average FTE cost of \$37,000.

**Gross Domestic Product**

Economic modelling of the overall economic impact of film and television production, using Statistics Canada's input-output tables, indicates that direct GDP in the film and television production industry is equal to approximately 1.13x total labour income. This ratio was multiplied by our estimate of direct labour income to arrive at an estimate of direct GDP in the film and television production industry.

Similar economic modelling (also based on Statistics Canada's input-output tables and analysis found in Conference Board of Canada's *Valuing Culture: Measuring and Understanding Canada's Creative Economy*) points to a GDP-wage relationship of 1.49 for the spin-off impact. We used this ratio to derive an estimate of spin-off GDP by multiplying our estimate of spin-off labour income by 1.49.